

REVERSE CORP LIMITED

Annual General Meeting 29 October 2015

CEO Presentation
Charles Slaughter



Agenda

- Overview
- Group Snapshot
- 1800-Reverse
- OzContacts.com.au
- Strategic Acquisitions
- Capital Management
- Management Priorities

Full Group Snapshot

Year to 30 June (AUD)	2015	2014	Year-on-Year
Revenue	\$8.8m	\$9.7m	↓ (9%)
EBITDA	\$3.1m	\$2.4m	↑ 26%
EBIT	\$2.8m	\$2.1m	↑ 33%
NPAT	\$2.1m	\$1.5m	↑ 38%
EPS	\$0.022	\$0.016	↑ 38%
Dividend per Share	\$0.01	-	-

- ❑ Stronger 1800-Reverse performance driving the improved Group result
- ❑ Result also boosted by focus on profitability in our OzContacts business where losses reduced; priority in FY16 is achieving scale
- ❑ Final Group turnaround step completed with the sale of TriTel payphone business in October 2014; EBITDA loss of \$80k for the year
- ❑ Remaining patient to find the right strategic acquisition for long term growth; company well positioned with just under \$7m in net cash

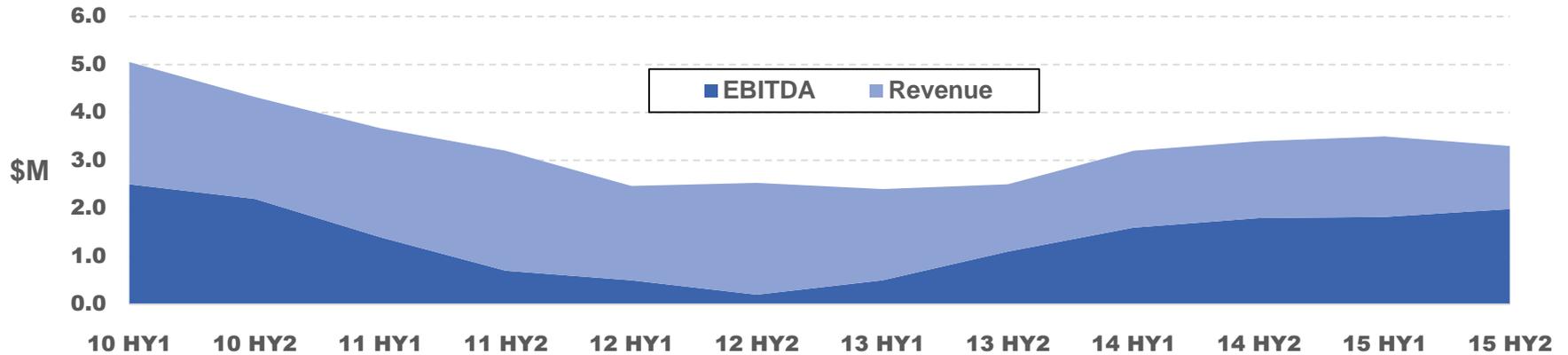
1800 Reverse - reverse charge calling

Year to 30 June (AUD)	2015	2014	Year-on-Year
Revenue	\$6.8m	\$6.6m	↑ 3%
EBITDA	\$3.8m	\$3.4m	↑ 12%
EBITDA margin	56%	52%	↑ 8%

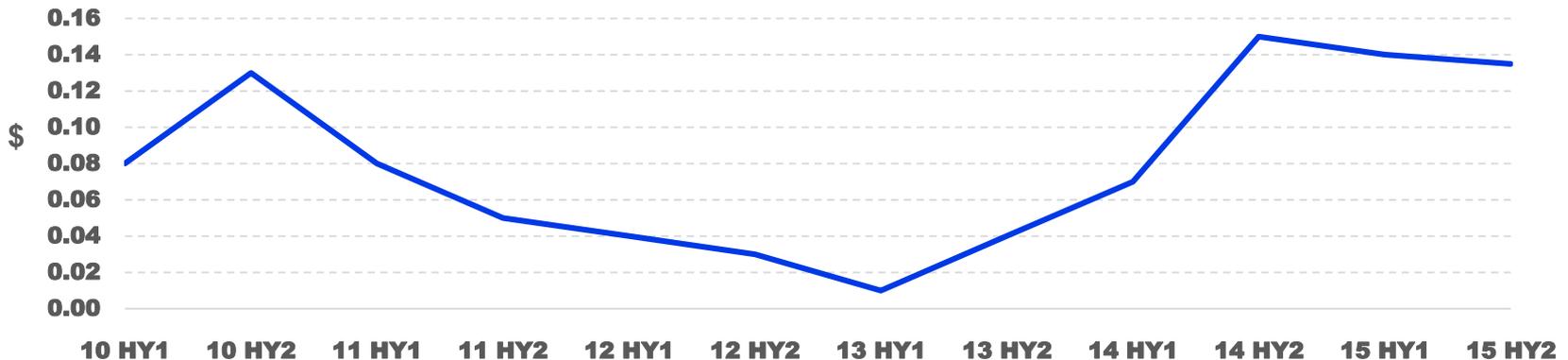
- ❑ Despite downward price pressure in the consumer mobile market across the year; overall 1800-Reverse call volumes remain stable
- ❑ The mix of call types continues to shift to calls-to-mobiles with calls-to-fixed lines in ongoing decline (down 25% on FY14)
- ❑ Increased profitability driven by operational initiatives including price changes, improved supplier terms and the integration of new mobile billing aggregators
- ❑ Minimal impact from the industry change making calls from mobiles (including out-of-credit prepaids) to 1800 numbers free
- ❑ Mobile operator price erosion and substituting VoIP call and messaging services (via smart phones + WiFi) pushing the market deeper into maturity

1800-Reverse continues to underpin Group earnings

1800-Reverse Half Year EBITDA & Revenue Since FY2010



REF Share Price* by Half Year Since FY2010



* Share price is at the last day of each half year period

OzContacts.com.au – online contact lenses store

Year to 30 June (AUD)	2015	2014	Year-on-Year
Revenue	\$1.8m	\$2.2m	↓ (16%)
EBITDA	(\$0.04m)	(\$0.3m)	↑ 87%
EBITDA margin	(1%)	(14%)	↑ 93%

- ❑ Continued focus on profitability, customer experience and refining the operating model has reduced EBITDA losses to \$40k with breakeven* achieved over HY2
- ❑ Steps to improve profitability have resulted in less new customer acquisition which has impacted short term momentum and contributed to revenue decreasing 16%
- ❑ Customer experience improvements have significantly increased satisfaction as measured by Net Promoter Score®; the focus on retaining profitable customers has also helped refine learnings for future targeted acquisition activity
- ❑ Michael Aarts appointed new MD to drive the next phase as we capitalise on our leading customer experience and achieve scale via acquisitions and organic growth
- ❑ Reverse Corp has a 95% stake

* Excludes one-off Management restructure cost

Strategic Acquisitions

- ❑ 50+ targets reviewed in the last 18 months and whilst remaining patient to ensure the best use of shareholders funds, we are ready to capitalise as opportunities arise
- ❑ Core reverse charge calling business is in the mature phase of its lifecycle, hence the importance of completing the right acquisition to replace and grow these earnings
- ❑ Target sector has evolved from Telco & Tech to broader Consumer including opportunities in the optical market building on OzContacts.com.au
- ❑ Priority is to identify a business with existing revenues (beyond concept or start-up) in a growth sector where we can acquire a majority stake and help grow
- ❑ Minority investments are not favoured unless there is strong strategic rationale

Capital Management

Year to 30 June (AUD)	2015	2014	Year-on-Year
Operating cash flow to 30 June	\$2.4m	\$2.2m	↑ 8%
Cash on hand as at 30 September	\$6.6m	\$5.3m	↑ 25%
Debt as at 30 September	\$0.0m	\$0.0m	-

- ❑ Fully franked Dividend of \$0.01 declared by the Board and paid on 17 Sept 2015
- ❑ Dividend yield is 6.7% as at dividend announcement date (27-08-15)
- ❑ The Directors hold that this level of continuing annual dividend is appropriate and will have no material effect on acquisitions and investments for long term growth
- ❑ Net cash at 28 October was \$6.7m

Management Priorities FY16

- 1. Identify the right major acquisition opportunity required to deliver long term growth**
- 2. Execute the plan to achieve scale in the OzContacts online contact lenses business**
- 3. Maximise the profitability of the mature 1800-Reverse business**

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