

WAGNERS

Wagners Holding Company Limited
FY2018 Results Presentation

AUGUST 2018

WAGNERS



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SECTION 1

GROUP HIGHLIGHTS



Strong growth

Financial performance in line with prospectus forecast

- Strong growth in cement volumes
- Increased utilisation of transport assets
- Two concrete plants in operation, 1 more operational in first quarter FY19 and 4 more sites in South East Queensland secured
- Wellcamp Quarry in full operation and 2 additional quarry sites acquired
- Strong domestic performance by CFT and continuing development of international markets in USA, UK and NZ
- Good progress with international accreditation of EFC

FINANCIAL OVERVIEW – PRO FORMA



- Revenue growth of 20.2%
- EBITDA⁽¹⁾ growth of 25.4% to \$50.3m
- NPAT⁽¹⁾ growth of 50.7% to \$23.2m
- Capital expenditure increase of 273.2% to \$15.3m
- Net Assets decrease of 7.6% to \$59.3m
- Final dividend of 3.5 cents per share ⁽²⁾

Note 1:- These are pro forma numbers consistent with the prospectus dated 20 November 2017. A reconciliation to the Appendix 4E statutory numbers is included in Appendix A

Note 2:- 70% of 60% of pro forma FY18 NPAT since 1st December 2017

SECTION 2



FINANCIAL RESULTS



PRO FORMA PROFIT AND LOSS

\$ millions	Pro forma FY2018 Actual	Pro forma FY2018 Forecast ⁽ⁱ⁾	Variance	Pro forma FY2017 Actual	Change	%
Total Revenue	231.5	231.8	-0.3	192.7	38.9	20.2%
Gross Profit	144.6	142.4	2.2	108.9	35.7	32.8%
EBITDA	50.3	50.0	0.3	40.1	10.2	25.4%
Depreciation & amortisation	10.8	10.1	0.7	11.8	-1.0	-8.6%
EBIT	39.5	39.9	-0.4	28.3	11.2	39.7%
Net financing costs	6.3	6.7	-0.4	6.5	-0.1	-2.2%
Tax expense	10.0	10.0	0.0	6.6	3.4	50.8%
Net profit after tax	23.2	23.2	0.0	15.4	7.8	50.7%
Gross profit %	62.5%	61.4%	1.0%	56.5%	5.9%	
EBITDA %	21.7%	21.6%	0.2%	20.8%	0.9%	
Pro forma earnings per share (cents)	14.39	14.38	0.02	9.55	4.84	50.7%

2018 v 2017

Revenue Growth +20.2%

- Growth in cement volumes
- Increased utilisation of transport, quarry and pre cast assets
- Growth in both crossarms and project based CFT production

EBITDA +25.4%

NPAT +50.7%

- Lower depreciation due to completion of major project

2018 Actual v Forecast

- 2018 Actual performance generally in line with forecasted results

Note:- A reconciliation to the Appendix 4E statutory numbers is included in Appendix A

Note (i) Prospectus dated 20 November 2017

PRO FORMA CASH FLOW

\$ millions	Pro forma FY2018 Actual	Pro forma FY2018 Forecast ⁽ⁱ⁾	Variance	Pro forma FY2017 Actual	Change
EBITDA	50.3	50.0	0.3	40.1	10.2
Non-cash items	-2.0	0.0	-2.0	-0.9	-1.1
Changes in working capital	-8.9	6.7	-15.6	2.1	-11.0
Changes in provisions	-1.0	0.0	-1.0	0.4	-1.4
Cash flow from operations	38.5	56.7	-18.2	41.8	-3.3
Capital expenditure	-15.3	-20.6	5.3	-4.1	-11.2
Proceeds from sale of assets	1.3	0.0	1.3	2.2	-1.0
Net cash flow before financing & tax	24.4	36.1	-11.7	39.9	-15.5
Operating cash conversion ratio	76%	113%	-37%	104%	-28%

Cashflow

- Significant increase in working capital, due to funding of :-
 - Increased inventory due to commencement of quarry operations in Toowoomba and increased production in CFT
 - Increased debtors due to increased sales volumes in June as a result of commencement of new projects
- Increase in capital expenditure in line with the growth strategy for concrete and CFT and expansion of transport assets

PRO FORMA BALANCE SHEET

<u>\$ millions</u>	<u>June 2018</u>	<u>June 2017⁽ⁱ⁾</u>	<u>Change</u>
Current assets	62.1	47.9	14.2
Non-current assets	121.2	117.0	4.2
Total assets	183.3	164.9	18.4
Current liabilities	49.6	44.2	5.4
Non-current liabilities	74.5	56.5	18.0
Total liabilities	124.0	100.7	23.3
NET ASSETS	59.3	64.2	-4.9
Net debt	79.1	60.2	18.9

Balance Sheet

- Current assets have increased as a result of increased inventory and debtors
- Net assets have decreased due to pre-IPO distributions to related parties

PRO FORMA SEGMENT RESULTS

\$ millions	Pro forma FY2018 Actual		Pro forma FY2018 Forecast ⁽¹⁾		Variance		Pro forma FY2017 Actual		Change \$		Change %	
	Revenue	EBIT	Revenue	EBIT	Revenue	EBIT	Revenue	EBIT	Revenue	EBIT	Revenue	EBIT
Construction Materials and Services	215.5	44.2	209.6	43.8	5.9	0.4	177.1	34.1	38.4	10.1	21.7%	29.7%
New Generation Building Materials	29.1	2.0	29.3	2.0	-0.2	0.0	23.0	0.3	6.1	1.6	26.5%	459.6%
Other/Eliminations	-13.0	-6.7	-7.2	-5.9	-5.8	-0.8	-7.4	-6.0	-5.6	-0.7		
Total	231.5	39.5	231.7	39.9	-0.2	-0.4	192.7	28.4	38.8	11.0	20.1%	38.8%

Highlights

- Strong revenue growth
 - Construction materials and services 21.1%
 - New Generation Building Materials 26.5%
- New Generation Building Materials EBIT margin reflects continuing investment in growing both the CFT and EFC businesses in domestic and international markets



SECTION 3

OPERATIONS AND GROWTH REVIEW



CONSTRUCTION MATERIALS AND SERVICES

Highlights

- Full year performance in line with prospectus forecast
- Strong growth in cement volumes, 15% increase on FY17
- Construction materials business performing significantly better at the revenue and EBIT levels against FY17
- Renewable energy sector has provided increased revenues through supply into windfarm projects

Growth Initiatives

- Implementation of Concrete Strategy
 - Concrete plants in Brisbane and Toowoomba commissioned in December 2017 and delivering to local market. Pinkenba to be operational by September 2018
 - Continued identification of potential concrete plant sites and quarries in Brisbane, Gold Coast and Sunshine Coast, 4 additional sites identified and secured
- Wellcamp Quarry fully operational
- One operational and one greenfield quarry site acquired

Highlights

- Full year performance in line with prospectus forecast
- Increase in crossarm sales volumes of 21% and CFT pedestrian and road bridge revenues
- The increased CFT sales revenues have been offset by the increased costs associated with the sales efforts into the international markets
- CFT employees have presented at 14 construction material conferences in the US and UK over the past 12 months

Growth Initiatives

- 3rd Pultrusion line for CFT manufacture installed and operating per the design specifications.
- Design completed and construction commenced for the 4th and 5th lines for commissioning in 2H FY19.
- CFT actively tendering on infrastructure projects in USA, UK and NZ, with sales representatives appointed in USA - 4, UK - 1 and NZ – 1. Most recent project won in USA worth \$1.3m AUD.
- Have commenced the process to identify the most favourable locations to establish manufacturing facilities in USA
- Contracted supply of CFT crossarms into NZ secured in May 2018.

NEXT GENERATION BUILDING MATERIALS

Earth Friendly Concrete (EFC)



- EFC is a geopolymer concrete containing NO ordinary portland cement
- EFC is a system that uses a unique formula of proprietary activators and add mixtures with slag and flyash applied with proprietary processes
- Provides superior technical results to ordinary concrete in many applications
- Proven in 3 major projects in South East Queensland, significant academic research and testing in Australia and Europe and receiving numerous awards including the Flatwork category at the American Concrete Institute Global Awards

Highlights

- EFC development costs continued at \$1m per annum
- Product utilised on the Pinkenba wharf project, also being used at Port Kembla in a marine application

Growth Initiatives

- Actively co-marketing EFC for supply from pre cast and concrete plants
- Final stages of testing in Germany to receive DIBt approval
- Advanced discussions with several major parties for joint ventures or licencing agreements in Germany providing a launch platform for staged and measured commercialisation throughout Europe
- International opportunities for EFC are progressing well – Europe, India, Singapore and New Zealand



SECTION 4

SUMMARY AND OUTLOOK



SUMMARY AND OUTLOOK

- The company has met expectations in FY18 and has momentum into the new financial year
- Construction Materials and Services will benefit from:-
 - Timing of large infrastructure projects in South East Queensland
 - Expanded presence in the North West Queensland minerals province
 - New concrete plants becoming operational
 - Increased quarry sales
- New Generation Building Materials will benefit from:-
 - Continued growth in domestic CFT sales
 - Development of CFT markets in USA, UK and NZ
 - Growing international acceptance and accreditation of EFC

APPENDIX A RECONCILIATION OF STATUTORY RESULTS TO PRO FORMA



\$ millions		FY2018	FY2017
Statutory EBITDA*		47.8	49.8
Excluded assets	1	—	-1.8
Standalone corporate costs	2	-1.7	-4.0
Reversal of sale of quarry	3	—	-1.1
Reversal of costs of the offer	4	4.2	—
Reversal of Clinker Benefit	5	—	-2.8
Pro forma EBITDA		50.3	40.1
Statutory NPAT		24.8	19.0
Excluded assets	1	—	—
Standalone corporate costs	2	-1.2	-2.8
Reversal of sale of quarry	3	—	-0.8
Reversal of costs of the offer	4	2.9	—
Reversal of Clinker Benefit	5	—	-2.0
Revised Debt structure	6	1.0	1.9
Tax impact	7	-4.3	—
Pro forma NPAT		23.2	15.4

1. Relates to the impact of transferring assets from Wagners Holding Company Ltd group to the Wagner Family company group as part of the IPO
2. Adjustment made to reflect the total corporate costs to be incurred by Wagners as a standalone entity
3. Sale of an asset in H1 FY17 which does not form part of the Wagners' business post IPO
4. Removal of the costs associated with the IPO
5. Reversal of one-off clinker benefit
6. Adjustment to reflect the estimated interest expense as if the new banking facilities had been in place since 1 July 2016
7. Adjustment relating to tax losses and R&D offsets recognised in the statutory accounts but reversed for pro forma presentation

* Excluding fair value adjustment on derivatives and asset impairments