



SECURITY RISK MANAGEMENT

Investor Presentation

February 2019



Forward Looking Statements

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

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Corporate Overview

KEY MARKET STATISTICS

ASX Code	ASX.AVA
Share price (as at 27 Feb. 2019)	\$0.165
Market Capitalisation	\$34.75m
Shares on issue	210.6m
Cash (as at 31 Dec. 2018)	\$3.1m
Debt (as at 31 Dec. 2018)	nil

BOARD & KEY 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

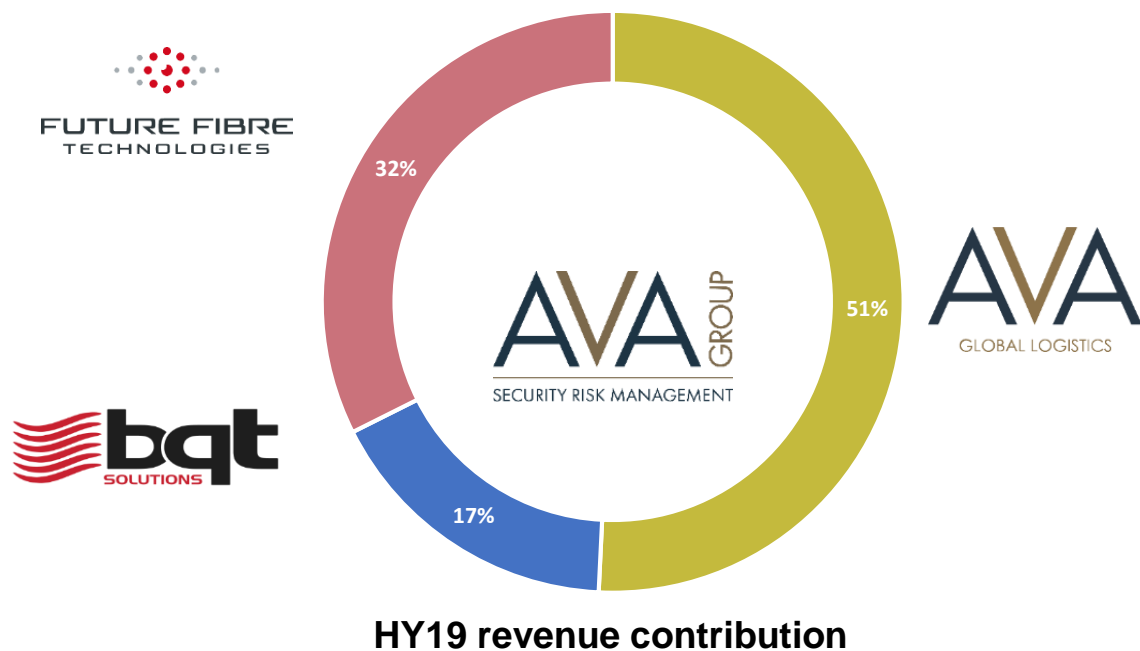
MAJOR SHAREHOLDERS

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 & 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 1,650 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

Strong YoY improvement and positive outlook

- Revenue increased by 159% compared to H1 FY18 using a full 6 month comparison.
- Adjusting for forex losses, division is EBITDA breakeven for period from September to December.
- Positive outlook for FY19
 - Increasing market share from all major clients (current addressable spend +\$63m) – trending towards 1/3 of total spend allocated to Ava.
 - Existing clients' annual spend will increase significantly as a result of new opportunities due to new regulation and market consolidation within key sectors.
 - Increasing pipeline of new clients – with annual spend in excess of \$50m.
- Recent contracts wins
 - Several new currency lanes in Africa.
 - New mines in Central & South America.
- 1st Risk Consulting engagement in Saudi Arabia - +\$180k .
- Aura IQ Mining3 launch will positively impact secure logistics opportunity in the Precious Metals Mining sector

Technology Division Update

Major Contract Wins & Strong Backlog

Awards

- Strong backlog of orders at \$4.7m, with majority of orders expected to be invoiced in H2.
- \$2.2m award for Aura Ai-2 at Military airbases in Asia, with a further expectation of another \$5m of orders for the same customer in FY20 & FY21.
- Purchase Order for Indian MOD in progress, with terms in final negotiation between prime and FFT's OEM.
- Although some delays in purchase orders and installation, including Department of Human Services, Australia and a number of airport projects in Middle East, no major business assumed in the FY19 budget has been lost.

Sector Focus & Adjacent Market updates

- Aura IQ Mining 3 collaboration agreement executed for unique conveyor belt monitoring solution – First mover with \$300m market opportunity with 3 trials likely to commence within next 2 months.
- 1st Aura Ai-2 Rail monitoring application installed offering rock fall detection and train tracking.

H1FY19 Financial Summary - P&L

AUD\$M	H1 FY2019	H1 FY2018
Sales Revenue	16.7	8.6
COGS	9.8	3.0
Gross Profit	6.9	5.6
GP margin (%)	41%	65%
Operating Expenses	8.6	6.3
EBITDA	(1.7)	(0.5)
Underlying EBITDA	(1.5)	0.0
Profit / (Loss) after tax	(2.7)	0.1

- 95% increase in revenue.
- 159% increase in YoY revenues for the Services division (like for like full 6 months comparison).
- Overall group gross margin declined to 41% due to dilution impact from a larger contribution from the lower margin Services division.
- FFT gross margin showed a YoY improvement from 65% to 70%, driven by higher margin contribution from the Aura Ai platform.
- Operating expenses included \$0.2 million in one-time corporate restructuring costs (H1 FY2018: \$0.5 in one-time costs associated with the acquisition on MaxSec).

FY18 Financial Summary - Balance Sheet

AUD\$M	31 Dec 2018	30 Jun 2018
Cash and cash equivalents	3.1	5.9
Receivables	5.2	5.3
Inventories	5.0	4.6
Other assets	14.5	14.1
Total assets	27.8	29.9
Payables	6.3	4.8
Provisions	1.6	1.6
Borrowings	-	-
Total liabilities	7.9	6.4
Total equity	19.9	23.5

- No external debt or borrowings.
- Cash balance of \$3.1 million at 31 December 2018.
- Sales orders backlog of \$4.7m.

FY18 & FY19YTD Strategic Plan & Milestones

Strategic Plan	Key Milestones	Next Steps
MSP Investment & Integration	<ol style="list-style-type: none"> 100% ownership \$1.25m cost reduction identified and delivered. Reinvested in Sales & Marketing efforts Launch of integrated solution 	<ol style="list-style-type: none"> Deliver against investment in Sales & Marketing
Creation of a Security Risk Management Company	<ol style="list-style-type: none"> Creation of Technology & Services divisions Key Sector focus – Conveyor Belt Monitoring, Rock fall detection Deliver of 1st Risk Consulting Services contract 	<ol style="list-style-type: none"> Further sector SME investment Full launch of Risk Consulting Services
Sales & marketing investment	<ol style="list-style-type: none"> New appointments – Group Head of E&E Large Project focus and future revenue flow– Mining 3, MOD India, Asia Military Airbases, DHS wins 	<ol style="list-style-type: none"> Continued investment in sales & marketing with Sector expertise and Go To Market refinement
Product Innovation	<ol style="list-style-type: none"> CCoE – NPS Solution FFT Aura enhancements – Asia Military Airbases competitive trial success and orders. Adjacent sector focus – Mining 3 agreement Initial orders in Rail and additional Power Cable Monitoring sales 	<ol style="list-style-type: none"> Leveraging leadership position in cybersecurity hardening Network Security vertical focus following major Indian project deployed Further partnership for adjacent markets Expand Integrated solution Phase 2 (IoT/Cloud)
Board and Management	<ol style="list-style-type: none"> Bringing additional expertise to the board with the appointment of David Cronin and Michael McGeever 	<ol style="list-style-type: none"> Leveraging expertise and relationships to grow the business

Summary

Revenue Growth

- Strong revenue growth in Services Division and a strong backlog of orders in Technology Division, mainly deliverable in H2.

Growing earnings visibility

- 3 large multi million dollar program style awards, including large Indian contract win in data network security will provide earnings visibility through FY19/FY20.

Contract success in high growth sectors

- Transformational contract win in the high growth data network security sector.
- New Aura IQ Conveyor Belt Monitoring Solution - +\$300m market with 3 trials likely to commence soon.

Continued synergies post merger

- Synergies post merger are expected to benefit H2 FY19 results, including an 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.