



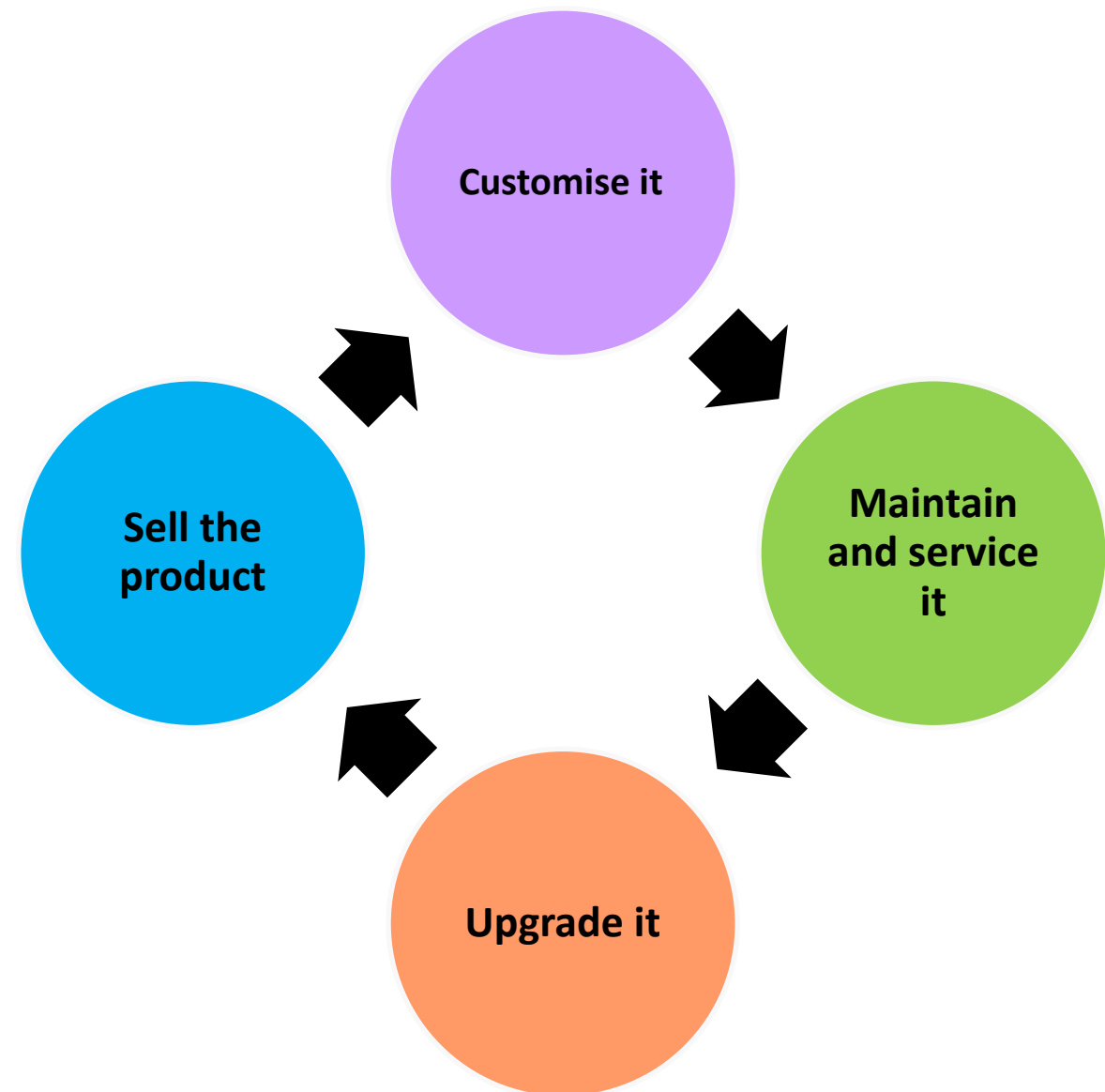
**Story-i Limited**  
your apple, our story

**ASX:SRV**

**Investor Presentation**  
**June 2016**

# Investment Overview

- Simple business model
  - Sales > Customisation > Ongoing servicing > Upgrade
- High growth profile
  - 4 Business units driving organic and acquisitive growth
- Audited FY15 revenue of A\$22.7m & EBIT of A\$1.9m
- Forecast FY16e
  - Revenue **A\$27m, 18.9% growth** (YoY)
  - EBIT of **A\$2.5m, 31.6% growth** (YoY)
- Recurring revenue streams
  - Hardware and software renewal
  - Service and maintenance
  - Cloud hosting and shared services



# Corporate Overview

## Yulius Halim, Chief Executive Officer:

- Over 26 years experience in IT industry
- Held a number of senior management positions in high profile IT companies in Indonesia
- Dell, Microsoft and Ingram Micro

## Djohan Widodo, Chairman:

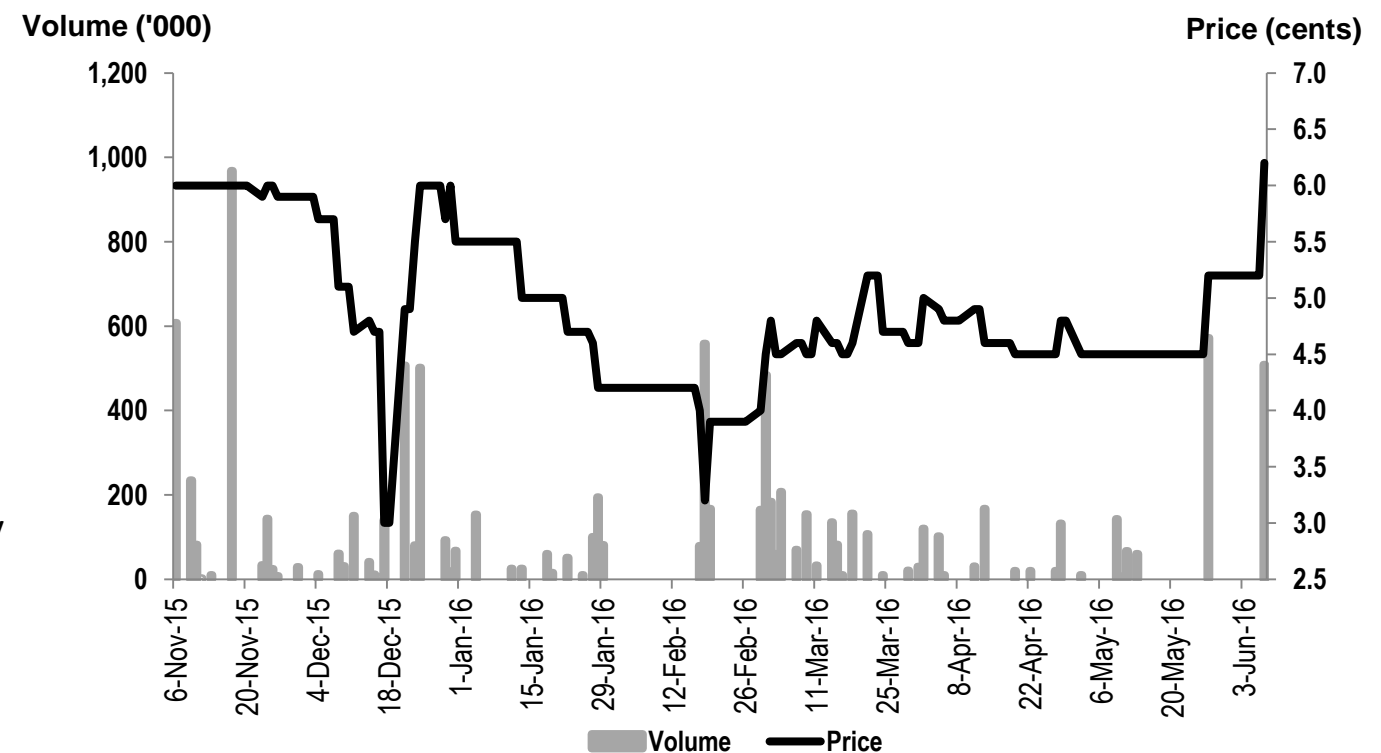
- CEO at Senopati Group
- Provides logistics and distribution services to automotive industry
- Including a partnership with Mitsubishi

## Michael Chan, Executive Director:

- Founder of Story-i
- Grew the business from 1 – 14 stores over 4 years (2010-14)
- Focused on expansion in Southeast Asia

## Michael Pixley, Non-Executive Director:

- Experience in strategic corporate development, corporate advice and transactional structuring
- Significant contact networks throughout the Asia-Pacific region



## Security Information

ASX Code	SRY
Shares on issue	138,443,708
Market capitalisation	\$8,583,509 <sup>1</sup>
Board Ownership	18.79%
Forward P/E (FY16e)	2.72 <sup>2</sup>

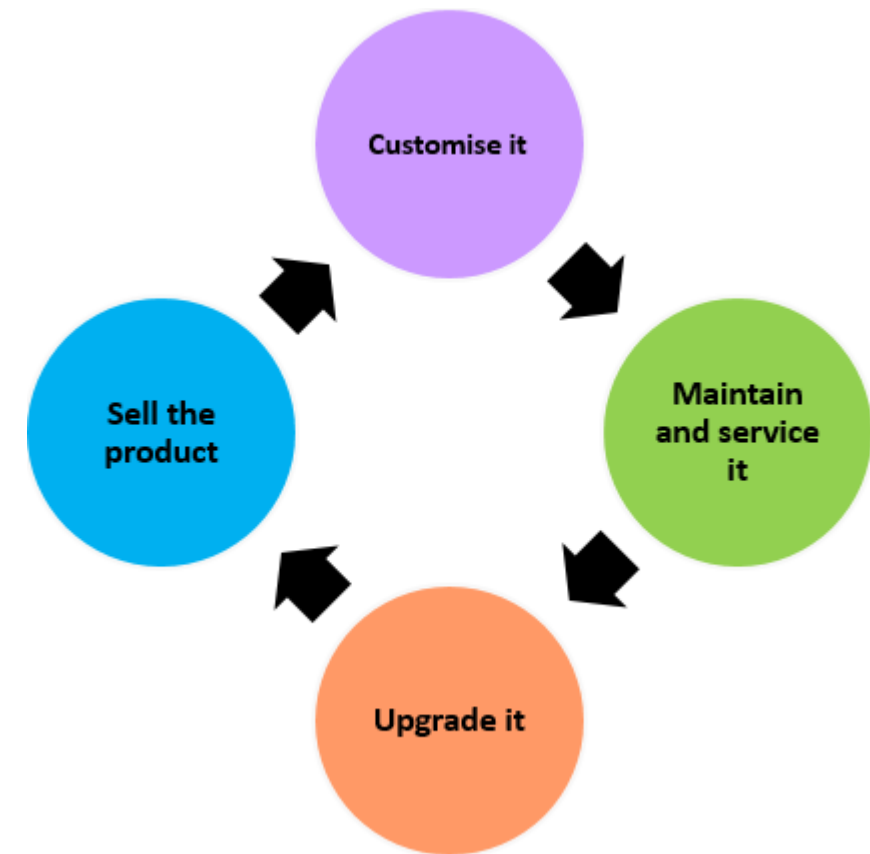
1. Data from IRESS as at close 7/06/16

2. Price used 30 Day VWAP at 31 May 2016 (4.9c)

# Revenue Model

*Revenue generative opportunities throughout the product lifecycle*

- Sales
  - Supply hardware + proprietary software
  - Resell software + User licences
  - Centralised hosting/Software as a Service (Saas)
- Customisation
  - Create/modify to suit client specifications
  - Implement and deploy solution
- Ongoing servicing
  - Provide ongoing service/maintenance
  - Website/App/Database management
- Upgrade
  - Infrastructure/ecosystem upgrade
  - Hardware servicing and renewal
  - Software licensing renewal

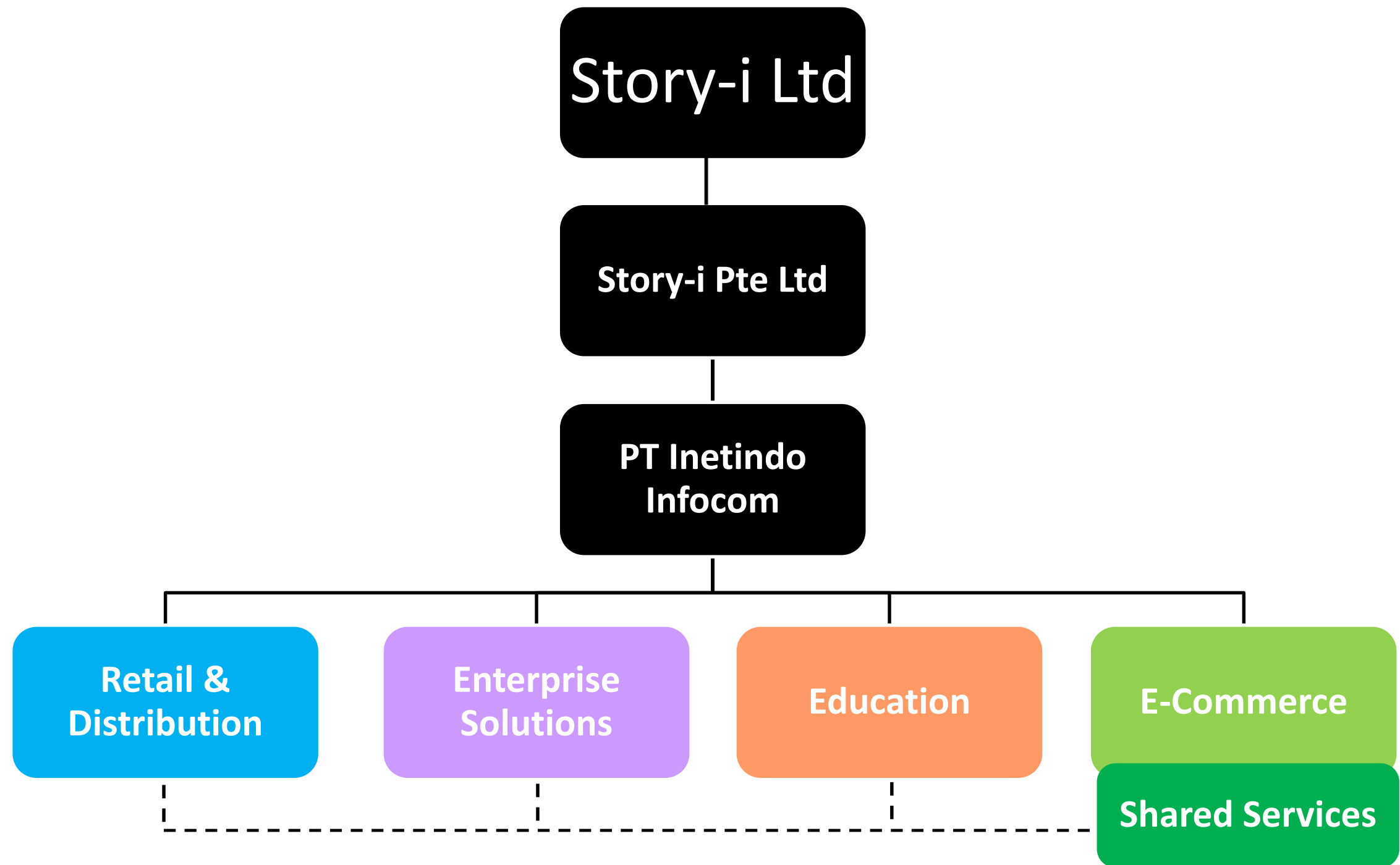


	Retail	Education	Enterprise	E-commerce
Sales	✓	✓	✓	✓
Customisation		✓	✓	✓
Ongoing servicing	✓	✓	✓	✓
Upgrade	✓	✓	✓	✓



# Business Structure

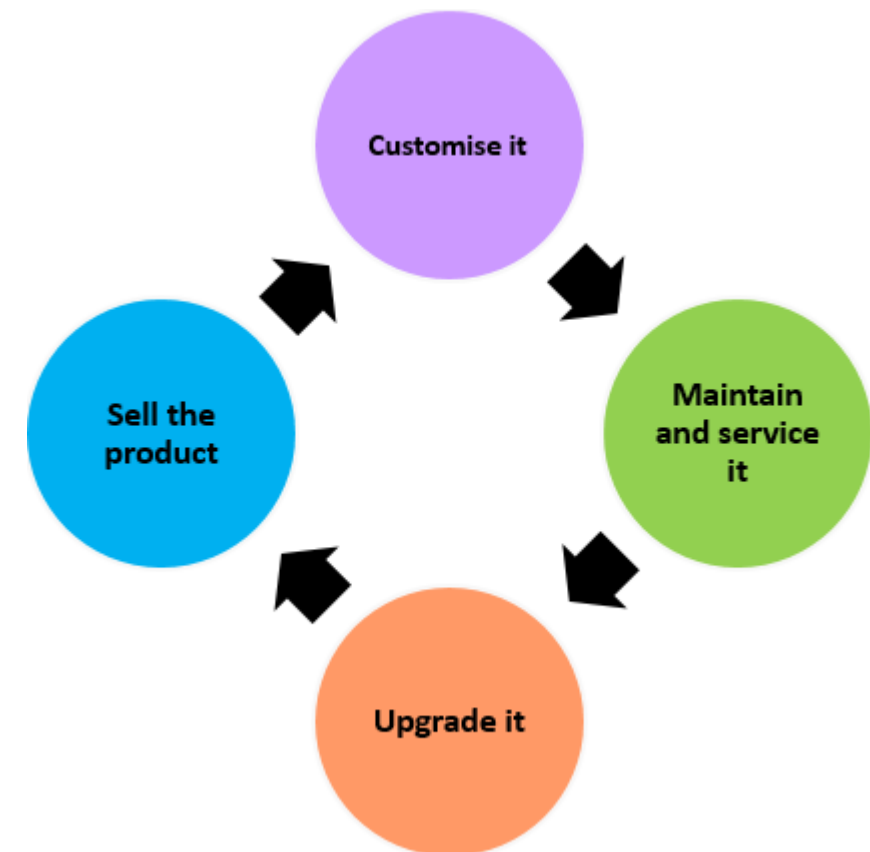
# Business Structure



# Retail Division

*Executing growth strategy in core markets and expanding to new markets*

- Total of 19 Story-i owned and operated stores
- Indonesia
  - 12 Apple 'Authorised Reseller' stores, including 2 in-store outlets
  - 6 iConnect multi-brand stores (Samung & Lenovo)
- Vietnam
  - 1 Apple 'Premium Reseller' store
  - 'Premium Reseller' status equates to higher margins
- Growth Strategy
  - Expand existing store network to include Indonesia, Vietnam, Myanmar and Australia
  - Organic growth and acquisitions
- Target markets have a combined population of 400m



# Retail Division: Store Formats



## Story-i

- Core demographic: middle-high income
- Leading authorised Apple reseller
- Retail a complete range of Apple products and accessories
- Targeted toward consolidating Apple resellers through acquisitions
- 12 stores



## iConnect

- Core demographic: low-middle income
- Retail outlet for mobile phones, computers and accessories
- Focus on Samsung and Lenovo mobile products
- Online e-commerce platform
- 6 stores



## GeekZone

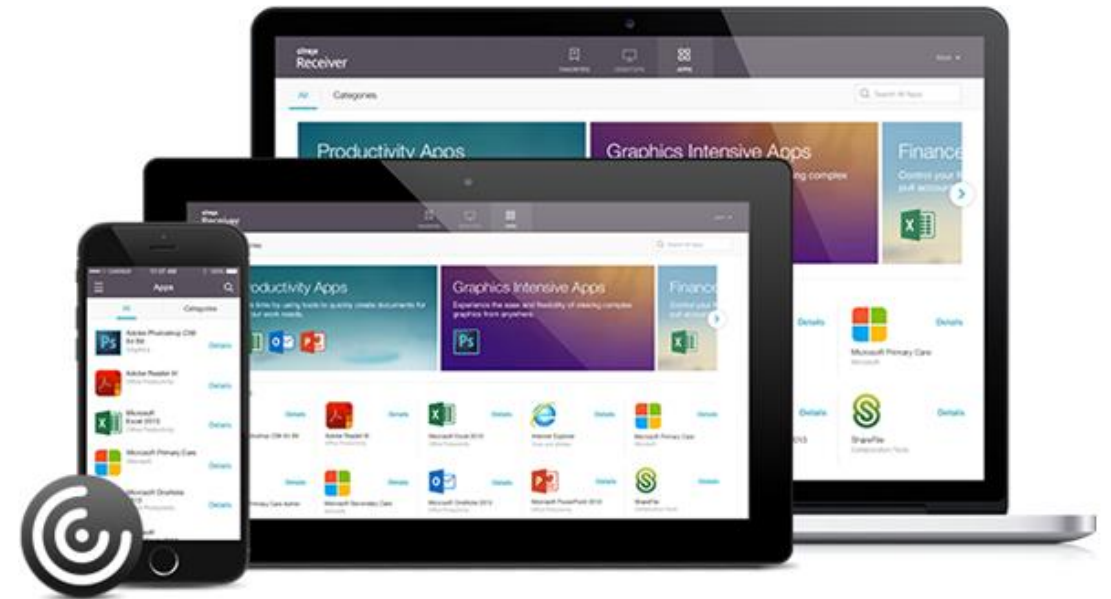
- Core demographic: middle-high income
- Provides software, equipment servicing and applications
- Located within Story-i stores
- Authorised Apple service provider in Indonesia
- 2 in-store outlets



# Enterprise Division

*Leverage global branding to penetrate Business-2-Business market*

- Sales, customisation and servicing enterprise solutions
  - Bundling hardware and software
  - Customisation and Implementation
  - Ongoing servicing and maintenance revenues
  - Hardware/software renewal
- Existing reseller agreements with significant multinationals
  - Mobile devices (Apple, NSDQ:AAPL)
    - ‘Authorised Reseller’ status
    - Globally recognised, high-end electronics brand
    - Mac Pro Server, Mac Book Pro, iPad and iPhone
  - Enterprise software solutions (Citrix, NSDQ:CTXS)
    - U.S. Multinational, US\$3.14bn annual revenues
    - Used by > 330k organisations, 100m users globally



# CITRIX®

# Enterprise Division

*Sales, customisation and servicing of bundled Business-2-Business solutions*

- Key Contracts: Hardware, software and servicing
  - PT Media Nusantara Citra Tbk (IDX:MNCN)
    - Southeast Asia's largest integrated media group
    - Pay-TV, Free-to-air, magazine and print
  - PT Bank DBS Indonesia
    - Indonesian subsidiary of DBS Bank (Singapore)
    - 7 years consecutive 'Safest Bank in Asia'
- Working closely with Mitsubishi in Indonesia
  - Roll-out of bundled solutions through dealership network
  - Potential for wider roll-out to Mitsubishi's
    - Manufacturing Division
    - Supply Chain Division



# Education Division

*Positioned to capitalise on current shift in education delivery initiatives*

- Bundle mobile learning solutions to Indonesian schools and education institutions
  - Mobile devices tailored to education
  - Network infrastructure (LAN, WAN, Wi-Fi and Data Centre)
  - Customised software to suit culture, language and curriculum
- Awarded official 'Authorised Apple Education Provider' status
- Recurring revenue
  - Service and maintenance of hardware / infrastructure
  - Application, website and database management
  - Centralised hosting and shared services
  - Device and software licensing renewal



- Indonesian Government to spend A\$14.4b on education CY15
  - Budget increase of 13.3%
  - Shift toward mobile learning presents significant opportunity
- Indonesia has world's 4<sup>th</sup> largest education system
  - Over 260k schools
  - 65% are fee paying, secondary private schools



# Education Division

*Positioned to capitalise on current shift in education delivery initiatives*

- Key Contracts: Hardware, software, servicing and hosting
  - Perkumpulan Sekolah Kristen Jakarta (PSKD) - 16 schools
    - Supply new Apple devices and customised software
    - Yearly hosting and software maintenance
    - Service and maintenance of network infrastructure
    - Potential +\$500k sales revenue
  - BPK Penabur - 79 schools, 15 cities
    - One of the largest private school chains in Indonesia
    - **Expected revenue add \$2.5m FY16**
    - Fully customised software requirement
- Moving forward
  - Partnerships with leading education software providers
  - Highly prospective business development pipeline

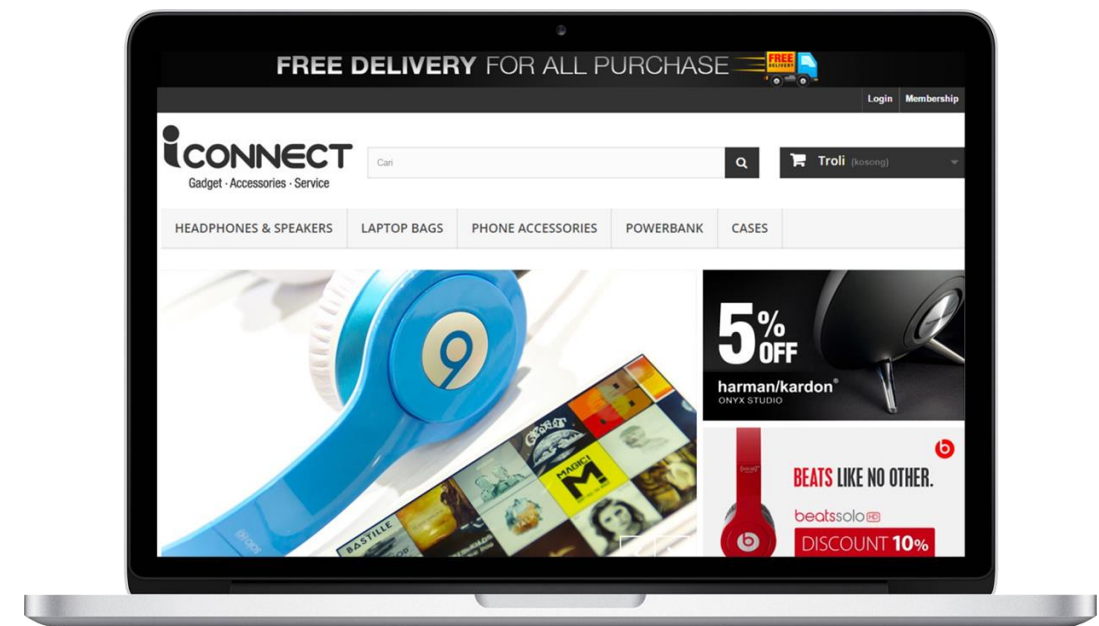




# E-Commerce Division

*Well defined online platform to provide organic sales growth and geographic reach*

- iConnect
  - CRM Platform to drive market penetration extend reach
  - Ideal for a geographically fragmented retail market i.e. Indonesia/Vietnam
  - Significant sales exposure beyond physical storefronts
  - Customer membership/rewards program
  - Feeds consumer and market data analytics
- Shared Services
  - ‘IT Backbone’ of Story-i
  - Provides ICT infrastructure to other business units
    - Data centre, CRM/Database management
  - Provides Cloud-based services to clients
    - Centralised hosting, SaaS, Web/App/Database management





# Growth Strategy

# Growth Profile

*Well established strategy to support future growth*

## Growth opportunities

New stores	<ul style="list-style-type: none"><li>• Solid pipeline of <b>new store openings</b> in Indonesia, Vietnam and Australia</li><li>• Story-i will continue its disciplined approach to selecting new stores based on location and demographics</li></ul>
Economies of scale	<ul style="list-style-type: none"><li>• Attain Apple premium reseller status in Australia delivering more <b>favourable pricing terms</b></li></ul>
Expansion of Enterprise and Education Division	<ul style="list-style-type: none"><li>• <b>Strengthen current reseller partnerships</b></li><li>• <b>Build new partnerships</b> to drive increase in product offerings and solution delivery across all divisions</li><li>• <b>Enterprise solutions</b> for domestic SMEs and multi-national corporations with service &amp; maintenance contracts</li><li>• Finalise distribution rights for <b>well known branded accessories</b> across Indonesia, Vietnam, Myanmar and Australia</li><li>• Leverage the release of <b>new products to market</b> as they are added to Story-i's offering</li></ul>
Platform	<ul style="list-style-type: none"><li>• Continue to build online sales platform and <b>expand E-commerce capability</b></li><li>• Expansion of mobile kiosks with products &amp; device maintenance and service</li></ul>
Acquisitions	<ul style="list-style-type: none"><li>• Continually review <b>acquisition targets</b> that are consistent with our strategy of <b>accretive bolt-on acquisitions</b> that add scale to our existing business</li></ul>

# Outlook for FY16 and beyond

Forecast FY2016 Revenue of A\$27m (+18.9% vs FY2015) with EBIT of A\$2.5mm (+31.5% vs FY2015) .

\*\*Revenue forecast does not include M&A targets.

- **Drive organic and acquisitive growth**

- Additional store openings in Indonesia (**Organic**)
- Replication of business model in Vietnam (**Geographic**)
- Entry into Australian and Myanmar markets (**Geographic and Acquisition**)

- **Leverage iConnect platform**

- Data analytics driving further growth
- Further expansion of customer base
- Additional store openings (Geekzone and iConnect)

- **Growth in Enterprise, Education and E-Commerce Divisions**

- Further penetration into Enterprise and Education markets through
  - New client relationships (Corporates, SME's, Schools and Universities)
  - Deployment of new offerings to existing client base
- New Software launches (proprietary and partnership)

- **New product launches**

- iPhone 7 and 7 Plus
- Apple TV (4<sup>th</sup> Gen)
- Macbook Air
- OS X El Capitan
- Apple Watch 2
- Macbook Pro Retina (New Gen)
- Macbook (New Gen)
- iMac (New Gen)
- iPod (New Gen)

Planned Store Network	
Organic Growth	23
Geographic Expansion	3
Acquisitions	4
<b>Total</b>	<b>30</b>





# Market Opportunity

# Market Opportunity: By Division

*Indonesia is an attractive market to execute the growth strategy*

## Retail

- **~100 million smartphone users** by 2020 (4<sup>th</sup> largest market in the world)
- Smartphone market expected to **grow at 11.2% (CAGR) 2016-20**
- Indonesia added 12.8m smartphone users in 6 months from Sep '14 – Mar '15 (42% to 50% of population aged 14+)
- Highest smartphone penetration 14–34y demographic

Source: Roy Morgan Single Source (Australia); Business Insider

## Enterprise

- **70% of 56.6m Indonesian SME's** don't currently use IT solutions
- **Cloud services to emerge as key component** in strategic IT development in Indonesian businesses
- **Cloud computing market to expected to reach US\$120m** by 2017, SaaS to be preferred choice

Source: Frost & Sullivan; Australian Trade Commission



# Market Opportunity: By Division

*Indonesia is an attractive market to execute the growth strategy*

## Education

- **Higher education market to grow from US\$3.0bn – US\$15.0bn by 2030**
- By 2017, Indonesia will **spend more on mobile learning** than elearning
- Many Indonesian educational institutions don't yet possess Learning Management Systems (LMS)
- Opportunity in mobile language learning as public and private sectors move toward English proficiency

Source: e27, Ed-Tech Startups in Indonesia helping fill education gap; Ambien Insight Research; Australian Trade Commission



## E-Commerce

- **Indonesian e-commerce market becoming one of Asia's most attractive destinations for investment**
- The rising levels of affluence lead to increased spending on **electronic goods** (mobiles, tablets etc) and **lifestyle products** (customised accessories). Subsequently these are seen as the most promising areas of e-commerce

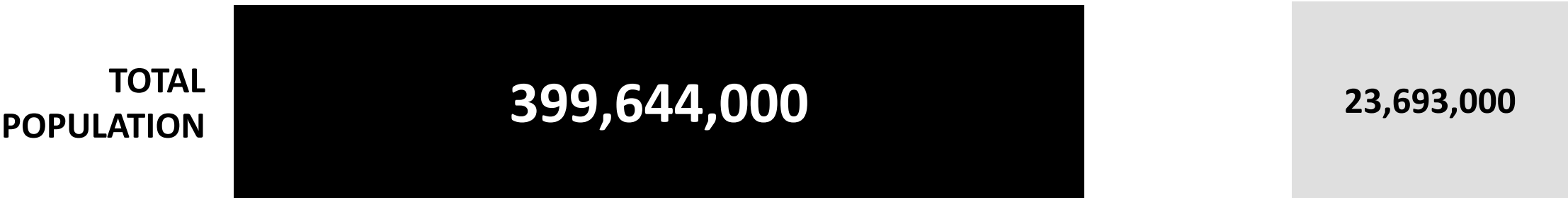
Source: Australian Trade Commission

# Market Opportunity

*Indonesia's population is young, growing and rapidly urbanising...*

	Indonesia	Vietnam	Myanmar		Australia
Population ('000)	253,609	92,775	53,260	VS	23,693
Population <30	51%	54%	54%		40%

The population of the 3 counties are **substantially younger** with 53% aged <30 years old (vs. 40% in Australia)



Total population of the 3 counties are **16.9x the size of Australia's population**.  
The market population is continuing to grow.

# Store Locations: Regionally Established



Existing location  
Planned location



# Financial Overview

# Financial Overview

*Story-i Ltd Audited financial statements & forecast – excluding M&A targets*

## Summary profit & loss

December year end, A\$m	FY13A	FY14A	FY15A	FY16e	Growth*
<b>Revenue</b>	<b>18.3</b>	<b>21.8</b>	<b>22.7</b>	<b>27.0</b>	<b>47.5%</b>
COGS	(15.1)	(18.4)	(18.7)	(22.1)	
<b>Gross profit</b>	<b>3.2</b>	<b>3.4</b>	<b>4.0</b>	<b>4.9</b>	<b>53.1%</b>
<i>Gross profit margin</i>	<i>17%</i>	<i>15%</i>	<i>17%</i>	<i>18%</i>	
CODB	(1.8)	(1.7)	(2.1)	(2.4)	
<i>CODB margin</i>	<i>10%</i>	<i>8%</i>	<i>9%</i>	<i>9%</i>	
<b>EBIT</b>	<b>1.4</b>	<b>1.7</b>	<b>1.9</b>	<b>2.5</b>	<b>78.6%</b>
<i>EBIT margin</i>	<i>8%</i>	<i>7.8%</i>	<i>8.4%</i>	<i>9%</i>	

\*FY13A – FY16e

## Commentary

- Audited financial statements for FY12, FY13 and FY14 are based on 31 Dec year end. Audited financial statements for FY15 are based on 30 June year end.
- Gross margins improved through better product mix
- EBIT is forecast to increase from A\$1.9m in FY2015 to A\$2.5m in FY2016
- Growth is being driven by the increase in profitability as a result of the store roll-out program and expansion into Enterprise & Education sales
- Strong possibility of adding scale to existing network through accretive bolt on acquisitions.  
**Potential of adding A\$19m in revenue in FY2017.**

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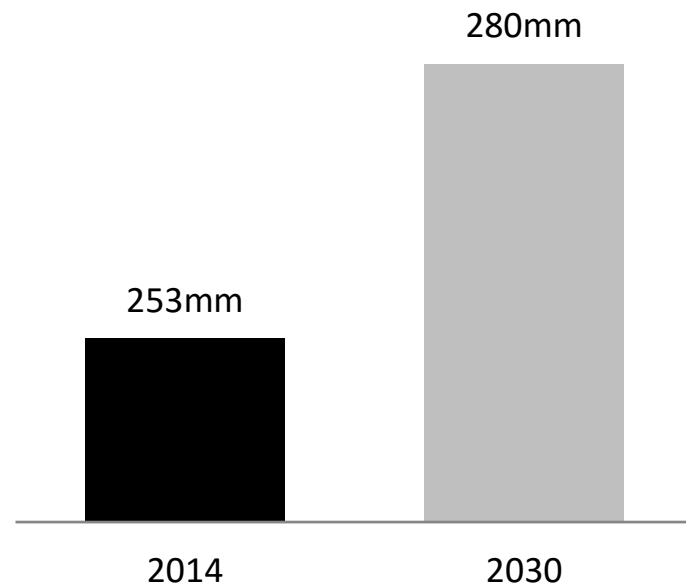


# Appendices

# Appendix: Market opportunity

*Indonesia's population is young, growing and rapidly urbanising...*

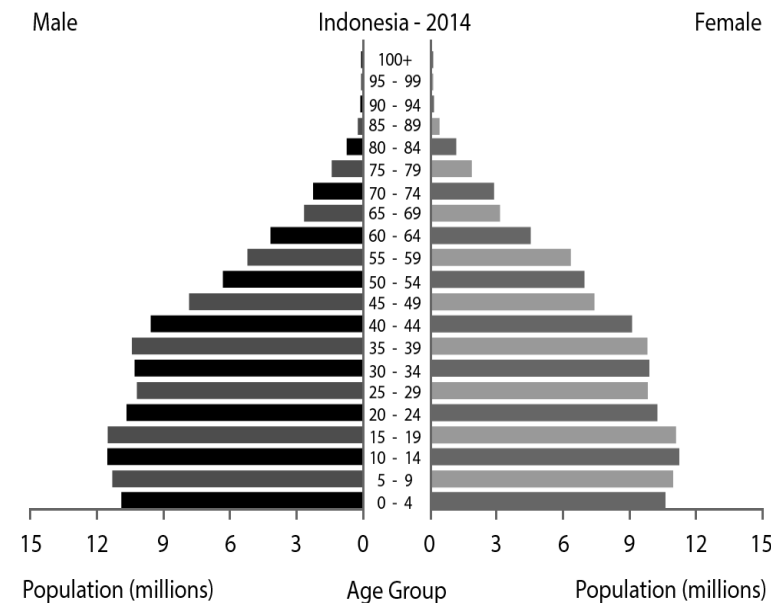
## Population



Source: [x]

- World's **4<sup>th</sup>** most populous nation
- Population expanding to over 280 million by 2030

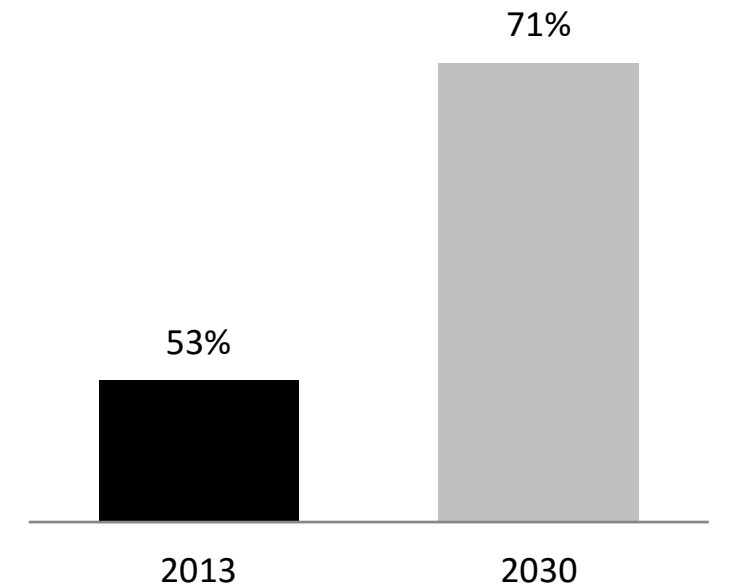
## Demographic



Source: CIA World Factbook

- **Young demographic**, with 60% of the population under 39
- Median age of 29.2 years

## Urbanisation



Source: McKinsey & Company, The Evolving Indonesian Consumer

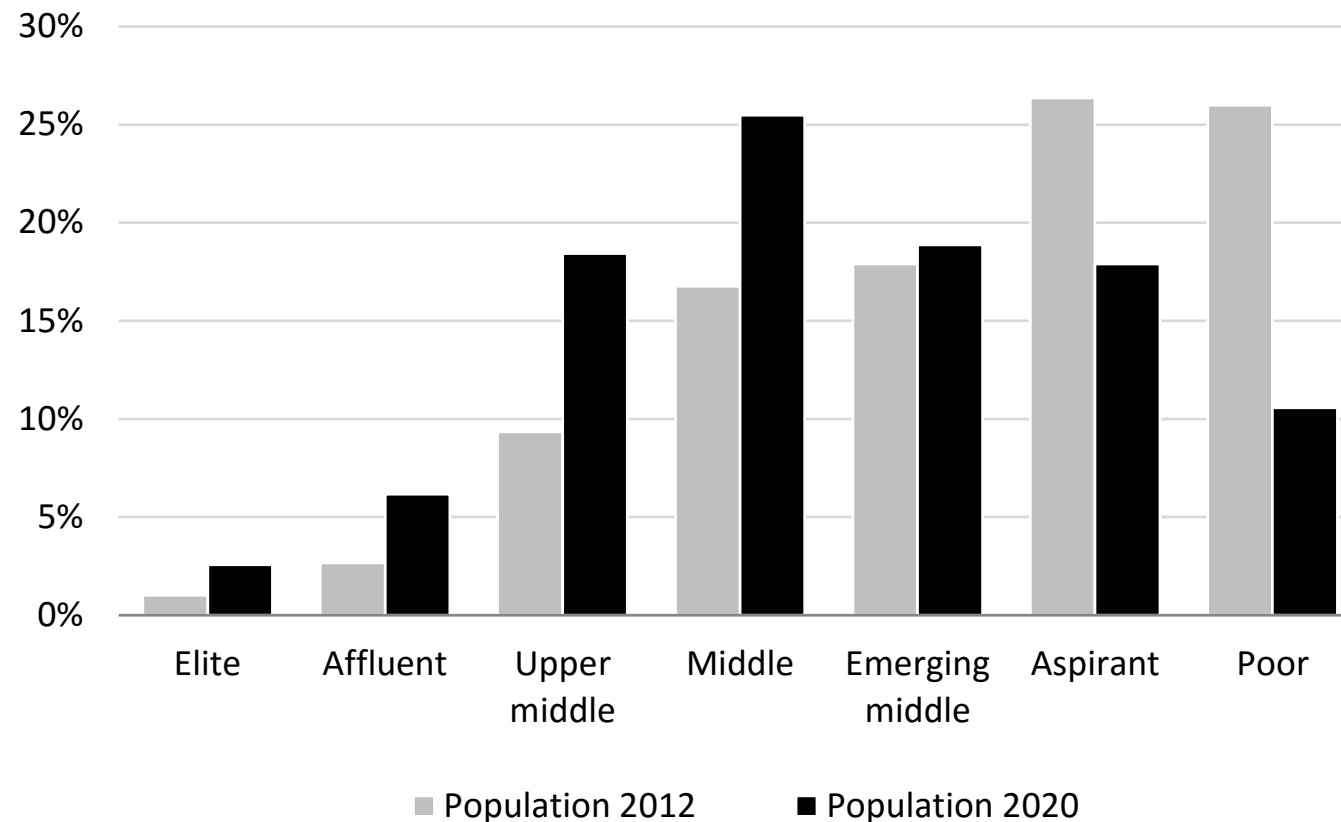
- **Rapid** levels of urbanization
- Urban population expected to reach 71% or ~200 million people

**Favourable demographics, the Indonesian economy is widely expected to continue to grow at a strong pace over the next decade [7<sup>th</sup> largest in the world]**

# Appendix: Market opportunity (cont'd)

*... making it one of the fastest growing consumer markets in the world...*

## Rising levels of affluence



## Commentary

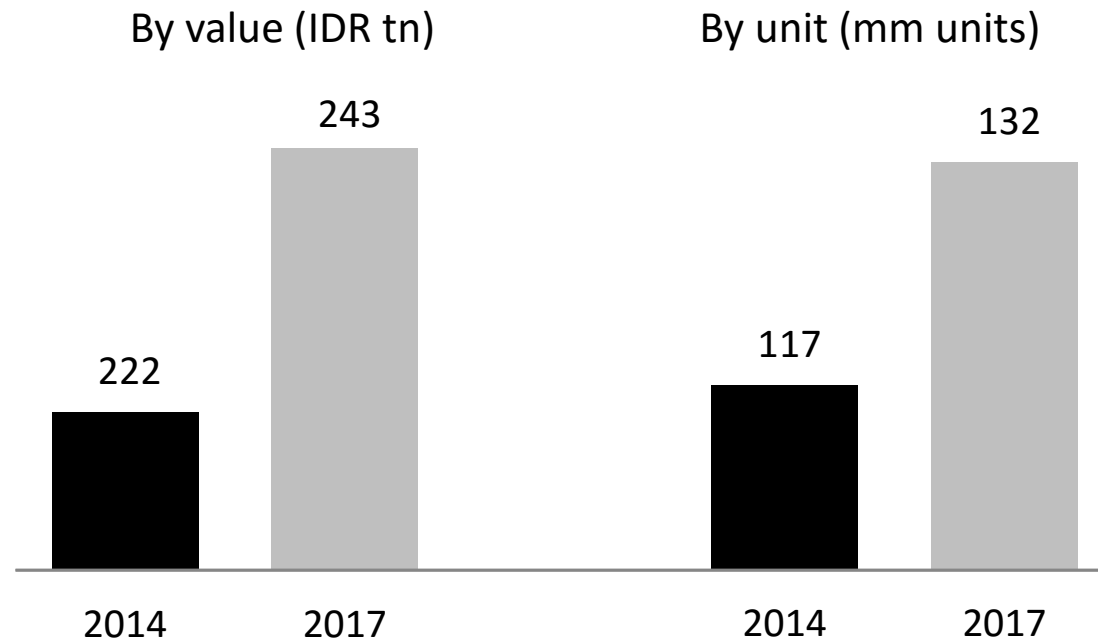
- **Large and growing Indonesian consumer class**
  - Consumer class currently consists of 74mm people (~30% of the population)
  - **Consumer class** forecast to grow to **141mm people by 2020** (~50% of the population)
- Indonesian consumer class expected to grow by 8 – 9mm people each year
- Drive growth of discretionary consumer purchases

**Growing levels of affluences will drive growth in consumer spending**

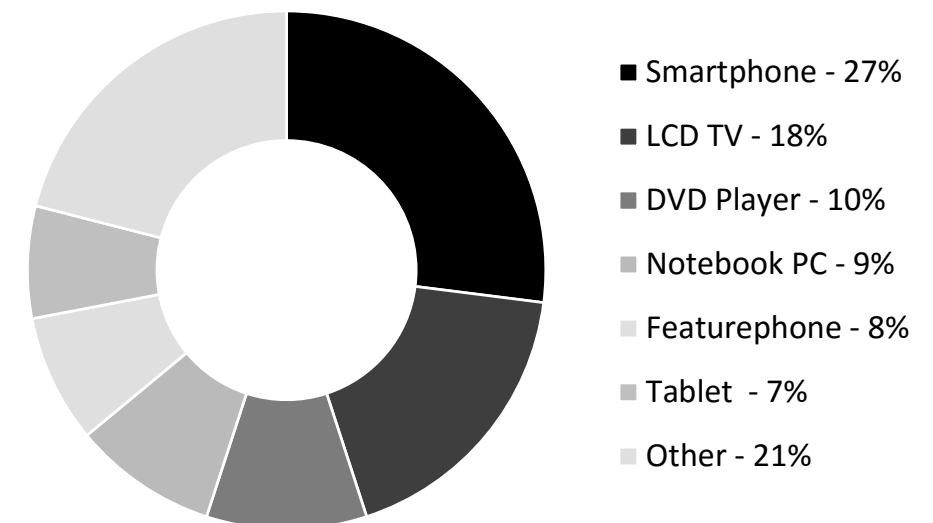
# Appendix: Market opportunity (cont'd)

*... and underpinning strong growth in the electronics & appliances market*

## Large electronics market with a positive outlook...



## ...[in an under penetrated electronic market]



- **Largest consumer electronics and appliances market in Southeast Asia** which is forecast to grow to grow to IDR 243tn (~A\$24bn) by 2017
- Low levels of smartphone penetration (~23%)
- The country contains a large and young population while smartphone penetration is still low.