



LASERBOND[®]



PRODUCTIVITY | INNOVATION | CONSERVATION

Investor Presentation

Wayne Hooper, CEO
Matthew Twist, CFO

September 2024

ASX: LBL



LASERBOND[®]



Business Overview

Strategy

Segment
Performance

Investment
Rationale

Appendices

BUSINESS OVERVIEW



A market-leading specialist surface engineering business that develops and applies sophisticated technologies to increase wear life on capital-intensive machinery across the spectrum of heavy industry.

Our products and services increase productivity while reducing cost and environmental impact.



SAFETY & SUSTAINABILITY

As a business that operates in industrial markets, LaserBond embraces 'safety first' culture and understands its impact on the environment.

Additionally, LaserBond is in the enviable position of offering its customers that deliver cost benefits, greater efficiency and, not least, reductions in the environmental impact of their businesses.

Safety

- Risks exist from exposure to heavy machinery and moving equipment, among others.
- Our 'safety first' 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.

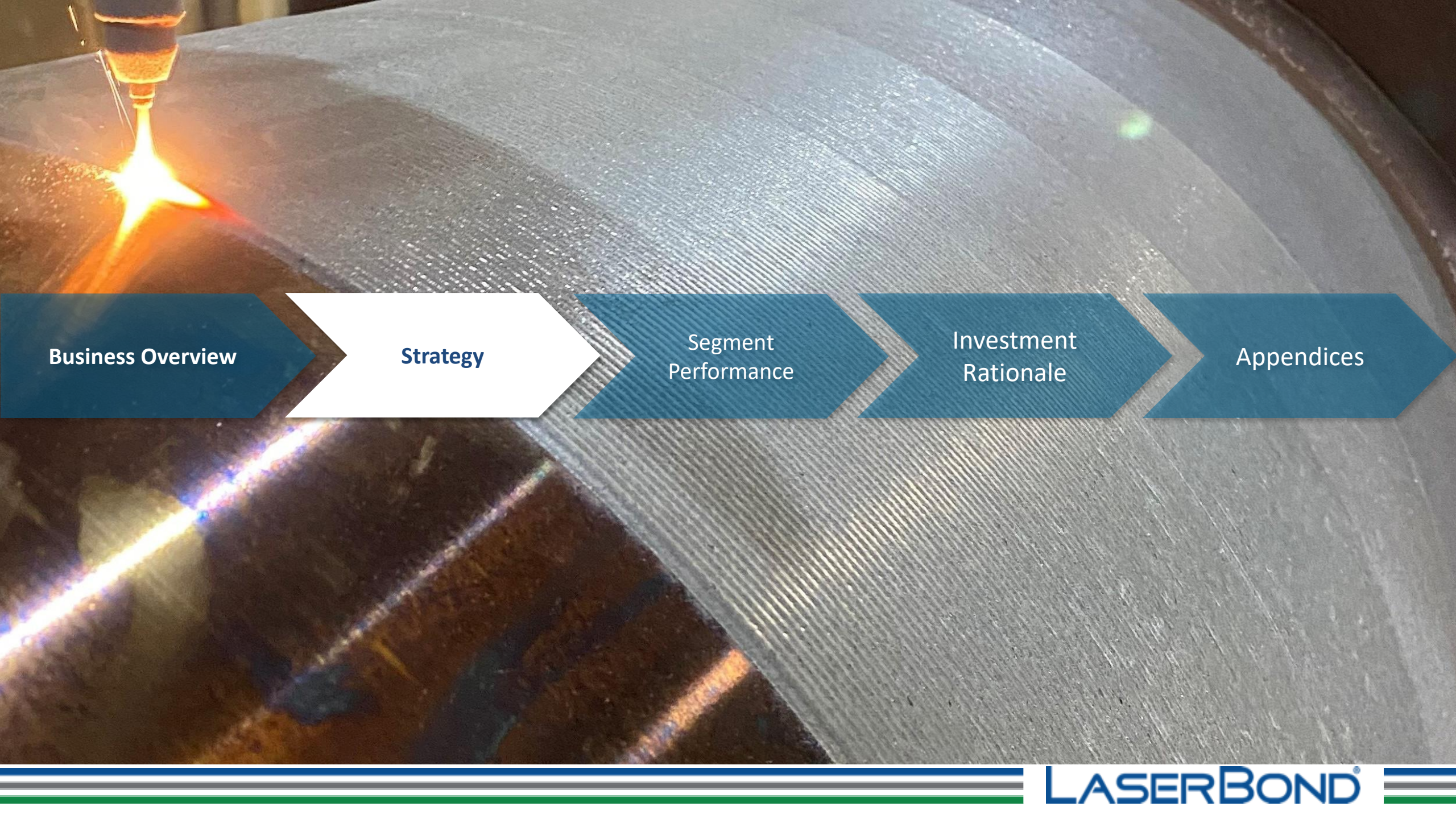
Sustainability

- 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 always work safely.





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STRATEGIC PILLARS

1

Push existing and new products into new domestic and offshore markets



1 | Geographic expansion

VISION

To be a global leader in the research, design and implementation of advanced surface engineering technologies and innovations that tangibly reduce unit operating costs, and impact on the environment, by extending the wear and operational life of production - vital equipment.

MISSION

To optimise the capacity and capability of our facilities and staff to deliver innovative services and products and build on our core competency of surface engineering to diversify and grow our business.

VALUES



Zero Harm



Respect



Inclusion



Pride



Innovation

4 | Technology Licensing

Invest in people and equipment to improve margins and build productivity



2

2 | Capacity and Capability

FOCUS: GROWTH AND INNOVATION

The opportunities in front of LaserBond are substantial and exciting, and there is much vital activity in preparing and progressing our strategic objectives to capture the value they offer.

Our strategy is designed to guide the expansion into global markets and retain the culture of innovation to support our continued market-leading position to deliver ongoing growth.

3

Innovate, build R&D capability and stay ahead of the market



3 | Innovation

Build a suite of technologies for sale under long-tailed licensing arrangements



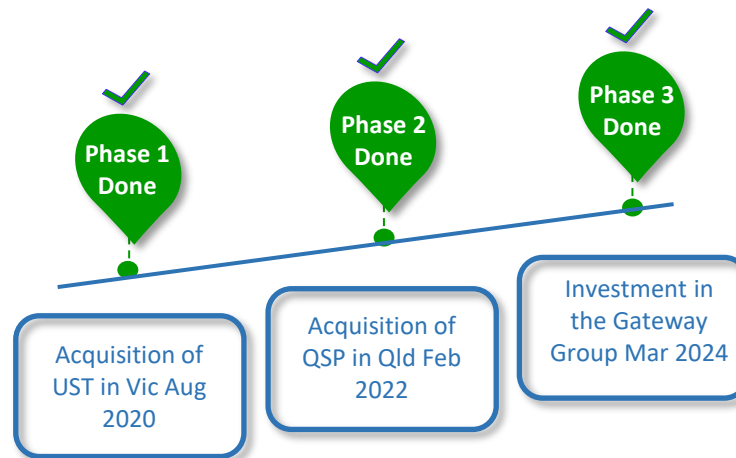
4

NATIONAL EXPANSION

Our most recent deal in Western Australia has been a long time in the making and marks a significant milestone for us. By combining our \$40 million with theirs, we've effectively doubled the size of our business to \$80 million.

Due to our initial 40% holding, this won't immediately reflect in the statutory accounts, however, our strategy is to gain full control as per LaserBond's rights within the sale agreement.

- A core tenet of our growth strategy has been to make our services and technology more accessible for customers, thereby increasing efficiency and reducing costs, lead times, and customer downtime.
- This strategy necessitated a national expansion plan, initially targeting Victoria, Queensland and Western Australia. Our next steps nationally are to:
 - Introduce surface engineering services to Western Australia in Q3FY25, including LaserBond's proprietary laser cladding technology.
 - Move to larger facilities in Queensland in FY26 to increase capability utilisation across multiple shifts and better serve local customer needs.
- Increase our ownership of Gateway to 51% in March 2027.



Our attention has moved to our international expansion plan, commencing in North America.



LASERBOND

INVESTMENT IN THE GATEWAY GROUP, PERTH WA

Why Western Australia?

- Everything wears, causing production inefficiencies, and ultimately cost to industry. The greater the impact of wear, the more significant LaserBond's applications can have for our customers.
- Heavy industry suffers from wear, and Western Australia has always been an ideal location for LaserBond's service division expansion.
- WA's heavy industry includes mining, alumina, fertiliser, grain, nickel, oil & gas, and heavy transport to name a few.

Why the Gateway Group?

- Firmly founded in large WA industrial markets, with a strong industry network consistent with LaserBond's customer profile.
- Excellent management team with a track record of delivering strong growth.
- They offer customers refurbished components such as hydraulic cylinders, powertrain components, undercarriage parts, front attachments and hydraulics pumps & valves.
- Our technologies enhance Gateway's offerings by allowing reclamation & extending the wear-life of these refurbished components.
- Our technologies in WA provide a local facility to support additional industry sectors not supplied by Gateway.

Ownership, Rights & Options

- LBL gained 40% ownership of Gateway in March 2024.
- LBL has the right to 51% ownership in March 2027, at the same multiple of 4.5 times EBITDA as the original purchase consideration.
- The original Gateway shareholders have an option to sell their shares to LBL at any time and any volume at the same 4.5 times EBITDA multiple.

Equity Accounting

As per international accounting standard, control is deemed to occur at greater than 50% of the voting power. With currently 40% voting power, we must equity account for our investment.

This means LBL reports, as other income on the face of our income statement, only our 40% share of Gateway's net profits after tax.

Impact on Company Tax Rate

As per the Australian Taxation Act, direct control is deemed to occur with at least 40% of the voting power. Therefore, as per the current aggregated turnover rules, both LBL and Gateway must apply the 30% tax rate as of FY2024.

INTERNATIONAL EXPANSION

The discovery process, supported by the buy-side Advisory Firm in North America, has progressed. Further activity on the ground in the US has strengthened the understanding of the opportunities (and risks) for LaserBond.

- On successful expansion to North America with the necessary local capabilities, including management, skilled staff and capacity to support growth in the right location in FY25, the phases of our international growth strategy are:

Phase 1: Product Manufacturing

As a local supplier of our products, we can offer dramatically reduced lead times and freight costs.

- LaserBond Steel Mills Rolls: We are the preferred supplier for this product across 17 mini-mills, with opportunities across 58 more mills.
- LaserBond Rotary Feeders
- Pump Industry Products: circa 25% of the market in North America for our existing products.
- Product development in a range of large industries.

Phase 2: Reclamation Services

As a local provider of our reclamation services, there is great opportunity, leveraging success to date in many industries, including:

- Agriculture, Aircraft & Aerospace, Biomass, Green Energy, Heavy Industry, OEM & Tier 1 Reman, Mold & Die, Oil & Gas, and Water (Clean & Waste)

Phase 3: Extend Reach

Throughout North America providing products and reclamation services to similar industries.

IMPROVING CAPACITY & CAPABILITY UTILISATION

FY25 OBJECTIVE:

Deliver continued organic growth through the development of quick response teams, through training and modular technology systems, to minimise lead-times for critical customers whilst maximising capacity utilisation across all sites and ensuring quality is not sacrificed.

- Each customer's requirements are not unique. They require quick turnaround to support their equipment being in service and productive for as long as possible. For Services Division work, many will choose the shortest lead time option over the superior solutions LaserBond offers if it means they can get equipment back into service more rapidly.
- Nationally, there remains a great opportunity for continued organic growth by driving improvement in operational performance to deliver consistently low lead times.
- During FY24, we made significant investments in capacity in equipment and skilled operators at each site, to allow multi-shift operation and greater ability to meet local customers' needs without delays associated with interstate transport.
- A key strategy for FY25 is to develop 'Quick Response Teams (QRT)'. The intent is to consistently provide radically reduced lead times for particular customers and applications. The first steps will be as follows.

Phase 1: Finalise the QRT Scope

During Q1FY25:

- Introduce the QRT with major customers that have regular wearing components.
- Finalise the functional second shift at our Queensland facility.

Phase 2: Prove the QRT Concept & Roll Out

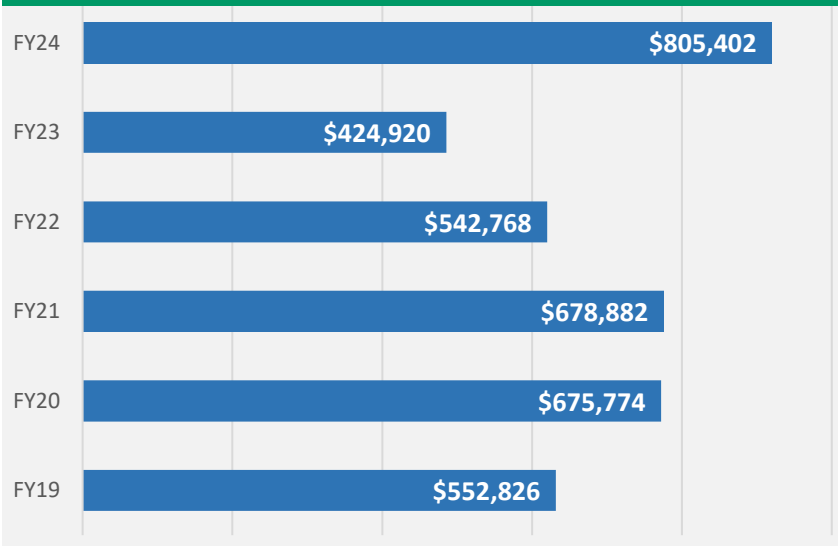
During Q2FY25:

- Fine-tune the QRT operations at our Queensland facility.
- Plan for the roll-out across all sites.

INNOVATION

➤ ***Our investment in the development of new technologies to address market gaps and anticipate market demand has resulted in a significant and sustained competitive advantage.***

R&D Investment



- 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].
- A key feature of our research and development practices is to minimise the impact of industrial operations on the environment through significantly increased wear-life, lower maintenance requirements, and reduced reliance on critical resources such as energy and water.
- Throughout FY24, we increased our focus on innovation, almost doubling our investment in R&D compared to FY23.
- As the business has grown, our existing sales team members have experienced reduced capacity to provide time to develop new business across many industries, nationally and internationally, with developed solutions.
- Our new technical product management and business development team with support from our growing R&D team, is solely focused on promoting our ever-growing solutions to the 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.

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

TECHNOLOGY

FY24 Strategic Refocus:

Our licensing has generally delivered bespoke solutions for specific applications that have been ineffective in reaching a broader volume of licensees.

To fully take advantage of the growing market, we needed core cost-effective equipment designs with short lead times for manufacture.

- After reviewing our technology division licensing performance to date versus the significant opportunity for LaserBond, it was agreed that we need to better respond to market demand by offering a small range of standardised modular LaserBond cladding cells, produced cost-effectively in a short lead-time.
- During 2HFY24, the design was completed on three modular laser cladding cells.
- Over the past 20 years, eight internal LaserBond® cladding cells have been designed and commissioned, playing a crucial role in supporting LaserBond's growth. These cells will be optimised and upgraded, ensuring they remain highly efficient and ready to meet future growth demands.
- For FY25, LaserBond will:
 - deliver our first modular laser cladding cell for the Gateway Group in Perth;
 - finalise the change of scope for our North American licensee to achieve factory acceptance;
 - Standardise all programming for all iterations of existing internal cladding cells;
 - Prioritise and plan internal cladding cell upgrades to meet the technological enhancements; and
 - Recommence proactive business development for licensees using our modular cladding cell designs.

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graph LR; A[Business Overview] --> B[Strategy]; B --> C[Financial Performance]; C --> D[Investment Rationale]; D --> E[Appendices];
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Business Overview

Strategy

**Financial
Performance**

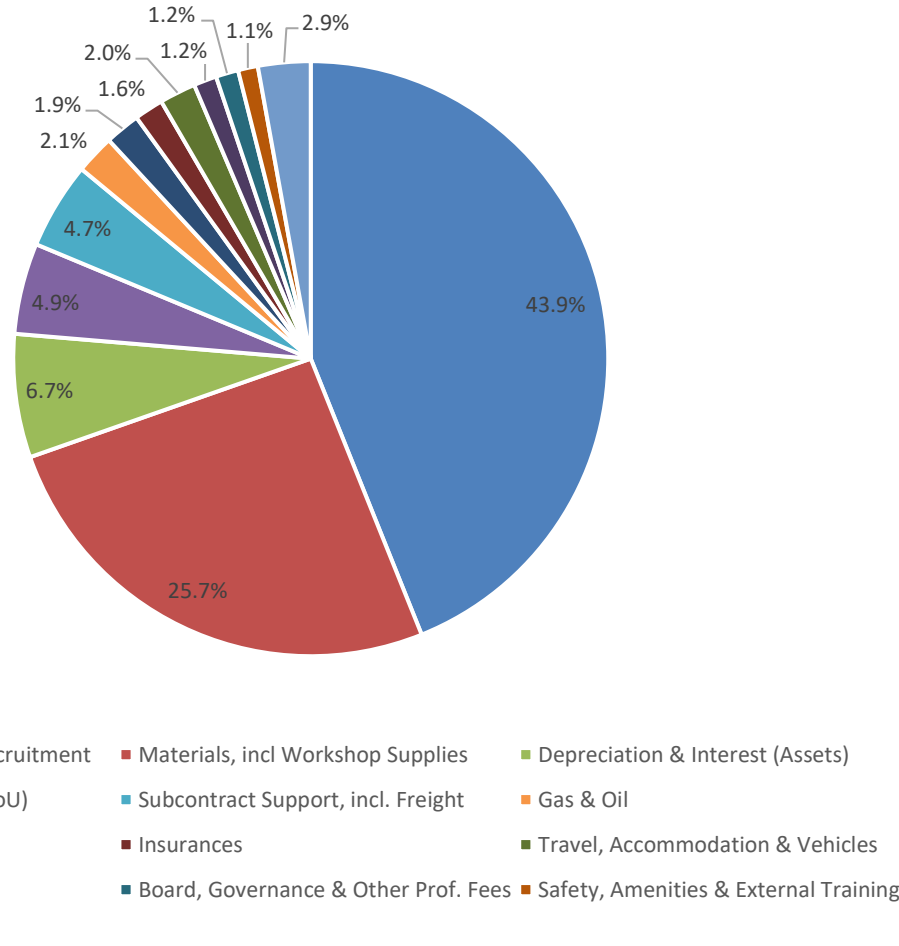
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FY24: A YEAR OF INVESTMENT

To achieve our future growth plans, LaserBond's remains focused on appropriate investment in resources:

- **Equipment to grow our capabilities across all facilities and**
- **People to continue to utilise more of the existing capacity across multiple shifts and manage the process of achieving this growth.**



For FY24, 81% of total costs were related to:

- 43.9% People (Wages & related on-costs) (FY23:41.9%)
- 25.7% Materials & General Supplies to manufacture our products or provide reclamation services (FY23: 26.9%)
- 11.6% Capacity & Capabilities (Depreciation & Interest) to provide the equipment or facilities to support our customers. (FY23:12.1%)

FY24: A YEAR OF INVESTMENT

Net expenses in FY24 grew to \$37.14 million ^[1] (FY23: \$32.25 million)

This represents a \$4.9 million (15.2%) planned increase, of which \$4.1 million related to People, Materials and Capabilities.

1. Ignoring Income from Associates (and related acquisition costs)

People

- Our business is run by our people, who instigate innovation, drive processes and productivity, and providing capacity to deliver growth.
- For FY24, our Wages & on-costs grew by \$2.6 million to \$15.3 million.
- This investment included maintaining appropriate market rates and investing in additional resources to lead and support functions to achieve strategic success and to utilise existing capacity.
- The recruitment and onboarding skilled migrants requires a major investment.

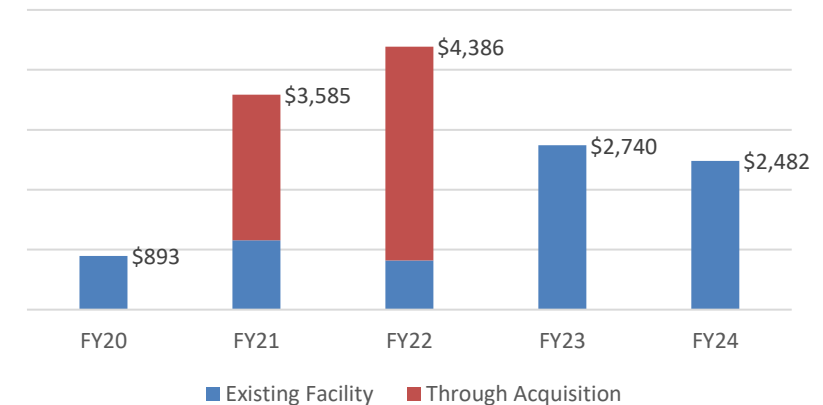
Materials & General Supplies

- Raw materials, and general workshop supplies to support the running of equipment, are necessary to provide our solutions to our customers.
- For FY24, these costs totalled 25.7% of our total costs, a 9.9% increase on FY23.
- However, this increase is directly related to the increase in revenue reported.
- These costs were reduced by 4.5% (as a % of revenue).
- This is through ongoing efforts to maintain a supply of materials at the lowest cost and the highest quality.

Capabilities & Capacity

- Our equipment and the facilities to utilise this equipment provide the necessary capabilities (and capacity) to support our customers' needs locally.
- For FY24, our depreciation and interest expenses grew by \$0.4 million

Fixed Asset Capex ('000's)

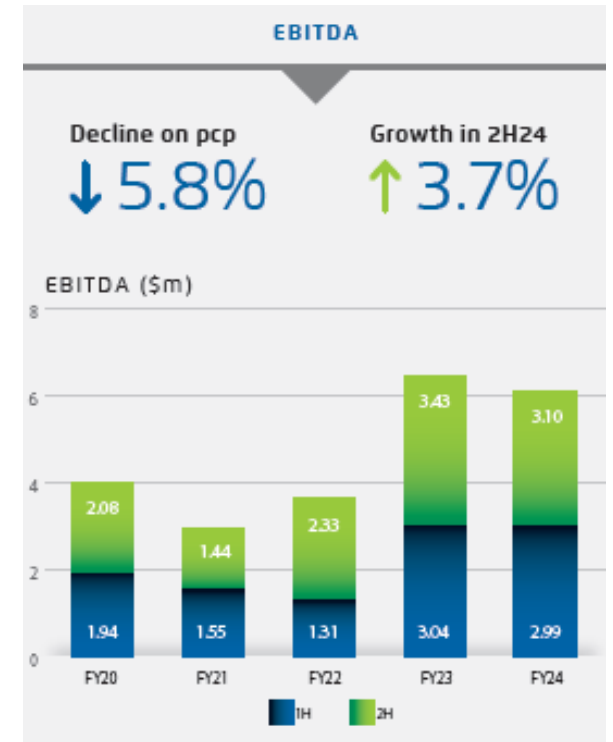


SERVICES SEGMENT



- 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.
- With a renewed focus on business development, we reported growth on the previous corresponding period in:
 - Smeaton Grange, NSW – 13.9%
 - Bethania, Qld – 17.6%
 - Cavan, SA – 54.3%
- Some of this growth has occurred from recently introduced applications, such as E-Clad, which reported a doubling of revenue in FY24.
- Our Victorian facility maintained services division revenue on p.c.p. with growth expectations throughout FY25 based on the commencement of a new technical sales manager to build the local customer base and optimise opportunities throughout Victoria.

Note: The Products and Services division share resources. General overhead costs are proportioned between segments after direct costs are allocated to the segments.



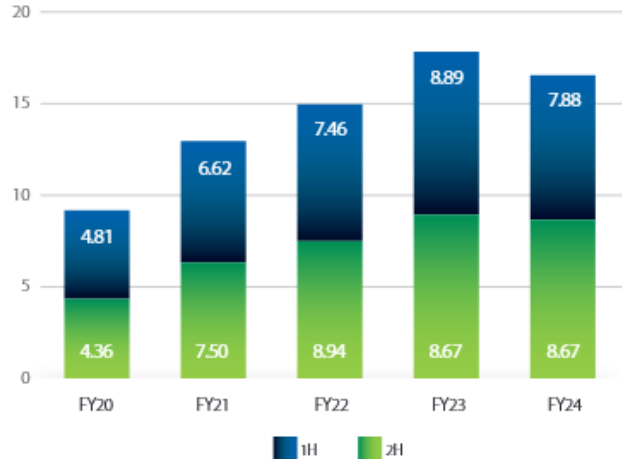
PRODUCTS SEGMENT

REVENUE

Decline on pcp
↓ 7.2%

Decline in 2H24
↓ 9.2%

Revenue (\$m)



- Manufactures products incorporating LaserBond® cladding applications, such as steel mill rolls, rotary feeders, and OEM consumables used across a wide range of industries.
- Our December 23 half-year report advised there was an estimated \$2 million of additional revenue that may have been recognised if a critical customer appointed supplier had not closed their business. In the December 23 quarter we had the capacity and the orders, but not the raw materials.
- In the March 24 quarter, we had the orders and the raw materials but struggled with capacity, primarily due to the skilled migrant workers who were delayed arriving from mid-June 24.
- At the same time, this OEM upgraded its ERP software, which delayed the flow of orders.
- Our OEM's forecasts suggest a return to normal ordering levels comparable to the December 2023 calendar year.
- Our international expansion plans will accelerate the growth of the Products Division through reduced lead times and freight costs.

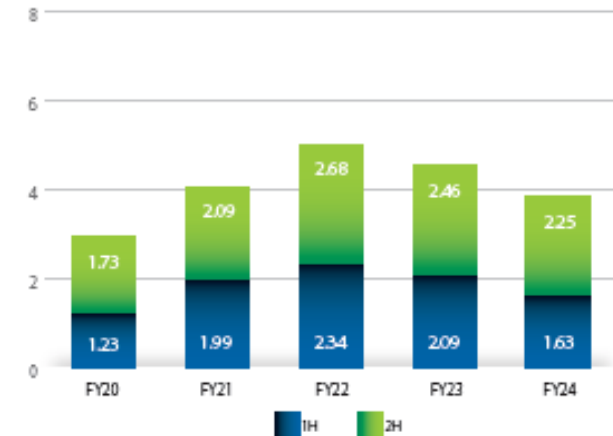
Note: The Products and Services division share resources. General overhead costs are proportioned between segments after direct costs are allocated to the segments.

EBITDA

Decline on pcp
↓ 14.6%

Growth in 2H24
↑ 38.0%

EBITDA (\$m)





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INVESTMENT RATIONALE

A compelling investment opportunity with innovative technology, a commitment to sustainability, growth potential and strong leadership.

We are well-positioned to capitalise on expanding markets and industry demand while delivering value to shareholders through both growth and dividends.

1.

Innovative Technology & Niche Market

- Specialising in surface engineering, used to extend the lifespan of industrial components.
- Our technology is crucial in industries where equipment durability is paramount.
- We have developed our proprietary technology, applications and process, resulting in a significant and sustained competitive advantage.
- Our collaborations with leading research institutions support the ability to remain at the forefront of the surface engineering industry.

2.

Environmental Benefits

- We understand the impacts on the environment and conscious of our responsibilities in preserving the earth's finite natural resources.
- We are in the enviable position of offering a range of solutions that deliver cost benefits, greater efficiencies and reductions in the environmental impact for our customers.
- The concept of remanufacturing services to extend product life reducing waste is a core business for LaserBond.

3.

Growth Potential

- We are focused on expanding operations beyond our national footprint.
- Geographic expansion internationally will provide significant growth potential, driven by both customer and industry demand for LaserBond's proprietary technology and applications.
- Industry diversification will reduce any existing customer or industry dependencies, opening new revenue streams for our products and services.

4.

Visionary Leadership

- The leadership team have a clear strategic vision focused on innovation, market expansion and sustainability.
- A focus on sustainability not only aligns global trends, but also enhances our appeal to environmentally conscious customers.
- Existing leadership experience has been key in driving the growth and strategic direction.
- Recent additions to the team signals a new phase of growth, providing fresh perspectives, innovative ideas and renewed energy.



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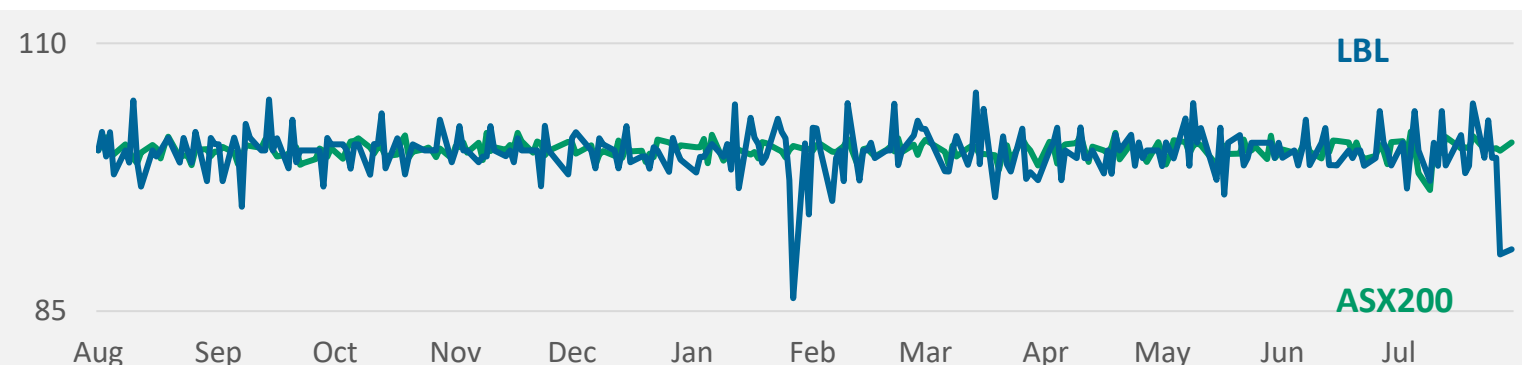
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LASERBOND SNAPSHOT

LBL SHARE PRICE INDEX MOVEMENT VS ASX200

* 28 Aug 2023 = 100



COMPANY INFORMATION

Incorporation	30/09/1992
IPO	17/12/2007
Offices/sites	Sydney, Melbourne, Adelaide, Brisbane, Perth
No of staff	155*

DIRECTORS AND EXECUTIVES

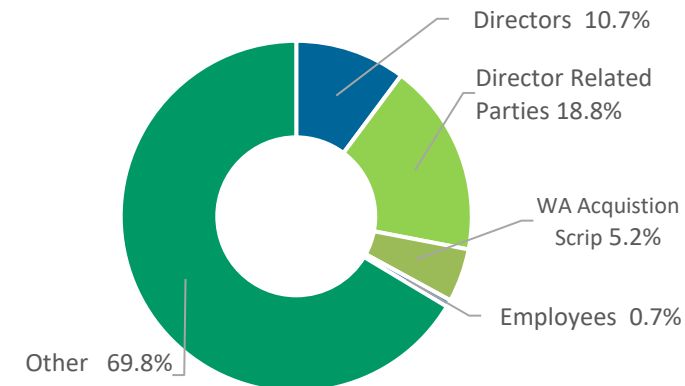
Mr Philip Suriano	Non-Executive Chairman
Mr Ian Neal	Non-Executive Director
Ms Dagmar Parsons	Non-Executive Director
Mr Wayne Hooper	CEO & Executive Director
Mr Matthew Twist	CFO & Executive Director

MARKET INFORMATION *

Shares on Issue	116,756,333
Options on Issue	0
Market Cap	\$68.9M
52-Wk High	\$0.915
52-Wk Low	\$0.575
AV Volume	98,984

* Information current as at close of business on 26/08/2024

SHARE REGISTER COMPOSITION *

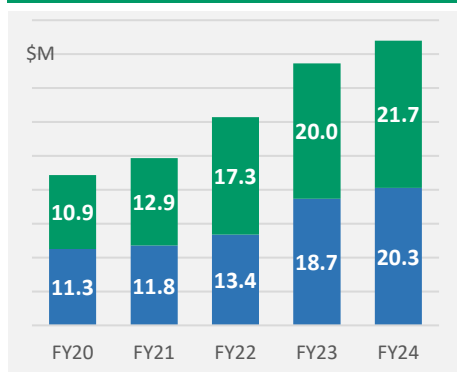


LASERBOND

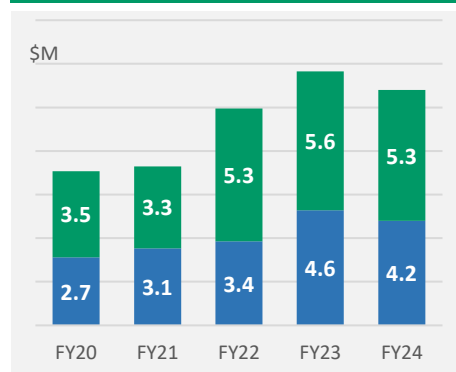
FY24 PERFORMANCE SUMMARY

2H 1H

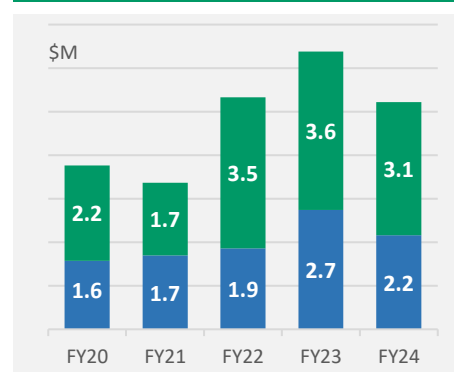
Sales Revenue



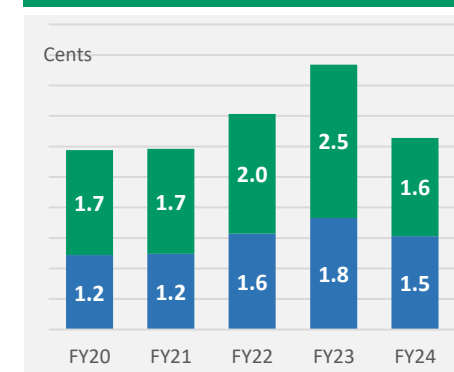
EBITDA



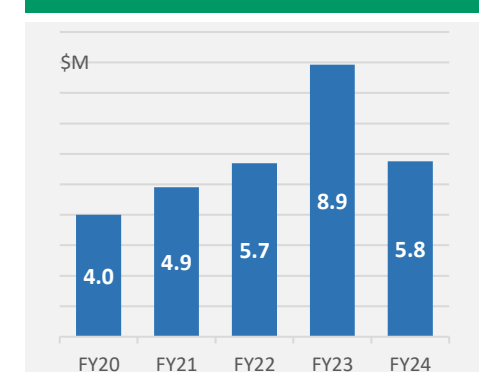
NPBT



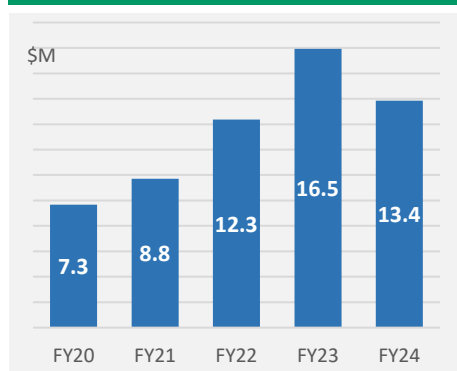
Earnings Per Share



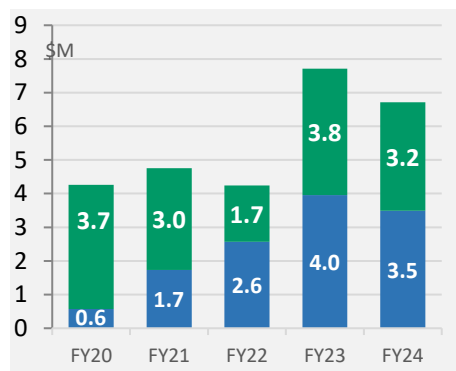
Cash on Hand



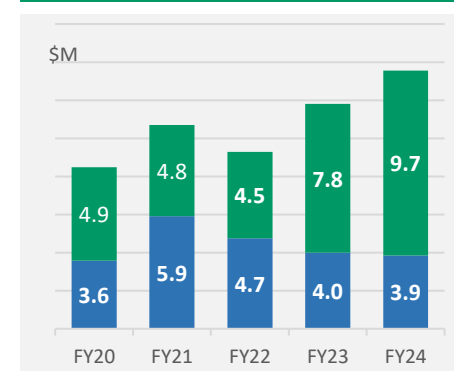
Working Capital



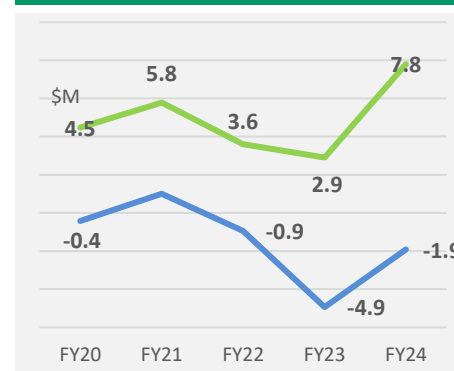
Cashflows from Operations



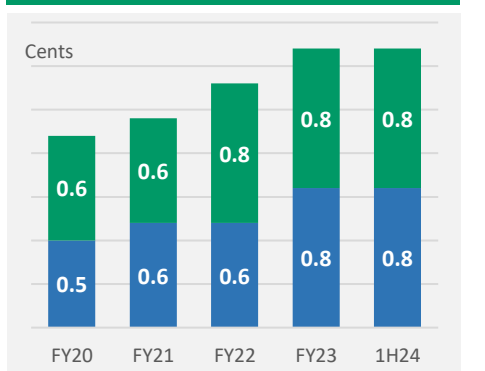
Financial Liabilities



Net Debt



Dividends for Period



■ HP & finance leases
■ Facility lease liabilities
— Total net debt
— Net debt ex facility lease liabilities



FIVE YEAR EARNINGS

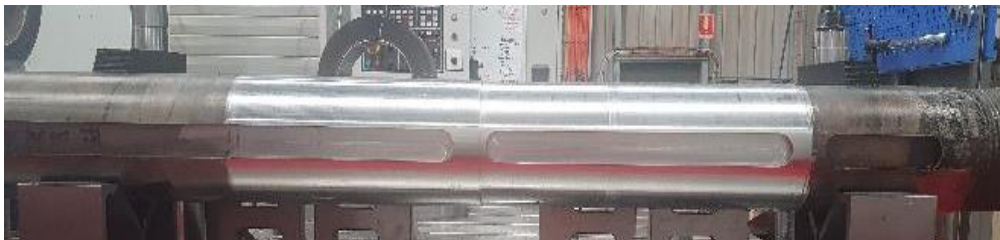
A\$000	2020	2021	2022	2023	2024
Sales Revenue	22,177.3	24,664.5	30,711.1	38,612.4	41,983.6
Gross profit	11,522.8	12,588.0	16,701.2	20,463.0	21,642.0
Operating Expenses	(5,335.3)	(6,214.3)	(8,024.8)	(10,266.1)	(12,192.1)
EDITDA	6,187.5	6,373.7	8,676.4	10,196.9	9,449.7
D&A	(1,981.6)	(2,554.8)	(2,902.2)	(3,267.6)	(3,463.9)
EBIT	4,205.9	3,828.6	5,774.2	6,929.3	5,985.8
Interest	(440.9)	(464.0)	(442.8)	(562.2)	(770.7)
NPBT	3,765.0	3,364.9	5,331.4	6,367.1	5,215.1
NPAT	2,805.1	2,838.1	3,628.8	4,758.5	3,522.8
Dividends for Period	1.10 cents	1.20 cents	1.40 cents	1.60 cents	1.60 cents
EPS	2.940 cents	2.955 cents	3.531 cents	4.341 cents	3.138 cents

FIVE YEAR BALANCE SHEET / CASH FLOWS

A\$000	2020	2021	2022	2023	2024
Cash & Equivalents	3,997.7	4,907.9	5,683.8	8,929.2	5,759.1
Current assets	11,843.7	14,929.1	22,367.7	25,715.3	22,237.0
Non-current assets	11,759.7	14,601.8	23,455.8	26,117.2	38,429.0
Total assets	23,603.4	29,530.9	45,823.5	51,832.5	60,666.0
Current liabilities	4,586.8	6,141.2	8,664.7	9,263.8	8,846.8
Non-current liabilities	6,780.4	9,128.0	8,220.3	11,498.1	13,383.7
Total liabilities	11,367.2	15,269.2	16,885.0	20,761.9	22,230.5
Net assets	12,236.2	14,261.7	28,938.5	31,070.6	38,435.5
Cash flow from operations	4,260.0	4,756.9	4,243.8	7,704.3	6,705.1
Cash flow from investing	(594.0)	(1,265.5)	(10,861.3)	(1,327.4)	(5,782.8)
Cash flow from financing	(1,860.8)	(2,581.2)	7,373.6	(3,131.5)	(4,092.4)
Net cash flow	1,805.1	910.2	776.0	3,245.4	(3,170.1)

BEFORE & AFTER SHOWCASE

SEED CRUSHING SHAFT (FOOD INDUSTRY)



WEAR PADS (MINING)



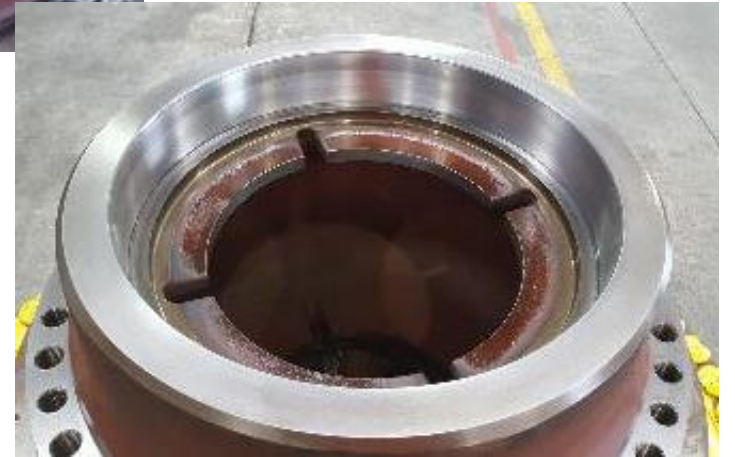
LASERBOND®

BEFORE & AFTER SHOWCASE

SPLINES (MINING)



CAST IRON HUBS (HEAVY TRANSPORT)



BEFORE & AFTER SHOWCASE

GEARBOX BORES

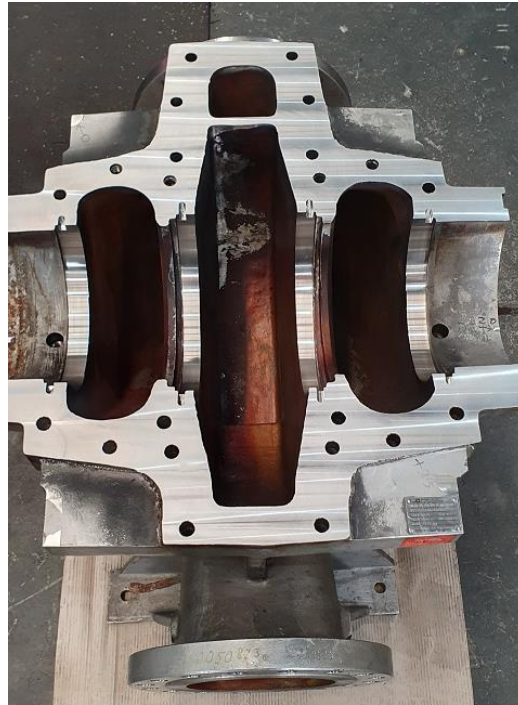


REAMERS & STABILISER (OIL & GAS)



BEFORE & AFTER SHOWCASE

DESALINATION PUMP (WATER)



WHEEL SPLINDLE SPLINE



DISCLAIMER

No responsibility for contents of Investor Presentation

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Further Information:

Wayne Hooper
Chief Executive Officer

Matthew Twist
Chief Financial Officer and
Company Secretary

www.laserbond.com.au
(02) 4631 4500

