

PWR Holdings Limited (ASX: PWH)

ASX Announcement

25 August 2016

FY16 FULL YEAR RESULTS

PWR Holdings Limited (**PWR** or the **Company**), an Australian-based provider of global customised cooling solutions to the elite motorsports, high performance automotive, automotive aftermarket and emerging technology industries, today announced a pro forma Net Profit After Tax (NPAT) of \$10.8 million for the period ended 30 June 2016, exceeding its prospectus forecast of \$10.5 million.

FY16 HIGHLIGHTS

- ✓ Pro forma NPAT¹: \$ 10.8 million
- ✓ Statutory NPAT: \$8.7 million
- ✓ Total fully franked dividend of 4.4 cents per share, representing 50% of statutory NPAT
- ✓ Revenue, EBITDA and NPAT exceeded prospectus forecasts, despite the strengthening AUD in the second-half
- ✓ Organic growth exceeded expectations
- ✓ Secured two new Original Equipment Manufacturer (“OEM”) contracts in Australia and Europe
- ✓ Invested in engineering and production personnel and infrastructure to support growth
- ✓ Continued the integration of C&R Racing and strengthened its USA focus
- ✓ Developed channels to the USA automotive aftermarket
- ✓ Strong cash conversion
- ✓ Zero core debt

1. Represents statutory NPAT adjusted for IPO costs (\$2.7 million before tax) and interest costs (\$0.2 million before tax) associated with bank facilities repaid from IPO proceeds.

The full year results are summarised below:

A\$'000	FY16	Prospectus forecast	Variance
Revenue	47,348	46,994	+ 0.8%
Pro forma EBITDA (i) (ii)	16,903	16,162	+ 4.6%
Pro forma EBITDA margin (ii)	35.7%	34.4%	+ 1.3%
Pro forma net profit after tax (ii)	10,766	10,462	+2.9%
Statutory net profit after tax	8,735	8,325	+4.9%
Pro forma free cash flow	10,452	11,748	- 11.0%
Pro forma earnings per share	10.8 cents	10.5 cents	+ 2.9%
Total dividend	4.4 cents	4.2 cents	+ 4.8%

(i) Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is a non-IFRS term. The EBITDA has not been subject to audit or review but has been determined using information presented in the Company’s annual financial statements.

(ii) Pro forma adjustments relate to IPO costs (\$2.7 million before tax) and interest costs (\$0.2 million before tax) associated with bank facilities repaid from IPO proceeds.



Managing Director, Kees Weel said “We are very pleased with our full year result for 2016 which has exceeded our prospectus forecast, despite the strengthening of the Australian dollar in the second half of the year. We have worked hard in our first year as a listed company to position PWH to take advantage of future growth opportunities.”

PWR exceeded revenue, EBITDA and NPAT prospectus forecasts despite the strengthening of the Australian dollar in the second half, which impacted revenue negatively by \$1.1m. Stronger than expected organic growth in the motorsports and automotive aftermarket sectors were the key drivers for the result.

The Company generated pro forma free cash flow of \$10.3m after capital expenditure of \$2.4m combined with investment in engineering and production personnel to support growth. During the year, \$20.3m in foreign currency debt was repaid from IPO proceeds. As a result, PWR remains in a strong financial position with no core debt and cash at 30 June 2016 of \$8.8 million.

The Directors have declared a fully franked final dividend of 3.78 cents per share, which takes total dividends for the year to 4.4 cents per share, and represents 50% of the statutory NPAT for the year. The dividend will be paid on 19 September 2016, with a record date of 2 September 2016.

Operating highlights

PWR secured two new OEM contracts in Australia and Europe during the year, which will deliver revenue in FY17 and which are in addition to other OEM development and prototype work in the pipeline which are expected to contribute revenue beyond FY17.

PWR continued the integration of C&R Racing, strengthening the PWR Group’s focus on further penetrating the USA markets. In addition to implementing PWR’s ERP system and developing a new website and online store, significant progress has been made in developing product knowledge, gaining production efficiencies, expanding the sales representative network and developing channels to the USA automotive aftermarket via leading parts retailers.

PWR made capital investments in new production capacity and enhanced product tanking and production capabilities for motorsports and the broader customer base. These investments together with investment in additional engineering and production personnel are designed to assist PWR to be “Resource Ready” and be in a strong position to take advantage of future growth opportunities.

PWR also finalised development of its new cooling solutions for the Industrial aftermarket and commenced sales to the mining and construction industry. This is an important validation of the Group’s strategy to expand into other markets including industrial cooling applications.

Outlook

After a strong initial full year result as a public company, PWR is well positioned to take advantage of future global growth opportunities as it continues to:

- ✓ Be “Resource Ready” through ongoing investment in infrastructure and engineering and production personnel;
- ✓ Develop channels to the USA automotive aftermarket;
- ✓ Expand its product offering to capture greater customer spend;
- ✓ Invest in R&D, including an electronic cooling test facility in the emerging technology sector;
- ✓ Deliver new OEM contracts in Australia and Europe; and
- ✓ Progress other OEM opportunities.

The annual report and investor presentation have been lodged with the ASX and can also be found on PWR’s website: www.pwr.com.au

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