

Automotive Holdings Group Limited

Morgan Stanley Emerging Companies Conference

June 2011



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	\$2.39
• Shares on Issue	260.4m
• Market Capitalisation	\$609.4m
• 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

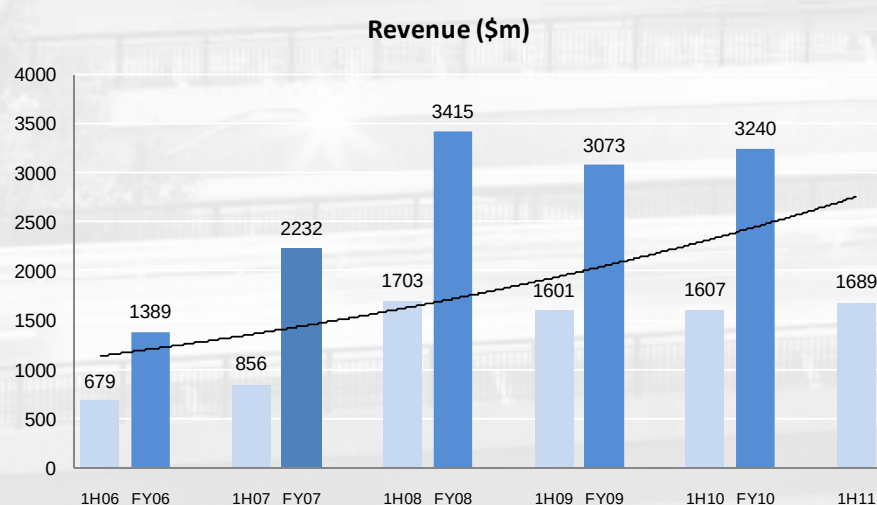
¹ as at 30 May 2011

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

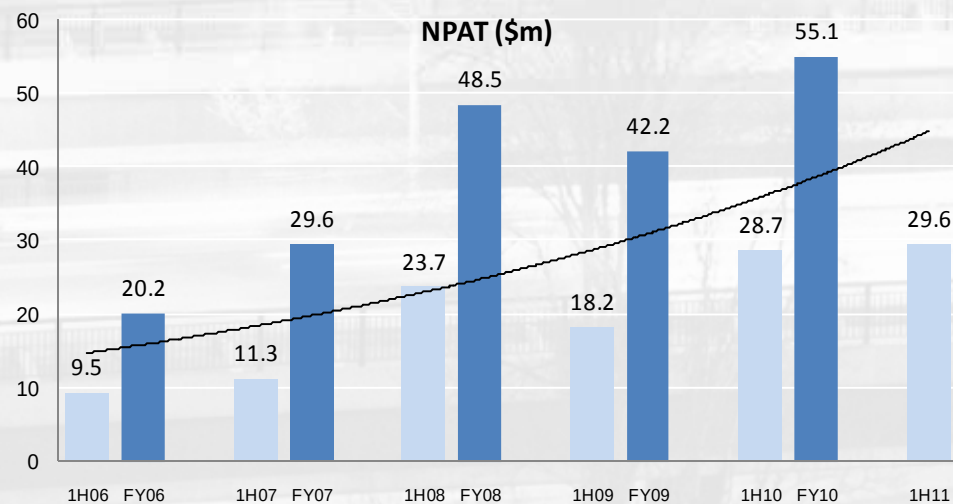
³ as at 30 June 2010

Solid group performance¹ since listing

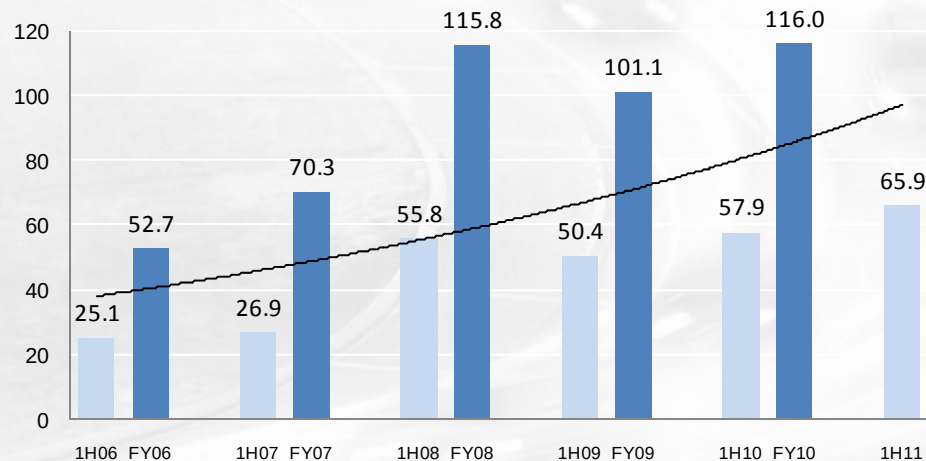
Revenue (\$m)



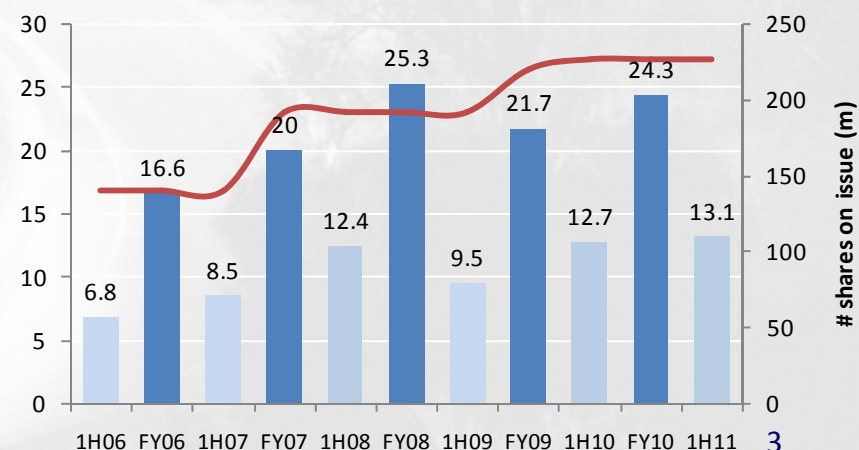
NPAT (\$m)



EBITDA (\$m)



Basic EPS (cents per share)



¹ Continuing operations

Recently Announced Acquisitions - Highlights

Acquisition of Coventry Group Automotive Parts WA division

- Distributor of automotive parts and accessories in Western Australia
- Strategic acquisition providing material synergies with AHG's existing AMCAP business
- At completion, AMCAP will be the sole distributor of genuine Ford and Holden parts in Western Australia
- Completion expected in first quarter of FY2012
- Purchase price of \$29 million

Acquisition of Harris Refrigerated Transport Group

- Market leading, specialist temperature controlled transport business, with locations in all major Australian capital cities
- Material synergy and growth opportunities between Harris and Rand Transport
- Strategic expansion for Rand Transport
 - complementary corridor infrastructure
 - expanded customer service offering
- Completion expected in June 2011
- Enterprise value of \$32 million, comprising cash payment to vendors (\$17.4m) and assumption of HP and chattel mortgage facilities (\$14.6m)

Funding

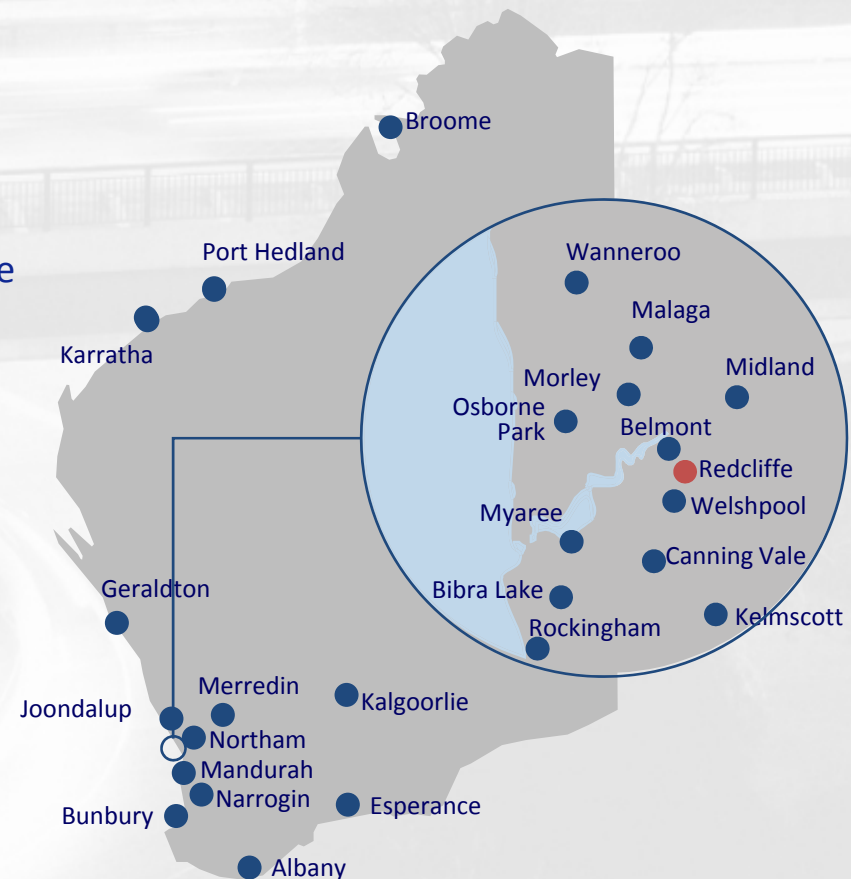
- The acquisitions will be funded from the proceeds of a \$82.9 million underwritten equity placement at \$2.44 per share
- Preserves balance sheet capacity to fund further automotive dealership acquisition opportunities (if and when they arise)
 - currently in preliminary negotiations with a number of dealership groups

Coventry Group's Automotive Parts division

Business overview

- Perth-based, automotive supply and distribution business
 - established in 1936
 - 430 employees
 - only other distributor of genuine Ford and Holden parts in WA besides AMCAP
 - comprehensive range of non-genuine automotive and associated brands supported by specialist staff
 - 26 branches across Perth and regional WA
 - centralised distribution centre in Redcliffe, Perth
- Supply and distribution of automotive parts, tools, equipment and consumables to the automotive repair, mining, transport and engineering industries
- Supply of a extensive range of replacement parts for commercial vehicles used in the transport industry

Coventry Automotive Parts WA branch network



Coventry Group's Automotive Parts division (cont.)

Financial overview

- FY2010 sales of \$124 million
- FY2010A pro-forma EBIT of \$2.3 million
 - adjusted for rent on PP&E to be leased from vendor until purpose built facilities are completed adjacent to existing AMCAP facilities in Welshpool in approximately 18 months
- FY2011F sales of ~ \$129 million and EBIT of ~ \$2.7 million

Acquisition overview

- \$29 million cash consideration to acquire:
 - approximately \$26 million of inventory
 - other operating assets and employee provisions
- Will require additional investment of ~ \$8 million to fund a sustainable working capital position
- Completion subject to various conditions, including confirmation of certain confidential information

Coventry Group's Automotive Parts division (cont.)

Strategic rationale

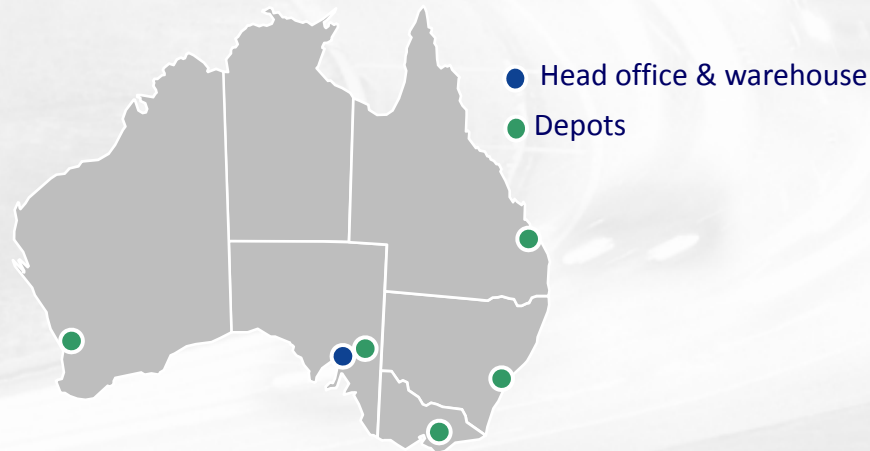
- Complementary to AHG's existing AMCAP business and provides AMCAP with significant scale
 - back office and supply chain to be integrated with AMCAP
 - branch network to be rebranded as "Covs"
- On completion, the combined group will be the sole distributor of genuine Ford and Holden parts in Western Australia
- ~ \$6 million reduction in operating cost base targeted to be fully achieved by FY2013
 - rationalisation of duplicated distribution centres and delivery routes
 - logistics and distribution efficiencies
 - back office, administration and IT savings
- ~ \$3 million in one-off costs to achieve cost savings during FY2012 and FY2013
- Potential additional upside from:
 - expanded market opportunity for non-genuine parts
 - internal purchasing from AHG dealerships for used vehicle reconditioning (currently sourced elsewhere)
 - expanded customer base in truck and trailer parts
 - expansion of "Covs" model via existing distribution centres in other states

Harris Refrigerated Transport Group

Business overview

- National refrigerated freight service based in Adelaide connecting with Perth, Melbourne, Sydney and Brisbane
 - established in 1976
 - primary routes between Adelaide and other major Australian cities
 - 290 employees across 6 locations
- Substantial, modern vehicle fleet, including:
 - 78 prime movers and 155 refrigerated vans
 - 16 refrigerated rigid body vehicles
- Operates in niche markets
- Key customers include fresh produce growers and food manufacturers

Harris Refrigerated Transport locations



Harris Refrigerated Transport Group (cont.)

Financial overview

- FY2010A revenue of \$77 million
- FY2010A EBIT \$4.2 million
- FY2011F revenue > \$80 million
- FY2011F EBIT \$4.1 million

Acquisition overview

- Enterprise value of \$32 million
 - cash payment to vendors of \$17.4 million
 - assumption of HP and chattel mortgage facilities of \$14.6 million
- Completion remains subject to customary legal conditions, including regulatory licensing approvals

Harris Refrigerated Transport Group (cont.)

Strategic rationale

- Expansion of Rand Transport to meet customer demand
- Complementary geographic footprint and customer bases
 - greater flexibility between road / rail business
 - expanded routes in road transport
- ~ \$3 million reduction in operating cost base targeted to be fully achieved by FY2013
 - rationalisation of premises and duplicated functions
 - scale benefits (e.g. IT solutions, funding options, transport costs, telecommunications etc)
 - complementary geographic footprint
- ~ \$2 million one-off costs to achieve cost savings over FY2012 and FY2013
- Potential revenue synergies from
 - new customer capture from greater flexibility with road/rail solutions
 - utilisation of Rand Transport storage facilities by Harris customer base
 - ability of combined business to offer transport solutions for new product categories (e.g. fresh produce)
 - acquisition of vehicles through AHG dealership network and body building services from GTB

Funding

Use of Placement proceeds

Uses	\$m
Coventry Automotive Parts consideration	29.0
Coventry Automotive Parts working capital	~8.0
Harris Refrigerated Transport consideration	17.4
Acquisition costs	3.3
Reduction in net debt	~25.2
Total	82.9¹

Note¹: prior to any funds raised via the SPP and fund raising costs

Pro-forma net debt position

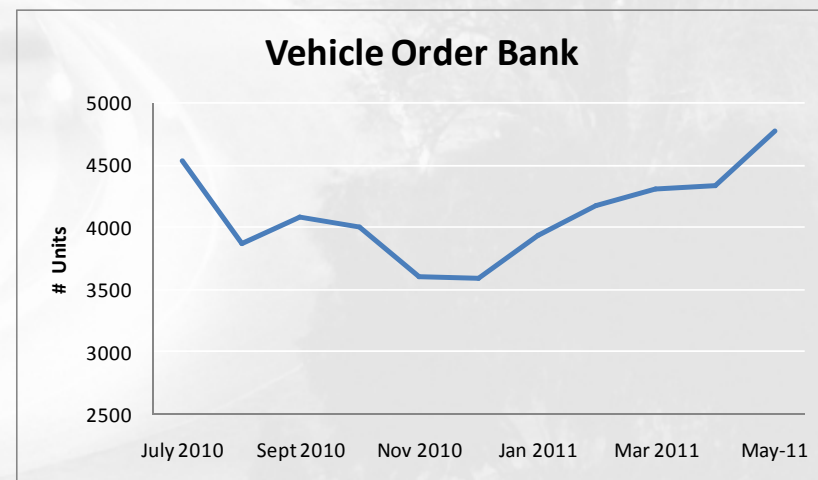
	31 Dec 10 \$m	Pro forma ² \$m
Current debt	314.7	314.7
less floorplan	(306.0)	(306.0)
Total short term debt (ex floorplan)	8.7	8.7
Less cash	(43.2)	(68.4)
Net current cash position (ex floorplan)	34.5	59.7
Non-current debt	(135.5)	(135.5)
Net debt (ex floorplan)	101.0	75.8

Note²: Net placement proceeds after allocations to acquisitions

FY2011 full year outlook

Automotive – Supply issues easing

- Toyota's local production at 100% by 9 June and Japan product returning to pre-earthquake levels from July
- Mitsubishi plan to recover current delayed build orders by the end of June however anticipate further production delays on specific models in the third quarter.
- Nissan Japanese new vehicle manufacturing plants resumed operation in the middle of April. Further production disruptions and delays, albeit marginal, may still occur over the next 60-90 days due to global component supply constraints
- Subaru balance of March and April production orders is now in production. With the exception of Impreza R, they have sufficient supply of stock to exceed average 6 months sales rate
- AHG order bank is increasing for when supply returns



FY2011 full year outlook (cont.)

Automotive

- AHG new vehicle sales YTD May 99.4% of pcp
- AHG used vehicle sales YTD May 101.1% of pcp
- Queensland trading conditions remain subdued due to floods and general economic conditions
 - \$66 million carrying value of Queensland parts and vehicle retail operations to be reviewed against full year performance and outlook
 - likelihood for non-cash partial impairment in FY2011 full year result

Logistics

- Management focussed on integrating the acquisitions and extracting synergies
 - detailed integration plan developed for both Harris and Coventry
- FY2012 Rand Transport contribution to increase following expansion of cold store facilities
- AMCAP / “Covs” expect to continue to benefit from solid market conditions
- Strong AUD expected to lead to improved KTM performance
- VSE / GTB expected to begin recovery in FY2012

Opportunities and challenges

Opportunities – Automotive

- Recovery of demand in FY2012 following easing of supply issues and strong vehicle order bank
- Recovery of Queensland operations and growth opportunities
- Multiple revenue streams allow AHG to focus on specific areas of improvement
- Growth to be focussed on higher volume states and balancing manufacturer market share
- Acquisition opportunities
 - continuing to assess and progress a range of dealership acquisition opportunities
 - currently in preliminary negotiations with a number of automotive groups within Australia. There is no assurance that these transactions will be forthcoming
- Existing greenfield development – Castle Hill
 - Holden anticipated to join Hyundai on the new Castle Hill development
- Growth opportunities in New Zealand following completion of new facilities and additional service bays
- Strong Australian dollar and low unemployment

Opportunities and challenges (Cont.)

Opportunities – Automotive (Cont.)



Carsguide.com.au

- new online car sales listing website offering being developed with News Limited and a foundation consortium of motor dealers including AHG, AP Eagers and Trivett
- Dealer Consortium will represent 50% of the joint venture with AHG expecting to have an interest of 7.5%
- Small cash injection by AHG to date
- Joint venture partners to work on delivering a range of innovative marketing concepts to deliver high traffic numbers.
- Partners committing management, time, influence, inventory, technical support, advertising leverage and cash.
- Binding agreements being completed now and the new carsguide is expected to be operational in 2H2012

Opportunities and challenges

Opportunities – Logistics

Rand Transport

- Expansion of cold store facilities
- Integration of Harris Refrigeration

AMCAP

- Integration of “Covs” and utilisation of its network

KTM

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

VSE/GTB

- Truck market improvement will provide opportunities for VSE/GTB

Opportunities and challenges

Challenges – Automotive

- FY2011 impact of supply issues following Japanese earthquake and tsunami
- Soft trading conditions in Queensland
- Increasing interest rates
- Fuel prices may lead to change of buying behaviour

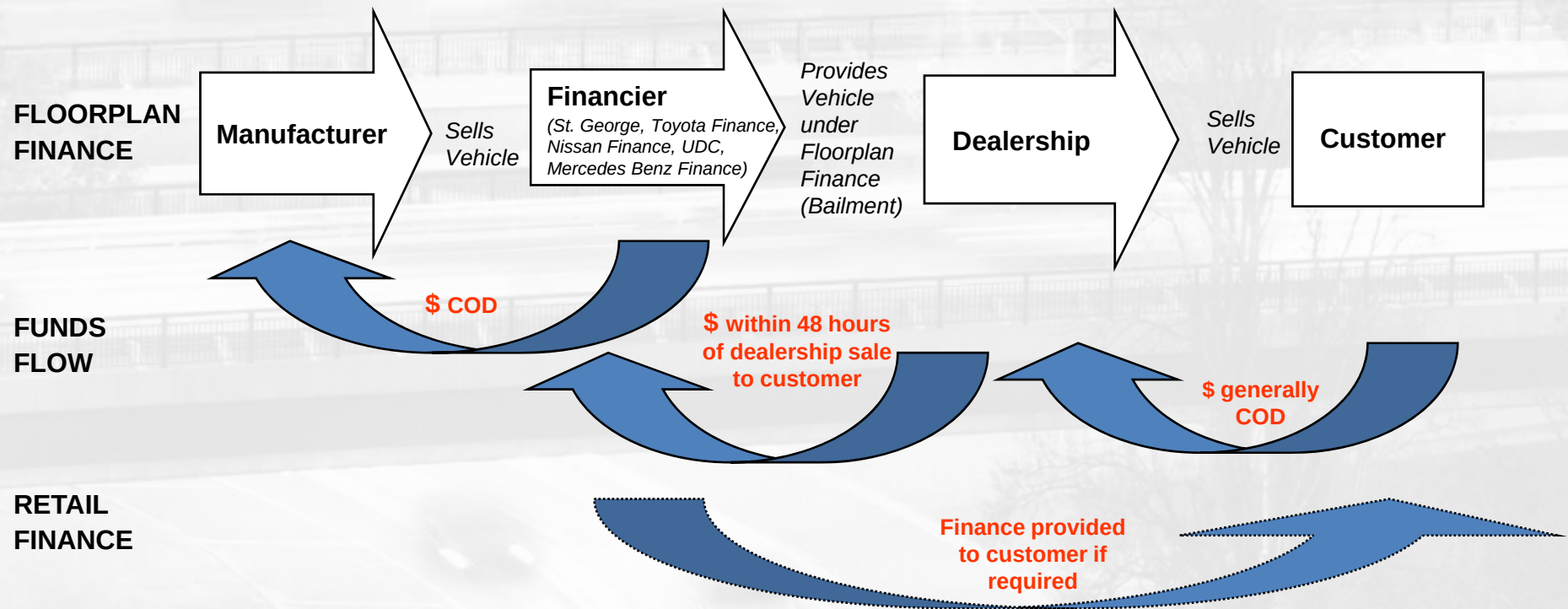
Challenges – Logistics

- VSE/GTB not expected to recover until FY2012

Appendices



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