

2016 Financial Results

Year ended 30 June 2016 (FY16)



FUTURE FIBRE
TECHNOLOGIES

Forward Looking Statements

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Strategy and Growth



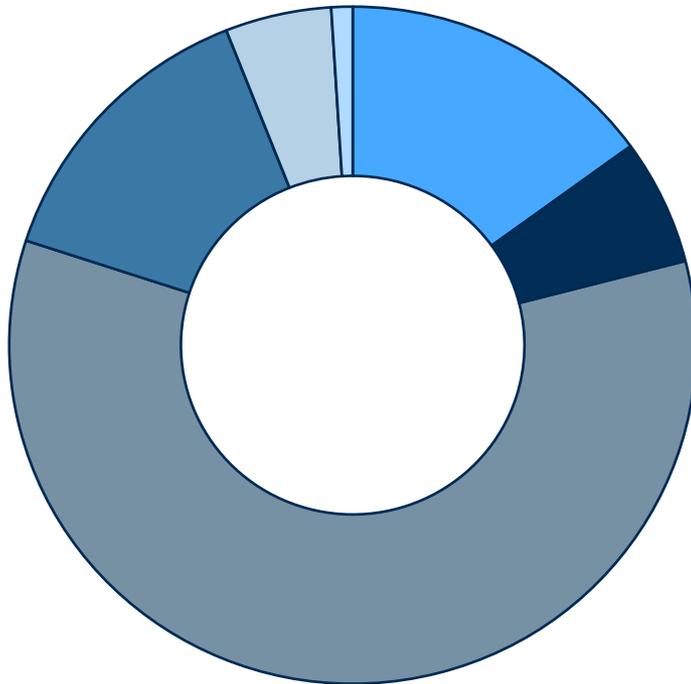
Growth Strategy Scorecard

Goal	Performance
Grow customer facing sales resources (average) →	FY15 = 9, 1HFY16 = 13, 2HFY16 = 15 (FY16 target = 17). Eastern Europe and South Africa to be added in 1H17.
Grow pipeline of project opportunities ✓	Rate of new project increasing increasing in-line with sales headcount growth.
Convert project opportunities to revenue →	1HFY16 up 55% YoY. 2HFY16 down 54% YoY with delay of large Oil and Gas projects.
Establish distribution Go To Market ✓	Agreement signed with Anixter International. In negotiation with additional global distributors in USA and Latin America.
Grow Network Security Sales →	Short-listed for large military network security program and gaining in Utilities market
Open adjacent markets ✓	Mining and Traffic Safety application now in co-development phase.

Growing Sales Team

- Continued to invest in additional customer facing staff to support expansion into new territories and markets.
- Appointed ex- G4S senior executive Mark Horton as Global Sales and Marketing Director in June 2016. Responsible for leading the sales team and implementing the global growth strategy across perimeter, pipeline, network and distribution markets.
- Additional sales resources appointed in Brazil and Vietnam during FY16.
- Network of FFT sales and support offices now includes: Melbourne, Singapore, India, UAE, UK, Netherlands, US East Coast and West Coast, Brazil, Mexico, Turkey.

Strong Pipeline of Sales Opportunities



■ Utilities ■ Transport ■ Oil/Gas/Mining ■ Military ■ Industrial ■ Correctional

- Total opportunities identified over next 3 years of A\$255M.
- New security standards driving growing interest in Network Security applications from US Utility operators.
- Stable oil price anticipated to result in commencement of delayed projects.
- Recently shortlisted for large military network security program.

Distribution Program

- Global distribution agreement signed with Anixter International (Anixter) in May 2016.
- Anixter is a leading global supplier of communications and security products with a presence in more than 50 countries.
- First major distribution agreement for Secure Point with the opportunity to extend to other FFT security solutions.
- Working with Anixter on training, product introduction and strategies for each vertical (e.g. Utilities, Industrial, City Infrastructure, Access Control etc.)
- Initial orders received via Anixter for first stage of a multiple utility sub-station program in North America.
- Currently pursuing agreements with other distribution partners in the United States and other key territories.

Network Security

*Worldwide spending on information security products and services will reach \$81.6 billion in 2016, an increase of 7.9% over 2015, according to the latest forecast from Gartner, Inc. Until the end of 2020, the highest growth is expected to come from security testing, IT outsourcing and data loss prevention.**

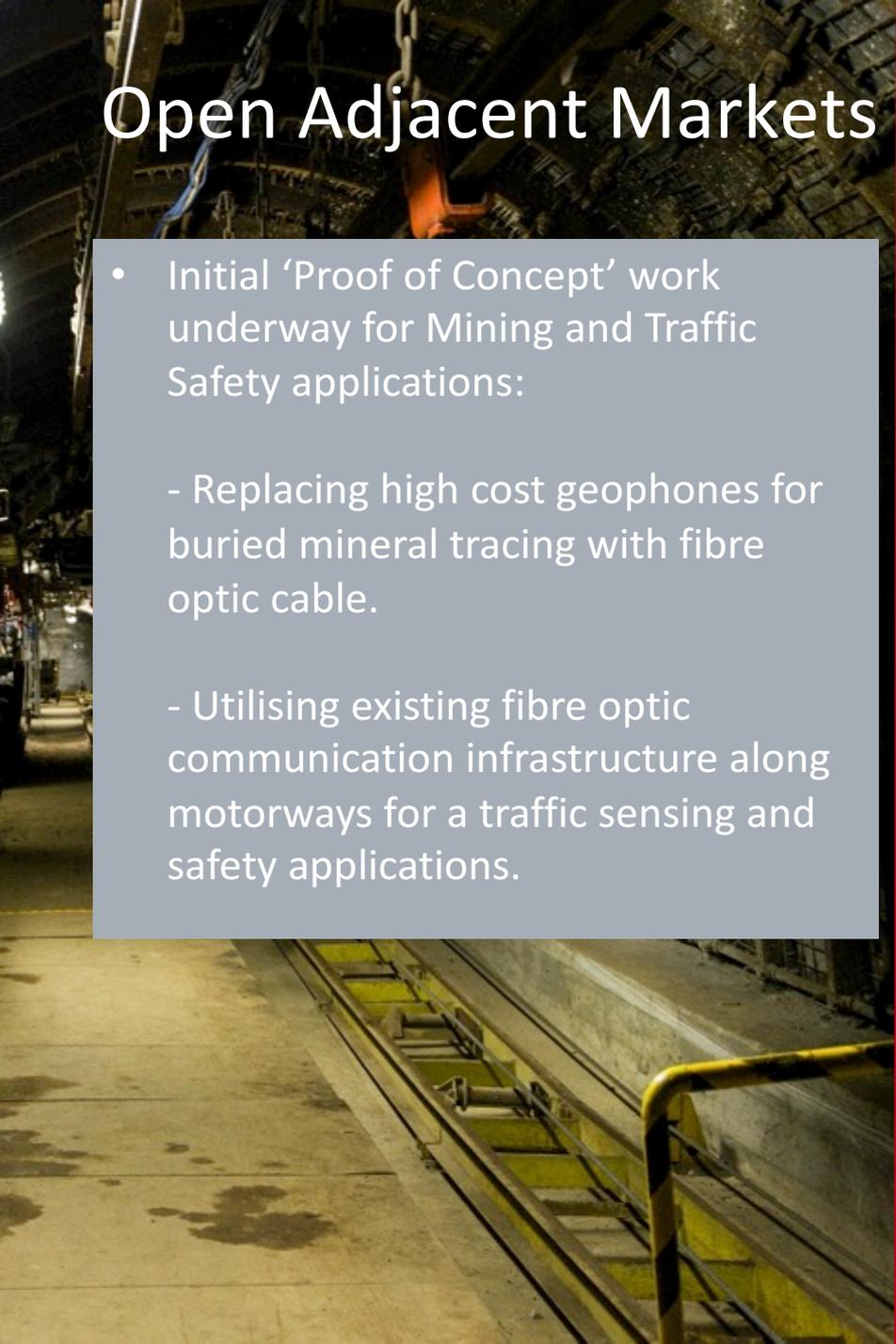
- New security standards generating growing interest from US Utility Sector.
- FFT short-listed for large international military network security program.

* Gartner: *Forecast Analysis: Information Security, Worldwide, 1Q16 Update.*



Open Adjacent Markets

- Initial 'Proof of Concept' work underway for Mining and Traffic Safety applications:
 - Replacing high cost geophones for buried mineral tracing with fibre optic cable.
 - Utilising existing fibre optic communication infrastructure along motorways for a traffic sensing and safety applications.



R&D Investment

- Circa \$2M investment to enhance FFT solutions to grow market position and expand addressable markets.
- Patent pending for covert buried cable application for heightened detection of pedestrians/walking intruders in a wide range of soil types.
- Improved systems performance with algorithms designed to further reduce nuisance alarms in challenging environments.
- Further improved installation and maintainability, with development of in-field fibre optic cable repair kits and low profile in-field fibre enclosure.

Financial Performance



Overview

- Revenue \$15.5M.
- EBITDA loss \$5.6M.
- Proforma EBITDA loss \$2.7M (Refer slide 15).
- Net loss after tax of \$5.8M.
- 122.5M shares on issue.
- Net assets of \$24.2M.
- Net cash position of \$12.1M at 30 June 2016, with no external debt or borrowings.
- Strong sales funnel of opportunities.



Opportunities

- Global growth strategy paving the way for future growth.
- Continued investment in technology to increase margins and competitiveness in core markets.
- Expansion into adjacent safety markets.

Challenges

- Delayed projects in Oil and Gas sector due to weaker and volatile oil price.



Financial Performance

AUD\$M	FY16	FY15	Variance
Revenue	15.5	19.5	(4.0)
Expenses (incl. COGS)*	21.0	16.8	(4.2)
EBITDA	(5.6)	2.7	(8.3)
Profit / (loss) after tax	(5.8)	2.2	(8.0)
Cash receipts from customers	15.4	12.3	3.1
Gross Profit	9.8	12.3	(2.5)

* Reflects increase in headcount and associated expenses and includes \$2.5M related to the discounting/impairment of certain trade receivables in FY16 largely due to reclassification of balances as non-current receivables (FY15 \$0.1M).

Pro-forma EBITDA Reconciliation

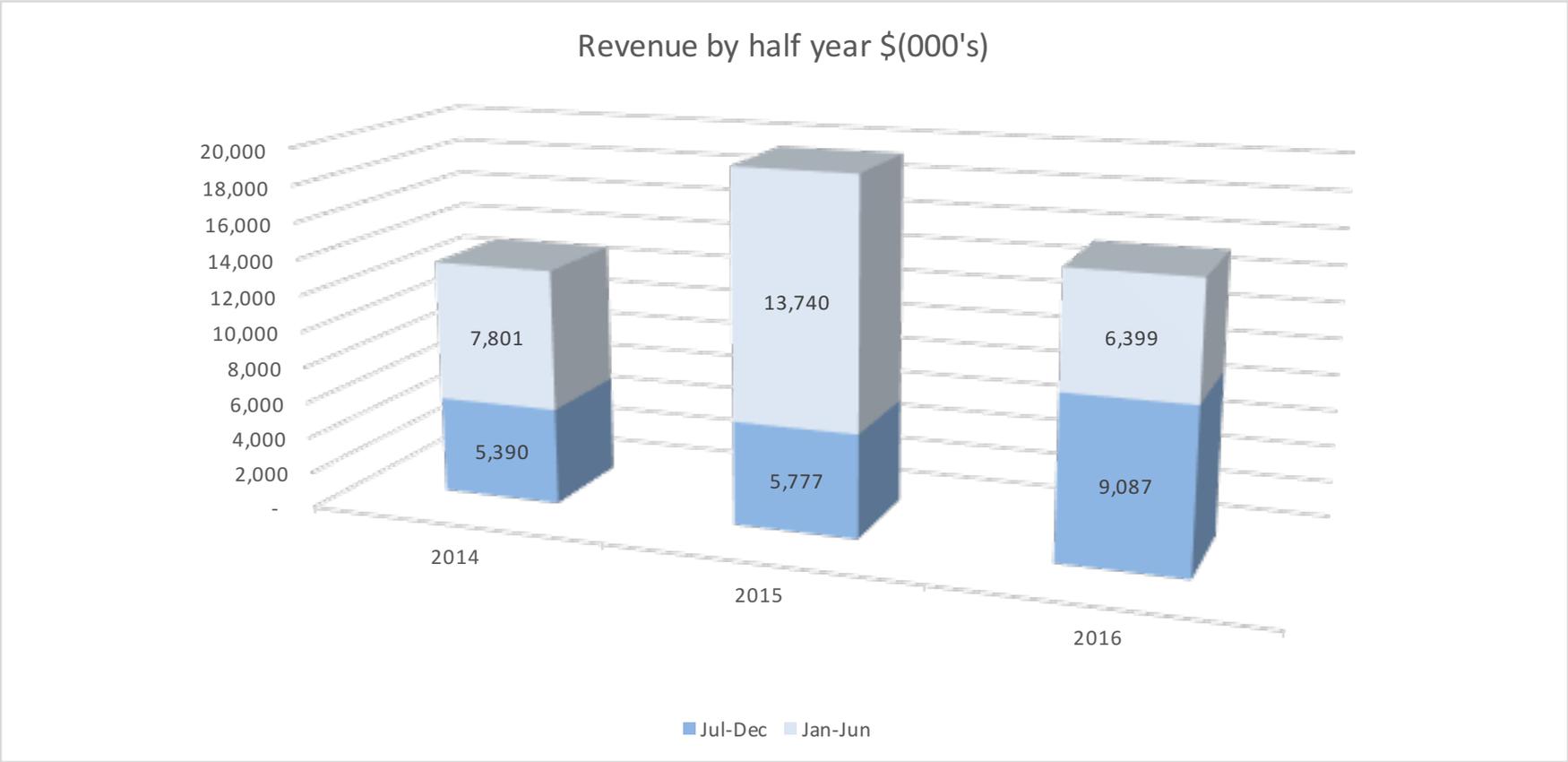
FY16	AUD\$'000
EBITDA	(5,554)
<u>Add back:</u>	
Impairment of Patents	103
Discounting or impairment of receivables	2,514
Costs associated with prior year project	279
Pro-forma EBITDA	(2,658)

Oil & Gas revenue impacted by weaker oil price

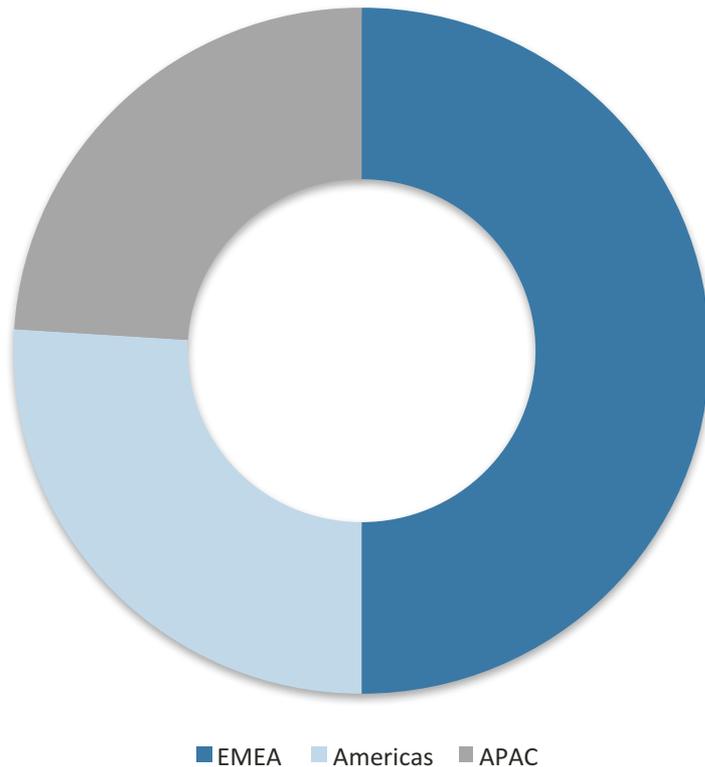


Source: www.mactrotrends.net

Total Revenue



FY16 Revenue by Region



- **EMEA**

Strong growth in Europe from new FFT offices, offset by slippage of large projects in the Middle East.

- **America's**

Sales pipeline of opportunities in Utilities developing strongly. Delays in Latin American Oil and Gas projects.

- **APAC**

Expanding presence in SE Asia with Transport and Military (including Network) opportunities growing across the region. LNG related projects down on FY15.

Balance Sheet

AUD\$M	30 Jun 2016	30 Jun 2015
Cash and cash equivalents	12.1	17.6
Other assets	16.0	14.7
Total assets	28.1	32.3
Borrowings	-	-
Other liabilities	3.9	2.5
Total liabilities	3.9	2.5
Total equity	24.2	29.8

- No external debt or borrowings.
- Cash balance of \$12.1M at 30 June 2016 - \$14.4M at 31 Dec 2015.
- Fully funded growth strategy for future periods.
- \$4M of inventory to meet current and future orders.

Outlook

- Global security concerns and new security standards driving increased demand for FFT technology.
- Strong pipeline of opportunities continues to grow and convert.
- First major agreement signed as Distribution Program gains momentum.
- Investment in next generation FFT solutions to consolidate market position.
- Actively pursuing adjacent market applications.
- \$12.1M cash (at 30 June 2016) supports growth initiatives.

