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FY19 INVESTOR PRESENTATION

AUGUST 2019

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AGENDA

- 1 FY19 Summary
- 2 Financial Performance
- 3 Strategy
- 4 Outlook

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FY19 SUMMARY

Taking our vision and expertise to the world



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FINANCIAL OVERVIEW



SALES \$236.9m

Sales growth of 2.3 percent

FY18: \$231.5m



EBIT \$25.6m

EBIT down on prior year in line with guidance

FY18: \$39.5m



CASHFLOW \$36.8m

Cashflow from operations decrease of 4.2%

FY18: \$38.5m

FY 19 SUMMARY

- FY 19 Sales increased compared to FY 18
 - Concrete, Quarries and Transport revenue increased in FY19
 - Transport bulk haulage achieved over 200% growth
 - Cement was negatively impacted by the lower volumes due to the Boral dispute
 - Project revenue impacted by delays in infrastructure spend
- FY 19 EBIT results disappointing but in line with revised guidance.
 - Delays in large mobile concrete and precast infrastructure projects
 - Increased costs associated with the establishment of the concrete business
 - Disruption in south east Queensland cement market
- Significant capex investment in Transport assets, CFT production plants and Concrete batching plant and equipment
- Board has decided not to declare a final dividend.

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

Construction Materials and Services

CEMENT

- Revenue decrease due to reduced volumes as a result of the Boral dispute
- Volume to all other customers, excluding Boral, was slightly higher
- Competitive pressure in the SE Queensland cement market

CONCRETE

- Established a presence in the SEQ concrete market
 - 4 Operational sites, additional 2 to be operational in Q1 FY20, another 3 under construction
 - Start-up and operating costs have resulted in initial losses

QUARRIES

- 4 quarries now in operation
- Difficult market conditions in SE Queensland due to increased competition
- Solid performance from N/W QLD quarry to support flood damage

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

Construction Materials and Services

TRANSPORT

- Strong performance from mining contracts in N/W Queensland
- Well placed to service the resurging resource sector

PROJECTS

- Delayed timing of infrastructure projects has negatively impacted project revenues
- Working to secure a number of significant opportunities in FY20

PRECAST

- Limited activity and delayed timing of projects has negatively impacted the business
- Decision taken to close the precast business and reassess when major project based work recommences

Note: All comparatives are prior corresponding period, FY18

FY 19 SUMMARY (CONT.)

New Generation Building Materials

WAGNERS COMPOSITE FIBRE TECHNOLOGIES (CFT)

- CFT revenue and EBIT consistent with FY18
- Volume growth in CFT Crossarms sold (3.5%)
- Customer spread in CFT pedestrian infrastructure and bridge business
 - Diversified and expanded customer base and geographic markets to replace one large project in FY18
- Revenue generated from new international markets (NZ, USA, UK, Canada, UAE)
- Increased sales personnel and travel expenses associated with international expansion

WAGNERS EARTH FRIENDLY CONCRETE (EFC)

- EFC DIBt (European standard) final testing concluded in January 2019
- EFC specimen samples cast and submitted to BIS (Indian standard) for approval
- EFC specified on large sewer infrastructure project in Auckland, New Zealand
- Minimal revenue generated in FY19

Note: All comparatives are prior corresponding period, FY18

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FINANCIAL PERFORMANCE



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FY19 CONSOLIDATED PROFORMA RESULTS

(\$m)	FY19	FY18	Change
Total Revenue	239.8	233.3	6.5
Gross Profit	150.6	146.4	4.2
Operating Costs			
- Employee expenses	(50.0)	(45.4)	(4.6)
- Repairs & maintenance	(18.6)	(13.1)	(5.5)
- Travel & freight	(10.0)	(3.2)	(6.8)
- Other	(33.3)	(34.4)	1.1
EBITDA	38.7	50.3	(11.6)
Depreciation and amortization	(13.0)	(10.8)	(2.2)
EBIT	25.6	39.5	(13.8)
Net Financing Costs	(6.0)	(6.3)	0.3
Tax Expense	(6.1)	(10.0)	3.9
Net profit after tax	13.6	23.2	(9.6)

COMMENTARY

- Sales Increase
 - Higher revenue from Concrete, Quarries and Transport
- Gross Profit stable at 62.8%
- EBIT impacted by higher operating costs
 - Employee expenses higher due to increased sales efforts across the group
 - R&M increased mainly due to increased utilization of transport and quarry assets
 - Higher travel and freight as a result of extensive overseas travel to develop international markets
- No significant project work
- Higher depreciation from transport capex

SEGMENT RESULTS

Construction Materials and Services

(\$m)	FY19	FY18	Change
Total Revenue	210.7	204.8	5.9
EBIT	30.1	44.8	(14.7)

FINANCIAL COMMENTARY

- Lower cement volumes due to Boral dispute has negatively impacted both sales and EBIT
- This dispute will continue into FY20
- Concrete plants start-up costs/contribution in FY19 did not meet expectation
- Transport division had a strong performance based on long term contracts, but impacted by higher operating costs
- Precast performance disappointing with no significant new project work

OPERATIONAL CHANGES

- Acquisition of Castlereagh quarry in N/W Qld in Aug-18
- 4 Concrete plants operational in FY19
- 4 Concrete plants under construction for delivery in FY20
- Commenced major transport contract in N/W Qld requiring capex spend of \$9m in FY19

SEGMENT RESULTS

New Generation Building Materials

(\$m)	FY19	FY18	Change
Total Revenue	29.3	29.1	0.2
EBIT	1.8	2.0	(0.2)

FINANCIAL COMMENTARY

- Sales
 - Crossarm revenue growth 5%
 - Diversified and expanded customer base and geographic markets (compared to one large project in FY18)
 - Sales commenced to USA, Canada, UK and UAE
- EBIT
 - Maintained gross margin (materials and labour)
 - Increased sales effort in USA and UK has impacted EBIT, \$1.5m compared to FY18

OPERATIONAL CHANGES

CFT

- New pultrusion machine built and installed at Toowoomba
- Another pultrusion machine under construction for USA
- Progressed towards securing premises in the USA

EFC

- Moving closer to securing approval in Germany/Europe for EFC building standard
- Trials and testing commenced in India to gain approvals
- Continued BD/marketing in Europe

CASHFLOW

(\$m)	FY19	FY18	Change
EBITDA	38.7	50.3	(11.6)
Non-cash items	(1.2)	(2.0)	0.8
Changes in working capital	(2.1)	(8.9)	6.8
Changes in provisions	1.4	(1.0)	2.4
Cash flow from operations	36.8	38.4	(1.6)
Capital Expenditure	(32.1)	(15.3)	(16.8)
Proceeds from sale of assets	6.2	1.3	4.9
Net cash flow before financing and tax	10.9	24.4	(13.5)

COMMENTARY

- Cash flow from operations maintained, despite lower EBITDA
- Improved working capital position through better management
- Higher capital expenditure in FY19 due to transport assets \$11m, concrete plant expansion \$6m, CFT manufacturing capacity \$4m and the quarry acquisition in N/W Qld \$4m
- Robust capital management program
- Capital investment involves detailed planning and monitoring of Return on Invested Capital

WORKING CAPITAL

(\$m)	FY19	FY18	Change
Trade and other receivables	42.7	43.3	(0.6)
Inventories	19.5	16.3	3.2
Trade and other payables	(28.2)	(27.8)	(0.4)
Net working capital	34.0	31.8	2.2

COMMENTARY

- Increase in working capital due to higher levels of raw materials and finished goods at CFT following higher production capacity.

NET DEBT

(\$m)	FY19	FY18	Change
Cash and cash equivalents	6.1	1.5	4.6
Gross debt	(96.4)	(80.6)	(15.8)
Net debt	(90.3)	(79.1)	(11.2)

COMMENTARY

- Net Debt has increased as a result of increased capital spend during the year
- Significant head room on term debt and equipment finance facilities

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STRATEGY



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STRATEGY

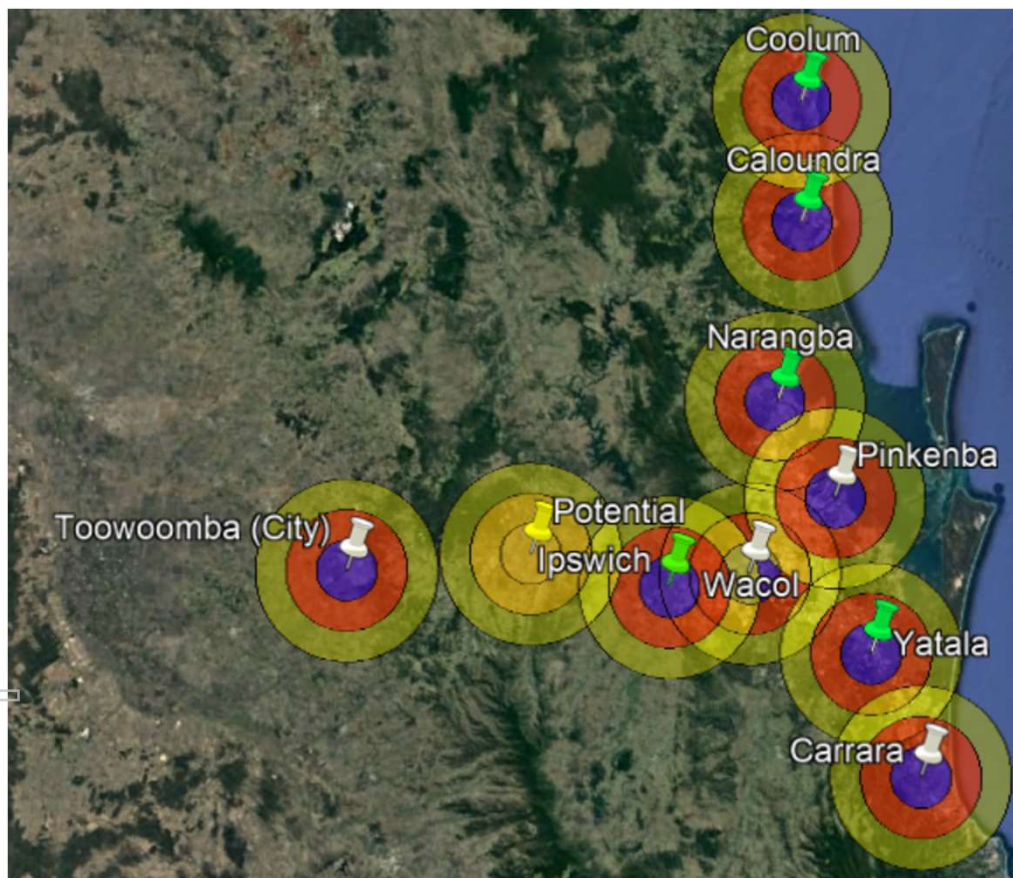
Overall strategy is to drive increased returns by:

- Growing and consolidating core construction materials business in Australia
- Continuing to look for and secure global projects in the construction materials business utilising our expertise and experience
- Growing our New Generation Building Materials through expansion of our facilities in Toowoomba and (soon to be) USA

	Construction Materials & Services	New Generation Building Materials
Invest in Existing Operations	▪ Continue vertical integration of business subject to Return on Invested Capital consideration ▪ Expand domestic concrete plant network ▪ Expand quarry business to support market growth ▪ Capitalise on Resource & Infrastructure Sector growth ▪ Pursue acquisition opportunities in similar operations ▪ Look for opportunities that promote vertical integration or provide accretive value	▪ Increase CFT & EFC manufacturing capacity ▪ Commercialise EFC after gaining certification ▪ Leverage the environmental benefits of EFC ▪ Continue new product development & innovation
Expand Geographically	▪ Selectively expand into other Australian markets ▪ Secure large project work ▪ International resource & infrastructure opportunities	▪ Focus on asset owners who benefit from the superior technical properties of CFT & EFC ▪ Investigate markets adopting environmentally friendly products ▪ Expand globally and secure strategic relationships ▪ Work with potential customers in Europe to use EFC in several applications

STRATEGY (CONT.)

Concrete Plant Network



- The Concrete plant roll-out has initially focussed on high growth areas of SE Qld.
- Sites shown on the map opposite show secured and potential sites – 4 sites currently operational and 5 sites to become operational in FY20
- The funding model has all the sites owned by external parties
- The Group has various leasing and commercial models in place to secure the long term operational rights of these sites.
- Every new concrete plant will be capable of producing EFC
- Additional sites being investigated to improve the coverage over South East Queensland

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OUTLOOK



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OUTLOOK

Construction Materials and Services

- Continued competitive pressure in the SEQ construction materials market
- Boral have an obligation to recommence cement off take and meet their contractual obligations until 2031
- Secure major projects in the domestic resource and infrastructure sectors
- Large LNG international opportunities remain on foot
- Reduce capex in Transport unless awarded new contracts
- Continue concrete plant roll-out under funding approach as set out above
- Reduce losses from precast following decision to close the business until major project based work recommences.

OUTLOOK

New Generation Building Materials

Composite Fibre Technologies (CFT)

- Increase sales of crossarms into Victoria, Tasmania & New Zealand
- Continue to grow Pedestrian Infrastructure and Bridge sales domestically and internationally.
- Build international crossarm business through marketing and tendering
- Improve production and efficiency utilising the recently installed fourth pultrusion manufacturing line and the Crossarm Automation Line.
- Production facility to be established in the USA

Earth Friendly Concrete (EFC)

- EFC DIBt (European) approval imminent, allowing sales to construction companies in Germany and throughout Europe.
- EFC field trials continuing in India.
- Complete large sewer infrastructure project in New Zealand

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