



- CONSTRUCTION MATERIALS AND SERVICES
- COMPOSITE FIBRE TECHNOLOGIES
- EARTH FRIENDLY CONCRETE

WAGNERS HOLDING COMPANY LIMITED

## ASX RELEASE

21 February 2024

### H1 FY24 Results

Wagners Holding Company Limited (ASX:WGN) (“Wagners”, the “Company” or “Group”), a diversified Australian construction materials and services provider and producer of innovative building materials and technologies, is pleased to provide its financial results for the six month period ended 31 December 2023 (“H1 FY24”).

#### H1 FY24 Highlights:

- Group Revenue of \$264.6 million, +20% versus prior corresponding period (“pcp”)
- Group Operating EBIT of \$21.1 million, +214% versus pcp<sup>1</sup>
- Debt reduction of \$18.1 million to \$86.6 million
- Strong underlying trading conditions observed within Construction Materials & Services (CMS) business
- Improved contribution from Composite Fibre Technologies (CFT) with strong crossarm and power pole demand in Australia and New Zealand, partly offset by weaker performance in the United States
- Earth Friendly Concrete (EFC) Opex and Capex investment significantly reduced following strategic review. Half year accounts include a ~\$5.7 million EFC asset impairment (excluded from Group Operating EBIT)
- FY24 Outlook – FY24 Group Operating EBIT expected to be in the range of ~\$31 to \$34 million
- Investor webinar to be held at 8.30am AEDT (7:30am Brisbane time) Thursday, 22 February 2024 ([click here to register](#))

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

*“Performance during FY24 has been positive and consistent with the improvement experienced in the last quarter of FY23. While this operating environment is anticipated to continue into the second half of FY24 across most business units, the Group’s second half performance is not anticipated to be as strong as the first half. This is due to the completion of production of precast concrete tunnel segments for the Sydney Metro project and no follow-on projects secured to replace this project’s earnings contribution made in the first half.”*

<sup>1</sup> Group Operating EBIT excludes \$5.7 million EFC impairment, \$1.8 million impact of derivative mark-to-market adjustments and EFC EBIT loss of \$1.0 million.

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### Financial Summary

H1 FY24 Group Revenue of \$264.6 million, was 20% above H1 FY23. This growth in top line was predominantly driven by improved market conditions in CMS, with strong customer demand, improved asset utilisation as well as contribution from project work, as well as increased CFT poles and crossarm volumes in Australia and New Zealand.

Group Operating EBIT was \$21.1 million, as improved pricing, together with implemented cost-control measures, delivered sustained margin expansion. This was despite an \$11.3 million increase in operating costs in line with expanded operations, predominantly labour as well as repairs and maintenance.

Net Profit After Tax was \$2.8 million, negatively impacted by the EFC loss (\$1.0 million); EFC impairment (\$5.7 million); and Derivative mark-to-market adjustments (\$1.8 million).

### Construction Materials & Services (CMS)

Wagner's core CMS business grew its H1 FY24 revenues 22% to \$233.9 million versus prior corresponding period, reflecting strong underlying trading conditions and a robust demand environment in South-East Queensland overall, notwithstanding some partial offset from adverse weather experienced during the half. Importantly, both underlying volumes remained strong as well as an observed notable improvement in Average Selling Prices (ASP) during the period – particularly concrete and cement. Overall, H1 FY24 CMS margins improved 440 basis points versus H1 FY23, to 11.8% (+200 basis points half-on-half), reflecting enhanced operating leverage.

### Composite Fibre Technologies (CFT)

H1 FY24 CFT revenues also grew, 9% higher versus prior corresponding period, mostly driven by strong crossarm and power pole demand in CFT Australia & New Zealand (ANZ).

This result was partially offset by losses incurred in CFT USA, as the Company continued to grow capability and efforts to establish consistent product sales, negatively impacting segment profitability and offsetting improvements in CFT Australia & New Zealand.

### Earth Friendly Concrete (EFC)

Following a strategic review, and due to insufficient commercial support, the Company decided to significantly scale back EFC operations. The Company will protect the intellectual property until the value of the technology and product is recognised by industry.

### FY24 Outlook

The Company reiterates its guidance provided within the H1 FY24 Trading Update, in January, of:

- Market conditions in H2 FY24 anticipated to be similar to the first half with an EBIT expected to be consistent with H2 FY23; and
- FY24 Group Operating EBIT expected to be in the range of: ~\$31 to \$34 million.

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At a segment level – firstly within Wagners core CMS segment – a strong operating environment is expected to continue throughout the remainder of FY24, notably:

- Growth in cement volumes experienced in the first half are expected to remain steady during the second half;
- Margin expansion expected in cement and concrete, with improved pricing and implemented cost control measures;
- Improved margins within bulk haulage business also expected, following introduction of new fleet improving productivity; and
- Completion of precast tunnel project in mid H2 impacting Q4 earnings.

As for the CFT business – continued strong demand for CFT products is anticipated within the Australia & New Zealand business, particularly composite crossarms and power poles, while the margin improvement experienced in the first half is anticipated to be maintained during the second half. Within the USA business, the half year loss is expected to continue during the second half, until the business achieves greater consistency in secured projects. Overall, the USA strategy is to continue to develop a market for commodity products to support existing project business to deliver sustainable growth.

### H1 FY24 Investor Webinar

The Company will host an investor webinar with Managing Director, Cameron Coleman and CFO, Fergus Hume at 8.30am AEDT (7:30am Brisbane time), Thursday, 22 February 2024, to discuss the results. Register for the investor webinar via the link below:

[https://us02web.zoom.us/webinar/register/WN\\_FDII CF9TSOGdbDaPLIMG-Q](https://us02web.zoom.us/webinar/register/WN_FDII CF9TSOGdbDaPLIMG-Q)

*This announcement has been authorised for release to the market by the Board of Wagners Holding Company Limited.*

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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.