



Automotive Holdings Group Limited
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ABN 35 111 470 038

ASX/MEDIA STATEMENT
22 February 2019

AHG REPORTS HALF-YEAR RESULTS AND STRATEGIC REVIEW OF REFRIGERATED LOGISTICS

Key metrics

Note: Prior period figures restated to include Refrigerated Logistics, which had been classified as "Held for Sale" at 31 December 2017.

- Group revenue of \$3.22 billion [\$3.17b pcp]
- Statutory NPAT of (\$225.6 million) [\$40.7m pcp]
- Statutory EPS (68.0 cents) [12.1 cents pcp]
- No interim dividend declared to strengthen balance sheet
- Operating¹ EBITDA of \$93.4 million [\$111.4m pcp]
- Operating¹ EBITDA margin 2.9% [3.5% pcp]
- Operating¹ NPAT of \$24.2 million [\$42.1m pcp*]
- Unusual items and non-cash impairment totalling \$249.8 million

Operating¹ – excludes unusual items

Result

Automotive Holdings Group Limited (ASX: AHG) has announced Operating¹ NPAT for the six months to 31 December 2018 of \$24.2 million. The Company recorded a Statutory loss of \$225.6 million.

Included in the statutory result are unusual items and a non-cash impairment to the carrying value of its Automotive and Refrigerated Logistics businesses, as detailed in an ASX announcement on 15 February 2019 and further explained in the half-year accounts lodged with this announcement.

The Board will not declare a dividend for six months to 31 December 2018 to allow the Company to reinvest in the balance sheet and build long term shareholder value.

AHG managing director John McConnell said the result reflected a tough first half for the Company but also an opportunity to reset with initiatives already taken and proposed.

"Automotive retail across the country is tough and that is reflected in the half-year earnings result. That has obviously impacted the share price and while we are not happy with that, the market conditions also presented an opportunity to take some tough decisions and clean up the Company's balance sheet. That process and the consequential accounting adjustments are very deliberate and focused on simplifying AHG's operations so we are ready and able to capitalise on opportunities," he said.

"There is no doubt that our businesses have been adversely affected by regulatory changes that have impacted our traditional strength in finance and insurance sales, our exposure to lower-growth brands and locations, and the results in the reporting period of some of our non-automotive businesses, however we remain confident in our strategy," said Mr McConnell.

"To manage through the current cycle, we are taking a disciplined approach to address costs across the business, including headcount, the expansion of shared services and the reduction of non-floorplan debt to strengthen the balance sheet and to position the Company for the future," he said.

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As part of the process the Company has taken the decision to close a number of under-performing businesses, which is reflected in the unusual items for the period.

The Company has a near-term target of a further \$23 million in recurring cost reductions for FY2020.

Balance sheet and cash management

"With the uncertainty around the automotive industry outlook and the strategic growth initiatives we have in front of us, AHG has elected to take a prudent approach to its balance sheet. The decision to modify the dividend policy is appropriate in an environment where market conditions continue to be challenged, and we see the emergence of bottom of the cycle opportunities in the auto franchise sector. The Board and management remain focused and vigilant around cash management and reducing the Company's gearing position to allow flexibility in the current conditions," said Mr McConnell.

"Today we announce the temporary suspension of our existing dividend policy of 65% to 75% of operating profit after tax while we move towards our targeted gearing range of 1.5 times to 1.75 times," he said.

"We have a number of initiatives underway that are focused on improving working capital management and inventory management while minimising capital expenditure."

As at 31 December the Company's net debt position (excluding floorplan) is \$284.7 million. A number of significant working capital movements impacted net debt for both reporting periods, and on a normalised basis approximately \$35 million of debt was paid down for the six months ending 31 December.

AHG remains in compliance with all of its banking covenants and is currently in advanced discussions with its banks to refinance components of its debt facility that mature in April 2020.

Strategic Review of Refrigerated Logistics

AHG announces that it has commenced a strategic review of the Company's Refrigerated Logistics business and has appointed UBS and Luminis Partners as joint financial advisers.

The review will consider all options to maximise value for its shareholders.

Mr McConnell said the transformation program of Refrigerated Logistics is well progressed, and now is the right time to consider go-forward options for the business.

"The transformation program undertaken since early FY2017 has established Refrigerated Logistics as a fully integrated service provider in temperature-controlled transport and storage with improved operating efficiency and an enhanced ability to realise the benefits of its market leading position. The strategic review will assess how future growth opportunities can best be unlocked, including through potential changes in ownership, partnerships or mergers", Mr McConnell said.

Outlook

Consistent with the decline in the Automotive market, AHG advises its forecast for full-year Operating¹ NPAT is now in the range of \$52-million to \$56-million (previously \$56 million to \$59 million).

The Refrigerated Logistics division is delivering an improved performance following the recent transformation program and the business has a strong business development pipeline. H2 performance in RL will be a substantial improvement over pcp and that will add to Group earnings momentum.

"In the near term, **easyauto123** is on target to break even by the end of Q4 of FY2019 after a significant investment phase over the past two years. That will improve the H2 result for **easyauto123** and will also add to Group earnings momentum leaving FY19," said Mr McConnell. "We are seeing signs of stabilisation in the new and used car sectors on the east coast of Australia and in New Zealand but we remain cautious about trying to predict the market in the short term," he said.

"We remain the largest new vehicle retailer in Australasia, with a network of strong brands in strategic locations; we are the largest scale player in Australia in integrated temperature-controlled transport and cold storage with a solid pipeline of business development, and we are also well placed to become the market leader in used car sales through our investment in the **easyauto123** business."

Mr McConnell said AHG was best placed to benefit from the inevitable cyclical recovery in the Western Australian market and from manufacturers setting more realistic sales targets across the industry.

"And as the automotive market evolves to accommodate changes in vehicle types such as electric vehicles, and new ways for customers to access transport such as subscription, leasing or improved financing structures, our position ensures we will be a key participant in sales, service and repair of new vehicles. We will also be at the forefront of used car sales and fleet remarketing, and looking to diversify earnings and broaden customer choice through the many adjacent opportunities such as rental and fleet operations and subscription models."

ENDS

About AHG Automotive Holdings Group Limited (ASX: AHG) 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 include AHG Refrigerated Logistics (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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21 February 2019

The Manager

Company Announcements Office

Australian Securities Exchange

Dear Sir / Madam,

APPENDIX 4D – HALF-YEAR REPORT AND DECEMBER 2018 HALF-YEAR RESULTS

In accordance with ASX Listing Rules, the following documents are attached for release to the market:

- Appendix 4D – Half-Year Report; and
- December 2018 Interim Financial Report.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'David Rowland', written in a cursive style.

D ROWLAND

COMPANY SECRETARY

Enc.

Appendix 4D - Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Report for the half-year ended 31 December 2018

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the half-year ended 31 December 2018 (current period) compared with the half-year ended 31 December 2017 (prior period). The financial results of Automotive Holdings Group Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS), whilst the Group's New Zealand controlled entities' local financial statements are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS) and converted to AIFRS on consolidation.

This report is based on financial accounts, which have been reviewed.

Results for Announcement to the Market

		\$A'000's		\$A'000's
Revenues from ordinary activities	Up	52,627	1.7% to	3,217,859
Loss after tax from ordinary activities attributable to members	Down	(266,308)	-654.7% to	(225,634)
Loss after tax from continuing operations attributable to members	Down	(266,308)	-654.7% to	(225,634)

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	nil	nil
Record date for determining entitlement to the interim dividend		n/a

Appendix 4D - Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Commentary on results for the period

Statutory IFRS loss after tax from continuing operations attributable to members for the half-year ended 31 December 2018 was \$225.634 million compared with profit of \$40.674 million in the prior corresponding period. Operating¹ non-IFRS profit after tax from continuing operations attributable to members for the half-year ended 31 December 2018 was \$24.210 million compared with \$42.068 million in the prior corresponding period. Statutory IFRS EPS from continuing operations decreased to a loss of 68.0 cents (2017: 12.3 cents profit) due to the significant impairment and unusual items totalling \$249.844 million booked in 1H FY2019, plus a decrease of \$17.9 million in underlying Operating¹ non-IFRS profit after tax. Refer to note 2 for further details in relation to Operating¹ and Statutory performance and movements on a segment-by-segment basis.

Unusual items in the current half-year totalled \$249.844 million after tax (2017: \$1.394 million). \$223.4 million related to impairment of intangible assets associated with AHG's Automotive Retail operations (\$144.6 million) and Refrigerated Logistics (RL) operations (\$78.8 million). \$18.9 million of restructure and/or discontinued costs included trading losses on operations closed or committed for closure and/or restructuring, PPE impairments and onerous lease provisions associated with these operations, and provision for expected current asset write-downs and/or for closure costs. \$10.2 million other impairments included IT and software assets and other current assets arising from Value-in-Use recovery assessments. Finally, an unusual items credit of \$2.6 million comprised \$3.0 million profit from sale of properties (refer Note 12, FY2018 Annual Report) offset by \$0.4 million residual fees in relation to RL sale to HNA that did not proceed.

The Automotive division delivered a Statutory IFRS loss before tax of \$131.769 million on \$2.785 billion of revenue compared with a prior half-year Statutory IFRS profit before tax of \$61.372 million on \$2.737 billion of revenue. This represents a 314.7% decrease in statutory IFRS profit before tax (net of significant impairment expense) and 1.8% increase in revenue. Operating¹ non-IFRS profit before tax was \$33.812 million compared with prior half-year \$62.478 million, a decrease of 45.9%.

The Refrigerated Logistics division delivered a Statutory IFRS loss before tax of \$84.762 million on \$297.725 million of revenue compared with a prior half-year Statutory IFRS profit before tax of \$1.171 million on \$291.304 million of revenue. This represents a significant decrease in Statutory IFRS profit before tax and a 2.2% increase in revenue. The reduction in earnings was due to the impairment expenses recognised in 1H FY2019. Operating¹ non-IFRS profit before tax was \$3.050 million compared with prior half-year \$1.952 million, an increase of 56.3%.

The Other Logistics division delivered a Statutory IFRS loss before tax of \$15.672 million on \$134.755 million of revenue compared with a prior half-year Statutory IFRS profit before tax of \$2.186 million on \$137.090 million of revenue. This represents a significant decrease in Statutory IFRS profit before tax and a 1.7% decrease in revenue. The reduction in earnings was due to the impairment expenses recognised in 1H FY2019. Operating¹ non-IFRS loss before tax was \$0.581 million compared with prior half-year profit before tax of \$2.292 million, a decrease of 125.3%.

The Property division delivered a Statutory IFRS profit before tax of \$2.693 million compared with a prior half-year Statutory IFRS loss before tax of \$2.764 million. During 1H FY2019, AHG sold its remaining direct property interests (refer Note 12 FY2018 Annual Report).

Net tangible asset backing per ordinary share decreased to 60.9 cents at 31 December 2018 from 71.6 cents at 31 December 2017.

¹ Operating non-IFRS profit excludes costs and fees in relation to integration, acquisition and disposal-related activities, profit/loss on sale and/or restructures/closures of assets and operations, and impairment of assets, refer to note 1 for details.

Appendix 4D - Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

NTA Backing

	Dec 2018 Cents	Jun 2018 Cents
Net tangible asset backing per ordinary security	<u>60.9</u>	<u>71.6</u>

Dividends Paid and Proposed

	Date paid / payable	Amount per security (fully franked at 30%)
Declared and paid during the period ended June 2018		
Final franked dividend for 2017	06/10/17	9.5 cents
Interim franked dividend for 2018	04/04/18	9.5 cents
Declared and paid during the period ended December 2018		
Final franked dividend for 2018	09/10/18	6.8 cents

Equity Accounted Joint Venture Entity

	% Holding	
	Dec 2018	Dec 2017
Vehicle Parts (WA) Pty Ltd	<u>50%</u>	<u>50%</u>

Contribution to net profit attributable to members was immaterial for current and prior periods.



AUTOMOTIVE HOLDINGS GROUP

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

AUTOMOTIVE HOLDINGS GROUP LIMITED

ABN 35 111 470 038

This interim financial report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly this document is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and any public announcements made by Automotive Holdings Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

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Directors' report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

Your directors present their report on the consolidated entity consisting of Automotive Holdings Group Limited (AHG) and entities it controlled (the Group) at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Automotive Holdings Group Limited during the half-year and up to the date of this report:

Howard Critchley	Non Executive Director
Greg Duncan	Non Executive Director
Giovanni (John) Groppoli	Non Executive Director
Andrea Hall	Non Executive Director
John McConnell	Managing Director
Jane McKellar	Non Executive Director
David Blackhall	Non Executive Director (appointed on 21 February 2019)

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Directors' report (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated Revenue and Results (Continuing Operations)

Key Financial Data	Statutory IFRS Result Dec 2018	Unusual items	Operating ¹ Result Dec 2018 (excluding Unusual items)	Operating ¹ Result Dec 2017 (excluding Unusual items)	Operating Variance
For the half-year ending 31 December					
Continuing Operations	\$'000	\$'000	\$'000	\$'000	%
Total revenue	3,217,859	-	3,217,859	3,165,232	1.7%
EBITDA	(170,740)	(264,189)	93,449	111,442	(16.1%)
EBITDA margin %	(5.3%)		2.9%	3.5%	(17.1%)
Depreciation & amortisation	(33,073)	-	(33,073)	(26,114)	(26.6%)
EBIT	(203,813)	(264,189)	60,376	85,328	(29.2%)
Interest (net)	(25,697)	-	(25,697)	(21,371)	(20.2%)
Profit/ (loss) before tax	(229,510)	(264,189)	34,679	63,957	(45.8%)
Tax benefit/ (expense)	5,570	14,345	(8,775)	(18,919)	53.6%
Profit/ (loss) after tax	(223,940)	(249,844)	25,904	45,038	(42.5%)
Non-controlling interests	(1,694)		(1,694)	(2,970)	43.0%
Profit/ (loss) after tax attributable to shareholders	(225,634)	(249,844)	24,210	42,068	(42.5%)
Basic EPS (cents per share)	-68.0		7.3	12.7	(42.5%)

¹ Operating non-IFRS profit excludes costs and fees in relation to integration, acquisition and disposal-related activities, profit/loss on sale and/or restructures/closures of assets and operations, and impairment of assets, refer to note 1 for details.

Dividends

The directors have declared the payment of an interim dividend of nil cents per fully paid share (2017: 9.5 cents). Refer to note 7 for further information.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been received and follows the directors' report.

Rounding of Amounts

The company is of a kind referred to Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "Rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.



John McConnell
Managing Director, Perth
21 February 2019



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUTOMOTIVE HOLDINGS GROUP LIMITED

As lead auditor for the review of Automotive Holdings Group Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Automotive Holdings Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Phillip Murdoch', with a long horizontal flourish extending to the right.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 21 February 2019

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Half - Year	
		2018 \$'000	2017 \$'000
Continuing operations			
Revenue from continuing operations		3,217,859	3,165,232
Profit on sale of assets and investments		3,920	-
Raw materials and inventory expense		(2,488,827)	(2,422,035)
Employee benefits expense		(407,360)	(386,711)
Depreciation and amortisation expense		(33,073)	(26,114)
Finance costs		(26,927)	(23,074)
Advertising and promotion		(23,650)	(20,840)
Occupancy costs		(100,671)	(95,709)
Vehicle preparation and service		(26,655)	(25,517)
Supplies and outside services		(23,157)	(34,780)
Motor vehicle expense		(8,328)	(6,935)
Equipment rental		(8,903)	(10,720)
Professional services		(4,123)	(3,723)
Other expenses		(65,193)	(45,580)
Loss on sale of assets and investments			(1,701)
Impairment of non-current assets	11	(234,636)	-
Share of profit of joint venture		214	172
Profit/ (loss) before income tax		(229,510)	61,965
Income tax benefit/ (expense)		5,570	(18,321)
Profit/ (loss) for the half-year from continuing operations		(223,940)	43,644
Profit/ (loss) attributable to:			
Owners of Automotive Holdings Group Limited		(225,634)	40,674
Non-controlling interests		1,694	2,970
		(223,940)	43,644
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Unrealised changes in the fair value of cash flow hedges		720	282
Gain/ (loss) on translation of foreign operations		1,225	(912)
Total comprehensive income/ (loss) for the half-year (net of tax)		(221,995)	43,014
Total comprehensive income/ (loss) attributable to:			
Owners of Automotive Holdings Group Limited		(223,689)	40,044
Non-controlling interests		1,694	2,970
		(221,995)	43,014
Earnings/ (loss) per share for profit/ (loss) from continuing operations attributable to the owners of Automotive Holdings Group Limited			
Basic earnings/ (loss) per share (cents)	8	(68.0)	12.3
Diluted earnings/ (loss) per share (cents)	8	(68.0)	12.3

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		31 Dec 2018	30 Jun 2018
		\$'000	\$'000
Notes			
	Current assets		
	Cash and cash equivalents	64,576	73,046
	Trade and other receivables	349,114	416,570
	Inventories	1,128,976	1,110,746
	Other current assets	34,381	26,331
	Assets classified as held for sale	2,601	18,650
	Total current assets	1,579,648	1,645,343
	Non current assets		
	Investments accounted for using the equity method	1,139	1,127
	Financial assets at fair value through profit or loss	7,228	7,228
	Property, plant and equipment	397,098	376,524
	Intangible assets	323,156	539,168
	Deferred tax assets	77,054	68,701
	Total non current assets	805,675	992,748
	Total assets	2,385,323	2,638,091
	Current liabilities		
	Trade and other payables	365,709	379,501
	Interest-bearing loans and borrowings	1,019,531	1,028,661
	Income tax payable	(3,890)	8,013
	Provisions	101,375	87,032
	Total current liabilities	1,482,725	1,503,207
	Non current liabilities		
	Interest-bearing loans and borrowings	309,685	317,439
	Deferred tax liabilities	10,165	11,778
	Provisions	57,490	29,153
	Total non current liabilities	377,340	358,370
	Total liabilities	1,860,065	1,861,577
	Net assets	525,258	776,514
	Equity		
	Contributed equity	653,134	653,134
	Reserves	6,392	4,090
	Retained earnings/ (losses)	(150,881)	99,279
	Capital and reserves attributable to the owners of Automotive Holdings Group Limited	508,645	756,503
	Non-controlling interests	16,613	20,011
	Total equity	525,258	776,514

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated	Attributable to owners of Automotive Holdings Group Limited						
	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings/ (losses) \$'000	Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
At 1 July 2018 (restated refer to note 1)		653,134	4,090	97,303	754,527	20,011	774,538
Profit / (loss) for the year (after tax)		-	-	(225,634)	(225,634)	1,694	(223,940)
Changes in fair value of cash flow hedges		-	1,028	-	1,028	-	1,028
Gain on translation of foreign operations		-	1,225	-	1,225	-	1,225
Income tax relating to components of other comprehensive income/ (loss)		-	(308)	-	(308)	-	(308)
Total comprehensive income/ (loss) for the half-year		-	1,945	(225,634)	(223,689)	1,694	(221,995)
Transactions with owners in their capacity as equity holders:							
Acquisition of controlled entities		-	-	-	-	(166)	(166)
Dividends provided for or paid	7	-	-	(22,550)	(22,550)	(4,926)	(27,476)
Employee share scheme		-	357	-	357	-	357
		-	357	(22,550)	(22,193)	(5,092)	(27,285)
At 31 December 2018		653,134	6,392	(150,881)	508,645	16,613	525,258
At 1 July 2017		653,134	2,997	131,298	787,429	14,914	802,343
Profit for the year (after tax)		-	-	40,674	40,674	2,970	43,644
Changes in fair value of cash flow hedges		-	403	-	403	-	403
Loss on translation of foreign operations		-	(912)	-	(912)	-	(912)
Income tax relating to components of other comprehensive income		-	(121)	-	(121)	-	(121)
Total comprehensive income for the half-year		-	(630)	40,674	40,044	2,970	43,014
Transactions with owners in their capacity as equity holders:							
Acquisition of controlled entities		-	-	-	-	221	221
Disposal to non-controlling interest holder		-	260	-	260	4,708	4,968
Subsidiary capital reorganisation		-	1,650	(1,650)	-	-	-
Dividends provided for or paid	7	-	-	(31,504)	(31,504)	(108)	(31,612)
Employee share scheme		-	(180)	-	(180)	-	(180)
		-	1,730	(33,154)	(31,424)	4,821	(26,603)
At 31 December 2017		653,134	4,097	138,818	796,049	22,705	818,754

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Half - Year	
		2018 \$'000	2017 \$'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		3,597,990	3,494,050
Payments to suppliers and employees (inclusive of GST)		(3,529,840)	(3,465,218)
Interest paid and costs of finance		(26,871)	(23,074)
Interest received		1,173	1,703
Income tax paid		(15,450)	(17,338)
Net cash inflow/ (outflow) from operating activities	3	27,002	(9,877)
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired		-	(12,340)
Payment for step acquisition of controlled entity		(166)	-
Payment for property plant and equipment		(22,186)	(35,917)
Proceeds of sale of property, plant and equipment		29,054	7,578
Proceeds of sale of investments		-	4,708
Net cash inflow/ (outflow) from investing activities		6,702	(35,971)
Cash flows from financing activities			
Net (repayments of)/ proceeds from borrowings		(14,698)	21,278
Dividends paid to members	7	(22,550)	(31,504)
Dividends paid to non-controlling interest		(4,926)	(109)
Net cash outflow from financing activities		(42,174)	(10,335)
Net decrease in cash and cash equivalents		(8,470)	(56,183)
Cash and cash equivalents at the beginning of the half-year		73,046	95,035
Cash and cash equivalents at the end of the half-year	3	64,576	38,852

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Non-cash financing and investing activities

During the half-year the consolidated entity acquired plant and equipment with a fair value of \$8,385,000 (2017: \$14,378,000) by means of finance lease and hire purchase (excluding those assumed in acquisitions - refer note 4). These acquisitions are not reflected in the statement of cash flows.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Basis of preparation of half-year report

The general purpose financial report for the half-year ended 31 December 2018 has been prepared in accordance with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. The prior period profit or loss for the period 31 December 2017 has been updated to reflect Refrigerated Logistics segment under the continuing operations.

This interim financial report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly, this document is to be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcement made by Automotive Holdings Group Limited during the interim reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and prior corresponding interim reporting period, except for those affected by the adoption of the new accounting standards as disclosed below:

(a) New accounting standards and interpretations adopted from 1 July 2018

The Group has applied the following standards and amendments for the first time for the reporting period commencing 1 July 2018:

AASB 9 Financial Instruments

DESCRIPTION:

This new standard replaces AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities. This standard amends the classification and measurement of the financial assets. It introduces an "expected credit loss" model rather than "incurred loss" model for impairment of the financial assets. Lastly, the standard changes requirements for hedge accounting to more closely align hedge accounting with risk management.

IMPACT TO THE GROUP:

Re-classification of available-for-sale financial assets to financial assets at fair value through profit or loss (FVTPL):

At 30 June 2018, the Group had shares and units in unlisted entities classified as available-for-sale (AFS) financial assets of \$7,228,000. On 1 July 2018, these financial assets have been reclassified into the financial assets at fair value through profit or loss category. On adoption of AASB 9, any cumulative fair value changes in the available-for-sale reserve are required to be reclassified into retained earnings and subsequent fair value changes have been recognised in profit or loss. There were no cumulative fair value changes in Group's available-for-sale financial assets in other comprehensive income (OCI) as at 1 July 2018, and therefore no re-classification required from OCI to opening retained earnings.

Trade receivables - impairment:

The Group has trade receivables to which it has applied the expected credit loss model of AASB 9 at 1 July 2018, being the date of transition, which has resulted in an impairment loss of \$1,500,000 from the refrigerated logistics receivables being recognised as a transitional adjustment to opening retained earnings and a reduction in the trade receivables balance. Under the impairment approach in AASB 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Upon adoption of AASB 9, the Group has elected to apply the simplified approach to measure expected credit losses, which uses the lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Hedge accounting:

On initial application of AASB 9, the Group may choose, as its accounting policy, to continue to apply the hedge accounting requirements of AASB 139 instead of the hedge accounting requirements of AASB 9. The Group has elected to apply AASB 9 hedge accounting requirements because they are more closely aligned with the way that the Group manages its risks.

The Group applies hedge accounting to:

- The Group's interest rate swaps that are used to hedge interest rate risk; and
- The transactional currency exposures on purchases in a currency other than the operating unit's functional currency.

An assessment of the Group's hedging relationships under AASB 9 has been performed and it has been determined that the relationships qualify as continuing hedging relationships under the new standard and therefore the application of AASB 9 has not had a material impact on the Group's hedge accounting in the consolidated financial statements.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Basis of preparation of half-year report (continued)

REVISED ACCOUNTING POLICY:

Investments and Other Financial Assets

Classification

The Group classifies its investments or other financial assets in the following categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the purpose for which the investments or other financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

AASB 15 Revenue from contracts with customers

DESCRIPTION:

This new standard replaces all existing revenue requirements, with the core principle being that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under AASB 15 revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer and excludes amounts collected on behalf of third parties.

The standard introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) each performance obligation is satisfied

IMPACT OF ADOPTION:

The Group applied AASB 15 for the first time in the current period, after a detailed review of its revenue contracts. The following areas have been identified as being impacted by the adoption of the new standard:

Sale of extended warranties:

AHG sells a number of extended warranty products to customers, which provide additional warranty services over and above the manufacture warranty period. With some of these products, AHG acts as the principal in the supply of the warranty services. While with others, AHG acts as the agent to arrange a third party to supply the warranty service.

Prior to adoption of AASB 15:

The revenue from the sale of the extended warranty was considered as part of the vehicle sale, which is recognised in full at the time of the vehicle sale. A provision is recognised at the same time for any estimated cost for fulfilling the warranty services in the future.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Basis of preparation of half-year report (continued)

Under AASB 15:

Where the Group acts as a principle, a portion of the revenue will be allocated to the extended warranty obligation and deferred to the statement of financial position. The revenue will subsequently be recognised over time along with the costs incurred in fulfilling any warranty obligation. The impact from recognising extended warranty over time is not material to the Group.

Where the Group acts as an agent, the portion of the revenue from sale of the extended warranty will be reduced to the net amount retained after any costs paid to the third party service provider. The effect of reducing the warranty portion of the revenue to the net amount is not material.

Buyback transactions:

AHG sells a number of vehicles to various wholesale customers, which are subject to buyback obligations. Given the nature of these customers' business and the buyback prices offered, it is highly likely that customers would exercise their right to return the vehicles.

Prior to adoption of AASB 15:

The revenue and profit from the sale of vehicles under buyback arrangements is recognised in full at the time of the initial vehicle sale.

Under AASB 15:

AHG will account for these buyback arrangements as leases, as the Group retains price risk in relation to these vehicles and it has been determined that control of the asset has not passed to the customer in accordance with the requirements of AASB 15. Income and profits will be earned on these contracts over the lease term rather than recognised as a sale at the time that the fleet customer takes possession of the vehicle. Vehicles are recognised as fixed assets until the end of the buyback period, and then transfers to inventory. Upon the sale of the returned vehicles after the buyback period, the revenue will be recognised. The impact from treating buyback transactions as leases has resulted in a transitional impact on adoption of AASB 15.

REVISED ACCOUNTING POLICY:

Revenue is recognised when control of the promised goods or services are transferred to customers in amount that reflects consideration to which the Group expects to be entitled in exchange for those goods or services. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods which includes motor vehicles and parts is recognised when the performance obligation to transfer a promised good to the customer is satisfied, which is upon the delivery of goods to the customer.

Sale of goods with buyback obligations

When the Group has an obligation to repurchase the good and the customer has significant economic incentive to exercise its right, the sales agreement shall be accounted for as a lease. If the customer does not have a significant economic incentive to exercise its right, the Group shall account for the agreement as if it were the sale of a product with a right of return.

Rendering of services

Revenue from services is recognised as the services are provided to customers and control has passed to the customer.

FINANCIAL IMPACT OF TRANSITION TO AASB 9 AND AASB 15 AS AT THE DATE OF TRANSITION, 1 JULY 2018

The Group took the modified transitional approach to implementation of AASB 9 and AASB 15 where transitional adjustments have been recognised in retained earnings at 1 July 2018 without adjustment of comparatives and the new standard has been applied to contracts that remain in force at that date.

The impacts on the opening financial position are:

	As originally stated	Arising from AASB 9	Arising from AASB 15	Restated balances
	\$'000	\$'000	\$'000	\$'000
Assets				
Trade and other receivables	416,570	(1,500)	-	415,070
Property, plant and equipment	376,524	-	41,618	418,142
Deferred tax assets	68,701	450	401	69,552
Liabilities				
Current provisions (contract liability)	(87,032)	-	(14,315)	(101,347)
Non-current provisions (contract liability)	(29,153)	-	(28,630)	(57,783)
Equity				
Retained Earnings/ (losses)	99,279	(1,050)	(926)	97,303

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Basis of preparation of half-year report (continued)

The above financial position reflect the impact of the following adjustments:

- Applying the 'expected credit loss' model of AASB 9 has resulted in an accounts receivable impairment charge, decreasing trade receivables and opening retained earnings of \$1,050,000 (net of tax effect).
- Treating buyback transactions as leases has resulted in the recognition of fixed assets, contract liabilities and a net reduction in opening retained earnings by \$926,000 (net of tax effect).

FINANCIAL IMPACT OF TRANSITION TO AASB 9 AND AASB 15 AS AT HALF-YEAR ENDED 31 DECEMBER 2018:

The Group's comparative financial information has not been restated. The impact on the current half-year financial report of adoption of AASB 9 and AASB 15 is as follows:

	31 Dec 2018 \$'000
Revenue	20,877
Cost of sales	(20,379)
Other revenue	(6,662)
Depreciation	5,985
Income tax expense	54
Net profit	(125)

The impact on assets and liabilities and equity as at 31 December 2018 if AASB 9 and AASB 15 had not been adopted is:

	Before adoption impact	Arising from AASB 9	Arising from AASB 15	Reported balances
	\$'000	\$'000	\$'000	\$'000
Assets				
Trade and other receivables	350,614	(1,500)	-	349,114
Property, plant and equipment	351,114	-	45,984	397,098
Deferred tax assets	76,259	450	345	77,054
Liabilities				
Current provisions (contract liability)	(85,664)	-	(15,711)	(101,375)
Non-current provisions (contract liability)	(26,068)	-	(31,422)	(57,490)
Equity				
Retained Earnings/ (losses)	(149,026)	(1,050)	(805)	(150,881)

(b) Impact of standards issued but not yet applied:

AASB 16 Leases

AASB 16 requires the lessee to recognise assets and liabilities for all leases with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet including where the underlying asset is of low value or the lease term is 12 months or less. This standard is effective for the Group as at 1 July 2019.

It is expected to be the most significant new accounting standards for the Group in terms of impact on the financial statements. This is primarily due to the significant number of property-related operating leases the Group will have at the date of initial application of the new standard. As at 30 June 2018, the Group has non-cancellable operating lease commitments of \$1.37 billion. The lease commitments as at 31 December 2018 is expected not to be materially different from FY2018, given the Group's existing leasing portfolio.

AHG has continued to progress impact studies relating to the initial application of the standard. Further updates will be provided in AHG's 30 June 2019 Annual Report.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Basis of preparation of half-year report (continued)

(c) Significant accounting judgments, estimates and assumptions:

Assets and liabilities held for sales

AHG and its wholly owned subsidiary, Northwest (WA) Pty Ltd, entered into a business sale agreement on 8 October 2018. The disposal is conditional upon obtaining a third party consent, which is expected to be prior to 30 June 2019. As at 31 December 2018, the entity's remaining Property, Plant and Equipment are considered as held for sale. These assets are recognised at the lower of their carrying value and fair value less cost of sales.

As at 30 June 2018, the Group disclosed two blocks of land as held for sale. During HY2019 the land was disposed with agreed considerations of \$23,132,000.

Impairment

Refer to note 11 for detail.

The Group makes other significant judgements, estimates and assumptions that affect the reported amounts. They are consistent with those disclosed in the annual report as at 30 June 2018.

(d) Reconciliation of Statutory IFRS profit/ (loss) to Operating Non-IFRS profit:

	Half-year	
	2018 \$'000	2017 \$'000
Statutory IFRS Profit/ (loss) (net of tax) attributable to members	(225,634)	40,674
<u>Unusual items</u>		
Add-back:		
- Impairment of non-current assets - plant and equipment, goodwill and franchise rights - Automotive Retail	147,609	-
- Impairment of non-current assets - plant and equipment and goodwill - Refrigerated Logistics	78,762	-
- Costs relating to restructure of operations and discontinued operations, including trading losses, impairment of current and non-current assets and onerous lease provisions ¹	27,013	943
- Impairment of other current and non-current assets - Receivables and IT	14,584	-
- Net costs relating to integration, acquisition and divestment activities, including sale of properties	(3,779)	1,051
Income tax benefits arising from unusual item ²	(14,345)	(600)
Operating Non-IFRS Profit (net of tax) attributable to members	24,210	42,068

¹ Costs relating to restructure of operations and discontinued operations are classified through the appropriate Profit and Loss line items. Costs relating to onerous leases have been classified as other expenses.

² Impairment of intangible assets are non-deductible for tax purposes.

Refer to Commentary to 4D in Directors' Report for further details.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

2. Operating segments

The Board has determined that AHG's continuing operating segments be divided between a single reportable automotive retail segment, two reportable logistics segment comprising of AHG's refrigerated logistics and the balance of other logistical operations, as well as a property segment. All segments operate within the geographical area of Australia and New Zealand. Operations in Australia and New Zealand are classified and managed as one geographical area, and therefore geographic disclosures have not been included.

Automotive Retail

The automotive retail segment has 179 franchises at 114 dealership locations operating in Australia and New Zealand.

AHG's automotive operations exhibit similar economic characteristics. They have similar product offerings and a consistency of customer base. The generic characteristics of these businesses allow AHG to consistently measure operating performance within this segment.

Refrigerated Logistics

The refrigerated logistics operations segment comprises AHG's cold storage and transport operations.

Other Logistics

The other logistics operations segment comprises AHG's automotive parts warehousing and distribution businesses, motorcycle distribution, bus and truck distribution and vehicle storage and engineering.

Property

The property segment comprises AHG's direct property interests in land and buildings. During the half-year ended 31 December 2018, the land and buildings were disposed.

Sales between segments are eliminated on consolidation, as noted in the tables below. There is no significant reliance on any individual major customers within the segment revenues.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

2. Operating segments (continued)

	Segment Reporting		Logistics						Total	
	Automotive Retail		Refrigerated Logistics		Other Logistics		Property		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Gross revenue	3,106,326	3,067,617	298,320	317,473	145,931	157,505	217	232	3,550,794	3,542,827
Less: intercompany sales	(322,274)	(332,692)	(598)	(26,172)	(11,235)	(20,434)	-	-	(334,107)	(379,298)
Segment revenue	2,784,052	2,734,925	297,722	291,301	134,696	137,071	217	232	3,216,687	3,163,529
Interest earned	1,110	1,681	3	3	59	19	-	-	1,172	1,703
Total revenue	2,785,162	2,736,606	297,725	291,304	134,755	137,090	217	232	3,217,859	3,165,232
EBITDA	(97,723)	85,053	(64,651)	21,822	(11,994)	3,681	3,628	(1,108)	(170,740)	109,448
Depreciation and amortisation	(16,586)	(10,422)	(15,135)	(14,312)	(1,352)	(1,380)	-	-	(33,073)	(26,114)
EBIT	(114,309)	74,631	(79,786)	7,510	(13,346)	2,301	3,628	(1,108)	(203,813)	83,334
Interest expense (net)	(17,460)	(13,259)	(4,976)	(6,339)	(2,326)	(115)	(935)	(1,656)	(25,697)	(21,369)
Profit/ (loss) before tax for the half-year									(229,510)	61,965
Income tax benefit/ (expense)									5,570	(18,321)
Reportable segment profit/ (loss) after tax for the half-year									(223,940)	43,644
<i>Detailed Segment Trading Analysis:</i>										
Total revenue	2,785,162	2,736,606	297,725	291,304	134,755	137,090	217	232	3,217,859	3,165,232
EBITDA before unusual items (non-IFRS)	67,858	86,158	23,161	22,604	3,097	3,788	(667)	(1,108)	93,449	111,442
EBIT before unusual items (non-IFRS)	51,272	75,736	8,026	8,292	1,745	2,408	(667)	(1,108)	60,376	85,328
Non-IFRS Segment result before unusual items	33,812	62,478	3,050	1,952	(581)	2,292	(1,602)	(2,764)	34,679	63,958
Unusual items*	(165,581)	(1,106)	(87,812)	(781)	(15,091)	(106)	4,295	-	(264,189)	(1,993)
Reportable segment result after unusual items	(131,769)	61,372	(84,762)	1,171	(15,672)	2,186	2,693	(2,764)	(229,510)	61,965
Segment assets	1,851,669	1,826,781	354,731	454,432	178,923	145,238	-	18,306	2,385,323	2,444,757
Total consolidated assets	1,209,911	1,245,166	475,887	209,829	174,267	128,502	-	42,506	1,860,065	1,626,003
Segment liabilities										
Total consolidated liabilities									1,860,065	1,626,003
Acquisition of property, plant, equipment and intangibles	21,727	14,967	5,802	25,756	1,091	1,824	-	-	28,620	42,547

*Unusual items - refer to note 1 for details

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

3. Cash and cash equivalents

Consolidated	
31 Dec 2018	30 Jun 2018
\$'000	\$'000
Cash at bank and on hand	72,536
Deposits at call	510
64,066	73,046

Reconciliation to Statement of Cash Flows:

Half - Year	
2018	2017
\$'000	\$'000
Profit/ (loss) for the period after tax	43,644
(223,940)	
<i>Non operating activity cash flow in profit or loss</i>	
- Loss/ (profit) on sale of assets	(293)
(3,920)	
<i>Non cash flow in profit or loss</i>	
- Depreciation	19,491
- Amortisation	6,623
- Impairment of current and non-current assets, and onerous leases	-
255,507	
<i>Changes in operating assets and liabilities</i>	
Decrease in trade receivables	14,267
64,030	
(Increase) in inventories (including floorplan)	(25,912)
(32,821)	
(Increase) / decrease in other current assets	27
(12)	
(Increase) in prepayments	(8,186)
(8,045)	
(Increase) / decrease in deferred tax assets	990
(7,504)	
(Decrease) / increase in current tax payable	2,456
(11,903)	
(Decrease) in trade creditors	(50,216)
(19,019)	
Increase / (decrease) in accruals	(9,669)
7,435	
Increase / (decrease) in employee entitlements	(1,649)
109	
(Decrease) / increase in other provisions	1,013
(24,377)	
(Decrease) in deferred tax liabilities	(2,463)
(1,611)	
Net cash inflow/ (outflow) from operating activities	(9,877)

Cash at bank and on hand
 Deposits at call

Profit/ (loss) for the period after tax

Non operating activity cash flow in profit or loss

- Loss/ (profit) on sale of assets

Non cash flow in profit or loss

- Depreciation

- Amortisation

- Impairment of current and non-current assets, and onerous leases

Changes in operating assets and liabilities

Decrease in trade receivables

(Increase) in inventories (including floorplan)

(Increase) / decrease in other current assets

(Increase) in prepayments

(Increase) / decrease in deferred tax assets

(Decrease) / increase in current tax payable

(Decrease) in trade creditors

Increase / (decrease) in accruals

Increase / (decrease) in employee entitlements

(Decrease) / increase in other provisions

(Decrease) in deferred tax liabilities

Net cash inflow/ (outflow) from operating activities

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

4. Property, plant and equipment

	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improvements	Assets under construction	Total
Consolidated December 2018						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost	12	454,412	62,404	131,535	16,722	665,085
Accumulated depreciation	(12)	(204,339)	(19,249)	(44,387)	-	(267,987)
Carrying amount at 31 December 2018	-	250,073	43,155	87,148	16,722	397,098
Carrying amount at 1 July 2018 (restated, refer Note 1)	9	245,951	39,288	100,297	32,597	418,142
Translation adjustment	-	122	-	126	41	289
Additions *	-	26,699	8,386	1,619	2,385	39,089
Impairment	-	(3,059)	-	(10,607)	(4,599)	(18,265)
Disposals	(19)	(6,100)	-	(366)	-	(6,485)
Transfers	19	13,972	(565)	276	(13,702)	-
Asset classified as held for sale	-	(1,715)	(886)	-	-	(2,601)
Depreciation / amortisation	(9)	(25,797)	(3,068)	(4,197)	-	(33,071)
Carrying amount at 31 December 2018	-	250,073	43,155	87,148	16,722	397,098

*Includes non-cash additions of \$10.3 million relating to buyback arrangements recognised under AASB 15, refer to note 1.

Refer to note 11 for details on impairment.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

5. Intangible assets

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2018			
Carrying amount at 1 July 2018	233,738	305,430	539,168
Impairment charges	(147,050)	(69,322)	(216,372)
Translation adjustment	122	238	360
Carrying amount at 31 December 2018	86,810	236,346	323,156
Consolidated 2017			
Carrying amount at 1 July 2017	222,565	290,605	513,170
Additions	7,015	6,787	13,802
Carrying amount at 31 December 2017	229,580	297,392	526,972

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2018			
Franchised automotive	68,211	213,588	281,799
Trucks	7,023	12,815	19,838
Used	3,636	-	3,636
Finance	885	-	885
Refrigerated logistics	-	-	-
Other logistics	7,055	9,943	16,998
Carrying amount at 31 December 2018	86,810	236,346	323,156
Consolidated 2017			
Franchised automotive	128,737	274,634	403,371
Trucks	7,023	12,815	19,838
Used	3,636	-	3,636
Finance	4,367	-	4,367
Refrigerated logistics	78,762	-	78,762
Other logistics	7,055	9,943	16,998
Carrying amount at 31 December 2017	229,580	297,392	526,972

There are no intangible assets associated with the property segment.

Refer to note 11 for details on impairment.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

6. Contributed equity

	Ordinary Shares	
	Shares	\$'000
Contributed equity at 1 July 2018	331,623,014	653,134
Contributed equity at 31 December 2018	331,623,014	653,134
Contributed equity at 1 July 2017	331,623,014	653,134
Contributed equity at 31 December 2017	331,623,014	653,134

7. Dividends

DECLARED AND PAID

	2018	2017
	\$'000	\$'000
Dividends on ordinary shares:		
Final dividend for the year ended 30 June 2018 of 6.8 cents per fully paid share (2017: 9.5 cents) paid on 9 October 2018 (2017: 6 October 2017)	22,550	31,504
Interim dividend for the half-year ended 31 December 2018 of nil per fully paid share (2017: 9.5 cents, paid on 4 April 2018)	-	31,504
	22,550	63,008

8. Earnings/ (loss) per share

BASIC EARNINGS/ (LOSS) PER SHARE

	Half - Year	
	2018	2017
	cents	cents
IFRS Earnings/ (loss) per share for profit/ (loss) attributable to the owners of the Company:		
Basic earnings/ (loss) per share	(68.0)	12.3
Non-IFRS Earnings/ (loss) per share for profit/ (loss) before unusual items* attributable to the owners of the Company:		
Basic Earnings/ (loss) per share	7.3	12.7

RECONCILIATION OF EARNINGS/ (LOSS) USED IN CALCULATING EARNINGS/ (LOSS) PER SHARE

	2018	2017
	\$'000	\$'000
Basic Earnings/ (loss) Per Share		
Profit/ (loss) attributable to the owners of the Company in calculating basic earnings per share	(225,634)	40,674
Loss attributable to the owners of the Company from unusual items*	249,844	1,394
Non-IFRS profit/ (loss) attributable to the owners of the Company before unusual items*	24,210	42,068

*Unusual items: costs and fees in relation to integration, acquisition and disposal-related activities, profit/loss on sale and/or restructures/closures of assets and operations, and impairment of assets, refer to note 1 for details.

The Group has no instruments that have a dilutive effect on earnings per share.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

9. Fair value measurement of financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis.

a) Financial Assets and Financial Liabilities at Fair Value through Profit or Loss that are measured at fair value on a recurring basis

As of 31 December 2018, AHG's Financial Assets at Fair Value through Profit or Loss included two level 3 investments, being an unlisted equity investment in DealerMotive Limited with a fair value of \$5.45 million (June 2018: \$5.45 million) and unlisted units held in the AHG Property Syndicate No. 1 Unit Trust with a fair value of \$1.78 million (June 2018: \$1.78 million).

At 31 December 2018, the Group held no significant financial assets or liabilities classified as level 1 or level 2 fair value measurements. There were no transfers between level 1, level 2 or level 3 in the period.

AASB 13 *Fair Value Measurement* requires that, subsequent to initial recognition, all fair value financial instruments are disclosed by reference to their measurement hierarchy levels:

- Level 1 fair value measurements that are derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements that are derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of the Level 3 investments are individually determined based on the present value of net cash inflows from future profits and subsequent disposal of the securities. These net cash inflows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset. This methodology is unchanged from the comparative period.

Unobservable data inputs are earnings growth factors and the risk adjusted discount rate. Earnings growth factors are estimated based on market information for similar types of companies while the risk adjusted discount rate is modelled such as to reflect the time value of money and the risks specific to the individual assets. If the estimated risk-adjusted discount rate was 10% higher or lower, the fair value (and profit and loss - as FVTPL now) would increase/decrease by \$0.70 million (June 2018: \$0.70 million).

b) Financial Assets and Financial Liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2018 and 30 June 2018, the carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting their future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. For current and non-current borrowings, the fair value approximates the carrying value amount, as the impact of discounting is not significant.

10. Unsecured contingent liabilities and contingent assets

A liability exists for after sales service and finance rebates but the amount can not be quantified. In the opinion of the directors the amount is not material to the financial statements.

Unsecured guarantees, indemnities and undertakings have been given by AHG in the normal course of business in respect of banking and financial trade arrangements entered into by its controlled entities. The total of these guarantees is \$34.413 million. At 31 December 2018 no controlled entity was in default in respect of any arrangement guaranteed by AHG.

At 31 December 2018, trusts within the Group had entered into sale and buyback agreements for a number of vehicles. At this date the directors of the trustee companies are of the opinion that the repurchase price of these vehicles, net of the relevant provision at 31 December 2018, is below their expected selling price.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

11. Impairment

Impairment testing

The recoverable value of the Group's Property, Plant and Equipment and Intangible Assets are tested on an annual basis at both the cash generating unit (CGU) level and individual asset level where an impairment indicator exists. In the case that significant events or changes in circumstances indicating possible impairment arise during the year, the Group would assess impairment of the impacted CGU or individual asset following such events and changes.

The recoverable amounts of the Group's various CGUs are calculated using the value-in-use (VIU) method, which reflects the present value of the future cash flows expected to be derived from the CGU. The future cash flow is based on the Board approved year one budget and then projections using a steady growth rate for subsequent years. This calculated recoverable amount is then compared with the carrying value of the assets of CGU.

Arising from the VIU calculations across all of AHG's CGUs, a \$216.372 million (pre-tax) charge has been recognised which relates to the impairment of intangible assets associated with AHG's continuing Automotive Retail operations (\$137.609 million) and Refrigerated Logistics operations (\$78.762 million).

The impairment charge relating to the Automotive Retail operations reflect the softening of market conditions across the Automotive Retail sector and relate to the identification of underperforming brands and locations.

The impairment charge relating to Refrigerated Logistics relates to actual operating performance being below budgeted forecasts. As disclosed in AHG's FY2018 Annual Report (refer Note 24, page 110) a 0.25% change in EBITDA margin as included in the VIU calculations at 30 June 2018 equated a \$16.3 million impairment risk. In the current reporting period, the operating EBITDA margin of Refrigerated Logistics is consistent with that achieved in prior year (refer Note 1), but below the Group's cash flow forecast assumptions for FY2019.

Impairment charge – individual asset level

In addition to the above, individual asset level impairments arose in relation to operations under closure and/or restructure. The impairment amounted to \$10.6 million (pre-tax) (2017: Nil) in relation to non-current leasehold improvements and other PPE assets, based on the estimated recoverable value of the assets being below their carrying values.

Furthermore, impairment indicators noted at the individual asset level arose in relation to IT assets within Property, Plant and Equipment, with impairments amounting to \$7.657 million (pre-tax) (2017: Nil). These impairments were based on the estimated VIU recoverable value of the assets being below their carrying values.

Total impairment charge recognised in profit and loss is \$234.636 million (2017: \$Nil).

Significant accounting judgements, estimates and assumptions

Impairment of property, plant and equipment and intangible assets

The Group determines whether property, plant and equipment and intangibles with indefinite useful lives are impaired under the criteria set out in AASB 136 *Impairment of Assets*. This requires an estimation of the recoverable amount of the cash generating units, to which these assets are allocated, using a VIU discounted cash flow methodology, which includes management's judgement around future cash flows, growth rates and discount rates.

Key assumptions used for value-in-use calculations

Automotive Retail CGUs, Other Logistic CGU and Property CGU

The recoverable amount of the Automotive Retail CGUs and Other Logistics CGU has been calculated based on the following key assumptions:

- Growth rate of 0% (FY2018: 3.0%)
- Pre-tax discount rate 11.0% (FY2018: 11%) and 10.0% (FY2018: 10.0%) for Automotive Retail CGUs and Other Logistic CGU, respectively
- Cash flow forecast – Board approved reforecasts (FY2018: based on year one Board approved budgets).

The growth rate is based on market estimates of the long-term industry specific growth rates. The pre-tax rate represents the respective CGUs weighted average cost of capital as determined by prevailing or benchmarked market inputs, risk adjusted, where necessary.

Refrigerated Logistics CGU

The recoverable value was below its carrying value (FY2018: marginally above), and accordingly an impairment of \$78.8 million was booked, representing 100% of the Intangible Assets associated with this CGU (refer Note 5).

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

12. Events after reporting date

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- The Group's operations in future financial periods, or
- The result of those operations in future financial periods, or
- The Group's state of affairs in future financial periods.

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Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 - AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

The Directors of the company declare that:

1. The consolidated financial statements, comprising: the statement of profit or loss and other comprehensive income; statement of financial position; statement of cash flows; statement of changes in equity; and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



John McConnell

21 February 2019



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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Automotive Holdings Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Automotive Holdings Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

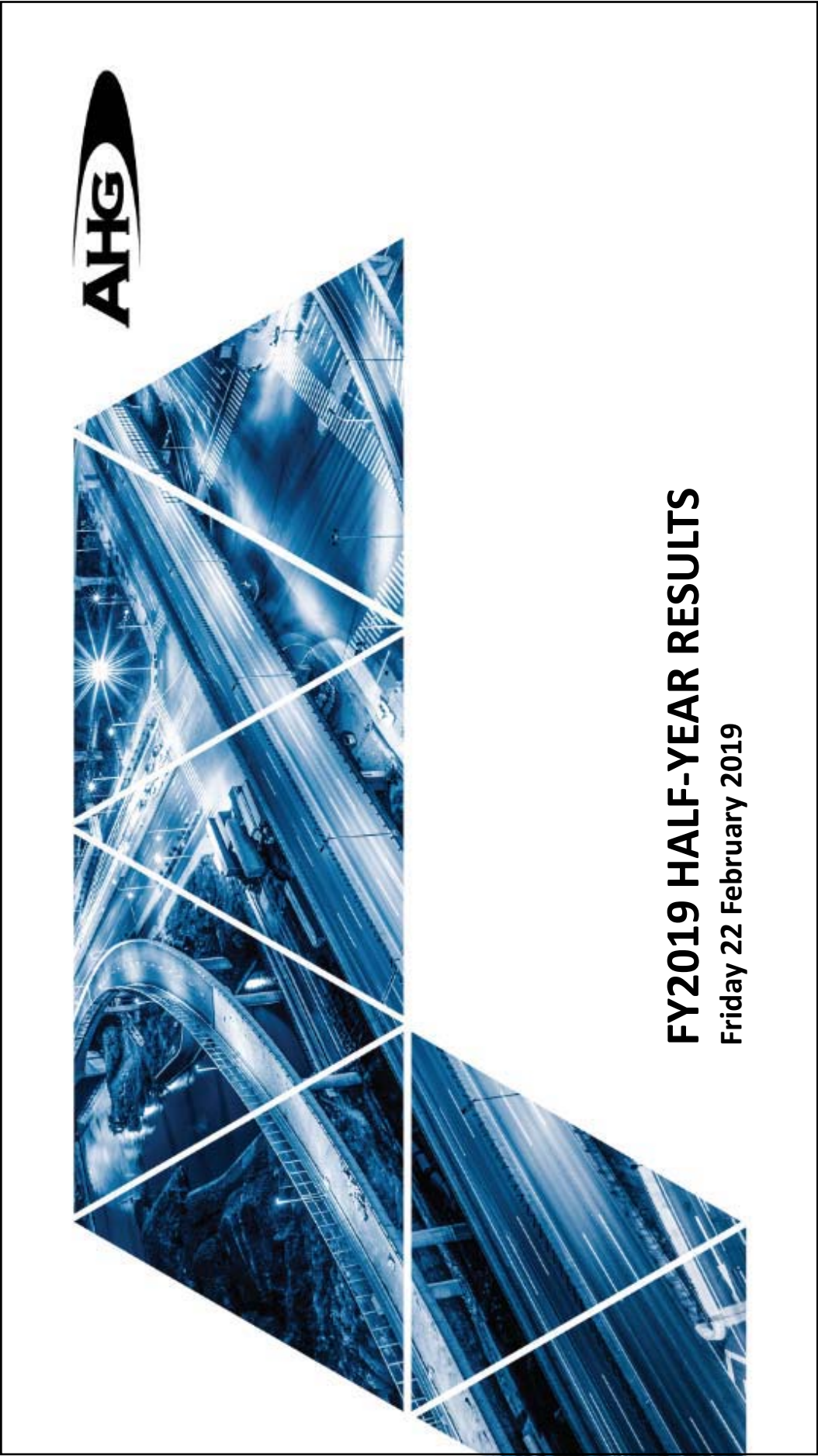
BDO


Phillip Murdoch

Director

Perth, 21 February 2019

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FY2019 HALF-YEAR RESULTS
Friday 22 February 2019

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Disclaimer



This presentation contains forward looking statements that are subject to risk factors associated with automotive retail and logistics businesses.

The Company believes that the expectations reflected in these statements are reasonable as at the date of this presentation but they may be affected by variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: fiscal and regulatory developments, changes in accounting standards, economic and financial market conditions, price or currency fluctuations, actual demand, loss of market, industry competition, environmental risks, physical risks, non-completion of acquisitions or divestments, and project delay or advancement, approvals and cost estimates.

Readers are cautioned not to place undue reliance on any forward looking statements. Past performance cannot be relied on as a guide to future performance.

No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct. We do not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Nothing in this presentation should be construed as either an offer or a solicitation of an offer to buy or sell AHG securities, or be treated or relied upon as a recommendation or advice by AHG.

The views expressed in this presentation may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

References to "AHG" may be references to Automotive Holdings Group Limited or its subsidiaries. All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

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The half-year result in review



- Group revenue of \$3.22 billion [\$3.17b pcp*]
- Statutory NPAT of (\$225.6 million) [\$40.7m pcp*]
- Statutory EPS (68.0 cents) [12.3 cents pcp*]
- Operating¹ EBITDA of \$93.4 million [\$111.4m pcp*]
- Operating¹ EBITDA margin 2.9% [3.5% pcp*]
- Operating¹ NPAT of \$24.2 million [\$42.1m pcp*]
- Interim dividend suspended to preserve balance sheet capacity for strategic opportunities
- Strategic review of Refrigerated Logistics announced
- Non-cash impairment of \$226 million
- AHG remains the largest automotive retailer in Australasia
- AHG RL largest scale player in Australia
- AHG continues investment in **easyauto123**

Operating¹ NPAT of \$24.2m, down 42.5% on PCP in line with recent trading update

Operating¹ – excludes unusual items. * Restated to include Refrigerated Logistics, which had been classified as “Held for Sale” at 31 December 2017.

Financial performance



Consolidated Financial Performance	H1 FY2018 (\$m)*	H1 FY2019 (\$m)	% change
Operating¹ Performance			
Revenue	3,165.2	3,217.9	1.7%
EBITDA	111.4	93.4	(16.1%)
EBITDA %	3.5%	2.9%	
EBIT	85.3	60.4	(29.2%)
EBIT %	2.7%	1.9%	
Operating ¹ Net Profit after Tax	42.1	24.2	(42.5%)
Earnings Per Share (cps)	12.7	7.3	
Statutory IFRS Performance			
Unusual items	(1.4)	(249.8)	
Statutory Net Profit after Tax	40.7	(225.6)	
Earnings Per Share (cps)	12.3	(68.0)	

- Revenue up YoY
- Margins impacted by challenging market conditions in Automotive and Logistics
- Unusual items and non-cash impairment totalling \$249.8m
- Includes ongoing investment in **easyauto123**
- Refrigerated Logistics division increased PBT

Operating¹ – excludes unusual items. * Restated to include Refrigerated Logistics, which had been classified as “Held for Sale” at 31 December 2017.

Balance sheet / Operating cashflow



Balance Sheet Gearing	31 Dec 2017	30 June 2018	31 Dec 2018
Total Borrowings	1,240.9	1,346.1	1,329.2
Cash & Cash Equivalents	(38.9)	(73.0)	(64.6)
Net Debt	1,202.0	1,273.1	1,264.6
Inventory Finance (Floorplan)	(857.4)	(989.2)	(979.9)
Net Debt – Excluding Floorplan Finance	344.6	283.9	284.7
Interest Cover (times)	4.0	3.6	2.3
GEARING RATIO			
Net Debt + Equity – Excluding Floorplan Finance	1,163.4	1,060.5	809.9
Net Debt / [Net Debt + Equity] – Excluding Floorplan Finance	29.6%	26.8%	35.1%

Strong Operating Cashflow
\$27.0m
 (Outflow \$9.9m PCP)

Capex inline with \$30m full-year guidance

Structural net debt improving once adjusted for seasonal working capital flows

Material balance sheet initiatives in place or under review

Dividend policy linked to gearing



Temporary suspension of existing dividend policy of 65% to 75% of operating profit after tax while we move towards our targeted gearing range of 1.5 times to 1.75 times.

Board remains focused and vigilant around cash management and reducing the Company's gearing position to allow flexibility in the current conditions.

Reconciliation of Statutory IFRS NPAT to Operating¹ non-IFRS NPAT

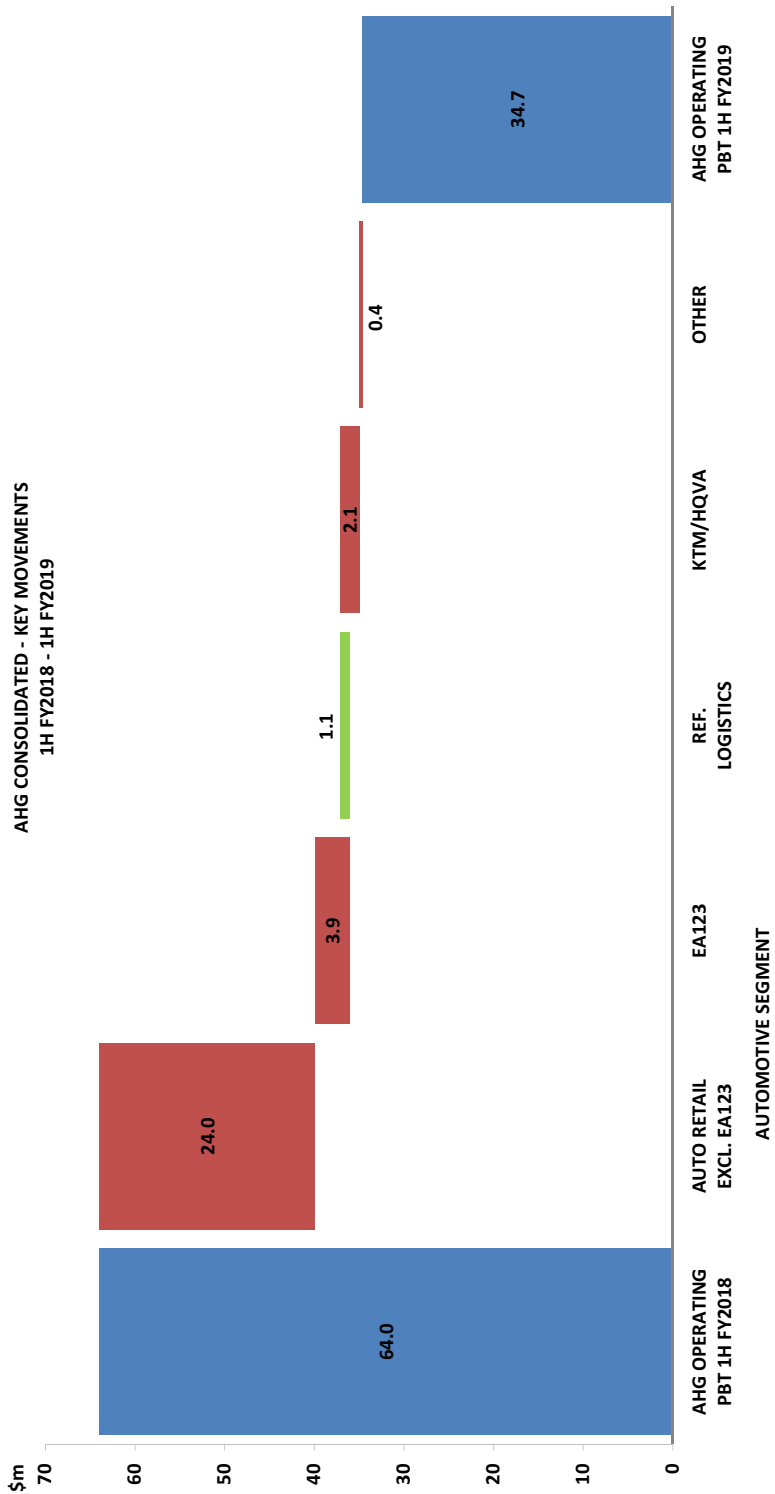


	HY2018 \$'000	HY2019 \$'000
Statutory IFRS Profit (net of tax) attributable to members	40,674	(225,634)
<u>Add back unusual items</u>		
Impairment of non-current assets - plant and equipment, goodwill and franchise rights - Automotive Retail	-	144,609
Impairment of non-current assets - plant and equipment, goodwill and franchise rights - Refrigerated Logistics	-	78,762
Costs relating to restructure of operations and discontinued operations, including trading losses, impairment of current and non-current assets and onerous lease provisions	659	18,909
Impairment of other current and non-current assets - Receivables and IT	-	10,209
Net costs relating to integration, acquisition and divestment activities, including sale of properties	735	(2,645)
Operating¹ Non-IFRS Profit (net of tax) attributable to members	42,068	24,210

Operating¹ – excludes unusual items as disclosed on this slide.

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Operating¹ PBT – Key Movements



Operating¹ – excludes unusual items as disclosed on slide 7 in this presentation.

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Automotive - No 1 in Franchised Automotive Retail



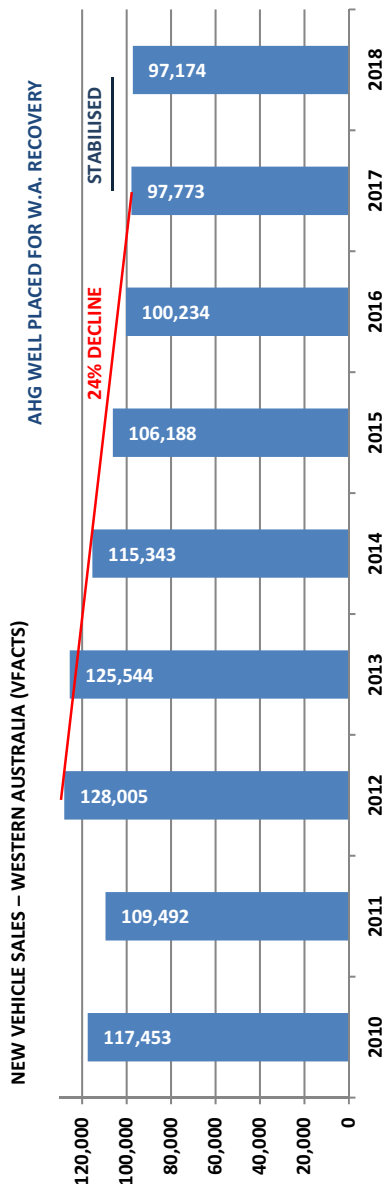
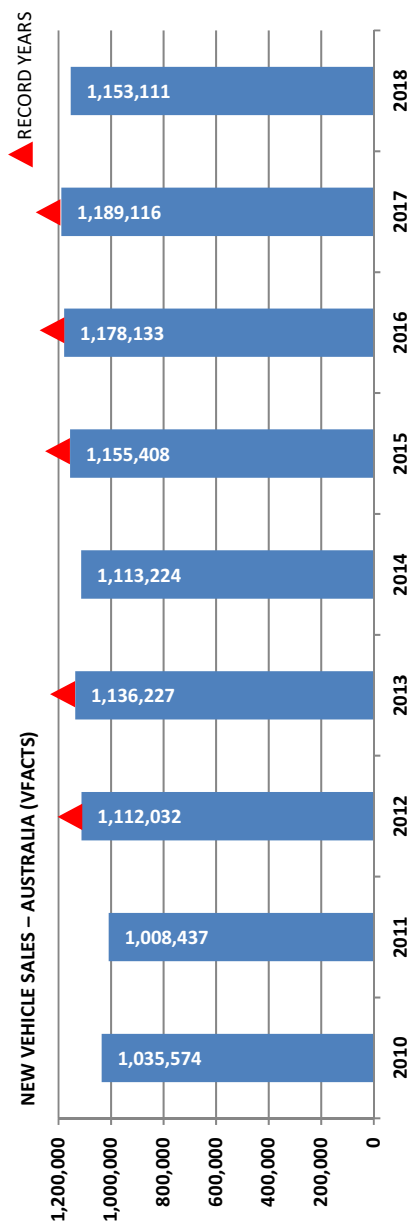
- Key strategic asset currently at cyclical low
- Largest scale player in the Australasian market
- 179 franchises at 114 dealership locations
- 6.7% market share in Australia and ~3% in New Zealand*
- Broadest manufacturer portfolio
- Tony Cramb appointed COO (ex Toyota Australia Exec. Director of Sales and Marketing)
- Opportunity for further industry consolidation
- Opportunity to leverage scale to lower costs
- Adjacent opportunities in fleet, rentals, subscription



9

*VFACTS / NZ MIA December 2018

Australian New Car Market Data



CY 2018:
 National market
 Down 3.0% YoY
 (36,005 units)
 Private buyer market
 Down 7.5% YoY
 WA market
 Down 24% from peak
 Now stabilising

Finance and Insurance Impacts



FY2017

- Restricted lending impacts H2

FY2018

- \$29m impact in FA from reduced add-on insurance commissions and responsible lending restrictions
- Consumer sentiment down on Banking Royal Commission
- Finance penetration down to 34%
- Turnover in F&I Business Managers as remuneration models changed

FY2019

- Stabilised Business Manager churn, better adapted to new F&I
- Opportunity to improve penetration rates
- Introduction of new F&I products (GFV only available through dealerships)
- No impact expected in FY2019 from FSRC recommendations



Automotive - Industry returns (CY2018)



AVERAGE DEALER PROFITABILITY			AHG PROFITABILITY		
CY 2017	CY 2018	CHANGE	CY 2017	CY 2018	CHANGE
1.5%	0.9%	(0.6%)	2.5%	2.0%	(0.5%)

(Source: Deloitte report February 2019 – net profit to sales)

- **Market challenged:**
 - Housing prices impacting consumer sentiment
 - Restrictive lending impacting credit availability
 - OEM targets generate discounts on new vehicle oversupply
- **Broad-based decline in brand returns**
- **AHG outperforms the industry average for franchised dealers**



Automotive segment result



Operating ¹ Performance	H1 FY2018 (\$m)	H1 FY2019 (\$m)	% change
Revenue	2,736.6	2,785.2	1.8%
EBITDA	86.2	67.9	(21.2%)
EBITDA %	3.1%	2.4%	
EBIT	75.7	51.3	(32.3%)
EBIT %	2.8%	1.8%	
Profit Before Tax	62.5	33.8	(45.9%)

Operating¹ – excludes unusual items

Segment comprises:

- Franchised Automotive Cars
- Franchised Automotive Trucks
- **easyauto123**
- Carlins Automotive Auctions
- 360 Finance



Automotive performance – Excluding easyauto123



Operating ¹ Performance	H1 FY2018 (\$m)	H1 FY2019 (\$m)	% change
Revenue	2,674.7	2,717.8	1.6%
EBITDA	87.7	73.0	(16.8%)
EBITDA %	3.3%	2.7%	
EBIT	77.5	56.8	(26.8%)
EBIT %	2.9%	2.1%	
Profit Before Tax	64.8	40.0	(38.3%)

Operating¹ – excludes unusual items

- Restricted lending impacts new and used volumes
- Slowing market resulted in discounts on new car margins
- Underperformance of key brands in AHG portfolio
- Victorian portfolio challenged
- F&I income stabilised and set to improve on increased penetration and GFV products
- Strong performance from Trucks and Carlins



Automotive Opportunities



- WA market recovery (down 24% from peak)
- Normalisation of manufacturer targets
- Cost-out initiatives
- Shared services
- Increased F&I penetration
- Increased availability of GFV and other products
- Acquisition opportunities at realistic multiples
- Adjacent expansion opportunities in rental, fleet, subscription etc.

Well positioned to benefit from cyclical recovery

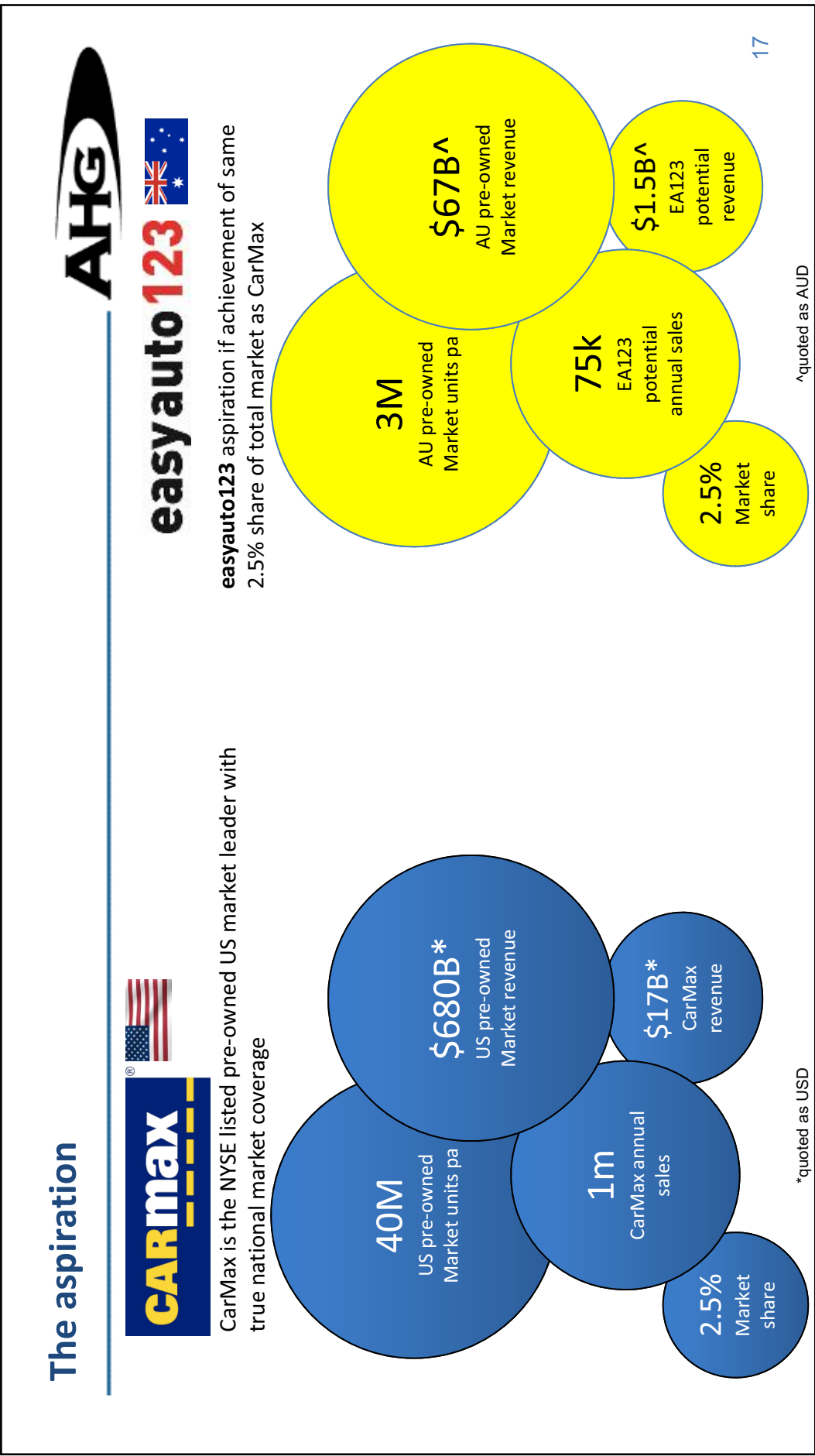


easyauto123 – Opportunity to be No 1 National Used Car Brand



- Investing to create a branded used car leadership position
- Craig Bigley (ex Officeworks GM) appointed EGM
- Strong customer proposition
- Developing omni-channel capability
- Leverage AHG scale with Carlins and fleet relationships
- Five stores operating in Perth (2), Melbourne, Sydney and Brisbane
- Targeting break even by end of Q4 FY2019
- Significant upside potential post proof of concept





Automotive performance – easyauto123



Operating ¹ Performance	H1 FY2018 (\$m)	H1 FY2019 (\$m)	% change
Revenue	61.9	67.4	8.9%
EBITDA	(1.5)	(5.1)	(234.4%)
EBITDA %	(2.5%)	(7.6%)	
EBIT	(1.8)	(5.5)	(204.5%)
EBIT %	(2.9%)	(8.2%)	
Profit / (Loss) Before Tax	(2.3)	(6.2)	(165.1%)

Operating¹ – excludes unusual items

- Developing scale, people and processes
- Increasing conversion levels
- Increasing IPRU



Refrigerated Logistics - Number 1 Position in Market



- Largest player in temperature-controlled transport and storage
- Well positioned for growth
- Strong pipeline of new business opportunities (both organic and inorganic)
- Strong focus on WHSE and Chain of Responsibility
- Industry-leading systems and processes
- Strong customer delivery performance
- Opportunity for operational benefits from single Warehouse Management and Transport Management Systems



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Refrigerated Logistics



Operating ¹ Performance	H1 FY2018 (\$m)	H1 FY2019 (\$m)	% change
Revenue	291.3	297.7	2.2%
EBITDA	22.6	23.2	2.5%
EBITDA %	7.8%	7.8%	
EBIT	8.3	8.0	(3.2%)
EBIT %	2.8%	2.7%	
Profit Before Tax	2.0	3.1	56.3%

- Revenue stabilised post HNA disruption and TMS implementation
- Produce season adversely affected by weather
- Price increases implemented in November
- Strong new business pipeline established

Operating¹ – excludes unusual items



Strategic Review Process



Strategic review announced

- Mandate to consider all options to maximise value for shareholders
- Assess how future growth opportunities can best be unlocked
- Improved performance from recent transformation program
- UBS and Luminis Partners appointed as joint advisers



Refrigerated Logistics – Opportunities



Short term opportunities:

- Revenue, yield management
- Improved transport utilisation (TMS benefits)
- Realise ERP and WMS benefits
- Cost reductions
- Fleet investment to improve fuel efficiency

Longer term opportunities:

- Capacity expansion
- Acquisitions
- Move into more end-to-end complex solutions
- Asia-Pacific supply chain

Target EBITDA margin 10%

Other Logistics performance



Operating ¹ Performance	1H FY2018 (\$m)	1H FY2019 (\$m)	% change
Revenue	137.1	134.8	(1.7%)
EBITDA	3.8	3.1	(18.2%)
EBITDA %	2.8%	2.3%	
EBIT	2.4	1.7	(27.5%)
EBIT %	1.8%	1.3%	
Profit / (Loss) Before Tax	2.3	(0.6)	(125.3%)

Operating¹ – excludes unusual items

- AMCAP performance stable
- KTM and Husqvarna impacted by FX and motorcycle market decline
- VSE/GTB integrated with AHG Trucks



Group outlook



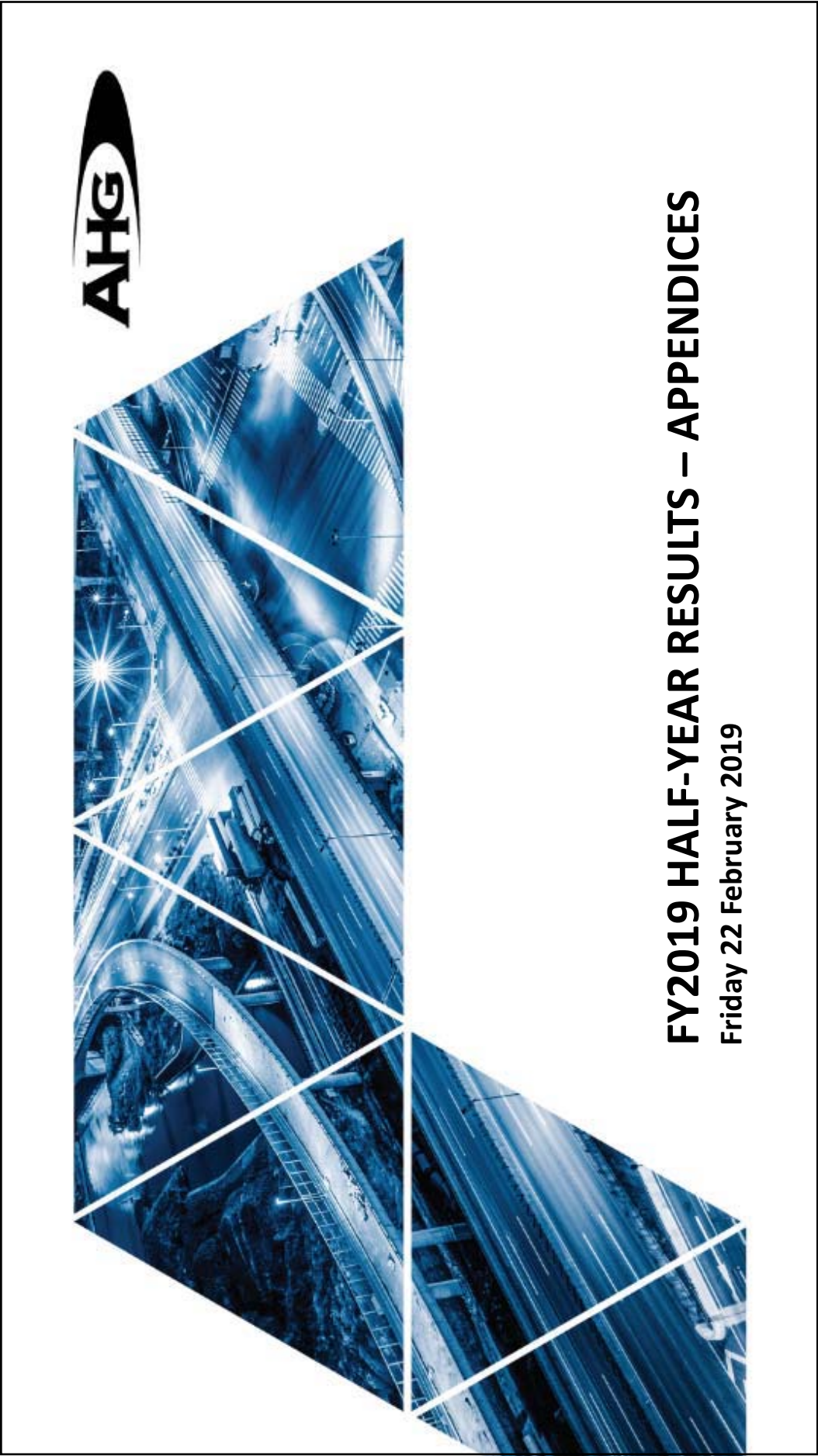
FY guidance \$52 million to \$56 million (Operating¹ NPAT)

Stronger H2 driven by:

- Refrigerated Logistics revenue growth
- Franchised Automotive improvement from cost down and the re-basing of OEM targets
- Franchised Automotive H2 benefit from Sydney hail sale
- **easyauto123** targeting break even by end of Q4 FY2019



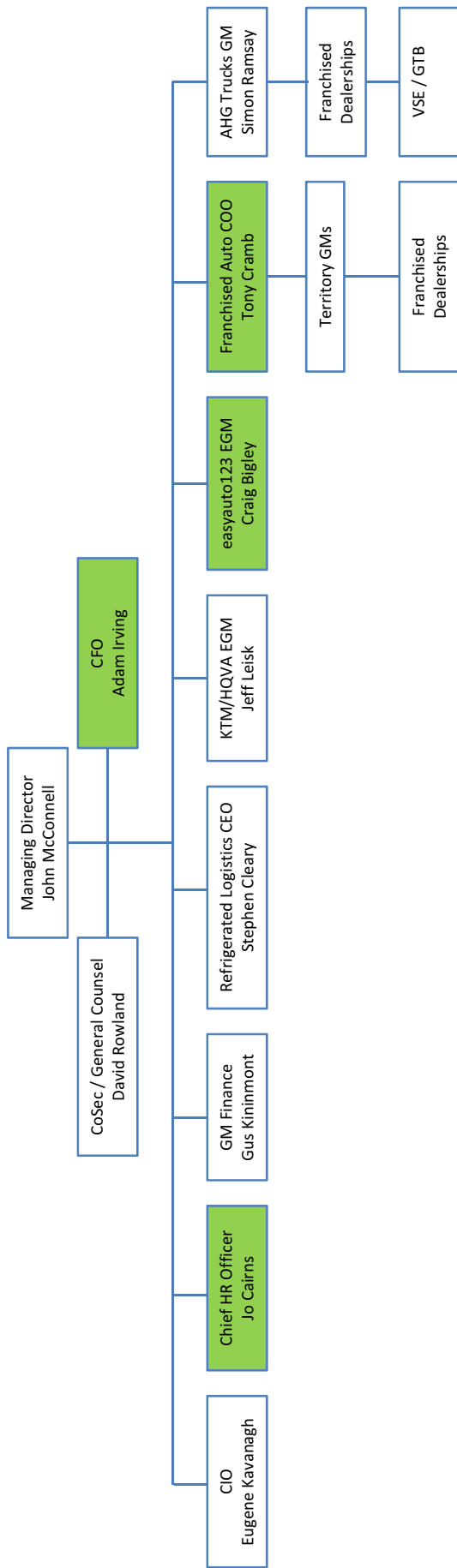
Katherine Strahan, AHG technician



FY2019 HALF-YEAR RESULTS – APPENDICES
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Executive Management Strength



Appointed
CY2018



Automotive

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Automotive focus framing strategic objectives



Franchised Auto partner of choice

Expand relationships with enhanced customer service and innovation

Leveraging scale

Established national franchised automotive and national truck structure to optimise scale benefit

Cost reduction

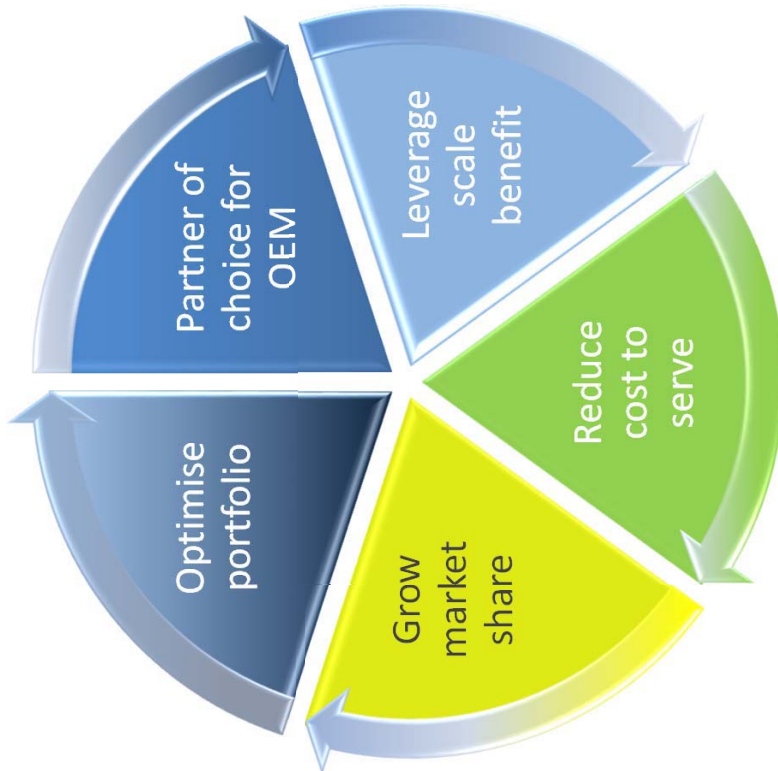
Heavy focus on cost reduction, productivity, and shared services opportunities

Grow our market share

Well positioned to continue market aggregation and expand used car platforms

Optimise portfolio

Portfolio review to optimise franchise coverage, business segments and strategic position



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Franchised Automotive



Australasia's largest automotive retail group.

AHG represents 27 manufacturers, including all of the top 14* selling passenger brands in Australia.

Stable long-term relationships with manufacturers and financiers.

Opportunities exist for further acquisitions.

Cost-down initiatives offer further opportunity to leverage scale.



*VFACTS issued January 2019.

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Franchised Truck



Standalone division created April 2017.

Strong operating performance.

Significant synergies and opportunities realised by forming a national truck structure.

Strong long-term relationships with leading manufacturers.

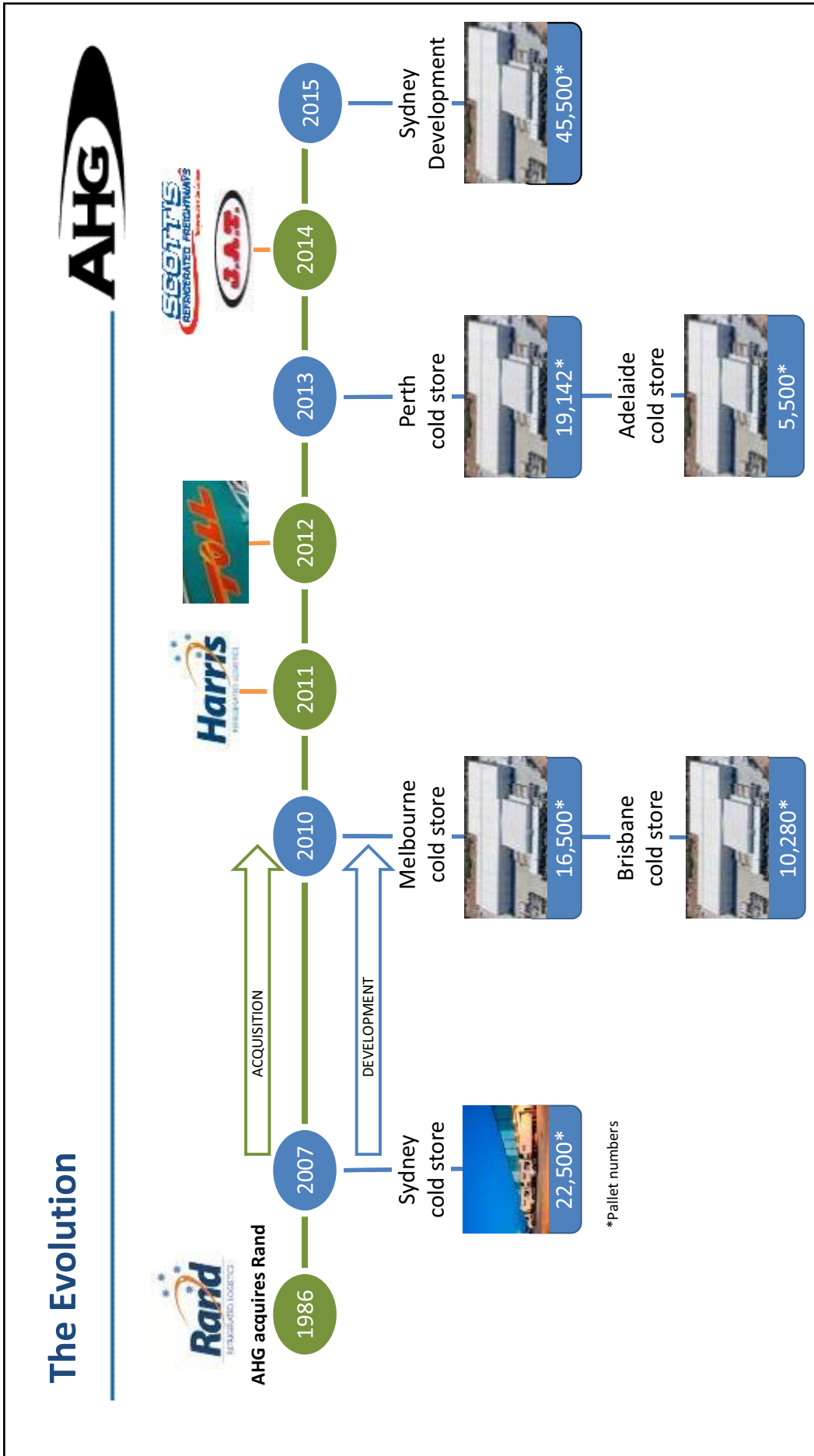
Opportunities exist for further acquisitions.





Refrigerated Logistics

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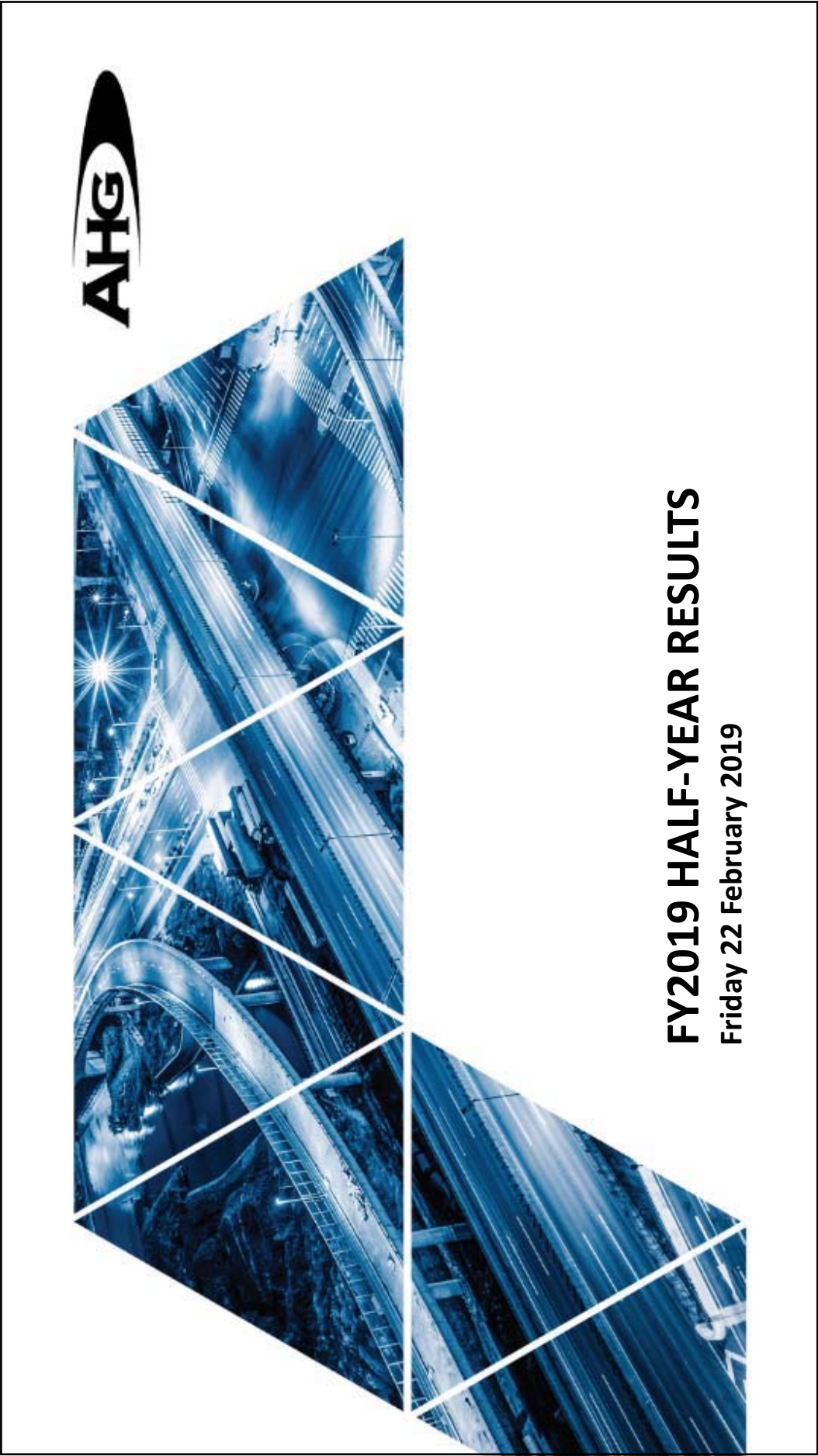
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AHG RL



- 20+ sites across Australia
- ~600 prime movers and rigid trucks
- ~1,260 refrigerated trailers
- ~500 refrigerated rail cars
- ~ 4,000,000 km covered weekly
- ~ 175,000 pallets storage





FY2019 HALF-YEAR RESULTS
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