

Energy Technologies Limited (ASX:EGY)

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

Investor Presentation
February 2023



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Bambach Wire and Cables

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

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

Factory in Rosedale, VIC capable of processing up to 250 tonnes of finished product per month

Significant investment to R&D leading to complete new ranges of cables for high value heavy industries (Solar, Defence)

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



Advantages

Strategic Advantages

- Specialised branded cables
- Considerable 'know how' & IP for new and custom product development
- Australian designed & manufactured (fast turnaround, high standards)
- 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

From Pandemic limited capacity to Post full production

Since 2019

Relocation of the factory to provide a substantial increase was met with major issues through the Pandemic which resulted in low utilisation rates cancelling the short term benefit of relocating to the larger site

Focus

01

Two shifts providing a substantial uplift in production

02

Higher quantity and shorter production times to increase the conversion of the historical high tender book

03

Phase 2 of the digitalisation of the business

2019

Increasing capacity

Rosedale

- Opened after delays in relocation of machinery and people
- Commissioned and starts production on a limited basis
- 250 tonnes per month capacity

Brookvale

- Employees scaled down for closure
- Production ceasing
- 30 tonnes per month capacity

2020 - 2021

Dealing with the issues

Pandemic event

- Sales effected by COVID shutdowns
- Costs increase due to factory relocation
- Government grants ensured business could continue normal operations
- Restructure of the board
- New funding facility put in place
- Re-stocking of inventory
- Restructure of the factory

2022

Repositioning the business

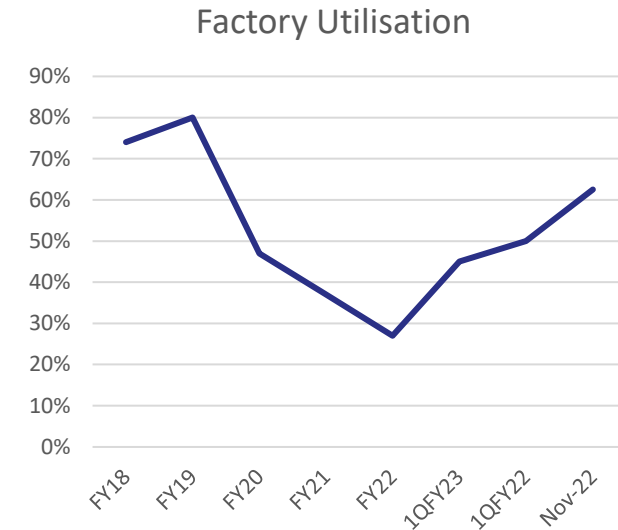
Pandemic event run off

- Utilisation at the factory greatly affected by close contact while borders re-open
- Sales increase due to the capacity at the factory being greater than Brookvale
- Target industry markets saw a strong uplift in consumption leading to an increase in Tender and Order books
- Digitalisation and efficiency programs start at the factory

Recent Issues -Pandemic and Beyond

NEGATIVES

- COVID isolation, COVID infection rates and close contact quarantine drastically reduced the utilisation rates at the factory over the last two years
- These interruptions resulted in a combined ~\$18m of losses through this period
- Reliance on unplanned increase of debt and debt like instruments from our loyal shareholder base
- Interruptions to copper supply and logistic chains
- Pandemic issues ceased affecting the factory in November 2022
- Strong turnaround on utilisation in the last month of calendar 2022



FORECAST HALF YEAR FY23

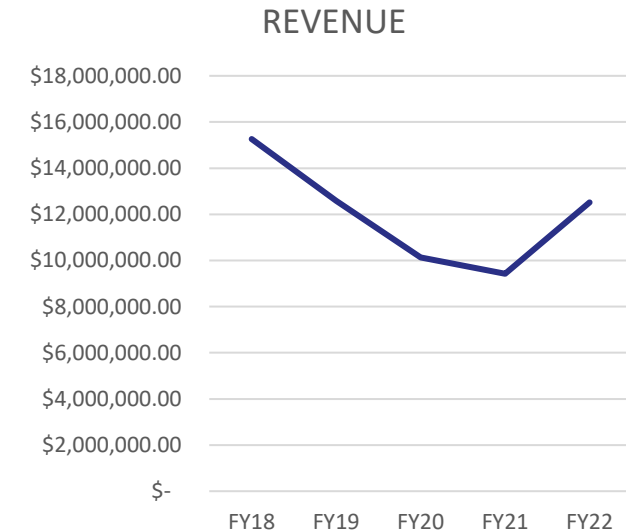
	HY22m	HY23m	
REVENUE	5.986	7.45	Up 24.5%
EBITDA	(3.072)	(2.393)	Up 22.1%
NET LOSS	(5.06)	(5.75)	Up 13.6%

Achievements-Pandemic and Beyond



POSITIVES

- Improved financial systems, board reporting and governance
- Major restructure of the KMP roles and duties
- Diversified copper supply chain
- Automated factory planning and operations
- Re-structured sales force
- Record high tender and order books and improved sales margin
- New markets opened up
- Revenue growth through expanded capacity of the new factory despite the low utilisation



Operational Cash and Revenue Simplified



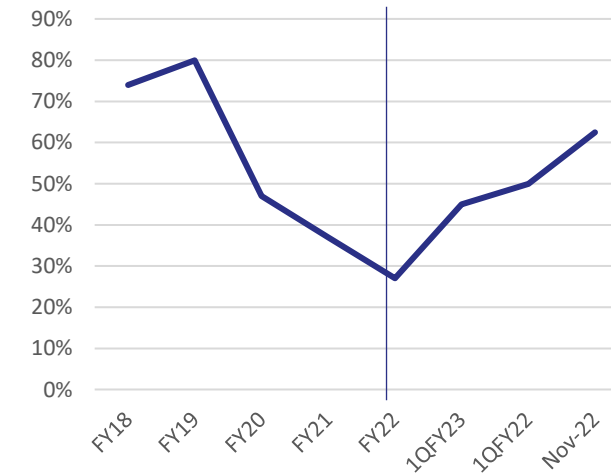
- Revenue can be classified in to three categories;
 - Wholesale – low margin (4 – 9%)
 - Contract – middle margin (17 – 32%)
 - Project – high margin (38 – 52%)
- Tenders are made and tender success pre the pandemic was ~33%. Tender success rate is 14.5%.
 - Tender Book pre the pandemic was between \$2.4m and \$3.6m.
 - Tender book is currently \$19.9m
 - Low success rate due to utilisation rates being at historic low levels increasing the length of time for delivery of product
- Order book reflects the ability of the company to deliver product in a timely manner to win sales
 - Order book pre the pandemic was between \$0.8m and \$1.2m
 - Order book is currently \$2.9m
- Factory produces orders from the order book and delivers the product to the client. This is when revenue is recognised.
- Sales are totally dependant on finished product produced each month at the factory and thus, utilisation therein.

Factory

UTILISATION

- The company moved its operations from Brookvale to Rosedale to increase capacity. The move happened at the beginning of the Pandemic and thus the full benefit of this has never been seen
- Utilisation rates at Brookvale were between ~74% (FY18) and 80% (FY19) which dropped to a low of 27% due to the Pandemic at Rosedale
- This had major repercussions on the ability to convert orders in to sales.
- Sales rose on lower utilisation due to the increased capacity at the new factory
- Factory for the last quarter was staffed for 1.5 shifts, resetting capacity to ~60%
- The factory performed its first full two shift day on the 14th February and achieved forecast results

Factory Utilisation



Cash Burn

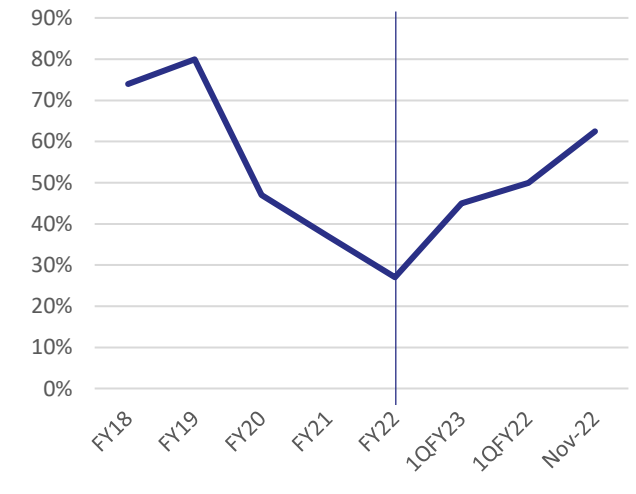


Trading

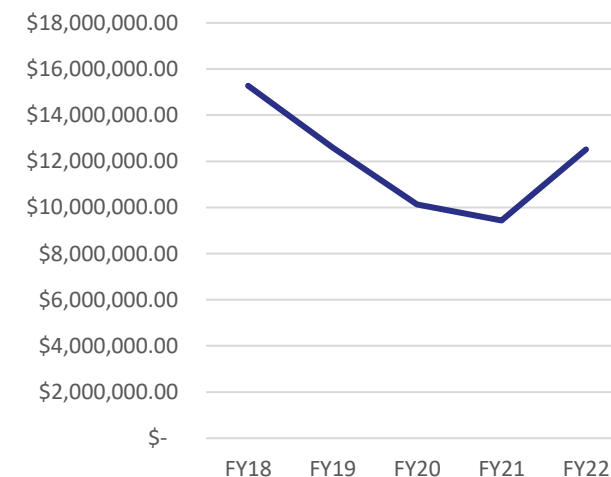
SALES

- Tender book increase is a result of a multi pronged sales focus across all sales laterals with a focus on higher margin work
- Project work has a long tail to conversion due to the work required to bid in to the tender process
- Utilisation at the factory is a leading indicator of Revenue.
- Solar certification was awarded in October and our first purchase order for ~\$1m was placed, unsolicited, in November.
- The silicon machine is now ready for delivery and will be welcomed at Rosedale in April

Factory Utilisation



REVENUE

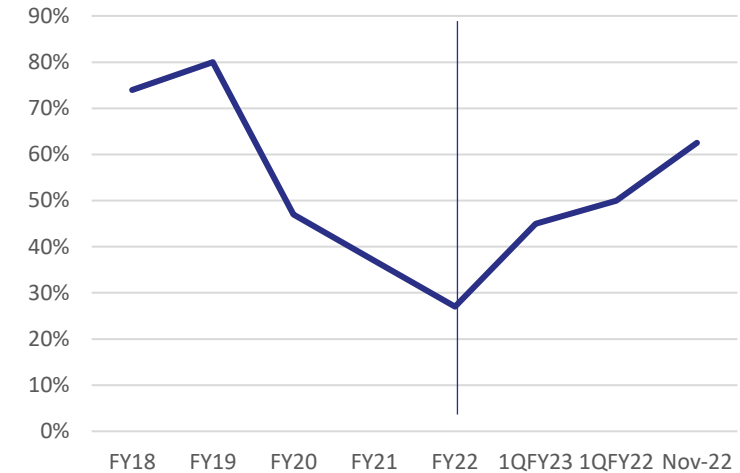


Calendar year 2023

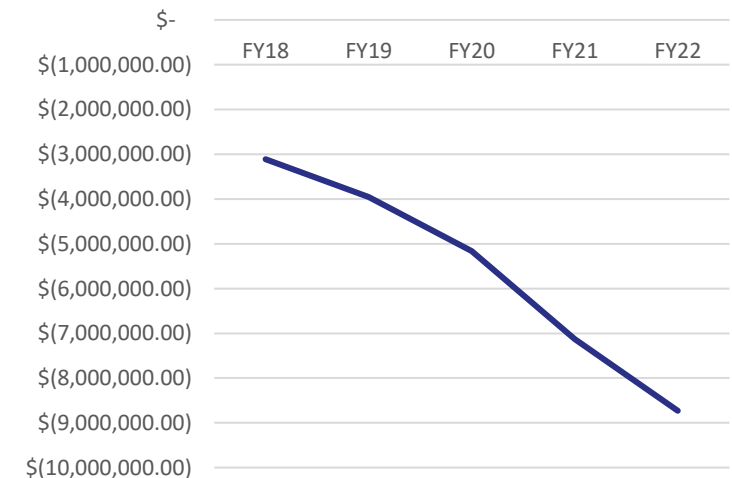
Short term and mid term focus

- The factory will move to 2 shifts resulting in 80 – 90% utilisation. The last two weeks of February will see the factory move to 2 shifts 1 day a week a gradually move to a full week schedule for April
- This added capacity will allow the sales staff to focus on:
 - Repositioning the company's tender book win ratio
 - Drive harder in to further contract work
 - Expand the size of project work it is tendering for
- The company is comfortable with its product offering which will be expanded during the course of the year.
- 80% utilisation translates to a substantial lift in sales capacity per month on existing machinery not accounting for the normal quiet December and January periods bringing the company back on track with its strategic plan goals

Factory Utilisation



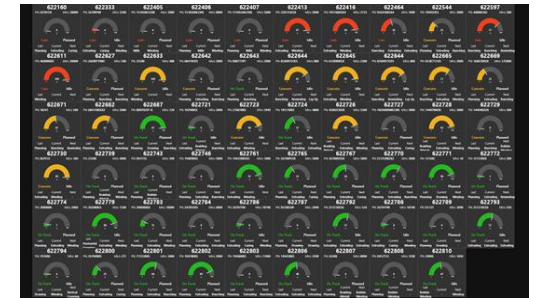
NET LOSS



Innovation



- The company has invested through the pandemic in updating the factory and its processes
- Completed the first stage of digitalisation of production
- Completed the first stage of digitalisation for production planning
- Entered in to a further project with Swinburne University for the next 12 months centred on innovation at the factory
- Phase 2 of digitalisation has commenced to develop a unique Smart Manufacturing Management System
- Concentration on real time machine data, in line quality detection and electronic tracking of production
- This will tie the final round of needs at the factory resulting in optimisation of resource utilisation, reduced quality issues and reduced costs



Appendices



EGY Corporate Overview



Key Metrics		Share Price (\$)	
Shares on issue (m)	272.2	12 month high	0.085
Last traded price (\$)	0.064	12 month low	0.05
Market capitalisation (\$m)	17.4		

Source: IRESS

Top 5 Shareholders		
J P Morgan Nominees Australia Pty Limited	67,753,966	24.9%
Cashel Family Office	19,987,346	7.4%
Advance Cables Pty Ltd	10,782,839	3.96%
Alfred Chown (MD & Founder)	8,243,575	3.03%
Howe Automotive Limited	7,885,266	2.9%
Other shareholders (#933)	157,622,222	57.8%
Total	272,275,214	100.0%

*Pro Forma
Chart Source: IRESS

Board of Directors	
Brian Jamieson 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. 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. Mr Jamieson is currently a Non-Executive Director of Highfield Resources and IODM Limited and has held former directorships with Sigma Healthcare, Mesoblast Limited, OZ Minerals, Tatts Group Limited and Tigers Realm Coal.
Matthew Driscoll BA, Grad. Dip. App Fin. SF Fin., GAICD 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.
Ian Campbell 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
Anthony Smith 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

Appendix: Key Risks

Risk	Risk Management
Demand Risk	• The target industries are varied and demand can be affected in numerous ways, not the least Covid related, Government and Defence spending, Construction industry, Private infrastructure and lack of confidence in delivery and pricing.
Capacity Risk	• Access to raw materials has been restricted due to limited capital. Capacity issues are a risk to Sales as Sales are booked once the product has been processed and delivered. Issues with machinery would also affect the capacity of production depending on timing and the relevant machine
Product Risk	• Each product is manufactured to ISO AS/NZS 9001:2015 and other Federal and State Government standards and by quality assured by industry in the majority of its uses
Delivery Risk	• The company had previously lacked inventory, working capital and manufacturing capacity to be able to meet delivery timeframes in a timely manner. Delivery times are extremely important in the industry
Competition	• Bambach's main competition in specialised cables and wires is from offshore suppliers. The Company's offering is competitive in a weaker AUD rate environment and delivery time
COVID-19	• The Company has experienced a decline in orders in relation to COVID-19 through the first half of FY21.

