



ANNUAL GENERAL MEETING

21 November 2019



DISCLAIMER

This presentation has been prepared by rhiipe Limited ACN 112 452 436 (RHP). Each Recipient of this presentation is deemed to have agreed to accept the qualifications, limitations and disclaimers set out below.

None of RHP and or its subsidiaries or their respective directors, officers, employees, advisers or representatives (Beneficiaries) make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation, including any forecast or prospective information. The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Beneficiaries.

Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

This presentation is a general overview only and does not purport to contain all the information that may be required to evaluate an investment in RHP. The information in this presentation is provided personally to the Recipient as a matter of interest only. It does not amount to an express or implied recommendation with respect to any investment in RHP nor does it constitute financial product advice.

The Recipient, intending investors and respective advisers, should:

- conduct their own independent review, investigations and analysis of RHP and of the information contained or referred to in this presentation;
- seek professional advice as to whether an investment in RHP is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs; and/or
- nothing in this presentation is or is to be taken to be an offer, invitation or other proposal to subscribe for shares in RHP.

The Recipient specifically agrees, understands and acknowledges that some of the information contained herein has been provided by third parties and the Beneficiaries accept no responsibility for any inaccuracy, misstatement, misrepresentation or omission in relation to that information.

Except insofar as liability under any law cannot be excluded, none of the Beneficiaries shall have any responsibility for the information contained in this presentation or in any other way for errors or omissions (including responsibility to any persons by reason of negligence).

CONTENTS

RHIPE OVERVIEW.....	4
FY19 HIGHLIGHTS	8
GROWTH STRATEGY.....	14
TRADING UPDATE.....	21
FY20 OUTLOOK.....	25
Q&A	27



RHIPE OVERVIEW



VISION & MISSION STATEMENT



OUR VISION IS A WORLD WITHOUT SHELFWARE

OUR MISSION IS TO PROVIDE THE BEST PLATFORM, ENABLEMENT AND 24*7 SERVICES SO THAT CUSTOMERS OF ALL SIZES CAN CONSUME AND DERIVE VALUE FROM THEIR CLOUD INVESTMENTS

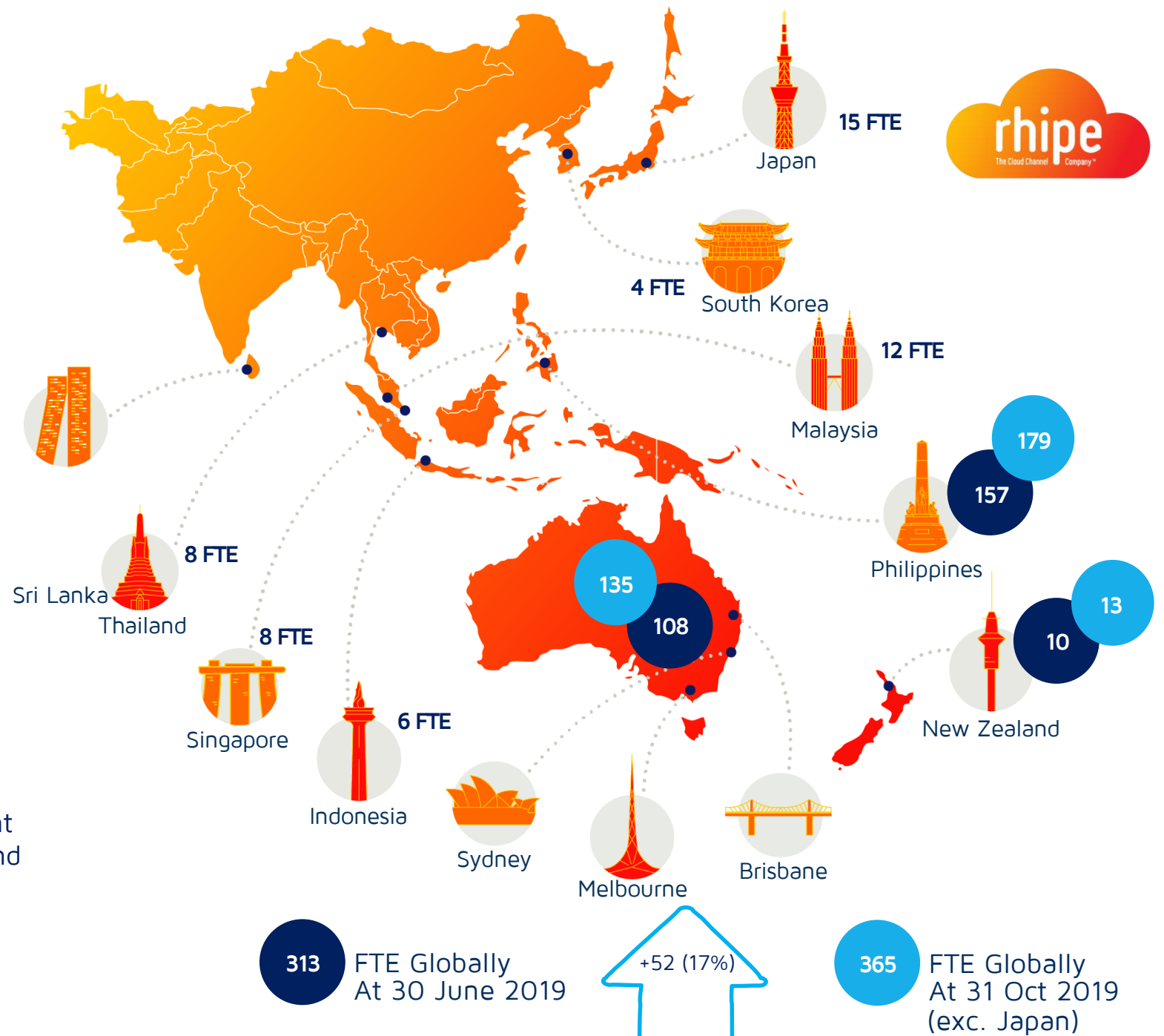
OUR PRESENCE



Value added services for our resellers in APAC including marketing, consulting and 24/7 support as a service. These services are aimed at driving the ongoing growth in consumption of software subscriptions.



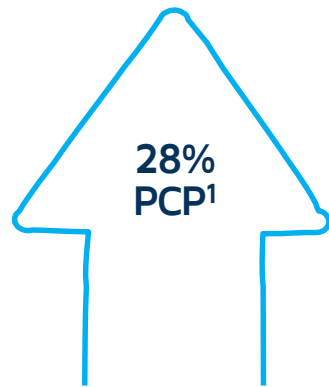
Platform for Recurring Subscription Management (PRISM) used by IT resellers to buy, provision, and bill their end user clients for monthly cloud software subscriptions.



FY19 HIGHLIGHTS



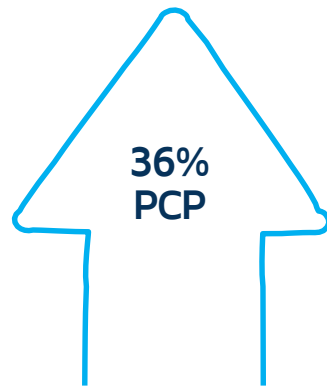
FY19 HIGHLIGHTS



28%
PCP¹

Gross
Sales²

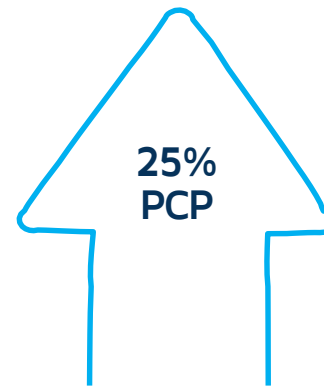
\$252.5M



36%
PCP

Net
Revenue²

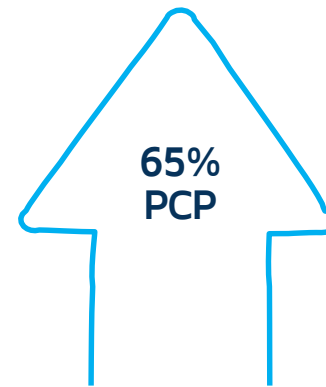
\$48.4M



25%
PCP

OPEX

\$33.0M



65%
PCP

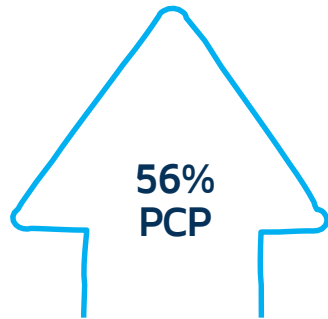
Operating
Profit³

\$12.8M

1. Prior Corresponding Period "PCP"
2. AASB15 accounting standard requires revenue to be reported on a net basis. This means our revenue excludes the value that is passed through to software vendors. Gross Sales represents previously reported revenue.
3. Operating Profit represents Reported EBITDA excluding non-cash share based expenses, FX gains or losses, due diligence costs and non-operational gains or losses.

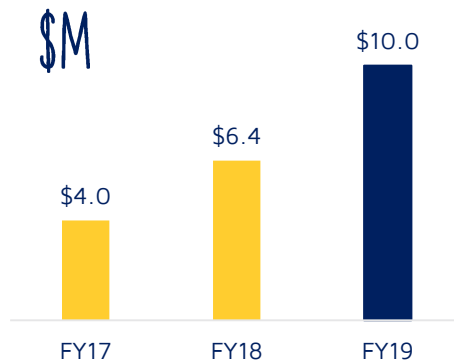
FY19 HIGHLIGHTS (CONT'D)

CONTINUED



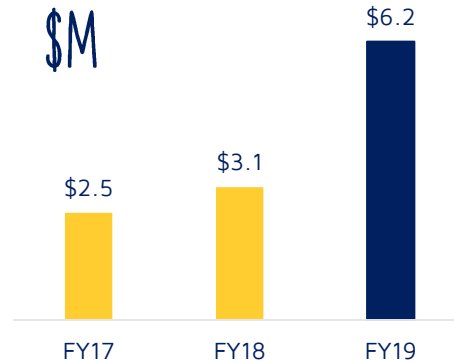
Reported EBITDA

\$10.0M



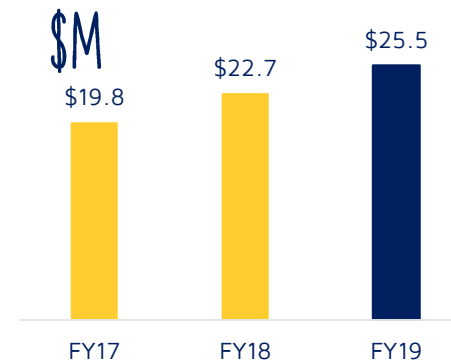
Profit After Tax

\$6.2M



Cash

\$25.5M

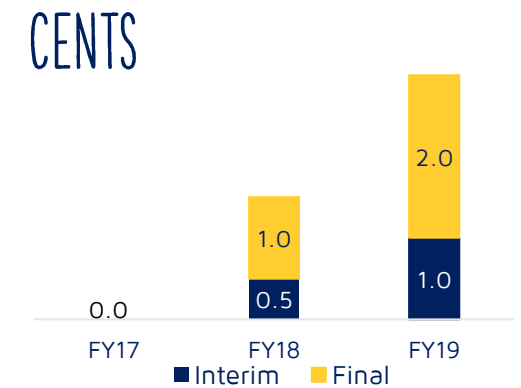


Strong cash position after \$2m share buyback, \$3m dividends & \$3m on acquisitions



FY19 Dividend

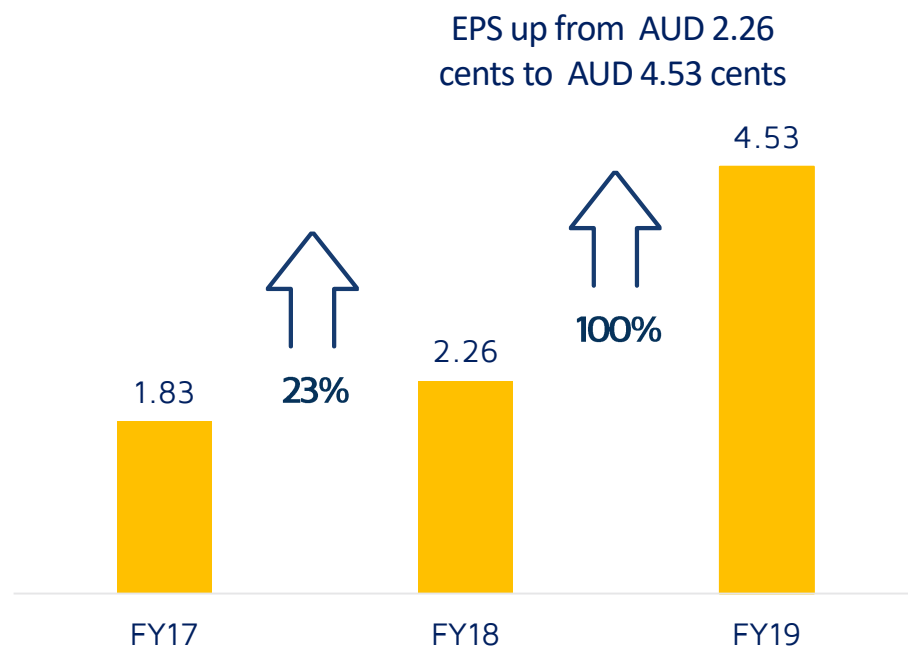
3.0CENTS



SHAREHOLDER RETURNS



Basic Earnings Per Share (cents) AUD



DIVIDEND

Fully franked dividend of
AUD
2 cent per share
Payment Date
24th October 2019

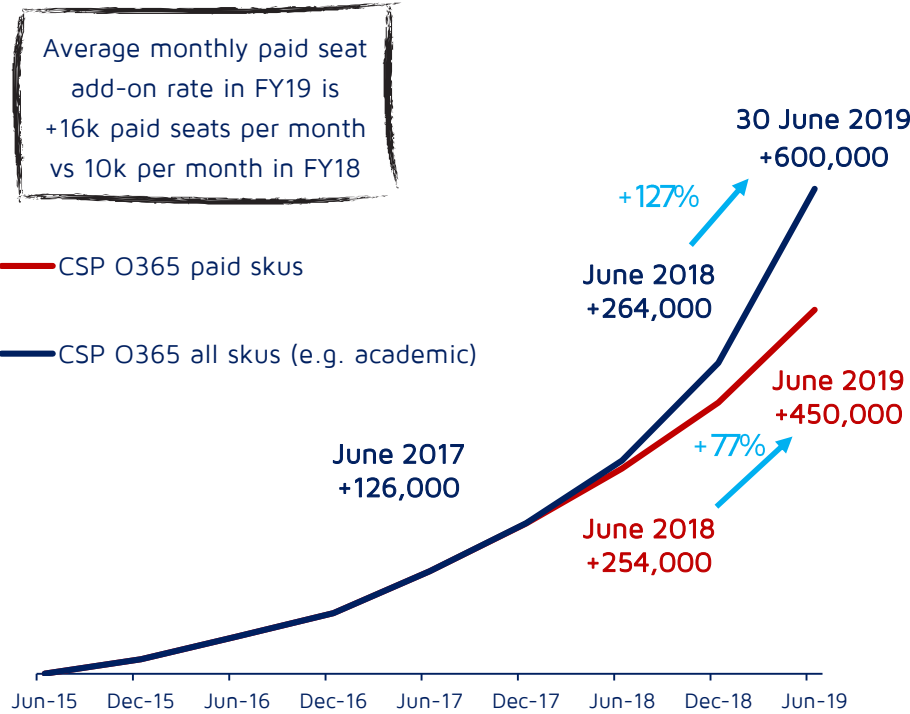
BUYBACK

Acquired 1.7m
shares for \$2.1m at
an average price of
\$1.19 per share

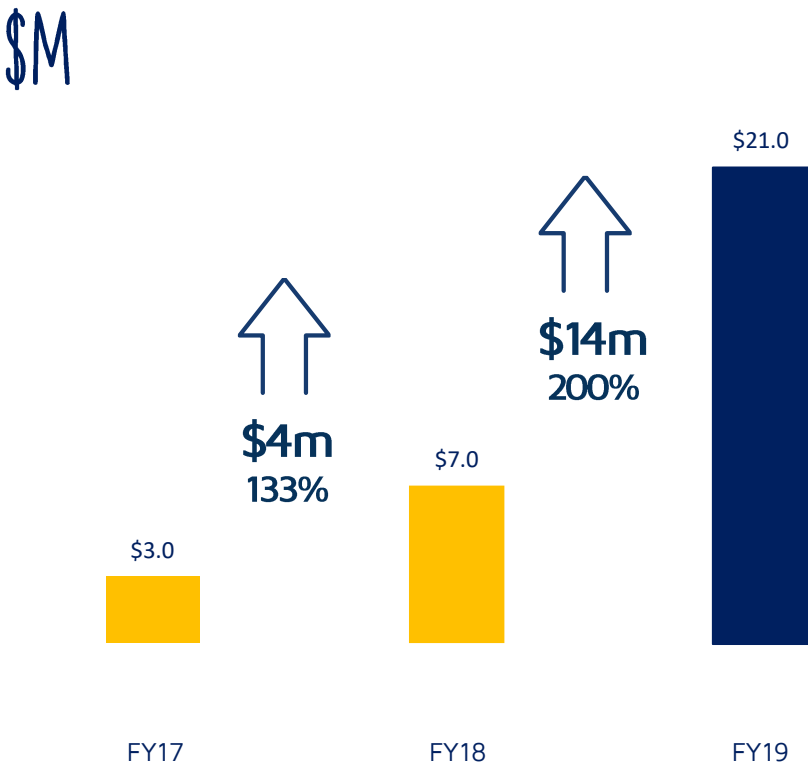
OPERATIONAL HIGHLIGHTS



Microsoft CSP O365 Seat Count



Microsoft Azure ARR Sales¹



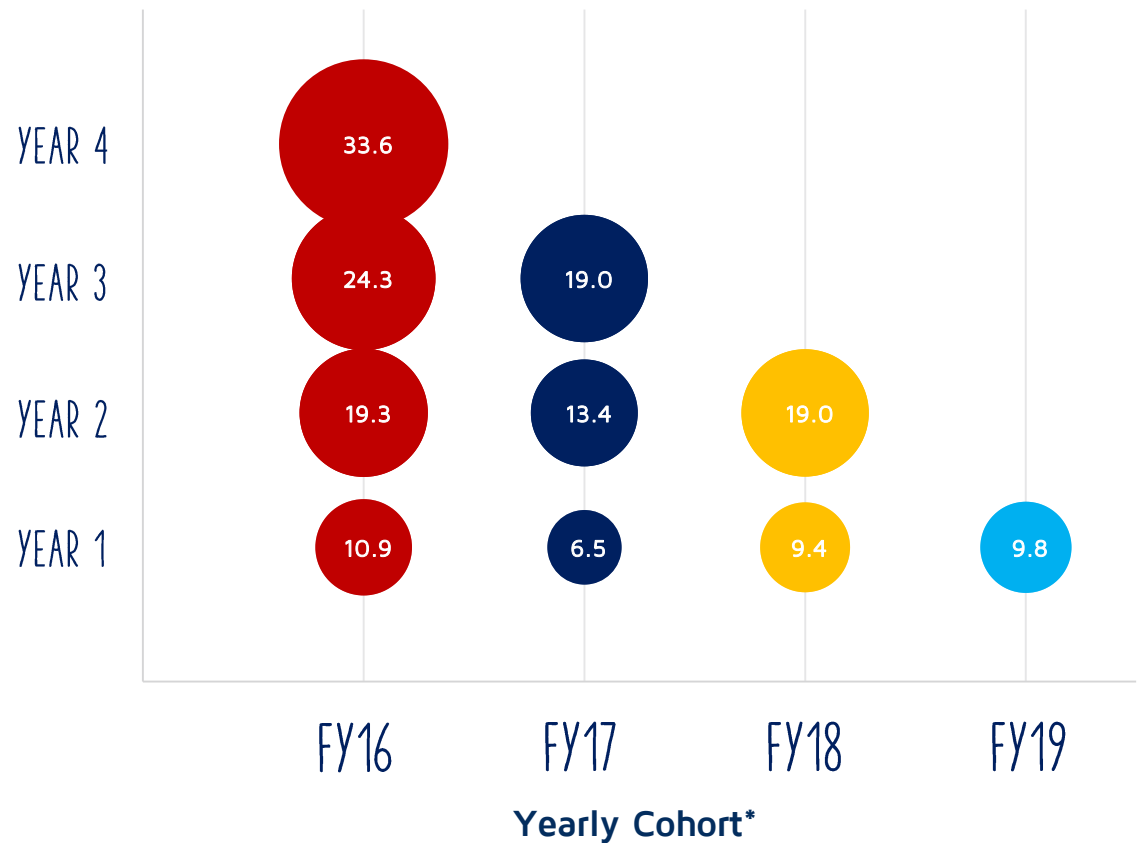
1. ARR = Annual Run Rate

OPERATIONAL HIGHLIGHTS (CONT'D)



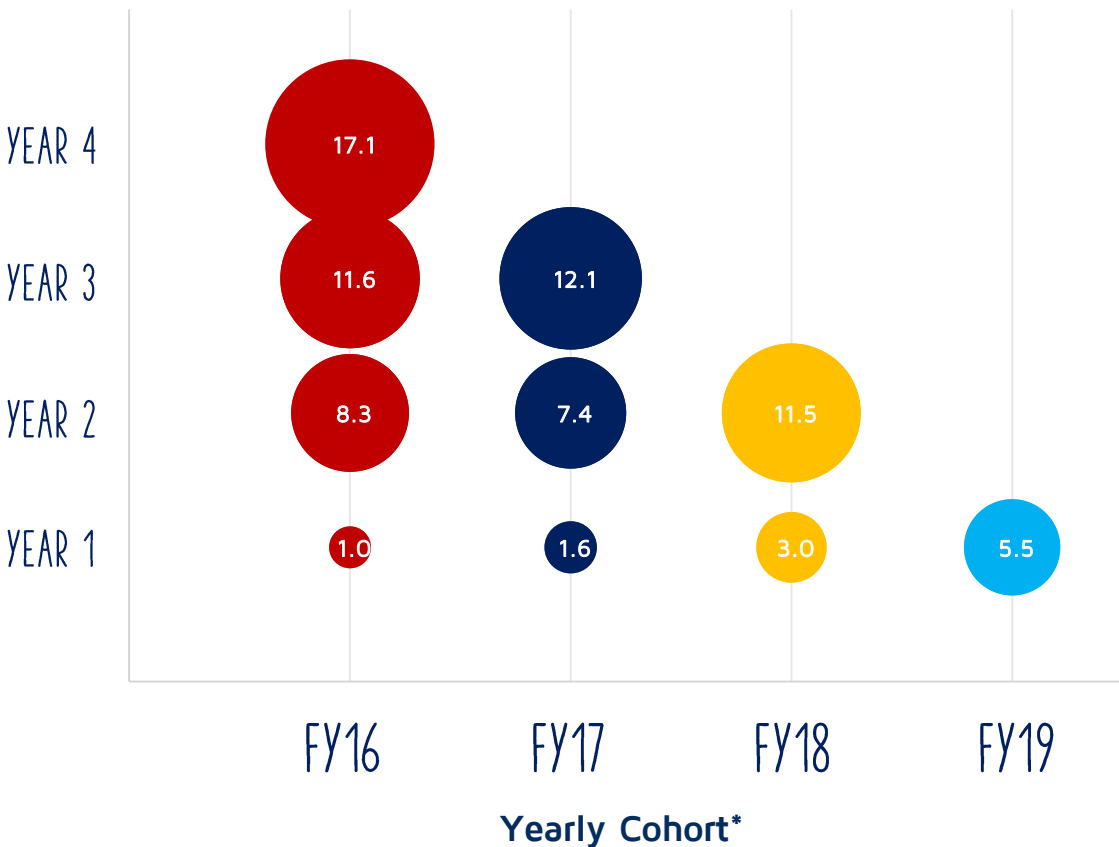
Partner Cohort - All Vendors

\$'M SPEND PER COHORT



Partner Cohort - CSP

\$'M SPEND PER COHORT



*Yearly cohort = customers acquired in a given year

INDUSTRY AWARDS



2018 Microsoft Australian Partner of the Year

2018 CRN Impact award for Distribution Performance

2018 Microsoft Thailand CSP Partner of the Year

2019 Microsoft Global Indirect CSP of the Year Finalist

NEW **2019** Microsoft Indonesia Partner of the Year

NEW **2019** Microsoft Thailand Partner of the Year

NEW **2019** Microsoft Malaysian Partner of the Year





GROWTH STRATEGY



KEY OPPORTUNITIES & RISKS

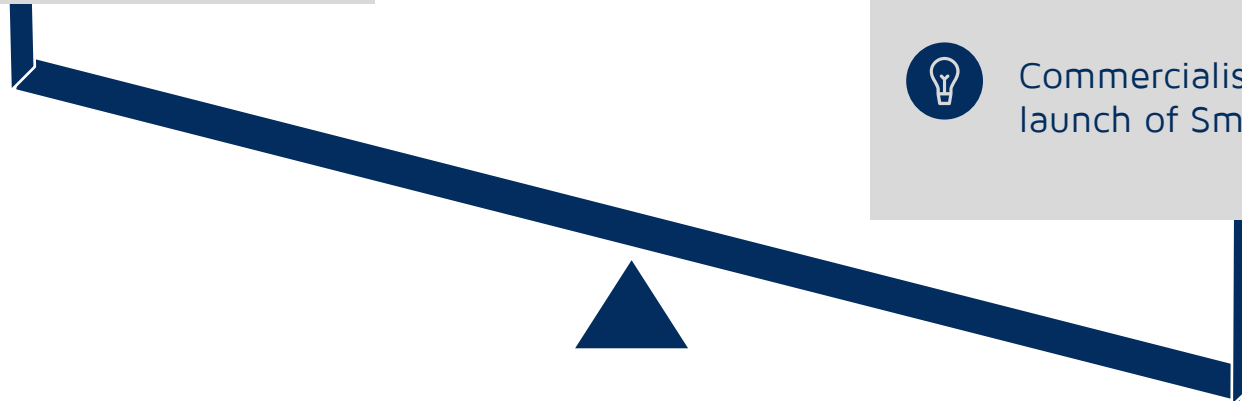


Key Risks

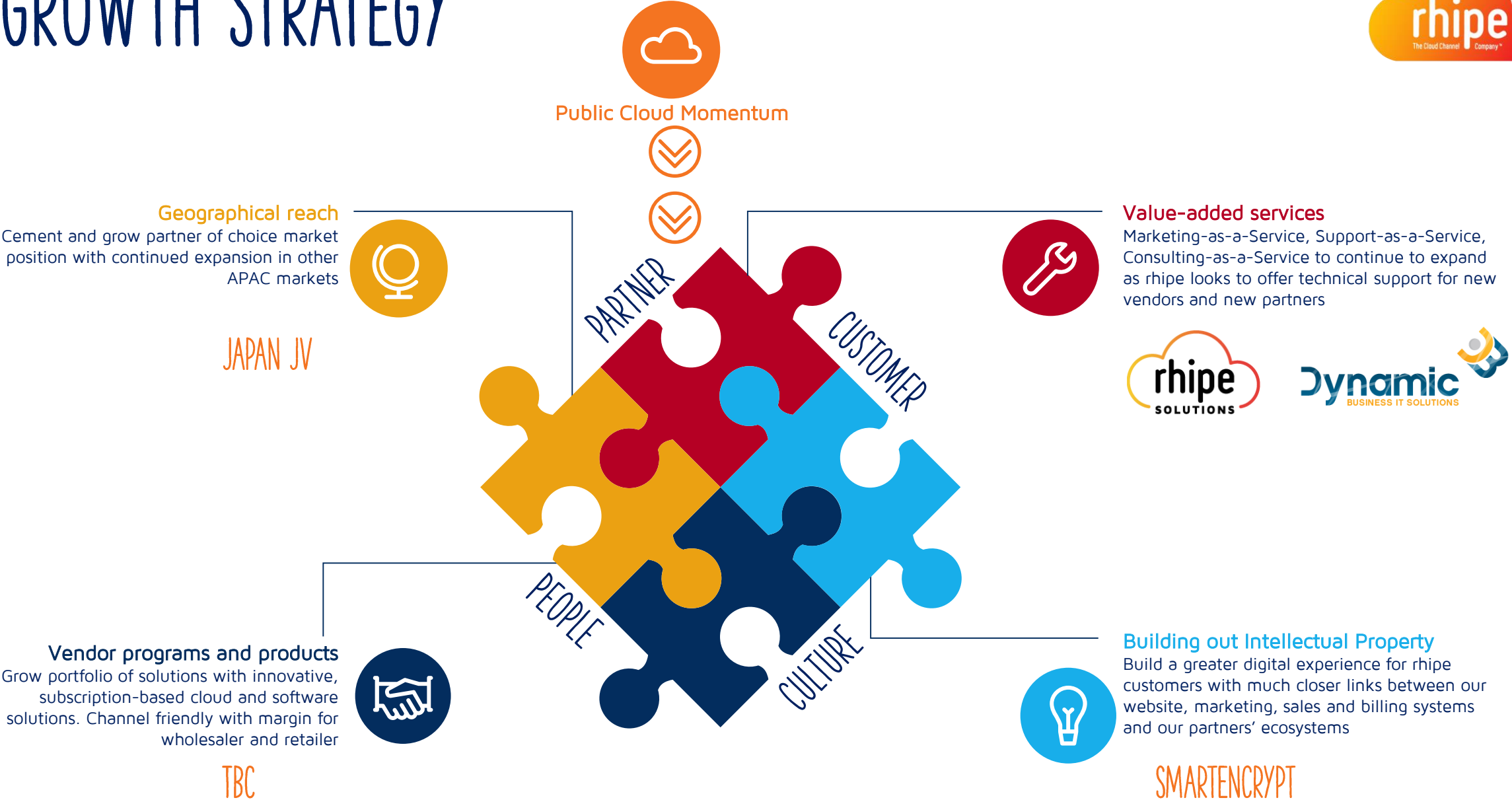
-  75% of revenue from Microsoft and growing
-  Competitive pressure
-  Lower vendor incentives
-  Delayed investment returns

Key Opportunities

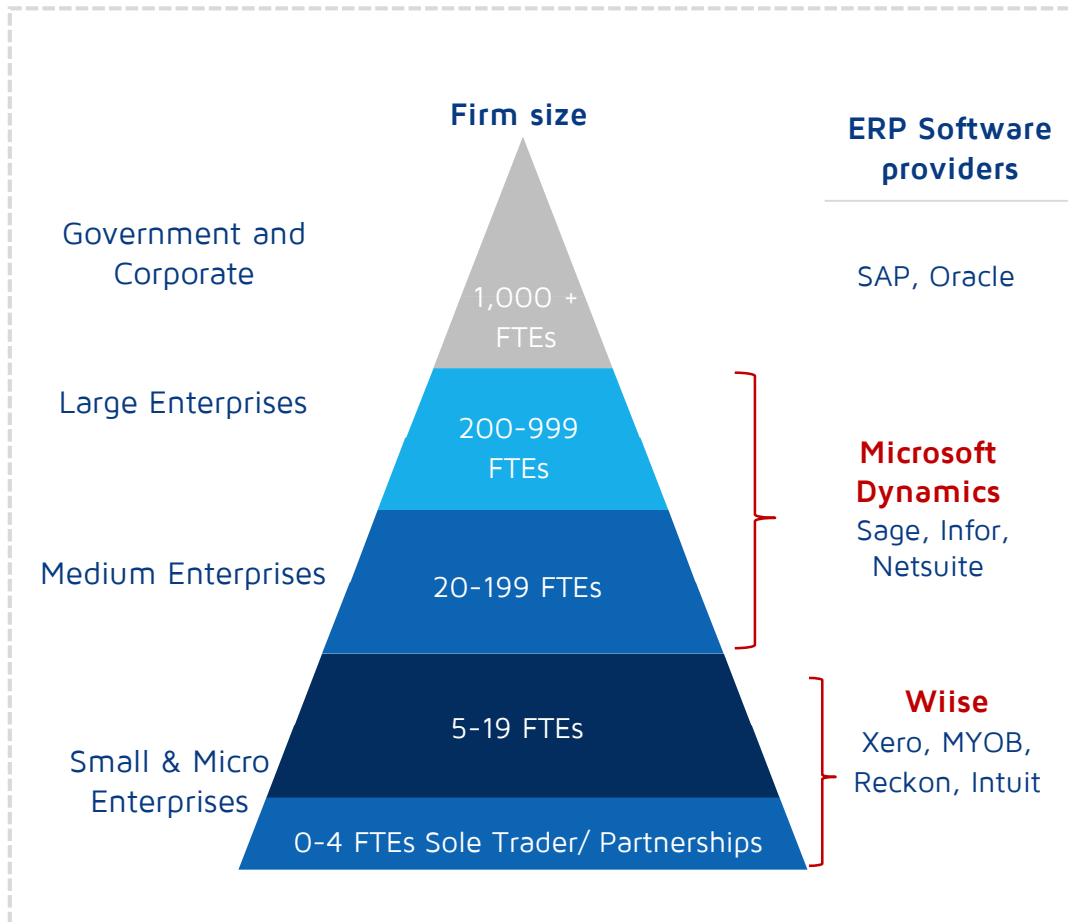
-  Public cloud momentum & continued growth through existing & new vendors
-  Expansion of existing public cloud into new Geographies
-  Capitalising on investments made in the Solutions business
-  Commercialisation and launch of SmartEncrypt



GROWTH STRATEGY



RECENT ACQUISITIONS- FEB'19

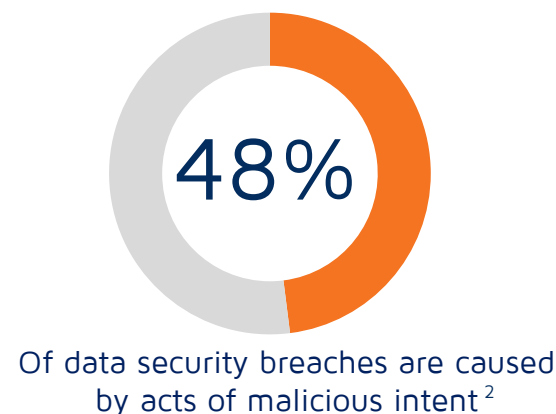


- The acquisition of DBITS is aimed at broadening the services offered to rhipe's ecosystem of resellers as well as further enhancing our expertise in Microsoft software offerings
- Dynamics 365 has a strong growth trajectory, generating 44% YoY revenue growth globally in FY19¹
- Within APAC² the ERP market was valued at USD\$2.7BN representing a 13% YoY growth rate³
- Growth of this market is expected to continue due to the expanding presence of small and medium scale enterprises in APAC turning towards ERP solutions to effectively manage their business processes
- Microsoft's share of the market is expected to grow due to products capabilities and, natural links to other MS software

RECENT ACQUISITIONS- AUG19 SMARTENCRYPT



End-user spending for the information security and risk management market is estimated to reach US\$188.4 billion by 2023¹



SmartEncrypt

- 1 Accessible**
Makes encryption accessible to SME's
- 2 Seamless user experience**
Unique features and ease of use
- 3 SaaS**
SaaS deployment with cloud management
- Go to market**
Bundling with existing offerings to derive additional recurring revenue and generate greater margin protection in the long term
- 5 Investment**
rhiPE will invest a minimum of \$0.6m in FY20

JAPAN JV

JBS *Japan Business Systems, Inc.*



KEY TERMS

- rhipe has entered into a joint venture (“JV”) with Japan Business Systems Inc. (“JBS”) to establish rhipe Japan, which will launch and operate rhipe’s indirect business in Japan
- rhipe holds 80% of the share capital of the JVCO and JBS the remaining 20%
- JBS to provide local personnel, office space, local market knowledge and support for the operational launch
- rhipe will be responsible for all other aspects of the JVCO including appointment as Microsoft Indirect Cloud Solutions Provider, which was granted at the end of October 2019

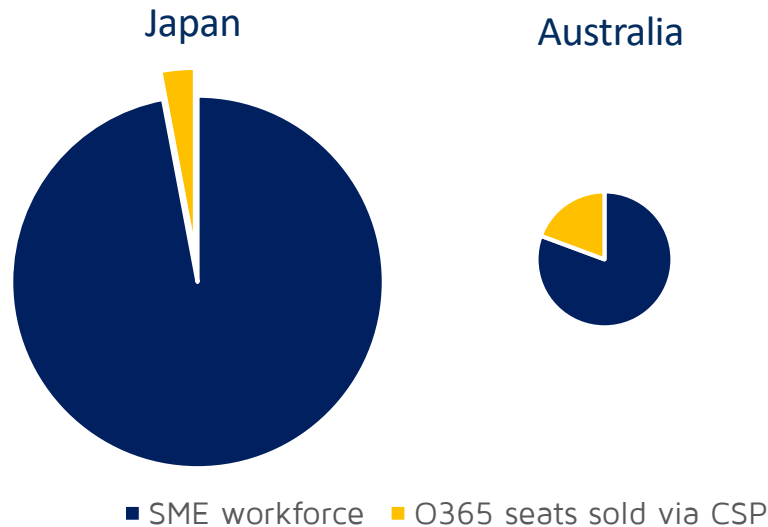
JBS PROFILE

- JBS is a Tokyo based company providing IT consulting, system integration and application development services
- JBS has approximately 2,200 employees across 12 offices in Japan, USA, Mexico and Asia Pacific
- JBS is a Microsoft Licensing Solution Partner (“LSP”) and was the winner of the Japan Microsoft Partner of the Year 2018. It has won Microsoft Partner of the Year for the past 6 consecutive years

JAPAN JV (CONT'D)

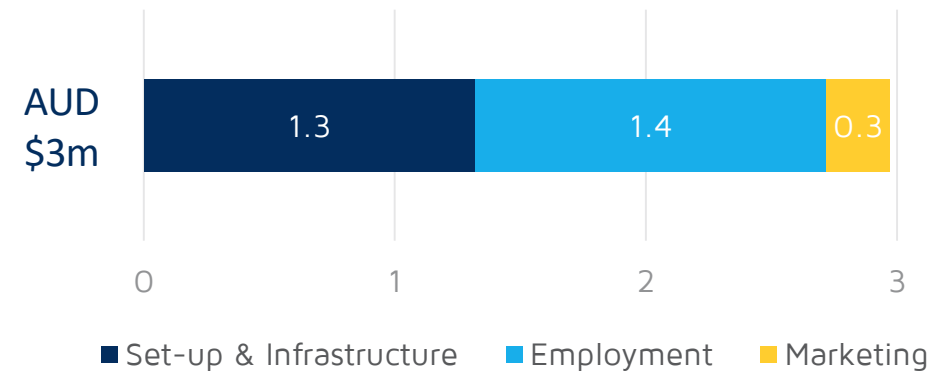


CSP Opportunity in Japan vs. Australia



- Japan is one of Microsoft's largest markets with the cloud segment forecast to grow at a 3 year CAGR of 25%¹
- The SME market in Japan is estimated to be 5.0x size of the Australian market²
- However, PAYG distribution is significantly lower than that of Australia – providing huge opportunity to grow the CSP business in Japan

FY20 Investment



Progress to date

- Entity setup and capitalisation completed
- 5 staff now in place; will grow in 2H
- Microsoft CSP license awarded
- Marketing and sales strategy progressing
- Operational setup of PRISM and associated processes almost complete
- Announced rhiper Japan at Microsoft Japan partner conference in Q1 FY20



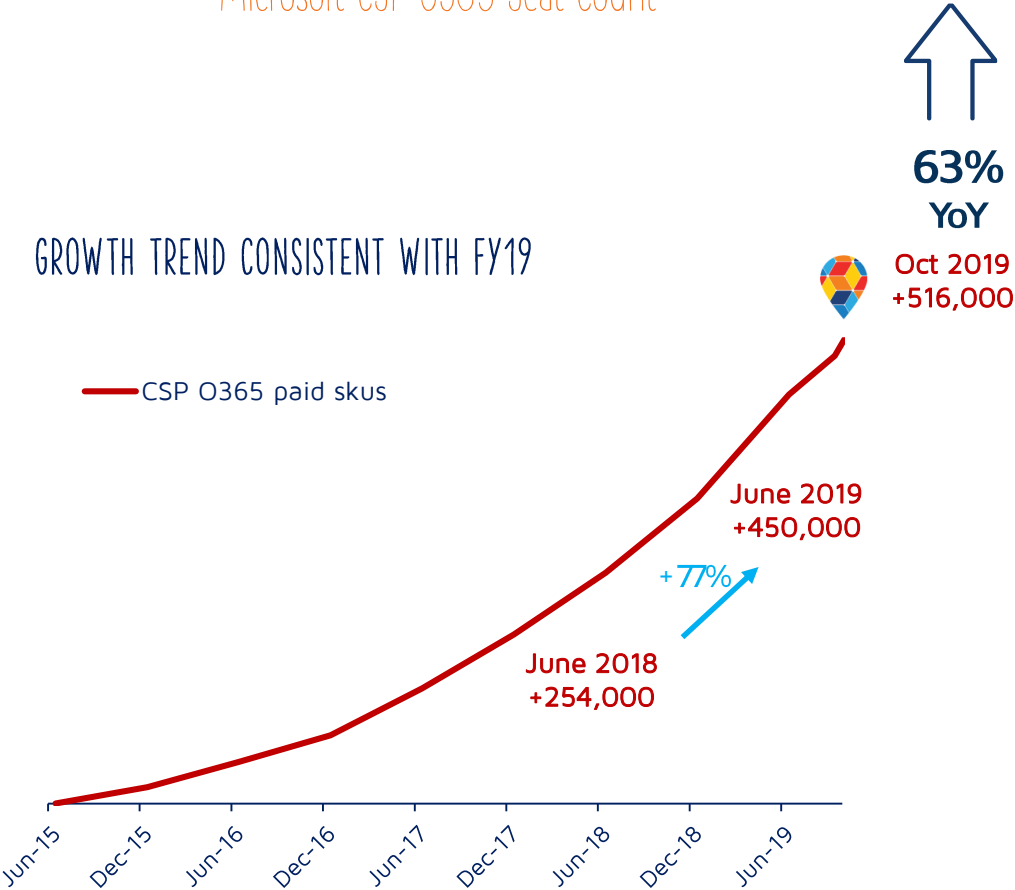
Q1 FY20 TRADING UPDATE



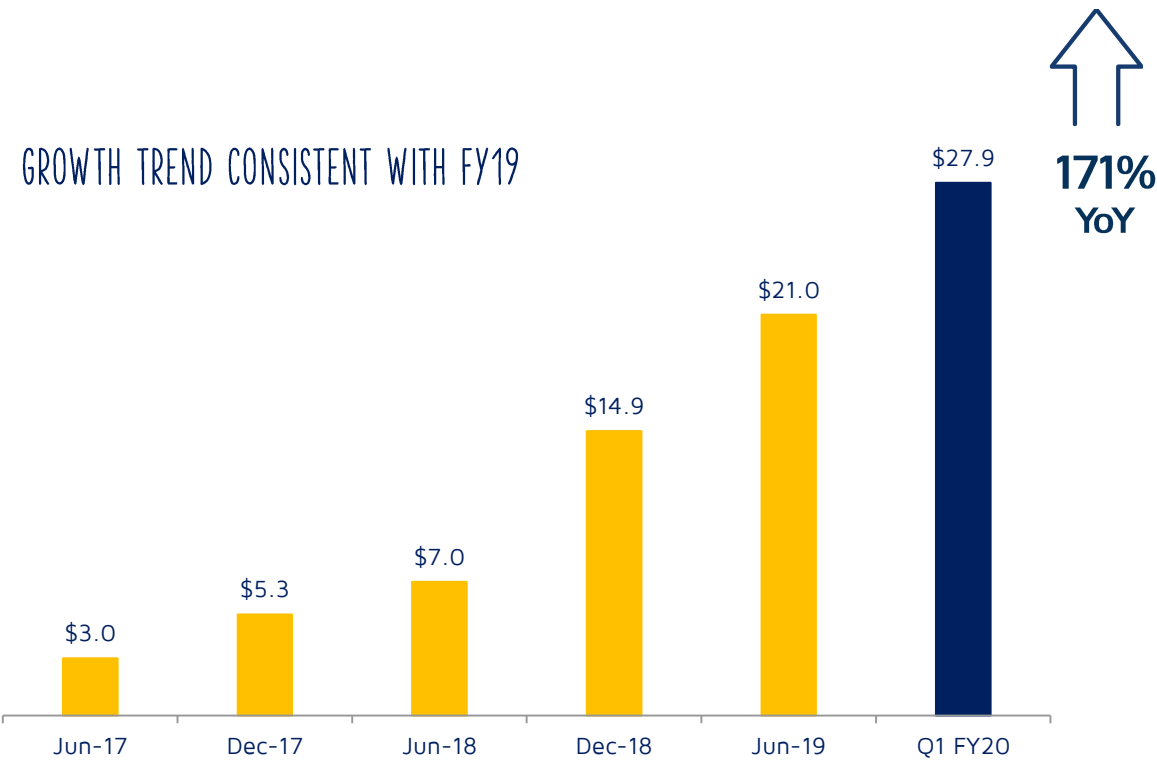
Q1 FY20 OPERATIONAL HIGHLIGHTS (UNAUDITED)



Microsoft CSP O365 Seat Count



Microsoft CSP Azure ARR¹ Sales (\$'M)

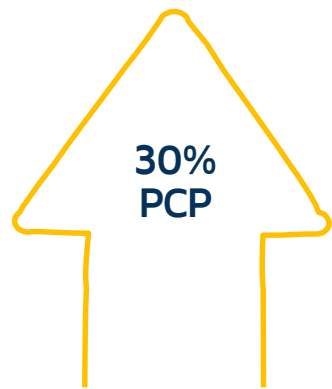


Q1 FY20 TRADING UPDATE (UNAUDITED)

Strong sales and revenue growth in Q1 FY20

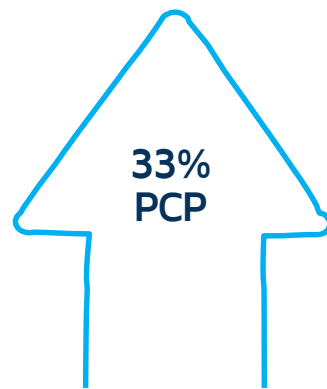


Group Sales



Q1 FY19

\$55.0M

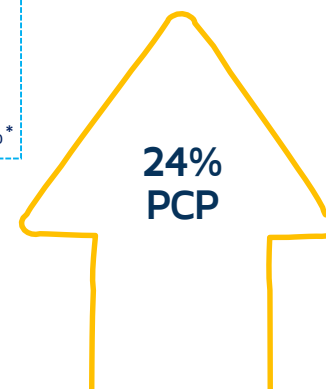


Q1 FY20

\$73.1M

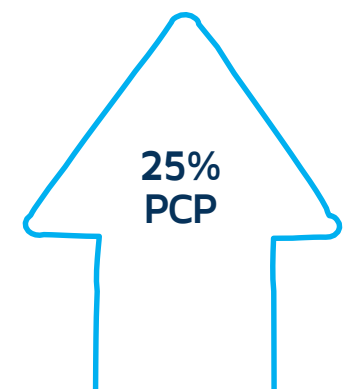
Growth Drivers		
Azure	↑	171%
Asia	↑	66%
O365	↑	63%
Solutions	↑	76%
Others	↑	25%
Licensing margin ~14%*		

Group Revenue



Q1 FY19

\$9.8M



Q1 FY20

\$12.8M

Q1 FY20 TRADING UPDATE (UNAUDITED)

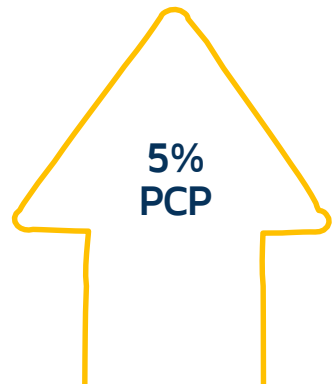


Q1 FY20 was a period of investment in headcount and systems to support ongoing growth

OPEX

Operating Profit

Investment \$'M	
Licensing Headcount	0.4
Solutions Headcount	0.5
PRISM	0.4
SmartEncrypt	0.1
DBITS	0.3
Others (Inc. Inflation)	0.3
Total	2.0

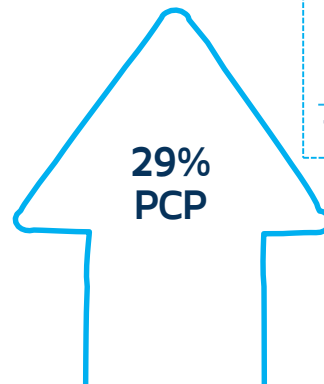


Q1 FY19

\$7.0M

Growth (PCP)

Licensing: 17% / \$0.9m
Solutions: (43%) / (\$0.6m)

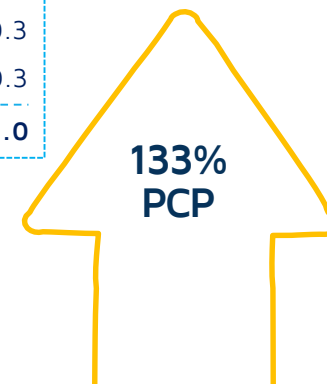


Q1 FY20

\$9.0M

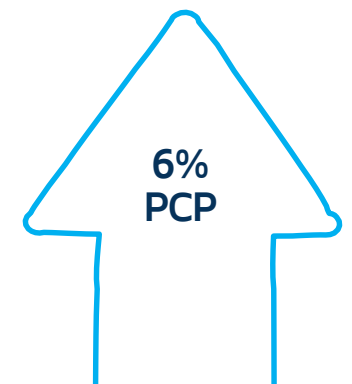
Growth (PCP)

Licensing: 15% / \$0.9m
Solutions: 151% / \$1.1m



Q1 FY19

\$2.8M



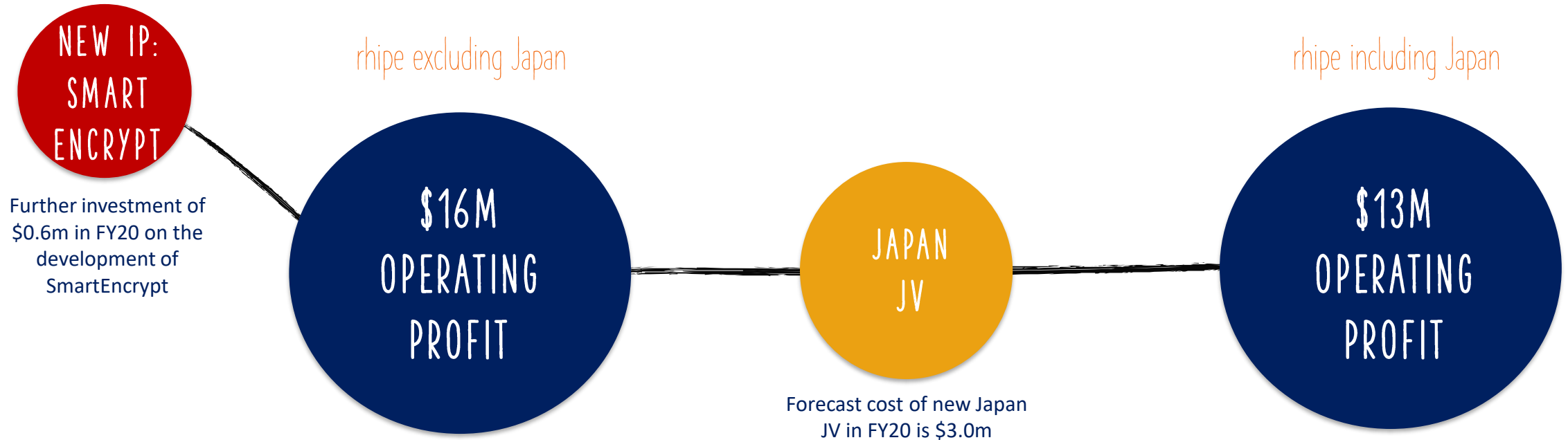
Q1 FY20

\$2.9M

FY20 OUTLOOK



FY20 OUTLOOK – REAFFIRMING GUIDANCE POST Q1



The Board of rhipeco maintains estimated guidance for FY20 to be approximately \$16M in operating profit excluding any changes in market conditions or major expansion initiatives such as geographical or vendor expansion opportunities



Q&A

