

ASX Announcement
21 February 2023

Peter Warren Automotive Holdings Limited

H1 FY23 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 2022 (H1 FY23), delivering a strong result with growth on the prior year.

Highlights

- Revenue of \$999.0 million, up 28% (H1 FY22: \$777.9 million)
- Profit Before Tax (PBT) of \$43.2 million, up 27% (H1 FY22: \$34.1 million)
- Order book up on previous periods, 61% increase on Dec 2021, and 4% increase on June 2022
- Interim dividend of 11.0 cents per share (cps), fully franked, up 2.0 cps (H1 FY22: 9.0 cps)
- Strong financial position, underpinned by a substantial property portfolio, with a capital structure that supports Peter Warren's growth plans

Mark Weaver, Chief Executive Officer of Peter Warren said: “I am pleased to report another strong performance for Peter Warren. This reflects the diversity of our revenue streams and validates Peter Warren’s position as a dealer of choice for both our customer and the OEMs we represent. It is a credit to our teams who continue to deliver exceptional customer experiences while adapting to the changing market conditions.

“The performance of our recently acquired Penfold Motor Group has 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.

“Our substantial order book provides a degree of certainty regarding our outlook. This puts us in a strong position and we continue to be proactive in mitigating the challenges around inflation, consumer spending and vehicle supply. We remain disciplined in our approach and we expect to benefit from the diversity of our revenue streams.

“Reflecting the strength of the H1 FY23 result, the Board has declared an interim dividend of 11.0 cents per share, up from 9.0 cents per share in the prior year.”

Financial Result Summary

Financial results for the half year ended 31 December 2022 (H1 FY23) are summarised as follows:

	H1 FY23 \$'m	H1 FY22 \$'m	Var %
Revenue	999.0	777.9	28.4%
EBITDA – underlying	70.6	54.0	30.8%
Acquisition related expenses	-	(2.2)	-
EBITDA - statutory	70.6	51.8	36.3%
Profit before tax – statutory	43.2	34.1	26.7%
Net profit after tax - statutory	30.2	23.7	27.3%
Interim dividend per share (cents)	11.0	9.0	22.2%

H1 FY23 Result Overview

The strong financial result in the first half of FY23 reflects:

- The incremental contribution from the recently acquired Penfold Motor Group. (Revenue increase of \$151 million, PBT increase of \$5.9 million). The Penfold Motor Group was acquired on 1 December 2021 and has performed above expectations; and
- Delivery of organic growth with improved volumes and trading in our existing business, including focus on growing sustainable income streams, with revenue growth in our higher margin service and parts departments and the cycling of COVID affected trading in NSW in the prior year; offset by
- Cost increases in some areas including wage increases, superannuation, interest rates and the impact of costs avoided during COVID affected trading in the prior year.

Our teams have responded well to the ever-changing market conditions and the Group has continued to adopt a proactive and disciplined approach to the management of expenses and capex. During the period there has been an ongoing focus on operating and cost efficiencies, including undertaking several procurement related activities to offset cost inflation pressures.

Market conditions

New vehicle demand exceeded supply, with the Group order book continuing to grow by 4% since June 2022.

New vehicles units sold were up 31% (to 13,384 units for H1 FY23) including the incremental contribution from the Penfold Motor Group. Excluding Penfolds, new vehicles units sold were up 11%, in comparison to the COVID-affected trading in the prior period.

We have experienced improvement in vehicle supply in some OEM brands, however consistency in supply, port delays and challenges associated with product mix remain. Used vehicle units sold were up 16% in the period. Excluding Penfolds, used vehicles sales were consistent with the prior year.

We are committed to supporting the transition to a sustainable future and continue to evolve our electric vehicle capabilities as customer demand increases. We continue to work with our OEM partners as we increase our electric vehicle product range.

Well Positioned for Growth

The Group continues to assess its debt capacity on a net debt to property value basis, which at 21% at 31 December 2022 provides Peter Warren with capacity in its capital structure to support future growth plans. Peter Warren is a natural consolidator in a highly fragmented market and will continue to pursue appropriate greenfield and acquisition opportunities.

Dividend

As part of our commitment to provide returns to shareholders, the Directors have declared an interim dividend of 11.0 cents per share fully franked, representing 63% of reported Net Profit After Tax.

This is in line with the target Dividend Payout Ratio of between 60% to 70% of annual underlying Net Profit After Tax (NPAT). The record date for determining the entitlement is 28 February 2023 and the dividend will be paid on 31 March 2023.

Outlook

The Group will continue to execute its strategy by delivering against its three primary pillars: organic growth initiatives; evaluation of acquisition opportunities; continuing to leverage and evolve its property portfolio. Our organic growth plans are supported by a number of strategic initiatives including a focus on growing our diverse revenue streams, technology and customer focused initiatives and cost recovery activities.

We recognise the macroeconomic environment, consumer sentiment and variability in vehicle supply. Our proactive and disciplined approach has delivered a strong H1 FY23 result and we are confident that this approach will enable us to achieve a robust full year result underpinned by a substantial order bank and our diversified revenue from service, parts, finance and used cars.

With a clear strategy, operations in three eastern seaboard states and over 2,000 dedicated team members, the Group's operating model incorporates diversification across both geography and brands and is well positioned to capitalise on further opportunities for organic growth and market consolidation.

-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://registrations.events/direct/OCP60203>

Webcast pre-registration link:

<https://webcast.openbriefing.com/pwr-hyr-2023/>

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 79 franchise operations and represents 26 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under 7 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group and Euro Collision Centre across the Eastern Seaboard.

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

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