



Alfabs Australia Limited
PO Box 73, Kurri Kurri, NSW 2327, Australia
152 Mitchell Ave, Kurri Kurri, NSW 2327
1300ALFABS (1300 253 227) +61 2 4936 5000
Web www.alfabs.com.au

ASX Announcement 22 November 2024

Chairman's Address

Alfabs Australia Limited (**Alfabs**) (**ASX: AAL**) is holding its 2024 Annual General Meeting today. Attached is a copy of the Chairman's address.

For further information, please contact:

E: investorrelations@alfabs.com.au

P: Clayton Freeman (Company Secretary) – (02) 4936 5000

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About Alfabs

Alfabs (**ASX: AAL**) is a market-leading diversified group of companies that primarily operates across two divisions in Australia – Mining and Engineering. Proudly led by the founding Torrance family, Alfabs is a heavy fabricator and site installer of steel structures for infrastructure projects and is also one of Australia's leading heavy mining and industrial plant and equipment hire companies.

This announcement was authorised for release by the Board of Directors.



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Introduction

Good Morning and welcome to our inaugural AGM as a listed company. My name is Bill Wavish and I am the Chairman of Alfabs.

I would like to introduce you to:

- Non-executive Director Rob Neale who has a wealth of experience in the Australian coal mining industry.
- MD and CEO Matthew Torrance who has worked at ALFABS for 37 years.
- CFO and Executive Director Mark Harrison who has worked at ALFABS for 6 years.

Also I introduce:

- Clayton Freeman - Company Secretary
- Shaun Mahony - Auditor of Pitcher Partners

FY2024 June Results

You would all be aware that Alfabs listed on the ASX in June 2024 and announced results to June 30 2024 on 26 August 2024. These results exceeded forecast.

- Sales \$97m being 3% ahead of forecast.
- EBITDA \$19.8m being 10% ahead of forecast.
- Net Profit after Tax \$6.9m being 15% ahead of forecast.

Business Environment

Our business model covers several profit centres each of which bring synergistic benefits to the others. We have approximately 200 staff, most of whom have engineering training, skills and experience.

Our five main business profit centres benefit from each other, and in recent months conditions have been quite positive. The order books have improved. Forward order visibility in each profit centre differs.

Engineering accounts for 40% to 50% of our third-party sales, but a lesser proportion of profits. However low funds employed drives an excellent return on funds (ROFE).

Underground Equipment Hire – is a vibrant part of our business, and with a competitive demand for our products for hire, achieves a good ROFE. It represents about 30% of the business but a greater proportion of profits.



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In underground Equipment Maintenance we have increased our workshop chain and are able to service our own equipment, the equipment of various mines, as well as fabricate older equipment to re-hire to mines. It represents about 20% of business sales and profits.

Protective Coatings and Abrasive Blasting is a small bolt-on to our business with about half of its business to each of third parties and in-house.

Stone Dust Bags is another bolt-on service to our customers with around 70% market share. Logistics, Equipment Supplies and Forklift and Access Equipment hire represent small profit-centres.

Engineering

Opportunities both on-site (Kurri Kurri) and off site have now increased following slower first quarter demand. Our strike rate on major bids has seen improvement through the first quarter following slow major infrastructure demand at the end of FY23/24.

The on-site fabrication workshop is fully booked for Q2 and Q3 with good projected demand for fabrication supply. Q4 orders appear promising.

Off-site major project bids are less constrained than the fabrication capacity of the Kurri Kurri workshop. Our large construction pre-assembly layout facilities outside Sydney are continuing to provide a pre-installation assembly advantage. This method of construction is sought after by the infrastructure market requiring modular construction ability.

Whilst our Engineering business is not as profitable as our Underground Mining Equipment Hire and Workshop Division, its prudent control of capital results in minimal funds employed and a high level of ROFE (return on funds employed.)

Underground Mining Equipment Hire

This business is making excellent progress and it appears likely that the demand from re-opening mines and new mining projects commencing will exceed supply of available Alfabs products for two or more years. New equipment from both overseas and locally made is capital intensive to the mines and is slow to reach the market. Alfabs has increased its width and depth of range of second-hand equipment ready, or potentially ready, to hire to mines.

Alfabs is placed second in a main underground market of three, each focusing on slightly different segments. The final two of twelve deliveries to our biggest contract, Malabar, are now being made, in some cases with extra specifications and capabilities. The final Malabar delivery is expected in December. The second half year (January to June 2025) will see a jump to a full six months of Malabar hire with some increased specifications.



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Underground Mining Equipment Maintenance

Alfabs' reputation as a third-party maintainer and servicer of mines' own underground equipment is second to none. This service from Alfabs has increased over the last year.

We have recently increased the number of specialty workshops. They strive to balance normal maintenance and mandatory legislated service to both third party mines and Alfabs, as well as fabrication for Alfabs future hiring.

The specialty workshops / areas comprise:

- Wollongong Diesel Workshop
- Kurri Kurri Fabrication Workshop
- Kurri Kurri Fitting Workshop
- Kurri Kurri Diesel Workshop
- Kurri Kurri Major Mining Projects / Overhauls Workshop
- Mackay Fabrication Workshop

We also have Field Service presence in both Wollongong and the Hunter.

Protective Coatings and Abrasive Blasting

The high-quality workshop at Kurri Kurri services third party and in-house projects in approximately equal proportions. Last year for the first time we had to wave business away due to a full order book at times of the year. Reorganisation and being more selective has helped, but we are currently considering building a capacity increase in the region of 40%.

Stone Dust Bags (“Bat Bags”)

The 6 kg bags of limestone dust are filled at Kurri Kurri in order to meet statutory fire-retardant legislation for mines in NSW and Queensland. Alfabs has an estimated market share of around 70%. A couple of months ago NSW doubled the statutory requirement to match the Queensland regulations. We have been increasing production capacity at Kurri Kurri, mainly by changing the shifts. In August to October we saw a small increase in NSW orders, with different mines taking different approaches to the new legislation. We expect sales in this division to grow significantly over time.



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Forward Looking

As previously advised, the FY2025 H2 result will be a larger proportion of the full year profit than H1. FY26 is expected to be the first full year of hire from Malabar.

I will now move to the formal business of the meeting.

Bill Wavish

Chairman