



# Prophecy International Holdings Ltd.

**(ASX:PRO)**

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## Prophecy

### Company Announcement 20<sup>th</sup> November, 2015

#### PROPHECY INTERNATIONAL HOLDINGS LIMITED AGM 2015

Ladies and gentlemen, good morning and welcome to our Annual General Meeting for 2015.

Our key message for the last year and into our future is one of GROWTH. About the time of our 2014 AGM the Prophecy market cap stood at \$20 million. Since then, our market cap has shot up by some 650% to hit \$150 million at the time of preparing these words. That is a fantastic result for shareholders.

Our share price low point of 36 cents in the last 12 months was about the time of our last meeting. Since then Prophecy hit a recent market high of \$2.51 showing a growth of 597% from low to high. Its our best 12 month market move in memory.

Our FY15 Revenue came in at \$10 million compared to the previous FY14 Revenue result of \$7.1 million. That gave us a 41% growth in Revenue year on year.

The FY15 profit before tax came in at \$3.4 million compared to the previous FY14 profit before tax result of \$1.3 million. This gave us a 161% growth in Profit before tax year on year. Before the impairment number for FY15, the operating profit before tax stood at \$4.1 million. The Prophecy business showed excellent overall growth in both revenue and profit in FY15 and that was much appreciated by shareholders.

The real story for the year though, was all in the SNARE growth numbers for FY15. New sales of SNARE software products marched up from \$1.5 million in FY14 to \$5.5 million in FY15. That's a 244% growth year on year which came from our new investment in direct sales resources combined with a disciplined approach to the entire prospecting and sales process. The sales team worked very hard and were backed by the whole development and support team in producing a fantastic rate of growth of new sales invoiced.

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Total invoicing for SNARE products including recurring invoicing from existing customers came in at \$6.7 million for FY15 compared to \$2.9 million for FY14. Those numbers showed a growth of 131% overall for total invoicing year on year for SNARE.

Not all of the invoiced amount gets recognised as Revenue in the financial year as part of the revenue recognition gets spread over a 12 month support period. The actual accounting Revenue recognised in FY15 therefore came in at \$6m for SNARE in FY15 compared to \$2.6 million in FY14. Again this showed a growth of 131% for SNARE revenue year on year.

The SNARE growth for the year was a fantastic result as the expected run rate when plans were set early in the year was at the 50% level.

With all the positive activity for the year, there was a great deal of market interest for PRO shares and as a result, the number of shareholders moved from 1066 at the time of the last annual report to 1518 as at the current annual report. That was a 42% growth in actual shareholders over the course of the year. Interest in PRO has continued its momentum and the number of shareholders has continued to grow since the report was produced.

A year ago, Prophecy basically had one Institutional investor on board as a shareholder. Again, once the market started to take notice of the great growth numbers coming through, the interest from additional Institutions jumped markedly and at the time of our annual report, eight Institutions had become shareholders.

I am aware of two reports that are in process to provide Initial coverage of the Prophecy potential into the future. These are due to be available in the November to December timeframe.

Our 2016 growth plan provides for additional growth once again to continue the momentum established in FY15. This overall growth is to come from both the newly acquired eMite business as well as organic growth from our SNARE business.

Overall group Revenue for FY16 is planned to hit \$20 million as previously forecast, and if achieved, that would represent a 100% growth on the group position for FY15, continuing our growth position.

In addition, the overall group Profit before tax is expected to come in at \$8.5 million on those revenue numbers. That result would show a 150% growth on the FY15 reported profit number.

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The SNARE business in 2016 is expected to show revenues of \$10m for the full FY16 and at that level, would provide growth at 67% over FY15 levels. This growth is expected to come from a continuation of expansion of our direct sales resources combined with additional resources being applied to the area of partnership sales and marketing activities. These investments are expected to drive a continuation of the sales momentum growth for SNARE products at a healthy rate.

Our new eMite business is expected to show FY16 revenues of \$6.5 million which would provide a 67% growth compared to the FY15 position. Additional investment will provide for the expansion of the eMite salesforce along with an increased focus on partnership activity. Another key area for growth will be the ability for eMite to have access to the SNARE base customers for targeted sales campaigns.

As recently announced, our Q1 results for FY16 came in with some excellent numbers to start our new year. Revenue for FY16 Q1 came in at \$4.5 million compared to \$1.4 million in FY15. That's a growth of 221%.

New sales for FY16 Q1 came in at \$3.4 million compared to \$0.63 million in FY15 Q1. That represents a growth of 440%.

Profit before tax for FY16 Q1 was \$1.94 million compared to \$0.25 million in FY15 Q1. Growth of profit for Q1 was 676%.

Clearly, our FY16 Q1 result shows the continued growth momentum from FY15. On the back of that start, we expect to be able to meet our revenue and profit targets for FY16. SNARE sales momentum has continued and we expect to be able to energise the eMite sales potential to provide pleasing growth for our new business. Shareholders can expect to see interest in PRO to continue to grow generally with increased attention from additional Institutions during the course of the year.

As previously, we will begin our search for the next compatible acquisition, but there will be no hurry for that.

As some of you know, Tony Weber will be retiring at the end of this AGM. Tony has been a director of Prophecy for some 18 years and for all of its listed life. In that time, Tony has provided both diligent and loyal service to the company during his time and we sincerely thank him for everything that he has been able to achieve during his time with Prophecy.

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It has been fantastic that Tony has been able to go out on an absolute high with the company in its best position ever in terms of recent achievements and future potential.

In addition, I need to thank all of our staff who have done the hard work necessary to meet the many milestones that we have achieved in the year. Great progress has been made in all aspects of our new combined business. Prophecy now has some 50 staff as a result of the eMite acquisition and they are already knocking over the FY16 business challenges.

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