Market Eye
TMT Investment Conference

7 November 2018

Rob Goss – Chief Financial Officer

Audinate : bringing the IT revolution to the AV industry

Dante technology distributes audio signals across computer networks

Audinate is the leading supplier of digital audio networking for the Professional AV industry

Melbourne Convention Centre
Melbourne, Australia

The Dante platform is used in thousands of installations globally

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Our competitive advantages

Comprehensive toolbox for manufacturers and users

Selected products

Chips

Cards

Modules

Software

Rapid product development

Commercially supported, turnkey solution for OEMs, with unsurpassed networking expertise

Plug and play

Auto discovery with one-click routing and stored network configuration

Simplified connection management

Simple, logical user interface, easy to scale, real-time network monitoring

Interoperability

Interoperability between all Dante-enabled devices regardless of manufacturer
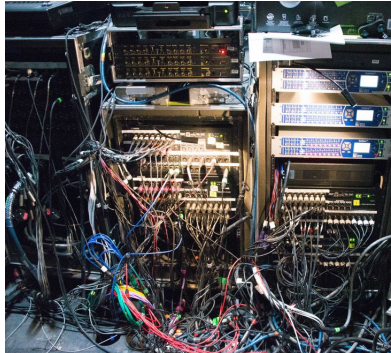
Product ecosystem

Large number of available Dante-enabled devices, interoperability, and support services

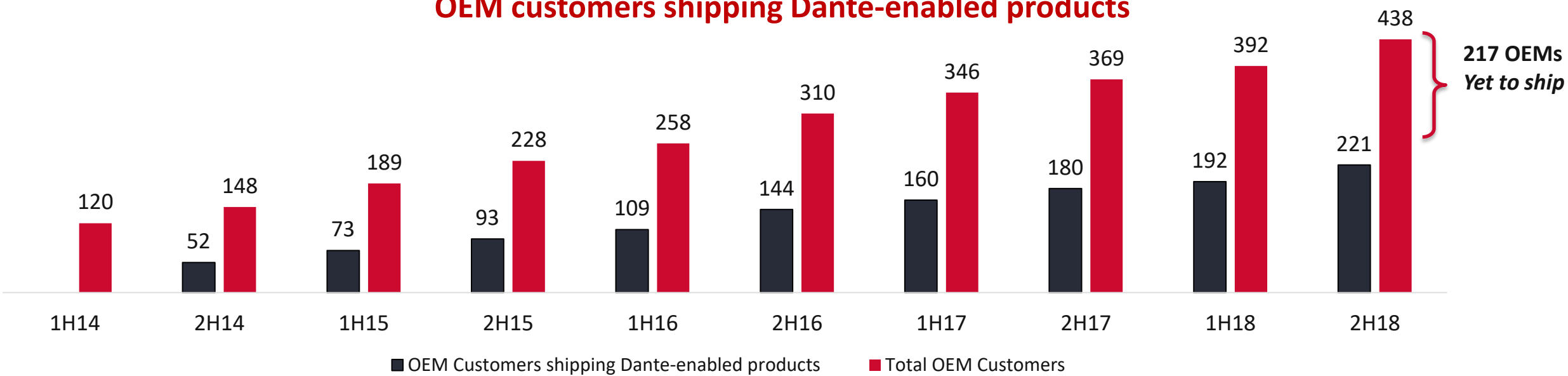**Analogue signal distribution**

Dante signal distribution

Audinate 101

Audinate products	Customers (OEM Brands)	OEM Products
Chips Modules Cards Software	YAMAHA BOSE SHURE BOSCH Solid State Logic SOUND || VISION SENNHEISER SONY Symetrix Roland Focusrite LAWO HARMAN CRESTRON	

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Increasing OEM customer adoption: pipeline for growth

OEM customers shipping Dante-enabled products

217 OEMs *Yet to ship*

Period	OEM Customers shipping Dante-enabled products	Total OEM Customers
1H14		120
2H14	52	148
1H15	73	189
2H15	93	228
1H16	109	258
2H16	144	310
1H17	160	346
2H17	180	369
1H18	192	392
2H18	221	438

■ OEM Customers shipping Dante-enabled products ■ Total OEM Customers

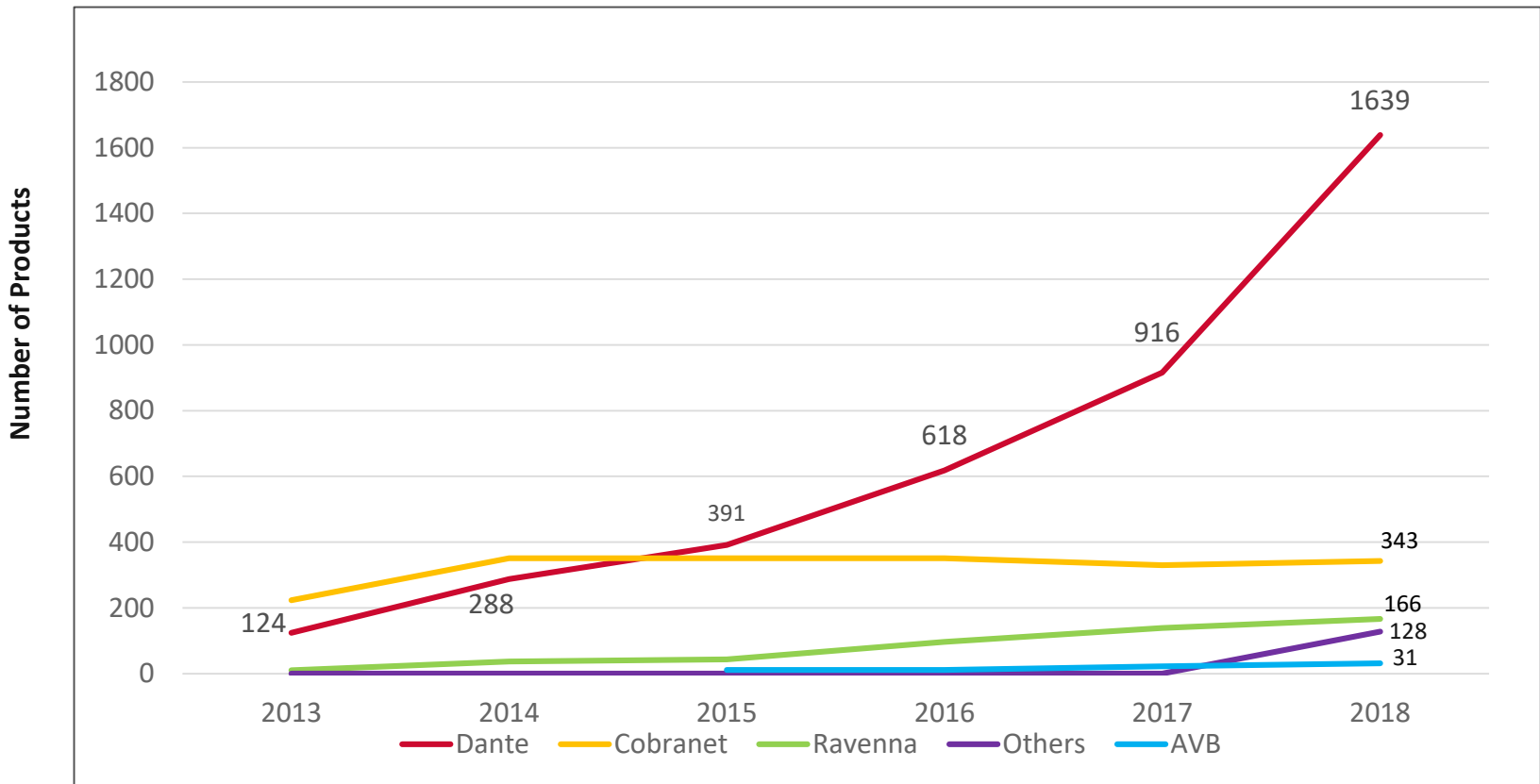|		
Audinate has grown to 438 OEM customers at end of FY18	221 OEM customers have announced products in the market	Built in revenue growth as new OEM customers bring products to market

Note: per financial year

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Competitive landscape – Networked Audio Products

Total products per protocol[1]

Audinate is the clear global market leader compared to competing audio networking solution providers.

Dante has nearly five times the adoption of its closest competitor

Chart: Number of Products (Y-axis) vs Year (2013–2018, X-axis)

Dante: 124 (2013), 288 (2014), 391 (2015), 618 (2016), 916 (2017), 1639 (2018)
Cobranet: 343 (2018)
Ravenna: 166 (2018)
Others: 128 (2018)
AVB: 31 (2018)

Legend: Dante, Cobranet, Ravenna, Others, AVB

1) RH Consulting, Networked Audio Products 2018 and Audinate company data

Core business growth strategy

Increase market awareness of Dante products

Educate end users, system designers and integrators so that they install more Dante products in their AV systems – driving growth in chips/modules sales

Increase penetration of Dante throughout each OEM brand's product portfolio

Encourage existing OEM customers to Dante-enable more of their product range – some manufacturers make many hundreds of products

Increase the number of OEMs adopting Dante

Continue to sign new OEM partner brands and help them to get Dante enabled products to market

Growth Drivers

Robust core audio networking business

- Strong historic growth in revenue and units shipped
- 1639 products shipping from 221 manufacturers, and growing
- Strong pipeline of 217 manufacturers yet to ship first product (see slide 5)
- Plenty of runway for growth – management estimate digital conversion is **7%**

New products to more than *double* addressable market to AUD $1bn

- Dante AVIO Adapters – connect legacy equipment to Dante
- Dante System Management software
- Video Solution
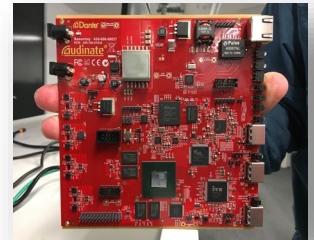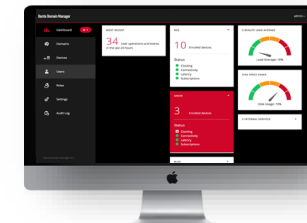
Dante AVIO Adaptors – Network Everything

|		
Dante for "brown-field" installations	Introduced 6 new Dante AVIO products	"Problem solver" for System Integrators
Shipped Q4	Online retail & country distributors	Pull through Dante products

- Rationale
  - Add Dante to *brown-field AV installations* (mostly analogue)
  - Add Dante to *existing audio products* (analogue, USB and AES3)
  - Pull through Dante products and software
- Established a global distribution channel of online retailers and country distributors
  - 50 resellers and growing
  - Strong initial demand with sales performance exceeding FY18 expectations
- Marketing campaign to be rolled out in FY19

★ 2018 ★
BEST of
SHOW
prosound news

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Dante Domain Manager – System Management Software
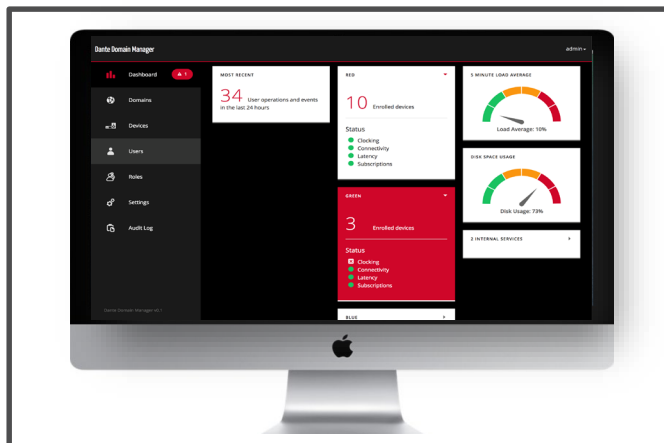
Secure Control	Scale beyond a LAN	Logging & Auditing
Shipped Q3	Sales Channel Established (System Integrators)	Sold to Installed Base

- Commercial launch Feb 2018 at Integrated Systems Europe (ISE) tradeshow
  - Approaching 100 resellers (System Integrators) signed to date
- DDM depends upon new Dante firmware features
  - Top 25 manufacturers by volume are rolling out firmware (existing and new products)
- Offered in Silver, Gold and Platinum Editions
  - Majority of DDM installs are Platinum and Gold Edition
  - Management software *more than doubles* the revenue opportunity associated with the core business

Install awards 2018 WINNER

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Dante Video: Distribute video signals across an IT network

| Common management for audio and video	Lower installation and cabling costs	Independent routing of Audio and Video signals
Prototype Demonstrated June 2018	Displaces expensive matrix switches	Integration with Dante Domain Manager

- Dante AV – audio *and video* signal distribution
  - E.g. HDMI video across an IP network
  - Same familiar Dante management tools for audio and video
- Audinate Video Prototype shown at Infocomm tradeshow June, 2018
- Solution targeted for OEMs (step/repeat audio business model)
- Expected product launch to OEMS targeted end of FY19

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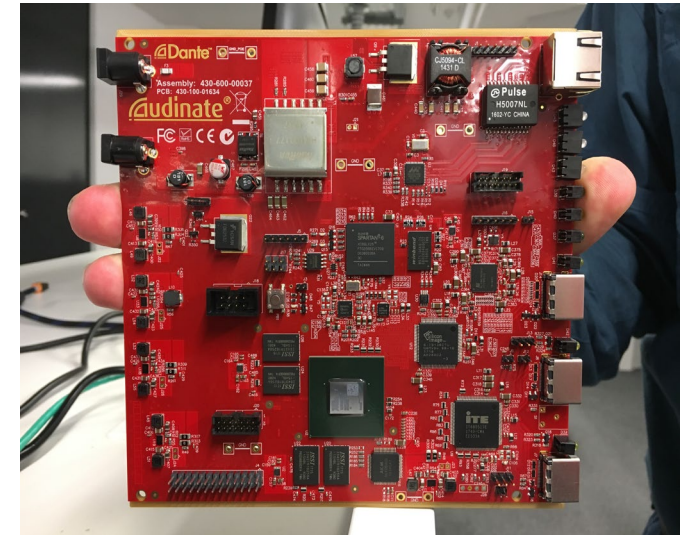
First quarter FY19 update

- Record first quarter result for cash collections

- Strong growth in core business + good initial uptake of adapters

- Customers billed in USD = favourable impact on collections

- Sales demand & pipeline necessitated ↑ inventory spend

- Positive operating cashflow $0.1m (pcp[1] -$0.6m)

- Total cash flow negative $0.8m (pcp[1] -$1.5m)

Result positions Audinate well for another year of good consistent growth in FY19

Cash collections since IPO A$m

4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
4.4	4.5	4.8	4.5	5.9	6.8

[1]pcp adjusted to exclude IPO impacts

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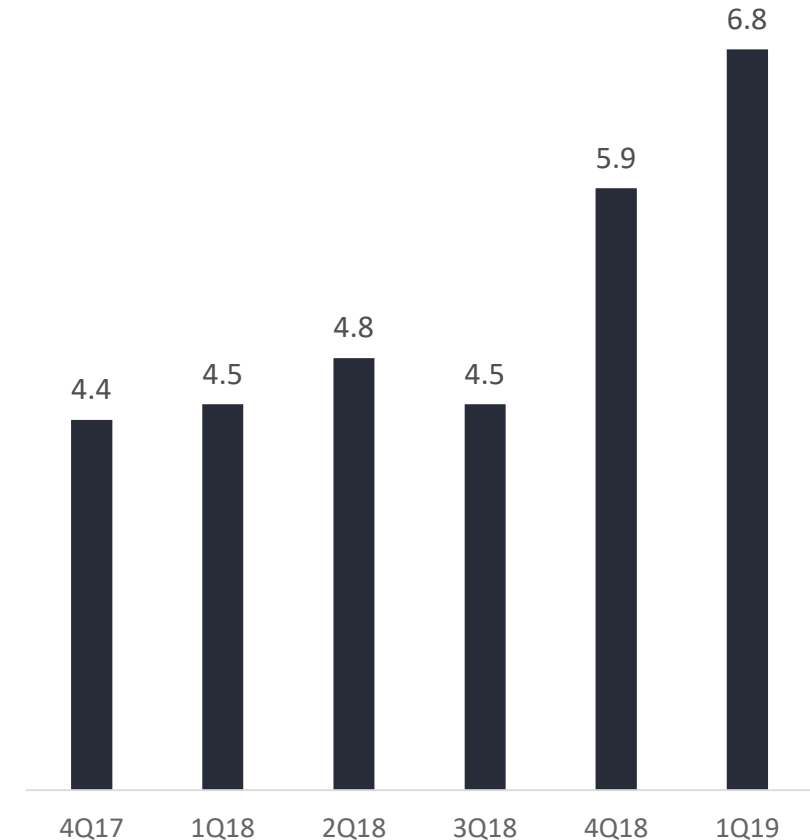
Key Priorities to drive ongoing growth in FY19

- Geographically expand of sales and support teams

- Broaden our suite of core Dante products to accelerate penetration within OEMs

- Invest in the development of our Dante video solution by end of FY19

- Continue the roll-out of Dante Domain Manager and Dante AVIO adapters

- **Audinate will continue to invest in growth initiatives to drive future revenue**
  - Reliable ongoing execution of the Group's strategy
  - Revenue growth in a range consistent with historical performance
  - Further investment in R&D and expanding the sales footprint

Questions

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