



LASERBOND[®]
PRODUCTIVITY | INNOVATION | CONSERVATION



Investor Presentation

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Matthew Twist, CFO

March 2022
ASX: LBL



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1H22 Performance
Summary

Financial
Performance

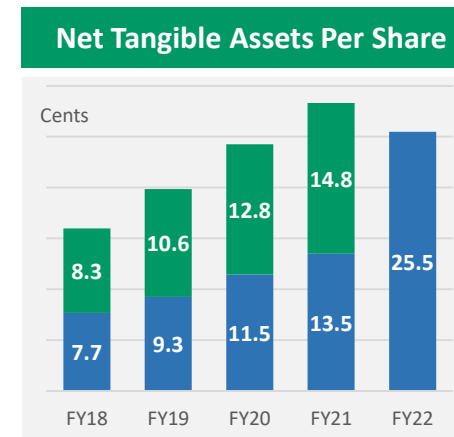
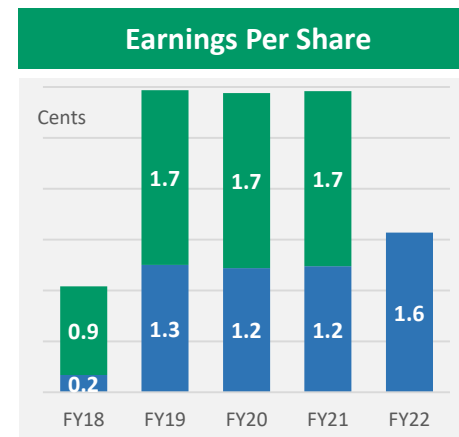
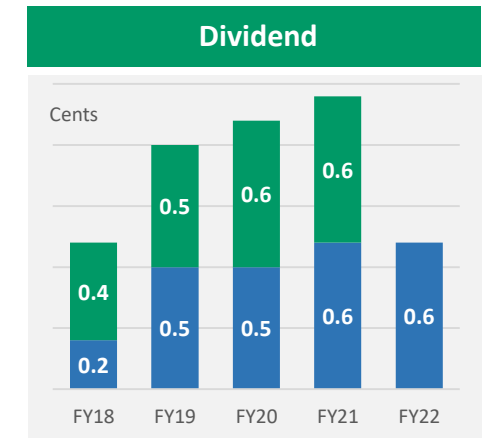
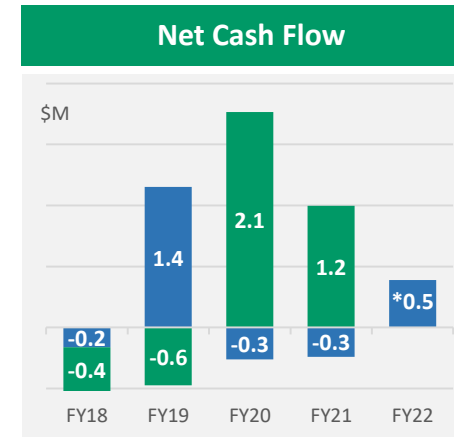
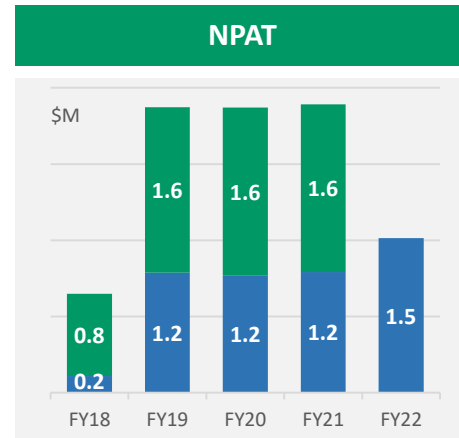
Operational
Performance

Strategy &
Prospects

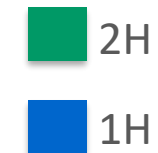
Appendices

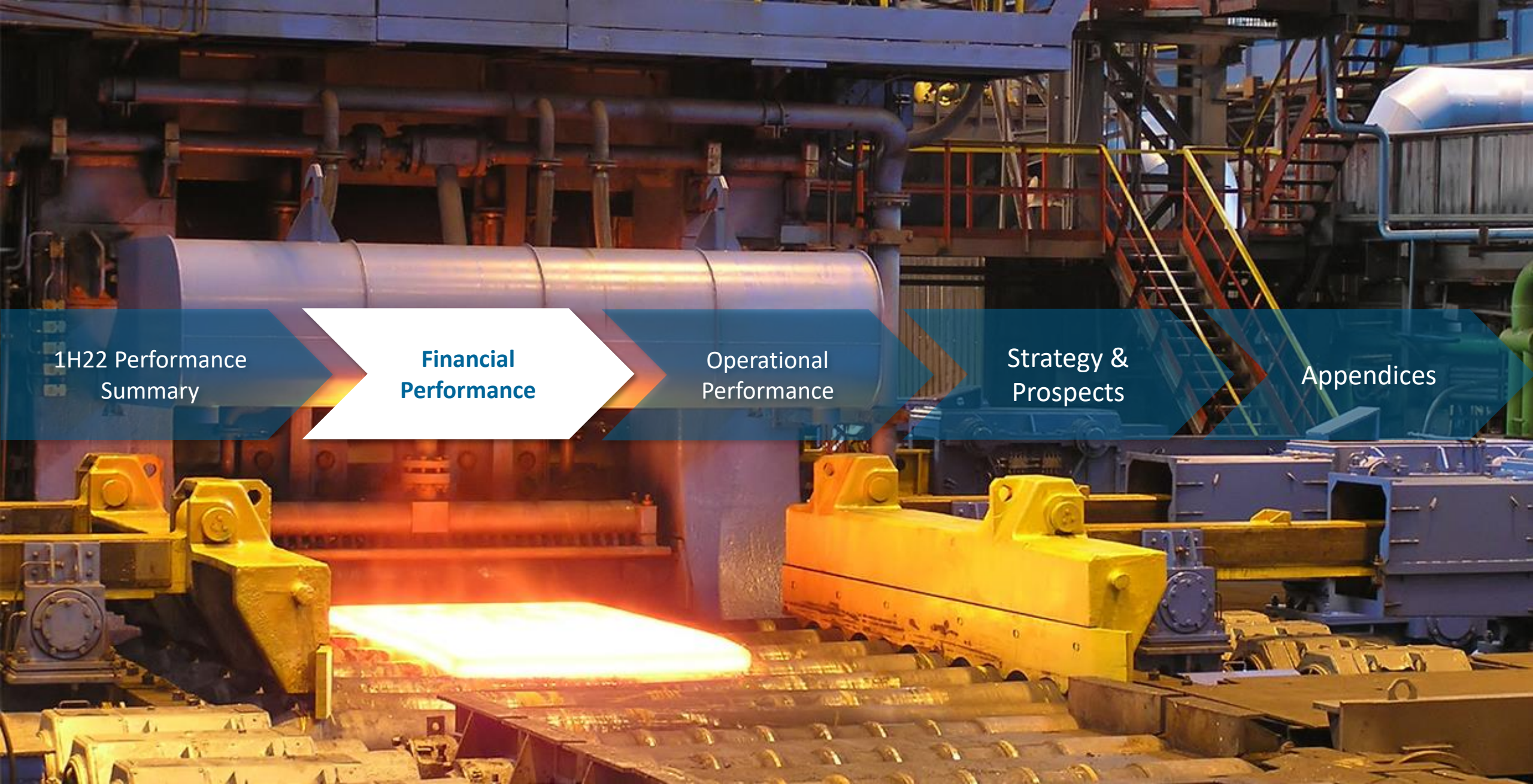
1H22 PERFORMANCE SUMMARY

➤ *LaserBond's stock performance has returned over 35% capital increase over the 12 months to 4 March 2022 and has maintained consistent growth in annualised dividends.*



* Excludes net proceeds from Dec 2022 placement of \$9.36 million





1H22 Performance
Summary

**Financial
Performance**

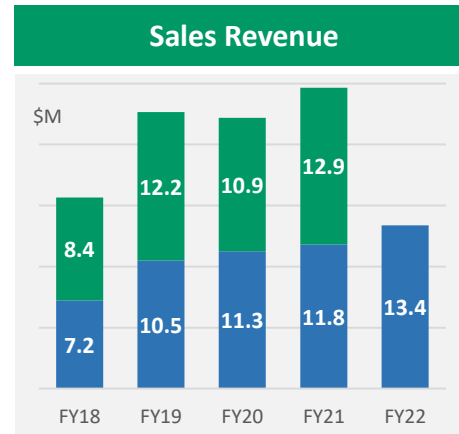
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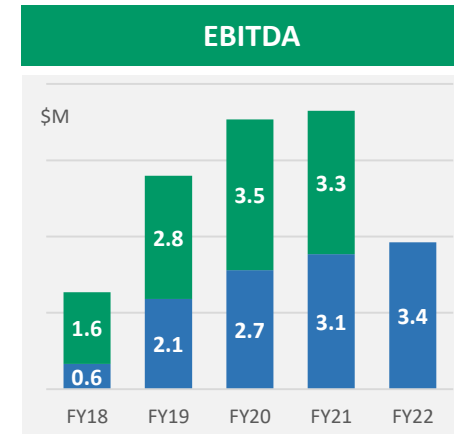
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EARNINGS TO DEC 21

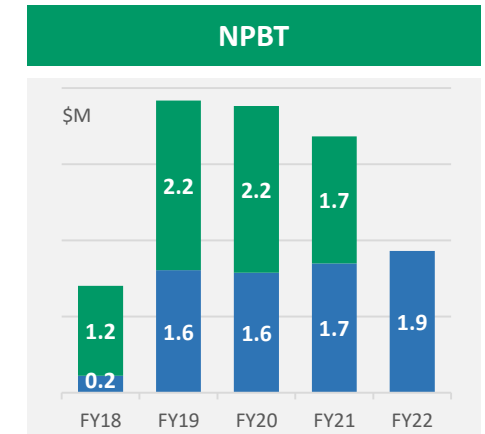
➤ *LaserBond's 1H22 earnings results reveal an underlying strength in the business and its success in adapting swiftly to a prolonged global event that could not have been fathomed several years ago.*



- Revenue continues to strongly grow despite Covid-driven trading restraints
- Both Products and Services increased revenue, while the Technology division secured orders for equipment expected to be delivered in 2H22.



- EBITDA continues to grow with an 8.8% increase over the half.
- This increase occurred despite a reduction in JobKeeper receipts from \$0.65 million in 1H21 to nil in 1H22.

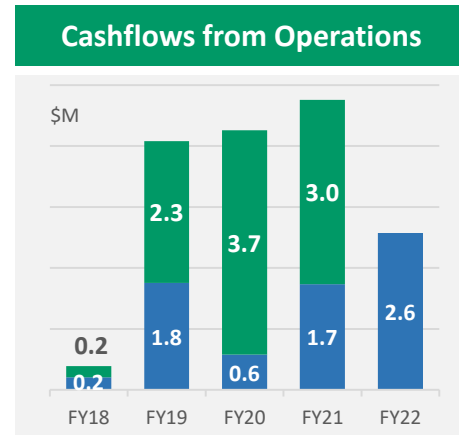


- Profit before tax increased by 9.7% over the previous corresponding period.
- Net profit after tax increased by 28.1%.

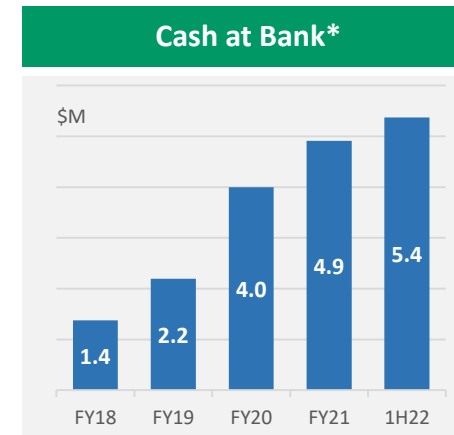
■ 2H ■ 1H

CASH AND WORKING CAPITAL

➤ *Consistently strong cashflows from operations have underpinned increasing levels of working capital to support the expanding operations.*

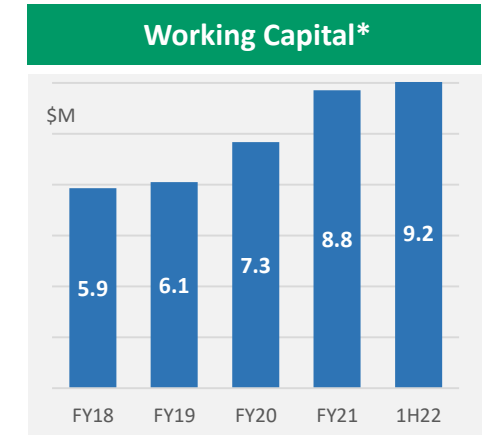


- Cashflows from operations increased by 48.2% over pcp
- Operating in essential industries has meant that, despite Covid, the business has continued to generate strong cash flows.



* Excludes net proceeds from Dec 2022 placement of \$9.36 million

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

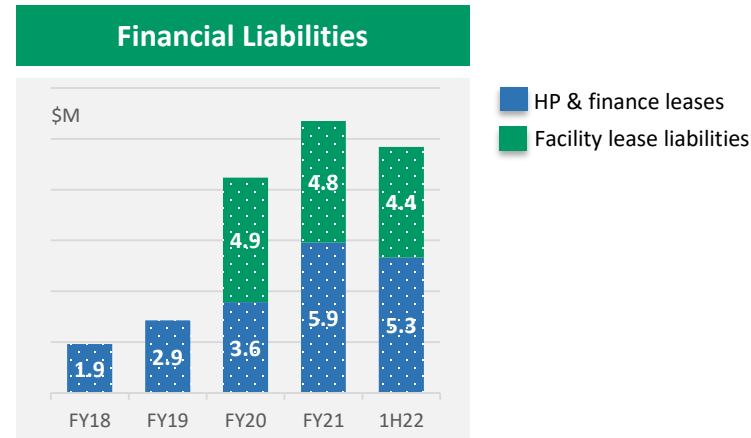


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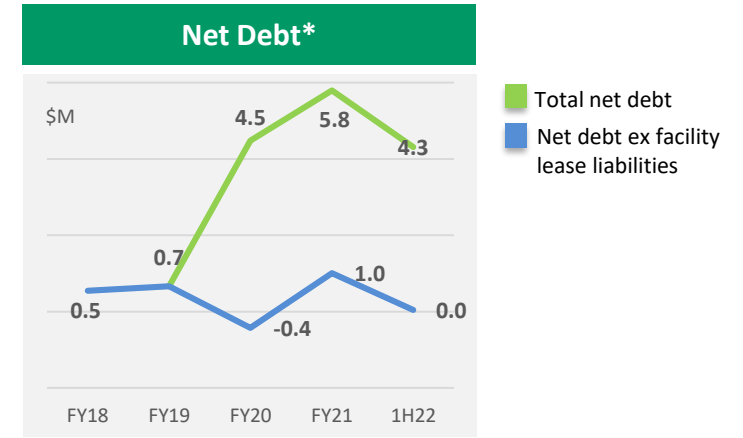
- Working capital remains adequate to support the planned growth
- The solid working capital position also facilitates continued R&D investment

DEBT

➤ *LaserBond's balance sheet is strong, with low levels of net debt, which can support its expansion strategy, both organically and acquisitively.*



- \$0.92 million of finance leases was repaid in 1H22
- LaserBond has no debt other than equipment leases to fund PP&E acquisition
- Facility lease liabilities relate to the leases of operating premises



*Excludes funds from \$9.4 million in 1H22

- 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



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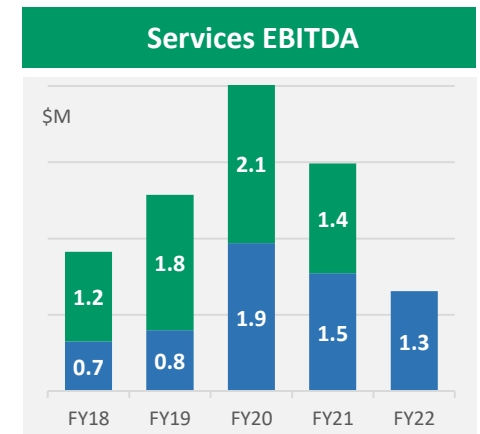
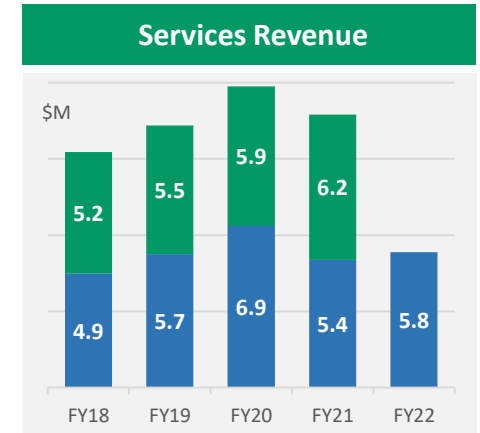
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SERVICES DIVISION OVERVIEW

While Services revenue increased despite site and travel restrictions, EBITDA decreased as a result of higher overheads relating to the impact of Covid. However, demand in 2H22 is expected to increase due to the resumption of full maintenance programs and the new cladding cells in QLD and VIC.

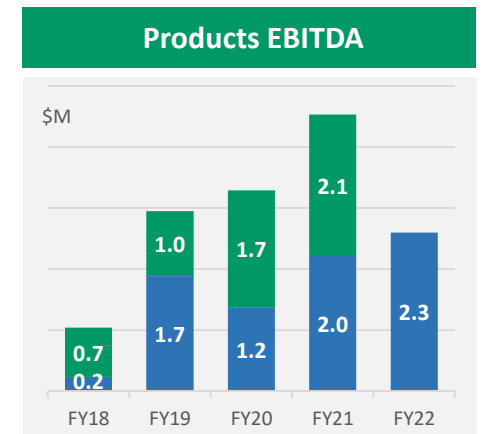
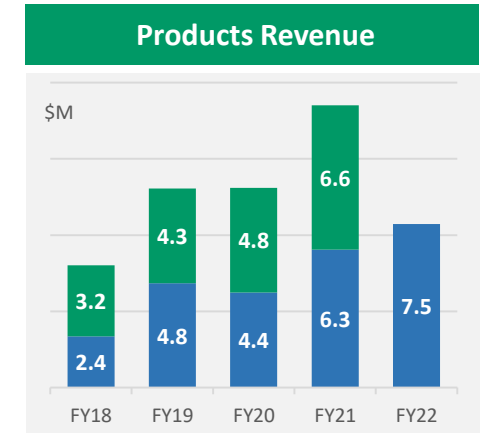
- Offers reclamation of worn industrial components using LaserBond® cladding and thermal spraying as well as high capacity welding, machining and heat treatment to provide a complete service suite – typically extending surface life of plant and equipment between 5 and 10 times.
- In 1H22, achieved a 6.1% increase on pcp in revenue largely due to a concentrated sales and marketing drive in Victoria and South Australia. This result was also in spite of site closures and deferred maintenance schedules across the Services geographic footprint.
- 1H22 EBITDA decreased by 15.2% on pcp due to increased overheads, particularly in Victoria where the commissioning of the new LaserBond® cladding cell was delayed due to Covid travel restrictions. Margins, however, were maintained.
- Services demand is expected to increase in 2H22 as travel, site and border restrictions ease.
- Higher revenue is also expected in 2H22 with the Victorian cladding cell available from January and the newly acquired QLD cell. These two new cells will also free up capacity in NSW and reduce lead times for all customers across all states.



PRODUCTS DIVISION OVERVIEW

➤ *The marked rise in earnings from the Products division during Covid highlights the diversified nature of our business across products, services and proprietary technologies and the way in which we have adapted to extract value from one division when others are adversely impacted.*

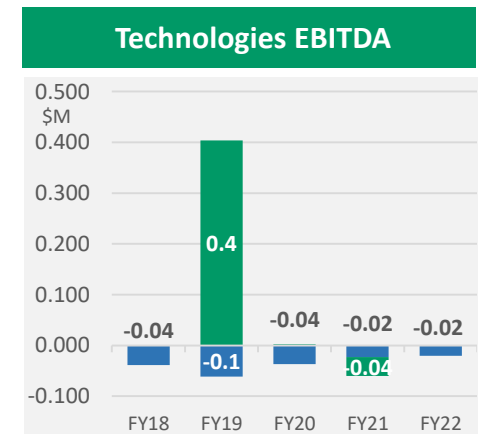
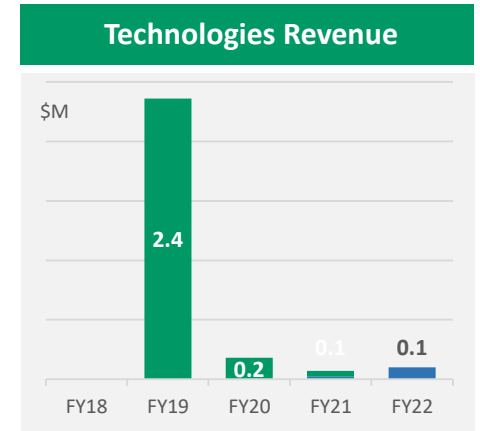
- Manufactures products incorporating LaserBond® cladding applications, such as steel mill rolls, rotary feeders and a range of OEM consumables utilised across a breadth of industries
- Revenue increased 18.5% on pcp, including a 15% increase in revenue from products manufactured under our OEM brands and an 18% increase in revenue from LaserBond steel mill rolls compared to 1H21 and the first sales of LaserBond Rotary Feeders to international and domestic customers.
- EBITDA increased by 17.4% on pcp due to maintained margins as well as volume increase.
- Travel restrictions continued to curtail anticipated growth in the sale of steel mill rolls in the US and Asia.
- First LaserBond branded rotary feeder has arrived in the US for extensive field trials.



TECHNOLOGY DIVISION OVERVIEW

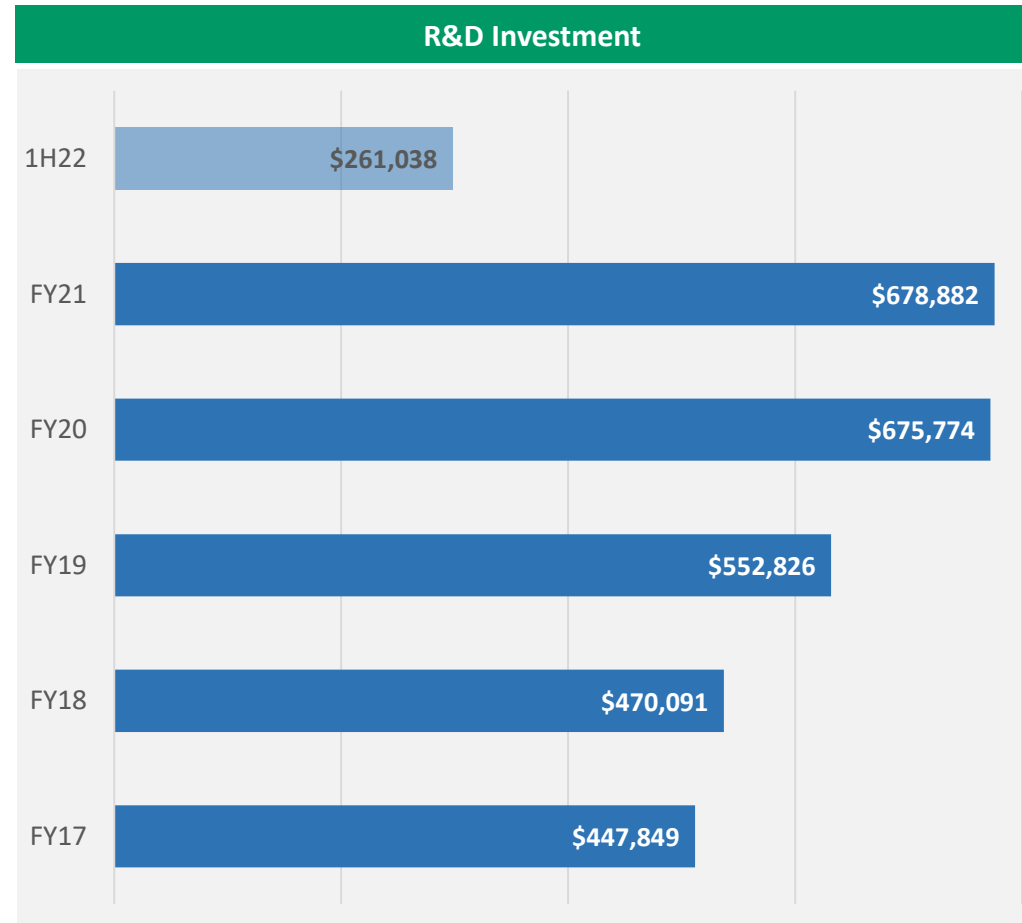
➤ ***There remains enormous potential for the Technology division with large, lucrative markets in North America and Asia for our proprietary technologies. With the relaxing of international border restrictions, we intend to pursue our growth strategy in those markets.***

- 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.
- 1H22 revenue was \$100,340, derived from licensing fees and the sales of consumables to a UK licensee.
- Remained significantly hampered by international and domestic travels restrictions in 1H22.
- Whilst we are working through some supply chain delays, we are planning to delivery three technology sales during FY22 providing revenue of \$3.9 million plus ongoing consumable sales and licence fees.
- With the assistance of Austrade in Asia and consultants in Europe, LaserBond is pursuing a number of license opportunities for planned delivery in FY23.



R&D INVESTMENT

➤ *LaserBond develops 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.

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
- Certification process for JAS ANZ accreditation underway
- 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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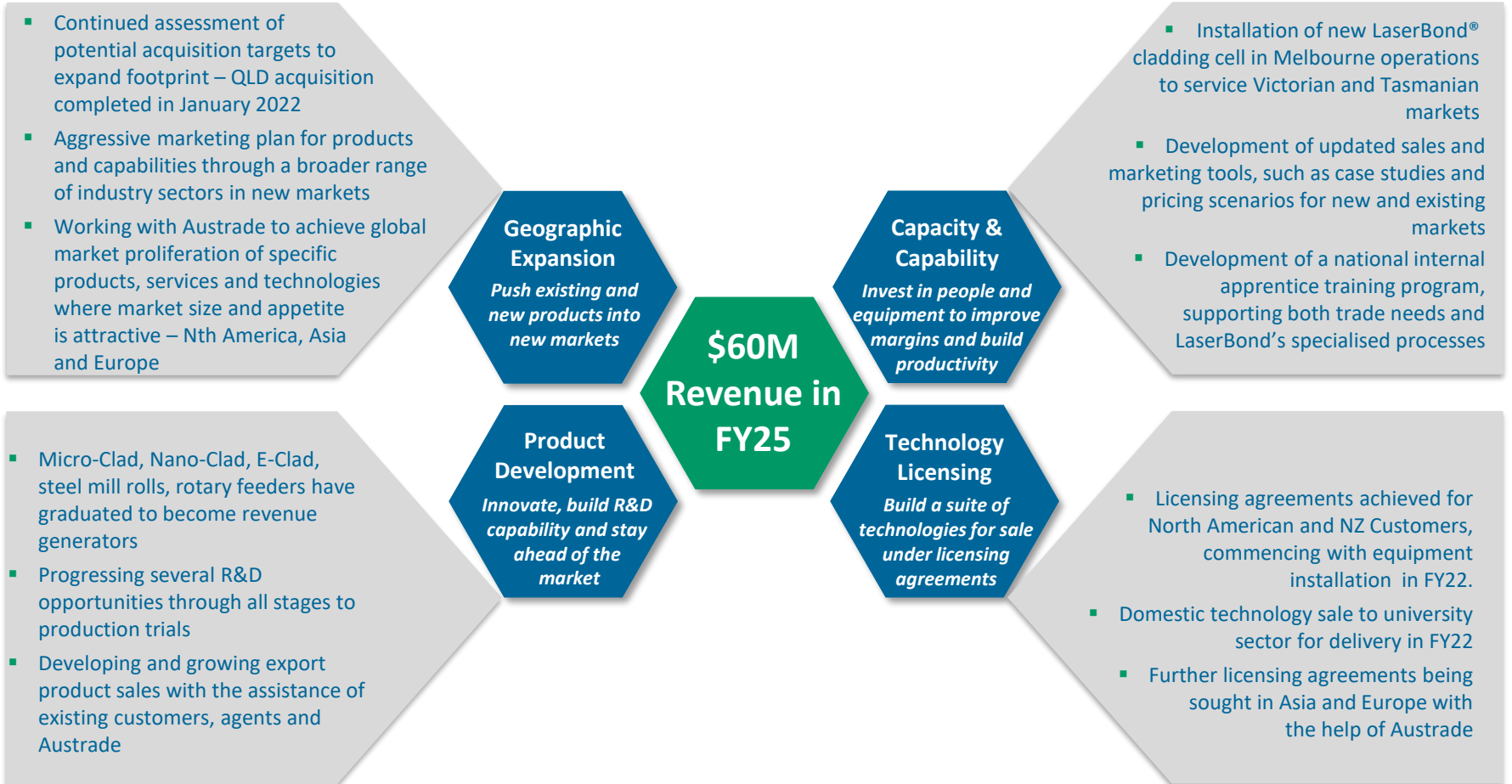
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STRATEGY FOR GROWTH

➤ **The long-term revenue target of \$40 million by FY22 was adjusted to account for Covid to \$35 million, not including revenue from the QLD acquisition in January this year. The new long-term target is in excess of \$60 million by FY25.**



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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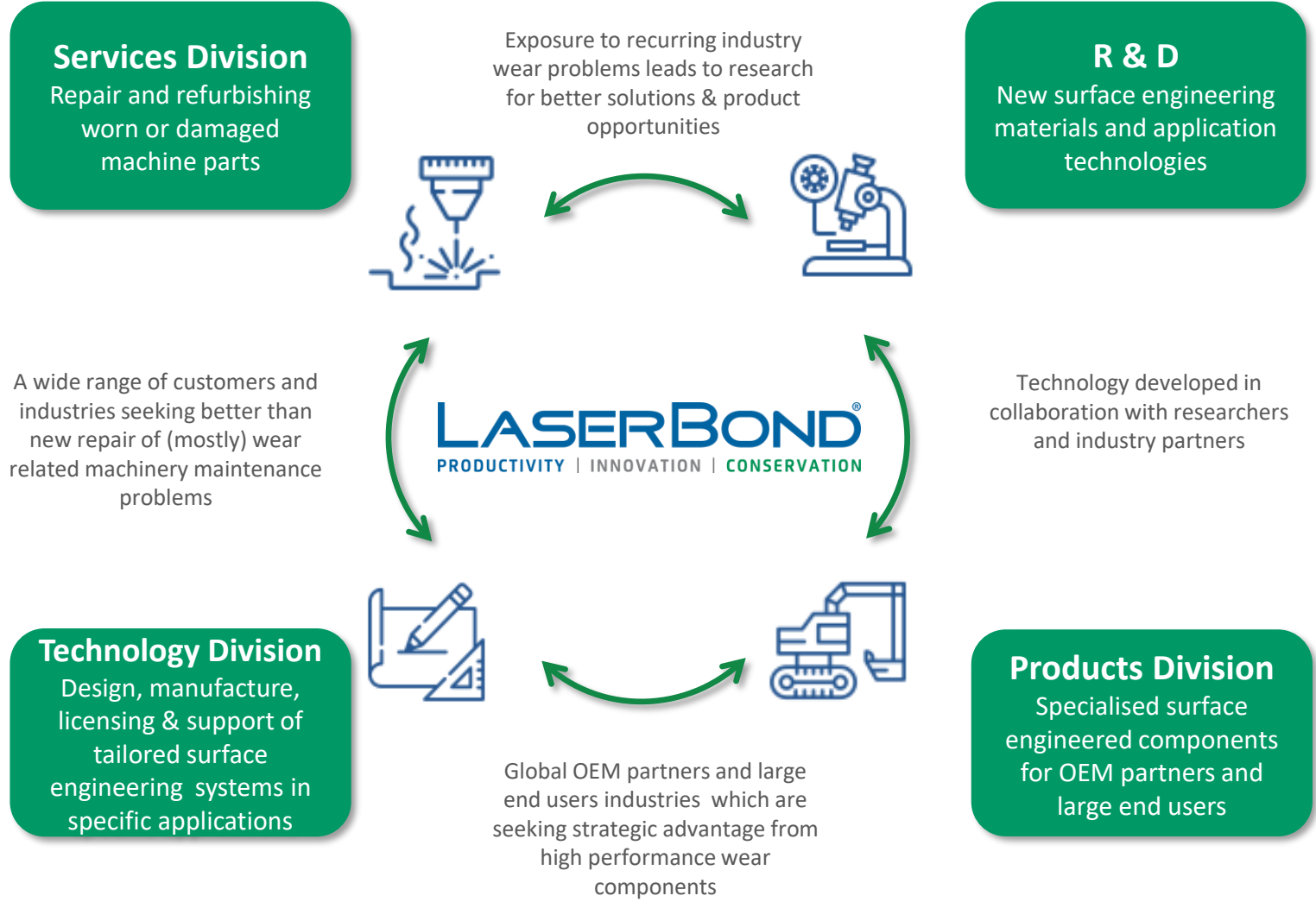
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LASERBOND

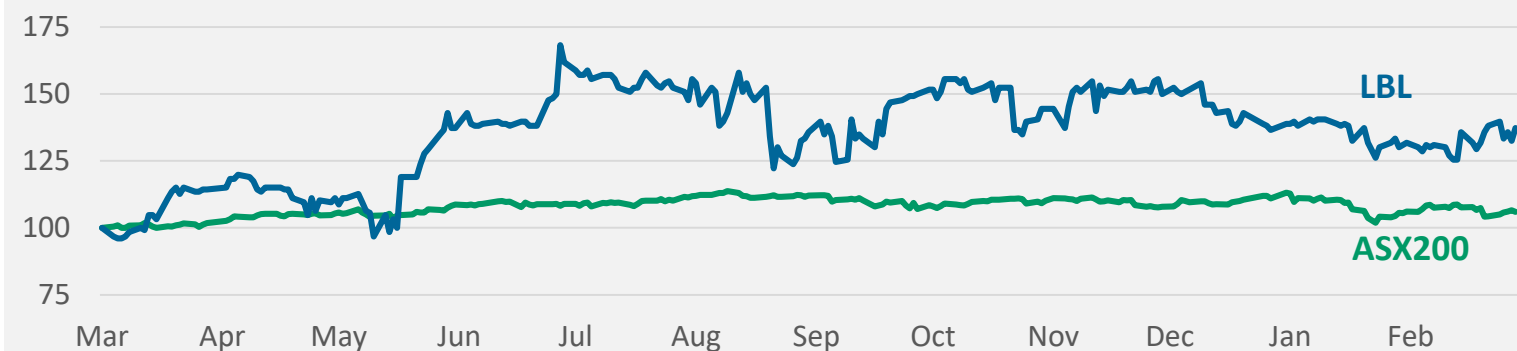
BUSINESS OVERVIEW

➤ **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.**



LASERBOND SNAPSHOT

LBL SHARE PRICE INDEX MOVEMENT VS ASX200* (year ending 4/3/22)



* 5 March 2021 = 100

COMPANY INFORMATION

Incorporation	30/09/1992
IPD	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane
No of staff	123

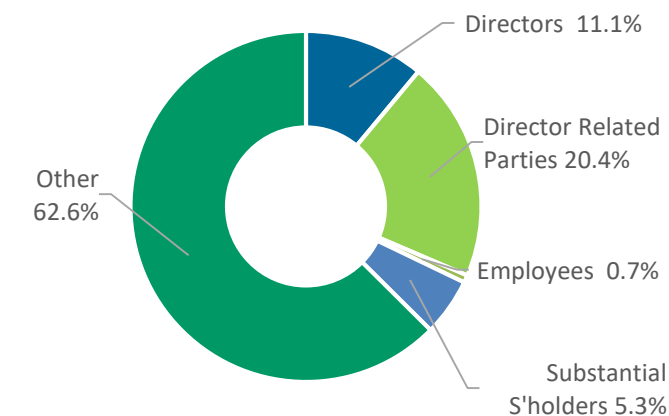
DIRECTORS AND EXECUTIVES

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	109,092,957
Options on Issue	0
Market Cap	\$91.09M
52-Wk High	\$1.065
52-Wk Low	\$0.580
AV Volume	61,726

SHARE REGISTER COMPOSITION



FIVE-YEAR EARNINGS

A\$000	2017	2018	2019	2020	2021	1H22
Sales Revenue	13,751.4	15,648.1	22,667.2	22,177.3	24,664.5	13,378.1
Gross profit	7,186.0	6,962.1	10,742.7	11,522.8	12,588.0	7,263.4
Operating Expenses	(4,730.1)	(4,731.6)	(5,845.1)	5,335.3)	(6,204.3)	(3,894.7)
EDITDA	2,455.9	2,230.4	4,897.6	6,187.5	6,373.7	3,368.8
D&A	(867.4)	(717.5)	(886.1)	(1,981.6)	(2,554.8)	(1,287.4)
EBIT	1,588.5	1,512.9	4,011.6	4,205.9	3,828.6	2,081.3
Interest	(77.8)	(110.8)	(176.7)	(440.9)	(464.0)	(217.9)
NPBT	1,510.7	1,402.2	3,834.9	3,765.0	3,364.9	1,863.4
NPAT	1,112.9	967.7	2,809.4	2,805.1	2,838.1	1,522.1
Dividend	0.40 cents	0.50 cents	0.90 cents	1.00 cents	1.20 cents	0.60 cents
EPS	1.221 cents	1.040 cents	2.972 cents	2.940 cents	2.955 cents	1.57 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

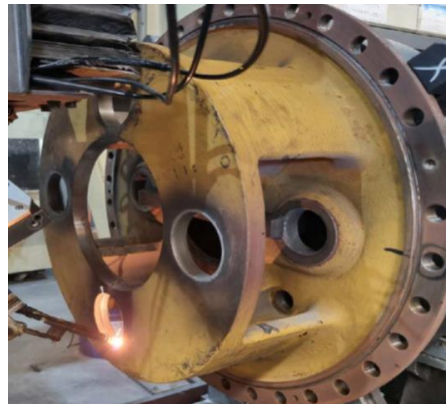
A\$000	2017	2018	2019	2020	2021	1H22
Cash & Equivalents	2,011.6	1,379.1	2,192.5	3,997.7	4,907.9	14,730.0
Current assets	7,851.0	9,229.1	10,135.7	11,843.7	14,929.1	26,680.8
Non-current assets	2,776.6	3,398.0	6,265.5	11,759.7	14,601.8	14,279.2
Total assets	10,627.6	12,627.0	16,401.2	23,603.4	29,530.9	40,960.0
Current liabilities	2,544.2	3,327.7	4,064.3	4,586.8	6,141.2	8,156.0
Non-current liabilities	1,038.2	1,524.3	2,276.7	6,780.4	9,128.0	8,015.5
Total liabilities	3,582.4	4,852.0	6,341.0	11,367.2	15,269.2	16,171.4
Net assets	7,045.2	7,775.0	10,060.2	12,236.2	14,261.7	24,788.6
Cash from operations	1,975.4	386.8	4,081.0	4,260.0	4,756.9	2,570.4
Cash from investing	(128.0)	(298.6)	(3,455.4)	(594.0)	(1,265.5)	(748.9)
Cash from financing	(603.8)	(720.8)	187.9	(1,860.8)	2,581.2	8,000.7
Net cash flow	1,243.6	(632.6)	813.5	1,805.1	910.2	9,822.1

CLADDING CAST IRON

➤ ***LaserBond's proprietary technology to clad cast iron parts enables fit-for-purpose reclamation of parts in specific operating environments to vastly extend wear-life, while significantly reducing raw materials demand and waste, as well as pig/crude iron production and the energy intensity requirement to produce it.***

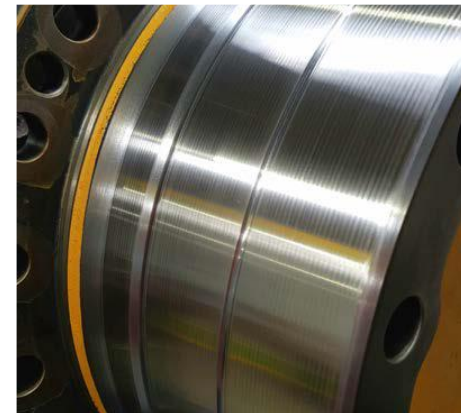
Problem

Cast iron, and in particular, white cast iron, is notoriously difficult to repair using traditional welding techniques due to damage from heat input causing cracking, fragility and porosity. Recently, LaserBond worked with a railways customer to solve a problem specific to its business. Obsolescence of a drive train component threatened ongoing viability of the existing train fleet as a replacement part was no longer available, potentially leading to an entire fleet upgrade.



Solution

The minimal, localised heat input of LaserBond's proprietary laser cladding technology substantially reduces the negative impacts of heat and thus minimises the chance of cracking and porosity. The business has delivered a safe, reliable and vastly improved quality of part that has enabled the existing fleet to locomotives to return to service rather than be scrapped.



MULTIPLYING WEAR-LIFE WITH MICRO CLAD®

➤ ***LaserBond worked with a customer to achieve greater than three times the original wear-life of a part with its proprietary technology, Mirco Clad® as well as increasing production though reduced shutdown times, shrinking carbon footprint, lowering replacement part costs and decreasing the risk of unplanned shutdown time.***

Problem

A customer identified a significant wear issue on component parts of a 720mmsolid bowl centrifuge used in a tailing de-watering application at a mine site. The customer, a key Australian mining and engineering group, needed to test, trial and adopt a hard-wearing coating to significantly extend component life and time between maintenance shutdowns. The components were situated in high speed, high pressure environments causing rapid wear through continual abrasion.



Solution

The customer needed a way to fabricate more durable wear plates and coat wearing surfaces with a hard-wearing material to extend component life and sought a solution with a quick turnaround time. LaserBond's Mirco Clad® increased average wear-life from 1,250 hours to over 4,000 hours of service, which is more than three times.



Further Information:

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Company Secretary

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