

19 November 2010

Automotive Holdings Group Limited
AGM Friday 19 November 2010 – Chairman's Address

Good morning. It is a great pleasure to welcome you to the 2010 Annual General Meeting of Automotive Holdings Group Limited. My name is Bob Branchi, Chairman of the company. As you are probably aware, this will be my last meeting as Chairman as I will be stepping down at the conclusion of the meeting.

I declare this meeting open and declare that there is a quorum present.

The Notice of Annual General Meeting has been forwarded to all shareholders. I suggest that the Notice be taken as read. Is there anyone who objects to this?

The minutes of the 2009 Annual General Meeting were approved by the Board and have been tabled. Any shareholder who wishes to view a copy of the minutes is welcome to do so and should see the Company Secretary after the meeting.

I will now introduce my fellow directors:-

Hamish Williams, Executive Director – Strategy and Planning.

Greg Wall, non executive director. Mr Wall is standing for re-election at today's meeting.

Peter Stancliffe, non executive director.

Michael Smith, our recently appointed non executive director, who is standing for re-election at today's meeting

John Groppoli, non executive director

David Griffiths, Chairman elect, who is also standing for re-election; and

Bronte Howson, Managing Director

Also alongside the Board members today is Sue Symmons, Company Secretary.

In the audience I welcome Glyn O'Brien of BDO Kendalls, in his official capacity as the Company's auditors and Roger Davies of Blake Dawson, AHG's legal advisers.

The format of today's proceedings will be as follows:-

I will be providing you with a presentation on the financial highlights for the year ended 30 June 2010 and Bronte Howson will provide you with an operational overview which will include a more detailed look at the results for the 2009/10 financial year, a summary of year to date performance and the outlook for AHG. I will then pause for any questions that shareholders may wish to put to Bronte Howson or me with respect to our presentations.

We will address shareholder questions at the conclusion of those presentations. If you are a shareholder and wish to ask a question at that point, please raise your hand and a microphone will be handed to you.

You must have a green card that signifies you are a shareholder to ask questions. Please state your name prior to asking your question.

The formalities of the meeting will then be dealt with which include voting on the 5 resolutions included in the Notice of Meeting. Only those with a green voting card may vote on these resolutions.

If a poll is required in relation to a resolution, I will explain appropriate procedures then.

I will now proceed to the financial highlights of the Company for the year ended 30 June 2010.

This slide is a snapshot of AHG's operations in Australia and New Zealand. AHG now operates 106 motor vehicle dealership franchise sites predominately in Western Australia, Queensland and New South Wales. Our logistics operations includes Rand Transport, Amcap, KTM Sportmotorcycles, Vehicle Storage and Engineering and Genuine Truck Bodies.

Rand Transport operates from all mainland state capitals with modern premises in New South Wales, Victoria and Queensland;

Amcap Distribution Centre and KTM Sportmotorcycles national distribution operate out of Western Australia; Vehicle Storage and Engineering and Genuine Truck Bodies operate from Victoria and our New Zealand operations comprises KTM national distribution and 4 motor vehicle dealerships.

The 2010 record result was largely attributable to a strong automotive performance off the back of buoyant new vehicle sales and continued growth from Rand Transport. This result drove an excellent EBITDA margin increase given the lingering effects of the global financial crisis on the Australian economy.

Statutory net profit after tax for the 2010 financial year was \$60.3 million, a 150% increase on the previous financial year. This included profit on the sale of carsales.com shares as announced in September 2009, while the prior year result included one-off unusual charges of \$18.1 million net.

This slide shows the Group's results. You will note that Revenue increased 5.4% from the previous year to \$3.24 billion and underlying net profit after tax (that is, adjusted for the profit on the sale of carsales.com shares) was \$55.1 million which represented an increase of 30.5% on the previous year.

Basic earnings per share excluding the unusual items (i.e. profit on the sale of carsales.com shares) was 24.35 cents, an increase of approximately 12% on the previous corresponding period.

AHG declared a final dividend of 10 cents per share, bringing the total dividend for the 2010 financial year to 17 cents per share fully franked, up from 14 cents last year.

As mentioned earlier, the record result was buoyed by the strong new vehicle sales which is evident in the Automotive segment results. While revenue increased 6.2% to approximately \$2.9 billion, profit before tax increased 48.9% to \$62.9 million. Bronte will elaborate further on the factors that contributed to this increased result in his presentation.

A solid performance was recorded in the Logistics segment. Revenue was steady and net profit before tax was \$16.6 million, down approximately 14% on the previous corresponding period. While strong performance was achieved by Rand Transport and AMCAP continued to deliver creditable consistent revenue and profits for the Group, the result was impacted by a 13% decrease in the national motor cycle market and subdued demand for our vehicle storage operation and available body building opportunity for our Genuine Truck Bodies business.

Our balance sheet shows considerable strength, placing the Company in a sound position to pursue further growth opportunities. At 30 June 2010 AHG had approximately \$100 million in cash available to it - approximately \$77m in cash and \$25 million in cash offset against borrowings.

AHG continues to assess automotive and logistics business opportunities on an ongoing basis. These are considered under strict guidelines that ensure potential acquisitions create long term value for shareholders and complement our existing business model.

AHG is poised for growth and I am confident that our strong management team and resilient business model will continue to deliver solid financial results.

Managing Director Bronte Howson will now provide you with an operational overview, together with a summary of future growth opportunities and the Group outlook.

As there are no further questions I will move on to the business of the meeting.

Before I do though, I take this opportunity to thank my fellow board members for their support and advice during the year. I also express my congratulations to Bronte and his executive team who have maintained a clear focus in producing a record result in what was a challenging but rewarding year for AHG.

The annual report and shareholder review report of the company have been posted on the company's website and distributed to those shareholders who have elected to receive a copy. Copies of these documents are available on the table at the back of the room should you so require.

The financial report for the year ended 30 June 2010 and the accompanying directors' declaration and reports of the directors and auditors have been made available to shareholders and they have been given the opportunity to consider its contents.

The Corporations Act provides that shareholders be given the opportunity to submit written questions to the auditor via the Company or the share registry 5 business days prior to the AGM.

No written questions have been received and I invite you to ask questions of Mr Glyn O'Brien of BDO on the conduct of the audit, the preparation of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial reports and the independence of the auditor in relation to the conduct of the audit.

Resolutions

Resolution 1 deals with the adoption of the Remuneration Report.

The Corporations Act requires that a resolution that the remuneration report be adopted must be put to the vote at the Company's annual general meeting. While the Government has indicated it intends to propose new legislation, the vote on this resolution is currently advisory only and does not bind the directors of the company. The Board is obviously sensitive to the views of our shareholders.

The remuneration report is set out on pages 25 to 36 of the 2010 annual report.

Before I put Resolution 1 to the meeting I will make some observations in relation to AHG's remuneration report and policies.

As you are aware executive directors are participants in the AHG Performance Rights Plan. While no rights were issued for the year ended 30 June 2009 or 30 June 2010, of 206,993 rights issued in 2007 155,410 of those vested in the 2010 financial year following cumulative performance criteria being met for 3 year period 1 July 2007 to 30 June 2010. The balance of rights, 51,583, have now lapsed.

This vesting in shares from the 3 year 2007-2010 performance rights has boosted the normal earnings in the 2009/10 financial year for the Managing Director and Executive Director, Strategy and Planning by approximately \$310,000 and \$39,000 respectively.

Shareholders voiced their opinion at recent meetings that a long term incentive should be considered for the Managing Director. Recognising the need to implement a long term incentive, in the 2009/10 financial year the Board has agreed a long term incentive plan with its Managing Director. Under this plan, the Managing Director can earn a maximum of \$2 million over a 3 year period through an entitlement to 843,882 Ordinary shares which will be issued within 30 days following the release of the Group's financial results for the year ended 30 June 2012. The number of shares to be allocated will be based on cumulative Total Shareholder Return (including dividends) for the period 1 July 2009 to 30 June 2012 as compared to a reference group comprising of the ASX 300 excluding resource companies and financial institutions. At the 50th percentile the director will receive 421,941 ordinary shares and for every 1% above the 50th percentile the director will receive an additional 16,878 ordinary shares. Mr Howson will receive 100% of the LTI at the 75th percentile.

The maximum number of shares issued is calculated at the Volume Weighted Average Price for AHG shares for a period of 30 days prior to 1 July 2010, which is \$2.37, divided into \$2 million. Such shares are to be acquired on market.

AHG's most critical asset is its people and the Board recognise the need to incentivise, motivate and remunerate fairly. Based on the advice from an independent remuneration consultant, the remuneration is in line with the level of salaries paid in ASX listed businesses of similar size, employee numbers, revenue and profitability in Australia.

We believe the remuneration paid to our executives is reasonable, it is also in line with the level of salaries paid in the automotive retail and other comparative industries.

Resolution 2 deals with the re-election and election of directors of the Company.

Resolution 2.1 is the re-election of David Charles Griffiths who retires by rotation.

Mr Griffiths was appointed as a non executive director on 27 February 2007 and Deputy Chairman on 3 April 2008. Mr Griffiths has more than 15 years experience in equity capital markets, mergers and acquisitions and the corporate advisory sector. He is a former Divisional Director of Macquarie Bank Limited and Executive Chairman of Porter Western Limited. Mr Griffiths is Chairman of Northern Iron Limited, Deputy Chairman of ThinkSmart Limited and a board member of Perth International Arts Festival.

David is the Chairman elect and a member of the Audit & Risk Management Committee.

The Board of directors (excluding David) unanimously recommend you vote in favour of his re-election.

Resolution 2.2 is the re-election of Gregory Joseph Wall who retires by rotation.

Greg was appointed to the Board on 1 August 2005. He has over 30 years experience in banking and finance and for 10 years was Chief Executive StateWest Credit Society which merged with Home Building Society where Mr Wall held the position of Managing Director until its merger with Bank of Queensland in 2007. Mr Wall is Chairman of Freo Group Ltd (unlisted) and a director of a number of other unlisted entities with the most significant being Gold Estates Ltd., Ear Science Institute of Australia and the Western Australian Football Commission.

The Board of directors (excluding Greg) unanimously recommend you vote in favour of his re-election.

Resolution 2.3 is the re-election of Michael John Smith who retires following appointment as a casual vacancy during the year. Michael offers himself for re-election.

Michael operates a strategy consultancy firm Black House, which consults to a number of leading Australian companies. In addition to this he chairs Synergy, WA's largest energy retailer, iiNet Ltd., Australia's second largest internet service provider and Perth International Arts Festival. He is also a director of 7-Eleven Stores Pty. Ltd. and Vice President of the Australian Institute of Company Directors WA.

The Board of directors (excluding Michael) unanimously recommend you vote in favour of his re-election.

Resolution 3 deals with an increase in maximum total non-executive directors' remuneration.

In accordance with rule 42 of the Company's constitution, non-executive directors' remuneration must not exceed the maximum sum determined by the Company in general meeting, with individual apportionments of that sum remaining at the discretion of the Board. The current maximum total of \$600,000, in aggregate, per annum was fixed at the annual general meeting of the Company in 2006.

Under rule 42.1 of the Company's constitution and ASX Listing Rule 10.17, the Company must not increase the total amount of non-executive directors' remuneration payable by it without shareholder approval at a general meeting. This rule does not apply to executive directors.

On my retirement, the number of non executive directors will be five. Total remuneration (including superannuation for those five non executive directors for the year ending 30 June 2011 is expected to be \$602,190.

There is no intention to increase the individual fees of existing non executive directors in the current financial year. However the Board requires the flexibility to appoint another director should a candidate with skills that will enhance the Company's performance and support the growth strategy of the Company be identified. The Board may be unable to make such an appointment unless the maximum amount of total directors' remuneration is increased. For this reason the Board asks shareholders to approve increasing the maximum total amount that may be paid as non executives' remuneration per annum by \$150,000 from \$600,000 to \$750,000.

CLOSURE

That now concludes the formal business of the meeting and I will now introduce Chairman-elect, David Griffiths.

However, as I mentioned earlier I am retiring today as Chairman of the Board.

It has been pleasing to observe the Company's growth and see it develop into one of Australia's leading forces in the automotive industry. I believe that I am leaving the Company at a time when it is in very good shape to continue on its growth path.

During my time with AHG I have been fortunate to have worked with so many dedicated and talented people over the years, be they Board members, AHG management or staff working in our Automotive and Logistics businesses.

I am pleased to hand over to David Griffiths. David's board experience and capital market experience is impressive and he has a very good understanding of AHG's business and what is required to continue its success.

<<Chairman Elect - David Griffiths>>

Prior to Bob performing his final duty as Chairman of AHG by closing the meeting, it is my honour to thank Bob for his enormous contribution over the many years he has worked with AHG.

Bob Branchi, has made an outstanding contribution to AHG both as an executive and as non executive Chairman over a long period of time. Bob has left his mark on AHG which is now embedded in its culture and discipline. The Board in particular has greatly benefited from Bob's contribution and the experience that he has brought to the Board table and I can assure shareholders that your Board will continue to draw on this discipline as it pursues future growth.



On behalf of the Board and management of AHG, we thank Bob for his tremendous contribution to the success of AHG and we wish him well in retirement.

For more information please contact:

Corporate:

Sue Symmons

Company Secretary

Mobile: 0409 949 373

Email: ssymmons@ahg.com.au