



# SPECTUR LIMITED

ASX: SP3

## 2018 AGM Presentation





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# Corporate Overview

Spectur is an **Australian-based industrial technology company** with a range of innovative hardware and cloud-based security systems servicing the commercial building, critical infrastructure, transport, resources, defense and government sectors.

Spectur’s core product is the market leading HD5 security camera system and associated cloud-based platform. A **solar-powered** battery backup security system which is remotely accessed and connected via 3G/4G technology, which is connected to Spectur’s own cloud-based platform.

The Company has a dedicated R&D centre with a **pipeline of new products and service extensions** which it plans to develop and bring to market in response to market opportunities.

ASX:SP3

Key Metrics	
ASX Code	SP3
Market Cap @ 20 Cents	\$10.85m
Cash (as at 31 October 2018)	\$2.00m
Share price range (since Nov 17)	\$0.185.5 - \$0.500
Ordinary shares on Issue	52,413,358

## Options

SP3O and Unlisted	16,269,933 (20c) 2020
Unlisted	2,150,000 (\$0.37-\$0.50) 2020

Performance Shares (revenue milestones, three tranches)	14,833,333
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# Board



**Darren Cooper**  
Executive Chairman

Darren Cooper has spent in excess of 20 years with various companies in management and senior executive roles, Mr Cooper now holds a number of Board and Strategic Advisory roles across a range of industries including property, construction, labour hire, professional services and telecommunications.



**Peter Holton**  
Managing Director

Peter Holton has over 30 years' senior management experience in product sales, distribution and marketing in Australia and Europe. He has been directly responsible for managing and increasing product lines and sales via direct sales, distribution.



**Stephen Bodeker**  
Non-executive Director

Stephen Bodeker is an accomplished senior executive with over 20 years' experience in the corporate sector, working within several industries including professional services, logistics, manufacturing, health services and media. He has held senior finance roles in organisations including KPMG and Nestor Healthcare.



**Andrew Hagen**  
Non-executive Director

Andrew Hagen has substantial experience in business development, management, marketing and sales. Andrew worked in the property development industry as a director of Tuart Properties, a privately held property development business since 2003 and worked as a Development Manager for ASX listed as well as government owned property development firms such as Brookfield Ltd, and Mirvac Ltd.



**Suzie Foreman**  
Company Secretary

Suzie Foreman is a Chartered Accountant with over 20 years of experience within the UK and Australia, including 11 years combined experience with a Big 4, and a boutique advisory firm, specialising in the areas of audit and corporate services. Suzie has extensive experience as a Chief Financial Officer and Company Secretary for ASX listed and start-up companies.

# Targeting the Large and Growing Global Security Market

The global security market is large and growing rapidly and will also provide a platform for Spectur to supply a range of additional solutions to its clients

**US\$71.17 billion**

In 2016 the global physical security market – (estimated value).

**US\$1.28 billion and growing at circa 28%\***

The Video Surveillance-as-a-Service market by services

**US\$21.5 billion and growing at circa 15%\***

The Video Surveillance-as-a-Service market (“VSaaS”) by hardware

Video surveillance and VSaaS **could replace a large portion** of the physical security market

- 28 million HD CCTV cameras are forecast to be shipped globally (2016)

**US\$7.71 billion and growing at circa 5.9%\*\***

The Global Thermal Imaging Market Size



\* Source: \*Transparency Market Report;(See Company Prospectus 28/07/2017) \*\*Markets and Markets (see ASX Release 28 March 2018)

# Current Target Industries

## Construction and Civil

Theft from building and infrastructure construction sites in Australia is an ongoing problem across the residential and commercial construction industry. Each of the top 10 builders in the residential housing sector in Australia build in excess of 1,000 homes a year.

## Critical Infrastructure

The increasing threat of terrorism has given rise to a new requirement for sustained mitigation efforts to protect critical infrastructure from external threats. Critical infrastructure includes energy and telecommunications supply assets, gas, electricity, water supplies, airports and railways.

## Transport and Logistics

Spectur's thermal cameras sales targeting large transport and logistics yards and perimeters.

## Military

Initial deployment to protect base perimeters in Australia, seeking the potential for in field deployment to secure operational perimeters in the future.

## Mining and Resources

The mining and resources industry has extensive assets including mining project sites, plant and equipment and staff quarters which can be monitored remotely using Spectur's remote technology.

# Developing Target Industries

## Local Government Land Management

We are deploying systems to prevent illegal access to prohibited sites, mitigating a range of problems such as illegal dumping

## Local Government Beach Management

The Shark Warning System is targeted at local authorities with beaches, and a history of shark sightings and attacks. Current pilot trial with the Shire of Augusta – Margaret River (WA)

## High-Value Operational Sites

Potential customers include high-value cropping industries, as well as sites used for operational assets and material storage. These are “sweet spot” potential Spectur customer types, with extensive perimeters, high value assets requiring protection and typically no existing power or data cabling - in regions that have good solar capacity and mobile internet connectivity.

# Previous Potentials Now “On Hold”

## LIDAR

Extensive customer opportunity assessment has been performed by Spectur with a view to using LIDAR technology for perimeter fencing solutions, however no opportunities to commercialise the LIDAR technology have materialised. The Company has therefore, in accordance with its current business plan, decided to focus on products and opportunities that present clear potential for revenue and margin in the short term. Nevertheless, patents have been renewed to protect research & development work already completed.

## Oil & Gas

Spectur has been investigating the opportunities to enter the Oil & Gas industry with its innovative products. This year, it commissioned a report by Advisian Digital (a Worley Parsons company) to assess the opportunities within the industry for Spectur’s technology. The report identified the opportunity to detect fugitive gas leaks as significant, however the catalyst for a market opportunity would be government introduction of mandatory measurement and mitigation controls on the suppliers. As these Government requirements are not yet in place, the Company sees no commercial opportunity to deploy Spectur technology in the short term.

However, while investigating the industry, Spectur identified an opportunity to work with a leading Oil & Gas company to develop a solution for them using the basic Spectur technology, but adapted to a specific use case. Spectur is working with this company to understand the opportunity in more detail, which could apply to other companies within the same part of the industry.



# Creating a New Category Within the Traditional Security and Surveillance Market



## The Problem

## The Spectur Solution



Ineffective and costly traditional forms of site, critical infrastructure and high value asset security.



Spectur's **proprietary systems** provide live intelligent monitoring and live intruder response systems on site, while live images are uploaded to the cloud, a web based client interface provides a total security system.



Growing need from construction, transport, critical infrastructure and other industries to cut operating costs.



**Rapid and simple deployment** which addresses reseller and global market penetration strategies.



**Major cost to many global industries** from site and infrastructure protection from theft and damage.



**Autonomous asset monitoring systems** provide live autonomous monitoring of critical infrastructure and high value assets through the use of additional plug ins including a range of sensors via the inputs and outputs.



**Cost of installation of powered surveillance systems** is expensive, including laying of cables, connection to mains power etc.

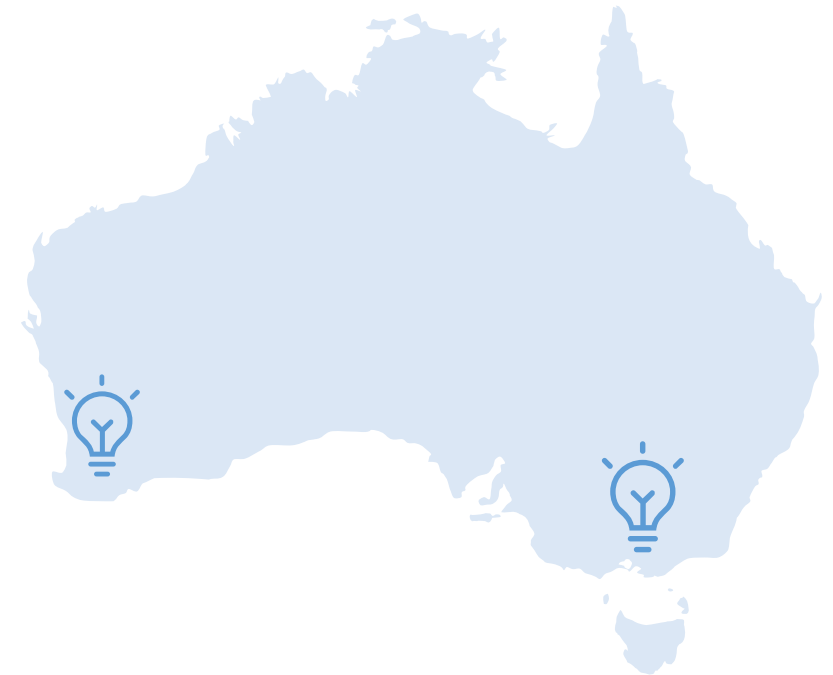


**Cost savings:** Spectur's security camera systems are able to be installed and monitored for a lower cost than traditional security solutions and provide a mobile, flexible solution.

# R&D Supports New Product Innovation and Growth

Spectur is built on ongoing research and development and has a successful history of developing and commercialising market leading products

- Successful client trials of **Thermal Camera Systems** which have been developed in house;
- Integration of **Artificial Intelligence and Machine Learning** to:
  - to enhance detection;
  - reduce false alarms;
  - offer very specific object detection; and
  - provide ability to accelerate integration of facial and number plate recognition.
- Upgrading cloud service architecture and capacity to cope with an increasing number of systems deployed in the field
- New product lines under research & development to integrate into existing systems :
  - **Dedicated 4K Time-lapse Camera** – Ultra high resolution system
  - **Number Plate Recognition Camera**
  - **Shark Alert System** – bridging the shark alert “time safety gap”
- Additional product lines are in various stages of development to ensure an ongoing two year new product commercialisation pipeline.



# Core Product: HD5 Camera System

- HD5 Camera System
- Sale Price from \$3,950+
- Rental Price from ~\$14 per day
- Recurring revenue: Cloud, data and monitoring
- The HD5 Camera System is Spectur's core camera system and is typically deployed to secure construction sites, perimeter fencing and critical infrastructure.
- Range: 20-100 metres (depending on lenses)



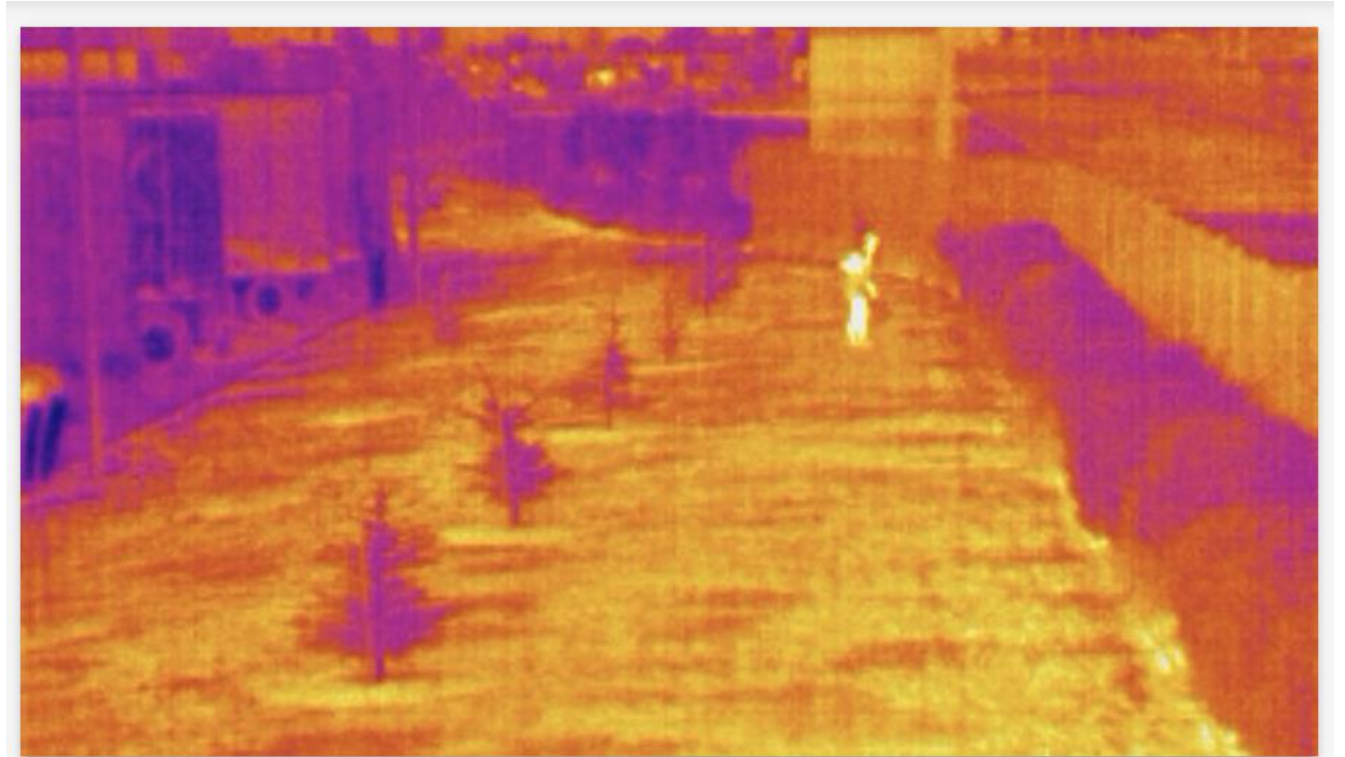
# New Product: Shark Warning System

- Stand-alone beach-based warning system designed to warn beach users of shark danger
- Ability to interface with other water-based warning systems
- Initial “rental only” revenue model - \$20/day
- Rapid deployment. Temporary solution if necessary using a mobile static base or trailer mount
- Functionality: red flashing lights, 100db speaker, spoken warnings & siren
- Four units now on paid field trials:  
2 x Shire of Augusta – Margaret River WA;  
2 x Shire of Busselton WA



# New Product: Thermal Camera System

- Thermal Camera Systems
- Sale Price: \$12,000+
- Rental Price: \$50+ per day
- Recurring revenue: Cloud, data and monitoring
  
- Used on large sites for securing long perimeters - huge competitive advantage of not needing power, artificial light or network cables
  
- Rapid deployment / temporary solution if necessary
  
- Effective Maximum Range: From 250m up to 1km (depending on thermal camera module selected)



<https://youtu.be/51qKGDzGwnQ>

# Reach: Targeting Australian expansion then focus on International expansion

2017/18 FY	2018/19 FY
<p><b>Australia – expansion phase</b></p> <ul style="list-style-type: none"> <li>Perth established</li> <li>Melbourne established in Q1 2017</li> <li>Sydney fully operational Q4 2017</li> <li>Brisbane fully operational Q4 2017</li> </ul>	<p><b>Australia – growth and ramp up stage</b></p> <ul style="list-style-type: none"> <li>Perth, Melbourne, Sydney and Brisbane established. Entering expansion and market domination phase over the short to medium term.</li> </ul>
	<p><b>US – early establishment phase</b></p> <ul style="list-style-type: none"> <li>Planning underway to expand into the US market, including market analysis and technology &amp; logistics planning</li> </ul>
	<p><b>International - in conceptual planning</b></p> <ul style="list-style-type: none"> <li>Potential for international distribution or reseller agreements</li> <li>Potential for international online sales, shipping and distribution.</li> </ul>

# Growth Strategy

Spectur aims to become the dominant player in the solar security space and utilise its research and development expertise to bring new products to the market



**Dominate the Australian market:** expansion across Australia to drive revenues through increased camera installations including growing rental market.

**Increase ongoing and recurring revenues:** total ongoing rental and recurring revenues now 37% of overall revenue for the September 18 quarter, up from 32% for the June 18 full year and look set to increase further.

**Increase total value of unit sales:** introduction of new products such as the Thermal Camera and mobile / trailer-mounted systems to be sold at a value of \$12,000+ and \$10,000+ respectively, compared to the standard HD4 system of \$3,200.

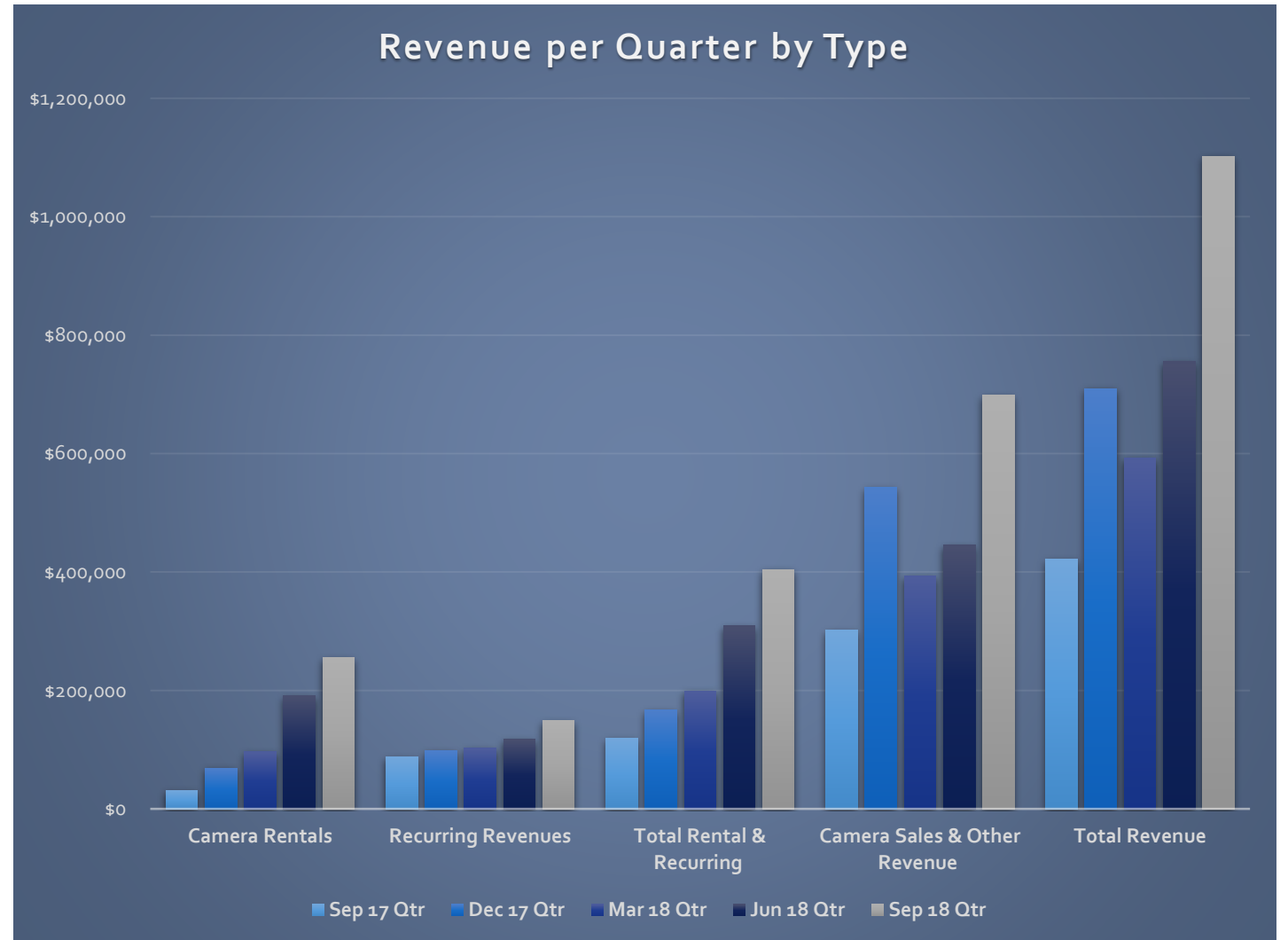
**Target new industries:** including government agencies and high value crop industries to capitalise on demand for remote asset monitoring and autonomous management.

**Pursue international markets:** currently in the planning and market analysis stage for expansion into overseas markets.

# Capital Management

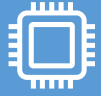
Recurring revenues are growing rapidly, representing a larger portion of total revenue. Margins are also being expanded.

With continued revenue growth, margin expansion and prudent cost management, the Company is aiming to become monthly operating cash-flow positive in the medium term.





# Summary - SP3 Investment Thesis



**Commercialised proprietary security surveillance technology** that is disrupting the traditional security market valued at approximately \$71.17 billion (USD) in 2016\*



**Recurring revenues accounting for 37% of overall revenue and are growing,** which comprise ongoing rental and cloud, data and monitoring revenues as at the September 18 quarter



**Strong revenue growth**  
First quarter revenue (September 2018) of \$1.1 million (2017 1<sup>st</sup> quarter Revenue \$0.4m)



**Increasing margins**  
From 50% last FY to 60% for the first ¼. GP target of 70%+



**Servicing Tier 1 clients**

- construction
- transport
- mining
- critical infrastructure
- military
- government



**Expansion to the east coast**  
Now operational in Vic, NSW, Qld

**Planning phase for soft entry into US Market** in first quarter 2019



**Products manufactured in Perth** from propriety, patent-protected designs, and used for ongoing new product developments



**Expansion industries include**

- Government Agencies
- High Value Crops

\* Source: Transparency Market Report



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