

ASX Announcement

8 November 2017

Aconex 2017 AGM Address

Chairman's Address

On behalf of my fellow directors, I'm delighted to welcome you all here today, those of you who are long-term shareholders and those of you who've joined us as shareholders more recently.

In 2017, we strengthened our position as the leading provider of construction collaboration software globally and delivered rapid growth with the continued expansion of our user network. We continued to invest for our future, expanding our global sales and marketing teams and rolling out new products including Connected Cost, which is unique and the first in the world to provide a truly collaborative environment for managing financials on a project. We believe it will significantly increase the total addressable market for Aconex.

Although a confluence of factors presented us with challenges during the first half of the year, which resulted in a revised business outlook, sales regained momentum in the second half and we delivered solid FY17 financial results in line with the updated guidance. We have enormous potential for growth for many years to come and are focused on achieving this on a global scale. Leigh will provide a recap of our FY17 financial results following this introduction.

During the year, we continued to strengthen our executive team. Paul Koppelman was appointed as Chief Financial Officer. Paul, who is seated on my left is an experienced industry leader and finance executive, and has worked with many of Australia's leading companies, including most recently, Medibank and BHP Billiton.

We also welcomed Gabriele Famous as Chief Marketing Officer. Gabriele brings more than 20 years of leadership and cloud computing experience to the Company, having worked with industry leaders, including Salesforce and Zendesk. Originally from San Francisco, she has moved to Melbourne with her family.

And most recently, we promoted two key members of our product and engineering team to the executive team. Our former Head of Engineering, Americas, Tim Olshansky was appointed Chief Technology Officer. Tim joined us in 2015, following the acquisition of his company, Worksite and is based in San Francisco. Additionally, Kirsten Mann, who has been with Aconex for more than seven years, has been appointed as the Company's acting Vice President, Product.

The Aconex Board and I are committed to continuously improving our corporate governance. Firstly, as foreshadowed at our 2016 Annual General Meeting, we have transitioned from a show of hands to a poll this year.

We have improved our Board and committee processes, and continued to refine our remuneration framework in response to shareholder feedback and to ensure alignment with best market practices.

The Company's short-term incentive (STI) and long-term incentive (LTI) plans were simplified and revised. The STI Plan performance metrics were expanded to incorporate key non-financial measures, and for regional roles, adjustments were made to appropriately reflect associated regional performance measures.

Our LTI scheme was also revised. In line with other businesses of a similar size in the Australian market and in response to shareholder concerns regarding dilution, we have transitioned from options to performance rights in FY18. There are two components to eligibility, both equally weighted at 50%. The first is Relative Total Shareholder Return (RTSR) and the second is Revenue Compound Annual Growth Rate (CAGR). A more detailed explanation of these changes is included in the explanatory memorandum to the Notice of Meeting.

In closing, I would like to express my sincere thanks to our talented employees for their ongoing contribution to Aconex and thank you, our shareholders for your support and ongoing confidence in our Company.

I'll now hand over to Aconex CEO, Leigh Jasper who will provide you with a deeper insight into the performance of the business during the 2017 year as well as the Company's outlook.

Managing Director's address

Thanks, Adam.

Firstly, I'd like to start by touching on the highlights for the financial year.

During the year, we further strengthened our global leadership position across ANZ and our international markets of Europe, the Middle East, Asia and the Americas.

While we had a softer than expected start to the year, we delivered solid financial results in line with our revised guidance from January.

We completed the Conject integration creating the clear market leader in Europe, and we launched our Connected Cost product, significantly increasing the long term addressable market for Aconex. Connected Cost is unique in the market and a big differentiator for the Company, helping us win customers looking to control their project financials. Finally, we continue to invest for long term growth, given the multi-billion-dollar market opportunity and low penetration, investing particularly in product, sales and marketing; and in scaling our corporate functions and systems.

We delivered revenue of 161.2 million dollars in FY17, in line with our guidance from January of this year, an increase of 31 percent year over year. Based on constant exchange rates, from when we provided guidance, this equates to 163 million dollars and is above the mid-point of the range that we provided to the market.

On a constant currency basis, the company grew 36.4 percent from FY16 to FY17. We saw a step up in our EBITDA to 15 million dollars, a ten percent increase year over year.

This strong revenue growth has further extended Aconex's global leadership position. The digitisation of the global construction industry continues to accelerate and Aconex is in the box seat to realise this opportunity.

In line with our growth strategy, Aconex continues to expand revenue outside of Australia. This reflects the success of our targeted regional strategies and is underpinned by the Company's product, sales and marketing and customer support, and the acquisition of Conject, which further extended Aconex as a truly global player.

The graph on the left-hand side shows that revenue derived outside of the ANZ region was \$107.9m or 67% of total revenue; a 45% increase year-over-year. This year's underlying international revenue grew 20% and going forward offshore revenue will become a larger percentage of overall revenue, in-line with market opportunity and investment.

FY17 was a year of significant investment for Aconex. It should be noted that most of this investment was for future sales. Expenses (excluding D&A) in FY17 grew \$25.7m or 33% to \$104.5m up from \$78.8m in FY16.

The addition of the Conject and Connected cost products, together with continued enhancements to the core product contributed to the 60% increase in product and engineering costs expensed through the P&L, which rose from \$12.7m in FY16 to \$20.3m in the financial year ended 30 June 2017.

Sales and marketing grew 29%, in line with revenue growth, driven by increased commissions and additional expenditure in the high-growth markets of Asia and the Americas to leverage growing adoption and to build awareness.

G&A expenses rose 24% to \$25m dollars primarily driven by additional head office and operational staff supporting business growth, an investment in systems and an increase in share options expenses from \$1.5m to \$2.4m during the year.

The G&A cost as a percentage of revenue will reduce over time.

The total cash balances as at 30 June 2017 was \$33.9m. This is a \$18.6m reduction on the prior corresponding period's cash balance of \$52.5m.

Several investment activities impacted the cash result including:

- One-off costs totalling \$7.9 million relating to the acquisition, restructure and integration of the Conject business;
- Net cash outflows of \$1.4m related to business acquisitions;
- A 52% increase in product investment from \$9.2m to \$15.4m year-over-year; and
- \$7.2m of capex related to business growth. These included new office fit outs, IT hardware and other improvements to support the growth of the company. This is at a high point of the investment cycle.

Next financial year we expect to be cashflow positive, because of higher EBITDA, lower one time cash outlays and an increase in deferred revenue.

Aconex has a high recurring revenue base at 90% of current revenue as at 30 June 2017 and high forward visibility with more than 75% of our FY18 revenue already contracted.

There are three key components that make up the existing portion of our revenue. Firstly, our existing business which includes both ongoing projects and enterprise agreements. In FY17, close to 50% of our overall revenue was derived from enterprise agreements. Our revenue visibility increases as our enterprise revenue increases. This portion of our revenue has negligible churn and can essentially be viewed as an annuity stream. Existing business makes up just over 70% of next year's revenue.

Making up the remainder of the 75% of existing revenue are upcoming renewals of enterprise agreements, Conject evergreen accounts, and baseline revenue from our user-based contracts.

The remaining 25% is new business, made up of new subscription contracts, including the sale of new products, such as Connected Cost; a small portion of professional services, particularly in the Americas; and the projected ramp up of user-based contracts.

Aconex is proud to serve many of the leading companies in the global construction market. Working with these leaders ensures Aconex is developing the world's best digital project delivery platform, serving the highest profile and most complex projects around the world.

Our customers include Multiplex, CIMIC, John Holland and LendLease here in Australia, Chiyoda and Sumitomo in Japan; Bechtel, CH2MHill and Fluor in the US, Dubai Airports and the government in Dubai, Vinci in France and Siemens in Germany, to name a few.

Aconex serves over 30,000 projects worth well over one trillion dollars, across 70 countries. We have 5.4 million project users, managing 2.6 billion documents – a data set several orders of magnitude more than any other provider in the world.

We have delivered more successful projects, controlling more data, than any other system.

We will continue to invest in these relationships through our product and our customer service team, delivering better insights to our customers from this market leading data set.

In FY17, we delivered strong performance increases across all our regions. In the Australia and New Zealand market, our customers continued to standardize on the Aconex platform. We signed 36 new enterprise agreements in FY17, including many first-time customers. 68% of revenue in this region is now attributable to highly recurring enterprise agreements.

Aconex is particularly well positioned to benefit from the increasing investment in civil and infrastructure projects. Many of our key customers such as CIMIC, John Holland and Lendlease have won significant new

programs over the last 12 months and we expect to see an increase in revenue in this segment of the ANZ business.

Revenue in ANZ was just over 53 million dollars, extending the significant growth in this business at 19% annual growth from five years ago. Profitability is high in the ANZ business showing the long-term growth and margins we can deliver in our other regions.

In the Americas, we are driving increasing awareness and referenceability as we grow our customer base, particularly in the key US market which increased 30%. We have won some very high-profile infrastructure projects over the last 12 months, most notably with the California High Speed Rail and Mexico City Airport programs.

We have seen a strong ramp up in our user based customers with the total Bechtel, Fluor and Exxon user numbers doubling last year. We continue to invest in sales and marketing, with sales headcount up 25%, and have extended our client operations team to support new customer implementations.

We are very excited about the opportunity in North America and Latin America and will continue to invest aggressively in growing the market.

It was a good year in Asia, as we have built out an increasingly diverse revenue base. A few years ago, most of our business in Asia was residential and commercial projects. Over the last few years, we have transitioned this business to government & infrastructure – it now represents 60% of new sales in the region. Government funded infrastructure programs tend to be a lot more stable, so this will provide greater revenue certainty for the company.

We are expanding our China partner program, now at 10 partners, and we will continue to focus on cross regional opportunities. We are extending our relationship with global EPCs in North Asia, and targeting oil and gas projects and Chinese influenced international projects.

For the European business, our focus over the last year has been integrating Conject and Aconex. This is now complete. We have great operational and cultural alignment in the business and are shifting the teams across to selling the Aconex product. This is completed in the UK and underway in mainland Europe. This has increased the average contract size in the European business – we sold 5 times more contracts over 100 thousand euro this year.

We've had strong engagement with the Conject customer base, maintaining all key Conject accounts.

We have also improved sales productivity with the potential to lift it to similar levels that we see in Australia.

While it's been a challenging year in the UK, second half results were strong.

Finally, in the Middle East, we saw steady growth in what is a volatile market environment. We grew our core UAE market by 33% and are having ongoing success with infrastructure programs. We are strengthening our key account management capabilities and our strong position as the clear market leader means we benefit from the region's development. We also benefit from serving global contractors who work on the large programs in the region as many of our largest global customers began using Aconex in the Middle East.

I'd now like to discuss the many product highlights for Aconex over the last 12 months. The most significant product launched in recent years for Aconex has been Connected Cost, a key long-term growth driver for Aconex. We launched the product in November of 2016 and have seen strong sales momentum, winning new customers across all our regions.

The Aconex Cost product is an integral part of digital project delivery, allowing our customers to manage budget, financial change implications and progress claims across project teams.

Ultimately, we believe it will enable us to drive higher customer yield where customers extend their contracts to include Connected Cost.

In addition to Connected Cost, we launched many other new modules and functionality into the market. This continued investment in product is all about driving increased yield from our customer base.

We launched a new packages product, or 'Configuration Management' as it is often called in the US, to enable customers to manage project complexity and change during design and construction. It really takes information control to an entire new level for our customers.

We continue to invest in our Field and Mobility applications with the launch of PDF forms into the market last year. We have a huge opportunity ahead as the construction job site becomes increasingly digitized, providing tools for workers using Aconex to access and capture project information at the job site.

Our customers capture a huge amount of data into the Aconex platform and the company is investing in increasing our analytics capabilities. Because of the incredible data set that Aconex has (the largest in the world) we can provide significant insights to our customers on how to improve project performance and manage their built asset more effectively.

And finally, Aconex has always led the market in security and we continue extend the security and compliance capabilities of the Aconex platform. This includes FedRAMP to meet the compliance needs of government infrastructure projects in the North American market.

Our continued investment in product has enabled Aconex to serve construction market leaders, underpinning our network growth. Working with the world's best contractors and owners ensures Aconex remains at the forefront of technology in our sector. We are incredibly grateful for the support these customers have shown,

rolling Aconex out across their projects and working closely with us to develop our product to meet the industry's needs.

I'd like to now turn to our strategy and outlook for the company. As many of you know, Aconex serves a large and unpenetrated market, but one showing increasing technology adoption.

The construction market is massive, at over 9.5 trillion US dollars currently. There are positive industry dynamics at play in the construction and infrastructure market. For example, mega projects – projects of over one billion dollars – are now 21 percent of the market compared to 4 percent in 2005. Projects are getting bigger and more complex.

Project delivery methods are evolving with more design and construct, increasing numbers of public and private partnerships, and integrated project delivery teams and JVs. Compliance requirements, often driven by government, continue to increase and the industry is consolidating.

Technology adoption is rapidly increasing even for a market which has lagged other industries in the use of technology. As in other industries, there is a move to cloud-based computing and software-as-a-service systems. Mobility and Field, or job site enablement, is taking technology out to the worker on the construction site. Use of BIM (Building Information Modelling) is growing and security is more important than ever. More devices are being connected through the Internet of Things with the potential to integrate data on one platform. Overall, this is leading to an explosion of data and the opportunity for our customers to use this data to generate insights to improve performance.

This large and growing market, the industry dynamics and increasing technology adoption provide significant opportunity for Aconex. We are the number one cloud collaboration platform for digital project delivery and in the prime position to realise this opportunity.

Aconex is the market leader, and I believe, uniquely positioned for growth. We set ourselves apart from our competition in many areas.

Starting with our business model, we are simply the best at connecting project teams together – we have the largest network and the only truly neutral platform for delivering projects.

Aconex has established itself as the industry's most trusted digital project delivery platform. I believe we have created this through four unique aspects of our platform. Firstly, we have the broadest suite of applications, built through continued investment in our product and working closely with our customers, recognised global leaders.

Two – we have the most easily adaptable platform – that is, easy to set up and easy to configure to the needs of all sorts of different customers and projects.

Third – Aconex has the most secure platform. We are by far the market leader in security in our space.

And fourth, we have an open eco-system allowing our customers to connect their systems and other applications into the Aconex platform.

Aconex prides itself on our customer focus. We have an incredibly experienced team working globally to deliver projects.

Ultimately, this means that for our customers, Aconex delivers the most fully connected processes, creates the largest data set in the industry and enables the deepest insights.

Finally, moving to our outlook for FY18, we will continue to focus on maximizing growth while maintaining positive cash flow. We expect revenue to grow in the order of 15 to 19 percent in FY18, while we increase EBITDA and maintain positive cash flow. Over the medium and long term, we believe revenue growth will be above 20 percent with increasing EBITDA, continuing the trend of increasing EBITDA year over year for the last five years.

Aconex has an enormous multi-billion dollar market opportunity and I am confident we can execute well to deliver long term growth and increasing value for you, our shareholders into the future.

Thank you for attending today and I will now hand you back to the Chairman.