



ASX Announcement | ASX : PWH

14 September 2020

PWR Presentation to Bell Potter Emerging Leaders Conference

PWR Holdings Limited (ASX: PWH) will be presenting to the above mentioned conference on Wednesday 16 September 2020.

Attached is a copy of the presentation that will be made.

This release has been authorised by the Managing Director.

103 Lahrs Road, Ormeau QLD 4208
Tel : 07-5547 1600



Engineering the Unfair Advantage

PWR Advanced Cooling Technology

PWR HOLDINGS LTD

BELL POTTER PRESENTATION

SEPTEMBER 2020



Stuart Smith - CFO
Matthew Bryson - COO

BUSINESS DIVERSIFICATION



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PWR Advanced Cooling Technology

Tube and fin assemblies including curved, profiled and non-planar options

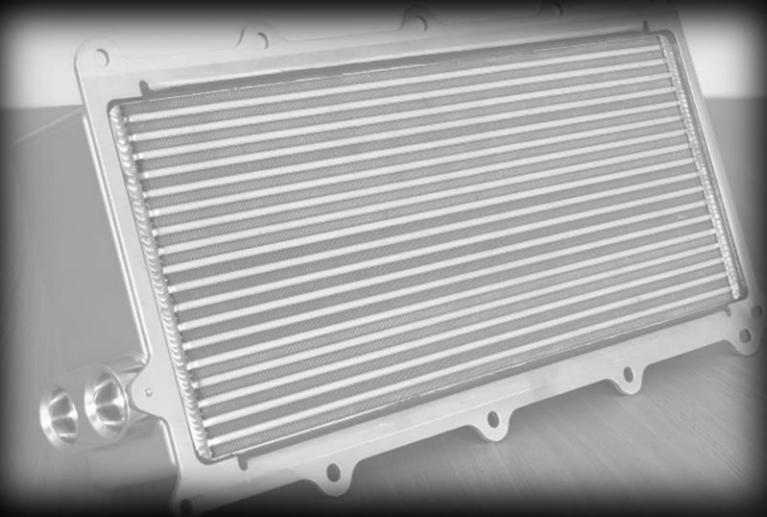


PWR has built an industry leading reputation through design and process innovation to offer its customers an unparalleled variety of possibilities to uniquely shape and contour light weight heat exchangers to provide packaging advantages to their applications. Challenging conventional manufacturing techniques even when using more conventional components like tube and fin technology.



PWR Advanced Cooling Technology

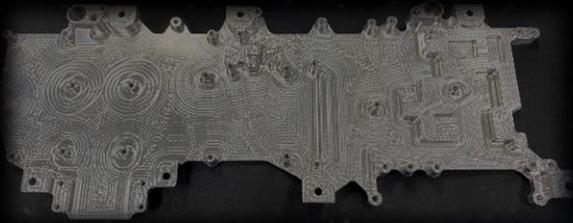
Bar and Plate Charge cooling, oil cooling and LTRs



Bar and Plate heat exchanger construction at PWR is another adaption of a conventional technology where the manufacturing processes have been designed to create a range of product construction possibilities not possible by other heat exchanger manufacturers. The performance and durability achievable with bar and plate construction, when combined with the geometrical freedoms offered by PWR makes this product range extremely appealing for Aerospace and Military application.

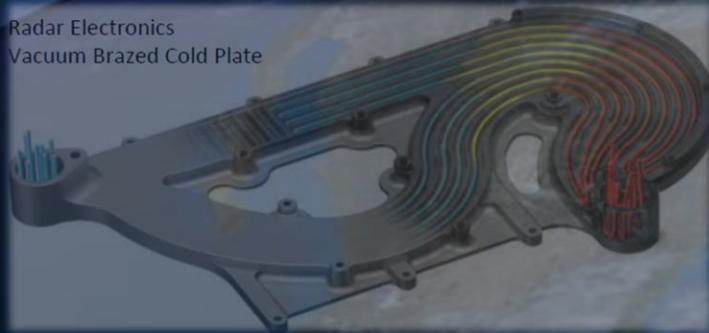


Emerging Technology Thermal Systems

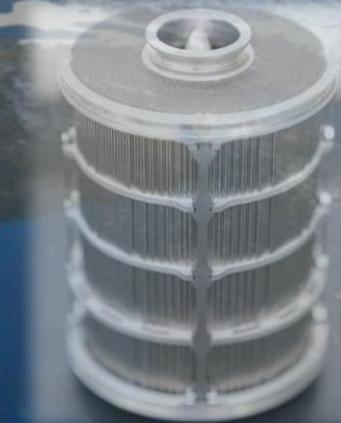
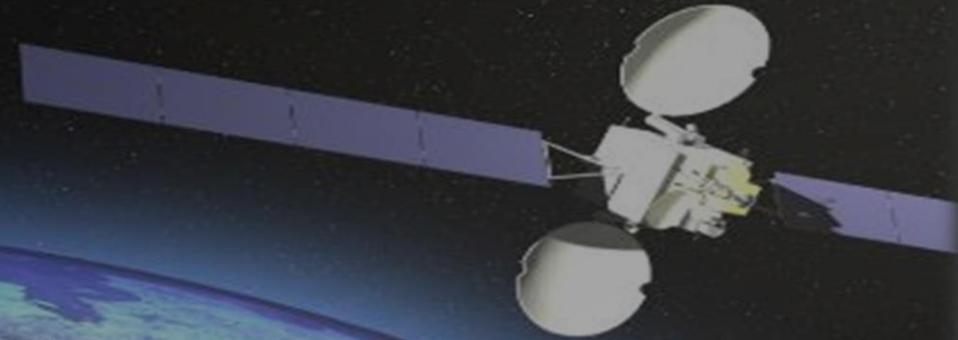


- Thermal Control:
 - Liquid Cold Plates
 - Battery Cell Coolers
 - Micro-Matrix Heat Exchangers
 - Heat Pipes
 - Peltier Devices
- Cryogenic Systems:
 - Micro Cryocoolers
- Storage and Thermal Protection:
 - Phase Change Materials (PCM)

Radar Electronics
Vacuum Brazed Cold Plate



NASA



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Research and Development

- Design, Prediction and Performance
- Prototyping and Fabrication
- Custom Design
- FEA, CFD and Full Transient Thermal Simulation Capability
- Controlled Atmosphere Brazing and Vacuum Brazing
- CNC 3,4,5-axis machining, EDM, CMM, TIG Welding
- Surface Finishing: Chemical Conversion, Anodization and plating
- NDT services such as CT Scanning

Quality Accreditations

PWR Australia Facility:

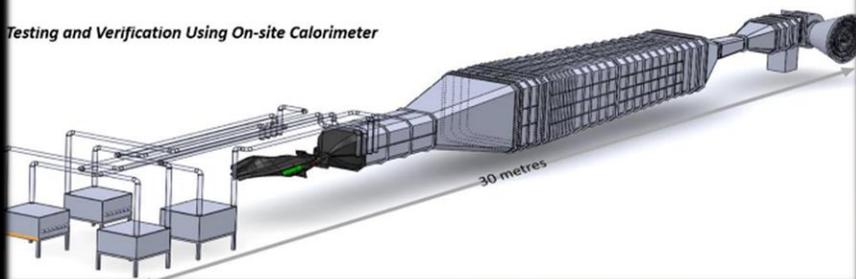
- ISO9001-2008
- ITAR Compliant
- DECS Registered for Mil Exports (266498D)
- AS9100 (2020)

C&R Racing - USA Facility:

- IATF16949
- ISO9001-2008
- ITAR Registered (M26450)
- EAR Compliant

WIND TUNNEL

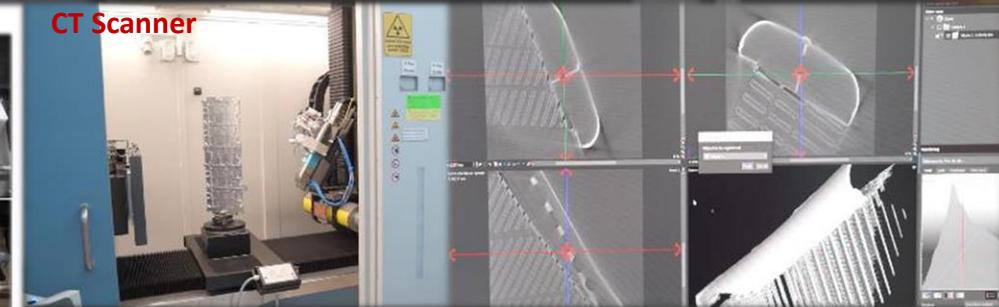
Testing and Verification Using On-site Calorimeter



COLD PLATE TEST RIG



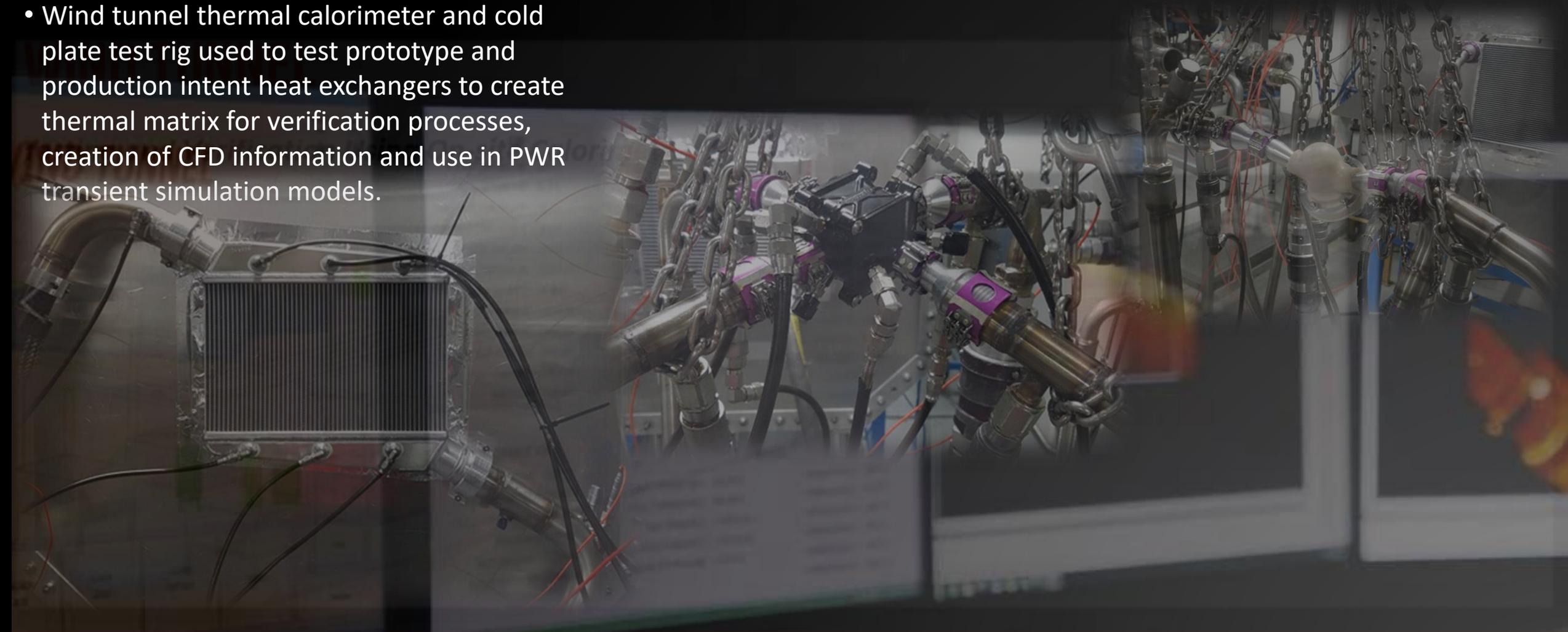
CT Scanner



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Research and Development – Wind tunnel

- Wind tunnel thermal calorimeter and cold plate test rig used to test prototype and production intent heat exchangers to create thermal matrix for verification processes, creation of CFD information and use in PWR transient simulation models.



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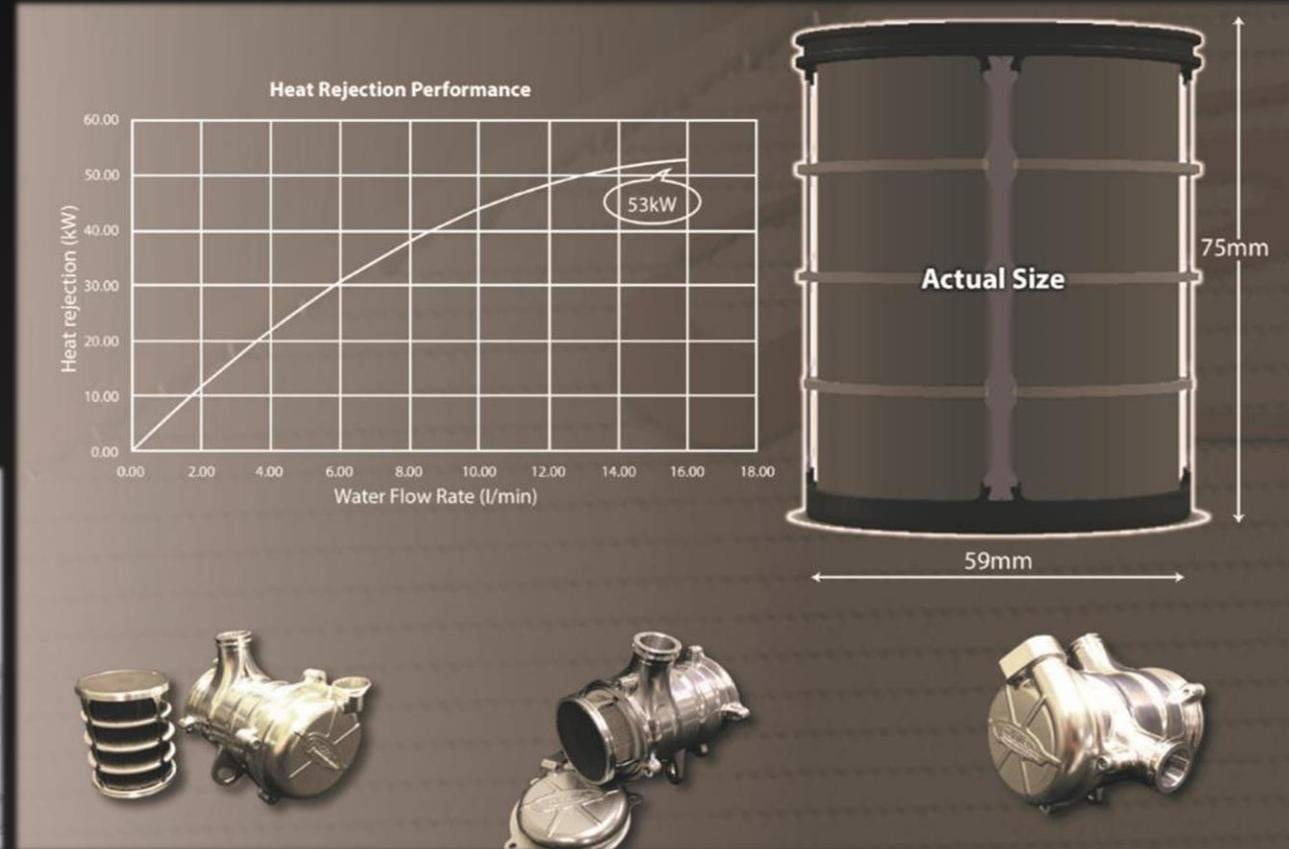
Research and Development – CT Scanner

- PWR have a large industrial CT scanner at our Australian facility with a measurement envelop of ~1.2m x Dia 0.5m (High Res) or Dia 0.8m (Low Res). This Xylon machine is capable of both X-Ray and CT generated 3D models and is used for process development, product verification of Welded, Brazed, Machined and Additive Manufactured components. Used primarily for R&D and quality assurance, this CT scanner opens-up a multitude of potential for product development and non-destructive testing at PWR and for external partners and research institutions alike.



Micro-Matrix Heat Exchangers (MMX)

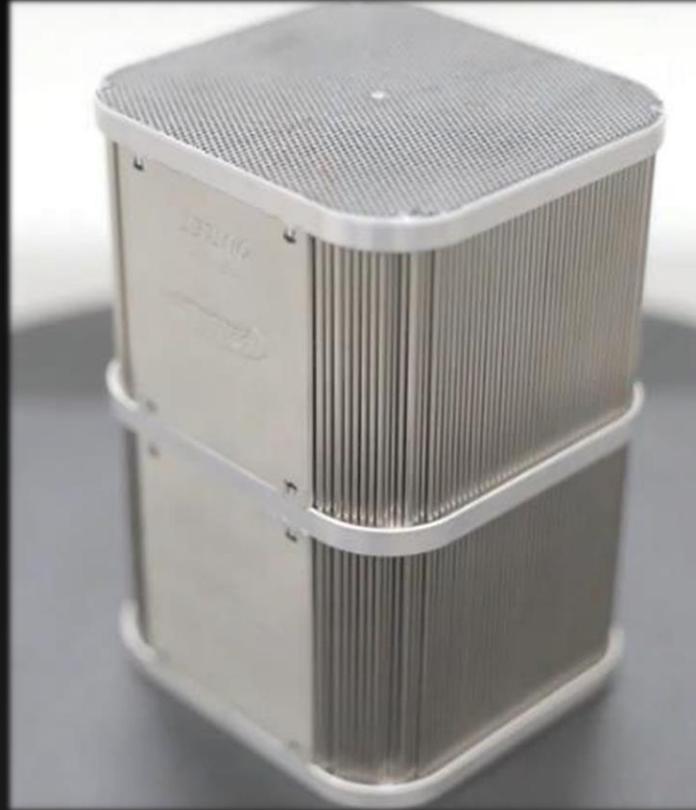
- PWR has dedicated manufacturing for Micro-Matrix Heat Exchangers (MMX). These miniature hollow tube & shell heat exchangers have extraordinary capacity for liquid-liquid and air-liquid applications in a compact volume (200 cm³ capable of >50 kW, 14 lpm, 90°C ETD)
- Designed to maximize surface area and heat rejection
- Temperature compatible materials available:
 - stainless steel
 - Peek thermoplastic (250°C)
- Applications:
 - Battery Cooling
 - High-Performance and High-Power Computing
 - Power Electronics (IGBTs, Inverters, Converters, etc.)
 - Phase change storage
 - Intercoolers
 - Liquid-Liquid Loops



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MMX Form Factors

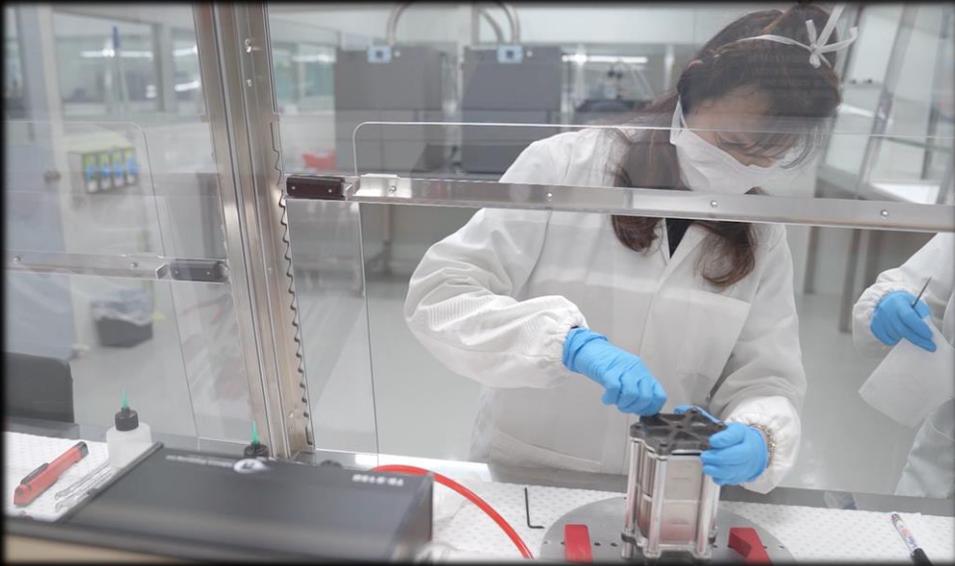
- MMX Heat exchangers can be fabricated for liquid-liquid and air-liquid applications
- MMX can also be arranged in flat rectangular form factors for high efficiency radiators



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Laboratory Clean Room Build Area

- PWR have a positive pressure clean room area specifically created to allow the manufacture of complex assemblies such as our Micro Matrix Heat Exchangers (MMX). This area has several separate rooms to avoid contamination when dealing with several different materials, epoxies and chemicals used in the process.

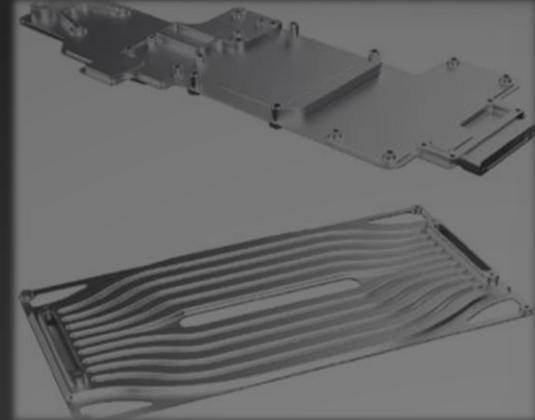
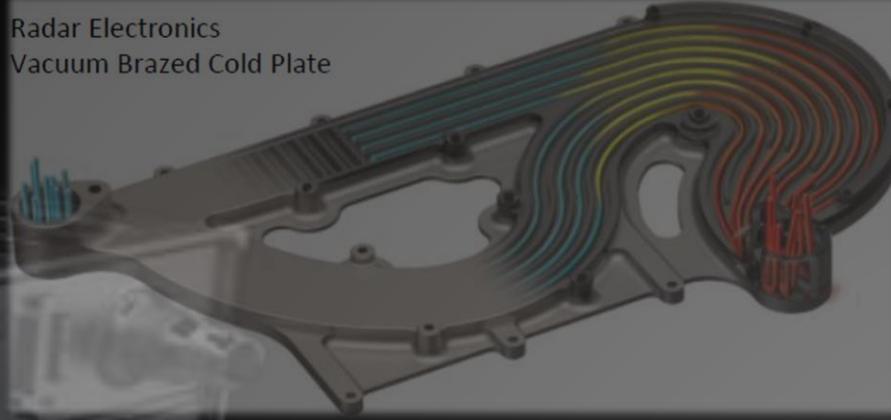


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Liquid Cooling and Internal Geometry

- The combination of in-house machining and brazing makes PWR an attractive choice for complete liquid cold plate manufacturing.
- PWR is experienced with multiple methods to manufacture liquid cooling plates and assemblies
 - Vacuum Brazing – 1300°C rated furnace suitable for Aluminium, Titanium, Inconel, Nickel alloys and Steel. Heat zone size 1000mm x 1000mm x 1500mm
 - Controlled Atmosphere Brazing (CAB) – batch or continuous process for brazing aluminum alloys
 - Gasket and seal – machined plates can be joined and sealed by gasket materials (form in place or O-rings) and held together by fasteners

Radar Electronics
Vacuum Brazed Cold Plate

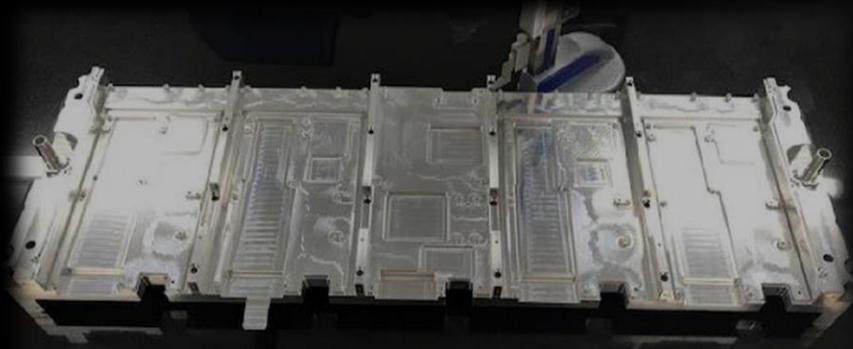


*PWR Vacuum
Brazing Furnace*

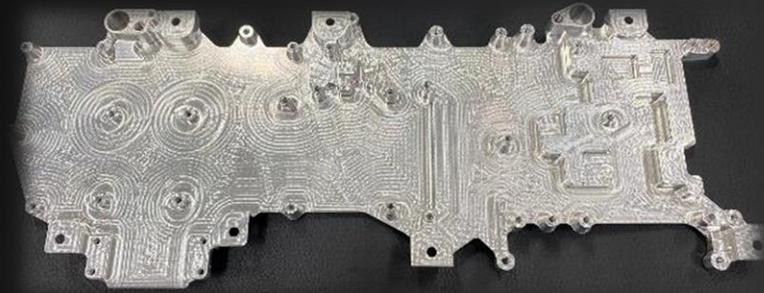
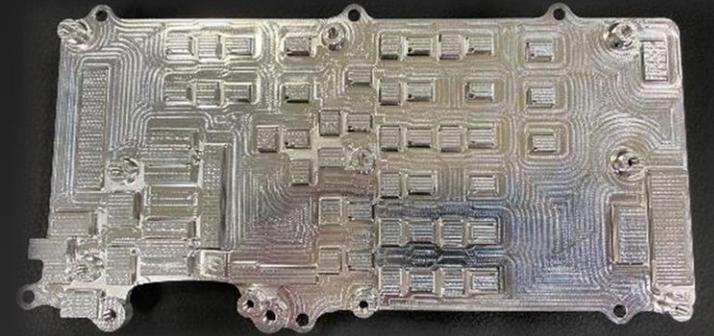


Vacuum Brazed Liquid Cold Plates

- Thin, complex liquid cold plates produced by PWR



Large (~1m length) cold plate for autonomous vehicle computing



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Additive Manufacturing

- PWR have high temperature SLA and Aluminium powder DMLS additive manufacturing machines in house and specific technical agreements to produce world leading Aluminium heat exchangers using disruptive additive methods.



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Additive Manufacturing – PWR and Velo 3D

- PWR have partnered with Velo 3D to lead the way in the additive aluminium heat exchanger market for Aerospace, Defence and Motorsport. Velo 3D are a disrupter in the market as their machines possess world leading benefits such as extreme low build angles of complex components at $\sim 10-15^\circ$ without support structure requirements. In many cases support structure is not required at all, allowing multiple layers of parts additively produced in a floating powder arrangement. Being able to print complex geometry without the restraints of support structure removal from internal geometries allows for considerably more design flexibility, strength and mass reduction. PWR and Velo 3D have collaborated to produce their first ever aluminum machine which is at our PWR Australian HQ.



SNAPSHOT

PWR Advanced Cooling Technology

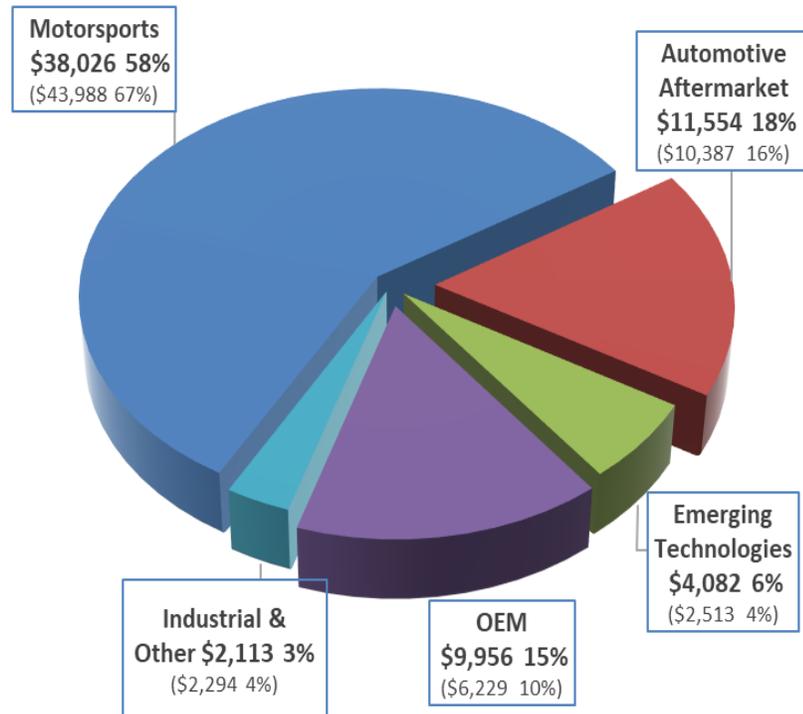
	30 June 2020	30 June 2019
Shares on issue	100 million	100 million
Market capitalisation	\$435 million	\$412 million
Cash & deposits	\$21 million	\$20 million
Debt	\$9 million	\$4 million
Net assets	\$54 million	\$53 million
Revenue	\$66 million	\$65 million
EBITDA – pre AASB 16	\$22 million	\$22 million
NPAT	\$13 million	\$14 million
EPS	13.1 cps	14.2 cps
DPS	5.9 cps	11.5 cps
ROE	24%	27%

Directors	<p>Teresa Handicott Chairman Non-executive director</p> <p>Jeff Forbes Non-executive director</p> <p>Roland Dane Non-executive director</p> <p>Kees Weel Managing director</p>
Key Management Personnel	<p>Kees Weel Chief Executive Officer</p> <p>Stuart Smith Chief Financial Officer</p> <p>Matthew Bryson Chief Operating Officer</p>

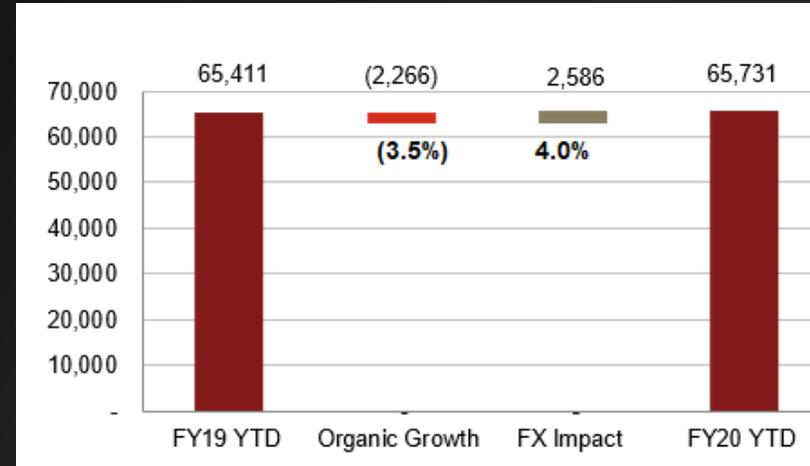


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FY20 SALES CATEGORY ANALYSIS
(FY19 COMPARATIVES)



Consolidated Revenue Bridge
FY19 to FY20
AUD \$ 000



Growth Rates	FY20	FY19	Change
Motorsports	\$ 38,026	\$ 43,988	14%
Automotive Aftermarket	\$ 11,554	\$ 10,387	11%
Emerging Technologies	\$ 4,082	\$ 2,513	62%
OEM	\$ 9,956	\$ 6,229	60%
Industrial & Other	\$ 2,113	\$ 2,294	8%
Total	\$ 65,73	\$ 65,411	0.5%



WORKING CAPITAL AND CASH FLOW

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A\$'000	FY20	FY19
Trade, other receivables & prepayments	6,932	4,689
Inventories	6,528	7,194
Trade & other payables	(4,770)	(4,812)
Net working capital	<u>8,690</u>	<u>7,071</u>
Working capital (increase)/decrease	(1,619)	371
Cash from operating activities (excluding working capital change)	21,942	22,026
Cash from operating activities	20,323	22,397
EBITDA to cash conversion ratio	94%	103%
Tax & interest paid	(4,154)	(3,746)
Capital expenditure	(7,763)	(5,985)
Free Cash Flow	8,406	12,666
Dividends Paid	(11,802)	(7,800)
Borrowings	5,000	3,503
Other	(1,022)	(256)
Net cash movement	<u>582</u>	<u>8,113</u>

Key points

- Strong return to sales in June saw an increase in debtors at 30 June 2020 compared to prior comparative period
- Operating cashflow down net 13% compared to prior period due to COVID-19 impact
- Strong cash conversion from operating activities at 94% of pre AASB 16 EBITDA, despite COVID-19
- Overall net cash position and capital investment financed from operating cash flows and retained cash reserves
- Liquidity position strong – in addition to cash reserves of \$20.8m, finance facilities of over \$17.5m available.



BALANCE SHEET

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A\$000	June 2020	June 2019
Assets		
Cash and cash equivalents	20,805	20,223
Trade and other receivables	6,932	4,689
Inventories	6,528	7,194
Plant & equipment	20,368	15,350
Right of use lease assets	8,928	-
Deferred tax asset	876	1,721
Intangible assets	15,034	14,237
Prepayments and other assets	2,912	1,563
Total Assets	82,383	64,977
Liabilities		
Trade and other payables	4,770	4,812
Deferred income	1,006	-
Loans and borrowings	8,814	3,642
Right of use lease liabilities	9,213	-
Tax liabilities	1,886	1,293
Employee benefits and provisions	2,444	2,233
Total Liabilities	28,133	11,980
Net Assets	54,250	52,997

Key points

- Strong liquidity and cash position
- ROE decreased to 24% (FY19 : 27%) due to timing combination of capex program and COVID - 19 impact
- Plant & equipment increase reflects completion of majority of previously announced capital investment programs
- Balance sheet strength and unutilised facilities provides ability to seize organic or other opportunities
- Intangible assets unchanged apart from retrospective deferred tax accounting standard change:
 - PWR trademark \$8.3m
 - C&R trademark \$2.6m
 - Goodwill on C&R acquisition \$4.1m.



Remainder of CY20 and FY21 look positive but key unknown is COVID-19

Diversification of revenue on track and this helped during recent COVID-19 lock downs

2 year business growth and investment program still on track

Benefits of dual manufacturing sites in USA and Australia apparent during COVID-19 shutdowns

Speciality builds, R&D, most emerging technology products and F1™ products continue to be developed and manufactured in Australia

Motorsport continues despite COVID. F1™ on track to deliver 17 of 22 GP races in this calendar year. New F1™ 5 year Concorde Agreement signed by all teams. MotoGP™ and NASCAR™ resumed

OEM programs in production as previously advised and anticipated. Only changes due to COVID-19 restrictions

Brexit uncertainty continues but prepared for outcomes

Capital programs are in progress to support revenue diversification and growth across all categories

MIQ3 grant funding of \$1.3m awarded for 3D aluminium printer

