21 February 2023

Peter Warren Automotive Holdings Limited

H1 FY23 Results Presentation

Peter Warren Automotive Holdings Limited (ASX:PWR) encloses for immediate release its H1 FY23 Results Presentation.

Authorised for lodgement by the Board of Peter Warren Automotive Holdings Limited.

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

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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 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.

Peter Warren Automotive Holdings

Peter Warren Automotive Holdings (PWR.ASX)

H1 FY23 Results Presentation

Mark Weaver
Chief Executive Officer

Victor Cuthell
Chief Financial Officer

Tuesday 21 February 2023

Agenda

H1 FY23

H1 FY23 Result Overview

Mark Weaver
Chief Executive Officer

Peter Warren Automotive Holdings

H1 FY23 Financial Highlights

Positive momentum delivers strong result

Revenue

$999m

H1 FY22 Revenue $778m [1]

Revenue growth +28%

EBITDA

$70.6m

H1 FY22 EBITDA $54.0m [2]

EBITDA growth +31%

Profit before tax (PBT)

$43.2m

H1 FY22 PBT $36.3m [2]

PBT growth +19%

Net profit after tax (NPAT)

$30.2m

H1 FY22 NPAT $25.2 m [2]

NPAT growth +19%

17.54 cents

Statutory earnings per share

Up 24%

11.0 cents

Interim dividend per share

4.3%

Return on sales (PBT margin)

21%

Net debt to property value

(1) Represents statutory result as reported

(2) H1 FY22 excludes acquisition related expenses of $2.2 million

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Operating Highlights

Consumer Ownership Lifecycle

Expanded parts business

Workshop retail capacity reviews

Introduced online bookings capability

Enhanced pre-booking offering

Diverse Revenue Streams

Expansion of used car pipeline

Re-focus on trade-in valuations

Enhanced “whole of gross” approach

Market share gap analysis completed

Focus on People

Health & Safety awareness program

Initiated overseas recruitment of 58 qualified techs

Back-to-back finalist as NSW Large Employer of the Year

Re-launched our foundational GIFT values

Digital Enhancement

Renewed consumer journey mapping

Strengthened lead management process

Enhanced consumer digital touchpoints

Systems audit completed

Embracing Brand Ambassadorship

EV facility capacity reviews

Developed EV training and preparedness

Sustainability studies of key locations

Mulitple OEM awards achieved for excellence

Disciplined Cost Management

Procurement focus on key suppliers

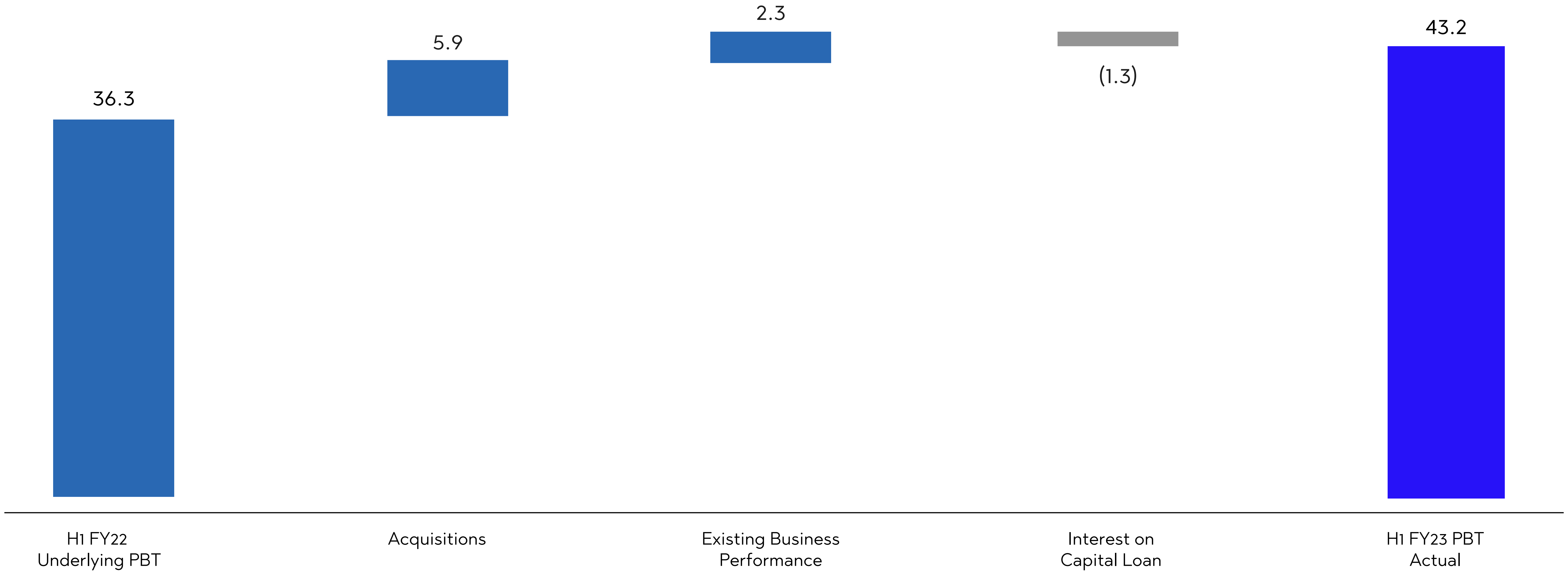
Cost recovery reviews

Moved to cashless payments

Re-assesed Capex requirement

Continued Growth on the Prior Period ($m)

H1 FY23 includes organic growth & benefit from acquisition



+19%

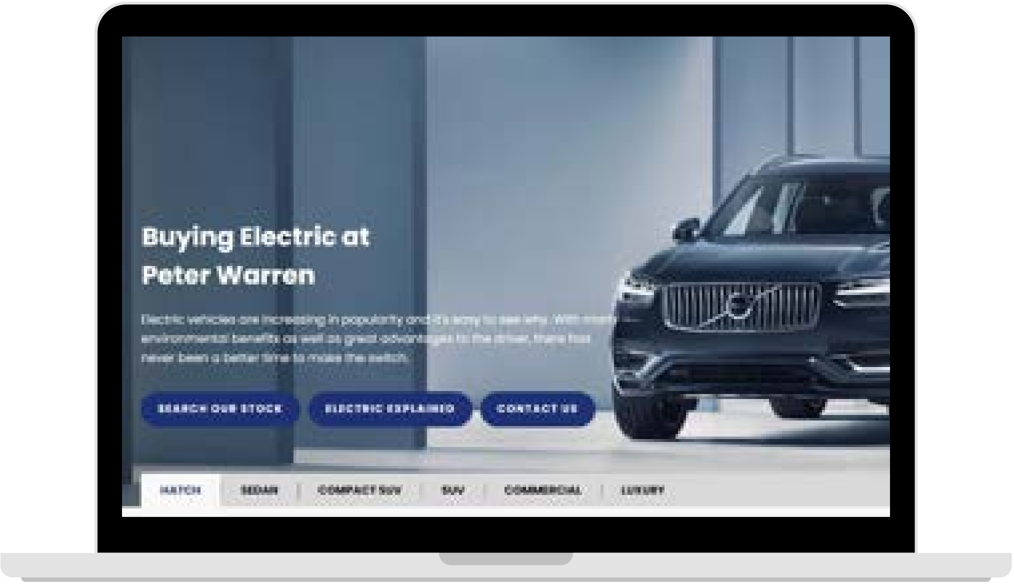
growth on pcp

- Acquisitions reflect incremental contribution from Penfold Motor Group acquired on 1 Dec 2021, which is performing ahead of expectations
- Existing business performance includes improved volumes, revenue growth in (high margin) service and parts, a focus on recurring revenue streams, and the impact of COVID affected trading in NSW in the prior year
- Interest on capital loan reflects incremental interest cost on $70 million capital loan which was used to partly fund the Penfold acquisition

Dynamic Operating Environment

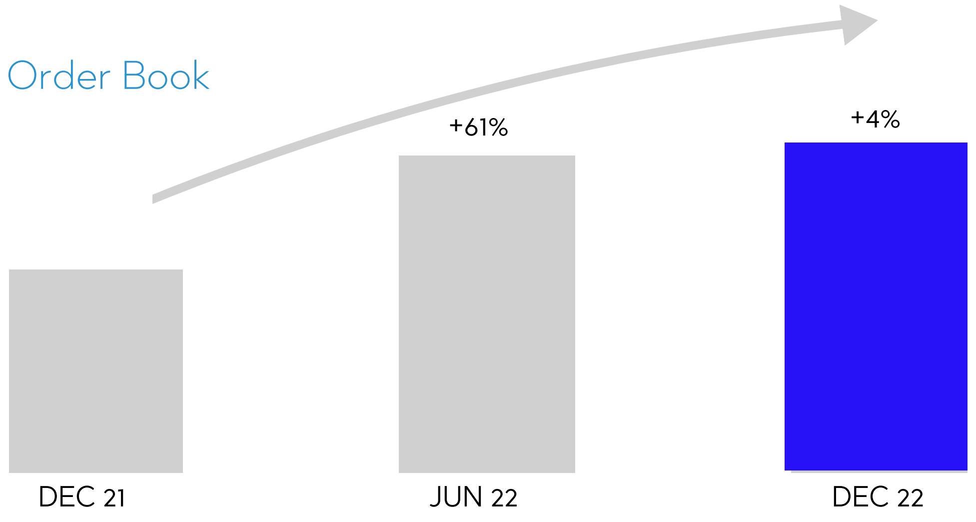
1 in 100 year product change

- Continued evolution of our electric vehicle range and capabilities, as customer demand increases
- Ongoing education and sharing of insights with customers on choices available - ICE, Hybrid, PHEV & BEV
- Continued investment in technical capability required to service new and emerging technologies



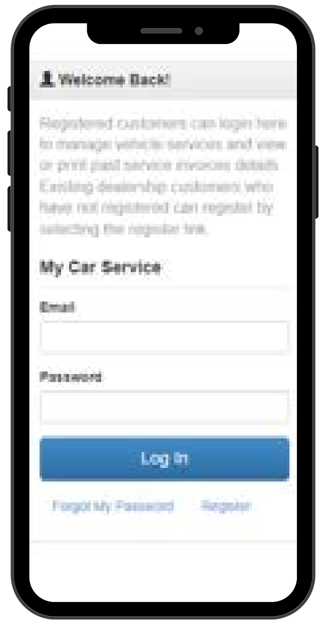
COVID affected supply chains

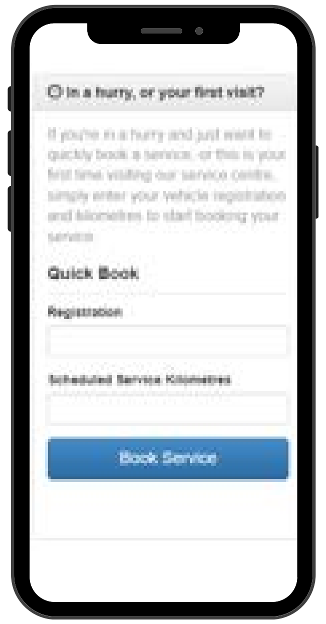
- Order book remains at record levels – deliveries improved in some brands
- Order book up on previous periods, +61% on Dec 2021, and +4% on June 2022
- Improved inventory levels, however consistency of supply remains a challenge



Process digitisation

- Ongoing investment in technology, improving the way we interact with customers, across the vehicle ownership lifecycle
- Focus areas include online enquiries, online service bookings, online purchases



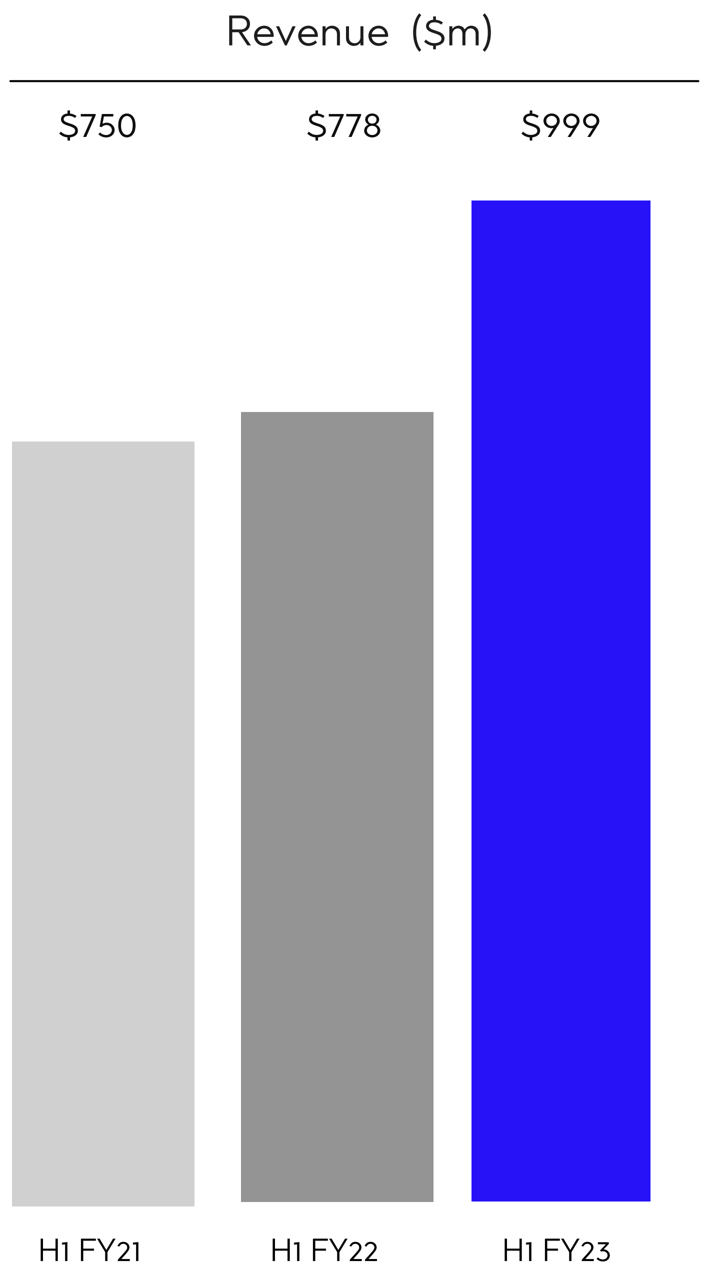


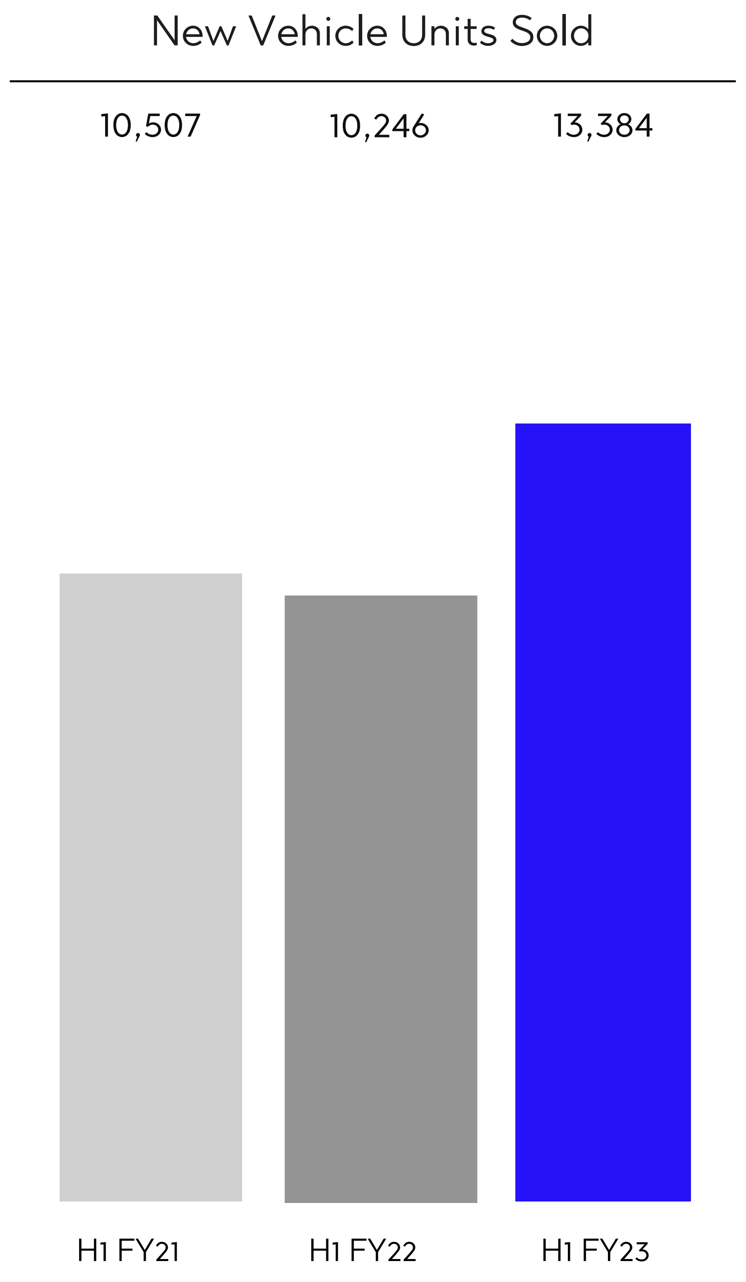
H1 FY23 Financial Summary

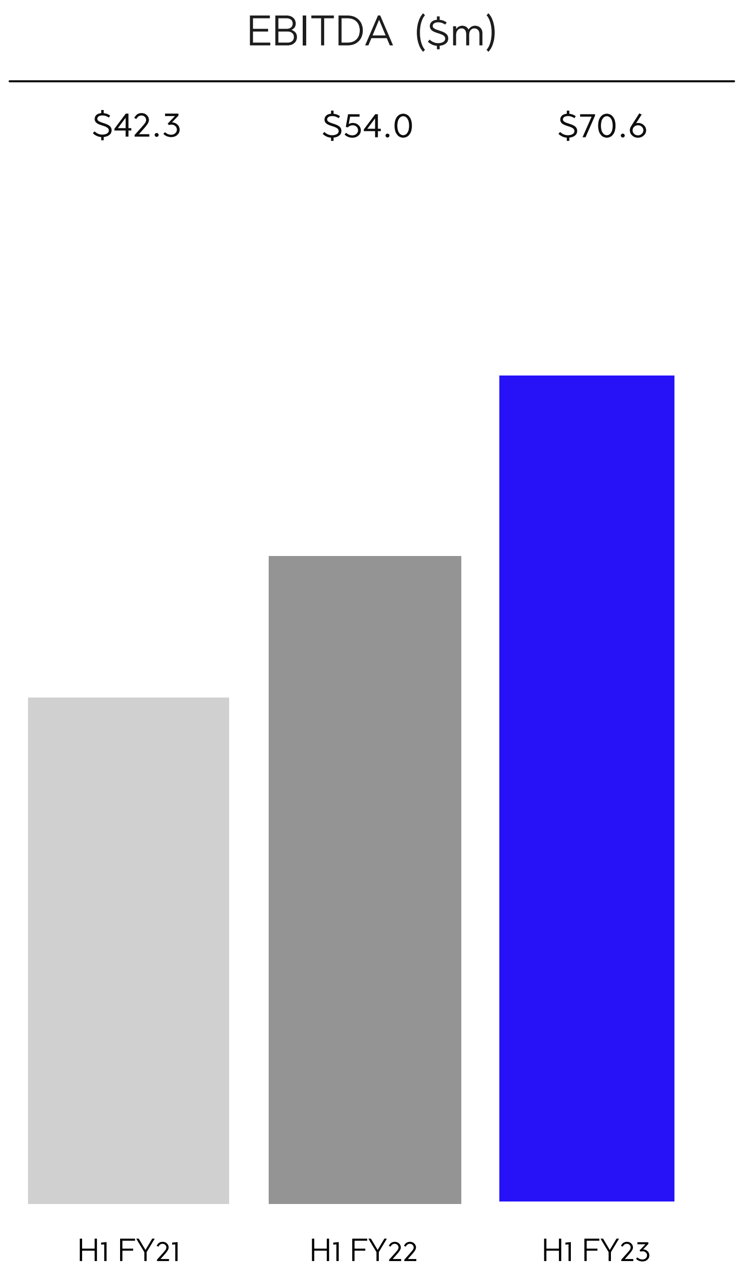
Victor Cuthell
Chief Financial Officer

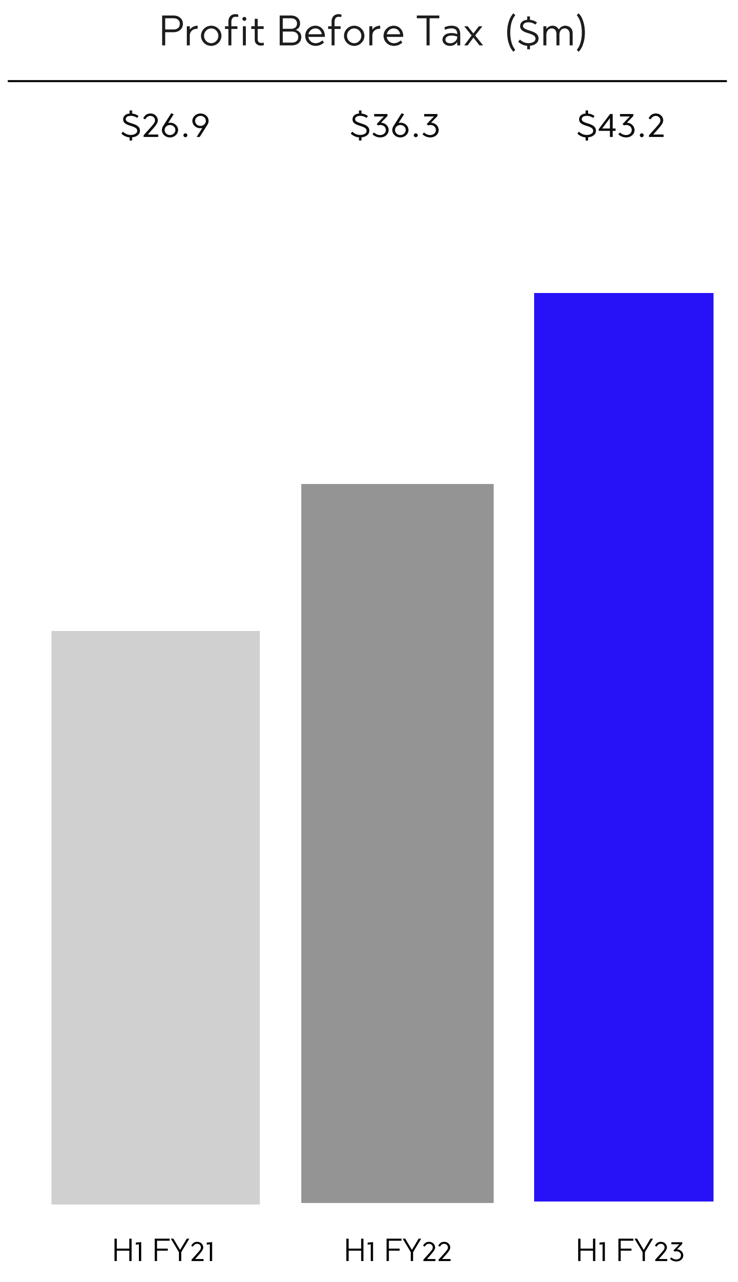
H1 FY23 Financial Result

Strong result across all key metrics









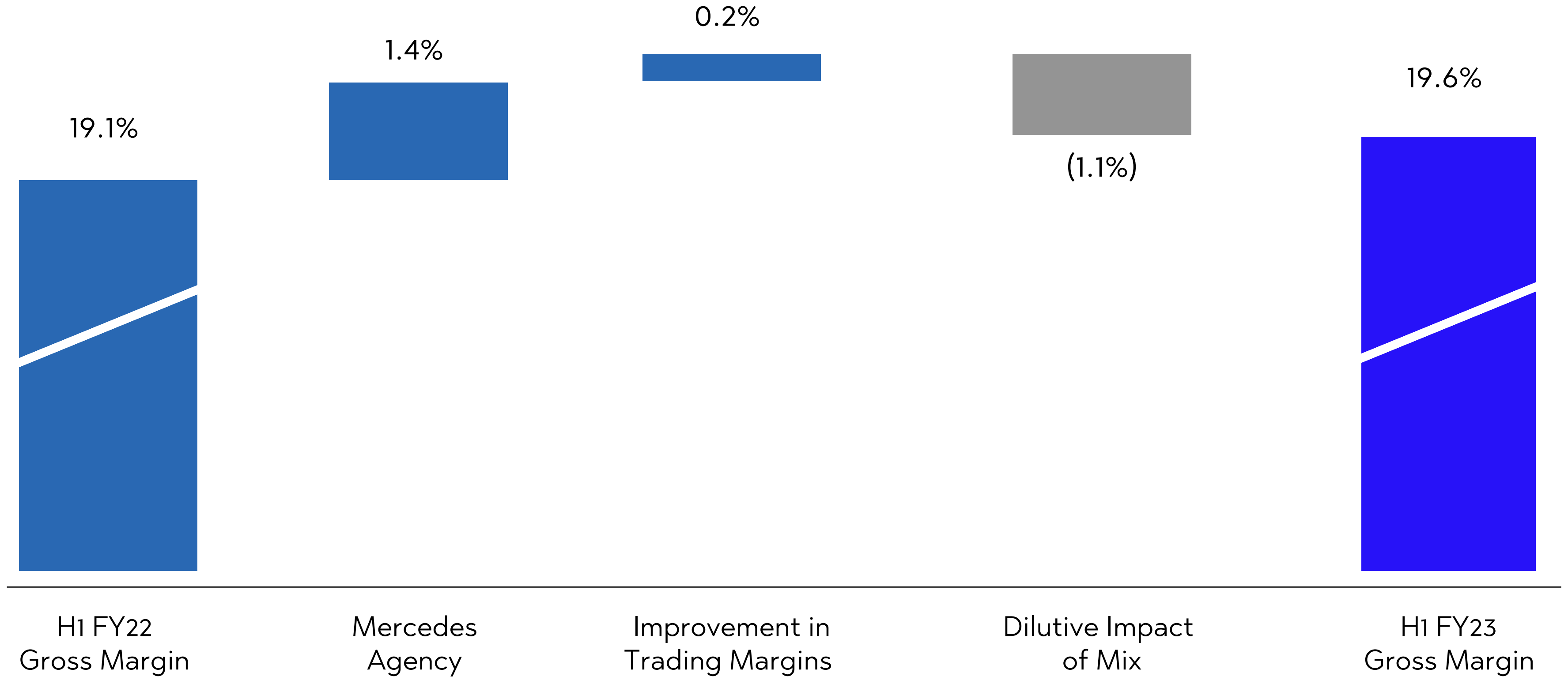
- Comparative data is underlying in all periods (see appendix)

H1 FY23 Profit and Loss

Strong result delivered by acquisitions and organic growth

		H1 FY23 $m	H1 FY22 $m	Variance
Revenue		999.0	777.9	**28.4%**
Gross Profit	1	196.0	148.4	**32.1%**
EBITDA - underlying	2	70.6	54.0	**30.7%**
Acquisition related expenses		-	(2.2)	**-**
EBITDA - statutory		70.6	51.8	**36.2%**
EBIT - statutory		55.5	40.7	**36.3%**
PBT - statutory	3	43.2	34.1	**26.6%**

Gross Margin Bridge



1 The increase in Gross Margin reflects:

- A revenue reduction of approximately $80 million under the accounting treatment of income under the new Mercedes-Benz agency model
- A small improvement in overall trading margins across our diversified revenue streams (new cars, used cars, service, parts, finance)
- A negative impact arising from the large increase in new vehicle sales at lower margins than other areas (service, parts, finance)

2 Underlying EBITDA excludes acquisition-related expenses in the prior period

3 Interest costs have increased with higher interest rates on floorplan finance and capital loan for full period

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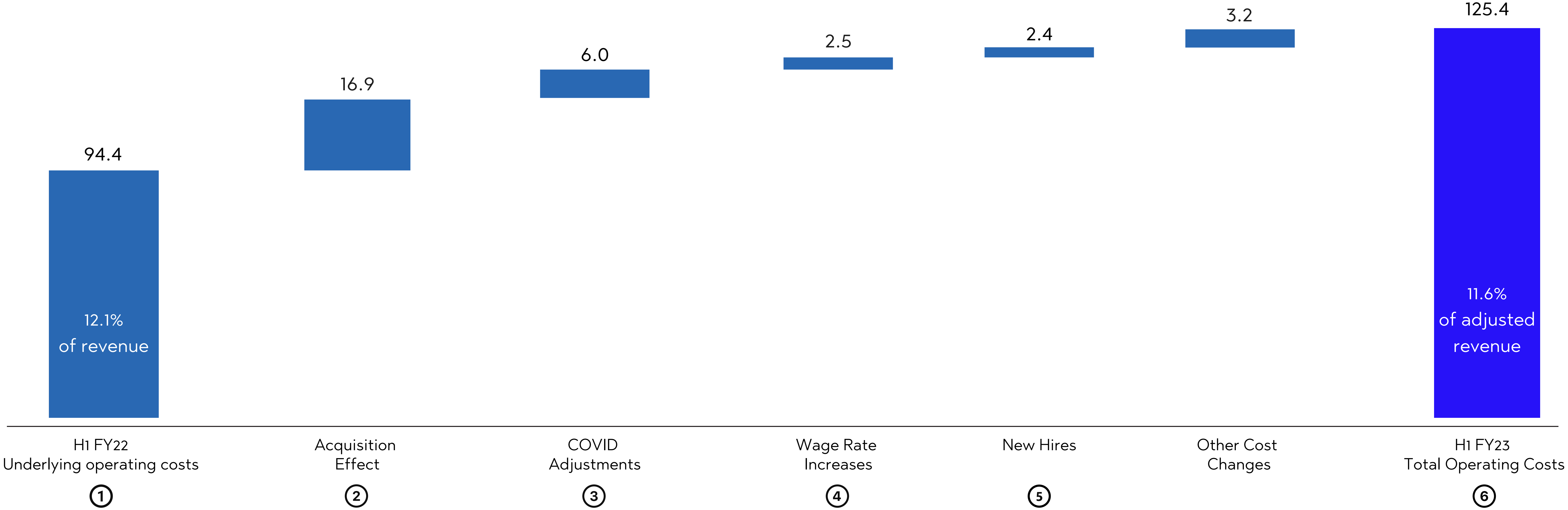
Operating Cost Bridge ($m)

Operating costs have been leveraged and are lower at 11.6% of adjusted revenue



① H1 FY22 Underlying operating costs: $2.2m of acquisition costs are excluded from prior year costs
② Acquisitions: Operating costs increase reflects the inclusion of Penfold Motor Group for additional 5 months
③ Covid adjustment: In the prior period, Covid lockdown restrictions in Sydney meant that lower overheads were incurred
④ Wage rate increases of 5-6%: Increases were incurred in both wage rates (due to inflation) and the superannuation rate
⑤ New hires: Headcount added as the volume of business grew during the period
⑥ Operating costs have been leveraged and reduced to 11.6% of revenue (revenue has been adjusted to reflect accounting for the Mercedes-Benz change)

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Cash Flows

Underlying operating cash flows broadly consistent with prior periods

	H1 FY23 Actual $m	H1 FY22 Actual $m	Mvmt $m
EBITDA	**70.6**	**51.8**	**18.8**
Movement in working capital ①	(13.5)	(3.7)	
Movement in customer prepayments ②	(16.5)	0.5	
Operating cash flow before floorplan interest	**40.6**	**48.6**	**(8.0)**
Floorplan Interest	(4.2)	(2.2)	
Operating cash flow after floorplan interest	**36.4**	**46.4**	**(10.0)**
Capital expenditure	(5.8)	(6.1)	
Lease payments	(13.7)	(10.2)	
Net cash flow before financing and taxation	**16.9**	**30.1**	**(13.2)**
Dividends paid ③	(22.4)	-	
Tax paid	(21.3)	(19.1)	
Other financing items	(4.7)	(16.4)	
Net movement in cash	**(31.5)**	**(5.4)**	**(26.1)**

KEY ITEMS IN H1 FY23 CASH FLOWS

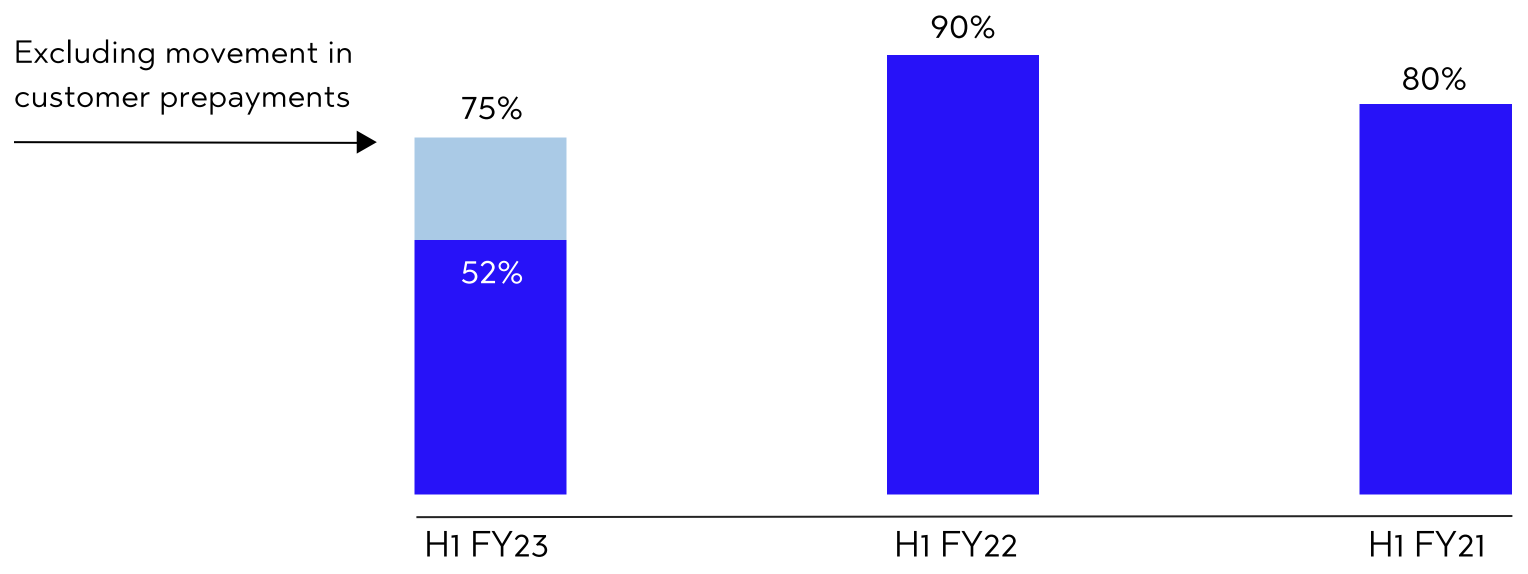
① Working capital movements reflect the timing of creditor payments and an increase in parts inventory as we grow our high-margin parts business

② Customer prepayments (especially on trucks) were elevated at 30 June 2022 due to government tax incentives

③ Full-year dividends of $22.4m were paid during the half year, for the first time

OPERATING CASH FLOW CONVERSION

Operating cash flow after floorplan interest as a percentage of EBITDA



DIVIDEND

- The Directors have declared an interim dividend of 11.0 cents per share fully franked, representing 63% of reported Net Profit After tax (NPAT)
- The Board maintains its target payout ratio of between 60% and 70% of underlying NPAT
- The interim dividend will be paid on 31 March 2023. The record date for determining the entitlement is 28 February 2023

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Capital Structure Supports Growth Plans

Net debt to property value at 21%

	Actual 31 Dec 22 $m	Actual 30 Jun 22 $m	Mvmt $m
Cash and cash equivalents	20.7	52.2	(31.5)
Borrowings	(62.4)	(65.9)	3.5
Net debt	**(41.7)**	**(13.7)**	**(28.0)**
Net debt to property value	**21%**	**7%**	
Lease liabilities	(223.3)	(225.0)	1.7
Floorplan finance	(253.8)	(200.6)	(53.2)
Net debt (including lease liabilities & floorplan finance)	**(518.8)**	**(439.3)**	**(79.5)**

- Net debt to property value reflects that there is considerable debt capacity
- Debt capacity is available for use in future acquisitions
- Reduction in cash includes payment of final dividend ($22.4m) and tax payments ($21.3m)

Strategy and Outlook

Mark Weaver
Chief Executive Officer

Peter Warren Automotive Holdings

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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The Peter Warren Growth Journey

Successful execution of our Three Primary Pillars

		H1 FY20	H1 FY21	IPO April 2021	H1 FY22	H1 FY23
Demonstrated track record of delivering sustainable growth driven by organic and inorganic opportunities	**Sales A$m**	701	750		778	999
Strong OEM Relationships	**Number of OEMs represented**			27		26
Successful acquisition and integration of new dealerships	**Number of franchise operations**			70	HONDA, PATRIOT CAMPERS, mazda, PENFOLD	79 ISUZU UTE, HYUNDAI
Evolving our property portfolio			**Acquisition of Warwick Farm and Southport properties**		**Acquisition of land, Southport**	

peterwarren.com.au Peter Warren Automotive

MacarthurAutomotive .com.au

Mercedes-Benz North Shore

Sydney North Shore AUTOMOTIVE

SYDNEY SOUTH AUTOMOTIVE

PENFOLD

FRIZELLE SUNSHINE AUTOMOTIVE

ECC Euro Collision Centre

Outlook

Market Conditions

- New vehicle demand exceeded supply, with the Group order book continuing to grow by 4% since June 2022
- New vehicle 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%
- We have experienced improvement in vehicle supply in some OEM brands, however, consistency in supply, port delays, and challenges associated with product mix remain

Trading Outlook

- We recognise the macroeconomic environment, consumer sentiment and variability in vehicle supply
- Our proactive and disciplined approach has delivered a strong H1 FY23 result, 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

Group Well Positioned

- The Group will continue to execute its strategy by delivering against its three primary pillars:
  1. organic growth initiatives
  2. evaluation of acquisition opportunities
  3. 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
- Group will continue to act as a consolidator
- Net debt to property value indicates considerable debt capacity exists against property portfolio

Peter Warren Automotive Holdings

Questions

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Holdings

Disclaimer

IMPORTANT NOTICE

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, 21 February 2023

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Any additional financial information in this presentation which is not included in the Company’s H1 FY 23 Financial Report was not subject to independent audit or review by Deloitte.

Appendices

Peter Warren
Automotive
Holdings

Balance Sheet

$m	31 Dec 22 Actual	30 Jun 22 Actual	Variance
Cash and cash equivalents	20.7	52.2	(31.5)
Trade and other receivables	53.5	56.1	(2.6)
Inventories	333.8	273.4	60.4
Property plant & equipment	248.1	247.0	1.1
Other assets	21.6	18.2	3.4
Right of use assets	188.4	192.2	(3.8)
Intangibles	241.9	242.3	(0.4)
Deferred tax assets	18.4	20.0	(1.6)
Total assets	**1,126.4**	**1,101.4**	**25.0**
Trade and other payables	(71.2)	(94.2)	23.0
Employee benefits	(25.3)	(23.4)	(1.9)
Borrowings - floorplan finance	(253.8)	(200.6)	(53.2)
Borrowings	(62.4)	(65.9)	3.5
Contract liabilities	(2.0)	(2.2)	0.2
Lease liabilities	(223.3)	(225.0)	1.7
Income tax payable	(1.1)	(10.9)	9.8
Other liabilities	(0.2)	(0.2)	(0.0)
Total liabilities	**(639.3)**	**(622.4)**	**(16.9)**
Net assets	**487.1**	**479.0**	**8.1**

AASB 16 Reconciliation

$m	H1 FY23 Actual	H1 FY22 Underlying
EBITDA (AASB 117)	56.9	43.8
Decrease in operating lease expense	13.7	10.2
EBITDA (AASB 16)	**70.6**	**54.0**
EBIT (AASB 117)	51.8	40.1
Decrease in operating lease expense	13.7	10.2
Increase in depreciation of right of use asset	(10.0)	(7.4)
EBIT (AASB 16)	**55.5**	**42.9**
NPAT (AASB 117)	31.7	26.2
Decrease in operating lease expense	9.6	7.2
Increase in depreciation of right of use asset	(7.0)	(5.2)
Increase in interest expense (net of tax)	(4.1)	(3.0)
NPAT (AASB 16)	**30.2**	**25.2**
PBT (AASB 117)	45.4	37.8
Decrease in operating lease expense	13.7	10.2
Increase in depreciation of right of use asset	(10.0)	(7.4)
Increase in interest expense (net of tax)	(5.9)	(4.3)
PBT (AASB 16)	**43.2**	**36.3**

Adjustments to Statutory Income Statement

	Statutory H1FY23 $m	Statutory H1FY22 $m	Underlying H1FY23 $m	Underlying H1FY22 $m
Revenue	999.0	777.9	999.0	777.9
Cost of sales	(803.0)	(629.5)	(803.0)	(629.5)
Gross profit	**196.0**	**148.4**	**196.0**	**148.4**
Gross profit margin	19.6%	19.1%	19.6%	19.1%
Employee benefits expense	(92.3)	(69.0)	(92.3)	(69.0)
Advertising expenses	(4.1)	(3.6)	(4.1)	(3.6)
Insurance expenses	(4.0)	(3.4)	(4.0)	(3.4)
Vehicles expenses	(4.0)	(3.1)	(4.0)	(3.1)
Other expenses	(21.0)	(17.4)	(21.0)	(15.2)
Operating expenses	**(125.5)**	**(96.6)**	**(125.5)**	**(94.4)**
EBITDA	**70.6**	**51.8**	**70.6**	**54.0**
Depreciation and amortisation expense	(15.1)	(11.1)	(15.1)	(11.1)
EBIT	**55.5**	**40.7**	**55.5**	**42.9**
Floorplan interest	(4.9)	(2.2)	(4.9)	(2.2)
Net finance expense	(7.4)	(4.4)	(7.4)	(4.4)
Profit Before tax	**43.2**	**34.1**	**43.2**	**36.3**
Income tax expense	(13.1)	(10.4)	(13.1)	(11.1)
NPAT	**30.2**	**23.7**	**30.2**	**25.2**

*Difference between statutory and underlying result in H1 FY22 is $2.2m in acquisition expenses

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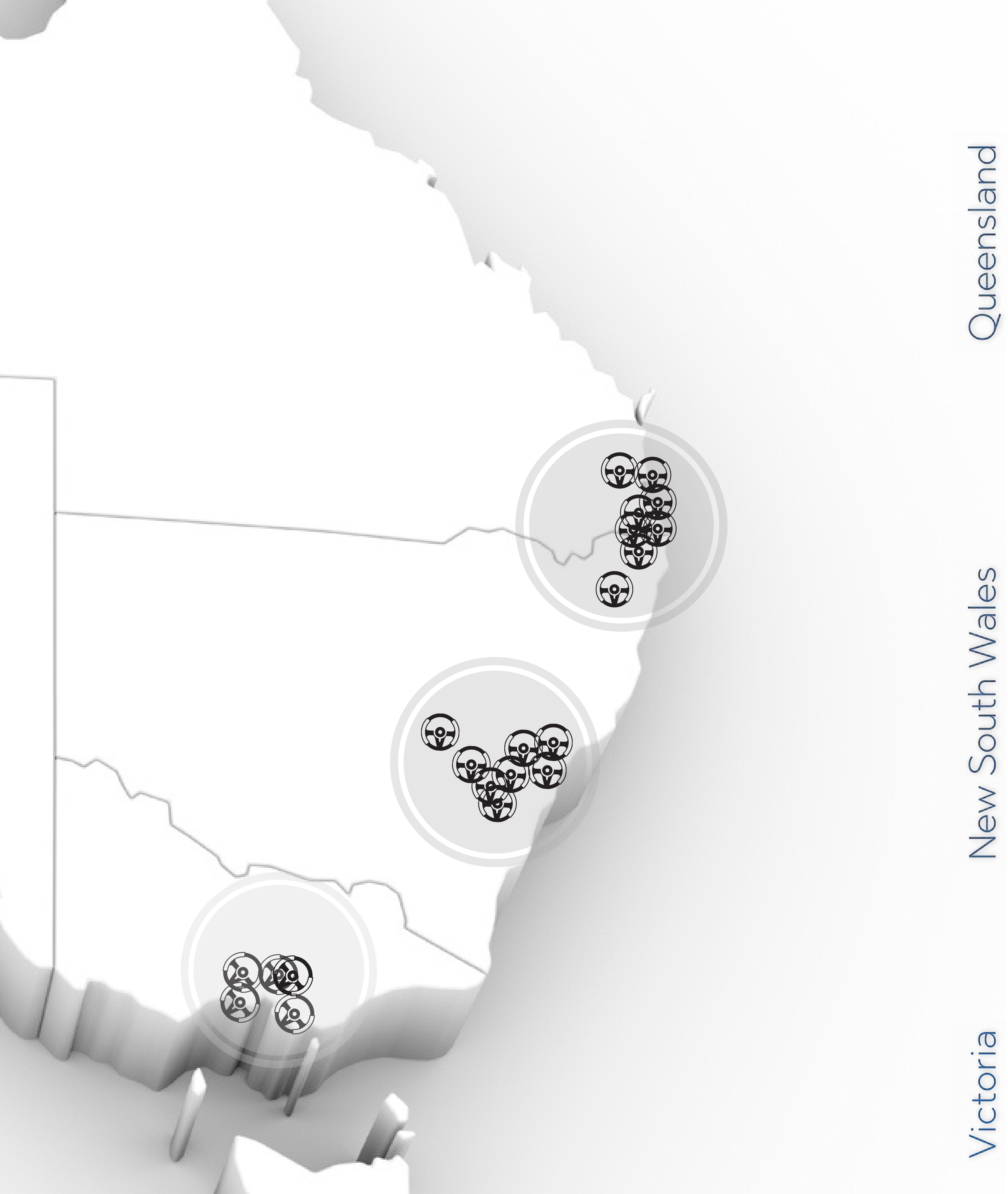
Eastern Seaboard Presence

* Denotes service operation only



South Brisbane	Audi, JAGUAR, LAND ROVER
Arundel	HYUNDAI, ISUZU TRUCKS, ISUZU UTE, OL, PATRIOT CAMPERS, Volkswagen
Southport	Audi, Ferrari, HYUNDAI, Jeep, mazda, RAM, ŠKODA, Volkswagen, Genesis*
Ashmore	Aston Martin, ECC Euro Collision Centre, FORD, KIA, McLaren, Renault, VOLVO
Robina	HYUNDAI, mazda, Volkswagen
Burleigh	FORD*
Tweed Heads	HYUNDAI, Jeep, mazda, Volkswagen, RAM
Lismore	FORD, HONDA, ISUZU TRUCKS, ISUZU UTE, NRMA, RAM, Volkswagen
Ballina	FORD, ISUZU UTE, NRMA
Mosman	Mercedes-Benz
Chatswood	Mercedes-Benz
Artarmon	FORD
Warwick Farm	FORD, FIAT, HONDA, INFINITI*, ISUZU UTE, Jeep, KIA, Mercedes-Benz, OL, Peugeot, RAM, Renault, ŠKODA, SUZUKI, VOLVO
Campbelltown	FORD, JAGUAR, LAND ROVER, Mercedes-Benz
Narellan	FORD, HONDA, Jeep, KIA, Renault, SUZUKI
Smithfield	FORD*
Rockdale	HONDA
Burwood	Audi, ISUZU UTE, mazda, SUZUKI
Doncaster	Audi, Genesis*, HYUNDAI, Volkswagen
Hawthorn	mazda*
Waverley	Audi
Malvern	Audi*