



SECURITY RISK MANAGEMENT

**Investor Presentation**

**September 2018**



# Forward Looking Statements

## **This presentation is given on behalf of Ava Risk Group Limited (AVA)**

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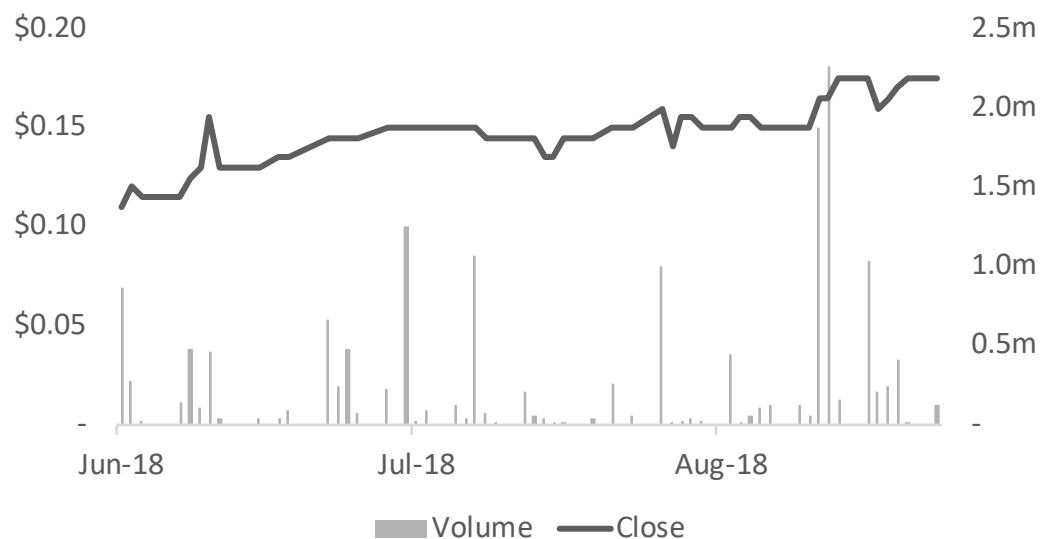
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# Corporate Overview

## KEY MARKET STATISTICS

ASX Code	ASX.AVA
Share price (as at 18 <sup>th</sup> Sep. 2018)	\$0.17
Market Capitalisation	\$34.8m
Shares on issue	211.1m
Cash (as at 30 Jun. 2018)	\$5.9m
Debt	nil



## BOARD & MANAGEMENT

David Cronin	Chairman
Chris Fergus	CEO
Rob Broomfield	COO – Technology Division
Leigh Davis	CFO
Michael McGeever	Non Executive Director
Mark Stevens	Non Executive Director

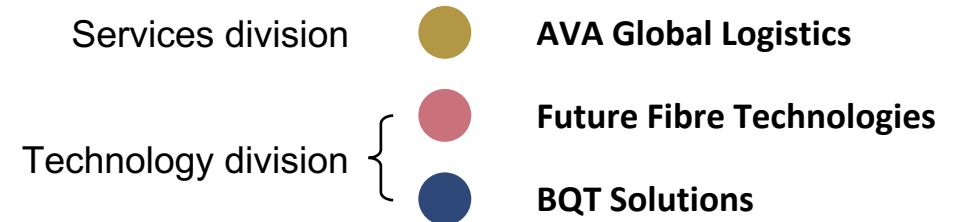
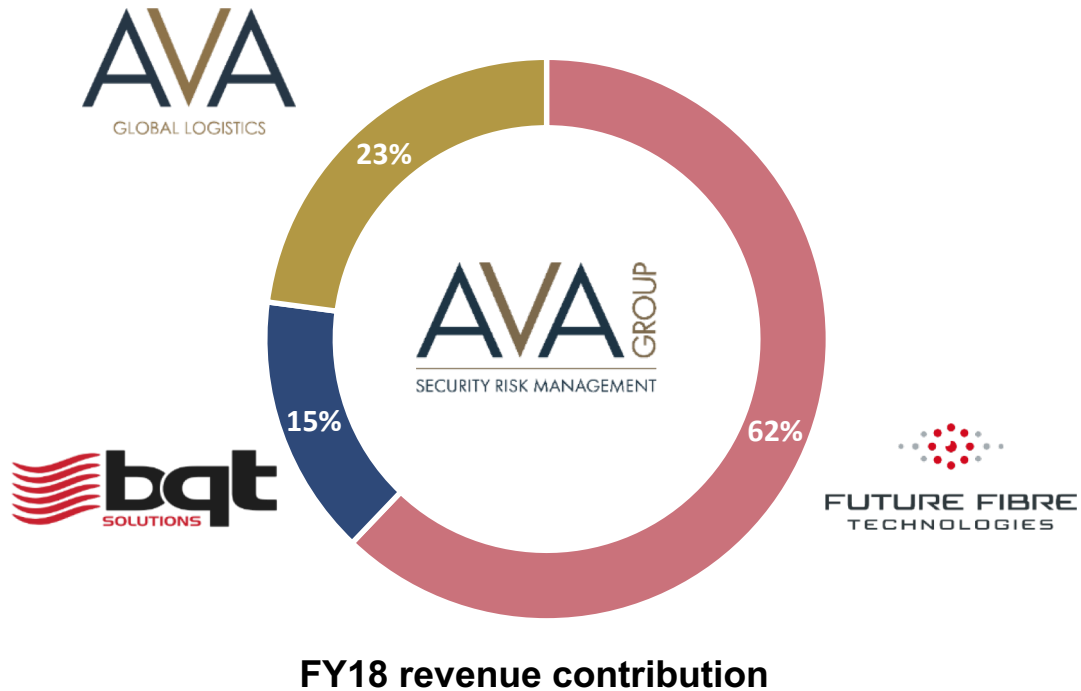
## MAJOR SHAREHOLDERS

Pandon Holdings*	13.0%
RSA Associates	12.8%
Pierce Asia*	6.9%
Seafirst	5.8%
Directors*	25.0%

\* Includes related parties

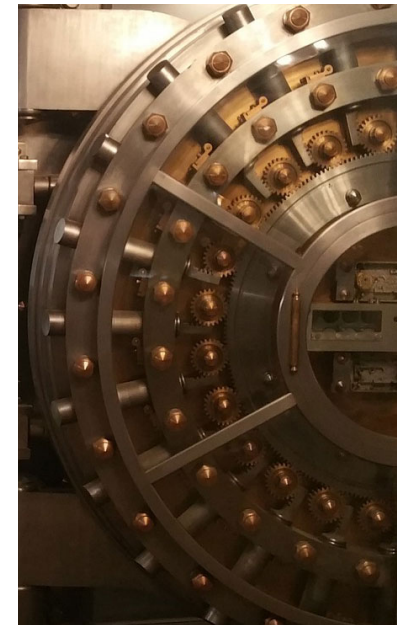
# Company Overview

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



# Services Division - AVA Global Logistics

- 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, Cape Town & Singapore



## Technology Division – Future Fibre Technologies

- 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 1,600 systems deployed in more than 65 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**



# Technology Division – 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.





# Services Division Update

*Moving towards profitability*

- Expected to be EBITDA positive in September quarter
- Increasing market share from all major clients and increasing pipeline from new clients
- Key Sector focus
  - Mining – Group Energy & Extractives Focus
  - FI: Major wholesalers of currency, Central Banks, Security Printers
- Recent contracts wins:
  - Currency Sector
  - Latin American Mines
- Risk Consulting launch as a strategic new sales initiative
- Technology Division Support - Sales to Mining clients & Security partners



# Technology Division Update

*Significant growth in pipeline and major contract wins*

## **Pipeline**

- Total pipeline now greater than \$300m, of which \$190m is expected to close in FY19
- Large project focus – projects in excess of \$3m – pipelines, borders, major CNI assets

## **Recent wins**

- Data network security - MOD India
- Australian Government - DHS Australia
- Pipeline project Middle East - first phase of multi-phase project
- Railway monitoring project opening up adjacent markets

## **Sector Focus – Energy & Extractives**

- Recent wins in several regions: Americas, Middle East, South Asia – significant increase in sector pipeline

# Recent Milestone Contract Wins – Data Network Security

*Transformational contract win in high growth sector*

- A data network security solution developed by the Technology Division was selected to protect one of the worlds largest closed user group data networks for the exclusive use of more than one million military personnel
- The value of the license fee is estimated to be between US\$10.5m and \$US11.1m (\$14.4m and \$15.2m) – expected to be delivered over a 15 month period
- With a license fee model and no working capital requirement, the project is expected to be highly profitable
- Additional revenue will flow through after the initial 3 year warranty, with a subsequent 7 years “spares and maintenance” contract expected to follow
- Formal purchase order estimated to be received during Q2 FY19
- Allows AVA to demonstrate breadth of capabilities in the booming data network security sector

# Recent Milestone Contract Wins – Australian Government

*Australian Government contract win provides increased earnings visibility*

- The Technology Division was awarded a contract with the Australian Government for the supply of BQT smart readers to the Department of Human Services (DHS)
- The contract is for the provision of ~ 6,500 readers and associated equipment over approximately 2 years
- Anticipated revenue is AUD\$1.8m - \$1.9m
- This contract win provides direct sourcing opportunities from other government departments – as the smart reader solution will now also be available to all Australian Government departments as part of the contract

# FY18 Financial Summary - P&L

AUD\$M	FY2018*	FY2017
Total Revenue	19.8	12.9
COGS	8.8	6.0
Gross Profit	11.0	6.9
GP margin (%)	56%	53%
Operating Expenses	14.5	14.6
EBITDA	(2.6)	(7.5)
Underlying EBITDA	(1.7)	(7.5)
Loss after tax	(2.9)	(7.8)

\*Unaudited but updated from Appendix 4E. Represents a 7 month contribution from the acquisition of Maxsec.

- 54% increase in revenue driven by contribution from MSP. Guidance miss largely driven by timing of contract delivery
- GP margin improved to 56% despite dilution from lower margin Services division. Higher margins are being generated from the Aura AI
- Operating expenses included \$0.9 million in merger costs and one-time investment impairment charges
  - Adjusting for one-off costs above, EBITDA loss of \$1.7m representing an improvement of 77%

# FY18 Financial Summary - Balance Sheet

AUD\$M	30 Jun 2018*	30 Jun 2017
Cash and cash equivalents	5.9	6.9
Receivables	5.3	5.0
Inventories	4.6	4.2
Other assets	14.1	4.1
Total assets	29.9	20.2
Payables	4.8	2.2
Provisions	1.6	1.1
Borrowings	-	-
Total liabilities	6.4	3.3
Total equity	23.5	16.9

- No external debt or borrowings
- Cash balance of \$5.9 million at 30 June 2018
- Current growth strategy is fully funded from existing balance sheet

\*Unaudited but updated from Appendix 4E.

# FY18 & FY19YTD Strategic Plan & Milestones

Strategic Plan	Key Milestones	Next Steps
MSP Investment & Integration	<ol style="list-style-type: none"> <li>1. 91% ownership</li> <li>2. \$1.25m cost reduction identified</li> <li>3. Launch of integrated solution</li> </ol>	<ol style="list-style-type: none"> <li>1. Full integration of MSP</li> </ol>
Creation of a Security Risk Management Company	<ol style="list-style-type: none"> <li>1. Creation of Technology &amp; Services divisions</li> <li>2. Key Sector focus</li> <li>3. Soft launch of Risk Consulting Services</li> </ol>	<ol style="list-style-type: none"> <li>1. Further sector SME investment</li> <li>2. Full launch of Risk Consulting Services</li> </ol>
Sales & marketing investment	<ol style="list-style-type: none"> <li>1. New appointments – Group Head of E&amp;E, GM Africa</li> <li>2. Large Project focus – MOD India, DHS wins</li> </ol>	<ol style="list-style-type: none"> <li>1. Continued investment in sales &amp; marketing with Sector expertise</li> </ol>
Product Innovation	<ol style="list-style-type: none"> <li>1. CCoE – NPS Solution</li> <li>2. Adjacent sector focus – Mining Partnership</li> </ol>	<ol style="list-style-type: none"> <li>1. Leveraging MoD India win</li> <li>2. Further developing adjacent markets</li> <li>3. Integrated solution Phase 2 (IoT)</li> </ol>
Board and Management	<ol style="list-style-type: none"> <li>1. Appointment of Chris Fergus as CEO</li> <li>2. Bringing additional expertise to the board with the appointment of David Cronin and Michael McGeever</li> </ol>	<ol style="list-style-type: none"> <li>1. Leveraging expertise and relationships to grow the business</li> </ol>

# Summary

## **Rapidly growing pipeline**

- Opportunity pipeline has now grown to \$300m – with \$190m expected to close in FY19

## **Growing earnings visibility**

- Large contract win in data network security provides earnings visibility through FY19/FY20

## **Contract success in high growth sectors**

- Transformational contract win in the high growth data network security sector
- Recent ongoing contract success in Energy & Extractives sector across both divisions

## **Continued synergies post merger**

- Synergies post merger are expected to flow through for the company into FY19, including the uptick in contract wins on the back of cross selling strategies across the Technology and Services divisions

## **Strengthened Board and Management**

- Additional expertise brought into the business to leverage expertise and relationships to grow the business

## **Guidance**

- Q1 FY19 is expected to deliver revenue of \$9.8-\$11.7m
- AVA intends to provide further guidance at the AGM for 1H19