

# 1HFY17 Financial Results

Half year ended 31 December 2016



**FUTURE FIBRE**  
TECHNOLOGIES

# Forward Looking Statements

**This presentation is given on behalf of Future Fibre Technologies Limited (FFT).**

Information in this presentation is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in FFT. Certain statements in this document regarding the Company's financial position, business strategy and objectives may contain forward-looking statements (rather than being based on historical of current facts).

Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that the underlying assumptions will prove to be valid.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not assume any obligation to release any updates or revisions to the information (including any forward looking statements) in this presentation to reflect any change to expectations or assumptions, and disclaim all responsibility and liability for any loss arising from reliance on this presentation or its content.

# Highlights

## **Release of next generation technology**

- FFT announced the commercial release of Aura Ai-2 – a new product platform featuring extended detection range, enhanced intrusion location accuracy, and cut resilient capabilities.

## **New distribution agreement for Secure Point Platform**

- FFT signed an agreement with leading South American based distributor Minipa - delivering immediate access to an extensive distribution network and sectors including Utilities, Transport and Oil & Gas.

## **Continued demand for FFT intrusion detection solutions**

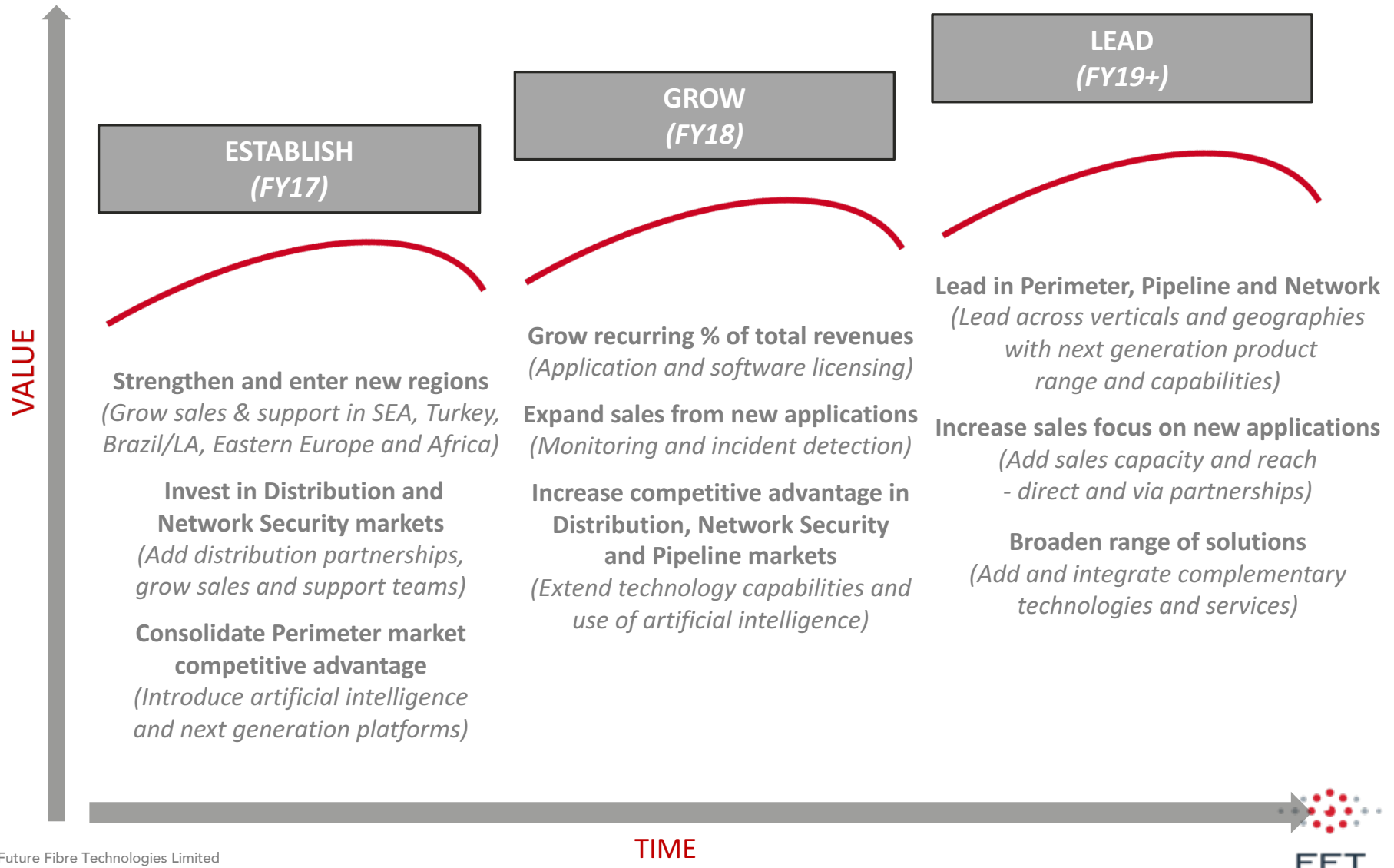
- Oil & Gas perimeter security contract in Eastern Europe valued at A\$560K.
- Million dollar perimeter security contract for Middle East Airport.
- Secure Fence order valued at approximately A\$460K to protect government facility in Europe.
- A\$1.4M order for FFT Aura to protect Middle East Power Plant perimeter and data network.
- Perimeter security contracts across the Middle East with a total value of A\$962K.
- Perimeter security contract for rail extension project SE Asia and orders for Secure Point controllers to protect 16 US solar plants. Total value of approximately A\$900K.

# Strategy and Growth





# FFT Strategy | Growth Horizons



# Growth Horizons Scorecard

FY17 Goals	Progress
<p><b>Strengthen and enter new regions</b></p> <p><i>(Grow sales &amp; support in SEA, Turkey, Brazil/LA, Eastern Europe and Africa)</i></p>	<p>✓</p> <ul style="list-style-type: none"> <li>• New Global Sale Director has added sales appointments in Middle East, Eastern Europe, and the America's.</li> <li>• Continue to invest in global sales and support capability and capacity in 2HFY17.</li> </ul>
<p><b>Invest in Distribution and Network Security markets</b></p> <p><i>(Add distribution partnerships, grow sales and support teams)</i></p>	<p>✓</p> <ul style="list-style-type: none"> <li>• Agreement signed with leading South American based distributor Minipa.</li> <li>• Continue to pursue agreements with distribution partners in the US and other key territories.</li> <li>• Added a senior (Military and Commercial) industry IT specialist to the Network Security program</li> </ul>
<p><b>Consolidate Perimeter market competitive advantage</b></p> <p><i>(Introduce artificial intelligence and next generation platforms)</i></p>	<p>✓</p> <ul style="list-style-type: none"> <li>• Ongoing investment in development of innovative IP (Fence and Buried).</li> <li>• Next generation product platform Aura Ai-2 released.</li> <li>• Advanced buried solution for border and adjacent applications outperforming competitors in recent overseas trials.</li> </ul>

# FFT's investment in R&D yields new **Aura Ai** platform

In January 2017, FFT announced the commercial release of **Aura Ai-2** – a new 2 channel product platform featuring extended detection range, enhanced intrusion location accuracy, and cut resilient capabilities. Aura Ai-2:

- Positions the company to drive revenue growth
- Supports FFT's expansion into new markets
- Delivers improved product margins and provides manufacturing scale benefits
- Employs data driven artificial intelligence to enhance intrusion detection capabilities
- Delivers strong competitive advantages with unrivalled high-sensitivity detection and an increased range of up to 60km per controller for fence applications, and further for buried applications
- Successful trials completed at a number of overseas facilities - resulting in first orders
- Aura Ai-2 will be showcased at ISC West in Las Vegas in April 2017.

# Continued R&D Investment

---

- Circa \$2.3M investment to enhance FFT solutions to grow market position.
- Focus on the development of innovative intellectual property to further strengthen solution capabilities in both Perimeter and Buried applications.
- Patent pending for covert buried cable solution for heightened detection of pedestrians/walking intruders in a wide range of soil types.
- Competitive testing of FFT's advanced buried solution for border applications has resulted in FFT consistently outperforming competitors.
- Progressing the continued interest in FFT solutions for adjacent market applications – mining/traffic.



# Financial Performance





# Overview

- Revenue \$6.4M.
- EBITDA loss \$3.0M.
- Net loss after tax of \$3.0M.
- 124.0M shares on issue.
- Net assets of \$21.1M.
- Net cash position of \$9.8M at 31 December 2016, with no external debt or borrowings.
- Strong sales funnel of opportunities.



# Financial Performance

AUD\$M	1HFY16	2HFY16	1HFY17	2HFY17 Forecast
Total Revenue	9.1	6.4	6.4	11.8 - 16.8
Gross Margin (% of Sales Revenue)	56%	69%	58%	53% - 62%
Operating Expenses	5.6	9.1	6.6	6.6 – 8.0
EBITDA	(0.7)	(4.8)	(3.0)	0.1– 0.3
EBIT	(1.0)	(5.2)	(3.3)	(0.6) – (0.4)
Profit / (loss) after tax	(0.8)	(5.0)	(3.0)	0.0 – 0.2
Cash receipts from customers	6.3	5.8	7.1	8.0 – 12.0
Gross Profit	4.8	4.2	3.5	7.3 – 8.9

# Balance Sheet

AUD\$M	31 Dec 2016	30 Jun 2016
Cash and cash equivalents	9.8	12.1
Other assets	15.1	16.0
<b>Total assets</b>	<b>24.9</b>	<b>28.1</b>
Borrowings	-	-
Other liabilities	3.7	3.9
<b>Total liabilities</b>	<b>3.7</b>	<b>3.9</b>
<b>Total equity</b>	<b>20.1</b>	<b>24.2</b>

- No external debt or borrowings.
- Cash balance of \$9.8M at 31 Dec 2016 (\$12.2M at 30 June 2015).
- Fully funded growth strategy for future periods.
- \$3.3M of inventory to meet current and future orders.

# Guidance and Outlook

- Forecasting revenues of between \$18M to \$23M for FY17.
- Increase over FY16 full year revenues of \$15.5M.
- \$3M of forecast revenues recently received and will be booked on shipment.
- Further FY17 revenues of approx \$11M expected to be generated from customers in advanced stages of business development/procurement cycle.
- Total expenses (incl. COGS) for FY17 expected to range from \$24M to \$26M.
- FFT expects small improvement in net income for FY17 compared with FY16.
- As at 31 December 2016, FFT had \$9.8M cash at bank, no debt.







# FUTURE FIBRE TECHNOLOGIES

