



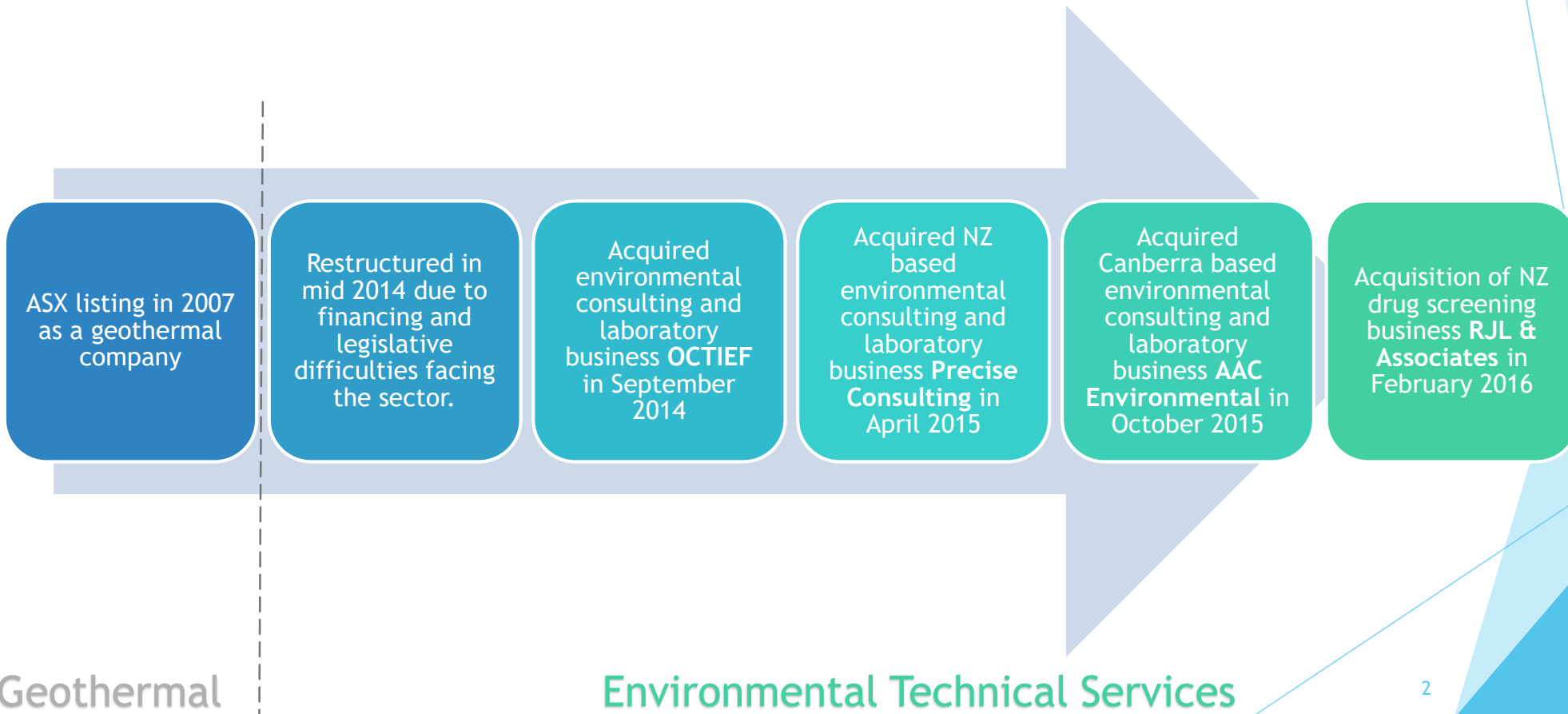
HRL Holdings Limited

Investor Presentation

September 2016



HRL Corporate History



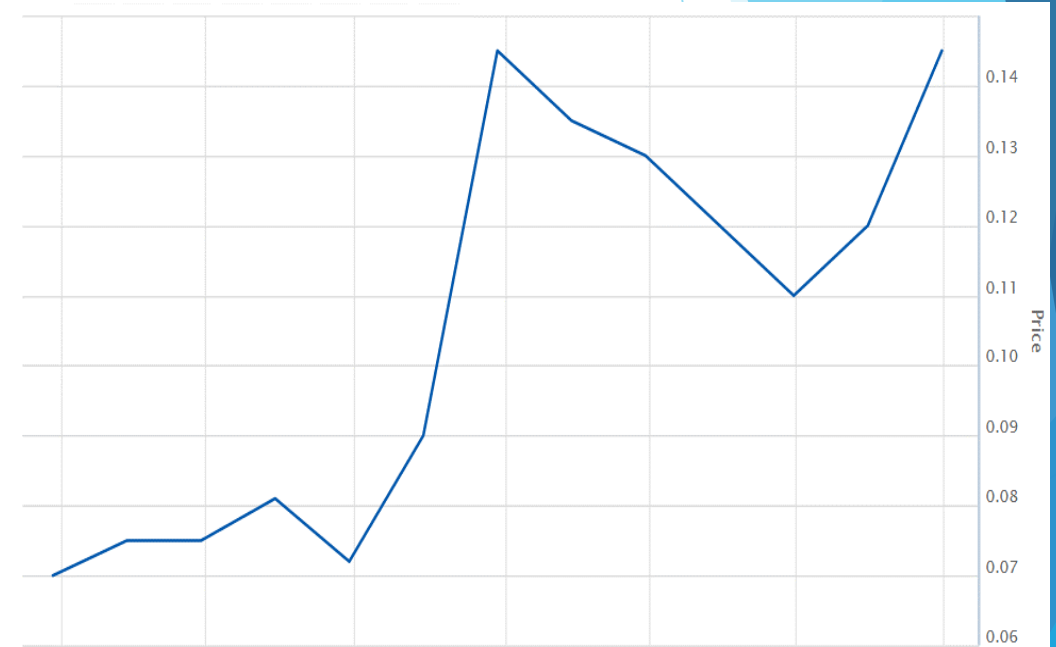


Corporate Overview

Key Items:

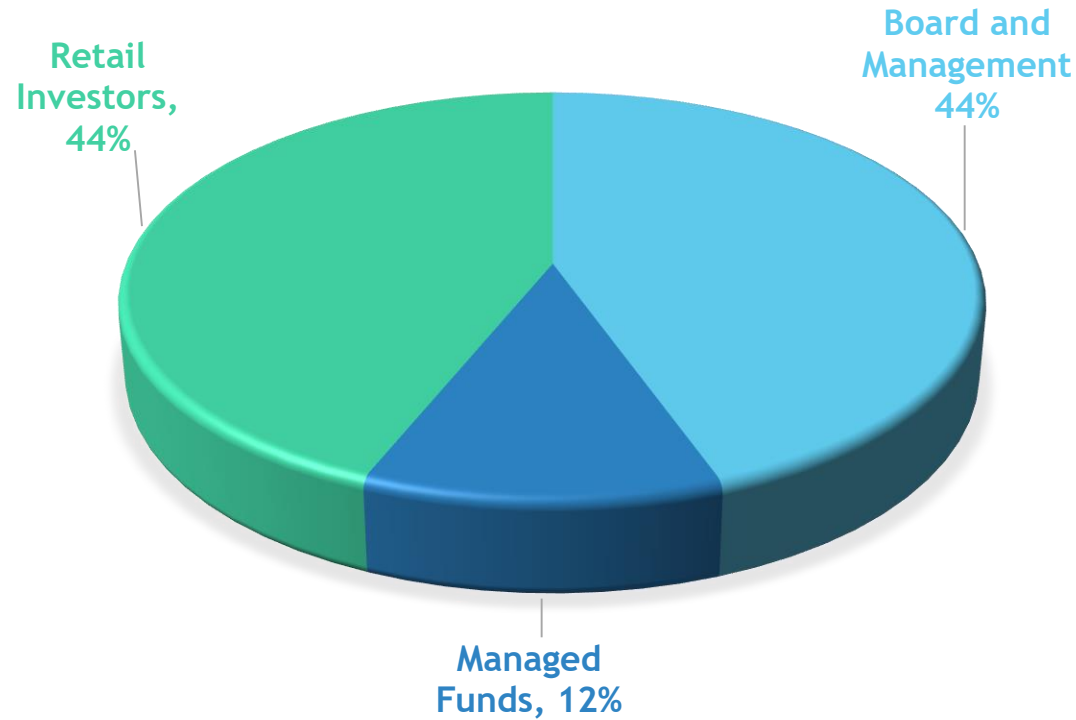
- ▶ Share Price (19 September): \$0.14
- ▶ Shares on issue: 158.9 million
- ▶ Market Capitalisation: \$22.3M

6 Month Trading History





Shareholder Composition



Top 20 Shareholders:

1. TULLA PROPERTY PARTNERS PTY LTD <Kevin Maloney, Chairman>
2. J P MORGAN NOMINEES AUSTRALIA LIMITED <Viburnum>
3. DARREN ANDERSON & JULIE ANDERSON <Darren Anderson, Executive Director>
4. ANDERSON PROPERTY HOLDINGS PTY LTD
5. GREG ANDERSON & NANCY ANDERSON
6. CRAIG ANDERSON & AMANDA ANDERSON
7. COWLEY SUPER PTY LTD
8. ELLIOTT NOMINEES P/L <Mark Elliott, Non-Executive Director>
9. ESTANZA PTY LTD
10. MR JONATHAN PAUL KERSHAW MARSHALL <Paul Marshall, Company Secretary>
11. NOVUS CAPITAL NOMINEES PTY LIMITED
12. G4 INVESTORS PTY LTD
13. MERRIWEE PTY LTD
14. MISS KATHRYN HELEN THOMPSON
15. MR MAXWALD JAMES STEWART & MRS LYNETT VERA STEWART
16. H K PRICE PTY LTD
17. MR LESLIE JOHN BUNT
18. POKTON PTY LIMITED
19. MR NIGEL PILCHER & MRS FRANCES PILCHER
20. MR JOHN COOPER TAYLOR & MRS SHARON MAREE TAYLOR <John Taylor, Non-Executive Director>



Board of Director Details

Kevin Maloney (Chairman)

- ▶ Extensive career in banking, finance and resources
- ▶ Founder and former Executive Chairman of The MAC Services Group - sold in 2010 for \$651M
- ▶ Has held numerous executive and board positions across a number of public companies
- ▶ Current Chairman of Altona Mining Limited

Darren Anderson (Executive Director)

- ▶ Former Executive Director and COO of Diversified Mining Services Limited (\$200M revenue and 850+ staff)
- ▶ Founder and former Managing Director of the Anderson Group of companies that service the domestic and international coal industry (300+ staff and 12 operating divisions)
- ▶ Current Executive Director of HRL

Mark Elliott (Non-Executive Director)

- ▶ Geologist with 40 years experience in project development and exploration
- ▶ Extensive experience in managing companies and exploration/mining operations in a wide range of commodities including energy
- ▶ Non-Executive Director of Nexus Minerals

John Taylor (Non-Executive Director)

- ▶ Senior Counsellor of the Queensland law Society with over 30 years' experience in commercial and property litigation
- ▶ Founding partner of Taylors Solicitors, Mackay.
- ▶ Former Director of The MAC Services Group and former Chair of the Mackay Port Authority



The HRL Group - Locations



- ▶ Brisbane
- ▶ Canberra (October 2015)
- ▶ Darwin
- ▶ Perth (April 2016)
- ▶ Christchurch
- ▶ Wellington
- ▶ Palmerston North (Feb 2016)
- ▶ Dunedin (April 2016)
- ▶ Auckland (June 2016)





The HRL integrated solution for HAZMAT services

Field Sampling

- Geographic coverage
- Qualified staff
- Capacity to service client response times
- Digital collection to ensure efficient and accurate data

Laboratory Analysis

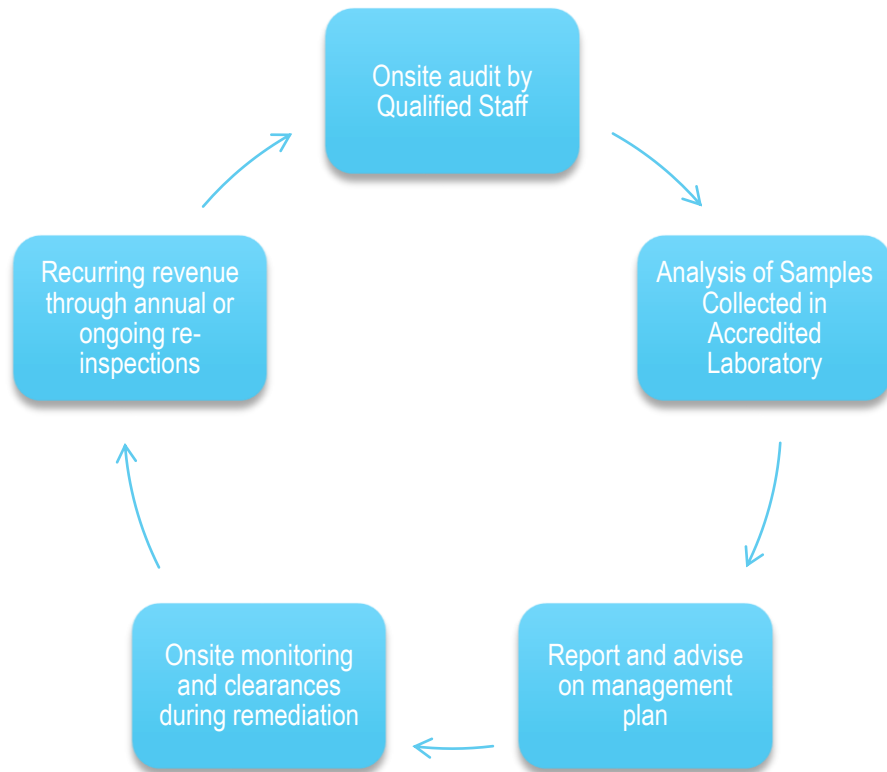
- Turn around times
- IANZ/ NATA accreditation
- Customer has single point of accountability for results (field and lab are same business)

Reporting solution

- integrated Octfolio system between field sampling and laboratory
- smart management of data for client
- opportunity for additional revenue stream through Octfolio



Revenue Cycle and Sources (Hazardous Materials)



Revenue Streams:

- ▶ Audit - onsite labour
- ▶ Laboratory analysis - charge per sample
- ▶ Report - fees for management plans
- ▶ Clearances - onsite labour and analysis of samples
- ▶ Recurring revenue - re-audits and management of registers



PRECISE
CONSULTING & LABORATORY





FY2016 Highlights and Achievements

- ▶ Successful acquisition and integration of New Zealand based RJL & Associates in February 2016 and Canberra based AAC Environmental in October 2015
- ▶ Expanded service capabilities into the fast growing property contamination market
- ▶ 6 accredited laboratories now in operation across Australia and New Zealand, plus three new consulting branches
- ▶ Integrated systems and process (QA, QC, HSE) across all branches and business
- ▶ New senior operational management appointed in both Australia and New Zealand
- ▶ Staff cross trained in all service lines
- ▶ Secured a number of Tier 1 (large government and corporate) contracts
 - ▶ Chorus Limited
 - ▶ Southern District Health Board
 - ▶ Housing New Zealand
 - ▶ Vero Insurance
 - ▶ QLD/NT government departments



FY2016 - Financial Highlights

	Jun-16 \$000's	June-15 \$000's	Increase \$000's
Revenues	8,385	4,670	↑ 3,715
Underlying EBITDA	1,075	108	↑ 967
Operating cash flows generated ²	421	(270)	↑ 691
Net Assets	6,684	6,223	↑ 461
Undrawn loan facilities	1,485	-	↑ 1,485
Statutory profit after tax	117	(1,584)	↑ 1,701

1 Underlying EBITDA and profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited. Refer to Appendix A and B for further details of non-underlying items.

2 Excludes cash outflows associated with earn out/settlement payments and acquisition costs.



FY2016 - Segment Performance

	Trading Entities			Corporate	Consolidated
	OCTIEF	Precise	Total		
	\$	\$	\$	\$	\$
Revenues	4,025,922	4,359,256	8,385,178	4,888	8,390,066
Underlying EBITDA	709,986	1,525,547	2,235,533	(1,160,888)	1,074,645
Operating depreciation and amortization	(88,241)	(78,781)	(167,022)	(12,364)	(179,386)
Interest expense	-	-	-	(81,719)	(81,719)
Underlying profit before tax	621,745	1,446,766	2,068,512	(1,254,971)	813,540
Operating income tax					(225,686)
Underlying profit after tax					587,854
<u>Non-operating adjustments</u>					
Acquisition related expenses	-	(28,769)	(28,769)	(62,609)	(91,378)
Amortisation of intangible assets arising from acquisitions	(151,687)	(155,911)	(307,598)	-	(307,598)
Precise Earn-out and AAC Settlement	(79,119)	(160,433)	(239,552)	-	(239,552)
Statutory profit before income tax	390,939	1,101,654	1,492,593	(1,317,580)	175,012
Tax on non-operating items					(57,024)
Statutory profit after income tax					117,988



FY2016 - Segment Performance

PRECISE CONSULTING

- ▶ Strong returns generated
- ▶ New RJL business only operated from 1st March. Will continue to contribute significantly in FY17
- ▶ Wellington branch has grown substantially from Q4 FY16 onwards
- ▶ Auckland branch opened in late June is tracking ahead of expectations
- ▶ Currently bidding on a number of large corporate/government tenders

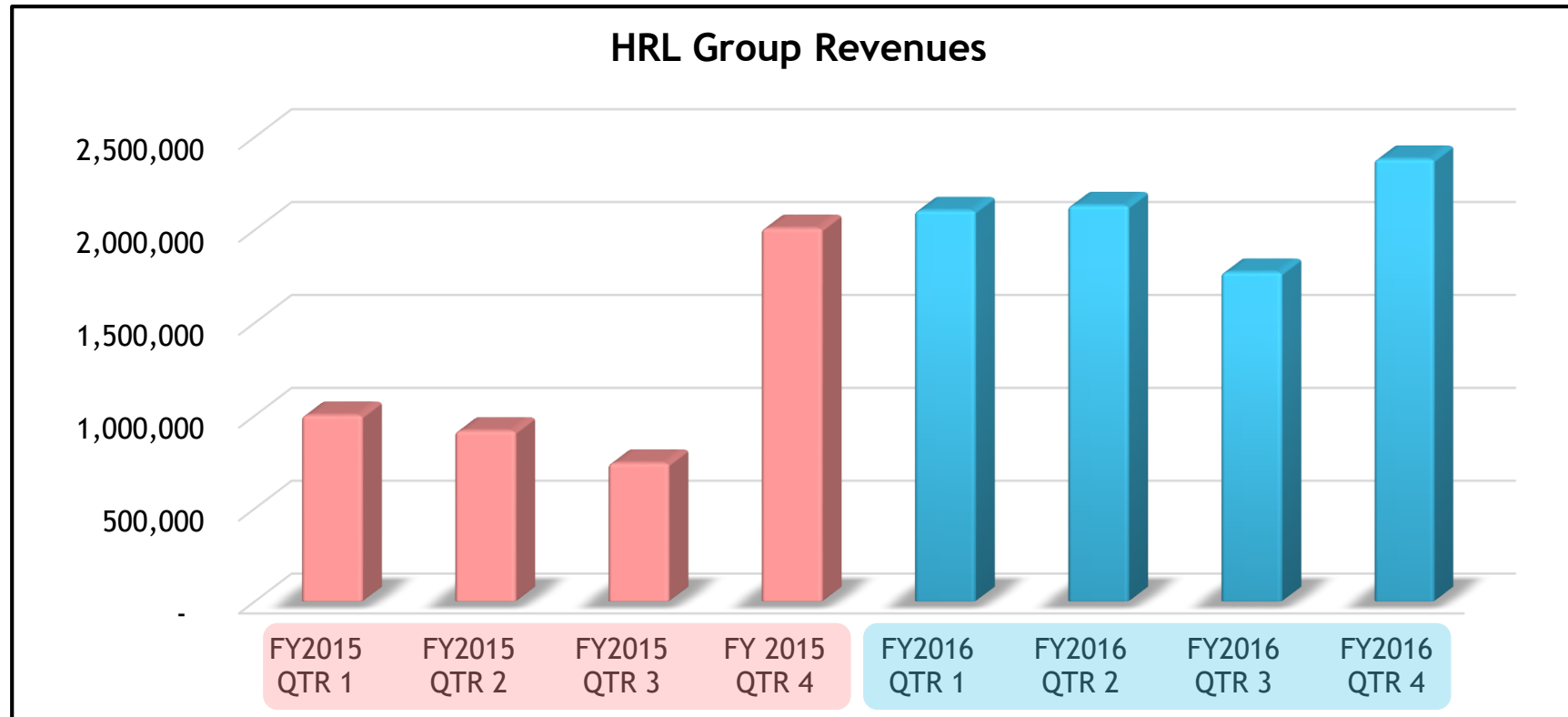
OCTIEF

- ▶ Solid returns generated despite a weak Australian economy
- ▶ New branches in Canberra and Perth have expanded the regional footprint
- ▶ Active tender pipeline for major regional projects in Australia, NT especially strong
- ▶ Opportunity to rollout property contamination testing in FY17

Existing corporate structure is designed to handle significant expansion with limited further investment



FY2016 - Revenue Growth





Market Opportunities - Australia

- ▶ Extend the NZ property contamination screening capabilities to Australia
 - ▶ Market for this service is currently in its infancy in Australia
 - ▶ HRL can lever off its NZ experience and gain first mover advantage
 - ▶ Customers to be developed through a mix of direct marketing, strategic relationships and education campaigns.
- ▶ Mr Fluffy demolition and remediation programs in ACT and NSW
 - ▶ NSW testing program has now commenced with OCTIEF awarded a first phase package
- ▶ Expansion of contaminated land and water testing services throughout Australia

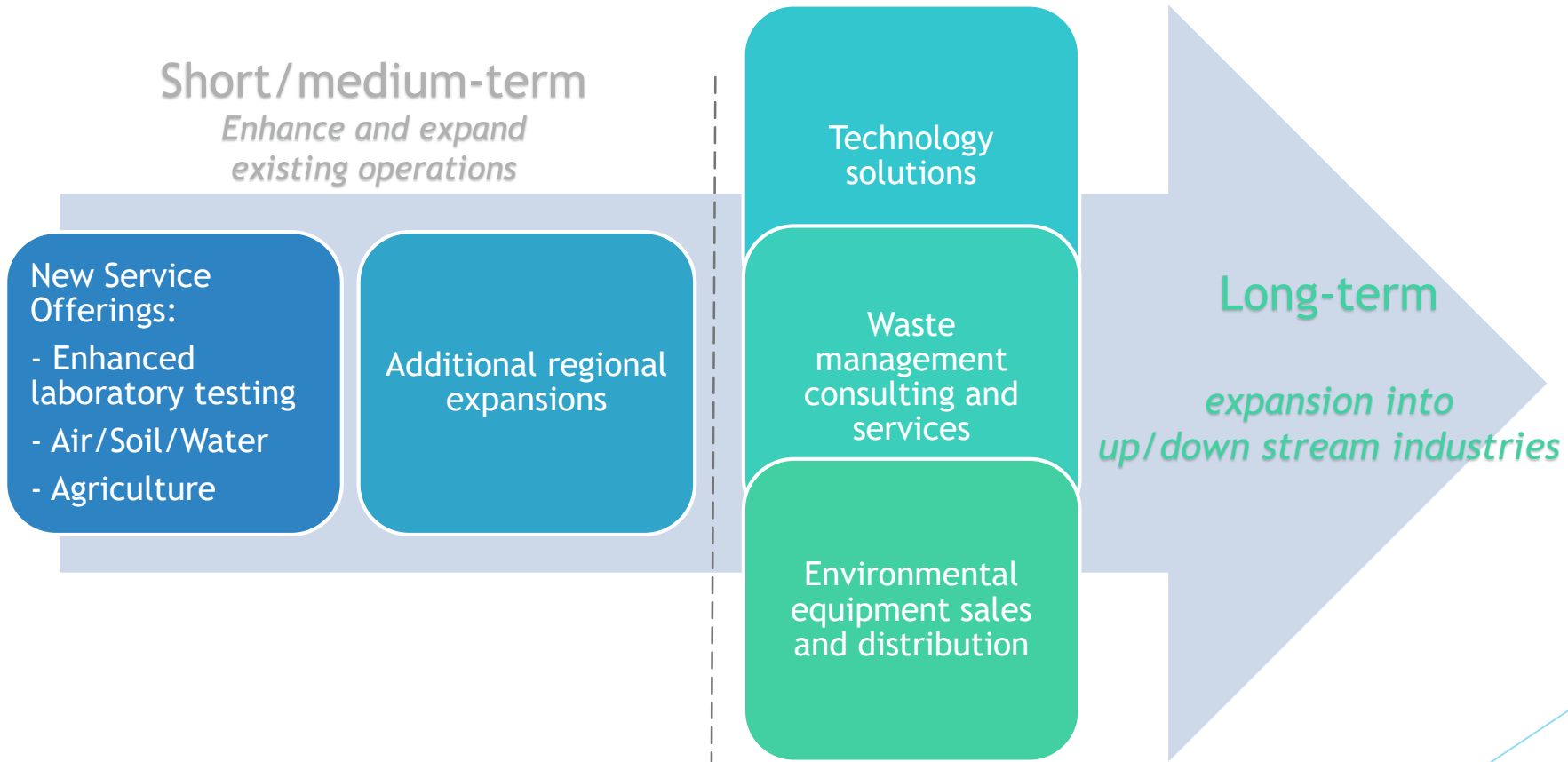


Market Opportunities - New Zealand

- ▶ Expansion into the Auckland region
 - ▶ Represents the largest potential market for Precise Consulting services
 - ▶ Auckland branch now established and operating above expectations
 - ▶ Laboratory set up is nearing completion
 - ▶ Relationships being established with major corporates
- ▶ Continue to expand the property contamination service across the nation
 - ▶ Current market leaders for the Wellington/Palmerston North regions
 - ▶ Aggressively promoting service in the Auckland and South Island markets
- ▶ Leverage off recent major contracts and secure additional Tier 1 opportunities
 - ▶ Second stage Chorus contract just announced
- ▶ Provide a range of compliance services to clients for the recently introduced Health and Safety at Work 2016 regulations



HRL - Future Strategy





Contacts and More Information

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Appendix A - Details on non-underlying profit adjustments

Adjustment	Description
Acquisition related expenses	<p>Acquisition related expenses relate to third party supplier costs that related to the merger/acquisition of:</p> <ol style="list-style-type: none"> 1. OCTIEF Pty Ltd on 15 September 2014; 2. Precise Consulting and Laboratory Limited in April 2015; 3. AAC Environmental Pty Ltd on 30 September 2015; and 4. RJL & Associates in March 2016
Amortisation of intangible assets arising from acquisitions	<p>The excess purchase price over the value of the tangible assets acquired during the acquisitions of Octief Consulting & Laboratory Services Pty Ltd in June 2013, the Precise Consulting and Laboratory Limited in April 2015, the AAC Environmental Pty Ltd in September 2015 and the RJL & Associates in March 2016 has been allocated against specific identifiable intangible assets.</p> <p>These intangible assets are being amortised over a 2 – 3 year period.</p>
Provision arising on estimate of Earn-outs and Settlements	<p>The vendors of Precise Consulting and AAC had the opportunity to receive and earn-out payment if certain profit targets are met. Payment of the earn-out consideration is contingent on ongoing service of certain key staff, with the earn-out reduced proportionally if employment is terminated prior to the minimum service period.</p>
Listing expense arising on deemed acquisition	<p>The merger with OCTIEF Pty Ltd in FY2015 resulted in OCTIEF Pty Ltd shareholders holding a controlling interest in HRL after the transaction. This transaction has been accounted for as a continuation of the financial statements of OCTIEF Pty Ltd together with a deemed issue of shares. The deemed issue of shares is, in effect, a share-based payment transaction whereby OCTIEF Pty Ltd is deemed to have received the net assets of HRL, together with the listing status of HRL.</p> <p>The cost of the acquisition, and amount recognised as contributed equity to affect the transaction, is based on the deemed number of shares that OCTIEF would have needed to issue to give the shareholders of HRL the same shareholding percentage in the Combined Entity that results from the transaction.</p> <p>OCTIEF is deemed to have issued shares in exchange for the net assets of HRL together with the listing status of HRL. The listing status does not qualify for recognition as an intangible asset and the relevant cost has therefore been expensed as a listing expense.</p> <p>The fair value of the deemed number of shares that OCTIEF would have needed to issue is estimated to be \$2,899,715. The fair value of HRL's net assets at acquisition date was \$1,647,260. Deducting this from the deemed consideration results in a listing expense of \$1,252,455.</p>



Appendix B - FY2016 Underlying Results - Reconciliation

	June 2016 \$	June 2015 \$
Underlying EBITDA	1,074,645	107,782
Operating depreciation and amortization	(179,386)	(80,153)
Interest expense	(81,719)	(1,953)
Operating Income tax	(225,686)	4,014
Underlying profit after tax	587,854	29,690
<u>Non-operating adjustments</u>		
Acquisition related expenses	(91,378)	(268,358)
Listing expense arising on deemed acquisition	-	(1,252,455)
Amortisation of intangible assets arising from acquisitions	(307,598)	(352,413)
Precise Earn-out and AAC Settlement	(239,552)	(51,650)
Initial recognition of tax losses	-	113,823
Tax on non-operating items	168,662	197,608
Statutory profit/(loss) after income tax	117,988	(1,583,755)

¹ Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited. Refer to Appendix A for further details of non-underlying items.



Disclaimer

- ▶ Investment in HRL Holdings Limited (“HRL”) is subject to investment risk, including possible loss of income and capital invested. Neither HRL, nor any other member company of the HRL Group, nor any officer or employee guarantees any particular rate of return or performance, nor do they guarantee the repayment of capital.
- ▶ The presentation may contain forward-looking statements regarding the potential of the Company’s revenues, projects, interests and the development potential of the Company’s business. Any statement describing a goal, expectation, intention or belief of the Company is a forward-looking statement and should be considered an at-risk statement. Given these risks, readers are cautioned not to rely on forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements due to many important factors, risks and uncertainties including, without limitation, risk associated with product sales, development and manufacture, risks inherent in the business, future capital needs, general economic uncertainty and other risks detailed from time to time in the Company’s announcements to the ASX.