

ASX Announcement
28 May 2024

Peter Warren Automotive Holdings Limited

Trading Update

Peter Warren Automotive Holdings Limited (ASX: PWR) (“Peter Warren” or the “Company”) today provides a trading update.

Whilst revenue has continued to grow, Peter Warren now expects underlying profit before tax for FY24 to be in the range of \$52m to \$57m. The reduction in earnings versus market expectations reflects the following:

- A significant increase in vehicle supply by OEM’s has led to greater competition between dealerships and lower gross profit margins on new vehicles. The contraction in new vehicle margins has occurred across the industry and is the most acute in brands and models where supply levels and inventory holdings are highest;
- The level of customer demand for new vehicles has reduced as a result of cost-of-living pressures; and
- Peter Warren interest costs have increased versus the prior year in line with interest rates and inventory.

The revenue streams of the business have performed well with growth being achieved in a number of areas, including the volume of vehicles sold. Service and parts revenue has continued to see good growth, along with used cars where further growth is expected.

Peter Warren has implemented a number of steps to mitigate the impact of the decline in new car margins including:

- Limiting inventory levels and associated costs by partnering with OEM’s on supply intake and increasing sales and marketing activities in some areas;
- Maximising the revenue growth in service, parts and used cars by leveraging our size, scale and existing platforms; and
- Continuing our cost-management activities to limit cost increases and maximise the leveraging of fixed costs as revenues continue to grow across the business.

These actions have not fully offset the impact of falling new car margins. The new vehicle order-bank has also cushioned the margin reduction but order-bank refill is now occurring at lower margins.

Looking ahead, the Company expects that new car margins may remain under pressure and see some further small reductions. However, Peter Warren will continue to benefit from ongoing growth in service, parts and used cars and also by the continued management of costs and inventory. Ultimately, margins and performance are expected to remain above the levels seen prior to the Covid disruption.

The Board remains committed to the Company's growth strategy including selectively pursuing disciplined acquisitions. With low levels of net debt and a strong balance sheet underpinned by property, Peter Warren remains well-placed for the longer-term.

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

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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 30 OEM's 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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