



AP
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AP Eagers

UBS Australasia Conference

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Martin Ward, Chief Executive Officer

Industry context

AP Eagers has a track record of resilience through challenging external conditions

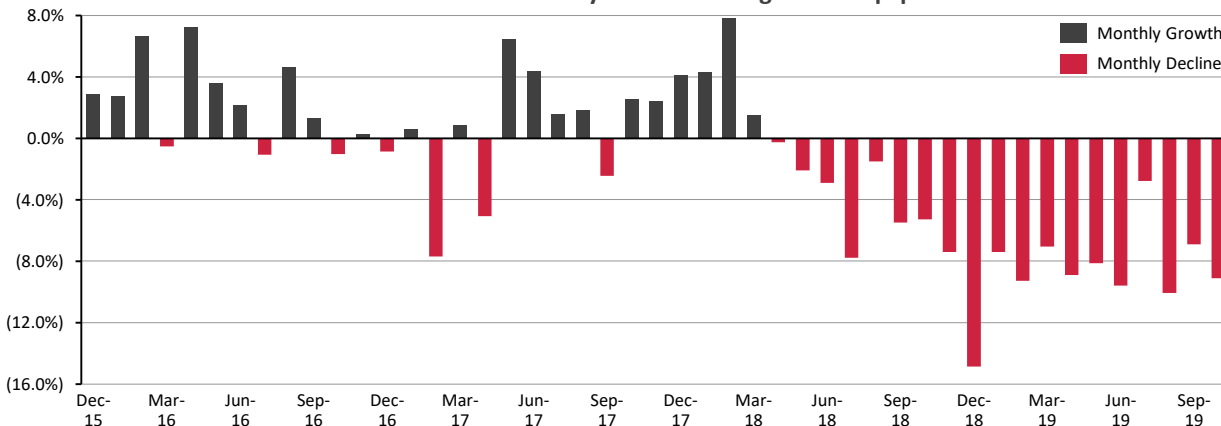
Macroeconomic environment

- Economy static / retail under pressure
- Tighter credit availability (cyclical)
- Consumer confidence low

Australian industry conditions

- Overall market for new vehicle sales has declined for 19 consecutive months
- Represents a decrease of approximately 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)

Australian monthly new car sales growth vs pcp¹



¹ Source: VFACTS



Environment a catalyst for industry transition

AP Eagers positioned to benefit from industry changes in the medium to long term

Transition accelerating

- Departure of loss-making brands
- Rationalisation of dealer locations and owners
- Consolidation of owners
- Adoption of non-traditional omni-channel retail networks

OEM headwinds

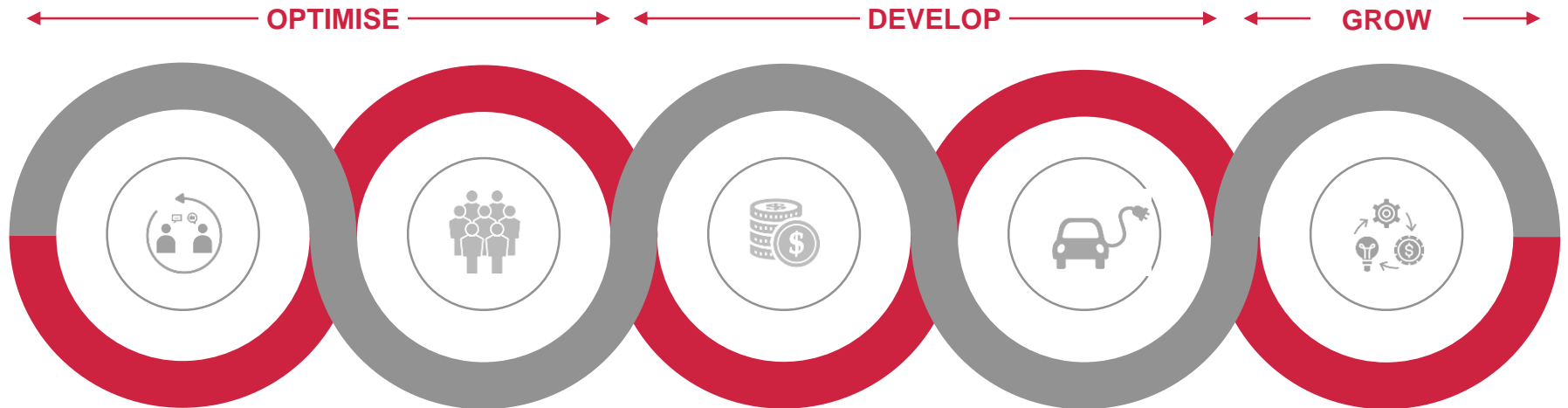
- Investing in alternative fuels (EV, hydrogen, etc.) and alternate blue-sky investments
- International market pressures (US/China trade war, Brexit, Hong Kong riots, etc.)
- Forex pressures rationalising manufacturer numbers and/or model ranges
- OEMs recognise the physical retail network cost base must be reduced

Future state

- Traditional dealerships blended with destination auto precincts focused on CX
- Greater number of convenient, smaller alternatives (eg: Auto Mall within shopping centres)
- Those to adapt will benefit from increased throughput on a lower cost base

Next100 strategy

A clear strategy in progress providing integrated mobility solutions for the next 100 years



Engage our customers, everywhere

Online. At the airport. In shopping malls. In multi-brand service hubs. At home. At work.

Our flexible owned and leased property portfolio allows us to continue to evolve to fit our customers' lifestyles, circumstances, wants and needs.

Redefine our workforce

Our workforce: re-defined and re-imagined, based on our customers' journey.

This transformation is aimed at delivering an all new and vastly superior customer experience on a more sustainable and productive cost base

Deliver optimised vehicle finance solutions

Capitalise on the unique position our industry occupies in the distribution of motor vehicles, with the aim of becoming the preferred provider of automotive and mobility finance solutions.

Deliver ultra-competitive, highly tailored finance solutions sourced from our extensive funding relationships.

Support innovation

Support our partners to introduce ACE (autonomous, connected and electric) and other emerging product innovations.

Our partners cover circa 95% of the total market for new vehicles in Australia and are at the forefront of design, performance and innovation.

Reinvest with discipline

Disciplined use of shareholder funds combined with rigorous review of existing and new operations to support an unrelenting focus on long term wealth creation.

Utilise balance sheet strength to capitalise on evolving and emerging market trends.

EXCEED STAKEHOLDER EXPECTATIONS

Customers. Employees. Partners. Shareholders. Community.

Future of automotive retailing

Ahead of the curve in adapting with innovative solutions to enhance customer experience



Future-proofing AP Eagers with customers at the centre



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Acquisition of AHG

Full control on 16 September 2019; new management structure in place less than 4 weeks

geography

Exposure to motor vehicle retailing in all Australian States and Territories (other than the ACT).

portfolio

229 new car dealership locations in Australia and 13 in New Zealand.
68 new truck and bus dealership locations in Australia.
33 Car brands² & 12 Truck brands.

scale

Larger, more flexible balance sheet.
Scale benefits in relation to key input costs.

expertise

Extensive auto retail experience of the APE board and management.
APE track record of profit, EPS and dividend growth

strategy

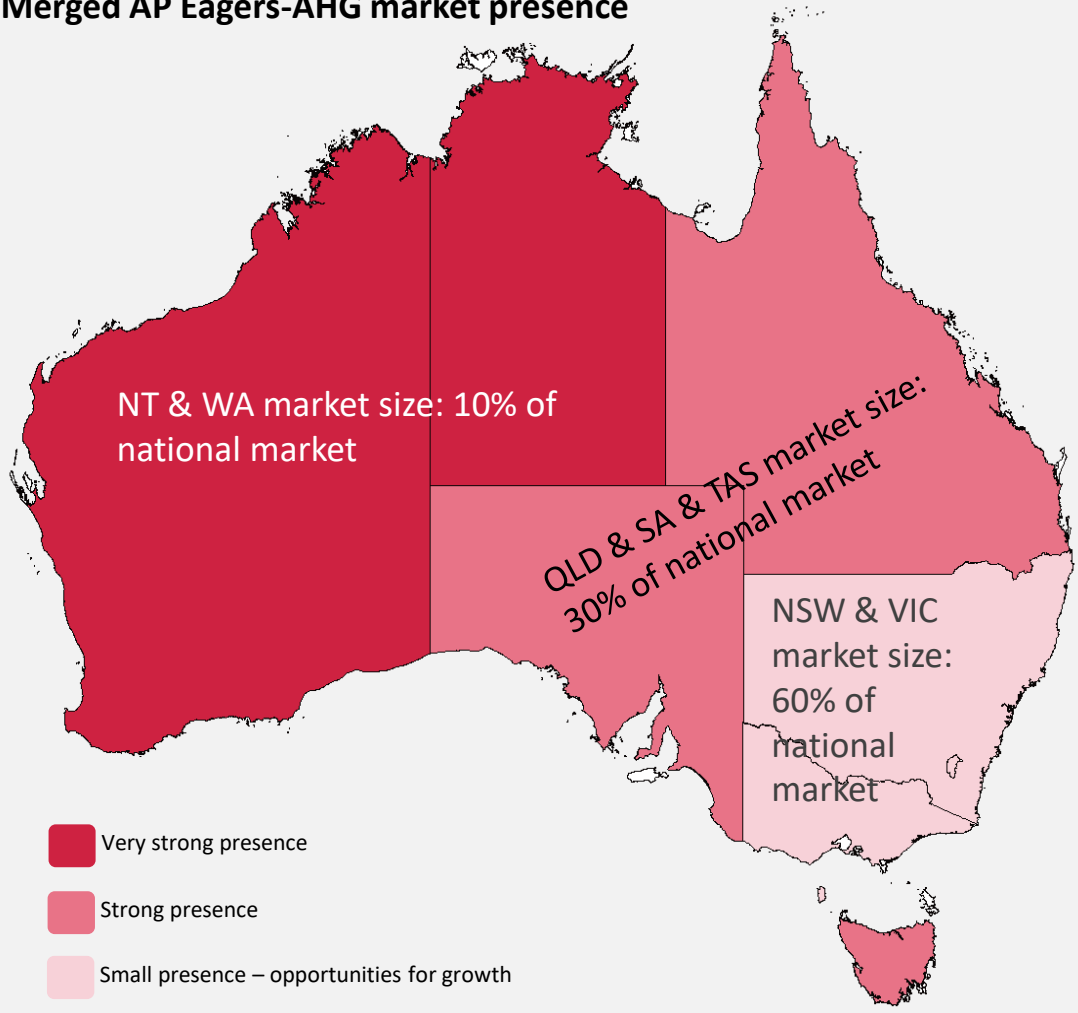
Clear strategy to respond to evolving automotive market and pursue growth together

Stronger foundations to respond to evolving automotive retail environment and grow

Scale and synergies

National footprint, leading market position with significant room to grow

Merged AP Eagers-AHG market presence



Source: VFACTS (as at 30 June 2019)

Market Opportunity

- Strong market positions across national footprint with significant growth potential in largest markets
- Small but strategic presence in New Zealand

\$30m in synergies on track

- \$13.5m (annualised) identified to be realised by 31 December 2019
- Additional \$16.5m targeted within 12 months
- Potential for further operational efficiencies following review with all stakeholders

Scalable 'fixed price' used car model

National footprint with significant opportunity to grow



National: big box retail + online



QLD: shopping mall + online



SA: big box retail + online

VOLUME GROWTH ACCELERATING	USED VEHICLE SALES
Combined 12 month volume to 30 June 2019	8,340
Combined last 3 months volume (annualised)	11,976
3MMA growth annualised	+44%

Advantages under combined APE/AHG 'fixed price' model

- Cost base reduction – implementing shift to sustainable lease arrangements
- Operational improvement initiatives underway
- Improving incentivisation/relationships between dealerships and used car operators

US market landscape signals potential

A window to the future of AP Eagers' globally unique combination

NEW CAR INDUSTRY LEADERS			
COMPANY	MARKET POSITION ²	TURNOVER ³	MARKET CAP ³
AutoNation	Largest new car retailer	\$21.2 billion	\$4.7 billion
Penske	Second largest new car retailer	\$22.7 billion	\$4.2 billion

USED CAR INDUSTRY LEADERS			
COMPANY	MARKET POSITION ²	TURNOVER ³	MARKET CAP ³
Carmax	Largest 'fixed price' used car retailer	\$19.2 billion	\$15.9 billion
Carvana	Second largest 'fixed price' used car retailer	\$3.7 billion	\$12.4 billion

AutoNation



CARmax



AP Eagers globally unique combination

- Market leadership in both new car dealerships + emerging fixed price used car model
- Investment phase – volumes increasing, capacity to scale
- Positioned to benefit from growth in consignment vehicles – fleet companies

² Market position determined by reference to market capitalisation

³ All values in USD, turnover (based on trailing twelve months (TTM)) and market cap data are as at 15 November 2019 per reuters.com



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Outlook

Emerging stronger from the current market conditions

- AP Eagers has a **high quality asset base** that ensures the company is well positioned to withstand the current trading conditions
- With the **business transformation and ongoing improvement initiatives well advanced**, we are confident of emerging from the current cycle with even stronger foundations to pursue growth

- Focused on driving value from our existing business through process improvement, operating synergies, portfolio management and organic growth opportunities
- While our strategy is not reliant on any improvement in external market environment, any improvement in conditions would accelerate our growth trajectory

- The merger of AHG and AP Eagers has created Australia's leading automotive group with greater scale, geographical diversification and an enhanced brand portfolio
- On track to realise \$30m in synergies within 12 months of full ownership



GP
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Q&A

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