

ASX Announcement
22 October 2024

Peter Warren Automotive Holdings Limited
2024 Annual General Meeting Addresses to Shareholders
By Chairman, Executive Director and Chief Executive

Peter Warren Automotive Holdings Limited's (ASX: PWR) 2024 Annual General Meeting (**AGM**) will be held today at 10.00am AEDT at the offices of Gilbert + Tobin, Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

The addresses to shareholders from the Chair, Executive Director and Chief Executive which will be delivered at the AGM are attached for release to the market.

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 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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Chair's Address – John Ingram

FY24 was a year which saw changing market conditions across the industry, with increased supply of new vehicles and higher inventory at most dealers. This led to greater competition and lower new car margins.

We responded by strengthening our inventory management program, by implementing a series of margin initiatives and by controlling our costs. We were pleased to achieve an underlying PBT of \$56.8m, which was within the guidance range we had published.

During the year we completed the acquisition of four NSW dealerships in Macarthur – Mazda, MG, Nissan and LDV. We have also completed other acquisitions in NSW and QLD and built on our relationships with key OEMs. The Macarthur acquisition extended our well-established footprint in Western Sydney and provided further diversification of our business across all segments of the automotive market.

These acquisitions added people to our hard-working team and I'd like to thank all of our people for their dedication and commitment. Our heritage as a family-owned and operated business continues to provide a strong cultural foundation, and we remain committed to the safety and wellbeing of our people and customers.

I'd also like to thank my fellow directors for their oversight and contributions over the year and I welcome John Eastham who recently joined the Board of Directors. John has more than 30 years of experience with motor dealerships in Australia, including a number of years as CEO of a large automotive retailer.

I am delighted to introduce Andrew Doyle, our newly appointed Chief Executive Officer. Andrew has also spent more than 30 years in the automotive industry here in Australia and overseas. He is a trusted, respected and experienced automotive Chief Executive. The board is confident in his leadership of our people and we look forward to working with him. Andrew formally commenced on 1 October and in a few moments I'll ask him to address the meeting.

Finally, I would like to thank all of our shareholders for your support and confidence in our business. For the FY24 year, we were pleased to pay our shareholders a total dividend of 14.5 cents per share. We look forward to your ongoing involvement in our business and to our continuing work to maximise shareholder returns.

I turn now to a review of the FY24 year. Prior to Andrew Doyle joining our business, the board was pleased to have Mr Paul Warren in the role of Interim Chief Executive Officer. The board thanks Paul for stepping into this role and I now ask Paul to address the meeting and provide an overview of the company operations in the FY24 year.

Executive Director's Address – Paul Warren

I would like to add my welcome to this year's Annual General Meeting.

As many of you would be aware, Peter Warren has been operating in Australia for over six decades. We have expanded our network to 80 locations and built a reputation with our customers and our OEMs as a trusted dealership group.

FY24 Financial Highlights

As outlined in the Company's full year results announcement on the 21st of August, we delivered a result that was within the guidance provided in May but down on the previous year. Our Underlying Profit Before Tax was \$56.8m.

During the year our industry saw increases in vehicle supply, higher inventory holdings, higher interest costs and lower new car margins as dealer competition increased.

At Peter Warren we were successful in controlling our inventory levels and related interest costs, as we held our June new car inventory to be broadly consistent with Dec 2023 levels (excluding acquisitions).

We delivered a record total revenue for FY24 of \$2.5 billion, up 19.4% on FY23. Of this growth, 13.1% came from acquisitions and 6.3% came from organic growth.

Our balance sheet is in a strong position. Our net debt is \$61m and our property is valued at \$226m, providing funding optionality for the future.

FY24 Highlights and FY25 Outlook

The FY24 year saw three other areas to highlight.

Firstly, we implemented a number of margin initiatives to reduce the impact of new car margin pressures. These included reviewing labour productivity, managing overtime and reviewing pricing in some areas. We also successfully grew some of our high-margin areas with like-for-like growth in service of 18.9%, parts up 9.8% and aftermarket up 2.5%.

Secondly, we focused heavily on our costs. We made savings of \$9m per annum and we also leveraged our fixed cost base by increasing revenues with limited opex increases. We achieved a reduction in our operating expenses from 12.2% of revenue to 11.5%.

Thirdly, we successfully completed and integrated the acquisition of four dealerships in Macarthur in NSW. The acquisition of these dealerships is highly complementary to our existing businesses in Western Sydney and provides significant opportunities. Along with other acquisitions during the year we welcomed 110 people to the Peter Warren team.

As we turn to the outlook for FY25, we will continue our focus on the key areas. Inventory control, margin initiatives and cost control are the key items that are central to our work in FY25 as new car margins continue to be under pressure.

We expect good margins to continue to be achieved in other areas including service, parts, aftermarket and finance.

Executive Director's Address – Paul Warren (continued)

Our approach to expansion remains disciplined and we will ensure that any acquisitions represent excellent shareholder value.

FY25 will also see the introduction of the New Vehicle Efficiency Standard and we are working with our OEM partners. Peter Warren supports the transition to lower emission vehicles and is ready now with knowledgeable staff, trained technicians and many models and fuel options available across a wide range of brands.

The new financial year has also seen the commencement of our new Chief Executive, Andrew Doyle and I'd like to extend my welcome to him. I believe we are in very capable hands and I look forward to the year ahead.

I'd like to thank our team for their hard work and determination in always delivering excellent customer service and I'd also like to thank our business partners and investors for their continued support.

In closing, I am confident that Peter Warren is in a good financial position with considerable property assets, low net debt and a culture of controlling our costs. I am excited about the many opportunities that exist for our business, our partners, our people and our customers.

Chief Executive's Address – Andrew Doyle

I've been in the business for exactly three weeks, and I'm very excited to be finally here with you today, and now well and truly 'in' the business.

My priority has been to meet the team. So, I've already been out to visit most of our sites and met people at all levels in each of our great brands. As I expected, it's a really professional team, with people at the heart of everything we do. The Peter Warren business has always been built on people and on family values, that is what makes the company so special to our loyal team and our customers. I'm certainly looking to not only continue that but build on it.

As some shareholders may know, I'm an Australian and I've just returned from the last 7½ years in the UK automotive market to take on this fantastic position. I've spent 30 years in this industry in different brands, in different businesses, and in different countries globally.

I am thrilled and honoured to be offered this opportunity by the Board, and as your CEO, I'm determined to bring my skills and experience to this business to lead our high performance team, and build on the Peter Warren story.

I have admired this business for many years and watched it grow. It's only been three weeks that I've been 'on the inside' but I've already developed some first impressions.

Firstly, as already mentioned, I believe we've got very good fundamentals in terms of our people, our brand portfolio, our locations and our products.

Secondly, I've learned over my time in the industry that there is always opportunity to do better, and learn from best practice from across our own scaled businesses, but also from other experiences in the industry globally. We have six departments across new cars, used cars, service, parts, finance and aftermarket. Those operate in 80 locations and there's always room to do better and deliver a financial upside.

I think that the key to the financial upside is, first and foremost, providing a benchmark experience for our customers by striving to be the very best representation of the brand, for our OEM partners.

Implementing these commercial opportunities and building that customer experience will be a major focus for me and my leadership team.

Personally, I am here for the long term, and I'm really looking forward to leading the Peter Warren team and building on those fundamentals that have been built over the last 60+ years.

It's an exciting time for our industry with lots of change happening and with that, lots of opportunity for those who are ready for it. I plan to drive this company to capture these opportunities, and very much look forward to reporting back on this over time.