



ENGINEERING THE UNFAIR ADVANTAGE

31 October 2019

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

PWR Holdings Limited | Presentations to 2019 Annual General Meeting

Pursuant to Listing Rule 3.13.3, please find attached, for presentation to shareholders at this morning's Annual General Meeting, commencing at 11 am (Brisbane time):

- the welcome address by Ms Teresa Handicott, the company's Chairman; and
- the address by Mr Kees Weel, the company's Managing Director.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lisa Dalton', is positioned above the printed name.

Lisa Dalton
Company Secretary

31 October 2019

PWR Holdings Limited (ASX: PWH) | Chairman's Address to 2019 Annual General Meeting

Good morning Ladies and Gentlemen, my name is Teresa Handicott and I am the Chairman of PWR Holdings Limited (PWR) and I will chair today's Annual General Meeting.

On behalf of the Board of Directors, I warmly welcome you all to the 2019 PWR Annual General Meeting.

We really appreciate this opportunity to speak with our shareholders and visitors and give shareholders the opportunity to see first-hand the PWR operations and ask questions about PWR in this wonderful facility.

In addition to conducting tours of the facility, we will also be showing selected products to shareholders after this meeting.

Staff are not allowed mobile phones or cameras in the production facilities and I ask that no photographs or videos be taken of our facilities or products and, as shareholders, I am sure you will respect this request and I thank you in advance for your cooperation. We also request that audio recordings not be taken of today's AGM.

Introduction of Directors and Management

Firstly, I would like to introduce the Board and Senior Management of PWR here today.

The full details of their background and experience are included in the Annual Report and on the Company website.

- Firstly, Kees Weel, the founding shareholder and Managing Director of PWR. Kees is our passionate and energetic visionary, a strong and unflappable leader and a globally recognised automotive cooling expert
- Jeff Forbes, who has been a director since the company listed and chairs the Audit and Risk Committee. Jeff brings strong financial capability and disciplines to the board as well as extensive listed company experience. His experience with global operations and the US in particular, is invaluable
- Roland Dane, who brings a wealth of experience and knowledge of the global motor sports industry to the board. He is also a very capable and clear-thinking businessman whose insights add significant value.
- Lisa Dalton, our Company Secretary, joined PWR in 2015. Lisa is an experienced Company Secretary and Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia
- Stuart Smith, our Chief Financial Officer, is a Chartered Accountant with over 20 years' experience in the UK, South Africa and Australia.

We are also joined by our very capable Senior Management Team. I will ask you to stand when I say your name:

- Matthew Bryson, General Manager of Engineering
- Andi Scott, Senior Engineer
- Ben Nielsen, Senior Engineer
- Ryan Hagedorn, Senior Designer
- Mick Cullen, Production Manager
- John Panozzo, Specialty Build Manager, and
- Rebecca Lonton, Human Resources Manager

I would also like to welcome Jason Adams, the audit partner at KPMG who are the Company's auditors.

Jason has been the KPMG audit partner at PWR for 5 years and, as required under independence rules, is being rotated. Jason is replaced with Erin Neville-Stanley, also a partner at KPMG who we welcome and look forward to working with. I would like to take this opportunity to thank Jason for his significant and valued contribution over the past 5 years as the Company has transformed from a private company to a successful public company.

I also welcome Stephanie Daveson, a partner at Clayton Utz, the Company's lawyers.

This Annual General Meeting will proceed in four parts:

1. Firstly, I will provide a short address summarising some key points for the 2019 year including progress in the execution of PWR's strategy
2. Secondly, Kees will review the financial performance and operational developments of the Company for the past year and will talk about our expectations and plans for the future
3. Shareholders will then be able to ask questions about the Company, my address or Kees' presentation.

This will be followed by the formal business of the meeting, at which time I will take your questions specifically regarding each of the proposed resolutions.

Without pre-empting Kees's presentation, I would like to say a few words about the progress of the Company.

PWR has continued to increase its revenue and Net Profit After Tax. For FY2019 Net Profit After Tax was \$14.2 million which was a 29% increase on the previous year's statutory result and a 17% increase on the underlying result – a pleasing outcome. Our balance sheet has seen our net positive cash position continue and we had over \$20m in the bank at 30 June 2019. In these circumstances we felt it was appropriate to increase our total dividend per share by over 57% from FY2018. This included the payment of a special dividend of 3c per share. Kees will further discuss the drivers of our results.

Your Board is very focussed on PWR's strategy as managing growth has its own set of challenges and demands. The Company has set in play aspects of the strategy identified in FY2017 and FY2018 and during FY2019 PWR has focused on the following strategic objectives:-

- Efficiency improvements in the supply chain and operations
- Building capability, systems and processes to support profitable growth, and
- Revenue diversification through new products and industries.

I would now like to briefly address each of these:

Efficiency

Development of our engineering capability continues as does product research and development, and the creation of associated intellectual property. This all now takes place in one centre of excellence here at Ormeau, much of which is appropriately secured.

In parallel, with the successful commissioning of the new US manufacturing production line, our US facility now has double the manufacturing throughput capacity of Ormeau. This places PWR in a strong position to grow operations globally and service customers from either manufacturing facility.

To achieve this growth efficiently requires a robust operating model which supports and does not hinder product, customer and technology enhancements. Supply chain optimisation and centralised shared and corporate services are all instrumental in achieving efficient growth.

Capability, systems and processes

Over the last 18 months Kees and his team have significantly enhanced PWR's capability through our investment in this centre of excellence building where we are today as well as the dedicated micro matrix facility.

In addition to the above, continued investment will include a CT scanner, 3D metal printers, and vacuum brazing equipment all of which are part of this planned continued growth in capability and service offering to customers.

To ensure these investments are efficiently utilised and sustainable growth is achieved, investment in capability, systems and processes is also required. This capability extends to ICT, cybersecurity, continued development of staff attraction and retention plans, a training and continuous improvement plan and efficient shared corporate systems and processes.

Diversification

Revenue diversification has been a strategic focus since FY2017 and this takes time to formulate and execute successfully. Our cold plate technologies as well as opportunities in electronics and battery cooling are showing promising signs in industries we already serve as well as having applications in new industries such as aerospace and military. The recent commercial release of our micro matrix



products is another key driver for our strategy of diversifying our revenue base across products and industries. While our strategy of achieving more diverse revenue streams has taken time, it is starting to come to fruition.

Staff

We currently employ over 300 staff worldwide and I would like to publicly express the board's appreciation for their significant contributions over the year. I would like to particularly acknowledge the important ongoing contribution of Matt Bryson, for both his leading-edge engineering capability and his ongoing leadership of a world class engineering team.

Directors

I acknowledge and thank my fellow directors – Jeff Forbes, Roland Dane and our Managing Director Kees Weel. Our board has a strong and diverse mix of skills and is fortunate to be cohesive and collaborative resulting in constructive contributions and deliberations about PWR's exciting future potential.

Shareholders

Finally, thank you, our shareholders, for your ongoing loyal support.

I will now hand over to Kees to talk to you about his passion, PWR.

31 October 2019

PWR Holdings Limited (ASX: PWH) | Managing Director's Address to 2019 Annual General Meeting

Good morning and thank you for joining us today for PWR's 2019 Annual General Meeting.

With a record financial year behind us, I am pleased to take you through both the financial and operational highlights of what has been achieved over FY2019, as well as provide an update on where we see FY2020 taking us.

	FY19	FY18	Change
Revenue	\$65.4m	\$51.9m	↑ 26%
EBITDA	\$21.8m	\$16.3m	↑ 34%
NPAT	\$14.2m	\$11.0m	↑ 29%
Underlying NPAT	\$14.2m	\$12.1m	↑ 17%
Dividend per share	11.5 cps	7.3 cps	↑ 58%
Cash on Hand	\$20.2m	\$12.1m	↑ 67%
EBITDA to cash conversion	102.9%	96.8%	
Working capital decrease	\$0.4m	\$0.9m	
FTE equivalent	291	238	↑ 22%

The financial highlights reflect the outstanding effort contributed by all staff during FY2019:

- revenue was up by 26% with Europe being the stand-out performer whose growth was over 40% in GBP terms
- with over 87% of our revenue being earned in GBP or USD in FY2019, exchange rate movements will continue to have an impact on our results (positively or negatively) and for FY2019 this was a positive \$0.5m. We have de-risked a portion of future exchange rate risk through forward exchange contracts through to June 2020
- statutory net profit after tax was up 29% in AUD terms whilst underlying NPAT increased by 17%
- as mentioned by the Chairman, dividends for the FY2019 year increased by 57% to 11.5c per share including the special dividend of 3c per share
- working capital management has improved and no additional working capital was required to support the 17% increase in underlying NPAT

- we are still in a net positive cash positive position and expect our budgeted CAPEX program for FY2020 to be funded from cash reserves and cash generated from operations. In addition, we have significant unutilised financing facilities.

This was a strong performance and reflects the benefits from a restructured C&R, continued growth in our key markets and the successful execution of our strategy.

Motorsport has been a major driver of the higher revenue in FY2019 and further growth is expected albeit at a lower rate of growth than that achieved in FY2019.

The emerging technology segment and products are expected to see further sales increases in FY2020 together with the previously announced OEM programs which start to come on stream in FY2020. These will both be important contributors to our growth in FY2020 and beyond.

C&R is now a fully operational manufacturing facility which has been successfully completed. This will add a significantly higher volume of production throughput for the Group. Leveraging this production capability and capacity for the Group will also be a key focus area in FY2020 and beyond.

Of course, a result like this and continued further growth does not just happen – it all comes down to our staff in Australia, the USA and Europe. They will continue to drive product innovation and customer focussed solutions both of which are central to our strategy and our continued successes. PWR now has over 300 team members globally. With continued growth, our ability to attract and retain top talent is another key pillar in our strategy.

Efficiency and productivity are also central to our operations as we expand and continue to grow which will maintain and extend our competitive advantage in the market. We cannot become complacent and we will always challenge and question what and how we do things to ensure we stay at the forefront of both technology developments and customer requirements.

Centres of Excellence

As mentioned, we now have 2 manufacturing hubs able to serve and service customers in every part of the globe.

A key aspect of our corporate strategy is having centres of excellence for the different aspects of our business including manufacturing operations, engineering, design, testing, research and development and corporate services. These will ensure appropriately located and resourced specialised teams collectively focus on delivering the best outcomes for the group.

Technology Developments

The introduction of advanced technologies into our manufacturing processes will ensure we remain at the forefront of manufacturing capability and complexity for both existing customers as well as potential new customers and industries.

We are continuing to invest in advanced manufacturing technologies and, as previously announced, we will shortly be taking possession of a 3D CT scanner, 3D aluminium printing machines and a vacuum brazing furnace. In this coming year, these will all be integral to the ongoing development of our advanced manufacturing capability.

Product Initiatives

Our new micro matrix and cold plate products have been extensively tested and have recently been commercialised with initial sales commencing. These new products provide compelling solutions to both new industries and existing customers and initial sales have been made to customers in motorsport, aerospace and military segments.

These will allow us to diversify our revenue streams and customer propositions across the considerable global advanced cooling technology market.

Some of you have already been on tours of the factory and there are further tours scheduled for after this meeting where you will be able to see first-hand some of the fantastic products we manufacture and sell.

The year ahead...

The arrival and installation of New Equipment

CT Scanner

We have previously spoken about the purchase of the CT Scanner. This machine is on schedule to arrive in January 2020 and will be operating by February 2020.

3D Printer

We have two of these machines on order, one will arrive in January 2020 and the other April 2020. Both of these machines will be operating by May 2020.

Vacuum Furnace

This has been ordered and is due for delivery in August 2020. This should be operating by September / October 2020.

OEM Pipeline

In FY2019 we saw growth of 55% in the OEM sector.

OEM continues to be a great opportunity for PWR, and we are starting to make our mark in non-motorsports OEM. We continue to look at new OEM programs and are essentially "Race Ready" for these opportunities.



Micro-Matrix

Over the last 3 months we have been fitting out the building next door which is our Micro-Matrix Lab. This has been especially designed for the manufacture of our new technology Micro-Matrix. As you will see this is the state of the art fit out. This has been designed for future growth of this new technology.

An additional Employee in the USA.

We have recently signed a gentleman from the USA who has great knowledge and contacts in Aerospace and Military products, mainly in electronic and cold plate cooling. This will enable us to get a quicker foot hold of opportunities in that market sector.

Thank you for joining us today and for your continued support of our business.