

Aspermont AGM 2018 – Presentation Transcript

Chairman Address:

Thank you Geoff

I am now going to turn to the formal AGM presentation slides which we have released to the market prior to this meeting.

FY17 and the most recent quarter, have been a breakthrough period for Aspermont in which we have returned the group to profitability; both at an Earnings and net profit level; eliminated all our long-term debt, completed our operational restructure and brought back topline growth.

After 4 years of contraction, Aspermont has now entered an exciting new growth phase

I am now turning to slide 3 of the presentation pack

Slide 3 – 10 Fast Facts

Today, Aspermont is the most comprehensive end-to-end B2B media provider, for the global resources sector.

The company produces over 100 primary news stories per day that are read in over 190 countries across the world.

2 decades of technological investment and pioneering of digital media solutions have resulted in the completion of a model that is fit to serve the full requirements of its current communities whilst also having the ability to scale to many new ones.

As we are describing who we are, let me focus on what we are strategically building at Aspermont, what is the vision, what are our ambitions and goals, and why we are excited, not only about the scale of our opportunities but also our ability to deliver substantial benefits to shareholders, as we execute our clear growth plans.

We are building the leading multi sector B2B Media Company underpinned by quality content and sophisticated target marketing systems.

Our aim is to use that platform to drive recurring subscription revenues with substantial Life Time Value – and to supplement this, with complementary high margin revenues in events, advertising and a suite of other client sponsorship services.

As you will see today, much of this journey has already begun and the detail in our quarterly update, which comes later in this presentation, will validate that progress so far.

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Whilst Aspermont's tip, much like an iceberg, may only be visible above the waterline its foundations are well built, complete and with long-term sustainability.

I am now turning to slide 4 of the presentation pack

Slide 4 – FY17 Financial Performance

At the outset I would like to note that the results we are showing here are for our last financial year which was 15 months and not 12 months in length.

We decided to move our reporting date forward in the calendar year so that we could avoid the usual blizzard of standard reporting seasons on the ASX.

Aspermont's FY17 results show a company that has moved back to profitability, topline growth, expanding margins at the same time that it has eliminated its long term debt.

The company's management is specifically mandated towards the generation of profitability which is to be achieved via a balanced blend of revenue growth in recurring annuity streams.

Aspermont's business model is to provide an organic growth, cash generation solution, which enables itself to build and self-fund new products.

Such a position can only be achieved through a well planned and well executed investment in technology, processes and people.

I am now going to turn to slide 5 of the presentation

Slide 5 – Our Core Values

In the world of traditional publishing; the old 'rivers of gold' in print and classified advertising, have long disappeared. The mainstream's financially pressured response has been to embrace content aggregation; fake news; sensationalism; the obscure and tweet-worthy.

A focus on traffic generation and dependency on programmatic advertising, is now valued above true reader value and tailored client solutions.

In B2B media, where community interests are specific and specialist, a depth of analysis and a broad reaching model are required.

When delivered correctly - B2B products are prized and can bring loyal audiences, willing to pay a high premium for them.

Aspermont seeks to build and fully own the leading and most respected titles within our global industries. Through a constant focus on content quality, alongside the intelligent application of

technology, we are building engaged and loyal audience bases, which deliver high retention, recurring subscription based revenue streams, alongside valued sponsorship revenues.

We put the user first; we design before we develop; we build value before price and we always look forward to ensure that as change looms, we are positioned to take advantage of disruption.

Our primary sectors of Mining, Energy and Agriculture have been specifically chosen for their positive long-term macroeconomic trends. With population growth never more buoyant and world trade now nearing \$79.6T per annum, the conditions have never been more right for all these key sectors

I will now turn to slide 6 of the presentation

SLIDE 6: Our People – Building Knowledge Capital

Aspermont's principal strategy is based around its people and the development of our organization's knowledge capital.

To demonstrate the extent of our ambition and commitment to succeed on this front we have recently changed the entire board, management team and staffing body of the company. And, 2 years later, we are now in a position with a group of people, who have what it takes to compete and win in the new era.

Fittingly therefore, I'd like to close my address by acknowledging all the people who make Aspermont what it is today.

I'd like thank our new directors for taking on the demanding challenge of helping this company through its new growth phase.

I'd like to thank management for the hard work and focus they have applied during the transformation over the last few years.

I'd like to thank our staff, for the fortitude and resilience they have shown in the learning of new skills sets and new practices.

I thank our customers who are valued; and our shareholders who remain loyal.

With great people, process and systems now in place, Aspermont is well placed for a significant and sustained new growth phase.

I'd now like to hand over to Alex Kent - our Managing Director for the second part of the presentation

Managing Director Address:

Thank you Andrew.

As our Chairman rightly said this is an exciting time at Aspermont and the start of a new growth phase.

Let me talk more about that so you too can share our optimism and confidence.

I'll start by turning to slide 8 of the presentation

SLIDE 8: Investment Summary

Aspermont has spent the last 2 years in structural and technological transformation.

The business has new management, a new board and a reformed balance sheet;

The company's digital media platform (Project Horizon) is now fully in play and Aspermont is set to maximize returns not just from a resurgent resources industry but also successful cross-sector scalability of its wider solution.

With a stable and centralized operational group structure, the company has been able to successfully launch three new business lines, to complement our ambitious organic growth plans.

A market capitalization today, for the company, sitting at less than a third our intrinsic asset value leaves us well placed to deliver meaningful shareholder returns over the next few years.

I will now turn to slide 9 of the presentation

SLIDE 9: Who we are

Aspermont has grown from a small, Perth based print publisher, into the dominant player in business to business media for the global resources sector.

The company has spent the last 20 years investing heavily in both technological IP and infrastructure to refine a solution that can scale easily and at low cost.

On the completion of our 'global pilot' -in mining- we intend to expand in both Agriculture and Energy where we already have regionally dominant positions.

Currently Aspermont has primary business locations in both the UK and Australia which are supported by a satellite of smaller workforces across the world.

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I will now turn to slide 10 of the presentation

SLIDE 10: Transformation Complete

The last 2 years have seen a complete overhaul of Aspermont at every level of the business.

The financial transformation is well described in both our annual reports and quarterly market communications. Less visible perhaps - but of equal importance - has been the revolution in terms of our operational structure, talent, skills and overall competitiveness.

Recently the company has been centralized through a 4-man executive team, co-located in London, through whom clear reporting lines across the group have been built.

Significant efficiencies have also been made through outsourcing; the low cost offshoring of most of our back office functions - and with growth scalability being structured through new technology, systems, and processes.

At a time when most of our competitors have been shedding frontline talent Aspermont has conducted a disciplined recruitment drive, for high-caliber digital media personnel across all our markets.

We are well placed not only to compete but to lead in our markets

I will now turn to slide 11 of the presentation

Slide 11: Industry Landscape

Over the last 15 years there have been seismic shifts in the global media industry where publishers have had to contend with enormous structural decline in print advertising, alongside a fundamental shift in the way in which clients want to direct their marketing spends.

Resulting financial pressures have led many to pair back frontline talent, at the cost of content quality; underinvest in technological solutions to enable competitiveness, or exit the landscape all together.

On the other side of the equation new media entrants have powered high volume, low cost, free-to-air models that rely on programmatic advertising to drive their commercials as opposed to building direct linkage between both publisher and client.

Aspermont is unique from both old and new media in that it endeavors towards a hybrid of the two models. Grounded in the commercial principles of high quality content and premium subscription audiences; the company has invested heavily in technology and systems to enable high digital circulation growth with a scalable cost base. The company maintains and absolute connection with

its client base, to use its platform to deliver unique value through bespoke and highly tailored sponsorship solutions.

In terms of print; the company has repositioned the medium as a paid-for only product and in doing so has been able to continue its investment in product quality and distribution as opposed to downgrading. Print is just one part of a cross-platform offering that we deliver to our readers

I will now turn to slide 12 of the presentation

Slide 12: Competitive Strengths

With over 560 years of combined brand heritage Aspermont has an entrenched and credible leadership position that enables it the right of conversation at every level of our market ecosystems.

We have been at the forefront of media-tech innovation since 2003 when Aspermont was the first B2B media company in Australia to launch a digital paywall; at a time when everyone said content on the internet must be free.

Our new management team is steeped in such media-tech expertise, our commercial model is well refined and our new tech platform has the company perfectly positioned in all senses of its delivery capabilities.

In an internet-world, where new media products can be created in the flash of an eye; it is the combination of brand credibility with digital capability that builds sustainable, competitive advantage.

I will now turn to slide 13 of the presentation

Slide 13: Key Clients

Unlike 'new' media's reliance on advertising networks, Aspermont's embedded client relationships give it the platform to develop and upsell customized products to a blue-chip client base who can grow with us.

This sample of our clients gives a good sense of the meaningful brand credibility that the company's products have already achieved in our markets.

The big four accountants, the big three management consultancies, magic circle legal firms and an industry and supply chain client base littered with fortune 100 customers.

As Aspermont's company characteristics have morphed from old media, print publisher, to leading media-tech innovator, it has been hard for investors to truly measure the value proposition of the business and the long-term growth opportunities it has.

Suffice to say that these clients listed here, understand the competitive landscape of our business and validate us by being our customers.

That so many of our clients are also outside a singular focus on the resources industry, exemplifies the cross-sector- pivot- opportunities that the company has with its digital media model.

I will now turn to slide 14 of the presentation

Slide 14: SaaS Metrics

There are many listed companies in global TMT markets who operate business models based on the fundamentals of platform, content and subscriptions.

Benchmarking Aspermont's performance against such companies and the growth of their key SaaS metrics, will give investors a valuable insight into the gathering performance of our model and its inherent growth potential.

Since all our brands were successfully migrated onto the Project Horizon platform in Q2-17, Aspermont has recorded 5 quarters of positive accelerating growth in all its key SaaS metrics at an aggregate level.

Orders are growing, with significant price uplifts, alongside gains in customer loyalty and renewal rates.

In turn this is leading to highly significant growth in both the Lifetime years and the Lifetime Value of our subscriptions.

If for a moment we simply contrasted the existing \$33m of subscriptions Lifetime Value, against a current \$16m market cap; there is an interesting 'value' equation worth considering by would be investors.

And with LTV growth accelerating at 78% per annum the contrast in that investment equation is moving rapidly.

I will now turn to slide 15 of the presentation

Slide 15: Revenue Growth

7 quarters of high and accelerating subscriptions revenue growth is not only sustainable but expected to develop further over the next few years. Whilst Aspermont holds global leadership in the Resources B2B media market, we estimate that we are only in single digits percentile in terms of our actual penetration in its total addressable market.

Furthermore in terms of our ARPU, we see many years of strong growth in the development of our existing accounts; let alone the strides in new business we are now generating.

Significantly in this quarter Aspermont reverses over 5 years of decline in its net advertising revenues. The previous impacts of large structural decline in print have now been fully offset by the high growth in our digital advertising revenues and in doing so Aspermont, has become one of a very small set of media organizations to have truly 'crossed the chasm' of the digital divide.

With new business lines launched in events, data and research; Aspermont now has each of its 5 revenues classes in accelerated growth and looks forward to a strong overall topline growth performance for FY18.

I will now turn to slide 16 thru 18 of the presentation

Moving to slide 16 thru 18

These slides explain Aspermont prime growth strategies

Over the next few years the company is focused on:-

1. Continuing the organic build of its core and ancillary revenue bases
2. Leveraging the existing infrastructure to scale its model into new markets and;
3. Targeting other iconic brands for potential acquisition and successful digitalization

Slide 16: Keystone Revenue & Cross Monetization

Slide 16 shows Aspermont's revenue tree.

Our prime strategy over the next 12 months is the aggressive pursuit of new business subscriptions and enhanced pricing, whilst we optimize our existing processes to continue to drive retention rates.

From that vantage point we will further develop our new business lines, in events, data and research all of which we have launched in the last 6 months.

Once our new divisions are well set, we shall look to expanding our product range in new areas such as training, education and lead generation tools.

With our scalable cost base and centralized service centers, we are able to build new revenue divisions with high margin returns at low investment costs.

Moving to Slide 17: Leveraging Model & Expertise

Having built the most important tenement of our business model - which is the speedy route to commercialization of new digital content through subscriptions - and underpinned it with a flexible technology platform; we are now able to scale our solution - both geographically and by sector.

Over the next few years our focus is to conclude our expansion in the resources sector and develop our opportunity in global agriculture and energy – for which we already hold regionally dominant positions in Australia.

Following that we will look to Technology as a B2B media sector itself

Moving to Slide 18: Targeted Assets, Synergies & Growth Strategies

Whilst Aspermont's expansionary plans don't rely on an old media model of market entry through acquisition, we do recognize the opportunity of leveraging true industry icons – such as we did when we acquired Mining Journal in 2008 to complement our strong organic growth.

Acquisitions will be considered, if complimentary to our existing organic growth strategies and with the company's new executive team having brought specific 'change management' expertise into the business we would expect to make commercial benefit not just from the digitalization of old brands but also from traditional cost efficiencies associated with effective integration.

Driving ARPU growth from newly acquired subscriptions bases, in the ways in which we have already proved ourselves capable, will enhance our returns.

I will now move to slide 19 of the presentation

Moving to slide 19: Execution Plan

In our August results presentation we laid out our 12 month execution plan and invited investors and shareholders to track the company's performance in these areas.

In the first 3 months of our new financial year we have made great progress.

2 of our 3 new business lines have been launched. In research we produced profitable returns from the onset and in events we expect to do so when our first products go to market in May and June of this year.

Our new V4 platform went live on Mining-Journal just before Christmas and all our other products will be rolled onto that platform in the next few weeks.

In subscriptions every single one of our metrics is in strong double digit annual growth and particularly our key metric, Lifetime Value, which is running at a highly significant growth level.

With our new V4 platform in place, we are now able to provide deeper levels of customization in our sponsorship services and that has already translated into a number of significant new contracts in this FY that have, in part, aided the growth in our net advertising revenues.

Simply put we are making good progress against our plan and are either on target, or ahead of schedule, in most areas.

I am now going to turn to slide 20 of the presentation

Moving to slide 20: Q1 Highlights

Our new financial year has started with an excellent quarter of progress.

Our overall topline is growing, our subscriptions growth continues to accelerate, margins are expanding with our organic growth and we have successfully launched 2 new businesses.

October saw the release of our first research product – the World Risk Report – and by December we had announced and launched our first event products which will be held in May and June of this year.

After many year of low liquidity in Aspermont stock, the company is now investment grade and has attracted its first set of institutional shareholders. We have welcomed 4 new shareholders into our top 20 and delivered well over 150% growth in share volume and value of turnover

There is much work to do but we are making good progress.

Moving to slide 21: Conclusion

In conclusion we would like to state that:

Aspermont is now the world's leading industrial content provider for the global resources industry

With a 2 year transformation complete, the company has a clear and substantial growth opportunity to leverage its platform and digital media expertise, to aggressively expand the business across multiple geographies and sectors

Aspermont had a relentless focus on executing growth opportunities with a highly capable management team and fully aligned board.

Our high performance SAAS based subscription model, with growing profitability, high quality recurring revenues and world leading customer endorsements; positions us to maximize our short and long term objectives

Aspermont has entered an accelerated and sustained new growth phase and we look forward to keeping investors updated on our progress.