

ASX Announcement
21 February 2025

Peter Warren Automotive Holdings Limited

H1 FY25 Result

Peter Warren Automotive Holdings Limited (ASX: PWR) (“Peter Warren” or “the Group”) today announces its financial result for the half year ended 31 December 2024, with underlying profit before tax (PBT) of \$7.1m, in line with the guidance provided on 12 December 2024.

	<u>H1 FY25</u>	<u>H1 FY24</u>	<u>Var</u>
	<u>\$'m</u>	<u>\$'m</u>	
Revenue	1,229.4	1,203.1	2.2%
Underlying EBITDA ⁽¹⁾	51.1	71.3	(28.3%)
Interest	(25.0)	(20.2)	(23.8%)
Underlying PBT ⁽¹⁾	7.1	34.4	(79.4%)
Statutory PBT	6.0	31.8	(81.1%)
Basic Earnings per share (cents)	2.10	12.45	
Interim dividend per share (cents)	1.6	8.5	

⁽¹⁾ Underlying result excludes one-off costs of \$1.1m in H1 FY25 (\$2.6m in H1 FY24) comprising acquisition expenses (\$0.5m) and restructure costs (\$0.6m).

Andrew Doyle, Chief Executive Officer said: “The first half saw market conditions for new cars become increasingly challenging. The industry over-supply impacted our margins and profitability, although we partially offset this by driving growth in our other service lines. As a management team we have deep experience in actively managing through these cycles. This includes managing our inventory, lowering our costs, driving performance and delivering on the opportunities.”

H1 FY25 Result Overview

Sales revenue was up 2.2% reflecting growth from acquisitions (down 4.3% on a like-for-like basis). Customer demand for new vehicles was down on the prior period and reflected both previous highs and current customer sentiment. In other service lines, we successfully grew like-for-like revenue across used cars (+7.5%), service (+10.2%) and parts (+4.3%).

Gross margin % declined 1.5ppts to 16.1% (H1 FY24: 17.6%) and was 0.2ppts below H2 FY24 (16.3%). This reflects a reduction in new car margins with broadly favourable margins in used cars, service, parts and finance.

New vehicle inventory reduced during the half as a result of our inventory management program. Like-for-like new car inventory was \$366.3m at 31 December (30 June 2024: \$382.8m).

Operating expenses increased due to dealership acquisitions but on a like-for-like basis were down on the previous period, despite the inflationary environment. This reduction was due to cost-out initiatives implemented in 2024. In 2025, we aim to further optimise costs and deliver savings.

Interest costs increased by \$4.8m on the prior period with \$2.8m of that arising from acquisitions. The balance was caused by low inventory levels at the start of the prior corresponding period. Run-rate floorplan interest costs are currently reducing as a result of our inventory management program.

Property holdings on the balance sheet are considerable and valued at \$225m, with a net debt LTV of 37%. The Board considers that these assets provide good funding optionality for the future.

Market conditions

Australia continues to experience an increased supply of vehicles and greater competition between brands as new OEMs enter the market. Customer demand has been weaker than previous years and lower than supply levels for some brands and models (e.g. electric vehicles).

In those brands and models, margins remain under significant pressure as OEMs seek to re-balance supply to better match demand. Customer demand for different fuel types also continues to change with increased demand for hybrid and PHEV models in H1 FY25 and moderating demand for BEV models. In 2025, the new vehicle efficiency standard (NVES) will further impact the market.

To mitigate these new car margin pressures, Peter Warren is focused on strong inventory management, achieving further cost reductions and growing revenues in other service lines. Some of these benefits have been realised in H1 FY25 with further benefits to come in H2 FY25 and beyond.

Dividend

The Directors have declared an interim dividend of 1.6 cents per share, as part of our commitment to provide returns to shareholders. The record date for determining the entitlement is 27 February 2025 and the dividend will be paid on 26 March 2025.

Outlook

In the short-term, we expect current market conditions to continue with increased levels of supply, more OEMs entering the market and strong competition between brands. Margins on new cars are expected to remain under pressure. However, in H2 FY25 we expect any further deterioration to be offset by management initiatives.

Andrew Doyle commented: “Our near-term focus is on actively managing the business through the cycle, and we see opportunities to drive further improvements across costs, inventory and our various revenue streams. At our core we are still focused on growth over the medium term as we see opportunity in further industry consolidation, accretive M&A and in leveraging our scale. With strong property backing and a good balance sheet, we are well placed for the future.”

This announcement was authorised for release by the Board of Peter Warren.

-ENDS-

Investor Conference Call

An Investor Presentation has been lodged with the ASX today together with this announcement. CEO Andrew Doyle and CFO Victor Cuthell will host a webcast for analysts and investors at 9.30am (AEDT) on Friday 21 February, accessible via the following links:

Conference call pre-registration link:

<https://s1.c-conf.com/diamondpass/10044998-hnurf.html>

Webcast pre-registration link:

<https://webcast.openbriefing.com/pwr-hyr-2025/>

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 across 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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