

CONNIXION



Driving results from
Customer Intelligence

Connxion Ltd
- Update

November 29, 2010

Evolution of Connxion's capability

FY10 (H1) - Improve the fundamentals of the core business

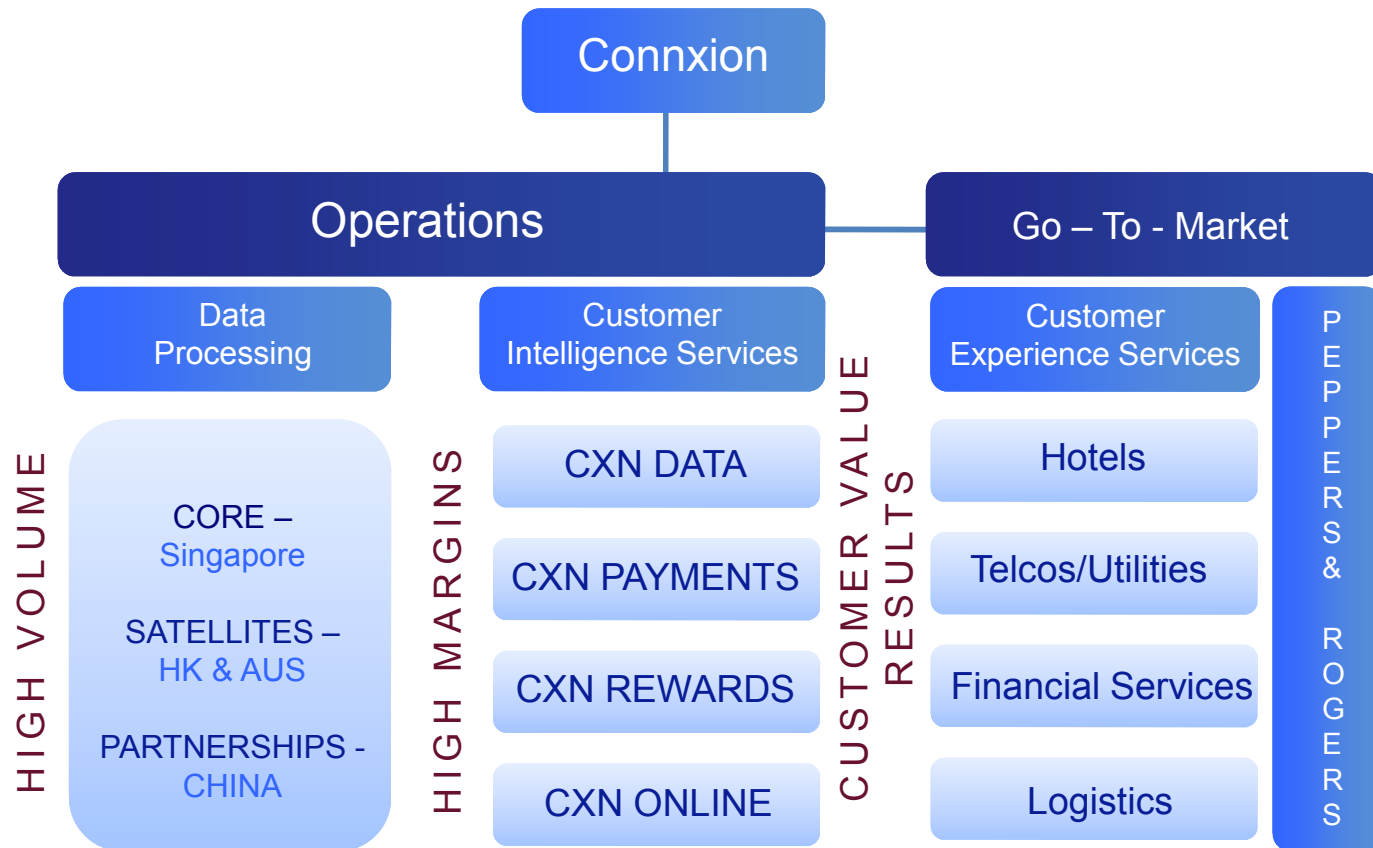
FY10 (H2)- Integrate acquired companies

FY11 (H1)- Consolidate, transform and realise operational efficiencies

FY11 (H2)- Cross-sell and up-sell expanded capabilities. Secure new name contracts.

Connxion – as it is today

Connxion is a regional data and transaction services company that drives results from customer intelligence. Connxion offers a range of online, data, rewards and payments solutions to clients who strive for seamless, efficient interaction with their customers.



Business Segments & Revenue Examples

Corporate			
Data	Online	Payments	Rewards
Document delivery via mail, fax, email, SMS	Network hosting and management	Secure Payment gateways	Customised employee rewards programs
Electronic billing and statements	Tier 3 data centre hosting with 24/7 support	Receivables management	Hotel Loyalty card programs
Electronic customer communications	Call centre services like bookings, payments, help	Real time processing of electronic payments	VIP concierge services specific to program
3-5 year contracts (per transaction pricing)	3-5 year contracts (per transaction & hourly)	3-5 year contracts (per transaction pricing)	2-3 year contracts (profit share with client)

FY11 Objectives

1. Grow revenue and margins resulting in improved EBITDA – all in line with FY11 forecasts
2. Establish regional shared services infrastructure in Singapore to improve margins and increase operational efficiency in each geography and business segment
3. Organically grow existing contracts in key markets across the region
4. Secure new contracts that leverage the total CXN offering
5. Establish China joint venture operations with GDS and secure first customer project.

FY11 Financial Performance & Guidance

\$'000	FY 2009	% Change	FY 2010	% Change	FY 2011 (f)
Revenue	3,912	+186%	12,600	+245%	38,643
EBITDA (Statutory)	(1,282)	(141%)	(2,907)	+239%	4,289
NPAT	(2,562)	(181%)	(4,817)	+140%	1,811

The financials reflect:

- FY10 was one of restructuring & integration
- FY10 had less than 6 months profit contributions from the acquisitions
- Investment in a centralised management team to achieve a 3 year \$100m annualised target through integrated customer data and transactional services
- FY11 allows for 12 months profit contribution from acquisitions and a focus on organic growth from a base of \$25M annualised revenue
- Q1 delivered \$7m in revenue and \$938k in EBITDA
- On track for Q2.

Hotel Loyalty Marketing Services

Connxion can compliment a hotel's Marketing strategies with a diverse suite of products:

- TAG & TRACK FGR PROGRAMS
- MEMBERSHIP LOYALTY SOLUTIONS
- INTERACTIVE CUSTOMER WEBSITES
- POINTS & REWARDS RECOGNITION PROGRAMS
- ELECTRONIC DIRECT MARKETING CAMPAIGNS
- DIRECT MAIL MARKETING CAMPAIGNS
- OUTBOUND CUSTOMER CALL CAMPAIGNS
- ONLINE CUSTOMER SURVEYS/ FOCUS GROUPS
- POS MERCHANDISING & POS DATA CAPTURE
- SECURE MASS CUSTOMER DATA STORAGE & ANALYTICS



HOTEL LOYALTY PROGRAMS

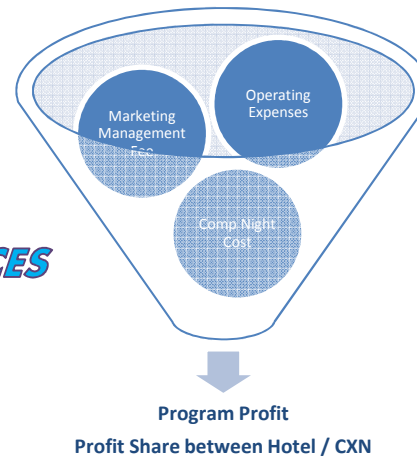


Hotel Services - Financial Model

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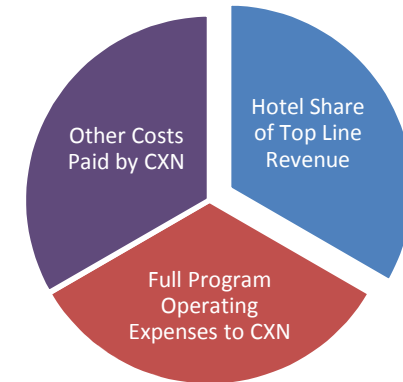
**KEY FULL PARTNERSHIP
PROJECT MODELS
LOYALTY PROGRAM SERVICES**

Profit Share Model



**Shared responsibility for Project
P&L Management**

Revenue Share Model



**Connxion responsible for P&L
Management and Cost of Sales**

Connxion Revenue & Profit Generators:

- Membership subscription fees (revenue) paid by customers – either share revenue or profit share (post cost of sales) with client partner.
- Clip % of revenue spend for customer (member) transaction with Hotel.
- Marketing Management Fees – fees charged to conduct all digital direct marketing ie. electronic direct marketing (EDM), website construction maintenance, direct marketing campaigns – voice, electronic, print.
- Service charges for individual marketing or tracking data analytics & reporting services.
- Software licensing fees - Connxion specialised tailored software for customer (member) management.
- Consultancy fees for non-permanent project based loyalty consultancy services.

Why offer EBPP in China?

- There are over 100 utilities in China, serving 163.1 million billable addresses.
- 54% of homes are not connected to the water supply; 74% have no bathing or toilets
- RMB4 trillion has been allocated to address this rapidly
- Household metering was introduced in 2005 to drive personal accountability for utility costs
- Tens of millions of homes will receive utility connections for the first time – 15% CAGR
- Electricity & gas connections are widespread in large cities; need for communication to better match consumption with available supply
- Historically, where billed, over 95% of all bills have been sent in paper form
- China now has 420 million Internet users – 36% CAGR
- Government regulation is driving down paper usage in favour of eco-friendly alternatives - supports rapid growth potential for EBPP
- Enthusiastic support received from early adopter utilities (eg. Zhejiang)

China - other market sectors

- Credit cards are a relatively new construct in China. In a population of 1.35 billion people, only 200 million have been issued so far.
- A further 800 million debit cards are in use.
- Issuance of new credit cards has a 26% CAGR
- Growth in credit card billing will be exponential

- Only 120 million broadband connections have been made so far.
- Growth in internet users is 36% CAGR
- Broadband subscription rate has a 21% CAGR
- Growth in broadband billing will be exponential

- Over 500 million billable addresses exist for fixed line and mobile telephony – *excluding pre-paid mobiles (+420 million)*
- Scale is exceptional and competition for e-bill presentation is relatively light.

China - value proposition

- Accelerate the execution of strategies to comply with central government edicts to convert from paper-based communications to electronic communications.
- Improve utility communication to consumers to better manage energy consumption levels
- Lower the cost of bill production by 70% where EBPP can replace paper output.
- EBPP can reduce customer service costs by 40% by improving first call resolution through access to online data and refocusing inbound operators to proactive customer acquisition and cross-selling.
- Improve greenhouse gas consumption and carbon-footprint measures, and demonstrate compliance with central government requirements for improved environmental sustainability.
- Provide a more acceptable service to internet-enabled consumers by offering a broad spectrum access to alternative payment channels.
- Demonstrate compliance with international standards, the availability of internationally popular/accepted technologies and thereby help to attract more foreign investment to China.

China - market entry strategy

Implement a lead application then roll out with channel management support

- Data that was gathered to arrive at a decision *in principle*, will be corroborated through research to drive subsequent decisions *in operational practice*.
- The most attractive segment, the most receptive company and the most relevant application will be ascertained and set up as a lead implementation and proof-of-concept.
- Starting with a lead implementation (likely to be at one of the 3 identified utility locations), GDS will provide data centre operations, CXN will provide data integration and EBPP services, the client will provide access to consumer data.
- The JV will explore the desirability of working locally with China Post to manage the mix of paper and online bills.
- After the initial pilot implementation has succeeded, the JV can roll out the programme to other pre-identified locations.

謝謝

Thank you for the courtesy of your attention

問題

If there is time, I would be happy to answer any questions