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Successful management of succession is hoped for

Company/ASX Code	**Eagers Automotive/APE**
AGM date	**19 May 2021**
Time and location	9am AEST via Lumi
Registry	Computershare
Webcast	Virtual meeting
Poll or show of hands	Poll on all items
Monitor	Peter McInally assisted by Ms Kelly Buchanan
Pre AGM Meeting?	No. Requested but not offered.

The individuals or their associates involved in the preparation of this voting intention have 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 these issues. Communication with shareholders is very important and we would prefer to see good shareholder engagement now and in the future.

The following issues remain and we are seeking some clarity on them.

We want to understand the reason for the replacement of the CEO at the time the Annual Report was released.

We seek clarity on the reason for receiving and retaining Government COVID-19 financial assistance when the financial results were an outstanding success compared to the prior year.

We look forward to the new CEO (Kevin Thornton, formerly COO) establishing himself in his new role, once the former CEO steps back from his current advisory role.

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

Summary of ASA Position

At the time the Annual report was released to the market the company announced that the CEO Mr Martin Ward had stepped down. He is to take on the position of advisor. At the same time the company announced the then current COO Mr Keith Thornton had become the new CEO.

The stock market share price was higher a week later in response to a good financial result and indicating investors' confidence in the management succession.

In 2019 the company merged with AHG. This year was the first full year for the merged businesses. It has proved an outstanding success.

Part of the success could be attributed to Government COVID-19 support. All Key Management Personnel and Board members agreed to remuneration reduction. No disclosure of returning Covid funding to the Government has been disclosed.

Eagers has a proud record of always paying a dividend and secondly increasing earnings from acquisitions.

The company has an ambitious objective to create a retail marketing hub at Brisbane Airport. Retaining The outgoing CEO as a consultant in property investments and developing the Auto Mall should provide surety.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT ($m)	147.3	(142.4)	95.9	96.0	104.0
UPAT ($m)	191.5	(80.5)	97.5	98.2	105.5
Share price ($)	13.51	10.32	5.81	7.84	9.06
Dividend (cents)	25c	25.25c	36.5c	36c	35c
TSR (%)	131.39	34.60	77.62	-21.35	-9.87
EPS (cents)	57.6	(67.4)	50.1	50.3	55.4
CEO total remuneration, actual ($m)	1.289	2.225	1.595	2.236	2.319

For 2020 the CEO's total actual remuneration was **14 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics).

Item 2	**Re-election of Mr Nicholas Politis AM as a Director**
ASA Vote	**For**

Summary of ASA Position

Mr Politis has been a director since 2000. He is not regarded as independent. He is the principal of the major shareholder having 27.2% shareholding. His own private company is a major motor vehicle dealer in Sydney. The CEO of his private company is also a director of Eagers Automotive.

There are 10 board members, five of whom are considered independent. ASA prefers boards to be composed of a majority of independent directors and we urge the company to consider this during its board renewal process. Failure to improve on this important metric may see votes against re-election of non-independent directors in future.

Item 3	**Adoption of Remuneration Report**
ASA Vote	**For**

Summary of ASA Position

Last year's remuneration report was not as clear as we like and it also received a "first strike" against it meaning that if this year's report attracts an against vote of 25% or more, a "second strike" and spill motion will ensue.

This year's report is more clear with the remuneration procedure is better explained. The company has given a clear summary of the remuneration for its new CEO who was hired in February 2021 in the ASX release. Fixed remuneration is reviewed annually. STIs are measured over four years clearly showing both non-financial hurdles as well as financial hurdles. LTIs are measured over four years and there is no holding lock. This year's remuneration report clearly shows the contractual arrangements with executive staff which was previously lacking.

FY19 was the final year of the operation of the LTI Plan, which didn't operate for FY20. No LTI awards vested for FY20 and no new LTI grants were made in FY20. A new remuneration framework, including a new LTI plan, is being introduced for FY21, with detailed disclosure to be provided in the 2021 Remuneration Report. This will reflect an approach more aligned with ASX200 market practice.

As reported in last year's Remuneration Report, a one-off equity retention grant was awarded in early 2020 to recognise the CFO's importance to the ongoing success of the Company, particularly given her role in the acquisition and ongoing integration of AHG. No further equity retention grants were made in FY20.

Item 4	**Spill motion (contingent resolution)**
ASA Vote	**Against**

Summary of ASA Position

As a generally rule we oppose spills as it is a dramatic step to take, as opposed to just sending a message on remuneration policies. We support this year's remuneration report and as such, we will not vote in favour of the spill motion.

Appendix 1
Remuneration framework detail

CEO rem. Framework for FYXX	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.289	100%	1.289	100%
STI - Cash	nil			
STI - Equity	nil			
LTI	nil			
Total	1.289	100.0%	1.289	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.