



Royal Wolf Holdings Limited

FY17 1H Results

Investor Presentation

February 2017



Disclaimer

Reliance on third party information

The information and views expressed in this presentation were prepared by Royal Wolf Holdings Ltd (the **Company**) and may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility or liability is accepted by the Company, its officers, employees, agents or contractors for any errors, misstatements in or omissions from this presentation.

Presentation is a summary only

This presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the Company's 2016 final report. Any information or opinions expressed in this presentation are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this presentation.

Not investment advice

This presentation is not intended and should not be considered to be the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. The information provided in this presentation has been prepared without taking into accounts the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

No offer of securities

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Company securities in any jurisdiction.

Forward looking statements

This presentation may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Those assumptions may or may not prove to be correct. No representation is made as to the accuracy of the forward-looking statements. Each party to whom this presentation is made available should make its own enquiries and investigations regarding the assumptions, uncertainties and risks which may affect the future operations of the Company and their impact that different future outcomes may have on the Company and should not rely on the forward-looking statements.

No liability

To the maximum extent permitted by law, neither the Company nor its related bodies corporate, directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Modest Growth Despite Headwinds



EBITDA of \$19.6 million (margin of 27.2%) compared to \$19.2 million (margin of 22.4%) last year.



Total revenues were \$72.0 million, a decrease of \$13.7 million, or 16.0% over the first half of 2016FY.



Container sales revenues of \$31.3 million, a decrease of \$15.8 million on prior period. The circa \$11.0 million in low margin Freight sector sales achieved in prior period were not replicated in the first half.



Container leasing revenues of \$40.6 million, an increase of \$2.0 million, or 5.4% from first half of 2016FY.



Utilisation of 85.0% at 31 December 2016 compares to 76.5% at 30 June 2016 and 85.5% at 31 December 2015.



Units on hire at 31 December 2016 was a company record of 36,437 units, up 246 units on same period last year assisted by acquisition late in period.



NPAT attributable to ordinary shareholders of \$4.2 million or 4.2c per share compared to \$4.7 million or 4.7c per share last year.



An interim dividend of 2.5c per share (fully franked) will be paid on 4 April 2017.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Targeting Leasing Growth

Commentary

(\$ in millions, 1H 31 December)	Actual FY17 1H	Actual FY16 1H
Container leasing revenue	40.6	38.6
Growth %	5.4%	
Container sales revenue	31.3	47.1
Growth %	(33.5%)	
Total revenue	72.0	85.7
Growth %	(16.0%)	
EBITDA	19.6	19.2
Growth %	2.0%	
Margin %	27.2%	22.4%
EBITA	10.7	11.2
Growth %	(4.0%)	
Margin %	14.9%	13.0%
NPAT	4.2	4.7
NPATA	5.1	5.7

- Container lease revenue increased by \$2.0 million, or 5.4%. We are delivering on our strategy to prioritise leasing revenue. Headwinds from the resource sector have been offset by growth in our worksite stackable solutions to the building and construction and infrastructure industries.
- Container leasing revenues as a percentage of total revenue has increased from 45.0% for 1H2016 to 56.5% for 1H2017. Included in leasing revenue is \$2.8 million we received as full and final payment of our claim as the secured creditor for Titan Energy Services, which compares to \$2.0 million of camp accommodation related leasing revenue in the prior period.
- Container sales revenue decreased by \$15.8 million of which approximately \$11.0 million in low margin sales to customers in the freight sector in prior period was not replicated. As we do not have any material confirmed orders in the freight sector this financial year, we do not expect any new freight sales to be delivered this FY. (In 2HFY16 we delivered \$8.0 million in freight sales).
- Earnings at the EBITDA level for the period increased by 2.0% to \$19.6 million when compared to 1H2016.
- NPAT is being impacted by higher depreciation and amortisation which combined was \$10.7 million up 11.4% from \$9.6 million due to the compound effect of current and previous year's asset purchases. We expect the D&A for second half FY17 to be in the range of \$11-\$12 million.
- Surplus accommodation units are being actively marketed for lease or sale across a variety of countries and Australasian industries as camp solutions or single unit applications. Slow reduction in camp sales is expected to continue to unfavourably impact net debt levels, depreciation and interest costs in the second half.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Balance Sheet in Good Position

Balance sheet

A\$ Millions	31-Dec-16	30-Jun-16
Cash and cash equivalents	3.6	5.3
Trade and other receivables	25.0	18.1
Inventories	18.8	17.8
Total current assets	47.4	41.2
Trade and other receivables	0.1	0.1
PP&E	4.7	5.3
Container hire fleet	208.8	204.4
Intangible assets	56.3	55.5
Total non-current assets	269.9	265.3
Total assets	317.3	306.5
Trade and other payables	18.9	23.8
Current tax liabilities	-	0.2
Other current liabilities	2.8	3.2
Total current liabilities	21.7	27.2
Trade and other payables	0.6	1.2
Borrowings	115.5	101.6
Deferred tax liabilities	20.0	18.9
Other non-current liabilities	0.5	0.6
Total non-current liabilities	136.6	122.3
Total liabilities	158.3	149.5
Net assets	159.0	157.0

- Container fleet capital expenditure has increased to support increased demand from the building and construction and infrastructure industries. This spend is typically heavier in the first half to maximise full year returns.
- Investment in container products is expected to continue as we are within our target fleet utilisation range.
- Inventories include \$3.9 million of assets in transit at December to support demand in the third quarter.
- Payables reduction relate to the liability for the in transit inventory and the large freight transactions at June paid in first half.
- Net Debt/EBITDA ratio at 2.95x.
- Interest Cover ratio at 6.9x.
- The Company successfully completed the refinancing of Facility A of its current bank debt facilities which were due to mature in July 2017.
- The Company completed an acquisition in December 2016, an investment of \$3.9 million.

Dividend policy

- Target payout ratio of 40–60% of NPATA subject to Board discretion.
- Interim dividend of 2.5c per share (fully franked) will be paid on 4 April 2017 (payout ratio of 49.0%).

YOU CAN DO ANYTHING IN A ROYAL WOLF



Operating Cash Flow

(\$ in millions, FY 30 June)

	FY17 1H	FY16 1H
EBITDA	19.6	19.2
Change in net working capital	(13.0)	2.6
Other non-cash items	(0.9)	(1.7)
Operating cash flow	5.7	20.1
Net interest received / (paid)	(2.7)	(3.3)
Net capital expenditure	(10.0)	4.2
Acquisitions	(3.9)	(0.5)
Income tax paid	(2.0)	(4.1)
Free cash flow	(12.9)	16.4
Net proceeds from / (repayment) of borrowings	13.7	(12.3)
Net cash flow before dividends	0.8	4.1
Dividends paid	(2.5)	(5.0)
Net cash flow	(1.7)	(0.9)

Commentary

- The cash flow has been impacted by a reduction in operating cash as a result of the change in net working capital driven primarily from decreased payables and an increase in receivables due to one off revenue projects delivered in the December month and general economic factors. However, we do expect this situation to improve in the second half.
- The net capital expenditure figure of \$4.2m for the prior period includes the disposal of our two owned New Zealand properties for \$13.5m.
- Fleet capital expenditure was \$9.7m (\$9.3m in 1H2016) to support increased demand from the building and construction and infrastructure industries and to refresh some of our Intermodal (Freight) assets.
- We have completed our largest acquisition in three years for consideration of \$3.9m.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Attachments

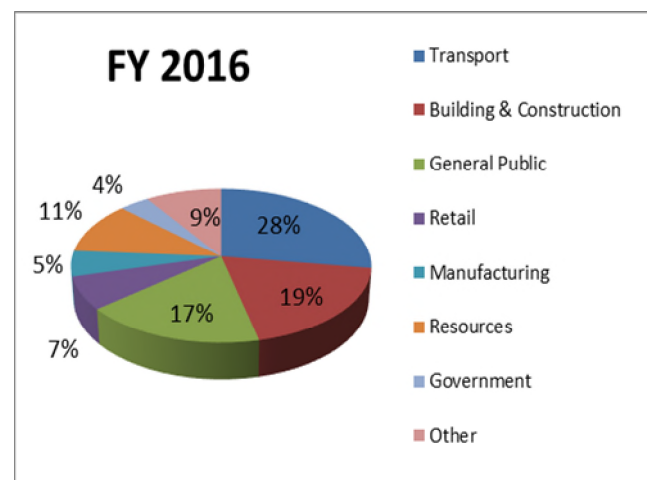
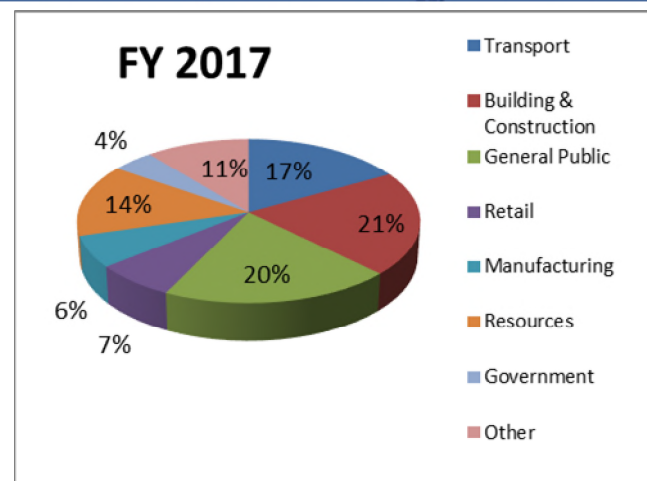


YOU CAN DO ANYTHING IN A ROYAL WOLF



Revenue by Customer Segment

(AU \$m)	FY17	FY16	Var
Sector			
Freight	7.2	17.9	(10.7)
Portable Buildings	16.3	14.3	2.0
Portable Storage	48.4	53.5	(5.1)
Total revenue	71.9	85.7	(13.7)
Industry			
Transport	12.1	23.5	(11.5)
Building & Construction	14.9	16.2	(1.4)
General Public	14.2	14.9	(0.7)
Retail	5.0	6.0	(0.9)
Manufacturing	4.5	4.6	(0.1)
Resources	10.3	9.3	1.0
Government	3.2	3.1	0.0
Other	7.8	7.9	(0.1)



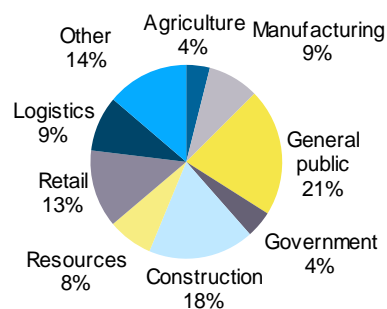
YOU CAN DO ANYTHING IN A ROYAL WOLF



Portable Storage



Revenue by Sector



Commentary

Portable storage revenue fell \$5 million or 9.5% with sales revenue down \$4.2m and leasing revenue down \$0.8 million.

The fall in sales revenue is a mix of reduced volume and the contraction in market rates for new and used containers. Resource sector off hires impacted overall leasing revenue.

Focus on hire growth is working with strong increase in units on lease in Q2 with average units on lease up 3.8% on Q1 FY17.

Acquisition in Dec 16 of approximately 950 portable storage units.

Opened three new Customer Service Centres (Wollongong, Nelson (NZ) and Whangarei (NZ) in Q2.

1H FY17A Revenue: \$48.2m (67%)⁽¹⁾
Lease fleet size: 26,863 units
Container sales: 6,880 units

(1) Represents percentage of total 1H FY17A revenue.

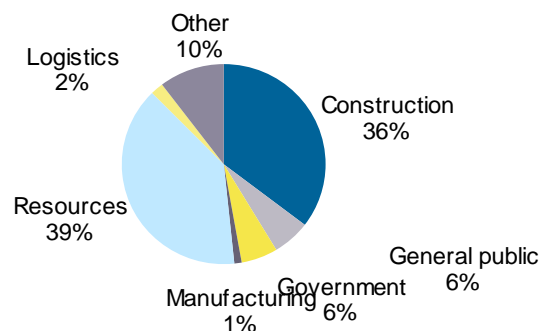
YOU CAN DO ANYTHING IN A ROYAL WOLF



Portable Buildings



Revenue by Sector



Commentary

Portable building revenue up by \$2 million or 14.0%.

Leasing revenue up by 33.6% and includes \$2.8 million we received as full and final payment of our claim as the secured creditor for Titan Energy Services.

Sales revenue down by 21.2%.

Unique stackable worksite solutions achieve 16% growth on PY and follows 23% growth in FY16.

Fleet size increased to reinforce success of worksite solutions with strong forward demand in non-residential works in NSW, VIC, North Island of NZ.

Reducing the number of idle camp accommodation units continues to be a key focus.

1H FY17A Revenue: \$16.3m (23%)⁽¹⁾
Lease fleet size: 7,012 units
Container sales: 122 units

(1) Represents percentage of total 1H FY17A revenue.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Freight



Commentary

Revenues decreased by \$10.7 million on prior period.

The low margin sales orders of approximately \$11.0 million in prior period were not replicated in the first half reflecting the minimal CAPEX investment in this sector.

No large sales orders secured for delivery this FY compared to approximately \$19.0 million last year.

Leasing revenue decreased 3.2% or \$0.2 million.

Fleet size decreased by 2.9% to 8,973.

1H17A Revenue:	\$7.2m (10%)⁽¹⁾
Lease fleet size:	8,973 units
Container sales:	178 units

(1) Represents percentage of total FY17A revenue.

YOU CAN DO ANYTHING IN A ROYAL WOLF



Historical Financial & Operational Data

(\$ in millions, Actual)

	FY/12	FY/13	FY/14	FY/15	1Q/16	2Q/16	1H/16	3Q/16	4Q/16	FY/16	1Q/17	2Q/17	1H/17
Profit & Loss													
Container leasing revenue	60.5	72.2	80.6	82.1	18.7	19.9	38.6	19.2	19.5	77.2	19.1	21.5	40.6
Container sales revenue	77.1	77.2	95.1	65.8	15.3	31.9	47.1	15.2	24.8	87.1	13.4	17.9	31.3
Total revenue	137.6	149.4	175.7	147.9	34.0	51.7	85.7	34.3	44.3	164.3	32.5	39.5	71.9
TRADING EBITDA	37.1	41.8	46.7	44.1	8.5	10.8	19.3	8.7	9.6	37.6	9.0	11.0	20.0
EBITDA	36.4	42.4	46.1	43.9	8.4	10.8	19.2	8.7	9.5	37.4	8.8	10.8	19.6
Depreciation	8.7	10.7	13.4	15.7	4.0	4.0	8.0	4.2	4.4	16.7	4.3	4.6	8.9
EBITA	27.7	31.7	32.7	28.2	4.3	6.8	11.2	4.5	5.0	20.7	4.5	6.2	10.7
Amortisation	4.0	4.4	3.8	2.9	0.8	0.8	1.5	0.7	0.7	3.0	0.8	0.9	1.8
EBIT	23.7	27.3	28.9	25.2	3.6	6.0	9.6	3.8	4.3	17.7	3.7	5.3	8.9
Interest	7.0	6.0	6.7	7.0	1.7	1.7	3.4	1.4	1.4	6.2	1.3	1.4	2.8
Tax	5.1	6.6	6.2	5.2	0.5	1.0	1.5	1.1	0.9	3.6	1.0	1.0	2.0
NPAT	11.6	14.7	15.9	13.0	1.3	3.4	4.7	1.2	1.9	7.9	1.3	2.8	4.2
NPATA	15.6	19.1	18.5	15.1	1.9	3.8	5.7	1.7	2.5	10.0	1.8	3.3	5.1

YOU CAN DO ANYTHING IN A ROYAL WOLF



Historical Financial & Operational Data

(\$ in millions, Actual)

	FY/12	FY/13	FY/14	FY/15	1Q/16	2Q/16	1H/16	3Q/16	4Q/16	FY/16	1Q/17	2Q/17	1H/17
Balance Sheet													
Cash	0.6	2.2	6.1	3.5	5.1	2.5	2.5	3.3	5.3	5.3	6.1	3.6	3.6
Receivables	26.3	22.8	25.7	18.6	17.7	20.3	20.3	18.9	17.9	17.9	17.1	24.3	24.3
Inventories	23.0	16.2	12.1	17.3	27.9	23.1	23.1	22.6	18.0	18.0	25.6	19.1	19.1
Current assets	49.9	41.2 	43.9 	39.4	50.7	45.9 	45.9	44.8	41.2 	41.2	48.8	47.0 	47.0
PP&E	8.0	9.6	10.5	19.3	19.1	5.5	5.5	5.2	5.3	5.3	4.8	4.7	4.7
Container hire fleet	148.8	173.4	198.3	203.5	204.1	208.2	208.2	206.2	204.4	204.4	201.9	208.8	208.8
Intangibles	61.7	59.6	57.7	57.2	56.6	56.4	56.4	55.6	55.5	55.5	54.7	56.3	56.3
Other non-current assets	0.2	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	-	-	-
Non-current assets	218.7	242.8	266.8	280.2	280.0	270.2	270.2	267.1	265.3	265.3	261.4	269.8	269.8
Total assets	268.6	284.0	310.7	319.6	330.7	316.1	316.1	311.9	306.5	306.5	310.2	316.8	316.8
Payables	26.6	23.4	20.0	15.3	33.6	25.5	25.5	25.9	24.1	24.1	24.6	18.7	18.7
Interest bearing debt	94.4	100.1	117.2	125.3	120.9	113.1	113.1	109.8	101.6	101.6	107.5	115.5	115.5
Other liabilities	10.6	16.6	22.1	25.0	24.9	22.3	22.3	23.2	23.8	23.8	23.0	23.6	23.6
Total liabilities	131.6	140.1	159.3	165.6	179.4	160.9	160.9	158.9	149.5	149.5	155.1	157.8	157.8
Net assets	137.0	143.9	151.4	154.0	151.3	155.2	155.2	153.0	157.0	157.0	155.1	159.0	159.0

YOU CAN DO ANYTHING IN A ROYAL WOLF



Historical Financial & Operational Data

	FY/12	FY/13	FY/14	FY/15	1Q/16	2Q/16	1H/16	3Q/16	4Q/16	FY/16	1Q/17	2Q/17	1H/17
Cash Flow													
EBITDA	36.4	42.4	46.1	43.9	8.4	10.8	19.2	8.7	9.5	37.4	8.8	10.8	19.6
Change in net working capital	(11.5)	8.3	(4.6)	(3.0)	4.7	(2.1)	2.6	(1.2)	6.9	8.3	(8.8)	(4.2)	(13.0)
Other non-cash items	1.7	(0.1)	2.0	1.6	(0.8)	(0.9)	(1.7)	1.0	(0.6)	(1.3)	(0.7)	(0.2)	(0.9)
Operating cash flow	26.6	50.6	43.5	42.5	12.3	7.8	20.1	8.5	15.8	44.4	(0.7)	6.4	5.7
Net interest received / (paid)	(6.0)	(6.1)	(6.9)	(6.8)	(1.7)	(1.6)	(3.3)	(1.4)	(1.4)	(6.1)	(1.3)	(1.4)	(2.7)
Net capital expenditure	(45.7)	(30.1)	(31.8)	(31.9)	(3.8)	8.0	4.2	(3.3)	(0.7)	0.2	(1.5)	(9.2)	(10.7)
Acquisitions	(3.0)	(6.5)	(5.6)	(1.9)	–	(0.5)	(0.5)	–	–	(0.5)	–	(3.9)	(3.9)
Deferred consideration for trademark	(1.8)	(1.5)	–	–	–	–	–	–	–	–	–	–	–
Income tax paid	(0.5)	(1.0)	(1.6)	(2.6)	(0.9)	(3.2)	(4.1)	0.3	(0.6)	(4.4)	(1.5)	(0.5)	(2.0)
Free cash flow	(30.4)	5.4	(2.4)	(0.7)	5.9	10.5	16.4	4.1	13.1	33.6	(5.0)	(8.6)	(13.6)
Net proceeds from / (repayment) of	34.0	5.1	16.1	7.6	(4.4)	(7.9)	(12.3)	(3.3)	(8.2)	(23.8)	5.8	7.9	13.7
Net cash flow before dividends	3.6	10.5	13.7	6.9	1.5	2.6	4.1	0.8	4.9	9.8	0.8	(0.7)	0.1
Dividends paid	(3.5)	(9.0)	(10.0)	(9.5)	–	(5.0)	(5.0)	–	(3.0)	(8.0)	–	(2.5)	(2.5)
Net cash flow	0.1	1.5	3.7	(2.6)	1.5	(2.4)	(0.9)	0.8	1.9	1.8	0.8	(3.2)	(2.4)
Selected cash flow items													
Capital expenditure on PPE / Int	2.1	3.7	2.9	12.9	0.2	(13.4)	(13.2)	0.2	0.7	(12.3)	–	0.9	0.9
Fleet capital expenditure	43.6	26.4	28.9	19.0	3.6	5.4	9.0	3.1	–	12.1	1.5	8.3	9.8
Acquisition capital expenditure	3.0	6.5	5.6	1.9	–	0.5	0.5	–	–	0.5	–	3.9	3.9
Total capital expenditure	48.7	36.6	37.4	33.8	3.8	(7.5)	(3.7)	3.3	0.7	0.3	1.5	13.1	14.6

YOU CAN DO ANYTHING IN A ROYAL WOLF



Historical Financial & Operational Data

	FY/12	FY/13	FY/14	FY/15	1Q/16	2Q/16	1H/16	3Q/16	4Q/16	FY/16	1Q/17	2Q/17	1H/17
Ratios													
EBITDA margin	26.5%	28.4%	26.2%	29.7%	24.6%	20.9%	22.4%	25.4%	21.3%	22.7%	27.0%	27.4%	27.2%
EBITA margin	20.1%	21.2%	18.6%	19.0%	12.8%	13.2%	13.0%	13.1%	11.3%	12.6%	13.9%	15.7%	14.9%
Return on equity (NPATA/Equity)	11.6%	13.6%	12.5%	9.9%	4.9%	9.8%	7.3%	4.5%	6.3%	6.4%	4.6%	8.4%	6.5%
Return on assets (EBITA/Total Assets)	11.4%	11.5%	11.0%	8.9%	5.3%	8.6%	7.0%	5.7%	6.4%	6.6%	5.8%	8.0%	6.9%
ROFE (EBITA/Net debt + Equity)	13.0%	13.3%	12.7%	10.3%	6.3%	10.0%	8.1%	6.6%	7.5%	10.8%	6.9%	9.3%	8.0%
Gearing (Net debt/Net debt + Equity)	40.8%	41.0%	43.6%	44.9%	44.4%	42.2%	42.2%	41.8%	39.3%	39.3%	40.9%	42.1%	42.1%
Net Debt / EBITDA	2.6x	2.3x	2.4x	2.8x	2.7x	2.7x	2.7x	2.8x	2.6x	2.6x	2.7x	2.9x	2.9x
Interest Cover EBITDA / Net interest	5.2x	7.1x	6.9x	6.3x	4.9x	6.5x	5.7x	6.3x	6.5x	6.0x	6.6x	7.6x	7.1x
Interest Cover EBITA / Net interest	4.0x	5.3x	4.9x	4.0x	2.5x	4.1x	3.3x	3.2x	3.5x	3.3x	3.4x	4.4x	3.9x
EPS	11.6	14.7	15.8	13.0	1.3	3.4	4.7	1.2	1.9	7.8	1.3	2.8	4.2
DPS	3.5	9.0	10.0	9.5	-	5.0	5.0	-	3.0	8.0	-	2.5	2.5
Segment Information													
Fleet size													
Portable Storage	23,855	25,705	26,594	27,049	26,592	26,881	26,881	26,984	26,192	26,192	26,064	26,863	26,863
Freight	9,348	9,579	9,396	9,128	9,111	9,240	9,240	8,967	8,868	8,868	8,723	8,973	8,973
Portable Buildings	3,294	3,899	4,388	5,565	5,781	6,196	6,196	6,499	6,567	6,567	6,699	7,012	7,012
Total fleet	36,497	39,183	40,378	41,742	41,484	42,317	42,317	42,450	41,627	41,627	41,486	42,848	42,848
Operating Statistics													
Units on lease (at period end)	29,453	30,862	33,220	33,004	32,325	36,191	36,191	33,394	31,863	31,863	32,660	36,437	36,437
Utilisation %	80.7%	78.8%	82.3%	79.1%	77.9%	85.5%	85.5%	78.7%	76.5%	76.5%	78.7%	85.0%	85.0%
Average units on lease	28,101	31,415	33,300	33,830	32,224	34,444	33,334	34,567	32,277	33,378	32,036	34,580	33,308
Lease revenue as % of total revenue	44.0%	48.3%	45.9%	55.5%	55.1%	38.4%	45.0%	55.8%	44.0%	47.0%	58.9%	54.5%	56.5%
Sales revenue as % of total revenue	56.0%	51.7%	54.1%	44.5%	44.9%	61.6%	55.0%	44.2%	56.0%	53.0%	41.1%	45.5%	43.5%
Average utilisation	84.2%	81.6%	82.4%	81.8%	77.6%	81.9%	79.8%	81.4%	76.8%	79.5%	77.2%	82.0%	79.6%

YOU CAN DO ANYTHING IN A ROYAL WOLF

