



Investor Presentation

August 2019

Disclaimer

The material contained in this presentation sets out general background information

It does not constitute or contain an offer or invitation to subscribe for or purchase any securities nor does it constitute an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for or purchase securities will be entered into on the basis of this presentation.

The information supplied is in summary form and does not purport to be complete. You should neither act nor refrain from acting in reliance on this presentation material. This overview does not purport to contain all information that its recipients may require in order to make an informed assessment of the prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation and when making any decision in relation to this presentation.

The information in this presentation does not take into account the objectives, financial situations or needs of any particular individual. You should consider seeking independent professional advice based on your own objectives.

All statements, other than statements of historical fact, included in this presentation are forward-looking statements. They involve subjective judgement, assumptions and analysis and are subject to significant risks, uncertainties and other factors. Accordingly, there can be no assurance that such statements or expectations will prove to be accurate and actual results and future events may differ materially from those anticipated or described in this presentation. Historic information is not an indication or representation of the future.

To the extent permitted by law, Advanced Braking Technology Ltd and its representative officers, employees, agents and advisers give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this presentation. Further, none of Advanced Braking Technology Ltd and its respective officers, employees, agents and advisers accept, to the extent permitted by law, responsibility for any loss, claim, damages, costs, or expenses arising out of, or in connection with, the information contained in this presentation.

Company Overview

- Headquartered in Perth, Advanced Braking Technology Ltd (ABT) designs, manufactures and distributes braking solutions worldwide
- ABT develops innovative braking solutions for industries that have a strong requirement for safety and environmental responsibility and wish to reduce downtime and increase the efficiency of operations
- ABT currently provides braking solutions to the mining, defence, waste management and civil construction industries with further diversification underway
- ABT is known for its sealed brake technology



Corporate snapshot

Capital Structure

Share Price (as at 12 Aug 2019)	2.3cps
Shares on issue	298m
Unlisted options (ex. 2.5c, exp. 06/22)	5m
Convertible Notes (conv. 2.0c, exp 12/19)	\$1.6m
Market capitalisation (at 2.3 cps)	\$6.8m
Cash at bank (30 Jun 2019)	\$0.716m
Enterprise value	\$7.7m

Shareholders

Directors	47m	16%
Top 20	155m	52%

Share Price History (last 6 months)

Last	2.3cps
High (11/6/19)	2.7cps
Low (8/5/19)	0.7cps
VWAP	1.5cps
Average daily volume	~220k

Board of Directors

Dagmar Parsons - Non-Executive Chairman

Dagmar has more than 25 years experience in the mining and resources industry across a range of functions, working in senior executive roles with Worley Parsons, AECOM and Downer.

David Slack - Non-Executive Director

With more than 40 years experience as a professional investor, David is currently the founding managing director of Karara Capital, a fund manager with over \$2.5B of Australian Equities under management.

Mark Lindh - Non-Executive Director

A corporate advisor with more than 15 years of experience in advising mining and resources companies with a particular focus on the energy sector.

Adam Levine - Non-Executive Director

A lawyer by profession, Adam has over 20 years national and global experience in structuring and executing private equity investments and corporate finance transactions both as a legal advisor and a principal investor.

Leadership Team

John Annand

Chief Executive Officer

John brings significant experience to the role of CEO gained in executive finance and operations roles with ASX-listed and multi-national resources and pharmaceutical companies, including Woodside Energy, Norwest Energy and AusCann. His previous roles of CEO, COO and CFO have seen him responsible for strategy development and execution, capital raisings, investor relations and corporate governance. John is a Chartered Accountant and Chartered Secretary as well as holding formal qualifications in both business and financial analysis.

Tony Van Litsensborgh

Engineering Manager

Tony brings extensive engineering, project and supply chain management experience to the company in addition to automotive component manufacturing, product design and development and industrial engineering, having worked in executive roles at Dorbyl, Bell Equipment, Howard Porter and G&G Mining. Tony has developed product solutions for the automotive, mining, road transport and heavy earth moving industries and has formal qualifications in Industrial Design and both Lean and Six Sigma manufacturing methods.

Geoff Lewis

Sales Director

Geoff brings significant sales and business development experience to the role having held executive roles in the steel, hydraulic hose and ship construction industries. Most recently he was the Sales Director for Swedish Steel (SSAB) where he was responsible for the development of the sales and distribution networks in the Asia Pacific region where he had a strong focus on clients in the Australian and Asian mining industries. Previous executive roles have also been held at Leong Jin, Hoseco Group and Austal Ships.

Paige Exley

Financial Controller

Paige brings extensive financial and corporate governance experience to the company having held both CFO and Company Secretary roles across numerous publicly listed companies in the resources, technology and professional services industries. In these roles she has been responsible for corporate governance, capital raisings, mergers and acquisitions and financial and taxation compliance. Paige is a Chartered Secretary, has formal qualifications in business and is soon to complete her Chartered Accountant qualifications.

Our Purpose

WE BELIEVE IN SAFETY – IT IS CENTRAL TO EVERYTHING WE DO

Through embracing “Safety Principles” in everything we do, we aspire to create prosperity for everyone that is touched by our business.

We aim to produce and sell innovative braking solutions with the commitment to promoting sustainable business practices that protect people and the environment.

Investment highlights



Aggressive Growth Strategy

Through diversification of products, customers and industries, ABT is set for significant organic growth as well as obtaining size and scale through M&A, joint venture and partnering opportunities.



Set for Growth

With strategies in place to achieve a positive EBITDA position, the Company is underpinned by ~A\$7.0m in revenue (FY19 - unaudited). ABT's sales pipeline and strategy has the potential to deliver significant YoY growth across multiple industries.



Global Products and Markets

Substantial addressable market across multiple industries with potential for significant success through licensing deals to meet rising domestic and international demand.



Global Distribution Networks

Comprehensive distribution and channel partner engagement model with 14+ distributors globally with a strategy to increase our Australian footprint in key markets.



Market Leading Technology

With over \$30M spent on R&D, ABT's technology is validated by blue-chip customers globally. The updated mass market product, the Terra Dura ® polymer encased brake, was released in June 2019 with strong initial uptake by customers.



Strong IP Position

Strong patent portfolio with a wide-breadth of patents in key global markets.

Our customers value proposition



SAFETY FIRST

Safety

Failsafe
Failsafe Emergency
Terra Dura
Hill-hold



Environment

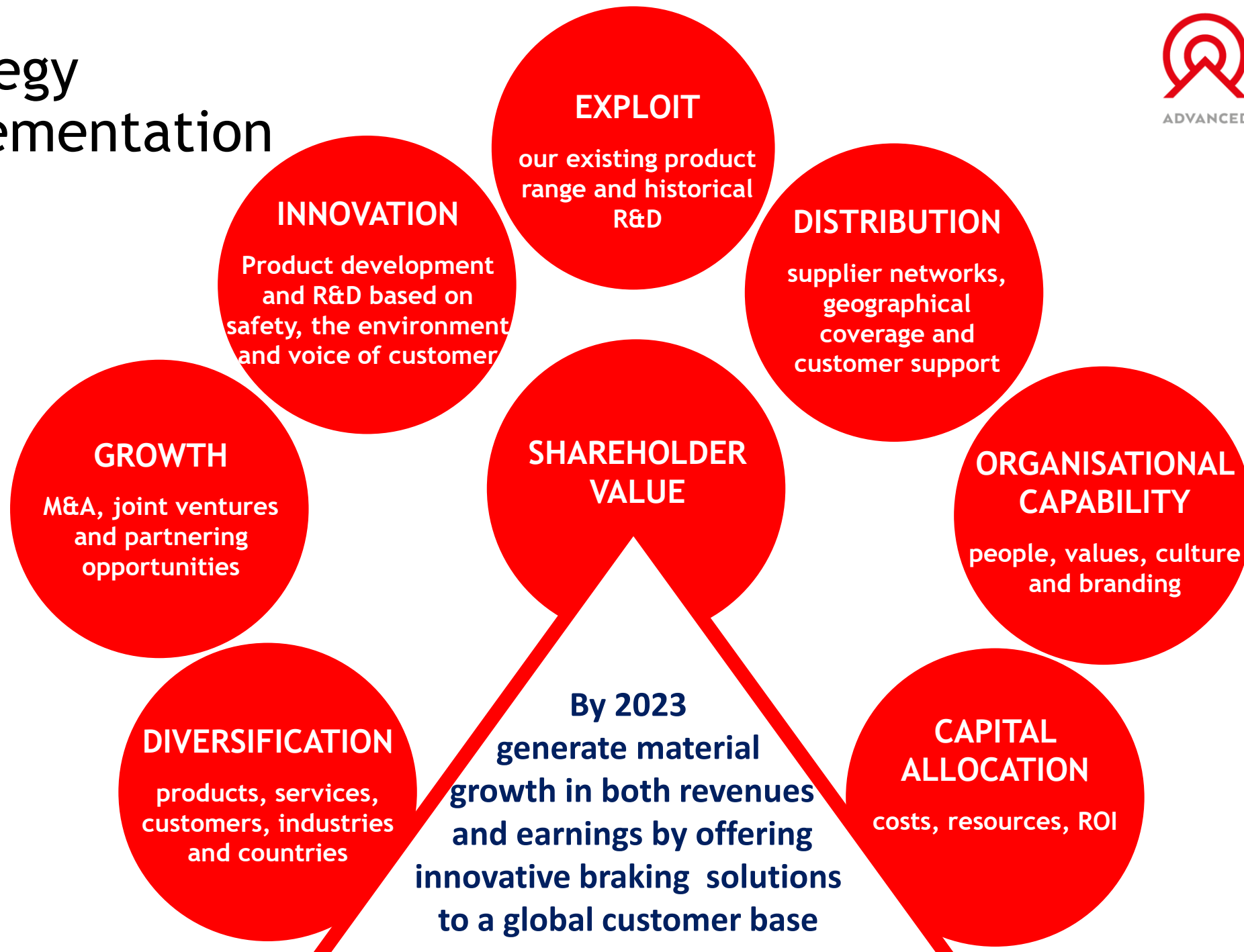
Sealed brake technology
Zero emissions; no brake
particles released to atmosphere



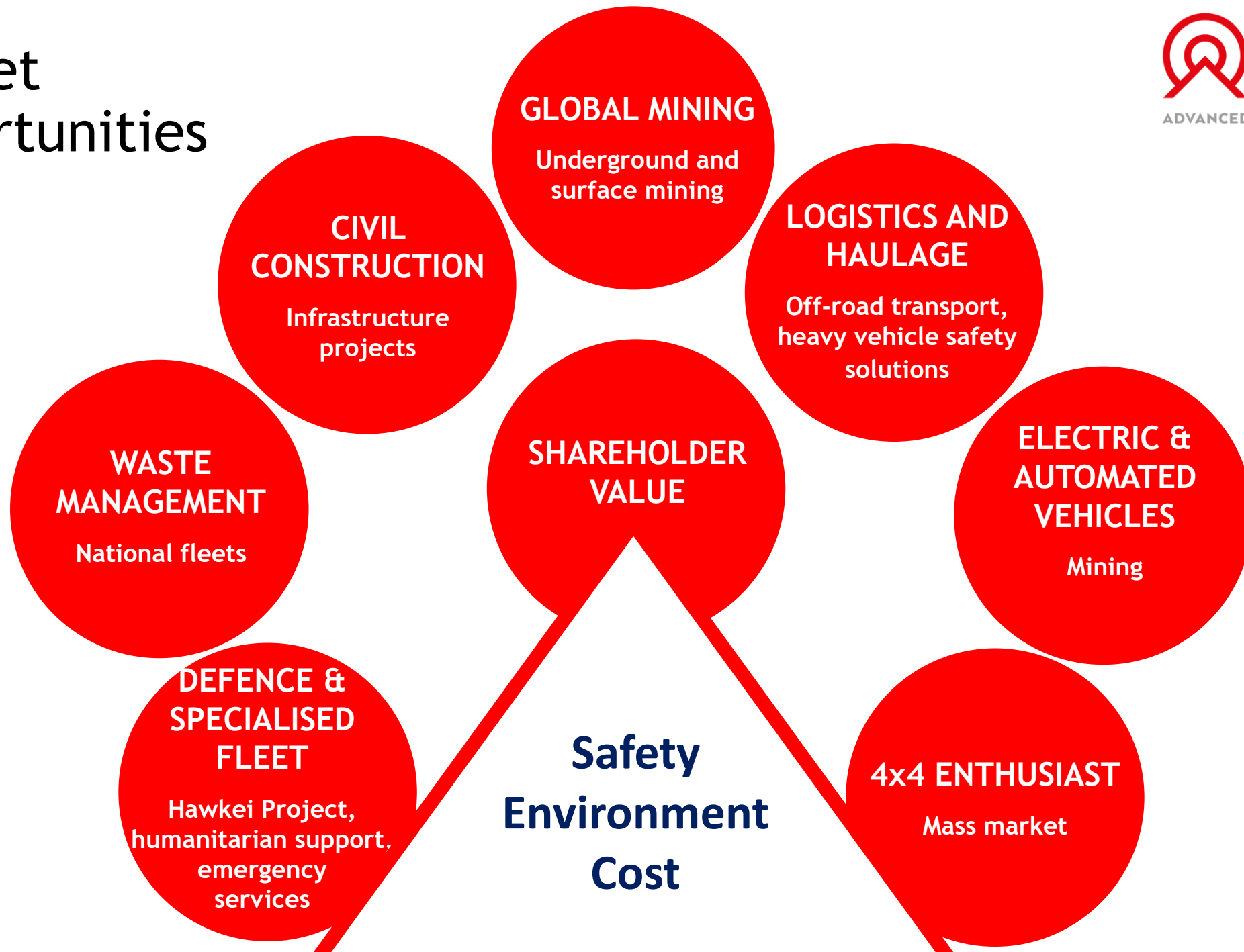
Cost

Less downtime
Lower maintenance costs

Strategy implementation



Market opportunities



Growth plan results in increased product offering, customers, industries and revenues



Industries

FY21

Truck brake
Trailer brake
Terra Dura
Hill-hold
Failsafe
Failsafe Driveline

Logistics & Haulage
Specialised Fleet
Agriculture & Forestry
Surface mining
Defence
Civil Construction
Waste Management
Electric vehicles
Automated vehicles
Underground mining

- Universal Failsafe
- Universal F/S Driveline
- Universal Terra Dura
- Truck brake
- Trailer brake
- Hill-hold

4x4 Enthusiast

- Logistics & Haulage
- Specialised Fleet
- Agriculture & Forestry
- Surface mining
- Defence
- Civil Construction
- Waste Management
- Electric vehicles
- Automated vehicles
- Underground mining

Revenues & Market Capitalisation

Spares and consumables

Research and product development

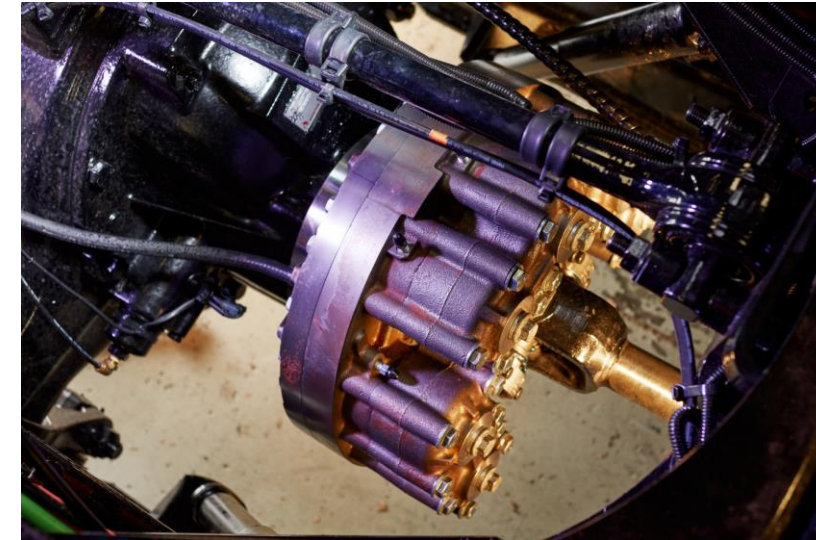
Current core products



Terra Dura ® Fully Sealed
For Durability



Fully Sealed With
Fail-safe Capability



Fail-safe Driveline Brakes

Current core products

		
▪ Exceptionally durable 4WD brake ▪ Fully enclosed design protects internal brake components from abrasion and corrosion ▪ Sealed design specifically for harsh environments (mining, construction, agriculture & off-road) ▪ Provides significant costs savings (3-6 month payback) ▪ Zero brake dust emissions ▪ Updated product launch in June 2019 - greatly improved durability and reliability	▪ Maximum safety 4WD brake ▪ Fully enclosed wet brake design equipped with failsafe technology ▪ Exceptional reliability and durability, with low maintenance requirement ▪ Mandated for use in many underground mines to prevent vehicle runaway ▪ Field proven by blue-chip customers for 20+ years ▪ Zero brake dust emissions ▪ Now in 4th generation 	▪ Maximum safety driveline brake ▪ Contains all the safety features of Failsafe ▪ Technology suitable for numerous applications from underground mining to high speed open road use ▪ Mandated for use in many underground mines to prevent vehicle runaway ▪ Field proven by blue-chip customers for 20+ years ▪ Zero brake dust emissions 

A strong future

Recent progress to support our strategy

Organisational review undertaken; new leadership team appointed



Cost saving initiatives implemented; cash burn significantly reduced



Sales results significantly improved



Margins significantly improved; EBITDA positive results achieved



Product diversification; including release of updated Terra Dura



Customer diversification



Industry diversification



A strong future

New leadership

John Annand	Chief Executive Officer
Tony Van Litsenborgh	Engineering Manager
Geoff Lewis	Sales Director
Paige Exley	Financial Controller

New engineering capability

Disciplined engineering approach
Greatly improved testing and development
Controlled release to market strategy
Commercially focussed

New sales strategy

Greatly improved market intelligence
Voice of the customer is paramount
Solution selling, rather than product driven
Distribution network to have greater domestic footprint

Cost reduction initiatives

Organisational review undertaken
\$800k+ of overheads removed from the business
Strategy to achieve break-even making good progress

Improved culture

Executive team now all Perth based
Engineering team given the ability to solve problems
Sales team now selling solutions, not just products

Innovative solution provider

Customer, product and industry diversification
ABT seen as a problem solver



Mining customers and end users



Product, customer and industry diversification

New customers secured in Q4FY19

THALES

CLEANAWAY

WestConnex M4-M5 Link Tunnels



Defence



Waste Management



Civil Construction

Product, customer and industry diversification

Surface Mining



Off-road Logistics and Haulage



Untapped markets

Specialised Fleet



Electric and automated vehicles



Financial performance

(\$'000)	Quarterly Results					Full Year Results	
	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	2019	2018
Sales revenue	1,636	1,612	1,663	1,553	2,019	6,847	6,974
EBITDA	(552)	(295)	(813)	(236)	99	(1,245)	(1,179)
Product margin	30%	43%	41%	50%	50%	46%	43%

FY19 results are unaudited

Highlights:

- ✓ Sales revenue was at higher and more consistent levels during Q4FY19; allows for greatly improved cash flow and inventory management
- ✓ Sales for Q4FY19 23% higher than prior period Q4FY18
- ✓ Sales for Q4FY19 30% higher than previous period Q3FY19
- ✓ EBITDA positive for the 5 months February to June 2019
- ✓ Margins for Q4FY19 significantly higher than prior period Q4FY18
- ✓ Sales pipeline and forward order book remains strong

Sales pipeline

- Ramp up of Terra Dura sales
 - Polymer cover
 - Metal cover
- Failsafe opportunities
 - Rio Tinto (Oyu Tolgoi - Mongolia)
 - Latin America
- Civil construction opportunities
 - WestConnex and others
 - Snowy Hydro 2.0
- Waste Management opportunities
 - National waste truck fleets across numerous operators
- Defence opportunities
 - Hawkei Project (subject to tender)

Cash Flow performance

(\$'000)	Quarterly Results				
	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Net cash inflow (outflow) from operating activities	(799)	448	(1,210)	(634)	(55)
Net cash inflow (outflow) from investing activities	(14)	(64)	(59)	(1)	(9)
Net cash inflow (outflow) from financing activities	600	854	431	(32)	420
Cash at start of period	840	627	1,865	1,027	360
Net increase/(decrease) in cash	(213)	1,238	(838)	(667)	356
Cash at end of period	627	1,865	1,027	360	716

FY19 results are unaudited

During Q4FY19 a R&D pre-payment loan of \$420k was drawn down. Net of financing funds received the cash burn for the quarter was (\$64k), well down on the previous two quarters of (\$838k) and (\$667k).

Highlights:

- ✓ Cost saving initiatives in excess of \$800k on an annualised basis, combined with improved sales and margin performance, has resulted in the monthly cash burn being significantly reduced during 1H19
- ✓ In addition to cash of \$716k, net trade receivables at the end of Q4FY19 were \$244k

Global distribution network

ABT is well-positioned to take innovative solutions to market and capture additional business development opportunities globally with:

- ~ 14 active distributors across key global markets.
- Additional distributors to be engaged to enhance market penetration, with the primary focus to be on our Australian footprint in the near term.



Ability to generate news flow

Recent announcements

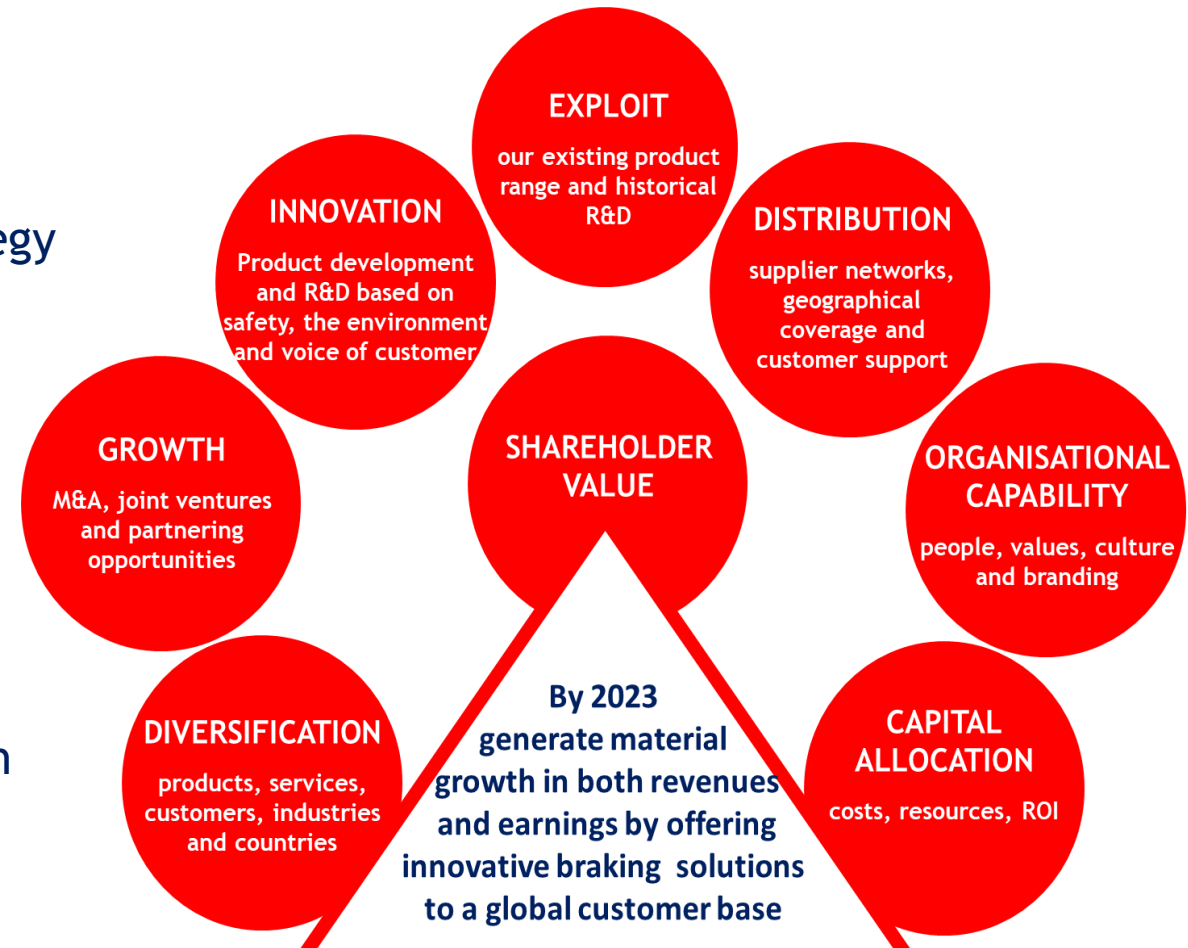
- 13 May: provision of brake design services to Thales Australia for the Hawkei Project
- 27 May: provision of brake design services to Cleanaway
- 3 June: order received for Failsafe for use at Rio Tinto's Oyu Tolgoi mine in Mongolia
- 19 June: updated Terra Dura braking product released to market
- 21 June: order received for Failsafe for use within WestConnex civil construction project
- 28 June: Operational Update
- 7 August: order received for Failsafe for use by Orica in Chile

Anticipated newsflow

- Update on further progress made in the defence, waste management and civil construction industries
- Further customer, industry and geographic diversification
- Operational update - domestic and international sales volumes; ramp up of Terra Dura sales
- Progress of Hawkei Project
- Expansion of patent portfolio
- Update on M&A activity

The investment case

- ✓ An aggressive growth strategy
- ✓ A leadership team that can deliver the growth strategy
- ✓ \$30+ million in historical R&D that has delivered a strong IP and patent portfolio
- ✓ A growing product range
- ✓ A growing customer base across numerous industries
- ✓ A strong future which will provide substantial growth opportunities



Our plans for FY20

- ✓ **Exploit our current product offering** to both existing and new customers across a range of industries
- ✓ Increase **market awareness** of ABT through focussed sales and marketing activity; face-to-face discussions and improved digital communications across numerous industries
- ✓ Develop **universal applications** of our existing product range to meet a broad range of customer needs
- ✓ Expand our **Australian distribution footprint** by partnering with local businesses within key geographic regions
- ✓ Continue to **grow EBITDA**
- ✓ Continue to investigate **M&A opportunities** to provide size and scale to the business



Key messages

- 📍 An **aggressive growth strategy** is being implemented
- 📍 With a **significant addressable market** there is very strong growth potential
- 📍 Key focus going forward will be to **exploit our existing product range**, with future R&D to be on product improvement and universal applications
- 📍 The **environment**, the **safety** of both people and equipment and **costs** due to downtime are paramount to our customers; ABT products provide a solution to all three issues
- 📍 ABT is looking to gain **size and scale** through organic growth, mergers, acquisitions and partnering opportunities
- 📍 **We will succeed** as we are an innovative solution provider that has the right leadership, people, products and customer base that values the safety of people and equipment and cares for the environment

