rhipe Limited

(ASX code RHP)

2015 Half Year Results

23 February, 2015

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Contents

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Highlights: 2015 Half Year Results

Trading

H1 - 2015 Revenue growth +45%

ARR Revenue Milestone (1) $100m

H1-2015 Gross Margin 16.3%

H1- 2015 Underlying EBITDA ex-growth +154%

New investments

New cloud LSP program signed with Microsoft Australia

New Executive Team CEO and CFO

New Microsoft licensing region Indonesia: Jakarta office opened July 14

New Acquisition nSynergy acquired and 12.5% investment in LIveTiles

Recent Awards

Microsoft Platinum Partner Club* Australia, Singapore & Indonesia - SPLA category

LiveTiles - Microsoft Platinum Partner Club ISV category

Microsoft Aust. Education Partner of the year, 2014 nSynergy

(1) ARR is Annualised Recurring Revenue which is a metric for SaaS companies. It is the most recent recurring revenue multiplied by 12.

* Microsoft Platinum Partner Club is collective winners of their program that recognizes top partners in APAC. Winners are selected based on the following performance criteria for the 3 quarters up to Dec 31, 2014. "Qtr.-on-Qtr." revenue growth & "Qtr.-on-Qtr." growth of # of Net New Active Partners that are generating revenue. Results are measured over the period: FY14Q4, FY15Q1 & Q2

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Highlights

Financial results

Investment for future revenue growth

rhipe has many growth opportunities in terms of geographies and vendor programs. Of these, some of the investments made in the first half of FY15 have been as follows:

Investment	Result
Corporate executive team	CEO, CFO, CMO & VP Asia
SEA expansion	Indonesian region added
New product program	Cloud LSP team recruited for Microsoft program
Cloud Solutions Division	Acquired nSynergy & 12.5% stake in LiveTiles in Dec 14
New Vendor programs	RedHat Asia, Zimbra & LiveTiles.

Headline results

Revenue ($'M)	12 months 30/06/2014	H1 – 2014 6 months	H1- 2015 6 months	% change
Revenue ($'M)	74.5	33.3	48.2	+ 45%
Gross Margin	11.9	5.3	7.9	+ 48%
Gross Margin %	16.1%	15.9%	16.3 %	_
Underlying EBITDA ex Growth [1][2]	$3.5M	$1.1M	$2.8M	+ 154%
Underlying EBITDA [2]	$2.0M	$0.4M	$1.6M	+251%

Refer Financial Results Section for further information on detailed break down to reported EBITDA

(1) Underlying EBITDA ex Growth: Growth is net investment in SEA expansion after local GM contribution and new Cloud LSP team

(2) Underlying EBITDA excludes non-cash expenses relating to share based payments for executive options issued and non recurring expenses such as transaction costs associated with nSynergy acquisition (Nov14) and executive team recruitment (July14).

Revenue Growth

+45%

Service providers

1500

Growth Investment [1]

$1.2m

Underlying EBITDA

+251%

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Highlights

Detailed Results

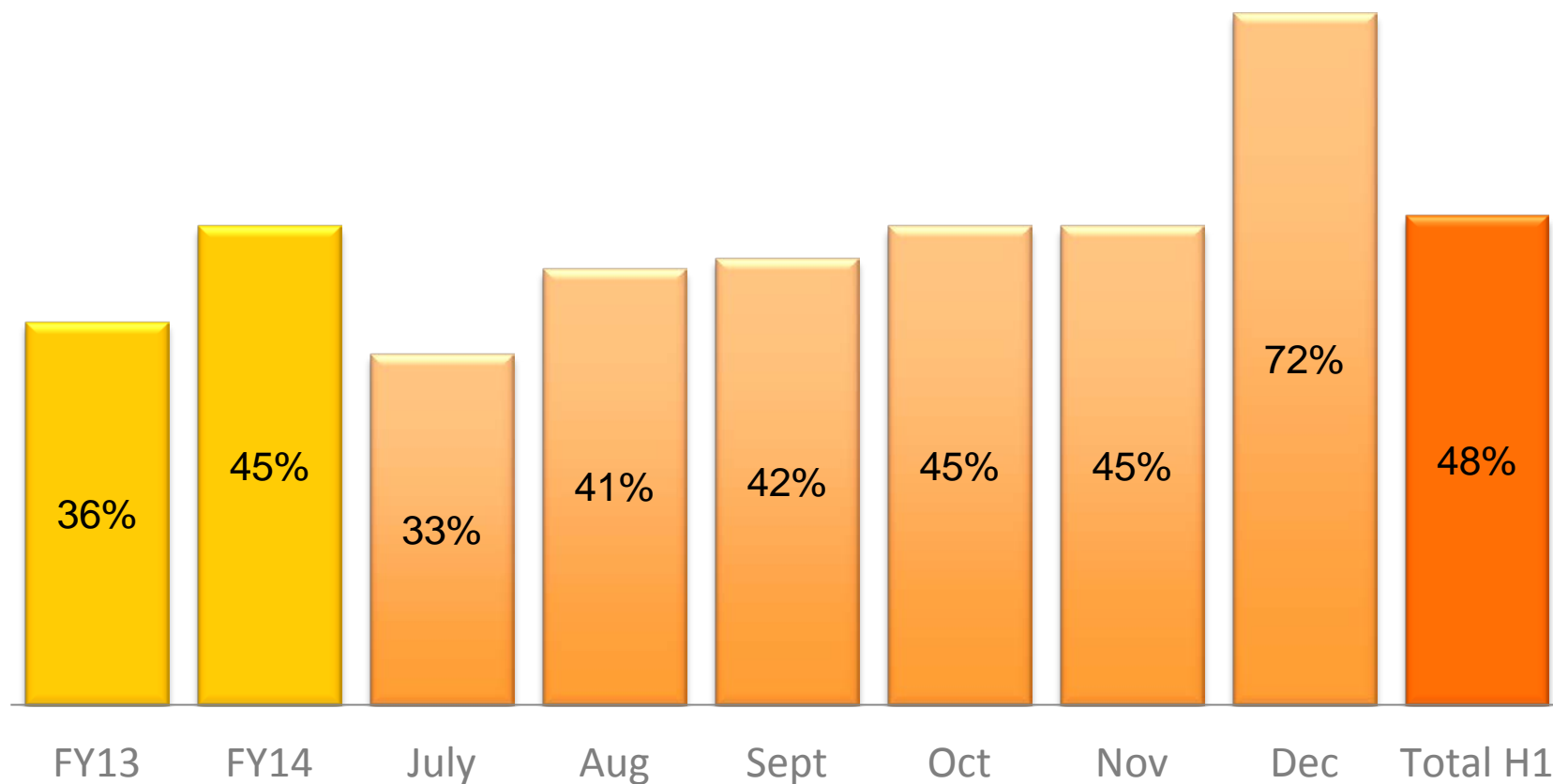|	FY13 Audited ($000s)	FY14 Audited ($000s)	H1 - 2014	H1 - 2015	% change
Operating Revenue	51,514	74,548	33,318	48,249	+45%
Gross Margin	8,317	11,991	5,270	7,867	+48%
Underlying EBITDA ex Growth (1) (2)	**1,642**	**1,998**	**1,104**	**2,805**	**+154%**
SEA Growth costs	760	1,500	659	996	
LSP Growth costs	-	-	-	249	
Underlying EBITDA (2)	**882**	**1,998**	**445**	**1,560**	**+251%**
Non cash share option expense (2)	-	530	-	856	-
Offer non recurring cost (3)	-	-	-	587	-
Reported EBITDA	882	1,468	445	117	
Depreciation & Amortisation	**46**	**98**	**38**	**78**	
Reported EBIT	835	1370	439	39	
Cash at bank (4)	$2.0M	$4.5M	3.0M	6.7M	
Partner #	900+	1,350+	1,100+	c.1,500	+36%

(1) Underlying EBITDA ex Growth excludes Net Investment in SEA expansion after local GM contribution and new Cloud LSP team

(2) Underlying EBITDA excludes non-cash expenses relating to share based payments for executive options issued and non recurring expenses such as transaction costs associated with nSynergy acquisition (Nov14) and executive team recruitment (July14).

(3) Non recurring costs include transaction costs for acquisition of $434k and executive team recruitment cost of $153k

(4) Cash at bank at 31/12/14 excludes part of placement of $5M which was paid and received in Jan 15

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Financial update

Group revenue % growth AUD'000's

Bar chart showing growth percentages:
- FY13: 36%
- FY14: 45%
- July: 33%
- Aug: 41%
- Sept: 42%
- Oct: 45%
- Nov: 45%
- Dec: 72%
- Total H1: 48%

- Monthly growth rates in FY14 ranged between 32% and 70% as noted in Investor briefing 25 August 2014
- Slide represents monthly growth % over same month prior year
- Dec 14 majority revenue is subscription licensing revenue and includes c. $458k revenue contribution for period 16 Dec to 31 Dec 14 from nSynergy

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Financial update

South-East Asia revenue YTD

SEA revenue
first 6 months: **+79**%

$6.6M Year on year growth

Singapore - opened since 2012
Thailand - opened Apr 2013
Philippines - opened Sept 2013
Malaysia - opened Feb 2014
Indonesia - opened Jul 2014

Revenue growth in all SEA markets is positive

albeit growing at different rates given market maturity for cloud adoption.

As markets grow, **executive resource has been added to secure relationships** in region and capitalise on opportunities.

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Financial update

Growth of service providers

New customers growth continues…

Service Providers customers continue to grow
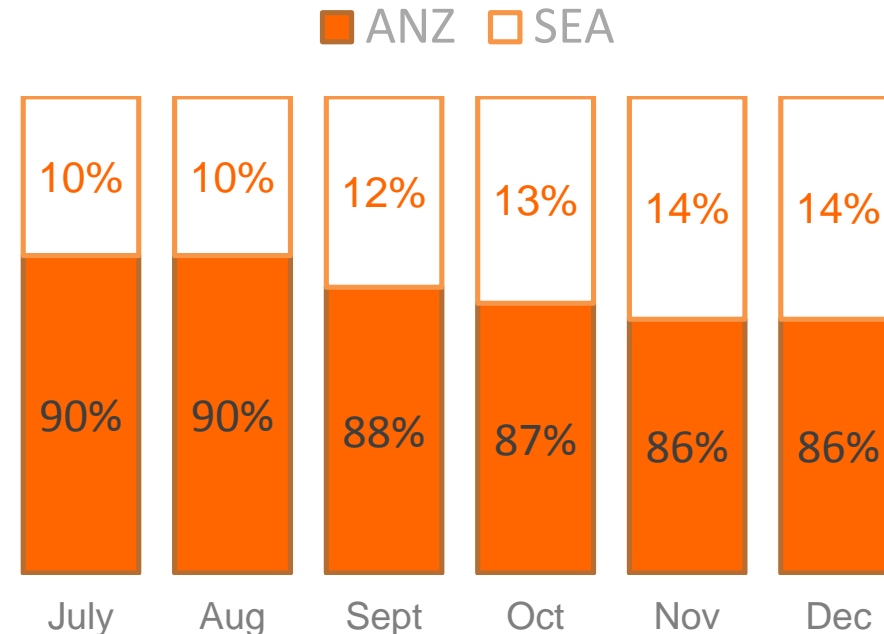
Approx. **1,500**

at 31 December 2014

Service Providers growth

Recruitment of new partners by region (%)

■ ANZ ☐ SEA

	July	Aug	Sept	Oct	Nov	Dec
SEA	10%	10%	12%	13%	14%	14%
ANZ	90%	90%	88%	87%	86%	86%

•rhipe is adding between 30-50 new service providers per month

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Financial update

rhipe Cloud LSP update

Signed Cloud LSP agreement with Microsoft in June 2014

- ✓ Strong momentum for LSP division

- ✓ LSP business launched 1 July 2014

- ✓ 4 resources recruited

- ✓ over 1,800 Users of Office365 & Azure

- ✓ Weighted pipeline ahead of expectation

- ✓ Partner Referral Program

  - ▪ 13 Partners signed

  - ▪ Pipeline of 76 prospective partners

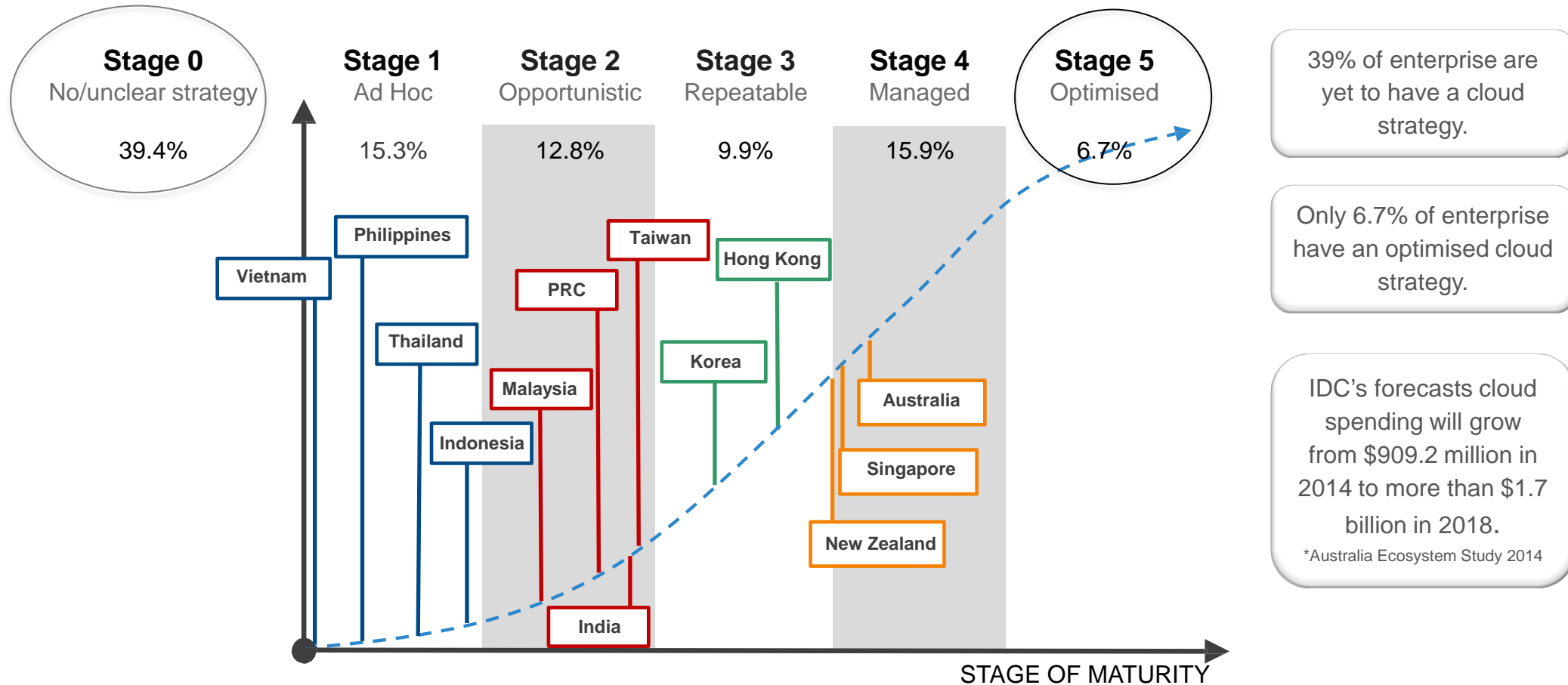Revenue generated for Cloud LSP YTD

$1.1m

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Financial update

Business Overview

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Cloud-first marketplace: market maturity

IDC CLOUD MATURITY-SCAPE

Stage 0 — No/unclear strategy — 39.4%

Stage 1 — Ad Hoc — 15.3%

Stage 2 — Opportunistic — 12.8%

Stage 3 — Repeatable — 9.9%

Stage 4 — Managed — 15.9%

Stage 5 — Optimised — 6.7%

Vietnam, Philippines, Thailand, Indonesia

PRC, Taiwan, Malaysia, India

Hong Kong, Korea

Australia, Singapore, New Zealand

STAGE OF MATURITY

39% of enterprise are yet to have a cloud strategy.

Only 6.7% of enterprise have an optimised cloud strategy.

IDC's forecasts cloud spending will grow from $909.2 million in 2014 to more than $1.7 billion in 2018.
*Australia Ecosystem Study 2014

Note: rhipe has subscription licensing programs in AUS, NZ, SGP, THA, PHL, MYS, IDN

Source: IDC Asia/Pacific Cloud Maturity Model, 2014. Presented at Microsoft Worldwide Partner Conference July 204

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Marketplace

Strategic operating divisions

Helping Service Providers to thrive in the emerging Cloud Economy

Cloud Licensing

Software sold and implemented by service providers. Pay based on usage

Cloud Solutions

Professional services & support people to help Service Providers with technical needs

Cloud Operations

Lead generation marketing for Channel partners.
Billing, Software asset management & license optimization.

Licensing

Build and expand on cloud licensing programs. Multi vendor and Multi region

Support

Services & Support to position offering for new licensing programs

Retain & accelerate

Add Value with systems and ease of trade for Cloud Service Providers. Use digital marketing to accelerate leads & opportunities

rhipe licensing business model

rhipe sells & aggregates subscription licensing programs for global software vendors

Cloud Licensing
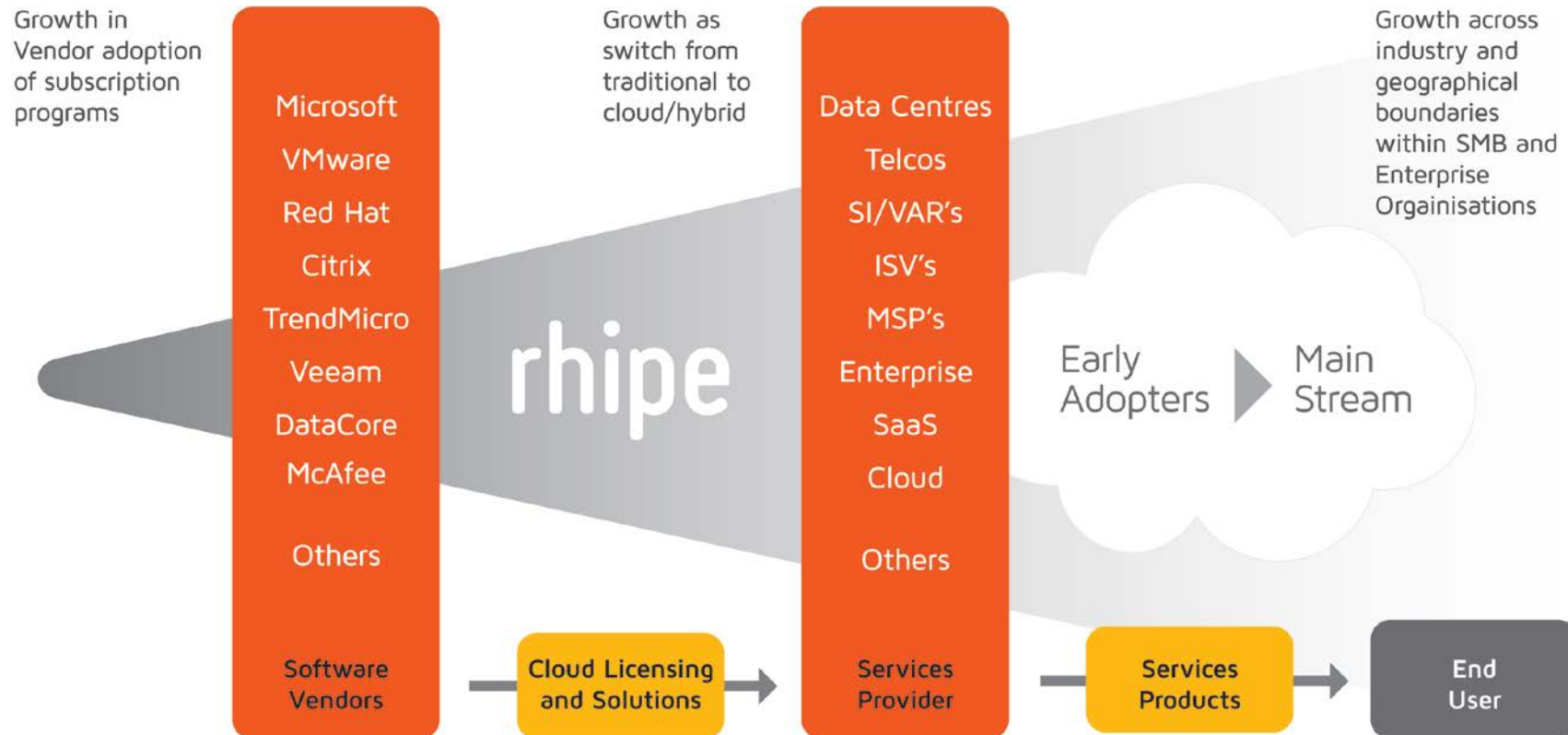
Service provider licensing

rhipe sells & aggregates subscription licensing to IT service providers for global software vendors

Leading aggregator in ANZ & SEA of service provider programs for:

Microsoft, VMware, Veeam,

Citrix, TrendMicro

2014 New vendor programs*

DataCore, McAfee & Zimbra

Exclusive aggregator agreements:

Australia: Citrix, DataCore, RedHat, TrendMicro, Veeam, Zimbra

Malaysia: RedHat, Zimbra

New Zealand: TrendMicro , RedHat, Zimbra

Philippines Microsoft, Zimbra

Thailand: RedHat, Zimbra

Singapore: RedHat, Zimbra

*subscription licensing programs

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Cloud Licensing

Competitor matrix

Subscription licensing programs

	Microsoft	Zimbra	LiveTiles*	Red Hat	VMware	Citrix	McAfee	Veeam	Trend Micro
Australia	Express Data	Exclusivity	Exclusivity	Exclusivity	Westcon	Exclusivity	Westcon	Exclusivity	Exclusivity
New Zealand	Express Data Ingram	Exclusivity	Exclusivity	Exclusivity	Westcon Datashore	Express Data	Westcon Datashore	Westcon	Exclusivity
Singapore	ECS Atria	Software One	Exclusivity	Exclusivity	Ingram	Atria			
Thailand	ECS	Software One	Exclusivity	Exclusivity	Westcon Comstor				
Philippines	Exclusivity	Software One	Exclusivity		Westcon Comstor				
Malaysia	Atria	Software One	Exclusivity	Exclusivity					
Indonesia	Atria	Software One	Exclusivity						

*rhipe owns 12.5% of LiveTiles. Purchased as part of the nSynergy acquisition.

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Cloud Licensing

Aggregation by region

rhipe is the largest multi-vendor subscription aggregator in Asia Pacific

	North America							EMEA							Asia Pacific									Latin America						
	MICROSOFT	CITRIX	VMWARE	MCAFEE	RED HAT	TREND MICRO	VEEAM	MICROSOFT	CITRIX	VMWARE	MCAFEE	RED HAT	TREND MICRO	VEEAM	MICROSOFT	CITRIX	VMWARE	MCAFEE	RED HAT	VEEAM	TREND MICRO	ZIMBRA	DATACORE	MICROSOFT	CITRIX	VMWARE	MCAFEE	RED HAT	TREND MICRO	VEEAM
rhipe															X	X	X	X	X	X	X	X	X							
Arrow ECS								X	X	X	X																			
Comparex								X	X	X																				
Crayon								X	X						X															
HP	X	X						X																						
Ingram Micro	X	X	X	X				X	X	X					X			X								X				
Insight	X	X	X					X	X	X																				
Licencias Online																								X	X	X				
Software ONE	X							X	X	X					X									X						

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Cloud Licensing

Cloud Solutions Overview

Strategy

- Grow RHP with new cloud offerings and new geographical presence
- Provide our service provider community with ability to sell and support products without needing to hire their own team of skilled people
- Inherit well established overseas locations including China and the USA
- Obtain distribution agreement of LiveTiles software for our service providers
- Great cultural fit with current RHP team
- Investment into LiveTiles provides upside in terms of exposure to a very high growth product-centric business

nSynergy

- A multi-award winning Microsoft-centric business:
- Go-to partner for major compete deals for Microsoft in US and Australia

nSynergy projects will drive more licensing opportunity

LiveTiles

- Compliment our current offerings with rapidly growing LiveTiles software
- Support service provider community with value add solutions

Cloud software & services

- ☑ nSynergy operates a profitable global modern consulting/solutions business
- ☑ nSynergy can provide non-competitive services to and through our rapidly expanding service-provider community, in addition to nSynergy's traditional global revenue streams
- ☑ nSynergy run a modern support offering called LiveTeam to support strategic programs with Microsoft that Rhipe are targeting
- ☑ Opens up global market opportunity in rapidly growing Microsoft Azure and Office 365 space

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Cloud Solutions

nSynergy

WHY NSYNERGY ?

- ☑ Modern consulting/solutions provider
- ☑ 5 countries
- ☑ Primary focus - delivering cloud solutions
- ☑ Similar values to original rhipe business
- ☑ Strong focus on customer service
- ☑ Delivered over 600 projects globally
- ☑ 70% of revenue derived from cloud based engagements
- ☑ Broad customers base with focus on mid-market and enterprise
- ☑ Well known customer base, (including Tiffany's, CBA, Westpac, Nike)
- ☑ Able to provide services to partner channel in a non-compete model
- ☑ Specialist provider of Office 365, SharePoint and Azure services and solutions
- ☑ Strategic go-to partner for Microsoft for major compete deals

INDUSTRY RECOGNITION

Winner – MS Education Partner of the Year 2014

Finalist - Partner of the Year 2014 MS Collaboration and Content

Finalist - MS Cloud Packaged Solutions Partner of the Year 2014

Winner - MS Collaboration Content Partner of the Year 2013

Finalist - MS Global Enterprise Cloud Partner of the Year 2013

Inaugural winner - Microsoft Online Services Partner of the Year

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Cloud Solutions

Cloud Solutions products

rhipe cloud solutions provides solutions built on Microsoft technologies - Office 365, Microsoft SharePoint & Azure

	Intranets, extranets & portals	Work flow	Document Management	Mobility Solutions	Cloud strategy & migration	Reporting dashboards	Document Management solutions
Aust.	✓	✓	✓	✓	✓	✓	✓
USA	✓	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓	✓
Mexico*	✓	✓	✓	✓	✓	✓	✓

Further opportunities for revenue growth :

• Provide a bench of skilled resources for Service Providers to leverage and add value to their end customers

* rhipe cloud solutions has a sales presence in Mexico and is supported by the US office.

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Cloud Solutions

LiveTiles

Cloud user interface platform

LiveTiles
User Experience platform for the cloud.
Office 365, Azure, and expanding.

Key Company Details

o Significant global growth since launch in 2014

o Used by organisations with up to 3.7M members. Led by award winning Mosaic Education solution built on LiveTiles.

o Fully Microsoft endorsed to help drive their key FY15 metrics

o 2014 LiveTiles established as new company and HQ in New York City Use sister-company nSynergy to do key implementation work

LiveTiles highlights

o Initially built in Office 365
o Now supports Azure and native .NET apps
o Plans to extend into other platforms to scale market opportunity
o Subscription billing model

LiveTiles future

o Negotiating several significant multi-million user LiveTiles deals
o Grow Mosaic product rapidly with Microsoft into education sector

Scale Strategy

o Distribute through strategic partnerships

o Sell solution through large industry bodies such as education institutes and aggregators

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Cloud Solutions

Outlook

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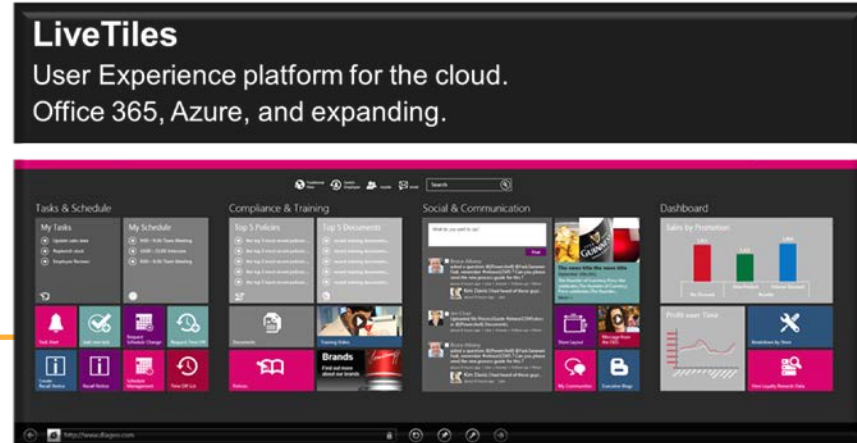
Future outlook

Subscription licensing revenue continues to grow at historical rates +40%

- Compounding revenue from new and existing service providers

- SEA region opened to replicate licensing programs in AU & NZ

- Cloud maturity adoption still relatively low but growing

- Existing service providers customers continue to migrate higher IT workloads to cloud environments

- GM licensing business 14-16%

- New service provider growth

Cloud LSP new business division

- Run rate ahead of expectations

- 5 FTE staff with strong pipeline for 2H 2015

CSP new program

- Presentations in progress with Microsoft in Q1 2015

Cloud Solutions - nSynergy

- Strong pipeline focused on O365, Azure & SharePoint solutions for the cloud channel

- Integration in progress

- LiveTiles distribution and lead in

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Outlook