

Advanced Braking Technology Ltd

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Investor Presentation – 31st July 2013

Company Overview

- › ABT is a developer, manufacturer and distributor of its patented **Sealed Integrated Braking System (SIBS®)**
 - SIBS® is a fail-safe, enclosed “wet” braking system;
 - SIBS® technology is proven in the mining industry over many years
- › ABT is now targeting full scale commercial roll out of a SIBS® Truck Brake in CY2013

ABT is listed on the ASX

ASX Code	ABV
Top 20 Holding (%)	47.3%
Ownership Directors / Management (%)	15.8%
Shares on Issue	1.1 billion
Market Cap	\$17.6 million
Share Price	\$0.016

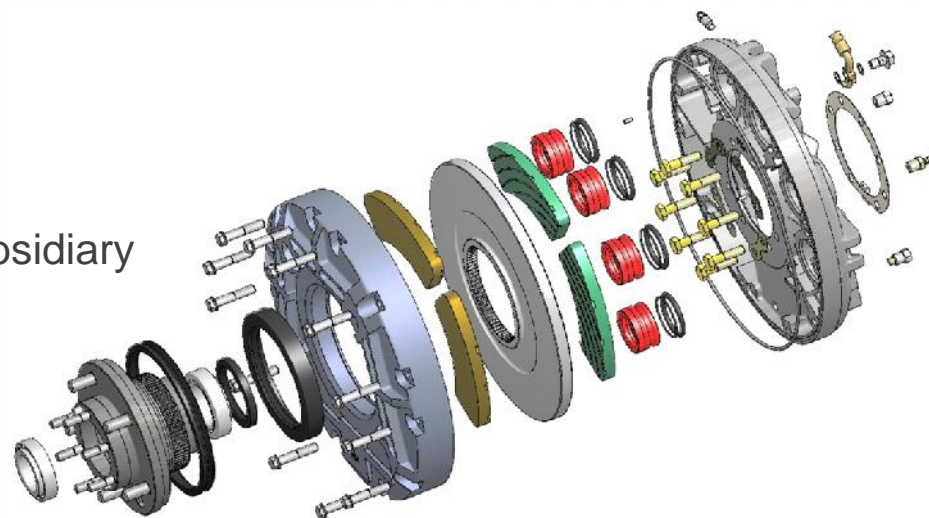
Directors of ABT

David Humann	Chairman of Mincor Resources & Director of India Resources
David Slack	CIO of Karara Capital Co-founder & Joint MD of Portfolio Partners (sold to Norwich Union)
Adam Levine	Managing Partner of Rockwell Bates, a law firm in Australia and India
Bruce Grey	MD of Advanced Manufacturing CRC Former MD Bishop Technologies
Ken Johnsen	CEO of ABT Former Director of Orbital Corporation

Our Technology

Sealed Integrated Braking System (SIBS®)

- › Fully enclosed, single rotor, wet brake
- › Incorporates fail-safe features
- › Designed for retro-fit or factory fit
- › Virtually wear and maintenance-free
- › Manufactured in Thailand, through subsidiary



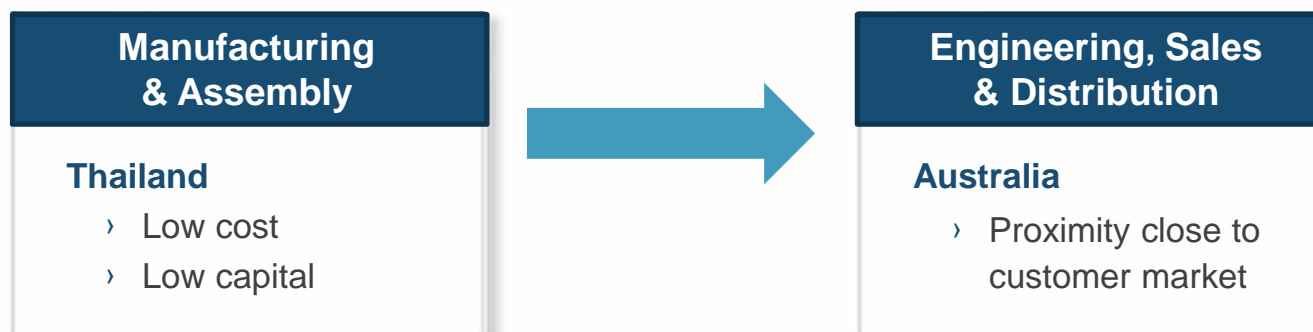
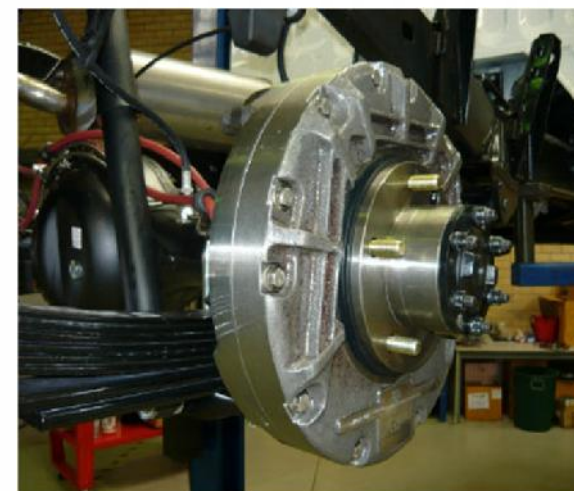
Comprehensive Patent Protection

- › 61 international patents or patent applications
- › Average patent life of 12 years
- › New patents being lodged as developments continues

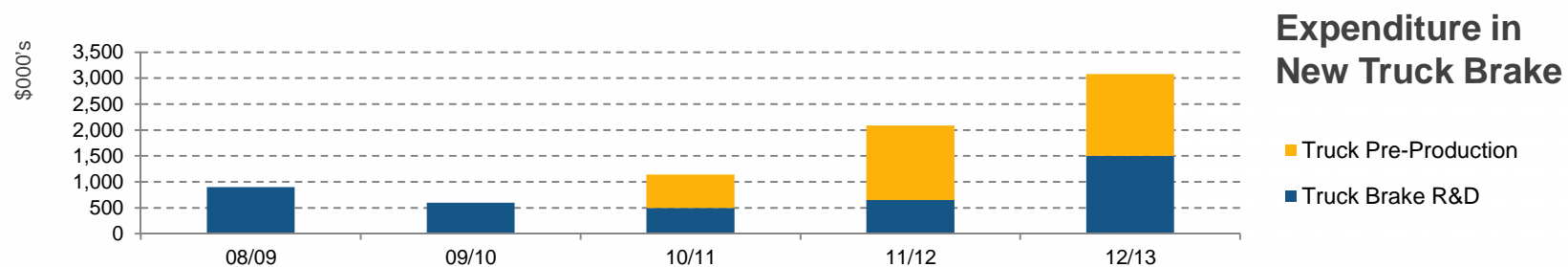
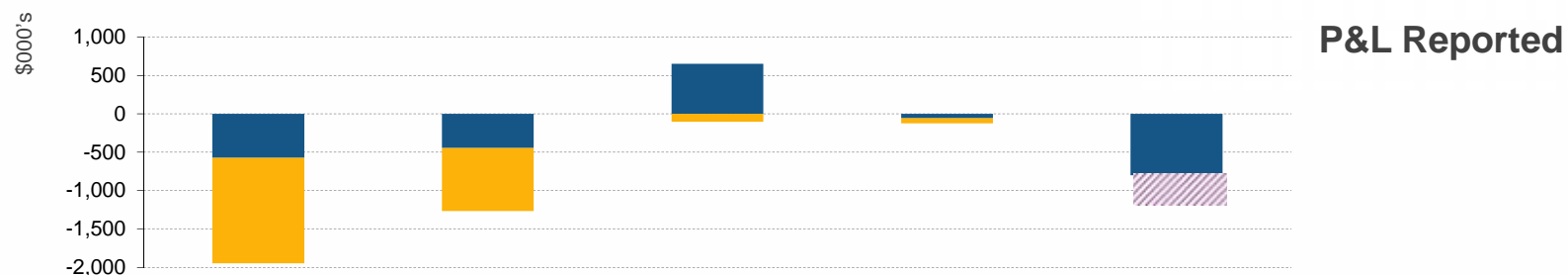
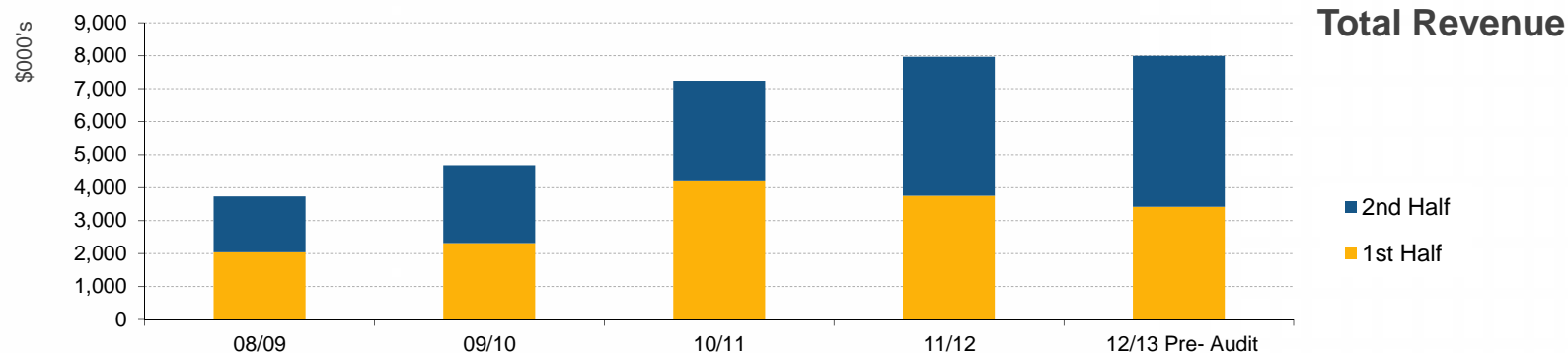
Robust Commercial Model

Attractive and established business:

- › High margins
- › Highly scalable cost base
- › Established supplier base
- › Established global network in mining
- › Benefits from offshore outsourced manufacturing
- › Low cost model
- › Low capital intensity



Company Financial Performance



Mining: Established Presence

Australia:

- › 25% market share overall (up to 70% in underground mines)
- › SIBS® standard at many mining sites
 - Olympic Dam, Xstrata Zinc – George Fisher, BHP – Nickel West
- › Applicable to light (Landcruiser, etc.) Medium (Isuzu, etc.) and Heavy (Mack, etc) Vehicles
- › Compatible with ANCAP 5 safety rated vehicles

Export:

- › Representing 25% of total sales (average over last 4 years)
- › Strong foothold in South Africa and Canada
- › Expansion into new markets (e.g. USA, Central/West Africa, South America)

Mining: Value Proposition

- › SIBS offers much reduced maintenance cost in harsh conditions
 - Payback as short as 12 months
- › SIBS can be retrofitted to most standard road vehicles used in mining
 - Light, Medium and Heavy vehicles made more “fit for purpose”
 - On-road licensing compliance retained,
- › SIBS has a proprietary “fail – to – safe” feature the virtually eliminates “uncontrolled vehicle movements” from driver error or equipment failure.
- › SIBS has become mandatory on many mine sites
 - Xstrata Zinc, Olympic Dam, Nickel West

Mining: Growth Drivers / Opportunities

Growth Opportunities

- › Mine volume growth following mining investment boom
- › Expansion into surface mines with safety and productivity focus
- › New markets opening up, e.g West Africa, Turkey

Increased Focus on Corporate and Government Safety Regulations

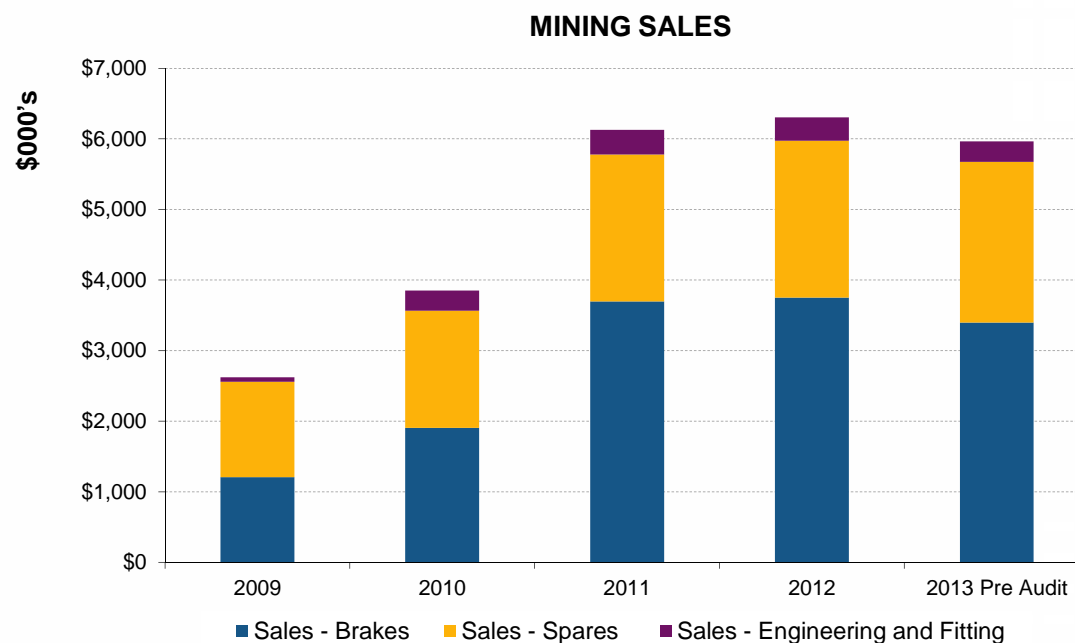
- › “Uncontrolled vehicle movements” are a major problem for mine operators - results in fatalities and injuries on site
- › SIBS® brakes significantly improve safety for mine operators

Renewed focus on improving mine productivity

- › SIBS® brakes increase productivity by reducing brake overhaul and therefore vehicle downtime on site

Mining: Significant Growth in Sales

- › Proven success in the mining industry
- › FY13 Sales maintained in spite of depressed sector
- › Over 400% growth in brake sales over the past 6 years



Waste Trucks: Major Growth Opportunity

INITIAL TARGET MARKET - WASTE TRUCK BRAKES

Identified Real Need for Change:

- › Brakes are the second biggest expenditure after fuel for garbage truck fleet operators
- › Public desire for noise reduction
- › Global drive to reduce pollution

Australian market:

- › Dynamic, recession-proof industry
- › Annual growth rate of 5.4% (ABS, 2011)

Global growth potential:

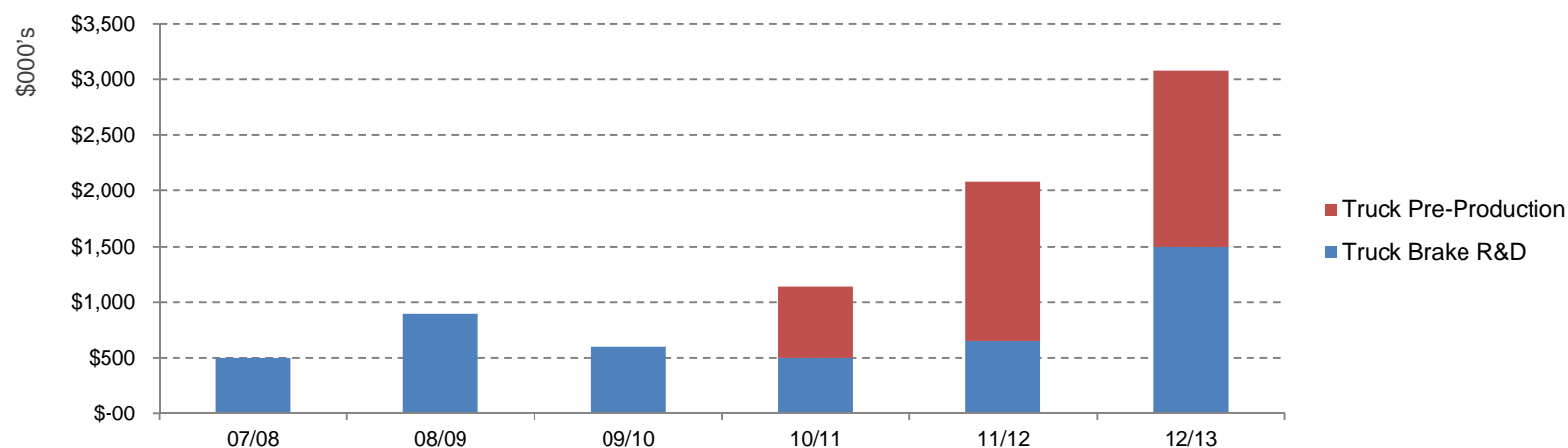
- › **Next targets:**
 - Expanding into North America and Europe waste markets
 - Other truck brake applications with high wear.



Waste Trucks: Market Strategy

- › Multi year **development program now complete**
- › **Commercial roll out commenced** CY2013
- › **Technical risk is very low:**
 - ABT has significant experience and expertise with the associated technology
 - Long history of successful application
 - Extensive and successful testing process
- › Targeted customers expressing **significant interest**
- › **Launch Strategy:**
 - Initial Sales into Australian retro-fit market – **low barriers to entry**
 - **Retro-fit facilitates rapid take up**
 - Australian OE – (new truck sales) will follow
 - Export markets (retro-fit and OE) will follow after Australian launch

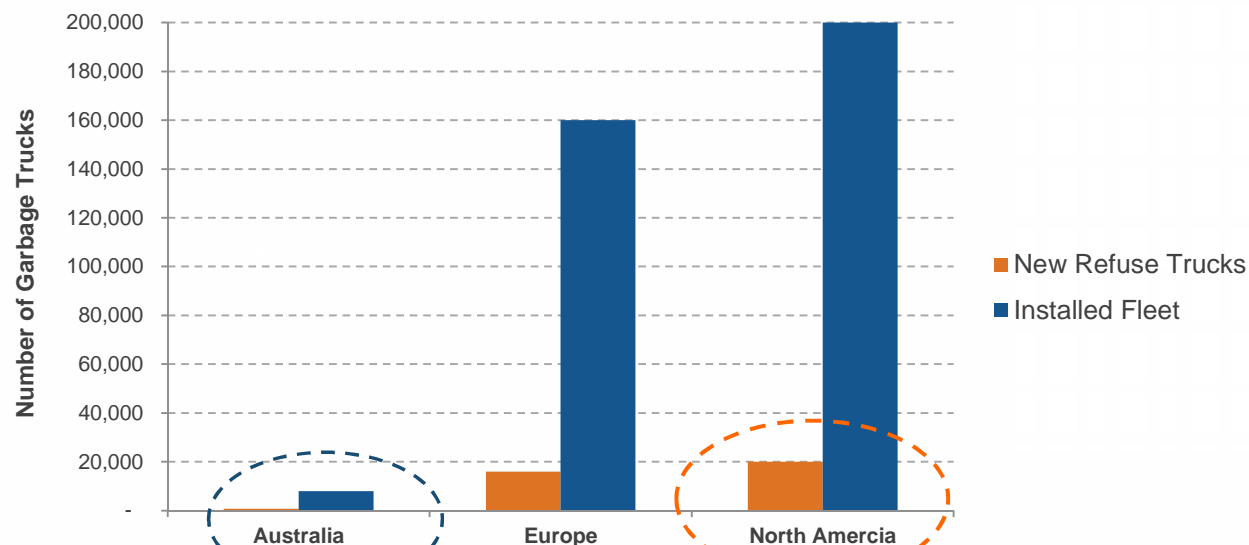
Investment in Truck Brake Development



- › Development cost supported by:
 - Third Party Funding (\$2.5 million)
 - Commonwealth CA Grant (\$2 million)
 - R&D Tax Offsets (\$1.1 million)

Total Cost \$8.3 million ➡ **Net Cost \$2.7 million**

Waste Truck: Revenue Potential



Australia

Annual sales 800 trucks
 Installed Fleet 8,000 trucks
 25% share of retro-fit = \$60 million revenue
 50% share new sales = \$12 mill p.a.

North America

Annual sales 20,000 trucks
 Installed Fleet 200,000 trucks
 25% share of retro-fit = \$1.5 billion revenue
 50% share new sales = \$300 mill p.a.

Note: The graph represents an indicative scenario based on current market estimates

Waste Trucks: Value Proposition

“Triple bottom line” benefits

› Financial Savings:

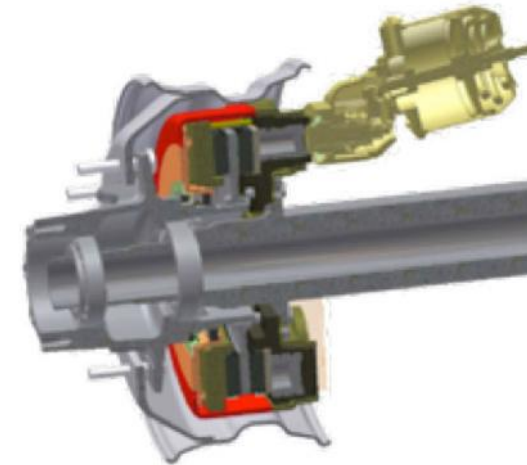
- Dramatically reduces frequency of brake overhauls from more than twice a year, to once every two years or longer
- Up to \$15k per annum savings per truck in severe conditions

› Superior Operating Performance:

- Brakes are virtually wear and maintenance-free, unlike conventional drum and disc brakes

› Safety and Environmental Benefits:

- Total elimination of brake noise and dust emissions
- Provides consistent safer braking at all times
- Avoids need for regular checking and adjustment



Case Study: City of Swan

- › City of Swan has been involved in-use testing over last 3 years
- › Over 2,000 hrs of field testing in domestic waste collection
- › Maintenance records of fleet of 12 trucks indicates average brake repair costs of standard brakes exceed \$38,000 per truck over 5 years
- › SIBS would result in an estimated \$10,000 minimum saving over 5 years after accounting for brake purchase
- › Reduced tyre wear and increased productivity would add to this saving
- › It is acknowledged by the waste industry that commercial operators are much more severe on brake than councils.

Current Waste User Activity / Interest

City of Swan – Two Trucks in-service

- › Production set installed January – extremely low wear indicating first major service will be needed in 3 years!

Major Waste Operator – Two Brake Sets

- › Three months' running on first set – no brake issues
- › Positive operator feedback

West Australian Waste Operators

- › Two Councils plus Swan expressing strong interest for uptake
- › Private Operator expressing interest

Other Activity

- › Engagement with 2 further major waste operators
- › Activity with two truck suppliers to waste industry with commitments to evaluate for factory fit
- › Two ABT Trucks subject to on-going testing

Ingredients for Success (1)

- › Five year intensive development program
- › Leverages >10 years of product success in mining
- › Involvement of key stakeholders in development activity:
 - Waste Companies
 - OE Truck Suppliers
 - Key Suppliers
 - Brake and Auto Industry Experts
 - Local and Commonwealth Governments
- › Extensive bench, test track and in field trials
- › Product applicable to other global applications; trailers, buses, etc

Ingredients for Success (2)

Company Reorganisation to Focus on Driving Top Line Sales and Margins

- › Two Business Units have been created – Mining and Truck Brake
- › Each will have P&L responsibility and draw on common resource pool
- › Senior Business Development Executive Appointed
 - Initial focus on Truck Brake Sales
 - Oversight on Company wide sales and marketing
- › Common supplier base will benefit from economies of sale and yield improved margins
- › Strong focus on customer support and agent training

Beyond Waste Trucks

- › Truck Brake design readily adaptable to wide range of vehicle
- › Designed to fit Meritor and Dana axles that dominate truck market
- › Strong interest being expressed for trailer applications where ill maintained brakes are a cost and safety concern
- › Ready applicability to other “frequently stopping vehicle” (buses)
- › Opportunity for penetration into existing mining customer fleets

Highlights: 4Q FY13

Financial

- › Total mining sales for quarter at \$1.75 million.
- › June quarter up 41% on the quarterly average for first half.
- › June quarter 4.6% up on March quarter

Operations

- › Roll out of production SIBS® Truck Brakes to major waste operators
- › Positive feedback from waste operators on performance of SIBS® Truck Brakes
- › SIBS® Truck Brake used for 6 months by City of Swan has 'wear rate' longer than 5 years
- › Active marketing of commercialised SIBS® Truck Brake commenced

Highlights: FY13

Financial

- › Total revenues of approx. \$8 million:
 - › Solid contribution from mining sales (\$5.9m)
 - › R&D Tax Incentive and grant income (\$1.85 million)
- › Significant investment in SIBS® Truck Brake ahead of commercialisation
- › Capitalisation of Truck Pre-Production ceased
- › Mining sales only down modestly (6%) despite very depressed mining sector

Operations

- › Successful first production and delivery of SIBS® Truck Brakes
- › Low wear and reliability of SIBS® Truck Brake reinforced through ongoing in-service testing
- › Full compliance with Australian Design Rule standards, achieved in January 2013
- › Suppliers ready for volume production of Truck Brake

Current Outlook and Priorities

- › Main focus is the **commercial roll out of the SIBS® Truck Brake**
 - › All indicators suggest that there will be a strong demand
 - › A progressive and controlled launch is planned
- › **Mining sales** will always play an important role in the Company's future
- › **SIBS® Truck Brake** sales are expected to provide a more reliable and consistent sales pattern
- › **Export sales** in mining will continue to grow through expansion into other countries, such as USA, Central/West Africa, South America

Convertible Note: Offer Terms

- › Offer to sophisticated Investors
- › Managed by Phillip Capital
- › Seeking to raise \$2 million
- › Capacity for oversubscriptions
- › Coupon rate 12%, payable every 4 months
- › 3 years term
- › Convertible at \$0.022 and redeemable at maturity

USE OF PROCEEDS

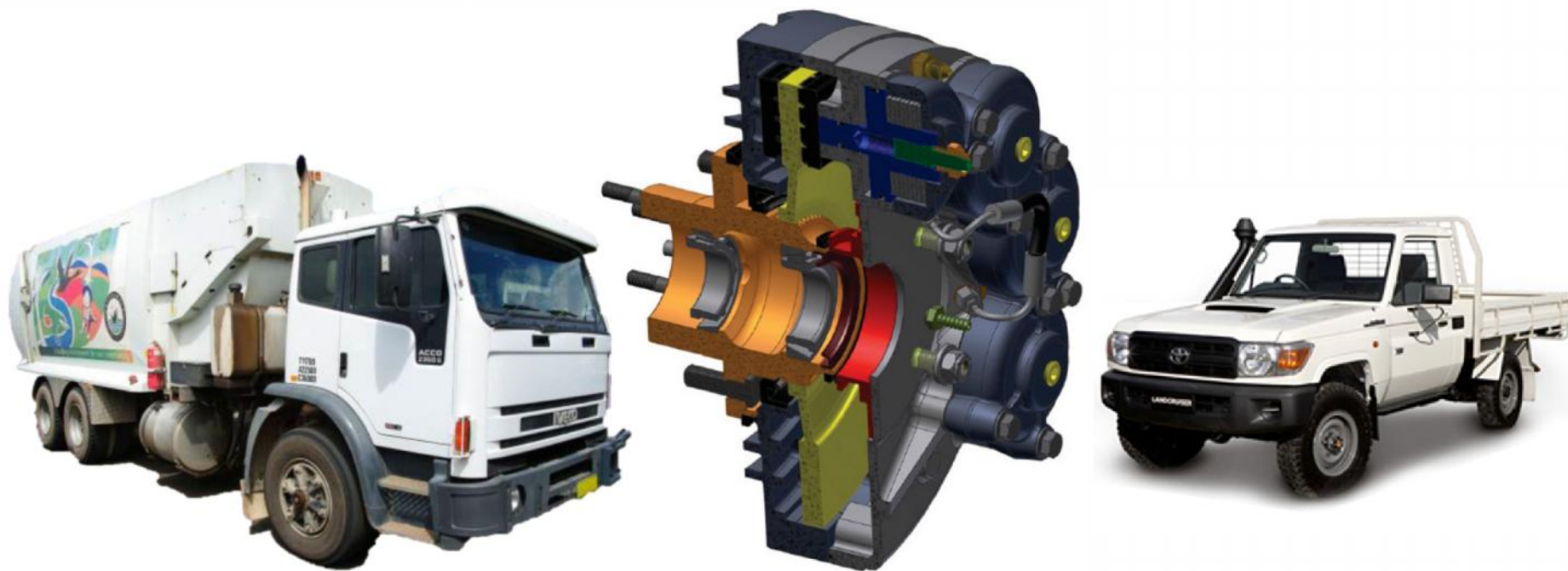
- › Working Capital to fund truck brake commercial roll out
- › Fund inventory
- › Supplier tooling
- › Assembly and inspection equipment
- › Customer support and agency infrastructure
- › Early roll out contingency

Contacts



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