



# Q Technology Group Limited

## Investors' Presentation

# Overview

- Headquarters in Port Melbourne; Established in 1987.
- Operating business QRSciences Security Pty Ltd, trading as Q Security Systems (QSS).
- 43 employees across 5 State branches.
- No. 3 in the CCTV industry in Australia.



# Share Capital

	Prior to Rights Issue	After Rights Issue
Number of shares on issue	196,065,483	392,130,966
Market capitalization (24/11/15)	\$0.8 Million	\$1.6 Million
Share price (24/11/15)	\$0.005	\$0.005
12 month low	\$0.005	\$0.005
12 month high	\$0.006	\$0.006



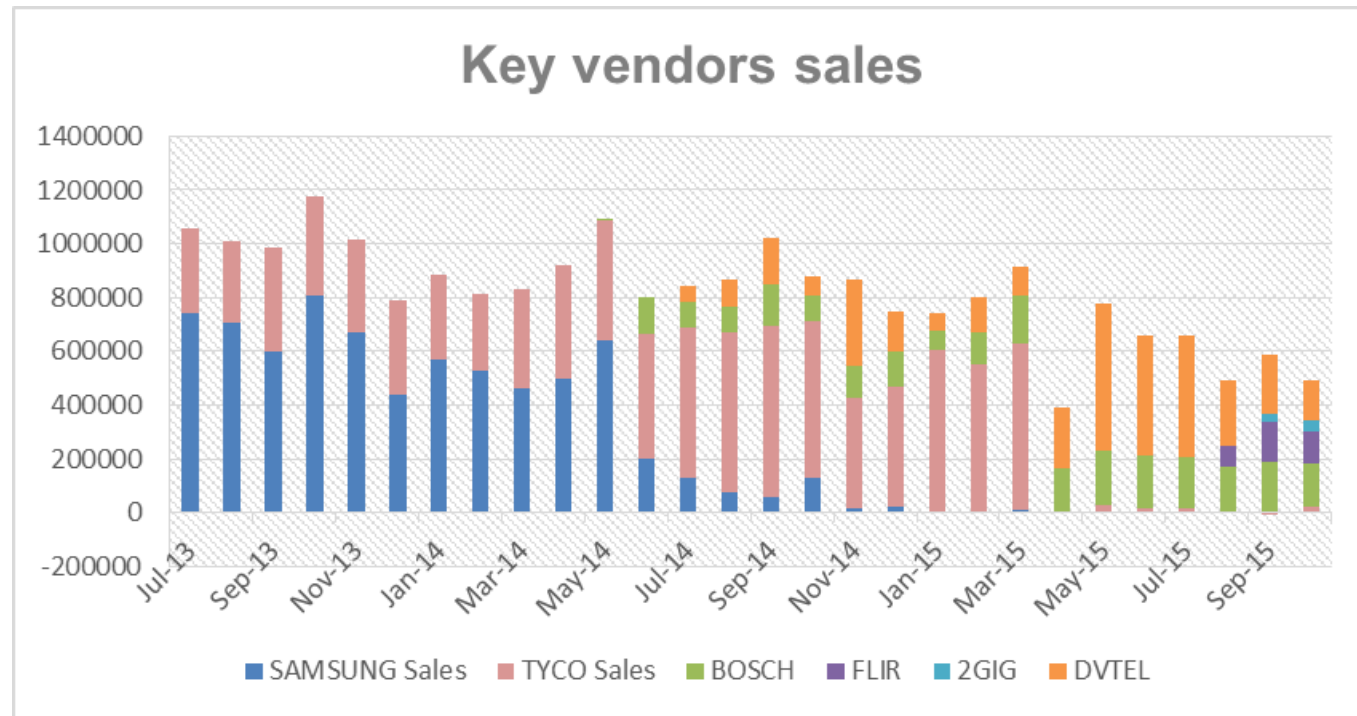
# Working Capital Funding



Facility Type	Limit	Status
Invoice Discounting	\$3.0 million	\$2.1 million drawn, secured by receivables

# FY2015

- Exited two legacy distribution agreements in Feb-2014 and Feb-2015 respectively, reduced legacy stock from \$5.1m to \$0.7m book value.
- Revenue down 7.9% to \$23.8m due to subdued market conditions combined with legacy supply chain disruption.



# FY2015 (cont'd)

- EBITDA loss of \$1.7m (-\$0.4m last year).
- Introduced BOSCH video and intensified home brand (QVS Alumia).
- Alumia's sales up 29% in last quarter of FY2015.
- Appointed by FLIR as exclusive distributor of FLIR IP daylight video (sales only commenced in Aug-2015).
- Added 163 customers with sales worth \$3.4 million including Metro Trains in Victoria.



# FY2015 Trading Result

	2015			2014		
	Actual	Adjust	Normalized	Actual	Adjust	Normalized
Revenue	23,786		23,786	25,827		25,827
Gross Profit	5,532	324	5,856	5,865	405	6,269
GP Margin	23.3%		24.6%	22.7%		24.3%
Overheads	7,588			7,350		
EBITDA	(1,744)	918	(825)	(383)	874	491
EBITDA Margin	-7.3%		-3.5%	-1.5%		1.9%
EBIT	(1,857)	918	(938)	(522)	874	352
EBIT Margin	-7.8%		-3.9%	-2.0%		1.4%
Interest	(177)	-	(177)	(211)	14	(197)
Net Profit / (Loss) before tax	(2,034)	918	(1,115)	(732)	888	156

- 2015's overheads included \$0.7m inventory impairment
- Business identified cost out initiatives, full benefit p.a. not fully shown
- New products target higher gross margins



# Cost Reduction Initiatives

- Board announced \$1.0 million cost reduction projects implemented with over \$1.2m annual saving in FY2016.
- QTG Board was further streamlined in Dec-2014.
- Consolidated VIC/National warehouse fully operational since Jul-2015.
- Board and management continue to explore efficiency gains.





# Clear business direction

- Distribution of electronic security products.
- Better team, better products allowing us to target new customers.
- Product Lines
  - CCTV
  - IP Video
  - Network Video
  - Analogue
  - Video Management Systems
  - Analytics
  - Alarm
  - Access Control
  - Intrusion products
- New client base continues to expand (added 163 in 1<sup>st</sup> year).
- QSS now actively pursuing & winning major projects.



# FY2016 Outlook

- Slow start in FY2016 without historical alarm business and amidst subdued general security market conditions.
- FLIR (Samsung replacement) and 2GIG / Bosch (Tyco's replacement) launched in Aug and Sept 2015 expected to commence rebuilding volume from Q2 onwards.
- Gross Margin is progressively being restored as new products commence up to around 25% from PCP 23%.
- Continue to proactively work with financier to manage working capital requirements & streamline facilities.
- Earnings performance showing recovery from historical monthly losses to be on track for breakeven in Nov 2015.



# FY2016 Outlook (cont.)

- Appointed as of December 2015 the primary DVTEL distributor for Australia and NZ (over 1000 DVTEL sites).
- New Dahua appointment to compete with HIK and other Chinese imports in CCTV, access and intercoms. Room to expand into specialized areas with parking guidance systems.
- Business is better positioned with new products.
- 1H trend supports 2H profitable operating result.
- Project pipeline is strong for 2H.



# FY2016 Product Outlook



+ Optional Bells & Whistles



Finger Scanner, Proximity Reader, Night Arm station, External Keypads stainless steel



# Corporate

## Head Office Contact

### **Q Technology Group Limited**

5/435 Williamstown Road,  
PO Box 132,  
Port Melbourne, Victoria 3207.

**P** +61(3) 9676 7054

**E** [enquiries@qtechnologygroup.com.au](mailto:enquiries@qtechnologygroup.com.au)

[www.qtechnologygroup.com.au](http://www.qtechnologygroup.com.au)

### **Rob Rosa**

Managing Director

### **Edmond Tern**

Finance Director  
Company Secretary

### **Douglas Potter**

Chairman  
Non-executive Director

