

ASX Release

15 June 2020

LaserBond Expands into Victoria with Strategic Acquisition

LaserBond Limited (ASX: LBL) is pleased to announce that it has entered into a Memorandum of Understanding to acquire the highly regarded business of United Surface Technologies. United Surface Technologies is a surface engineering company that provides industry with an advanced thermal spray coating and weld hardfacing service, which will complement the LaserBond® laser cladding technology.

Located in Melbourne, the acquisition will widen LaserBond’s market reach with a dedicated facility and existing technologies, to which LaserBond will add its proprietary laser cladding technology and other applications, in order to grow its customer base in both the Victorian and Tasmanian markets. United Surface Technologies has been in operation since 1986 and has built a strong reputation of quality and service.

Chief Executive Officer Wayne Hooper, said, “The acquisition of a facility from which to expand our footprint in Australia exemplifies our strategy to acquire complementary businesses that provide skilled personnel and equipment with an existing client base whilst providing a platform for LaserBond® cladding technology in expanded markets. United Surface Technologies current client base includes power generation, rail, paper, oil and gas, mining, general manufacturing and several other sectors providing many new opportunities for LaserBond, and building on the recent recruitment of an experienced technical sales person based in Victoria.”

The acquisition includes all staff and existing management, plant and equipment, ongoing contracts, leases and licences as well as trading names. Completion of the acquisition is anticipated by 30 June 2020, with the \$1.1 million purchase price funded through existing equipment financing facilities and cash reserves. United Surface Technologies is a profitable business with expected revenue for FY20 of circa \$4.5million.

Unlike many businesses, LaserBond’s revenue has been only marginally impacted by Covid-19. While FY20 revenue from the core Products and Services divisions is expected to increase by 8 to 8.5% over FY19, as opposed to the double digit revenue target previously announced, sales in the Technology division and the acceleration of growth in international product sales have been impacted by Covid-19 international travel restrictions. Further more delays in receiving significant Products Division orders, which doubled in late May, means that revenue will not be recognised until 1H21. As a result, we now expect reported FY20 revenue to be 2 to 2.5% less than FY19 revenue.

The Board is pleased with the growth in the core business and still considers the targeted \$40 million revenue by 2022 to be a realistic goal, subject to the relaxation of COVID-19 travel restrictions and the emerging international economic environment.



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Further Information

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About LaserBond

LaserBond is a specialist surface engineering company founded in 1992 that focuses on the development and application of materials, technologies and methodologies to increase operating performance and wear-life of capital-intensive machinery components. Within these industries, the wear of components can have a profound effect on the productivity and total cost of ownership of their capital equipment. As almost all components fail at the surface, due to material removal through abrasion, erosion, corrosion, cavitation, heat and impact, and any combination of these wear mechanisms, a tailored surface metallurgy will extend its life and enhance its performance.