



LASERBOND[®]

PRODUCTIVITY | INNOVATION | CONSERVATION



Investor Presentation

Wayne Hooper, CEO
Matthew Twist, CFO

March 2024

ASX: LBL



LASERBOND[®]



Business Overview

Strategy

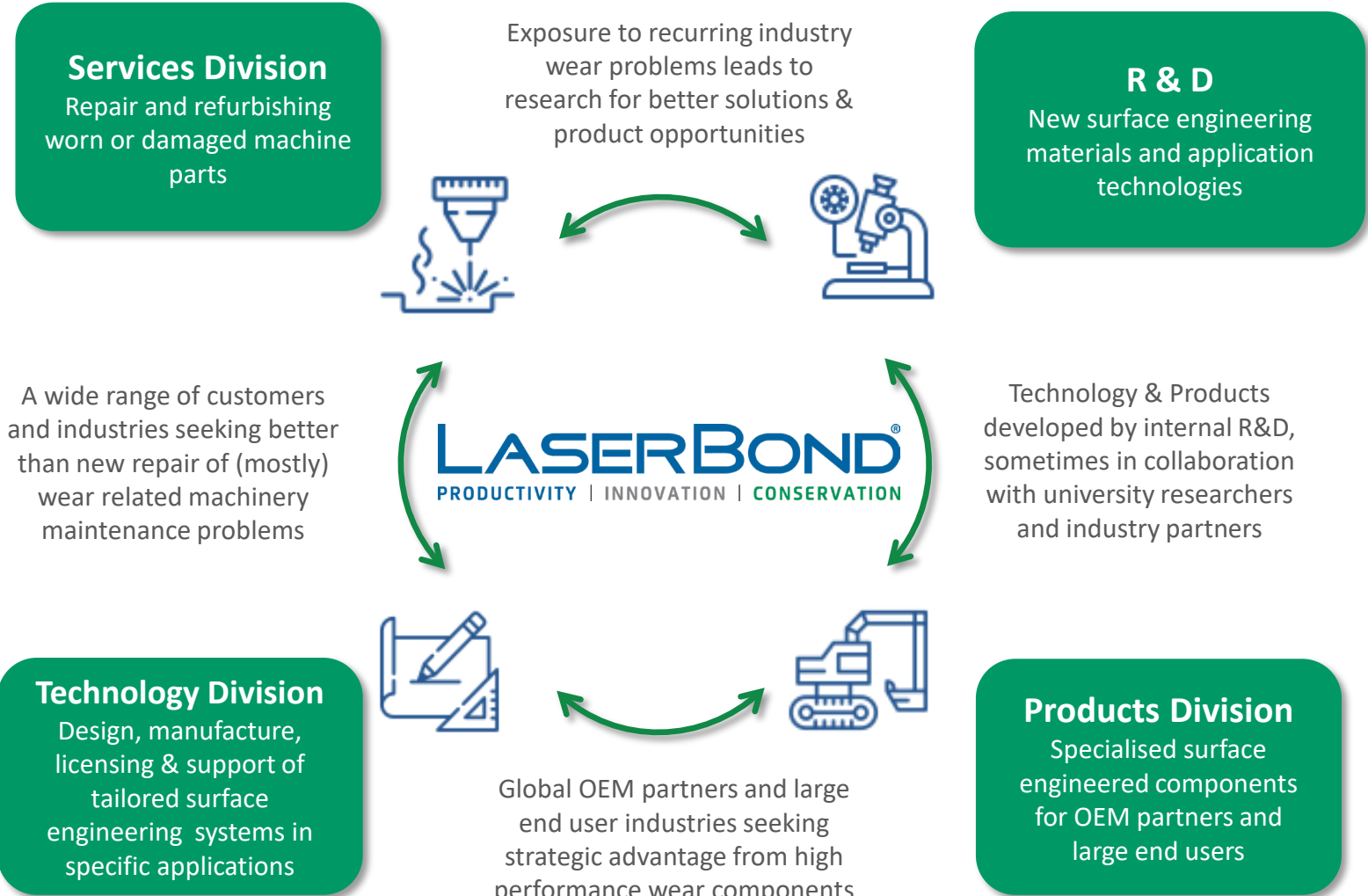
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BUSINESS OVERVIEW

➤ **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.**



SAFETY AND SUSTAINABILITY

LaserBond continually maintains safety measures and takes our responsibilities seriously to protect our workers.

Equally, our technology and products enhance our customers' ability to reduce their carbon emissions, respect the environment and comply with laws.

Safety

- Risks exist from exposure to heavy machinery and moving equipment, among others.
- Our safety culture is critical to proactively mitigate safety incidents.
- The risk is managed through strong safety protocols, through certified safety management systems and processes, continually promoting a culture of workplace safety throughout the organisation.
- We have had zero serious injuries since the founding the business in 1992.

Sustainability

- LaserBond's core business mitigates the impact of our customer's operations on the environment, improving their sustainability performance.
- We facilitate the circular economy by enabling components to be reclaimed and further reducing scrap by ensuring longer service life from wearing components.
- By increasing wear life there is reduced need for additional manufacturing and scrapping of worn components, with the associated energy usage, carbon emissions and waste.

Certifications

- LaserBond has JAS-ANZ Certification for its accredited quality, environmental and safety programs
 - ISO 9001
 - ISO 14001
 - ISO 45001
- ISO 14001 certification promotes sound environmental practices and employee training in the areas of lower emissions, waste disposal, hazardous substances and energy usage.
- ISO 45001 is the internationally recognized standard for managing OHS risks. Certification shows our commitment to ensure all staff work safely at all times.



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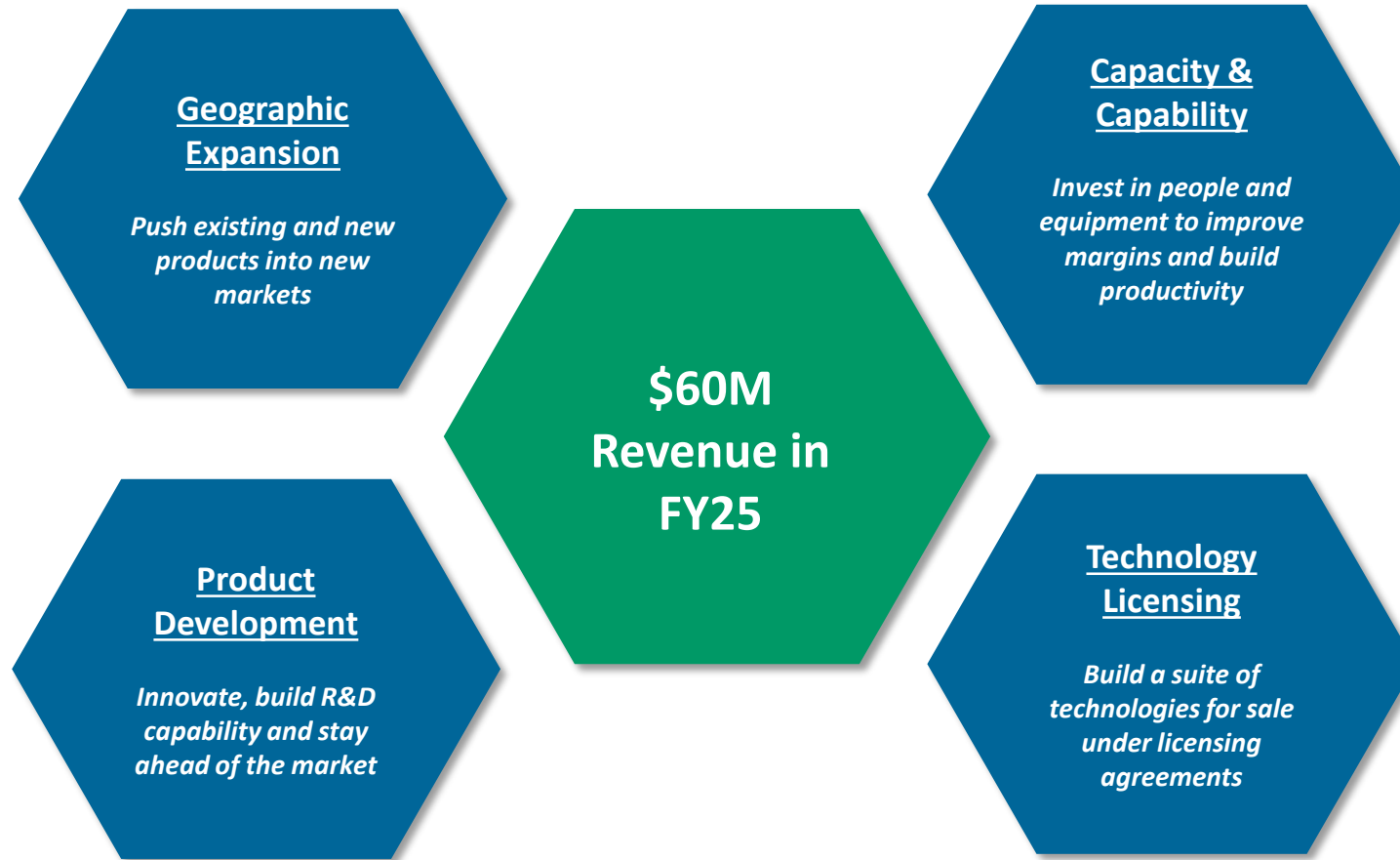
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STRATEGIC PILLARS

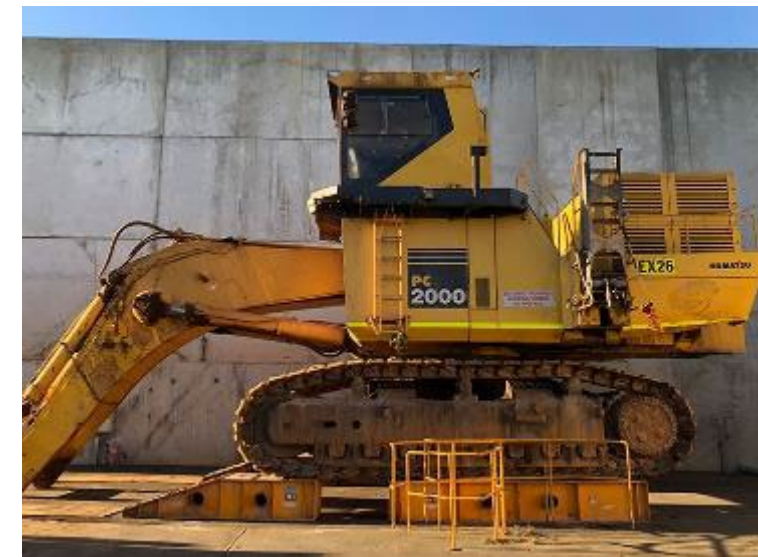


GEOGRAPHIC EXPANSION (DOMESTIC)

A core tenet of our growth strategy has been to make our services & technology more accessible for customers, thereby increasing efficiency, reducing costs, lead times and customer down-time.

Our investment in the Gateway Group adds Western Australia to LaserBond's presence in NSW, Qld, Vic & SA, allowing us to better service WA customers and grow the WA business.

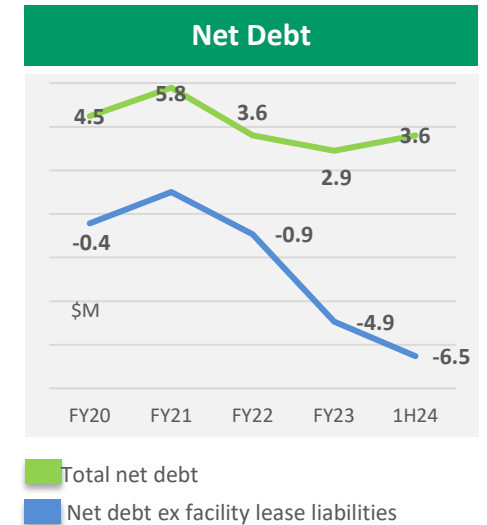
- The purchase of 40% equity in the Gateway Group was settled on 5th March. The purchase was in cash and scrip, escrowed for 12 months. Gateway's normalised NPBT was \$2.9 million, and the purchase will be strongly EPS accretive.
- This acquisition allows LBL to comprehensively service WA customers by providing shorter lead times, reduced down-time and lower costs, allowing growth of LBL's business in WA.
- The Gateway Group offers customers refurbished components such as hydraulic cylinders, powertrain components, undercarriage parts, front attachments and hydraulics pumps & valves. LaserBond's surface engineering technology and capabilities enhance Gateway's offerings by allowing the reclamation and extension of wear life for these refurbished components.
- The decision to invest was based on several factors:
 - Gateway is firmly founded in large WA industrial markets, with a strong industry network consistent with LaserBond's customer profile;
 - Gateway's excellent management team has a track record of delivering strong growth and are now shareholders in LBL;
 - Gateway needs LBL's services, and together, we share the strong desire to introduce our specialised surface engineering technologies to other customers in the region.
- LaserBond's surface engineering equipment will be assembled & introduced over the coming months



GEOGRAPHIC EXPANSION (INTERNATIONAL)

A move into North America is the next step for LaserBond for many reasons, particularly due to the encouragement from large customers who do not believe there is an alternative globally to what LaserBond can offer, particularly given the bespoke nature of our solutions and range of proprietary technologies and solutions.

- LaserBond has appointed Harvey & Co, a leading buy-side acquisition search and advisory firm in North America, to support LaserBond's intent to acquire a suitable business and expand in the United States.
- The business case for a facility in North America includes:
 - An existing large OEM Customer has requested LaserBond's presence in the USA to assist with wear problems on larger components where logistics are a significant constraint.
 - We can significantly increase the opportunities for our LaserBond branded products, including our steel mill rolls, by being a local manufacturer to the North American market.
 - We can leverage success with existing Australian customers with their larger divisions or head offices in North America.
 - We will develop Services division opportunities by providing short lead times as a local supplier to North American customers.
- This process is in early stages, with initial targets being approached to ascertain interest in a possible acquisition by LaserBond.
- Our intent is to have a facility in North America early in the 2025 calendar year.

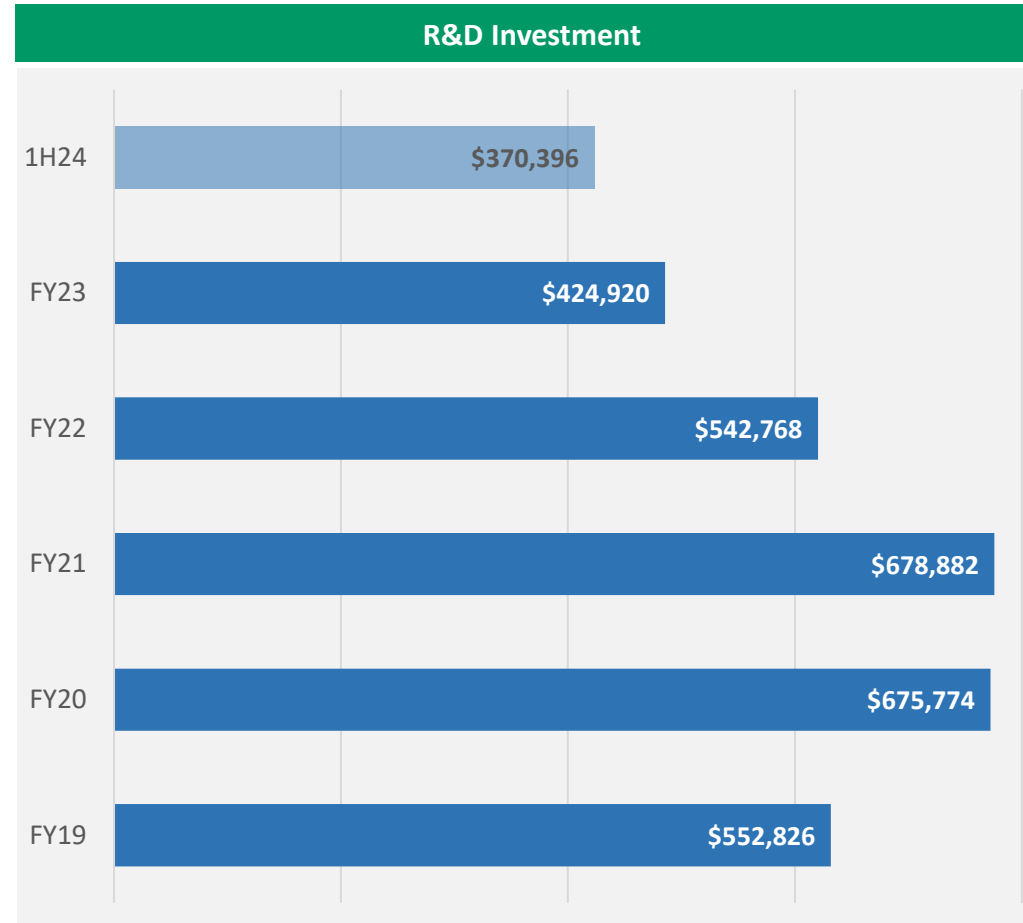


Our strong balance sheet, with continuing low levels of net debt, supports our expansion strategy, both organically and acquisitively.

RESEARCH & DEVELOPMENT

LaserBond pioneered the advancement of surface engineering in Australia, investing in solutions to industry and customer-specific problems that have broader market appeal.

In many cases projects have been advanced in collaboration with industry partners and renowned Australian universities, providing third-party trials, testing & verification.



- With demand increasing for our products and services, together with a greater appreciation in markets of the benefits laser cladding and other surface engineering techniques deliver, the need to remain at the forefront of the industry remains critical.
- During 1H24, our Research & Development team has been focusing on:
 - Materials and processes to achieve economical, higher-quality solutions of benefit to both LaserBond and our customers.
 - The development of further high-performance, fit-for-purpose surface layers for economically constrained applications.
 - Expanding our collaborative research partnering, including the recently commenced Australian Composites Manufacturing CRC.
 - Recruiting additional resources to increase commercial outcomes from this investment.

BUSINESS DEVELOPMENT



A recent restructure of the sales team allows additional resources solely focused on the development of new business across a broader range of industry sectors.

- Wear in all its forms of machine components has a large economic impact. The cost of abrasive wear alone has been estimated as 1 to 4% of the gross national product of industrialised countries^[1]. Applications for advanced surface engineering to reduce this cost are broad.
- LaserBond has customers allocated to over 80 defined industry segments. Fifteen of these currently provide 87%^[2] of LaserBond's revenue, but there are tremendous opportunities across the range of industries to deliver proven solutions as well as new ones developed by our R&D team.
- LaserBond has recently invested in additional Sales team members to deliver continuing organic growth, including:
 - A Technical Product Management team focused on seeking industry-wide wear problems nationally and internationally. They will work with the Research & Development team to continue developing solutions for industry.
 - A Business Development team works with the Technical Product Development team, taking the ever-growing solutions to industry via industry bodies, conferences, white papers, and direct to customers.
- This investment allows our sales team to have the right focus on both the organic growth of existing customers and new business.
- In international markets, business development for the Products Division continues to deliver increasing sales.

1. Davis, J. R. (2001): [*Surface engineering for corrosion and wear resistance*](#). ASM International p56.

2. Based on averages over the last 3 half years

CAPACITY & CAPABILITY

Investment continues in resources, both human and equipment, to expand to meet current and forecast demand, and to optimise existing operational capacity across all facilities.

- Our existing facilities in NSW, Qld, SA and Vic have capacity across a second shift to deliver the planned growth from commercialising solutions throughout a broader range of industry sectors.
- Whilst local recruitment is ongoing, we expect the arrival of a further 15 skilled migrants commencing from March 2024. After an initial structured training program, these employees will increase capacity utilisation at all facilities on the afternoon shift.
- Further investment in equipment continues to expand capabilities across all facilities to support local customer needs.
- With focused business development, the right mix of work and skilled operators on day and afternoon shifts at our NSW, Qld, SA, and Victorian facilities, LaserBond has the potential for an additional \$40 million in revenue per annum from our existing surface engineering capabilities.^[1] The planned Western Australian & International facilities will provide capacity over and above this.

1. Based on internal analysis




TECHNOLOGY DIVISION



LaserBond has considered the best use of current resources to take advantage of opportunities that will provide the most returns in the near future.

This is based on our knowledge of the potential market, the current interest in laser cladding technology, and the needs to support this interest.

- Globally, there is an increasing awareness of laser cladding, including interest in and knowledge of the benefits gained. Our licensing to date has generally delivered bespoke solutions for particular applications but has been inefficient in reaching a broader volume of licensees. To take full advantage of the growing market, we need core equipment designs that are more cost-effective, with short lead-time manufacture.
- Further, we currently have eight LaserBond® cladding cells internally, plus future needs to support expansion to Western Australia and North America. Several of these cells have been in operation for many years. To support LaserBond's growth plans, all cells must continue to be efficient and routinely upgraded to meet the growing technological enhancements.
- Based on these points, the short-term objectives for our Projects Team will be:
 - Design, build and maintain laser cladding cells for LaserBond's internal use as the business expands and
 - Develop a small range of core designs that will be built effectively within a short lead time.
- For 2H24, LaserBond will focus on delivering and supporting all existing licensees with limited proactive business development activities for the Technology Division.



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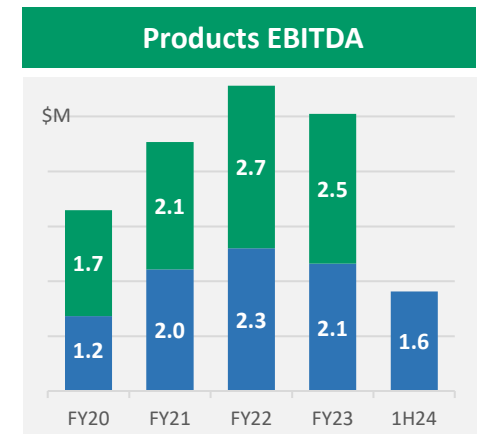
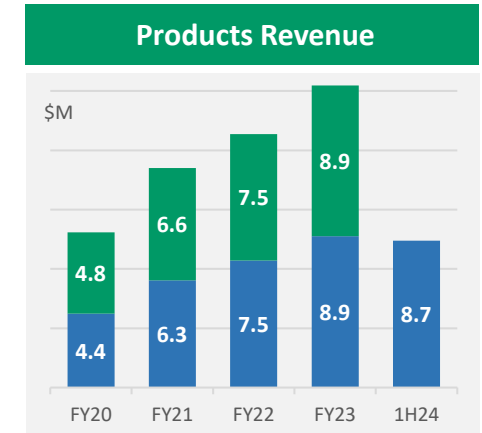
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PRODUCTS DIVISION OVERVIEW

➤ ***The Products division reported a 3% decline in revenue against the previous corresponding period, based on a supplier change forced on the Company for a critical component for products manufactured under our OEM brands.***

- 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.
- A critical customer appointed supplier of raw components closed their business during the half. The timing in sourcing and approving a new supplier was in the control of our OEM customer. Delays on their side created the inability to fulfil many orders before the end of December.
- It has been estimated that approx. \$2 million of additional revenue may have been able to be recognised if this supplier change did not occur.
- With raw component supply consistent since December, we are working through the backlog of orders and any continuing new orders. Current capacity constraints will be managed based on the applications in place for a further 15 skilled migrants, expected to start arriving from March 24.
- Subsequently, based on increased overheads that were planned to support our strategic roadmap to FY25 and beyond, this division reported a drop in EBITDA to \$1.63 million for 1H24, compared to \$2.09 million on p.c.p.

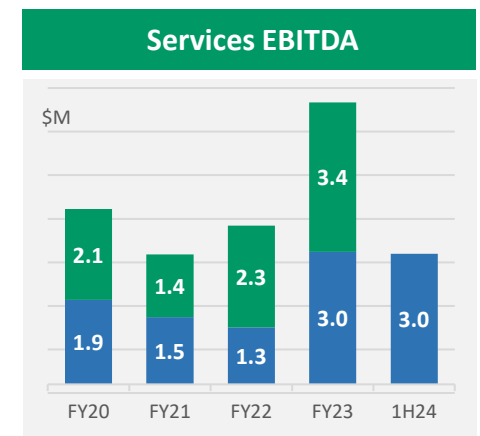
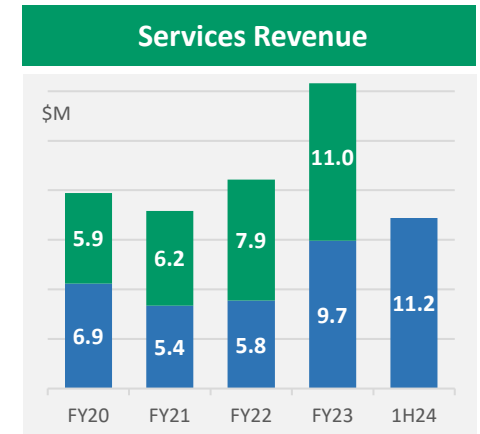


SERVICES DIVISION OVERVIEW

The Services division reported a 15.4% increase in revenue against the previous corresponding period.

This division, over the last five half-year periods, has reported a compound annual growth rate for revenue of 12.9%.

- 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.
- Gross profitability maintained, reporting 55.8% in 1H24, compared to 55.6% in 1H23.
- Group overheads, where they are not directly related to a specific segment, are shared amongst the Products and Services division based on the percentage of revenue reported.
- With Products revenue down, due to the supplier change reported, a higher percentage of the overheads is subsequently allocated to this division.
- This increase in overheads was as planned to support our strategic roadmap to reach \$60 million in revenue in FY25 and further growth beyond.
- Services demand will continue to grow as capabilities and capacity are increased with additional equipment and human resources, and as the focused business development activities come to fruition.





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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 innovation to meet specific customer and industry 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 LaserBond branded products
- Request by global customers to expand to North America to more completely support local wear problems. This request validates LaserBond as at the forefront of the surface engineering industry globally.



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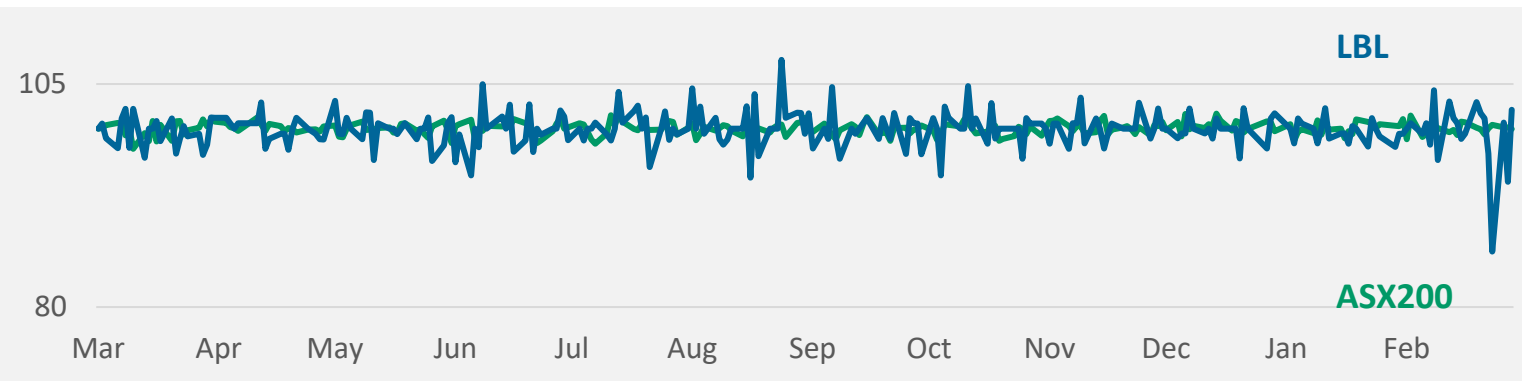
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LASERBOND SNAPSHOT

LBL SHARE PRICE INDEX MOVEMENT VS ASX200

* 01 Mar 2023 = 100



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

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MARKET INFORMATION *

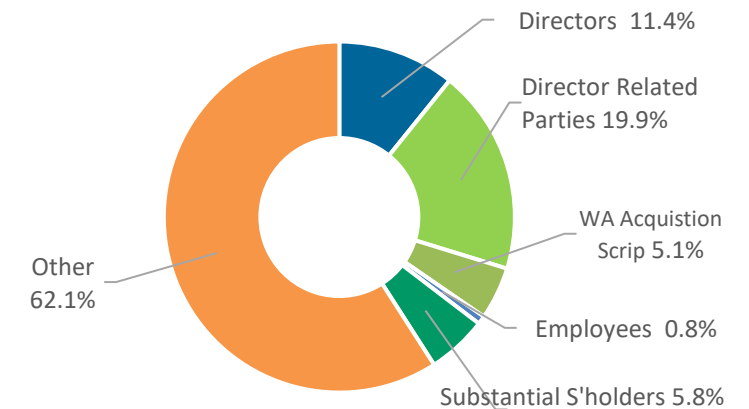
Shares on Issue	116,289,032
Options on Issue	0
Market Cap	\$81.4M
52-Wk High	\$0.935
52-Wk Low	\$0.685
AV Volume	79,126

* Information current as at close of business on 05/03/2024

COMPANY INFORMATION

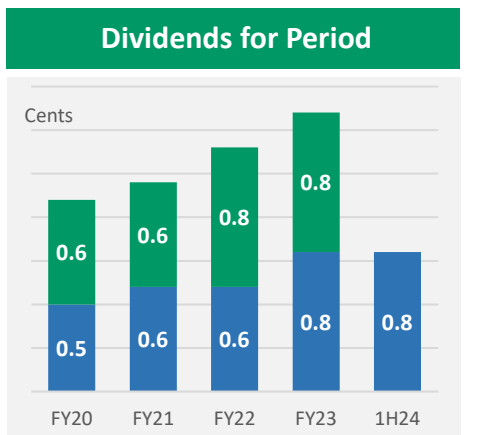
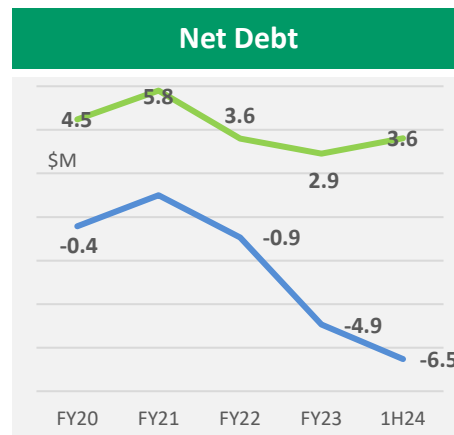
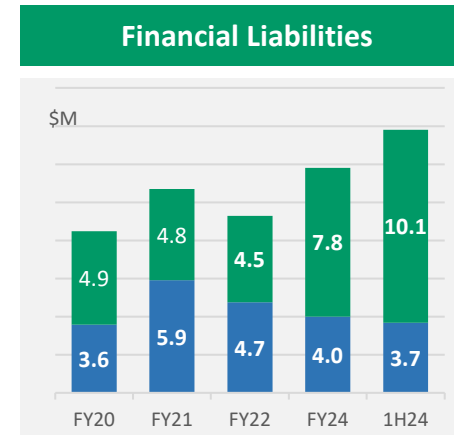
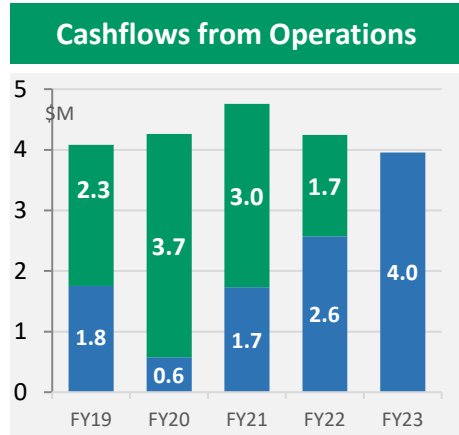
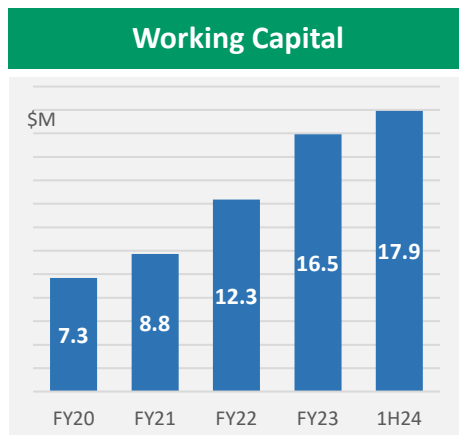
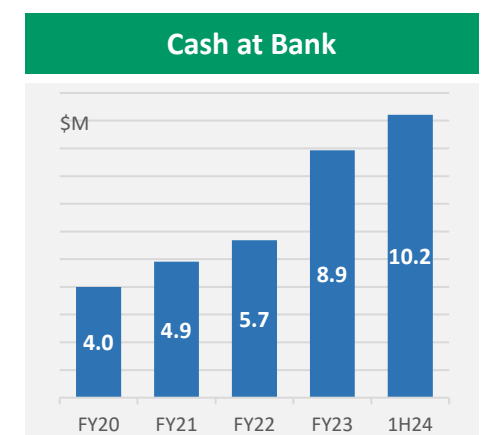
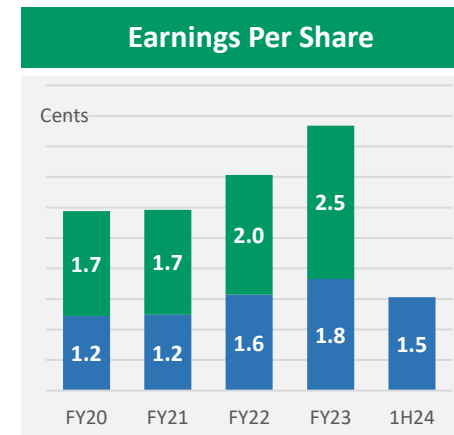
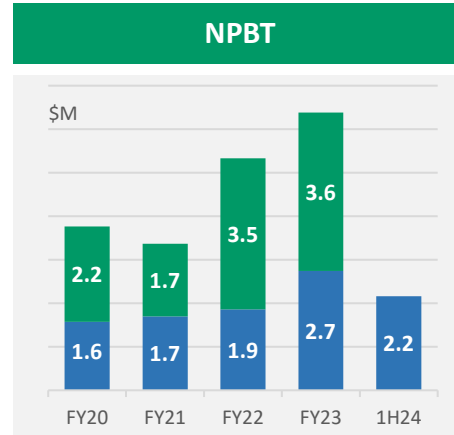
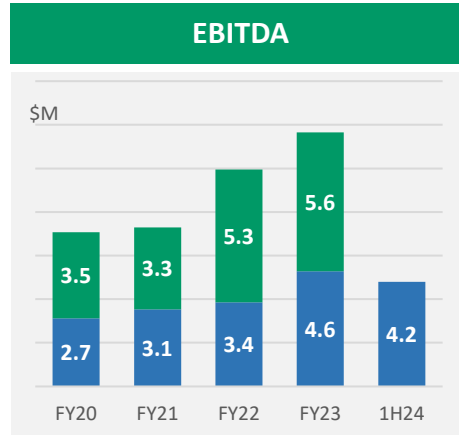
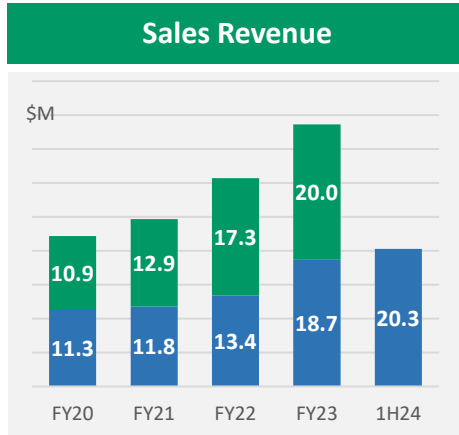
Incorporation	30/09/1992
IPO	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane, Perth
No of staff	142

SHARE REGISTER COMPOSITION *



1H24 PERFORMANCE SUMMARY

2H 1H



HP & finance leases
Facility lease liabilities

Total net debt
Net debt ex facility lease liabilities

FIVE HALF YEAR EARNINGS

A\$000	1H19	1H20	1H21	1H22	1H23	1H24
Sales Revenue	10,490	11,255	11,798	13,378	18,652	20,283
Gross profit	4,955	5,586	5,989	7,263	9,656	10,579
Operating Expenses	(2,886)	(2,839)	(2,893)	(3,895)	(5,038)	(6,602)
EDITDA	2,069	2,747	3,096	3,368	4,618	4,198
D&A	(379)	(956)	(1,175)	(1,287)	(1,612)	(1,702)
EBIT	1,690	1,791	1,921	2,081	3,006	2,496
Interest	(82)	(216)	(223)	(218)	(266)	(336)
NPBT	1,608	1,575	1,698	1,863	2,740	2,160
NPAT	1,180	1,156	1,188	1,522	2,000	1,689
Dividend	0.4 cents	0.5 cents	0.6 cents	0.6 cents	0.8 cents	0.8 cents
EPS	1.25 cents	1.22 cents	1.24 cents	1.57 cents	1.24 cents	1.830 cents

FIVE-YEAR BALANCE SHEET/CASH FLOW

A\$000	2019	2020	2021	2022	2023	1H24
Cash & Equivalents	2,192.5	3,997.7	4,907.9	5,683.8	8,929.2	10,207
Current assets	10,135.7	11,843.7	14,929.1	21,047.3	25,715.3	26,606
Non-current assets	6,265.5	11,759.7	14,601.8	23,455.8	26,117.2	28,066
Total assets	16,401.2	23,603.4	29,530.9	44,503.1	51,832.5	54,672
Current liabilities	4,064.3	4,586.8	6,141.2	8,774.7	9,263.8	8,671
Non-current liabilities	2,276.7	6,780.4	9,128.0	8,220.3	11,498.1	13,883
Total liabilities	6,341.0	11,367.2	15,269.2	16,995.0	20,761.9	22,554
Net assets	10,060.2	12,236.2	14,261.7	27,508.1	31,070.6	32,118
Cash from operations	4,081.0	4,260.0	4,756.9	4,243.8	7,704.3	3,485
Cash from investing	(3,455.4)	(594.0)	(1,265.5)	(10,861.3)	(1,327.4)	(658)
Cash from financing	187.9	(1,860.8)	2,581.2	7,393.5	(3,131.5)	(1,550)
Net cash flow	813.5	1,805.1	910.2	776.0	3,245.4	1,277

CONCRETE SLIPFORM AUGER PRODUCTIVITY IMPROVED

➤ ***Customer Testimonial: 'LaserBond® cladding offered a better than new replacement part at a fraction of the cost. Our productivity increased by 25%.***

Problem

Concrete slip-forming machines allow continuous in-suit pouring of concrete, such as on kerbing and roadside barriers. The feed auger continuously elevates the wet concrete into the mould. The concrete is very abrasive and wears the feed auger aggressively. In an attempt to extend life, operators apply hardfacing. However, this wears quickly. Every shutdown for reclamation means lost productivity and high maintenance costs.



Solution

A high wear-resistant material was applied, based on the wet, corrosive and abrasive operating environment. This enabled the auger screw to maintain its diameter many times longer than both the hard-faced and uncoated (and unprotected) OEM parts. LaserBond's laser cladding process has increased the life and reduced the down time required to perform conventional hard-facing repairs.



SUSTAINABLE SOLUTIONS

Results demonstrate that LaserBond® cladding prolongs wear-life significantly, providing key benefits such as:

- **Greater productivity**
- **Fewer maintenance shuts**
- **Lower operating costs compared to purchasing new**
- **Lower risk of unplanned maintenance events**
- **A smaller carbon footprint through fewer replacements.**

Problem

When rail components no longer comply with strict dimensional and safety regulations, they are deemed no longer usable. The items are scrapped, impacting the environment and the rail sector financially.



Solution

LaserBond's surface engineering capabilities can be used to repair and refurbish these components without adversely affecting the integrity of the base materials. Further, our solutions extend wear life and performance.



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