



AUTOMOTIVE HOLDINGS GROUP

BRONTE HOWSON TO RETIRE FROM AHG, JOHN McCONNELL NAMED AS SUCCESSOR

11 August 2016

The Board of Automotive Holdings Group (ASX: AHG), Australia's largest automotive retailing and refrigerated logistics group, wishes to advise that after more than 17 years as Chief Executive Officer, Bronte Howson has decided to retire from that position.

John McConnell has been selected to succeed Mr Howson as Chief Executive Officer and Managing Director. Mr McConnell will commence full time as CEO from 29 August 2016 and will be formally appointed to the role of Managing Director on 1 January 2017. As CEO, Mr McConnell will be responsible for all operational matters from commencement and report directly to the Board. Mr Howson will continue at AHG as Managing Director until 31 December with a focus on strategic projects. After that time, Mr Howson will move into the role of Special Counsel during which time he will work closely with Mr McConnell under a formal transition plan to ensure an efficient handover.

Mr Howson said that he was very proud of the part played in helping grow AHG into the business it is today.

"After more than 17 years as CEO and 28 years at AHG the time is right for me to take a step back from the business. I know I am leaving AHG in very capable hands and look forward to supporting John's transition into the role and working with him over the coming year," Mr Howson said.

Mr McConnell has considerable expertise in the automotive retailing sector, including 17 years at Inchcape plc, a global automotive distributor and retailer group with a market capitalisation of circa \$5 billion. Mr McConnell was most recently Financial Director (CFO) at Inchcape, overseeing an almost doubling of profit before tax from GBP137m in 2009 to GBP263m in 2015. He also oversaw the refinancing of Inchcape's funding facilities and an annual share buyback of \$210m. Prior to this, Mr McConnell was CEO of Inchcape's Australia and New Zealand operations, and has past logistics experience. During his tenure, revenues grew by approximately 30 per cent to \$1.6bn and profits 40 per cent to \$80 million over a four year period.

Mr McConnell is a certified accountant and holds a Master of Business Administration from the University of Queensland and Bachelor of Economics degree from Macquarie University. Further biographical details are set out in Appendix 1.

AHG Chairman David Griffiths said CEO succession had been discussed by the Board and Mr Howson over time, in line with the Board's responsibilities to ensure the Company had in place suitable succession arrangements. The identification of John McConnell as an immediately available possible successor played a large part in accelerating the timing of Bronte's decision.

"On behalf of the Board I'd like to acknowledge the outstanding contribution Bronte has made to AHG over the past 28 years," Mr Griffiths said.

"As CEO, Bronte successfully led AHG's evolution from a private group with operations largely based in Western Australia to be the nation's largest listed automotive and refrigerated logistics group, with revenues of more than \$5 billion in FY15 while delivering strong returns for shareholders. He has been a remarkable performer over a significant period and leaves AHG as the number one automotive retailer, with the largest refrigerated logistics business in Australia and a solid platform



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to achieve further growth in the years to come. Bronte's track record speaks for itself and I'd like to take this opportunity to thank him for his efforts and wish him well in his future endeavours.

"It can be difficult to move on from a long-standing CEO such as Bronte so I am delighted that we have been able to appoint someone of John's calibre.

"The automotive retailing industry continues to evolve across the world and the Board believes John brings with him the skills and experience to ensure AHG continues to progress and deliver ongoing returns to shareholders. John brings extensive experience from both Australia and internationally in the automotive retail industry, which will significantly assist us in continuing to thrive as the industry responds to the changing automotive landscape.

"John and Bronte will work closely together during a structured transition period to ensure a smooth handover process, with John taking the lead on operational matters upon appointment," Mr Griffiths said.

Incoming AHG CEO, Mr John McConnell, said that he was delighted to be joining Australia's leading automotive retailer, at a time of industry change and opportunity.

"There is no doubt that AHG is a successful group, with an enviable existing platform. The challenge I now look forward to is building on that platform and benefiting from the coming transformation we expect to see not just in the cars we drive, but in the way that consumers select, pay for and maintain those vehicles in the future.

"These changes will not happen overnight, but the automotive retail industry of the future will clearly show significant changes from what we see today. AHG is well placed in the industry to continue to reap the rewards from consumers' desire to own or operate the latest automotive technology.

"I expect to also take a keen interest in AHG's businesses outside of automotive, particularly the logistics area in which I have past experience, with an eye to understanding the challenges and opportunities available and how they may drive shareholder value," Mr McConnell said.

A summary of the key terms of Mr McConnell's employment agreement are set out in Appendix 2. A summary of the key terms of the variations to Mr Howson's service agreement are set out in Appendix 3.

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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 via 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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APPENDIX 1

John McConnell – Biography

John was Group Finance Director (or CFO) of Inchcape plc, the leading premium automotive group which operates in 26 developed and emerging markets around the world, until he stepped down at the end of February 2016. John joined Inchcape in 1999 as CFO of their Australian and New Zealand businesses and was subsequently promoted to CEO of that region before being appointed as Group Finance Director in October 2009. During his time as Group Finance Director, John oversaw an almost doubling of profit before tax from GBP136.7m in 2009 to GBP262.6m in 2015. He also oversaw the refinancing of Inchcape's funding facilities and an annual share buyback of \$210m. During his tenure as CEO of Inchcape's Australia and New Zealand operations, revenues grew by approximately 30 per cent to \$1.6bn and profit 40 per cent to \$80 million over a four year period.

John's roles have given him extensive exposure to both manufacturers and capital markets across international markets.

Prior to joining Inchcape John worked with Reckitt and Colman (now Reckitt Benckiser) for 13 years in a variety of senior financial roles in the UK, Germany and Australia.

An Australian national, John is a certified accountant and holds a Master of Business Administration from the University of Queensland and Bachelor of Economics degree from Macquarie University.



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APPENDIX 2

Summary of key terms and conditions of employment for Mr John McConnell

1. Position and commencement

AHG will employ Mr John McConnell in the position of Managing Director and CEO. Mr McConnell's employment as Chief Executive Officer will commence on 29 August 2016. He will assume the role of Managing Director on 1 January 2017.

2. Term

There is no fixed term. The agreement is ongoing unless terminated by either party in accordance with that document (see section 4 below).

3. Remuneration

Mr McConnell's remuneration will comprise a fixed component, a short term incentive component and a long term incentive component.

Fixed remuneration

Mr McConnell is entitled to fixed remuneration of \$1,200,000 (including superannuation) per annum. This will be subject to annual review.

Short term incentive

Mr McConnell is entitled to short term incentive awards. Payment of any short term incentive award will be subject to the performance of AHG and/or the fulfilment of certain conditions as determined by AHG in consultation with Mr McConnell. Short term incentives will be payable 50% in cash and 50% in performance rights. Mr McConnell's short term incentive award for achieving target in FY2017 is \$1,200,000, equivalent to 100% of his total fixed remuneration. A further \$300,000 maximum short term incentive can be achieved at stretch.

Long term incentive

Mr McConnell is entitled to long term incentive awards. Mr McConnell's entitlement to any long-term incentive will be subject to the performance of AHG and/or fulfilment of certain conditions as determined by AHG. Subject to any approvals AHG considers necessary or appropriate, for FY2017 Mr McConnell will be granted performance rights with an aggregate value of \$666,667. The performance rights will be subject to the terms of the AHG Performance Rights Plan and the vesting of the performance rights will be subject to the satisfaction of specific conditions.

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AHG retains a discretion to require Mr McConnell to repay some or all of any short or long term incentive awarded to him by AHG where there has been a material misstatement in relation to AHG's financial statements.

4. Termination

Either party may terminate the agreement by giving 6 months' notice. AHG may elect to pay Mr McConnell in lieu of working out the notice period. AHG may terminate McConnell's employment at any time without notice or payment in lieu of notice in certain circumstances, such as serious misconduct or poor performance.

5. Post-employment restraint

For up to 12 months after termination of the agreement, Mr McConnell will be restrained from being engaged in a business in competition with AHG in Australia, and from enticing away AHG's clients, suppliers and employees.



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APPENDIX 3

Summary of key terms of the variations to the service agreement for Mr Bronte Howson

Mr Bronte Howson's existing service agreement has been varied to reflect the proposed transitional arrangements described above. A summary of the key terms of those variations is set out below.

1. Position and commencement

Mr Howson will continue in the position of Managing Director until 1 January 2017, following which he will resign from that position and all directorships of other AHG group entities and be appointed to the role of Special Counsel.

2. Term

Mr Howson's employment will end on 30 September 2017 by mutual agreement.

3. Remuneration

From the date of the variations until 30 June 2017, Mr Howson will be entitled to the balance of his fixed remuneration per annum under his existing service agreement. From 1 July 2017 to 30 September 2017, Mr Howson will be entitled fixed remuneration of \$25,000 (including superannuation) per month (being \$75,000 in total until the Termination Date).

Provided that Mr Howson is an employee as at the Termination Date, Mr Howson will also be entitled to a short term incentive award for FY2017 capped at \$1,200,000 which will be apportioned equally between financial and non-financial incentives. The payment of any short term incentive award will be subject to the performance of AHG and/or the fulfilment of certain other conditions. 50% of the financial and non-financial incentives will be assessed as at 31 December 2016 and the balance as at 30 June 2017.

AHG shareholders have previously approved the issue to the Executive of 219,298 LTI performance rights issued in FY15 (and to be performance tested over three years ended 30 June 2017) and 183,655 LTI performance rights issued in FY16 (and to be performance tested over three years ended 30 June 2018). The Executive currently holds these LTI performance rights which are subject to the vesting conditions relevant to each respective annual LTI issue.

The Board will seek shareholder approval at the forthcoming Annual General Meeting of AHG (which is scheduled on or about 18 November 2016) for the specific existing performance conditions to be early tested as at 31 December 2016 based on AHG's earnings per share and total shareholder return performance up to that early test date. That early performance test will apply to:

- 100% of the 219,298 performance rights that were previously issued to Mr Howson for FY2015; and
- Two thirds of the 183,655 performance rights that were previously issued to Mr Howson for FY2016 (being 122,437 of the FY2016 performance rights).

Subject to the outcome of that early testing the vested LTI performance rights will then vest on or about the Termination Date. This early testing process will be subject to any approvals AHG considers necessary or appropriate.



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In further consideration of the post-employment restraints set out in his service agreement, Mr Howson will be paid \$600,000 on or about the Termination Date.

The payment described above will be subject to any approvals AHG considers necessary or appropriate.

4. Existing service agreement

The terms of Mr Howson's existing service agreement will otherwise continue to apply.