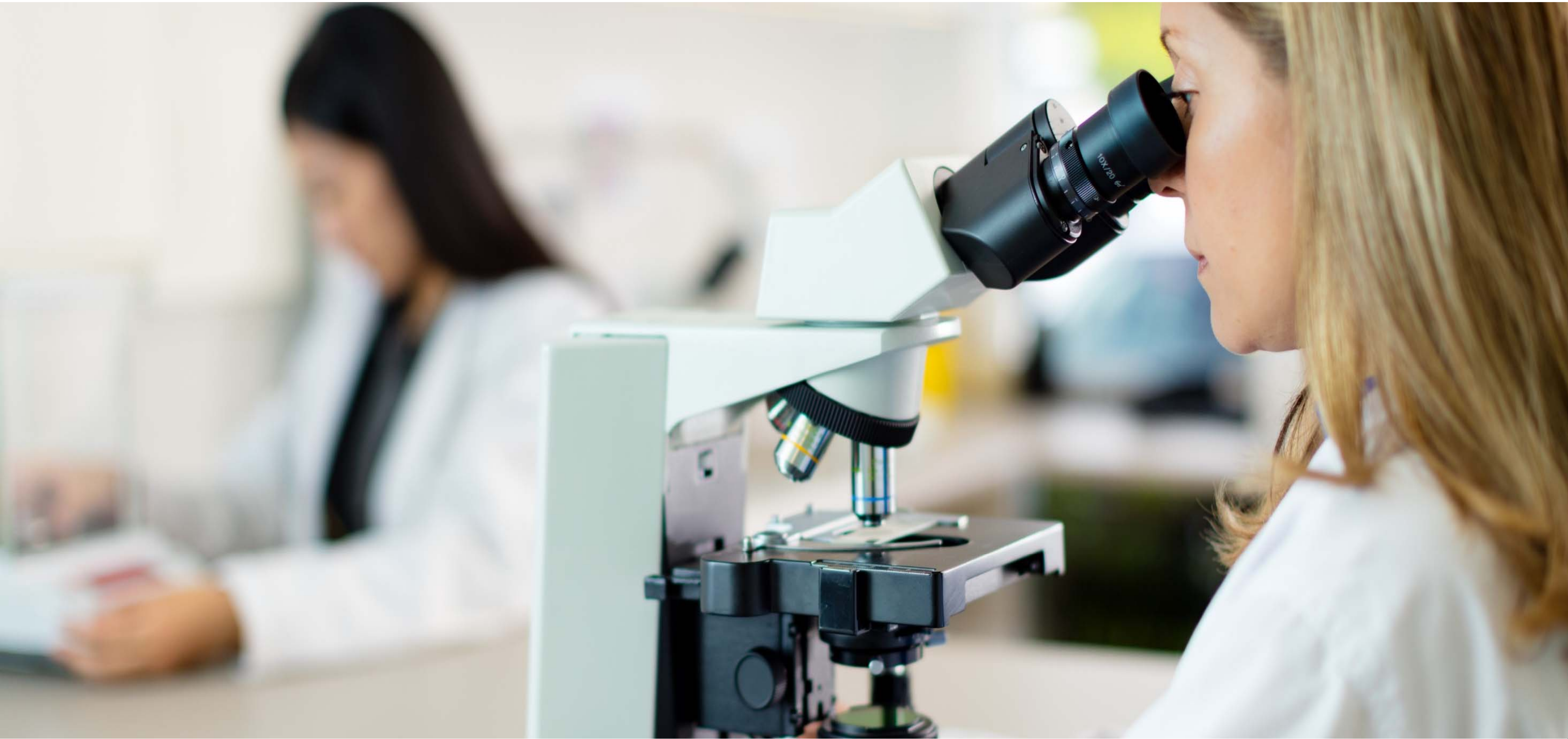

HRL Holdings (ASX:HRL)

Investor Presentation | Half Year Results December 2017

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Company Overview

Emergent company in the growing environmental services industry

OCTIEF OCTFOLIO PRECISE CONSULTING & LABORATORY MORRISON GEOTECHNIC ANALYTICA LABORATORIES

WHAT WE DO

Sampling

Laboratory

Data
Management

LABORATORY SERVICES

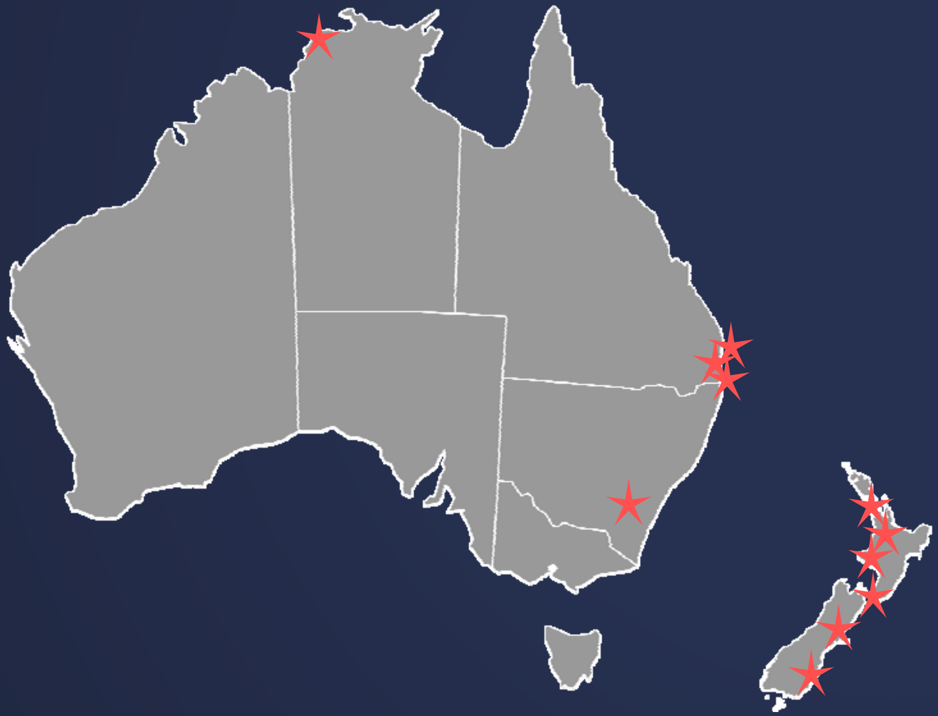
Food

Geotech and Construction Materials

Environmental

Occupational Hygiene

BRANCH NETWORK



Laboratory Locations
- Brisbane – Darra
- Brisbane – Yatala
- Sunshine Coast
- Gold Coast
- Darwin
- Canberra
- Auckland
- Wellington
- Christchurch
- Dunedin
- Hamilton

Consulting Offices
- Palmerston North

Corporate History

2007 - 2014

Geothermal exploration company. Market failure in sector led to lack of development funds.

2014

Change in strategic direction / Acquisition of Octief (environmental services).

Kevin Maloney & Darren Anderson join the Board.

2015

$5m capital raise.

Acquisition of Precise Consulting (NZ) & AAC Environmental (ACT).

Organic branch rollout in NZ & Australia.

2016

Acquisition of RJL & Associates (NZ).

Consolidate acquisitions.

Organic branch rollout in NZ & Australia.

April 2017

$5m rights issue & $2.75m placement.

Acquisition of Morrison Geotechnic and Octfolio.

Nov 2017

$15m placement & $5.7m scrip & $1m SPP

Acquisition of Analytica Laboratories

Build industry knowledge / understanding / networks
Develop business strategy

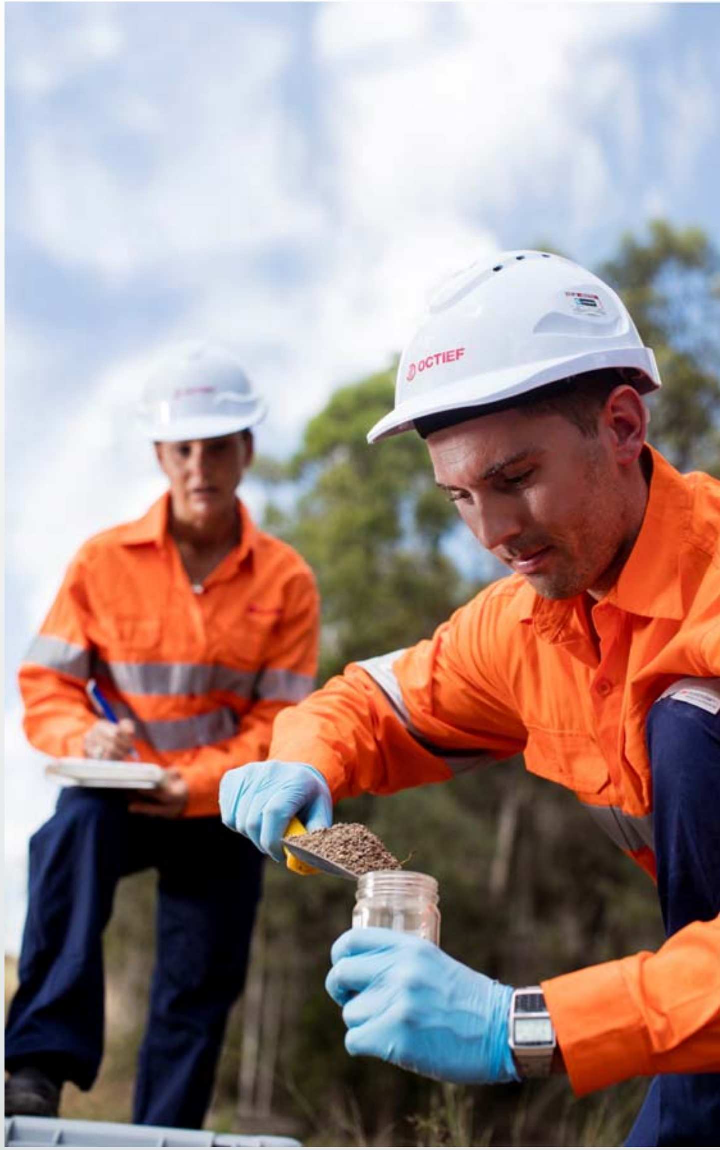
Aggressively look to invest and grow

HY December 17 Highlights

Platform for growth established

Operational Highlights

- ✓ Acquisition of Analytica, a leading analytical chemistry laboratory business based in New Zealand.
- ✓ $16M capital raised to fund acquisition and other expansion opportunities.
- ✓ Brisbane laboratory expansion for 3 new service lines:
  - ✓ Acid sulphate soils
  - ✓ Gravimetric dust
  - ✓ Crystalline silica

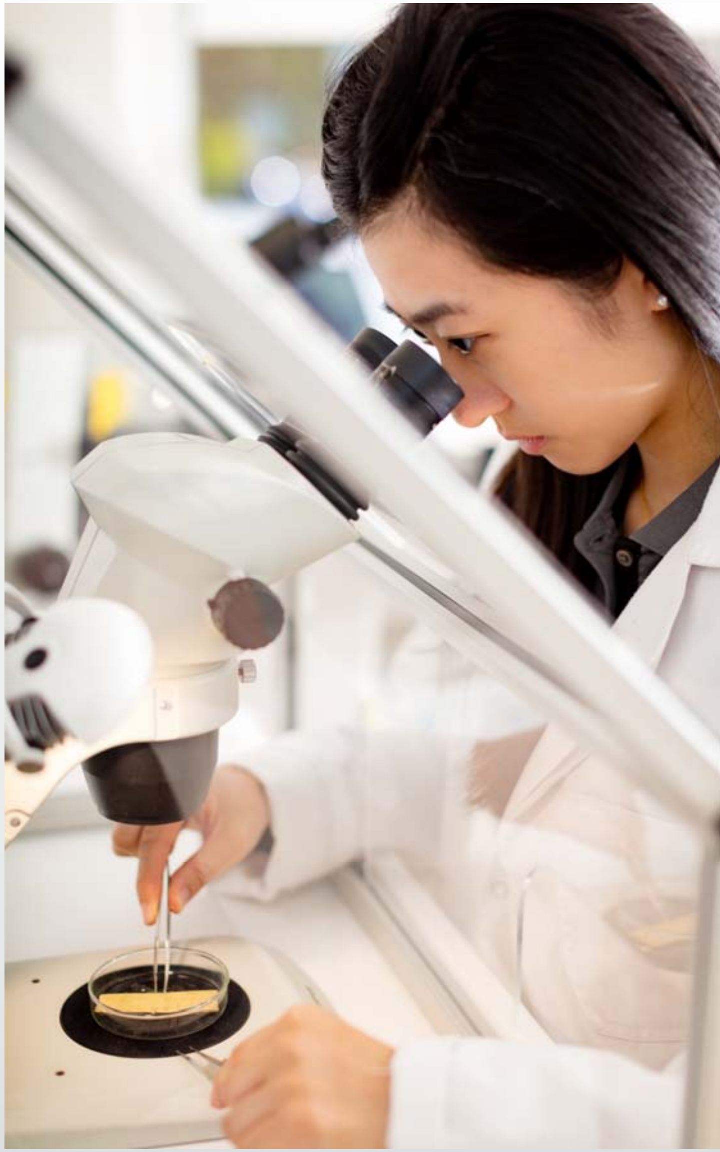


Financial Highlights

	Dec-17 $000's	Dec-16 $000's	Increase $000's
Revenues	10,979	5,469	5,510
Underlying EBITDA [1]	1,441	370	1,071
Operating cash flows generated [2]	1,042	(158)	1,200
Working capital	3,946	287	3,659
Net cash/(borrowings)	3,144	(1,375)	4,519
Statutory profit/(loss) after tax	(156)	(8)	(148)

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 for further details of non-underlying items.

2 Excludes cash outflows associated with acquisition costs.



Segment Performance – HY2018

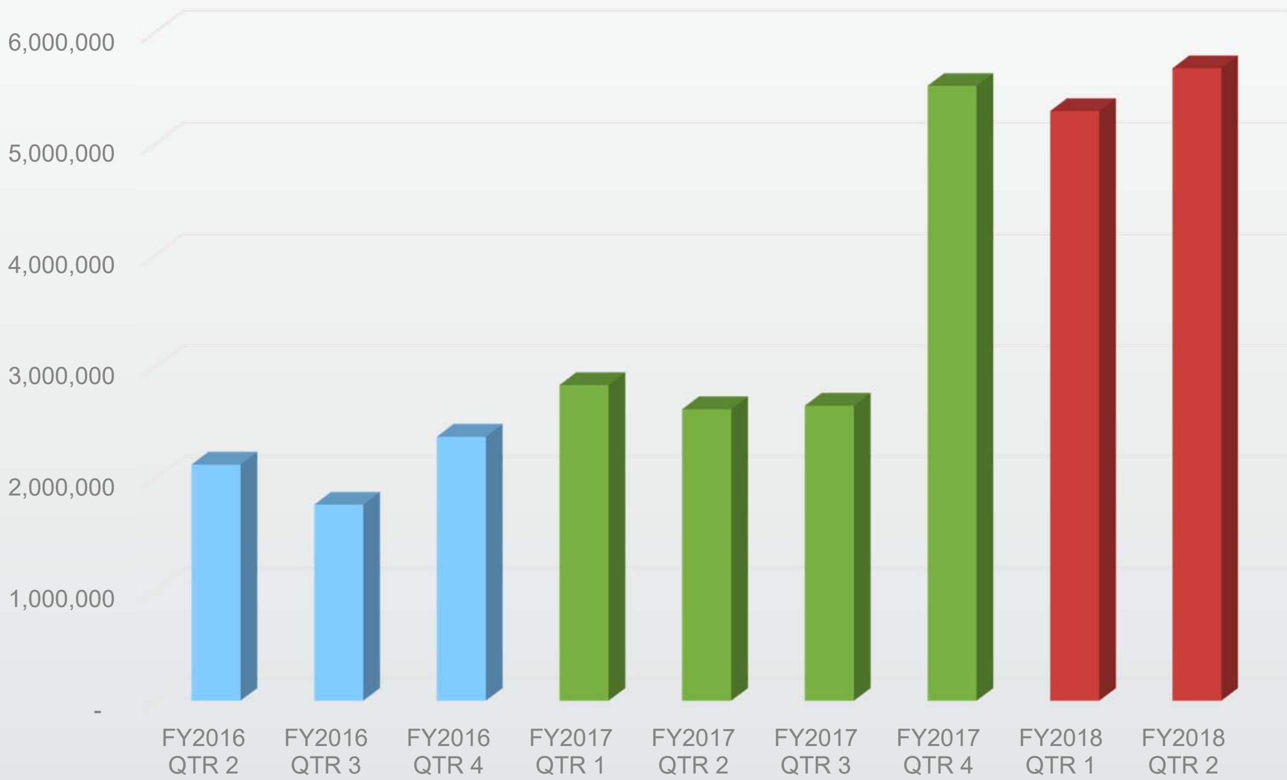
	Trading Divisions					Corporate	Consolidated
	HAZMAT	GEOTECH	FOOD/ENVIRO LABORATORY	SOFTWARE	TOTAL		
Revenues	5,966,346	3,948,749	845,592	216,436	**10,977,123**	-	**10,977,123**
Underlying EBITDA ($)	1,487,032	209,216	315,851	67,792	**2,079,891**	(638,237)	**1,441,654**
Underlying EBITDA (%)	*25%*	*5%*	*37%*	*31%*	***19%***	-	***13%***
Operating depreciation and amortization	(154,950)	(104,348)	(111,203)	(1,427)	**(371,929)**	(3,643)	**(375,572)**
Net interest expense	(4,832)	(10,728)	-	-	**(15,561)**	(18,055)	**(33,615)**
Underlying profit before tax	1,327,250	94,140	204,648	66,365	**1,692,403**	(659,935)	**1,032,468**
Operating income tax	(379,124)	(28,242)	(54,205)	(19,909)	**(481,480)**	185,148	**(296,332)**
Underlying profit after tax	948,126	65,898	150,443	46,456	1,210,923	(474,787)	**736,136**
Non-operating adjustments							
Acquisition related expenses	-	(3,600)	(105,583)	(9,500)	**(118,683)**	-	**(118,683)**
Earn-out expenses/adjustments	-	62,500	(417,008)	-	**(354,508)**	-	**(354,508)**
Amortisation of intangible assets arising from acquisitions	(107,815)	(207,867)	(137,333)	(158,333)	**(611,347)**	-	**(611,347)**
Share based payments	-	-	-	-	**-**	(4,556)	**(4,556)**
Non-operating income tax	30,813	44,690	70,128	50,350	**195,981**	1,367	**197,348**
Statutory profit after income tax	871,124	(38,379)	(439,353)	(71,027)	**322,365**	(477,976)	**(155,611)**

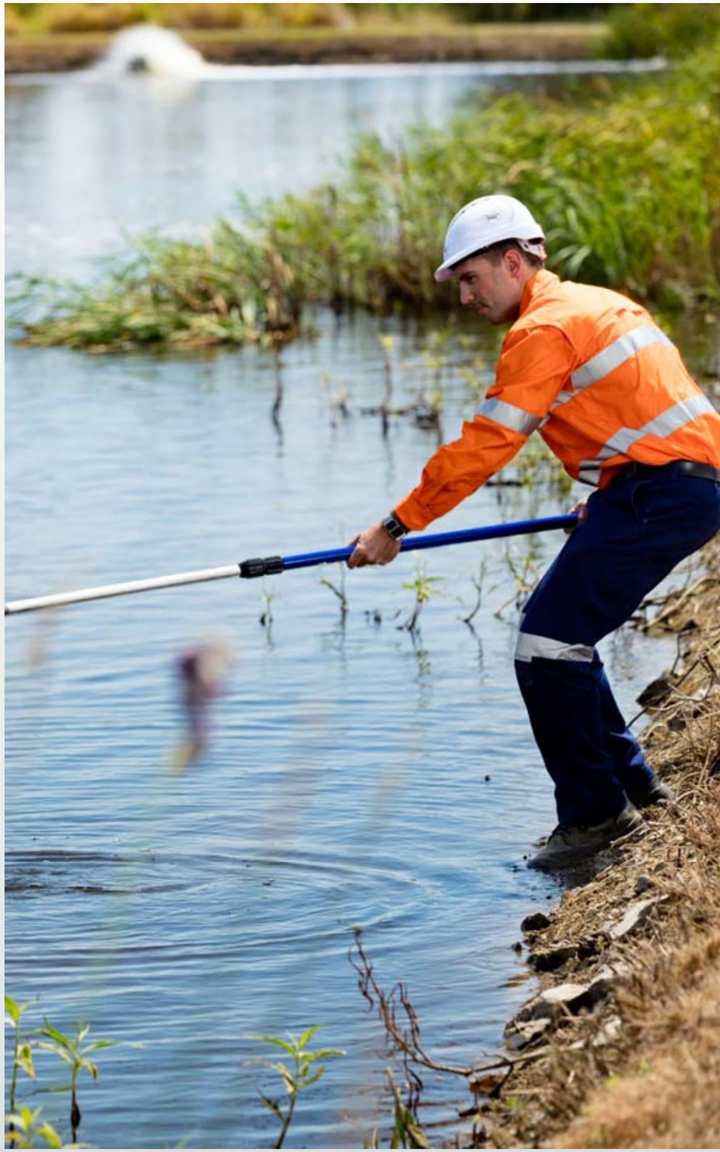
Segment Performance – HY2018 Pro-Forma Basis*

	Trading Divisions					Corporate	Consolidated
	HAZMAT	GEOTECH	FOOD/ENVIRO LABORATORY	SOFTWARE	TOTAL		
Revenues	5,966,346	3,948,749	4,986,094	216,436	**15,117,625**	-	**15,117,625**
Underlying EBITDA ($)	1,487,032	209,216	1,577,149	67,792	**3,341,189**	(638,237)	**2,702,954**
Underlying EBITDA (%)	*25%*	*5%*	*32%*	*31%*	***22%***	-	***18%***
Operating depreciation and amortization	(154,950)	(104,348)	(626,409)	(1,427)	**(887,134)**	(3,643)	**(890,777)**
Net interest expense	(4,832)	(10,728)	(4,044)	-	**(19,605)**	(18,055)	**(37,660)**
Underlying profit before tax	1,327,250	94,140	946,696	66,365	**2,434,449**	(659,935)	**1,774,513**
Operating income tax	(379,124)	(28,242)	(265,075)	(19,909)	**(692,350)**	185,148	**(507,201)**
Underlying profit after tax	948,126	65,898	681,621	46,456	**1,742,100**	(474,787)	**1,267,315**
Non-operating adjustments							
Acquisition related expenses	-	(3,600)	(105,583)	(9,500)	**(118,683)**	-	**(118,683)**
Earn-out expenses/adjustments	-	62,500	(417,008)	-	**(354,508)**	-	**(354,508)**
Amortisation of intangible assets arising from acquisitions	(107,815)	(207,867)	(823,998)	(158,333)	**(1,298,012)**	-	**(1,298,012)**
Share based payments	-	-	-	-	**-**	(4,556)	**(4,556)**
Non-operating income tax	30,813	44,690	262,394	50,350	**388,247**	1,367	**389,614**
Statutory profit after income tax	871,124	(38,379)	(402,573)	(71,027)	**359,144**	(477,976)	**(118,830)**

* includes the 6 month trading results for Analytica and the notional amortisation of related acquisition intangible assets over a 6 month period.

Quarterly Revenue Growth





Future Developments

Emergent company in the growing environmental services industry

Future Developments

- ✓ Analytica continues to grow environmental service lines and increase market share
- ✓ Develop high throughput air testing capability using Syft technology in Analytica
  - ✓ 3 year exclusivity secured on new equipment for NZ environmental applications
  - ✓ Explore opportunities for technology to be applied in Australian environmental markets
- ✓ Expand Geotech testing capabilities with a focus on disrupting current turn around times and throughputs of industry standards
- ✓ Expand OCTIEF laboratory testing capability
- ✓ Support the CAIQtest (Pacific) joint venture partners to expand testing capability and geographic markets

Contacts and More Information

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Appendix A – Details on non-operating profit adjustments

Adjustment	Description
Acquisition related expenses	Acquisition related expenses relate to third party supplier costs that connected to the recent acquisition of Analytica, Morrison Geotechnic and OCTFOLIO
Amortisation of intangible assets arising from acquisitions	The excess purchase price over the value of the tangible assets acquired during the acquisitions of Analytica, AAC Environmental, RJL & Associates, Morrison Geotechnic and OCTFOLIO has been allocated against specific identifiable intangible assets. These intangible assets are being amortised over a 2 – 5 year period.
Earn-out expenses/adjustments	The vendors of Analytica and Morrison Geotechnic have 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. *Analytica* HRL estimates that Analytica will exceed the maximum EBITDA target for the 12 months ended 30 November 2018, resulting in an estimated earn-out of NZ$11,000,000. As at 31 December, the vendors had performed 1 months of the 24-month service period (4.16%). Accordingly, an amount of NZ$458,333 (AUD $417,008) has been recognised in profit or loss. *Morrison Geotechnic* HRL estimates that Morrison Geotechnic will not exceed the minimum profit target to achieve an earn-out payment and consequently the previously recognised provision of $62,500 has been reversed in profit and loss.
Share based payments	In August 2016 HRL introduced a long term incentive plan for key management. The plan will focus on long term shareholder wealth creation and retention of key personnel. The value of these performance shares is being recognized as an expense in the income statement over the 3 year vesting period.