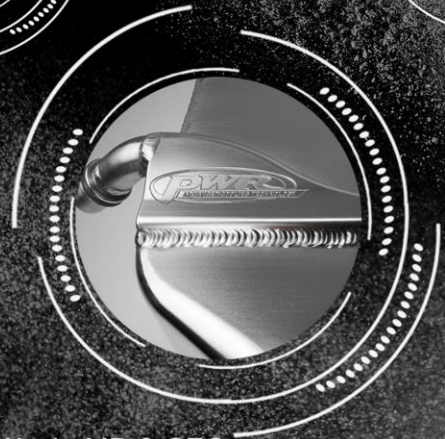
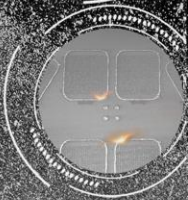
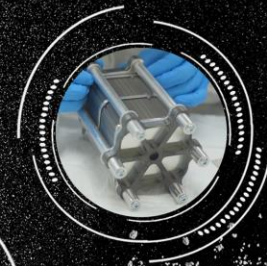
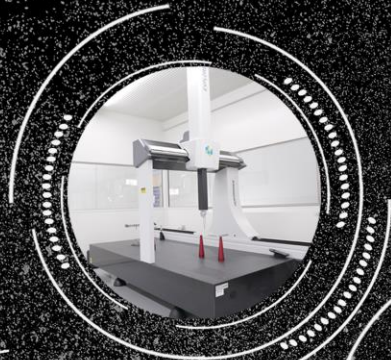
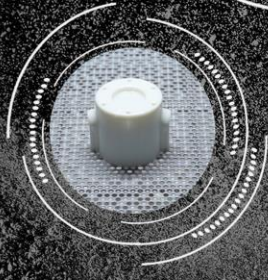




# PWR HOLDINGS LTD

H1 2021 RESULTS

18 FEBRUARY 2021



Kees Weel - MD & CEO

Stuart Smith - CFO

Matthew Bryson - COO

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# H1 FY21 RESULTS HIGHLIGHTS

|                         | H1 FY21  | H1 FY20 |        |  |
|-------------------------|----------|---------|--------|--|
| Revenue                 | \$37.2m  | \$29.8m | ↑ 25%  | Diversification & rescheduled race calendars.  |
| EBITDA                  | \$ 12.2m | \$ 7.6m | ↑ 60%  | Increase in line with higher revenue with improved margins of 32.8% vs pcp of 25.6%. |
| NPAT                    | \$ 6.6m  | \$ 3.5m | ↑ 90%  |  |
| Operating cash flow     | \$ 17.3m | \$ 5.5m | ↑ 317% | AASB 16 impact included in both years. Prepaid contractual amounts in H1 FY21.       |
| Cash on hand @31/12     | \$ 16.8m | \$ 7.9m | ↑ 213% | Decreased working capital & prepaid contractual amounts.                             |
| Interim dividend        | 2.8cps   | 1.9cps  | ↑ 47%  |  |
| Market capitalisation * | \$465 m  | \$455 m |        | TSR reflected in share price & dividends paid.                                       |

\* As at 18/2/2021 and 27/2/2020

# H1 FY21 PERFORMANCE

## H1 FY21 performance places us in a strong position for full year FY21

- Revenue \$37.2m up 25% on pcp. Growth across all primary categories with 51% of revenue growth coming from emerging technologies and OEM categories.
- Sales movement by currency to pcp - GBP sales up 5%, USD sales up 92% mainly from increased OEM sales and AUD sales up 16%.
- C&R revenue increase of 82% from organic growth in emerging technology and OEM sales.
- EBITDA margin of 32.8% improved from pcp (25.6%) as a result of higher volumes, efficiencies of scale and JobKeeper receipts. Rescheduling of Formula 1 and other race categories from the first half of the 2021 calendar year to the second half.
- NPAT of \$6.6m up 90% on pcp.

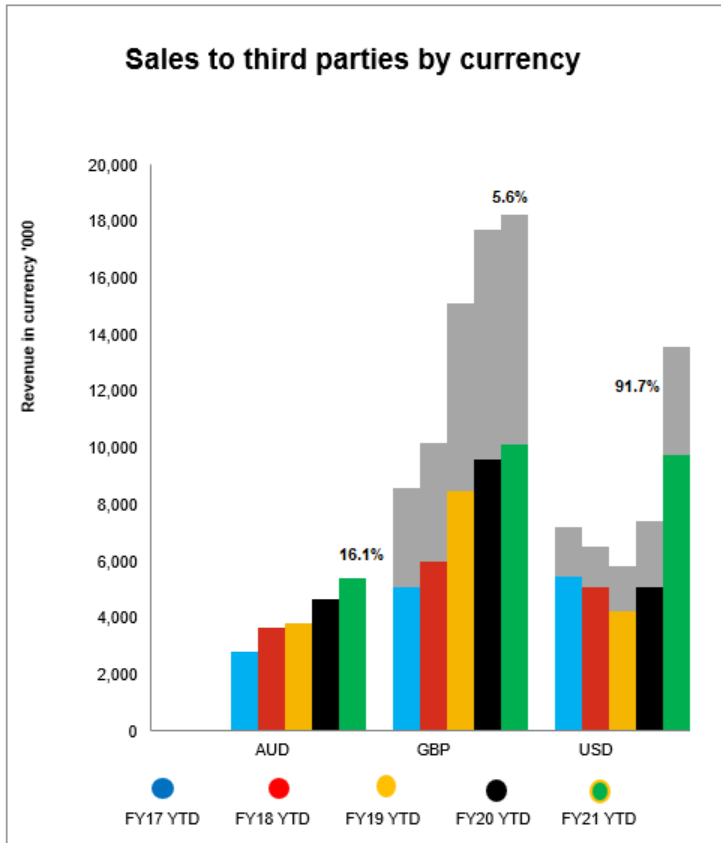
## Increased dividend

- Fully franked interim dividend of 2.80 cents per share – an increase of 47% on pcp.

## Cash flows

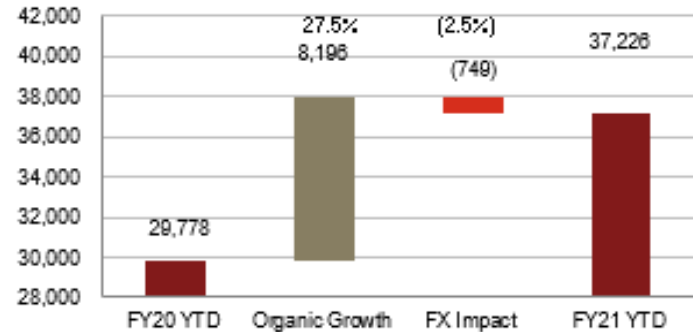
- 317% increase in operating cashflow compared to pcp. Due to improved cash conversion ratio, lower working capital and prepaid contractual commitments (some due to timing).
- Working capital invested decreased by 12% with revenue growth of 25%.
- EBITDA to cash conversion ratio of 122% for the period (pcp : 68%).
- Loans drawn down at 30 June 2020 (due to COVID 19 uncertainty) fully repaid during current period.
- Cash on hand at 31 Dec 2020 of \$16.8m (2019 : \$7.9m) with over \$22m of finance facilities available and unutilised.

# REVENUE



Conversion of source currency to Australian dollars based on average exchange rate for each year

### Consolidated Revenue Bridge H1 FY20 to H1 FY21 AUD \$'000



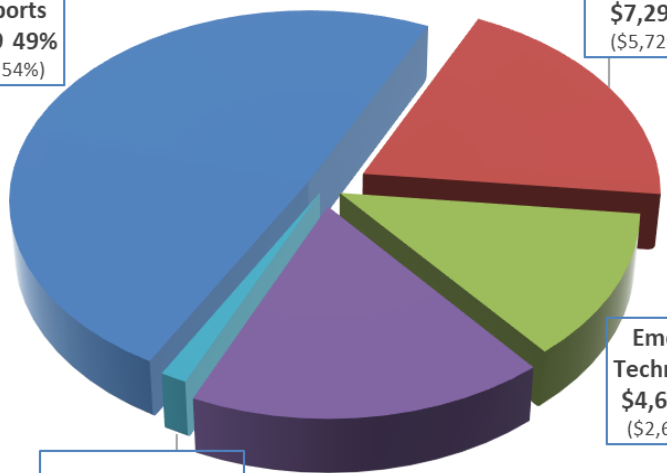
### Commentary

- Overall revenue growth of 25% with all major categories contributing.
- Revenue diversification a key feature of growth profile (refer to next slide for more details).
- Forward sales orders and pipeline for H2 FY21 and CY21 encouraging.

# REVENUE

## FY21 SALES CATEGORY ANALYSIS (FY20 COMPARATIVES)

**Motorsports**  
\$18,269 49%  
(\$15,980 54%)



**Automotive Aftermarket**  
\$7,292 20%  
(\$5,729 19%)

**Emerging Technologies**  
\$4,612 12%  
(\$2,680 9%)

**Industrial & Other**  
\$491 1%  
(\$700 2%)

**OEM**  
\$6,561 18%  
(\$4,689 16%)

## REVENUE CATEGORY MOVEMENTS

|                        | HY21      |      | HY20      |      | Change |
|------------------------|-----------|------|-----------|------|--------|
|                        | (A'000)   | %    | (A'000)   | %    |        |
| Motorsports            | \$ 18,269 | 49%  | \$ 15,980 | 54%  | 14%    |
| Automotive Aftermarket | \$ 7,292  | 20%  | \$ 5,729  | 19%  | 27%    |
| Emerging Technologies  | \$ 4,612  | 12%  | \$ 2,680  | 9%   | 72%    |
| OEM                    | \$ 6,561  | 18%  | \$ 4,689  | 16%  | 40%    |
| Industrial & Other     | \$ 491    | 1%   | \$ 700    | 2%   | -30%   |
|                        | \$ 37,226 | 100% | \$ 29,778 | 100% | 25%    |

## Commentary

- Motorsport still the major revenue source. Growth skewed to emerging technologies and OEM as part of diversification of revenue streams.
- 51% of revenue growth from OEM and emerging technologies.
- Some smoothing between H1 and H2 expected with revenue diversification – current period distorted due to COVID and rescheduling of racing calendars in CY20.
- Emerging technologies and OEM organic revenue growth anticipated to continue through remainder of FY21 and beyond.



# FINANCIAL PERFORMANCE

| A\$'000                    | H1 FY21 | H1 FY20 | Variance |
|----------------------------|---------|---------|----------|
| Revenue                    | 37,226  | 29,778  | 25.0% ↑  |
| EBITDA <sup>1</sup>        | 12,213  | 7,628   | 60.1% ↑  |
| EBITDA margin <sup>1</sup> | 32.8%   | 25.6%   | -        |
| Profit before tax          | 9,184   | 4,843   | 89.6% ↑  |
| Net profit after tax       | 6,576   | 3,456   | 90.3% ↑  |
| Interim DPS                | 2.80    | 1.90    | 47.4% ↑  |

## AUD vs GBP and USD movements – H1 FY21

| Actual FX rates |            |            |             |             |        |
|-----------------|------------|------------|-------------|-------------|--------|
| Currency        | 31/12/2020 | 31/12/2019 | Ave H1 FY21 | Ave H1 FY20 | Change |
| GBP             | 0.5648     | 0.5338     | 0.5537      | 0.5438      | 1.8%   |
| USD             | 0.7680     | 0.6983     | 0.7229      | 0.6847      | 5.6%   |

## Commentary

- Revenue growth of 25% previously discussed.
- Change in sales mix with OEM and emerging technologies key drivers with improved underlying EBITDA margin of 32.8%.
- Hedged forward cover positions and exchange rate movements contributed a loss of \$0.2 million at 31/12/20 (\$0.3 million loss at 31/12/19).
- ~50% of GBP revenue hedged through to 31 March 2021.
- Exchange rate fluctuations will continue to impact results.
- Interim dividend of 2.8c per share - an increase of 47%.

<sup>1</sup> Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Group's financial report.

# BALANCE SHEET

| <b>A\$000</b>                      | <b>31 Dec 20</b> | <b>31 Dec19</b> |
|------------------------------------|------------------|-----------------|
| <b>Assets</b>                      |                  |                 |
| Cash and cash equivalents          | 16,788           | 7,873           |
| Trade and other receivables        | 6,646            | 5,331           |
| Inventories                        | 6,243            | 7,499           |
| Plant & equipment                  | 26,327           | 18,328          |
| Right of use lease asset           | 8,769            | 9,819           |
| Deferred tax asset                 | -                | 2,278           |
| Intangible assets                  | 14,888           | 14,243          |
| Prepayments and other assets       | 3,103            | 1,929           |
| <b>Total Assets</b>                | <b>82,764</b>    | <b>67,300</b>   |
| <b>Liabilities</b>                 |                  |                 |
| Trade and other payables           | 6,947            | 3,970           |
| Asset finance                      | -                | 283             |
| Contract liability                 | 3,813            | 208             |
| Current & deferred tax liabilities | 903              | 326             |
| Employee benefits and provisions   | 2,770            | 2,398           |
| Right of use lease liabilities     | 9,166            | 9,972           |
| Long term loans                    | 3,541            | 3,747           |
| <b>Total Liabilities</b>           | <b>27,140</b>    | <b>20,696</b>   |
| <b>Net Assets</b>                  | <b>55,624</b>    | <b>46,604</b>   |

## Commentary

- Strong net cash position with continued focus on working capital utilization and management.
- FY 21 capex expansion program largely completed.
- Intangible assets unchanged apart from retrospective deferred tax adjustment:
  - PWR trademark \$8.3m
  - C&R trademark \$2.6m
  - Goodwill on C&R acquisition \$3.8m
- Long term debt of £2m unchanged effectively hedging £ receivables.
- Forward cover contracts hedging approximately 50% of GBP denominated revenue to 31 March 2021.





# WORKING CAPITAL & CASH FLOW

| A\$'000   | H1 FY21        | H1 FY20         |
|---|----------------|-----------------|
| Trade, other receivables & prepayments  | 9,749          | 7,260           |
| Inventories   | 6,243          | 7,499           |
| Trade & other payables  | (11,484)       | (6,756)         |
| <b>Net working capital</b>  | <b>4,508</b>   | <b>8,003</b>    |
| <i>Working capital (increase)/decrease from 1 July to 31 December for each reporting period</i> | 2,588          | (2,827)         |
| Gross cash from operating activities (excluding working capital change)                         | 13,955         | 7,410           |
| <b>Net cash from operating activities</b>   | <b>16,543</b>  | <b>5,464</b>    |
| Tax & interest paid   | (3,026)        | (2,612)         |
| Capital expenditure   | (8,274)        | (4,378)         |
| <b>Free Cash Flow</b>   | <b>5,243</b>   | <b>(2,653)</b>  |
| Dividends Paid  | (4,007)        | (9,900)         |
| Loan funding/(repayment)  | (5,044)        | -               |
| Other   | (210)          | 21              |
| <b>Net cash movement</b>  | <b>(4,018)</b> | <b>(12,346)</b> |

## Commentary

- Net operating cashflow up 317% from prior comparative period.
- Continued focus on working capital management with working capital invested down 32% from pcp with revenue up 25% compared to pcp.
- Gross cash from operating activities up 188%. Working capital investment down 32%. Net result is EBITDA to operating cash generated ratio of 142% (H1 FY19: 71%). Excluding working capital release, EBITDA to cash generated ratio is 114%.
- Overall net cash position with capital expenditure paid for from cash generated by operating activities.

# BUSINESS OUTLOOK - OVERVIEW

## H2 FY21 and FY22 on track for continued growth & strategic diversification

- **Capital expenditure** program from prior years completed in current half places us in good position for anticipated growth and productivity benefits.
- **Efficiency and quality** improvements ongoing in conjunction with capital program and specific asset purchases.
- **OEM** programs ramping up as previously outlined. This will continue to impact the category composition and sales mix.
- **USD** operations hedged naturally through C&R. Portion of debt from C&R to PWR converted to equity. Benefits in current period as AUD/USD dropped over 5% and minimal impact on P&L.
- **GBP** partial hedging to March 2021 with some residual exposure to AUD/GBP rates.
- **Potential** impact of coronavirus across the business continues to be monitored.
- **PWR brand** to be rolled out globally complementing C&R in the USA.
- **Online store** to be operational in H2 FY21 supported by a digital marketing and brand awareness campaign to develop PWR's global performance automotive aftermarket penetration. Online store platforms to be developed in the USA and Europe for launch in FY22.
- **Emerging technology** category showing strong potential growth in FY21 and beyond as products and manufacturing capability showcased. Refer next slide.

# BUSINESS OUTLOOK – EMERGING TECHNOLOGIES

## Key to strategic diversification

- **Defence & Aerospace (capitalising on AS9100 accreditation)**
  - **Cold plates**
    - Ruggedised vacuum brazed cold plates for use in radar systems, avionics, power electronics & energy storage systems.
  - **Micro matrix**
    - For use on platforms with cost per unit mass trade offs and high thermal requirements, such as unmanned aerial vehicles (UAV), electric vertical take-off and landing (EVTOL), aircraft pre coolers and motor generator unit (MGU) cooling.
  - **Hydrogen fuel cell heat exchangers**
    - Light weight thermal management systems for use on air, land and sea platforms.
  - **Bar and plate applications**
    - Complete system design, manufacture and testing for bar and plate heat exchangers suitable for a range of applications for aircraft, maritime and heavy land vehicles.
- **Battery and hybrid system cooling**
  - Bespoke cooling solutions for battery storage, electronics, motors, energy recovery systems.

# BUSINESS OUTLOOK – EMERGING TECHNOLOGIES

## Key to strategic diversification (cont'd)

- **Additive manufacturing applications**

- Manufacturing of structural components, rotating parts and cooling assemblies from ceramic filled resin or F357 Aluminium, to service the motorsport, aerospace and emerging technologies markets.

- **Computational Fluid Dynamics (CFD), simulation and modelling services**

- PWR offer flow simulation services and mathematical modelling to develop complete cooling system architecture, assisting our customers in overall system design, performance and efficiency.

- **Super alloy brazing capabilities**

- Capitalising on our recent vacuum brazing furnace investment to develop solutions for high temperature heat exchangers in emerging markets, such as hydrogen fuel cell systems.

Thank You

