

20 November 2020

Autosports Group Limited
2020 Annual General Meeting
CEO's Address

Ladies and Gentlemen

Thank you for your attendance and participation at our 2020 Annual General Meeting today.

I would like to start today by thanking the Autosports Group team for their support throughout a year where external circumstances have weighed heavily on how we have been able to conduct our business. To our Board for guiding us through the challenges presented by the COVID-19 pandemic – thank you. To my senior managers and long-term staff who have maintained such excellence throughout this financial year – we couldn't have done it without you. To our OEM brand partners and financiers thank you for your support over the course of the year. We look forward to continuing to repay your trust.

2020FY Financial Performance

The 2020FY proved challenging for Autosports Group as we navigated the challenges posed by the COVID-19 pandemic.

Statutory revenue grew 1% to \$1.7b for the year, underscoring both the resilience of the business and the effect of a sharp bounce back in consumer demand in the months of May and June.

Despite this solid result the business recorded a statutory NPAT loss of \$102.4m impacted by the recognition of a non-cash impairment to the carrying value of goodwill, adoption of the AASB16 leasing standard and acquisition amortisation.

On a normalised basis (which excludes goodwill impairment, the AASB16 leasing standard, acquisition costs, the closed Fiat Alfa business and acquisition amortisation) Autosports Group delivered EBITDA of \$44.3m and NPBT of \$23.1m. Given the impact of the COVID-19 restrictions which delivered a record fall in the new car market in late March, April and the start of May this normalised result was commendable.

At the onset of the COVID-19 pandemic Autosports Group reacted quickly and decisively to ensure the health and welfare of its staff and customers. Social distancing, remote working, contactless sales and service became the norm.

On a business front the focus turned to cash flow and liquidity management. We leveraged our strong relationships with our supportive landlords, financiers and OEM partners to reduce cash outgoings. We also reacted quickly temporarily standing down approximately one third of our workforce and temporarily closing some of our smaller outlets.

Pleasingly, supported by the Government's JobKeeper programme, Autosports Group was able to quickly return the bulk of our staff over the months of May and June and all sites were reopened.

The combination of these factors allowed the business to generate a strong normalised cash flow of \$55.2m during the 2020FY.

The support of JobKeeper continued to deliver \$10.1m supporting the Group's employees through the first quarter of the 2021FY. This support was particularly relevant for our Victorian employees who have thankfully been able to return to work this month.

Strategic Update

Autosports Group continues to pursue a clear and focussed strategy concentrating on growth driven by representing luxury brands on the East Coast of Australia.

During the 2020FY we were pleased to add three new businesses to the Group. Mercedes-Benz Hornsby, the Trivett Alexandria business including the brands of Land Rover, Jaguar, Aston Martin, Bentley, McLaren and Rolls-Royce and the Sydney City Prestige used car business.

All of these acquisitions are on strategy and performing to our expectations. As we noted in August 2020 we continue to see a consolidation environment that is conducive to well-priced acquisition opportunities. Some of these opportunities include high quality and well positioned real estate.

2021FY Trading Update

The start to the 2021FY has been encouraging for Autosports Group.

New South Wales & Queensland

In the period July - October 2020 the total new vehicle market in New South Wales (-6%) and Queensland (-5%) has steadily improved from the record lows in April.

Importantly, from an Autosports Group perspective, the luxury new vehicle market was up 3% in New South Wales and 1% in Queensland over the same period.

These encouraging new vehicle registration trends were achieved despite supply constraints from many of our OEM partners.

These supply constraints also extended into used vehicles, which have tightened in supply as a result of low trade-in volumes during the months from March, April and May.

This tight vehicle supply environment has impacted delivery timings, increased our orderbank and driven material growth in the retained new and used vehicle margins in the period July - October 2020.

Victoria

At our full year 2020FY results presentation we flagged that Victoria's Level 4 lockdown measures would impact Autosports Group's Victorian earnings.

Our Victorian business accounted for 21% of our total revenue during the 2020FY.

In the period July - October 2020 with retail showrooms closed and only contactless vehicle sales open, the Victorian new vehicle market fell 45% and the luxury market fell 50%.

In addition, Stage 4 restrictions limited the service capacity of our Service and Parts divisions in Victoria.

The impact of these restrictions on our Victorian business over the period was approximately \$7m at NPBT reflecting the severity of the conditions in the Victorian market.

Overall Picture

In our August 2020 Investor Presentation, we said that we expected the overperformance in our NSW and QLD to offset the impacts of the Level 4 lockdowns in Victoria. The strong positive impact of improved retained margins across our new and used vehicle divisions has seen Autosports Group trade ahead of this expectation for the period July - October 2020.

With October results in we now have a reasonable view of H1 2021FY. On a normalised basis (excluding acquisition amortisation and restructure costs) we expect H1 2021FY to deliver NPBT of approximately \$20m subject to current market conditions continuing and no further COVID-19 related lockdowns impacting operations. This result is likely to be driven by moderate revenue growth, strong new and used car margins, a stable service and parts business and the re-emergence of our Victorian businesses from Level 4 lockdown.

In closing, I would once again like to thank our staff, our financiers, OEM partners, our Board and our shareholders for your support over the last 12 months.

Thank you.

Nick Pagent

Chief Executive Officer

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Authorised for release to the ASX by Nick Pagent, CEO.