



SAPEX 

SAPEX GROUP LTD

Investor Update

NSX:SAA

ACN - 619195283

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SAPEX's turnaround



- September 2017: SAPEX listed on the NSX.
- 12 months ago SAPEX was the exclusive distribution agent for the sale of the Dura-Base® Composite Mat System in Indonesia.
- The business concentrated primarily on the oil and gas sector within Indonesia
- No focus on expanding geographically or into alternative markets.





- Developed in conjunction with the U.S. Army.
- Up to 20-year product life
- Robust enough to drive thousands of tonnes of vehicles and machinery across.
- Designed to perform in the most extreme environmental conditions.

- The Board recognised the need to scale the Company using the mat services as the foundation for growth.
- In 2018 the Board defined a turnaround program and coined the upcoming year one of significant development for the Company.
- Started transition to become an owner operator with its own mat inventory and control of the customer relationships.
- Creating a business model that could be replicated into other geographical markets and multiple customer sectors.



The action plan



- 1. Consolidation** Develop a professional sales team to focus on the Indonesian market, proving the strategy before furthering plans to expand.
- 2. Licensing** Increase the interaction between SAPEX and Newpark (the matting manufacturer), secure an extension and explore acquisition options.
- 3. Customers** Secure at least three foundation contracts for longer than six months, with extension options, as well as growing the number of short-term customer contracts.
- 4. Revenues** Focus on mat leases as well as sales to secure revenue in the immediate term whilst working to create complimentary services, such as logistics, to boost revenues.
- 5. Sectors** Explore targeting multiple sectors, including oil and gas, agriculture, infrastructure, mining and operations.



- February 2018: SAPEX announced they had entered into a conditional term sheet with PT SAS International for the acquisition of the existing Dura-Base® mats business in Indonesia.
- PT SAS have acted as the Indonesian agent for the Dura-Base® mats business since 2002, owning a total inventory of approximately 4,525 Dura-Base® mats.
- Critical first step towards the move from an agency business model to an owner operator model.

The logo for SAS, featuring the letters "SAS" in a bold, red, sans-serif font.

In the last 12 months SAPEX have made considerable progress on the turnaround plan:

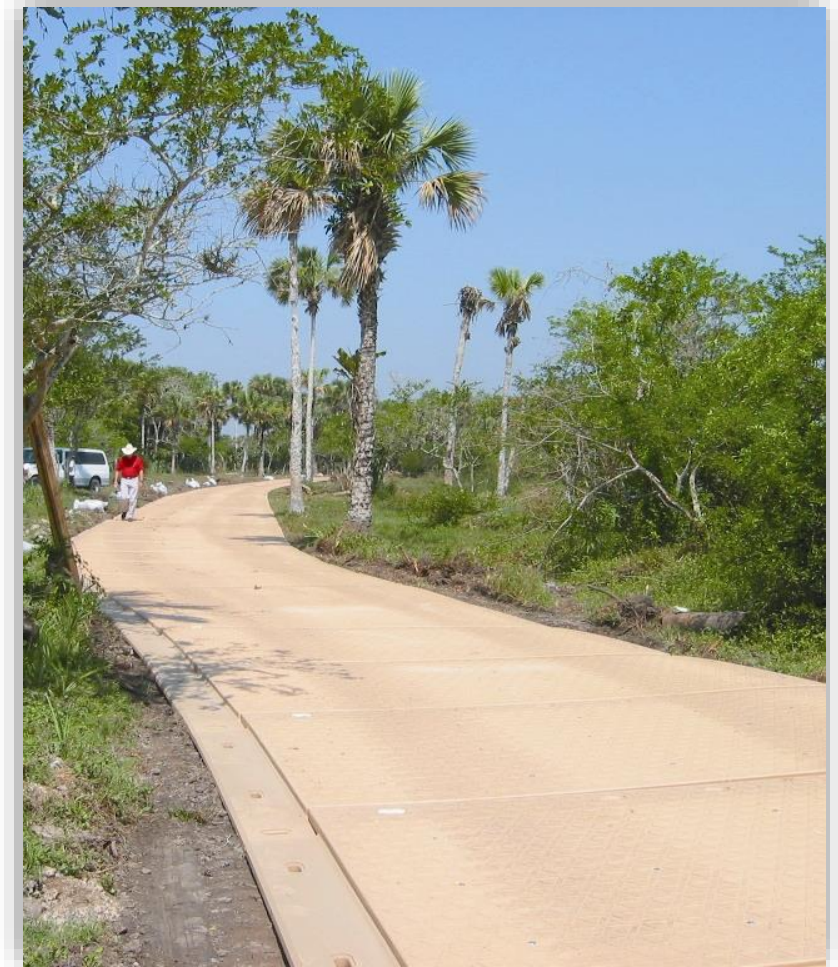
- **Acquisition:** The SAS transaction was completed at end 2018 bringing significant value and scale to the business.
- **Licensing –**
 - SAPEX negotiated with, and secured from Newpark, a 3 Year Exclusive extension of the Dura-Base® Composite Mat System distribution license (originally on a yearly basis).
 - In addition to the extension noted above, SAPEX have also engaged with Newpark to assist with market and customer development and has engaged in a revenue share agreement with an Australian based distributor.



- **PGN Saka:** SAPEX first foundation customer.
- **PT Pertamina EP:** Second foundation customer.
- Is forecasting to sign the third foundation customer by the end August 2019.
- **ALE Heavy Lift:** SAPEX's first heavy lift contract.
- Other contracts have also been signed with Ophir and BUMA in the last few months.



- **Sectors:** Contracts in mining and operations, infrastructure, civil construction, heavy-lift operations and agriculture have now been secured as well as the continued growth in oil and gas, with considerable opportunities for expansion still to be explored.
- **Resources:** The sales team has been expanded and a dedicated operations expert has been employed.



- The Company is on track to achieve its targets for 2019
- The Company plans to acquire additional mats by the end August which allows for growth.
- Total contract value for 2019 so far = in excess of \$2m USD



New contracts for 2019

- 2019 started off with **PGN SAKA** contract ongoing (awarded in November 2018) and confirmation this will be extended for another year as of Nov 2019 with an additional \$1m USD revenue.
- **Ophir Indonesia** (Bangkanai)
Oil & Gas
8 months, \$350K USD
- **Pertamina EP EOR**
Oil & Gas
12 months, \$568K USD
- **ALE Indonesia**
Heavy Lift Sector
2 months, \$100K USD

- SAPEX remains committed to seeking a listing on the ASX.
- Operational strategy has been to ensure that the Company is in the best possible position ahead of a listing in order to deliver maximum value to Shareholders during this transition.
- The Company is progressing with the prospectus which they are aiming to lodge by the end of August.
- The company aims to complete the listing before the end of 2019.





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ANY QUESTIONS?