



SYNERTEC CORPORATION LIMITED

FY18 RESULTS PRESENTATION

SEPTEMBER 2018



SYNERTEC

DISCLAIMER AND IMPORTANT NOTICE

The information in this presentation about Synertec Corporation Limited (the Group) and its activities is current as at 29 August 2018, and should be read in conjunction with the Company's Appendix 4E and attached financial report for the year ended 30 June 2018. It is in summary form and is not necessarily complete. The financial information contained in the financial report for the year ended 30 June 2018 has been audited by the Group's external auditors.

Information, including forward-looking forecast financial information in this presentation and/or discussed with Synertec Corporation Limited personnel should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in Synertec Corporation Limited or any other company. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecast and any variation may be materially positive or negative.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of Synertec Corporation Limited. Before making or varying any decision in relation to holding, purchasing or selling shares in Synertec Corporation Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

The presentation may include non-IFRS financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Group's external auditors. Non-IFRS financial information should not be considered as an indication of, or alternative to, an IFRS measure of profitability, financial performance or liquidity.

All currency is denominated in Australian dollars.



BUSINESS OVERVIEW



Long-standing business

- Established 22 years
- Sophisticated engineering “DNA” was applied across other sectors
- Asian operations experience – successfully established & sold Asian offices
- Successfully navigated industry cycles
- Reverse acquisition and ASX listing in August 2017

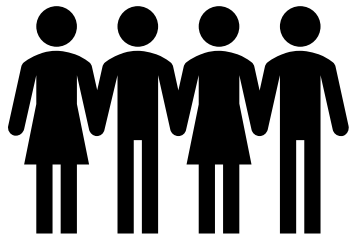


Product & Solution Focus

- Custody Transfer Systems (e.g. LNG, Pipelines)
World-leading LNG custody transfer & analyser technology developed & implemented at Gorgon and Wheatstone LNG plants to be leveraged into expanding global LNG market
- High-Tech Manufacturing Design & Construction (e.g. Pharma/Biotech)
Over 20 years experience working with global companies to design & construct state-of-the-art manufacturing facilities and provide compliance and validation services
- Human Safety Systems (e.g. Rail, Nuclear, Pipelines)
Providing and seamlessly integrating new technology to either upgrade brownfield sites or facilitate greenfield sites across major Australian infrastructure projects
- Hazardous Area Assessment & Design (e.g. Oil & Gas, Dairy, Nuclear)
With certified in-house functional safety experts and engineers, Synertec is providing critical safety services such as evaluation, design, implementation, ongoing maintenance and auditing, across the safety system lifecycle



BUSINESS OVERVIEW



60+ Workforce

Experienced engineers (5+ years)

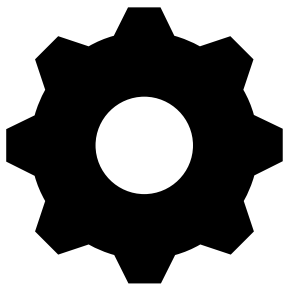


Melbourne HQ

Perth & Sydney offices

Asia presence

10%+ revenue from overseas

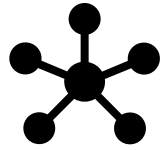


Key Sectors for Growth

Oil & Gas, Pharma, Rail, Defence, Dairy, Mining

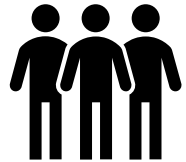


BUSINESS OVERVIEW



Highly Integrated Business Model

- Controls & Automation
- Electrical & Instrumentation
- Process & Mechanical
- Construction & Supervision
- Project Management



Experienced Leadership

- MD – Michael Carroll (Founder, Major Shareholder, Engineering and Science Qualifications)
- CFO & Co Sec – David Harris (ASX-experienced Finance Executive, CA, Finsia, GIA)
- COO – Joern Buelter (9 years with Synertec, experienced Operations Manager, Engineer)
- Chair – Leeanne Bond (Experienced NED & Senior Executive, Engineer)
- Board – includes 2 experienced Singapore-based NEDs



LEADERSHIP TEAM



Michael Carroll
Managing Director

Michael is a founder of the Synertec business and a significant beneficial owner of SOP, controlling 45% of shares on issue. He has successfully lead and grown the business of Synertec since it was first established in 1996.

As Managing Director of Synertec over two decades, Michael has negotiated complex agreements with a range of parties such as large multinational energy conglomerates, water utilities, defence and pharmaceutical companies.

Michael has direct experience within the Asian engineering market having established and sold successful Synertec companies in both Singapore and Malaysia.

His leadership style is "hands on" and visionary, ensuring efficient and robust internal processes that directly support the strategic direction of the company.

Michael is a member of the Australian Institute of Company Directors and holds a Degree in Applied Science (Applied Chemistry) and post graduate qualifications in Chemical Engineering.



David Harris
Chief Financial Officer &
Company Secretary

David is an experienced finance executive within the ASX environment. He is an Australian Chartered Accountant and fellow of the Financial Services Institute of Australasia and the Governance Institute of Australia.

David has strong local and international experience in professional services across a broad range of industries, and is also an experienced Board member and Audit Risk Committee Chair.

Recent roles have focused on executive level leadership of ASX-listed companies and advisory roles in the engineering, energy and property sectors. David is highly experienced in strategic corporate development and restructure, governance, financial control, business systems and leading large enterprise-wide projects.



Joern Buelter
Chief Operating Officer

Joern is an experienced senior commercial manager with experience in large international projects, combined with a high level of technical engineering knowledge.

Highly motivated, Joern has a proven ability to succeed in high-pressure environments, demonstrated throughout his successful career as a General Manager and Lead Engineer in the aviation and automotive industries.

Joern guides Synertec's operations, commercial approach and business development strategy.

Joern is a member of the Australian Institute of Company Directors and holds a degree in Engineering (Mechanical).



Leeanne Bond
Independent Non-
executive Chair
Australia-based
(Brisbane)



Freddie Heng
Independent Non-
executive Director
Singapore-based



Poh Kiat
Independent Non-
executive Director
Singapore-based



FY18 RESULTS SUMMARY

Revenue

- Impacted by delays in award
- Strong momentum 1H to 2H FY18, and into FY19

Work In Hand & Pipeline – strongest ever & growing

- Across all target sectors
- Geography expanding

Overheads

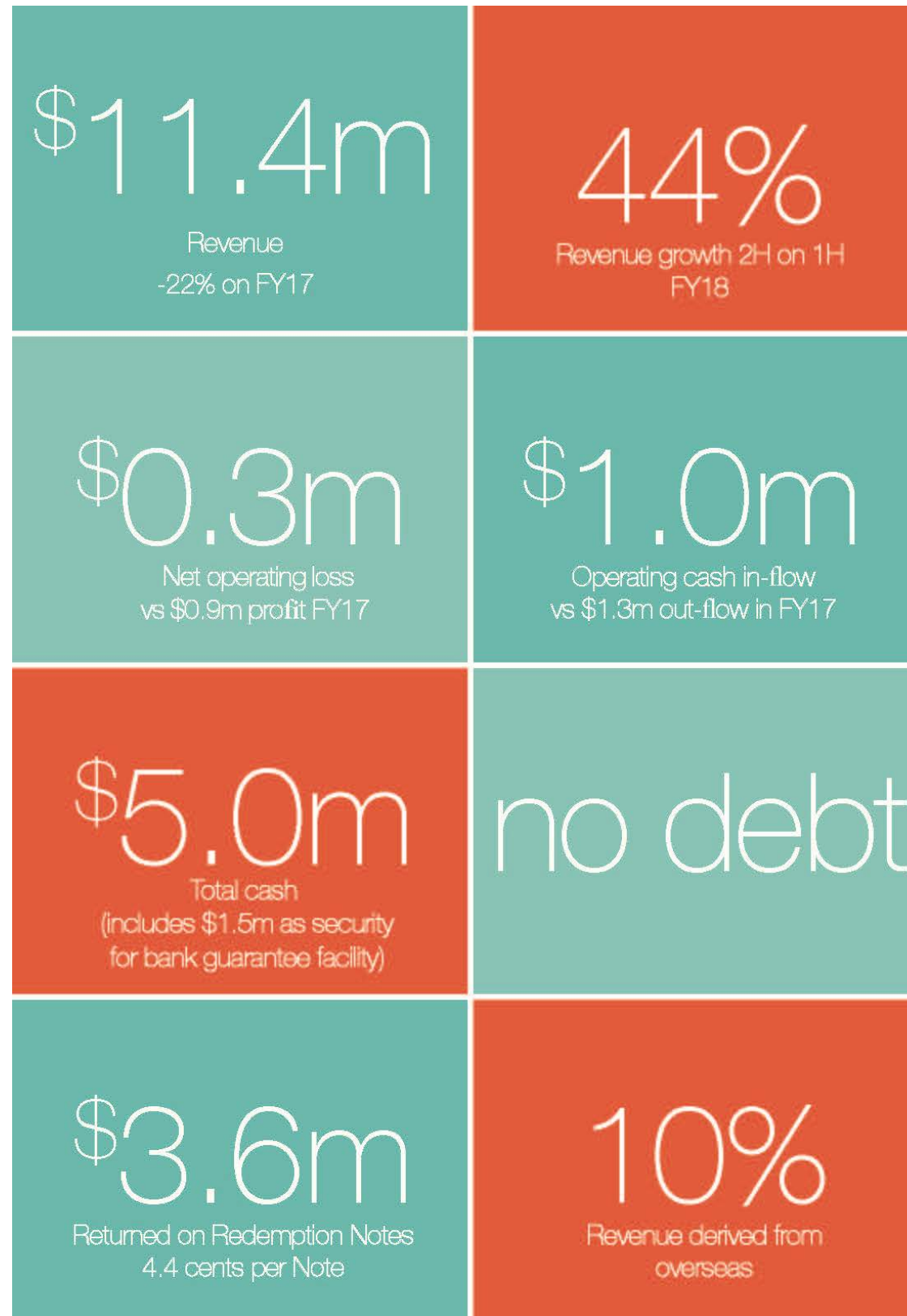
- Stable operating platform to be leveraged for growth phase

Strong Balance Sheet

- Well managed working capital provided positive operating cash flow
- No debt or intangible assets

Other key achievements

- Completed reverse acquisition & ASX re-listing
- Formation of new Board
- Opened Perth office
- Divestment of Mining Assets & return of capital to legacy shareholders



“Our strategy is delivering.”

Target markets are strengthening.

We have exited FY18 as a strong business, building for an exciting future.”

Michael Carroll, MD



FY18 RESULTS - EARNINGS

	FY18 (\$m)	FY17 (\$m)	
Operating result	(0.3)	0.9	FY18 result includes costs of forming new Board & typical annual listing costs (\$0.6m)
Listing Expense	(4.7)	-	As reported at half-year, reverse acquisition accounting impact (FY18 only)
Continuing Operations	(5.1)	0.9	
Discontinued Operations	(3.4)	-	As reported at half-year, includes loss on sale of mining assets (\$2.0m) & wind-up costs
Total Comprehensive Income	(8.5)	0.9	

- Whilst FY18 did not deliver on management's expectations in terms of revenue and earnings, the Board and management were pleased and excited by the projects awarded to the Group.
- The Group's operations continued to diversify as planned and place the Group in a position to expand based on improving market conditions and increasing enquiry for its products and solutions.
- It is this strategic transformation that the Board and management believe will deliver sustainability and improved quality in earnings as the business commences its next phase of development.
- Divestment of \$3.6 million in surplus assets and subsequent return of capital (equivalent to 4.4 cents per share) to eligible shareholders;



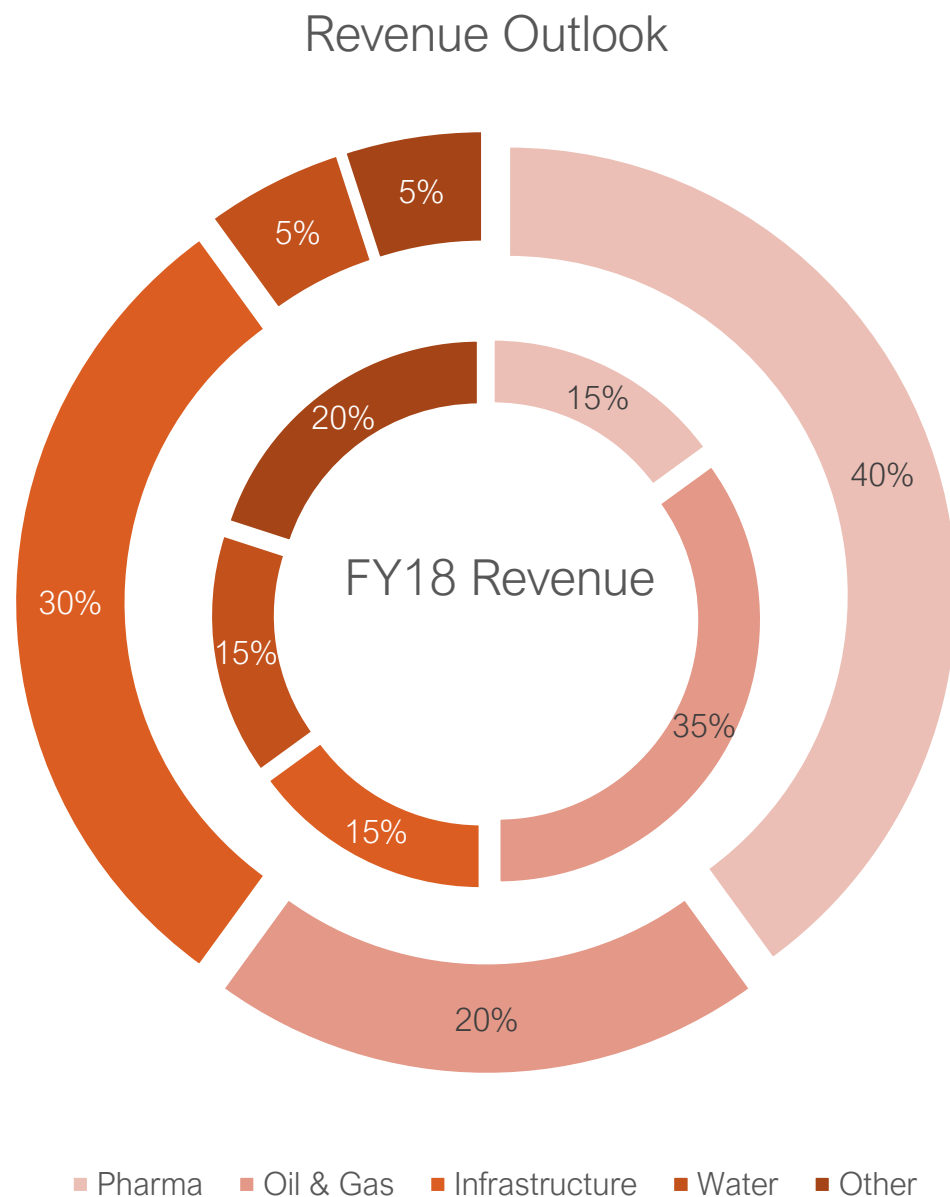
FY18 RESULTS – BALANCE SHEET

	FY18 (\$m)	FY17 (\$m)	
Cash	3.5	3.0	Well-managed working capital position
Receivables	3.5	4.0	Debtor days tightly controlled
Work in Progress	1.9	1.0	Commencement of large key project awards in 2H
Total Assets	11.6	9.4	Includes further \$1.5m of cash on deposit as security for bank guarantee facility
Trade Payables	2.9	1.4	Related to timing of commencement of large key projects and their milestones
Deferred Income	2.7	0.3	Contracts have been appropriately structured and working capital managed to ensure future cash flows are well coordinated.
Net Assets	5.3	6.8	

- The Group's balance sheet remains strong, closing the year with total cash of \$5.0 million.
- The business continues to operate with no debt.
- It is this fiscal discipline which the Board and management consider important and appropriate for the current engineering environment and to deliver on the strategy and projected growth for the business.
- Net cash generated from operations during the year of \$1.0 million (2017: net cash outflow of \$1.3 million) effectively funded the increase of \$1.1 million in the cash-backed bank guarantee facility, taking the facility to \$1.5 million at 30 June 2018 (30 June 2017: \$0.4 million).



SECTOR PERFORMANCE



- **Key projects announced progressing well** providing a strong work-in-hand position and are themselves generating enquiry from other clients due to the prominence of the projects.
- **In traditional sectors (pharmaceutical & biotechnology)** the business is seeing an upward shift in client investment in expansion of existing facilities, or construction of new facilities in Australia. Synertec is well-placed to capitalise on this trend and have already received significant enquiry from former and existing clients, as well as several industry referrals.
- **Receiving increased enquiry from LNG sector** for upgrades and expansion works from domestic and international operators.
- **Expert opinion says this is start of a global trend in LNG** Unless substantial investment in new LNG production capacity is accelerated now, significant worldwide shortages in future LNG supply will be experienced by the mid-2020s. Synertec is well-placed to participate in this industry expansion process both locally and internationally.

Since 2013, over 80% of revenue is from fixed price contracts



KEY CLIENTS

Pharmaceutical

- CSIRO
- CSL
- Merck
- Ego Pharmaceuticals
- Mayne Pharma
- Orion Laboratories
- Sigma Pharmaceuticals
- Medical Developments International

Oil and Gas

- Chevron Australia
- Santos
- Conoco Phillips
- Bechtel
- North Caspian Operating Company (Shell)
- APLNG
- QGC
- Kellogg Joint Venture
- Emerson
- Yokogawa

Infrastructure

- Metro Trains Melbourne
- Stolthaven Terminals
- Koppers Carbon Materials & Metals
- Terminals Pty Ltd
- Australian Nuclear Scientific Technology Organisation (ANSTO)

Since 2013, 90% of revenue is from repeat clients

Water

- Melbourne Water
- East Gippsland Water
- Central Highlands Water

Defence

- Department of Defence
- Defence Science Technology Organisation
- Thales

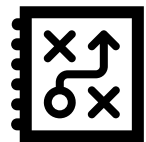
Food, Beverage & Dairy

- SAB Miller
- Saputo (ex-Murray Goulburn Co-operative)
- Fonterra



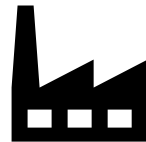
BUSINESS STRATEGY

Synertec's growth strategy involves targeting industry segments in Australia and internationally that have:



A requirement for complex engineering solutions

- Life-impacting
- Mission-critical
- Financial benefits



Large companies with complex manufacturing or production facilities

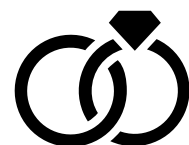


Significant revenue opportunities in Australia, and in which the Australian market experience is equally applicable internationally



High barriers to entry; and

The strategy at work – export of LNG solutions to Shell's North Caspian Operating Company, Kazakhstan

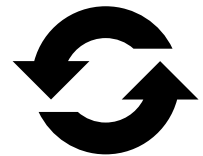


Customers who seek long term relationships with an engineering solution partner.



BUSINESS STRATEGY

Synertec's growth strategy also includes:



Developing vertical capability within a sector

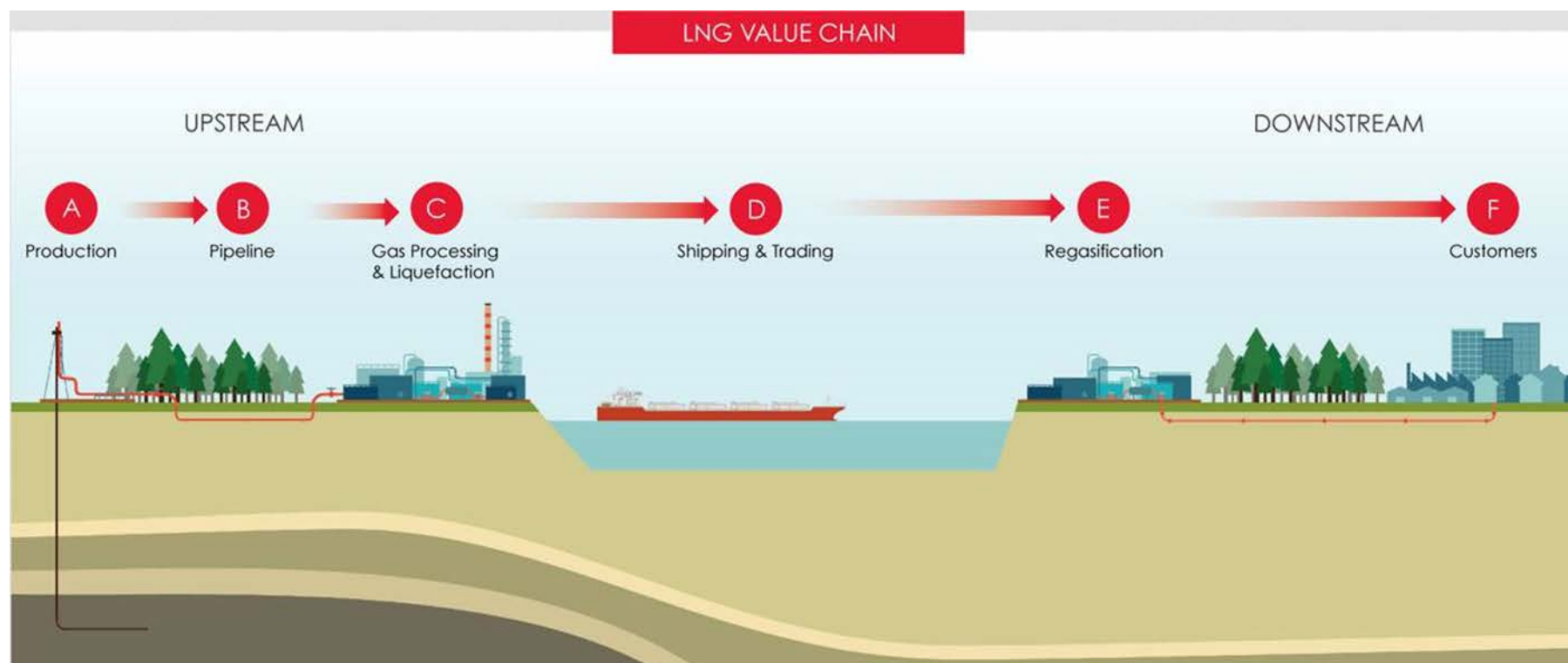


Strategic M&A, partnerships and collaboration; and



Continuing to invest in innovative engineering systems and technology for the benefit of our customers, and to strengthen our competitive advantage

- Boost vertical capability
- Geographic "beach-head"
 - Scale & profitability



CASE STUDY 1

LNG Custody Transfer System Technology

- System implemented at Wheatstone & Gorgon LNG Plants 2014-2017
- Resulted from White Paper prepared by Synertec at request of Kellogg JV
- Total project value \$20m, strong gross margin
- Achieved all key customer desired outcomes
- Accuracy and speed of the technology makes it particularly applicable for the evolving LNG spot market
- The potential market includes the more than 250 LNG Liquefaction & Regasification Terminals globally that are either on-stream, under construction, planned, or proposed
- Significant innovation and R&D tax concessions achieved
- On-going service & support arrangements and introduction to vertical opportunities across the LNG facilities



*Above: Wheatstone LNG Plant, Western Australia
Image: Chevron*



CASE STUDY 1

LNG Custody Transfer System Technology - Partnership Agreement

- Partnership Agreement with Trelleborg AB Group
- Synertec's industry leading LNG custody transfer system will be marketed across Trelleborg's global sales network to meet the growing needs of the rapidly expanding LNG global market
- Trelleborg AB is headquartered in Sweden and listed on the Nasdaq Stockholm, with annual revenues of around 3.3 billion euro and operations in 50 countries. The marine operation of the Trelleborg Offshore & Construction business manufactures and installs bespoke fender systems, docking and mooring equipment, oil and gas transfer technology and vessel efficiency technology for marine environments all over the world.



*Above: Example of oil & gas transfer process
Image: Trelleborg*



CASE STUDY 2

Melbourne Underground Rail Loop (MURL) – Fire & Life Safety System Upgrade

- New Technology (system not previously used in Australia)
- Synertec chosen based on engineering and project delivery systems and capability, highly experienced team, service and support capability
- Communication interfaces to many sub-systems
- Migrate new system into brownfield environment with no downtime
- Seamless integration of several systems into consolidated environment
- Primary purpose of the system is to provide the operator with consolidated information to improve incident response and emergency management for the benefit of the travelling public
- Scope includes; Smoke Management; Fire System Upgrade; Intrusion detection; and SCADA upgrade to provide enhanced control and monitoring of operational systems within the MURL



Above: Melbourne underground rail loop



OUTLOOK

Over the next 12-18 months Synertec will be highly focused on;

- Executing existing projects in a timely, safe and efficient manner, in line with expectations or better;
- Continuing to invest in its people, systems and technologies to strengthen competitive advantage; and
- Delivering the growth strategy, which involves targeting specific industry segments and collaboration opportunities both in Australia and internationally.

Strongly positioned for growth with;

- ✓ Strong cash position & no debt;
- ✓ Record work-in-hand and expanding pipeline;
- ✓ Systems, processes and an overhead platform which can support exponential growth;
- ✓ Industry diversity which reduces revenue risk – presents a counter-cyclical opportunity;
- ✓ Growing recognition in niche products & solutions - local & global relevance;
- ✓ Expansion of Australian and Asian footprint with customer demand and strategic partnerships;
- ✓ Strategic entry into Australian mining services sector; and
- ✓ 17% owned by Chinese SOE with local and international mining interests.

- Our strategy is delivering.
- Target markets are strengthening.
- We have exited FY18 as a strong business, building for an exciting future.



**SYNERTEC IS DEDICATED TO
PROVIDING HIGHLY INNOVATIVE
AND COMMERCIAL SOLUTIONS TO
COMPLEX ISSUES FOR ITS
CUSTOMERS, WITH EXTENSIVE
GLOBAL EXPERTISE, EXPERIENCE
AND UNIQUE MANAGEMENT
SYSTEMS**

**LEARN MORE ABOUT THE PROJECTS
WE'VE BEEN INVOLVED IN ONLINE**

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