



DGL

2023 AGM PRESENTATION

Tuesday, 14th November 2023

dglgroup.com

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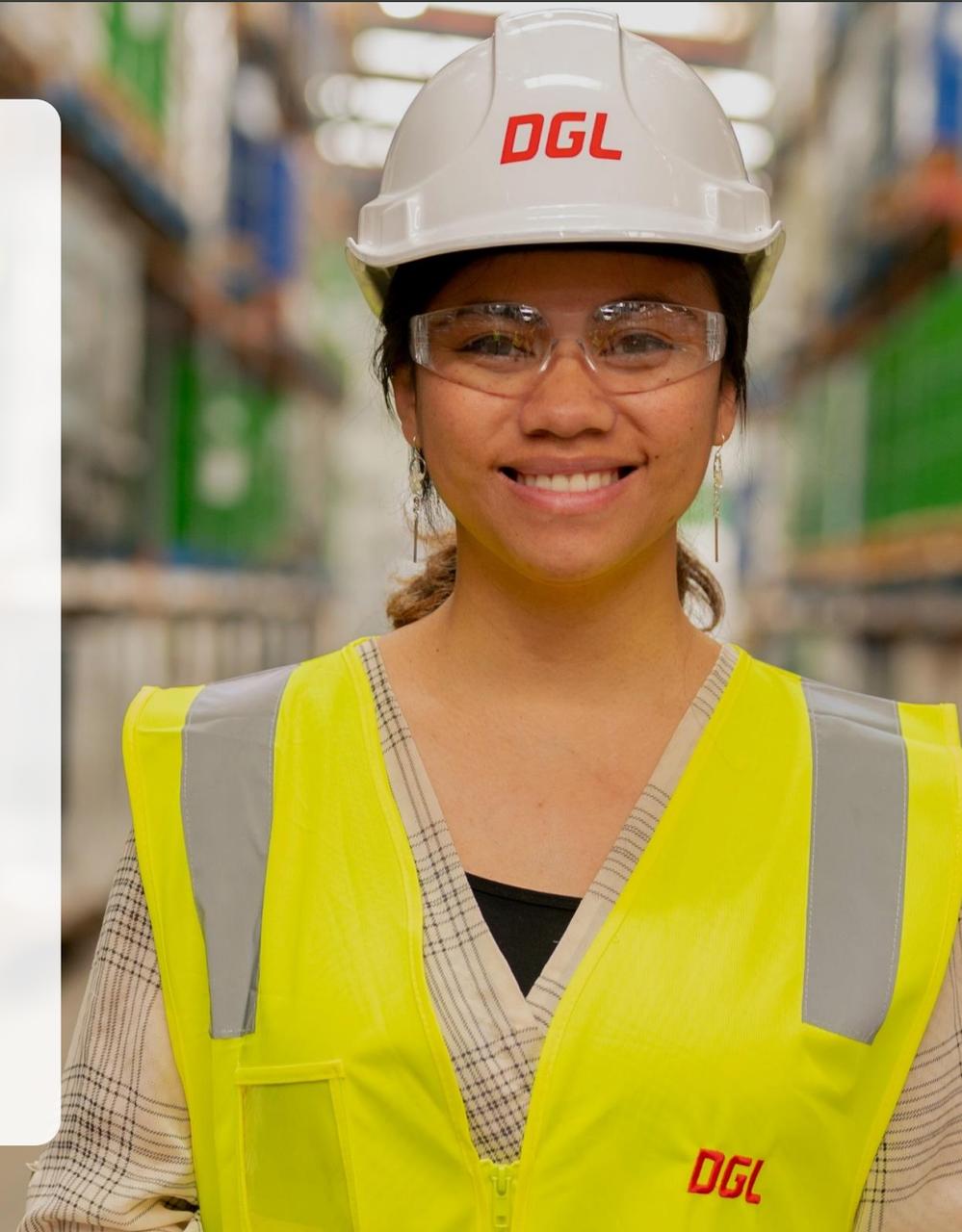
All dollar figures within this document represent Australian Dollars unless otherwise specifically stated.

Founded in New Zealand in 1999, DGL Group (“DGL” or the “Group”) operates in Australia, New Zealand and internationally.

DGL is a well-established and highly diversified industrial group offering an unparalleled end-to-end supply chain service, including chemical and industrial formulation and manufacturing, warehousing and distribution, waste management and environmental solutions.

Treating demands of our customers as paramount, our scale and breadth of services allow us to better integrate with our customers’ processes and markets, resulting in more productive and effective relationships.

DGL remains agile, well capitalised and intensely focused on strategies for continued, sustainable growth. The Group’s strong balance sheet supports ongoing organic investment to expand capabilities, with a highly selective approach to value accretive strategic acquisitions.





TIM HOSKING
Chairman, Non-Executive Director



SIMON HENRY
Founder, Executive Director and CEO



JOHN WEST
Independent, Non-Executive Director



ROBERT SUSHAMES
Director



ANDREW DRAFFIN
Company Secretary



ROB PERKINS
Chief Financial Officer

DGL PROVIDES SPECIALISED CHEMICAL MANUFACTURING, TRANSPORTATION, LOGISTICS AND RECYCLING SERVICES TO A DIVERSE RANGE OF INDUSTRIES

INDUSTRIES

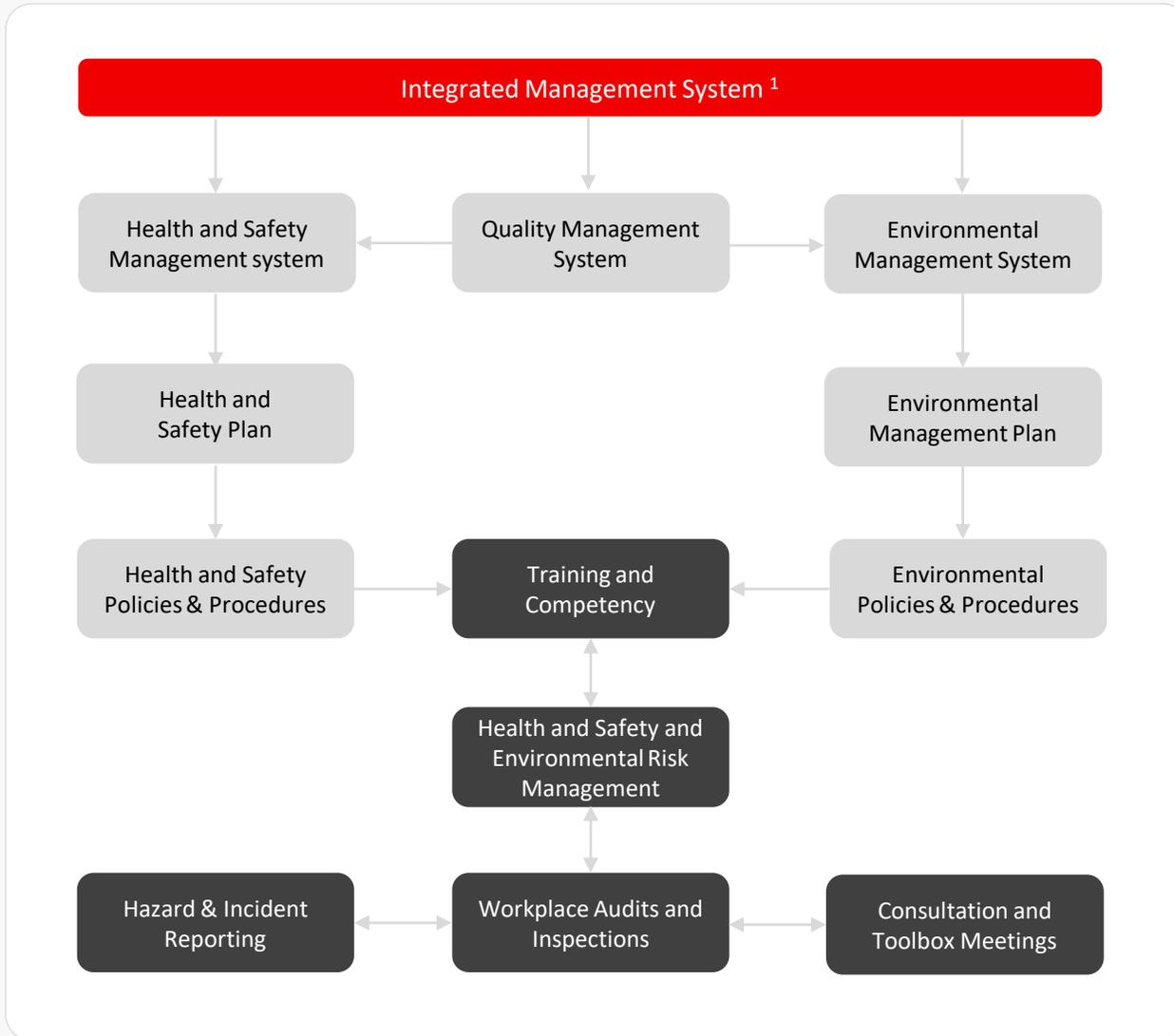
- Automotive
- Agriculture
- Building & Trade
- Chemical
- Construction
- Government
- Manufacturing
- Mining
- Water



PRODUCTS & SERVICES

- Manufacturing
- Industrial Services
- Labels & Packaging
- Product Management
- Warehousing
- Distribution
- International Logistics
- Waste Treatment
- Recycling

HSEQ REMAINS DGL'S NUMBER ONE PRIORITY

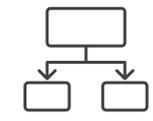


FY23 Group LTIFR of 8.2²



Licence & Accreditation Portfolio

More than 20 years of accumulated IP and licenses to ensure HSEQ standards. Beginning in FY24, DGL will achieve a centralised third-party accreditation to the International Standards ISO 45001 (Safety), ISO 9001 (Quality) and ISO 14001 (Environment).



Integrated Management System

In FY24, DGL will roll out an integrated management system across the DGL Group. This will enable all employees to easily access documents allowing for consistent delivery of quality product to customers in full and on time, whilst linking and integrating the high-level core business processes.



Safety Procedures

Comprehensive safety plans, systems and procedures in order to comply with the range of regulations that apply to the sectors in which it operates.



Employee Training

- Compulsory on-the-job training
- Logging of all potential hazards and incidents
- Annual independent external audits and ad-hoc inspections

There were no major environmental incidents in FY23

1. Audited annually by an independent JASANZ accredited body
 2. The Lost Time Injury Frequency Rate (LTIFR) is calculated as the number of lost-time injuries per 1,000,000 hours worked on a consolidated group basis.

OUR ESG FRAMEWORK IS EVOLVING AS DGL GROUP GROWS AND MATURES

Our Environmental, Social and Corporate Governance approach centres on the following United Nations Sustainability Development Goals:



In our role as an end-to-end supply chain service, with ever-growing reach into critical industries such as crop protection, automotive, transport, manufacturing, home and garden, food, and pharmaceutical, we play a role in managing ESG risks and impacts.

DGL Group is committed to implementing a company-wide environmental, social and corporate governance framework that encompasses all its business units, evidenced by notable achievements and initiatives.

KEY INITIATIVES

Environmental

CLEAN WATER

- Volume of potable water produced estimated at 125,000 megalitres per annum
- 5,000,000 litres of mine wastewater processed

WASTE MINIMISATION & RECYCLING

- 30,000 tonnes of liquid waste processed in FY23
- Cross-segment support from Environmental Solutions to assist Chemical Manufacturing to minimise waste streams and reduce costs
- Beneficial re-use of galvanising and aluminium extrusion waste
- Liquid Waste Treatment Plant to be commissioned in FY24

ENERGY MANAGEMENT

- Eight sites with solar energy providing a major source of electrical power and a further three under review currently

CARBON FOOTPRINT

- Reduction in number of company vehicles across the Group
- Commenced investigation of a potential zero-emission strategy for DGL Group with focus on key targets and initiatives

Social

DIVERSITY

- New group payroll system implementation to support reporting and targeting of diversity measures
- Implementation and roll out of a Group Intranet system. Investigation into an HRIS and EAP programme
- DGL staff in NZ undertook a leadership management course focused on upskilling and empowering staff

COMMUNITY

- DGL has been actively involved with a number of community events and charitable causes including Konvoy 4 Kids, Variety, UNSW Mathematics Society & Movember.

Governance

MODERN SLAVERY

- Development of group Procurement function, alongside ISO certified processes, will help ensure compliance of DGL's supplier base
- Standardised supplier survey in place
- DGL Manufacturing now triple ISO accredited

FY23 vs FY22

Total Revenue

\$466_m
+ 26%

Underlying EBITDA

\$64.1_m
+ 27%

Underlying NPAT ¹

\$22.6_m
+ 4%

Cashflow Conversion

118%
FY22 77% adj.

Net Debt

\$91.1_m

Total Tangible Assets

\$426_m

KEY HIGHLIGHTS

- +26% growth in FY23 sales revenue to \$466.0 million vs. the prior corresponding period (pcp)
- +27% growth in underlying EBITDA to \$64.1m vs. pcp
- +113% growth in cashflow from operations to \$59.3m vs. pcp
- Eleven acquisitions during FY23 to build capabilities and ability to service customers
- Highly-skilled workforce with more than 800 employees (+50% since 30 June 2022)
- 4,200+ active external customer base, +31% since 30 June 2022, reflecting a trusted brand
- Growing presence with a network of over 70 strategically located sites
- Enhanced transport and logistics network as fleet size expands to over 330 (+80% since 30 June 2022), amplifying reach and ability to service customers

1. Underlying NPAT reflects the statutory result adjusted for acquisition costs, impairment and other non-recurring expenses plus the associated tax effect

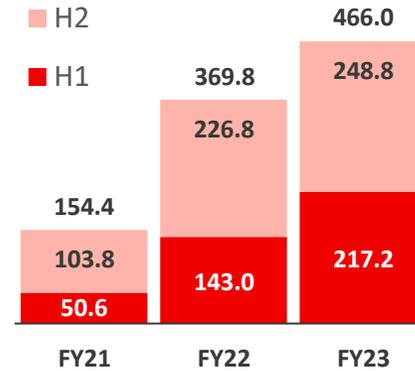
	FY22	FY23	
SALES REVENUE	\$369.8m	\$466.0m	+26%
CHEMICAL STORAGE	170,000t	200,000t	+18%
OWNED TRUCKS, TANKERS & TRAILERS	185	330	+78%
EMPLOYEES	550+	800+	+45%
SITES	54	75	+39%
EXTERNAL CUSTOMERS	3,200	4,200	+31%

DGL GROUP CONTINUES TO PERFORM STRONGLY

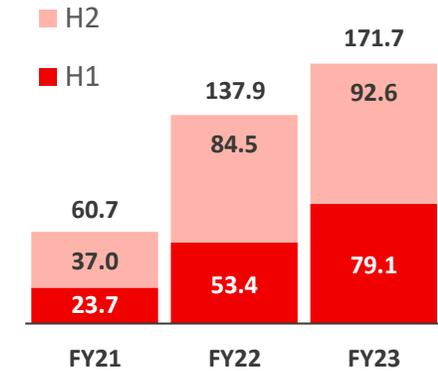
FY23 HIGHLIGHTS (vs FY22)



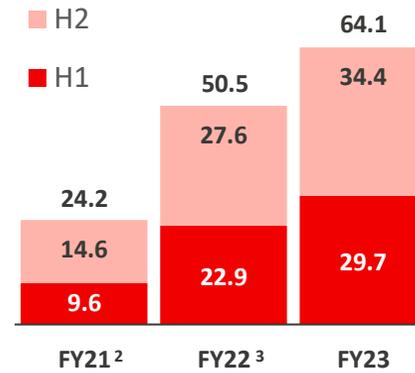
SALES REVENUE (\$m)



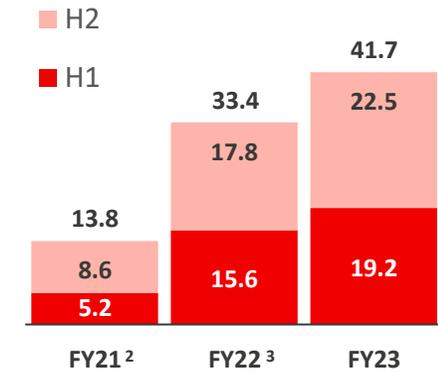
GROSS PROFIT (\$m)



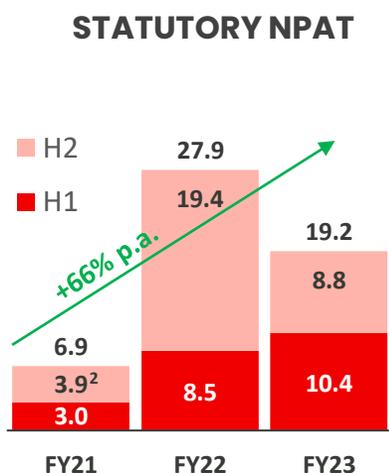
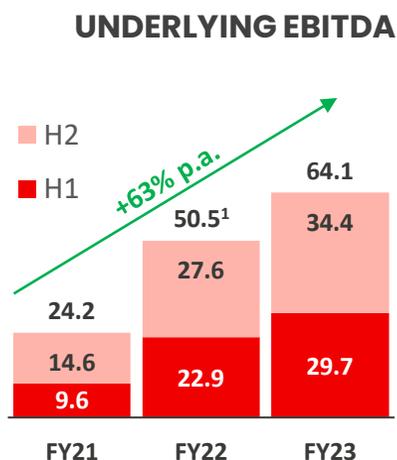
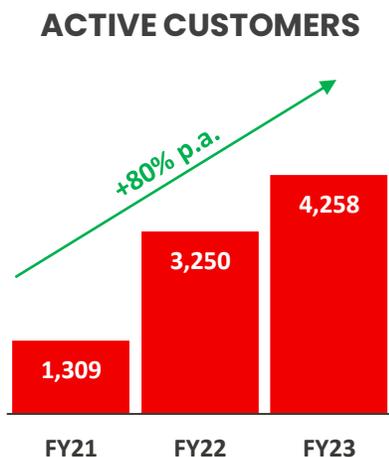
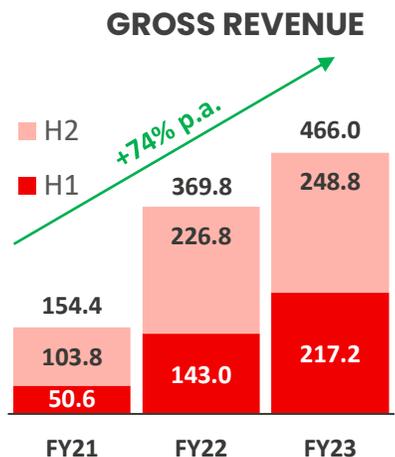
UNDERLYING EBITDA¹ (\$m)



UNDERLYING EBIT¹ (\$m)



1. Underlying EBITDA and Underlying EBIT reflect the statutory results adjusted for acquisition costs, impairment expense and associated tax effect
 2. FY21 excludes \$40.2m debt forgiveness by Rapaki Property Group Ltd, a related party
 3. FY22 excludes management estimate of \$15m non-recurring earnings (refer 2022 AGM investor presentation) from supply imbalance issues in sectors serviced by the Manufacturing segment



- FY23 revenue growth and increase in market share has been driven by:
 - increased sales volumes to existing customers
 - price increases to reflect higher input costs
 - acquisitions and increased cross-sell
 - increased fleet size, breadth of product and service offering
- Revenue growth flowed through to underlying EBITDA but has been partially offset by inflationary pressure on employee benefit expenses, short-term volatility in key commodity prices and increased waste disposal costs.
- FY23 NPAT decreased on the pcp, primarily due to increased finance costs from higher interest rates and increased borrowings, a prior period tax adjustment and more conservative treatment of available tax loss utilisation in New Zealand.

1. FY22 excludes management estimate of \$15m non-recurring earnings (refer 2022 AGM investor presentation) from supply imbalance issues in sectors serviced by the Manufacturing segment
 2. H2 FY21 excludes \$40.2m debt forgiveness by Rapaki Property Group Ltd, a related party

- Leveraging increased scale, broader IP, and capabilities to deliver a wider range of services & solutions to our growing customer base
- Further diversification of customers across multiple industries, products, and commodity sectors
- Increasing momentum in our chosen markets by bringing together and cross-selling diverse capabilities to provide a more complete service offering
- Delivering ongoing efficiency improvements from integration of our businesses and centralisation of key group services
- No dividends paid in FY23. Dividend policy remains unchanged, with all earnings reinvested to support growth
- FY23 underlying operating cash flow increased to \$69.3m with 118% cash flow conversion
- Well positioned to deliver profitable growth and strong results in FY24 and beyond

DIVERSE AND STRATEGIC GEOGRAPHICAL FOOTPRINT ACROSS AUSTRALIA AND NEW ZEALAND



75

Sites across Aust. NZ¹

Increased geographic coverage strengthens DGL's network of assets



~500,000+ sqm

Total Site Size¹

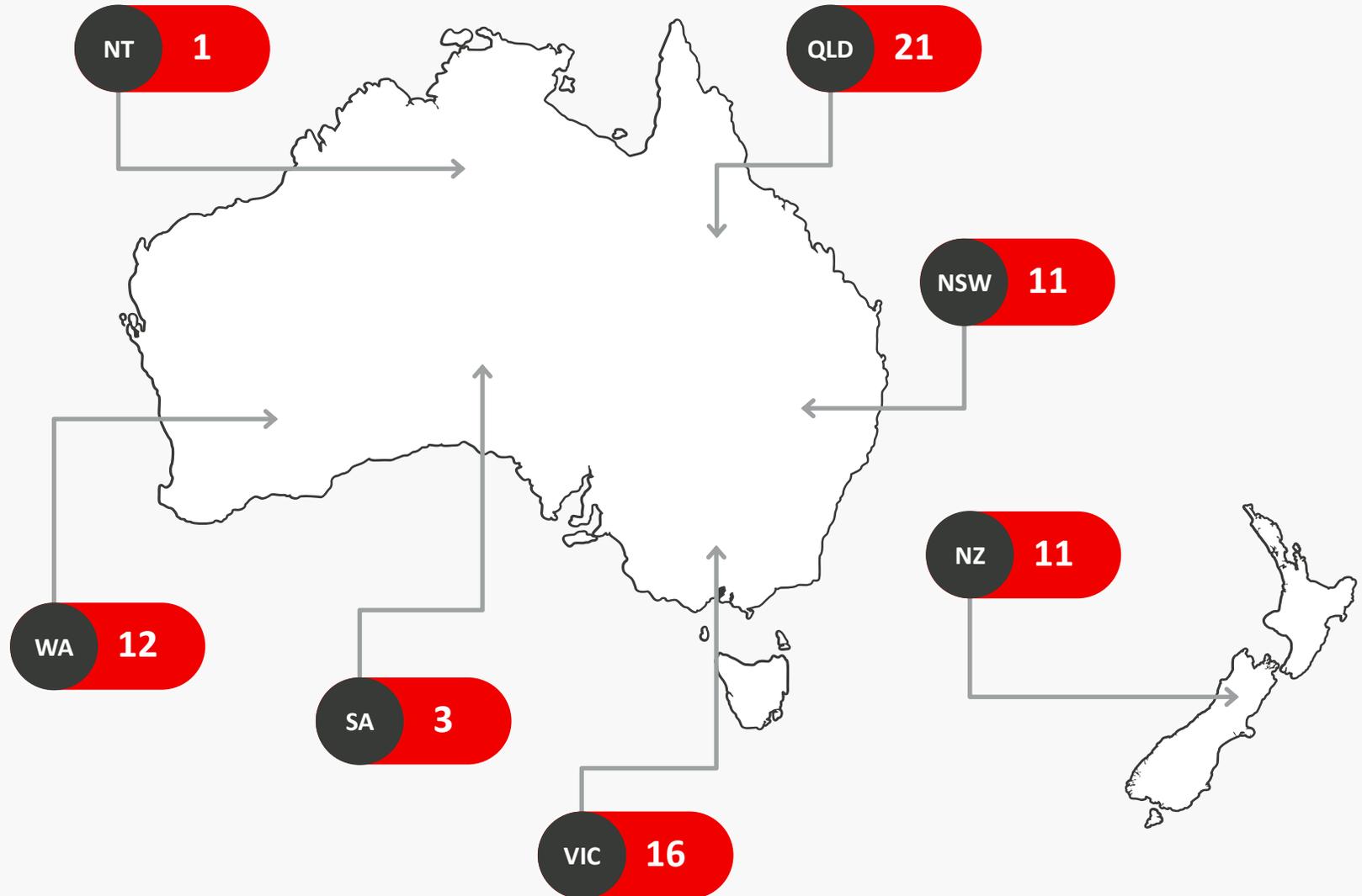
DGL provides a single platform, reducing reliance on multiple suppliers



\$160m

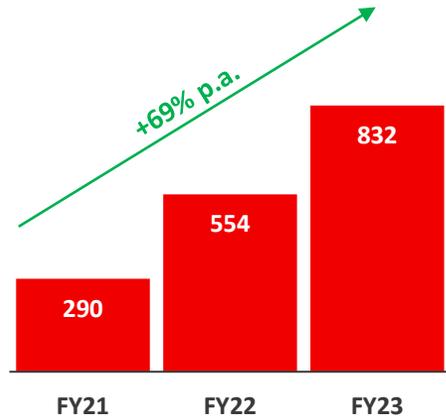
Carrying Value of Owned Sites¹

Consolidation opportunities available

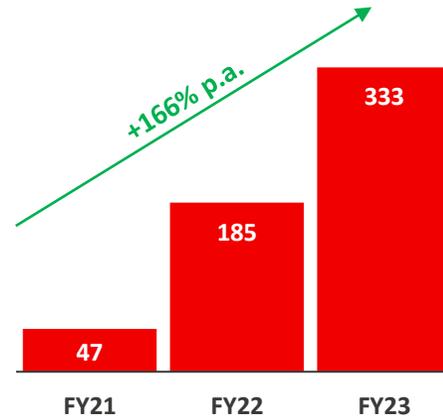


1. As at 31 October 2023.

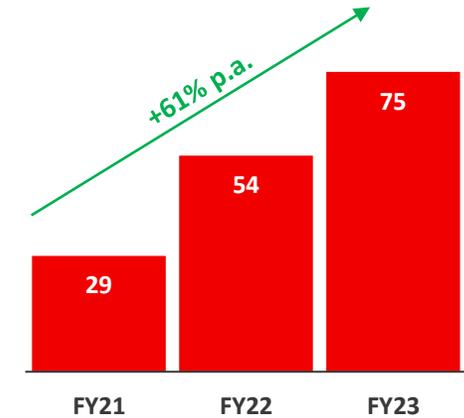
EMPLOYEES



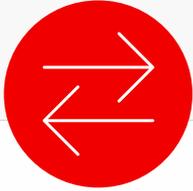
OWNED TRUCKS, TANKERS & TRAILERS



OWNED & LEASED SITES



- Significant added capabilities and new employees from acquisitions with some being promoted into roles with a wider group remit to promote best practice
- Increased fleet size adds scale and increases geographical coverage supporting further cross-selling opportunities and adding value to DGL's service offering
- Additional sites address the capacity constraints that were a feature of FY23 and provide potential to consolidate different segment operations onto the same site



DRIVE CROSS SELLING BETWEEN SEGMENTS

- Newly acquired businesses provide opportunities for greater cross-selling of DGL services
- Taking IP to new locations and increasing product and services range to existing customers (e.g. trialling new products in QLD and New Zealand to service the mining and construction industries)
- Key customers continue to rationalise suppliers, benefitting DGL



INVESTMENT IN CAPITAL PROJECTS

- Established additional manufacturing capabilities including plant expansion in Derrimut, VIC
- Assessing new capital projects presented by acquisitions
- Reinvest earnings across the whole group to achieve strong organic growth



ACHIEVE FURTHER ECONOMIES OF SCALE

- Increased utilisation of warehousing facilities and logistics assets by Chemical Manufacturing & Environmental Solutions segments
- More effective utilisation of DGL's extensive workforce between segments, sharing skills and resources (e.g. sharing engineering and procurement expertise across the Group)



TARGETED ACQUISITIONS

- Strategic acquisitions are being further integrated into the Group
- These acquisitions added employees, intellectual property, products, licenses, capacity, scale and geographies
- Through the acquisitions made since IPO, we have developed internal processes to rapidly integrate businesses into the Group

DGL IS AN ESTABLISHED END-TO-END CHEMICAL SERVICES PROVIDER TO CRITICAL INDUSTRIES

DGL provides specialised chemical services, with growing reach into critical industries including crop protection, transport, manufacturing, mining, water, and construction

DGL provides a complete solution for sourcing, manufacturing, storage and transport, recycling and disposal of industrial chemicals

DGL's focus is on regulated industrial chemical markets where licenses and accreditations are required to operate

DGL is focused on chosen markets in Australia, New Zealand and selective international trading and freight forwarding opportunities

DELIVERY

Delivery of specialised products and services focussed on regulated industrial chemical markets

- Risk management is paramount with a primary focus on safety for our employees, customers and the environment
- Our unique full-service offering adds value for customers
- Client focused solutions building enduring long-term relationships
- Improving and consistent financial performance

OPTIMISATION

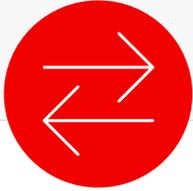
Simplify, optimise and enhance our delivery model

- Deliver the breadth of our capabilities and solutions to entrench our partnership with customers
- Effective integration of acquisitions and increasing cross-sell between divisions
- Implementation of ERP and payroll systems to automate and streamline processes
- Customers proactively exploit our capabilities to grow their businesses

GROWTH

Ongoing internally funded profitable growth expanding capabilities and driving diversification

- DGL's scale and market position generates increasing opportunities for deeper integration with major customers
- Ongoing vendor rationalisation by customers requiring fewer, more sophisticated, suppliers of supply chain solutions
- Internally funded investment to expand products, services and capabilities to grow share of customer wallet
- Selective approach to value accretive strategic acquisitions to add capabilities



DRIVE CROSS SELLING BETWEEN SEGMENTS

- Ongoing integration of businesses acquired since the IPO
- Strategic focus on organic growth opportunities
- Leveraging DGL's expanded geographic spread to increase reach into related industries



INVESTMENT IN CAPITAL PROJECTS

- Industrial battery recycling plant at Laverton, VIC, commissioned Oct 2023
- Commissioning of a new Liquid Waste Treatment Plant in Unanderra, NSW
- Increased chemical production capacity through development of recently acquired sites
- Implementation of new ERP and payroll systems to automate and streamline current processes



ACHIEVE FURTHER ECONOMIES OF SCALE

- Enhance procurement and manufacturing opportunities from recent acquisitions
- Expansion of DGL's formulation and transportation offerings
- Continued efficiencies from shared services



IDENTIFY ACQUISITIONS

- Target well-priced, strategic acquisitions that bring increased capacity and scale across all geographies
- Focus on opportunities that bring in new customers and link to growing industries and sectors in Australia and New Zealand

PLANNED ACTIVITIES FOR FY24

Q1 FY24 TRADING UPDATE

- Group trading performance in Q1 FY24 is in line with Management's expectations
- Although the economic environment is showing pockets of weakness, and commodity price volatility is ongoing, the Group's increasingly diverse operational footprint is successfully mitigating the impact
- Tight labour markets in Australia and New Zealand are showing some signs of easing and we expect a lower rate of wage inflation through FY24
- Strategic growth initiatives are on track, and we continue to assess incremental M&A opportunities selectively in terms of shareholder value via strategic fit and value add to our products, services and network capabilities
- The balance sheet remains strong and provides capacity to fund organic and inorganic growth initiatives

GROUP OUTLOOK FY24

- DGL remains confident in its strategic positioning, and is experiencing growing demand for its broad range of services
- Whilst economic conditions remain uncertain, DGL expects profit growth in FY24
- Earnings are expected to be weighted modestly to H2 FY24
- DGL continues to see opportunities for ongoing profitable growth

DGL GROUP PROVIDES CRITICAL CHEMICAL AND INDUSTRIAL SERVICES TO A DIVERSE RANGE OF INDUSTRIES AND SECTORS IN AUSTRALIA, NEW ZEALAND AND BEYOND



Leadership position in critical chemical and industrial markets in Australia and NZ



Robust and diversified business model across products and industry sectors



Well established business with strong cash flow generation and profitability



Effective integration of acquisitions driving growth via cross-sell between core divisions



Internally funded organic investment program adding capacity and capabilities



Highly selective approach to value accretive strategic acquisitions



Experienced and stable management team



Strong balance sheet with diversified earnings streams

DGL HAS AN ESTABLISHED PLATFORM FOR PROFITABLE ORGANIC AND INORGANIC GROWTH IN OUR CHOSEN CORE MARKETS



THANK YOU

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DGL

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