

MEDIA RELEASE

27 August 2009

Adtrans positive profit outlook for 2009-10 after lower full year result as forecast

Leading car and truck retailer, Adtrans Group Limited (ASX: "ADG"), has forecast improved profits in 2009-10 following a 40% lower operating profit as expected for the year ended 30 June 2009.

Adtrans Chairman, Mr Graeme Bignell, said the Company had started the new financial year on a positive note and was confident of an improved result for the twelve months to 30 June 2010.

Group operating profit before tax in the past year, excluding GST holdback refunds, was down 40% from \$15 million to \$9 million, which was in line with the Company's previous market guidance.

Net profit after tax declined by 42.8% to \$6.87 million and included a \$563,489 reversal of tax being the non-assessable portion of the GST holdback refund which was fully provided at the year end 2007-08.

Annual dividend is a fully franked 16 cents per share, including a fully franked final dividend of 12 cents per share payable on 21 October 2009 to Adtrans shareholders registered on 7 October 2009.

Slow start in testing period

Mr Bignell said the latest results – achieved on total sales revenue of \$683.6 million – were from a most testing period due to the varying affects of the global financial crisis.

"For Adtrans, however, it was encouraging that apart from the opening three months of the year, every subsequent quarter saw an improvement in our results as the year progressed," he said.

"The upshot of that gradual improvement was that, whereas early in the year we flagged our pre-tax operating result could be as much as 60% down on the previous year, we actually finished with a 40% decline, showing that we identified problems reasonably quickly and where possible took appropriate action.

"In fact, in the second half of the year to 30 June 2009, our car dealerships as a total traded superbly. Sadly, in the same period our truck markets fell dramatically."

Difficult vehicle markets

Mr Bignell said the poor start in the opening quarter of the past financial year was due to very difficult markets for new vehicles, particularly cars.

ADTRANS GROUP LIMITED

ADELAIDE
Stillwell Ford
Adrian Brien Ford
Rebel Ford
Stillwell Hyundai
Adrian Brien Hyundai
Reynella Hyundai
Stillwell Kia
Adtrans Kia

ADELAIDE
Adrian Brien Chrysler/Jeep/Dodge
Graham Cornes Used Cars
Adtrans Used Cars
Stillwell Small Cars and SUV
Adelaide Cheerful Car Service
Cornes Toyota
Cornes Toyota 4x4 Centre
Stillwell Trucks Regency Park



MELBOURNE
Adtrans Truck Centre
Melbourne International Truck Centre
Whitehorse Truck and Bus
Whitehorse Truck Centre
Australia Wide Transport Spares
Valley Truck Centre

SYDNEY
Stillwell Trucks
The Truck Centre
Adtrans Hino

"In line with the entire retail industry our Group's new vehicles were over-stocked and used car demand continually shifted with changes in the economy and the fuel prices, making it difficult to have a perfectly balanced stock," he said.

"The changing market conditions are reflected in calendar year figures for the industry. For instance, in calendar 2008, new car markets were down only 3.6% on the year before and trucks were 3.5% lower. In stark contrast, results for the first six months of the current calendar year show new cars down a further 16% on the 2008 year and trucks in total down 25.4%, with the heavy end of the truck market down a massive 33%.

"Despite these negative market fluctuations, our Group handled the loss in volume in the first half of calendar year 2009 very well, especially in view of such a large market shift."

Outlook

Looking ahead, Mr Bignell said the Group's car dealerships were expected to have a good year – "despite some likely ups and downs that will surely come caused by fuel price fluctuations, the possibility of interest rates increasing and some effect from unemployment levels".

"As for trucks, the future is not as clear as we would like it to be. For the calendar year to the end of July 2009, sales in the overall truck market in Australia were still down 24.4% with the heavy duty end down 32.7%," he said.

"While we expect the truck market to gradually improve with better economic conditions, the global recession has caused significant changes to truck markets, including most manufacturers rationalising their product range and availability, which will impact on our short-term future. For example, Mercedes-Benz are totally discontinuing the Sterling range and its Freightliner replacement will not be available for the medium term.

"For many years, our Adelaide and Hampton Park (Melbourne) dealerships have been enjoying sales of the UD truck line. In recent years, ownership of the UD truck brand changed to Volvo Mack who has decided to distribute the vehicle through its own dealer network. Consequently, we totally lose the franchise in December 2009.

"Despite these changes, there certainly is plenty of truck product that can be sold in the forthcoming year and we expect to have a reasonable year on trucks. For Adtrans, we just do not expect them to be as buoyant as the car world."

Mr Bignell said that notwithstanding the market performance and outlook for the Group's car and truck sales, the significant profit contributors to Adtrans Group results continued to be its very large parts distribution centres.

"We expect these, as usual, to be very consistent in the current financial year," he said.

"Having started 2009-2010 on a positive note, the Adtrans Board is confident of better profits in the coming year, despite continuing uncertainties regarding the timing and extent of the recovery in general economic conditions."

Adtrans is a top-three truck retailer across New South Wales and Victoria, and the leading car and truck retailer in South Australia.

Current vehicle franchises held by Adtrans Group include:

Cars: Ford, Toyota, Hyundai, Kia, Chrysler, Jeep and Dodge

Trucks: Sterling, Freightliner, Mercedes-Benz, Iveco/International, Fuso, UD, Hino

Buses: BCI Buses

FURTHER INFORMATION: Please contact

Graeme Bignell, Chairman 08-8373 1991 or 0408 866 999

Shaun Swift, Managing Director 08-8373 1991 or 0400 350 799