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WAGNERS HOLDING COMPANY LIMITED

ASX RELEASE

21 August 2023

Wagners FY2023 Results

Wagners Holding Company Limited (ASX:WGN) (“Wagners”, the “Company” or “Group”), a diversified Australian construction materials and services provider and innovative producer of new generation building materials, today released its full year results for the period ended 30 June 2023 (“FY23”).

FY23 Highlights:

- **Group Revenue \$477.3 million (+41% versus prior corresponding period (“pcp”)), driven by strengthening demand for CMS¹ as well as CFT²**
- **Gross Profit \$249.4 million (+36% versus pcp)**
- **Reported EBIT \$17.0 million (-19% versus pcp), exceeding upper end of guided range³**
- **Strength in core CMS¹ segment driven by cement, precast and bulk haulage**
 - **Stronger H2 results amid improved market conditions, with elevated demand resulting in stronger pricing environment and margin expansion**
- **Consistent demand for innovative products within CFT AUS offsetting CFT USA**
- **Overall performance further impacted by EFC [contribution/loss]⁴**
- **Strategic review commenced with several outcomes and initiatives already implemented**
- **FY24 outlook: Current demand environment for CMS remains strong**
- **Webinar to be held 8:30am AEST tomorrow, Tuesday, 22 August 2023. [Click here to register](#)**

Commenting on the results, Wagners Managing Director, Cameron Coleman said:

“Our core CMS business delivered improved performance, particularly over the second half, driven by pleasing contributions from cement, steel, bulk haulage as well as precast. Notwithstanding the offsetting impacts of CFT and EFC during the year, we’ve identified and implemented a number of initiatives following an internally-led strategic review in the second half. This review remains underway.

As we enter FY24, we’re confident in Wagners ability to capitalise on continued improvements in overall market conditions. In recent months, elevated volumes have resulted in increased asset utilisation across our portfolio, also coinciding with a more favorable pricing environment. In addition to the continued scale enhancements across our core CMS business, we believe this illustrates the inherent operating leverage potential within our business.”

¹ Construction Materials and Services (CMS).

² Composite Fiber Technologies (CFT). CFT AUS = Australian CFT operations. CFT USA = United States CFT operations.

³ FY23 EBIT guided range, provided at H1 FY23 Results of \$14.0 - \$16.0 million.

⁴ Earth Friendly Concrete (EFC).

WAGNERS HOLDING COMPANY LIMITED**Results summary**

During FY23, Wagners delivered total group operating revenue of \$477.0 million, up 41% versus FY22, driven by its core CMS business as well as CFT. Improved market conditions were observed during the second half, evidenced by strengthening demand for construction materials and services, notably cement, precast and bulk haulage. Enhanced pricing also aided concrete and cement margins.

FY23 operating gross profit was \$119.6 million, reflecting a gross margin of 25.2% (versus 30.4% in FY22). Notwithstanding the year-on-year decline, gross margin during the second half expanded due to improved selling prices and cost control.

FY23 EBIT of \$17.0 million was ahead of Company expectations and guided range of \$14.0 to \$16.0 million, impacted by industry-wide challenging market conditions during the first half. Conditions improved throughout the year, with a noticeable improvement observed during the fourth quarter.

FY23 net profit after tax was \$3.1 million for the full year (versus \$7.6 million in FY22). Importantly, second half net profit after tax was \$3.9 million – a significant improvement versus loss of \$0.8 million during the first half.

High-level segment performance

At a segment level, FY23 CMS revenues grew +41% to \$416.6 million, while full-year margins declined primarily due to softer first half performance. CMS performance improved during the second half due to elevated volumes, notably cement, steel and bulk haulage, resulting in increased asset utilisation. As a result, CMS EBIT was \$36.4 million, reflecting a 240 basis point margin improvement versus the first half, to 9.8%.

CFT revenues also increased +41% to \$59.3 million, driven by strength in CFT AUS operations. Demand within Australia for crossarm sales remained consistent, while demand for composite utility poles continued to grow, with several contracts secured during the year. Overall, the Company is encouraged by domestic sales, notwithstanding ongoing challenges with respect to delivery of select custom build projects, notably pedestrian infrastructure and bridges. In aggregate, CFT reported an FY23 loss of \$1.9 million, negatively impacted by CFT USA, reporting an EBIT loss of \$2.4 million. This reflects business establishment costs as well as slower-than-expected USA sales growth. Business development efforts are ongoing, in conjunction with a more disciplined pricing policy to improve segment margins.

Lastly, EFC losses widened during FY23 to \$4.0 million, up from \$3.2 million loss in FY22. With a lag in positive market sentiment and commercial uptake for the technology, a review of EFC segment operations was conducted during the second half. As a result, action has been taken to structure EFC operations in line with market conditions, resulting in reduced segment operating costs, head count and R&D expenses within Australia. Further capital expenditure is not expected in the near term, with a focus now on improving utilisation of existing assets and aligning to demand. Wagners will continue to assess its investment in EFC, as well as ongoing funding requirements and long-term structure of the business.

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Update on strategic review

While still underway, initial progress has been made regarding Wagners internally-led strategic review. A number of outcomes have been identified, with actions already implemented. This review will continue throughout FY24. Wagners Board and Management team remain confident in the core strategy of the Company and are committed to driving revenue growth and increased returns for shareholders.

FY24 outlook

The current demand environment for construction materials and services remains strong, evidenced by:

- Recent growth in concrete and cement volumes;
- Strong forward order book secured, with elevated level of tendering activity;
- Favourable resources environment and robust infrastructure pipeline; and
- Ongoing demand for innovative new products.

Results webinar

The Company will host an investor webinar with Managing Director, Cameron Coleman and CFO, Fergus Hume at 8.30am AEST, Tuesday, 22 August 2023, to discuss the results.

Following the presentation, participants will have an opportunity to ask questions. Register for the investor webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_VhGROi_MTIaENvQkuno2iA

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