



PWR HOLDINGS LIMITED

FY16 RESULTS PRESENTATION

August 2016



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FY16 RESULTS SUMMARY

Exceeded revenue, EBITDA and NPAT prospectus forecasts despite negative \$1.1m revenue impact of H2 strengthening of the AUD

	FY16 actual	Growth vs FY forecast	Growth vs FY15
Revenue	\$47.7m	0.8%	45.6%
Pro forma EBITDA	\$16.9m	4.6%	40.0%
Pro forma NPAT	\$10.8m	2.9%	27.3%
Pro forma EPS	10.8 cents		
Cash at 30 June 2016	\$8.8m		

- Total dividend 4.40 cents per share = 50% of statutory NPAT
 - Final 3.78 cents
 - Interim 0.62 cents
- Zero core debt

OPERATIONAL HIGHLIGHTS

- Organic revenue growth exceeded expectations with continued growth in motorsports and automotive aftermarket despite the strengthening Australian dollar
- Continued the C&R Racing integration
 - ERP implementation, ISO 9001, WH&S
 - Developed channels to USA automotive aftermarket via leading parts retailers
 - Expanded sales representative network
 - New website and online store
 - Expanded product range and stock holdings
 - Progressing OEM and military opportunities
- Secured two new OEM contracts – Australia & Europe
- Continue to progress various OEM opportunities

OPERATIONAL HIGHLIGHTS

- Investment in engineering and production personnel
 - Headcount increased to 187 at 30 June 2016 from 162 at 30 June 2015
- Expanded product tanking capabilities for elite motorsports and broader customer base
- Continue to be “Resource Ready” through investment in infrastructure
 - Two new 5 axis CNC machining centres, one with automatic pallet handling allowing for around the clock operation
 - Vacuum furnace for R&D in the emerging technology sector
 - New CNC turret punch press
 - Additional fin machines
- Developed new industrial aftermarket replacement products and commenced selling to mining and construction industry

FY16 FINANCIAL PERFORMANCE (PRO FORMA)

A\$'000	FY16	FY16F	Forecast Variance	FY15	FY15 Variance
Revenue	47,348	46,994	↑ 0.8%	32,526	↑ 45.6%
Pro forma EBITDA (i)	16,903	16,162	↑ 4.6%	12,072	↑ 40.0%
Pro forma EBITDA margin	35.7%	34.4%	↑ 1.3%	37.1%	↓ 1.4%
Pro forma EBIT	15,705	15,018	↑ 4.6%	11,258	↑ 39.5%
Pro forma profit before tax	15,361	14,945	↑ 2.8%	11,876	↑ 29.3%
Pro forma net profit after tax	10,766	10,462	↑ 2.9%	8,460	↑ 27.3%
Pro forma adjustments:					
IPO costs (ii)	(2,666)	(2,818)		-	
Interest paid (USD/GBP loans repaid)	(235)	(235)		(311)	
Public company costs	-	-		953	
Income tax effect	870	916		(193)	
Statutory net profit after tax	8,735	8,325	↑ 4.9%	8,910	↓ 2.0%

Key Points

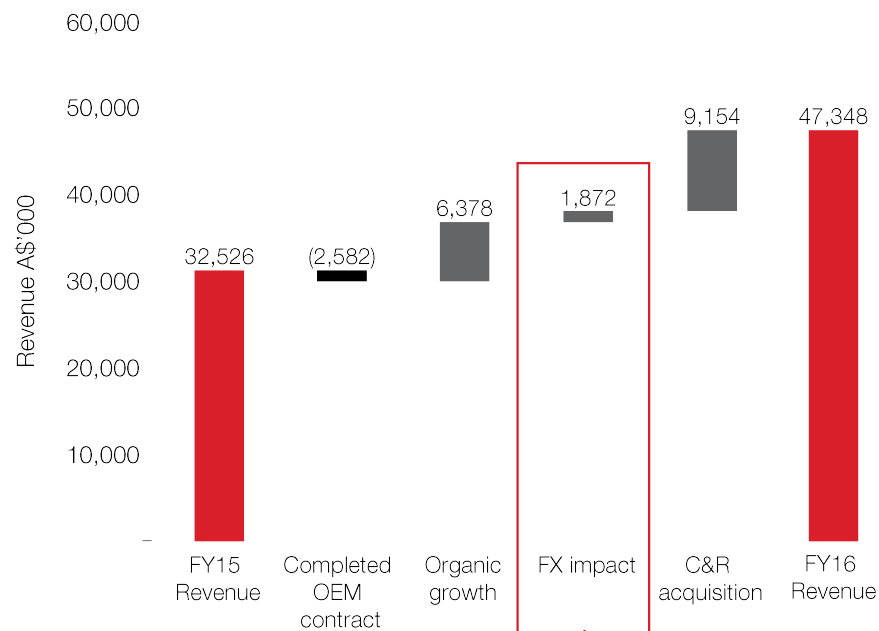
- Revenue, EBITDA and NPAT exceeded prospectus forecast despite the strengthening Australian dollar in the second half
 - Revenue impact of higher exchange rates was negative \$1.1m compared to forecast
- Organic revenue growth exceeded expectations
 - Motorsports and automotive aftermarket
- Invested in new engineering and production personnel to be "Resource Ready" for future growth opportunities
- Continue to drive production efficiencies
- Management of costs globally

(i) Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Company's annual financial statements.

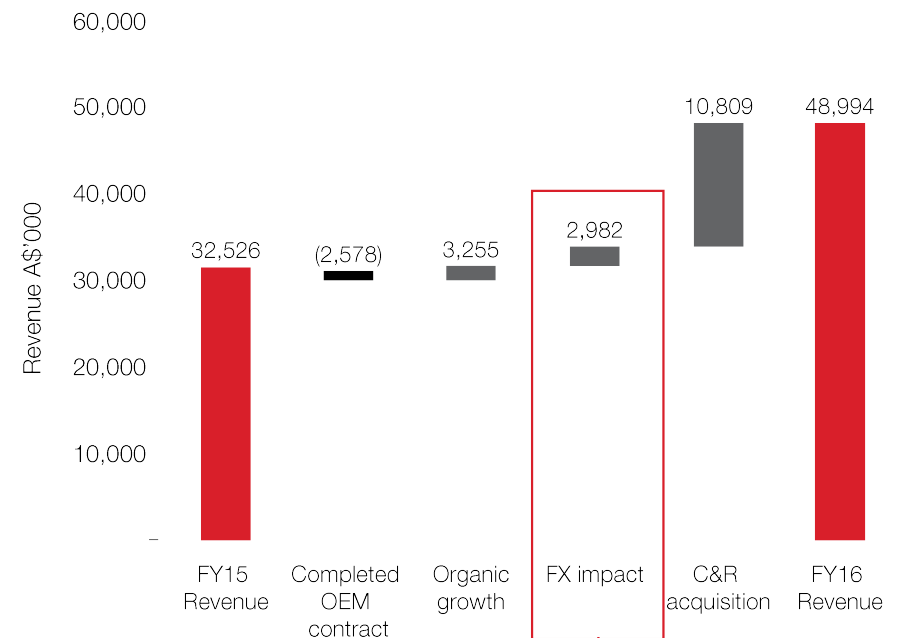
(ii) Excludes \$1.1 million before tax charged against equity

FY16 REVENUE BRIDGE

FY16 Revenue bridge – Actual



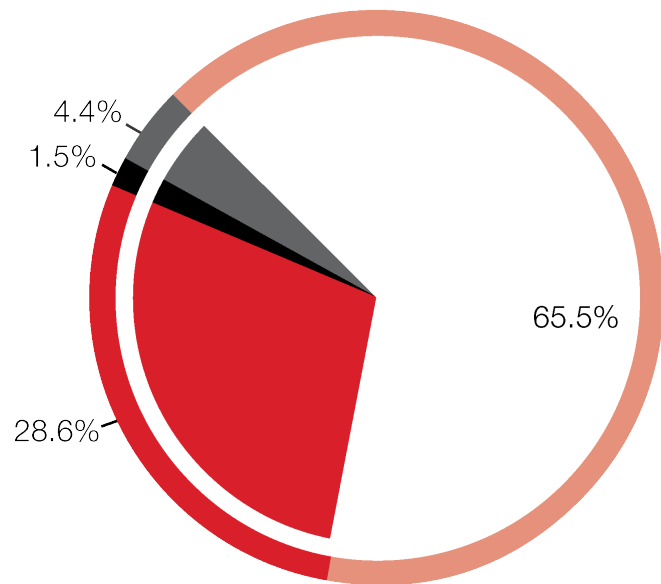
FY16 Revenue bridge – Prospectus



Strengthening AUD in H2 resulted in \$1.1m less revenue compared to the prospectus forecast

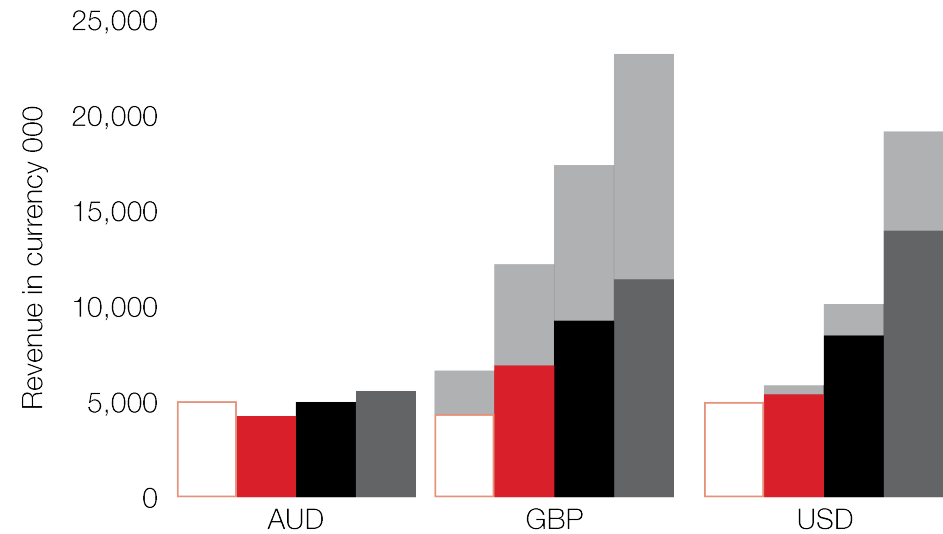
FY16 FINANCIAL PERFORMANCE

FY16 category sales analysis



- Motorsports
- Automotive Aftermarket
- OEM
- Emerging Technologies

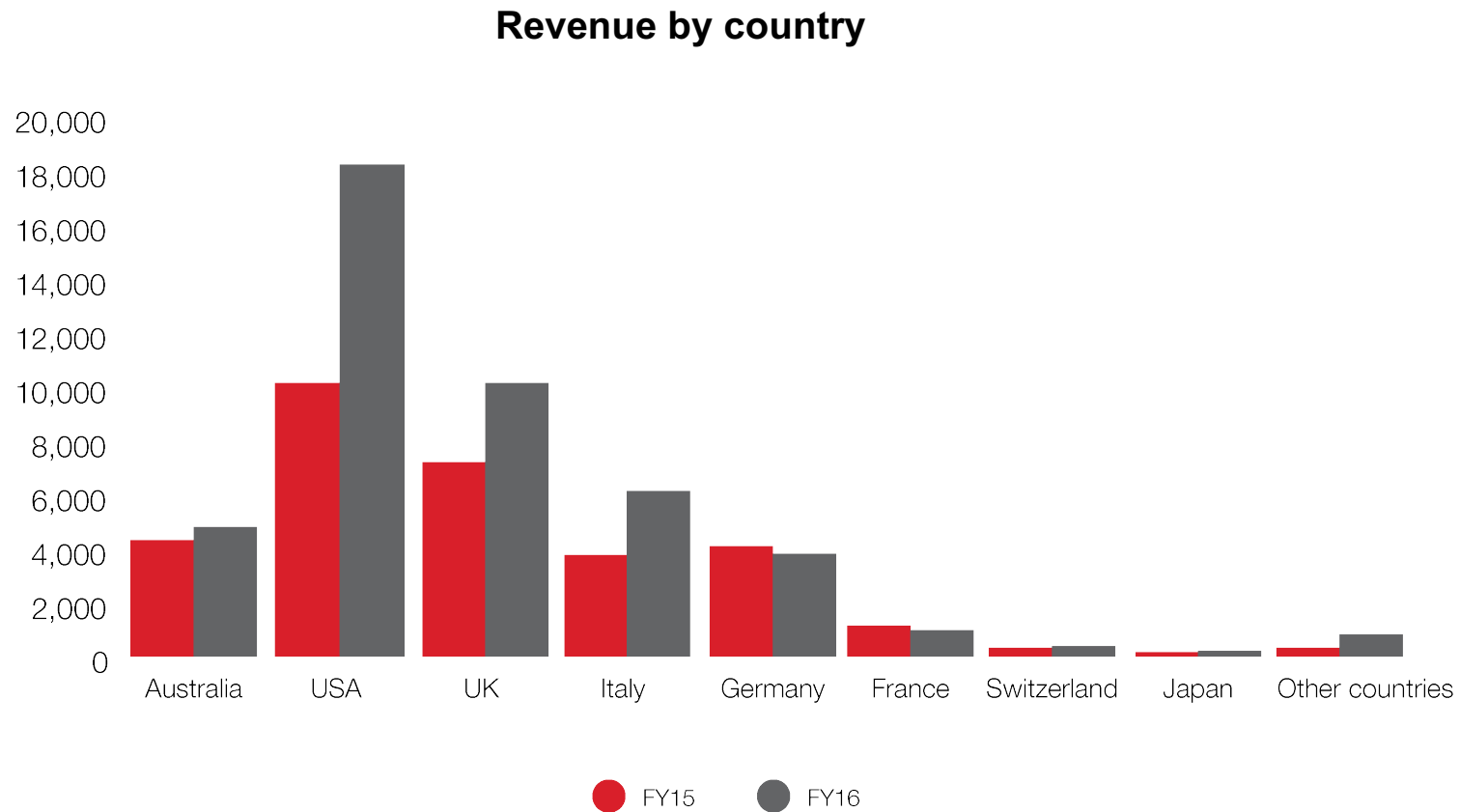
Revenue by currency



- FY13
- FY14
- FY15
- FY16
- Conversion of source currency to Australian dollars based on exchange rate for each year.

FY15 includes contribution of C&R Racing from late March 2015, with FY16 including a full year contribution

FY16 FINANCIAL PERFORMANCE



FY16 CASH FLOW

A\$'000	FY16	FY16F
Cash receipts from customers	47,888	47,041
Cash paid to suppliers and employees	(31,289)	(28,872)
Cash generated from operating activities	16,599	18,169
Interest paid (i)	(81)	-
Income tax paid	(3,787)	(4,489)
Pro Forma operating cash flow	12,731	13,680
Capital expenditure (ii)	(2,410)	(1,932)
Pro Forma free cash flow	10,321	11,748

(i) Includes pro forma adjustment for interest expense

(ii) Including financed assets of \$1.1m

Key points

- Investment in engineering and production personnel combined with measured capital expenditure to facilitate growth
- Investment in raw materials to support growth
- FY16 major capital expenditure:
 - Two new 5 axis CNC machines
 - Vacuum furnace for R&D in the emerging technology sector
 - New CNC turret punch press
 - Additional fin machines
- Fully franked final dividend 3.78 cents per share, payable 19 September 2016 = \$3.8m

PRO FORMA BALANCE SHEET

A\$000	June 2016	June 2015
Assets		
Cash and cash equivalents	8,797	1,006
Trade and other receivables	4,090	4,315
Inventories	6,744	5,107
Plant & equipment	5,909	4,728
Intangible assets	14,174	14,126
Other assets	2,453	2,237
Total Assets	42,167	31,519
Liabilities		
Trade and other payables	2,662	1,849
Tax liabilities	409	-
Loans and borrowings	1,160	23,374
Employee benefits and provisions	1,213	1,084
Total Liabilities	5,444	26,307
Net assets	36,723	5,212

Key Points

- Continued strong cash generation
- Inventory higher at June 2016 to ensure PWR is “Resource Ready” for continued push into USA automotive aftermarket and other growth opportunities
- Intangible assets:
 - PWR trademark \$8.3m
 - C&R trademark \$2.6m
 - Goodwill on C&R acquisition \$3.2m
- Foreign currency debt of \$20.3m repaid in full from IPO proceeds.
- Finance facilities:
 - Working capital facility \$0.5m, undrawn
 - Asset finance facility \$5.0m, drawn to \$1.2 million

PWR PEOPLE

PWR Employees

- June 2016 = 187 (2015 = 162)
- Increasing headcount to ensure ability to meet future growth opportunities with emphasis on:
 - Appointment of COO
 - Engineering resources
 - Production capability
- Knowledge transfer between global operations through management visits
- Strengthened HR processes and resources

WH&S

- Zero lost days globally
- Significant focus on WH&S

STRATEGIC INITIATIVES AND FUTURE FOCUS

- “Resource Ready” to take advantage of growth opportunities
 - Invest in infrastructure
 - Invest in engineering and production personnel
- Continue to develop channels to USA automotive aftermarket
- Expand product offering to increase customer spend
- Invest in R&D, including electronic cooling test facility in emerging technology sector
- Deliver new OEM contracts in Australia and Europe
- Progress other OEM opportunities
- Progress opportunities across all sectors

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

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 and electric 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**.

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