

Capital Raising – Investor Presentation

Leverage to infrastructure and resource sector spend

April 2021



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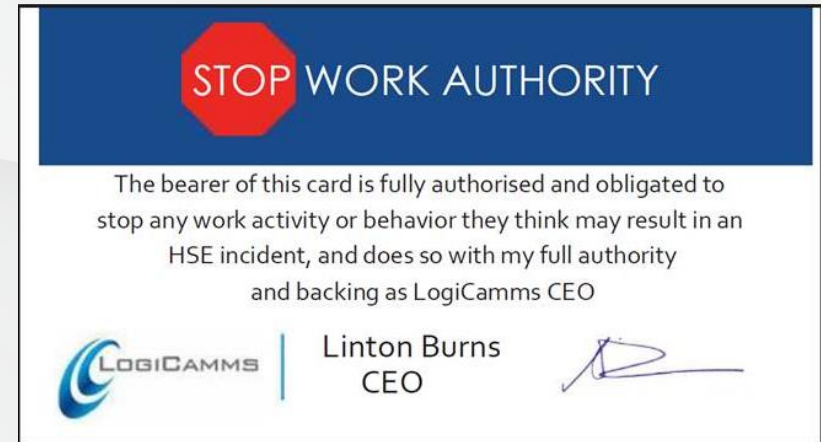
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Safety - zero harm, always

Key initiatives:

- 3yrs since last recordable injury, TRIFR remains at 0
- Managed COVID-19 risks, to date no confirmed cases amongst our team
- Some logistical challenges presented but continued to deliver safe and efficient services
- Use of mobile HSE App to digitalise recoding and reporting
- Company wide training on Authority to Stop Work
- Increased focus on fitness for work

	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21 End of Mar 2021
LTIFR	1.14	0	0	0	0	0
MTIFR	1.14	2.39	1.45	0	0	0
TRIFR	2.28	3.59	4.35	0	0	0





1. Company Overview

Company Profile

Verbrec Limited is a **leading mid-tier engineering, project delivery and operations services business** executing work across Australia, New Zealand, PNG and the Pacific Islands.

Core industry markets spanning hydrocarbons, mining and infrastructure.



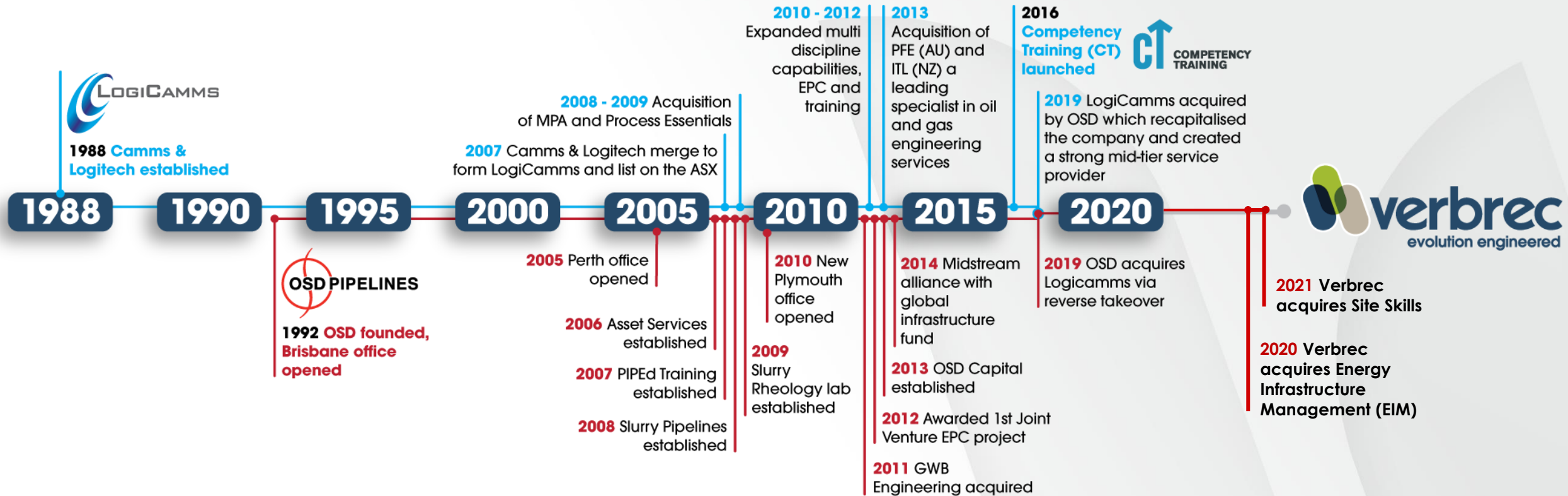
Our Services (spanning all phases of the life cycle of assets)



We provide some or all of these services | in each of our **6 Technical Specialties (Service Lines)**



Verbrec History





2. FY21 1H Highlights

H1 FY21 Financial performance

	H1 FY21	H1 FY20	Change to PCP
Revenue	47.6m	64.5m	(16.9m)
Gross Profit	15.9m	20.0m	(4.1m)
Gross Margin %	33.3%	30.9%	2.4%
General & Admin Costs	(14.8m)	(16.8m)	(2.0m)
Statutory EBITDA	4.0m	4.9m	(0.9m)
Statutory EBITDA Margin %	8.3%	7.6%	0.7%
NPAT	1.1m	2.1m	(1.0m)
Basic EPS (Cents)	0.6	1.0	(0.4)
Net Cash Position ¹	3.5m	0.1m	3.4m
Closing Cash Position	11.1m	10.6m	0.5m

- **Outperformed against internal EBITDA and NPBT budgets**
- H1 FY20 results benefited from a large pipeline EPC project that reached practical completion and contributed revenues of circa \$7.9m during that prior period.
- **Gross Margins increased 2.4%** over prior corresponding period to 33.3% through work mix, new project delivery systems and strengthened project delivery capability
- Considerable savings achieved in general and administration costs driven by better utilised billable employees, reduced overhead employees, non-recoverable travel and leasing costs
- Statutory **EBITDA margins improved 0.7%** over prior corresponding period to 8.3%
- Continued strong focus on cost and working capital management with **net cash increasing \$3.4M** over prior corresponding period
- New ERP system launched in early January 2021 which will deliver efficiency benefits across the business and provide a platform for growth

1. Cash on hand less borrowings and lease liabilities

Operational overview by Service Line

The Verbrec Legacy

Verbrec continues to reinforce its core competencies as recognised experts in each of its six specialty areas and has **over \$45m work in hand as at end January 2021**. We expect work in hand to increase between now and the end of FY21, assuming commodity prices hold firm and deferred projects are awarded



Exceeded internal expectations despite the impact of lower oil & gas prices and reduced sell rates offered to some long-standing clients. Continued to develop opportunities in WA, a major area of future growth



Some clients reluctant to attend face-to-face courses. Rolled out remote learning, virtual reality and e-learning. Training delivered in new markets including NT and NZ



Ongoing execution of control system upgrades for major water utility companies throughout Australia. Some COVID induced productivity impacts experienced which remain subject to notice of delay and variations (totaling up to \$2m)



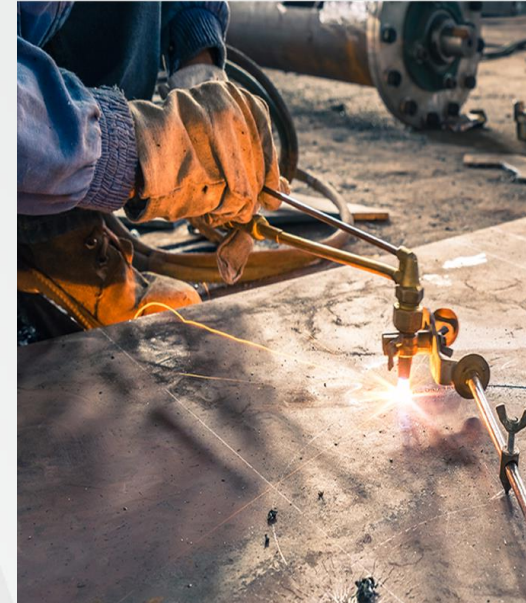
Some delays seen in award of new projects and deferral by asset owners of ad-hoc integrity works



Secure, cost-effective and robust power solutions including system design and modeling that are code compliant and tailored to client's requirements



Solid first half, contributed largest % of revenue of all service lines and planning expansion into SA and WA



Creating and Transforming Assets
to Build a Smarter Future





3. Strategic Initiatives & Growth Strategy

Refocussed Growth Strategy

Achieved

- Successfully completed rebranding of LogiCamms to Verbrec and renewed the Board and Management
- Bolstered business development capability in key Australian markets
- Executed first strategic acquisition, **Energy Infrastructure Management (EIM)**, as a bolt on to Verbrec's OSD Asset Service Line (refer announcements 29th/31st December 2020)
- Executed second strategic acquisition, acquired assets of Site Skills Group Pty Ltd (refer announcements 26 February 2021 and 12 April 2021)
- Reinforcement of our core capabilities across our six service lines through increased marketing efforts and appointment of technical service line leads
- Grow non-project-based revenue including commercialisation of technology products
 - Significant portion of EIM's revenues come from long-dated Operations and Maintenance contracts
 - *StacksOn™* being deployed by global mining company
- The Board has adopted a Dividend Policy of 30% to 60% of NPAT¹

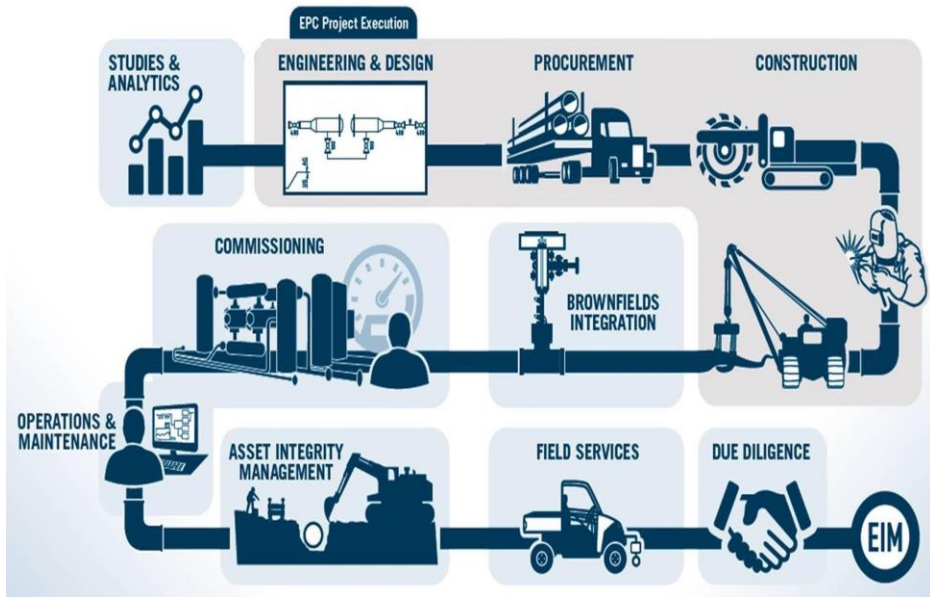
In-flight

- Bidding on several larger projects including EPC within our core capabilities
- Further bolt-on M&A opportunities being assessed

1. Subject to the Board's discretion taking into account the general business and financial conditions, current budgets and financial forecasts, working capital requirements, taxation position and future capital expenditure requirements.

Acquisition of EIM

EIM (now re-branded OSD) is a full-service engineering, construction and operations management company with capabilities across engineering, project execution and operations and maintenance of pipelines and associated infrastructure



Transaction overview and details

- Acquisition completed on 31 December 2020
- Paid \$3.2M (net of cash received) from existing cash reserves
- Arrow Energy agreed to extend existing O&M agreement by a further three years
- Expected to generate c.\$4M in revenue uplift in H2FY21
- Will be earning accretive in FY22 with cost synergies of at least \$0.75 million per annum to be realised – on track to deliver this target
- \$3.2M in franking credits, available when Verbrec restores dividends

Strategic rationale

- Adds scale (capability, systems, footprint) to Verbrec's Asset Services and Pipelines Engineering capability and cements Verbrec as a leading mid-tier engineering and operations service provider servicing the Oil & Gas industry
- Provides revenue diversification with long dated operations and maintenance contracts with tier 1 clients, strategically increasing non-project based revenues
- Fully integrated management and operating systems which is being rolled out across the OSD Pipelines business

Acquisition of Site Skills

Site Skills provides an extensive list of high-risk licence and qualifications in mining & resources, oil & gas, construction and engineering industries

About Site Skills

- Operates facilities in Perth, Darwin, Gladstone and Brisbane (West & North) and offers courses including civil construction, gas transmission & distribution, health and safety, crane operation, load shifting and mobile plant
- Has provided skills training through approximately 200,000 courses to over 150,000 students over the past 10 years

Transaction Overview and Details

- Asset purchase which includes selected employees and contractors, training facilities, student databases, trade and domain names. Verbrec is not responsible for restructure costs
- Announced 26th February, closed 12th April
- To be funded from existing cash and bank debt with \$1.44M to be paid in consideration for the assets and a further \$500k to be paid on satisfaction of conditions subsequent
- Two revenue based earn-outs, FY22 and FY23, \$1.0M and \$1.5M respectively. Competency Training revenues of \$18M for FY22 and \$20M for FY23 for full earn-outs to be achieved. Minimum revenues of \$12M (below which no earn-out), pro-rata between \$12M and the \$18/\$20M targets

Strategic rationale

- Adds significant scale to existing training business – acquisition forecast to triple training revenue from ~\$6M per annum to ~\$18M per annum
- Scale will improve net margins via better coverage of relatively fixed compliance and back-office costs
- EPS accretive in FY21 due to \$1.8M per annum in cost savings to existing Site Skills business, forecast to deliver ~\$2M in EBITDA in FY22
- Access to training facilities in strategic growth areas including Darwin and Gladstone

Key Growth Drivers

Leverage to strong macro conditions in ALL key Industries

- **Mining:** Australian Department of Industry is forecasting export volumes to grow from an estimated 860 million tonnes in 2019-2020 to 905 million tonnes by 2021-2022
- **Oil & Gas:** Capex and other investment expected to rebound strongly with demand back to pre-COVID levels by 2023¹
- **Infrastructure:** Significant Federal and State Government infrastructure spend in response to COVID expected to drive demand for Verbrec's service offering

Organic Growth

- **Larger projects:** Well positioned to undertake larger projects within core capabilities due to strong balance sheet
- **StacksOn:** Commercialise and further develop StacksOn – 3D visualization software of commodity stacker, reclaimer positioning, product location and material properties. Commercialise as a software solution.

Strategic M&A, Bolt-on Acquisitions

- **Increase service offering:** Focus on strategic locations that offer strong growth opportunities and bolstering sub-scale service offerings
- **Add scale:** Increased scale provides opportunities to expand margins through improved cost coverage
- **Integration:** By integrating into existing Business Units provides maximum opportunity to extract synergies

1. World Energy Outlook Report 2020



4. Capital Raising

Capital Raising Overview

Offer Size and Structure	<ul style="list-style-type: none">• Fully underwritten institutional placement of approximately 16.7 million shares to raise approximately \$3.0 million ("Placement")• The Placement is within Verbrec's current placement capacity under ASX Listing Rule 7.1 and 7.1A• New shares issued via the Placement represent approximately 8.3% of the total shares of the Company prior to the issue of New Shares
Offer Pricing	<p>Issue price of \$0.18 per share, representing:</p> <ul style="list-style-type: none">• 5.3% discount to the last traded price (\$0.1900)• 6.8% discount to the previous 5 day VWAP (\$0.1932)• 9.2% discount to the previous 10 day VWAP (\$0.1982)• 9.4% discount to the previous 30 day VWAP (\$0.1986)
Use of Funds	<ul style="list-style-type: none">• Fund initial working capital requirement associated with the SITE asset acquisition;• Further costs associated with the commercialisation of StacksOn; and• Corporate costs of the Offer
Ranking	<ul style="list-style-type: none">• New shares issued under the Placement will rank equally with existing Verbrec shares on issue from the date of issue

Sources & Uses of Funds

Sources	A\$ million
Institutional Placement	\$3.0
Total	\$3.0

Uses	A\$ million
1. Working capital – Site Skills acquisition	\$2.0
2. Commercialisation of StacksOn and working capital	\$0.8
3. Offer costs	\$0.2
Total	\$3.0

Site Skills Acquisition

- As the Site Skills acquisition is an asset purchase, Verbrec is required to fund the initial working capital of the acquired business.
- Based on historical analysis, it is forecasted that \$2.0M will be required.

Commercialisation and Working Capital

- Further commercialise Verbrec's StacksOn software including the production of a dedicated web site and to further enhance sales materials.
- Increased working capital to strengthen the Company's balance sheet and support tendering of larger jobs

Indicative Timetable

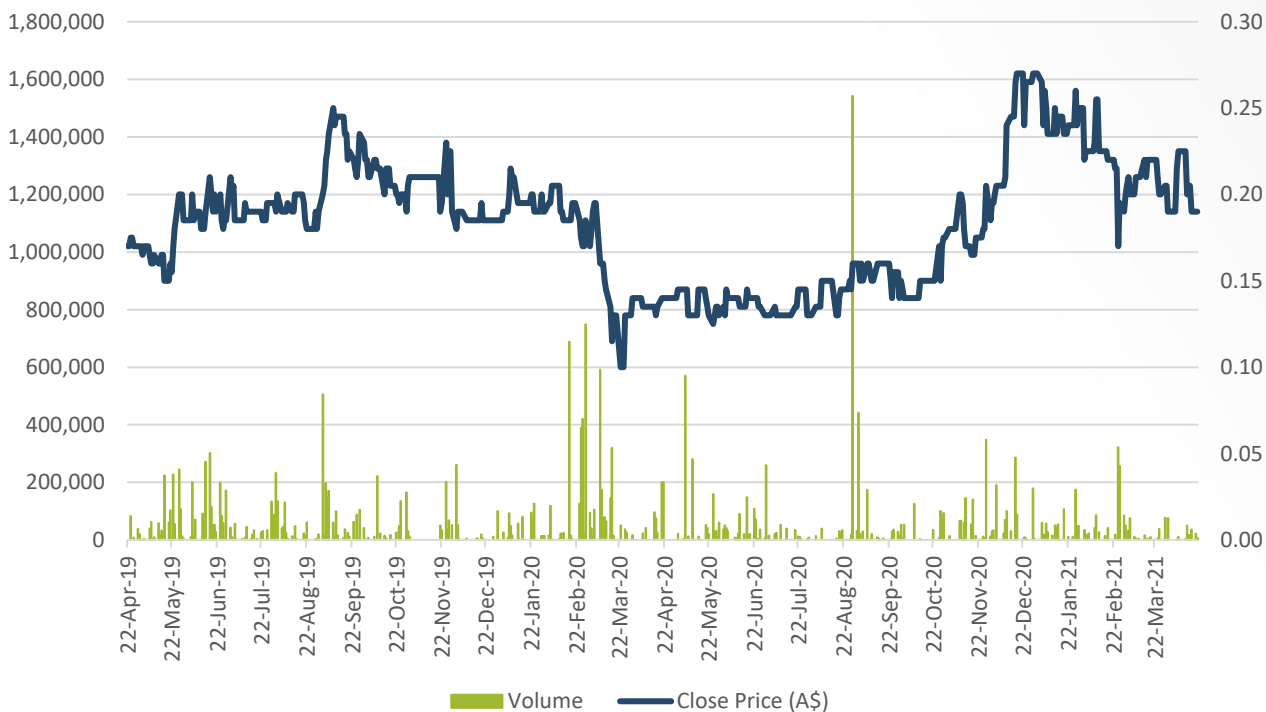
Trading halt	Pre-market open Wednesday, 21 April 2021
Placement bookbuild opens	Wednesday, 21 April 2021
Placement bookbuild closes	Wednesday, 21 April 2021
Trading halt lifted, announcement of Placement and shares re-commence trading on ASX	Friday, 23 April 2021
Settlement of New Shares issued under the Placement	Wednesday, 28 April 2021
Allotment of New Shares issued under the Placement	Thursday, 29 April 2021



5. Appendix

Corporate Snapshot

Share Price Performance¹



Capital structure

ASX code	VBC
Market Cap (as at 20 April 2021)	\$38.0 million
Share price (as at 20 April 2021)	\$0.190
Shares on issue	200.0 million
Cash (as at 31 December 2020)	\$11.1M
Net Cash Position ² (as at 31 December 2020)	\$3.5M

Top 5 shareholders

Brian O'Sullivan	38.6%
GFNA Bartley Family	9.1%
Thorney Investment Group	8.6%
Forager Funds Management	7.6%
Candyblossom/Bloemhof P/L	6.5%

1. Since 20 April 2019 2. Cash on hand less borrowing and lease liabilities

Board of Directors



Phillip Campbell
Non-Executive Chairman

Phillip joined Verbrec in October 2019 and is an experienced independent non-executive director on publicly listed and private company boards. His executive experience includes MD and CEO roles in a range of manufacturing and engineering businesses, and he has significant experience in business turnarounds then growing businesses to restore value. Phillip has a Bachelor of Electrical and Electronics Engineering from the University of Queensland and is a graduate of the Australian Institute of Company Directors.



Brian O'Sullivan
Non-Executive Director

As the former founder and Chairman of OSD, Brian joined the Verbrec Board in June 2019, bringing with him over 30 years' experience in business management, project management and engineering, specialising in the design, construction and maintenance of major pipelines and petrochemical facilities across Australia, PNG and South East Asia. Brian's key strengths include a strong technical knowledge and an in-depth understanding of commercial business activities. Brian has been a company director holding board positions for a range of entities, including Chairman of the Australian Muscular Dystrophy Foundation.



Linton Burns
Managing Director

Linton has over 25 years of commercial, financial and business management experience in various roles including as Managing Director of OSD prior to the merger with Verbrec. Linton has significant corporate transaction experience including M&A and capital raising with ASX and Nasdaq listed entities and has held executive positions across a range of industries including Engineering; Infrastructure; Bio-technology and Credit Referencing. He has a Bachelor of Accountancy and is a member of the Institute of Chartered Accountants Australia.



Matthew Morgan
Non-Executive Director

Matthew joined Verbrec in October 2019 and is an experienced independent non-executive director on publicly listed and private company boards. In addition to his role with Verbrec, he currently serves as a non-executive director and Chair of the Audit and Risk Committee for Total Brain (ASX:TTB). Matthew began his career as an Institutional Venture Capital fund manager with QIC Limited and brings significant commercial experience including M&A and capital raising to the Verbrec Board. Matthew has a Bachelor of Commerce from Griffith University, a Bachelor of Applied Science and an MBA from Queensland University of Technology, and was Australia's first Kauffman Fellow.



Sarah Zeljko
Non-Executive Director

Sarah joined the Verbrec Board in September 2020, bringing with her extensive executive, operational, governance and advisory experience gained across multiple large ASX listed, government and private corporations. She is recognised for her commercial acumen in negotiating commercial agreements, and experience in capital raising, M&A, construction, infrastructure and project management. Sarah is a Graduate of the Australian Institute of Company Directors (GAICD), a Graduate of the Australian Superannuation Trustees (GAIST) and an admitted Legal Practitioner. She has previously held roles as General Counsel and Company Secretary for G8 Education (ASX:GEM), the Wiggins Island Coal Export Terminal (WICET), and Cement Australia. Sarah currently holds positions on the Boards of Powerlink, Unitywater, Energy Super, Millovate and Stockyard Beef.

