

# Energy Technologies Limited (ASX:EGY)

A specialised cable & wires manufacturer  
supplying the high value infrastructure sector

1H2021 RESULTS  
February 2021



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# Company Results



# Operating Result



| Energy Technologies - Profit & Loss |                |                |                     |
|-------------------------------------|----------------|----------------|---------------------|
| <i>(A\$'000, unless indicated)</i>  | <b>HY21</b>    | <b>FY20</b>    | <b>Difference %</b> |
| <b>Sales revenue</b>                | <b>4,054</b>   | <b>5,222</b>   | <b>(22.4)</b>       |
| COS                                 | (4,455)        | (4,544)        | 2.0                 |
|                                     | <b>(401)</b>   | <b>678</b>     | <b>(15.9)</b>       |
| Administrative                      | (2,544)        | (2,175)        | (17.0)              |
| Finance costs                       | (743)          | (405)          | (83.4)              |
| D&A                                 | (1,120)        | (844)          | (32.7)              |
| <b>Operating Loss</b>               | <b>(4,808)</b> | <b>(2,746)</b> | <b>(75.1)</b>       |
| Other Revenue                       | 1,173          | 55             |                     |
| <b>PBT</b>                          | <b>(3,635)</b> | <b>(2,691)</b> | <b>(35.1)</b>       |

- Sales in 2H effected by COVID shutdowns but mitigated by Jobkeeper Government payments & R&D tax rebates (other revenue)
- COS higher relative to Sales as the company commenced re-stocking
- Administrative costs higher as the continued switch to Rosedale came to an end
- Finance costs to remain high until all debt commitments are re-financed
- Other Revenue reflects Jobkeeper
- Company to pay down and refinance high-interest existing facilities in the short term, but maintain facilities for peak flows

# Balance Sheet



## Energy Technologies – Balance Sheet (FY18 – 1H FY20)

(A\$'000, unless indicated)

|                             | 1H FY21       | FY20          | Significant movements |
|-----------------------------|---------------|---------------|-----------------------|
| <b>Assets</b>               |               |               |                       |
| Cash                        | 602           | 27            | 575                   |
| Trade and other Receivables | 2,772         | 4,188         | -1,416                |
| Inventory                   | 3,635         | 2,327         | 1,308                 |
| Other                       | 358           | 358           |                       |
|                             | 7,367         | 6,900         |                       |
| PP&E                        | 12,799        | 12,871        |                       |
| Deferred Tax                | 195           | 229           |                       |
| Right of Use Asset          | 3,516         | 3,876         |                       |
| Intangibles                 | 4,617         | 4,737         |                       |
| Other                       | 278           | 216           |                       |
|                             | 21,405        | 21,929        |                       |
| <b>Total Assets</b>         | <b>28,773</b> | <b>28,830</b> |                       |
| <b>Liabilities</b>          |               |               |                       |
| Trade and other Payables    | 4,825         | 6,269         | -1,444                |
| Debt                        | 3,618         | 3,865         |                       |
| Leasing                     | 773           | 882           |                       |
| Provisions                  | 788           | 846           |                       |
|                             | 10,004        | 11,862        | -1,858                |
| Debt                        |               | 339           |                       |
| Leasing                     | 3,172         | 3,395         |                       |
| Provisions                  | 150           | 157           |                       |
|                             | 3,321         | 3,891         |                       |
| <b>Total Liabilities</b>    | <b>13,326</b> | <b>15,753</b> | <b>-2,427</b>         |
| <b>Net Assets</b>           | <b>15,447</b> | <b>13,076</b> | <b>2,371</b>          |

## FOCUS POINTS

Working cap optimisation through a combination of concentration on Receivables and Trading Finance facilities

Restructuring of debt obligations

Further investment in new PP& E

The company will increase Inventory over the next 18 months

# Top Tier Client List



Supplying some of the world's largest companies.  
Many relationships established in last two years with opportunity to grow revenue.

## Rail

ARTC ALSTOM

QueenslandRail

BOMBARDIER

Transport  
Sydney Trains

RCS  
AUSTRALIA



Public Transport  
Authority

Sigtech Solutions  
Australia

Wabtec  
CORPORATION

## Rail

BHP

RioTinto

## Defence

THALES

ASC

NAVAL  
GROUP

## Road & Traffic

Downer  
Relationships creating success

JOHN  
HOLLAND

Fulton Hogan

LAING O'ROURKE

lendlease

## Other

Brookfield

HITACHI

MIDDY'S

REXEL

TLE

# Executive Summary



**Company** Energy Technologies Limited (ASX:EGY) is 100% owner of Bambach Wires and Cables (Bambach), a major supplier of Australian manufactured low voltage copper cable products targeting specialised uses

| Board of Directors                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Brian Jamieson</b><br>Non- Executive Chairman                                          | Mr. Jamieson has over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore. Mr. Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005, Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr. Jamieson was the Managing Partner for Australia for Touche Ross & Co. He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors |
| <b>Matthew Driscoll</b> BA, Grad. Dip. App Fin. SF Fin., GAICD<br>Non- Executive Director | 30 years' experience in capital markets, financial services and as a Company Director. NED for Blina Minerals (ASX:BDI) and NED for BuyMyPlace.com.au (ASX:BMP). Experienced in online technologies, fintech, property and resources.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Ian Campbell</b><br>Non-Executive Director                                             | Mr Campbell joined Olex Cables in 1989 as Group General Manager and then as Managing Director of the Pacific Dunlop Cables Group until 1998. In 1998 Mr Campbell joined ASX-200 listed GUD Holdings Ltd as its Managing Director and CEO until his retirement in mid-2013. Mr Campbell joined the BWX board in 2015 and was appointed Chairman in September 2018. Mr Campbell has been a non-executive director of Mirrabooka Investments Ltd since 2007. He was formerly a national councillor and Victorian Vice-President of the Australian Industry Group                                                                                                                                                                                                                                                                                                     |
| <b>Anthony Smith</b><br>Non-Executive Director                                            | Mr. Smith has over 30 years' experience in finance with a variety of firms concentrating on small to medium sized companies in regard to corporate finance, institutional research sales and private wealth advice. During this time, he was charged with running these businesses along with titles of Head of Securities and Country Director of Austock Group and Phillip Capital. Mr Smith currently handles the investments at Cashel Family Office, a Melbourne based multi family office company and is a Non-Executive Director of IODM Limited                                                                                                                                                                                                                                                                                                           |
| <b>Yulin Hu</b><br>Non-Executive Director                                                 | An Australian resident and leading businessman whose roles include the President of China City Construction Holdings Limited, a construction business in China with approximately 6bn RMB (A\$1.1bn) turnover.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Key Metrics                 |       |
|-----------------------------|-------|
| Shares on issue (m)         | 171   |
| Last traded price (\$)      | 0.15  |
| Market capitalisation (\$m) | 25.65 |
| Net debt (\$m)              | 5.07  |
| Enterprise valuation (\$m)  | 30.72 |

# Near term action points



## ACTION POINTS

## STAGE

## COMPLETION DATE

|                                        |                                    |                             |
|----------------------------------------|------------------------------------|-----------------------------|
| Full machine commissioning at Rosedale | 75%                                | July 2021                   |
| New machine commissioning              | 5%                                 | September 2021              |
| Board refresh                          | 90%                                | Finalised in the short term |
| Finance personnel restructuring        | 33% - New personnel commenced 15/1 | April 2021                  |
| Restructure debt commitments           | 20%                                | April 2021                  |
| Re stock sales channel                 | 10%                                | June 2021                   |



# Company Record & Capability



# Bambach Wire and Cables



Bambach Wire and Cables manufactures low voltage industrial and specialised copper cables

Founded in 1936 and is the oldest existing Australian cable manufacturer and 100% owned by Energy Technologies since 2012

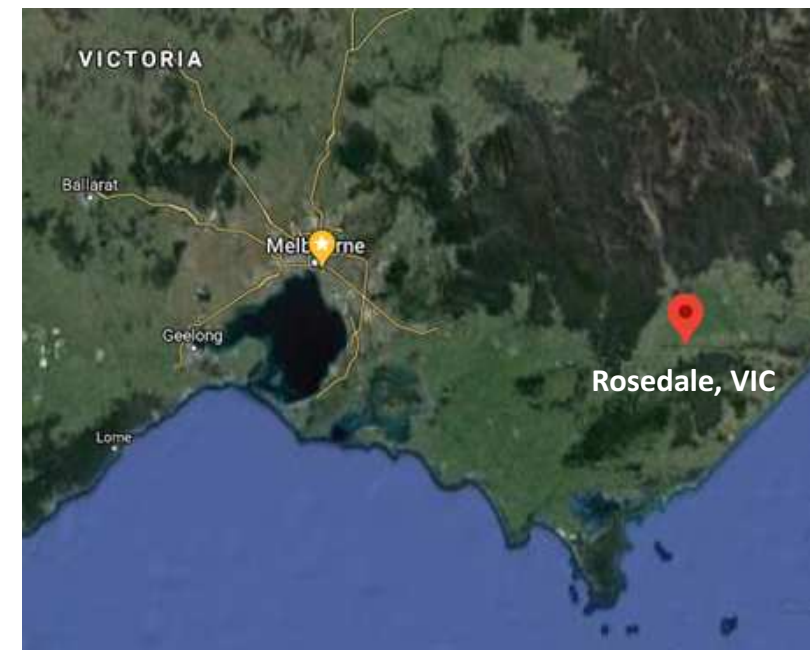
New factory in Rosedale, VIC capable of processing up to 250 tonnes of finished product per month – a 10x throughput improvement from former Brookvale site

Significant investment to R&D leading to complete new ranges of cables for high value heavy industries

Main manufacturer (out of only two manufacturers) with braiding capability in Australia

Manufacturing inputs (eg copper) from Australian sources

The addition of silicon cable capability would make Bambach the only end-to-end supplier of locally manufactured silicon cables



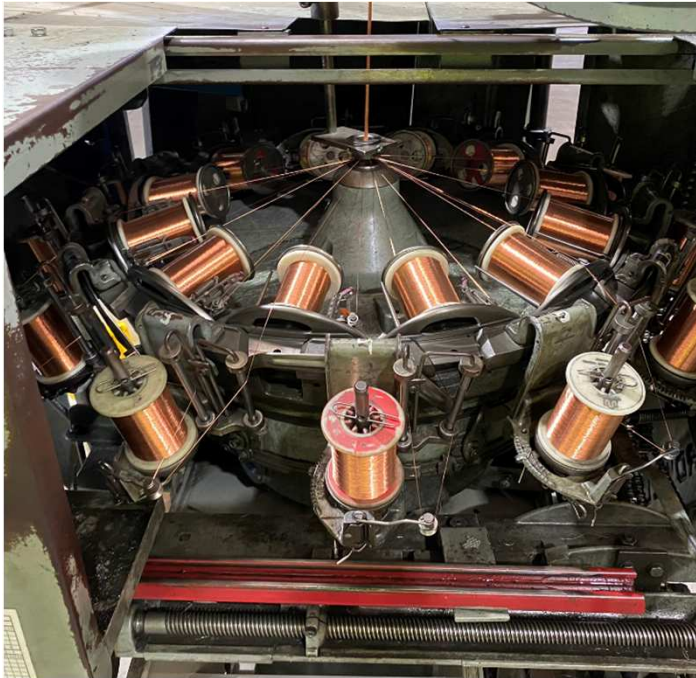
# Advantages



## Strategic Advantages

- Specialised branded cables
- Considerable 'know how' & IP for new and custom product development
- Australian designed & manufactured (fast turnaround, high standards) using locally sourced input materials
- Transitioned to \$7m factory in Rosedale, VIC with capacity for significant expansion
- Australian made – true downstream industry using Australian Copper
- Short lead times
- Competitive pricing
- Local service capability given State branches & experienced sales staff
- Innovation culture identifying new market opportunities, designing and manufacturing new products

# Manufacturing: Rosedale



Larger & faster machines can process 200-250 tonnes of copper per month



10x increased capacity with room to expand, plus Government support for regional development & employment



122 acres of available land for expansion with ample skilled workers in region

# Specialised Product Mix



**Wide scope:** ~1,300 different cable products for industry uses – sales targeting 38% gross margin (vs <10% for commoditised cable products)

**Branded:** Customers request Bambach cable brand products by name – several new brands to be launched

**High standards:** Produced to ISO 9001 Australian standards and other Federal & State regulations and industry requirements

**Australian made:** Made in Australia with ~92% of materials sourced from Australia – low AUD positive for Copper inputs

**Approved products:** Specialised cables approved for organisation use (eg ARTC, Queensland Rail, PTA WA and Transport NSW)

**Differentiated specialised products:** R&D and experience creates unique products (eg braids and ropes) specific to industry & Australian needs

**Capability for custom orders:** Ability to make to order specific to JIT project needs (~4 weeks delivery time vs 8+ weeks for competitors)



## Branded Cables

NEW **NautX:** Marine cables

NEW **FlareX:** Fire-safe cables

NEW **ImmerseX:** Pump cables

NEW **SearX:** Fire-rated cables

NEW **RailX:** Rolling stock cables

**TrackSure & TrackDrive:** Rail signal cables

**LoadFlex:** Street lighting cables

**Traffi-Cab:** Traffic cables

**AlarmFlex:** Fire alarm cables

**SafeX:** Fire safe cables

**VariFlex:** Low electronic emission cables

**Control:** control & measurement of equipment

**Bespoke:** bespoke cables

# Primed for New Growth



## Historic: Brookvale, NSW

## New facility: Rosedale, VIC

|                             |                                                                                                                                                  |                                                                                                                                                                                                                                      |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Factory</b>              | <ul style="list-style-type: none"> <li>Small facility with low throughput</li> </ul>                                                             | <ul style="list-style-type: none"> <li>\$7 million investment to large factory with high throughput (10x larger footprint)</li> </ul>                                                                                                |
| <b>Capacity</b>             | <ul style="list-style-type: none"> <li>Limited production of 25 tonnes of copper wire cable / month, with most suppliers in Melbourne</li> </ul> | <ul style="list-style-type: none"> <li>Expansion to ~250 tonnes of copper wire cable / month + located next to rail line</li> </ul>                                                                                                  |
| <b>Revenue</b>              | <ul style="list-style-type: none"> <li>Reached maximum revenue capability (~\$1.2m per month)</li> </ul>                                         | <ul style="list-style-type: none"> <li>Significant capacity to increase revenue</li> <li>Expansion into silicon cables to service Navy construction contracts, add plugs / harnesses, enter medium voltage product market</li> </ul> |
| <b>Expansion capability</b> | <ul style="list-style-type: none"> <li>None</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>122 acres provides significant expansion capacity</li> </ul>                                                                                                                                  |
| <b>Workflow</b>             | <ul style="list-style-type: none"> <li>Double-handling/poor workflow</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>Optimised through fit-out to maximise efficiency</li> </ul>                                                                                                                                   |
| <b>Overheads</b>            | <ul style="list-style-type: none"> <li>High</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>~60% lower, including ~\$1m cost saving on rent</li> </ul>                                                                                                                                    |
| <b>Automation</b>           | <ul style="list-style-type: none"> <li>Low (with poor utilisation)</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>High (7x the volume of product with no increase to work) – ~45 FTEs required to service demand</li> </ul>                                                                                     |
| <b>Demand</b>               | <ul style="list-style-type: none"> <li>Pent-up demand (\$0.5-1.0m orders / month) that could not be fulfilled</li> </ul>                         | <ul style="list-style-type: none"> <li>Ability to meet demand and grow</li> <li>Many immediate contracts to fulfil</li> </ul>                                                                                                        |
| <b>Fulfilment</b>           | <ul style="list-style-type: none"> <li>Slow turnaround between product</li> </ul>                                                                | <ul style="list-style-type: none"> <li>Ability to fulfil order quickly (~4 weeks)</li> </ul>                                                                                                                                         |

# National Distribution



6 State distribution branches located in main Australian cities  
and a manufacturing facility in Rosedale, VIC



- Each ~600 sq ft branch staffed by:
  - 1x storeman
  - 2x sales / business development staff
- Branches provide:
  - Warehousing & storage, particularly for branded, specialised products
  - Local sales & customer engagement capability
  - Market (pricing) intelligence & competitor analysis feedback
  - Local brand presence

# Strategic Advantage



|                                                        | Specialised Cables                  | Asian-sourced Cables                | Eu-sourced Cables                   |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| High value & margin industries                         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Approved for specific projects                         | <input checked="" type="checkbox"/> |                                     | <input checked="" type="checkbox"/> |
| Turnaround times for custom product                    | ~4 weeks                            | ~8-12 weeks                         | >12 weeks                           |
| Custom manufacturing capability                        | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Knowledge & process advantage                          | <input checked="" type="checkbox"/> |                                     |                                     |
| Sales channels developed                               | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Suitable for Australian Defence & essential industries | <input checked="" type="checkbox"/> |                                     |                                     |
| Suitable for 'Brand Australia' insourcing initiatives  | <input checked="" type="checkbox"/> |                                     |                                     |
| Price of goods                                         | Competitive                         | Competitive                         | Expensive                           |
| Quality of output                                      | High                                | Variable                            | High                                |
| Manufacturing input costs                              | AUD linked                          | Relies on imports                   | High                                |
| Preference to local manufacturing                      | <input checked="" type="checkbox"/> |                                     |                                     |
| Reseller/importer of other/s manufactured product      |                                     | <input checked="" type="checkbox"/> |                                     |

# Client Lifecycle



## Product creation

- R&D and custom production of new product lines
- Decades of knowhow & capability
- Developed >5,000 customised products since incorporation



## Approval & Standards

- ISO AS/NZS 9001:2015 standards
- Industry approval for use
- Type approval for products by government organisations



## Quote & Proposal

- Significant inbound enquiry
- Dedicated sales team in place to convert prospects



## Order & Delivery

- Receive order
- Fulfil from existing inventory or make to order



## Repeat Orders

- Repeat sales to organisations that have successfully used Bambach products
- Average client tenure of several years

