

25 October 2022

Peter Warren Automotive Holdings Limited

2022 Annual General Meeting Address to Shareholders by Chairman and CEO

Peter Warren Automotive Holdings Limited's (ASX: PWR) 2022 Annual General Meeting will be held today at 2.00pm AEDT. The meeting will be held at the offices of Deloitte Touche Tohmatsu, Level 9, 225 George Street, Sydney, NSW, 2000.

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 83 franchise operations and represents 27 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/ or by contacting:

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FY22 Annual General Meeting

25 October 2022

Chairman's Address – John Ingram

Good afternoon ladies and gentlemen, I am delighted 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 2022.

I am very proud of how the business responded to the numerous challenges it faced during the year, with COVID-19 lockdowns, flood events which affected our operations in northern New South Wales, and global supply chain and manufacturing constraints across our OEM partners.

Our success is underpinned by our 2,000 team members. Our team showed resilience, acted quickly to support our customers and staff, and continued to focus on providing excellent customer service.

On behalf of the Board, I would like to express my thanks to the Peter Warren team for the way they have adapted and responded to these challenges.

During the year Peter Warren has continued to focus on the successful execution of its strategy, focused on three primary pillars being organic growth initiatives, evaluation of acquisition opportunities and continuing to leverage and evolve its property portfolio.

The team has delivered a solid financial result for the year despite these numerous challenges. Mark Weaver will discuss these results in more detail shortly. This result has enabled us to pay an annual dividend of 22.0 cents per share, fully franked.

In December 2021, the Group achieved a major strategic milestone acquiring Penfold Motor Group for a consideration of \$105.9 million. The acquisition expands the Group's footprint to Victoria, providing Peter Warren with immediate scale in the second biggest market in the country. The management team has completed the integration of Penfold, and it is performing ahead of expectations.

I'd like to take this opportunity to welcome the Penfold team and thank them for their contribution to the Group so far, and to our existing Peter Warren team, for what has been a very smooth integration process.

It has been wonderful to see how closely the Peter Warren and Penfold values align, and I am grateful for the invaluable contribution from Sam Johnstone and his team.

As we move forward, many uncertainties remain, however I am confident the team will continue to respond quickly to changes in the market environment and focus on delivering growth through both organic and inorganic means.

Peter Warren is a natural consolidator in a highly fragmented market and will continue to pursue appropriate greenfield and acquisition opportunities.

I would like to take the opportunity to personally acknowledge Bernard Friend, our Chief Financial Officer, who will retire from the business in December 2022. Mr Friend has dedicated 40 years of his career to Peter Warren and has played a significant role in leading the company to the success that it experiences today. I'd like to welcome the Group's incoming Chief Financial Officer, Victor Cuthell, who will commence with us in November 2022, with Mr Friend facilitating an orderly handover before his retirement.

As Chairman of the board, I'd like to take this opportunity to express my thanks to all the management and staff of Peter Warren, for their continued commitment and contribution to creating value for all. I would also like to extend my thanks to my fellow Directors for their support and contribution to the success of the company.

And finally, to our shareholders, thank you for your ongoing support as we continue to execute on our strategy to deliver profitable growth.

I will now invite our CEO, Mark Weaver, to address the meeting and to give us an overview of the operations of the company, outline our progress against our primary strategic pillars and provide 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

I'll start with an overview of the Group's operations. Peter Warren has been operating in Australia for over 60 years. During this time, the Company has built a reputation amongst customers, OEMs and the broader automotive industry as a trusted automotive dealership group.

We are a natural consolidator in a highly fragmented market, with our full-service offerings capturing the entire value chain across the automotive lifecycle.

Today the company represents 27 OEMs across the Volume, Prestige, and Luxury segments. Peter Warren trades under 7 banners across the Eastern Seaboard, 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.

With the successful completion of the acquisition of the Penfold Motor Group, we have grown in the last 12 months to now represent:

- Approximately 2,000 employees, up from 1,600
- 83 franchise locations; up from 74
- 25 dealership locations; up from 18
- In FY22, we sold approximately 30,000 vehicles in the year, consistent with the prior year and reflects the inclusion of the Penfold Motor Group as well as the impact of COVID-19 lockdowns and global supply constraints

Slide 6: FY22 Financial Highlights

As outlined in the Company's full year results announcement on 26 August, we were pleased to deliver a strong result in a challenging environment.

Some Financial Highlights for FY22 included:

- Revenue of \$1.711 billion, which was up 5.6% on FY21
- Underlying EBITDA of \$130m, up 20.4% on FY21
- Underlying Profit before Tax of \$88m, up 16.5% on FY21
- Return on Sales or profit before tax margin of 5.2%, an improvement on the prior period
- Final dividend declared of 13.0 cents, taking the total annual dividend to 22.0 cents per share, fully franked.

I will note my references to underlying reflect the exclusion of flood recovery costs in Lismore of \$5.1m and acquisition related expenses of \$2.3m.

Our Balance Sheet reflects our intended agile position with low net debt relative to the property value we carry and strong cash conversion, an enabler for us in our quest for consolidation.

Slide 7: Three Primary Pillars

Our three primary pillars form the basis of our long-term growth strategy:

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

We work tirelessly on our organic growth as we focus on the next few immediate years to strengthen our digital capabilities, embrace the 1 in 100 year change to our product line up through the adoption of electric vehicles and engage with our suppliers in the shifting supply dynamics. I am delighted with the strength of the wider management team and our collaborative approach to embracing these catalyst events that look to change the face of the automotive industry both in Australia and globally.

We have already demonstrated our strength as a consolidator, with the successful acquisition and integration of Penfold Motor Group in Victoria, which continues to perform ahead of expectations.

Looking forward we will continue to pursue appropriate greenfield and acquisition opportunities in a disciplined manner to assess the right opportunities for our group.

In the first quarter of FY23 we have added two new greenfield opportunities to the stable, taking our franchise count to 83.

We welcome the addition of Hyundai Coomera, which extends our reach with this Top 5 brand further to the North of our Gold Coast and Northern New South Wales operations towards Brisbane. We also added Isuzu Ute to our Melbourne based operations at Burwood, bringing incremental growth to our recently acquired Penfold business in Victoria.

In the last few weeks we also saw the exit of Quadrant Private Equity (QPE) from our share register following six years of partnership with that business. I would like to offer our gratitude to the QPE team for their guidance and strategic involvement throughout that period. This event opens up the potential for the group to grow with other OEM brands and we will keep the market up-to-date as these opportunities crystallise.

Slide 8: Environmental, Social and Governance

This slide highlights some aspects of our Environmental, Social and Governance journey. We are making good progress to ensuring these are front of mind at all times as we undertake our commercial activities and embed these into our way of working.

I am very proud of the three award wins we achieved in the financial year under the Vocational, Education and Training Awards across NSW, QLD and of course taking out the national prize. In doing so we overcome challengers from some well-known businesses across multiple industries. We are very proud of our work to counter the skills shortage which impacts the wider industry at the current time.

Our work on further developing our culture was pleasingly represented in an improving engagement score year on year from our employee survey in March. This also included our newest team members in Victoria, who, with the rest of the group scored our business highly, above national averages which is a testament to a smooth integration process.

I have mentioned already the continued investment in our apprenticeships programs, and a real highlight for me here, is at the bottom left hand corner. I am delighted to share that whilst numbers of females in automotive technical roles still has plenty of room for growth, in our latest intake, the female participation in our apprenticeship program welcomed four times the national average of females into these non-traditional trades. An area we will continue to focus on.

The health, safety and wellbeing of our people is a fundamental responsibility we accept and take seriously. We continue to enhance our protocols around workplace practices and safe facilities.

Our approach to such elements are critical to our success and having one eye on the future, we look forward to developing these further as we grow.

Slide 9: Trading Outlook

The group continues to trade well with positive signals in our order book and supply dynamics that this will continue in the short term. I am confident the Group is well placed to adapt to changes in the trading environment that lie ahead and to take advantage of strategic opportunities that arise.

We are in a strong financial position. The Group continues to assess its debt capacity on a net debt to property value basis, which at 7% at 30 June 2022 provides Peter Warren with a capital structure that will support its future growth plans.

We continue focus on delivering growth through both organic and inorganic means.

In our update in August 2022, we spoke about several factors relevant to our performance which have remained being:

- **Demand and Supply:** new vehicle demand continues to exceed supply.
- **Order book:** The order book remains strong with further growth in the current financial year
- **Inflation:** Inflationary cost pressures are impacting several areas and we continue to work on how to recover these increases.

Overall trading in the first quarter is ahead of last year, reflecting the inclusion of the Penfold Motor Group (from 1 December 2021) and improved trading in NSW as we cycle the prior year COVID-related lockdowns in NSW.

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.