

ASX Announcement 21 August 2024

Peter Warren Automotive Holdings Limited FY24 Result

Peter Warren Automotive Holdings Limited (ASX: PWR) ("Peter Warren" or "the Group") today announces its financial result for the full year ended 30 June 2024 in line with the guidance provided in May 2024. Underlying profit before tax (PBT) of \$56.8m was achieved in a year that saw new car margins under pressure as OEM vehicle supply increased.

Underlying Result Summary ¹	<u>FY24</u> <u>\$'m</u>	<u>FY23</u> <u>\$'m</u>	<u>Var</u>
Revenue	2,475.1	2,073.1	19.4%
Underlying EBITDA ¹	135.0	140.5	(3.9%)
Interest	(43.6)	(27.8)	(56.8%)
Underlying Profit before tax (PBT) ¹	56.8	81.9	(30.6%)
Basic Earnings per share (cents)	20.99	32.78	(11.79) cps
Final dividend per share (cents)	6.0	11.0	(5.0) cps
Total dividend per share (cents)	14.5	22.0	(7.5) cps

¹ Underlying result excludes one-off costs of \$3.4m in FY24 (\$0.8m in FY23) comprising acquisition expenses (\$0.7m); restructure costs (\$1.3m); legal fees (\$1.4m).

Paul Warren, Interim Chief Executive Officer said: "Revenue increased by 19% on the back of our acquisitions and the organic growth we drove in most parts of our business. In new cars, the increased volumes reflected high levels of OEM vehicle supply and order bank fulfilment."

"Across the automotive industry, increases in vehicle supply have led to higher inventory holdings, higher interest costs and lower new car margins. We responded by strengthening our inventory management program and we succeeded in holding our new car stocks steady relative to 31 December levels (excluding acquisitions). We also implemented a series of margin initiatives and continued our cost-management activities to reduce costs and leverage our fixed cost base as revenues grew."





Financial Result Summary

Financial results for the year ended 30 June 2024 (FY24) are summarised as follows:

Statutory Results	<u>FY24</u> <u>\$'m</u>	<u>FY23</u> <u>\$'m</u>	<u>Var</u>
Revenue	2,475.1	2,073.1	19.4%
EBITDA	131.6	139.7	(5.8%)
Profit before tax (PBT)	53.4	81.1	(34.2%)
Net profit after tax (NPAT)	37.4	56.4	(33.6%)

FY24 Result Overview

Sales revenue was up 19.4% incorporating 13.1ppts of growth from acquisitions and 6.3ppts from the growth we drove in new cars, used cars, service, parts and aftermarket products. Our revenue is expected to continue to grow in FY25.

Gross margin % declined from 18.9% in FY23 to 16.9% in FY24, reflecting a reduction in new car margins (-1.2ppts) and the impact of newly acquired dealerships (-0.7ppts). Given the new car margin impact, our margin initiatives became a key focus. In other service lines (used cars, service, parts, aftermarket) we maintained good margins in line with previous years

New vehicle inventory grew over the last 12 months and as a result we strengthened our inventory management program. We succeeded in holding our new vehicle inventory levels (excluding acquisitions) at \$363.9m at 30 June vs \$362.4m at 31 December.

Underlying operating expenses benefited from our cost management activities and saw operating expenses reduce from 12.2% of revenue in FY23 to 11.5% of revenue in FY24. Our program includes 'cost-out' activities, cost recovery actions and a focus on leveraging our fixed costs as we increase dealership revenues.

Interest costs increased by \$15.8m on the prior period and had a significant impact on the Group's financial performance. This increase included higher interest rates (+\$5.7m), increased inventory levels (+\$4.5m) and acquisition-related interest (+\$5.9m).

Property holdings on the balance sheet are valued at \$226m and our net debt LTV is 27%. The board considers that these assets represent significant shareholder value and provide good funding optionality for the future.

Market conditions

Across the industry, higher volumes of vehicle supply by OEMs have led to increasing inventory levels, greater competition between dealerships and lower new car margins. We delivered record volumes of vehicles and saw our order bank reduce from peak levels. The industry has also seen fewer new orders placed due to cost-of-living pressures on customers.

Peter Warren has focused on the impact of falling new car margins by pursuing three key areas: inventory management, cost control and our margin improvement initiatives.





Our industry continues to develop with new products, new entrants, new regulations and changing customer preferences. In FY24, the growth of new energy vehicles continued with hybrid and battery-electric vehicle sales increasing significantly. Peter Warren supports the transition to new energy vehicles and is well-positioned with an extensive range of models available across the volume, premium and luxury segments. We aim to continue our first-class customer service and provide a choice of brands and fuel options to meet our customers' needs.

Expansion

In March 2024, the Group completed and successfully integrated the acquisition of four dealerships in Macarthur, NSW: Mazda, Nissan, MG and LDV. These Western Sydney dealerships are highly complementary to our existing business and create significant opportunities for Peter Warren and our people.

Over the long term, we are committed to our expansion strategy where we see both greenfield and acquisition opportunities in a highly fragmented market. In the short term, the Group is focused on ensuring any expansion is strategically compelling and represents excellent shareholder value. As part of this approach, we further expanded the NSW portfolio with the addition of Toyota and GWM dealerships.

Dividend

The Directors have declared a fully franked final dividend of 6.0 cents per share, bringing the full year dividend to 14.5 cents per share (in line with the target payout ratio). The record date for determining the entitlement is 4 September 2024 and the dividend will be paid on 2 October 2024.

Outlook

Despite ongoing cost-of-living pressures, we expect continued growth in our main revenue streams: new cars, used cars, service and parts. New car margins continue to be under pressure but we aim to mitigate this through our key focus areas: inventory management, cost control and our margin improvement initiatives. Gross margins in our other revenue streams are expected to remain favourable.

Paul Warren commented: "Our industry will continue to see significant change through new products, new entrants and new government regulations. At Peter Warren, we are growth-focused and will continue to drive FY25 revenues and results across new cars, used cars, service and parts. We are fixated on executing the fundamentals well and on delivering first-class customer service."

"Our Group is in a strong financial position with considerable property assets, low net debt and a culture of cost control. We look forward to the year ahead and to welcoming Andrew Doyle when he commences as Chief Executive Officer on 1 October, 2024."

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





Investor Conference Call

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

Conference call pre-registration link:

https://s1.c-conf.com/diamondpass/10040630-pqy6tc.html

Webcast pre-registration link:

https://webcast.openbriefing.com/pwr-fyr-2024/

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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 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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