



FY17 RESULTS PRESENTATION

PWR HOLDINGS LIMITED



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NEW LOGO



TECHNOLOGY

Our business is innovative technology based on continuous research and development.

EXCELLENCE

The PWR ellipse is recognised around the world as a sign of cooling excellence.

CAPABILITY

Our solutions are drawn from our technology focus and manufacturing capability.

MARKET

We deliver advanced cooling solutions to a variety of different markets.



AGENDA

<u>Managing Director Overview</u>	5
<u>Financial Overview</u>	6
<u>Business Overview</u>	11
<u>Business Outlook</u>	17

MANAGING DIRECTOR FY17 OVERVIEW

Strong 2H has delivered pleasing full year result

- Revenue \$48.1m up 1.6% on pcp
- Underlying revenue growth 11.0% on pcp¹
- Sales movement by currency pcp¹ - GBP up 27.7% mainly from motorsports, USD sales down 0.7%, AUD sales up 3.5%
- GBP exchange rate headwinds impact AUD revenue and NPAT
- NPAT \$9.3m down 13.8% on FY16 Pro Forma² pcp

FY17 focus

- Human resources
- Capital resources
- Exiting non-cooling and low margin business lines
- Research and technology development – 14.7% of revenue

Increased dividend

- Full year dividend increased to 5.60 cents/share up 27.3%. Payout ratio increased from 50% to 60%

¹ Constant currency organic revenue growth is FY17 sales compared to FY16 sales at average FY17 exchange rates

² Pro Forma adjustments in FY16 relate to IPO costs (\$2.7 million before tax) and interest costs (\$0.2 million before tax) associated with bank facilities repaid from IPO proceeds

FINANCIAL PERFORMANCE

A\$'000	FY17	FY16	Variance
Revenue	48,117	47,348	1.6% ↑
EBITDA ^{1,2}	14,728	16,903	12.9% ↓
EBITDA margin ^{1,2,3}	30.6%	35.7%	5.1% ↓
EBIT ¹	13,254	15,705	15.6% ↓
Profit before tax ¹	12,950	15,361	15.7% ↓
Net profit after tax ¹	9,280	10,766	13.8% ↓
Pro forma adjustments:			
IPO costs	-	(2,666)	
Interest (USD/GBP loans repaid)	-	(235)	
Income tax effect	-	870	
Statutory net profit after tax	9,280	8,735	6.2% ↑
Earnings per share	9.28 cents	9.31 cents	
Dividends per share (interim & final)	5.60 cents	4.40 cents	

Key Points

- Constant currency organic revenue growth of \$5.2m (11%) pcp⁴:
 - GBP sales up 27.7%
 - USD sales down 0.7%
 - AUD sales up 3.5%
- Organic revenue growth primarily driven by motorsports in UK/Europe
- AUD currency changes:

	FY17	FY16	Variance
GBP	0.5944	0.4916	20.9%
USD	0.7536	0.7286	3.4%

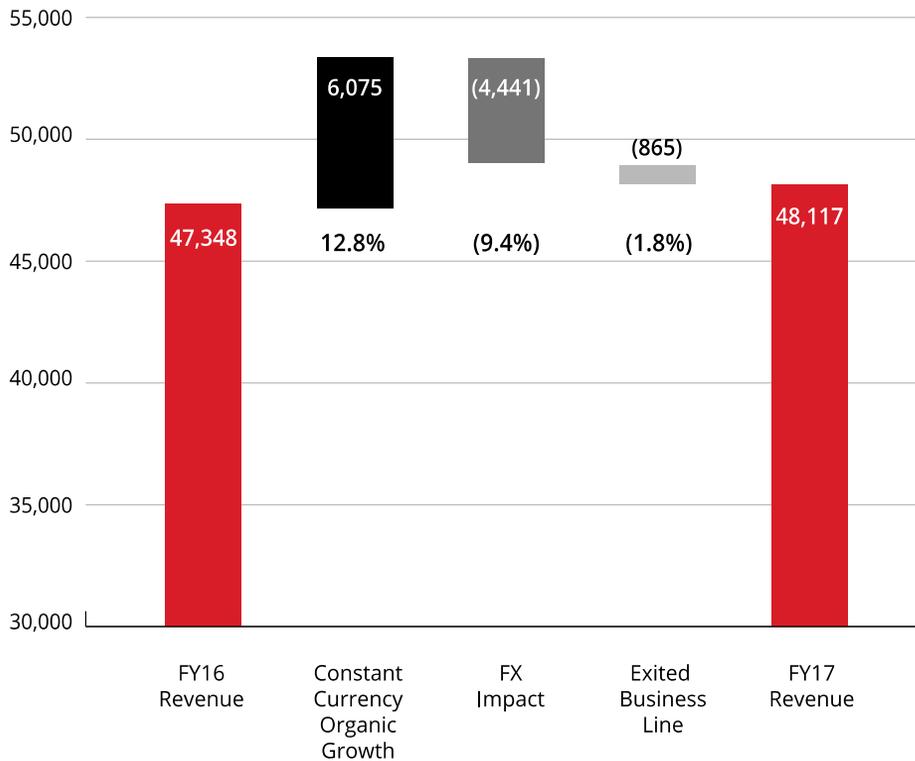
- Revenue impact \$4.4m (9.4%)
- Flow through impact on EBITDA and NPAT
- Organic revenue growth supported by investment in human resources:
 - Employee costs up 14.0% pcp
 - Engineering & production headcount up 19.6% pcp

6 ¹ FY16 Pro Forma
² 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 Group's financial report.
³ Variance is reduction in margin rather than percentage change in margin
⁴ Constant currency organic revenue growth is FY17 sales compared to FY16 sales at average FY17 exchange rates

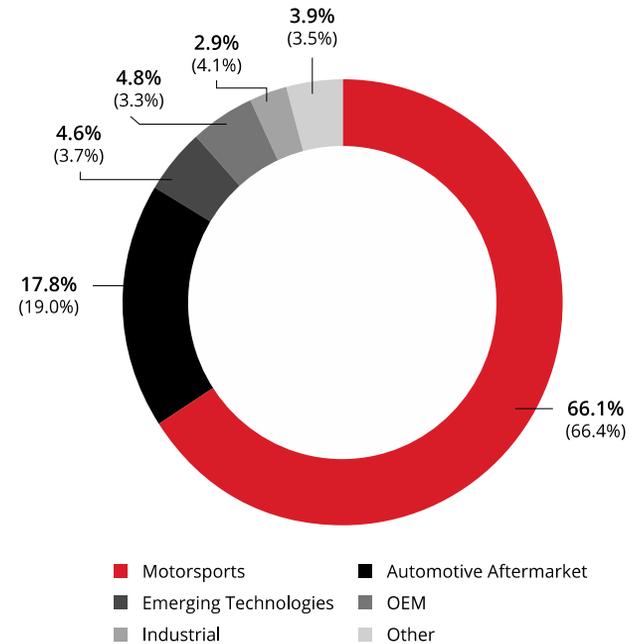


FINANCIAL PERFORMANCE

Consolidated Revenue Bridge FY16 to FY17^{1,2}



FY17 category sales analysis³ (FY16 comparatives in brackets)

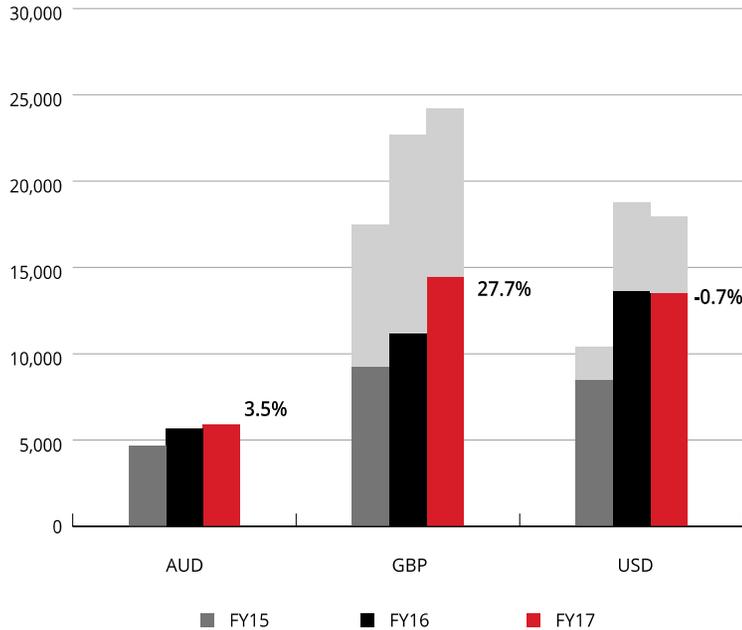


7 1 Constant currency organic revenue growth is FY17 sales compared to FY16 sales at average FY17 exchange rates
 2 FX impact is FY16 sales adjusted for exchange rate movement from FY16 to FY17
 3 Additional sales categories reported compared to FY16



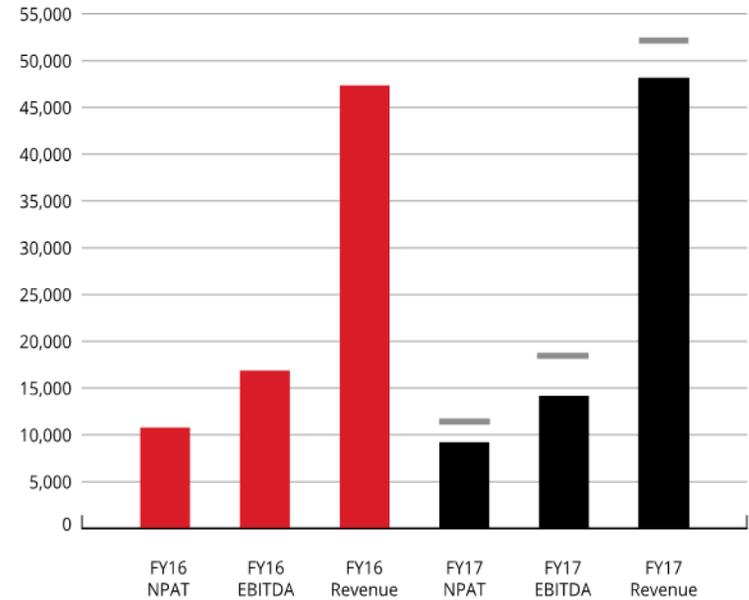
CONSTANT CURRENCY

Revenue by Currency



■ Conversion of source currency to Australian dollars based on average exchange rate for each year

Actual and Constant Currency Results FY16 vs FY17 (AUD)



BALANCE SHEET

A\$000	June 2017	June 2016
Assets		
Cash and cash equivalents	9,064	8,797
Trade and other receivables	3,445	4,090
Inventories	7,281	6,744
Assets held for sale	1,061	-
Plant & equipment	7,890	5,909
Intangible assets	14,129	14,174
Prepayments and other assets	3,423	2,453
Total Assets	46,293	42,167
Liabilities		
Trade and other payables	2,921	2,662
Asset finance	764	1,160
Employee benefits and provisions	1,647	1,622
Total Liabilities	5,332	5,444
Net assets	40,961	36,723

Key points

- Zero net debt and strong cash position
- Inventories higher due to:
 - Raw material build up for C&R furnace production line
 - Raw material and finished goods build up for broader range of products offered – billet tanks, intercooler kits
 - Supporting underlying revenue growth
- Assets held for sale
 - Exit of C&R non-cooling business lines inherited through acquisition – refer page 16
- Plant & equipment – refer page 15
- Intangible assets:
 - PWR trademark \$8.3m
 - C&R trademark \$2.6m
 - Goodwill on C&R acquisition \$3.2m
- Finance facilities – Limit/(drawn):
 - Working capital facility \$0.5m/(\$0m)
 - Asset finance facility \$5.0m/(\$0.8m)
 - C&R finance facility US\$4.0m/(US\$0m)

WORKING CAPITAL & CASH FLOW

A\$'000	FY17	FY16
Trade, other receivables & prepayments	3,945	4,721
Inventories ¹	7,281	5,639
Trade & other payables	(2,921)	(2,662)
Net working capital	8,305	7,698
Working capital (increase)/decrease	(607)	284
Cash from operating activities (excluding working capital change)	14,136	16,315
Cash from operating activities	13,529	16,599
Conversion of EBITDA to Cash	91.9%	98.2%
Tax & interest paid	(4,585)	(4,104)
Capital expenditure (net of asset finance)	(3,872)	(1,271)
Other	254	149
Free cash	5,326	11,373

Key points

- Strong cash conversion from operating activities
- Capital expenditure paid in cash

A\$'000	FY17	FY16
C&R Racing core production line	1,925	-
Growth capital expenditure	1,265	1,752
Business as usual capital expenditure	682	661

- Fully franked final dividend 4.7 cents per share, payable 15 September 2017 = \$4.7m

SALES CATEGORIES

Motorsports

- Up 14.6% pcp, new and existing customers
- Formula 1® - refer page 12
- Further penetration into other motorsports categories
- Increased take-up of complete assemblies instead of core only

Automotive Aftermarket

- Up 7.9% pcp² adjusted for exited business (down 2.9% pcp unadjusted)
- USA aftermarket up 15.5% pcp
- Europe aftermarket up 31.4% pcp
- Australian aftermarket flat pcp²

Emerging Technologies

- Up 49.3% pcp
- Increasing use of cold plate and battery cooling technology in motorsports and electric vehicles

Sales by Category - Constant Currency

A\$'000	FY17 ¹	FY16	Variance
Motorsports	36,019	31,433	14.6% ↑
Automotive aftermarket	8,757	9,014	2.9% ↓
Emerging Technologies	2,608	1,747	49.3% ↑
OEM	2,481	1,584	56.6% ↑
Industrial	1,424	1,932	26.3% ↓
Other	1,323	1,637	19.2% ↓

OEM

- Up 56.6% pcp
- Numerous smaller program delivery
- Commencement of supply to OEM programs
- Prototyping for new opportunities

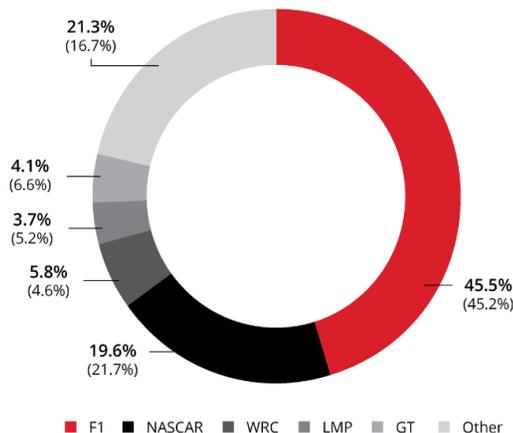
¹ FY17 sales calculated as FY17 sales by currency converted at average FY16 exchange rates

² FY17 sales calculated as FY17 sales by currency converted at average FY16 exchange rates adjusted for exited business line

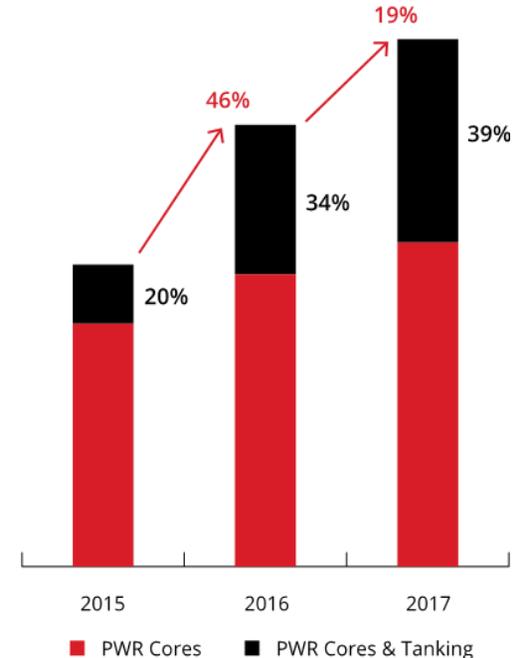
Formula 1®

- Continuing increased take up of PWR cores
- Continuing increased take up of cores with billet tanking
- PWR estimates cooling requirements grew over 20% FY17
- PWR estimated market share circa mid 50%
- Room for growth in market share, converting cores sales into assemblies with billet tanking, and increased technology
- Liberty Media increasing races from 20 to 21 in 2018, further races and teams mooted. More races and more teams should lead to increased sales

Motorsport Revenue by Category
 (FY16 comparatives in brackets)



PWR Part Sales to Formula 1®



BLUE CHIP RELATIONSHIPS

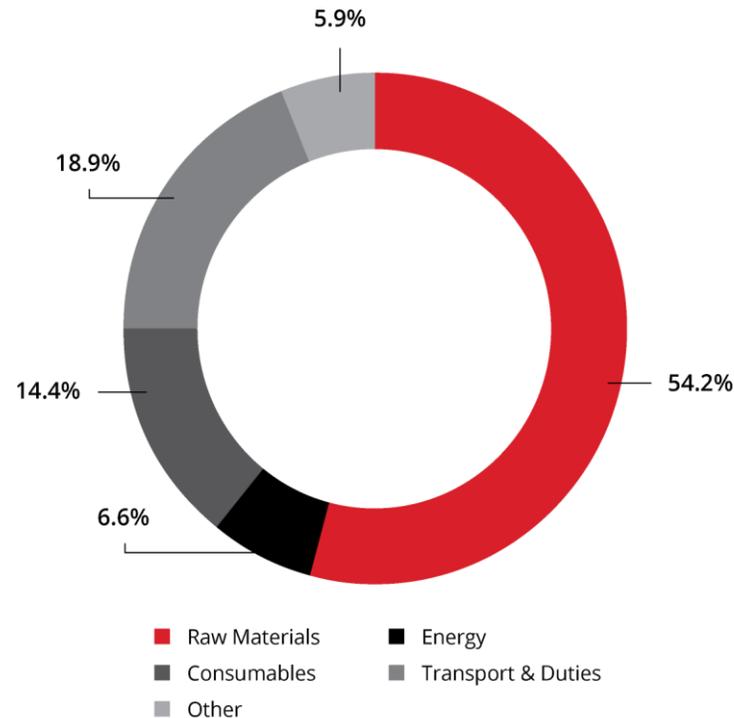
PWR has engineering ties with many OEM's through motorsports and other technology driven programs

- Aston Martin
- Audi
- Bentley
- BMW
- Citroën
- Ferrari
- Ford Motor Company
- General Motors
- Honda
- Hyundai
- Jaguar
- KTM
- Lamborghini
- Lotus
- McLaren
- Mercedes
- Multimatic
- Nissan
- Pagani
- Peugeot
- Porsche
- Red Bull Automotive Technology
- Renault
- Roush Industries
- Toyota
- Volkswagen
- Williams Advanced Engineering

SEASONALITY & OPERATING LEVERAGE

A\$'000	1H FY17		2H FY17		FY17
Revenue	18,624	38.7% ¹	29,493	61.3% ¹	48,117
Raw materials and consumables used	4,030	21.6% ²	6,038	20.5% ²	10,068
Direct labour costs	5,586	30.0% ²	6,751	22.9% ²	12,337
Other costs	5,620	30.2% ²	6,033	20.5% ²	11,653
EBITDA³	3,374	22.9% ¹	11,354	77.1% ¹	14,728
EBITDA margin	18.1%		38.5%		30.6%
Net profit after tax	1,813	19.5% ¹	7,467	80.5% ¹	9,280
NPAT margin	9.7%		25.3%		19.3%

FY17 Components of raw materials and consumables used



1 Percentage of full year

2 Percentage of revenue for the relevant period

14 3 Includes other income

C&R Core Production Line

- New aluminium heat exchanger core production line in Indianapolis USA at a budgeted cost of US\$4.25 million. Commissioned 16 August 2017.
- C&R manufacturing will be certified to ISO9001, ISO14001 and TS16949 (for OEM supply programs)
- To increase overall production capacity, focusing on longer run production programs
- C&R will produce cores currently supplied by PWR Australia for USA aftermarket
- Reduces cores manufactured by PWR Australia line by 20%
- PWR Australia to focus on R&D, design, testing, bespoke production and Australian aftermarket



C&R Core Production Line

Other

- Machine Shop – additional CNC machines – billet tank and profiled core growth
- Cold plate test rig – testing facility to measure and validate cold plate technology
- Vacuum braze furnace – prototyping and development of cold plate and battery cooling technology

RESOURCE ALIGNMENT

Alignment of resources to higher margin, cooling activities

- Discontinued supply in June 2017 to two C&R non-cooling products customers – consumed up to 30% of CNC machine time
- Discontinued supply in January 2017 to one PWR USA based customer of high volume, low margin cooling product - consumed up to 20% PWR furnace time
- C&R South business located at Mooresville NC – primarily involved in drivetrain rentals to motorsports teams. Lower margin non-cooling business. Currently in negotiations to sell the operating assets of this business

Financial implications

- Revenue reduction FY17 US\$0.6m
- Estimated revenue reduction FY18 US\$2.3m¹
- Estimated EBITDA implication FY18 US\$(0.2)m^{1, 2}
- Book value of C&R South assets available for sale \$1.1m

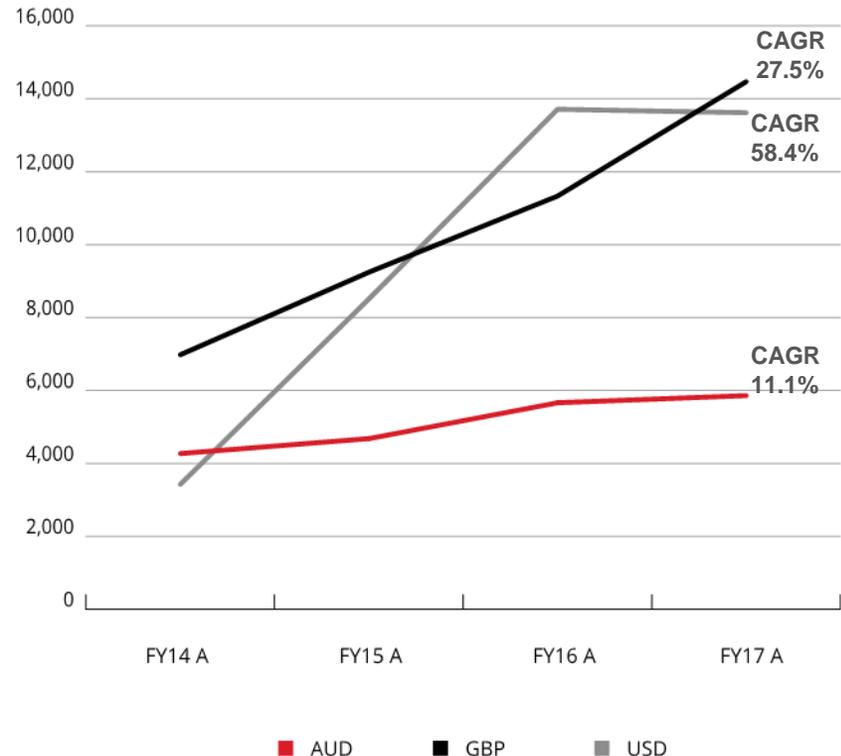
1 Excludes C&R South for full financial year. C&R South is currently still owned by PWR

2 Estimate, assumes overheads in managing the discontinued lines are redeployed elsewhere in business, except C&R South

Revenue

- 2H revenue bias to continue in FY18 due to timing of motorsports seasons
- Organic revenue growth in GBP sales primarily motorsports related
- OEM programs coming on line progressively through FY18 and FY19
- Automotive aftermarket growth in Australia and USA
- Clear opportunities in emerging technology electric vehicle cooling
- Increasing OEM motorsport teams in Formula E
- Increasing penetration into MotoGP

Sales in Local Currency



COSTS AND CURRENCY

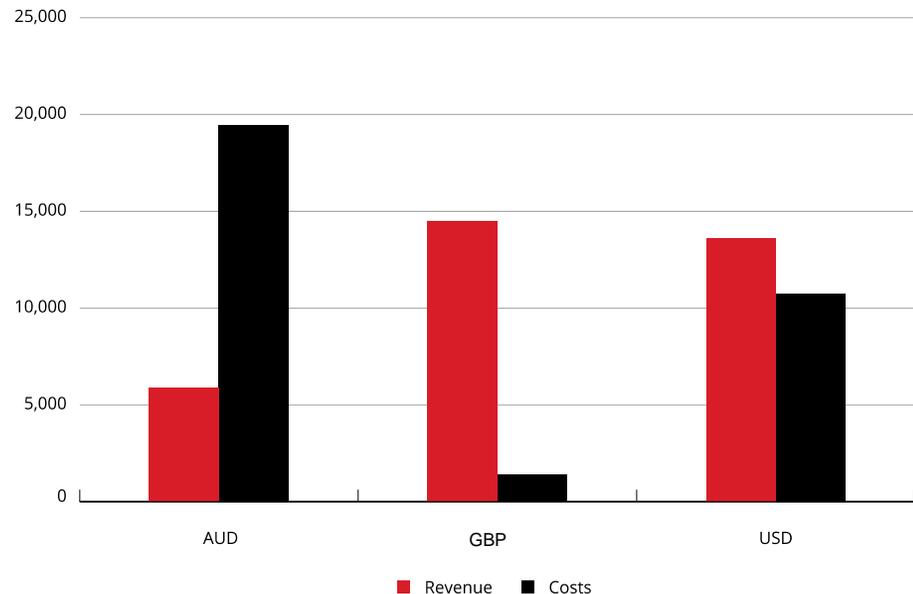
Costs

- Continuing investment in technology, R&D, people, systems and processes to deliver on future growth opportunities

Currency

- GBP revenue to AUD cost imbalance means exchange rate volatility will continue to affect results
- PWR does not hedge currencies
- Strategy to increase export sales made in AUD over time
- New C&R aluminium heat exchanger core production line enhances the natural USD hedge by transferring some manufacturing AUD costs to USD

FY17 Revenue & Operating Costs by Currency



Client confidentiality requirements limits disclosure

Program 1¹

Selected as cooling assembly supplier to a niche, high-end, supercar USA OEM program for a planned 5 year production run of 250 vehicles per year commenced in Q1 CY17, PWR supplying 5 cooling units per vehicle (up from 3 previously announced).

Program 2¹

Selected as cooling assembly supplier to a medium size USA OEM program for a planned 2 to 3 year production run of circa 8,000 vehicles per year commencing Q4 CY18 (up from 6,000 previously announced), PWR supplying 3 cooling units per vehicle (up from 2 previously announced).

Program 3¹

Received nomination as cooling assembly supplier to a niche, high-end, Formula 1[®] inspired hypercar UK/European OEM program for a planned 2 year production run of 85 vehicles per year commencing Q2 CY19.

TECHNOLOGY DEVELOPMENTS

Motorsports

- Demand for profiled cores expected to remain strong into CY18
- New core constructions run this year have strong interest for CY18
- Increasing demand for billet machined tanking into CY18
- Increasing interest from OEM motorsports teams to participate in electric vehicle racing as platform for future EV road cars

Electric vehicles

- Cold plate technology increasing in demand
- Alternate battery cell cooling systems being developed
- PWR's R&D capacity, flexible manufacturing and testing capability suits customer demand in mainly low run production for EV and electric motorsports like Formula E

Research and Development

- PWR developing alternate cooling technology
- Majority of PWR's R&D is customer focussed