

Market Announcements Office – ASX Limited

# Strong First Half Result & Record Interim Dividend

**Statutory Profit Before Tax**

**\$246.5 million**

**Underlying Operating Profit Before Tax**

**\$195.1 million**

**Strong Balance Sheet**

**\$842.8 million**

Record available liquidity

**Record Ordinary Interim Fully Franked Dividend**

**22.0 cents per share**

(1H21: 20.0 cps)

**Strong pipeline of growth initiatives including:**

- New markets;
- New entrants; and
- Accretive acquisitions

**Eagers Automotive Limited (ASX: APE), Australia's leading automotive retail group, today announced its results for the six months ended 30 June 2022 (1H22).**

The Company delivered an Underlying Operating Profit Before Tax for 1H22 of \$195.1 million, in line with the market update in July and ahead of guidance issued in May. The result was driven by continued strong demand for new and used vehicles, and consistently strong margin performance, despite constraints on profitability due to COVID-related new vehicle supply challenges and disruption to logistics and labour.

The 1H22 Statutory Profit Before Tax result included significant items totalling \$51.4 million, primarily related to the gain on sale of Bill Buckle Auto Group.



## Commenting on the half year performance CEO Keith Thornton said:

The robust first half performance reflects the strength of our underlying business, disciplined management of our rebased cost profile and strong progress on strategic growth initiatives, which have together enabled us to capitalise on favourable market dynamics. Demand has materially exceeded supply during the first half and our key lead indicators, including new vehicle order bank, remain at record levels.

Our independent pre-owned vehicle business, easyauto123, has delivered volume and revenue growth. We have expanded its footprint to include an additional store in the Sydney market at Liverpool, and our first Tasmania-based store in Hobart opens this month.

Our leading position in large addressable markets, balanced economic model and diverse geographic footprint, ensure the business is able to withstand changes in market conditions. In addition, the combination of growth from our existing business, new entrants to the market wanting to partner with us and strategic acquisition opportunities provide a significant platform for sustainable earnings growth over the long term.

## Operational and Strategic Highlights

- Continued strong demand for new vehicles, underwriting a consistent margin performance.
- Strong demand translated to ongoing growth in our record order bank, giving confidence in the outlook for 2H22 and into 2023.
- Accretive strategic acquisition of multi-franchised dealership group and associated property in the ACT approved by shareholders, and sale of Bill Buckle Auto Group completed in June.
- Delivery of new automotive retail formats, such as AutoMall West in Brisbane, which opened in April 2022.
- Expanded network representation with existing partners in new regions, new entrants to the Australian market and new energy manufacturers (hybrid, electric, hydrogen)

## Financial Position and Capital Management

Eagers Automotive is in a very strong financial position underpinned by a substantial property portfolio and asset base, together with a record \$842.8 million of available liquidity at 30 June 2022. This liquidity position includes record available cash of \$326.3 million.

The Board has approved payment of a record ordinary interim dividend of 22.0 cents per share, fully franked, up 10% on 1H21 (20.0 cents per share).

The Company also announced an on-market share buy-back of up to 10% of issued share capital in June. The dividend and buy-back reflect the Board's confidence in the strength of the business, its focus on active capital management and the strong balance sheet position.

## Outlook

We expect the current dynamic of demand outstripping supply to continue in 2H22.

The 32% like-for-like growth in the order bank during 1H22 has further increased in July and August, providing a strong foundation for 2H22 and into 2023. Despite these positive dynamics, the timing of an easing in COVID-related new vehicle supply chain challenges remains uncertain and the Company will maintain its disciplined approach, conscious of the changing macro-economic conditions.

### Eagers Automotive will focus on delivering the following key initiatives to drive sustainable growth in earnings:

- ✓ Increased productivity from property and people to capitalise on current market conditions;
- ✓ Continued investment in scaling our independent pre-owned business, easyauto123, including the roll out of omni-channel offerings to support an expanded physical footprint;
- ✓ Integration of the ACT and South Australian acquisitions (to be completed in 2H22); and
- ✓ Continuing disciplined review of accretive and strategic acquisition opportunities consistent with our Next100 Strategy as well as executing greenfield opportunities via existing partnerships and new market entrants.

The Company is uniquely positioned to withstand changes in the economic or industry environment, using the multiple margin, cost and growth levers available within the business.

### Analyst and Investor Call

9:15am AEST Thursday 25 August 2022



Participants can register to receive dial-in details for the call using the following link:

<https://register.vevent.com/register/B1c75270b274654870bd92ec97bc9fb2c2>



Participants may also wish to join a webcast of the results briefing using this link:

<https://edge.media-server.com/mmc/p/rc2vnss5>

Authorised for release by the Board

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