



# Investor presentation

May 2017

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# PRESENTING TODAY

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**Nick Pagent**

*Managing Director and CEO*

- Group CEO since formation of the Autosports Group
- 20 years of motor vehicle industry experience in Australia and the UK including:
  - Director Sales, Mercedes-Benz London North East, UK (2004-2005)
  - Head of Business, Executive Audi, St Albans, Hertfordshire, UK (2002-2004)
  - GM of Honda, Audi, MG Rover, Alfa Romeo at Trivett Classic Group (1997-2002)



**Aaron Murray**

*CFO*

- Group CFO since 2009 after joining the group in 2007
- 20 years of motor vehicle industry experience gained from:
  - Autosports Group (2007 to current)
  - Audi Centre Parramatta (2005-2006)
  - McMillan VW (2004-2005)
  - Trivett Classic (1996-2004)

# ASG COMPANY INTRODUCTION

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## Attractive Industry Fundamentals

- ✓ Consistent and stable growth in new cars, driven by long term trends
- ✓ Clear and focused strategy to concentrate on the prestige and luxury segments of the market
- ✓ 2017FY has seen improving coverage of major metropolitan markets maximising growth while broadening the base

## Diversified Revenue Streams

- ✓ Multiple levers to drive sustainable growth – new and used cars, finance, insurance, accessories, servicing, parts, panel repair
- ✓ Aftersales revenue streams predictable and growing
- ✓ 2017FY investment in capacity improvements continues to unlock strong Aftersales demand

## Demonstrated track record of Organic and Inorganic Growth ... with opportunity

- ✓ ASG has grown from a single dealership in 2006 to 31 new and used car dealerships and 3 specialist collision repair facilities
- ✓ Growth has been driven, predominantly organically, supplemented by “greenfields” developments and targeted acquisitions
- ✓ Industry consolidation opportunities continue to be driven by a fragmented market and the retirement of independent owners
- ✓ 2017FY has seen ASG execute on strategically consistent, organic, greenfields and acquisition growth opportunities

## Experienced Management Team with skin in the game

- ✓ Management Team that founded the business remains in place and significant shareholders
- ✓ Management focused on service and excellence based culture; leading to high levels of industry recognition
- ✓ No movement in Management since the IPO



# AGENDA

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ASG BUSINESS OVERVIEW & STRATEGY

TIMG ACQUISITION & ASG QUALITY UPDATE

GROWTH DRIVERS & OUTLOOK

ASG 2017 OUTLOOK HIGHLIGHTS

Q & A

APPENDIX | ADDITIONAL INFORMATION





ASG BUSINESS OVERVIEW & STRATEGY

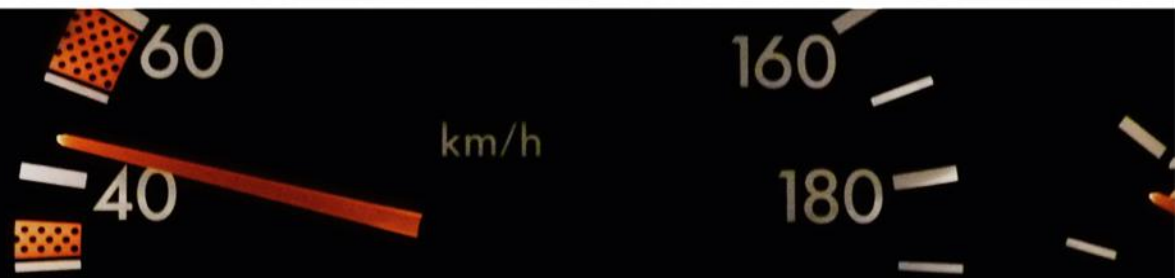
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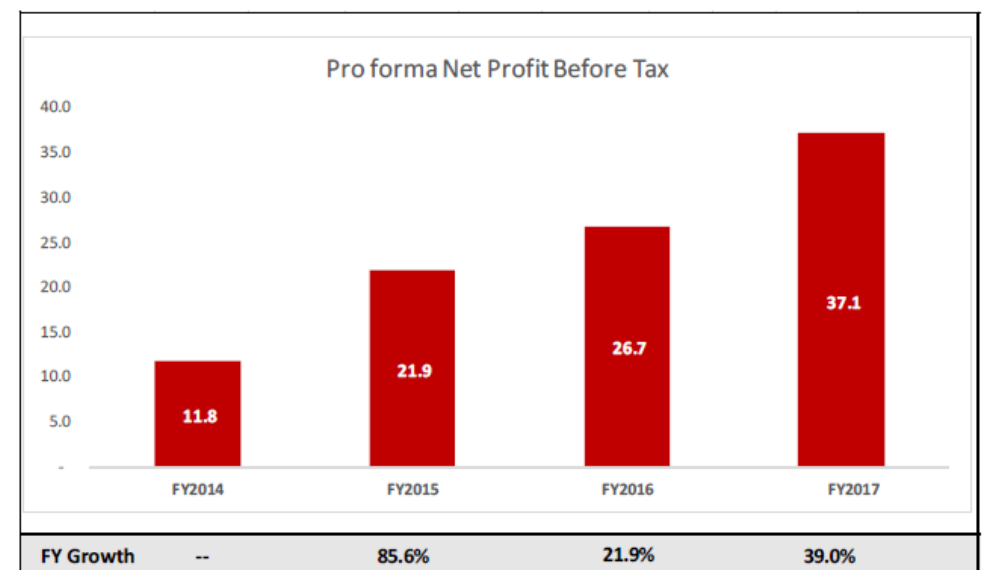
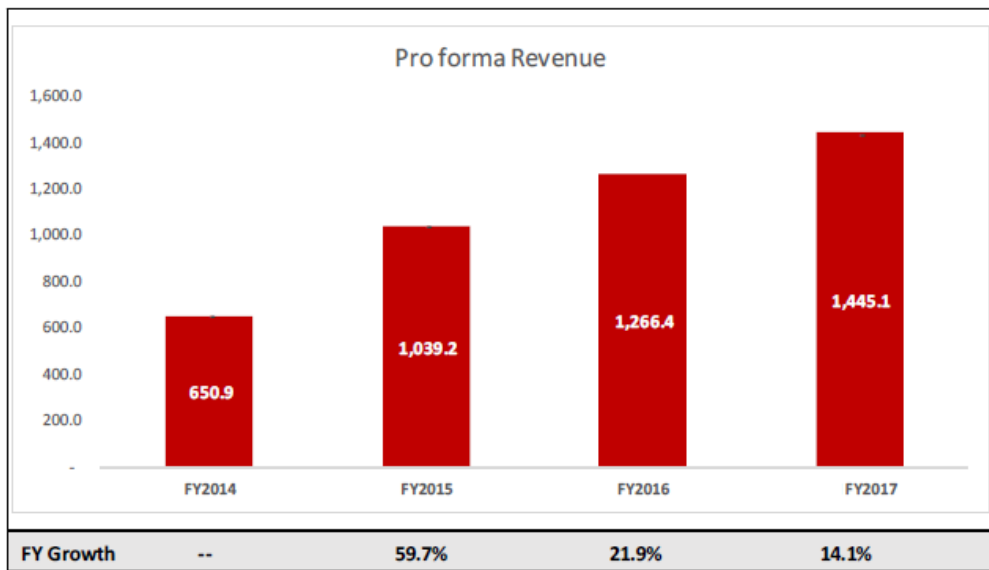
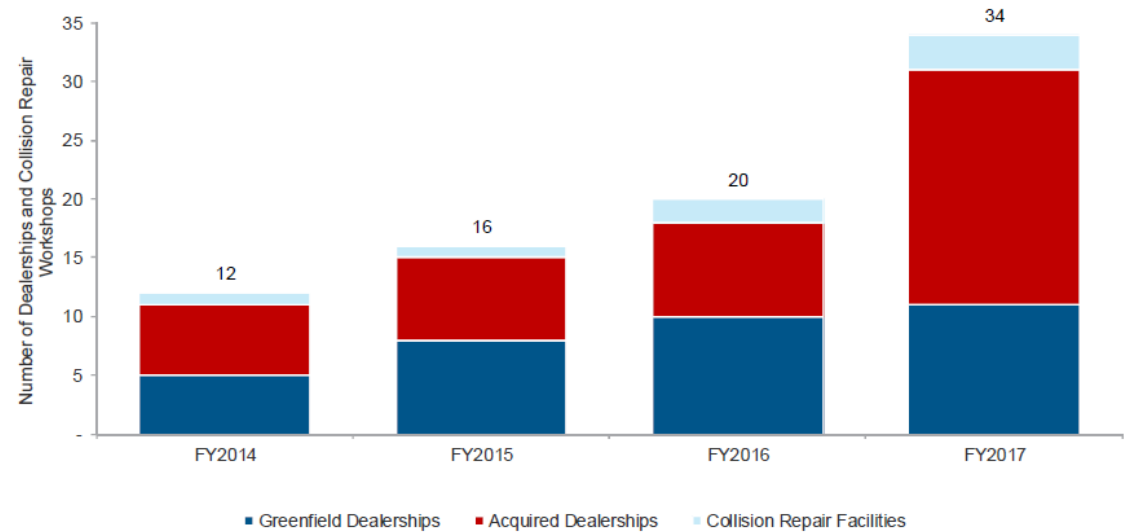
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APPENDIX | ADDITIONAL INFORMATION



# ASG COMPANY OVERVIEW

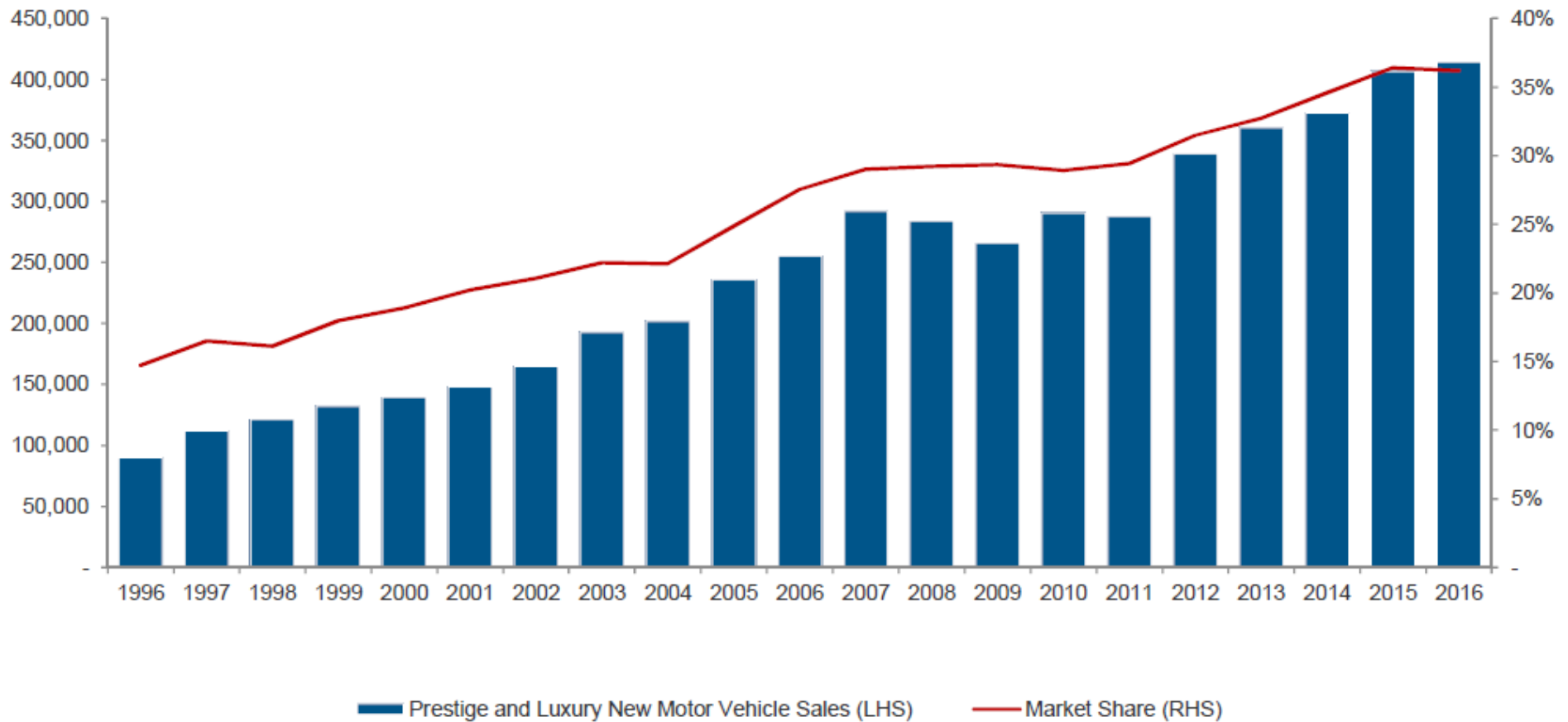
- ✓ Founded in 2006 with one site
- ✓ Now covers 34 outlets across Sydney, Melbourne and Brisbane
- ✓ Represents the brands of: Audi, Alpina, Bentley, BMW, Mercedes Benz, Maserati, Mini, Lamborghini, Fiat Alfa Romeo, Volvo, Volkswagen, Mazda and Honda
- ✓ 1000 employees



# STRATEGY: PRESTIGE AND LUXURY

- ✓ Fastest growing segments over a sustained period
- ✓ Largest Markets. NSW, QLD and Vic comprise 82% of the total new car market




- ✓ Represents the brands of: Audi, Alpina, Bentley, BMW, Mercedes Benz, Maserati, Mini, Lamborghini, Fiat Alfa Romeo, Volvo, Volkswagen, Mazda and Honda



Source: VFacts



# ASG BRAND PORTFOLIO

Prestige (7)	Luxury (22)	Used car Dealerships (2)	Collision repair facilities (3)
 4 Dealerships  Mazda  HONDA  ALFA ROMEO  FIAT	 Audi 6 Dealerships  VOLVO 4 Dealerships  Mercedes-Benz 2 Dealerships  LAMBORGHINI 2 Dealerships  MASERATI  BENTLEY  BMW 2 Dealerships  MINI  ALPINE  BMW Motorrad 2 Dealerships	<p>Variety of Prestige and Luxury brands</p>  <p>autosports brisbane<sup>®</sup></p>	<p>Authorised by:</p>  Audi  Mercedes-Benz  BMW  LAMBORGHINI





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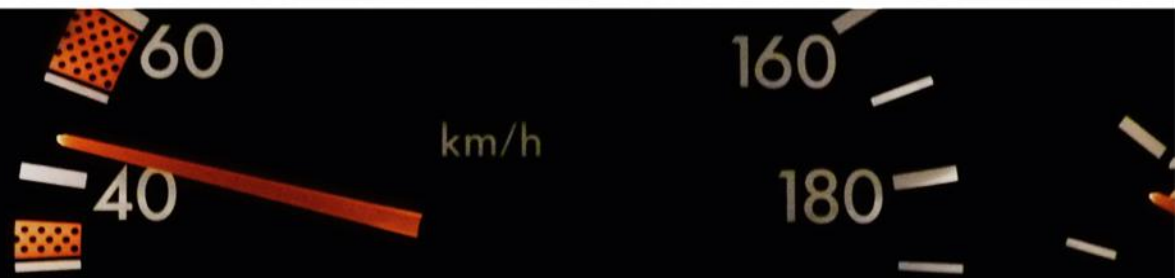
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# OPENING UP VICTORIA – VIA ACQUISITION OF BMW IN MELBOURNE

## ON STRATEGY ACQUISITION

- ✓ Addition of new Luxury Brands
- ✓ Strong revenue of approximately \$235m pa
- ✓ Extends ASG exposure in East Melbourne
- ✓ BMW (2), BMW Motorrad (2), Alpina (1), Mini (1) & Panel (1)
- ✓ Recently upgraded facilities with long and secure tenure

## COMPLETION ON TIME

- ✓ Settlement completed on schedule in April 2017 to capture the seasonally strong June Quarter trading period
- ✓ Margins expected to be in line with ASG core business
- ✓ Immediately accretive





# BMW ACQUISITION UPDATE

## FIRST COMPLETED ACTIONS

- ✓ New Dealer Principal appointed with BMW support
- ✓ Internal transfer from NSW ASG site to assist with culture and integration
- ✓ Headcount reduction to bring the business closer to ASG productivity KPI's

## ONGOING REVIEW

- ✓ Operational expense review underway to uncover potential synergies and cost savings
- ✓ Review covering administration, IT, logistics, marketing and supply agreements
- ✓ Establishment of new wholesale used car relationships with Prestige Auto Traders and ASG Used Car strategy







# QUALITY UPDATE: DOTY AWARDS 2016



- ✓ AUDI – Audi Centre Parramatta (1<sup>st</sup>), Audi Centre Mosman (2<sup>nd</sup>), Audi Five Dock (3<sup>rd</sup>)
- ✓ VOLVO | Volvo Cars Sydney (1<sup>st</sup>), Volvo Cars Parramatta (2<sup>nd</sup>)
- ✓ MERCEDES-BENZ | Mercedes-Benz Toowong (3<sup>rd</sup>)

# CONTINUING OPERATIONAL EXCELLENCE

1 <sup>st</sup>	 Audi	 Audi	Mercedes-Benz	
	2012, 2013, 2015, 2016 Audi Centre Parramatta	2014 Audi Centre Mosman	2015 Mercedes-Benz Toowong	2016 Volvo Cars Sydney
		 	 Audi	
	2015 Volkswagen Five Dock	2014 Fiat Alfa Leichhardt	2008 Audi Five Dock	
2 <sup>nd</sup>	 Audi	 Audi		 Audi
	2014 Audi Centre Parramatta	2015 Audi Five Dock	2016 Volvo Cars Parramatta	2016 Audi Centre Mosman
3 <sup>rd</sup>	 Audi	 Audi	 Audi	Mercedes-Benz
	2015 Audi Centre Mosman	2014, 2016 Audi Five Dock	2010 Audi Five Dock	2016 Mercedes-Benz Toowong

## OPERATIONAL EXCELLENCE DRIVES

- OEM KPI based payments
- Opportunity for expansion within the brand
- Demonstrates ASG's capacity to represent multi brands individually

Volkswagen 2016 DOTY announced in May 2017





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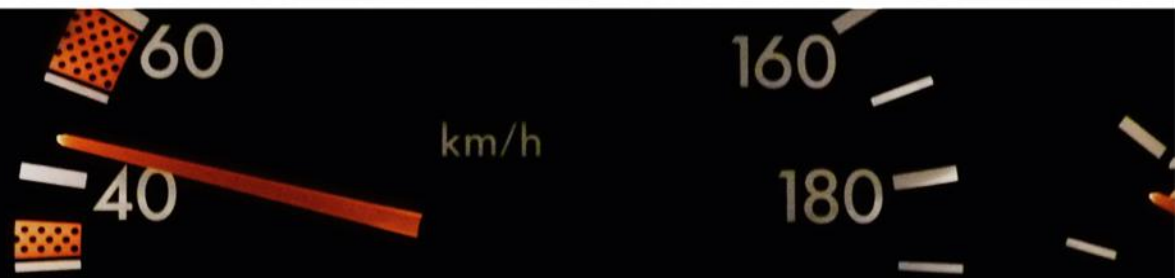
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Q & A

APPENDIX | ADDITIONAL INFORMATION



# ASG's GROWTH DRIVEN ORGANICALLY

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Organic growth continues to be the primary driver of growth at ASG contributing to 78.7% of the pro forma revenue growth in the 1H 2017FY

Growth has been underpinned by maturing greenfields businesses and improving back end income streams

As a result of this strong organic growth, ASG has seen gross margin rise from 14.1% in the 2016FY to 15% in 1H 2017FY pro forma

Capital Expenditure to drive organic growth is on track at Audi Five Dock, Five Dock Volkswagen and Volvo Cars Parramatta



# DIVERSIFIED REVENUE MODEL

Multiple Income Streams give ASG, strength, flexibility and resilience. They give ASG multiple levers to drive sustainable growth



## FRONT-END

- ✓ New Cars Sales protected by Franchise Agreements
- ✓ OEM gives the franchise the exclusive rights to operate from an allocated Prime Market Area (PMA)
- ✓ Revenue supplemented with used vehicle trade in and retail sales
- ✓ ASG business model not materially affected by current ASIC reviews into Finance & Insurance income streams

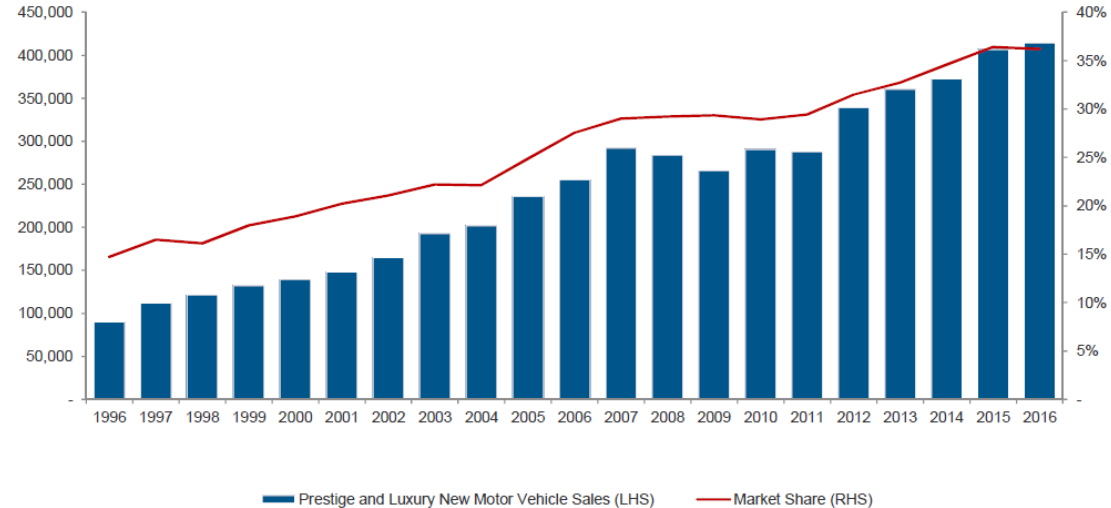
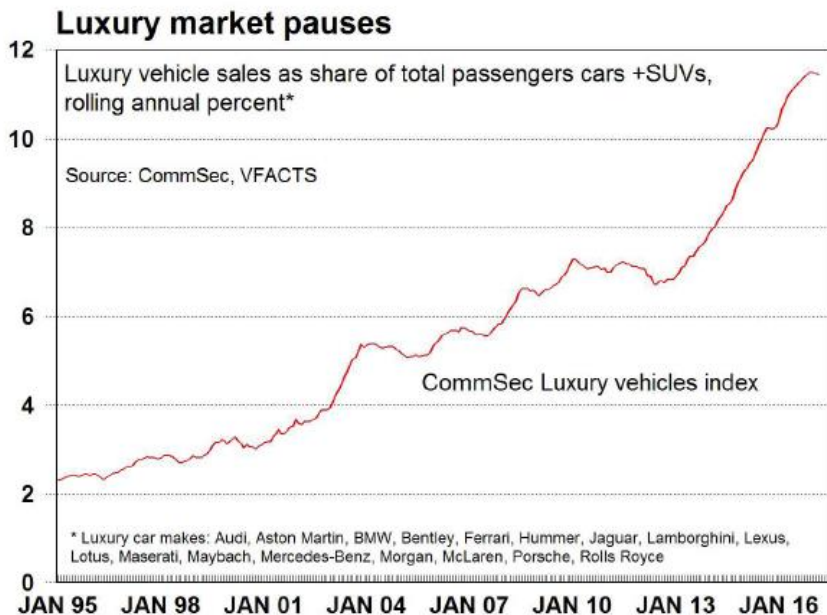
## BACK-END

- ✓ Gross Margin materially higher in the back-end
- ✓ More predictable income streams supported by servicing schedules
- ✓ Luxury Panel Repair under represented
- ✓ Parts income protected by Service and Panel
- ✓ Scale delivers synergies

# NEW CARS: Q1 2017 LUXURY MARKET

## CommSec Analysis of Luxury Market

## Prestige & Luxury Market Growth Trends



✓ CommSec have noted a March quarter pause in Luxury Car Sales from record highs

✓ The market growth over the last 20 years has been a CAGR of 8%. The growth has not been linear and has had several pauses

Source: Economic Insights: Luxury vehicle slowdown poses risk for homes  
Commsec - 19 April 2017

Source: VFACTS

# NEW CARS | MARCH 2017 VFACTS ANALYSIS

LUXURY	NATIONAL	ASG MARKET
Alfa Romeo	-17.1%	-4.0% (NSW)
Audi	-14.9%	-9.7% (NSW) -3.7% (QLD)
Bentley	+45.5%	+200.0% (QLD)
BMW	-15.4%	-9.0% (VIC)
Fiat	-14.9%	+4.5% (NSW)
Honda	+1.8%	+7.5% (NSW)
Lamborghini	-25.0%	+15.4% (NSW) + 8 units vs 0 in QLD
Maserati	+54.5%	+50.0% (QLD)
Mercedes-Benz	+3.3%	-0.4% (QLD)
Volkswagen	-5.8%	+2.7% (QLD) -9.4% (NSW)

- ✓ Total Market -2.1% vs March Quarter 2016
- ✓ Luxury Sales -4.2% vs March Quarter 2016
- ✓ Regional trends very different
- ✓ Deliveries affected by 2 hailstorms in Sydney and Brisbane and in QLD due to closures related to Cyclone Debbie
- ✓ New vehicle orders tracking ahead of the same period in 2016.
- ✓ Willims acquisition performing strongly
- ✓ Where ASG is represented the brands are generally performing better?
- ✓ A pause in the market gives ASG an opportunity to reaffirm with the OEM's why we are a partner of choice as we outperform the market

Source: VFACTS

# USED CARS – ASG WHOLESALE RETAIL HUB STRATEGY

- ✓ ASG Operates Used Car Retail hubs in Sydney and Brisbane
- ✓ Hubs are considered more efficient for stock management, concentration of expertise and cost management
- ✓ Warehouse facilities reduce fixed expenses and increase capacity

- ✓ Used Vehicle Revenue continues to perform strongly in the 2017FY
- ✓ The acquisition of BMW Doncaster gives our Victorian operation the scale to commence operations
- ✓ ASG now trades approximately 1400 pa used vehicles in Victoria.



autosports brisbane<sup>®</sup>





# AFTERSALES/BACKEND GROWTH

Growth in Service, Parts & Collision Repair continues to drive growth for ASG

ASG's business model benefits from inbuilt growth in back-end revenue from a maturing service, parts and panel customer base

Growth more pronounced in greenfields sites under 5 years old

ASG has 10 greenfields sites under 5 years old

Aftersales / Back-end income has a superior margin profile

Back-end income is predictable and recurring income streams

Back-end income is insulated from market fluctuations

## Growth Cap Ex | Unlocking Aftersales Income Growth

- ASG is investing in back-end capacity to unlock demand for Service, Parts & Collision Repair
- 2017FY has seen Cap Ex of \$7.7m

### Audi Five Dock

- Expansion of service department from 14 service bays to a facility potential of 40
- This investment will double the capacity of the site

### VW Five Dock / Leichhardt

- Sales and Service development completed
- Doubling capacity and reducing rental expense

### Volvo Cars Parramatta

- Sales and service development underway
- Doubling Aftersales capacity

### Audi Sutherland

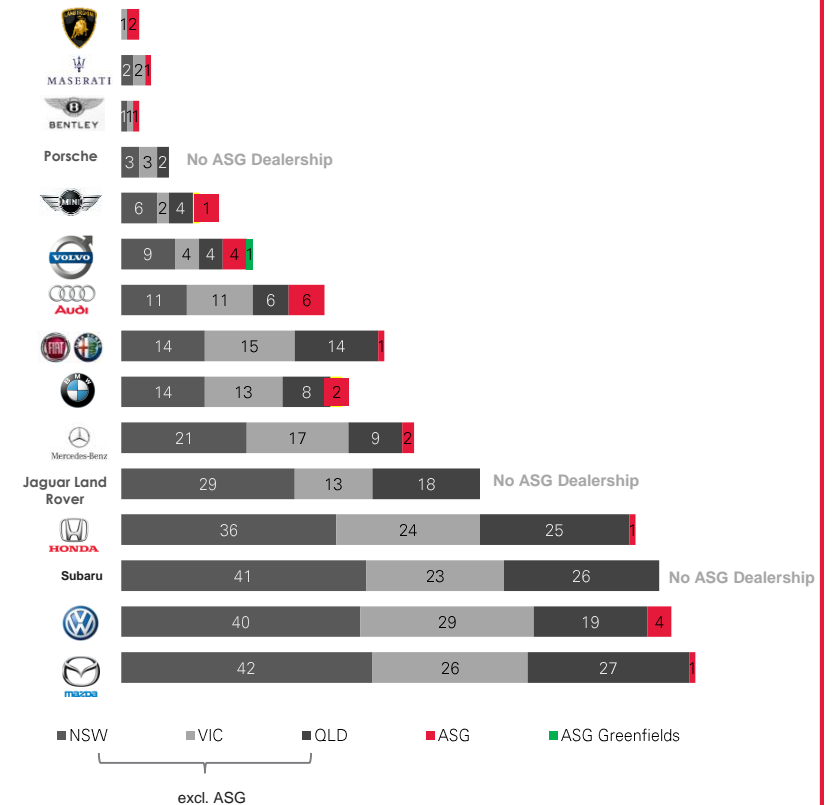
- New sales facility expanding the showroom by 480 sqm
- Preparing the site for the new Audi Q2, Q5 and A5 models

# GROWTH WITH OPPORTUNITY

## GROWTH

- ✓ ASG now operates 29 of approximately 540 new car prestige or luxury dealerships on the East Coast of Australia
- ✓ The industry remains highly fragmented
- ✓ Consolidation opportunities are being driven by:
  - ✓ Increasing industry regulation
  - ✓ Retirement of private dealership owners
  - ✓ OEM's preference for larger and well capitalised partners
- ✓ ASG remains well positioned to take advantage of targeted acquisition and greenfields opportunities

## WITH OPPORTUNITY



Source: Number of East Coast Prestige and Luxury Dealerships calculated as at May 2017 based on information sourced from the above OEM websites



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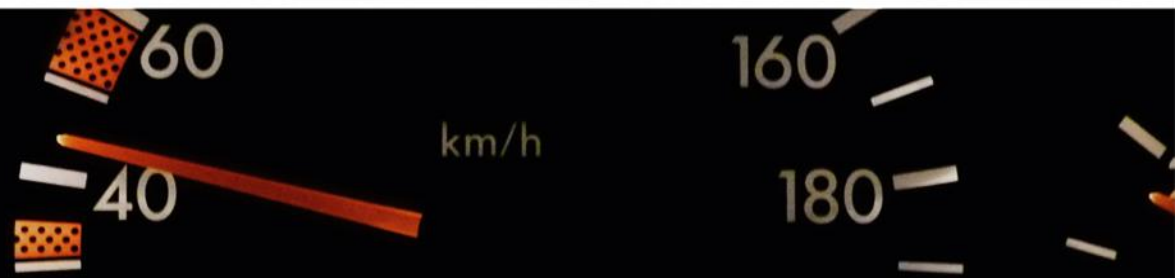
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Q & A

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# ASG 2017 HIGHLIGHTS

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**ASG REAFFIRMS ITS PROFORMA PROSPECTUS FORECAST AND ITS FY 2017 OUTLOOK**

**VFACTS REGISTRATIONS DATA SHOWS LUXURY SEGMENT -4.2% IN MARCH QUARTER VS MARCH QUARTER 2016**

**TRADING CONTINUES TO BE STRONG IN USED PRESTIGE AND LUXURY AND SERVICE AND PARTS DIVISIONS**

**ASG CONFIRMS TO SETTLEMENT OF THE TIMG (BMW DONCASTER, BUNDOORA AND MINI DONCASTER) ACQUISITION**

**TARGETED ACQUISITIONS OPPORTUNITIES CONTINUE**

**GROWTH IN REVENUE AND PROFITABILITY WILL CONTINUE TO BE DRIVEN PREDOMINANTLY ORGANICALLY**





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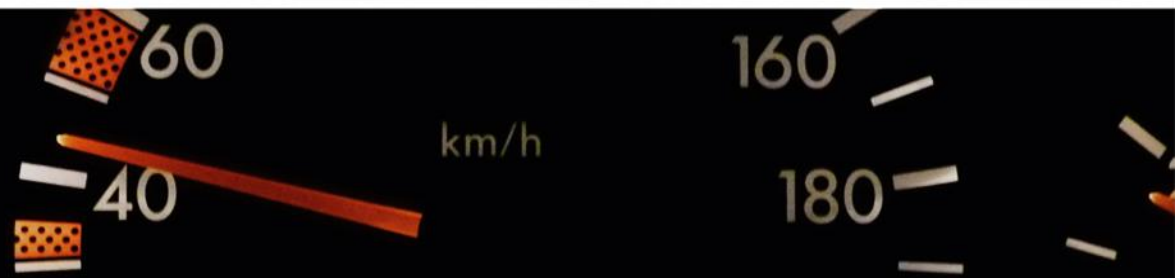
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ASG 2017 OUTLOOK HIGHLIGHTS

Q & A

APPENDIX | ADDITIONAL INFORMATION







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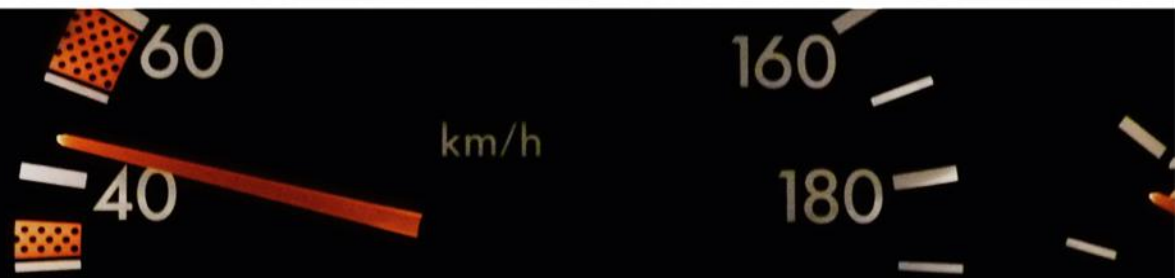
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Q & A

APPENDIX | ADDITIONAL INFORMATION





# PRO FORMA FINANCIAL SUMMARY

## PRO FORMA HISTORICAL AND FIRST HALF17 INCOME STATEMENT

A\$m Y/E 30 June	Pro forma historical			Proforma	
	FY2014	FY2015	FY2016	Actual 1H17	FY17 Forecast
<b>Total revenue</b>	<b>650.9</b>	<b>1,039.2</b>	<b>1,266.4</b>	<b>670.8</b>	<b>1,445.1</b>
<i>growth</i>		59.7%	21.9%		14.1%
<b>Gross profit</b>	<b>93.0</b>	<b>148.5</b>	<b>177.0</b>	<b>100.4</b>	<b>208.3</b>
<i>growth</i>		59.6%	19.2%		17.7%
<b>EBITDA</b>	<b>21.5</b>	<b>35.0</b>	<b>40.9</b>	<b>24.6</b>	<b>52.4</b>
<i>growth</i>		62.6%	16.8%		28.3%
<b>EBIT</b>	<b>16.0</b>	<b>28.4</b>	<b>33.8</b>	<b>20.8</b>	<b>45.1</b>
<i>growth</i>		77.8%	18.9%		33.4%
Interest Expense	(4.2)	(6.5)	(7.1)	(4.1)	(8.0)
<b>NPBT</b>	<b>11.8</b>	<b>21.9</b>	<b>26.7</b>	<b>16.7</b>	<b>37.1</b>
Income Tax Expense	(3.6)	(6.6)	(8.0)	(5.5)	(11.1)
<b>NPAT</b>	<b>8.2</b>	<b>15.3</b>	<b>18.7</b>	<b>11.2</b>	<b>26.0</b>
Share of Profits attributable to non-controlling interests	-	(0.1)	(0.2)	(0.1)	(0.3)
<b>NPAT attributable to s/h</b>	<b>8.2</b>	<b>15.3</b>	<b>18.5</b>	<b>11.0</b>	<b>25.6</b>
Acquisition Ammortisation	2.5	2.5	2.5	1.2	2.5
<b>NPATA attributable s/h</b>	<b>10.7</b>	<b>17.7</b>	<b>20.9</b>	<b>12.3</b>	<b>28.1</b>

### BASIS OF PREPARATION

- The Volvo Brighton deal which settled on 12 September 2016 & 5 Willims Dealerships that settled on 18 November 2016 have been included in the pro forma financials from FY14
- All other dealerships have been included from the time of establishment /acquisition
- Pro forma adjustments have been made for non trading expenses (refer pro forma adjustments summary)

### KEY OBSERVATIONS

- Strong track record of growth in pro forma revenue and earnings driven by
  - like-for-like growth
  - greenfield expansion
  - strategic acquisitions
- Consistent gross profit and EBITDA margin, reflecting continuing growth in front end revenue from greenfield Dealerships
  - as greenfield sites mature, greater proportion of higher margin back end revenue is expected

# STRONG BALANCE SHEET

<b>Pro Forma Balance Sheet</b>	<b>31-Dec-16</b>
Total Borrowings	268,193
Cash & Cash Equivalents	(30,287)
<b>Net Debt</b>	<b>237,906</b>

Inventory Finance (Floorplan)	(243,876)
Net Debt / (Cash) - Excluding Floorp	(5,970)
<b>Net Debt + Equity</b>	<b>469,964</b>
<b>Excluding Floorplan Finance</b>	

<b>Key Ratios</b>	
Pro Forma interest rate cover	5.07
Net Debt / (Net Debt + Equity)	-1.27%
Excluding Floorplan Finance	

## BASIS OF PREPARATION

- Pro forma balance sheet and key ratios include all businesses 6 month trading profit (as per prospectus forecast)
- Pro forma adjustments have been made for non trading expenses

## MAJOR MOVEMENTS SINCE 31 DEC 2016

- Additional 18.5m capital loans drawn in April 17 to fund settlement of TIMG Acquisition
- Additional floorplan facilities of 53.25m added in April 17 to cover TIMG inventory
- \$6.4m in approved capital funding not yet drawn

# PRO FORMA CASH FLOW

	Pro forma Historical		Pro forma	Pro forma	% of F'cast
	FY2105	FY2016	F'cast FY2017F	1H FY17	
<b>\$m</b>					
<b>EBITDA</b>	<b>35.0</b>	<b>40.9</b>	<b>52.4</b>	<b>24.6</b>	<b>46.9%</b>
Movement in working capital	(1.1)	(4.7)	(3.9)	(1.6)	
Other non-cash items included in EBITDA	0	0	0.7	0.7	
<b>Operating cash flow</b>	<b>33.9</b>	<b>36.2</b>	<b>49.2</b>	<b>23.7</b>	<b>48.2%</b>
Floorplan interest	(5.8)	(6.9)	(7.0)	(4.1)	
Maintenance capital expenditure	(2.5)	(2.5)	(1.7)	(0.3)	
<b>Operating cash flow after floorplan interest and maintenance capital expenditure</b>	<b>25.60</b>	<b>26.7</b>	<b>40.50</b>	<b>19.3</b>	<b>47.7%</b>
Cash conversion *	107.5%	99.1%	104.6%	114.2%	
Growth capital expenditure	(3.2)	(2.7)	(7.7)	(0.7)	
Net acquisitions	(4.5)	(3.9)	-	-	
<b>Net cash flow before corporate financing and taxation</b>	<b>17.90</b>	<b>20.1</b>	<b>32.8</b>	<b>18.7</b>	<b>56.9%</b>

\* Operating cashflows post floor plan financing and maintenance capital expenditure / EBIT after floorplan financing interest