WAGNERS

- CONSTRUCTION MATERIALS
- TRANSPORT SERVICES
- CEMENT, FLYASH & LIME
- PRECAST CONCRETE
- REINFORCING STEEL
- COMPOSITE FIBRE TECHNOLOGIES

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Certified System Quality ISO 9001 SAI GLOBAL

WAGNERS HOLDING COMPANY LIMITED
ACN 622 632 848

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25 August 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Wagners Holding Company Limited (WGN)
Investor Presentation for Year Ended 30 June 2020

Please find attached the Investor Presentation relating to the Company's full year results ending 30 June 2020, for immediate release to market.

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

For further information, please contact:

Karen Brown
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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FY20 INVESTOR PRESENTATION

AUGUST 2020



Newcastle Boardwalk NSW

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FY20 SUMMARY

Innovative, Integrated, International

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Toowoomba Concrete Batch Plant QLD



FY 2020 SUMMARY

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SALES $252.0m

Sales Growth of 5.1%

FY19 $239.8m

NGBM Sales growth 15.6%

CMS Sales growth 3.4%

Proforma EBIT $9m

FY19 $25.6

FINANCIAL PERFORMANCE

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Agitator Trucks Toowoomba QLD

WAGNERS

FY20 CONSOLIDATED PROFORMA RESULTS

($m)	FY20	FY19	Change
Total Revenue	**252.0**	**239.8**	**12.2**
Gross Profit	143.9	150.6	-6.7
Operating Costs			
- Employee expenses	48.1	50.0	1.9
- Repairs & maintenance	27.2	18.6	-8.6
- Travel & freight	8.1	10.0	1.9
- Rent and hire	10.8	7.6	-3.2
- Other	26.5	25.7	-0.8
EBITDA	**23.2**	**38.7**	**-15.5**
Depreciation and amortization	14.2	13.0	-1.2
EBIT	**9.0**	**25.7**	**-16.7**
Net Financing Costs	5.2	6.0	0.8
Tax Expense	-0.2	6.1	6.3
Net profit after tax	**4.0**	**13.6**	**-9.6**

COMMENTARY

- Revenue Increase of 5.1% due to increased transport, quarry, concrete and CFT sales partially offset by lower cement sales
- Gross Profit impacted by the lower margin work
- EBIT impacted by the lower margin work, the increased repairs and maintenance incurred across the quarry, transport and concrete businesses and the increased rent mainly in the concrete business
- Higher depreciation from transport and quarry capital expenditure

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FY20 PROFORMA SEGMENT RESULTS

CONSTRUCTION MATERIALS AND SERVICES

($m)	FY20	FY19	Change
Total Revenue	217.1	209.9	7.2
EBIT	18.0	30.1	-12.1

- **CMS**
  - Sales due to quarries, transport and concrete, partially offset by reduced cement volumes
  - EBIT impacted by the mix of work, and increased repairs and maintenance, establishment costs and increased costs and loss of utilization to ensure continued safe operations during the COVID 19 pandemic.

NEW GENERATION BUILDING MATERIALS

($m)	FY20	FY19	Change
Total Revenue	33.8	29.3	4.5
EBIT	2.2	1.8	0.4

- **NGBM**
  - Sales increase due to higher activity in the pedestrian infrastructure, domestically and internationally.
  - EBIT impacted by increased R&D and business development costs in both CFT and EFC.

- **OTHER**
- There is a change of -$4.9m in EBIT in the Other/Corporate section of the company compared to FY19. This due to:-
  - FY19 included higher sales of assets and recognition of contract assets mainly relating to sale and leaseback and contracts to fabricate, construct and install concrete batch plants.
  - Increased legal costs and insurance costs in FY20.

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PROFORMA CASHFLOW

($m)	FY20	FY19	Change
EBITDA	**23.2**	**38.7**	**-15.5**
Non-cash items	0.5	-1.2	1.7
Changes in working capital	-19.7	-2.1	-17.6
Changes in provisions	1.3	1.5	-0.2
Cash flow from operations	**5.3**	**36.8**	**-31.5**
Capital Expenditure	-32.6	-32.1	-0.5
Proceeds from sale of assets	0.9	6.2	-5.3
Net cash flow before financing and tax	**-26.3**	**10.9**	**-37.3**

- Cash flow from operations impacted by the reduced EBITDA and the increased working capital
- Capital expenditure mainly on growth capex.

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WORKING CAPITAL

($m)	FY20	FY19	Change
Trade and other receivables	55.6	42.7	12.9
Inventories	21.8	19.5	2.3
Trade and other payables	-33.6	-28.2	-5.4
Current tax assets/(liabilities)	3.0	-3.7	6.7
Net working capital	**46.8**	**30.2**	**16.5**

- Increase in working capital mainly due to timing of Trade and other receivables at 30 June 2020

NET DEBT

($m)	FY20	FY19	Change
Cash and cash equivalents	3.4	6.1	-2.7
Gross debt	86.5	96.4	-9.9
Net debt	**83.0**	**90.3**	**-7.3**

- Increased capital spend during the year
- Significant head room on term debt and equipment finance facilities

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FY20 SUMMARY

NEW GENERATION BUILDING MATERIALS

COMPOSITE FIBRE TECHNOLOGIES (CFT)

- Made in Queensland by Wagners inhouse designed and manufactured pultrusion machines
- Distributed globally
- Lightweight, non-corrosive, non-conductive fibreglass building materials;
  - Electrical cross arms and light poles
  - Pedestrian infrastructure
  - Road bridges

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Coogee Beach WA

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FY20 SUMMARY

NEW GENERATION BUILDING MATERIALS

CFT – AUSTRALIA AND NEW ZEALAND

- 13% increase in sales on FY19
- Over 350 projects delivered
- Expansion of Wellcamp facility
- New product development – round pole

Newcastle NSW

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FY20 SUMMARY

NEW GENERATION BUILDING MATERIALS

CFT – INTERNATIONAL

USA

- No growth with impact of Covid-19
- Pultrusion machine arrived in USA
- Pursuing opportunities with manufacture from Australia

UK / MIDDLE EAST

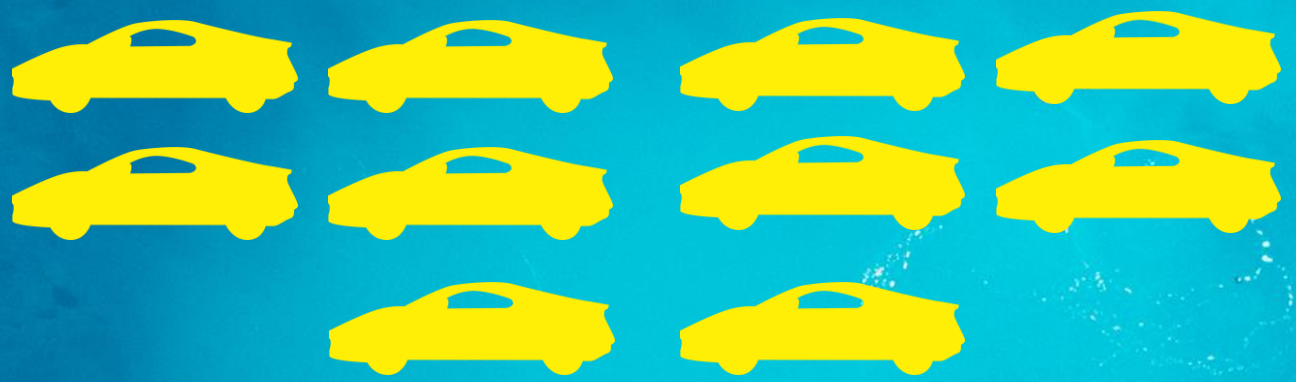
- Significant revenue contribution from projects completed in Cambridge and Abu Dhabi

Ocala Florida USA

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For a standard 4 bedroom house requiring 120M3 of concrete, EFC® will save 28t of carbon dioxide emissions, which is equivalent to taking 10 cars off the road for a year.





EARTH FRIENDLY CONCRETE by WAGNERS

FY20 SUMMARY

NEW GENERATION BUILDING MATERIALS

EFC® – AUSTRALIA

- 5 concrete plants in SEQ with EFC capabilities
- Continued Research and Development
- Additional specialist personnel

EARTH FRIENDLY CONCRETE by WAGNERS

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Qantas Academy Toowoomba QLD

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FY20 SUMMARY

NEW GENERATION BUILDING MATERIALS

EFC® – INTERNATIONAL

UK / EUROPE

- DIBt approval obtained promoting increased interest in EFC internationally
- Successful trials of EFC in UK and Germany
- Increased demand expected in FY21

INDIA

- BIS approval progressing
- 5,000m3 of EFC expected in India

EARTH FRIENDLY CONCRETE by WAGNERS

London UK



FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

CRUSHING OPERATIONS

- Delivering crushed rock products to local markets
- 7 quarry sites
- Shepton acquisition in 2020
- Quarry production increase of 26%

Shepton Quarry QLD

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FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

CRUSHING PROJECTS

- On site crushing and materials processing services
- Significant growth in FY20 from projects ranging from 15,000 to 1,000,000 tonnes
- Continued growth in FY21 with contracts secured

South Back Creek Quarry QLD

FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

CEMENT

- Cement grinding facility at Pinkenba – 1.3Mtpa capacity
- Significant reduction in sales in FY20
- Return to stable volumes in FY21 with decreased margins



Pinkenba Cement QLD

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FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

CONCRETE OPERATIONS

- 6 operational concrete plants – 2 additional sites secured
- Channel to market for Wagners other construction materials and services
- 100% increase in concrete volumes
- Increased demand expected in FY21 with commencement of infrastructure projects

Narangba Concrete Batch Plant QLD

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FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES



CONCRETE PROJECTS

- Mobile concrete operations in remote and regional locations
- Limited opportunities and no secured projects in FY20
- Increased activity expected in FY21 – wind farm and resource sector infrastructure projects

Coopers Gap Wind Farm QLD

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FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

PRECAST

- Products used in bridges, overpasses and tunnels
- Limited work in FY20 – secured $40million Cross River Rail project

Toowoomba Second Range Crossing QLD

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FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES



TRANSPORT PROJECTS

- Haulage services in resource sector
- 9 haulage projects undertaken across Queensland and Northern Territory in FY20
- Significant investment in road train combinations to service long term contracts
- Continued growth expected in FY21:
  - Haulage projects secured
  - Increased utilization of company owned haulage units

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Bootu Creek NT



FY20 SUMMARY

CONSTRUCTION MATERIALS AND SERVICES

MAJOR PROJECTS

- History of executing major projects
  - Concrete and quarry material supply to large LNG projects
  - Remote and challenging locations
- No contracts secured in FY 20
- Dedicated business development team

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Sakhalin, Russia

OUTLOOK



CFT Lightpoles Wellcamp QLD

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OUTLOOK

NEW GENERATION BUILDING MATERIALS - CFT



Abu Dhabi UAE

- Increased production capacity to deliver increased margins
- Revenue growth from pedestrian infrastructure and road bridge market
- International growth – focus on USA and Middle East
- Continued research and development
  - In house manufacturing capabilities
  - Product development

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OUTLOOK

NEW GENERATION BUILDING MATERIALS

- Increased sales in SEQ through concrete plant network
- International partnering arrangements delivering revenue
- Indian standards approval
- Continued research and development
  - In house manufacturing capabilities
  - Product improvements

EFC by WAGNERS

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OUTLOOK

CONSTRUCTION MATERIALS AND SERVICES



Tunnel Segments Legacy Way QLD

- Cross River Rail precast tunnel segments
- Increased Cement volumes
- Continued growth in concrete plant volumes
- Secured crushing projects revenue
- Secured bulk haulage revenue
- Increased infrastructure activity

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CONCLUSION

FY2020

- No dividend declared
- Significant capital investment since listing
- Commitment to growth strategy
  - Innovative – investment in R&D
  - Integrated – continued vertical integration
  - International – expansion of NGBM globally
- Impacts of Covid-19 remain uncertain

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One Millionth Crossarm

APPENDIX 1

FY20 CONSOLIDATED PROFORMA TO STATUTORY RESULTS RECONCILIATION

($000)	FY20	FY19
Statutory EBIT	**8,627**	**37,893**
Reversal of fair value on derivative instruments (gain)/loss	1,065	787
AASB 16 - Rental Payments	(5,513)	
AASB 16 - Right of Use Depreciation	4,821	
Proforma EBIT	**9,000**	**38,680**
Statutory NPAT	**47**	**12,779**
Reversal of fair value on derivative instruments (gain)/loss	1,065	787
AASB 16 - Rental Payments	(5,513)	
AASB 16 - Right of Use Depreciation	4,821	
AASB 16 - Finance Costs Lease Liabilities	3,636	
Net profit after tax	**4,056**	**13,566**

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APPENDIX 1 – CONT.

FY20 CONSOLIDATED PROFORMA TO STATUTORY RESULTS RECONCILIATION

($000)	FY20 Statutory	FY20 AASB 16 Adjustments	FY20 Statutory Pre AASB 16	FY19
Current Assets				
Cash and cash equivalents	3,436.0		3,436	6,101
Trade and other receivables	55,586		55,586	42,661
Inventories	21,755		21,755	19,515
Derivative instruments	216		216	368
Current tax assets	2,986		2,986	-
Other assets	573		573	479
Total Current Assets	**84,552**	**-**	**84,552**	**69,124**
Non-current Assets				
Other financial assets	7		7	7
Property, plant and equipment	143,702		143,702	123,520
Right-of-use assets	92,489	(92,489)	-	-
Intangible assets	2,521		2,521	2,638
Deferred tax assets	6,719		6,719	5,542
Total Non-current Assets	**245,438**	**(92,489)**	**152,949**	**131,707**
Total Assets	**329,990**	**(92,489)**	**237,501**	**200,831**
Current Liabilities				
Trade and other payables	33,575		33,575	28,242
Borrowings	18,715		18,715	14,673
Lease Liabilities	2,372	(2,372)	-	-
Derivative instruments	3,215		3,215	1,474
Current tax liabilities	-		-	3,714
Provisions	6,418		6,418	5,148
Total Current Liabilities	**64,295**	**(2,372)**	**61,923**	**53,251**
Non-current Liabilities				
Borrowings	67,759		67,759	81,749
Lease Liabilities	93,061	(93,061)	-	-
Derivative instruments	2,029		2,029	2,856
Provisions	439		439	370
Total Non-current Liabilities	**163,288**	**(93,061)**	**70,227**	**84,975**
Total Liabilities	**227,583**	**(95,433)**	**132,150**	**138,226**
Net Assets/(Liabilities)	**102,407**	**2,944**	**105,351**	**62,605**

SUMMARY

- The group adopted AASB 16 Leases on 1st July 2019
- Adoption has been applied prospectively, with no prior-year restatement of either Profit and Loss or Balance Sheet
- FY20 Balance Sheet Impact
  - Recognition of Right of Use Assets
  - Total asset increase: $92.5m
  - Total liabilities increase: $95.4m

APPENDIX 2

BORAL LITIGATION

- The Company commenced proceedings against Boral regarding a dispute over the interpretation of a pricing clause in the Cement Supply Agreement seeking declarations that a series of Pricing Notices issued by Boral were invalid and to the extent that any valid suspension of supply of cement had commenced following receipt of those notices, that those suspensions had ended. The Company issued ASX announcements regarding this dispute on 18 March 2019 and 23 April 2019.
- Judgment on the matter was delivered on 10 June 2020 which determined that the both the Pricing Notices issued by Boral on 1 March 2019 and 1 April 2019 were not valid, however that a period of suspension had commenced from 18 March 2019 and ended on 18 September 2019. Boral recommenced purchasing cement on 22 October 2019
- Both the Company and Boral have appealed the decision and the matter will be heard by the Court of Appeal on 22 October 2020.
- The Company remains confident in its position in relation to the matters the subject of the appeal and asserts that any suspension of cement products was either of no effect, due to the invalidity of the Pricing Notices issued, or ended earlier than the date determined by the Supreme Court of Queensland.
- Given there are so many possible outcomes, a potential positive result from the appeal cannot be quantified at this time.
- Regardless of the outcome of the appeal, the Cement Supply Agreement remains binding on the parties until 2031, requiring Boral to take a contracted volume of cement on an annual basis.

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