

17 December 2019



Company Announcements Office  
ASX Limited

## **AP Eagers apologises to employees for underpayment**

**\$4.5 million shortfall self-reported to the Fair Work Ombudsman | External assessment undertaken by PwC**

A.P. Eagers Limited (ASX: APE) (**AP Eagers**) advises that it has identified some anomalies in its payroll system, which have unintentionally resulted in a number of employees not being paid their full entitlements.

AP Eagers identified the inconsistencies during a company-initiated review while implementing a new time and attendance system to centralise its payroll systems. These systems have been previously managed by disparate, individual dealerships, some of which were acquired by AP Eagers in recent years.

After the inconsistencies were identified, PwC was engaged to undertake an external assessment of AP Eagers' payroll to determine the extent to which past and present employees had been impacted. PwC's assessment has been reviewed in detail by the AP Eagers Board.

Following the assessment, AP Eagers self-reported to the Fair Work Ombudsman and AP Eagers has pledged to fully cooperate during any investigation conducted by the Ombudsman.

AP Eagers has determined that approximately 6,200 employees have been impacted over a seven-year period. The total payment shortfall equates to \$4.5 million or just under 0.25% of a total of \$2.1 billion payments made to employees over that same period.

AP Eagers CEO Martin Ward said: *"We unreservedly apologise to our employees. AP Eagers is committed to paying the amounts owed to past and present employees, in full and with interest, as soon as practically possible. We understand the importance of ensuring our employees are paid their entitlements in full and on time – we take full responsibility for the mistake and we are very sorry."*

Specifically, the issues relate to award classification, the application of overtime, superannuation contributions and deductions.

AP Eagers is implementing a centralised time and attendance system as well as improvements to its payroll processes to ensure all employees are paid their full entitlements going forward. Implementation of this system is being closely monitored by the executive leadership team and the AP Eagers Board.

AP Eagers has also committed to undertake a review of AHG's payments to employees following its acquisition of the company in September 2019.

**ENDS**

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Authorised for release by the Board.

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