

ASX Announcement
21 February 2024

Peter Warren Automotive Holdings Limited

H1 FY24 Result

Peter Warren Automotive Holdings Limited (ASX: PWR) (“Peter Warren” or “the Group”) today announces its financial result for the half year ended 31 December 2023 (H1 FY24), with a small increase in EBITDA being achieved. This reflects a combination of strong growth in revenues and a successful acquisition which have together offset a tapering in new car margins.

Financial Result Summary

Financial results for the half year ended 31 December 2023 (H1 FY24) are summarised as follows:

	H1 FY24	H1 FY23	Var
	\$'m	\$'m	%
Revenue	1,203.1	999.0	20.4%
EBITDA – underlying	71.3	70.6	1.0%
Depreciation and Amortisation	(16.7)	(15.1)	10.6%
Interest	(20.2)	(12.3)	64.2%
Profit before tax - underlying	34.4	43.2	(20.4%)
Interim dividend per share (cents)	8.5	11.0	(22.7%)

Mark Weaver, Chief Executive Officer of Peter Warren said: “Peter Warren has delivered a revenue increase of 20.4% through a combination of strong growth in key revenue streams and acquisition activity. After implementing our cost reduction programs, we have succeeded in offsetting inflationary cost pressures and an industry-wide decline in new car margins and are pleased to report an increase in EBITDA. However, we are not immune to rising interest costs and our PBT has been impacted as a result, declining 20.4% to \$34.4m.

The performance of our recently acquired dealerships in Warwick Farm and Bathurst have exceeded our expectations and is a clear demonstration of our disciplined approach to acquisitions. We look forward to expanding our operating footprint further as we execute on our growth strategy.”

H1 FY24 Result Overview

Sales revenue growth of 20.4% reflects significant organic growth in service, parts, accessories, new cars, used cars and aftermarket products and an increase associated with the recently acquired dealerships. Both organic and acquisition growth are expected to continue.

Gross margin % declined 70bps relative to H2 FY23, reflecting the impact of the newly acquired dealerships which have a lower gross margin (-80bps) and a reduction in new car margins as a result of increasing supply (-30bps). This was partially offset by other gross profit improvements (+40 bps).

Underlying operating expenses excluding one-off costs and the newly acquired dealerships increased by 5.0% on H1 FY23. This was a pleasing result considering the current inflationary environment and the increases in volumes we delivered. This was achieved after a program of cost strategies including cost reductions (\$7m p.a.), cost-recovery and leveraging of fixed costs with increased volumes.

Interest costs increased by \$7.9m on the prior period and had a significant impact on our financial performance. This increase was due to higher interest rates (+\$3.9m), increased inventory levels (+\$2.1m) and acquisition-related factors (+\$1.9m).

Market conditions

The total quantity of vehicles supplied into the Australian market by OEM's has now increased, however, the mix of models and brands is not fully aligned to customer demand and inventory levels have increased. At the same time, a significant order bank remains in place and this is expected to underpin deliveries and revenues in the period ahead.

Peter Warren remains focused on the basics of automotive retail: inventory management, gross profit management and delivering a first-class customer experience. This focus will continue to support our results.

We are well positioned for the transition to New Energy Vehicles (NEV). Peter Warren currently offers 71 EV, PHEV and hybrid models across a wide range of brands and budgets. Most of our facilities are NEV ready and we continue our focus on opportunities arising from complementary offerings and the adoption of new revenue streams.

Dividend

Earnings per share for the period was 12.45 cents per share. The Directors have declared an interim dividend of 8.5 cents per share fully franked, as part of our commitment to provide returns to shareholders. The record date for determining the entitlement is 28 February 2024 and the dividend will be paid on 27 March 2024.

Outlook

The Group is well placed to take advantage of both organic and strategic acquisition opportunities as market conditions evolve. Peter Warren is a natural consolidator in a highly fragmented market and will continue to pursue greenfield and acquisition opportunities in a disciplined manner. We look forward to welcoming the recently announced Macarthur dealerships to our group, with completion expected in the coming weeks.

We expect new car supply to continue at an increased level and that the misalignment of inventory supply and customer demand will also continue. As a result, inventory levels will remain increased and the order bank will take time to reduce. New car margins may taper in this environment but we expect good margins across used, service, parts, aftermarket, finance and insurance.

Mark Weaver said: “We are well positioned to continue to deliver on our growth ambitions. As we grow our business organically, we have an active consolidation strategy, strong balance sheet and plenty of runway ahead.”

-ENDS-

This announcement was authorised for release by the Board of Peter Warren Automotive Holdings Limited.

Investor Conference Call

An Investor Presentation has been lodged with the ASX today together with this announcement. CEO Mark Weaver and CFO Victor Cuthell will host a webcast for analysts and investors at 9.30am (AEDT) accessible via the following links:

Conference call pre-registration link:

<https://s1.c-conf.com/diamondpass/10036385-dq9yow.html>

Webcast pre-registration link:

<https://webcast.openbriefing.com/pwr-hyr-2024/>

About Peter Warren

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 80+ franchise operations and represents more than 27 OEMs across the volume, prestige and luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen and Euro Collision Centre.

Further information can be found on the Company's website www.pwah.com.au/ or by contacting:

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