



LASER BOND[®]



PRODUCTIVITY | INNOVATION | CONSERVATION



2016 Annual General Meeting
Board Address Presentation



FY2016 HIGHLIGHTS

- ❖ Sales Revenue Increase (up 10.2%)
- ❖ Significant growth in export sales (up 355% +)
- ❖ Operating costs and margins controlled
- ❖ Investment in growth activities paying off with new products, new customers, domestic and international.
- ❖ Divisional structure providing focus to sales (redefinition of products, services & technology)
- ❖ Technology division sells first license and support package
- ❖ New Vacuum Heat Treatment Systems commissioned
- ❖ Collaboration R&D agreements with UniSA/Future Industries and Boart Longyear (drilling tool developments)
- ❖ Government Support (grants) for R&D, Next Generation Manufacturing Facilities and export readiness.



MAINTAINING SOLID FINANCIALS

	Full-Year \$,000s	30 Jun 2016	30 Jun 2015		Notes for Previous Corresponding Period (Jun / Jun)
Revenue		10,515	9,547	✓	Increase of 10.2% yr/yr
Gross Profit* Gross Profit Margin		5,161 49.1%	4,999 52.4%	✓	GP Margin restored in 2H, now 55.9% in Sep Qtr
EBITDA EBITDA Margin		635 6.0%	881 9.2%		Net earnings reduced as funds directed into investment in growth oriented activities, particularly R&D and marketing activities. Loss in 1H balanced by 2H to deliver Break-even year
NPAT NPAT Margin		79 0.7%	367 3.8%		
Earnings per Share (cents) Dividends (Fully Franked)		0.09 0.20 cps	0.42 0.20 cps		
Cash Position (End of Period)		768	2,138		Cash impacted by 90 day terms imposed by resource customers
Financial Position (Total Equity) Total Assets Total Liabilities		6,091 8,616 2,525	6,247 8,490 2,242		Good position, improving Inventory and Receivables higher.

WELL POSITIONED

Increasing Technology Leadership

Building Domestic & International Reputation

- Work done with OEM's delivering "strategic market advantage"
- Material science and application process development.

Strong Growth in Sales

- Marketing support with higher exposure to stakeholders
- Export growth focus

Capturing 'Growth Sector' Opportunities

- Advanced Manufacturing: High power additive laser systems
- METS: Working with global OEM partners
- Food & Agriculture: Developing long wear-life components.
- Oil, Gas & Energy: Higher performance drilling tools
- Defence: New materials and application methods

Alignment with Government

- Support for Innovation & Productivity
- Management team and organisational development programs

Increasing R&D Investment

- Collaboration with University of SA / Future Industry Institute
- Collaboration with global OEMs partners



3 STRATEGIC ADVANTAGES

Tribology – R&D in Surface Engineering

- Wear from interaction of moving surfaces. Components fail from the surface
- Wear mechanisms rarely work in isolation; abrasion, erosion and corrosion
- Environment, fluid flow and loading accelerates failure.
- If the surface is better it lasts longer and works better

Material Science - Advanced Metallurgy

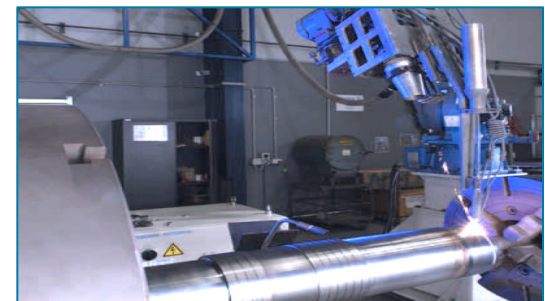
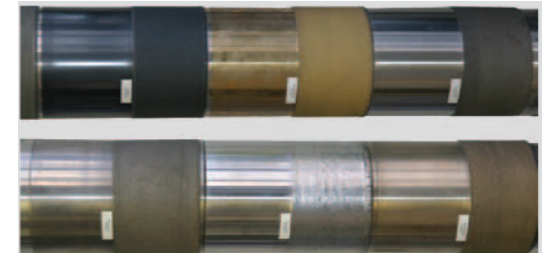
Tailored alloys for specific duties

- Highly engineered alloys based on superfine powdered metals
- Formation occurs at the surface during application
- Metallographic materials laboratory

Additive Manufacturing – CNC Machining

Robotics – Lasers – Mechatronics – Vacuum Furnaces

- Design and build specialised robot controlled laser additive manufacturing systems
- High capacity machining, grinding and super-finishing



R&D COLLABORATION

R&D and Innovation is Essential for Growth

SA and Commonwealth Government Support

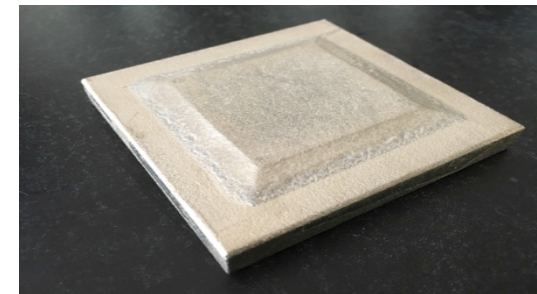
- Commonwealth 'Innovation Connections' supporting initial materials science collaboration
- SA State Development - Centre of Excellence supports initial drilling program with Boart Longyear & UniSA/FII

University of SA / Future Industries Institute

- FII has Minerals, Materials Science and Advanced Manufacturing focus with world class researchers and facilities
- Located adjacent to Cavan, SA enabling easy connections
- Working with UniSA researchers within and beyond METS applications

Boart Longyear and other OEM collaborations

- Researching applications for advanced materials and additive manufacturing to drilling systems.
- Developing long wear life solutions for pumping, crushing and mining



SERVICES GROWTH

25 years of Operating Profit

Resource Sector Improving

- Coal and base metals activities are coming off recent lows
- 'Total Cost of Ownership' – lower unit cost of production – 3 – 7 times life

Surface-engineering technologies

- Demand across a wide range of user applications encourages adoption of new technologies and an R&D focus
- Growing awareness and acceptance of surface engineering
- Core business continues to attract new customers

New Relationships with Global Manufacturers

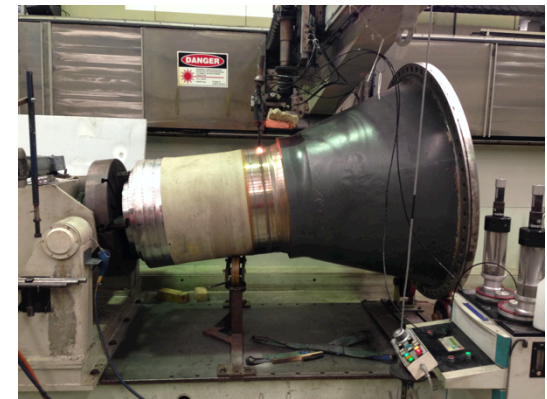
- Capacity and capabilities of LaserBond recognised
- Growing understanding of laser cladding technology
- Metallographic laboratory provides confidence.

More Industries – More Applications

- Transport, Pumps, Railway systems, Boilers & Power Generation

Opportunity for Expansion & JVs

- Technology and support package enables low risk expansion.



PRODUCT MANUFACTURING

Exporting Embedded IP

Specialist Manufacturer for Global OEM

- Collaborate in application of LaserBond® technology into key wearing components of their equipment.
- Offer “strategic market advantage” to OEM

Working with UniSA / FII

- Development and testing of components
- Accelerated wear laboratories
- Team of researchers available

North Adelaide Growth

- Utilises skilled manufacturing people
- Local and state support for employment



LASERBOND®

TECHNOLOGY LICENSING

First Sale of Technology Package

\$1.4 Million New Revenue (in second half)

- Sold to a Chinese machinery manufacturer
- Agreement enables to share in upside of work undertaken
- Provides for us to sell additional units

Integrated Package of Hardware, Software and Support

- 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.

Template for Future Sales

- Enables LaserBond to refine documentation and manuals; multilingual
- Establishes a reference site for non-competitive sales
- Other parties expressed interest in License / JV



OUTLOOK

Forecasting 30% Growth

1H-2017

- ❖ Investment in R&D will significantly increase, however cash costs same with support from Governments
- ❖ Increased Product manufacture of specialised components for OEMs.
- ❖ Revenue growth continuing in Services
- ❖ Increased export orientated market development.
- ❖ Forecast Sales \$6.5M (up 36% on 1H-2016)

2H-2017

- ❖ Delivering first Technology package. Template for others.
- ❖ Developing further OEM collaboration and supply agreements.
- ❖ New 16kW Laser comes into first phase of production.
- ❖ Positive outcome from increased R&D activities associated as we leverage recent grants and partner collaborations.
- ❖ Expected \$8.1M (up 40% on 2H16)



BEYOND 2017

A Globally Recognised Leader of Innovative Advanced Surface Engineered Products, Services and Technology

Resource Industries

- ❖ Quest for low cost of ownership continues; long wear life
- ❖ Productivity remains paramount
- ❖ Minerals are lower in grade and harder to find; drives demand

Surface Engineering

- ❖ Ongoing development in material science of cladding
- ❖ More powerful lasers in next generation of additive manufacturing
- ❖ Increased industry and research organisation collaboration
- ❖ Innovation accepted and expected

Sustainability

- ❖ Wear life improves the triple bottom line; "people, profits and planet"



DISCLAIMER

No responsibility for contents of Investor Presentation.

To the maximum extent permitted by law, LaserBond Limited and representatives: Make no representation, warranty or undertaking, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Investor Presentation or any other written or verbal communication transmitted or made available to any recipient; Accept no responsibility or liability as to the adequacy, accuracy, completeness or reasonableness of this Investor Presentation or any other written or verbal communication transmitted or made available to any recipient; and Accept no responsibility for any errors or omissions from this Investor Presentation whether arising out of negligence or otherwise.

Accuracy of projections and forecasts

This Investor Presentation may include certain statements, opinions, estimates, projections and forward looking statements with respect to the expected future performance of LaserBond Limited. These statements are based on, and are made subject to, certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of LaserBond Limited. Except to the extent implied by law, no representations or warranties are made by Laserbond Limited, its advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward looking statements or that any such statement should or will be achieved. The forward looking statements should not be relied on as an indication of future value or for any other purpose.

No offer to sell or invitation to buy

This Investor Presentation does not, and should not be considered to, constitute or form part of any offer to sell, or solicitation of an offer to buy, any shares in LaserBond Limited, and no part of this Investor Presentation forms the basis of any contract or commitment whatsoever with any person. This Investor Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law. Distribution of this Investor Presentation in or from certain jurisdictions may be restricted or prohibited by law. Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither LaserBond Limited, its advisers or representatives accept any liability to any person in relation to the distribution or possession of this Investor Presentation from or in any jurisdiction.