



Prophecy

Prophecy International Holdings Ltd.

Final Results

(12 months ended 30 June 2016)

September 2016



Prophecy

Prophecy Corporate Overview



Enterprise Value	
Share price (\$)	1.11
Shares on Issue (m)	64.0
Mkt Cap (\$m)	71.0
Net Cash (\$m)	1.9
EV (\$m)	69.1





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

Share Register @ 5 Sep 2016	
Reyer Investments (Ed Reynolds - founder)	11.8%
Dunmoore Pty Ltd (founder)	7.8%
Micro Equities	6.2%
JP Morgan Nominees Aust.	3.0%



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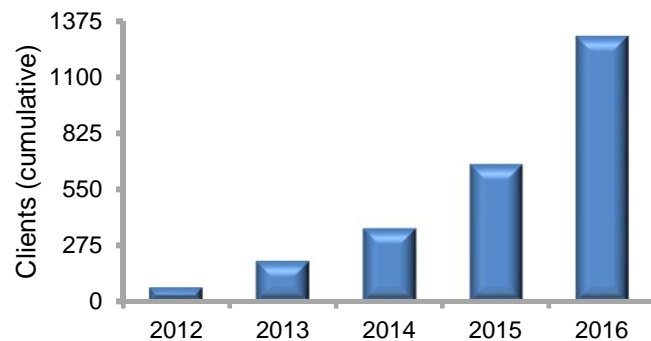
The Prophecy Business

	Product	Market	Description	Opportunity	Revenue (FY16)
Key Products		Cyber security for commercial and public sector organisations	Software designed to detect system intrusion and log, manage and analyse large amounts of events data. Used for sophisticated audit and forensic analysis of all activity	Large & global	\$7.6m
		Integrated dashboards for IT systems and services monitoring	Easily customisable dashboard software designed for the monitoring and management of IT systems and services. Data analytics, correlations, capacity, performance availability, SLA management.	Large & global	\$4.0m
Legacy Products		Utilities industry	Customer Information and Billing System for Water, Electricity and Gas utilities with a focus on middle to large utilities	Limited	\$3.1m
	<i>e-foundation</i>	Large and middle market enterprise	Provides technologies for rapid application development targeting logistics, e-commerce and back office accounting applications.	Limited	
		Registry record management	Developed to service the registry industry, with accurate, reliable and efficient record keeping. Births Deaths and Marriages systems.	Limited	



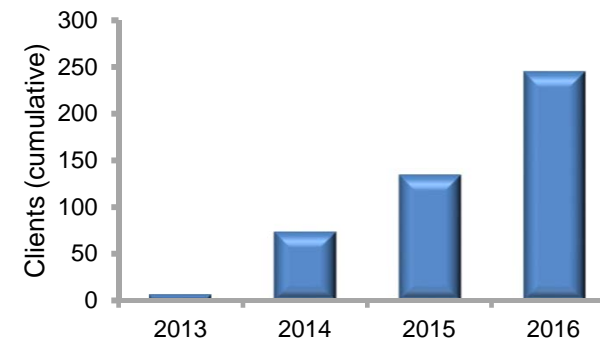
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Snare Clients



Blue Chip Clients

eMite Clients

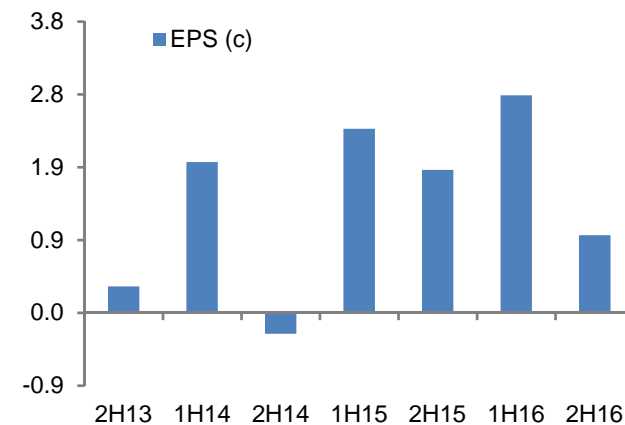
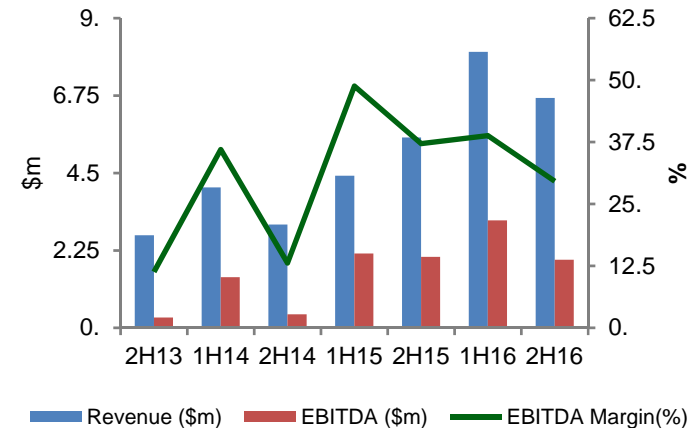




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- Overall revenue – up 47% to \$14.7m
 - Snare - up 27% to \$7.6m US major market
 - eMite – contribution \$4.0m
- Net profit after tax – \$2.4m
- EBITDA - up 13% to \$5.1m assisted by strong sales growth coupled with targeted investment in resources
- Snare EBITDA margins – 53%
- Interim dividend – 2¢ps steady
- Net cash - \$1.9m
- Net operating cashflow \$4.9m
- \$7.8m committed revenue to come in 2017

Key Results Highlights





Financials – Profit & Loss

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Profit & Loss	FY16	FY15	%ch
Sales \$m	14.7	10.0	47
EBITDA \$m	5.1	4.5	13
<i>Margin (%)</i>	35	45	(10)
Net interest	0.0	0.0	0.0
Pre-tax profit \$m	3.8	3.4	9
Tax expense \$m	1.3	1.1	25
Net profit after tax	2.4	2.4	0
EPS (¢)	3.8	4.2	(10)
DPS (¢)	4.2	2.8	53

- Strong Snare sales plus new eMite sales
- EBITDA growth
- Snare margin 53% but Legacy margin declined
- eMite margin to grow with new sales



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Financials Balance Sheet and Cashflow

Balance Sheet (\$m)	FY16	FY15
Cash	1.9	5.6
Property, plant & equip	0.3	0.2
Intangibles	17.7	3.0
Other assets	3.8	3.8
Total assets	23.7	12.6
Debt	0.0	0.0
Other liabilities	6.2	4.3
Total liabilities	6.2	4.3
Equity	17.5	8.3

Cashflow (\$m)	FY16	FY15
Net operating cashflows	4.9	2.9
Net investing cashflows	(7.9)	0
Net financing cashflows	2.4	0

- Acquisition of eMite
- Acquisition of eMite
- Income in advance increase
- Increased cash received from clients
- eMite acquisition
- Placement for acquisition



Segmental Breakdown

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Revenue	Snare	eMite	Legacy	Total
FY15 \$m	6.0	-	4.0	10.0
FY16 \$m	7.6	4.0	3.1	14.7
%change	27	na	(22)	47

EBITDA	Snare	eMite	Legacy	Total
FY15 \$m	3.5	-	1.0	4.5
FY16 \$m	4.0	0.4	0.7	5.1
%change	12	na	(37)	13

Margin	Snare	eMite	Legacy	Total
FY15 %	58	-	25	45
FY16 %	53	10	22	35
%change	(9)	na	(12)	(22)



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Snare Business Model

Business Model

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

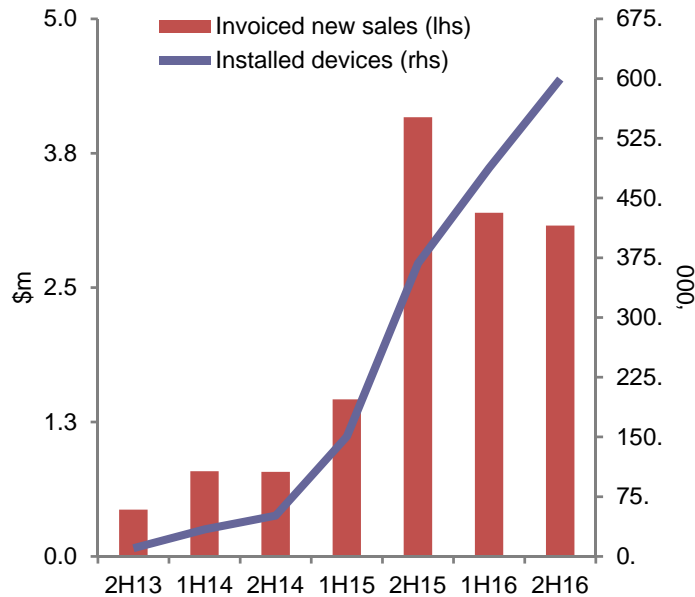
Drivers and Opportunities

- 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

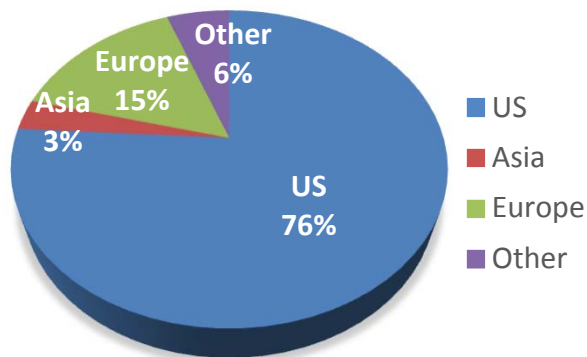
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Key Highlights

- Revenue up 27% to \$7.6m
- New sales up 13%
- Driver is International sales
- Wins at BUPA, US Bank, Time Inc, Delta Airlines, IBM, Lockheed Martin, Bell Canada, Epsilon, Chipotle Grill, J.P. Morgan, Novartis, PWC, Worldpay
- Expanded sales team from 4 to 12 with new hires
- New director of Strategic Alliances on board
- Aim to reach 50% of new sales via partners
- Expanded marketing effort

New Sales Revenue FY2016





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Business Model

- A disruptive technology, providing 'Business Intelligence Data 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

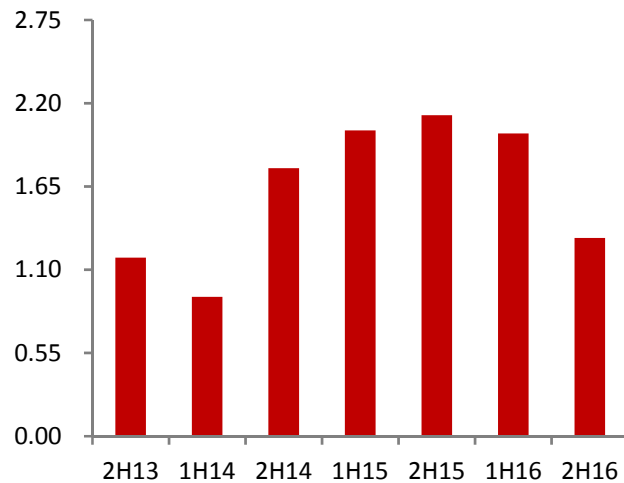




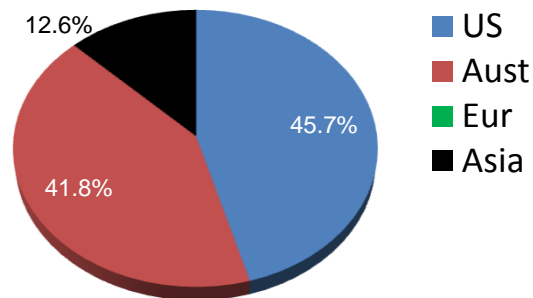
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eMite Highlights

Invoiced New Sales (\$m)



Sales Revenue FY2016



Key Highlights

- Acquired July 2015 for 6m PRO shares and \$7.9m cash consideration
- Founders Stuart and Darren Geros committed to growing the business
- FY16 revenue \$4.0m
- Diversified client base into many industries
- eMite lite versions to expand sales opportunities
- ININ agreement signed
- First ININ sales completed



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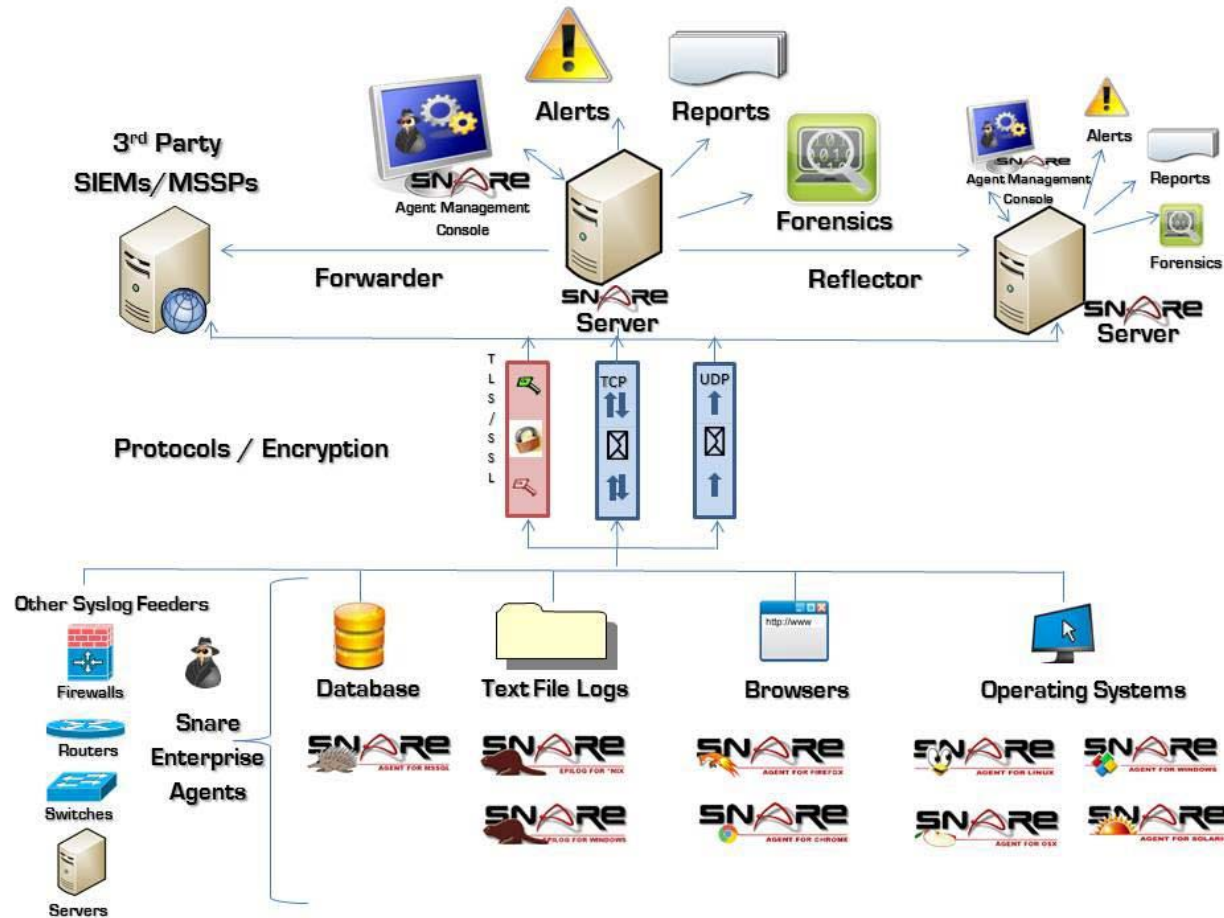
Management **Priorities/Initiatives**

- 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 – under test
- Focus on expanded sales growth backed by matching support resources
- High margins for both Snare and eMite growth as Legacy shrinks
- Continue to invest in product technology for both Snare and eMite



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Appendix 1 - How Snare works

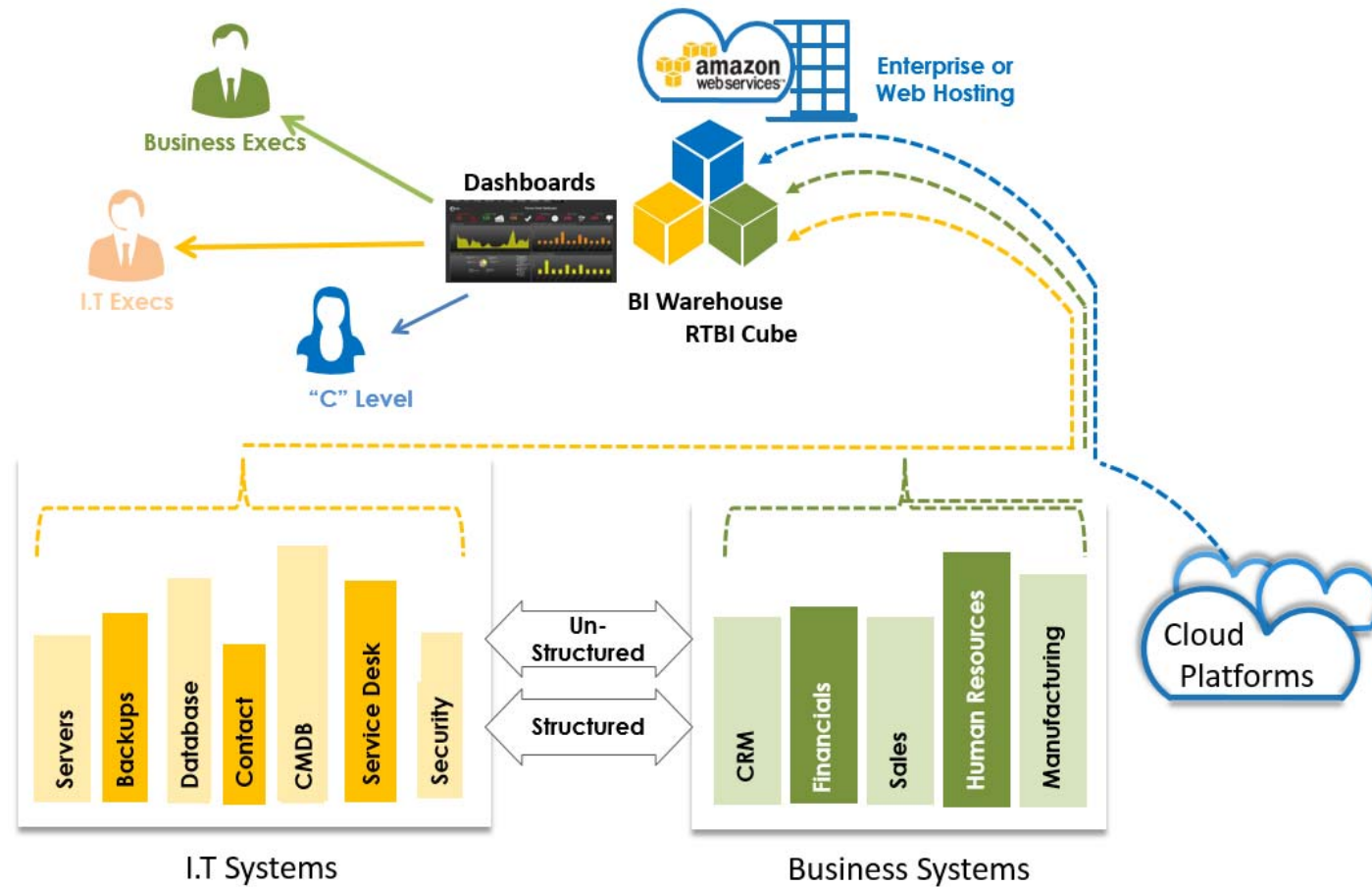




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Appendix 2 - How eMite works

eMite[®] Solution Overview





Appendix 3 - Experienced Team

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Ed Reynolds, 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.



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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

Appendix 3 (cont.)



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