

26 October 2021

Peter Warren Automotive Holdings Limited

2021 Annual General Meeting Address to Shareholders by Chairman and CEO

Peter Warren Automotive Holdings Limited's (ASX: PWR) 2021 Annual General Meeting will be held today at 12.00pm AEDT. The meeting will be held online at <https://agmlive.link/agm/PWR21/register>

The addresses to shareholders from the Chairman and Chief Executive Officer which will be delivered at the Annual General Meeting are attached.

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

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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 74 franchise operations and represents 28 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under 6 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, 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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FY21 Annual General Meeting

26 October 2021

Chairman's Address – John Ingram

Good afternoon, ladies and gentlemen, I'd like to welcome you all and thank you for joining us at Peter Warren Automotive Holdings Limited's annual general meeting for the year ended 30 June 2021, our first as a publicly listed company.

I would like to start by reflecting on what has been an extraordinary year for our company and our team members.

In April this year, the group achieved a significant milestone in its 63-year history by listing on the Australian Securities Exchange (ASX). The IPO is an exciting opportunity for our business, providing a platform for Peter Warren to pursue its growth strategy and execute further acquisition opportunities with a strengthened balance sheet.

Our financial results for the year were strong, exceeding Prospectus forecast on all key financial metrics and Mark Weaver our CEO will take you through these results in more detail.

I am very proud of how the business responded in the pandemic, acting quickly to support our customers and staff while continuing to adapt, focusing on improved customer service delivery, responding to shifting consumer trends.

I would like to extend my thanks to every team member for their strength and resilience during these challenging times.

As outlined in our Prospectus, Peter Warren has a demonstrated history of growth via both greenfield and brownfield developments. In the past, Peter Warren has successfully executed a number of acquisitions, including the Frizelle Automotive Group (2017), and North Shore Automotive (2015), to expand its network of dealerships and franchises.

As a natural consolidator in a highly fragmented market, we continue to explore acquisition opportunities and use a disciplined approach to assessing the right opportunities for our group.

Successful consolidation requires not only capital, but strong relationships with OEMs in order to identify and execute upon opportunities. Our choice to pursue a diverse mix of brand representation, coupled with our Auto Mall concepts, allows us to focus on improving market share in existing locations as well as expanding our practices into new geographies.

The company is in a strong financial position, with closing cash at 30 June 2021 of \$43 million and no corporate debt. Along with our cash generative business model, this provides the financial flexibility to support our growth plans.

As we look to the year ahead, we will continue to navigate the uncertainty created by the pandemic and believe Peter Warren is well positioned to deliver on our growth strategy, through both organic and inorganic means.

Peter Warren has established a strategic operational infrastructure, including property ownership, with a focus on revenue diversification and continued organic growth across the entire value chain. It's by engaging with consumers at every stage during the vehicle ownership lifecycle that allows us to deliver consistent outperformance year after year.

Peter Warren is led by an experienced management team with a strong track record in the automotive industry and excellent OEM relationships. Alongside the Board, the team is committed to advancing the Peter Warren brand, and ensuring a consistent and high quality of customer service.

As Chairman, I would like to take this opportunity to express my thanks to the company's management team, who's dedication to the business has been unwavering through these unprecedented times.

I would also like to extend my thanks to my fellow Directors for their support and contribution to the success of the company, particularly around the period leading up to the IPO.

Finally, I would like to thank you, our shareholders, for your continued support. Whilst we are unable to meet in person with you today, I thank you for joining today's meeting online, and invite you to contact me directly if you have any comments or questions about the company.

I will now invite our CEO, Mark Weaver, to address the meeting and to give us an overview of the operations of the company, strategic priorities for the year ahead and an update on current trading.

Following Mark's address, we will deal with the formal business of the meeting.

Chief Executive Officer's Address – Mark Weaver

Thank you, John, and good afternoon ladies and gentlemen, I would also like to add my welcome to this year's AGM.

Slide 5: About Peter Warren Automotive

As most of you are aware, Peter Warren is a well-established and diversified automotive dealership business of scale with an opportunity to grow. This year has been a testament to the resilience of our earnings and the diversity of our locations and the brands we represent.

We are a natural consolidator in a highly fragmented market, Peter Warren's full-service offerings capture the entire value chain across the automotive lifecycle. We have established a strategic operational infrastructure including property ownership and I am delighted to work with an experienced Board and management team.

Our business has been in operation for 63 years and represents 28 OEM brands across 18 locations offering 74 franchise choices for consumers. Our dedicated team of 1,600 people delivered nearly 30,000 units in the year to June 2021 across the 6 business banners under which we operate, a tremendous achievement. And our deep-rooted foundations and core values are at the very heart of every consumer interaction as we aim to deliver exceptional service at all times.

Slide 6: Diversified Business Model Across Franchises and Geographies

You can see our business is well located in some of Australia's highest population growth regions, South East Queensland, Northern New South Wales, and the South West Corridor of Greater Sydney. Our selection of franchises provides a well-diversified offering to consumers, across all market segments and the brands within those segments, enabling us to centralise costs and importantly trade through the product cycles that are synonymous with the Australian Automotive industry.

Slide 7: FY21 Exceeded Prospectus Forecast

As outlined in the company's full year results announcement on 27 August, we were pleased with our strong financial performance in FY21, including

- Proforma revenue of \$1.6 billion which was up 18% on FY20 and exceeded the prospectus forecast by 6%,
- Proforma EBITDA of \$108.0m, which was well up on the prior year and exceeded prospectus forecast by 42%; and
- Proforma Net profit before tax of \$75.7m, eclipsing the prior year and exceeded prospectus forecast by 68%

Slide 8: Large Growing Fragmented market

With a growing Australian car parc and the vast majority of the Australian market being delivered across the Eastern Seaboard, it is a clear focus for us to develop our growth in this market. We are continuing to identify opportunities and will use a disciplined approach to any future acquisitions.

It is pleasing to see the number of new vehicles to be sold in Australia in calendar 2021 is tracking toward the 1.1 million unit level, which demonstrates the steady growth in demand experienced over the last two decades, looks set to continue.

Slide 9: Our Strategic Priorities

Moving to our strategic priorities that we outlined in the Prospectus and the key drivers of our long-term growth across three strategic pillars:

The first pillar is the evolution of our property portfolio – across ownership and long-term leases

- We remain focused on strengthening our property plays to ensure we work every real estate proposition to its potential for our group, leveraging our "Auto Mall" strategy

I am delighted to report on early progress with this strategy including:

- Completion of the Southport and Warwick Farm Auto Mall acquisitions at IPO
- A recent addition to our Southport property, acquiring an adjacent block earlier in October

- Peter Warren's property assets afford both significant strategic flexibility and funding capacity. Given this strong asset backing, the company assesses its debt capacity on a Net Debt to Property Value basis and will manage its capital structure on this basis going forward. We are in the process of securing a \$96m corporate debt facility, secured against our Warwick Farm property assets, to support our growth strategy.

The second pillar is organic growth

There are a series of immediate growth drivers which the business is focused on to maximise our opportunities and embrace our collaborative approach to dealership management

- Enhancing our capability across the value chain by addressing consumer convenience and adopt our “bundling” approach to consumer touchpoints;
- Focus on retention. Maintaining consumers deeper into their ownership lifecycle
- Create alternate revenue streams through more deeply exploring our privileged position of being the face of many consumer interactions
- Stay alert to changing supply dynamics and focus on growth as pandemic lockdowns ease and spending behaviours emerge
- Improve our Used to New retail mix to maximise our opportunities as market models emerge and extract maximum retail throughput in our retail service operations by centralising internal workshop activities
- And as we grow, seek out best practices and cost efficiencies to deliver our scale strategy.

My executive teams are focused heavily in these areas and again I am delighted to share we are making progress on some key initiatives we have set for the short term, including:

- We have commenced the roll out of enhanced digital technology in Service laneways
- Refinement of our trade in valuation and reconditioning processes to drive used car supply
- F & I process redevelopment, showing positive indicators of improved penetration
- Our recent investment in IT infrastructure and on-line capabilities indicating enhanced self-generated leads delivering stronger conversion
- Development of our Omni-Channel sales approach as a direct result of our COVID period learnings
- Enhancements in talent attraction and on boarding programs

The third pillar is Acquisition Opportunities

Here we remain:

- Focused on improving localised market share in existing operations as well as expanding into new geographies
- Disciplined in our approach to acquisitions, focusing our attention on delivering our Eastern Seaboard strategy whilst seeking available synergies to enhance new operations

Since listing, our progress has been positive here also:

- Four new additions to our group, adding both market share and incremental gross contribution to our existing operations.
- A positive pipeline of opportunities with pricing expectations consistent with our prior experience

- We will maintain our stance of taking a disciplined approach to selection and execution to maximise the opportunities presented to us.

Our success at growing our order banks, even during these lockdown periods is a significant highlight of FY21 and the first quarter of the new financial year. Our focus now is on continuing to create deeper consumer relationships to benefit from future revenue streams.

Slide 10: Ongoing Investment In Our People

None of this progress could be possible without the contribution from our dedicated team members.

We have focused heavily on the development of our teams, introducing new training and development functionality delivered in house, and addressing current and future skill shortages by creating 365 new apprenticeship and traineeship opportunities within our group.

Our core values of GROWTH, INTEGRITY, FOCUS and TEAMWORK remain an integral element of our culture.

At a time when many have cut valuable skills and experience from their workforce, we have invested further in our people through training and talent development programs in pursuit of growth and a “Best in Class” workforce.

I’m delighted with our progress and today I share with you that we were recently awarded both the NSW and separately, the QLD Vocational Education and Training Awards for Large Employer of the Year, independently assessed in each state. We now move to the National Awards as one of 3 employers in this vast multi-industry category. In a period of great uncertainty for many people in Australia, this is one of the proudest endorsements that could be bestowed on our business, reflecting our ethos of a strong cultural environment and looking after our people and customers alike.

To summarise, it’s been a busy year and one that I reflect on as a great success, demonstrating the ability of my leadership team and our people to come together, be balanced, stay sensitive to our current crisis and its health impacts but at all times, remain entrepreneurial and most of all adaptive.

Slide 11: Trading Update and Outlook

Onto our trading outlook for the remainder of this calendar year.

In our update in August 2021, we indicated that trading in July and August had been impacted by lockdowns in New South Wales and, to a lesser extent, Queensland. We also outlined the supply of new vehicles remained uncertain with varied constraints across our OEM partners.

These factors have remained, with our Sydney showrooms being closed throughout the period until very recently, and similar restrictions have been imposed upon our Northern NSW locations.

Our performance in the first quarter has however been pleasing with:

- Stronger than expected results from our QLD business
- Demand in both NSW and QLD remaining strong, with our order bank at the end of September improving on the June 2021 position
- Our NSW showrooms are now re-opened as of mid-October, and despite having ongoing staffing restrictions, customer activity has been encouraging and better than anticipated
- Uncertainty surrounding the supply of vehicles remains however, with varied constraints across our OEM partners continuing and evolving on a weekly basis.

We have as a result of these and related factors, re-modelled our expected outcomes for the forecast period through to 31 December 2021. We had previously maintained our Prospectus forecast of \$28.0 million for this period.

We now anticipate the Pro forma Net Profit Before Tax for H1FY22F to be in the range of \$32 million and \$34 million. This assumes no further lockdowns and no further supply chain disruptions.

Pleasingly this would bring our Calendar Year performance for 2021 to be in the range of \$80.8m to \$82.8m, which is a 75% to 80% improvement on our Prospectus, reflecting again a successful first period post listing.

In closing, I'd like to take this opportunity to thank our team for their resilience and determination to deliver this outcome. Also, for our business partners for their willingness to assist us to deliver exemplary customer service.

And finally, to our investors for your continued support throughout this period and looking ahead.

Thank you

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