

Annual General Meeting Presentation



25 November 2015
SYDNEY

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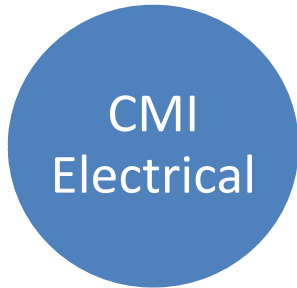
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CMI Limited Overview



CMI Electrical specialises in the design and manufacture of specialty plugs and couplers, electrical cables, sourcing and supply of niche electrical cables, high voltage cables, flexible cables and flameproof junction boxes.

This division services the mining sector, construction and infrastructure industries, electrical wholesalers and gas, petroleum and other hazardous industries.



This division specialises in designing, manufacturing, wholesaling and retailing of vehicle accessories for the 4WD, SUV & Trade vehicle markets.

Market penetration is achieved through 58 TJM branded Australian aftermarket retail distribution stores, supply to major original equipment manufacturers and direct export to a distribution network covering most continents.



World class products, strong balance sheet, long operating history, skilled people

FY15 Earnings Summary



\$m	FY15	FY14	Change
Revenue	66.9	92.4	(28%)
EBITDA	8.5	6.8	26%
EBITDA Margin	13%	7%	
Depreciation & Amortisation	(1.3)	(1.8)	27%
Tax	(1.7)	(1.3)	(34%)
Interest expense	(0.1)	(0.2)	63%
NPAT	5.4	3.5	54%
NPAT Margin	8%	4%	
EPS (cents)	15.77	10.29	53%

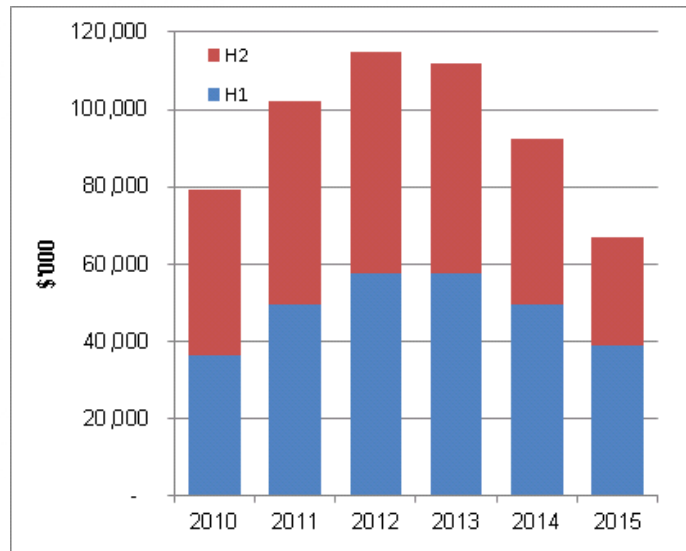
- Electrical - performance was down largely due to poor market conditions in the coal mining sector and reduced infrastructure and construction activity resulting in 12% decrease in revenues
- TJM – Performance improved to be EBITDA positive which was around a \$4m before tax profit turnaround from the previous year.
- EBITDA margin was significantly better due to impact of the reduction in the TJM losses.
- Additionally there were “one-off” contributions to profit of \$869k from the CMI Industrial loan recovery and \$467k write-up from the sale of TJM
- Impact of subdued economic conditions and TJM losses were more pronounced in first half.
- EBIT \$7.2m – 1H15 \$2.8m; 2H15 \$4.4m
- NPAT – up 54% to \$5.4m from \$3.5m

FY15 Divisional & Half on Half Summary

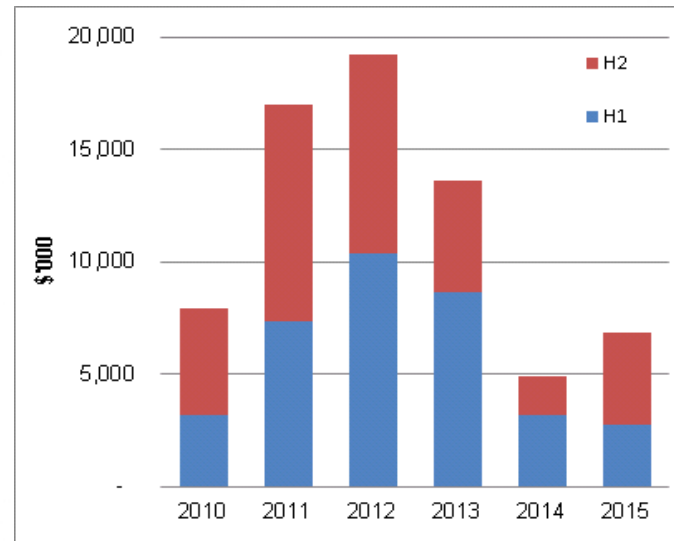


	Electrical \$m	TJM \$m	Corp \$m	FY15 \$m
Revenue	44.6	21.9	0.4	66.9
EBITDA	8.3	0.7	(0.5)	8.5
EBITDA margin %	19%	3%		13%
EBIT	8.1	(0.4)	(0.5)	7.2
Operating PBT	8.1	(0.4)	(0.6)	7.1
Tax				(1.7)
Reported NPAT				5.4

Revenue



EBIT*



* Before Net Interest, Impairment & Discontinued Operations

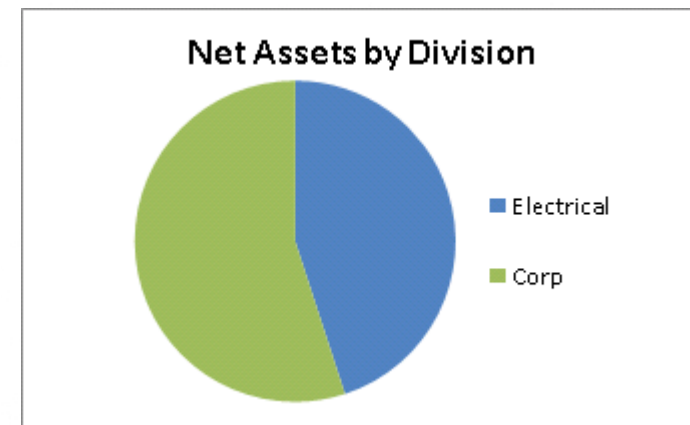
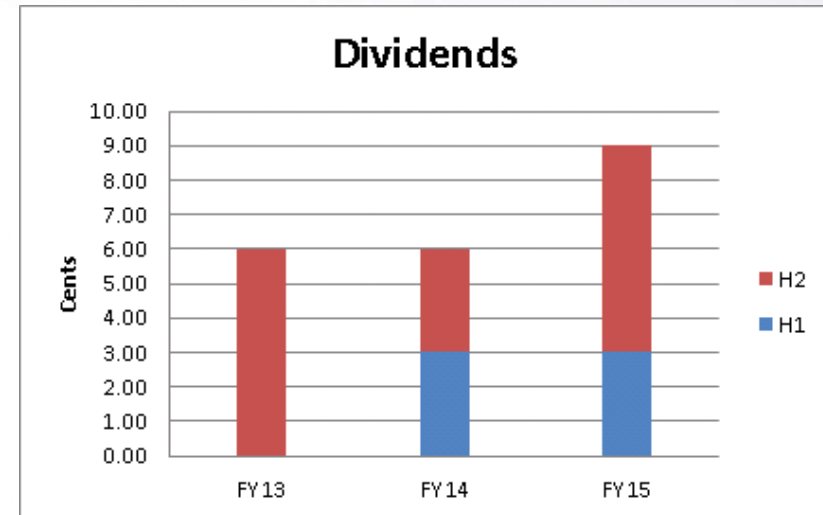
Balance Sheet & Dividend Policy



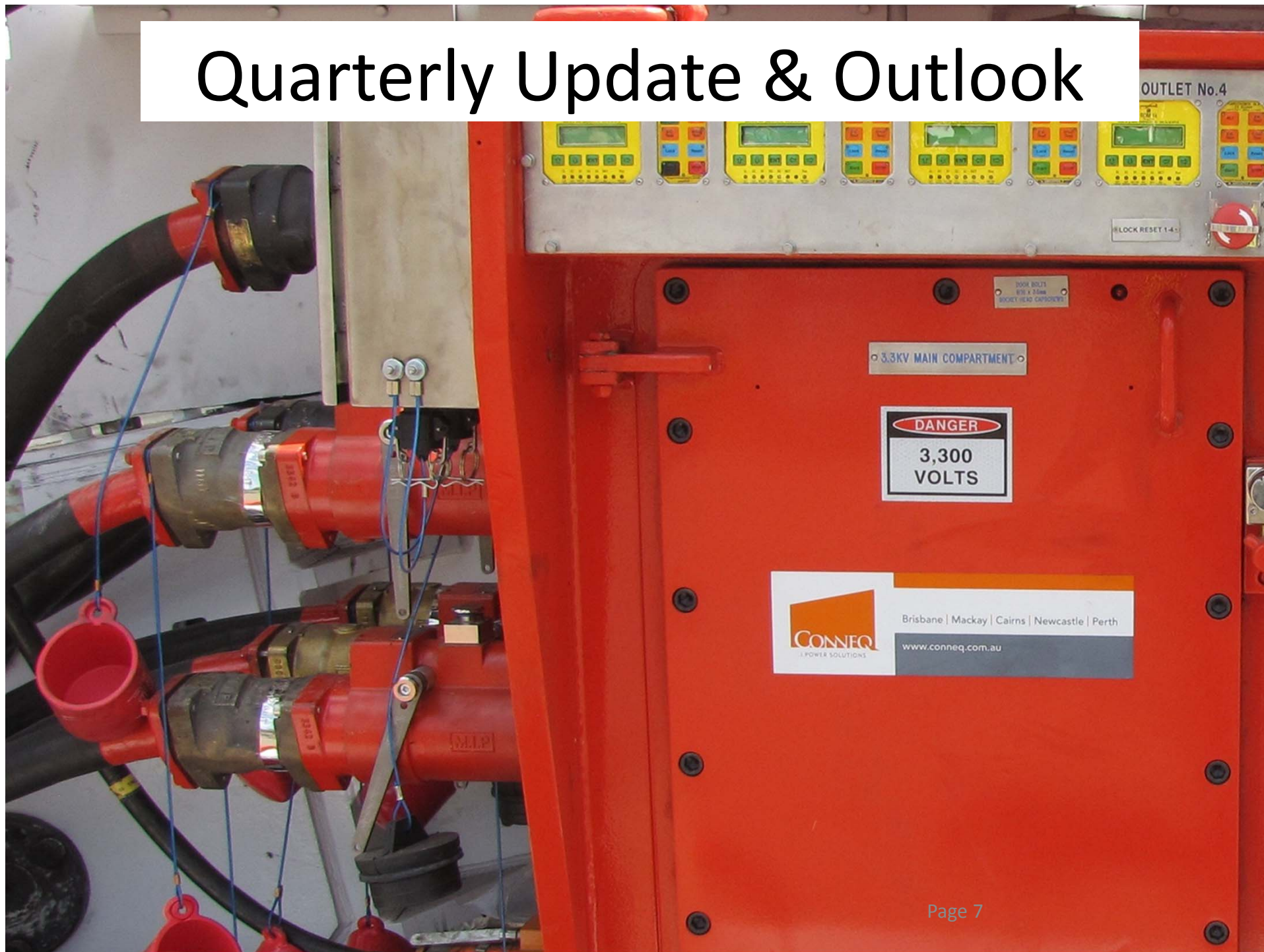
- Strong balance sheet and capacity to generate cash
 - Net cash \$34.2m
 - Net Tangible Assets \$1.49 per share
- Dividends
 - Payout ratio policy allows up to 60% of profits to be paid out
 - 3 cent fully franked dividend paid March 2015 and 6 cent fully franked dividend paid September 2015
 - Increased dividend payment to 9 cents from 6 cents

Balance Sheet Summary

\$m	FY15	FY14
Total Assets	66.8	68.4
Total Shareholder Funds	60.6	56.9
Net Cash/(Debt)	34.2	6.6
Operating cashflows	9.6	6.0

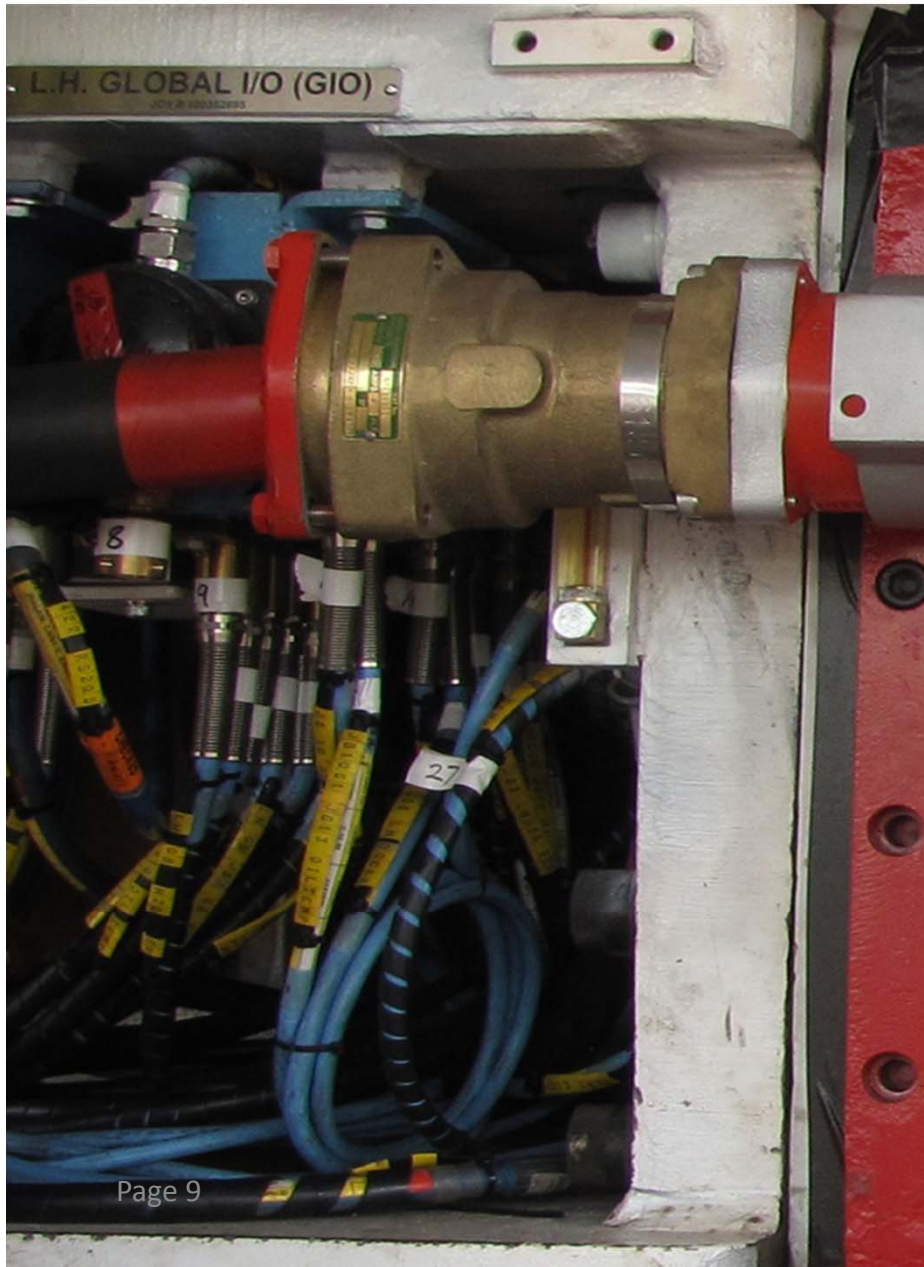


Quarterly Update & Outlook



- Group revenue is down on the September quarter of the prior year largely due to the sale of the TJM division.
- Group margin overall has improved compared to Q1FY14 generally due to the removal of the TJM losses.
- Continued difficult trading conditions for the electrical division including the mining, resources, construction and infrastructure sectors, with margins continuing to be under pressure.
- We are currently assessing opportunities to diversify the CMI Electrical markets and products, both organically within the business and through consideration of suitable M&A opportunities.
- Performance for the September quarter is above last year largely due to the removal of TJM losses but expectation of overall performance for FY16 is tempered by FY15 one-off contributions.

Market Analysis - Electrical



- Mining and Resources sector
 - Challenges expected to continue in the medium term
 - CMI mining product is a market leader and a safety related product that has an overhaul life cycle of 4 years which often leads to new sales
 - Continued product development of flameproof products for resources industry with some products now on the market
 - Maintaining capacity for recovery of coal sector whilst controlling costs
 - Australian black coal revenues are forecast to grow at an annualised rate of 4.3% over the 5 years through 2020-2021 after a small fall in the current year (IBIS, Black Coal Mining in Australia Industry Report 2015)
- Construction and infrastructure
 - Sector showing continued weakness
 - Aggressive pricing
 - Potential for some improvement in latter stages of FY16
- Flameproof
 - First products are now on the market
- Other potential acquisitions being explored

TJM Sale



- TJM sale achieved in difficult circumstances with a great overall result for CMI shareholders
- Final price achieved was \$22.2m plus cash of around \$1.5m
- Good terms achieved with normal sale warranties and minimal risk for CMI

- Shareholder approval is being sought at today's AGM for a Capital Return of \$0.30 per share, approximately \$10.5m in total.
- Draft ruling has been received from the ATO indicating that they will treat the payment as a capital return rather than a dividend.
- However shareholders are advised to seek their own taxation advice in regard to the capital return.
- Formal ruling will be issued after the payment is approved and made.
- Should the capital return be approved by shareholders:
 - The record date for participation in the capital return will be 8 December 2015
 - The payment date of the capital return will be 22 December 2015
- After payment of the \$10.5m capital return (if approved), CMI will have cash of around \$22m available for growth initiatives.

Group Outlook for 2016FY and Beyond



- Mining and resources conditions remain very tough with no improvement expected this financial year.
- Infrastructure markets in East coast Australia may improve slightly later this financial year.
- CMI's balance sheet remains strong with cash of approximately \$22m after capital return if approved.
- Cash is available to be utilised for working capital and suitable growth opportunities if identified, or for further future capital management initiatives.
- Andrew Buckley will not continue in the Executive Chairman role following the AGM based on the reduction in overall activity within the business after the sale of TJM.
- Mr. Buckley will also be resigning as a director of CMI Ltd by the end of December.

AGM Formal Business



Financial Report

To receive and consider the financial report of the Company and the reports of the Directors and Auditors for the year ended 30 June 2015.

Remuneration Report

Resolution 1.

To consider and, if thought fit, pass the following as a non-binding ordinary resolution:

‘That the Company’s Remuneration Report for the financial year ended 30 June 2015 is approved.’

Proxies Received	Voted	%
For	9,177,283	97.59
Against	112,689	1.20
Open	114,118	1.21
Abstain	13,797	N/A

Re-Election of Director

Resolution 2.

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That Ms Leanne Catelan, a non-executive Director retiring by rotation in accordance with the Constitution and ASX Listing Rules, and being eligible for re-election, is re-elected as a Director.’

Proxies Received	Voted	%
For	22,608,715	98.07
Against	330,270	1.43
Open	114,118	0.50
Abstain	19,097	N/A

Capital Return

Resolution 3.

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That, for the purposes of Part 2J.1 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to reduce its share capital by \$0.30 per share, a total of approximately \$10.5 million, by way of an equal capital reduction, subject to the Australian Taxation Office issuing a class ruling confirming that any such payment will not be treated as a dividend for Australian income tax purposes. The reduction of capital is to be effected by the Company paying \$0.30 per share to each registered holder of fully paid ordinary shares in the Company, as at a date and time to be specified by the board of the Company.’

Proxies Received	Voted	%
For	22,741,422	98.57
Against	227,028	0.98
Open	103,393	0.45
Abstain	357	N/A

Renewal of Performance Rights Plan

Resolution 4.

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That for the purposes of Listing Rule 7.2, Exception 9, and for all other purposes, Shareholders approve the Performance Rights Plan and the grant of Performance Rights and the issue of Shares under such Performance Rights Plan, which Performance Rights Plan is summarised in the Explanatory Memorandum.’

Proxies Received	Voted	%
For	21,809,789	96.72
Against	626,371	2.78
Open	112,118	0.50
Abstain	25,310	N/A

Adjustment to Performance Rights

Resolution 5.

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 6.23.3 and for all other purposes, approval is given for the Company to adjust the terms of all performance rights issued under CMI’s Performance Rights Plan in the manner set out in the Explanatory Notes accompanying this Notice of Meeting.’

Proxies Received	Voted	%
For	21,788,743	96.64
Against	563,448	2.50
Open	194,149	0.86
Abstain	27,248	N/A

Thank you for
your attendance.