



LASERBOND[®]



PRODUCTIVITY | INNOVATION | CONSERVATION

Investor Presentation

Wayne Hooper, CEO
Matthew Twist, CFO

March 2023

ASX: LBL



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1H22 Performance
Summary

Financial
Performance

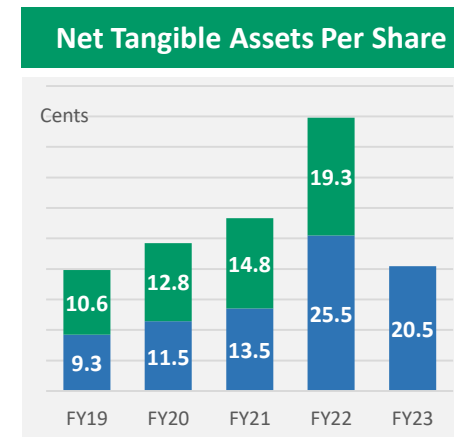
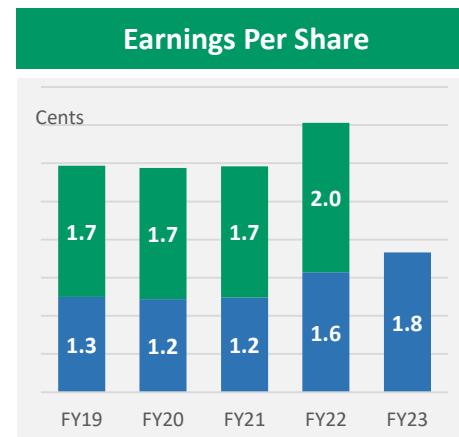
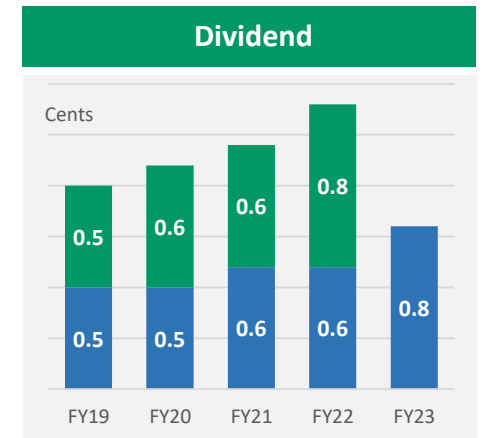
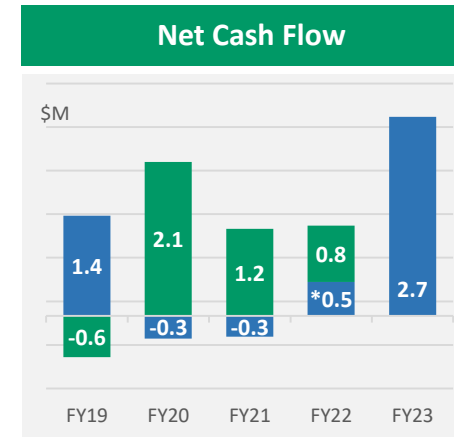
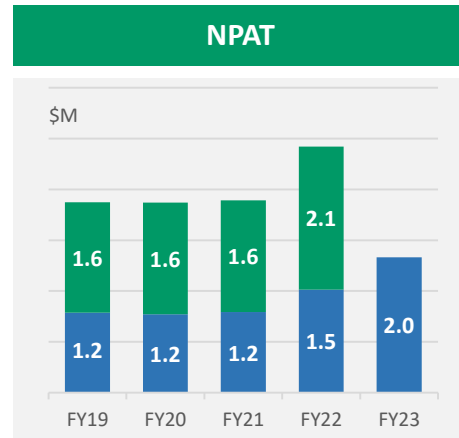
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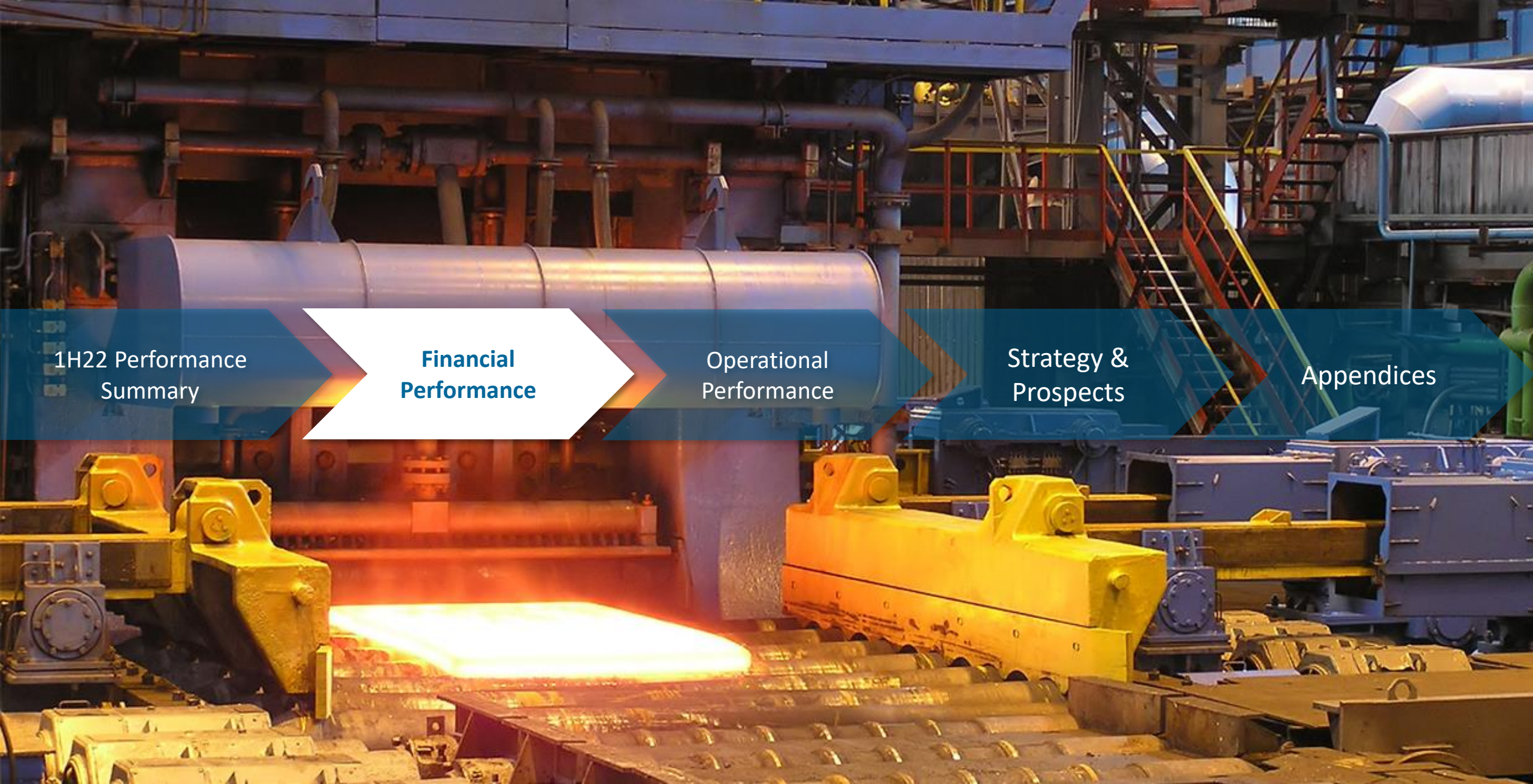
1H23 PERFORMANCE SUMMARY

➤ *LaserBond has again delivered in 1H23, with growth underpinned by a healthy improvement in all earnings metrics. We have scaled up our skilled workforce and applied additional focus on our sales and marketing efforts domestically and in targeted offshore markets.*



* Excludes net proceeds from Dec 2022 placement of \$9.36 million

■ 2H
■ 1H



1H22 Performance
Summary

**Financial
Performance**

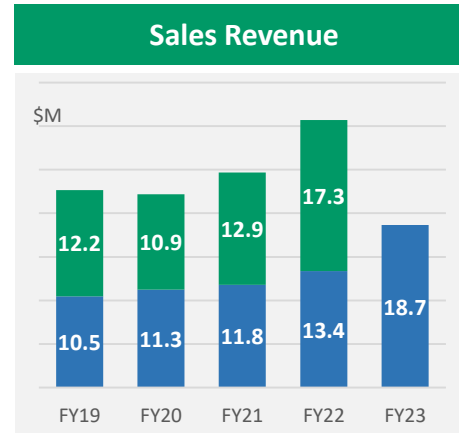
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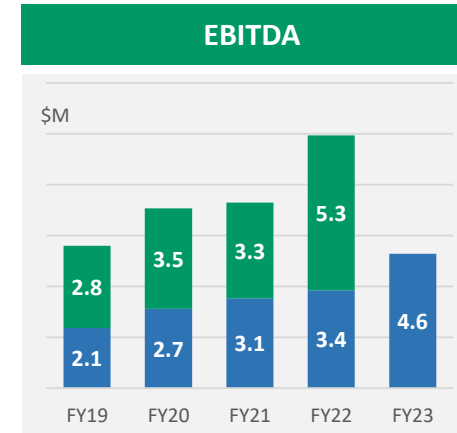
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EARNINGS TO DEC 22

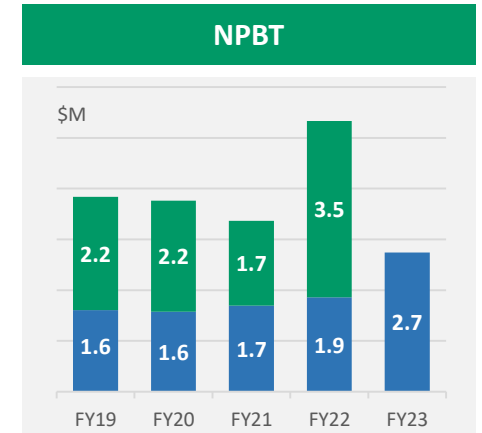
➤
These earning increases reflect growing acceptance and increased demand from our existing customers of our laser cladding services and products both domestically and internationally.



- Revenue grew by 39.4% over the half.
- Both Products and Services increased revenue, while the Technology division continued to incur component delays.



- EBITDA grew by 35.3% over the half.

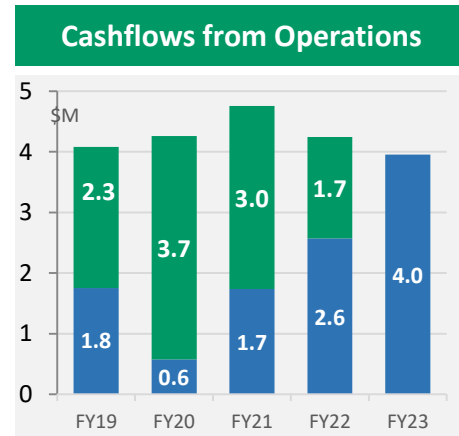


- Profit before tax increased by 42.1% over the previous corresponding period.
- Net profit after tax increased by 31.4%.

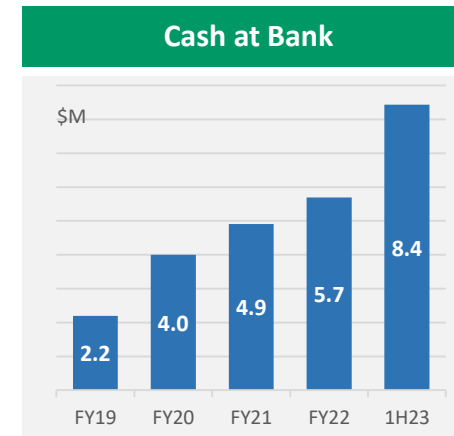
■ 2H
 ■ 1H

CASH AND WORKING CAPITAL

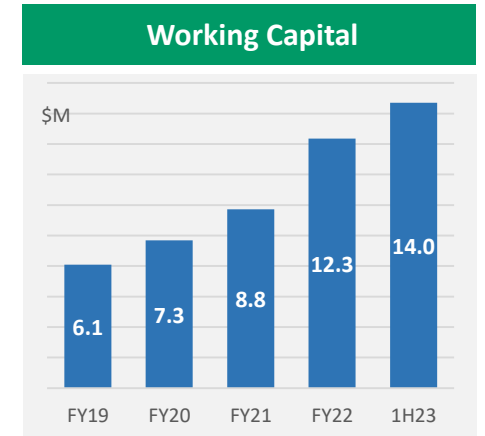
➤ *Consistently strong cashflows from operations continue to underpin increasing levels of working capital to support expansion plans.*



- Cashflows from operations increased by 53.8% over p.c.p.



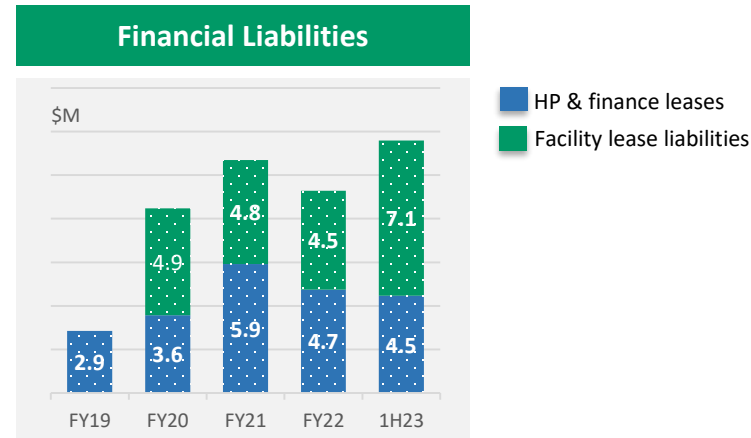
- Maintaining a sufficient level of Cash at Bank enables LaserBond to avoid the high costs of invoice financing and other working capital facilities.



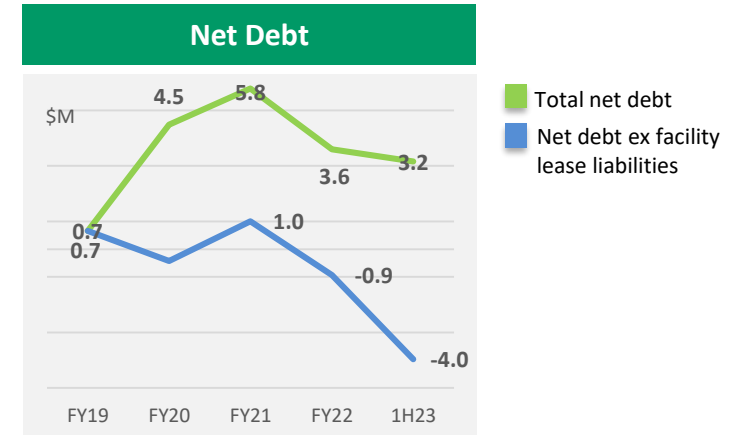
- Working capital remains adequate to support the planned growth.
- The solid working capital position also facilitates continued R&D investment.

DEBT

➤ *LaserBond's balance sheet is strong, with low levels of net debt, which can support its expansion strategy, both organically and acquisitively.*



- LaserBond has no debt other than equipment leases to fund PP&E acquisition
- Facility lease liabilities relate to the leases of operating premises, with the increase in 1H23 related to an extension of the NSW facility lease for a further 5 years plus a 5 year option.



- Net debt remains at a consistently conservative level given the increase in cash balances, particularly if the effects of facility lease liabilities are excluded



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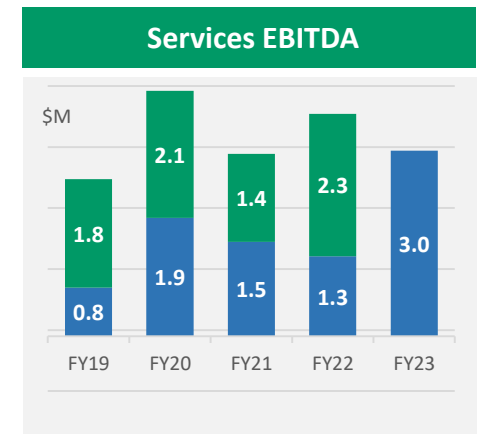
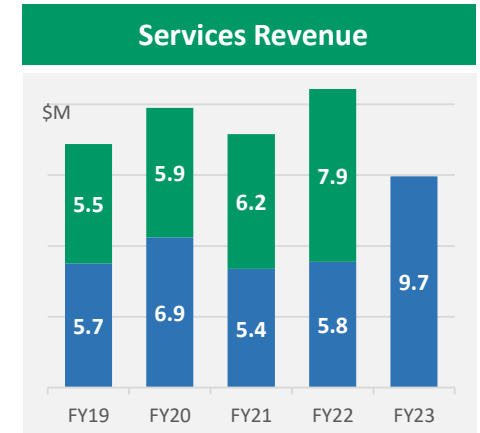
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LASERBOND

SERVICES DIVISION OVERVIEW

➤ **Half-year performance characterised by increased revenue and preserved margins, and a validation of the acquisition of the Queensland facility, contributing 26.3% of total services revenue.**

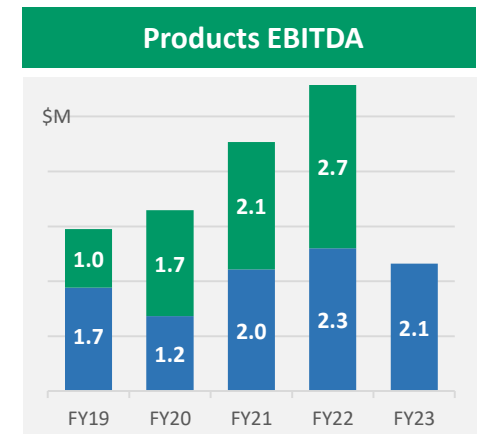
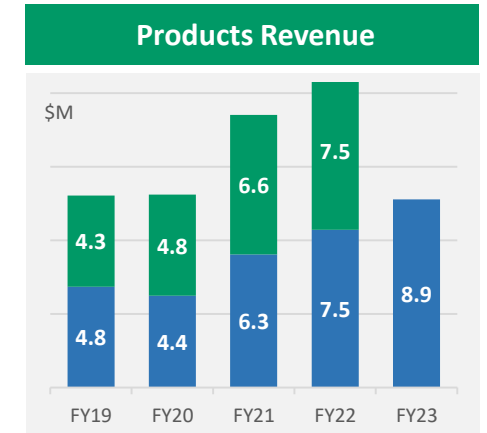
- Offers reclamation of worn industrial components using LaserBond® cladding and thermal spraying as well as high capacity welding, machining and heat treatment to provide a complete service suite – typically extending surface life of plant and equipment between 5 and 10 times.
- In 1H23, achieved a 67.8% increase on pcp in revenue largely due to the expansion to Queensland from February 2022, and the return to spending of many of our service division customers throughout the 2022 calendar year.
- 1H23 EBITDA increased by 132.1% on pcp due to strong demand for our services across all facilities.
- Services demand is expected to continue to increase in 2H22 as capabilities and capacity are increased with additional equipment and human resources.



PRODUCTS DIVISION OVERVIEW

➤ ***An increase in revenue is expected through 2H23, with OEM's returning to normal levels of demand after a period of inventory reduction, and increased sales efforts in global markets, including North America, South America, and Asia.***

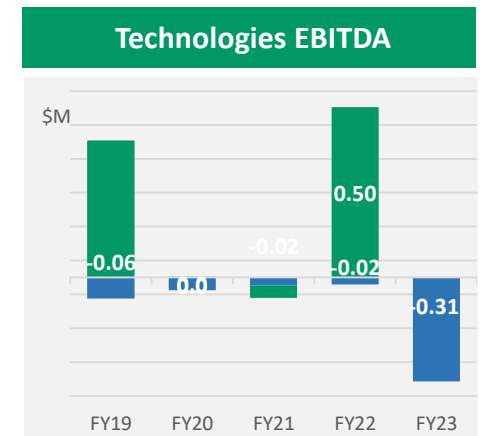
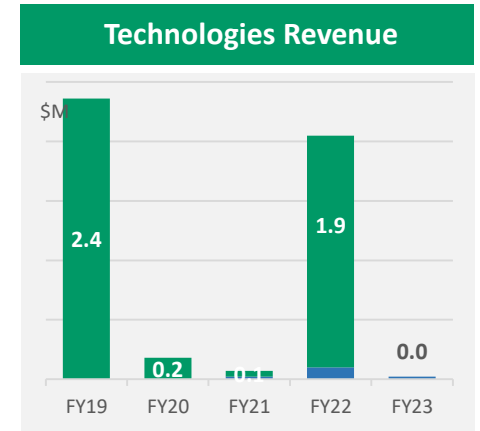
- Manufactures' products incorporating LaserBond® cladding applications, such as steel mill rolls, rotary feeders and a range of OEM consumables utilised across a breadth of industries.
- Revenue increased 19.2% on pcp, including increases in revenue from both products manufactured under our OEM brands and LaserBond steel mill rolls.
- EBITDA decreased by 10.8% on pcp due to reduced margins caused by increased wage and material costs and existing contracted price agreements with OEM's.



TECHNOLOGY DIVISION OVERVIEW

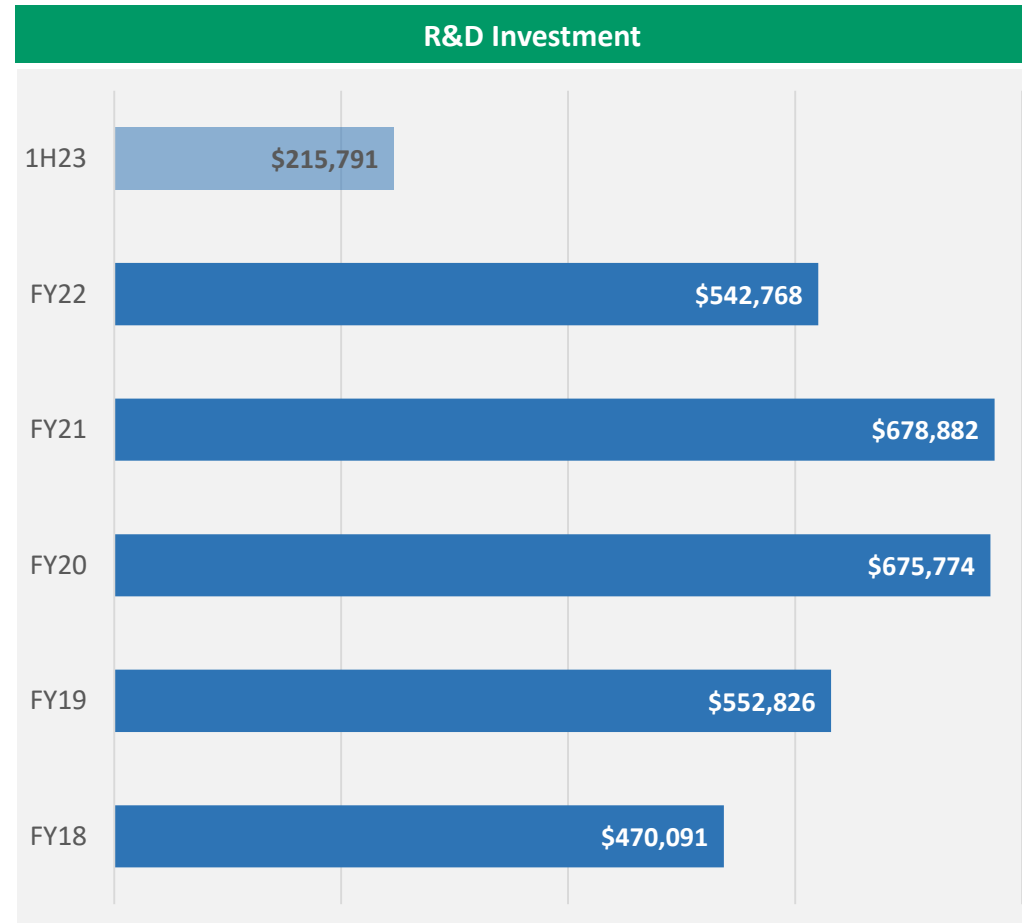
➤ ***After continuing component supply chain delays during 1H23, the second half is expected to recognise revenue of approx. \$3 million, primarily related to equipment sales to North America, and Curtin University in WA.***

- Enables customers to bring LaserBond® cladding technology in-house under long-tailed licensing agreements which cover equipment supply, technology usage and the supply of associated consumables.
- Whilst we are finalising some supply chain delays, we are planning to deliver three pieces of equipment during FY23 providing revenue of \$3.1 million plus ongoing consumable sales and licence fees.
- With the assistance of Austrade in Asia and consultants in Europe, LaserBond continues to engage with potential customers in negotiation and demonstration of its technologies in pursuit of several promising licensing opportunities.



R&D INVESTMENT

➤ **LaserBond plans to expand its R&D team through 2H23 to accelerate critical projects to commercialisation. This is after a period of an increasing backlog of work which inhibited access by the R&D team to carry out activities.**



- LaserBond identifies opportunities for products and technologies in the natural course of business, as customers request custom-designed solutions to wear life problems.
- In addition to expenditure and internal research efforts, LaserBond has collaborative relationships with several Australian universities, which offer independent analysis of the benefits of products and technologies under development. Work continues with the University of South Australia under the IMCRC and SEAM projects, as well as the Monash Institute of Rail Technology.

SAFETY AND THE ENVIRONMENT

LaserBond continually maintains safety measures and takes our responsibilities seriously to protect our workers. Equally, our technology and products enhance our customers' ability to respect the environment and comply with laws.

Safety

- In February 2023 LaserBond gained JAS ANZ Certification to manage accredited quality, environmental and safety programs
 - ISO 9001
 - ISO 14001
 - ISO 45001
- Zero serious injuries since inception of the business in 1992.



The Environment

Technology

- LaserBond's R&D program aims to minimise the environmental impact of its own operations and its customers' operations.
- By increasing wear life, components become more cost efficient, but also more efficient overall. There is reduced need for additional manufacturing and scrapping of worn components, with the associated energy usage and waste.
- For example, E-Clad is more environmentally friendly, using a faster process that is more durable and uses less than ¼ of the energy used in traditional hard chroming

Operations

- ISO 14001 certification promotes sound environmental practices and employee training in the areas of waste disposal, hazardous substances and energy usage.
- LaserBond benefits from its own technology and process developments in the form of lower emissions and waste in providing its services to customers.



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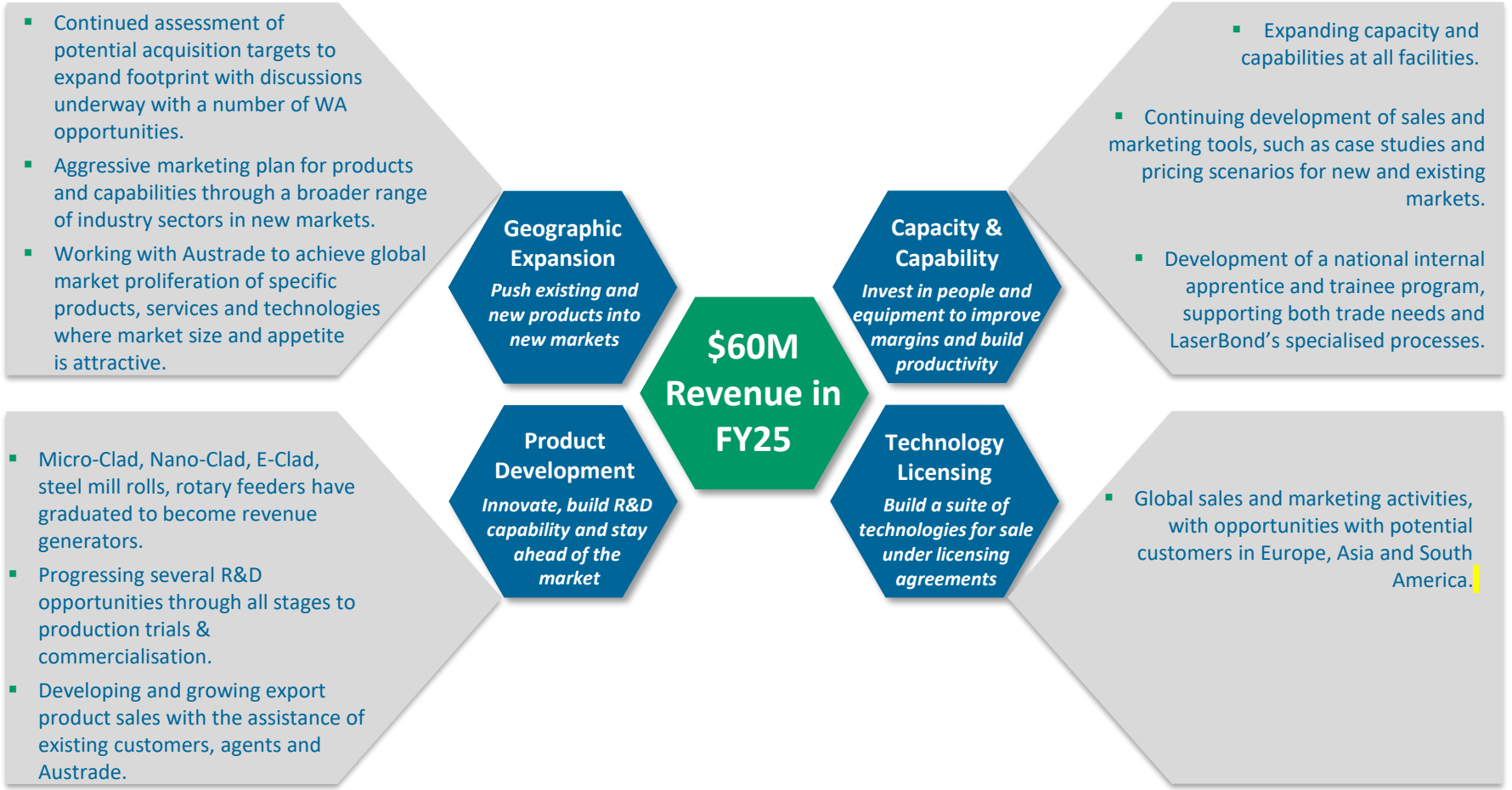
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STRATEGY FOR GROWTH

➤ **The revenue target of \$60 million by FY25 was.**



INVESTMENT RATIONALE

➤ ***LaserBond's business model is founded on innovating to meet specific customer requirements which are then developed for broader application. The current product and technology suite has enormous potential in large and valuable offshore markets.***

1.

Solid Business Foundations

- Year on year growth on all metrics
- Strong balance sheet and positive cash flows, which have also avoided the need to raise additional capital for many years
- Blue chip client base with high level of repeat business

2.

Culture of Innovation

- Business model founded on innovating to meet specific customer requirements which are then developed for broader application
- Existing suite of proprietary technology that is proven to be more cost-efficient than other technologies
- Strong R&D relationships with tertiary institutions for independent verification of products and technologies
- Highly engaged workforce with deep specialist knowledge

3.

Strong Demand in Local and Offshore Markets

- Accessing sizeable global markets for technology licensing to give long-term revenue streams
- Sizeable market in North America and Asia for steel mill rolls and rotary feeders
- Austrade support to penetrate lucrative foreign markets with specific high-demand products and technologies



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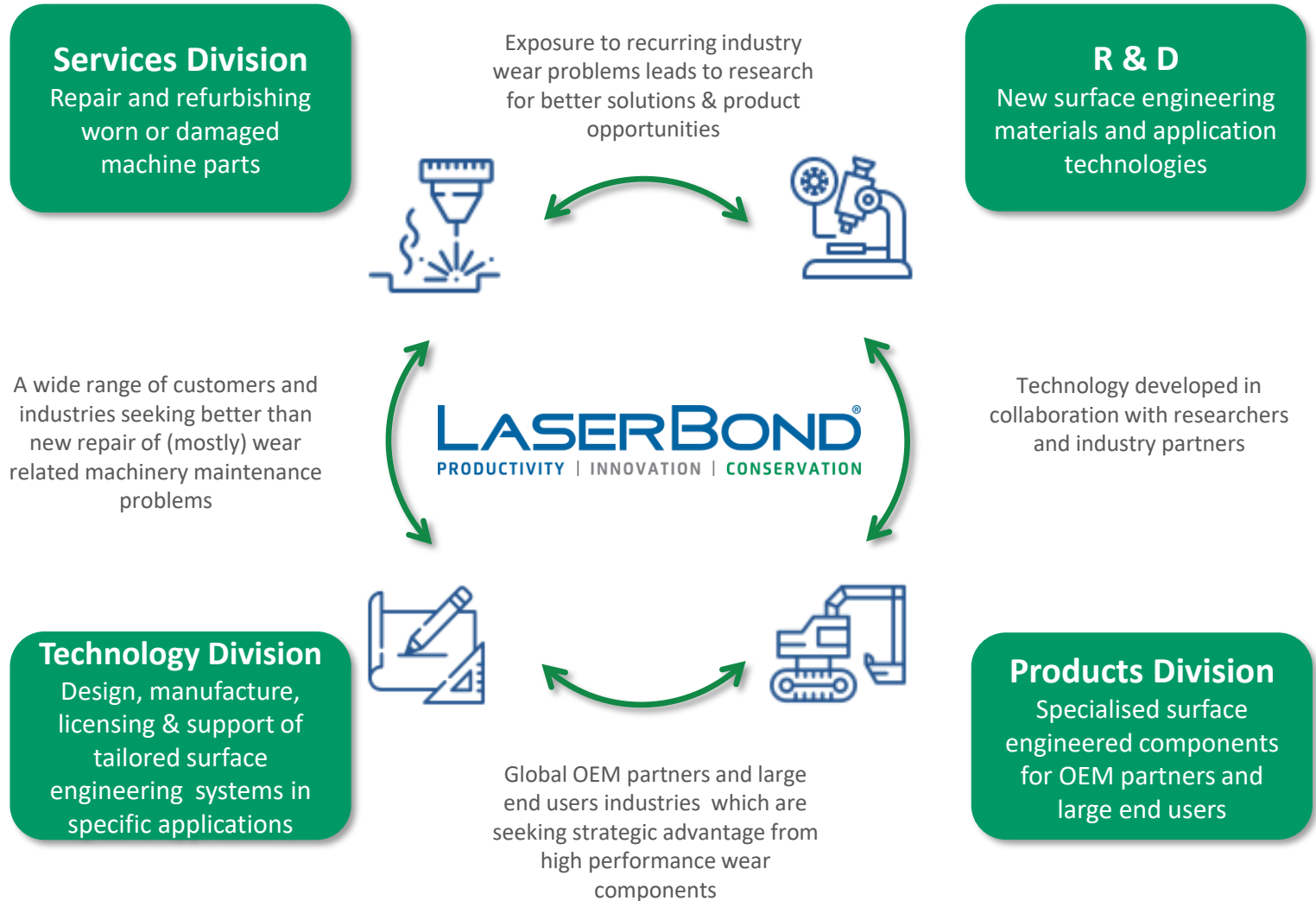
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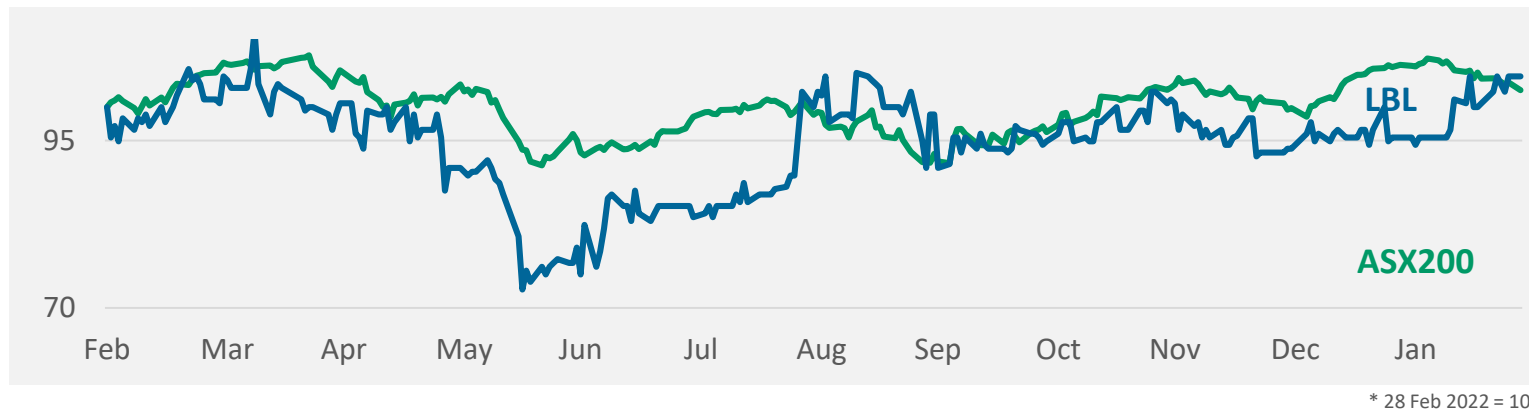
BUSINESS OVERVIEW

➤ **LaserBond provides advanced surface engineering products and technologies that reclaim worn parts and improve new parts, enabling significant improvement in wear life and performance. Benefits include 'better than new' wear life (up to 10x), higher productivity, lower maintenance costs, energy efficiency and reduced scrapping of worn parts.**



LASERBOND SNAPSHOT

LBL SHARE PRICE INDEX MOVEMENT VS ASX200* (year ending 27/02/23)



COMPANY INFORMATION

Incorporation	30/09/1992
IPO	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane
No of staff	139

DIRECTORS AND EXECUTIVES

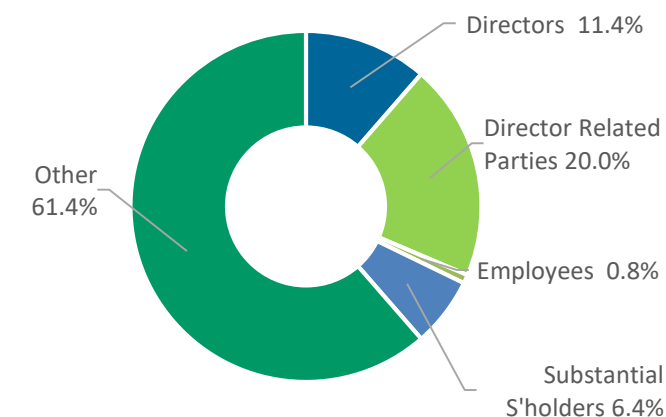
Mr Philip Suriano	Non Executive Chairman
Mr Ian Neal	Non-Executive Director
Ms Dagmar Parsons	Non-Executive Director
Mr Wayne Hooper	CEO & Executive Director
Mr Matthew Twist	CFD & Executive Director

MARKET INFORMATION *

Shares on Issue	109,661,177
Options on Issue	0
Market Cap	\$100.89M
52-Wk High	\$0.990
52-Wk Low	\$0.640
AV Volume	34,741

* Information current as at close of business on 27/02/23

SHARE REGISTER COMPOSITION



FIVE-YEAR EARNINGS

A\$000	2018	2019	2020	2021	2022	1H23
Sales Revenue	15,648.1	22,667.2	22,177.3	24,664.5	30,711.1	18,651.7
Gross profit	6,962.1	10,742.7	11,522.8	12,588.0	16,701.2	9,661.2
Operating Expenses	(4,731.6)	(5,845.1)	5,335.3)	(6,204.3)	(8,024.8)	(5,043.0)
EDITDA	2,230.4	4,897.6	6,187.5	6,373.7	8,676.4	4,618.2
D&A	(717.5)	(886.1)	(1,981.6)	(2,554.8)	(2,902.2)	(1,612.1)
EBIT	1,512.9	4,011.6	4,205.9	3,828.6	5,774.2	3,006.1
Interest	(110.8)	(176.7)	(440.9)	(464.0)	(442.8)	(266.2)
NPBT	1,402.2	3,834.9	3,765.0	3,364.9	5,331.4	2,739.9
NPAT	967.7	2,809.4	2,805.1	2,838.1	3,628.8	2,000.1
Dividend	0.50 cents	0.90 cents	1.00 cents	1.20 cents	1.40 cents	0.80 cents
EPS	1.040 cents	2.972 cents	2.940 cents	2.955 cents	3.531 cents	1.830 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

A\$000	2018	2019	2020	2021	2022	1H23
Cash & Equivalents	1,379.1	2,192.5	3,997.7	4,907.9	5,683.8	8,425.7
Current assets	9,229.1	10,135.7	11,843.7	14,929.1	21,047.3	23,247.9
Non-current assets	3,398.0	6,265.5	11,759.7	14,601.8	23,455.8	25,483.2
Total assets	12,627.0	16,401.2	23,603.4	29,530.9	44,503.1	48,731.1
Current liabilities	3,327.7	4,064.3	4,586.8	6,141.2	8,774.7	8,865.4
Non-current liabilities	1,524.3	2,276.7	6,780.4	9,128.0	8,220.3	10,946.4
Total liabilities	4,852.0	6,341.0	11,367.2	15,269.2	16,995.0	19,811.8
Net assets	7,775.0	10,060.2	12,236.2	14,261.7	27,508.1	28,919.3
Cash from operations	386.8	4,081.0	4,260.0	4,756.9	4,243.8	3,955.9
Cash from investing	(298.6)	(3,455.4)	(594.0)	(1,265.5)	(10,861.3)	(162.1)
Cash from financing	(720.8)	187.9	(1,860.8)	2,581.2	7,393.5	(1,051.9)
Net cash flow	(632.6)	813.5	1,805.1	910.2	776.0	2,741.9

MICRO-CLAD® TAILINGS DE-WATERING APPLICATION

Customer Testimonial:
'The plates have been in service for over two years now, which would never have happened before. The highest wearing areas are showing literally no sign of wear at all on the components treated with the LaserBond Micro Clad® product. I believe that Micro Clad® is a superior coating that greatly reduces wear.'

Problem

A customer of component parts in a tailings de-watering application on a mine site needed to adopt a hard wearing coating to significantly extend component life and time between maintenance shuts. The components spin at high speeds in high pressure environments, causing rapid wear through continual abrasion, and risk of assembly damage.



Solution

The solution needed to be a robust coating, resistant to abrasion and long-lasting, and with a quick turnaround for refurbishment. LaserBond's Micro Clad® application fit this criteria, being a finer, condensed coating delivering hardness in a compact matrix. The original components lasted an average of 1,250 hours. The Micro Clad® application provided over 4,000 hours of service, increasing from 30 weeks in service to 2 years, and counting.



SUPERIOR WEAR LIFE WITH LASERBOND CLADDING

Customer Testimonial:

'We are so pleased with the results we have achieved since working with LaserBond to clad our mixing blades. We have blades that have been in service now for just over 8 months, and show no sign of wear or damage. This is just such a contract for us, as we previously struggled to get 4 weeks worth of service from our blades. The process of working with LaserBond and conducting the trial has exceeded our expectations and we are looking forward to a continued partnership.'

Problem

A customer in a foundry was experiencing an extreme wear issue on their OEM sand mixing blades. After only 4 weeks in service they needed to be replaced with brand new parts. The short-life span of the parts meant a high frequency of change-outs, leading to lost productivity, along with frequent high costs of replacement parts.



Solution

The customer was seeking a way to prolong component life. Their sand particle sizes were extremely fine, LaserBond developed a coating that did not allow these tiny particles to penetrate the wear coating. This solution enabled the customer to increase their capacity, improve productivity and reduce maintenance costs.



Further Information:

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Company Secretary

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