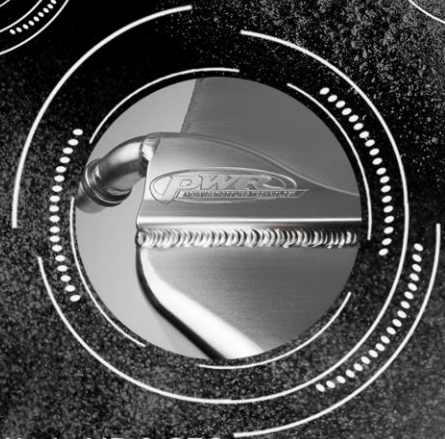
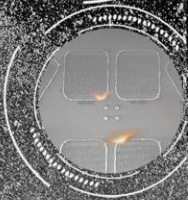
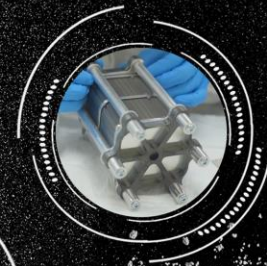
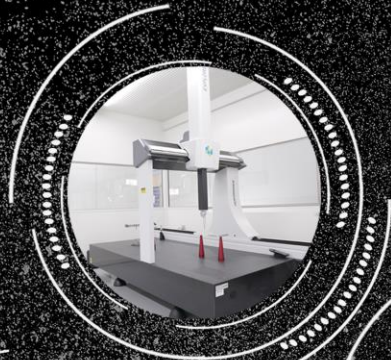
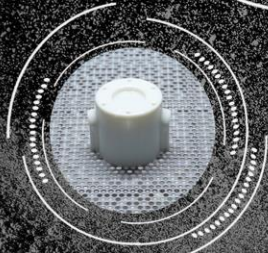




PWR HOLDINGS LTD

H1 2021 RESULTS

18 FEBRUARY 2021



Kees Weel - MD & CEO

Stuart Smith - CFO

Matthew Bryson - COO

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H1 FY21 RESULTS HIGHLIGHTS

	H1 FY21	H1 FY20		
Revenue	\$37.2m	\$29.8m	↑ 25%	Diversification & rescheduled race calendars.
EBITDA	\$ 12.2m	\$ 7.6m	↑ 60%	Increase in line with higher revenue with improved margins of 32.8% vs pcp of 25.6%.
NPAT	\$ 6.6m	\$ 3.5m	↑ 90%	
Operating cash flow	\$ 17.3m	\$ 5.5m	↑ 317%	AASB 16 impact included in both years. Prepaid contractual amounts in H1 FY21.
Cash on hand @31/12	\$ 16.8m	\$ 7.9m	↑ 213%	Decreased working capital & prepaid contractual amounts.
Interim dividend	2.8cps	1.9cps	↑ 47%	
Market capitalisation *	\$465 m	\$455 m		TSR reflected in share price & dividends paid.

* As at 18/2/2021 and 27/2/2020

H1 FY21 PERFORMANCE

H1 FY21 performance places us in a strong position for full year FY21

- Revenue \$37.2m up 25% on pcp. Growth across all primary categories with 51% of revenue growth coming from emerging technologies and OEM categories.
- Sales movement by currency to pcp - GBP sales up 5%, USD sales up 92% mainly from increased OEM sales and AUD sales up 16%.
- C&R revenue increase of 82% from organic growth in emerging technology and OEM sales.
- EBITDA margin of 32.8% improved from pcp (25.6%) as a result of higher volumes, efficiencies of scale and JobKeeper receipts. Rescheduling of Formula 1 and other race categories from the first half of the 2021 calendar year to the second half.
- NPAT of \$6.6m up 90% on pcp.

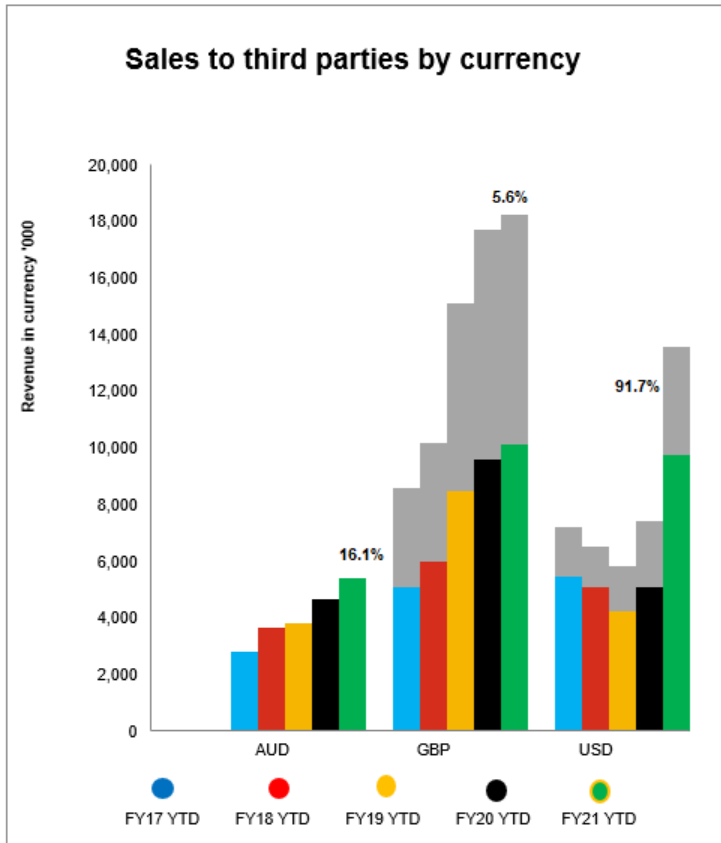
Increased dividend

- Fully franked interim dividend of 2.80 cents per share – an increase of 47% on pcp.

Cash flows

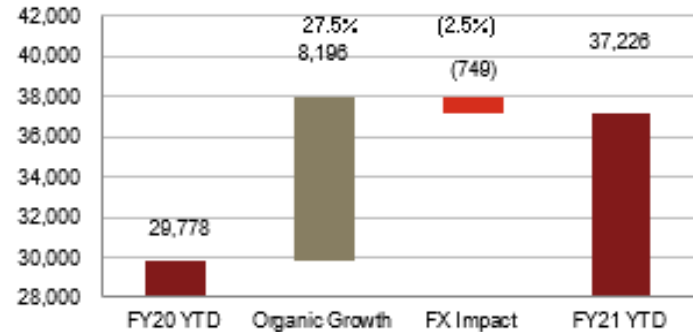
- 317% increase in operating cashflow compared to pcp. Due to improved cash conversion ratio, lower working capital and prepaid contractual commitments (some due to timing).
- Working capital invested decreased by 12% with revenue growth of 25%.
- EBITDA to cash conversion ratio of 122% for the period (pcp : 68%).
- Loans drawn down at 30 June 2020 (due to COVID 19 uncertainty) fully repaid during current period.
- Cash on hand at 31 Dec 2020 of \$16.8m (2019 : \$7.9m) with over \$22m of finance facilities available and unutilised.

REVENUE



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

Consolidated Revenue Bridge H1 FY20 to H1 FY21 AUD \$'000



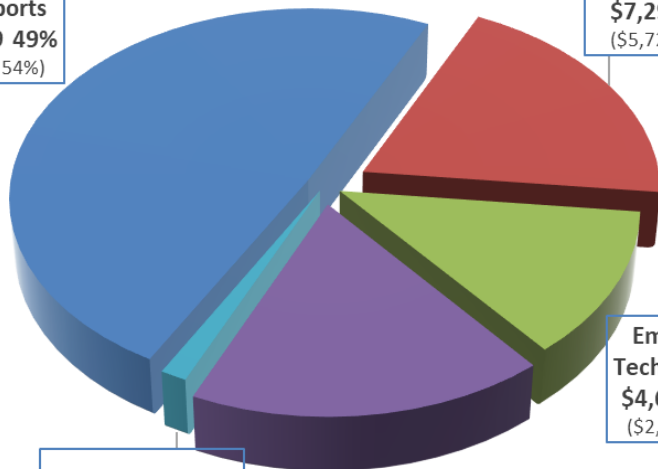
Commentary

- Overall revenue growth of 25% with all major categories contributing.
- Revenue diversification a key feature of growth profile (refer to next slide for more details).
- Forward sales orders and pipeline for H2 FY21 and CY21 encouraging.

REVENUE

FY21 SALES CATEGORY ANALYSIS (FY20 COMPARATIVES)

Motorsports
\$18,269 49%
(\$15,980 54%)



Automotive Aftermarket
\$7,292 20%
(\$5,729 19%)

Emerging Technologies
\$4,612 12%
(\$2,680 9%)

Industrial & Other
\$491 1%
(\$700 2%)

OEM
\$6,561 18%
(\$4,689 16%)

REVENUE CATEGORY MOVEMENTS

	HY21		HY20		Change
	(A'000)	%	(A'000)	%	
Motorsports	\$ 18,269	49%	\$ 15,980	54%	14%
Automotive Aftermarket	\$ 7,292	20%	\$ 5,729	19%	27%
Emerging Technologies	\$ 4,612	12%	\$ 2,680	9%	72%
OEM	\$ 6,561	18%	\$ 4,689	16%	40%
Industrial & Other	\$ 491	1%	\$ 700	2%	-30%
	\$ 37,226	100%	\$ 29,778	100%	25%

Commentary

- Motorsport still the major revenue source. Growth skewed to emerging technologies and OEM as part of diversification of revenue streams.
- 51% of revenue growth from OEM and emerging technologies.
- Some smoothing between H1 and H2 expected with revenue diversification – current period distorted due to COVID and rescheduling of racing calendars in CY20.
- Emerging technologies and OEM organic revenue growth anticipated to continue through remainder of FY21 and beyond.

FINANCIAL PERFORMANCE

A\$'000	H1 FY21	H1 FY20	Variance
Revenue	37,226	29,778	25.0% ↑
EBITDA ¹	12,213	7,628	60.1% ↑
EBITDA margin ¹	32.8%	25.6%	-
Profit before tax	9,184	4,843	89.6% ↑
Net profit after tax	6,576	3,456	90.3% ↑
Interim DPS	2.80	1.90	47.4% ↑

AUD vs GBP and USD movements – H1 FY21

Actual FX rates					
Currency	31/12/2020	31/12/2019	Ave H1 FY21	Ave H1 FY20	Change
GBP	0.5648	0.5338	0.5537	0.5438	1.8%
USD	0.7680	0.6983	0.7229	0.6847	5.6%

Commentary

- Revenue growth of 25% previously discussed.
- Change in sales mix with OEM and emerging technologies key drivers with improved underlying EBITDA margin of 32.8%.
- Hedged forward cover positions and exchange rate movements contributed a loss of \$0.2 million at 31/12/20 (\$0.3 million loss at 31/12/19).
- ~50% of GBP revenue hedged through to 31 March 2021.
- Exchange rate fluctuations will continue to impact results.
- Interim dividend of 2.8c per share - an increase of 47%.

¹ 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.

BALANCE SHEET

A\$000	31 Dec 20	31 Dec19
Assets		
Cash and cash equivalents	16,788	7,873
Trade and other receivables	6,646	5,331
Inventories	6,243	7,499
Plant & equipment	26,327	18,328
Right of use lease asset	8,769	9,819
Deferred tax asset	-	2,278
Intangible assets	14,888	14,243
Prepayments and other assets	3,103	1,929
Total Assets	82,764	67,300
Liabilities		
Trade and other payables	6,947	3,970
Asset finance	-	283
Contract liability	3,813	208
Current & deferred tax liabilities	903	326
Employee benefits and provisions	2,770	2,398
Right of use lease liabilities	9,166	9,972
Long term loans	3,541	3,747
Total Liabilities	27,140	20,696
Net Assets	55,624	46,604

Commentary

- Strong net cash position with continued focus on working capital utilization and management.
- FY 21 capex expansion program largely completed.
- Intangible assets unchanged apart from retrospective deferred tax adjustment:
 - PWR trademark \$8.3m
 - C&R trademark \$2.6m
 - Goodwill on C&R acquisition \$3.8m
- Long term debt of £2m unchanged effectively hedging £ receivables.
- Forward cover contracts hedging approximately 50% of GBP denominated revenue to 31 March 2021.



WORKING CAPITAL & CASH FLOW

A\$'000	H1 FY21	H1 FY20
Trade, other receivables & prepayments	9,749	7,260
Inventories	6,243	7,499
Trade & other payables	(11,484)	(6,756)
Net working capital	4,508	8,003
<i>Working capital (increase)/decrease from 1 July to 31 December for each reporting period</i>	2,588	(2,827)
Gross cash from operating activities (excluding working capital change)	13,955	7,410
Net cash from operating activities	16,543	5,464
Tax & interest paid	(3,026)	(2,612)
Capital expenditure	(8,274)	(4,378)
Free Cash Flow	5,243	(2,653)
Dividends Paid	(4,007)	(9,900)
Loan funding/(repayment)	(5,044)	-
Other	(210)	21
Net cash movement	(4,018)	(12,346)

Commentary

- Net operating cashflow up 317% from prior comparative period.
- Continued focus on working capital management with working capital invested down 32% from pcp with revenue up 25% compared to pcp.
- Gross cash from operating activities up 188%. Working capital investment down 32%. Net result is EBITDA to operating cash generated ratio of 142% (H1 FY19: 71%). Excluding working capital release, EBITDA to cash generated ratio is 114%.
- Overall net cash position with capital expenditure paid for from cash generated by operating activities.

BUSINESS OUTLOOK - OVERVIEW

H2 FY21 and FY22 on track for continued growth & strategic diversification

- **Capital expenditure** program from prior years completed in current half places us in good position for anticipated growth and productivity benefits.
- **Efficiency and quality** improvements ongoing in conjunction with capital program and specific asset purchases.
- **OEM** programs ramping up as previously outlined. This will continue to impact the category composition and sales mix.
- **USD** operations hedged naturally through C&R. Portion of debt from C&R to PWR converted to equity. Benefits in current period as AUD/USD dropped over 5% and minimal impact on P&L.
- **GBP** partial hedging to March 2021 with some residual exposure to AUD/GBP rates.
- **Potential** impact of coronavirus across the business continues to be monitored.
- **PWR brand** to be rolled out globally complementing C&R in the USA.
- **Online store** to be operational in H2 FY21 supported by a digital marketing and brand awareness campaign to develop PWR's global performance automotive aftermarket penetration. Online store platforms to be developed in the USA and Europe for launch in FY22.
- **Emerging technology** category showing strong potential growth in FY21 and beyond as products and manufacturing capability showcased. Refer next slide.

BUSINESS OUTLOOK – EMERGING TECHNOLOGIES

Key to strategic diversification

- **Defence & Aerospace (capitalising on AS9100 accreditation)**
 - **Cold plates**
 - Ruggedised vacuum brazed cold plates for use in radar systems, avionics, power electronics & energy storage systems.
 - **Micro matrix**
 - For use on platforms with cost per unit mass trade offs and high thermal requirements, such as unmanned aerial vehicles (UAV), electric vertical take-off and landing (EVTOL), aircraft pre coolers and motor generator unit (MGU) cooling.
 - **Hydrogen fuel cell heat exchangers**
 - Light weight thermal management systems for use on air, land and sea platforms.
 - **Bar and plate applications**
 - Complete system design, manufacture and testing for bar and plate heat exchangers suitable for a range of applications for aircraft, maritime and heavy land vehicles.
- **Battery and hybrid system cooling**
 - Bespoke cooling solutions for battery storage, electronics, motors, energy recovery systems.

BUSINESS OUTLOOK – EMERGING TECHNOLOGIES

Key to strategic diversification (cont'd)

- **Additive manufacturing applications**

- Manufacturing of structural components, rotating parts and cooling assemblies from ceramic filled resin or F357 Aluminium, to service the motorsport, aerospace and emerging technologies markets.

- **Computational Fluid Dynamics (CFD), simulation and modelling services**

- PWR offer flow simulation services and mathematical modelling to develop complete cooling system architecture, assisting our customers in overall system design, performance and efficiency.

- **Super alloy brazing capabilities**

- Capitalising on our recent vacuum brazing furnace investment to develop solutions for high temperature heat exchangers in emerging markets, such as hydrogen fuel cell systems.

Thank You

