



# AP EAGERS



# About A.P. Eagers Limited

- 93 year old automotive retail group founded in 1913.
- 49 years as a listed public company - dividend paid every year.
- Record dividend each year for last 5 years.
- A.P. Eagers owns more than 50 acres of prime real estate mainly in metropolitan Brisbane.
- Balance sheet value of land and buildings \$180M.

# About A.P. Eagers Limited (Continued)

- Represents 8 of the top 10 selling vehicle brands in Australia.
- Represents a total of 16 vehicle brands.
- Many brands represented in multi-locations with a total of 36 branded dealership sites.
- Group efficiencies are created through seven clusters\*, very few stand alone operations.

\* Cluster groups (ranging from 3 dealerships to 9 dealerships)

# About A.P. Eagers Limited (Continued)

- Income derived from new and used cars, aftermarket, finance and insurance.
- Income derived from service and parts.
- Income derived from secure internal rental income based on \$180m\* property portfolio.
- Brisbane Motor Auctions (BMA) - Externally successful auctions
  - Synergy benefits being established
- 20% Ownership of MTQ Insurance - Great dividends
  - Capital growth

\* \$180M property portfolio not fully operational at present

# Financial Highlights 1st Half

- Dealership trading performance up 12.6%.
- EBITDA (excluding property sale profit) up 8.3% to \$20.2 million.
- Interim fully franked dividend of 19.0 cents per share declared (2005 – 18.0 cents).
- Net tangible assets per share \$6.40 (2005 – \$6.18).
- 877 employees with one years service or more received a free allocation of \$1,000 of tax free APE shares for the first time.

# Operational Highlights 1st Half

- Bayside Honda / Kia acquisition February 2006 performing above expectations.
- Brisbane Motor Auctions (BMA) acquisition March 2006 performing above expectations.
- BMA successfully relocated to new improved facility on a 5ha site at Eagle Farm June 2006.
- New pre-delivery (PD) centre commissioned on 5ha site at Eagle Farm (shared with BMA).
- Like for like comparison business improved.

# Operational Highlights

## Future Benefits

- Frost Motors acquisition in Darwin for approximately \$13.5M for land and buildings, goodwill, stock and plant and equipment.
- \$10 million brand new facility for Toyota and Kia at Brendale completed August 2006.
- \$25 million brand new facility at North Lakes for Toyota, Ford and Honda on track for progressive completion late 2006 and early 2007.
- PAG Fortitude Valley consolidation confirmed - \$8 million dealership facility at Newstead freed up for new use.



# Growth Strategy - Internal

- Improve existing businesses through rigorous benchmarking and cost control.
- Deliver success to manufacturers in PMA's\* represented by A.P. Eagers.
- Continue and grow success through “clusters” to maintain efficiencies.
- Grow momentum in share plans to encourage retention.
- Develop new dealerships on Greenfield sites and add new franchise brands or additional representation points for existing brands.

\*PMA – Prime Market Area (defined franchise territory allocated by Manufacturer).



# Growth Strategy - External

Statement – *Whilst APE is the largest motor retailer on the Eastern Seaboard it is only represented in Brisbane and Darwin. Queensland has six towns each with over 100,000 in population where APE has no representation.*

- Acquire with manufacturer support businesses in large Queensland towns.
- Acquire with manufacturer support businesses in NSW and Victoria.
- All acquisitions to be made on realistic price multiples and which meet our internal requirements for success.
- Business reviews taking place on acquisition opportunities in Queensland and interstate with a turnover range of \$40M to \$500M+ per annum.

# Highlights Earnings Performance

	H1 2006	H1 2005	+ (-)	+ (-)%
Sales Revenue (\$m)	572.8	534.9	37.9	7.1%
EBITDA (\$m)	21.2	21.3	-0.1	-0.6%
Profit on sale of properties	1.0	2.7	-1.7	
EBITDA before sale of properties (\$m)	20.2*	18.7	1.6	8.3%
NPAT (\$m)	8.4	9.4	-1.0	-10.2%
EPS - cents	37.9	43.6	-5.7	-13.1%
Dividend (fully franked) - cents	19	18	1	5.6%
Yield (based on 25/8/06 closing price of \$7.48)	5.2%			
Price Earnings Ratio	9.9 times			
Interest Cover (times)	2.9	3.5	-0.6	-17.1%

\*This figure includes \$0.9M cost incurred for the free issue of \$1,000 of tax free shares to all employees with over 1 year's service. This item is fully expensed in the first half and will not reoccur in the second half.

# CONSOLIDATED BALANCE SHEET

	30 <sup>th</sup> JUNE 2006		31 <sup>st</sup> DECEMBER 2005	
	\$'000	\$'000	\$'000	\$'000
Cash	8,806		4,494	
Receivables	50,588		47,969	
Inventories	164,842		156,593	
Available for sale financial assets	6,673		6,673	
Net property, plant & equipment	191,647		187,886	
Intangibles	24,042		23,131	
<b>Total Assets</b>		446,598		426,746
Payables	29,984		28,122	
Interest bearing liabilities (current)	137,796		126,278	
Other current liabilities	10,386		10,369	
Interest bearing liabilities (non-current)	92,050		91,600	
Deferred tax liabilities	6,407		6,631	
Other non-current liabilities	2,744		2,707	
<b>Total Liabilities</b>		279,367		265,707
<b>Net Assets</b>		167,231		161,039
Share capital	78,890		77,311	
Reserves	45,864		44,135	
Retained profits	42,477		39,593	
<b>Total Equity</b>		167,231		161,039



# AP EAGERS

