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ASX Announcement

6 November 2020

Synertec presentation at NWR virtual investor conference today

Melbourne, Australia: Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") presented at the NWR Virtual Investor Conference held today. A recorded version of the presentation has been made available to registered participants.

A copy of the slides presented by Synertec's founder and Managing Director, Mr. Michael Carroll, is attached.

-ENDS-

For more information and all media enquiries, please contact:

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Chief Financial Officer & Company Secretary
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Email: david.harris@synertec.com.au

This ASX announcement is authorised by the Directors of Synertec Corporation Limited (ASX:SOP).

About Synertec:

Synertec Corporation Ltd (ASX: SOP) provides mission-critical engineering products and solutions to complex, high-risk and highly regulated industries. The Company targets industry segments with high barriers to entry and high client reputational risk, including Pharmaceuticals, Critical Infrastructure, Oil & Gas, Water and Defence.

Synertec has delivered 24 years of growth and development as a multidisciplined and integrated consulting business, delivering end-to-end proprietary engineering products and solutions which leverage the Company's ability to develop commercial intellectual property through innovative partnerships with a portfolio of blue-chip customers.



SYNERTEC

Synertec Corporation Limited (ASX: SOP)

Investor Presentation, November 2020



Synertec Corporation Limited (ASX:SOP)

© 2020

expertise  experience

Investment Highlights

Synertec Corporation Ltd (ASX: SOP) is a high-tech engineering business commercialising globally scalable technology in the large target markets of Water, Infrastructure, Pharma and Energy.



Executing on **an immediate global growth opportunity** through a blue-chip client base, delivering into multibillion-dollar markets on the cusp of acceleration



Cashflow to fund growth comes from Synertec's competitive advantage providing engineering services to clients in sectors with **high barriers to entry** and reputational risk



Strong exposure to **attractive global themes** in water tech, automation and the environmentally friendly treatment of oil & gas waste



One of our engineers on site at a Synertec-built Australian vaccine facility

Corporate Snapshot

ASX Stock Code	SOP
Listing date	11 Aug 2017
Share price as at 5 November 2020	\$0.068
Shares on issue	276.3m
Cash balance as at 30 June 2020 (ex. \$1.3m placement)	\$3.0m
Fully diluted market cap	\$18.8m

Experienced, commercial and invested leadership team

Director	Role	Shares held
Ms Leeanne Bond	Independent Non-Exec Chair	2.8m (1.0%)
Mr Michael Carroll (Founder)	Managing Director and CEO	49.4m (17.9%)
Mr Kiat Poh	Independent Non-Exec Director	2.4m (0.9%)
Mr Dennis Lin	Independent Non-Exec Director	0: appointed Aug 19
Mr David Harris	CFO and Company Secretary	1.8m (0.7%)
Total Board		56.4m (20.4%)

Offerings



- Technology Design and Development
 - Replicable and scalable solutions to enhance industrial clients' profitability, efficiency, safety and environmental impact*



- Specialist Engineering Consultancy Services
 - The design, implementation and maintenance of mission-critical processes and systems within our clients' operations*

Key Industries



Rail



Water



Pharma/Biotech



Oil & Gas

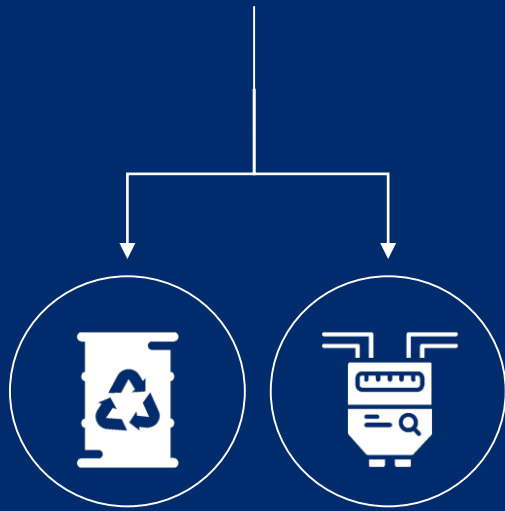
Blue-Chip Repeat Customers Delivering Revenue and Cashflow



- With 80% of revenue derived from repeat clients, Synertec delivers with unrivalled experience into a global market where ~US\$3.7 trillion in global infrastructure spend is expected to 2040¹
- The annual value of the global infrastructure functional safety control system market is expected to grow from US\$4.6 billion in 2019 to US\$7.1 billion by 2024²

1: Oxford Economics: Global Infrastructure Outlook July 2017; 2: Markets & Markets, 2019

Technology Design and Development: Commercialisation Opportunities



Greentech

CTS



Background: Shale Energy Mega-Trend, Led by China

- Shale gas production in China is forecast to triple from 30bn m³ in 2020 to 90bn m³ in 2030. This is creating a huge glut of toxic sludge as mud is constantly pumped to the drilling bit to provide lubrication
- Each rig typically produces between 5,000 and 10,000 tons per annum of this toxic by-product. Although oil and water-based drilling sludge needs to be treated to reduce its environmental harm, the majority of China's sludge **currently goes to landfill**
- Energy environmental regulations are increasingly strict in China and other jurisdictions, making sludge processing **a difficult, laborious and expensive process** for oil & gas companies
- Significant forecast growth in shale gas and oil demand and production is expected to drive **strong demand for innovative sludge treatment solutions**



China | PetroChina

Shi Weijun
Shanghai
20 October 2020



PetroChina predicts massive Chinese gas demand growth

The country's consumption of the fuel will double over the next 15 years, the company says

China's top natural gas supplier signalled a surprisingly bullish outlook for the fuel at an industry conference in Shanghai today. Beijing's recent landmark decision to overhaul its coal-dominated energy system puts gas on track to be the only fossil fuel that will expand its share of the Chinese energy mix.

The goal of carbon-neutrality by 2060 will require China to kick its longstanding addiction to coal while building unprecedented amounts of intermittent wind and solar capacity. This opens the door for the country's annual gas demand to roughly double over the next 15 years, reaching 600bn m³/yr by 2030 and 620bn m³/yr by 2035, a representative of PetroChina Natural Gas Marketing Co. told delegates.

The extremely ambitious projections, which are considerably higher than long-term energy outlooks from the IEA and BP, highlight the rising confidence felt in the Chinese gas industry after it effectively weathered the short-term demand shock caused by Covid-19.

Synertec + Greentech: Strategic Synergies and Leverage to Success

- Sichuan GreenTech Environmental Co., Ltd. (Greentech) is commercialising innovative technology that provides a **unique, environmentally friendly and cost-effective solution** to treat toxic sludge and various wastewaters
- Greentech's patent-pending lead product, **Composite Dry Powder (CDP)**, provides a quick, effective and affordable way to process water-based oil & gas sludge into non-polluting, high-strength building materials

Right: Photo from a Greentech pilot program showing Greentech's proprietary processing equipment treating liquid-like drilling mud with the CDP technology. This becomes dried sludge, which may be used as a raw material in bricks.

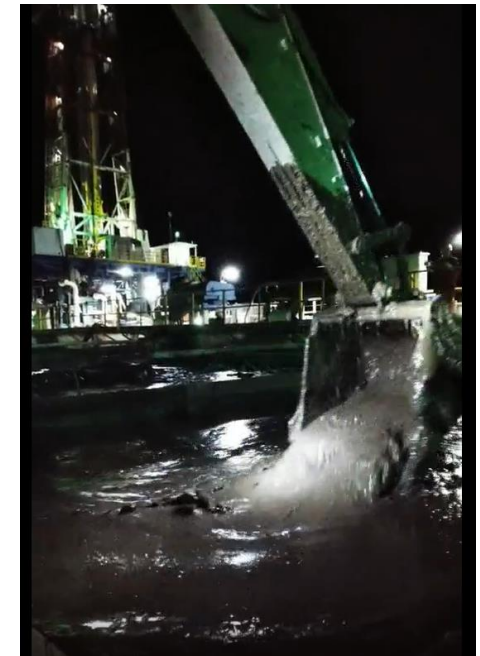


Dried Sludge



Products

Right: Photo from a Greentech pilot program showing drilling mud in its original liquid state which was then treated with Greentech's CDP technology.



- CDP is customisable for **diverse global applications** beyond energy production, including mine tailing sludge and municipal sewage sludge
- Synertec has an **exclusive worldwide License Agreement** to market the CDP technology, **focusing initially on Australia**, to develop a mobile, replicable and internationally scalable solution
- Greentech is in negotiations regarding the first commercial contracts for sale of the CDP technology, chemicals and processing to major Chinese State-Owned Enterprises (SOEs), presenting **significant potential upside**
- Synertec is seeking **international patent protection** for Greentech's unique intellectual property

Synertec + Greentech: Strategic Synergies and Leverage to Success

- Synertec views Greentech's recent progress as **an attractive opportunity** to bolster the Company's tech portfolio:
 - Synertec has partly funded Greentech's commercial scale Pilot Programs on client sites with a senior secured loan facility of \$1 million, repayable with interest by 31 December 2020
 - **The recent successful completion of a first expanded Pilot Program** has confirmed the modelled outcomes for CDP as an environmentally friendly and cost-effective solution to treat hydrocarbon drilling mud and wastewater
 - Greentech has earned approximately **AUD\$0.9 million revenue** for works completed to date for a major Chinese energy State-Owned Enterprise (SOE) as part of the first of several CDP Pilot Programs
- Synertec retains an **option to acquire Greentech**, subject to the satisfaction of several conditions which are binding upon Greentech



Site establishment of Greentech equipment at a drilling facility on the major Chinese oil field in Changqing

CTS: Synertec's Lead Product in LNG, Market-Proven on Land



When transferring large, valuable volumes of LNG, an exceptionally accurate, certified and reliable custody transfer system (CTS) is crucial, as errors of 1% are common and can **dramatically impact profitability**.



The market-proven Synertec CTS can **unlock additional profit** of \$25 million per year, every year, for the life of a typical facility that generates \$5 billion worth of LNG per year. The technology is **suitable for all LNG applications** across both land and marine-based facilities.



The Synertec CTS can deliver **material financial gains**, having built a proven track record with organisations including Chevron and Exxon. Our clients tell us **our CTS is market-leading**, and they consider it the most precise in the world.



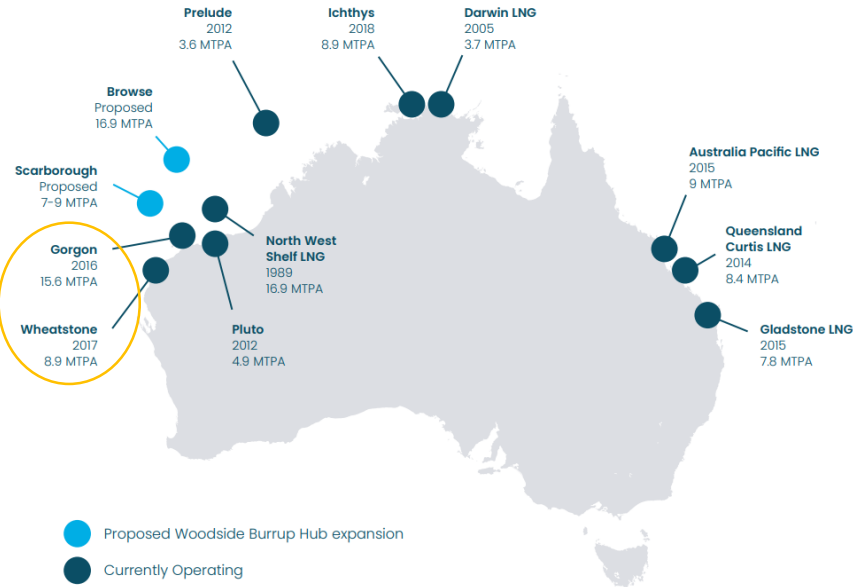
Synertec's CTS has gained the certification and endorsement of EffecTech, the global leader in gas measurement for the energy industry. This led to Synertec becoming EffecTech's exclusive APac regional representative in 2020

Synertec has successfully delivered multiple land-based CTS systems in Australia, to the Gorgon and Wheatstone projects in WA (circled at right), earning more than \$30m revenue since 2014



Click image above to view a video introducing Synertec's CTS

Australian LNG Projects and annual capacity – current and proposed



Source: SMH

Synertec's Immediate Opportunity in Marine-Based CTS

- Synertec's development of **best-in-class LNG CTS technology** allows the Company to take the solution from land to sea and install marine-based CTS on new and existing LNG vessels
- Synertec is now collaborating with **a major listed owner, operator and manager of LNG carriers** to jointly develop and deploy the first example of Synertec's patented marinised CTS
- This collaboration will provide **proof of concept, investment validation** and is expected to position Synertec favourably for **future awards on floating LNG projects**
- Each such award could be worth between \$0.5 and \$2 million to Synertec, with dozens of potential new projects to target globally each year
- **Strategic alliance signed in 2018 with Trelleborg Group**, a global leader in oil & gas transfer technology, allows Synertec to leverage Trelleborg's global marine salesforce which offers reach into more than 50 countries
- Synertec is exploring ways to present this technology through innovative financial models that can minimise clients' capex outlay and provide **longer-term recurring revenue streams**



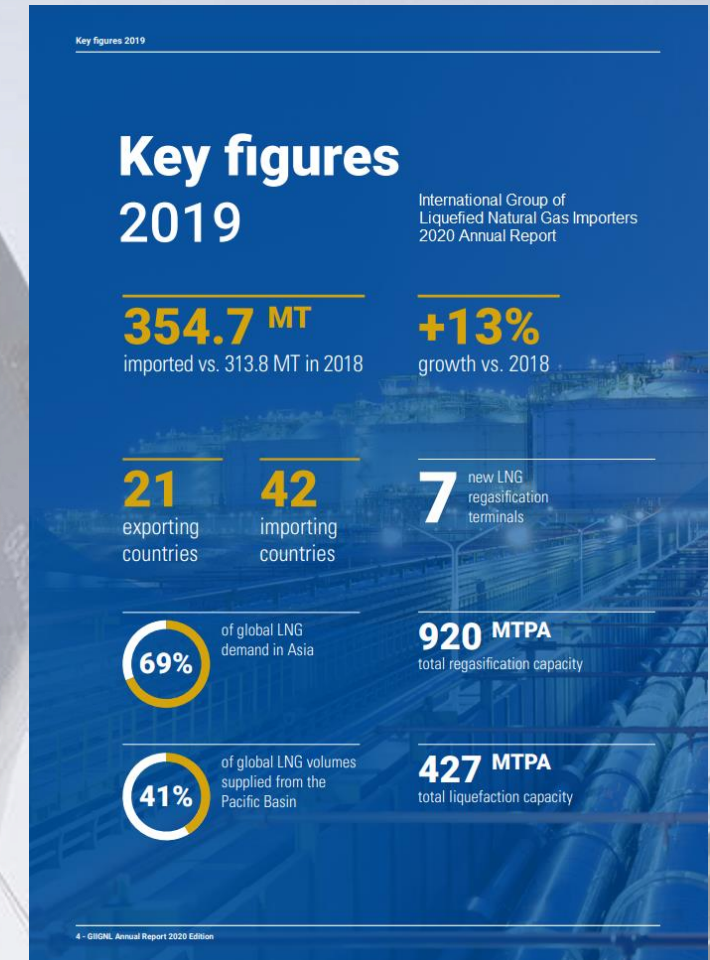
Synertec's CTS as deployed for Gorgon and Wheatstone – the marinised solution is similar but scaled down

Total Addressable Market:	>US\$200 billion Capital expenditure on new LNG plants expected by 2025 ¹
Serviceable Available Market:	>US\$4 billion Estimated global capital expenditure on new and brownfield LNG CTS

1: Wood Mackenzie 2019, 'LNG primed for \$200 billion capex boom - will it drive cost inflation?'

Background: Marine LNG Global Mega-Trend

- The main type of “bunker” oil for ships is heavy fuel oil, the emissions from which contain sulphur, which cause respiratory illness, lung disease and acid rain
- This year, the International Maritime Organization (IMO) imposed **the steepest-ever cut to sulphur emissions**, slashing them by more than 80pc to help fight harmful air pollution
- Ship owners are responding by investing in cleaner-burning vessels and **are shifting towards LNG propulsion**, particularly for larger vessels. There are 184 LNG-fuelled ships currently on order and more than the 170 vessels currently in operation, according to standards agency DNV GL
- Consultancy Wood Mackenzie expects **the use of LNG for bunkering to rise roughly seven-fold by 2025** to 9 million tonnes per year. To prepare for this boom, over the next three years, the greatest number of floating production storage and offloading (FPSO) project sanctions in any one period in history is expected
- The infrastructure to bunker LNG-fuelled vessels is growing but still minimal, providing an **opportunity for Synertec and its marine CTS solution** with ground-floor positioning in this attractive emerging market



Catalysts and Growth Potential Building on a Strong FY20



Ted Perkins - Synertec's Construction Manager (2001 - 2020)

- ✓ Base business (highly specialised quality engineering solutions) is expanding through diverse blue-chip contract wins and extensions, generating cashflow to fund growth
- ✓ The Group is augmenting this growth through IP-protected tech-driven solutions which can be scaled and applied globally to enhance industrial clients' profitability, efficiency and safety
- ✓ Through Greentech, Synertec is well-placed to benefit from the global mega-trend in rising shale gas production, with an improving environmental, social and governance (ESG) overlay
- ✓ Successful completion of Composite Dry Powder (CDP) pilot programs is expected in 2020, confirming the commercial viability of Greentech's products
- ✓ Proof of concept for Synertec's CTS and subsequent commercial awards are expected in FY21, offering dozens of opportunities to deliver material diversified revenue growth

Board of Directors



Leeanne Bond

Independent
Non-Executive
Chairperson
Australia-based

- Ms. Bond has 30 years' experience in business strategy, technology and innovation, risk management, infrastructure and governance of major capital projects across a range of industrial sectors including energy, minerals, infrastructure and water
- Non-Executive Director of Snowy Hydro Ltd, Aurecon and Mining3; Board member of the Clean Energy Finance Corporation; 10 years in management at Worley and former Executive for Diversity and Inclusion at Downer EDI
- Owner and sole director of Breakthrough Energy Pty Ltd, a project and business development consulting firm



Poh Kiat

Independent
Non-Executive
Director
Singapore-based

- Mr. Kiat has over 30 years' experience at the senior management level in construction, real estate development, manufacturing and financial markets, also holding senior positions in corporate finance and investment companies in Malaysia
- Since 2005, has managed a Singapore-based investment advisory company focused on participating in strategic stakes in listed companies
- Former Non-Executive Director of Centrex Metals Limited (ASX:CXM)



Dennis Lin

Independent Non-Executive Director
Australia-based

- A Chartered Accountant and solicitor, Mr. Lin is Founding Partner and Chairman of Cortina Capital, an independent private equity firm focused on middle-market businesses with great export potential to Asia
- Chairman of Bubs Australia Ltd (ASX: BUB) and Non-Executive Director at Buderim Group Ltd (ASX: BUG)



Michael Carroll

Managing Director
& Chief Executive
Officer
Australia-based

- Synertec founder and visionary, highly commercial and strategic thinker who is hands-on in the day-to-day management of the company
- Founded Synertec in 1996 and has grown the business significantly during this time
- Extensive experience in Australian and Asian engineering markets
- Experienced and effective contract negotiator
- Focused on delivering Synertec's growth strategy; responsible for business development coordination (particularly for larger-scale strategic project opportunities) and IP development
- Major Synertec shareholder; effective ownership of 18% of shares on issue



David Harris

CFO and Company
Secretary
Australia-based

- Experienced ASX executive, skilled in strategic corporate development, governance, financial control, leading enterprise-wide system projects
- Works closely with CEO and Board to provide:
- Leadership, facilitation of strategy and aligned corporate development activities
 - Planning, management, reporting and control of all financial, taxation and treasury activities
 - Oversight of key systems and processes delivering operational excellence and financial control
 - Company secretarial duties and corporate governance activities

Contact and Disclaimer



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Unless marked, all currency is denominated in Australian dollars.