



LASERBOND[®]
PRODUCTIVITY | INNOVATION | CONSERVATION



Investor Presentation

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Matthew Twist, CFO

September 2021
ASX: LBL



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Business Overview & Performance Summary

Financial Performance

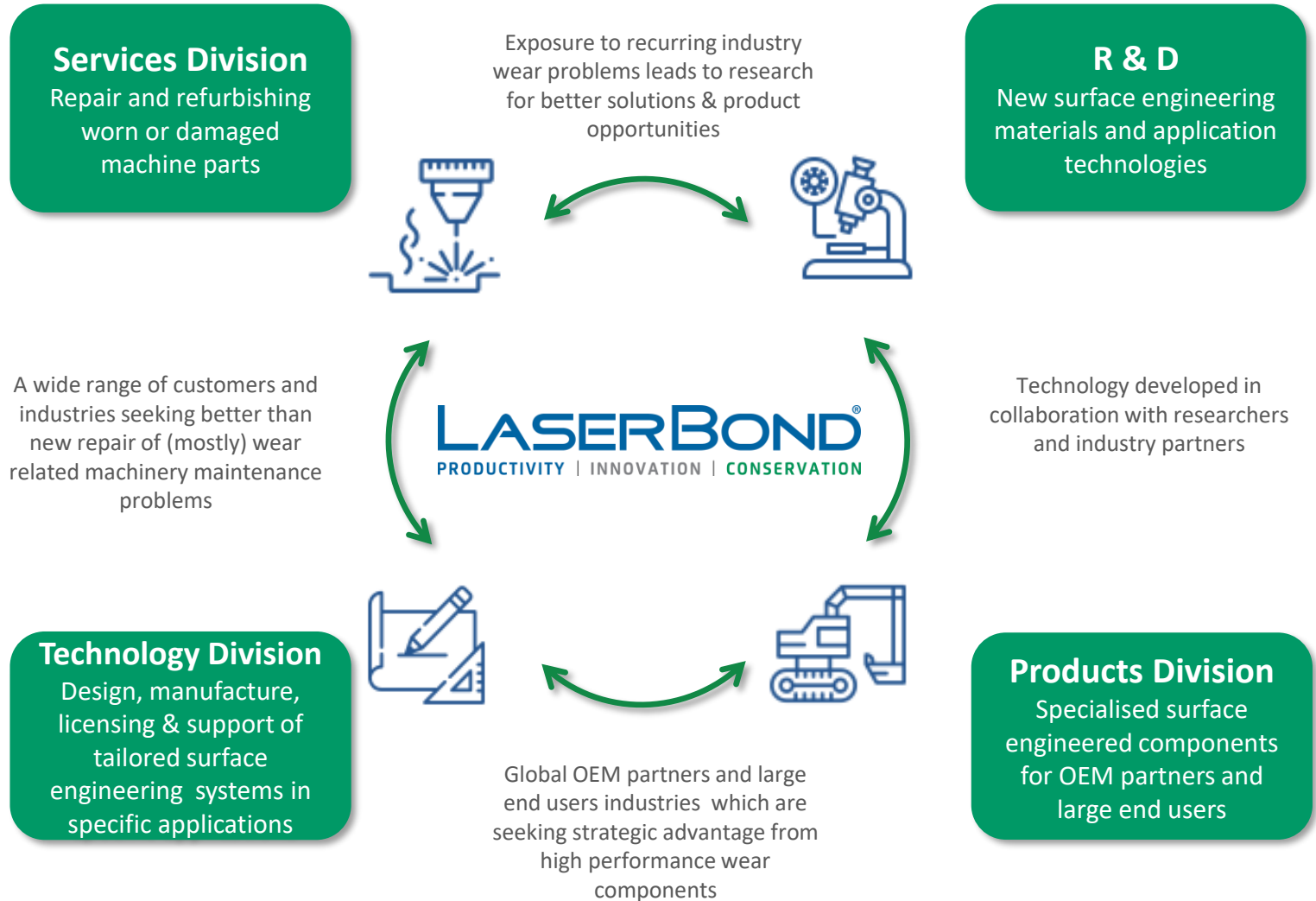
Operational Performance

Strategy & Prospects

Appendices

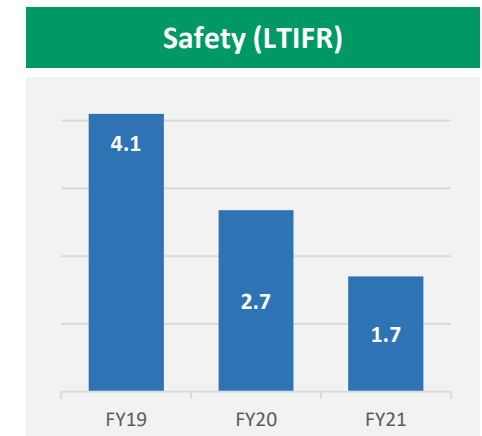
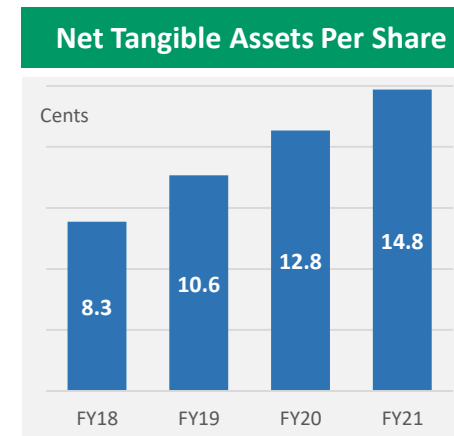
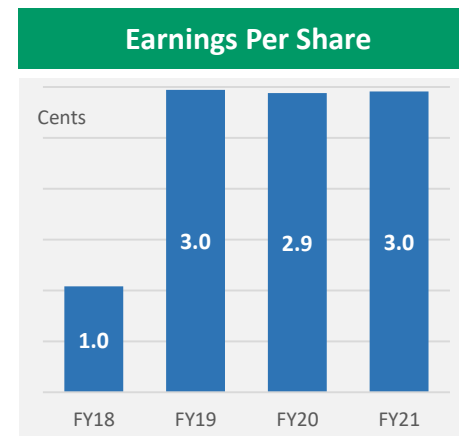
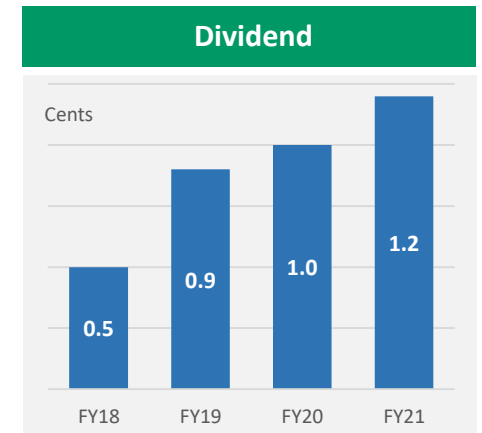
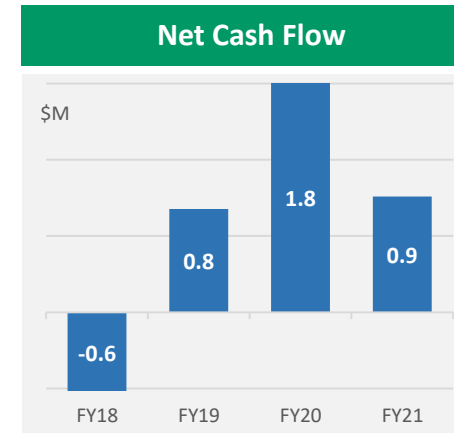
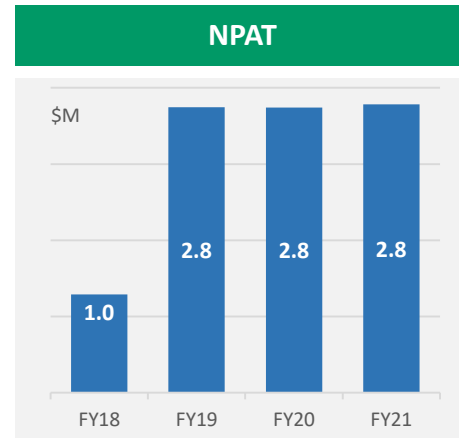
BUSINESS OVERVIEW

➤ **LaserBond provides advanced surface engineering products and technologies that reclaim worn parts and improve new parts, enabling significant improvement in wear life and performance. Benefits include 'better than new' wear life (up to 10x), higher productivity, lower maintenance costs, energy efficiency and reduced scrapping of worn parts.**



PERFORMANCE SUMMARY

➤ *A solid performance on all metrics from a business that has invested in R&D over the long-term to innovate and stay ahead of the market, introducing groundbreaking products and technologies to a blue-chip customer base spread across essential industries.*





Business Overview & Performance Summary

Financial Performance

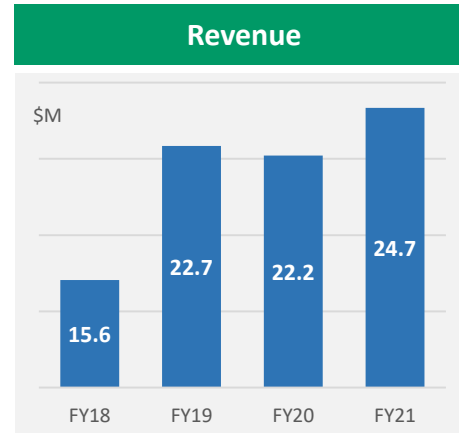
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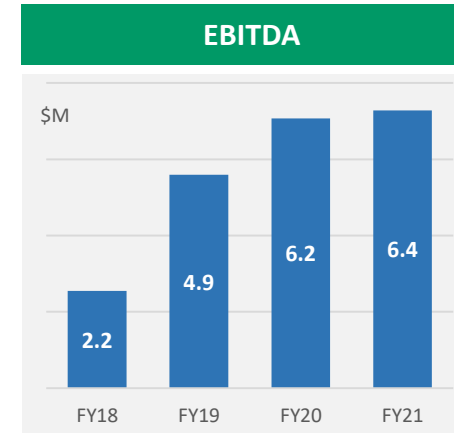
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FY21 EARNINGS

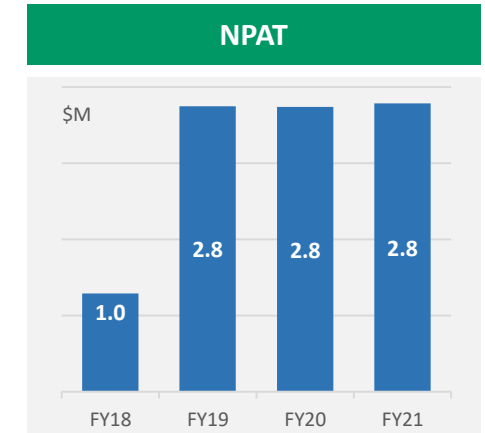
➤ *While LaserBond's net profit was largely flat in FY21, it still reflects the fundamental strength and opportunity of a business that has been consistently investing in growth as well as significantly curtailed by Covid.*



- An 11.2% increase in revenue is proof of the robustness of the business
- A decrease in Services Division revenue and the inability to further the offshore growth plans for the Technology Division in FY21 were compensated by a strong performance in the Products Division



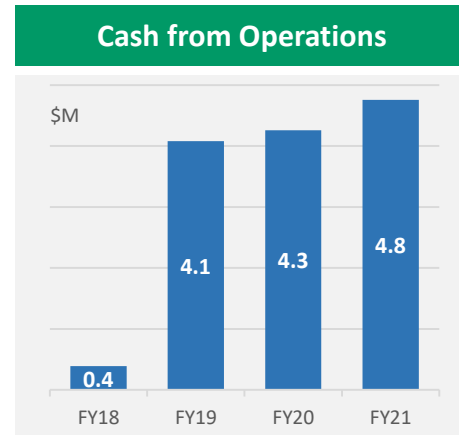
- EBITDA has grown solidly, despite continued investment in sales and marketing people as well as global sales agents to capitalise on valuable offshore markets with technology sales



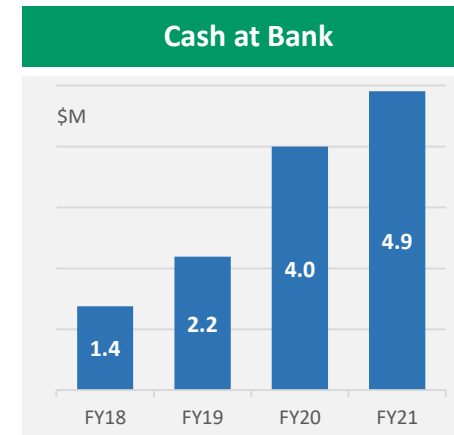
- Again, net profit was flat as a result of both continued investment in resources to drive future growth and the Covid outbreak, curbing offshore expansion plans, but revealing an underlying strength in the business as it adapts to vastly new operating conditions

CASH AND WORKING CAPITAL

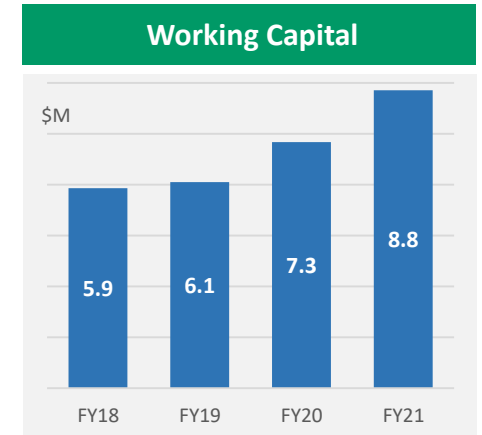
A portfolio of blue-chip customers and unwavering cost control has delivered consistently strong cash from operations that has enabled the increase in cash balances and working capital whilst simultaneously expanding sales organically and through execution of acquisitive growth plans.



- Operating in essential industries has meant that, despite Covid, the business has continued to generate cash
- Over the past four years, receipts from customers have increased 40% from \$18.9M to \$26.6M while cash payments to suppliers and employees have only increased 13% from \$18.0M to \$20.4M



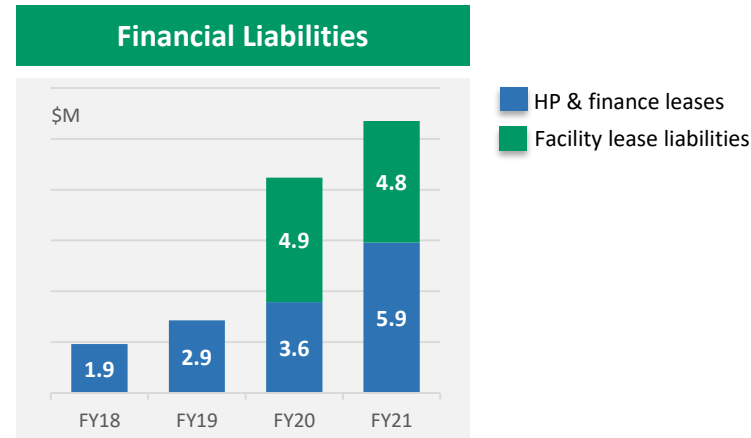
- Maintaining a sufficient level of Cash at Bank enables LaserBond to avoid the high costs of invoice financing and other working capital facilities



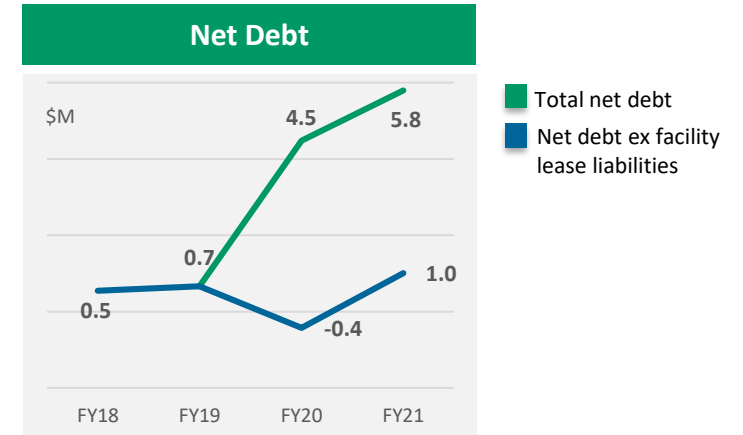
- Comfortable levels of working capital have been maintained
- Working capital is being increased in conjunction with the new demand being generated from Victoria
- The solid working capital position also facilitates continued R&D investment

DEBT

➤ *LaserBond's balance sheet is strong, with low levels of net debt, which can support further growth, both organic and acquisitive.*



- LaserBond has no debt other than equipment leases to fund PP&E acquisition
- Facility lease liabilities relate to the leases of operating premises



- Despite the increasing financial liabilities, net debt has remained at a consistently conservative level given the increase in cash balances, particularly if the effects of facility lease liabilities are excluded



Business Overview &
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Financial
Performance

**Operational
Performance**

Strategy &
Prospects

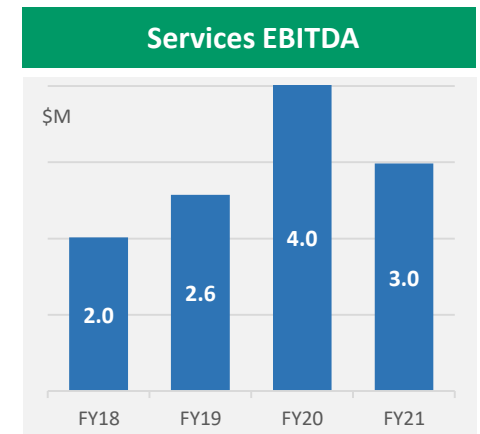
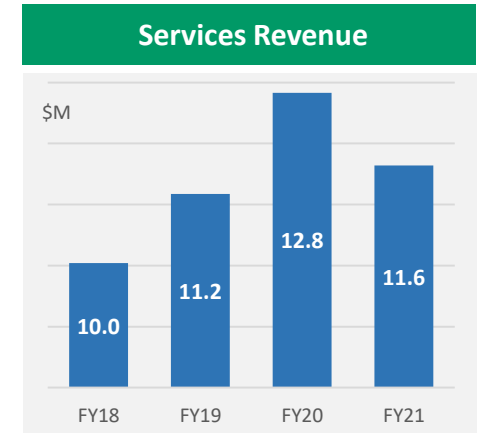
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LASERBOND

SERVICES DIVISION OVERVIEW

➤ ***Despite a sizeable impact from Covid on maintenance activities by customers affecting the Services Division, the team devised trading solutions that saw a 13.7% increase in revenue between the first and second halves.***

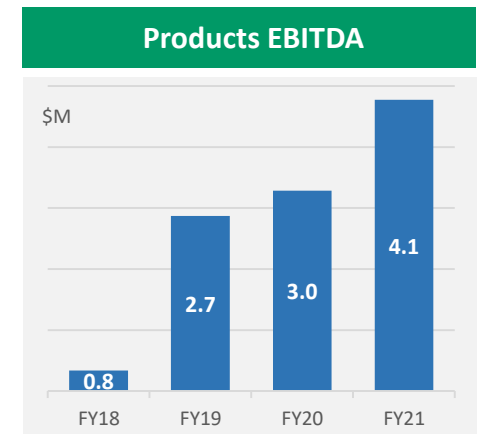
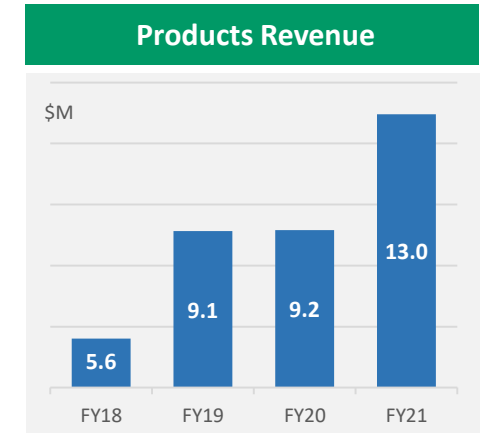
- Offers reclamation of worn industrial components using LaserBond® cladding and thermal spraying as well as high capacity welding, machining and heat treatment to provide a complete service suite - extends surface life of plant and equipment between 5 and 10 times
- In FY21, returned a 9.3% decrease in revenue and a 25.8% drop in EBITDA as a direct result of Covid-19
- 2H21 reported a 13.7% growth in revenue, reflecting a ramping up of demand from customers who had delayed maintenance in the first half as well as a higher contribution from the Victorian operations after the easing of restrictions at the end of 1H21
- Services revenue is lower than expected due to extended border closure between VIC and NSW which delayed the installation and commissioning of a LaserBond® cladding unit at the new Victorian operations. Planned installation and commissioning via remote means is currently underway, with revenue anticipated to flow through in 2Q22



PRODUCTS DIVISION OVERVIEW

The Products Division delivered a stellar performance with a 41.3% increase in revenue, despite not realising expected gains from US sales of steel mill rolls, and anticipates strong sales from proprietary products in offshore markets when borders re-open.

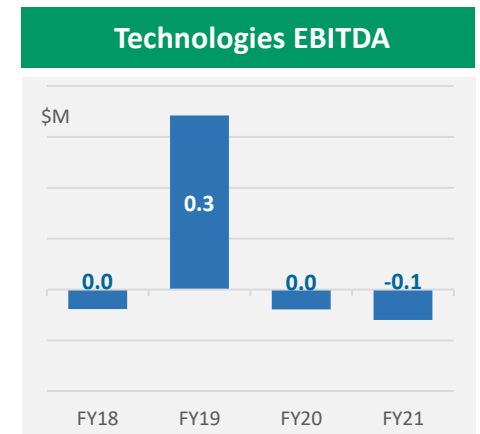
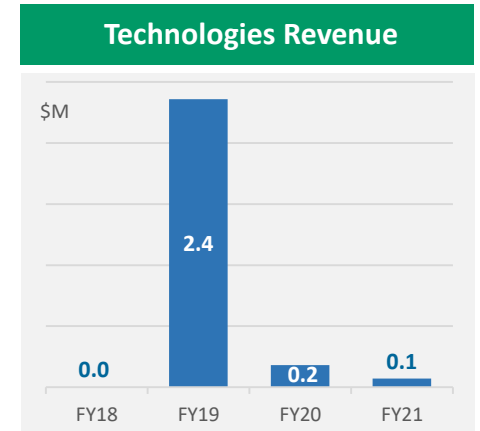
- Manufactures products incorporating LaserBond® cladding applications, such as steel mill rolls, rotary feeders and a range of OEM consumables utilised across a breadth of industries
- Revenue increased 41.3% and EBITDA by 37.8%
- Travel restrictions curtailed anticipated growth in the sale of steel mill rolls in the US and Asia
- Greater resources are being devoted to this area of sales with recruitment of an agent in the US and a project underway with Austrade to build the Asian market
- First LaserBond branded rotary feeder currently en-route to the US to be tested against local standards. Expect that it will pass all tests and open up that market for further sales in FY22




TECHNOLOGY DIVISION OVERVIEW

Planned FY21 revenue for the Technology Division was delayed by extensive field testing by LBL's customer. However, the agreement was executed in May with a 7-year licence for LaserBond® cladding equipment & consumables. This, along with revenue from an additional 2 Technology Sales, will be delivered in FY22 and provide future recurring revenue.

- Enables customers to bring LaserBond cladding technology in-house under long-tailed licensing agreements which cover equipment supply, technology usage and the supply of associated consumables
- With the support of our global agents we've been able to reduce the impact of the Covid-induced difficulties associated with large-scale offshore sales
- Achieved one licensing agreement in North America in May, which will contribute \$1.5 million to earnings in FY22 and a further expected \$0.8 million p.a. in licensing fees and consumable sales over the course of the 7 year license. The agreement was preceded by extensive testing by the customer which produced tremendous results
- In August 22 received an order for Technology sale to Curtin University
- In September 22 entered a 10 year Technology licensing agreement with a NZ company which will provide \$1.4 million initial revenue and ongoing license fees and consumable sales for the term of the agreement
- Delivery of the equipment for all three Technology sales will be achieved during FY22 providing revenue of \$3.9 million plus ongoing consumables sales and license fees
- Intention beyond FY22 is to obtain at least two such agreements annually, building a recurring revenue stream of technology fees and consumables supply



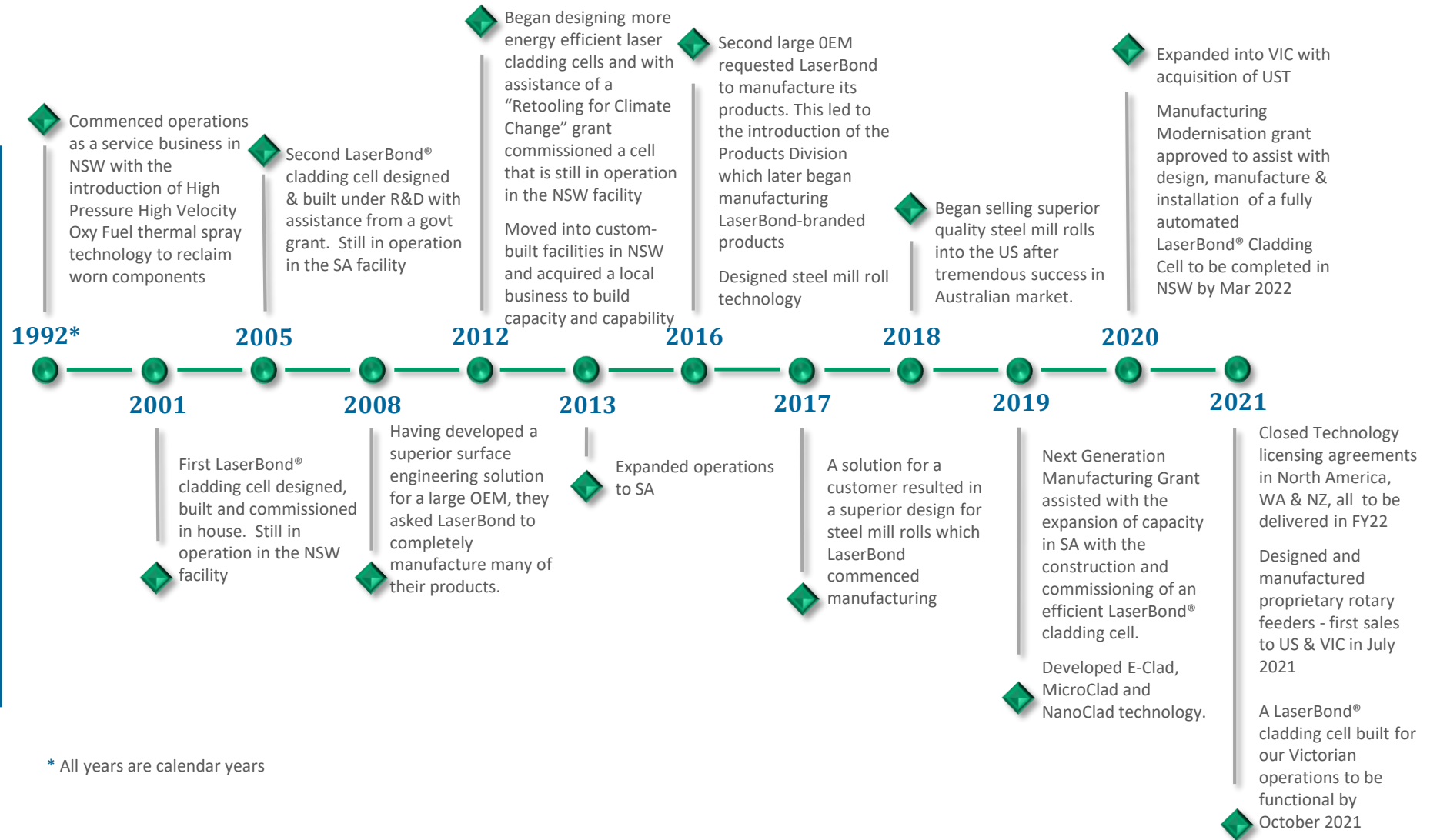
MARKETPLACE


 This small cross-section of our customers indicates the calibre of the organisations who see the enormous productivity value of our proprietary technologies, products and services. Other sectors include transport and shipping, agriculture and oil and gas.

Mining and Minerals Processing	   
Heavy Industry	    
Construction	  
Manufacturing	   
Energy	   

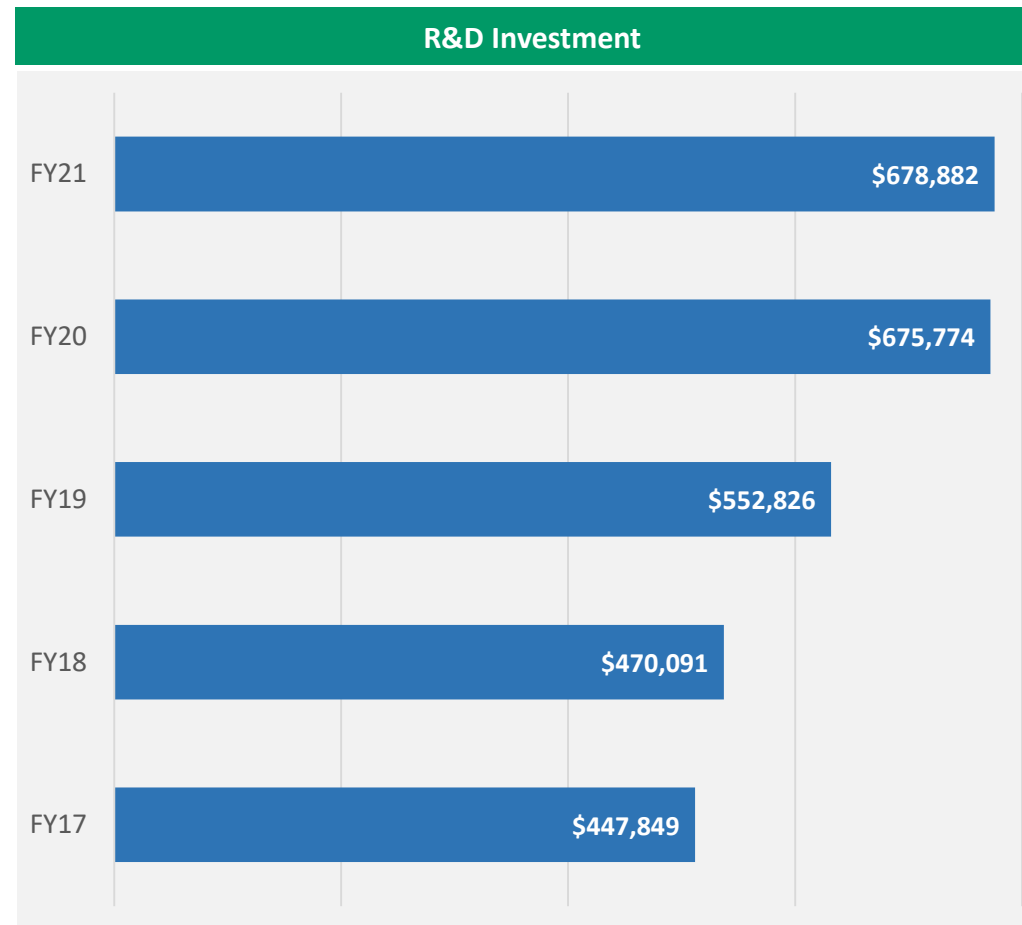
INNOVATION TRACK RECORD

➤ *After decades of successful R&D investment, the business has a suite of proprietary products and technologies ready for commercialisation domestically as well as in large and lucrative offshore markets.*



R&D INVESTMENT

➤ *LaserBond remains committed to developing innovative products and technologies that anticipate market direction and demand, as well as building collaborative relationships with tertiary institutions to leverage its R&D investment and achieve third-party validation of its work.*



- LaserBond identifies opportunities for products and technologies in the natural course of business, as customers request custom-designed solutions to wear life problems
- In addition to expenditure and internal research efforts, LaserBond has collaborative relationships with several Australian universities, which offer independent analysis of the benefits of products and technologies under development. Work continues with the University of South Australia under the IMCRC and SEAM projects, as well as the Monash Institute of Rail Technology.
- A technology agreement was executed with Curtin University in WA for a LaserBond® cell in August 2021. Curtin will use the cell for research and training, providing LaserBond with third-party validation of its developments

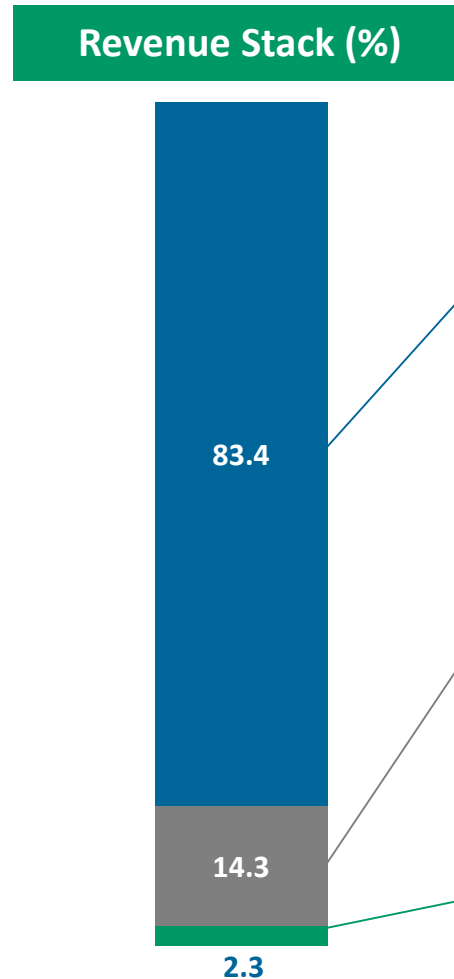
RESEARCH & DEVELOPMENT

➤ **LaserBond is poised to capture the upside of its long-term commitment to innovation and is in the process of commercialising a range of proprietary products and technologies for domestic and offshore markets.**

Proprietary Assets	Description	Developed	Commercialised	Target Markets
E-Clad™	A cost effective alternative to hard chrome on cylindrical parts that avoids carcinogenic chemicals, providing superior performance & using <25% energy of traditional hard chrome plating processes	Several years of materials & process development.	2020 with first sale in October	Cylindrical components subject to wear and corrosion as a substitute for hard chrome—domestic and international
MicroClad™	Wear plates utilising LaserBond’s technology to incorporating fine tungsten carbide particles to provide superior wear resistance to conventional hard-faced plates in extreme wear applications	2020	Currently underway. Several applications successfully implemented	Chutes, liners, equipment buckets & trays, bulk materials handling etc – domestic & international
NanoClad™	Ultra-fine tungsten carbide particles (over 60x smaller than standard cladding processes) with higher % by weight on flat and irregular shaped surfaces providing extreme wear and fine particle erosion resistance	2020	Currently underway. Several applications successfully implemented with repeat export & domestic business	Anywhere subject to severe fine particle erosion and/or impact. Pump equipment, minerals processing, waste management etc
Steel Mill Rolls	Designed/manufactured to achieve up to 20x longer life using a surface engineered carbide composite with outstanding resistance to frictional wear, heat, impact and pressure	2016 - 2017	Implemented in Australia. First exports to the US in 2018	Steel Mini Mills - domestic and international
Rotary Feeders	Severe service rotary feeders (aka rotary valves) utilising LaserBond® technology on wearing surfaces for dramatically extended operation life.	Reclamation of worn feeders for many years. Developed new feeders in 20/21	First sales of new LaserBond® feeders in domestic & US markets in Aug 21	Pneumatic conveyance of mulch, soil, sand and aggregate, bulk materials handling - domestic and US
Crushalloy™	A specially developed material with a metallurgical (welded) bond, combining ductility to resist high impact loads with corrosion and extreme wear resistance	2018	2019 with growing applications	Any components subject to a combination of high impact loads with corrosion and wear. Quarry, crushing, drilling equipment etc

COMPETITIVE PROFILE

➤ *Approximately 80% of the business's revenue has little direct competition, with LaserBond able to draw on decades of research and development to protect and grow its market share with state-of-the-art products and technologies.*



Laser cladding – is gaining more widespread acceptance leading to some increasing competition from relatively inexperienced players. LaserBond's years of R&D investment, resulting in numerous proprietary assets, positions it ahead of the newer service providers

The upside for LaserBond® cladding is the opportunity to re-educate the market on the cost efficiencies of laser cladding worn parts to achieve better-than-new quality rather than replacing worn parts with new, less-durable and less cost-effective components. Growing markets globally.

Thermal Spray – a higher level of competition as thermal spray becomes a more widely accepted surface engineering practice. Currently only 14.3% of LaserBond revenue

General engineering (no surface engineering) – there are many small engineering workshops with low overheads. Only a tiny amount of LaserBond work in this space is exposed to this competition, equating to 2.3% of revenue

SAFETY AND THE ENVIRONMENT

➤ ***Over three decades of operation, LaserBond has never had a serious workplace injury despite servicing some of the industries most exposed to health and safety risk. Equally, its technologies and products enhance their customers' ability to respect the environment and comply with laws.***

Safety

- Rolling 12 month LTIFR has fallen over FY21 despite an almost 50% increase in workforce size, including acquiring the new Victorian operations in early FY21
- Use PAS 99 to manage accredited quality, environmental and safety programs
 - ISO 9001
 - ISO 14001
 - ISO 45001
- Zero fatalities or serious injuries since inception of the business in 1992

The Environment

Technology

- LaserBond's R&D program aims to minimise the environmental impact of its own operations and its customers' operations
- By increasing wear life, components become more cost efficient, but also more efficient overall. There is reduced the need for additional manufacturing and scrapping of worn components, with the associated energy usage and waste.
- For example, E-Clad is more environmentally friendly, using a faster process that is more durable and uses less than ¼ of the energy used in traditional hard chroming

Operations

- ISO 14001 certification promotes sound environmental practices and employee training in the areas of waste disposal, hazardous substances and energy usage
- LaserBond benefits from its own technology and process developments in the form of lower emissions and waste in providing its services to customers



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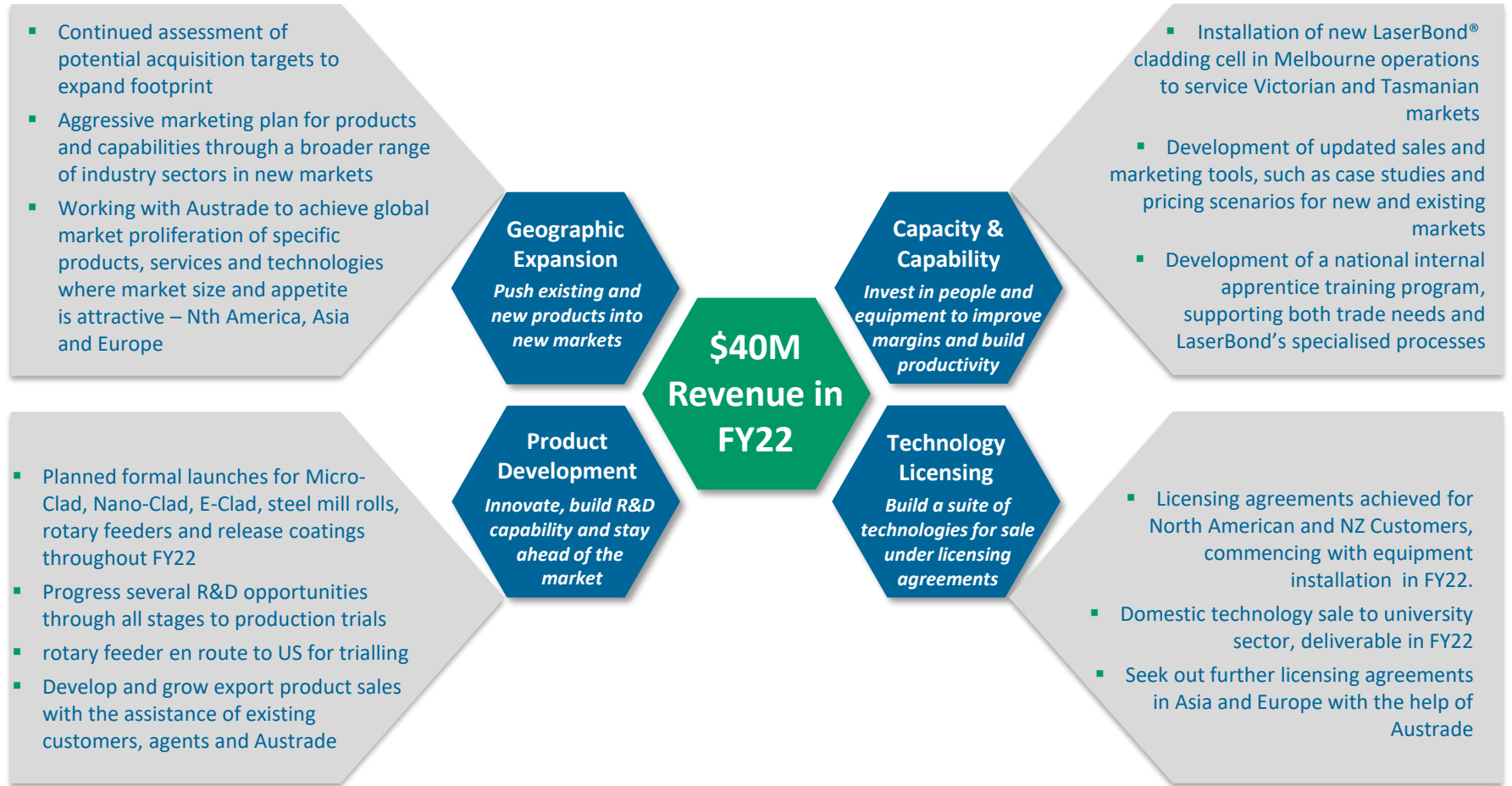
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Performance

**Strategy &
Prospects**

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STRATEGY FOR GROWTH

➤ **Current forecasts indicate a total revenue figure very close to the long held \$40 million revenue target, however, a portion of that revenue relies upon the timely acquisition of a bolt-on business that can begin to contribute revenue by early 2H22 at the latest.**



THE FUTURE

➤ *While global economic uncertainty continues as a result of the pandemic, LaserBond is confident that it has a suite of highly desirable products and technologies and a growth strategy in place to optimise the returns from those proprietary assets.*

External Environment

- With the rollout of vaccinations around the world and the relaxation of Covid-related restrictions, we are confident of delivering growth in the Technology & Products Divisions
- The extent of growth in the Services Division is somewhat dependent on achievement of minimum vaccination levels and relaxation of Australian state border restrictions
- Risks associated with skills shortages and the delays in recruiting under skilled migrant visas are being proactively managed
- Sustainability and growth is enhanced because LaserBond assists its customers to improve the productivity and longevity of their equipment whilst reducing their carbon footprint

Domestic and offshore growth

Internal Environment

- While the make-up of revenue has changed as a result of the pandemic (higher demand for products than services), we expect the Services Division to be able to compensate for lost ground in the current financial year
 - Acquired the Victorian operations and will continue to assess further opportunities to expand the national footprint
- Increased revenue to flow through from the newly expanded sales and marketing team
- Will continue to focus on commercialising a number of product and technology opportunities
- Aim to build recurring revenue with at least two technology licence agreements each year

INVESTMENT RATIONALE

➤ ***LaserBond's business model is founded on innovating to meet specific customer requirements which are then developed for broader application. The current product and technology suite has enormous potential in large and valuable offshore markets.***

1.

Solid Business Foundations

- Year on year growth on all metrics until Covid – resilient performance throughout 2H20 and FY21 despite significant hindrance of pandemic restrictions
- Strong balance sheet and positive cash flows, which have also avoided the need to raise additional capital for many years
- Blue chip client base with high level of repeat business
- Provider to essential services industries - mitigates impact of Covid

2.

Culture of Innovation

- Business model founded on innovating to meet specific customer requirements which are then developed for broader application
- Existing suite of proprietary technology that is proven to be more cost-efficient than other technologies
- Strong R&D relationships with tertiary institutions for independent verification of products and technologies
- Highly engaged workforce with deep specialist knowledge

3.

Strong Demand in Local and Offshore Markets

- Accessing sizeable global markets for technology licensing to give long-term revenue streams
- Sizeable market in North America and Asia for steel mill rolls and rotary feeders
- Covid has curbed offshore growth roll-out, but ways are being sought to penetrate lucrative foreign markets with specific high-demand products and technologies



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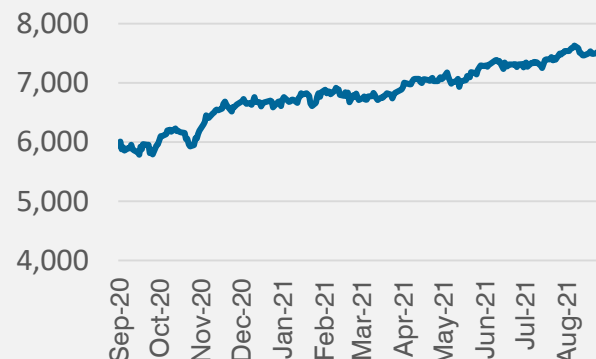
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LASERBOND SNAPSHOT

LBL SHARE PRICE MOVEMENT



ASX 200 MOVEMENT



COMPANY INFORMATION

Incorporation	30/09/1992
IPD	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide
No of staff	111

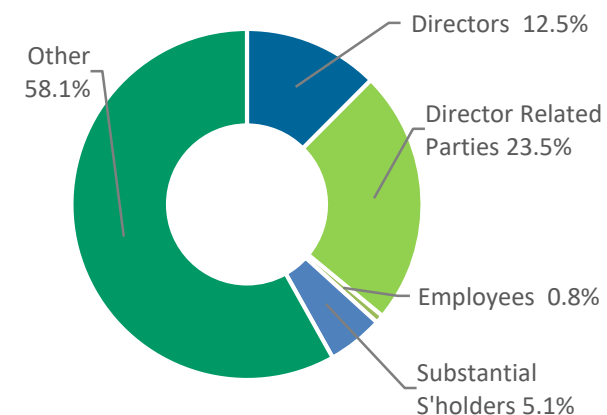
DIRECTORS AND EXECUTIVES

Mr Philip Suriano	Non Executive Chairman
Mr Wayne Hooper	CEO & Executive Director
Mr Matthew Twist	CFO & Executive Director
TBC	Non Executive Director

MARKET INFORMATION *

Shares on Issue	96,055,413
Options on Issue	0
Market Cap	\$75.88M
52-Wk High	\$1.065
52-Wk Low	\$0.510
AV Volume	96,999

SHARE REGISTER COMPOSITION



FIVE-YEAR EARNINGS

A\$000	2017	2018	2019	2020	2021
Sales Revenue	13,751.4	15,648.1	22,667.2	22,177.3	24,664.5
Gross profit	7,186.0	6,962.1	10,742.7	11,522.8	12,588.0
Operating Expenses	(4,730.1)	(4,731.6)	(5,845.1)	5,335.3)	(6,204.3)
EDITDA	2,455.9	2,230.4	4,897.6	6,187.5	6,373.7
D&A	(867.4)	(717.5)	(886.1)	(1,981.6)	(2,554.8)
EBIT	1,588.5	1,512.9	4,011.6	4,205.9	3,828.6
Interest	(77.8)	(110.8)	(176.7)	(440.9)	(464.0)
NPBT	1,510.7	1,402.2	3,834.9	3,765.0	3,364.9
NPAT	1,112.9	967.7	2,809.4	2,805.1	2,838.1
Dividend	0.40 cents	0.50 cents	0.90 cents	1.00 cents	1.20 cents
EPS	1.221 cents	1.040 cents	2.972 cents	2.940 cents	2.955 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

A\$000	2017	2018	2019	2020	2021
Cash & Equivalents	2,011.6	1,379.1	2,192.5	3,997.7	4,907.9
Current assets	7,851.0	9,229.1	10,135.7	11,843.7	14,929.1
Non-current assets	2,776.6	3,398.0	6,265.5	11,759.7	14,601.8
Total assets	10,627.6	12,627.0	16,401.2	23,603.4	29,530.9
Current liabilities	2,544.2	3,327.7	4,064.3	4,586.8	6,141.2
Non-current liabilities	1,038.2	1,524.3	2,276.7	6,780.4	9,128.0
Total liabilities	3,582.4	4,852.0	6,341.0	11,367.2	15,269.2
Net assets	7,045.2	7,775.0	10,060.2	12,236.2	14,261.7
Cash from operations	1,975.4	386.8	4,081.0	4,260.0	4,756.9
Cash from investing	(128.0)	(298.6)	(3,455.4)	(594.0)	(1,265.5)
Cash from financing	(603.8)	(720.8)	187.9	(1,860.8)	2,581.2
Net cash flow	1,243.6	(632.6)	813.5	1,805.1	910.2

POWERED ROOF SUPPORT CYLINDERS

LaserBond has become the OEM's repairer of choice, delivering a superior component back into service with extended operating life and lower total costs:

- **Extended life cycle compared to original OEM part so reduced future production losses**
- **Lead time for repair is shorter than replacement, allowing rapid return to production**
- **Cost of repair is much lower than replacement**

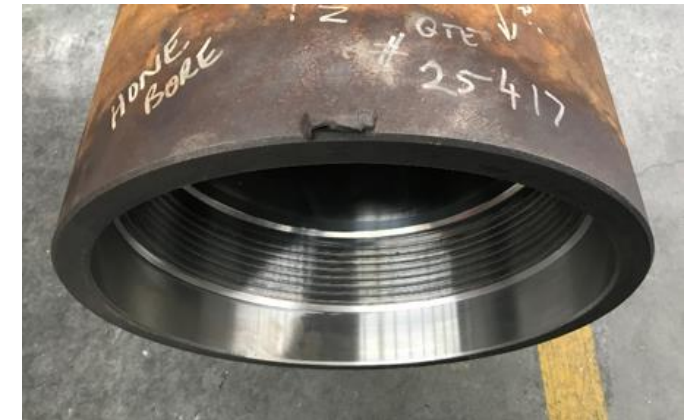
Problem

PRS Cylinders are large diameter, three stage, telescopic, hydraulic cylinders used on Longwall Roof Supports in underground coal mines. PRS Cylinders operate in extremely adverse mining conditions, and are difficult and expensive to access for repairs or removal, being hundreds of metres underground. The porous nickel chrome coating is prone to blistering, cutting seals with resulting pressure loss.



Solution

Utilising the in house R&D capabilities and relying on 20 years of industry experience, LaserBond chose an alloy to give superior corrosion resistance. The highly corrosion resistant alloy was LaserBond® Clad to the inner and outer stages of the PRS, damaged static seal areas (under the gland nuts) and PRS bores that have metal galling and/or corrosion pitting.



FINAL DRIVE UNIT – MINING EXCAVATOR

The Hitachi EX1900 excavator, with the enhanced, repaired Final Drive Unit was seamlessly placed back into operation with forecast operational life improvement:

- **Operating cost savings – repair performed at much lower cost than replacement**
- **Less time out of service - repair carried out in much less time than the purchase lead time**
- **A reduced carbon footprint- reusing rather than scrapping the component**

Problem

The customer, a major mining contractor, was faced with replacing a final drive unit in a Hitachi EX1900 due to corrosion. Internal condensation had caused serious corrosion on the splines, rendering the Final Drive Unit (Hub and Spindle) unserviceable. LaserBond were approached by a to provide a corrosion resistant repair solution to exceed OEM operating standards.

Solution

LaserBond's solution was to LaserBond® clad an alloy selected to give superior corrosion resistance combined with optimal strength and hardness. LaserBond removed the splines for remanufacture and then the Splines were fully rebuilt with the selected alloy. The fully clad area then had new Splines re-cut to exacting OEM measurements. This process was replicated for both the Hub and Spindle splines.



Further Information:

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