

## **ASX/MEDIA RELEASE**

**31<sup>th</sup> July 2013**

# **June 2013 Quarter Business Update**

Advanced Braking Technology Ltd (ASX:ABV) is pleased to provide the following business update for the June quarter FY2013.

### **Highlights**

- **Total mining sales for quarter at \$1.75 million – 12% up on FY12 quarterly average**
- **Annual mining sales ~\$6m million, 6% below FY2012 despite mining downturn**
- **Full year revenue of \$8.15 million, 2.3% up on FY2012**
- **SIBS<sup>®</sup> Truck Brake active sales commenced**
- **New Truck Brake business unit created to commercialise product**

### **SIBS<sup>®</sup> Truck Brake**

The Company has commenced actively marketing the SIBS<sup>®</sup> Truck Brake to the waste industry, as well as exploring other applications for this newly developed product. Following a recently completed supplier readiness audit, the supply chain is now ready to produce commercial quantities of brake sets.

A number of SIBS<sup>®</sup> Truck Brakes are now in the field with waste operators and there is strong engagement with the wider waste industry on the product. The first of the production brake sets have been in use for over 6 months and are performing to expectations with reduced service intervals, sustained good braking performance, zero brake noise and fine particle emissions and excellent driver feedback.

The Company has also continued engaging with the major truck suppliers to the waste industry. ABT is working closely with these suppliers to achieve installations on new trucks to be sold into the waste industry, as well as retrofitting existing fleet trucks.

In addition to the activity in the waste industry, the Company is continuing to attract interest from several quarters in supplying low maintenance brake systems to the trailer market. This is an attractive, high volume market and the Company is assessing its full value proposition and how best to capture this industry segment.

The Company has established a discrete business unit responsible for commercialising the SIBS<sup>®</sup> Truck Brake. ABT's General Manager Sam Leighton, will head up this business unit, assisted by newly appointed Director of Business Development, Dale Waters. Dale has wide experience in the transport and automotive industry and brings some key strengths to the new business unit.

### **Mining Sales Activity**

June quarter sales were \$1.75 million, up 4.6% on the previous quarter and yielding an annual sales result of \$5.97 million, 6% down on the previous year. This is a pleasing result as the current downturn in the resource sector has had a major impact on most mining services companies. Export sales accounted for 20% of sales.

The two key drivers for sales of SIBS<sup>®</sup> brakes are improved vehicle safety and cost savings. With reduced capital spending in the mining sector there is also an increased focus by customers on productivity, which can be greatly improved with the use of SIBS<sup>®</sup> brakes.

As part of the reorganisation of the Company to commercialise the SIBS<sup>®</sup> Truck Brake, a discrete 'mining' business unit has also been established and will be headed by Martin Johnston, who joined ABT in June last year. Martin has considerable experience in the automotive and manufacturing industry.

### **Cash Flow/Cash Position**

The cash position as at 30 June, 2013 was \$1.092 million. Net operating cash outflows during the quarter were approximately \$43k per month. As at 30 June 2013, the Company's invoice financing facility had \$706k of available funds, none of which had been drawn down

The Company is currently considering several financing options to support its working capital requirements for entry into the truck brake market. Phillip Capital Limited has been retained as the Company's corporate advisor. This role includes advising the Company on equity capital market funding options.

### **Corporate**

During the quarter there have been several changes to the Board of the Company. Non-executive Director, Professor Malcolm Richmond resigned in April 2013 and was replaced by Mr Adam Levine, a highly experienced Melbourne based solicitor and businessman. On 30 June 2013 the Company appointed respected industry expert Mr Bruce Grey to the Board as a non-executive Director. Mr Grey has an extensive background in innovation, manufacturing and distribution and will complement the mix of skills on the Board.

### **ABT's Chief Executive Officer, Ken Johnsen commented:**

"Despite first half mining sales being 30% down on the previous corresponding period, a strong second half brought the mining sales to within 6% of last year. This is a pleasing result in a difficult environment for sales into the mining sector.

Along with our continued efforts to grow mining sales the Company has now entered the truck brake market with a compelling product and has put in place the necessary systems and resources to achieve successful commercialisation of the product."

**- ENDS -**

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## **About Advanced Braking Technology Ltd**

Advanced Braking Technology Ltd (ASX: ABV) develops innovative braking systems, with its main product being the Sealed Integrated Braking System (**SIBS**<sup>®</sup>), a comprehensively patented Australian invention, now used widely in light commercial vehicles in the mining industry.

**SIBS**<sup>®</sup> is a fully enclosed, single rotor, high speed wet brake. The brake rotor runs in a bath of oil that serves to cool the brake and minimise wear. An innovative fail safe feature is incorporated into the rear axle brake. As a result, the brakes are virtually wear and maintenance-free and may outlast the vehicles they are fitted to, unlike conventional drum and disc brakes. **SIBS**<sup>®</sup> brakes deliver better safety, improved productivity and lower operating costs, and are engineered to survive the harshest conditions. The proven technology is environmentally friendly, eliminating brake dust emissions and noise and squealing, and provides benefits for on-road, off-road and industrial applications in terms of safety, reliability, performance and adaptability.

Following the success of the product in the mining sector, the Company has branched into the waste disposal sector, developing the **SIBS**<sup>®</sup> technology into an innovative garbage truck braking system.

Based in Perth, Western Australia, Advanced Braking has a manufacturing plant in Thailand, worldwide patents on its technology and an extensive reseller network.