



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

WAGNERS HOLDING COMPANY LIMITED

28 November 2023

ASX Market Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

BY ELECTRONIC LODGEMENT

Wagners Holding Company Limited

2023 Annual General Meeting Addresses

In compliance with listing rule 3.13.3, please find attached the following addresses which will be presented at the Annual General Meeting of Wagners Holding Company Limited being held today at 10:00am:

1. 2023 AGM Address from the Chairman, Mr Denis Wagner; and
2. 2023 AGM Address from the Managing Director, Mr Cameron Coleman.

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

Regards,

A handwritten signature in black ink, appearing to read "KB", written over a light grey horizontal line.

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WAGNERS HOLDING COMPANY LIMITED (ACN: 622 632 848)



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CHAIRMAN'S ADDRESS

Can I offer a warm welcome to shareholders, stakeholders and staff to our Annual General Meeting for financial year 2023.

In the first half of FY23 we had serious hurdles to overcome in many areas of the business. Challenges with our own performance, which needed improvement, as well as challenges with market conditions, particularly in the concrete sector, which needed industry behaviour to change.

In February, both Cameron and I, conducted an operational review of each business unit. We examined all aspects of the business, which involved a deep dive with our managers into almost every operational area of each business unit. The results of this were positive and have started to show in the second half. The Board also supported a strategic review of the business, this work is still ongoing and I envisage it could result in some changes to structure and direction of some business units.

Whilst we are not happy with the financial performance for the year, we are able to confidently say we have turned the corner. The construction materials and services division performed well in the last quarter of FY23 and the outlook remains positive. Our strategic focus going forward will be to grow the construction materials business and expand our concrete plant network in a responsible way, to ensure the future success of the upstream products.

As per September's announcement, at an EGM in late January 2024, we will be seeking shareholder approval for some related party concrete plant leases following advice from the ASX.

The long-term outlook for our bulk transport business is good and the board is considering how best to take this business forward.

The Australian composite division is seeing real improvement from the actions taken to streamline the management structure and operations. The Composite business in the USA still faces some headwinds in getting established in the market with consistent product sales. Our management team in the USA has been strengthened to achieve sustainable growth and improve quality and efficiency.

I will now outline our current position on our zero cement EFC business.

The road to get EFC where we have it today has been challenging and we have overcome many obstacles. These include challenges such as getting the relevant technical approvals, proving that we can deliver EFC on a commercial basis, establishing facilities in Australia and the UK to manufacture the activator solution and resolving the logistics of delivery of both the raw ingredients and the concrete into the UK market.



All of these have been achieved.

Whilst we hear from Governments, Corporates and Institutions of their desire to reduce carbon footprint and output, we do not see it. There is no real action from the market to pay a small premium to genuinely reduce carbon output. Our team has had some success in getting the technology into the market, however we have not had enough commercial support from the market to encourage us to continue to significantly invest in the growth and the expansion of this business.

As a result, the Board has decided to significantly scale back the EFC operations. This will be reflected as an impairment of the assets in the EFC business in the half year results, the quantum will be approximately \$5,200,000.

Our intention is to protect the intellectual property, but scale the business down so we do not continue to incur such significant costs.

We also intend to be in a position to provide EFC or provide the technology to other concrete producers, but only when the market is prepared to pay for the true value of the technology and product.

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MANAGING DIRECTOR'S ADDRESS

Good morning Ladies and Gentleman and welcome to the Wagners 2023 AGM.

As Denis outlined, the 2023 financial year was certainly a year of challenges for our business and the broader industry. We experienced tough market conditions, cost escalations and an inability to pass on the impacts of these costs, negatively impacting margins.

Pleasingly, there was improvement in our second half performance. We implemented a number of cost control measures and disciplined pricing policies across the entire group, with the benefit of these measures starting to be realised in the fourth quarter of FY23.

On a consolidated basis, the group delivered a revenue result of \$477 million, a 41% increase compared to FY22. Our reported EBIT result of \$17 million was disappointing, and down on the prior year. Notwithstanding this, in light of the improved market conditions including elevated sales and margins, particularly during the fourth quarter of FY23, we are optimistic that most of the challenges are now behind us.

Overall, our construction materials and services businesses delivered a 41% increase in revenue, at \$415 million.

Cement volumes increased 25% although the result was impacted by increased input costs, particularly in the first half.

Our precast business commenced the production of precast concrete tunnel segments for the Sydney Metro tunnel project in the first half of FY23 and had completed 50% of the project segments by 30 June 2023. As at today, we've completed over 75% of the project segments.

After an extended period of challenging market conditions, our concrete business managed to achieve a healthy increase in the average sale price per cubic metre in the second half of FY23. We also observed increased volumes with the maturity of the plant network, which we expect to continue this year.

The company has secured a number of new long-term projects within our bulk haulage business during FY23, contributing to the 43% increase in revenue year-on-year. Driver shortages impacted asset utilisation, although this improved as the year progressed, particularly during the fourth quarter.

Composite Fibre Technologies (CFT) achieved 41% growth in sales in FY23, to \$59 million, driven by strong sales in cross arms and our custom build projects. We also commenced the manufacture and supply of composite utility poles, with demand continuing to increase throughout the year.

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Despite the sales growth, the CFT business did not achieve the desired EBIT result. This was primarily due to margin impacts resulting from earlier pricing on long-lead projects as well as expenses associated with commissioning machines and finalising pole specifications.

Our US CFT business in Cresson, Texas became fully operational during the year. Our full year results reflected a longer than anticipated commissioning process as well as a lagging sales cycle. Notwithstanding this, we do expect our investment in business development to deliver improved results in the longer-term.

If we now look at the outlook for the Company, throughout FY23, we improved our operational discipline across our entire organisation. In conjunction with investment in our people, assets as well as research and development capabilities, we're confident we've established a strengthened platform to deliver improved performance into FY24.

The demand environment for construction materials and services in South East Queensland remains robust. Likewise, demand for composite products, particularly power poles, is expected to increase as asset owners and utility networks understand the performance benefits our products provide.

Performance for the first quarter of FY24 has been positive and consistent with the improvement experienced in the last quarter of FY23. Specifically:

- Volumes have remained strong across the Construction Materials and Services business, particularly in cement and concrete;
- Transport projects, in aggregate, are delivering results in line with internal expectations, while asset utilisation continues to improve as driver shortages ease;
- Demand has continued to increase for composite products, particularly composite power poles;
- Group-wide pricing discipline has resulted in continued improvement in Average Selling Prices, particularly in concrete; and
- Improved pricing, together with implemented cost-control measures, are delivering sustained margin expansion across the Company.

We anticipate this positive operating environment will continue into the second half of FY24. Given this, a slight improvement in sales is expected in the first half of FY24 versus the second half of FY23, and a more significant improvement is expected in terms of EBIT. This is, however, prior to any impairment associated with our EFC business, as Denis addressed earlier.

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On a full year basis, we acknowledge there are some areas within our business that are facing unique challenges, in particular:

- The forecast completion of production of precast concrete tunnel segments for the Sydney Metro Project during the first quarter of FY24. At this stage, the Company has no secured projects to replace this specific project's earnings contribution. This will result in a significant impact to the projected second half FY24 precast revenues compared to first half.
- Our CFT USA sales have not yet achieved the level of activity we had initially expected. While the team are pursuing numerous longer-term opportunities, the lack of secured projects in the short-term will result in a larger-than-anticipated full year CFT USA loss.

In summary, our outlook remains positive. We're confident in our long-term strategy and believe our business remains extremely well positioned to take advantage of the opportunities in our sector as we continue to pursue sustainable revenue growth and increased future returns to our shareholders.

I would like to take this opportunity to thank the entire Wagners' team – approximately 1,000 employees, across 7 countries – for their continued contributions.

I would also like to thank my fellow Directors, who, as always, provide valued guidance and advice with a commitment to delivering on the overall group strategy and value to our stakeholders.