



Prophecy

Prophecy International Holdings Ltd.

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About Prophecy International

A Software company



eMite: Business Intelligence for IT. eMite Service Intelligence Platform combines Analytics, Correlation, Capacity, Performance, Availability, and SLA Management into a single, out of the box solution.



SNARE: Cyber Security. The world standard for effectively gathering and filtering IT event data for critical security monitoring, analysis, auditing and archiving. Strong growth metrics in the cyber security space.



BASIS2: Utilities billing. Customer information and billing system software for the utilities industry, covering water, gas and electricity. Oracle based software with world wide clients.



PROMADIS : Registry. Software for registry management, births, deaths, and marriages register.



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Prophecy acquires eMite

- eMite is a rapidly growing profitable business with market leading technology.
- eMite provides data analytics and business value dashboards.
- eMite, in combination with SNARE will expand domain expertise in data analytics and data security.
- Blue chip client base include major financial institutions, government departments and corporate customers both domestically and internationally.
- Recognised by Gartner in 2014 as one of the top 2 highest product scores for Infrastructure and Operations Business Value Dashboards (IOBVD).
- Business model is highly scalable.
- Acquisition multiple of 5.9x FY16 EBIT (assuming A\$3.0m EBIT is met).
- Immediately highly EPS accretive and strategically coherent.



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About eMite

- eMite provides 'Business Intelligence Analytics software' to enterprise customers.
- Its products enable all businesses to make the right real time decisions by providing intuitive representation of real time data from any system in their company based on an easy to deploy, simply scalable BI system with top class analytics in a user adjustable interface.
- What is eMite's product?
 - **Business Value Dashboards**
 - Every hour eMite automatically provides information that CIO's would normally read in a report once every month.
 - eMite brings businesses a wide array of data and metrics in real-time, actionable information that is easily accessible, customisable and highly relevant to both IT and non-IT business stakeholders.
 - Business users discover correlations and trends that are impossible to detect with standard BI solutions.
 - eMite is a disruptive technology.
 - Changing the game for IT Financial Management, through effective IT reporting.
 - eMite's Intellectual Property is developed in its head offices in Sydney.
 - Large vendors (IBM, CA, BMC and HP) aren't recognised by Gartner as having a solution in the BVD Space.





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The Strategic rationale

- Bringing eMite and Snare together will greatly expand the company's data domain expertise and footprint.
- eMite faces favourable long term market dynamics as its market is currently growing rapidly but from low overall penetration levels.
- Deal brings two great product technologies together (Snare, eMite) with strategic product coherence expanding data analytics footprint.
- Products will be synthesised providing an even more compelling value proposition to the end client of both products.
- eMite to leverage Prophecy's US' sales distribution team.
- Deal sets Prophecy towards \$20m pa revenue business with strong earnings growth.

eMite Blue Chip Clients





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Market Opportunity

- ~\$1.96Bn* eMite's segment of The IT Operations Management (ITOM) market.
- Only 10% of CIO's are currently building Business Value Dashboards.
- But.....This will grow to 50% within the next two years.
- **Today:** Many organisations choose to do nothing, as standard projects are high cost, hard to implement and geared to services.
- **Future:** easy implementation, low cost solutions will increase the number of potential customers and grow the market.
- Multiple young players offer a solution but the market needs are still evolving and solutions are constantly evolving with it (it is a young market).
- Smaller players are preferred by customers currently & higher rated by Gartner.

* **Gartner** Market Share Analysis: IT Operations Management Software, Worldwide, 2013

** **Gartner: Vendor Mind Share for Software, 4Q14**



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Experienced Leadership Team

Stuart Geros, Founder 1 & CEO

Stuart has over 25 years experience in the monitoring, benchmarking and capacity planning of IT systems. He has held every role that an IT provider has to offer working his way from junior programmer to managing director in the first 10 years of his career. Stuart's previous experience was gained with Australian Software Innovations and Proxima.

Darren Geros, Founder 2 & V.P Global Sales

Darren has over 20 years of Business Development and Management experience starting with Australian Software Innovations and progressing to AVOGA where he founded the company and later selling it to SMS Management Services. He has worked with global companies such as Compuware where he excelled in meeting growth targets and driving superior customer satisfaction. Darren has over 15 years experience in the event correlation, professional services and eCommerce industries and is a driving force in the growth of eMite.

Matthew Foster, Founder 3 and CTO

Matthew has over a decade of experience architecting, innovating and delivering solutions in the Systems Management marketplace. His passion for innovation coupled with experience in customer delivery led to eMite's unique architecture which overcomes many of the challenges faced by partial solutions, legacy systems or product portfolios that are the result of a series of acquisitions. Matthew has held senior roles with HSBC. He has a Masters of Engineering from Oxford University.



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Investment Case

- eMite operates within a \$2bn pa IT operations management market.
- Current adoption of IT operations software is 10% and expected to grow to 50% over the next 3-5 years.
- Recognised by Gartner and EMA as one of the world leading enterprise software products in the Business Value Dashboard and Operations Analytics space.
- Blue chip client base includes global financial institutions, government departments and corporate clients domestically and overseas.
- **Prophecy buys into a fast growth business at a compelling valuation. Investment in additional marketing and sales resources will help accelerate growth.**
- **Building a specialised enterprise software business in the data analytics and security management space with high operating leverage and free cash flow conversion.**
- Balance sheet remains robust post acquisition.
- Vendors taking significant amount of equity and committed to remain with the business to share in the growth of the combined group.



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Prophecy SNARE

- SIEM solution. Security Information and Event management.
- SNARE server provides the tools needed to define, gather, index, track and report on and store all relevant It network security events in put from SNARE agents.
- SNARE agents run on each device to capture defined event logs to satisfy security audits and comply with security standards eg PCI, HIPPA, SOX
- SNARE agents work well with most other security products and are very well regarded by the industry
- DELL partnership in place and working to expand SNARE's reach with other major partnerships
- Excellent reference list with major names worldwide on board
- Fast growing cyber security space assists in sales success
- Major market is North America



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Prophecy Market Update

- FY15 accounts show record revenue of \$10m (+41% on PcP) and underlying EBIT of \$4.1m (+142% on PcP)
- **Strong results driven by new SNARE License sales (+250%)**
- **SNARE total revenue was up 127%**
- **Growth momentum has continued into FY16 with new sales of \$2.5m**
- Final dividend of 2.2c franked making full year 4.2c with 9year average of 3c
- **For FY16 Prophecy is forecasting revenue of \$20m, and EBIT of \$8.5m.**
- **Cash on hand at \$5.5m**



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Financial Forecasts

	(PRO) FY13A	(PRO) FY14A	(PRO) FY15A	(PRO) FY16 (F)	(eMite) FY16 (F)	Combined Group FY16 (F)
<i>Revenue</i>	6.9	7.1	10.0	13.5	6.5	20.0
<i>Underlying EBITDA</i>	1.9	1.9	4.3	5.9	3.0	8.9
<i>Underlying EBIT</i>	1.8	1.7	4.1	5.7	2.8	8.5
<i>Tax</i>	(0.5)	(0.4)	(1.1)	(1.7)	(0.8)	(2.5)
<i>Underlying NPAT</i>	1.3	1.3	3.0	4.0	2.0	6.0



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