



AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited
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ASX/MEDIA STATEMENT

7 February 2019

FINANCIAL SERVICES ROYAL COMMISSION

Automotive Holdings Group Limited (ASX: AHG) notes the commentary around the possible impacts on car dealers from the recommendations of the Financial Services Royal Commission.

The Company believes there will be no impact from the recommendations in the current financial year to 30 June 2019 and minimal, if any, impact in the following year.

In practical terms the federal government has acknowledged in its response to the FSRC recommendation on point of sale exemptions that it would "... carefully consider how these reforms are implemented..."

The likely implementation process would involve regulating thousands of finance and insurance consultants in new car dealerships across Australia and thousands more employed in credit-lending positions across other businesses such as furniture, appliance and electronics retailers.

If the POS exemption is abolished, AHG is well placed to manage the change, either in cooperation with its existing finance providers or using its own existing Australian Credit Licence.

Any cap on add-on insurance commissions will only formalise a practice already being employed by the main insurance companies. There is no indication (at present) that the recommendation involves reducing commission rates further.

The concept of a deferred sales model for add-on insurance is already under consideration by ASIC. The Australian Automotive Dealer Association is urging Treasury to adopt a model which defers the sale for three to four days and allows a waiver for informed consumers. We believe such an outcome will have minimal impact.

ENDS

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 include AHG Refrigerated Logistics (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), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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