

16 November 2017

The Manager, Listings
ASX Limited
Company Announcements Office
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2017 Annual General Meeting – Chairman's Address and CEO Presentation

We attach a copy of the Chairman's address and the CEO's presentation to be delivered to shareholders at the Senetas Corporation Limited Annual General Meeting to be held at The Royce Hotel, 379 St Kilda Road, Melbourne on Thursday, 16 November 2017 at 10:30 am (Melbourne time).

Yours sincerely



Brendan Case
Company Secretary



Chairman's Address

It is now 10.30am, this is a properly constituted meeting and a quorum is present. I therefore declare the Annual General Meeting of Senetas Corporation Ltd open.

I would like to welcome you today and thank you for your interest demonstrated by your attendance today.

Let me first make some introductions and thank those responsible for your company's achievements. An enterprise's success is only a reflection of the combination of good leadership and governance, the endeavours of those who innovate and make the products we take to market, those who develop the material to present the product to market and ultimately those that sell the product. In Senetas' case I would like to thank our CEO Andrew Wilson for his leadership and he and his team's efforts for the past 12 months. I also thank our engineers for their continued innovation and product development, our marketers for developing the material to best present our products and finally our business development team and global partner Gemalto and its team for their efforts.

I would also like to introduce and thank our directors for their efforts over the past 12 months. Ken Gillespie, Dave Hansen and Lachie Given. And finally I thank our company secretary Brendan Case for his guidance over the past 12 months.

You will shortly observe from Andrew Wilson's presentation that Senetas has significantly broadened its product offering. Senetas is a company in transition. We are moving from being a single product company to being a multi product company. This has been driven in part by the market itself but also as a result of some very innovative engineering from our engineering team. This is a very exciting time for the company. It opens up multiple new distribution channels for some of our new products and it substantially widens the addressable market for our existing hardware products. Over the next 12 months we will be able to address multiple communication protocols for both the virtual (software based) encryptor and our hardware encryptors. This will give



our customers who have both layer 2 and layer 3 networks the ability to use our devices interoperably between both networks. We have also been working closely with an optical networking company to imbed our technology into its product offering. And we are looking to receive revenues in 2018 from our custom algorithm product.

All this has been brought about by a substantial investment in continuing Research and Development and some very innovative engineering from our team lead by John Weston.

Whilst it is too early to quantify the revenue gains from the new products we are introducing to the market, I can say that we believe that they will be substantial.

Finally, I point out that the timing for this development could not have been better. Australia's new federal data breach notification laws come into effect in February 2018. Businesses will be required to report cyber incidents in a very public way. And next May all businesses doing business in the European Union will see their data privacy requirements being tightened significantly. And the new rules will apply to both businesses based in the European Union and businesses based elsewhere but dealing with European Union businesses.

The combined effect of these laws will be to move cybersecurity from the backroom IT department to a board agenda item. This will make board members accountable if data is hacked, stolen AND **was not encrypted**. "Why wasn't it encrypted?" will be asked more and more.

Not to ensure that data is encrypted, is, in my view negligence and a breach of a director's duty to the company and shareholders he or she serves. It is only a matter of time before a court makes such a ruling. My message is simple and clear. To all directors and executive management of companies that hold sensitive private information. Ensure that your data is encrypted with high assurance encryption products or risk the wrath of your stakeholders.

Thank you for supporting Senetas.



SENETAS CORPORATION LIMITED

AGM – 16 NOVEMBER 2017

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2017 AGM – CEO Presentation

Andrew Wilson

Key Financials

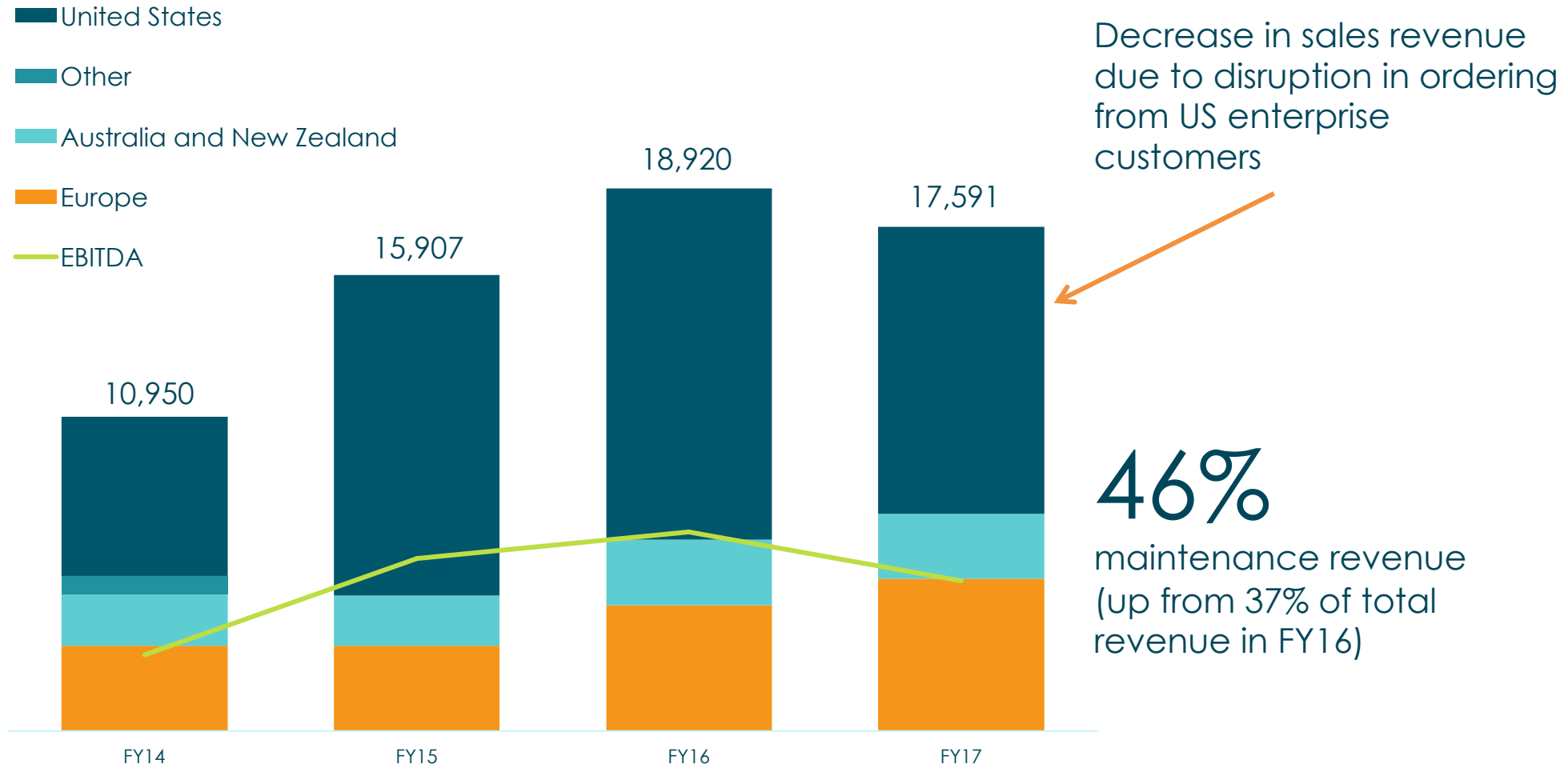


FY17 Key Financials

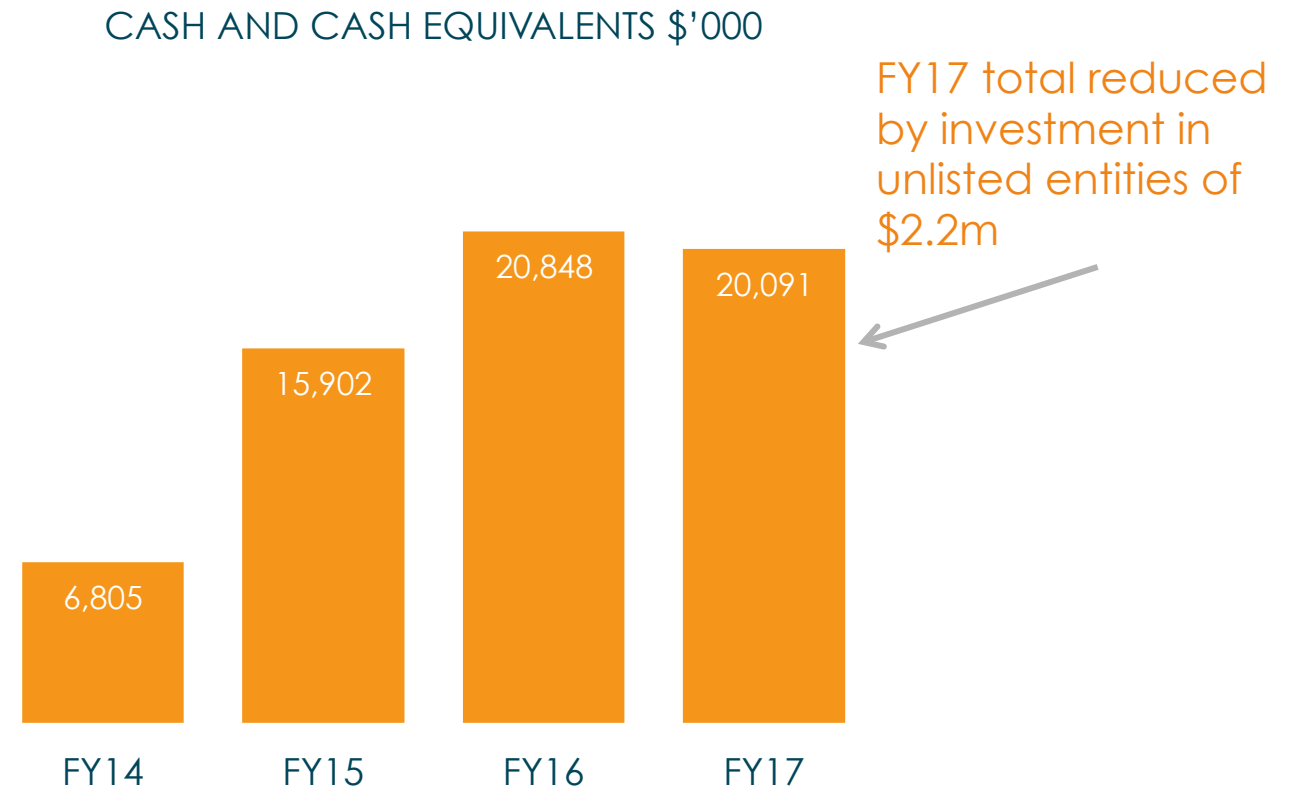
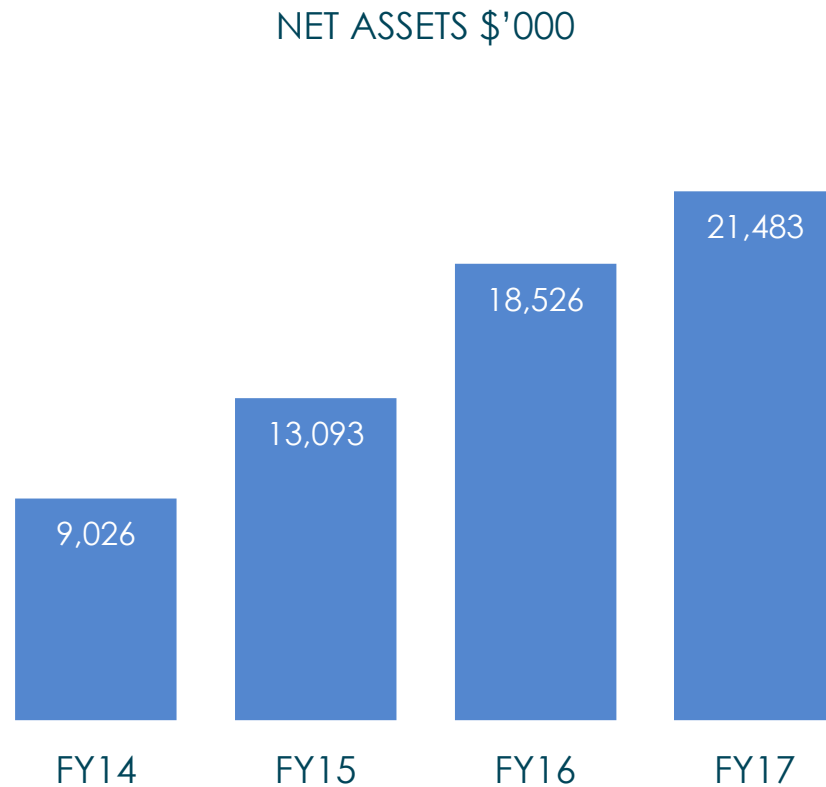
Year ended 30 June 2017	FY17 \$'000's	FY16 \$'000's	Change
Revenue from ordinary activities	17,591	18,920	(7%)
Gross profit	14,432	16,112	(10%)
Other income	2,441	2,517	(3%)
Profit before tax	5,264	7,022	(25%)
Tax expense	(2,385)	(1,803)	32%
Net profit after tax	2,879	5,218	(45%)

- Overall revenue declined by 7% - comprising a 21% reduction in product revenue and 9% growth in maintenance revenue
- Sales revenue impacted by the previously announced disruption to ordering patterns from customers undertaking networking infrastructure upgrades
- Higher effective tax rate – tax losses were fully utilised in FY16 and rebatable R&D expenses are non deductible

Trading Revenues (\$'000)



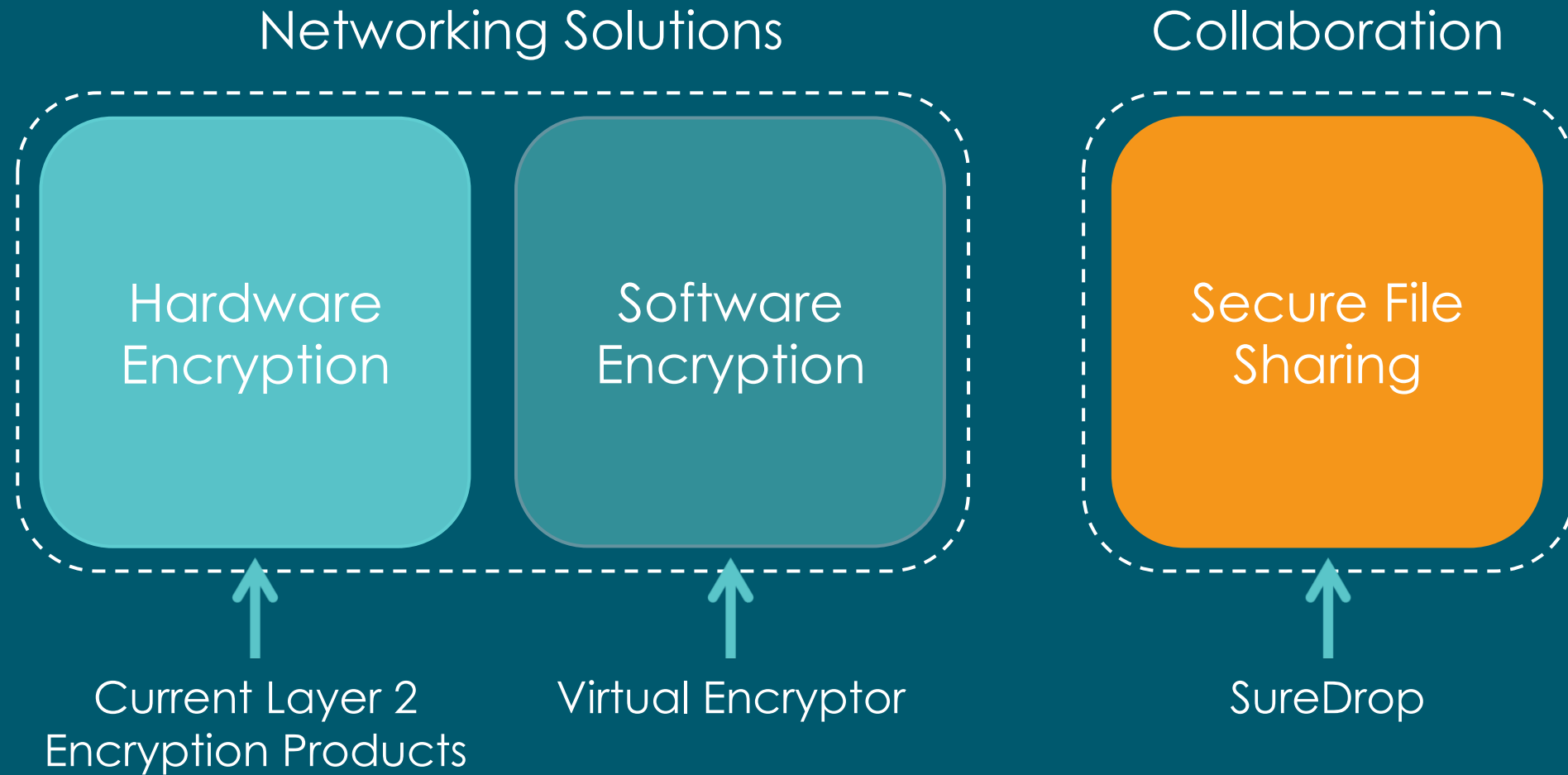
Strong Balance Sheet & Positive Cash Flow



Growth Opportunities



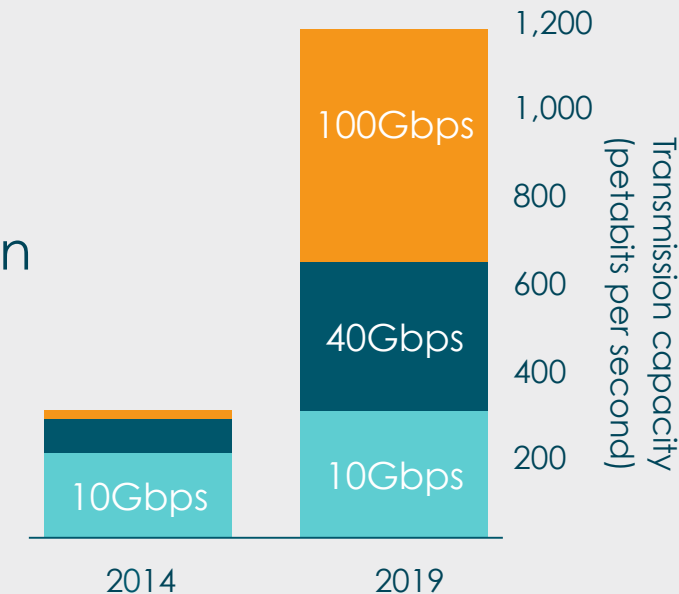
Best-of-Breed Solutions



Ultra-High-Speed 100Gbps Ethernet Encryptors

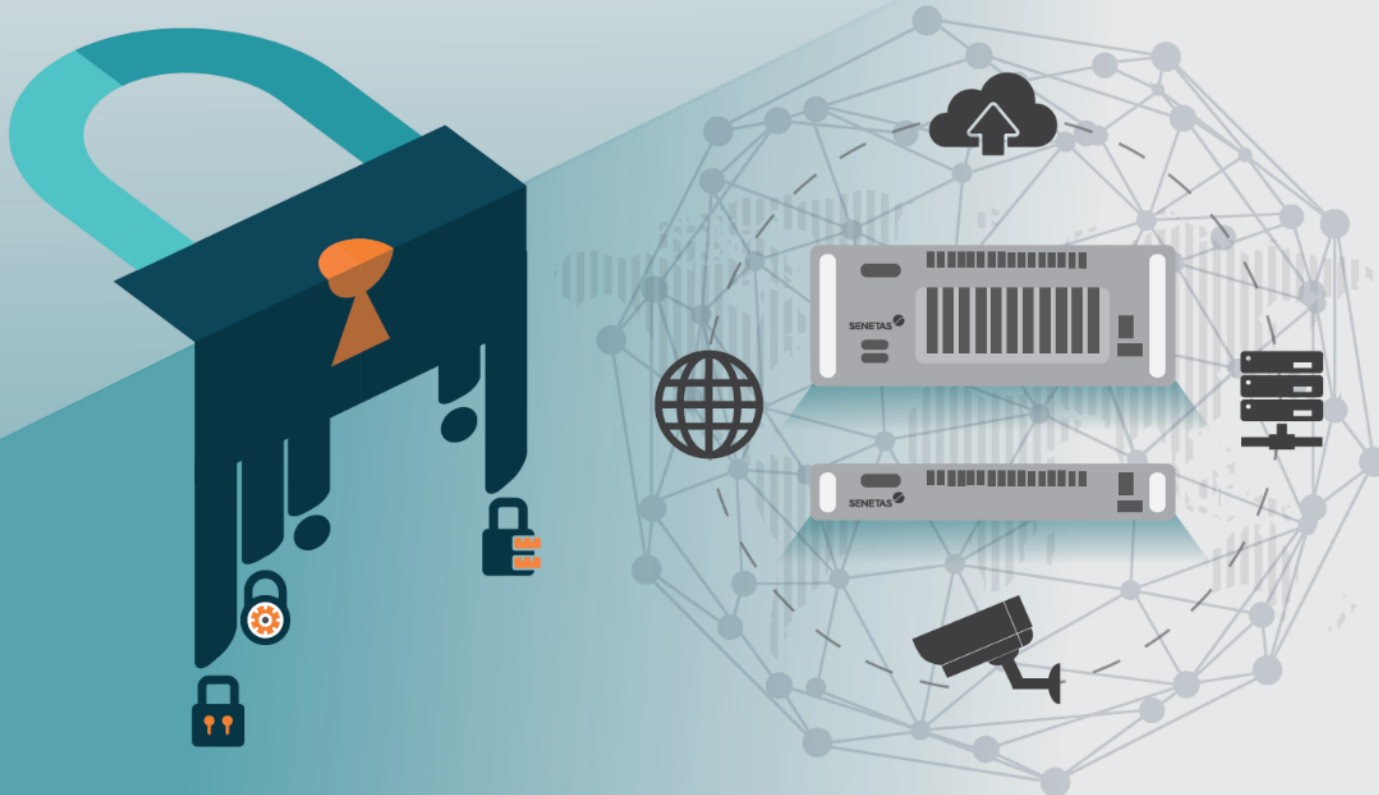


- The market for 100Gbps networks is growing and is expected to account for 50% of data centre activity by 2019
- Senetas' 100Gbps encryptors support complex, ultra-fast network topologies; enabling 100% security for Big Data, Cloud and data centre services
- Senetas 100Gbps encryptors received FIPS certification – Common Criteria certification is pending
- Two customer have completed successful testing – another is currently testing – more are expected in the second half of FY18
- Increasing number of potential customers are showing interest – many are not currently customers of Senetas



Custom Encryption Services & Algorithms

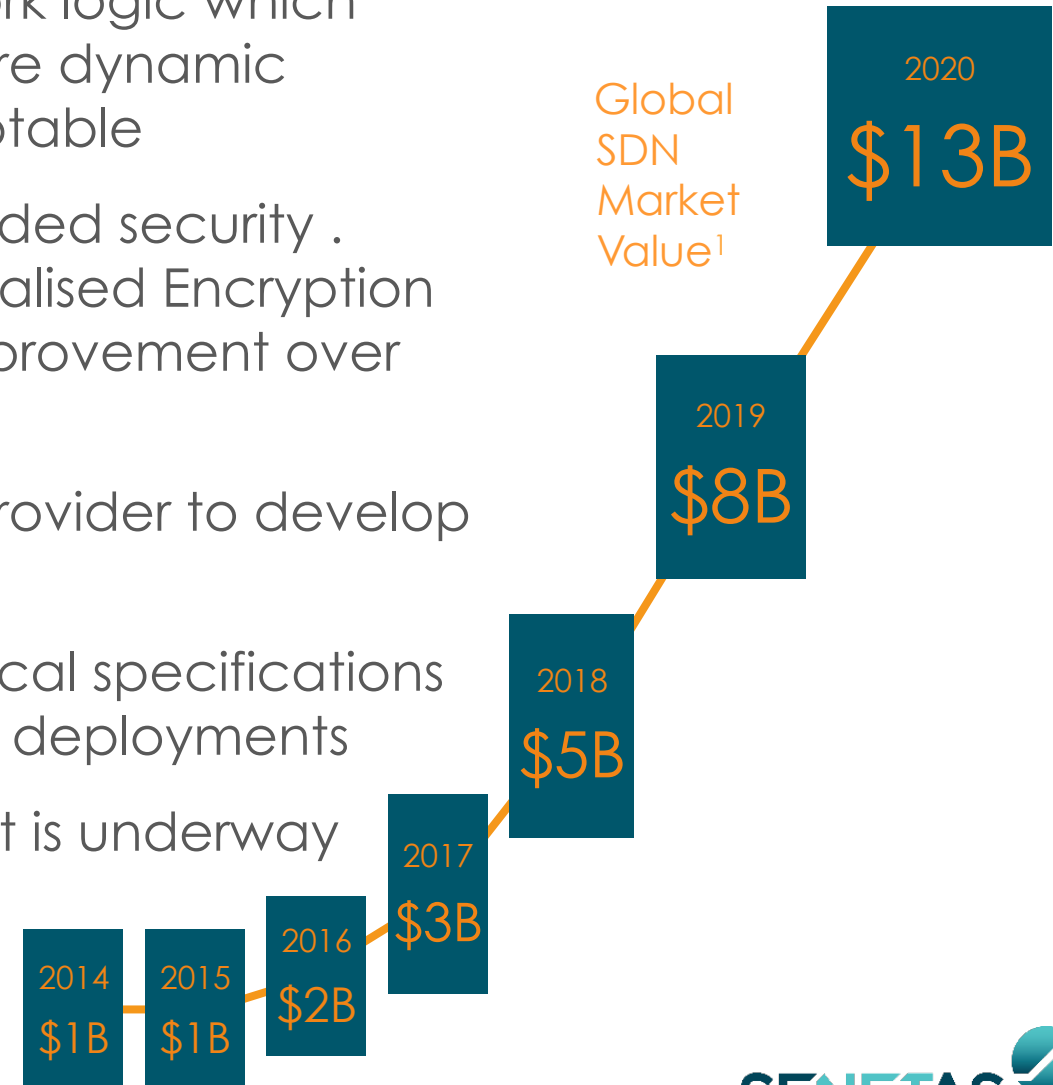
- Encryption algorithm can be chosen or provided by the client
- Customer testing and certification process is proceeding as expected
- Initial sales are expected in the second half of FY18



Software encryption – SDN Compatible

- Software-Defined Networking (SDN) is an emerging network architecture that allows for programmable network logic which traditional networks do not. SDN networks are more dynamic, manageable, cost-effective, and adaptable
- Many of these SDN networks do not have embedded security. Senetas has developed an SDN-Compatible Virtualised Encryption engine designed to deliver 30% performance improvement over existing solutions
- Senetas is working with a major optical network provider to develop a specific SDN encryption solution.
- Confident now that Senetas can meet the technical specifications required by our customers to allow for large scale deployments
- Further development to allow Layer 3 deployment is underway
- The market potential for this product is significant

1. International Data Corporation



SureDrop Acquisition

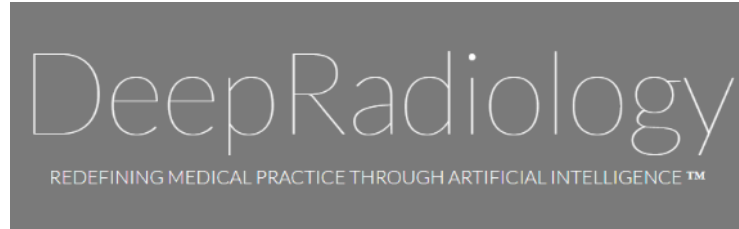
Secure file sharing and syncing solution for enterprise and government



SureDrop provides all the usability, familiarity and convenience of a dropbox-type file sharing and collaboration application **plus** robust, state of the art security.

- Expands product suite while being complementary to Senetas' core competencies
- Acquired in 2nd half of FY17 on an earn out basis with no upfront capital outlay
- The service is offered on a user subscription basis
- In early stages of release to market and is currently being trialled by customers in partnership with a large Australian telecommunications company
- Sales expected in the second half of FY18

Unlisted minority investments



- SAT has patented smart antenna technology which consolidates the multiple antennas found in mobile devices into a lower cost, more efficient single antenna
- DeepRadiology's scan interpretation and reporting system uses medical machine learning and artificial intelligence - awaiting US FDA approval
- EON's Augmented Reality and Virtual Reality Software and Solutions help workers, students, and everyday people learn faster, remember longer, and decide better. EON is planning to list on NASDAQ, the timing of an IPO and the potential value of the investment in EON remains unclear

FY18 Outlook

- Positive outlook for earnings growth in FY18
- Key customers have resumed buying hardware encryptors with the disruption through 2017 now resolved
- Strong sales pipeline for existing product and the new 100G and custom algorithm products will generate sales for the first time in FY18
- Sales of virtual encryption products and Suredrop are also expected to commence in the second half of FY18
- Large scale deployments of virtual encryption products - and a focus on an additional security certification to open up the European market will provide further growth opportunities in FY19 and beyond
- Further strategic opportunities to leverage customer and product strengths and accelerate growth

Thank You

