



AVA GROUP

SECURITY RISK MANAGEMENT

Investor Presentation – May 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 03 May 2019)	\$0.180
Market Capitalisation	\$37.9m
Shares on issue	210.6m
Cash (as at 31 Mar. 2019)	\$0.9m

BOARD & KEY MANAGEMENT

David Cronin	Chairman
Scott Basham	Group CEO
Rob Broomfield	COO – Technology Division
Leigh Davis	Group CFO
Michael McGeever	Non-Executive Director
Mark Stevens	Non-Executive Director

MAJOR SHAREHOLDERS

Pandon Holdings*	15.3%
RSA Associates	12.8%
Seafirst	5.8%
Directors*	20.3%

* Includes related parties

Company Overview

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

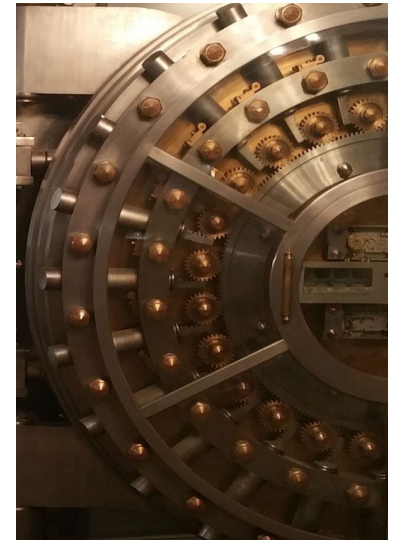


Major Organizations All Around the World Depend on AVA



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 1,700 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.



Technology Division – BQT Solutions

- BQT's secure, reliable smart reader and card systems, biometric solutions, electric locking, and access control products are 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.



New Sales Orders to Bring Increased Growth & Profitability in FY2020

The business has a strong backlog of purchase orders received in Q3, currently in excess of A\$3.6M, the majority of which remains on track for delivery this financial year.

Included in the Q3 backlog is the first purchase order for A\$249K, under the agreement with Dept. of Human Services (DHS) for Electronic Access Control System (EACS) card readers, with the bulk of this A\$1.8M project being expected to be delivered in 1H FY2020.



Australian Government
Department of Human Services

Imminent New Orders Will Drive Major Evolution & Scale

The Technology Division is in the final stage of negotiations with a major overseas customer for a significant (5 year) long term order to deliver large-scale monthly quantities of one of our world-leading and award-winning locking products.

This specific order will significantly change the underlying size of the business, and will require a sizable expansion of specific parts of our existing production capabilities to meet not just the supply demands of this order, but the expectations of similar large-scale orders from elsewhere around the world for this unique product.



Laser Sharp Focus on Growing High Value Solution Sales in Target Markets

New sales executives hired for Africa and Latin America, with others to follow for NORAM

Business Development Manager – AFRICA (JC Grobbelaar – 1 April 19)

- With an extensive security industry background, JC brings energetic focus on technology opportunities for PIDS, Pipeline and our new Aura IQ applications across the growing mining, energy, engineering, industrial, civil, governmental, and airports clients in Africa.

Business Development Manager – LATAM North (Andres Cuervo Salazar – 1 May 19)

- Based in Colombia, Andres brings a dynamic focus on sales opportunities for our leading edge FFT and BQT solutions in the growing energy and infrastructure markets across LATAM “North” (Mexico, Caribbean, Central America, Colombia, Ecuador & Venezuela).

Business Development Manager – Oil & Gas NORAM (Pending Finalisation – 15 May 19)

- Based in Houston, our preferred candidate brings deep industry experience across the Oil & Gas, and Energy & Extractives space.

Business Development Manager – NORAM (Short listed – 1 June 19)

- Currently recruiting for a senior sales leader to drive our Technology solutions deeper into NORAM security markets

AURA IQ Update

3 Fully Funded Collaborative Operational Pilots Underway

Pilot 1 – LATAM

- 1st Operational Pilot Program now underway with a large multinational corporation that helped fund the initial research into AURA IQ, which will run until November 2019.

Pilot 2 - Australia

- 2nd Operational Pilot Program kicked off last week with a major Global Mining company in Australia.

Pilot 3 - Australia

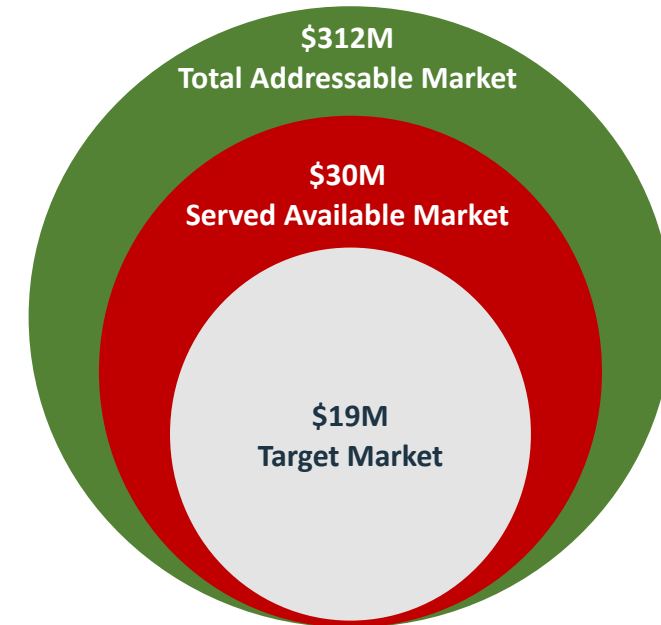
- 3rd Operational Pilot Program due to commence next week with a major Port Operator in Australia.

Market Size Analysis (Mining Industry only)

- Currently 7,665 projects and operations across 5 core regions in over 100 countries

Cloud Platform IQ

Investment in our new Aura IQ Cloud platform will enable OPEX / SaaS model for future annuity income streams.



India MoD Contract Update

Ava's Future Fibre Technologies' data network security solution has been selected to protect one of the world's largest closed user group data networks for the exclusive use of more than one million military personnel:

- Ava and SFO have finalised contractual terms and SFO has formally notified Ava that contract negotiations with the prime contractor are now complete and the formal PO will be issued to SFO this week.
- The value of the licence fee has increased, and it is now estimated that Ava will receive **US\$11.9m (A\$16.86m)** over the next 14 months.
- Based on the current production and delivery schedules, it is anticipated that between US\$0.35m and US\$1.0m (A\$0.5m and A\$1.5m) revenue will be generated in FY2019 with the remaining revenue of between US\$11.55m and US\$10.9m (A\$16.36m and \$15.4m) expected in FY2020.
- In addition, there is expected to be additional revenue after the initial 3-year warranty period from a subsequent 7-year spares and maintenance contract, which has been estimated at **US\$3.4m (A\$4.8m)** after the warranty period.
- Under the revised contract terms, Ava will be paid on 120-day terms (ex-works) and benefit from a bank guarantee equivalent to 200 units of product (circa 20% of total production volumes).

Group-Wide Focus on Cost

The business has restructured its management team to reduce overhead, right size our cost base, and manage our reduced working capital position.

Ava Group has achieved ongoing cost savings compared to 1H FY2019 of A\$1.2M p.a.

This is in addition to the A\$1M p.a. achieved following the acquisition of MaxSec Group last year.



Services Division – Performance Update

Strong YoY improvement and positive outlook

- Gross Margin is forecast to increase by 5% in 2H FY2019, relative to 1H FY2019, due to growing economies of scale, price increases and higher margin new business.
- The pipeline of potential new clients has increased, with annual addressable spend now >A\$70.0M.
- Outlook for the remainder of 2H FY2019 is strong, with 3 further large wins in March across the currency and mining sectors in both Africa and South America that will contribute to Q4 performance.
- Corporate investment options for the business unit continue to progress with 4 interested parties.
- Total Services Division revenue forecast for FY2019 has reduced slightly to A\$16.4M to A\$17.1M.
- The Services Division is forecasting to be EBITDA positive in the current quarter.

Technology Division – Performance Update

Strong Performance Visibility & Innovation

- Gross Margins increased to 68% in 1H FY2019 from 65% in 1H FY2018 due to growing sales of the FFT Aura AI product line.
- Strong backlog of Purchase Orders received, currently in excess of A\$3.6M, with the majority scheduled for delivery in 2H FY2019.
- Returns from investment in new Aura IQ product line for conveyor belt assurance monitoring on track, with first customer orders received, and installations scheduled in Q4 FY2019. This opens up a new \$300M+ revenue addressable market opportunity for FFT's Aura platform.
- Excellent visibility into an improved Q4FY2019 and profitable FY2020.
- Total Technology Division revenue is forecast to be in excess of A\$18M for FY2019.
- The Technology Division continues to forecast it will be EBITDA positive in Q4 FY2019 and is confident of significantly increasing its revenues and delivering strong profits in FY2020 and beyond.

Summary

World Class Products

- Investment in Aura AI platform has generated material revenue to date with a strong order book and significant upside at attractive margins.
- Investment in Aura IQ platform forecast to provide significant return on investment within the next 12 to 24 months, with further upside from planned innovation, including a significant opportunity for recurring revenue.
- BQT's Orca locking technology won a major USA product award, and follow on orders have been received, in addition to the large scale multi-year supply agreement currently being negotiated.
- BQT's access control technology selected by another Australian Government Department. Roll out commenced in Q4FY2019. Further significant revenues for FY2020.

Strong, Profitable Revenue Growth

- Cost management program executed, on-going cost savings compared to 1H FY2019 of \$1.2M p.a., in addition to the A\$1M p.a. achieved following the acquisition of MaxSec Group last year.
- Technology Division order backlog A\$3.6M mostly deliverable in Q4 FY2019
- DHS (AU Govt) A\$0.25M order received and backlog of A\$1.55M due in FY2020
- India MOD revenue forecast increased by an additional A\$1.1M, with A\$16.8M due in FY2019 and FY2020 and a further A\$4.7M during the 7 year support period.
- Specified for several large program awards
- Services Division EBITDA positive with improving margins and increasing revenues

