

ASX Announcement
17th May 2023

Peter Warren to acquire Toyota and Volkswagen dealerships

Highlights

- Peter Warren to acquire a majority share in three dealerships in NSW; Toyota at Warwick Farm, Toyota and Volkswagen at Bathurst
- Continued delivery of Peter Warren's consolidator strategy as the second major acquisition in two years
- Toyota, the largest automotive brand in Australia, has provided its approval and its addition to the Peter Warren portfolio provides a platform for further growth in dealerships
- Acquisition consideration of \$45m to be funded by existing debt providers
- Expected to be immediately EPS accretive after funding costs
- Current Dealer Principals and key management to continue operating the businesses, with Toyota requiring Dealer Principals to hold minority shareholdings
- The acquired dealerships will add substantially to Peter Warren's order book that is increasing as new vehicle demand exceeds supply, which is being impacted by several factors. Peter Warren is closely monitoring supply in its approach to the year end of 30 June 2023
- Transaction subject to shareholder approval with an EGM expected to be held in July 2023

Peter Warren Automotive Holdings Limited (ASX: PWR) ("Peter Warren" or "the Company") announces that it has entered into agreements to acquire a majority share in three New South Wales (NSW) dealerships for an estimated total consideration of \$45m, representing both Goodwill and Net Assets.

The dealerships to be acquired are Peter Warren Toyota at Warwick Farm, Bathurst Toyota and Bathurst Volkswagen. All are majority owned by the Warren family, a significant shareholder of Peter Warren.

For the financial year ended 30 June 2022 the businesses generated a combined turnover of \$180m with approximately 110 employees. The businesses will continue to be run by the existing management teams, providing strong continuity for customers and the OEM partners.

Mark Weaver, Chief Executive Officer of Peter Warren said: "We are delighted to continue the delivery of our consolidation strategy with an investment in Australia's market leader, Toyota. This milestone provides opportunity for further expansion as we continue to grow in a highly fragmented market".

"The VW and Toyota operations are well-run dealerships and we are excited to welcome them to Peter Warren. We expect the acquisition to deliver significant value to shareholders and be immediately EPS accretive after funding costs."

In each business the incumbent Dealer Principal will retain their role and continue to hold a minority shareholding in accordance with the OEM requirements. Peter Warren will acquire 80% of the Warwick Farm Toyota operation and 95% of Bathurst Toyota and Volkswagen.

Funding and completion

Peter Warren will fund the acquisition from existing debt providers under a master debt facility with no additional security being provided. The Company retains debt capacity and unsecured property for potential future acquisitions. After taking into account funding costs, the acquisition is expected to be immediately EPS accretive.

The transaction does not involve the acquisition of any additional property. Peter Warren Toyota is located at the Warwick Farm property owned by the Company and currently leased to the vendors, being the Warren Family. Bathurst Toyota and Volkswagen are located on property owned by the Warren family and a third-party landlord. The Company will enter new long-term leases for the operations in Bathurst, on arm's length commercial terms.

Peter Warren confirms that Toyota approval has been obtained. This transaction remains subject to customary completion conditions. The transaction is also subject to shareholder approval due to the relationship between the Warren Family and the various selling entities. Paul Warren is a member of the Board of Directors of the Company.

Peter Warren shareholders will be asked to approve the transaction at an Extraordinary General Meeting which is expected to be held in July 2023. Further information on the transaction, including an Independent Expert's Report, will be available for shareholders to consider prior to the meeting. The transaction is expected to complete in August 2023.

Vehicle supply and order book update

The acquired dealerships will add substantially to Peter Warren's order book, which continues to grow organically as new vehicle demand exceeds supply.

Peter Warren is being impacted by inconsistent supply of new vehicles in some areas, due to biosecurity backlogs, port congestion and shipping delays. In other areas full supply exists. These supply dynamics impact the scheduling of customer deliveries on a week-to-week basis. Both brands to be acquired are experiencing similar supply chain dynamics, impacting customer delivery schedules.

Peter Warren is closely monitoring these vehicle supply impacts in the approach to its year end on 30 June 2023.

Further information

Peter Warren is being advised by Gilbert + Tobin in relation to its acquisition of the Toyota and Volkswagen dealerships.

-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 25 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under various banners including 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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