



 **verbrec**  
evolution engineered

Through strong relationships built on trust, we transform assets and people.

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# Agenda

1. Corporate Profile
2. Introduction to your new CEO
3. FY2023 Results
4. Key Messages for FY2024
5. Project and Product Highlight
6. Strategic Initiatives & Long Term Growth



# Corporate Profile

## Topics

1. Corporate Snapshot
2. Corporate Profile



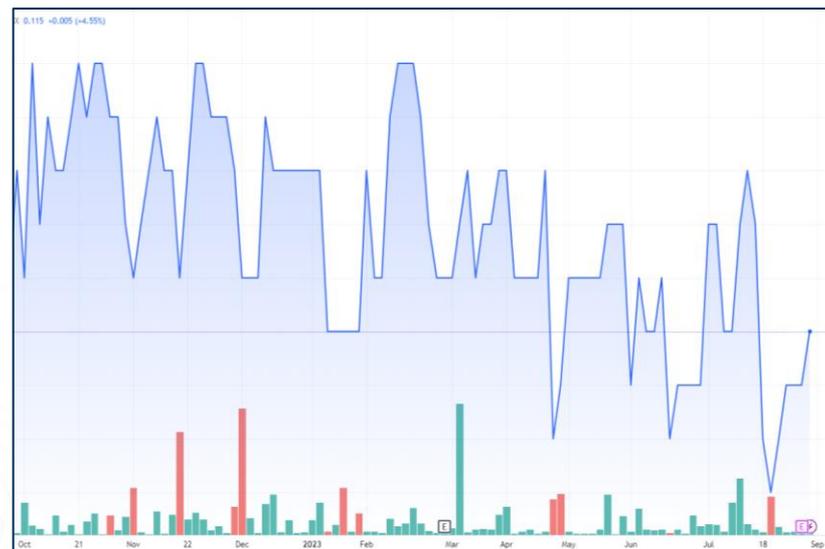
# Corporate Snapshot

## Capital Structure

<b>ASX code</b>	<b>VBC</b>
Market Cap (as at 1 September 2023)	\$26.6m
Share price (as at 1 September 2023)	\$0.12
Shares on issue	221.5m

## Top 5 Shareholders

Brian O'Sullivan	31.3%
Thorney Investment Group	11.2%
Candyblossom/Bloemhof P/L	9.9%
GFNA Bartley Family	8.1%
Forager Funds Management	6.5%



# Who is Verbrec

Verbrec is a leading Engineering, Asset Management, Infrastructure, and Training services provider, operating across the entire asset life-cycle. Our experienced team is recognised for its responsiveness and agility. We operate across multiple regions, including Australia, New Zealand, PNG, and the Pacific Islands, executing projects for organisations of all sizes.

As the industry goes digital and moves closer to its net zero targets, we have built an ecosystem offering solutions around our four core pillars. Our services are engineered to enable our clients to not only be prepared for the time ahead but also meet their near-term needs.



Engineering a more  
**sustainable & smarter future.**

# Verbrec At a glance

**500+**  
TEAM MEMBERS



**3**  
CORE  
MARKETS



ENERGY



MINING



INFRASTRUCTURE

**30+**  
AREAS OF  
EXPERTISE



**1**  
PURPOSE

**Through strong relationships built on trust, we transform assets and people.**

*Transforming assets for a sustainable and smarter future"*

## Safety Zero Harm, Always

	LTIFR	MTIFR	TRIFR
FY16	1.14	1.14	2.28
FY17	0	2.39	3.59
FY18	0	1.45	4.35
FY19	0	0	0
FY20	0	0	0
FY21	0	0	0
FY22	0	4.35	8.70
FY23	0	1.20	6.02



**466**

SAFETY  
LEADERSHIP  
CONVERSATIONS



**77**

HAZARD  
REPORTS  
SUBMITTED



**7**

YEARS  
SINCE LAST LOST  
TIME INJURY

# Our Geographical Footprint

## Verbrec Office Locations

- Verbrec Engineering Services
- Verbrec Industry Training
- Verbrec Infrastructure Services
- Verbrec Asset Management



# Introduction to your **new CEO**

## Topics

1. My Personal Journey
2. My Approach & Observations So Far



# Introduction to your **new CEO**

## My Personal Journey

- New CEO Mark Read commenced 13 March 2023
- Over 30 Years experience across publicly listed and privately held engineering services companies, nationally and internationally
- I look forward to delivering on the next stage of Verbrec's evolution
- Thank you to Chairman, Phillip Campbell and Verbrec's Board of Directors



BHP



GHD Advisory



SEDGMAN



SINCLAIR KNIGHT MERZ  
SKM



AUSTMINE  
Smart Mining

# Introduction to your **new CEO**

## My Approach & Observations So Far

- There were some immediate actions that needed to take place soon after my appointment
- We have a strong and capable team who deliver for our clients
- We need to simplify operations and refocus our efforts on leveraging existing client base revenues
- We need to perfect processes and procedures to avoid the mistakes of the past
- Focus on the Client
- Simplify the Message and the Action
- Measure the things that matter

# FY2023 Results

## Topics

1. FY2023 Results Summary
2. Commentary on Results
3. The Impact of One-Off's
4. Necessary Actions Taken



# FY2023 Results Summary

	FY2023 Statutory	Impact Poor Performing Projects	One-Off's	FY2023 Underlying	FY2022 Underlying
<b>Revenue (\$)</b>	118.2m	-	-	118.2m	121.4m
<b>Gross Profit (\$)</b>	30.4m	3.5m	0.0m	33.9m	42.1m
<b>EBITDAI (\$)</b>	(0.7m)	3.5m	1.5m	4.3m	10.1m
<b>EBITDAI Margin (%)</b>	(0.6%)	3.0%	1.3%	3.7%	8.3%

# FY2023 Results Summary



	FY2023	FY2022	Change to PCP
<b>Sales, General &amp; Admin Costs (\$)</b>	<b>(31.6m)</b>	<b>(33.0m)</b>	<b>1.4m</b>
<b>Net Cash Position (\$)</b> <small>* Cash on hand less borrowings</small>	<b>(2.3m)</b>	<b>5.7m</b>	<b>(8.0m)</b>
<b>Closing Cash Position (\$)</b>	<b>4.5m</b>	<b>6.4m</b>	<b>(1.9m)</b>

# Commentary on Results

- Margins suffered throughout the period due to:
  - Economic slowdown in key areas
  - Skills Shortage and constrained labour market
  - Increase in cost base due to inflationary effects, increase in costs generally, particularly costs of maintaining talent within the business in order to convert opportunities into revenue
- Work in hand remains strong
- Underlying performance indicates that we are moving in the right direction, with May and June 2023 both recording a positive EBITDA result (excluding Legacy Project impacts and other one-off's)



# The Impact of Legacy & One-off's

- The final Legacy Project was terminated in January 2023
- The final Legacy Project is still negatively impacting the company, by way of legal costs in the pursuit of a recovery of outstanding fees owing from Service Stream Utilities to Verbrec
- In addition, there were certain parts of the business, and particularly parts of the training business were underperforming
- Several impairments and write-offs are notable throughout the period:
  - \$3.5m write off of margins related to the final Legacy Project
  - \$2.8m impairment of uncollectable WIP related to the final Legacy Project
  - \$1.4m impairment to goodwill related to the training business
  - \$1.5m one-offs (the majority of which are related to actions noted in the following slide including end of employment and redundancy costs, provisions for closure of operating locations and associated legal fees).
- The ongoing impacts ought to reduce in H12024 due to actions undertaken by management near the end of the period

# Necessary Actions Taken

- Actions needed to be taken during FY2023 and subsequent with the aim of producing more consistent results
- Appointment of several new management personnel
- Immediate action was taken to reduce overhead burdens, including a reduction in head-count and the closure of unprofitable operating locations. This will continue to be reviewed as FY2024 progresses
- A marked improvement in the final three months of the period



# Key Messages for **FY2024**

## Topics

1. Simplify, Protect the Core
2. Client Focus
3. Organic Growth and Risk Mitigation



# Key Messages for FY2024

## Simplify, Protect the Core

- Verbrec, by virtue of the pedigree of its historical brands, LogiCamms, OSD and Competency Training, has market leading capabilities
- Management have acted with intent to limit distractions and re-focus the team on Verbrec's core competencies
- Improve operational efficiencies and deliver consistent project delivery standards for our clients
- Grow revenues from existing core competencies by addressing market trends, such as decarbonisation



**ENERGY**



**MINING**



**INFRASTRUCTURE**

# Key Messages for FY2024

## Client Focus

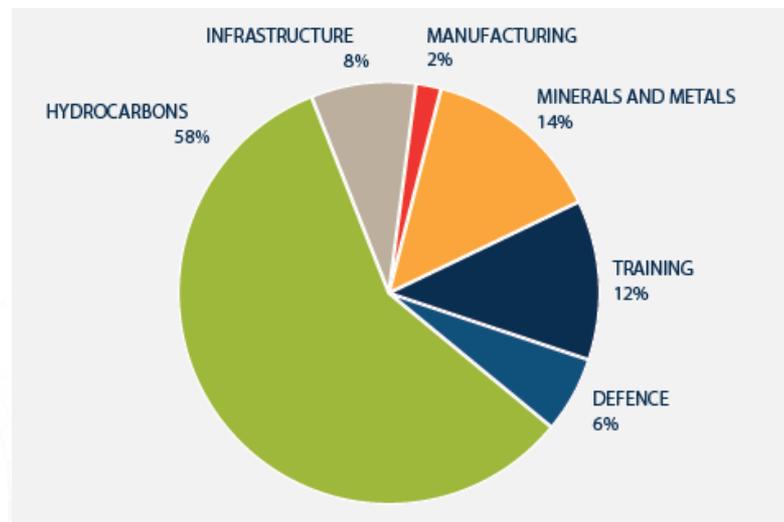
- Reintroduction of Key Account Managers to ensure that we 'know our client' and meet consistent standards of excellence in the delivery of our products and services
- Leveraging client relationships by understanding their business drivers, pipeline of work and long term opportunities
- Rebuilding those client relationships which have weakened



# Key Messages for FY2024

## Organic Growth and Risk Mitigation

- 12 Key Clients generates approximately 40% of our Revenue
- Improve our organic growth, with existing clients, underpinned by 42 Master Services Agreements (up 7 since last period) and 11 Operations and Maintenance Agreements (up 2 since last period)
- Growing number of decarbonisation projects
- Avoid the mistakes of the past by implementing robust systems to avoid high risk, lump sum contracts



# Project and Product Highlight

Long Duration Battery Energy Storage Concept Studies

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Pre-feasibility Study Of Mid-West Shared Infrastructure

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Verbrec Supporting Construction of Australia's First LNG Import Terminal

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Gobe End of Field Life

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New Seawater Desalination Plant Project In South Australia

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Energy Efficiency Study of Beach's NZ Operations

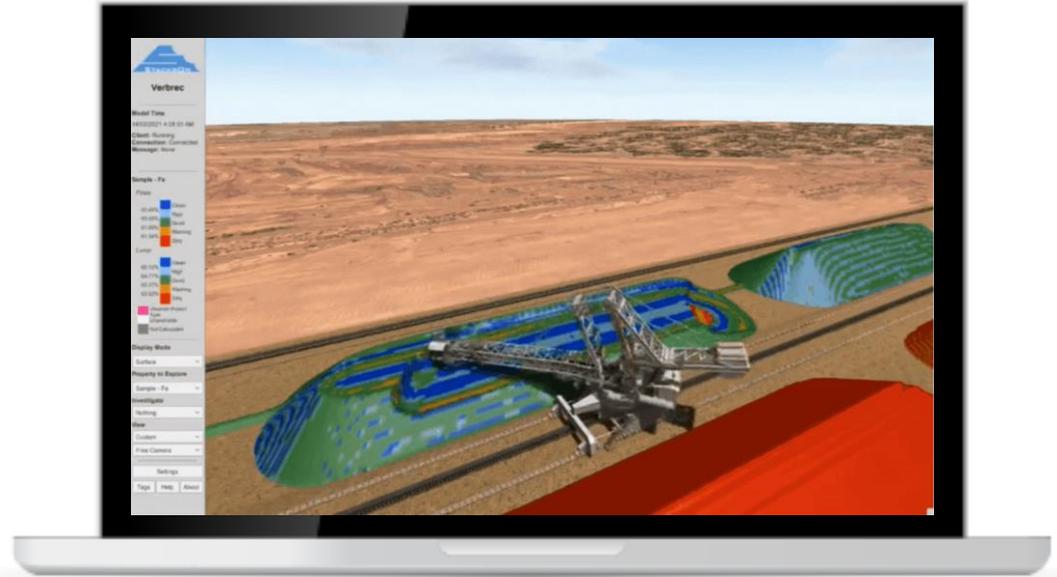
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# StacksOn - a Verbrec Product

Our Software Solutions group has developed the StacksOn stockpile simulation used across WAIO for grade control and throughput optimisation.

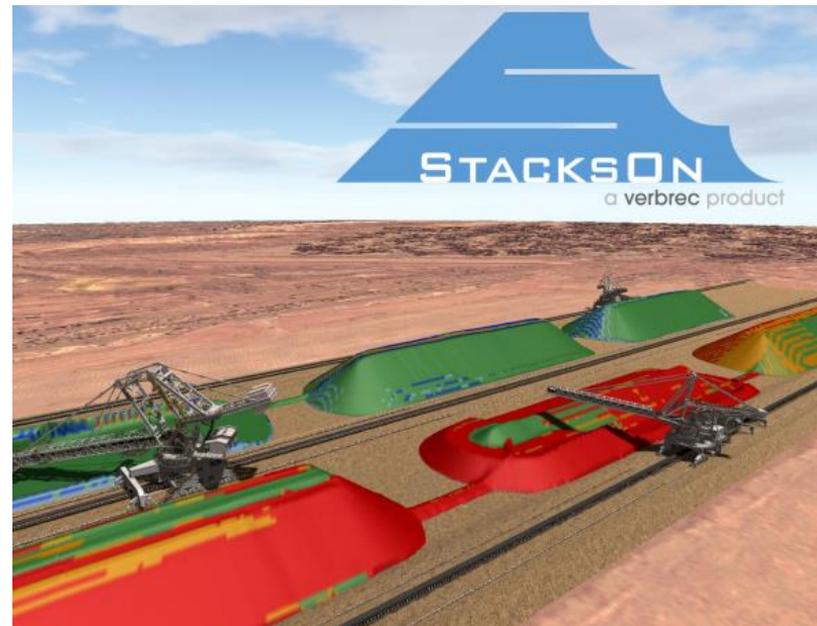
StacksOn equips the client with full visibility over stock-pile grade inside inventories with visualisations and reclaim prediction tools to help ensure every delivery is on-specification.



For more information, please visit:  
**[stackson.com](https://stackson.com)**

# Focus on Growing License Revenues

- The StacksOn product was developed organically over many years and the costs of that development have been expensed and thus, it has minimal carrying value on Verbrec's balance sheet
- StacksOn was commercialised in 2021 when management determined that StacksOn software License Revenues provide higher margins than the other parts of Verbrec's business
- Currently, StacksOn is being utilised by BHP at its Iron Ore Mines and Ports in Western Australia. It is delivering significant savings and optimisation to their operations
- StacksOn is gaining interest from other miners with early discussions taking place to expand the licensing to other clients and commodities



# Client Feedback

## Laura Tyler, BHP Chief Technical Officer, World Mining Congress 2023

*“So our digital factories got to work and came up with the Product Variability program, which we've been using at West Australian Iron Ore.*

*The technology used a Grade Adjustment Model that uses data sources to capture movements of ore across the supply chain in real time to map the grade coming from the mine.*

***We then use an application called StacksOn to maintain a 3D model of material in the stockyard, so we know what to load when.***

***The program addresses a fundamental issue in an innovative way. It is materially adding value to our operations, and we're rolling it out across other commodities.”***



**26th World  
Mining Congress**  
**BRISBANE AUSTRALIA**  
**26-29 JUNE 2023**

# Interest in the Product

- Board have been approached throughout FY2023 by parties interested in acquiring StacksOn
- Indicative offers and discussions suggest a multiple of 6x to 8x annual license revenues
- Expected StacksOn licensing revenues for FY2024 is forecasted to be \$1.06 million
- The Directors have not determined whether this represents a fair valuation of StacksOn
- There is no current binding offer to acquire StacksOn

# Strategic Initiatives & Long Term Growth

## Topics

1. Expand Key Accounts & Leverage Recurring Revenues
2. Industry Investment & Growth into the Renewables Market
3. Realise the Benefits of Actions Taken
4. Targeted Acquisitions & Restoring the Dividend



# Strategic Initiatives & Long Term Growth

## Expand Key Accounts and Leverage Recurring Revenues

- Key Accounts bring increased revenue, stronger relationships, higher customer satisfaction, cross-selling opportunities, strategic partnerships, competitive advantage and long-term stability
- Focus on existing key accounts and foster new strong relationships with clients who share our vision
- Overall costs required to generate revenue to decrease over time by sticking to our core and aligning our services with our core capabilities

## Major Clients



Australian Government  
Department of Defence



epic energy



# Strategic Initiatives & Long Term Growth

## Growth into the Renewables Market

- Follow the trend, and leverage our core competencies to increase our market share in strategically attractive areas, such as, batteries, renewable generation, connection modelling, transmission and distribution.
- Verbrec is well positioned to benefit from industry investment in decarbonisation and the challenges our clients face in addressing and transforming aging and traditional assets.
- Working with clients to achieve Net Zero



# Strategic Initiatives & Long Term Growth

## Realise the Benefit of the Actions Taken

- Improve cash position by continuing to take measures as required in FY2024 in order to close the gap between statutory and underlying EBITDAI and return to profitability, including:
  - Focus on core competencies to maximise predictable revenues by understanding and servicing key clients, addressing their needs today and their needs in a decarbonising world
  - Continue to commercialise StacksOn
  - Fund the profitable parts of the business, take measures necessary to reduce the burdens of those parts which are not performing
  - Take steps to ensure the mistakes of the past are not repeated

# Strategic Initiatives & Long Term Growth

## Targeted Acquisitions & Restoring the Dividend

When the cash position is improved and the ongoing actions are further progressed, when prudent to do so...

- Return to strategic M&A by targeting acquisitions which fit our client's changing needs and ambitions, resulting in scale to our operations, expansion of our margins and improvement to group cost synergies
- Restoration of dividends remains a fundamental objective, noting Australian tax losses total \$38.5m carried forward franking credits of \$5.7m



## Concluding Remarks and Q&A





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*"Transforming assets for a sustainable and smarter future"*

# Appendix: Project and Product **Highlight**

## Topics

1. Long Duration Battery Energy Storage Concept Studies
2. Verbrec Supporting Construction of Australia's First LNG Import Terminal
3. New Seawater Desalination Plant Project In South Australia
4. Pre-feasibility Study Of Mid-West Shared Infrastructure
5. Gobe End of Field Life
6. Energy Efficiency Study of Beach's NZ Operations



# Project and Product Highlight

## Australian First Battery Trial – Long Duration Battery Energy Storage Concept Studies

Verbrec has been engaged in the trial of two different battery storage technologies, both of which are being trialled for the first time in Australia.

Each battery installation will be a 5MW/ 50MWhs BESS (Battery Energy Storage System). The trials will assess the applicability and integration of these new and emerging battery technologies, developed in the USA.

The pilot project is a small-scale deployment that will allow the client to develop first-hand knowledge in emerging long duration energy storage technologies to underpin a rapid transition to renewables.



# Project and Product Highlight

## Verbrec Supporting Construction of Australia's First LNG Import Terminal

Verbrec is supporting a major energy distributor's construction of Australia's first LNG import and regasification terminal located at Port Kembla New South Wales. The terminal will consist of a permanently moored floating storage regasification unit (FSRU), onshore facilities, a gas export pipeline tying into the East Coast grid, nitrogen injection facilities and additional tie in facilities. Verbrec was contracted to provide the detailed design of the onshore receiving facilities, including utilities and control systems, balance of plant, non-process infrastructure, fire safety and civil roads and drainage. The project will play an important part in safeguarding energy security at a challenging time in the energy transition.



# Project and Product Highlight

## New Seawater Desalination Plant Project In South Australia

Verbrec has been engaged to deliver the electrical, instrumentation and controls engineering, relating to the supply, manufacture, installation and commissioning of the new Penneshaw Desalination Plant 2 and new Sea Water Pumping Station located at the existing Penneshaw Desalination Plant 1. The project will support greater water security for the region and will improve drinking water accessibility for over a thousand residents, whilst providing greater bushfire resilience to the area.



# Project and Product Highlight

## Gobe End of Field Life

Verbrec delivered a FEED study for a major oil and gas company, together with several sub-contractors and specialists to consider the end-of-life decommissioning and rehabilitation of a conventional oil and gas field in PNG. The Study considered demolition, waste management, remediation, rehabilitation and other environmental impacts. Verbrec's team focused on the decommissioning requirements in particular the flushing and cleaning of hydrocarbons from assets to assure safe and environmentally responsible demolition, as well as logistics planning, cost estimation, and scope execution planning. The study of waste materials is a key issue for decommissioning conventional energy assets. Managing the transition towards renewable energy will involve the decommissioning and/or repurposing of a number of conventional assets. The carbon footprint of these decommissioning activities must be considered in the overall cost of the energy transition.



# Project and Product Highlight

## Pre-feasibility Study Of Mid-West Shared Infrastructure

Awarded by the Australian Gas Infrastructure Group (AGIG), the study currently underway, will develop a costing model associated with the development of infrastructure for the export of iron ore, from the Yilgarn region of the Mid West of WA. Funded by Mindax and AGIG, the study will specifically cost the capex and opex of a base case shipment of 30 million tonnes per annum (MTPA) of magnetite iron ore. It will also include factored estimates for 60 and 90 MTPA in order to verify a robust business case to further develop the infrastructure bringing high quality magnetite from the Yilgarn, to market. The pre-feasibility study will include the work areas of energy and power, concentrate transportation, return and top up water, end of line facilities, port, and marine. The energy supply is planned to be sourced from a blend of gas and renewables supported by a 60MW BESS (Battery Energy Storage System).



# Project and Product Highlight

## Energy Efficiency Study of Beach's NZ Operations

Beach is the operator of the Kupe Natural Gas Processing Plant which produces gas from the Kupe Field, situated approximately 30 km offshore of New Zealand's North Island. Kupe is critical to the country's energy infrastructure, providing 15 percent of the country's gas and 50 percent of its LPG during peak periods. An Energy Efficiency Improvement Study was completed by Verbrec's Engineering Services division, with an analysis of the process culminating in options for improved efficiency. The study will play an important role in Beach meeting its emission reduction goal of a 25 percent reduction of operational emissions by 2025.

