FY19 INVESTOR PRESENTATION

AUGUST 2019

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AGENDA

1. FY19 Summary
2. Financial Performance
3. Strategy
4. Outlook

FY19 SUMMARY

Taking our vision and expertise to the world

FINANCIAL OVERVIEW

SALES $236.9m

Sales growth of 2.3 percent

FY18: $231.5m

EBIT $25.6m

EBIT down on prior year in line with guidance

FY18: $39.5m

CASHFLOW $36.8m

Cashflow from operations decrease of 4.2%

FY18: $38.5m

FY 19 SUMMARY

- FY 19 Sales increased compared to FY 18
  - Concrete, Quarries and Transport revenue increased in FY19
  - Transport bulk haulage achieved over 200% growth
  - Cement was negatively impacted by the lower volumes due to the Boral dipute
  - Project revenue impacted by delays in infrastructure spend

- FY 19 EBIT results disappointing but in line with revised guidance.
  - Delays in large mobile concrete and precast infrastructure projects
  - Increased costs associated with the establishment of the concrete business
  - Disruption in south east Queensland cement market

- Significant capex investment in Transport assets, CFT production plants and Concrete batching plant and equipment

- Board has decided not to declare a final dividend.

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

Construction Materials and Services

CEMENT

- Revenue decrease due to reduced volumes as a result of the Boral dispute
- Volume to all other customers, excluding Boral, was slightly higher
- Competitive pressure in the SE Queensland cement market

CONCRETE

- Established a presence in the SEQ concrete market
  - 4 Operational sites, additional 2 to be operational in Q1 FY20, another 3 under construction
  - Start-up and operating costs have resulted in initial losses

QUARRIES

- 4 quarries now in operation
- Difficult market conditions in SE Queensland due to increased competition
- Solid performance from N/W QLD quarry to support flood damage

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

Construction Materials and Services

TRANSPORT

- Strong performance from mining contracts in N/W Queensland
- Well placed to service the resurging resource sector

PROJECTS

- Delayed timing of infrastructure projects has negatively impacted project revenues
- Working to secure a number of significant opportunities in FY20

PRECAST

- Limited activity and delayed timing of projects has negatively impacted the business
- Decision taken to close the precast business and reassess when major project based work recommences

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

New Generation Building Materials

WAGNERS COMPOSITE FIBRE TECHNOLOGIES (CFT)

- CFT revenue and EBIT consistent with FY18
- Volume growth in CFT Crossarms sold (3.5%)
- Customer spread in CFT pedestrian infrastructure and bridge business
  - Diversified and expanded customer base and geographic markets to replace one large project in FY18
- Revenue generated from new international markets (NZ, USA, UK, Canada, UAE)
- Increased sales personnel and travel expenses associated with international expansion

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
- EFC specified on large sewer infrastructure project in Auckland, New Zealand
- Minimal revenue generated in FY19

Note: All comparatives are prior corresponding period, FY18

FINANCIAL PERFORMANCE

FY19 CONSOLIDATED PROFORMA RESULTS

($m)	FY19	FY18	Change
Total Revenue	**239.8**	**233.3**	**6.5**
Gross Profit	150.6	146.4	4.2
Operating Costs			
- Employee expenses	(50.0)	(45.4)	(4.6)
- Repairs & maintenance	(18.6)	(13.1)	(5.5)
- Travel & freight	(10.0)	(3.2)	(6.8)
- Other	(33.3)	(34.4)	1.1
EBITDA	**38.7**	**50.3**	**(11.6)**
Depreciation and amortization	(13.0)	(10.8)	(2.2)
EBIT	**25.6**	**39.5**	**(13.8)**
Net Financing Costs	(6.0)	(6.3)	0.3
Tax Expense	(6.1)	(10.0)	3.9
Net profit after tax	**13.6**	**23.2**	**(9.6)**

COMMENTARY

- Sales Increase
  - Higher revenue from Concrete, Quarries and Transport
- Gross Profit stable at 62.8%
- EBIT impacted by higher operating costs
  - Employee expenses higher due to increased sales efforts across the group
  - R&M increased mainly due to increased utilization of transport and quarry assets
  - Higher travel and freight as a result of extensive overseas travel to develop international markets
- No significant project work
- Higher depreciation from transport capex

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SEGMENT RESULTS

Construction Materials and Services

($m)	FY19	FY18	Change
Total Revenue	210.7	204.8	5.9
EBIT	30.1	44.8	(14.7)

FINANCIAL COMMENTARY

- Lower cement volumes due to Boral dispute has negatively impacted both sales and EBIT
- This dispute will continue into FY20
- Concrete plants start-up costs/contribution in FY19 did not meet expectation
- Transport division had a strong performance based on long term contracts, but impacted by higher operating costs
- Precast performance disappointing with no significant new project work

OPERATIONAL CHANGES

- Acquisition of Castlereagh quarry in N/W Qld in Aug-18
- 4 Concrete plants operational in FY19
- 4 Concrete plants under construction for delivery in FY20
- Commenced major transport contract in N/W Qld requiring capex spend of $9m in FY19

SEGMENT RESULTS

New Generation Building Materials

($m)	FY19	FY18	Change
Total Revenue	29.3	29.1	0.2
EBIT	1.8	2.0	(0.2)

FINANCIAL COMMENTARY

- Sales
  - Crossarm revenue growth 5%
  - Diversified and expanded customer base and geographic markets (compared to one large project in FY18)
  - Sales commenced to USA, Canada, UK and UAE
- EBIT
  - Maintained gross margin (materials and labour)
  - Increased sales effort in USA and UK has impacted EBIT, $1.5m compared to FY18

OPERATIONAL CHANGES

CFT

- New pultrusion machine built and installed at Toowoomba
- Another pultrusion machine under construction for USA
- Progressed towards securing premises in the USA

EFC

- Moving closer to securing approval in Germany/Europe for EFC building standard
- Trials and testing commenced in India to gain approvals
- Continued BD/marketing in Europe

CASHFLOW

($m)	FY19	FY18	Change
EBITDA	**38.7**	**50.3**	**(11.6)**
Non-cash items	(1.2)	(2.0)	0.8
Changes in working capital	(2.1)	(8.9)	6.8
Changes in provisions	1.4	(1.0)	2.4
Cash flow from operations	**36.8**	**38.4**	**(1.6)**
Capital Expenditure	(32.1)	(15.3)	(16.8)
Proceeds from sale of assets	6.2	1.3	4.9
Net cash flow before financing and tax	**10.9**	**24.4**	**(13.5)**

COMMENTARY

- Cash flow from operations maintained, despite lower EBITDA
- Improved working capital position through better management
- Higher capital expenditure in FY19 due to transport assets $11m, concrete plant expansion $6m, CFT manufacturing capacity $4m and the quarry acquisition in N/W Qld $4m
- Robust capital management program
- Capital investment involves detailed planning and monitoring of Return on Invested Capital

WORKING CAPITAL

($m)	FY19	FY18	Change
Trade and other receivables	42.7	43.3	(0.6)
Inventories	19.5	16.3	3.2
Trade and other payables	(28.2)	(27.8)	(0.4)
Net working capital	**34.0**	**31.8**	**2.2**

COMMENTARY

- Increase in working capital due to higher levels of raw materials and finished goods at CFT following higher production capacity.

NET DEBT

($m)	FY19	FY18	Change
Cash and cash equivalents	6.1	1.5	4.6
Gross debt	(96.4)	(80.6)	(15.8)
Net debt	**(90.3)**	**(79.1)**	**(11.2)**

COMMENTARY

- Net Debt has increased as a result of increased capital spend during the year
- Significant head room on term debt and equipment finance facilities

STRATEGY

STRATEGY

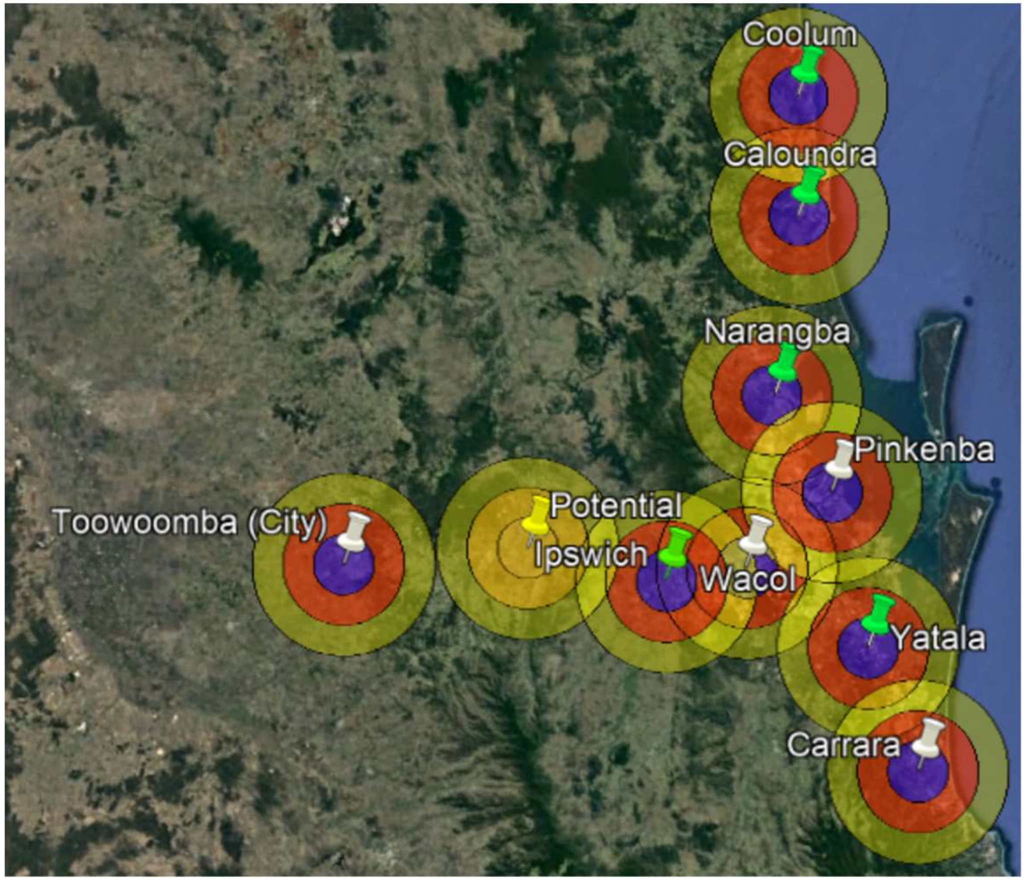
Overall strategy is to drive increased returns by:

- Growing and consolidating core construction materials business in Australia
- Continuing to look for and secure global projects in the construction materials business utilising our expertise and experience
- Growing our New Generation Building Materials through expansion of our facilities in Toowoomba and (soon to be) USA

	Construction Materials & Services	New Generation Building Materials
Invest in Existing Operations	▪ Continue vertical integration of business subject to Return on Invested Capital consideration ▪ Expand domestic concrete plant network ▪ Expand quarry business to support market growth ▪ Capitalise on Resource & Infrastructure Sector growth ▪ Pursue acquisition opportunities in similar operations ▪ Look for opportunities that promote vertical integration or provide accretive value	▪ Increase CFT & EFC manufacturing capacity ▪ Commercialise EFC after gaining certification ▪ Leverage the environmental benefits of EFC ▪ Continue new product development & innovation
Expand Geographically	▪ Selectively expand into other Australian markets ▪ Secure large project work ▪ International resource & infrastructure opportunities	▪ Focus on asset owners who benefit from the superior technical properties of CFT & EFC ▪ Investigate markets adopting environmentally friendly products ▪ Expand globally and secure strategic relationships ▪ Work with potential customers in Europe to use EFC in several applications

STRATEGY (CONT.)

Concrete Plant Network



- The Concrete plant roll-out has initially focussed on high growth areas of SE Qld.
- Sites shown on the map opposite show secured and potential sites – 4 sites currently operational and 5 sites to become operational in FY20
- The funding model has all the sites owned by external parties
- The Group has various leasing and commercial models in place to secure the long term operational rights of these sites.
- Every new concrete plant will be capable of producing EFC
- Additional sites being investigated to improve the coverage over South East Queensland

OUTLOOK

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OUTLOOK

Construction Materials and Services

- Continued competitive pressure in the SEQ construction materials market
- Boral have an obligation to recommence cement off take and meet their contractual obligations until 2031
- Secure major projects in the domestic resource and infrastructure sectors
- Large LNG international opportunities remain on foot
- Reduce capex in Transport unless awarded new contracts
- Continue concrete plant roll-out under funding approach as set out above
- Reduce losses from precast following decision to close the business until major project based work recommences.

OUTLOOK

New Generation Building Materials

Composite Fibre Technologies (CFT)

- Increase sales of crossarms into Victoria, Tasmania & New Zealand
- Continue to grow Pedestrian Infrastructure and Bridge sales domestically and internationally.
- Build international crossarm business through marketing and tendering
- Improve production and efficiency utilising the recently installed fourth pultrusion manufacturing line and the Crossarm Automation Line.
- Production facility to be established in the USA

Earth Friendly Concrete (EFC)

- EFC DIBt (European) approval imminent, allowing sales to construction companies in Germany and throughout Europe.
- EFC field trials continuing in India.
- Complete large sewer infrastructure project in New Zealand

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