

# LaserBond (LBL)

## Laser sights on \$60m sales

LaserBond Ltd (LBL), the provider of innovative laser cladding services and long-lasting surface engineered products, is targeting \$60m of group revenue by FY25. We expect LBL will experience strong operating leverage from achieving this target, resulting in an EBIT of \$15.6m in FY25. We initiate with a BUY recommendation with a 12-month target price of \$1.40 per share.

### Early adoption of laser cladding key to company's edge

LaserBond's early entry into laser cladding over 22 years ago has allowed the company to develop world class technology and establish itself as the leading provider of laser cladding services in Australia. The company's refurbished parts last 5x to 10x longer than new original components which provides its diverse industrial customers a major reduction in replacement and downtime costs.

### Australia wide lift in demand for refurbishment services

LaserBond's ability to refurbish and improve a wide range of industrial componentry is leading to revenue growth across its sites in Sydney, Brisbane, Melbourne and Adelaide, with new use cases regularly developed. We expect that LaserBond will also expand into WA in the near future, likely through acquisition, to take advantage of regional demand from existing and prospective customers.

### Growing international demand for laser clad products

LaserBond has developed a range of products that utilise LBL's laser cladding technology, which last vastly longer than equivalent products, such as steel mill rolls that have more than 10x the lifetime. The company is seeing increasing international uptake, as a result of lifted marketing efforts following the pandemic.

### \$60m revenue target on-track with utilisation to lift margins

We view LaserBond's growth target of \$60m of revenue in FY25 as achievable in light of strong organic growth prospects across all of the company's divisions and facilities, with additional inorganic potential in Western Australia. Achieving this target will result in better utilisation across all facilities and further dilute overheads, which we expect will lift LaserBond's EBIT margin, from an already high 18.1% in FY23, to 26% in FY25, implying an EBIT of \$15.6m and a high attractive FY25 EV/EBIT multiple of 6.1x.

#### Machinery

12-month rating	<b>BUY</b>
12-m price target (A\$)	1.40
Price (A\$)	0.875
Upside	60%
BBG: LBL AU	

#### Trading data & key metrics

52-week range (\$):	0.7 - 0.94
Market Cap (\$m):	96.2
Shares on issue (M):	110.0
Avg daily volume (K):	46.7
Avg. daily volume (\$m):	0.04

#### Directors

Philip Suriano	NEC
Wayne Hooper	ED/CEO
Matthew Twist	ED/CFO/CS
Ian Neal	NED
Dagmar Parsons	NED

#### Substantials

Wayne Hooper	10.4%
Diane Hooper	8.9%
Berenberg Int Microcap	6.4%
Rex Hooper	6.3%
Lillian Hooper	5.0%

#### Price Chart (12 Months)



#### Analyst

Brendon Agius  
 e: brendon@curranco.com.au  
 m: +61 439 087 159

#### Sales

Kevin Curran  
 e: kevin@curranco.com.au  
 m: +61 415 201 002

#### Key financials - AUD\$m

Year end Jun	2021A	2022F	2023A	2024F	2025F	2026F	2027F	2028F
Revenue	24.7	30.7	38.6	48.6	60.0	70.0	80.0	88.0
EBITDA	6.4	8.7	10.3	15.5	21.2	26.0	30.8	34.5
EBIT	3.8	5.8	7.0	11.0	15.6	20.3	25.0	28.5
NPAT	2.8	3.6	4.8	7.2	10.3	13.5	16.8	19.3
EPS (A¢ ps)	3.0	3.3	4.3	6.5	9.3	12.3	15.3	17.5
P/E	29.6	26.4	20.2	13.4	9.4	7.1	5.7	5.0
EV/EBITDA	12.4	10.9	8.9	6.1	4.5	3.7	2.8	0.0
DPS (A¢ ps)	0.7	1.2	1.6	1.6	5.4	8.8	11.8	14.7
Yield	0.8%	1.4%	1.8%	1.8%	6.1%	10.1%	13.5%	16.8%
Gearing (ND/ND+E)	N/A							

Source: Company accounts, Curran & Co estimates. AUD\$m unless otherwise stated.

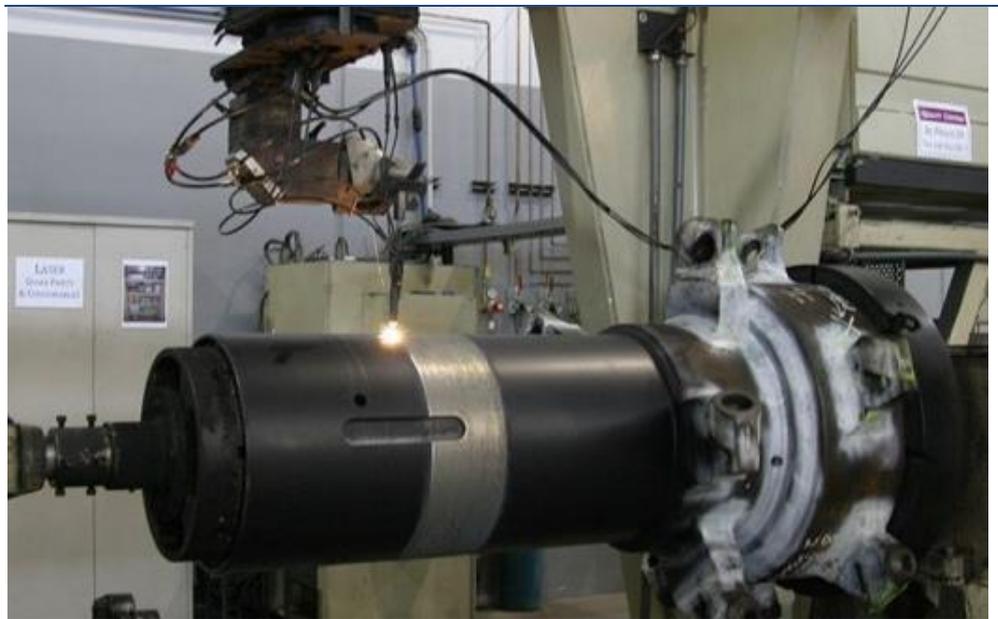
Please see the last page of this report for important disclosures.

## Company Background

Founded in 1992 by the Hooper family, under the name HVOF Australia, and joined by Wayne Hooper (Current CEO & MD) in 1994. The company in its early years was focused on delivering refurbishment services using High Pressure High Velocity Oxy Fuel spray cladding technology, to clad worn industrial parts with a mechanically bonded surface and return it to its original shape; with the added benefit of an increased useful life, due to the use of a wear resistant cladding, such as tungsten carbide.

The business then saw potential in emerging laser cladding technology, which has a number of key advantages over other methods, and built one the world's first laser cladding systems in 2001. Incremental improvements over subsequent years has driven the laser technology to the forefront of the business, with the company changing its name to LaserBond shortly prior to listing on the ASX in December 2007.

**Figure 1 – Laser One applying a cladding to used component**



*Source: LaserBond Ltd*

Following listing, the company incrementally expanded its capacity over a number of years, with LaserBond outgrowing its original site and moving to a larger nearby facility in Smeaton Grange in 2012, that serves as the company's current HQ.

Geographic expansion followed, with LaserBond opening a facility in northern Adelaide in April 2013 at the behest of existing customers. The company then expanded further in June 2020 with the acquisition of United Surfaces Technologies in western Melbourne, which was followed by the purchase of QSP Engineering, south of Brisbane in February 2022.

Today LaserBond employs over 140 staff across its four Australian sites, with the company's R&D division assisting the revenue generating Services, Products and Technology divisions. This improves the value proposition of the company's existing and prospective products and services, which are suitable for a variety of heavy industry applications.

**LaserBond's first laser cladding system was commissioned in 2001 and is still in use today**

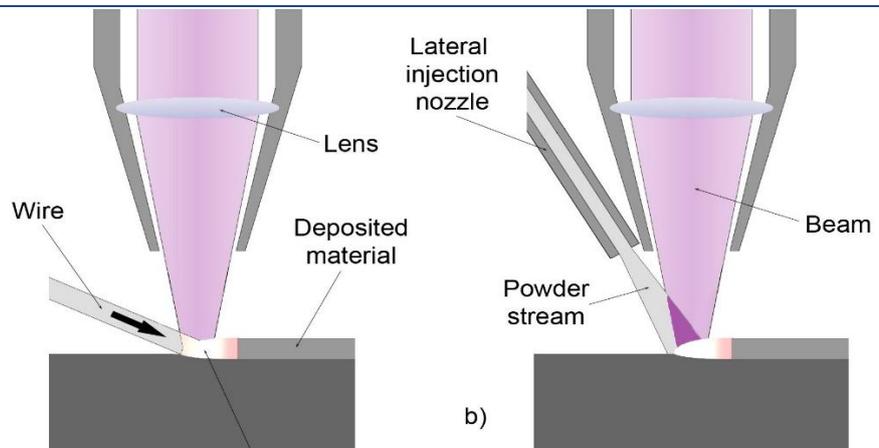
## Laser Cladding Overview

Laser cladding is an additive manufacturing technology, whereby a thin metallic layer is added to an existing metal component. Most commonly, a different material will be added, with the aim of reducing the wear of the part during usage and thus extending its lifetime.

The cladding material will be selected based on the characteristics that the component is expected to be exposed to during use, be it friction, impacts, heat, pressure and/or corrosion. Materials such as tungsten carbide for its hardness and nickel alloys for their corrosive resistance are commonly used cladding materials.

**Figure 2 – Laser Cladding Nozzle Configurations**

Cladding materials typically come in wire or powder form



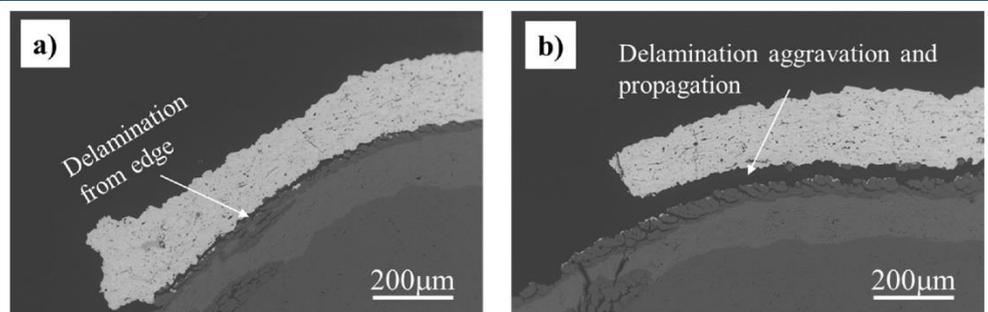
Source: Wikimedia Commons

Cladding materials typically come in the form of a powder or wire prior to being applied to the component, with the material guided by the cladding machine to a focused high power industrial laser beam, which melts the material and welds it to the metallic part.

Other metallic cladding technologies, such as spray coating are inferior as they do not form a strong and consistent metallic bond with the underlying part, increasing the risk of delamination of the cladding and greater wear.

**Figure 3 – Delamination of a spray cladded coating with usage**

Spray cladding is prone to delamination, reducing part lifetime



Source: D Chen et al

Laser cladding is most suited to large and expensive metallic components which experience high wear during their use. Extending what are often short lifetimes of these high value components, can lead to significant long term costs savings, in terms of both replacements and downtime.

# Business Units

## Services Division

LaserBond’s services division is the company’s largest segment, accounting for 53.5% revenue, and specifically refers to the cladding services applied on parts that are provided by a customer. Mostly these components that have already been subjected to extensive wear. However, some clients do opt for unused parts to be clad prior to use.

LaserBond provides these services to customers spanning across a range of heavy industries, with the company working with existing and potential customers to identify componentry within their operations that could have their use of life multiplied. This can provide a major net financial benefit, when factoring replacement costs and downtime, with the service costing anywhere between 10%– 200% the original price of the part.

**Figure 4 – Select LaserBond customers across various industries**

Mining and Minerals Processing	<b>BHP</b> <b>RioTinto</b> <b>WEIR</b> <b>FLSMIDTH</b>
Heavy Industry	<b>CATERPILLAR</b> <b>LIEBHERR</b> <b>WesTrac</b> <b>CAT</b> <b>SANDVIK</b>
Construction	 <b>Transurban</b> <b>JOHN HOLLAND</b>
Manufacturing	<b>VISY</b> <b>ALCOA</b> <b>BlueScope</b> <b>NUCOR</b>
Energy	<b>Hydro</b> <b>agl</b> <b>nrg</b> <b>EnergyAustralia</b>

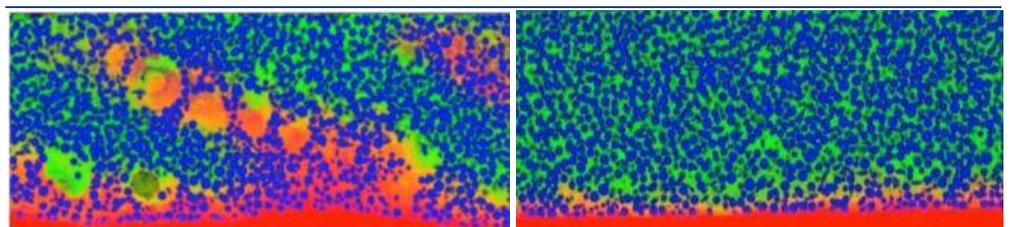
Source: LaserBond Ltd

Many heavy industries can see cost benefits from laser cladding

LaserBond’s unparalleled geographic spread is important to customers as transportation of large components, sometimes weighing several tonnes, becomes increasingly expensive over greater distance. As downtime also plays a part in the client’s cost benefit analysis, having operations close to customers is a key edge for the company, due to reduced turnaround.

Most importantly, the company’s early entry into laser cladding has allowed it to establish a technological advantage over its rivals, such as Hardchrome Engineering, with LaserBond offering a wider variety of cladding options and superior lifetime results, due to its laser cladding systems producing a more consistent cladded surface with less defects.

**Figure 5 – Regular laser cladding (Left) compared to LaserBond (Right)**



Other laser cladders partially dilute the cladding with substrate due to excess heating

Source: LaserBond Ltd

**Products Division**

LaserBond’s products division is the company’s 2nd largest segment, accounting for 46.2% of FY23 revenue, and specifically refers to componentry that is manufactured in full, with all LaserBond products laser cladded to enhance their lifetime in comparison to alternatives. LaserBond first began producing unbranded products in 2008 for OEMs, with the company producing \$16.8m of unbranded products on behalf of two undisclosed OEMs in FY23.

**LaserBond products last significantly longer than alternatives**

**Figure 6 – LaserBond Steel Mill Rolls (Left) Rotary feeder (Right)**



Source: LaserBond Ltd

Following success in unbranded products, LaserBond developed its own laser cladded steel mill rolls and launched them as their first branded products in 2017. The rolls boast a 10x increase in useful life while only 1.5x to 2x the cost of a comparable steel mill roll, with \$0.5m of sales made in FY23. More recently, LaserBond launched a rotary feeder product, which are used in bark and other material blowers, into the domestic market, with trials underway with potential customers in the US.

**Technology Division**

In 2017, LaserBond commissioned its first laser cladding system for an external party under licence agreement and has since manufactured an additional 4 systems for Australian universities and offshore OEMs.

The licence agreements restrict use to specific non-competing use cases, with LaserBond earning a margin on the upfront sale of the equipment (typically \$1.2m – 2.0m sale price) and the supply of cladding powder, with annual licence fees based on utilisation; culminating in up to \$750k each year of potential revenue per commissioned system.

**LBL assembles laser cladding systems for licensees**

**Figure 7 – A LaserBond cladding system manufactured for sale**



Source: LaserBond Ltd

## Investment Thesis

### Further domestic expansion of the Services Division

FY23 saw services division sales jump by 50.7%, with the Queensland facility contributing revenue for a full year and the Victorian site seeing normalised conditions for the first time since acquisition, following the easing of the state’s COVID lockdowns. Skilled worker shortages that constrained throughput at all sites was also alleviated, with the company able to source and upskill immigrant talent during FY23.

While growth was strong, new machinery installations and plant upgrades continue for both the Queensland and Victorian facilities, to broaden services capabilities. Enhancements during FY24 to these facilities and further hiring and upskilling of personnel will allow more parts to be serviced in these locations, opening up additional revenue opportunities.

**Figure 8 – Refurbished Gear Teeth - Before (Left) & After (Right)**



Source: LaserBond Ltd

LaserBond has explicit plans to purchase a facility in Western Australia and is considering two possible acquisitions in the state. The addition of this facility, in a location boasting significant mining activity, provides the company a significant growth opportunity, with the potential to quickly win additional work from the West coast operations of existing customers.

**Table 1 – Services Division Revenue Forecasts**

Services Revenue	FY23A	FY24F	FY25F	FY26F	FY27F
Services (\$m)	20.6	24.0	29.3	33.5	38.0
Growth (%)	50.7%	16.3%	21.9%	14.5%	13.4%

Source: Curran & Co Forecasts

We expect during FY24, that upgrades to facilities, growth in the company’s skilled labour force, a modest WA acquisition (we estimate revenue of \$5m of p.a.) and continuing business development wins, will drive Services revenue to grow by 16.3% on FY23 to \$24.0m.

Over the medium term, we expect LaserBond will continue to find additional applications for its technology within its existing customer base and add additional clients, in new and existing industry verticals. With capacity across the four existing facilities below 50%, if the company fully utilises double shifts across all the sites, we expect that revenue will grow strongly over the coming financial years, with sales of \$38.0m from the services division expected by FY27, up 84.1% on FY23.

**LBL returns parts to original specifications with an improved life**

**Services revenue is expected to continue to grow strongly in FY24**

## Growth in International sales of LaserBond products

While demand for products from existing OEM customers has consistently grown and is expected to continue to grow over the coming years, we expect LaserBond branded products will be the predominant growth driver of the company's Products division.

While still early days for the rotary feeder products, which are used in bark and material blowers. Steel mill rolls have been well received by North American customers, with recent testimonials provided to LaserBond highlighting their superior lifetime over all competing products.

With North American market penetration likely to be only ~2% and now armed with product performance references, we anticipate the company's international sales team to see improved traction in North America and other parts of the world during FY23, driving Products Division revenue to grow 17.8% this financial year.

Strong medium term performance is also expected, as LaserBond's product range and reputation grows internationally, with Products revenue expected to reach \$37.5 by FY27, up 110% on last financial year.

**Table 2 – Products Division Revenue Forecasts**

Products Revenue	FY23A	FY24F	FY25F	FY26F	FY27F
Products (\$m)	17.8	21.0	27.3	32.5	37.5
Growth (%)	18.9%	17.8%	29.8%	19.3%	15.4%

Source: Curran & Co Forecasts

**Product sales growth expected to be driven by steel mill rolls**

Due to the large size of the steel mill roll market in North America and logistical lead times inhibiting some sales, LaserBond has begun exploring the establishment of a production facility in the US. While we have not factored the establishment of a US site into our forecasts, we expect that such a facility would likely accelerate Product revenue growth further.

## Clearance of Laser Backlog and New Licensee Wins

Technology division sales are expected to jump in FY24, as revenue is recognised on two laser cladding systems that had commissioning delays in FY23, with a further two systems expected to be commissioned this financial year. We anticipate this will result in FY24 Technology revenue of \$3.6m, up 26x from FY23's low base of \$0.1m

Sales from the Technology division are expected to pull back slightly in FY25 as laser cladding system commissioning reverts to a two per year cadence. However, medium term revenue growth is expected, as a result of licensee build-up, and the recurring fees and cladding material sales derived from each of them. We expect this will drive Technology division revenue to \$4.5m by FY27.

**Table 3 – Technology Division Revenue Forecasts**

Technology Revenue	FY23A	FY24F	FY25F	FY26F	FY27F
Technology (\$m)	0.1	3.6	3.5	4.0	4.5
Growth (%)	-93.2%	2471.4%	-2.8%	14.3%	12.5%

Source: Curran & Co Forecasts

**The technology division is expected to be a small but important contributor to revenue**

## Improving utilisation and unlocking of capacity

All four of LaserBond's sites are not completely utilised across morning and afternoon shifts. Additionally, these facilities can have further capacity unlocked, via plant upgrades which are modest in terms of CapEx. We estimate the four sites combined are capable of handling \$80m of revenue, when running fully utilised double shifts.

Thus, beyond the planned expansion into WA via an acquisition, the domestic operations of LaserBond do not require an expanded footprint to deal with the anticipated strong medium growth in customer demand from the three revenue producing divisions.

Improved utilisation is expected to result in improved gross margins for each of the company divisions. However, we are forecasting LaserBond's very high +50% group gross margin to be stable, as the faster growing Products division counters economies of scale with its lower gross margin.

**Table 4 – Group EBIT Forecasts**

Group EBIT	FY23F	FY24F	FY25F	FY26F	FY27F
Group Revenue (\$m)	38.6	48.6	60.0	70.0	80.0
Gross Profit (\$m)	20.5	26.3	32.5	37.9	43.3
EBITDA(\$m)	10.3	15.5	21.2	26.0	30.8
EBIT(\$m)	7.0	11.0	15.6	20.3	25.0
<b>EBIT Margin %</b>	<b>18.1%</b>	<b>22.6%</b>	<b>25.9%</b>	<b>29.0%</b>	<b>31.2%</b>
<b>EBIT Growth (%)</b>	<b>21.0%</b>	<b>57.0%</b>	<b>41.8%</b>	<b>30.3%</b>	<b>23.1%</b>

Source: Curran & Co Forecasts

**EBIT is expected to increase by 57.0% in FY24**

Despite this, we expect operating leverage will be strong at the EBIT line, with LaserBond's slower growing overheads diluted by the high growth in group revenue. FY25 EBIT is forecast to be more than double FY23's, at \$15.6m, as a result of the company hitting its \$60m revenue target in FY25. Further out, we forecast LaserBond will achieve a 31.2% EBIT margin in FY27, driving EBIT to \$25.0m

## Growth investment doesn't require a dividend cut

We expect that in FY24 LaserBond will invest in plant upgrades and acquire a WA facility in order to reach its FY25 revenue target of \$60m. As a result, we anticipate that investing cash outflows in FY24 will be \$8.0m, up 504% from \$1.3m in FY23.

**Table 5 – Cash Flow and Dividend Forecasts**

Cash Flow (\$m)	FY23F	FY24F	FY25F	FY26F	FY27F
Operating	7.7	8.3	11.9	15.8	19.2
Investing	(1.3)	(8.0)	(3.5)	(3.5)	(3.6)
Financing	(3.1)	(0.5)	(8.4)	(12.2)	(15.6)
<b>Cash at Bank (EOFY)</b>	<b>8.9</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>
<b>Dividends (¢ per share)</b>	<b>1.6</b>	<b>1.6</b>	<b>5.4</b>	<b>8.8</b>	<b>11.8</b>

Source: Curran & Co Forecasts

**LaserBond is expected to Pay 1.6c in dividends in FY24 as it did in FY23**

We expect that the company will produce \$0.3m more operating cash during FY24 than it invests. This will allow LBL to pay equivalent dividends in FY23, if it draws down a small portion of cash and/or adds in a modest amount debt financing and still remain in a net cash position.

## Valuation | A\$1.40/share (60% upside)

Our 12-month target price for LaserBond (LBL) has been determined via the Dividend Discount Model, with the Gordon Growth Model used to determine the present value of dividends beyond FY29.

**Table 6 – Dividend Discount Model Assumptions**

Risk Free Rate	Market Risk Premium	Equity Beta	Cost of Equity	Gordon Growth Rate
4.0%	6.5%	1.51	13.8%	4.0%

Source: Curran & Co Estimates

Company dividends are expected to grow at 4% p.a. Beyond FY29

## Key Risks

### Changes to immigration policy and access to skilled labour

The majority of LaserBond's workforce consists of vocationally educated mechanical engineers (commonly known as Fitters and Turners) with all of the company's products and services requiring significant labour input.

Due to the major decline in Australian manufacturing over preceding decades and a perception that acquiring a manufacturing skillset is a suboptimal career path, the number of Fitters and Turners has declined disproportionately with respects to demand.

As a result, LaserBond has become more reliant on sourcing qualified offshore labour to fill positions within their facilities, as the company expands. Thus, LaserBond's ability to grow could be adversely affected by changes to immigration policy, that either inhibit or slow its ability to recruit offshore talent into its workforce.

### Technological advancement by competitors and/or laser OEMs

LaserBond's technological edge over competitors is a key pillar of its high gross margins. It is possible however that competitors will develop equivalent or superior capabilities over time, or that industrial Laser OEMs will invest in R&D with the aim of developing off-the-shelf laser cladding systems with comparable or superior capabilities.

LaserBond is expected to invest \$600k-\$800k per annum in R&D, with its exposure to a wider range of potential use cases, via geographic spread, providing greater opportunities for innovation; particularly compared to laser machinery OEMs that are disconnected from users of cladded parts.

### Customer and Industry Dependency

LaserBond's two major OEM product customers, which the company does not disclose, contributed 43.5% of FY23 revenue. As a result, LaserBond has significant dependence on a continuing relationship and general financial health of these businesses.

As these customers supply products into the resources industry, with many other LaserBond customers also operating in the mining sector, the company has high exposure to the resources and mineral processing industry. Fortunately, LaserBond is far less exposed to the cyclical CapEx profile of the sector, with refurbishments and replacements mostly linked to more stable operational and maintenance expenditure.

## **Appendix | Board of Directors**

### **Philip Suriano – Non-Executive Chairman**

Philip has been a director since 2008. He began his career in corporate banking with the State Bank of Victoria (Commonwealth Bank). He holds a degree in banking & finance (B.Bus (Bkg & Fin)). He spent 16 years in senior positions within the Australian Media industry. Philip has gained wide knowledge & experience to give him a strong background in operations, sales and marketing in such roles as National Sales Director, MCN (Austar and Foxtel TV Sales JV) and Group Sales Manager at Network Ten. Prior to joining MCN, Philip was employed within the Victor Smorgon Group. For the past 15 years he has been working in corporate finance.

### **Wayne Hooper – Executive Director & CEO**

Wayne is a professional engineer with significant technical and management experience within the surface engineering, general engineering and manufacturing industries. His engineering experience includes design, maintenance and project management. He started his career within the electricity generation industry, followed by high volume manufacturing. Prior to joining the company in 1994, Wayne also held senior roles in marketing within the building products industry. Wayne holds degrees in Science, Engineering (Honours Class 1) and an MBA.

### **Matthew Twist – Executive Director, CFO & Company Secretary**

Matthew has over 25 years financial management experience, encompassing financial and operational control and systems development in manufacturing. Matthew has been the company's Chief Financial Officer since March 2007, and was appointed Company Secretary in March 2009. Matthew has a Certificate in Governance Practice, and is an affiliated member of the Governance Institute of Australia.

### **Ian Neal - Non-Executive Director**

Ian's professional background is in financial markets, commencing as an equities analyst and moving to various banking positions until establishing Nanyang Ventures. He is a life member of the Financial Services Institute of Australia, a previous National President of The Securities Institute of Australia and was a member of the first Corporate Governance Council which established the Corporate Governance Guidelines.

### **Dagmar Parsons - Non-Executive Director**

Dagmar has worked with major national and multinational entities in Senior Executive and Non-Executive Director positions, driving critical market success by providing strategic direction, visionary leadership, and innovative thinking. As a Mechanical Engineer, she has an in-depth knowledge of engineering, manufacturing, construction, and service industry environments in the Infrastructure, Oil and Gas, Power, Paper and Steel sectors. She has considerable experience in transforming and growing complex businesses across diverse corporate, operational and entrepreneurial roles in Australia, Asia and Europe. She is a graduate member of the Australian Institute of Company Directors.

## LaserBond (LBL) - Financial Summary

### Profit & Loss Statement

Year to Jun 30 (A\$m)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>30.7</b>	<b>38.6</b>	<b>48.6</b>	<b>60.0</b>	<b>70.0</b>
- change	24.5%	25.7%	25.9%	23.5%	16.7%
<b>EBITDA</b>	<b>8.7</b>	<b>10.3</b>	<b>15.5</b>	<b>21.2</b>	<b>26.0</b>
- change	35.9%	18.2%	51.5%	36.1%	22.8%
Depreciation and Amortisation	-2.9	-3.3	-4.6	-5.6	-5.7
<b>EBIT</b>	<b>5.8</b>	<b>7.0</b>	<b>11.0</b>	<b>15.6</b>	<b>20.3</b>
- change	50.8%	21%	57.0%	41.8%	30.3%
Net finance costs	-0.4	-0.6	-0.7	-0.9	-0.9
<b>Pre-tax profit</b>	<b>5.3</b>	<b>6.4</b>	<b>10.3</b>	<b>14.7</b>	<b>19.4</b>
Tax expense	-1.7	-1.6	-3.1	-4.4	-5.8
<b>Reported NPAT</b>	<b>3.6</b>	<b>4.8</b>	<b>7.2</b>	<b>10.3</b>	<b>13.5</b>
- change	27.9%	31%	51.2%	42.5%	32.1%
Add Comprehensive Items	0.0	0.0	0.0	0.0	0.0
<b>Comprehensive Income</b>	<b>3.6</b>	<b>4.8</b>	<b>7.2</b>	<b>10.3</b>	<b>13.5</b>
- change	27.9%	31%	51.2%	42.5%	32.1%
Remove Abnormals	0.0	0.0	0.0	0.0	1.0
Remove Comprehensive items	0.0	0.0	0.0	0.0	0.0
<b>Normalised NPAT</b>	<b>3.6</b>	<b>4.8</b>	<b>7.2</b>	<b>10.3</b>	<b>14.5</b>
- change	27.9%	31%	51.2%	42.5%	41.8%

### Profitability Ratios

Year to Jun 30 (A\$m)	2022A	2023A	2024F	2025F	2026F
EBITDA margin (%)	28.3%	26.6%	32.0%	35.3%	37.1%
EBIT margin (%)	18.8%	18.1%	22.6%	25.9%	29.0%
NPAT margin (%)	11.8%	12.3%	14.8%	17.1%	19.4%
Effective tax rate (%)	-31.9%	-25.3%	-30.0%	-30.0%	-30.0%
Shares outstanding	109.3	110.0	110.0	110.0	110.0
<b>Reported EPS (¢)</b>	<b>3.3</b>	<b>4.3</b>	<b>6.5</b>	<b>9.3</b>	<b>12.3</b>
...change (%)	12.4%	30%	51.2%	42.5%	32.1%
<b>Normalised EPS (¢)</b>	<b>3.3</b>	<b>4.3</b>	<b>6.5</b>	<b>9.3</b>	<b>13.2</b>
...change (%)	12.4%	30%	51.2%	42.5%	41.8%
<b>DPS / Cap Return(¢)</b>	<b>1.2</b>	<b>1.6</b>	<b>1.6</b>	<b>5.4</b>	<b>8.8</b>
...Payout on Norm. NPAT	36.1%	36.9%	24.5%	57.7%	66.7%
...Yield (%)	1.4%	1.8%	1.8%	6.1%	10.1%

### Gearing / Cashflow Ratios

Year to Jun 30 (A\$m)	2022A	2023A	2024F	2025F	2026F
Net debt	-0.9	-4.9	-1.1	-0.8	-0.5
Net debt/Equity (%)	N/A	N/A	N/A	N/A	N/A
Net Debt/N Debt+Equity (%)	N/A	N/A	N/A	N/A	N/A
Net Debt / EBITDA (x)	N/A	N/A	N/A	N/A	N/A
EBITDA / Net interest (x)	19.5x	16.5x	22.4x	23.4x	28.2x
ROE (%)	13.2%	15.3%	19.7%	25.1%	30.3%
ROA (%)	8.2%	9.2%	11.7%	15.2%	18.7%

### Multiples

Year to Jun 30 (A\$m)	2022A	2023A	2024F	2025F	2026F
Enterprise value (A\$m)	94.7	91.3	95.1	95.4	95.7
EV/Sales	3.1x	2.4x	2.0x	1.6x	1.4x
EV/EBITDA	10.9x	8.9x	6.1x	4.5x	3.7x
Price/Earnings	26.4x	20.2x	13.4x	9.4x	7.1x
Price/Book	3.5x	3.1x	2.6x	2.4x	2.2x

### Balance Sheet

Year to Jun 30 (A\$m)	2022A	2023A	2024F	2025F	2026F
Cash	5.7	8.9	8.7	8.7	8.7
Receivables	9.8	9.4	11.9	14.7	17.1
Inventories	5.6	7.3	9.2	11.4	13.3
Other Current Assets	0.0	0.0	0.0	0.0	0.0
<b>Current Assets</b>	<b>21.0</b>	<b>25.7</b>	<b>29.8</b>	<b>34.8</b>	<b>39.1</b>
Property, Plant & Equipment	16.4	18.8	21.5	22.2	22.9
Intangibles	6.4	6.5	9.5	9.5	9.5
Other	0.7	0.8	0.8	0.8	0.8
<b>Non-Current Assets</b>	<b>23.5</b>	<b>26.1</b>	<b>31.8</b>	<b>32.5</b>	<b>33.2</b>
<b>Total Assets</b>	<b>44.5</b>	<b>51.8</b>	<b>61.7</b>	<b>67.3</b>	<b>72.3</b>
Payables	4.3	4.7	5.5	6.5	7.3
Financial Liabilities	1.3	1.7	2.4	2.4	2.5
Lease Liabilities	1.3	0.6	0.6	0.6	0.6
Employee Benefits	1.8	2.0	2.0	2.0	2.0
Other Current Liabilities	0.1	0.3	0.3	0.3	0.3
<b>Current Liabilities</b>	<b>8.8</b>	<b>9.3</b>	<b>10.8</b>	<b>11.8</b>	<b>12.7</b>
Financial Liabilities	3.4	2.3	5.2	5.4	5.7
Lease Liabilities	3.3	7.2	7.2	7.2	7.2
Employee Benefits	0.1	0.2	0.2	0.2	0.2
Other Non-Current Liabilities	1.4	1.8	1.8	1.8	1.8
<b>Non-Current Liabilities</b>	<b>8.2</b>	<b>11.5</b>	<b>14.4</b>	<b>14.6</b>	<b>14.9</b>
<b>Total Liabilities</b>	<b>17.0</b>	<b>20.8</b>	<b>25.2</b>	<b>26.4</b>	<b>27.6</b>
<b>Net Assets</b>	<b>27.5</b>	<b>31.1</b>	<b>36.5</b>	<b>40.8</b>	<b>44.7</b>
Issued Capital	18.2	18.8	18.8	18.8	18.8
Accumulated Losses	9.3	12.3	17.7	22.1	25.9
<b>Shareholders' Equity</b>	<b>27.5</b>	<b>31.1</b>	<b>36.5</b>	<b>40.8</b>	<b>44.7</b>

### Cash Flow Statement

Year ending June (A\$m)	2022A	2023A	2024F	2025F	2026F
Operating Cash Flow	4.2	7.7	8.3	11.9	15.8
Investing Cash Flow	-10.9	-1.3	-8.0	-3.5	-3.5
<b>Free Cash Flow (Basic)</b>	<b>-6.6</b>	<b>6.4</b>	<b>0.3</b>	<b>8.4</b>	<b>12.2</b>
Financing Cash flow	7.4	-3.1	-0.5	-8.4	-12.2
Exchange rate effects	0.0	0.0	0.0	0.0	0.0
<b>Net Change in Cash</b>	<b>0.8</b>	<b>3.2</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>

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