



AUTOMOTIVE HOLDINGS GROUP

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AHG COMMENTARY ON FORD ANNOUNCEMENT

Automotive Holdings Group (ASX:AHE) attaches below the full statement issued yesterday by Ford Australia president and CEO Bob Graziano.

AHG announced yesterday the decision to end local Ford production in Victoria was not expected to have any material impact on the Company's business.

"There is nothing to suggest that Australians will buy fewer new vehicles than forecast by the wider industry," said AHG managing director Bronte Howson.

Mr Howson said the Ford commitment to increase its range of vehicles in Australia was encouraging and would strengthen the Group's offering to buyers.

"Our Ford dealerships will benefit from the commitment to introduce more new products to the vehicle range," he said.

AHG has a strong portfolio of diversified brands with 147 franchises across Australia and New Zealand of which nine are Ford franchises. The Group represents 12 of the top 13 manufacturers in Australia.

ENDS

About AHG

Automotive Holdings Group Limited (ASX: AHE) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand.

The Company is Australia's largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG's logistics businesses operate throughout Australia via subsidiaries Rand Transport and Harris Refrigerated Transport (transport and cold storage), AMCAP and Cova (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

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NEWS RELEASE

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Ford Accelerates Australian Business Transformation

- Ford is transforming its Australian business by accelerating the introduction of new products for Australian customers, enhancing the sales and service experience, and improving its business efficiency and profitability
- To better position the company to compete in a highly fragmented and competitive market, Ford will cease local manufacturing in October 2016. All entitlements are protected for the 1200 employees whose jobs are affected, and the company will work through the next three years to provide support
- Ford will proceed with plans to launch updated versions of the Falcon, Falcon Ute and Territory in 2014, as well as offering other world-class products, such as the Ford Kuga, Ranger and Focus. The company will also strengthen its product lineup even further with a 30 per cent increase in the number of new vehicles offered to Australian customers by 2016
- Ford's presence in Australia will remain significant – with 1500 team members, more than 200 dealers nationwide and a continued strong commitment to supporting the communities in which the company operates

MELBOURNE, Australia, 23 May 2013 – Ford Motor Company is transforming its business operations in Australia to provide customers with even more new products, and improved sales and service, while creating a more efficient and profitable business structure.

Ford announced the plan today, including its intention to cease its local manufacturing operations in October 2016. The decision on local manufacturing was driven by increasingly challenging market conditions – including market fragmentation and the high cost of manufacturing. Ford losses in Australia in the last five years have totaled approximately \$600 million (AUD).

“All of us at Ford remain committed to our long history of serving Australian customers with the very best vehicles that deliver cutting edge technology at an affordable cost,” said Bob Graziano, president and CEO of Ford Australia. “Unfortunately, due to challenging market conditions we are unable to do that longer-term while continuing to manufacture locally.”

Support for Employees

Approximately 1200 jobs in Ford's Broadmeadows and Geelong manufacturing plants will become redundant when manufacturing at those sites ceases in 2016.

All manufacturing employees' benefits will be provided in line with current agreements. During the next three years, Ford will work with affected employees and their representatives on support arrangements and provide clarity about the closure process.

“We know this announcement is very difficult, especially for our employees,” said Graziano. “Providing support to those in our team whose roles will be affected is a key priority for us during this three-year transition period.”

Future vision for Ford Australia

While the way Ford is structured is changing, Ford’s commitment to Australia remains strong.

“Ford will remain a significant employer in Australia, with more than 1500 team members, as will our network of more than 200 dealers around the country,” said Graziano. “The Australian team’s role as a global centre of excellence for vehicle development also will continue to be an important focus for us.”

Australia is currently one of four product development hubs for Ford globally. Recently, the Australian team has been responsible for designing, engineering and testing global vehicles, including the Ford Ranger and Ford Figo, and will continue this expertise.

Today, Ford has more than 1000 team members in product development in Australia, giving the company more designers and engineers than any other auto company in Australia.

“Our customers will buy and service Ford vehicles through the same great dealers we have throughout the country today, and we will continue to support the communities in which we operate,” said Graziano.

Decision follows comprehensive review process

Given the changing dynamics of the auto industry, a number of business scenarios were reviewed during the past year to determine next steps for Ford’s Australian business.

All viable alternatives were evaluated as part of the process including manufacturing various types and combinations of vehicles for local sale as well as the viability of a significant export program. The scenarios investigated also included varying levels of government support, manufacturing cost reductions and productivity improvements.

Australia has annual sales of approximately 1.1 million new vehicles, and customers have access to more than 65 brands and 365 models available for sale. This makes Australia one of the most competitive and crowded automotive markets in the world.

“Given the fragmented marketplace and the low model volumes that result, we decided that manufacturing locally is no longer viable,” said Graziano.

More New Products

As part of the transformation, Ford has aggressive plans to introduce even more new products for Australian customers – including a 30 per cent increase in the number of new vehicles offered to Australian customers by 2016. That is in addition to already announced new versions of the Ford Falcon, Falcon Ute and Territory, as well the new Ford Kuga, Ranger and Focus.

“We will be introducing a number of exciting new vehicles and technologies during the next few years that will excite our Australian customers,” said Graziano. “The breadth of our line-up will increase by more than 30 per cent, ensuring we continue to offer our customers an outstanding range of cars, SUVs and light trucks long into the future.”

Upgraded Sales and Service Experience

Ford also is significantly enhancing its approach to the sales and service experience. The company has appointed a dedicated Consumer Experience team to introduce a series of initiatives to provide customers with even better after-sales care.

“We have a range of projects under way to significantly enhance our customer’s experience with Ford,” said Graziano. “This includes one of the only programs in Australia that provides a capped price on all servicing costs for seven years.”

Ford continues to be part of Australian communities

“Ford vehicles have been part of the automotive landscape in Australia for almost 110 years and we have manufactured here since 1925. We are proud of that history. We are proud of our role in Australia and we haven’t made this decision lightly.

“Overall, we are changing, but our commitment to Australia remains strong. We’ll move through this transition and continue to be a vibrant and strong part of the Australian driving experience,” said Graziano.

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This document can also be accessed at: www.ford.com.au/about/newsroom.

About Ford Motor Company

Ford Motor Company, a global automotive industry leader based in Dearborn, Mich., manufactures or distributes automobiles across six continents. With about 175,000 employees and about 65 plants worldwide, the company’s automotive brands include Ford and Lincoln. The company provides financial services through Ford Motor Credit Company. For more information regarding Ford’s products in Australia, please visit www.ford.com.au