



- ▶ CONSTRUCTION MATERIALS AND SERVICES
- ▶ COMPOSITE FIBRE TECHNOLOGIES
- ▶ EARTH FRIENDLY CONCRETE

WAGNERS HOLDING COMPANY LIMITED

ASX RELEASE

21 August 2023

Wagners FY2023 Results – Investor Presentation

Please find attached the Investor Presentation relating to the Company's full year results ending 30 June 2023, for immediate release to the market.

Results webinar

The Company will host an investor webinar with Managing Director, Cameron Coleman and CFO, Fergus Hume at 8.30am AEST, Tuesday, 22 August 2023, to discuss the results.

Following the presentation, participants will have an opportunity to ask questions. Register for the investor webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_VhGROi_MTIaENvQkuno2iA

This announcement has been authorised for release to the market by the Board.

For further information, please contact:

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Company Secretary
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About Wagners:

Wagners is a diversified Australian construction materials and services provider and an innovative producer of New Generation Building Materials. Established in 1989 in Toowoomba, Queensland, Wagners is now an ASX-listed business operating in domestic and international markets. Wagners are a producer of cement, concrete, aggregates, new generation composite products and are world leaders in development of new technology to reduce the impact of heavy construction materials on the environment. Wagners are also providers of transport services, precast concrete and reinforcing steel.

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WAGNERS
FY23 RESULTS PRESENTATION

21 AUGUST 2023



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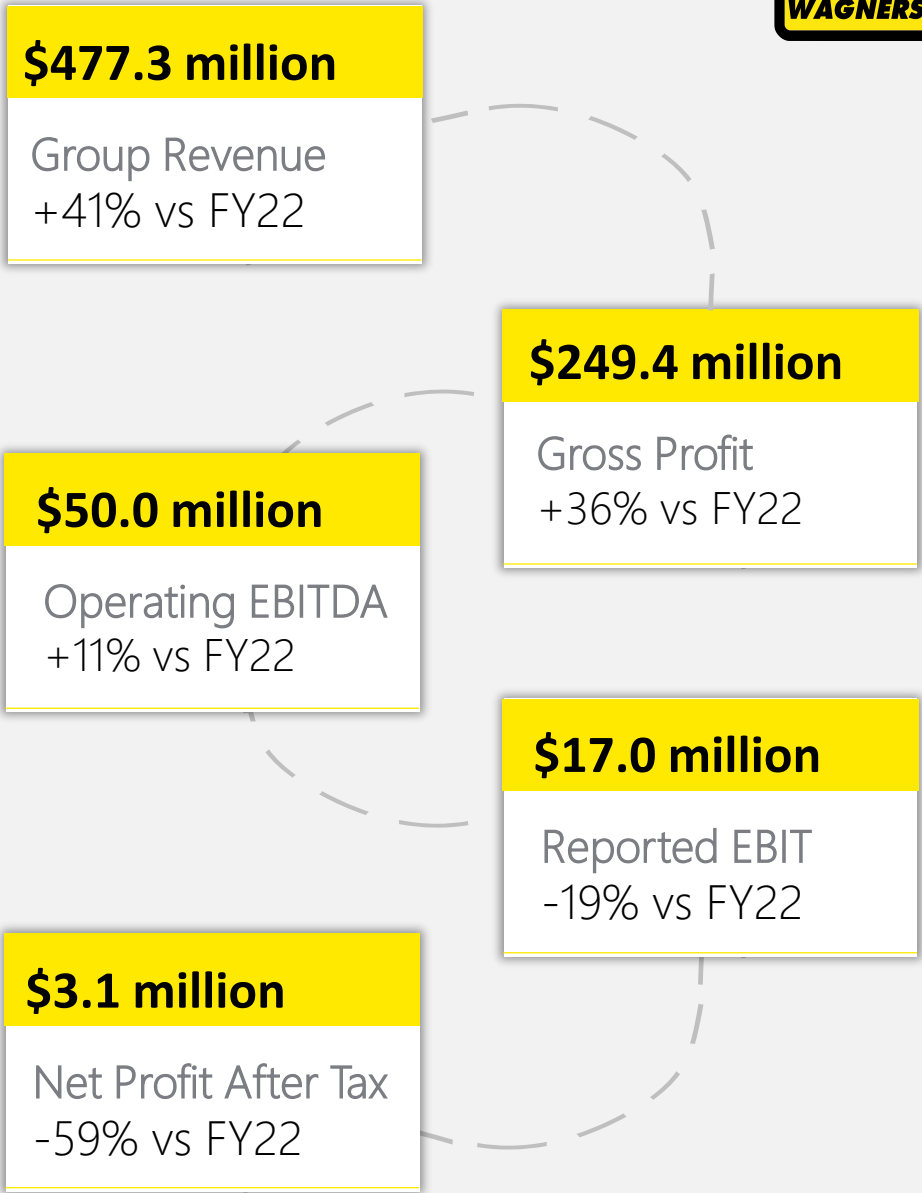
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FY23 GROUP HIGHLIGHTS

STRONG TOP LINE GROWTH AMID IMPROVED MARKET CONDITIONS

- Strong top line growth, up 41% versus FY22 (+24% CAGR FY20 – FY23), driven predominantly by cement, precast and bulk haulage
- Reported EBIT of \$17.0 million, exceeding upper end of guided range¹
- Improved market conditions observed during H2, evidenced by strengthening demand for construction materials and services
- Results impacted by enhanced pricing during H2, further aiding margins (cement and concrete)
- Internally-led strategic review continuing. Several outcomes already implemented, including Company-wide cost controls, with further evaluations underway



1. FY23 EBIT guided range, provided at H1 FY23 Results of \$14.0 - \$16.0 million.

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FY23 HIGHLIGHTS & PERFORMANCE



FY23 SEGMENT HIGHLIGHTS – CMS

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CONSTRUCTION MATERIALS AND SERVICES (CMS)

- Improved performance in H2 due to elevated volumes, notably cement, steel and bulk haulage, resulting in increased asset utilisation
- **Cement revenues up 25%¹** following volume and price improvements
- **Concrete average selling price (ASP) up 20%¹**, benefiting from disciplined pricing policy
- **Bulk haulage revenues up 43%¹** servicing 9 key projects, however result impacted by elevated repair and maintenance and driver shortages
- **Steel revenues up 25%¹**, following commissioning of Brisbane steel processing plant
- **Precast** had 6 months full production on Sydney Metro precast tunnel segment project in H2 (~\$55 million revenue), with completion expected in H2 FY24
- **Contract crushing and quarries** revenue down 10%¹ impacted from completion of a large, long-term project not repeated



1. FY23, versus FY22.

FY23 SEGMENT HIGHLIGHTS – CFT

WAGNERS

COMPOSITE FIBRE TECHNOLOGIES (CFT)

- Revenue increased by 41%
- Demand within Australia for crossarm sales remained consistent, while demand for composite utility poles continued to grow, with several contracts secured
- Overall, encouraging domestic sales, notwithstanding ongoing challenges with respect to delivery of select custom build projects (pedestrian infrastructure, bridges)
- In the United States, CFT loss of \$2.4 million, reflecting business establishment and lower-than-expected sales growth
- Margins were negatively impacted by elevated cost of commissioning machines and finalising product specifications – one-off in nature
- Continued business development efforts to deliver sales growth, in conjunction with disciplined pricing policy, to improve segment margins



FY23 SEGMENT HIGHLIGHTS – EFC

EARTH FRIENDLY CONCRETE (EFC)

- EBIT loss of \$4.0 million, greater than FY23, due to increased investment in operations in H1
- Review of operations conducted during H2
- Action taken to structure operations in line with market conditions resulting in reduced operating costs, head count and R&D expenses (~24% reduction in H2 costs, versus H1)
- United Kingdom manufacturing facility now operational
- Further capital expenditure not expected near-term, with focus on improving utilisation of existing assets, aligning to demand
- Cost control initiatives will continue during FY24 to further reduce segment losses
- Continued assessment of the ongoing funding requirements and long-term structure of the business

WAGNERS



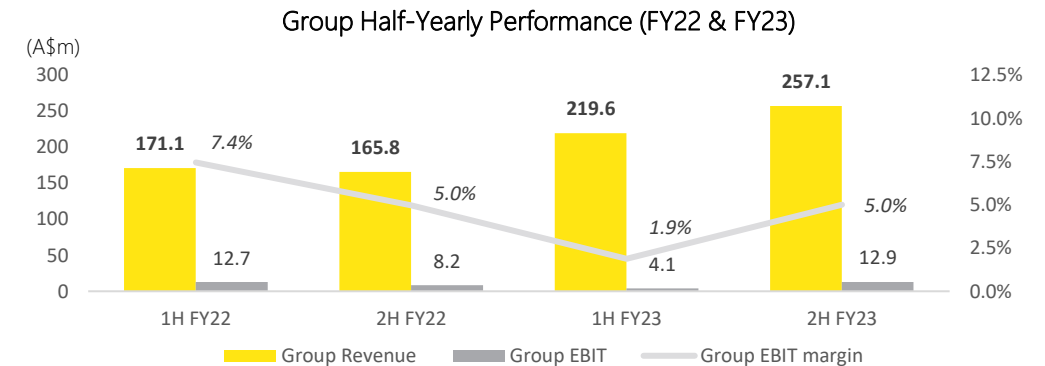
FY23 GROUP PERFORMANCE

STRONG SECOND HALF RESULTS, A TALE OF TWO HALVES

WAGNERS

(A\$m)	FY23	FY22	Change
Total Revenue	475.1	336.7	138.4
Gross Profit	119.6	102.4	17.2
	25.2%	30.4%	-5.2%
Other Income	(1.9)	(1.9)	-
Operating Costs	71.4	58.6	12.4
Operating EBITDA	50.0	45.7	4.3
Depreciation and Amortisation	28.1	24.3	3.8
Operating EBIT	21.9	21.4	0.5
EFC - EBIT	-4.0	-3.2	-0.8
Other	-0.9	2.7	-3.6
Reported EBIT	17.0	20.9	-3.9
Net profit after tax	3.1	7.6	-4.5

- Revenue growth driven by core CMS business (cement, precast, bulk haulage) and CFT
- Gross margins improved during H2 due to increased selling prices and cost control, notwithstanding year-on-year decline to 25.2%
- \$12.4 million increase in operating costs in line with expanded operations, mainly repairs and maintenance
- Depreciation increase reflects prior capital investments and CPI increases on long-term leases
- Fair value adjustment on derivative instruments driving unfavorable change in 'other'

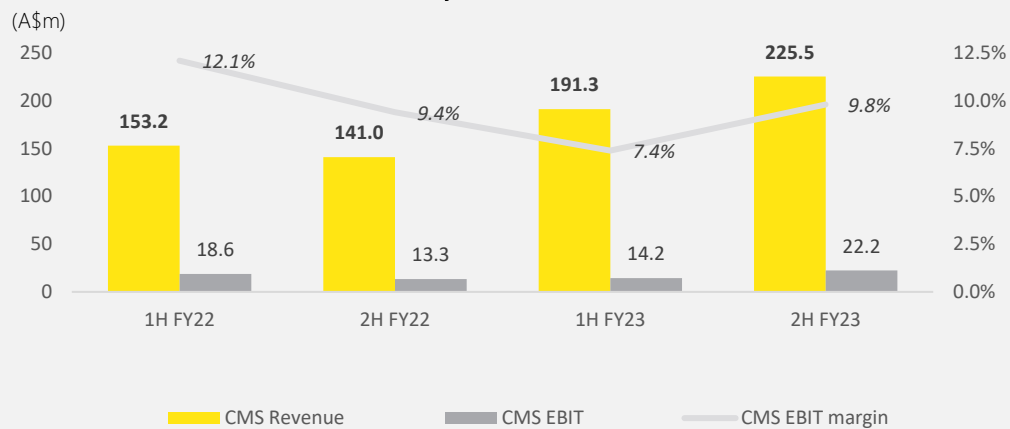


FY23 SEGMENT RESULTS

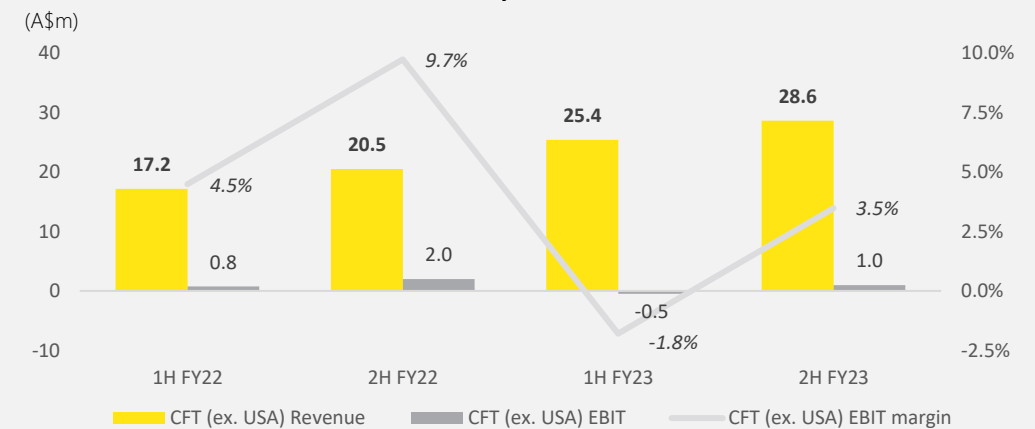


STRENGTH IN CORE BUSINESS, OFFSET BY EFC & CFT PERFORMANCE

CMS Half-Yearly Performance (FY22 & FY23)



CFT (ex. USA) Half-Yearly Performance (FY22 & FY23)



- CMS revenues grew \$122.6 million (+42%) versus FY22, while full-year margins declined primarily due to softer H1 performance
 - H2 CMS margins improved 240bps versus H1, to 9.8%
- CFT revenues increased \$17.4 million (+41%) driven by strength in CFT AUS operations. CFT USA loss was \$2.4 million, negatively impacting segment profitability

FY23 BALANCE SHEET

STRONG POSITION TO LEVERAGE IMPROVEMENTS IN OPERATING ENVIRONMENT

WORKING CAPITAL

(A\$m)	June 2023	June 2022	Variance
Trade and other receivables	95.1	65.0	30.2
Inventories	41.3	50.3	-9.1
Trade and other payables	-64.5	-59.3	-5.2
Current tax assets/(liabilities)	1.9	-0.1	2.0
Net working capital	73.8	55.9	17.8

NET DEBT

(A\$m)	Jun-23	Jun-22	Change
Cash and cash equivalents	11.4	12.2	-0.8
Gross debt	104.7	94.3	10.4
Net Debt	93.4	82.1	11.3

- Receivables grew \$30.2 million versus FY22, driven by elevated business activity and Group revenues overall¹
- Inventory declined \$9.1 million, reflecting active management to reduce balance post COVID-related supply chain challenges
- \$10.4 million increase in debt balance in line with increased working capital requirement
- Renewed bank facilities agreed with existing lenders to increase capacity in both Term and Working Capital facilities, expiring July 2026 - *currently finalising documentation*

1. \$13.0 million cash received on 3 July 2023 related to receivables due 30 June 2023, temporarily impacting (inflating) receivables while also (inflating) net debt at balance date.

FY23 CASH FLOW STATEMENT

HEIGHTENED FOCUS ON CASH & CAPITAL EXPIDITURE

(A\$m)	FY23	FY22	Change
EBITDA	50.0	45.7	4.3
Changes in working capital	-14.6	-28.2	13.6
Cash flow from operations	35.4	17.5	17.9
Capital Expenditure - Net	-14.0	-23.6	9.5
Net cash flow before financing	21.4	-6.0	27.4

- Cash flow impacted by increased working capital, reflecting increased receivables
- Capital expenditure in FY23 was \$9.5 million lower versus FY22, driven by meaningfully reduced spend in H2
- During the year, capital expenditure focused on growth, primarily quarry and steel processing plants in addition to ongoing investment in CFT USA & EFC production facilities



STRATEGY UPDATE



UPDATE ON STRATEGIC REVIEW

A NUMBER OF OUTCOMES IDENTIFIED WITH SEVERAL ACTIONS ALREADY IMPLEMENTED

While still underway, progress has been made regarding Wagners internally-led strategic review, including:

Group

- ✓ **Costs** – overall cost review ongoing, implementing several additional cost reduction strategies and eliminating duplicate or surplus resources
- ✓ **Capex** – review of capital expenditure, focusing on projects delivering superior returns, while also mitigating ongoing operational risk
- ✓ **Inventory** – continued and disciplined active management of inventory balances

Construction Materials and Services (CMS)

- ✓ **Concrete** – implementation of cost reduction initiatives following in-depth review of raw material costs and asset utilisation, as well as introduction of strict pricing policy

Composite Fibre Technology (CFT)

- ✓ **Australia** - commenced CFT optimisation project to realise planned productivity targets as well as forensic study of end-to-end production processes to improve margins
- ✓ **USA** – upgraded marketing and sales focus to identify sales opportunities and build pipeline recognising relatively long sales cycles

Earth Friendly Concrete (EFC)

- ✓ **Business Review** - significant reduction in costs, pausing all future capital investment, focusing on generating profitable revenue from existing assets. Investment, funding requirements and long-term structure of EFC continue to be assessed

Wagners Board and Management team remain confident in the core strategy of the Company and are committed to driving revenue growth and increased returns for shareholders



STRATEGY OVERVIEW

WAGNERS

WAGNERS GROWTH STRATEGY CENTRES AROUND EXPANDING & INTEGRATING ITS CORE CMS BUSINESS, SUPPORTED BY INNOVATION

Wagners strategy is to drive revenue growth and increased returns, by:

Growing and consolidating core CMS business in Australia

- Pursuing opportunities that add accretive value to Wagners vertical integrated model, subject to ROIC considerations
- Utilise expertise and experience to grow and consolidate

Pursuing major projects, leveraging Wagners' expertise and experience

- Ongoing investment in business development activities pursuing major project opportunities

Growing innovative products – CFT

- Continued R&D investment to support future innovative product development in CFT & production efficiencies
- Geographic expansion, incl. targeted & disciplined business development initiatives



FY24 OUTLOOK



FY24 OUTLOOK

THE CURRENT DEMAND ENVIRONMENT FOR CONSTRUCTION MATERIALS AND SERVICES REMAINS STRONG

There are a number of segment-specific considerations regarding the Company's outlook for FY24:



Recent growth in concrete and cement volumes expected to continue into FY24. As market conditions further improve, an uplift in business performance should follow.



Strong forward order book across all areas of the business, growing number of projects contracted

- Long-term haulage contracts to deliver strong asset utilisation, full year contribution from projects secured in FY23
- Strong contract crushing pipeline



Favourable resources environment & robust civil infrastructure pipeline in South East Queensland¹ (population growth, 2032 Olympics, etc)

- Sydney Metro precast tunnel segment project – completion in Q3 FY24



Ongoing demand for innovative new products, driven by effort to reduce construction costs, increase energy efficiency and improve sustainability

- Strong demand for composite utility poles
- Increased utilisation of crossarm automation line to enhance margins
- Disciplined approach to pricing to drive profitability

1. Queensland Major Projects Pipeline 2022 (<https://qmca.com.au/advocacy/2022-queensland-major-projects-pipeline-report/>).

SUMMARY

WAGNERS IS WELL-POSITIONED TO CAPITALIZE ON OPPORTUNITIES WITH THE NECESSARY PLANT, EQUIPMENT AND PERSONNEL



WELL-INVESTED, HIGH-QUALITY ASSET BASE

significant capital invested,
across the supply chain –
difficult to replicate



VERTICAL INTEGRATION

enabling security of supply and
increased margins



ATTRACTIVE END MARKETS

consisting of high-quality,
diversified customer base



DISTRIBUTION FOOTPRINT

strategically-located
sites across Queensland,
selectively expanding



FUNDAMENTAL DEMAND DRIVERS

ability to capitalise on
global infrastructure and resources
sector growth



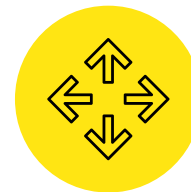
CULTURE OF INNOVATION

focus on R&D, contributing to
meaningful inhouse expertise
and IP



AGILITY & INDEPENDENCE

greater ability to react to
customer demands in flexible
and timely manner



EXPANSION & CONSOLIDATION

opportunities granting
flexibility and optionality to
expand both domestically &
overseas



APPENDIX



WHO IS WAGNERS?

WAGNERS



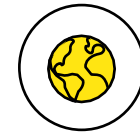
Established in 1989 in Toowoomba (Queensland), Wagners is an ASX-listed diversified provider of construction materials, globally



Innovative, vertically-integrated producer of new generation building materials, as well as a diverse range of project-specific products and services



One of the largest producers and suppliers of cement in South-East Queensland, supplying approximately one third of the market's cement requirements



Customers include leading domestic and international construction material providers, building and construction companies as well as infrastructure, mining and general contractors

WAGNERS' VISION

OUR VISION IS TO STRIVE FOR INTREPID PROGRESS TO
ACHIEVE BENEFICIAL OUTCOMES

- Wagners aims to be a world-class provider of construction materials and services to its customers. All of Wagners’ business decisions are premised on its guiding principles.
- Wagners' vision focusses on achieving positive financial, human and environmental outcomes while remaining *Innovative, Integrated* and *International*



GUIDING PRINCIPLES: IT'S FAIR

At Wagners, we will:

I Deal with INTEGRITY	T Work TOGETHER to overcome challenges	S Work in a SAFE environment	
F Be FAMILY conscious	A Encourage and ACKNOWLEDGE success	I Foster INNOVATION	R REQUIRE quality and excellence

KEY SEGMENTS

WAGNERS CORE CMS SEGMENT IS COMPLEMENTED BY ITS EMERGING NEW GENERATION BUILDING MATERIALS BUSINESSES

CONSTRUCTION MATERIALS & SERVICES (CMS)

- Supplies a range of **construction materials** to construction, infrastructure and resources industries
 - Manufacturing of key products, including cement, flyash, aggregates, ready-mix concrete, and reinforcing steel
- Provides **project-based services** to construction, infrastructure and resources industries
 - including mobile and on-site concrete batching, contract crushing, bulk haulage and precast concrete
 - Typically medium to long-term projects

COMPOSITE FIBRE TECHNOLOGIES (CFT)

- Durable construction materials – designed by Wagners – substitutes for steel, aluminum, timber, etc
- Favourable qualities: lightweight, resistant to rust, corrosion and chemical attack as well as saving hardwood resources
- Increasingly being specified in Australia and overseas for boardwalks, bridges, walkways, marinas and as cross-arms for electrical distribution networks

EARTH FRIENDLY CONCRETE (EFC)

- Class of zero cement concrete, developed by Wagners
- Geopolymer binder system, based on chemical activation of industrial waste by-products flyash (from coal-fired power stations) and slag (from steel production)
- Significantly reduces carbon emissions compared to traditional production methods
- Superior performance and durability versus conventional concrete

New Generation Building Materials (NGBM)

Providing innovative and environmentally sustainable building products and construction materials

CONSTRUCTION MATERIALS & SERVICES



WAGNERS CORE BUSINESS, UNDERPINNED BY WELL-INVESTED NETWORK OF HIGH-QUALITY ASSETS & KEY PERSONNEL

CMS spans a variety of interrelated businesses – providing both construction materials and related project services – covering residential, industrial, infrastructure, resources and renewables industries

CONSTRUCTION MATERIALS

Wagners provides a variety of construction materials to core customers – across industries – leveraging its concrete operations as a critical channel to market:

-  **Concrete** – operation of both fixed and mobile plants, covering remote/regional locations
-  **Cement** – manufacturing of bulk & bagged cement
-  **Aggregates** – delivering crushed rock, direct from Wagners-owned quarry operations
-  **Reinforcing steel** – manufacture and supply of reinforcing steel products

SERVICES & MAJOR PROJECTS

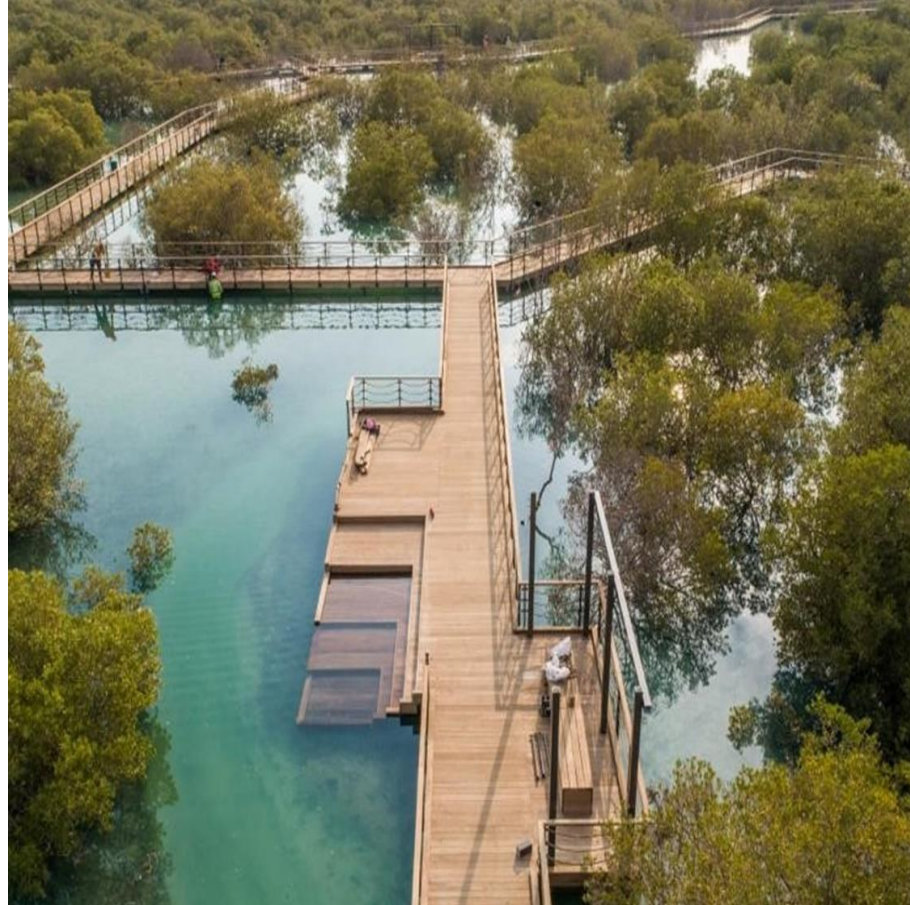
Wagners also provides additional services and project-related solutions to several large infrastructure and resource projects, including:

-  **Bulk haulage** – providing bulk haulage to minerals and resources customers
-  **Mobile concrete services** – on-site concrete batching
-  **Contract crushing** – on-site mobile crushing
-  **Precast concrete** – commonly used in bridges, overpasses and tunnels

COMPOSITE FIBRE TECHNOLOGIES

WAGNERS

WAGNER'S INHOUSE DESIGN AND MANUFACTURING CAPABILITY PROVIDES ADDED INTELLECTUAL PROPERTY VIA ITS CFT BUSINESS



- Light-weight, non-corrosive, non-conductive fiberglass building materials
- Designed and manufactured inhouse by seven custom pultrusion machines, including recent establishment of US facility
- Significant efforts directed on manufacturing methodology and expertise, to achieve consistently predictable materials
- Overcomes limitations and removes variability of traditional materials, including steel, concrete and timber (e.g. steel rust, timber rot)
- Products engineered into many community infrastructure projects (e.g. electrical cross arms and power poles, pedestrian infrastructure, road bridges)
- Global opportunity – FY23 sales into New Zealand, Middle East, UK, Canada and USA, with dedicated sales and business development teams

EARTH FRIENDLY CONCRETE



WAGNERS HAS DEVELOPED A UNIQUE, ENVIRONMENTALLY-FRIENDLY CONCRETE SOLUTION

- Wagners award-winning ECF is a disruptive cement alternative, developed in direct response to global focus on reducing carbon intensity of cement production
- Significantly reducing emissions, EFC is a tangible output of Wagners' innovative mindset
- Via alternative binding solution – removing clinker – EFC also offers superior engineering and construction properties
- Particularly useful in demanding applications such as corrosive sewerage and chloride environments, as well as heavy load-bearing pavement applications
- Since inception, Wagners have invested in excess of \$40 million in research and development, with the product now being commercialised



DISCLAIMER

WAGNERS

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THANK YOU

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