



## Spectur Limited Company briefing and Q&A

### Full year results, insights and questions

ASX Announcement | 19/09/2019

#### Highlights

- Spectur will be providing a briefing and Q&A via webcast on 19<sup>th</sup> September 2019
- The briefing will be supported with an updated investor deck, included with this announcement

**Thursday 19 September 2019: Security systems and cloud-based technology solutions company Spectur Limited (ASX:SP3) ("Spectur" or "the Company")** is pleased to provide updated investor briefing material (the Deck), which will accompany the presentation today by new Managing Director and CEO Gerard Dyson. This material includes some synthesis of the FY19 financial results along with additional insights on performance to date, the Company's business model, strategy and growth horizons.

#### Webinar details

This event will be hosted by ChorusCall. The live event will commence on 19<sup>th</sup> September 2019 at 9:15am Australian Eastern Standard Time and is expected to conclude by 10:00am. To register for this informative event and have the opportunity to ask questions, please follow this link:

<https://s1.c-conf.com/diamondpass/specturltd-10002057-invite.html>

Note that the complete presentation, webinar and Q&A will be posted on the Company website within 3 business days of the conclusion of the event.

**Ends.**

**For further information, please contact:**

#### Corporate enquiries

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## **About Spectur Limited**

Spectur Limited (ASX:SP3) is an Australian-based developer of security, surveillance and warning solutions powered by solar, IoT [Internet of Things], camera and cloud-based technology. The Company owns the rights to its innovative hardware and disruptive cloud-based systems which are deployed to provide solutions to industries including government and utilities, and the building, construction and civil sector.

Spectur's core products are solar powered deterrence and surveillance systems and associated cloud-based platform. These systems incorporate cameras, lighting, audible warnings and a hardware IoT platform, remotely accessed and connected via 3G/4G technology to a cloud-based platform. The offering is complemented by a longer distance, 24-hour thermal camera deterrence solution, suitable for customers with long perimeters.

Spectur is used and trusted by small business to multinationals and the company is currently implementing a strategic growth plan to build market dominance in the Australian government and utilities sector to meet demand for innovative, remote camera and IoT solutions.

To learn more, please visit: [www.spectur.com.au](http://www.spectur.com.au)





# SPECTUR

Australia's leading solar cloud-based security and IoT solutions company

Spectur Limited (ASX:SP3)  
September 2019

We provide reliable solutions and platforms with cameras and IoT in unpowered locations.



# Agenda

Introduction to Spectur

Strategic growth plan

Recent financial performance

Strong growth outlook

Q&A



# Introduction to Spectur



# Spectur Limited

Reliable solutions and platforms using cameras and the Internet of Things in unpowered locations.

## Reliable solutions to high value problems

- **Deterrence** of crime
- **Surveillance** to improve productivity
- **Warnings** to protect communities
- **Platforms to enable IoT** In unpowered locations

## Focus on two major sectors in Australia

- Government, utilities & institutional
- Building & construction

## Leveraging technology for enhanced results

- **Australian owned**, design, coded and assembled
- **Solar powered in-field platforms** designed with cameras, IoT, computing, connectivity
- **Cloud-based** storage
- **Bespoke** software and user interfaces, leveraging AI
- **Integrated** field services
- **Sophisticated** sales, marketing and customer relations



# Capital Structure

Listed on ASX in August 2017

## Key Metrics as at 30 August 2019

### Share Trading Information

ASX code:	SP3
Listed on ASX:	01/08/2017
Current share price:	\$0.10
Market cap:	\$7.0m
52 week closing high:	\$0.27
52 week closing low:	\$0.10
Average daily volume:	95k
GICS classification:	Technology Hardware & Equipment

### Capital Structure

Shares on issue:	68.6m
Options – Listed (exercisable at \$0.20, 31 December 2020)	11.0m
Options – Unlisted (exercisable at \$0.20, on or before 31 December 2020)	9.3m
Options (exercisable at \$0.37 on or before 31 December 2020)	150k
Options (exercisable at \$0.50, on or before 31 December 2020)	2.0m
Performance Rights on issue:	7.3m

### Share Register

Top 20 shareholders	37.6%
% of register owned by Board & KMPs	2.02%





# Spectur Solutions

Leveraging technology for business and government



## Deterrence

- Stopping vandalism, theft, illegal dumping and disruption of customer assets
- Through night-time detection, illumination, spoken warnings and HD capture
- With minimal false alarms and maximum uptime.



## Surveillance

- Providing eyes on customer assets and sites, usually during daylight working hours
- Can include other IoT sensors
- To enable improvements in productivity and response time
- Without having to visit and with maximum uptime.



## Warning

- Warning communities of pending hazards and being able to observe the response
- Through automated and remote triggering, audible and visible warning, and camera observations
- With total reliability in performance when it counts.



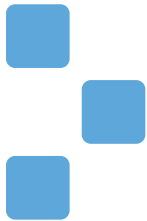
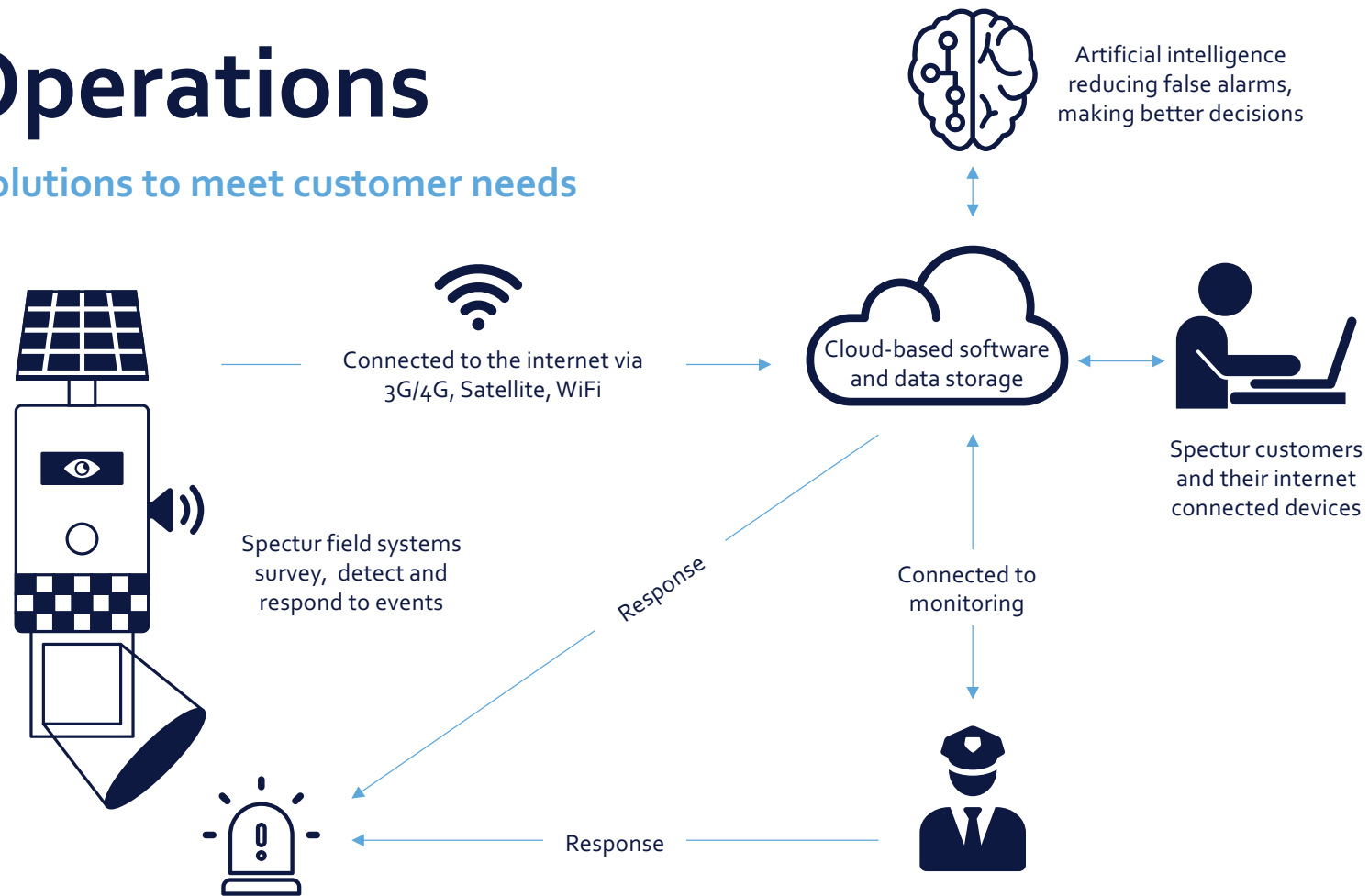
## Platforms for IoT

- Connecting sensors, devices and tools to the internet from a robust solar platform



# Our Operations

Integrated solutions to meet customer needs



# Current Market Potential

## Unsaturated and large market for deterrence solutions

### Construction Crime

- **39%** of construction and building companies suffer from theft / vandalism each year<sup>1,3</sup>
- Theft and illegal dumping at home sites in one suburb cost the state's top four building companies close to \$130,000, which was **up 38%** on the previous month...<sup>2</sup>
- Costs in the region of **\$2B/year**<sup>1</sup> with the National Equipment Register estimating that around **\$650m worth of high-cost construction equipment** is stolen.<sup>3</sup>
- Statistics from the Australian Institute of Criminology show **less than 50% of construction theft is reported** to the police...<sup>4</sup>

### Illegal Dumping

- More than **10% of the community** has deliberately travelled to covertly dump illegal waste elsewhere in the past year.<sup>5</sup>
- Across NSW, illegally dumped waste burdens charities with **\$3m in disposal costs each year**.<sup>5</sup>
- South Australian governments are estimated to spend **\$1.5m a year** removing and properly disposing of illegally dumped materials and land fill.<sup>6</sup>
- Illegal dumping is costing 1 in 10 local government authorities more than \$500,000 per year.<sup>7,8,9</sup>
- Most local government authorities are dealing with up to **100 illegal dumping incidents** a year.<sup>9</sup>

The figures on construction crime and illegal dumping are widely understood to be underreported

The problem is high value and "under solved" – and Spectur has a proven solution now

# Strategy Implementation

Focussed actions we are taking now

## Driving sales productivity

- Enhance inbound sales tactics
- Build outbound sales infrastructure
- Optimise marketing investments



## Build customer centric organisation

- Proactive customer research and outreach
- Generate insights for sales & marketing, field services and research & development
- **improve the customer experience**



## Positioning as a premium solution

- Evolve and improve the current product and solution cases
- Research and preparation for the next generation technology platform to suit current and future usage cases

With focus on

- **Australian and New Zealand customers; in**
- **Government & Utilities + Building and Construction; with**
- **needs in deterrence, surveillance and warning.**

What we will do in the future



# Future Platform

From solar security camera company to unpowered / AI / IoT technology solutions company

## Independently powered

- Power consumption of computing, communications, sensing and acting devices is plummeting
- Cost and size of solar and battery solutions are also falling
- Spectur has many years of experience solely focused on the optimization and power management of solar and battery devices
- **Presence of mains power is increasingly irrelevant**
- **Speed of deployment, low cost of installation and minimal intrusiveness on the natural and built environment are favoring power independence.**

+

## Server / edge Artificial Intelligence

- Video based artificial intelligence (AI) has become accessible for business applications
- Training is happening faster and implementation of trained systems is possible on smaller platforms
- Spectur will migrate from server based to increasingly edge based AI platforms
- **Latency is reduced allowing almost immediate response**
- **Enabling technology is now affordable ensuring solutions are accessible to customers whilst delivering step changes in "what is possible"**

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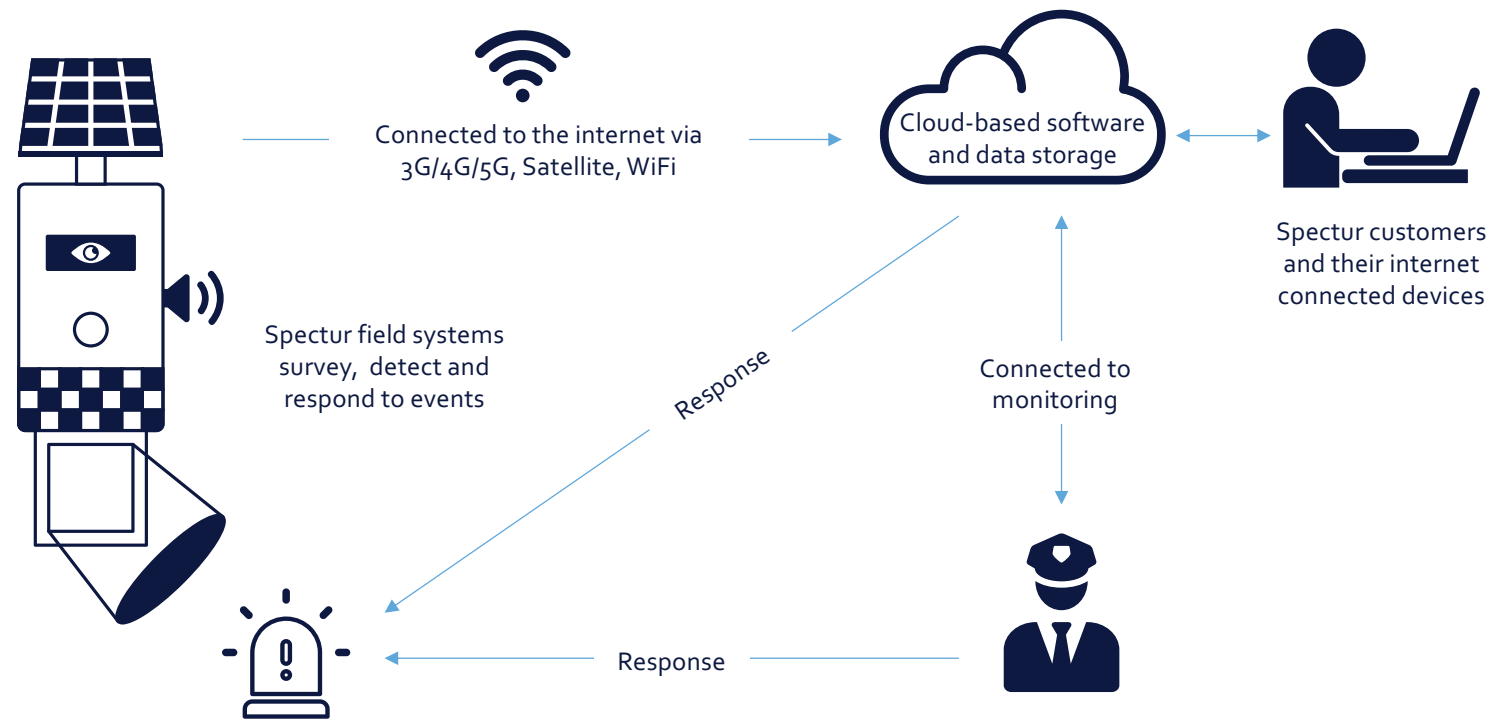
## Internet of Things

- Sensing or acting devices, with integrated communication systems are costing as little as tens of dollars.
- The range of sensors and acting devices that are commercially available is increasing exponentially.
- **Use cases that were previously unaffordable are "thinkable".**
- **Only the imagination is constraining future use cases...**

The market potential just got a lot bigger

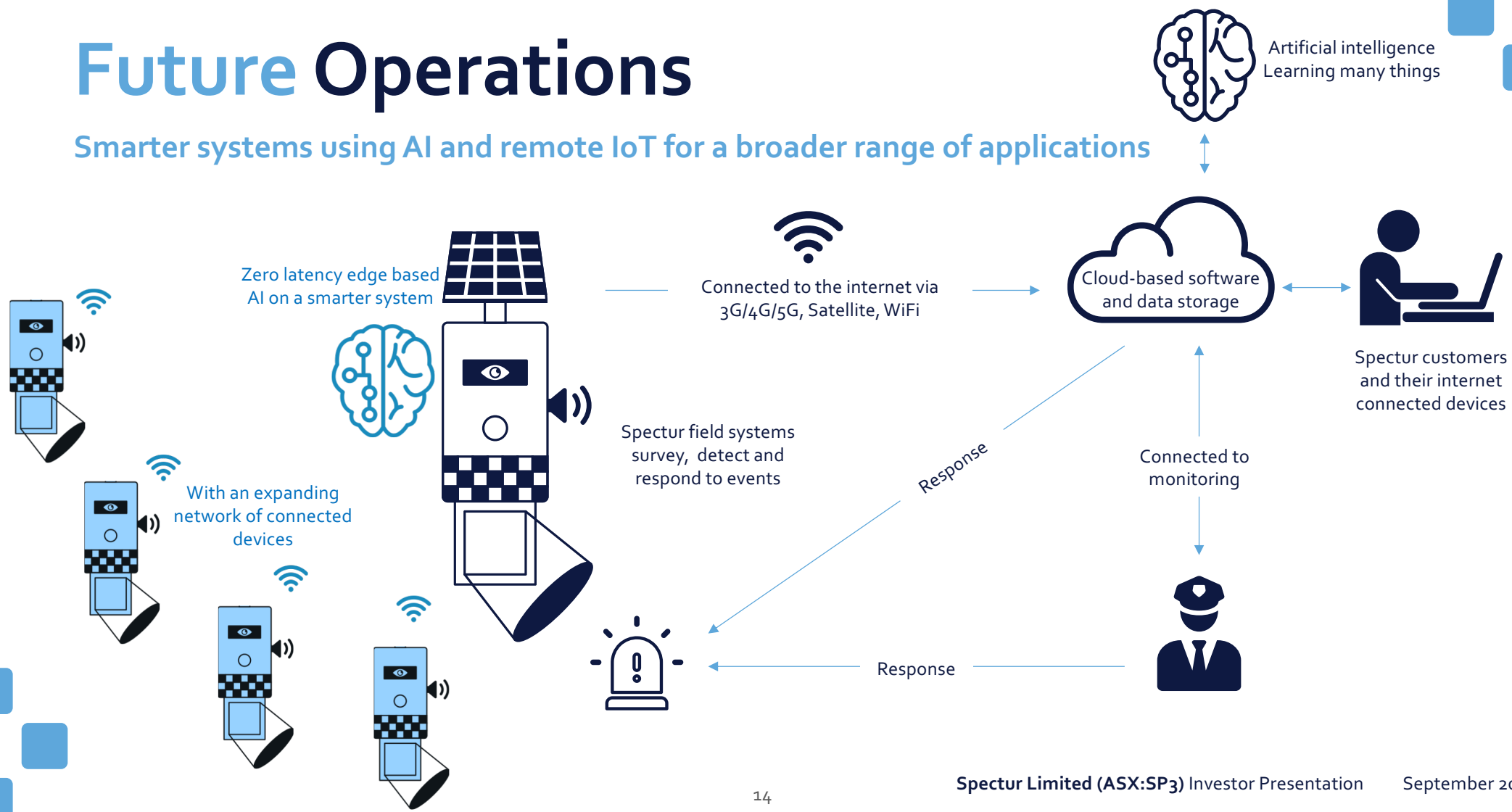
# Future Operations

Smarter systems using AI and remote IoT for a broader range of applications



# Future Operations

Smarter systems using AI and remote IoT for a broader range of applications





# Uses for many industries

## Huge potential growth

### Construction and Building

- Deterrence of crime
- Safety
- Productivity
- Contractor and claims management
- Access control
- Vehicle identification, counts and behaviors

### Local government

- Deterrence of illegal dumping
- Traffic management and parking enforcement
- Smart city platform
- Park management

### Environmental

- Baseline monitoring (flora and fauna count / classify)
- Compliance monitoring
- Revegetation tracking

### Hazard detection and warning

- Fires, floods, tsunamis, carnivores, earthquakes
- Warning and communication
- Tracking individuals

### Transport authorities

- Boat registration
- Landing fees at remote airfields
- Vehicle types and counts for road design
- Bridge collision avoidance
- Vehicle behaviors

### Agriculture

- Pest management
- Frost detection and management
- Perimeter protection
- Environment sensing
- Water / fertilizer optimisation

# Recent financial performance



# Income Statement

Spectur achieved another year of doubled revenue

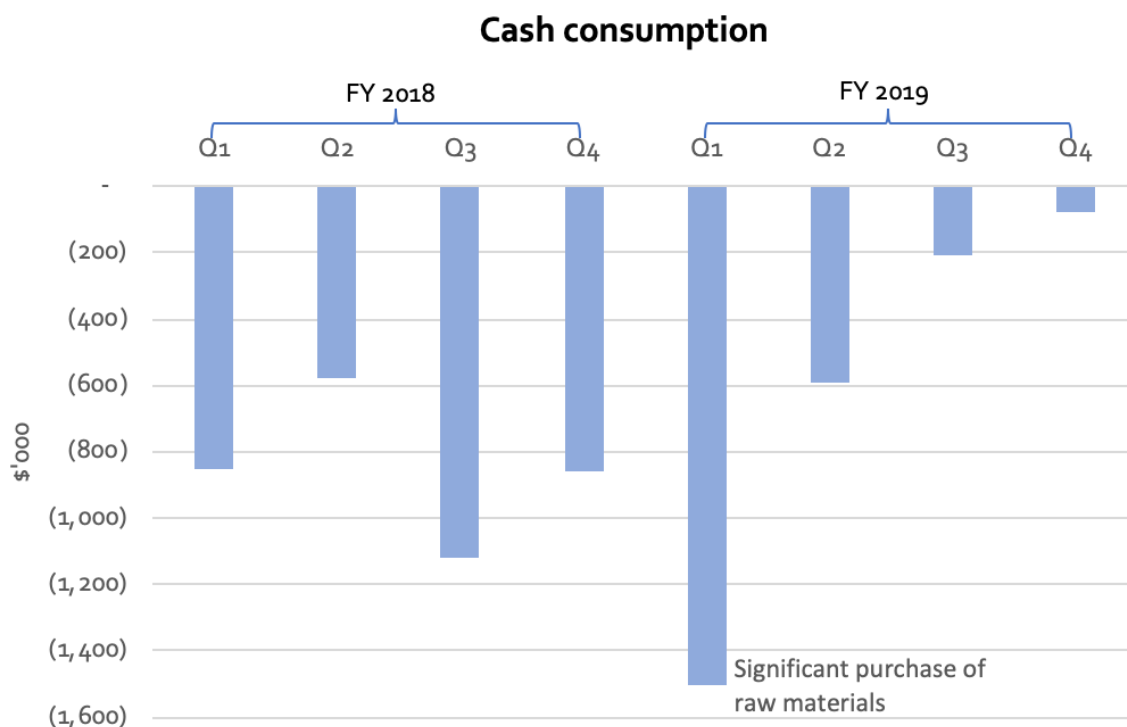
	30-Jun-19	30-Jun-18	YoY change
Revenue	4,818,130	2,476,501	95%
Cost of Sales	-1,982,549	-1,245,351	59%
Gross margin	<b>2,835,581</b>	<b>1,231,150</b>	<b>130%</b>
Gross margin percentage	59%	50%	
Statutory comprehensive loss	-2,608,167	-3,319,043	21%
Underlying comprehensive loss	-2,072,451	-3,319,043	38%

## Insights & Observations:

- Revenue **up 95%** on FY18
- Gross margin of revenue **up 130%** on FY18
- Overall GM % **increased from 50% to 59%**.
- Net loss excluding one-off restructuring **down 38%** on FY18
- Expect benefits of **increased** fiscal discipline to continue
- Expect ongoing **top line growth**
- We have **latent capacity** in the fixed costs of the organisation

# Improving Financial Performance

## Moving to cash self-generation



## Insights & Observations

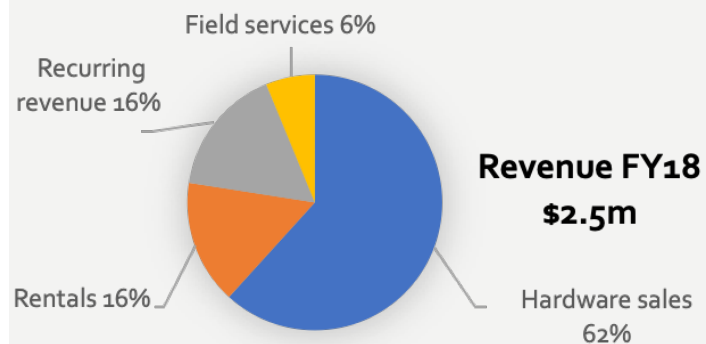
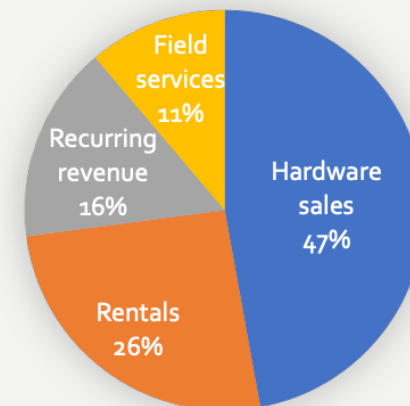
- Overall long-term trend of decreasing consumption with increasing revenues, growing GM% and overhead control
- Balance sheet strengthened by tranche 1 and tranche 2 capital raising events occurring in July and August 2019
- Expect short term increased cash consumption rate from
  - Strategy investment
  - Normalising inventory
  - Growth
  - Q1 annual cost impact
- Cash reserves sufficient to fund strategy

# Revenue Model

Four complementary revenue streams

Revenue streams	Offerings		Revenue Generated
<b>1. Hardware sales</b> <b>\$2.27m</b> GM at 56%	<b>Primary</b> HD5 optical Thermal system Warning system Time-lapse	<b>Ancillary</b> Parts Install materials Mounting solns	\$3,550 to \$12,000+ per unit
<b>2. Rentals</b> <b>\$1.24m</b> GM at 82%			Variants and custom solutions
<b>3. Recurring revenues</b> <b>\$770k</b> GM at 62%  (driven by sales)	Includes combinations of data, system access, cloud storage, cybersecurity, monitoring, support and advice  Currently 1,700+ systems in operation		Specturcare <b>\$99/month</b> Basic and premium variants from <b>\$39 to \$109/month</b>  Average <b>\$61/month FY19Z</b>
<b>4. Field services</b> <b>\$540k</b> GM at 40%	Installations, relocations, servicing & repairs		Various (fixed fee and hourly)

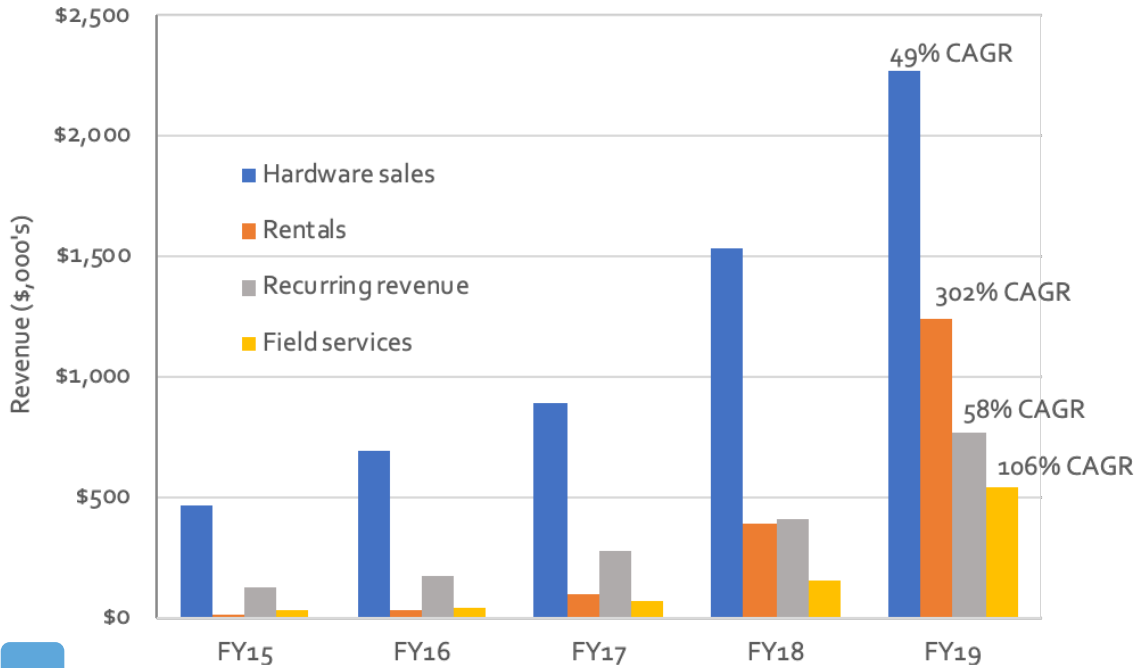
Revenue FY19  
\$4.8m



# Revenue Growth

High performance in all streams

Four Material Revenue Streams



# Financial Insights

## Two complementary business models

### 1. System sales and recurring revenue (47% and 16% of revenues)

- To suit customers wishing to:
  - Maximise long term value and reduce lifetime costs
  - Own and capitalize assets
- Sale of high value systems drives customer retention due to proportionately low recurring costs (<2.5% per month per system)
- Hardware sales revenue has increased proportionate to other revenue streams with growth of thermal camera sales
- Capital investors grow their fleet and add purchases during the year

### 2. Systems rentals (26% of revenues)

- To suit customers wishing to:
  - Minimize capital outlay
  - Simplify accounting
  - Address short term needs (usually 3 to 6 months)
- Rental units draw from sales inventory – ensuring maximized utilisation
- Are less “sticky” than sales customers, but this is offset with higher GM%.

leveraging

### Field services (installation, relocation, removal, repairs, 11% of revenues)

- Providing complete solution support for buyers and renters
- Ensure close customer contact across the value chain

# Financial Insights

## Insights and observations

- CAC recovered from gross margins within first year (rental and sales customers)

## Outlook for FY20

- **Reduced churn** through improved customer service and product performance
- **Increased recurring revenue per system** based on updated pricing model
- **Reduced CAC** due to improvements in sales and marketing performance
- Ongoing **performance and growth** of rental business

Observations	
Cost of Acquisition of Customers (CAC)	\$3,500
Annual contract value (ACV) of a hardware sales customer in FY19	\$8,400
Gross margin payback period	< 9 months
Annual churn (for recurring stream of hardware sales customers)	17%
Monthly churn (for recurring stream of hardware sales customers)	2%
Lifetime value (LTV) of a hardware sales customer	\$28,000
Portfolio LTV of hardware sales customers at end of FY19	\$11m
Annual recurring revenue in FY18 <sup>1</sup>	\$400,000
Annual recurring revenue in FY19 <sup>1</sup>	\$770,000
Average annual income per rental system in FY19	\$4,800
Time to recover cash costs of rental system in FY19	4.8 months

Note:

1. Excludes recurring services incorporated in rental revenues
2. Figures are average / approximate



# Technology Comparison

A comparison with other ASX tech companies

Information	ConnectedIO	SenSen	Spectur	Smart Parking	Nearmap	Catapult
Hardware	Yes	Small	Yes	Yes	Small	Yes
Software	Yes	Yes	Yes	Yes	Yes	Yes
FY19 Statutory revenue (millions)	\$2.60	\$3.78	<b>\$4.82</b>	\$27	\$79	\$95
CAGR (from FY17 to FY19)	24%	35%	<b>90%</b>	5%	39%	25%
FY19 Gross profit %	60%	63%	<b>59%</b>	56%	69%	73%
Market capitalisation (millions)	\$9.1	\$49	<b>\$8.6</b>	\$72	\$1,200	\$260
Market capitalisation / Statutory revenue	3.5	13	<b>1.8</b>	2.7	15	2.7

Spectur has highest CAGR, multiple growing static and recurring revenue streams

Lowest Market cap / Revenue ratio...

Note:

+ based on FY19 results and market capitalization as at 1pm, Tuesday 17<sup>th</sup> September 2019

Strong growth outlook



# Our Outlook is Growth

Well positioned to capture current and future industry demand

- Spectur expects to deliver continued top line growth over FY20
- Additional spend in the short to medium term as strategy investments are made
- Growing outbound sales in government and utilities, whilst maintaining base inbound growth rates in buildings and construction
- Renewing and expanding the technology platform to embrace recent developments in technology and enable expanded use cases into the future
- A focus on the Australian (west and east coast) and New Zealand markets
- Larger order sizes, increased sales of higher margin products
- Medium term profitability and cash generation
- Reduced churn and increased LTV of customers





# Contact Details

**Spectur Limited (ASX:SP3)**

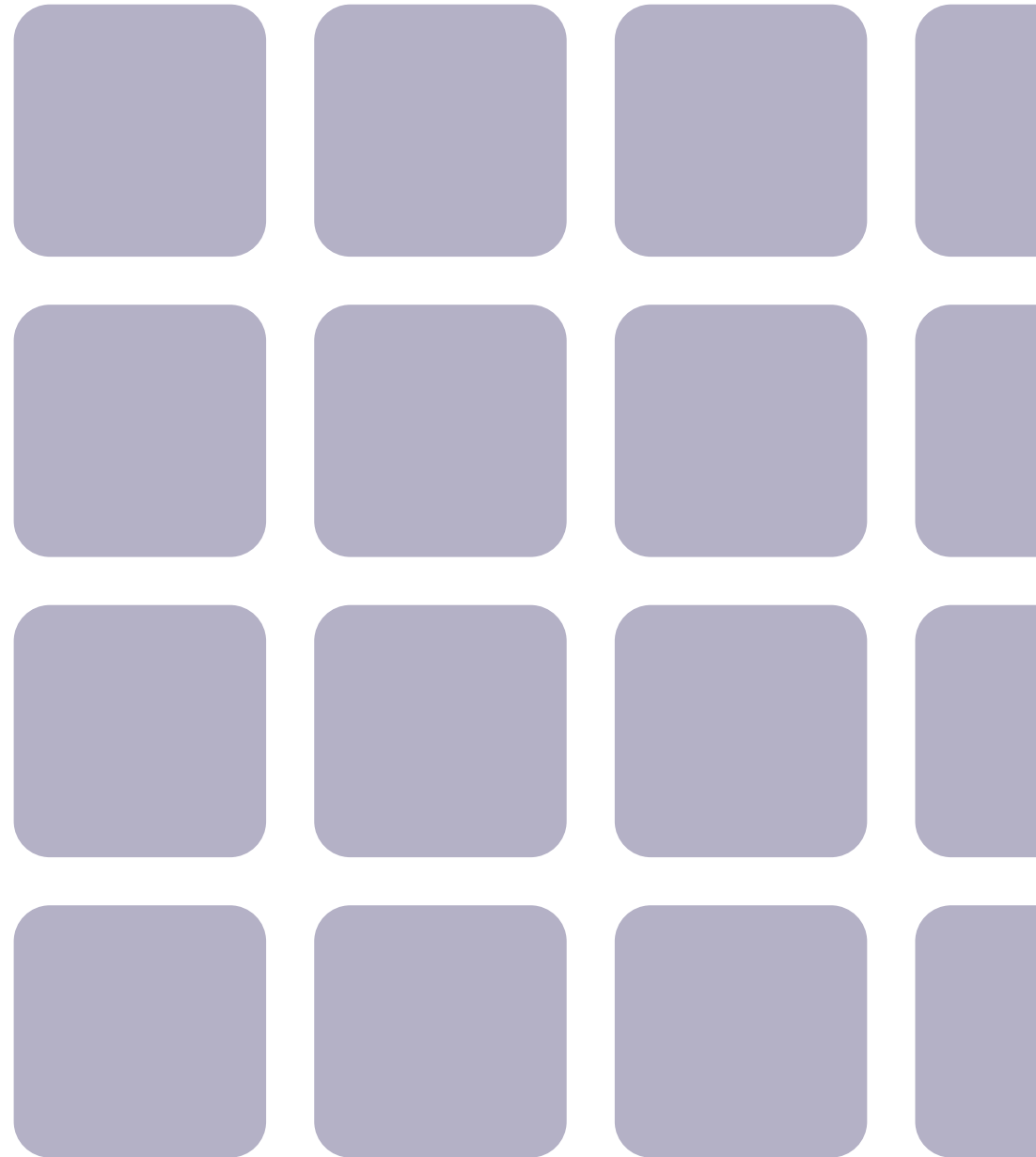
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# Spectur Limited

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# References

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