



14 November 2019

Market Announcements Office
ASX Limited

Trading Update

A.P. Eagers Limited (ASX: APE) (AP Eagers) provides the following update on trading.

External trading conditions in the national automotive retail sector remain challenging with the overall market for new vehicle sales in decline for 19 consecutive months, representing a decrease of 126,000 units sold over the same period. For the 10 months ended 31 October 2019, national new vehicle sales are down 8.0% on the prior corresponding period (pcp).

AP Eagers Trading

As a consequence of the prevailing market conditions, AP Eagers' underlying operating profit before tax¹ for the 10 months ended 31 October 2019 is down 6.0%.

Gains on the sale of non-core operations and property during the period as well as one-off costs related to the merger have been excluded and will be detailed in the company's year end accounts.

AHG Trading, Integration and Refrigerated Logistics Sale Update

AP Eagers management took operational control of Automotive Holdings Group Limited (AHG) on 16 September 2019 and on 22 October 2019 announced the executive management and operational leadership structure for the merged group.

Having reviewed trading since 1 July 2019, the core AHG business comprising Franchised Automotive, Trucks, Amcap and EasyAuto123, has contributed an underlying operating profit before tax¹ of \$4.8 million.

Whilst the core AHG business has been impacted by the external conditions across the board, one region is significantly underperforming and EasyAusto123 contributed a loss of \$2.5 million despite its performance improving over the four-month period against the pcp. Action to improve trading results is being implemented as a matter of urgency to drive sustainable operating returns consistent with other areas of the business.

The integration of AHG is progressing to plan. AP Eagers is on track to deliver the full \$30 million synergy savings target, comprising an initial \$13.5 million (annualised) by 31 December 2019 and the balance within 12 months.

A.P. EAGERS LIMITED
ABN 87 009 680 013

Registered Office
5 Edmund Street, Newstead QLD 4006
P.O. Box 199, Fortitude Valley QLD 4006
T (07) 3608 7100 F (07) 3608 7111
E corporate@apeagers.com.au

The sale process for AHG's Refrigerated Logistics business has entered the due diligence stage following the submission of indicative bids.

AP Eagers CEO Martin Ward said:

"AP Eagers is not immune to the external trading environment which remains challenging. The AHG business has been a wholly owned subsidiary of AP Eagers for only sixty days and, while its operating profit contribution since July is disappointing, it is not unexpected. It remains our firm belief that combining these two businesses to build a truly national footprint will place us in the strongest possible position to thrive as the industry continues to evolve and change.

"With the right strategy in place, a strong financial position, a focus on innovation, an appetite for investment and a keen management eye on efficiency, we are well placed to bring these two businesses together in a way that delivers value to our customers, our partners and ultimately our shareholders."

AP Eagers will provide further details on its progress towards integration when it reports its full year 2019 results in February 2020.

END

For further information, please contact:

Jon Snowball / Lauren Thompson

Domestique Consulting

0477 946 068 / 0438 954 729

jon@domestiqueconsulting.com.au / lauren@domestiqueconsulting.com.au

¹Underlying operating profit before tax means statutory profit before tax, adjusted for merger & acquisition and integration costs, restructuring activities, property fair value adjustments, gains on the sale of assets, trading profits or losses on businesses either held for sale or closed, income from both AHG dividends and APE's equity accounted share of AHG profit, and the impact of the new lease accounting standard AASB 16.