



Q Technology Group Limited

AGM Presentation

Presented by Rob Rosa, Managing Director

Overview

- Headquarters in Port Melbourne. Established in 1987.
- Core business QRSciences Security Pty Ltd, trading as Q Security Systems (QSS).
- 47 employees in operating unit; 2 in QTG.
- QSS leader in distribution of electronic security products.



Share Capital

Number of shares on issue	196, 065, 483
Market capitalization (21/11/14)	\$2.55 Million
Share price (21/11/14)	\$0.013
12 month low	\$0.013
12 month high	\$0.034



Working Capital Funding



Facility Type	Limit	Status
Invoice Discounting plus	\$4.0 million	\$3.147 million drawn against, \$0.694 million secured by Stock \$2.453 million secured by debtors
Bank Guarantee	\$0.5 million	\$0.121 million utilized

FY2014 Achievements

- Introduction of new products
- Introduction of new inventory management strategy
- Reduction in total stock holding from \$9M to \$7M
- Invested in new people with major projects background
- Business well placed for new market opportunities in 2015



Q Security Systems

- 2014 revenue up 7.9% to \$25.8 million.
- EBITDA loss of \$0.4 million (+\$0.094 million last year)
- Samsung Techwin relationship ceased
- TYCO relationship continues to strengthen with a number of product lines exclusive to QSS
- Introduction of Allied Telesis, BOSCH, BPT, DVTEL, FLIR and exclusive distributor of NUUO
- Introduction of our OEM brand camera “ALUMIA”
- Launched Q Professional Services to expand market opportunities in major projects



FY2014 Trading Results

\$'000	2014		2013		Non-recurring items
	Actual	Adjust	Normalised	Normalised	
Revenue	25,827		25,827	23,929	
Gross Profit	5,865	405	6,269	6,212	Samsung exit
GP Margin	22.7%		24.3%	26.0%	
EBITDA	(383)	874	491	(162)	Legal, rental clients, Samsung stock write down
EBITDA Margin	-1.5%		1.9%	-0.7%	
EBIT	(522)	874	352	(421)	
EBIT Margin	-2.0%		1.4%	-1.8%	
Interest	(211)	14	(197)	(471)	
Net Profit / (Loss) before tax continuing operations	(732)	888	156	(892)	
Profit / (Loss) before tax discontinued operations				(115)	
Profit on disposal of discontinued operations				2,320	
Net Profit / (Loss) before tax	(732)	888	156	1,313	



Q Security Systems

- Core business of distribution of electronic security products remains our primary focus.
- QSS now actively pursuing major projects
- Product Lines
 - CCTV
 - IP Video
 - Network Video
 - Analogue
 - Video Management Systems
 - Analytics
 - Alarm
 - Access Control
 - Intrusion products
- New client base continues to expand



Q Security Systems

- Restructure of South Australia office occurred in November 2014
- Relocated to prominent site in QLD
- Q Professional Services launched
- Offices in major capital cities supports national and local client base
- New sales and technical staff are now in place to better deliver new projects and Q Professional services in different market segments



Cost Reduction Initiatives

- The business has completed a review of the cost base and identified cost reduction targets to be implemented in FY2015 as follows:

– Operational efficiencies	\$70k
– Property and facilities costs	\$160k
– Telecommunication costs	\$46k
– Insurances	\$25k
– Redundancies	\$699K *
– Total	\$1000k
- * previously announced COO promoted to acting MD and CEO without replacing COO role



FY2015 Outlook

- Sales for the last 4 months are 6% down on prior corresponding period. Market activity is strengthening and expected to improve in 2015.
- Proactively working with financier to manage the working capital requirements.
- Business is well positioned with new products and services that were not traditionally offered in the past to provide opportunities for new sales.
- QSS reputation is building due to these initiatives as a major project supplier of security equipment
- EBIT result for the 4 months to 31st October (Unaudited) is a profit of \$41,000 for QSS our operating subsidiary and \$207,000 loss at a group level. Our half year to 31 December is likely to be a loss on a consolidated basis before the impact of previously announced cost reduction initiatives.



Jul-Oct 2014 (unaudited)

\$'000	YTD Oct 2014	Comparative Oct 2013	Change
QSS Sales Revenue	8,565	9,115	- 6.0%
QSS EBIT	41	575	-92.9%
Corporate Expenses	(248)	(240)	-3.3%

- Slow start to the financial year experienced by the whole industry
- Change in product profile yet to deliver result
- Project pipeline is strong for rest of the year



Corporate

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