



AROWANA INTERNATIONAL LIMITED

2016 ANNUAL GENERAL MEETING

Executive Chairman's Presentation

15 November 2016

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Non-IFRS financial information has not been subject to audit or review.





FY2016 YEAR IN REVIEW

FY2016 ENTERPRISE PRIORITIES

1

Allocate

Our capital wisely and patiently

With a focus towards Operating Companies



2

Manage

Our controlled entities to 10-20% CAGR

Without sacrificing long term growth potential



3

Grow

Our pipeline of qualified investments

To an aggregate of at least A\$200m EBIT




4

Build

Our rolodex of company leaders

CEOs, CFOs, COOs, GMs and BDMs



5

Expand

Our network of potential fund investors

With a focus on like minded long term investors



6

Increase

AFM's FUM to at least A\$200m

Excluding internally seeded capital



FY2016 FINANCIAL OVERVIEW

Key Metrics		FY2014	FY2015	FY2016
Revenue ¹	A\$m	3.3	2.8	4.4
EBIT ¹	A\$m	(3.5)	(2.9)	(4.5)
Net cash / (net debt)	A\$m	96.8	53.9	20.2
NTA / share	A\$	0.82	0.77	0.56
Shares on Issue	#m	163.2	158.2	158.2
Dividends per share	A\$	0.04	0.03	0.008

1. Represents underlying results excluding contribution from divested businesses and non recurring items. Reference to “underlying” information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.



FY2016 KEY ACHIEVEMENTS

1

Built VivoPower into a profitable global franchise

Offices and team members globally; on track to beat FY17 profit forecasts

2

Allocated our capital patiently and wisely

Deployed at less than 2.5x FY17 EBIT (majority A\$50m allocated to VivoPower)

3

Expanded our investment pipeline

Including solar projects, this has now grown to a total exceeding US\$1bn

4

Delivered strong funds performance

Both AAVOF and AASSF 1 have delivered strong returns of 19.9% and 21.9% since inception

5

Grew global network of co-investors

Comprising family offices across UK, USA, Middle East, Asia and Australia and Asian pension funds



FY2016 KEY DISAPPOINTMENTS

1

Performance of Intueri Education

Unexpected regulatory setbacks in NZ and then in Australia

2

Performance of Thermoscan Inspection

Strong leadership in place but was a difficult operating environment for the whole year

3

Human resources management

Has been sub-par and disjointed internally; new HR director appointed in Sept 2016

4

Marketing and public relations management

Historically preferred to be below radar; but adverse impact on fund raising

5

Distribution and capital raising architecture

Developed many strong leads and relationships but yet to convert meaningfully



FY2016 KEY MISTAKES & LESSONS LEARNED

Mistakes

1

Under-investment in marketing

2

Under-weight excellent project management

3

Sub par onboarding of acquisitions

Lessons Learned

1

Track record on its own is insufficient; in fact arguably marketing trumps track record

2

Execution has been traditional strength; upskill team capabilities as we continue to grow

3

Incorrect focus on process rather than results; reinforce Onboarding training





FY2017 YEAR AHEAD

FY2017 ENTERPRISE PRIORITIES

1

VivoPower

Complete NASDAQ listing (& potential dual listing)

2

Education

Build Everthought Education & assist in Intueri turnaround (where allowed)

3

Manage Operating Companies

To deliver long term EBIT CAGR of 10-20%

4

Build leadership

Coach & develop our team to master V.U.C.A leadership

5

Increase FUM base

For Arowana Funds Management to \$200m

6

Expand Investor Universe

To encompass offshore investors



FY2017 YTD COMMENTARY

Operating Companies



Funds Management



Enterprise Office

Board

Leadership

Team

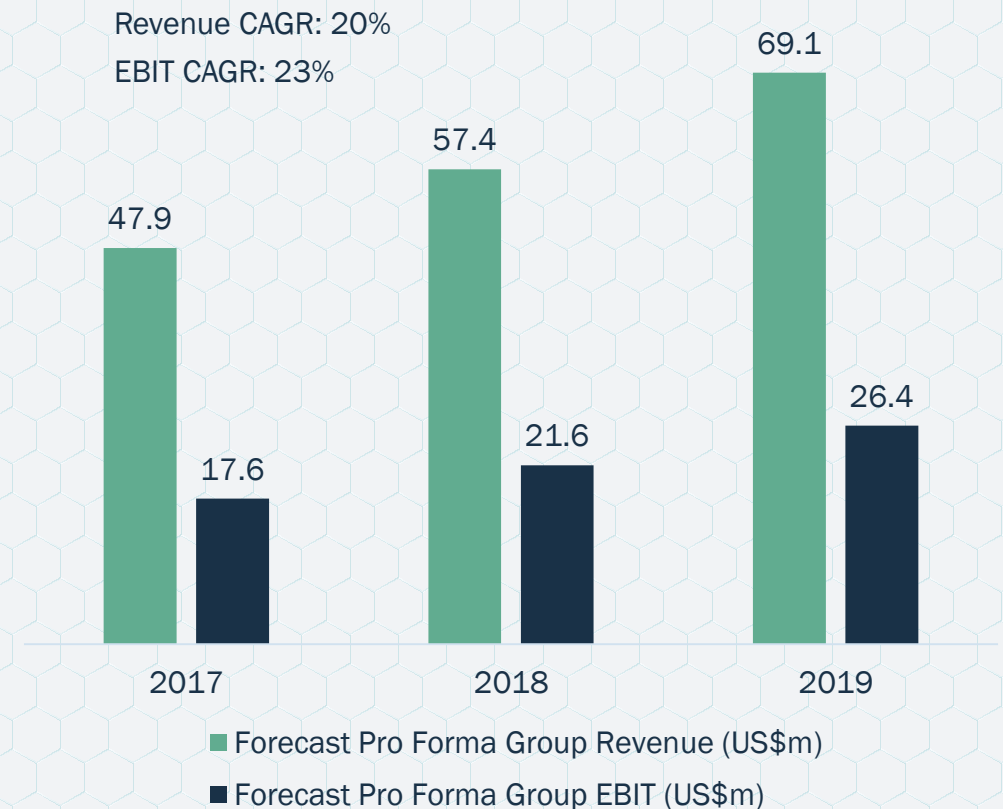
Arowana Uni

Treasury



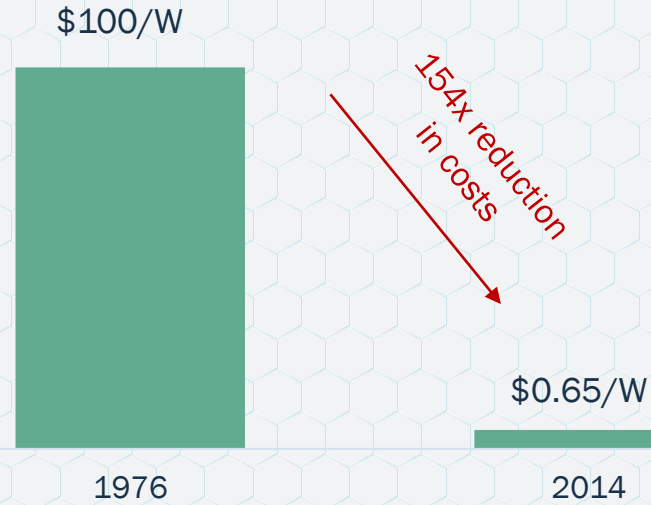
VIVOPOWER INTERNATIONAL: A FAST GROWING GLOBAL “SCALE UP”...

- Established in 2014, VivoPower International PLC (“VivoPower”) has grown exponentially and moved to become a UK HQ PLC
- VivoPower is on track to beat its EBIT guidance of US\$17.6m (A\$23.2m) for year ending 31 March 2017 and has a strong forward outlook
- VivoPower is subject to a proposed transaction involving Arowana Inc. that will result in :
 - VivoPower being listed on NADSDAQ
 - Vivo Australia & Aevitas absorbed by VivoPower
 - AWN having a cleaner balance sheet holding
- AWN has invested approximately A\$50m in building VivoPower to an enterprise value of US\$162m (A\$213m) based on fairness opinion assessment
 - Gross money multiple of 4.3x invested capital; or
 - FY17 EBIT multiple of 2.2x (based on invested capital)



...BENEFITING FROM ACCELERATION OF SOLAR DISRUPTION MEGATREND

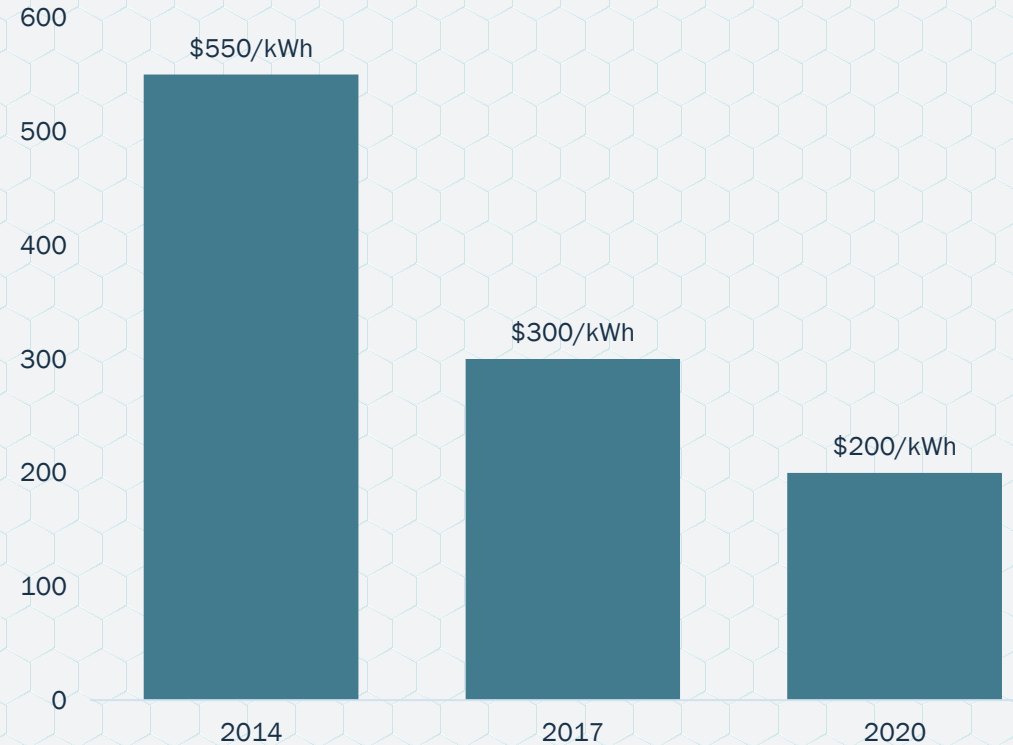
Solar PV costs have been declining rapidly...



Solar PV costs have dropped by a factor of 154x since the 1970s (while oil, coal, natural gas and nuclear have increased 35x, 6x, 15x and 10x respectively)

Source: Clean Disruption of Energy and Transportation (Tony Seba, 2014)

...and battery storage costs are set to do the same



Source: Battery Storage for Renewables: Market Status and Technology Outlook (© IRENA, 2015)

Decline in panel and storage costs is occurring at a faster rate than expected



EVERTHOUGHT EDUCATION HAS BEEN ESTABLISHED...

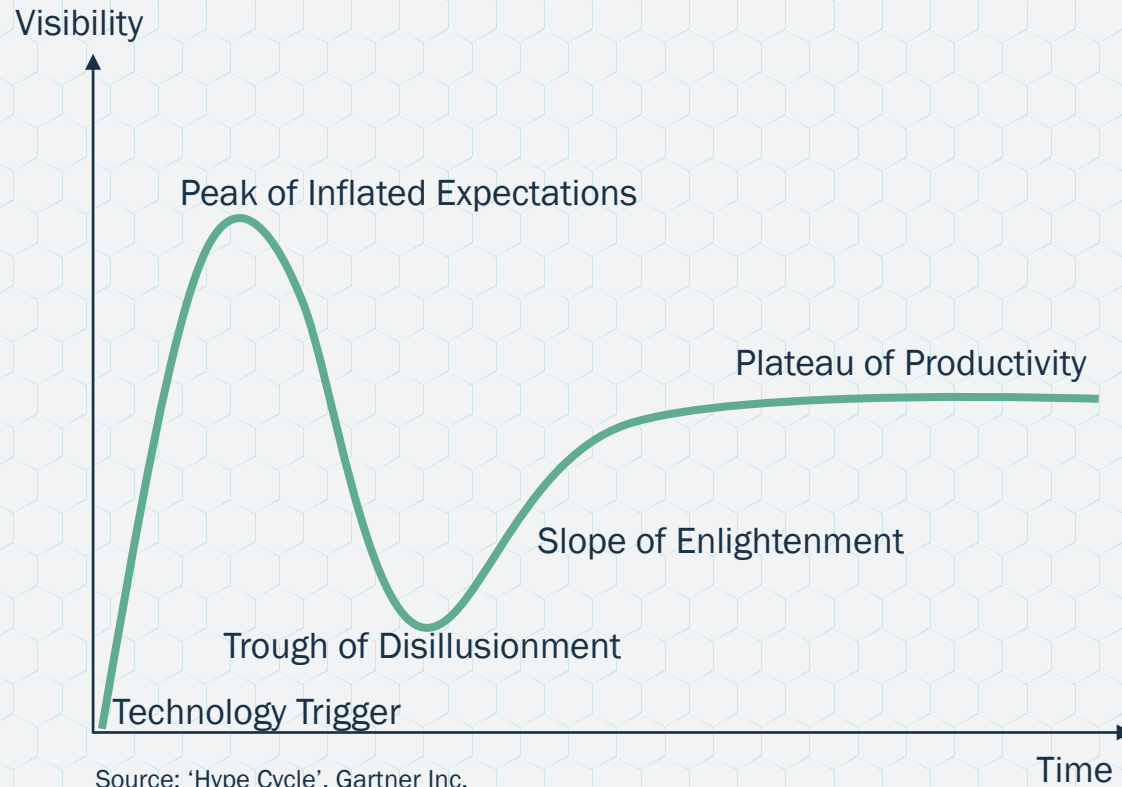
- Established in July 2016, Everthought is focused on Australian non VET FEE HELP vocational colleges that do not compete with Intueri
- Everthought will be run by an AWN assembled management team that will be lean and operate with pace, precision and power
- AWN will continue to assist Intueri (where permissible given strict corporate governance and legal engagement boundaries imposed by Intueri's board since IPO)
- Everthought has secured 2 acquisitions to date focused on the construction and building sectors and is currently in due diligence on 3 other colleges around Australia
- Our goal is to build a \$5m EBIT business by 30 June 2017

Area	Priorities
Acquisition Onboarding	<ul style="list-style-type: none"> • StratEx Plan communique • Rockefeller Habits
Leadership Organisation	<ul style="list-style-type: none"> • Formulate org. structure • Communicate KPIs
Governance Architecture	<ul style="list-style-type: none"> • Reporting rhythm • Grants of Authority
Sales Architecture	<ul style="list-style-type: none"> • Review state of union • Invest in systems & people
HR Architecture	<ul style="list-style-type: none"> • Review state of union • Invest in systems & people
MIS Architecture	<ul style="list-style-type: none"> • Review state of union • Invest in systems & people
Procurement Architecture	<ul style="list-style-type: none"> • Review state of union • Capex and opex

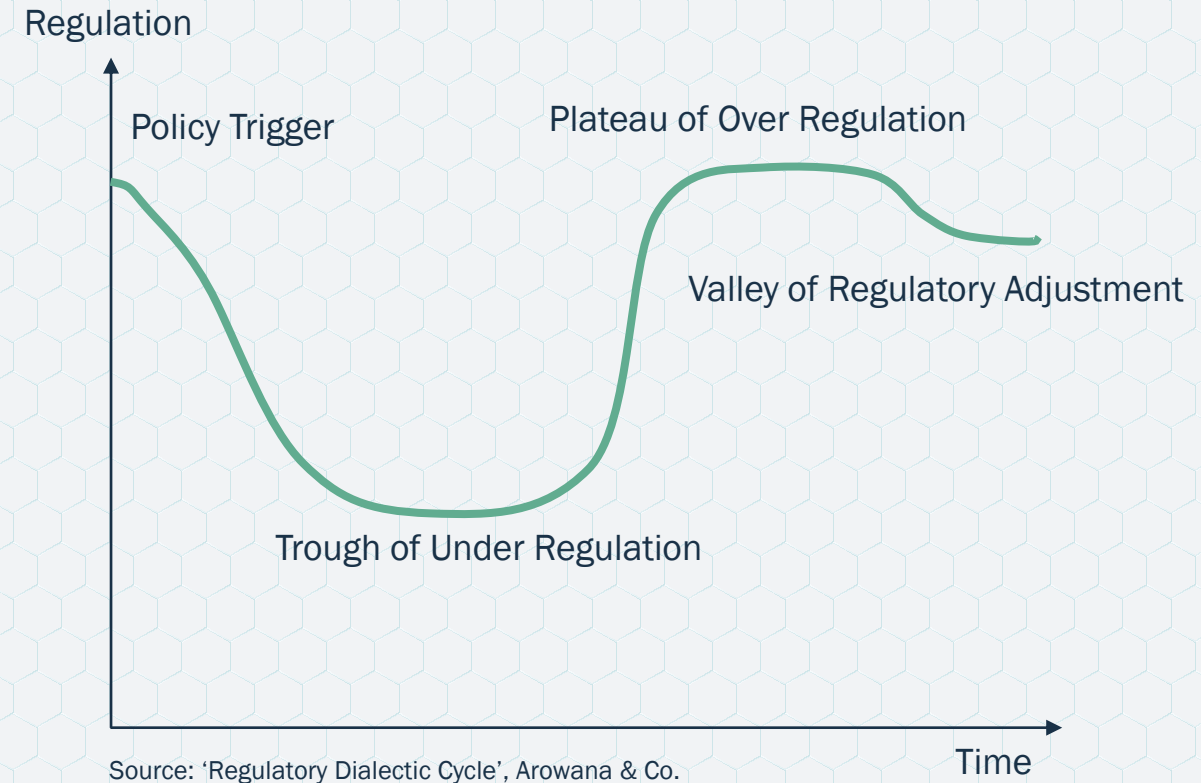


...TO LEVERAGE THE “REGULATORY DIALECTIC” CYCLE

In tech, there is the technology hype cycle



In education, we call it the regulatory dialectic cycle



Education policy is linked with social & employment policy which changes with type of government



THERMOSCAN HAS HAD A SOLID START TO FY17

- Q1, FY17 revenue was up 5% versus previous corresponding FY16 period
- Q1, FY17 gross margins were also up 6% versus previous corresponding FY16 period
- Thermoscan's Q1, FY17 EBIT was however up 41% year on year reflecting productivity gains and technology initiatives
- Business development activity has increased with a more stable architecture and team in place
- Debtor days has improved but still remains too high at 70 days reflecting continuing practice of large corporates not paying on time
- Thermoscan leadership continues to deliver strong results despite a muted operating environment (albeit it has improved on the previous year)



AROWANA FUNDS MANAGEMENT WILL BE A FOCUS OF ATTENTION...

Vehicle

FUM

Comments



A\$71.5m

- Solid performance since IPO (19.9%)
- Raise to \$100m by 30 June 2017



A\$36.6m

- Strong performance since inception (21.9%)
- Monetise investments by 30 June 2017
- Raise A\$50m+ Fund 2 by 30 June 2017



A\$112.0m

- Will become VivoPower International PLC by 31 December 2016
- Consider potential SPAC 2 raising by 30 June 2017



...TO BUILD ON GLOBAL RELATIONSHIPS & PRODUCT INNOVATION

Global Co- Investor Relationships

- A key priority has been & continues to be on building new co- investor relationships globally
- Capital raising strategy is underpinned by a disciplined approach guided by focus on shareholder eugenics
 - Prefer to not have capital than wrong type of capital
 - Must be aligned in terms of investment time frame and liquidity preferences
- New relationships have been established with family offices across UK, US, Asia, Middle East and Australia and large Asian pension funds
- Approach has been in-house relationships to date without formal distribution partners / agents

Global Product Innovation

- Global investor focus appears focussed on yield based products that are not “me too” vehicles
- Opportunity exists to develop new and unique yield based vehicles based on our current platforms including:
 - Solar construction financing
 - SME financing (including special situations)
- Other product vehicles are being evaluated based on global observations
 - Dedicated industry vehicles (eg software)
 - Venture capital vehicles (eg clean tech)
- New product vehicles may be located in UK, Asia, US or Australia





AROWANA OBSERVATIONS

AROWANA OBSERVATIONS (GLOBAL)



Long term megatrends

(i) globalisation; (ii) electrification of society; (iii) rising middle class in emerging markets; (iv) online engagement and commerce; and (v) increasing deployment of robots

Key point: It is easier today to run a global business than at any other time in history



B2B versus B2C

(i) B2B pricing power down 89% versus B2C pricing power down 41%; (ii) Look out for Amazon in B2B; and (iii) demand profiling, validation & segmentation easier in B2C today

Key point: B2B will get harder and harder to operate in, except if it offers cost savings



Speed and information

(i) business operates at a much faster pace today; (ii) enduring competitive advantage faster to attain but also harder to maintain; and (iii) information is nearer to perfect and democratised

Key point: Pace, power (GRIT) and precision will win in business just as in sport and battle



Technology literacy

(i) tech is far greater risk to business today than at any other time in history; (ii) key disruptive tech trends to watch; (iii) “Excel is a crutch for those who don’t know how to code”

Key point: Tech illiteracy is just as dangerous as financial illiteracy in today’s business world



IMPLICATIONS FOR LONG TERM INVESTING & OPERATING



Focus on businesses with global addressable market potential...



... in high ROIC sectors and their technology derivatives (mainly in B2C)...



... that can succeed in the US and Asia (as the latter looks for success in former as validation)



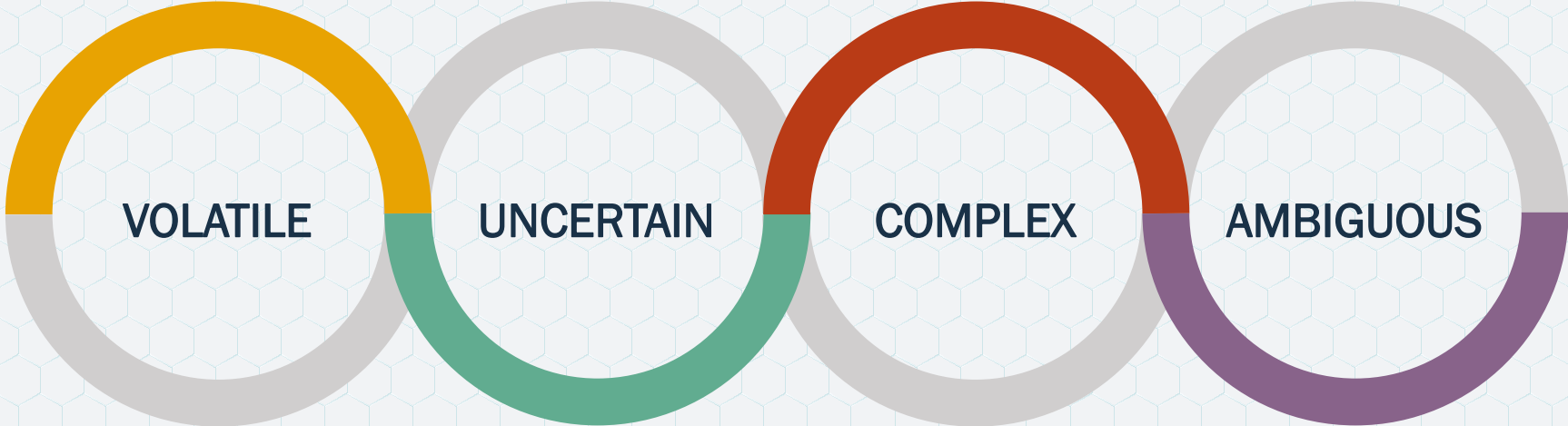
Continue to build lean and agile Arowana team with high AQ, EQ and IQ...



... that maintains a humble attitude to knowledge and can self correct



WE LIVE IN A V.U.C.A WORLD...



V.U.C.A term comes from military training for US Special Forces



...WHERE BLACK SWANS ARE NOT SO RARE!



Black swans are in fact common ...and no more so than in Australia



AROWANA'S NEXT DECADE: BUILDING V.U.C.A LEADERS



AMBITION

Don't be realistic
Be optimistic



BELIEF

Everything begins with mindset
Mindset dictates outcomes



COURAGE

Everyday has problems
Overcome them



RELATIONAL

Less transactional
More engagement



EXECUTIONISTS

Less strategists
More operational



TRI-LITERATE

Financial
Operational
Technological

Our #1 long term strategic priority is building leaders to not just survive but thrive in a V.U.C.A world



A black and white portrait of Bruce Lee, looking slightly to the left with a serious expression. He is wearing a white shirt, a dark tie, and a grey vest. The background is plain white.

“Do not pray for an easy life but for the strength to endure a difficult one.”

Bruce Lee





QUESTIONS & ANSWERS

