

The Manager

ASX Announcements Platform

21 November 2016

## 2016 ANNUAL GENERAL MEETING

### CHAIRMAN'S ADDRESS

TO BE HELD AT THE OFFICES OF GRANT THORNTON, LEVEL 17, 383 KENT STREET, SYDNEY, 2000, ON  
MONDAY, 21<sup>st</sup> NOVEMBER, 2016 AT 11.00 AM.

#### SLIDE 2 WELCOME – THE YEAR IN REVIEW

Ladies and gentlemen, as it is now 11.00 am, a quorum is present and taking the notice of meeting as read, I declare the meeting open.

My name is George Venardos. I am the Non-executive Chairman of BluGlass Limited and I am pleased to welcome you to the Company's 2016 Annual General Meeting.

#### SLIDE 3 CORPORATE OVERVIEW

I would like to take this opportunity to introduce you to my fellow directors, Dr. Bill Johnson, Mr. Chandra Kantamneni, Mr. Greg Cornelsen, our Managing Director, Mr. Giles Bourne and Mr. Vivek Rao who joined the Board in March this year as the representative of SPP Technologies of Japan.

Vivek is the Vice President of SPT Microtechnologies, and has been a valuable addition to the Board with his vast semiconductor industry and technology experience.

This morning I will outline the group's achievements over the last year and will then call upon Giles Bourne to review our business activity during the period and provide an update of our commercialisation progress. Giles will

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74 ASQUITH STREET  
SILVERWATER NSW 2128  
P + 61 (0)2 9334 2300  
F + 61 (0)2 9748 2122

[WWW.BLUGLASS.COM.AU](http://WWW.BLUGLASS.COM.AU)

be followed by Dr. Ian Mann, our Chief Operations and Technology Officer, who will discuss the significant technical progress made by his team during the year.

Following this I will table the formal accounts of the group before the meeting and provide investors with the opportunity to ask questions before proceeding with the formal business of the meeting.

#### **SLIDE 4 2016 HIGHLIGHTS**

2016 has been an unprecedented year of transformation for BluGlass in the development of our unique and ground breaking RPCVD technology. It has also been a year that has significantly advanced the commercialisation prospects of the technology, as we make progress towards industry acceptance of our RPCVD technology.

#### **SLIDE 5**

During the year there were a number of key achievements:

- In November 2015, BluGlass progressed its evaluation with Veeco Instruments, one of the world's leading LED deposition equipment manufacturers, to the next iteration of development. This came about as a result of promising initial results for both RPCVD green LEDs and power electronics trials.
- In November 2015, BluGlass was approached by Lumileds to commence a custom trial of the RPCVD technology to assess the performance advantages of the RPCVD technology for a novel LED application.
- Further to this, in March 2016, BluGlass and Lumileds entered into an exclusive collaboration agreement to further explore this novel application of LEDs grown utilising our RPCVD technology. Lumileds are recognized as one of the foremost LED innovators, with a well-respected leadership position in the industry.
- In April, BluGlass successfully raised \$3M in a Share Placement in order to continue to progress its industry evaluation and commercialisation goals. The placement was well supported by both new and existing investors.
- Also in April, BluGlass entered into a collaborative evaluation with one of China's leading LED companies, HC SemiTek. HC SemiTek has over the past decade become a major player in the Chinese LED market. BluGlass and HC SemiTek are collaborating to explore the advantages of RPCVD for green LEDs and also investigating low temperature deposition of Aluminium Nitride (AlN) to use in high brightness LEDs.
- In September this year, BluGlass announced that it had successfully commissioned its upgraded RPCVD chamber design to address the scalability and uniformity of RPCVD that is required for commercial demonstrations. The upgraded chamber has been designed to build on and improve our current performance data as well as create a platform RPCVD design that can be easily scaled to larger deposition areas.

- In October this year, we announced that BluGlass had successfully delivered all of the technical milestones of the Phase I Collaboration with Lumileds, and that the two companies will now proceed to Phase II. This Phase will now focus on demonstrating the performance advantages of RPCVD in Lumileds LEDs.
- Also in October, BluGlass raised \$5M in an institutional placement to support the Companies three existing evaluation and collaboration agreements, and to enable BluGlass to explore additional strategic industry discussions and opportunities.

## **SLIDE 6 FOUNDRY BUSINESS DEVELOPMENT**

The BluGlass foundry business continues to develop with repeat orders and a healthy pipeline of new customers.

BluGlass recently announced that it has received an order commitment for approximately \$600,000 of foundry development work for a new UK based customer. These specialty LED wafers will be delivered over the next 12 months.

The foundry business continues to introduce BluGlass to new and emerging applications including novel LED, laser diode and power electronic applications. BluGlass seeks to work with those at the cutting edge of innovation, who will become the future of the nitrides industry, especially those that could benefit from a market enabling low temperature RPCVD technology.

## **SLIDE 7 INTELLECTUAL PROPERTY DEVELOPMENT CONTINUES**

Our intellectual property portfolio has grown steadily during the year and now includes 42 international granted patents and 23 patent applications. We continue to file in key semiconductor markets including the US, China, Europe and Japan amongst others. This is up from 40 granted and 18 applications for the same period in 2015.

## **SLIDE 8 2015 FINANCIAL RESULTS**

- Our cash position at the end of September was \$1.9M, before receipt of the 2016 R&D tax credit.
- During the year, our financial position was supported by two placements which have raised a total of \$8M
- Our monthly burn rate has increased slightly from \$412K/month to \$435K/month, mainly due to capital expenditure during the year to implement the new chamber upgrade, and expenditure related to delivering the Lumileds Phase I milestone. This remains lower than the \$450K/month burn rate of 2014.
- We continue to be eligible for an R&D tax rebate. This is anticipated to provide a cash injection of ~\$2.1M for eligible expenditure incurred during the 2016 tax year.
- Foundry income during the course of the financial year totaled \$318,577. For financial year 2017 this will be bolstered by our recent announcement of a commitment from a single customer for ~\$600,000 over

the next 12 months. We also expect to bring on a couple of new significant customers we are currently in discussions with.

- The Company is currently offering our Shareholders a Share Purchase Plan where BluGlass shareholders can take advantage of the same offer price strongly supported by institutional investors. The Placement and SPP funds will be used to provide BluGlass with sufficient working capital to deliver the Lumileds Phase II Milestones, as well as the HC Semitek and Veeco evaluations. This will also provide BluGlass an opportunity for further discussions with other strategic parties.

On the whole, the achievements during the year have placed BluGlass in a strong position to deliver on the Company's commercial goals for our breakthrough RPCVD technology.

Previously BluGlass had announced that after today's meeting I will be stepping down as Chairman and now due to my other commitments I will retire from the board of BluGlass and as a result resolution 3 relating to my re-election will be withdrawn from today's proceedings.

I will now hand you over to Giles Bourne, our Managing Director. Thank-you.