

Market Announcements Office – ASX Limited

Strong First Half Result & Record Interim Dividend

Record Half Year Revenue

\$4.8 billion

(+14.3% on prior period)

Underlying Operating Profit Before Tax

\$207.4 million

(+6.3% on prior period)

Strong position going into 2H23

- On track to exceed FY23 revenue guidance
- Order bank provides embedded margin well into FY24
- Underpins strong sustainable return on sales

Record Cash Position and Strong Balance Sheet

\$758.1 million

Total available liquidity

Record Ordinary Interim Fully Franked Dividend

24.0 cents

per share

(1H22: 22.0 cps)

Eagers Automotive Limited (ASX: APE), Australia's leading automotive retail group, today announced its results for the six months ended 30 June 2023 (1H23).

The Company delivered an Underlying Operating Profit Before Tax for 1H23 of \$207.4 million, an increase of 6.3% on 1H22.

The performance was driven by record revenues ahead of expectations, underpinned by:

- improved new vehicle supply and continued strong demand for new and used cars;
- margin growth in new vehicles, finance, insurance and car care, with a significant profit improvement in independent pre-owned and strong performance from our large scale parts and service operations;
- strong cost management in a high inflationary environment aided by technology enabled productivity improvements; and
- organic, greenfield and acquisition initiatives delivering growth in revenue and profit.

The Board has approved payment of a record, fully franked, interim dividend of 24.0 cents per share, up 9.1% on 1H22 (22.0 cents per share).



Commenting on the half year performance and outlook CEO Keith Thornton said:

“Our half year performance reflects the strength of the Eagers business, our diversified portfolio and unique geographic footprint.

Demand for new and used vehicles remained resilient, underpinning growth in our new car business and profit improvement in our independent pre-owned vehicle business, easyauto123. Our performance also benefited from the contributions of strategic acquisitions and partnerships executed in 2022 and 1H23, particularly in the new energy vehicle segment where we are building a unique and market leading position.

Our total new car order bank remains very strong and provides material embedded margin strength, with outperformance possible as vehicle supply constraints begin to ease across the industry. We are on track to exceed our revenue growth expectations for FY23 and maintain a sustainably strong return on sales margin. Combined with the strength of our balance sheet, we are well positioned to pursue further growth opportunities.”

Operational and Strategic Highlights

- Successful integration of the ACT and South Australian acquisitions (completed in 2H22), as well as contributions from our strategic partnerships including in the fast growth New Energy Vehicle market.
- Organic growth delivered through new partnerships and the rollout of innovative new retail formats.
- Significant profit improvement in our independent pre-owned business easyauto123 and Carlins Auctions and continued strong performance from our parts and service businesses.
- Margin growth in new car sales reflected in vehicles delivered in 1H23 and strong cost management in the high inflationary environment.
- Accretive portfolio management with the strategic divestment of property and dealerships in Castle Hill, NSW, and the acquisition of Ireland's of Cairns, QLD, a long established, multi brand dealership group along with the acquisition of associated property.
- Ownership interest in EV Dealer Group Pty Ltd, the exclusive national retail joint venture for electric and new energy vehicle manufacturer BYD, increased to 80% (from 49%) post 30 June 2023, positioning Eagers to lead the industry transition in the high growth New Energy Vehicle market.

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 \$758.1 million of available liquidity at 30 June 2023. This liquidity position includes record available cash and undrawn commitments under corporate debt facilities.

The strong liquidity position will enable the company to pursue further disciplined capital management initiatives including investment in organic and greenfield initiatives, continuing to review accretive M&A opportunities and investing in the development and deployment of proprietary technology to further drive productivity gains.

Outlook

Going into 2H23 we remain confident the strong performance can be maintained through the remainder of the year.

While moderating from the highs of 1H22, demand remains resilient and we expect demand to be broadly in line with supply across the industry for the full year. This balanced supply and demand environment, together with our material order bank with strong embedded margin, underwrites our expectations of a sustainably strong return on sales margin across the business.

In the near term, Eagers Automotive is focused on the following key initiatives to deliver earnings growth to its shareholders:



Driving top line revenue growth through organic, greenfield and acquisitive initiatives to exceed full year revenue growth expectations for FY23.



Disciplined cost management and capitalising on strong second half new vehicle supply commitments to support a sustainably strong return on sales margin.



Leveraging our leading position in the New Energy Vehicle retail market across both passenger cars and light truck segments, as adoption of low emission vehicles accelerates.



Continuing the disciplined review of accretive acquisition opportunities, executing on greenfield initiatives with both existing and new partners and reviewing strategic partnership opportunities in adjacent markets with a view to creating distinct market advantages.



Commenting on the outlook CEO Keith Thornton said:

“The Company is uniquely positioned to accelerate disciplined and strategic growth.

We expect to be able to sustainably and profitably grow our business, expand our industry leading footprint across Australia and New Zealand and accelerate our strategic position in the transition to New Energy Vehicles.

We will continue to invest in adjacent and enabling opportunities and explore new market potentials by delivering great outcomes for our customers and OEM partners.”

Authorised for release by the Board

Analyst and Investor Call

10:00am AEST Thursday 24 August 2023



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

<https://register.vevent.com/register/BI1930eaa5a54949259854f45ba4a97d9e>



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

<https://edge.media-server.com/mmc/p/3bvmam2h/>

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