

25th June 2018

FY18 Guidance & Outlook

Ava Risk Group Limited (ASX: AVA) (Ava Group or Company) today provides the following market update:

- Ava Group revenue is expected to increase by 62%-77% year on year.
- FY18 Ava Group revenue is expected to be circa \$20.9m-\$22.8m, which includes a \$7.8m contribution from MaxSec Group Limited (ASX: MSP) (7 months of consolidation).
- Adjusting for one-off exceptional costs related to the takeover of MaxSec Group Limited, the Technology Division is expected to be Operating Cash Flow positive in FY18 and EBITDA positive from the mid-point of the forecast revenue range within this document.
- Adjusting for one-off exceptional costs related to the takeover of MaxSec Group Limited, the Ava Group is expected to make an EBITDA loss of between \$0.1m and \$1.3m. This represents a substantial improvement on the \$7.5m loss incurred in FY17, whilst also incorporating the loss-making MaxSec Group Limited.
- The Services division remains on target for profitability during Q1 FY19.
- H2 group revenue was below internal expectations due to Q4 shipment timing delays that will push revenue recognition into 1H FY19. This will provide a strong foundation for growth within the 1H FY19, with H1 backlog expected to be circa \$1.6m-\$3.5m at 30 June 2018.
- Given the significant progress in FY18, the backlog of orders to be executed in Q1 FY19 and the significant short-term pipeline (decisions anticipated before the end of FY19) of +\$280m, the outlook for substantial growth in FY19 is very positive.
- Q1 FY2019 is expected to deliver \$9.8m-\$11.7m revenue, comprising \$1.3m-\$3.2m of Q1 backlog and \$6.5m of new technology division orders under late stage contract negotiations.

About the Ava Group

The Ava Group is a market leader in the provision of risk management services and technologies, trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including intrusion detection for perimeters, pipelines and data networks, biometric and card access control as well as the secure international logistics and storage of high value assets. Through decades of innovation, the Ava Group continues to build upon a comprehensive portfolio of premium services and technologies for the most complex and demanding markets.

Our business truly serves a global market, with our knowledgeable team spread across six continents, providing market and industry expertise directly to customers. With thousands of sites protected, the Ava Group is proven to deliver first class services and technologies that surpass the expectations of our partners and end users.

Contact

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Note 1

Forward Looking Statements

Information in this release is for general information purposes only. Certain statements in this document regarding the Company's financial position, business strategy and objectives, contain forward-looking statements (rather than being based on historical or current facts) and as such, are not able to be verified.

All forward-looking statements are based on the current views of the Company's management as well as reasonable assumptions made by, and information currently available to the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that some or all of the underlying assumptions will prove to be valid. If assumptions are invalid this is likely to have an impact on the accuracy of the statement itself.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Forward looking statements are also subject to external matters outside the control of the Company.

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