



AUTOMOTIVE HOLDINGS GROUP

ASX / MEDIA STATEMENT

16 September 2016

AHG STATEMENT ON ASIC INSURANCE AND FINANCE REVIEWS

Automotive Holdings Group Limited (ASX: AHG) notes issues raised by ASIC relating to “add-on” insurance products provided to consumers by automotive dealerships and the proposed response from insurers to implement a cap on commissions payable to dealerships.

ASIC is separately reviewing finance provided to consumers by automotive dealerships. This review has also been the subject of widespread press and industry commentary. Although ASIC is yet to confirm a final position on the timing and substance of the proposed changes, the industry expects some regulation to be implemented consistent with ASIC’s stated objectives.

The automotive retailing industry, and all stakeholders in the industry, recognise the potential for the proposed ASIC reforms to finance and insurance commission arrangements to have an impact on the business model, and operating and financial performance, of all Australian automotive dealerships including those operated by AHG.

It is not possible to assess the materiality of that impact on AHG’s dealerships until the whole of industry response to the proposed reforms is clearer given AHG believes that response is likely to include changes to the current commercial arrangements between dealerships and all key stakeholders in the automotive retail supply chain.

AHG expects the industry level response will emerge over the next 6 to 12 months, although the final timing of this will to some extent be governed by timing of implementation of the proposed ASIC reforms. Present indications from ASIC are the insurance reforms will take effect from 1 July 2017. The proposed finance reforms are likely to follow later depending on when they are finalised by ASIC and the length of the mandated changeover period (which ASIC has suggested will be at least 12 months).

As the industry response to these regulatory reforms is developed over that period, AHG will be better placed to quantify any potential impact on future earnings. Based on AHG’s current understanding of the likely timetable for implementing these proposed reforms, AHG does not anticipate any material impact on earnings in the current financial year ending 30 June 2017.

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About AHG Automotive Holdings Group Limited (ASX: AHG) 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 through subsidiaries Rand Transport, Harris Refrigerated Transport, Scott’s Refrigerated Freightways and JAT Refrigerated Road Services (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), Higer Bus (bus and truck importation and distribution), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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