



# AMBERTECH LIMITED

## ASX:AMO

1H FY21 Results  
25 February 2021



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# Executive Summary



- Ambertech Limited (ASX: AMO) is a leading value-added distributor of high technology audio-visual (AV) and communications solutions.
- Ambertech distributes these AV and communication solutions to 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 NZ.
- Ambertech is well positioned to take advantage of strong macro growth and adoption of AV technology in light of COVID-19 across its key markets.
- Ambertech 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.
  - Strong financial results for 1H FY21:
    - Revenue of \$38.9m (52% growth vs 1H FY20), EBITDA of \$4.6m and NPAT of \$3.6m (including JobKeeper of \$1.1m).
    - Interim Dividend of 1.5 cents per share for 1H FY21.
  - Strong platform to build future growth through professional, commercial and residential dealer sales.

Capital Structure	
Share price (22 Feb 2021)	\$0.20
52 week high/low	\$0.03/\$0.35
Shares on Issue	76.5M
Options on Issue	2.1M
Market capitalisation	\$15.3M
Net debt (31 Dec 2020)	\$3.0M
Enterprise Value	\$18.3M

Substantial Shareholders*	%
Appwam Pty Limited	34.3%
Wavelink Systems	9.4%
Amos Super Fund	6.2%
<b>Sub-total</b>	<b>49.9%</b>
<b>Top 20</b>	<b>82.2%</b>

\* As at 23 February 2021

# Executive Summary



Segments					
Integrated Solutions		Professional		Retail	
Products and Services					
	<b>Commercial Installations</b> A range of exclusive brands focusing on commercial and educational clients		<b>Media Systems</b> Supply, installation and support of major systems for the Broadcast and Post-Production industry.		<b>Home Entertainment</b> Focus on exclusive product representation in areas where product differentiation is clear in capability and value, providing: <ul style="list-style-type: none"> <li>• Universal Remote Controls</li> <li>• Philips Projectors</li> <li>• Audio Visual accessories</li> </ul>
			<b>Residential Installations</b> A range of exclusive brands complementary to the residential installation space.		
			<b>Professional Products</b> Products for professional users spanning music, studios, broadcasters and post-production.		
Key Customers					
Diversify	Electronic Living	Department of Defense	ABC Studio / Production Facility	JB Hi-Fi	Harvey Norman
Fredon	AV Australia	Royal Australian Navy	Channel 9	Other specialist AV retailers (with centralised distribution) selling to consumers who require universal remotes and other basic electronic products.	
Programmed	JFK	Australian Police Force	Network 10		
Vizcom Technologies	Concept AV	Attorney Generals Office	Soundbay		
Revenue Contribution 1 <sup>st</sup> Half 2021					
\$18.4M (47%)		\$14.5M (40%) including ~ \$5M in SaaS recurring revenue		\$6.0M (13%)	
Contract Sizes					
\$0.5M-\$2.0M		\$1m-\$6M		N/A	

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# Competitive Landscape



Segments		
<b>Integrated Solutions</b>	<b>Professional</b>	<b>Retail</b>
Market Opportunity		
Streaming Audio/Video Home entertainment	Communications IP Radio Automation TV, Post-Production Music Production	Demand for small portable projection
Key Products		
Streaming Technologies Supporting technologies (speakers, displays) Amplifiers and speakers Higher end systems	Silvus MIMO Mesh Radios Vinten Studio Robotics USB based Audio interfaces Studio Monitor systems	Introduction of Philips projectors – starting at low cost and size (Micro) to higher cost and size
Competitors		
More competitors in this market segment Larger market	Limited competition Specialists markets	Low cost no name brands



# Financials

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# Summary of Key Metrics



Revenue up 52% to \$38.9M over PCP



NTA 14.0c, EPS 4.7c



EBITDA \$4.6M; NPAT \$3.6M



Interim Dividend 1.5c per share



Net debt reduced to \$3.0M



Working Capital up 27.4% from 30/6/20

# Financial Highlights



## 1H FY21 Commentary

(A\$m)	1H FY21	2H FY20	1H FY20
Revenue	38.9	33.1	25.6
Cost of Goods	(26.7)	(22.2)	(18.3)
Gross Profit	12.2	10.9	7.3
EBITDA	4.6	3.7	(0.4)
EBIT	3.8	3.0	(1.0)
NPAT	3.6	2.4	(1.6)
EPS (cents)	4.7	3.1	(4.5)*
GP Margin (%)	31.4	32.9	28.5
EBITDA Margin (%)	11.7	11.1	(1.5)
EBIT Margin (%)	9.8	8.9	(0.4)

Major factors affecting the result:

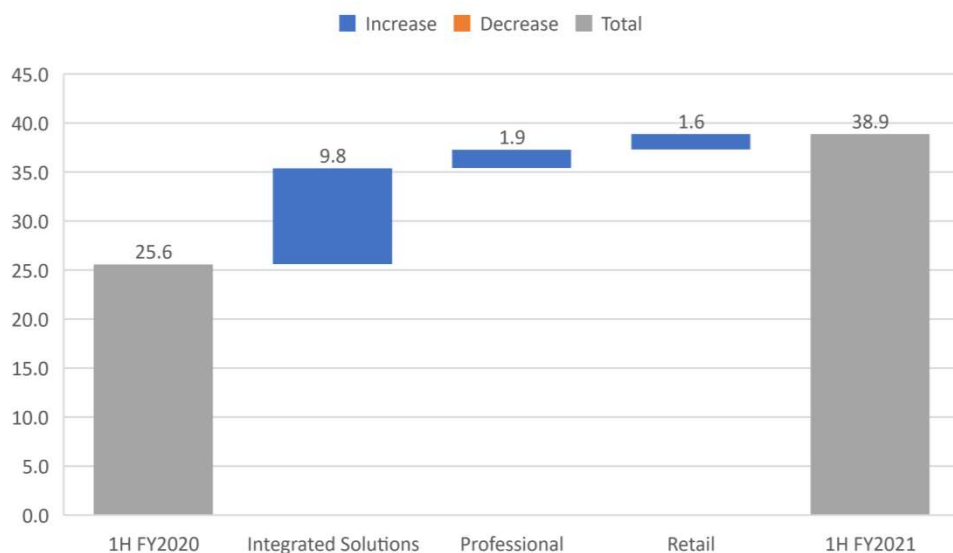
- HAV acquired brands contributed \$10.4M in revenue;
- ABC contract revenue in of \$2.5M;
- Strong performance of CE Retail and MI Retail brands;
- COVID-19 impact on top line limited in Q2 with some impact on live entertainment and tertiary education customers;
- Positive JobKeeper cash boost (\$1.5M) with impact on profit of \$1.1M;

\* Weighted average number of shares different for this half.

# Key Operating Metrics

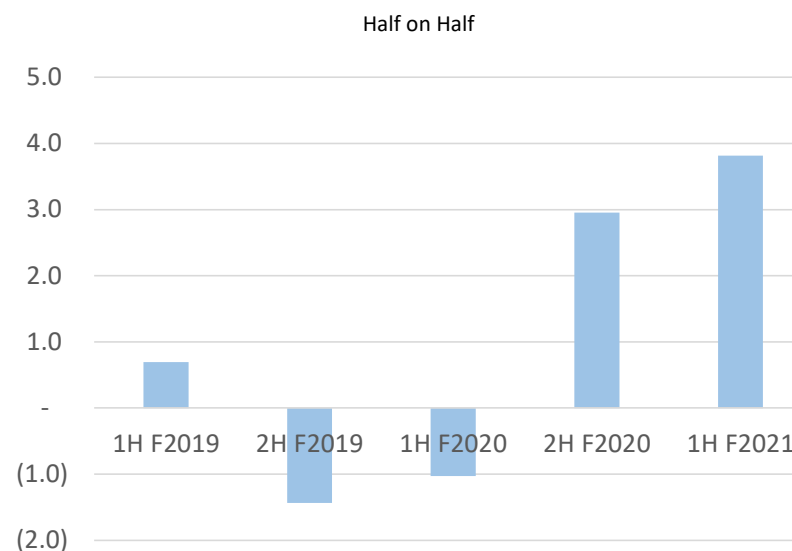


Revenue Bridge \$M



- Revenue growth in all segments
- Strong contribution from HAV acquired brands

EBIT (\$M)



- Return to profits continued
- Economies of scale realised.



# Cash Flow & Balance Sheet



## Cash Flow Summary

- Operating cash flow strong for 1H FY21.
- Cash flow provided reduction in net debt.

(A\$m)	1H FY21	1H FY20
Cash provided by Operating Activities	1.5	0.9
Cash used in Investing Activities	(0.1)	(4.4)
Cash used in/provided by Financing Activities	(1.0)	3.3
<b>Net increase in cash</b>	<b>0.4</b>	<b>(0.2)</b>

(A\$m)	1H FY21	FY20
Total Finance Debt	4.4	4.8
Cash	(1.4)	(1.0)
<b>Net Debt</b>	<b>3.0</b>	<b>3.8</b>

## Balance Sheet Summary

- Working capital improvement of 27.4%
- NTA increased to 14.0c per share.

(A\$m)	1H FY21	FY20
Current Assets	31.9	32.3
Current Liabilities	(18.4)	(21.7)
<b>Working Capital</b>	<b>13.5</b>	<b>10.6</b>
<b>Adjusted Working Capital (excluding cash)</b>	<b>12.1</b>	<b>9.6</b>
Non Current Assets	10.8	10.8
Non Current Liabilities	(9.3)	(9.7)
<b>Net Assets</b>	<b>15.0</b>	<b>11.7</b>
Intangibles	(4.3)	(3.7)
<b>Net Tangible Assets</b>	<b>10.7</b>	<b>8.0</b>

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# Growth Strategy and Outlook

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# Executing Growth Strategy



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

Organic	Professional	<ul style="list-style-type: none"> <li>• Expanded our reach into more system sales where we take the role of a complete supplier. Recent examples being the ABC project and Ausbiz.</li> <li>• Focused on increasing our recurring services model where multi year support contracts are entered into.</li> <li>• Increasing our own IP capability with the acquisition of Australian Monitor. The R&amp;D for new product development continues with four new products in development.</li> </ul>
	Integrated Solutions	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
	Retail	<ul style="list-style-type: none"> <li>• Market expansion of our new 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.</li> </ul>
Inorganic	Acquisition	<ul style="list-style-type: none"> <li>• AMO is actively looking at acquisitions, with a number already identified in each area of the business.</li> <li>• We have a disciplined framework for approaching relevant acquisition opportunities.</li> </ul>

# FY21 Outlook



- Interim Dividend of 1.5 cents per share for 1H FY21. Board have reaffirmed its intention of target dividend pay-out ratio of 45% to 55% for the full year.
- All segments of the business remain strong; and the COVID-19 impacts on the events and entertainment markets are beginning to ease.
- Whilst it is too early to provide guidance for the full year results, the early trading in the second half has followed on from the trend of the first half of the financial year.

A photograph of a desert landscape with rolling sand dunes under a clear sky. In the foreground, a large satellite dish is mounted on a tripod. To the right, a radio console is visible, with an open equipment case next to it. The word "Appendix" is overlaid in blue text in the center of the image.

# Appendix

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# Recent Contract Wins



## Professional

- AMO has been awarded a contract with Leonardo to upgrade the RAN Anzac fleet with Silvus radio solutions. Phase 2 is scheduled for delivery over the coming 12 months leaving one phase to be completed on the current contract.
- AMO was 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. This project is nearing completion with project milestones being achieved.
- AMO was awarded a multimillion-dollar contract for Silvus radio solutions with the Department of Defense which was supplied as per contract and recognized in H2 FY21.
- H1 FY21 has seen 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.
  - Supply and support of a transcode farm to Parliament House Canberra for use within their broadcast facility.
  - Supply and support of Vinten robotics systems for two commercial broadcasters.
  - Supply and support for a communication system to the emergency services.

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