Wagners Holding Company Limited ACN 622 632 848

PROSPECTUS

Initial Public Offering of 72.6 million ordinary shares
at an issue price per share of $2.71

This is an important document and should be read in its entirety

WAGNERS

Joint Lead Managers

CREDIT SUISSE

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DIVERSIFIED
INNOVATIVE
TRUSTED.

CONTENTS

Important notice

General

This Prospectus is dated 20 November 2017. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 20 December 2018.

No person is authorised to give any information or make representations about the Offer, which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in Wagners. Read this document in its entirety. Examine the assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of Wagners. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

Australian and New Zealand residents only

The Offer is available to Australian and New Zealand residents having a registered address in those jurisdictions. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law. Seek advice on and observe any restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities law, and the Company disclaims any liability in relation to any such violation. Subject to any exemption available in Hong Kong, Singapore, the United Kingdom and Norway, this Prospectus is not an Offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

Special notice to New Zealand Resident investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Defined terms

Some terms used in this Prospectus are defined in the Glossary.

Electronic prospectus

This Prospectus is available electronically at www.wagnersipo.com.au. The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Obtain a paper copy of the Prospectus (free of charge) by telephoning 1300 145 329 (within Australia) and +61 3 9415 4251 (outside Australia). Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.wagnersipo.com.au.

Exposure Period

Under the Corporations Act, Wagners must not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This Exposure Period enables the Prospectus to be examined by market participants. Application Forms received during the Exposure Period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the Exposure Period.

Issue and sale

The Company will be issuing New Shares at the Offer Price as part of the Offer. In addition, a certain number of the Existing Shares will be sold by the Company (as agent for the Vendor) under this Prospectus to Applicants under the Offer. Shares not sold will be retained by the Ultimate Shareholders (following completion of the Demerger). See Section 8 for further details.

Forward-looking statements, marketing and industry data

This Prospectus includes Forecast Financial Information based on an assessment of present economic and operating conditions, and on a number of general and specific assumptions set out in Sections 4.9.1 and 4.9.2 regarding future events and actions that, as at the date of the Prospectus, Wagners expects to take place. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'considers', 'could', 'estimates', 'expects', 'intends', 'may', and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Wagners.

Any forward-looking statements are subject to various risk factors that could cause Wagners' actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general assumptions as set out in Section 4.9.1, the specific assumptions as set out in Section 4.9.2 and other information in this Prospectus. Wagners cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Wagners does not have any intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the overview of the industry in which Wagners operates in Section 2 and the overview of the business of Wagners in Section 3, uses market data, industry estimates and projections. Wagners has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that Wagners believe to be reliable, but Wagners cannot guarantee the completeness of such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors as set out in Section 5. This information should not be used as a basis for investments and should not be considered as an opinion as to the value of any security or advisability of investing in the Shares.

Statements of past performance

This Prospectus includes information regarding the past performance of Wagners and its business. Investors should be aware that past performance is not indicative of future performance.

Privacy

If you complete an Application Form you will be giving Wagners personal information. The Company and the Share Registry collect, hold and use that personal information to assess your application and to communicate and provide services to you as a Shareholder. The Company may disclose information to its agents, service providers (such as the Share Registry) and government bodies. The Company's privacy policy sets out how you may access, correct and update the personal information that we hold about you (by contacting the Share Registry), how you can complain about privacy related matters and how the Company responds to complaints.

Currency

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued or sold under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Photographs and diagrams

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Key Offer statistics and important dates

KEY OFFER STATISTICS[1]	
Offer Price	$2.71 per share
Proceeds to the Company from the issue of New Shares	$100 million
Proceeds to the Ultimate Shareholders	$96.8 million
Total proceeds under the Offer	$196.8 million
Total number of Shares available under the Offer	72.6 million
Total number of Shares on issue at Completion of the Offer	161.4 million
Total number of Shares held by the Ultimate Shareholders at Completion of the Offer[2]	88.8 million
Indicative market capitalisation	$437.3 million
Pro forma net debt[3]	$60.2 million
Enterprise Value as at Completion of the Offer[4]	$497.5 million
Enterprise Value / pro forma FY18 forecast EBITDA[5]	9.95x
Enterprise Value / pro forma FY18 forecast EBIT[6]	12.47x
Offer Price / pro forma FY18 forecast NPAT per Share[7]	18.85x
Annualised pro forma FY18 forecast dividend yield[8]	3.2 %

1 This table contains Forecast Financial Information and information derived from Forecast Financial Information. Forecast Financial Information is set out in Section 4.9, and is prepared on the basis of the assumptions set out in Sections 4.9.1 and 4.9.2. It should be read in conjunction with the discussion of the Pro Forma Historical Financial Information in Section 4.8, as well as the sensitivities set out in Section 4.10, and the risk factors set out in Section 5. This table also contains non-IFRS financial measures, which are discussed in Section 4.3.
2 These Shares will be subject to voluntary escrow arrangements (refer to Section 7.7 for details).
3 Pro forma net debt at 30 June 2017 (refer to Section 4.6.2).
4 Calculated as the sum of the indicative market capitalisation at the Offer Price and pro forma net debt.
5 This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the Enterprise Value based on the Offer Price divided by pro forma FY18 forecast EBITDA of $50.0 million. EBITDA is earnings before interest, tax, depreciation and amortisation and significant non-cash and one-off items.
6 This ratio is commonly referred to as an EV/EBIT ratio. The EV/EBIT ratio is calculated as the Enterprise Value based on the Offer Price divided by pro forma FY18 forecast EBIT of $39.9 million. EBIT is earnings before interest and tax and significant non-cash and one-off items.
7 This ratio is commonly referred to as a price earnings or P/E ratio. The P/E ratio is calculated based on the Offer Price divided by the pro forma FY18 forecast NPAT per Share (being pro forma FY18 forecast NPAT of $23.2 million divided by total Shares on issue at Completion of the Offer).
8 Calculated as the annualised expected dividends per Share in respect of FY18 (based on a payout ratio for FY18 of approximately 60% of pro forma NPAT per Share) divided by the Offer Price. The Board's current intention is to declare a dividend in FY18, for the period from 1 December 2017 to 30 June 2018 of approximately 60% of pro forma NPAT for that period. It is expected that the dividend will be split between two payments, an interim dividend of 30% of the total paid in April 2018 and a final dividend of the remaining 70% of the total paid in October 2018. These dividends will be franked to the extent possible. For more information refer to Section 4.12 for the Company's dividend policy.

IMPORTANT DATES	
Prospectus Date	20 November 2017
Broker Firm Offer Opening Date	28 November 2017
Broker Firm Offer Closing Date	7 December 2017
Expected commencement of ASX trading on a conditional and deferred settlement basis	8 December 2017
Settlement of the Offer	11 December 2017
Issue and transfer of Shares and last day of conditional trading on the ASX	12 December 2017
Expected completion of despatch of holding statements	13 December 2017
Shares expected to begin trading on a normal settlement basis on the ASX	18 December 2017

Dates may change

All dates and times are subject to change and are indicative only. All times are Australian Eastern Daylight Savings Time. The Company, with the consent of the Joint Lead Managers, reserves the right to vary these dates and times without notice. It may close the Offer early, withdraw the Offer, or accept late applications.

How to invest

Applications for Shares can only be made by completing and lodging an Application Form.

Instructions on how to apply for Shares are set out in Section 8 and on the back of the Application Form.

Use the phone number below and operating hours (8.30am to 5.00pm AEDT) for all references to the Offer Information Line in this Prospectus.

Questions

Call the Offer Information Line on 1300 145 329 (within Australia) and +61 3 9415 4251 (outside Australia) from 8.30am until 5.00pm (AEDT), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

Chairman's Letter

Dear Investor,

It gives me great pleasure to invite you to join me as a Shareholder of Wagners Holding Company Ltd (**Wagners** or the **Company**).

Wagners was founded by John, Neill, Joe, Henry and me in 1989 and has a proud history as a family-owned business. The Company originally consisted of a single concrete batching plant in Toowoomba and has since evolved into a leading independent Australian provider of construction materials and services, and an innovator in new generation building materials with exciting growth prospects.

Wagners' operations are underpinned by a well-invested network of high quality assets, including the largest independently-owned cement facility in South East Queensland. We have fostered a strong culture of innovation, most notably by investing significant resources to develop a range of industry-leading, new generation building materials. We also have plans to establish and grow a network of ready-mix concrete plants, which over time are expected to provide a secure sales channel for our cement business. We expect that these investments, combined with an attractive outlook for civil infrastructure construction in South East Queensland, will support our continued growth into the future.

Wagners is led by a disciplined and experienced senior management team who have delivered strong performance over time. The Company typically generates attractive cash flows which will be used to fund its future growth plans, as well as support a forecast annualised dividend yield for FY18 of 3.2% at the Offer Price.

The past and future success of Wagners is driven by the collective efforts of all members of the team, and I would like to acknowledge their ongoing dedication and commitment. I would also like to acknowledge and thank all of our customers for their support over many years.

The funds raised by this Offer will provide Wagners with increased financial flexibility to fund its future growth. Additionally, an ASX listing will provide Wagners with access to equity capital markets, give our employees an opportunity to participate in the ownership of the Company and provide a liquid market for Shares. The Ultimate Shareholders will remain strong supporters of the Company and will hold 55% of the Shares at Completion of the Offer. The Ultimate Shareholders have entered into voluntary escrow agreements in relation to their Shares held at Completion of the Offer for the period until the release of the FY19 results.

Wagners is subject to a range of risks which include general contractual risks with customers and suppliers, manufacturing and product quality risks, the risk of potential environmental exposures or claims, and workplace health and safety risks, as well as potential exposure to the cyclical nature of a number of industries in which Wagners operates. Whilst there are a number of potential benefits to investing in Wagners, exposures to any key risks set out in Section 5 may affect Wagners' financial performance and prospects.

This Prospectus contains detailed information about Wagners and I encourage you to read it carefully, and in its entirety, before making your investment decision. On behalf of the Directors, I look forward to welcoming you as a Shareholder of Wagners.

Yours sincerely,

Denis Wagner
Non-Executive Chairman
Wagners Holding Company Ltd

SECTION 1

INVESTMENT OVERVIEW

1.1. Introduction

TOPIC	SUMMARY	FURTHER INFORMATION
What is Wagners?	■ Wagners is a diversified Australian construction materials provider focused on the production and sale of construction materials and is an innovative producer of new generation building materials through its Composite Fibre Technologies (**CFT**) and Earth Friendly Concrete (**EFC**) businesses. ■ Wagners is the largest independently-owned cement manufacturer and supplier in South East Queensland, supplying approximately one third of the market's cement requirements[1]. ■ Wagners also utilises its capabilities to provide customers with project-specific concrete batching, quarrying, precast concrete products, reinforcing steel, contract crushing and haulage services. ■ Wagners' customers include leading domestic and international construction materials, building and construction, infrastructure, mining and general contracting companies. ■ Wagners has also deployed its expertise to service projects outside of Australia for customers including large multinational corporations. ■ From FY16 to FY17, Wagners' pro forma EBITDA[2] decreased by 8.3% to $40.1 million. Wagners forecasts that pro forma EBITDA will increase by 24.5% to $50.0 million in FY18.	**Section 3.1.**
What are Wagners' business segments?	■ Wagners has two reporting segments: – Construction Materials and Services (**CMS**) – Supplies a range of construction materials and services to customers in the construction, infrastructure and resources industries. Key products include cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. Services include project-specific mobile and on-site concrete batching, contract crushing and haulage services, and are typically provided via medium to long-term contracts for domestic customers; and – New Generation Building Materials (**NGBM**) – Provides innovative and environmentally sustainable building products and construction materials through its CFT and EFC businesses.	**Sections 3.2 and 3.3.**
Why is the Offer being conducted?	The purpose of the Offer is to provide Wagners with: ■ Access to capital markets to improve capital management flexibility; ■ The benefits of an increased public profile that arises from being a listed entity; ■ Funds for the repayment of debt, in order to strengthen its balance sheet and provide financial flexibility to pursue its identified growth opportunities; ■ Funds for payment of the transaction costs associated with the Offer; and ■ A liquid market for Shares and an opportunity for others to invest in Wagners.	**Section 8.1.2.**

1 Macromonitor – Construction Materials Forecasting Model (July 2017).
2 Earnings before interest, taxation, depreciation and amortisation and significant non-cash and one-off items

1.2. Key features of Australia's construction materials and construction services industries

TOPIC	SUMMARY	FURTHER INFORMATION
What industries does Wagners operate in?	■ Wagners principally operates in the Australian construction materials industry, with a focus on the production and sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products, reinforcing steel and composite fibre building materials. The Company also offers project-specific mobile and on-site concrete batching, contract crushing and haulage services. ■ It is estimated that cement, concrete and quarrying activities contribute approximately $12 billion to Australia's GDP each year[3]. – The Australian market consumed an estimated 15.1Mt of cementitious materials in 2016 and Australian demand for cement, slag and flyash has grown at a CAGR of 2.1% from 2006 to 2016. – The Australian ready-mix concrete market produced 25.6 million cubic metres of concrete in 2016. Domestic ready-mix production volumes are expected to grow at a CAGR of 1.9% between 2017 and 2022. ■ The construction materials industry is experiencing a trend towards greater innovation as market participants seek more environmentally sustainable building and materials technologies. Wagners is well positioned to benefit from this trend through its CFT and EFC businesses.	**Sections 2.1 and 2.4.**
Who are the market participants?	■ Wagners primarily competes with major domestic and international construction materials producers. Given the capital intensity of construction materials and services operators in Australia, the market is dominated by a relatively small number of large, vertically integrated firms. – **Cement and lime** – The top five cement-focused manufacturers in Australia are estimated to account for 69% of industry revenue, including Adelaide Brighton, Boral and Cement Australia (50/50 joint venture between Holcim and Hanson). The South East Queensland cement market is dominated by Sunstate Cement (50/50 joint venture between Adelaide Brighton and Boral), Wagners Cement and Cement Australia. – **Ready-mix concrete** – The Australian ready-mix concrete market is dominated by Boral, Hanson, Holcim, Barro Group and Adelaide Brighton. There is also a proliferation of smaller players competing for a share in regional markets, for example BGC in Western Australia. – **Precast concrete products** – Production of precast concrete products in Australia is dominated by several large market participants, with each producing different categories of precast products with varying specifications. Key market participants include Adelaide Brighton, Fletcher Building (Rocla Pipes), CSR (Hebel), James Hardie, Holcim (Humes), Brickworks (Austral Precast), Laing O'Rourke (Austrak) and BCP Precast. – **Aggregates** – Wagners' major competitors are national construction materials providers with company-owned quarries such as Boral, Hanson, Holcim and Adelaide Brighton and smaller regional or local quarry operators.	**Section 2.1.**

3 Cement Concrete and Aggregates Australia website (August 2017).

TOPIC	SUMMARY	FURTHER INFORMATION
What are the key drivers of the industries in which Wagners operates?	■ Demand for construction materials and services is expected to be driven primarily by underlying population growth and economic activity, non-residential construction activity, and the robust civil infrastructure pipeline in South East Queensland. ■ Demand for new generation building materials is expected to be driven by the trend towards greater innovation in the building and construction industry in an effort to reduce construction costs, increase energy efficiency in buildings, and improve overall industry sustainability.	**Sections 2.3 and 2.4.**

1.3. Key features of Wagners' business model

TOPIC	SUMMARY	FURTHER INFORMATION
How does Wagners generate its income?	■ **CMS** – Wagners' CMS segment contributed 88.3% of gross revenue (pre intercompany eliminations[4]) in FY17. CMS generates revenue from the sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. It also charges customers for project-specific mobile and on-site concrete batching, contract crushing and haulage services. ■ **NGBM** – Wagners' NGBM segment contributed 11.5% of gross revenue (pre intercompany eliminations)[4] in FY17. NGBM generates revenue via the sale of products from its CFT and EFC businesses.	**Sections 3.1 and 4.8.2.**
Who are Wagners' key customers?	■ **External** – Wagners' external customers include leading domestic and international construction materials, building and construction, infrastructure, mining and general contracting companies. Wagners' cement business is underpinned by attractive supply agreements, including a long term supply agreement with a key market participant. ■ **Internal** – Wagners' downstream operations often use internally generated upstream products (e.g. aggregates in their downstream concrete businesses). Vertical integration is expected to increase as Wagners establishes and grows its network of ready-mix concrete plants.	**Section 3.1.3.**
What is Wagners' corporate strategy?	■ Wagners aims to be a world-class provider of construction materials and services to its customers. All of Wagners' business decisions are premised on its guiding principles of striving for intrepid progress to achieve beneficial outcomes. Wagners encourages its employees to: – Deal with **I**ntegrity; – Work **T**ogether to overcome challenges; – Work in a **S**afe environment; – Be **F**amily conscious; – Encourage and **A**cknowledge success; – Foster **I**nnovation; and – **R**equire quality and excellence. **"ITS FAIR"** ■ Wagners' corporate strategy involves a number of initiatives aimed at sustaining long-term growth, including the establishment of a network of ready-mix concrete plants in South East Queensland, expansion of its NGBM segment, opportunistically targeting large international projects and continuing to invest in innovation and research and development (**R&D**).	**Section 3.1.**

4 Total revenue in FY17 was $192.7 million net of intercompany eliminations of $7.9m. Gross revenue in FY17 was $200.5m (pre intercompany eliminations). Refer to Table 5 for further information.

TOPIC	SUMMARY	FURTHER INFORMATION
How is Wagners differentiated?	■ Wagners has a long and successful history of operations since its establishment in 1989 by brothers John, Denis, Neill, Joe and their father Henry. ■ Wagners is currently the largest independently-owned cement manufacturer in South East Queensland. ■ Wagners operates Queensland's only vertical roller mill (**VRM**) for cement grinding at its Pinkenba facility, making Wagners a cost competitive cement producer. ■ A wharf is currently under construction at the Pinkenba facility (due for completion in June 2018); the Company's priority access will reduce handling and transport costs, lower the risk of demurrage costs and provide greater operational flexibility. ■ Wagners has one of the largest precast concrete products manufacturing facilities in Queensland, with one of the only high-volume tunnel segment facilities. ■ Wagners has strong R&D capabilities, demonstrated by its development of best-in-class products and services and its close working relationships with leading research universities. ■ Wagners has pioneered a range of industry-leading products which are expected to be significant drivers of growth as applications for composite fibre products expand and EFC is more widely accepted. ■ Wagners has a track record of successfully servicing international projects and the flexibility of its business model positions it to capitalise on future international project opportunities. ■ Wagners has a near-term opportunity to become a major player in the South East Queensland ready-mix concrete market, as it establishes a network of ready-mix concrete plants.	**Section 3.**
What are Wagners' key business model dependencies?	The key business model dependencies for Wagners are as follows: ■ Cement production and cost of production; ■ R&D and innovation across all lines of business; ■ International demand for NGBM products; and ■ Ability to capitalise on infrastructure and mining development cycles.	**Sections 3 and 5.**
How does Wagners expect to fund its operations?	■ Historically, Wagners has funded its operations through internally generated cash flows from operations and debt financing. ■ Wagners expects to fund its ongoing operations through cash flows generated from operations and external financing including the New Banking Facilities. ■ As a listed company Wagners will have greater financing flexibility through access to the public equity capital markets.	**Sections 4.6.3 and 8.1.3.**

TOPIC	SUMMARY	FURTHER INFORMATION
What is Wagners' dividend payout policy?	■ The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors such as the operating results, cash flows and financial condition of Wagners, and any other factors the Directors may consider relevant. It is the current intention of Wagners to pay dividends. ■ Wagners' dividend policy is to target a dividend payout ratio of 50-70% of NPAT. However the payout ratio may vary between periods depending on the factors noted above. No assurances can be provided by any person, including the Directors, regarding the payment of any dividend or the level of franking on any such dividend. ■ It is the Directors' current intention to pay future interim dividends in respect of half years ending 31 December and in respect of full years ending 30 June. It is anticipated that interim dividends will be paid in April with a final dividend paid in October. It is intended that dividends will be franked to the extent possible. ■ The Directors may establish a dividend reinvestment plan (**DRP**) in the future under which Shareholders may elect that the dividends payable by the Company be reinvested in whole or in part by a subscription of Shares at a price to be determined by the Board from time to time.	**Section 4.12.**
What will be the FY18 dividends and when will they be paid?	■ Subject to business performance, market conditions and regulatory requirements, the Board's current intention is to declare a dividend in FY18, for the period from 1 December 2017 to 30 June 2018, of approximately 60% of pro forma NPAT for that period. ■ It is expected that the dividend will be split between two payments, an interim dividend of 30% of the total dividend paid in April 2018 and a final dividend of the remaining 70% of the total dividend paid in October 2018. These dividends will be franked to the extent possible.	**Section 4.12.**
What is Wagners' pro forma historical and forecast financial performance?	(see table below)	**Section 4.**

	Pro forma historical			Pro forma forecast
June year end ($ million)	**FY15**	**FY16**	**FY17**	**FY18**
Revenue	250.7	195.3	192.7	231.8
EBITDA	36.8	43.7	40.1	50.0
EBIT	17.6	28.4	28.3	39.9
NPAT	(4.9)	12.0	15.4	23.2

■ The financial information presented above contains non-IFRS financial measures. It is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information in Section 4, as well as the risk factors set out in Section 5.

■ Investors should read Section 4 for full details of Wagners' Pro Forma Historical Results and Pro Forma Forecast Results, and the assumptions underlying this information.

TOPIC	SUMMARY	FURTHER INFORMATION
What is Wagners' carve-out historical and statutory forecast financial performance?	(see table and notes below)	**Section 4.**

June year end ($ million)	FY15	FY16	FY17	FY18
	Carve-out historical			Statutory forecast
Revenue	250.7	195.3	192.7	217.3
EBITDA	43.2	49.9	49.8	46.5
EBIT	21.7	32.5	36.3	36.8
NPAT	(3.5)	12.9	19.0	20.1

- The financial information presented above contains non-IFRS financial measures. It is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information in Section 4, as well as the risk factors set out in Section 5.
- Investors should read Section 4 for full details of Wagners' Carve-out Historical Results and Statutory Forecast Results, and the assumptions underlying this information.

1.4. Key strengths and investment highlights

TOPIC	SUMMARY	FURTHER INFORMATION
Leading independent player in the consolidated Australian construction materials industry with a trusted reputation and history of successful operations	■ Wagners is a diversified Australian construction materials and services provider with an established position in South East Queensland. – The Australian construction materials industry is relatively consolidated, with the top five cement and lime manufacturers expected to account for 69% of cement and lime revenue in 2017[5]. High capital investment requirements represent a barrier to entry for new competitors, particularly in the cement market. ■ Wagners is the largest independently-owned cement manufacturer and supplier in South East Queensland, supplying approximately one third of the market's cement requirements[6], with grinding capacity of 0.8Mtpa at its Pinkenba cement grinding facility. In FY17 the Pinkenba facility produced and distributed 0.5Mt of cement. – Wagners has a strategic stake in Independent Flyash Brokers (**IFB**) which provides it with long-term, secure access to flyash, a key input in cement and concrete production. ■ Wagners also has large businesses in mobile and on-site ready-mix concrete, quarrying, precast concrete products, reinforcing steel, contract crushing and haulage. ■ Wagners is a leader in new product development and innovation, having pioneered the development of composite fibre building materials and environmentally sustainable concrete products. ■ Over the last 28 years, Wagners has developed a reputation as a trusted construction materials and services provider to major construction and infrastructure customers and projects. The Company is known for its high quality service and ability to provide construction materials and services efficiently, including in remote and challenging environments.	**Section 3.**

5 IBIS World – Cement and Lime Manufacturing in Australia (January 2017).
6 Macromonitor – Construction Materials Forecasting Model (July 2017).

TOPIC	SUMMARY	FURTHER INFORMATION
Strong underlying industry drivers and attractive end-markets for Wagners' core products	■ Demand for construction materials in Australia is expected to grow strongly in the medium-term, supported by a large pipeline of civil construction projects. – Infrastructure expenditure in Australia is forecast to exceed $215 billion over the next four years to 2021, including $50 billion in Queensland[7]. ■ Queensland is expected to be the fastest growing market for engineering and infrastructure construction in Australia, driving demand for construction materials. – Construction expenditure on roads, bridges, railways and harbours in Queensland is forecast to grow at a CAGR of 8.3% between 2017 and 2021[8]. – Cement product prices in Brisbane have increased by a CAGR of 1.9% from 2011 to 2017, compared to the national average of 1.8%[9].	**Section 2.**
Well-invested, high quality asset base across the supply chain supports a sustainable competitive advantage	■ Wagners has a well-invested manufacturing and distribution footprint across the supply chain that cannot be easily replicated. ■ Significant capital has been invested historically to develop Wagners' network of high quality cement, quarry, concrete and precast concrete assets, including: – A strategically located modern cement facility at Pinkenba in Brisbane which operates Queensland's only VRM, making Wagners a low cost cement producer; – Well-located quarry assets with significant remaining useful lives; – A large mobile and on-site concrete batching and crushing fleet, providing Wagners with the flexibility to service a range of customers and projects across Australia, including in regional and remote areas; and – One of the largest precast concrete manufacturing facilities in Queensland, with one of the only high-volume tunnel segment facilities. ■ Wagners also operates a large transport fleet, which not only supports the distribution of its own construction materials, but also provides the capability to tender for large haulage projects.	**Section 3.**
Recognised for innovation and strong in-house R&D capability	■ Wagners has invested significant resources into innovation, R&D and new product development, which is expected to support future revenue growth opportunities. ■ Over the last 16 years, Wagners has developed innovative products through its CFT and EFC businesses, providing a differentiated and environmentally sustainable construction materials offering. – CFT is used in a range of applications in the civil engineering and energy industries and products are typically stronger than traditional building materials whilst being considerably lighter, non-conductive and non-corrosive. – EFC is an award-winning, disruptive geopolymer concrete that does not use Portland cement, resulting in significantly lower carbon emissions. EFC also has superior engineering and construction properties to ordinary Portland cement concrete.	**Section 3.**

7 Australian State Government Budgets.
8 Australian Construction Industry Forum Market Report (May 2017).
9 Australian Bureau of Statistics – Producer Price Indexes by Industry (August 2017).

TOPIC	SUMMARY	FURTHER INFORMATION
High quality, diversified customer base, and strong supplier relationships	▪ Wagners has over 450 customers, with the top 10 customers accounting for approximately 60% of revenue in FY17. ▪ Customers include leading domestic and international construction materials, building and construction, infrastructure, mining and general contracting companies. ▪ Attractive cement supply agreements, including a long-term take-or-pay agreement with a major customer, provide stability of cement volumes through to 2031. ▪ Reciprocal trading relationships support customer longevity. ▪ Wagners has plans to establish a network of ready-mix concrete plants, which will also underpin cement volumes through increasing vertical integration. ▪ Wagners' CFT customers include operators of large power networks across Australia, that purchase composite fibre crossarms under long-term supply contracts. ▪ Wagners has also developed strong relationships with its major raw material suppliers, resulting in attractive commercial terms and security of supply for key inputs such as clinker.	**Section 3.**
Track record of strong financial performance	▪ From FY15 to FY17, Wagners achieved pro forma EBITDA and EBIT CAGRs of 4.5% and 26.8% respectively, with EBIT growth reflecting higher depreciation in FY15 in relation to plant and equipment used for large projects. ▪ Wagners has a history of generating strong EBITDA margins (22.4% and 20.8% in FY16 and FY17 respectively) and robust Free Cash Flow conversion (124.1% and 99.4% in FY16 and FY17 respectively), supported by high capacity utilisation, disciplined cost control, diversified end-market exposures and the benefits of historical investment in quality assets. ▪ Wagners is forecast to generate pro forma revenue and EBITDA in FY18 of $231.8 million and $50.0 million respectively, representing revenue growth of 20.3% and EBITDA growth of 24.5% from FY17 to FY18. Wagners is forecast to generate Free Cash Flow conversion of 72.2% in FY18, impacted by increased capital expenditure requirements to fund growth initiatives.	**Section 4.**
Significant growth opportunities	▪ There are a number of growth opportunities and initiatives available to Wagners across its CMS and NGBM business segments. ▪ Primary Initial Public Offering (**IPO**) proceeds will be used to reduce debt and increase Wagners' financial flexibility to pursue a range of growth opportunities including new product development, the expansion of Wagners' market presence in cement and concrete, and potential future market consolidation (including acquisitions).	**Section 3.**
Highly respected, entrepreneurial management team and Board	▪ Wagners has a highly respected and experienced management team, with over 80 years of combined experience in the construction materials and service industries and an average tenure at Wagners of over 10 years. ▪ Board members bring more than 40 years combined directorship experience with some of Australia's leading companies. ▪ Two of Wagners' founders will remain as Board members, with a combined construction materials industry experience of over 62 years. ▪ Wagners' management team and founders have a proven track record of delivering strong and consistent financial performance, and have fostered an ongoing culture of innovation.	**Sections 6.1 and 6.2.**

1.5. Key growth initiatives

TOPIC	SUMMARY	FURTHER INFORMATION
Continued growth of Wagners' construction materials business	■ Wagners is targeting growth in its construction materials business by expanding its downstream ready-mix concrete and precast concrete products businesses. – Wagners intends to establish and grow a network of ready-mix concrete plants in South East Queensland, with immediate plans to commission two plants in FY18, and a third plant in FY19, on existing company sites. – This will increase vertical integration of Wagners' operations, provide its cement business with a secure and growing sales channel and provide additional exposure to the continued expected growth in South East Queensland's ready-mix concrete market. ■ Wagner Group Holdings Pty Ltd (**WGH**), which is owned by the Ultimate Shareholders, is also currently constructing a wharf at Pinkenba which is due for completion in June 2018. The Company's priority access to the wharf will lower the risk of demurrage costs and enable greater operational flexibility at the cement facility.	**Sections 3 and 6.3.2.5.**
Significant growth opportunities in new generation building materials	■ Wagners' NGBM segment has developed a range of industry-leading products and is expected to be a major platform for future growth. – Wagners is well positioned to benefit from increasing demand for composite fibre products in the energy and civil construction industries. Management believes there is a sizeable and immediate opportunity to use composite fibre products in a broad range of engineering applications, particularly in the US, UK, New Zealand and Australian markets. – Wagners has identified a pipeline of international opportunities for its EFC product, with India and Germany being the largest potential opportunities in the near-term, and the Middle East being the largest potential long-term opportunity. These international growth opportunities for EFC are likely to be pursued through licensing/royalty arrangements and/or joint venture partnerships.	**Section 3.**
International projects	■ Wagners will continue to opportunistically target international projects requiring concrete, crushing or haulage supply and services where these projects meet Wagners' required return on investment criteria. ■ Wagners' track record of success in international projects and the flexibility of its business model position the Company to capitalise on such opportunities as they arise in the future.	**Section 3.**

1.6. Key risks

TOPIC	SUMMARY	FURTHER INFORMATION
Contractual risks	■ Wagners operates, and will continue to operate, through a series of contractual relationships with customers and suppliers. ■ All contracts, including those entered into by the Company, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations, or that these contractual relationships may be terminated. ■ Wagners may also be impacted if services performed by sub-contractors, that Wagners may engage from time to time, are not performed in accordance with contractual obligations.	**Section 5.2.1.**
Decreases in capital investment and construction activity in the Australian infrastructure sector	■ A significant number of Wagners' key customers operate in the Australian infrastructure sector (comprising resources, energy production and non-resources related infrastructure construction). ■ There can be no assurance that the current levels of capital investment and construction activity in the Australian infrastructure sector will grow, be maintained or not be reduced in the future. ■ Any failure to maintain, or a reduction in, the current levels of capital investments and construction activity in the Australian infrastructure sector, or any changes or delays in the timeline for the construction or completion of infrastructure projects, may reduce the demand for Wagners' products and services and may materially and adversely affect Wagners' revenue, profitability and growth	**Section 5.2.2.**
Manufacturing and product quality risk	■ Wagners' products must meet regulatory requirements which are subject to continual review, including inspections, by the relevant regulatory authorities. Failure by the Company, or its suppliers, to continuously comply with applicable regulatory requirements or failure to take satisfactory action in response to an adverse inspection could result in enforcement actions, such as shutdowns of, or restrictions on, manufacturing operations, delay in the approval of products, refusal to permit the import or export of products, or other enforcement actions.	**Section 5.2.3.**
Workplace health and safety	■ Wagners' employees are at risk of workplace accidents and incidents given the nature of the industry in which Wagners operates. In the event that a Wagners' employee is injured in the course of their employment, Wagners may be liable for penalties or damages under relevant work health and safety legislation. This has the potential to harm both the reputation and financial performance of Wagners.	**Section 5.2.4.**
Supplier risk	■ The Company contracts with and has access to a number of key suppliers on which it relies for the supply of electricity and various raw materials (including clinker, gypsum, slag and glass fibre) both locally and internationally. A disruption in supply (including any loss of raw materials during transit) could cause a delay in the availability of the Company's products, leading to a potential loss of profitability.	**Section 5.2.5.**
Cyclical nature of business	■ The construction industry can be cyclical in the volume of business undertaken. The construction cycles in Australia may adversely affect the Company's financial performance. The loss of major customers through industry downturns or for any other reason could impact earnings of Wagners.	**Section 5.2.6.**

TOPIC	SUMMARY	FURTHER INFORMATION
Operating risks	■ The Company's overall operations may be adversely affected by various factors, including but not limited to failure to sell its products, failure to achieve production, mechanical failure or plant breakdown, unanticipated manufacturing problems, infrastructure availability and unexpected shortages or increases in the cost of consumables, spare parts, labour, plant and equipment, unanticipated sourcing problems (including delays, disruptions or quality control problems), industrial and environmental accidents, industrial disputes or delays due to government actions. ■ The costs and availability of plant, equipment and construction materials may also affect profitability. In particular, any operational failure or disruption at Wagners' Pinkenba facility may have a materially adverse affect on Wagners' profitability. ■ Periods of adverse weather conditions can also reduce construction activity and lead to a decrease in demand for Wagners' products in areas affected by those weather conditions. In addition, any deterioration in the availability of third party transportation providers, or significant increases in the costs of affordability of transportation providers may adversely affect Wagners' ability to service its customers.	**Section 5.2.7.**
Environmental claims	■ Wagners operates in an industry where environmental issues may potentially delay contract performance or result in a shutdown of a project, causing a deferral or preventing receipt of anticipated revenues. The industry is exposed to environmental risks and these may give rise to remediation obligations, civil claims and criminal penalties. Any potential liability or penalty could result in a significant financial loss to the Company.	**Section 5.2.8.**
Movements in foreign exchange rates	■ Unfavourable movements in the foreign exchange rates between the Australian dollar and the currencies of Wagners' import and export markets may decrease Wagners' profit margins. This may increase the cost of raw materials sourced for overseas (such as clinker and slag), or adversely affect the demand for Wagners' products in relevant export markets. Movements in exchange rates can also make products which compete with Wagners' products in its export markets more competitive by creating a cost advantage for other exporters which could have a material adverse impact on the financial performance and prospects of Wagners.	**Section 5.2.9.**
Remote locations	■ Wagners frequently undertakes projects in remote locations. This may involve difficulties for plant, equipment and materials and some locations involve inherent risk to personnel.	**Section 5.2.10.**
Inability to secure adequate insurance	■ Whilst Wagners seeks to maintain insurance coverage that is consistent with industry practice, there is a risk that any claim under Wagners' insurance policies may be subject to certain exceptions, or may not be honoured (in full or in part). Wagners may also be unable to purchase sufficient insurances to cover all losses incurred. ■ If Wagners were to incur substantial liabilities, or if its business operations were interrupted for a sustained period of time, it may suffer loss. Such losses may not be fully covered by Wagners' insurance policies. In addition, future coverage may not be available to Wagners when required, at commercially acceptable premiums, or at all.	**Section 5.2.11.**

TOPIC	SUMMARY	FURTHER INFORMATION
Competition and loss of reputation	▪ The industry in which the Company operates is intensely competitive. A number of companies, both in Australia and abroad, may be pursuing the development of products and services that target the same markets that Wagners is targeting. ▪ The Company's products may compete with existing products that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same customers that the Company is targeting. The Company may face competition from parties who have substantially greater resources than the Company. ▪ Downward pricing pressures are experienced from time to time as a result of competitive pressures (which may include potential new entrants in the market) and Wagners is not always able to quickly recover increases in operating expenses through higher selling prices (if at all). ▪ The success of Wagners is partly reliant on its reputation and brand. Any event or occurrence that diminishes Wagners' reputation or brand could have a significant adverse financial affect on Wagners.	**Section 5.2.12.**
Reliance upon systems and technology and cyber security	▪ Wagners' services and operations are heavily reliant upon technology and information systems. Wagners has invested significantly in the development of information systems designed to assist the Company to monitor individual contracts, maximise profits, manage relationships and identify and rectify risk or loss making situations. These systems may fail, or not operate effectively, and this may negatively impact on the business and the Company's performance. ▪ Failures or breaches, cyber-attacks, data theft and hacking of Wagners' electronic systems may lead to disruptions that negatively impact Wagners' business operations, potentially resulting in financial losses to Wagners and its Shareholders.	**Section 5.2.13.**
Regulation	▪ Wagners is subject to a broad and increasingly stringent range of environmental laws, regulations and standards. Unfavourable changes to the regulatory environment for civil contracting and construction services in Australia may have an impact on the profitability of Wagners.	**Section 5.2.14.**
Dependence upon key Personnel	▪ Wagners' success depends on its ability to attract and retain qualified key Personnel, including key members of Wagners' senior management team named in this Prospectus. There may be a negative impact on Wagners if any of its key Personnel leave. It may be difficult to replace them, or to do so in a timely manner or at a comparable expense. Additionally, any key Personnel of the Company who leaves to work for a competitor may adversely impact the Company. ▪ The day-to-day management of Wagners relies on senior managers and Directors and the success of Wagners' business depends on retaining the key employees and general motivation of the workforce. Additionally, increases in recruitment, wages and contractor costs and non-compliance with, or future changes to, employment laws may adversely impact upon the financial performance of the Company.	**Section 5.2.15.**

TOPIC	SUMMARY	FURTHER INFORMATION
Wagners may be adversely impacted by industrial relations issues	■ Wagners may be adversely impacted by industrial relations issues in connection with its employees or the employees of its customers, contractors and suppliers due to strikes, work stoppages, work slowdowns, grievances, complaints, claims of unfair practices or other industrial activity under the enterprise bargaining arrangements governing their employment arrangements (see Section 7.5 for further details). Such enterprise bargaining arrangements are subject to renegotiation from time to time, which may result in product delays, increased labour costs or industrial action. These circumstances may materially and adversely affect Wagners' operational and financial performance.	**Section 5.2.16.**
Relationships with related parties may deteriorate	■ Wagners has entered into various related party arrangements with WGH, including a number of leases and licences and a wharf services agreement, and Wagners will have ongoing arrangements with WGH following Completion of the Offer. See Section 6.3.2.5 for further details. If Wagners' relationship with WGH changes, so that WGH is no longer supportive of Wagners, this may have an adverse affect on Wagners including having a materially adverse affect on Wagners' ability to carry out its activities, which may result in a reduction in sales revenue and have a material adverse affect on Wagners' future financial performance and position.	**Section 5.2.17.**
Debt covenants may be breached if performance declines	■ As described in Section 7.14, Wagners is currently a party to the Existing Banking Facilities and will enter into the New Banking Facilities pursuant to which Wagners will be subject to various covenants. Factors such as a decline in Wagners' operational and financial performance could lead to a breach of its banking covenants. If a breach occurs, Wagners' financiers may seek to exercise enforcement rights under the debt facilities, including requiring immediate repayment, which may have a materially adverse effect of Wagners' future financial performance and position.	**Sections 5.2.18. and 7.14.**
Requirement to raise additional funds	■ The Company may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.	**Section 5.2.19.**
Growth	■ There is a risk that the Company may be unable to manage its future growth successfully. ■ There is also no guarantee Wagners can maintain or grow the volume of its projects and its project pipeline going forward. This may also be negatively impacted by factors beyond Wagners' control, including a decline in industry growth. ■ This includes Wagners' CFT and EFC businesses, which may not grow as expected due to a lack of, or slow, market acceptance of these products, or in respect of Wagners' proposed network of ready-mix concrete plants due to delays in the development of the network or a lack of available sites to establish plants. Wagners may also be impacted if it is not able to obtain requisite approvals (either at all or within desired timeframes) for any future quarry operations.	**Section 5.2.20.**
Capital structure risk	■ Following Completion of the Offer, the Wagner family will retain a significant holding in Wagners and will therefore have significant influence over the Company, including in relation to resolutions requiring the approval of Shareholders. This collective interest may also have an impact on liquidity (particularly having regard to the escrow arrangements referred to below), as well as acting as a potential deterrent to corporate transactions.	**Section 5.2.21.**

TOPIC	SUMMARY	FURTHER INFORMATION
Reliance on third parties	▪ Through its participation in contracts with third parties, Wagners relies on others for the success of its current operations. Problems caused by third parties may arise which have the potential to affect Wagners' financial performance and prospects. Subject to relevant agreements, Wagners cannot control the actions of third parties. Therefore, it cannot guarantee that its current operations will be carried out or managed in accordance with its preferred direction or strategy.	**Section 5.2.22.**
Escrow arrangements	▪ Certain shareholders of the Company will be subject to escrow requirements, designed to protect the integrity of the market and allow the Company to develop a track record as a listed company. This means that certain Shareholders will not be able to deal with Escrowed Shares until the earlier of release of the FY19 results and two years from the date of the voluntary escrow agreements (**Escrow Period**). At the end of the Escrow Period, these Shares will be released from escrow at the same time, which may impact the Company's share price if relevant persons seek to trade their Shares at that time.	**Section 5.2.23.**
Foreign operations	▪ Wagners derives a proportion of its revenue from operations in foreign countries. ▪ There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Wagners could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact the success of Wagners' international operations.	**Section 5.2.24.**
Other key risks	▪ A number of other key risks are included in Section 5, including other commercial and operational risks and general risks.	**Section 5.**

1.7. Directors and senior management

TOPIC	SUMMARY	FURTHER INFORMATION
Who are the directors of Wagners?	▪ Denis Wagner – Non-Executive Chairman ▪ John Wagner – Non-Executive Director ▪ Peter Crowley – Independent Non-Executive Director ▪ Ross Walker – Independent Non-Executive Director ▪ Lynda O'Grady – Independent Non-Executive Director	**Section 6.1.**
Who are the senior management of Wagners?	▪ Cameron Coleman – Chief Executive Officer ▪ Fergus Hume – Chief Financial Officer ▪ Karen Brown – Company Secretary and General Counsel ▪ John Stark – General Manager (CMS) ▪ Anthony Freer – General Manager (Cement) ▪ Michael Kemp – General Manager (CFT) ▪ Andrew MacQueen – Head of Safety, Environment and Quality ▪ Rachel Allan – Human Resources Manager	**Section 6.2.**

1.8. Significant interests of key people and related party transactions

<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>FURTHER INFORMATION</th></tr>
<tr><td>Who is the current Shareholder and what will its interest be at Completion of the Offer?</td><td>Wagners Holding Company Operations Pty Ltd ACN 109 763 742 is the sole Shareholder of Wagners prior to Completion of the Offer and will sell some of the Shares it holds. Its holding will then be subject to a demerger shortly following completion of the Offer.</td><td>Sections 7.4 and 8.1.4.</td></tr>
<tr><td>What is the Demerger?</td><td>A demerger of the current corporate group is to be undertaken following Completion of the Offer (Demerger), whereby:
Wagners has been established as a subsidiary of Wagners Holding Company Operations Pty Ltd ACN 109 763 742;
Under the IPO, successful Applicants will acquire shares in Wagners as a combination of New Shares and Sale Shares (the Sale Shares will represent approximately 29% of the Existing Shares in Wagners); and
Immediately following Completion of the Offer, a demerger of the corporate group will be conducted whereby the remaining shares in Wagners (held by Wagners Holding Company Operations Pty Ltd ACN 109 763 742) will be transferred to the Ultimate Shareholders (being members of the Wagner family and their related entities).</td><td>Section 10.4.</td></tr>
<tr><td>What significant benefits are payable to Directors and other persons connected with Wagners or the Offer and what significant interests do they hold?</td><td><table>
<tr><th>Shareholders</th><th>Shares held immediately prior to the Offer (m)</th><th>Shares acquired in the Offer (m)</th><th>Shares held on Completion of the Offer and Demerger (m)</th></tr>
<tr><td>Wagners Holding Company Operations Pty Ltd</td><td>124.46</td><td>-</td><td>-</td></tr>
<tr><td>Denis Wagner</td><td>-</td><td>-</td><td>22.16</td></tr>
<tr><td>John Wagner</td><td>-</td><td>-</td><td>22.16</td></tr>
<tr><td>Neill Wagner</td><td>-</td><td>-</td><td>22.16</td></tr>
<tr><td>Joe Wagner</td><td>-</td><td>-</td><td>22.95</td></tr>
<tr><td>Peter Crowley</td><td>-</td><td>0.04</td><td>0.04</td></tr>
<tr><td>Ross Walker</td><td>-</td><td>0.06</td><td>0.06</td></tr>
<tr><td>Lynda O'Grady</td><td>-</td><td>0.02</td><td>0.02</td></tr>
</table>
Directors and senior management are entitled to fees and remuneration as disclosed in Sections 6.3.2.6 and 6.3.3.</td><td>Sections 6.3.2.6 and 6.3.3.</td></tr>
<tr><td>Will any Shares be subject to restrictions on disposal following Completion of the Offer?</td><td>55% of the Shares will, from Completion of the Offer, be subject to voluntary escrow arrangements.</td><td>Section 7.7.</td></tr>
</table>

TOPIC	SUMMARY	FURTHER INFORMATION
What are the key related party agreements?	WGH is owned by the Ultimate Shareholders and post IPO will continue to own a number of properties, including Wellcamp Airport, which does not form part of Wagners. Further details of the arrangements between Wagners and its related parties include: ■ A number of leases between Wagners and members of WGH in respect of various premises, including the Pinkenba cement facility (refer Section 7.9); ■ A number of licences between Wagners and members of WGH in respect of various shared premises, including quarries (refer Sections 7.10); ■ A transitional services agreement between the Company and members of WGH for the provision of services between WGH and Wagners for a period of time following Completion of the Offer (refer Section 7.11); ■ Access to future use of the Pinkenba wharf (under construction) pursuant to a wharf use agreement and the provision of materials and services by Wagners to WGH for the Pinkenba wharf project (refer Section 7.12); and ■ An indemnity from WGH to Wagners in respect of any potential future liability for the project that was deemed onerous in FY17 (refer to Sections 4.4 and 7.13). The Board considers that each of these arrangements are on arm's length, commercial terms and are subject to the usual risks associated with contracts that Wagners enters into with other third parties. Advisers and other service providers are entitled to fees for services as set out in this Prospectus.	**Sections 6.3.2.5 and 7.**

1.9. Overview of the Offer

<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>FURTHER INFORMATION</th></tr>
<tr><td>What is the Offer?</td><td>The Offer is an IPO of approximately 36.9 million New Shares at the Offer Price of $2.71 per Share. The Offer also comprises a $96.8 million sell down of 35.7 million Shares by The Vendor. The Offer is expected to raise approximately $196.8 million. The Shares being offered under the Offer will represent approximately 45% of the Shares on issue at Completion of the Offer.</td><td>Section 8.1.</td></tr>
<tr><td>Who is the issuer of the Prospectus?</td><td>Wagners Holding Company Ltd ACN 622 632 848.</td><td>Section 8.1.</td></tr>
<tr><td>What is the proposed use of the funds raised under the Offer?</td><td>The proceeds received by Wagners from the issue of the New Shares will be used to provide Wagners with:
Access to the equity capital markets to improve capital management and liquidity;
The benefits of an increased public profile that arises from being a listed entity;
Funds for the repayment of debt, in order to strengthen its balance sheet and increase financial flexibility to pursue its identified growth opportunities;
Funds for payment of the transaction costs associated with the Offer; and
A liquid market for Shares and an opportunity for others to invest in Wagners.
<table>
<tr><th>Sources of funds</th><th>$m</th><th>Uses of funds</th><th>$m</th></tr>
<tr><td>Existing cash</td><td>7.9</td><td>Pro forma cash balance</td><td>6.4</td></tr>
<tr><td>Cash proceeds received from sale of Existing Shares</td><td>96.8</td><td>Proceeds to the Ultimate Shareholders</td><td>96.8</td></tr>
<tr><td>Draw down under New Banking Facilities</td><td>50.0</td><td>Repay existing drawn debt facilities</td><td>144.0</td></tr>
<tr><td>Cash proceeds received from the issue of New Shares by the Company</td><td>100.0</td><td>Payment of costs of the Offer</td><td>7.5</td></tr>
<tr><td>Total sources of funds</td><td>254.7</td><td>Total uses of funds</td><td>254.7</td></tr>
</table></td><td>Sections 8.1.2 and 8.1.3.</td></tr>
<tr><td>Who are the Joint Lead Managers for the Offer?</td><td>The Joint Lead Managers are Credit Suisse and Morgans.</td><td>Sections 8.1 and 8.2.</td></tr>
</table>

TOPIC	SUMMARY	FURTHER INFORMATION
Will the Shares be quoted on the ASX?	■ Wagners will apply within seven days of the Prospectus Date to ASX for admission to the official list of the ASX and quotation of Shares on ASX (which is expected to be under the code WGN). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. ■ Completion of the Offer is conditional upon the ASX approving the admission of Wagners to the official list of the ASX and the quotation of Shares. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	**Section 8.2.**
When can I sell my Shares on the ASX?	■ It is expected that trading of Shares on the ASX will commence on or about 8 December 2017 on a conditional and deferred settlement basis. ■ It is expected that despatch of holding statements will occur on or about 13 December 2017 and that Shares will commence trading on the ASX on a normal settlement basis on 18 December 2017. ■ It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	**Section 8.2.**
How is the Offer structured and who is eligible to participate?	■ The Offer comprises: – The Broker Firm Offer, which is open mainly to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; and – The Institutional Offer, which consists of an invitation to bid to Institutional Investors in Australia and a number of other eligible jurisdictions made under this Prospectus. ■ No general public offer of Shares will be made under the Offer.	**Sections 8.1.1, 8.3 and 8.4.**
Is the Offer underwritten?	■ Yes. The Offer is fully underwritten by the Joint Lead Managers.	**Section 7.3.**
What is the allocation policy?	■ The allocation of Shares between the Broker Firm Offer and Institutional Offer will be determined by agreement between the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 8.3.5 and 8.4.2. Broker Firm Offer ■ With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares. Institutional Offer ■ The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company.	**Sections 8.3.5 and 8.4.2.**

TOPIC	SUMMARY	FURTHER INFORMATION
Is there any brokerage, commission or stamp duty payable by Applicants?	■ No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.	**Sections 7.3 and 8.2.**
What are the tax implications of investing in the Shares?	■ Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	**Section 10.5.**
When will I receive confirmation that my Application has been successful?	■ It is expected that initial holding statements will be despatched by standard post on or around 13 December 2017.	**Section 8.2.**
What is the minimum Application size under the Offer?	■ The minimum Application size under the Broker Firm Offer is $2,000 of Shares in aggregate.	**Section 8.1.**
How can I apply?	Broker Firm Offer Applicants ■ Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Broker Firm Offer. Institutional Offer Applicants ■ The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer.	**Sections 8.3.2 and 8.4.1.**
Can the Offer be withdrawn?	■ Wagners reserves the right to not proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants. ■ If the Offer does not proceed, Application Monies will be refunded. ■ No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	**Section 8.2.**
Where can I find out more information about this Prospectus or the Offer?	■ If you are an Australian or New Zealand resident, call the Offer Information Line on 1300 145 329 (within Australia) and +61 3 9415 4251 (outside Australia) from 8.30am until 5.00pm (AEDT), Monday to Friday (excluding public holidays). You may also visit Wagners' Corporate Website. ■ If you are unclear in relation to any matter or are in any doubt as to whether to invest in Wagners, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest in Wagners.	

SECTION 2

INDUSTRY OVERVIEW

2.1. Overview of Australia's construction materials industry

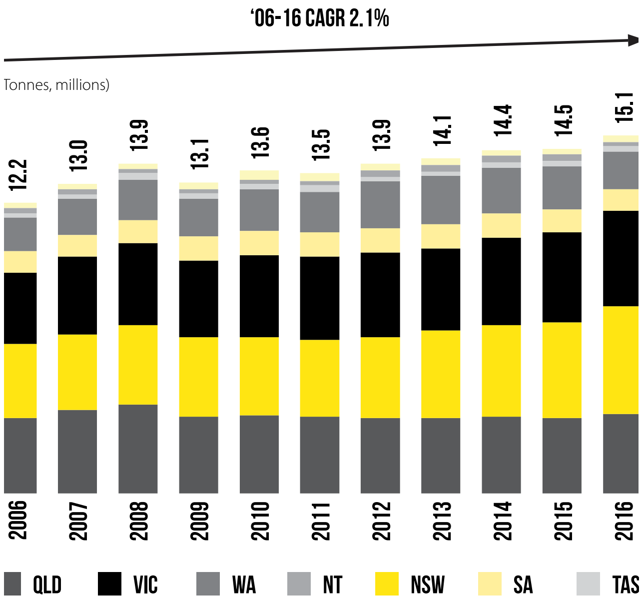
Wagners operates in the Australian construction materials industry, with a focus on the production and sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products, reinforcing steel and composite fibre building materials. The Company also offers project-specific mobile and on-site concrete batching, contract crushing and haulage services. It is estimated that cement, concrete and quarrying activities contribute approximately $12 billion to Australia's GDP each year[10].

2.1.1. Australia's cement and lime industry

2.1.1.1. Market overview

The Australian market consumed an estimated 15.1Mt of cementitious materials in 2016[11], including 10.7Mt of cement. Australian demand for cement, slag and flyash has grown at a CAGR of 2.1% from 2006 to 2016. Continued market growth beyond 2017 is expected to be driven by increasing expenditure on civil infrastructure projects and growth in non-residential construction.

FIGURE 1
Australian cement, slag, and flyash demand, 2006-2016[11]



Portland cement, commonly referred to as "cement," is the industry's principal product, and is estimated to account for 70.3% of the industry's revenue in 2017[12]. Approximately 60.5% of cement and lime produced in Australia is sold to ready-mix concrete producers and approximately 18.5% is sold to ready-mix concrete producers. The remainder is distributed through wholesale, retail, trade and other channels[12].

FIGURE 2
2017 Australian cement and lime production by product[13]

(Based on 2017F revenue)

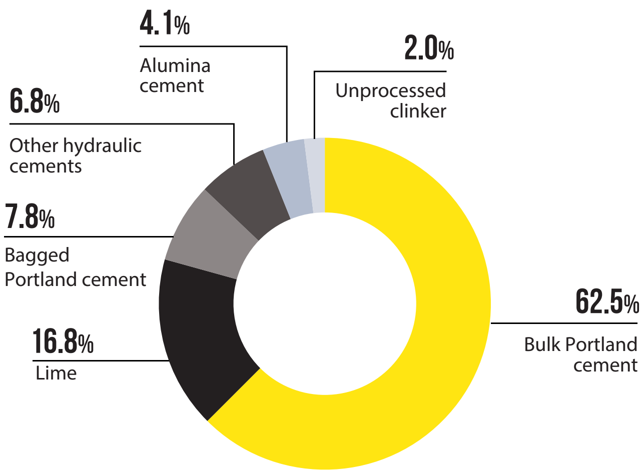
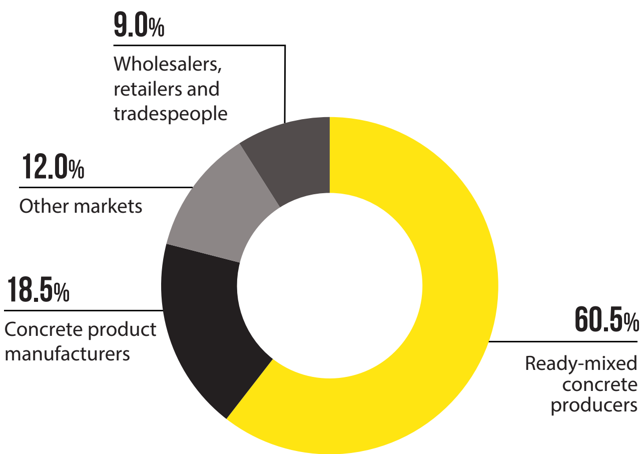


FIGURE 3
2017 Australian cement and lime sales by channel[13]

(Based on 2017F revenue)



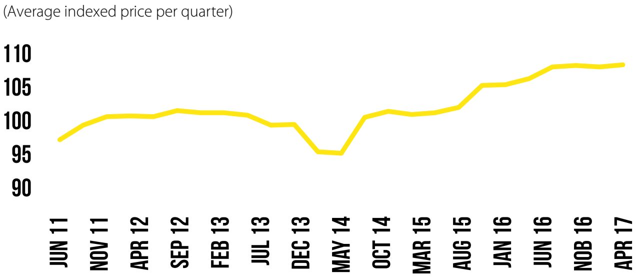
2.1.1.2. Cement pricing

Australian cement prices are impacted by a range of factors, including state-by-state demand, competitive dynamics, and the cost and availability of imports.

Robust demand for cement over the last six years has underpinned price growth in Wagners' home market, with the Brisbane cement products price index increasing at a CAGR of 1.9% between 2011 and 2017, outperforming the national average of 1.8% over the same period[14].

10 Cement Concrete and Aggregates Australia website (August 2017).
11 Macromonitor – Construction Materials Forecasting Model (July 2017).
12 IBIS World – Cement and Lime Manufacturing in Australia (January 2017). Includes sales of bulk and bagged Portland cement.
13 IBIS World – Cement and Lime Manufacturing in Australia (January 2017).
14 Australian Bureau of Statistics – Producer Price Indexes by Industry (August 2017).

FIGURE 4
Brisbane cement products price index[14]



2.1.1.3. Imports

The trend towards import of key inputs in the Australian market has been driven by the increased domestic cost of production relative to Asia, primarily due to higher labour and energy costs. Further, clinker imports have been cost effective from a freight perspective due to continued growth in capacity on bulk cargo ships returning to Australia from Asia. Currently, Adelaide Brighton, Boral and Cement Australia are the only integrated producers of clinker and cement in Australia, however all three are also significant importers of clinker[15].

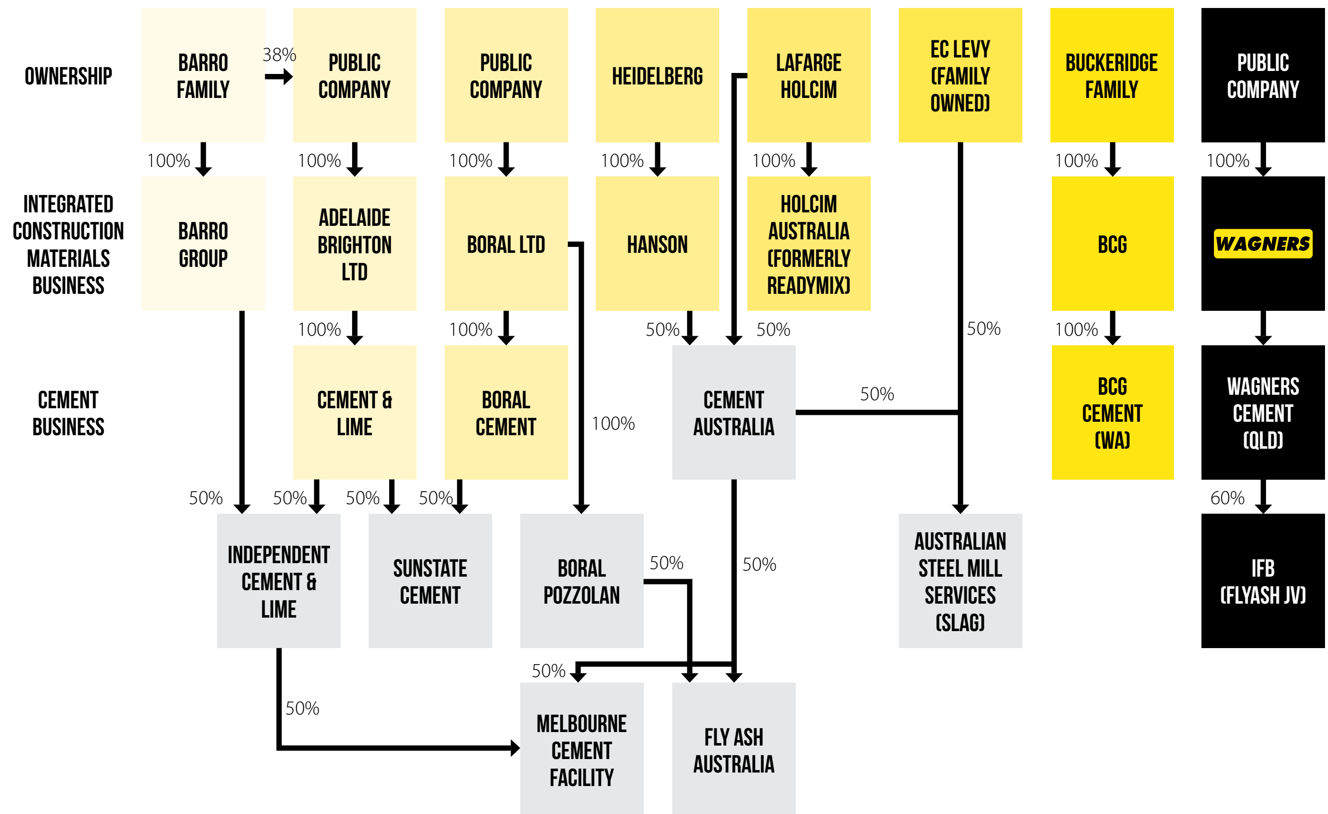
Excess cement grinding capacity has been a recent feature of the Australian cement industry as manufacturers have focused on expanding grinding capacity, creating a barrier to entry for new competitors. Cement grinding typically occurs close to the main sources of customer demand due to its bulky nature and high transportation costs. As a result, the industry has a fragmented regional structure with production facilities located in each state.

2.1.1.4. Key market participants

The top five cement-focused manufacturers are estimated to account for 69% of industry revenue[16], including Adelaide Brighton (national presence, approximately 30% market share), Boral (national presence, approximately 10% market share) and Cement Australia (focused on Victoria, New South Wales, Queensland and Tasmania, approximately 15% market share)[15]. Most of the major players are vertically integrated in clinker production (or import), cement grinding, quarrying, concrete manufacturing and distribution, and production of concrete-based downstream building products.

The Australian cement and lime industry has a high concentration of ownership and cross-ownership, as shown in Figure 5. The high capital requirements to construct cement manufacturing facilities has led to the establishment of a number of strategic joint ventures between manufacturers to increase geographic reach in a cost effective manner.

FIGURE 5
Ownership structure of major Australian cement market participants (post Wagners IPO)



14 Australian Bureau of Statistics – Producer Price Indexes by Industry (August 2017).
15 Cement Industry Federation Industry Report (2017).
16 IBIS World – Cement and Lime Manufacturing in Australia (January 2017).

The South East Queensland cement market is dominated by Sunstate Cement, Wagners Cement and Cement Australia, as shown in Figure 6.

FIGURE 6
South East Queensland cement production capacity[17]

COMPANY	OWNERSHIP	PRODUCTION CAPACITY	FY17 SALES	LOCATION
Sunstate Cement	50% Adelaide Brighton 50% Boral	1.5Mtpa		Port of Brisbane
WAGNERS	Wagner family	0.8Mtpa	0.5Mt	Pinkenba, Brisbane
Cement Australia	50% Holcim 50% Hanson	1.2Mtpa		Pinkenba, Brisbane

2.1.2. Australia's ready-mix concrete industry

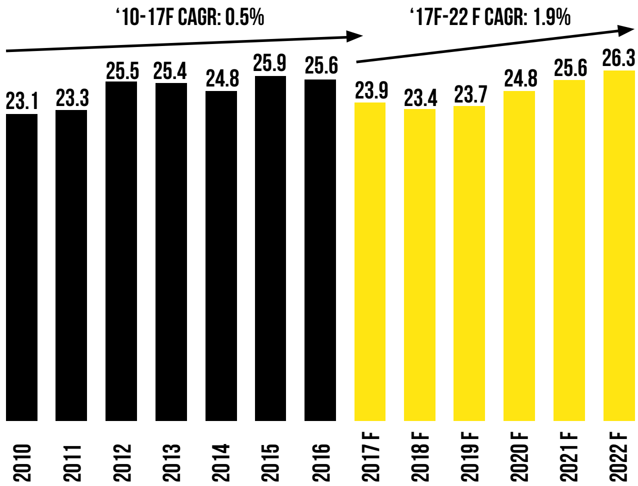
2.1.2.1 Overview

Ready-mix is a form of concrete that is manufactured in a batch plant, according to a set engineered mix. In a typical ready-mix batching process, aggregates and other extenders (e.g. flyash) are blended with cement according to the customer's required specifications. Water is then added to the mix in a transit-mixer on a truck that transports the concrete to the customer.

Batching plants are typically located within a narrow radius of major development areas. Industry standards require that ready-mix concrete be discharged within 90 minutes after water has been added to the cement[18]. Its perishable nature restricts distribution capability to narrow geographic markets and makes exports impractical. On large-scale projects, manufacturers typically commission batching operations on-site to provide concrete on demand.

The Australian ready-mix concrete market is estimated to produce 23.9 million cubic metres of concrete in 2017. Ready-mix production volumes have grown at a CAGR of 0.5% between 2010 and 2017, and are expected to grow at a CAGR of 1.9% between 2017 and 2022[19].

FIGURE 7
Ready-mix concrete production in Australia[20]



2.1.2.2. Key market participants

The Australian ready-mix concrete market is dominated by five large players: Boral, Hanson, Holcim, Barro Group and Adelaide Brighton. Given the perishable nature of the product, there is a proliferation of smaller players competing for share in narrow regional markets.

The industry has become more concentrated in the last ten years, largely as a result of Boral's strategic acquisitions of medium-size regional players, including Wagners' former ready-mix concrete operations in South East Queensland. Wagners currently participates in the ready-mix concrete market via mobile and on-site batching plants, including supplying concrete to remote and regional projects, with plans to establish a network of ready-mix concrete batching operations in the near-term.

2.1.3. Australia's precast concrete products industry

2.1.3.1. Overview

The Australian precast concrete products market is estimated to generate $2.3 billion of revenue in 2017[21]. Precast concrete products are produced by pouring concrete into reusable moulds off-site, which is then cured in a controlled environment. The final product is then transported to the customer. Precast concrete products are versatile given the ability to produce a wide range of sizes, shapes and finishes, and to also pre-stress products reinforced with steel during the casting process. Typical precast concrete products include girders, beams, decks, bricks, blocks, pavers, culverts, pipes, posts, railway sleepers and tunnel segments. Wagners principally produces larger precast products such as beams, decks, girders and tunnel segments which are structurally reinforced with steel bars and strands. Such products are typically used in the construction of buildings, bridges and roads.

17 Cement Australia and Sunstate Cement websites (August 2017).
18 Cement Concrete and Aggregates Australia – Guide to Concrete for Housing (2007).
19 IBIS World – Ready-Mixed Concrete Manufacturing in Australia (October 2016).
20 IBIS World – Ready-Mixed Concrete Manufacturing in Australia (October 2016).
21 IBIS World – Concrete Product Manufacturing in Australia (October 2016).

2.1.3.2. Key market participants

Production of precast concrete products in Australia is dominated by several large-scale building materials companies, although each produces different categories of precast products with varying specialisations between higher volume, smaller products (e.g. pipes and sleepers) and lower volume, large specialised products (e.g. pre-stressed bridge beams).

FIGURE 8
Australian precast concrete products – key market participants

COMPANY	KEY PRODUCTS	KEY GEOGRAPHIES
Adelaide Brighton	▪ Pavers ▪ Structural blocks ▪ Bricks ▪ Retaining walls	NSW, VIC, QLD, SA, TAS
Fletcher Building (Rocla Pipes)	▪ Steel reinforced concrete pipes ▪ Box culverts ▪ Bridges ▪ Poles, piles and columns ▪ Sleepers	NSW, VIC, QLD, SA, ACT, WA
CSR (Hebel)	▪ Roof tiles ▪ Load-bearing walls ▪ Autoclaved aerated concrete	QLD, NSW, VIC, WA
James Hardie	▪ Fibre cement boards	NSW, QLD
Holcim (Humes)	▪ Concrete pipes ▪ Box culverts ▪ Arches ▪ Bridge components	VIC, NSW, QLD, SA, WA, NT
Brickworks (Austral Precast)	▪ Floors ▪ Walls ▪ Roof tiles ▪ Architectural panels	VIC, WA, QLD, NSW
Laing O'Rourke (Austrak)	▪ Railway sleepers	VIC, QLD, WA
BCP Precast	▪ Glass reinforced concrete pits and risers ▪ Culverts ▪ Drainage and waste products	QLD, NSW
WAGNERS	▪ Pre-stressed girders, piles and beams ▪ Panels ▪ Tunnel segments	QLD

2.1.4. Australia's aggregates industry

2.1.4.1. Overview

Aggregates are versatile materials, predominantly sand, gravel or crushed aggregates, which are used in concrete and asphalt production, landscaping, construction, road base, rail ballast and various other applications. Crushed aggregates are produced by crushing quarry rock, boulders, cobbles, or large-size gravel. Recycled concrete is also a viable source of aggregate and can be satisfactorily used in granular subbases, soil-cement, and in new concrete. Aggregates typically account for approximately 60%-75% of total concrete volume and are generally divided into two distinct categories – fine and coarse[22].

22 The Portland Cement Association website (August 2017).

Quarry operators obtain and crush aggregates that are used in construction products and landscaping supplies. Controlled blasting removes large chunks of rock from quarry walls that are then crushed and screened to ensure impurities have been removed and size is consistent.

Major customers typically include downstream construction firms, cement and concrete manufacturers, residential and non-residential building contractors, and landscaping suppliers. The low-value, bulky nature of quarry products limits the viability of international trade, making operators reliant on local supplies. Further, the abundance of local supplies of sand and gravel is a natural barrier to imports.

2.1.4.2. Key market participants

Most major players in Australia have national operations and use a substantial proportion of the materials obtained from company-owned quarries in the manufacture of construction materials such as concrete, asphalt, tiles or bricks. Major Australian players include Boral, Hanson, Holcim and Adelaide Brighton.

2.2. Barriers to entry

Wagners' management believes the Australian construction materials industry has a number of barriers to entry. These include:

- **Capital intensity:** Cement manufacturing, including clinker grinding, requires large capital investment to establish operations at an efficient scale. The major players operate large-scale, technologically advanced and highly automated facilities that are capable of producing a wide range of products. Further, existing manufacturers have established substantial marketing and distribution networks that new entrants are unlikely to be able to replicate in the short-term.
- **Vertical integration:** Most of the major players are vertically integrated from upstream operations (e.g. quarrying and cement manufacturing) to downstream operations (e.g. ready-mix concrete manufacturing and distribution) which maximises efficiencies and operational flexibility. In practice, such vertically integrated operations are costly, time consuming and difficult to replicate.
- **Long-term nature of customer relationships:** Many players have established long-standing customer relationships, making it difficult for new entrants to gain sufficient volumes to support the establishment of scale operations.
- **Quarry assets:** Significant greenfield investment costs, high costs of transport and long lead times from approval through to development make it difficult for new entrants to establish quarrying operations. In addition, new entrants are likely to be restricted in accessing available resource deposits as existing players hold leases on the most economically efficient quarries.
- **Regional nature of demand:** In countries with populations that are geographically concentrated, large multinational players may be able to establish one major production hub and service a large proportion of the market. However, Australia's dispersed population and capital cities means that market participants require broad distribution networks to service large geographies, providing incumbents with a significant advantage.

2.3. Drivers of demand for construction materials

Demand for construction materials is positively related to the level of construction activity given construction materials are a primary input into the majority of building and construction projects. The main determinants of demand are set out below.

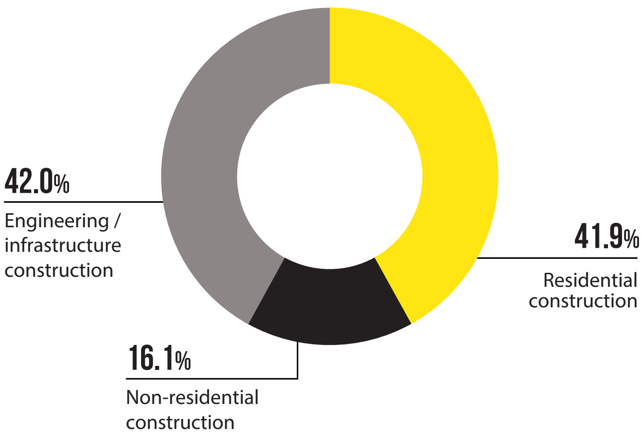
2.3.1. Building and construction activity

Building and construction activity can be divided into three key segments:

- **Engineering / infrastructure:** Major infrastructure, mining and heavy industrial resource-based project construction.
- **Non-residential:** Construction of offices, shops, hotels, industrial premises, hospitals and entertainment facilities.
- **Residential:** Construction of houses, flats, home units, townhouses and apartments (including multi-storey).

FIGURE 9
Australian construction expenditure by segment[23]

(2017F)



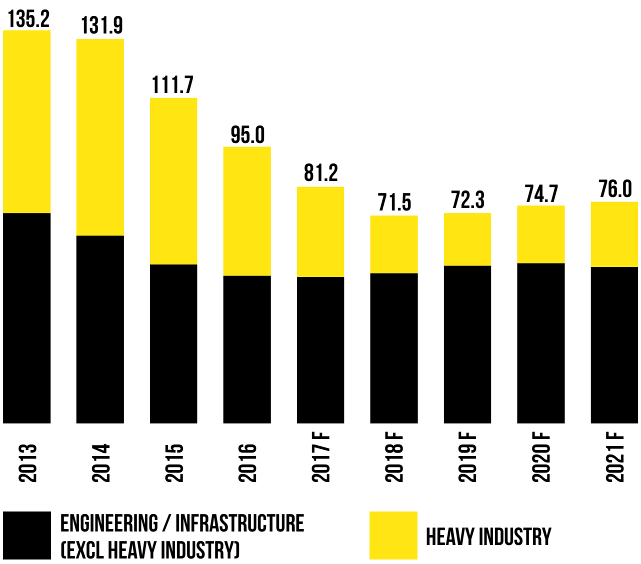
2.3.1.1. Engineering / infrastructure construction activity

Engineering / infrastructure construction includes roads, bridges, railways, harbours, heavy industry (including mining), and water and sewerage infrastructure. In 2016, total engineering / infrastructure construction expenditure in Australia was \$95.0 billion[9]. Total engineering / infrastructure expenditure has declined in recent years as investment in mining construction has slowed, however engineering / infrastructure expenditure (excluding heavy industry) is expected to grow at a CAGR of 1.8% from 2017 to 2021[23].

23 Australian Construction Industry Forum Market Report (May 2017).

FIGURE 10
Engineering / infrastructure construction expenditure in Australia, 2013-2021[23]

(A$ in billions)

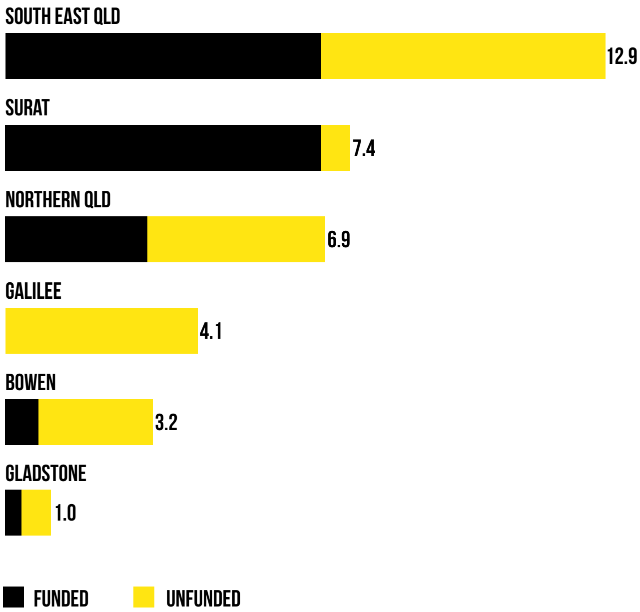


Construction expenditure on roads, bridges, railways and harbours in Queensland is forecast to grow at a CAGR of 8.3% between 2017 and 2021[23]. The Queensland State Government has shown a firm commitment to infrastructure investment, with a pipeline of 166 proposed projects valued at $39.1 billion[24]. The majority of engineering / infrastructure construction expenditure in Queensland between 2017 and 2021 is expected to occur in South East Queensland.

23 Australian Construction Industry Forum Market Report (May 2017).
24 Queensland Infrastructure Pipeline Report Summary (June 2017).

FIGURE 11
Forecast Queensland engineering / infrastructure construction expenditure, 2017 – 2021[25]

(A$ in billions, excluding telecommunications)



Key drivers of growth in the Australian engineering / infrastructure construction market include:

- **Population growth in Australia:** Australia's population is expected to grow at a CAGR of 1.7% from 2017 to 2020[26], while current Queensland's population is forecast to grow at a CAGR of 1.9% over the same period[26]. Population growth is expected to drive the need for investment in civil infrastructure assets such as roads, rail and water and wastewater facilities.
- **Government funding for infrastructure development:** Infrastructure has been a key governmental focus in recent years. In the 2017 Federal Budget, the Federal Government increased its total commitment to major infrastructure projects to $70 billion by 2020/21[27], and established the Project Financing Agency in order to identify new financing solutions for infrastructure investment. Civil projects, in particular roads and railways, are being prioritised to address urban congestion concerns in major Australian cities. The Queensland State Government has committed to a pipeline of proposed projects valued at $39.1 billion[28].
- **Private sector funding for infrastructure development:** A key focus area for government is ensuring that the private sector can play a larger role in financing infrastructure expenditure. Australia has a mature market for Public Private Partnerships (**PPPs**) whereby the private sector is involved in the construction and potentially the operation of public assets. The current pipeline of Australian PPPs is over $21 billion in value and includes projects such as the Melbourne Metro Tunnel and Stations Works and inland rail from Toowoomba to Kagaru in Queensland[29].

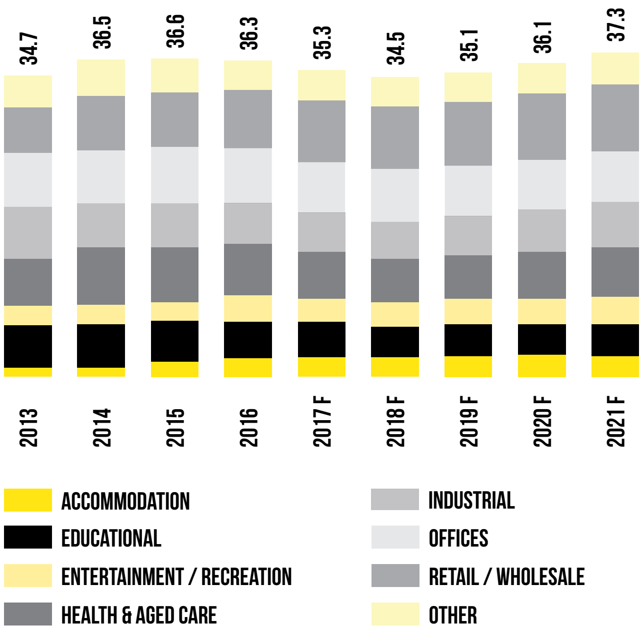
25 Queensland Major Contractors Association – Major Projects Pipeline Report – Queensland Engineering Construction Outlook (2017).
26 Australian Bureau of Statistics – Population Projections, Australia (November 2013).
27 Australian Government Budget 2017-18.
28 Building Queensland – Infrastructure Pipeline Report (June 2017).
29 Infrastructure Partnerships Australia – Australia New Zealand Infrastructure Pipeline.

2.3.1.2. Non-residential construction

The Australian non-residential construction sector completed \$36.3 billion of work in 2016, growing at a CAGR of 1.6% from 2013 to 2016[30]. Recent growth has largely been a result of investment in new health and aged care facilities, and retail and wholesale construction. Softer business conditions are expected to contribute to a slight decline in 2017, with a recovery in the medium-term expected to increase non-residential construction expenditure to \$37.3 billion in 2021, representing a CAGR of 1.4% from 2017 to 2021[30].

FIGURE 12
Australian non-residential construction expenditure by industry, 2013-2021[30]

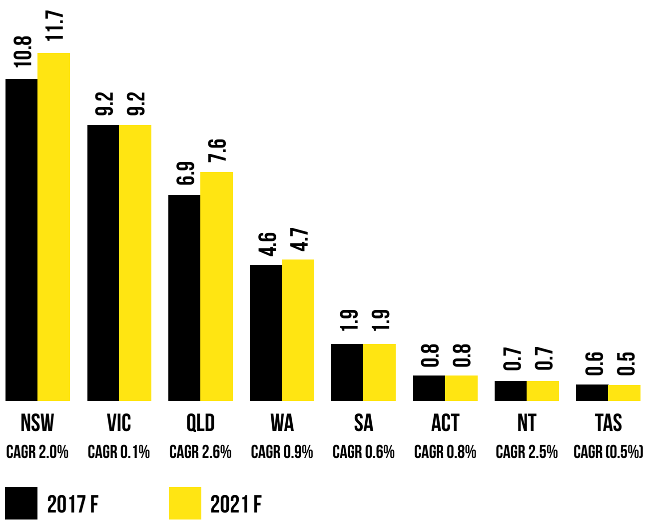
(A\$ in billions)



Non-residential construction expenditure in Queensland was \$7 billion in 2016[30]. Queensland is expected to be the fastest growing state for non-residential construction in the medium-term. Construction expenditure in Queensland is expected to grow at a CAGR of 2.6% from 2017 to 2021, driven by investment in accommodation, healthcare, aged care and retail and wholesale construction[31].

FIGURE 13
Forecast non-residential construction expenditure by state, 2017-2021[30]

(A\$ in billions)



Key drivers of growth in the Australian non-residential construction market include:

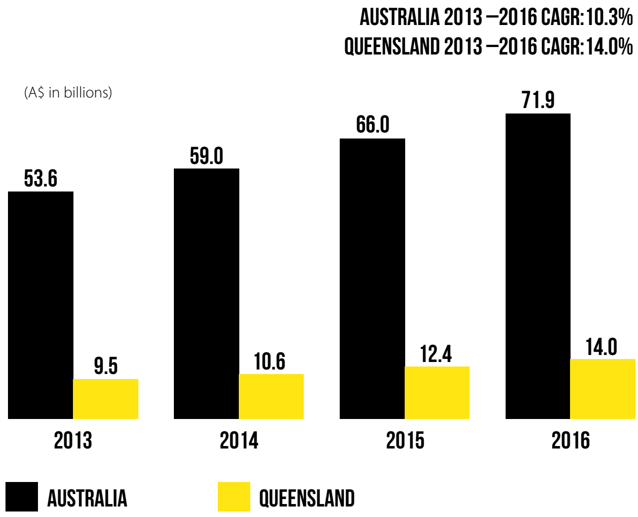
- **Population growth in Australia:** Refer to Section 2.3.1.1. As the population expands beyond major and satellite cities, demand for non-residential construction is expected to increase, particularly for social infrastructure such as education and healthcare facilities.
- **Demographics:** Australia's population age structure also has implications on the rate of growth in the non-residential construction market. In particular, Australia's aging population is expected to drive demand for health and aged care facilities. The proportion of Australians over 65 has increased from 11.9% in 1995 to 15.0% in 2015. This trend is expected to continue given increasing life expectancies[31].
- **Access to finance:** Private sector funding of non-residential building construction is reliant on debt financing. Low interest rates, both domestically and internationally, reduce funding costs for developers.

2.3.1.3. Residential construction

The Australian residential construction market has experienced strong growth over the past three years, with work completed growing from \$53.6 billion in 2013 to \$71.9 billion in 2016, representing a CAGR of 10.3% for the period[32]. Much of this growth has been driven by high-density apartment construction and low mortgage rates. Residential building activity in Queensland has outpaced the national average, with work completed growing from \$9.5 billion in 2013 to \$14.0 billion in 2016, representing a CAGR of 14.0% for the period[32].

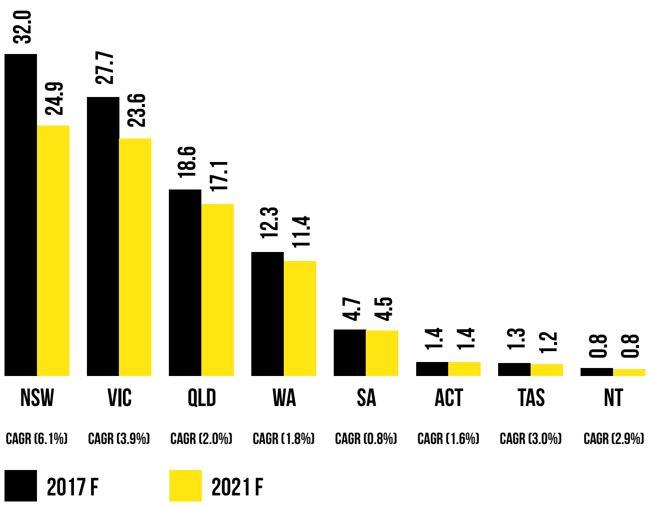
30 Australian Construction Industry Forum Market Report (May 2017).
31 Australian Bureau of Statistics – Australian Demographic Statistics (June 2015).
32 Australian Bureau of Statistics – Construction Work Done, Australia (March 2017).

FIGURE 14
Value of residential work completed, 2013 – 2016[33]



The residential construction market in Australia is expected to decline over the next three to five years as investment in high-rise apartment construction tapers. Residential construction activity in Queensland is expected to decline at a slower rate than most of Australia's Eastern States.

FIGURE 15
Forecast residential construction expenditure by state, 2017-2021[33]
(A$ in billions)



Key drivers of growth in the Australian residential construction market include:

- **Housing affordability:** Housing affordability is a key driver of new housing demand over the short to medium-term. The 2017 Federal Budget included measures designed to support housing affordability in the medium-term, for example the 60% Capital Gains Tax (**CGT**) discount. Historically low interest rates and strong growth in national income in Australia have helped housing affordability in recent years.
- **Population growth in Australia:** Refer to Section 2.3.1.1.
- **Interest rates:** Residential construction demand is influenced by interest rates. Monetary stimulus measures implemented by the Reserve Bank of Australia in recent years have reduced the cash rate to an all-time low of 1.5%[34].

2.4. Technical developments and innovation

The global building and construction industry is currently experiencing a trend towards greater innovation in building and materials technologies in an effort to reduce construction costs, increase energy efficiency in buildings, and improve overall industry sustainability. This trend has been broadly described as "green building". A 2016 study found that 37% of construction firms expected to have more than 60% of their building projects certified as "green"[35] by 2018, from 18% in 2012[36].

These developments are being supported through changes to building standards and the development of more stringent energy efficiency targets, which also contribute to a greater focus on the specification of construction materials and building products that provide advanced performance attributes and enhance environmental sustainability.

In the construction materials sector, companies are seeking to develop more environmentally friendly ways of producing concrete in order to reduce the carbon footprint of buildings. Wagners believes it is very well positioned to benefit from this trend given its investment in developing EFC which reduces carbon emissions by up to 80% compared to traditional concrete by removing the requirement for Portland cement[37], and also provides a number of performance benefits when compared to traditional concrete.

In the building products sector, the "green building" trend is leading to greater investment by industry players in synthetic and composite materials which are able to replace traditional building products such as timber and steel in a variety of applications. These materials are typically developed to provide comparable or superior strength attributes, greater durability, enhanced energy efficiency, reduced weight and enhanced resistance to corrosion and other chemical attacks. Wagners believes it is well positioned to benefit from this trend, having established its CFT business in 2002 and having invested in the development of products that showcase CFT's superior performance attributes. For example, one of Wagners' largest markets for CFT currently is the Australian power network sector where CFT is being used to replace old electrical crossarms made from timber and steel. CFT provides significant performance benefits compared to ageing timber crossarms which are commonly subject to rotting and are highly combustible, and steel crossarms which conduct electricity, corrode easily and are significantly heavier.

33 Australian Bureau of Statistics – Construction Work Done, Australia (March 2017).
34 Reserve Bank of Australia website (October 2017).
35 A green project is defined as one that is either certified or built to quality for certification under a recognized green standard, such as LEED, BREEAM and Green Star.
36 Dodge Data & Analytics – World Green Building Trends (2016).
37 Management estimate.

SECTION 3

COMPANY OVERVIEW

3.1. Overview of Wagners

Wagners is a leading Australian construction materials and services provider, and an innovative producer of new generation building materials, with pro forma revenue of $192.7 million in FY17 and 532 FTE employees and contractors as at 1 October 2017. Wagners' core business is focused on the manufacture and sale of cement, concrete, aggregates, flyash, precast concrete products, reinforcing steel and composite building materials. The Company also offers project-specific mobile and on-site concrete batching, crushing and haulage services. Wagners is the largest independently-owned cement manufacturer in South East Queensland, supplying approximately one third of the market's cement requirements[38], and has capacity to grind 0.8Mtpa of cement. In addition, Wagners has expanded its presence outside of Australia by performing international contract work for projects operated by large multinational corporations.

Wagners, through its NGBM segment, has pioneered the development of composite fibre building materials and environmentally sustainable concrete products. The Company remains committed to developing innovative building materials and solutions, providing a strong platform for future growth.

From FY16 to FY17, Wagners' pro forma EBITDA decreased 8.3% to $40.1 million. Wagners expects growth over the forecast period as it expands its network of ready-mix concrete plants, increases sales in NGBM, and pursues international contract opportunities through its global services business. Wagners forecasts that pro forma EBITDA will increase by 24.5% to $50.0 million in FY18.

An overview of Wagners' key segments and operations is shown in Figure 16 below.

FIGURE 16
Business overview

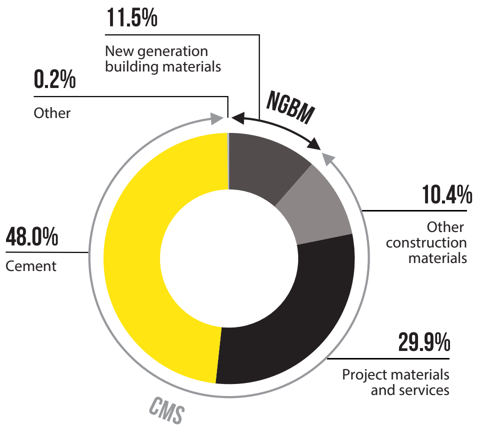
WAGNERS

	CONSTRUCTION MATERIALS AND SERVICES (CMS)	NEW GENERATION BUILDING MATERIALS (NGBM)
Segment overview	■ Supplies a range of construction materials and services predominantly to customers in the construction, infrastructure, and resources industries. ■ Key products include cement, flyash, ready-mix concrete, precast concrete products, aggregates and reinforcing steel. ■ Services include mobile concrete, crushing and haulage services, and are typically provided via medium to long-term contracts both domestically and internationally. ■ See Section 3.2 for further information.	■ Provides innovative and environmentally sustainable construction materials. ■ Key businesses are CFT and EFC. ■ See Section 3.3 for further information.
Key drivers of revenue	■ Domestic and international civil and infrastructure construction activity. ■ Major long-term cement supply agreements. ■ Establishment of ready-mix concrete business in South East Queensland. ■ Pipeline of domestic / offshore construction projects (including contract duration / quality). ■ Flexibility of business model to expand into new geographies.	■ Domestic and international civil and infrastructure construction activity. ■ Pipeline of offshore opportunities. ■ Demand for environmentally sustainable construction materials. ■ Building code reform.

Total Wagners revenue: $192.7 million[39]
Total Wagners EBITDA: $40.1 million

FY17 financials (pre intercompany eliminations)

REVENUE $177.1 MILLION



REVENUE $23.0 MILLION

38 Macromonitor – Construction Materials Forecasting Model (July 2017).
39 Total revenue in FY17 was $192.7 million net of intercompany eliminations of $7.9m. Gross revenue in FY17 was $200.5m (pre intercompany eliminations). Refer to Table 5 for further information.

	CONSTRUCTION MATERIALS AND SERVICES (CMS)	NEW GENERATION BUILDING MATERIALS (NGBM)
Market positions	■ Largest independently-owned and low cost cement producer in South East Queensland. ■ Leading precast concrete products manufacturer in South East Queensland. ■ Reinforcing steel business holds significant share of the Toowoomba construction market. ■ One of the leading Australian providers of construction materials and related services on remote and regional products. ■ One of Australia's largest mobile crushing and screening fleets.	■ Global pioneer of environmentally sustainable concrete technology. ■ Largest Australian provider of composite fibre electrical crossarms.
Key assets and operations	■ Pinkenba cement grinding facility (including VRM with 0.8Mtpa capacity). ■ Townsville cement distribution hub. ■ Wacol precast concrete manufacturing facility. ■ Two active quarries (Amby and Wellcamp) and one quarry under development (Gunalda). ■ On-site ready-mix concrete batching plants. ■ Plans to grow ready-mix concrete network in South East Queensland. ■ Fleet of crushing equipment and trucks. ■ Toowoomba maintenance and fabrication services workshop.	■ CFT and EFC intellectual property. ■ Toowoomba CFT production plant.

Wagners' operations are underpinned by a network of high quality physical assets, with significant capital invested over the last 28 years. Key facilities include:

- A strategically located modern cement facility at Pinkenba in Brisbane which operates Queensland's only VRM for cement grinding to specification, making Wagners a low cost cement producer;
- Well-located quarry assets with significant useful lives;
- Mobile and on-site concrete batching and crushing fleet, providing Wagners with the flexibility to service a range of customers and projects across Australia, including in regional and remote areas; and
- One of the largest precast concrete manufacturing facilities in Queensland, with one of the only high-volume tunnel segment facilities.

The locations of these assets and facilities are shown in Figure 17 below.

FIGURE 17
Wagners' production and distribution network

3.1.1. History

Wagners was founded as a family business in 1989 by John, Denis, Neill, Joe and their father Henry Wagner to continue a long-held family tradition in concrete, quarry and transport enterprises. Originally consisting of a single concrete batching plant in Toowoomba, Wagners has since evolved into a leading Australian construction materials and services provider. In 2007 Wagners increased control of its cementitious materials supply chain by entering into a strategic property lease at Pinkenba, Brisbane, and subsequently constructing one of the largest and most advanced cement grinding facilities in Queensland. This enabled Wagners to enter the dedicated cement supply market for sale to external customers, and to also reduce its dependence on competitors for sourcing cement for its concrete and precast concrete businesses. Today, Wagners is South East Queensland's largest independently-owned cement supplier, with capacity to produce 0.8Mtpa of cement.

A timeline of Wagners' history and key developments is summarised in Figure 18.

FIGURE 18
Wagners' history and development timeline

CORPORATE MILESTONES

1989
Wagners was founded and opened inaugural concrete batching plant in Toowoomba.

1991
Developed first quarry in Malu, Queensland.

1994
Established the Wellcamp Downs Quarry site.

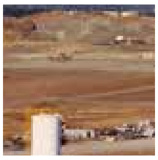
1995
Built engineering workshop to service growing fleet of trucks, concrete and quarry operations.

2000
Established Townsville site, which would later become a distribution hub for Northern Queensland.

2002
Incorporated Wagner CFT Manufacturing Pty Ltd.

Commenced manufacturing compost fibre products.

1991
Completed first mobile concrete job for the Whyalla Feedlot.



1996
Commenced the Ernest Henry Mine Project, the first project for a customer in the mining industry.

Commenced the Bellara Airport construction Project.

2001
Commenced Global Services operations after winning a concrete supply contract in New Caledonia.

LANDMARK PROJECTS

2003
Installed 'Coutts Crossing' Road Bridge – first composite fibre road bridge on an Australian road network.

2008
Opened offshore headquarters in Kuala Lumpur, Malaysia to support its Global Projects business.

2005
Acquired pre-cast concrete facility at Wacol, Brisbane.

Commenced development of EFC.

First CFT cross arm contract for Energex.

2009
Established cement grinding facility at Pinkenba, Brisbane and began construction of new cement grinding plant.

Officially opened Pinkenba cement site.

2011
Divested ready-mix concrete and quarry operations to Boral.

2014
Completed construction of Queensland's only VRM at Pinkenba.

2016
Commissioned state-of-the-art CFT facility at Wellcamp.

First CFT project in New Zealand – Chesterhope "clip-on" cycleway bridge.

2004
Installed first composite fibre road bridge in the USA – Eerie County.

2007
First international CFT cross arm supply contract for TNB in Malaysia.

2010
Completed construction of the Murarrie concrete plant – high volume Brisbane concrete manufacturing facility.

Commenced the Wyaralong Dam Construction Project as a consortium member of the Wyaralong Dam Alliance.

2011
Secured the tunnel segment manufacturing for the legacy way tunnel, out of the Wacol pre-cast concrete facility.

Commenced the Gladstone LNG crushing supply out of the Yarwon Quarry for delivery to Curtis Island.

2013
Completed the largest EFC project to date – 24,000m^3 of high specification airport pavement.

2015
Commenced development of a dedicated wharf at Pinkenba.

2016
Completed 450,000m^3 mobile concrete batching project in Darwin.

3.1.2. Competition

Wagners primarily competes with major domestic and international construction materials firms. Given the capital intensity of construction materials and services operators in Australia, the market is dominated by a small number of large, vertically integrated firms. Wagners is well-positioned to compete in the South East Queensland construction materials market given the location and scale of its production and distribution network. Wagners' mobility and large fleet provide it with a competitive advantage in servicing customers in remote and regional locations throughout Australia.

3.1.3. Customers

Wagners has over 450 customers, with the top 10 customers accounting for approximately 60% of revenue in FY17. Customers include leading domestic and international construction materials, building and construction, infrastructure, mining and general contracting companies.

Wagners has in excess of 150 cement customers, most of which renew supply agreements on an annual basis, however a 20-year take-or-pay cement supply agreement with a key industry participant underpins the stability of Wagners' cement revenue. Key terms of this agreement include: minimum offtake volumes, a 10 year term commencing December 2011 with an option to extend for another 10 years (at Wagners' sole discretion), and price adjustment mechanisms linked to CPI and the market. See Section 7.6 for further detail.

Further, reciprocal trading relationships support customer longevity as Wagners is also an important customer for many of its own customers.

A material proportion of upstream products are consumed internally (e.g. aggregates used in Wagners' downstream concrete businesses). Wagners is expected to become even more vertically integrated as it grows its ready-mix concrete network.

3.1.4. Suppliers

Wagners has developed strong relationships with its raw material suppliers, ensuring attractive commercial terms and security of supply. Clinker is currently sourced from a major supplier in China under a long-term contractual arrangement. Wagners also has contracts in place for blast furnace slag (sourced from Japan) and flyash (sourced via the Millmerran Power Station through its stake in IFB).

3.2. Construction Materials and Services

Wagners' CMS segment manufactures and sells cement, concrete, flyash, precast concrete products, reinforcing steel and aggregates, while also providing project-specific mobile and on-site concrete batching, crushing and haulage services.

3.2.1. Cement

Wagners manufactures and distributes a range of cementitious products to customers, predominantly in the building materials, general contracting, mining and construction industries. Wagners imports all of its clinker requirements from low cost Asian suppliers, providing operational flexibility and reducing capital intensity, however significant investment has been made at its modern Pinkenba facility to establish a low cost cement grinding capacity. Wagners is the only large-scale cement manufacturer in South East Queensland that does not currently operate an integrated ready-mix concrete business, representing a significant and immediate opportunity to establish its own network to capitalise on market growth.

Wagners has a 60% interest in IFB, a flyash co-operative between Wagners and other independently-owned flyash users. The co-operative has a secure, long-term supply contract to source raw flyash from the Millmerran Power Station, which it then processes through a classifier and distributes for use in concrete production, cement blending and various other construction processes. This provides Wagners with a significant strategic advantage over other cement producers and also offers upstream value as EFC production increases.

Cementitious products

Wagners currently produces six standardised cementitious products as shown in Figure 19.

Wagners also imports hydrated lime and clinker for re-sale providing a comprehensive range of cementitious materials to its customers.

Pinkenba cement facility

Wagners' cement production facility is located at Pinkenba on a 62,000m^2 site on the Brisbane River, less than five kilometres from the Port of Brisbane. The facility is the largest, independently-owned cement production facility in South East Queensland and currently grinds approximately 0.5Mtpa of cement, but has capacity to grind up to 0.8Mtpa through its VRM. The facility comprises:

- A VRM with grinding capacity of 0.8Mtpa;
- A Horizontal Ball Mill (**HBM**) providing additional back-up capacity of 0.5Mtpa;
- A bagging plant (with 2,500tpm bagging capacity);
- An automatic blending and despatch station;
- Storage for raw materials and finished products;
- A laboratory and offices; and
- Priority access to a wharf (under construction).

FIGURE 19
Wagners' standardised cementitious products

PRODUCT	DESCRIPTION
General Purpose (Portland) Cement	■ Typically contains 88% to 95% clinker and is the most widely used cement in Australia. ■ Portland cement is suitable for most construction applications.
Flyash Blend Cement	■ Portland cement blended with 25% flyash. Offers improved durability, while maintaining the strength of Portland cement. ■ Widely used for road stabilisation, precast concrete and general construction.
High Slag Cement	■ Environmentally-friendly blend that enhances concrete durability. ■ Often used in road stabilisation.
Triple Blend Cement	■ Incorporates slag, flyash and hydrated lime and is typically used in road stabilisation.
General Blended Slag	■ Portland cement blended with 25% slag. ■ Improves moisture resistance and durability in concrete.
Shrinkage Limited	■ Typically used for applications that require tight tolerances and do not shrink after setting.

FIGURE 20
Pinkenba facility overview

A wharf is currently under construction at the northern end of the Pinkenba facility, due to be completed in June 2018. Having priority access to the wharf will reduce handling and transport costs, lower the risk of demurrage costs and enable greater operational flexibility. The wharf will berth handymax vessels with draft and length typical of 38,000t capacity, with potential for larger capacity vessels.

The facility has highly automated systems for grinding cement and minimising labour costs:

- Milling machinery is controlled and monitored remotely by technical personnel from a central control room;
- Conveyors transport clinker from the clinker storage shed to the grinding mills, and, once ground, on to the bagging and despatch plants via air elevators;
- Loading of cement tankers from bulk storage silos involves no site staff; and
- Cement tanker drivers self-load through swipe cards and electronic control.

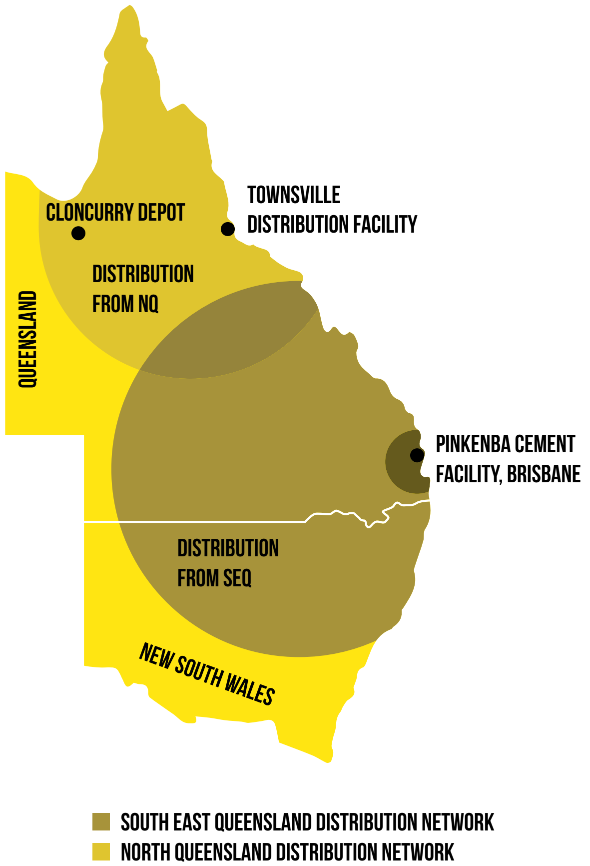
Vertical Roller Mill

In 2012 Wagners undertook a significant upgrade of the Pinkenba facility, which included the commissioning of Queensland's only VRM for cement grinding to specification. VRMs have a number of efficiencies compared to conventional ball mills due to their vertical design, which allows more direct conversion of energy into grinding power. This results in improved electricity consumption and finer grinds which provide a competitive advantage for Wagners. Management is of the view that the VRM provides Wagners with a significant advantage in the bulk supply of cement and slag blends into South East Queensland.

Distribution network

Wagners distributes the bulk of its cementitious products from three sites: Pinkenba (servicing South East Queensland), Townsville (servicing Northern Queensland – contains 2x 40t per hour cement de-bagging and blending plants, a pneumatic tanker loading system, and Weighbridge and ISO tank handling operations) and its depot at Cloncurry. For its Northern Queensland distribution in Townsville, Wagners maintains flexibility to source cement internally or from external suppliers depending on cost efficiency. Wagners also supplies small quantities of bagged cement to retailers in South East Queensland. The majority of product sold is collected by customers from Wagners' automated despatch facility at Pinkenba.

FIGURE 21
Wagners' cement distribution network



3.2.2. Ready-mix concrete

Wagners primarily supplies project-based ready-mix concrete via its fleet of mobile and on-site batching plants. Wagners also has a significant near-term opportunity to establish a network of ready-mix concrete plants in South East Queensland following the recent expiry of a non-compete agreement with another industry participant in December 2016. Wagners has strong relationships with many potential future concrete customers that are currently existing customers of its reinforcing steel business.

3.2.2.1. Mobile and on-site concrete

Wagners operates both dry and wet mix mobile concrete batching plants, with capacity of up to 120m^3. Wagners also operates several on-site, computer controlled batching plants, the majority of which supply concrete for major construction projects that are typically won via tenders. Capacities of individual batch plants range from 60m^3 to 120m^3 per hour. The mobile nature of these plants enables Wagners to service customers in remote and regional locations.

Wagners' mobile and on-site concrete operations endeavour to always source raw materials from Wagners' upstream operations in both cement and aggregate supply. In some cases, due to the remote geographical locations of these projects, Wagners will source raw materials from local suppliers.

3.2.2.2. Ready-mix concrete network

Wagners predominantly sells its cement to third party customers, however establishing a network of ready-mix concrete plants will enable Wagners to benefit from greater vertical integration, providing security of supply for its concrete business and consistent pull-through demand for its cement operations. Wagners has identified a number of strategic batching sites in South East Queensland and management believes these facilities can be established promptly given key plant and equipment are already used by Wagners for its mobile concrete operations. Wagners plans to commission two ready-mix plants in FY18 on existing company sites at Pinkenba and Wacol, with both expected to become operational in FY18 and a further plant to become operational in early FY19 (all funded in FY18).

Prior to divesting its ready-mix concrete business in 2011, Wagners consumed a large volume of its own cement and it is envisaged that in the medium-term, with the establishment of 8-10 ready-mix concrete plants, the same volume can be achieved.

3.2.3. Quarries and contract crushing

Wagners has operating rights over three quarries in South East Queensland and pays a volume-based royalty for the removal of quarry materials at these sites. These sites include two operational quarries at Amby (Roma) and Wellcamp (Toowoomba), and one quarry at Gunalda (Gympie) which is under development. These quarries supply concrete aggregates, crusher dust, sealing aggregates, pavement material, asphalt aggregates, construction fills, road base, railway ballast and other fine crushed rock predominantly to ready-mix concrete plants, residential and commercial builders, road builders, and to regional councils located in close proximity to Wagners' quarry sites. Wagners also supplies aggregate materials to the Company's concrete and projects operations. Wagners' quarry sites use a mix of fixed plants and mobile crushing fleets. Wagners leases the quarries and has entered into royalty arrangements for the removal of quarry materials, consistent with market practice.

Management expects that the quarry operations will eventually provide aggregates to Wagners' network of ready-mix concrete plants across South East Queensland, once established. Management has also identified a number of additional potential quarry sites in order to support the expansion of Wagners' ready-mix concrete network.

An overview of each quarry is provided in Figure 22.

FIGURE 22
Overview of Wagners' quarries

	QUARRY	LOCATION	STATUS	ESTIMATED USEFUL LIFE[40]
	**Amby**	Roma	Operating	~60 years
	**Wellcamp**	Toowoomba	Operating	>25 years
	**Gunalda**	Gympie	Under development – has operational approval and a strong pipeline of major projects	>200 years

40 Based on current and expected medium-term production.

Wagners also provides mobile contract crushing services to a range of external customers in the coal and mineral mining industry as well as on large construction and infrastructure projects. Wagners specialises in hard rock crushing and screening and operates one of Australia's largest mobile crushing, screening and pug mill fleets, providing flexibility to meet varying project specifications throughout Australia and internationally.

3.2.4. Precast concrete products and reinforcing steel

Wagners' precast concrete and reinforcing steel businesses are highly integrated, given most precast concrete products contain reinforcing steel.

3.2.4.1. Precast concrete products

Wagners operates a major precast and pre-stressed concrete products business from its Wacol facility, located approximately 21 kilometres south west of Brisbane CBD and within 300 metres of major arterial roads. The facility is one of the only high-volume tunnel segment facilities in Queensland, providing Wagners with a significant competitive advantage in its home market. Demand for precast concrete is directly linked to civil infrastructure construction activity which is expected to grow strongly. Wagners' precast products consume cement and reinforcing steel which provides pull-through demand for these businesses.

Wagners' precast yard produces pre-stressed, precast and production line concrete segments. Its on-site stressing beds have the capacity to handle up to 1,600t. An overview of Wagners' key precast concrete products is provided in Figure 23.

FIGURE 23
Key product categories

PRE-STRESSED CONCRETE	PRECAST CONCRETE	PRODUCTION LINE
		
Bridge decks	Panels	Tunnel segments
Bridge girders	Water reservoirs	Panels
Piles	Raw material bins	
Beams	Dam wall face panels	
	Specialty structures	

3.2.4.2. Reinforcing Steel

Wagners' reinforcing steel business participates in the Toowoomba building and construction market. Wagners manufactures and supplies custom-made sections of reinforcing steel and relevant accessories for use in a range of end-markets, from residential construction to large-scale mining and infrastructure projects. The business also supplies reinforcing steel products to Wagners' precast business as a key input in precast panels, segments and pre-stressed concrete beams. Wagners manufactures reinforcing steel at its precast yard in Wacol and from a dedicated steel workshop in Toowoomba. Computer-controlled bending machines are used in the manufacturing process, ensuring high speed and efficient production.

There is significant customer overlap with Wagners' concrete and quarry operations, providing a potentially large cross-selling opportunity.

A summary of key products is shown in Figure 24.

FIGURE 24
Overview of Wagners' reinforcing steel products

FABRICATION AND REINFORCING

- Footing cages
- Pier cages
- Column cages
- Retaining wall cages
- Special application cages

BAR PRODUCTION

- Reinforcing bar and mesh products
- Specialised joint requirements

CONCRETE TOOLS AND ACCESSORIES

- Formatube for pile requirements
- Under slab cavity products
- Oxides and sealers

3.2.5. Transport and bulk haulage operations

Wagners operates a large fleet of prime movers and trailers that are capable of transporting construction materials to external customers as well as between Wagners' upstream and downstream business units. While distribution is currently Queensland-centric, Wagners is capable of servicing any Australian state or territory.

Wagners' logistics offering includes a unique containerised cement delivery system that uses 20-foot intermodal containers. These containers enable multimode transport that cannot be replicated by cement tankers hauled by prime movers, providing a significant competitive advantage for Wagners in servicing a diverse range of customers.

FIGURE 25
Wagners' pneumatic cement delivery equipment

Wagners also offers project haulage services, primarily for bulk minerals and materials transport, and currently operates six projects across Queensland and the Northern Territory. Wagners' key customers are large manganese, nickel, copper and zinc miners, with low counterparty risk. The size and versatility of Wagners' fleet enables delivery-on-demand haulage solutions in all states and territories of mainland Australia. Haulage projects have synergies with the broader Company as mining customers frequently require additional services (e.g. crushing) that Wagners is capable of providing. Further, large mining companies are also significant consumers of cement.

3.2.6. Global services

Wagners' global services business offers its full range of services, including mobile concrete and aggregate production, quarries, transport, materials handling, project consulting, and the supply of plant, equipment and labour to international customers. The business leverages Wagners' experience in operating efficiently in remote locations and was established in 2001 after winning a concrete supply contract in New Caledonia.

Wagners has successfully completed projects in several countries, including Russia, Mongolia, New Caledonia and Papua New Guinea, operated by large, internationally recognised companies such as ExxonMobil and Shell, among others (see case study in Figure 27). The contract structure is typically low risk, requiring up-front payments to cover the cost of initial capital. Wagners' track record of success in international markets and the flexibility of its business model position the Company for future expansion.

FIGURE 26
Selected global services projects

PROJECT	LOCATION	OWNER	DURATION	SCOPE	INDICATIVE REVENUE (A$M)
Goro Nickel	New Caledonia	Inco	2001-06	Concrete / Quarries	$50m
SAK2 LNG	Russia	Shell	2003-05	Concrete / Quarries	$30m
SAK1 LNG	Russia	Exxon	2003-06	Concrete / Quarries	$25m
PNG LNG	Papua New Guinea	Exxon	2010-11	Concrete / Quarries	$190m
Chukotka	Russia	Barrick Gold	2008-09	Concrete / Quarries / Civil	$12m

FIGURE 27
Case study – PNG LNG Project

- Wagners commenced works in PNG in 2010 on the ExxonMobil PNG LNG project.
- Clients included CJJV (Chiyoda and Japanese Gas Company JV), CB&I (Chicago Bridge & Iron Company), Leightons and Bam Clough JV.
- Services included ready-mix concrete and slurry supply (205,000m^3), crushing and delivering concrete aggregates, general equipment hire and laboratory testing and quality assurance services.
- 120 locals and 15 expats were employed.
- At completion of the project, one of the concrete batching plants was exported to Brisbane for refurbishment and subsequently re-deployed to service a wind farm project in NSW.

3.2.7. Maintenance and fabrication services

Wagners operates a dedicated workshop in Toowoomba which provides maintenance and fabrication services. The workshop primarily services the mechanical needs of Wagners' own transport and crushing fleets.

3.3. New Generation Building Materials

Wagners' NGBM segment produces a range of industry-leading products, including composite fibre building products and environmentally sustainable concrete. The NGBM segment highlights Wagners' focus on providing innovative solutions in response to market demand for high strength, light weight and low carbon alternatives to traditional construction materials. The NGBM segment has developed valuable Intellectual Property (**IP**), particularly in CFT and EFC. Wagners manages the security of its IP by ensuring a limited number of staff members are exposed to commercially and technically sensitive information.

Wagners' NGBM segment is expected to generate $29.3 million of revenue and $3.1 million of EBITDA in FY18, representing 12.7% (pre intercompany eliminations) and 6.1% of total revenue and EBITDA respectively. NGBM is expected to be a significant growth platform for Wagners in the future as new products are developed and existing technologies are commercialised in new geographies.

3.3.1. Composite Fibre Technologies

Wagners is one of Australia's leading manufacturers of composite fibre products for use in civil engineering applications. New product development in this field has been limited historically due to the standardisation of civil engineering products. Wagners' composite fibre products overcome the limitations of traditional construction materials such as steel, concrete and timber. Composite fibre products have several attractive properties:

- Superior strength;
- Greater resistance to rust, chemical attack and corrosion; and
- Lighter weight.

Wagners has developed composite fibre products internally since 2002. Composite fibre sections are produced through a process called "pulltrusion", which uses fiberglass and vinyl ester resins to produce fibreglass structural sections. In addition to composite fibre structural sections, Wagners also manufactures a broad range of finished composite fibre products from its plant in Toowoomba including bridge sections, platforms and decks. While Wagners has historically focused on commercialising products for the energy and civil construction industries, management believes there is an immediate opportunity to use composite fibre in a wide range of engineering applications.

Historically, Wagners has manufactured all composite fibre products in-house. In order to maintain Wagners' high standard of quality assurance, the Company's medium-term strategy is to continue increasing its in-house production capacity as sales growth is achieved.

A selection of Wagners' key composite fibre products is set out in Figure 28.

FIGURE 28
Selected composite fibre products

PRODUCT	DESCRIPTION AND BENEFITS
Electrical crossarms	
	■ Crossarms are horizontal beams bolted to the top of power poles, with insulators mounted on the crossarms to carry power lines. ■ Composite fibre crossarms offer significant benefits over crossarms made from traditional materials, including: – Second level of insulation, unlike steel which conducts electricity; – Resistance to corrosion, particularly in coastal environments; – Longer lifespans (up to 40 years); – Resistance to rot, unlike timber; and – Lower-combustibility compared to timber, reducing the risk of bushfire. ■ Wagners has an estimated 50% market share of all new and replacement crossarm installations. ■ Wagners has multi-year supply contracts with over eight major power authorities and networks across Australia. ■ Wagners has also exported crossarms to South East Asia, predominantly into Malaysia.
Bridge decks	
	■ Wagners has pioneered the use of composite fibre bridges, installing the world's first composite road bridge in the United States. ■ Main advantage of composite bridge decks is non-corrosiveness, increasing the deck's lifespan when compared to traditional materials such as timber. ■ Management estimates that approximately 20,000 timber road bridges in Australia are approaching the end of their design lives, providing Wagners with a significant growth opportunity. ■ Lightweight nature of the bridges allows for reduced installation times.
Marine structures	
	■ Wagners has developed and installed a range of pedestrian structures, including boardwalks, bridges, cycle ways, light poles and access stairs. ■ Composite fibre boardwalks are rot-resistant and lighter than traditional timber boardwalks. Resistance to corrosion makes them attractive for installation in coastal regions. ■ Wagners' composite fibre pedestrian bridges are used for traversing rail lines, coastal estuaries and suburban stormwater drains. ■ In 2016 Wagners installed an innovative "clip-on" CFT cycling bridge extension onto an existing bridge in Hastings, New Zealand – see Figure 29.

FIGURE 29
Case study – installation of cycleway on Chesterhope bridge in Hastings, New Zealand

- In March 2016 Wagners CFT designed and installed the first ever "clip-on" pedestrian walkway and cycleway for the 460m, two-lane Chesterhope bridge in Hastings, New Zealand.
- The cycle-way expanded the use of the existing bridge by replacing the unprotected pedestrian kerb.
- "Clip-on" connection weighs 110kg per linear metre, allowing the walkway to be installed using minimal machinery and with minimal traffic disruption.
- Wagners believes the New Zealand cycle-way market presents an attractive opportunity in the medium-term, with the New Zealand Federal Government announcing a $333 million investment in cycle-way projects across the country in June 2015[41].

CFT has been recognised through several industry awards:

- **2010** – Engineers Australia Engineering Excellence Award (Queensland Chapter), High Commendation in Industrial Development and Manufacturing.
- **2014** – Energex Supplier Quality Awards, Highly Commended.

3.3.2. Earth Friendly Concrete

EFC is a new class of concrete based on a commercial geopolymer binder technology that Wagners has developed in response to growing market demand for building materials with reduced carbon emissions. EFC is an innovative and disruptive technology to the concrete industry with two major benefits:

- Reduced carbon emissions (the geopolymer binder in EFC has greater than 80% reduction compared to Portland cement)[42]; and
- Greatly improved structural performance and durability compared with conventional concrete, including higher flexural and tensile strength, reduced drying shrinkage, increased resistance to sulphate and acid attack, and increased fire resistance.

EFC can be produced at any existing concrete plant with the addition of an admixture dispensing unit and may be offered to customers as a precast or ready-mix product. EFC has been used in a wide range of project applications in Australia and Wagners has produced over 30,000m^3 to date.

41 Beehive New Zealand Government website.
42 Management estimate.

FIGURE 30
EFC at Wellcamp Airport

The use of EFC in the construction of Wellcamp Airport reduced CO_2 emissions by approximately 6,660t across the project[43].

EFC also presents an attractive global growth opportunity. Wagners has identified a pipeline of near-term domestic and international EFC opportunities, including India, Germany, Singapore, Austria, New Zealand, Australia and the Middle East.

India and Germany present the largest potential international opportunities in the near-term:

- **India** – Attractive market given the abundance of locally available blast furnace slag and flyash, which are key inputs into EFC.
- **Germany** – EFC's resistance to sewer acid attack, which make it a promising new technology for sewer tunnel construction in Germany, and its low carbon intensity are major attractions in the German construction materials market.

Wagners expects the Middle East to be a large opportunity in the longer term and as Wagners establishes a network of ready-mix concrete plants in Australia it will build its capability to supply EFC. Wagners believes that the successful long-term commercialisation of EFC requires changes to building codes and standards to recognise EFC as an accepted substitute for traditional concrete, given most building codes currently require that a minimum quantity of Portland cement be used to produce concrete. Wagners is currently focusing on Germany, as management believes changes to building and concrete standards are likely to occur in the near-term. It is expected that amendments to existing standards in Germany will be a precursor to changes to standards in other European countries.

The development of EFC has been recognised through several industry and governmental awards including:

- **2011** – Queensland Premier's Climate Smart Sustainability Award for innovation in Climate Smart Technologies, and overall winner across all categories.
- **2012** – Brisbane City Council Innovation Case Study Winner.
- **2013** – BPN Sustainability Awards:
  - Overall winner for the world's first application of precast floor beams in the multi-rise Global Change Institute Building at the University of Queensland (see Figure 31).
  - Product Innovation of the Year.
- **2013** – Winner of The Australian Shell Innovation Awards in High-Tech Manufacturing and Design.
- **2015** – Concrete Institute of Australia, Queensland State Award for Excellence for use of EFC geopolymer concrete at Wellcamp Airport.
- **2015** – Concrete Institute of Australia, National Sustainability Highly Commended Award.
- **2016** – Australian Engineering Excellence Awards, Queensland State Award for Excellence (Infrastructure Projects).
- **2016** – American Concrete Institute Global award winner in Flatwork category for use of EFC in construction of the Wellcamp Airport.

FIGURE 31
Queensland University's Global Institute Building – 33 precast EFC beams used in production

43 Management estimate.

3.4. Research and development

Wagners' guiding principles inspire its employees to be "intrepid" and "break new ground", and this ethos underpins its long standing commitment to continually invest in R&D. Wagners invests significant resources in its R&D programme across the group with the objective of continually enhancing its competitive position and ensuring that it has the capability to provide best-in-class products and services to its customers. The main focus of Wagners' R&D programme is new product development. Wagners' R&D team seeks to develop products with technical advantages over existing materials and processes, and to then commercialise those products to drive its future revenue growth. Wagners' continued investment in R&D has further benefited from the close working relationships that it has fostered over time with leading research universities in Australia and internationally, supplementing the practical experience and capabilities of its own R&D team with a broader valuable network of academics and technical experts.

3.5. Properties

Wagners conducts its operations from a number of key sites in Australia and offshore under lease arrangements, including:

- Wagners' headquarters, located at Toowoomba, Queensland. The Toowoomba premises include administration facilities, reinforced steel manufacturing, an engineering workshop, and CFT and EFC production facilities;
- Wagners' Global Projects headquarters, located in Kuala Lumpur, Malaysia;
- Cement production facility in Pinkenba, Brisbane, including priority access to a wharf on the Brisbane River;
- Cement rehandling and distribution facility in Townsville;
- Precast concrete manufacturing facility in Wacol, Brisbane; and
- Three quarries across South East Queensland, including two operational quarries at Amby and Wellcamp, and one under development at Gunalda.

Refer to Sections 7.9 and 7.10 for further details.

3.6. Growth strategy

There are a number of growth opportunities and initiatives available to Wagners across its CMS and NGBM divisions. Primary IPO proceeds will be used to reduce debt and increase Wagners' financial flexibility to pursue a range of growth opportunities including new product development, the expansion of Wagners' market presence in cement and concrete, and potential future market consolidation (including acquisitions).

Wagners is targeting growth in its cement business through the expansion of its downstream ready-mix concrete and precast concrete products businesses:

- Wagners will have priority access to a wharf at Pinkenba which is due for completion in June 2018. Priority access to the wharf will lower the risk of demurrage costs and enable greater operational flexibility at the cement facility.
- Wagners is planning to establish a network of ready-mix concrete plants in South East Queensland.
  - Wagners has capability to promptly establish ready-mix concrete plants in South East Queensland and plans to commission two plants in FY18 on existing sites, with both expected to become operational in Q4 FY18 and a further plant to become operational in early FY19 (all funded in FY18).
  - This will increase vertical integration of Wagners' operations, provide its cement business with another secure sales channel and provide additional exposure to continued expected growth in South East Queensland's ready-mix concrete market.

Wagners' NGBM segment has developed a range of industry-leading products and is expected to be a major platform for further growth.

- Wagners is well positioned to benefit from increasing demand for composite fibre products in the energy and civil construction industries. Management believes there is a sizeable and immediate opportunity to use composite fibre products in a broad range of engineering applications, particularly in the US, UK, New Zealand and Australian markets.
- Wagners has identified a pipeline of global opportunities for its EFC product, with India and Germany being the largest potential international opportunities in the near-term, and the Middle East being the largest potential long-term opportunity. These international growth opportunities for EFC are likely to be pursued through licensing/royalty arrangements and/or joint venture partnerships.

Wagners will continue to opportunistically target international projects requiring concrete, crushing or haulage supply and services where these projects meet Wagners' required return on investment criteria. Wagners' track record of success in international projects and the flexibility of its business model position the Company to capitalise on such opportunities as they arise in the future.

3.7. Employees and community

As at 1 October 2017, Wagners employed 532 FTE employees and contractors. Wagners is committed to attracting and retaining the highest quality personnel. Approximately 27% of Wagners' staff members have been with the Company for over five years, and approximately 13% have been with the Company for over ten years. The Company relies on the contribution of all employees to drive the business.

Approximately 75% of Wagners' employees (excluding contractors) are covered by enterprise agreements and other workplace agreements, which periodically require renegotiation and renewal. Wagners is currently party to six enterprise agreements covering its CMS businesses (see Section 7.5 for further details).

Wagners actively participates in local communities, and aims to support social issues and causes identified by its employees. Community involvement occurs through corporate donations, sponsorship, fund raising and employee participation.

Wagners encourages promotion from within the organisation, with both the CEO and the General Manager of Construction Materials and Services holding tenures of greater than 20 years.

3.8. Environmental and sustainability

Wagners recognises that proper care of the environment is a fundamental part of its corporate responsibility. Wagners is committed to mitigating its impact on the environment, reducing waste, recycling wherever possible, and reducing its consumption of energy. To uphold its commitment to the environment, Wagners has developed an environmental management system certified to international standard ISO 14001, which is independently audited annually by SAI Global.

Wagners' commitment goes beyond managing its impact on the environment. Wagners is an innovator of new products and technologies that are expected to have a profound positive effect on the environment in the future.

3.9. Occupational health and safety (OH&S)

Wagners recognises the importance of identifying and managing operational risk in the delivery of services to its customers. Wagners' risk strategy adopts the risk management practices outlined by the International Standard ISO 31000 and is consistent with the requirements of Wagners' OH&S Management System. Risk management provides a process to deal with and treat risks that may adversely affect Wagners' operations and allows it to capitalise on opportunities to improve performance.

Wagners is committed to achieving and maintaining the highest practical standards of workplace OH&S in all its operations. Wagners has a robust safety management system (**SMS**), developed to meet stringent Australian and International safety standards. The SMS has been certified to comply with AS/NZS 4801 and OHSAS 18001, and is independently audited by SAI Global annually.

3.10. Other regulatory matters

Wagners believes that all necessary permits and approvals are in place to ensure the lawful operation of its businesses. Wagners has systems in place to ensure ongoing compliance with all relevant regulatory requirements and conditions attaching to any permits and approvals.

SECTION 4

FINANCIAL INFORMATION

4.1. Introduction

4.1.1. Overview of Financial Information

The **Financial Information** for Wagners contained in this section includes:

Historical Financial Information:

- Historical carve-out financial information for Wagners (**Carve-out Historical Financial Information**), comprising the:
  - Summarised historical carve-out income statements for FY15, FY16 and FY17 (**Carve-out Historical Results**);
  - Summarised historical carve-out cash flow information for FY15, FY16 and FY17 (**Carve-out Historical Cash Flow Information**); and
  - Summarised historical carve-out statement of financial position as at 30 June 2017 (**Carve-out Historical Statement of Financial Position**).
- Pro forma historical financial information for Wagners (**Pro Forma Historical Financial Information**), comprising the:
  - Summarised pro forma historical consolidated income statements for FY15, FY16 and FY17 (**Pro Forma Historical Results**);
  - Summarised pro forma historical consolidated cash flow information for FY15, FY16 and FY17 (**Pro Forma Historical Cash Flow Information**); and
  - Pro forma historical consolidated statement of financial position as at 30 June 2017 (**Pro Forma Historical Statement of Financial Position**).

Forecast Financial Information:

- Statutory forecast financial information for Wagners (**Statutory Forecast Financial Information**), comprising the:
  - Summarised statutory forecast consolidated income statement for FY18 (**Statutory Forecast Results**); and
  - Summarised statutory forecast consolidated cash flow information for FY18 (**Statutory Forecast Cash Flow Information**).
- Pro forma forecast financial information for Wagners (**Pro Forma Forecast Financial Information**), comprising the:
  - Summarised pro forma forecast consolidated income statement for FY18 (**Pro Forma Forecast Results**); and
  - Summarised pro forma forecast consolidated cash flow information for FY18 (**Pro Forma Forecast Cash Flow Information**).

Also summarised in this section is:

- The basis of preparation and presentation of the Financial Information (see Section 4.2);
- Explanation of certain non-IFRS financial measures (see Section 4.3);
- Pro forma adjustments and reconciliations of the Carve-out Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro forma Forecast Financial Information (see Sections 4.4.3, 4.6.1 and 4.7.2);
- Segment information (see Section 4.5);
- Details of Wagners' indebtedness (see Section 4.6.2) and a description of the New Banking Facilities (see Section 4.6.3);
- Information regarding liquidity and capital resources (see Section 4.6.4) and working capital (see Section 4.8.5);
- Information regarding Wagners' capital and contractual commitments (see Section 4.6.5);
- Management's discussion and analysis of the Historical Financial Information (see Section 4.8) and Forecast Financial Information (see Section 4.9);
- The general assumptions and the Directors' specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1 and 4.9.2);
- An analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (see Section 4.10);
- A discussion of Wagners' financial risk management framework (see Section 4.11); and
- Wagners' proposed dividend policy (see Section 4.12).

The Financial Information presented in this Prospectus has been reviewed by PricewaterhouseCoopers Securities Limited, in accordance with the Australian Standard on *Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (refer to Section 9). The Investigating Accountant's Report on the Financial Information has been prepared solely in connection with the offer of Shares in Australia and New Zealand.

The information in this section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in the tables in this section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest hundred thousand.

4.2. Basis of preparation and presentation of the Financial Information

4.2.1. Overview

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (including the Australian Accounting Interpretations) (**AAS**), issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in an abbreviated form and does not include all the presentation and disclosures, statements or comparative information required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. Wagners' significant accounting policies are set out in Appendix A. The Directors note that the Forecast Financial Information does not consider the effect of AASB15 *Revenue* which is applicable from 1 July 2018 as the Company has not yet completed its assessment of the impact.

A discussion of the segments Wagners reports under AASB 8 *Operating Segments* is set out in Section 4.5.

The Financial Information in this section includes non-IFRS measures that Wagners uses to manage and report on its business that are not recognised under AAS or IFRS, as described in Section 4.3.

4.2.2. Preparation of Historical Financial Information

The Historical Financial Information is presented on a pro forma basis.

4.2.2.1. Preparation of Carve-out Historical Financial Information

The Carve-out Historical Financial Information has been extracted from the special purpose aggregated financial statements of Wagners Holding Company Operations Pty Ltd, Wagner Composite Fibre Technologies Pty Ltd, Wagner CFT Manufacturing Pty Ltd and Wagner EFC Pty Ltd for FY15, FY16 and FY17 (together, the **Carve-out Historical Financial Statements**). The Carve-out Historical Financial Information has been disclosed as it comprises the business that will be conducted by Wagners post IPO.

Wagners was incorporated on 2 November 2017. Following incorporation, Wagners obtained control of all of the subsidiary entities of Wagners Holding Company Operations Pty Ltd, being Wagners Composite Fibre Technologies Pty Ltd (WCFT), Wagners CFT Manufacturing Pty Ltd (WCFTM) and Wagner EFC Pty Ltd (WEFC) (with WCFT, WCFTM and WEFC together the **IPO Subsidiaries**). As part of the restructure, Wagners Holding Company Operations Pty Ltd indemnifies Wagners in respect of any stamp duty liability it may incur as a result of the restructure. Wagners will also obtain through a transfer, the plant and equipment (and associated finance liabilities) from Wagners Holding Company Operations Pty Ltd and at listing will reflect the financial position and holdings of Wagners Holding Company Operations Pty Ltd, as presented in the Carve-out Historical Financial Statements.

Wagners has determined that the acquisition of the IPO Subsidiaries represents a business combination involving entities under "common control", and therefore Wagners is not required to account for the restructure as a business combination under AASB 3 *Business Combinations*. Wagners has made an accounting policy election to consolidate the assets and liabilities of the IPO Subsidiaries at their historical carrying values, which are represented in this Prospectus as the Carve-out Historical Financial Information. As a result, the Carve-out Historical Financial Information incorporates the assets and liabilities of Wagners and the IPO Subsidiaries as if they had operated as a single consolidated group for FY15, FY16 and FY17.

In adopting this approach, the Directors note that there is judgement involved and that an alternate view would be that such an acquisition close to Completion of the Offer might be accounted for as a business combination. In the event that the business combination of the IPO Subsidiaries contemplated by the Offer were required to be recorded at fair value:

- The net assets of IPO Subsidiaries would be increased to reflect fair value on acquisition allocated to tangible and intangible assets, and the excess to goodwill; and
- Any increase in the values ascribed to tangible and intangible assets as a result of the transaction, compared to the reported carrying values at 30 June 2017, would reduce Net Profit after Tax (NPAT) by the annual depreciation and amortisation of these assets.

The precise impact of any acquisition accounting, if it were required to be applied in the future, cannot be accurately determined at this time, as a formal purchase price allocation has not been carried out.

The Carve-out Historical Financial Statements were audited by BDO in accordance with Australian Auditing Standards. These consolidated financial statements are special purpose financial statements, which have been prepared in accordance with the recognition and measurement standards specified by the Australian Accounting Standards and Interpretations issued by the AASB. BDO issued an unmodified opinion in respect of those periods.

4.2.2.2. Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Financial Information has been derived from the Carve-out Historical Financial Information, adjusted to reflect the:

- Removal of certain one off non-recurring items;
- Estimated standalone corporate costs currently incurred by WGH that will be transferred to Wagners on a go forward basis plus additional incremental costs associated with

Wagners being a listed company, including estimated Board and governance costs, and incremental audit, tax and compliance costs;

- Removal of income/expenses pertaining to changes in the capital structure arising as a result of the Offer (see Sections 4.6.1 and 4.6.2 for more information regarding the new capital structure); and
- Tax effect of the above pro forma adjustments, determined using the relevant applicable effective corporate tax rate.

A detailed description of the pro forma adjustments that have been made to the Carve-out Historical Financial Information is provided as follows:

- Section 4.4.3 provides a reconciliation of the Carve-out Historical Results to the Pro Forma Historical Results;
- Section 4.6.1 provides a reconciliation of the Carve-out Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position; and
- Section 4.7.2 provides a reconciliation of the Carve-out Historical Cash Flow Information to the Pro Forma Historical Cash Flow Information.

4.2.3. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared for inclusion in this Prospectus. The Directors have prepared the Forecast Financial Information with due care and attention, and consider all specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the general assumptions and the Directors' specific assumptions set out in Sections 4.9.1 and 4.9.2. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Wagners' actual financial performance or financial position.

Investors are advised to review the general assumptions and the Directors' specific assumptions set out in Sections 4.9.1 and 4.9.2, in conjunction with the significant accounting policies set out in Appendix A, the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and other information set out in this Prospectus.

The forecast consolidated income statement and cash flows for FY18 have been presented on both a statutory and pro forma basis, as follows:

- The Pro Forma Forecast Financial Information for FY18 reflect the financial performance and cash flows that the Directors would expect for Wagners had Completion of the Offer occurred on 1 July 2017, having regard to the actual trading performance of Wagners for the first two months of FY18;
- The Pro Forma Forecast Financial Information for FY18 is derived from the Statutory Forecast Financial Information, adjusted to reflect:
  - The inclusion of part year earnings of the IPO Subsidiaries assuming Completion of the Offer had occurred on 1 July 2017;
  - The exclusion of certain material and non-operating or non-recurring expenses and income related to the IPO and Completion of the Offer;
  - The New Banking Facilities as though these had been in place from 1 July 2017;
  - Estimated standalone corporate costs currently incurred by WGH that will be transferred to Wagners on a go forward basis plus additional incremental costs associated with Wagners being a listed company, including estimated Board and governance costs, and incremental audit, tax and compliance costs assuming Completion of the Offer had occurred on 1 July 2017; and
  - Income tax effect of above pro forma adjustments is determined using the relevant applicable effective corporate tax rate.

Table 4 in Section 4.4.3 provides a reconciliation from the Statutory Forecast Results to the Pro Forma Forecast Results. Similarly, Table 11 in Section 4.7.2 provides a reconciliation from the Statutory Forecast Cash Flow Information to the Pro Forma Forecast Cash Flow Information.

The basis of preparation and presentation of the Pro Forma Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Directors have no intention to update or revise the Forecast Financial Information or other forward looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.3. Explanation of certain non-IFRS financial measures

Wagners uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are referred to as non-IFRS financial measures. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with AAS or IFRS and not be a substitute for those measures. Because non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that Wagners calculates them may be different to the way that other companies calculate similarly-titled measures.

The principal non-IFRS financial measures used in this Prospectus are described below.

4.3.1. Income statement

EBITDA and EBITDA margin

EBITDA is earnings before interest, taxation, depreciation and amortisation, and significant non-cash and one-off items.

Given that it eliminates the non-cash charges for depreciation and amortisation, management believes that EBITDA is useful to help understand the cash generation potential of the business. However, it should not be considered as an alternative to cash flow from operations because it does not reflect actual cash movements or movements in Wagners' working capital (refer Section 4.3.2).

EBITDA margin is calculated as EBITDA divided by revenue and is expressed as a percentage.

Management uses EBITDA and EBITDA margin to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are affected by the capital structure and historical tax position of Wagners.

EBIT and EBIT margin

EBIT is earnings before interest and taxation, and significant non-cash or one-off items. EBIT margin is calculated as EBIT divided by revenue and expressed is as a percentage.

Some of the limitations of EBITDA, EBITDA margin, EBIT and EBIT margin are that these measures do not reflect the following:

- Wagners' available cash or capital expenditure;
- Changes in Wagners' working capital needs;
- The cash requirements necessary to service interest payments or principal repayments in respect of any borrowings;
- Although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will have to be replaced in the future and there will likely be cash requirements for such replacements; and
- Other companies in Wagners' industry may calculate these measures differently from how Wagners does, thereby limiting their usefulness as comparative measures.

Gross profit

- Gross profit reflects the margin on sales after incorporating cost of raw materials, royalties and transport costs. It does not include any indirect expenses.

4.3.2. Statement of financial position

Working capital

Working capital is the total of trade receivables and inventories less its trade payables, other creditors and accruals, Good and Services Tax (**GST**) liabilities and employee liabilities. Management believes this allows the Company to measure its short-term liquidity.

Some of the limitations of working capital are that:

- It does not reflect Wagners' future requirements for working capital, capital expenditure, or contractual commitments; and
- Other companies in Wagners' industry may calculate this measure differently from how Wagners does, thereby limiting its usefulness as a comparative measure.

Net debt

Net debt represents total borrowings (including finance leases), less cash and cash equivalents. Management believes this is a useful measure as it displays Wagners' credit position.

One of the limitations of this measure is that cash and cash equivalents may be required for purposes other than debt reduction.

4.3.3. Cash flow information

Capital expenditure

Capital expenditure relates to the acquisition of new equipment to maintain the existing operations and earnings of Wagners and to meet customer project requirements. Capital expenditure is also spent to increase revenues and earnings through the expansion of operating activities and capacity, and to enhance production efficiencies. Management believes this measure allows the Company to evaluate its ability to acquire long term assets using Free Cash Flow (refer below).

One of the limitations of this measure is that other companies in Wagners' industry may calculate this measure differently from how Wagners does, thereby limiting its usefulness as a comparative measure.

Operating Cash Flow

Operating Cash Flow represents net cash from operating activities before interest received, interest and finance charges paid and tax paid. As a result, it is a measure of the Operating Cash Flow generated by the business before capital expenditure. It is important to note that Operating Cash Flow does not take into account the requirements of the business for cash to fund financing costs (such as interest expenses and bank fees), debt repayments and tax payments.

Free Cash Flow

Free Cash Flow is defined as net cash from operating and investing activities before interest received, interest and finance charges paid and tax paid. As a result, it is a measure of the Operating Cash Flow generated by the business after capital expenditure and other investing activities but before net interest paid and tax paid.

Management views Operating Cash Flow and Free Cash Flow as important measures as they allow for measurement of Wagners' ability to generate cash and reduce its debt.

Some of the limitations of these measures are:

- Cash flow under these measures is not available exclusively for discretionary expenditures as cash is required for non-discretionary expenditures, such as interest payments and principal repayments on outstanding debt, and dividend payments or operating expenses; and
- Other companies in Wagners' industry may calculate these measures differently from how Wagners does, thereby limiting their usefulness as comparative measures.

4.4. Historical and forecast results

4.4.1. Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

Table 1 sets out the Pro Forma Historical Results for FY15, FY16 and FY17 and the Pro Forma Forecast Results and Statutory Forecast Results for FY18. The Carve-out Historical Results and Statutory Forecast Results are reconciled to the Pro Forma Historical Results and Pro Forma Forecast Results in Table 4. The Pro Forma Forecast Results and Statutory Forecast Results are subject to the general assumptions and the Directors' specific assumptions underlying the Forecast Financial Information (see Section 4.9).

TABLE 1
Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

		Pro forma historical			Pro forma forecast	Statutory forecast
$ MILLION	**NOTES**	**FY15**	**FY16**	**FY17**	**FY18**	**FY18**
Revenue		**250.7**	**195.3**	**192.7**	**231.8**	**217.3**
Cost of sales	1	(99.7)	(84.1)	(83.8)	(89.4)	(82.9)
Gross profit		**151.0**	**111.2**	**108.9**	**142.4**	**134.4**
Other income	2	6.0	2.6	2.7	2.1	2.1
Operating costs	3	(120.2)	(70.0)	(71.4)	(94.5)	(90.0)
EBITDA		**36.8**	**43.7**	**40.1**	**50.0**	**46.5**
Depreciation and amortisation	4	(19.1)	(15.3)	(11.8)	(10.1)	(9.7)
EBIT		**17.6**	**28.4**	**28.3**	**39.9**	**36.8**
Fair value adjustments on derivative instruments	5	(3.7)	(2.7)	2.5	–	–
Impairment of property, plant and equipment	6	(13.9)	(3.5)	(0.0)	–	–
Onerous contract expense	7	–	–	(2.3)	–	–
Net finance costs	8	(7.3)	(6.2)	(6.5)	(6.7)	(8.0)
Profit before tax		**(7.3)**	**16.1**	**22.0**	**33.2**	**28.8**
Income tax expense	9	2.4	(4.1)	(6.6)	(10.0)	(8.6)
NPAT		**(4.9)**	**12.0**	**15.4**	**23.2**	**20.1**

Notes:
1. Cost of sales includes raw materials, royalties and transport costs.
2. Other income includes income derived from Wagners' diesel fuel rebates, dividends, government grants and royalties.
3. Operating costs include employee, plant & equipment, property and selling, general and administrative related costs. The FY18 statutory forecast also includes costs associated with the Offer to be expensed of $3.7 million.
4. Depreciation and amortisation relates to the depreciation of property, plant and equipment.
5. These are non-cash fair value adjustments on interest rate and foreign exchange derivatives held by Wagners (as described in Sections 4.11.2 and 4.11.3).
6. These are non-cash impairments which the business incurred in relation to specialised assets which were no longer required or able to be used by Wagners.
7. This relates to a provision raised in FY17 in respect of expected future losses from an on-site precast project which has been deemed onerous. WGH has provided an indemnity to Wagners for any losses (including liquidated damages) arising from the contract from 1 July 2017, over and above the $2.3 million provision recognised by Wagners at 30 June 2017. Refer to Section 6.2.3.5 for further details.
8. Pro forma net finance costs in FY15 to FY17 have been adjusted to reflect the terms of the New Banking Facilities. Refer to Section 4.6.3 for further details.
9. Pro forma income tax expense has been calculated based on the statutory income tax expense, adjusted for the tax effect of each of the pro forma adjustments set out in Section 4.4.3. The pro forma forecast income tax expense is forecast based on the current Australian corporate tax rate of 30%. The pro forma effective tax rate is forecast to be approximately 30% in FY18.

Table 2 provides a summary of Wagners' pro forma historical key operating and financial metrics for FY15, FY16 and FY17 and the pro forma forecast key operating and financials metrics for FY18.

TABLE 2
Pro forma historical and forecast key operating and financial metrics for FY15 to FY18

		Pro forma historical			Pro forma forecast
	NOTES	FY15	FY16	FY17	FY18
Key operating metrics					
Cement volume growth (%)		n.a.	15.1%	4.8%	9.3%
Key financial metrics	1				
Revenue growth (%)		n.a.	(22.1%)	(1.4%)	20.3%
Gross profit growth (%)		n.a.	(26.4%)	(2.1%)	30.8%
Gross profit margin (%)	2	60.2%	56.9%	56.5%	61.4%
EBITDA growth (%)		n.a.	19.0%	(8.3%)	24.5%
EBITDA margin (%)		14.7%	22.4%	20.8%	21.6%
EBIT growth (%)		n.a.	61.5%	(0.4%)	40.9%
EBIT margin (%)		7.0%	14.6%	14.7%	17.2%

Notes:
1. Refer to Section 4.3 for explanations of non-IFRS and other financial measures.
2. Gross profit margin is calculated as gross profit divided by revenue and expressed as a percentage.

4.4.2. Carve-out Historical Results

Table 3 sets out the Carve-out Historical Results for FY15, FY16 and FY17.

TABLE 3
Summary of Carve-out Historical Results

$ MILLION	NOTES	FY15	FY16	FY17
Revenue		**250.7**	**195.3**	**192.7**
Cost of sales	1	(99.8)	(84.2)	(81.0)
Gross profit		**150.9**	**111.2**	**111.6**
Other income	2	8.4	4.7	4.5
Operating costs	3	(116.1)	(66.0)	(66.2)
EBITDA		**43.2**	**49.9**	**49.8**
Depreciation and amortisation	4	(21.5)	(17.4)	(13.6)
EBIT		**21.7**	**32.5**	**36.3**
Fair value adjustment on derivative instruments	5	(3.7)	(2.7)	2.5
Impairment of property plant and equipment	6	(13.9)	(3.5)	(0.0)
Onerous contract expenses	7	–	–	(2.3)
Net finance costs		(9.2)	(8.9)	(9.2)
Profit before tax		**(5.2)**	**17.4**	**27.2**
Income tax expense		1.7	(4.5)	(8.2)
NPAT		**(3.5)**	**12.9**	**19.0**

Notes:
1. Cost of sales includes raw materials, royalties and transport costs.
2. Other income includes income derived from Wagners' diesel fuel rebates, dividends, government grants and royalties.
3. Operating costs include employee, plant & equipment, property and selling, general and administrative related costs.
4. Depreciation and amortisation relates to the depreciation of property, plant and equipment.
5. These are non-cash fair value adjustments on interest rate and foreign exchange derivatives held by Wagners (as described in Sections 4.11.2 and 4.11.3).
6. These are non-cash impairments which the business incurred in relation to specialised assets which were no longer required or able to be used by Wagners.
7. This relates to a provision raised in FY17 in respect of expected future losses from an on-site precast project which has been deemed onerous. WGH has provided an indemnity to Wagners for any losses (including liquidated damages) arising from the contract from 1 July 2017, over and above the $2.3 million provision recognised by Wagners at 30 June 2017. Refer to Section 6.2.3.5 for further details.

4.4.3. Pro forma adjustments to the Carve-out Historical Results and Statutory Forecast Results

Table 4 sets out the reconciliation of revenue, EBITDA and NPAT from the Carve-out Historical Results and the Statutory Forecast Results to the Pro Forma Historical Results and the Pro Forma Forecast Results, respectively.

The Pro Forma Forecast Results and Statutory Forecast Results are subject to general assumptions and the Directors' specific assumptions underlying the Forecast Financial Information (see Section 4.9).

TABLE 4

Pro forma adjustments to the Carve-out Historical Results and Statutory Forecast Results

$ MILLION	NOTES	FY15	FY16	FY17	FY18
			Historical		Forecast
Carve-out historical revenue / FY18 statutory forecast revenue		**250.7**	**195.3**	**192.7**	**217.3**
Contributions from IPO Subsidiaries	1	–	–	–	14.4
Pro forma revenue		**250.7**	**195.3**	**192.7**	**231.8**
Carve-out historical EBITDA / FY18 statutory forecast EBITDA		**43.2**	**49.9**	**49.8**	**46.5**
Excluded assets	2	(2.4)	(2.1)	(1.8)	–
Standalone corporate costs	3	(4.0)	(4.0)	(4.0)	(1.7)
Reversal of one-off clinker benefit	4	–	–	(2.8)	–
Reversal of one-off gain on sale of quarry	5	–	–	(1.1)	–
Contributions from IPO Subsidiaries	1	–	–	–	1.5
Reversal of costs of the Offer	6	–	–	–	3.7
Pro forma EBITDA		**36.8**	**43.7**	**40.1**	**50.0**
Carve-out historical NPAT / FY18 statutory forecast NPAT		**(3.5)**	**12.9**	**19.0**	**20.1**
Excluded assets	2	0.2	0.1	0.0	0.0
Revised debt structure	7	1.2	1.8	1.9	–
Standalone corporate costs	3	(2.8)	(2.8)	(2.8)	(1.2)
Reversal of one-off clinker benefit	4	–	–	(2.0)	–
Reversal of one-off gain on sale of quarry	5	–	–	(0.8)	–
Contributions from IPO Subsidiaries	1	–	–	–	0.8
Reversal of costs of the Offer	6	–	–	–	2.6
Net finance costs	8	–	–	–	0.9
Pro forma NPAT		**(4.9)**	**12.0**	**15.4**	**23.2**

Notes:

1. **Contributions from IPO Subsidiaries** – an adjustment to reflect additional contributions from the IPO Subsidiaries as if these business lines had been included in Wagners since 1 July 2017, rather than from 1 December 2017.
2. **Excluded assets** – relates to assets that will be transferred out of Wagners to WGH as part of the IPO. The pro forma EBITDA impact reflects the reversal of an asset utilisation fee from other income (equivalent to the depreciation). The pro forma NPAT impact also includes the reversal of the depreciation charge on these assets and associated financing costs.
3. **Standalone corporate costs** – an adjustment has been made to include Wagners' estimate of the corporate costs incurred by WGH that will be transferred to Wagners going forward. In addition, standalone corporate costs include the incremental annual costs that Wagners will incur as a listed public company, including Directors' remuneration, additional Directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, Share Registry costs and annual general meeting costs. Annual costs are $4.0 million ($2.8 million post-tax). FY18 statutory NPAT will include 7 months of costs ($1.7 million on pro-rata basis), assuming Completion of the Offer occurs on 1 December 2017, therefore $1.2 million of costs have been reflected in the pro forma NPAT for FY18.
4. **Reversal of one-off clinker benefit** – an adjustment has been made to reverse a one-off gain ($2.8 million pre-tax) from writing off a creditor in relation to a below-specification clinker shipment. Given Wagners did not have to pay for the clinker, a gain was reflected in cost of sales in FY17.
5. **Reversal of one-off gain on sale of quarry** – an adjustment has been made for a dormant quarry which was sold at a premium ($1.1 million pre-tax) to its book value on the basis that this does not represent part of Wagners' business post IPO.
6. **Reversal of costs of the Offer** – an adjustment to reverse the costs associated with the Offer to be expensed ($3.7 million pre-tax).
7. **Revised debt structure** – an adjustment to reflect the expected capital structure post listing, which will include a $100.0 million term loan of which $50.0 million will be drawn at IPO with the remainder used to fund future expansion and working capital requirements post IPO. The hire purchase liabilities currently in place will continue post IPO. Refer to Section 4.6.2 for further details.
8. **Net finance costs** – an adjustment to reflect estimated interest expense as if the New Banking Facilities had been in place since 1 July 2017.

4.5. Segment information

In accordance with Australian Accounting Standard AASB 8, Wagners has determined that its reporting segments comprise Construction Materials and Services and New Generation Building Materials. These segments represent the manner in which Wagners expects to report in future periods. Wagners was not required to disclose segment information in its Carve-out Historical Financial Statements as these were special purpose accounts. Wagners has, however, disclosed certain segment information in respect of FY15-18 in Table 5 for the purposes of a discussion of Wagners' results.

TABLE 5
Segment Pro Forma Historical Results and Pro Forma Forecast Results

	Pro forma historical			Pro forma forecast	Growth rates (%)		
$ MILLION	**FY15**	**FY16**	**FY17**	**FY18**	**FY15-FY16**	**FY16-FY17**	**FY17-FY18**
Revenue							
Construction Materials and Services	248.2	177.1	177.1	209.6	(28.6%)	(0.0%)	18.4%
New Generation Building Materials	19.7	20.4	23.0	29.3	3.5%	12.9%	27.7%
Corporate / other	1.3	0.5	0.5	0.3	(60.1%)	(11.1%)	(28.1%)
Eliminations	(18.5)	(2.7)	(7.9)	(7.5)	n.a.	n.a.	n.a.
Total revenue	**250.7**	**195.3**	**192.7**	**231.8**	**(22.1%)**	**(1.4%)**	**20.3%**
EBITDA							
Construction Materials and Services	48.9	46.9	44.8	52.7	(4.1%)	(4.5%)	17.7%
New Generation Building Materials	0.2	2.9	1.2	3.1	n.m.	(57.6%)	147.5%
Corporate / other	(12.4)	(6.1)	(5.9)	(5.8)	(50.6%)	(2.7%)	(1.6%)
Total EBITDA	**36.8**	**43.7**	**40.1**	**50.0**	**19.0%**	**(8.3%)**	**24.5%**
EBITDA margin (%)							
Construction Materials and Services	19.7%	26.5%	25.3%	25.2%	n.a.	n.a.	n.a.
New Generation Building Materials	0.8%	14.4%	5.4%	10.4%	n.a.	n.a.	n.a.
EBITDA margin	**14.7%**	**22.4%**	**20.8%**	**21.6%**	**n.a.**	**n.a.**	**n.a.**
EBIT							
Construction Materials and Services	31.0	32.8	34.1	43.8	5.7%	3.8%	28.6%
New Generation Building Materials	(1.0)	1.8	0.3	2.0	n.a.	(85.9%)	695.7%
Corporate / other	(12.5)	(6.2)	(6.0)	(5.9)	(50.4%)	(3.0%)	(0.9%)
Total EBIT	**17.6**	**28.4**	**28.3**	**39.9**	**n.a.**	**(0.4%)**	**40.9%**
EBIT margin (%)							
Construction Materials and Services	12.5%	18.5%	19.2%	20.9%	n.a.	n.a.	n.a.
New Generation Building Materials	n.a.	8.9%	1.1%	6.9%	n.a.	n.a.	n.a.
EBIT margin	**7.0%**	**14.6%**	**14.7%**	**17.2%**	**n.a.**	**n.a.**	**n.a.**

4.6. Statement of financial position

4.6.1. Carve-out Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

Table 6 sets out the adjustments that have been made to the Carve-out Historical Statement of Financial Position of Wagners as at 30 June 2017 to present a Pro Forma Historical Statement of Financial Position for Wagners as though the Offer had been completed on 30 June 2017. These adjustments reflect the events and assumptions discussed in the notes to Table 6, including the proceeds of the Offer and the impact of the operating and capital structure that will be in place following Completion of the Offer as if they had occurred or were in place as at 30 June 2017.

The adjustments also include assumptions relating to the Offer which include matters not known at the Prospectus Date, including for example, the Offer Price, the extent of sell down by the Vendor and the number of New Shares to be issued by Wagners. The Pro Forma Historical Statement of Financial Position is therefore provided for illustrative purposes only and is not necessarily indicative of Wagners' view of its future financial position.

In particular, cash and cash equivalents in the Pro Forma Historical Statement of Financial Position have been adjusted to reflect the impact of the Offer and the refinancing arrangements as if they took place as at 30 June 2017, and as such are not adjusted for the expected cash flows of the business between 30 June 2017 and Completion of the Offer. Refer to Table 7 for a more detailed breakdown on property, plant and equipment and Table 8 for estimated financial indebtedness as at 30 June 2017.

On Completion of the Offer, Wagners will issue new equity and draw down on its New Banking Facilities (see Section 4.6.3), with proceeds from the sale of New Shares used to pay:

- Amounts owed by Wagners under its Existing Banking Facilities (including debt break fees and associated derivatives) in place prior to Completion of the Offer; and
- Other transaction advisory fees, costs and expenses arising in connection with the Offer.

Further information on the sources and uses of funds of the Offer is contained in Section 8.1.3 and further information on the New Banking Facilities is contained in Section 4.6.3.

TABLE 6
Carve-out Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2017

$ MILLION	NOTES	CARVE-OUT	PRO FORMA ADJUSTMENTS	PRO FORMA
Current assets				
Cash and cash equivalents	1	7.9	(1.5)	6.4
Trade and other receivables		28.3	–	28.3
Inventories		12.4	–	12.4
Other current assets		0.9	–	0.9
Total current assets		**49.4**	**(1.5)**	**47.9**
Non-current assets				
Financial assets		0.0	–	0.0
Property, plant and equipment	2	120.2	(11.4)	108.8
Deferred tax assets	3	6.4	1.8	8.2
Intangible assets		0.0	–	0.0
Total non-current assets		**126.6**	**(9.6)**	**117.0**
Total assets		**176.0**	**(11.1)**	**164.9**
Current liabilities				
Trade and other payables		27.8	–	27.8
Current financial liabilities	4	155.9	(144.9)	11.0

$ MILLION	NOTES	CARVE-OUT	PRO FORMA ADJUSTMENTS	PRO FORMA
Current tax liability	5	0.0	(0.4)	(0.4)
Short-term provisions	6	6.8	(1.0)	5.8
Total current liabilities		**190.5**	**(146.3)**	**44.2**
Non-current liabilities				
Non-current financial liabilities	7	6.8	48.8	55.6
Deferred tax liabilities		0.5	–	0.5
Long-term provisions	8	0.4	(0.0)	0.4
Total non-current liabilities		**7.8**	**48.8**	**56.5**
Total liabilities		**198.3**	**(97.5)**	**100.7**
Net assets		**(22.3)**	**86.5**	**64.2**
Equity				
Issued equity	9	269.6	97.3	366.9
Distributions to related parties		(311.8)	–	(311.8)
Reserves		(11.1)	–	(11.1)
Retained earnings	10	30.9	**(10.9)**	**20.1**
Total equity		**(22.3)**	**86.5**	**64.2**

Notes:

1. **Cash and cash equivalents** – adjustment reflects the receipt of net proceeds from the issue of New Shares under the Offer ($100.0 million), offset by reduction of borrowings funded by IPO proceeds ($ 94.0 million) and the payment of estimated costs associated with the Offer ($7.5 million).
2. **Property, plant and equipment** – assets that management has identified which are not required for the ongoing listed business. These had a carrying value of $11.4m at 30 June 2017 and will be transferred out of Wagners as part of the IPO.
3. **Deferred tax assets** – adjustment reflects a deferred tax asset increase related to the costs associated with the Offer ($1.8 million).
4. **Current financial liabilitie**s –adjustment reflects the repayment and refinance of current term debt of $144.0 million. Also reflected the exclusion of hire purchase liabilities 30 June 2017 associated with the identification of assets that are not required for the listed business in adjustment 2 ($0.9 million).
5. **Current tax liabilities** – adjustment reflects a reduction in current tax liabilities related to the costs associated with the Offer ($0.4 million).
6. **Short-term provisions** – adjustment reflects the annual and current long service leave balances associated with employees who will be transferred to WGH and therefore no longer employed by Wagners following the IPO ($1.0 million).
7. **Non-current financial liabilities** – adjustment reflects the proposed draw-down of New Banking Facilities ($50.0 million) and the exclusion of hire purchase liabilities associated with the identification of assets that are not required for the listed business ($1.2 million).
8. **Long-term provisions** – adjustment reflects the long service leave balances associated with employees who will be transferred to WGH and therefore no longer employed by Wagners following the IPO ($0.03 million).
9. **Issued equity** – adjustment reflects the issue of $100.0 million of New Shares under the Offer, offset by non-recurring IPO costs directly attributable to the issue of New Shares under the Offer of $3.8 million ($2.7 million after tax).
10. **Retained earnings** – adjustment reflects estimated costs of the Offer to be expensed of $3.7 million ($2.6 million after tax), the carrying value less related finance obligations from assets not required for the ongoing listed business ($9.3 million), and a gain from the reduction in annual and long service leave balances associated with employees who will be transferred to WGH immediately prior to the IPO ($1.0 million). Costs of the Offer are assumed to be expensed immediately, and tax deductible over a 5 year period.

TABLE 7
Property, plant and equipment

$ MILLION	CARVE-OUT	PRO FORMA
Cost	0.2	0.2
Accumulated depreciation	(0.0)	(0.0)
Buildings and improvements	**0.2**	**0.2**
Cost	84.2	84.2
Accumulated depreciation	(13.5)	(13.5)
Cement manufacturing plant, buildings and improvements	**70.6**	**70.6**
Cost	1.0	-
Accumulated depreciation	(0.3)	-
Aircraft	**0.7**	**-**
Cost	77.5	65.2
Accumulated depreciation	(49.8)	(45.2)
Plant and equipment	**27.6**	**20.0**
Cost	34.0	27.1
Accumulated depreciation	(15.2)	(11.4)
Motor vehicles	**18.8**	**15.7**
Cost	2.4	2.4
Accumulated depreciation	-	-
Assets under construction	**2.4**	**2.4**
Total PPE	**120.2**	**108.8**

4.6.2. Indebtedness

The Pro Forma Historical Statement of Financial Position as at 30 June 2017 has been adjusted to reflect the expected impact of the Offer and New Banking Facilities as if they took place at that date, in accordance with ASIC Regulatory Guide 228 paragraph 92. As such, pro forma net debt as at 30 June 2017 of $60.2 million does not reflect the expected cash flows of the business between 30 June 2017 and Completion of the Offer.

Table 8 sets out the consolidated indebtedness of Wagners as at 30 June 2017.

TABLE 8
Consolidated indebtedness as at 30 June 2017

$ MILLION	CARVE-OUT	PRO FORMA
Financial liabilities		
Current	155.9	11.0
Non-current	6.8	55.6
Total financial liabilities	**162.7**	**66.6**
Cash and cash equivalents	(7.9)	(6.4)
Net debt	**154.8**	**60.2**
Pro forma net debt / FY17 pro forma EBITDA (x)		1.5x
Pro forma net debt / FY18 pro forma forecast EBITDA (x)		1.2x
Pro forma FY17 EBITDA / FY17 pro forma net finance costs (x)		6.2x
Pro forma FY18 EBITDA / FY18 pro forma forecast net finance costs (x)		7.5x

Notes:
Refer to Section 4.6.1 for details of the pro forma adjustments that have been made to the Carve-out Historical Statement of Financial Position to present the Pro Forma Historical Statement of Financial Position.

4.6.3. Description of the New Banking Facilities

The Company has received binding commitment letters in relation to new three year revolving cash advance facilities totalling $137.5 million (the **Core Debt Facilities**). The commitment letters also include commitments for working capital facilities in various forms and tenors for up to $41.7 million in total (**Working Capital Facilities**). These facilities are provided on a club basis.

The availability of the Core Debt Facilities and Working Capital Facilities is subject to satisfaction of various conditions precedent, including Listing and other conditions precedent usual for facilities of this nature.

The Core Debt Facilities, Working Capital Facilities and other finance documents designated from time to time (including hedging agreements) will have the benefit of cross guarantees and a first ranking all asset security package granted by the Company and its subsidiaries (other than the subsidiaries involved in the offshore operations initially) to a security trustee. The security trustee will hold that security for the benefit of the financiers, certain hedge providers and providers of other facilities from time to time.

The finance documents require that the guarantees and security be given by the Company and sufficient of its subsidiaries so that at least 95% of the total assets and EBITDA of the group are subject to these obligations.

The finance documents will contain certain representations, undertakings and events of default which are usual for facilities of this nature. Any breach of the representations or undertakings, or the occurrence of an event of default, may lead to the funds borrowed becoming due and the facilities being cancelled. The Company expects to remain in compliance with the terms and conditions of the finance documents.

In addition, the finance documents will include review events, which will occur if (in each case without the consent of the financiers):

- There is an acquisition of control for the purpose of section 50AA of the Corporations Act of the Company by a person (or persons acting together) who do not control the Company at the date of the finance documents, except to the extent that control is acquired by an Ultimate Shareholder or more than one Ultimate Shareholder; and
- The cement supply agreement dated 8 December 2011 with Boral Resources (Qld) Pty Ltd and Boral Limited is terminated (except by performance).

If a review event occurs, the parties will be required to try and negotiate revised terms for the Core Debt Facilities and Working Capital Facilities. If agreement cannot be reached within a certain period, then it may lead to some or all of the funds borrowed becoming due and the facilities being cancelled.

The finance documents will also contain financial undertakings usual for facilities of this nature, including ensuring that:

- The fixed charge cover ratio exceeds 1.5x (this is the ratio of EBITDA plus rental expense to rental expense plus interest expense);
- The debt to EBITDA ratio is less than 3.0x (this is the ratio of gross financial indebtedness to EBITDA); and
- Payment of dividends is to be limited to 100% of NPAT.

The Company expects to remain in compliance with the financial undertakings.

It is noted that certain subsidiaries of the Company, together with other companies not forming part of the group post Listing, are parties to the Existing Banking Facilities which will be discharged upon receipt by the Company of the proceeds of the new shares to be issued by the Company. The first drawdown under the Core Debt Facilities and the Working Capital Facilities will also occur at this time and also be used, in part, to refinance the Existing Banking Facilities.

4.6.4. Liquidity and capital resources

Following Completion of the Offer, Wagners' principal sources of funds will be cash flows from operations and borrowings under the New Banking Facilities. At Completion of the Offer and after payment of Offer related costs and expenses, Wagners will have access to undrawn funds of approximately $50.0 million in the facilities to fund working capital, capital expenditure and for other general corporate purposes.

Wagners expects that it will have sufficient Operating Cash Flows to fund its operational requirements and business needs during FY18 and that its Operating Cash Flows, together with borrowings under the New Banking Facilities, will position Wagners to grow its business in accordance with the Forecast Financial Information.

Wagners' ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions and other risks described in Section 5. Over time, Wagners may seek additional funding from a range of sources to diversify its funding base to reduce reliance on the bank finance market and to manage its exposure to interest rate risk on long term borrowings. For additional information on Wagners' financial risk management framework, see Section 4.11.

4.6.5. Capital and contractual commitments

Table 9 summarises Wagners' pro forma capital and contractual commitments as at 30 June 2017.

TABLE 9
Pro forma capital and contractual commitments

$ MILLION	NOTES	LESS THAN 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
Capital expenditure commitments	1	2.6	-	-	2.6
Non-cancellable operating leases	2	6.2	8.4	28.4	43.1
Borrowings	3	11.0	55.6	-	66.6
Total		19.8	64.0	28.4	112.2

Notes:
1. Capital expenditure commitments represent contracted capital projects that are not recognised in the statement of financial position.
2. Non-cancellable operating leases primarily represent leases for buildings which are contracted but not capitalised.
3. Borrowings and interest repayments in relation to the New Banking Facilities and existing hire purchase and chattel mortgages. See Section 4.6.3.

Future accounting for leases

Once adopted by Wagners, AASB 16 *Leases* will remove the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.

There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15 *Revenue from Contracts with Customers*. Wagners anticipates that AASB 16 will be adopted in respect of the FY20 reporting period, FY19 comparatives will be presented in the 31 December 2019 half-yearly accounts.

4.7. Historical and forecast cash flow information

4.7.1. Pro Forma Historical Cash Flow Information, Pro Forma Forecast Cash Flow Information and Statutory Forecast Cash Flow Information

Table 10 sets out the Pro Forma Historical Cash Flow Information, the Pro Forma Forecast Cash Flow Information and the Statutory Forecast Cash Flow Information. The Pro Forma Forecast Cash Flow Information and Statutory Forecast Cash Flow Information are subject to the general assumptions and the Directors' specific assumptions underlying the Forecast Financial Information (see Section 4.9).

TABLE 10
Summary of Pro Forma Historical Cash Flow Information, Pro Forma Forecast Cash Flow Information and Statutory Forecast Cash Flow Information

		Pro forma historical			Pro forma forecast	Statutory forecast
$ MILLION	**NOTES**	**FY15**	**FY16**	**FY17**	**FY18**	**FY18**
EBITDA		**36.8**	**43.7**	**40.1**	**50.0**	**46.5**
Non-cash items	1	3.9	(1.0)	(0.9)	–	–
Changes in working capital	2	(4.5)	9.3	2.5	6.7	6.7
Operating Cash Flow		**36.2**	**52.0**	**41.8**	**56.7**	**53.2**
Operating Cash Flow conversion ratio (%)		*98.4%*	*118.9%*	*104.1%*	*113.4%*	*114.4%*
Capital expenditure	3	(9.2)	(0.9)	(4.1)	(20.6)	(20.6)
Proceeds from sale of property, plant and equipment	4	14.8	3.2	2.2	–	–
Free Cash Flow		**41.7**	**54.3**	**39.9**	**36.1**	**32.6**
Free Cash Flow conversion ratio (%)		*113.5%*	*124.1%*	*99.4%*	*72.2%*	*70.1%*
Interest and finance charges paid	5				(6.7)	(8.0)
Tax paid	6				(10.0)	(9.3)
Proceeds from borrowings	7				12.3	12.3
Repayment of borrowings	8				(10.1)	(10.6)
Proceeds from issue of New Shares	9				-	96.2
Net cash flow (before dividends)					**21.6**	**113.2**

Notes:
1. Non-cash items include add back of bad debt expense, the loss / (gain) on sale of assets.
2. Includes movements in trade receivables, inventories, trade payables and provisions.
3. Capital expenditure includes both maintenance and growth capital expenditure, as described in Section 4.8.6.
4. Includes sale of unutilised property, plant and equipment, primarily from within the project materials and services segment.
5. Pro forma interest and finance charges paid in FY18 are based on the New Banking Facilities, as if the arrangements were in place from 1 July 2017.
6. The FY18 Pro Forma and Statutory Forecast Cash Flow Information include income tax paid based on the instalment rate for Australia that is expected during FY18.
7. Represents drawdown of the New Banking Facilities.
8. Represents repayment of the Existing Banking Facilities.
9. Represents proceeds from the Offer of $100 million, net of non-recurring IPO costs directly attributable to the issue of shares under the offer of ($3.8 million).

4.7.2. Adjustments to the Carve-out Historical Cash Flow Information and Statutory Forecast Cash Flow Information

Table 11 sets out the reconciliation from the Carve-out Historical Cash Flow Information and Statutory Forecast Cash Flow Information to the Pro Forma Historical Cash Flow Information and the Pro Forma Forecast Cash Flow Information, respectively.

The Pro Forma Forecast Cash Flow Information is subject to the general assumptions and the Directors' specific assumptions underlying the Forecast Financial Information (see Section 4.9).

TABLE 11

Adjustments to the Carve-out Historical Cash Flow Information and Statutory Forecast Cash Flow Information

		Historical			Forecast
$ MILLION	**NOTES**	**FY15**	**FY16**	**FY17**	**FY18**
Carve-out historical Free Cash Flow / FY18 statutory forecast Free Cash Flow		**41.4**	**58.3**	**45.5**	**32.6**
Reversal of one-off sale of quarry	1	–	–	(3.2)	–
Standalone corporate costs	2	(4.0)	(4.0)	(4.0)	(1.7)
Contributions from IPO Subsidiaries	3	–	–	–	1.5
Reversal of costs of the Offer	4	–	–	–	3.7
Excluded assets	5	4.4	–	1.6	–
Pro forma Free Cash Flow		**41.7**	**54.3**	**39.9**	**36.1**

Notes:
1. **Reversal of one-off sale of quarry** – an adjustment has been made for a dormant quarry which was sold at a premium to its book value on the basis that this does not represent part of Wagners' business post IPO.
2. **Standalone corporate costs** – an adjustment has been made to include Wagners' estimate of the corporate costs incurred by WGH that will be transferred to Wagners going forward. In addition, standalone corporate costs include the incremental annual costs that Wagners will incur as a listed public company, including Directors' remuneration, additional Directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, Share Registry costs and annual general meeting costs.
3. **Contributions from IPO Subsidiaries** – an adjustment to reflect additional contributions from the IPO Subsidiaries as if these business lines had been included in Wagners since 1 July 2017, rather than from 1 December 2017.
4. **Reversal of costs of the Offer** – an adjustment to reverse the costs associated with the Offer to be expensed.
5. **Excluded assets** – relates to assets purchased during the year that have subsequently been or will be transferred to WGH as part of the IPO.

4.8. Management discussion and analysis of the Historical Financial Information

4.8.1. General factors affecting the operating and financial performance of Wagners, including key measures and their drivers

This section discusses the general factors that have affected Wagners' operations and relative financial performance in FY15, FY16 and FY17. Wagners' management expects that these general factors may continue to affect Wagners' operating and financial performance in FY18.

The discussion of these general factors is intended to provide a brief summary and does not detail all the factors that affected Wagners' historical operating and financial performance, nor everything that may affect its operations and financial performance in the future.

Unless otherwise stated, all metrics and financial information presented in this section, and the related commentary is on a pro forma basis only.

4.8.2. Revenue

Wagners generates revenue from four main activities which are outlined below. Its customers include leading domestic and international construction materials, building and construction, infrastructure, mining and general contracting companies.

- **Cement:** Wagners' core business is focused on the manufacture and sale of Portland cement, flyash and slag, which accounted for 48.0% of Wagners' gross revenue (pre intercompany eliminations) in FY17[44], and is supported by attractive supply agreements.
- **Other construction materials:** Currently comprises precast concrete products, aggregates and reinforcing steel, with Wagners intending to commence the establishment of a network of sites for the production of ready-mix concrete in South East Queensland during FY18. These products accounted for 10.4% of gross revenue (pre intercompany eliminations) in FY17[44].
- **Project materials and services:** Wagners also generates revenue through the provision of project-specific mobile and on-site concrete batching, crushing and haulage services to customers in Australia and internationally. Wagners' project materials and services business accounted for 29.9% of gross revenue (pre intercompany eliminations) in FY17[44].

The above activities represent Wagners' Construction Materials and Services segment.

- **NGBM:** Wagners produces innovative and environmentally sustainable construction materials including composite fibre products and Earth Friendly Concrete, which accounted for 11.5% of Wagners' gross revenue (pre intercompany eliminations) in FY17[44].

44 Total revenue in FY17 was $192.7 million net of intercompany eliminations of $7.9m. Gross revenue in FY17 was $200.5m (pre intercompany eliminations). Refer to Table 5 for further information.

Wagners' revenues are driven by four main factors which are described further below:

- Demand for construction materials in Australia, particularly in Queensland;
- Relationships and agreements with key customers including for project-specific requirements;
- Price changes; and
- Demand for environmentally sustainable building materials.

Each of these drivers is discussed further below.

Demand for construction materials

Demand for construction materials in the near-term is positively related to building and construction activity. The outlook for construction expenditure in Queensland is strong, and Wagners is well positioned to benefit from the robust infrastructure pipeline in Queensland given the majority of infrastructure construction over the next few years is expected to occur in South East Queensland.

In the long-term, demand for construction materials is influenced by macroeconomic trends such as population growth and interest rates. Queensland's population growth over the next three years is expected to be higher than the national average, and Australia's ageing population is expected to increase demand for non-residential construction as the requirement for health and aged care facilities increases.

Refer to Section 2.3 for further information.

Relationships and agreements with key customers

Wagners has long-standing relationships with many of its major customers who purchase a wide variety of Wagners' products. Many of these long-standing relationships commenced as concrete supply relationships and have since expanded into more diverse supply arrangements.

Wagners has also developed strong relationships with customers that require project-specific construction materials and services. Wagners has been able to service these customers across Australia and in international locations including Russia, Mongolia, New Caledonia and Papua New Guinea.

Key customer contracts are summarised in Section 7.6.

Price changes

Wagners closely monitors input costs, margins and selling prices to ensure that it is market competitive while sustaining its financial performance. From time to time, Wagners may negotiate price changes with its customers. Circumstances where Wagners may seek to negotiate price changes include, for example, to reflect changes in the prevailing market prices of finished products or variations in the cost of raw materials.

Project-specific prices are dependent upon the nature of the project, the competitive environment in tendering for the project, the expected commitment of capital towards the projects and Wagners' return on investment criteria.

Demand for environmentally sustainable building materials

The construction industry is experiencing a trend towards greater innovation as market participants seek higher strength, lighter weight and lower carbon alternatives to traditional building products and construction materials. Wagners is well placed to benefit from this shift given its significant historical R&D investment to develop industry-leading products, including CFT and EFC.

Demand for new generation building materials is also linked to acceptance by end users and regulators. To date, Wagners has focused its NGBM products on markets where there is current consumer acceptance, however there is a significantly wider range of potential applications for these products which Wagners plans to expand into over time.

Refer to Section 2.4 for further information.

4.8.3. Operating expenses

Expenses incurred by Wagners are generally comprised of the following categories:

- **Raw materials costs:** Relates to the costs incurred in procuring clinker, flyash and slag, which are all key inputs for cement production; and glass fibre which is used in CFT production. Wagners has developed strong relationships with its raw material suppliers, ensuring attractive commercial terms and security of supply. Raw material costs, by their nature, are variable costs. Clinker, slag and glass fibre are all typically purchased in US dollars and Wagners generally hedges its US dollar exposures on a rolling basis.
- **Employee costs:** Relates to the salaries, wages and other expenses of Wagners' employees.
- **Sub-contract work:** Relates to the costs of staff temporarily employed from third party labour hire companies. This is primarily incurred when additional staff are brought in to assist with project materials and services work and is variable in nature.
- **Transport and cartage costs:** Relates to the transportation of construction materials to customer sites and between Wagners' sites. On an absolute basis, these costs generally increase in line with volume growth. However on a per-unit basis, costs can decrease due to increased efficiency if economies of scale are able to be realised.
- **Plant and equipment costs:** This primarily relates to the operating costs of the group's plant and equipment, including hiring costs for third party equipment (which includes operator costs), fuel and repairs and maintenance costs. These costs are expected to continue to grow as the business expands.

- **Property costs:** Relates primarily to the property rental costs for Wagners' operations across Queensland. Property costs are largely fixed in nature.
- **Selling, general and administration expenses:** Primarily relates to administration expenses incurred at the corporate level including professional fees and marketing costs. These costs are expected to increase as the business grows.

4.8.4. Depreciation and amortisation

Depreciation expenses relate to the depreciation of property, plant and equipment. Depreciation rates are applied based on the estimated useful lives of assets, or the project term if the assets are acquired for specific projects. The Company currently does not record any amortisation expense.

4.8.5. Working capital

Wagners' working capital relates to its trade receivables, inventories, trade payables, other creditors and accruals, GST and employee liabilities. Average net working capital has decreased as the Company has been more efficient in managing its debtors and creditors.

4.8.6. Capital expenditure

Capital expenditure has historically comprised expenditure on maintenance, growth projects and investment in cement and concrete plants.

Maintenance capital expenditure primarily includes the replacement of equipment and transport fleet, as well as the maintenance of plant. Growth capital expenditure includes the acquisition of trucks that add capacity to the fleet, expansion of Wagners' manufacturing facilities and distribution network.

4.8.7. Historical results for FY15 and FY16

TABLE 12
Pro Forma Historical Results for FY15 and FY16

	Pro forma historical			
$ MILLION	FY15	FY16	CHANGE	% CHANGE
Revenue	**250.7**	**195.3**	**(55.3)**	**(22.1%)**
Cost of sales	(99.7)	(84.1)	15.6	(15.6%)
Gross profit	**151.0**	**111.2**	**(39.8)**	**(26.4%)**
Other income	6.0	2.6	(3.5)	(57.3%)
Operating costs	(120.2)	(70.0)	50.2	(41.8%)
EBITDA	**36.8**	**43.7**	**7.0**	**19.0%**
Depreciation and amortisation	(19.1)	(15.3)	3.8	(20.1%)
EBIT	**17.6**	**28.4**	**10.8**	**61.5%**

	Pro forma historical	
	FY15	FY16
Key operating metrics		
Cement volume growth (%)	n.a.	15.1%
Key financial metrics		
Gross profit margin (%)	60.2%	56.9%
EBITDA margin (%)	14.7%	22.4%
EBIT margin (%)	7.0%	14.6%

Revenue

Revenue declined 22.1% to $195.3 million in FY16 from $250.7 million in FY15 as increased cement and NGBM revenues were offset by lower revenue from other construction materials and project materials and services.

Cement: Revenue increased by 10.8% in FY16 as volumes were 15.1% higher, mainly due to increased demand from Wagners' two largest cement customers. Volume growth during the period offset a slight decrease in average selling prices due to changes in product mix.

Other construction materials: Revenue decreased 41.8% primarily due to lower volumes in Wagners' precast concrete and reinforcing steel businesses. Precast concrete sales were lower due to a reduction in activity on the Legacy Way project.

Project materials and services: Revenue decreased by 50.5%, predominantly as a result of the completion of the Gladstone GLNG and Wellcamp Airport projects during FY15, and construction activity at the JKC Darwin LNG project reducing from its peak in FY15. In total, these key projects contributed $35.6 million of revenue in FY16, which compared to $83.7 million of revenue in FY15.

Wagners has a disciplined approach in tendering for projects and will only accept projects that meet its targeted financial returns criteria. As such, weaker project pricing trends during the period influenced Wagners' decision to not pursue new low-value projects which were below its targeted financial returns criteria.

NGBM: Revenue increased 3.5%, reflecting improved crossarm sales due to higher production volumes.

Wagners' other income decreased by $3.5 million, or 57.3% from $6.0 million in FY15 to $2.6 million in FY16. This decrease was primarily due to a reduction in activity in PNG, reduced diesel fuel rebates and gain on sale of assets.

Cost of sales and operating expenses

Total costs decreased by 29.9% from $219.9 million in FY15 to $154.2 million in FY16. On a percentage-of-revenue basis, total costs decreased from 87.7% to 78.9%.

Cost of sales decreased by 15.6% from $99.7 million in FY15 to $84.1 million in FY16. The decline in cost of sales was due to the reduction in revenues from the Gladstone GLNG, Wellcamp Airport and JKC Darwin projects.

Operating costs decreased by 41.8% from $120.2 million in FY15 to $70.0 million in FY16 due to the reduction in construction services activity for the projects outlined above. Wagners typically utilises contract labour and some equipment hire in its project materials and services businesses, which provides flexibility to manage costs carefully to meet activity levels.

EBITDA and EBIT

EBITDA increased 19.0% from $36.8 million in FY15 to $43.7 million in FY16 as a consequence of the 29.9% reduction in total costs more than offsetting the 22.1% decrease in total revenue. This resulted in an increase in EBITDA margin from 14.7% in FY15 to 22.4% in FY16. Similarly, EBIT increased 61.5% from $17.6 million in FY15 to $28.4 million in FY16 as a result of the EBITDA improvements and a 20.1% decrease in depreciation and amortisation expense. The reduction in depreciation and amortisation expense was due to lower depreciation of project-based assets given the lower project activity in FY16.

4.8.8. Historical cash flow information for FY15 and FY16

TABLE 13
Pro Forma Historical Cash Flow Information for FY15 and FY16

	Pro forma historical			
$ MILLION	**FY15**	**FY16**	**CHANGE**	**% CHANGE**
EBITDA	**36.8**	**43.7**	**7.0**	**19.0%**
Non-cash items	3.9	(1.0)	(5.0)	n.a.
Changes in working capital	(4.5)	9.3	13.8	n.a.
Operating Cash Flow	**36.2**	**52.0**	**15.8**	**43.8%**
Operating Cash Flow conversion ratio (%)	*98.4%*	*118.9%*	*20.5%*	
Capital expenditure	(9.2)	(0.9)	8.3	(90.5%)
Proceeds from sale of property, plant and equipment	14.8	3.2	(11.6)	(78.6%)
Free Cash Flow	**41.7**	**54.3**	**12.6**	**30.1%**
Free Cash Flow conversion ratio (%)	*113.5%*	*124.1%*	*10.6%*	

Non-cash items in FY16 relate to accounting gains on sale of assets. The movement from FY15 to FY16 was a result of a bad debt adjustment in FY15, which was one-off in nature.

Working capital through FY16 decreased resulting in a cash inflow of $9.3 million. The decrease was primarily due to a reduction in trade receivables as lower revenues were generated by the project material and services business due to the completion of the Gladstone GLNG and Wellcamp Airport projects during FY15, and construction activity at the JKC Darwin LNG project reducing from its peak in FY15. Inventories were also lower in FY16 as Wagners needed to run down Clinker stock as a result of a clinker shipment timing issue in China.

Capital expenditure decreased by $8.3 million, from $9.2 million in FY15 to $0.9 million in FY16.

- Maintenance capital expenditure decreased by $5.7 million from $6.0 million in FY15 to $0.3 million in FY16. The decline in maintenance expenditure was primarily due to reduced construction activity at key projects resulting in lower requirements for equipment replacements.
- Growth capital expenditure decreased by $2.6 million from $3.2 million in FY15 to $0.6 million in FY16. The movement was predominantly due to the higher capital expenditure incurred in FY15 in relation to the commissioning of the VRM at Pinkenba.

Proceeds from the sale of property, plant and equipment decreased by $11.6 million, or 78.6%, from $14.8 million in FY15 to $3.2 million in FY16. This was mainly due higher proceeds that were generated from the sale of equipment used for the Wellcamp Airport project in FY15 compared to the sale of PNG LNG related assets in FY16.

4.8.9. Historical results for FY16 and FY17

TABLE 14
Pro Forma Historical Results for FY16 and FY17

	Pro forma historical			
$ MILLION	**FY16**	**FY17**	**CHANGE**	**% CHANGE**
Revenue	**195.3**	**192.7**	**(2.7)**	**(1.4%)**
Cost of sales	(84.1)	(83.8)	0.3	(0.4%)
Gross profit	**111.2**	**108.9**	**(2.3)**	**(2.1%)**
Other income	2.6	2.7	0.1	5.3%
Operating costs	(70.0)	(71.4)	(1.4)	2.0%
EBITDA	**43.7**	**40.1**	**(3.6)**	**(8.3%)**
Depreciation and amortisation	(15.3)	(11.8)	3.5	(22.8%)
EBIT	**28.4**	**28.3**	**(0.1)**	**(0.4%)**

	Pro forma historical	
	FY16	**FY17**
Key operating metrics		
Cement volume growth (%)	15.1%	4.8%
Key financial metrics		
Gross profit margin (%)	56.9%	56.5%
EBITDA margin (%)	22.4%	20.8%
EBIT margin (%)	14.6%	14.7%

Revenue

Revenue decreased by 1.4% to $192.7 million in FY17 from $195.3 million in FY16 as growth in cement, other construction materials and NGBM revenues was offset by reductions in project materials and services revenues.

Cement: Revenue increased by 2.4% in FY17 as cement volumes were 4.8% higher, mainly due to growth in domestic demand from Wagners' two largest cement customers.

Other construction materials: Revenue increased 39.8% reflecting volume growth across Wagners' precast concrete, aggregates and reinforcing steel products businesses. In particular, the commencement of the Second Range Crossing highway project in Toowoomba contributed to strong volume growth in precast concrete.

Project materials and services: Revenue decreased 12.1% in FY17, primarily due to the ongoing reduction in construction activity at the JKC Darwin project. A continued weaker project pricing environment meant that Wagners did not pursue new projects that were below targeted financial returns criteria.

NGBM: Revenue increased 12.9% due to increased CFT project work including Pinkenba Wharf and the installation of a cycleway on Chesterhope bridge in Hastings, New Zealand. During FY17, Wagners commissioned a new state-of the-art CFT facility at Wellcamp to support the continued growth of the CFT business, however relocation to the new facility caused temporary manufacturing disruptions which resulted in lower crossarm production volumes.

Wagners' other income increased by $0.1 million from $2.6 million in FY16 to $2.7 million in FY17 due to increased rebate receipts.

Cost of sales and operating expenses

Total costs remained relatively flat from FY16 to FY17.

Cost of sales remained relatively constant from FY16 to FY17 despite the decrease in revenue over the period, reflecting the change in revenue mix.

Operating costs increased 2.0% from $70.0 million in FY16 to $71.4 million in FY17, primarily due to precast concrete set-up costs for the Toowoomba Second Range Crossing Project.

EBITDA and EBIT

EBITDA decreased 8.3% from $43.7 million in FY16 to $40.1 million in FY17 due to lower revenues and higher total costs. This resulted in a reduction in EBITDA margin from 22.4% to 20.8%. EBIT decreased 0.4% from $28.4 million in FY16 to $28.3 million in FY17 as lower depreciation and amortisation offset most of the reduction in EBITDA. The continued decrease in depreciation and amortisation expense was mainly due to further reductions in project activity including the JKC Darwin Project.

4.8.10. Historical cash flow information for FY16 and FY17

TABLE 15
Pro Forma Historical Cash Flow Information for FY16 and FY17

	Pro forma historical			
$ MILLION	**FY16**	**FY17**	**CHANGE**	**% CHANGE**
EBITDA	**43.7**	**40.1**	**(3.6)**	**(8.3%)**
Non-cash items	(1.0)	(0.9)	0.2	(14.5%)
Changes in working capital	9.3	2.5	(6.8)	(72.7%)
Operating Cash Flow	**52.0**	**41.8**	**(10.2)**	**(19.7%)**
Operating Cash Flow conversion ratio (%)	118.9%	104.1%	(14.8%)	
Capital expenditure	(0.9)	(4.1)	(3.3)	373.6%
Proceeds from sale of property, plant and equipment	3.2	2.2	(0.9)	(28.8%)
Free Cash Flow	**54.3**	**39.9**	**(14.4)**	**(26.5%)**
Free Cash Flow conversion ratio (%)	124.1%	99.4%	(24.7%)	

Non-cash items in FY16 and FY17 relate to accounting gains on sale of assets.

Working capital decreased in FY17 resulting in a cash inflow of $2.5 million. This was mainly due to an increase in trade creditors underpinned by more efficient management of creditors, which was partly offset by an increase in trade debtors as a result of increased project activity and higher cement volumes.

Capital expenditure increased by $3.3 million, from $0.9 million in FY16 to $4.1 million in FY17.

- Maintenance capital expenditure increased by $0.9 million from $0.3 million in FY16 to $1.2 million in FY17. This was due to expenditure required for the replacement of cranes, light vehicles, quarry equipment and refurbishments at the Pinkenba facility.
- Net growth capital expenditure increased by $2.3 million from $0.6 million in FY16 to $2.9 million in FY17. The gross growth capital expenditure was $2.5 million however this was offset by receipt of a grant of $1.3 million for the VRM plant incurred in prior years. The growth capital expenditure included an upgrade of an EFC batch plant at Wacol, purchase of cranes to increase precast capacity, purchase of a mobile stressing line for precast business and in CFT the purchase of a new trailer to increase size of CFT products able to be transported combined with investment in CFT production capacity increase.

Proceeds from the sale of property, plant and equipment decreased by $0.9 million, or 28.8%, from $3.2 million in FY16 to $2.2 million in FY17. The decrease was primarily due to FY16 including significant sale of PNG LNG related assets which could not be bought back to Australia, while FY17 sales reflected a steady state sale of unutilised equipment across the business.

4.9. Forecast Financial Information

The basis of preparation of the FY18 Forecast Financial Information is detailed in Section 4.2.3. This section includes the general assumptions and the Directors' specific assumptions adopted in preparing the Forecast Financial Information.

4.9.1. General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- There are no material losses of customers or contracts beyond those incorporated in the forecasts;
- There is no material change in the competitive and operating environments in which Wagners operates;
- There are no significant disruptions to the continuity of operations of Wagners and there are no other material changes in Wagners' business;
- There are no major weather events that may materially impact on the operations of Wagners, or its key customers and suppliers;
- There is no change in applicable AAS, IFRS or other mandatory professional reporting requirements of the Corporations Act, that would have a material impact on Wagners' financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure requirements;
- There are no material changes in government regulation, policy, legislation, or tax legislation that will have a material impact on Wagners' financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures of requirements;
- There is no significant deviation from current market expectations of the broader economic conditions (including exchange rates) relevant to the Australian and international sectors in which Wagners and its key customers operate;
- There is no material amendment to any material agreement relating to Wagners' business other than as disclosed in this Prospectus;
- No material acquisitions or divestments are completed;
- There are no material changes to Wagners' corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- There is no loss of key management personnel and Wagners will maintain the ongoing ability to recruit and retain required personnel;
- There is no material litigation that will arise or be settled to the benefit or detriment of Wagners;
- There are no material contingent liabilities that will arise or be realised to the detriment of Wagners;
- The Offer proceeds in accordance with the key dates set out in this Prospectus; and
- None of the risks set out in Section 5 occur, or if they do, none of them has a material adverse impact on Wagners' operations.

4.9.2. Directors' specific assumptions

The Forecast Financial Information for FY18 incorporates Wagners' actual results for the two months ended August 2017 and forecast results for the remaining 10 months ending 30 June 2018.

The Forecast Financial Information is based on various specific assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect Wagners' forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in Section 4.2.3, the general assumptions set out in Section 4.9.1, the risk factors set out in Section 5 and the Investigating Accountant's Report on the Financial Information in Section 9.

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information for FY18 is set out below.

4.9.2.1. Cement

- Revenue is based on expected volume growth for the existing customer base based on current contractual terms, expected new customer wins, customer product mix and management's estimates of average selling prices based on prior year experience and contractual terms. Cement volume growth in FY18 is forecast to be 9.3%.

- Raw material costs are assumed to increase in line with current supply agreement terms, some of which include limits on cost increases. Purchases of raw materials, such as clinker and slag are generally in US dollars. Refer to Section 4.9.2.10 for more detail.

4.9.2.2. Other construction materials

- Forecast precast concrete revenues are based on expected demand from the currently secured projects and a risk adjusted pipeline of other smaller projects.
- Forecast reinforcing steel revenue growth is based on historical performance, year to date trading, and expected demand from the precast concrete operations.
- Forecast quarry revenues are based on historical experience and expected sales from the Wellcamp quarry to service demand in the Toowoomba region.
- Forecast revenue for ready-mix concrete operations in South East Queensland is based on historical experience and current market environment.
- Costs for each product are based on historical performance.
- One on-site precast concrete contract has been classified as an onerous contract, with a $2.3 million provision recorded in FY17 to account for this. WGH has indemnified Wagners in respect of any potential future liability for the project that was deemed onerous in FY17 (see Section 7.13 for further detail), and as such, no further adjustment has been made to FY18 forecasts.

4.9.2.3. Project materials and services

- Revenue and costs for the project materials and services business are forecast on a project by project basis.
- Revenue is forecast based on currently secured project work plus the value of the current risk adjusted project pipeline. The forecast also incorporates the year to date actual performance of projects.
- Raw material and other costs have been forecast based on historical experience and expected project performance.

4.9.2.4. NBGM

- FY18 revenue is forecast based on expected sales volumes, incorporating expected customer penetration and average selling prices consistent with historical trends in the crossarm, bridge deck and marine structure markets.
- Raw material costs have been estimated based on historical and current costs. The purchase of raw materials, such as glass fibre, in US dollars has been hedged by Wagners. Refer to Section 4.9.2.10 for further detail.
- The forecast includes an expected increase in R&D and business development costs to support the future sales growth and profitability of the segment.

4.9.2.5. Operating costs

- Expenses have been assumed to grow at a rate of 1.6% in relation to employees, overheads and other related costs.
- The short-term incentive scheme in place for executive management is in line with the rules of the scheme as set out in Section 6.3.4.

4.9.2.6. Depreciation and amortisation

- Depreciation of property, plant and equipment has been forecast based on expected existing useful lives, with any new capital expenditure during the forecast period depreciated over expected useful lives in accordance with Wagners' accounting policies. Refer to Appendix A for further detail.

4.9.2.7. Net finance costs

- Interest costs have been forecast assuming a $50.0 million drawn facility and $50.0 million undrawn facility and are based on the commitment terms for the New Banking Facilities including bank fees to establish and maintain both the drawn and undrawn facilities. Net finance costs also incorporate the hedging strategy put in place by Wagners (refer to Section 4.11.2 for further detail).
- Interest has also been calculated for the hire purchase agreements currently in place for the Wagners asset finance.

4.9.2.8. Capital expenditure

- The capital expenditure forecast is based on the current project business pipeline and capital requirements for the other segments. Minor capital expenditure, such as computers, fittings and furniture, is forecast assuming replacement at the end of each item's useful life. In FY18, growth capital expenditure projects include the establishment of three ready-mix concrete plants, purchase of new quarry and transport equipment and expansion of CFT production capacity.

4.9.2.9. Seasonality

Seasonality for the forecast period has been applied consistently with historical experience. Seasonality has two main impacts on Wagners:

- The project materials and services business can be impacted by the wet season which limits ability to transport materials and often means projects go on hold for a period of time. The timing of the wet season varies depending on the exact location of a project, however projects can be impacted from October to December in South Eastern Queensland and December to March in Northern Australia; and
- The production and sale of cement and CFT products is typically impacted by a slowdown in demand during December and January.

4.9.2.10. Foreign exchange

- The weighted average US dollar exchange rate used in the forecast is AUD:USD 0.73 based on the current hedging strategy for the purchase of raw materials across the cement and CFT businesses. Refer to Section 4.11 for further details on Wagners' hedging policy. Wagners has entered into hedging arrangements for approximately 57% of its forecast US dollar raw materials purchases in FY18. Refer to Section 4.11.3 for further detail.

4.9.2.11. Tax

- Tax is based on the statutory tax rate of 30%.

4.9.2.12. Working capital

- Working capital has been forecast by Wagners to be consistent with historical experience, with inventory days, accounts receivable collection terms and accounts payable payment terms reflecting a slight improvement from FY17.

4.9.3. Pro forma results for FY17 and FY18

Table 16 sets out the Pro Forma Historical Results for FY17 compared to the Pro Forma Forecast Results for FY18.

TABLE 16
Pro Forma Historical Results for FY17 and Pro Forma Forecast Results for FY18

	Pro forma historical	Pro forma forecast		
$ MILLION	**FY17**	**FY18**	**CHANGE**	**% CHANGE**
Revenue	**192.7**	**231.8**	**39.1**	**20.3%**
Cost of sales	(83.8)	(89.4)	(5.6)	6.7%
Gross profit	**108.9**	**142.4**	**33.5**	**30.8%**
Other income	2.7	2.1	(0.6)	(23.6%)
Operating costs	(71.4)	(94.5)	(23.0)	32.2%
EBITDA	**40.1**	**50.0**	**9.8**	**24.5%**
Depreciation and amortisation	(11.8)	(10.1)	1.7	(14.7%)
EBIT	**28.3**	**39.9**	**11.6**	**40.9%**

	Pro forma historical	Pro forma forecast
	FY17	**FY18**
Key operating metrics		
Cement volume growth (%)	4.8%	9.3%
Key financial metrics		
Gross profit margin (%)	56.5%	61.4%
EBITDA margin (%)	20.8%	21.6%
EBIT margin (%)	14.7%	17.2%

Revenue

Revenue is forecast to increase by 20.3% from $192.7 million in FY17 to $231.8 million in FY18.

Cement: Revenue is forecast to increase 8.2% in FY18 due to an increase in volumes sold to new and existing customers, both through general sales and project-specific supply. However, this is offset by expected decline in international sales and change in customer product mix which are expected to result in a lower average selling price. The FY18 forecast does not incorporate revenues from Wagners' pipeline of other potential near-term customer opportunities.

Other construction materials: Revenue is forecast to increase 92.3% in FY18 due to:

- The resumption of aggregates sales into the South East Queensland market from the Wellcamp quarry following a five year restraint-of-trade period.
- Increased precast concrete demand for the Logan Enhancement Project, Toowoomba Second Range Crossing and Pinkenba Wharf projects, all of which are contracted and currently underway.
- Pull-through demand from Wagners' precast concrete business is expected to increase steel volumes in FY18.
- The establishment of ready-mix concrete operations at two new sites in FY18, with a third expected to become operational in FY19.

Project materials and services: Revenue is forecast to increase 9.1% in FY18 due to the commencement of several new projects.

- Revenue from quarry projects is expected to increase due to the commissioning of work in relation to several large infrastructure projects, including the Carmichael Airport and continued work on the Rolleston Coal project.
- Wagners' project-based concrete business is expected to benefit from the ramp up and completion of works on the Sapphire Wind Farm Project, although these revenues are expected to be partly offset by the completion of the JKC Darwin Project.
- Revenue from transport and haulage projects is expected to increase due to project work that Wagners has secured at the George Fisher Mine, Bootu Creek and Dugald River Projects.

NGBM: Revenue is forecast to increase 27.7% in FY18, reflecting:

- Increased demand for Wagners' composite fibre products, given sizeable near-term market opportunities in Australia and New Zealand. The expected increase in CFT sales reflects growing acceptance and penetration of composite fibre products as more applications are demonstrated.
  - The growth in sales is expected to be generated both by existing customers, for example a local government council has been active in utilising CFT products to replace bridges within its region with a long pipeline of potential further work, and new CFT customers.
- The supply of CFT girders to Pinkeba Wharf, which is currently underway is expected to be completed by March 2018. Once completed, additional capacity will become available to pursue further projects.
- Increased crossarm volumes (12% volume growth in FY18), reflecting a full year of production from the new facility.
- EFC's contribution to NGBM revenue is negligible given it is still in an R&D phase.

Wagners' other income is forecast to decrease by $0.6 million from $2.7 million in FY17 to $2.1 million in FY18.

Cost of sales and operating expenses

Total costs are forecast to increase 18.5% from $155.2 million in FY17 to $183.9 million in FY18. On a percentage-of-revenue basis, total costs are expected to decrease from 80.6% to 79.3%.

Cost of sales is forecast to increase by 6.7% from $83.8 million in FY17 to $89.4 million in FY18 due to an increased requirement for raw materials used in cement production and a forecast 5.0% increase in average delivered clinker prices from January 2018.

Operating costs are forecast to increase 32.2% from $71.4 million in FY17 to $94.5 million in FY18 due to increased requirements for third party labour and equipment to support new projects that are expected to commence in FY18.

EBITDA and EBIT

EBITDA is forecast to increase 24.5% from $40.1 million in FY17 to $50.0 million in FY18 as a result of total revenue forecast to increase by $39.1 million, compared to total costs which are forecast to increase by $28.6 million. This is forecast to result in an increase in EBITDA margin from 20.8% to 21.6%.

EBIT is forecast to increase 40.9% from $28.3 million in FY17 to $39.9 million in FY18 as a result of higher EBITDA during the period and a 14.7% reduction in depreciation and amortisation expense, primarily due to the completion of the JKC Darwin project resulting in lower requirements for the depreciation of project-specific equipment.

Given EFC is still in an R&D phase, it is forecast to generate a circa $1.0 million loss at an EBITDA level driven by its R&D expense, thereby offsetting some of the expected increase in total EBITDA and EBIT (and NGBM EBITDA and EBIT) in FY18. Management believes this continued investment in developing EFC will contribute to future earnings and growth opportunities for EFC, both domestically and internationally (refer to Section 3.6. for further detail).

4.9.4. Pro forma cash flow information for FY17 and FY18

Table 17 sets out the Pro Forma Historical Cash Flow Information for FY17 and the Pro Forma Forecast Cash Flow Information for FY18.

Table 17
Pro Forma Historical Cash Flow Information for FY17 and Pro Forma Forecast Cash Flow Information for FY18

	Pro forma historical	Pro forma forecast		
$ MILLION	**FY17**	**FY18**	**CHANGE**	**% CHANGE**
EBITDA	**40.1**	**50.0**	**9.8**	**24.5%**
Non-cash items	(0.9)	–	0.9	(100.0%)
Changes in working capital	2.5	6.7	4.2	163.7%
Operating Cash Flow	**41.8**	**56.7**	**14.9**	**35.6%**
Operating Cash Flow conversion ratio (%)	*104.1%*	*113.4%*	*9.3%*	
Capital expenditure	(4.1)	(20.6)	(16.5)	399.1%
Proceeds from sale of property, plant and equipment	2.2	–	(2.2)	(100.0%)
Free Cash Flow	**39.9**	**36.1**	**(3.8)**	**(9.6%)**
Free Cash Flow conversion ratio (%)	*99.4%*	*72.2%*	*(27.2%)*	

Working capital is forecast to decrease resulting in a cash inflow of $6.7 million in FY18. The increase is expected to be driven by an increase in trade payables following the expected increase in cost of sales as the business continues to expand.

Capital expenditure is forecast to increase by $16.5 million, from $4.1 million in FY17 to $20.6 million in FY18, largely reflecting an increase in growth capital expenditure.

- Maintenance capital expenditure is forecast to increase by $8.3 million from $1.2 million in FY17 to $9.5 million in FY18. This is primarily due to upgrades to Wagners' transport fleet, light vehicle replacements and an upgrade to the Pinkenba clinker shed.
- Growth capital expenditure is forecast to increase by $8.2 million from $2.9 million in FY17 to $11.1 million in FY18. The FY18 spend reflects the establishment of three ready-mix concrete plants ($7.5 million) of which two will be operational in FY18, expansion of CFT production capacity ($2.5 million) and purchase of new quarry operating equipment ($1.1 million).

4.10. Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Wagners, its Directors and management, and depends upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out below is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the impact of the changes in key assumptions on the FY18 pro forma forecast NPAT of $23.2 million is presented.

TABLE 18
Sensitivity analysis on FY18 pro forma forecast NPAT

ASSUMPTION	NOTES	INCREASE /DECREASE	IMPACT ($ MILLION)
Cement price	1	+/- 1%	0.5 / (0.5)
Cement volumes	2	+/- 5%	0.7 / (0.7)
FX rate (AUD:USD)	3	+/- 5%	0.2 / (0.2)
Operating costs	4	+/- 2%	(1.3) / 1.3
Cost of sales	5	+/- 2%	(1.2) / 1.2
Interest rates	6	+/- 10bps	(0.1) / 0.1
Single project delay	7	1 month delay	(0.1) - (0.3)

Notes:
1. Full year impact of an increase or decrease in cement price by 1%.
2. Full year impact of an increase or decrease in cement volumes by 5%, excluding the material, long term supply agreement Wagners holds with a key market participant.
3. Full year impact of an increase or decrease in the AUD:USD rate by 5%, excluding any amounts covered by existing hedges in place by Wagners.
4. Full year impact of an increase or decrease in operating costs by 2%.
5. Full year impact of an increase or decrease in cost of sales by 2%.
6. Full year impact of an increase or decrease in interest rates by 10bps, impacting the Existing Banking Facilities.
7. Full year impact of a 1 month delay in the commencement of 1 of 5 material projects, calculated in isolation. The potential reduction on a project by project basis in FY18 NPAT arising from a 1 month project delay ranges from $0.1 million to $0.3 million and is dependent upon relative project size. The median impact is $0.1 million.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Wagners' management would respond to any adverse change in one variable by seeking to minimise the net impact on Wagners' NPAT.

4.11. Financial risk management framework

Wagners' activities expose it to a variety of financial risks, including: market risk (including commodity price risk, interest rate risk and foreign currency risk), liquidity risk and credit risk. Wagners' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Wagners.

Financial risks are managed centrally by Wagners' finance team under the direction of the Directors. The finance team regularly monitors Wagners' exposure to any of these financial risks and reports to management and the Board.

Wagners uses derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. Wagners uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

4.11.1. Commodity price risk

Wagners is exposed to price risk in relation to a number of raw materials. This is managed through fixed price supply agreements with key suppliers, a number of which are longer term.

4.11.2. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates. Wagners' exposure to market interest rate risk relates primarily to its borrowings. Wagners has historically managed its cash flow interest rate risk by using floating to fixed interest rate swaps for a portion of variable rate borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

4.11.3. Foreign currency risk

Wagners is exposed to the risk of change in foreign exchange rates. Wagners is primarily exposed to the US dollar in its operating activities, given its raw material materials purchases are predominantly denominated in US dollar, whereas Wagners reports its financial results in Australian dollars.

Wagners hedges its US dollar exposures, with the CFO purchasing forward exchange rates within a Board-approved range which is reviewed quarterly. Wagners has entered into hedging arrangements for approximately 57% of its forecast US dollar raw materials purchases in FY18.

4.11.4. Liquidity risk

Liquidity risk is the risk that Wagners will not have sufficient funds to meet its financial commitments as and when they fall due.

The finance team manages liquidity risk through frequent and periodic cash flow forecasting and analysis. Liquidity support is provided through holding undrawn facilities in committed debt facilities.

4.11.5. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss for Wagners.

Wagners is exposed to counterparty credit risk arising from its operating activities, primarily from trade receivables. Trade receivables balances are monitored on a weekly basis by the finance and executive team.

The maximum exposure to credit risk is equivalent to the carrying value as presented in the statement of financial position.

4.12. Dividend policy

The payment of dividends by Wagners is at the complete discretion of the Directors. The decision as to whether or not a dividend will be paid will be subject to a number of considerations including the general business environment, the operating results, cash flows and financial position of Wagners, capital requirements, regulatory restrictions and any other factors the Directors may consider relevant including any acquisitions which the Directors determine to undertake in the future.

Subject to business performance, market conditions and regulatory requirements, the Board's current intention is to declare a dividend in FY18, for the period from 1 December 2017 to 30 June 2018 of approximately 60% of pro forma NPAT for that period. It is expected that the dividend will be split between two payments, an interim dividend of 30% of the total paid in April 2018 and a final dividend of the remaining 70% of the total paid in October 2018. These dividends will be franked to the extent possible.

Subject to the considerations outlined above, beyond the forecast period the Directors' current intention is to pay out approximately 50%-70% of the Company's NPAT attributable to shareholders in dividends. It is the Directors' current intention to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. In future years, an interim dividend is expected to be payable in April, with a final dividend payable annually in October. It is intended that dividends will be franked to the extent possible.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking on any such dividend.

The Directors may establish a dividend reinvestment plan (**DRP**) in the future under which Shareholders may elect that the dividends payable by the Company be reinvested in whole or in part by a subscription of Shares at a price to be determined by the Board from time to time.

SECTION 5

KEY RISKS

5.1. Introduction

This section identifies some of the potential risks associated with an investment in Wagners.

The Wagners business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of Wagners and the value of an investment in Wagners. There can be no guarantee that Wagners will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. An investment in Wagners should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on Wagners' operating performance and profits, and the market price of the Shares.

Before deciding to invest in Wagners, potential investors should:

i) Read the entire Prospectus;

ii) Consider the assumptions underlying the Directors' forecasts, the sensitivity analysis and the risk factors that could affect the financial performance of Wagners;

iii) Review these factors in light of their personal circumstances; and

iv) Seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

5.2. Specific investment risk

5.2.1. Contractual risks

Wagners operates, and will continue to operate, through a series of contractual relationships with customers and suppliers. All contracts, including those entered into by the Company, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations, or that these contractual relationships may be terminated. In certain instances, it may be costly for the Company to enforce its contractual rights.

Wagners derives revenue from substantial contracts which may be delayed or incur unforeseen costs in performance which may not be recoverable, due to issues including project estimating, performance on site, contractual risk allocation, contract administration and quantum and timing of revenues and cash flows relative to major project milestones, project completion and reporting periods. Wagners may also be impacted if services performed by sub-contractors, that Wagners may engage from time to time, are not performed in accordance with contractual obligations.

5.2.2. Decreases in capital investment and construction activity in the Australian infrastructure sector

A significant number of Wagners' key customers operate in the Australian infrastructure sector (comprising resources, energy production and non-resources related infrastructure construction). The number of new infrastructure projects and the level of project expansion and maintenance activity in the Australian infrastructure sector vary, and are affected by a number of factors including the outlook for resources production activity and investment, government approvals, availability of finance (both government and private sector), the need for resources-related export infrastructure such as railways and ports and the need for non-resources related infrastructure such as road and public transport systems. The Australian infrastructure sector may also be affected by other factors including economic growth, demographic pressures and government policies in Australia and globally. There can be no assurance that the current levels of capital investment and construction activity in the Australian infrastructure sector will grow, be maintained or not be reduced in the future. Any failure to maintain, or a reduction in, the current levels of capital investments and construction activity in the Australian infrastructure sector, or any changes or delays in the timeline for the construction or completion of infrastructure projects, may reduce the demand for Wagners' products and services and may materially and adversely affect Wagners' revenue, profitability and growth.

5.2.3. Manufacturing and product quality risk

Wagners' products must meet regulatory requirements which are subject to continual review, including inspections, by the relevant regulatory authorities. Failure by the Company, or its suppliers, to continuously comply with applicable regulatory requirements or failure to take satisfactory action in response to an adverse inspection could result in enforcement actions, such as shutdowns of, or restrictions on, manufacturing operations, delay in the approval of products, refusal to permit the import or export of products, or other enforcement actions.

5.2.4. Workplace health and safety

Wagners' employees are at risk of workplace accidents and incidents given the nature of the industry in which Wagners operates. In the event that a Wagners' employee is injured in the course of their employment, Wagners may be liable for penalties or damages under relevant work health and safety legislation. This has the potential to harm both the reputation and financial performance of Wagners.

5.2.5. Supplier risk

The Company contracts with and has access to a number of key suppliers on which it relies for the supply of electricity and various raw materials (including clinker, gypsum, slag, glass fibre), both locally and internationally. A disruption in supply (including any loss of raw materials during transit) could cause a delay in the availability of the Company's products, leading to a potential loss of profitability. The Company may also be impacted if there is a decrease in the quality of the raw materials supplied. The inability to secure supply or maintain existing supplier relationships would also have a material adverse impact on the financial performance and prospects of Wagners.

5.2.6. Cyclical nature of business

The construction industry can be cyclical in the volume of business undertaken. The construction cycles in Australia and other jurisdictions in which Wagners operates may adversely affect the Company's financial performance. The loss of major customers through industry downturns or for any other reason could impact earnings of Wagners.

5.2.7. Operating risks

Wagners' overall operations may be adversely affected by various factors, including but not limited to failure to sell its products, failure to achieve production, mechanical failure or plant breakdown, unanticipated manufacturing problems, infrastructure availability and unexpected shortages or increases in the cost of consumables, spare parts, labour, plant and equipment, unanticipated sourcing problems (including delays, disruptions or quality control problems), industrial and environmental accidents, industrial disputes or delays due to government actions. The costs and availability of plant, equipment and construction materials may also affect profitability. In particular, any operational failure or disruption at Wagners' Pinkenba facility may have a materially adverse affect on Wagners' profitability.

The project materials and services business can be impacted by the wet season, which limits ability to transport materials and which may mean projects are delayed for a period of time. The timing of the wet season varies depending on the exact location of a project, however, projects can be impacted from October to December in South Eastern Queensland and December to March in Northern Australia. Periods of adverse weather conditions can reduce construction activity and lead to a decrease in demand for Wagners' products in areas affected by those weather conditions.

While Wagners operates a large transport fleet which supports the distribution of its own construction materials and provides the capability to tender for large haulage projects, Wagners is often required to rely on transport from third parties for the transit of its products and supplies. Any deterioration in the availability of third party transportation providers, or significant increases in the costs of affordability of transportation providers may adversely affect Wagners' ability to service its customers. This may have a significant adverse impact on Wagners' profitability.

5.2.8. Environmental claims

Wagners operates in an industry where environmental issues may potentially delay contract performance or result in a shutdown of a project, causing a deferral or preventing receipt of anticipated revenues. The industry is exposed to environmental risks and these may give rise to remediation obligations, civil claims and criminal penalties. Any potential liability or penalty could result in a significant financial loss to the Company.

5.2.9. Movements in foreign exchange rates

While Wagners seeks to enter into appropriate hedging arrangements for foreign currency, unfavourable movements in the foreign exchange rates between the Australian dollar and the currencies of Wagners' import and export markets may decrease Wagners' profit margins. This may increase the cost of raw materials sourced from overseas (such as clinker and slag), or adversely affect the demand for Wagners' products in relevant export markets. Movements in exchange rates can also make products which compete with Wagners' products in its export markets more competitive by creating a cost advantage for other exporters which could have a material adverse impact on the financial performance and prospects of Wagners.

5.2.10. Remote locations

Wagners frequently undertakes projects in remote locations. This may involve difficulties for plant, equipment and materials and some locations involve inherent risk to personnel.

5.2.11. Inability to secure adequate insurance

Whilst Wagners seeks to maintain insurance coverage that is consistent with industry practice, there is a risk that any claim under Wagners' insurance policies may be subject to certain exceptions, or may not be honoured (in full or in part). Wagners may also be unable to purchase sufficient insurances to cover all losses incurred.

If Wagners were to incur substantial liabilities, or if its business operations were interrupted for a sustained period of time, it may suffer loss. Such losses may not be fully covered by Wagners' insurance policies. In addition, future coverage may not be available to Wagners when required, at commercially acceptable premiums, or at all.

5.2.12. Competition and loss of reputation

The industry in which the Company operates is intensely competitive. A number of companies, both in Australia and abroad, may be pursuing the development of products and services that target the same markets that Wagners is targeting. In addition, Wagners may be subject to competition on pricing for its products.

The Company's products may compete with existing products that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same customers that the Company is targeting. The Company may face competition from parties who have substantially greater resources than the Company.

Downward pricing pressures are experienced from time to time as a result of competitive pressures (which may include potential new entrants in the market) and Wagners is not always able to quickly recover increases in operating expenses through higher selling prices (if at all). If Wagners is consistently unable to recover increased operating expenses through higher selling prices, Wagners' financial performance would be adversely affected.

The success of Wagners is partly reliant on its reputation and brand. Any event or occurrence that diminishes Wagners' reputation or brand could have a significant adverse financial effect on Wagners. In particular, the actions of Wagners' employees, including breaches of relevant regulations or negligence in the provision of services, or major contractual disputes, could damage Wagners' brand and diminish future profitability and growth.

5.2.13. Reliance upon systems and technology and cyber security

Wagners' services and operations are heavily reliant upon technology and information systems. Wagners has invested significantly in the development of information systems designed to assist the Company to monitor individual contracts, maximise profits, manage relationships and identify and rectify risk or loss making situations. These systems may fail, or not operate effectively, and this may negatively impact on the business and the Company's performance.

Failures or breaches, cyber-attacks, data theft and hacking of Wagners' electronic systems may lead to disruptions that negatively impact Wagners' business operations, potentially resulting in financial losses to Wagners. While Wagners has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Such events could also result in Wagners breaching its obligations under applicable customer or supplier contracts, each of which would have a potentially material adverse impact on Wagners' reputation and financial performance.

5.2.14. Regulation

Wagners is subject to a broad and increasingly stringent range of environmental laws, regulations and standards. These include statutes, regulations, standards and laws affecting land usage, zoning, planning, labour and employment practices, and other matters. This results in significant compliance costs and could expose Wagners to legal liability or place limitations on the development of Wagners' operations. Unfavourable changes to the regulatory environment for civil contracting and construction services in Australia or other jurisdictions in which Wagners operates may have an impact on the profitability of Wagners. In addition, while Wagners expects its employees to comply with best practice in relation to these matters, it cannot guarantee that its operations will at all times be successful in complying with all demands of relevant laws and regulatory agencies in a manner which will not materially adversely affect its business, financial condition or results of operations.

5.2.15. Dependence upon key Personnel

Wagners' success depends on its ability to attract and retain qualified key Personnel, including key members of Wagners' senior management team named in this Prospectus. There may be a negative impact on Wagners if any of its key Personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key Personnel of the Company who leaves to work for a competitor may adversely impact the Company.

The day-to-day management of Wagners relies on senior managers and Directors and the success of Wagners' business depends on retaining the key employees and general motivation of the workforce. Additionally, increases in recruitment, wages and contractor costs and non-compliance with, or future changes to, employment laws may adversely impact upon the financial performance of the Company.

5.2.16. Wagners may be adversely impacted by industrial relations issues

Wagners may be adversely impacted by industrial relations issues in connection with its employees or the employees of its customers, contractors and suppliers due to strikes, work stoppages, work slowdowns, grievances, complaints, claims of unfair practices or other industrial activity under the enterprise bargaining arrangements governing their employment arrangements (see Section 7.5 for further details). Such enterprise bargaining arrangements are subject to renegotiation from time to time, which may result in product delays, increased labour costs or industrial action. These circumstances may materially and adversely affect Wagners' operational and financial performance.

5.2.17. Relationships with related parties may deteriorate

Wagners has entered into various related party arrangements with WGH, including a number of leases and licences and a wharf services agreement, and Wagners will have ongoing arrangements with WGH following Completion of the Offer. See Section 6.3.2.5 for further details. If Wagners' relationship with WGH changes, so that WGH is no longer supportive of Wagners, this may have an adverse effect on Wagners including having a materially adverse affect on Wagners' ability to carry out its activities, which may result in a reduction in sales revenue and have a material adverse effect on Wagners' future financial performance and position.

5.2.18. Debt covenants may be breached if performance declines

As described in Section 7.14, Wagners is currently a party to the Existing Banking Facilities and will enter into the New Banking Facilities pursuant to which Wagners will be subject to various covenants. Factors such as a decline in Wagners' operational and financial performance could lead to a breach of its banking covenants. If a breach occurs, Wagners' financiers may seek to exercise enforcement rights under the debt facilities, including requiring immediate repayment, which may have a materially adverse effect on Wagners' future financial performance and position.

5.2.19. Requirement to raise additional funds

Wagners may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

While Wagners will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where specific exceptions apply), Shareholders' interests may be diluted by any future equity raising, which could result in a potential loss in the value of their equity.

5.2.20. Growth

There is a risk that Wagners may be unable to manage its future growth successfully. There is also no guarantee Wagners can maintain or grow the volume of its projects and its project pipeline going forward. This may also be negatively impacted by factors beyond Wagners' control, including a decline in industry growth. This includes Wagners' CFT and EFC businesses, which may not grow as expected due to a lack of, or slow market acceptance of these products, or in respect of Wagners' proposed network of ready-mix concrete plants due to delays in the development of the network or a lack of available sites to establish plants. Wagners may also be impacted if it is not able to obtain requisite approvals (either at all or within desired timeframes) for any future quarry operations.

5.2.21. Capital structure risk

Following Completion of the Offer, the Wagner family will retain a significant holding in Wagners and will therefore have significant influence over the Company, including in relation to resolutions requiring the approval of Shareholders. For example, the Wagner family, through their aggregate shareholdings, may block ordinary resolutions of the Company and takeover bids that may be made against the Company. If acting together, they may also pass a resolution to appoint and remove directors from the board of the Company. This collective interest may also have an impact on liquidity (particularly having regard to the escrow arrangements referred to in section 5.2.23), as well as acting as a potential deterrent to corporate transactions.

The sale of Shares in the future by the Ultimate Shareholders (following expiry of the escrow period), or the perception that such sales might occur, could adversely affect the market price of the Shares.

5.2.22. Reliance on third parties

Through its participation in contracts with third parties, Wagners relies on others for the success of its current operations. Problems caused by third parties may arise which have the potential to affect Wagners' financial performance and prospects. Subject to relevant agreements, Wagners cannot control the actions of third parties. This includes relationships with parties to JV arrangements over which Wagners may not have substantive control. Therefore, it cannot guarantee that its current operations will be carried out or managed in accordance with its preferred direction or strategy.

5.2.23. Escrow arrangements

Certain Shareholders of the Company will be subject to escrow requirements, designed to protect the integrity of the market and allow the Company to develop a track record as a listed company. This means that certain Shareholders will not be able to deal with Escrowed Shares until the earlier of release of the FY19 results and two years from the date of the voluntary escrow arrangements. At the end of the Escrow Period, these Shares will be released from escrow at the same time, which may impact the Company's share price if relevant persons seek to trade their Shares at that time.

5.2.24. Foreign operations

Wagners derives a proportion of its revenue from operations in foreign countries.

There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Wagners could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact the success of Wagners' international operations.

Wagners may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in any of the jurisdictions in which it operates. Wagners cannot guarantee that its internal policies and controls will be effective in each case to ensure that Wagners is protected from reckless or criminal acts which may be committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws or the laws of any other country in which Wagners operates. Any such improper actions could expose Wagners to civil or criminal investigations in Australia or overseas, which could lead to substantial civil or criminal monetary and non-monetary penalties against Wagners, and could damage Wagners' reputation.

5.3. General investment risks

5.3.1. Share market investments

Before the Offer there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares.

5.3.2. General economic conditions

Wagners' operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

5.3.3. Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and Wagners' control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Wagners' financial statements.

5.3.4. Taxation risks

Changes to the rate of taxes imposed on Wagners (including in overseas jurisdictions in which Wagners operates now or in the future) or tax legislation generally may affect Wagners and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to Wagners' interpretation may lead to an increase in Wagners' taxation liabilities and a reduction in Shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. Wagners is not responsible either for taxation or penalties incurred by investors.

5.3.5. No guarantee of dividend

The ability of Wagners to pay dividends in the future is dependent on many factors, and in particular financial performance and profits derived from operations. This, together with a number of other factors, will impact on the Company's ability to pay a dividend. The Board cannot give any assurance regarding the payment of dividends in the future.

5.3.6. Contractual risks and litigation

Wagners operates in an industry in which contract and industrial disputes can arise, and there is a risk that the Company may in future be the subject of or required to commence litigation, for example in relation to its key contracts, core commercial activities and employee personal injury claims. Frequent or high profile litigation may undermine consumer confidence in Wagners' brand or adversely affect the investment market's perception which would negatively impact the financial performance of Wagners or the price of Shares in the Company.

5.3.7. Expected future events may not occur

Certain statements in this Prospectus constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Wagners to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Forward looking statements are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information contains examples of forward looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements, which speak only as of the Prospectus Date. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by Wagners or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed. Wagners has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

5.3.8. Force majeure events may occur

Events may occur within or outside Australia and New Zealand that could impact upon global, Australian, New Zealand or other local economies relevant to Wagners' financial performance, the operations of Wagners and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Wagners' products and services and its ability to conduct business. Wagners has only a limited ability to insure against some of these risks.

5.4. Cautionary statement

Statements contained in this Prospectus may be forward-looking statements.

Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, including without limitation, based on the examination of historical operating trends, data contained in the Company's records and other data available from third parties. There can be no assurance, however, that their expectations, beliefs or projections will give the results projected in the forward looking statements. Investors should not place undue reliance on these forward looking statements.

Additional factors that could cause actual results to differ materially from those indicated in the forward looking statements are discussed earlier in this section.

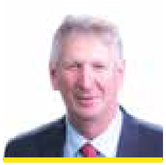
SECTION 6

KEY PEOPLE, INTERESTS, AND BENEFITS

6.1. Board of Directors

6.1.1. Experience and background

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

BOARD OF DIRECTORS		EXPERIENCE AND BACKGROUND
	Denis Wagner Non-Executive Chairman	■ Denis is one of the co-founders of Wagners and has been involved in the business since its inception. He has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. ■ Denis brings over 30 years' experience in the construction materials industry. ■ Denis is a Fellow of the Australian Institute of Company Directors.
	John Wagner Non-Executive Director	■ John is one of the co-founders of Wagners and has been involved in the business since its inception. He has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. ■ John brings over 30 years' experience in the construction materials industry. ■ John is also the inaugural Chair of Darling Downs Tourism and was the inaugural chair of the Toowoomba and Surat Basin Enterprises.
	Peter Crowley Independent Non-Executive Director	■ Peter was appointed to the Board as part of the IPO of Wagners. ■ Peter has over 35 years' experience in the construction materials and building products industries across Australia and New Zealand, Asia, Europe and North America. ■ In addition, Peter brings 19 years' experience as a public company director, including the role as Managing Director of GWA Group for 13 years. Other public company directorships held previously include Adelaide Brighton, Rugby Group plc and Austrim Nylex Limited. ■ Peter currently serves on the Advisory Board of BGW Group and as a Non-Executive Director of Wesley Medical Research Limited. ■ Peter holds Bachelor of Arts and Bachelor of Economics degrees from the University of Queensland and is a Fellow of the Australian Institute of Company Directors.
	Ross Walker Independent Non-Executive Director	■ Ross was appointed to the Board as part of the IPO of Wagners. ■ Ross has significant experience in the building and construction industry, and specialises in working with small to medium sized companies. ■ Ross is currently a Non-Executive Director of RPM Global, with over 30 years of corporate and accounting experience, including his prior role as a Partner at Pitcher Partners. ■ Ross holds a Bachelor of Commerce from the University of Queensland and is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand.
	Lynda O'Grady Independent Non-Executive Director	■ Lynda was appointed to the Board as part of the IPO of Wagners. ■ Lynda previously held senior roles at Executive/Managing Director level at Telstra, including as Chief of Product. Prior to this, Lynda was Commercial Director of Australian Consolidated Press, the publishing subsidiary of PBL and General Manager of Alcatel Australia. ■ Lynda currently is Chairman of the Aged Care Financing Authority, a non-executive director of Domino's Pizza Enterprises Ltd and a member of the Advisory Board of Jamieson Coote Bonds and Council of Southern Cross University. ■ Lynda has also previously served on the Council of Bond University, Boards of Screen Queensland, National Electronic Health Transition Authority (NEHTA) and TAB Queensland, and on the IT&T Board of Advisors to the New South Wales Treasurer. ■ Lynda holds a Bachelor of Commerce (Hons) degree from the University of Queensland and is a Fellow of the Australian Institute of Company Directors.

The composition of Wagners' Board committees and a summary of the Board's key corporate governance policies are set out in Section 6.4. Each Director has confirmed to Wagners that they anticipate being available to perform their duties as Non-Executive Director without constraints from other commitments.

6.2. Senior management

MANAGEMENT		EXPERIENCE AND BACKGROUND
	**Cameron Coleman** Chief Executive Officer	■ Cameron was appointed Chief Executive Officer in July 2012 and has been employed by Wagners for 21 years. ■ Cameron has experience across all areas of the business and oversees more than 500 employees. ■ He has been integral in Wagners' journey and has created a culture that has enabled Wagners to differentiate itself from its competitors. ■ Cameron recently completed the General Management Program at Harvard Business School.
	**Fergus Hume** Chief Financial Officer	■ Fergus joined Wagners in February 2016 as Chief Financial Officer. ■ Fergus brings over 20 years' experience in chartered accounting and corporate financial roles, previously holding Financial Controller positions at Caltex Australia Ltd and Namoi Cotton Co-operative Ltd. ■ Fergus is a Chartered Accountant and holds a Bachelor of Commerce from the University of Queensland.
	**Karen Brown** Company Secretary and General Counsel	■ Karen was appointed Company Secretary and General Counsel in November 2017 and has been working with Wagners as the in house legal counsel for over two years. ■ Karen has over 16 years' experience in private legal practice, most recently as a partner of Carter Newell Lawyers. ■ Karen is a solicitor of the Supreme Court of Queensland and holds a Bachelor of Laws and Bachelor of Commerce from the University of Queensland.
	**John Stark** General Manager (CMS)	■ John was appointed General Manager of CMS in January 2013 and has been employed by Wagners for 25 years. ■ John oversees the performance of Wagners' Australian concrete, quarries and mobile crushing and transport businesses. ■ John has over 25 years' experience in management roles at Wagners, including as Chief Executive officer of Wagners' Joint Venture with Wood Group. ■ John holds a number of trade qualifications with Hastings Deering Caterpillar.
	**Anthony Freer** General Manager (Cement)	■ Anthony was appointed General Manager of Cement in October 2016 and has been employed by Wagners for 2 years. ■ Anthony brings 17 years' experience in management positions. ■ Prior to his appointment to General Manager of Cement, Anthony assisted with the construction of the Wellcamp Airport and Business Park for Wagners, coordinating utility services and contract administration[45]. ■ Anthony holds a Bachelor of Financial Administration from the University of New England.

45 Mr Freer previously operated a retail automotive business, through Southern Cross Automotive Group Pty Ltd and its subsidiaries, and was a 50% shareholder and director. This group was subject to receivership and relevant companies are in the process of external administration. Mr Freer was not subject to any personal bankruptcy proceedings or ASIC investigations as a result of these events.

MANAGEMENT		EXPERIENCE AND BACKGROUND
	Michael Kemp General Manager (CFT)	- Michael was appointed General Manager of CFT in March 2017 and has been employed by Wagners for over 15 years. - Michael has over 19 years' experience in the construction materials industry and managed the design and installation of the first composite fibre road bridge in Australia (Grafton NSW), as well as the first in Queensland (Blackbutt - Daguilar Highway). - Michael holds a Bachelor of Engineering degree from the University of Adelaide.
	Andrew MacQueen Head of Safety, Environment and Quality	- Andrew was appointed Head of Safety, Environment and Quality in January 2012. - Andrew has over 25 years' experience in various operational positions, including prior roles as Managing Director at Aviation Safety Management Ltd and Senior Air Safety Investigator at Qantas. - Andrew is a qualified air traffic controller and is a member of the International Society of Air Safety Investigators.
	Rachel Allan Human Resources Manager	- Rachel was appointed Human Resources Manager in August 2010 and has been employed by Wagners for 11 years. - Rachel oversees the recruitment, training and payroll functions at Wagners. - She has over 15 years' experience in human resources, with roles in manufacturing, industrials relations and hospitality prior to joining Wagners.

6.3. Interest and benefits

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- Has any interest or has had any interest during the last two years, in the formation or promotion of Wagners, or in property acquired or proposed to be acquired by Wagners in connection with its formation or promotion, or the Offer of the Shares; and
- No amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any of those persons in connection with the services provided by the person in connection with the formation or promotion of Wagners, or the Offer of the Shares.

6.3.1. Interests of advisers

The following professional advisers have been engaged in relation to the Offer.

- Credit Suisse and Morgans have acted as Joint Lead Managers to the Offer. The Joint Lead Managers will be paid a management and underwriting fee, details of which are disclosed in Section 7.3 of this Prospectus.
- McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice on the Offer. McCullough Robertson will be paid an amount of $160,000 (exclusive of GST) for these services. McCullough Robertson has also provided services relating to the restructure of Wagners and will be paid $20,000 (exclusive of GST) for these services. Further amounts may be paid to McCullough Robertson in accordance with their normal time-based charges.
- PriceWaterhouseCoopers Securities Ltd has acted as Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report in Section 9 and performed work on due diligence enquiries. PriceWaterhouseCoopers Securities Ltd will be paid an estimated fee of $300,000 (exclusive of GST) for these services. Further amounts may be paid to PriceWaterhouseCoopers Securities Ltd in accordance with their normal time-based charges.
- BDO Audit Pty Ltd has acted as Independent Auditor to the Company. BDO Audit Pty Ltd will be paid an estimated fee of $75,000 (GST exclusive) for the audit of the financial report for the years ended 30 June 2015, 2016 and 2017. Further amounts may be paid to BDO Audit Pty Ltd in accordance with their normal time-based charges.

6.3.2. Directors' interests and remuneration

6.3.2.1. Chief Executive Officer

Refer to Section 6.3.3 for a description of the CEO's remuneration.

6.3.2.2. Non-Executive Directors

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of Wagners has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of Wagners, or the Offer of Shares, or in any property proposed to be acquired by Wagners in connection with information or promotion of the Offer of the Shares; and

- No amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Wagners either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of Wagners or the Offer of Shares.

6.3.2.3. Deeds of indemnity, insurance and access

The Company has entered into standard deeds of indemnity and access with the Directors.

The Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director for seven years after the Director ceases to be a Director.

The Company has further undertaken with each Director to maintain a complete set of the Company's board papers and to make them available to the Director for seven years after the Director ceases to be a Director.

In addition, Wagners may enter into standard deeds of access, insurance and indemnity on similar terms to those offered to the Directors, with appropriate executives of the Company.

6.3.2.4. Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors are entitled to apply for Shares under the Offer. Final Directors' shareholdings will be notified to the ASX on Listing. The Directors' holdings (either personally or through entities associated with the Director) on Completion of the Offer (subject to any further acquisitions under the Offer) are outlined below.

TABLE 19
Director shareholdings

DIRECTORS	SHARES HELD IMMEDIATELY PRIOR TO THE OFFER (M)	SHARES ACQUIRED IN THE OFFER (M)	SHARES HELD ON COMPLETION OF THE OFFER AND DEMERGER (M)
Denis Wagner	-	-	22.16
John Wagner	-	-	22.16
Peter Crowley	-	0.04	0.04
Ross Walker	-	0.06	0.06
Lynda O'Grady	-	0.02	0.02

The Directors reserve their rights to apply for further shares under the Offer. Refer to Section 10.4 for further details of the Demerger.

6.3.2.5. Transactions with related parties

WGH is owned by the Ultimate Shareholders and post IPO will continue to own a number of properties, including Wellcamp Airport. The current arrangements between Wagners and its related parties include:

- A number of leases between Wagners and members of WGH in respect of various shared premises, including quarries (refer Section 7.9);
- A number of licences between Wagners and members of WGH in respect of various shared premises, including quarries (refer Section 7.10);
- A transitional services agreement between the Company and members of WGH for the provision of services between WGH and Wagners for a period of time following Completion of the Offer (refer Section 7.11);
- Access to future use of the Pinkenba wharf pursuant to a wharf use agreement and the provision of materials and services by Wagners to WGH for the Pinkenba wharf project (refer Section 7.12); and
- An indemnity from WGH to Wagners in respect of any potential future liability for the project that was deemed onerous in FY17 (refer Section 7.13).

The Board considers that each of these arrangements are on arm's length, commercial terms and are subject to the usual risks associated with contracts that Wagners enters into with other third parties.

Further details of each of these arrangements are set out in Section 7.

Except as described above, there are no other arrangements between Wagners and its Directors, or other related parties.

6.3.2.6. Payments to Directors

The constitution of Wagners provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by Wagners' Shareholders in general meeting, with that sum to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by Wagners' Shareholders for payment to the Directors is $750,000 per annum. The Independent Non-Executive Directors fees are $100,000 per annum. Denis Wagner and John Wagner will not receive director fees for their respective roles on the Board for the current financial year.

6.3.3. Executive remuneration

The Company has entered into executive service agreements with key executives, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property provisions. The agreements are expressed to cover periods specific to individual appointments, but may generally be terminated by notice by either party, or earlier in the event of certain breaches of the terms and conditions.

TABLE 20
Executive remuneration

NAME	ROLE	TOTAL SALARY[1]
Cameron Coleman	Chief Executive Officer	$492,850[2]
Fergus Hume	Chief Financial Officer	$250,000[2]

Notes:

1. Inclusive of 9.5% superannuation.
2. Includes a company vehicle for Cameron Coleman (valued at $22,000) and Fergus Hume (valued at $20,000), but excludes bonus scheme of 25% of cash salary if KPIs are met.

Each executive is eligible to participate in the Company's Incentive Plans. Each Director is eligible to participate in the LTI Plan. Only executive Directors are eligible to participate in the STI Plan and Exempt Plan.

Details of fees payable to the Directors are set out in Section 6.3.2.6.

6.3.4. Executive STI plan

The Company has adopted annual short term incentive (**STI)** arrangements for key employees. Key employees identified by the Board will be eligible to receive an annual incentive with a value ranging from 10% to 25% of the employee's base remuneration package.

An eligible employee's entitlement to receive the annual STI will be subject to achieving targets against key performance indicators agreed with the Board for each year.

If these targets are met, any STI earned will be payable by way of the issue of Shares, unless the employee elects to receive a proportion of the STI in cash. With the Company's consent, the maximum cash proportion that an employee may elect to receive is 50% of the total STI value for any given year.

STI Shares or cash earned by an employee will be payable in three equal annual tranches. The first tranche will generally be issued or paid before the end of November, but not prior to the finalisation of the consolidated financial statements of the Company for that year, with the second tranche being deferred for 12 months after the first issue or payment and the third tranche deferred for a further 12 months.

Other than in certain circumstances, if the employee ceases employment with the Company, any tranches earned that have not yet been issued or paid will cease to be payable.

The number of shares to be issued will be calculated based on the volume weighted average price of Shares on the five trading days immediately before the issue of those Shares.

No grant has yet been made under the STI Plan.

6.3.5. Long-term incentive plan

The Company has adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (**LTI Plan**).

Key employees identified by the Board will be offered participation under the LTI Plan in the form of Shares, options or rights. The vesting of the Shares, options or rights may be subject to the satisfaction of service-based conditions and performance hurdles which, when satisfied, will allow participating employees to receive Shares or vested options or rights which are exercisable over Shares.

The Company may require, on exercise or vesting of the Shares, options or rights under the LTI Plan, the Shares to be held on behalf of all or certain of the participating employees by an employee share trust.

No grant has yet been made under the LTI Plan.

6.3.6. Broad-based employee share plan

The Company has adopted a broad-base employee share plan in connection with its admission to the ASX, the Tax Exempt Share Plan (**Exempt Plan**).

Offers of participation under the Exempt Plan may be made on different terms depending on an employee's length of service with the Company. Participation in the Exempt Plan will provide eligible employees with the right to be issued up to $1,000 worth of fully paid ordinary shares each year, for no payment.

The Exempt Plan has been structured so as to enable eligible employees to receive fully paid ordinary shares free of income tax, provided conditions in the current Australian tax legislation are satisfied. In accordance with those requirements, fully paid ordinary shares acquired under the Exempt Plan cannot be disposed of or sold until the earlier of three years after the date on which they are issued and the date on which the relevant employee ceases to be an employee of the Company. This restriction may be enforced by requiring eligible employees to hold their shares through an employee share trust.

Awards made to eligible employees under the Exempt Plan will be tax free, provided participation is offered on a non-discriminatory basis to at least 75% of the Company's Australian-resident permanent employees with at least three years' service, the Exempt Plan is operated to comply with the restriction period referred to above, and provided the relevant employee's adjusted taxable income for the year does not exceed $180,000.

No grant has yet been made under the Exempt Plan.

6.4. Corporate governance

This section explains how the Board will oversee the management of Wagners' business. The Board is responsible for the overall corporate governance of Wagners. Details of Wagners' key policies and practices and the charters for the Board and each of its committees will be available from Listing at Wagners' Corporate Website.

The Board monitors the financial position and corporate performance of Wagners and oversees its business strategy, including approving the strategic objectives, plans and budgets of Wagners. The Board is committed to protecting and optimising performance and building sustainable value for Shareholders. In conducting Wagners' business with these objectives, the Board seeks to ensure that Wagners is properly managed to protect and enhance Shareholder interests and that Wagners and its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing Wagners, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for Wagners' business and that are designed to promote the responsible management and conduct of Wagners.

The main policies and practices adopted by Wagners, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution.

6.4.1. Compliance with ASX Corporate governance principles and recommendations

The ASX document, 'Third Edition Principles of Good Corporate Governance and Best Practice Recommendations' (**Guidelines**) were published by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. Wagners' corporate governance charter has been drafted in light of the Guidelines.

The Board has assessed Wagners' current practice against the Guidelines and outlines its assessment below.

TABLE 21
Corporate governance principles

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
Principle 1 – lay solid foundations for management and oversight			
1.1	Establish the functions expressly reserved to the board and those delegated to management, and disclose those functions.	The Board is responsible for the overall corporate governance of Wagners. The role of the Board and delegation to management have been formalised in the corporate governance charter which outlines the main corporate governance practices in place for Wagners. The Board and each Director are committed to the charter. The conduct of the Board is also governed by Wagners' constitution, and where there is inconsistency with that document, the constitution prevails to the extent of the inconsistency. The charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.	Complies.
1.2	Undertake appropriate checks before appointing a person as a director, and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Wagners has completed police checks, insolvency and banned Director searches in relation to the existing Directors. Wagners will conduct appropriate checks for future appointments.	Complies.
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Wagners has entered into written agreements with each Director and senior executive.	Complies.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
1.4	The company secretary should be accountable directly to the board on all matters to do with the proper functioning of the board.	This is consistent with the charter and corporate structure of Wagners. Wagners' company secretary has a direct relationship with the Board in relation to these matters and operates independently of the executive.	Complies.
1.5	Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	The diversity policy for Wagners has only recently been established and accordingly, Wagners has not reported on measurable objectives in any annual report to date.	Wagners currently reports on gender diversity on an annual basis and also has a diversity policy. Wagners intends to disclose the measurable objectives for achieving gender diversity in each annual report and Wagners' progress in achieving diversity objectives.
1.6	Have a process for periodically evaluating the performance of the board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The corporate governance charter provides for regular performance reviews to be conducted.	Does not comply, however, in accordance with the charter Wagners intends to evaluate performance of the Board and disclose for each reporting period whether an evaluation has been undertaken.
1.7	Have a process for periodically evaluating the performance of the company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The Board's broad function is to formulate strategy and set financial targets for Wagners, monitor the implementation and execution of strategy and performance against financial targets, appoint and oversee the performance of executive management, and generally take an effective leadership role in relation to Wagners. The Chairman, with assistance from the Nomination Committee, annually assesses the performance of Directors and senior executives, and the Chairman's performance is assessed by the other Directors.	Complies.
Principle 2 – structure the Board to add value			
2.1	The company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	The Board has established a Nomination Committee which is responsible for assisting the Board to fulfil its corporate governance responsibilities in regard to nomination matters. The committee has at least three members, a majority of whom are independent Directors. The committee is currently chaired by Denis Wager, who is not an independent Director. The Nomination Committee Charter outlines the committee's authority, duties, responsibility and relationship with the Board and is available on Wagners' Corporate Website. The Annual Report will provide details on the members of the committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.	Does not presently comply, however, having regard to Denis Wagners' background and history with the Company, the Board considers it appropriate that he act as Chairman of the Nomination Committee.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
2.2	Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.	Wagners has established charter rules for the Nomination Committee as a guide for Board deliberations. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to Wagners and its business.	Does not presently comply, however the Board intends to formalise a skills matrix.
2.3	Disclose the names of the directors that the board considers to be independent directors, and an explanation of why the board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.	Ross Walker, Peter Crowley and Lynda O'Grady (each appointed as part of the IPO process) are independent Directors. The Board notes the following Directors are deemed not independent for the purposes of the Guidelines: ■ Denis Wagner (appointed 2 November 2017) – Denis is an Ultimate Shareholder in the Company and will be a major Shareholder in the Company following completion of the Offer and Demerger. ■ John Wagner (appointed 2 November 2017) – John is an Ultimate Shareholder in the Company and will be a major Shareholder in the Company following completion of the Offer and Demerger.	Complies.
2.4	A majority of the board should be independent directors.	The Company currently has a five member Board, of whom three (Ross Walker, Peter Crowley and Lynda O'Grady) are independent Non-Executive Directors.	Complies.
2.5	The chair of the board should be an independent director and should not be the CEO.	The Chairman, Denis Wagner, is not an independent Director. The Company's Chief Executive Officer, Cameron Coleman, is not the same individual as the Chairman.	Does not presently comply, however, having regard to Denis Wagners' background and history with the Company, the Board considers it appropriate that he acts as Chairman.
2.6	There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	This is consistent with the corporate governance charter and processes implemented by Wagners.	Complies.
Principle 3 – act ethically and responsibly			
3.1	Have a code of conduct for the board, senior executives and employees, and disclose that code or a summary of that code.	Wagners has adopted a code of conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance.	Complies.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
Principle 4 – safeguard integrity in corporate reporting			
4.1	The company should have an audit committee, which consists of only non-executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the board, and has at least three members. The functions and operations of the audit committee should be disclosed.	Wagners has established an Audit and Risk Management Committee. The Audit and Risk Management Committee comprises of three Non-Executive Directors, two of whom are independent directors. The chair of the Audit and Risk Management Committee is an independent Non-Executive Director. Wagners has an Audit and Risk Management Committee Charter which is available on Wagners' Corporate Website. The primary objective of the committee is to ensure: ■ Effective management of financial and other material business risks; ■ Reliable management and financial reporting, including half and full year accounts; ■ Compliance with laws and regulations; and ■ Maintenance of an independent, effective and efficient audit. The Annual Report will provide: ■ The members of the committee; ■ The relevant qualifications and experience of the members of the committee; ■ The number of times the committee met throughout the relevant period; and ■ The individual attendances of the members at those meetings.	Complies.
4.2	The board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	This is consistent with the approach to be adopted by the Audit and Risk Management Committee and Board.	Complies.
4.3	The company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	Wagners' auditor will be requested to attend the AGM and shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines.	Complies.
Principle 5 – make timely and balanced disclosure			
5.1	Have a written policy for complying with continuous disclosure obligations under the ASX Listing Rules, and disclose that policy or a summary of it.	Wagners has a written continuous disclosure policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules.	Complies.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
Principle 6 – respect the rights of security holders			
6.1	Provide information about the company and its governance to investors via its corporate website.	The corporate governance charter and other applicable policies are available on Wagners' Corporate Website.	Complies.
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Wagners aims to ensure that all Shareholders are well informed of all major developments affecting Wagners and that the full participation by Shareholders at the Company's AGM is facilitated.	Does not presently comply, however Wagners is consulting with its advisers to implement an effective program.
6.3	Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	Wagners intends to facilitate effective participation in the AGM, as well as the ability to submit written questions ahead of the AGM. Wagners intends to adopt appropriate technologies to facilitate the effective communication and conduct of general meetings.	Wagners has not disclosed a formal policy or process, but has however engaged a recognised and reputable Share Registry service provider to further these objectives.
6.4	Give security holders the option to receive communications from, and send communications to, the company and its share registry electronically.	Wagners has instructed its Share Registry to facilitate this option for investors, as well as future Shareholders at appropriate times.	Complies.
Principle 7 – recognise and manage risk			
7.1	The board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the risk committee should be disclosed.	Wagners has a combined Audit and Risk Management Committee. See above for independent status of the committee members. The functions and operations of the committee are established under the charter.	Does not comply to the extent that Wagners does not have a separate Risk Committee, however the Board has formed the view that the Audit and Risk Management Committee is appropriately structured and independent from the Chairman and executive to effectively fulfil its role.
7.2	The board or a committee of the board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	The charter establishes the role of the committee. The committee will establish the risk management framework.	Does not comply to the extent that the committee is newly formed and has not yet conducted an annual review.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
7.3	Disclose if the company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Wagners does not have a formal internal audit function, however it employs appropriate processes for evaluating and continually improving the effectiveness of its risk management and internal control processes as set out in the Audit and Risk Management Committee Charter.	Complies.
7.4	Disclose whether the company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	The Audit and Risk Management Committee evaluates, reports and provides assurance to the board in respect of any identified material exposure to economic, environmental and social sustainability risks. In particular, the Audit and Risk Management Committee: ▪ Identifies and manages relevant risks that are material to Wagners; ▪ Complies with legal and regulatory requirements; ▪ Reports to the Board on the effectiveness of any response to incidents, risks and hazards; and ▪ Reports to the Board regarding the independent assurance and audit process and the outcomes of that process. Wagners will ensure that its Annual Report provides all information that shareholders would reasonably require to assess any material exposure to economic, environmental and social sustainability risks that could adversely affect Wagners.	Complies.
Principle 8 – remunerate fairly and responsibly			
8.1	The board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be disclosed.	Wagners has established a Remuneration Committee. The committee has at least three members, a majority of whom are independent Directors and is chaired by an independent Director. The Remuneration Committee is responsible for assisting the Board to fulfil its corporate governance responsibilities in regard to remuneration matters. The Remuneration Committee Charter outlines the committee's authority, duties, responsibility and relationship with the Board and is available on Wagners' Corporate Website. The Annual Report will provide details on the members of the committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.	Complies.
8.2	The policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed.	Wagners intends to adopt remuneration policies which comply with the Guidelines including separately disclosing the remuneration of Non-Executive Directors, and the remuneration of executive Directors and other senior executives. No Director or senior executive is involved directly in deciding their own remuneration.	Does not presently comply, however Wagners intends to disclose these policies and practices in its future annual reports.

PRINCIPLES AND RECOMMENDATIONS		COMPLIANCE	COMPLY
8.3	If the company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	Wagners operates an LTI Plan, Exempt Plan and STI Plan. In accordance with Wagners' Securities Trading Policy participants are not permitted to enter into transactions which limit economic risk without written clearance.	Complies.

6.4.2. Board of Directors

The Board of Directors is comprised of five Directors, comprising Denis Wagner, John Wagner, Peter Crowley, Ross Walker and Lynda O'Grady.

Detailed biographies of the Board members on Listing are provided in Section 6.1.

The Board considers a Director to be independent where he or she is independent of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Non-Executive Director in light of information disclosed to the Board.

The Board Charter sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on the ASX Recommendations.

The Board considers that each of Peter Crowley, Ross Walker and Lynda O'Grady are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

Accordingly, the Board consists of a majority of independent Directors.

6.4.3. Board charter

The Board has adopted a charter which formally recognises its responsibilities, functions, power and authority and composition. This charter sets out other things which are important for effective corporate governance including:

- A detailed definition of 'independence';
- A framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- A framework for individual performance review and evaluation;
- Proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- Basic procedures for meetings of the Board and its committees including frequency, agenda, minutes and private discussion of management issues among Non-Executive Directors;
- Ethical standards and values (in a detailed code of ethics and values);
- Dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates); and
- Communications with Shareholders and the market.

The purpose of the charter is to 'institutionalise' good corporate governance and to build a culture of best practice both in Wagners' internal practices and its dealings with others.

6.4.4. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee. Other committees may be established by the Board as and when required.

6.4.4.1. Audit and Risk Management Committee

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. Its current members are:

- Ross Walker (chair);
- John Wagner; and
- Peter Crowley.

The committee performs functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. The committee's responsibilities include:

- Setting Board and committee structures to facilitate a proper review function by the Board;
- Internal control framework including management information systems;
- Corporate risk assessment (including economic, environmental and social sustainability risks) and compliance with internal controls;
- Management processes supporting external reporting practices;
- Review of financial statements and other financial information distributed externally;
- Review of the effectiveness of the audit function;
- Review of management corporate reporting processes supporting external reporting, including the appropriateness of the accounting judgments;
- Review of the performance and independence of the external auditors;
- Review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls;
- Assessing the adequacy of external reporting for the needs of Shareholders;
- Reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and
- Monitoring compliance with the Company's code of ethics.

Meetings will be held at least three times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee invites the external auditors to attend each of its meetings.

Wagners will comply with the ASX recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Audit and Risk Management Committee.

6.4.4.2. Remuneration Committee

The purpose of this committee is to assist the Board and report to it on remuneration and related policies and practices (including remuneration of senior management and Non-Executive Directors). Its current members are:

- Peter Crowley (chair);
- Denis Wagner; and
- Lynda O'Grady.

The committee's functions include:

- Review and evaluation of market practices and trends on remuneration matters;
- Recommendations to the Board about the Company's remuneration policies and procedures;
- Oversight of the performance of senior management and Non-Executive Directors;
- Recommendations to the Board about remuneration of senior management and Non-Executive Directors; and
- Reviewing the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

The Remuneration Committee will comprise at least three members, all of whom are Non-Executive Directors, and a majority of whom will be independent Directors.

Meetings will be held at least once a year and more often as required.

6.4.4.3. Nomination Committee

The purpose of this committee is to assist the Board and make recommendations to it about the appointment of new Directors (both executive and non-executive) and senior management. Its current members are:

- Denis Wagner (chair);
- Ross Walker; and
- Lynda O'Grady.

The committee's functions include:

- Development of criteria (including skills, qualifications and experience) for Board candidates;
- Identification and consideration of possible candidates, and recommendation to the Board;
- Ensuring appropriate induction and continuing professional development programs are implemented for Directors;
- Review of processes for succession planning for the Board, CEO and other senior executives;
- Establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management; and
- Ensuring the performance of each Director, and of senior management, is reviewed and assessed each year using procedures adopted by the Board.

Meetings will be held at least once a year and more often as required.

6.4.5. Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be available from Listing on Wagners' Corporate Website.

6.4.5.1. Continuous Disclosure Policy

The Board has adopted a continuous disclosure policy (**Disclosure Policy**), which sets out procedures to be adopted by the Board to ensure Wagners complies with its continuous disclosure obligations to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or information in the market.

The Board is responsible for determining whether information is such that it would have a material effect on the price or value of Wagners' securities. The Disclosure Policy provides a framework for the Board and officers of Wagners to internally identify and report information which may need to be disclosed and sets out practical implementation processes in order to ensure any identified information is adequately communicated to ASX and Shareholders. The Disclosure Policy also sets out the exceptions to the disclosure requirements.

Any non-compliance with the Disclosure Policy will be regarded as an act of serious misconduct. The Disclosure Policy is available on Wagners' Corporate Website.

6.4.5.2. Securities Trading Policy

A securities trading policy (**Trading Policy**) has been adopted by the Board to provide guidance to Directors, identified employees including senior management, and other employees of Wagners, where they are contemplating dealing in Wagners' securities or the securities of entities with whom Wagners may have dealings. The Trading Policy is designed to ensure that any trading in Wagners' securities is in accordance with the law and minimises the possibility of misperceptions arising in relation to Directors' and employees' dealings in Wagners' securities or securities of other entities.

The Trading Policy is directed at dealing in Wagners' securities by the Directors and employees, dealings through entities or trusts controlled by a relevant person, or in which they have an interest, and encouraging family or friends to so deal. It also extends to addressing dealings in the securities of other entities that may be transacting with, or be counterparties of, Wagners.

Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Trading Policy is available on Wagners' Corporate Website.

6.4.5.3. Diversity Policy

Wagners is committed to complying with the diversity recommendations published by ASX and promoting diversity among employees, consultants and senior management, and has adopted a policy in relation to diversity (**Diversity Policy**).

Wagners defines diversity to include, but not be limited to, gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.

The Diversity Policy adopted by the Board outlines Wagners' commitment to fostering a corporate culture that embraces diversity and provides a process for the Board to determine measurable objectives and procedures to implement and report against to achieve its diversity goals.

Wagners' Nomination Committee is responsible for implementing the Diversity Policy, setting the Company's measurable objectives and benchmarks for achieving diversity and reporting to the Board on compliance with the Diversity Policy.

As part of its role, Wagners' Remuneration Committee is responsible for formulating and implementing a Company remuneration policy. Under the Diversity Policy, a facet of this role will include reporting to the Board annually on the proportion of men and women in Wagners' workforce and their relative levels of remuneration.

The Board will assess and report annually to Shareholders on Wagners' progress towards achieving its diversity goals.

The Diversity Policy is available on Wagners' Corporate Website.

SECTION 7

MATERIAL AGREEMENTS

7.1. Key documents

The Board considers that certain agreements relating to Wagners are significant to the Offer, the operations of Wagners or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

7.2. Constitution

Below is a summary of the key provisions of Wagners' Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of a Shareholder's rights and obligations.

7.2.1. Shares

The Directors are entitled to issue and cancel Shares in the capital of Wagners, grant options over unissued shares and settle the manner in which fractions of a Share are to be dealt with. The Directors may decide the persons to whom, and the terms on which, Shares are issued or options are granted as well as the rights and restrictions that attach to those Shares or options.

The Constitution also permits the issue of preference Shares on terms determined by the Directors.

Wagners may also sell a Share that is part of an unmarketable parcel of Shares under the procedure set out in the Constitution.

7.2.2. Variation of class rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least three-quarters of the Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

7.2.3. Restricted securities

If the ASX classifies any of Wagners' share capital as restricted securities, then the restricted securities must not be disposed of during the Escrow Period and Wagners must refuse to acknowledge a disposal of the restricted securities during the Escrow Period, except as permitted under the ASX Listing Rules or by the ASX.

7.2.4. Share certificates

Subject to the requirements of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, Wagners need not issue share certificates if the Directors so decide.

7.2.5. Calls

The Directors may, from time to time, call upon Shareholders for unpaid monies on their shares. The Directors must give Shareholders notice of a call at least 30 business days before the amount called is due, specifying the time and place of payment. If a call is made, Shareholders are liable to pay the amount of each call by the time and at the place specified.

A call is taken to have been made when a Directors' resolution passing the call is made or on any later date fixed by the Board. A call may be revoked or postponed at the discretion of the Directors.

7.2.6. Forfeiture and lien

Wagners may forfeit Shares to cover any call, or other amount payable in respect of Shares, which remains unpaid following any notice to that effect sent to a Shareholder. Forfeited Shares become the property of Wagners and the Directors may sell, reissue or otherwise dispose of the Shares as they think fit.

A person whose Shares have been forfeited may still be required to pay Wagners all calls and other amounts owing in respect of the forfeited Shares (including interest) if the Directors so determine.

Wagners has a first and paramount lien for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a Shareholder's Shares. The lien extends to all distributions relating to the Shares, including dividends.

Wagners' lien over Shares will be released if it registers a transfer of the Shares without giving the transferee notice of its claim.

7.2.7. Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where it is not in registrable form, Wagners has a lien over any of the Shares to be transferred or where it is permitted to do so by the ASX Listing Rules or the ASX Settlement Operating Rules.

7.2.8. General meetings

Each Shareholder, Director and auditor is entitled to receive notice of and attend any general meeting of Wagners. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present when the meeting proceeds to business.

7.2.9. Voting rights

Subject to any rights or restrictions attached to any Shares or class of shares, on a show of hands each Shareholder present has one vote and, on a poll, one vote for each fully paid Share held, and for each partly paid Share, a fraction of a vote equivalent to the proportion to which the Share has been paid up. Voting may be in person or by proxy, attorney or representative.

7.2.10. Remuneration of Directors

Each Director is entitled to remuneration from Wagners for his or her services as decided by the Directors but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by Wagners in general meeting. The remuneration of a Director (who is not the managing Director or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in the manner that the Directors decide, including by way of non-cash benefits. There is also provision for Directors to be paid extra remuneration (as determined by the Directors) if they devote special attention to the business of Wagners or otherwise perform services which are regarded as being outside of their ordinary duties as Directors or, at the request of the Directors, engage in any journey on Wagners' business.

Directors are also entitled to be paid all travelling and other expenses they incur in attending to Wagners' affairs, including attending and returning from general meetings or Board meetings, or meetings of any committee engaged in Wagners' business.

7.2.11. Interests of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

7.2.12. Election and retirement of Directors

There must be a minimum of three Directors and a maximum of 12 Directors unless Wagners in general meeting resolves otherwise.

Where required by the Corporations Act or ASX Listing Rules, Wagners must hold an election of directors each year. No Director, other than the managing director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. A Director appointed to fill a casual vacancy, who is not a managing Director, holds office until the conclusion of the next annual general meeting following his or her appointment. If there would otherwise not be a vacancy, and no Director is required to retire, then the director who has been longest in office since last being elected must retire.

If a number of Directors were elected on the same day, the Directors to retire are (in default of agreement between them) determined by ballot.

7.2.13. Dividends

If the Directors determine that a final or interim dividend is payable, it is (subject to the terms of issue on any Shares or class of Shares) paid on all Shares proportionate to the amount for the time being paid on each Share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Directors have the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. The capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the ASX Listing Rules, the Directors may pay a dividend out of any fund or reserve or out of profits derived from any source.

7.2.14. Proportional takeover bids

Wagners may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of Wagners has been passed approving the proportional takeover bid under the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids cease on the third anniversary of the adoption of the Constitution, or the renewal of the rules, unless renewed by a special resolution of Shareholders.

7.2.15. Indemnities and insurance

Wagners must indemnify current and past Directors and other executive officers (**Officers**) of Wagners on a full indemnity basis and to the fullest extent permitted by law against all liabilities incurred by the Officer as a result of their holding office in Wagners or a related body corporate.

Wagners may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office in Wagners or a related body corporate.

7.3. Underwriting Agreement

Wagners, the Vendor and the Joint Lead Managers have entered into the Underwriting Agreement. In accordance with the terms of the Underwriting Agreement, the Joint Lead Managers have agreed to manage the Offer and to underwrite the application for new Shares under the Offer by subscribing for any Shares the subject of the Offer for which valid applications are not received. The Joint Lead Managers may also appoint sub-underwriters.

7.3.1. Fees and costs

Wagners must pay the Joint Lead Managers a fee of 2.75% (comprising an underwriting fee of 2.25% and a management fee of 0.5%) of the underwritten Offer proceeds ($196.8 million) which is payable to the Joint Lead Managers in equal proportions. The Company may also pay the Joint Leader Managers a discretionary fee of up to 0.5% of the Offer proceeds within a reasonable time after Completion of the Offer (taking into account various factors including the quality of services provided by the Joint Lead Managers).

In addition to the fees described above, Wagners has agreed to pay the Joint Lead Managers for reasonable out of pocket expenses (including legal fees) in relation to the Offer.

7.3.2. Termination

As is normal for agreements of this nature, the Joint Lead Managers may terminate its obligations under the Underwriting Agreement if certain events occur before the Shares are issued (**Unqualified Termination Events**). In respect of the occurrence of certain other events, the Joint Lead Managers' ability to terminate is limited to circumstances in which the Joint Lead Managers are of the opinion that the event has had or could be expected to have a material adverse effect on certain factors including (but not limited to) the financial condition of Wagners, the ability of the Joint Lead Managers to market or promote the Offer or the price or likely price at which the Shares are likely to trade on ASX (**Qualified Termination Events**).

The Unqualified Termination Events include (but are not limited to):

a) (**Disclosures**) in the reasonable opinion of the Joint Lead Managers, a statement in any of the:

   i) Offer Documents (defined in the Underwriting Agreement to mean the documents issued or published by or on behalf of the Company and with their prior approval in respect of the Offer, and in a form approved by the Joint Lead Managers including the pathfinder Prospectus and any document which supplements or replaces the pathfinder, Prospectus, application form, any supplementary Prospectus, any cover email sent by or on behalf of the Company, including an appropriate cautionary legend, sent to eligible Institutional Investors in Australia and other agreed foreign jurisdictions with a link to or attaching the pathfinder in connection with the Institutional Offer and bookbuild and any investor presentation, roadshow presentation or marketing presentation and/or ASX announcement used in connection with the Institutional Offer or the Broker Firm Offer (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to the Prospectus Date); or

   ii) Public information;

   is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);

b) (**Index fall**) at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the day immediately prior to the date of this agreement and is at or below that level at the close of trading:

   i) For two consecutive business days during any time after the date of this agreement and prior to the Settlement of the Offer; or

   ii) On the Business Day immediately prior to the Settlement of the Offer;

c) (**Insolvency**) Wagners or any of its subsidiaries become insolvent or there is an act or omission which is likely to result in the Company or any of tis subsidiaries becoming insolvent; and

d) (**Timetable**) any event specified in the Offer timetable up to and including the Settlement of the Offer is delayed by more than two business days;

e) (**Material contracts**) if any of the obligations of the relevant parties under any of the contracts that are material to the business of Wagners or any of its subsidiaries or any of the material contracts (as summarised in Section 7) are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts:

   i) Is terminated;

   ii) Ceases to have effect, otherwise than in accordance with its terms;

   iii) Is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal,

   provided that the Company must promptly notify the Joint Lead Managers of any amendment, variation or breach, regardless of materiality; and

The Qualified Termination Events include (but are not limited to):

a) (**Supplementary prospectus**) the Company:

   i) Issues or, in the reasonable opinion of the terminating Joint Lead Manager, is required under section 719 of the Corporations Act to lodge a supplementary prospectus; or

   ii) Lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers in required circumstances;

b) (**Adverse change**) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and its subsidiaries (insofar as the position in relation to the Company or any of its subsidiaries affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or its subsidiaries from those respectively disclosed in any Offer Document or the public information;

c) (**New circumstances**) there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgment;

d) (**Hostilities**) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, Singapore, the United Kingdom, the People's Republic of China, any member states of the European Union or the United States or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or anywhere else in the world;

e) (**Legal proceedings**) any of the following occurs:

   i) The commencement of legal proceedings against the Company, any of its subsidiaries or against any director of the Company or any of its subsidiaries in that capacity; or

   ii) Any regulatory body commences any enquiry or public action against the Company or any of its subsidiaries.

f) (**Disruption in financial markets**) any of the following occurs:

   i) A general moratorium on commercial banking activities in Australia, the People's Republic of China, Singapore, Hong

Kong, the United Kingdom, the United States or a Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

ii) Any adverse effect on the financial markets in Australia, the People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States or a Member State of the European Union, or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; or

iii) Trading in all securities quoted or listed on ASX, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading,

g) (**Change in law**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this document); and

h) (**Material contracts**) if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Company or its subsidiaries or any of the material contracts (described in Section 7) are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts:

i) Is amended or varied without the consent of the Joint Lead Managers; or

ii) Is breached,

provided that the Company must promptly notify the Joint Lead Managers of any amendment, variation or breach, regardless of materiality.

7.3.3. Representations, warranties and undertakings

The Underwriting Agreement contains various representations and warranties made by Wagners, the Vendor and the Joint Lead Managers, which are customary in such an agreement. Wagners also provides certain undertakings under the Underwriting Agreement regarding the conduct of Wagners prior to, and for limited periods of time following, the Shares being issued.

7.3.4. Indemnity

Wagners and the Vendor agree to indemnify the Joint Lead Managers, each of their related bodies corporate and affiliates and each of their officers, directors, employees, representatives, agents and advisers against all losses, liabilities, claims, damages, costs, charges and expenses whatsoever (including reasonable legal costs on a full indemnity basis) incurred or suffered directly or indirectly arising out of or in connection with the Offer or the Underwriting Agreement, other than losses caused directly by the gross negligence, wilful default, recklessness or fraud of any indemnified party or the Joint Lead Managers, except to the extent that the breach is caused or contributed to by Wagners, the Vendor, its related bodies corporate or their directors, officers, advisers, agents or employees.

7.4. Sell down deed

In addition to the Underwriting Agreement, the Vendor and the Company have entered into a sell down deed to facilitate the sell down of the Sale Shares held by the Vendor, being 35.7 million Shares in total, which will be offered at the Offer Price under this Prospectus and form part of the Offer.

Under the terms of the sell down deed, the Company is appointed the Vendor's exclusive agent to facilitate and manage the sale of the Sale Shares under the Offer.

The Vendor has an obligation under the deed to ensure the accuracy of statements in this Prospectus and compliance with the Corporations Act, including in relation to information that has arisen after the lodgement of the Prospectus. The Vendor provides an indemnity in favour of the Company for any losses suffered as a result of a breach of the warranties made by the Vendor under the sell down deed. The Vendor is responsible for the payment of any withholding taxes or stamp duty on the transfer of the Sale Shares. The Vendor is responsible for any income tax or capital gains tax (including any interest, fines, penalties and charges for late or non-payment of income tax or capital gains tax) arising from the sell down of the Sale Shares under the Offer.

The sell down deed is conditional upon the signing of the Underwriting Agreement and the Prospectus being lodged with ASIC. A party may terminate the deed by written notice, if these conditions are not satisfied or if the Underwriting Agreement is terminated for any reason.

7.5. Industrial instruments

Wagners has a number of industrial instruments covering employees employed by Wagners Industrial Services Pty Ltd and Wagners CFT Manufacturing Pty Ltd. The enterprise agreements have been made under the *Fair Work Act 2009 (Cth)* (**FW Act**). Enterprise agreements made under the FW Act have nominal expiry dates, however they will remain in operation until they are replaced on terminated in accordance with the FW Act.

For the most part, the enterprise agreements are similar in their drafting but apply to different classes of employees. The exception is the enterprise agreement for the Ichthys Onshore Construction Project, which is a greenfields agreement. A summary of agreement terms are set out below.

7.5.1. Wagners Industrial Services Pty Ltd Quarrying Employee Enterprise Agreement 2014

This agreement has a nominal expiry date of 5 December 2018. There is no union party to the agreement. The agreement is approved with undertakings with respect to minimum rates of pay compared to the award. The agreement covers all employees doing quarrying operations in Australia and includes employees in quarrying operations, mechanical trade operations and engineering and fabrication trades. The agreement provides for a seven day per week work cycle.

7.5.2. Wagners Industrial Services Pty Ltd Cement and Lime Employee Enterprise Agreement 2014

This agreement has a nominal expiry date of 19 August 2018. There is no union party to the agreement. The agreement was approved with undertakings with respect to directions to take leave and medical examinations. The agreement covers employees in the cement and lime operations and includes employees performing production work, laboratory work, mechanical, electrical, engineering and fabrication trades and apprentices.

7.5.3. Wagners Industrial Services Pty Ltd Concrete and Pre-cast Employee Enterprise Agreement 2014

This agreement has a nominal expiry date of 10 September 2018. There are no union parties to the agreement. The agreement is approved with undertakings regarding rates of pay as against the comparable award. The agreement applies to all concrete and pre-cast operations in Australia and covers employees performing concrete batching work agitators, quick hitch and front-end loader operators, pre-cast operators from labourers to trades, laboratory operations and mechanical, electrical, engineering and fabrication trades. The agreement provides for seven day per week work cycle.

7.5.4. Wagners Industrial Services Pty Ltd Transport Employee Enterprise Agreement 2015

This agreement has a nominal expiry date of 10 July 2019. There are no union parties to the agreement. The agreement is approved with undertakings regarding minimum rates of pay as against the award. The agreement covers transport operations in Australia and covers drivers of heavy rigid, heavy combination and multi-combination heavy vehicles. The agreement provides for seven days per week operations.

7.5.5. Wagners CFT Manufacturing Pty Ltd Employee Enterprise Agreement 2015

This agreement has a nominal expiry date of 20 October 2019. There are no union parties to the agreement. The agreement is approved with undertakings regarding overtime rates of pay, junior rates of pay and shift penalties. The agreement covers employees in the composite fibre technologies operation and covers employees doing rubber and plastics general work and mechanical, engineering, electrical and fabrication trades. The agreement provides for seven days per week operations.

7.5.6. Wagners Industrial Services Pty Ltd Workshop and Steel Reinforcing Employee Enterprise Agreement 2014

This agreement has a nominal expiry date of 29 January 2019. There are no union parties to the agreement. The agreement is approved with undertakings regarding allowances, Saturday penalty rates, shift loading and default superannuation. The agreement covers all employees in workshop and steel reinforcing operations, including employees performing steel reinforcing process workers and drivers, workshop mechanical trade qualified and non-trade qualified employees, workshop stores and non-specific employees, workshop engineering and fabrication trade and non-trade employees and workshop electrical and non-trade employees. The agreement provides for seven days per week operations.

7.5.7. Wagners Industrial Services Pty Ltd Ichthys Onshore Construction Greenfields Agreement

This agreement has a nominal expiry date of 30 January 2017. It is a greenfields agreement approved with coverage of the Australian Workers Union, the Automotive, Food, Metal, Engineering, Printing and Kindred Industries Union known as the Australian Manufacturing Workers Union, the Construction, Forestry, Mining and Energy Union and the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia. This agreement covers work at the Blaydin Point Construction Project. The agreement contains a number of clauses that differ from the other agreements on the basis that it is a greenfields agreement approved with union parties.

7.6. Key customers contracts

Wagners enters into various contracts with clients for projects regulating each party's rights and obligations in respect of the work or supply undertaken by Wagners. Wagners commonly enters into the following types of contracts, all of which would be considered consistent with industry practice.

7.6.1. Amended Australian Standards Contracts

Projects tendered for lump sums are often delivered under this type of contract. If the cost of carrying out the works or the supply under these contracts exceeds the lump sum, Wagners will not be entitled to be paid more than the lump sum (unless the lump sum has been varied) and therefore bears the risk of cost overruns. These form of contracts are well known in the industry and are not an unusual contracting practice.

7.6.2. Project-specific supply agreements and works contracts

Wagners enters into numerous contracts and supply contracts, some of which are developed for specific projects and others on Wagners standard terms of contracting. Where Wagners adopts its terms and conditions, the risk profile of the contract is weighted in favour of Wagners. It is however also common that contracts will be entered into with the principal's terms and conditions being adopted. While these contracts do contain their own inherent risk, they are largely unavoidable and are the basis upon which projects are tendered for and appropriate allowances made for the relevant risk profile. Wagners will always endeavour to negotiate a better risk profile on contracts as much as possible where the principal's terms are required to be adopted and generally seeks to limit its liability by using both a total liability cap and an exclusion for consequential loss.

7.6.3. Purchase orders

Some of the supplies and works undertaken by Wagners are governed only by the terms and conditions of a purchase order, which may not cover all of the situations that could arise between the parties. Wagners do however try to minimise the use of purchase orders for more significant projects or where there may be an increased risk profile by the entry into a formal contract in either of the above forms.

Most contracts will require Wagners to give warranties and indemnities in relation to its obligations under the contract which is not considered unusual in the construction industry. In these contracts, Wagners will usually warrant that it has the necessary skills, experience and ability to perform the work or supply under the relevant contract.

Contracts will normally include a termination for convenience clause for the benefit of the principal. Termination on this basis, where Wagners are not in default, will generally entitle Wagners to be paid for works or supply performed to the date of termination and demobilisation costs.

Wagners have also provided security in the form of bank guarantees on many of the projects. Some of the access to security clauses have very broad rights available to the principal however are not considered uncommon and often are insisted upon by large clients to be able to participate in the tender for the project.

7.6.4. Boral contract

Wagners has entered into a cement supply agreement with Boral pursuant to which Wagners provides cement to Boral. The agreement continues for a fixed term until 8 December 2021, and Wagners has an option to extend the term of the agreement for a further 10 years.

The price payable for cement under the agreement is adjusted on a CPI basis, and a price review will occur every three years. The latest price review occurred on 17 July 2017 to apply from 1 July 2017. The agreement also includes a price adjustment mechanism for market price movements.

Wagners provides minimum amounts of cement to Boral each year adjusted with reference to market cement production volumes (subject to the occurrence of any supply interruptions, including a force majeure event, equipment breakdown or other event preventing Wagners from being able to supply the product). Boral also has priority to any other customers to purchase any additional product that Wagners has available to it above the minimum supply amount under the agreement and which is in addition to any quantities Wagners is contracted to supply to its other customers.

Boral has a last right of refusal to purchase Wagner's clinker grinding plant in Pinkenba in the event that Wagners wishes to sell the plant, or sell a direct or indirect controlling interest in Wagners Queensland Pty Ltd, which is the registered owner of the plant, during the term of the agreement.

The agreement contains standard termination rights for both parties, including where a party suffers an insolvency event or is in persistent and material breach of the agreement and the breach is not capable of remedy or has not been remedied within a period of 20 business days after the defaulting party receives notice of the breach.

Wagners warrants that the products it supplies to Boral under the agreement will be free of defects and comply with various specifications and requirements under both the contract and relevant laws and standards. The agreement also provides for compensation or suspension of supply in favour of Boral where the product does not conform to these requirements. Wagners indemnifies Boral and its related bodies corporate against any liability suffered or incurred by Boral or its related bodies corporate in respect of death, personal injury, damage or loss of property arising in connection with a wrongful act of omission by Wagners of its personnel.

7.7. Escrow arrangements

The Ultimate Shareholders have been asked to enter into voluntary restriction deeds with the Company, restricting them from dealing in the Shares held by them at the date of this Prospectus until the earlier of release of the FY19 results and two years from the date of the voluntary escrow arrangements. The restriction deeds restrict the Ultimate Shareholders from disposing of, creating any security interest in or transferring effective ownership or control of, the restricted Shares.

88.8 million Shares (which will represent 55% of the Shares on issue following Completion of the Offer) are subject to voluntary escrow. All Shares held by Ultimate Shareholders are subject to voluntary escrow. On an interim basis, these restricted Shares will be held by Wagners Holding Company Operations Pty Ltd. Following completion of the Demerger and restructure of this shareholding (see further at Section 10.14), the shares will be held by members of the Wagners family and their related entities, and will then be subject to escrow until the earlier of release of the FY19 results and two years from the date of the voluntary escrow arrangements.

ASIC has provided relief from Chapter 6 Corporations Act to enable the Company to enter into the voluntary restriction agreements.

7.8. Dividend reinvestment plan

Subject to the requirements in the Corporations Act and the ASX Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid Shares in the Company).

7.9. Leases

A summary of each of the material leases to which Wagners is a party is set out in the table below. Wagners has entered into each of the below leases with members of WGH. The Board considers that each of the agreements is on arm's length, commercial terms.

TABLE 22
Summary of leases

PREMISES	**47 Pamela Street, Pinkenba** **Lot 1246 on SP50708683**	**175 Wacol Station Road, Wacol** **Part of Lot 1 on RP91957 T/R 13539160**	**1511 Toowoomba Cecil Plains Road, Wellcamp** **Part of Lot 11 on SP272154 T/R 51043336**	**11 Ballera Court, 1511 Toowoomba-Cecil Plains Road, Wellcamp** **Part of Lot 2 on SP296105**
LANDLORD	Wagners Queensland Properties Pty Ltd.	Wagners Properties Pty Ltd.	Wagners Infrastructure Pty Ltd.	Wagners Properties Pty Ltd.
USE	Cement plant, concrete batching and offices.	Production and sale of pre-cast and pre-stressed concrete products, concrete batching plant, offices.	Commercial offices.	Manufacture of composite fibre products, commercial offices.
TERM	37 years from 15 July 2017.	5 years.	2 years.	10 years.
ANNUAL RENT	$1,834,385	$989,925	$155,400	$405,024
RENTAL INCREASES	Annual CPI increases with 3% minimum (except for market review). Market review every third year to be 9% of site value (being essentially the unimproved value of the premises on the open market, subject to certain assumptions) (with a minimum increase of the greater of CPI and 3%).	Annual CPI increases with 3% minimum.	Annual fixed 3% increase	Annual CPI increases with 3% minimum with a market review every 4 years.
OPTIONS TO EXTEND	2 x 10 years.	1 x 5 years.	2 years.	1 x 5 years.
TERMINATION RIGHTS	Default based termination only.	Tenant has right to terminate for convenience on 12 months' notice. Default based termination.	Tenant has right to terminate for convenience on 3 months prior notice.	Default based termination only.
ADDITIONAL COMMENTS	Outgoings payable in addition to rent. Easement to be granted to landlord enabling access to Wharf.	Outgoings payable in addition to rent.	Outgoings payable in addition to rent. Car park licence included for as many car parks as required for employees for $1. Partitioning and fitout owned by landlord.	Outgoings payable in addition to rent. Requirement to purchase utility services of Wellcamp Business Park as Utility Service Provider in Wellcamp Business Park.

PREMISES	580 Alderley Street, Toowoomba Lot 2 on SP272160	Wellcamp Quarry Lot 11 on RP835801	Gunalda Quarry Lot 2 on RP866098	Amby Quarry Lot 3 on RP154619	600 Alderley Street, Harristown (Steel Shed) Lot 1 on RP168039
LANDLORD	Wagners Properties Pty Ltd.	Marcoola Investments Pty Ltd.	Marcoola Investments Pty Ltd.	Marcoola Investments Pty Ltd.	Henry and Mary Wagner as trustee.
USE	Workshop and offices.	Quarry.	Quarry.	Quarry.	Steel workshop.
TERM	2 years.	60 years.	60 years.	60 years.	5 years from 1 March 2017.
ANNUAL RENT	$456,120	Royalty - $1.65821 per tonne.	Royalty - $1.65821 per tonne.	Royalty - $1.65821 per tonne.	$137,473
RENTAL INCREASES	Market review on exercise of option. Annual CPI increases with 3% minimum.	Annual CPI increases in royalty.	Annual CPI increases in royalty.	Annual CPI increases in royalty.	Annual CPI increases
OPTIONS TO EXTEND	1 x 5 years.	Nil.	Nil.	Nil.	Nil.
TERMINATION RIGHTS	Tenant has right to terminate for convenience on 6 months prior notice.	Tenant has right to terminate on 12 months' notice for convenience or 6 months if operations not viable with certain parameters.	Tenant has right to terminate on 12 months' notice for convenience or 6 months if operations not viable with certain parameters.	Minimum royalty – if minimum royalty of $30,000 not achieved for 3 years, landlord can terminate subject to tenant first being provided opportunity to pay minimum royalty. Tenant has right to terminate on 12 months' notice for convenience or 6 months if operations not viable with certain parameters.	Current lease in place.
ADDITIONAL COMMENTS	Outgoings payable in addition to rent. Landlord's improvements include paint booth, sand blasting and fuel facilities and overhead cranes.	Outgoings payable in addition to royalty.	Agreement for lease with grant of lease conditional upon tenant's requirement for quarry to be operational. Where landlord undertakes capital/ infrastructure works, royalty payable to reflect and 8% return on capital contribution on an annual basis for term. Any gravel to be used in infrastructure works to be free issued from quarry. Outgoings payable in addition to royalty. Landlord retains rights to graze stock at its risk.	Outgoings payable in addition to minimum royalty. Landlord retains rights to graze stock at its risk.	

7.10. Licences

A summary of each of the material licences to which Wagners is a party is set out in the table below. Wagners has entered into each of the below leases with members of WGH. The Board considers that each of the agreements is on arm's length, commercial terms.

TABLE 23
Summary of licences

PREMISES	58 Brookhouse Street, Townsville	331 Anzac Avenue, Toowoomba Part of Lot 4 on SP239971	Lot 23 Powerhouse Road, Cloncurry	Pits 1 and 2, Wellcamp Business Park, Wellcamp	Wharf Access Agreement	Helicopter Pad, 47 Pamela Street, Pinkenba	Helicopter Pad, 175 Wacol Station Road, Wacol
LICENSOR	Wagners Properties Pty Ltd.	Wagners Properties Pty Ltd.	Wagners Properties Pty Ltd.	Wagners Properties Pty Ltd.	Wagners Queensland Properties Pty Ltd.	Wagners Holding Ltd.	Wagners Holding Ltd.
USE	Workshop and hardstand.	Offices and laboratory (EFC).	Storage yard.	Project quarry pits.	Access to wharf to discharge product from vessels.	Use of helicopter pad by Wagner helicopters.	Use of helicopter pad by Wagner helicopters.
TERM	3 years.	Monthly tenancy.	3 years.	5 years.	37 years from 15 July 2017.	37 years from 15 July 2017.	5 years.
ANNUAL RENT	$10 per square meter – subject to tenant's requirements.	$13,560	$91,200	Royalty - $1.65821 per tonne.	In line with Port of Brisbane common user berth charges.	$1	$1
RENTAL INCREASES	Annual CPI increases with a minimum of 3%.	N.a.	Annual CPI increases with a minimum of 3%.	Annual CPI increases with a minimum of 3%.	In line with common user berth charges.	Nil.	Nil.
OPTIONS TO EXTEND	3 years.	N.a.	Nil.	12 months - term limited to current project requirements. Right to extend where project extended.	2 x 10 years.	2 x 10 years.	1 x 5 years.
TERMINATION RIGHTS	Tenant has right to terminate for convenience on 6 months' notice.	N.a.	Default based termination rights.		Default based termination rights.	Default based termination rights.	Default based termination rights.
ADDITIONAL COMMENTS	Outgoings payable on a proportionate basis in addition to rent.		Tenant has right to terminate on 6 months' notice.	Non exclusive rights to materials. Landlord retains rights to extract shot rock from the premises provided it is being used in the Wellcamp Business Park. If tenant has no requirement for pits based on projects, no royalty payable.	100% of products imported for use in cement facility to be discharged over wharf. Unit rate consistent with Port of Brisbane common user berth charges. Company to have priority during booked discharge periods.		

7.11. Transitional service agreements

Wagners and WGH have entered into a Transitional Services and Support Agreement (**TSSA**) in respect of services which have previously been shared by Wagners and WGH, and which will continue to be provided for a transitional period of up to 12 months from listing or such longer period agreed between the parties in writing.

Services to be provided between WGH and Wagners under the TSSA include but are not limited to:

a) Human resources and payroll services;

b) Accounting services;

c) IT services;

d) Environment, health and safety services;

e) Legal services;

f) Administration services;

g) Software licencing; and

h) Other services agreed to between the parties from time to time.

WGH will be required to pay Wagners services fees for the transitional services.

WGH may terminate the TSSA by giving 21 days written notice to Wagners. Wagners may terminate the TSSA by giving 21 days written notice to WGH, if WGH fails to comply with its obligations under the agreement and fails to remedy its breach within 7 days of receipt of written notice to do so from Wagners, or if WGH fails to comply with an obligation under the TSSA which is not capable of remedy. Either party may immediately terminate the TSSA if the other party suffers an insolvency event.

7.12. Wharf use agreement

As noted in Table 23, Wagners and WGH have entered into a wharf use agreement in respect of the new bulk wharf facility currently being constructed by WGH (refer to Section 3.2.1 for further details). Following completion of the wharf, WGH will allow Wagners to access and use the wharf for importing clinker and other commodities relating to concrete production for use in Wagners' operations under its lease of the adjoining cement plant facility from WGH (as described in Section 7.9) in exchange for fees to be paid by Wagners. Under the terms of the agreement, WGH will grant Wagners a licence to bulk cargo vessels carrying Wagners products and Wagners employees to access the wharf for the purposes of discharging Wagners products from vessels during specified discharge periods. Wagners also has a right to use any equipment provided by WGH for the purposes carrying out these arrangements.

From time to time, Wagners may also provide materials and labor to WGH for the construction of the wharf which will be conducted at Wagners' usual commercial rates and on usual commercial terms.

The agreement is conditional upon the granting of any necessary approval(s) by the Port of Brisbane in respect of the proposed arrangements, and practical completion of the wharf by WGH. Subject to those conditions being satisfied, the agreement will continue until 2054 unless it is terminated earlier in accordance with its terms.

The agreement contains standard termination rights for both parties (e.g. upon default or an insolvency event being suffered by the other party). It also enables either party to terminate the agreement on notice to the other party if the wet sublease between WGH and the Port of Brisbane expires, is surrendered or terminates during the term (other than due to the wilful default, negligence or breach by WGH), and enables WGH to terminate the agreement if the cement plant lease between WGH and Wagners expires, is surrendered or terminates during the term (other than due to the wilful default, negligence or breach by WGH). Wagners also indemnifies WGH against all liability and claims which WGH may sustain, incur or become liable in respect of or arising from various acts and omissions of Wagners.

7.13. Deed of release and indemnity

Wagners and WGH have entered into a deed of release and indemnity in respect of any potential future liability for an on-site precast concrete contract entered into by Wagners Industrial Services Pty Ltd that was deemed onerous in FY17 (as described in Section 4.9.2.2).

The deed provides that WGH will indemnify and keep indemnified Wagners, Wagners Industrial Services Pty Ltd and their related bodies corporate from and against all claims, actions, loss or damage and all other liability (other than liability for loss of business opportunity, goodwill, contracts, loss arising from business interruption or loss of anticipated savings) arising out of or in connection with executing the work under the contract, the performance of the contract, and a breach of the contract by Wagners Industrial Services Pty Ltd, whether occurring prior to or after Completion of the Offer. WGH also indemnifies each party for the amount of loss suffered by the parties under the contract.

7.14. Existing Banking Facilities

The Wagner Borrowers have Existing Banking Facilities with Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch, National Australia Bank Limited and Westpac Banking Corporation. The facilities are governed by an agreed common terms deed with the securities held by ANZ Fiduciary Services Pty Ltd as security trustee pursuant to a security trust deed.

For the purposes of this section, the Wagner Borrowers are:

a) Wagner Investments Pty Ltd ABN 66 011 055 271;

b) Wagners Australian Operations Pty Ltd ABN 70 010 570 920;

c) Wagners Concrete Pty Ltd ABN 86 092 751 696;

d) Wagners Quarries Pty Ltd ABN 80 092 751 669;

e) Wagners Transport Pty Ltd ABN 84 092 751 687;

f) Wagners Industrial Services Pty Ltd ABN 43 105 730 489;

g) Wagners Cement Pty Ltd ABN 46 126 029 481;

h) Wagners Queensland Pty Ltd ABN 74 122 170 745;

i) Wagners Development Company Pty Ltd ABN 43 109 957 539;

j) Wagners Flyash Pty Ltd ABN 83 010 551 149;

k) Wagners Oil and Gas Services Pty Ltd ABN 39 116 880 516; and

l) Wagners Queensland Properties Pty Ltd ABN 97 118 827 633.

The total facility limit, which may be drawn by the Wagner Borrowers under these facilities, is $185,520,900 of term loan, working capital, overdraft and asset finance facilities, $1,000,000 corporate credit card facility and $12,800,000 of bank guarantee facilities. A summary of each of the facilities from the financiers is set out in the table below.

TABLE 24
Summary of Existing Banking Facilities

FACILITY	DESCRIPTION	PURPOSE	FACILITY LIMIT	EXPIRY DATE
HSBC				
Interest only revolving loan facility		■ To refinance existing cash advance facilities and general corporate purposes .	$25,000,000	On or about 28 July 2020
Working capital facility	■ Facility available as 3 sub-facilities. ■ Bank guarantee sub-facility. ■ Import line sub-facility. ■ Revolving loan sub-facility.	■ If bank guarantee sub-facility – to provide for issuance of financial guarantees and performance guarantees. ■ If import line sub-facility – provision of letters of credit or pay an exporter of the goods or to make advance payments prior to shipment for the purchase of goods. ■ If revolving loan sub-facility – the refinance any existing cash advance facilities and for general corporate purposes.	$15,000,000	On or about 27 July 2018
NAB				
Corporate markets loan		■ For general corporate purposes.	$75,000,000	On or about 28 July 2020
Overdraft facility		■ To assist with transactional and working capital requirements of the business. The facility may only be used if the lender agrees in writing.	$10,000,000	30 June 2018
Bill acceptance and discount facility – fixed rate		■ To restate existing facility.	$1,085,000	30 April 2018
Master asset finance facility		■ To assist with asset finance requirements of the business.	$2,000,000	30 June 2018
Bill acceptance and discount facility No 2 – fixed rate		■ To restate existing facility.	$235,900	30 June 2018

FACILITY	DESCRIPTION	PURPOSE	FACILITY LIMIT	EXPIRY DATE
Bank guarantee facility		■ To assist with provision of rental bonds and/or security deposits and/ or performance bond requirements.	$5,000,000	30 June 2018
Corporate credit card facility		■ For day to day expenditure requirements of the business.	$1,000,000	30 June 2018
Multi-option facility	■ Overdraft facility; and ■ Bank guarantee facility.	■ Overdraft facility – to cover financial requirements for the day to day operations of the borrower. ■ Bank guarantee facility – to assist with provision of rental bonds and/or security deposits and/or performance land requirements, including for the Port of Brisbane.	$10,000,000 being divided as follows: ■ $2,501,000 limit for the overdraft facility ■ $7,499,000 limit for the bank guarantee facility	30 June 2018.
Westpac Banking Corporation				
Interest only revolving cash facility		■ General corporate purposes.	$50,000,000	On or about 28 July 2020
Uncommitted asset finance facility		■ Asset finance.	$5,000,000	As it is uncommitted, the Financier can terminate the availability of the facility for new drawings at any time. However, any existing asset purchase agreements will continue in accordance with the terms of each asset purchase agreement, the maximum term being 4 years.
			Total: $199,320,900	

Each of the above facilities are secured. The above sub-limits are subject to change depending on day to day equivalents.

The repayment conditions for the various facilities under each of the financiers' facilities are not uncommon for facilities of this type.

The interest rates and facility fees payable under each of the financiers' facilities are usual commercial terms for facilities of this type. The Wagner Borrowers expect to remain in compliance with these financial covenants and other undertakings in the financiers' facilities during the forecast period based on the Forecast Financial Information and the assumptions stated in Section 4.9.

The common terms deed which applies to all the financiers' facilities contains customary representations, warranties, undertakings and events of default which are not uncommon for facilities of this type. A breach of such representations or undertakings, or the occurrence of an event of default, may result in the facilities becoming immediately due and payable and/or the cancellation of the financiers' commitments.

Wagners have also provided a limited guarantee and indemnity to National Australia Bank Limited in respect of a finance facility National Australia Bank Limited has entered into with IFB. As noted in Sections 3.2.1 and 10.3, Wagners has a 60% interest in IFB. The facility amount is $8,160,232, for which Wagners has provided a limited guarantee and indemnity for $2,841,418 and other liabilities, as well as a mortgage over the shares it holds in IFB and Millmerran Flyash Pty Ltd through its joint venture arrangement with IFB.

7.15. New Banking Facilities

The Existing Banking Facilities described in Section 7.14 are to be replaced by the New Banking Facilities (refer to Section 4.6.3 for further detail).

7.16. Deed of pre-emption

Denis Wagner, John Wagner, Neill Wagner, Joe Wagner and Henry Wagner (including through their nominated entities) have entered into a deed of pre-emption.

Under the deed, the parties agree that any party who wishes to transfer any of their Shares in the Company (whether on receipt of any offer made in good faith and on an arm's length basis (a **Pre-emption Offer**) or by sale on ASX (a **Sale**) must, unless the transfer is permitted under the deed or the transferor has the written consent of the other parties, first offer the Shares to each other party in proportion to their existing shareholdings subject to the deed (the **Shareholder Offer**).

The sale price under the Shareholder Offer is either a price no higher than that made under the Pre-emption Offer or, in the case of a Sale, the weighted average price of recorded sales in Shares on ASX during the 5 trading days prior to the transferor making the Shareholder Offer. There is a mechanism for successive offers to be made to the parties until there is no accepting party, after which unaccepted shares can be transferred to a third party. The sale price to third parties must be either in accordance with the original Pre-emption Offer or, in the case of a Sale, at a price no less than 90% of the price under the Shareholder Offer and any such sale must be completed within 10 business days of the expiry of all periods for acceptance under the deed.

A transfer to a related party of the holder is permitted without the necessity of complying with the pre-emption provisions provided the transferee becomes a party to the deed.

The deed will remain in force until terminated by written agreement of the parties. It also applies to replacement securities on a corporate reconstruction and bonus securities attaching to relevant Shares.

The effect of the deed is that Denis Wagner, John Wagner, Neill Wagner, Joe Wagner and Henry Wagner (including through their nominated entities) will have a relevant interest in, and be entitled to, the Shares held by each of them, being approximately 55% on the Shares in the Company on Completion of the Offer for the purposes of Chapter 6 of the Corporations Act.

7.17. Intellectual property

In addition to the general intellectual property of the Company, Wagner Investments Pty Ltd has a registered trade mark for the word 'Wagners' and the Company is in the process of applying for further trade mark registrations. Wagners is also the registered domain name owner of the Corporate Website.

SECTION 8

DETAILS OF THE OFFER

8.1. The Offer

The Offer comprises: (a) a capital raising of $100 million, by way of an issue of 36.9 million Shares at $2.71 per Share (b) a $96.8 million sell down of 35.7 million Shares at $2.71 per Share by the Vendor.

The total number of Shares being offered under this Prospectus is therefore 72.6 million, for a total Offer size of $196.8 million.

The process for applying for Shares under the Offer is set out in Section 8.3.2.

Applications must be for a minimum of 739 Shares ($2,000).

The Shares will rank equally in all respects with the Shares held by the Ultimate Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's constitution. A summary of the constitution is set out in Section 7.2.

8.1.1. Structure of the Offer

The Offer comprises:

- The **Broker Firm Offer**, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; and
- The **Institutional Offer**, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, made under this Prospectus.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Company in agreement with the Joint Lead Managers having regard to the allocation policies outlined in Sections 8.3.4 and 8.4.2.

The Offer is fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 7.3.

The Offer is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

8.1.2. Purpose of the Offer and use of proceeds

The Offer is being conducted to provide Wagners with:

- Access to the capital markets to improve capital management flexibility;
- The benefits of an increased public profile that arises from being a listed entity;
- Funds for the repayment of debt, in order to strengthen its balance sheet and provide financial flexibility to pursue its identified growth opportunities;
- Funds for payment of the transaction costs associated with the Offer; and
- A liquid market for Shares and an opportunity for others to invest in Wagners.

This represents the current intentions of the Company based on its current business plan and business conditions. The amounts and timing of the actual expenditure may vary and will depend upon numerous factors.

8.1.3. Sources and uses of Offer proceeds

TABLE 25
Sources and uses

SOURCES	$M	USES	$M
Existing cash	7.9	Pro forma cash balance	6.4
Cash proceeds received from sale of Existing Shares	96.8	Repay existing drawn debt facilities	144.0
Draw down under New Banking Facilities	50.0	Payment of costs of the Offer	7.5
Cash proceeds received from the issue of New Shares by the Company	100.0	Proceeds to the Ultimate Shareholders	96.8
Total sources of funds	**254.7**	**Total uses of funds**	**254.7**

8.1.4 Shareholding structure

The details of the ownership of Shares at Completion of the Offer and Demerger are set out below:

TABLE 26
Shareholding structure

	OWNERSHIP PRE-COMPLETION OF THE OFFER AND DEMERGER	SHARES HELD ON COMPLETION OF THE OFFER AND DEMERGER	
	%	**m**	**%**
Wagners Holding Company Operations Pty Ltd	100%	-	-
Denis Wagner Investments Pty Ltd	–	0.8	0.5%
John Wagner Investments Pty Ltd	–	0.8	0.5%
Neill Wagner Investments Pty Ltd	–	0.8	0.5%
Joe Wagner Investments Pty Ltd	–	0.6	0.4%
Henry Wagner Investments Pty Ltd	–	0.3	0.2%
	OWNERSHIP PRE-COMPLETION OF THE OFFER	**SHARES HELD ON COMPLETION OF THE OFFER**	
Denis Wagner	–	21.3	13.2 %
John Wagner	–	21.3	13.2%
Neill Wagner	–	21.3	13.2%
Joe Wagner	–	21.3	13.2%
New Shareholders	–	72.6	45.0%
Total	**100%**	**161.4**	**100%**

At Completion of the Offer and Demerger, 55% of the Shares will be subject to voluntary escrow arrangements. See Section 7.7 for further information.

The expected free float of the Company on Completion of the Offer will be 45% (based on 161.4 million Shares being on issue on Completion of the Offer less 88.8 million Shares subject to voluntary escrow.

8.2. Terms and conditions of the Offer

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Wagners).
What are the rights and liabilities attached to the security being offered?	The rights and liabilities attaching to all Shares are detailed in the Company's constitution. A summary of the constitution is set out in Section 7.2.
What is the consideration payable for each security being offered?	The Offer Price is $2.71 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 6. No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.
What are the cash proceeds to be raised?	$196.8 million is expected to be raised under the Offer.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers. Details on the underwriting arrangements are provided in Section 7.3.
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers are Credit Suisse and Morgans.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and Institutional Offer will be determined by agreement between the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 8.3.4 and 8.4.2. **Broker Firm Offer** ■ With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares. **Institutional Offer** ■ The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company.
When will I receive confirmation that my Application has been successful?	■ It is expected that initial holding statements will be despatched by standard post on or about 13 December 2017. ■ Refunds to Applicants who make an Application and are scaled back will be made as soon as possible post Settlement, which is expected to occur on or about 11 December 2017. ■ No refunds will be made where the overpayments relate solely to rounding at the Offer Price.

TOPIC	SUMMARY
Will the Shares be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for its admission to the Official List, and quotation of Shares by ASX (under the code WGN). Listing is conditional on ASX approving this application, settlement under the Underwriting Agreement and allotment of Shares under the Offer. If ASX approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. It is anticipated that quotation will initially be on a conditional and deferred settlement basis. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that the Shares will commence trading on the ASX on or about 8 December 2017, initially on a conditional and deferred settlement basis. The contracts formed on acceptance of Applications and bids will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Underwriting Agreement (**Settlement**). Trades occurring on the ASX before Settlement will be conditional on Settlement occurring. If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX would be cancelled and any Application Monies received would be refunded as soon as possible (without interest). Conditional trading will continue until Wagners has advised ASX that Settlement has occurred, which is expected to be on or about 11 December 2017. Trading will then be on an unconditional but deferred delivery basis until Wagners has advised the ASX that holding statements have been despatched to Shareholders, which will be on or about 13 December 2017. Normal Settlement trading is expected to commence on or about 18 December 2017. If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications and bids will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. Wagners and the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.7.
Has any ASIC relief been obtained or been relied on?	Yes. Refer to Section 10.8.
Are there any tax considerations?	Yes. Refer to Section 10.5.

TOPIC	SUMMARY
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 7.3 for details of various fees payable by the Company to the Joint Lead Managers.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Offer Information Line 1300 145 329 (within Australia) and +61 3 9415 4251 (outside Australia) from 8.30am until 5.00pm (AEDT), Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether Wagners is a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

8.3. Broker Firm Offer

8.3.1. Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia or New Zealand. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

8.3.2. How to apply

Applications for Shares may only be made on a Broker Firm Offer Application Form attached to or accompanying this Prospectus which may be downloaded in its entirety from the Corporate Website. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement Prospectus), together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker. There is no maximum value of Shares that may be applied for under the Broker Firm Offer, however, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Share Registry. The Broker Firm Offer opens at 9.00am (Sydney time) on 28 November 2017 and is expected to close at 5.00pm (Sydney time) on 7 December 2017. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

8.3.3. Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

8.3.4. Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Offer Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified on the Broker Firm Offer Application Form or any lesser amount, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants conditional on the quotation of Shares on ASX and commencement of unconditional trading.

8.3.5. Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers will be determined by agreement between Wagners and the Joint Lead Managers. Shares that are allocated to Brokers for allocation to their Australian and New Zealand clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of the Wagners and the Joint Lead Managers to reject, aggregate or scale back Applications).

It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not Wagners or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

8.4 Institutional Offer

8.4.1. Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

8.4.2. Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company. The Joint Lead Managers and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- Number of Shared bid for by particular Applicants;
- The timeliness of the bid by particular Applicants;
- The Company's desire for an informed and active trading market following Completion of the Offer;
- The Company's desire to establish a wide spread of institutional Shareholders;
- Overall anticipated level of demand under the Broker Firm Offer and Institutional Offer;
- The size and type of funds under management of particular Applicants;
- The likelihood that particular Applicants will be long term Shareholders; and
- Any other factors that Wagners and the Joint Lead Managers considered appropriate.

8.5. Underwriting arrangements

The Offer is fully underwritten. The Joint Lead Managers and the Company have entered into an Underwriting Agreement under which the Joint Lead Managers have been appointed as managers and underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 7.3.

8.6. Discretion regarding the Offer

Wagners may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants and bidders. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

Wagners and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

8.7. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, pledged or transferred directly or indirectly, in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable laws.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, or sold, pledged or transferred directly or indirectly, in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- It is not in the United States;
- It has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

This Prospectus does not constitute an offer or invitation to subscribe for or purchase Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

8.7.1. Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong (**HKCO**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO) and any rules made under the SFO.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

The Shares are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under the SFO). No person allotted Shares may sell, or offer to sell, such Shares in circumstances which may amount to an offer to the public in Hong Kong. Any on-sale of the Shares is required to comply with the same restrictions.

The contents of this document have not been reviewed or authorised by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

8.7.2. New Zealand

This document has been lodged with the New Zealand Companies Office under the Financial Markets Conduct Act 2013 (the **FMC Act**), but has not been registered with or approved by The New Zealand Companies Office or any other New Zealand regulatory authority under the FMC Act.

The Shares offered under the Institutional Offer are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- Is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- Meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- Is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- Is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- Is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

The Shares offered under the Broker Firm Offer are offered to brokers' New Zealand resident retail clients.

8.7.3. Singapore

This document and any other materials relating to the Shares do not constitute a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (**SFA**) and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. This document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, pursuant to this Prospectus whether directly or indirectly, to persons in Singapore other than (i) an existing holder of the Company's Shares; (ii) an 'institutional investor' (as defined in section 4A(c) of the SFA); (iii) a 'relevant person' (as defined in section 275(2) of the SFA) or pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with, the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares; (ii) an 'Institutional Investor' (as defined in the SFA); or (iii) a 'relevant person' (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

You should note that any offer contained in this document is subject to the general resale restriction under section 257 of the SFA and you shall not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares in Singapore unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

8.7.4. United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**) has been published or is intended to be published in respect of the Shares. The Prospectus and the Offer will only be made available to or directed at any person to the extent that the Offer does not constitute an offer to the public in the United Kingdom for the purposes of section 85 of FSMA.

This document may only be issued on a confidential basis to persons who are 'qualified investors' (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments who fall within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO) and where the requirements of Article 19 of the FPO are satisfied, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO and where the requirements of Article 49 of the FPO are satisfied or (iii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

8.7.5. Norway

In relation to an offer to the public of any Shares which are the subject of the offering contemplated by this Prospectus may not be made in Norway, except that an offer to the public in Norway of any Shares may be made at any time under the following exemptions under the EU Prospectus Directive:

- To legal entities which are qualified investors as defined in the EU Prospectus Directive;
- To fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the managers for any such offer; or
- In any other circumstances falling within Article 3(2) of the EU Prospectus Directive, inter alia an offer of securities addressed to investors who acquire securities for a total consideration of at least EUR 100,000 per investor, for each separate offer

Provided that no such offer of Shares shall require the Company or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement to a prospectus pursuant to Article 11 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any Shares. The expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This selling restriction for Norway is in addition to any other selling restrictions set out in this Prospectus.

8.8. ASX listing, registers and holding statements, and conditional and deferred settlement trading

8.8.1. Application to the ASX for listing of Wagners and quotation of Shares

Wagners will apply to the ASX within seven days of the Prospectus Date, for admission to the official list of the ASX and quotation of the Shares on the ASX (which is expected to be under the code WGN).

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Wagners to the official list of the ASX is not to be taken as an indication of the merits of Wagners or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by Wagners from time to time), Wagners will be required to comply with the ASX Listing Rules.

8.8.2. CHESS and issuer sponsored holdings

The Company will apply for the Shares to participate in CHESS. Applicants who are issued Shares under this Offer will receive shareholding statements in lieu of share certificates. They set out the number of Shares issued to each successful Applicant.

The shareholding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

8.8.3. Conditional and deferred settlement trading and selling Shares on market

It is expected that the Shares will commence trading on the ASX on or about 8 December 2017, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of Applications and bids will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Underwriting Agreement. Trades occurring on the ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX would be cancelled and any Application Monies received would be refunded as soon as possible (without interest).

Conditional trading will continue until Wagners has advised the ASX that Settlement has occurred, which is expected to be on or about 11 December 2017. Trading will then be on an unconditional but deferred delivery basis until Wagners has advised the ASX that holding statements have been despatched to Shareholders, which will be on or about 13 December 2017. Normal settlement trading is expected to commence on or about 18 December 2017.

If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications and bids will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

To assist Applicants in determining their allocation prior to receipt of a holding statement, Wagners will announce details of pricing and basis for allocations on Wagners' Corporate Website. After the basis for allocations has been determined, Applicants will also be able to call the Offer Information Line from 12 December 2017 on 1300 145 329 (within Australia) and +61 3 9415 4251 (outside Australia) from 8.30am until 5.00pm (AEDT), Monday to Friday (excluding public holidays) until Completion of the Offer, or their Broker to confirm their allocations.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. Wagners, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.

8.9. Summary of rights and liabilities attaching to Shares

The rights and liabilities attaching to all Shares are detailed in the Company's constitution. A summary of the constitution is set out in Section 7.2.

SECTION 9

INVESTIGATING ACCOUNTANT'S REPORTS

The Directors
Wagners Holding Company Limited
1511 Toowoomba Cecil Plains Road
Wellcamp, QLD 4350

20 November 2017

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Wagners Holding Company Limited historical and forecast financial information and Financial Services Guide

We have been engaged by Wagners Holding Company Limited (the Company) to report on the historical and forecast financial information of the Company for the financial years ended 30 June 2015, 30 June 2016, 30 June 2017 and the financial year ending 30 June 2018 for inclusion in the Prospectus dated on or about 20 November 2017 and relating to the issue of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company included in the Prospectus:

Carve-out Historical Financial Information

- the historical carve-out income statements for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the historical carve-out statement of financial position as at 30 June 2017; and
- the historical carve-out cash flow information for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;

The Carve-out Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting

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Standards and the Company's adopted accounting policies. The Carve-out Historical Financial Information has been extracted from the financial report of the Company for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017, which was audited by BDO in accordance with the Australian Auditing Standards. BDO issued an unmodified audit opinion on the financial report. The Carve-out Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

- the pro forma historical consolidated income statements for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the pro forma historical consolidated statement of financial position as at 30 June 2017; and
- the pro forma historical consolidated cash flow information for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;

The Pro Forma Historical Financial Information has been derived from the Carve-out Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in section 4.4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4.4 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Statutory Forecast Financial Information

- the statutory forecast consolidated income statement for the financial year ending 30 June 2018, as described in section 4.4 of the Prospectus; and
- the statutory forecast consolidated cash flow information for the financial year ending 30 June 2018, as described in section 4.7 of the Prospectus;

The directors' specific assumptions underlying the Statutory Forecast Financial Information are described in section 4.9 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast Financial Information

- the pro forma forecast consolidated income statement for the financial year ending 30 June 2018, as described in section 4.4 of the Prospectus; and
- the pro forma forecast consolidated cash flow information for the financial year ending 30 June 2018, as described in section 4.7 of the Prospectus;

The Pro Forma Forecast Financial Information has been derived from the Company's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 4.4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in section 4.4 of the Prospectus, as if those events or transactions had occurred as at 1 July 2017. Due to its nature, the Pro Forma Forecast Financial Information does not represent the company's actual prospective financial performance, and/or cash flows for the year ending 30 June 2018.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Carve-out Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Carve-out Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast Financial Information, including its basis of preparation and the specific assumptions underlying the Statutory Forecast Financial. They are also responsible for the preparation of the Pro Forma Forecast Financial Information, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of the Carve-out Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and a Pro Forma Forecast Financial Information that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Carve-out Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the specific assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Carve-out Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Carve-out Historical Financial Information of the Company, as described in section 4.2 of the Prospectus, and comprising:

- the historical carve-out income statements for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the historical carve-out statement of financial position as at 30 June 2017; and
- the historical carve-out cash flow information for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 4.2 of the Prospectus, and comprising:

- the pro forma historical consolidated income statements for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the pro forma historical consolidated statement of financial position as at 30 June 2017; and
- the pro forma historical consolidated cash flow information for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4.4 of the Prospectus, as if those events or transactions had occurred as at the date of the Carve-out Historical Financial Information.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' specific assumptions used in the preparation of the statutory forecast consolidated income statement and consolidated cash flow information of the Company for the financial year ending 30 June 2018 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not properly prepared on the basis of the directors' specific assumptions as described in section 4.9 of the Prospectus; and

– is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and

- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' specific assumptions used in the preparation of the pro forma forecast consolidated income statement and consolidated cash flow information of the Company for the financial year ending 30 June 2018 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:

  – is not properly prepared on the basis of the directors' specific assumptions, as described in section 4.9 of the Prospectus; and
  – is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies, applied to the Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and

- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information and Pro Forma Forecast Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year ending 30 June 2018. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' specific assumptions on which the Forecast Financial Information and Pro Forma Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' specific assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' specific assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 4.10 and 5 of the Prospectus. The sensitivity analysis described in section 4.10 of the Prospectus demonstrates the impact on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast Financial Information or Pro Forma Forecast Financial Information will be achieved.

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by the directors for the purpose of inclusion in Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information or Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia and New Zealand

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

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Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Paul Lindstrom

Paul Lindstrom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated *20 November 2017*

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Wagners Holding Company Limited (" ***Wagners*** ") to provide a report in the form of an ***Investigating Accountant's Report*** in relation to the ***statutory and pro forma historical and forecast financial information*** (**the "Report**") for inclusion in the ***Prospectus dated 20 November 2017.***

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

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The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a time and materials basis and are estimated at $300,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Paul Lindstrom
480 Queen St, Brisbane QLD 4000

SECTION 10

ADDITIONAL INFORMATION

10.1. Registration

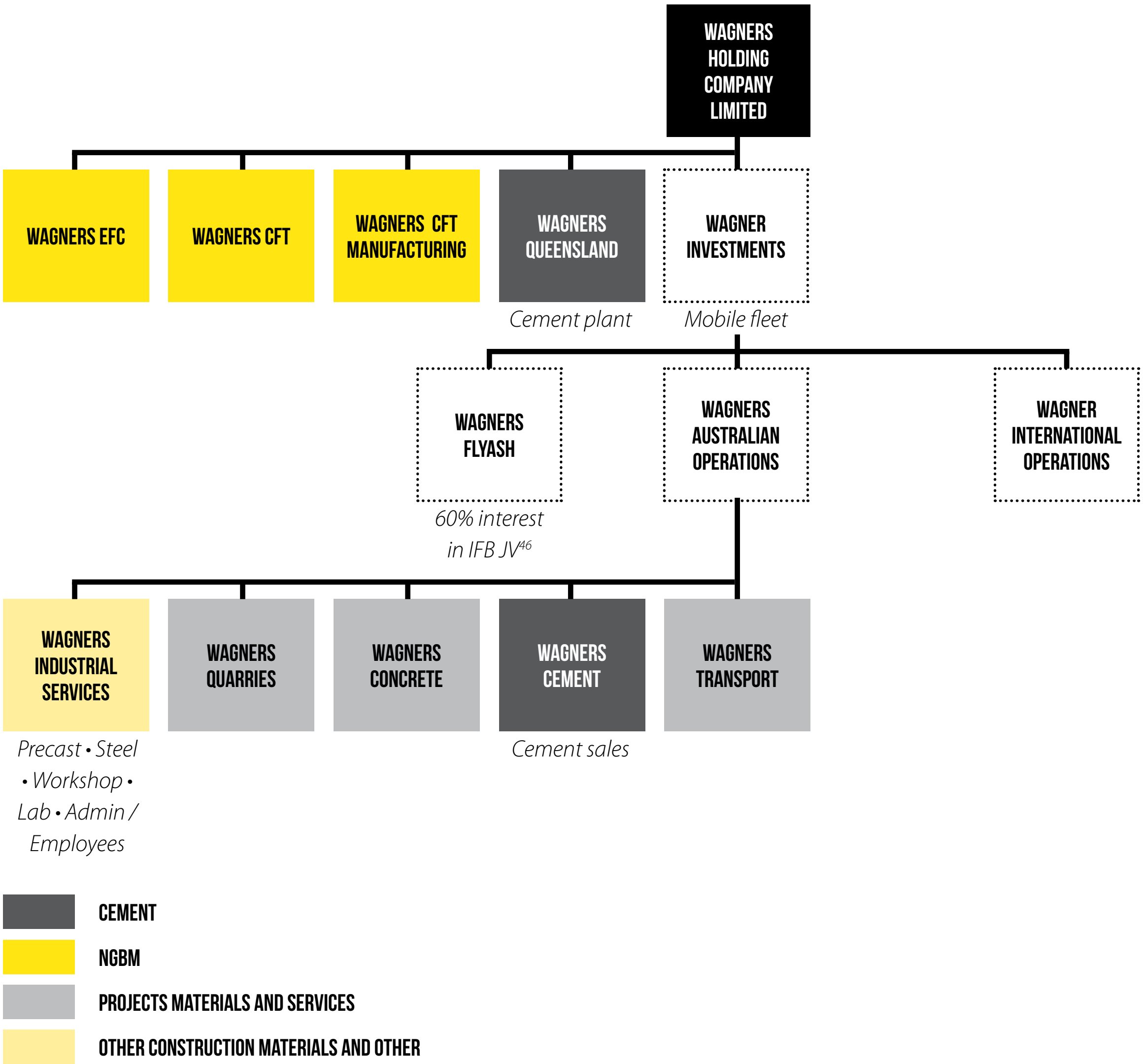
Wagners was registered in Queensland on 2 November 2017 as a public company limited by shares.

10.2. Company tax status

Wagners will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax. Wagners will be subject to tax at the Australian corporate tax rate. The financial year of Wagners ends on 30 June.

10.3. Corporate structure

FIGURE 32
Wagners' corporate structure



46 Wagners' 60% interest in the IFB JV is structured through a 60% holding in IFB and a 60% holding in Millmerran Flyash Pty Ltd ACN 123 015 618.

10.4. Demerger of shareholding in Wagners

The Ultimate Shareholders currently hold all shares on issue in WGH which, prior to Completion of the Offer, is the ultimate parent company of Wagners.

A demerger of the current corporate group is to be undertaken following Completion of the Offer (**Demerger**), whereby:

- Wagners has been established as a subsidiary of Wagners Holding Company Operations Pty Ltd ACN 109 763 742;
- Under the IPO, successful Applicants will acquire shares in Wagners as a combination of New Shares and Sale Shares (the Sale Shares will represent approximately 29% of the Existing Shares in Wagners); and
- Immediately following Completion of the Offer, a demerger of the corporate group will be conducted whereby the remaining Shares in Wagners (held by Wagners Holding Company Operations Pty Ltd ACN 109 763 742) will be transferred to the Ultimate Shareholders.

As part of the Demerger, the Ultimate Shareholders, WGH and Wagner Group Holding Operations Pty Ltd (the subsidiary of WGH and immediate parent of Wagners Holding Company Operations Pty Ltd ACN 109 763 742) (**Demerger Participants**) have entered into a demerger commitment deed with Wagners, under which each Demerger Participant will commit to completing the relevant agreements to give effect to the Demerger.

10.5. Taxation considerations

The comments in this section provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares on capital account for Australian income tax purposes. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation entities.

This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

The summaries are general in nature and are not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including CGT), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to the specific circumstances.

The summaries discussed in this section are based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summaries in this section do not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in this section do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This section does not constitute financial product advice as defined in the Corporations Act. This section is confined to taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about their investments. Shareholders should consider taking advice from a licensed adviser, before making a decision about their investments.

10.5.1. Income tax treatment of dividends received for Australian resident Shareholders

10.5.1.1. Individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend.

The rate of tax payable by each Australian tax resident Shareholder that is an individual will depend on the individual circumstances of the Shareholder and his/her prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person". The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

10.5.1.2. Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate Shareholders can then pass on the benefit of the franking credits to their own shareholder(s) on the payment of franked dividends.

Excess franking credits received by a corporate Shareholder cannot give rise to a refund, but may in certain circumstances be converted into carry forward tax losses.

10.5.1.3 Trusts and partnerships

Australian tax resident investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a qualified person, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

10.5.1.4. Shares held at risk

To be eligible for the benefit of franking credits and tax offset, a Shareholder must satisfy the "holding period" rule and "related payment" rule. This requires that a Shareholder hold the Shares "at risk" for more than 45 days continuously (not including the date of acquisition and disposal).

Any day on which a Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the Shares (e.g. through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares "at risk". In addition, a Shareholder must not be obliged to make a "related payment" in respect of any dividend, unless they hold the Shares "at risk" for the required holding period around the dividend dates.

Where these rules are not satisfied, the Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A$5,000. Special rules apply to trusts and beneficiaries.

Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

10.5.2. Capital Gains Tax implications for Australian tax resident Shareholders

The disposal of a Share by a Shareholder will be a CGT event. A capital gain will arise where the "capital proceeds" on disposal exceed the "cost base" of the Share (broadly, the amount paid to acquire the Share plus any transaction costs incurred in relation to the acquisition or disposal of the Shares). In the case of an "arm's length" on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the Shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the "reduced cost base" of the Share exceeds the "capital proceeds" from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

10.5.3. Tax file numbers

Shareholders are not required to quote their tax file number (**TFN**), or where relevant Australian Business Number (**ABN**), to the Company. However, if a valid TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN. Non-residents are exempt from this requirement.

10.5.4. Goods and Services Tax

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

10.5.5. Stamp duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares while the Company remains listed.

10.6. Litigation and claims

Wagners may, from time to time, be party to various disputes and legal proceedings incidental to the conduct of its business. These disputes may lead to legal and other proceedings, and may cause Wagners to suffer additional costs. As far as the Directors are aware and except for the matters disclosed below, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which Wagners is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Wagners.

Wagners Investments Pty Ltd is party to a number of proceedings against Toowoomba Regional Council in the Queensland Planning and Environment Court. All of these proceedings relate to Planning and Environmental Court Appeals concerning the levy of infrastructure charges on various development approvals of Wagner Investments Pty Ltd and remain ongoing. While these matters were commenced with Wagners Investments Pty Ltd as a party, each matter relates to developments being undertaken by WGH.

As described in Section 4.9.2.2, one on-site precast contract has been classified as an onerous contract by Wagners, with a provision recorded in FY17 to account for this contract. Wagners has entered into a deed of indemnity and release with WGH in respect of any future liability of Wagners that arises under the contract (see Section 7.13 for further detail). No litigation has commenced in respect of this contract.

Denis Wagner, John Wagner, Neill Wagner and Joe Wagner (as claimants) have initiated defamation proceedings against various defendants (including Harbour Radio Pty Ltd, Alan Jones, Radio 4BC Brisbane Pty Ltd, Nine Network Australia Pty Ltd, TCN Channel Nine Pty Ltd, Queensland Television Limited, WIN Television Qld Pty Ltd, Ninemsn Pty Ltd, Nick Cater and Heather Pascoe). The proceedings are disclosed as the claimants each has an interest in the Company and two of the claimants are directors of the Company. Whilst the claimants and entities associated with the Company may be mentioned in the proceedings or related media, the Company does not have any direct involvement in the claims nor liability in respect of these proceedings.

10.7. Ownership restrictions

The sale and purchase of Shares in Australia are regulated by Australian laws and laws in other countries in which Wagners operates that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

10.7.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in Wagners, either themselves or through an associate.

10.7.2. Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in Wagners or foreign persons hold an Aggregate Substantial Interest in Wagners, Wagners itself will be a "foreign person" for the purposes of the FATA.

Where an acquisition of a Substantial Interest or an Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy (**FATA Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the FATA Policy, acquisitions of a direct investment in an Australian company by foreign governments and their related entities should be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the FATA Policy, a 'direct investment' will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

10.8. Regulatory relief

ASIC has exempted Wagners from section 606 of the Corporations Act to allow the Company to enter into the voluntary restriction deeds described in Section 7.7 and the demerger commitment deed referred to in Section 10.4.

ASIC has also exempted Wagners from the operation of section 1020B(2) of the Corporations Act in respect of the trading of Shares on the ASX on a conditional and deferred settlement basis.

10.9. Consents to be named and statement of disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Credit Suisse and Morgans have each given, and have not withdrawn, their written consent to be named as Joint Lead Managers and underwriters to the Offer in the form and context in which they are named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company in the form and context in which it is named.

PriceWaterhouseCoopers Securities Ltd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which it is included.

BDO Audit Pty Ltd has given, and not withdrawn, its consent to be named as Independent Auditor in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and not withdrawn, its written consent to be named as the Share Registry to Wagners.

10.10. Costs of the Offer

The costs of the Offer are expected to be approximately $7.5 million (excluding GST). These costs will be borne by Wagners from the proceeds of the Offer.

10.11. Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Queensland and each Applicant and bidder under this Prospectus submit to the exclusive jurisdiction of the courts of Queensland.

10.12. Statement of Directors

This Prospectus is authorised by each Director. Each Director has consented to the lodgement of the Prospectus with ASIC and the issuance of the Prospectus, and has not withdrawn that consent.

APPENDIX A

SIGNIFICANT ACCOUNTING POLICIES

A.1 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the Financial Information in Section 4 are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

A.1.1 Basis of preparation

The Financial Information has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Company.

A.1.2 Principles of consolidation

A controlled entity is any entity where the company has the power to control the financial and operating policies so as to obtain benefits from its activities.

All controlled entities have a June financial year end.

All intercompany balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the Carve-out Historical Financial Information, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

A.1.3 Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non- assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Wagners (the ultimate parent company) and its wholly-owned Australian subsidiaries will form an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group will recognise its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which will be immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group plans to notify the Tax Office that it will form an income tax consolidated group following the IPO. The tax consolidated group will enter a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

A.1.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

A.1.5 Construction contracts and work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

A.1.6 Property plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The carrying value includes revalued assets which existed at 30 June 2005.

The carrying amount of plant and equipment are reviewed each reporting period by directors to ensure it is not in excess of the recoverable amount from these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rate used for each class of depreciable assets is:

TABLE 27
Useful lives

	Useful lives		
CLASS OF FIXED ASSET	FY15	FY16	FY17
Buildings	25	25	25
Cement manufacturing plant	30	30	30
Plant & equipment	10	10	10
Heavy vehicles	10	10	10
Light vehicles	6	6	6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

A.1.7 Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

A.1.8 Financial Instruments

The Company has adopted Australian Accounting Standard AASB 9 Financial Instruments with effect from 1 July 2013. The consolidated entity's policy in relation to the classification and recognition of financial instruments after adoption of AASB 9 is set out below.

Classification and reclassification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value; and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company is required to reclassify all affected debt investments when and only when its business model for management of those assets changes.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Measurement

At initial recognition the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The Company subsequently measures all equity investments at fair value. Where the consolidated entity's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the consolidated entity's right to receive payment is established and as long as they represent a return on investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses in the income statement as applicable. Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other revenue.

Impairment

Assets carried at amortised cost

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

A.1.9 Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

A.1.10 Interests in joint ventures

The Company's share of the assets and liabilities, revenues and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements.

The Company's interests in joint venture entities are recorded using the equity method of accounting.

Where the Company contributes assets to the joint venture or if the Company purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Company's share of the joint venture shall be recognised. The Company recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of the current assets or an impairment loss.

A.1.11 Intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

A.1.12 Foreign currency translation and balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognized in the statement of comprehensive income.

Group Companies

The financial result and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

A.1.13 Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

A.1.14 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long-term obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

A.1.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term financial liabilities in current liabilities on the statement of financial position.

A.1.16 Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

All revenue is stated net of the amount of GST.

A.1.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

A.1.18 Good and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

A.1.19 Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

A.1.20 Aggregated entities

TABLE 28
Aggregated entities

COMPANY	PERCENTAGE OWNED
Wagners Holding Company Pty Ltd	100%
Wagners Queensland Pty Ltd	100%
Wagner Investments Pty Ltd	100%
Wagners Flyash Pty Ltd	100%
Wagners Australian Operations Pty Ltd	100%
Wagners Concrete Pty Ltd	100%
Wagners Quarries Pty Ltd	100%
Wagners Transport Pty Ltd	100%
Wagners Industrial Services Pty Ltd	100%
Wagners Cement Pty Ltd	100%
Wagners Charter Pty Ltd	100%
Wagners International Operations Pty Ltd	100%
Wagners Global Projects Sdn Bhd	100%
Wagners Global Services (Malaysia) Sdn Bhd	100%
Wagners Services Mozambique Limiteda	98.75%
Wagners Global Ventures Sdn Bhd	100%
Wagners Global Services Mongolia LLC	100%
Wagners Concrete Mongolia LLC	100%
Wagners Global Services Panama Inc	100%
Wagners Plant and Equipment Ltd	100%
Wagners Composite Fibre Technologies Pty Ltd	100%
Wagners CFT Manufacturing Pty Ltd	100%
Wagners EFC Pty Ltd	100%

APPENDIX B

GLOSSARY

TERM	MEANING
AAS or Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements adopted by the Australian Accounting Standards Board and Urgent Issues Group interpretations.
ABN	Australian Business Number.
ABS	Australian Bureau of Statistics.
Applicant	A person or entity who submits an Application Form.
Application	An application made to subscribe for Shares offered under this Prospectus.
Application Form	An application form attached to this Prospectus (including the electronic form provided by an online application facility).
Application Monies	The money received by the Company under the Offer, being the Offer Price multiplied by the number of Shares applied for.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	The ASX Settlement Operating Rules, being the operating rules of the settlement facility for the purposes of the Corporations Act.
AUD, A$	Australian dollar.
Board or Board of Directors	The board of directors of Wagners comprising the members outlined in Section 6.1.
Boral	Boral Limited ACN 008 421 761.
bps	Basis points.
Broker	Any ASX participating organisation selected by the Joint Lead Managers and Wagners to act as a Broker to the Offer.
Broker Firm Offer	The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker.
CAGR	Compounded annual growth rate, which describes the rate of growth over the specified forecast period as if the growth was a steady rate over the period.
Carve-out Historical Cash Flow Information	Has the meaning given in Section 4.1.1.
Carve-out Historical Financial Information	Has the meaning given in Section 4.1.1.
Carve-out Historical Financial Statements	Has the meaning given in Section 4.2.2.1.
Carve-out Historical Results	Has the meaning given in Section 4.1.1.
Carve-out Historical Statement of Financial Position	Has the meaning given in Section 4.1.1.
CEO	Chief Executive Officer, Cameron Coleman.
CFT	Composite Fibre Technology.
Chairman	Denis Wagner.
CHESS	Clearing House Electronic Subregister System, operated by ASX Settlement.

TERM	MEANING
Closing Date	The date on which the Offer closes, being 7 December 2017, or another date nominated by the Company in consultation with the Joint Lead Managers.
CMS	Construction Materials and Services.
Company or Wagners	Wagners Holding Company Limited ACN 622 632 848 and, as the context requires, its controlled entities and the business conducted by them.
Completion of the Offer	The completion of the Offer, being the date upon which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer.
Constitution	The constitution of Wagners.
Corporate Website	www.investors.wagner.com.au
Corporations Act	*Corporations Act 2001* (Cth).
Credit Suisse	Credit Suisse (Australia) Limited ACN 007 016 300.
Demerger	Has the meaning given in Section 10.4.
Demerger Participants	the Ultimate Shareholders, WGH and Wagner Group Holding Operations Pty Ltd (the subsidiary of WGH and immediate parent of Wagners Holding Company Operations Pty Ltd ACN 109 763 742).
Director	Each of the directors of Wagners.
Disclosure Policy	Refers to the continuous disclosure policy described in Section 6.4.5.1.
DRP	Dividend reinvestment plan.
EBIT	Earnings before interest, taxation and significant non-cash or one-off items.
EBIT margin	EBIT divided by revenue, expressed as a percentage.
EBITDA	Earnings before interest, taxation, depreciation and amortisation and significant non-cash and one-off items.
EBITDA margin	EBITDA divided by revenue, expressed as a percentage.
EFC	Earth Friendly Concrete.
Enterprise Value	The sum of market capitalisation at the Offer Price and pro forma net debt.
Escrow Period	The period commencing the date Wagners is admitted to the Official List of the ASX and continuing until the earlier of release of the FY19 results and two years from the date of the voluntary escrow arrangements.
Escrowed Shareholders	The Ultimate Shareholders.
Escrowed Shares	The Shares retained immediately following Completion of the Offer by the Escrowed Shareholders.
Exempt Plan	Tax Exempt Share Plan as described in Section 6.3.6.
Existing Banking Facilities	Means the facilities summarised in Section 7.14.
Existing Shares	Shares on issue immediately prior to Completion of the Offer.
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an Application may not be accepted.
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth).
Financial Information	Has the meaning given in Section 4.1.2.
Forecast Financial Information	Has the meaning given in Section 4.1.2.
Free Cash Flow	Has the meaning given in Section 4.3.3.

TERM	MEANING
FW Act	*Fair Work Act 2009* (Cth).
FY15	The 12 months ended 30 June 2015.
FY16	The 12 months ended 30 June 2016.
FY17	The 12 months ended 30 June 2017.
FY18	The 12 months ended 30 June 2018.
GDP	Gross Domestic Product.
Guidelines	Refers to the ASX document, 'Third Edition Principles of Good Corporate Governance and Best Practice Recommendations'.
HBM	Horizontal ball mill.
Historical Financial Information	The Carve-out Historical Financial Information and the Pro Forma Historical Financial Information.
IFRS	International Financial Reporting Standards.
Incentive Plans	The STI Plan, the LTI Plan and the Exempt Plan.
Independent Auditor	BDO Audit Pty Ltd ACN 134 022 870.
IFB	Independent Flyash Brokers Pty Ltd ACN 117 159 261.
Institutional Investors	An investor: ■ In Australia who is a "wholesale client" for the purpose of section 761G of the Corporations Act and who is either a "professional investor" or "sophisticated investor" within the meaning of sections 708(11) and 708(8) of the Corporations Act. ■ In New Zealand to whom an offer or invitation can be made without the need for a product disclosure statement under the FMC Act, being persons who are an investment business within the meaning of clause 37 of schedule 1 of the FMC Act, persons who meet the investment activity criteria within the meaning of clause 38 of schedule 1 of the FMC Act, persons who are large within the meaning of clause 39 of the FMC Act, persons who are a government agency within the meaning of clause 40 of schedule 11 of the FMC Act; or persons who are eligible investors within the meaning of clause 41 of the FMC Act. a) In certain other jurisdictions, in the absolute discretion of the Joint Lead Managers, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosures document or filing with, or approval by, any Governmental agency (except one which Wagners is willing, in absolute discretion, to comply). In all cases, provided that such person is not in the United States.
Institutional Offer	The invitation to Institutional Investors in Australia and New Zealand and Institutional Investors in certain other eligible jurisdictions under this Prospectus to acquire Shares, as described in Section 8.4.
Investigating Accountant	PriceWaterhouseCoopers Securities Limited ACN 003 311 617.
IP	Intellectual property.
IPO	Initial public offering.
IPO Subsidiaries	The entities listed as IPO Subsidiaries in Section 4.2.2.1.
ISO	International Standards Organisation.
Joint Lead Managers	Credit Suisse and Morgans.
JV	Joint venture.

TERM	MEANING
ktpa	Kilotonnes per annum.
Listing	Admission of Wagners to the official list of the ASX and quotation of the Shares on the ASX.
LTI Plan	Long Term Incentive Plan described in Section 6.3.5.
Morgans	Morgans Corporate Limited ACN 010 539 607.
Mtpa	Million tonnes per annum.
n.a.	Used in place of a figure that is not available.
New Banking Facilities	The new banking facilities described in Section 4.6.3 and Section 7.15.
New Shareholders	Persons acquiring Shares under the Offer (excluding any Ultimate Shareholders who acquire Shares under the Offer).
New Shares	The Shares issued by Wagners under this Prospectus.
NSW	New South Wales.
NGBM	New Generation Building Materials.
nm	Used in place of a figure that does not provide a meaningful result.
NPAT	Net profit/(loss) after tax.
NT	Northern Territory.
Offer	The offer of New Shares under this Prospectus.
Offer Period	The period from the Opening Date to the Closing Date.
Offer Price	$2.71 per Share.
Official List	The official list of the ASX.
Opening Date	The date on which the Broker Firm Offer opens.
Operating Cash Flow	Has the meaning given in Section 4.3.3.
Personnel	Employees and professional services contractors of Wagners.
Portland	Ordinary Portland cement.
Pro Forma Forecast Cash Flow Information	Has the meaning given in Section 4.1.1.
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1.1.
Pro Forma Forecast Results	Has the meaning given in Section 4.1.1.
Pro Forma Historical Cash Flow Information	Has the meaning given in Section 4.1.1.
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1.1.
Pro Forma Historical Results	Has the meaning given in Section 4.1.1.
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1.1.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 20 November 2017.
QLD	Queensland.

TERM	MEANING
Qualified Termination Events	An event where the Joint Lead Managers' ability to terminate is limited to circumstances in which the Joint Lead Managers are of the opinion that the event has had or could be expected to have a material adverse effect on certain factors.
R&D	Research & development.
SA	South Australia.
Sale Shares	The Shares sold by the Vendor under this Prospectus.
Settlement	The settlement of the Offer.
Share	A fully paid ordinary share in the capital of Wagners.
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
Shareholder	A holder of a Share.
SMS	Safety management system.
Statutory Forecast Cash Flow Information	Has the meaning given in Section 4.1.1.
Statutory Forecast Financial Information	Has the meaning given in Section 4.1.1.
Statutory Forecast Results	Has the meaning given in Section 4.1.1.
STI Plan	Short Term Incentive Plan described in Section 6.3.4.
TAS	Tasmania.
tpm	Tonnes per month.
Trading Policy	Refers to the securities trading policy described in Section 6.4.5.2.
TSAA	Transitional Services Support Agreement.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Joint Lead Managers on 20 November 2017.
Ultimate Shareholders	Members of the Wagner family and their related bodies corporate, being the ultimate holders of shares in the Vendor before the date of this Prospectus.
Unqualified Termination Events	An event where the Joint Lead Managers may terminate their obligations under the Underwriting Agreement if certain events should occur before the Shares are issued.
U.S. or United states	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
Us or we	The Company.
Vendor	Wagners Holding Company Operations Pty Ltd ACN 109 763 742.
VIC	Victoria.
VRM	Vertical roller mill.
WA	Western Australia.
WGH	Wagner Group Holdings Pty Ltd ACN 116 370 024 and, as the context requires, its controlled entities and the business conducted by them.
You	The investors under this Prospectus.

CORPORATE DIRECTORY

Wagners registered office

Wagners Holding Company Limited

ACN 622 632 848

1511 Toowoomba Cecil Plains Road
Wellcamp QLD 4350

Investigating Accountant

PriceWaterhouseCoopers Securities Ltd

ACN 003 311 617

480 Queen Street
Brisbane QLD 4000

Australian legal adviser

McCullough Robertson Lawyers

ABN 42 721 345 951

Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Independent Auditor

BDO Audit Pty Ltd

ACN 134 022 870

Level 30, 345 Queen St
Brisbane QLD 4000

Joint Lead Managers

Credit Suisse (Australia) Limited

AFSL 236606

Level 31, Gateway, 1 Macquarie Place
Sydney NSW 2000

Morgans Corporate Limited

AFSL 235407

Level 29, 123 Eagle St
Brisbane QLD 4000

Directors

Mr Denis Wagner

Mr John Wagner

Mr Peter Crowley

Mr Ross Walker

Ms Lynda O'Grady

Share Registry

Computershare Investor Services Pty Limited

ACN 078 279 277

Level 1, 200 Mary Street
Brisbane QLD 4000

Offer Information Line

Within Australia

1300 145 329

Outside Australia

+61 3 9415 4251

Offer website

www.wagnersipo.com.au

Corporate website

www.investors.wagner.com.au

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www.investors.wagner.com.au