



D A M S T R A

# Damstra Technology

Evans and Partners Small Cap Conference Presentation

27<sup>th</sup> November 2019

Financial data is provided on a pro forma basis except where explicitly stated otherwise

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## Executive Chairman

Johannes Risseeuw

- Johannes joined Damstra in 2012
- Former VP Mergers & Acquisitions, Asia Pacific at Shell, where he drove billion dollar transactions across Australia, Singapore, Hong Kong, Malaysia and the Middle East
- Previously Chief Investment Officer of Questus Energy (focused on the acquisition and management of oil and gas assets) and COO of Skilled Group (ASX-listed labour hire company)
- Qualifications: B.Econ from the University of Sydney and GradDipAppFin from Kaplan



## CFO

Chris Scholtz

- Chris has worked with Damstra since 2014
- Former CFO and GM Finance at Skilled Group
- Previously Head of Finance at Kell & Rigby
- Qualifications: B.Com (Hons) and practising member of Institute of Chartered Accountants in South Africa, Australia and New Zealand

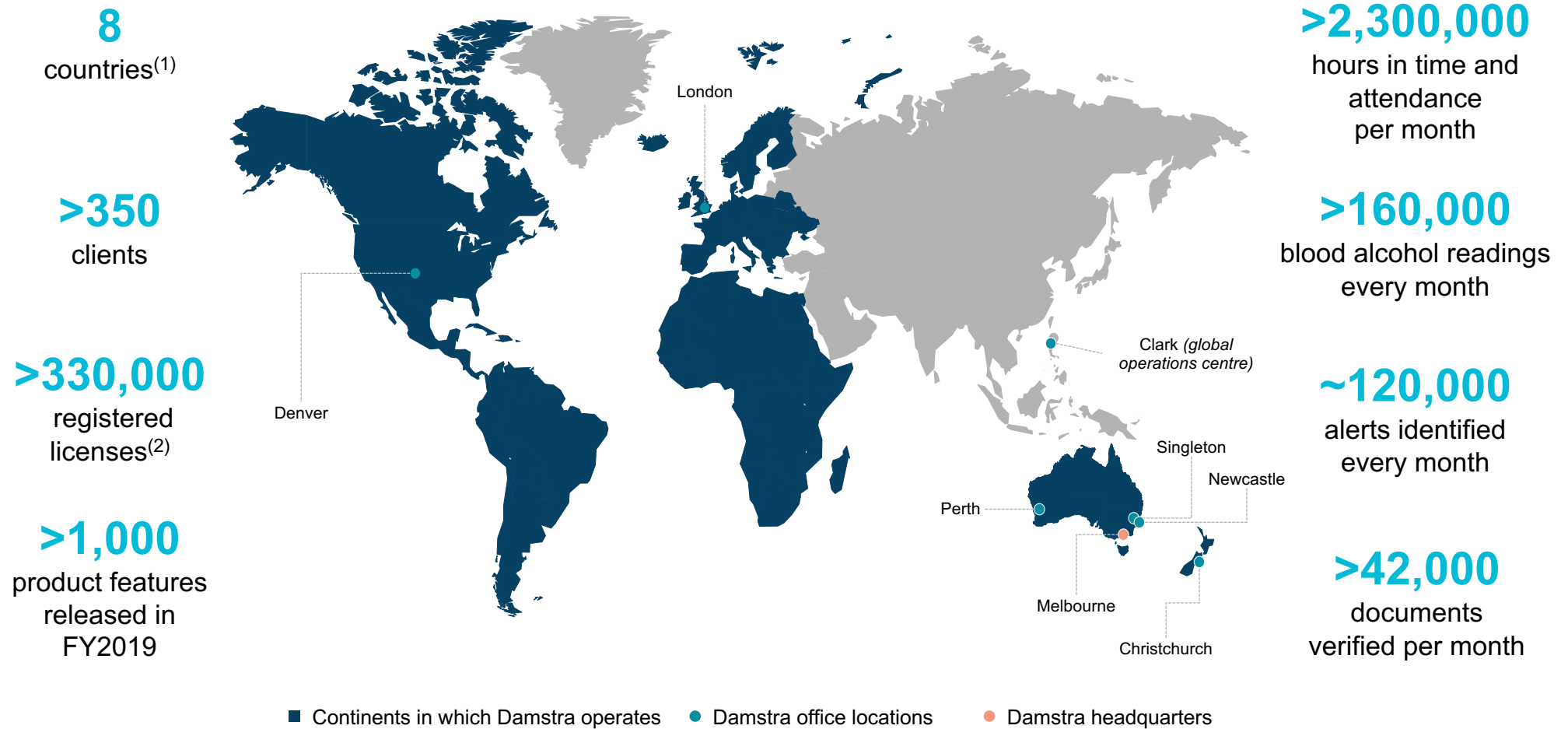
- 1 Introduction to Damstra
- 2 Industry overview
- 3 Business overview
- 4 Business model and key clients
- 5 Financial highlights
- 6 Growth drivers

SECTION 1

# Introduction to Damstra

# An introduction to Damstra

First established in 2002, Damstra is an Australian founded provider of workplace management solutions to multiple industry segments. FY20 target is International revenue will be 25%, we aim to create a truly global business



(1) Countries where Damstra has operations  
(2) Based on number of active paying licences as at June 2019



1

## Comprehensive and scalable solution

- SaaS-based workplace management solution
- Integrated hardware and SaaS-based solutions providing real-time data
- Solution for organisations to efficiently manage risk, compliance

2

## Large and growing global addressable market

- Global workplace management solutions market worth approximately US\$15.6Bn in 2018, forecast to reach approximately US\$20.2Bn by 2022, growing at a CAGR of 6.7%<sup>(1)</sup>

3

## High profile client base and scalable model

- Servicing more than 330,000 registered licences<sup>(2)</sup> across more than 350 clients  
Solution used by high-profile clients such as Glencore, NBN, LafargeHolcim, Newmont Goldcorp, CPB Contractors and John Holland

4

## High client retention

- High client retention rate (97%)<sup>(3)</sup>
- Placement of hardware components on client sites increases “stickiness” of our products

5

## Strong revenue growth and financial profile

- Revenue growth of 37% CAGR between FY2017 and FY2020F; 90% recurring revenues<sup>(4)</sup>
- Business model generating positive EBITDA margins, forecast to be 20% in FY2020F<sup>(5)</sup>

6

## Multiple levers of business growth

- Opportunity to increase usage by existing clients and grow module use
- Greenfield opportunities through winning new clients who have not previously used a SaaS-based workplace management solution



***Stable and highly experienced management team with a long-term vision***

<sup>(1)</sup> Frost & Sullivan, Market Report, 'Sizing of Global Software Markets' (July 2019) (commissioned by Damstra)

<sup>(2)</sup> Based on number of active paying licences as at June 2019

<sup>(3)</sup> Between FY2018 and FY2019 (based on total revenue)

<sup>(4)</sup> Recurring revenue is the sum of revenue categorised as licence fees and hardware on our pro forma statement of financial performance. Based on FY2018 and FY2019 revenue

<sup>(5)</sup> EBITDA margin before significant items



# A highly experienced management team



**Christian Damstra**  
*Chief Executive Officer*

- Damstra since 2002
- Previously ran his own business consulting to the mining industry and is a holder of an Open Cut Examiner Certificate of Competency



**Chris Scholtz**  
*Chief Financial Officer*

- Damstra since 2014
- Former CFO and GM Finance at Skilled Group and Head of Finance and Kell & Rigby Pty Limited



**Solenia Cioppa**  
*Chief Business  
Development Officer*

- Damstra since 2018
- Previously Director of Pre-Sales, Cloud and Solution Design at Kronos and payroll manager at SITA



**Katja Voegelé**  
*Chief Product  
and Marketing Officer*

- Damstra since 2018
- Previously Chief Marketing Officer at Velpic and Director of Segment Marketing at Telstra



**Damien Camilleri**  
*Chief Technology Officer*

- Damstra since 2018
- Previously CTO at eify and Development Manager for IPG Group Limited



**David Richards**  
*Head of Implementation*

- Damstra since 2016
- Previously Project Manager at UBS and worked in publishing, legal & regulatory, investment banking, and more



**Seb Culbert**  
*Global Operations Manager*

- Damstra since 2018
- Previously Operations Manager at eify and worked in construction, government, manufacturing and mining

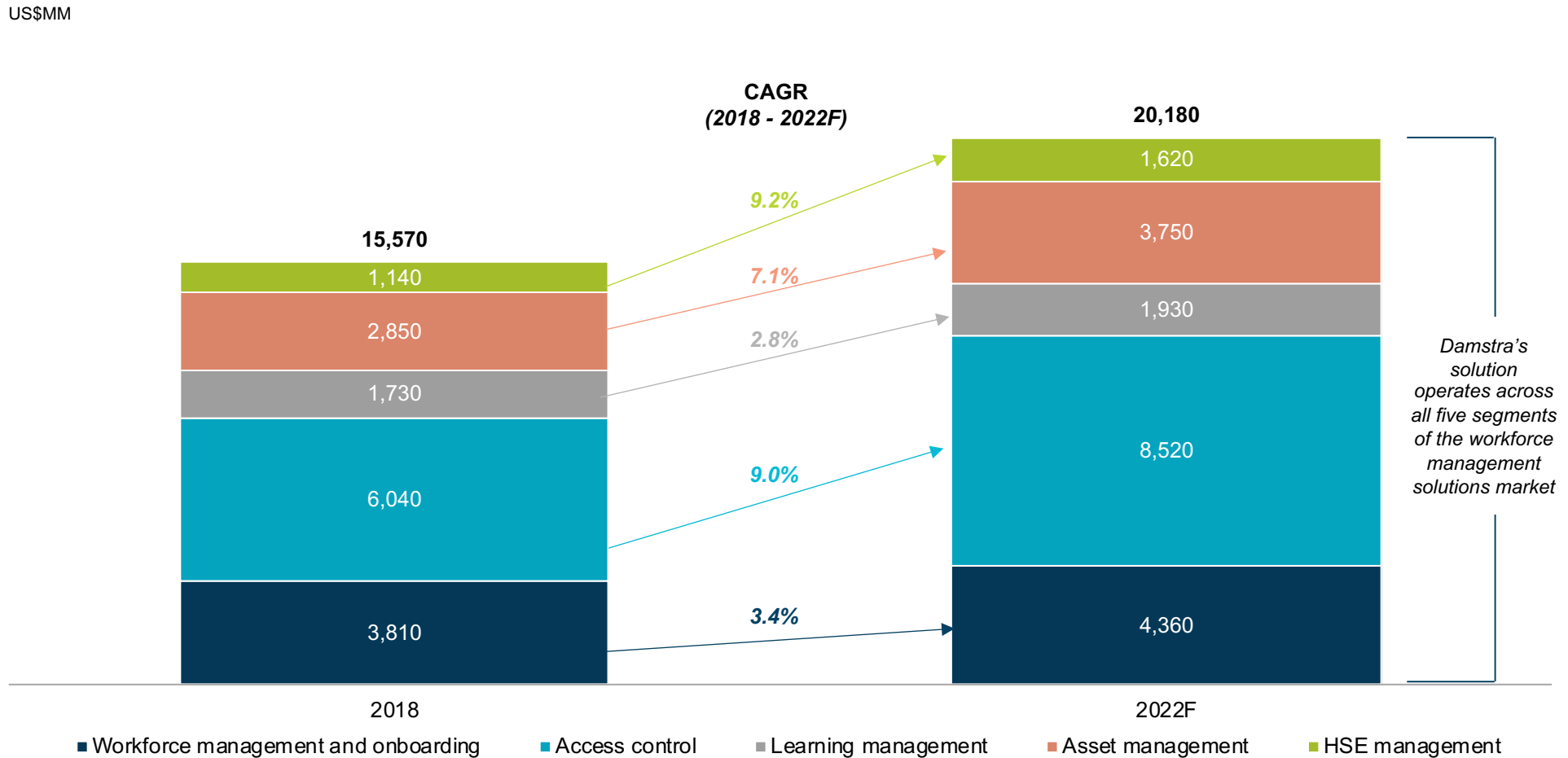
SECTION 2

## Industry overview

# Large and growing addressable market

Frost & Sullivan estimated the global workplace management solutions market at ~US\$15.6Bn in 2018, and forecasts the market to reach US\$20.2Bn in 2022, growing at a CAGR of 6.7%

## Size and growth of the global workplace management solutions market<sup>(1)</sup>

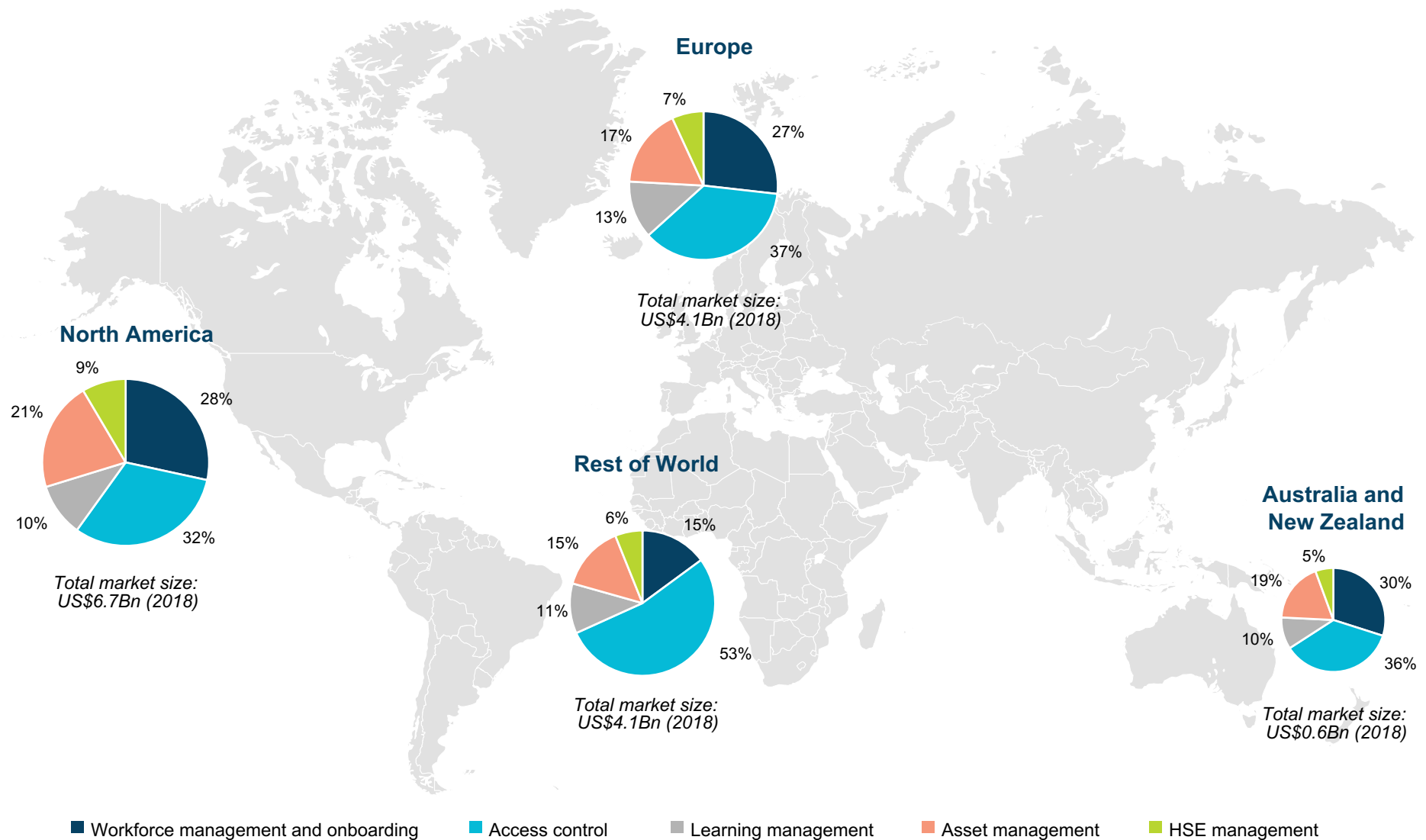


(1) Frost & Sullivan, Market Report, 'Sizing of Global Software Markets' (July 2019) (commissioned by Damstra)



# Large and growing addressable market (cont'd)

Breakdown of each of the five segments of the workplace management solutions market across four distinct geographical areas<sup>(1)</sup>



(1) Frost & Sullivan, Market Report, 'Sizing of Global Software Markets' (July 2019) (commissioned by Damstra)

# Market opportunities driven by global trends

The penetration of cloud-based, SaaS solutions within the workplace management sector is at a relatively early stage, however penetration is accelerating due to a number of global trends

✓ Increased outsourcing of workplace management roles	<ul style="list-style-type: none"><li>• <b>Productivity benefits</b> associated with outsourcing workplace management functionality from traditional labour-intensive, on-premise solutions to specialist cloud / SaaS providers</li></ul>
✓ A greater need for accurate, real-time and auditable information	<ul style="list-style-type: none"><li>• <b>Increasing regulatory and compliance requirements</b> of organisations and focus on managing costs are driving the need for accurate, real-time and auditable information</li></ul>
✓ Digital transformation	<ul style="list-style-type: none"><li>• Digitalisation <b>improves workplace efficiency and addresses operational and supply chain issues</b></li></ul>
✓ Increased focus on employee well-being, training and occupational health and safety outcomes	<ul style="list-style-type: none"><li>• Integrated SaaS solutions allow for <b>more efficient tracking of workforces</b> whilst also enabling the <b>timely transmission of accurate information</b> across a multi-modular workplace management suite</li></ul>
✓ The need to manage increasingly complex and global workplaces	<ul style="list-style-type: none"><li>• <b>Increasing presence of contingent workers</b> (e.g., contractors) and the need to increase engagement with these workforces is stimulating uptake of SaaS-based solutions</li></ul>
✓ Greater focus on technology costs and reduction in capital budgets for internally developed solutions	<ul style="list-style-type: none"><li>• A SaaS-based solution generally <b>does not include a significant upfront software licence fee</b> or investment in capital expenditure to deploy</li></ul>



## Single and multi-point workplace management solution providers

### Description

Workplace management solutions which support one or more modules, products or geographies

### Key Observations

- Usually reflects a provider's expertise with one or more core workplace requirements (e.g. time and attendance)
- Capability outside country or across borders may be limited
- May or may not integrate with hardware on a client's site



## Global enterprise software companies

### Description

ERP software that focuses on enterprise-wide applications

### Key Observations

- May operate in multiple countries
- Functionality is typically focused on customised ERP software
- May have limited workplace management functionality
- Usually focused on financial reporting, rather than workforce or operational optimisation



## In-house developed solutions

### Description

Developed in-house by clients for their own proprietary use

### Key Observations

- Internal systems may have been in place for some time
- Typically self-hosted
- May comprise multiple commercial and self-developed applications
- Client bears system development and maintenance costs



## Damstra

### Description

Damstra distinguishes itself by addressing multiple market segments, and through integration with hardware and third party applications

### Key Observations

- Capability to address multiple segments of the market
- Global solution reduces costs and complexity
- Integration with third party applications
- SaaS-based solution generally does not require significant upfront cost

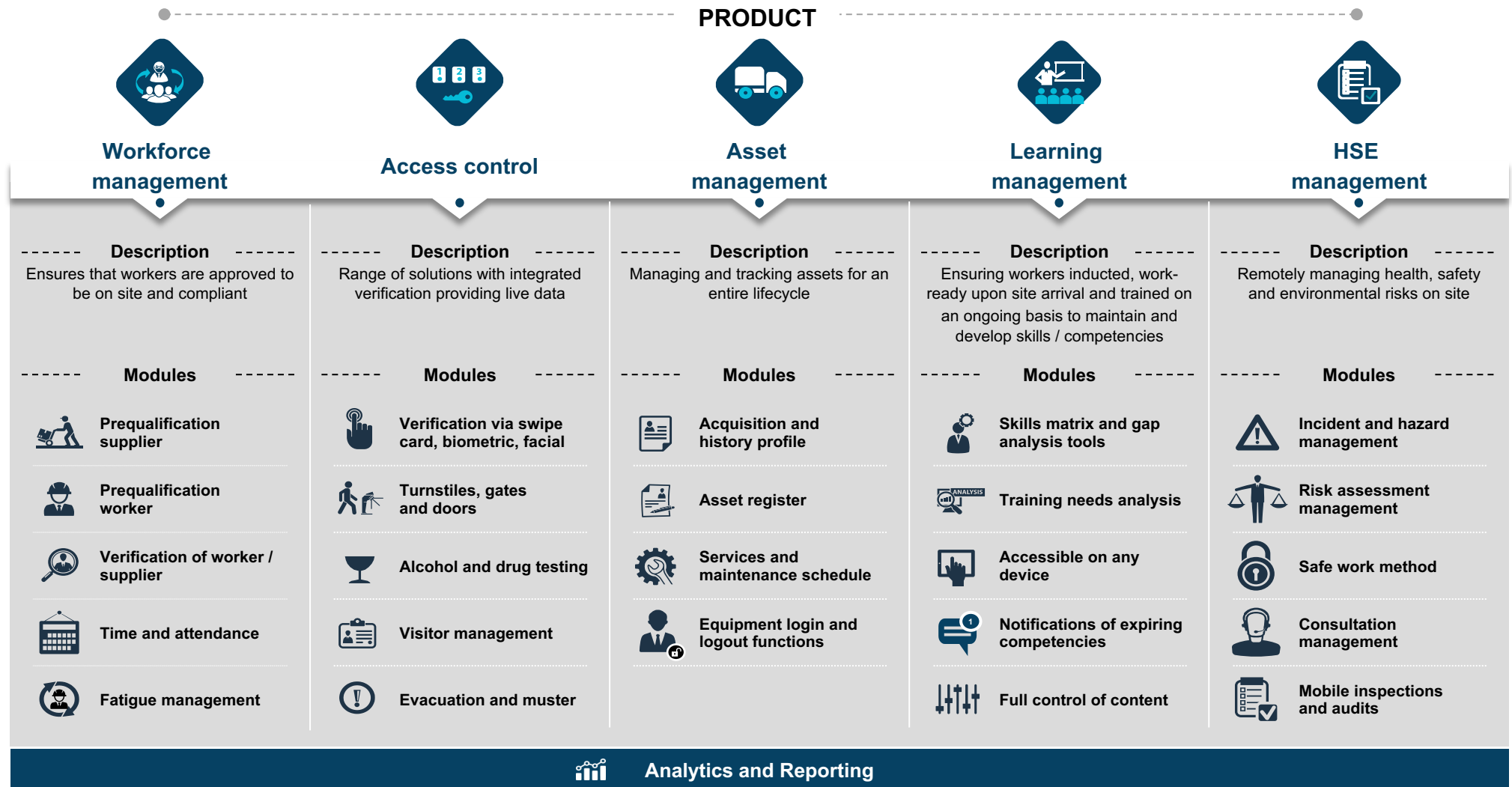


SECTION 3

## Business overview

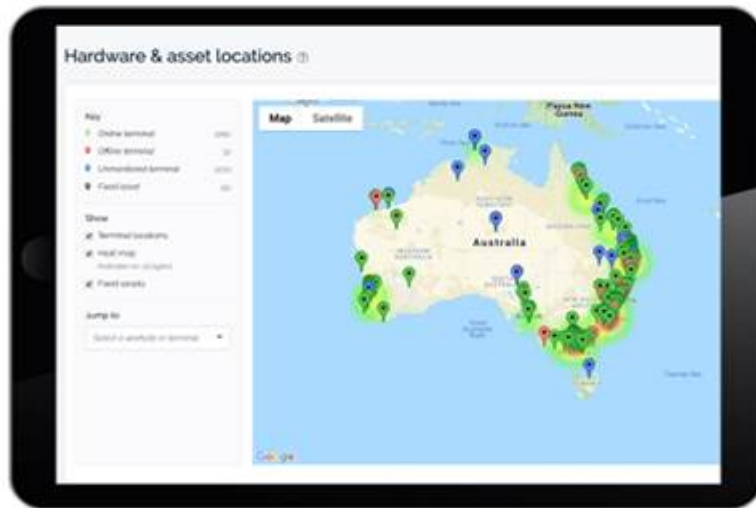
# Overview of the Damstra solution

Damstra's integrated workplace management solution combines hardware components installed on client sites with a comprehensive SaaS-based solution for use by both employees and employers

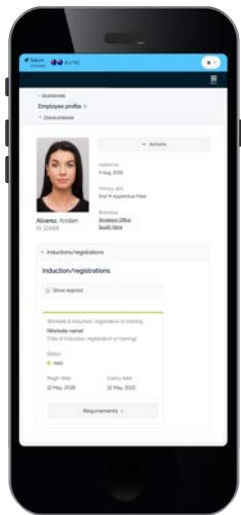


# A comprehensive and scalable solution for all clients

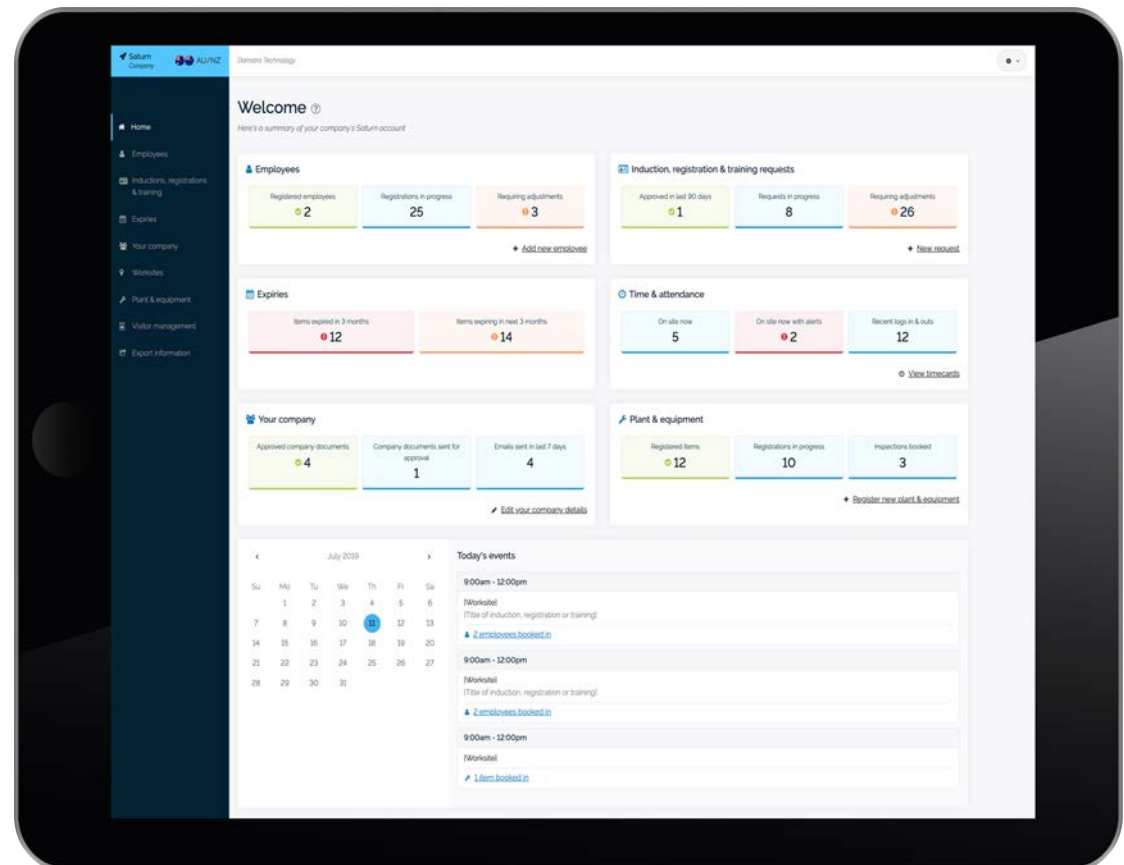
## The Damstra solution in practice



Live Heat Map



Personnel Profiles and  
Swipe Card



Live Dashboard



# Hardware components of the Damstra solution

Damstra's software integrates with hardware devices to provide real-time data collection and access control services

## PRODUCTS



**Login Terminal  
(Card Reader)**



**Alcohol and Drug Testing  
(Breathalysers)**



**Tablet Solutions and Printers**

### Description

- Touch screen displays with 'swipe and go' functionality, where employees swipe their cards through the card reader and the terminal determines the direction of punch (in / out)

### Key Features

- Accessed by all persons on a site
- Site visitors tracked and recorded
- Qualifications and competencies of people on site tracked and recorded
- Time cards of workers tracked and recorded
- Accessible via a mobile app using QR code technology
- Random training audits
- Site evacuation lists

### Description

- Provide BAC testing for mine sites, construction sites, transport depots, manufacturing plants, corporate offices and other locations
- Breath testing for alcohol with customised frequency and varying BAC thresholds
- Offer both wall-mountable and portable devices

### Key Features

- Random selection
- Voluntary testing
- Testing all or percentage of people attending site
- Automatic calibration every 24 hours
- Integrated with Damstra's SaaS platform to store and report on BAC levels and results

### Description

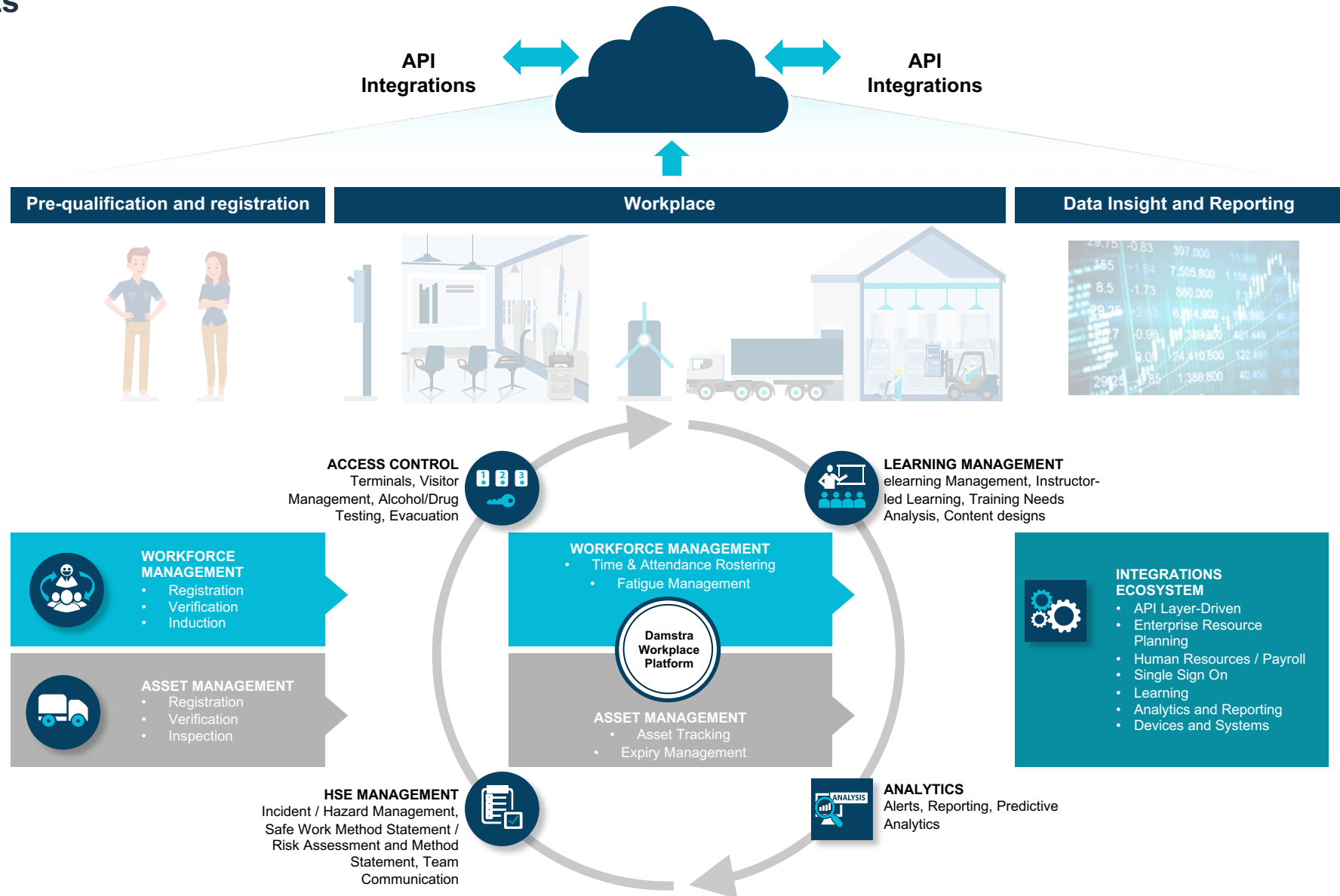
- Workforce time and attendance tracking or access control applications
- Contractors / employees can sign in using card access or biometric recognition to track attendance or to provide monitored access to a work site

### Key Features

- Skills and qualifications of workers / visitors can be captured and cross-checked
- Customised access grants for different skill and qualification levels

# Illustrative platform experience

Damstra's products are designed to provide a comprehensive end-to-end experience for our clients



Integration across organisational systems and platforms is critical to delivering improvements in safety and compliance, as well as productivity and efficiency in the workplace for our clients



## ERP

**Description**  
We support widely-used business management software that incorporates a range of business functions including accounting, inventory management, purchasing

### Selected Examples

- ADP
- SAP
- IBM
- TechnologyOne



## Human resources and payroll

**Description**  
Our integration with human resources and payroll software providers further supports a seamless client experience through an automated payroll solution from collecting workforce time data and applying pay policies

### Selected Examples

- Kronos
- PrismHR
- Subscribe-HR
- Deputy
- INX
- Chris21



## Sign-on platforms

**Description**  
We support interfaces which provide clients with full control and access to many applications through a single sign-on, leading to increased productivity

### Selected Examples

- Google
- Okta
- Microsoft Azure



## Learning

**Description**  
We integrate with workplace learning providers to support clients' workforces across multiple industries and functions

### Selected Examples

- John Blake
- GO1
- SBIA



## Analytics and reporting

**Description**  
We support providers of data visualisation and reporting which assist clients to make business decisions using the comprehensive workplace data our system collects

### Selected Examples

- Tableau
- Exago
- Leica Geosystems

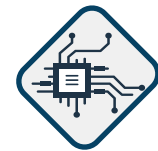


## Devices and systems

**Description**  
Our integration with physical devices and systems provide clients with a variety of methods to improve their business functions  
Clients have the potential to utilise many different solutions to further efficiency and effectiveness of operations

### Selected Examples

- Site printers / networks
- Turnstile control systems
- RFID
- Key cabinets
- Alcolisers
- Time and people clocks



## Other API integrations

**Description**  
We are able to custom-build integration into any device and system as requested by our clients  
This ranges from integration with physical devices as well as tailoring to company-specific requirements

### Selected Examples

- QR code enabled turnstiles
- High temperature rated terminals

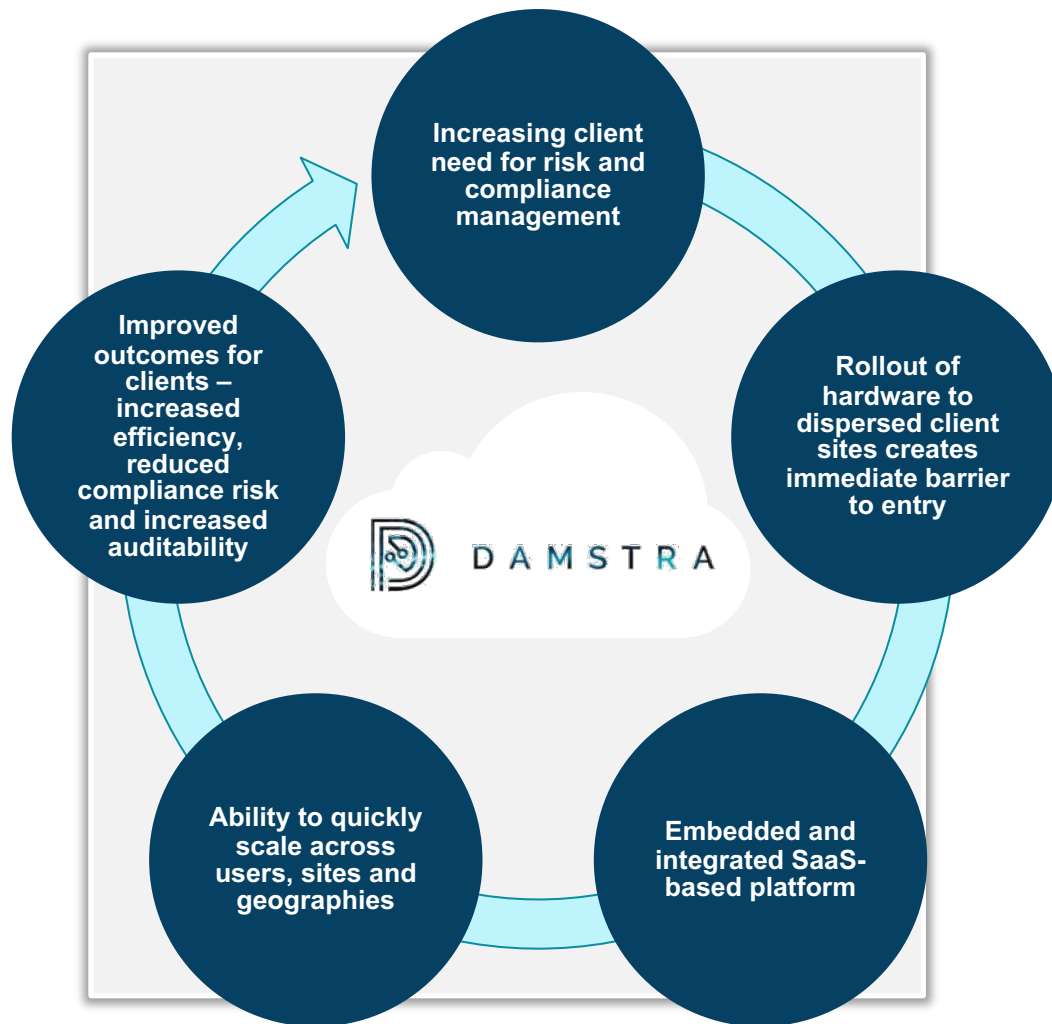


SECTION 4

**Business model and key clients**

# Damstra's business model drives customer retention

Damstra's business model is based upon embedding its solution within clients, allowing it to be scaled, and delivering value for clients from day one



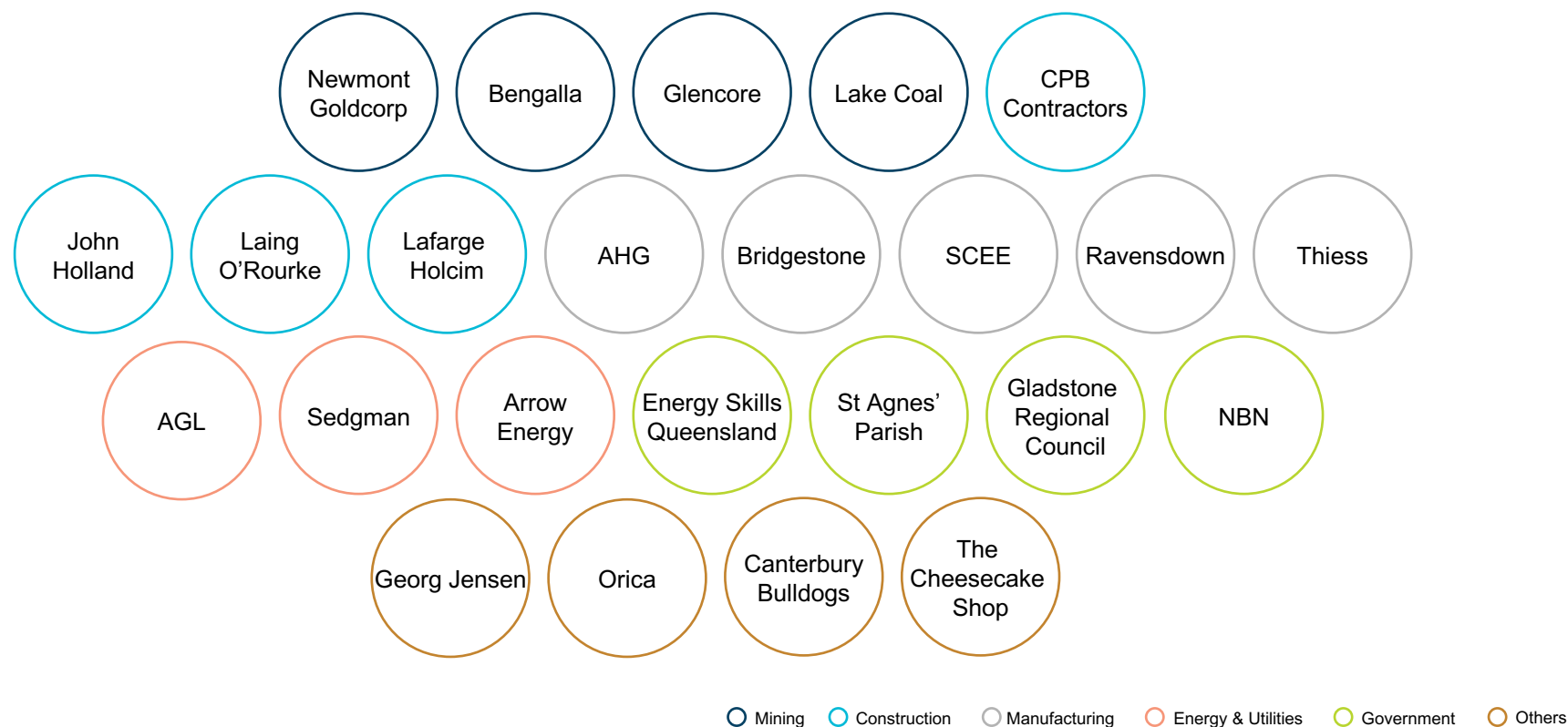
Damstra generates revenue from a **user licence model**, often coupled with **recurring hardware payments**, that are driven by **number of licence subscriptions and renewals** while our **cost base is relatively fixed**

- **90% of revenue is recurring<sup>(1)</sup>** underpinned by client contracts **typically 3 or more years in duration**
- **Monthly payments for hardware provision and maintenance**
- **Prepaid annual subscription fee** for each licence
- **Fees for hardware installation and maintenance**
- **Online training fees** for training packages
- **Card issuance and replacement fees**

(1) Recurring revenue is the sum of revenue categorised as licence fees and hardware on our pro forma statement of financial performance. Based on FY2018 and FY2019 revenue

# A high profile client base with strong retention

Damstra currently has a high profile, “blue chip” client base



**High client revenue retention –**  
(>97%)(<sup>1</sup>)



Servicing some of the **largest global names** in  
mining, resources and construction

(1) Between FY2018 and FY2019 (based on total revenue)



# Why do clients choose Damstra?

Damstra provides an efficient, integrated and scalable solution for clients to better monitor, track and report on their workforces... helping to identify and manage risk and compliance issues, and to reduce overall operating costs

**“Why do our clients need us?”**

## Compliance, Safety and Managing Risk

- Increases in workplace regulatory and compliance requirements
- Heightened health, safety and environment risk
- Continuous requirements for skills and competency updates
- Increased monetary and reputational cost associated with regulatory breaches, workplace injuries and improper access

## Labour Efficiency and Control

- Substantial lead-time to implement and mobilise large workforces
- Time-consuming tracking and management of contractors, staff and visitors
- Task becomes even more burdensome when labour is dispersed across multiple sites

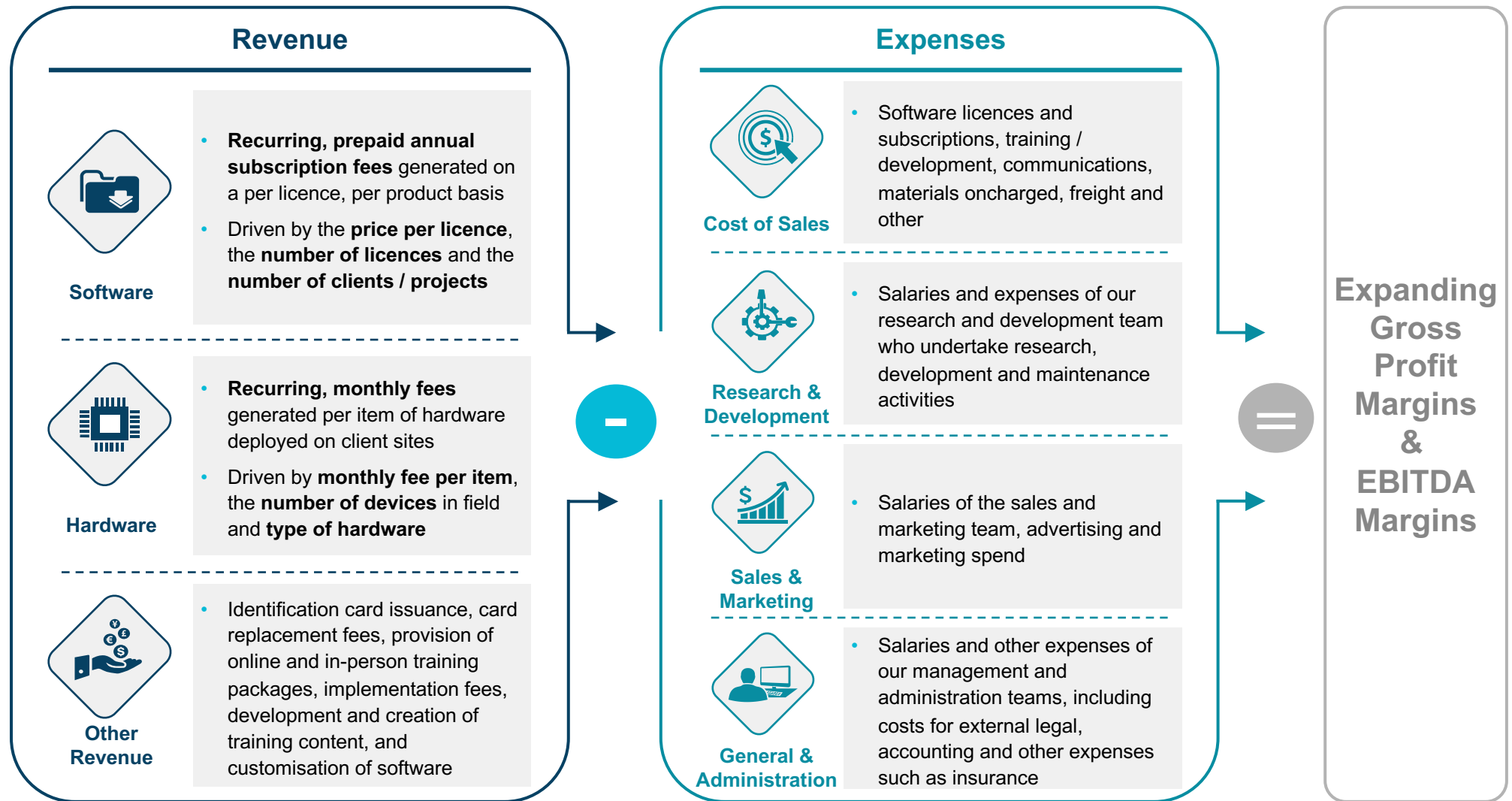
## Integration, Scalability and Efficiency

- Operations require integrating multiple systems
- Other systems can be complex, requiring manual and labour intensive processes
- Lack of auditability and tracing for compliance and risk reporting under legacy systems

SECTION 5

## Financial highlights

# Overview of Damstra's financial model





# Strengthening financial performance

Business is expected to benefit from operating leverage as revenues grow



## Strong revenue growth

- Substantial revenue growth driven by roll-out of clients across new sites and the progressive onboarding of new customers
- FY2020F forecast revenue growth driven primarily by existing clients
- **37.3% p.a growth**  
FY2017 – FY2020F CAGR (forecast)
- **39.4% p.a growth**  
FY2019 – FY2020F (forecast)



## High recurring revenue

- Includes software licence subscription fees and ongoing hardware payments
- **85% in FY2017**
- **89% in FY2018**
- **90% in FY2019**
- **92% in FY2020F (forecast)**



## Low client attrition

- Track record of client retention and expansion over time
- **97% client revenue retention rate<sup>(1)</sup>**



## EBITDA positive<sup>(2)</sup> and cash flow generative

- **20% EBITDA margin** in FY2020F<sup>(2)</sup> (forecast)
- Net operating cash flow of \$6.6m in FY2020F (forecast)
- 151% operating cash flow conversion ratio (FY2020F) (forecast)
- Free cash flow positive in FY2020F (forecast)

<sup>(1)</sup> Between FY2018 and FY2019 (based on total revenue)

<sup>(2)</sup> EBITDA before significant items

# Strong revenue growth delivering positive EBITDA

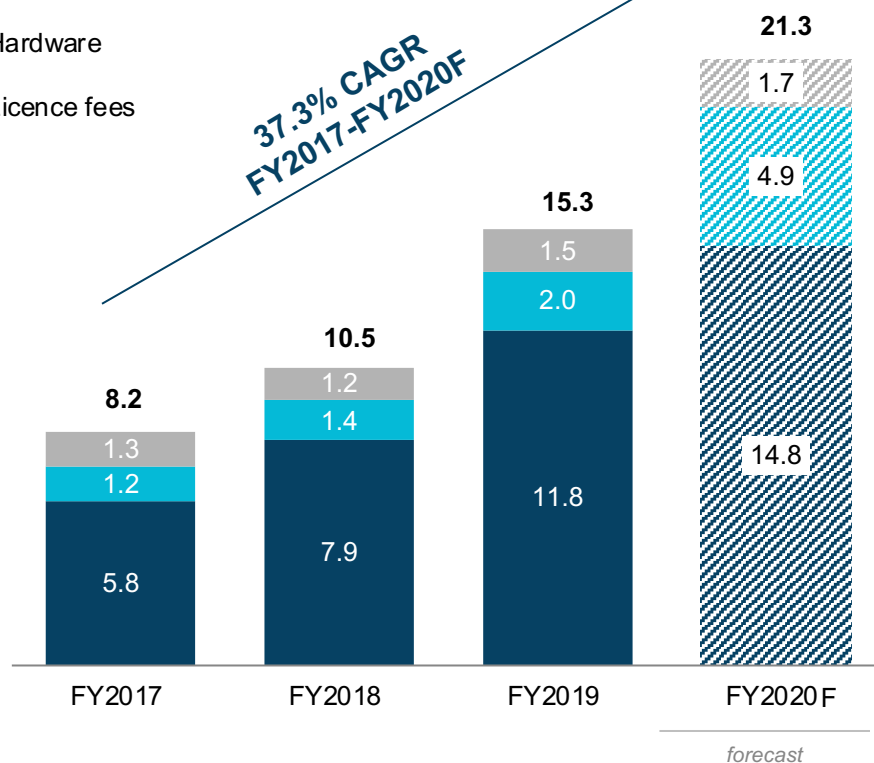
## Revenue (A\$ million)

Pro forma FY2017 – FY2020F

FY2017-FY2020F CAGR

Licence fees	36.8%
Hardware	59.0%
Other	10.1%
<b>Total</b>	<b>37.3%</b>

■ Other  
■ Hardware  
■ Licence fees



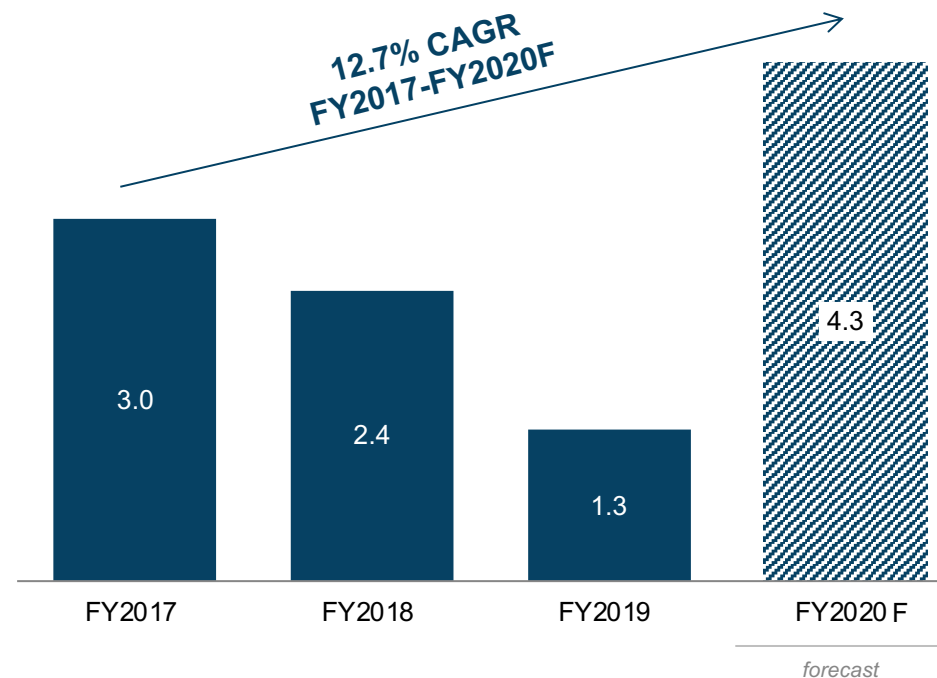
Recurring revenue<sup>(1)</sup>

85% 89% 90% 92%

## EBITDA before significant items (A\$ million)

Pro forma FY2017 – FY2020F

- Pro forma historical
- ▨ Pro forma forecast
- COS forecast to increase by 3.3% vs revenue growth of 39.4%



EBITDA<sup>(2)</sup> margin

36.8% 23.1% 8.2% 20.3%

(1) Recurring revenue is the sum of revenue categorised as licence fees and hardware on our pro forma statement of financial performance. Based on FY2018 and FY2019 revenue

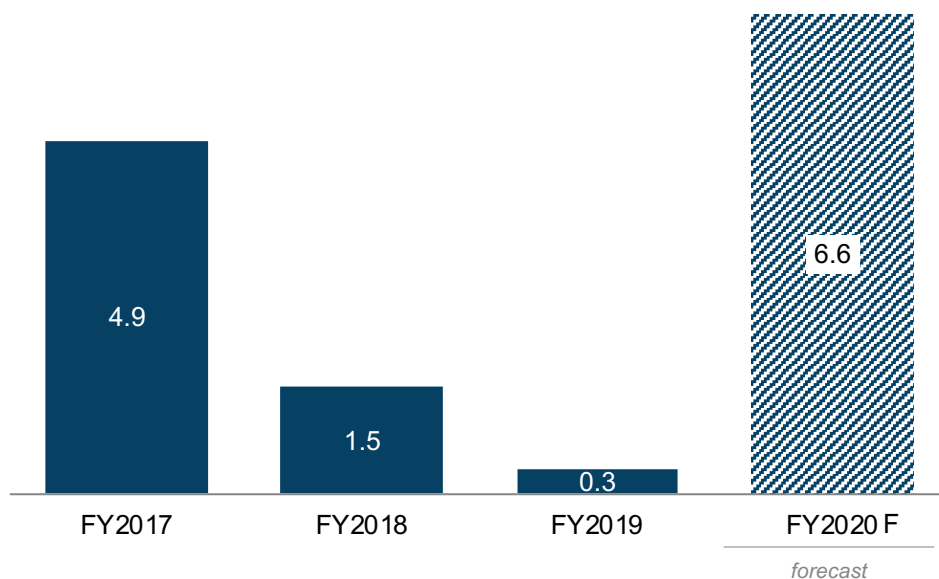
(2) EBITDA before significant items

# Strong operating cash flow and hardware business model explained

## Cash Flow (A\$ million)

Pro forma FY2017 – FY2020F

- Pro forma operating cashflow
- FY20 Cashflow driven predominantly by improved EBITDA
- Long term operating cash flow conversion target of 100%



Operating cash flow conversion ratio (/EBITDA<sup>(1)</sup>)

160%      60%      26%      151%

## Hardware business model explained

- Hardware leased for 36 months straight line repayment schedule
- Hardware amortised over 36 months on balance sheet
- Hardware useful life 7-10 years
- Hardware rented to client underpinned by contract
- Client pays monthly rental fee's on hardware

- FY20 Hardware 23% of revenue
- Fully integrated into software and access control
- Significant rollout of hardware in FY19 and FY20
- FY19, FY20 \$8.2m of assets to be deployed
- Asset payback <24 months

(1) EBITDA before significant items



SECTION 6

## Growth drivers

# Multiple levers of business growth

The future of Damstra is driven by a number of growth levers, including organic usage growth from existing clients and greenfield opportunities with new clients... supplemented by M&A and other product innovation opportunities

1	2	3	4	5	6
More usage by existing clients	New clients in global markets	Greenfield opportunities	Innovation	Monetise Data	M&A
<i>New modules, more sites, more users, more geographies</i>	<i>New clients, new projects, new global markets</i>	<i>New client wins</i>	<i>Advance products</i>	<i>Further insights</i>	<i>Acquisitions</i>
<p><b>Natural growth</b> as clients add users, expand into new modules, increase number of sites deployed and grow revenue per user; <b>penetration of global clients is early-stage</b></p>	<p>Short and longer-term vision focused on <b>accelerated international expansion</b> strategy with <b>significant pipeline of global opportunities</b> including through partnerships in local markets</p>	<p><b>Increased penetration through winning new clients</b> who have not previously or do not currently use an automated or software-based workplace management solution</p>	<p><b>Attractive suite of product development;</b> high-demand offerings such as <b>voice control, paperless human capital management, mobile facial recognition</b> and further insights through <b>data</b></p>	<p><b>Monetise the significant (and growing) collection of workforce data;</b> provide real-time / predictive insights about a workplace to improve efficiency and reduce risks on site</p>	<p><b>Focus on a single platform</b></p> <p>Buy to accelerate entry to new markets, build adjacencies and consolidate markets. Clients acquired are converted with high rates of success</p>

## Conclusion: Key Messages

- ✓ Damstra is a response to **increasingly costly, complex regulatory and compliance demands** for organisations
- ✓ Immediately **addressable global market of US\$15.6Bn**; changing how clients track, manage and protect their workforce
- ✓ **Scalable** business model combining **hardware and SaaS**, which creates an **embedded** solution that is difficult to displace
- ✓ Compelling financial model – combining **37% revenue growth** from FY2017–2020, **92% recurring revenues** and **strong cash flow generation**





D A M S T R A

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