



Half Year Results to 30 June 2019

September 2019



Subash Menon

Managing Director & CEO

- Subash co-founded Pelatro in April 2013
- Prior to Pelatro, Subash was the CEO and Founder of Subex – a company he transformed from a systems integrator in telecoms hardware to a global leader in telecoms software for business optimization
- Subash guided Subex through a successful IPO in 1999 and through seven acquisitions in the UK, US and Canada



Nicholos Hellyer

Finance Director

- Nic, is a Chartered Accountant and former investment banker of over 25 years of experience
- Nic spent the majority of his banking career at UBS and HSBC, advising on a wide range of transactions including public takeovers, private M&A, IPOs and other equity fund raisings
- Nic has also spent time in industry as CFO of Buddi Limited and as Partner at Opus Corporate Finance

THE PROBLEM

- Telco's face a growing number of challenges – with their commoditized services Telcos are looking to existing subscribers to generate new revenue streams
- Telcos are looking to increase Average Revenue Per User as opposed to increase subscriber numbers
- Retaining customers is cheaper and more profitable than acquiring – however, churn is very high

PELATRO'S SOLUTION

- Pelatro provides proprietary technology to Telcos to drive underlying subscriber engagement and drive incremental revenue for Telcos of up to 5% per year while reducing churn
- Enables Telcos to partner with the B2C players and provide a mobile advertisement and sales platform for non Telco products to the subscriber base (using Data Monetization software)

POSITIONED WITHIN THE MULTI CHANNEL MARKETING HUB SPACE



MVIVA CONTEXTUAL MARKETING PLATFORM

- mViva collects data on a real time basis which enables the platform to develop accurate profiles of million of subscribers on the actual usage of different products and demographics spread over a long period of time
- Pelatro's mViva technology processes and analyses the subscriber data in a real time manner to reveal patterns, trends and key behavioural traits as they evolve to have an accurate of each subscriber at all times
 - mViva facilitates continuous, relevant and contextual interactions in a true omni channel engagement model to influence the usage behavior thereby increasing revenue and reducing churn

Application: Send contextual, relevant, personalized and real time campaigns to stimulate higher usage

Mr Smith has consistently been browsing YouTube, but does not have a data pack. The Telco can target Mr Smith using this analysis in real time and offer a special YouTube data pack which will result in incremental revenue for the telco while ensuring higher customer satisfaction.



NEW PRODUCT: DATA MONETIZATION PLATFORM

Application: B2C partners of the telco can segment the subscribers and target individuals subscribers with personalized, mobile advertising

Mr Smith travels to certain specific countries regularly, used a high end phone, has a monthly bill that is in the upper quartile. An overseas travel insurance company can send a tailor made product to Mr. Smith pricing it based on his risk profile.

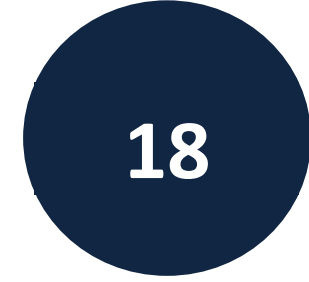


LOYALTY MANAGEMENT SOLUTION

Application: The telco can set up attractive loyalty programs to increase usage and reduce churn

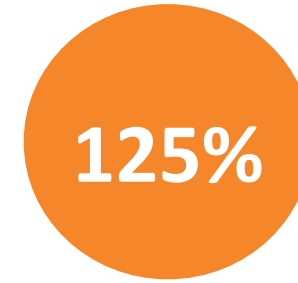
Mr Smith has been a customer for several years and uses various products resulting in a high revenue to the telco. Create multiple tiers, position him in the highest tier and offer him points for his usage which can then be redeemed for telco and non telco products.

Founded in



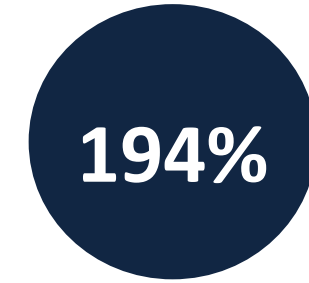
Telco customers in
16 countries
(1 in 2015)

Revenue CAGR



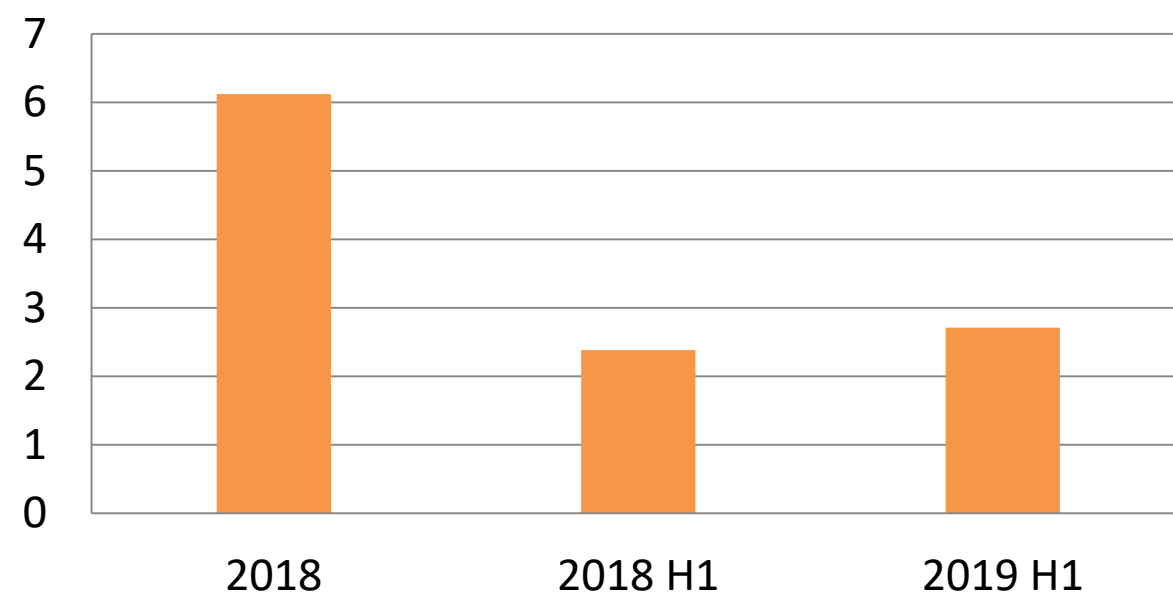
Since 2016

Adjusted PBT CAGR

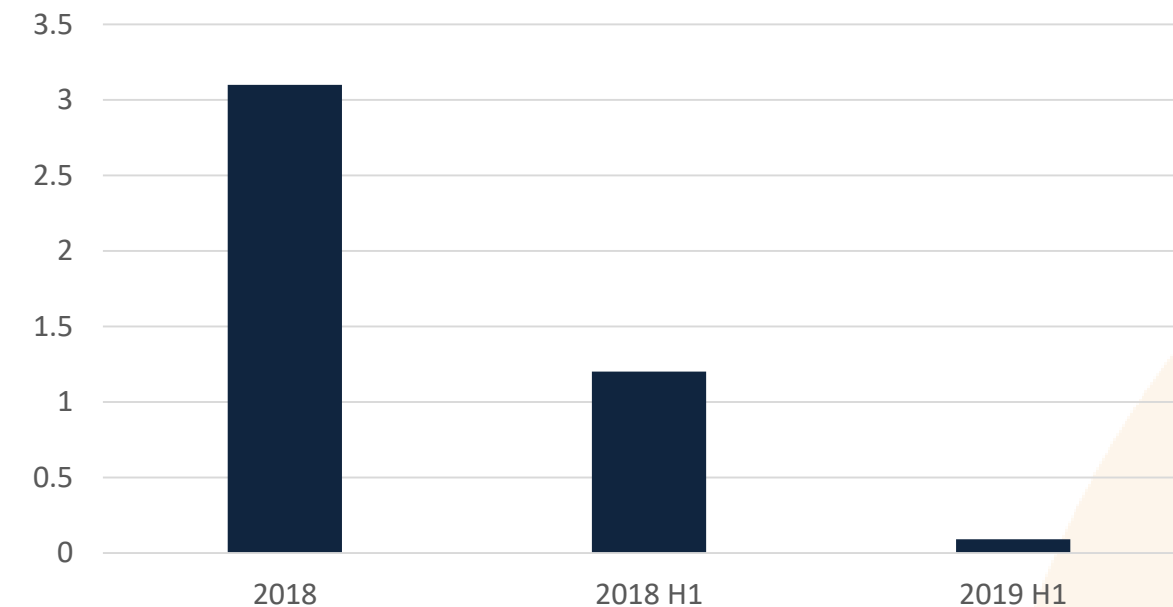


Since 2016

Revenue in \$m



Adj. PBT in \$m



Revenue Gain Share

Pelatro earns a share of the monthly revenue gain generated by using its product

10% to 20%

Customers:

Bahamas Telecom
Primetel
VNPT
Ooredoo Maldives
Tele2

Licence

Pelatro licenses the product with additional licence fee based on growth of subscribers in the network

Includes on-going maintenance income ranging from 10-15% of the cumulative licence fee and Change Requests

Customers:

All other customers incl. Tele2

Managed Services

Pelatro earns a fixed monthly fee for providing the product and managing the operations

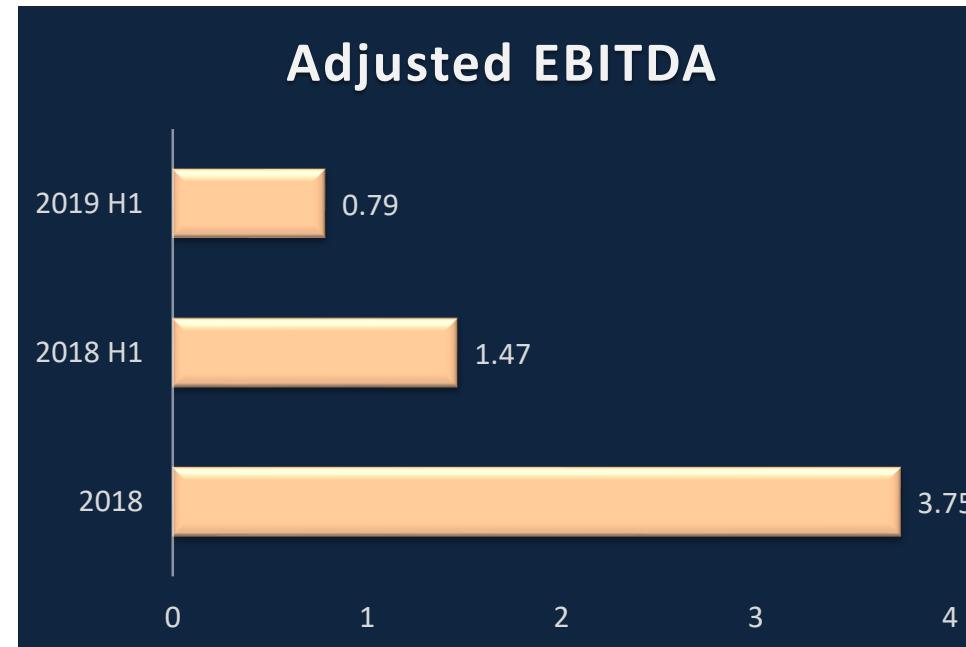
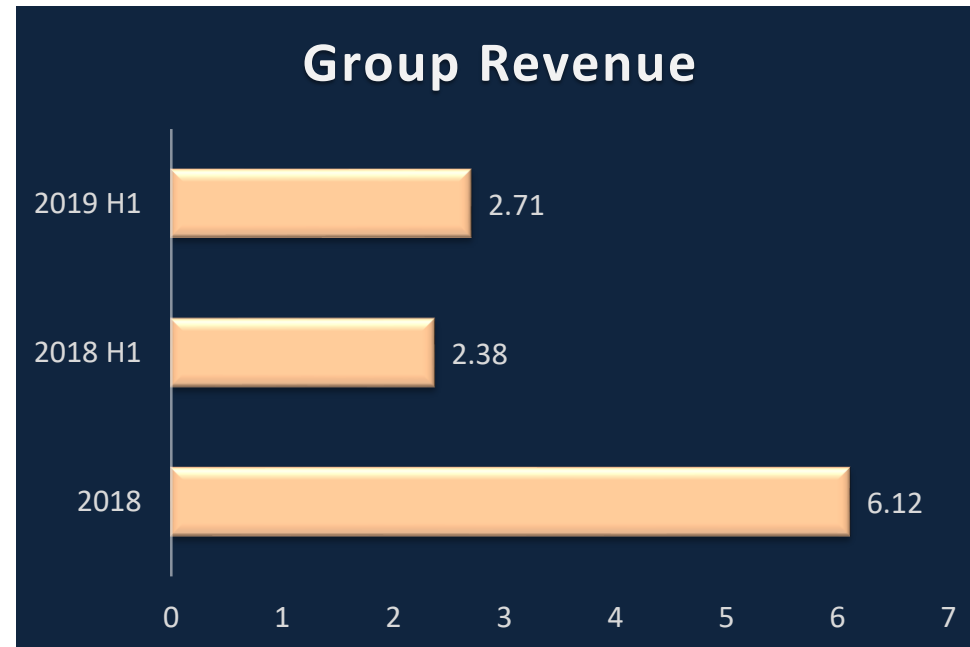
Customers:

Tele2

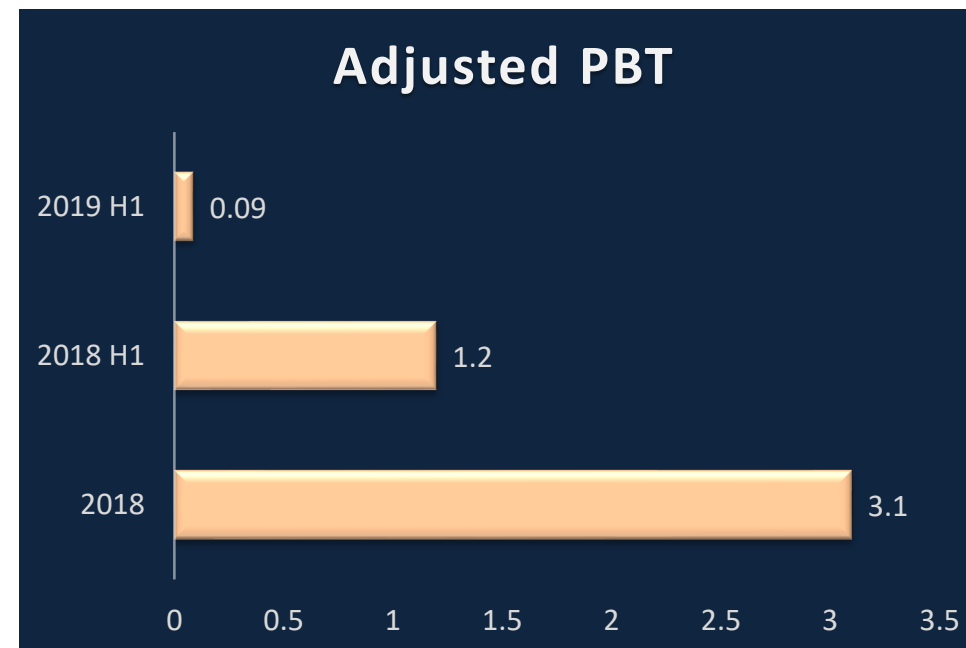
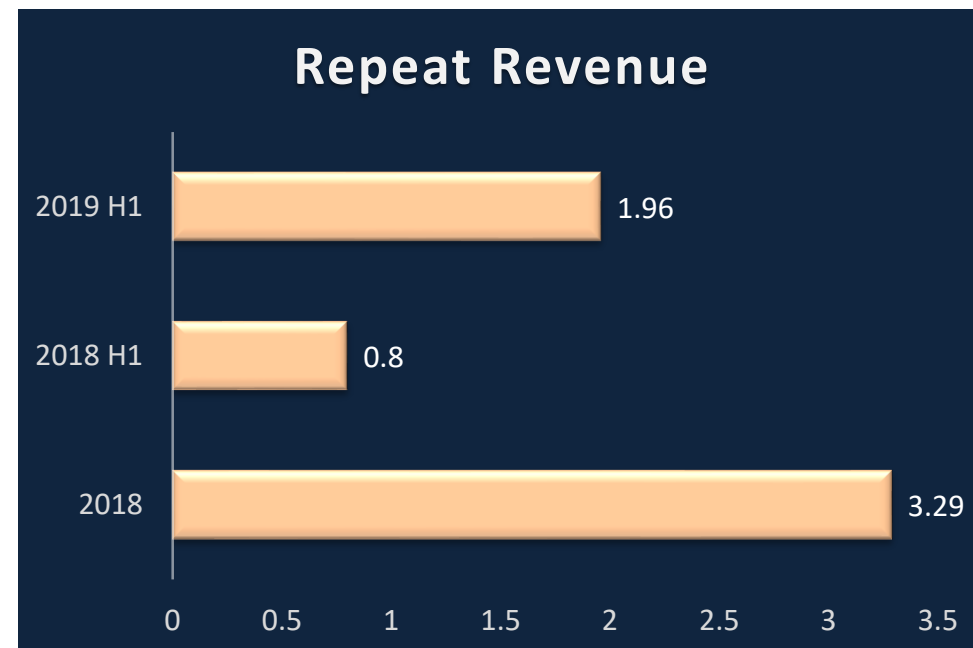


- Overall market forecast to grow to US\$ 2.7Bln in 2019
- CAGR from 2014 to 2019: 19%

Source: Markets & Markets 2016

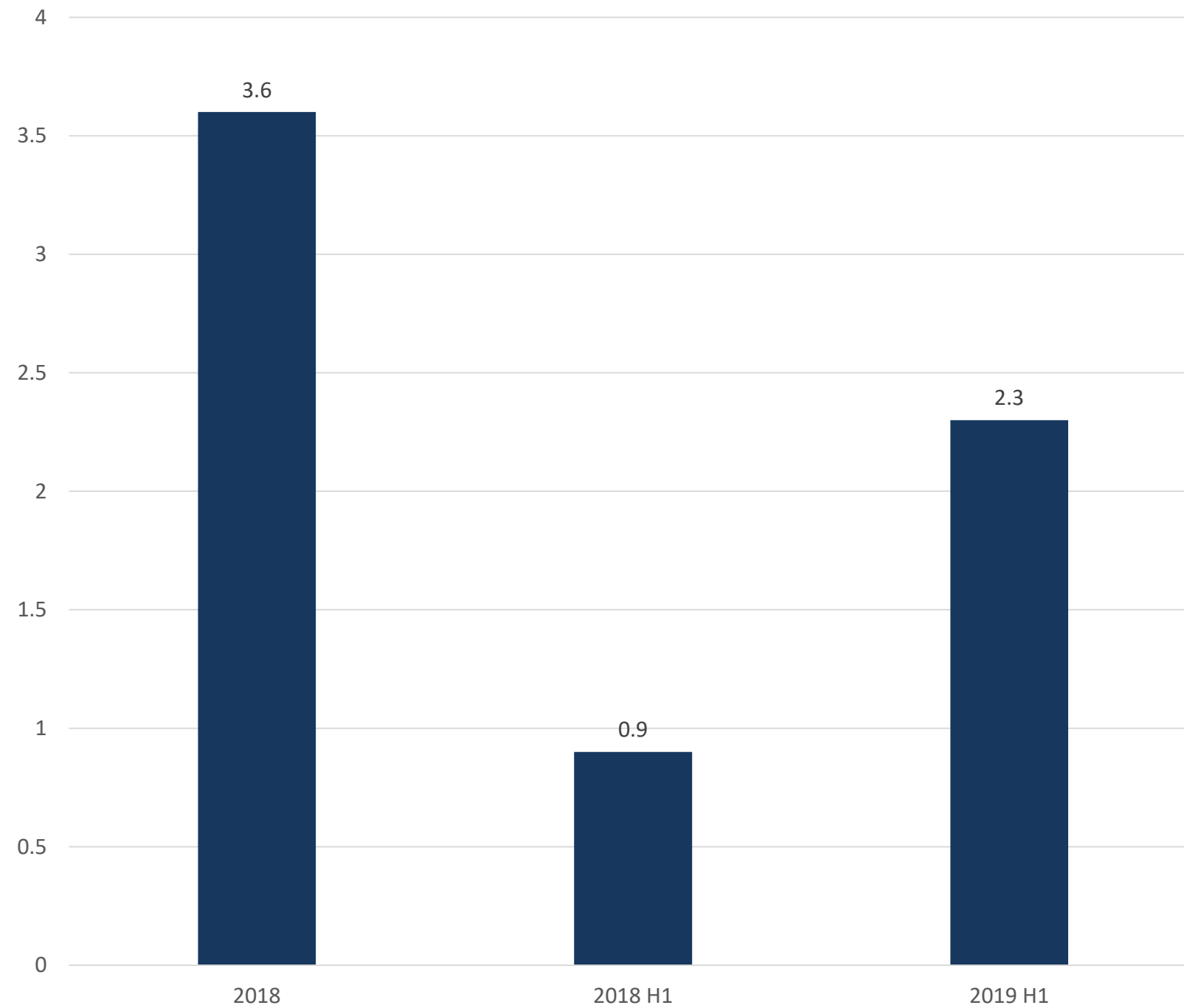


- Revenue increased 14% to \$2.71 million (H1 2018: \$2.38m)
- Repeat revenue increased 145% to \$1.96m (H1 2018: \$0.80m)
- Repeat Revenue, which includes managed services, revenue gain share, change requests and support now c.70% of total revenue
- Adjusted EBITDA decreased 46% to \$0.79m (H1 2018: \$1.47m)
- Adjusted earnings per share 0.5¢ (H1 2018: 4.4¢)



All Figures in USD m

Collection in USDm



- Cash as at 30 June 2019 \$1.12m (at 31 December 2018: \$2.22m)
- Approximately \$0.9m received from debtors since period end
- Debtor days now 94 (on billed revenue (FY 2018 144))

Profit & Loss	2019 H1	2018 H1	2018
	\$'000	\$'000	\$'000
	(unaudited)	(unaudited)	(audited)
Revenue	2,714	2,376	6,123
Cost of providing services	(634)	(361)	(555)
Gross profit	2,080	2,015	5,568
Overhead expenses	(1,288)	(541)	(1,818)
Adjusted EBITDA	792	1,474	3,750
Amortisation and depreciation (excl. acquisition-related)	(591)	(240)	(603)
Adjusted operating profit	201	1,234	3,147
Exceptional items	-	-	(310)
Amortisation of acquisition-related intangibles	(349)	-	(286)
Share-based payments	(49)	-	-
Statutory operating profit	(197)	1,234	2,551
Finance income	20	9	33
Finance expense	(85)	(37)	(71)
Profit before taxation	(262)	1,206	2,513
Income tax expense	4	(145)	(334)
PROFIT FOR THE YEAR	(258)	1,061	2,179
Earnings per share			
Statutory	(0.8c)	4.4c	8.0c
Adjusted	0.5c	4.4c	10.1c

- Overhead costs reflect expansion of team
- Capitalised development costs \$1.1m (H1 2018: \$0.76m) at 55% of underlying costs (H1 2018: 68%)
- Finance expense mostly notional unwinding of discount on Danateq contingent liability
- Share based payments since ESOP introduced in January

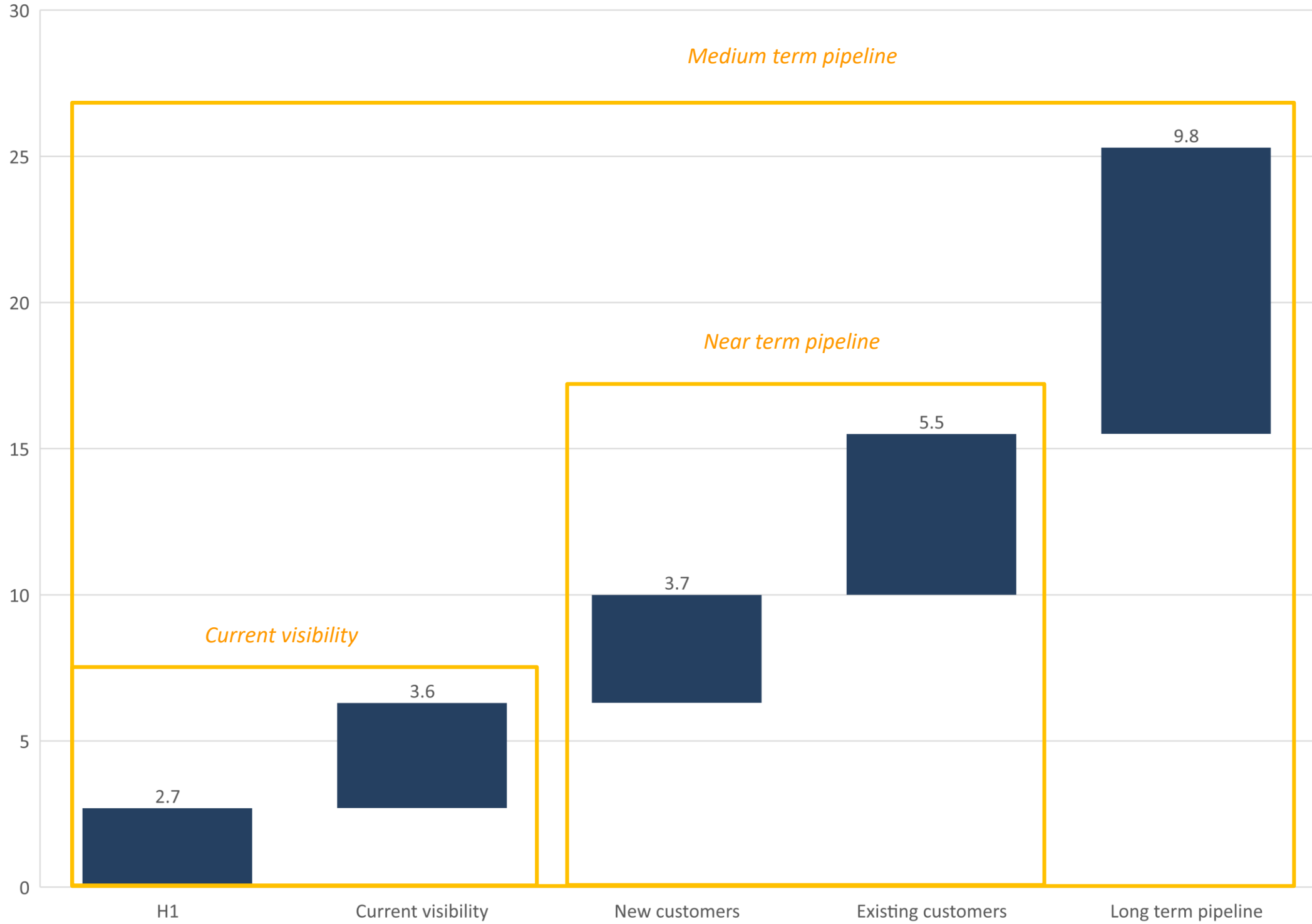
Balance Sheet as on 31 st December	2019 H1	2018 H1	2018
	\$'000	\$'000	\$'000
	(unaudited)	(unaudited)	(audited)
Assets			
Non-current assets			
Intangible assets	10,648	1,865	10,609
Property, plant and equipment	408	302	362
Right-of-use assets	420		-
Trade and other receivables	306	414	360
Contract assets	117	127	303
	11,899	2,708	11,634
Current assets			
Trade receivables - invoiced	1,760	1,302	1,813
Trade receivables – Unbilled Revenue	2,512	961	1,965
Total trade receivables	4,272	2,263	3,778
Contract assets	304	516	81
Other assets	425	356	382
Cash and cash equivalents	1,118	2,096	2,224
	6,119	5,231	6,465
Liabilities			
Non-current liabilities			
Borrowings	359	420	382
Lease liabilities	260	-	-
Contract liabilities	202	-	67
Other financial liabilities	1,187	-	1,141
	2,008	420	1,590
Current liabilities			
Trade and other payables	356	362	609
Short term borrowings	73	69	69
Lease liabilities	224	-	-
Contract liabilities	257	106	171
Other financial liabilities	-	-	298
	910	537	1,147
Total liabilities	2,918	957	2,737
NET ASSETS	15,100	6,982	15,362

- Other financial liabilities - current liability now zero, modest increase to non-current

Cash Flow	2019 H1	2018 H1	2018
	\$'000	\$'000	\$'000
	(unaudited)	(unaudited)	(audited)
Operating cash flows before movements in working capital	787	1,497	3,681
(Increase)/decrease in trade and other receivables	(402)	(1,022)	(2,438)
(Increase)/decrease in contract assets	(38)	(505)	(273)
Increase/(decrease) in trade and other payables	(230)	(9)	57
Increase/(decrease) in contract liabilities	220	(13)	146
Cash generated from operating activities (before exceptionals)	337	(52)	1,173
Income tax paid	(96)	(263)	(292)
Net cash generated from operating activities (before exceptionals)	241	(315)	881
Exceptional items	-	-	(310)
Cash generated from operating activities	241	(315)	571
Cash flows from investing activities			
Acquisition of property, plant and equipment	(78)	(305)	(384)
Development of intangible assets	(1,111)	(763)	(1,604)
Acquisition of intangible assets	(12)	-	(69)
Cash inflow/(outflow) on acquisition of businesses net of cash acquired	-	(14)	(7,035)
Net cash used in investing activities	(1,201)	(1,082)	(9,092)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	-	-	7,395
Proceeds from borrowings	276	254	394
Repayment of borrowings (including related parties)	(388)	(746)	(949)
Net finance costs	(41)	(32)	(26)
Net cash generated by/(used in) financing activities	(153)	(524)	6,814
Net increase/(decrease) in cash and cash equivalents	(1,113)	(1,921)	(1,707)
Foreign exchange differences	7	(109)	(195)
Cash and equivalent at beginning of period	2,224	4,126	4,126
Cash and cash equivalents at end of period	1,118	2,096	2,224

- Positive operating cash flow
- \$1.1m development expenditure

- Pelatro's offering is now both wide and deep enough to be of significant strategic importance to telcos – continue to build on this strength through enhanced use of AI/ML and Big Data technologies – this will continuously increase the differentiation of our offering thereby paving the way for global leadership
- Focus on building a higher proportion of recurring and repeat revenue – out of the 6 contracts won till date in 2019, 4 are recurring and repeat revenue contracts with a value of \$5.4 million for 3 years i.e. \$1.8 million per year – the other 2 are license contracts contributing \$1.9 million to 2019
- Align revenue recognition and invoicing milestones to reduce debtor days
- Cross sell multiple products into the existing and expanding customer base



- Current revenue visibility of \$6.3m including:
 - \$2.7m in H1
 - \$2.52m booked post year end
- Near term pipeline, with the potential to close before 2019, of \$9.2m including:
 - \$3.7m of new customers
 - \$5.5m of existing customers
- Medium term pipeline of \$19m, comprised of over 40 live opportunities

- The company continues to trade well and has signed contracts with Vinaphone, Ooredoo Maldives, Tele2 (Data Monetisation Platform), AIS and Digi during the H1 period
- The company is encouraged by the increasing proportion of repeat revenue from managed services, revenue gain share contracts, change requests and support
- Visibility of \$6.3 million of 2019 revenues and pipeline of \$19m
- With 5 products and 18 customers, the company has compelling cross selling opportunities
- The Board looks forward with confidence