

## Peter Warren Automotive Holdings Limited

26 August 2022

### FY22 Investor Presentation

Peter Warren Automotive Holdings Limited (ASX:**PWR**) attaches its FY22 Investor Presentation relating to PWR's full year 2022 financial results announcement.

#### **AUTHORISED FOR LODGEMENT BY:**

**The Board of Peter Warren Automotive Holdings Limited**

#### **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 82 franchise operations and represents 28 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.

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

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# Peter Warren Automotive Holdings (PWR.ASX)

## FY22 Results Presentation

Mark Weaver  
Chief Executive Officer

Bernard Friend  
Chief Financial Officer

Friday 26 August 2022

# Agenda

- 1 FY22 Result Overview
- 2 FY22 Financial Summary
- 3 Outlook
- 4 Questions
- 5 Appendices

# FY22 Financial Highlights

Strong result in a challenging environment

<b>Revenue</b>	<b>EBITDA<sup>(1)</sup></b>	<b>Profit before tax (PBT)<sup>(1)</sup></b>	<b>Net profit after tax (NPAT)<sup>(1)</sup></b>
<b>\$1,711m</b>	<b>\$130m</b>	<b>\$88m</b>	<b>\$62m</b>
FY21 Revenue <sup>(2)</sup> \$1,622m	FY21 EBITDA <sup>(2)</sup> \$108m	FY21 PBT <sup>(2)</sup> \$76m	FY21 NPAT <sup>(2)</sup> \$52m
<b>Revenue growth +5.6%</b>	<b>EBITDA growth +20.4%</b>	<b>PBT growth +16.5%</b>	<b>NPAT growth +18.2%</b>

**33.3 cents**

Statutory earnings  
per share

**13.0 cents**

FY22 Final dividend per share

**22.0 cents**

FY22 Total dividend for the year

**5.2%<sup>(1)</sup>**

Return on sales  
(PBT margin)

**94.2%**

Cash conversion

**7%**

Net debt to  
property value

(1) Underlying result excludes financial impact of floods (\$5.1 million) and acquisition related expenses (\$2.3 million)

(2) Proforma is used to describe the FY21 result, which includes certain proforma adjustments as outlined in the prior year result relative to the Prospectus forecasts (see Appendices)

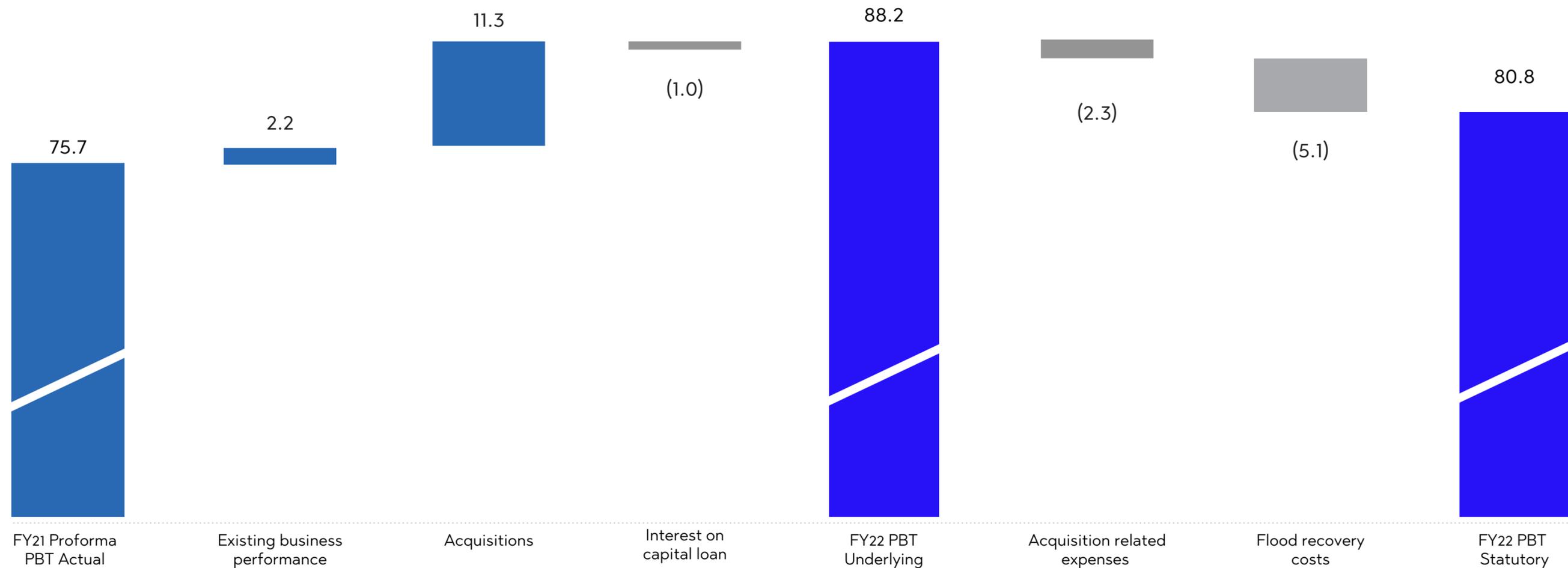


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# Delivered Solid Growth on Prior Period

FY22 includes contribution from recent acquisitions

(A\$m)



- Trading in NSW and QLD reflects impacts of lower new vehicle volumes, Covid-19 lockdowns and variability in supply across our OEM partners
- Interest on capital loan is 7 months interest on \$70 million capital loan used to part fund the acquisition of the Penfold Motor Group
- Acquisitions reflect the incremental PBT contribution from Penfold Motor Group (7 months); Tweed Mazda and Collins Honda (12 months)
- Impact of Lismore floods includes damage to inventory and fixed assets, clean-up and repair costs less insurance proceeds. Excludes impact on trading

# Three Primary Pillars

Delivered through our workplace culture and core values

## Organic growth



Expansion of current operations in the sale of new and used vehicles and the provision of complementary service

- New car bundling
- Retail life cycle
- Operational efficiencies
- Car sales growth
- Refining sales mix

## Acquisition opportunities



Pursue new acquisition opportunities, with a disciplined approach to screening based on strategic rationale, location and value

East coast acquisition strategy

## Evolve property portfolio



Ownership or long-term leases of key strategic properties

Provide flexibility and expansion potential



**G.I.F.T**  
Growth. Integrity. Focus. Teamwork.



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# FY22 Delivering on our Strategy

Strong execution against primary pillars

Organic growth



- Continued strength of our forward order book
- Deep dive and national alignment of revenue streams to focus on cost efficiencies & growth
- Re-configuration of F&I providers and offerings to align our digital strategy
- Successful execution of several key procurement related activities

Acquisition opportunities



- Successful acquisition of Penfold Motor Group
- Improved pipeline of greenfield opportunities
- Full integration of recently acquired businesses
- Reviewed a number of potential opportunities

Evolve property portfolio



- \$2m adjacent Southport property acquired in October to complement existing portfolio
- Secured \$96m debt facility to leverage assets
- Net Debt to property value provides capacity for future growth



# Electric Vehicles

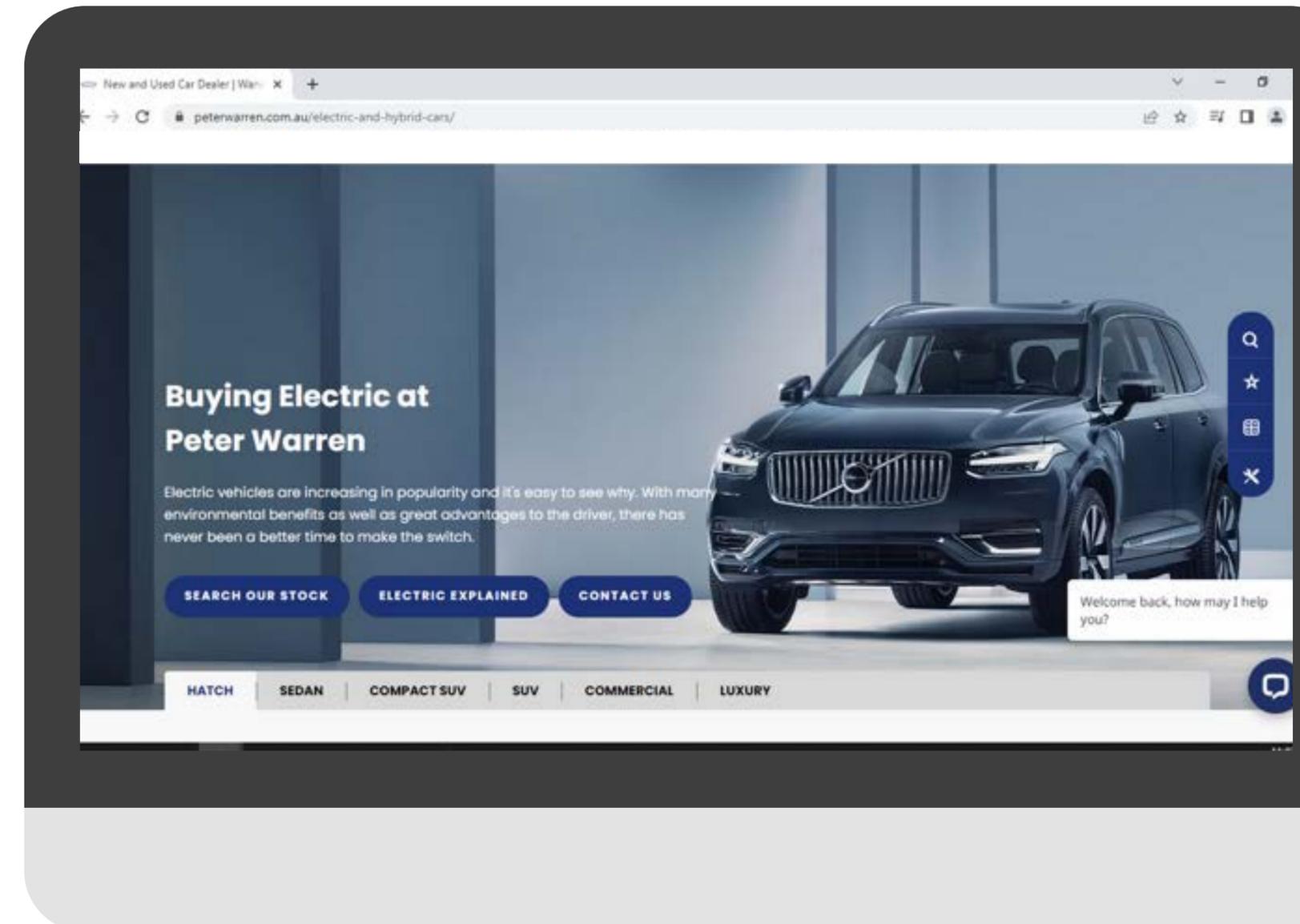
## Growing our EV capabilities as customer demands change

### EV sales small but growing

- BEV (battery electric vehicles) & PHEV (plug in hybrid electric vehicles) <sup>(1)</sup> vehicle sales estimated to be less than 3% of new vehicles sales in FY22
- Hybrid sales growth was modest in FY22: units up 1.3% against a market contraction of 2.1% <sup>(1)</sup>
- Cost / price premium of electric vehicles, charging infrastructure and driving range remain key concerns for consumers <sup>(2)</sup>

### Focus on our capabilities

- We continue to grow our capabilities by investing in the technical capability required to service new and emerging technologies
- Education is important as we share insights with our customers on the choices available - ICE Hybrid PHEV & BEV
- Recent launch of dedicated Electric Vehicles website “Buying Electric at Peter Warren”



(1) Source: Vfacts Federal Chamber of Automotive Industries: Retail sales by Fuel Type converted to a financial year

(2) Deloitte Motor Industry Services report December 2021

# Environmental, Social and Governance

Embedding ESG into our strategy and ways of working

Energy audits completed and Energy Conservation Measures (ECM's) identified at key locations

2021 Vocational Education and Training award winners "Large Employer of the Year" NSW, QLD and National. Current 2022 NSW and QLD state finalists

Above national average Employee Engagement survey results, indicate year on year growth in Engagement <sup>(1)</sup>

Strong supporter of women in non-traditional trades. Female intake 4 times National average <sup>(2)</sup>

Continued investment in the development of our people with over 500 apprenticeships and traineeships

Enhanced protocols around work place practices and safe facilities

(1) National average measured by survey provider

(2) National average sourced from Department of Education



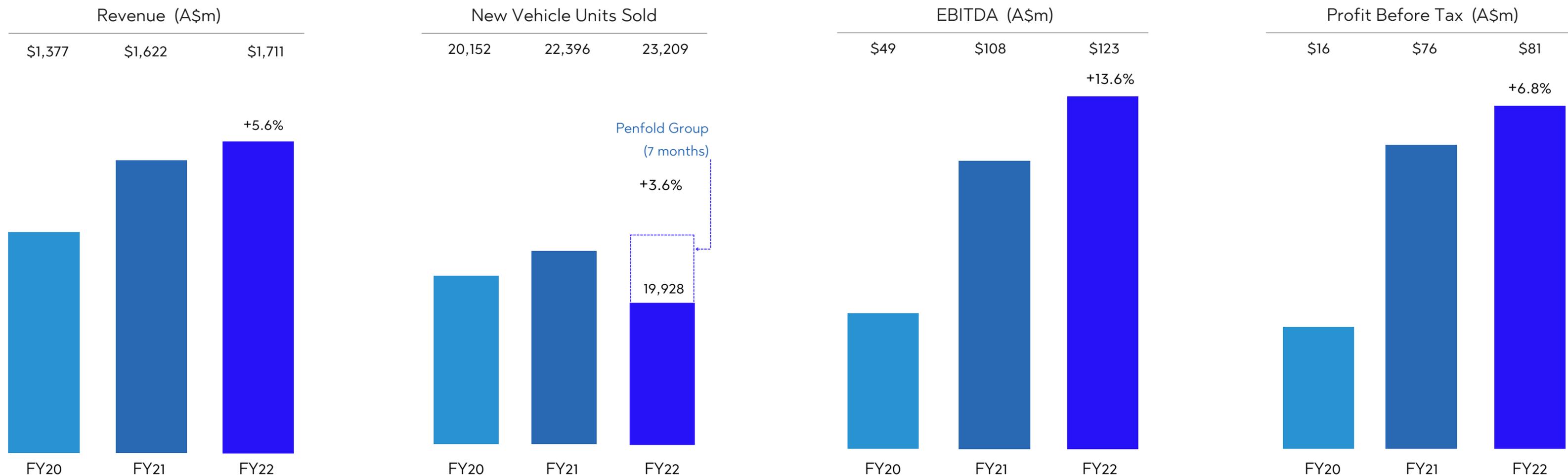
# FY22 Financial Summary



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# FY22 Statutory Financial Result

Solid performance with growth on prior year



- Like for like new vehicle volumes were down 11% used car volumes were down 27%

FY20 and FY21 reflect proforma result

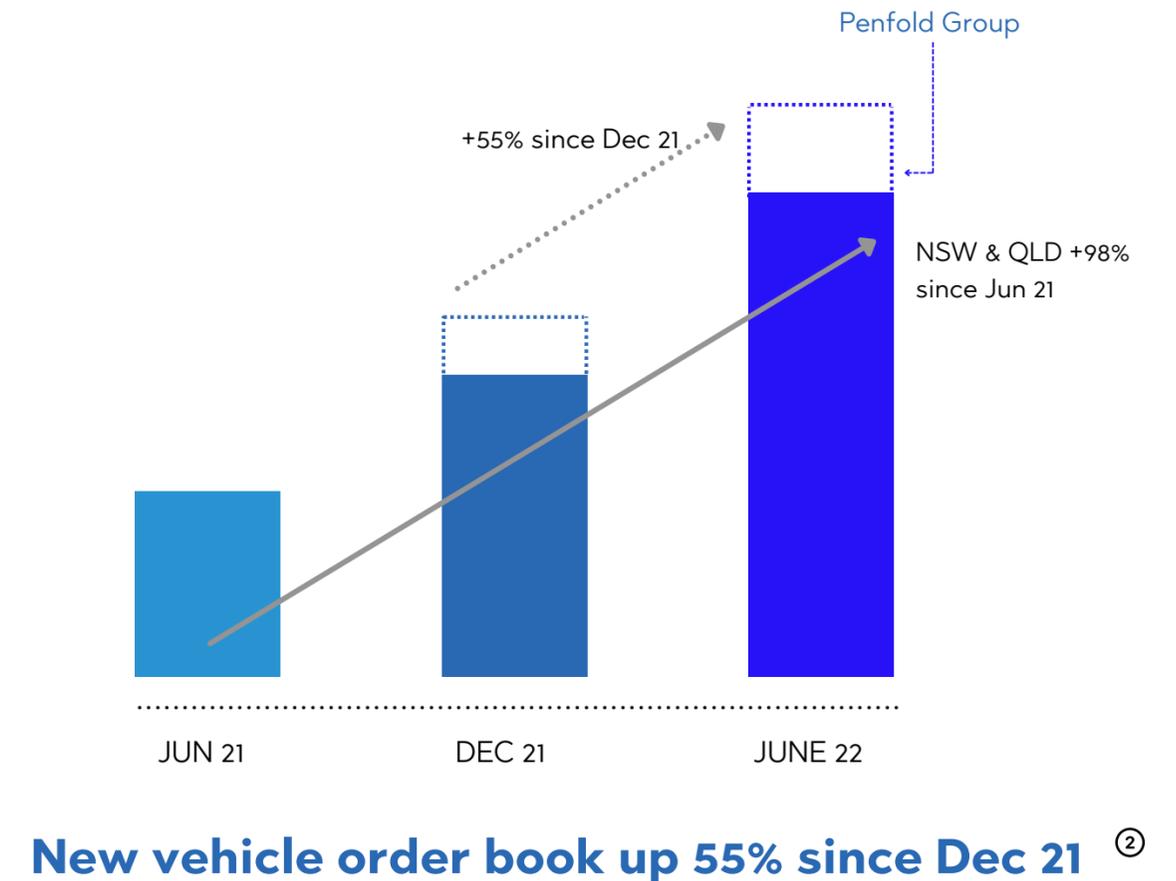


# FY22 Profit and Loss

Demand continues to outstrip supply

June year end (A\$m)	FY22	FY21 Proforma	Variance (%)
Revenue	1,711.3	1,621.2	<b>5.6%</b>
Gross Profit	342.5	292.1	<b>17.2%</b>
EBITDA - underlying	130.1	108.0	<b>20.4%</b>
Flood recovery costs	(5.1)	-	<b>n.m</b>
Acquisition related expenses	(2.3)	-	<b>n.m</b>
EBITDA - statutory	122.7	108.0	<b>13.6%</b>
EBIT - statutory	96.3	87.8	<b>9.6%</b>
PBT - statutory	80.8	75.7	<b>6.8%</b>

①



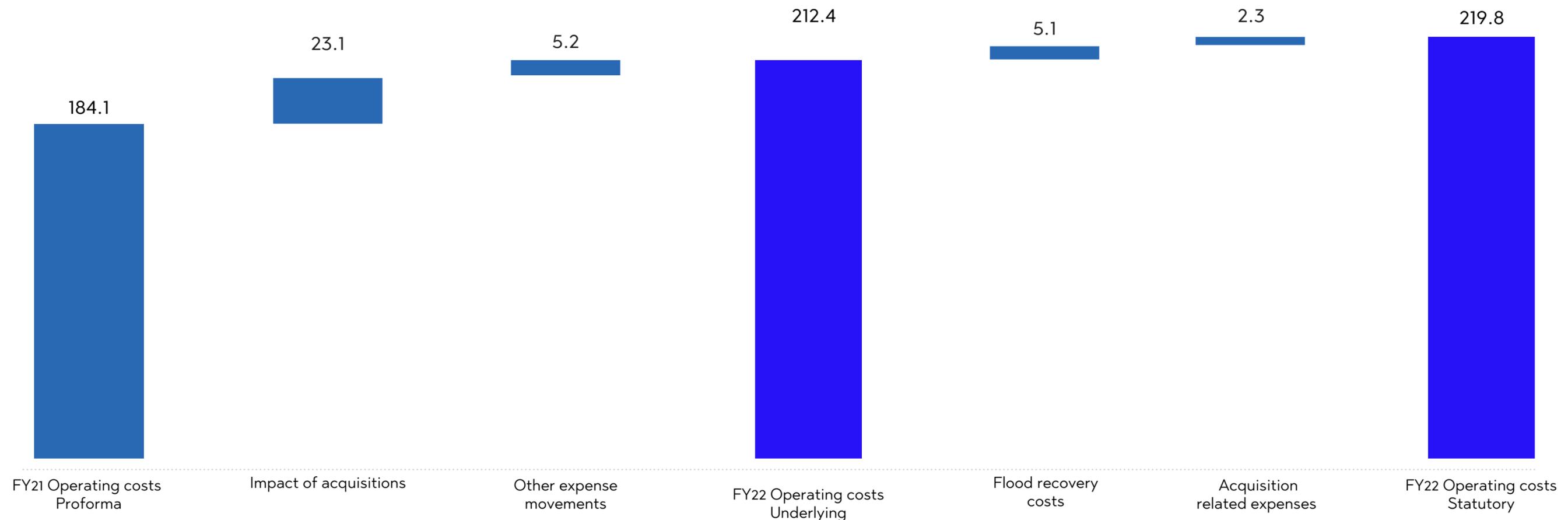
① Revenue growth reflects the contribution of Penfold Motor Group for seven months, offset by the impacts of COVID-19 lockdowns, variability in new vehicle supply and the impact on sales revenue resulting from the shift to an Agency model for some brands

② Demand continues to outstrip supply, with order book growth of 55% since December 2021. (98% like for like growth since June 21 for NSW and QLD)

# Operating Cost Bridge

Increase reflects impact of acquisitions and one-off costs

(A\$m)

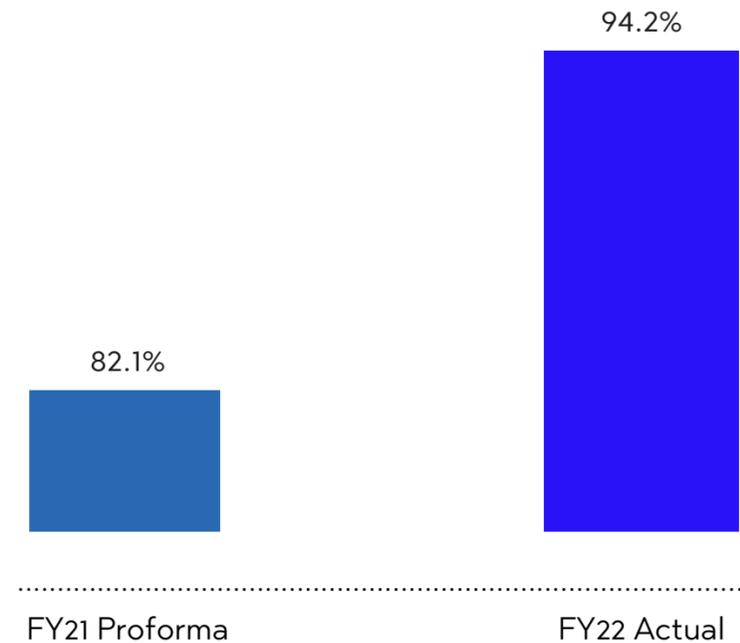


- Impact of acquisitions reflects newly acquired businesses which have lower operating costs as % of revenue
- Other expenses well controlled
- One-off costs incurred this year include flood recovery costs (\$5.1 million) and acquisition related expenses (\$2.3 million)
- Operating costs as a % to revenue calculation impacted by shift to agency model, with revenue no longer recognised. Estimated revenue impact of change to agency model by Honda (changed 1 July 2021) and Mercedes Benz (changed 1 January 2022) is \$60 million. This estimate is based on the actual agency vehicles sold during the year

# Continued Strong Cashflow Conversion

Cashflow conversion at 94.2%

Cashflows June year end (A\$m)	FY22 Statutory	FY21 Proforma	Variance (%)
<b>Statutory EBITDA</b>	<b>122.7</b>	<b>108.0</b>	<b>14%</b>
Movement in working capital	(6.9)	(18.6)	
<b>Operating cashflow before floor plan interest</b>	<b>115.7</b>	<b>89.4</b>	<b>29%</b>
Floor plan Interest	(4.1)	(4.0)	
<b>Operating cashflow after floor plan interest</b>	<b>111.6</b>	<b>85.5</b>	<b>31%</b>
Capital expenditure	(11.6)	(12.5)	
Payment of lease liabilities	(23.4)	(18.0)	
<b>Net cash flow before financing and taxation</b>	<b>76.6</b>	<b>54.9</b>	<b>39%</b>



## Operating cash flow conversion

- Operating cashflow after floor plan interest as a percentage of EBITDA after taking into account floor plan interest

## Dividend

- The Directors have declared a final dividend of 13.0 cents per share fully franked
- This brings the full year dividend to 22.0 cents per share and represents a payout ratio of 67% of Net Profit After Tax (NPAT)
- The final dividend will be paid 7 October 2022. The record date for determining the entitlement is 9 September 2022

# Strong Cash and Liquidity Position

Capital structure supports our growth plans

A\$m	30 Jun 22 Actual	30 Jun 21 Actual	Variance A\$m
Cash and cash equivalents	52.2	42.9	9.3
Borrowings	(65.9)	-	(65.9)
<b>Net cash / (debt)</b>	<b>(13.7)</b>	<b>42.9</b>	<b>(56.7)</b>
<b>Net debt to property value</b>	<b>7%</b>	<b>n.m</b>	
Lease liabilities	(225.0)	(146.7)	(78.3)
Floor plan finance	(200.6)	(181.9)	(18.7)
<b>Net (debt) / cash (including lease liabilities and floor plan finance)</b>	<b>(439.4)</b>	<b>(285.6)</b>	<b>(153.7)</b>

- External debt facility partly drawn to co-fund acquisition of Penfold Motor Group
- \$96m, 10-year facility secured against Warwick Farm property (value of \$119m); drawn to \$65.9 million
- Net debt to property value indicates considerable debt capacity exists against property portfolio
- Financing package over inventory reduces equity funding requirement
- AASB 16 recognition of Penfold lease portfolio during the period

# Outlook



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# Outlook

## Strategic Focus

The Group will continue to execute its strategic priorities, focused on delivery of its primary pillars of organic growth initiatives, evaluation of acquisition opportunities and continuing to leverage and evolve our property portfolio

## Group Well Positioned

Resilient operating model supported by geographic and brand diversity

FY23 will include a full year contribution from Penfold Motor Group (estimated benefit of \$4m to \$5m less interest on capital loan)

Scale, capital investments and OEM relationships provide a platform as a natural consolidator in a highly fragmented market

Strategic network of operational infrastructure, including property ownership, supports a privileged market position

Strong cash and liquidity position to execute on opportunities

## Outlook

### Operating Environment

Dynamic business environment will require us to continue to be flexible and adaptive

Variability in new vehicle supply will continue

New vehicles demand continues to exceed supply

Inflationary costs pressures are becoming more evident in a number of areas

Skilled labour shortages remain - retention of staff is a key focus

### Order Book

Strong order book provides greater certainty regarding earnings profile for FY23



# Questions



# Disclaimer

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The material in this presentation has been prepared by Peter Warren Automotive Holdings Limited (ASX: PWR) ABN 57 615 674 185 ("Peter Warren" or the Company") and is general background information about Peter Warren's activities current as at the date of this presentation, 26 August 2022.

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The financial information should be read in conjunction with the basis of preparation set out in note 2 of the Company's accounts.

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# Appendices



# Balance Sheet

A\$m	30 Jun 22 Actual	30 Jun 21 Actual	Variance
Cash and cash equivalents	52.2	42.9	9.3
Trade and other receivables	56.1	56.8	(0.7)
Inventories	273.4	225.3	48.1
Property plant & equipment	247.0	229.8	17.2
Other assets	18.2	6.9	11.3
Right of use assets	192.2	118.1	74.1
Intangibles	242.3	145.6	96.7
Deferred tax assets	20.0	21.4	(1.4)
<b>Total assets</b>	<b>1,101.4</b>	<b>846.8</b>	<b>254.5</b>
Trade and other payables	(94.2)	(63.3)	(30.8)
Employee benefits	(23.4)	(18.4)	(5.0)
Borrowings - floor plan finance	(200.6)	(181.9)	(18.7)
Borrowings	(65.9)	-	(65.9)
Contract liabilities	(2.2)	(2.4)	0.2
Lease liabilities	(225.0)	(146.7)	(78.3)
Income tax payable	(10.9)	(14.4)	3.6
Other liabilities	(0.2)	(0.2)	-
<b>Total liabilities</b>	<b>(622.4)</b>	<b>(427.3)</b>	<b>(195.0)</b>
<b>Net assets</b>	<b>479.0</b>	<b>419.5</b>	<b>59.5</b>

# AASB 16 Reconciliation

June year end (A\$m)	FY22 Actual	FY21 Actual
EBITDA (AASB 117)	99.3	76.3
Decrease in operating lease expense	23.4	25.8
<b>EBITDA (AASB 16)</b>	<b>122.7</b>	<b>102.1</b>
EBIT (AASB 117)	90.2	71.1
Decrease in operating lease expense	23.4	25.8
Increase in depreciation of right of use asset	(17.3)	(18.8)
<b>EBIT (AASB 16)</b>	<b>96.3</b>	<b>78.1</b>
NPAT (AASB 117)	59.5	41.0
Decrease in operating lease expense	16.4	18.1
Increase in depreciation of right of use asset	(12.1)	(13.2)
Increase in interest expense (net of tax)	(7.2)	(8.4)
<b>NPAT (AASB 16)</b>	<b>56.5</b>	<b>37.5</b>
PBT (AASB 117)	85.0	59.9
Decrease in operating lease expense	23.4	25.8
Increase in depreciation of right of use asset	(17.3)	(18.8)
Increase in interest expense (net of tax)	(10.3)	(12.0)
<b>PBT (AASB 16)</b>	<b>80.8</b>	<b>54.8</b>

# Proforma Adjustments to Statutory Income Statement

June year end (A\$m)	Statutory		
	FY22	FY21	FY20
Revenue	1,711.3	1,635.0	1,391.3
Cost of sales	(1,368.8)	(1,329.1)	(1,155.7)
<b>Gross profit</b>	<b>342.5</b>	<b>305.9</b>	<b>235.6</b>
Gross profit margin			
Employee benefits expense	(156.2)	(137.0)	(121.4)
Advertising expenses	(7.6)	(6.7)	(9.6)
Insurance expenses	(7.2)	(6.2)	(4.1)
Vehicles expenses	(6.9)	(5.9)	(6.1)
Other expenses	(42.0)	(48.1)	(28.8)
<b>Operating expenses</b>	<b>(219.8)</b>	<b>(203.8)</b>	<b>(170.1)</b>
<b>EBITDA</b>	<b>122.7</b>	<b>102.1</b>	<b>65.6</b>
Depreciation and amortisation expense	(26.4)	(24.0)	(25.0)
<b>EBIT</b>	<b>96.3</b>	<b>78.1</b>	<b>40.6</b>
Floor plan interest	(4.1)	(4.0)	(6.9)
Net finance expense	(11.3)	(19.3)	(21.7)
<b>Profit Before tax</b>	<b>80.8</b>	<b>54.8</b>	<b>12.0</b>
Income tax expense	(24.3)	(17.3)	(3.1)
<b>NPAT</b>	<b>56.5</b>	<b>37.5</b>	<b>8.9</b>

Underlying / Proforma		
FY22	FY21	FY20
1,711.3	1,621.2	1,376.6
(1,368.8)	(1,329.1)	(1,155.7)
<b>342.5</b>	<b>292.1</b>	<b>220.9</b>
20.0%	18.0%	16.0%
(156.2)	(133.3)	(120.2)
(7.6)	(6.7)	(9.6)
(7.2)	(6.6)	(4.7)
(6.9)	(5.9)	(6.9)
(34.6)	(31.6)	(30.1)
<b>(212.4)</b>	<b>(184.1)</b>	<b>(171.5)</b>
<b>130.1</b>	<b>108.0</b>	<b>49.5</b>
(26.4)	(20.2)	(18.2)
<b>103.7</b>	<b>87.8</b>	<b>31.3</b>
(4.1)	(4.0)	(6.9)
(11.3)	(8.2)	(8.6)
<b>88.2</b>	<b>75.7</b>	<b>15.9</b>
(26.5)	(23.5)	(4.2)
<b>61.7</b>	<b>52.2</b>	<b>11.7</b>



# Proforma Adjustments to Statutory Income Statement

June year end (A\$m)	Footnote	NPAT			EBITDA			PBT		
		FY22	FY21	FY20	FY22	FY21	FY20	FY22	FY21	FY20
<b>Statutory</b>		<b>56.5</b>	<b>37.5</b>	<b>8.9</b>	<b>122.7</b>	<b>102.1</b>	<b>65.6</b>	<b>80.8</b>	<b>54.8</b>	<b>12.0</b>
Jobkeeper	1	-	(0.4)	(9.9)	-	(0.5)	(14.2)	-	(0.5)	(14.2)
Impact of capital structure	2	-	5.1	5.8	-	0.0	0.0	-	7.3	8.3
Offer costs	3	-	3.3	0.0	-	4.7	0.0	-	4.7	0.0
Adjustments to the acquired properties	4	-	6.7	7.8	-	0.0	(0.6)	-	9.6	11.1
Property costs	5	-	(0.6)	(0.7)	-	(0.8)	(1.0)	-	(0.8)	(1.0)
Property depreciation	6	-	(1.3)	0.0	-	0.0	0.0	-	(1.9)	0.0
Public company costs	7	-	(0.9)	(1.3)	-	(1.3)	(1.9)	-	(1.3)	(1.9)
Employee incentives	8	-	2.3	0.9	-	3.3	1.4	-	3.3	1.3
Executive recharge	9	-	0.2	0.2	-	0.2	0.2	-	0.2	0.2
IPO grants	10	-	0.3	0.0	-	0.4	0.0	-	0.4	0.0
Flood recovery costs		3.6	-	-	5.1	-	-	5.1	-	-
Acquisition related expenses		1.6	-	-	2.3	-	-	2.3	-	-
<b>Underlying / Proforma</b>		<b>61.7</b>	<b>52.2</b>	<b>11.7</b>	<b>130.1</b>	<b>108.0</b>	<b>49.5</b>	<b>88.2</b>	<b>75.7</b>	<b>15.9</b>

1. Reflects the removal of JobKeeper income received in FY20 and the difference between the JobKeeper income received in FY21F offset by the refund
2. Impact of capital structure represents the reversal of the related party interest as the Loan Notes will be settled as part of the Offer
3. Offer costs reflects the amount forecast to be expensed in FY21F in relation to the Offer. Note that \$10.3 million of the Offer costs are offset against issued capital
4. Adjustment to acquired properties (Acquired Properties) reflects the removal of the lease liability interest and right of use asset depreciation as if the Acquired Properties had been acquired 1 July 2018
5. Property costs represents the cost of running the Acquired Properties as if the Acquired Properties had been acquired on 1 July 2018
6. Property depreciation reflects depreciation on Warwick Farm and Southport properties as if the Acquired Properties had been owned for the full year
7. Public company costs represent Peter Warren's estimate of the incremental annual board, listing and other costs (such as Director's fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company
8. Employee incentives reflects the changes in employee remuneration for key management personnel
9. Executive recharge represents a recharge to the Warren Family Office for certain employees
10. IPO grants represents a one-off share grant to key executives and non-executive directors as part of the Offer (IPO Grants)



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