DTI GROUP LTD

2017 Full Year Results Presentation

29 August 2017

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Chief Executive Officer

Overview – FY17

Financial

- Revenue of $15.9 million in line with guidance
- Underlying EBITDA adversely impacted by revenue lag and costs associated with new product launch, R&D treatment
- Balance sheet strengthened by $11.5 million capital raising
- $3.6 million negative cash flow from Operations offset by increase in net working capital by $3.0 million

Operating

- Major new rail contracts with Alstom, Delatim, and ESG
- Direct entry to US bus market rewarded with new contracts with Gillig and New Flyer
- New Products launched – Train recorder, Commuter Comms

Outlook

- Contracted order book[1] of $31.6 million at 30 June 2017 (81.9 per cent growth since HY)
- Growing Opportunity Pipeline – $450 million
- New product range available
- Initiatives to reduce operating cost base

[1] Includes LoI/LoA

Highlights

- Substantial growth (81.9 per cent) in contracted Order Book[1]
- Launched new products – MDR6, TDR6 train recorder, Commuter Communications System and Passenger Information Displays
- Formalised framework Agreement with Alstom
- Commenced deliveries to critical projects (Sydney Metro, DART)
- Completed Capital raising of $11.5 million
- Strong R&D spend in FY17 ($7 million)

[1] Includes LoI/LoA

FY17 FINANCIAL RESULTS

Key Financial Metrics

		FY17	FY16
Revenue	$m	15.9	16.2
EBITDA	$m	(3.0)	3.6
Underlying EBITDA	$m	0.5	2.8
Net profit/(loss) after tax	$m	(5.8)	0.03
Earnings per share	¢	(5.20)	0.03
Dividends per share	¢	nil	nil
Gross debt	$m	0.5	0.5
Net cash/(debt)	$m	2.7	0.1
Net working capital	$m	11.3	8.2
Operating cash flow	$m	(3.6)	0.2
Employees		89	81
Contracted Order Book	$m	31.6	13.5

- Revenue in line with guidance
- Recognition of non-recurring charges against inventory and capitalized R&D
- Gross margins adversely impacted by higher pre-production costs
- Nil term debt
- Increase in net working capital associated with rail projects
- Strong Order Book

Underlying EBITDA

$	FY17	FY16
Statutory EBIT	(4,827,070)	2,585,368
Depreciation / Amortization	1,802,083	1,060,299
Reported EBITDA	(3,024,987)	3,645,667
Foreign Exchange losses	165,680	294,814
Net R&D income / (expense)	1,550,854	(1,107,742)
Impairment	519,584	
Initial Warranty Provision	146,051	
Business development costs	491,301	
Product margin	614,117	
Underlying EBITDA[1]	462,600	2,832,739

[1] Underlying EBITDA excludes foreign exchange losses and non-recurring costs

- Initial warranty provision relates to prior periods
- Business development costs supporting market entry to Poland have completed
- NRV inventory adjustments relate to prior periods
- Lower product margin achieved where delivery of new products while commissioning manufacturing processes

Balance sheet

$m	FY17	FY16
Cash	3.2	0.6
Trade receivables	9.0	6.4
Other receivables	3.1	2.7
Inventory	8.0	5.8
Property, plant & equip	1.0	1.1
Intangible assets	5.6	4.4
Other assets	0.2	0.1
Total Assets	**30.1**	**21.1**
Trade payables	5.8	4.0
Financial liabilities	0.5	0.5
Provisions	1.1	0.9
Deferred Tax	1.8	1.0
Total Liabilities	**9.2**	**6.4**
Total Equity	**20.9**	**14.7**
Net cash/(debt)	2.7	0.1
Net working capital	11.2	8.2

- Significant ongoing commitment to research and development
- Rail Projects working capital intensive
- Negligible bank debt
- Impairment adjustments recorded
- Improved cash position from capital raising
- Technical Covenant breach – No action from bank

Liquidity

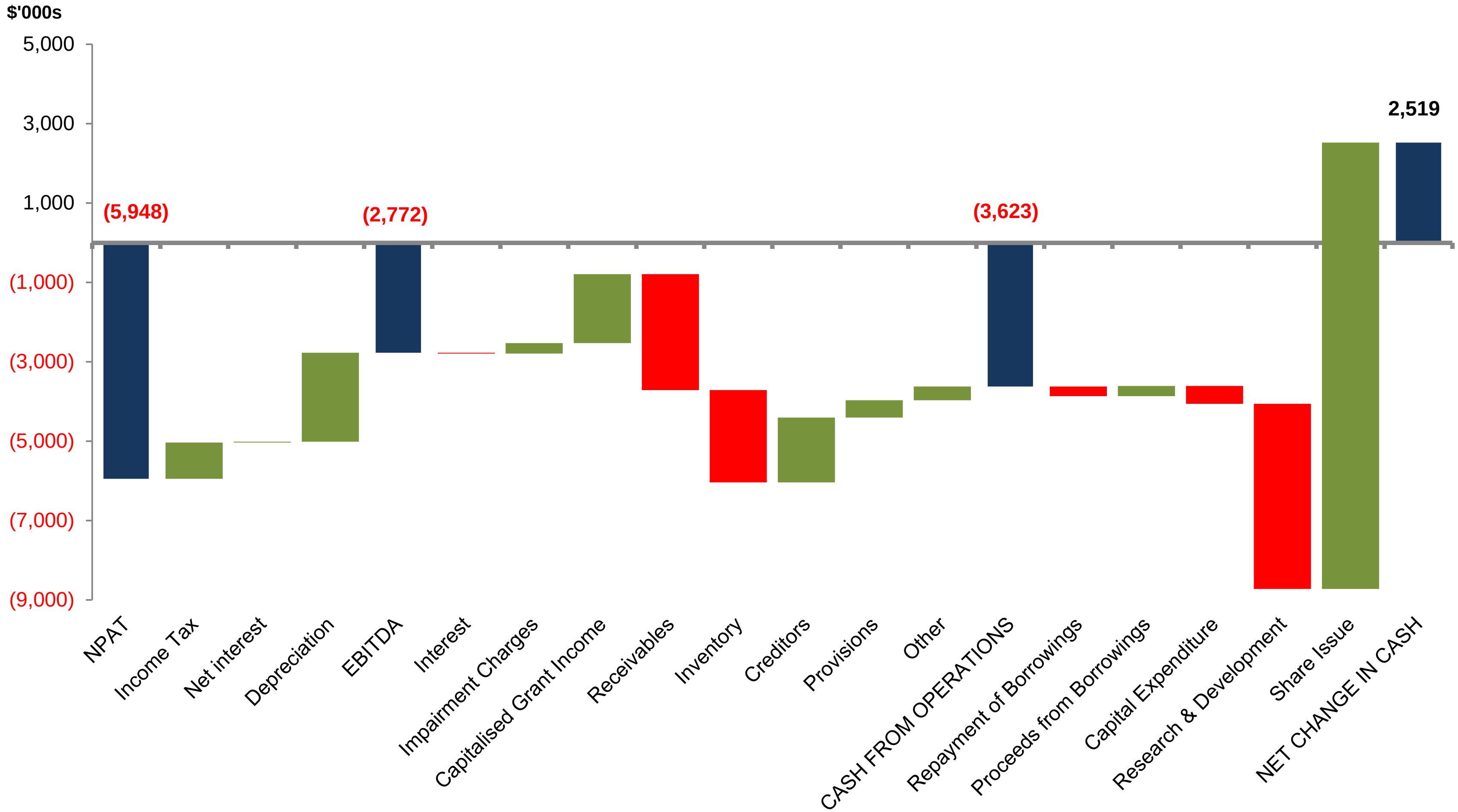
Working Capital

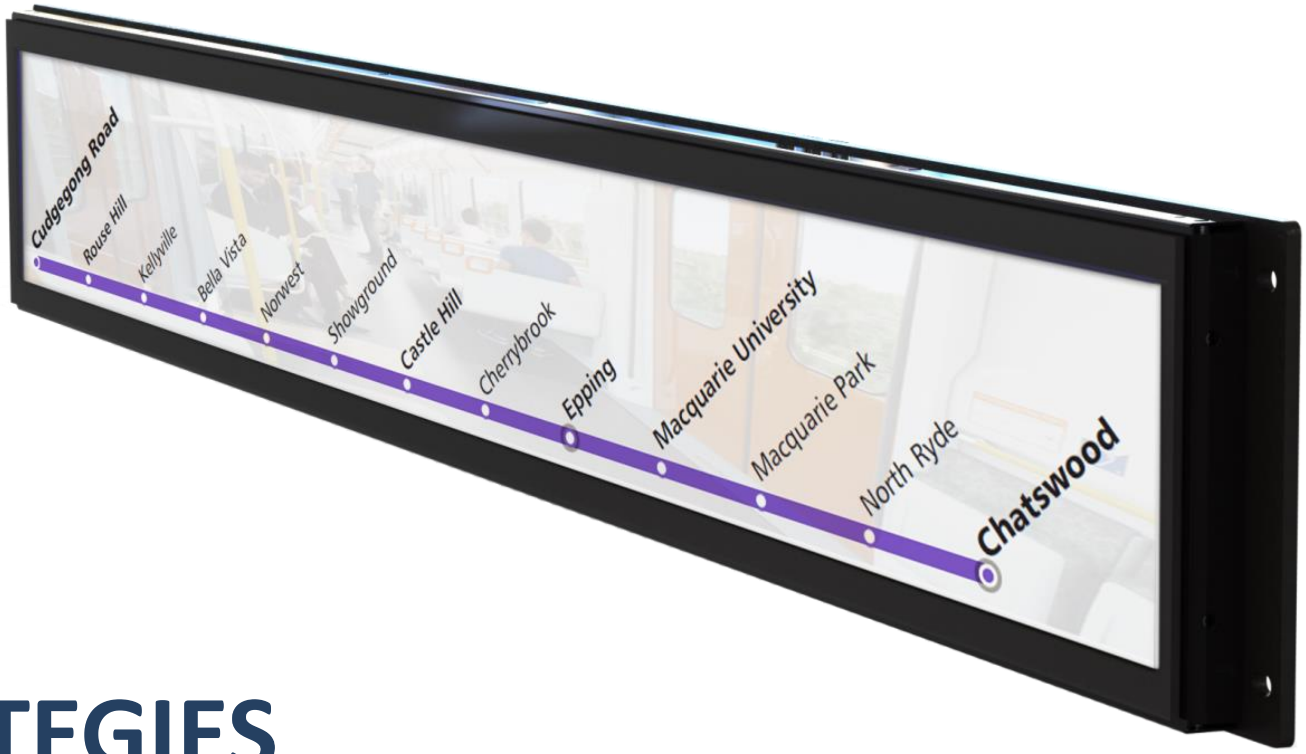
- Net working capital increased by $3.0 million
- Trade receivables and inventory both increased to meet ramp up in project requirements
- Strong support from major suppliers with extended payments terms

Cash and Bank

- Cash resources applied to net working capital ($3.0 million) and R&D ($7.1 million)
- Working with bankers for an acceptable facility to cure technical breach

Cash flow from Operations




Cudgegong Road
Rouse Hill
Kellyville
Bella Vista
Norwest
Showground
Castle Hill
Cherrybrook
Epping
Macquarie University
Macquarie Park
North Ryde
Chatswood

STRATEGIES

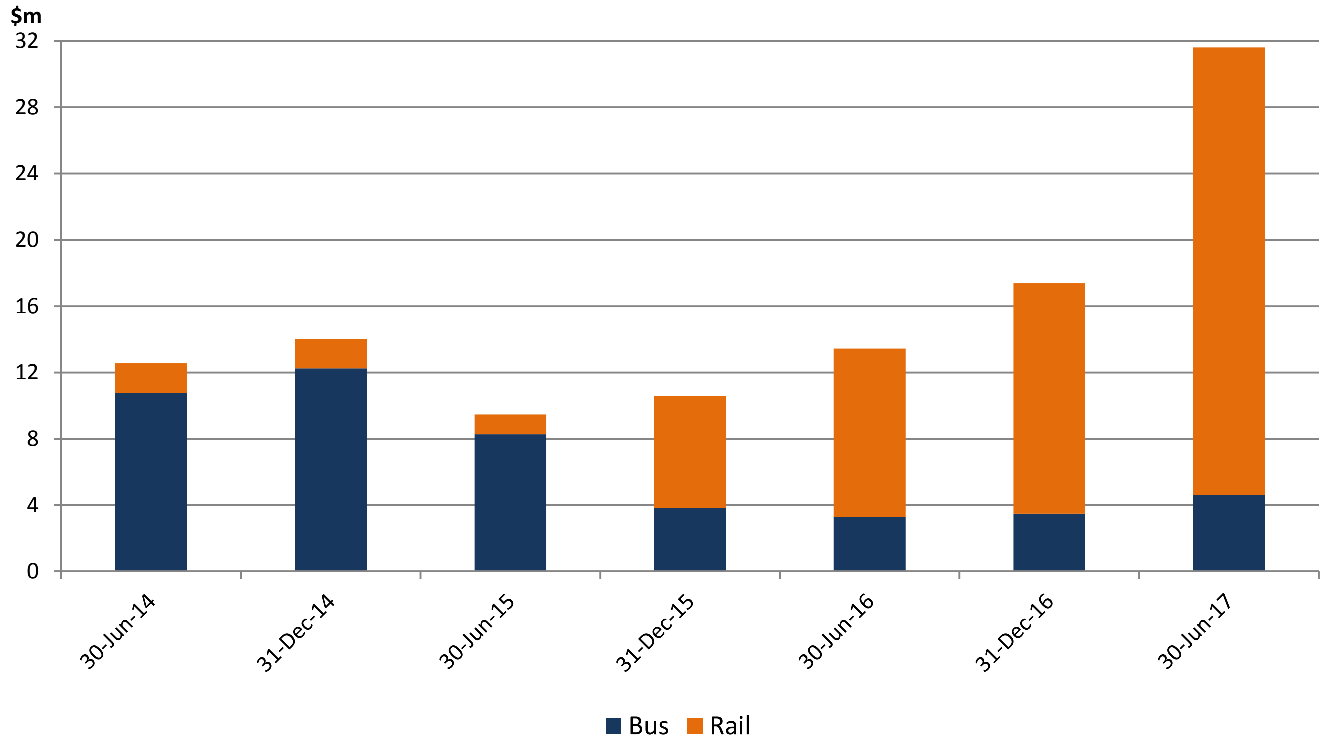
Strategies

- Key focus to return to profitability

Grow Revenue Base	Stabilise Production Costs	Cost Down Strategy	Overhead Reduction
• Increased Order Book	• Product design finished leading to stable production runs	• Review supply chain to reduce component costs	• Tight control of costs and working capital
• Conversion of Opportunity Pipeline	• Migrate production to lower cost manufacturer	• Implement design efficiencies	
• New Products available			

ORDER BOOK AND PIPELINE

Order Book



- Order Book growing in line with increased marketing effort
- Strong growth in rail sector with global infrastructure spend
- Order book does not include anticipated recurring work until PO is issued

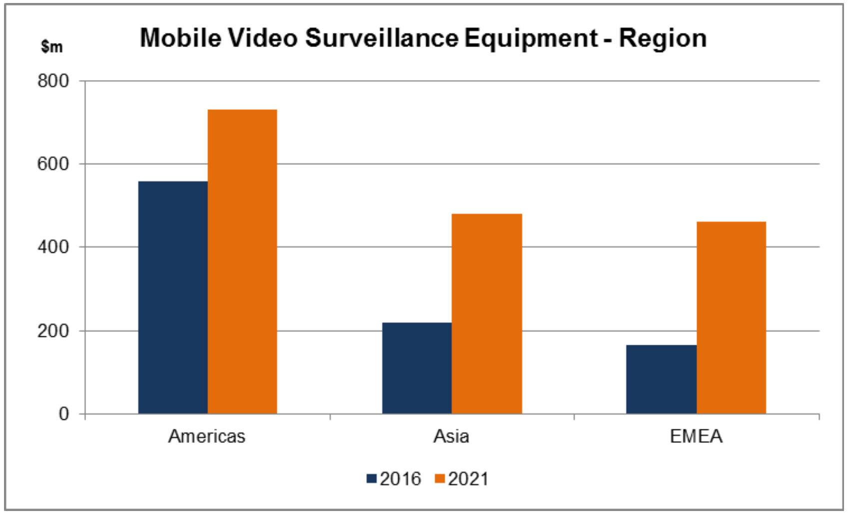
Addressable Market

- DTI's addressable market comprises:
  - Mobile surveillance systems, consisting of recorders, cameras and ancillary equipment; and
  - Passenger Information Systems, consisting of displays, audio communications and entertainment systems
- FY17 revenue and order book weighted towards PIS
- Mobile Surveillance market is forecast to grow by 12.1 per cent to over US$1.6 billion by 2021[1]
- Passenger Information Systems forecast to exceed US$37 billion by 2022[2]

1. IHS Research – 24 Feb 2017
2. Market Research Future – July 2017

Mobile Video Surveillance Market

- Global market for mobile video surveillance equipment forecast to grow at CAGR of 12.1 per cent to 2021
- DTI is a significant player in mass transit sector (trains, trams and transit buses) which constitutes 46.1 per cent of the market
- The Americas is the largest market for mobile video surveillance equipment while EMEA is the fastest growing market



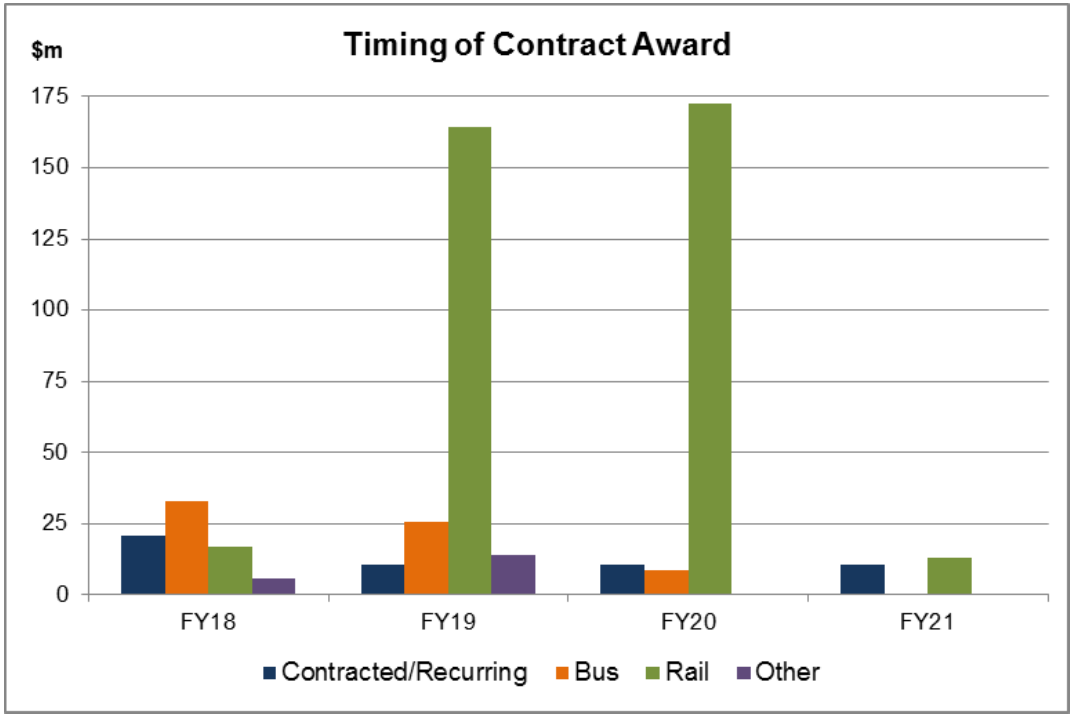
Source: IHS Research – 24 Feb 2017

Passenger Information Systems

- Market forecast to be US$37 billion by 2022, growing at CAGR of 26 per cent[1]
- These products comprise approximately 70 per cent of the current contracted order book of $31.6 million

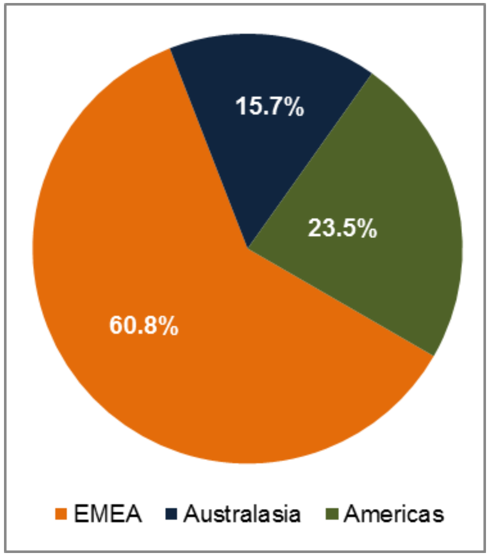
1. Market Research Future – July 2017

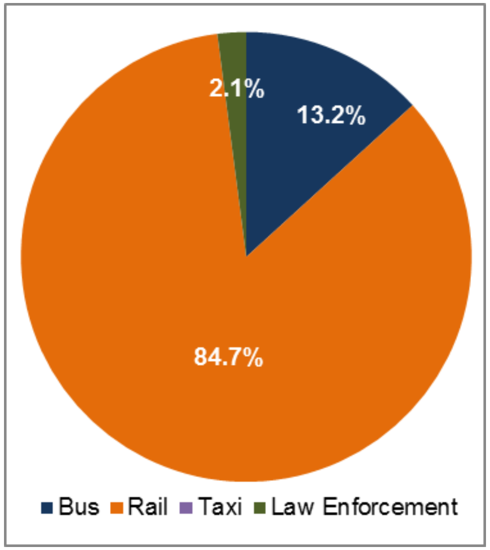
Opportunity Pipeline



- Substantial Opportunity Pipeline in excess of $450 million
- Pipeline unwinds over next four years based on expected contract award dates
- Significant proportion in tender phase
- Contracted work supports revenue throughout FY18 and into FY19

Opportunity Pipeline



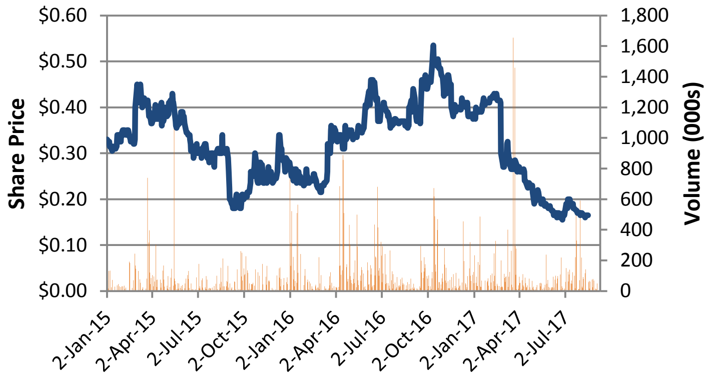


- Significant identified long term pipeline in excess of $450 million
- Geographic segmentation remains similar with EMEA and Americas strongest opportunities
- Market continues to be dominated by rail which generally has higher specifications and engineering effort
- Growth drivers include legislation/evidence standards, public infrastructure spending and potential to reduce insurance and maintenance costs

COMPANY PROFILE

Company Snapshot

SHARE PRICE



CORPORATE DETAILS

ASX Code	DTI
Issued Shares	126,671,579
Share Price (18 Aug 2017)	$0.165
Market Capitalisation	$20.9 million

MAJOR SHAREHOLDERS

Chris Morris (& Associates)	19.6%
Board & Management	10.2%
UIL Limited	9.8%
Adam Smith	5.1%
Other Institutional	5.3%

BOARD AND MANAGEMENT

Neil Goodey	Chairperson
Peter Tazewell	Managing Director
Richard Johnson	Executive Director
Glyn Denison	Non-executive
Jeremy King	Non-executive
Chris Morris	Non-executive

What we do . . .

- DTI designs, develops and installs world-leading surveillance, video analytics, and passenger information systems technology and services to the global mass transit industry
- Utilising proprietary software with leading edge hardware (hybrid-recorders, commuter communications systems and back office management solutions), DTI provides data solutions to transit operators
- DTI seeks to leverage its engineering capabilities to provide transit operators with increased functionality, products and services

DTI Key Customers[1]

SBB CFF FFS

ALSTOM

BOMBARDIER
the evolution of mobility

SEPTA

DART

BRISBANE CITY

SIEMENS

GIBELA

STADLER

Merseyrail
More than just a journey

Government of Western Australia
Public Transport Authority

VOLGREN

Ansaldo STS
A Hitachi Group Company

ESG
DESIGNED TO DELIVER

DELATIM

1. Includes End Customers

OUTLOOK

Outlook

- Contracted order book[1] in excess of $30 million
- Gibela/PRASA contract provides strong market entry opportunity for South Africa
- Identified Opportunity Pipeline of $450 million over the next four years
- Global market for mobile surveillance equipment forecast to grow from US$950 million to US$1.7 billion over next five years (12.1 per cent CAGR)
- DTI specialises in mass transit vehicle sector (trains, trams and busses) which is growing at 8.9 per cent CAGR
- DTI has developed a strong technical reputation for developing leading edge products and solutions
- Following the end of product development cycle, DTI has undergone restructure of its operating cost base

[1] Includes LoI/LoA

Summary

- Transitional year which has adversely impacted earnings
- Recapitalisation of Company completed
- Completed introduction of range of innovative new products
- Company maturing and implementing internal improvements to support future growth
- Cost base restructured to support current activities

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