

# Advanced Braking Technology Limited

July 2016

Investor Presentation  
Graeme Sumner, Managing Director

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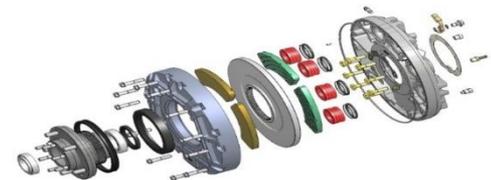
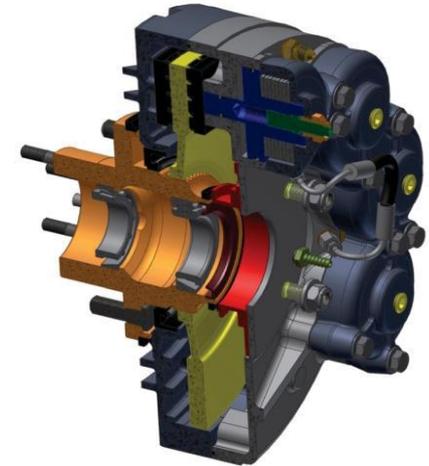
- Revolutionary sealed braking system
- Market validated with \$5m revenue 2015 (circa 300 units 1<sup>st</sup> generation brake)
- 2<sup>nd</sup> generation polymer brake just released to drive step change in sales and profitability – near term pipeline **1000+ units** from trial and existing customers
- The new brake is half the weight and half the cost of existing system
- Global distributors engaged. **18 international distributors** signed in the last 12 months
- New polymer brake increases total addressable market size by more than ten times to **1.8m vehicles**
- Market cap \$18m at 0.01

- ABT is an engineering technology company that has developed the SIBS Sealed Integrated Braking System (SIBS®)
- SIBS incorporates a failsafe and a completely sealed unit that protects the brakes from contaminants, significantly extending the life of braking components.
- SIBS has been adopted by major mining companies and is best in class for safety and quality.
- New polymer brake known as Terra Dura can transform the company – **high volume commercial and retail markets** can now be addressed

ABT is listed on the ASX	
ASX Code	ABV
Ownership Directors / Mgmt (%)	16.6%
Top 20 Holding (%)	53.2%
Shares on Issue	1.81 b
Market Cap	\$18.1m
Share Price	\$0.01
Directors of ABT	
Bruce Grey	Chairman. Former MD of Advanced Manufacturing CRC Former MD Bishop Technologies
David Slack	CIO of Karara Capital Co-founder & Joint MD of Portfolio Partners (sold to Norwich Union)
Adam Levine	Executive Chairman RB Flinders Chairman Rockwell Foundation
Graeme Sumner	Managing Director. Former MD of Servicestream and Transfield NZ

## SIBS® (Sealed Integrated Braking System)

- Customer need SIBS due to harsh mining environments. Potash, coal ash, quartz and dust are highly abrasive to brake discs. High maintenance costs and safety issues.
- Also, unstable ground conditions necessitate the use of a failsafe mechanism.
- SIBS is a fully enclosed system that incorporates fail-safe features
- Highly leveraged to recovery in mining capex, and expansion in the **gold and potash sectors. Cost focus in coal mining. Safety focus.**
- Already has sales to blue chip miners and contractors
- **Minimal competition. Patent coverage to 2030 in 170 countries**



### New Terra Dura Brake to drive growth:

- Terra Dura brakes are based on ABT's patented Sealed Integrated Braking System (SIBS®)
- Patented until **2032 in 170 countries**
- New polymer encased dry brakes are lighter and more affordable than failsafe wet brakes. **Half the weight and cost**
- Delivers top performance and durability in dangerous, abrasive conditions
- Suitable for **large commercial 4x4 fleets** operating in wet & harsh terrains and enthusiasts in the retail market
- **No competitive alternative in the market**

# TERRA DURA

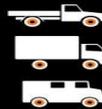
With patented SIBS® technology



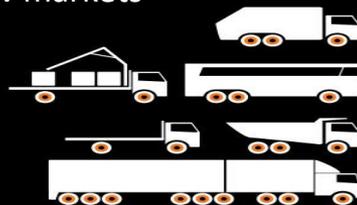
1. Fast track international sales of SIBS

2. Roll out Terra Dura brake

3. Engage Large Retail & Commercial markets

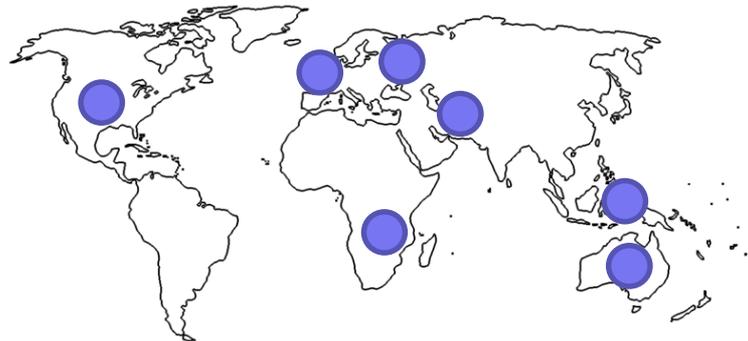


4. Leverage technology platform into new markets



# 1. Fast Track International Sales of SIBS

- Previous mining cycle ABT had only 2 international distributors and awareness internationally was low.
- Now has **18 international distributors engaged in the last 12 months.**
- This expanded network has enabled sales to remain steady despite major reduction in mining capex worldwide.
- Leverage to legislative changes in South Africa requiring all vehicles to have a failsafe brake by the end of September 2016. **Internal estimate of 3000 vehicles.**
- ABT's current market penetration of the addressable mining vehicle market is less than 5%. Substantial market penetration opportunity exists.
- Distribution recently added in major mining jurisdictions include Turkey, PNG, Mongolia, Kazakhstan, England and Chile. First OEM recently added in Canada.



## 2. Roll out Polymer Terra Dura Brake

- Terra Dura is an evolved design of the SIBS brake that utilises a high temperature polymer casing, cutting weight and cost of the current mining brake by half.
- This opens up large retail and commercial markets outside of the mining space who are looking for a highly reliable sealed brake that cuts maintenance costs and can handle tough conditions
- Design completed in May. Already concluded successful one month trial with a major customer. Rollout has commenced



Max heat generated 132 c Polymer can withstand 300c+



**TERRA  
DURA**  
With patented *SIBS*® technology

## Safer

- works perfectly every time, regardless of external conditions

## Lower running costs

- no abrasion or corrosion means less down-time, labour and parts
- savings can repay purchase and installation costs in 3-6 months**

## Last longer

- Seal protection ensures that they will outlast standard brakes

## Market Size:

- Immediate pipeline of addressable vehicles from existing and trial customers is **over 1000 units**
- Market expanded ten fold by engaging segments outside of mining:**

retail



forestry



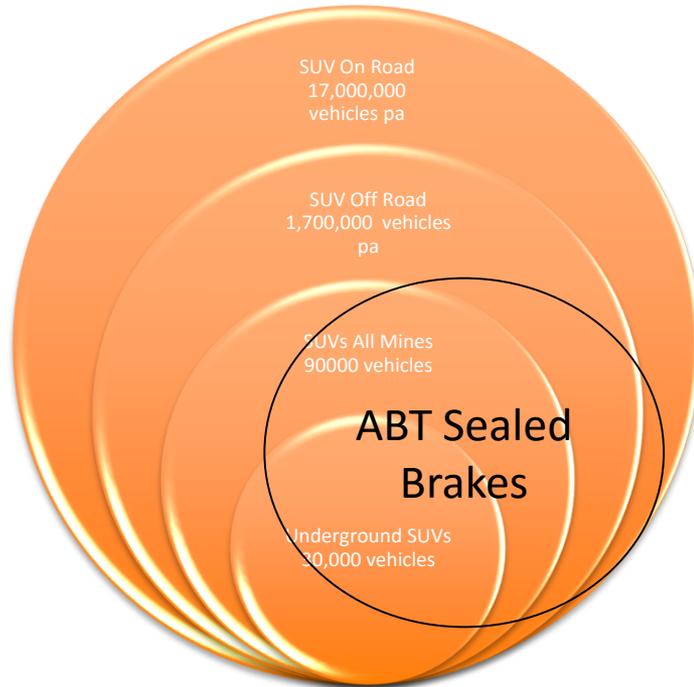
utilities



government



# Addressable market expanded beyond mining applications



1% penetration generates \$80m in revenue, a gross contribution of \$42m and **NPAT in excess of \$20m.**

### 3. Engage Retail and Commercial Market

- Commercial discussions with retail manufacturers and distributors underway. **MOU signed with Harrop.**
- Licencing deal the likely option which will minimise cost of sales and manufacturing risk. ABT essentially pursuing a technology licencing model.
- Sealed polymer brake suits SUV enthusiasts. Sealed from contaminants and abrasives, improving performance and significantly reducing maintenance costs. Replaces need for spacers in Toyota Landcruiser
- Housing the brakes within light-weight, tough polymer housings, the disc brakes and callipers are protected from the environment and are unaffected by water, mud and all other external contaminants.
- Applicable to **commercial operators of large fleets in forestry, energy distribution and agriculture**



### 3. Engage Retail and Commercial Market – Global Distribution in place

- ABT already engages with **18 International Distributors** for their SIBS mining brake. The majority of these distributors also have retail and commercial distribution outside of the mining space
- So there is already a global distribution network for the Terra Dura brake into these new commercial and retail markets.
- All 18 will be given the opportunity to trial the new brake from June 2016
- **There is no extra cost below the line in rolling this out.**



## 4. Expand product offering for new markets

With proven patented technology platform in place, Incremental development can expand the market even further:

- Terra Durra is a modular design. New vehicle segments can be added by simply modifying the adapter plate. Capex circa \$80,000 for new vehicle lines
- Trailer brakes are a major market opportunity. ABT has developed a SIBS trailer brake variation and testing is ongoing on an iron ore haulage vehicle in the Pilbara. Outstanding results with **first service only required after 230,000km!**
- Incremental capital investment can open up a major international market in trailer brakes. Introducing the polymer casing to the SIBS trailer brake can reduce weight and cost, increasing the attractiveness to major fleet operators.

	Drum Brakes		SIBS® Brakes	
Regular maintenance	Clean, adjust and check brake performance	20,000 km	Hub seal and SIBS® oil change	230,000 km
Major service	Replace brake pads and drums	60,000 km	Replace brake pads	Not required

Brake pads and rotor after 1,200 hours in waste collection service



- ✓ Proven technical solution with no direct competitors
- ✓ Strong patent protection out to 2030
- ✓ Scalable global distribution model already in place
- ✓ Extensive additional development opportunities – trailer brakes
- ✓ Very large addressable market of 1.8m vehicles
- ✓ Low fixed cost base – Sales of Terra Dura are high margin and will have a strong impact on profitability

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