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23rd October 2012

**AUSTRALIAN STOCK EXCHANGE LIMITED**

**Electronic Lodgement**

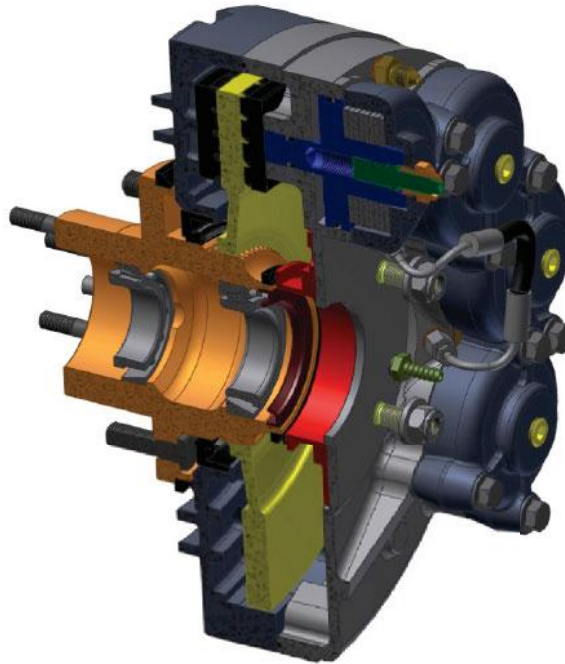
**AMENDED CEO & CFO PRESENTATION TO BE DELIVERED AT THE 2012 AGM**

Appended are amended copies of the CEO's and CFO's presentations to be delivered to Shareholders at the Company's 2012 Annual General Meeting to be held at 10.00am today.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Clare Madelin', with a long horizontal flourish extending to the right.

Clare Madelin  
Company Secretary



Advanced Braking Technology Ltd

# Advanced Braking Technology Limited

Annual General Meeting Presentation 23<sup>rd</sup> October 2012

# Agenda

1. Chairman's Address
2. Formal Business
3. CEO's Report
4. CFO's Report
5. Questions and Answers

# Chairman's Address

**Mr David Humann**  
**Chairman**

# Formal Business

# Proxies

**Accounts and Reports** – receive and consider the financial report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2012

## PROXIES RECEIVED

|   | Resolution                                     | For         | Discretionary | Abstain     | Against     | Total       |
|---|------------------------------------------------|-------------|---------------|-------------|-------------|-------------|
| 1 | Adoption of Remuneration Report                | 189,430,928 | 97,543,161    | 180,534,387 | 107,318,522 | 574,826,998 |
| 2 | Re-election of Mr David Humann                 | 362,496,990 | 105,355,311   | 0           | 106,974,697 | 574,826,998 |
| 3 | Ratification of Prior Issue of Ordinary Shares | 468,985,862 | 105,355,311   | 205,260     | 280,565     | 574,826,998 |

POLL (if required)

# CEO's Report



**Mr Ken Johnsen**  
**Chief Executive Officer**

# FY2012 Operational Highlights

## Key milestones delivered in 2012

### Mining

- ✓ Expand SIBS II features to all mining products
- ✓ Expand product range
- ✓ Explore cost saving enhancements
- ✓ Expand service agent network
- ✓ Grow export sales



### Mining

- Transition to the improved SIBS® II version of the light commercial vehicle brake across various Landcruiser models
- Development of SIBS® II variant for Toyota Hilux and other similar sized vehicles
- Preparations for ANCAP 5 vehicles underway
- Modular EMMA hydraulic unit developed
- Service agent network doubled (3 to 6 agents)
- 11% growth in export sales

### Garbage Truck Brake

- ✓ Prepare for garbage truck launch Garbage Truck Brake
- ✓ Achieve production 'sign off' for Garbage Truck Brake



### Garbage Truck Brake

- Extensive in-field and bench testing validates key features ahead of production decision
- Development of ABS (anti-skid) version of the SIBS® Garbage Truck Brake
- Confirmation of environmental benefits - significant reductions in dust particle and noise pollution
- Formal approval for production go-ahead given by Board in July 2012

# Company Overview

- › ABT is a developer, manufacturer and worldwide distributor of its award-winning, patented **Sealed Integrated Braking System (SIBS®)**
- › SIBS® is a fail-safe, enclosed “wet” braking system for off-road and on-road applications
- › SIBS® technology is extensively proven and has been established in the mining industry over many years
- › ABT is now using its SIBS® technology to target full scale commercial roll out of its garbage truck brake product in CY2013

## ABT is a Listed Company on the ASX

|                 |              |
|-----------------|--------------|
| Share Price     | \$0.019      |
| Shares on Issue | 1.1 billion  |
| Market Cap      | \$21 million |
| 52 Week High    | 0.026        |
| 52 Week Low     | 0.013        |

**THE SAFER  
BRAKING SYSTEM**

# Vision and Strategy

## Vision:

To be the industry leader in developing, manufacturing and distributing safe and efficient braking technology across multiple applications and sectors

## Strategy:

### › Pursue robust growth through:

- Leveraging **strong mining market** positioning to provide funding for product and sector expansion
- Commercial roll-out of **Garbage Truck Brake** in Australia and other countries – North America and Europe
- **Entry into other sectors** using “frequently stopping trucks”
- Expand **export sales into new markets**
- Invest in **research and development** – focusing on upgrading and expanding product range to increase market share and expand into new industries

# Investment Proposition

- › Unique, proven and **patent protected technology**
- › Global **market potential across multiple applications and sectors**
- › Significant **competitive advantages** over alternative products
- › Compelling customer offering – “**triple bottom line**” benefits
- › Robust **commercial model** with attractive margins and high scalability
- › **Strong Board and management** with extensive technical and commercial expertise
- › Significant **valuation upside** potential

# Our Technology

## Sealed Integrated Braking System (SIBS®)

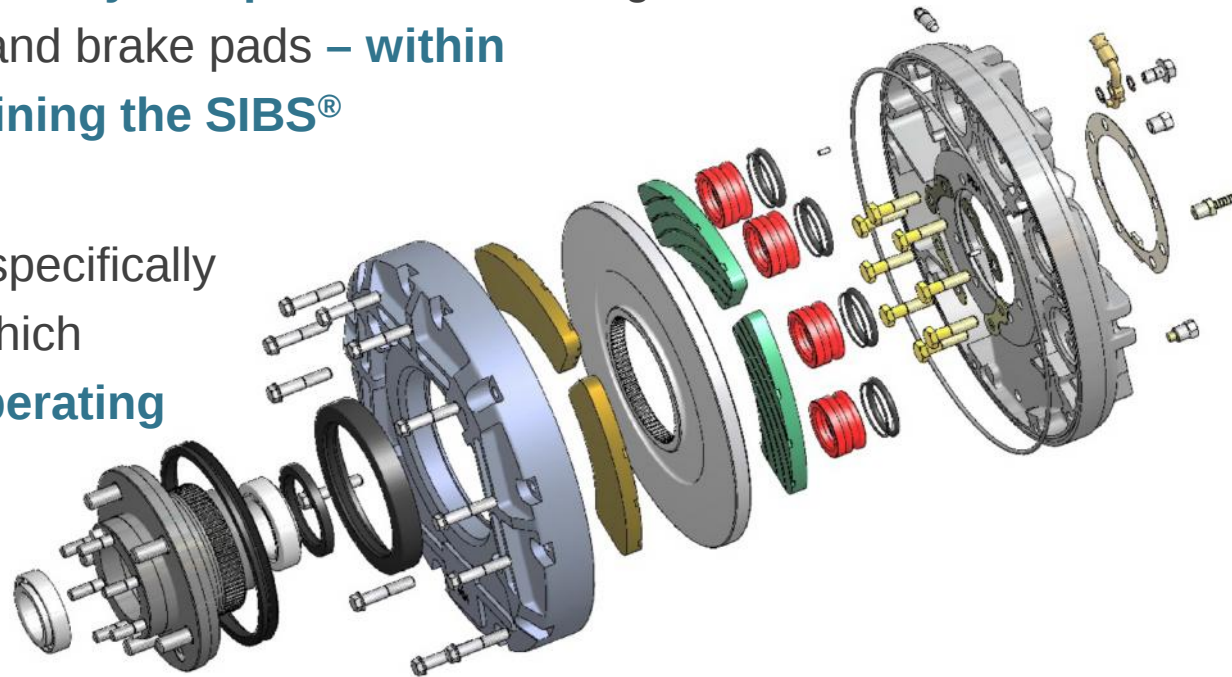
- › Fully enclosed, single rotor, high speed wet brake
- › Incorporates fail-safe features
- › Designed for retro-fit or factory fit
- › Comprehensively patented Australian invention
- › Virtually wear and maintenance-free (unlike conventional drum and disc brakes)
- › Manufactured in Thailand, through wholly-owned subsidiary

## Comprehensive Patent Protection

- › 61 international patents or patent applications
- › Average patent life of 12 years
- › New patents being lodged as developments continues
- › Trademark protection on various trademarks including “SIBS” and “ABT”

# How Our Technology Works?

- › Wet brake technology enables a **cooler operating temperature**, essential to longer lasting and safer braking systems
- › System **encloses key components** – the single rotor, brake callipers and brake pads – **within a casing containing the SIBS<sup>®</sup> cooling fluid**
- › Cooling fluid is specifically formulated oil which **controls the operating temperature** of the system



# Blue Chip Customers

RioTinto

bhpbilliton



xstrata



DRD GOLD  
LIMITED



perilya



# Global Market Potential



*“Breaking  
into a  
Mainstream  
Market by  
leveraging  
off the mine  
tough  
heritage”*

# Prime Target Market – Waste Sector

## Multiple customer “calls to action”:

- › Brakes are the second biggest expenditure after fuel for garbage truck fleet operators
- › Public desire for noise reduction
- › Global drive to reduce pollution

## Australian market:

- › Dynamic, recession-proof industry
- › Annual growth rate of 5.4% (ABS, 2011)

## Global growth potential:

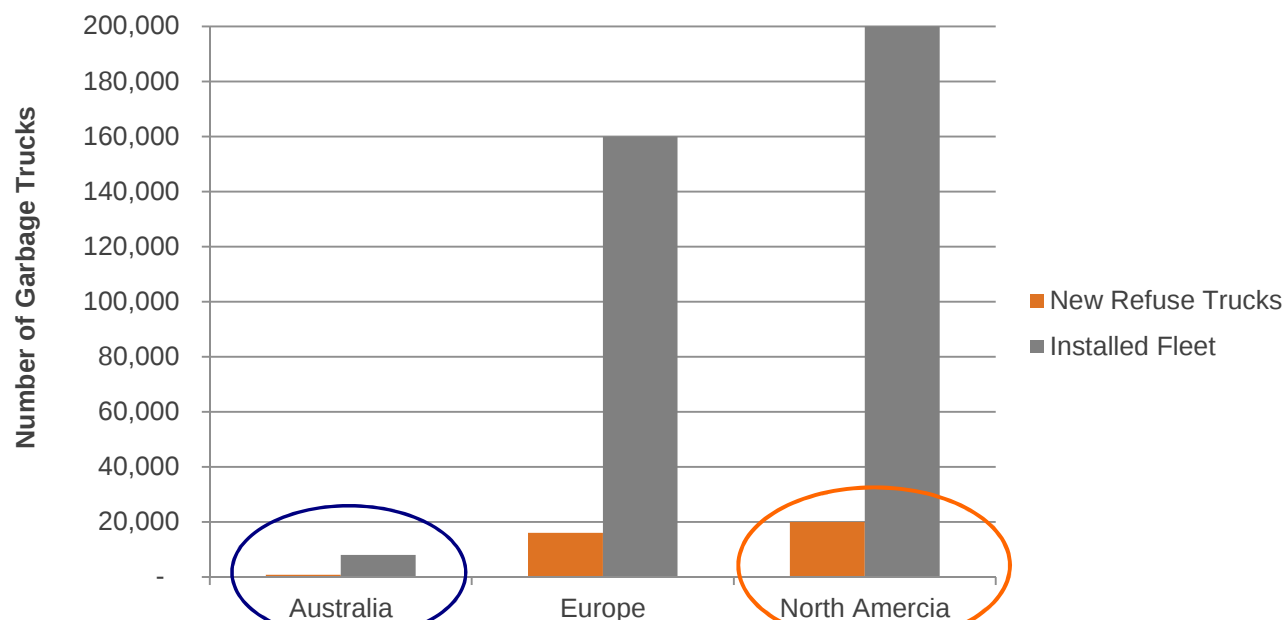
- › **Next targets:**
  - Expanding into North America and Europe
  - Highest waste generating markets in the world (per capita)



# Garbage Truck Brake

- › Multi year **development program now complete**
- › **Commercial roll out** set for CY2013
- › **Technical risk is very low:**
  - ABT has significant experience and expertise with the associated technology
  - Long history of successful application
  - Extensive and successful testing process
- › Targeted customers expressing **significant demand interest**
- › **Launch Strategy:**
  - Initial Sales into Australian retro-fit market – **low barriers to entry**
  - **Retro-fit facilitates rapid take up**
  - Australian OE – (new truck sales) will follow
  - Export markets (retro-fit and OE) will follow after Australian launch

# Garbage Truck Revenue Potential



## Australia

Annual sales 800 trucks  
 Installed Fleet 8,000 trucks  
 25% share of retro-fit = \$60 million revenue  
 50% share new sales = \$12 mill p.a.

## North America

Annual sales 20,000 trucks  
 Installed Fleet 200,000 trucks  
 25% share of retro-fit = \$1.5 billion revenue  
 50% share new sales = \$300 mill p.a.

*Note: The graph represents an indicative scenario based on current market estimates*

# Compelling Customer Offering

## “Triple bottom line” benefits

### › Financial Savings:

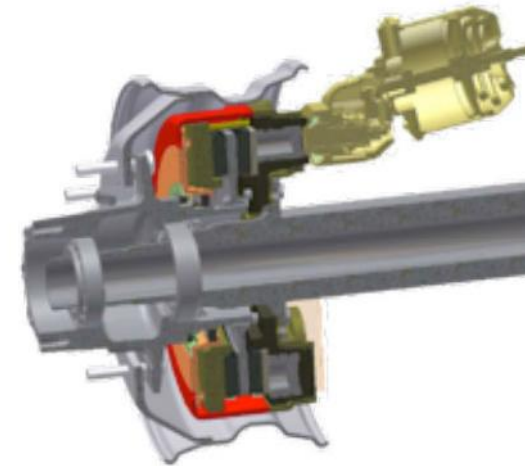
- Dramatically reduces frequency of brake overhauls from more than twice a year, to once every two years or longer
- Reduces annual operating costs by up to \$15,000 per truck
- Customer payback on initial investment < 2 years
- Tyre wear 30% less

### › Superior Operating Performance:

- Brakes are virtually wear and maintenance-free, unlike conventional drum and disc brakes

### › Safety and Environmental Benefits:

- Total elimination of brake noise and dust emissions
- Provides consistent safer braking at all times
- Avoids need for regular checking and adjustment



# Customer's Endorsement



## Media Release

October 15, 2012

### Landmark brakes trial a success

A landmark trial of a new heavy vehicle braking system has proven a great success for the City of Swan.

City Mayor, Charlie Zannino, said he was very pleased with the results from the first six months of testing.

"The trial included fitting two City waste and recycling vehicles with the Sealed Integrated Braking System (SIBS) with the aim of improving the safety and lifespan, and hence operating costs, of the truck brakes," he said.

The SIBS system is a fully-enclosed, single rotor, high-speed wet brake which has been used extensively over the past 10 years in commercial applications within the Australian mining industry.

"This has been used in other industries, but has never previously been tested in waste management vehicles," Mayor Zannino said.

"The first six months of testing has received overwhelmingly positive feedback from both our fleet manager and our drivers operating the trial waste management vehicles.

"While the prime advantages are the significantly lower brake wear and improved safety, the testing has highlighted a number of other benefits with the new SIBS system, notably more control and confidence in the braking system.

"There's also the added bonus of no brake squeak, which is always a welcome relief for both drivers and residents."

The trial has been so successful, the City is investigating the possibility of extending the use of the SIBS across other vehicles in the City fleet.

"After six months of the trial, the brake pads show very low rates of wear, which should result in greatly reduced brake service down time and costs for the vehicles," Mayor Zannino said.

"The results indicated only minimal wear whereas a standard truck would be close to or past its wear limit at this point.

"This indicates brake service intervals well beyond the two year interval the City is targeting.

"Along with fuel costs, the brake system is the major operating cost for the waste management vehicles so this type of technology is important to the City to help it minimise the overall operating costs of its fleet."

ENDS

The City of Swan is evaluating 2 trucks fitted with SIBS  
Its Mayor Mr Charlie Zannino stated in a press release last week:

## Extract –

The trial has been so successful, the City is investigating the possibility of extending the use of the SIBS across other vehicles in the City fleet.

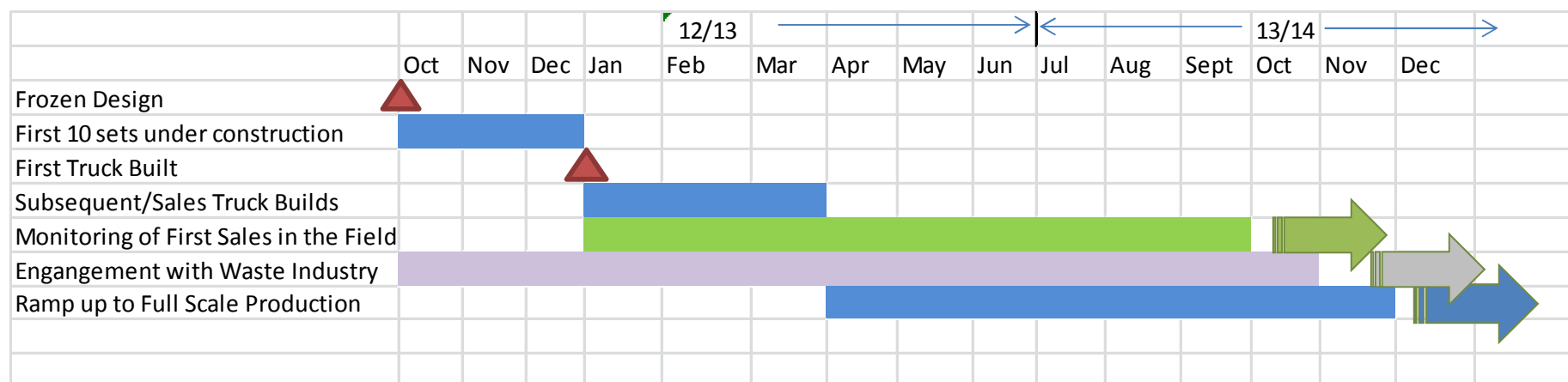
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The results indicated only minimal wear whereas a standard truck would be close to or past its wear limit at this point. ...."

# Competitive Advantages

- › Significant **product development investment** – time and capital
- › Comprehensively **patented technology for 10 years**
- › **No existing competition**
- › Braking technology **extensively proven** in commercial application
- › ABT known as a **reliable supplier in mining sector** that provides quality, timely and reliable support
- › **Brakes designed to be retro-fitted**, significantly increasing the immediate potential market
- › Compelling proposition for Original Equipment take-up
- › **Seamless compatibility** with modern anti-skid systems (ABS)

# Garbage Truck Brake Roll - Out



# Further Applications

- › Penetration into the garbage truck market provides an entry point into other **“frequently stopping vehicles”**
- › **Buses** – similar drivetrain to waste vehicles and can be easily adapted
- › **Logging and similar heavy haulage trucks** – with high brake demands
- › **Military vehicles** – used in harsh conditions and need low thermal signature

**Buses**



**Logging**



**Military**



# Established Presence in Mining Sector

## Australia:

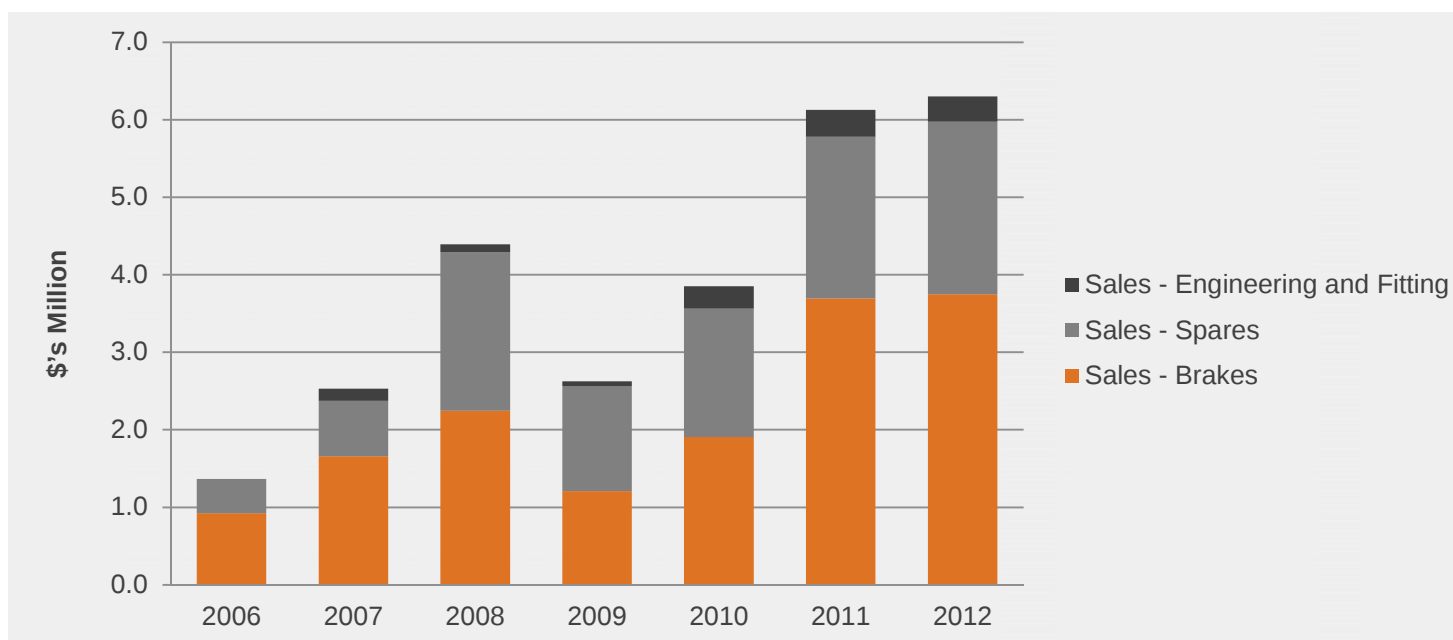
- › Growing market share – currently 25%
- › Product improvement driving growth
- › SIBS® technology now standard in many vehicles, across many mining sites
  - › Olympic Dam, Xstrata Zinc – George Fisher, BHP – Nickel West
- › SIBS® II currently ABT's standard product offering for Landcruisers in Australia
- › Developed SIBS® II for Toyota Hilux and expanding to other similar vehicles
- › Compatible with ANCAP 5 safety rated vehicles

## Export:

- › Representing 25% of total sales (average over last 3 years)
- › Strong foothold in South Africa and Canada
- › Expansion into new markets (e.g. USA, Central/West Africa, South America)

# Significant Growth in Mining Sales

- › Proven success in the mining industry
- › \$1.33 million profit contribution in FY12
- › Over 400% growth in brake sales over the past 6 years



# Mining – Growth Drivers/Opportunities

## **Growth set to continue**

- › Ongoing industrialisation of emerging economies led by China and India
- › Strong growth in new mine development
- › Expansion into surface mines with safety and productivity focus

## **Increased Focus on Safety Regulations**

- › WHS Act (Jan 12') and pending MHS Act (Jan 13') - greater focus on responsibility of mine holders/operators to ensure worker safety
- › “Uncontrolled vehicle movements” are a major problem for mine operators - results in fatalities and injuries on site
- › SIBS® brakes significantly improve safety for mine operators with a three-in-one service, park and fail-safe emergency brake

## **Growing Emphasis on Productivity**

- › Sector productivity has declined 50 per cent since 2001 (PWC Report 2012) – many companies have renewed focus on improving mine productivity
- › SIBS® brakes increase productivity by reducing brake overhaul and therefore vehicle downtime on site

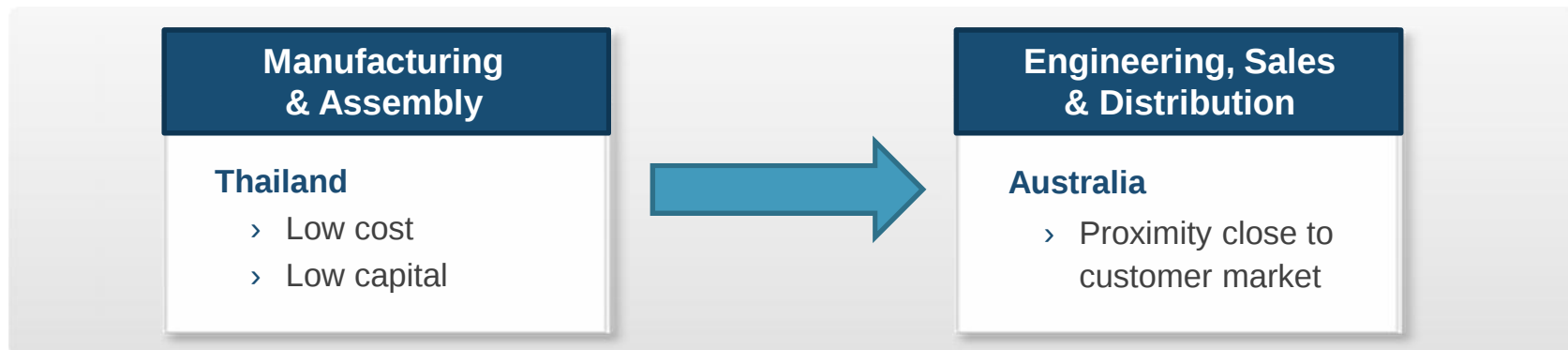
# Robust Commercial Model

## Attractive business:

- › High margins similar to mining products
- › Highly scalable cost base with efficient fulfilment model

## Business model supports high long term RoI:

- › Benefits of offshore outsourced manufacturing
- › Low cost fulfilment model
- › Low capital intensity



# Current Outlook and Priorities

- › Main focus for FY13 is the **commercial roll out of the Garbage Truck Brake**
  - All indicators suggest that there will be a strong demand
  - A progressive and controlled launch is planned
- › **Mining sales** will continue to play an important role in the Company's future, however external factors in mining make precise forecasts difficult
- › These external factors are resulting softer sales at this point in time.
- › **Garbage Truck Brake** sales are expected to provide a more reliable and consistent sales pattern
- › **Export sales** in mining will continue to grow through expansion into other countries, such as USA, Central/West Africa, South America

# CFO Report



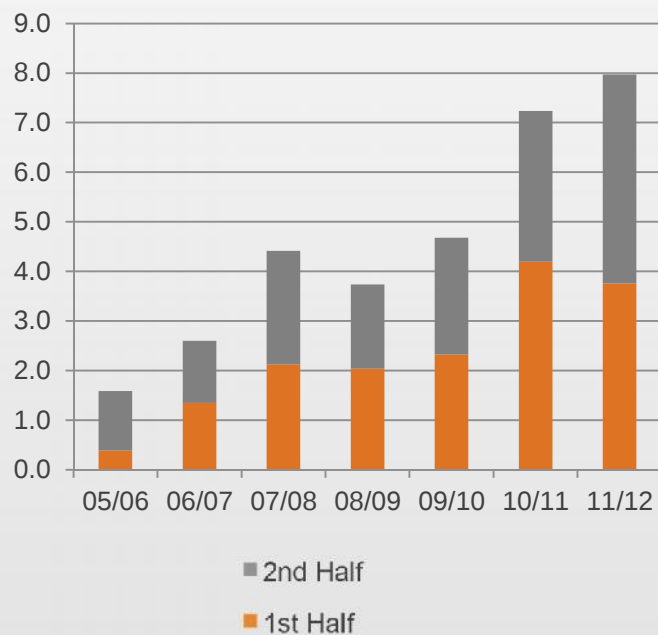
**Chief Financial Officer**  
**Clare Madelin**

# FY2012 Financial Highlights

- Total **revenue +10%** to \$8 million
- **Mining sales** generated \$1.33 million profit – with sales up by 3% to \$6.3 million (sales for first three quarters up by 17%)
- **Export sales** +11%, represents c22% of total sales
- Overall net loss of \$123k is attributed to the substantial **investment in upgraded products**
- Successful **\$2.1 million capital raising** in April 2012
- **Commercialisation Australia grant** of \$761,000 – in support of the Garbage Truck Brake development
- **R&D Tax Incentive** of \$786,000

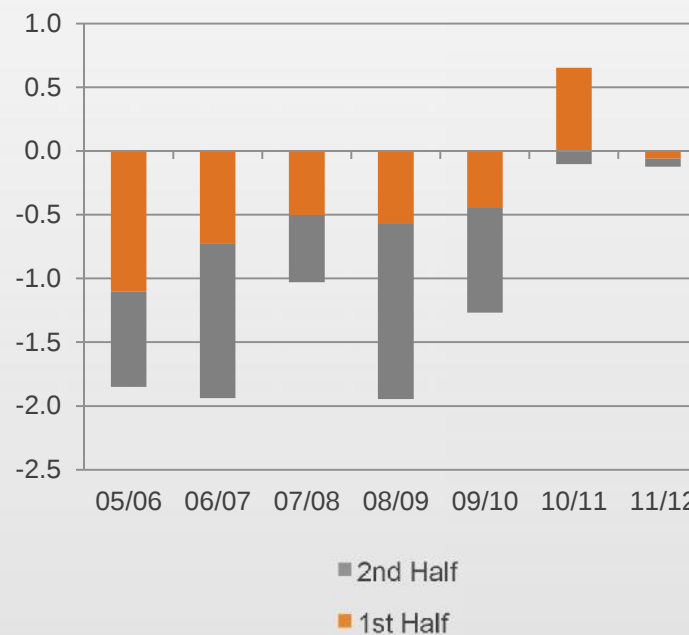
# Company Financial Performance

\$ millions



## Profit After Tax

\$ millions



# FY12 Profit and Loss

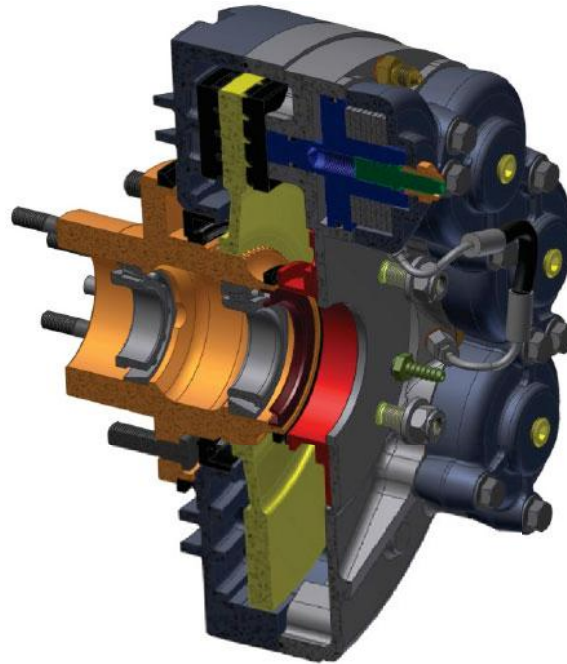
| Profit and Loss                                             | 2012           | 2011           |
|-------------------------------------------------------------|----------------|----------------|
|                                                             | \$'000         | \$'000         |
| <b>Revenue</b>                                              |                |                |
| Revenue from trading activities                             | 6,299          | 6,631          |
| Revenue from other activities                               | 1,669          | 607            |
| <b>Total Revenue</b>                                        | <b>7,968</b>   | <b>7,238</b>   |
|                                                             |                |                |
| Cost of sales                                               | (2,461)        | (2,179)        |
| Adjustment to prior period cost of sales                    | -              | 141            |
| Other expenses                                              | (6,882)        | (5,540)        |
| Overheads capitalised as Pre-production Activities          | 1,252          | 583            |
| <b>Total Expenses</b>                                       | <b>(8,091)</b> | <b>(6,995)</b> |
| Profit/ (loss) before tax                                   | (123)          | 243            |
| Income tax benefit (R&D tax rebate)                         | -              | 307            |
| <b>Profit / (loss) from continuing activities after tax</b> | <b>(123)</b>   | <b>550</b>     |

# Balance Sheet

| Balance Sheet                        |               |              |
|--------------------------------------|---------------|--------------|
|                                      | 2012          | 2011         |
| Cash and Cash equivalents            | 2,925         | 2,737        |
| Trade and other Receivables          | 797           | 1,194        |
| Other current assets                 | 3,064         | 1,829        |
| <b>Total current assets</b>          | <b>6,786</b>  | <b>5,760</b> |
| Trade and other Receivables          | 31            | 30           |
| Property, plant and equipment        | 1,162         | 734          |
| Intangibles                          | 3,625         | 2,572        |
| <b>Total non-current assets</b>      | <b>4,818</b>  | <b>3,336</b> |
| <b>TOTAL ASSETS</b>                  | <b>11,604</b> | <b>9,096</b> |
| Trade and other Payables             | 848           | 985          |
| Interest bearing liabilities         | 89            | 102          |
| Other Liabilities                    | 540           | 179          |
| <b>Total current liabilities</b>     | <b>1,477</b>  | <b>1,266</b> |
| <b>Total non-current liabilities</b> | <b>479</b>    | <b>133</b>   |
| <b>TOTAL LIABILITIES</b>             | <b>1,956</b>  | <b>1,399</b> |
| <b>NET ASSETS</b>                    | <b>9,648</b>  | <b>7,697</b> |
| <b>EQUITY</b>                        |               |              |
| Issued Capital                       | 45,153        | 43,115       |
| Foreign Currency Reserve             | (238)         | (252)        |
| Other Reserves                       | 730           | 708          |
| Accumulated losses                   | (35,997)      | (35,874)     |
| <b>TOTAL EQUITY</b>                  | <b>9,648</b>  | <b>7,697</b> |

# Q&A

## Questions?



Advanced Braking Technology Ltd

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