

## ASX/MEDIA STATEMENT

23 February 2018

### AHG DELIVERS HALF-YEAR PROFIT UNDERPINNED BY AUTO RESTRUCTURE

#### Highlights (continuing operations excluding Refrigerated Logistics<sup>1</sup>)

- Group revenue of \$2.87 billion (\$2.67b pcp)
- Statutory NPAT of \$39.9 million (\$40.9m pcp)
- Statutory EPS 12.1 cents (12.6 cents pcp)
- Operating<sup>#</sup> EBITDA of \$88.8 million (\$90.1m pcp)
- Operating<sup>#</sup> EBITDA margin 3.1% (3.4% pcp)
- Operating<sup>#</sup> NPAT of \$40.7 million (\$42.5m pcp)
- Interim dividend of 9.5 cents per share fully franked (9.5 cents pcp)

Automotive Holdings Group Limited (ASX: AHG) has announced Operating<sup>#</sup> NPAT for the six months to 31 December 2017 of \$40.7 million (down 4.1% pcp) in line with the Company's trading update at its Annual General Meeting in November. Statutory NPAT was \$39.9 million (down 2.4% pcp).

The Company will pay an interim dividend of 9.5 cents per share fully franked.

AHG managing director John McConnell said the half-year result is consistent with the trading update presented at the AGM.

#### Automotive

Mr McConnell said the Group's Automotive division delivered increased momentum through the half-year even as the industry continued to trade in a challenging environment due to the lower margins available from the sale of finance and insurance products.

"Our Franchised Automotive dealerships are benefitting from our restructuring and cost management measures, and from continued demand for new vehicles. While there has been pressure on margins we have adjusted our processes and costs to the new environment," he said.

"Our Truck division is performing well under a new national structure, with a strong order book in a broadly improving market."

The Company's used car business was continuing to grow, with the acquisition of the Carlins Auctions business delivering ahead of expectations and the expansion of **easyauto123**.

Mr McConnell said management remains focused on margin improvement, revenue growth and cost control and would continue to monitor underperforming businesses with a view to turnaround or divest as required.

"At the same time we will continue to evaluate strategic investment opportunities in acquisitions and adjacent opportunities."

#### Update on the sale of Refrigerated Logistics

In November 2017 the Company announced the sale of the Refrigerated Logistics business to HNA International for an enterprise value of \$400m<sup>2</sup> with completion scheduled to occur before 30 June 2018. The business performed ahead of the corresponding half-year with EBITDA up 25.9% (pcp).

"We are aware of recent negative press regarding HNA and a number of other Chinese conglomerates. However, we and our advisers (UBS and Ashurst) are continuing to work with HNA and its advisers towards completing the transaction in the current financial year."

<sup>1</sup> Figures quoted are for continuing operations (Refrigerated Logistics division treated as "held for sale")

<sup>2</sup> Purchase price is subject to various adjustments, including movement in working capital and capital expenditure until completion

The sale remains subject to the satisfaction of regulatory approvals and other customary conditions precedent<sup>3</sup>. HNA continues to work with its advisers to obtain remaining Chinese and Australian regulatory approvals (including FIRB) in accordance with the terms of the Share Sale Agreement.

### **Other Logistics**

The Group's Other Logistics division traded in line with expectations.

The AMCAP business in particular has experienced stronger demand in mining supplies, offsetting reduced activity in its Holden and Ford parts business.

KTM continues to trade strongly with good consumer demand for both the KTM and Husqvarna model ranges. The underlying profit position is trading below prior year due to the impact of the lower AUD/EUR exchange rate on inventory costs.

### **Outlook**

The consolidated outlook for FY2018 remains dependent on the timing of completion of the sale of the Refrigerated Logistics business.

"We will maintain our focus on cost control, with particular attention on continuing to mitigate the effects of changes to automotive finance and insurance."

The broader market for vehicle sales remains positive with ongoing low interest rates and intense competition between manufacturers.

"It is particularly pleasing to note the broad levels of increased consumer and business confidence in the Western Australian market, which had been depressed by the sharply reduced level of construction in the resources and energy sectors," said Mr McConnell.

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

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<sup>3</sup> Including the consent of AHG's syndicated facility lenders and the consent of certain landlords