



30 April 2020

Market Announcements Office
ASX Limited

MARKET UPDATE ON RESPONSE TO COVID-19

- **Dealerships remain operational with health and safety of employees and customers prioritised**
- **Pre-emptive action taken to materially reduce cost base and reflect dealership activity**
- **Proactive engagement with stakeholders, including landlords to share the economic burden**
- **A range of cash preservation measures introduced to fortify liquidity profile**
- **Robust balance sheet position to navigate the crisis and future uncertain operating environment**

A.P. Eagers Limited (ASX: APE) (“AP Eagers” or “the Company”) provides the following market update on its response to the ongoing impact of the COVID-19 pandemic.

Safely supporting our customers

With the health and safety of our employees and customers our first priority, AP Eagers has continued to operate the business as an essential part of the economy in accordance with Government advice and mindful of social distancing protocols which differ state by state.

While ensuring we support our customers with new and used vehicle sales as well as access to parts and service, management continues to actively monitor and adjust operations in line with the level of activity at our dealerships.

Swift action to right size operations, reduce cost base

In mid-March as an initial response to the pandemic and associated Government-imposed restrictions, the Company took the difficult but necessary action to reduce its workforce by approximately 1,200 roles, reducing employee costs by approximately \$6 million per month.

With the subsequent announcement of State & Federal Government support packages, AP Eagers is taking action to ensure we are able to retain as many of our 8,200¹ employees as possible while moving to a temporary rostering arrangement across most parts of the business. The Company is applying for the Federal Government’s JobKeeper assistance program and is confident a large proportion of the workforce will be eligible, helping to support the workforce and a faster recovery when the external environment improves.

As announced on 20 March 2020, AP Eagers’ non-executive directors will forego their director fees while all senior executives will take a 50% reduction in remuneration packages and have agreed not to participate in new equity incentive plans in 2020.

Proactive stakeholder engagement to secure support

The support and flexibility of landlords is also critical to ensuring the Company can navigate these unprecedented circumstances. AP Eagers continues to proactively engage with our landlords, who have to date agreed a combination

¹ Excluding 1,964 employees within the Refrigerated Logistics business which is expected to be acquired by Anchorage Capital Partners on 30 June 2020.

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

of waiver and deferral of over 50% of our lease commitments in terms of number of leases and value of rental outgoings for the next three months. In parallel, the Company continues to actively review and optimise its property and dealership portfolio.

AP Eagers has been strongly supported by our key suppliers, in particular our OEM partners, who have offered a range of measures to support the liquidity of our dealerships during this period. AP Eagers has secured credit approval for new working capital facilities from our OEM finance partners totalling \$122 million.

Key operational initiatives to fortify liquidity

AP Eagers moved rapidly to implement a number of operational initiatives and other cash management strategies designed to preserve cash and optimise liquidity. Measures include the deferral of tax payments, pre-emptive inventory management, review of all marketing and advertising and a freeze on non-essential capital expenditure. We are confident these actions have established a liquidity profile that will ensure the Company can navigate through the current crisis and is well positioned should the situation worsen.

Strong balance sheet

AP Eagers has a strong balance sheet and \$270 million of cash and undrawn corporate debt facilities with a spread of maturities out to December 2023. In addition, the further \$122 million of OEM working capital facilities will increase our available liquidity to \$392 million. We continue to value the ongoing support from all our financiers including bailment financiers.

Refrigerated Logistics sale progressing

As announced on 29 April 2020, management has acted to facilitate the divestment of the Refrigerated Logistics business in a challenging environment for M&A activity. Completion of the transaction is expected to occur on 30 June 2020 and is not subject to any outstanding conditions precedent that are within Anchorage Capital Partners' control, providing greater certainty around divestment timing.

Commenting on the Company's response to COVID-19, AP Eagers Managing Director and CEO, Martin Ward, said:

"While the impact of the COVID-19 pandemic has been severe on the automotive retail industry, AP Eagers has responded swiftly and pre-emptively to meet the unprecedented challenges caused by the ongoing health and economic crisis.

Our response has required us to make some difficult decisions and seek the support of our employees, manufacturing partners, landlords and financiers, to help ensure we can navigate the crisis. I am extremely proud of our people who have been remarkably agile, responsive and resilient in the face of unprecedented adversity and am truly grateful for the support of our many stakeholders.

The duration and depth of COVID-19's impact on our business remains uncertain but with strong foundations, decisive measures to preserve liquidity and the support of all our stakeholders, we are confident of overcoming this global pandemic and rebounding quickly for the benefit of our employees and all of our stakeholders."

ENDS

For further information please contact:

Jon Snowball
Domestique
0477 946 068
Jon@domestiqueconsulting.com.au

Authorised for release by the Board.