

(ASX: ICU)



Building the Digital Economy  
in South East Asia

# Investor Presentation

November 2018



**DISCLAIMER** Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect *iSentric* Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of *iSentric* Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from *iSentric* Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.

# Agenda

1.	Company overview
2.	Financial highlights
3.	Growth Drivers
4.	Outlook

# Company Overview (ASX : ICU)

*iSentric* is a growing mobile technology company specialising in digital media, games and payments covering the South East Asia markets.

## Digital Media Services

Creates, aggregates and markets premium mobile content via a B2B2C model, in which content is sourced from various established partners and targeted towards mobile subscribers through **proprietary platforms**.

## Digital Payment

Provides the **B2B payment gateway** (similar to Paypal) that enables mobile phone users to make financial transactions for small amounts over a secure mobile platform (direct carrier billing). We assist clients in setting up their mobile payment infrastructure and provide marketing resources and strategies to help them promote a variety of mobile-centric content.

## Enterprise Mobility

**Delivers mobile banking and mobile messaging solutions** for banks and other corporate clients.

## Digital Gaming

**Develops and publish mobile games via an in house social platform** for the Burmese market.

# Operational Highlights

## BUSINESS OPERATIONS

- ✓ 91 staff
- ✓ Presence in Malaysia, Indonesia & Myanmar (336m population) and connected to payment aggregator in Thailand enabling distribution of digital media services to 115m subscribers
- ✓ Connected to 13 telcos
- ✓ 60% of Business income is recurring

## MARKET LANDSCAPE - SOUTH EAST ASIA

- ✓ 11 Countries
- ✓ 42 Major telcos
- ✓ 656m population
- ✓ ~86% Prepaid Subscription

## DIGITAL MEDIA SERVICES - B2C

- ✓ Content IP: celebrity, lifestyle, sports & games

## ENTERPRISE MOBILITY - B2B

- ✓ 8 Financial Institutions
- ✓ 40+ Enterprise Clients
- ✓ Technology IP: Mobile Banking Platform

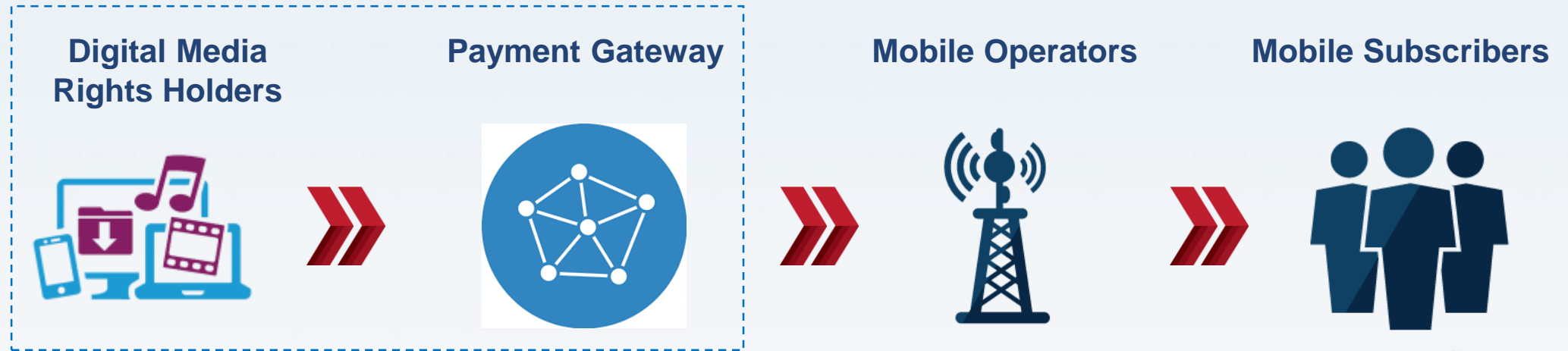
## SOCIAL GAMING - B2C

- ✓ 1.5 million users on the Social Platform

# Company Overview

## Revenue Model: Digital Media & Digital Payment

### How ICU generates revenue



Share of Mobile  
Subscriber Revenue

\$0.45

+

\$0.15

+

\$0.40

=

\$1.00

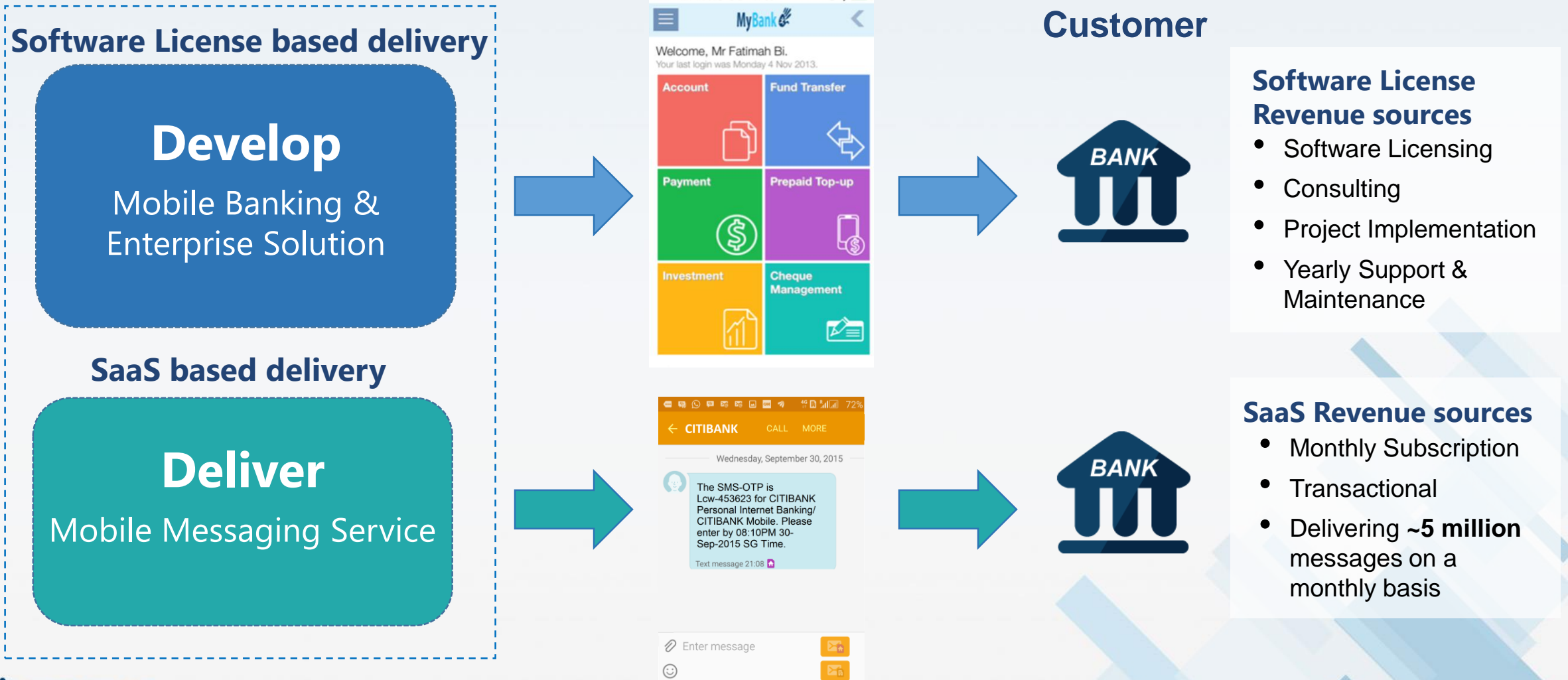
#### Functional Roles

- Develop Original Copyright Content
- Such as soccer content, games, entertainment, Celebrity content etc
- Content Distribution similar to Movies being distributed on Netflix
- Billing & Charging similar to PayPal but using Direct Carrier Billing instead of Credit Cards to penetrate the unbanked market
- Telco Provider
- Consume Mobile Value Added Services e.g. Media, Entertainment & Financial Service etc.

# Company Overview

## Revenue Model: Enterprise Mobility

### ICU's revenue generating Activities





# Company Overview

## Revenue Model: Social Gaming

How ICU generates revenue



Payment Gateway /  
Mobile Operators

Mobile Subscribers

Share of Mobile  
Subscriber Revenue

\$0.55 - \$0.75

+

\$0.25 - \$0.45

=

\$1.00

### Functional Roles

- Develop Original Social Gaming Content
- Publish Third Party Gaming Content

- Scratch Card Agents
- Telco Provider
- Payment Gateway

- Consume Social Gaming Services



# Financial Snapshots : Group Results

	FY18 (\$ million)	FY17 (\$ million)
<b>Net loss after tax</b>	<b>(0.66)</b>	<b>(13.50)</b>
Add back : tax expense / (benefit)	0.50	0.57
Add back : depreciation and amortisation	0.93	0.53
<b>Earnings / loss before interest, tax, depreciation and amortisation (“EBITDA”)</b>	<b>0.77</b>	<b>(12.43)*</b>
Add back : impairment charge on goodwill	-	13.00
Add back : non-recurring expenses	0.46	0.03
<b>Underlying EBITDA</b>	<b>1.23</b>	<b>0.60</b>

*\* Includes \$13m of non-cash impairment charge for Arte Mobile.*

# Financial Snapshots : Divisional Breakdown

	FY18 (\$ million)	FY17 (\$ million)	Change
<b>Group</b>			
Revenue	9.30	7.55	23%
EBITDA	0.77	(12.433)	106%
Underlying EBITDA	1.23	0.60	107%
Operating cashflow	0.55	0.32	72%
<b>Enterprise Mobility</b>			
Revenue	2.86	3.77	(24%)
Underlying EBITDA	(0.09)	0.31	(130%)
<b>Digital Payment</b>			
Revenue	1.88	1.52	24%
Underlying EBITDA	(0.04)	(0.04)	-
<b>Digital Media</b>			
Revenue	4.19	2.26	85%
Underlying EBITDA	2.16	0.93	132%
<b>Social Gaming</b>			
Revenue	0.37	-	-
Underlying EBITDA	0.11	-	-

# Financial Snapshots : Commentary

## Group

- Group revenue up 20% to \$9.3 million as a result of our *Digital Media & Services* business getting back on track after the downturn of market conditions in FY17 as we turned our attention towards growing our business in Indonesia's 3rd largest telecommunications carrier, XL Axiata. In FY18, our co-branded services such as, **MINI GAME** and **MEME** made strong strides among XL AXIATA's subscribers and made positive contribution to our revenue.
- Underlying EBITDA was up 105% to \$1.23 million. The FY17 result included of a non-cash impairment charge of \$13.0 million relating to the carrying value of goodwill for Arte Mobile Pte Ltd, as a result the downturn in market conditions in Indonesia in FY17. Arte Mobile produced a significantly better result in FY18 and no adjustment to goodwill was made.

## Digital Media

- Our Digital Media & Services division continues to be the main profit contributor to the Group, with an increase of revenue by 85% to \$4.19 million in FY18. Whilst successfully marketing our current services through XL Axiata, Arte has also secured two new projects with XL Axiata: **GameBuffet** and **GameArtis**.
- GameBuffet is a HTML5 game service which is compatible with most mobile phones, which caters for over 80% of Indonesian mobile phone subscribers. **GameBuffet** has recently been launched exclusively with XL Axiata, which is providing marketing and promotional support; - subscribers will have chance to win prizes.
- XL Axiata has also agreed to launch **GameArtis** with Arte, which is a similar service with games featuring Indonesian top celebrities. Subscribers will also be given opportunities to win holiday trips with the celebrities.
- Our goal is to secure an exclusive co-branded service with Axis. In addition, we intend to grow *our Mobile Value Added Service* revenue in Myanmar by leveraging our product and marketing knowledge in the Indonesian market.

# Financial Snapshots : Commentary

## Enterprise Mobility

- Enterprise Mobility division revenue decreased by 24% in FY18 as our main source of revenue were from annual support and maintenance from existing clients. We didn't secure new projects in FY18 as the business was impacted by a poor market conditions as our customers tightened their IT expenditure and competitors' aggressive pricing, which also caused our operation to suffer depressed margins in over services such as bulk SMS.
- For the FY19, we will focus on enhancing our project margins by securing new enterprise mobility projects and reducing costs.

## Strategic Priorities

- In FY19, we intend to improve our *Digital Media and Enterprise Mobility* businesses. However, our main aim is to focus on Social Casino which would be ICU's main growth driver going forward.

# Growth Drivers



- Converting My Play into a regional social casino gaming player by publishing its games in **Indonesia, Malaysia and Thailand**.
- My Play will be launching new games in FY19

# Growth Drivers : Social Casino

The acquisition of My Play Company Limited (**“MyPlay”**) in FY 2017, one of Myanmar’s top mobile game developers and publishers with its flagship multiplayer social casino game “Shan Koe Mee World” – is the platform for Social Gaming. My Play has over 1.2 million downloads via Google Playstore. MyPlay with an integrated social gaming platform and a large community of gamer. Subscribers are supported by our proprietary payment platform, MyPay and distribution network of 40 agents throughout Myanmar. In addition, all our games has major telcos in Myanmar as one of its payment channels.

## This acquisition will enable *iSentric* to:

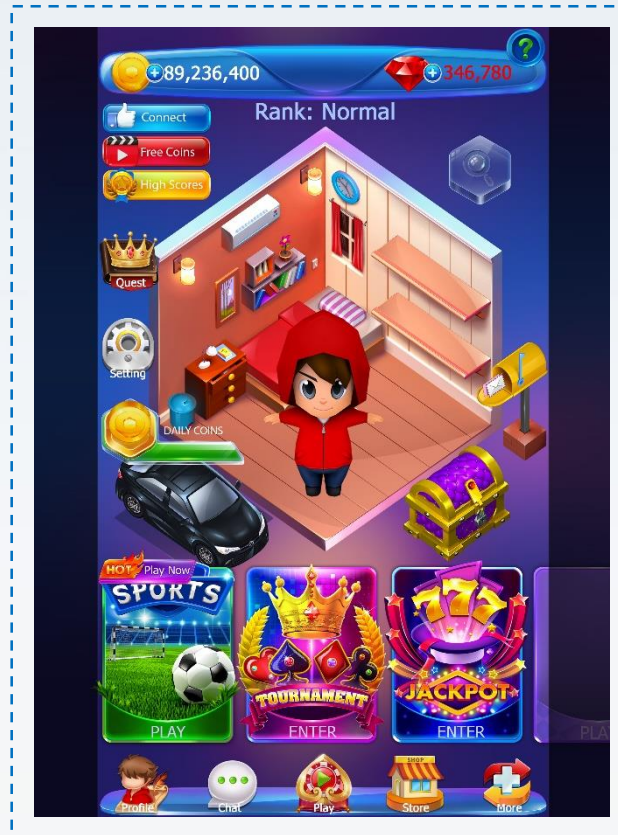
- Penetrate the lucrative Social Casino space with MyPlay’s proven work platform;
- Penetrate the Indonesian, Malaysian and Thai mobile social gaming markets through ICU’s expertise in distribution; and
- Enter new geographies focussing on Cambodia and Philippines.



# Social Casino Business Model

## User starts “FREE”

- Entertainment
- Competition
- The thrill of winning
- Community
- 24/7
- Socialize



Some players enjoy the game so much, they pay to get “MORE”

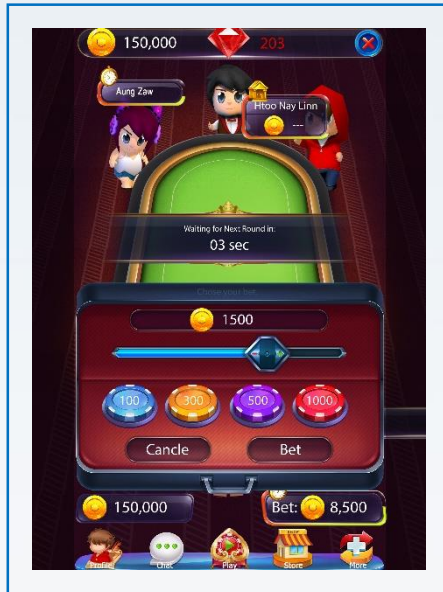
## Why users pay:

- Extended game play
- Higher bets
- Extra features
- Customize their avatar
- And more....

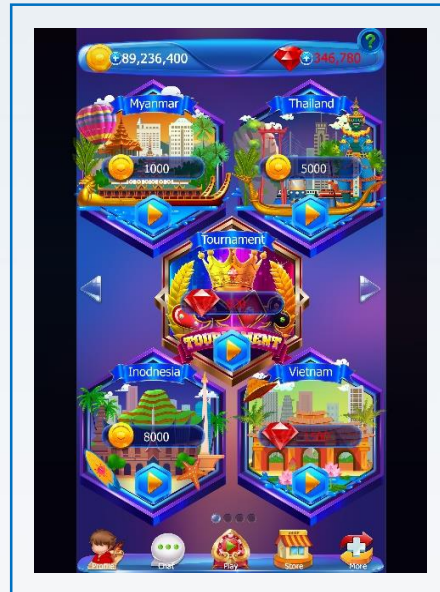
*As Social Casino follows a “freemium” model, converting free users to paying users is a critical driver and My Play’s ability to create local content would provide the foundation for future success.*



# Success Factors in Social Casino in ASEAN



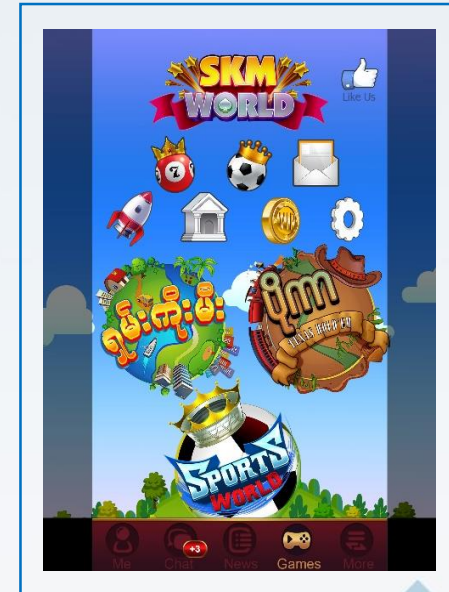
**Mobile Platform**



**Multi-game Environment / Differentiated Content**



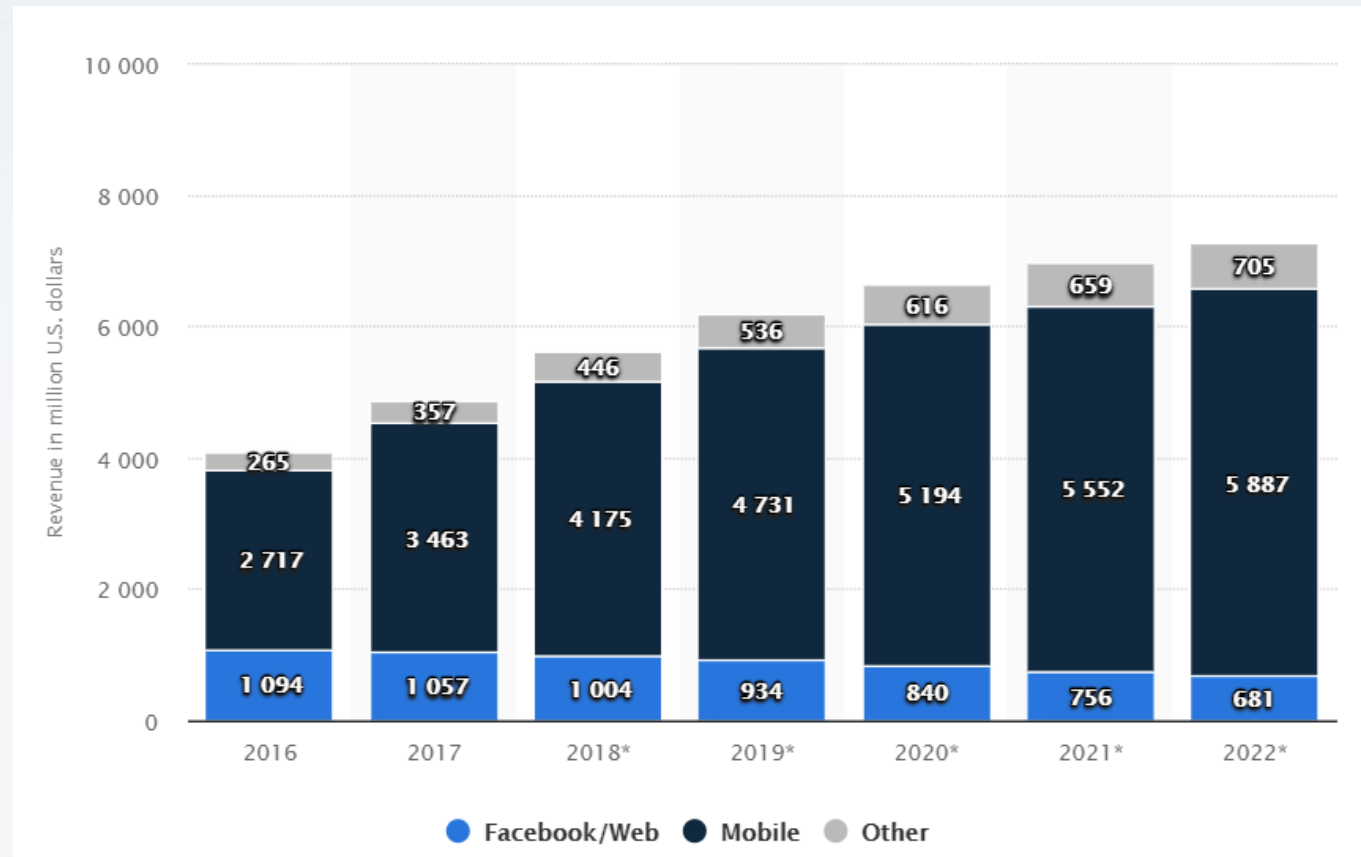
**Advance Loyalty Program**



**Ability to Create Local Content**

# Social Casino Continues to Grow at a Healthy Pace

According to Statista portal, global mobile social casino generated USD3.46 billion in 2017, and that figure was expected to reach USD5.89 billion in 2022. Asian social casino revenues were valued at approximately USD1.17 billion in 2018.



*A large market, growing at double digits, particularly in emerging markets and mobile.*

# Social Casino in ASEAN

In Southeast Asia the market is gaining momentum as PC Online and mobile gaming revenue hit over \$2.2 billion in 2017 with expectations that it will reach over \$4 billion by 2021. The number of PC online and mobile gamers in SEA is projected to reach 300 million by the end of 2017, rising to more than 400 million by 2021. This is massive in a market where gamers tend to download games directly from game makers and third-party Android markets.

	Country	Number of users	ARPU (US Dollars)	Total market value (US Dollars)	CPI (US Dollars)	Marginal Contribution (US Dollars)
1	Indonesia	40,000,000	8.28	331,000,000	0.55	308 966 392
2	Philippines	17,000,000	16.18	275,000,000	0.63	264 361 631
3	Thailand	13,000,000	18.31	238,000,000	1.56	217 655 331
4	Vietnam	2,700,000	78.15	211,000,000	2.14	205 225 453
5	Singapore	30,000,000	4.77	143,000,000	0.67	122 928 859
6	Malaysia	30,000,000	4.53	136,000,000	0.51	120 757 542

www.allcorrectgames.com  
according to Newzoo  
2016-2017

# ***Social Casino in ASEAN***

## **Reasons Why Southeast Asia will Flourish**

- Online and mobile payments are still on a steady rise with online transactions expected to grow by 25% in the following years.
- In October 2017, gaming giant Garena (now Sea) went public and raised \$884 million in an initial public offering for its PC and mobile gaming operations. This shows just how massive of an opportunity there is and the significant amount of resources being dedicated to capture this market share.
- On the mobile side, Southeast Asia has always been an attractive market for Chinese gaming firms, especially given the ease of entry compared to other markets. Coupled with the fact that Southeast Asia is the fastest growing regional gaming market, we should expect to see more and more companies from western markets, China, and within Southeast Asia drive innovation in the space.

## **Which Markets Will Thrive the Most?**

- The good news is that gaming revenue is increasing year after year across the region and Southeast Asia is one of the most attractive markets for developers, publishers, and users.
- Thailand and Indonesia make up the two biggest markets, followed by Singapore, amounting to a multi-billion-dollar market opportunity for new entrants.
- According to a 2014 study by Newzoo, Thailand is the most profitable mobile gaming market in Southeast Asia, generating \$230.3 million in revenue in 2014. Of 14.7 million mobile gamers in the country, over half of them (8.3 million) are paying to play. It is important to note that since this study, the market has almost doubled, so these figures could be understated.
- As a region, Asia Pacific made up 47% of the global market in 2016. It is estimated that APAC brought in \$51.2 billion in revenue in 2017, twice that of the second biggest market in the United States. For publishers, this market is not always as easy as it may appear. Precise localisation is needed across the region to target different languages and even preferences from country to country.



# Growth Drivers : Market Expansion

We intend to leverage on the expertise of My Play to create new and exciting content for the lucrative Social Casino market:

- My Play's SKM World will be localised into Capsa World (based on Indonesia's most popular card game) and published in Indonesia by 2QFY19 as well as in Malaysia by 3QFY19.
- We are currently in discussion with local publishers in Thailand and Cambodia to launch My Play's and third-party social casino games in these countries. We are targeting to launch social casino games in these countries by 2HFY19.



# Growth Drivers : New Products



**SPORTS WORLD – a social football betting game**

- Launched in **July 2018**

To be grouped under  
the **MY GAMES**  
Social Platform



**SHAN CITY – SKM version 2**

- Launched in **October 2018**
- This game includes all features from the popular SKM World plus new exciting features which would excites fans



**FISHING WORLD – a game based on the ever popular Chinese fish shooting game**

- To be launched in **December 2018**



**ML Rival – a localised game based on Mobile Legend Concept**

- To be launched in **April 2019**



Building the Digital Economy  
in South East Asia

# Appendix



# DIGITAL MEDIA - CELEBRITIES

## INDONESIAN CELEBRITIES

With over 30 celebrities, *iSentric* has comprehensive celebrity digital media content for the populations of Indonesia and Malaysia. Their Voice, Behind-the-scene Videos, Music, Photos and Text Quotes/Updates are being monetised via *iSentric* in collaboration with Telcos.

*Some of the top celebrities where we have exclusive digital rights include:*

			
<b>AGNESMONICA</b>	<b>ALIANDO</b>	<b>PRILLY</b>	<b>NIKITAWILLY</b>
 <b>@AGNEZMO</b> <b>17.4 MILLION FOLLOWERS</b>	 <b>@ALYSYARIEF</b> <b>1.7 MILLION FOLLOWERS</b>	 <b>@PRILLYBIE</b> <b>1.1M FOLLOWERS</b>	 <b>@NIKITAWILLY_24</b> <b>366K FOLLOWERS</b>
 <b>@AGNEZMO</b> <b>16.4 MILLION FOLLOWERS</b>	 <b>@ALIANDOOO</b> <b>11.5 MILLION FOLLOWERS</b>	 <b>@ prillylatuconsina96</b> <b>24.3 MILLION FOLLOWERS</b>	 <b>2.39 MILLION FANS</b>
 <b>5.4 MILLION FANS</b>			 <b>@nikitawillyofficial94</b> <b>5.0 MILLION FOLLOWERS</b>

**Largest twitter account in Asia!**

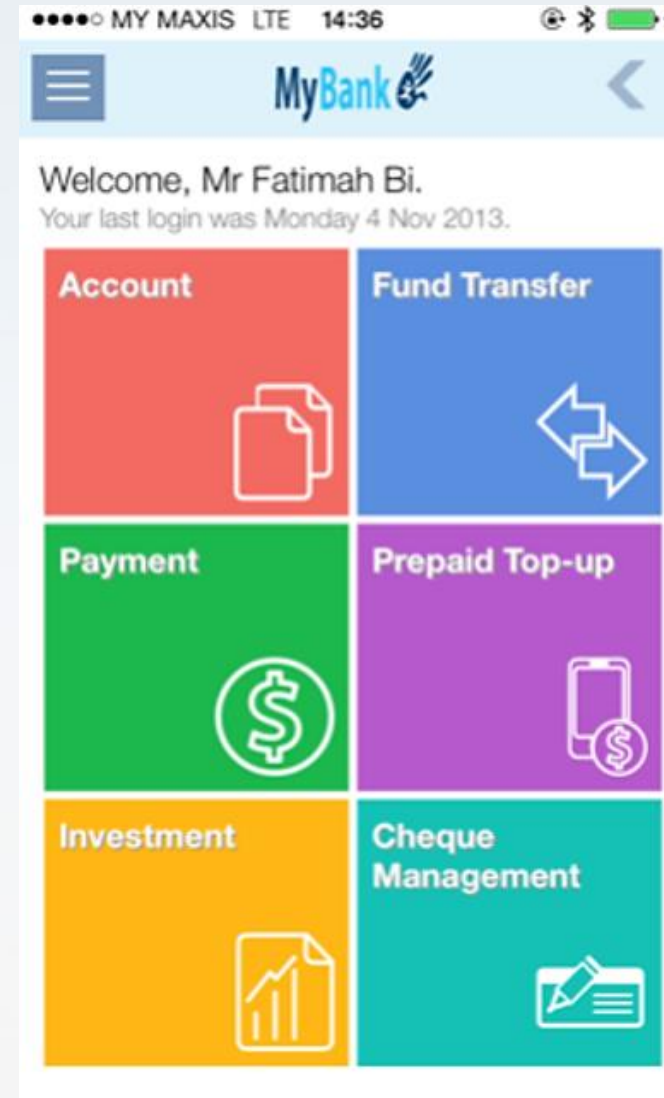
# ENTERPRISE MOBILITY

## Multiplatform support

## Multilingual, Multicurrency

## Key Features

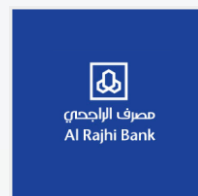
- ✓ Account inquiry
- ✓ Funds Transfer
- ✓ Bill Payments
- ✓ Mobile / Internet Reloads
- ✓ Cheque Management
- ✓ Peer-to-Peer (P2P) payments
- ✓ Personal Financial Management



# Client Portfolio (Enterprise Mobility)

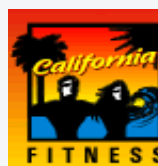
## BANK & FINANCIAL INSTITUTIONS

mobility2u



## ENTERPRISE MOBILITY CLIENTS

mobility2u



## DIGITAL MEDIA PARTNERS

mobilityPay

mobilityGames



# MyPlay Social Platform

- More than just a game, MyPlay has developed an Integrated Social Platform which serves as the basis for their multiplayer role playing social games, with full fledged features that allow users to chat, trade virtual currencies, virtual items, stickers, gifts and a news broadcasting platform.
- An upcoming auction trading platform for virtual items inspired by World of Warcraft is also in the works.





# MyPlay Payment Platform

- MyPlay has developed a payment platform which is connected to Telcos in Myanmar.
- MyPlay has also developed a physical payment gift card payment system, “**MyPay**” which is distributed across Myanmar over 160 agents.
- Being the first mover that has the largest local gamer community and the largest payment distribution channel, MyPlay is all shaped for exponential growth in the near future.



# Contact Details

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*Driving Big Mobility*