



3 March 2017

Company Announcements Office
ASX Limited

ASIC decision on Flex Commission

A.P. Eagers Limited (ASX: APE) welcomes ASIC's announcement today regarding Flex Commission on consumer car loans and we are pleased with the overall outcome.

A.P. Eagers, an ASX-listed public company operating for 104 years, arranged car loans totalling more than \$850 million in 2016 with our customers benefiting from our industry leading management experience, training systems and compliance oversight via management and dedicated internal audit resources. We operate in compliance with all relevant legislation.

We appreciate that ASIC has consulted extensively with industry, including with us and the Australian Automotive Dealer Association (AADA), and has incorporated key industry recommendations into its decision.

We believe ASIC's proposal will establish a level playing field for consumers by prohibiting all car dealerships and finance brokers from increasing interest rates payable by customers above a base rate set by financiers and participating in any benefits from the increase.

We expect our multiple financiers will adopt a sophisticated pricing-for-risk model that closely correlates with the highly competitive consumer loan outcomes already evident across A.P. Eagers dealerships.

We are pleased ASIC has recognised the important role automotive dealers play in providing a competitive market for consumer finance. We believe ASIC's decision will provide surety for financiers to continue offering market competitive rates, while allowing dealers to be reasonably compensated for managing customer outcomes at the point of sale. Importantly, we will retain the ability to make reasonable adjustments to consumer rates at the point of sale in order to meet market, consumer and transaction requirements.

ASIC has allowed for an 18 month transition period, during which we will work with our various financiers to implement any necessary operational changes and deliver a platform for business growth in this area of our business and we will continue to review in detail ASIC's announcement.

ASIC proposed changes, paired with A.P. Eagers' professional approach to vehicle financing and our existing highly competitive consumer outcomes, is not anticipated to have any material impact on our current levels of finance income.

ENDS

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