



AUTOMOTIVE HOLDINGS GROUP

ASX /MEDIA STATEMENT

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AHG DELIVERS RECORD PROFIT AND INCREASED DIVIDEND

Highlights

- Record Statutory NPAT of \$38.4 million (up 1.3% on pcp)
- Record Statutory EPS 14.7 cents (up 1.1% on pcp)
- Record Operating¹ NPAT of \$39.3 million (up 2.0% on pcp)
- Record Group revenue of \$2.32 billion (up 6.8% on pcp)
- Record Operating¹ EBITDA of \$88.0 million (up 2.4% on pcp)
- Operating¹ EBITDA margin 3.8% (4.0% pcp)
- Increased interim dividend of 8.5 cents per share fully franked (8.0 cents pcp)
- Strong growth in Automotive

Automotive Holdings Group Limited (ASX: AHE), Australia's largest automotive retailing and logistics group, today announced a record Statutory NPAT for the six months to 31 December 2013 of \$38.4 million (up 1.3% on pcp), and a record Operating¹ net profit after tax of \$39.3 million for the six months to 31 December 2013 (up 2.0% on pcp).

The results were achieved on Group H1 revenue of \$2.32 billion. Operating¹ EBITDA improved 2.4% to \$88.0 million. Operating¹ earnings per share were 14.7 cents (14.8 cents pcp).

The Company's Directors have declared an increased fully franked interim dividend of 8.5 cents per share. The record date is 18 March 2014 with the dividend payable on 3 April 2014.

AHG Managing Director Bronte Howson said the result reflected a measured performance underpinned by solid growth in the Automotive division and continuing investment in the Group's medium to long-term strategies offset by some one-off and seasonal impacts on Rand.

Automotive Retail

Revenue for the Automotive Retail segment in the first half of the financial year was up 8% to \$1.916 billion (\$1.775 billion pcp). Automotive Operating¹ EBITDA improved 11.5% to \$64.0 million.

"This is a very strong result in Automotive, with the Group's scale and broad portfolio of brands able to withstand the effects of uncertainty caused by the Fringe Benefits Tax issue and the subsequent federal election. It's especially pleasing that growth has outperformed the previous corresponding period, which was also a record performance," said Mr Howson.

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, asset divestments, impairment and sale of properties.



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“In Western Australia where AHG has clear market leadership, there’s been an easing of demand from the mining sector but our dealerships have demonstrated real growth in new vehicle sales and clearly outperformed the broader market.”

During the half-year AHG completed the acquisitions of Jason Mazda in Perth and Davie Motors Holden in Auckland. The Company also opened a new dealership at Melbourne City Holden and HSV, and has further progressed its Greenfield developments at South Melbourne and at Castle Hill in NSW.

AHG also began redevelopment of an existing Auckland property on the Davie Motors site to accommodate a new Nissan dealership.

“We’ve had positive contributions from our recent Victorian acquisitions and from Jason Mazda and Davie Motors,” said Mr Howson.

He said the investment in Greenfield sites and the redevelopment and restructuring of other dealerships were part of the Group’s sustainable growth strategy.

“There are some significant shorter-term carrying costs associated with these developments, yet we’ve seen real growth in our Victorian operations and we’re looking forward to the contributions of more new dealerships at the South Melbourne site, in Auckland and at Castle Hill in NSW.”

Logistics

AHG’s Logistics division delivered revenue of \$399.9 million (up 1.3% on pcp); Operating¹ EBITDA was \$25.2 million (down 14.2% on pcp). This result was significantly impacted by \$1.8 million of costs associated with the move by Rand into new premises at Hazelmere in WA and Edinburgh Park in SA. Rand also experienced weaker volume demand for fresh goods due to seasonal factors including flooding in Queensland and northern NSW, and the effects of drought in the Riverina.

The Transport and Cold Storage operations delivered revenue of \$210.0 million (down 0.7% on pcp) and Operating¹ EBITDA of \$15.4 million (down 23.4% on pcp) while revenue for Other Logistics (comprising the operations of AMCAP, Covs, KTM and GTB/VSE) was \$189.9 million (up 3.6% on pcp). Operating¹ EBITDA for Other Logistics operations was \$9.8 million (up 5.6% on pcp).

It’s a reasonable result considering the market conditions and the necessary timing of the investments we have made in new cold storage facilities to ensure we remain focused on future growth and confident of the future returns in this sector,” said Mr Howson.

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“Elsewhere, AMCAP is trading strongly and is still showing increased volumes, the VSE/GTB operation showed marked improvement, and KTM produced another outstanding contribution in both profit and unit sales at a time when the strength of the Australian dollar increased importation costs.”

The recent acquisition of distribution of the Husqvarna brand, which commenced in January 2014, will further enhance AHG’s presence in the Australian and New Zealand motorcycle markets.

Outlook

“We will continue to focus on our existing Automotive operations while ensuring our new dealerships are integrated into AHG’s structures to meet our performance standards. We will also continue to explore other opportunities that meet our growth and financial criteria,” Mr Howson said.

“On the Logistics front, there is continuing strong demand for increased temperature controlled transport and cold storage capacity and the Company is investing in facilities and systems to support that demand. We’re confident our Other Logistics business units will meet our expectations in terms of growth and profit.

“The Company’s strong balance sheet, experienced management team and diversified business model positions AHG to deliver ongoing solid financial performance,” said Mr Howson.

ENDS

About AHG Automotive Holdings Group Limited (ASX: AHE) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand. The Company is Australia’s largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG’s logistics businesses operate throughout Australia via subsidiaries Rand Transport and Harris Refrigerated Transport (transport and cold storage), AMCAP and Cova (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

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