

23 February 2017

PWR reports 1H FY17 NPAT of \$1.81 million

PWR Holdings Limited (ASX: PWH) and its wholly owned subsidiaries (**PWR Group**), an Australian-based provider of global customised cooling solutions to elite motorsports, high performance automotive, automotive aftermarket and emerging technology industries, today released its results for the period ended 31 December 2016.

FINANCIAL PERFORMANCE

A\$'000	1H FY17	1H FY16 Pro Forma ²	Variance
Revenue	18,628	18,472	0.8%
EBITDA ^{1,2}	3,395	5,322	(36.2%)
EBITDA margin	18.2%	28.8%	NA
Operating cash flow	1,253	5,808	(78.4%)
Net profit after tax²	1,812	3,261	(44.4%)
Earnings per share (based on statutory NPAT)	1.81 cents	1.40 cents	0.41 cents
Interim dividend per share	0.90 cents	0.62 cents	0.28 cents

KEY POINTS

- Organic revenue growth³ of 11.8% compared to the prior corresponding period (pcp);
- GBP revenue up 23.9%, USD revenue up 4.4% and AUD revenue up 8.6% compared to pcp;
- EBITDA³ \$3.4 million and NPAT \$1.8 million were below pcp Pro Forma results^{1,3} of \$5.3 million and \$3.3 million respectively;
- Foreign exchange movements had an impact on financial performance with the AUD 25% higher against GBP and 4.1% higher against USD compared to the pcp;
- Operating cash flow \$1.3 million compared to the pcp of \$5.8 million; and
- Interim dividend of 0.90 cents per share, fully franked, representing 50% of NPAT. Record date 31 March 2017, payment date 7 April 2017.

PWR Managing Director and Chief Executive Officer, Kees Weel, said our first half has delivered organic revenue growth of 11.8%. Our growth in GBP sales has been particularly pleasing at 23.9%. Also pleasing is the growth through our USA subsidiary C&R Racing, as well as domestic growth.

“The stronger AUD in the first half, particularly against the GBP has impacted revenue and profit.

“We continue to invest heavily into our resources, both people and capital, to support current organic growth and ensure capability to deliver on future growth opportunities. Our average employee headcount increased by 19.5% over the last 12 months, primarily in production and engineering, with employee costs increasing 17.6% pcp.

¹ Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Company’s financial statements

² Pro forma adjustments in 1H FY16 relate to IPO costs (\$2.7 million before tax) and interest costs (\$0.2 million before tax) associated with bank facilities repaid from IPO proceeds

³ 1H FY17 sales less 1H FY16 sales in underlying currencies converted to AUD at average exchange rates for 1H FY17



“The combined impact of the above has led to a lower first half result with both EBITDA of \$3.4 million and NPAT of \$1.8 million, compared to the Pro Forma result of 1H FY16^{2,4}.

“Operating cash flow was \$1.3 million, lower than the pcp of \$5.8 million, as a result of the \$2.0 million currency impact on trading, plus an increase in inventory of \$1.8 million, to service current and future demand.

“PWR has commenced the construction of a new aluminium heat exchanger core furnace line at C&R Racing in the USA at an estimated cost of US\$4.25 million. The facility will service growth in the USA aftermarket sales and OEM contracts in North America while providing flexibility to Australian operations to focus on high margin bespoke cooling opportunities. Production in USA provides a natural hedge to the USD and will enable us to plan and optimise production between Australia and the USA. The new line at C&R will be operational in the last quarter of 2017 calendar year”, he said.

Outlook

- Second-half bias to revenue and profit to continue in FY17 driven by calendar year motorsports seasons;
- Continuing inroads into motorsports markets expected to generate additional organic growth;
- Motorsports reputation creates other growth opportunities including niche OEM programs; and
- OEM planned for 2018 financial year onwards.

Appointment of Roland Dane to the Board

PWR is pleased to announce that Mr Roland Dane has been appointed as a non-executive director of PWR effective 1 March 2017. Roland has extensive automotive business experience in the UK and Australia. Roland was the founder of the Park Lane (UK) vehicle acquisition business in the UK some 30 years ago. He is an owner of the highly successful Triple Eight Race Engineering which has won 8 out of the last 10 Supercars championships.

The half-year accounts and results presentation have been lodged with the ASX and can also be found on PWR's website: www.pwr.com.au

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⁴ 1H FY16 Pro forma NPAT \$3.3 million³

