ASX Announcement
21 August 2024

Peter Warren Automotive Holdings Limited

FY24 Results Presentation

Peter Warren Automotive Holdings Limited (ASX: PWR, "Peter Warren") provides its FY24 Results Presentation relating to Peter Warren's FY24 Results Announcement.

-ENDS-

This announcement was authorised for release 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 80+ franchise operations and represents more than 30 OEMs in the volume, prestige and luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen 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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FY24 Results Presentation

21 August 2024

Paul Warren
Interim Chief Executive Officer

Victor Cuthell
Chief Financial Officer

Agenda

FY24 Results Highlights

FY24 Financial Highlights

FY24 PBT of $56.8m achieved versus guidance of $52m - $57m

19.4% Revenue Growth

Revenue	**$2.5bn**
FY23 Revenue	$2.1bn

PBT Within Guidance

PBT(1)	**$56.8m**
FY24 Guidance	$52m - $57m
FY23 PBT(1)	$81.9m

Healthy Balance Sheet

Net Debt	**$61m**
Property Value	$226m
LTV	27%

Strong Inventory Control

New Car Inventory – LFL(2)	**$363.9m**
31 December Inventory	$362.4m

85.6% Cash Conversion

Operating Cash Flow(3)	**$112.6m**
FY23 Operating Cash Flow(3)	$123.4m

FY24 Dividends

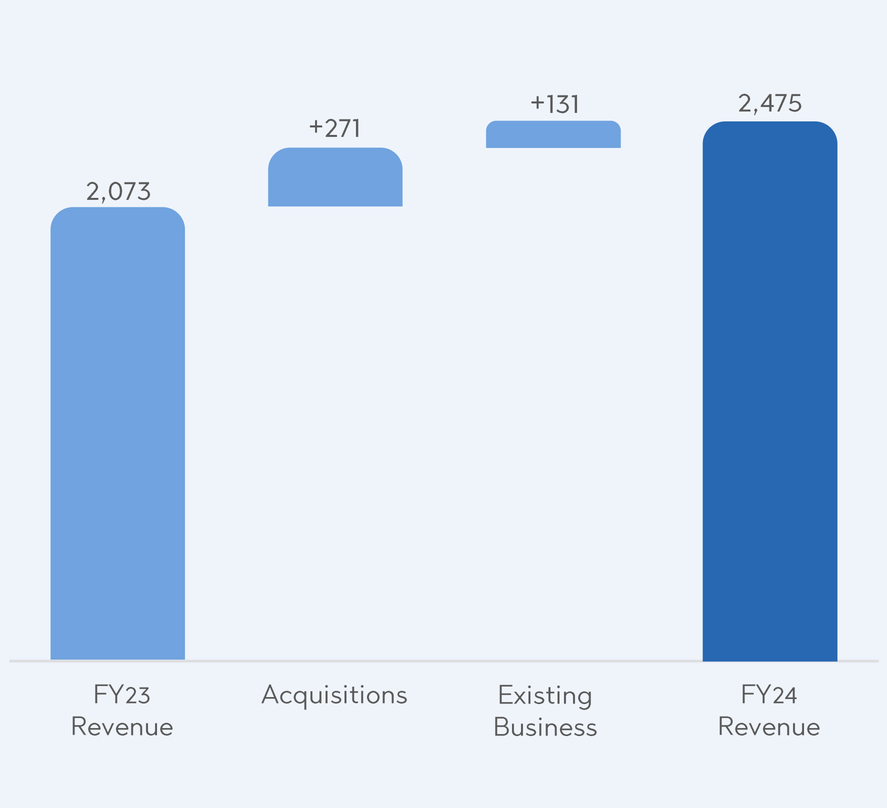
Final Dividend	**6.0c**
Interim Dividend	8.5c

(1) Underlying PBT excludes one-off costs of $3.4m (FY23: $0.8m)
(2) New Car Inventory – LFL excludes the new car inventory of acquisitions completed in H2 FY24.
(3) Operating Cash Flow and Cash Conversion are based on Statutory Operating Cash Flow After Floorplan Interest. Refer page 19.

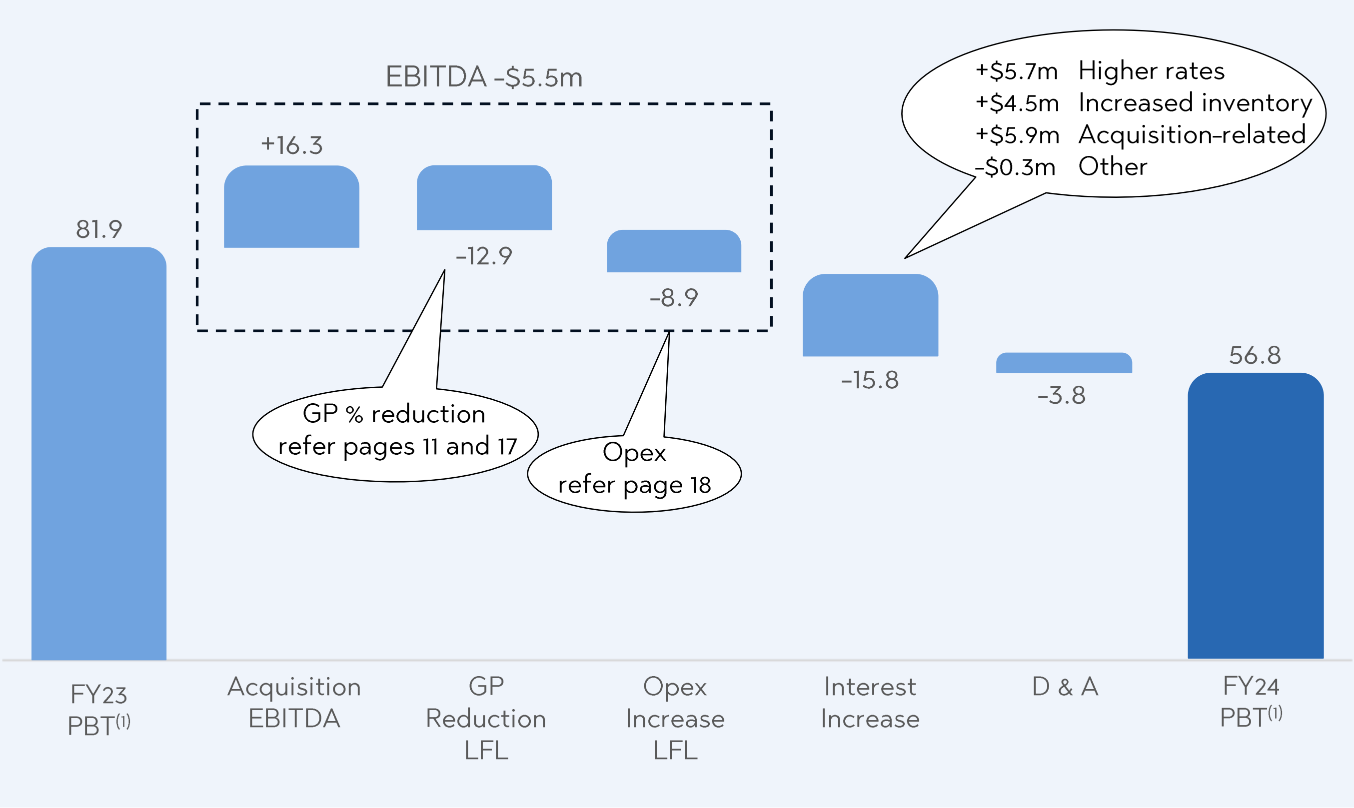
Revenue and PBT Bridge

Strong revenue growth offset by new car margin reductions

Revenue Bridge ($m)



PBT Bridge[1] ($m)



(1) Underlying PBT

FY24 Highlights

Addressing our new car margin pressure through inventory management, cost control and margin initiatives

FY24 Highlights

- ✓ PBT of $56.8m achieved v. guidance of $52m - $57m
- ✓ Revenue growth of 19.4%
- ✓ Margin initiatives implemented to reduce the impact of new car margin pressure
- ✓ New vehicle inventory held steady at Dec levels (excluding acquisitions)
- ✓ Opex savings of $9m+ p.a. achieved (3% of total opex)
- ✓ Acquisition of four NSW dealerships fully integrated

Outlook

- Further revenue growth is expected
- New car margins continue to be under pressure, but good margins to endure in service, parts, aftermarket and finance.
- Inventory management program and margin initiatives to remain a key focus
- Programs to reduce costs and further leverage fixed costs to continue in FY25
- Potential expansion via acquisition or greenfield sites where excellent shareholder value exists
- New CEO, Andrew Doyle, to commence on 1 Oct

FY24 Business Review

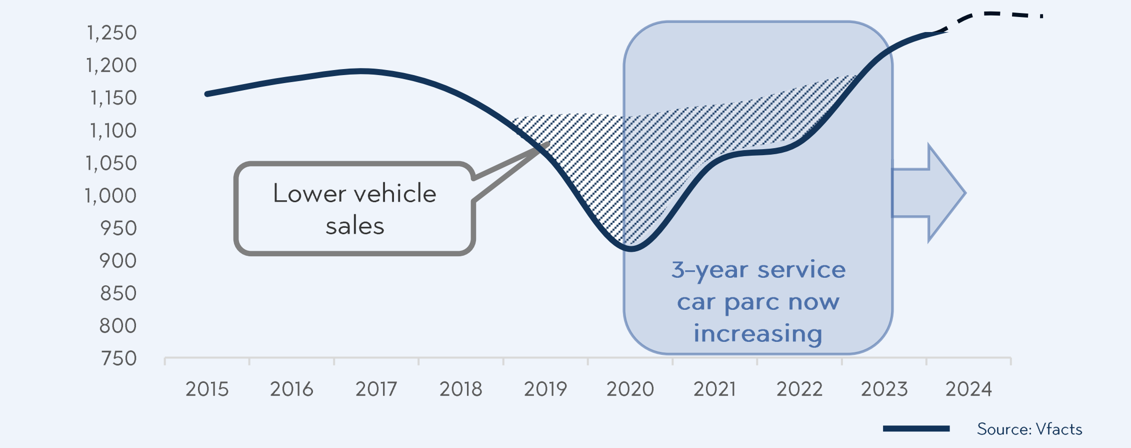
FY24 Business Review

- Growing Revenues
- Brilliant Basics
- Margins, Costs and Inventory
- Leading the Change
- Expansion Strategy

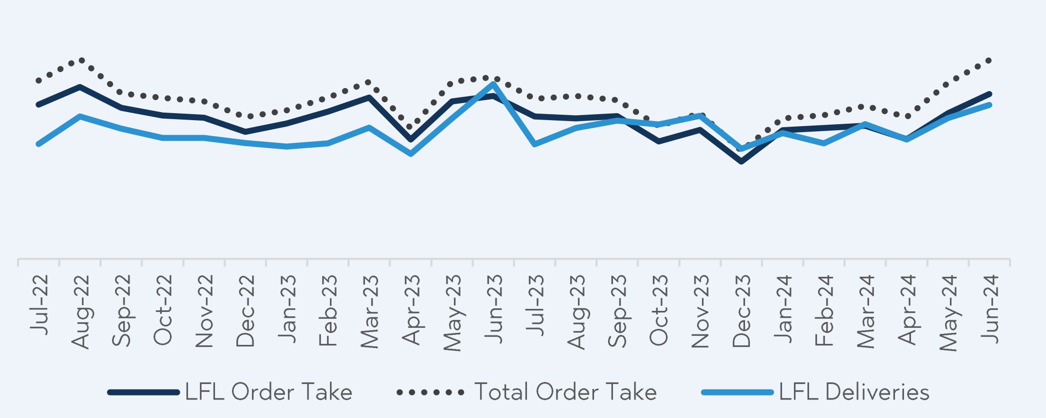
External Factors Indicate Growing Revenues in Service and Parts

Order bank is reducing as orders are fulfilled

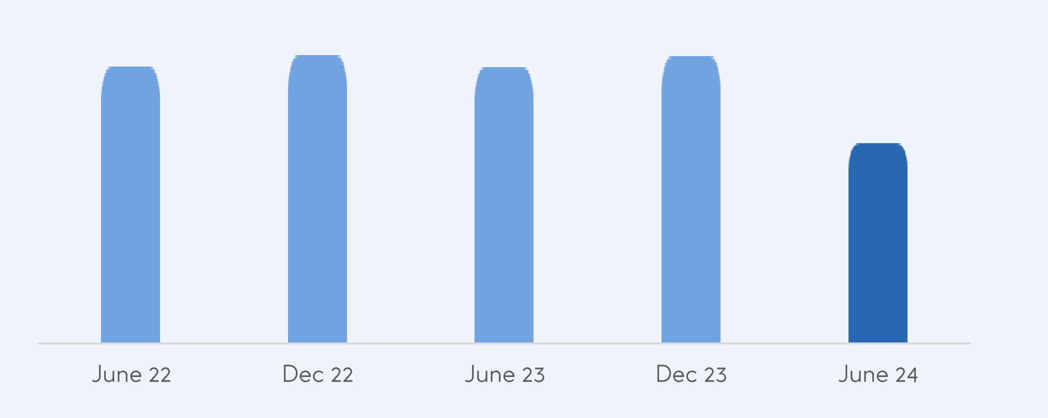
Annual Vehicle Deliveries 000's



Orders v Deliveries



Total Order-Bank[1]



(1) Non-LFL basis

Brilliant Basics

Driving organic growth by leveraging our size and scale

Leveraging our size and scale

National support functions	Procurement savings	Website enhancements
Employer of choice	Wholesale parts supply	Telephony / lead management
Hub and spoke approach	Talent management	Used car valuation app
Available capex	Fleet sales	AI assessment

Delivering LFL revenue growth

	YoY LFL[1] Revenue		Revenue Outlook	Growth Drivers
New Vehicles	+ 6.5%	^	Solid	Order bank, population increases
Used Vehicles	+ 3.8%	^	Opportunity	New car trade-ins
Service	+ 18.9%	^	Growing	Increasing car parc
Parts & Accessories	+ 9.8%	^	Growing	Increasing car parc
Finance & Insurance	- 6.9%	v	Opportunity	Shorter delivery lead times
Aftermarket	+ 2.5%	^	Stable	New car volumes

Income Diversity

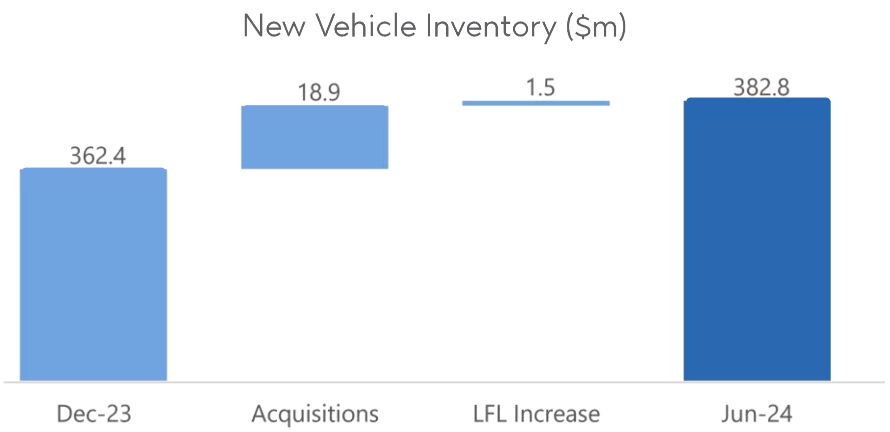
Wide range of brands	Geographic spread
6 key revenue streams	All vehicle segments

(1) Excluding Acquisitions

Margins, Costs and Inventory Management

New car inventory steady at Dec 2023 levels (excluding acquisitions)

Inventory Management Program Delivering Results



- Pressure on inventories and new car margins
- 2024 inventory management program:
  - Reporting and tracking
  - Pipeline management
  - OEM partnering
  - Multi-site management
  - Ageing management
  - Marketing programs
  - Inventory limits
  - Linked to incentives
- New vehicle inventory held steady at Dec levels (excluding acquisitions)

Focus on Margins and Costs Across Service Lines

	Relative GP %	Outlook GP %
New Vehicles	Low	Under pressure
Used Vehicles	Low	Opportunity
Service	High	Stable
Parts & Accessories	Med	Stable
Finance & Insurance	High	Stable
Aftermarket	Med	Stable

Margin and Cost Initiatives

- Price reviews
- Supply tenders
- Labour cost management
- Grow high-margin revenues
- Upsell value-add items
- Labour productivity
- Cost recovery actions
- Discount reviews
- Incentive re-designs
- Overtime management

Refer page 18 for cost savings achieved

Leading the Change

Hybrids now growing as Electric growth has slowed

Current State of New Energy Vehicle (NEV) Market

Market Share by Fuel Type[(1)]

	H1 CY 2024	H1 CY 2023	H1 CY 2022
Electric	7.9%	7.4%	1.8%
Hybrid	12.9%	6.6%	7.6%
PHEV	1.3%	0.6%	0.5%
Total NEVs	**22.1%**	**14.6%**	**10.0%**

What's driving the current NEV market ?

Slowing Electric Vehicles
- Infrastructure concerns
- Range + resale concerns
- Mixed overseas reports
- Pricing

Growing Hybrid Vehicles
- Toyota products
- High quality offerings
- Emission regulations

Industry Outlook for the Next 1 – 4 Years

- 1 Jan 2025: NVES regulations
- More new brand entrants
- Strong competition in the NEV category
- Vehicle supply changes and price changes:

Low emission vehicles:	supply ↑	price ↓
High emission vehicles:	supply ↓	price ↑

Peter Warren supports the transition and is NEV ready now

- Knowledgeable sales staff
- Fully Trained Technicians
- On-site charging
- Adjacent products sales
- 72 NEV models available
- Capex invested

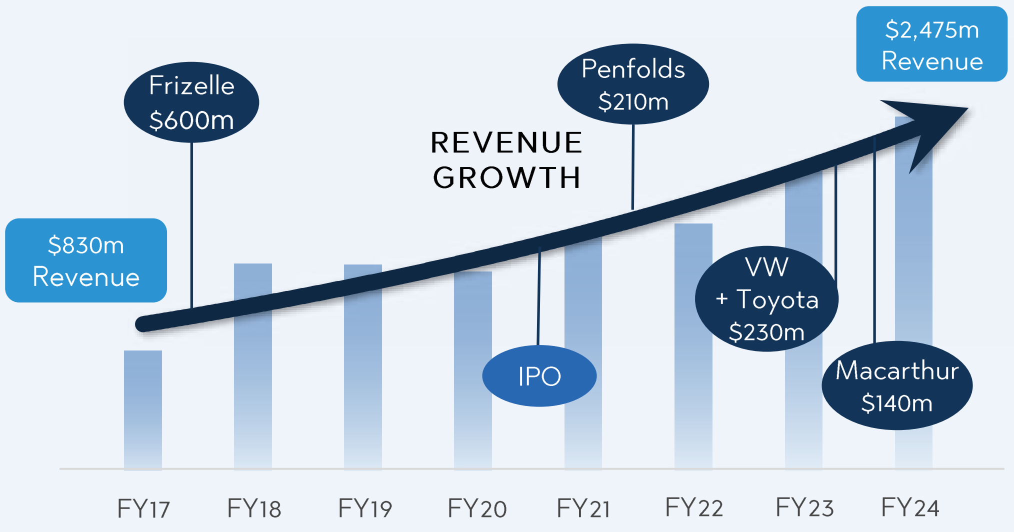
Customer-led approach:
- Wide range of brands
- Choice of fuel options

(1) Source: VFACTS

Expansion Strategy

Track record of acquisition success

Successful Track Record of Acquisitions



- ✓ Grew 3x in 7 years
- ✓ History of overperforming acquisitions
- ✓ Strong proposition to OEMs
- ✓ Bolt-on additions in late FY24
- ✓ EPS accretion delivered

Future Expansion

Opportunity

- Fragmented market
- SME vendors
- Synergies available
- New brand entrants

Infrastructure in place:

- Deep M&A experience
- Operational leadership
- Centralised back office
- Funding capacity

Current environment

- Profits reducing
- Prices reducing
- Regulatory change
- Willing vendors
- Active funnel

Approach to expansion

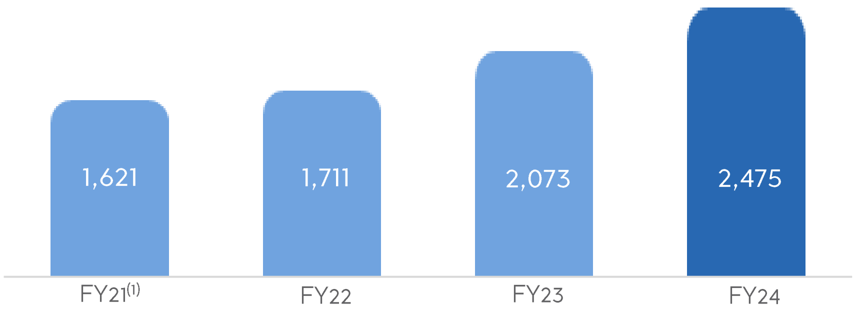
- Acquisitions to be:
  - Excellent value
  - Strategically compelling
  - EPS accretive
- Greenfields / new entrants
  - Strategic selection

FY24 Financial Summary

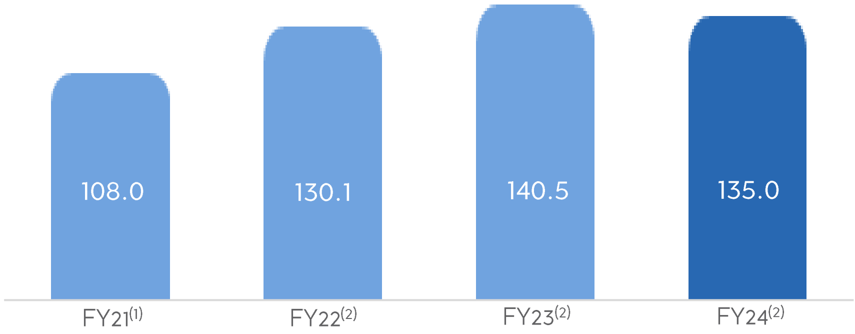
FY24 Financial Results

Strong growth in revenues, however PBT impacted by new car margins and interest

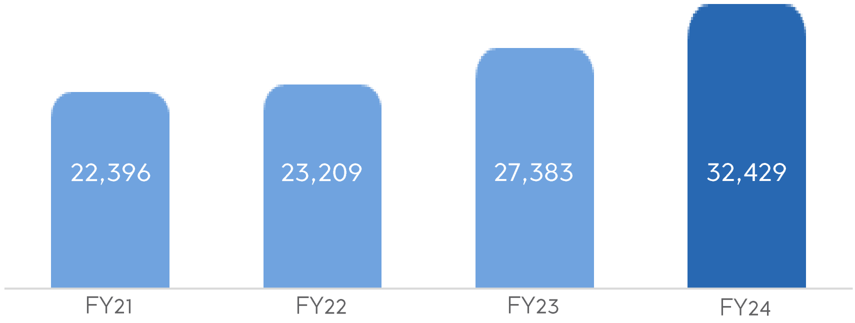
Revenue ($m)



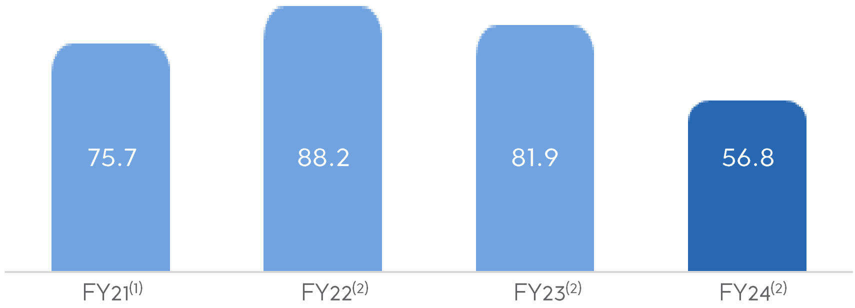
EBITDA ($m)



New Vehicle Units Sold



PBT ($m)



(1) Proforma result as reported in the Prospectus
(2) Underlying result

FY24 Profit and Loss

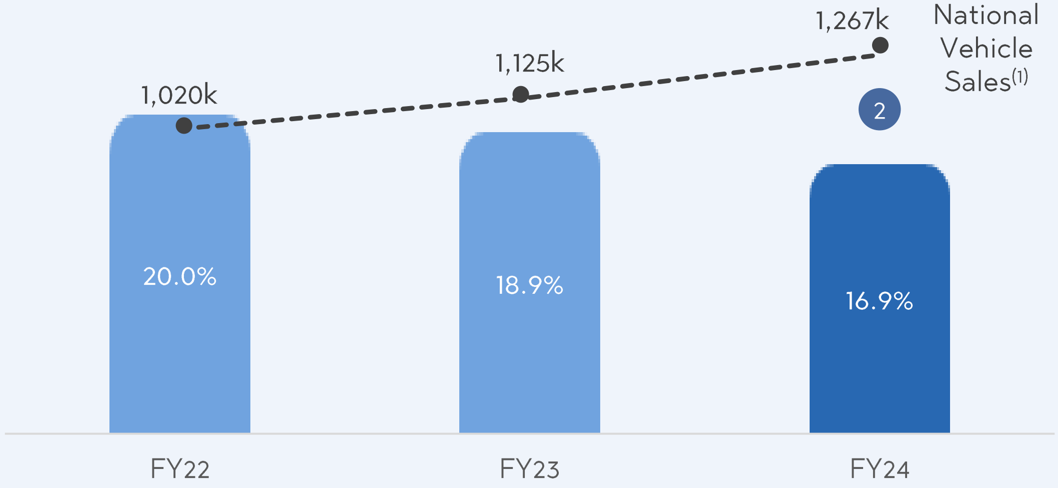
Driving efficiencies in areas we control

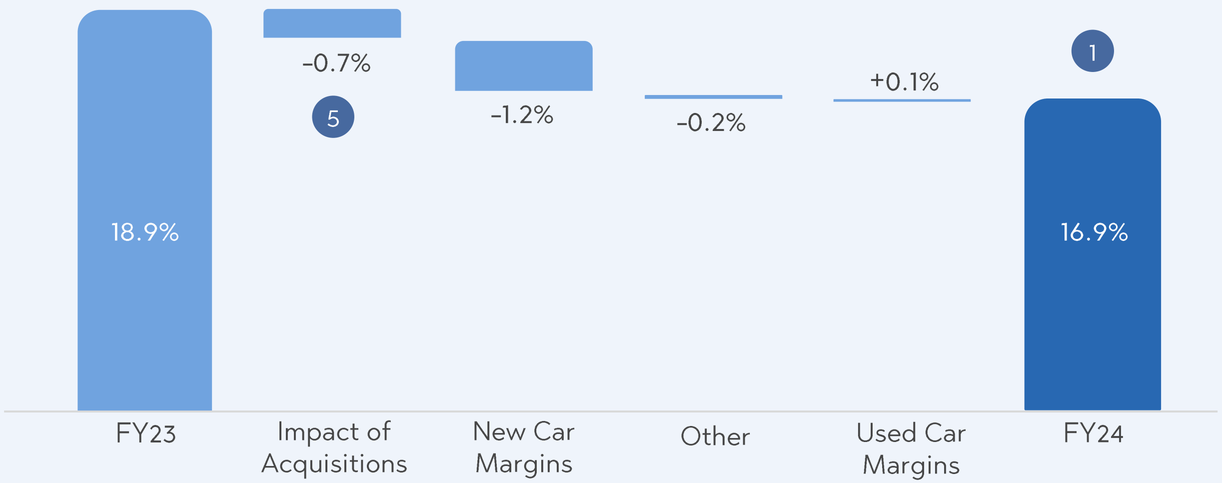
		FY24 $m	FY23 $m	Variance $m	Variance %
1	Revenue	2,475.1	2,073.1	402.0	19.4%
2	Gross Profit	418.6	392.5	26.1	6.7%
	Gross Profit %	*16.9%*	*18.9%*		
3	Operating expenses - underlying	(283.6)	(252.0)	(31.6)	(12.5%)
	Operating expenses %	*(11.5%)*	*(12.2%)*		
	EBITDA - underlying	135.0	140.5	(5.5)	(3.9%)
	Acquisition expenses	(0.7)	(0.8)	0.1	
	Legal costs	(1.4)	-	(1.4)	
	Restructure costs	(1.3)	-	(1.3)	
	EBITDA - statutory	131.6	139.7	(8.1)	(5.8%)
	Depreciation and Amortisation	(34.6)	(30.8)	(3.8)	(12.3%)
	EBIT – statutory	97.0	108.9	(11.9)	(10.9%)
4	Interest	(43.6)	(27.8)	(15.8)	(56.8%)
	PBT - statutory	53.4	81.1	(27.7)	(34.2%)
5	PBT – underlying	56.8	81.9	(25.1)	(30.6%)

1. Revenue growth of 19.4% was achieved:
   - +13.1 ppts from acquisitions
   - +6.3 ppts driven organically
2. Gross profit margins were impacted by new car margins and reduced from peaks achieved in FY22 (refer page 17)
3. Opex reduced to 11.5% of revenue (v. 12.2%)
   - Acquisitions added opex of $22.7m
   - Cost management activities successfully limited the cost increments (refer page 18)
4. Higher interest costs of $15.8m include:
   - $5.7m from higher interest rates
   - $4.5m from increased inventory
   - $5.9m related to acquisitions
5. Underlying PBT reduced to $56.8m mainly due to lower new car margins and higher interest costs

Gross Profit

New car supply impacting industry gross margins





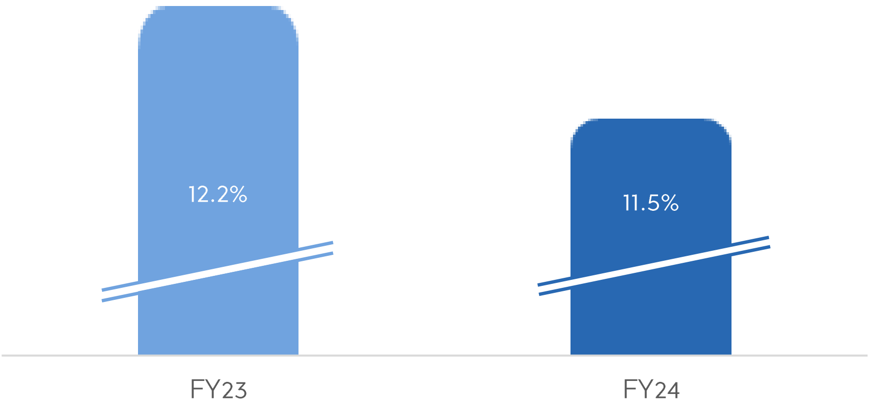
(1) Source: VFACTS Australian Vehicle Sales

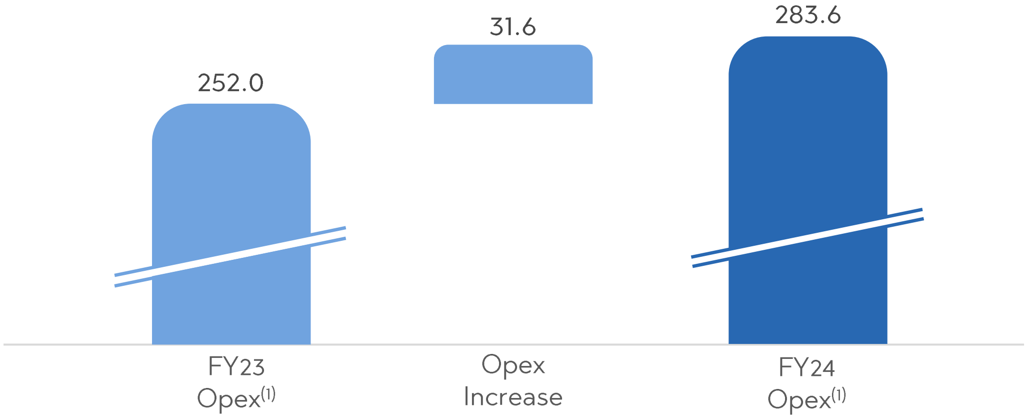
1. Gross profit % reduced to 16.9% (v. 18.9%)
2. Volumes of car supplied has increased
   - Global production increased post-Covid
   - Higher dealer inventory and discounting
   - New car margins reduced from peaks
3. Margins are favourable and steady in other service lines:
   - Service
   - Parts
   - Finance & insurance
   - Aftermarket products
4. Margin initiatives and inventory management programs are in place (refer page 11)
5. Total gross profit margin has been diluted by 0.7% by the Toyota acquisition where GP% is lower (but PBT% is higher)

Operating Cost Bridge ($m)

Cost control measures reduced operating expenses as a % of revenue

Opex as a % of Revenue





- Underlying operating expenses are down from 12.2% of revenue to 11.5%
- Operating expenses have been tightly controlled to mitigate margin reduction
  - Cost reduction program saved $9m+ p.a (3% of total opex) incurring $1.3m in one-off costs.
  - Cost-recovery practices reviewed
  - Strong leverage of fixed costs by increasing revenues with limited opex increases
- FY24 underlying opex includes:
  - Opex from acquisitions $22.7m
  - Insurance increase (ex-acquisitions) $2.8m
- Cost management strategies continue into FY25
  - Labour productivity
  - Overtime reduction
  - Cost-recovery
  - Process redesign
  - Automation
  - Supply tenders

(1) Underlying result excludes one-off costs of $3.4m in FY24 and $0.8m in FY23.

Cash Flow Statement

Strong operating cash flow conversion

		FY24 Statutory $m	FY23 Statutory $m	Variance %
	EBITDA	**131.6**	**139.7**	**(5.8%)**
	Movement in working capital	5.7	(3.5)	
	Operating cash flow before floorplan interest	**137.3**	**136.2**	**+0.8%**
	Floorplan Interest	(24.7)	(12.8)	
	Operating cash flow after floorplan interest	**112.6**	**123.4**	**(8.8%)**
1	***Operating cash flow conversion after floorplan interest***	***85.6%***	***88.3%***	
2	Capital expenditure	(10.7)	(10.5)	
	Borrowings for acquisitions	47.0	-	
3	Payments for acquisitions, net of cash acquired	(64.5)	-	
	Lease payments	(32.0)	(27.9)	
	Tax paid	(17.8)	(35.3)	
4	Repayment of borrowings	(10.0)	(7.0)	
5	Dividends paid	(33.6)	(41.3)	
	Other financing activities (1)	(6.5)	(2.9)	
	Net movement in cash	**(15.5)**	**(1.5)**	

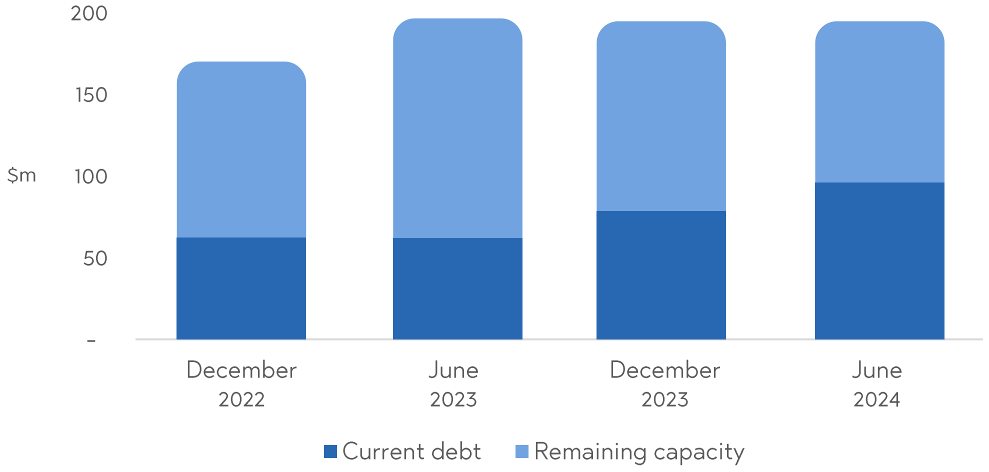
1. Operating cash flow conversion after floorplan interest was strong at 85.6%. Together with a strong opening cash position, this enabled:
2. Capex investment in dealerships ($10.7m)
3. Payments for acquisitions of $64.5m (v. borrowings of $47.0m).
4. Repayment of borrowings ($10.0m)
5. Dividend payments ($33.6m)

(1) Other financing activities include interest on capital loans and other items.

Capital Structure Supports Growth

Net debt to property value provides considerable debt capacity

$m	Actual 30 Jun 24	Actual 30 Jun 23	Variance
Cash and cash equivalents	35.2	50.6	(15.4)
Borrowings	(95.9)	(58.9)	(37.0)
Net Debt	**(60.7)**	**(8.3)**	**(52.4)**
Land & Buildings at Valuation	226	229	
Net Debt to property value	27%	4%	



NET DEBT AND PROPERTY

- Property owned: $226m
- Net debt to property value of 27% provides considerable debt capacity
- Net Debt / EBITDA after floorplan interest is 0.6x
- In-period acquisitions were funded with a mix of debt and cash

DIVIDENDS

- The directors have declared a final dividend of 6.0 cents per share (fully franked)
- Payment arrangements for the dividend are:

Record date	4 Sep 2024
Payment date	2 Oct 2024

Outlook

Outlook

- Further revenue growth expected in FY25, particularly in service and parts
- New car margins continue to be under pressure with variations based on OEM supply levels
- Good margins expected in service, parts, aftermarket and finance
- Key FY24 focus areas to continue into FY25:
    - Enhanced Inventory management
    - Margin improvement initiatives
    - Cost reduction programs
- Peter Warren is well-positioned for NVES and the energy transition, with a choice of brands and fuel options
- New CEO, Andrew Doyle, to commence on 1 October 2024
- Potential expansion to be highly selective via greenfield sites or acquisition (if strong shareholder value exists)

Questions

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 August 2024.

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Any additional financial information in this presentation which is not included in the Company’s FY24 Financial Report was not subject to independent audit or review by KPMG.

Appendices

Balance Sheet

$m	30-Jun-24 Actual	30-Jun-23 Actual	Variance
Cash and cash equivalents	35.2	50.6	(15.4)
Trade and other receivables	102.0	68.9	33.1
Inventories	476.9	361.0	115.9
Property, plant & equipment	278.2	275.5	2.7
Other assets	20.1	13.3	6.8
Right-of-use assets	206.8	182.6	24.2
Intangibles	319.9	241.5	78.4
Deferred tax assets	10.5	9.8	0.7
Income tax refund due	2.6	1.7	0.9
Total assets	**1,452.2**	**1,204.9**	**247.3**
Trade and other payables	(105.1)	(87.2)	(17.9)
Employee benefits	(29.3)	(25.7)	(3.6)
Borrowings - floorplan finance	(447.5)	(297.5)	(150.0)
Borrowings	(95.9)	(58.9)	(37.0)
Contract and other liabilities	(2.2)	(2.2)	-
Lease liabilities	(247.2)	(219.1)	(28.1)
Total liabilities	**(927.2)**	**(690.6)**	**(236.6)**
Net assets	**525.0**	**514.3**	**10.7**

AASB 16 Reconciliation

$m	FY24 Actual	FY23 Actual
EBITDA (AASB 117)	99.6	111.8
Decrease in operating lease expense	32.0	27.9
EBITDA (AASB 16)	**131.6**	**139.7**
EBIT (AASB 117)	88.2	101.5
Decrease in operating lease expense	32.0	27.9
Increase in depreciation of right-of-use asset	(23.2)	(20.5)
EBIT (AASB 16)	**97.0**	**108.9**
NPAT (AASB 117)	40.2	59.5
Decrease in operating lease expense	22.3	19.6
Increase in depreciation of right-of-use asset	(16.2)	(14.4)
Increase in interest expense (net of tax)	(8.9)	(8.3)
NPAT (AASB 16)	**37.4**	**56.4**
PBT (AASB 117)	57.3	85.5
Decrease in operating lease expense	32.0	27.9
Increase in depreciation of right-of-use asset	(23.2)	(20.5)
Increase in interest expense	(12.7)	(11.8)
PBT (AASB 16)	**53.4**	**81.1**

Adjustments to Statutory Income Statement

June year end ($m)	Statutory FY24	Statutory FY23	Underlying [1] [2] FY24	Underlying [1] [2] FY23
Revenue	2,475.1	2,073.1	2,475.1	2,073.1
Cost of sales	(2,056.5)	(1,680.6)	(2,056.5)	(1,680.6)
Gross profit	**418.6**	**392.5**	**418.6**	**392.5**
Gross profit margin	*16.9%*	*18.9%*	*16.9%*	*18.9%*
Employee benefits expense	(203.2)	(183.9)	(203.2)	(183.9)
Advertising expenses	(9.5)	(8.8)	(9.5)	(8.8)
Insurance expenses	(12.4)	(8.8)	(12.4)	(8.8)
Vehicle expenses	(9.6)	(8.5)	(9.6)	(8.5)
Other expenses [1]	(52.3)	(42.8)	(48.9)	(42.0)
Operating expenses	**(287.0)**	**(252.8)**	**(283.6)**	**(252.0)**
EBITDA	**131.6**	**139.7**	**135.0**	**140.5**
Depreciation and amortisation expense	(34.6)	(30.8)	(34.6)	(30.8)
EBIT	**97.0**	**108.9**	**100.4**	**109.7**
Floor plan interest	(24.7)	(12.8)	(24.7)	(12.8)
Net finance expense	(18.9)	(15.0)	(18.9)	(15.0)
Profit before tax	**53.4**	**81.1**	**56.8**	**81.9**
Income tax expense	(16.0)	(24.7)	(16.9)	(25.0)
NPAT [3]	**37.4**	**56.4**	**39.9**	**56.9**

(1) Underlying result for FY24 excludes financial impact of acquisition related expenses ($0.7m), Mercedes Benz legal fees ($1.4m) and restructure costs ($1.3m).
(2) Underlying result for FY23 excludes acquisition related expenses ($0.8m).
(3) NPAT includes minority interest share of $1.4m (FY23: nil)

Definitions

AASB	Australian Accounting Standards Board
Accounting Standards	Accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia
Aftermarket	Non-OEM products for sale by automotive dealers
BEV	Battery electric vehicle
CAGR	Compound Annual Growth Rate
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA margin	Calculated as EBITDA as a percentage of revenue
Employee costs	Presented as all personnel and employee-related costs (including salaries, wages, share based payments, payroll tax, superannuation, leave entitlements and other related on-costs)
EPS	Earnings per share
EV	Electric vehicle
F&I	Finance and insurance
GIFT	Company Values of Growth, Integrity, Focus and Teamwork
Gross Profit	Revenue less costs of goods sold
Gross margin	Calculated as gross profit as a percentage of revenue
GPU	Refers to the gross margin per unit sold (GPU)
IFRS	International Financial Reporting Standards
LFL	Like for like
NEV	New Energy Vehicle (Including hybrid, electric, hydrogen powered vehicles)
NPAT	Net profit after tax
OEM	Original equipment manufacturer
Operating cash flow conversion	The ratio of operating cash flow after floor plan interest as a percentage of EBITDA
PBT	Profit before tax
PBT margin	Calculated as profit before tax as a percentage of revenue
PCP	Prior corresponding period
PHEV	Plug-in hybrid electric vehicle
PMA	Prime market area
PWR or PWAH	Refers to Peter Warren Automotive Holdings Limited
Significant items	Items that are non-recurring in nature, individually material or do not relate to the operations of the existing business
SUV	Sports utility vehicle
TIV	Total industry volume
Underlying PBT	Profit before tax adjusted for significant items
VFACTS	Published by the Federal Chamber of Automotive Industries (FCAI) and provides a breakdown of monthly new motor vehicles sales statistics, outlining the number of new case sold by brand and by model

Enquiries

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