



Coping with online engagement and malls in M/V marketing

Company/ASX Code	Eagers Automotive Ltd / APE
AGM date	Wednesday 18 May 2022
Time and location	11am Level 29 123 Eagle St Brisbane
Registry	Computershare
Webcast	Hybrid
Poll or show of hands	Poll on all items
Monitor	Peter McInally
Pre-AGM Meeting?	No. Requested but not offered

The individual involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

We have had no response from the company to our request for a meeting to clarify issues.

Communication with shareholders is important. Our preference is to have good ongoing shareholder engagement.

After a first strike on the remuneration report in 2020 (for FY2019) a new remuneration framework was introduced and supported by shareholders at last year's AGM.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

The sustainability report has been improved to meet benchmarks.

The new CEO, Keith Thornton, was in internal appointment.

Past remuneration was based on a successful commission plan. The new plan clearly set out understandable incentive hurdles and performance outcomes.

Change is happening to M/V selling with APE continuing to invest in new automotive retail formats such as AutoMall. The company is opening an AutoMall in Indooroopilly shopping town in Brisbane west. Progress is happening at the AutoMall at Brisbane Airport. The company has had a profitable

year allowing for the issues created by COVID-19 and delivery delays for vehicles arising from shipping and semi-conductor shortages in manufacture.

New dealerships are to be acquired at Canberra.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	317.8	147.3	(142.4)	95.9	96.0
UPAT (\$m)	338.7	191.5	(80.5)	97.5	98.2
Share price (\$)	13.44	13.29	10.24	6.00	7.97
Dividend (cents)	70.9c	25c	25.25c	36.5c	36c
Simple TSR (%)	6%	32%	75%	-20%	-10%
EPS (cents)	125.2	57.6	(67.4)	50.1	50.3
CEO total remuneration, actual (\$m)	3.994	1.289	2.225	1.595	2.236

For 2021 the CEO's total actual remuneration was **42 times** the Australian Full time Adult Average Weekly Total Earnings

Item 2	Re-election of Mr Daniel Thomas Ryan as a Director
ASA Vote	Against

Summary of ASA Position

He has been a director since 2010. No other directorships disclosed.

Mr Ryan is a Director and Chief Executive Officer of WFM Motors Pty Ltd, a substantial shareholder of APE with 69.5m shares (27.2%). He is a Director of a number of proprietary limited companies. He also has management experience in automotive, transport, manufacturing and retail industries.

ASA guidelines support the election of directors representing substantial shareholders in line with their holdings but given the APE board has failed to reach gender diversity goal of a minimum of 30% female directors we will vote against the election of Mr Ryan.

We also note of the nine directors, only one meets governance guidelines for independence, the Chair, with less than 12 years tenure. ASA considers longevity of tenure impacts at ten years and that an independent director who could succeed in due course should be added to the board. Messrs Politis, Ryan, Crommelin, have been on the board for more than ten years, and Mr Cowper will reach that milestone in July 2022. Messrs Blackall and Birrell hail from the Australian

Automotive Dealer Association (one in past one in present), Mr Duncan is automotive retailer and business leader. And the two female board members are non-independent, one being the CFO for the company and the other, Ms Prater, is the executive chair of APPL Group a property development and investment group with an extensive automotive property portfolio including significant properties leased to Eagers Automotive dealerships.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

At the same time as the COO was promoted to CEO after the resignation of the former CEO, a new remuneration framework was introduced. It changed from a commission plan (common in the M/V industry) to incentives of cash and performance rights. It focuses on both financial and nonfinancial performance aligned with creating shareholder value.

The conditions for STI and LTI incentives are clearly disclosed.

STI's for the CEO CFO and GCCS were paid at 100%.

Under the LTI plan no equity grants were made in 2021

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Appendix 1

Remuneration framework detail

CEO rem. Framework for 2021	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.05	26%	1.05	23%
STI - Cash	1.09	27%	1.094	24%
STI - Equity	1.85	46%	1.85	41%
LTI	nil	nil	.525	12%
Total	3.99	100.0%	4.519	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.