

# Proposed MaxSec Merger



**FUTURE FIBRE**  
TECHNOLOGIES



[www.fftsecurity.com](http://www.fftsecurity.com)

# Forward Looking Statements

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# Proposed MaxSec Merger Offer

- Off-market takeover bid (Offer) for all the shares FFT currently does not hold in MaxSec Group Limited (ASX: MSP) (MaxSec).
  - Announcement follows FFT strategic investment in MaxSec - securing a 13% stake (61,500,000 shares).
  - FFT's proposed Offer to MaxSec Shareholders is one (1) FFT Share for every four (4) MSP Shares.
  - MaxSec Board has indicated that it currently intends to recommend the Offer, in the absence of a superior proposal.
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- MaxSec Shareholders will continue to participate in the future of the merged group.
  - The merger seeks to take advantage of clear synergies between FFT's perimeter security solutions, global presence and MaxSec's access control (BQT) and international valuables logistics offering (AVA Global).
  - Other merger benefits include achieving economies in corporate, compliance and administrative costs.

# Support for MaxSec Strategy

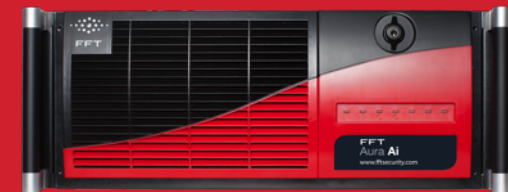
- FFT supports MaxSec's current growth strategy. The proposed merger will support, and is expected to accelerate, growth of BQT and AVA Global.
- MaxSec will benefit from enhanced revenue growth and cost savings through operational efficiencies and shared resources.
- BQT's growth strategy will be supported by a wider sales network, greater geographic reach and the ability to leverage existing FFT relationships to expand market share.
- AVA Global's growth strategy will be supported by a larger global reach, market capitalisation and asset base – offering access to customers with asset based compliance hurdles.

# Merger Benefits

	FFT	BQT	AVA
<b>Business</b>			
Wider sales network/geographic reach	✓✓	✓✓	✓
Ability to leverage existing relationships to expand into new markets	✓✓	✓✓	✓
Stronger and more strategic partnerships through broader security solutions offering	✓	✓	✓✓
Larger balance sheet	✓	✓	✓✓
Cost savings through operational efficiencies and shared resources	✓✓	✓✓	✓
<b>Shareholder</b>			
Low integration risk due to management understanding of business operations	✓✓	✓✓	✓✓
All scrip bid allowing MSP shareholders to participate in growth of merged group		✓✓	✓✓
Greater market capitalisation and shareholder spread increasing liquidity	✓✓	✓	✓

# FFT Outlook

- FY2018 guidance for sales revenues of between \$18 million and \$21 million.
- Q4 FY2017 was cash flow positive. FY2018 forecast to be both cash flow and EBITDA positive.
- Strong demand from key industry sectors for FFT's intrusion detection solution, with orders already received totaling \$5.9 million for FY2018 (as at 14 September 2017).
- Realignment of FFT's global sales team, with broader geographic coverage and improved sales management processes, delivering a growing and well-qualified pipeline of sales opportunities.



# About BQT Solutions

- 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.
- Offices in the United Kingdom, United States of America, United Arab Emirates, Australia, New Zealand and Singapore.








# About AVA Global

- AVA is a growing global provider of secure international logistics of high-risk valuables, precious metals and currency.
- 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.
- Global footprint with offices in New York, London, Frankfurt, Dubai & Singapore.
- Partner model: ability to provide service in 100+ countries.
- 150+ years management experience.
- Blue chip client base.





# Shared Security Market Opportunities

	Estimated Total Market Value	Current Estimated Addressable Market**
	Perimeter Security (sensors) US\$11bn (CAGR 13.6%)*	US\$1bn - \$2bn
	Access Control Systems US\$6.3bn (CAGR 12.2%)*	US\$0.6bn - \$1.5bn
	International Valuable Logistics US\$1.0bn - \$1.5bn	US\$0.6bn - \$0.75bn

\* Markets and Markets: Perimeter Security Market Global Forecast to 2020.

\*\* FFT Management assessment.

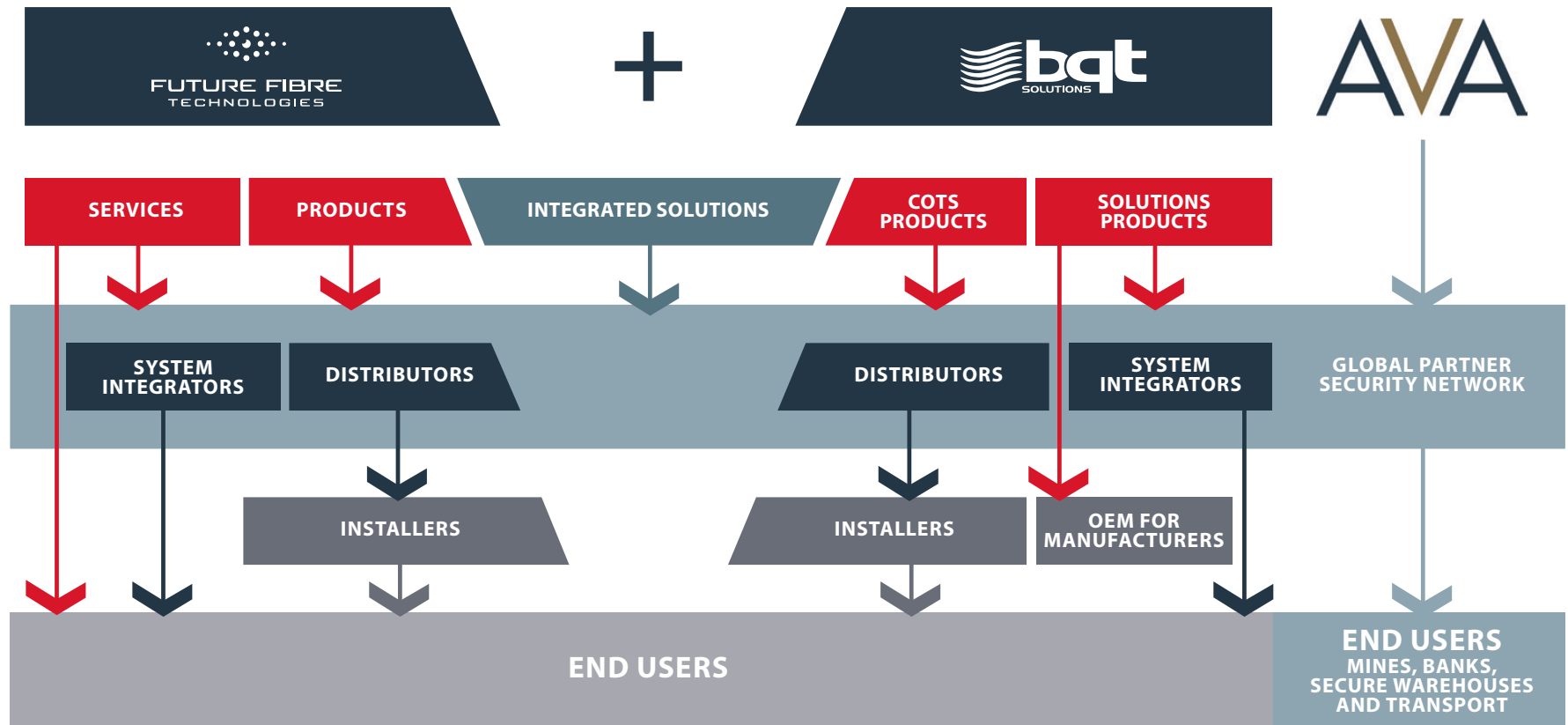
# Complimentary Vertical Markets

END USERS	FFT	BQT	AVA
Utilities	✓	✓	
Chemical, Oil & Gas	✓	✓	✓
Mining	✓	✓	✓
Military	✓	✓	
Government	✓	✓	✓
Transport	✓	✓	→
Commercial & Residential	✓	✓	→
Banking	✓	✓	✓
Correctional & Borders	✓	✓	

✓ Direct

→ Indirect

# Go To Market Synergies



- Common and complimentary System Integrator and Distributor Partnerships.
- Sales growth opportunities via AVA's global partner security network in 100+ countries.
- Creation of new integrated solutions for common vertical markets.

# Combined Global Footprint



- **FFT** – Melbourne, Brisbane, San Francisco, Los Angeles, Houston, Mexico City, Omaha, Minneapolis, Atlanta, Baltimore, Sao Paulo, London, Brussels, Warsaw, Istanbul, Johannesburg, Dubai, New Delhi, Singapore, Ho Chi Minh
- **BQT** – Sydney, Auckland, San Diego, London, Dubai, Singapore.
- **AVA** – Dubai, Singapore, New York, London, Frankfurt.

# Merged Group – Pro-forma Balance Sheet

	FFT 30 Jun 2017* A\$'000	MSP 30 Jun 2017* A\$'000	Adjustments# A\$'000	Pro-forma Consolidated 30 June 2017 A\$'000
<b>Assets</b>				
Cash and cash equivalents	6,945	1,587	-	8,532
Trade and other receivables	4,985	1,907	(542)	6,350
Inventories	4,206	1,102	-	5,308
Other current assets	320	90	-	410
Plant and equipment	1,012	97	-	1,109
Intangibles	2,758	2,335		5,093
Goodwill	-	-	11,359	11,359
<b>Total assets</b>	<b>20,226</b>	<b>7,118</b>	<b>10,817</b>	<b>38,161</b>
<b>Liabilities</b>				
Trade and other payables	2,220	2,070	(542)	3,748
Provisions	1,089	195	-	1,284
Current Borrowings	15	-	-	15
Non-current Provisions	36	40	-	76
<b>Total liabilities</b>	<b>3,360</b>	<b>2,305</b>	<b>(542)</b>	<b>5,123</b>
<b>Net Assets</b>	<b>16,866</b>	<b>4,813</b>	<b>11,359</b>	<b>33,038</b>
<b>Equity</b>				
Issued Capital	44,183	66,857	(50,950)	60,090
Reserves	625	23,951	(23,686)	890
Accumulated losses	(27,942)	(85,995)	85,995	(27,942)
<b>Total equity</b>	<b>16,866</b>	<b>4,813</b>	<b>11,359</b>	<b>33,038</b>

\* Based on the company's Appendix 4E preliminary financial Report for the year ended 30 June 2017.

# Adjustments include the following items and assumes FFT acquires 100% of MSP:

1. Elimination of intercompany debtors and creditors balances between FFT and MSP (As identified in FFT's Annual Report 2017).
2. Elimination of MSP Equity on consolidation.
3. Issue of new FFT Shares under the proposed offer (valued at market closing price on 18/9/17 \$0.155).
4. Issue of new FFT Options to MSP Option holders at the estimated fair value of MSP Options as determined by FFT using a Black-Scholes model taking into account the terms and conditions upon which the MSP options were granted.
5. Recognition of Goodwill on acquisition assuming the book value of MSP Assets and Liabilities approximates their fair value.

# Merged Group – Pro-forma Income Statement

Year ended 30 June 2017	FFT* A\$'000	MSP* A\$'000	Intercompany Elimination# A\$'000	Pro-forma Consolidated A\$'000
Sales Revenue	12,896	7,449	(1,316)	19,029
Other revenue	247	372	-	619
<b>Total Revenue</b>	<b>13,143</b>	<b>7,821</b>	<b>(1,316)</b>	<b>19,648</b>
Cost of goods sold	(6,030)	(4,663)	1,316	(9,377)
<b>Gross Profit</b>	<b>7,113</b>	<b>3,158</b>	<b>-</b>	<b>10,271</b>
Employee benefits expenses	(7,483)	(4,015)	-	(11,498)
Other operating expenses	(7,135)	(2,265)	-	(9,400)
<b>EBITDA</b>	<b>(7,505)</b>	<b>(3,979)</b>	<b>-</b>	<b>(11,484)</b>
Depreciation and amortisation	(826)	(330)	-	(1,156)
<b>EBIT</b>	<b>(8,331)</b>	<b>(3,452)</b>	<b>-</b>	<b>(11,783)</b>
Finance costs	(15)	(3)	-	(18)
Interest received	526	20	-	546
<b>Profit Before Tax</b>	<b>(7,820)</b>	<b>(3,435)</b>	<b>-</b>	<b>(11,255)</b>
Income tax	-	-	-	-
<b>Profit After Tax</b>	<b>(7,820)</b>	<b>(3,435)</b>	<b>-</b>	<b>(11,255)</b>

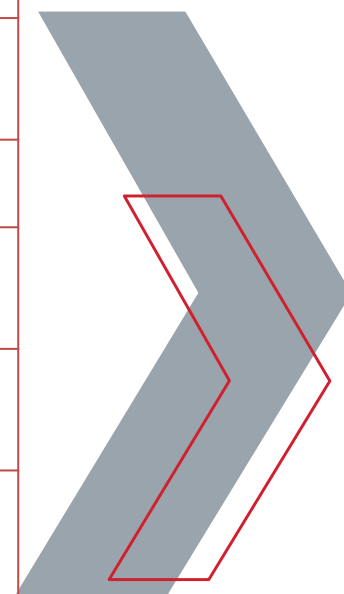
- FFT expense reductions, already implemented, will reduce FFT operating expenses by over \$3 million in FY2018 compared to FY2017.
- Anticipated additional cost synergies of the merged group is circa \$1million pa.

\* Based on company's Appendix 4E preliminary financial Report for the year ended 30 June 2017.

# Elimination of intercompany sales between FFT and MSP as identified in FFT's Annual Report 2017, and assumes FFT acquires 100% of MSP.

# Merged Group – Capital Structure

Number of FFT Shares on issue before Offer	124,028,440
Total number of FFT Options on issue immediately before the Offer	8,810,000
Total number of Shares to be issued to MaxSec Shareholders under the Offer	102,627,732
Total number of Options issued during the Offer	5,300,000
Total number of Shares on issue immediately after the Offer (non diluted) (assuming 100% acquisition)	226,656,172
Total number of Shares on issue immediately after the Offer (fully diluted) (assuming 100% acquisition)	240,766,172
Indicative market capitalisation (based on FFT Share Price of \$0.155* per share)	\$35.1m



\* FFT Share price at close of trading on 18 September 2017

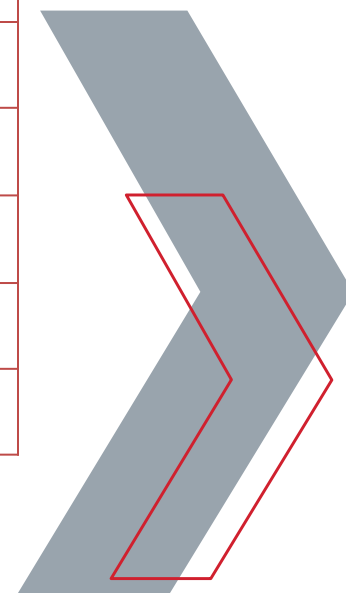


# Share Price Comparison (18/9/17)

VWAP*	FFT Share Price	MSP Share Price	MSP Offer Price <sup>#</sup>	Offer Price Premium to VWAP
12 month	0.1692	0.0282	0.0388	32.8%
6 month	0.1326	0.0291	0.0388	29.0%
3 month	0.1444	0.0308	0.0388	21.9%
1 month	0.1638	0.0323	0.0388	16.0%
Close Price	0.1550	0.0290	0.0388	38.9%

\* Volume Weighted Average Price

<sup>#</sup> Based on FFT and MSP Share prices at market close on 18/9/17 and an Offer price of 1 FFT share for 4 MSP shares.



# Next Steps

- MaxSec shareholders should read the Bidders Statement and Target Statement in their entirety and consider the Offer having regard to their own personal risk profile, investment strategy and tax position.
- It is expected that Bidder's Statements and Target's Statements will be provided to MaxSec Shareholders in early October.
- The Offer will open once the Bidder's and Target's Statements have been sent to MaxSec shareholders and is expected to close one month later.
- If a minimum of 90% of MaxSec Shareholders accept the Offer, FFT intends to compulsory acquire any remaining MaxSec Shares.
- The integration process will not commence until the Offer is finalised.



# Future Fibre Technologies Limited

ASX:FFT

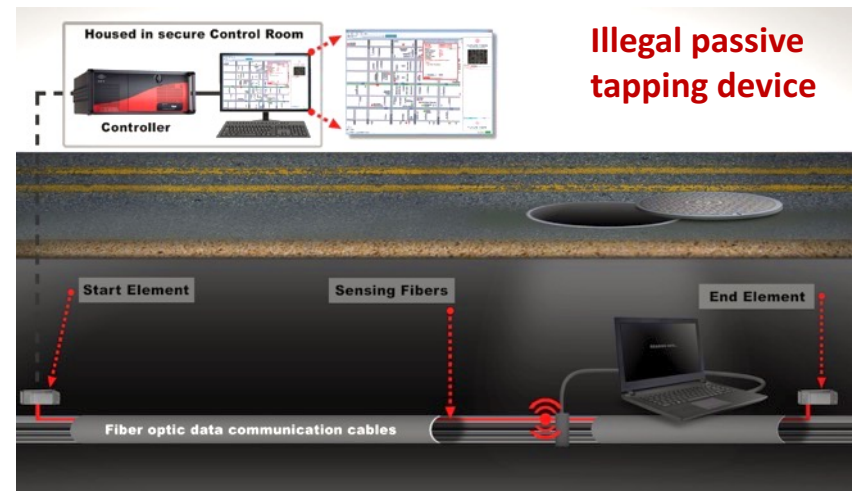
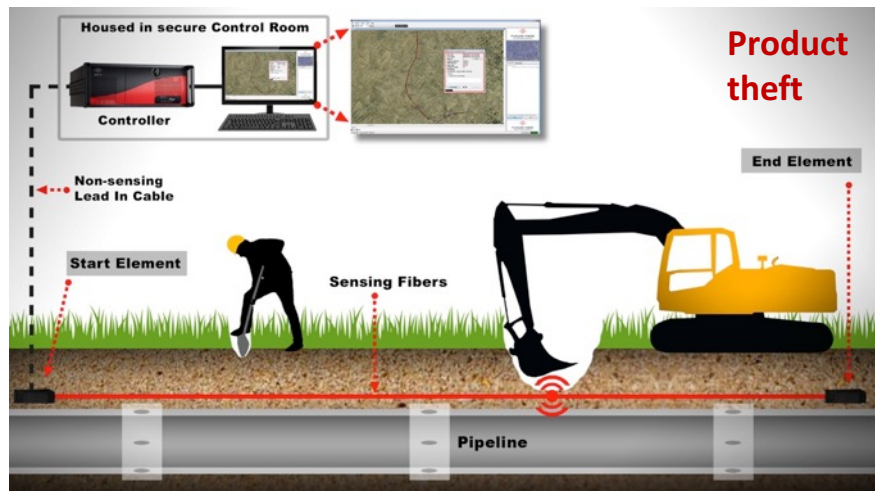
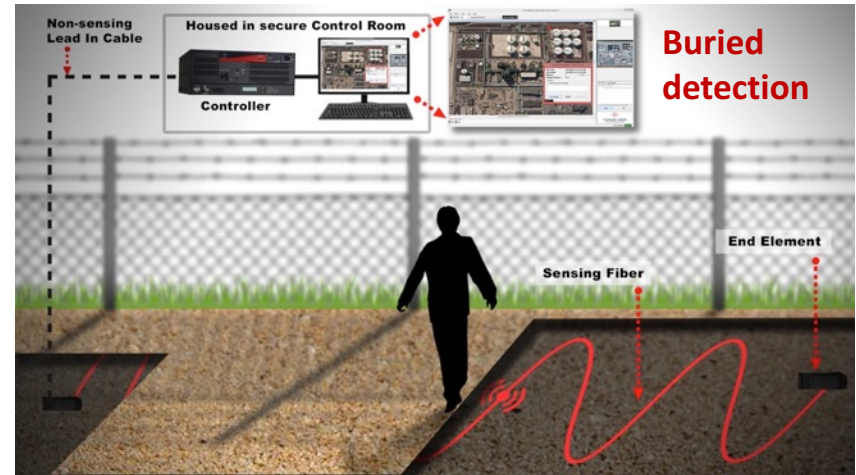
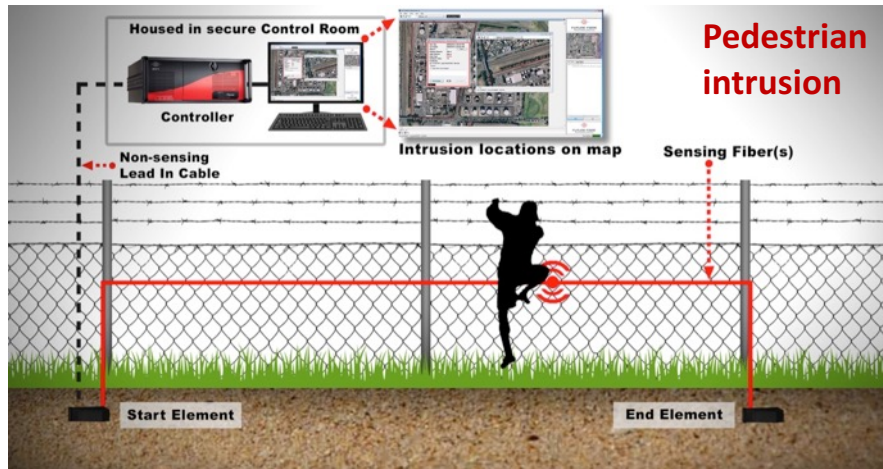


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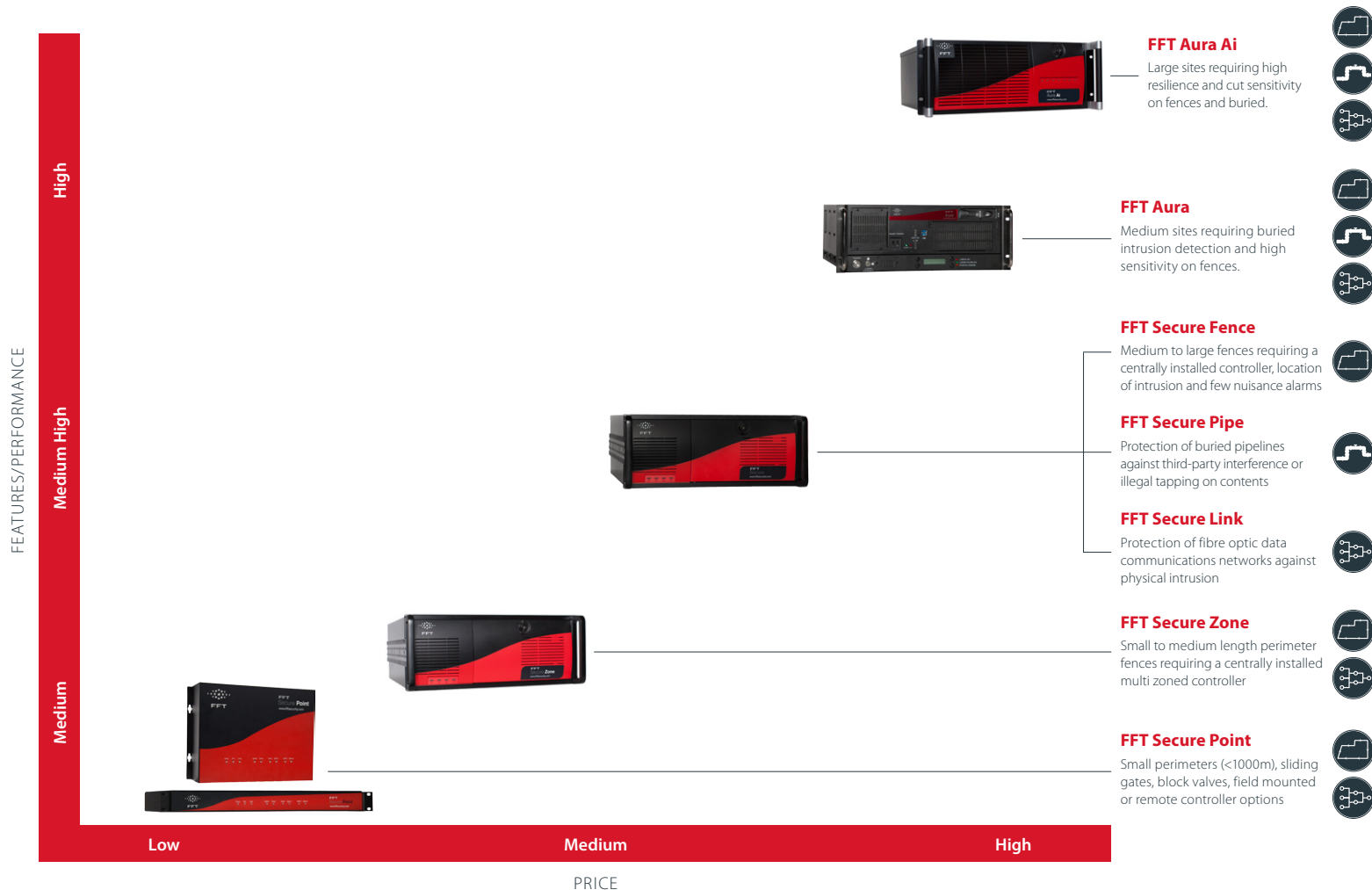
# About FFT

- 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 1,500 systems deployed in more than 60 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.

# Perimeter, Pipeline and Data Network



# Scalable Solutions for Small and Large Critical Infrastructure



PERIMETER



PIPELINE



DATA NETWORK



# Perimeter Security Market Dynamics

MARKET DRIVERS	Comments	FFT Capabilities
Increased threats to critical infrastructure		<ul style="list-style-type: none"> <li>- FFT solutions are cost effective on large perimeters and intrinsically safe for Oil &amp; Gas facilities and multiple fence types.</li> </ul>
Need to reduce manpower costs	Requires automated systems with no operator activity or seasonal adjustments.	<ul style="list-style-type: none"> <li>- No power in the field, only fibre optic cable that has a 20+ year lifespan.</li> <li>- Advanced Ai software automatically manages weather and seasonal changes.</li> </ul>
Increasing installations of video	Fence mounted Perimeter Intrusion Detections Systems (PIDS) provides an alarm to the point video and event driven data to the operator.	<ul style="list-style-type: none"> <li>- Locating technology provides precise geo-coordinates for verification and response through cameras, or other response devices such as drone or unmanned vehicles.</li> </ul>
Increasing government regulations	US Government regulations such as NERC and related CIP and Homeland Security ACT (HSA).	<ul style="list-style-type: none"> <li>- Fibre optic technology that addresses multiple critical infrastructure security needs including perimeters, pipeline and data.</li> </ul>
MARKET RESTRAINTS	Comments	FFT Capabilities
High Deployment costs	A concern for larger sites due to power and communication costs of deployment, and associated maintenance.	<ul style="list-style-type: none"> <li>- Simple cable deployment only, no power or communication required on the perimeter.</li> <li>- 20+ year life of sensing cable, immune to lightning or electromagnetic interference.</li> <li>- Lowest total cost of ownership.</li> </ul>
Lack of technical expertise and security skills	Many systems have complex installation, commissioning and maintenance procedures with factory training.	<ul style="list-style-type: none"> <li>- Plug and Play set up for simple systems.</li> <li>- Advanced Ai for more sophisticated solutions with easy to use software guides.</li> </ul>

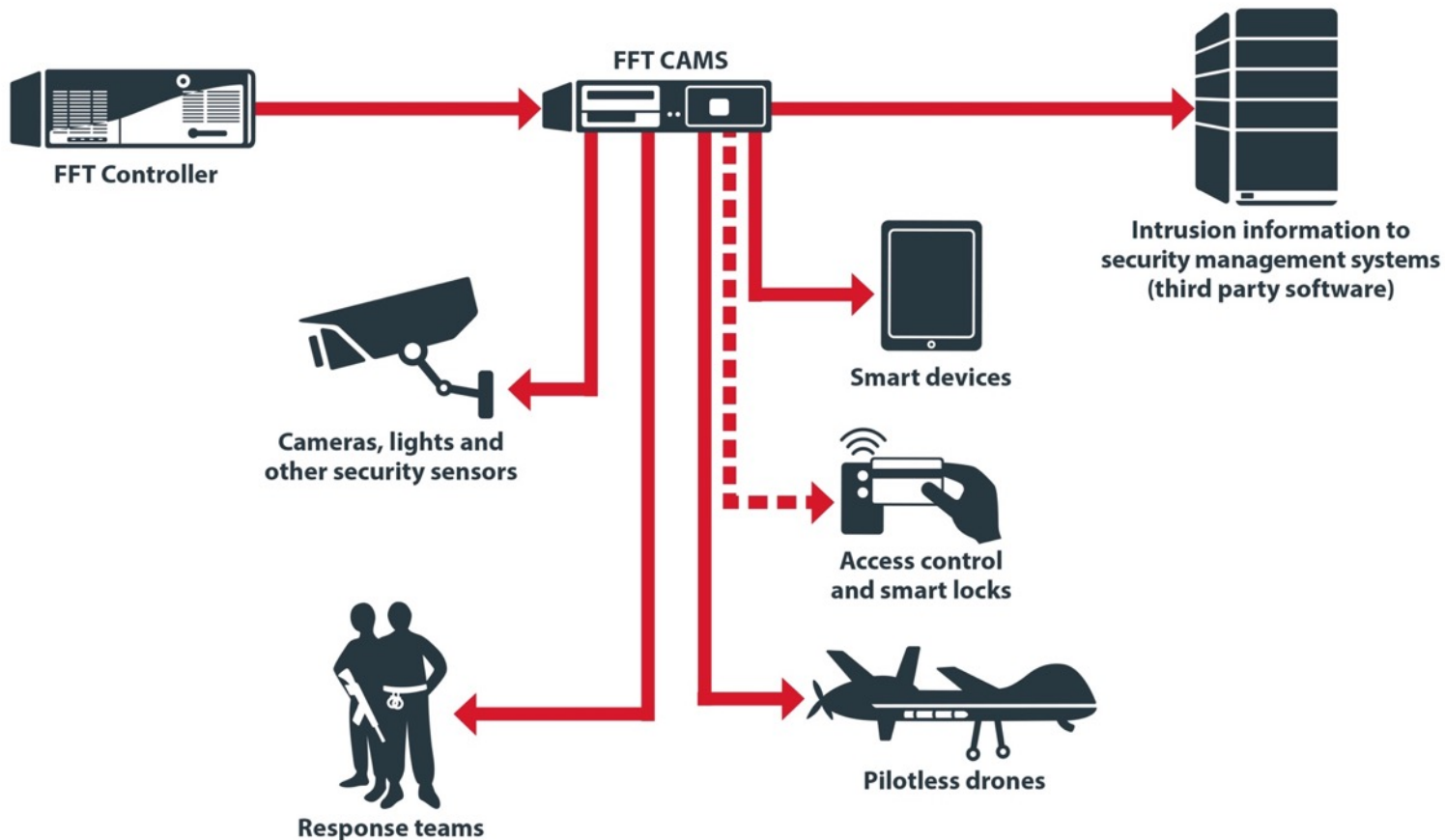


# Perimeter Security Market Dynamics

MARKET OPPORTUNITIES	Comments	FFT Capabilities
Evolution of next-generation integrated systems	Growing threat of more advanced intrusion techniques from highly motivated and skilled intruders requires high sensitivity integration with multi-sensor systems.	- FFT Central Alarm Monitoring Software (CAMS) has high level integrations with over 60 Physical Security Information Management (PSIM) systems.
MARKET CHALLENGES	Comments	FFT Capabilities
Ensuring high detection probabilities with low false alarms rates	High rates of false or nuisance alarms will result in real alarms being missed or ignored – <i>the security industry's biggest challenge for outdoor sensors.</i>	- FFT's Fibre Optic Sensing Software (FOSS) has evolved, with patented techniques and Ai, to be the most effective solution for reduction of nuisance alarms. Proven globally with sites in extreme conditions such as Alaska to Saudi Arabia.
Integrating existing systems with new technologies	Sophisticated multi-sensor and video security layers require efficient and effective high level integration.	- FFT CAMS provides powerful and effective integration into multi sensor applications.

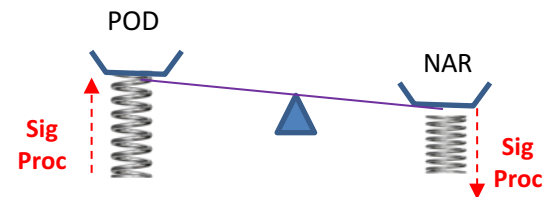
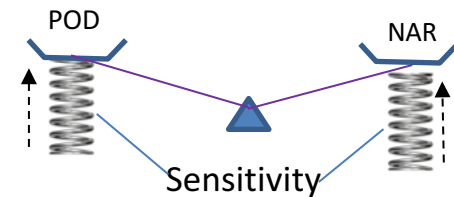
# CAMS High Level Integrations

FFT Central Alarm Monitoring Software (CAMS) interfaces FFT controllers to third party sensors and software.



# The Nuisance Alarm Challenge

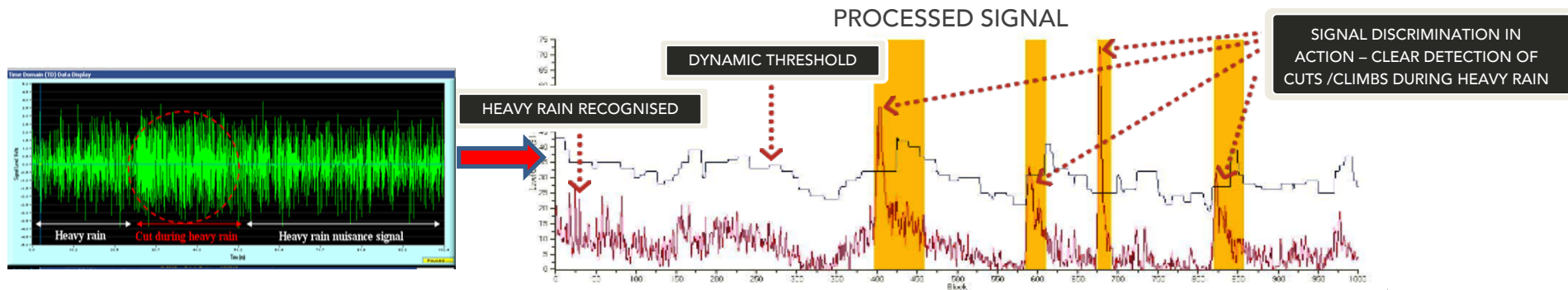
- The biggest challenge in the security industry for outdoor sensors is the ability to detect intrusions reliably while ignoring nuisances such as rain, wind, traffic and other noise sources.\* If not, the system will be 'defeated' when the operator receives too many nuisance alarms and loses confidence, and ignores alarms triggered by external or intruder actions.
- The Probability Of Detection (POD) of an intrusion is directly related to the sensor's sensitivity.
  - High PODs need high sensitivities
  - High sensitivities also increase Nuisance Alarm Rates (NAR).
- To tip the balance in favour of high POD with low NAR, intelligent signal processing is required.



\* Markets and Markets: Perimeter Security Market Global Forecast to 2020.

# FFT's Signal Discrimination Advantage

- FFT leverages its real world experience to develop and use proprietary and patented technology to deliver high sensitivity to intrusions without the penalty of nuisance alarms experienced by most sensitive intrusion detection solutions.
- Artificial intelligence capabilities process the signals, identifying and reducing nuisance alarms due to environmental noise such as rain, wind, aircraft, traffic etc. while simultaneously maintaining the same high levels of sensitivity.
- Advanced signal analysis with event recognition and discrimination clearly identifies what is a 'real' event and what is a nuisance event allowing suppression of nuisance alarms which is the industries biggest challenge.



# Evolving FFT Markets

## Pipeline

- The pipeline safety market size is expected to grow from US\$5.57 billion in 2016 to US\$8.67 Billion by 2021, at a CAGR of 9.3% during the forecast period.\*

## Data Network

- Worldwide spending on Information Security products and services will reach \$86.4 billion in 2017, an increase of 7 percent over 2016, with spending expected to grow to \$93 billion in 2018.\*\*

\*Markets and Markets: Pipeline Safety Market – Global Forecast to 2021.

\*\*Gartner, Inc. Forecast Analysis: Information Security, Worldwide, 1Q17 Update.



# Sample FFT Customers

- System Integrators and Distributors

Alcatel•Lucent 

**Chubb**  
United Technologies

 **M.C. DEAN**<sup>™</sup>  
BUILDING INTELLIGENCE

**Honeywell**

**WESCO**<sup>®</sup>

**SIEMENS**

Johnson  
Controls 

**ANIXTER**

**THALES**

**ABB**

**tyco**  
*Integrated Security*

**B B B** **BETAFENCE**

# Sample FFT Customers – End Users



Mercedes-Benz





# FFT Board and Management

<b>Terry Winters</b> Chairman	Company director and chairman of multiple public and private companies. FFT Director since 2004.
<b>Mark Stevens</b> Non-Executive Director	Experienced senior manager with multi-national corporations in the telecommunications and information technology sector.
<b>Christopher Fergus</b> Non-Executive Director	Over 20 years' experience in logistics and the broader Security & FM sectors including G4S. CEO of AVA Global and Executive Director of MaxSec Limited.
<b>Rob Broomfield (CEO)</b> Executive Director	Business executive with more than 20 years management experience in security companies. Chairman of MaxSec Limited.
<b>Dr. Fred Davis (COO)</b> Executive Director	Leader and manager of technology innovation businesses having worked in senior management positions for the last 20 years.
<b>Leigh Davis</b> Chief Financial Officer	CPA with more than 20 years' finance and accounting experience across a range of industries.
<b>Mark Horton</b> Global Sales & Marketing Director	30 years experience in electronic security sector. Former G4S Regional Sales Director for the Middle East.

# FFT Shareholders

124,028,440 fully paid ordinary shares on issue as at 19 September 2017.  
8,810,000 options on issue at an average exercise price of \$0.51.

Rank	Name of Shareholder	No. Shares	% issued capital
1	RSA Associates Limited	27,000,000	21.8%
2	Pierce Group Asia Pte Limited	19,229,940	15.5%
3	Plexis Holdings Limited	12,978,420	10.5%
4	Seafirst Australia Pty Ltd; Seafirst Nominees Pty Ltd	12,151,580	9.8%
<b>TOTAL SUBSTANTIAL SHAREHOLDERS HOLDING</b>		<b>71,359,940</b>	<b>57.6%</b>