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# AUTOSPORTS GROUP LIMITED
# 2024FY PRESENTATION

August 2024

# AGENDA



# FINANCIAL HIGHLIGHTS

REVENUE
$2,647 million
up 11.6%
on PCP

EBITDA
$204.5 million
up 6.5%
on PCP

NORMALISED NPBT [1]
$93.1 million
down 19.6%
on PCP

GROSS PROFIT
$515 million
up 8.3%
on PCP

INTEREST COSTS
$56.8 million
up 68.7%
on PCP

STATUTORY NPAT
$61.5m
down 7.8%
on PCP

1 Normalised NPBT excludes acquisition and restructure costs and acquisition amortisation as set out on page 7

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# OPERATIONAL HIGHLIGHTS

## OPERATIONAL UPDATE

- Revenue grew 11.6% in a more competitive new vehicle market
- New vehicle inventory elevated across industry
- Marketing and price promotions being used to stimulate consumer
- Gross margins solid at 19.5%

## ACQUISITION LED GROWTH

- Commenced acquisition process of Stillwell Motor Group (“SMG”)
- SMG expected to add approximately 13% to ASG’s annualised revenue
- Acquisition on strategy
- Target in place to grow revenues by $250m per annum by acquisition

## CAPITAL ALLOCATION

- Operating cash generated $119.5m
- Repayment of debt $27.5m
- Improvement in net debt $10.4m
- Shareholder dividends $40.2m

1 net debt calculated excluding floorplan finance

# OUTLOOK 2025FY

## THE NEW VEHICLE MARKET

is expected to remain competitive with consumer incentives and marketing initiatives in place to maintain like for like new vehicle revenue

## LIKE FOR LIKE VEHICLE INVENTORY LEVELS

Expected to reduce as ASG works with its OEM partners to improve stock turn ratios

## USED VEHICLES, SERVICING, PARTS AND COLLISION REPAIR

revenue streams are expected to continue to grow on trend with stable margins and costs

## THE ACQUISITION OF STILLWELL MOTOR GROUP

is expected to complete in October 2024 adding approximately $260m revenue in FY25 for the 9 months October 2024 to June 2025

## FURTHER OPPORTUNITIES

ASG continues to actively assess further luxury branded acquisition opportunities

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# AGENDA



# STATUTORY RESULT

| $m | 2024FY | 2023FY | Growth on PCP |
|---|---|---|---|
| Total Revenue | 2,646.9 | 2,371.4 | 11.6% |
| | | | |
| Gross Profit | 515.0 | 475.6 | 8.3% |
| Operating Expenses | (310.5) | (283.6) | 9.5% |
| EBITDA | 204.5 | 192.0 | 6.5% |
| Depreciation | (55.4) | (48.7) | 13.8% |
| Acquisition amortisation | (4.0) | (3.4) | 19.6% |
| Impairment of assets | - | (6.0) | -100.0% |
| EBIT | 145.1 | 134.0 | 8.3% |
| Interest expense | (56.8) | (33.7) | 68.7% |
| NPBT | 88.4 | 100.3 | -11.9% |
| NPAT | 61.5 | 66.6 | -7.8% |
| | | | |
| *EPS* | *30.28* | *32.55* | -7.0% |
| *DPS* | *18.0* | *19.0* | -5.3% |

| | 2024FY | 2023FY | Movement |
|---|---|---|---|
| Underlying PBT | 96.0 | 112.2 | -14.4% |
| AASB 16 impacts | (3.0) | 3.5 | -184.7% |
| Normalised PBT | 93.1 | 115.7 | -19.6% |
| Statutory adjustments | | | |
| - Acquisition amortisation | (4.0) | (3.4) | 19.6% |
| - Acquisition and restructure expenses | (0.7) | (6.0) | -88.7% |
| - Impairment of property | - | (6.0) | -100.0% |
| Statutory PBT | 88.4 | 100.3 | -11.9% |

## HIGHLIGHTS

- Strong top line result. Revenue, Gross Profit, EBITDA and EBIT all record results
- Op Ex well controlled with costs up less than revenue growth
- Non-cash depreciation and interest impacted by $6.5m negative movement in AASB16 vs PCP
- Interest expense up 68.7%
    - Interest on Fortitude Valley $5.4m
    - Floorplan costs up $12.9m
    - AASB 16 lease interest up $2.1m
- NPAT down 7.8% to $61.5m
- Final dividend of 8c per share fully franked (full year dividend 18c per share fully franked)

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# TRADING HIGHLIGHTS

| $m | 2024FY | 2023FY | Growth on PCP |
|---|---|---|---|
| New Vehicles | 1,568.1 | 1,435.4 | 9.2% |
| Used Vehicles | 635.2 | 543.3 | 16.9% |
| Service | 174.6 | 157.5 | 10.9% |
| Parts | 204.1 | 175.1 | 16.5% |
| Other Revenue | 64.9 | 60.0 | 8.2% |
| Total Revenue | 2,646.9 | 2,371.4 | 11.6% |
| *Gross margin* | *19.5%* | *20.1%* | |
| *EBITDA margin* | *7.8%* | *8.4%* | |
| *PBT margin* | *3.5%* | *4.9%* | |

## HIGHLIGHTS

- New vehicle revenue (+9.2%) driven by enhanced consumer offerings, supply and full year cycling of FY23 acquisitions
  - New vehicle orderwrite +2% (January to June 2024)
  - Orderbank stable
- All other revenue streams growing as expected
  - Used vehicles up on higher trade in ratios
  - Service growth tracking PCP vehicle volume growth
  - Parts growth on improved collision repair environment
- Overall revenue mix ensuring gross margins remain solid at 19.5%

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# AGENDA

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**2024FY FINANCIAL METRICS**

STRATEGIC UPDATE

RECAP & OUTLOOK

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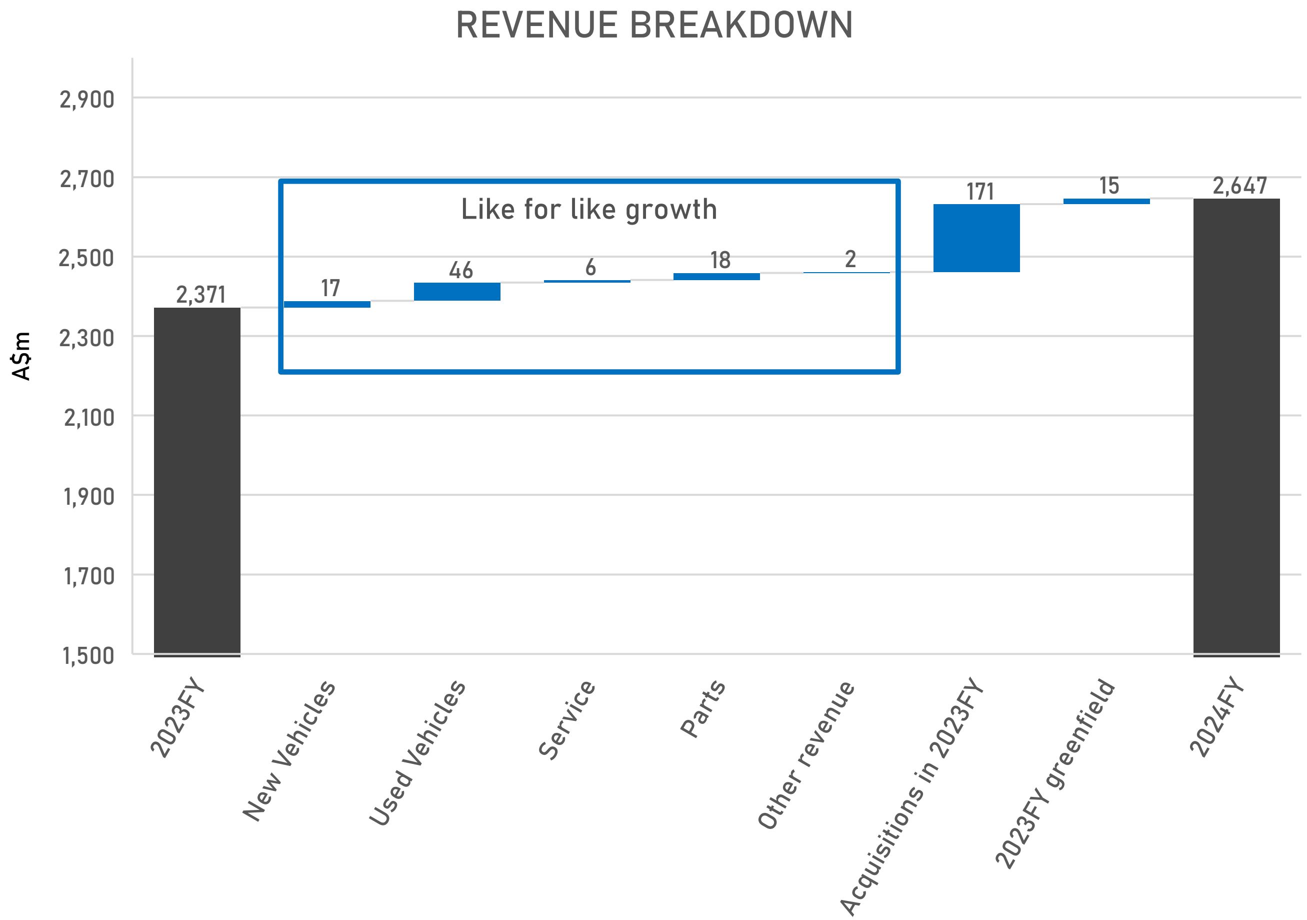
# 2024FY REVENUE DRIVERS




## REVENUE BREAKDOWN 2023FY

- New vehicle like for like revenue grew 1%
- Used vehicle revenue growth supported by increased trade-in opportunities like for like growth 8.5%
- Service and parts revenue like for like growth of 4% and 10%

## 2025FY REVENUE DRIVERS

- Acquisition of Stillwell Motor Group estimated to contribute $260m revenue in FY25 for the 9 months October 2024 to June 2025

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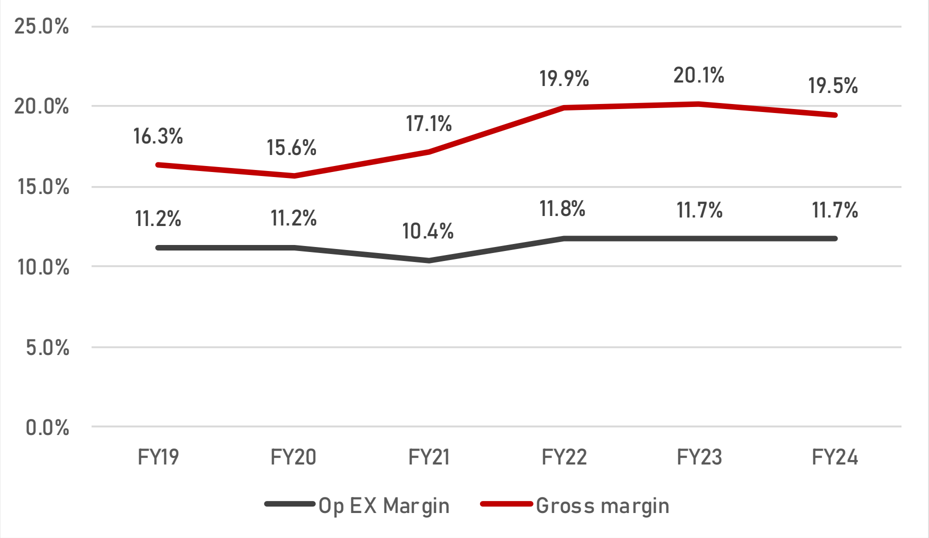
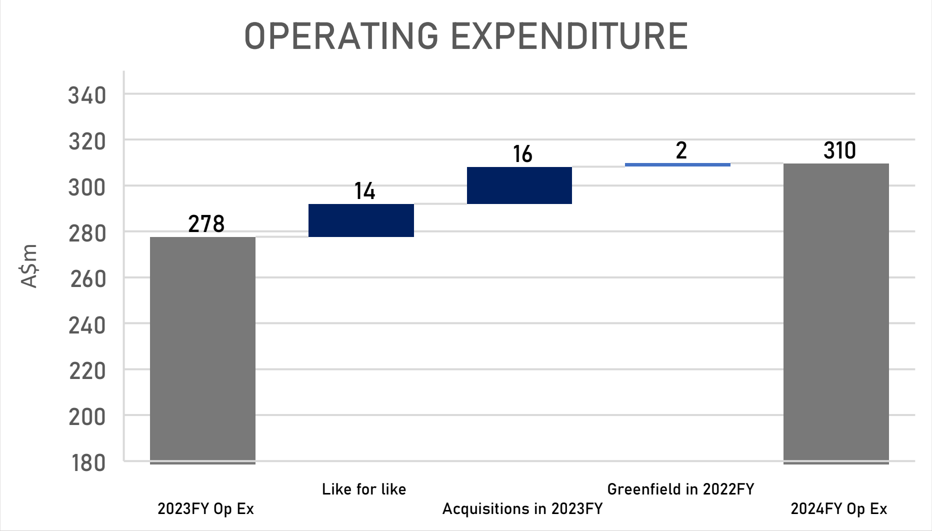
# OPERATING LEVERAGE

Despite inflationary pressures and a competitive market operating leverage remains solid




## DISCIPLINED EXPENSE MANAGEMENT NORMALISED*

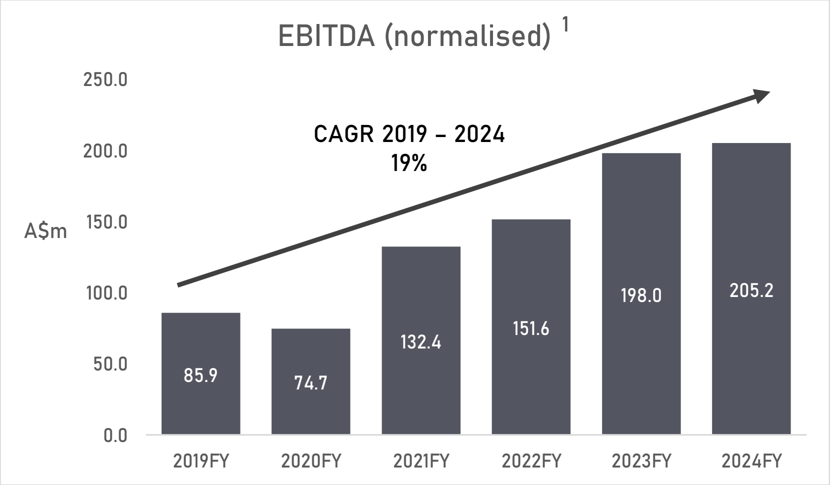
- Like for like Op Ex increased $14m (5%) on PCP
  - Like for like employee costs increased $2.9m
  - Like for like occupancy costs increased $0.7m
  - Like for like other expenses increased $10.8m

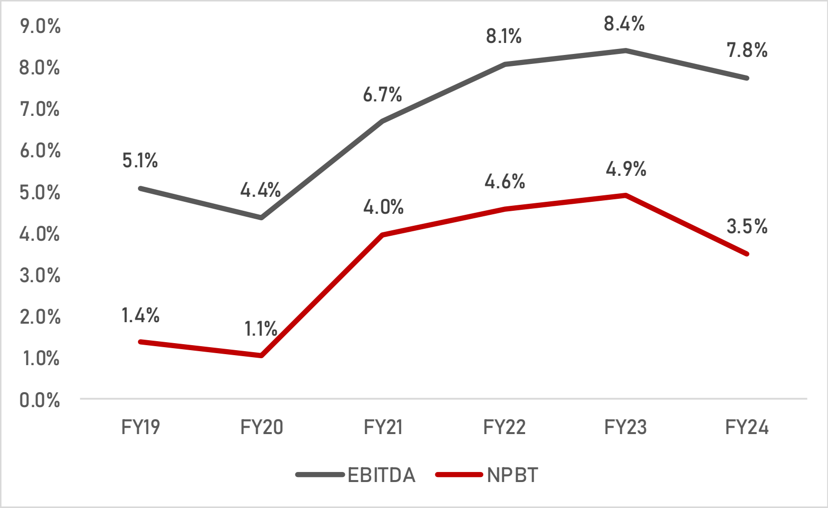
## COST OPTIMISATION

- Like for like Op Ex well maintained through
  - Site optimisation
  - Using scale to leverage supplier agreements
  - Rationalisation of variable expenses

* Normalised Op Ex excludes acquisition and restructure costs as set out on page 7

# NORMALISED MARGIN OVERVIEW




## PROFIT MARGIN DRIVERS

- Increased scale and maturity supporting underlying profit
- Strong Op Ex management
- Continued realignment of high Op Ex in acquired businesses
- Improved site utilisation
- Improvement in property portfolio driving low occupancy costs

(1) Normalised EBITDA excludes acquisition and restructure costs as set out on page 7

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# CAPITAL MANAGEMENT AND INVENTORY TARGETS FY25

## FOCUS AREAS

Corporate debt for FY25 expected to be broadly in-line with FY23 level (~$220m), while driving increased revenues from investment - ~$30m capital repayments in FY25

Equity in property ratio expected to improve by $3.9m (based on written down value)

Improve underlying inventory position. Additional inventory of $75m through acquisition of Stillwell Motor Group

## CORPORATE BORROWING FY25

- Approximately $22.5m Acquisition of Stillwell Motor Group
- $9.5m construction and improvements on owned property and OEM required upgrades to existing facilities

## PLANNED SIGNIFICANT CAPITAL EXPENDITURE

- $12m showroom constructions and facility upgrades ($4.5m cash, $7.5m borrowings)

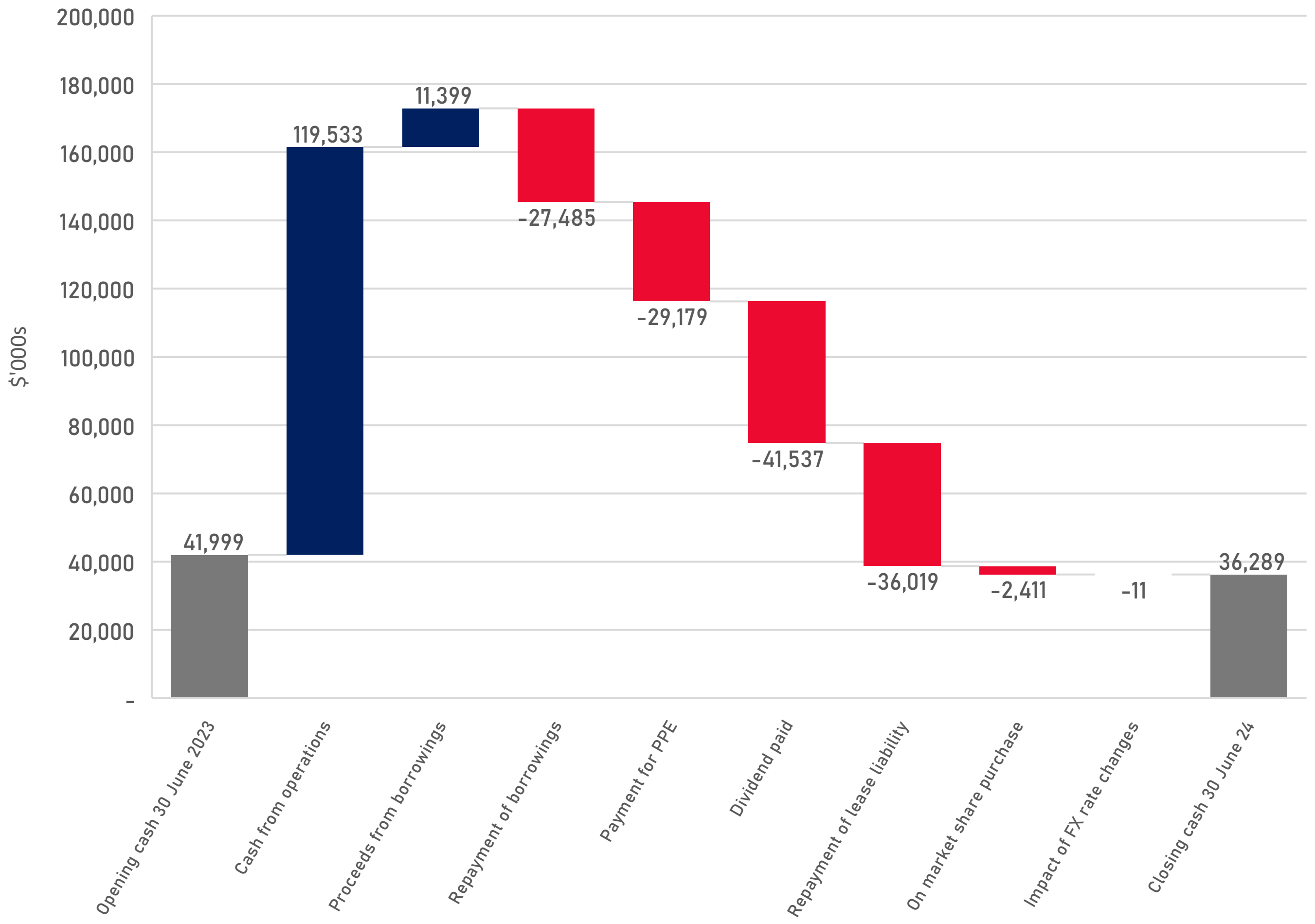
## INVENTORY MANAGEMENT PLAN

- Current vehicle inventory stock depth 82 days (78 days December 2023)
- Actively working with OEM's to achieve a targeted 70 days vehicle inventory

FY2024 weighted average interest rate floorplan borrowings 6.25%, corporate debt 7.3%

# 2024FY CASH FLOW

ASG's strong cash flow positions the Group well to unlock future growth potential




## STRONG OPERATING CASH:

- Strong cash from operations in 2024FY of $119.5m has enabled ASG to:
  - Payout a dividend of $40.2m
  - Repay $27.5m of capital borrowings
  - Investment of $22.2m in dealership improvements creating greater customer experience and improved productivity
- 2024FY normalised* cash conversion of 105%

* Cash conversion calculated as operating cashflows pre interest and tax divided by normalised EBITDA

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# LUXURY MARKET – EV MARKET

ASG's strategy of partnering with the best luxury brands in the market has the Group well placed for EV market growth

## LUXURY BRANDS

- Luxury EV market has shifted towards traditional brands
- Traditional brands successfully targeting Tesla's market share
- BMW EV product resonating with luxury buyers
  - I4, iX1, iX2, iX3, iX, XM
- Mercedes-Benz, Volvo and Audi all have strong EV and PHEV product rollouts in FY25

## NVES IMPACT

- Traditional Luxury brands well positioned for NVES rollout in FY25
- NVES opens door to increased PHEV volumes in Australia
- Traditional luxury brands have strong PHEV offerings

| BEV SALES 6 MONTHS TO JUNE 2024 | | |
|---|---|---|
| BRAND | 2024 JAN - JUN | UNIT MOVEMENT |
| BMW | 224% | 2,585 |
| BYD | 46% | 2,870 |
| Mercedes-Benz | 37% | 411 |
| BEV total market | 17% | 7,127 |
| Tesla | -10% | (2,461) |
| Volvo | -11% | (257) |
| Polestar | -17% | (197) |
| Audi | -34% | (94) |
| Porsche | -34% | (83) |
| MINI | -71% | (188) |

Source: Drive.com https://www.drive.com.au/news/best-selling-evs-in-australia-first-half-2024/

Represents ASG brand representation

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# ACQUISITION STRATEGY

ASG is focused on growth in prestige and luxury brands via acquisition opportunities

## ACQUISITION CRITERIA

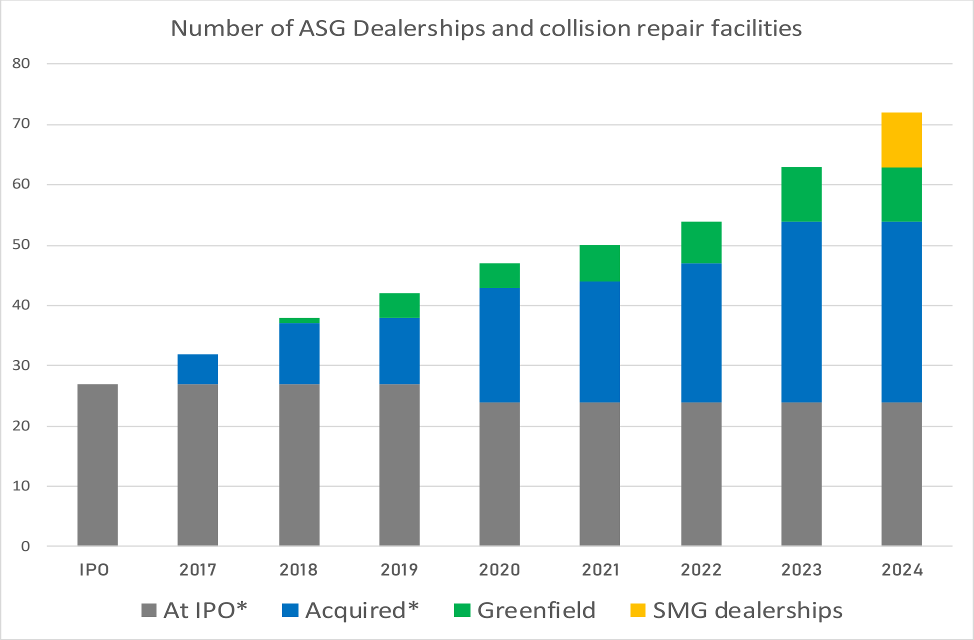
- Dealership anchored with luxury brand/s
- Important Metropolitan locations
- NVES ready brand portfolio
- Meaningful market share opportunity
- Potential for synergies with wider Group

## ACQUISITION MATRIX

- Acquisition multiples between 4 – 6x NPBT plus assets
- Capital allocation delivers strong ROI, ROCE, and EPS accretion
- FY23 acquisitions delivered $272m in revenue growth for ASG
- FY24 delivered $171m in acquisition led revenue growth
- ASG has targeted growth rate of $250m per annum in acquisition led revenue growth

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| BMW | 11 | MINI | 8 | | 6 | BMW MOTORRAD | 3 |
| BENTLEY | 3 | Mercedes-Benz | 3 | VOLVO | 6 | Maserati | 2 |
| LAMBORGHINI | 2 | ALPINA | 3 | JAGUAR | 2 | LAND ROVER | 2 |
| RR | 2 | ASTON MARTIN | 1 | McLaren | 1 | DUCATI | 2 |

Dealership numbers above stated post acquisition of SMG



# STILLWELL MOTOR GROUP (SMG) ACQUISITION

Incorporating Brighton BMW, Mornington BMW, Brighton MINI, Mornington Ducati, Volvo Cars South Yarra, Volvo Cars Doncaster, Volvo Cars Brighton and MG Doncaster

## KEY LUXURY BRANDED DEALERSHIPS

- 2 X BMW/MINI/BMW Motoraad
- 3 x Volvo
- Ducati
- MG

## KEY METROPOLITAN LOCATIONS

- Brighton
- Doncaster
- South Yarra
- Mornington Peninsula

## ACQUISITION IS OF MEANINGFUL SCALE

- Expected to add approximately 13% to ASG annualised revenue
- FY23 $345m in total revenue
- FY23 3,800 vehicles
- ~250 staff FTE

## TRANSACTION DETAILS

- Price of approximately $55m including goodwill and assets
- Funded by a combination of cash and new and existing debt facilities and potential issue of ASG shares
- Expected to be accretive to ASG shareholders
- Expected to settle in October 2024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# AGENDA



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# RESULTS RECAP

REVENUE UP
11.6% to $2.6bn

GROSS PROFIT UP
8.3% to $515m

OP EX
well controlled up 9.5%

EBITDA UP
6.5% and EBIT up 8.3%

NPAT DOWN
7.6% to $61.5m

CORPORATE DEBT
down $16m

# RESULTS RECAP

NPBT IMPACTED BY

- 68.7% increase in interest costs, and
- $6.5m negative variance with PCP on AASB16 calculation

FINAL FULLY FRANKED DIVIDEND

8c per share
(18c per share full year)

OPERATING CASH GENERATED

$119.5m

STILLWELL MOTOR GROUP ACQUISITION

announced ($345m in additional annualised revenue)

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# STRATEGIC OUTLOOK

ASG strategy is to drive growth and shareholder returns

Consolidate the fragmented automotive retail market

Continue to invest in organic growth streams

Develop scale-based synergies to improve operating leverage

Deliver consistent shareholder returns with dividends in the range of 55-70% NPAT

# OUTLOOK 2025FY

- The new vehicle market is expected to remain competitive with consumer incentives and marketing initiatives in place to maintain like for like new vehicle revenue
- Used vehicles, Servicing, Parts and Collision Repair revenue streams are expected to continue to grow on trend with stable margins and costs
- Like for like vehicle inventory levels are expected to reduce as ASG works with its OEM partners to improve stock turn ratios
- The acquisition of Stillwell Motor Group is expected to complete in October 2024 adding approximately $260m in FY25 for the 9 months October 2024 to June 2025
- ASG continues to actively assess further luxury branded acquisition opportunities

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# ABOUT ASG

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

## KEY FACTS

| | |
|---|---|
| HISTORY | ▪ Established 19 years ago by founders and major shareholders, Ian Pagent and Nick Pagent<br>▪ Listed in November 2016 |
| OPERATIONS POST SMG ACQUISITION | ▪ 61 new car dealerships<br>▪ 3 used car outlets<br>▪ 6 motorcycle dealerships<br>▪ 8 specialist prestige vehicle collision repair facilities<br>▪ Strategically located in high growth Sydney, Melbourne, Brisbane, Gold Coast and Auckland |
| # UNITS SOLD (FY2024) | ▪ ~22,000 new cars<br>▪ ~22,000 used cars |
| ASG BRANDS | ▪ Represents 21 luxury and prestige brands |
| EMPLOYEES (June 2024) | ▪ ~1,800 |
| FINANCIAL SCALE (FY2024) | ▪ Revenue >$2.6 billion |
| PERFORMANCE SINCE LISTING | ▪ Dividend per share CAGR 22% 2017FY – 2024FY<br>▪ Earnings per share CAGR 12% 2017FY – 2024FY |

## ASG'S BRANDS POST SMG ACQUISITION

| | | | | | |
|---|---|---|---|---|---|
| BMW | 11 | | 6 | VOLVO | 6 |
| BENTLEY | 3 | JAGUAR | 2 | LAND ROVER | 2 |
| Mercedes-Benz | 3 | mazda | 2 | ASTON MARTIN | 1 |
| LAMBORGHINI | 2 | ALPINA | 3 | McLaren | 1 |
| Maserati | 2 | MINI | 8 | RR | 2 |
| VW | 4 | BMW MOTORRAD | 4 | DUCATI | 2 |
| SUBARU | 1 | KIA | 1 | MG | 1 |

# PROPERTY STRATEGY

ASG's property strategy is set to support our dealership growth strategy

| LOCATION | DATE ACQUIRED |
|---|---|
| Macgregor, QLD | May 2018 |
| Macgregor, QLD – vacant land | Dec 2018 |
| Hornsby, NSW | Sep 2019 |
| Brighton, VIC | Feb 2021 |
| Bundoora, VIC | Nov 2021 |
| Alexandria, NSW | Feb 2022 |
| Fortitude Valley, QLD | Jun 2023 |

## 2024FY CARRYING VALUE

- Historical acquisition cost $203.1m
- Current book value* $191.2m
- Total corporate debt $206.6m

## PROPERTY STRATEGY

- Control strategically important retail sites
- Gradually reduce lease costs
- Property debt provided by OEM financiers
- Property portfolio increases ASG's access to OEM funding

* Property cost less accumulated depreciation and impairment

# TRACK RECORD OF DELIVERING GROWTH AND SHAREHOLDER RETURNS

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

| | 2017FY ** | 2024FY | Movement |
|---|---|---|---|
| **Growth** | | | |
| Revenue $'millions | 1,446.0 | 2,646.9 | ↑ 83% |
| NPBT normalised* $'millions | 38.7 | 96.0 | ↑ 148% |
| Gross margin | 15% | 19.5% | ↑ 28% |
| NPBT normalised* margin | 2.7% | 3.6% | ↑ 34% |
| EBITDA normalised* margin | 3.8% | 6.0% | ↑ 57% |
| **Shareholder returns** | | | |
| EPS (cents) statutory | 6.1 | 30.3 | ↑ 399% |
| DPS (cents) declared | 4.6 | 18.0 | ↑ 291% |

*Normalised NPBT excludes AASB16 adjustments, acquisition and restructure costs, acquisition amortisation and impairment. AASB16 impacts excluded for like for like comparison with historical period as AASB16 came into effect in 2019.

** pro forma 2017FY results

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# AASB16 LEASES IMPACT

| | 2024FY Statutory | | |
|---|---|---|---|
| A$m | Pre AASB16 | AASB16 | After AASB16 |
| Total Revenue | 2,646.9 | | 2,646.9 |
| Gross Profit | 515.0 | | 515.0 |
| Opex | (356.8) | 47.0 | (310.5) |
| EBITDA | 157.5 | 47.0 | 204.5 |
| Depreciation | (16.9) | (38.5) | (55.4) |
| Acquisition amortisation | (4.0) | | (4.0) |
| Impairment of goodwill | | | |
| EBIT | 145.1 | | 145.1 |
| Interest Expense | (45.3) | (11.5) | (56.8) |
| PBT | 91.3 | (3.0) | 88.4 |

| | 2023FY Statutory | | |
|---|---|---|---|
| A$m | Pre AASB16 | AASB16 | After AASB16 |
| Total Revenue | 2,371.4 | | 2,371.4 |
| Gross Profit | 475.6 | | 475.6 |
| Opex | (332.1) | 48.5 | (283.6) |
| EBITDA | 143.5 | 48.5 | 192.0 |
| Depreciation | (13.1) | (35.6) | (48.7) |
| Acquisition amortisation | (3.4) | | (3.4) |
| Impairment of property | (6.0) | | (6.0) |
| EBIT | 121.0 | | 134.0 |
| Interest Expense | (24.3) | (9.4) | (33.7) |
| PBT | 96.8 | 3.5 | 100.3 |

2025FY is estimated to have a negative $2.9m PBT (excluding acquisitions) impact due to AASB16 subject to lease renewals, CPI increases, foreign exchange rate movements, new leases or disposal of leases.

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# QUESTIONS

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DRIVE ENDLESS POSSIBILITIES