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# STRATATEL



**INVESTOR PRESENTATION – MARCH 2011**

**Presenter: Mike Fairclough**

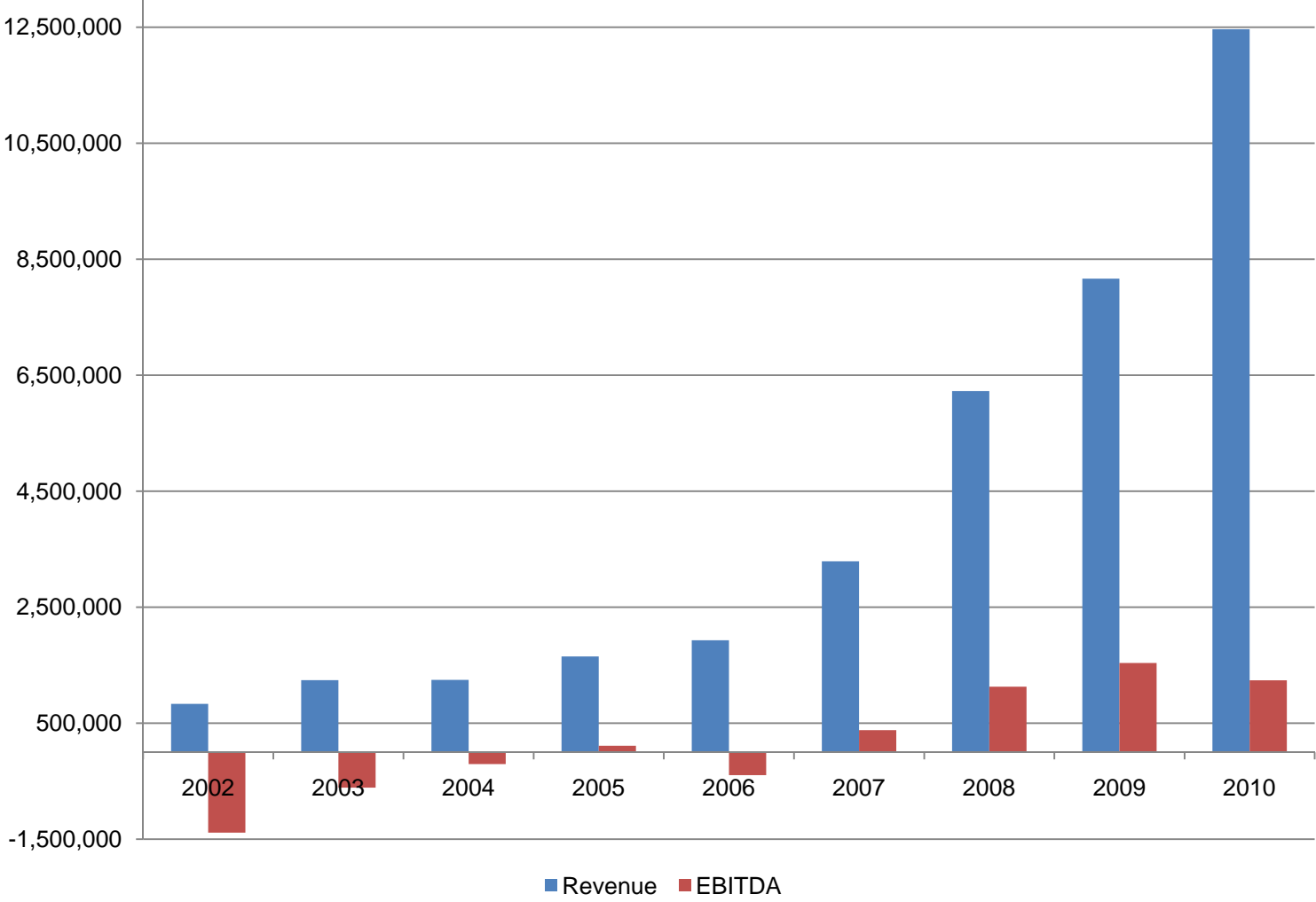
# Stratatel – The Story So Far

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- 1997** – Perth Office
- 1998** – FleetManager v.1
- 1999** – Sydney Office
- 2000** – Listed on ASX (IPO)
- 2005** – eFleet Acquisition
  - Melbourne Office
- 2006** – Vircom Acquisition
- 2007** – Softlog Pty Ltd Acquisition
  - Brisbane Office
  - Maiden profit
  - Maiden Dividend declared
- 2008** – Phoneware Pty Ltd Acquisition
  - Dividends paid
- 2009** – Resource Systems Pty Ltd Acquisition
  - Dividends paid
- 2010** – 3 x IBM Business Partners Acquisition
  - Adelaide Office
  - Dividends paid
- 2011** – Dividend declared (payable May)

# Stratatel – Historic Financials

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# Company Highlights To Date



- Grown from single office (Perth) to Sydney, Melbourne, Brisbane, Adelaide and Perth
- Grown from one product company to multi-product software and solutions provider
- From cashflow negative (early days) to operating cash flow positive
- Grown recurrent annuity revenue from nil to approx. ~\$9m/annum
  - proprietary products ~\$6.5m
  - and IBM software renewals ~\$2.5m
- Profitable since 2007
- Commenced paying dividends to shareholders in 2007
- Grew revenue by 32% during GFC
- Integration of multiple acquisitions

# Recognised and Awarded...

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- Awarded 8<sup>th</sup> fastest growing software reseller in Australia in 2009 – 10 (CRN Magazine)

**Deloitte.**

Technology Fast50  
Australia 2010 Winner

- Awarded 25<sup>th</sup> fastest growing IT company in Australia in 2009 – 10 (Deloitte)

**Deloitte.**

Technology Fast500

Asia Pacific 2010 Winner

- 362<sup>nd</sup> of fastest growing 500 IT companies in Asia Pacific (2009 – 10)

**STRATATEL**

# So Who Are We Now?

## What were we?

A niche provider of a proprietary expense management product, namely FleetManager®.

## So, who are we now?

Stratatel Ltd is a broad based Business to Business software and services company with expertise across a range of solutions that enable better business outcomes.

- Expense Management – FleetManager®, CostManager, follow&go
- Business Intelligence – Cognos^
- Collaboration – Quickr^ (Document Management), Sametime^ (Unified Communications), Connections^ (Internal Business Networking)
- Content Management – CMS/Web Applications Design & Build
- Consultancy – Of the above and related IT and Business Services Consultancy

^ Denotes IBM Proprietary Product

# Half Year Results to 31 December 2010

## PROFIT & LOSS

	\$
Revenue	7,805,320
Cost of Goods Sold	(3,096,428)
Gross Margin	4,708,892
Expenses	3,917,803
EBITDA	333,319
Corporate Overheads	457,770

## CASHFLOW SUMMARY

	\$
Operating Inflows	6,695,434
Operating Outflows	(6,528,613)
Net Operating Cash Movement	166,821
Dividends	( 205,593)
Investments	(418,760)
Capital Expenditure	( 74,430)
Overall Cash Movement	( 531,962)

# Half Year Results to 31 December 2010

## SUMMARY BALANCE SHEET

	\$
Cash at Bank	1,029,088
Receivables	3,860,443
Other Current Assets	229,987
Fixed Assets	191,476
Other Assets	7,886,573
<b>Total Assets</b>	<b>13,197,567</b>
Current Liabilities	4,337,279
Long Term Liabilities	467,332
Borrowings	0
Equity	8,392,956
<b>Total Liabilities &amp; Equity</b>	<b>13,197,567</b>

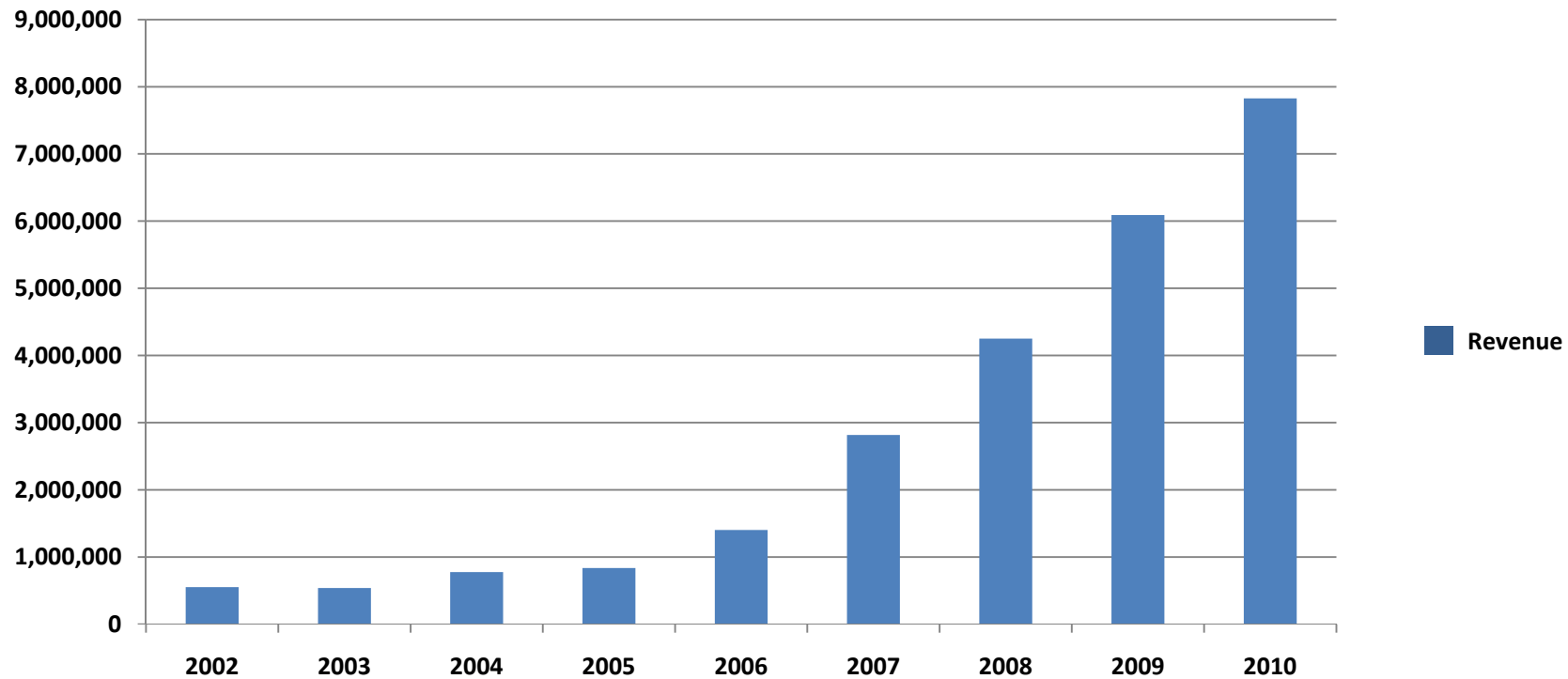
## YTD GROSS MARGIN BY PRODUCT

Revenue	\$
TEM (FleetManager®)	3,063,021
Softlog (CostManager & Softlog.Enterprise)	923,673
Resource (Software & Services)	3,818,626
<b>Total</b>	<b>7,805,320</b>
<b>Gross Margin</b>	<b>\$</b>
TEM	2,939,806
Softlog	840,920
Resource	928,166
<b>Total</b>	<b>4,708,892</b>
<b>Gross Margin %</b>	<b>\$</b>
TEM	96%
Softlog	91%
Resource	24%
<b>Overall Gross Margin %</b>	<b>60%</b>

# Revenue and Client Analysis

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## Recurrent Revenue by Calendar Year

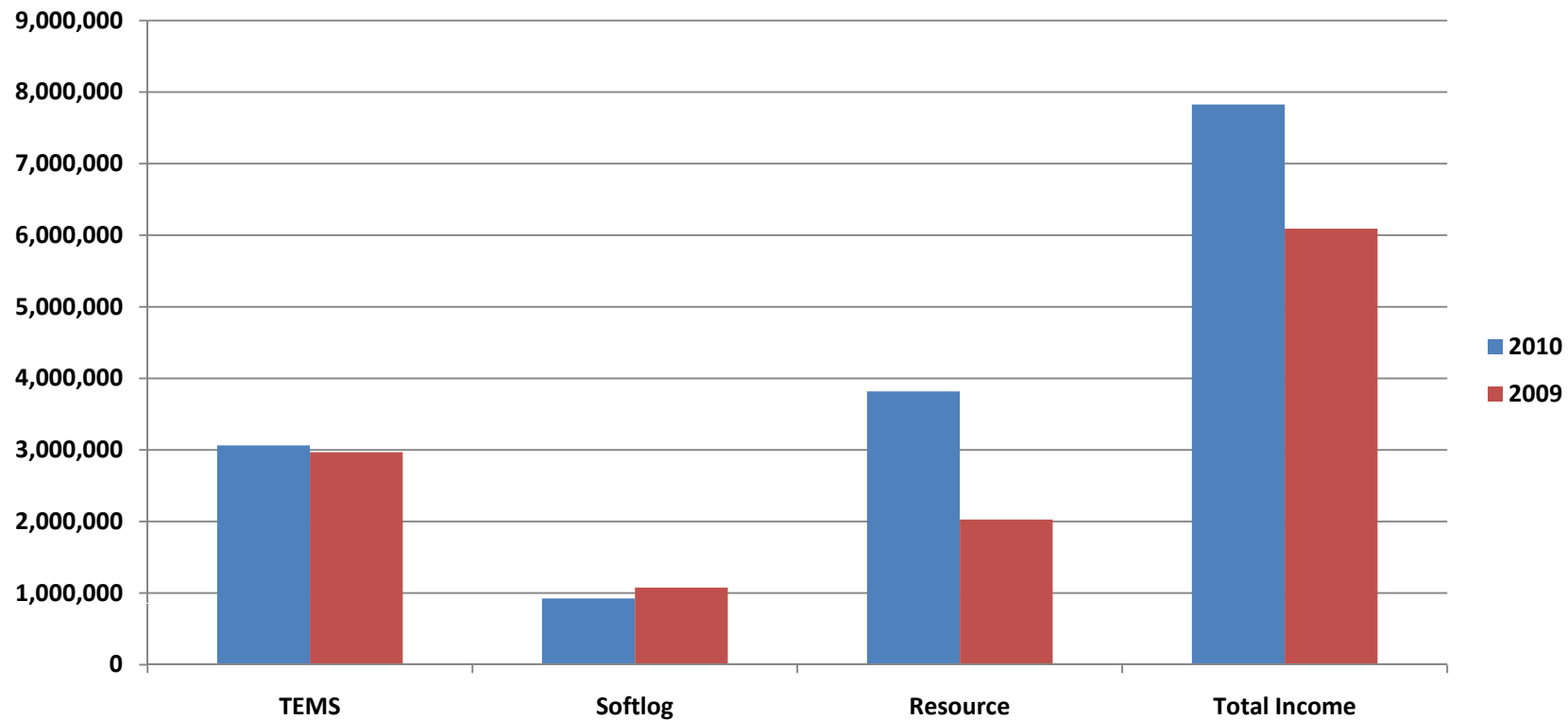


**NB.** Underpins organic sales growth

# Revenue and Client Analysis

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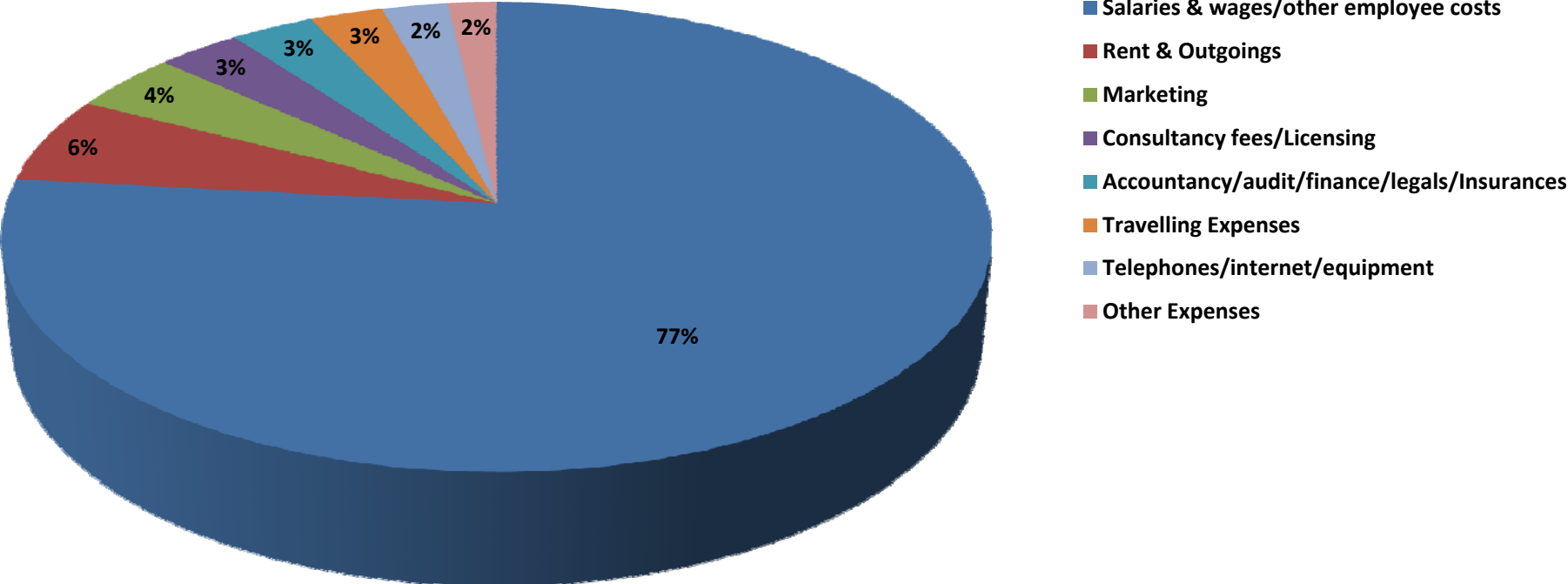
## Total Revenue Breakdown for Half Year to 31/12/10



# Overhead Analysis

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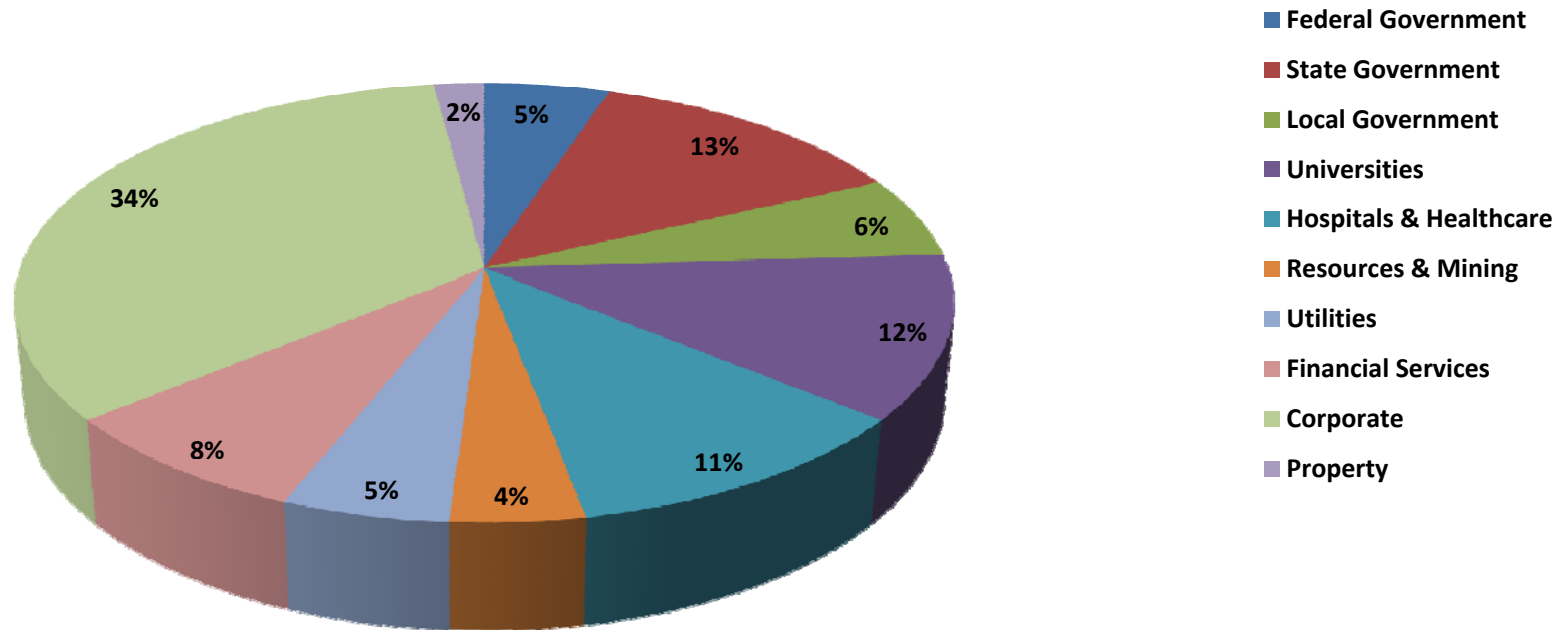
## Operating Expenses



# Revenue and Client Segment Profile

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## Top 100 Customers by Market Segment



# Stratatel's Unique Offering



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# The Business Plan

- Key Strategies to provide quality execution across all areas of business:
  - Continue to design and build innovative upgrades to proprietary products to maintain high product margins and retention
  - Continue to develop Managed Services capability across the range of solutions
  - Continue to develop a quality consulting capability
  - Continue to develop Stratatel’s team to enable improved performance
- Acquisition Activity to continue around “Scale” requirement



# Progress to Objectives (Operations) 2010 – 2011

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- Revenue in line with company expectations
- EBITDA down on expectations to 31/12/2010; strong sales pipeline expected for 2<sup>nd</sup> half
- Increase sales & marketing focus on higher margin TEM, software and service projects
- Looking to increase Consulting staff paid utilisation rates
- Client retention processes are working
- Management expectations of an improvement in EBITDA in 2<sup>nd</sup> half
- Payment of Dividends
- “Go To” expert ability manifest through:
  - Awards from CRN and Deloitte in Australia in 2009-10
  - TEM Best-Practice now a 74% reduction in customers mobile phone expenses
  - Stratatel present at Lotusphere 2011 in Las Vegas

# So Where Will the Growth Come from?

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- Increased sales of FleetManager® and follow&go
- Increased volume and size of software & services projects
- Increased number of consulting engagements; more people on more projects at higher rates
- Synergistic acquisitions

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# Progress to Objectives (Corporate)



- Annualised revenue of \$30m – \$ 35m by 31/12/11
  - In discussions with acquisition targets
  - Objective remains achievable within timeframes however, reliant on acquisition
  - Equivalent annualised EBITDA of \$4m – \$5m by 31/12/11 remains achievable however, reliant on acquisition

# Stratatel's Market Positioning



## Key Strategies to Position Stratatel in the Market (Critical Success Factors)

- Build on expert Telecommunication Expense Management “Thought Leadership” position in market
- Build on expert service delivery “Go To” position in market
- Improve sales & marketing focus on high margin solutions especially: TEM, BI, Collaboration & Content Management
- Improve sales & marketing capability to secure significant project based solutions work within high presence market segments

# Corporate Directory

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## DIRECTORS

Ian Macliver	Chairman
Michael Fairclough	Managing Director
Graham Baillie	Non-Executive Director
Geoffrey Lambert	Non-Executive Director

## OFFICERS

Matthew Parry	Chief Executive Officer
James Butchers	Chief Financial Officer
Shannon Caporn	Company Secretary

## HEAD OFFICE

Level 4, 22 Atchison Street  
St Leonards NSW 2065  
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