



1H 19 INVESTOR PRESENTATION

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Agenda

1. 1H 19 Summary
2. Financial Performance
3. Strategy
4. Outlook



1H 19 Summary

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1H 19 Summary

- ✓ 1H 19 EBIT results in line with guidance
- ✓ Cash flow and the balance sheet are strong

Construction Materials and Services

- ✓ Cement volume growth
- Establishing a presence in the SEQ concrete market
 - Significant investment into plant, equipment and resources
 - Orderly entry into market now realising volume growth
- ✓ 3 operational quarries now contributing strong sales to the business
- ✓ Strong revenue from North West Queensland
 - Significant investment in quarry reserve and bulk haulage plant and equipment to service the resurging resource sector
- ✗ Limited activity in large infrastructure/international projects
 - Business Development costs have us well positioned on a number of exciting opportunities
 - Timing of infrastructure projects has impacted our project services and precast revenues in the 1H



Note: All comparatives are prior corresponding period , 1H18

1H 19 Summary - continued

New Generation Building Materials

Wagners Composite Fibre Technologies (CFT)

- ✗ CFT revenue and EBIT consistent with 1H 18
- ✓ 9% growth in CFT Crossarms sold
- ✓ Revenue generated from new international markets
- Pedestrian infrastructure and bridge revenue reduction on pcp
 - Over 40% increase on external sales considering pcp included large project, Pinkenba Wharf

Wagners Earth Friendly Concrete (EFC)

- ✓ EFC DIBt (European standard) final testing concluded in January 2019.
- ✓ EFC specimen samples cast and submitted to BIS (Indian standard) for approval.
- ✗ Increased personnel and travel expenses associated with international expansion of both CFT and EFC



Note: All comparatives are prior corresponding period , 1H18

Financial Results

Sales ↑
3.1%

Cashflow ↑
33.1%

EBIT \$16.2m
In line with guidance
provided

**Interim Dividend
declared of
2.2 cps**

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Wagners CFT Bridge, Mar Dyke River, United Kingdom

**Financial
Performance**

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1H 19 Consolidated Proforma Results

\$ millions	Pro forma 1H FY2019	Pro forma 1H FY2018	Variance	%
Total Revenue	125.0	121.2	3.8	3.1%
Gross Profit	75.3	75.1	0.2	0.2%
EBITDA	22.5	28.7	-6.2	-21.7%
Depreciation & amortisation	6.3	5.2	1.1	20.8%
EBIT	16.2	23.6	-7.3	-31.1%
Net financing costs	3.3	3.9	-0.6	-15.2%
Tax expense	4.0	5.4	-1.4	-26.4%
Net profit after tax	9.0	14.3	-5.3	-37.2%

Commentary

- Net Sales Increase
 - Improved contributions from Cement, Concrete, Aggregates, Transport
 - Projects based work decreased compared to the prior corresponding period
- EBIT
 - Improvement in construction materials businesses offset by decrease in higher margin project based work.
 - Depreciation increased due to investment in transport assets

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Segment Results – Construction Materials and Services

\$ millions	Pro forma 1H FY2019	Pro forma 1H FY2018	Variance
Total Revenue ¹	120.8	113.4	7.4
EBIT	19.3	25.2	-5.9
EBIT Margin	16.0%	22.2%	-6.2%

Financial Commentary

- Net Sales increase due to strong core business performance
- EBIT impacted by the timing of large infrastructure projects both domestically and internationally.
- Significant investment in the human resources along with the plant and equipment required to establish and grow our construction materials business in South East Queensland.

Operational Commentary

- Acquisition of quarry in North West Queensland
- Pinkenba Concrete Plant established
- 3 additional concrete plants under construction

Note 1: Segment total revenue includes intercompany sales

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Segment Results – New Generation Building Materials

\$ millions	Pro forma 1H FY2019	Pro forma 1H FY2018	Variance
Total Revenue ¹	14.5	14.5	0.0
EBIT	0.6	0.6	0.0
EBIT Margin	4.2%	4.2%	0.0%

Financial Commentary

- Sales
 - Crossarm sales revenue growth 12%
 - Sales to USA and UK
- EBIT
 - Increased sales effort in USA and UK, and the investigation of a manufacturing facility in the USA has impacted the margin
 - Increased testing costs for EFC approvals have reduced the margin

Operational Commentary

CFT

- Increased sales effort into the USA & UK
- Opportunities arising in Middle East & Asia
- 2 New Pultrusion Machines under construction

EFC

- Final Testing for DIBt approval completed
- Trials and testing commenced in India
- Continued business development in Europe

Note 1: Segment total revenue includes intercompany sales

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Cashflow

\$ millions	Pro forma 1H FY2019	Pro forma 1H FY2018	Variance
EBITDA	22.5	28.7	-6.2
Non-cash items	-0.8	0.4	-1.1
Changes in working capital	12.6	-0.7	13.3
Changes in provisions	0.6	-2.1	2.8
Cash flow from operations	35.0	26.3	8.7
Capital expenditure	-22.8	-6.9	-15.9
Proceeds from sale of assets	0.7	0.3	0.4
Net cash flow before financing & tax	12.8	19.7	-6.8

Commentary

- Cash Flow from operations increased 33.1%
- Improved working capital position
- Capital expenditure increased due to transport assets, concrete plant expansion, CFT manufacturing capacity and the quarry acquisition in North West Queensland

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Working Capital

\$ millions	December 2019	June 2018	Variance
Trade and other receivables	30.0	43.3	-13.3
Inventories	15.9	16.3	-0.4
Trade and other payables	-26.7	-27.8	1.1
Net working capital	19.1	31.8	-12.7

Commentary

- Reduction in working capital due to reduced debtors. The previous period was impacted by a collections timing issue.

Net Debt

\$ millions	December 2019	June 2018	Variance
Cash and cash equivalents	11.6	1.5	10.1
Gross debt	91.1	80.6	10.4
Net Debt	79.5	79.1	0.3

Commentary

- Net Debt maintained despite increased capital spend and the payment of dividends.

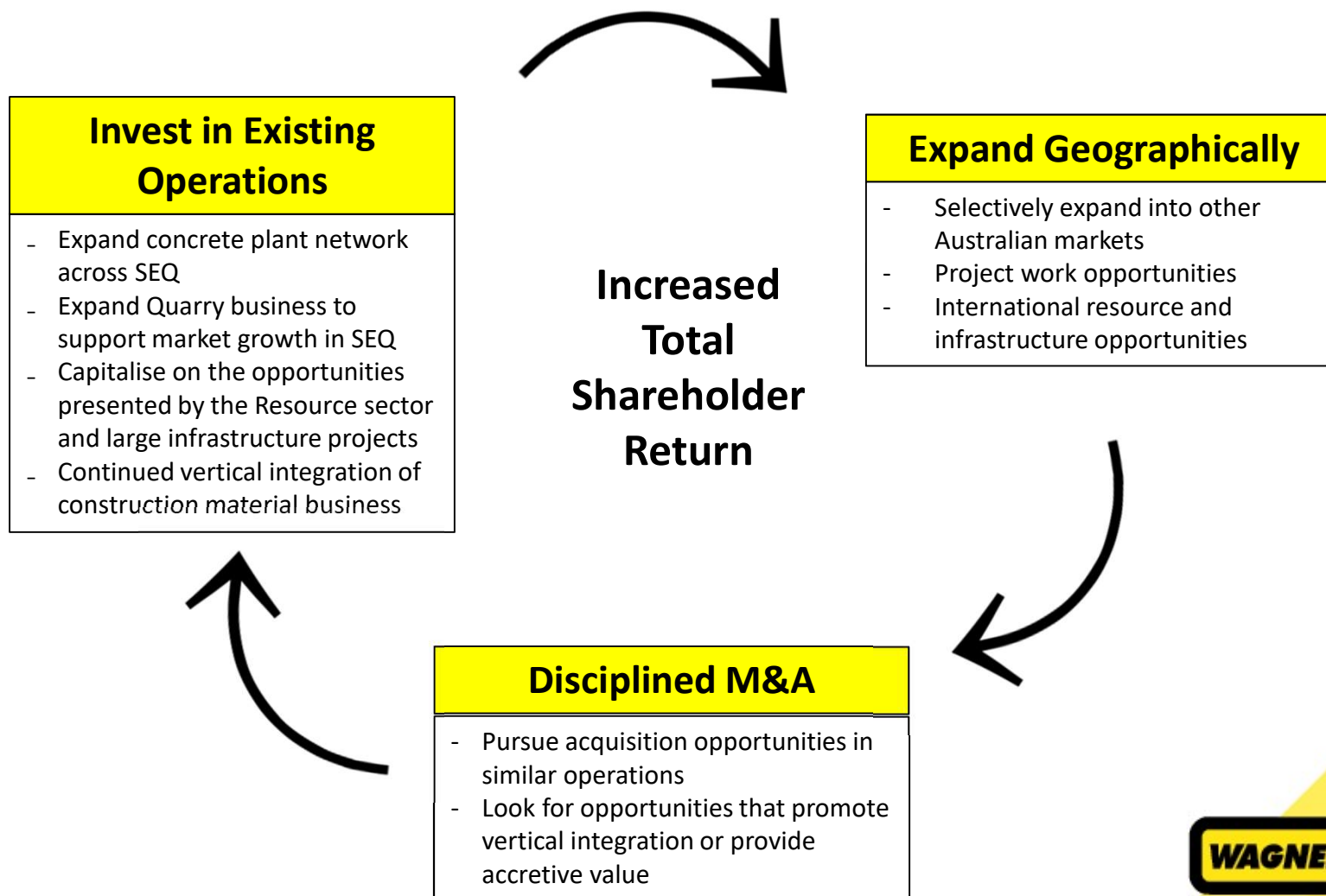
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Strategy

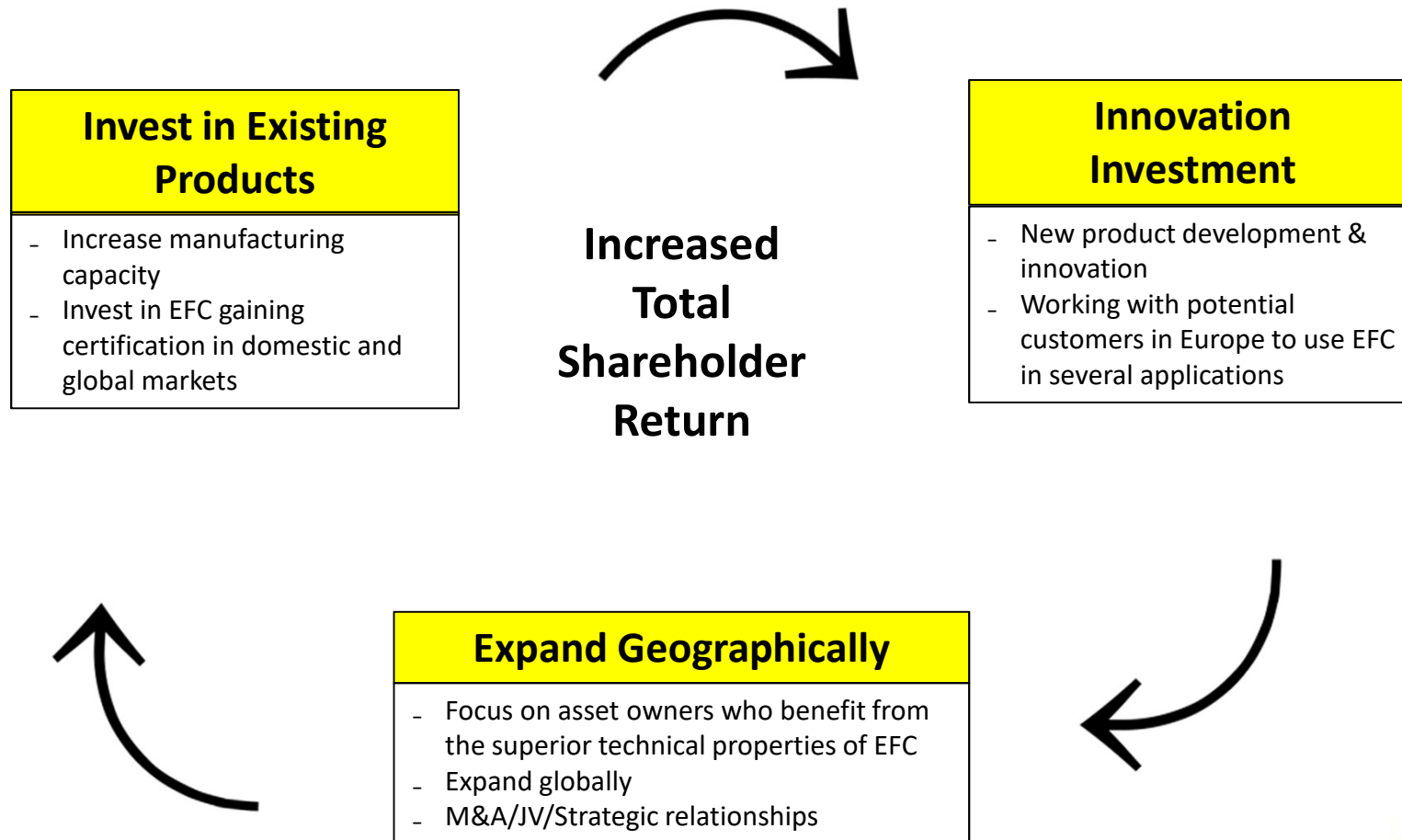
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Strategy – Construction Materials and Services



Strategy – New Generation Building Materials



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Wagners CFT Bridge, Auckland, New Zealand

Outlook

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Outlook

As advised in January, the company reconfirms that the FY EBIT will be in the range of \$35m to \$38m.

Construction Materials and Services

- Strong performance in underlying construction materials business.
 - Continued volume increase from concrete plant network
 - Concrete Plant Network will secure cement volumes as new player enters the SE Queensland cement market
- Continued strong performance in the bulk haulage and transport divisions of the business
- Increased contribution from resource and infrastructure projects
 - Precast secured solid pipeline of work
- International opportunities.



Outlook

New Generation Building Materials

Wagners Composite Fibre Technologies (CFT)

- Increased sales of crossarms, as result of increased volumes into Victoria, Tasmania & New Zealand
- Increased production and efficiency as a result of commissioning our fourth manufacturing line and the installation of the Crossarm Automation Line.
- Bridges and boardwalks sales will continue to grow domestically and internationally.

Wagners Earth Friendly Concrete (EFC)

- EFC DIBt (European) approval imminent, allowing sales to construction companies in Germany and throughout Europe.
- EFC field trials commencing in India.





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The logo features the word "WAGNERS" in a bold, italicized, black sans-serif font. It is centered within a yellow rectangular box with rounded corners and a thick black border. The background consists of a white field with a large yellow triangle on the left side, which is further divided into two shades of yellow by a diagonal line.