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**AVA** GROUP  
SECURITY RISK MANAGEMENT

**Investor Presentation**

**February 2019**

# Forward Looking Statements

## **This presentation is given on behalf of Ava Risk Group Limited (AVA)**

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# Corporate Overview

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## KEY MARKET STATISTICS

ASX Code	ASX.AVA
Share price (as at 27 Feb. 2019)	\$0.165
Market Capitalisation	\$34.75m
Shares on issue	210.6m
Cash (as at 31 Dec. 2018)	\$3.1m
Debt (as at 31 Dec. 2018)	nil

## BOARD & KEY MANAGEMENT

David Cronin	Chairman
Chris Fergus	CEO
Rob Broomfield	COO – Technology Division
Leigh Davis	CFO
Michael McGeever	Non Executive Director
Mark Stevens	Non Executive Director

## MAJOR SHAREHOLDERS

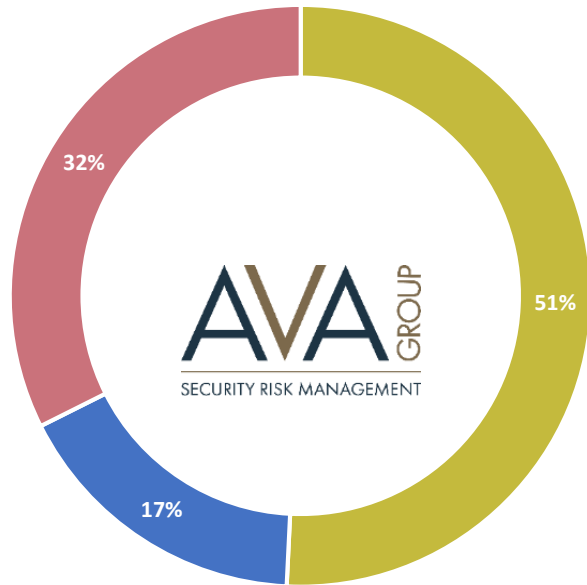
Pandon Holdings*	13.0%
RSA Associates	12.8%
Pierce Asia*	6.9%
Seafirst	5.8%
Directors*	25.0%

\* Includes related parties

# Company Overview

AVA Group is a diversified risk management services and technology company operating across 15 countries

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HY19 revenue contribution



Services division



AVA Global Logistics

Technology division



Future Fibre Technologies



BQT Solutions

# Services Division – Ava Global Logistics

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- Ava Global Logistics is a growing global provider of secure international logistics of high-risk valuables, precious metals and currency.
- Provides fully insured (underwritten by Lloyds), door to door services, utilising a network of highly experienced security companies, freight forwarders, airlines and customs brokers, all operating under Ava's strict risk management guidelines.
- Unique Partner model: ability to provide service in 100+ countries.
- Blue chip client base.
- Global footprint with offices in New York, London, Frankfurt, Dubai & Singapore.



# Technology Division – Future Fibre Technologies

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- FFT is a global leader in fibre optic intrusion detection systems, with a track record of delivering highly intelligent, reliable, and award-winning intrusion detection solutions for the protection of critical sites and infrastructures.
- FFT's advanced security systems detect and locate perimeter intrusions, oil and gas pipeline third-party interference and data network tapping and tampering.
- With over 1,650 systems deployed in more than 65 countries, FFT has established a solid reputation for delivering advanced and cost effective intrusion detection solutions for the Transport, Government, Military, Oil & Gas and Utility sectors.
- FFT's new Aura Ai platform uses the latest advanced optical signal processing algorithms, combined with artificial intelligence, to discriminate between intrusions, nuisance alarms and other causes of fence disturbance.



**FUTURE FIBRE**  
TECHNOLOGIES



# Technology Division – BQT Solutions

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- BQT's secure, reliable smart reader and card systems, biometric solutions, electric locking and access control products utilised at over 3,500 sites in more than 50 countries.
- A leader in high security access control technology used in some of the most high security, critical applications in the world.
- Offers custom and “off the shelf” products to deliver market-wide access control security including military, critical infrastructure, commercial, industrial and residential applications.



# Services Division Update

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## ***Strong YoY improvement and positive outlook***

- Revenue increased by 159% compared to H1 FY18 using a full 6 month comparison.
- Adjusting for forex losses, division is EBITDA breakeven for period from September to December.
- Positive outlook for FY19
  - Increasing market share from all major clients (current addressable spend +\$63m) – trending towards 1/3 of total spend allocated to Ava.
  - Existing clients' annual spend will increase significantly as a result of new opportunities due to new regulation and market consolidation within key sectors.
  - Increasing pipeline of new clients – with annual spend in excess of \$50m.
- Recent contracts wins
  - Several new currency lanes in Africa.
  - New mines in Central & South America.
- 1<sup>st</sup> Risk Consulting engagement in Saudi Arabia - +\$180k .
- Aura IQ Mining3 launch will positively impact secure logistics opportunity in the Precious Metals Mining sector



# Technology Division Update

## *Major Contract Wins & Strong Backlog*

### **Awards**

- Strong backlog of orders at \$4.7m, with majority of orders expected to be invoiced in H2.
- \$2.2m award for Aura Ai-2 at Military airbases in Asia, with a further expectation of another \$5m of orders for the same customer in FY20 & FY21.
- Purchase Order for Indian MOD in progress, with terms in final negotiation between prime and FFT's OEM.
- Although some delays in purchase orders and installation, including Department of Human Services, Australia and a number of airport projects in Middle East, no major business assumed in the FY19 budget has been lost.

### **Sector Focus & Adjacent Market updates**

- Aura IQ Mining 3 collaboration agreement executed for unique conveyor belt monitoring solution – First mover with \$300m market opportunity with 3 trials likely to commence within next 2 months.
- 1<sup>st</sup> Aura Ai-2 Rail monitoring application installed offering rock fall detection and train tracking.

# H1FY19 Financial Summary - P&L

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AUD\$M	H1 FY2019	H1 FY2018
Sales Revenue	16.7	8.6
COGS	9.8	3.0
Gross Profit	6.9	5.6
GP margin (%)	41%	65%
Operating Expenses	8.6	6.3
EBITDA	(1.7)	(0.5)
Underlying EBITDA	(1.5)	0.0
Profit / (Loss) after tax	(2.7)	0.1

- 95% increase in revenue.
- 159% increase in YoY revenues for the Services division (like for like full 6 months comparison).
- Overall group gross margin declined to 41% due to dilution impact from a larger contribution from the lower margin Services division.
- FFT gross margin showed a YoY improvement from 65% to 70%, driven by higher margin contribution from the Aura Ai platform.
- Operating expenses included \$0.2 million in one-time corporate restructuring costs (H1 FY2018: \$0.5 in one-time costs associated with the acquisition on MaxSec).

# FY18 Financial Summary - Balance Sheet

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AUD\$M	31 Dec 2018	30 Jun 2018
Cash and cash equivalents	3.1	5.9
Receivables	5.2	5.3
Inventories	5.0	4.6
Other assets	14.5	14.1
<b>Total assets</b>	<b>27.8</b>	<b>29.9</b>
Payables	6.3	4.8
Provisions	1.6	1.6
Borrowings	-	-
<b>Total liabilities</b>	<b>7.9</b>	<b>6.4</b>
<b>Total equity</b>	<b>19.9</b>	<b>23.5</b>

- No external debt or borrowings.
- Cash balance of \$3.1 million at 31 December 2018.
- Sales orders backlog of \$4.7m.

# FY18 & FY19YTD Strategic Plan & Milestones

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Strategic Plan	Key Milestones	Next Steps
MSP Investment & Integration	<ol style="list-style-type: none"> <li>100% ownership</li> <li>\$1.25m cost reduction identified and delivered. Reinvested in Sales &amp; Marketing efforts</li> <li>Launch of integrated solution</li> </ol>	<ol style="list-style-type: none"> <li>Deliver against investment in Sales &amp; Marketing</li> </ol>
Creation of a Security Risk Management Company	<ol style="list-style-type: none"> <li>Creation of Technology &amp; Services divisions</li> <li>Key Sector focus – Conveyor Belt Monitoring, Rock fall detection</li> <li>Deliver of 1<sup>st</sup> Risk Consulting Services contract</li> </ol>	<ol style="list-style-type: none"> <li>Further sector SME investment</li> <li>Full launch of Risk Consulting Services</li> </ol>
Sales & marketing investment	<ol style="list-style-type: none"> <li>New appointments – Group Head of E&amp;E</li> <li>Large Project focus and future revenue flow– Mining 3, MOD India, Asia Military Airbases, DHS wins</li> </ol>	<ol style="list-style-type: none"> <li>Continued investment in sales &amp; marketing with Sector expertise and Go To Market refinement</li> </ol>
Product Innovation	<ol style="list-style-type: none"> <li>CCoE – NPS Solution</li> <li>FFT Aura enhancements – Asia Military Airbases competitive trial success and orders.</li> <li>Adjacent sector focus – Mining 3 agreement</li> <li>Initial orders in Rail and additional Power Cable Monitoring sales</li> </ol>	<ol style="list-style-type: none"> <li>Leveraging leadership position in cybersecurity hardening</li> <li>Network Security vertical focus following major Indian project deployed</li> <li>Further partnership for adjacent markets</li> <li>Expand Integrated solution Phase 2 (IoT/Cloud)</li> </ol>
Board and Management	<ol style="list-style-type: none"> <li>Bringing additional expertise to the board with the appointment of David Cronin and Michael McGeever</li> </ol>	<ol style="list-style-type: none"> <li>Leveraging expertise and relationships to grow the business</li> </ol>

# Summary

## Revenue Growth

- Strong revenue growth in Services Division and a strong backlog of orders in Technology Division, mainly deliverable in H2.

## Growing earnings visibility

- 3 large multi million dollar program style awards, including large Indian contract win in data network security will provide earnings visibility through FY19/FY20.

## Contract success in high growth sectors

- Transformational contract win in the high growth data network security sector.
- New Aura IQ Conveyor Belt Monitoring Solution - +\$300m market with 3 trials likely to commence soon.

## Continued synergies post merger

- Synergies post merger are expected to benefit H2 FY19 results, including an uptick in contract wins on the back of cross selling strategies across the Technology and Services divisions.

## Strengthened Board and Management

- Additional expertise brought into the business to leverage expertise and relationships to grow the business.