



SmartTrans Holdings Limited (ASX:SMA)

Repositioned for growth

Investor Presentation – November 2017

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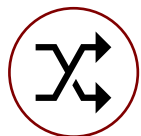
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# Investment highlights



Exposure to two high growth markets:

- China e-Commerce
  - Logistics solutions
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Significantly strengthened Board and Management team

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Resource Connect acquisition marks a key growth step

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Further initiatives underway that deliver sustainable, higher margin revenue

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# Re-setting foundation for profitable growth



## Strengthened Board & management



- Brendan Mason appointed Managing Director 1 August 2017
- Recent appointments in China and Australia ensures the right mix of local experience, financial rigour and operational capability now in place

## Restructure and cost reduction program initiated



- Overhead cost base halved, will halve again
- Headcount from 45 to 21
- Streamlining office locations

## Organic growth is happening



- New brands, such as Wolf Blass and Lindemans added to drive e-Commerce sales
- Additional services and market segments such as tourism now being sold
- Intellectual Property protection services launched – already revenue generating
- In SaaS cloud-based logistics software, a greatly expanding pipeline

## Primed for growth through revenue and earnings accretive M&A



- First step taken through Resource Connect transaction. A profitable, CF positive company. Significant synergies from day one
- Acquisition opportunities being pursued to scale China E-Commerce operations
- Healthcare Services opportunities being actively pursued



# SMA Corporate snapshot



## Corporate overview:

ASX code	SMA
Shares on issue	~2.8b
Market Cap (at \$0.006 per share)	~\$16.7m
52 week high (\$/share)	\$0.027
52 week low (\$/share)	\$0.004
Debt	\$0

## Major shareholders:

	No. Shares: 'm	% held:
Dymocks Securities Pty Ltd	408	14.7
Citicorp Nominees Pty Ltd	337	12.1
Loyal Strategic Investment Ltd	246	8.9
Ocean Magic Investments Ltd	91	3.3
<b>Top 20 largest shareholders:</b>	<b>1,634</b>	<b>58.8</b>

Source: SMA FY17 Annual Report



**Mark Vaile AO**  
Non-Executive Chairman



**Brendan Mason**  
Managing Director



**Bryan Carr**  
Non-Executive Director



**Yui (Ian) Tang**  
Non-Executive Director



**Tracy Colgan**  
Non-Executive Director



**Mark Ziirsén**  
Non-Executive Director

# Two well defined, high-growth businesses



## Existing SaaS logistics solutions



- Internet and mobile solutions for Australia (China/India to come shortly)
- Established, blue chip client base
- Contract renewal rates of ~89%
- Recent contracts deliver \$1.4 million additional recurring revenue
- New contracts to be announced before the end of F18 Q2
- Local industrial payment gateway under development

## China e-Commerce



- RooLife platform – selling Australian brands in China
- Strong partnerships established with Shanghai Stock Exchanged-listed Shanghai Dodoca Information Technology Co. Ltd and Wjike
- After 7 months, monthly revenue ~\$154k, showing strong organic growth
- IP protection service for Australian brands entering market launched
- Focus on value added services
- B2B showing promise to be profitable faster than B2C
- Own brand strategy and sourcing a USP for SmartTrans

# Diversified customer base across Australia and China\*



## China eCommerce Customers



**MR. MICK**



点点客  
**Dodoca**

Tim Adams  
CLARE VALLEY



**WOLF BLASS®**



**SALTRAM** botanic**ES**



**DE LORENZO**



## Australian Logistics Customers



**BAYCORP.**



**CALENDAR**  
CHEESE COMPANY



**amcor**



MRS MAC'S



**BRICKWORKS**  
LIMITED



\*before Resource Connect



# Resource Connect acquisition



## Business background



- Personnel supply chain management business, based on proprietary iCuro cloud software platform
- Provides a total-project personnel management and tracking solution across all contractors, greatly improves OH&S compliance
- Vast improvements in coordination of staff with transport, accommodation

## Profit accretive transaction



- FY2017 revenues of ~\$7.5m. A mix of managed service, pass through and per head, variable, revenues
- Cash flow positive – profitable for past three financial years, debt free
- Large sales pipeline over coming quarters

## Highly complementary with transport logistics



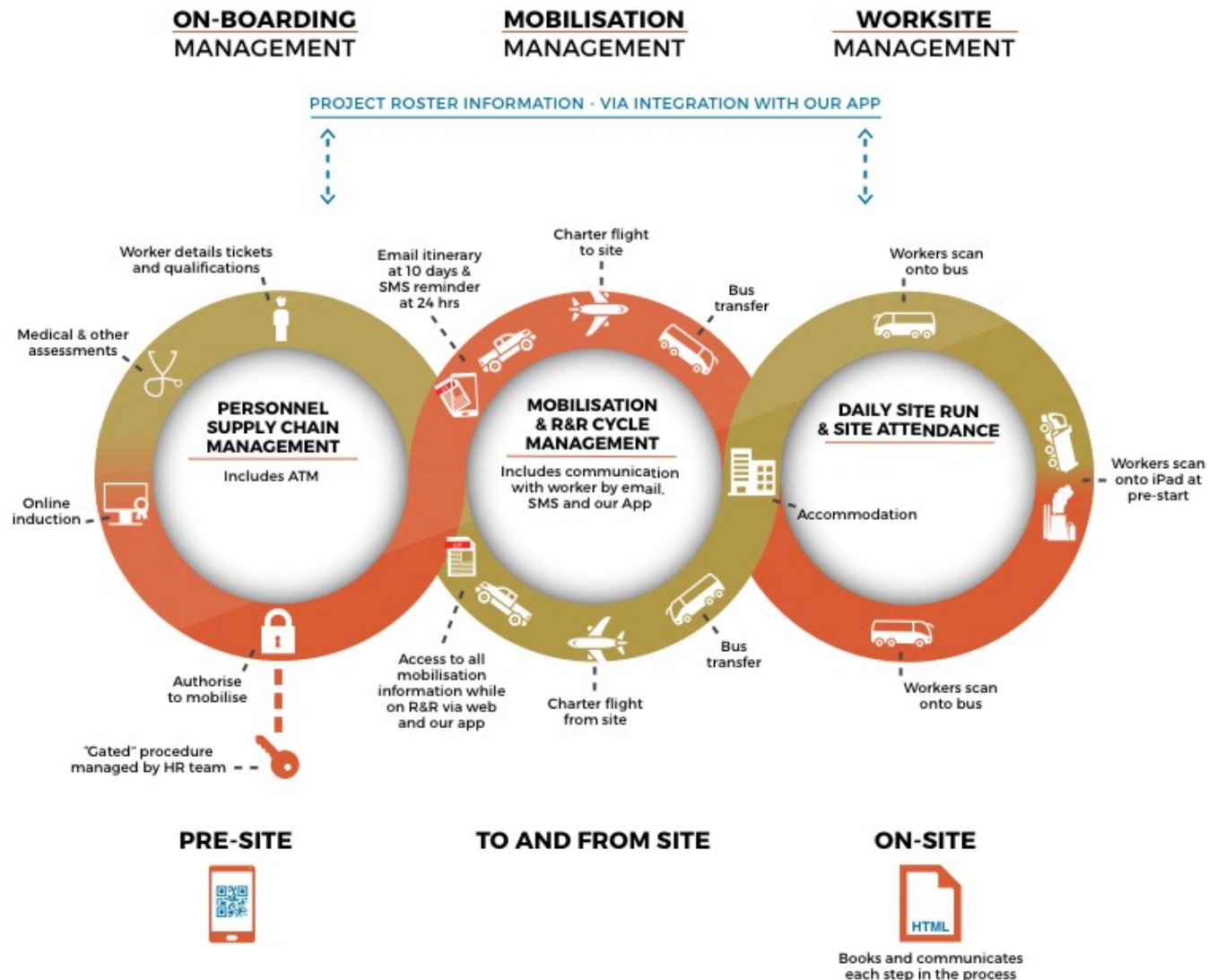
- Expands depth of customer offer: Every RC customer is potential user of SMA platform
- Australian headquartered, admin cost savings
- “Every Resource Connect opportunity can use the SmartTrans transport solution.”

## Attractive transaction terms



- All scrip acquisition - 2,778 m SMA shares for 100% of business
- Three highly qualified Resource Connect Directors to join SMA board

# Resource Connect manages personnel movements to and from worksites



# Resource Connect's proposition



With Resource Connect's managed solution, complex personnel mobilisation and transport movements are managed from a single coordination point

## MANAGED SERVICE

- Serves head contractor + all subcontractors
- All personnel Connected and tracked via personal smartphone app
- On-boards personnel, logging qualifications and all OH&S training
- Converts manning requirements from contractor project management into roster and task allocations
- Coordinates transport (bus/charter), accommodation, catering etc across the various service providers
- Provides central control and response to contingencies (weather, breakdown etc)

## CUSTOMER BENEFITS

- Instantaneous transparency and trackability of all staff - everywhere
- Dramatically improves coordination and utilisation of staff across transport to worksite
- Enforces OH&S and workforce qualification requirements
- Greatly reduced administrative overhead – admin staff typically reduced 10 fold
- Greatly improved service provider management (FIFO, catering, accommodation, medical, etc)

**We believe there are no competitors that can optimise people and fixed assets for large projects or continuous service delivery processes**

# Financials\*



## RESOURCE CONNECT

### Revenue Actuals \$M

	Resource Connect
FY14	\$1.5
FY15	2.2
FY16	2.5
FY17	7.5
1QFY18	2.0

Made a profit every year from FY14

Have been paying fully franked dividends to shareholders for last 3 years

\* Unaudited, adjusted, proforma accounts. Refer to the independent expert report annexed to the notice of meeting dated 14 November 2017 for further detail.

## COMBINED

### Q1 FY18 Profit & Loss Breakdown (\$M)

	Smart Trans	Resource Connect	Merged
Revenue:	\$0.5	\$2.0	\$2.5
CoGS:	0.3	1.3	1.6
GP:	0.2	0.7	0.9
SGA:	1.1	0.3	1.4
EBIT:	-0.9	0.5	-0.4

### Balance Sheet (\$M)

	Smart Trans	Resource Connect	Merged
Current Assets	\$2.9	\$1.0	\$3.9
Total Assets	\$3.2	\$6.0	\$9.2
Total Liabilities	\$1.7	\$0.3	\$2.0
Net Assets	\$1.4	\$5.7	\$7.2
Quick Ratio	1.7	3.3	2.0

# Scalability



The Transport and Resource Connect businesses generate a combination of replicatable SaaS, management charges and procurement commissions that easily scale.

	SMA Transport Logistics	Resource Connect
<b>Platform Usage Charges</b>	\$95 per vehicle/month	\$1.00/person/day last job was 2,500 workers and 5,000 people movements a day
<b>Integration fees</b>	\$30,000 one off	One month mobilisation fee
<b>Service management charges</b>	Special fees for customisation and modelling about \$15k - \$40k each customer	Monthly management fee is incorporated into the platform usage charge.
<b>Procured services</b>	Not applicable	Commission of 10% on purchases
<b>Avg cost to acquire customer</b>	6 months and \$45k	6 months and \$45k
<b>Typical contract duration</b>	3 years + 1 + 1 + 1 auto renewals	2-3 years
<b>Typical lifetime customer tenure and value</b>	~7-8 years ~\$520k	2-3 years. Moving to life of mine 20-30 years Currently ~\$3.5m moving to ~\$12m



# Benefits/synergies timeline



## Hard Synergies Extracted Immediately

### By January 2018

- Immediately revenue and profit accretive to shareholders
- SmartTrans effectively manages and optimises fixed assets. Resource Connect ensures that human assets are compliant and punctual
- “We spent months manually scheduling vehicle fleets, SmartTrans could have done it in an afternoon” Geoff Jamieson CEO Resource Connect
- Combined overheads are halved as a result of the union

## Synergies extracted with minimal integration

### By April 2018

- Combined service is capable of optimising people and multimode transport types
- Transport SaaS supplemented by the Managed Service offering of Resource Connect. This broadens customer reach and value-add. Resource Connect used this approach to save a key customer \$15m per person per day last year.
- iCuro Healthcare (part of the acquisition) will have its first revenue generating customer

## New areas of activity that flow from the union

### In Financial Year 2019

- Healthcare. Logical migration to healthcare service delivery. Currently poor compliance adherence for mobile carers. Poor client/provider matching. Competitive services providing location visibility or matching only.
- Enquiries already flowing from India and China. So far strategy is to prove concept in our own backyard
- Manage by performance delivered, not by software usage alone. A true managed service sells based on value delivered, not by a fee per use of software application
- Embrace small contractors. To date smaller contractors have been locked out due to size. SMA's Express and RC's iCuro lite will serve smaller contractors



**SMART  
TRANS**

