



**Goldman Sachs JB Were  
Micro Cap Conference  
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# Presentation Outline

**Ludowici Overview**

**Key Drivers**

**Financial Results for 2009**

**Outlook**

# Ludowici Overview

- Designer, manufacturer and marketer of mineral processing equipment in Australia and overseas
  - Vibrating Screens – capital equipment & spares
  - Process Technologies – capital equipment & spares
  - Mineral processing Consumables
  - Seals
- Customers include numerous major mining companies around world (eg BHP, AngloCoal, Xstrata, Rio, Felix, Freeport, Codelco) and major engineering companies (eg Sedgman, Ausenco)
- Substantial presence in Australia – ~65% of revenue
- Major segments include coal, copper & iron ore
- Investment over last 5 years has built global footprint
  - USA, Chile, Peru, China, India & South Africa
- Restructuring initiatives over past two years have delivered significant profitability improvement
  - Australian operating facilities consolidated and rationalized
  - Non-core asset sales
  - Acquisition of Johnsons Screens Mining business in late 2009
- Solid platform for growth given global footprint and streamlined operations
- Current market capitalisation: circa \$72 million

# Two major activities over the past two years have fundamentally changed the company and set up LDW for future growth

- LDW turnaround: improved efficiency, increased revenue & improved margins
- Johnson Screens Mining (JS Mining) acquisition: increased global consumables business, 30% increase in revenue and attractive cost synergies

# Ludowici Turnaround: 2008 & 2009

- **Ludowici has implemented a two year turnaround program that is delivering strong growth in profitability**
  - Restructured company to focus on core technologies
  - International businesses performing well
  - Consolidation of multitude of businesses onto a single site in Pinkenba Brisbane
  - Underlying earnings have increased for the last 4 half-year periods
  - Acquired JS Mining business on 31 December 2009
- **The company's strategy for the past two years has focussed on delivering improvements in three areas:**
  - Improving business efficiency
  - Driving growth
  - Changing business culture

**LDW is well positioned to deliver further organic improvement as well as potentially acquiring additional businesses to accelerate growth**

# Overview of acquired Johnson Screens Mining business

- Designs, manufactures and markets screening products and accessories and wear liners globally
  - Screens: stainless steel, polyurethane, rubber and woven wire
  - Wear Liners: SAG, ball and impact mills
  - Consumable product focus: 100% have a life less than 12 months
- Global business operating in Australia, North America, South America and India
- Sizeable and profitable
  - CY10F revenue circa \$52m and EBIT \$6m
  - Significant global market share in screening and separation products to the mining industry
  - Employs 185
- Complementary product suite to Ludowici
- Similar customer base
- Similar locations (except India)

# Transaction Summary for JS Mining Acquisition

## The Opportunity

- **LDW has long targeted significant expansion in the mineral processing consumables market**
  - Historical strong sales in Australian consumables market
  - Historical very limited sales of consumables offshore
- **Low operational risk**
  - LDW very familiar with mineral processing consumables business
  - LDW shares customers with Johnson Screens Mining
  - LDW experienced in all territories of Johnson Screens Mining activity

## The Transaction

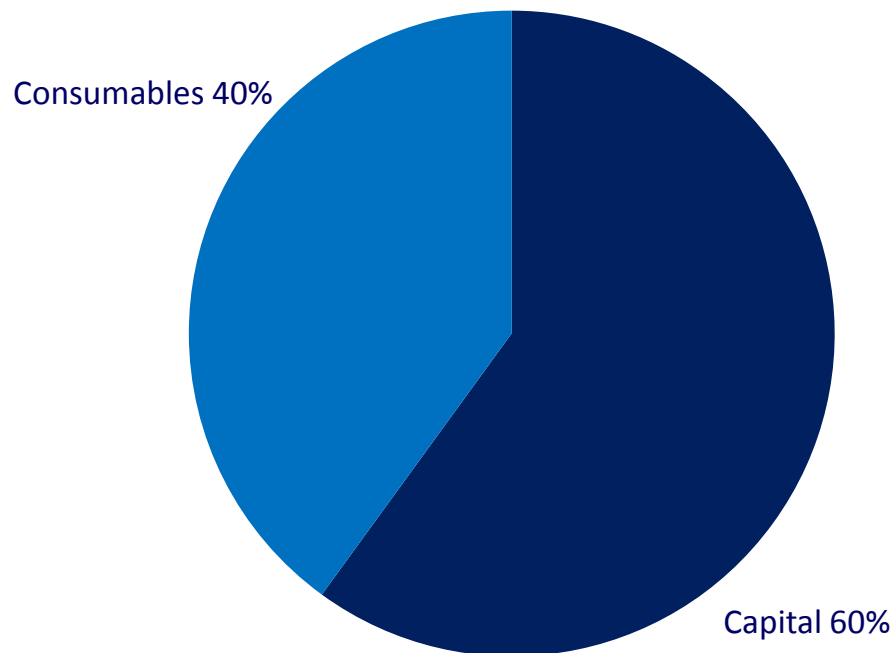
- **Bought businesses in Australia, USA, South America and India**
- **Transaction closed on 31 December 2009**
- **Budget 2010 sales \$52m & EBIT \$6m**
- **Acquisition cost: circa \$30m (funded 55% equity & 45% debt)**
- **Acquisition multiple: 4.9 X 2010B EBIT**

## The Impact

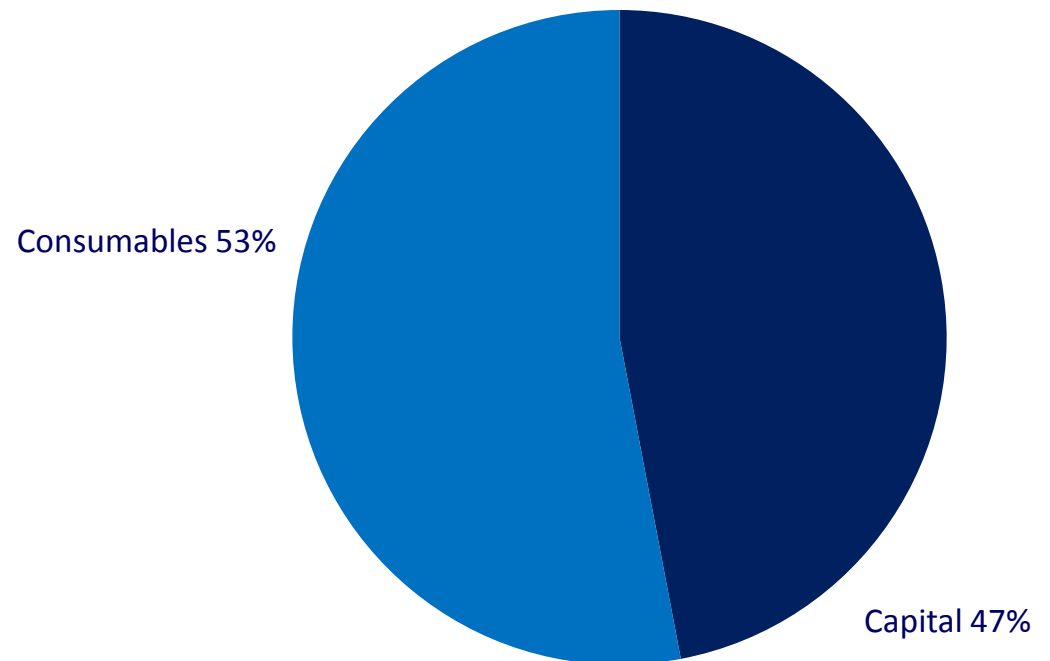
- LDW catapulted into a major player in global consumables business (complementing position in capital equipment market)
- Instantaneously gives LDW significant consumables business in South America & USA (previously very modest business)
- Introduces complementary product & technology lines to LDW
- The combination of the earnings of the acquired business plus cost synergies delivers strong financial returns
- EPS accretive

# Increasing consumables percentage of LDW sales mix has been a long term strategic goal. JS Mining acquisition takes consumables to greater than 50% of sales

Ludowici (prior to JS Mining acquisition)

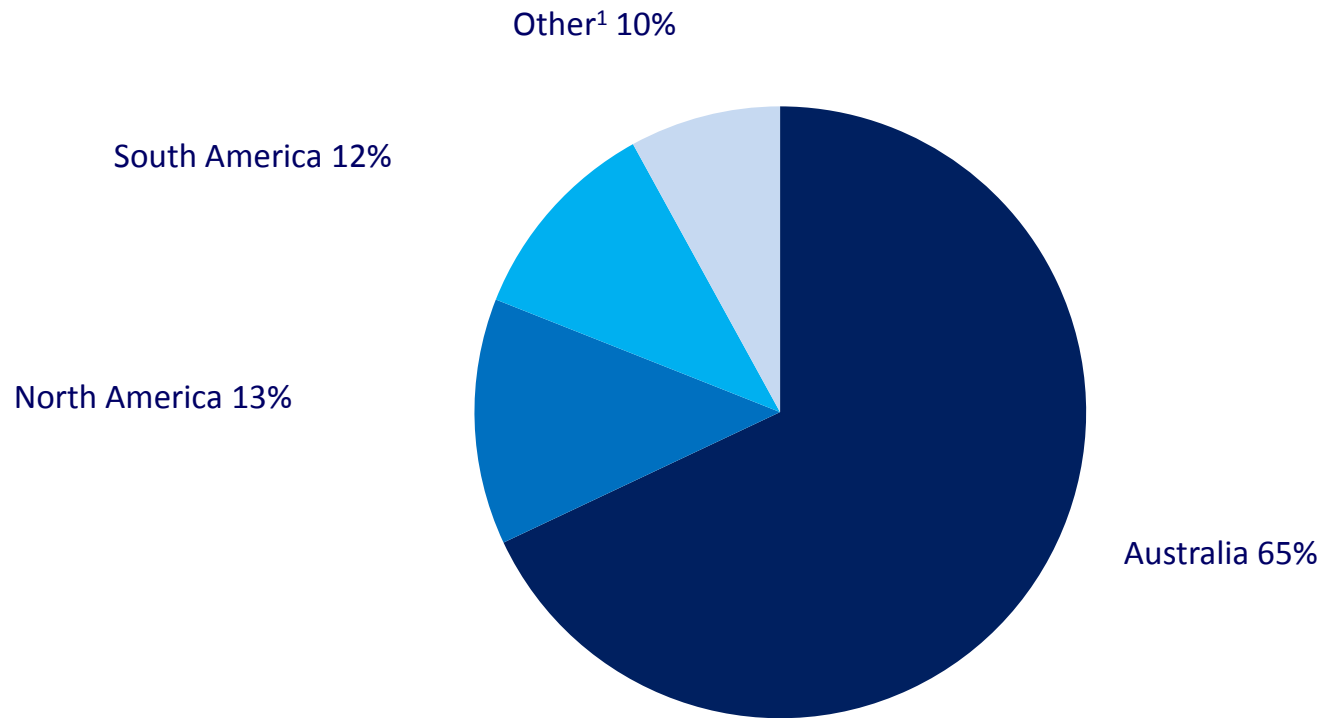


Ludowici (post JS Mining acquisition)





# Ludowici has existing strong base in Australia & expects significant future growth to come from offshore businesses



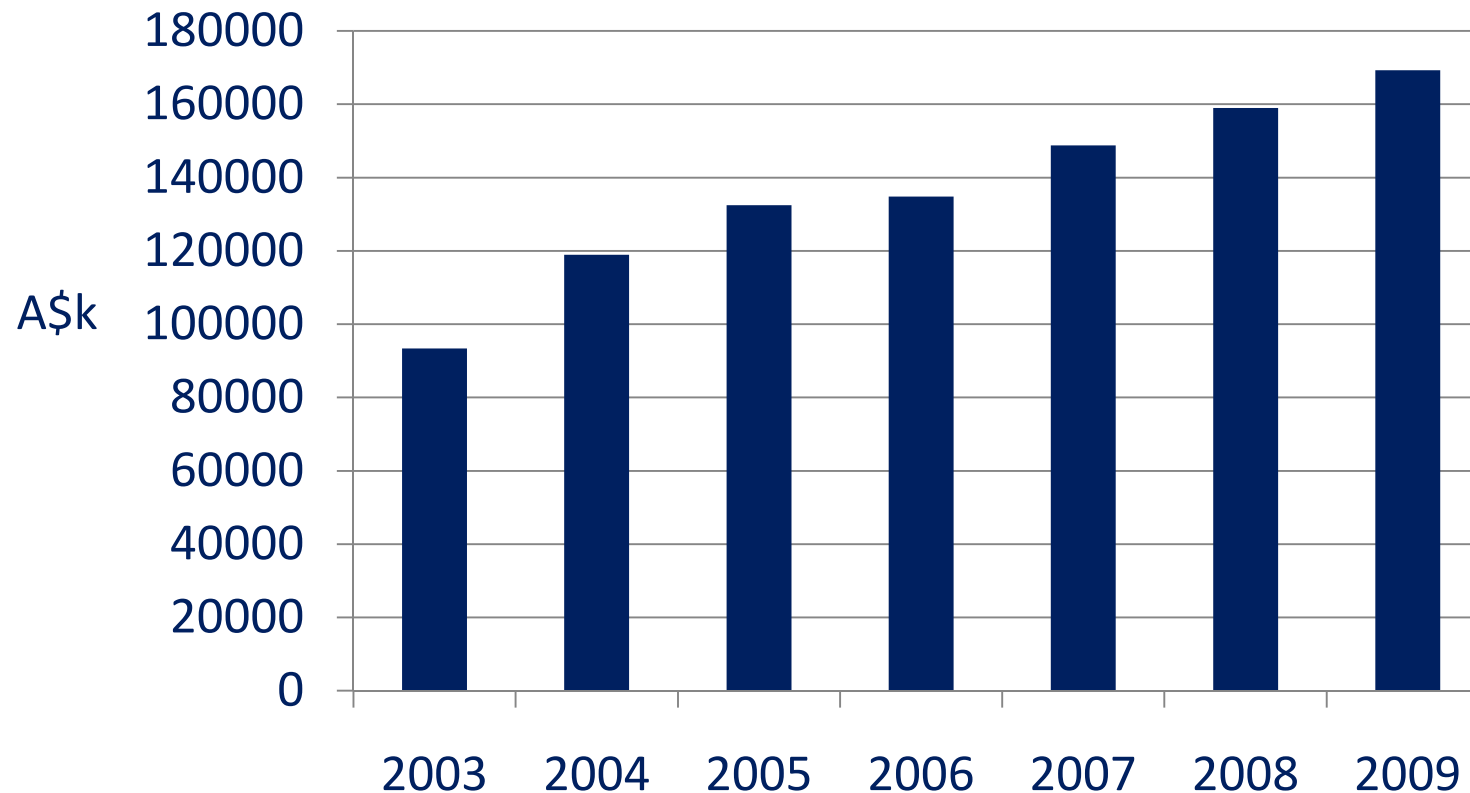
(1) China, India and South Africa

2010 Forecast

# Key drivers for Ludowici's future growth

1. Innovation delivering new products and services to mineral processing customers (eg reflux classifier)
2. Organic growth through existing global footprint
3. Delivering cost synergies and cross selling opportunities presented by recent acquisition of JS Mining business
4. Growth in global mining industry
5. Relentless focus on improving all aspects of operational performance
6. Possible acquisitions of complementary businesses

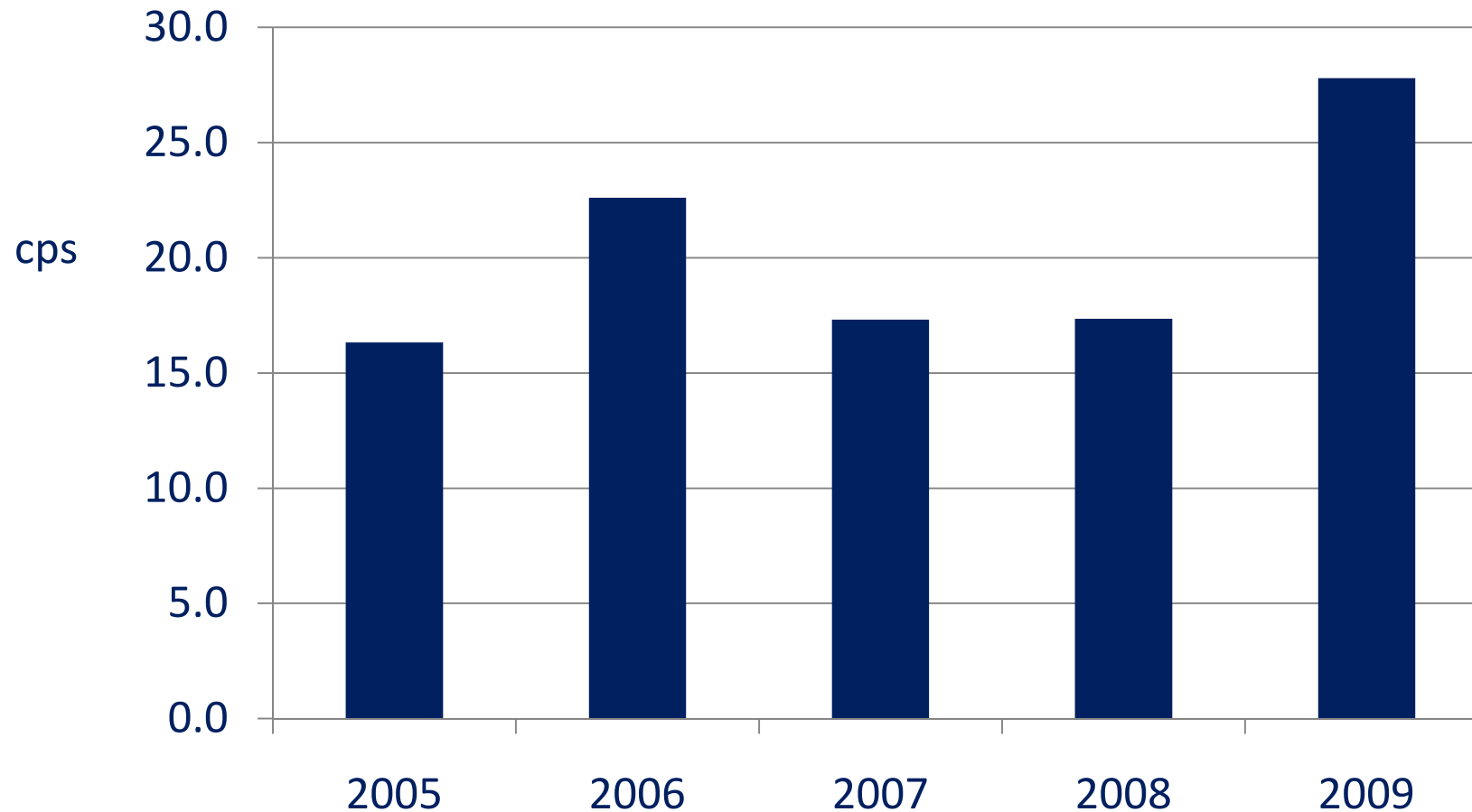
# Ludowici sales revenue\* has grown continuously over the last 7 years.



\* Reported revenue including combined revenue from continuing & discontinued operations

# Ludowici Operational EPS after interest & tax\*

(2005 to 2007 include profit from discontinued Plastics & NZ Packaging operations)










\* Earnings exclude impairment items, FX gains/losses, insurance claim proceeds, capitalised R&D and profits on sale of discontinued businesses & property

# 2009 Financial Year Key Points

- ✓ Revenue growth: up 8.5% to record \$163m
- ✓ Operational EBIT: up 74% to \$9.8m
- ✓ Operational NPAT: up 286% to \$5.4m
- ✗ Profit after tax: down 59% to \$1.9m
- ✓ Operational EPS: up 60% to record 28 cps
- ✓ Operational cash flow: up 7% to \$5.2m
- ✓ Net debt: down 11% to \$35.6m
- ✓ Long term debt refinanced until 2012
- ✓ Safety: Recordable case rate down 28%
- ✓ “Non core” NZ Packaging business sold
- ✓ “Core” JS Mining businesses acquired

# Financial Results – 2009 year





year on year change		CY2009	CY2008	% change
Continuing operations		A\$000	A\$000	
Revenue		163,245	150,438	8.5%
Margin		51,993	42,473	22%
EBITDA		14,163	9,830	44%
EBIT		9,826	5,639	74%
PBT		6,729	2,206	205%
NPAT		5,380	1,395	286%
NPAT including discontinued operations		1,871	4,571	-59%

➤ Revenue growth in a tough market

➤ Improved margins driven by operational efficiencies, supply chain cost reductions partially offset by price reductions to customers

➤ Record growth in underlying EBIT

# Financial results – 2009 year

year on year change		CY2009	CY2008	% change
Cash flow from operations (\$'000)		5,188	4,835	7.3%
Total dividend (cents)		12	8	50%
Underlying EBITDA / Revenue		9.7%	6.5%	49%
Underlying EBIT / Revenue		7.0%	3.7%	89%

- Increased Operational cash flows
- 50% increase in dividends on 2008
- Dividends unfranked

# Financial results – 2009 year

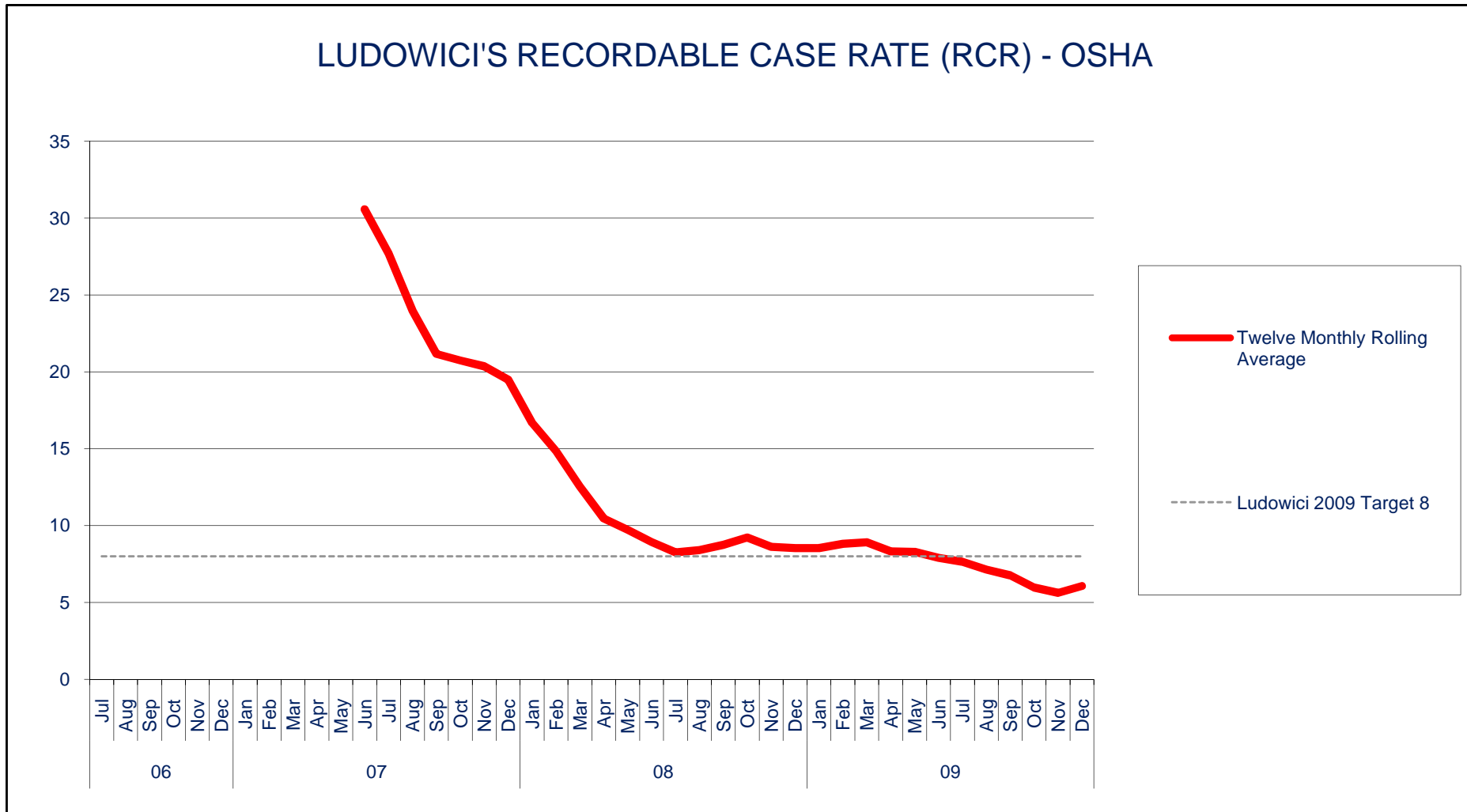
year on year change		CY2009	CY2008	% change
Continuing operations		A\$000	A\$000	
<b>Revenue by Country</b>				
- Australia	↔	117,875	117,765	0.1%
- North America	↓	18,531	19,161	-3.3%
- Latin America	↑	13,002	10,809	20.3%
- Asia	↑	5,988	1,334	349%
- Other	↑	7,849	1,369	473%
Total Revenue	↑	163,245	150,438	8.5%

➤ Australia revenue flat in tough market

➤ Strong growth in targeted offshore markets



# Ludowici's injury rate has improved by a factor of 5 since mid 2007. The company's improving injury performance has mirrored improved financial performance



# Outlook

- Strengthening mining industry
- Strong operating performance to date in 2010
- Expect at least 30% revenue growth in 2010
- Acquired JS Mining businesses on track to deliver budget profit & synergies
- Current expectations are that 2<sup>nd</sup> half of 2010 similar to first half
- Effects of Australian Resource super tax not yet clear and could affect 2<sup>nd</sup> half
- LDW global footprint will facilitate securing projects that are forced offshore by new Australian tax

	Forecast 1H 2010 *	Actual 1H 2009	% change 1H'10 on 1H'09	Actual Full Year 2009
NPAT (from Continuing Operations)	\$5.3 mil	\$2.4 mil	120%	\$5.4 mil
Reported NPAT	\$5.3 mil	\$0.7 mil	650%	\$1.9 mil
EPS (from Continuing Operations)	20 cps	12.5 cps	60%	28 cps
EPS	20 cps	3.7 cps	440%	9.7 cps

# Summary

- Significant strategic & operational progress in 2009
- 2010 will see LDW focus on:
  - Integrating acquisition & driving further operational improvement
  - Organic growth
  - Looking for further M&A growth opportunities