

**ASX/MEDIA STATEMENT**  
**24 May 2017**

**AHG FY2017 TRADING UPDATE**

Automotive Holdings Group Limited (ASX: AHG), Australia's largest automotive retailing and logistics group, announces that following a review of its recent trading results and outlook the Company expects to deliver a full year 2017 Operating<sup>1</sup> profit after tax in the range of A\$87m to A\$89m.

The factors below have impacted trading performance since the company provided guidance in February 2017 at the half year results announcement.

***Automotive Business***

In Western Australia, the new vehicle sales market has further declined and is now down 10% YTD in CY2017<sup>2</sup>. Although AHG has grown market share in Western Australia over the current year the market contraction has led to lower than expected sales revenue and earnings from the automotive business.

Tightening consumer credit conditions in the automotive financing market have contributed to lower margins across the industry. This has been particularly evident in AHG's online 360 Finance business and more broadly across the Company's automotive dealerships.

The weakening east coast auto market (new vehicle sales down ~3% against the previous corresponding period for the first four months of CY2017<sup>2</sup>) combined with the tighter credit conditions has also reduced the capacity of east coast earnings to provide cover for WA.

***Refrigerated Logistics***

The transformation program underway in the Refrigerated Logistics business continues to deliver improvement in earnings as a result of the initiatives undertaken and the momentum of the revenue growth and cost reductions. The second half earnings in FY2017 are expected to be significantly higher than the corresponding period in FY2016, however the timing of the full year benefits from the transformation program are slightly behind initial expectations which has been reflected in this trading update.

***One-off Charges***

Following a strategic review and in response to the proposed ASIC changes to automotive finance and insurance regulations, the Company has undertaken a cost reduction program and will close a number of non-performing businesses. These actions are expected to deliver pre-tax savings of circa \$10m per annum and result in restructuring costs of circa \$35m. The majority of these costs are non-cash and will be classified as unusual in nature and will therefore impact our statutory NPAT for FY2017.

AHG managing director John McConnell said the tightening conditions in the automotive market have been an increasing challenge in the half. Refrigerated Logistics results were trending in the right direction, and the investment made in the transformation program was beginning to deliver the expected performance improvements.

"Our focus at the moment is on making structural changes to meet the changing market conditions, and cost reduction will be a strong focus over the near term," said Mr McConnell.

"We continue to see the benefits of holding a diversified automotive portfolio both in terms of brands and geography across Australia and New Zealand and remain well positioned in the industry."

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<sup>1</sup> Operating NPAT excludes revenue, costs and fees in relation to integration and acquisition related activities, CEO/MD transition, profit/loss on sale of assets and operations, and asset impairment

<sup>2</sup> Sourced from VFACTS April 2017 data

**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).

**Corporate:**

**David Rowland**

**Company Secretary**

**Mobile: 0421 661 613**

**Email: [drowland@ahg.com.au](mailto:drowland@ahg.com.au)**

**Media:**

**David Christison**

**Group Executive Corporate Communications**

**Mobile: 0418 959 817**

**Email: [dchristison@ahg.com.au](mailto:dchristison@ahg.com.au)**