



LASERBOND[®]

PRODUCTIVITY | INNOVATION | CONSERVATION



2015 Annual General Meeting
Executive Directors' Presentation

FY15 HIGHLIGHTS

- ❖ Maintained revenue despite continued downturn in our primary resources markets; resources.
- ❖ Another period of growth in GP via improved process efficiencies primarily arising from Lean Manufacturing.
- ❖ Made significant investments in line with growth strategies, having a negative effect on EBITDA and NPAT in the shorter term.
- ❖ R&D has delivered a new laser deposition process, new products and two patent applications.
- ❖ Advanced independent trials of the DTH hammer product confirming 3 x life and cost savings. Commercialisation is underway.
- ❖ International interest in licenses for our technology.
- ❖ Established three reporting divisions to assist in driving business.



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MAINTAINING SOLID FINANCIALS

	Full-Year \$,000s	30 Jun 2015	30 Jun 2014		Notes for Previous Corresponding Period (Jun / Jun)
Revenue		9,547	9,669	✓	Sales revenue steady in difficult market conditions
Gross Profit*		4,999	4,847	✓	GP Margin Up over full year maintaining efficiency gain
Gross Profit Margin		52.4%	50.1%		
EBITDA		881	1,481		Earnings reduced primarily due to investment in staff and other resources to support Product, Technology, R&D and commercialisation activities.
EBITDA Margin		9.2%	15.3%		
NPAT		367	661		
NPAT Margin		3.8%	6.8%		
Earnings per Share (cents)		0.42	0.76		
Dividends (Fully Franked)		0.20 cps	0.20 cps		
Cash Position (End of Period)		2,138	2,559		Cash invested in inventory and other assets
Financial Position (Total Equity)		6,247	6,183	✓	Reducing debt
Total Assets		8,378	8,868		Current ratio improved from 3.5 to 4.7
Total Liabilities		2,130	2,684		

ESTABLISHED THREE DIVISIONS

Services (our historical repair and remanufacturing business)

- Maintaining solid sales in NSW with a full suite of services.
- SA Service revenue is also increasing.
- New service capabilities are being added; internal laser cladding and vacuum heat treating. Both of these expand the offering as well as open new R&D opportunities.

Products (consumable components with embedded technology)

- Established in SA where it is central to national markets for drilling products.
- SA is a technology hub for mining services and advanced manufacturing, making it an ideal location for LaserBond's products group.

Technology (non-competitive licenses for specific applications)

- Opportunity identified during 2015 in response to international interest in our laser deposition methods and applications.
- LaserBond has been at forefront of surface engineering innovation since inception and is internationally unique in the breadth of experience it has acquired.

Unique offerings from three integrated divisions.



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GROWING SERVICE CAPABILITIES

Repair, Reclamation and Remanufacturing

- Core historical services offered by LaserBond.
- LaserBond's 2014 cladding process development improves economics, offering more applications and sales opportunities.

PAS 99 Certification

- Implementation of the PAS 99 Integrated Management (Quality, Environment and WHS) reduces cost and improves outcomes.
- Opens sales opportunities to more multinational customers.

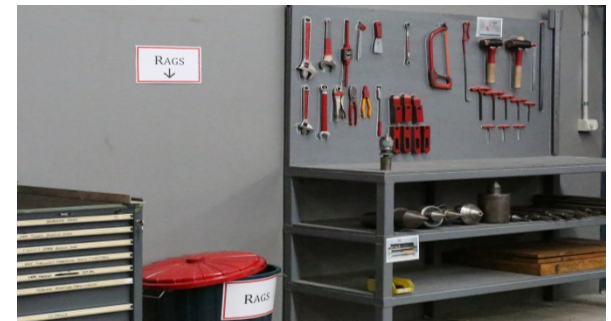
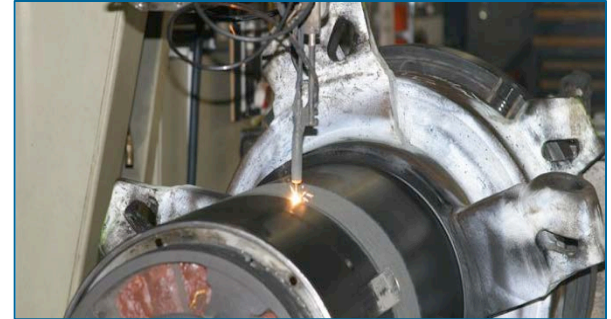
Investment in Staff

- Geographic expansion requires an investment training staff.
- SA facility is developing its skill base and capabilities.
- New business development, material scientist and QA officer roles.

Lean Manufacturing

- The implementation of Lean Manufacturing has delivered. Operationally we deliver more projects on-time, quality is assured, and gross margins have improved.
- During 2016 we are extending Lean into sales and administration.

Capacity and capability of Services expanding to meet market.



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COMMERCIALISING PRODUCT INNOVATIONS

DTH Hammer Development

- “Game-changing” innovation developed by LaserBond R&D team. DTH Hammer design has international patent application.
- Significant expenditure for comprehensive, controlled field trials monitored by independent consultants verified the technology delivers 3 times life and reduces total drilling costs by 7.5%.

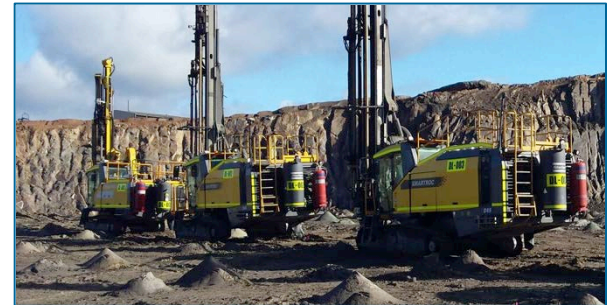
Commercialisation

- The significance of benefits delivered by the technology are difficult to communicate in a contracting and cautious marketplace.
- Larger potential customers typically have contracted supply arrangements.
- Sustained investment in sales staff, marketing and onsite trials necessary.
- Tempering our forecast sales until sales & distribution process is proven.

New Product Pipeline

- Further commercial opportunities have been identified in mining, drilling, and other industries. Several development trials are underway.

Unquestionable opportunities exist for LaserBond Products.



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DEVELOPING TECHNOLOGY LICENSING

International Interest

- LaserBond has an enviable reputation for its surface engineering technologies.
- International companies have expressed interest in our assistance to setup integrated cladding systems.
- Alignment with LaserBond significantly reduces their learning curve costs and risk of ownership.

Integrated Package

- LaserBond supplies hardware and “software” components.
- Completes the necessary system integration.
- Multi-level training packages as part of the package.
- Ongoing technical support via LaserBond’s laboratory and technicians.

Potential Customers

- Typically vertically integrated manufacturing business seeking to incorporate LaserBond’s advanced surface engineering into their product and service offering.
- Non-competitive partnerships. Potential for collaboration.

Develop a network of LaserBond Technology sites



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BUILDING VALUE IN OUR IP

Australian Synchrotron Proves New LaserBond® Process

- Utilised the NSW Industry Synchrotron Access (NISA) scheme in Aug 2015.
- Detailed comparative analysis of prior and new forms of LaserBond® cladding (the subject of 2014 patent applications).
- X-ray Fluorescence Microscopy beamline (XFM) providing elemental analysis
- Provided *“unprecedented visual proof their new method was far superior to what had been used previously”*.

Product Development

- Additional product developments identified and in trial phases.

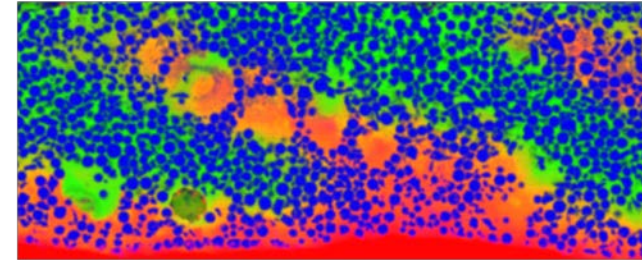
Patent Application Process

- Patent applications are being registered internationally.

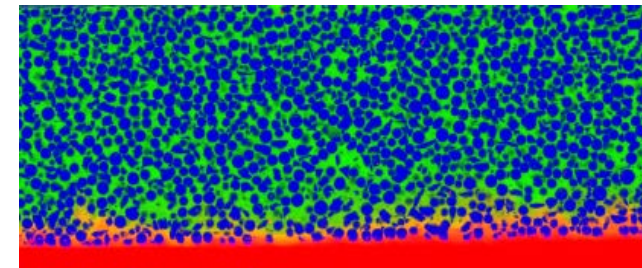
Centre of Excellence for Wear-life in Resource Industries

- Opportunity to develop collaboration in SA

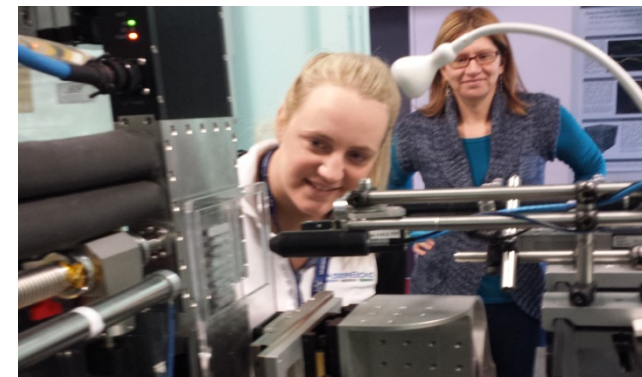
Our surface engineering IP has high value



Standard Laser Cladding



New LaserBond® Process



LASERBOND®

REFRESHED CORPORATE STRATEGY AND IMAGE

Reaffirmed Our Vision

Recognised that prior growth was built on 23 year history of innovation in our core expertise of “surface engineering”.

Defined the Mission

Our most valued customers recognise the cost saving, performance improvement and environmental benefits that LaserBond provides.

The dedication and skills of our staff are key to the ability to deliver and grow. They are nurtured and developed at every opportunity.

Embraced Core Values

Internally we’ve embraced and clarified our unsung values;
Productivity | Innovation | Conservation

Growth

We’ve committed to strong growth and have set internal goals and strategy.

Refreshed Our Corporate Image

The recent refresh addresses our underlying marketing issue – communicating how our technology benefits each customers’ industry.

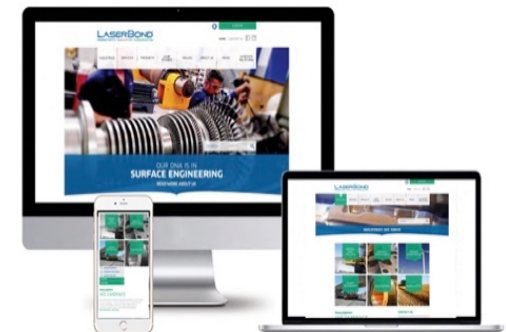
Committed to leveraging our DNA for accelerated growth.

Vision

To be a recognised leader of innovative advanced surface engineered products and services that reduce unit-operating costs of capital intensive industries by significantly improving the performance and wear life of equipment.

Mission

To attract, develop, and maintain long-term, successful satisfied customers while optimising the capacity and capability of our facilities and staff to deliver an expanding range of innovative services and products.



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OUTLOOK

1H16

- ❖ Our traditional resources markets for Services remain challenging.
- ❖ However, there are signs of improvements due to exchange rate return to "normality" and stabilisation of commodity prices.
- ❖ Sales of DTH products are being cultivated and grown.
- ❖ Revenue is expected to be in line with p.c.p.
- ❖ Loss due to necessary investment in sales, marketing and customer trials of new DTH products.

Beyond1H16

- ❖ Accelerated marketing spend was completed in 1H16 and will assist in capitalising on significant sales opportunities.
- ❖ Services revenue will grow due to marketing and business development activities.
- ❖ Potential Technology sales that leverage LBL's technology and experience are being cultivated with overseas partners.
- ❖ DTH Hammer products and other new products embedded with LBL's technology will provide the engine for major growth.



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