

**YPB GROUP LIMITED**  
**AGM 2017**  
**CHAIRMAN'S**  
**PRESENTATION**



PROTECT | DETECT | CONNECT

# OUR JOURNEY TO THE THRESHOLD OF TRANSFORMATION

## 1. BUILD

- Technology, talent, networks, geographies

## 2. MARKET

- 2016: strong interest in full PROTECT DETECT CONNECT suite confirmed
  - potential new business pipeline from \$20m to \$117m
- Opportunity set almost limitless

## 3. CONVERT

- 2017: intense conversion of pipeline potential to revenue reality
- Precise timing controlled by clients

## 4. TRANSFORM

- Modest percentage conversion of pipeline to revenue will be transformational
- Exponential profit growth will follow crossing the breakeven threshold

# BUILDING THE PLATFORM FOR SUCCESS

## 1. TECHNOLOGY

- ▶ Build complete end to end technology suite
  - *At listing*
    - PROTECT products
    - DETECT fakes
    - 2 patents
  - *Now*
    - PROTECT products
    - DETECT fakes and supply chain leakage
    - CONNECT brands and customers
    - 8 patents granted, 8 pending
  - *Vital Government Documents*
    - Extension of technology and expertise
    - Credibility
  - *Retail Anti-Theft*
    - Strong stand-alone business
    - Trojan Horse for higher value technologies

## 2. TALENT

- ▶ Build talent to commercialise technology
  - *Superior, proven business builders*

## 3. NETWORKS

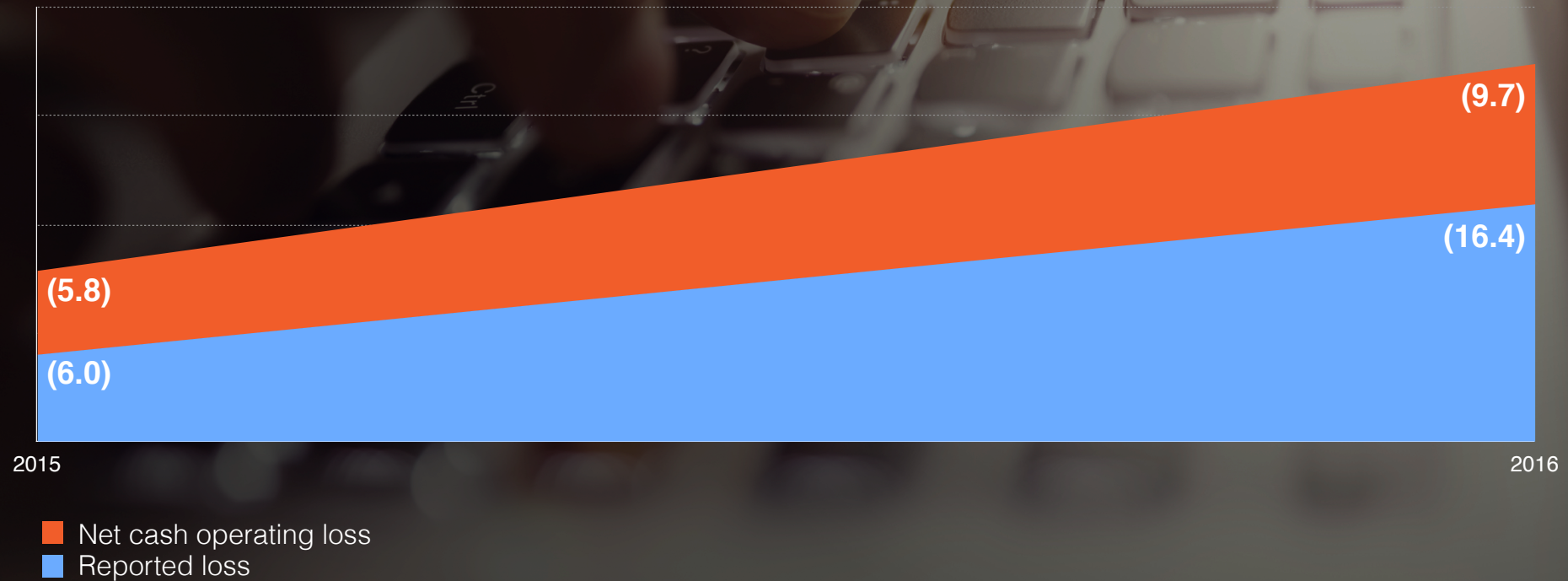
- ▶ Build networks to accelerate market penetration
  - *Multiplier Partnership*
    - Lower cost
    - Lower capital
    - Lower risk
    - Vastly greater access to vastly superior clients

## 4. FOOTPRINT

- ▶ Build geographic footprint
  - *China, Australia, SE Asia, Sub-Continent, Mexico, USA*

# DELIBERATE INVESTMENT AHEAD OF REVENUE PAYOFF

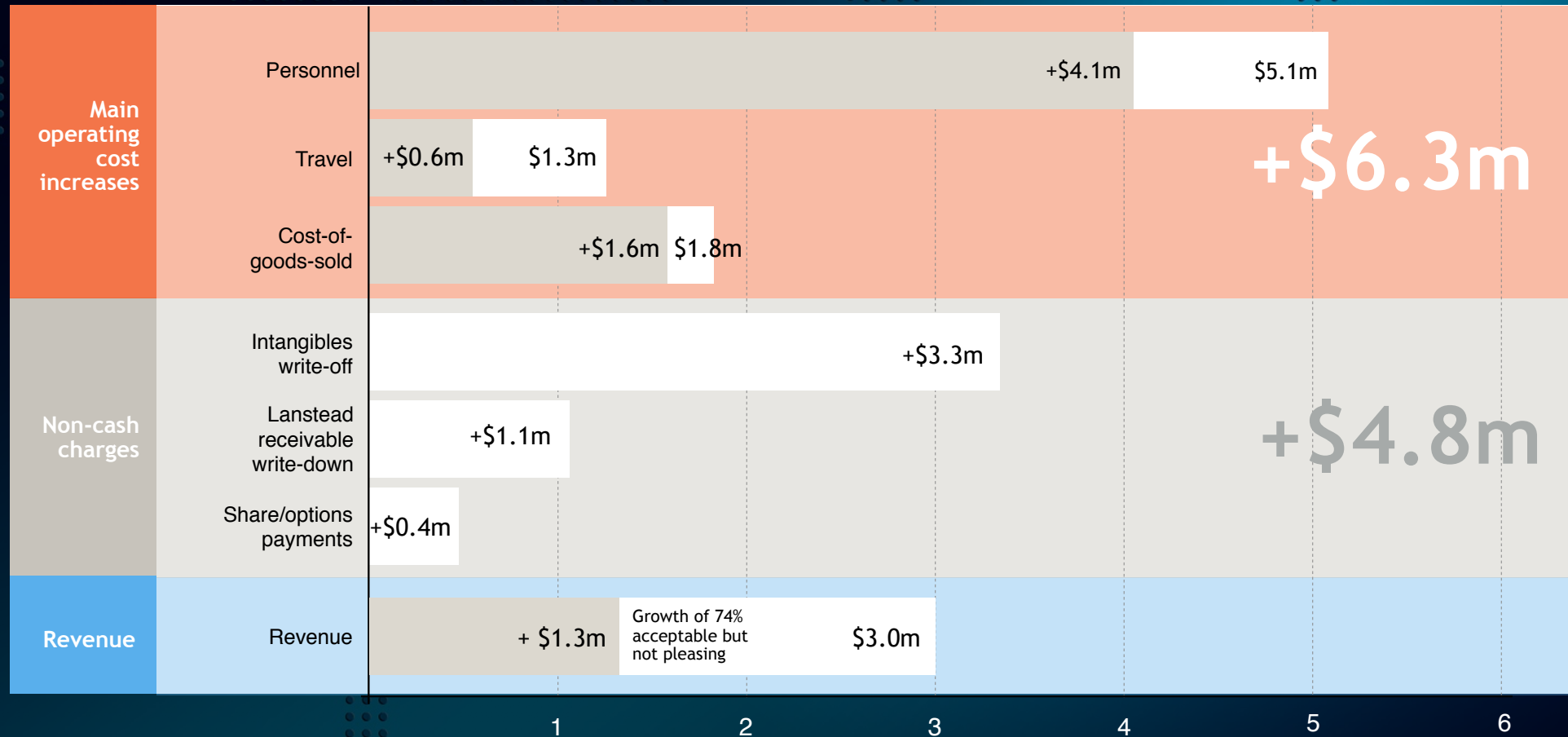
- ▶ A year of deliberate cost increase building the platform to drive success
- ▶ Increased loss anticipated from investing ahead of revenue payoff
- ▶ Reported loss worse than cash operating loss



# TRUE OPERATING LOSS (CASH) LESS THAN REPORTED LOSS

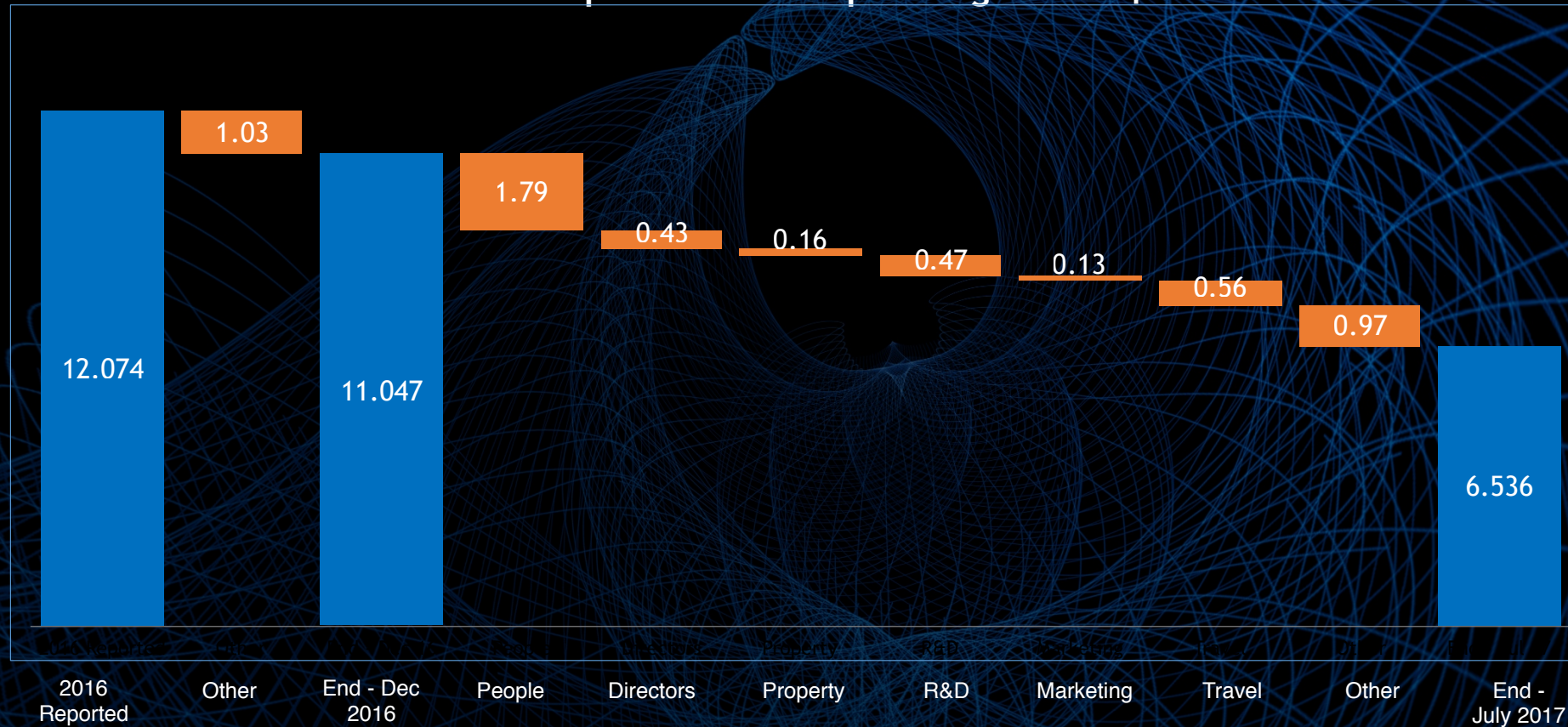


# PRIMARY DRIVERS OF INCREASED LOSS IN 2016

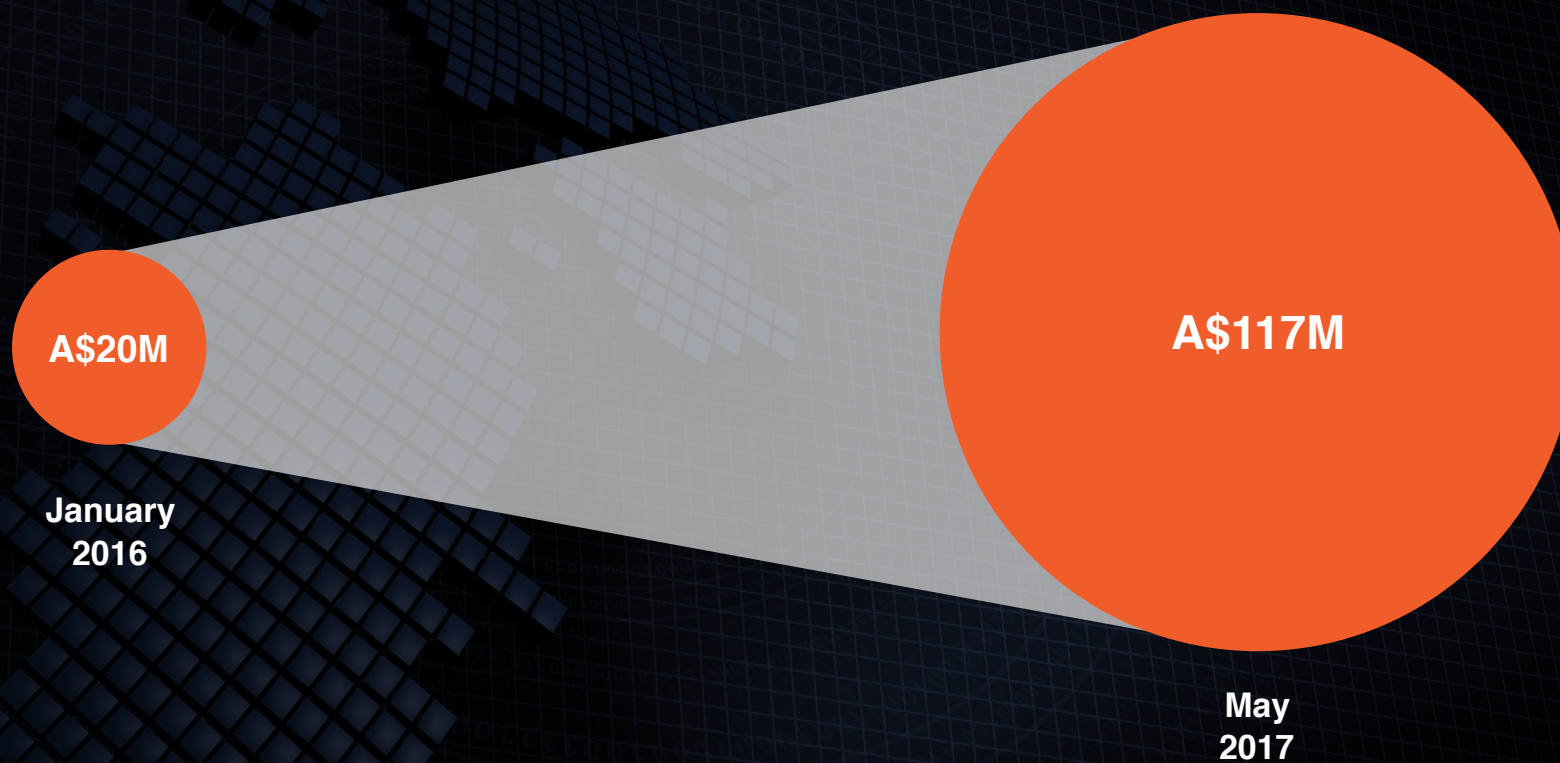


# COSTS TO FALL 40% BY END JULY 2017

## YPB Group - Annualized Operating Costs - \$m



# YPB'S NEW BUSINESS PIPELINE GREW RAPIDLY IN 2016



# KEY RELATIONSHIPS AND CLIENTS WON 2016

## JVS AND PARTNERS

- ▶ Orora (ASX: ORA - AUS, NZ, USA)
- ▶ Affyrmx LLC (MEX)
- ▶ Impact International (AUS)
- ▶ Comtech Solutions (NZ)
- ▶ L&E Packaging (USA, global)
- ▶ Sachin Tendulkar (India)

## CLIENTS

- ▶ Blackmores (ASX: BKL)
- ▶ Dan Murphy's and BWS (liquor AUS)
- ▶ Combiphar (Indonesia)
- ▶ Mamacare (AUS)
- ▶ Lorna Jane (AUS, USA)
- ▶ Four Mexican States
- ▶ Tier 1 global pharma (unnamed)
- ▶ Major SE Asian nation (unnamed)

# PIPELINE CONVERSION TO ACCELERATE IN 2017

- **Intense focus** on conversion not new opportunities
  - But new opportunities are still arising
- **Team in place**, hit 2017 running
- **Big pipeline** in place at start of year
  - +100 projects
  - Projects commenced last year closer to fruition
- **New Multiplier Partnerships** established in 2016 to bear fruit
- **Household-name** banner clients encourages more cautious clients
- **Sales closure** rate to lift following completion of new generation key software
  - YPB CONNECT**
    - revitalised CONNECT product *version 2.0* completed May 2017
    - new product is a generational leap with excellent client response
  - YPB Securetrack** (secure supply chain software)
    - appealing as a standalone innovative application or as part of YPB's end to end suite

# YPB'S KEY FINANCIAL MILESTONES FOR 2017

## 1. CASHFLOW BREAK EVEN

End June 2017

## 2. 2017 PROFIT

Pre-tax profit \$5m

Subject to key contract closures by end June

# On the threshold of self-sustaining, financial success

## ▸ **High need, high opportunity markets**

- High need, high opportunity markets - Western exporters seeking 800m new customers Pan-Asia
- Huge internal Pan-Asian markets (the world epicentre of counterfeiting)
- Marketers everywhere wanting direct, personal engagement with customers
- Governments fighting terrorism

## ▸ **Competitive offers are few**

- Technical and cost advantages where there is competition

## ▸ **The opportunity is almost limitless**

- The internet supporting viral growth of counterfeiting and increasing supply chain porosity
- Wide applicability
- Low complexity and cost of implementation

## ▸ **The technologies, talent, networks and footprint built**

## ▸ **The opportunity pipeline large and real**

## ▸ **Profit leverage to revenue growth from pipeline conversion high**

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