



Acquisition of HAV and Equity Raising

Investor Presentation – November 2019

SOURCE SUPPLY SUPPORT

Introduction



- Ambertech is an leading distributor of innovative audio and video brands and professional services to industry and government customers across the Australia and New Zealand
- Headquartered in Sydney, with offices and representatives in Perth, Brisbane, Melbourne and Auckland, and supported by a national network of more than 500 authorised dealers and service agents
- Ambertech is acquiring Hills Audio Visual (**HAV**), a division of Hills Limited (ASX:HIL), for an enterprise value of A\$4.5m reflecting an acquisition multiple of approximately 2.5x FY19¹ EBIT
- HAV is a leading distributor of technology products and services in the commercial AV vertical with distribution agreement with 25 agencies across Australia and New Zealand
- Ambertech is undertaking a placement and underwritten SPP to raise approximately A\$5.0m to fund 100% of the acquisition of HAV and provide working capital to assist with the integration
- The combined group of Ambertech and HAV is forecasting revenue and EBIT of approximately A\$71.6m and A\$2.8m respectively for FY20¹ (which includes 7 months contribution from HAV)

1. All references to "FY19" and "FY20" refer to the financial years ending 30 June 2019 and 30 June 2020 respectively.



Capital Structure

ASX Ticker	ASX: AMO
Listing on ASX	8 December 2004
Shares on Issue	30.6 million
Share Price¹	A\$0.110 per share
Market Capitalisation	A\$3.4 million

Note: 1. Last close as at 5 November 2019.

Ambertech Overview



Customers

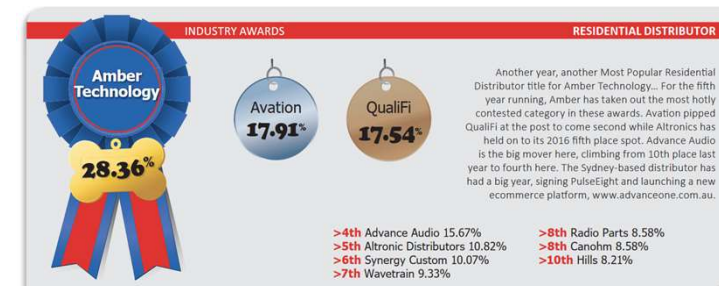
- More than 800 customers across Australia and New Zealand
- Approximately 520 shop fronts
- Leading customers across key verticals
- Nine Network, Seven Network
- Foxtel, TVNZ
- JB HIFI, Harvey Norman
- NSW Police
- Leonardo

Partners

- Over 200 dealers in custom audio video install/ integration
- 105 dealers in commercial AV and 210 dealers in professional products
- Currently 68 distribution agreements with over 45% for 8 years or more
- RutledgeAV
- Programmed
- Fredon
- AV Australia
- GM Multimedia
- Pro AV

Market Traction

- Multi award winner
- Leading supplier of AV technology support
- Leading products for technology bundling of products and services for audio and visual media



Ambertech Strategic Pillars



Leading Australian distributor of technology equipment solutions operating through six key strategic pillars



Commercial Audio Visual

A range of exclusive brands focusing on commercial and educational clients .



Custom Installation Products

A range of exclusive brands complementary to the residential installation space.



Professional Products

Products for professional users spanning music, studios, broadcasters and post production.



Media Systems

Supply, installation and support of major systems for the Broadcasters, and production industry.



Defence Law Enforcement Security

Specific products focussed on defence and law enforcement.



Major Retail

A focus on exclusive product representation in areas where product differentiation is clear in capability and value.

FY19 Results Summary

FY19 Results Summary



Summary Income Statement

A\$'000	FY19	FY18
Total Revenue	57,178	51,839
Cost of Sales	(41,618)	(35,735)
Gross Profit	15,560	16,104
SG&A Expense	(15,818)	(15,309)
EBITDA	(258)	795
Depreciation & Amortisation	(447)	(312)
EBIT	(705)	(483)
Interest	(592)	(670)
Tax	(35)	44
NPAT	(1,332)	(143)

Commentary

- Significant revenue growth of 35.9% in the Professional segment
- Growth in recurring revenues of 14.5% from maintenance contracts
- Expansion in the dealer-based business as the Company expands its product offering across its various channels
- Improved performance of the New Zealand operation as the Company continues to streamline costs and develop customer base
- Weaker than expected profit mainly attributable to:
 - Decline in sales of AV receivers/amplifiers via the consumer electronics (CE) retail market
 - Increase in outbound freight costs, primarily attributed to the buying patterns of CE retailers for lower cost products
 - Higher costs associated with services the CE retail market, including returns, rebates and managing inventory risks
 - Inconsistency of timing of product supply from one of our major music industry suppliers
 - Market disruption from the State and Federal Election during the second half of the financial year

Acquisition of HAV

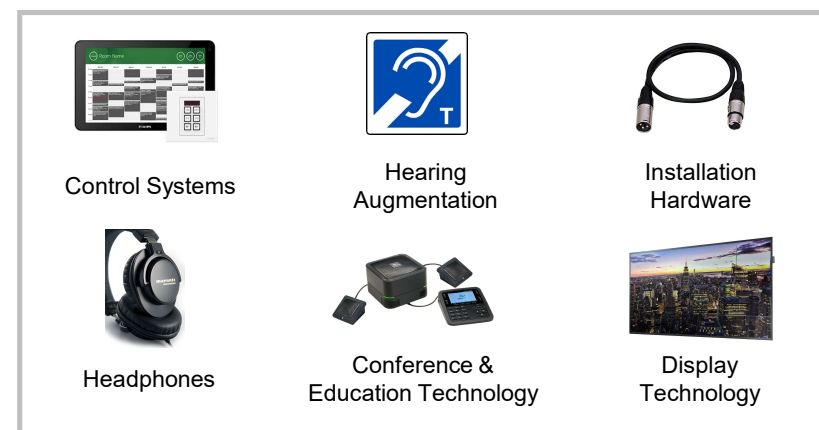
HAV Overview



HAV is a leading Australian distributor of technology products and services in the commercial AV market

- Hills Limited (ASX: HIL) is a value-added distributor of products and services to the Security & Surveillance and Audio-Visual markets, and supplier of technology solutions in the Health market
- Based in Sydney, HAV is a market leading distributor of AV technology products and services across Australia and New Zealand and has exclusive distribution agreements with 25 agencies
- Solution offerings includes unified communication, professional displays, projectors, Australian Monitor (HAV owned and designed) and professional audio solutions for indoor and outdoor applications
- Ambertech expects to retain approximately 25 full-time employees that will be integral to the future growth of the combined business

Product Offering



Brands



Combined Business



Strategic Rationale

- 1 • Acquiring a leading provider of commercial AV brands and services to customers across Australia and New Zealand
- 2 • Complements AmberTech's existing AV offering and adds core technology for commercial solutions
- 3 • Strong active customer base representing an opportunity to deliver value uplift to customers of both HAV and AmberTech when combined
- 4 • Key staff identified with extensive experience in the commercial AV vertical
- 5 • Positions AmberTech for future growth with existing and new customers

Combined Brands



Equity Raising

Equity Raising



Acquisition and equity raising terms

Acquisition Price	<ul style="list-style-type: none"> Ambertech will acquire HAV for A\$4.5m reflecting an acquisition multiple of approximately 2.5x FY19 EBIT
Funding	<ul style="list-style-type: none"> Ambertech is seeking to raise a total of approximately A\$5.0m through: <ul style="list-style-type: none"> Two tranche Placement to raise approximately A\$3.2m via the issue of 29.0m shares to: <ul style="list-style-type: none"> Investors exempt from disclosure under Section 708 of the Corporations Act 2001 Directors (subject to shareholder approval at an Extraordinary General Meeting (EGM)) Share Purchase Plan (SPP) to eligible Australian and New Zealand shareholders to subscribe for shares up to a value of \$30,000 at the same price of the Placement. The SPP is underwritten by the Lead Manager to \$1.8m, with the ability to accept more than this amount at the discretion of the Board of Ambertech. The Company reserves the right to scale back applications under the SPP
Offer Price	<ul style="list-style-type: none"> Offer price of A\$0.110 per new share represents a 0.0% discount to the last close (\$0.110 per share)
Ranking	<ul style="list-style-type: none"> New shares issued under the Offer will rank equally with existing shares
Lead Manager & SPP Partial Underwriter	<ul style="list-style-type: none"> E.L. & C. Baillieu Limited (EL&C Baillieu)

Equity Raising



Transaction sources and uses of funds

- Post completion of the acquisition, Ambertech expects to have Net Debt of approximately A\$3.9
- Any additional funds raised will be applied to working capital

Sources of funds (A\$m)

Equity Raising	5.0
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Total	5.0
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Uses of funds (A\$m)

Acquisition of HAV	4.5
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Working Capital and Transaction Costs	0.5
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Total	5.0
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Pro Forma Balance Sheet



Simplified pro-forma balance sheet as at 30 September 2019 (for illustrative purposes)

A\$m	Ambertech	Capital Raising	Acquisition of HAV	Acquisition Consideration and Transaction Costs	Pro Forma
Cash and cash equivalents	1.5	5.0		-4.8	1.7
Trade and other receivables	11.2				11.2
Inventories	13.6		4.7		18.3
Property, plant and equipment	0.9		0.3		1.2
Other assets	1.3		0.1		1.4
Total Assets	28.5	5.0	5.1	-4.8	33.8
Borrowings	5.6				5.6
Trade and other payables	12.0		0.5		12.5
Deferred consideration	0.0		0.1		0.1
Other liabilities	1.8				1.8
Total Liabilities	19.4	0.0	0.6	0.0	20.0
Net Assets	9.1	5.0	4.5	-4.8	13.8
Net Debt	4.1				3.9

Indicative Timetable



Milestone	Date
Trading halt lifted	Friday, 8 November 2019
Settlement of new shares issued under tranche 1	Wednesday, 13 November 2019
Allotment and normal trading of new shares issued under tranche 1	Thursday, 14 November 2019
Extraordinary Shareholder Meeting (EGM) to approve tranche 2	On or about Monday, 16 December 2019
Settlement of new shares issued under tranche 2	Tuesday, 17 December 2019
Allotment and normal trading of new shares issued under tranche 2	Wednesday, 18 December 2019
SPP	TBA

Note: Timetable is indicative only and subject to change. All dates and time refer to Australian Eastern Standard Time (AEST).

Outlook & Guidance

Guidance & Outlook

The acquisition of HAV provides Ambertech with the right people, products and customer partnerships to drive growth into FY20 and beyond

- Ambertech expects revenue and EBIT of approximately A\$71.6m and A\$2.8m respectively in FY20, which includes 7 months contribution from HAV to the combined group
- Ambertech also expects revenue and EBIT of A\$43.2m and A\$2.4m respectively in 1H FY21, including cost synergies
- The Board of Directors have agreed to pay a final dividend going forward, targeting a pay-out ratio of between 45 – 55% which equates to a dividend of 1.2 cents per share in year 1 and 2.5 cents per share in year 2

Roadmap for FY20



Key pillars of future growth:

1 Sustain strong momentum into FY20

- Focus on opportunities from within existing agencies, as well as the potential for new agency or business acquisition
- Pipeline for project business with our media systems partners is substantial, we anticipate continued success in the area for the FY20
- Increase commitment to customer retention and customer acquisition programs through increased resourcing, and focused go to market programs

2 Expand distributor, partner and channel development

- Deepen distributor, partner and channel development activities to support growing market development and expansion
- Expand development of AV partner network with HAV product penetration into existing Ambertech customer base
- Continue strong software release cadence across all platforms

3 Pursue accretive corporate opportunities

- Continue to review market for accretive M&A opportunities to accelerate AV technology to market roadmap and enhance go to market opportunity

Appendix

Professional AV Market Size & Growth



- The worldwide professional AV industry is forecast to grow from US\$186bn in 2018 to US\$230bn by 2023 (4.3% CAGR) with the top five technology drivers being audio advances, future displays, IoT for smart buildings, IT and the cloud, and artificial intelligence
- In 2018, the Australian market for AV solutions and services represented over 2% of the worldwide market (US\$3.7bn) and is forecast to grow at a 5.3% CAGR from 2019 to 2023, outpacing North America (3.8% CAGR) and Europe (2.6% CAGR)

Source: AVIXA / IHS Markit 2018 Global AV Industry Outlook and Trends Analysis (IOTA).

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