BELL POTTER

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Trajan Group (TRJ)

Returning to Growth

Recommendation
Buy (Initiation)
Price
$0.74
Target (12 months)
$1.50 (initiation)

Sector

Pharmaceuticals & Biotechnology

Expected Return	
Capital growth	**102.3%**
Dividend yield	**0**
Total expected return	**102.3%**

Company Data & Ratios	
Enterprise value	**$138m**
Market cap	**$113m**
Issued capital	**152.3m**
Free float	**48%**
Avg. daily val. (52wk)	**$0.12m**
12 month price range	**$0.67 - $1.32**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	1.0	1.1	1.1
Absolute (%)	-22.1	-34.5	-33.9
Rel market (%)	-11.7	-24.4	-26.8

Leader in Developing Scientific Analytical Tools

TRJ is a developer and manufacturer of analytical science instruments, devices and solutions, focusing on accessing specialist skills and capabilities that improve the analytical workflow of the global life sciences industry. The product portfolio consists of three segments: Components & Consumables, Capital Equipment and Disruptive Technologies. The first two divisions focus on workflows, which are ultimately used in the analysis of clinical, biological, food and environmental samples.

Blue-Chip Customer Profile

TRJ partners with a range of blue-chip customers across multi-national OEMs, pharmaceutical companies, CROs, food testing companies and scientific distribution companies. TRJ collaborates with its partners on technology development programs, and this ensures that TRJ's components are embedded within its customer's instruments. This creates long-term stability in TRJ's revenue profile. TRJ's international infrastructure footprint ensures it can service this global customer base.

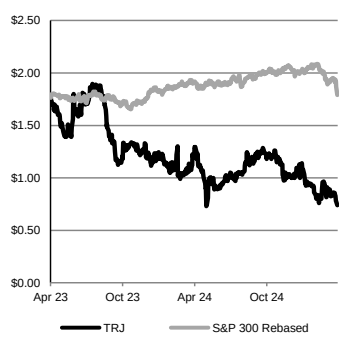
Earnings Normalising

Following the industry de-stocking phase post the COVID-19 pandemic, we assume that TRJ can return to a consistent high-single-digit revenue and low-double-digit earnings growth profile. M&A has been a historical feature and with net leverage reducing to c.1.7x for FY25e, acquired growth could soon return to support earnings.

Investment View: Initiate with a Buy. TP $1.50 / sh

We apply a blended valuation across DCF (WACC 12.5%) and EV/EBITDA (1-yr fwd 10x). TRJ provides investors with unique exposure in an ASX context to the global analytical life science tools & instruments industry that is defensive in nature. TRJ offers deep value given it is trading at a c.47% discount to close peer Tecan and a c.60% discount to major US peers. TRJ should garner greater investor attention as it returns to sustainable double-digit growth.

Absolute Price



SOURCE: IRESS

Earnings Forecast

June year End	FY24a	FY25e	FY26e	FY27e
Revenues ($m)	155.0	162.5	176.7	192.5
nEBITDA ($m)	12.3	18.0	20.6	26.0
nEBIT ($m)	3.3	10.7	12.8	17.8
NPAT (reported) ($m)	(25.3)	2.7	6.0	9.4
EPS normalised (cps)	0.4	5.7	6.4	8.8
EPS growth %	(0.9)	1471.4%	11.0%	38.1%
PER (x)	nm	13.5	12.2	8.8
FCF yield (%)	nm	6.5%	8.3%	12.5%
EV/EBITDA (x)	11.6	8.0	6.9	5.5
Dividend (cps)	-	-	-	-
Franking	-	-	-	-
Yield %	-	-	-	-
ROE %	0.0	7.8%	8.2%	10.5%

SOURCE: BELL POTTER SECURITIES ESTIMATES

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Investment Thesis

We initiate coverage on TRJ with a BUY recommendation and a Target Price of $1.50 / sh. Our investment thesis is supported by the following factors:

STRONG CUSTOMER RELATIONSHIPS – TRJ holds a deep understanding of the needs that exist within the global life sciences market and holds long-standing relationships with a number of "blue-chip" life science customers, including global OEMs, biopharmaceutical companies, and CROs. These relationships are supported by long-term supply agreements and strategic collaborations that seek to solve complex challenges within the industry.

PRECISION DESIGN AND MANUFACTURING OF ADVANCED CHEMISTRIES – TRJ holds strong technical expertise and knowledge of the manufacturing processes of precision analytical instruments and components, which is a key area of differentiation given the complexity of analytical techniques and instrumentation. TRJ's automated manufacturing capabilities enable consistency of analytical performance of analytical instruments. TRJ carries a deep understanding of the role its components and the applicable chemistries (of sample test results) play in the workflow process. By focusing on collaboration, customisation and tailored solutions for its customers, TRJ has established loyal relationships with customers. TRJ's larger customers regularly evaluate TRJ on their technology, quality, responsiveness, value and innovation. TRJ's development and manufacturing capabilities serve as barriers to entry within its competitive markets.

EXPERIENCED MANAGEMENT TEAM – TRJ's management team holds a broad array of expertise across the range of sub-industries within the life sciences research market. TRJ has invested in the development of a management team that provides leadership and oversight of each specific product category. TRJ's leadership is supported by an extensive technical staff of over 140 Engineers and Scientists (and >30 PhDs).

M&A GROWTH OPTIONALITY - TRJ's leadership has identified, completed and integrated 12 acquisitions including 1) Grale Scientific; 2) SGE Analytical; Science (chromatography and liquid handling arm); 3) HD Scientific; 4) Epic Extrusion; 5) LEAP Technologies; 6) Soltec Inc; 7) My Health Test; 8) Axel Semrau; 9) LEAP PAL Parts; 10) Neoteryx; 11) Chromatography Research Supplies; and 12) HD Examiner software Automation expansion. TRJ has previously advised it has a target list of up to 30 companies it may seek to acquire over time.

GLOBAL INFRASTRUCTURE FOOTPRINT – TRJ has established manufacturing capabilities in seven locations that span three continents, in areas that are strategically situated near key customers. The Malaysian facility in Penang provides a lower cost footprint designed to enhance margins over time.

RELATIONSHIPS WITH LEADING ACADEMIC INSTITUTIONS – TRJ employs a targeted approach toward academic collaborations and seeks to retain the sole rights to the IP that results from a project. TRJ collaborates with over 15 academic institutions, is a member of the ARC Training Centre for Portable Analytical Separation Technologies (ASTech), a collaborative project that includes TRJ as the sole commercial contributor and three leading Universities in Australia (University of South Australia, UTAS and La Trobe University).

ROBUST PRODUCT PIPELINE OF DISRUPTIVE TECHNOLOGIES – TRJ's pipeline includes a wide array of technologies and solutions, the first of which being Microsampling that is now in its commercialisation phase. TRJ looks to expand into adjacent markets through internal development programs, and through acquisitions.

Key Risks

COMMERCIAL RISK: Market acceptance depends on TRJ's ability to improve testing products and to introduce new products successfully, while proving its offerings are superior to competing technologies. TRJ is exposed to risks involving customer acquisition, technology validation, sales cycle, instrument/consumable accuracy, and reliability. TRJ needs to cater to a diverse customer base and customer demand will depend on levels of research and development spending by biopharma companies, contract research organisations and OEMs.

COMPETITIVE RISK: TRJ competes with other companies that service the life sciences research and diagnostics markets, which may include specialist component and consumables developers such as Restek Corporation, Hamilton Company and New Objective. Select large OEMs including Agilent Technologies, Danaher and Thermo Fisher Scientific may also be competitors, despite being partners as well. Competitors may hold greater brand recognition, product lines, sales networks, established customer bases, large scale manufacturing capabilities and larger IP portfolios.

MANUFACTURING & PRODUCTION RISKS: TRJ manufactures its products across seven sites across the US, Europe, Australia and Malaysia. All sites are exposed to a range of operational and other risks that may result in production delays or disruptions. While TRJ maintains appropriate levels of inventory to meet any minor manufacturing delays, a major disruption may adversely impact supply of products to customers, and therefore overall financial performance.

CUSTOMER CONCENTRATION RISK: While TRJ has a broad and global customer base, historically its top ten largest customers comprise a substantial portion of its revenue, at approximately 50%. A failure to maintain positive relations with those customers, or even a breach of contract, may result in an adverse outcome for TRJ's financial performance.

FOREIGN CURRENCY RISK: TRJ reports its results in AUD, and most of the costs incurred are in AUD, but most of the revenue received is in USD. Although TRJ attempts to mitigate this risk via hedging strategies and has been increasing production ex-Australia to diversify costs, long-term material adverse movements in the USD-AUD exchange rate are expected to impact TRJ's financial performance.

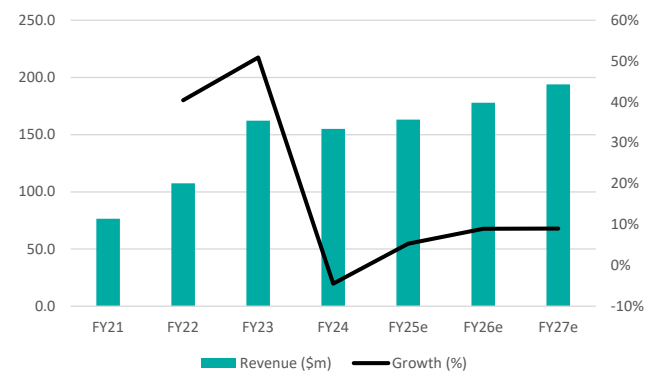
MARGIN ENHANCEMENT RISK: TRJ has been transitioning the assembly of a number of products to its facility in Penang, Malaysia (opened in 2017) to lower operational costs and improve COGS / Gross Margins. Project Neptune is a key initiative of TRJ to achieve margin enhancement, but there is a risk that cost savings may be less than realised or occur more slowly than expected, or not at all.

ACQUISITION RISK: TRJ has partly built its business from over ten acquisitions, where assets and operations were either complementary or synergistic. TRJ has been relatively successful over the past decade in pursuing this strategy, but M&A carries natural risks around the quality of due diligence, pricing and execution, with the recent c.$23m impairment of Neoteryx being a case in point.

OTHER RISKS: TRJ faces a variety of other risks including key man risk with the CEO, key supplier risk, breaches of its IP, regulatory risk for existing or pipeline products, and funding risk with which to pursue future acquisitions.

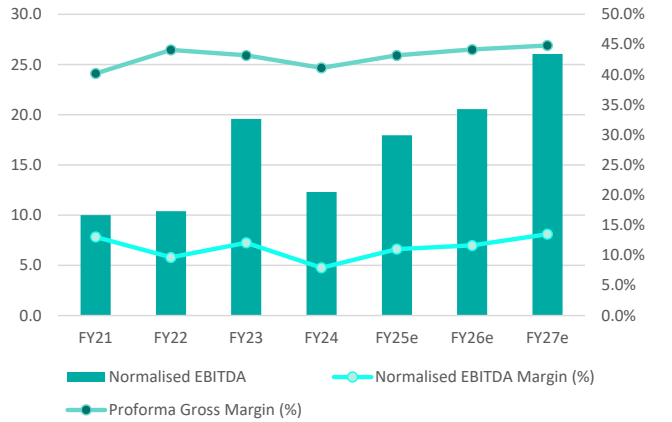
Key Charts

Figure 1 – Revenue Profile



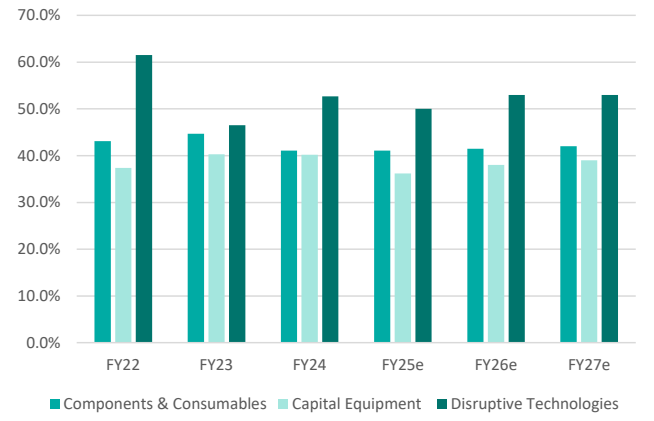
SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 2 – Margin Profile



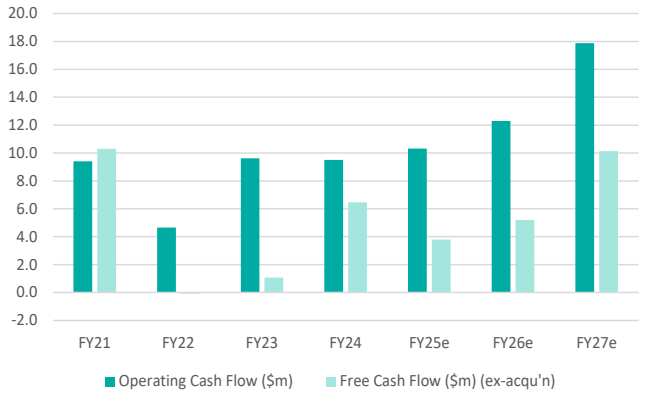
SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 3 – Segment Gross Margin Profile



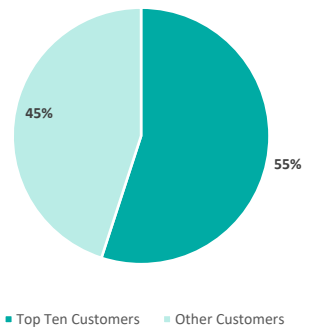
SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 4 – Cash Flow Profile



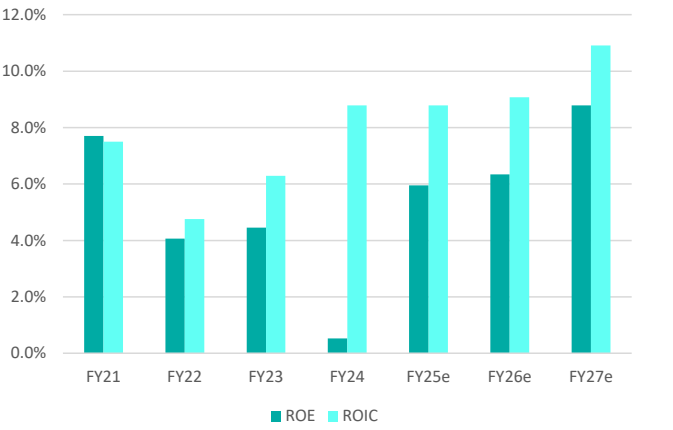
SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 5 – Customer Concentration



SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 6 – Return on Capital Profile



SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Global Provider of Scientific Analytical Tools

Leaders in Analytical Workflows

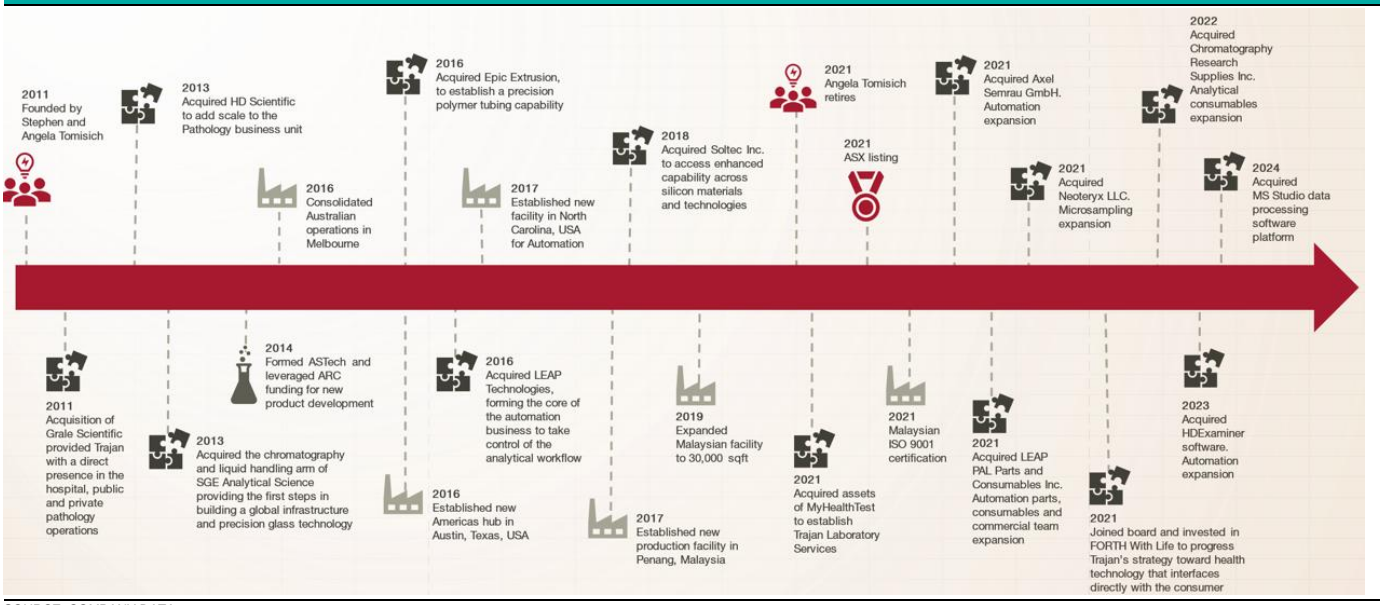
TRJ is a Melbourne-headquartered developer and manufacturer of analytical science instruments, devices and solutions. Since inception in 2011, TRJ has made approximately a dozen complementary acquisitions, focused on accessing specialist skills and capabilities that improve the analytical workflow of participants in the global life sciences industry.

TRJ's product portfolio includes high precision consumables, devices and solutions for liquid and gas chromatography / mass spectrometry workflows, which are ultimately used in the analysis of clinical, biological, food and environmental samples.

TRJ has long-term relationships with 'blue-chip' customers, including global original equipment manufacturers (OEMs) in the analytical life science industry, biopharmaceutical companies, contract research organisation (CROs) laboratories, and scientific distribution businesses.

TRJ employs over 600 people and sells over 8,000 SKUs.

Figure 7 – The Journey So Far



SOURCE: COMPANY DATA

Figure 8 – TRJ end-user markets

SOURCE: COMPANY DATA

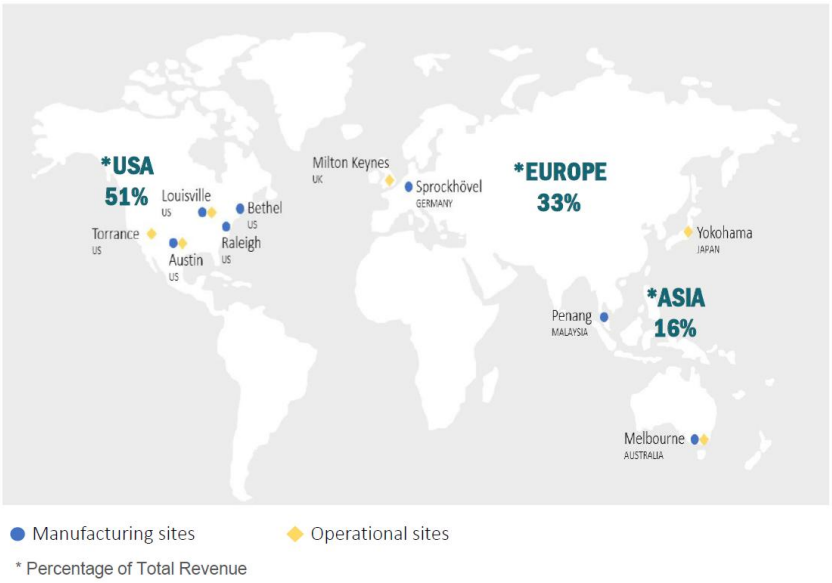
Global Infrastructure

TRJ has global manufacturing capabilities across seven locations and three continents. These include:

- Melbourne, Australia – global headquarters, distribution hub, manufacturing and R&D centre;
- Sprockhovel, Germany – automation centre of excellence for the food and environmental sector
- Penang, Malaysia – assembly and fabrication facility in a low-cost region and future Asian distribution hub;
- Louisville Kentucky, USA – sample preparation products and innovate glass coating technology;
- Austin Texas, USA – complementary production operations to Melbourne to enable scale and flexibility in the supply chain, and featuring expertise in precision extrusion and cutting of nano-bore tubing for analytical systems; and
- Morrisville North Carolina, USA – centre of excellence for automation business servicing the Pharmaceuticals sector.

The Malaysian facility was established to deliver material margin improvement over time as legacy manufacturing systems in Australia are minimised.

Figure 9 – TRJ Manufacturing & Distribution Hubs



SOURCE: COMPANY DATA

TRJ sources key materials (glass, polymer, and metals) from global suppliers for both finished components and raw polymer sticks, as well as multiple metal suppliers.

Product Portfolio

TRJ supplies a broad range of precise technical products and solutions in the global analytical science industry, as well as an emerging portfolio of disruptive technologies. The product portfolio is segmented into three reporting divisions:

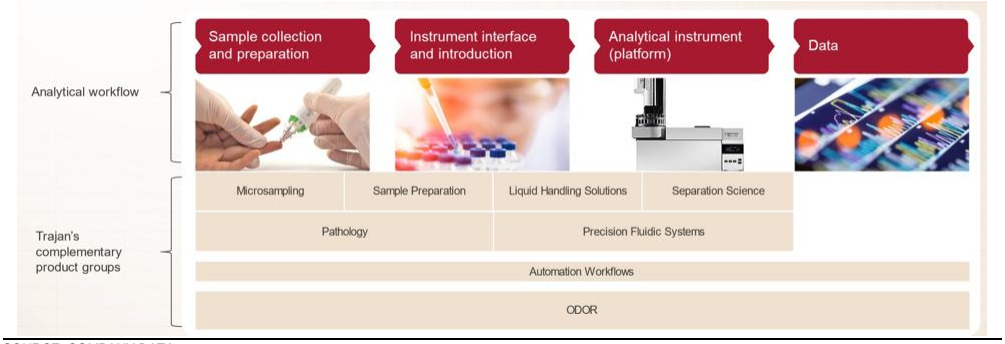
- Components & Consumables – parts, supplies, components and consumable products
- Capital Equipment – robotic workflow automation systems, online and laboratory instruments, as well as parts and services related to them
- Disruptive Technologies – products and services related to micro-sampling (devices, services and related investments) as well as miniaturised, portable instrumentation (i.e. Versiti PFAS Mobile Workstation previously known as Hummingbird)

The core theme of the portfolio focuses on “everything that touches a sample” during analytical workflow: from sample collection to preparation, processing and automation. TRJ’s products and solutions seek to deliver a coherent and integrated offering of best practice solutions.

From a product perspective, these divisions include the following product families:

- **Components and Consumables** – Largest segment comprising high precision products and services such as precision tubing, connections, injection devices, micro-fluidics, glass coating & pathology consumables.
- **Capital Equipment** – Robotic workflow automation systems for applications around biological, food and environmental samples, as well as handheld, online and laboratory use equipment for detection of gas odorization.
- **Disruptive Technologies** – Miniaturised, portable instrumentation that allows analytical and clinical “at sample” monitoring. Patented devices related to biological Microsampling of blood and skin.

Figure 10 – Analytical Workflows & Product Categories



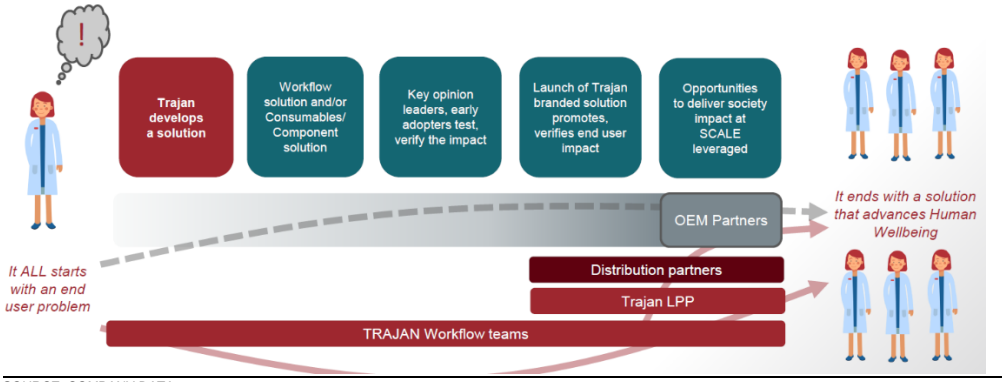
SOURCE: COMPANY DATA

A brief outline of TRJ's various product families follows:

- **Separation science**: products that facilitate the chemical separation of components in a sample. This includes gas chromatography (GC) columns, GC inlet liners, ferrules, and microfluidic devices.
- **Liquid handling solutions (all syringes)**: High-value exacting devices and technologies used to aspirate and dispense minute volumes of liquid, either coupled to chromatography instruments and clinical automation systems or for standalone use. There are three distinct product groupings: metal syringes, gas tight syringes, and the eVol syringe, which couples to a precision motor to drive the syringe, removing operator variations and increasing overall reliability. Syringes are also used to deliver and mix liquids in biochemistry and clinical automation systems.
- **PFS**: Precise and inert tubing products to facilitate control of sample flow within instrument platforms. Product families include polymer-sheathed fused silica tubing (PEEKsil) and emitter tips.
- **Sample preparation**: Septa materials, caps, and a range of sample preparation chemistries, as well as porous polymer monoliths.
- **Pathology**: A range of products and solutions that assist in accurate sample collection and evaluation in pathology workflows. This business focuses on distributing pathological supplies to the Australian and UK anatomical pathology markets. Items include microscope slides, coverslips, and slide and cassette storage.
- **Automation**: Consists of a range of robotic workflow solutions, with capital equipment and standardised workflow solutions. Products include HDX-MS automation, liquid powder dispensing (LEAP CHRONECT Quantos platform), and infusion automation.
- **Microsampling**: Includes a family of device platforms developed in-house, aimed toward capitalising on rising industry demand for patient-centric sampling. Emerging technologies include the hemaPEN remote blood sampling device, micro-biopsy devices, and the Biocompatible Solid Phase Micro-extraction (BIO-SPME).
- **Versiti (Miniaturisation)**: Refers to a miniature modular liquid instrument separation system called Hummingbird, which is in the process of commercialisation. TRJ expects demand to be driven by large pharma customers that seek a portable "miniaturised high-performance liquid chromatography (HPLC) system" that can perform on-site sampling to minimise turnaround times.

TRJ employs over 140 engineers and scientists serving in various functions across the business, including research and development. R&D programs are complemented by strategic collaborations with industry participants, academia, and government grant funding. TRJ employs a targeted approach toward academic collaborations, which typically allows the company to retain rights to any significant IP that comes out of the project.

Figure 11 – The Life of a Solution



SOURCE: COMPANY DATA

Pictorial Display of TRJ Components & Capital Equipment

Figure 12 – Analytical Workflow Inputs

SOURCE: COMPANY DATA

Figure 13 – Precision Fabrication Capabilities

SOURCE: COMPANY DATA

Figure 14 – Characterisation of Figure 13 Pictures

1) One piece glass-tube flow with modular, interchageable, value-add and inspection modules
2) High vacuum 'plasma enhanced" chemical vapor deposition for applying inert coatings onto polymers, glass and metal products
3) "State-of-the-Art" Laser system for automated precision welding, drilling and cutting of metal parts
4) High speed, full automated precision drilling of ferrule products – the fastening and sealing component of precision tubing
5) Precision machining and polishing of ultrafine constant bore quartz tubing – custom geometries of glass tubing at the micron scale

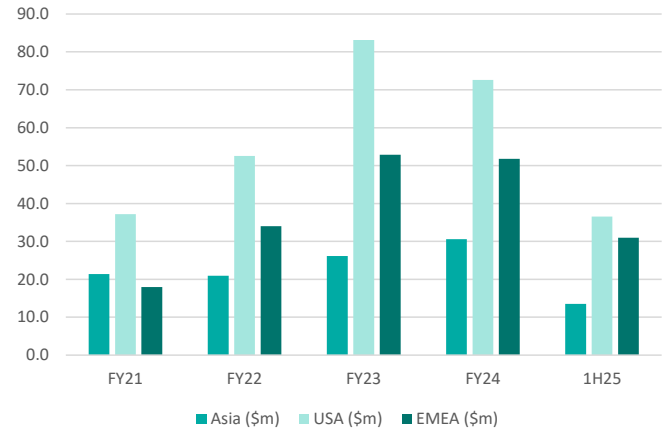
SOURCE: COMPANY DATA

Revenue Profile and Customer Channels

TRJ's customer base includes blue-chip multi-national OEMs, pharmaceutical companies, food testing companies, CROs and scientific distribution companies. TRJ's relationships with OEM partners range from collaborative technology development programs to design and supply agreements for components embedded within their instrumentation, including customised consumables, operated on the customer's instruments.

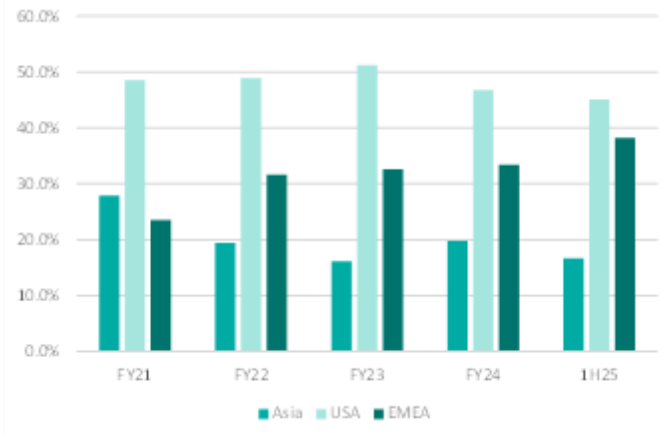
TRJ typically holds long-term supply contracts with several of the large customers it serves, and the company's top ten customers account for approximately half TRJ's revenues.

Figure 15 – Geographic Sales Profile (A$m)



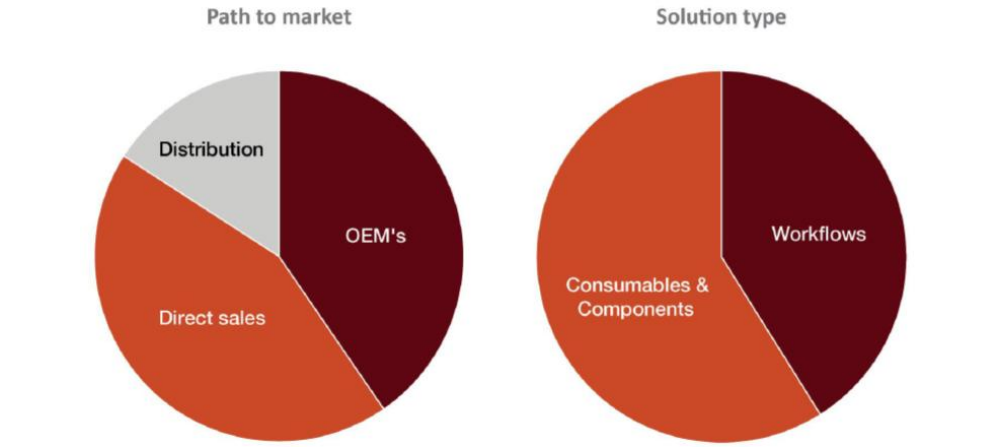
SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 16 – Geographic Gross Margin Profile (%)



SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 17 – Operating Diversification



SOURCE: COMPANY DATA

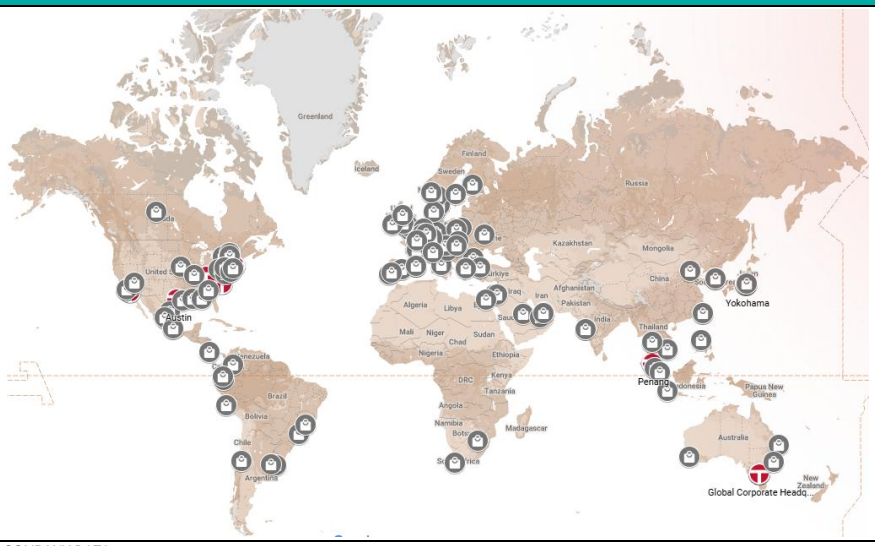
Entrenched Relationships

- Large OEM customers often work with third parties such as TRJ to design and manufacture specialist products and consumables to complement their instruments Partners are selected on the basis of capability and expertise. In spite of third-party involvement, products / consumables are likely to be branded by the manufacturer. In particular, consumables markets, which may appear lucrative for the third party, are often too small or specialised to be undertaken by the manufacturer.
- In light of the highly regulated markets in which TRJ operates, once products are designed, manufactured, tested, approved and commercialised, there is a need for manufacturers to have reliable long-term supply arrangements in place. The time and

cost of potentially replacing TRJ in the supply chain would be material, and such a decision would not be expected to be taken lightly. A new supplier would need to have global distribution, a deep understanding of the customer and extensive validation testing of substituted components / consumables.

- TRJ's global distribution capability enables seamless integration with customer management systems and inventory fulfillment to key customers in a timely fashion across scores of locations. TRJ can automatically replenish inventories to pre-determined stock levels to maintain an agreed minimal level.

Figure 18 – Analytical Workflow Distributors – Global Footprint



SOURCE: COMPANY DATA

Regulatory Overview

Medical devices are typically classified by regulators based on their intended purpose. Classification depends on the degree of invasiveness, the duration and location of use, and whether the device relies on a source of energy other than body or gravity. Blood collection point-of-care devices are generally classified as Class 1 or Class 2 medical devices, depending on their invasiveness. While most of TRJ's commercially available products (which are intended for research use) are not defined as medical devices or in vitro devices, the company has certain products that do fall within this category.

Figure 19 – Existing TRJ products – IVD Device Global Registrations

MEDICAL DEVICE	Legal Mnfr	Product Category	AU Sponsor	AU-ARTG	US-FDA	EU-EUDAMED	UK - MHRA	CA - HC	BR - ANVISA
hemaPEN	Yes	Microsampling	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDD)	Class 1	Class 1
Mitra Microsampling	Yes	Microsampling	Yes	Class 1 IVD	*Pending*	CE-IVD (IVDR)	CE-IVD (IVDR)	Class 1	Class 1
Mitra Blood Collection Kit	Yes	Microsampling	Yes	Class 2	*Pending*	Procedure Pack (MDR)	CE-IVD (IVDR)	*not classified*	Class 1
Microscope slides	Yes	Pathology/Laboratory	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDD)	Class 1	
Histology wax	Yes	Pathology/Laboratory	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDD)	Class 1	
Microtome Blades	Yes	Pathology/Laboratory	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDD)	Class 1	
Neutral Buffered Formalin Containers	Yes	Pathology/Laboratory	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDR)	Class 1	
Biopsy Pads	Yes	Pathology/Laboratory	Yes	Class 1 IVD	Class I	CE-IVD (IVDR)	CE-IVD (IVDD)		
24-hr urine collection device	Yes	Pathology/Laboratory	Yes	Class 1 IVD		CE-IVD (IVDR)			
Embedding Cassettes	No	Pathology/Laboratory	Yes	Class 1 IVD					
Specimen Containers	No	Pathology/Laboratory	Yes	Class 1 IVD					
Immunohistology cell markers	No	Pathology/Laboratory	Yes	Class 2 IVD					
Dyes	No	Pathology/Laboratory	Yes	Class 1 IVD					
Laboratory Reagents and Consumables	No	Pathology/Laboratory	Yes	Class 2 IVD					
General Laboratoryware	No	Pathology/Laboratory	Yes	Class 1 IVD					

SOURCE: COMPANY DATA.

Note that TRJ is currently completing the performance validation for HARPERA, a microbiopsy device for minimally invasive, painless skin sample collection for diagnostic and research purposes.

- HARPERA will be registered with FDA as a Class 1 medical device and available on the US market in 1QCY25.
- HARPERA placement on EU and Australian markets will require regulatory review and approval as a Class IIa surgical medical device (EU-MDR), anticipated by 1QCY26.

TRJ holds 34 current patents.

M&A Focused Growth Strategy

The TRJ business has been built off the back of approximately a dozen acquisitions over the past thirteen years, albeit material acquisitions have not occurred over the past couple years. Since the IPO in June 2021, TRJ paid over $125m across its last six acquisitions.

TRJ's growth strategy is underpinned by its ability to successfully identify and integrate special technical capabilities and processes into its product portfolio via strategic acquisitions. TRJ has established a founder-friendly acquisition model and an internal M&A strategy roadmap that enables a streamlined acquisition process and effective post-merger integration. Our understanding is that TRJ has identified up to 30 potential acquisition targets.

TRJ also expects to build upon its existing market position via organic growth that exceeds industry growth rates, driven by commercialisation of product line extensions and the launch of innovative new technologies.

Figure 20 – Acquisition History

Target	Year	Resources & Capabilities	Product Family	Comments
Grale Scientific	2011	Pathology consumables & services	Pathology	Pathology consumables
HD Scientific	2013	Pathology consumables & services	Pathology	Pathology consumables
SGE Analytical	2013	Precision glass technology	Analytical & dispensing syringes	Analytical components and consumables (AC
EPIC Extrusion	2016	Nanotubing, pecision polyner tubin	Analytical & precison fluidic syringe	Not syringes – just tubing (ACC)
Leap Technology	2016	Custom laboratory automation	Life sciences & automation	Automation Capital Equipment (CapEquip)
Soltec Inc	2018	Polymer science	Analytical & polymer science	Sample preparation focus (ACC)
MyHealth Test	2021	Analytical measurement services	Analytical measurement services	
Aexl Semrau	2021	Laboratory automation	Automated workflows	CapEquip
LEAP Pal	2021	Laboratory consumables	Automated workflows	Automated parts and consumables
Neoteryx	2021	Microsampling	Remote sampling	(Disruptive). Can be used in remote setting as well as clinical setting – the size of the sample (microsample) is what makes this a disruptive technique as well as where the sample is taken
CRS	2022	Analytical laboratory supplies	Chromatography supplies	Expansion of analytical consumables (ACC)
HD Examiner	2023	Laboratory automation	HDX Automated Platform	
My Studio	2024	Laboratory automation	Automated workflows	

SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Industry Overview

Chromatography & Mass Spectrometry

TRJ operates in the global analytical science industry, with most of TRJ's revenue being derived from the sale of precision consumable components and solutions that target the analytical workflow. Analytical science involves the determination and measurement of the composition of natural and artificial substances.

Analytical workflows are comprised of four stages:

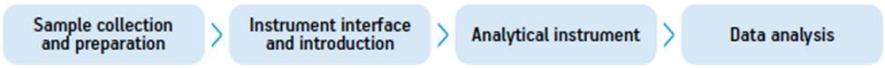
1 Sample collection & preparation;

2 Introduction of the sample into the analytical instrument used for analysis, usually via injection or spray;

3 Sample analysis, which typically involves chemical or physical separation of the sample; and

4 Data analysis, in which the separated sample components are identified / quantified.

Figure 21 – Analytical Workflow: Four Stages of Sample Analysis



SOURCE: COMPANY DATA

Two key instruments and techniques used in the analytical science industry include **chromatography** and **mass spectrometry** systems.

Chromatography is the process of separating components within a liquid or gaseous state sample. In "high performance" liquid chromatography (HPLC), an advanced LC technique, the sample is pressurised to enable more rapid and efficient analysis.

Mass Spectrometry (MS) is a technique used to detect and identify separated sample components by identifying different ions (based on their mass-to-charge ratio).

GC-MS and LC-MS technology approaches are pursued using a chromatograph coupled with a mass spectrometer. Instrument accuracy and effectiveness depends on the quality of the consumable components (e.g. inlet liners and columns) used during the sample prep, when introduced into the instrument, when transported through the instrument and when separated in the instrument.

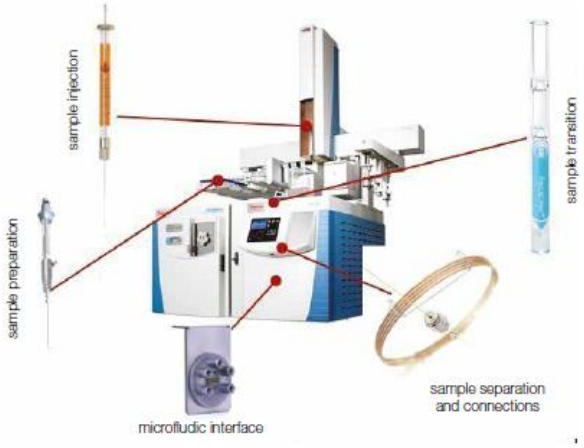
Streamlining workflow through automation is increasingly common within the analytical science industry. Automation may have several benefits, including greater method consistency and improved laboratory efficiency, which flows through in the form of increased analytical throughput and accuracy.

Chromatography and MS technologies enable a wide range of applications. Within the life sciences research space, LC-MS and GC-MS enable the detection, identification and quantification of proteins, lipids and metabolites from biological specimens, which aids researchers in their understanding of human disease and can be helpful to discover new biomarkers, drug targets, and new therapies.

GC-MS and LC-MS are also used to detect substances that play a biologically active role in the "exposome", which refers to all the non-genetic exposures experienced by a human.

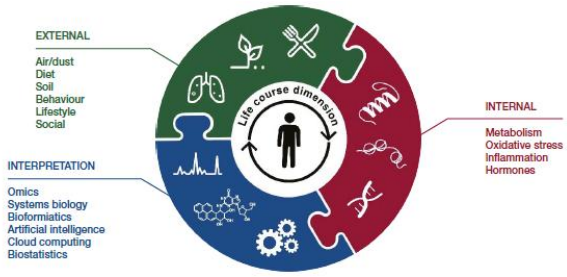
These analytical technologies also play a key role in environmental testing (e.g. detecting pollutants that occur in human samples to monitor an environment) and food / beverage analysis.

Figure 22 – Select Consumable Products Used in an Analytical Instrument



SOURCE: COMPANY DATA

Figure 23 – Human Exposome Illustration



SOURCE: AUSTRALIAN LABORATORY FOR EMERGING CONTAINMENTS, COMPANY DATA

Chromatography and MS are employed by biopharma and other healthcare participants as a valuable tool. Within the biopharma sector, LC-MS is used in R&D projects (including drug discovery), projects that target the production of biopharma solutions, and quality control programs. Within the broader healthcare community, these analytical technologies play a key role in pathology testing and clinical diagnostics. By allowing clinicians to detect metabolites and biomarkers in human samples (e.g. blood), these technologies can enable detection and monitoring applications for different diseases and associated therapies.

The Importance of "Omics"

"Omics" refers to various fields in biological sciences including genomics, proteomics and metabolomics. The global multiomics market was estimated by Grandview Research to be valued at USD2.7bn in 2024, with a CAGR of c.15.3% through to 2030, resulting in a future market size of USD6.4bn. By contrast, the Omics Lab Services market was valued at USD80bn in 2023 and is expected to grow at a CAGR of 13.7% through to 2030 to reach a market size of USD194bn. Growth is expected to be driven by:

- Advances in analytical capability;
- Advances in research of personalised medicine;
- Increased biopharmaceutical R&D expenditure;
- Growth in clinical trial testing; and
- Analytical applications moving into the clinical setting such as clinical blood analysis

Research into the "omics" is normally conducted by a combination of GC/LC-MS instrument systems, leading to the **utilisation of consumables** such as analytical and dispensing syringes and multi-lumen emitter tips.

Demand for **TRJ's workflow automation systems** is driven by demand for and increased efficiency from analytical laboratories to overcome traditional bottlenecks including:

- Lack of automation in largely manual processes;
- Large and expensive equipment; and
- Lack of quantification

TRJ's Automated Hydrogen-Deuterium Exchange workflow solutions (LEAP HDX) is one system that is likely to benefit from the increasing demand for protein analysis.

In FY24, TRJ launched its tapered nanospray emitters, designed to specifically support proteomics workflows. TRJ's emitters are precisely engineered glass tubes, that are used in MS to spray a fine jet of sample as it is ionised in the instrument during analysis. These emitters are essentially a tube with an outer diameter of 360 micros and internal diameter

of 1-20 micros. In comparison, a human hair is 50–120 microns. The quality and efficiency of these emitters results in reduced instrument downtime, fewer sample re-runs and more efficient lab operations.

US$21.2bn Market Opportunity

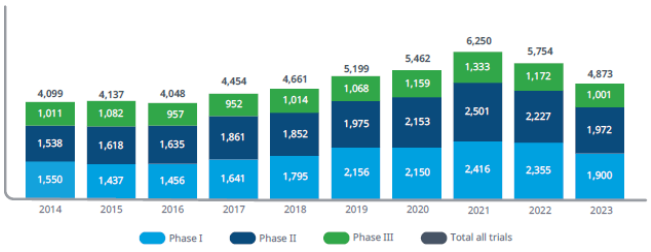
There is a diverse range of segments within the analytical science market and a wide variety of end-user markets to be served. TRJ's TAM estimates relate to chromatography instrumentation, accessories and consumables that go along with these instruments, and a similar approach to mass spectrometry markets.

- **Chromatography Instruments**: MarketsandMarkets Research estimates the global chromatography instruments market to be valued at **c.US$11bn by 2025**, assuming a five-year CAGR of 5.1%. Growth is understood to be driven by rising utilisation by biopharma companies (during the drug approval process) and supplemented by rising awareness around testing solutions for the environment and food/beverage quality assurance.
- **Chromatography Accessories and Consumables**: MarketsandMarkets Research estimates the market to be valued at **c.US$4.6bn by 2025**, assuming a CAGR of 5.1%. Key segments within this market include columns, autosamplers, flow management consumables, chromatography fittings, and tubing. Growth is driven by CROs and biopharma companies during drug development.
- **Mass Spectrometry**: MarketsandMarkets pegs this market at **c.US$5.6bn by 2025**, assuming a CAGR of 6.5%. Pharmaceutical R&D programs present the largest opportunity and end-user market for MS. MS market growth is expected to be driven by the emergence of proteomic applications in the research and clinical settings, rising demand associated with government programs related to pollution control and environmental testing, and rising demand for food quality and safety testing.

Biopharma Sector Trends

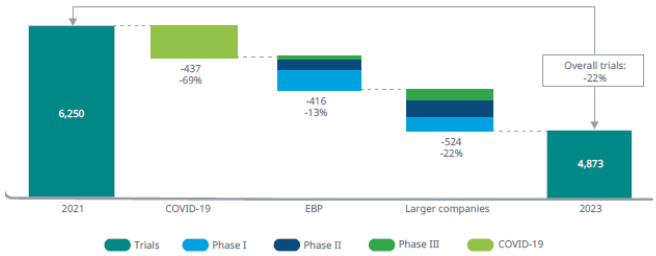
Historically, the commercial Pharmaceutical and Biotech industries accounted for c.42% of the global analytical end-user market. However, the exogenous shock of COVID-19 resulted in a downturn in clinical trial and R&D activity, particularly with small-mid biopharma companies. Funding levels of small-mid biopharma suggest that R&D / clinical trial activity has started to recover. While Big Pharma was able to withstand the impact of COVID-19 much better than smaller rivals, the current outlook is for below historical trend.

Figure 24 – Total Number of Clinical Trial Starts by Phase



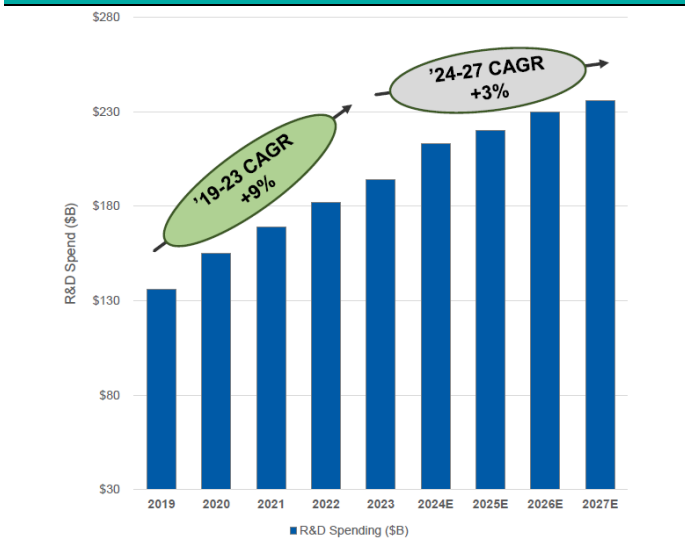
SOURCE: IQVIA

Figure 25 – Change in Trial Starts Between 2021 and 2023



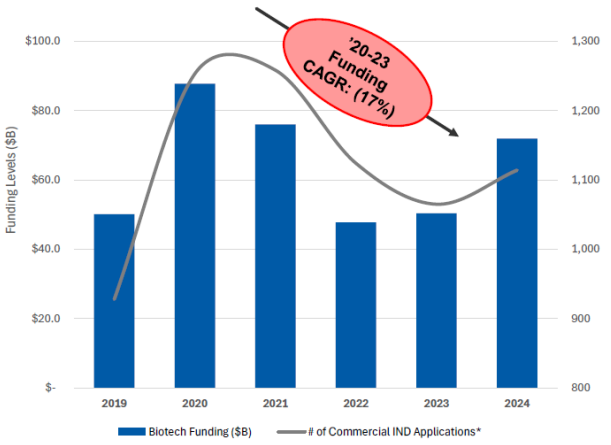
SOURCE: IQVIA

Figure 26 – Top 100 Global Biopharma Spending Trends



SOURCE: CHARLES RIVER LABORATORIES INTERNAITONAL

Figure 27 – Small-Mid Biotech Funding



	2019	2020	2021	2022	2023	2024
# of New Biotech Companies (NA)*	516	483	544	465	376	263

SOURCE: CHARLES RIVER LABORATORIES INTERNATIONAL

PFAS – "Forever Chemicals", A Forever Opportunity!

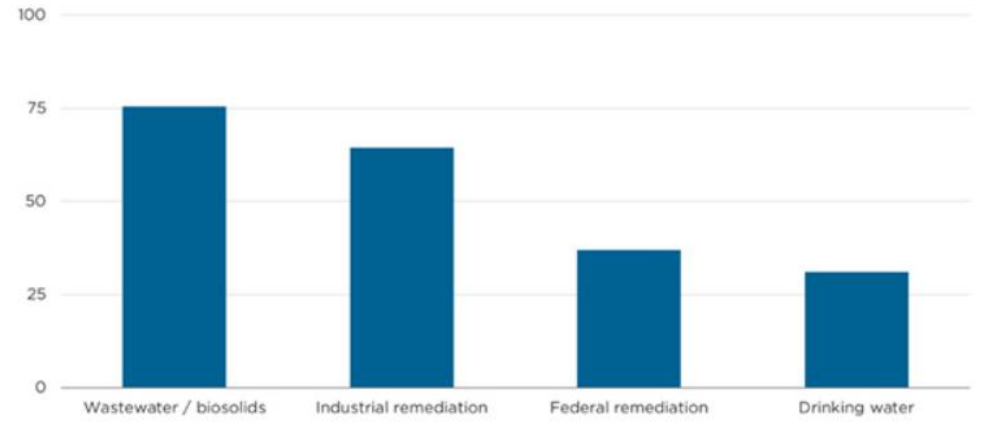
PFAS (Polyfluoroalkyl Substances) or forever chemicals as they are commonly referred to, are a family of thousands of synthetic organic chemicals that have been widely used since the 1940s. PFAS have an extremely broad spectrum of applications and the chemical properties that make them so useful – high stability and resistance to oil and water mean they are extremely resistant to degradation and therefore break down very slowly over time.

Scientific studies have shown that exposure to some PFAS in the environment may be linked to harmful health effects in humans and animals. The breadth of applications across consumer, commercial and industrial products make it challenging to study and assess the potential risks to human / animal health.

Governments and environmental agencies are reviewing mandatory testing for these chemicals to protect the environment, water supply and food chain. In 2024 the US EPA recommended a method for use in the Clean Water Act (US EPA 1663) for the determination of specified PFAS in aqueous, solid and tissue samples by liquid chromatography / mass spectrometry.

It has been estimated by the American Water Association that the costs of complying with the EPS's drinking water standards could cost c.US$48bn, and when taking wastewater treatment and remediation into account, the addressable market for PFAS solutions in the US alone could be exceed US$200bn.

Figure 28 – Estimated Lifecycle Costs of Addressing PFAS Pollution in the US (US$bn)



SOURCE: ENVIRONMENTAL BUSINESS JOURNAL, AECOM 2023

In August 2024, TRJ launched its first environmental workflow solution in the CHRONECT Workstation product range, which has been developed specifically to meet the needs of laboratories that test soil samples in the US. There appears to be a growing demand for automated testing particularly in food analysis and environmental testing. This technology aims to provide significant savings to the customer in time and solvents, while providing a high level of analytical precision for the analysis of PFAS in soil.

Operating on CHRONOS software, the CHRONECT Workstation PFAS features a multi-system, time-based control mechanism that seamlessly integrates with LC-MS chromatography data software. This integration facilitates precise control over sample preparation, sample overlap timing, and data collection. The software is compatible with a wide range of LC-MS systems available in the market.

TRJ can combine instruments to detect PFAS in blood (Mitra micro-sampling device, combined with Workstation CHRONECT).

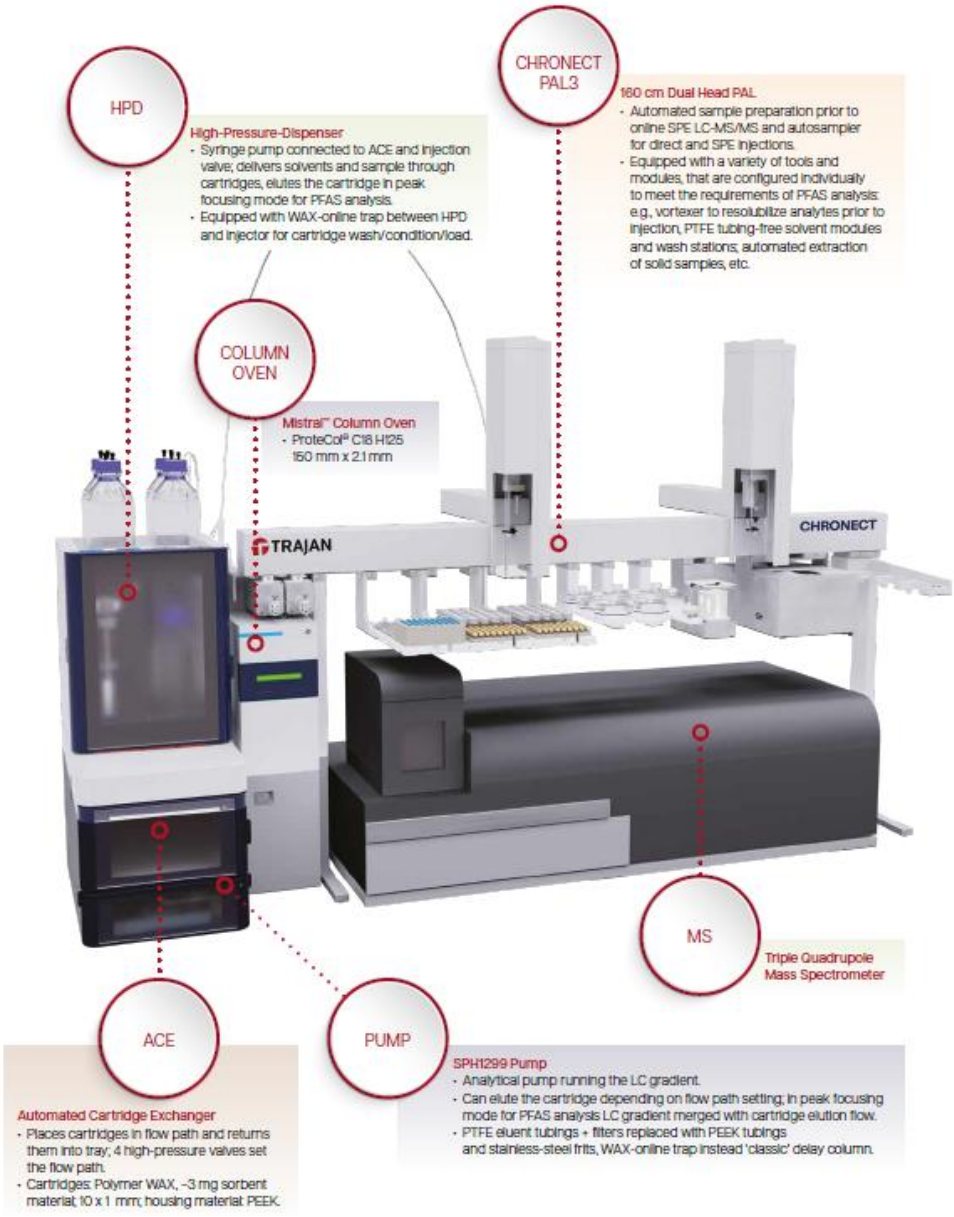
Both platforms were showcased recently at SLAS (Society of Laboratory Automation & Screening) in January 2025 in San Diego.

The commercial activation program for Versiti, previously known by the project name Hummingbird focusses on onsite quality measurement of active pharmaceutical ingredients (API). However, TRJ has also collaborated with an Australian environmental testing laboratory using this platform, and as part of this development work, the Versiti PFAS mobile workstation won the Australian Land and Groundwater Association's (ALGA) award for Best Innovation in Contaminated Site Management at the November 2024 awards.

In addition, all laboratories testing for PFAS need to use Analytical Components and Consumables, and therefore TRJ has additional exposure with direct and OEM sales in PFAS testing too.

In both laboratory and mobile formats, addressing the PFAS issue could represent a significant market opportunity.

Figure 29 – TRJ's CHRONECT Workstation



SOURCE: COMPANY DATA

Figure 30 – Versiti (Hummingbird) Mobile PFAS Station

SOURCE: COMPANY DATA

Figure 31 – Mobile PFAS Station in Operation

SOURCE: COMOANY DATA

Market Drivers

There are several macro trends that could be expected to drive growth in the development of the global analytical science instrument and device industry, and benefit TRJ.

AGING GLOBAL POPULATION – The opportunity in global healthcare is correlated to the proportion of the population over the age of 60. The UN predicts this cohort to reach c.2.1bn by 2050, up from 962m in 2017.

DECENTRALISED HEALTHCARE – The healthcare system is shifting away from a centralised model, toward a decentralised approach that includes point-of-care technologies and remote sampling devices. The digitalisation of healthcare is fuelling increased participation in healthcare initiatives as access to care improves. Preventative measurement and monitoring strategies, which are based on analytical data and techniques, are essential to the containment of rising costs and resource burdens within the healthcare system.

PERSONALISED MEASUREMENT – The interpretation and measurement of genomics, metabolomics, lipidomics, proteomics, and several other biomarkers plays a key role in the broader field of personalised medicine and can also be valuable for environmental and food / beverage quality assurance testing. The quality of these biomarkers is dependent on the integrity of the analytical workflow. As costs for personalised diagnostics and treatments decline and as access improves, the market expects to see growth in demand for its products and services.

NEW TECHOLOGICAL TECHNIQUES INTO CLINICAL SOLUTIONS – Over the past decade, new and improved technologies like next-gen sequencing, proteomics detection, and MS have moved closer to being commonly used in the clinical setting. For example, Waters Corporation, one of the world's largest manufacturers of mass spectrometers, uses MS to map and understand the molecules that are present within a malignant tumor.

DATA BASED HEALTHCARE – Innovation in health measurement technologies, is enabling the interpretation of large volumes of data. The quality of this data is dependent on the quality of the technologies use to generate the data, and the integrity in which the sample is prepared, handled, and processed through instrumentation.

MINIMISING CONTAMINANTS IN AIR, FOOD AND WATER – There is increasing public awareness around the impact of environmental contaminants on humans and their surroundings. Subsequently, there is a need for safety / contaminant testing within the global food supply chain and it is reasonable to assume that analytical testing requirements may become stricter over time. The global middle class is expected to fuel demand for a cleaner environment to prioritise access to a safe and clean food supply chain. TRJ stands to benefit from the intensification of safety and quality control programs related to food, water and the environment.

ADOPTION OF CHROMATOGRAPHY AND MS IN DRUG DEVELOPMENT PROGRAMS – Chromatography, specifically LC-MS, can enable the separation and identification of different molecules. Many major Pharma companies that develop biologic drugs, which have multiple points in time during the drug development process, use LC-MS.

Competitive Landscape

TRJ is a global specialist component and consumables developer in the diversified and interconnected analytical science landscape. This market consists of:

- **Instrument Manufacturers**, which design and produce the analytical instrument platform;
- **Component and Consumable Suppliers**, which develop product specialty precision products and consumables;
- **End-User Laboratories** such as diagnostic / analytical labs, pharma and biotech labs, CROs, academic and research institutes, and fee-for-service testing labs that acquire and utilise the analytical instruments and consumables; and
- **Distributors**, which are the intermediaries between the manufacturers and the end-user laboratories.

The industry is led by a group of global instrument manufacturers that have employed M&A strategies to acquire niche category leaders, to complement organic growth in their core analytical instrument segment. Figure 32 identifies the key market participant categories and members. As a result, the competitive landscape within specialty product and component segments is made up of a handful of businesses.

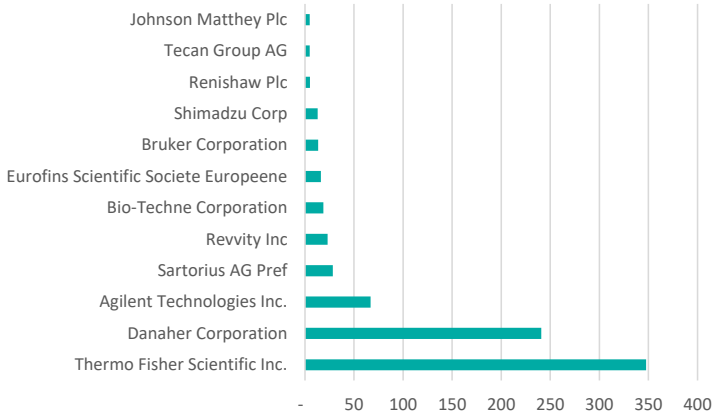
TRJ's market position varies by region and product category. TRJ advises it has built a strong market leadership position across several product areas and the company actively invests where it holds smaller market shares.

Figure 32 – Market Participant Categories in the Global Analytical Science Market

	Instrument Manufacturers	Components & Consumable Supplier	End-User Laboratories	Distributors
Industry Participants	Thermo Fisher Scientific Inc.	Restek Corporation	Pathology Testing Labs	VWR Corporation
	Agilent Technologies Inc.	Hamilton Company	Environmental Testing Labs	Fisher Scientific (subsidiary of Thermo Fisher Scientific)
	Danaher Corporation	New Objective	Lage Pharma Co.'s	Candaian Life
	Illumina Inc.		Universities & Medical Research Institutes	Sigma-Aldrich (subsidiary of Merck)
	Merck Group		Contract Researh Organisations	Cole-Palmer Inc.
	Waters Corporation			

SOURCE: COMPANY REPORTS, STRATEGIC DIRECTIONS INTERNATIONAL

Figure 33 – Key Industry Participants by Markt Value (A$bn)



SOURCE: BLOOMBERG, BELL POTTER SECURITIES

Figure 34 – Competitive SWOT Analysis

Strengths	Weaknesses
Blue-chip customer base	Customer concentration risk
Sticky customer base & high switching costs (100% retention)	Relatively small scale v peers
High-value distribution channels	Reatively small R&D financial investment
Global Infarstructure	Automation business exposed to Pharma capex cycle
Entrenched fulfillment systems	
Competitive strength in glass fabrication	
Advanced chemistries knowledge	
Experienced management team	

Opportunities	Threats
New product development pipeline	Customer pricing review
Automation solutions for emerging categories ("omics")	Product range internalisation by customers
Cross-selling in estabished channels	Product obsolesence
Increased efficiencies in underutilised facilites	
Complementary M&A	

SOURCE: BELL POTTER SECURITIES

Financial Profile

Business Segments

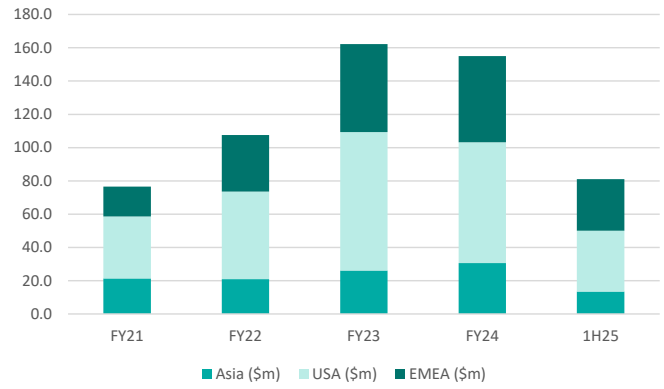
In FY24, TRJ restructured its reporting divisions from Analytical Products and Life Science Solutions to Components & Consumables (c.62% of sales), Capital Equipment (c.35% of sales) and Disruptive Technologies (c.3% of sales).

Components & Consumables – includes parts, supplies, components and consumable products across the group, with customers that include the industry's largest OEMs.

Capital Equipment – includes robotic workflow automation systems, online and laboratory instruments, and parts and services related to them, with a focus on areas directly related to human health.

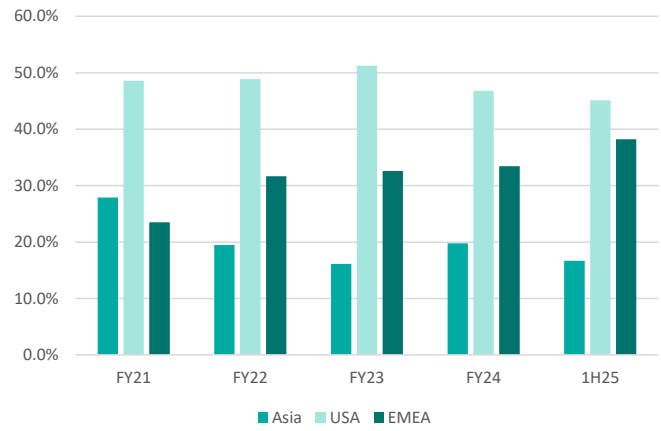
Disruptive Technologies – includes products and services engaged in micro-sampling, (devices, services, and other related investments) as well as miniaturised, portable instrumentation (i.e. Hummingbird).

Figure 35 – Geographic Segment Revenues



SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Figure 36 – Geographic Segment Gross Margins



SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

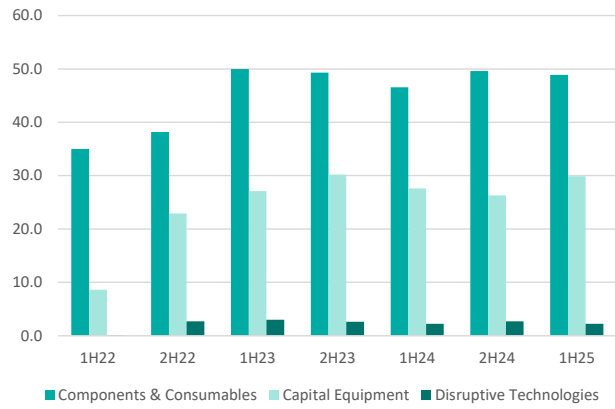
Revenue growth has typically been driven by winning market share on existing products and leveraging the distribution platform enabling the extension of product offering and introducing new and emerging solutions. In FY23, TRJ benefited from a full year impact of several acquisitions in FY22 and a re-stocking phase from major customers as industry exited the COVID-19 period. In FY24, revenue experienced a modest decline as result of a subsequent de-stocking phase from those same customers, albeit normal ordering patterns began to emerge in 2H24.

Note that the Capital Equipment business remained soft in 2H24 due to the modest performance of the pharmaceutical sector, with capex and clinical trial starts being subdued.

The USA makes the strongest revenue / gross margin contribution with c.47% of revenue and gross margins >45%, while EMEA accounts for c.33% of revenue and Asia, c.20%.

In 1H25, operating results significantly improved with EBITDA growth of c.97% yoy, with key drivers including c.6% revenue growth and a c.7% decline in opex.

Figure 37 – Divisional Revenue Profile ($m)



SOURCE: TRAJAN GROUP, BELL POTTER SECURITIES

Project Neptune

TRJ has a program in place to drive operational efficiency through automation, scrap reduction and further utilisation of facilities in Malaysia and the US. A total of c.$3.5m would be invested through FY22 / FY23 to deliver annualised gains of c.$2.7m.

The project was divided into two work streams:

- Micro Assembly, High Precision Machining & Fabrication in lower cost Malaysia
- Flexible Modular Manufacturing Automation

The Malaysian facility was established in 2017 and has shown consistent annual growth in output, portfolio breadth, supply chain complexity and headcount. Technical capabilities at the facilities have experienced ongoing improvement, and the facilities have passed several regulatory and customer audits.

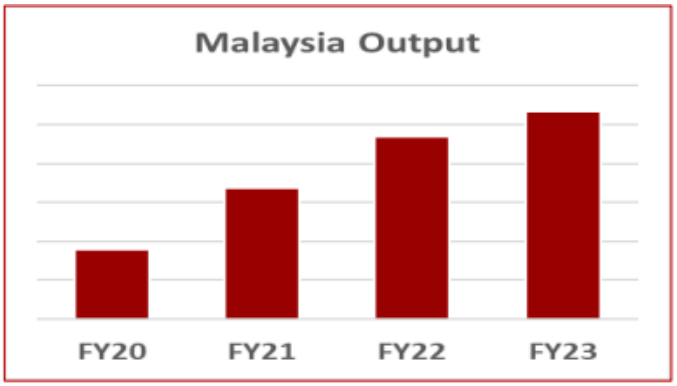
Automating the manufacturing processes has delivered high reproducibility, consistency and improved analytical outcomes. It has also reduced the risk of skill shortages in otherwise manual manufacturing processes.

In FY24 annualised benefits had surpassed the original goal to reach c.$3.0m.

TRJ is working to further automate the Melbourne facility and commenced automating the Louisville US facility. OEM products were previously produced with manual labour in the Melbourne facility.

Phase 2 of Project Neptune adopts a global footprint and commenced in FY25. Within the various efficiency initiatives of Phase 2. the head office footprint in Melbourne is expected to consolidate.

Figure 38 – Project Neptune – Phase 1, Output Growth in Lower Cost Penang Facility



SOURCE: COMPANY DATA

Figure 39 – Manual Processes Shifted to Lower Malaysia

SOURCE: COMPANY DATA

1H25 Results Recap

Revenue showed modest improvement, but in-line with guidance

- Revenue growth of c.6% yoy reflected an improvement in the Capital Equipment Portfolio (+c.8.2% yoy), including some recovery in the pharmaceutical sector, strong growth in the core consumables portfolio and the Microsampling sub-segment within Disruptive Technologies moving toward breakeven.
- TRJ believes the segment is positioned for a stronger 2H. TRJ noted that acquired automated workflow businesses Axel Semrau and LEAP Technologies received more orders in 1H25 than for the whole year in which the businesses were acquired. The Capital Equipment division also saw contributions commencing from both Clinical and Environmental workflows, and TRJ indicated MOSH / MOAH and food safety solutions also continued to perform well.
- Components & Consumables (+c.5.0%) was relatively soft, albeit the best performance over the past three half-year periods. Although most core product lines improved c.15% - c.20% yoy, this was mostly offset by lower demand from one of TRJ's OEM partners resulting from a single biotech syringe being discontinued by an end-user customer.
- In Disruptive Technologies, revenue was flat, but the operating loss reduced from c.$2.9m to c.$1.0m. The Hummingbird system that is now called Versiti, is moving toward commercial launch with pharmaceutical customers (for onsite quality measurement of drugs and biologicals during production) this year.

Gross Margins were mixed but tight cost control aided EBITDA performance

- Proforma Gross Margins (excludes dep'n and interest from COGS in the statutory accounts), were flat overall, with a c.360bp decline in the Capital Equipment division, while there was a c.160bp improvement in the Components and Consumables division.
- Capital Equipment was lower due to product mix being biased toward Food with consideration to cost of materials, legacy distribution and pricing strategies. Subsequently, Food focused products are undergoing a pricing refinement program as part of the global activation and market adoption program.
- Components and Consumables gross margins improved reflecting growth in most core product lines.
- nEBITDA improved c.97% yoy to c.$7.9m, with a c.6.9% reduction in opex making an important contribution. TRJ confirmed FY25 guidance of nEBITDA of c.$17m –

c.$19m, which implies 2H nEBITDA of c.$10.1m at the midpoint, and growth of c.21.1% over the pcp.

- Operating NPATA declined to c.$1.0m from c.$1.3m pcp, because of the tax impacts related to the revaluation of intercompany loans. Revised Operating NPATA was c.$2.7m, up from c.$1.2m, reflecting growth in nEBITDA performance.
- TRJ has advised it continues to target a longer term Proforma Gross Margin of 50% and EBITDA margin of 20%.

Figure 40 – 1H25 Results Summary

Summary Income Statement (A$m)	1H24 Actual	2H24 Actual	1H25 Actual	hoh % chg	yoy % chg
Components & Consumables	46.6	49.6	48.9	-1.5%	5.0%
Capital Equipment	27.6	26.3	29.9	13.7%	8.2%
Disruptive Technologies	2.2	2.7	2.2	-16.7%	0.9%
Revenue	**76.4**	**78.6**	**81.0**	**3.1%**	**6.0%**
Components & Consumables	18.4	21.1	20.1	-4.5%	9.2%
Capital Equipment	11.0	10.7	10.8	1.4%	-1.6%
Disruptive Technologies	0.9	1.7	1.2	-30.9%	36.8%
Proforma Gross Profit	**30.3**	**33.5**	**32.1**	**-4.0%**	**6.1%**
Gross Margin	39.7%	42.6%	39.7%		
Stat. EBITDA	3.4	-21.2	5.2		
nEBITDA	4.0	8.3	7.9	-4.8%	97.4%
nEBIT	-0.4	3.7	2.0		
Reported NPAT	-0.4	-24.9	-3.5		
Operating NPATA	1.3	-0.8	1.0	231.6%	-23.9%

N.B. Proforma Gross Profit adds back Dep'n and Interest allocated to COGS to show the underlying Gross Profit & Margin

SOURCE: COMPANY DATA, BELL POTTER SECURITIES,

Forecast Earnings

TRJ has provided guidance that was reaffirmed in the recent interim result for FY25 revenue of between $160m - $165m and nEBITDA of between $17m - $19m. We have positioned our estimates in the midpoint of the guidance range.

Revenue has increased c.112% since TRJ's IPO year in FY21, but revenue performance has plateaued over the past couple years with both COVID-19 and post pandemic affects, impacting performance. While the Pharmaceutical sector's operating conditions remain soft, the industries which TRJ serves, have now largely normalised, and we expect TRJ to be able to deliver high single digit (HSD) revenue growth going forward, given the strong thematics and defensive nature of the business.

Beyond revenue, our estimates focus on the underlying results of Gross Margin, EBITDA and NPATA, rather than the statutory results, as we consider these present a clearer picture of business performance.

Proforma (Underlying) Gross Margin excludes depreciation and interest from COGS, nEBITDA adjusts the reported result for acquisition, restructuring, commercialisation or FX revaluation costs. NPATA adds back amortisation of intangibles.

Gross Margins were flat over the pcp, due to a temporary decline in the Capital Equipment business via product mix, but this should be rectified with pricing strategies, and gross margins need to recover in order to deliver on guidance. The Components and Consumables business showed encouraging improvement of c.160bp in its gross margins, reflecting the value of the Malaysian facility and the Project Neptune program. Despite a

modest c.6% growth in 1H25, we forecast c.10% growth in FY25 gross margins, implying a strong recovery in 2H25. We assume incremental improvement in gross margins through FY26 / FY27, as TRJ continue to pursue its long-term aim of achieving 50%.

Opex has been a bright spot in recent years, holding almost flat from FY23 – FY25e, excluding the impact of the c.$26.7m impairment in FY24, reflecting overall cost discipline and management's control of a widely dispersed operation. We assume c.5% pa growth across FY26 / FY27.

Normalised (n) EBITDA is expected to print at c.$10.1m in 2H25 to achieve the midpoint of company guidance of c.$18.0m. This would represent a return to strong growth in the business, and we expect the combination of HSD revenue growth and mid-single digit (MSD) opex growth, should see TRJ maintain double digit nEBITDA growth and improve margins to c.13.5% by FY27. TRJ has a long-term target of 20%.

Cash Conversion in nominal terms has been relatively poor at between c.50% to c.78% over the FY23-FY5e period. TRJ provide an adjusted metric which takes account of non-cash items and finance costs, that shows a consistent c.110% across 1H24 / 1H25.

Leverage (ND / nEBITDA) printed at c.2.2x (pre-AASB16) at the 1H25 result, down from c.2.9x in FY24. Gross Debt has reduced from c.$55m in FY22 to c.$41m currently. In the absence of further M&A, we anticipate TRJ's gearing to reduce further, creating more scope to fund the next round of acquisitions at some point.

Impact of New US Tariff Regime

We understand that TRJ's Malaysian and Australian manufacturing operations are exposed to the new US tariff regime, when selling product into the USA. It is anticipated there may be some impact to GP margins and working capital, even after passing on the impact of the tariffs through to customers.

It is expected that TRJ will be reviewing how it can adapt to the new environment including leveraging dormant capacity at its sites in Connecticut, North Carolina and Texas, along with reviewing logistics of product that is re-exported from the USA.

TRJ may be able to engage in some relocation of activities as it did during the pandemic to mitigate commercial risks.

We do not expect to see immediate responses, and overall TRJ could be expected to work toward a neutral outcome.

Figure 41 – Earnings Forecasts

	FY23 $m	FY24 $m	1H25 $m	2H25e $m	FY25e $m	FY26e $m	FY27e $m
Components & Consumables	99.3	96.2	48.9	51.0	99.9	107.8	116.5
Capital Equipment	57.3	53.9	29.9	27.9	57.8	63.0	69.0
Disruptive Technologies	5.6	4.9	2.2	2.7	4.9	5.9	7.1
Sales Revenues	**162.2**	**155.0**	**81.0**	**81.5**	**162.5**	**176.7**	**192.5**
Growth	50.8%	-4.4%	-4.6%	-4.3%	4.9%	8.7%	8.9%
COGS	(95.1)	(94.4)	(51.7)	(46.4)	(98.1)	(104.9)	(112.9)
Proforma Gross Profit	**70.1**	**63.8**	**32.2**	**38.0**	**70.2**	**78.1**	**86.3**
GP Margin	43.2%	41.1%	39.7%	46.7%	43.2%	44.2%	44.8%
GP Growth	47.7%	-9.0%	6.0%	13.8%	10.1%	11.2%	10.6%
Other Income	0.8	0.1	0.6	(0.5)	0.1	-	-
Opex	(53.4)	(55.1)	(25.6)	(29.3)	(55.0)	(57.7)	(60.5)
Stat.EBITDA	17.4	(17.9)	5.2	10.0	15.2	20.4	25.9
Normalised EBITDA	**19.6**	**12.3**	**7.9**	**10.1**	**18.0**	**20.6**	**26.0**
Growth	88.4%	-37.2%	97.4%	21.3%	46.1%	14.5%	26.6%
Margin	12.1%	7.9%	9.8%	12.3%	11.1%	11.6%	13.5%
EBIT	9.5	(26.9)	(0.8)	8.6	7.9	12.6	17.6
Pre-Tax Profit	5.5	(31.0)	(2.7)	6.7	4.0	8.8	13.8
NPAT - reported	2.0	(25.3)	(3.5)	6.3	2.7	6.0	9.4
Operating NPATA	**5.9**	**0.6**	**1.0**	**6.3**	**8.7**	**9.7**	**13.4**
OCF	9.6	9.5	6.2	5.6	11.8	14.1	19.2
FCF	1.1	6.5	3.9	3.7	7.6	9.8	14.7

SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Valuation

Blended valuation / Target Price at $1.50 / sh

We adopt a blended DCF / EV / EBITDA, with our WACC / Terminal growth assumptions at 12.5% / 3.5% and EV / EBITDA multiple at 10x on a 1-yr forward basis. Our Target Price equates to double the current share price, which we consider to be severely discounted by liquidity constraints.

Our DCF valuation uses a two-stage 10-yr cash flow, with explicit forecasts over five years and fading growth on cash flow of 5% declining to 2%. Long-term growth rates are typically mid-to-high single digits.

We have selected a multiple of 10x as it is typical in the Australian industrial healthcare / life sciences context, where companies generate positive and consistent earnings. However, we note that on an international basis, this represents a significant discount to its peer group, albeit larger operators.

US peers who also happen to be customers of TRJ, trade on 18x – 20x EBITDA and the European peers trade on 12x – 15x. At one point for a period after the IPO, TRJ was trading at a premium to its peer group.

The closest comparator is perceived to be Tecan out of Switzerland, although it's EV is c.17x larger. TRJ is currently trading at a >c.47% discount to Tecan, which seems onerous on TRJ, given it has a higher gross margin. TRJ's EBITDA margin is relatively low but it is targeting a 20% margin over time, which would place it on par with Tecan.

At our target valuation of $1.50 / sh, the EV / EBITDA equates to c.12x (1-yr fwd), which we consider to be reasonable, but is still a c.39% discount to its US peers, and a slight discount with Tecan.

Figure 42 – Cash Flow Profile

	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY34E	Terminal
Operating cash flow	11.8	14.1	19.2	24.9	31.1	38.7	40.7	42.3	43.5	44.9	45.7	
Capex	-4.2	-4.2	-4.4	-4.6	-4.7	-4.9	-5.4	-6.0	-6.6	-7.2	-7.9	
Free cash flow	7.6	9.8	14.7	20.3	26.4	33.8	35.2	36.3	37.0	37.6	37.8	**434.7**
Present value of cash flows	7.7	8.9	11.8	14.5	16.7	19.0	17.6	16.2	14.6	13.2	11.8	**135.8**
Sum of 10 yr PV of CF	144.4											
Terminal Value	135.8											
Sum of present values	280.2											
Net debt/(cash) + Lease Laibility	35.3											
Equity value	**244.9**											
Fully Diluted Shares on Issue	**162.0**											
Equity value per share (A$)	**$ 1.51**											

SOURCE: BELL POTTER SECURITIES

Figure 43 – DCF Parameters

WACC calculation	
Risk free rate	4.5%
Market risk premium	6.0%
Beta	1.48
Borrowing rate	6.5%
Tax rate	30.0%
Target gearing	10.0%
Cost of equity	13.4%
Cost of debt (after tax)	4.6%
WACC	**12.5%**
Terminal growth rate	**3.5%**

SOURCE: BELL POTTER SECURITIES

Figure 44 – DCF Valuation Sensitivities

		WACC				
		10.5%	11.5%	12.5%	13.5%	14.5%
Terminal Growth	2.5%	1.88	1.62	1.41	1.24	1.10
	3.0%	1.96	1.68	1.46	1.28	1.13
	3.5%	2.06	1.75	**1.51**	1.32	1.16
	4.0%	2.18	1.83	1.57	1.36	1.20
	4.5%	2.31	1.92	1.64	1.41	1.23

SOURCE: BELL POTTER SECURITIES

Figure 45 – Blended Valuation

EV/ EBITDA Calculation		
Operating EBITDA - FY26 (BPe)		20.6
Multiple		**10**
Value		205.7
Net Debt		35.26
Equity Value		241.0
Fully Diluted Shares		162.0
Val'n $ / sh	**$**	**1.49**

Valuation Methodology		Raw	Weighting		Valuation
DCF	$	1.51	50%	$	0.75
EV / EBITDA - 1 yr fwd (10x)	$	1.49	50%	$	0.74
Target Price				**$**	**1.50**

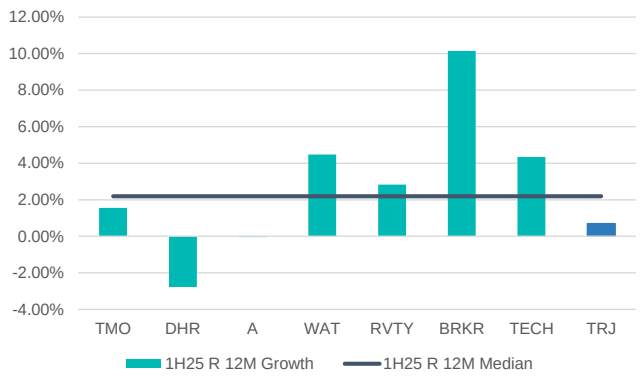
SOURCE: BELL POTTER SECURITIES

Figure 46 – Peer Group Comps

	Last	Currency	Market Cap (bn)	Ent. Value (bn)	FY25 EV/EBITDA	FY26 EV/EBITDA	FY25 Sales Growth	FY26 Sales Growth	FY25 Gross Margin	FY25 EBITDA Margin
Domestic Comps										
Resmed Inc	37.88	USD	55,626	35,201	18.8	17.3	9.2%	7.6%	59.4%	36.6%
Fisher & Paykel Healthcare	31.56	NZD	18,499	20,603	33.4	29.2	15.7%	13.4%	62.4%	30.8%
Cochlear	302.95	AUD	19,822	19,552	30.0	26.9	8.1%	9.3%	74.5%	26.4%
Average					**28.1**	**25.0**	**11.0%**	**10.1%**	**65.4%**	**31.2%**
Median					**30.0**	**26.9**	**11.0%**	**10.1%**	**65.4%**	**31.2%**
Trajan Group	**0.74**	**AUD**	**113**	**138**	**7.6**	**6.7**	**4.9%**	**8.7%**	**43.2%**	**9.4%**
International Peers										
US Comps										
Thermo Fisher Scientific Inc	552.9	USD	211,469	237,294	20.8	19.2	2.7%	6.6%	42.6%	26.0%
Danaher Corporation	203.5	USD	146,983	160,917	21.2	19.3	1.6%	6.6%	59.7%	31.4%
Agilent Technologies Inc.	143.7	USD	40,993	43,238	21.3	19.5	5.4%	6.4%	55.8%	29.7%
Revvity Inc	114.8	USD	13,976	16,115	18.5	17.0	5.1%	6.2%	61.6%	30.7%
Bruker Corporation	51.1	USD	7,751	10,057	14.5	12.9	2.8%	6.6%	51.6%	19.4%
Bio-Techne Corporation	69.9	USD	11,053	11,270	26.5	23.1	6.4%	8.9%	70.6%	34.5%
Average					**20.5**	**18.5**	**4.0%**	**6.9%**	**57.0%**	**28.6%**
Median					**21.0**	**19.2**	**3.9%**	**6.6%**	**57.7%**	**30.2%**
European Comps										
Eurofins Scientific Societe I	51.6	EUR	9,950	13,992	8.5	7.7	6.1%	7.1%	22.7%	22.1%
Sartorius AG Pref	250.0	EUR	16,874	22,007	20.7	17.9	7.2%	10.5%	47.6%	29.2%
Johnson Matthey Plc	1435.0	GBP	2,408	3,191	5.5	5.0	8.2%	1.3%	10.2%	16.2%
Renishaw Plc	3625.0	GBP	2,639	2,439	15.0	13.5	-13.0%	6.2%	49.3%	22.5%
Tecan Group AG	210.4	CHF	2,699	2,675	14.5	12.5	5.5%	6.2%	36.5%	18.3%
Average					**12.8**	**11.3**	**2.8%**	**6.2%**	**33.3%**	**21.7%**
Median					**14.5**	**12.5**	**6.1%**	**6.2%**	**36.5%**	**22.1%**
Japanese Comps										
Shimadzu Corp	4110	JPY	1,216,849	1,095,759	11.6	10.7	4.6%	4.7%	43.0%	17.6%

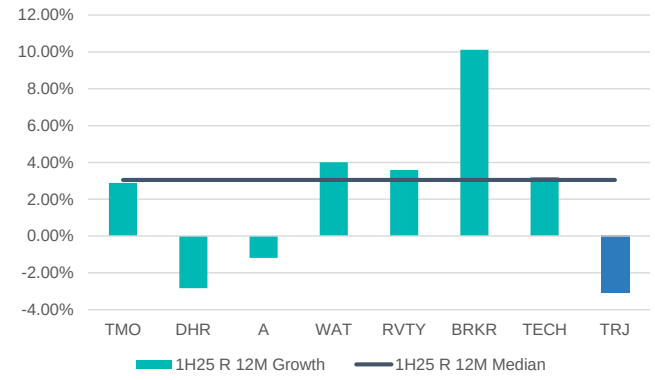
SOURCE: BLOOMBERG, BELL POTTER SECURITIES

Figure 47 – US Peers v TRJ Revenue Growth Rolling 12M 1H25



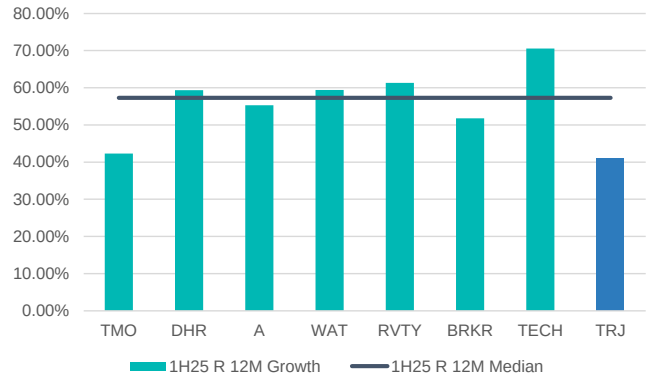
SOURCE: VISIBLE ALPHA, BELL POTTER SECURITIES

Figure 48 – US Peers v TRJ GP Growth Rolling 12M 1H25



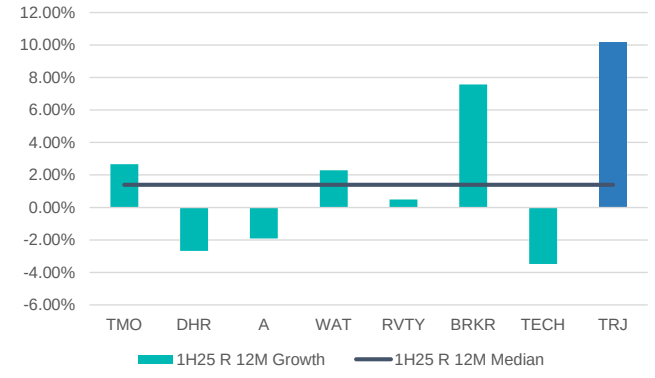
SOURCE: VISIBLE ALPHA, BELL POTTER SECURITIES

Figure 49 – US Peers v TRJ GP Margin Rolling 12M 1H25



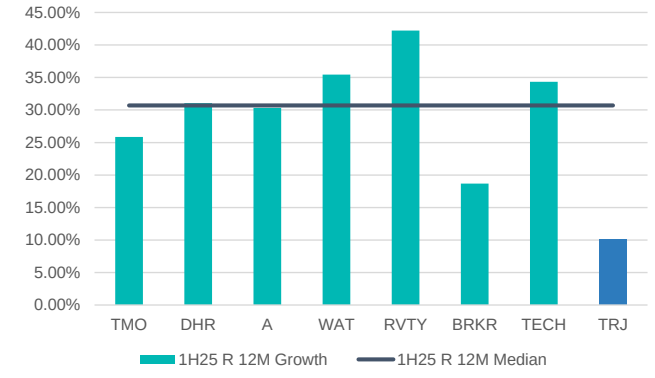
SOURCE: VISIBLE ALPHA, BELL POTTER SECURITIES

Figure 50 – US Peers v TRJ EBITDA Growth Rolling 12m 1H25



SOURCE: VISIBLE ALPHA, BELL POTTER SECURITIES

Figure 51 – US Peers v TRJ EBITDA Margin Rolling 12M 1H25



SOURCE: VISIBLE ALPHA, BELL POTTER SECURITIES

Board and Management

John Eales (Independent Chair and Non-Executive Director)

Mr Eales has served as an executive, adviser, director and investor in a number of listed public companies and unlisted private organisations, co-founding the corporate consultancy, the Mettle Group in 2003, which was acquired by Chandler Macleod in 2007. Mr Eales is currently Non-Executive Director of Flight Centre Travel Group and Magellan Financial Group. Mr Eales Chairs the Remuneration and Nominations Committee, as well as being a member of the Audit and Risk Committee.

Stephen Tomisich (Managing Director and Group Chief Executive Officer)

Mr Tomisich is the co-founder of Trajan Group (2011) and is responsible for the design and implementation of Trajan's strategic business plan and leadership of the organisation. Prior to founding Trajan, Mr Tomisich served as CEO at SGE Analytical Science (later acquired by Trajan). Earlier in his career, Mr Tomisich developed extensive industry experience through various senior roles at PerkinElmer Australia & Africa, Vision Systems (acquired by Danaher) and Varian Instruments (acquired by Agilent Technologies).

Robert Lyon (Independent Non-Executive Director)

Mr Lyon joined Trajan in 2013 and has global responsibility for the strategic growth of Trajan's business through mergers and acquisitions, licensing arrangements, and commercial relationships with Trajan's industry, academic, government and research partners in the scientific and medical sectors globally. As General Counsel, Mr Lyon also has responsibility for the negotiation and execution of Trajan's investments and transactions as well as for its broader legal requirements. Prior to joining Trajan, Mr Lyon had a 15-year career as partner in law firm Page Seager Lawyers and six years with KPMG Corporate Finance.

Dr Rohit Khanna (Independent Non-Executive Director)

Dr Khanna has over 40 years' experience in analytical science, business leadership and laboratory application software. Dr Khanna held various senior management roles at Waters Corporation, covering areas including informatics, Service and Chemistry. Following retirement in 2017, Dr Khanna continues to work with key industry leaders and is on several Industry Boards.

Sara Watts (Independent Non-Executive Director)

Ms Watts is an experienced Non-Executive Director and Chair of Audit and Risk Committee with financial and operational experience across more than 20 years. Ms Watts previous executive positions include Chief Financial Officer of IBM ANZ, and Head of Internal Audit for IBM Asia Pacific. Ms Watts is currently a Non-Executive Director and Chair of Audit and Risk Committee at Syrah Resources (ASX-SYR) and Nuix (ASX-NXL).

Tiffany Lewin (Independent Chair and Non-Executive Director)

Ms Lewin brings operational, risk and strategy expertise gained over 30 years spanning consumer goods, manufacturing, professional services and the finance sectors. Ms Lewin is currently a senior leader at Westpac Group, and prior to Westpac, held senior leadership, operational and strategy roles across Australia and Asia for global organisations, where she successfully delivered organisational transformation, performance turnaround and market growth across business and consumer sectors.

Corporate Profile

Equity Funding

TRJ listed on the ASX when it conducted an IPO in June 2021 raising $90m at an issue price of $1.70/sh. The issue was split into new capital of $50m and a sell down by the key shareholder of $40m. At the issue price TRJ listed with a market capitalisation of $220m.

Share Register

Since the initial sell-down as part of the IPO, the major shareholder has maintained its position of >50% ownership in TRJ.

Figure 52 – Top Shareholders

Shareholders	Shares	Held(%)
Stephen Tomisich	76,878,745	50.5
Moelis Australia Asset Management Ltd	12,980,266	8.5
Investors Mutual Limited	11,209,603	7.4
Australian Super Pty Ltd	9,958,728	6.5
Farrona, LLC	4,659,843	3.1
Telunapa Pty Ltd.	1,552,075	1.0
John Eales	1,387,415	0.9
Joh. Berenberg, Gossler & Co. KG, Asset Managemen	1,016,560	0.7
Alister Hodges	700,000	0.5
Bruce Mathieson	615,000	0.4
Mutual Trust Pty Ltd, Asset Management Arm	533,055	0.3
Robert Lyon	482,715	0.3
Investment Society One Pty Ltd	330,248	0.2
Dimensional Fund Advisors LP	329,989	0.2
Devonport Central Pty Ltd	319,856	0.2
Prineas Super Pty Ltd	300,000	0.2
Jummysue Pty Ltd	288,000	0.2
Rohit Khanna	205,882	0.1
Tiffiny Lewin	139,856	0.1
Sara Watts	76,928	0.1
Top 20 total	**123,964,764**	**81.4**

SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Figure 53 – Directors' Interests

Director	Shares	Options	% Held
John Eales - Chair	1,387,415	44,206	0.9%
Stephen Tomisich - MD / CEO	76,878,745	30,000	50.5%
Dr Rohit Khanna	205,882	88,235	0.2%
Robert Lyon	482,715	239,250	0.5%
Sara Watts	76,928	29,471	0.1%
Tiffany Lewin	139,856	29,471	0.1%

SOURCE: COMPANY DATA, BELL POTTER SECURITIES

Capital Structure

Other than $41m in corporate debt, there are no convertible notes or other outstanding instruments. Leverage, through Net Debt / EBITDA was c.2.2x (pre-AASB16) at 1H25 and is expected to reduce further in the short-to-medium term.

Trajan Group
as at 7 April 2025

Recommendation	Buy
Price	$0.74
Target (12 months)	$1.50

Table 1 - Financial summary

Profit & Loss ($m)	FY23	FY24	FY25e	FY26e	FY27e
Year Ending 30 June					
Sales Revenues	162.2	155.0	162.5	176.7	192.5
Revenue Rrowth	**50.8%**	**-4.4%**	**4.9%**	**8.7%**	**8.9%**
COGS	(92.1)	(91.2)	(92.3)	(98.6)	(106.2)
Proforma Gross Profit	70.1	63.8	70.2	78.1	86.3
GP Margin	**43.2%**	**41.1%**	**43.2%**	**44.2%**	**44.8%**
Other Income	0.8	0.1	-	-	-
Employee Expenses	(38.8)	(39.3)	(40.1)	(42.1)	(44.2)
Occupancy Expenses	(1.6)	(1.3)	(1.4)	(1.4)	(1.5)
G&A Expenses	(11.9)	(13.5)	(12.4)	(13.0)	(13.7)
Other	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)
Non-Interest Finance Expenses	(0.4)	(0.8)	(0.9)	(0.9)	(0.9)
Impairment	-	(26.7)	-	-	-
Total Operating Expenses	**(53.4)**	**(81.7)**	**(55.0)**	**(57.7)**	**(60.5)**
Stat. EBITDA	17.4	(17.9)	15.2	20.4	25.9
Adjustments	2.2	30.1	2.8	0.2	0.2
nEBITDA	19.6	12.3	18.0	20.6	26.0
Add back D&A	(7.9)	(9.0)	(7.3)	(7.8)	(8.3)
nEBIT	11.7	3.3	10.7	12.8	17.8
Less Adjustments	(2.2)	(30.1)	(2.8)	(0.2)	(0.2)
Stat. EBIT	9.5	(26.9)	7.9	12.6	17.6
Net Interest Expense	(4.0)	(4.2)	(3.9)	(3.8)	(3.8)
Pre Tax Profit	5.5	(31.0)	4.0	8.8	13.8
Tax Expense	(3.6)	5.8	(1.3)	(2.8)	(4.4)
NPAT- reported	**2.0**	**(25.3)**	**2.7**	**6.0**	**9.4**
Net adjustments	**3.9**	**25.8**	**6.0**	**3.7**	**4.0**
Operating NPATA	5.9	0.6	8.7	9.7	13.4

Cashflow ($m)	FY23	FY24	FY25e	FY26e	FY27e
Normalised EBITDA	17.4	(17.9)	18.0	20.6	26.0
Working Capital Movement	(3.6)	7.1	(2.3)	(2.7)	(3.1)
Net Interest	0.0	0.1	(3.9)	(3.8)	(3.8)
Other Items	1.6	25.4	-	-	-
Income Tax Received / (Paid)	(0.9)	(1.7)	-	-	-
Operating Cash Flow	9.6	9.5	11.8	14.1	19.2
Capital Expenditure	(8.6)	(3.0)	(4.1)	(4.2)	(4.4)
Acquisition of Intangibles	-	-	(0.1)	-	-
Free Cash Flow	1.1	6.5	7.6	9.8	14.7
Proceeds from Issuance	4.5	-	-	-	-
Proceeds from Convertible Notes	-	-	-	-	-
Increase in Borrowings	(6.2)	(4.5)	(3.1)	-	-
Payment of Lease Liabilities	(1.7)	(1.9)	(2.1)	(2.3)	(2.5)
Other Items	-	-	-	-	-
Cash at Beginning of Period	15.6	13.5	13.7	16.2	23.8
FX Adjustment	0.2	0.2	-	-	-
Cash at Year End	**13.5**	**13.7**	**16.2**	**23.8**	**36.0**

Balance Sheet ($m)	FY23	FY24	FY25e	FY26e	FY27e
Cash and Securities	**13.5**	**13.7**	**16.2**	**23.8**	**36.0**
Receivables	23.5	20.2	23.2	25.2	27.5
Inventory	31.9	27.9	33.2	36.1	39.3
Other Current Assets	3.2	2.3	0.2	0.2	0.2
Property, Plant and Equipment	25.3	24.6	24.6	24.6	24.6
Right of Use Assets	11.6	10.6	13.4	13.4	13.4
Other non current assets	8.2	4.8	4.8	4.8	4.5
Total assets	231.5	190.5	203.2	212.2	225.7
Trade Payables	16.8	16.8	19.5	21.2	23.1
Provisions	9.2	9.0	9.5	10.0	10.5
Lease Liability	1.8	1.9	2.3	2.3	2.3
Other CL	1.5	0.3	2.7	2.7	6.0
Short-Term Debt	9.9	44.1	36.8	36.8	36.8
Other NCL	10.8	2.8	8.1	11.2	12.1
Long-Term Debt	38.7	-	4.2	4.2	4.2
Total Liabilities	99.5	85.1	91.3	94.2	98.4
Net Assets	132.0	105.4	111.9	117.9	127.3
Share Capital	101.2	101.5	101.7	101.7	101.7
Other Equity	10.6	11.4	15.0	15.0	15.0
Retained Earnings	20.2	(7.5)	(4.8)	1.2	10.6
Shareholders Equity	132.0	105.3	111.9	117.9	127.3

Growth Ratios	FY23	FY24	FY25e	FY26e	FY27e
Sales	50.8%	-4.4%	4.9%	8.7%	8.9%
Proforma Gross Profit	47.7%	-9.0%	10.1%	11.2%	10.6%
EBITDA	88.4%	-37.2%	46.1%	14.5%	26.6%
EBIT	90.2%	-71.9%	223.9%	20.1%	38.8%
NPAT	-44.2%	nm	110.8%	119.9%	56.3%
NPATA	22.1%	-90.5%	1472.9%	11.0%	38.1%

Profitability Ratios	FY23	FY24	FY25e	FY26e	FY27e
Proforma Gross Margin	43.2%	41.1%	43.2%	44.2%	44.8%
nEBITDA Margin	12.1%	7.9%	11.1%	11.6%	13.5%
nEBIT Margin	7.2%	2.1%	6.6%	7.2%	9.2%
ROE	4.5%	0.5%	7.8%	8.2%	10.5%
ROIC	6.3%	8.4%	10.1%	10.4%	12.1%

Valuation Ratios	FY23	FY24	FY25e	FY26e	FY27e
Normalised EPS (cps) (NPATA)	3.9	0.4	5.7	6.4	8.8
Reported EPS (cps)	1.3	(16.6)	1.8	3.9	6.2
EPS growth (%)	8.0%	-90.6%	1471.4%	11.0%	38.1%
EV/Revenue (x)	0.8	0.9	0.8	0.8	0.7
EV / nEBITDA (x)	**7.0**	**11.2**	**7.7**	**6.7**	**5.3**
EV / nEBIT (x)	nm	nm	12.9	10.8	7.7
PE (x)	19.1	nm	12.9	11.6	8.4
P/NTA (x)	6.3	5.9	4.6	3.3	2.4
Book Value Per Share (cps)	86.9	69.2	73.5	77.4	83.6
Price/Book (x)	0.9	1.1	1.0	1.0	0.9
DPS (cps)	0.0%	0.0%	0.0%	0.0%	0.0%
Payout Ratio %	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Yield %	0.0%	0.0%	0.0%	0.0%	0.0%
Franking %	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield %	nm	nm	6.9%	8.7%	13.1%
Net Debt / Equity	26.6%	28.8%	22.2%	14.6%	3.9%
Net Debt / Assets	15.2%	15.9%	12.2%	8.1%	2.2%
Gearing (ND /(ND+E)	21.0%	22.4%	18.1%	12.8%	3.8%
Net Debt / nEBITDA (x) (pre-AASB16)	2.0	2.9	1.6	0.9	0.2
Interest Cover (x)	4.9	2.9	4.6	5.4	6.9

Interim Results	1H23	2H23	1H24	2H24	1H25
Revenues	80.1	82.1	76.4	78.6	81.0
EBITDA (Normalised)	8.9	10.7	4.0	8.3	7.9
EBIT	6.1	5.6	(0.4)	3.7	2.0

Divisional Results	FY23	FY24	FY25e	FY26e	FY27e
Sales					
Components & Consumables	99.3	96.2	99.9	107.8	116.5
Capital Equipment	57.3	53.9	57.8	63.0	69.0
Disruptive Technologies	5.6	4.9	4.9	5.9	7.1
Total Sales	**162.2**	**155.0**	**162.5**	**176.7**	**192.5**
Proforma Gross Margin					
Components & Consumables	44.7%	41.1%	41.1%	41.5%	42.0%
Capital Equipment	40.3%	40.2%	36.2%	38.0%	39.0%
Disruptive Technologies	46.5%	52.7%	50.0%	53.0%	53.0%
nEBITDA Margin					
Components & Consumables	34.0%	33.6%	35.0%	35.5%	36.0%
Capital Equipment	20.9%	18.0%	19.0%	20.0%	20.0%
Disruptive Technologies	-78.6%	-100.9%	0.0%	5.0%	10.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

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