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Company Announcements Office  
ASX Limited

### **Federal Government's Car Fringe Benefits Tax (FBT) Changes**

A.P. Eagers Limited (ASX:APE) has considered the Federal Government's planned changes to the FBT treatment of salary-sacrificed and employer-provided cars, announced yesterday. The changes appear to be aimed at removing any tax concession arising from the personal use of a vehicle.

Salary-sacrificed cars, which are often purchased for personal use, comprise a relatively minor part of A.P. Eagers' business, contributing less than 5% of the company's new car sales volume. Typically it is a low margin business activity.

Generally, employer-provided cars are purchased primarily for business use; hence we do not expect there to be as significant an impact on employer-provided cars.

In the longer term, the expectation is that the changes will not have a material impact on total vehicle usage in the Australian market.

The franchise retail business model in which A.P. Eagers and the automotive retail industry in Australia operate involve multiple sources of income including sale of new vehicles, used vehicles, service, parts, car care, finance and insurance, to a broad range of private, business and government customers.

Diversification across brands, locations, a significant truck business, and a substantial property portfolio assist the company in mitigating the risk related to FBT changes which are targeted at one buyer type. A.P. Eagers' decentralised business model and focus on business fundamentals have demonstrated over time an ability to successfully adapt to changes in the external market.

The information released yesterday is lacking in detail, and until legislation is drafted the exact impact of the changes is difficult to determine with any certainty. As further clarification becomes available we will provide additional information to shareholders.

### **ENDS**

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