

LEGEND
CORPORATION

Investor Update 13 August 2018



Important Notice

This presentation contains forward looking statements which may be subject to significant uncertainty outside of Legend Corporation Limited's (Legend) control.

No representation is made as to the accuracy or reliability of any forecasts or the assumptions on which they are based.

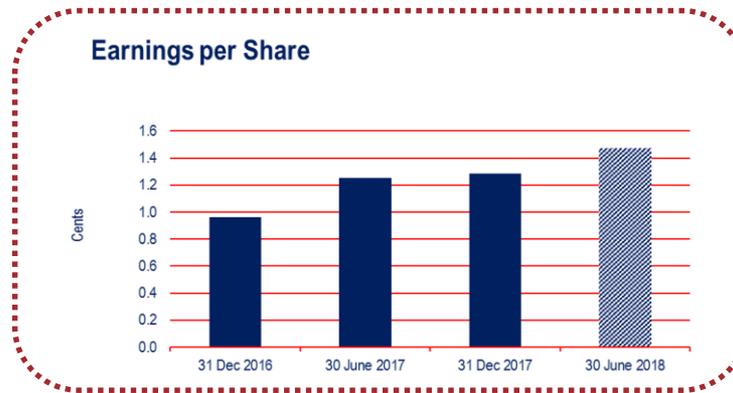
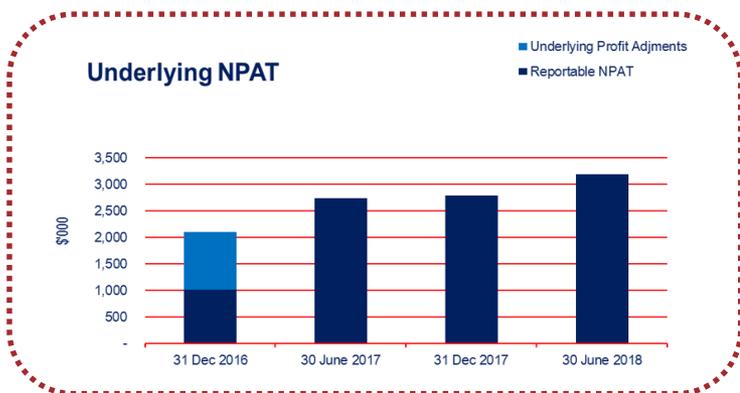
Actual future events may vary from these forecasts. Users of this information are cautioned against placing undue reliance on any forward looking statements.

This presentation forms only part of the available information regarding Legend Corporation Limited. It should be read in conjunction with the most recent annual report.

Strong Financial Results across all Metrics

Revenue \$114.9 million	↑ 15%
Gross Profit \$49.4 million	↑ 10%
EBITDA \$12.4 million	↑ 19%
EBIT \$10.0 million	↑ 43%

NPAT \$6.0 million	↑ 60%*
Earnings Per Share 2.8 cents	↑ 65%
Dividend Approved 0.75 cents per share	↑ 25%
Annual Dividend 1.45 cents per share	↑ 21%



*FY17 included \$1.1m non-cash impairment of goodwill in the New Zealand based Electrical division

Financial Summary	30 June 2018 \$000	30 June 2017 \$000	Change
Income			
Sales revenue	114,901	100,204	14.7%
Cost of goods sold	(65,515)	(55,346)	18.4%
Gross profit	49,386	44,858	10.1%
<i>Gross profit margin</i>	<i>43.0%</i>	<i>44.8%</i>	
EBITDA	12,432	10,447	19.0%
<i>EBITDA margin</i>	<i>10.8%</i>	<i>10.4%</i>	
EBIT	9,991	6,982	43.1%
<i>EBIT margin</i>	<i>8.7%</i>	<i>7.0%</i>	
NPBT	8,869	5,834	52.0%
<i>NPBT margin</i>	<i>7.7%</i>	<i>5.8%</i>	
NPAT	5,978	3,741	59.8%
<i>NPAT margin</i>	<i>5.2%</i>	<i>3.7%</i>	
Earnings per share	2.8 cents	1.7 cents	64.7%
Dividends paid	1.30 cents	1.20 cents	8.3%
Dividends announced	0.75 cents	0.6 cents	25.0%
Cash Flow			
Operating cash flow	6,516	10,535	(38.2%)
Financial Position			
Net assets	72,697	69,535	4.5%
Net debt	(21,017)	(11,818)	(77.8%)

Company Overview



Legend Corporation Limited (Legend) is an Australian Engineering Solutions provider operating in Electrical, Power, Rail, Mining, Information Technology, Telecommunications, Defence, Medical, Industrial and Commercial Gas since 1962.

Legend innovates, manufactures and supplies a vast range of proven specialist components, tools, consumables, test & measurement, repair and calibration services certified to relevant standards.

Legend has operations throughout Australia, New Zealand, the Pacific Region and exports to China and the USA.

Legend's product brands include;



Electrical, Power and Infrastructure

CABAC - Cable accessories, tools, consumables, energy management, test & measurement and data to Electrical contractors by way of Electrical Wholesale.

LEGEND PERFORMANCE TECHNOLOGY - Fibre & Copper Data connectivity, enclosures, structured cable, data tools, made to order data looms to Computer room, Data centre contractors and Telco providers.

LEGEND POWER SYSTEMS - Medium and High Voltage cable connectivity & terminations, linesman tools, electrical safety, consumables and solar accessories to power & rail utilities and related contractors.

COMMSFORCE - Fibre Telecommunications test & measurement and fibre network management equipment to Telcos.

CELEMETRIX - Calibration, service and repair of test & measurement equipment for Telco's, Data, Defence and Medical.

CABAC
One Call → One Day → One Delivery



LEGEND
PERFORMANCE TECHNOLOGY



LEGEND
POWER SYSTEMS



COMMSFORCE
Leaders in Technology Solutions



CELEMETRIX



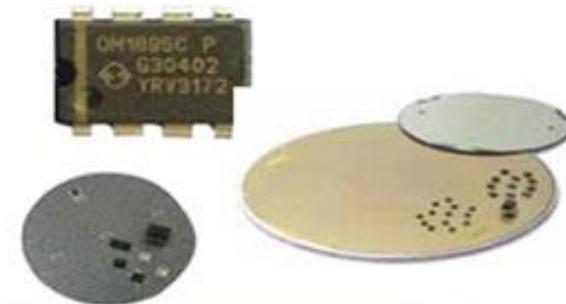
Innovative Electrical Products

Hendon Semiconductors designs and manufactures of a wide range of electronics based medical, electrical, lighting and energy control and commercial electrical products.

- Design and Manufacture of Unique Integrated Circuits (Ics)
- Design and Manufacture of Thick Film Hybrids
- Defence and Medical product manufacturing
- Design and Manufacture of Heavy Duty Lighting Control Products
- Design and Manufacture of Domestic Lighting Control Products
- Design and Manufacture of Industrial Timers
- Design and Manufacture of test & measurement and heavy duty power supplies.

Mass production of high volume products is conducted offshore; except for Defence and Medical products.

Technical Innovation Leader
www.hendonsemiconductors.com.au



Gas and Plumbing

System Control Engineering is a leading supplier of tools, components and consumables to industrial and commercial gas appliance, refrigeration and air conditioning applications. Operating for more than 50 years.

- Industrial Gas: boilers, furnaces, incinerators, refrigeration, process gas for bricks, glass, steel.
- Residential components and OEMs: heating, hot water, refrigeration, electrical and air-conditioning.
- Commercial components: heating, hot water, electrical, refrigeration and air-conditioning.
- Energy Utilities: gas regulation/filtering and metering.



www.systemcontrol.com.au



The Legend competitive advantage

- 30 years of proven successful history as a low cost on time supplier.
- 20,000 Proven product lines.
- 12,000 Clients including 1,200 wholesale outlets to over 20,000 contractors.
- 6 Principal warehouses and 2 regional warehouses for local availability.
- 4 Product test and service labs. Offices in 5 capital cities.
- 100 Full time business development staff.
- 25 Product research and development engineers.
- Inhouse standards testing with broad NATA accreditation.
- Registered IP : 21 Patents, 32 Registered Designs.
- A good balance of outsourced manufacturing to control cost with inhouse manufacturing to provide rapid prototyping and access defence & medical markets.
- Our own service and calibration labs to provide all of life support.
- Online platforms for product training, B2B interface and ordering.



Legend Innovation

Legend has a strong culture of innovation in the development of innovative products with very long sales market life which excite our customers with performance and efficiency whilst providing rich pathways to future development. Examples include;

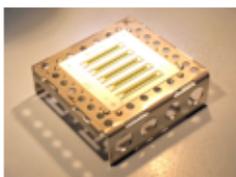


NEW Product FY19

Bluetooth controlled DIN Timer for switchboards



USB Mech for smartphone/tablet charging



Voltage booster for mass spectrometer



Radio switch (dual 20 amp channels)

FY19 will see the staged rollout of a number of new ranges including;

- A new range of industrial timers for switchboard and HVAC markets.
- New range of infrared and ultrasonic presence detectors for automatic lighting and HVAC control.
- A new range of flexible steel specialty conduits for hazardous area applications.
- A new range of non-metallic flexible conduits for industrial and hazardous area applications.
- A range of PVC fittings, conduits and enclosures for general electrical applications.

Segment: Electrical, Power and Infrastructure

	30 June 2018	30 June 2017	Change	
	\$'000	\$'000	\$'000	%
Revenue	77,155	63,627	13,528	21%
EBITDA	7,001	4,735	2,266	48%
Operating Profit	5,442	2,318	3,124	135%

- Revenue for this segment increased by 21% to \$77.2 million (pcp: \$63.6 million). Pre-existing operations increased 8% on pcp with the remainder of the increase coming from the acquisition of CLX.
- Gross margin for our pre-existing operations remained stable, although overall margin for the segment was lower after the inclusion of CLX.
- EBITDA increased 48% to \$7.0 million (pcp: \$4.7 million).
- FY19 will see further additions to the product range, a wider client base and more demand creation for our brands.
- The increased demand from both power utilities and infrastructure construction that was experienced in FY18 is expected to continue in FY19.

Segment: Innovative Electrical Products

	30 June 2018	30 June 2017	Change	
	\$'000	\$'000	\$'000	%
Revenue	8,844	8,420	424	5%
EBITDA	2,167	1,929	238	12%
Operating Profit	1,986	1,726	260	15%

- Revenue increased by 5% to \$8.8 million (pcp: \$8.4 million) driven by increased Defence related contracts
- EBITDA increased 12% to \$2.2 million (pcp: \$1.9 million) as a result of improved revenue and modest cost reductions
- Continued demand from Defence is forecast in FY19. The development of new complete products, rather than components, continues to be the key focus of this segment.
- Additional product launches will be made in the coming year which are expected to result in further revenue growth.

Segment: Gas and Plumbing

	30 June 2018	30 June 2017	Change	
	\$'000	\$'000	\$'000	%
Revenue	30,960	30,127	833	3%
EBITDA	3,265	3,784	(519)	-14%
Operating Profit	2,564	2,938	(374)	-13%

- Revenue for this segment increased 3% to \$31.0 million (pcp: \$30.1 million) driven by new products
- EBITDA for the year was \$3.3 million (pcp: \$3.8 million) as a result of gross margin contraction from exchange rate fluctuations, the clearance of old stock lines, a 5% increase in overhead expenses, deferral of significant projects and significant delivery delays from a major supplier.
- FY19 is expected to see earnings grow as cost increases are passed on to the market and key supplier performance returns to normal.

Acquisitions Celemetrix Group

On 28 February 2018 Legend acquired Celemetrix Australia Pty Ltd, Celemetrix SRC Pty and Commsforce Pty Ltd (the Celemetrix Group of “CLX”), a Melbourne based fibre telecommunications test equipment and test & measurement calibration business with operations in both Sydney and Brisbane.

The acquisition was made as part of Legend’s strategy to expand its involvement in electrical, power and industrial markets through a range of equipment sales and asset management services complimentary to Legend’s existing product range and to further expand the groups activities in Defence and Medical.

The initial payment on completion of \$10,363,000 has been adjusted down by \$2,000,000 at 30 June 2018 as earnings targets were not met.

The share purchase agreement also provided for a maximum final deferred payment of \$3,125,000 subject to the achievement of EBIT targets for the two financial years ending 30 June 2019 and 2020.



Celemetrix Group Overview

Markets

Telcos, Defence, Aerospace, Data, Fibre Telecommunications, Electrical.

Products & Services

Supply industry leading test, measurement, fault detection and management products to support fibre optic networks.

Authorized service provider to a number of leading brands;



Typical Clients

Telstra, NBN Co, Optus, Cisco, Defence, VisionStream, BSA, Energex, Phillips Healthcare, Data Contractors, Electricians.

Revenue history

	FY16	FY17	FY18
	\$'000	\$'000	\$'000
Revenue	18,657	24,747	23,209

Sales Geography

Melbourne based with labs in Sydney and Brisbane

FY19 Outlook

As advised to shareholders in the presentation at the AGM on 28th October 2016 and lodged with the ASX, the board has retained Gresham Advisory Partners to conduct a strategic review of Legend's business.

This review is ongoing and Gresham is actively investigating strategic options to create shareholder value.

Legend's core strategy is to maintain and extend its leadership and deliver strong growth through quality, range, availability, service and innovation.

FY18 has been a year of growth for Legend.

The outlook for FY19 is for continued growth in our existing businesses driven by new products, initiatives and accretive growth through acquisitions.

Appendixes: Detailed financials

Revenue and Gross Profit

Group Revenues increased 15% on pcp to \$114.9 million (pcp: \$100.2 million). \$8.7 million of this increase was contributed by CLX.

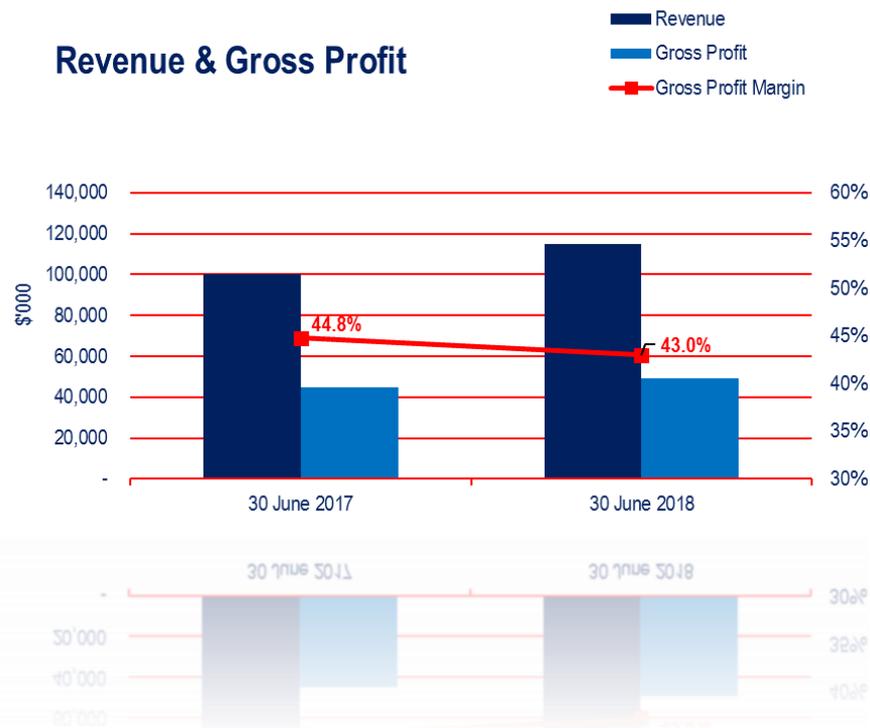
Revenue from Electrical, Power and Infrastructure was up 21% on pcp. Pre-existing operations increased 8% on pcp with the remainder of the increase coming from the acquisition of CLX.

Innovative Electrical Solutions increased by 5% driven by increased Defence related contracts.

Gas and Plumbing continued to grow with revenue up 3% on pcp through new products.

Gross profit increased 10% on a lower margin of 43% (pcp: 45%). This lower margin was primarily due to the inclusion of the lower margin CLX business.

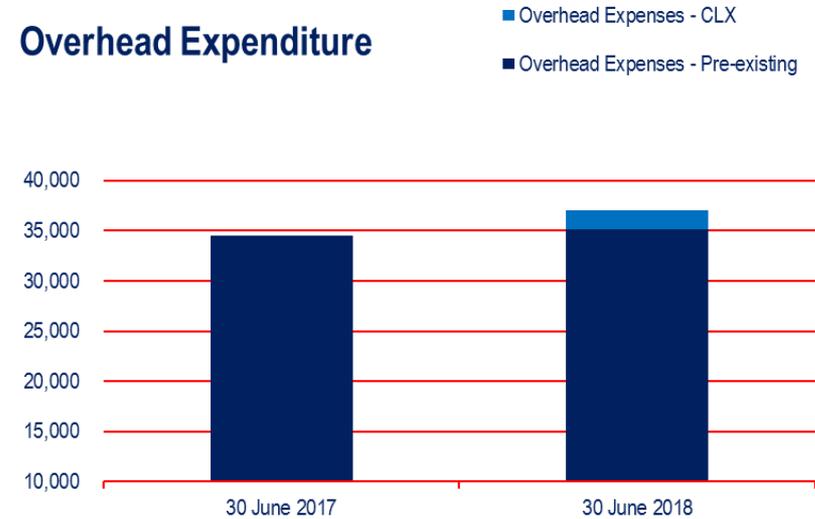
Revenue & Gross Profit



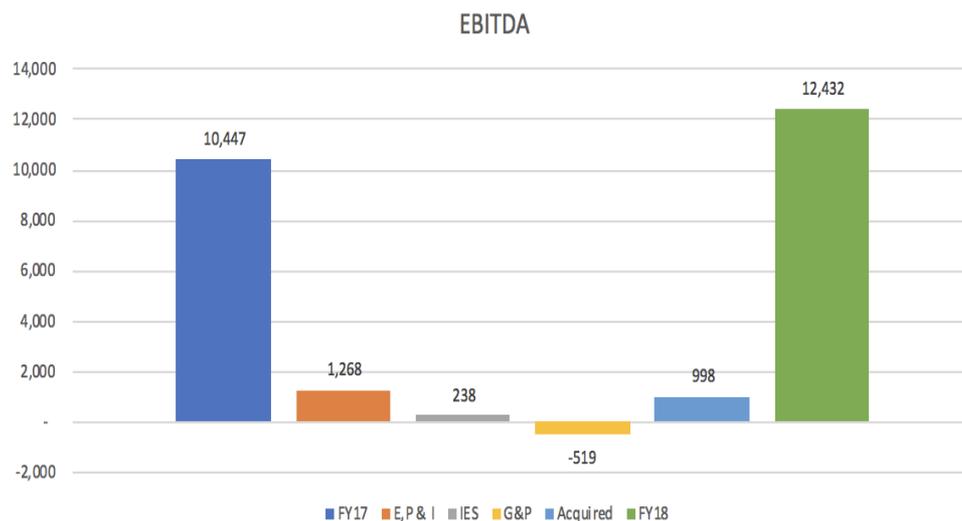
Overhead Expenditure

Overhead expenses were up \$2,514,000 or 7% on pcp.

Overheads from the pre-existing business were up less than 1%, the remainder of the increase coming from the inclusion of CLX for the three months to June 2018.



EBITDA Bridge



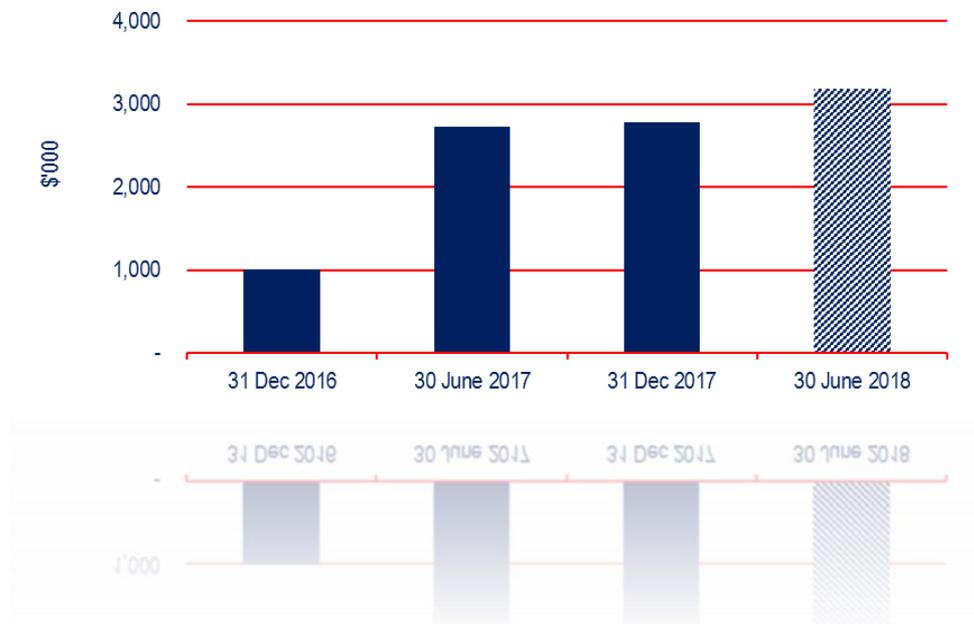
EBITDA	
FY17	10,447
Electrical Power and Infrastructure	1,268
Innovative Electrical Solutions	238
Gas and Plumbing	(519)
Acquired CLX	998
FY18	12,432

Earnings Growth

Net Profit after Tax (NPAT) for the year ended 30 June 2018 of \$6.0 million was up 60% over the prior corresponding period (pcp) of \$3.7 million.

The pcp included a \$1.1 million non-cash impairment to goodwill in the New Zealand based Electrical division. Excluding this impairment, NPAT for the current year was 25% up on pcp.

Net Profit After Tax



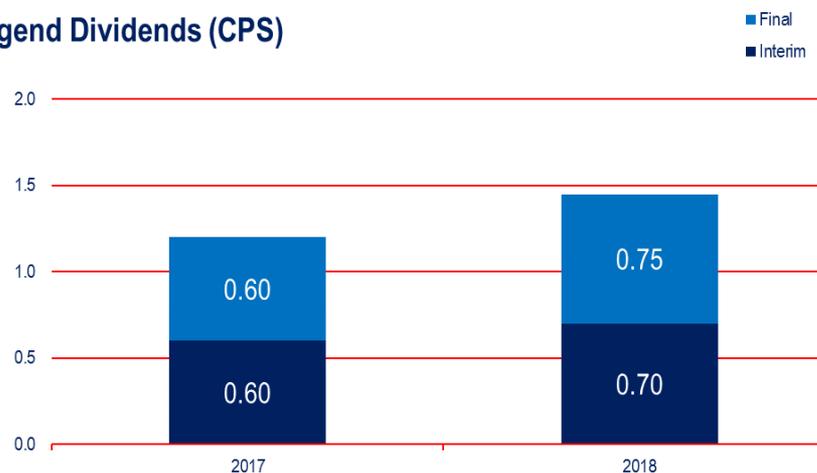
Dividends Growth

A final fully franked dividend of 0.75 cents was declared for 2018 with a Record Date of 28 September 2018 and Payment Date of 2 November 2018.

Dividends for the year were 1.45 cents per share, up 21% on pcp.

Of the \$6.5 million generated in operating cash during FY18; \$2.8 million was paid out in dividends, \$2.8 million in debt repayments and \$1.75 million in deferred consideration for the acquisition of SCE.

Legend Dividends (CPS)



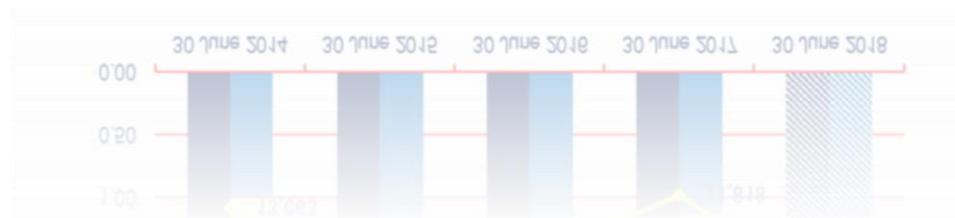
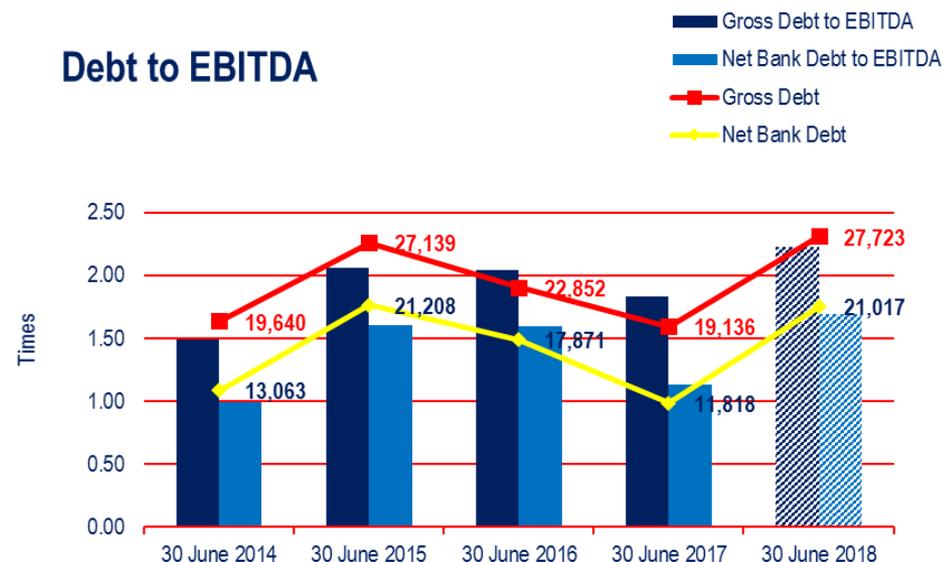
Bank Debt

Gross debt grew by \$8.6 million to \$27.7 million at year end. Additional debt of \$11.4 million was drawn to fund the acquisitions of CLX and new stock ranges. Debt repayments during the year were \$2.8 million.

Net debt of \$21.1 million at year end (pcp: \$11.8 million) remains conservative at 1.7 times EBITDA.

Banking facilities with Australian and New Zealand Banking Group Limited were renewed 20 June 2018 and extend to 30 April 2020. These facilities provide additional capacity for both organic and acquisitive growth.

Debt to EBITDA

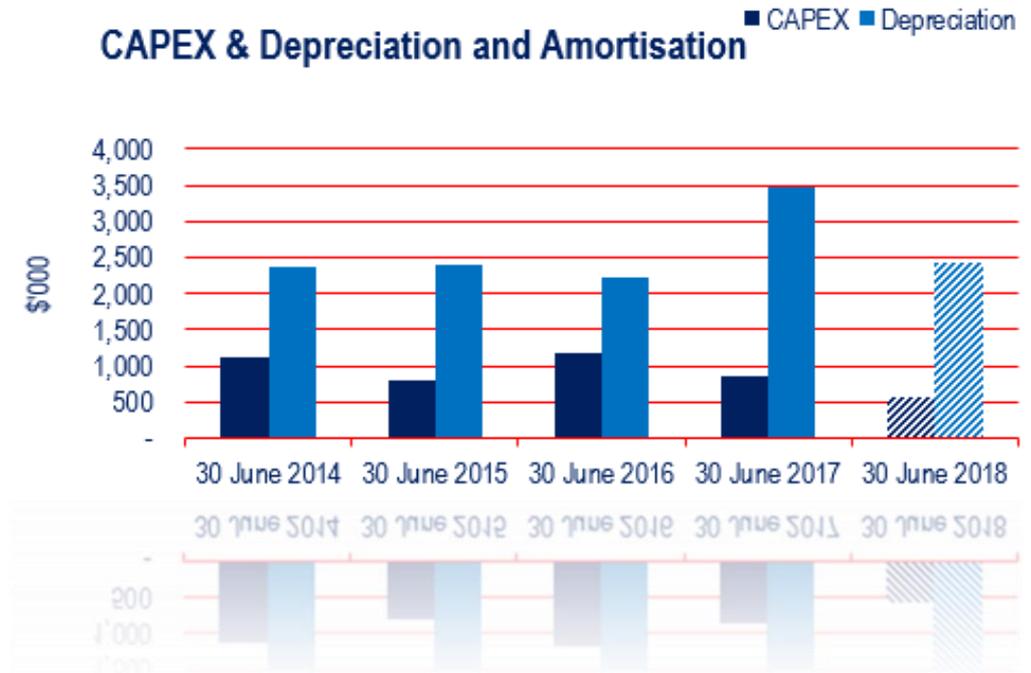


Capital Expenditure

Total CAPEX for the year was \$570,000 (pcp: \$866,000), the bulk of the expenditure related to IT systems improvements and minor warehouse extensions.

Depreciation of \$1.5 million for the year was down 5% on pcp, whilst amortisation of intangible assets including customer lists, intellectual property and restraint of trade agreements was up 56% to \$960,000 (pcp: \$616,000) reflecting the acquisition of CLX.

CAPEX & Depreciation and Amortisation



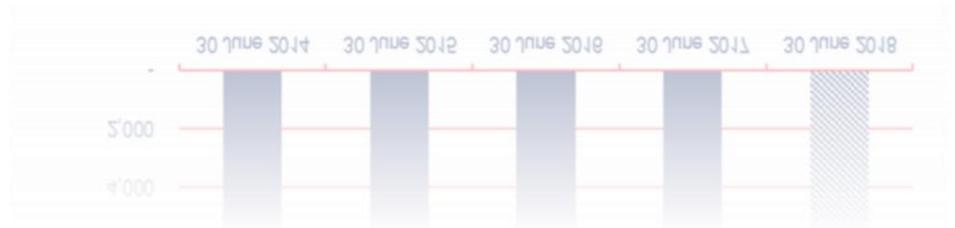
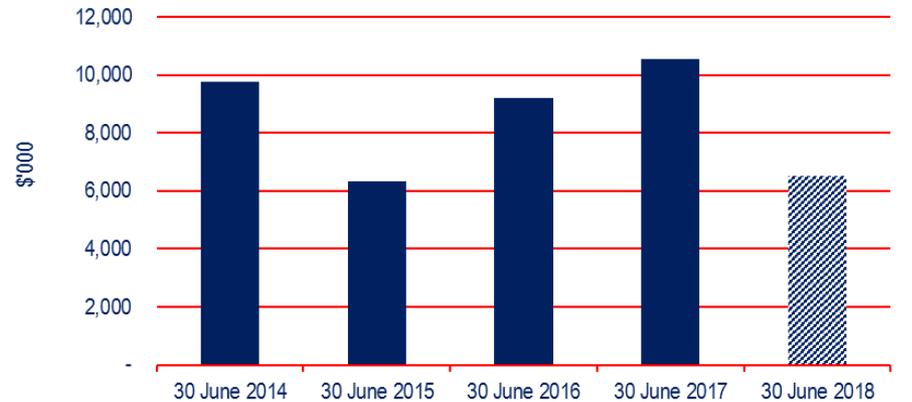
Operating Cash Flow

FY18 operating cash flow declined 38% on pcp to \$6.5 million (pcp: \$10.5 million).

Whilst operating cash flow for the first half of FY18 was strong at \$5.7 million, second half cash flow was much lower as a result of an increased investment in stock of \$3.4 million to meet forecast demand in early FY19, and high receivables at year-end due to strong trading in May and June.

Operating cash is forecast to strengthen during FY19 as stock and receivables reduce to pre build-up levels. Stock management remains an ongoing focus for further cash generation, as does improved terms from both clients and suppliers.

Operating Cash Flow



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