



ASX ANNOUNCEMENT

27 February 2017

Threat Protect announces first half FY17 profit

Highlights

- Revenue of \$5.5 million for 31 December 2016 Half Year, up 93% on previous Half Year revenue of \$2.9 million.
- Positive EBITDA of \$1.0 million including all business acquisition and integration costs incurred during the Half.
- Reported NPAT of \$0.6 million, a significant turnaround on previous Half Year net loss of \$4.7 million.
- Improved cash position of \$1.15 million at Half Year in comparison to 30 June 2016 balance of \$0.45 million.
- Funding package secured with new cornerstone investor First Samuel Limited of up to \$10.5 million to fund acquisition of security monitoring client bases.
- Exercised options in February 2017 for step change acquisition of Apollo Security businesses for approximately \$6.0 million, including major security monitoring operations in NSW and QLD with annual revenue of around \$3.2 million.

Threat Protect Australia Limited ("**Threat Protect**" or the "**Company**") (ASX:"**TPS**") today announces its financial results for the half year ended 31 December 2016 with a reported first half profit, positive cash flow generation and significant progress in the execution of its growth strategy.

Financial Performance

Total revenue for the Half Year was \$5.5 million, up 93% on the prior corresponding period revenue of \$2.9 million. Revenue from continuing operations was a strong \$4.6 million, up 68% on Half Year 2016 and in line with expectations. Other income of \$0.9 million includes revenue from government grants.

The active growth strategy continues to increase the Company's scale of operations with revenue year to date tracking at around 63% of FY2016 total revenue.

The Company reported a strong turnaround in earnings with EBITDA of \$1.0 million and net profit after tax of \$0.6 million for the half, which included all business acquisition and integration costs incurred during the period.

The Half Year also saw a return to positive operating cashflow generation and an increase in the cash balance to \$1.1 million as at 31 December 2016 (\$0.45 million at 30 June 2016).

THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227 | ABN 36 060 774 227

Unit 1/8 Fisher Street, Belmont WA 6104 | PO Box 561, Belmont WA 6984

Tel: 1300 847 328 | Fax: +61 8 9322 9711 | Email: info@threatprotect.com.au

Website: www.threatprotect.com.au

Monitoring revenue for the Half Year was up 30% to \$1.7 million, and is expected to grow significantly as the new Eastern states acquisitions are integrated in the second half of the year. Ongoing organic growth of the Company's current monitoring customer base, both directly and through the development of Threat Protect's reseller base continues to enhance the existing revenue stream.

Guarding and security consulting revenue also saw a significant improvement to \$2.6 million for the Half Year (HY2016: \$1.2 million). This has been steadily improving in recent months with the commencement of the summer and New Year events calendar. The seasonally strong performance of the March quarter 2017 includes several high profile events such as the City of Perth Australia Day celebrations.

Threat Protect's Managing Director Demetrios Pynes commented, "It is pleasing to report significantly improved earnings in line with expectations and the Company's growth strategy."

"We expect this positive momentum to continue, with the benefits of acquisitions to flow through to the second half. Our proposed Apollo acquisition will also be a key driver in this regard, expanding our service offering nationally, delivering a step change increase in scale of operations and earnings for Threat Protect."

Executing Acquisition Growth Strategy

The Company's growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing monitored security business through the acquisition of monitored security client bases across Australia. Security Monitoring is a readily scalable business model whereby new monitoring revenue is able to generate increased margin and significant earnings uplift. Threat Protect made significant steps in executing its growth strategy, both in terms of its funding, and its execution.

In November 2016 the Company announced the securing of a new funding package of up to \$10.5 million to be utilised towards this strategy. This resulted in First Samuel Limited, a Melbourne based wealth management business, becoming a cornerstone shareholder in Threat Protect. The funding package comprised a \$1.5 million share placement at 3 cents per share (a premium of 69% to Threat Protect's 30 day VWAP on 2 November 2016), and in aggregate \$9.0 million three year convertible notes to be utilised for future security monitoring acquisitions.

This new funding package was immediately put to use with options executed in early January to acquire assets of Apollo Security Pty Ltd for approximately \$6.0 million. Apollo is a Sydney based security services business with a monitoring control room in Sydney that provides monitored security services to clients in New South Wales and in Queensland.

Following resounding approval received at a meeting of shareholders on 23 February 2017 (in accordance with Listing Rule 11.2 relating to a significant change of scale of the Company's activities) Threat Protect announced it had exercised both options, with settlement of the acquisition expected to occur in the coming days.

The acquisition will grow the Company's national presence, adding anticipated recurring annual revenue of approximately \$3.2 million across approximately 250 resellers servicing over 16,000 monitoring customers.

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For further information, contact:

Investors

Demetrios Pynes
Managing Director
Threat Protect Australia Limited
+ 61 414 984 806

Media

James Tranter
FTI Consulting
+61 8 9485 8888

About Threat Protect Australia Limited

Threat Protect provides monitored security solutions that ensure the safety of Australian homes and businesses 24 hours a day, 365 days a year.

We have the highest security accreditation possible to achieve in Australia and use only state-of-the-art technology and equipment.

Our commitment to providing a complete end to end service is second to none, whether you own a small apartment or giant multi-national headquarters.

- Monitored Security Systems
- Security Personnel
- Corporate Risk Consultancy

We call it “**Security Without Compromise**”.

- Threat Protect is a leading Australian security agency fully licensed by WA and NSW police departments and other national and international bodies.
- We support thousands of residential and business clients in Australia and beyond.
- We'll personally evaluate your security needs.
- All products and services meet Australian Standards.
- 24-hour monitoring from our A1 graded control rooms in Perth and Sydney.

