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AVA GROUP

SECURITY RISK MANAGEMENT

Investor Presentation – May 2019

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Forward Looking Statements

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Corporate Overview

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KEY MARKET STATISTICS	
ASX Code	ASX.AVA
Share price (as at 03 May 2019)	$0.180
Market Capitalisation	$37.9m
Shares on issue	210.6m
Cash (as at 31 Mar. 2019)	$0.9m

BOARD & KEY MANAGEMENT	
David Cronin	Chairman
Scott Basham	Group CEO
Rob Broomfield	COO – Technology Division
Leigh Davis	Group CFO
Michael McGeever	Non-Executive Director
Mark Stevens	Non-Executive Director

MAJOR SHAREHOLDERS	
Pandon Holdings*	15.3%
RSA Associates	12.8%
Seafirst	5.8%
Directors*	20.3%

* Includes related parties

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Company Overview

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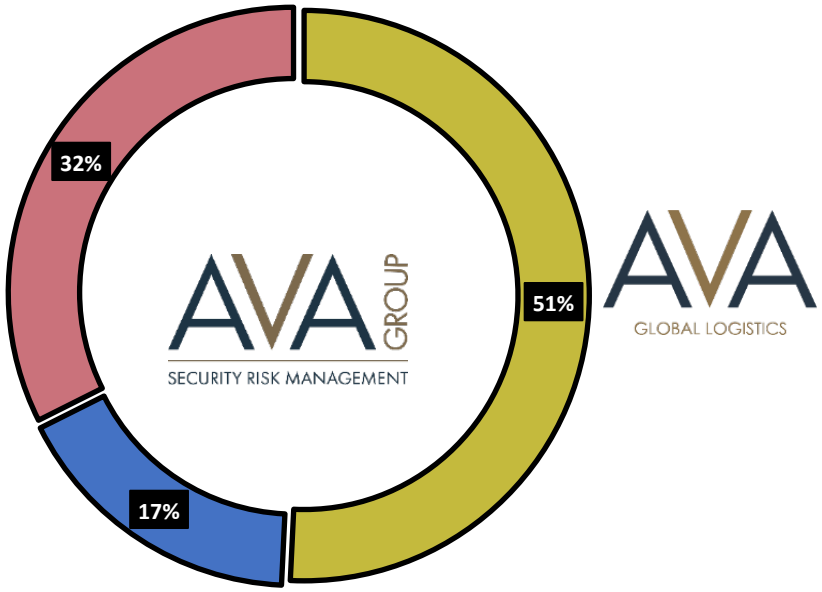
AVA Group is a diversified risk management technology and services company operating across 15 countries



HY19 revenue contribution

Services division — **AVA Global Logistics**

Technology division — **Future Fibre Technologies**

Technology division — **BQT Solutions**

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Major Organizations All Around the World Depend on AVA

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Services Division – Ava Global Logistics

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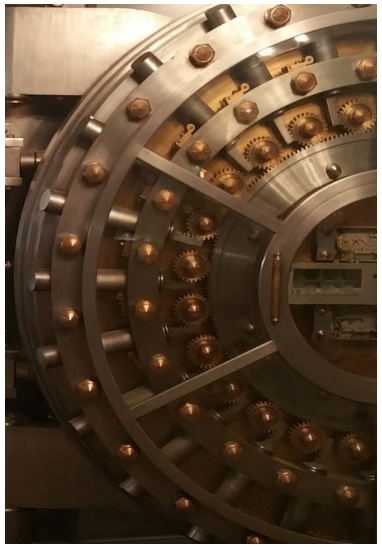
- Ava Global Logistics is a growing global provider of secure international logistics of high-risk valuables, precious metals and currency.
- Provides fully insured (underwritten by Lloyds), door to door services, utilising a network of highly experienced security companies, freight forwarders, airlines 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.

AVA GLOBAL LOGISTICS



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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 1,900 systems deployed across 69 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

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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 are 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.

Imminent New Orders Will Drive Major Evolution & Scale

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The Technology Division is in the final stage of negotiations with a major overseas customer for a significant (5 year) long term order to deliver large-scale monthly quantities of one of our world-leading and award-winning locking products.

This specific order will significantly change the underlying size of the business, and will require a sizable expansion of specific parts of our existing production capabilities to meet not just the supply demands of this order, but the expectations of similar large-scale orders from elsewhere around the world for this unique product.

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Aura Ai-2 Platform Driving New Critical Infrastructure Sales Globally

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FFT Aura Ai-2 selected for large air base security upgrade in India. Contract is valued at **US$3.5m (A$5.0m)** and will see our technology deployed across 23 airbases over 18-24 months.

Contracts from two customers also received with a combined value of **A$862K** for FFT Aura Ai-2 to protect the perimeters of two high security US Government sites, as well as a North American Nuclear Power Plant.

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New Technical Support Capabilities will Grow After-Market Annuity Revenues

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The business is in the process of completing efforts to be able to provide new and better ways of delivering enhanced technical service support to our customers.

The use of innovative ICT applications, and remote diagnostic tools will allow our technical support engineers to provide faster, and more effective system optimisation capabilities, and incident response management for our customers.

Once finalised, these new capabilities will enable a renewed sales focus on after-market maintenance and support agreements, which will bring new multi-year annuity income streams into the business.

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India MoD Contract Now Underway

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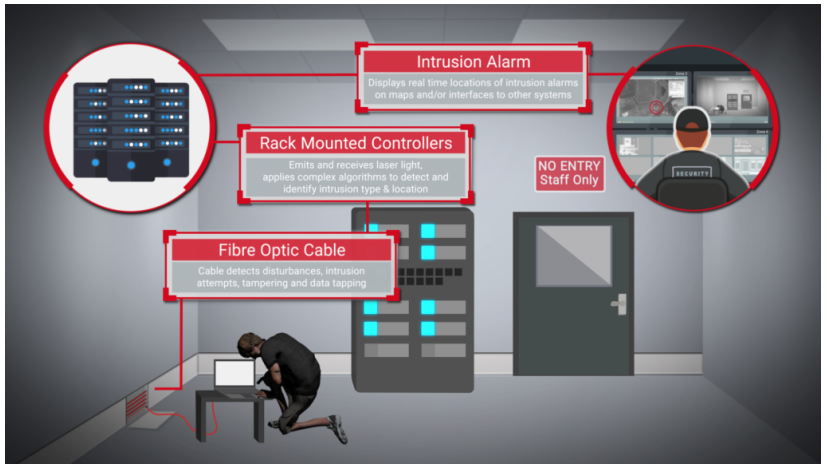
Ava's Future Fibre Technologies' data network security solution has been selected to protect one of the world's largest closed user group data networks for the exclusive use of more than one million military personnel:

- Formal PO issued to SFO delivering **US$11.9m (A$16.86m)** in licence fees to Ava over the next 14 months.
- There is expected to be additional revenue after the initial 3-year warranty period from a subsequent 7-year spares and maintenance contract, which has been estimated at **US$3.4m (A$4.8m)** after the warranty period.
- Under the contract terms, Ava will be paid on 120-day terms (ex-works) and benefit from a bank guarantee equivalent to 200 units of product (circa 20% of total production volumes).

Ministry of Defence,
Government of India



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India MoD Forecast Revenue/Cash Profile

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Ava is expecting to receive US$11.9m (A$16.86m) in revenue over the next 14 months. The below tables show the forecast revenue and cash profile of the Indian MoD contract (converted to AUD):

Month	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Sub Total
Revenue		$0.5M	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	**$8.7M**
Cashflow						$0.5M	$1.36M	$1.36M	**$3.2M**

Month	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Sub Total
Revenue	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	**$8.2M**
Cashflow	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	$1.36M	**$8.2M**

Month	Jul 20	Aug 20	Sep 20	Oct 20	Sub Total
Revenue					
Cashflow	$1.36M	$1.36M	$1.36M	$1.36M	**$5.4M**

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AURA IQ Update

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3 Fully Funded Collaborative Operational Pilots Underway

Pilot 1 – LATAM

- 1st Operational Pilot Program now underway with a large multinational corporation that helped fund the initial research into AURA IQ, which will run until November 2019.

Pilot 2 - Australia

- 2nd Operational Pilot Program started with a major Global Mining company in Australia.

Pilot 3 - Australia

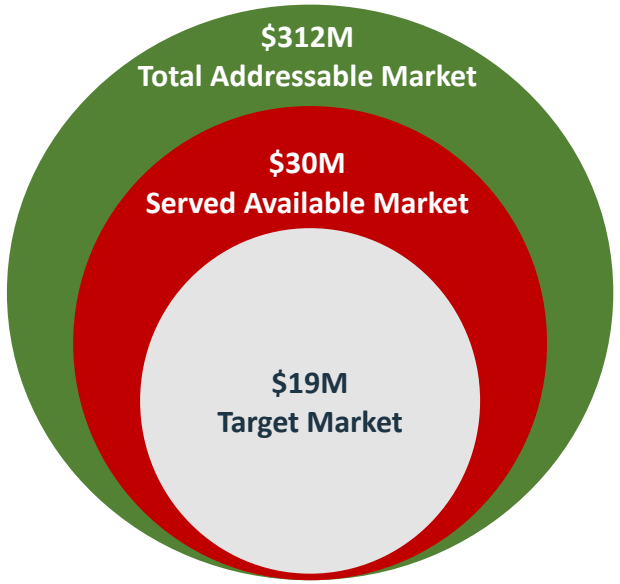
- 3rd Operational Pilot Program commenced with a major Port Operator in Australia.

Market Size Analysis (Mining Industry only)

- Currently 7,665 projects and operations across 5 core regions in over 100 countries

Cloud Platform IQ

Investment in our new Aura IQ Cloud platform will enable OPEX / SaaS model for future annuity income streams.



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Group-Wide Focus on Cost

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The business has restructured its management team to reduce overhead, right size our cost base, and manage our reduced working capital position.

Ava Group has achieved ongoing cost savings compared to 1H FY2019 of A$1.2M p.a.

This is in addition to the A$1M p.a. achieved following the acquisition of MaxSec Group last year.

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Services Division – Performance Update

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Strong YoY improvement and positive outlook

- Gross Margin is forecast to increase by 5% in 2H FY2019, relative to 1H FY2019, due to growing economies of scale, price increases and higher margin new business.
- The pipeline of potential new clients has increased, with annual addressable spend now >A$70.0M.
- Outlook for the remainder of 2H FY2019 is strong, with 3 further large wins in March across the currency and mining sectors in both Africa and South America that will contribute to Q4 performance.
- Corporate investment options for the business unit continue to progress with 4 interested parties.
- Total Services Division revenue forecast for FY2019 has reduced slightly to A$16.4M to A$17.1M.
- The Services Division is forecasting to be EBITDA positive in the current quarter.

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Technology Division – Performance Update

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Strong Performance Visibility & Innovation

- Gross Margins increased to 68% in 1H FY2019 from 65% in 1H FY2018 due to growing sales of the FFT Aura Ai product line.
- Strong backlog of Purchase Orders received, currently in excess of A$3.8M.
- Returns from investment in new Aura IQ product line for conveyor belt assurance monitoring on track, with first customer orders received, and installations scheduled in Q4 FY2019. This opens up a new $300M+ revenue addressable market opportunity for FFT's Aura platform.
- Excellent visibility into an improved Q4FY2019 and profitable FY2020.
- Total Technology Division revenue is forecast to be in excess of A$18M for FY2019.
- The Technology Division continues to forecast it will be EBITDA positive in Q4 FY2019 and is confident of significantly increasing its revenues and delivering strong profits in FY2020 and beyond.

Summary

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World Class Products

- Investment in Aura AI platform has generated material revenue to date with a strong order book and significant upside at attractive margins.
- Investment in Aura IQ platform forecast to provide significant return on investment within the next 12 to 24 months, with further upside from planned innovation, including a significant opportunity for recurring revenue.
- BQT's Orca locking technology won a major USA product award, and follow on orders have been received, in addition to the large scale multi-year supply agreement currently being negotiated.
- BQT's access control technology selected by another Australian Government Department. Roll out commenced in Q4FY2019. Further significant revenues for FY2020.

Strong, Profitable Revenue Growth

- Cost management program executed, on-going cost savings compared to 1H FY2019 of $1.2M p.a., in addition to the A$1M p.a. achieved following the acquisition of MaxSec Group last year.
- Technology Division order backlog A$3.8M.
- DHS (AU Govt) A$0.25M order received and backlog of A$1.55M due in FY2020
- India MOD revenue forecast increased by an additional A$1.1M, with A$16.8M due in FY2019 and FY2020 and a further A$4.7M during the 7 year support period.
- Focus on growing new after-market service and support contract annuity revenue streams
- Specified for several large program awards
- Services Division EBITDA positive with improving margins and increasing revenues

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