



# **PRELIMINARY FINAL REPORT PRESENTATION**

29 MAY 2020

# Corporate Overview

## Market Capitalisation (ASX: VOR)

Share Price (as at 19 May 2020)	\$0.125
Total Shares On Issue	139.5 m
Unlisted Options Outstanding	8.1 m
Market Capitalisation <sup>1</sup>	\$17.4 m
Less: Cash at Bank (as at 19 May 2020)	\$1.9 m
Add: Debt	\$0.7 m
Enterprise Value	\$16.2 m

## Vortiv's Businesses & Investments

Business	% holding	
Cloudten	100%	} Delivered \$1.4m group profit in FY20
Decipher Works	100%	
TSI India	25%	Valued at \$9.8m in June 2019 <sup>2</sup>

Notes:

1. Undiluted market capitalisation
2. Independent valuation conducted by Top 5 global accounting firm in June 2019

## 12 month share price (\$) & volume history (m)

Share Price



Volume



# Vortiv Board and Leadership Team

## Board of Directors



**Gary Foster**  
Co-Founder &  
Chairman

- Chairman of VOR since Mar 2017 and previously Managing Director
- Built one of the largest Australian electronic transaction companies
- Member of the Australian Institute of Company Directors.



**Jeffrey Lai**  
Managing Director  
And Group CEO

- Joined VOR in Mar 2017, 30 years in the technology sector
- Previously Managing Director of Accenture and Arthur D. Little
- Bach of Engineering (Uni of Melb) and MBA (INSEAD)



**Howard Digby**  
Independent Non-  
Executive Director

- 25 years of experience managing technology businesses
- Experienced ASX Independent Director
- Advisor and investor in technology companies
- Bachelor of Engineering (UWA)



**Gregg Taylor**  
Independent Non-  
Executive Director

- 20 years of experience in Financial Markets
- Experienced ASX Independent Director
- Advisor and investor in technology companies
- Bachelor of Commerce (UOW) and CFA

## Leadership Team



**Jeffrey Lai**  
Managing Director  
And Group CEO

- Joined VOR in Mar 2017, 30 years in the technology sector
- Previously Managing Director of Accenture and Arthur D. Little
- Bach of Engineering (Uni of Melb) and MBA (INSEAD)



**Michael Leonard**  
Founder of Decipher  
Works

- 20 years of IT security experience, and expertise in Identity and Access Management
- Specialises in banking and insurance sectors
- Broad skills in security strategy, architecture and solutioning



**Richard Tomkinson**  
Founder of Cloudten

- 20+ years of experience in delivering large, complex IT programs
- Specialises in cloud and infrastructure security
- Prior experience with large corporations



**Stefan Halvarsson**  
Founder of Decipher  
Works

- 20+ years of IT security experience, primarily in Identity and Access Management
- Specialises in financial services sector
- Deeply skilled in delivering solutions for large and highly complex environment

# Investment Highlights



# Key Financial Highlights

(All numbers in \$ millions unless otherwise specified)

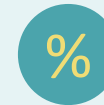
	FY17	FY18	FY19	FY20
Revenue	0	2.4	5.8	11.5
Revenue growth %	-	-	146%	98%
EBITDA	(1.4)	(0.6)	0.1	1.6
EBITDA margin	Neg.	Neg.	2.5%	14.0%
Profit before tax	(1.3)	(0.6)	0.1	1.4 <sup>1</sup>
Net cash flow from operations	(0.9)	(0.8)	0.7	1.7
Net assets	12.2	19.8	16.2	22.1 <sup>2</sup>
Cash balance (end of period)	2.5	1.5	2.4	1.1
Total ordinary shares on issue <sup>3</sup>	97.3 m	106.3 m	120.6 m	139.5 m

1. Excludes loss from discontinued operations (Cloudten UK) of \$389k
2. Includes valuation of TSI India of \$9.8m for FY19; this has not yet been finalised and is subject to change for FY20
3. Number of shares on issue are adjusted for 20 for 1 share consolidation completed in April 2020.



## STRONG REVENUE GROWTH

- Repeat business and recurring revenue stream from loyal client base
- Increasing average spend to ~\$1m p.a. per top 10 client in FY20
- Robust growth in the cloud and cyber security market



## INCREASING EBITDA MARGINS

- EBITDA margins increased to 14%; expected to further increase in FY21
- Economies of scale in corporate and other overhead costs
- Strong utilisation of highly skilled team



## \$1.4M PROFIT BEFORE TAX ACHIEVED FOR FY20

- High profit margin business
- Expected to increase with EBITDA margin increase



## STRONG OPERATING CASH FLOW

- \$1.7m operating cash flow in FY20
- Mirrors EBITDA trajectory

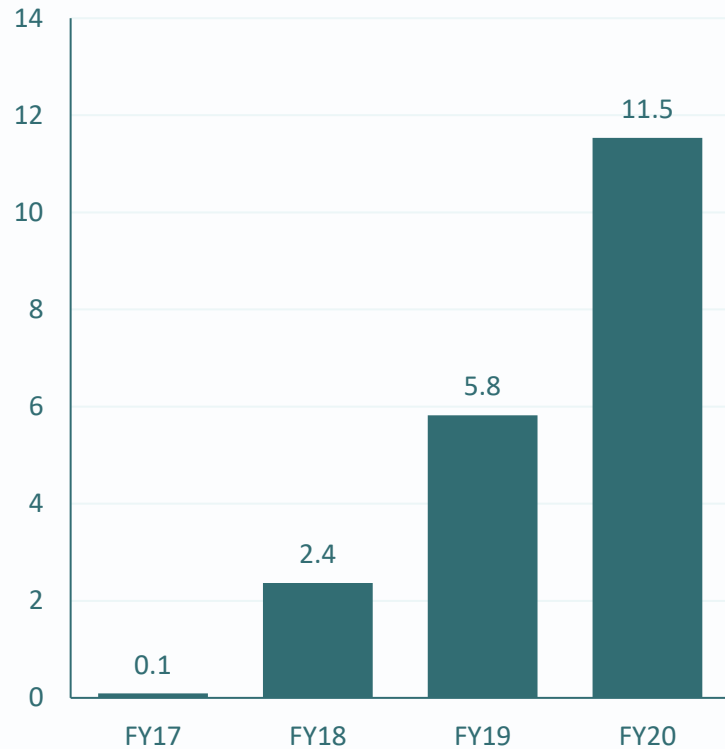


## MINIMAL DILUTION TO SHAREHOLDERS

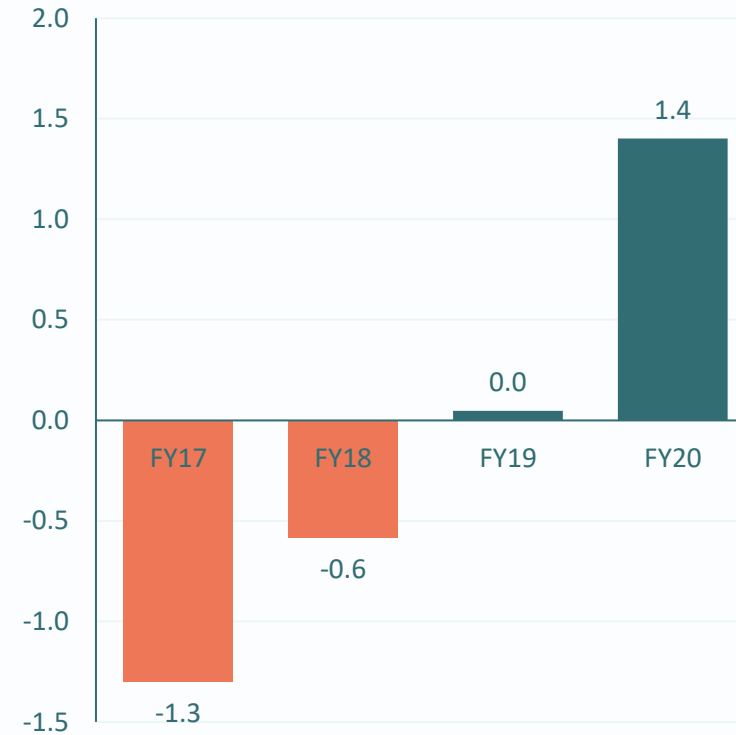
- 43% increase in shares on issue since FY17 to fund the acquisitions of Cloudten and Decipher Works
- Acquisitions contributed towards Vortiv's solid financial position

## Key financial indicators showing strong growth trajectory over the last 3 years ...

Revenue (\$ million)

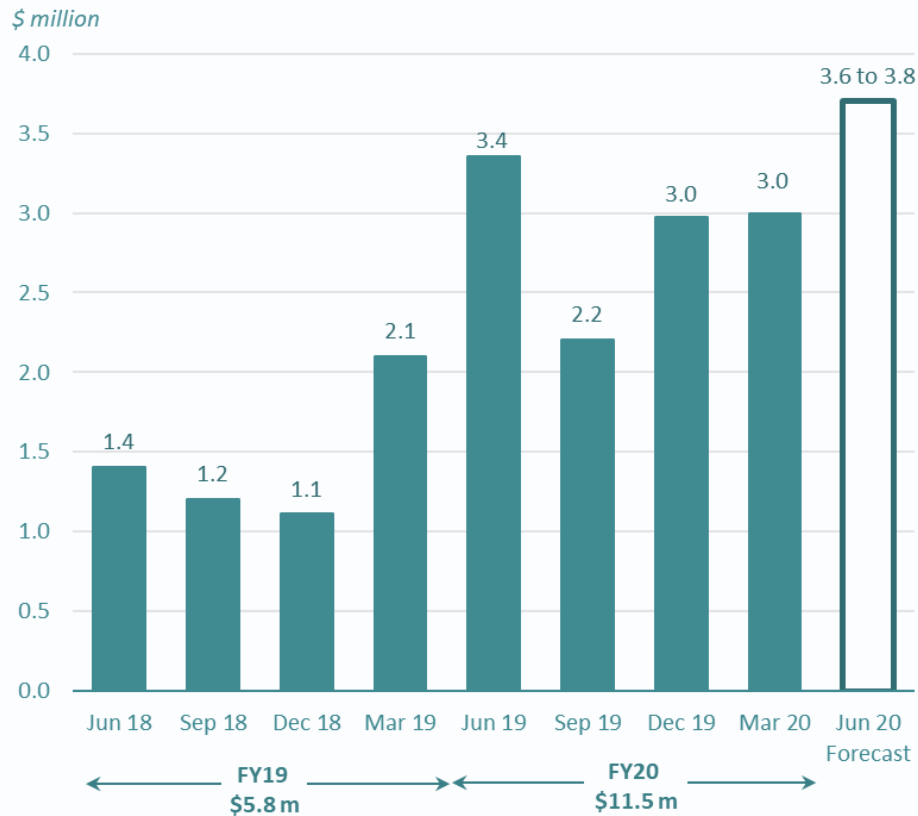


Profit before Tax (\$ million)

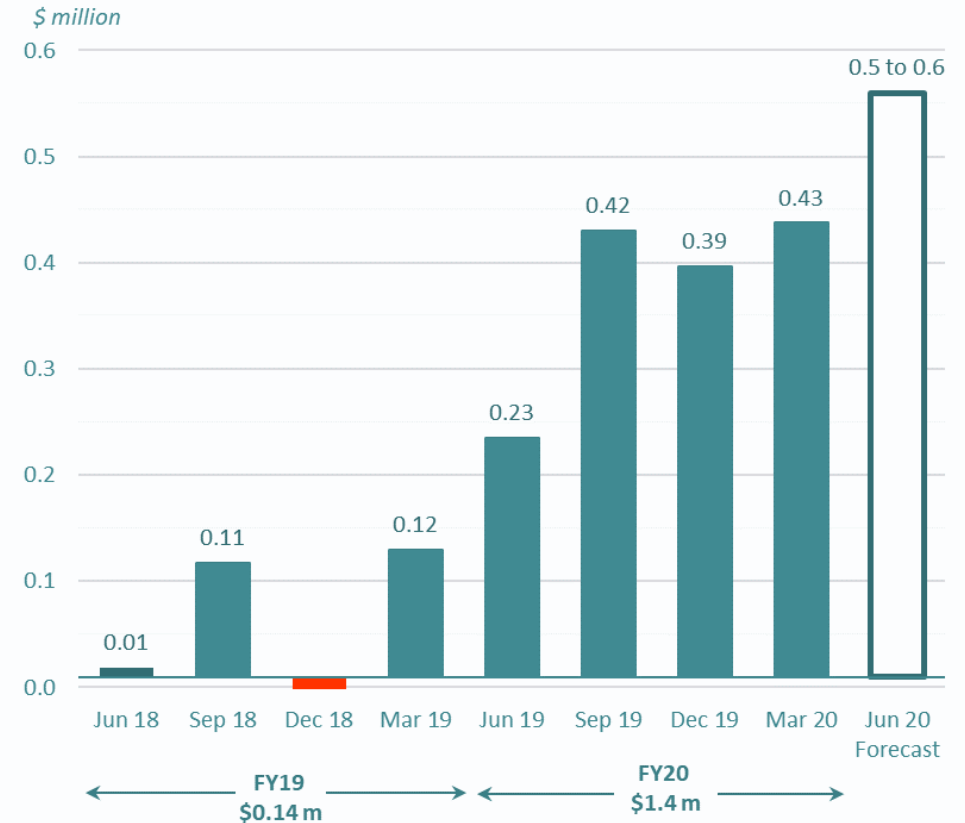


# Strong financial performance with growth trajectory ...

## Group Quarterly Revenue ('000)



## Group Quarterly PBT ('000)

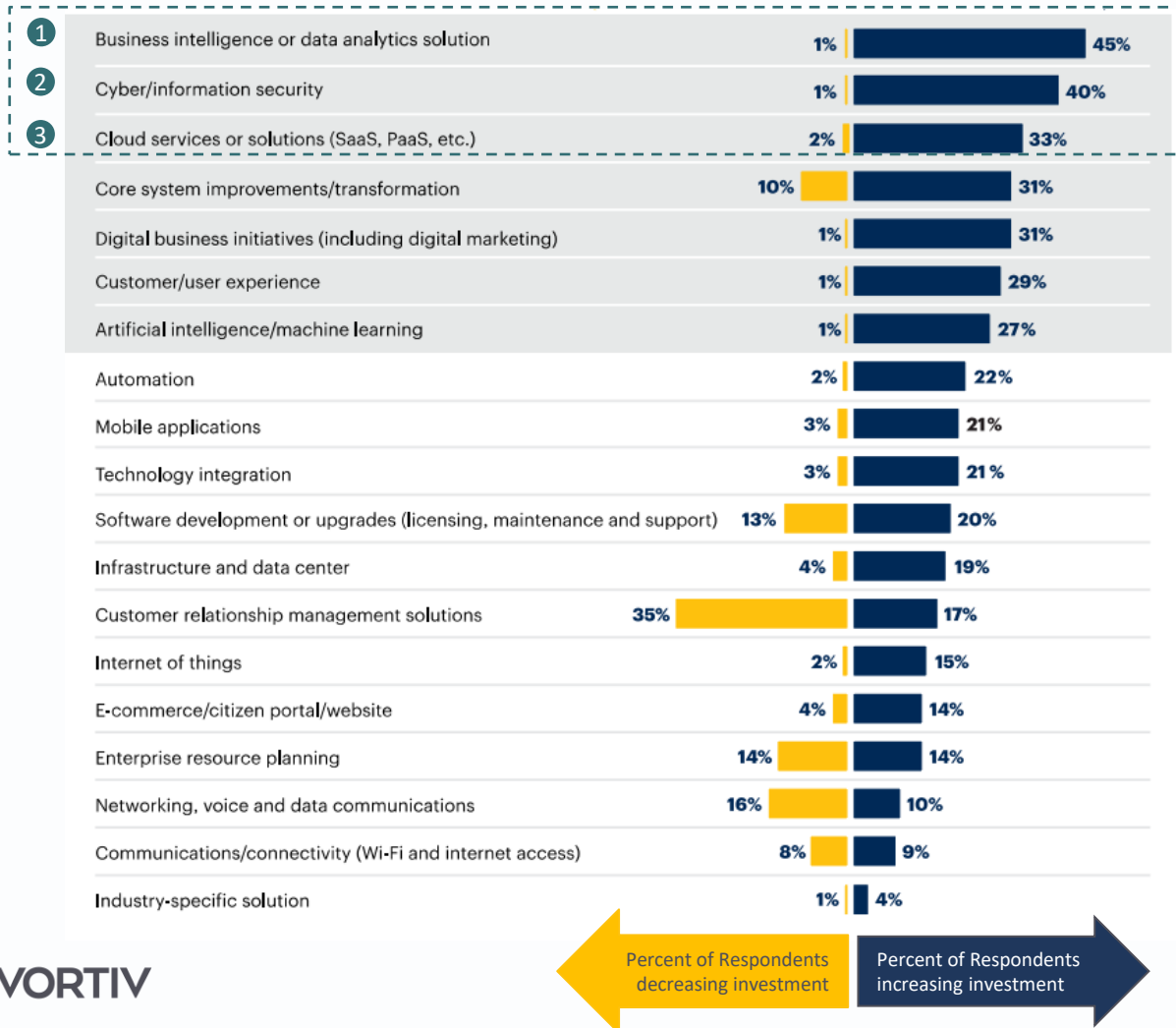


### Covid-19 Impact:

- No negative impact due to the strong dependence of our clients and critical nature of our services
- New contract wins and revenue growth despite lockdowns
- Record June 2020 quarter expected

# ... driven by attractive growth opportunities in the cloud & cyber security markets

Cybersecurity and Cloud are amongst the Top 3 areas where enterprises expected to increase IT spending ...



... and VOR is precisely positioned to capture this

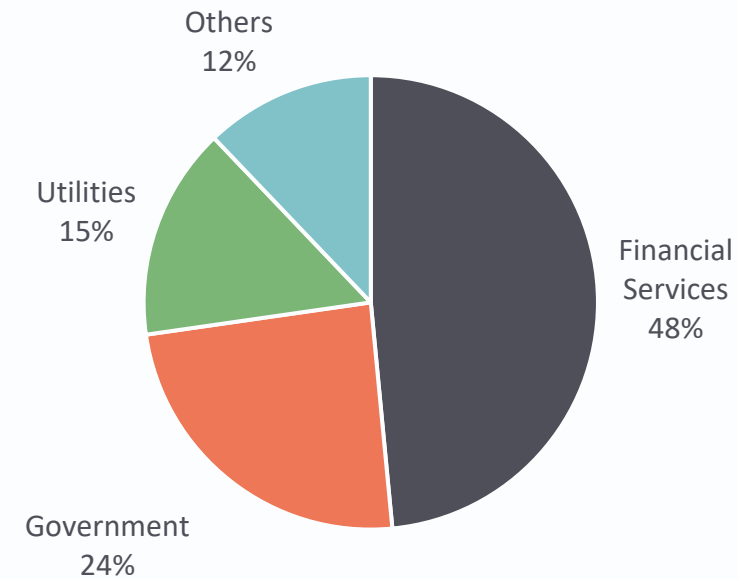
Source: Gartner's 2019 CIO Agenda; based on survey with 3,086 CIOs of enterprises globally.  
(Question: "What are the technology areas where your organisation will be spending the largest amount of new/additional funding in 2019?")



## Serving a loyal base of blue-chip clients

- ❖ Revenue from top 10 clients: 80%
- ❖ Average revenue per client: \$1m p.a.
- ❖ Ave. relationship with top 10 clients: 4 years
- ❖ Business with top 10 clients including:
  - Multi-year retainer contracts
  - Repeat business
  - Contract extensions
  - Cross-selling, upselling

### Revenue breakdown by industry



### Selected clients



## Update on non-core business: ATM services



### Facilitate 500 million transactions p.a.

- Serving the ATM market where transaction continues to grow at 8% in India
- ATM network comprises new ATMs deployed in the last 12 years



### Own/operate or manage 12,000 ATMs

- Provide multiple services to customers
- Potential for global outsourcing of ATMs to India
- Exploring inorganic growth opportunities to grow ATM network



### Serve 20 major banks + 4 major utilities

- Serving some of the largest banks in India
- Own, operate and manage 300+ payment kiosks



### Manage 2,000 e-surveillance units

- In-house developed technology for monitoring ATMs / Branches for banks
- Developing video analytics and artificial intelligence technologies to transform e-surveillance offering
- Exploring potential inorganic growth opportunities



### Provide services to 5,000 i-Pay merchants

- Launched new i-pay platform to offer on cash-to-digital payment solution to customers
- Broadening service offering and merchant network



### With 700 staff

- Located in 10 offices across India to broaden coverage

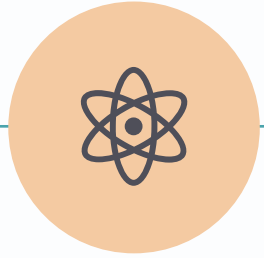
## Optionality value in passive interest

- ❖ Vortiv's interest in TSI India: 25%
- ❖ Positive EBITDA and operating cash flow
- ❖ FY19 financials:

Revenue	~\$50m
EBITDA	~\$1.7m
- ❖ Est. valuation of 25% stake: \$9.8m\*
- ❖ Executing profit improvement programmes to increase profit over the next 2 years

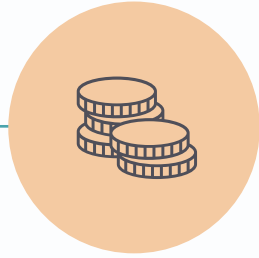
\* Based on independent valuation completed in June 2019

# Journey over the last 2½ years



EMBARKED ON CYBERSECURITY STRATEGY AND COMPLETED TWO ACQUISITIONS:

- DECIPHER WORKS
- CLOUDTEN



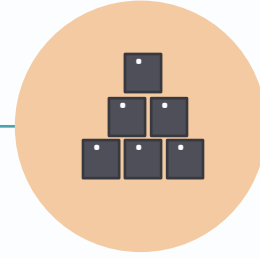
TRANSFORMED TO A SUSTAINABLE BUSINESS

- ACHIEVED PROFITABILITY IN FY19
- POSITIVE CASH FLOW FOR 8 CONSECUTIVE QUARTERS



STRONG GROWTH TRAJECTORY

- >30% GROWTH POST ACQUISITION



SOLID FOUNDATION TO BUILD ON

- BUSINESS MODEL
- CUSTOMER BASE
- TECHNICAL EXPERTISE

## Inorganic growth potential

Vortiv to continue pursuing inorganic growth potential:

- ❖ build on proven acquisition approach
- ❖ leverage on the foundation that has been built
- ❖ target 1-2 acquisitions in the next 12 months
- ❖ value accretive and deal structure to minimise dilution to shareholders

# Strategy for the next 12 months

## Deliver profitable organic growth of 25-30%

- Build on strong historical growth – 30-40% p.a.
- Continued focus on large clients in target industries: banks, insurance, government, utilities and education
- Gaining share of wallet in existing clients by cross-selling and deeper penetration into key accounts
- Expanding geographic presence in Victoria and Canberra

Evaluate opportunities to monetise investment in TSI India

## Long term Research & Development

To develop new products or solutions that provide new, recurring revenue stream.

## 1-2 complementary, value-accretive acquisitions

- High growth, proven businesses
- Complementary services, complementary clients

# Investment Highlights



## Strong Financials

- ❖ \$1.7m net operating cash flow for FY20 (up from \$0.7m for FY19)
- ❖ \$1.4m Profit before Tax for FY20 (up from \$0.1m for FY19)
- ❖ \$11.5m Group Revenue (up from \$5.8m for FY19)

## Fast Growing Markets

- ❖ Core business built on successful acquisitions in cloud and cyber security
- ❖ Estimated market growth in Australia of 15-20% p.a. and to reach \$16b by 2021<sup>1</sup>

## Solid Customer Base

- ❖ Strong organic growth driven by blue chip client base (large financial institutions, government, utilities)
- ❖ Healthy repeat business with loyal client base due to our strong technical expertise

## Inorganic Growth Potential

- ❖ Further value-accretive and complementary acquisitions
- ❖ Exploring R&D opportunities to provide significant jump

## Optionality Value

- ❖ Additional optionality via 25% passive interest in Indian ATM managed services business, independently valued in 2019 at \$9.8m
- ❖ Actively seeking exit to focus on core business

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