



Prophecy

Prophecy International Holdings Ltd.

Interim Results

(six months ended 31 December 2015)

March 2016



Prophecy

Prophecy Corporate Overview



Enterprise Value	
Share price (\$)	1.59
Shares on Issue (m)	64.0
Mkt Cap (\$m)	101.8
Net Cash (\$m)	2.4
EV (\$m)	99.4





Board of Directors	
Ed Reynolds	Non-exec Chairman
Leanne Challans	Managing Director
Grant Miles	Finance Director
Matt Michalewicz	Non-exec Director

Share Register @ 8 Mar 2016	
Reyer Investments (Ed Reynolds - founder)	11.8%
Micro Equities	9.1%
Dunmore Pty Ltd (founder)	7.8%
JP Morgan Nominees Aust.	4.2%



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The Prophecy Business

	Product	Market	Description	Opportunity	Revenue (FY16 guidance)
Key Products		IT systems security for commercial and public sector organisations	Software designed to detect system intrusion and log, manage and analyse large amounts of events data.	Large & global	\$10.0m
		Integrated dashboards for IT systems and services monitoring	Easily customisable dashboard software designed for the monitoring and management of IT systems and services.	Large & global	\$6.5m
Legacy Products		Utilities industry	Customer Information System designed to record, manage and report on customer activities.	Limited	\$3.5m
	<i>e-foundation</i>	Large and middle market enterprise	Provides internet technologies for logistics, e-commerce and back office applications.	Limited	
		Registry record management	Developed to service the registry industry, with accurate, reliable and efficient record keeping.	Limited	



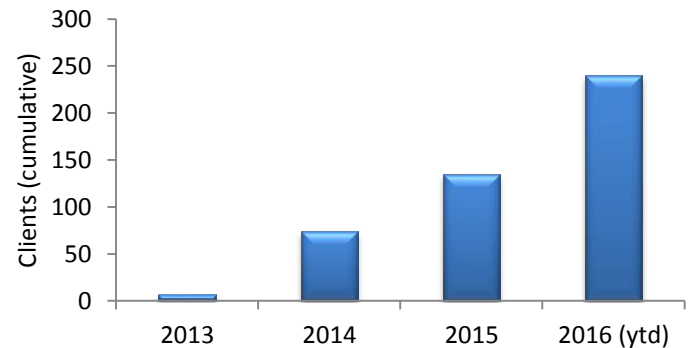
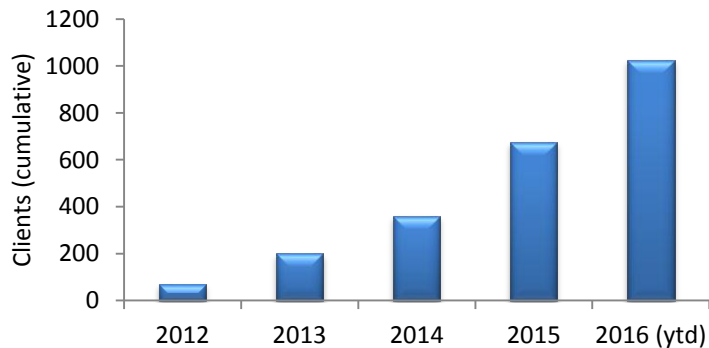
Blue Chip Clients

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Snare Clients



eMite Clients

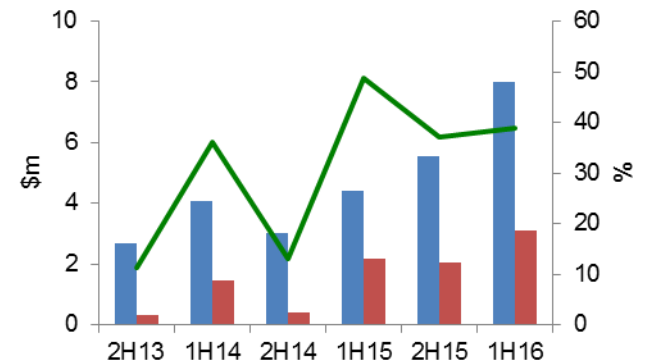




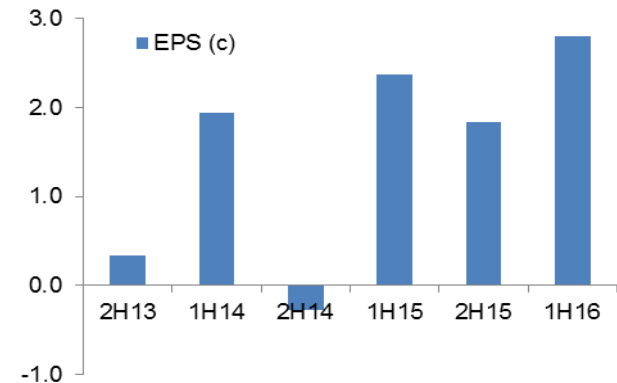
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Key Results Highlights

- Sales revenue – up 81% to \$8.0m
 - Snare - up 90% to \$3.8m on strong US sales
 - eMite – contribution from 1 July 2015 \$2.6m
- Net profit after tax – up 34% to \$1.8m
- EBITDA - up 55% to \$3.1m assisted by strong sales growth coupled with targeted investment in resources
- Snare EBITDA margins – Increased by 3% points to 56% due to increased sales efficiency
- Interim dividend – 2¢ps steady (payout ratio 71%)
- Net cash - \$5.1m
- Net operating cashflow \$2.7m
- \$3.8m committed revenue to come in 2H16



■ Revenue (\$m) ■ EBITDA (\$m) — EBITDA Margin(%)





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Financials – Profit & Loss

Profit & Loss	1H16	1H15	%ch
Sales \$m	8.0	4.4	81
EBITDA \$m	3.1	2.0	55
<i>Margin (%)</i>	39	45	(6)
Net interest	0.0	0.0	0.0
Pre-tax profit \$m	2.6	1.9	36
Tax expense \$m	0.8	0.6	40
Net profit after tax	1.8	1.3	34
EPS (¢)	2.8	2.4	18
DPS (¢)	2.0	2.0	

- Strong Snare sales plus new eMite sales
- Efficient revenue growth
- Snare margin 56% but Legacy margin declined



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Financials Balance Sheet and Cashflow

Balance Sheet (\$m)	1H16	FY15
Cash	5.2	5.6
Property, plant & equip	0.4	0.2
Intangibles	17.8	3.0
Other assets	4.4	6.8
Total assets	27.8	12.6
Debt	0.0	0.0
Other liabilities	9.7	4.3
Total liabilities	9.7	4.3
Equity	18.2	8.3

- Acquisition of eMite
- Acquisition of eMite
- Includes final eMite cash payment

Cashflow (\$m)	1H16	1H15
Net operating cashflows	2.7	1.6
Net investing cashflows	(4.1)	(0.2)
Net financing cashflows	1.0	(0.4)

- Increased cash received from clients
- eMite acquisition
- Placement for acquisition



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Segmental Breakdown

Revenue	Snare	eMite	Legacy	Total
1H15 \$m	2.0	-	2.4	4.4
1H16 \$m	3.8	2.6	1.6	8.0
%change	90	na	(33)	81

EBITDA	Snare	eMite	Legacy	Total
1H15 \$m	1.2	-	0.8	2.0
1H16 \$m	2.2	0.8	0.1	3.1
%change	92	na	(92)	55

Margin	Snare	eMite	Legacy	Total
1H15 %	54	-	34	45
1H16 %	57	31	6	39
%change	6	na	(88)	(13)



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Snare Business Model

Business Model

- Software system that detects cyber intrusion
- Logs, manages, audits, archives and analyses large volumes of events data
- Flexible SIEM software
- Collects event data, eliminating the noise before forwarding results
- Snare Server software plus Agent software

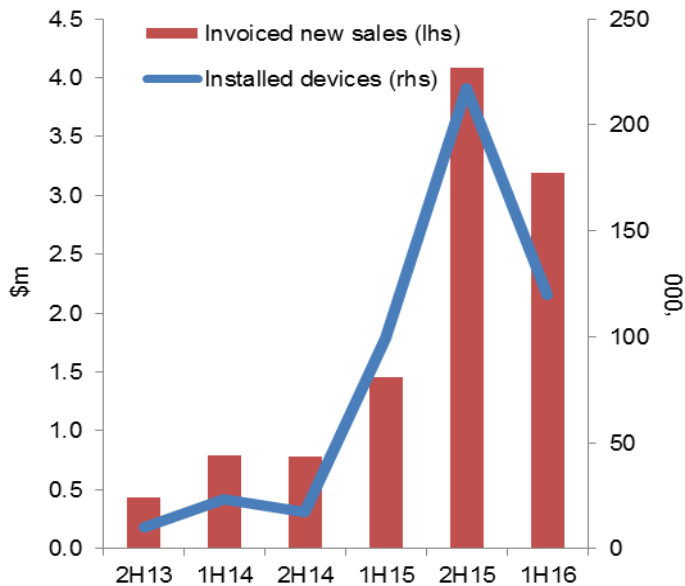
Drivers and Opportunities

- Growing awareness of business risks from cyber attacks
- Changes to legislation around IT security compliance
- Conversion of users of non-compliant free open source version
- Need to meet tightened standards by industry type
- Ability to feed source data to larger systems
- Partnerships



Snare Highlights

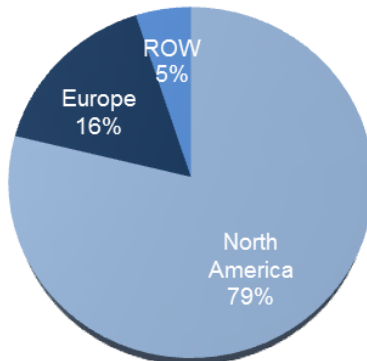
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Key Highlights

- Sales revenue invoiced up 88% to \$4.2m
- New sales up 120% half on half
- Driver is International sales
- Total Installed devices – up 32% in 1H16 to 500,000
- Wins at Warner Brothers, Safeway, Boeing, Delta Airlines, IBM, Lockheed Martin, Bell Canada, ABB, TD Bank, Prudential UK, SERCO, Intact
- Expanded sales team from 4 to 9 with new hires
- New director of Strategic Alliances on board
- Aim to do 50% of new sales via partners
- Expanded marketing effort

New Sales Revenue 1H16





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Business Model

- A disruptive technology, providing 'Business Intelligence Analytics software' to enterprise customers.
- Easy to deploy, simply scalable system with top class analytics (including correlations and trends) in a user adjustable interface for IT and non-IT business stakeholders.
- Provides hourly reporting vs. legacy monthly reporting systems.
- Large vendors (IBM, CA, BMC and HP) aren't recognised by Gartner as having a solution in the space.
- Smaller number of larger \$ value sales
- Runs over all major software systems

eMite Business Model

Drivers and Opportunities

- Embryonic market – market needs still evolving
- Business Value Dashboards usage to grow from 10% to 50% within 3 - 5 years
- Base established with Cognizant and CSC customers
- RealTimeBI opportunity
- Dashboards for major package applications

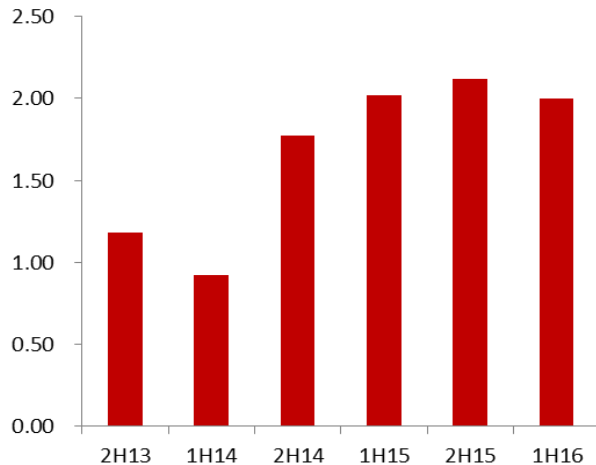




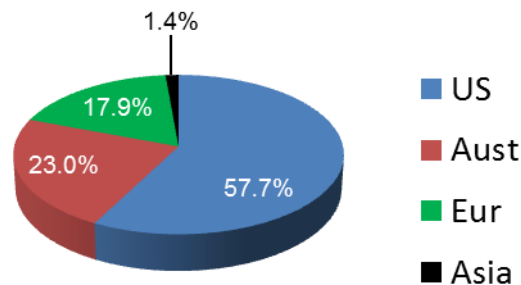
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eMite Highlights

Invoiced New Sales (\$m)



Sales Revenue 1H16



Key Highlights

- Acquired July 2015 for 6m PRO shares and \$7.9m cash consideration
- Annualised sales of \$6.5m and EBITDA of \$3.0m
- Founders Stuart and Darren Geros committed to growing the business
- 1H16 sales invoiced up to \$3.2m
- Diversified client base into many industries
- eMite light versions to expand sales opportunities



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Management Priorities/Initiatives

- Continue expanding sales team in US and Europe for Snare and eMite
- Increase outbound sales & marketing activity
- Sign up additional major channel partners to drive towards 50% of sales
- Product Development
 - RealtimeBI (eMite lite) - going to market now
 - Snare Analytics – mid year
- Focus on expanded sales growth backed by matching support resources
- Maintain margins for both Snare and eMite growth as Legacy shrinks
- Continue to invest in product technology growth for both Snare and eMite



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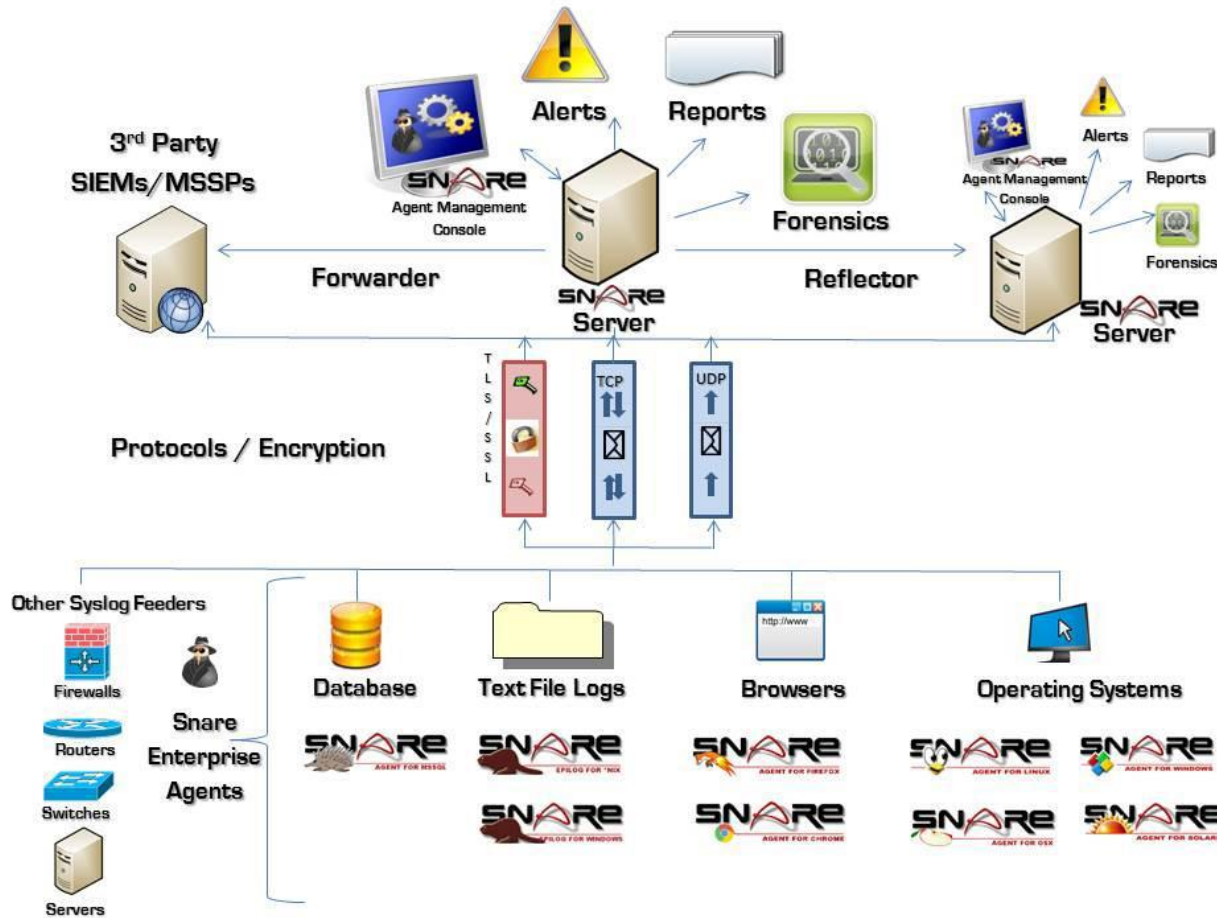
Outlook - Guidance

- Outlook remains unchanged
- FY16 Revenue target is \$20 million
- FY16 EBITDA target is \$8.9 million



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Appendix 1 - How Snare works

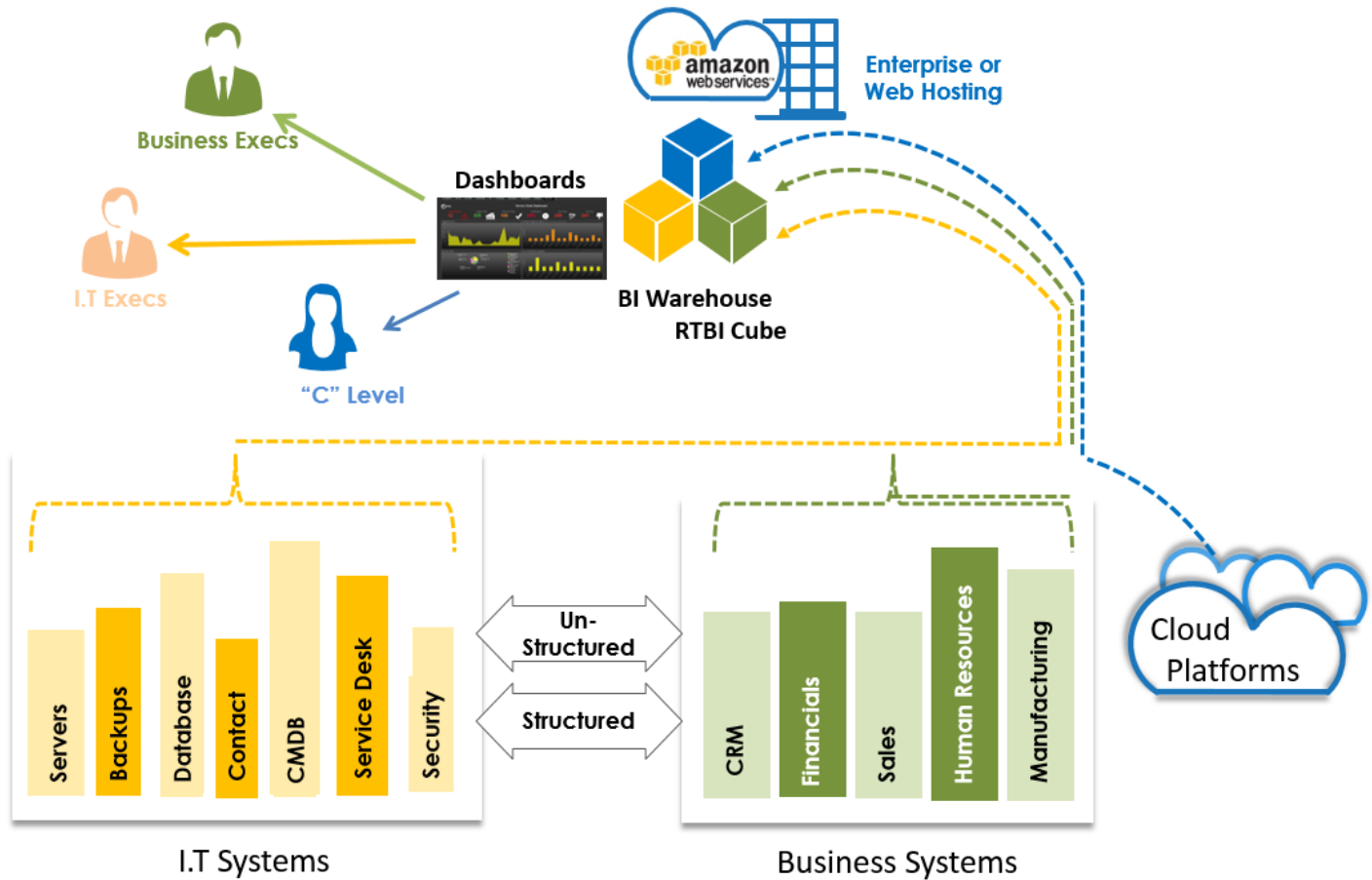




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Appendix 2 - How eMite works

eMite® Solution Overview





Appendix 3 - Experienced Team

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Ed Reynold, Non-exec Chairman (founder)

Ed has been with Prophecy since 1987, joining as General Manager. Ed brought to Prophecy a long history in sales, with a passion for setting and achieving ambitious targets.

Ed takes great delight in identifying products with growth potential, and then working to ensure that potential is realised.

Leanne Challans, Managing Director

Leanne has been with Prophecy since 1990. From her background in software design and development, she has moved through a number of roles in the organisation, and has unparalleled knowledge of how the business operates at all levels. Leanne joined the Board in 2006 as Managing Director, has overseen the successful integration of the Snare business into the Prophecy group, and is now actively involved in the development of the eMite business unit.

Grant Miles, Finance Director

Grant, a Chartered Accountant with over 25 years experience, joined Prophecy in 2013 as Company Secretary, and became a Director in 2015. His strong financial background provides Prophecy with the solid grounding necessary to support its growth plans.

Matt Michalewicz, Non-executive Director

Matt is an international IT entrepreneur with experience in high growth IT sales environments. He brings a wealth of strategic advice, real-world experience and an extensive networks of contacts to the Prophecy business.



Appendix 3 (cont.)

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Peter Barzen, Executive Vice President – Americas

Peter has been with the Prophecy group since the late 1980s, starting as a software developer. His aptitude for sales developed during the 1990s as a pre-sales product consultant, leading to his move to the US when Prophecy Americas was established. Peter now heads up a growing team of sales and marketing resources, based in Denver, Colorado.

Stuart Geros, CEO, eMite

Stuart was the original founder of eMite in 2003. His knowledge and experience has led eMite to become one of the most respected vendors in the Business Value Dashboard marketplace



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