



ANNUAL GENERAL MEETING

23 NOVEMBER, 2017

Synertec Corporation Limited

ASX:SOP



SYNERTEC

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THE BOARD



Leeanne Bond - Independent Non-executive Chair



Michael Carroll – Managing Director



Freddie Heng – Independent Non-executive Director



Poh Kiat – Independent Non-executive Director

FINANCIAL PICTURE

Successful acquisition of Synertec Pty Ltd completed on 8 August 2017

- Combined cash position at completion of \$5.2m¹
(After sale consideration and transactions costs paid to that date and proceeds from shares issued under share offer)

FY17 performance of Synertec Pty Ltd in line with management expectations

- Revenue of \$14.7m²
- Normalised EBITDA³ of \$1.3m
- Net Assets of \$6.8m², including:
 - Cash of \$3.7m, comprising cash and cash equivalents of \$3.0m and earmarked term deposits of \$0.7m
 - Trade debtors of \$2.7m (subsequently received)
 - No debt

Sale of mining and related assets for \$3.5m by Synergy Metals Pty Ltd (wholly owned subsidiary), executed on 22 September 2017

¹ Subject to review and audit by the Company's auditors

² Extract from Synertec Pty Ltd's audited financial statements as at 30 June 2017

³ The directors believe the presentation of certain non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the Company. The non-IFRS financial profit measures are used by the Managing Director to review operations of the Company and include but are limited to: Normalised EBITDA – Earnings before interest, tax, depreciation, and one off items such as Transaction Costs. The above non-IFRS financial measure has not been subject to review or audit by the Company's auditors. This non-IFRS financial measure reconciles to the profit before income tax as reported in the Statement of Profit and Loss and Other Comprehensive Income on page 6 of the Synertec Pty Ltd Annual Report as at 30 June 2017.

WHAT DOES SYNERTEC DO?

- Specialist engineering products and solutions provider targeting specific markets and niche engineering solutions
- We target industries and/or projects that are highly
 - Complex
 - Risky (i.e. technical, reputational, schedule...) and
 - Regulated (e.g. compliance requirements)

STRATEGY – TARGET GEOGRAPHIES

Our primary target Geographies are:

- Australia
- Middle East
- China
- South East Asia

STRATEGY – TARGET INDUSTRIES

- We strategically target the following industries:
 - Oil and Gas
 - Liquid Natural Gas (LNG)
 - Infrastructure (i.e. rail, water, etc.)
 - Defence
 - Fuel Terminals
 - Pharmaceutical
 - Metals Processing and
 - Food and Dairy

STRATEGY - PRODUCTS

- We leverage our Products and Engineering Solutions to penetrate the following markets:
 - LNG Custody Transfer System
 - Gas Pipelines Control Systems
 - Online Process Analytics/Instrumentation
 - Automation and Safety Systems (SCADA, PLC, DCS)
 - Hazardous Area System Designs
 - Manufacturing Enterprise System (MES)
 - High Tech Manufacturing Facilities
 - Engineering Procurement and Construction Management (EPCM) and Lump Sum project delivery

TRENDS

| SYNERTEC REVENUE BY SECTOR (%) | | | | | |
|--------------------------------|------|------|------|------|-------|
| SECTOR | FY13 | FY14 | FY15 | FY16 | FY17* |
| OIL & GAS | 67.1 | 65.7 | 64.3 | 73 | 51 |
| WATER | 8.6 | 10.2 | 13.1 | 7.1 | 18 |
| PHARMACEUTICAL | 17.1 | 5.2 | 7.6 | 11.5 | 25 |
| DEFENCE | 0.4 | 4.4 | 7.6 | 5.5 | 4 |
| TERMINALS | 6 | 13.7 | 6.6 | 0.6 | 1 |
| FOOD & BEV | 0.3 | 0.8 | 0.7 | 2.2 | 0.4 |
| PETROCHEM & OTHER | 0.5 | 0 | 0.1 | 0.1 | 1 |

* Rounding error

CURRENT/EMERGING INDUSTRY TRENDS

Oil & Gas

- Current LNG (greenfield) construction projects coming to an end (both within Aust and overseas) but potential for new emerging projects
- Renewals (brownfield) debottlenecking projects increasing
- Custody Transfer System demand increasing (local and International)
- Associated product development underway

Water

- New and renewals spending increasing
- Building on major long term contract with Melbourne Water

Pharmaceutical

- Increased interest in manufacturing by foreign companies to take advantage of Australia's reputation – especially China

Defence

- Significant projects such as new submarines and warships present opportunity

Terminals

- Very limited expenditure over recent years, expectation of increased expenditure in the near term presents opportunities

SUMMARY

- Regional and industry diversity reduces revenue risk
- Infrastructure spending is increasing in all target regions including:
 - Belt and Road Initiative (China) offers great opportunity
 - North Australia Investment Fund (NAIF, \$5billion)
 - Defence spending in Australia
 - LNG will be in undersupply by 2022 – new capital expenditure
 - High Tech manufacturing
- Well capitalized with significant cash
- The Board has the skills and diversity to manage growth

It is an exciting time for Synertec Shareholders



SYNERTEC

www.synertec.com.au

