



SPECTUR LIMITED

ASX: SP3

Half Year FY19 Interim Results and Market Update

28th February 2019



Record Results and New market Entries

Financial highlights

Continued growth momentum

Record financial results in 1H19: revenue of \$2.2m, up 94% on previous half year.

Well-positioned balance sheet

\$1.4m of cash and \$1.4m of inventory at 31 December 2018.

Cash Burn Reducing

First cash flow-positive month achieved in January 2019 fuelled by our growing recurring revenue base. While not yet cash flow positive overall, indicative of Company's reducing cash burn and move towards positive EBITDA.

Preparation for future increase in revenues

Company infrastructure established to support strong future increase in revenues without significantly adding to cost base.

Continued success in local government sector

Further successful wins with more local governments across a range of applications (shark warning system, beachside car park security, monitoring of illegal dumping at tip sites and other remote / non-powered sites).

Continued success in state government sector

WA State Government Department of Fisheries has made an initial purchase of 9 of the Company's Shark Warning systems, with further orders anticipated.

WA State Government Department of Planning Lands & Heritage increasing the number of systems they are deploying with 16 systems now in the field.

Spectur Making Headlines



The Spectur alarm uses lights, sirens and audio broadcasts to alert beachgoers of sharks in the area. PIC: Seven News

The State Government has purchased shark alarms which will be used during the SMART drumline trial in the South West.

Nine shark alarms that use lights, sirens and audio broadcasts will be installed at the main surf breaks in Gracetown, to alert people if a shark is caught or a tagged shark is detected.

The new alarms will be installed this week at surf breaks - Gallows, The Womb, Ellensbrook, South Point and Lefthanders.

WA's shark drum-line trial underway off Gracetown

Sarah Steger | PerthNow
February 21, 2019 11:33AM

WA's non-lethal shark drum-line trial is underway, with all 10 smart drumlines now in the water about 500 metres off the South West coast.

The 15-month trial is dedicated to tagging and relocating great white sharks along 11.5km of coastline from Hangman's surf break north of Gracetown to Ellensbrook in the south.

The Government is very keen that this is a scientific trial. Minister Dave Kelly said at Cowaramup Beach.



PAUL & LISE SHOWS ENTERTAINMENT LIFESTYLE

SOLAR POWERED SHARK ALARMS



NEWSROOM
Posted on February 18, 2019

Shark alarms will be used at the popular surf breaks of Gracetown, Yallingup, Surfers Point and Castletide.

The West Australian

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Shark alarms for City and Floreat beaches

Claire Tyrrell | The West Australian
Wednesday, 13 February 2019 5:01AM



Sharks

Shark alarms for City and Floreat beaches

Claire Tyrrell | PerthNow
February 13, 2019 5:01AM

TOPICS WA News Perth

Shark alarms that flash red lights and sound warning messages will be installed at City Beach and Floreat by spring.

Spectur alarms, planned for four locations at the popular surf breaks of Gracetown, Yallingup, Surfers Point and Castletide, will be operated remotely the moment a shark is spotted or a tagged shark is detected.

Solar-powered devices can be triggered even when the beach is closed. They will be a first for Perth and have been used in other parts of the state. The alarms will be installed at Gracetown, Yallingup, Surfers Point and Castletide.

Shark manager Patrick Anderson said the alarms would provide beachgoers with a better experience.

NT News

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NEWS

Shark alarms for popular surf breaks

Australian Associated Press
February 18, 2019 1:04pm

Shark alarms will be used along Western Australia's famous southern surf breaks to alert beachgoers when the apex predators come close to shore during a drumline trial.



Spectur joins shark trial

Delia Price | Friday, 22 February, 2019 - 13:38

facebook twitter

Perth-based Spectur will join the trial.

Spectur enters new market with Shark Warning System collaboration

Send emails for Campaign Monitor

BREAKING NEWS

Shark alarms for WA's popular surf breaks

Australian Associated Press
February 18, 2019 1:04pm

Shark alarms will be used along Western Australia's famous southern surf breaks to alert beachgoers when the apex predators come close to shore during a drumline trial.



Systems will provide localised information to beachgoers on shore via alerts by the company's cloud platform.

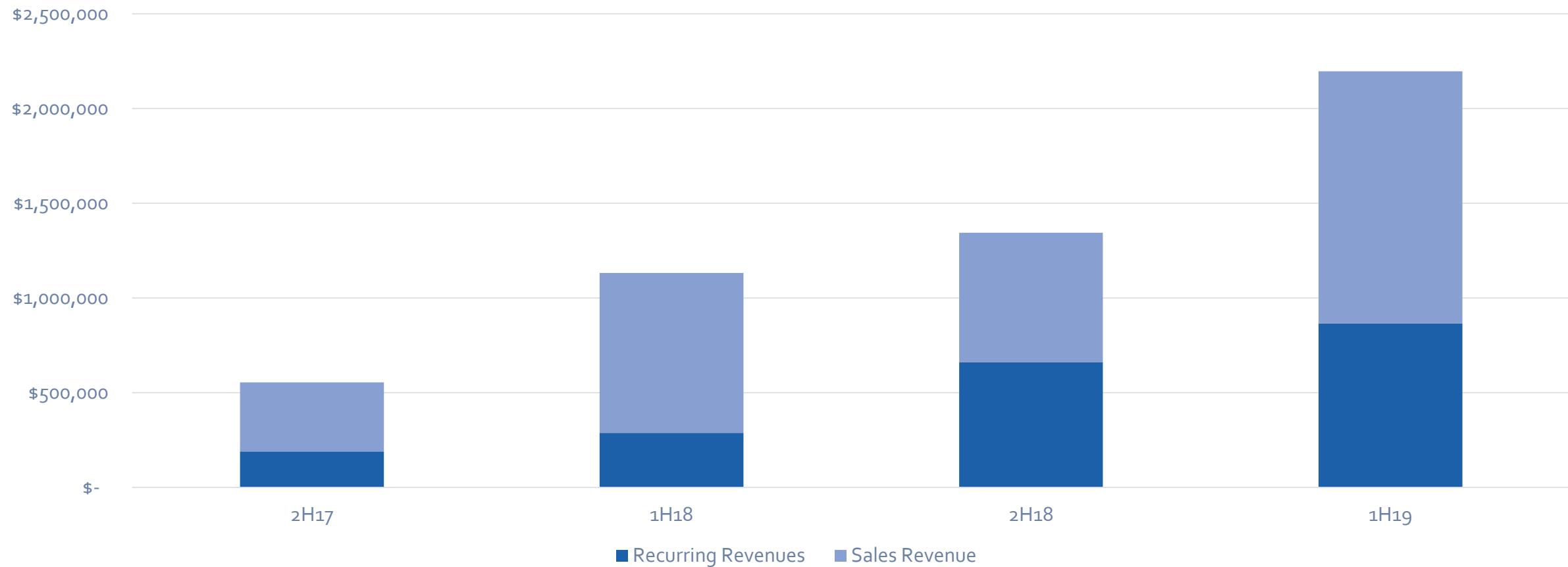


Spectur Making Headlines



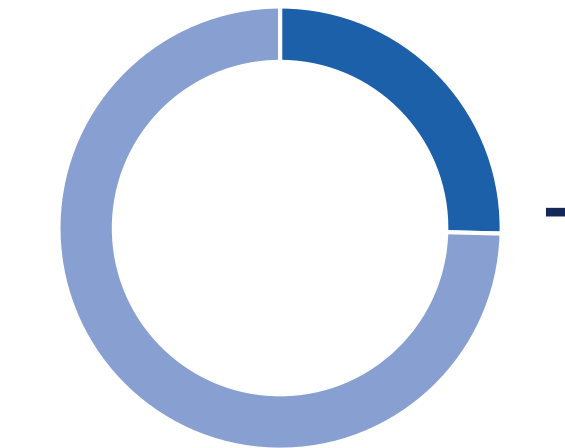
Continuing Momentum in Revenue Growth

Six-monthly revenues over time



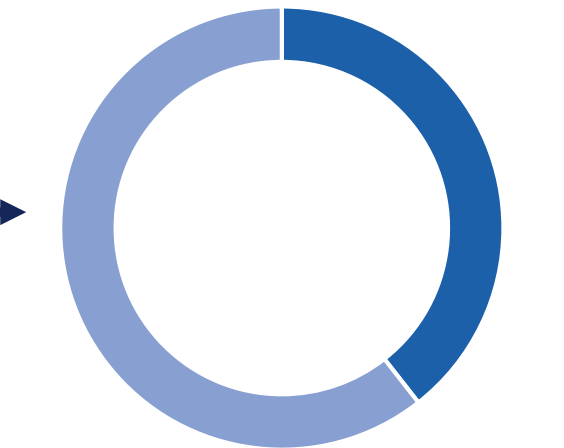
Recurring Revenues Continue to Build

Revenue Composition - 1H18



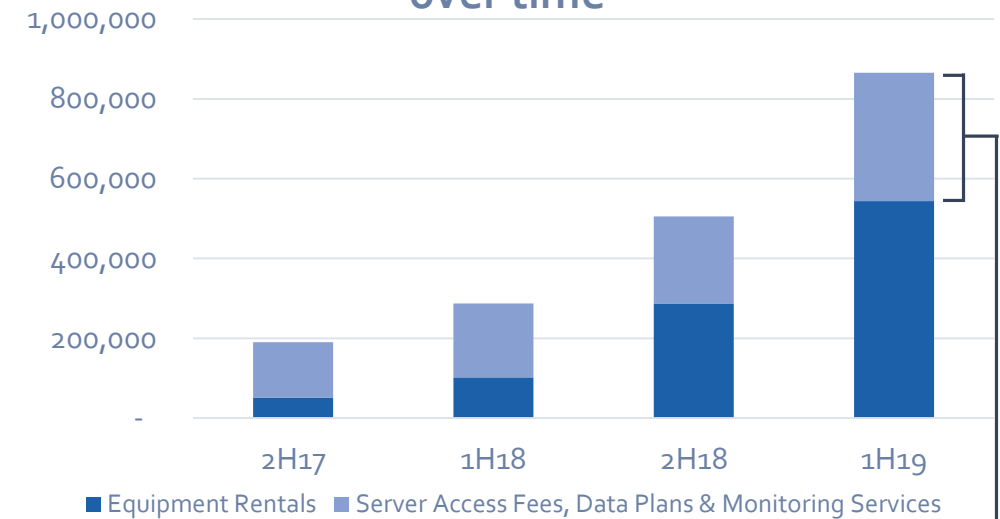
■ Recurring Revenues ■ Sales Revenue

Revenue Composition - 1H19



■ Recurring Revenues ■ Sales Revenue

Breakdown of Six-monthly Revenues over time



Note: camera sales also add to this element of recurring revenues
Over 1,600 cameras now deployed

Financial Summary

AUD\$ Thousands	31-Dec-18	31-Dec-17	% Change	
Revenue	2,196	1,132	94%	• Reflects strong growth in all products including recurring revenues
Gross Profit	1,290	470	174%	• Improving margins with pricing reviews, new products and increased rentals
Other income	-	5	-	
Research and development expenses	(573)	(359)	(60%)	
Employee benefits	(1,159)	(590)	(96%)	• Includes costs for FY18 that won't be ongoing due to rationalisation of the workforce and includes costs to support the next stage of growth
General and administrative expenses	(564)	(457)	(23%)	
Marketing and advertising	(206)	(162)	(27%)	
Property expenses	(127)	(102)	(25%)	• Includes East Coast operations and production capacity for growth
Share-based payment expense	(159)	(563)	72%	• Reversal of non-vesting performance rights
EBITDA	(1,498)	(1,758)	15%	
Interest Income	14	28	(50%)	
Depreciation and amortisation	(120)	(29)	(314%)	• Amortisation of intangible assets
Interest expense	(7)	(3)	(133%)	
Loss before income tax benefit	(1,611)	(1,761)	9%	
Income tax benefit	37	8	363%	
Total comprehensive loss for the period	(1,574)	(1,753)	10%	
AUD\$ Thousands	31-Dec-18	30-Jun-18	% Change	
Cash and cash equivalents	1,405	3,487	(60%)	• Result of net loss for the period and increase in inventory
Trade and other receivables	785	1,028	(24%)	• Increase in trade receivables offset by R&D refund received
Inventories	1,420	908	56%	• Increase in inventory to secure raw materials and cater for growth
Non-Current Assets	1,446	1,436	1%	
Total Liabilities	1,340	1,744	(23%)	• Reduction in trade payables mostly due to timing
Net Assets	3,716	5,115	(27%)	• Result of net loss for the period

FY19 Outlook

Spectur aims to become the dominant player in the solar security & safety space.
The flexibility of our technology has allowed us to adapt and develop products to reach new markets.

Goals	Progress / Plans
Dominate the Australian Market	Progressing well – traction gained in new key growth industries, local and state government agencies. The potential Australian market is large, with over 530 local governments around the country.
Increase ongoing and recurring revenues	Total ongoing rental and recurring revenues now make up 39% of overall revenue.
Increase total value of unit sales	Increased roll-out of new products such as thermal cameras, trailer-mounted units and shark warning & beach safety systems - all carrying higher revenues and margins.
Target new industries	Building sales momentum with continued push into local and state governments.

Target Markets – Updates

Residential & Civil Construction

- Companies are under increasing pressure to prevent theft and financial losses with a tightening in residential construction
- Spectur taking a proactive approach with larger builders:
 - Aggressively targeting new opportunities
 - Flexible rental terms
- ✓ New customers by winning business from competitors
- ✓ Confident about accelerated growth in this sector



Target Markets – Updates

Infrastructure Projects

- Critical infrastructure includes energy, water, roads, rail and other large infrastructure projects.
- Multiple thermal camera trials in progress, (albeit anticipation of longer sales lead-times).
- Targeting large infrastructure projects:
 - John Holland and McConnell Dowell using Spectur systems on East Coast road and rail projects
 - Working with Kennards Hire Major Infrastructure Division to supply larger infrastructure projects



Target Markets – Updates

Mining and Resources

- The resurgent mining and resources industry has extensive assets including mining project sites, plant & equipment and staff quarters. These can be monitored remotely using Spectur technology.

Strong potential for Spectur:

- Mining resurgence in WA and QLD
- New sites being developed
- Mining and resource sector looking to adopt new technologies to improve safety and margins
- \$80k order received from Mt Gibson Iron for mine site security



Target Markets – Updates

Local and State Government

(Unauthorized access, illegal dumping and protecting remote assets)

- Spectur's fastest-growing sector
 - Deployment options:
 - Traditional pole-mounted systems;
 - Portable bases; and
 - Trailer-mounted systems
 - Multiple successful trials completed with rollouts underway
 - Thermal camera order from City of Armadale
 - 16 systems sold to Department of Planning, Lands and Heritage WA
 - Increasing number of councils around Australia using Spectur systems



Department of Planning,
Lands and Heritage



BATHURST
REGIONAL COUNCIL

New Products – Updates

Shark Warning System

- **Spectur develops new Shark Warning System to alert beach users of potential shark danger**
 - Incorporates all of Spectur's core technologies in a new application
 - Very early uptake by multiple customers
- **Trials of Shark Warning System in Augusta Margaret River and City Of Busselton**
 - systems on 4 iconic WA tourist beaches
- **WA Fisheries Department order 9 Shark Warning Systems covering a 10km stretch of coast**
 - WA State Government has selected Spectur as part of its shark mitigation strategy, dramatically increasing credibility and visibility
 - WA Government is spending more on shark mitigation than any other state
 - Additional orders in the pipeline from other coastal councils
 - Global potential



International Update

Moving forward with NZ distributor

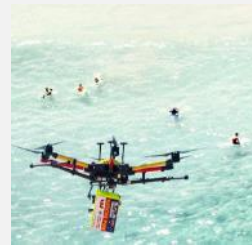
- Cost effective entry into new market with close geographical proximity
- Similar market profile to Australia
- Adequate levels of solar input and cellular coverage

Research now completed in Texas, USA

- Large perimeters, crime issues and abundant solar & 4G network
- Initial trial units now shipped to a potential partner in Austin for market testing

Partnership with The Ripper Group

- Specialists in Drone Shark detection
- Offers low-risk introduction to new overseas markets
- Technically-capable partner can provide in-country support



Financial Model

Increasing revenues & margins from multiple sources

Spectur currently has the capacity to manufacture and install 150 new camera system units per month. This can be up-scaled rapidly in response to large new orders.

Revenue from	Products		Revenue
Hardware sales	<ol style="list-style-type: none"> 1. HD5 2. Thermal Cameras 3. Trailer models 	<ol style="list-style-type: none"> 4. 4K Time-lapse Cameras 5. Shark Warning / Beach Safety Systems 6. Emergency Warning Systems 	Range from \$3,900 to \$12,000+ per unit. Trailer-mounted units from \$12,000.
Recurring revenues from cameras sold in operation	<ol style="list-style-type: none"> 1. VSaaS charges \$40 pcm 2. Data charges \$40 pcm (optional) 3. Monitoring charges \$40 pcm (optional) 		Currently 1,600+ systems in operation
Ongoing revenue from rental units in operation	<ol style="list-style-type: none"> 1. HD5 2. Thermal Camera 3. Trailer model 4. Shark Warning System 		Circa \$14 per day, currently 250+ rented systems in operation Shark Warning System \$20 per day
Other revenue	<ol style="list-style-type: none"> 1. Installations, servicing & repairs 		Various

Capital Structure

Key Metrics 27 February 2019	
ASX code:	SP3
Share price:	\$0.13
Market cap:	\$7.0m
52 week high:	\$0.39
52 week low:	\$0.11
Average daily volume:	20k
Shares on issue:	56.1m
Fully paid ordinary shares escrowed	10.6m
Options (exercisable at \$0.20, 31 December 2020)	6.9m
Options (exercisable at \$0.20, on or before 31 December 2020)	9.2m
Options (exercisable at \$0.37 on or before 31 December 2020)	150k
Options (exercisable at \$0.50, on or before 31 December 2020)	2m
Performance Rights:	11m
Percentage of share register held by board and key management personnel	9.52%
Listed on ASX:	01/08/2017
GICS classification:	Technology Hardware & Equipment

Board



Darren Cooper
Non- 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.



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