



LASERBOND[®]



PRODUCTIVITY | INNOVATION | CONSERVATION

Investor Presentation

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September 2023

ASX: LBL



LASERBOND[®]



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**Business Overview &
Performance Summary**

Financial
Performance

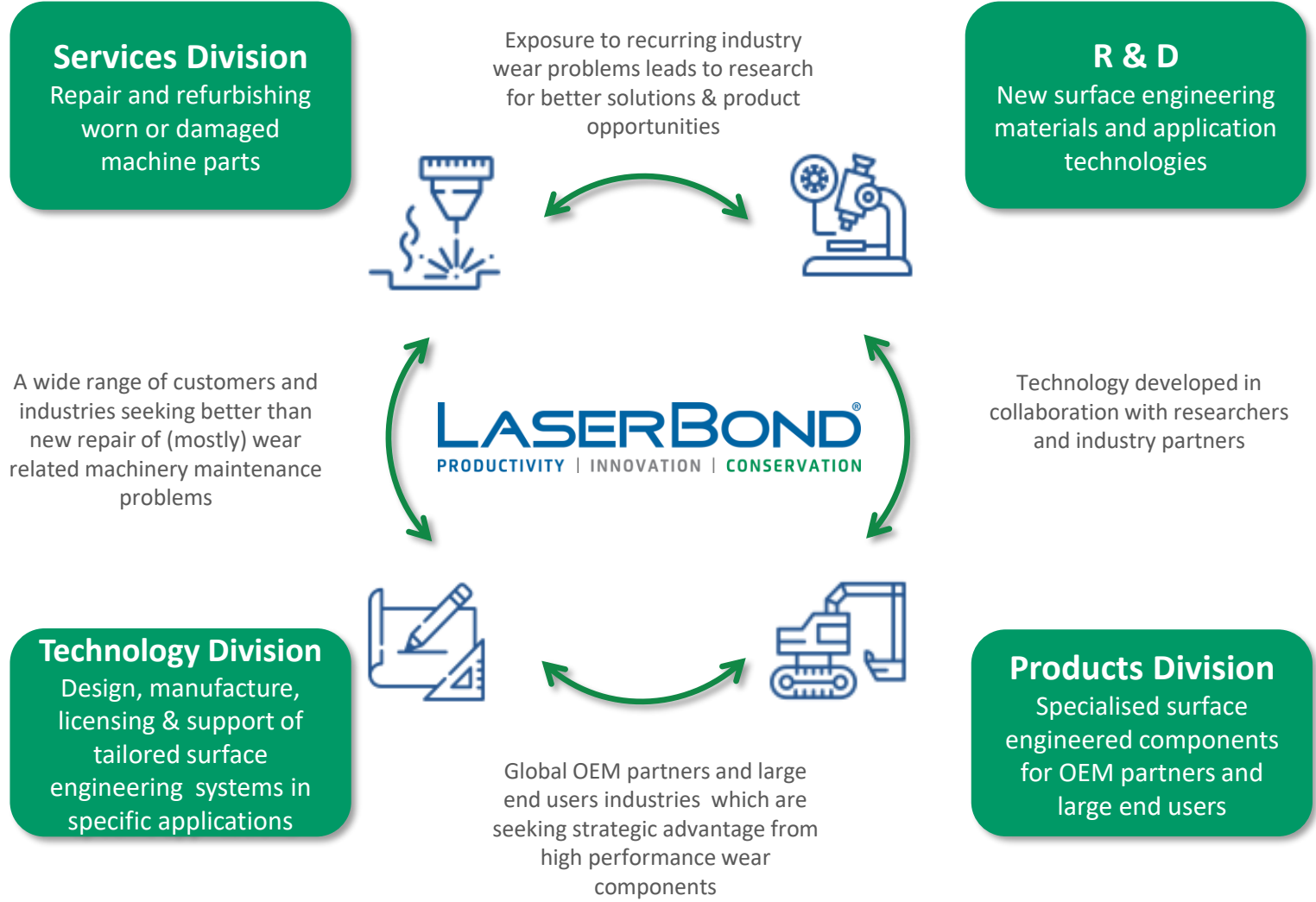
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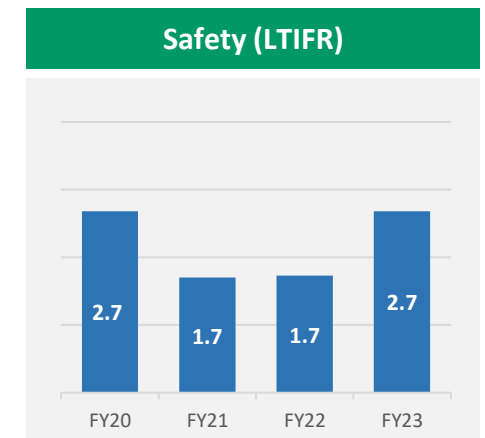
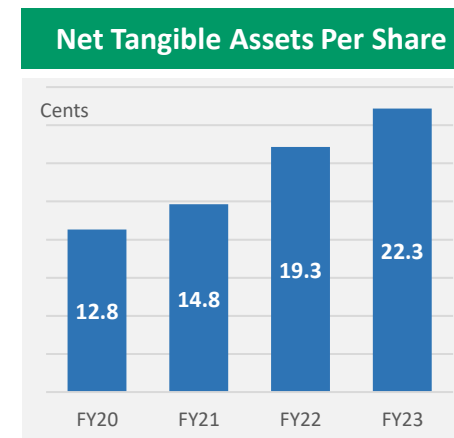
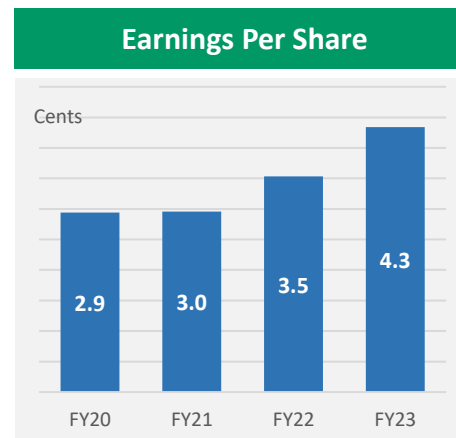
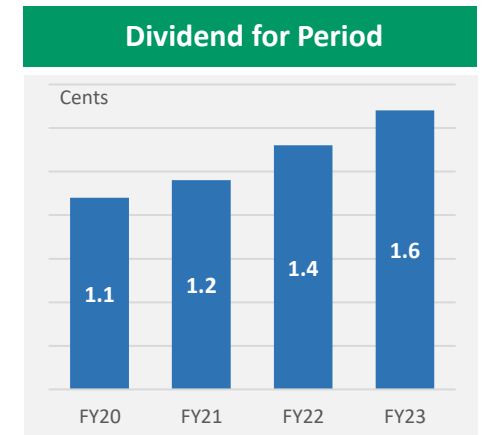
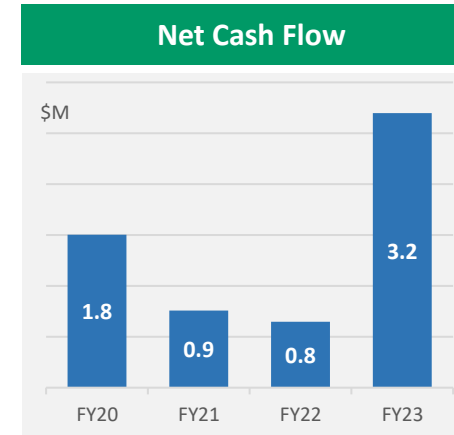
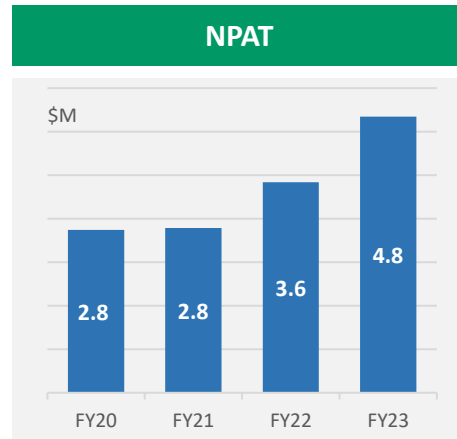
BUSINESS OVERVIEW

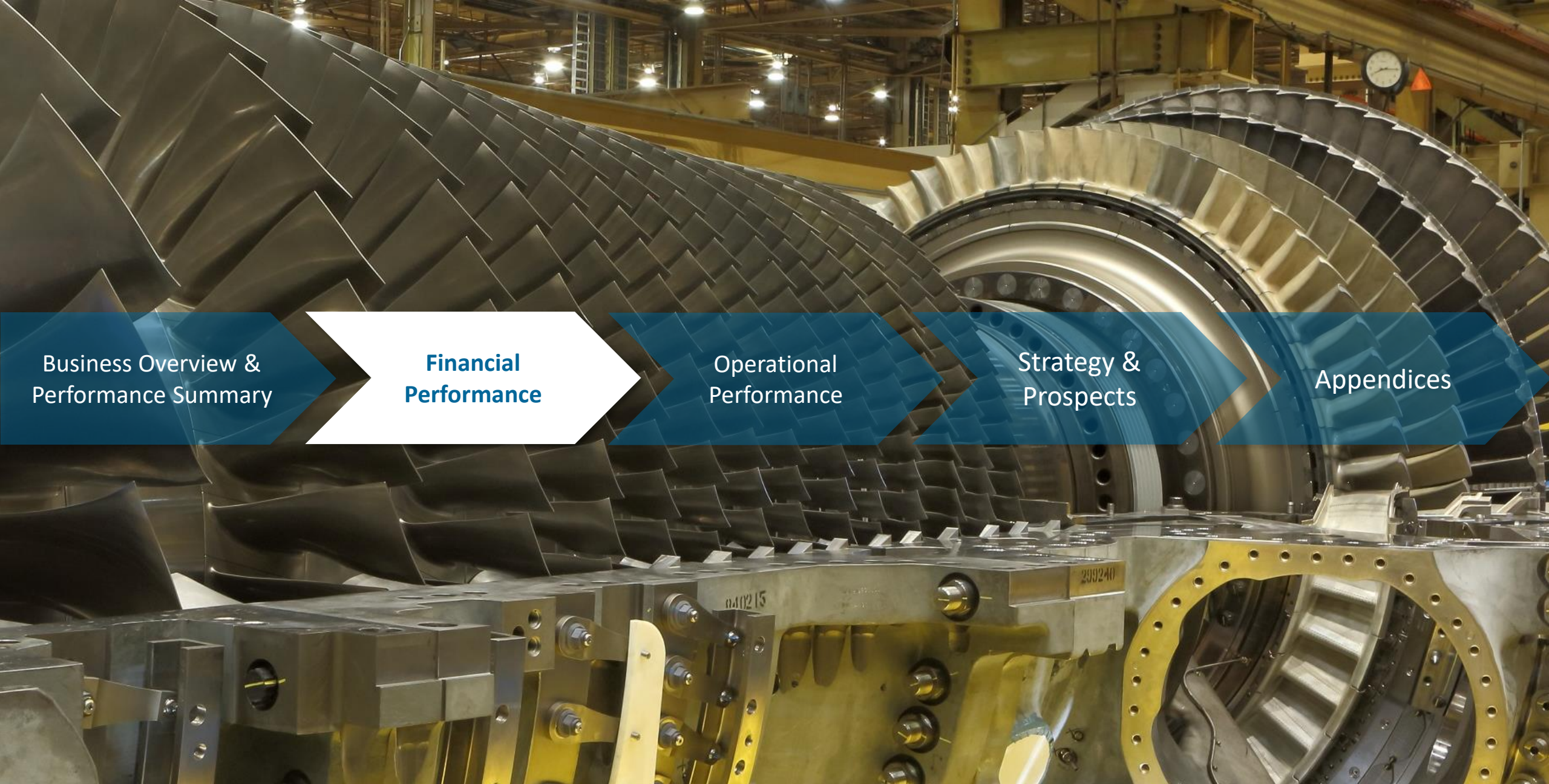
➤ **LaserBond provides advanced surface engineering products and technologies that reclaim worn parts and improve new parts, enabling significant improvement in wear life and performance. Benefits include 'better than new' wear life (up to 10x), higher productivity, lower maintenance costs, energy efficiency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



PERFORMANCE SUMMARY

A strong performance in FY23 with considerable increases in earnings, balance sheet and cash metrics. This is based on stellar performances from the Products and Services divisions. Great position for expansion plans.





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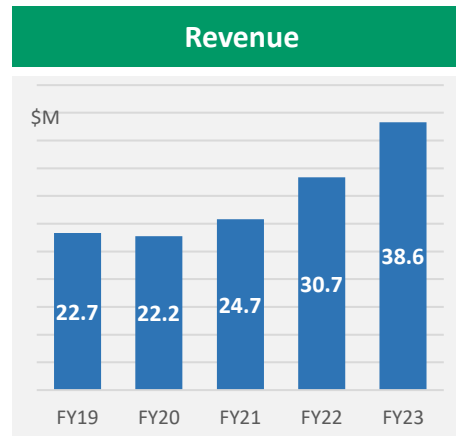
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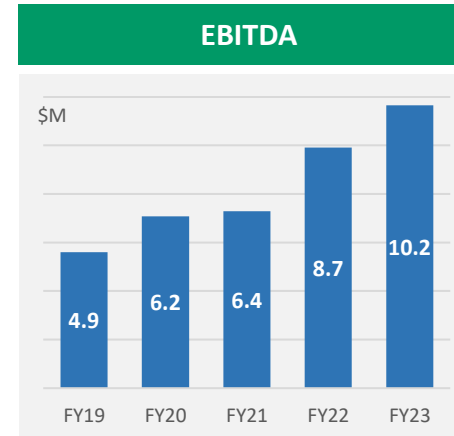
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FY23 EARNINGS

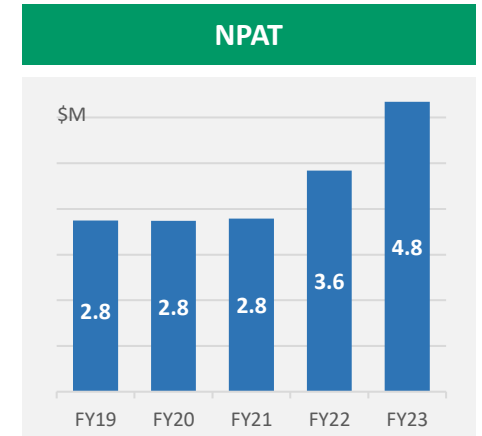
➤ *All earnings metrics reporting significant growth over the past two fiscal years, with NPAT reporting a 14.1% compound annual growth rate over the four years to FY23.*



- FY23 Revenue provided 25.7% growth, on the back of the 24.5% growth in FY22.
- 14.2% Compound annual growth rate over the four years to FY23.



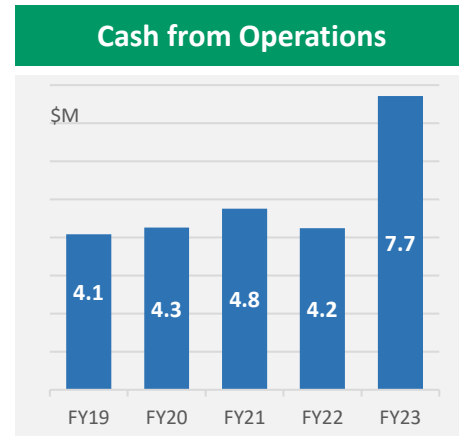
- EBITDA increased by 17.5%.
- Compound annual growth rate over the four years to FY23 was 20.1%.



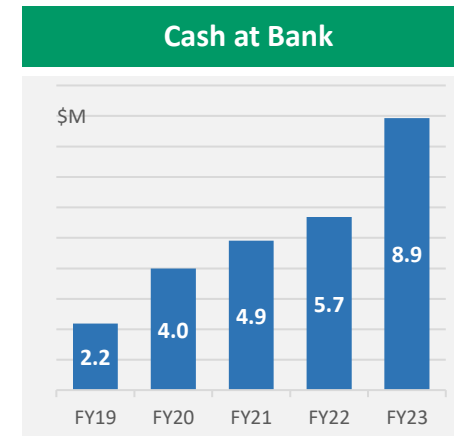
- Profit before tax increased by 19.4%.
- Net profit after tax increased by 31.1%.

CASH AND WORKING CAPITAL

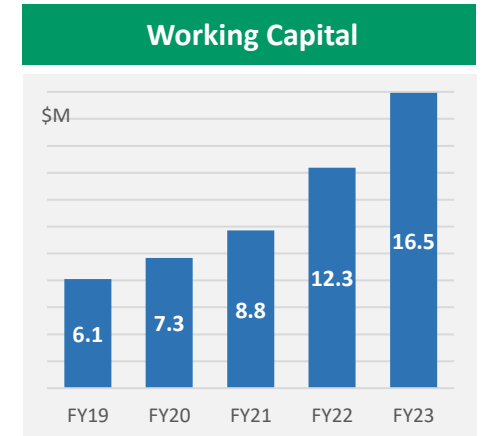
➤ *Consistently strong cash flows provide increasing working capital levels to support the growth plans.*



- Cashflows from operations increased by 81.6% over p.c.p.
- 17.7% compound annual growth rate over the four years to FY23.



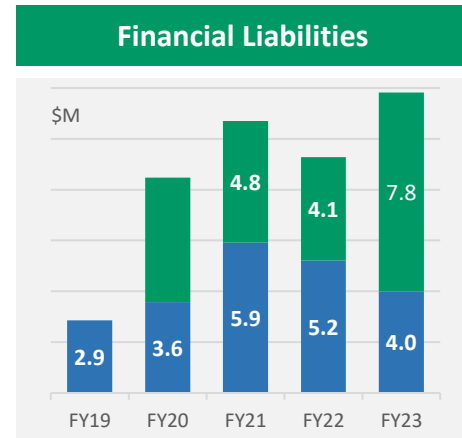
- Maintaining a sufficient level of Cash at Bank continues to enable LaserBond to avoid the high costs of invoice financing and other working capital facilities.



- Working capital remains adequate to support planned organic growth.
- The solid working capital position also facilitates continued R&D investment and supports future expansion.

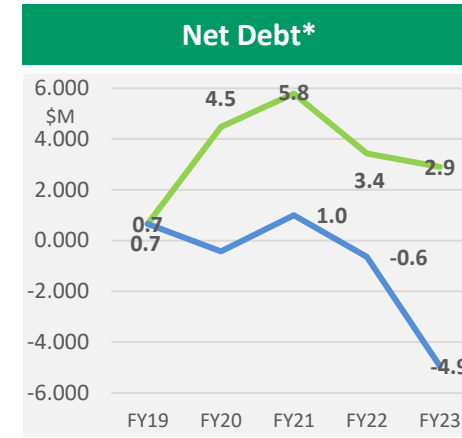
DEBT

➤ *LaserBond's balance sheet remains strong, with continuing low levels of net debt, supporting its expansion strategy, both organically and acquisitively.*



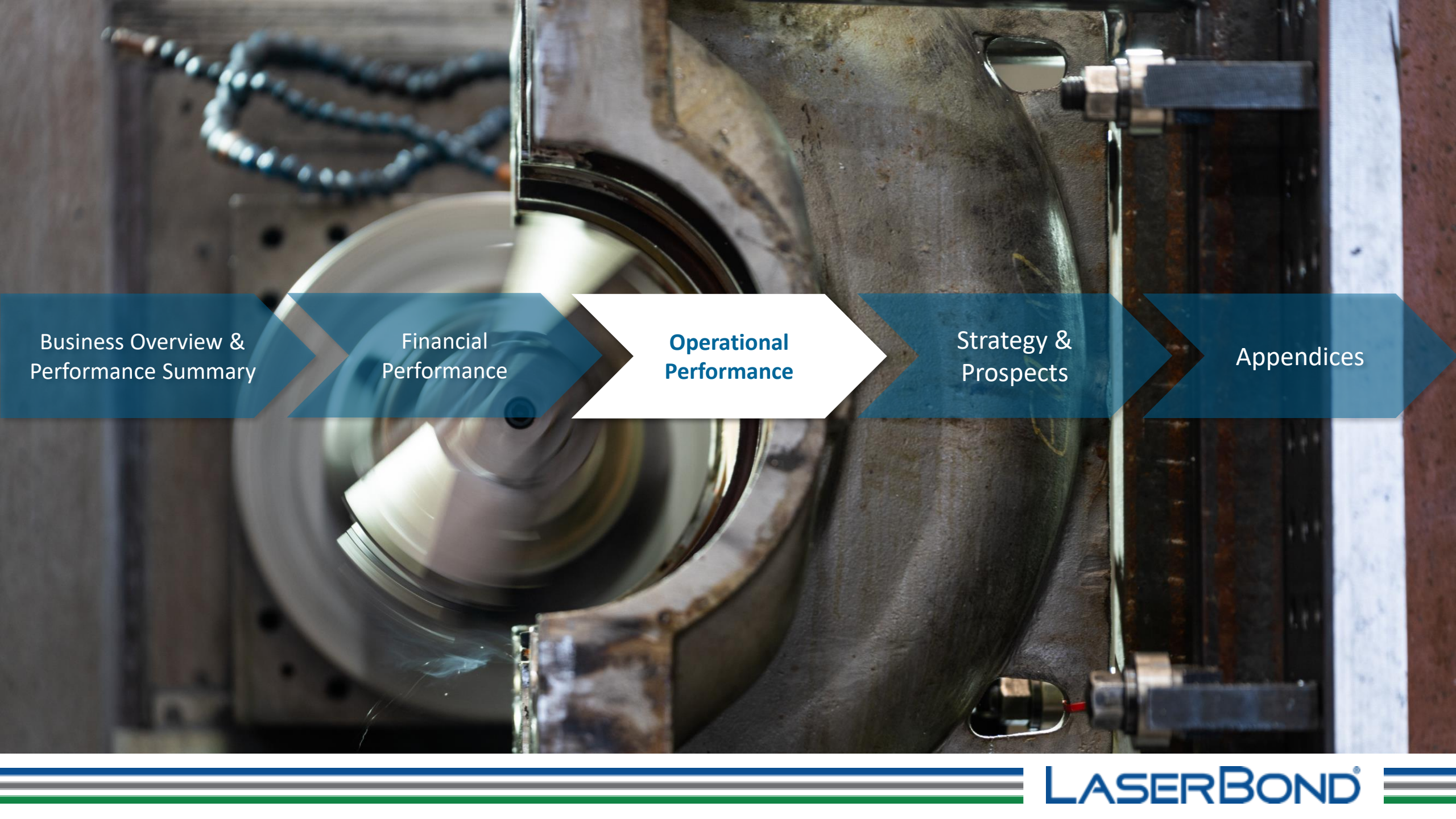
- HP & finance leases
- Facility lease liabilities

- LaserBond has no debt other than equipment leases to fund PP&E acquisition.
- Facility lease liabilities relate to the leases of operating premises.



- Total net debt
- Net debt ex facility lease liabilities

- When excluding the effects of facility lease liabilities, net debt continues to remain at a consistently conservative level.



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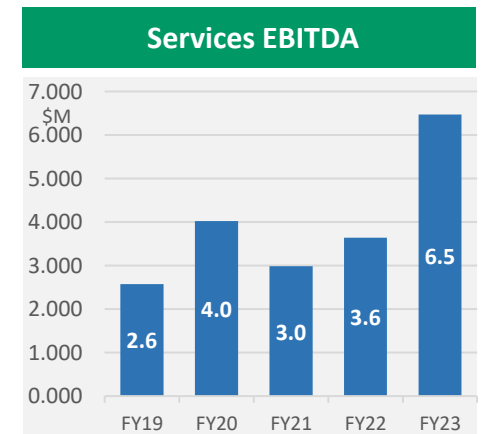
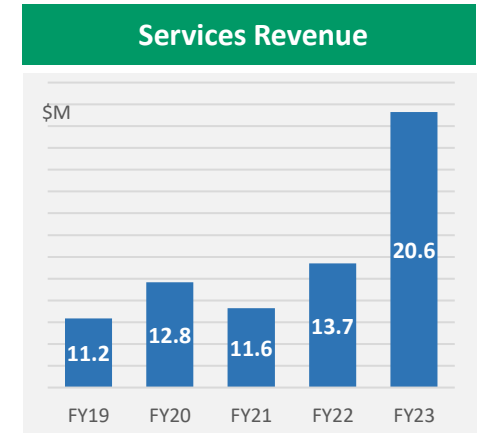
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SERVICES DIVISION OVERVIEW

➤ **Services revenue was supported by a growing base of loyal customers, and an increased workforce allowing lead time reduction to support increased customer needs.**

- 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 to 10 times.
- Achieved a 50.7% increase on p.c.p. in revenue due to the continuing increase in demand from our services segment customers, including the additional market penetration achieved through the Queensland acquisition in Feb 22. 16.6% compound annual growth rate since FY19.
- EBITDA increased by 77.8%, with a 25.9% compound annual growth since FY19.
- Focused business development activities on industry wear issues will continue to provide additional Services revenue.

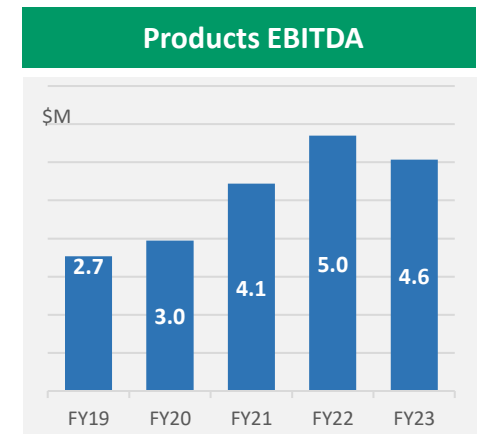
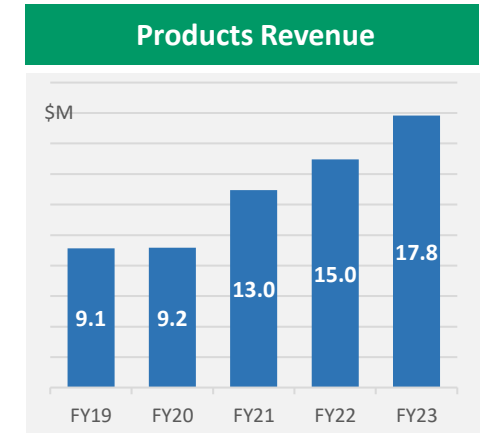


PRODUCTS DIVISION OVERVIEW



Demand for consumables or spare parts continues to grow, and price increases to support inflationary or other cost pressure will support margin improvement.

- 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 19.1% on p.c.p., and a 18.2% compound annual growth rate since FY19.
- EBITDA decreased by 9.5% on p.c.p. due to the cost pressures and their impact on agreed pricing. OEM product pricing has been increased to support a return to traditional gross margins. 14.4% compound annual growth rate since FY19.
- Business development activities globally throughout the Americas, Europe and Asia will support continued products revenue growth.

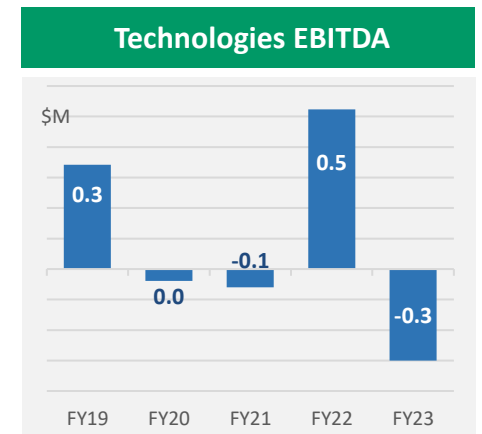
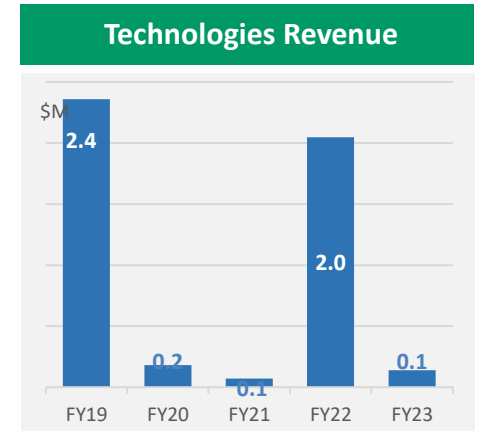


TECHNOLOGY DIVISION OVERVIEW



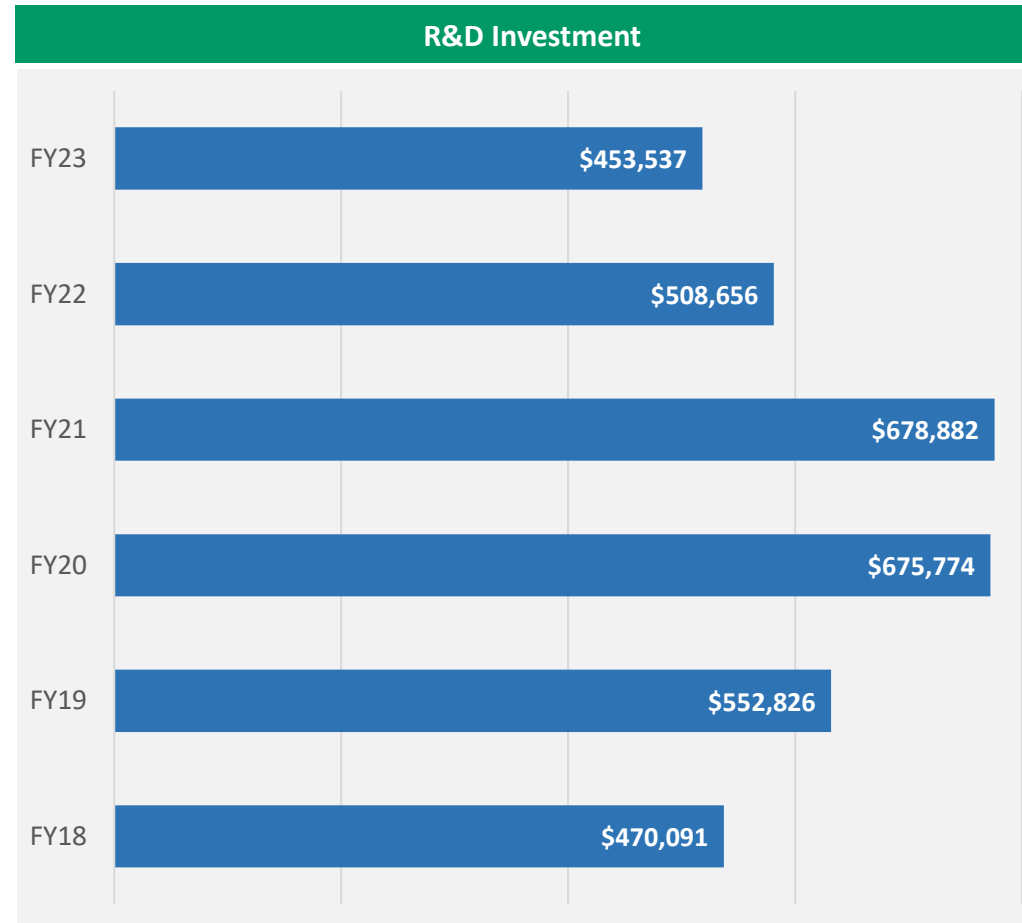
Ongoing (but resolved) supply chain issues, timing considerations and a change of scope delayed the revenue recognition of two equipment sales in FY24.

- 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.
- Revenue was \$0.14 million, derived from licensing fees and consumables.
- After delays with revenue recognition of two equipment sales in FY23, FY24 has an estimated \$3.2 million in equipment sales, to Curtin University, Swinburne University and the North American and Indian licensees.
- LaserBond is progressing with several further licensing opportunities, with one to a large offshore OEM possibly supporting further revenue recognition in FY24.



R&D INVESTMENT

➤ *LaserBond develops innovative products and technologies that anticipate market direction and demand, as well as building collaborative relationships with tertiary institutions to leverage its R&D investment and achieve third-party validation of its work.*



- Collaborative relationships continue with the University of South Australia, the Monash Institute of Rail Technology, Curtin University and Swinburne University.
- Internal R&D focus is presently on improvements to the efficiency of our technology and operational methods, designed to increase returns from our current products and applications (both for ourselves and our customers).
- The R&D team has increased by one team member, in a technical product development role focused on solutions for industry-wide wear problems.
- LaserBond is also recruiting additional material scientists for our laboratory in NSW to increase resources and output in all R&D activities.

SAFETY AND THE ENVIRONMENT

➤ ***Over three decades of operation, LaserBond has never had a serious workplace injury despite servicing some of the industries most exposed to health and safety risks. Equally, its technologies and products enhance its customers' ability to respect the environment and comply with laws.***

Safety

- Successful certification for all facilities to JAS ANZ accreditation of quality, environmental and safety systems, after prior accreditation under PAS 99.
 - ISO 9001
 - ISO 14001
 - ISO 45001
- Zero fatalities or serious injuries since the inception of the business in 1992.

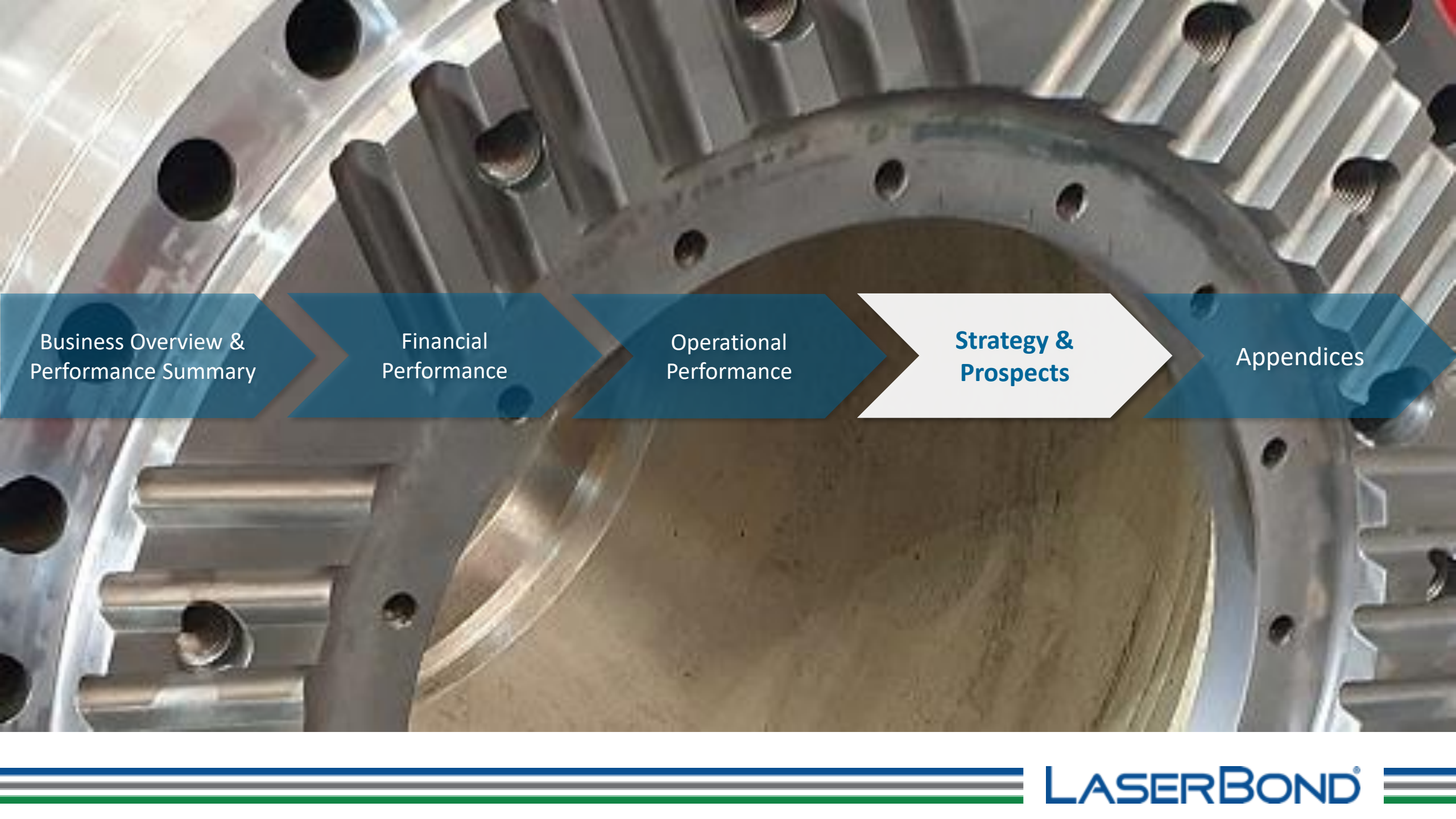
The Environment

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 a reduced need for additional manufacturing and scrapping of worn components, with the associated energy usage and waste.

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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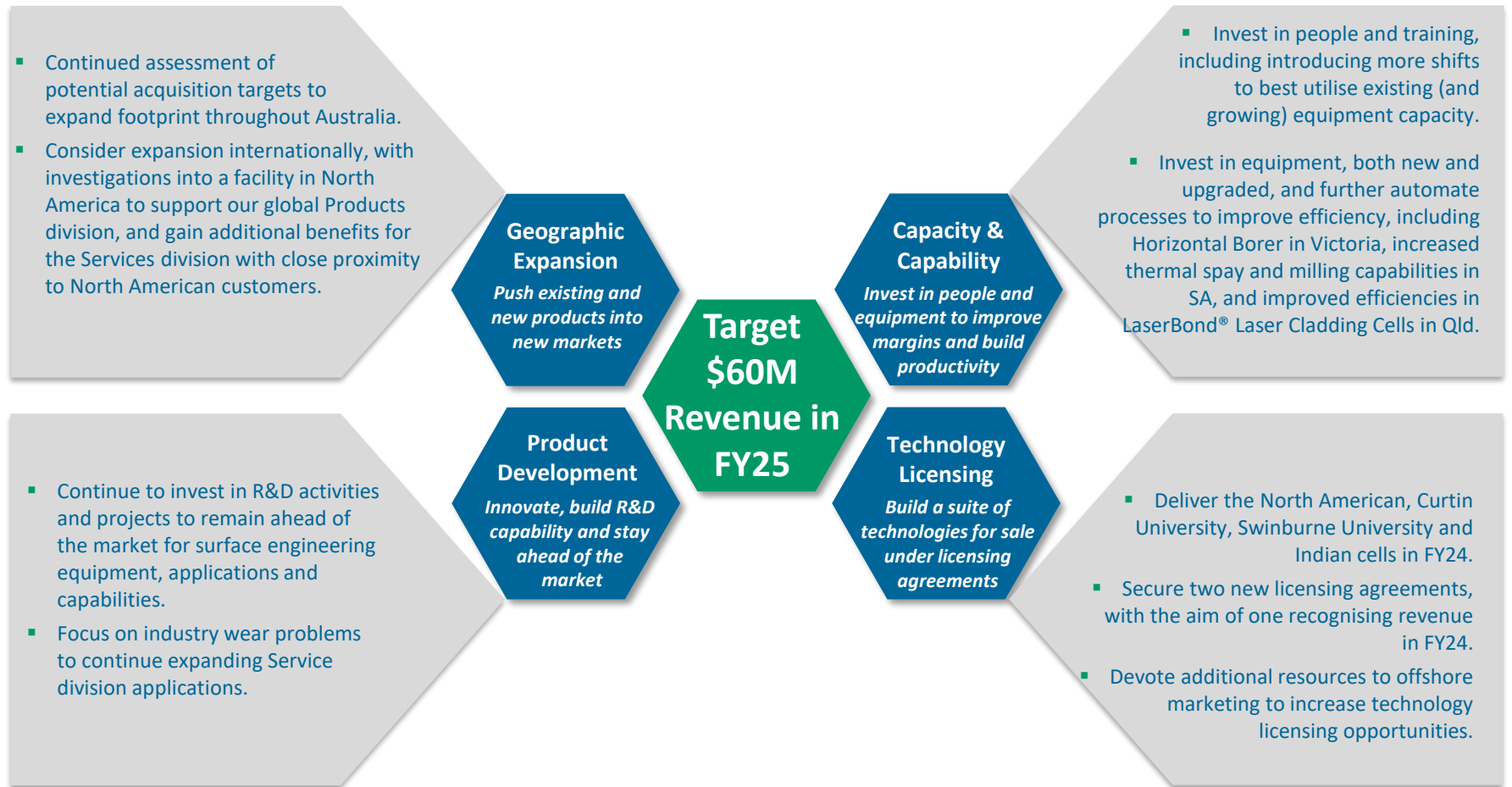
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STRATEGY FOR GROWTH

➤ **LaserBond remains committed to, and confident with, the revenue target of \$60 million by FY25, underpinned by the four strategic objectives.**



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, with resilient performance.
- Strong balance sheet and positive cash flows, meaning the Company is basically debt free.
- Blue chip client base with high level of repeat business.
- Untapped opportunities in many industry sectors globally for all products, services and out technology.

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 the Americas, Europe and Asia for LaserBond branded products.



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LASERBOND SNAPSHOT

LBL SHARE PRICE MOVEMENT (September 2018 to August 2023)

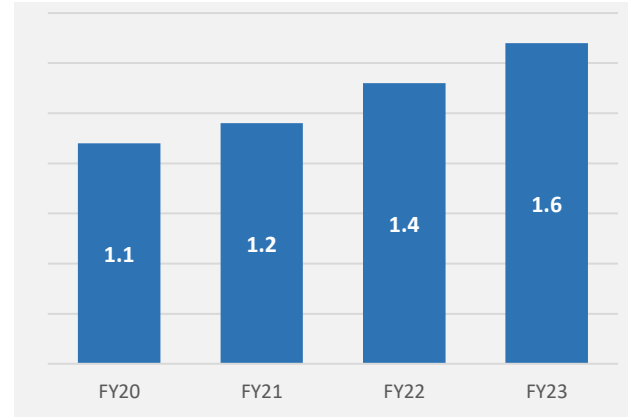
LBL ASX Chart



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	CFO & Executive Director

Dividend for Period



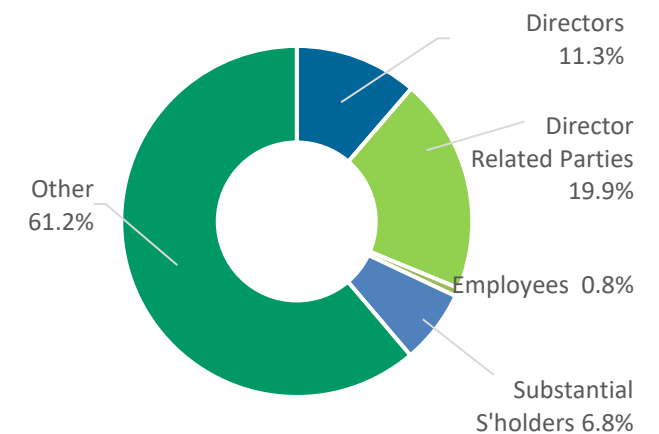
COMPANY INFORMATION

Incorporation	30/09/1992
IPO	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane
No of staff	141

MARKET INFORMATION *

Shares on Issue	109,971,995
Options on Issue	0
Market Cap	\$97.88M
52-Wk High	\$0.925
52-Wk Low	\$0.705
AV Volume	35,640

SHARE REGISTER COMPOSITION



* Information current as at close of business on 31/08/23

FIVE-YEAR EARNINGS

A\$000	2019	2020	2021	2022	2023
Sales Revenue	22,667.2	22,177.3	24,664.5	30,711.1	38,612.4
Gross profit	10,742.7	11,522.8	12,588.0	16,701.2	20,463.0
Operating Expenses	(5,845.1)	(5,335.3)	(6,214.3)	(8,024.8)	(10,266.1)
EDITDA	4,897.6	6,187.5	6,373.7	8,676.4	10,196.9
D&A	(886.1)	(1,981.6)	(2,554.8)	(2,902.2)	(3,267.6)
EBIT	4,011.6	4,205.9	3,828.6	5,774.2	6,929.3
Interest	(176.7)	(440.9)	(464.0)	(442.8)	(562.2)
NPBT	3,834.9	3,765.0	3,364.9	5,331.4	6,367.1
NPAT	2,809.4	2,805.1	2,838.1	3,628.8	4,758.5
Dividends for Period	1.00 cents	1.10 cents	1.20 cents	1.40 cents	1.60 cents
EPS	2.972 cents	2.940 cents	2.955 cents	3.531 cents	4.341 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

A\$000	2019	2020	2021	2022	2023
Cash & Equivalents	2,192.5	3,997.7	4,907.9	5,683.8	8,929.2
Current assets	10,135.7	11,843.7	14,929.1	22,367.7	25,715.3
Non-current assets	6,265.5	11,759.7	14,601.8	23,455.8	26,117.2
Total assets	16,401.2	23,603.4	29,530.9	45,823.5	51,832.5
Current liabilities	4,064.3	4,586.8	6,141.2	8,664.7	9,263.8
Non-current liabilities	2,276.7	6,780.4	9,128.0	8,220.3	11,498.1
Total liabilities	6,341.0	11,367.2	15,269.2	16,885.0	20,761.9
Net assets	10,060.2	12,236.2	14,261.7	28,938.5	31,070.6
Cash flow from operations	4,081.0	4,260.0	4,756.9	4,243.8	7,704.3
Cash flow from investing	(3,455.4)	(594.0)	(1,265.5)	(10,861.3)	(1,327.4)
Cash flow from financing	187.9	(1,860.8)	(2,581.2)	7,373.6	(3,131.5)
Net cash flow	813.5	1,805.1	910.2	776.0	3,245.4

SUPER DUPLEX PUMPS

➤ *LaserBond's proprietary cladding process allows capital-intensive, critical components in highly corrosive environments a new life at a fraction of the cost of a full pump replacement.*

Problem

- Liquids with high corrosivity transported, with components suffering pitting corrosion.
- This case study relates to the severely corroded pump mating faces due to crevice corrosion, a sub-form of pitting corrosion in crevices.

The Solution

- LaserBond's cladding methods on super-duplex steel provide a metallurgical bond with minimal heat input, removing the risk of altering the microstructure of super-duplex steel.
- The severely corroded faces were restored to their original dimensions for effective sealing, effectively giving the pump a second life.



Close up of corroded area on the mating face



After LaserBond reclamation process

RECLAMATION OF GEAR SHAFTS

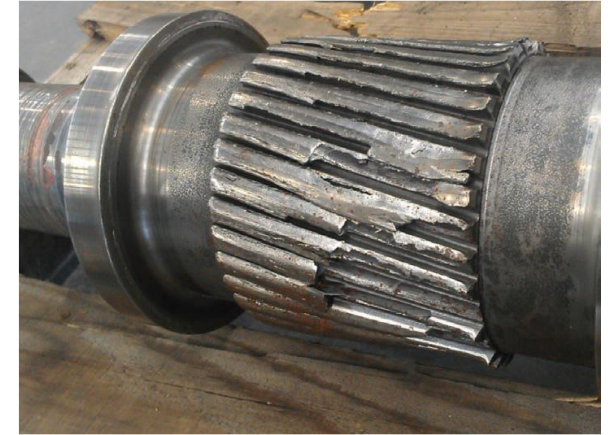
➤ *Unlike other processes, LaserBond's cladding process provides a strong metallurgical bond with minimal dilution of the base material, exceptional thickness control, and a small heat effected zone.*

Problem

- Customers frequently experience issues with wear on bearing journals and gear teeth, resulting in components not performing optimally.

Solution

- Removal of the damaged areas through a pre-machining process.
- Built up the worn area using a well-focused laser beam to melt the base materials and apply an additive material to create a wear and corrosion-resistant overlay.
- Cut the gear teeth as per the profile and specifications required by the customer.



Damaged journals and gear teeth.



After LaserBond reclamation process

Further Information:

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Company Secretary

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