



LASERBOND[®]



PRODUCTIVITY | INNOVATION | CONSERVATION

Investor Presentation

Wayne Hooper, CEO
Matthew Twist, CFO

September 2022

ASX: LBL



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Business Overview & Performance Summary

Financial Performance

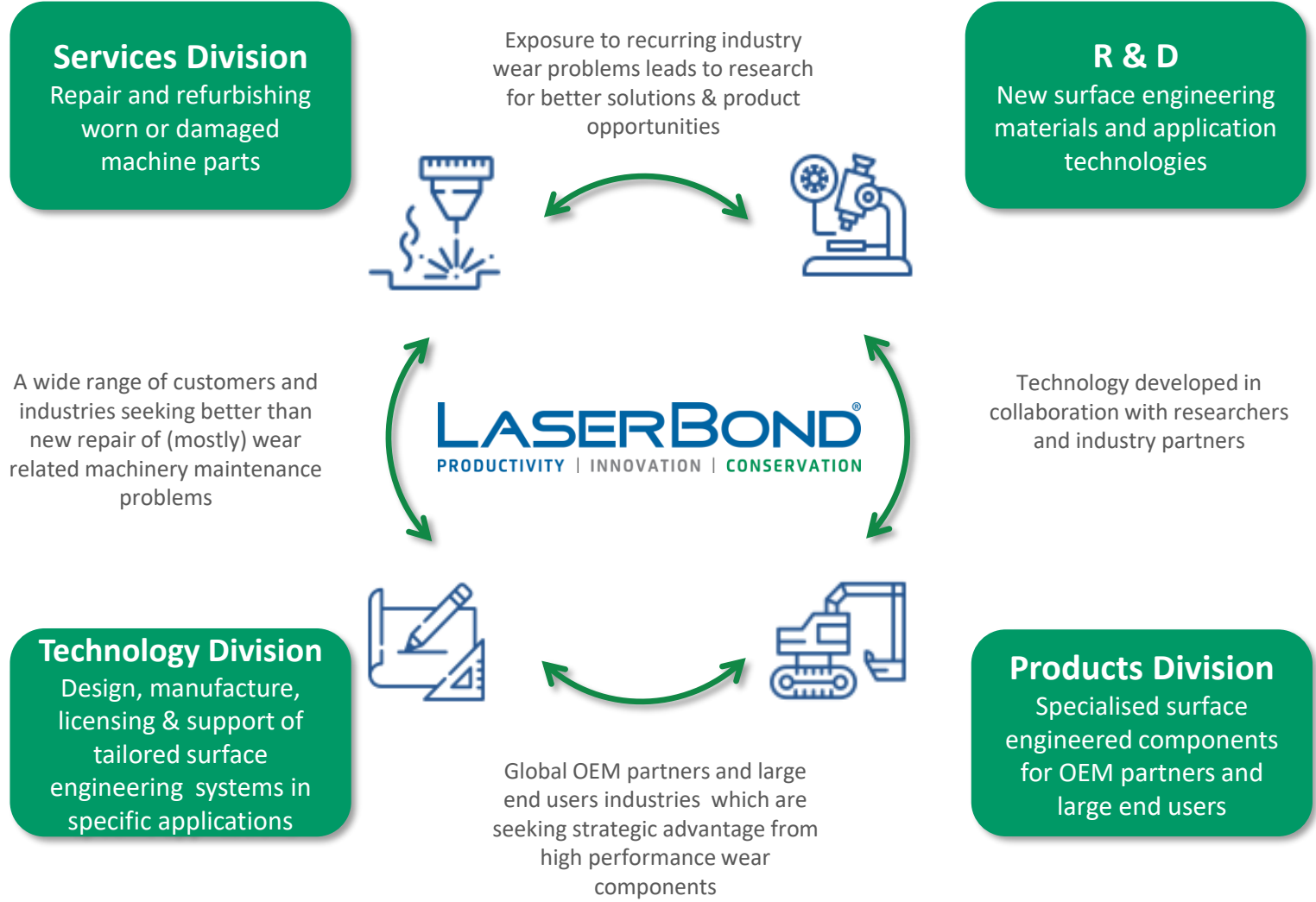
Operational Performance

Strategy & Prospects

Appendices

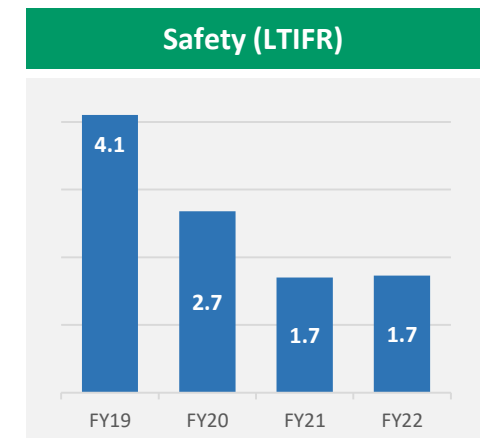
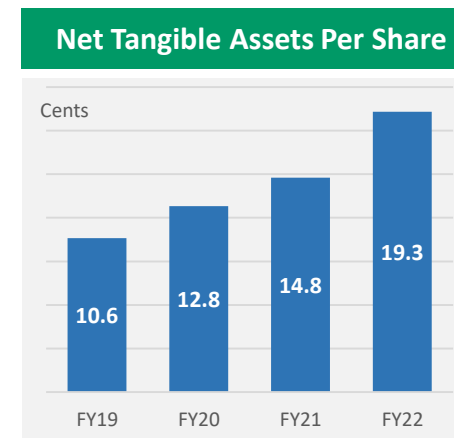
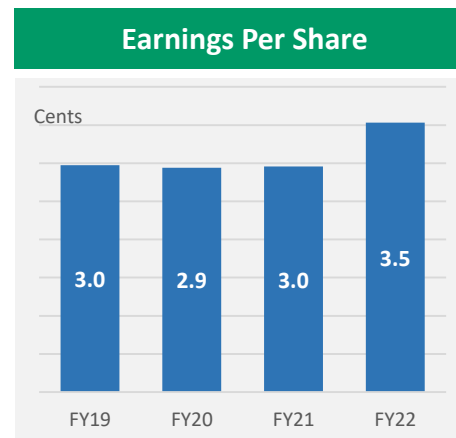
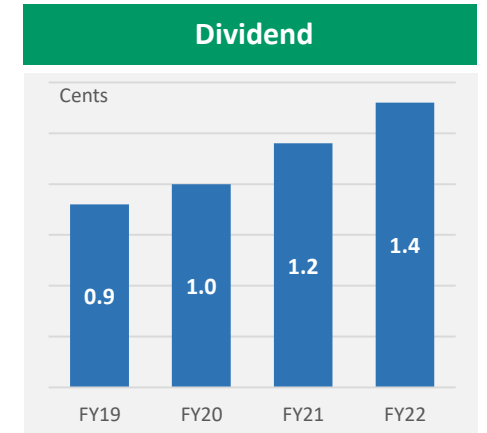
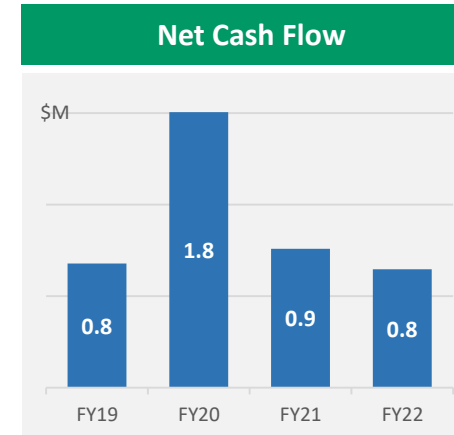
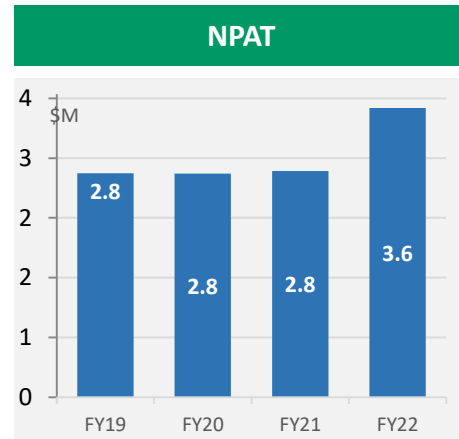
BUSINESS OVERVIEW

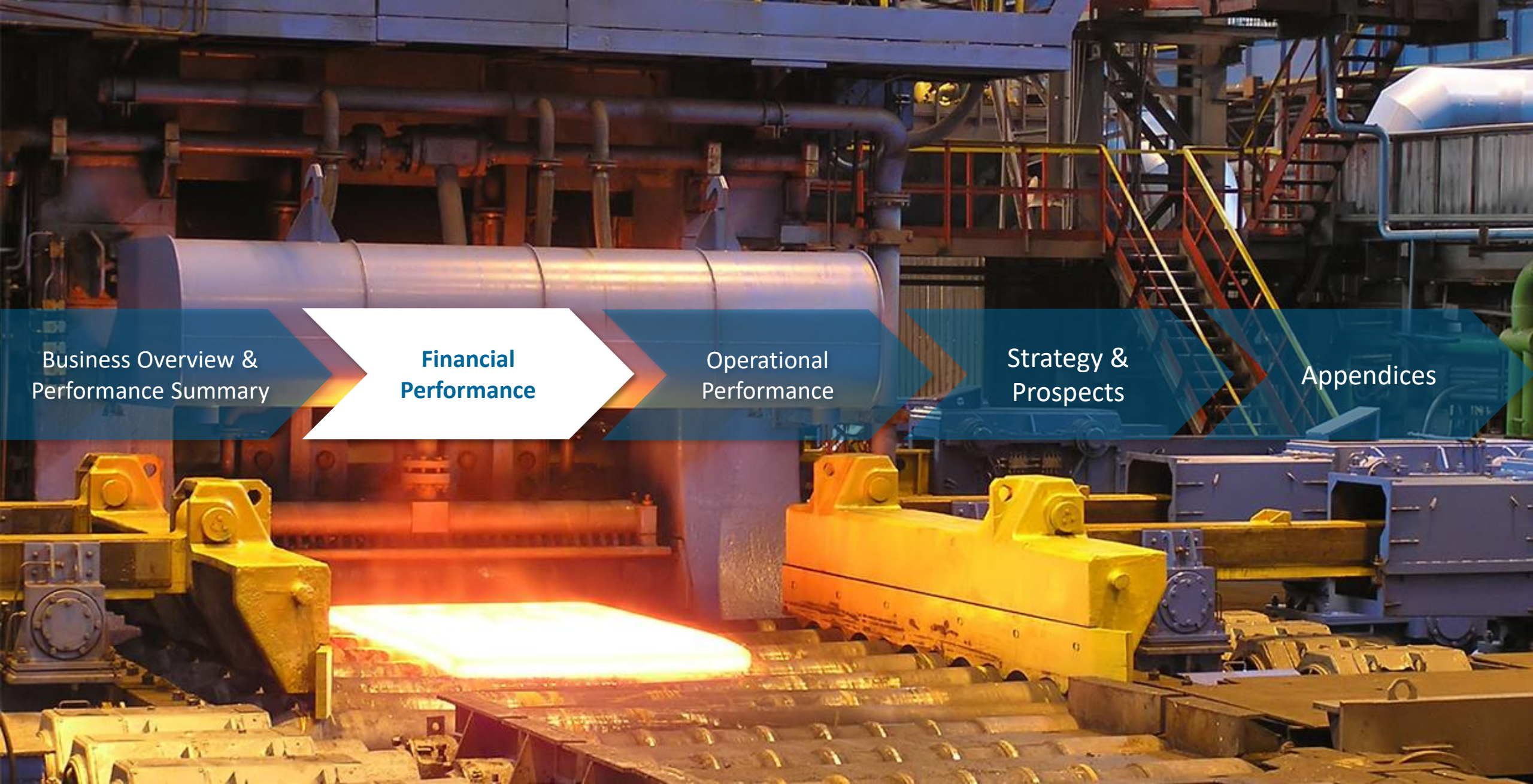
➤ **LaserBond provides advanced surface engineering products and technologies that reclaim worn parts and improve new parts, enabling significant improvement in wear life and performance. Benefits include 'better than new' wear life (up to 10x), higher productivity, lower maintenance costs, energy efficiency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



PERFORMANCE SUMMARY

➤ *A solid performance in FY22 after growth strategies coming to fruition, and despite global external factors impacting the business (incl. supply chain, recruitment and travel restrictions). Great position for continued future growth.*





Business Overview &
Performance Summary

**Financial
Performance**

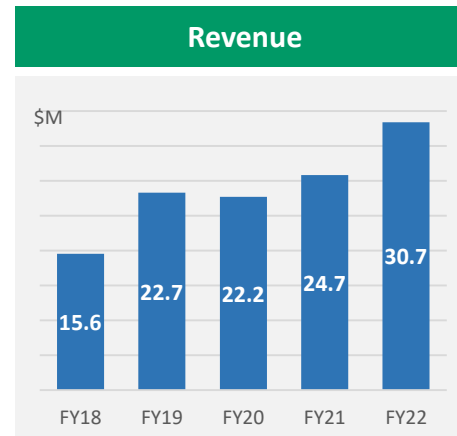
Operational
Performance

Strategy &
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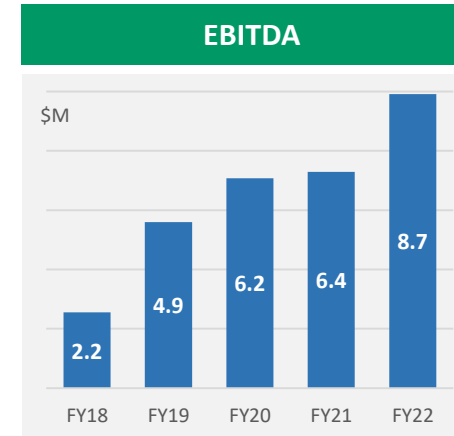
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FY22 EARNINGS

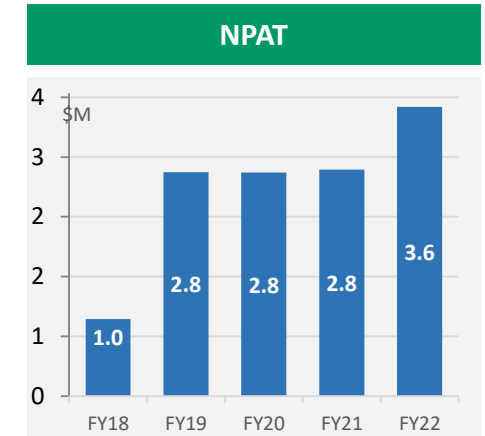
➤ *All earnings metrics in FY22 up, an excellent achievement and largely reflecting relaxation of global travel restrictions, enabling increased sales, marketing and operational activity.*



- FY22 Revenue provided 24.5% growth, despite external-driven trading restraints
- All segments reported growth in revenue.



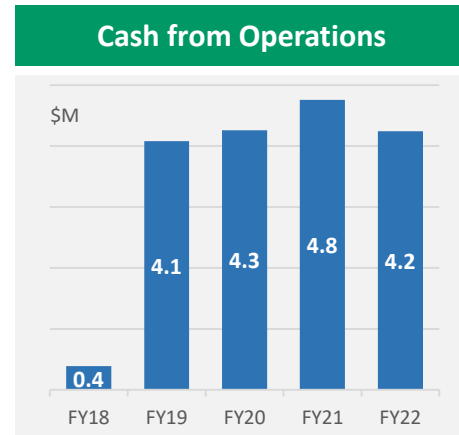
- EBITDA increased by 35.9% increase over the half.
- Compound annual growth rate over the four years to FY22 was 11.6%.



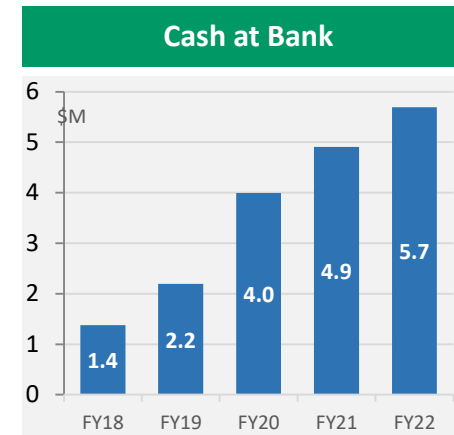
- Profit before tax increased by 58.4% over the previous corresponding period.
- Net profit after tax increased by 27.9%.

CASH AND WORKING CAPITAL

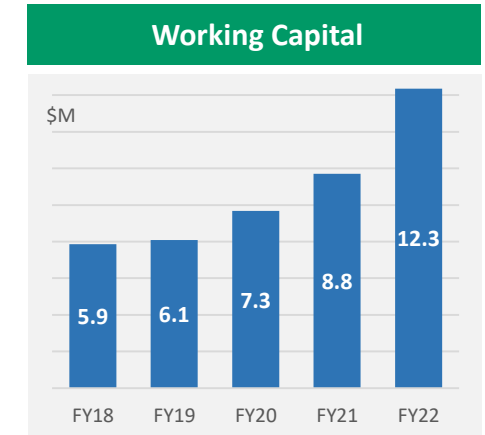
➤ *Consistently strong cash flows provides increasing levels of working capital to support the growth plans.*



- Cashflows from operations decreased by 10.9% over pcp
- This decrease is largely related to a 162% increase in inventories, related to increases in both work in progress and inventory levels to support supply chain issues.



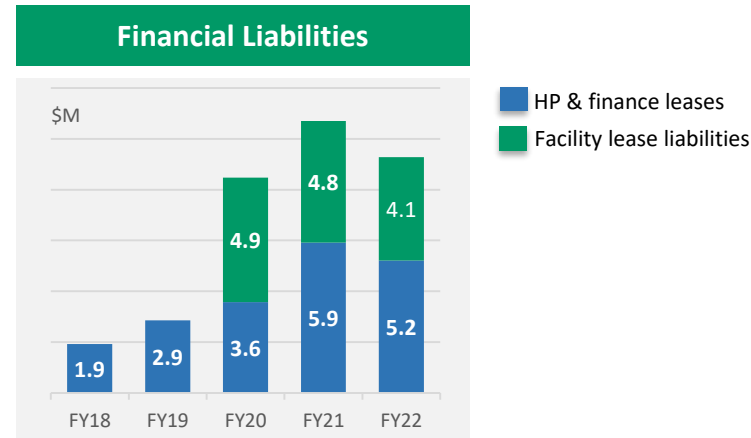
- Maintaining a sufficient level of Cash at Bank continues to enable LaserBond to avoid the high costs of invoice financing and other working capital facilities



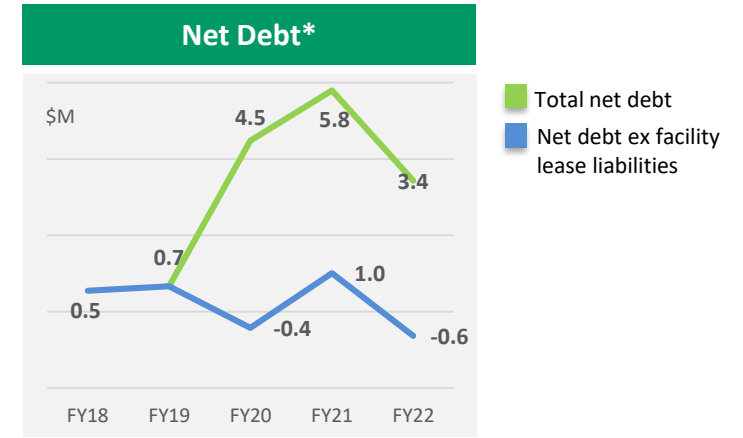
- Working capital remains adequate to support planned growth
- The solid working capital position also facilitates continued R&D investment, and supports future expansion.

DEBT

➤ *LaserBond's balance sheet remains strong, with continuing low levels of net debt, supporting its expansion strategy, both organically and acquisitively.*




- 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

- When excluding the effects of facility lease liabilities, net debt continues to remain at a consistently conservative level.



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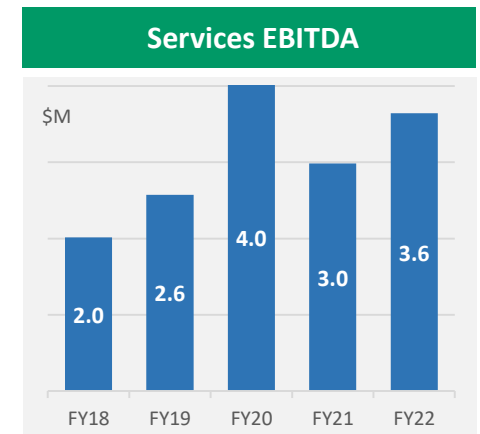
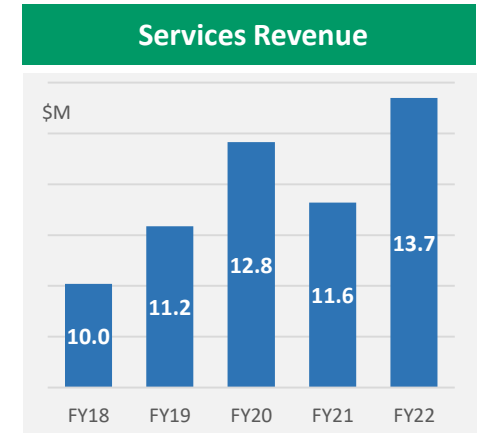
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LASERBOND

SERVICES DIVISION OVERVIEW

➤ **Services revenue grew after both an increase in demand in 2H22 and the recent acquisition of Qld facility assets.**

- 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.
- Achieved a 17.7% increase on pcp in revenue largely due to an increase in demand from our services segment customers (based on easing domestic restrictions) plus the acquisition of the assets of QSP Engineering in Brisbane, allowing a local supply in Queensland..
- EBITDA increased by 22.0% after a stronger 2H22 due to easing of travel restrictions, and almost business as usual practices by services customers.
- Higher revenue is also expected in FY23 after the Victorian cladding cell available and the newly acquired QLD assets during FY22.

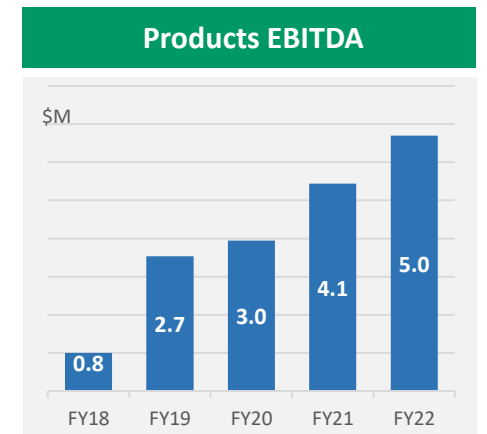
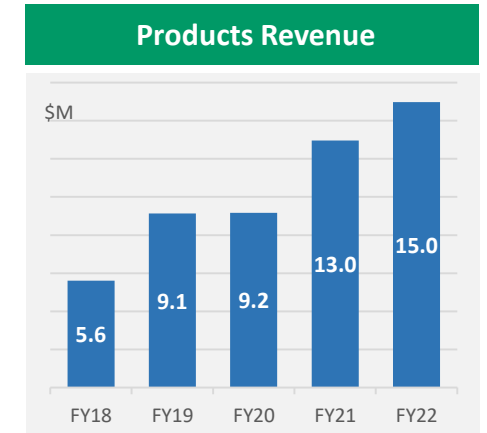


PRODUCTS DIVISION OVERVIEW



Demand for consumables or spare parts, which our Products segment supports, has continued to grow year on year despite global factors affecting all business.

- 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 15.5% on pcp, including an almost doubling of revenue for LaserBond branded products.
- EBITDA increased by 23.0% on pcp due to maintained margins as well as volume increase.
- The easing of travel restrictions globally now provides increased opportunity of growth in LaserBond branded products throughout the Americas, Europe and Asia.

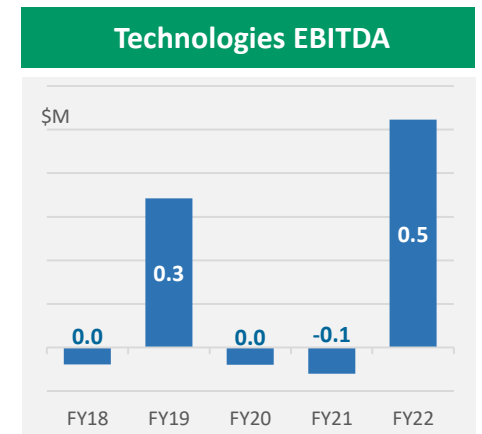
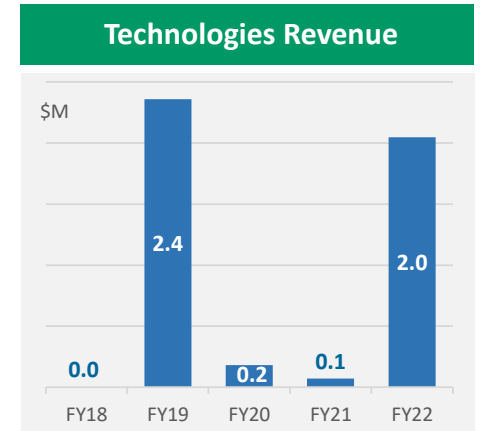


TECHNOLOGY DIVISION OVERVIEW



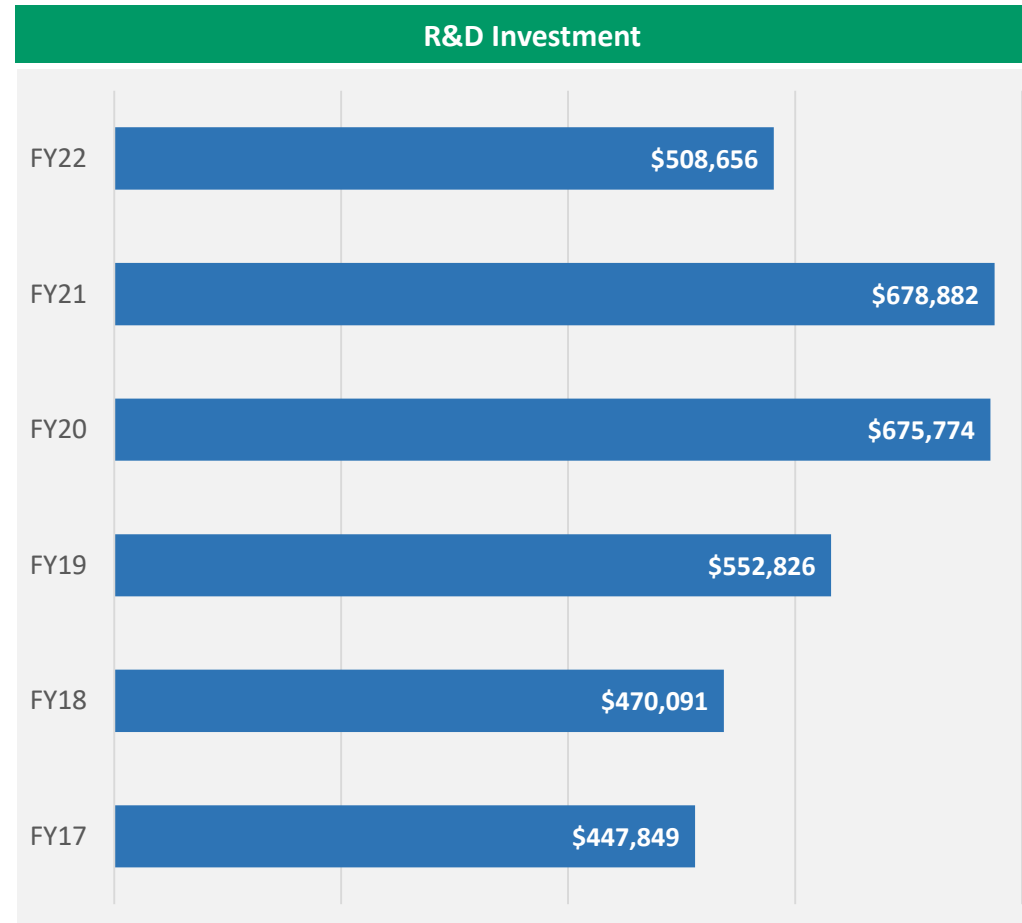
Supply chain issues for minor electronic components impacted delivery of equipment to 2 of 3 of the intended licensee for FY22. With international travel available we intend to pursue our growth strategies throughout the Americas, Europe and Asia.

- 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.
- Revenue was \$2.05 million, derived from the equipment sale to our New Zealand licensee, and licensing fees and consumables to our UK licensee.
- Global supply chains issues of mainly small electronic components delayed delivery of equipment to our North American licensee, and to Curtin University in Western Australia. The cells will deliver revenue in 1HFY23.
- With the recent assistance of Austrade in Asia, and continuing consultants in Europe, LaserBond is pursuing a number of license opportunities for planned delivery in 2HFY23.



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, the Monash Institute of Rail Technology, and Swinburne University.
- Collaboration will also commence by 2HFY23 with Curtin University.

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 remained stable compared to p.c.p. despite a continuing increase in workforce size, including acquiring the new Queensland operations in February 22.
- Historical use of 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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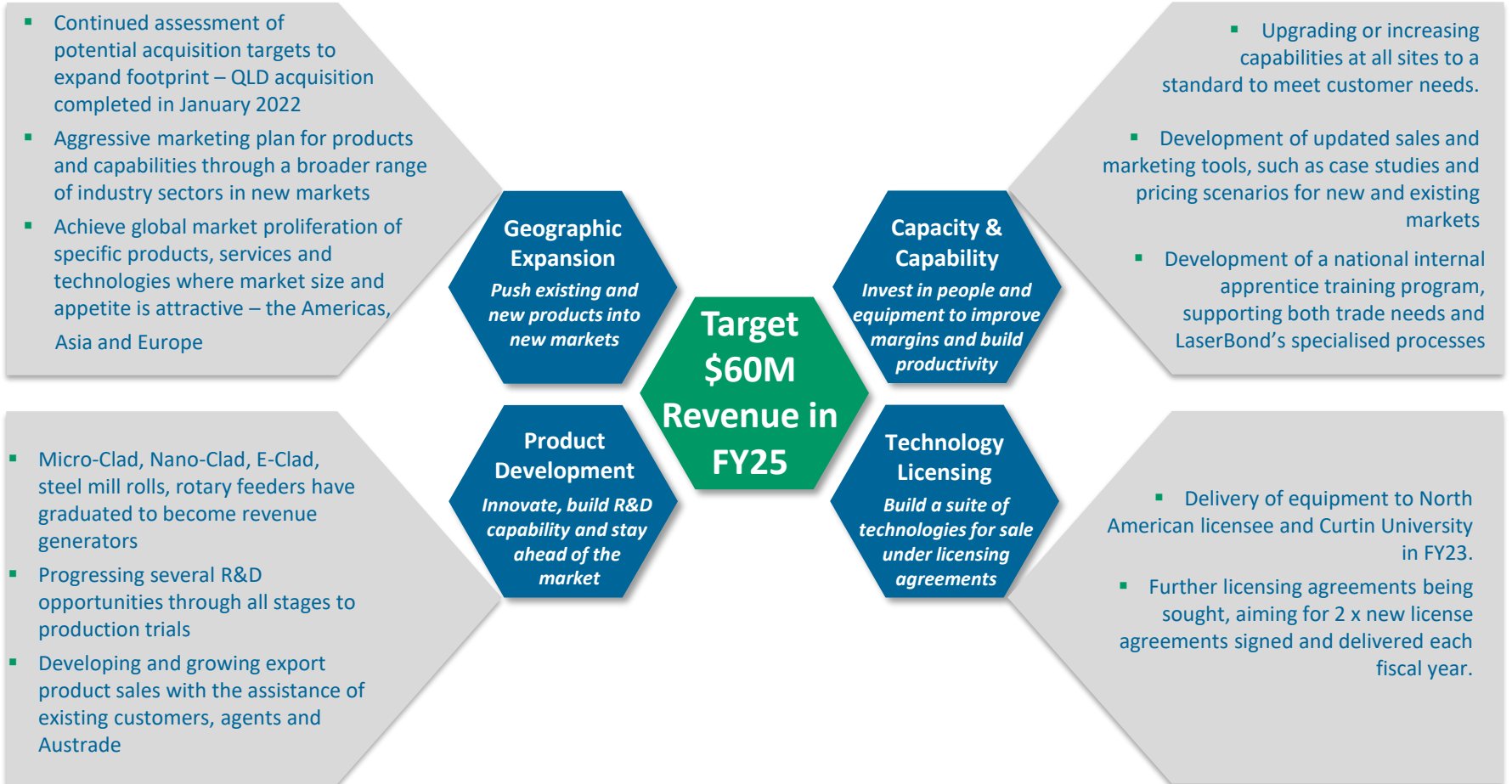
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STRATEGY FOR GROWTH

➤ **The long-term revenue target of \$40 million by FY22 was hampered largely by external factors, resulting in \$30.1 million revenue in FY22. 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 despite recent global issues.
- Strong balance sheet and positive cash flows, which have also avoided the need for debt.
- Blue chip client base with high level of repeat business
- Untapped opportunities in many industry sectors globally for all products, services and out technology.

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 the Americas, Europe and Asia for LaserBond branded products.



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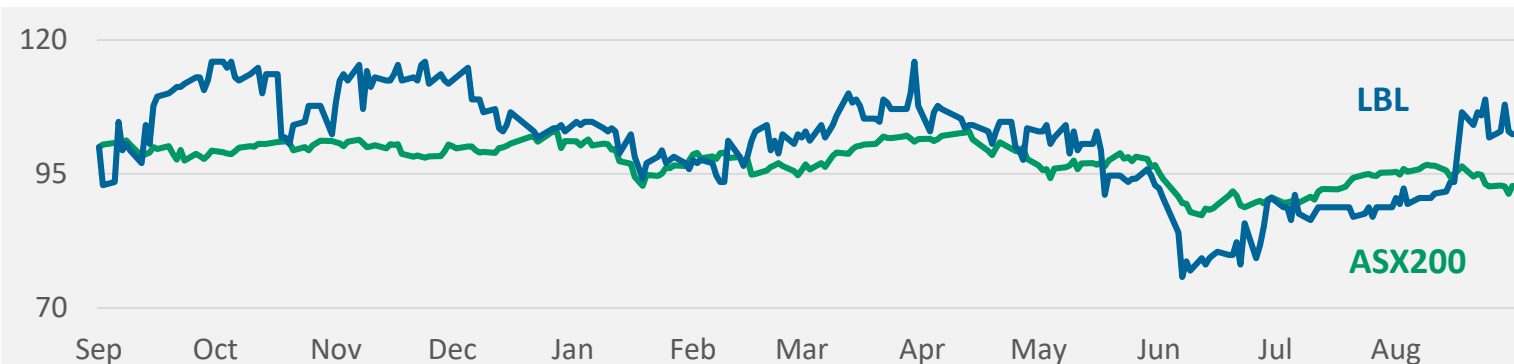
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LASERBOND

LASERBOND SNAPSHOT

LBL SHARE PRICE INDEX MOVEMENT VS ASX200* (year ending 8/9/22)



* 5 March 2021 = 100

COMPANY INFORMATION

Incorporation	30/09/1992
IPO	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane
No of staff	127

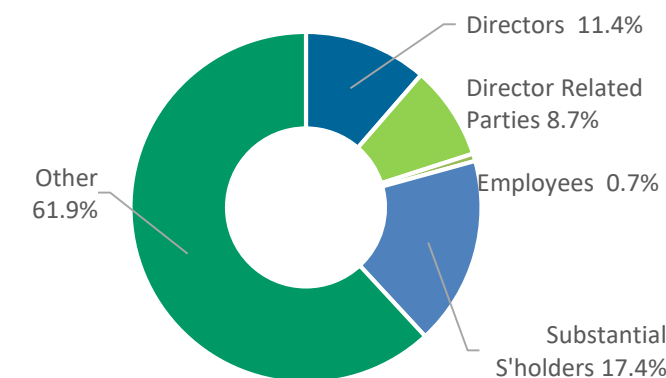
DIRECTORS AND EXECUTIVES

Mr Philip Suriano	Non Executive Chairman
Mr Ian Neal	Non-Executive Director
Mr Wayne Hooper	CEO & Executive Director
Mr Matthew Twist	CFO & Executive Director

MARKET INFORMATION *

Shares on Issue	109,301,609
Options on Issue	0
Market Cap	\$94.55M
52-Wk High	\$1.000
52-Wk Low	\$0.640
AV Volume	41,346

SHARE REGISTER COMPOSITION



FIVE-YEAR EARNINGS

A\$000	2017	2018	2019	2020	2021	2021
Sales Revenue	13,751.4	15,648.1	22,667.2	22,177.3	24,664.5	30,711.1
Gross profit	7,186.0	6,962.1	10,742.7	11,522.8	12,588.0	16,701.2
Operating Expenses	(4,730.1)	(4,731.6)	(5,845.1)	5,335.3)	(6,204.3)	(8,024.8)
EDITDA	2,455.9	2,230.4	4,897.6	6,187.5	6,373.7	8,676.4
D&A	(867.4)	(717.5)	(886.1)	(1,981.6)	(2,554.8)	(2,902.2)
EBIT	1,588.5	1,512.9	4,011.6	4,205.9	3,828.6	5,774.2
Interest	(77.8)	(110.8)	(176.7)	(440.9)	(464.0)	(442.8)
NPBT	1,510.7	1,402.2	3,834.9	3,765.0	3,364.9	5,331.4
NPAT	1,112.9	967.7	2,809.4	2,805.1	2,838.1	3,628.8
Dividend	0.40 cents	0.50 cents	0.90 cents	1.00 cents	1.20 cents	1.40 cents
EPS	1.221 cents	1.040 cents	2.972 cents	2.940 cents	2.955 cents	3.531 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

A\$000	2017	2018	2019	2020	2021	2022
Cash & Equivalents	2,011.6	1,379.1	2,192.5	3,997.7	4,907.9	5,683.8
Current assets	7,851.0	9,229.1	10,135.7	11,843.7	14,929.1	22,367.7
Non-current assets	2,776.6	3,398.0	6,265.5	11,759.7	14,601.8	23,455.8
Total assets	10,627.6	12,627.0	16,401.2	23,603.4	29,530.9	45,823.5
Current liabilities	2,544.2	3,327.7	4,064.3	4,586.8	6,141.2	8,664.7
Non-current liabilities	1,038.2	1,524.3	2,276.7	6,780.4	9,128.0	8,220.3
Total liabilities	3,582.4	4,852.0	6,341.0	11,367.2	15,269.2	16,885.0
Net assets	7,045.2	7,775.0	10,060.2	12,236.2	14,261.7	28,938.5
Cash flow from operations	1,975.4	386.8	4,081.0	4,260.0	4,756.9	4,243.8
Cash flow from investing	(128.0)	(298.6)	(3,455.4)	(594.0)	(1,265.5)	(10,861.3)
Cash flow from financing	(603.8)	(720.8)	187.9	(1,860.8)	(2,581.2)	7,373.6
Net cash flow	1,243.6	(632.6)	813.5	1,805.1	910.2	776.0

UP TO 70 WT-% CRACK FREE TUNGSTEN CARBIDE

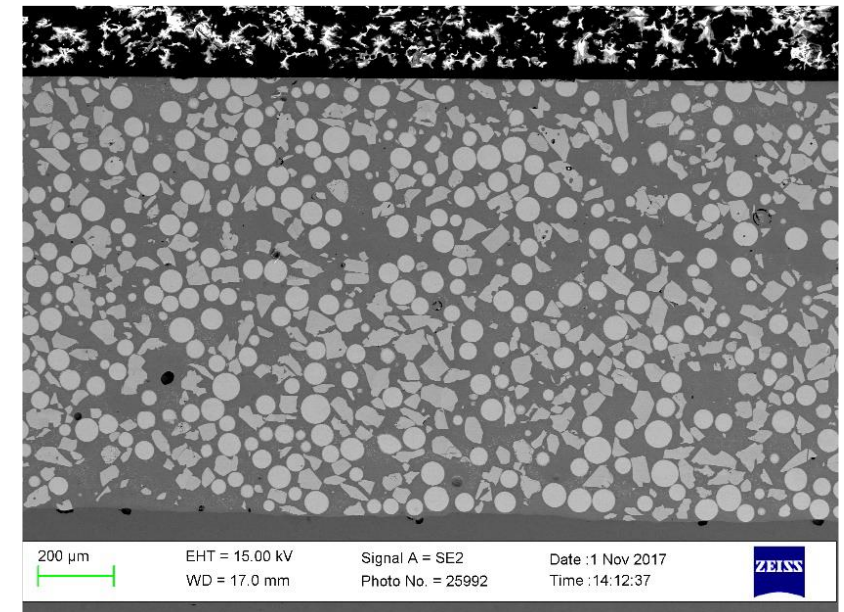
➤ ***LaserBond's metal matrix composite claddings are a family of cladding applications, tailored to meet the loads on the components to be protected (from sliding, abrasive or wear, impact or corrosion, or a combination of).***

Benefits

- High carbide content leading to excellent wear resistance.
- Minimum weld penetration and dilution of the surfacing material.
- Small heat affect zone, minimising any negative influence on component mechanical properties.
- Homogenous carbide distribution.
- Minimum carbide dissolution, inhibiting the formation of brittle carbide precipitates.
- Crack-free coatings, even in combination with the highest carbide contents.

Independent Tests

A leading, independent global materials and surface solutions provider test our 70 wt-% carbide content cladding. The sample was proven to be completely crack-free providing excellent wear resistance, and validating all of the benefits.



RECLAMATION IN POWER GENERATION

➤ ***LaserBond's proprietary cladding process creates a very small weld pool on the surface, enabling precise control of the heat transfer into the base material and the deposited layer. The result is a metallurgical bond with the advantages of a small heat affected zone and minimal dilution.***

Problem

- Typical applications for wear resistance are using manual arc-welding or Plasma Transfer Arc processes.
- These generate excessive heat in the overlay and parent material, resulting in degradation of the tungsten carbide and increasing dilution into the overlay.

Solution

- LaserBond's cladding deposition method allows the application of a large suite of alloys which resists corrosion, impact, abrasion and erosion, galling and / or high temperature wear.
- By selecting the appropriate overlay material to best suit operating environments, LaserBond can extend life of equipment by up to 20 times the original life.

Typical Applications

- Steam pressure control valves, protecting from severe corrosion.
- Erosion shields for steam turbine LP blades.
- Hydraulic piston & cylinders.
- Various turbine components.
- Protective layers for boiler and heat exchanger tubing.

Further Information:

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Company Secretary

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