

For personal use only

# CONNEXION™

Rental and Loaner Fleet Management Platform

---

FY21 Results



CONNEXION

---

FY21

---

ANNUAL RESULTS

---

# Agenda

1 Introduction

2 Strategy

3 Products

4 FY21 Results

5 Outlook

6 Summary



# Who We Are

---

Connexion Telematics Limited is a publicly-listed Enterprise-grade software company servicing the US automotive software market.

Our 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 OnTRAC software.

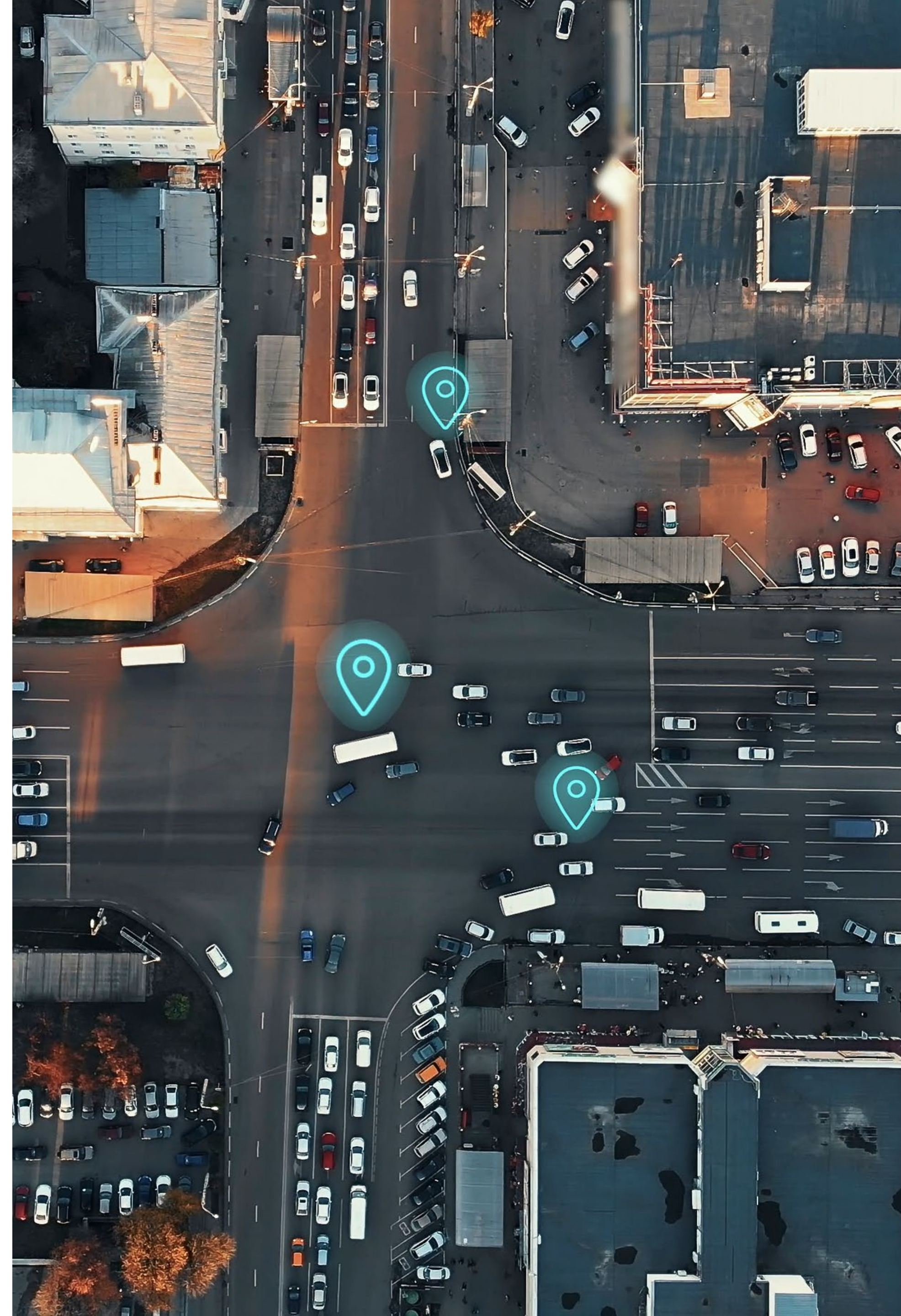




# Our Strategy

---

*Come for the tool, stay for the network*

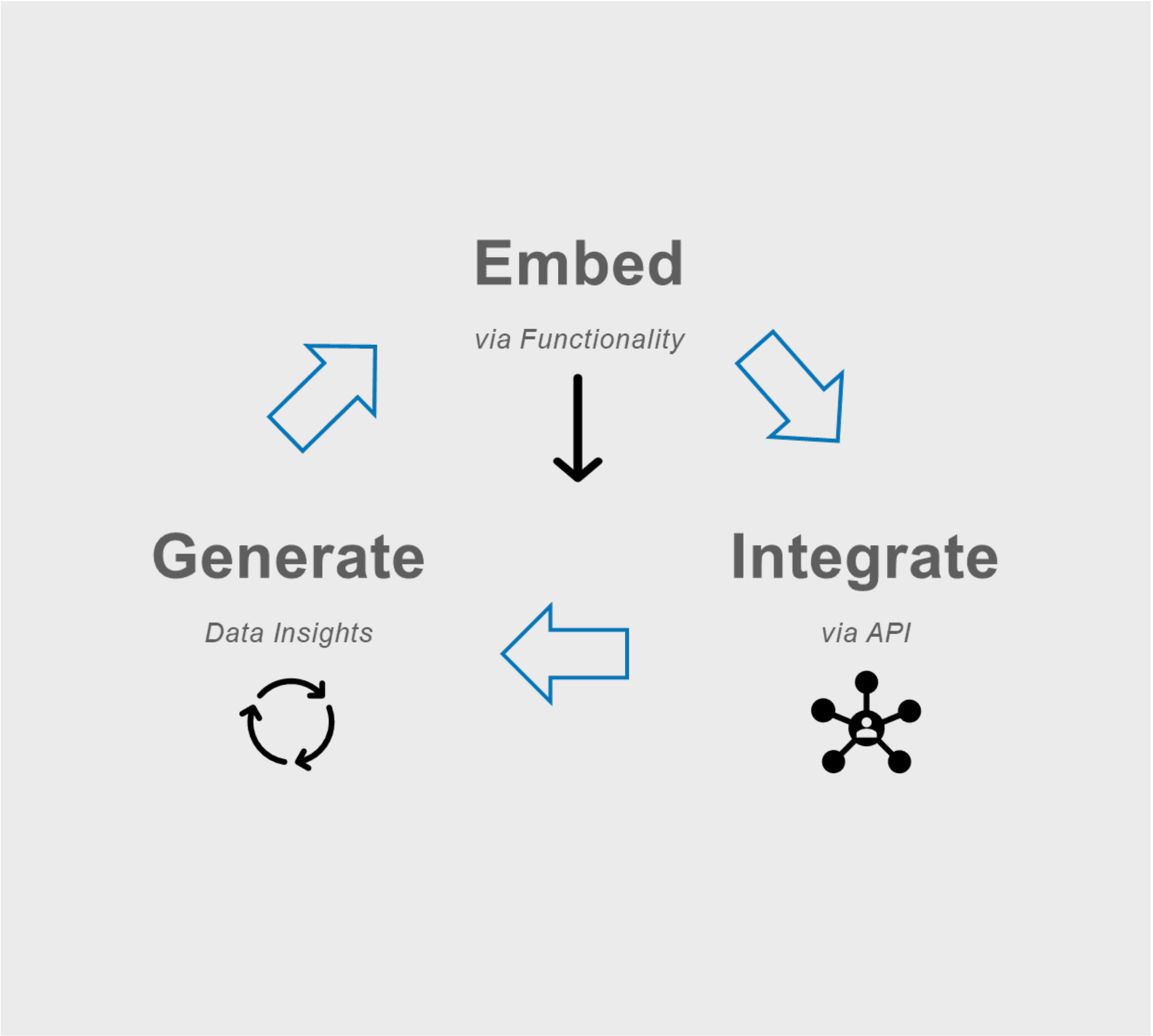




# Operating Model

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

---

Customer Driven Sales Strategy:

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

## OEM Sales

CXZTRAC



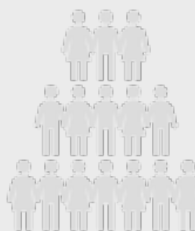
## Dealership Sales

*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 is no firm commitment to develop this component.

# Sources of Value

## Generating Economic Value

2017 Onwards.

General Motors extended for five years.

New OEM Sales – existing product.

A small number of potentially large-ticket revenue prospects.

Lumpy revenue growth.

Long lead times.

US VP of Sales appointed March 2021.

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.

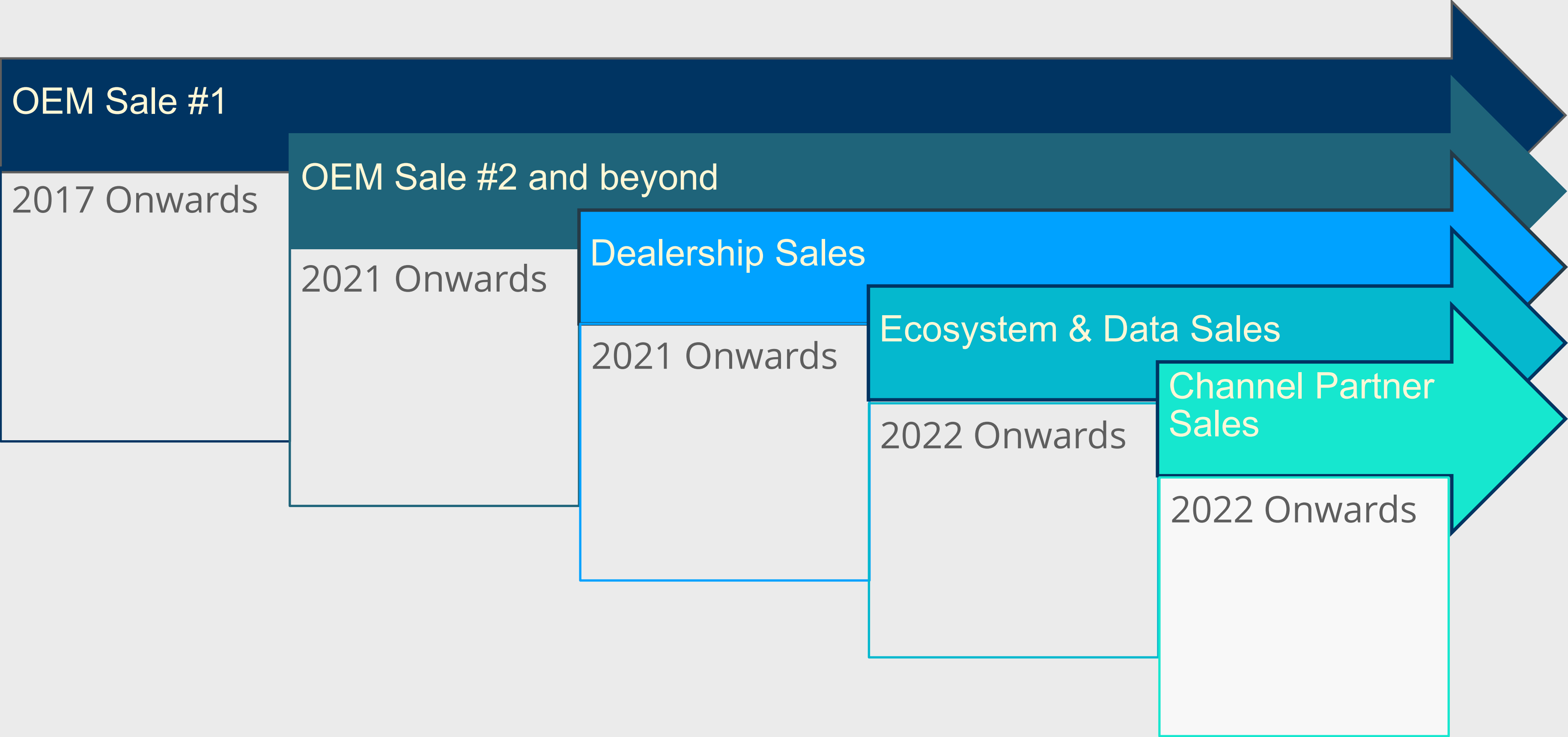
Value can be commercialised organically or via channel partnerships in either direction.

A larger number of small-ticket revenue prospects.

Incremental revenue growth.

First Commercial Pilot signed with Tollaid.

# Sources of Value







# Our Products

---





---

**Our flagship rental management  
platform, customised for General Motors**

**Cloud-first since launch**

---

**Ease-of-use validated by 10,000 users**

---

**Encapsulated business rules**

Based on GM's CTP

---

**Solutions integrated**

with other GM partners – difficult to untangle

---

**Trusted relationship**

built over many years of doing business

---

**OEM transition cost**

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

---

**Risks to switch**

uncertainty in output/usability/performance/reliability

---

**Cost effectiveness**

current solution is very lean





# CXZ>TRAC

---

## **Our brand-agnostic rental management platform**

Modelled on OnTRAC and launched in May 2021, CXZTRAC helps OEMs and Dealers to save time and money through:

- Quick reservations and DMS integration, reducing time to rent out a vehicle
- Affordability - lower prices compared with most competitors
- Telemetry use allowing Dealers to recoup excess fuel & toll usage from customers
- Reduced audit risk and cost
- Improved Customer Experience

CXZTRAC can help Dealers earn more money by partnering with like minded, forward thinking:

- Partnerships to help Dealers increase rental utilization
- Partnerships to help Dealers sell inventory leaving loaner program faster
- Partnerships to help Dealers recover costs such as tolling and fuel





---

**Our E-store, enabling User access to a growing suite of the most relevant, integrated software vendors**





# Testimonials

---

*"OnTRAC is so easy to use, and always adding new features. I'd love to have it in my Hyundai and Mazda locations."*  
– Hyundai Dealer Principal

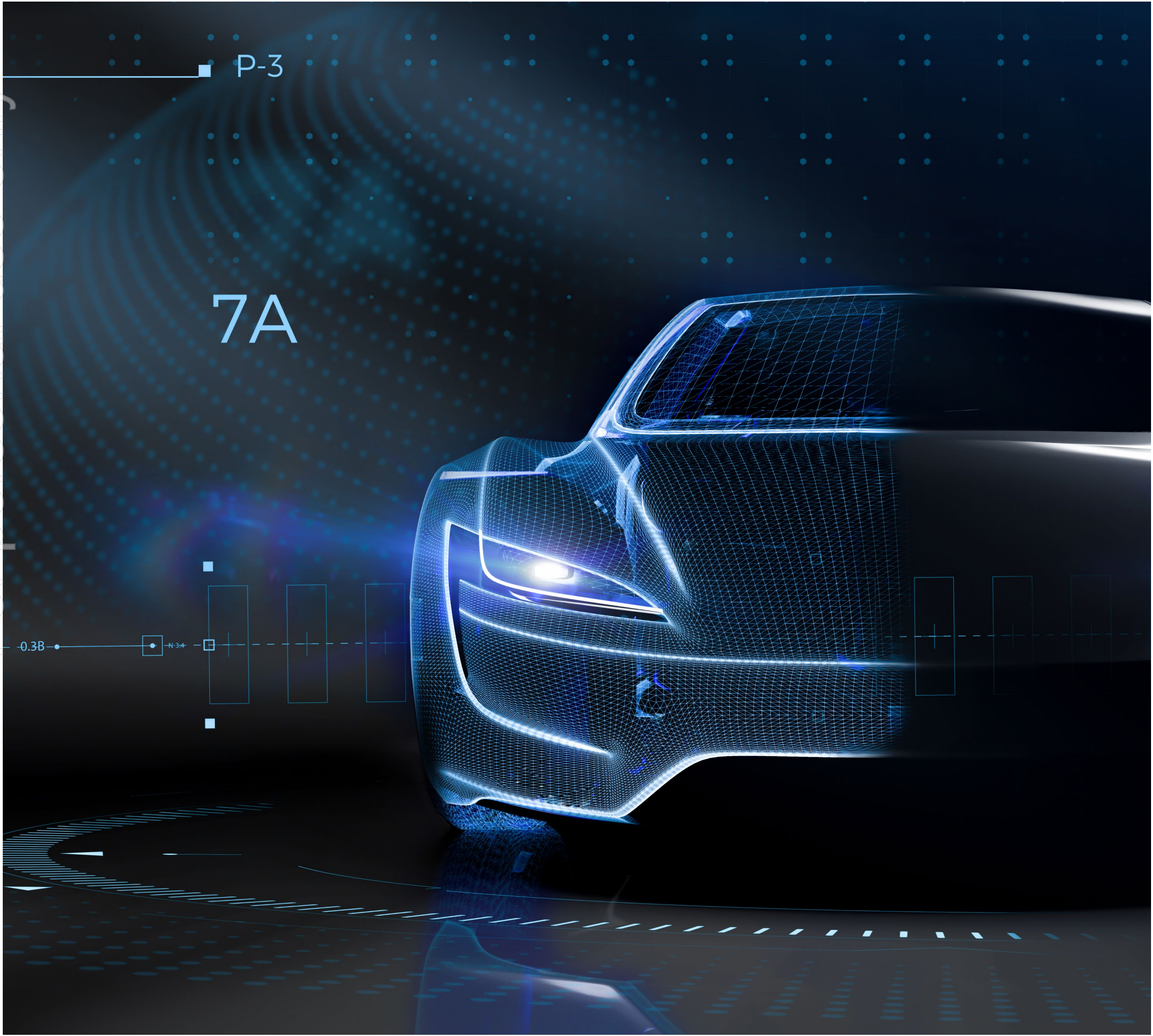
*"We've saved so much in reducing audits and incorrect incentive payments, the program more than pays for itself."*  
– GM HQ Employee

*"Kudos to you for one of the most successful program/platform launches in recent history for GM. Most of the IT projects that have rolled out have been difficult challenges for the field. This has proven to be an extremely useful tool."*  
– GM Fixed Ops Director

*"Always appreciate the efforts you and your team make in developing great additions to OnTRAC. It's turning out to be a really robust and useful tool."*  
– GM Business Ops Manager

*"It is exciting to be part of such a great team that continues to make improvements and changes to such a well-designed program!"*  
– GM Dealership Courtesy Vehicle Supervisor





# FY21 Results

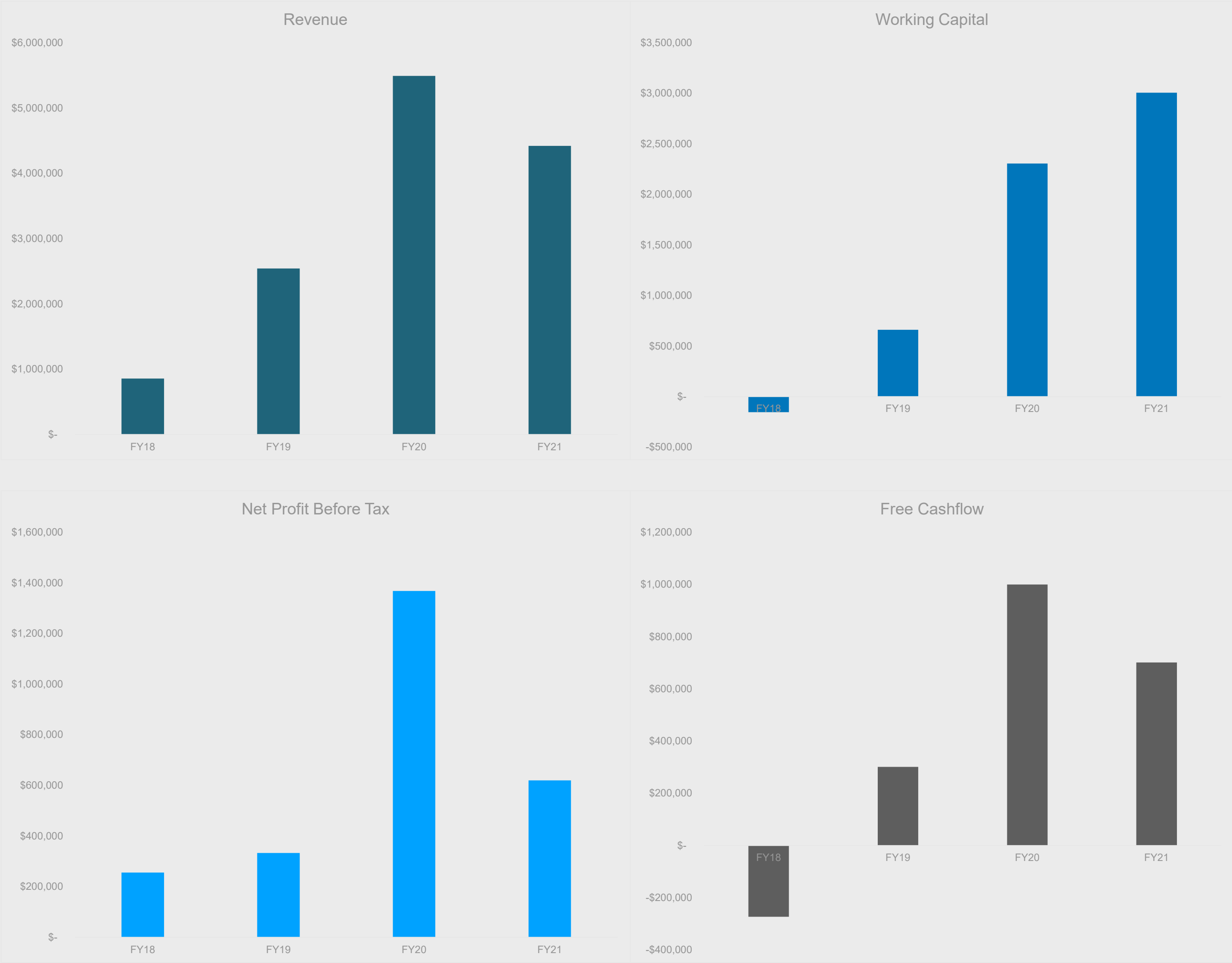


# FY21 Highlights

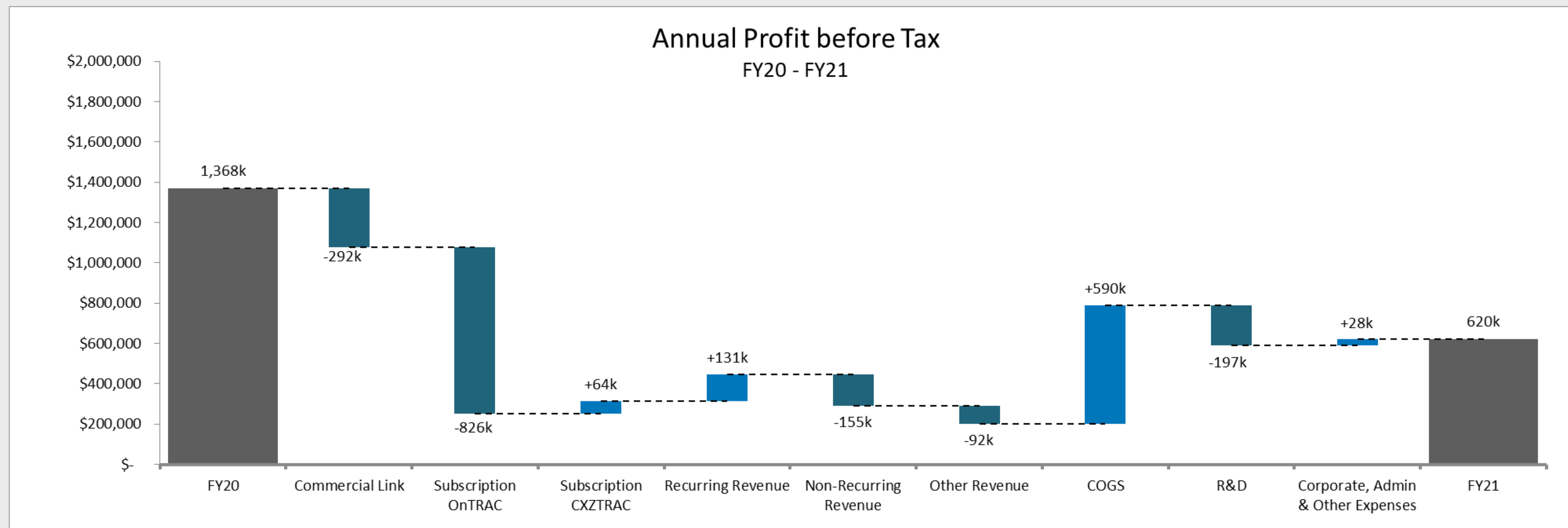
Our P&L exhibits strong operating leverage typical of a SaaS company at an early stage of profitability.

Very strong balance sheet, with no debt and strong free cashflow conversion.

Our growing cash balance offers both optionality and defensive characteristics.



# FY21 Vs FY20



- As the prior comparable period, FY20 was a record year in virtually all respects.
- FY20 included numerous one-off revenue items, record pre-COVID subscriptions levels and the discontinued Commercial Link contract.
- FY21 shows growing Recurring Revenue, materially increased R&D expenditure, the first two months of CXZTRAC revenue and disciplined G&A.



# Economic Drivers

---



FX

Ongoing FX sensitivity reduced by circa 50% through:

1. Implementing a natural hedge of currency-matching assets and operating expenditure to the extent of available free cash (i.e. converting excess cash into AUD).
2. Implementing a natural hedge of shifting AUD-denominated supply contracts into USD, where possible.
3. Changing the presentational currency of the Company to USD. From a commercial perspective, Connexion is a US-facing organisation and should be analysed as such.



# Economic Drivers

---



## Subscriptions

Vehicle subscriptions materially impacted:

1. Vehicle inventory materially impacted by the combination of demand-side followed by supply-side constraints resulting from COVID-19 and the global semiconductor chip shortage.
2. Dealerships across most manufacturer brands in the US (and globally) are still observing reductions in inventory of 30-80%, with 50-60% falls being commonly cited numbers.
3. As with most supply-related issues, the Company expects a resolution to be forthcoming, albeit not before the end of FY22, as of the date of this report.



# Economic Drivers

---



## Team Performance

Team performance remains strong:

1. Extended five-year agreement signed with General Motors, serving as a pleasing validation of the daily value that Connexion brings to General Motors and its Dealers.
2. Rapid and successful pivot undertaken through early CXZTRAC launch to avoid the bulk of the economic calamity otherwise faced by the vehicle inventory shortage.
3. In addition, the team added US\$546k in organic top line growth, reflecting the “Embed” component of Connexion’s operating model.
4. Finally, Connexion grew its pipeline of upcoming feature enhancement work, including its first Commercial Pilot, signed subsequent to the end of the reported period.
5. During the financial year, this organic growth was simply outpaced by the external headwinds reported above.

# Corporate

---



## Team Growth

1. Managing Director appointed February 2021, concurrent with strengthening the Board from three to five members.
2. VP of Sales, Group Financial Controller and Lead Developer subsequently appointed.
3. In addition, numerous other technology-related hires since made.
4. This investment is consistent with the Company's growth strategy of investing for the medium and long term.





# Outlook

---

The Company continues to invest meaningfully in R&D, with the US\$577k invested in FY21 expected to increase meaningfully in FY22.

The majority of this R&D investment is expensed through the P&L, lowering reported profitability for the financial years just-reported and subsequent.

Shareholders are encouraged to carefully examine the revenue and gross profit analysis presented in Quarterly Updates, noting controllable and uncontrollable items.

For limited periods, Connexion's future discretionary investment may potentially exceed the amount of positive operating cashflow. Should this occur, however, it is unlikely to be material relative to the Company's available net cash.

In recent years, Connexion has developed a consistent track record of tightly managing, and delivering satisfactory returns on, invested capital. This ethos will not change.

The Company's progress remains consistent with the plan presented at last year's AGM.



# Our Commitment



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



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



**To Manage** Company growth in line with revenue expectations, delivering profitable business outcomes on an underlying basis



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



**To Create** technologies that improve daily lives



**To Foster** a rewarding and innovative working environment for our team





FY21 RESULTS

ASX PRESENTATION

AUGUST 2021

# Summary

Presented in conjunction with the FY21 Annual Report

---

- Fourth consecutive profitable year, with record net cash balance
- General Motors CTP contract renewed for five years
- Overall revenues and profits materially impacted by global semiconductor shortage
- Further material earnings impact successfully mitigated through Team responsiveness
- Improved earnings quality from organic Recurring Revenue growth
- Net growth in product and feature request pipeline
- Material investments made, strengthening Board, Management and Developer capabilities
- First Commercial Pilot signed with Software Vendor
- First DMS integrations complete and in use
- Robust corporate strategy, operating model and sales model developed to guide execution
- Execution remains consistent with the strategy presented to Shareholders in November 2021

For personal use only

# CONNEXION™

Rental and Loaner Fleet Management Platform

---

*Trusted by thousands of dealers, processing millions of contracts annually*

