

# MOQ Limited - Annual General Meeting

## Tuesday, 27 November 2018

### Chairman's Introduction

Good morning ladies and gentlemen,

It is my pleasure to welcome you to the MOQ AGM for 2018.

MOQ has once again grown the business in Financial Year 2018. This has been achieved across all geographies in which we currently operate as well as all key Lines of Business within MOQdigital and within the SkoolBag business. This was the first financial year where we have not completed or integrated an acquisition which means that all of our growth has been achieved organically. This was a year of consolidation enabling us to bed down our systems and leadership team. Our CEO, Joe D'Addio, will provide an assessment of how the business is tracking against our key performance indicators.

Whilst we are obviously pleased with this achievement, we recognise that this is just another step in the process of building a long term, sustainable, market leading, business.

Today, all organisations face increased competition, reduced margins yet customers are demanding better customer service. This is the reason that MOQ embarked on our strategy of providing our clients with the services that they need to digitally transform their business to position their own companies against these challenges – or opportunities. Over the past year, we have seen an increasing number of our clients utilise all of our service offerings to transform their companies. While we have not waived on our strategy, we have not achieved the full potential that the opportunity of digital transformation and cloud migration presents. So as per last year, we are satisfied but not complacent – there is lots of room for improvement. Accordingly, we have beefed up our management team by engaging a full-time manager for Managed Services, a key part of our growth potential. Our NSW State Manager now assumes the single focus of growing this branch as opposed to the dual role of both Managed Services and NSW State Manager. With hindsight, this should have been done a lot earlier. A dedicated Country Manager for Sri Lanka has been engaged to manage this key area for us – Sri Lanka has the opportunity to be our competitive advantage.

We have actively been pursuing acquisitions that will enhance our market offerings and presence. As always, the priority for any acquisition will be a strong cultural fit and an earnings accretive result. Joe will talk in more detail about the specific areas that we are targeting.

I would like to thank our customers who continue to support and promote us through the industry, our key technology partners who continue to build market leading solutions

allowing us to produce high quality outcomes for our clients and of course our staff who make it all happen! While on our staff, it was a privilege to be part of the MOQ Kick-off in early November. The capability of our team is exceptional, and the energy was infectious – we now need to translate this to matching our potential with the size of the prize at hand.

Finally, to you, our shareholders, thanks for your patience and ongoing support as we build momentum. We continue to be focused on building MOQ into a quality asset with excellent returns.

## **Chief Executive Officer's Address**

Good morning everyone and welcome.

FY18 was significant for each of MOQ's major two trading entities:

- MOQdigital operated as a single business for the first time for a full financial year, having completed the integration of its acquisitions during FY17.
- SkoolBag completed the major investment initiative of redevelopment, modernization and enhancement of the SkoolBag product suite.

I'm going to take a moment to examine key achievements in FY18 for each business.

### **MOQdigital**

The MOQdigital business provides a range of services and solutions to enable digital business transformation including consulting, integration, and managed services across applications, data and infrastructure platforms. We now have over 280 employees operating across the MOQdigital business, including 130 staff in our 'centre of excellence' in Colombo, Sri Lanka.

For MOQdigital, some highlights for FY18 included:

1. **Growth in Services directly related to our client's Cloud and Digital Transformation initiatives** – there has been significant market activity as enterprises take advantage of Cloud technology and assess, plan and execute digital transformation projects. As a result, we have seen pleasing growth of services engagements where MOQdigital has specialist capabilities to address this market – Applications, Data and Analytics as well as Strategic Consulting and Program Management.
2. **Managed Services Opportunity Pipeline Conversion** – whilst we have experienced lengthy sales cycles, a number of deals closed in Q4 FY18 and consequently we expect growth in our recurring services revenues in H2 FY19, as we onboard these contracts
3. **Continuing to build good momentum in the NSW market** – as stated in our FY18 annual report, building our NSW business is a critical success factor for MOQdigital, so we are encouraged by our progress, and look forward to converting a healthy pipeline with existing and new clients through FY19.

4. **The single largest deal win in MOQ history for Enzen (see ASX announcement – 19 June 2018)** – estimated contract value for MOQdigital over initial term of 5 years is circa \$12m, plus a 3 year option extension.
5. **Boosted our capability and coverage in our Executive Team** – with the recruitment of Glenn Scown to run our Operational Services Business, Kavan Weerasinghe to run our Sri Lanka Operation and the re-positioning of Chad Lurie to run our NSW business.

For MOQdigital, FY18 has been a period where business stability and positive momentum was re-established post the integration of the Tetran acquisition into MOQdigital in FY17. This groundwork started to reflect in MOQdigital's financial results in FY18 and our growing market presence. For those of you who have reviewed our most recent ASX Appendix 4C (quarterly cashflow) released in October 2018, you will note that MOQdigital has continued and indeed accelerated its momentum during the early stages of FY19 with Revenue, Earnings and Cashflow all continuing to improve.

Looking forward, during FY19 and into FY20, MOQdigital is focused on complementing good organic growth with targeted acquisitions, and **is indeed positioned to do so**. The Executive Team is working through a range of M&A opportunities focused in three key areas:

1. An aligned integration services business, headquartered in Melbourne, with a healthy market position in the Victorian market, to expand MOQdigital's geographical footprint across the East-Coast of Australia;
2. An Applications and Data Integration business to assist with scaling our market offering and accelerating our presence in the digital transformation world; and
3. An additional Managed Service business to grow our capability, client base and Recurring revenue streams.

*(Note that it is an expectation that, as a minimum, any of the businesses we consider for acquisition, each has a healthy market position in the services space, a reasonable proportion of Recurring Services and a healthy Earnings base).*

## **SkoolBag**

The SkoolBag business operates and develops a market leading Software-as-a-Service ("SaaS") communications platform, including mobile apps, primarily for School and Education customers and also in the sports vertical.

For SkoolBag, some highlights for FY18 include:

1. **Successful roll-out of version 3 of the SkoolBag communication platform** - this upgrade included a number of feature and usability enhancements, significant performance and speed improvements, as well as optimisations to cloud based infrastructure and scalability.
2. **Release of new SkoolBag smartphone application** - re-designed and re-built from the ground up in the latest mobile technology. The new application taps into a range of native mobile phone (Android and iOS) functionality, delivering an improved user

experience and a foundation upon which we can bring new and enhanced functionality to our customers, which was not possible from our existing application. Amongst improvements in performance, design and technical capability, a major driver for the new technology behind the app is that it provides the platform upon which seamless integration for partners and new features becomes possible. SkoolBag has received considerable interest from partners to integrate into the SkoolBag ecosystem and we are exploring a number of opportunities that are aimed at bringing added value to our significant customer base.

3. **Launch SkoolBag's new School eNewsletter** product, including an easy to use content management interface for schools. Professionally designed newsletters can be created in minutes, with no prior expertise in digital publishing required. SkoolBag eNewsletters are formatted to be easily viewed on any mobile, tablet, or PC and can be translated to over 100 languages instantly.
4. **Investments have been made** in marketing, customer support and development teams to ensure the product has every chance of success in the market.

Moving forward, SkoolBag is now very well positioned, focused on retaining and growing its client base as well as attracting key partners and institutions to deliver value via integration into the platform. SkoolBag's recent retail price increase should also result in a return for MOQ's investment as well as adequate funding to keep the SkoolBag product suite market leading in functionality and customer service.

## **Conclusion**

In summary, the foundational work and significant investments that have been made over the last few years in both MOQdigital and SkoolBag, has now positioned MOQ Limited to focus on achieving strong organic growth through FY19 and into FY20. The Executive Team is working hard to complement this targeted organic growth with strategic and aligned acquisition initiatives. The overall objective being that in the near future we will have established solid critical mass, driving towards \$100 Million plus revenues and a return commensurate with market and indeed our own expectations.

And finally, to further support our positive outlook and to help appreciate the potential for the MOQ business, our shareholders need to understand the scale of opportunity that is developing due to the Digital Transformation wave that is now firmly in play and gaining momentum. Businesses of all types and across vertical markets are looking to drive organisational improvement, enhanced customer experience, competitive differentiation and improved returns by utilising modern technology solutions – Cloud, Mobility, Application and Data Platforms, Artificial Intelligence and IOT. This is potentially the most disruptive activity for enterprises since the advent of the Internet in the 90's.

Accordingly, Enterprise IT environments are becoming more complex and diverse, with greater demand for specialist Services Providers. MOQ is well positioned to capitalise on this trend and the Executive Team is confident that it has the foundations to build sufficient critical mass to further accelerate growth in Revenue and Earnings in the near future.

This continues to be an exciting time for MOQ. I would personally like to take the opportunity to thank all our staff who have come together over the last few years and are now working as one MOQ team, focused on exceptional customer service, building great solutions and products and delivering positive outcomes for our clients.

I would like to re-iterate that our ambition remains unchanged - to sustainably grow and build a market leading, respected technology business, which with execution, gives me the confidence that this will lead to increased shareholder value and returns.

Thank you for your ongoing support for MOQ Limited.