

Friday, 17 November 2017

ASX announcement

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 200

Dear Sir/Madam

Autosports Group Limited (ASG) – Chairman’s and CEO’s Speeches – 2017 AGM

Attached are Tom Pockett’s (Chairman), Nick Pagent’s (Chief Executive Officer) and Robert Quant’s (Non-executive Director) speeches delivered at the 2017 Annual General Meeting of ASG held today.

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Leonie Chapman
Company Secretary
Autosports Group Limited

Enclosed.

TOM POCKETT, CHAIRMAN'S ADDRESS

Introduction

Ladies and Gentlemen

Good afternoon and welcome to ASG's first Annual General Meeting.

By way of introduction, my name is Tom Pockett, and I am the Chairman of ASG.

As we have a quorum, I declare this meeting open.

Before proceeding to my preliminary remarks and the formal aspects of the meeting, I take the opportunity to introduce you to my fellow colleagues in attendance today: Nick Pagent – our Managing Director and CEO; Ian Pagent – Executive Director; Marina Go – Independent Non-Executive Director; Robert Quant – Independent Non-Executive Director; Aaron Murray – CFO; Leonie Chapman – Company Secretary; David Haynes, Carlo Pasqualini and Rhys Davies - from our Auditor, Deloitte Touche Tohmatsu; and Lauren Selby – from our solicitors Herbert Smith Freehills.

Also present from our share registry, Link, is Paul Cooke and Nakul Joglekar, who will be acting as returning officer and scrutineer.

Please note that in compliance with the Corporations Act, the meeting will follow those formalities, and the meeting will be restricted to the resolutions detailed in the Notice of Meeting.

Chairman's address

Before I hand you over to Nick, who will give you an overview of the Company's performance during the year and our strategy, I wanted to make some preliminary comments.

It has been a busy and exciting year for the Company, following our successful listing on the Australian Stock Exchange on 16 November 2016.

We achieved our NPAT prospectus forecast which is always a great achievement in the first year of listing.

We have continued to build on the strategies outlined in the prospectus which included both organic growth and acquisitions'. We continue to focus on the prestige and luxury segments on the East Coast of Australia.

Earlier this year, we acquired Doncaster BMW, which incorporates Doncaster BMW, Bundoora BMW, Mini Doncaster, BMW Motorrad, Bundoora BMW Bodyshop and Alpina Australia.

This built upon our earlier acquisition of the Willims Motor Group in Brisbane.

On 1 November we also completed the acquisition of the businesses operating as BMW Melbourne, MINI Garage Melbourne, Southbank Motorcycles and BMW Bodyshop.

We are proud of our excellent operational achievements. We have been consistently recognised in the category of “Dealer of the Year”.

The Board and our staff have contributed enormously to our operational excellence during this period and I take the opportunity to thank them for their efforts during the year.

Since listing the Board together with management have also been focused on building the Governance frameworks required for a publicly listed corporation. There are many more requirements’ when you are a listed vehicle than when the company was a private company. We believe we have made good progress with of course more to do.

We are also starting to focus on our sustainability initiatives, as a good corporate citizen should. We will build this over the next twelve months and give you an update at our next AGM.

I will now hand you over to Nick Pagent who will provide us with a more detailed overview of our achievements to date.

NICK PAGENT, CHIEF EXECUTIVE OFFICER ADDRESS

Ladies and Gentlemen,

Thank you for your interest in Autosports Group and your attendance here today.

Yesterday marked the first anniversary of Autosports Group's listing on the ASX.

I would like to start today by thanking the Autosports Group Team for their support throughout our first year as a listed company.

During the course of the year we established improvements in our corporate governance framework; demonstrated by new internal controls, risk management processes and corporate governance procedures and practices as outlined in our first Corporate Governance Statement.

To our Board for guiding us through our new corporate framework – thank you.

I am also pleased to report that Autosports Group Dealerships maintained their position as partners of choice for our OEM's by placing 1st, 2nd and 3rd on Audi's Major Metropolitan Dealer of the Year, 1st and 2nd in Volvo's Major Metropolitan Dealer of the Year Award, 1st in Volkswagen's Dealer of the Year Award and 3rd in Mercedes Benz Dealer of the Year Award.

To my senior managers and long-term staff who have maintained such excellence throughout this financial year – we couldn't have done it without you.

Strategically we took advantage of our position as a partner of choice to undertake the key expansion of Autosports Group into Melbourne with the major luxury brands of BMW and Mini which delivered an incremental \$2.4M in EBITDA for the final quarter of the 2017FY.

To our OEM brand partners, thank you for trusting us in our transition to a listed company. We look forward to continuing to repay your trust.

Over the course of our first full year as a listed company we have also recorded: **a strong financial performance**

Financially, we exceeded our key pro forma prospectus forecasts in the areas of EBIT, EBITDA, NPBT and NPAT.

We delivered pro forma NPBT growth of 45% against the pro forma 2016 financial year, allowing us to deliver our first fully franked dividend of 4.6c per share earlier this month.

This result was delivered in spite of a new car market that grew below trend rates. This was particularly evident in the second half of the financial year and was the major factor in the one area we fell short of our Prospectus forecast; New Car Revenue.

Growth was supported during the period by the continuing maturation of our 11 greenfields dealerships under 5 years old.

The resilience of the business model was demonstrated through the year with growth in:

1. **Used cars (up 8.7% in revenue in the 2017FY);**
2. **Parts (up 13.1% in revenue in 2017FY) and;**
3. **Service and Collision Repair (up 44% in revenue in 2017FY)**

ASG Strategy and execution

I would like to take a moment to reflect on Autosports Group's strategy.

Our focus is to grow with the best prestige and luxury brands in the largest markets.

Prior to our IPO we said our growth strategy would be achieved in the following areas:

- **Prestige & Luxury brands**
- **Major cities East Coast**
- **Growth would be driven organically**
- **Greenfields sites would supplement organic growth**
- **Acquisition opportunities from fragmented market**

Prior to our IPO the business was concentrated in the markets of Sydney and Brisbane and had the major luxury brands of Audi and Mercedes Benz as our major revenue drivers.

On settlement of the IPO we consolidated our footprint in Brisbane with the acquisition of the Willims Motor Group incorporating the brands of Audi, Bentley, Lamborghini and Maserati.

In 2017 Autosports Group was able to broaden its base by moving into the Melbourne market with BMW and Mini.

The Victorian market accounts for 28% of the total new car market in Australia and the brands of BMW and Mini account for just under a quarter of the luxury segment sales.

Our 2017 acquisitions of Doncaster BMW and Mini, Bundoora BMW and Melbourne BMW and Mini have successfully broadened the base of the company both geographically and in brand portfolio. Spreading our risk whilst keeping our exposure to the brands we believe will succeed in the future.

These acquisitions have also given us scale in Melbourne with additional annualised revenue of approximately \$468M.

Doncaster BMW has been immediately accretive and in line with Autosports Group's overall margins. Melbourne BMW is expected to make a small contribution in 2018FY and we see similar margin potential for that business in the future.

The addition of BMW and Mini to the Autosports Group portfolio makes Autosports Group the only Dealership Group to represent Audi, BMW and Mercedes Benz in major metropolitan markets in Australia.

2018FY Focus Areas

During this financial year we have set a series of focus areas. These include:

- **Continuing to maintain our attention to quality outcomes for our OEM partners in terms of market share, OEM KPI's and quality measures;**
- **To continue to improve customer touchpoints and outcomes through renewed investments in CRM platforms and digital communication.**
- **To deliver improvements via our Environmental and Social Responsibility programmes**

- **Diversity participation goals continue to be a focus of the business in our traditionally male dominated industry.**
- **Of course we will continue to drive improvements to our financial performance.**

We expect our growth in the 2018FY to come from a combination of organic and inorganic growth.

The September quarter saw new car revenues increase 1% on a like for like basis on the September quarter in the 2017FY. This growth excludes acquisition led growth and greenfields sites that did not trade in the previous corresponding period.

We expect new car growth to be supplemented by growth in our used car, service, parts and collision repair departments as these areas benefit from the maturation process of the 11 greenfields dealerships the Group has under 5 years old.

In regard to inorganic growth, we expect to benefit from the full year contribution of the acquisition of Doncaster BMW. In the final quarter of the 2017FY, this acquisition added \$2.4M in EBITDA to the Group's overall performance. The settlement of Melbourne BMW is expected to add revenue and deliver a small contribution to the 2018FY result.

In our Prospectus we stated that historically the first half EBITDA was 40-48% of full year EBITDA. We expect that the first half EBITDA result for 2018FY to be within this range.

Overall we are positive about the balance of the 2018FY and look forward to delivering further growth in revenue, EBITDA and EPS across the 2018FY and beyond.

Finally, the difference in automotive retail is always the people. On behalf of the Board and Senior Management I would like to take this opportunity to publicly thank our dedicated and incredibly hard working employees for their contribution to our achievements over the last 12 months.

Thank you.

TOM POCKETT, CHAIRMAN – REGARDING RE-ELECTION OF ROBERT QUANT

Robert has over 30 years' experience in the accounting industry, advising private and public companies in the areas of professional services, property and automotive retail. He is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Accounting from the University of Technology in Sydney.

Robert was appointed to the Board on 29 August 2016. His executive roles have included being the CEO of Grant Thornton Australia from 2008 to 2015. During his time at Grant Thornton, he was a Director and subsequently a member of the global leadership team of Grant Thornton International and a Director of Grant Thornton Australia. Robert is a fellow of the Institute of Chartered Accountants and a Member of the Australian Institute of Company Directors.

ROBERT QUANT, NON-EXECUTIVE DIRECTOR – REGARDING RE-ELECTION

Thank you Tom,

It is my great privilege to nominate to be re-elected as an independent non executive director for Autosports Group Limited.

It has been highly rewarding to be a director and chair of the Audit and Risk Committee for the last 12 months since the company's IPO last November working with the other talented independent and executive directors as the company has executed on its strategy with major acquisitions in Brisbane, breaking into the Melbourne markets with the acquisition of the two major BMW dealerships in Melbourne, the continued organic growth, as well as working with management as the company has transitioned to effectively operate as a Publicly Listed company.

I am excited that the company is executing effectively on a strategy which we at the board believe is right for the market today and will position us well for the inevitable future industry specific and general market changes.

I bring to the board over 35 years business experience in accounting, finance, automotive retail and international business – initially as an auditor, then as an advisor and finally as a CEO. I believe my experience and skills are well aligned to ASG's current and future needs.

It is with this background and with my passion for supporting the company's future success that I nominate for re-election.

Thank you.



ASG Presentation
Annual General Meeting

17 November 2017

FY 2017 RECAP

What we said?

- Prestige & Luxury brands
- Major cities East Coast
- Growth will be driven organically
- Greenfields sites will supplement organic growth
- Acquisition opportunities from fragmented market

What we did?

- Grew in Brisbane: Willims acquisition
- Grew in Melbourne: Doncaster BMW acquisition. Melbourne BMW acquisition
- Expanded brand portfolio adding BMW, Mini, Alpina and BMW Motorcycles
- Greenfields site: Volvo Cars Rushcutters Bay in Sydney
- Unlocked organic growth capacity in Sydney with facility investments

November 2016	ASX Listing
November 2016	Settlement of Willims Group
February 26	Half year reporting to the ASX for the first time
February 26	Announcement of acquisition of BMW Doncaster as well as greenfield appointment to Volvo Cars Rushcutters Bay
February 28	DOTY Audi (1 st , 2 nd & 3 rd)
March 2	DOTY Mercedes-Benz (3 rd)
March 6	DOTY Volvo (1 st and 2 nd)
April 1	Acquisition and settlement of BMW Doncaster and BMW Bundoora
May 16	DOTY Volkswagen (1 st)
August 29	Release full year results to the ASX and meet prospectus forecast
August 29	Announce acquisition of BMW Melbourne from BMW Australia
September 29	Release first full AGR to the ASX
November 1	Settlement on BMW Melbourne
November 17	First AGM

FY17 FINANCIAL HIGHLIGHTS

- ✓ Statutory NPBT for the period 18 November 2016 to 30 June 2017 of \$18.4M exceeding prospectus of \$13.3M by 38.35%
- ✓ Pro forma exceeded prospectus forecast at NPBT, EBIT, EBITDA, NPAT & NPATA
- ✓ Pro forma NPBT up 45% on FY16
- ✓ A first dividend of 4.6c per share fully franked
- ✓ Result delivered on the back of:-
 - Record New Car and Used Car markets
 - Continuing growth of ASG's 11 greenfields sites
 - Vehicle service, parts & collision repairs growing strongly
 - Immediately accretive Doncaster BMW acquisition



FY 2017 STRATEGIC UPDATE

Major Markets

- NSW YTD 34%
- QLD YTD 29%
- VIC YTD 20%
- ASG Market Coverage 83%

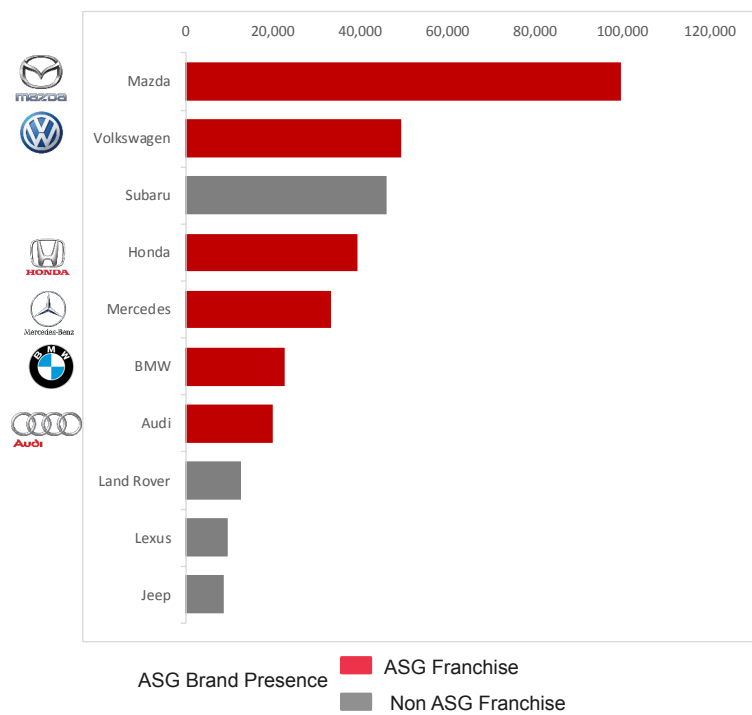
Brand Coverage

- Prestige and Luxury Segment covers 36% of the total new car market

- Autosports Group represents

Alfa Romeo	Maserati
Alpina	Mazda
Audi	Mercedes Benz
Bentley	Mini
BMW	Volkswagen
Honda	Volvo
Lamborghini	BMW Motorcycles

TOP 10 PRESTIGE AND LUXURY BRANDS IN AUSTRALIA (CY October 17), by volume of vehicles)



PORTFOLIO IMPROVEMENTS | BMW & MINI

Acquisition of BMW Doncaster and BMW Melbourne

ASG STRATEGY FIT

- ✓ Luxury Brands
- ✓ Melbourne
- ✓ BMW, Mini & Panel
- ✓ Long term staff
- ✓ Fully capitalised facilities with long and secure tenure

SCALE

- ✓ Revenue approximately \$468M
- ✓ Doncaster immediately accretive and in line with average ASG margins
- ✓ Melbourne BMW not expected to be accretive in 2018FY but with potential to reach average ASG margins in the future



BMW MELBOURNE | BMW BUNDOORA BODYSHOP



BMW DONCASTER | MINI DONCASTER



2018FY FOCUS AREAS

During this financial year we have set a series of focus areas.

These include:

- ✓ Continuing to maintain our attention to quality outcomes for our OEM partners in terms of market share, OEM KPI's and quality measures
- ✓ To continue to improve customer touchpoints and outcomes through renewed investments in CRM platforms and digital communication
- ✓ To deliver improvements via our Environmental and Social Responsibility programmes
- ✓ Diversity participation goals continue to be a focus of the business in our traditionally male dominated industry
- ✓ Of course we will continue to drive improvements to our financial performance



2018FY FOCUS AREAS

ASG's Outlook

- ✓ Expected growth in the 2018FY to come from a combination of organic and inorganic growth
- ✓ September quarter saw new car revenues increase 1% on a like for like basis on the September quarter in the 2017FY. This growth excludes acquisition led growth and greenfields sites that did not trade in the previous corresponding period
- ✓ Expect new car growth to be supplemented by growth in our used car, service, parts and collision repair departments as these areas benefit from the maturation process of the 11 greenfields dealerships the Group has under 5 years old
- ✓ In regard to inorganic growth, we expect to benefit from the full year contribution of the acquisition of Doncaster BMW. In the final quarter of the 2017FY, this acquisition added \$2.4M in EBITDA to the Group's overall performance. The settlement of Melbourne BMW is expected to add revenue and deliver a small contribution to the 2018FY result
- ✓ In our Prospectus we stated that historically the first half EBITDA was 40-48% of full year EBITDA. We expect that the first half EBITDA result for 2018FY to be within this range
- ✓ Overall we are positive about the balance of the 2018FY and look forward to delivering further growth in revenue, EBITDA and EPS across the 2018FY and beyond

