

## **2014 AGM ADDRESS TO SHAREHOLDERS MS FRAN HERNON – CHAIRMAN**

Today, it is my pleasure to address you for the first time as your Chairman. I would like to acknowledge the numerous first time attendees here today and thank you for taking the time to get to know Infomedial a little better, and for your support as shareholders, which we deeply appreciate.

Our results for FY2014, shown on the slide behind me, represent a solid performance for the year, with sales increasing by 17.4% from the previous year to \$57.1 million and NPAT increasing over the same period by 22% to \$12.3 million.

Your Directors declared a fully franked final dividend of 1.89 cents per share, bringing the total dividend for FY2014 to 3.78 cents, an increase of 34% over the previous financial year.

These key results were supported by a focus on advancing our next generation product, continuing improvements in productivity, increasing Microcat sales and expanding the acceptance of our Superservice product suite.

I would like to take this opportunity to publicly acknowledge and thank the entire Infomedial team for their efforts in achieving these excellent results.

As you will hear from our executives, the opportunities in the automotive aftermarket are substantial. As I'm sure you are aware by now, the ever-increasing connectivity of devices, the 'internet of things' combined with the transformational effect of the exponentially increasing collection and storage of data known as Big Data will both empower consumers as never before and provide the edge in customer service and retention to those who can understand and harness it.

Here, Infomedial is well-positioned. Digital value will continue to rise as we become a hyper-connected world. Infomedial's investment in cloud technology provides us with the speed and capability to capitalise on these developments. This, combined with the depth of our knowledge and understanding of the after-sales market, offers opportunities to create new business and build competitive advantage.

Against this backdrop, we will continue to invest in our technology research and development to ensure our products deliver a strong platform for growth. Infomedial's model of recurring revenue remains unchanged and continues to deliver a sound financial basis for creating shareholder value.

Over the past three or four years we have invested substantial time, effort and resources in building world-class technology and infrastructure to underpin our product suite and in developing the products themselves. As you will hear in more detail from Andrew, our products are generating very pleasing results for our customers.

Now our focus and in some ways our challenge becomes turning these strengths into higher sales and revenue growth.

This will require the same kind of effort that allowed us to establish our technology capability and expertise and will entail some investment in the skills, capability and possibly the numbers of our salesforce as demand for our products grows.

I therefore see that FY15 will see some increase in our cost base as we put this into action with a view to realising our potential in FY2016.

As you will see from the executives' presentations, our business development pipeline remains strong and the acceptance of our products is certainly encouraging. However the timing of when the revenue will fall to the P&L is not always within our control, hence we do tend to take a longer view than 12 months when assessing the future.

This leads me to executive remuneration and I want to spend a couple of moments on this as I have received a number of questions about it from our investor community.

Following my appointment in February this year I, together with the CEO, and assisted by an independent external advisor, undertook a comprehensive review of the CEO and executive salaries and incentives, the results of which are contained in the explanatory memorandum which accompanied the AGM Notice. The Plan was ratified by the Board on August 28.

Simply put, this places us on par with accepted industry best practice regarding both Short and Long Term Incentives constructed around significant growth targets. 40% of our executives' pay is "at risk".

All our targets are quantitative and rest on revenue, subscription numbers, costs and profit.

The Long Term Incentive is by way of Performance Shares which vest after three years, with an EPS hurdle (for the 2014 allocation) set at 8.5 cents.

This illustrates the kind of growth we are driving for.

In closing, the Board is confident in Infomedial's ability to deliver long term, sustainable growth and remain at the forefront of innovation in our sector.

Thank you once again for your support and for your attendance here today. For those of you who have seen our product demonstrations outside, I trust you have had value for your time. For any of you who haven't as yet been to a product demonstration, I encourage you to see the power of the products for yourselves. It will give you a useful understanding of your company, and the opportunity to meet some of the IFM people who make our success possible.

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## **2014 AGM ADDRESS TO SHAREHOLDERS MR ANDREW PATTINSON – CHIEF EXECUTIVE OFFICER**

Good Afternoon and welcome to Infomedial's 2014 Annual General Meeting. It's great to have you with us today.

I would like to start by saying that I am very proud of the Company's FY2014 result and especially of the team that delivered it. Improving the financial performance of the business was a result of the continuing improvement in all areas of the business, a true collaboration of all of our operational areas and individuals.

The past year has been a breakthrough for our Superservice suite. Whilst we always believed that the Superservice suite had all of the ingredients of being a commercial success, the levels of interest from across the globe and from various automotive manufacturers has validated our confidence.

Underpinning the interest in our products has been a strong operational performance. As I spoke to at last year's AGM, the platform for commercial recognition comes from the back end of the business, and to reiterate – Infomedial make great products.

Along with leading design and innovation, the important elements of making a product for truly global consumption come from getting the difficult and less glamorous bits right. This has always been at the heart of Infomedial's product range.

Our ability to produce products that are scalable and stand up to the test of being used globally, 24/7 are a result of a number of things including:

- Automation in product testing and production
- Investment in workflow management
- Consolidation of technologies
- Reinvention of the Development, IT and Product Management teams
- Industrial strength production and testing systems
- Tighter engagement with other back office support systems

In summary, we have highly attractive, innovative products being backed up by industrial strength systems with tight cost control and scalability.

How does that translate into the customer experience?

Our products are truly making a difference to our customers. To provide you some context, the following quote comes from one of US based pilot customers:

*"We have been using Superservice for just 2 weeks and I can tell you this program is a game changer, Look them up NOW!"*

This particular customer is a large dealer from a Tier One automaker on the US west coast. They saw a 12% increase in customer pay parts sales in the first month they were using Superservice Triage and Menus within their dealership versus the same period last year with the same number of customer vehicles serviced. The dealer loves the way Superservice allows them to improve their customer engagement, the

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transparency it provides their operation and of course the revenue it generates for this business.

So our products are not just fast, well designed and nice to use – they make our customers more profitable whilst improving those all important customer satisfaction ratings.

Our pipeline of sales activity is strong and diverse (across regions, OEM's and products) and continues to grow as the word of our early adopting customer successes spreads.

The process of getting new customers onto our solutions has been slower than we would like and this is a challenge we are working hard to overcome. Offsetting this, however, we are seeing an increase in the scale of Automaker-backed pilot programs, because of the positive outcomes dealers are experiencing. This can result in an impact to immediate revenue projections, but increases the size of the opportunity over the longer term.

Whilst the new Superservice products are gaining a lot of attention, we still have a strong focus on the Electronic Parts Catalogue (EPC) side of the business and continue to innovate and sell into new opportunities.

As the first genuinely commercial strength online EPC into the market, we believe Microcat is still the benchmark for this genre of automotive dealer tools.

In FY2014, we saw growth in our user base in both traditional Microcat sales, as well as our Smash Repair implementation Auto PartsBridge (APB) with new product releases to Hyundai Canada and Chrysler USA. We also released a version of Microcat for Toyota Material Handling USA (Forklift) that allows their corporate customers to order parts directly from Toyota's Head office.

With a view to the future, our vision is very much aligned with the 2020 White Paper we released in 2013. One of the themes of this paper is the 'Connected Vehicle' and I can tell you we are working together with one of our Automaker customers on an integration that will allow the Superservice product suite to collect vehicle identification and diagnostic information remotely from the vehicle in order to expedite the customer's service experience.

This paper is also helping to shape our next generation product planning as well as creating opportunities to work with our customers to help shape the direction of parts and service into the next decade.

In closing I would like to reiterate my confidence in the future of the business. Whilst there is always competitive threat and risk in any commercial endeavour, I believe your Company is in a strong position to capitalise on the opportunities in front of us.

Thank you again for being with us today.

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