



CONNEXION™

FY20 AGM Presentation

November 2020

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# Corporate Profile

<b>Shares on Issue:</b>	<b>880,165,112</b>
<b>Escrowed Shares:</b>	<b>0</b>
<b>Options:</b>	<b>0</b>
<b>Market Capitalisation:</b>	<b>\$15M</b>
at 1.7 cents/share*	
<b>Working Capital:</b>	<b>\$3.7M</b>
at 30 September 2020	
<b>Borrowings:</b>	<b>\$0</b>
at 30 September 2020	

\*Closing share price at 23 November 2020

## Board of Directors & Management

<b>Robert Downey</b>	Chairman & Non-Executive Director
<b>Aaryn Nania</b>	Interim CEO & Executive Director
<b>Peter Torre</b>	Company Secretary & Non-Executive Director
<b>Tasso Koutsovasilis</b>	Chief Operating Officer
<b>Richard Jarvis</b>	Chief Financial Officer

## Shareholders

Equity Ownership



# Who We Are & What We Do

Connexion Telematics Ltd is an ASX-listed Enterprise-grade software company servicing the US automotive software market.

Our proprietary software incorporates telemetry, fleet management, contract management and data analytics tools to deliver solutions to the global automotive sector.

Our cornerstone OEM client is General Motors (US), for whom we exclusively power its Courtesy Transportation Program (CTP) via our proprietary software.



# Courtesy Transportation Program

GM's OnTRAC – powered by a Connexion  
Telematics Ltd SaaS solution



GM uses OnTRAC exclusively to manage its CTP:

**O**n > OnSTAR  
**T** > Telemetry  
**R** > Reporting  
**A** > Analytics  
**C** > Contracts

## Main characteristics of GM's CTP

### Incentives

Offers dealers an incentive to maintain a GM service/rental fleet rather than having an in-store rental agency such as "Enterprise" or non-GM vehicles at GM Dealerships. Further incentives are triggered as cars are placed into the hands of consumers.

### Courtesy Cars

Allows Dealers to provide courtesy cars to service customers up to 30 days.

### Demo Cars

Allows Dealers to provide extended test drives of up to 4 days.

### Loan Cars

Allows Dealers to rent vehicles to customers who want to drive them longer.

### Customer Service

Increases the level of customer service.

### Loyalty

Creates loyalty by rewarding drivers who own GM vehicles: Chevy, Buick, Cadillac and GMC.

### Choice

Gives Dealers a choice of vehicles best suited to their markets.

### Marketing Mechanism

CTP coordinates the various forms of value provided above to form a strong marketing mechanism for GM. Numerous other manufacturers operate similar programs.

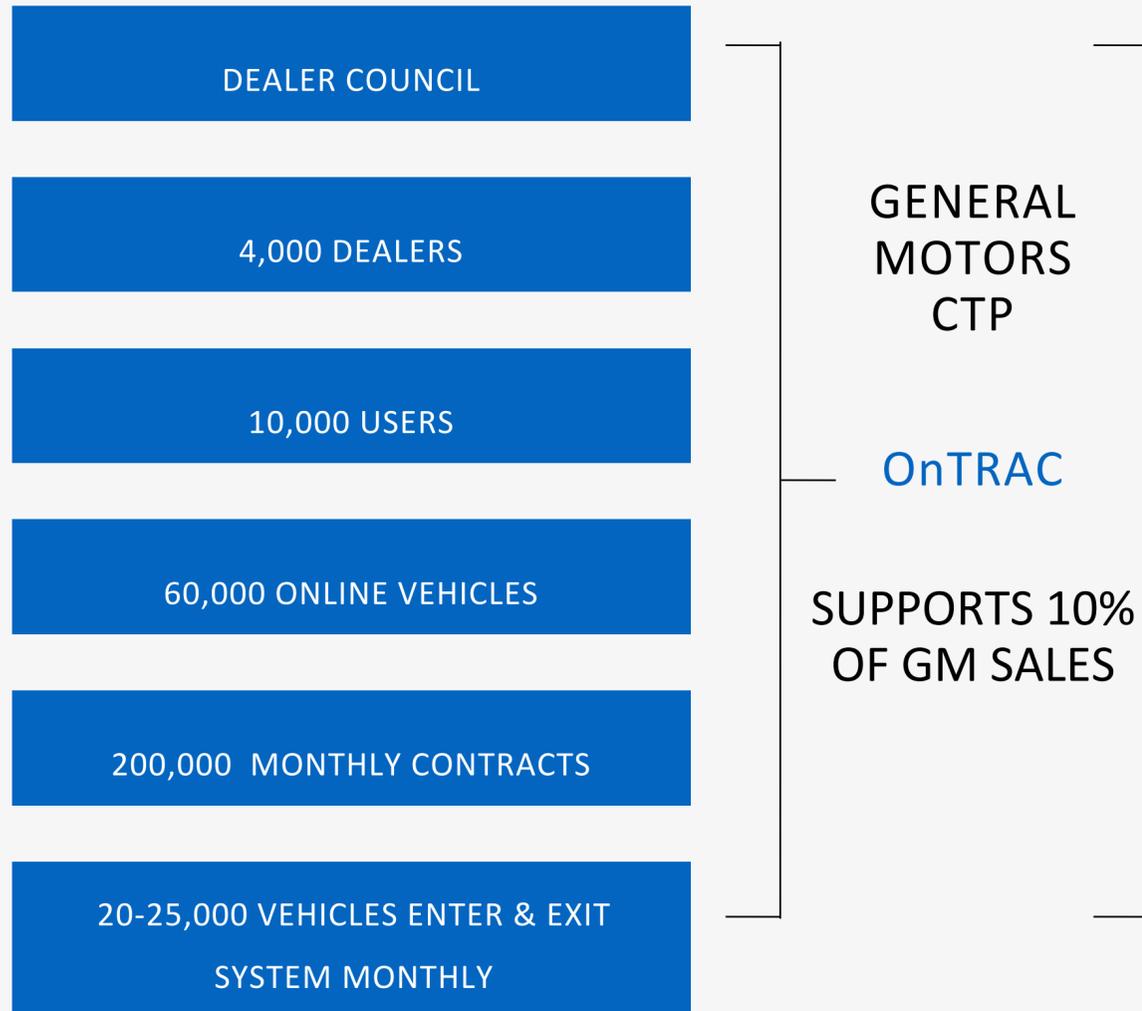
# OnTRAC

GM's OnTRAC – powered by a Connexion Telematics Ltd SaaS solution



Over 2 Million contracts are issued annually on our software platform

## Platform Data (US only)



OnTRAC supplies a range of tools to both the OEM and Dealer, covering:

- Telemetry
- Reporting
- Analytics
- Contracts

# Barriers to Entry

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There are numerous barriers to potential competitors wishing to enter the market.

**Over \$5m+ in development cost**  
or more for other 1st tier providers

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**Training cost of over 10,000 users**

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**Encapsulated business rules**  
based on CTP

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**Solutions integrated**  
with other GM partners – difficult to untangle

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**Trusted relationship**  
built over many years of doing business

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**Transition cost**  
time, development, training, roll-out, support and uncertainty of output/results)

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**Risks to GM**  
uncertainty in output/usability/performance/reliability

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**Cost effectiveness**  
current solution is very lean



# FY20 Highlights

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✓ Revenue of \$8.20M – 131% increase Vs FY19

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✓ NPBT of \$2.05M – 340% increase Vs FY19

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✓ Free Cashflow of \$1.49M – 254% increase Vs FY19

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✓ Working Capital of \$3.35M – 256% increase Vs FY19

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✓ Tech and Support Team expanded by 33%

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✓ Significant ongoing enhancements to the OnTRAC program

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✓ New recurring revenue streams identified within the ecosystem

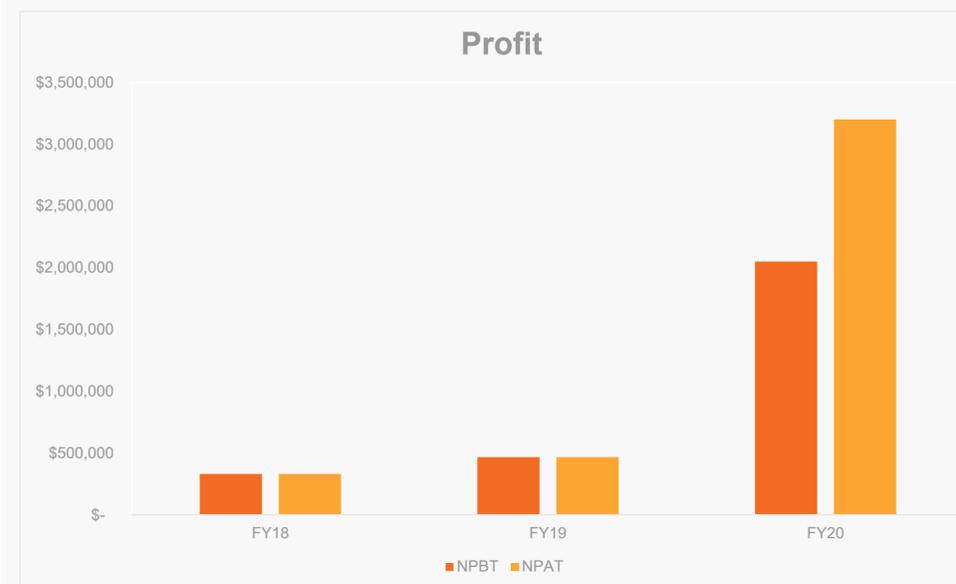
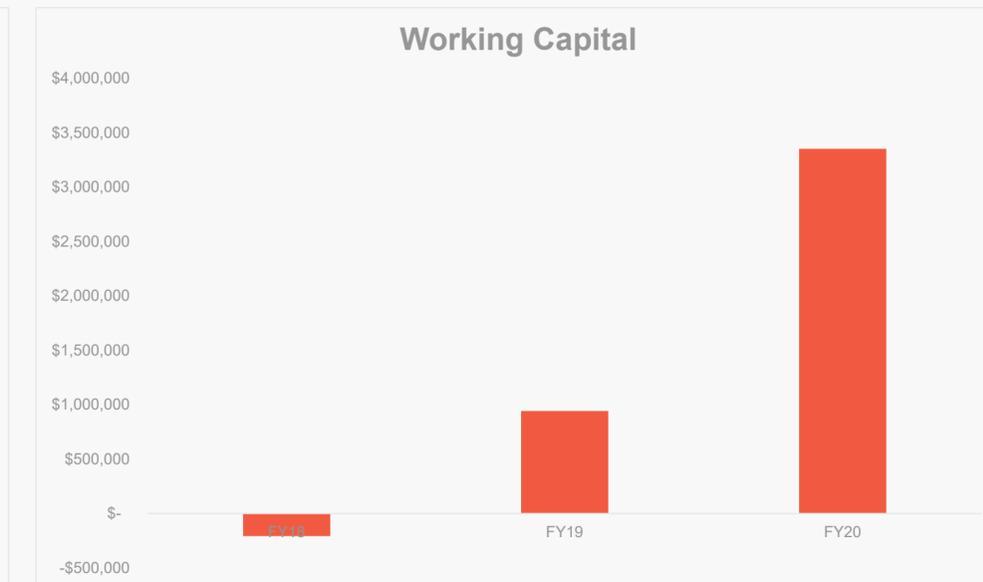
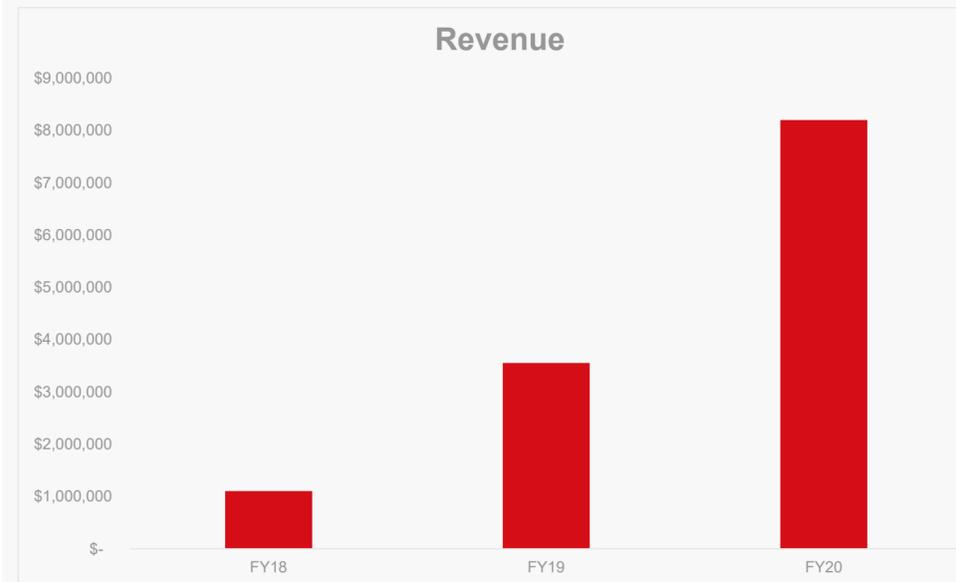
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# FY20 Highlights

Our P&L exhibits strong operating leverage typical of a SaaS company at an early stage of profitability.

Balance Sheet quality continues to improve, with no debt and strong free cashflow conversion.

Our growing cash balance offers both optionality and defensive characteristics.



# Economic Drivers

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FX → uncontrollable



Subscriptions → limited control



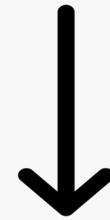
Team Performance → controllable

- As a Company with both strong operating leverage and USD revenue, movements in the AUD/USD exert a material influence over Company earnings. Virtually all of the Company’s gross margin is earned in USD, whilst the majority of its fixed cost is denominated in AUD.
- As reported throughout the year, COVID-19 has impacted the number of vehicles on GM’s CTP (“subscription numbers”) which, in turn, impacts Company earnings. In recent months, subscription numbers have stabilised. Longer-term we are responsible for growing our revenue beyond CTP.
- Underlying operating performance is the final driver. Notwithstanding the two major uncontrollable variables above, Connexion’s Team continues to deliver pleasing performance at an operating level.

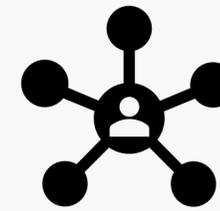
# Operating Model

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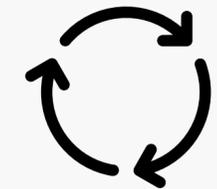
**Embed**  
*via Functionality*



**Integrate**  
*via API*



**Generate**  
*Data Insights*



# Operating Model

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**Embed**

*via Functionality*



- Executing Customer-Driven Product Roadmap
- Notably strong track record of delivery since 2017
- Customer-driven approach enables low marketing cost & high OEM satisfaction
- Feature enhancements improve both User and Consumer experience
- Feature enhancements improve product stickiness
- Typically self-funding, and profitability grows over time

Examples of such functionality can be found here:

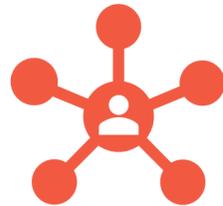
<https://www.connexionltd.com/products/custom-solutions/>

# Operating Model

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## Integrate

*via API*



- Ecosystem integration improves functionality and reduces double-entry
- Execution underway in 2020 with multiple DMS integrations commenced
- Integration enhancements improve both User and Consumer experience
- Integration enhancements improve product stickiness
- Modest initial investment, and profitability grows over time

# Operating Model

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## Generate

*Data Insights*



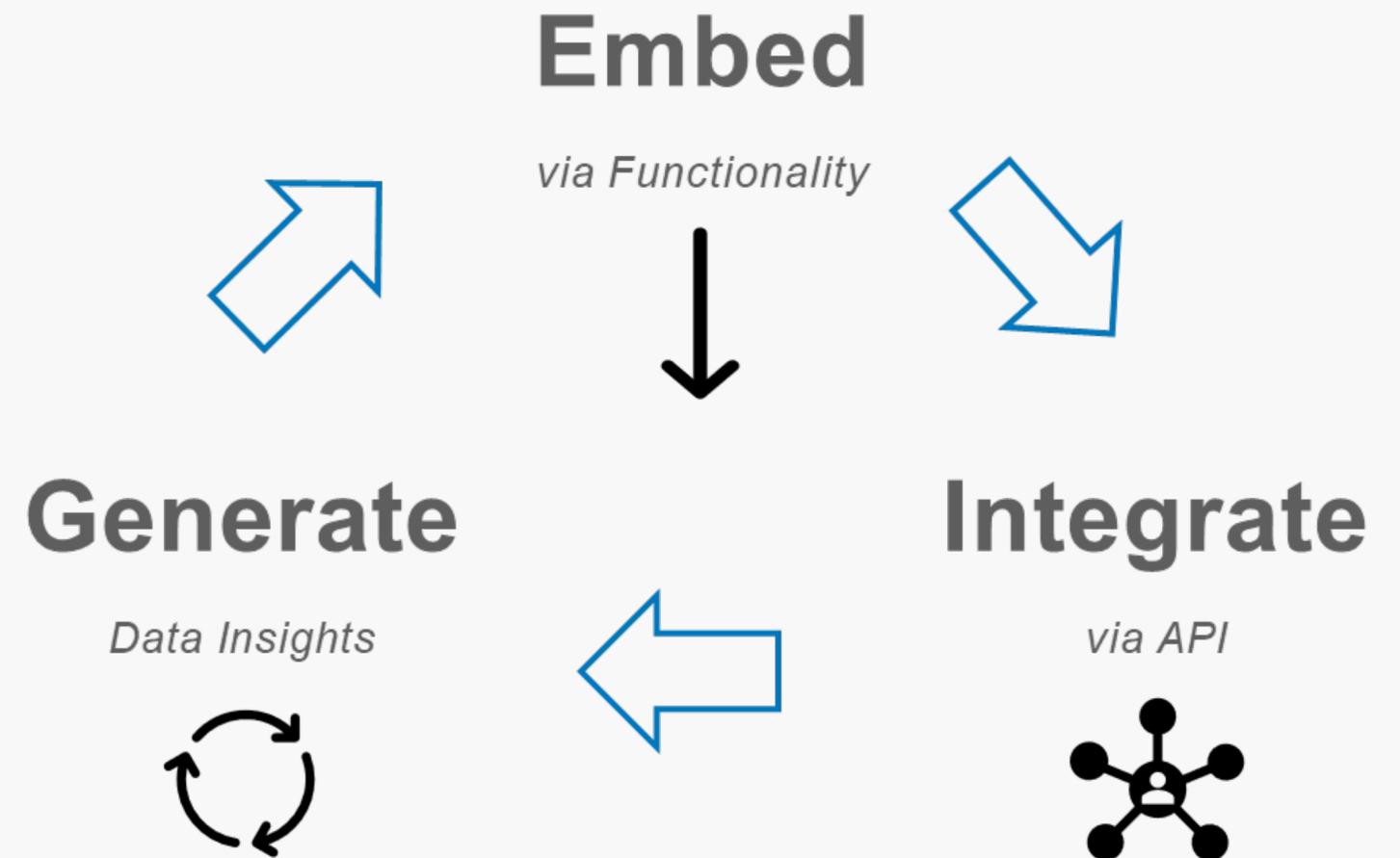
- Data Analytics is one of technology's strongest growth sectors
- Execution underway in 2020 with nominal initial revenues
- Access to Data Insights improves the User experience
- Application of Data Insights improves product stickiness
- Modest initial investment, and profitability grows over time

# Operating Model

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Operating as a feedback loop, each step not only adds to profitability, but strengthens our moat.

In turn, this enhances our strategy of operating at the intersection of Business Process Outsourcing, Customer Experience and Sales



# Sales Model

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Customer Driven Sales Strategy:

- Connexion sells to the OEM
- OEM sells to the Dealerships
- Connexion sells further to the Dealerships
- Dealerships sell to the Consumer

## OEM Sales

CXZTRAC



## Dealership Sales

*Lot Management (non-CTP), Concierge, Rental Platform etc*



## Consumer Sales

*Consumer Apps*



NOTE: At this stage, “Consumer Sales” merely represents optionality inherent in Connexion’s strategy by way of its distribution network. There are no current plans to develop this component.

# Sources of Value

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# Sources of Value

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## Generating Economic Value

2017 Onwards.  
OEM Sales – existing product.  
A small number of potentially large-ticket revenue prospects.  
Lumpy revenue growth.  
Long lead times.  
US BDM appointment imminent.  
Multi-pronged sales approach implemented using existing internal product champions.

## Building Strategic Value

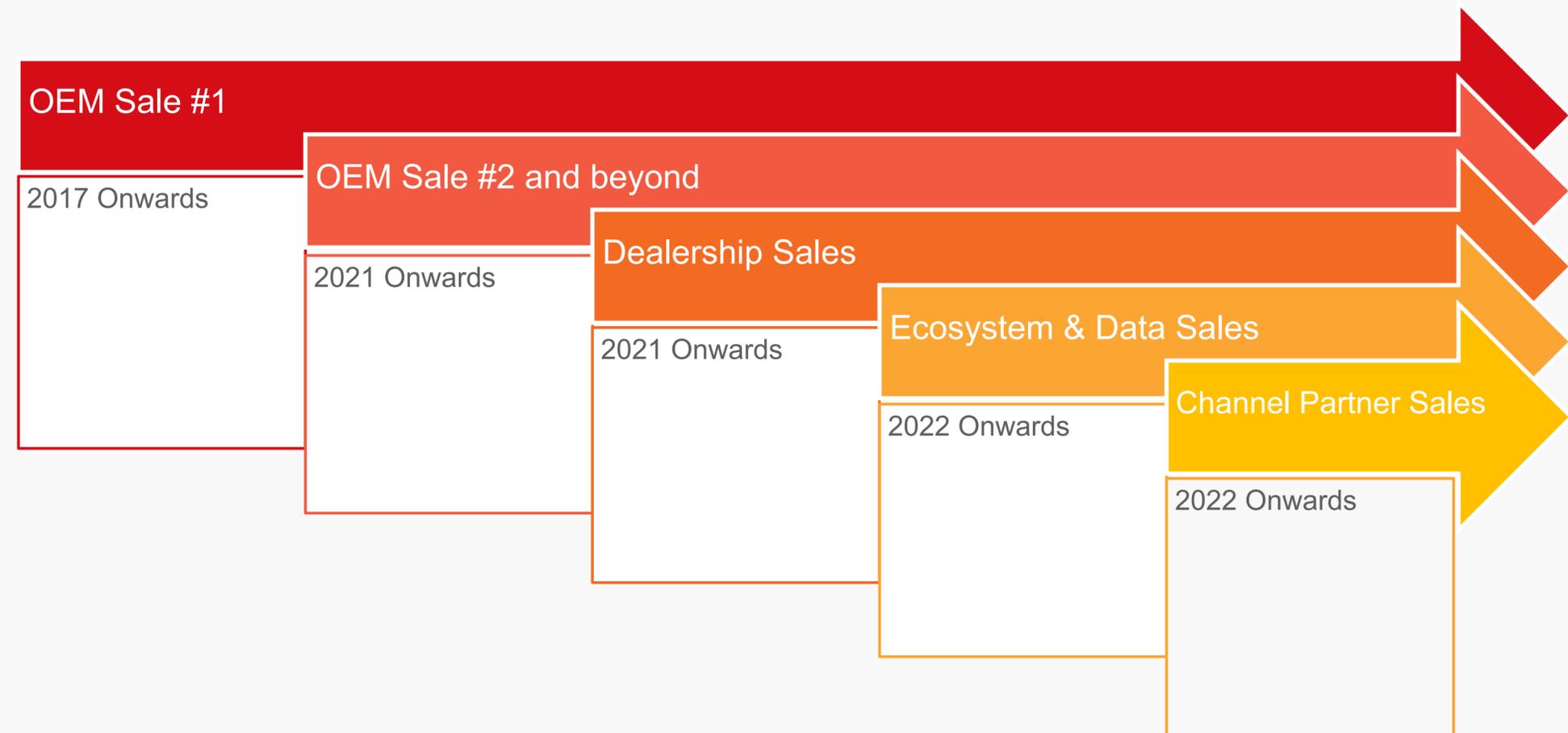
2020 Onwards.  
Building the value inherent in both our OEM and Dealership distribution channels.  
Already, approximately 22% of all Light Vehicle Dealerships in the US use Connexion's software.  
For context, the largest DMS provider in the US has ~45% share.  
These channels are suitable for both our proprietary products, and potentially 3<sup>rd</sup> party product as well.

## Commercialising Strategic Value

2021 Onwards.  
Commercialising the value inherent in both our OEM and Dealership distribution channels.  
Value can be commercialised organically or via channel partnerships in either direction.  
A larger number of small-ticket revenue prospects.  
Incremental revenue growth.

# Sources of Value

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# Summary

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Connexion Telematics Ltd is a **well-established** supplier of **proprietary enterprise software** to one of the world's largest global brands.

There are **high barriers to entry** for competitors in terms of both time and cost, and there is **significant opportunity** for us to **broaden and deepen** our service offering within this large ecosystem.

The **disciplined approach** of both Management and Board towards execution and capital management has delivered **significant shareholder value** to date and this is expected to continue.

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Embed



Integrate



Generate



# Our Commitment

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- ⊙ **To Consolidate** and deepen our existing commercial relationships

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  - ⊙ **To Extend** and commercialise new relationships across the global Automotive OEM market

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  - ⊙ **To Manage** Company growth in line with revenue expectations to deliver profitable business outcomes on an annual basis

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  - ⊙ **To Increase** shareholder value by delivering increasing revenues at strong margins

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  - ⊙ **To Create** technologies that improve daily lives

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  - ⊙ **To Foster** a rewarding and innovative working environment for our staff

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CONNEXION™

For more information, please go to:

[www.connexionltd.com](http://www.connexionltd.com)

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