

22 February 2022

## Peter Warren Automotive Holdings Limited

### H1 FY22 Result

**Peter Warren Automotive Holdings Limited** (ASX: PWR) (“Peter Warren” or “the Group”) announces its financial result for the half year ended 31 December 2021, delivering strong growth on prior year and performance well ahead of Prospectus forecasts.

#### Highlights

- Underlying Profit Before Tax (PBT) of \$36.3 million, up 35% on prior year
- Acquisition of Penfold Motor Group in December 2021, providing immediate scale in the Victorian market
- Inaugural interim dividend of 9.0 cents per share, fully franked
- Strong financial position, with a capital structure that supports Peter Warren's growth plans

**Mark Weaver, Chief Executive Officer of Peter Warren said:** “We have delivered a strong and Prospectus beating result driven by diligent execution of our strategy, commitment to customer service and development of our people.”

“Despite a challenging period impacted by COVID-19 lockdowns and supply constraints across our OEM partners, we have materially progressed our strategic geographic expansion and our omni-channel sales approach to great success.”

“We welcome the Penfold Motor Group and its experienced management team into our group and look forward to further expanding our operating footprint over time, as we deliver our auto mall concept to Victoria.”

“This result reflects the underlying strength of our business and is a credit to our teams who continue to adapt to the changing market conditions. Reflecting this, the Board has declared an interim dividend in line with our target payout ratio to provide a return to our shareholders.”

#### Financial Result Summary

Financial results for the half year ended 31 December 2021 (H1 FY22) are summarised as follows:

Half year (\$'m)	H1 FY22	H1 FY21	Var %
Revenue	777.9	749.6	+4%
EBITDA	54.0	42.3	+28%
Profit before tax – underlying <sup>(1)</sup>	36.3	26.9	+35%
Less: PBT Penfold Motor Group	(1.3)	-	-
Profit before tax - Proforma pre-acquisitions <sup>(2)</sup>	35.0	26.9	+30%
EBITDA margin – underlying <sup>(1)</sup>	6.9%	5.6%	130bps
Interim dividend per share (cents)	9.0	-	n.a

- (1) The underlying result of \$36.3m includes the Penfolds PBT contribution of \$1.3m, for the month of December and excludes the impact of acquisition related expenses which totalled \$2.2 million in H1 FY22.
- (2) The proforma pre-acquisition profit before tax (PBT) of \$35.0 m excludes Penfolds contribution of \$1.3m, for the month of December and excludes the impact of acquisition related expenses which totalled \$2.2 million in H1 FY22.

### H1 FY22 Result Overview

In the first half of FY22, Sales Revenue of \$778 million was up 4% on the prior corresponding period, despite lockdown impacts on volumes and the impact of Honda's switch to an Agency model on 1 July 2021, which is estimated at ~\$12 million. Under an agency model Peter Warren no longer recognises revenue and the cost of goods associated with the sale of new vehicles, which is replaced by commission revenue for delivery.

This growth reflects the strength of our operating model and geographic and brand diversity. Along with operating costs being well managed, our teams responded well to the ever-changing conditions related to COVID-19 to deliver an underlying EBITDA margin of 6.9% (H1 FY21: 5.6%).

### H1 FY22 Operational Review

The Group continues to experience strong levels of demand across the eastern seaboard, with its order book (for NSW & QLD) at 31 December 2021 up 97% from 31 December 2020. The diversity of brands in Peter Warren's portfolio continues to help counter the uncertainty surrounding the supply of vehicles.

During the period there has been an ongoing focus on operating efficiencies and improvements in technology, with enhancements to digital capabilities, improving the way the Group engages with its customers. Investment in its websites has contributed to good customer lead generation and helped ensure a strong order book despite lockdowns and COVID-19 restrictions.

Technology is also being used to enhance Peter Warren's processes across all income streams and centralised activities, including the roll out of enhanced digital technology in the Service division.

Peter Warren also continues to invest into its growing employee base and in recognition of its workforce focus won Large Employer of the Year in both the QLD and NSW Training Awards as well as the All Industry National Award in November.

### Performance Against Prospectus

The results for the 2021 Calendar year continued to outperform Prospectus forecasts.

Calendar Year 2021 (\$'m)	CY2021	Prospectus CY21F	Var %
Revenue	1,649.5	1,565.6	+5.4%
EBITDA	119.7	77.1	+55.3%
Proforma PBT <sup>(3)</sup>	83.8	46.1	+81.8%

- (3) Proforma PBT includes H1 FY22 underlying PBT of \$35.0m, which excludes the acquired Penfold Group contribution

## Strategic Priorities

The Group remains focussed on the delivery of its key strategic priorities, being:

- **Evolution of our property portfolio** – ownership or long-term leases of key strategic properties;
- **Continued organic growth** – expansion of current operations in the sale of new and used vehicles and the provision of complementary services; and
- **Acquisition opportunities** – pursuing new acquisition opportunities, with a disciplined approach to screening based on factors including strategic rationale, location, and value.

Progress highlights in this half include the acquisition of the Penfold Motor Group, with integration plans progressing well, the \$2m acquisition of an adjacent Southport property which will complement our existing portfolio and the continued focus on organic measures to drive growth.

In December 2021, Peter Warren acquired 100% of the Penfold Motor Group for total consideration of \$106.0 million. The acquisition expands the Group's footprint across the Eastern Seaboard and provides the Group with immediate scale in the Victorian market. Penfold Motor Group represents five brands across ten high quality locations in South and East Melbourne and post completion on 1 December 2021 contributed Revenues of \$28.9 million and PBT of \$1.3 million.

## Strong Financial Position

During the period the Group secured a \$96 million debt facility that leverages its property assets to support its growth strategy.

The Group continues to assess its debt capacity on a net debt to property value basis, which at 16% at 31 December 2021 provides Peter Warren with a capital structure that will support its future growth plans.

## Dividend

The Directors have declared an interim dividend of 9.0 cents per share fully franked, representing 65% of reported Net Profit After Tax.

This is in line with the target Dividend Payout Ratio of between 60% to 70% of annual underlying NPAT.

The record date for determining the entitlement is 28 February 2022 and the dividend will be paid on 31 March 2022

## Outlook

Overall, Peter Warren remains optimistic about the sustainability of earnings for the full financial year, with a strong order book, improvements in new vehicle supply anticipated and underlying demand expected to remain positive on the back of strong consumer savings.

Limited downward pressures on new vehicle margins are expected in the period to 30 June 2022, while a resilient operating model supported by geographic and brand diversity positions us well for continued OEM reforms.

The acquisition of the Penfold Motor Group was completed in December 2021 and will contribute to our performance in the second half of FY22. The Group will continue to pursue acquisition opportunities, with a disciplined approach to screening based on strategic rationale, location, and value. Peter Warren is a natural consolidator in a highly fragmented market and has a strong balance sheet to support its growth plans.

Meanwhile, the Group continues to focus on growing sustainable income streams and delivering cost base efficiencies through organic measures and the integration of acquired businesses.

-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. Peter Warren will host a webcast for analysts and investors at 9.30am (AEDT) accessible via the following links

#### **Webcast registration:**

<https://webcast.openbriefing.com/8424/>

#### **Conference call registration:**

<https://s1.c-conf.com/diamondpass/10019326-asm3232.html>

### **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 across the Eastern Seaboard.

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

#### **Media Enquiries**

Jack Gordon

Citadel-MAGNUS

[jgordon@citadelmagnus.com](mailto:jgordon@citadelmagnus.com)

+61 2 8234 0116 / 0478 060 362

#### **Investor Enquiries**

Maddie Seacombe

Citadel-MAGNUS

[mseacombe@citadelmagnus.com](mailto:mseacombe@citadelmagnus.com)

+61 2 8234 0114 / 0402 999 291