

# Montech Holdings Limited (ASX: MOQ)

Investor Presentation  
October 2015

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# MONTECH OVERVIEW

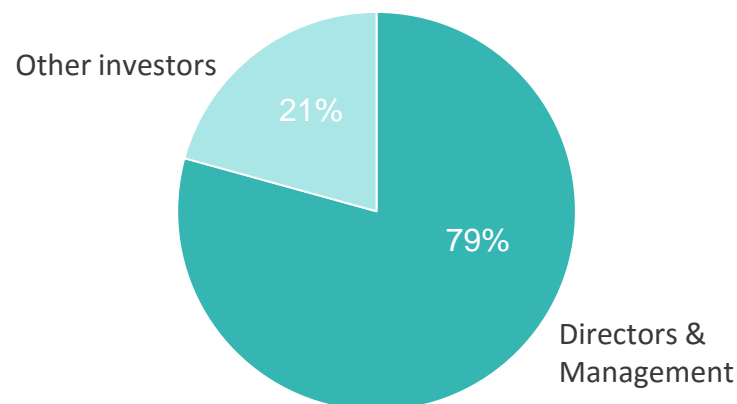
Strategy to develop, build and acquire complementary Cloud focussed technology businesses to capitalise on the emerging digital economy



- Management team with **proven track record**
- Cloud is a **big market opportunity**
- **MOQdigital** – cloud centric services and solutions offering clients applications, data, infrastructure and managed services
- Strong focus on **creating recurring revenue**
- Strategic focus on building an integrated cloud based services offering through **organic and acquisitive growth**

ASX	MOQ
52 Week Share Price	\$0.03 - \$0.05
Shares on Issue	1.08 billion
Market Cap	\$40.9 million

## Shareholders



# WELL CREDENTIALLED LEADERSHIP TEAM WITH A PROVEN TRACK RECORD



**David Shein**  
Non-Exec Chairman

- Established Com Tech Communications and built it to revenues of \$700m, 1,400 employees (Acquired by Dimension Data, 2001)
- Chairman & founding investor of Macromatix (Sold to TPG Ventures, 2012). Invests in and mentors early stage technology companies, many of which have been successfully exited



**Nicki Page**  
Exec Director / CEO

- 20+ years in IT in both UK and Australia as a Computer Scientist
- Background in Technical and Sales with companies such as KAZ Computing and Microsoft
- 2014 ARN Women in ICT Entrepreneur of the year



**Joe D'Addio**  
Exec Director / COO

- 35+ years in IT prof. services, technology consulting, system and network engineering
- Held key management & director positions building and leading IT businesses with Com Tech Communications, Dimension Data and co-founded Technology Effect



**Scott McPherson**  
Exec Director /  
Director Solutions

- 20+ years experience at Com Tech Communications, Dimension Data
- Started as a systems engineer, transitioned into a solutions architect and then into practice management. Co-founded Technology Effect



**Mick Badran**  
CTO

- 20+ years experience, mastermind behind projects that have achieved global recognition and renowned for ability to architect innovative integration solutions. Co-founded Breeze
- Awarded as a Microsoft Most Valuable Professional (MVP) every year since 2005



**Matt Goggin**  
Director Sales

- 20+ years of IT industry experience with a focus on sales and building knowledgeable and customer focused teams
- Previously at Com Tech Communications, Dimension Data and Technology Effect



**Jonathan Pager**  
Non-Exec Director

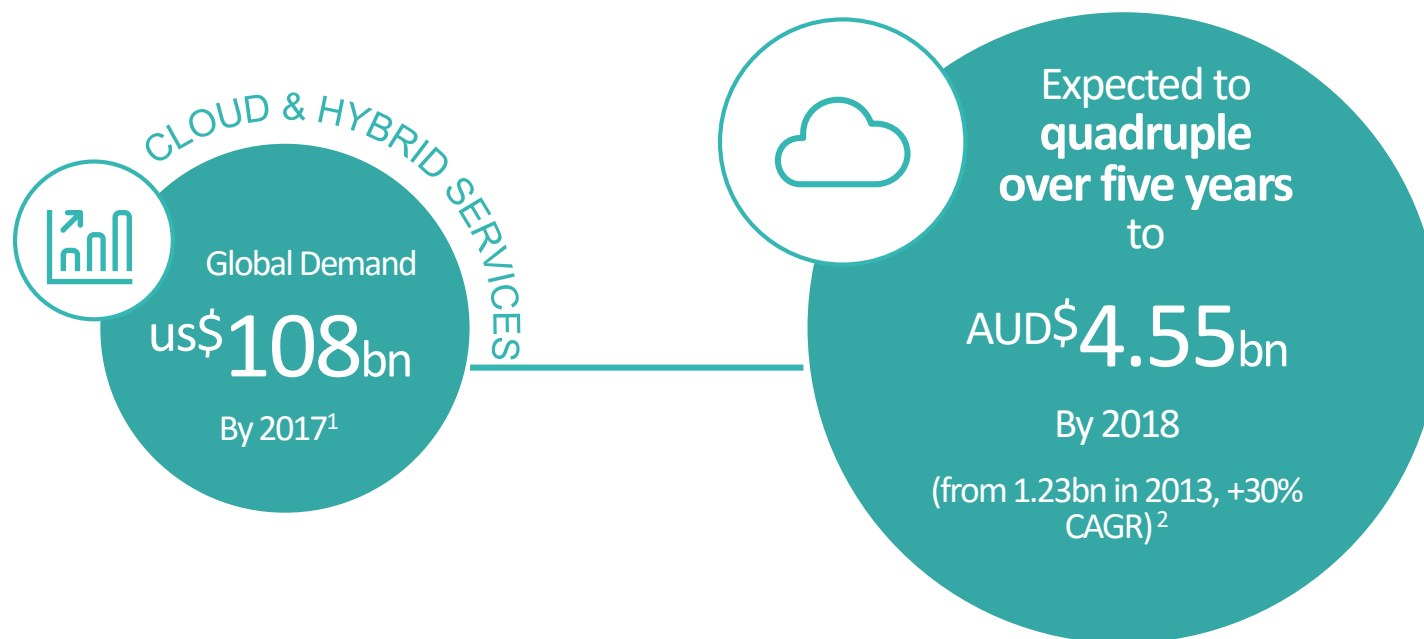


**Michael Pollak**  
Non-Exec Director



**Joseph Fridman**  
Non-Exec Director

# CLOUD – A BIG OPPORTUNITY AS USERS, DEVICES, APPS AND DATA MULTIPLY



## Key adoption drivers

- Increased flexibility and agility
- Scalability of technology
- Cost efficiencies as businesses shift from Capex to Opex models
- Increase in speed and quality of service
- Meets the need for keeping up with customer demands
- An unprecedented amount of data is being created and businesses need to store, manage and harness this

Sources: IDC, Successful Cloud Partners 2.0, 2014; Frost & Sullivan, as reported in Rust Report of 27 October 2014

# MONTECH ACQUIRED AND MERGED TWO SYNERGISTIC BUSINESSES TO FORM MOQDIGITAL



## Technology Effect

Consulting, integration and managed services solutions in ICT infrastructure and Cloud

## Breeze

Cloud application integration solutions based on Microsoft technologies

Two **multi-awarded** cloud focussed software and services businesses



Strong reputation with a range of **tier one technologies** and solutions

## Microsoft Partner

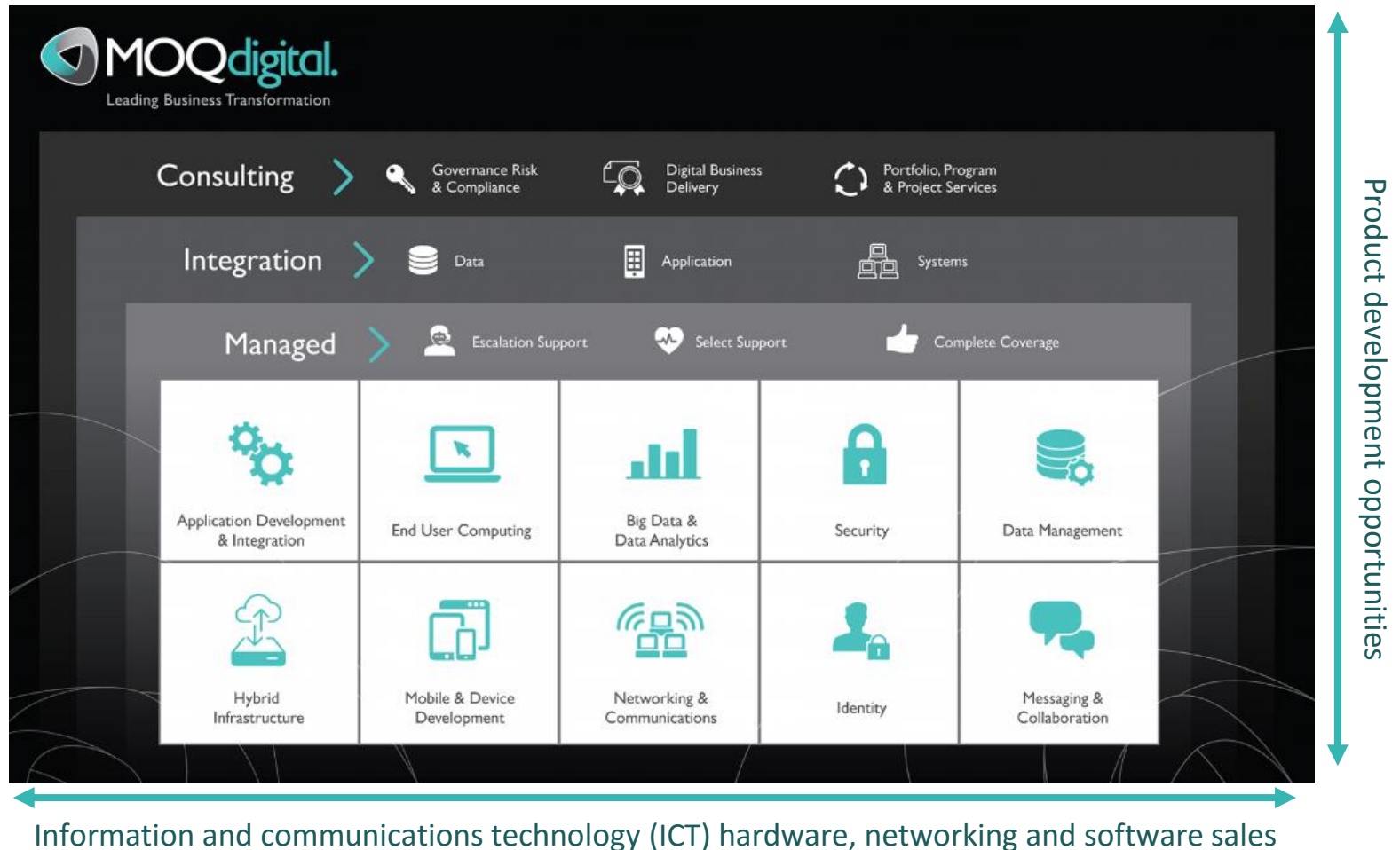
Gold Application Integration  
Gold Application Development  
Gold Cloud Platform  
Gold Devices and Deployment  
Silver Cloud Productivity  
Silver Communications



Supports mid-market enterprises and government to shift their infrastructure and applications to private and hybrid cloud models ...**this process has only just begun**

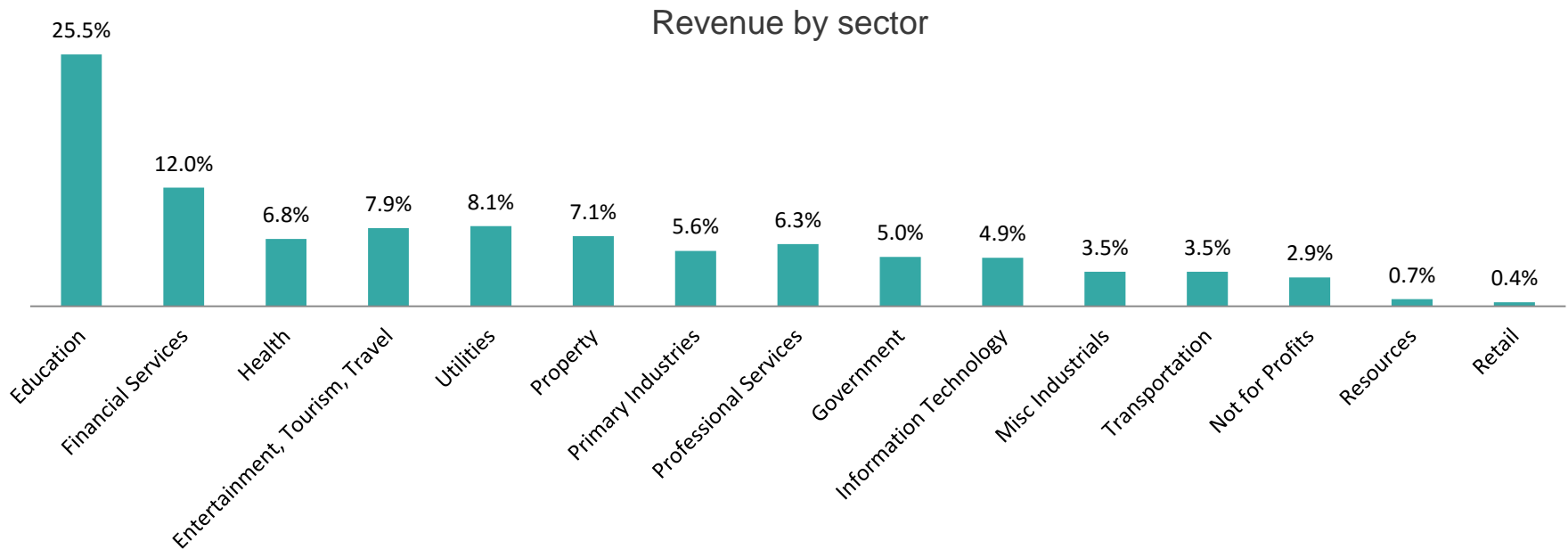
# MOQDIGITAL – AN INTEGRATED CLOUD CENTRIC SERVICE OFFERING

We set the strategy, develop innovative solutions, bring integration skills to the most complex environments and provide managed services for ongoing support



**... so our customers can transform into truly digital businesses**

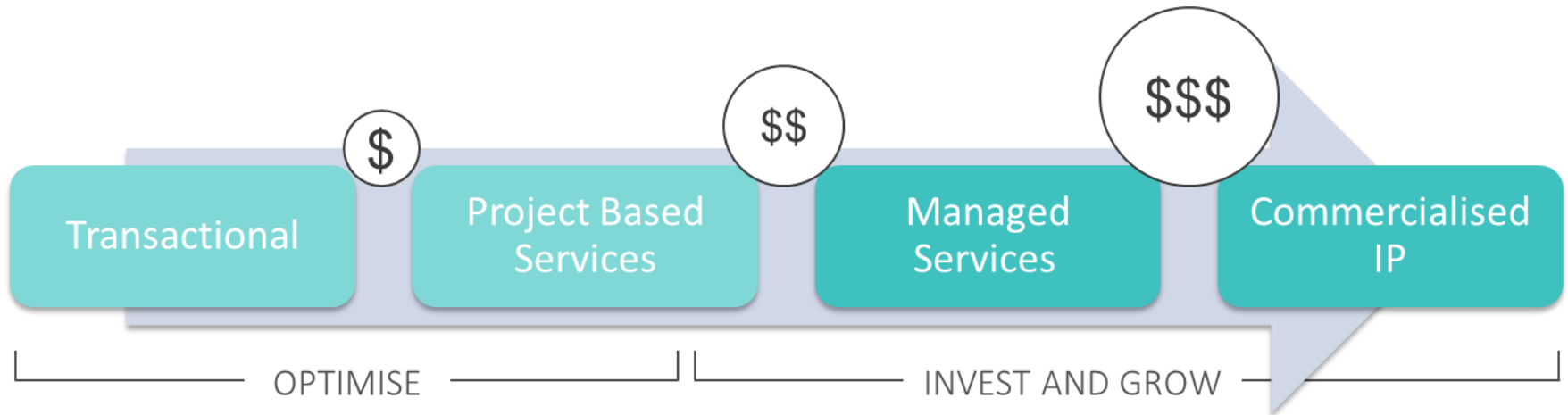
# LOYAL CUSTOMER BASE WITH HIGH RETENTION AND BROAD SPREAD





# FOCUS ON BUILDING RECURRING REVENUE

Transitioning along the '*Cloud Services Value Chain*'



- ✓ MOQdigital is transitioning from consulting projects and technology sales to higher value recurring revenue
- ✓ Focus on integrating ongoing managed services into a full service offer and developing commercialised products and applications to be reused and resold
- ✓ Focus on recurring revenue is evident in tenders and contracts won since year end

# CDM – A CASE STUDY IN COMMERCIALISING IP



- **Cloud Data Manager** (CDM) is proprietary IP developed and commercialised by MOQdigital
- **Captures disparate data** from hundreds of branch sites and turns independent silos of information into real-time intelligence
- A light-weight integration tool on a **cloud pay-as-you-go** pricing model



- CDM enabled **Dental Corporation's** 200 individual dental practices to keep their own preferred systems, without imposing standard systems across all practices
- **Benefits** - seamless, real-time access to dental practice data to improve financial control and develop better patient services as well as offering productivity improvements and scalability



- CDM has been adopted by **BUPA (UK)** across 50 dental practices
- Embedded multi year license that scales as BUPA (UK) expands

## Other Dental Practice Managers

- Actively targeting to solve their practice integration challenge

## Other practices

- Actively targeting **other franchising industry verticals**

# ACHIEVEMENTS IN FIRST 100 DAYS



## MOQdigital

Merged and rebranded as MOQdigital with broad acceptance by customers, vendors and staff



## Vendor Support

Actively promoted and engaged co-selling by tier one vendors



## Geographic Expansions

Invested in growing NSW (12 new staff incl. NSW Sales GM and BDM), relocated QLD office and seeking to expand interstate



## People

Cultural alignment and optimising complementary technical skills and expertise across offerings and geographies



## Scale

Recruited 12 new employees ahead of developing pipeline and actively seeking acquisitions that bring scale and capability



## Integration

Common systems and back office. Co-selling and cross selling initiatives and combined offer have resulted in improved sales conversion rates

# MOQDIGITAL IS NOW FOCUSSED ON ITS ORGANIC GROWTH STRATEGY TO DRIVE EXPANSION AND PENETRATION

## JUN'15 – SEPT'15

### Merger and integration period

- **Merger** completion
- **Rebranding**
- **Consolidation** of people, systems, processes
- **Investment** in Sydney office and managed service capability

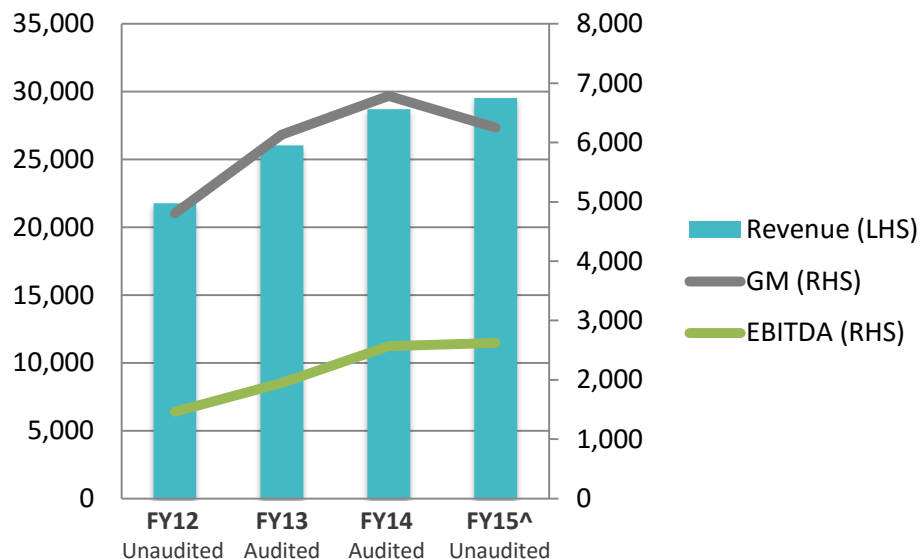
## OCT'15 onwards

### Investment and execution of organic growth strategy

- **Growth momentum in home market**
  - *Capitalise on significant investment made in Sydney business development and fulfilment capability and integration with Brisbane office*
- **Drive synergies**
  - *Continue to realise benefits from cross-selling, merged capabilities and shared services*
- **Product development focus**
  - *Commercialise and enhance Cloud Data Manager and other in-house IP*
  - *Develop new IP driven by client demand*
- **Increase recurring revenues**
  - *Growth in managed services penetration*
  - *Embed commercialised IP in client environments to grow recurring revenue*
- **Expand geographically**
  - *Expand footprint within Australia and NZ with the support of strong technology vendor partnerships*

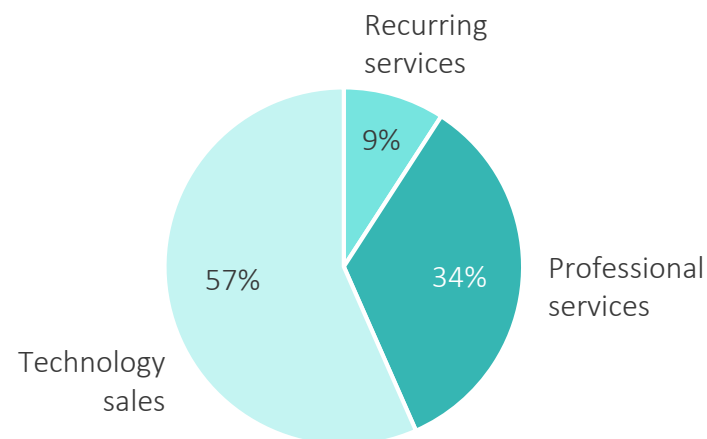
# KEY FINANCIAL METRICS FROM MOQDIGITAL

## Pro-forma Revenue, Gross Margin & EBITDA (\$'000)\*



- Revenue CAGR ~11%
- FY15 gross margin reduced mainly due to change in cost allocations (i.e. costs moved above the line)
- FY15 revenue disrupted by transaction, however **momentum returned post transaction**
  - Strong forward pipeline reflecting cross selling opportunities due to merged capabilities
  - Pipeline revenue mix reflecting strategic focus on recurring revenue opportunities

## Revenue Mix

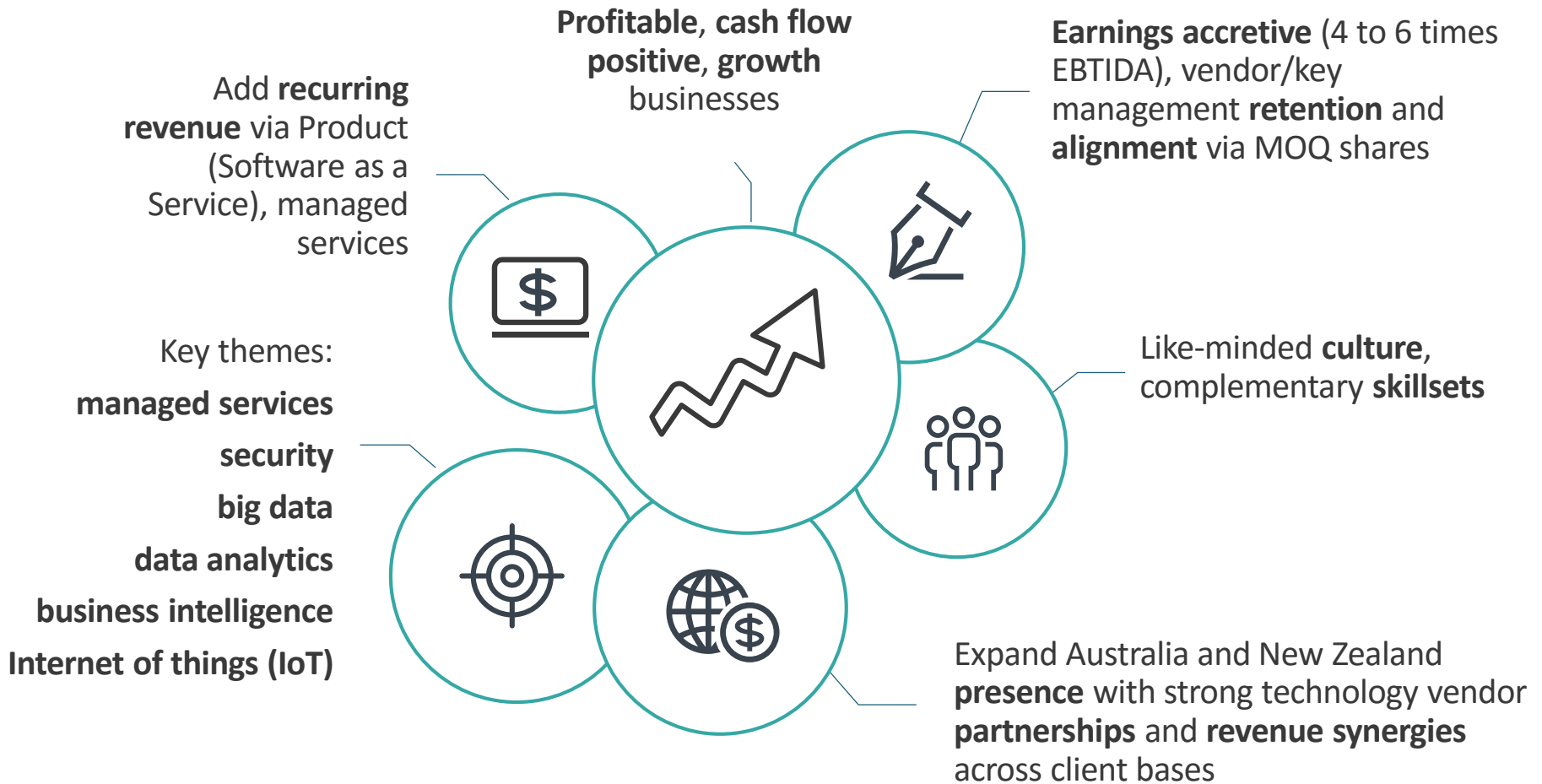


- Focus on and investing in growing recurring revenue
- Technology sales includes mainly high-end equipment sold as part of integrated solutions with an average GM of 17% (accounts for 45% of total Gross Margin)

\*Excludes any corporate costs associated with Montech Holdings Limited

^Normalised for one-off merger and transaction related expenditure of \$200k in FY15. FY15 balance sheet and one month P&L being June 15 has been subject to audit.

# MONTECH'S ACQUISITION STRATEGY IS NOT JUST A CONSOLIDATION PLAY



# INVESTMENT PROPOSITION

- **Well respected leadership team with a proven track record** of building technology businesses
- **Cloud services is a big market opportunity** – expected to quadruple (2013 to 2018)\*
- **MOQdigital** – integrated cloud centric services and solutions offering applications, data, infrastructure and managed services that enables mid-market enterprises and government to shift their infrastructure and applications to the cloud
  - **Effective sales strategy** through alliance with Tier 1 vendors
  - **Blue chip client base** across diversified industry sectors
  - **Strong focus on creating recurring revenue** through managed services and development of commercialised IP
- Actively **targeting earnings accretive acquisitions** that **add capability** and **geographic expansion**

\*Source: Telsyte and IDC



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