

30 October 2020

ASX Market Announcements Australian Securities Exchange 20 Bridge Street Sydney NSW 2000

PWR Holdings Limited | Presentations to 2020 Annual General Meeting

Pursuant to Listing Rule 3.13.3, please find attached, for presentation to shareholders at this morning's Annual General Meeting, commencing at 11 am (Brisbane time):

- the welcome address by Ms Teresa Handicott, the company's Chairman; and
- the address by Mr Kees Weel, the company's Managing Director.

Yours faithfully

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Welcome

Good morning Ladies and Gentlemen, my name is Teresa Handicott and I am the Chairman of PWR Holdings Limited and of today's Annual General Meeting (AGM).

On behalf of the Board, I warmly welcome you all to our virtual AGM.

Although we are not able to meet in person today, I am pleased we have been able to come together virtually to update you on the Company, give you an opportunity to ask questions and deal with the business of the AGM.

Introduction of Directors and Management

Firstly, I would like to introduce the Board and Senior Management of PWR here today.

The full details of their background and experience are included in the Annual Report and on the Company website.

- Firstly, Kees Weel, the founding shareholder and Managing Director of PWR. Kees is our passionate and visionary leader and a globally recognised automotive cooling expert. His energetic and strong leadership, delivered in a calm and confident manner, has been critical over these past months
- Jeff Forbes, who has been a director since the company listed and chairs the Audit and Risk Committee. Jeff brings strong financial capability and disciplines to the board as well as extensive listed company experience. His experience with global operations and the US in particular, is invaluable. We have been very grateful for Jeff's experience and wise counsel when considering the many financial issues that COVID-19 has presented
- Roland Dane, who brings a wealth of experience and knowledge of the global motor sports industry to the board. He is also a very capable and clear-thinking businessman whose insights add significant value. Roland's links with, and knowledge of, the global racing industry have proved very helpful in navigating this difficult period
- Lisa Dalton, our Company Secretary, joined PWR in 2015. Lisa is an experienced Company Secretary and Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia
- Stuart Smith, our Chief Financial Officer, is a Chartered Accountant with over 20 years' experience in the UK, South Africa and Australia
- Matthew Bryson who has been recently appointed to the newly created position of Chief Operating Officer. Matthew has been with PWR for over 20 years; 15 years as the General Manager of Engineering. Matt was one of Kees's original employees.

I would also like to welcome Erin Neville Stanley, the audit partner at KPMG who are the Company's auditors and Stephanie Daveson, a partner at Clayton Utz, the Company's lawyers.

Format of AGM

This Annual General Meeting will proceed in four parts:

- 1. Firstly, I will provide a short address summarising some key points for the 2020 year including progress in the execution of PWR's strategy
- 2. Secondly, Kees will review the financial performance and operational developments of the Company for the past year and will talk about our expectations and plans for the future



- 3. Shareholders will then be able to ask questions about the Company, my address or Kees' presentation
- 4. This will be followed by the formal business of the meeting; at which time I will take your questions specifically regarding each of the proposed resolutions.

Without pre-empting Kees's presentation, I would like to say a few words about the progress of the Company.

Company Progress

2020 has been a very disruptive year both globally and particularly in Australia. The bush fires at the beginning of 2020 saw a significant impact on families, the economy and the environment. After that calamity, COVID-19 hit the world and one of the first commercial casualties here in Australia was the cancellation of the Melbourne Formula 1 grand prix. This was the beginning of what continues to be a significant global, medical and economic event.

Despite these events, PWR has continued to perform and has adjusted operations as best as possible for the rapidly changing economic impacts of COVID-19. PWR was fortunate to have a very strong balance sheet going into this crisis and used this to best effect by ensuring all staff were retained during this period of reduced economic activity. PWR also acknowledges the contribution of Jobkeeper in Australia and the Paycheck Protection Program in the US.

For FY2020 Net Profit After Tax was \$13.1 million which was an 8% decrease on the previous year result – a pleasing outcome considering external circumstances. Our balance sheet has seen our net positive cash position continue and we had over \$20m in the bank at 30 June 2020 after drawing down \$5million when COVID-19 struck. In these circumstances we felt it was appropriate to decrease our total ordinary dividend per share by over 31% from FY19.

Your Board is very focussed on PWR's strategy as managing growth and diversifying the business both have their own set of challenges and demands.

The Company has set in play aspects of the strategy identified in FY18 and FY19 and during FY20 PWR has focused on the following strategic objectives: -

- Efficiency improvements in the supply chain and operations
- Building capability, systems and processes to support profitable growth, and
- Revenue diversification through new products and industries.

I will now briefly address each of these, starting with Efficiency:

• Efficiency

Development of our engineering capability continues as does product research and development and the creation of associated intellectual property. This all now takes place in one Centre of Excellence at Ormeau.



In parallel, with the successful commissioning of the new US manufacturing production line, our US facility now has double the manufacturing throughput capacity of Ormeau. This places PWR in a strong position to grow operations globally and service customers from either manufacturing facility.

To achieve this growth efficiently we need a robust operating model which supports and does not hinder product, customer and technology enhancements. Supply chain optimisation and centralised shared and corporate services are all instrumental in achieving efficient growth.

I will now move to:

• Capability, systems and processes

Following the operational capital investment programs of the past 2 years, PWR now has significant production capacity and capability which it is focussed on getting a return from in FY 21.

In addition to the investment in a CT scanner, 3D metal printers, and vacuum brazing equipment, PWR has also invested in its staff. During COVID-19 we retained all staff and used the period of slower activity to train and cross train production staff which will have benefits when economic activity increases again.

Finally to:

• Diversification

Revenue diversification has been a strategic focus since FY17 and this takes time to formulate and execute successfully but we are now starting to see the benefits.

Our cold plate technologies as well as opportunities in electronics and battery cooling are showing promising signs in both existing industries we serve as well as having applications in new industries such as aerospace and military. In addition, the recent commercial release of our Micro Matrix products is another key driver for our strategy of diversifying our revenue base across products and industries.

Directors

I acknowledge and thank my fellow directors – Jeff Forbes, Roland Dane and our Managing Director Kees Weel. Our board has a strong and diverse mix of skills and we have needed all of them as we faced the challenges this year presented. We have approached every decision with regular and robust discussions, but it has always been cohesive and collaborative resulting in constructive contributions and deliberations about what PWR had to do.

Like all boards, we have seen a lot more of each other this year. But I have reflected often over this period how fortunate we were to have a board that was so readily available, eager to engage and participate and how freely we could all express our views, think things through together and reach a consensus decision. My personal thanks to my colleagues.

Staff

As important as we recognise our role is, we are the mere overseers.

We currently employ over 300 staff worldwide and I would like to publicly express the board's appreciation for their significant contributions and sacrifices this year.



I want to take the opportunity to publicly acknowledge the considerable efforts of management, particularly in the early days of the crisis. They approached the challenges with an appropriate sense of urgency, intelligence, practicality and importantly, care for our staff balanced with dedication to our customers. They worked longer than usual hours while being paid for a reduced 4-day week. The FY20 result is a credit to them.

Shareholders

Finally, thank you, our shareholders, for your ongoing loyal support. I can assure you we have you clearly in our minds with every step we take.

I will now hand over to Kees to talk to you about his favourite topic, PWR.



CEO & MANAGING DIRECTORS ADDRESS PWR 2020 ANNUAL GENERAL MEETING

Good morning and thank you for joining us today for PWR's 2020 Annual General Meeting.

With a steady financial year behind us despite some of the challenges thrown our (and everybody's) way, I am pleased to take you through both the financial and operational highlights of what has been achieved over FY20, as well as provide an update on where we see FY21 taking us.

	FY20	FY19	Change	
Revenue	\$65.7m	\$65.4m	0.5%	1
Pre AASB16 EBITDA	\$21.6m	\$21.8m	1%	ſ
NPAT	\$13.1m	\$14.2m	6%	ſ
Ordinary DPS	5.9 cps	8.5 cps	31%	ſ
Special DPS	-	3.0cps		
Cash on Hand	\$20.8m	\$20.2m	3%	
EBITDA to cash conversion	94%	103%	9%	$\mathbf{\hat{l}}$
Working capital (increase)/decrease	(\$1.6m)	\$0.4m		
FTE equivalent	292	291		

The financial highlights reflect the outstanding effort contributed by all staff during FY20:

- revenue was up marginally
- with over 87% of our revenue being earned in GBP or USD in FY20, exchange rate movements will continue to have an impact on our results (positively or negatively) and for FY20 this was a positive \$0.5m. We have de-risked a portion of future exchange rate risk through forward exchange contracts through to June 2021
- as mentioned by the Chairman, dividends of 5.9c per share for the FY20 year decreased by 31% (not counting the FY19 special dividend of 3c per share)
- working capital management continues to be an area of focus and our strong EBITDA to cash conversion ratio was maintained at 94%, and
- we are still in a net positive cash position and expect our budgeted CAPEX program for FY21 to be funded from cash reserves and cash generated from operations. In addition, we have significant unutilised financing facilities.

This was a strong performance considering the circumstances and reflects the benefits from a restructured C&R, continued growth in our key markets and the successful execution of our strategy.

Motorsport has been a major driver of the higher revenue in FY20 despite the COVID-19 pandemic and further growth is expected going forward.



The emerging technology segment and products are expected to see further sales increases in FY21 together with the previously announced OEM programs which have started to come on stream in FY20. We anticipate that these will both be important contributors to our growth in FY21 and beyond.

Key Staff Changes

With the transformation of C&R to a fully-fledged manufacturing centre, a new General Manager, Steve Rasso, was appointed in 2020.

Steve has had more than 30 years of Tier 1 OEM heat exchanger experience. As a mechanical engineering graduate of the University of Dayton, he has held various management positions in manufacturing operation, engineering and quality at DaimlerChrysler, Behr GmbH, and Mahle-Behr before joining C&R to lead OEM projects.

In addition, with global expansion and a future in which we expect significant growth, has led to a review of our organisational structure and the creation of a new position, the Chief Operating Officer. This role has been filled by the appointment of Matthew Bryson effective 1 July 2020. Matthew, a mechanical engineer, has been with PWR since 2000, and was one of PWR's original employees. Matthew has held the role of General Manager – Engineering for 15 years thus bringing considerable industry knowledge and experience to the role.

Of course, continued further growth comes down to our staff in Australia, the USA and Europe. They will continue to drive product innovation and customer focused solutions both of which are central to our strategy and our continued growth and success.

PWR now has over 300 team members globally and with continued growth, our ability to attract and retain top talent is another key pillar in our strategy.

Efficiency and productivity are central to our operations as we expand and continue to grow which will maintain and extend our competitive advantage in the market. We cannot become complacent and we will always challenge and question what and how we do things to ensure we stay at the forefront of both technology developments and customer requirements.

Centres of Excellence

As previously mentioned, we now have 2 manufacturing hubs able to service customers in every part of the globe.

A key aspect of our corporate strategy is having Centres of Excellence for the different aspects of our business including manufacturing operations, engineering, design, testing, research and development and corporate services. These will ensure appropriately located and resourced specialised teams collectively focus on delivering the best outcomes for the group.

Technology Developments

The continued introduction of advanced technologies into our manufacturing processes will ensure we remain at the forefront of manufacturing capability and complexity for both existing customers as well as potential new customers and industries.



We are continuing to invest in advanced manufacturing technologies and, as previously announced, we have taken possession of a 3D CT scanner, 2 x 3D aluminium printing machines, an extra 2 Variaxis CNC machines with robot loaded palletized system, an extra 2 Hass VF4 CNC machines and a state of the art vacuum brazing furnace, that in itself is significant. In the past 6 months all these machines have been installed and commissioned. In this financial year and beyond, this equipment will all be critical to the ongoing development of our advanced manufacturing capability.

Product Initiatives

Our new Micro Matrix and cold plate products have been extensively tested and have recently been commercialised. These new products provide compelling solutions to both new industries and existing customers, with initial sales and project commencement engaging customers in the motorsport, aerospace and military segments. These products will allow us to diversify our revenue streams and customer needs across the global advanced cooling technology market.

The year ahead

Our key focus is continuing our revenue diversification.

Emerging technologies

We have already commenced sales in new categories including military and aerospace, and over the next year we intend focusing on this with some strategic engagements and increasing our penetration of these new segments to ensure we build a robust and diverse revenue base with long term contractual prospects with new programs and customers. There are 3 product offerings comprising emerging technologies:

1. Micro-Matrix

The Micro-Matrix Lab is fully operational and has been designed for future growth of this new technology that is creating new opportunities in existing motorsport market applications, but more importantly opening up applications and projects in other high technology markets of aerospace and military where they share similar goals to Motorsport, targeting high thermal performance from space efficient packaging. Over the past 4 years Micro-Matrix has been a full-blown R&D Centre, with design evolutions and process development at all new levels even for PWR. The past 12 months we have been manufacturing these new products and building interest in this technology from a whole new customer base. The future looks very strong.

2. Cold Plates

During the past 12-months we have been heavily involved in R&D and production of electronic cooling plates. This liquid cooled cold plate technology has ever increasing opportunity in applications of communications, computing and energy storage where technology developments are producing ever increasing thermal loads that require new technology solutions.

These growing program opportunities for cooling electronics and battery cells are being generated in high end motorsport, military and aerospace, with PWR's combination of in-house CNC machining and brazing, and complimented by our increased value adding services, we continue to present to our customer base as a complete solution provider who is agile and adaptive to react to new product developments and carry these product developments into production programs.



Over the past 2 months we have been supplying surface cooling plates of this nature to a military customer in the USA.

3. Additive Manufacturing

PWR have high temperature SLA and Aluminium powder Additive Manufacturing machines now in house, and specific technical agreements to produce world leading Aluminium heat exchangers using disruptive additive methods.

PWR have partnered with Velo 3D to lead the way in the Additive Aluminium Heat Exchanger Market for Aerospace, Defense and Motorsport. Velo 3D are a disrupter in the market as their machines possess world leading benefits to enable support free structures to be produced, which significantly increases the design potential for complex heat exchange geometries to be produced. PWR and Velo 3D have collaborated to produce their first ever aluminum machine which is at our PWR Australian head-quarters at Ormeau.

Our commitment to Additive Manufacturing of heat exchangers is about adding yet another capability to PWR, which enables us to control and offer world's best solutions for thermal management. Our strength is the diversification of technology on offer, and to ensure that for each application, we can offer customers the most effective design to suit each system application to reinforce our position as a total solution provider.

PWR Outlook

I know everyone is interested to know how PWR is traveling the first half of this financial year.

I have to qualify what I am going to say by stating the obvious which is that we don't have a crystal ball and we are not in a position to predict how COVID will impact PWR's future performance. That said, based on our results to date, even with the cessation of JobKeeper from the end of September, we are optimistic that PWR's EBITDA for the first half will be broadly in line with the prior corresponding period.

WE HAVE THE REACTION REFLEXIBILITY

Thank you for joining us today and for your continued support of our business.

I hand you back to the Chairman to address the formal items of business.