



Coffee Microcaps

November 2023



INTELLIGENT
MONITORING GROUP

ASX:IMB

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TODAY'S SPEAKER



DENNISON HAMBLING

Managing Director
Intelligent Monitoring Group
(ASX:IMB)

AGENDA

- 1 Who is IMG?
- 2 Board and Executives
- 3 IMG Timeline
- 4 Corporate & Operating strategy
- 5 IMG Progress post ADT Acquisition
- 6 Summary

WHAT IS IMG?

Consolidated business is largest player in security monitoring services in Australasia



>180,000

One of Australia's largest security monitoring providers focused on both commercial and residential customers



>\$6.5m

Combined recurring monthly revenue (RMR)



>64%

Revenue is subscription based with diversified “sticky” customer base across govt, commercial, residential and personal emergency response with an average customer tenure of 7 years



>40%

Gross margin in FY24F with strong core cashflow generation, high margin and scalable cost base providing strong operating leverage



>60%

Combined gross margin on security monitoring driven by low cost to serve



~\$31m

FY24F EBITDA normalised for transaction and restructuring costs. Annual cost-out of c. \$6m targeted during FY24.



~>400

Employees in IMG group, working across Australasia

EXPERIENCED BOARD AND EXECUTIVE TEAM



DENNISON HAMBLING
Managing Director

Joined Jan 2020,
Executive Director August 2021

Significant experience in direct
investment and rebuilding
companies

* Owns 4.6m shares with
performance shares of 5.1m
subject to hurdles and tenure



PETER KENNAN
Non-Executive Chairman

Joined Jan 2020,
Chairman Effective July 2021

Founder of Black Crane and
has significant experience in
investing and assisting
turnaround companies

* Owns & represents 137m
shares, pre-entitlement offer



ROB HILTON
Non-Executive Director

Joined 2022

Founder – The Promotions
Factory (est, 1988) now TPF
Group

* Owns 8.5m shares



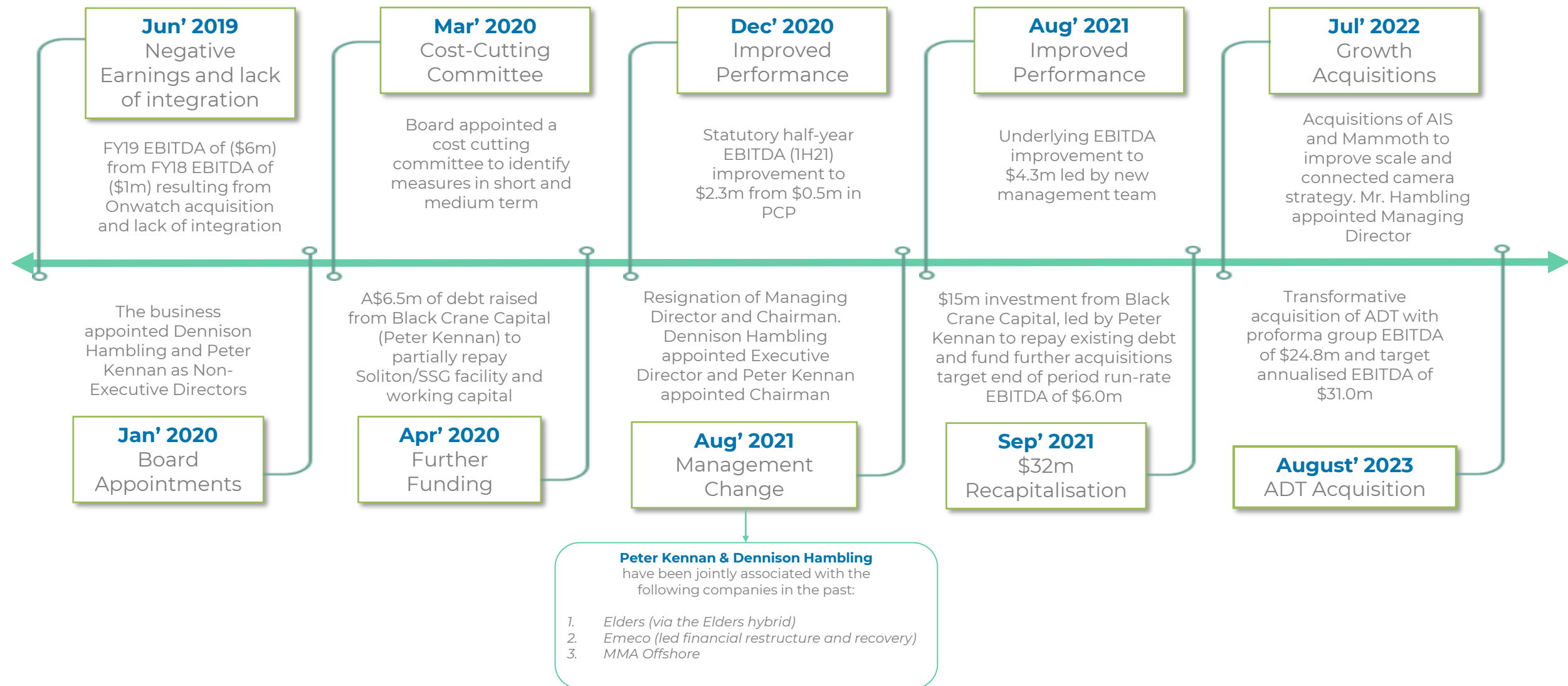
Jason Elks
Non-Executive Director

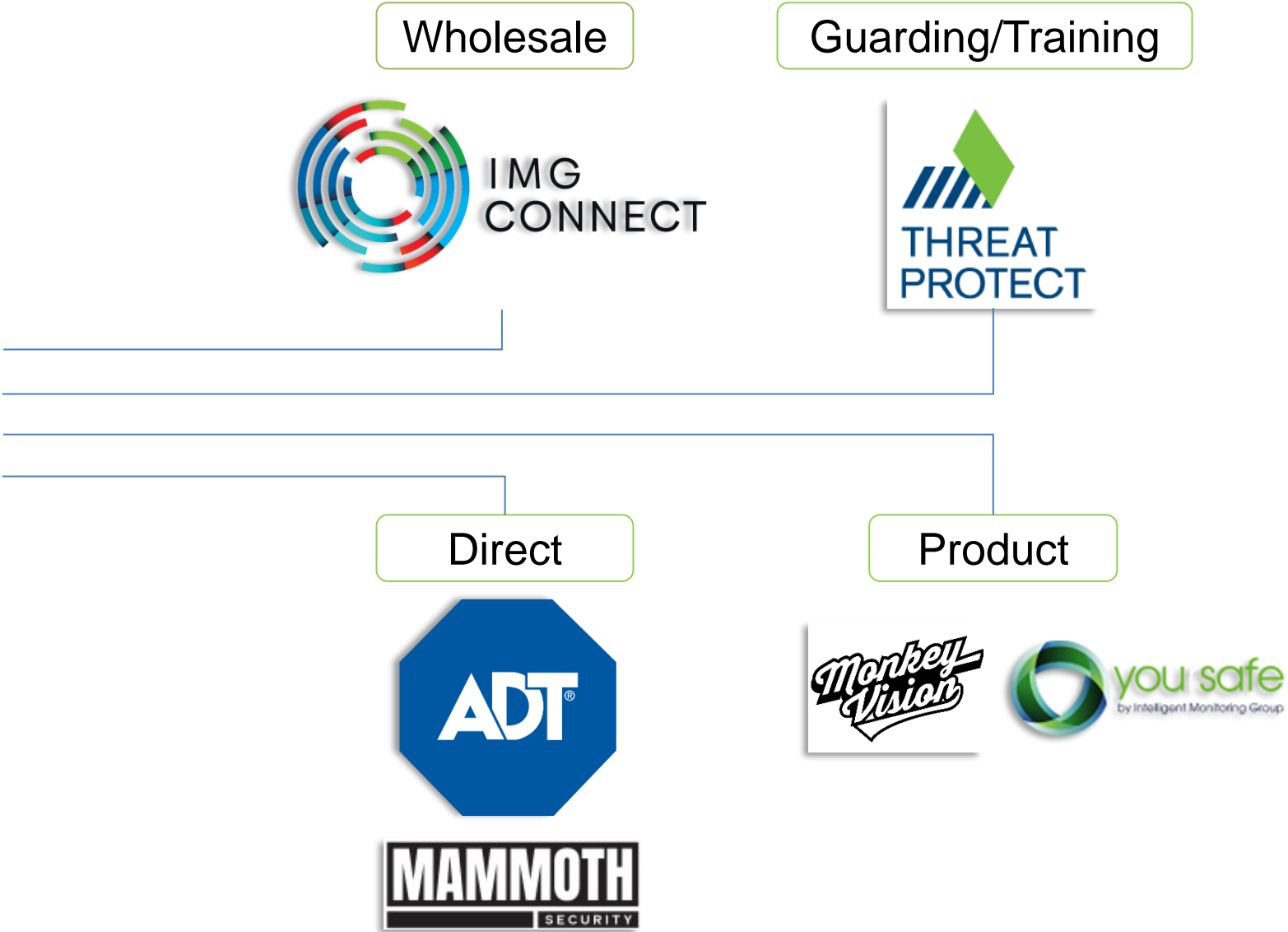
Joined Dec 2022

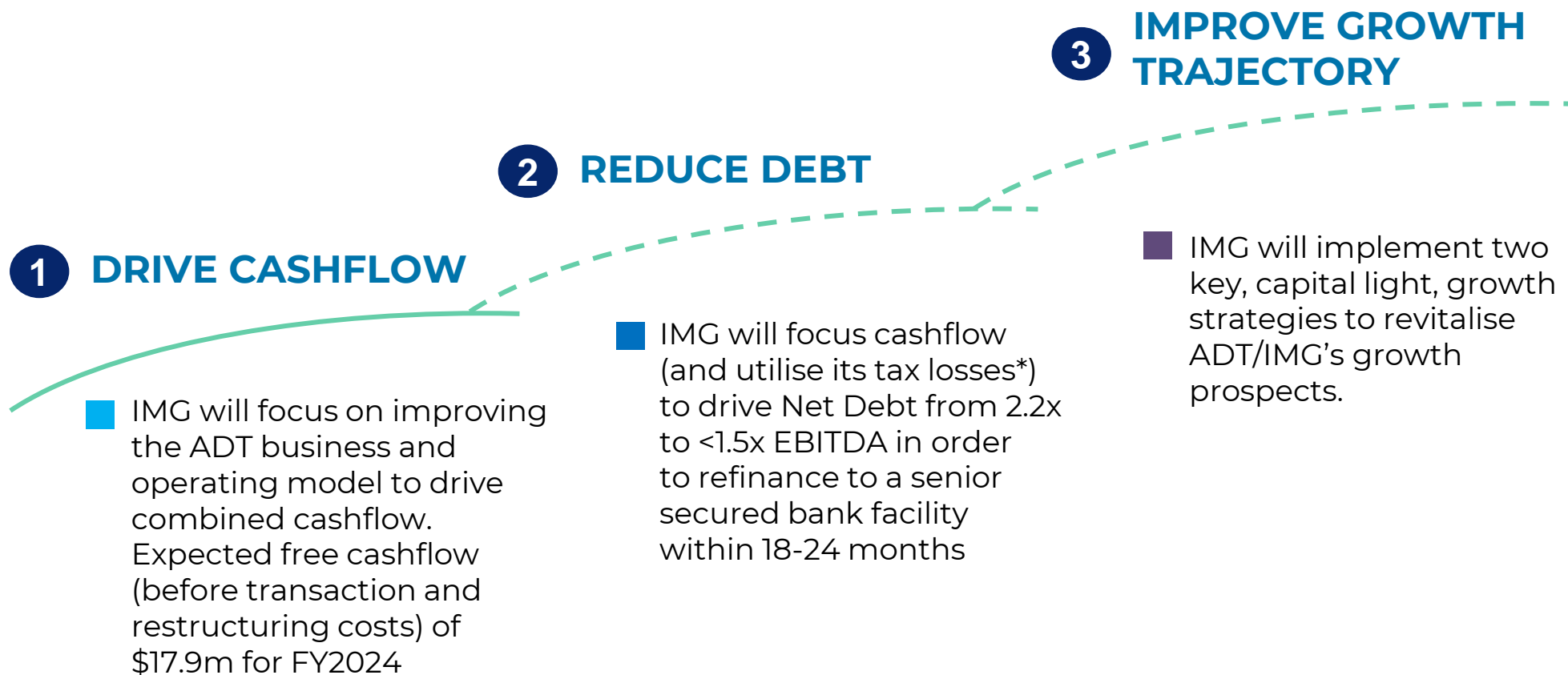
Significant experience in
corporate improvement and
aligning values of staff to
business

Material improvement
achievements include: New
Century Mine and Rio Tinto
Canada

Wholesale turnaround of IMG's performance (Jan 2020-August 2023)







* Tax losses of \$21.5m as at FY2022

SHIFT OF EMPHASIS FOR RESIDENTIAL INSTALLATIONS



- Currently, the ADT business largely resells wired security panels
- IMG has identified several more cost-effective white label products for DIY install
- This has been a key driver of market growth in US in past five years, yet to hit Australia

RE-COMMENCEMENT OF COMMERCIAL INSTALLATIONS



- In late 2020, ADT exited commercial security installations.
- ADT currently has c. 4k remaining commercial customers
- IMG has re-commenced marketing/sales for new commercial customers

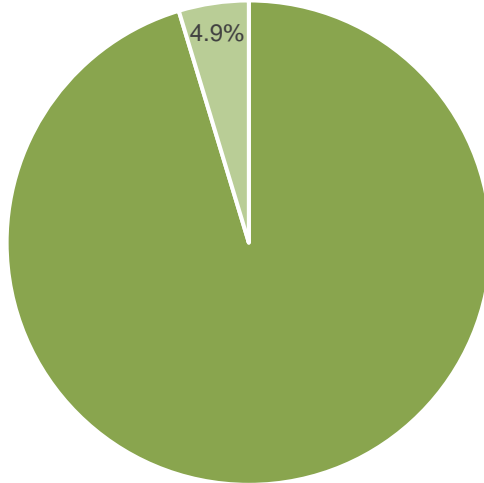
FOCUS ON COST BASE AND SIMPLIFICATION OF BUSINESS



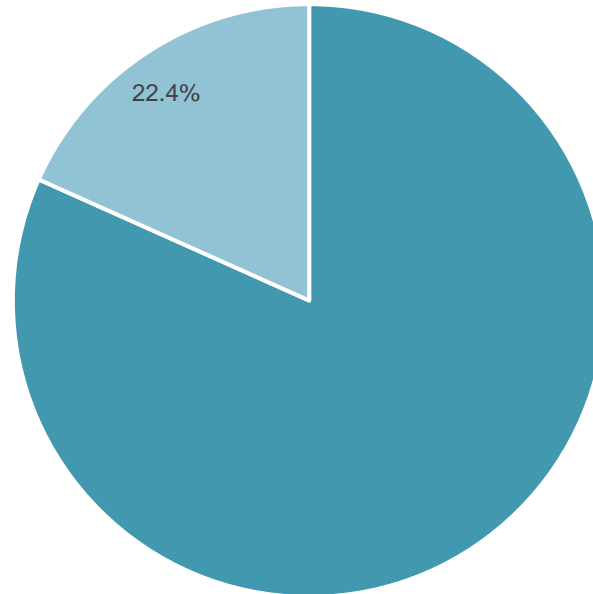
- Immediate cost synergies have been identified
- The prime savings expected will come from unwinding to a focused single service provider off the shared costs of a former global multinational business owner

OPERATING STRATEGY #1 – RESIDENTIAL: DO IT YOURSELF

Professionally Monitored Security Penetration of Homes and Businesses (North America versus Australasia)



Australia (Sept 2022)



US (2021)

Sources: ADT (Sept 2022) & IMG (May 2023) Line counts, Australian alarm counts as at October 2022, ABS, NZ Census, NZ Companies Office, Berginsight.com

- Australian penetration of monitored alarms has essentially grown at the rate of physical housing formation
- The US experience has been totally different. With penetration of monitored lines >3x Australia currently.
- The difference has come through introduction of do it with me, and do it for me alarm installation kits.
- This has significantly lowered the upfront cost of a home security system at a time where the functionality has improved markedly, towards being a full home automation system.

With the leading brand in the market, IMG intends to focus ADT residential on providing wireless, self-installed systems at a competitive upfront price point.



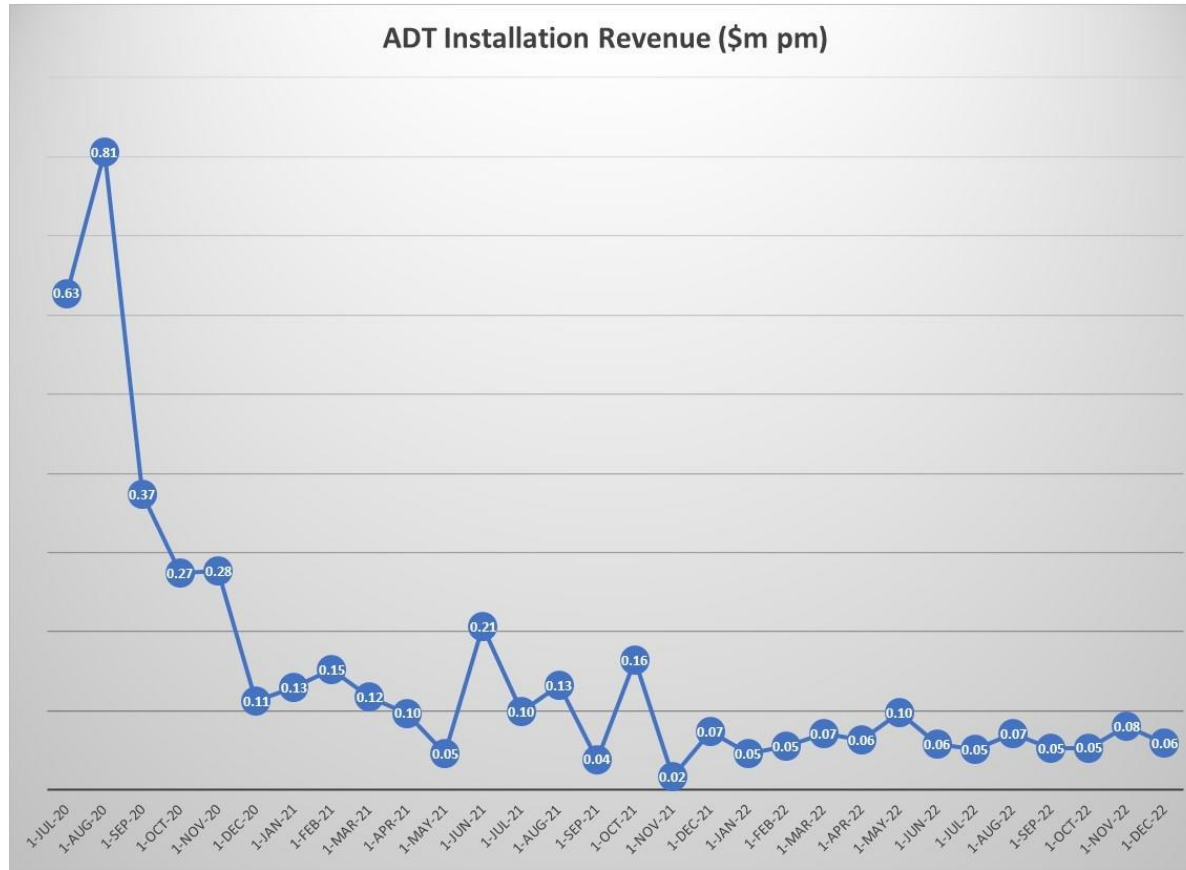
- ADT Secure Home Essential DIY Solution was launched on the 9th of October 2023
- Solution is available to the Residential Market in Australia
- The DIY solution is the only alarm package that offers both Full Monitoring and Self Monitoring option to new customers



DIY Package Composition

Climax Panel x 1
Motion Sensors x 2
Window/Door contacts x 2
Keypad x 1

OPERATING STRATEGY #2 – COMMERCIAL: BRING ADT BACK



Sources: ADT financials

- IMG has rebooted the commercial installation and service business of ADT which is expected to contribute significantly to monitoring and group revenue from FY24 onwards.
- ADT currently has c. 4,000 large commercial customers.
- Initially, IMG management will focus on re-engaging with these existing customers to provide servicing, maintenance work and systems upgrade work.

As part of IMG's future execution plan for the business, IMG has re-commenced marketing and sales for new commercial customers.

Since acquisition ADT has been successful in picking up a number of senior, experienced industry hires in both sales and Technical delivery

OPERATING STRATEGY #3 : SIMPLIFICATION



OVERHEADS AND SALES

- Unwinding standard corporate costs with JCI.
- Reduction of “shared service” costs from Finance, IT, HR and Collections combined.
- Re-aligning sales staff to higher volume, better value do-it-yourself security systems and profitable sales growth generally



MONITORING CENTERS AND OPERATORS

- Monitoring centres will be benchmarked across the group to lift alarm response times and efficiency to Australasian leading levels.
- ADT customers (particularly commercial customers) will be able to experience enhanced video and other IOT monitoring services. By choosing between control room platforms (Patriot and Mastermind).



SUPPLIER CONSOLIDATION

- IMG will work to harmonise its telco and communications costs.
- ADT's current cost per line is currently \$4 per line higher than IMG's.



LOGISTICS

- With a change in emphasis to do-it-yourself alarm systems the company expects to be able to simplify its logistics operation and speed up the time to implement for new alarm installations.

Total simplification improvements of \$4.9m targeted from acquisition. \$1.6m included in FY24 figures, with further \$3.3m expected in FY25.

INVESTMENT THESIS:

Industry leader with strong balance sheet and focused deleveraging strategy



* Expected free cashflow before transaction and restructuring costs for FY2024

SIGNIFICANT PROGRESS IN THE FIRST THREE MONTHS OF ADT

IMG is executing in a focused fashion

Acquired ~3,000
Securely lines (NZ)

Remedied
subsidized economic
model, launched DIY
monitoring system

First three months
trading with ADT at
or ahead of budget

SUMMARY: COMPANY TRANSFORMED DURING 2023

Largest security monitoring company in Australasia

	Customers	EBITDA	Market Cap	Net Debt	ND:EBITDA	EV:EBITDA
Nov 2022	~70,000	\$5.9m Proforma	\$9.9m (SP = \$0.07cps)	\$23.5m (1-year left)	>4.0x	5.7x
Now	~180,000 (+25,000 fire lines =>200,000)	Target \$29.8m FY23 (11 months with ADT - \$31m annualised)	\$63.0m (SP = \$0.26cps)	\$67m (3-year term)	2.2x	4.2x
2021 Target (for 2025)	~150,000	Target: \$15m			2-3x	~10x EBITDA
Status	✓	✓	✓	✓	✓	✗

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