



Bell Potter Presentation

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Chief Executive Officer

October 2022

ASX: SKS



The Eminence, Brisbane

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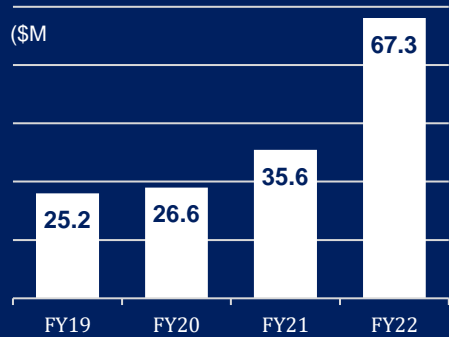
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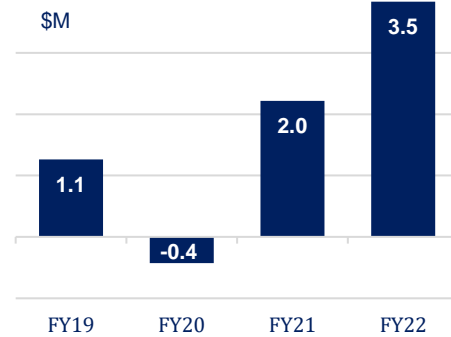
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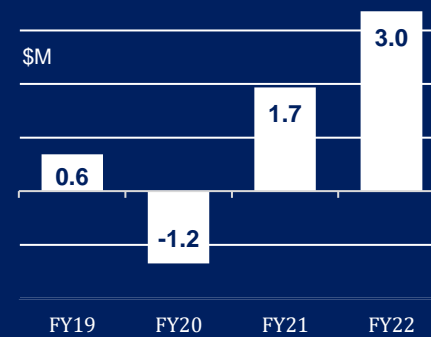
REVENUE



EBITDA



NPAT



NEW BRANCHES

Darwin
Canberra

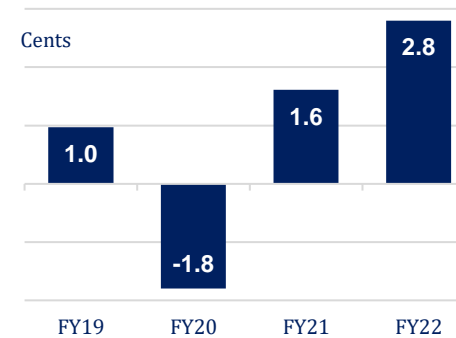
REPEAT BUSINESS

96%

SAFETY

0 LTIs
against a 67.5%
increase in workforce

EPS



NTA/SHARE

1.47 cents
Up from - 0.57 cents in
FY21

Financial Performance

Operational
Performance

Strategy & Outlook

Appendices



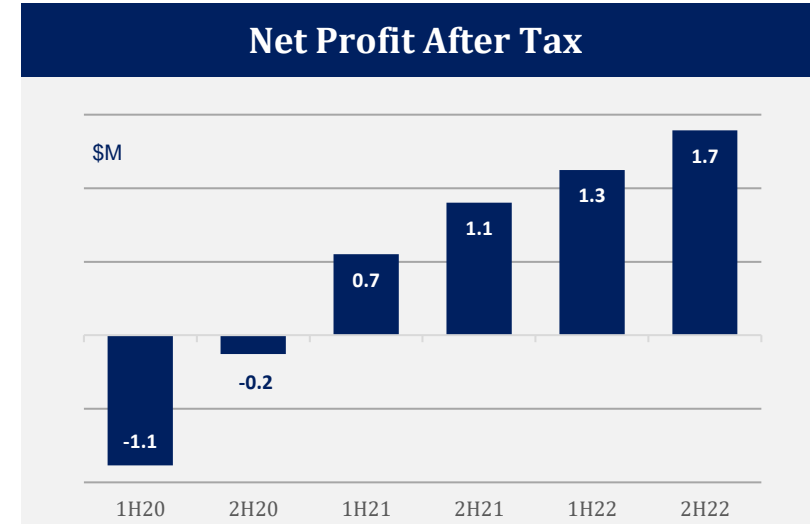
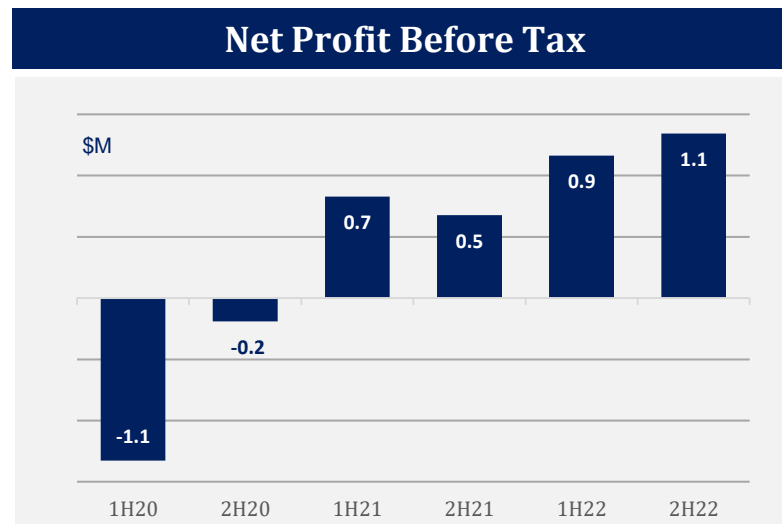
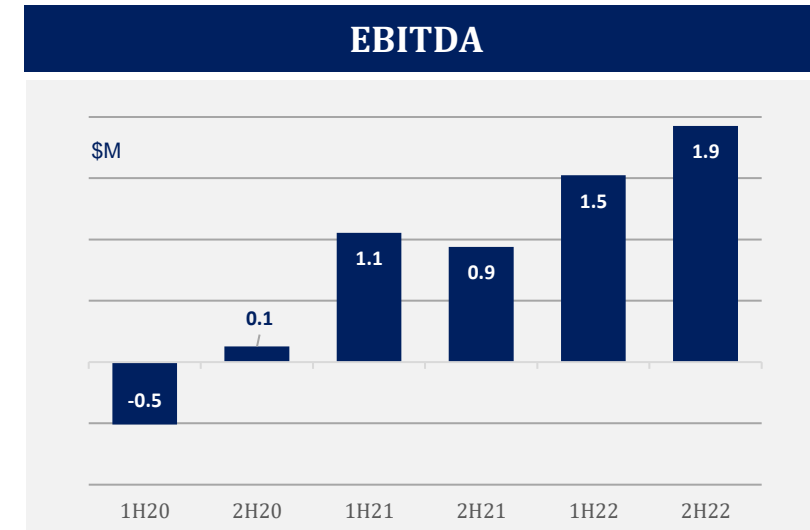
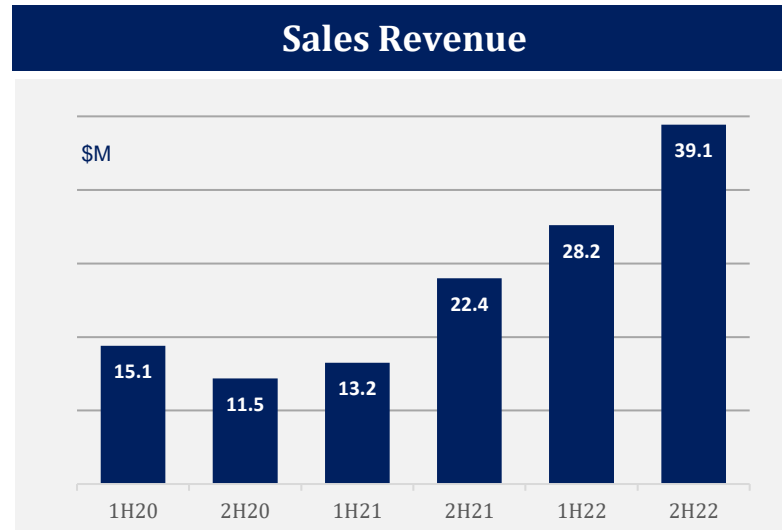
Adelaide Railway Station, Adelaide

Revenue has grown significantly after the initial limited impact of Covid in 2H20 and 1H21, almost tripling across the last three years.

Increased sales revenue has flowed through to higher earnings.

Since the completion of the restructure at the end of FY20, revenue has grown at a compound annual growth rate of 59.2%.

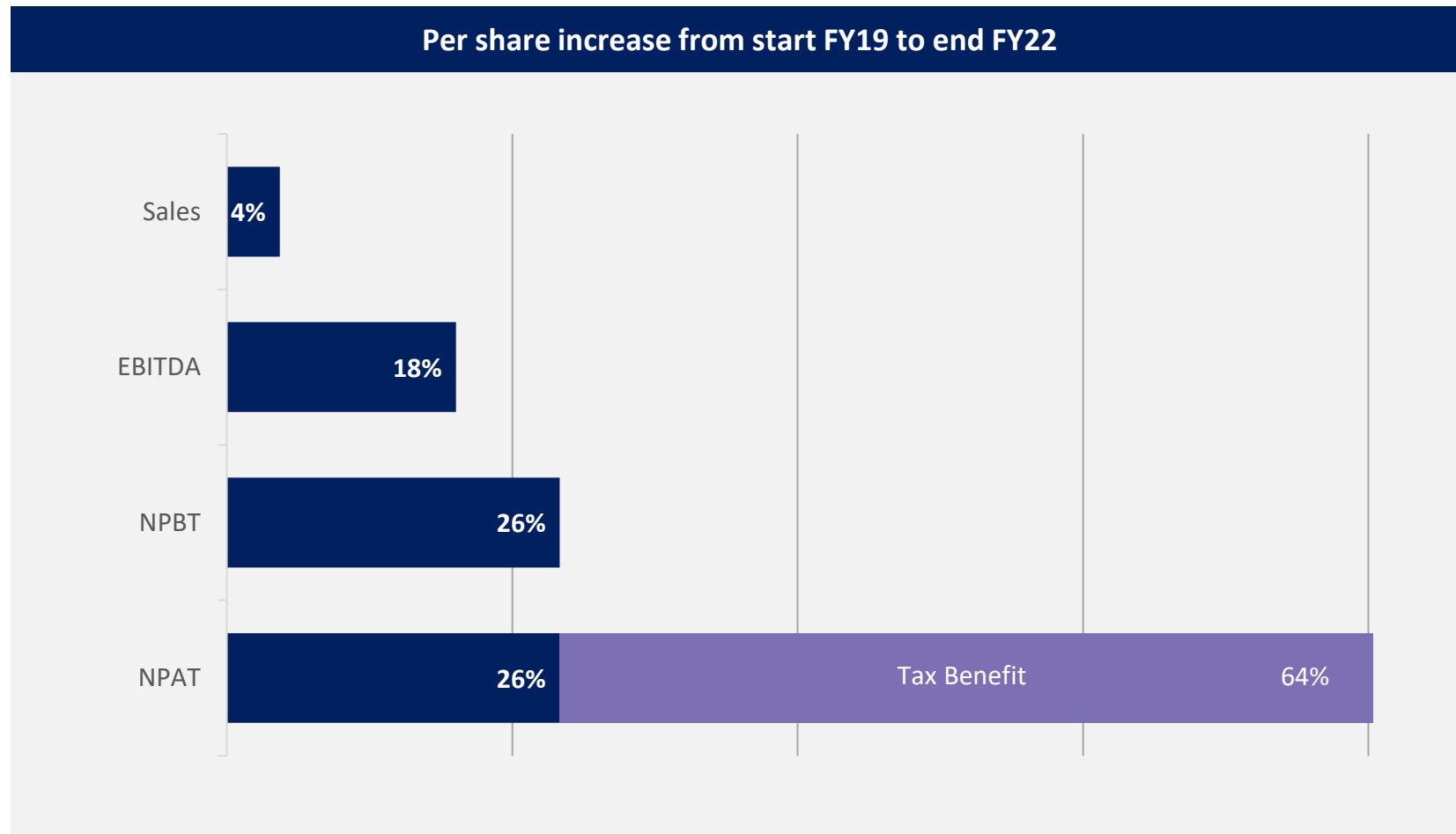
The business has completed the year with a revenue run rate in excess of \$90 million against the previously stated \$80 million annual revenue target for FY23.



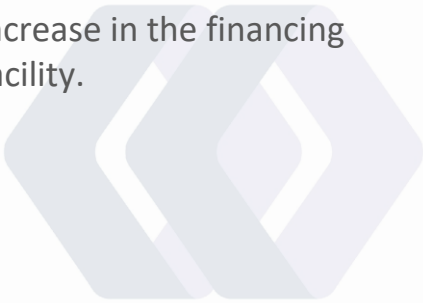
› Shares on issue have increased from 42.1 million on 1 July 2018 to 108.0 million on 30 June 2022, due to corporate activity including acquisitions and restructuring. Despite this increase, growth in sales revenue has increased commensurately.

› Growth all earnings metrics on a per share basis have outperformed the growth in issued capital, emphasising the quality of the new earnings.

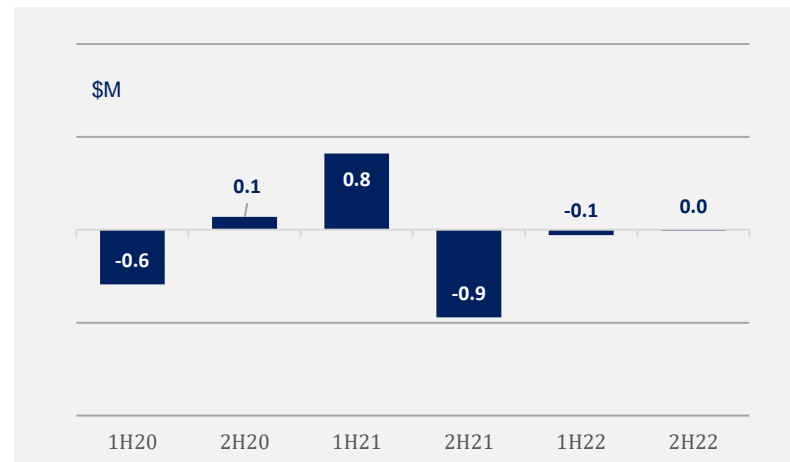
› As a result of the restructure, tax losses were incurred which enabled the booking of non cash tax benefits in the current and future years.



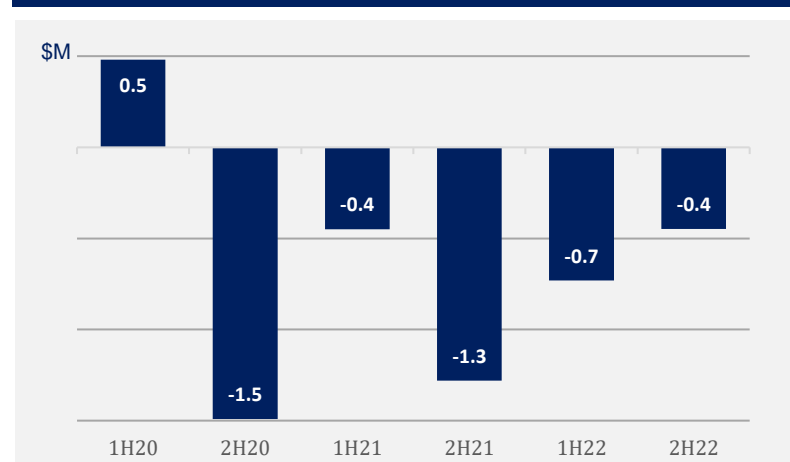
- Cash flows have been influenced by supply chain constraints, delaying invoice issuing and hence cash receipts.
- Working capital has consistently improved since the restructure and has improved by over \$1 million since 2H20 as the business has grown.
- From FY19 to FY21, debt was reduced by \$5.4 million.
- Increased debt in FY22 is a result of increased revenue and a commensurate increase in the financing facility.



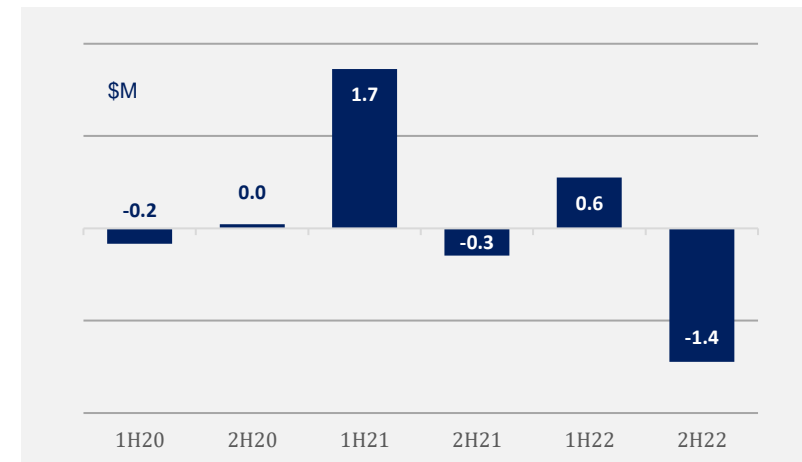
Net Cash Flows



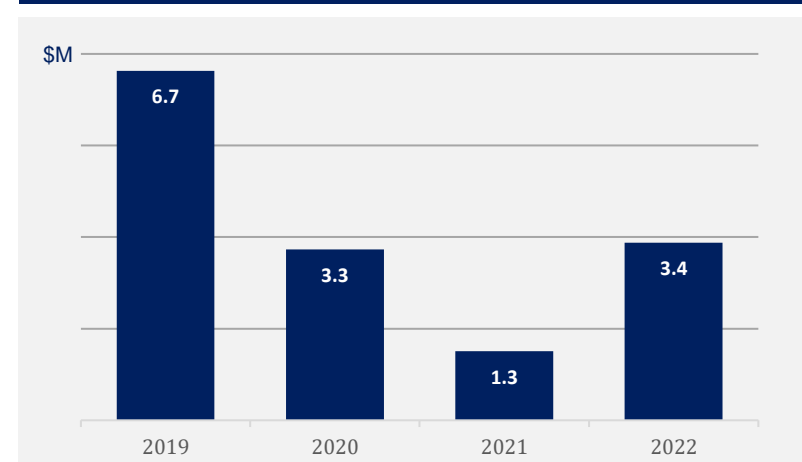
Working Capital



Cash Flows from Operations

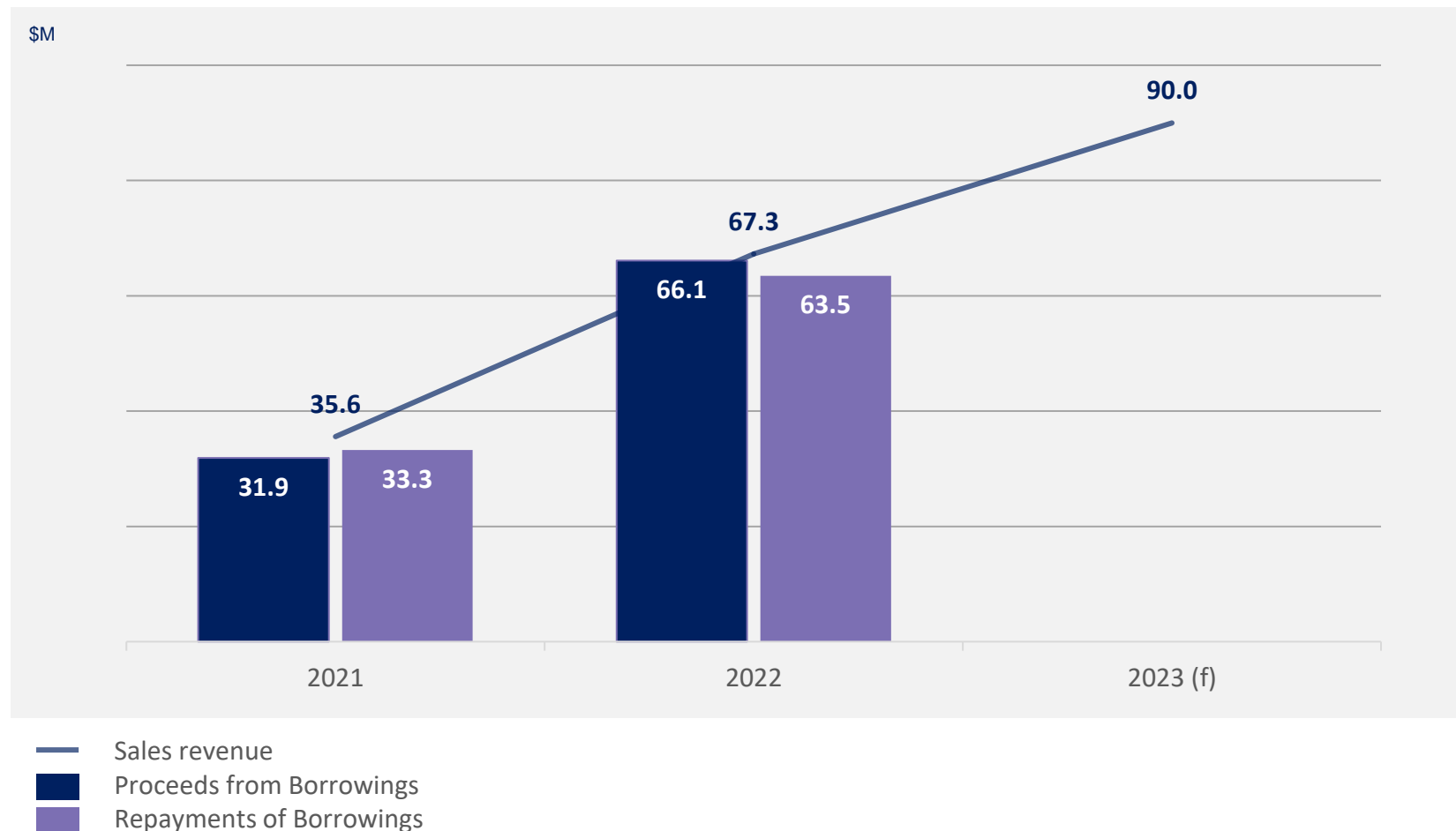


Debt



- As sales have increased since FY21, the business has relied on the invoice financing facility to fund further sales growth.
- The invoice financing has been a fully revolving facility with no residual hard core debt.
- With sales expected to achieve \$90 million in FY23, the business has secured an \$8 million total financing package from CBA that is cheaper, more efficient and more flexible than current financing arrangements.
- The new CBA facility consists of a \$5 million overdraft and a \$3 million bank guarantee.

Sales and Proceeds from/Repayments of Borrowings



Financial Performance

**Operational
Performance**

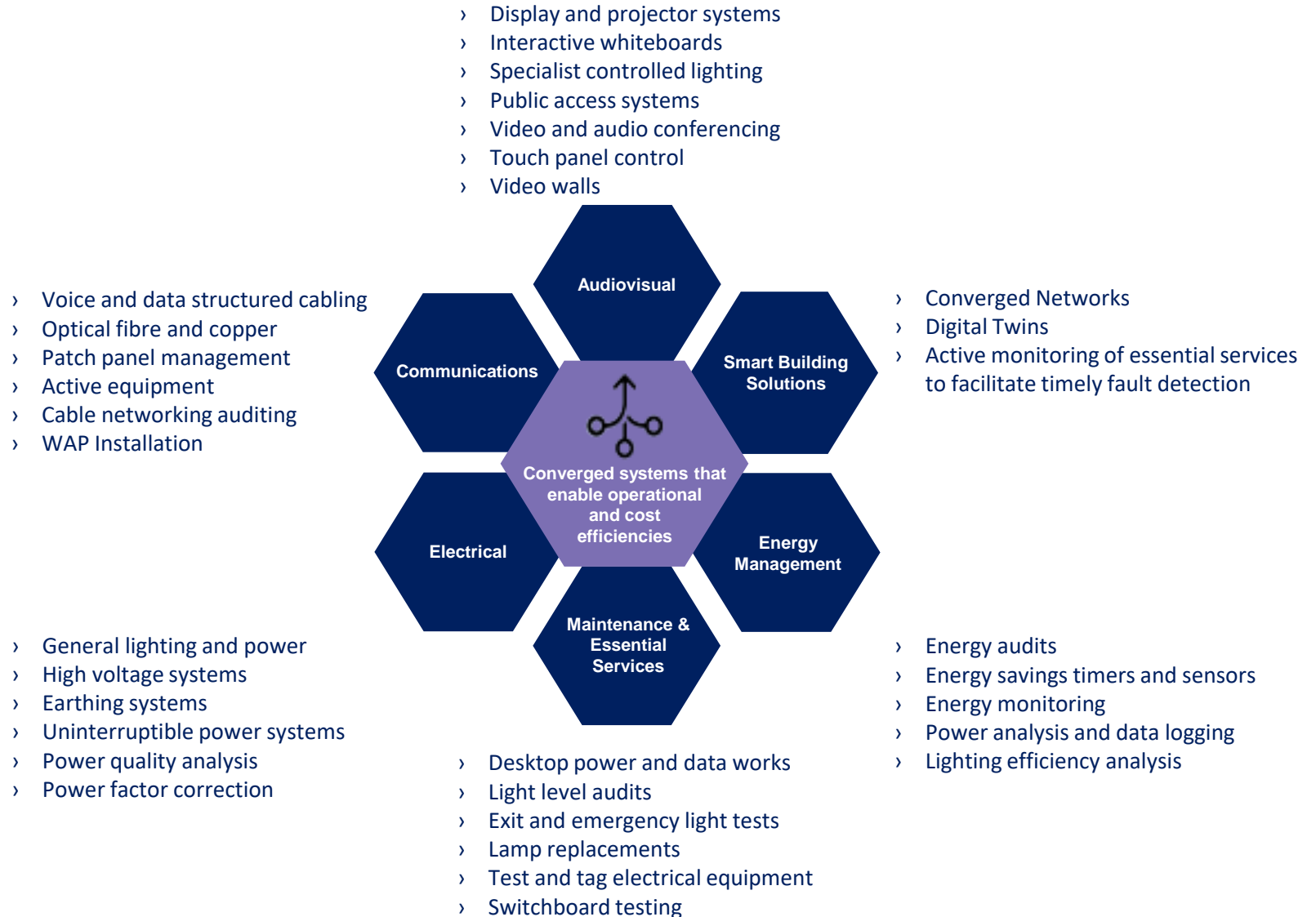
Strategy & Prospects

Appendices

SKS Technologies designs and installs audiovisual systems, integrated communications and electrical projects, intelligent lighting and control solutions to business-to-business customers. The business also offers ongoing customer support initiatives.

Since the pandemic, the recognition for the need for these systems and services has escalated, with the business accommodating the needs of businesses across the spectrum of industry.

New work is being sought in the high-value, rapidly evolving data warehousing market as well as works associated with intelligent buildings systems and services.



- SKS Technologies Group is headquartered in West Melbourne and employs 325 EFTs working from offices in the capital cities of all states and territories in Australia, except Tasmania, which is serviced from Victoria.
- The business offers the largest range of integrated systems and services on a national basis and is the only ASX-listed business of its kind.



SKS Technologies has an offering that is needed by the full spectrum of organisations. Hence, it has a broad client/end user base across a wide range of industries, including:

- › Sports and entertainment
- › Hotels and casinos
- › Universities
- › Heritage refurbishments
- › Hospitals/medical centres
- › Corporate offices and buildings
- › Airports and airlines
- › Public sector infrastructure – buildings, rail, etc
- › Retail
- › Libraries
- › Energy
- › Mining and resources
- › Commercial property
- › Technology
- › Telecommunications

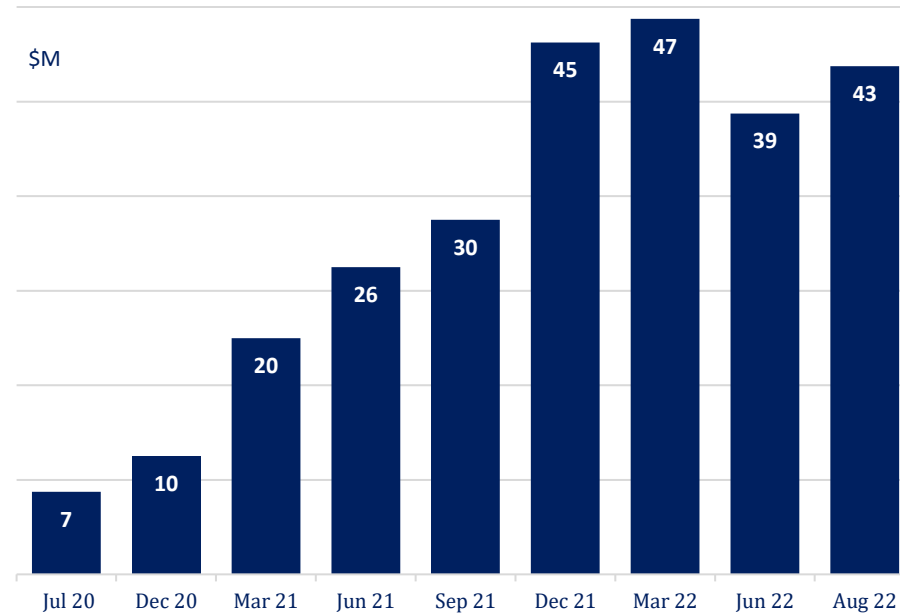


<p>End Client</p>				
<p>Project</p>	<p>Westpac Sydney fitout</p>	<p>Youth Justice Centre</p>	<p>Adelaide Railway Station</p>	<p>Lara Prison</p>
<p>Completion</p>	<p>July 2022</p>	<p>June 2022</p>	<p>June 2022</p>	<p>May 2022</p>

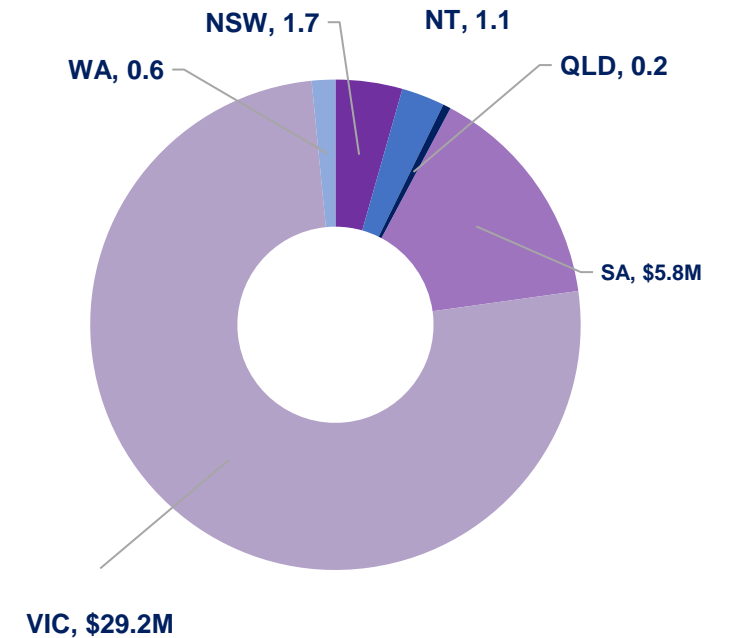
<p>End Client</p>				 <p>Australian Government Department of Home Affairs</p>
<p>Project</p>	<p>New Footscray Hospital</p>	<p>Melbourne Office Fitout</p>	<p>Supply and installation of upgraded security systems</p>	<p>Refurbishment of 10 storey new office fitout</p>
<p>Completion</p>	<p>2024</p>	<p>November 2022</p>	<p>October 2023</p>	<p>February 2023</p>

- Work on hand has grown rapidly after the business was streamlined in mid 2020 to focus on core operations.
- Significant progress has been made in the South Australian operations which commenced trading in 2018 and currently represents almost 15% of current work on hand.
- There is a strong drive to build work in new regions.
- Order book remains strong and the pipeline of opportunities continues to offer numerous exciting prospects across all sectors.

Total Work on Hand



Work on Hand by Location



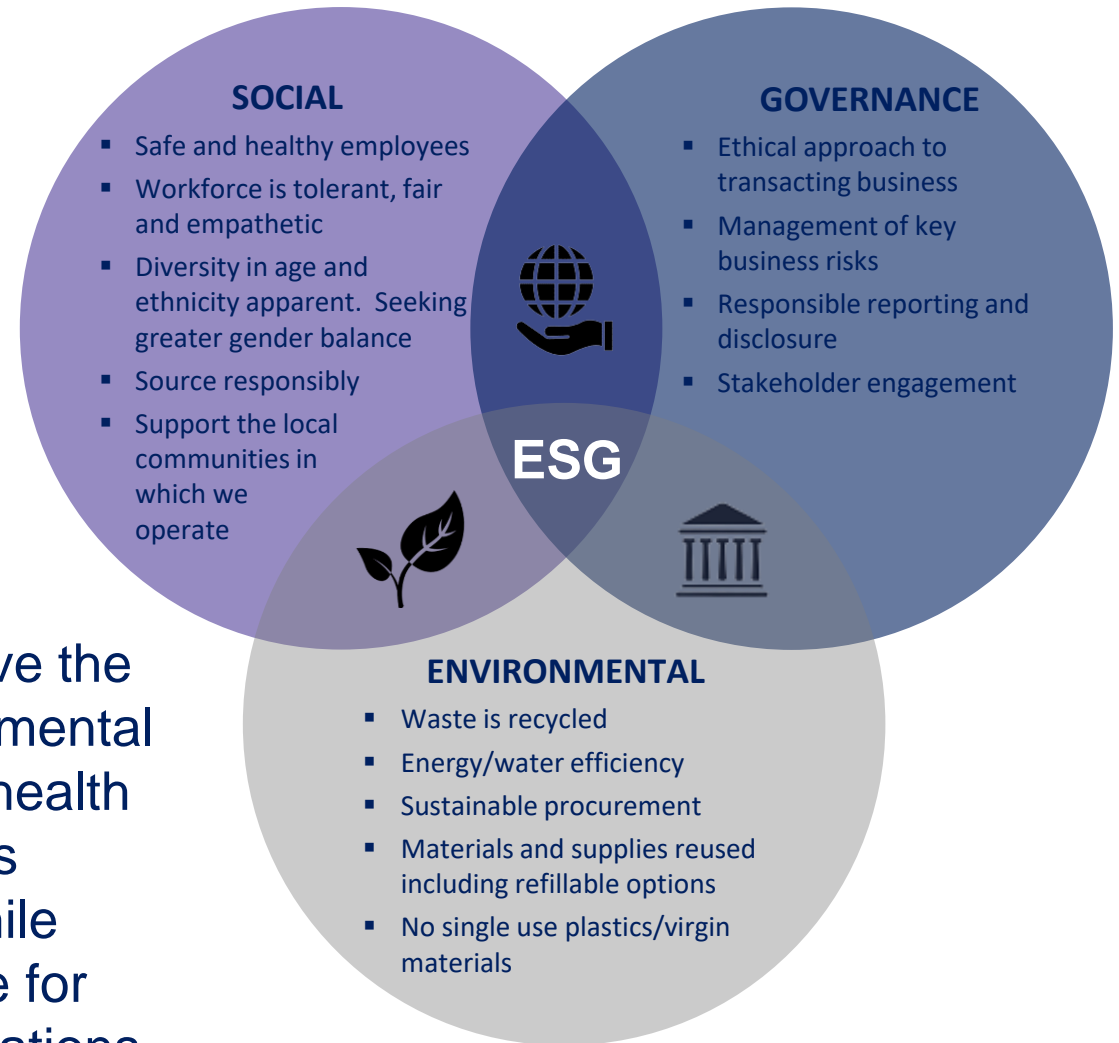
➤ Health and safety remains a critical element of all project planning and implementation, with SKS Technologies' commitment apparent in the relative decrease in LTIs against a significant increase in hours worked.

➤ Diversity is also a focus for the business, with a wide range of age and ethnicity, and a drive to attract more women to a field that has traditionally be male-dominated.

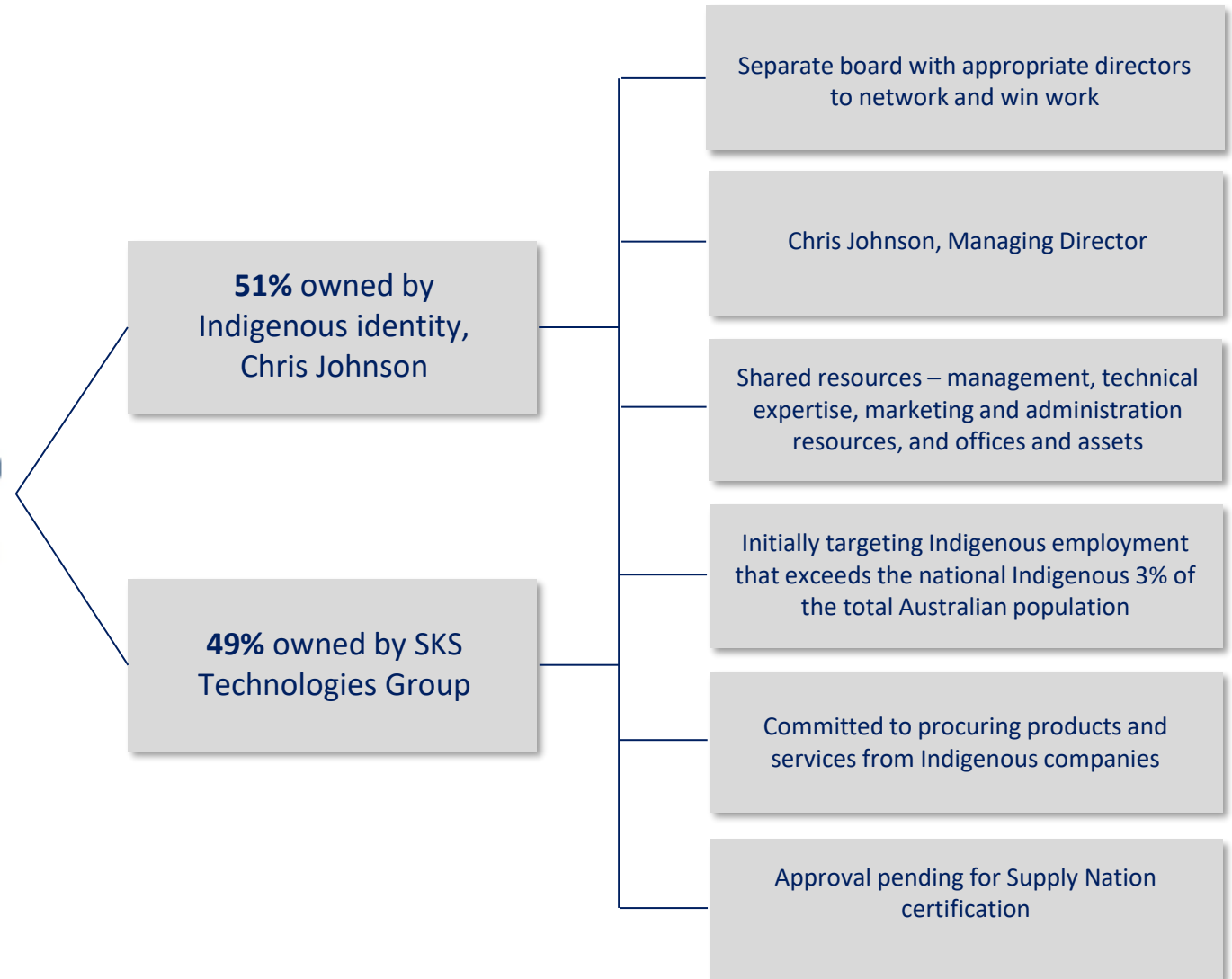
➤ The business is committed to procurement that supports local business plus economic diversity and viability.

Mission

To preserve and improve the physical, social, environmental cultural and economic health and wellbeing of its neighbourhoods, while ensuring quality of life for current and future generations.



- SKS Indigenous Technologies provides an opportunity for Indigenous Australians to gain an education and develop skills and qualifications through employment and commercial activity.
- The business principles are founded on a passion, a vision and a material contribution to a more equitable Australia, and a significant improvement in economic independence and prosperity for Indigenous people.





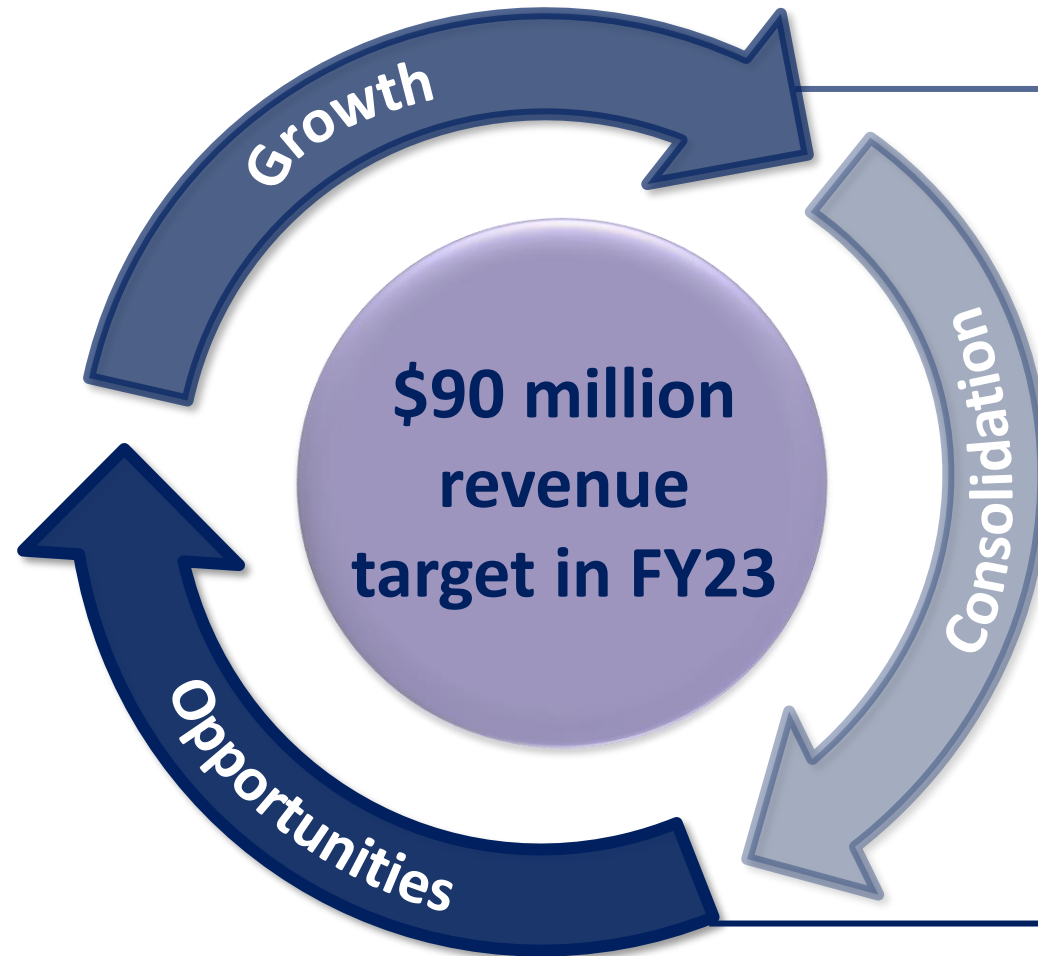
Financial Performance

Operational
Performance

**Strategy &
Prospects**

Appendices

- We have an offering that is in demand across sectors, that is vital for an organisation's survival from many perspectives, and thus a business model that is scalable and in high demand.
- We intend to remain ahead of the curve in our space to offer customers the most advanced and productive packaged solutions and services.



- Focus on organic growth
- Maintain opportunistic approach to acquisitions – as assessed against specific criteria that drive capability, capacity and scale
- Leverage new networks
- Build higher revenue spread across existing cost base
- Build work on hand in newer markets in WA, NT, ACT and QLD
- Build work for SKS Indigenous Technologies
- Secure projects directly with the end-user client
- Continue to strengthen the balance sheet
- Pursue recurring revenue opportunities
- Continue to focus on cost efficiencies
- Capture a share of the lucrative and rapidly evolving data warehousing market
- Continue to focus on technology conversion
- Pursue converged IT networks projects in intelligent buildings
- Pursue defence opportunities

While organisations all needed AV and IT systems and services before the pandemic, since that time, the perception of their intrinsic worth to an organisation that must keep its communications flowing, its data safe and its building management operating efficiently, has been magnified.

The logical extension of these systems is in integrating more widely to encompass the spectrum of technology and harness the efficiencies that come from full integration.

1. Solid Business Foundations

- Growth in revenue and work on hand year on year since restructure completion in mid-2020.
- Resilient performance through 2H20 and FY21 despite significant hindrance of pandemic
- Strong and growing work on hand with a continuing pipeline of attractive opportunities
- Blue chip client base with high level of repeat business (96%).

2. A highly desirable suite of integrated, advanced technologies

- With core expertise in audiovisual systems, integrated communications and electrical installations, the business is further capitalising on those skills to stay abreast of technological developments and the move towards fully integrating technology to achieve a host of benefits relating to efficiency
- Growth areas will be in integrated systems for intelligent buildings as well as in the rapidly developing area of data warehousing and defence.

3. Demand across all market sectors

- SKS Technologies' systems and services are in demand by any business in which people need to interact and where technology is used to assist its efficient operation.
- Post Covid, demand for SKS Technologies' systems and services is now more apparent than ever, with the need for businesses to prepare for risks that scatter their workforces and require remote communication for continued operation.

Financial Performance

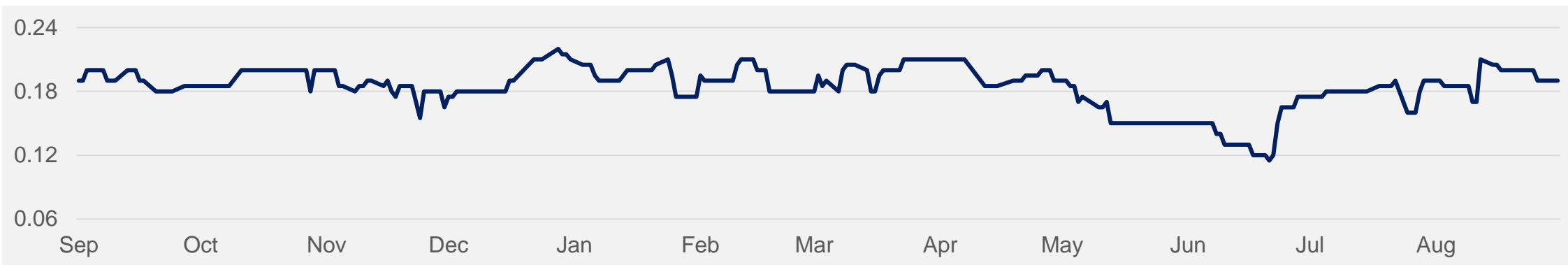
Operational
Performance

Strategy & Outlook

Appendices

Austereo radio stations

SKS SHARE PRICE (year ending 7/09/22)



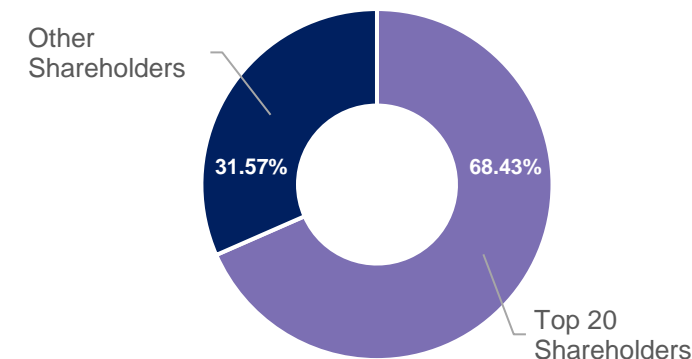
DIRECTORS AND EXECUTIVES

Peter Jinks	Executive Chairman
Greg Jinks	Executive Director
Terrence Grigg	Non Executive Director
Matthew Jinks	Chief Executive Officer
Gary Beaton	Chief Financial Officer

MARKET INFORMATION *

Shares on Issue (30/06/22)	107,983,602
Options on Issue	1,500,000
Market Cap	\$20.61M
52-Wk Range	\$0.115 - \$0.220
AV Volume/Day	52,651

SHARE REGISTER COMPOSITION



* Information current as at close of business on 7/09/22

Four Year Historical Profit and Loss (continuing ops)

A\$000s		2022	2021	2020*	2019
Revenue & other income	Sales	67,288.4	35,599.2	26,551.1	25,173.5
	Other income	1,838.0	1,469.3	838.7	185.9
	Total Revenue & other income	69,126.4	37,068.5	27,389.9	25,359.4
Expenses	Raw materials, consumables & logistics	(38,174.0)	(22,245.1)	(16,770.6)	(14,589.3)
	Employee benefits	(25,669.6)	(11,355.2)	(9,830.8)	(8,616.3)
	Occupancy	(185.5)	(122.5)	(45.5)	(270.7)
	Administration	(1,645.4)	(1,350.7)	(1,126.7)	(743.9)
	Depreciation & amortisation	(917.6)	(549.2)	(483.7)	(100.7)
	Finance charges	(530.8)	(242.7)	(347.1)	(420.2)
	Total expenses	(67,122.9)	(35,865.4)	(28,604.5)	(24,741.1)
Profit/(loss) before tax		2,003.5	1,203.2	(1,214.6)	618.3
	(Tax)/tax benefit	1,020.0	540.0	-	-
Profit/(loss) after tax		3,023.5	1,743.2	(1,214.6)	618.3
	Profit/(loss) from discontinued operations	(0.9)	423.3	(3,774.7)	(599.1)
Profit/(loss) for year		3,022.6	2,166.5	(4,989.3)	19.2

* Wholesale company restructure completed

Four Year Historical Balance Sheet (continuing ops)

A\$000s		2022	2021	2020*	2019
Current assets	Cash & equivalents	39.5	109.2	229.0	679.9
	Trade & other receivables	20,173.1	11,477.1	6,235.2	9,292.8
	Inventories	102.9	46.5	170.5	5,336.7
	Assets held for sale	-	-	990.7	-
	Other current assets	287.7	123.7	115.1	230.4
	Total current assets		20,603.3	11,756.4	7,740.5
Non-current assets	Trade and other receivables	414.9	-	-	-
	Plant & equipment	1,746.7	1,381.4	649.8	522.4
	Right of use assets	4,216.3	928.6	433.7	-
	Intangible assets	1,919.4	1,898.1	33.4	1,267.2
	Other non-current assets	115.7	140.0	131.7	160.0
	Deferred tax asset	1,560.0	540.0	-	-
	Total non-current assets		9,972.9	4,888.2	1,248.5
Total assets		30,576.2	16,644.6	8,988.9	17,489.4

A\$000s		2022	2021	2020*	2019
Current liabilities	Trade & other payables	15,720.7	11,230.9	5,890.9	8,219.6
	Borrowings	2,664.0	-	1,401.6	3,361.6
	R&D liability payable	500.8	500.8	860.5	-
	Provisions	1,350.0	859.0	588.3	721.8
	Lease liabilities	816.5	448.5	438.8	-
	Liabilities held for sale	-	-	51.4	-
	Total current liabilities		21,051.9	13,039.3	9,231.4
Non-current liabilities	R&D liability payable	229.0	821.5	1,001.6	2,112.6
	Borrowings	-	-	-	1,200.0
	Provisions	40.2	24.7	47.7	118.3
	Lease Liabilities	4,185.3	939.6	482.5	-
	Total non-current liabilities		4,454.5	1,785.8	1,531.8
Total liabilities		25,506.4	14,825.1	10,763.3	15,733.8
Net assets / (deficiency)		5,069.8	1,819.5	(1,774.3)	1,755.6
Equity	Contributed equity	22,072.8	22,085.7	20,658.3	19,198.9
	Share option reserve	230.9	-	-	-
	Accumulated losses	(17,233.9)	(20,266.2)	(22,432.6)	(17,443.4)
	Total equity		5,069.8	1,819.5	(1,774.3)

* Wholesale company restructure completed

Four Year Historical Cash Flows (continuing ops)

A\$000s		2022	2021	2020*	2019
Cash flows from operations	Receipts from customers	64,903.1	34,694.9	44,338.8	41,464.3
	Receipts from government incentives	1,717.9	1,528.4	697.6	-
	Payments to suppliers & employees	(66,989.7)	(34,540.4)	(44,686.4)	(43,733.1)
	Interest received	0.4	0.7	4.5	4.1
	Interest paid	(527.4)	(253.5)	(477.5)	(507.3)
	Net cash from (used in) operations	(895.6)	1,430.0	(123.0)	(2,772.0)
	Cash flows from investing	Payment for plant & equipment	(766.9)	(314.6)	(14.9)
Proceeds from disposal of plant & equipment		2.0	24.5	19.7	16.6
Payment for intangibles		(47.4)	(24.8)	-	(387.7)
(Payments to) / Proceeds from bank guarantees		(114.6)	(46.9)	28.3	-
Payment for acquiring business – APEC		-	(66.3)	-	-
Proceeds from sale of discontinued operations		142.0	1,187.6	2,090.9	-
Net cash from investing activities		(784.9)	759.6	2,124.1	(567.9)

A\$000s		2022	2021	2020*	2019
Cash flows from financing	(Payments to) / Proceeds from issue of options/shares	(12.9)	(8.9)	500.3	3,062.3
	Payment to buy back shares	-	(13.1)	-	-
	Payment of lease liabilities	(552.1)	(425.6)	(500.9)	-
	Proceeds from borrowings	66,114.6	31,856.8	40,984.6	1,650.4
	Repayments of borrowings	(63,450.6)	(33,258.4)	(43,185.4)	(695.8)
	Repayment of R&D liability	(488.2)	(460.4)	(250.5)	-
	Net cash used in financing activities	1,610.8	(2,309.5)	(2,452.0)	4,016.9
Net increase / (decrease) in cash		(69.7)	(119.8)	(450.9)	677.0
	Cash & equivalents at start of year	109.2	229.0	679.9	2.9
Cash & equivalents at end of year		39.5	109.2	229.0	679.9

* Wholesale company restructure completed



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