TRANSCRIPTION

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Operator: Thank you for standing by, and welcome to the PWR Limited FY26 Results Call. All participants are in a listen-only mode. There will be a presentation, followed by a question-and-answer session. If you wish to ask a question via the phone, you will need to press the star key followed by the number one on your telephone keypad. And if you wish to ask a question via the webcast, please enter it into the Ask a Question box and click Submit.

I would now like to hand the conference over to Sharyn Williams, CEO and Managing Director. Please go ahead.

Sharyn Williams: Good morning. I'm Sharyn Williams, CEO and Managing Director of PWR Holdings Limited, and I'm joined by Robert Shore, Chief Financial Officer, who joined us in April. Today, we present PWR's full year results for the financial year 2026.

Before we begin, I'd like to acknowledge the executive team for their leadership through a year of significant change. Our Founder and Managing Director, Kees Weel, moved into the Chair role; and Matthew Bryson stepped in as the acting CEO while that transition happened. My thanks to Matthew, in particular. The continuity of leadership supported the result that we are presenting today. I'll cover the group highlights and market segments. Rob will take you through the financials, and I'll close on strategy and outlook.

Turning to Slide 4. FY26 was a year of strong execution. We delivered on our strategic priorities and the momentum in the business is now delivering operating leverage. The group delivered record revenue of 171 million, up 31%, driven by significant growth in our 2 largest strategic growth markets, Motorsports and A&D. Importantly, that revenue growth translated into a materially stronger earnings outcome.

Statutory NPAT increased 83% to 17.9 million and NPAT margin improved to 10.5%. At the FY25 result, we said we expected modest NPAT margin improvement in FY26. We have delivered 3 percentage points. At the same time, we absorbed the cost of the new facility, increased research and development spend and added capability and capacity. This demonstrates early benefits of operating leverage as the investments we have made begin to scale.

The first quarter saw constrained output as we commissioned new manufacturing assets and settled into our new location. We then gained momentum to finish the year with record revenue, a considerable achievement by our teams and a clear demonstration of what the new capacity and capability can do together.

Consistently strong cash conversion is a defining characteristic of this business, funding deleveraging. This discipline provides flexibility to invest in growth and deliver returns to shareholders with the full year franked dividends of $0.08, double the prior year. Operationally, the Stapylton transition is complete, and it delivered record Australian revenue of approximately $106 million, which was not achievable at the former site.

Pleasingly, there is a strong momentum in the forward order book. We entered FY27 with a record order book of more than 82 million, half of this within A&D, which gives us confidence in the medium-term growth pathway for that segment.

With our current revenues less than 0.1 share of a large and growing market, we believe there is substantial growth runway, particularly in the U.S. and European markets. We've previously flagged capital allocation towards the European A&D opportunity to help deliver that medium-term growth. We have now taken that step with a measured phased investment in a fourth manufacturing location in Poland. It sits within our existing capex forecast and margin expansion profile, and I'll come back to it on Slide 20.

After an exceptional year, Motorsports has reset to a higher baseline. OEM is returning to growth and aftermarket has been repositioned towards higher-value SKUs. I will take each of those in turn over the next 3 slides.

Turning to Slide 5, which outlines our value-creating strategy against the tangible progress we delivered in FY26. Key progress includes increasing our investment in R&D by 17% above the prior year, A&D scaling, relocation of our headquarters, accreditations, progress on sustainability and investment in our people. The latter is of great importance as labour markets remain tight and access to skilled trades constrained across all 3 locations.

Turning now to Slide 6 in Motorsports. The year was a record for the segment with revenue increasing 45% to 102 million, representing approximately 60% of group revenue. More important than the record itself is that the business is now operating at a structurally higher baseline.

Firstly, the investments made over recent years are translating into revenue. The completion of our new controlled manufacturing environments, expansion of MMX and energy store cooling capability and targeted investment in Europe have allowed us to convert demand into revenue more effectively than in previous cycles. And that capacity met genuine demand. We are seeing increased adoption of PWR's differentiated core constructions across motorsport categories, driven by the packaging and aerodynamic advantages they deliver for our customers.

Secondly, the 2026 Formula 1 electrification and chassis changes created a significant opportunity as teams and power unit manufacturers continue to optimise performance under the new rules. Thirdly, our technology continues to extend beyond Formula 1 into other racing categories, and I'll come back to that later in the presentation.

We're also seeing increasing demand for technical services as customers engage PWR much earlier in their development cycle, leveraging our CFD capability, simulation, testing, cleanliness validation and durability expertise. Strategically, Motorsports remains critically important. It's our largest business today and our innovation engine where new technologies are developed.

Turning to Slide 7 and A&D. A&D delivered another record year with revenue increasing 31% to 35 million and now representing approximately 21% of group revenue. Importantly, we have opportunities across multiple programs and customers. We are starting FY27 with our strongest ever order book and multiple selection of tenders for multiyear defense contracts. I'll come to the order metrics on Slide 23, but the foundations for a strong year ahead were built this year.

FY26 was also a year in which new capability opened up a broader set of programs. Historically, PWR's expertise has been strongest in aluminum-based thermal management solutions. During FY26, we expanded our capabilities into higher temperature materials, including Inconel, stainless steel and nickel. That is strategically important because high-temperature heat exchangers represent around 30% of the global heat exchanger market, a portion we previously could not address. It positions us for high temperature, high-pressure applications such as aerospace turbine engine cooling.

We also continued extending our proprietary MMX platform into new applications through the Moon to Mars development program, which completed during the year. This demonstrated that technologies originally developed for elite motorsport environments can be adapted for extreme aerospace applications. While still early stage, it highlights the broader applicability of our thermal management technologies across a growing range of high-performance markets.

On accreditation, these are not simply compliance milestones. They are prerequisites to participate in larger defense and aerospace programs. PWR North America is now officially CMMC 2.0 accredited, which reflects cyber maturity and drives increased business opportunities within U.S. government defense supply chains. This combines with our Nadcap heat treatment and chemical processing in U.S. and AS9100 and Nadcap in Australia. We were also proud to receive the Supplier Excellence Award from Northrop Grumman. Independent validation from a customer of that scale carries weight in this market.

Turning now to OEM and aftermarket on Slide 8. Combined, these businesses contributed approximately 30 million of revenue during FY26, 18% of group revenue. Both segments remain strategically important and a source of diversification. Starting with OEM, FY26 revenue was 14.6 million, and the FY27 growth outlook is positive. OEM is inherently program-driven and individual years are influenced by launches, product timing and customer development cycles.

We continue to be highly selective and have been nominated on new customer platforms, and 2 of those underpin the improving FY27 outlook. The Ford

Mustang S650 is now in production, and we have signed a new 8-year hypercar program expected to begin contributing from late FY27 or early FY28.

Turning to aftermarket. Revenue was broadly stable at 16 million despite deliberate actions taken during the year to rationalise the catalogue toward higher-volume vehicle opportunities and focus on high-performance direct fit kits. More broadly, we reshaped the strategic direction toward brand awareness, product performance and manufacturability, freeing bespoke manufacturing capacity for higher-margin opportunities elsewhere in the Group.

To summarise, OEM is rebuilding towards growth on new programs and aftermarket has traded revenue for margin quality and operational efficiency over short-term growth.

I will now hand over to Rob to run through the financial performance in greater detail.

Robert Shore: Thanks, Sharyn. I'll walk through the key elements of our financial performance, starting on Slide 10. The headline captures the results, strong volume and earnings momentum, continued funding for the investments that keep us ahead of the growth opportunity. Revenue of 170.7 million was up 31.2%, driven by higher volumes across Motorsports and A&D.

Raw materials increased in line with revenue and greater purchases of third-party components for the U.S. government program. We did see some increase in costs associated with both U.S. tariffs and the inflationary impact on our raw material costs, including fuel surcharges. We actively manage this through increasing production in our U.S. facility and our pricing strategies.

Employee expenses increased 19.6% against revenue growth of 31.2%, which reflects operating leverage on that higher headcount to support greater throughput and also includes an increase in incentive provisions. Average headcount increased by circa 12%, reflecting the additional capacity and technical sales capability that the Formula 1 regulation changes and A&D program growth required.

Labour availability across some skill sets remains tight alongside wage inflation, which was approximately 4% globally. Occupancy expenses in the year included higher outgoing costs for the new larger facility and make good costs on our old Queensland facility, our prior Queensland facility, which was fully exited during FY26.

That brings us to EBITDA of 40.7 million and a margin of 23.8%, which was up 4.2 percentage points. This result includes $800,000 pre-tax of one-off factory costs relating to generator power with the relocation. Below EBITDA, we carried the higher depreciation on right-of-use assets, leasehold improvements and equipment as well as the finance charges on the debt that funded the new facility.

NPAT for the year was 17.9 million, which was up 83.2% with the NPAT margin improving 3 percentage points to 10.5%. Return on equity improved 7.1 percentage points to 16.8% as we leveraged the higher capacity to deliver a strong first year of our multiyear NPAT margin improvement strategy.

As Sharyn outlined, a final fully franked dividend of $0.05 per share has been declared and is payable in September 2026, which brings the full year dividend to $0.08. At around 45%, this is consistent with our proportional payout guide of between 40% and 60% of net profit after tax.

Slide 11 breaks down revenue by market sector. Sharyn has taken you through the drivers, so I'll just cover the numbers and the phasing. Motorsports is the largest contributor to the bridge, up 45.4% on the prior year, and the drivers are as Sharyn described.

The point I'd add is that the F1 regulatory change lifted content per car, and that will continue into FY27. In February, we guided to a strong, but moderating second half growth. And in the second half, Motorsports came in stronger than expected with additional development activity following early season testing and racing.

In A&D, we guided to a broadly even split, and that's what we delivered. The major U.S. government program shipments were weighted to the first half of FY26 with the second half growth driven from wider A&D opportunities, including the maintenance repair and overhaul opportunities.

FY27 shipments have already commenced in July 2026 for the follow-on U.S. government order. And so we expect that order to be weighted to the first half of FY27 as well. Also within A&D, the MRO revenue grew 356% off a low base.

While small in absolute terms, it's significant in terms of the repeatable revenue we expect from this opportunity over time.

Our A&D business predominantly bills in USD and saw a headwind through the year with revenue up approximately 35.6% in constant currency against the 30.8% reported. The A&D order book finished the year at $40 million for delivery in FY27, and that supports our expectation that the FY26 revenue growth trajectory will continue through FY27.

In OEM, we saw a slightly softer second half, reflecting completion of major programs and the timing of commencement on 2 newly secured programs. And in aftermarket, we guided to muted revenue while we reshaped the sales mix and focused on higher volume and higher value SKU opportunities. We expanded the aftermarket e-commerce platform into the U.K., which supports continued growth in online sales.

Moving to Slide 12. We provide more detail around currency, given 86% of revenue is billed in foreign currency, predominantly sterling at 50%, U.S. dollars at 32% and euro at 4%. Our absolute exposure has grown as revenue has scaled.

Our U.S. and U.K. manufacturing provides an offset where revenue and costs sit in the same currency. The growth in offshore revenue manufactured or partially manufactured in Australia carries Australian dollar costs against foreign currency revenue, and so the natural hedges do not cover the full exposure.

We have hedging in place for GBP17.3 million and USD5 million to partially manage this residual exposure in FY27. In FY27, the unhedged FX impact was a $3.4 million revenue headwind.

So revenue grew 34% in constant currency against 31% reported, predominantly due to worsening U.S. dollar rates, which was particularly impactful to our A&D segment, which saw an unhedged headwind there of approximately $1.5 million. We expect currency to remain a headwind in FY27 and subject to significant volatility, which our foreign operations and our hedging policy aims to mitigate.

Looking now at the balance sheet on Slide 13. We have a strong balance sheet with minimal net debt of $5.6 million following rapid deleveraging in the second half. Our gross debt reached the second quarter peak of around $28 million and was reduced to $12.8 million at the year-end. Gearing is 4.7%, and we had unused borrowing capacity of around $30 million at 30 June, which provides plenty of flexibility to execute our growth strategy.

Receivables remain carefully managed, 97% of debtors are within terms and inventory increased with higher volumes and a strategic decision to hold greater raw materials given global supply chain uncertainties. PP&E reflects the investment in global capacity and capability and is in line with our expectations.

Slide 14 shows working capital was flat despite 31% revenue growth and operating cash conversion on EBITDA was strong at 104.9% for the year. Pleasingly, free cash flow returned to positive $10.6 million, which is a $25.6 million turnaround on FY25 as capex normalised following completion of the Australian factory relocation.

Moving to Slide 15 and looking at capex in more detail. Total Group capex was a net $22.7 million against a peak of $40.6 million in the prior year. Looking at the split of capex, the majority of that spend was growth related with $7.6 million to complete the Stapylton upgrade.

The $14.7 million was further growth capex, particularly to expand A&D capabilities into new materials and technology alongside more general capex to expand capacity. Only $400,000 was replacement and stay-in-business capex.

FY27 capex is expected to normalise to approximately $14 million to $16 million, including investment in offshore facilities and our initial investment on the new Poland facility. The lower table sets out the Australian relocation and the step change in lease expenses.

Whilst the relocation cost is a one-off, the right-of-use depreciation and occupancy expenses are ongoing from FY26. And naturally, net debt costs will be expected to fall in FY27 as the drawn portion of our debt facility is repaid.

On Slide 16, we set out how we apply a disciplined approach to capital allocation, which balances investment with shareholder returns. The hierarchy runs from protecting the business through high-return growth opportunities, innovation and research and development expenditure, maintaining a conservative balance sheet and then returning surplus capital.

Organic investment remains our preferred use of capital, deployed where expected returns exceed our internal hurdle rates and our dividend policy of 40% to 60% NPAT sits within that framework.

Sharyn will now talk through the strategy and the outlook for the group.

Sharyn Williams: Thanks, Rob. The next several slides go deeper into our 2 growth platforms as the shape of both businesses has changed materially. And for this year, we thought it worth setting them out in more detail as a one-off.

Slide 18 sets out where PWR plays and why we are well-positioned to win in those markets. PWR is not trying to compete across every part of the thermal management market. We are deliberately selective as the matrix on this slide sets out. It maps 2 axes: standardised and commodity work on the left through to engineering, design and complexity on the right and low to mid-volume through to high volume vertically.

We sit deliberately in the engineering-led space and the applications we focus on are outlined on the bottom left-hand side of the slide. The common thread across all of these markets is complexity and often low to mid production volumes. That combination is where PWR is at its best.

The right-hand side of the slide summarises why we win. First, we have a vertically integrated global manufacturing model. Second, we are technology agnostic. Third, we maintain a structural lead time advantage with lead times approximately 50% of industry norms. And fourth, the quality systems and accreditations required to participate in more demanding A&D programs.

Slide 19 is our footprint. PWR has evolved into a global, vertically integrated engineering and manufacturing business. We have a strong position in North America and an established footprint in Europe through the U.K., but we see a large opportunity emerging across Continental Europe. As A&D becomes a larger part of the group, geographic proximity to customers and defense ecosystems becomes increasingly important.

That brings us to Slide 20, where I'll outline why Poland represents the next logical step in PWR's existing strategy, not a change in direction. We have spent the last several years building capability and reputation in A&D. The next progression is stabilising a presence closer to what we see as a significant long-term opportunity in Europe, one of the world's largest A&D markets.

Poland is an attractive entry point. It sits within one of Europe's most concentrated aerospace manufacturing regions, offers access to a highly skilled workforce and benefits from a supportive industrial and government environment focused on A&D capability.

This is a phased investment with the FY27 capital commitment of approximately 4 million, largely for machinery. This is within our previously communicated capex envelopes. Over the 4-year investment horizon, total capex is expected to be approximately 16 million, scaled in line with opportunity and demand. The medium-term opportunity is significant, and the near-term earnings impact has been factored into our margin expansion plan.

Strategically, it brings us closer to A&D opportunities, lets us in-source components to improve lead time and margins, is within the EU, provides access to skilled tradespeople and high productivity and streamline supply chain logistics across the group. It is at an early stage. The PWR Poland entity is established. We've joined Aviation Valley, along with the likes of Collins Aerospace, GE Aerospace, Boeing and EME Aero. Lease terms are in final negotiations, and we expect initial operations to commence during FY27.

Slides 21 to 26 go deeper on the 2 growth platforms of A&D and Motorsports. Turning to Slide 21, which outlines why we continue to be excited about the A&D opportunity. The global A&D thermal management systems is a very large and growing market at around USD24 billion and growing at approximately 7.5% a year to 2030. Our share of that is around 10 basis points. Since entering the sector, A&D revenue has grown at approximately 50% CAGR while building the foundations required to participate in larger and more complex programs.

What gives us confidence is that the platform is now increasingly validated by customers and the middle column sets that out. The clearest example is that we successfully delivered the initial U.S. government order and secured a follow-on order of approximately USD9.1 million, which has since increased to approximately USD11.9 million. The demand drivers behind this are structural rather than cyclical as outlined on the top right of the slide.

Overlaying that is a geopolitical environment where defense spending continues to increase globally. The U.S., Europe and NATO members are all committing additional resources to defense modernisation and capability development, creating a supportive backdrop for suppliers participating in these supply chains. With a very small share of the global market currently, the runway ahead of us is significant.

Slide 22 shows why we are winning share and the increasing breadth behind that growth. Slide 23 outlines the momentum built across three end markets. Historically, A&D was read as a defense story. Today, we are building momentum across three complementary end markets: defense, commercial aerospace and MRO, and the revenue base is materially broader for it. Across all three, this momentum shows up in two numbers we are disclosing for the first time.

We finished the year with a confirmed order book of approximately $40 million and a book-to-bill ratio of 144%. That is orders taken during FY26 of 50.7 million against revenue recognised of 35.2 million, and that is what gives us visibility into FY27. The order book number will move between periods with order timing. Approximately AUD17 million of the total A&D AUD40 million order book for shipment in FY27 is the U.S. government follow-on order. This order is weighted to the first half of FY27. So it is visibility on revenue we have already flagged rather than revenue in addition.

Defense remains the largest contributor, and it is underpinned by accreditations that limit competitor access, growing customer diversification and the breadth of our approved supplier relationships, which now span all Tier 1 defense primes. The pipeline is both deepening and broadening. Multiyear contracts dominate our key opportunities and prior year customer qualification work is now converting into revenue opportunities. Our scope is also extending from component supply into higher-level assembly, subsystem and system-level supply alongside engineering, simulation and design services.

Commercial aerospace is a smaller near-term contributor, but also a structural growth driver. We remain engaged with most major eVTOL and hybrid VTOL programs and are well positioned regardless of which commercialised first. While revenue contribution remains relatively modest today, the regulatory backdrop is supportive, and we expect the volume production ramp over FY27 to FY28.

On the traditional commercial side, qualification cycles are long and set by aircraft development time frames, but we are already embedded in that supply chain through Tier 1 demand. MRO is the newest of the three and is strategically attractive because it creates a potential for recurring and catalogue-based revenue streams once parts are qualified. Around 12 part numbers are now in production, up from around two in the prior year.

Once a part is qualified for one customer, it is repeatable across every global operator of that airframe, which is how our catalogue builds. We are deliberately mid-volume and margin-led. Lots of roughly 100 to 300 units and focused early on parts with lower regulatory burden and shorter qualification.

Slide 24 sets out the opportunity pipeline that underpins our confidence in the future growth outlook for A&D. This replaces the pipeline table we have shown historically. That format served the business when it was smaller, but A&D has outgrown it. It no longer reflected either the scale or the character of what we are now pursuing.

What you see here is built around how these programs convert. The opportunity maturity diagram on the left reflects that process from early discussions through quote and proposal to best and final offer and then to our secured orders in hand of approximately $40 million at the top.

Two characteristics shape that. First, conversion takes time, typically 18 months to 3 years from early engagement to revenue, sometimes longer through qualification, testing and procurement. Success in this market is not about winning contracts today, but by consistently building and progressing a pipeline over multiple years.

Second, on program duration, once we're qualified and incorporated into a platform, products often remain in service for extended periods unless redesigns or end of program events occur. Around 95% of our programs are multiyear in nature, but are subject to annual purchase orders. A program is only captured in our order book once we have a confirmed purchase order.

The table lists our top five opportunities, and these are deliberately not early-stage discussions. Every one of them is at quote, proposal or best and final offer stage with three at best and final offer. Together, they represent more than $70 million of new revenue over their expected program lives.

What is particularly encouraging is the diversity of that pipeline. The opportunities span multiple regions, multiple end markets and multiple product categories. Conversion timing will naturally vary from program-to-program, but the pipeline continues to broaden and deepen and underpins our confidence in the growth outlook.

As with A&D, Slide 25 outlines where PWR competes within motorsports and the capabilities behind it. The message here is growing diversification on 2 fronts. While Formula 1 remains our largest category, today's motorsports business is considerably broader than a decade ago.

The common challenge across all of these racing categories is thermal management, and our offering extends well beyond radiators and inner coolers. Three of the four advantages in the wheel are familiar. However, the fourth, data-driven optimisation is specific to this segment and moves us from supplying a component to shaping how the car performs and it is a materially harder position for a competitor to displace.

Turning to Slide 26. One of the questions we're often asked is whether FY26 represents a peak year for Motorsports revenue. Our view is that the business is now operating from a higher structural baseline as the fundamental redesign of both the power unit and vehicle architecture in F1 and to an extent, in other Motorsports programs has increased cooling complexity and thermal management requirements. That complexity has increased the engineering content per vehicle.

The time line along the bottom shows why that baseline persists. Homologation runs through FY27 and historically, the most intensive development happens after cars begin racing as teams iterate. In 2028, the regulations rebalance the contribution between internal combustion and electrical energy. That reopens energy storage design, while the internal combustion engine and chassis stay broadly unchanged. Further re-homologation beyond 2030 is not yet defined.

Alongside that, the grid is growing. The thesis is also broader than Formula 1. The transfer of MMX, battery cell cooler and additive manufacturing into adjacent categories provides a second steadier source of growth.

Turning now to Slide 27 and our outlook. Before the individual markets, a word on how we are thinking about the group. The investments over the last several years are now demonstrating the operating leverage expected when those decisions were made. FY26 gave us the evidence of that. Where we saw it most clearly was through the higher volume months, which is what gives us confidence in the trajectory rather than in any single year's outcome.

I'll take FY27 outlook by segment and then the medium-term margin pathway. Starting with Motorsports. Following 45% growth to record revenue in FY26, we expect Motorsports to maintain that higher baseline in FY27 based on the current pipeline. In A&D, we expect the FY26 revenue growth trajectory of around 30% to continue into FY27.

The order book of approximately 40 million gives us strong opening revenue visibility with the timing of individual orders subject to customer delivery schedules. As Rob noted, the timing of U.S. government orders is weighted to the first half.

For OEM, we expect around 20% revenue growth in FY27, supported by programs entering production with the precise growth rate dependent on customer production timing. The Ford Mustang S650 is in production and the new hypercar program is expected to contribute from late FY27 or early FY28. Within aftermarket, the SKU mix shift continues, and we expect modest growth in FY27. At group level, FY27 revenue growth is expected to be largely driven by A&D.

On Poland, this is a phased investment in European A&D capability. FY27 investment and start-up costs are expected to reduce statutory NPAT by less than 1 million, and our FY27 margin outlook already includes that impact. Inclusive of Poland, the margin improvement journey is expected to result in an improvement in statutory NPAT margin of circa 2 percentage points in FY27.

The chart on the right sets out how we think about the pathway beyond that, a recovery towards the FY24 reference margin of 17.8% over FY28 to FY30. I'd emphasise that the range in the intermediate years on that chart are illustrative, but the drivers are clear. The circa 800,000 of one-off factory relocation costs incurred in FY26 do not reoccur.

Improved volume leverage through higher utilisation outside the peak motorsports season, production efficiencies from facility stabilisation, increased automation and the use of AI, favourable mix shift towards higher volume A&D and OEM programs and towards services and manufacturing savings from component in-sourcing and the commencement of lower-cost Polish operations in FY27.

So while there is still work to do, we believe we are moving from a period dominated by investment toward a period increasingly characterised by operating leverage, productivity gains and scalable growth.

That concludes our presentation of the FY26 results, and I'll now hand back to the operator for questions.

Operator: Thank you. If you wish to ask a question via the phones, please press star one and wait for your name to be announced. If you wish to ask a question via the webcast, please enter it into the Ask a Question box and hit Submit.

Your first question comes from Alex Lu from Morgans Financial. Please go ahead.

Alex Lu: Good morning, Sharyn. Good morning, Rob. Just have a few questions on Poland, please. Just regarding that facility, is that mainly targeted at European aerospace and defense or will you be doing some OEM and aftermarket work out of there as well?

Sharyn Williams: Mainly targeted on that opportunity for Europe aerospace and defense, Alex?

Alex Lu: Okay. Thanks, Sharyn. And then just in terms of how that complements the current U.K. facility, Sharyn, does that mean you're going to start to look more seriously or target more opportunities in European aerospace and defense opportunities in FY27?

Sharyn Williams: Yes, that's right. We started dipping our toe in the water in FY26 when we put some resource into the U.K. to start discussions with potential customers there. Andy has also been doing some good work with U.S. customers that also have some physical presence in the EU. But we have found that you really need a ticket to play to be in that space. So being located in the EU certainly gives us access to more opportunity.

We did have a look at our U.K. footprint in terms of whether that could be serviced out of U.K. And the reality is the team in U.K. have done a great job in terms of utilising that location. So we actually didn't have the floor space there to take up that opportunity. So when we had a look at where we would go, Poland was certainly the standout in terms of location.

Alex Lu: Okay. And just you mentioned location there, Sharyn. I presume you've done a lot of work on Poland. Just presume you're comfortable with having a facility there given its proximity to Ukraine?

Sharyn Williams: Yes. We did certainly take that into account when we looked at our due diligence and when we looked at things even currently their travel rating being signed to travel, we were comfortable when we went over there as well and had a look around. Certainly, with any location, there will be site-specific risks. And with the location over there, we just need to make sure there are contingencies, et cetera, if any of those risks realise.

But there are a number of other companies there. If you have a look at Aviation Valley, if we put the link in the presentation, a fabulous opportunity to be around the likes of some of those big players, etcetera. We're certainly comfortable with that location. So really good opportunity to not only be in that area for opportunity to customers, the labour access has been really impressive, the capability, access to skilled trades. That's exceeded our expectations even in this initial period.

Alex Lu: Okay. Thanks a lot, Sharyn.

Operator: Thank you. Your next question comes from Elijah Mayr from Goldman Sachs. Please go ahead.

Elijah Mayr: Good morning, Sharyn and Rob. Congrats on the results. Good to see some momentum back in the business. Firstly, just on the A&D side, thanks for giving a bit more disclosure. With the order books for the group and for A&D, actually, can you give us some comparable numbers for 12 months ago?

Sharyn Williams: 12 months ago, you're probably looking at a number in the 20s. We're pretty happy with the momentum we've got there in the order book. It's a really solid result, not only for this current year, given the headwind we had there in FX. So the 30% growth after that headwind was, in our view, an excellent result. We're really proud of that and what Andy and the team achieved. But to come into this year with an order book with a 4 in front of it from where we were last year, an outstanding result for the team.

Elijah Mayr: Awesome. And then just on Motorsports, second half is probably a bit stronger than expected. Was any of that driven by the Formula 1 changes to the engine post the 2026 regulatory changes that were kind of announced over the last few months? And will those changes have any positive impact into FY27?

Sharyn Williams: No, we were pretty pleased with that second half result. It did exceed our expectations in terms of the revenues coming from the non-F1 portion of the customer base as well. Certainly, F1 has been a good contributor to the whole year. But you'll see on Slide 26, we've outlined some of those drivers, including more value per car because of the changes. Certainly, the regulation changes did drive momentum, but we're really pleased with those other categories as well.

Elijah Mayr: Those further engine changes that were announced more recently in the second half, will that positively impact FY27 because is that kind of -- was I expect -- in the first half?

Sharyn Williams: Yes, '27, yes, but not '26.

Elijah Mayr: Thank you.

Operator: Thank you. Your next question comes from Abraham Akra from E&P. Please go ahead.

Abraham Akra: Good morning, Sharyn. Good morning, Rob. Just I guess, a follow-up to Elijah's question on Motorsport. You've guided for F1 revenue base -- sorry FY27 revenue base to be on a higher baseline. Is that baseline annualising the second half '26 number? So we're starting from 114 million for FY27. Can I make that assumption?

Sharyn Williams: No, full year. We're talking full year. Whenever we're referring in the outlook, we're not talking run rates. We're talking about FY26. So that higher baseline is referring to that 102 million.

Abraham Akra: Got it. And on A&D, thanks for disclosing the $40 million order book. I'm just curious whether there's anything in there, any tender that won't have that revenue delivered for long-duration programs in that number in FY27?

Sharyn Williams: Sorry, I missed that. So can you repeat that one?

Abraham Akra: Yes. So the $40 million order book in A&D, are there any tenders or projects within that, that won't get delivered in full in FY27, so you don't book that whole revenue piece in the order book?

Robert Shore:	No, that 40 million is the order book for delivery in FY27, obviously subject to customer shipment timing and how their programs are progressing, but it's all scheduled for delivery in FY27.
Sharyn Williams:	All purchase orders we've got in hand.
Abraham Akra:	Understood. And I guess one more, if I may, before I jump in the queue. You've guided the hypercar program commencing late in FY27. Can we apply a similar growth rate year-on-year to OEM in FY28 like you've guided in FY27? As that hypercar program gets underway, so circa 20% growth in revenue in OEM in FY28?
Sharyn Williams:	Yes, we would be looking for OEM to get back to the momentum it was having for our two programs came to conclusion the year before last. So we would be looking for that program, in particular, to be driving growth in 2028.
Abraham Akra:	Perfect. Thanks, guys.
Operator:	Thank you. Once again, if you wish to ask a question via the phones, please press star one. Your next question comes from Sarah Mann from MA Moelis Australia. Please go ahead.
Sarah Mann:	Morning, Sharon. Morning, Rob. Thanks for taking my question. Sorry, question again, on the $40 million order book that you've called out in A&D, can you give us any breakdown around, I guess, how that's kind of split across defense, MRO or eVTOL? And then a follow-up to that is just more broadly in terms of the defense pipeline, what's the current mix between U.S. and Europe?
Sharyn Williams:	In terms of the five opportunities we've outlined, they're all defense opportunities, Sarah. And at the moment, the huge majority of our revenue is U.S., very minimal European revenue in our current numbers for A&D.
Sarah Mann:	Yes. And then for the $40 million order book that you've called out, is that the bulk of that sits in defense? Or how much of that is across kind of MRO and commercial aviation?
Robert Shore:	The bulk of that does sit in defense, but there's certainly programs in there across the whole range of opportunities that the Aerospace and Defense segment services.

Sarah Mann: Great. Thank you. And then in terms of the three government contracts in the U.S. and defense that you've got that are kind of at best and final offer stage. In the past, have you ever had any instances where you've got to the best and final offer stage and didn't win the contract? Or the first time you got there was the first contract that you've already won?

Sharyn Williams: We do have a fairly solid conversion rate once we get to those best and final offer stage, although it's always subject to things like budgets being released. We've had programs where the customer might have pivoted or they might have had their budget calls, etcetera. So we've got a good conversion rate, but you can never -- I would certainly say these things will come to conclusion.

Sarah Mann: Thank you. And then last question for me. Just on that initial U.S. defense contract that you secured the follow-up order for and it's now been upsized to USD11.9 million. Can you give us a feel for, I guess, how much extra scope there is from that contract to further upside again?

Sharyn Williams: In terms of that upside, that is the customer bringing a bit forward most likely from the following year in the hope that they can get some more volume out. We are very mindful with these contracts, even though they're multiyear contracts, might have budget support, etcetera. There are opportunities for customers to redesign, etcetera.

So we really focus on keeping those relationships very strong, making sure we're delivering and nailing what is within our control, but we rely on -- once we've got that purchase order in our hand, then we see it as locked in. A lot of moving parts, but really happy with how the team is delivering on that current contract.

Sarah Mann: Great. Thanks very much.

Operator: Thank you. Your next question is a follow-up from Abraham Akra from E&P. Please go ahead.

Abraham Akra: Thank you. Just on Slide 27, where you've noted, I guess, the indicative recovery of the NPAT margin. It looks like in FY28, the upper bound scenario gets you back to that 18% NPAT margin. Just curious what revenue you've assumed in that scenario?

Robert Shore: You should be looking at the chart on the right-hand side is an illustrative pathway back to that sort of 17.8% that we've guided to previously over the medium term. So that's still the goal is to sort of get to the 17.8% in the sort of FY28 to FY30 years, we haven't really provided any more guidance towards the FY28 at this stage.

Abraham Akra: Sure thing. And also jumping back, I guess, to Slide 24, when you list five tender opportunities, the three best and final offer line items. Just curious when the expected results will be had?

Sharyn Williams: There's certainly lengthy processes that need to be gone through. What we experienced through the U.S. government contract that we currently play a role in is there are a lot of moving parts to customers with approvals, etcetera. So it could be anywhere 6 to 12 months, etcetera. Every time we engage, we're pretty efficient in getting back with what we need to get back, but sometimes you can have more lengthy processes on the other side.

Abraham Akra: Understood. And if I may, that pyramid to the left in that graphic, can you give us an indication of the pipeline that you guys usually expect, so the early discussion piece? How big is that versus the $40 million in the order book?

Sharyn Williams: We're not disclosing that level of detail. Obviously, there's a lot of moving parts with how you could quantify what you have in early discussions. They're just numbers that depending on probabilities or potential of multiple years, etcetera, the numbers are so able to be quantified in different ways. We think it's not very informative to be calculating numbers like that presenting.

Abraham Akra: Sure thing. Thanks for the follow-up, guys.

Operator: Thank you. There are no further phone questions at this time. We'll now address your webcast questions.

Your first question comes from Chris Savage from Bell Potter, who asks, last year, the order book in A&D was $25 million, and you did $35 million of revenue. This year, the order book is $40 million. So on that basis, should we not expect you to do $50 million plus revenue in A&D in FY27?

Sharyn Williams: We've taken that guidance number of 30% in the pack. We have taken into account that we have FX headwinds coming into this year. So we are mindful of that. Also customer delivery schedules play a part. What we're really happy with and what we focus on is a combination of what we've got in hand in those orders, but also what Andy has in the pipeline. So we think the 30% we've delivered repeatedly over the last few years as well as the 30% we'd be looking at in the coming year, we think that's a reasonable level of growth to guide the market to.

Operator: Thank you. Your next question comes from Wayne Jones from Ganes Capital, who asks, will Poland replicate product offering across the group? Or is it proposed to specialise in some niche products?

Sharyn Williams: Certainly, over the rollout over 4 years, we would be looking to replicate a number of capabilities that would support the aerospace and defense product line, but starting off with niche products, looking at items we might be able to in-source items that are used across the global locations and really be able to leverage logistics starting off niche, but then we will be looking to replicate and expand.

Operator: Thank you. Your next question comes from Chris Savage from Bell Potter, who asks, is the 16 million capex investment in Poland likely to be spread relatively evenly over the next 4 years? So that total capex is likely to remain around 15 million per annum for the medium term?

Robert Shore: Yes, I think that's a fair assumption. It won't be too far away from the $4 million per annum. But obviously, it will depend upon the timing of demand and where we need capacity and capability over the 4 years. So at this point, the only data point we're really providing is $16 million for the overall project and $4 million in the FY27 year.

Operator: Your next question comes from Chris Scarpato from Alvia Partners, who asks, you talked to a recovery of margin to 18%. Is there not scope to get back to the 19%, 20% plus given the significant investment in factory facilities, scale and a focus on higher-margin opportunities?

Sharyn Williams: Certainly, the 20% NPAT margin is an aspirational number that is a nice round number able to be communicated to people. However, when we've done our work on it, in terms of the scale of the business that we are now looking to be as well as the support structures needed in a business of scale to make sure that we're delivering consistently, have the accreditations, the compliance, quality systems, et cetera, as well as some of the mix of products that we have and the volumes we have access to, we'd be very happy getting back to those FY24 levels as we've indicated.

Operator: Chris Savage from Bell Potter also asks, do you continue to think A&D revenue can exceed motorsports revenue over the medium term?

Sharyn Williams: Yes, we do. I'm smiling because Matt keeps growing those revenues. So he likes to move the goalpost on Andy. But certainly, in terms of opportunity, as you've seen in the pack, the opportunity in the A&D space at a global level is quite large and our share of the market quite small at the moment. So we think a great runway. But I don't think that will give up that -- sees position easily put it that way.

Operator: Thank you. Your next question comes from Luke Durbin from Count Wealth, who asks, do you see any opportunity to apply your technology and IP towards data center cooling?

Sharyn Williams: You'll see on our slide where we have -- where we play, Slide 18. That's probably more in the bottom left corner in terms of -- it's probably not something that is for PWR unless it's something with seriously tight packaging constraints, et cetera. So no, we're not really chasing down data centers as an opportunity.

Operator: Thank you. Your next question comes from -- sorry, Josh Williams, a Private Investor, who asks, is the new Poland A&D facility expected to service both the European and U.S. markets? What were the drivers of choosing Poland as the location for this new investment?

Sharyn Williams: Yes. So we'll be servicing both European and U.S. And on Slide 20, we've outlined a number of those investment rationales. What we really like about Poland when we did our due diligence, one, very high productivity across the EU, very supportive incentives and government structures there. We really like the labour market and the regulations around labour there.

The talent opportunity. So a number of the trade schools and pipeline for talent in machining, etcetera, engineering, very positive over there and also the logistics opportunity in Poland in terms of its location. So Poland for us, it ticked a lot of boxes. It doesn't take anything away from our existing 3 sites. All of our sites play a really important role.

We just see Poland in that opportunity, particularly the talent and productivity as the ideal place to be. And it certainly helped our investment decision when you look at the likes of players in that area, that Aviation Valley membership, et cetera, a lot of really strong companies also seeing the positives in Poland.

Operator: Thank you. There are no further questions at this time. I'll now hand the conference back to yourself, Sharyn, for any closing remarks.

Sharyn Williams: Thank you. It was a defining year for PWR in FY26. We delivered record revenue, meaningful margin improvement, and we did it in the same year as we completed the largest investment cycle in the company's history and had a factory relocation.

These outcomes, they don't happen by chance, and they reflect the dedication and commitment of our people who really continue to deliver for customers and to deliver for shareholders. On behalf of the Board and management team, I'd like to sincerely thank our global team for the contribution you've made throughout the year.

We're incredibly proud of what we've achieved. It's been a really great year. So very excited to enter FY27 with strong momentum, strengthened competitive position, our A&D platform is expanding, and we have a really clear pathway to create long-term value for our shareholders. So thank you for your time, and thank you for your continued support of PWR.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]