



PWR HOLDINGS LIMITED

1H FY16 RESULTS PRESENTATION

February 2016



AGENDA



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ABOUT PWR



A LEADER IN AUTOMOTIVE COOLING

- Established reputation in elite international motorsports for innovative and customised cooling solutions
- Competitive advantage provided by fully integrated offering – design, engineer, manufacture and validation
- Strong financial position – high profit margins, track record of revenue and profit growth and no term debt
- Significant growth opportunities in high margin “niche” markets where customised cooling solutions are required
- Growth supported by industry trends demanding smaller, lighter and more efficient engines

PASSION, WINNING, RESULTS

PWR'S KEY MARKETS

Motorsports

- Key market segment, accounting for approximately 64% of forecast FY16 revenue
- Reputation established at the elite level (eg Formula 1, NASCAR and other major racing series)
- Encompasses elite, semi-professional and amateur categories

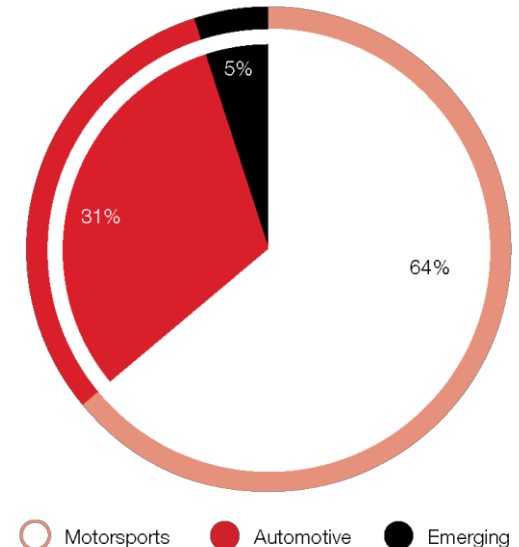
Automotive

- Automotive aftermarket
- OEM limited edition, high-performance “supercars”
- Industrial (mining, civil, agriculture, transport, military and marine)

Emerging Technologies

- Automotive related technology developments (eg. battery powered vehicles)
- Non-automotive technology developments that require customised cooling solutions(eg industrial and household energy storage)

FY16 Forecast Revenue



INDUSTRY TAILWINDS

Super, lighter,
faster

- Focus on reducing engine size while increasing power – achieved through forced induction (turbo, super charging and hybrid technology)
- Forced induction requires additional cooling

Technology
shifts

- Development of hybrid vehicles to supplement or replace traditional internal combustion engine

Environmental
regulation

- Increasing controls placed on vehicle emissions, e.g. Euro 6 standards

Motorsports
standardisation

- Changes in automotive market are being reflected in motorsports
- Reduced engine sizes are mooted for most major race series, increasing use of hybrids, diesel racing series

Technology
adoption

- New technologies are introduced in a controlled manner. This typically starts with demonstration through low production run releases

THE PWR DNA

Our focus on **PROFIT**.... allows us to succeed.

We show **PASSION** in everything we do.

COMPETING and **WINNING** with leading edge solutions – PWR is the “Go To – Can Do” company.

Our product **VISION**.... delivered through **INNOVATION**.... using our engineering, R&D, manufacturing and testing skills.

LISTENING... to our people, our network of customers and the market to create the “PWR engineered cooling solutions”.

Ensuring we are **RESOURCE READY**.... from materials, latest equipment and technology, specialist tools, vertical manufacturing processes.... to the right **PEOPLE**.

1H FY16 PERFORMANCE

1H FY16 RESULTS OVERVIEW

- Successful IPO November 2015
- Revenue, EBITDA and NPAT in line with expectations
- Strong cash conversion
- Strong financial position, no core debt
- Fully franked interim dividend 0.62 cents per share
- Operational highlights
 - Developed new Caterpillar aftermarket replacement products and commenced selling to mining industry
 - Expanded tanking capabilities for F1 and broader customer base
 - Continuing C&R Racing integration – injecting PWR DNA

On track to meet full year prospectus forecast

1H FY16 FINANCIAL PERFORMANCE (PRO FORMA)

A\$'000	1H FY15	1H FY16	FY 16F
Revenue	12,720	18,472	46,994
Other income	72	85	60
Raw materials & consumables used/change in inventory	2,450	4,261	11,982
Employee expenses	3,664	7,035	14,376
Occupancy expenses	414	749	1,607
Other expenses	454	1,190	2,927
Pro forma EBITDA (i) (ii)	5,810	5,322	16,162
Pro forma EBITDA margin (ii)	45.7%	28.8%	34.4%
Depreciation and amortisation	337	568	1,144
Pro forma EBIT (ii)	5,473	4,754	15,018
Finance income (incl. FX)	329	3	0
Finance costs (incl. FX)	99	116	73
Pro forma profit before tax (ii)	5,703	4,641	14,945
Income tax expense	1,501	1,380	4,483
Pro forma net profit after tax (ii)	4,202	3,261	10,462
Statutory net profit after tax	4,202	1,230	8,325

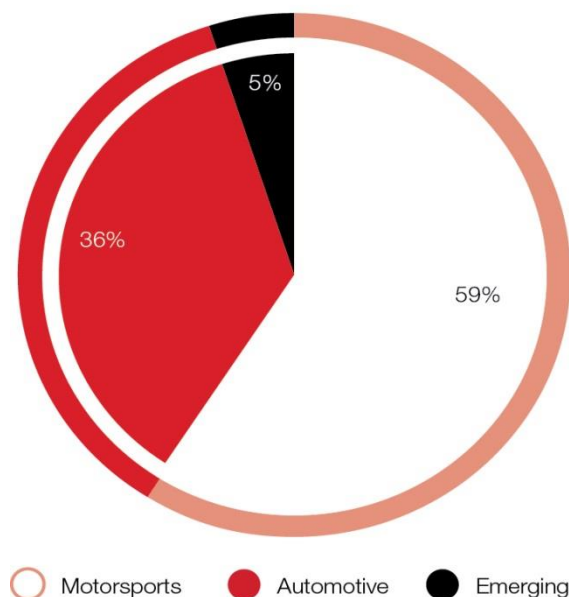
Key Points

- Result consistent with indicative 30/70 split between 1H and 2H at NPAT level
- Revenue, EBITDA and NPAT in line with expectations
- 1H FY15 excludes C&R Racing (acquired March 2015)
- 1H FY15 to 1H FY16 EBITDA margin impacted by:
 - F1 spend brought forward in 1H FY15, deferred in 1H FY16 - delays in finalising engines and product specifications
 - Completion of Porsche OEM contract 2H FY15
 - C&R Racing not owned in 1H FY15
 - C&R operates at a lower margin than PWR
 - Investment in new engineering and production personnel
- Continue to drive production efficiencies and tight management of costs

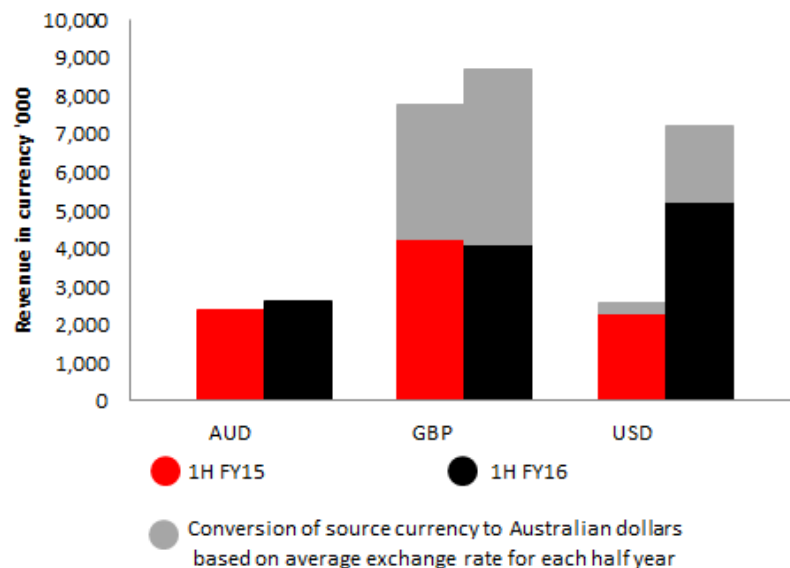
On track to meet full year prospectus forecast

1H FY16 FINANCIAL PERFORMANCE

Revenue by Category



Revenue by Currency



1H FY16 includes contribution from C&R Racing acquired March 2015

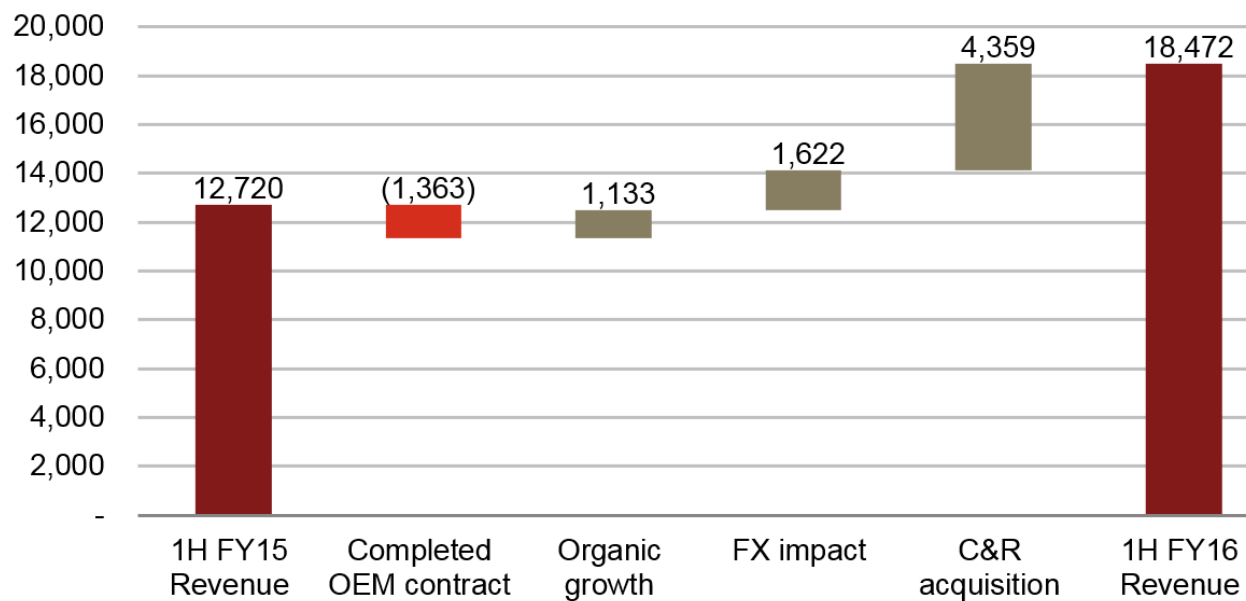
1H FY16 PRO FORMA ADJUSTMENTS

A\$'000	1H FY16	FY16F
Pro forma net profit after tax	3,261	10,462
IPO costs (i)	(2,666)	(2,818)
Interest expense (USD/GBP loans repaid)	(235)	(235)
Income tax effect	870	916
Statutory net profit after tax	1,230	8,325

(i) Excludes \$1.1 million before tax charged against equity

1H FY16 REVENUE BRIDGE

1H FY15 - 1H FY16 Revenue bridge



1H FY16 CASH FLOW

A\$'000	1H FY15	1H FY16
Cash receipts from customers	12,596	19,057
Cash paid to suppliers and employees	(6,238)	(13,249)
Cash generated from operating activities	6,358	5,808
Interest paid (i)	(51)	(44)
Income tax paid	(2,409)	(752)
Pro Forma operating cash flow	3,898	5,012
Capital expenditure (ii)	(520)	(1,401)
Pro Forma free cash flow	3,378	3,611

(i) Includes pro forma adjustment for interest expense

(ii) Including financed assets of \$1.1m

- 1H FY16 major capital expenditure:
 - \$0.9m Robotic CNC machine
 - \$0.2m CNC machine
 - \$0.1m Fin machines
- July 2015 and final FY15 tax instalments of \$1.85m were paid in FY15, they were not due until FY16
- Fully franked Interim dividend 0.62 cents per share, payable 8 April 2016

1H FY16 BALANCE SHEET

	June 2015	December 2015
A\$000		
Assets		
Cash and cash equivalents	1,006	3,173
Trade and other receivables	4,315	3,194
Inventories	5,107	6,493
Plant & equipment	4,728	5,510
Intangible assets	14,172	14,331
Other assets	2,237	2,898
Total Assets	31,565	35,599
Liabilities		
Trade and other payables	1,849	1,973
Loans and borrowings	23,374	1,675
Employee benefits and provisions	1,084	1,656
Total Liabilities	26,307	5,304
Net assets	5,258	30,295

- Inventory higher at December to ensure PWR is “Resource Ready” for peak production and sales period.
- Foreign currency debt of \$20.3m repaid in full from IPO proceeds.
- Intangible assets:
 - PWR trademark \$8.3m
 - C&R trademark \$2.6m
 - Goodwill on C&R acquisition \$3.4m
- Finance facilities:
 - Working capital facility \$0.5m
 - Asset finance facility \$5.0m

PWR PEOPLE

PWR Employees

- June 2015 = 162
- December 2015 = 175
- Increasing headcount focusing on:
 - Engineering resources
 - Production capability
- Strengthened HR processes and resources

WH&S

- Zero lost days
- Significant focus on WH&S

STRATEGIC INITIATIVES

PWR Australia

- Capital investment – “Resource Ready”
 - \$1.2m invested in new machinery to facilitate growth
 - Enhanced tanking capabilities for F1 and broader customer base
- Investment in new engineering and production personnel

C&R Racing

- Management restructured and focusing effort on injecting PWR DNA, product knowledge, production efficiencies, business development
- Refreshed sales team
- Accounts and administration team restructured
- Implemented Accentis – PWR’s global ERP system

Second half focus

- Increase penetration into the USA aftermarket and existing markets
- Progress OEM opportunities
- Progress Emerging Technology opportunities

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