



AMBERTECH LIMITED

ASX:AMO

Investor Presentation
26 October 2020



SOURCE SUPPLY SUPPORT

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Executive Summary









- Ambertech Limited (ASX: AMO) is a leading value-added distributor of audio-visual (AV) and communications solutions.
- Supporting a network of professional, commercial and residential installers, consumer electronics (CE) & musical instrument (MI) retailers, content creators, broadcasters, government and non-government users of communications infrastructure across Australia and New Zealand.
- AMO is well positioned to take advantage of strong macro growth and adoption of AV technology in light of COVID-19 across its key markets:
- AMO has a strong technology and product suite that has allowed the business to achieve the following key highlights:
 - Successful acquisition and integration of Hills AV business bringing scale, geographic spread and strengthening professional customer base
 - Profitable business – 2H FY20 delivered strong revenue of \$33.1m and EBITDA of \$3.6m (including JobKeeper of \$1.1m)
 - 1H FY21 guidance provided – Revenue \$34m-\$38m, EBITDA \$3.6M-\$4.0m and NPBT \$2.4m-\$2.8m (including JobKeeper of \$1.1m, which ceased end of September)
 - Strong platform to build future growth primarily through professional, commercial and residential dealer sales

Capital Structure	Value
Number of shares	76.5m
Share price (23 Oct. 2020)	\$0.25
Market capitalisation	\$19.8m
Net debt	\$4.4m
Enterprise Value	\$24.2m

Key Shareholders	%
Appwam	34.3%
Wavelink Systems	9.4%
Crowton Pty Limited	6.2%
Greig & Harrison Pty Ltd	5.7%
Regal Funds Management	5.4%
Sub-total	61.0%
Top 20	85.7%

Executive Summary



Division	Professional	Lifestyle / Commercial	Retail
Products and Services	 <p>Media Systems Supply, installation and support of major systems for the Broadcast and Post Production industry</p>  <p>Defence Law Enforcement Security Specific products focussed on defence and law enforcement</p>  <p>Professional Products Products for professional users spanning music, studios, broadcasters and post production</p>	 <p>Commercial Installations A range of exclusive brands focusing on commercial and educational clients</p>  <p>Residential Installations A range of exclusive brands complementary to the residential installation space.</p>	 <p>Home Entertainment A focus on exclusive product representation in areas where product differentiation is clear in capability and value, providing:</p> <ul style="list-style-type: none"> • Home cinema • Universal Remote Controls • Audio Visual accessories
Key customers	Department of Defense Royal Australian Navy Australian Police Force Attorney Generals Office ABC Studio / Production Facility Channel 9 Network 10	Diversify Fredon Programmed Electronic Living AV Australia JFK	JB Hi-Fi Harvey Norman Other specialist AV retailers (with centralised distribution) selling to consumers who require universal remotes and other basic electronic products
FY20 Revenue contribution	~A\$25m (42%) ~A\$5m SaaS / contracted recurring revenue	~A\$25m (42%)	~A\$10m (16%)
Contracts	Contract size \$1m to \$6m	Contract size \$0.5m to \$2m	SOURCE SUPPLY SUPPORT

Recent Business Acquisitions



Hills Limited AV Division (“HAV”)

- Acquired the Audio Visual division of Hills in December 2019.
- This opportunity allowed AMO to significantly increase its market share in the commercial AV space.
- Added approximately \$20m in turnover to the business on an annualised basis.
- Organic growth in existing agencies as a result of the expanded customer base.
- Allowed AMO to take advantage of economies of scale.

SOURCE SUPPLY SUPPORT

Competitive Landscape



Professional

Lifestyle / Commercial

Retail

Market Opportunity

- Communications IP Radio
- Automation TV, Post Production
- Music Production

- Streaming Audio/Video
- Home entertainment

- Demand for small portable projection

Key Products

- Silvus MIMO Mesh Radios
- Vinten Studio Robotics
- USB based Audio interfaces
- Studio Monitor systems

- Supply of streaming Technologies
- Supply of supporting technologies being speakers, displays
- Supply of amplifiers and speakers
- Higher end systems

- Introduction of Philips projectors
- Starting at low cost and size (Micro) to higher cost and size

Competitors

- Limited competition
- Specialists markets

- More competitors in this market segment as it is a larger market

- Low cost no name brands

Case Studies



Auzbiz

- The Client required a turnkey technical solution to a Live and on demand video system for the acquisition and playout
- AMO implemented a solution based on minimum operational staff based on a NDI/IP infrastructure.



National Aerial Firefighting Centre

- AMO supplied a complete IP based Radio communication system for linking all of the aerial and ground assets allowing the users so have both Video and Audio streaming from the aircraft.



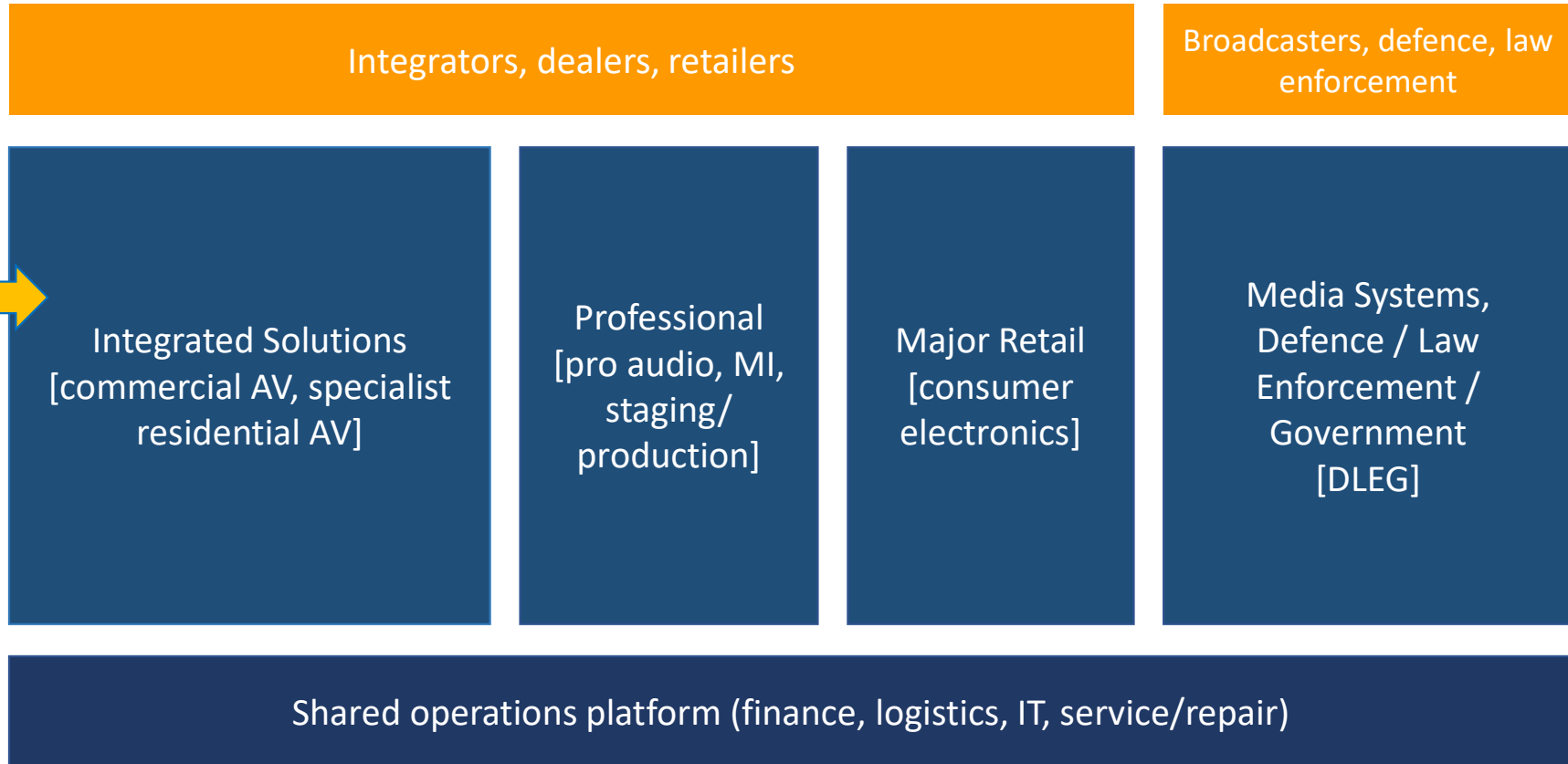
Ritz Carlton Perth

- AMO supplied a range of loudspeaker, wireless microphones and IR hearing systems for integration into all public spaces in the Hotel.
- The instillation was performed by Programmed Electrical Technologies.



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Organisational Structure



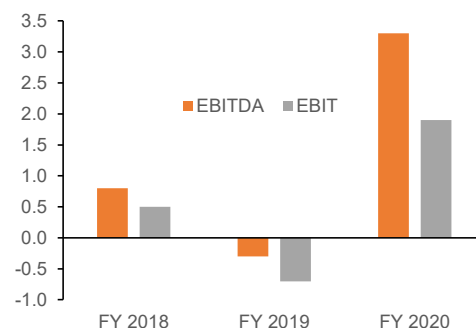
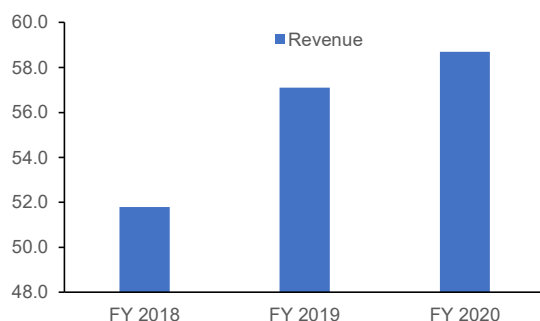
HILLS.



Financial Highlights



FY20 Commentary



Major factors affecting the result:

- HAV acquired brands contributed \$9.5M in revenue;
- ABC contract revenue in FY20 of \$2.5M delayed until FY21;
- COVID-19 impact on top line assessed to be approx. 35% during Q4;
- Positive JobKeeper cash boost with impact on profit of \$1.1M;
- Transaction and restructure costs associated with HAV acquisition \$0.7M

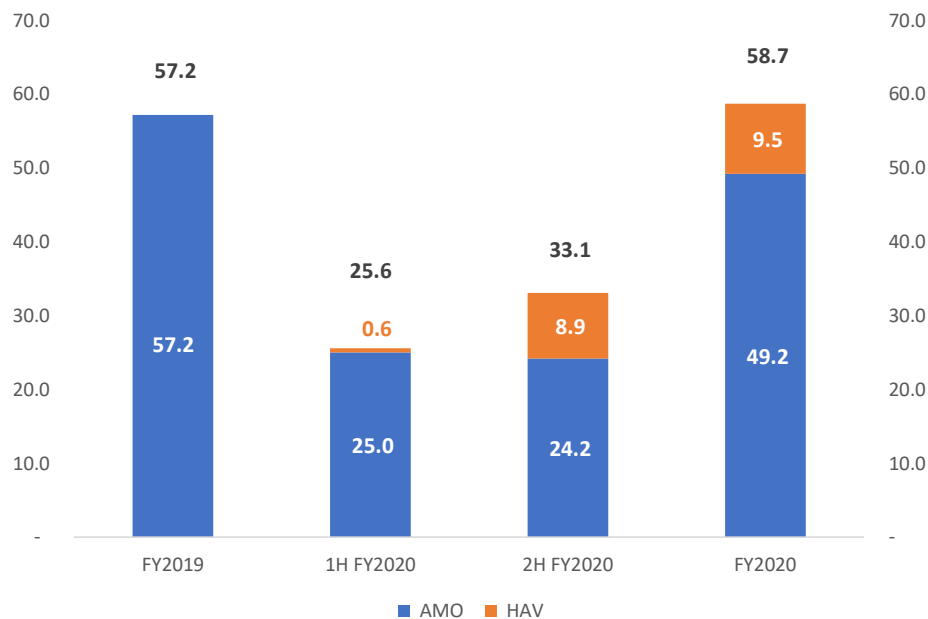
(A\$m)	FY20	FY19	% Δ
Revenue	58.7	57.2	2.6
Cost of Goods	40.5	41.6	(2.6)
Gross Profit	18.2	15.6	16.7
EBITDA	3.3	(0.3)	1,200.0
EBIT	1.9	(0.7)	371.4
NPAT	0.8	(1.3)	161.5
EPS (cents)	1.4	(4.4)	131.8
GP Margin (%)	31.0	27.3	3.7
EBITDA Margin (%)	5.6	(0.5)	6.1
EBIT Margin (%)	3.2	(1.2)	4.4

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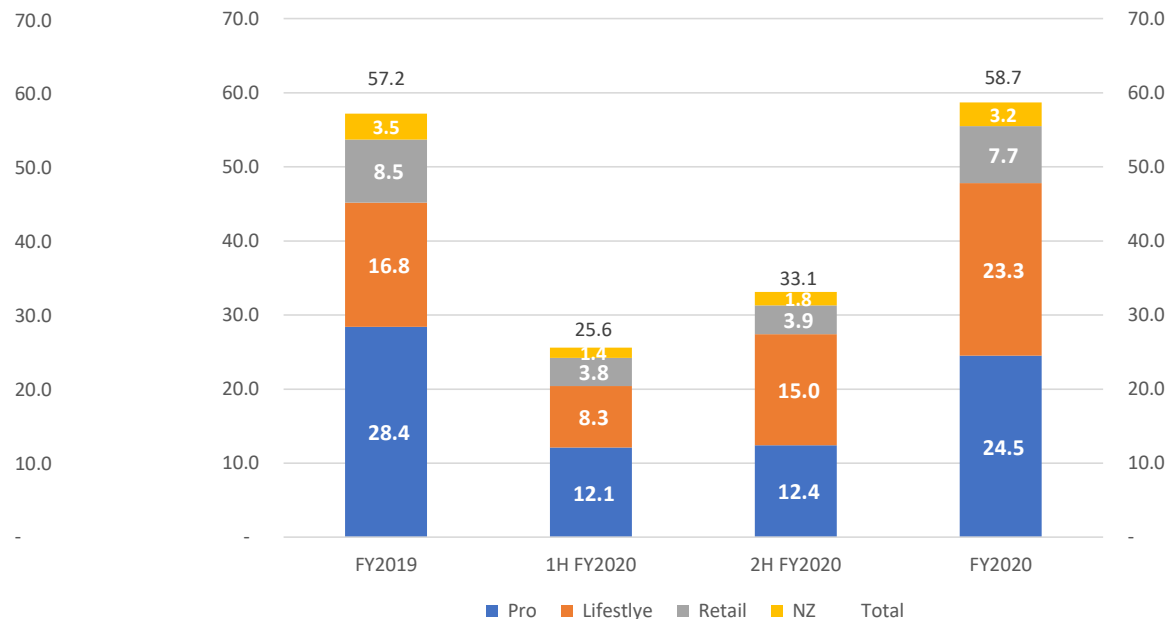
Key Operating Metrics



Revenue (\$M)



Revenue \$M



- Full year impact of HAV acquisition to flow through in FY21.
- Covid-19 impact on 2H FY2020

- Significant growth in commercial sector with HAV acquisition.

Cash Flow & Balance Sheet



Cash Flow Summary

(A\$m)	FY20	FY19
Cash provided by Operating Activities	1.3	(0.5)
Cash used in Investing Activities	(4.8)	(0.1)
Cash Provided by Financing Activities	3.3	0.9
Net decrease in cash	(0.2)	0.3

Balance Sheet Summary

(A\$m)	FY20	FY19
Current Assets	32.3	26.1
Current Liabilities	(21.7)	(19.4)
Working Capital	10.6	6.7
Non Current Assets	10.8	2.1
Non Current Liabilities	(9.7)	(0.1)
Net Assets	11.7	8.7
Intangibles	(3.7)	(1.3)
Net Tangible Assets	8.0	7.4

Executing Growth Strategy



- AMO is focused on increasing market share in Professional and Lifestyle / Commercial categories and increasing recurring revenues and margin through the following key growth initiatives

Organic	Professional	<ul style="list-style-type: none"> • Expanded our reach into more system sales where we take the role of a complete supplier. Recent examples being the ABC project and Ausbiz. • Focused on increasing our recurring services model where multi year support contracts are entered into. • Increasing our own IP capability with the acquisition of Australian Monitor. The R&D for new product development continues with four new products in development.
	Lifestyle / Commercial	<ul style="list-style-type: none"> • There are a number of opportunities in the product portfolio to increase the depth of sales, being in the areas of Video conferencing and Streaming products – this has recently been expanded due to the high demand as a result of the work force working from home.
	Retail	<ul style="list-style-type: none"> • We are introducing a range of new low cost LED based projectors to the market. In addition to this we are expanding the representation of the current product to additional retailers.
Inorganic	Acquisition	<ul style="list-style-type: none"> • AMO is actively looking at acquisitions, with a number already identified in each area of the business. • We have disciplined framework for approaching relevant acquisition opportunities.

FY21 Outlook



- Dividend of 0.3cps in FY20 & Board have reaffirmed its intention of target dividend pay-out ratio of 45% to 55% ongoing.
- The commercial and professional sectors remain strong but the COVID-19 impacts on the events and entertainment segment mean this area remains a challenge for the overall business.
- The business has continued to perform in all the other segments in the new financial year, following on the trend of the second half of FY2020.
- Results guidance provided to the market for 1HFY21:
 - Expected revenue \$34M-\$38M
 - Expected EBITDA \$3.6M-\$4.0M
 - Expected NPBT \$2.4M-\$2.8M

5. Appendix

Recent Contract Wins



Professional

- AMO has been awarded a contract with Leonardo to upgrade the RAN Anzac fleet with Silvus radio solutions. Phase 1 is scheduled for delivery in May 2020 (\$900k for Phase 1) and there are two subsequent phases.
- AMO has recently been awarded a contract with the ABC TV for the supply of acquisition and playout servers for their television operations. The deal is valued at \$4.9m, including a \$1.4m support contract over a five-year period. It is expected that the company will recognise \$2.8m in revenue for the 2020/21 financial year.
- AMO has been awarded a contract with Network 10 for the upgrade of their storage infrastructure for the Avid Editing systems. The project delivery schedule is in March 2020 (\$700K) and will be completed this financial year.
- AMO was awarded a multimillion-dollar contract for Silvus radio solutions with the department of defense, which is scheduled to be delivered in H1 FY21.
- H1 FY21 has seen two further contract wins with delivery this financial year:
 - Supply of display technology into a major tertiary education facility.
 - Supply and support of communications equipment into a law enforcement facility.

Board of Directors



<p>Peter Wallace Chairman and Non Executive Director</p>	<ul style="list-style-type: none"> • Peter Wallace is the founder and Managing Director of Endeavour Capital Pty Limited, an independent corporate advisory firm. Prior to establishing Endeavour Capital Pty Limited in 1998, he was an Investment Director with private equity company Hambro-Grantham. Mr Wallace has been a non-executive director of over 30 groups of companies. He was a non-executive director of the listed entities THC Global Limited until 15 March 2018 and Range International Limited until 14 April 2020. • Mr Wallace has a Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration degree from Macquarie University. He is a member of Chartered Accountants Australia and New Zealand, and a fellow of the Australian Institute of Company Directors. Mr Wallace has been a director of Ambertech's Group companies since February 2000 and Chairman of Ambertech Limited since October 2002.
<p>Peter Amos Managing Director</p>	<ul style="list-style-type: none"> • Peter Amos graduated from Sydney Technical College (now University of Technology, Sydney) with a Radio Trade Certificate and from North Sydney Technical College with an Electronics Engineering Certificate. He joined Rank Electronics, the Company from which Ambertech was formed via a management buyout, as a technician in the mid 1970s, rising from Senior Technician to Service Manager. Upon the formation of Ambertech Limited, Mr Amos became Technical Director of the Ambertech Group. He also served in a senior role as Marketing Director of Quantum Pacific Pty Ltd, another company owned by the Ambertech Limited, until it was sold in the mid 1990s. • Mr Amos has served as Managing Director of Ambertech Limited since 1995 and presided over the growth of the Company since that date. Mr Amos has been a director of Ambertech's Group companies since 1987.
<p>Thomas Amos Non Executive Director</p>	<ul style="list-style-type: none"> • Tom Amos founded telecommunications consultancy Amos Aked Pty Limited in the early 1980s. His career in telecommunications and media spans over 30 years, during which time he has been involved in all facets of the industry. An engineer by profession, Mr Amos holds a B.E. (Electrical Engineering) degree from Sydney University. • Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of BigTinCan Ltd (ASX:BTH) and Wave Link Systems Pty Limited. Mr Amos has been a director of Ambertech's Group companies since June 1997.
<p>David Swift Non Executive Director</p>	<ul style="list-style-type: none"> • David Swift, who holds a B.E. (Electrical Engineering) degree from the University of NSW, has extensive experience in both the telecommunications and professional electronics industries. Mr Swift, a co-founder of Amos Aked Swift Pty Ltd and the founder of AAS Consulting Pty Ltd, is currently an independent telecommunications management and technology consultant operating in the Australasian Pacific region. • Mr Swift was a Director and the Chairman of the Australian Telecommunications Users Group Limited (ATUG) and a Director of Amos Aked Swift (NZ) Limited. In addition to his consulting experience he has had significant management experience through senior positions with both Westpac Banking Corporation and Telecom Australia. Mr Swift has been a director of Ambertech's Group companies since June 1997. Mr Swift has been a director of Ambertech's Group companies since June 1997.
<p>Santo Carlini Non Executive Director</p>	<ul style="list-style-type: none"> • Mr Santo Carlini was appointed to the Board as a Non-Executive Director effective 1 March 2020. • Mr Carlini brings to the Ambertech Board key Audio-Visual industry experience in the major professional and installation market segments, with over 20 years dedicated to achieving the best product and service outcomes for customers. Mr Carlini is General Manager at WES Alliance Pty Ltd (WES). The company was founded in 1984 and since 1995 he has successfully grown, first as part of the team and then as General Manager, the WES business from a specialist supplier of Electronic Parts to a leading supplier of audio, visual products and solutions to the domestic and commercial installation market. • Mr Carlini has strong international products and supply experience. This expertise has been built from a business need to match the continuous domestic market demands by sourcing products from around the world that are the best fit audio and visual products to meet the demands of the competitive and evolving Australian marketplace. Mr Carlini's appointment to the Board of Directors is subject to shareholder approval at the upcoming Company AGM.
<p>Robert Glasson Company Secretary</p>	<ul style="list-style-type: none"> • Robert Glasson holds a Bachelor of Business degree from the University of Technology, Sydney, and is a member of Chartered Accountant Australia & New Zealand. Mr Glasson joined Ambertech Limited in July 2002 and also holds the position of Chief Financial Officer. He was appointed to the role of Company Secretary on 1 November 2004.