

UBS Australian Emerging Companies Conference - April 2011

AHG - Opportunities and Challenges



AUTOMOTIVE HOLDINGS GROUP

AHG Summary

Background

- Established in 1952
- Operations in all mainland states of Australia
- Multiple revenue streams
- ASX listed in 2005

Business Activities

- 106 dealership franchise sites
- Rand Transport
- AMCAP Distribution Centre
- KTM Sportmotorcycles
- VSE/GTB

Key Market Statistics

• Share Price ¹	\$2.80
• Shares on Issue	226.5m
• Market Capitalisation	\$634.2m
• Basic EPS	24.35 cps ³

Summary Financials – HY 31 Dec

	1H11	1H10 ²
	(\$m)	(\$m)
Revenue	\$1,689.3	\$1,607.0
EBITDA	\$65.9	\$57.9
EBITDA Margin (%)	3.9	3.6
EBIT	\$56.6	\$49.7
NPAT	\$29.6	\$28.7

¹ as at 31 March 2011

² excluding profit on the sale of carsales.com shares recorded in 1H2010 of \$4.92m (net).

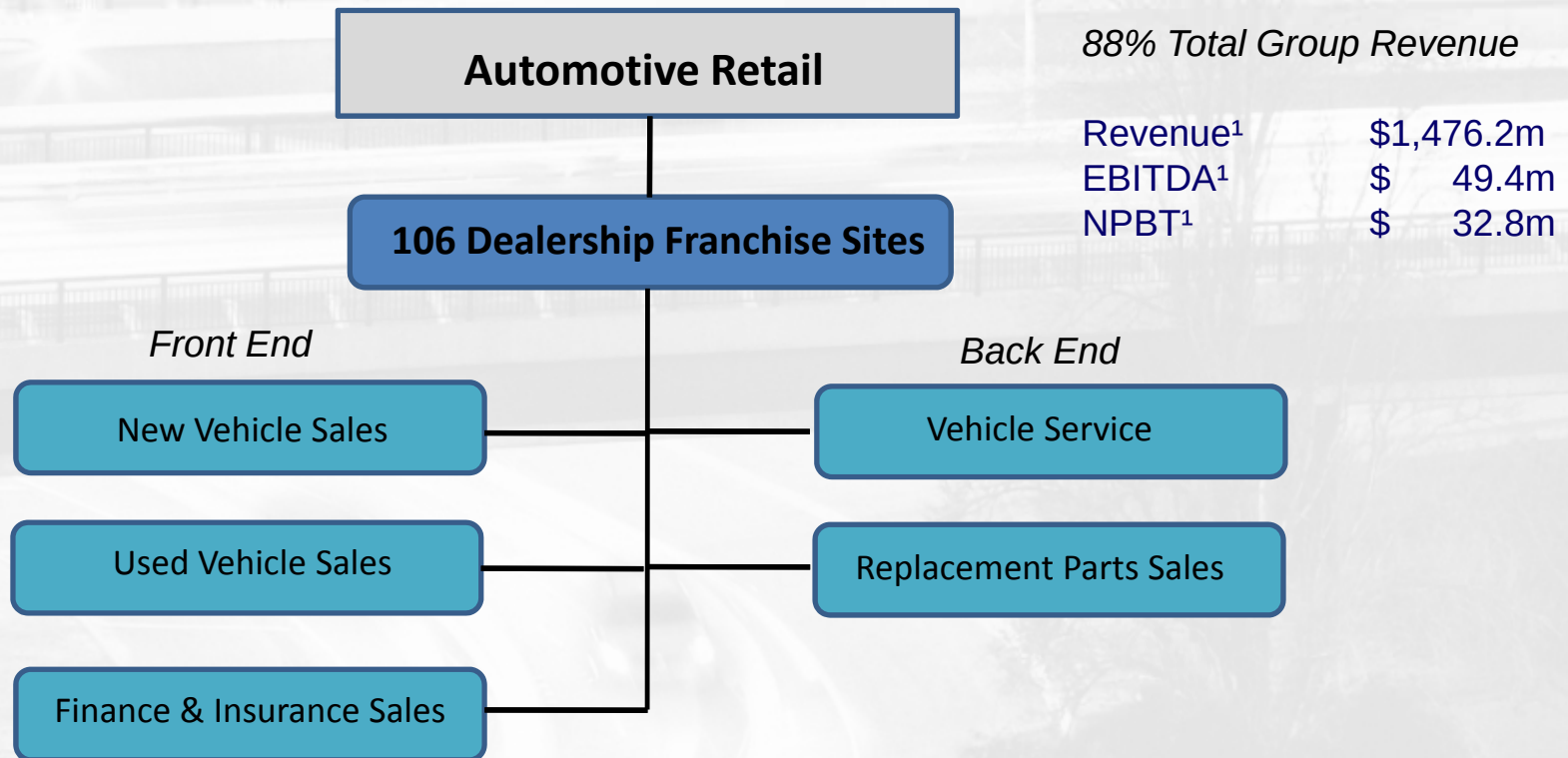
³ as at 30 June 2010

Automotive Retail



Opportunities

Automotive – Multiple Revenue Streams

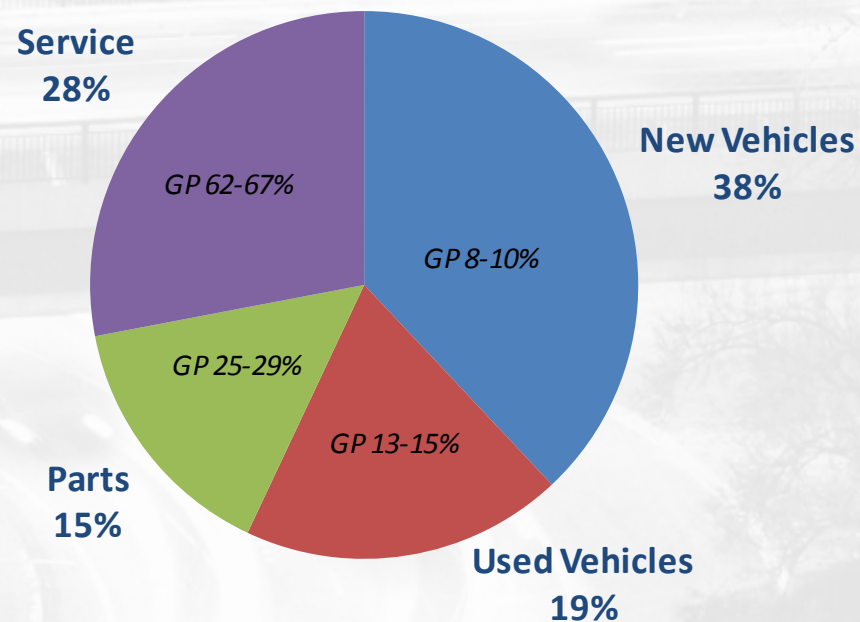


- Multiple revenue streams allow AHG to focus on specific areas of improvement. eg. FY2011 AHG has successfully increased F&I penetration.

¹ HY 31 December 2010

Automotive – Dealership Benchmarks

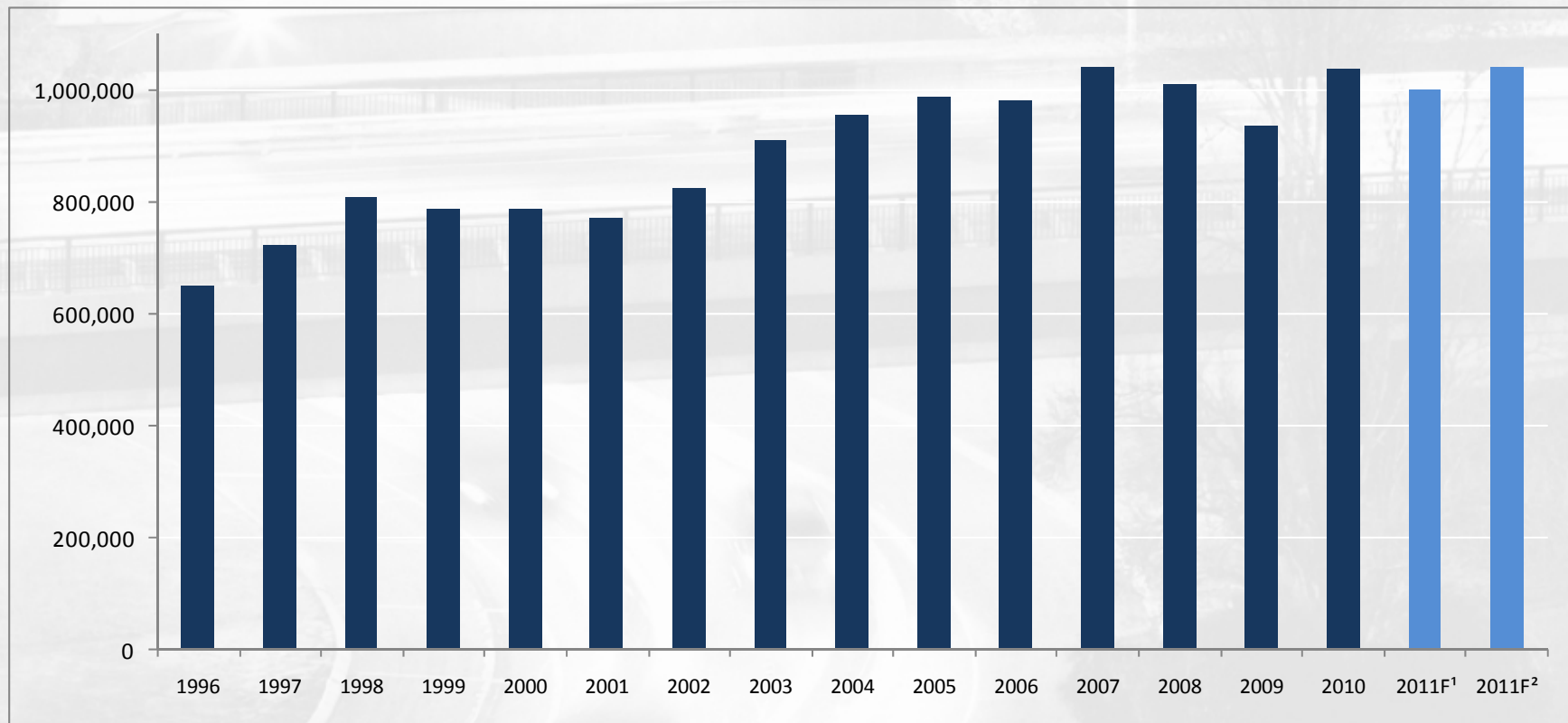
Deloitte ProfitFocus - Dealership Benchmarks - Orientation / Gross Profit



Front End (vehicle operations)	57%
Back end (vehicle operations)	43%
Finance and Insurance	10% of total gross

Automotive Retail – Australian New Vehicle Sales

1,000,000 – 1,040,000 new vehicle sales forecast for CY11^{1 2}



- Solid new vehicle sales to help maintain Group performance.

¹ AutoTeam Australia February 2011

² Manufacturer Forecast

Retail sales remain strong

Australian New Vehicle Sales¹

	CY2009	CY2010	% pcp	9mths to 31.3.10	9mths to 31.3.11	% pcp
Private	423,779	484,155	114.2	325,509	353,317	108.5
Business	414,761	430,042	103.7	315,451	305,788	96.9
Government	60,096	63,477	105.6	46,271	45,549	98.4
Rental	38,692	57,900	149.6	40,228	42,567	105.8
TOTAL	937,328	1,035,574	110.5	727,459	747,221	102.7

¹ Federal Chamber of Automotive Industries VFacts National Reports

AHG's key Automotive markets are the higher volume States

	% Total Vehicles ¹	% AHG 1H2011 Revenue ²
New South Wales	31.5	25
Victoria	27.6	2
Queensland	19.2	20
Western Australia	11.0	48
South Australia	6.4	0
Tasmania	1.7	0
Australian Capital Territory	1.6	0
Northern Territory	1.0	0

AHG's key markets are the high volume states of Western Australia, Queensland and New South Wales with growth anticipated in Victoria.

¹ Federal Chamber of Automotive Industries VFacts National Report February 2011

² New Zealand contribution ~5%

Current Market Share

Manufacturer	% National Market share ¹	AHG number of franchise points ²					
		Total	WA	NSW	QLD	VIC	NZ
1. Toyota	19.0%	5	3	1	-	1	-
2. Holden	12.1%	9	2	3	4	-	-
3. Mazda	9.6%	4	-	2	-	-	2
4. Ford	9.1%	7	5	-	-	-	2
5. Hyundai	8.4%	5	3	-	2	-	-
6. Nissan	6.8%	8	4	3	1	-	-
7. Mitsubishi	6.3%	11	3	2	6	-	-
8. Subaru	4.4%	6	2	1	3	-	-
9. VW	3.6%	4	2	2	-	-	-
10. Honda	3.1%	-	-	-	-	-	-
11. Suzuki	2.7%	9	2	1	6	-	-
Sub Total		68	26	15	22	-	4
Other Brands		23	12	3	8	1	-
Trucks		15	8	-	6	1	-
TOTAL		106	46	18	36	2	4

¹ VFacts ACT Report Federal Chamber of Auto Industries February 2011 ² Individual franchise points. Multiple franchises at many sites

Greenfield Opportunities – the AHG Automotive Hub



Automotive - Opportunities

- Multiple revenue streams allow AHG to focus on specific areas of improvement
- Solid new vehicle sales to help maintain Group performance
- Growth to be focussed on higher volume states and balancing manufacturer market share
- Greenfield site/hub development (eg. Castle Hill, NSW) - opportunities through AHG's strong relationships with manufacturers

Automotive – Opportunities (cont.)

- Queensland operations to benefit from greater demand for vehicles following infrastructure rebuild and vehicles lost/damaged are replaced
- Manufacturer fixed price servicing leads to stronger retention in our service departments
- Greater finance penetration following manufacturer financing offers
- Growth opportunities in New Zealand following completion of new facilities and additional service bays
- Strong Australian dollar and low unemployment

Automotive - Challenges

- Soft trading conditions in Queensland
- Supply issues following Japanese earthquake and tsunami
- Labour supply and property price increases (i.e. rent costs) following growth in mining sector
- Increasing interest rates
- Increase in fuel prices may lead to change of buying behaviour
- Arrival of Chinese manufacturers in Australia

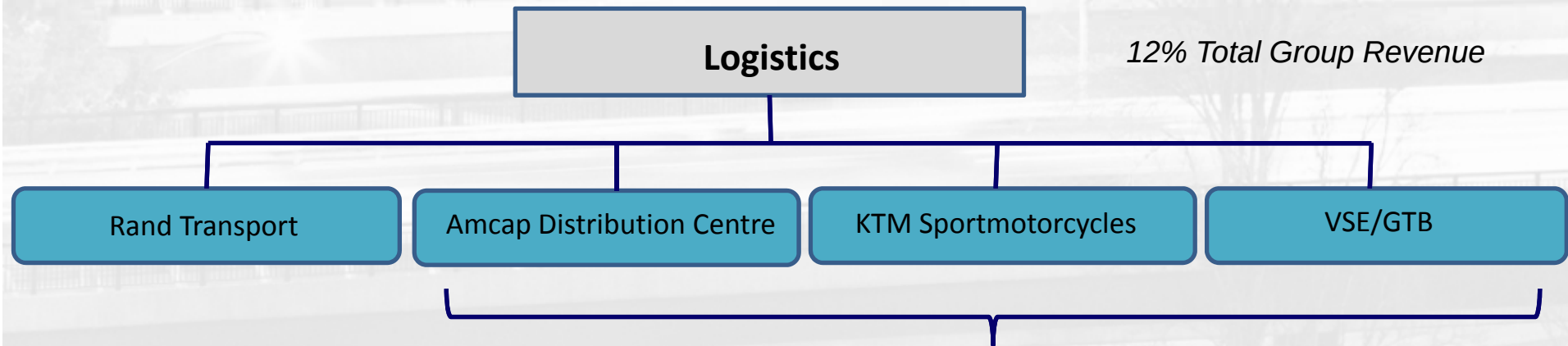
Logistics



Opportunities



Logistics – Multiple Revenue Streams



Transport and Cold Storage

Revenue¹ \$100.8m

EBITDA¹ \$ 10.7m

NPBT¹ \$ 6.8m

Other Logistics

Revenue¹ \$112.1m

EBITDA¹ \$ 5.7m

NPBT¹ \$ 4.2m

Rand Transport

- Australia's largest refrigerated transport company
- Purpose built distribution centres in each mainland state

Sydney, NSW	24,000 pallets
Melbourne, Vic	19,000 pallets
Brisbane, Qld	12,000 pallets
Perth, WA	10,000 pallets*
Adelaide, SA	1,000 pallets*

* Development planned for Adelaide in 2011 and Perth in 2012

- Temperature controlled facilities, with large cross docking capabilities for LTL (less than trailer load) freight
- Purpose-written software keeping the business at the forefront of technology
- 3G and satellite tracking enabling continuous monitoring, geo-fencing, tracking and temperature monitoring (and immediate operator intervention)

Rand has invested in new equipment and facilities



Logistics – Opportunities

Rand Transport

- Further development of certain existing sites to accommodate growth in business

KTM

- Performance to remain solid on the back of strong Australian dollar

Amcap

- Considering expansion of facilities to have the ability to grow the business

VSE/GTB

- Truck market improvement will provide opportunities for VSE/GTB

Logistics - Challenges

- VSE / GTB not expected to recover until FY2012
- Truck market improvement will provide opportunities



Capital Management

	30.06.09 \$m	30.06.10 \$m	31.12.10 \$m
<u>Total Debt</u>			
Current*	303.37	358.83	[314.68
Less, finance co. floorplan loans*	(295.21)	(349.94)	(305.95)
Short Term Debt (excl floorplan)	8.16	8.89	8.73
Less Cash	(64.98)	(76.78)	(43.24)
Net Current Cash Position (excl floorplan)	(56.82)	(67.89)	(34.51)
Non Current Debt	86.64	98.28	135.53
Net Debt (excl floorplan)	29.82	30.39	101.02

NOTES:

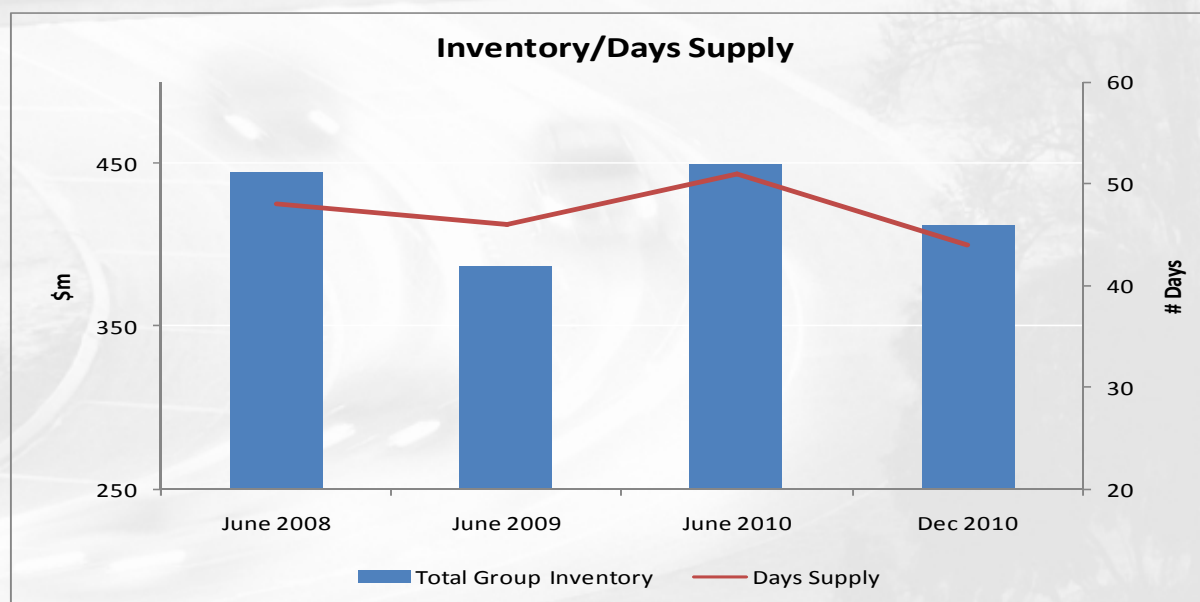
* Includes \$20m cash offset (Jun 09) / \$25m cash offset (June & December 10)

Undrawn Bill Facility at 31 December 2010 - \$14m

Floorplan headroom at 31 December 2010 - \$133m (subject to inventory levels)

Strong inventory management

	June 2008 \$m	June 2009 \$m	June 2010 \$m	Dec 2010 \$m
Revenue ¹	3,414.9	3,073.1	3,239.9	1,689.3
Total Group Inventory	444.9	387.4	449.9	411.8
Days Supply	48	46	51	44



¹ Continuing operations

Positive group outlook

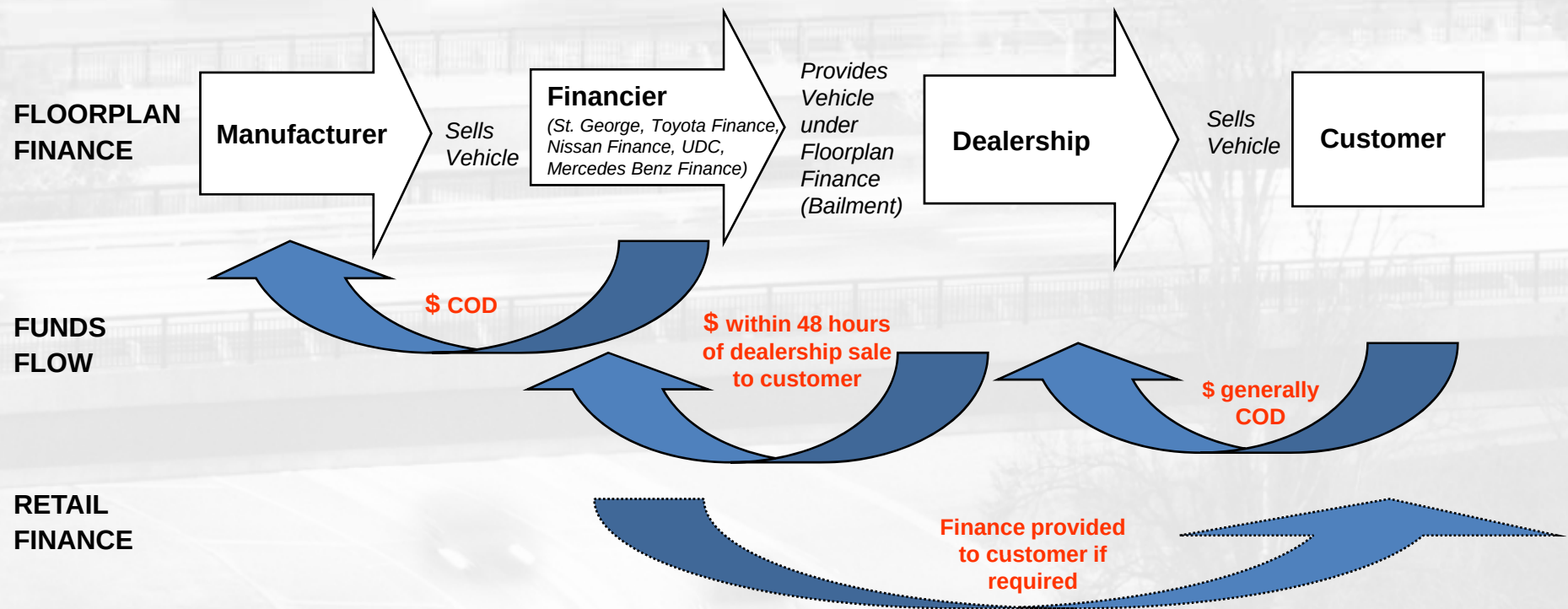
- Solid new vehicle sales to help maintain Group performance
- Queensland operations to benefit from greater demand for vehicles following infrastructure rebuild and vehicles lost/damaged are replaced
- Acquisition and greenfield opportunities
- Rand contribution to increase following expansion of cold store facilities
- Amcap to continue to maintain a strong market position
- Stable exchange rate expected to lead to improved KTM performance
- VSE / GTB not expected to recover until FY2012
- Strong management and resilient business model to continue to deliver solid financial results
- Maintain strong business practices



AHG

AUTOMOTIVE HOLDINGS GROUP

Floorplan finance explained



- Vehicle inventory financed by floorplan financing
- Floorplan is repaid within 48 hours of sale of vehicle to customer
- Interest on floorplan is charged at a small margin above the 90 day bank bill swap rate as the lender participates in retail paper written.
- Stock turn KPI 8 x pa/45 day supply – constantly refreshing facility