WAGNERS

Wagners Holding Company Limited
1H FY2018 Results Presentation

FEBRUARY 2018

WAGNERS

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SECTION 1

GROUP HIGHLIGHTS

Strong growth and financial performance in line with prospectus forecast

Highlights

- First half performance in line with prospectus forecast
- Strong growth in cement volumes
- Increased utilisation of transport assets
- Realised benefits of new CFT factory with increased crossarm production volumes

Growth Initiatives

- Concrete plants in Brisbane and Toowoomba delivering to local market in December
- CFT has actively tendered work in USA, UK and NZ worth $8.0m
- Wellcamp quarry fully operational for local deliveries

FINANCIAL HIGHLIGHTS

Revenue	Gross Profit	EBITDA	EBIT	NPAT	Net Debt	Interim Dividend
$121.2m ↑ 22.7%	$75.1m ↑ 36.9%	$28.7m ↑ 22.4%	$23.6m ↑ 37.0%	$14.3m ↑ 50.2%	$69.4m	1.5 cps

Financial performance

- Pro forma Revenue growth of 22.7% (growth in construction materials and services 26.4%, new generation building materials 24.2%)
- Pro forma EBITDA growth of 22.4% to $28.7m
- Pro forma NPAT growth of 50.2% to $14.3m
- Pro forma Net Debt of $69.4m (a decrease from net debt level at listing)
- Interim dividend of 1.5 cents per share (30% of 60% of FY18 forecast NPAT since 1st December 2017)

SECTION 2

FINANCIAL RESULTS

PRO FORMA PROFIT AND LOSS

$ millions	Pro forma 1H FY2018	Pro forma 1H FY2017	Variance	%
Total Revenue	**121.2**	**98.8**	**22.4**	**22.7%**
Gross Profit	75.1	54.9	20.2	36.9%
EBITDA	**28.7**	**23.5**	**5.3**	**22.4%**
Depreciation & amortisation	5.2	6.3	-1.1	-17.6%
EBIT	**23.6**	**17.2**	**6.4**	**37.0%**
Net financing costs	3.9	3.7	0.2	5.0%
Tax expense	5.4	4.0	1.4	35.3%
Net profit after tax	**14.3**	**9.5**	**4.8**	**50.2%**
Gross profit %	62.0%	55.5%	6.4%	
EBITDA %	23.7%	23.8%	-0.1%	
Pro forma earnings per share (cents)	8.86	5.90	2.96	50.2%

Revenue Growth +22.7%

- Growth in cement volumes
- Increased utilisation of transport, quarry and pre cast assets
- Growth in both crossarms and project based CFT production

EBITDA +22.4%

- EBITDA has grown in line with revenue
- EBITDA has contributed to strong operating cash flows.

NPAT +50.2%

- Lower depreciation due to completion of major project

Note:- A reconciliation to the Appendix 4D statutory numbers is included on page 11

PRO FORMA CASH FLOW AND BALANCE SHEET

$ millions	Pro forma 1H FY2018	Pro forma 1H FY2017	Variance
EBITDA	**28.7**	**23.5**	**5.3**
Non-cash items	0.4	-4.5	4.8
Changes in working capital	-0.7	-2.2	1.5
Changes in provisions	-2.1	-0.3	-1.8
Cash flow from operations	**26.3**	**16.5**	**9.7**
Cash conversion ratio	**91%**	**70%**	**0.2**
Capital expenditure	-6.9	-0.8	-6.1
Proceeds from sale of assets	0.3	1.1	-0.8
Net cash flow before financing & tax	**19.7**	**16.9**	**2.8**

$ millions	December 2017	June 2017(i)	Variance
Current assets	48.4	47.9	0.5
Non-current assets	116.6	117.0	-0.4
Total assets	**165.0**	**164.9**	**0.1**
Current liabilities	47.4	44.2	3.2
Non-current liabilities	66.2	56.5	9.7
Total liabilities	**113.5**	**100.7**	**12.8**
Net assets	**51.5**	**64.2**	**-12.7**

Cashflow

- Improved operating cash flow over 1H FY2017
- Increased inventory due to commencement of quarry operations in Toowoomba and increased production in CFT
- Capex in line with the growth strategy for concrete and CFT and expansion of transport assets

Balance Sheet

- Net assets have decreased due to pre-IPO distributions to related parties and payment of listing costs

Note (i) Prospectus dated 20 November 2017

PRO FORMA SEGMENT RESULTS

	Pro forma 1H FY2018		Pro forma 1H FY2017		Growth $		Growth %	
$ millions	**Revenue**	**EBITDA**	**Revenue**	**EBITDA**	**Revenue**	**EBITDA**	**Revenue**	**EBITDA**
Construction Materials and Services	113.4	29.9	89.7	20.8	23.7	9.1	26.4%	43.5%
New Generation Building Materials	14.5	1.1	11.7	1.1	2.8	0.0	24.2%	0.0%
Other/Eliminations	-6.6	-2.3	-2.5	1.5	-4.1	-3.9		
Total	**121.2**	**28.7**	**98.8**	**23.5**	**22.4**	**5.2**	**22.7%**	**22.1%**

Highlights

- Strong revenue growth, construction materials and services 26.4%, new generation building materials 24.2%
- New generation building materials EBITDA growth has steadied due to increased business development costs
- Other EBITDA variance mainly due to fair value adjustments on derivatives

OPERATIONAL HIGHLIGHTS – CONSTRUCTION MATERIALS AND SERVICES

Highlights

- First half performance in line with prospectus forecast
- Strong growth in cement volumes, 18% increase on 1H FY2017
- Construction materials business performing significantly better at the revenue and EBITDA levels against 1H FY2017
- Renewable energy sector has provided increased revenues through supply into windfarm projects

Growth Initiatives

- Implementation of Concrete Strategy
  - Concrete plants in Brisbane and Toowoomba commissioned in December and delivering to local market
  - Continued identification of potential concrete plant sites and quarries in Brisbane, Gold Coast and Sunshine Coast
- Wellcamp quarry fully operational

OPERATIONAL HIGHLIGHTS – NEW GENERATION BUILDING MATERIALS

Highlights

- First half performance in line with prospectus forecast
- Increase in crossarm sales volumes and CFT projects revenues
- The increased CFT sales revenues have been offset by the increased costs associated with the sales efforts into the international markets
- EFC development costs are in line with the prospectus, with the product being utilised on the Pinkenba wharf project

Growth Initiatives

- 3rd Pultrusion line, for CFT manufacture, installed and operating per the design specifications, engineering and design in final stages for 4th and 5th lines.
- CFT actively tendering on infrastructure projects in USA, UK and NZ, with sales representatives appointed in USA - 2, UK - 1 and NZ - 1
- Pursuing supply of CFT crossarms into NZ
- International opportunities for EFC are progressing well – India, Singapore and New Zealand

RECONCILIATION OF STATUTORY RESULTS TO PRO FORMA

$ millions		1H FY2018	1H FY2017
Statutory EBITDA		**26.2**	**27.5**
Excluded assets	1	—	-0.9
Standalone corporate costs	2	-1.7	-2.0
Reversal of sale of quarry	3	—	-1.1
Reversal of costs of the offer	4	4.2	—
Pro forma EBITDA		**28.7**	**23.5**
Statutory NPAT		**15.7**	**13.7**
Excluded assets	1	—	—
Standalone corporate costs	2	-1.2	-1.4
Reversal of sale of quarry	3	—	-0.8
Reversal of costs of the offer	4	3.0	—
Revised Debt structure	5	0.6	0.7
Tax impact	6	-3.8	-2.7
Pro forma NPAT		**14.3**	**9.5**

1. Relates to the impact of transferring assets from Wagners Holding Company Ltd group to the Wagner Family company group as part of the IPO
2. Adjustment made to reflect the total corporate costs to be incurred by Wagners as a standalone entity
3. Sale of an asset in H1 FY17 which does not form part of the Wagners' business post IPO
4. Removal of the costs associated with the IPO
5. Adjustment to reflect the estimated interest expense as if the new banking facilities had been in place since 1 July 2016
6. Adjustment relating to tax losses and R&D offsets recognised in the statutory accounts but reversed for pro forma presentation

SECTION 3

OUTLOOK

OUTLOOK

$ millions	Pro forma 1H FY2018 Revenue	Pro forma 1H FY2018 EBITDA	Pro forma Forecast FY2018 (Prospectus) Revenue	Pro forma Forecast FY2018 (Prospectus) EBITDA
Construction Materials and Services	113.4	29.9	209.6	52.7
New Generation Building Materials	14.5	1.1	29.3	3.1
Other/Eliminations	-6.6	-2.3	-7.1	-5.8
Total	**121.2**	**28.7**	**231.8**	**50.0**

- Reconfirm FY18 prospectus forecast of $50.0M pro forma EBITDA based on current trading outlook
- Large infrastructure projects outlook is positive with opportunities being investigated for transport, quarries and concrete – SEQ Infrastructure, Mining, Oil and Gas
- Pinkenba concrete plant due to be delivering concrete this financial year. Identification of potential sites in Brisbane, Gold Coast and Sunshine Coast. Concrete strategy will assist with cement sales growth.
- Actively tendering use of CFT on infrastructure projects in USA, UK and NZ and implementing strategies on appropriate structures. Increasing supply of crossarms into NZ.
- International opportunities for EFC continuing to be developed
- Reconfirm intention to pay dividends