OVATO

FY19 TRADING UPDATE AND ENTITLEMENT OFFER

INVESTOR PRESENTATION
20 MAY 2019

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- eligible institutional shareholders of Ovato (Institutional Entitlement Offer); and
- eligible retail shareholders of Ovato (Retail Entitlement Offer),

under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act), as notionally modified by the Australian Securities and Investments Commission (ASIC) Legislative Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

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EXECUTIVE SUMMARY

OVT Strategy Update	• Ovato Limited ("Ovato", "OVT" or the "Company") is Australia's leading, integrated print and marketing company. The Company's strategy to create a smarter, sustainable and more profitable platform capable of turning audiences into customers • This strategy is being implemented via providing enhanced value and product breadth to customers, together with a continued pursuit of operational efficiencies • Ovato continues to aggressively reduce its underlying cost base, while building capabilities with data and new technology to enhance customer value and drive growth
FY19 Outlook / Trading Update	• Updated FY19 EBITDA guidance in the range of $30M – $33M[1,2] – Print Australia revenues softer than expected in 2H FY19 with FY19 revenue expected to be down approximately 12% on FY18 – Ovato NZ revenues lower than expected due to industry over capacity and continued price led pursuit of market share
Entitlement Offer	• Ovato is undertaking a 1 for 2.3 accelerated pro rata non-renounceable entitlement offer ("Entitlement Offer") to raise approximately $15.5M • The Entitlement Offer is fully underwritten
Use of proceeds	• The proceeds from the Entitlement Offer will be applied to: – Strengthening the Company's balance sheet by reducing leverage and providing additional financial flexibility; and – Accelerating the completion of the NSW Site Consolidation project • Forecast FY19 Net Debt reduced to circa $42M - $46M following receipt of Entitlement Offer proceeds ("Pro Forma FY19 Net Debt") • Pro Forma FY19 Net Debt/EBITDA to reduce to circa 1.4x times[3]
Major shareholder and Director participation	• Major shareholder, the Hannan family (comprising of Lindsay Hannan[4], Michael Hannan, James Hannan, Adrian and Richard O'Connor) (collectively the "Hannan Family"), intend to take up their entitlement in full. The Hannan Family have also agreed to subscribe for any entitlements which are not taken up by existing shareholders in the Entitlement Offer • Each of the Directors who hold Shares in Ovato and the CEO intend to participate in the Entitlement Offer and fully take up their entitlements

Note:
1. EBITDA is pre-significant items.
2. Previous FY19 EBITDA (pre-significant items) guidance provided on 26 February 2019 was at or around the low end of guidance - $37M - $40M.
3. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA and Pro Forma FY19 Net Debt guidance.
4. And related entities.

WHO IS OVATO?

- Ovato is the largest integrated print, distribution and marketing company in Australia and New Zealand, producing and delivering catalogues, magazines, newspapers and books on behalf of a range of leading Australian publishers and retailers
- Ovato's printing facilities are strategically located in major capital cities, providing publishers and retailers with an unrivalled national footprint
- More than 100 years of print and distribution experience in Australia
- In 2017, the capabilities of two of the strongest players in the Australian/NZ print industry were combined, namely; PMP, an integrated print and distribution company, and IPMG, a print and digital services company. The combined Company was rebranded as Ovato in February 2019
- Ovato's core capabilities are:
  - Print and Distribution
  - Production
  - Agency
- Ovato works with brands who require reach and impact to drive their performance. Ovato's strategy is centered around its top 30 retail and publishing clients who account for 80% of the Company's print volumes
- In addition to its leading print and production capabilities, Ovato has evolved to provide a full breadth of marketing services to its customers

OVATO STRATEGY

Ovato's objective is to create a smarter and sustainable business to deliver integrated marketing services that turn audiences into customers

1 Print and Distribution driven by data and technology

- Ovato's core print and distribution business is the foundation of retail marketing – the catalogue is the fundamental driver of sales in store
- Developments in data and technology build an opportunity to grow the breadth of Ovato's marketing products and increase the perception of the value the Company brings
- Ovato has opened new revenue streams and is increasing customer loyalty through data analytics and attribution modelling
- The business focus is on Tier 1 retailers with consistent demand for print and integrated marketing solutions for whom Ovato's unique national footprint is critical in achieving the shortest possible "time to market" deadlines

2 Cost management and operational efficiency

- The commitment to disciplined management of Ovato's cost base continues
- Consolidation of Ovato's two NSW sites into the single, highly efficient "Super Site" at Warwick Farm expected to bring material savings over the coming years
- Older press decommissioning and relocations, building works and redundancies have commenced (net heatset capacity reduction of circa 12%)
- On track for commissioning of the new press during October
- All relocation and press commissioning work is now forecast to be completed by October 2019 – earlier than originally forecasted

OVATO STRATEGY

Ovato at the end of 2019

- A fully integrated marketing services organisation with highly efficient, integrated print and distribution sites
- Strategically located footprint with print and distribution facilities in NSW, QLD, VIC, SA, WA
- Australia's largest fully integrated heat set web, sheet fed and digital print & packaging facility with co-located distribution facilities at the Warwick Farm Super Site in NSW
- Enhanced revenues and higher margins are expected from new product streams through effective use of data and technology

TRADING UPDATE AND FY19 OUTLOOK

TRADING UPDATE AND FY19 OUTLOOK

NSW SITE CONSOLIDATION

- NSW Site Consolidation to the "Super Site" is on track to be completed earlier than expected and on budget
  - Estimated site consolidation total cash spend of approximately $50M between FY19-FY21
  - Cash spend includes purchase and installation of new 80pp cost effective Press at Warwick Farm, redundancies, site works, make good and press relocations (financing of press largely funded through ECA loan with Commerzbank)
  - Total annualised savings of approximately $24M from FY21 ($4M in FY19, $14M in FY20 and $6M in FY21)

REVENUES

- Print Australia revenues softer than expected in 2H FY19 with FY19 revenue expected to be down 12% on FY18 due to:
  - Fall in newspaper volumes at a greater pace than expected, following masthead closures and move to cold-set printing by publishers;
  - Increased competition for Ovato's publishing and retail customers (following printing alignment between Fairfax and News Corp); and
  - Softer retail conditions and temporary reduction in activity associated with the recent NSW State and Federal elections which has led to lower than expected uncontracted new business
  - Australian print and distribution catalogue volumes from Tier 1 retailers have remained resilient and in line with expectations
- Ovato NZ revenues lower than expected due to industry over capacity and continued price led pursuit of market share

TRADING UPDATE AND FY19 OUTLOOK

FY19 OUTLOOK

- Updated FY19 EBITDA guidance in the range of $30M – $33M[1]
  - Previously guided to around the low end of $37M – $40M[1]
- Pro Forma FY19 Net Debt to be reduced to circa $42M - $46M following receipt of Entitlement Offer proceeds
  - Previously guided to $45M -$50M
- Pro Forma FY19 Net Debt/EBITDA expected to reduce to circa 1.4x[2]
- Leverage is expected to rise through to 2.1x in 1H FY20 (due to financing of new press), however is expected to reduce to approximately 1.4x in 2H FY20

BEYOND FY19

- Ovato believe the implementation of its various strategies in building an integrated print media and marketing services business with a diverse stream of revenue sources will drive an efficient and profitable Ovato in the future
- Furthermore, Ovato believe its cost reduction initiatives will adequately offset structural decline in its heatset print business

Note:
1. Pre-significant items.
2. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA and Pro Forma FY19 Net Debt guidance range.

POSITIVE FUTURE FOR OVATO

A MORE DIVERSIFIED OVATO

- The Company has been rebranded and repositioned as a fully integrated marketing services company for innovation and growth
- Continuing to seek industry solutions for the Ovato New Zealand and Australian Residential Distribution businesses

A MORE PROFITABLE OVATO

- Australia heatset print pricing is expected to stabilise over time with some modest increases as contracts are renewed
- Australia retail catalogue print and distribution volumes are forecast to continue to be reflective of the industry and to reduce by 2% to 3% p.a. and the rate of decline in magazine publishing volume to stabilise with reductions of 10% p.a.
- Additional revenue and EBITDA expected from growth in custom magazine publishing and higher margin pre-media and marketing services
- Group EBITDA (before significant items) is expected to progressively increase each year from the FY19 results with the roll-out of key strategic initiatives identified to further reduce the operational infrastructure costs of the manufacturing footprint
  - Target for EBITDA margin increasing above 7.5% over the medium term
  - Disciplined capital allocation with maintenance capex to remain at circa $5-8M p.a.
  - Significant items to decline and stabilize by FY21 to circa $5-10M p.a.

ENTITLEMENT OFFER DETAILS

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Offer size and structure	• Approximately $15.5M offer by way of a 1 for 2.3 pro rata accelerated non-renounceable entitlement offer • Approximately 222M Ovato fully paid ordinary shares to be issued ("New Shares"), representing approximately 43% of current Ovato shares on issue • The Entitlement Offer will consist of an Institutional Entitlement Offer and Retail Entitlement Offer
Offer Price	• Offer price of $0.07 per New Shares under the Entitlement Offer ("Offer Price"), which represents; – 4.6% discount to the 5 trading day volume weighted average price ("VWAP"), based on the closing price of Ovato as at Friday, 17 May 2019; and – 5.4% discount to the 10 trading day VWAP, based on the closing price of Ovato as at Friday, 17 May 2019
Major shareholder commitment	• Major shareholder, the Hannan Family (with a relevant interest of 40%[1]), intends to take up their entitlement in full • The Hannan Family have also agreed to subscribe for any entitlements which are not taken up by existing shareholders in the Entitlement Offer or not subscribed for by existing and new investors in the shortfall bookbuild or top up facility • The Hannan Family shareholding (depending upon the take up of the Entitlement Offer by other Ovato shareholders) may increase from 40%[1] to a maximum of 58%[1] of Ovato shares on issues post completion of the Entitlement Offer • In the event that the Hannan Family's relevant interest increases over 50% as a result of the Entitlement Offer, the Hannan Family will have a controlling shareholding and the ability to pass ordinary shareholder resolutions. The Hannan Family has informed the other Directors that on the facts and circumstances presently known, they are supportive of the current direction of Ovato and do not currently intend to propose any major changes to its direction and objectives
Ranking	• New Shares issued under the Entitlement Offer will rank equally with existing Ovato shares
Institutional Entitlement Offer	• The Institutional Entitlement Offer will be conducted on Monday, 20 May and Tuesday, 21 May 2019 • Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for new shares in excess of their Entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer

Note:
1. Including any related entities.

ENTITLEMENT OFFER DETAILS (CONTINUED)

Retail Entitlement Offer	• The Retail Entitlement Offer will be open to eligible retail shareholders in Australia and New Zealand – the Retail Entitlement Offer opens Monday, 27 May 2019 and closes Wednesday, 5 June 2019 – Shareholders will be able to subscribe for shares in excess of their entitlement pursuant to a top-up facility
Lead Manager and Underwriter	• Wilsons is sole Lead Manager and Underwriter of the Entitlement Offer • The Entitlement Offer is fully underwritten at the Offer Price
Record Date	• 7:00pm (Sydney time) Wednesday, 22 May 2019

ENTITLEMENT OFFER TIMETABLE

Date[1]	Event
Monday, 20 May 2019	• Commencement of trading halt and announce Entitlement Offer to the market • Institutional Entitlement Offer opens
Tuesday, 21 May 2019	• Institutional Entitlement Offer and institutional bookbuild closes (11:00am)
Wednesday, 22 May 2019	• Announcement of results of Institutional Entitlement Offer (pre-market open) • Trading halt lifted and Ovato shares recommence trading • Record Date for Entitlement Offer (7.00pm)
Monday, 27 May 2019	• Retail Entitlement Offer opens and dispatch of Retail Offer Booklet
Wednesday, 29 May 2019	• Institutional Entitlement Offer Settlement
Thursday, 30 May 2019	• Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer
Wednesday, 5 June 2019	• Retail Entitlement Offer closes (5.00pm)
Tuesday, 11 June 2019	• Announce results of Retail Entitlement Offer
Friday, 14 June 2019	• Allotment of New Shares under the Retail Entitlement Offer
Monday, 17 June 2019	• Quotation and normal trading of New Shares issued under the Retail Entitlement Offer

Note:
1. Dates and times are indicative only and subject to change without notice. Ovato reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates and times refer to Sydney time.

USE OF PROCEEDS

USES OF PROCEEDS FROM THE OFFER

USE OF PROCEEDS

- The $15.5M of proceeds raised through the Entitlement Offer will be applied to:
  - strengthening the Company's balance sheet by reducing leverage and providing additional financial flexibility. Following completion of the Entitlement Offer Ovato expects to have Pro Forma FY19 Net Debt / EBITDA of approximately 1.4x[1]; and
  - Accelerating the completion of the NSW Site Consolidation project

Sources	$m	Uses	$m
Entitlement Offer	15.5	Balance sheet strengthening and accelerating NSW Site Consolidation	14.8
		Equity raising costs	0.7
Total	15.5	Total	15.5

Note:
1. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA guidance and Pro Forma FY19 Net Debt range.

APPENDIX

KEY RISKS

Ovato's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing to shares under the Entitlement Offer (New Shares), eligible shareholders should carefully consider and evaluate Ovato and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives, financial circumstances and needs and taking into consideration the material risk factors.

Ovato is not licensed to provide financial product advice in relation to New Shares or any other financial products. No cooling off period applies to any application for New Shares.

The risks associated with an investment in Ovato

The future operating performance of Ovato and the value of an investment in the New Shares may be affected by risks relating to Ovato's business. Some of these risks are specific to Ovato while others relate to economic conditions and the general industry and markets in which Ovato operates.

Where practical, Ovato seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Ovato from these risks. Other risks are beyond Ovato's control and cannot be mitigated. The occurrence of any such risks could adversely affect Ovato's financial position and performance and the value of the New Shares. The risks listed below do not purport to be exhaustive and there is no assurance that the importance of different risks will not change or other risks will not emerge.

RISKS SPECIFIC TO OVATO

Continuation of challenges in the printing industry

The printing industry has been affected by challenges over the past decade arising from changes in demand. A shift in consumer preferences away from magazines, newspapers and catalogues has changed the advertising landscape with reduced demand causing overcapacity.

Ovato's business segments are primarily in pre-media, printing and distribution of publications including catalogues, magazines, and books. There is a risk that Ovato's product demand and pricing could continue to be subject to adverse impact from:

- reductions in demand volume and the effect of consumer confidence on retail marketing;
- pagination reductions and title closures by magazine and newspaper publishers;
- competitive market pricing pressure; and
- migration of advertising, entertainment and information media from print to digital platforms.

Site consolidation risk

An important factor is for the successful integration of the New South Wales production sites at Warwick Farm. Difficulties may be encountered in connection with this process which could result in the failure of Ovato to realise some of the anticipated benefits of the site consolidation all could result in those benefits been realised later than expected. In particular, there is a risk of Ovato not being able to deliver some or all of the potential synergies and efficiencies. A failure to achieve targeted synergies may have an adverse impact on the operations and financial performance and position of Ovato and the value of its shares.

There is a risk that the 80 page press purchased as part of the consolidation will not be delivered or commissioned within the agreed timelines. Ovato has placed an order with a tier one global manufacturer (Manroland Goss) of printing technology. Manroland have a proven record of on time delivery and quality assurance. The press will be shipped from Germany to Australia so delivery may be negatively impacted due to shipping issues.

There are also risks associated with achieving the expected operation and financial cost savings. In particular, the one-off implementation cash cost to achieve these annualised cost savings (estimated to be approximately $24M by FY21) are material considering the forecast FY19 EBITDA guidance of Ovato is $30M to $33M.

KEY RISKS

Ability to retain existing customers and respond to competitive challenges

Key to Ovato's business will be the ongoing delivery of customer contractual commitments, meeting competitive challenges, and ensuring product offerings are market competitive. A material proportion of Ovato's revenue is dependent on a concentrated number of key customer contracts that become due for renewal from time to time. There is always a risk that existing customers may terminate the contract on notice, may choose not to renew their contracts upon expiration, or may seek to renew such contracts on less favourable terms. Any inability to retain existing customers may adversely impact Ovato's future operating and financial performance, its cash flow and, depending on the reason for the loss, may have an adverse impact on its reputation.

Customer sentiment

Ovato's financial and operating performance may be impacted adversely by negative consumer sentiment. For example, any decline in demand for magazines or decline in the circulation of printed newspapers which may include catalogues is likely to adversely impact on the financial performance of Ovato.

Dependence on Key personnel

Ovato's performance is dependent on the talents and efforts of key personnel. Ovato's continued ability to compete effectively depends on the capacity of it retaining and motivating existing employees as well as potentially attracting new employees.

Operations and Service Continuity

There is a risk of:
- lack of continuity of supply of utilities, raw material inputs and distribution services;
- industrial action;
- loss of, or material damage to, an operating site; and
- increased cost of supply of utilities, raw material inputs and distribution services not being promptly passed on to customers.

These risks could result in unanticipated circumstances causing inability to meet customer commitments, or significant increase in the cost of doing business, which could adversely impact upon Ovato's achievement of its financial performance objectives.
Ovato mitigates these risks through:
- management of raw material purchase lead times and safety stock levels and hedging of purchase cost;
- endeavouring to promptly pass on material input price increases to customers;
- ability to reschedule work across multi-site operations;
- business interruption and asset insurance programmes in place; and
- effective workplace industrial relations.

Change of control risk

Some of Ovato's commercial arrangements contain change of control clauses or similar provisions which may be triggered by the Entitlement Offer. If relevant counterparties do not provide the necessary consents or waivers in respect of contractual breaches that would otherwise arise, then this may result in the termination of material commercial arrangements. This may have a material adverse effect on Ovato's operating and financial performance.

Health Safety & Environment

There is a risk of a major health and safety incident which could result in a serious injury or fatality at an Ovato workplace. Ovato mitigates this risk by implementing training, policies, procedures and systems to comply with health and safety requirements, which are supported by the Board-approved Group Safety Plan.
Ovato's operations are also subject to environmental laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environment quality and provide for penalties and other liabilities for violation of such standards. Any failure to comply with such laws and regulations may materially adversely impact on Ovato's reputation, business, operations and financial performance.

KEY RISKS

Litigation

As with all businesses, Ovato will be exposed to potential litigation and other claims or disputes in the course of its business, including litigation from employees, regulators and other third parties. As with any litigation, there are risks involved. An adverse outcome of litigation or the cost of responding to potential actual litigation may have a materially adverse impact on the financial performance of Ovato.

Financial risk management

Ovato is exposed to credit risk, and adverse movements in foreign currency exchange rates and interest rates. This could adversely impact Ovato's ability to achieve its financial performance objectives and reduce its ability to access financing facilities.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Ovato manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. However, if a funding shortfall materialises, Ovato may need to raise substantial additional short-term or long-term debt or equity or consider asset sales. In addition, Ovato has substantial debt facilities which are subject to covenant ratios.

These debt facilities have current expiry dates of February 2020 and November 2022. Ovato's capacity to secure the requisite level of funding at the appropriate time will depend on the amount of funding required, the performance and future prospects of its business and a number of other factors, including interest rates, economic conditions, debt market conditions and equity market conditions prevailing at that time. There is no assurance that the required funding (either via debt or equity) can be secured at all or on reasonable terms, which may require Ovato to consider asset sales or alternative sources of funding.

Interest rate risk

Interest rate risk is the risk that a financial instrument value will fluctuate as a result of changes in market interest rates. The nature of Ovato's financial arrangements exposes Ovato to interest rate risk including from the movement and underline interest rates, which impacts on Ovato's cost of funding and may adversely impact Ovato's financial performance.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, the customer's individual risk limits are set based on internal or external ratings in accordance with limits set by the directors and the companies credit insurer.

Regulatory and Legislative Requirements

There is a risk of a major change to, or a major breach of, existing regulations or legislation, which could impact Ovato's ability to continue its current business operations or achieve its financial performance objectives. To the extent possible, Ovato mitigates these risks by implementing policies, procedures and systems to comply with regulatory requirements, and by planning contingency actions.

Technology and Cyber Security

There is a risk of outage, disruption, or security breach of IT systems. This could result in significant business disruption or a loss of confidential business data. Ovato mitigates this risk through IT security and infrastructure solutions. This is supported by IT policies and procedures governing security and usage of IT systems.

KEY RISKS

RISKS ASSOCIATED WITH THE NEW SHARES

Market price of the New Shares

The market price of Ovato shares may fluctuate over time as a result of a number of factors including the financial performance and prospects of Ovato, prevailing market conditions, general investor sentiment in those markets, inflation, interest rates, and the liquidity and the volume of the shares been brought or sold at any point in time. It should be noted that there is no guarantee that the New Shares will trade at or above the issue price. It should also be noted that the historical share price performance the shares does not necessarily provide any guidance as to its future share price performance.

Liquidity in market for shares

There can be no guarantee that there will be an active or liquid market shares traded on ASX or that the price of the New Shares (if any) will increase. There may be relatively few or many potential buyers of the shares on ASX at any time particularly given the Hannan Family's relevant interest of approximately 40% shareholding. This may increase the volatility of the market price of the shares and may affect the price at which shareholders are able to sell the shares. Accordingly, there is a risk that the New Shares may trade at prices below the issue price.

Underwriting risk

Ovato has entered into an underwriting agreement with Wilson Corporate Finance Limited who has entered into a sub-underwriting arrangement with the Hannan Family. The underwriter may terminate its underwriting agreement and can be released from its obligations if certain events occur (as set out in the underwriting agreement). If the underwriter terminates its underwriting commitments, the Entitlement Offer may not raise the full amount proposed to be raised or may not proceed at all. Further, as a result of the sub-underwriting arrangement with the Hannan Family, there is the potential that the Hannan Family may increase their percentage holding in Ovato up to 58% following the issue of the New Shares. In the event that the Hannan Family's relevant interest increases over 50% as a result of the Entitlement Offer, the Hannan Family will have a controlling shareholding and the ability to pass ordinary shareholder resolutions.

Dilution

Entitlements are not renounceable and will not be tradable on ASX or otherwise transferable. Shareholders who do not take a sum or all of their entitlements will not receive any value in respect of their entitlements they do not take up. Shareholders who do not take out their entitlements will have their ownership and Ovato diluted.

Dividends

Ovato has not paid any dividends since FY17. It is uncertain when Ovato may be able to pay dividends and there can be no assurance, that dividends will be paid in the future.

Forward-looking statements

The “forward-looking statements” contained in this Presentation, including but not limited to projections, estimates and guidance on Ovato’s future financial performance and outlook, are:

- provided for illustrative purposes only and are not indicative of Ovato’s actual performance for the relevant period;
- are based on assumptions and contingencies that are subject to change and involve known and unknown risks and uncertainties and other factors that are beyond the control of Ovato and may not be reliably predictable; and
- should not be relied upon as an indication or guarantee of future performance, and that actual results, performance and achievements may differ materially from those expressed or implied in such forward-looking statements and any assumptions on which those statements are based.

Specifically FY 19 earnings contained in this presentation is an estimate and there can be no assurance that Ovato will achieve the results indicated. The estimate is based on a number of assumptions including those described under this “risk factors” section. Investors are cautioned not to place undue reliance on the estimate.

KEY RISKS

Past performance	Past performance cannot be relied upon as an indicator of future performance..
General	General risk factors outside the control of Ovato, which may have a significant impact on the future performance of Ovato, include the following: • economic conditions in Australia and internationally which may have a negative impact on capital markets; • change investor sentiment and perceptions in local international stock markets; • changes in interest rates, exchange rates and the rate of inflation; • changes in domestic or international fiscal, monetary, regulatory, taxation and other government policies; • changes in environmental conditions, such as lack of access to water • geopolitical conditions such as actual threats of terrorism, military conflicts or international hostilities; • developments in general conditions and markets in which Ovato operates; and • economic and natural disasters.

FOREIGN SELLING / OFFER JURISDICTIONS

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.