

3 May 2023

ASX announcement

2023 Macquarie Australia Conference Presentation

Autosports Group Limited advises that it will be presenting at the 2023 Macquarie Australia Conference today.

A copy of the presentation is enclosed.

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This announcement has been approved for release by the Chief Executive Officer.



autosports
group ^{ASX}

AUTOSPORTS GROUP LIMITED
MACQUARIE AUSTRALIA CONFERENCE
03 May 2023





















ABOUT ASG

ASG was established in 2006 and operates one of Australia's largest networks of luxury and prestige car dealerships.

KEY FACTS

HISTORY	<ul style="list-style-type: none"> Established 17 years ago by founders and major shareholders, Ian Pagent and Nick Pagent Listed in November 2016
OPERATIONS	<ul style="list-style-type: none"> 53 new car dealerships (as at 1 February 2023)¹ 3 used car outlets 4 motorcycle dealerships 8 specialist prestige vehicle collision repair facilities Strategically located in high growth Sydney, Melbourne, Brisbane, Gold Coast and Auckland
# UNITS SOLD (FY2022)	<ul style="list-style-type: none"> ~16,000 new cars ~13,000 used cars
ASG BRANDS	<ul style="list-style-type: none"> Represents 20 luxury and prestige brands
EMPLOYEES	<ul style="list-style-type: none"> ~1,850
FINANCIAL SCALE (CY2022)	<ul style="list-style-type: none"> Revenue >\$2.03 billion
PERFORMANCE SINCE LISTING	<ul style="list-style-type: none"> Dividend per share CAGR 28% 2017FY – 2022FY Earnings per share CAGR 11.1% 2017FY – 2022FY

ASG'S BRANDS AND NUMBER OF DEALERSHIPS (30 April 2023)

	9		6		3
	3		2		2
	3		2		1
	2		2		1
	2		7		2
	4		3		1
	1		1		

TRACK RECORD OF DELIVERING GROWTH AND SHAREHOLDER RETURNS

Since listing ASG has maintained a track record of delivering both growth and shareholder returns

CALENDAR YEAR	2017CY	2022CY	MOVEMENT	
Financial Metrics				
Revenue \$'millions	1,524.1	2,027.3	↑	33.0%
NPBT normalised* \$'millions	41.5	105.6	↑	154.6%
Gross margin	15.6%	20.7%	↑	32.8%
NPBT normalised* margin	2.7%	5.2%	↑	91.4%
EBITDA normalised margin	4.1%	6.4%	↑	57.2%
SHAREHOLDER RETURNS				
EPS (cents)	13.6	33.3	↑	144.7%
DPS (cents) declared	8.8	16.0		81.8%

*Normalised NPBT excludes AASB16 adjustments, acquisition and restructure costs, acquisition amortization and impairment

INVESTMENT HIGHLIGHTS

Scale and diversity provides growth and resilience



BRAND FOCUSED

- Prestige and Luxury Brands drive higher revenue per transaction
- EV product range prevents disruption
- Resilient segment with strong forward orderbanks
- Smaller focus allows meaningful consolidation



UNRIVALLED PLATFORM

- Luxury OEM partner of choice creates growth opportunities
- East Coast major city presence covers 80% of available market
- Luxury segment expertise gives people and structure based synergies
- Growing property portfolio improves asset flexibility, control and costs



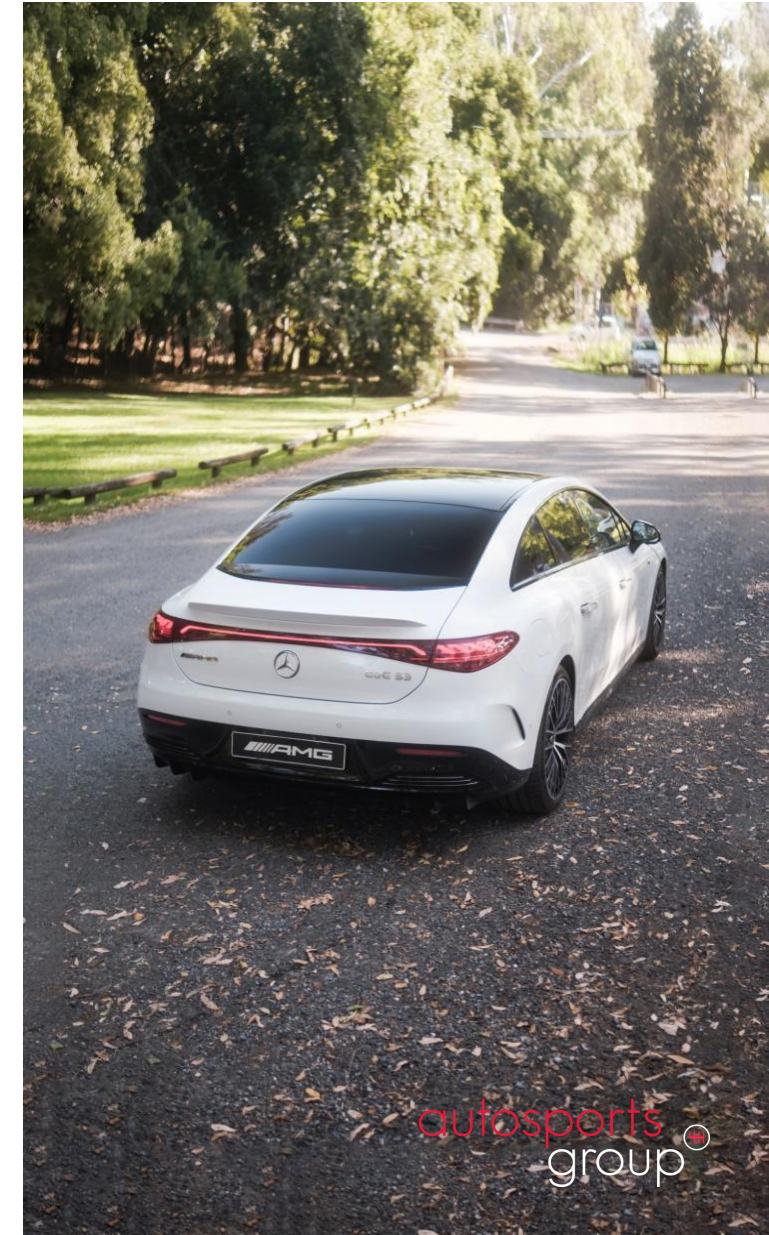
DIVERSE REVENUE STREAMS PROVIDE RESILIENCE

- New and used vehicle sales
- Finance, insurance and accessory sales
- Service and parts sales
- Collision repairs



FRAGMENTED MARKET ALLOWS RAPID CONSOLIDATION

- ASG has completed 12 acquisitions since listing in 2016
- ASG has approximately 12%* of the luxury market and 2%* of the prestige market
- Improved balance sheet, operating cash flows and management capacity gives ASG the platform to accelerate growth
- Quality acquisition opportunities continue on attractive terms



A LUXURY BRAND FOCUSED BUSINESS

Focus on Luxury segment drives sustainable margin growth



LUXURY BRANDS

- Higher maintainable gross margins
- Tight supply driving large order banks
- Customer capacity to change to high value EVs
- Loyal service, parts and collision customer base



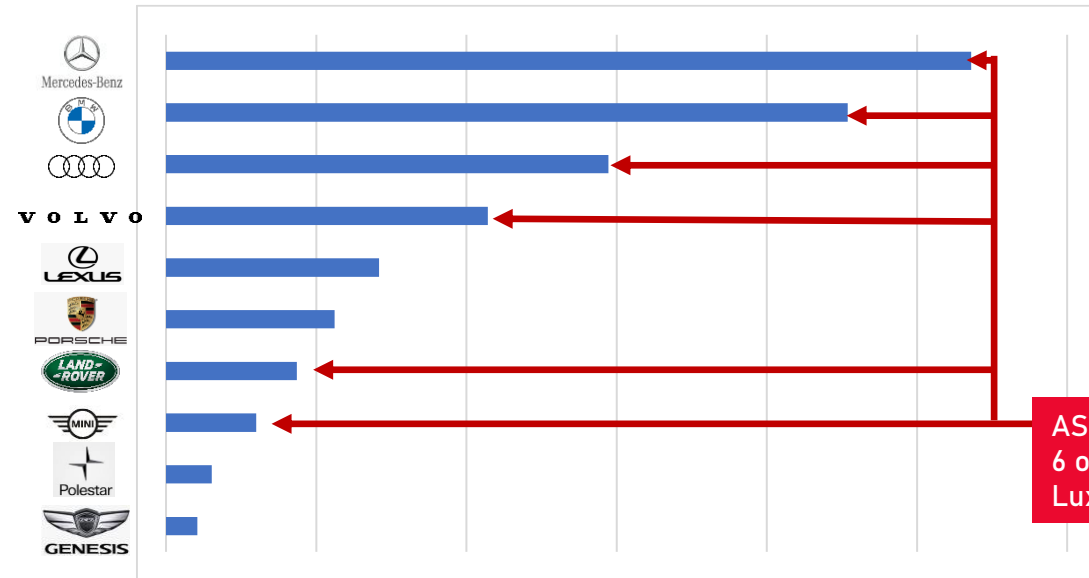
HIGH BARRIERS TO ENTRY

- Luxury OEMs prefer existing partners
- Access to high levels of capital
- Synergies available in same brand multi dealership representation
- Relationships with potential vendors key to growth

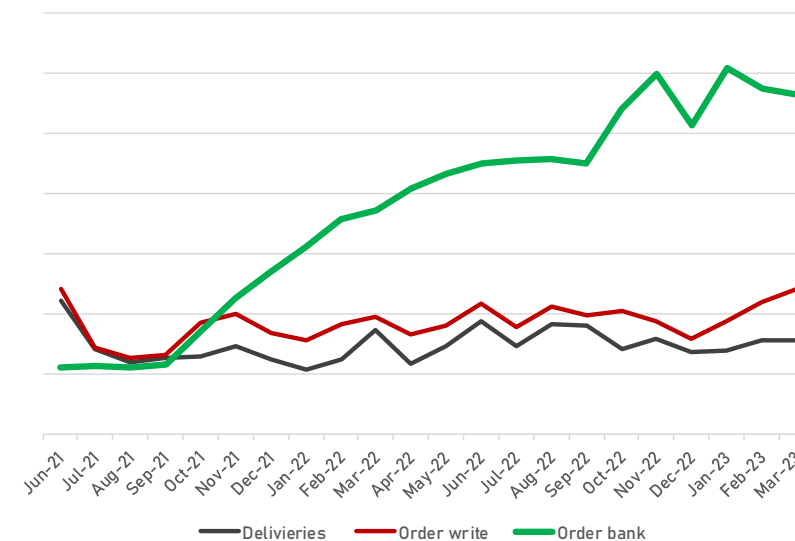


MARCH QUARTER SALES UPDATE

- Luxury demand continues to outstrip supply
- March quarter new vehicle orders grew 21% vs PCP
- March quarter new vehicle orders exceeded customer deliveries by 44%
- Large luxury customer orderbank will support vehicle margins through FY24



Demand Remains Strong



* Based on 2022 calendar year sales per Vfacts

ELECTRIC VEHICLE MARKET

Traditional Luxury Brands are most likely to make a profitable and sustainable transition to EV



VOLUME BRANDS

- New market entrants rising (BYD, Chery, MG, NIO)
- Tight pricing and margins
- Competition fierce
- Winners uncertain
- Volume available



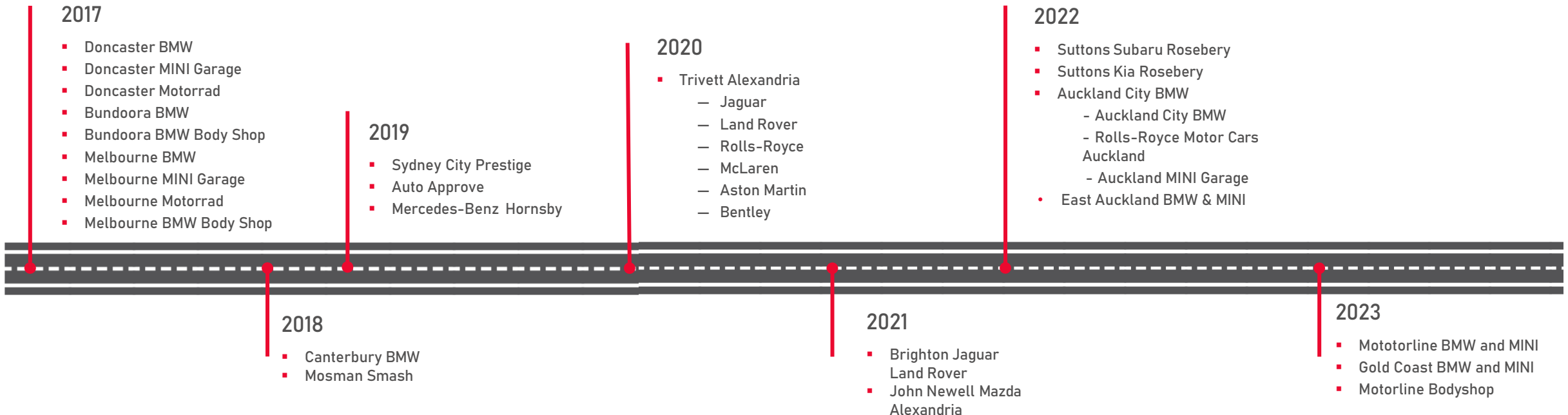
LUXURY BRANDS

- Traditional Brands well prepared (Audi, BMW, Mercedes- Benz, Volvo, Porsche)
- Luxury gross profit maintained with higher cost of sale per transaction
- Luxury buyers more conservative and brand conscious
- Luxury buyers want brand exclusivity
- Strong service plan offerings should protect backend revenue streams



ASG CONSOLIDATION TRACK RECORD

Since listing ASG has made 12 acquisitions in 6 years and 6 greenfield locations



UNLOCKING THE GROWTH PATH

Broadening the runway

- ASG's brand, segment and geographic growth has broadened its available growth runway
- ASG now has relationships with almost every prestige and luxury brand
- Retail operations in Sydney, Melbourne, Brisbane, Gold Coast and New Zealand give increased geographic coverage

ACQUISITION CHECKLIST

- Future-ready brands in high volume potential locations
- Businesses with high gross margin potential
- Businesses capable of improvements via management skill and scale-based synergies
- Businesses that can unlock Group synergies

2023FY GROWTH AND CONSOLIDATION WITH BMW GROUP BRANDS

Disciplined acquisition of on strategy quality assets on attractive terms

QUALITY ASSETS

- Auckland City BMW Group settled August 2022
 - 2 BMW dealerships
 - 2 MINI dealerships
 - 1 Rolls-Royce dealership
- Motorline and Gold Coast BMW Group settled February 2023
 - 2 BMW dealerships
 - 2 MINI dealerships
 - 2 BMW panel businesses

ATTRACTIVE TERMS

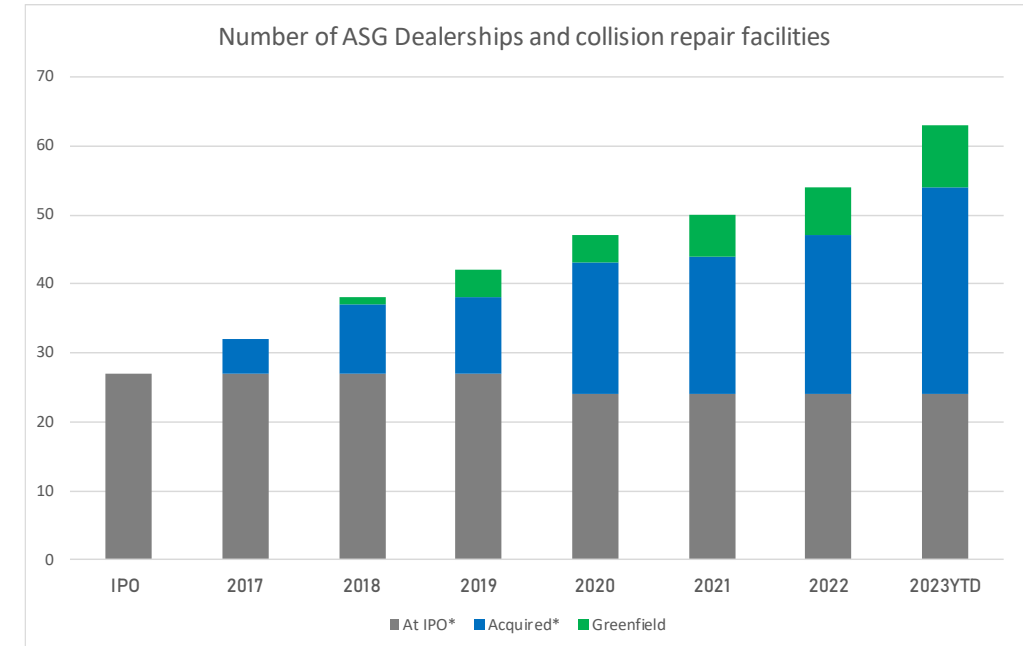
- Quality acquisitions on strategy with luxury brands in major cities
- C\$400m in combined annualised revenue
- Strong margin profile
- Immediately accretive to EPS



GROWTH OPPORTUNITY

The automotive industry remains highly fragmented

- There are currently more than 3,380 dealerships in Australia
- Approximately 30% of these compete in the luxury and prestige segments
- ASG represents approximately 2%* of the total market and 12%* of the luxury market in Australia
- Factors driving consolidation
 - OEMs preference for consolidation with existing partners
 - High levels of investment required with new dealership sites
 - Increasing complexity of franchise compliance and industry regulation
 - Ageing demographic of private dealership operators

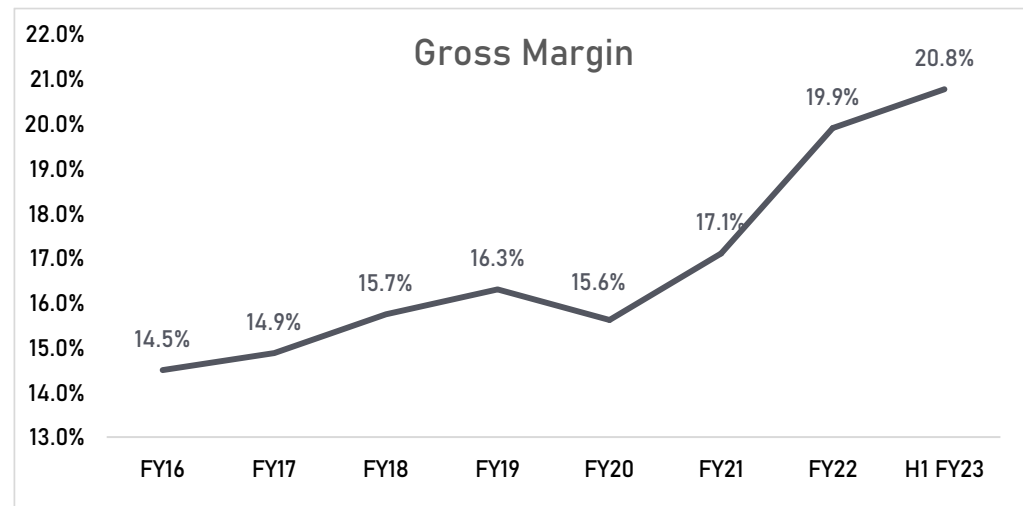
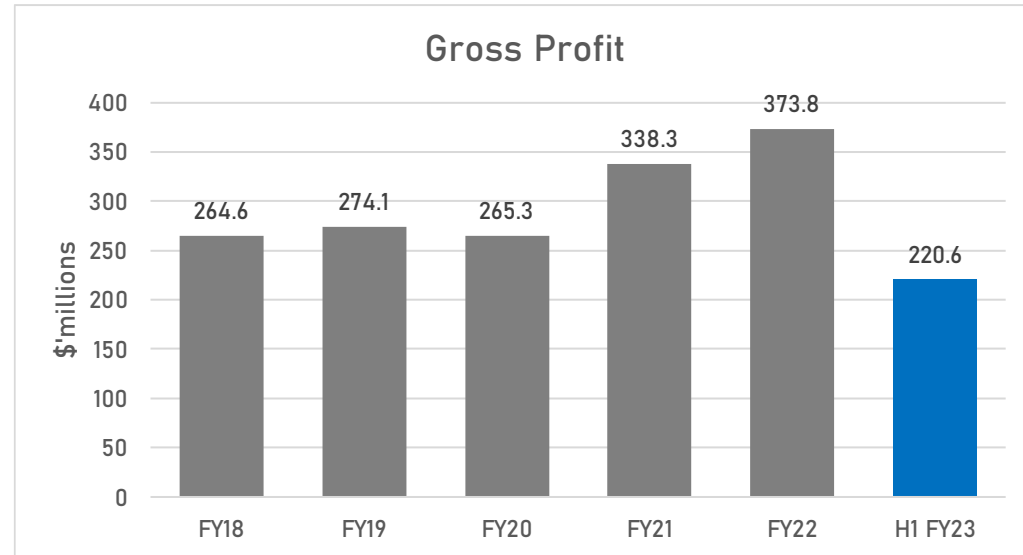


Dealer groups by number of rooftops	Number of owners in range	Percentage of Owners	Total rooftops by range	Percentage of rooftops
50+	5	0.8%	608	18.0%
26-50	6	0.9%	222	6.6%
11-25	49	7.4%	714	21.1%
6-10	102	15.4%	753	22.3%
1-5	501	75.5%	1084	32.1%
Totals	663	100.0%	3381	100%

Source: Pitcher Partners dealer listing

A MATURING BUSINESS

ASG remains well placed to continue its growth path

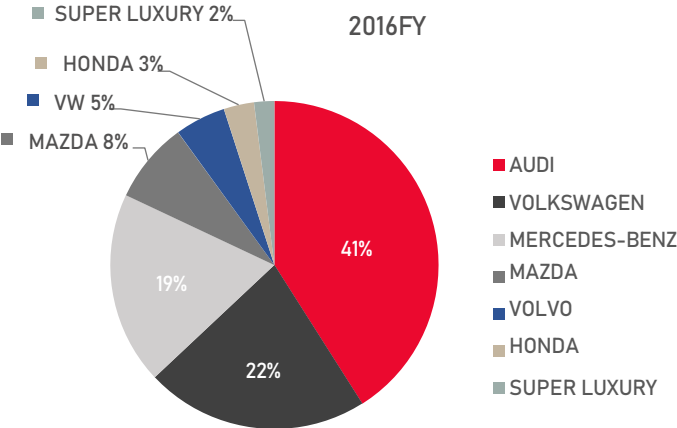


PROFIT AND MARGIN DRIVERS

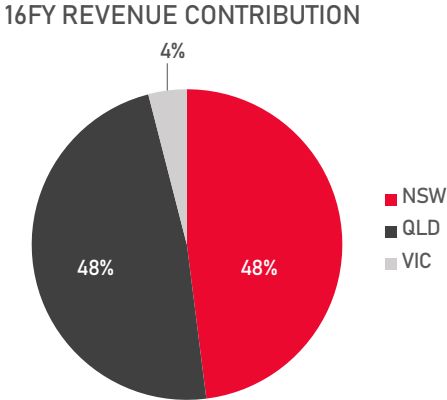
- Vehicle demand exceeds supply
- Large luxury vehicle orderbanks support revenue and margin
- Resilience and growth opportunities enhanced by improved platform
 - Broader exposure and deeper relationships with the right brands
 - Expanded representation in major capital cities
 - Growing service and parts revenue streams support margins
 - Stronger balance sheet including property portfolio
 - Executed on EPS accretive acquisitions

ENHANCED PLATFORM FOR GROWTH

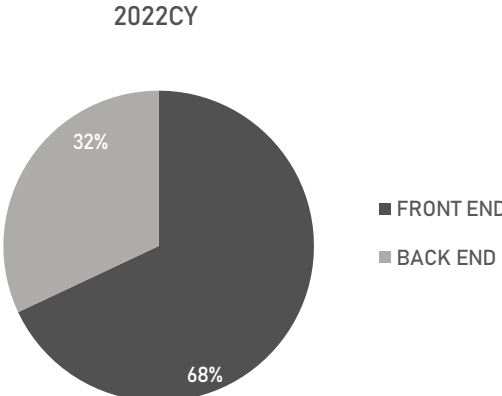
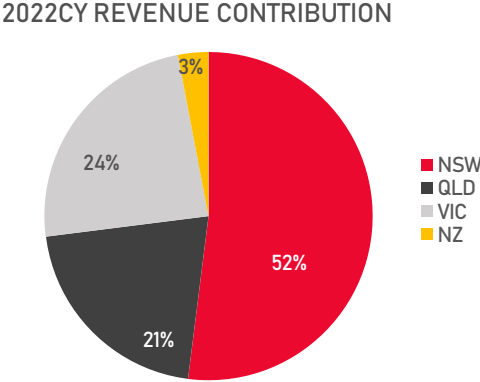
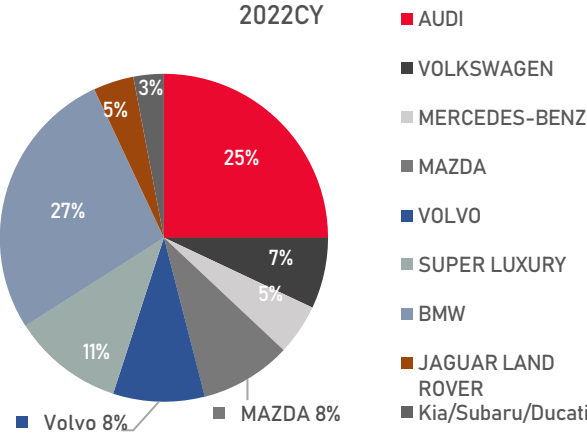
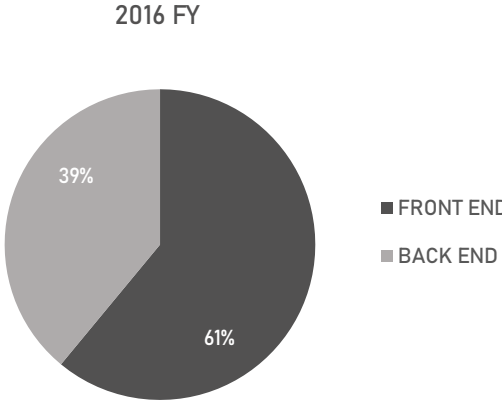
REVENUE BY BRAND



REVENUE BY STATE



GROSS PROFIT CONTRIBUTION



FINANCIAL POSITION

Ongoing financial capacity to support growth agenda

- Strong cash conversion of 94% H1 2023FY
- Balance sheet well positioned for future growth
- Supportive OEM financiers covering 98% of corporate debt
- Total corporate debt of \$118.3m backed by \$98.2m of real estate at written down value
- Dividend policy in the range of 55 – 70% NPAT



OUTLOOK

ASG remains well positioned for continued growth



Luxury vehicle market remains resilient with luxury and super luxury demand exceeding supply



Growing orderbanks and strong service and parts organic growth will help maintain ASGs gross margin profile through FY24



FY23 acquisitions at Auckland City BMW and Motorline BMW are performing as expected both in revenue and margin profile



The full year cycling of these acquisitions will drive revenue growth in FY24



ASG remains open to opportunities to grow further by high quality acquisitions on attractive terms



Cost pressures in personnel, occupancy cost and interest costs expected to be offset by revenue growth maintaining ASG's operating leverage





QUESTIONS



Appendix

FINANCIAL HIGHLIGHTS H1 2023FY

Strong H1 operating performance driven by demand led organic growth and the impact of strategically aligned acquisitions.

Statutory NPAT
\$35.1 million



up 70.8%
on PCP

Normalised NPBT¹
\$52.0 million



up 32.6%
on PCP

Gross profit
\$220.6million



up 26.4%
on PCP

Revenue
\$1,062 million



up 16.6%
on PCP

Operating cashflows
\$59.4 million



up 62.4%
on PCP

Interim dividend
9 cents (fully franked)

(7 cents H1 2022FY fully franked)



up 28.6%
on PCP

¹ Normalised NPBT excludes AASB16 adjustments, acquisition and restructure costs and acquisition amortisation as set out on page 16



NORMALISED H1 2023FY RESULTS

\$m	H1 2023FY	H1 2022FY	Growth on PCP
New Vehicles	630.8	564.4	11.8%
Used Vehicles	250.3	209.0	19.8%
Service	73.6	58.8	25.2%
Parts	78.8	59.6	32.2%
Other Revenue	28.6	19.0	50.4%
Total Revenue	1,062.1	910.8	16.6%
Cost Of Goods Sold	(878.2)	(765.1)	14.8%
OEM rebates	36.7	28.9	27.2%
Gross Profit	220.6	174.5	26.4%
Operating Expenses	(153.7)	(125.9)	22.1%
EBITDA	66.9	48.6	37.5%
Depreciation	(6.0)	(4.7)	28.6%
EBITA	60.8	43.9	38.5%
Floorplan & Corporate Interest	(8.9)	(4.7)	87.3%
NPBT	52.0	39.2	32.6%
<i>Gross margin</i>	<i>20.8%</i>	<i>19.2%</i>	
<i>EBITDA margin</i>	<i>6.3%</i>	<i>5.3%</i>	
<i>PBT margin</i>	<i>4.9%</i>	<i>4.3%</i>	

	H1 2023FY	H1 2022FY	Movement
Normalised PBT	52.0	39.2	32.6%
Statutory adjustments			
- Impact of AASB16 lease accounting	1.97	(3.3)	-159.5%
- Acquisition amortisation	(1.4)	(2.7)	-46.7%
- Acquisition and restructure expenses	(1.3)	(1.8)	-31.7%
Statutory PBT	51.3	31.3	64%

* Normalised result excludes AASB16 adjustments, acquisition and restructure costs and acquisition amortisation

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DRIVE ENDLESS POSSIBILITIES