

Minds + Machines Group Limited

Audited Full Year Results to 31 December 2015
Investor Presentation
27 April 2016



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Presenting team

Guy Elliott – Non-executive Chairman

Toby Hall – Chief Executive

Michael Salazar – COO/CFO



2015 – key financials

	FY 2015 \$'000	FY2014 \$'000	Percentage change
Billings (1)	7,922	5,028	
Cost of sales	(6,223)	(4,659)	34%
Gross cash profit	1,699	369	360%
Cash expenditure			
Operating expenditure	(12,156)	(13,142)	(8%)
Profit on gTLD auctions	7,943	33,721	(76%)
Adjusted EBITDA (2)	(2,514)	20,948	(112%)
As reported in the Group Statement of Comprehensive Income	FY 2015 \$'000	FY 2014 \$'000	Percentage change
Operating EBITDA Total (loss) / profit Basic (loss) / earnings per share Diluted (loss) / earnings per share	(5,500) (9,997) (1.20) cents (1.20) cents	23,167 22,057 2.73 cents 2.67 cents	(124%) (145%) (144%) (145%)
As reported in the Group Statement of Financial Position Intangible assets Other Long Term Assets Cash & Cash Equivalents Net Assets	31/12/2015 \$'000 41,291 3,448 34,651 79,027	31/12/2014 \$'000 40,597 5,982 45,796 94,685	Percentage change 2% (42%) (24%) (17%)

⁽¹⁾ Billings refer to total sales generated during the year (not deferred for accounting purposes)

⁽²⁾ Earnings before interest, tax, depreciation & amortisation and other non-cash charges where earnings are calculated on the basis of billings as opposed to accounting revenue



Business observations

Historic issues

- High operational costs (\$12.2m) and cost of sales (\$6.2m) due to vertically-integrated/in-house development approach
- Historic cost-restructuring purely re-active no cohesive underlying plan
- No tangible strategy for driving billings or asset monetization
 - Build and it will come resulted in cost inflation far outstripping revenues and DUMs

Strong foundations

- Excellent portfolio of assets refocused towards revenue generation
 - 25 wholly/majority owned TLDs, 5 in partnership
 - 8 contested applications remaining
- Billings growth of 58% with high levels of renewal and recurring income
- Strong balance sheet with no debt and cash of \$34.6m
- Clear market pull with China key driver of industry growth
 - .VIP launch in China on May 18th 2016



Way forward

Costs contained

- Board restructured: reduced from 7 to 4
- Major restructuring of business already underway: vertically-integrated model ended
- Operating costs post re-structure: targeting \$6m (2015: \$12.2m)

Sales-led strategy implemented

- Distribution channels and partnership programmes refocused
- Major business development initiatives now implemented focused on key markets: China, US and UK
- Resources being aligned to allow MMX to operate efficiently in its three major time zones

Historic contractual commitments being addressed

Positive headway being made on resolving historically burdensome contracts



Business restructuring

- Vertically integrated business structure ended
 - Technical back-end now being outsourced to Nominet including majority of customer service requirements
 - Consumer retail arm (registrar) now being closed and customers migrated
 - ZDNS appointed as Chinese compliant gateway into China
- MMX now a pure-play owner of TLDs 25 domains majority/wholly owned; 5 in partnership
- Business to have three key business development hubs to cover major time zones/markets
 - US
 - Europe
 - Asia
- Hubs to service in-region business development teams/partners focused on expanding sales through:
 - in-country registrars
 - In-country distribution partners "glocal"
- Operating costs of new business structure approximately \$6m annualised, beginning Q4 2016
- Central databases core to operating success of business moving forward



US

Key assets

• .work, .law, .miami, .boston, .beer, .wedding, .fashion, .fit, .yoga

Market dynamics

 consumer awareness low but major registrar groups now stepping up their marketing of new gTLDs + active domainer community

MMX status

- expanded sales team now marketing .law
- dedicated sales team now focused on sourcing distribution partners for key verticals
- registrar team being expanded
- central databases being implemented
- COO to provide oversight on US efforts in addition to operational oversight of wider group



Europe

Key assets

• .london, .bayern, .nrw + lead US properties

Market dynamics

geo's have generated genuine traction; UK a key market to develop across portfolio

Status

- UK office re-established
- Outsourced RSP operations for Group to be based in Oxford
- Cornerstone agreements in place through which to drive registrations in H2 2016 in UK and Germany
- CEO to provide oversight on European business in addition to group business development



China

Key assets

• .vip, .law

Market dynamics

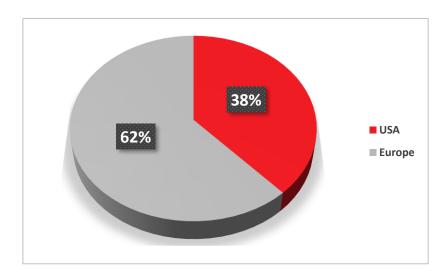
• China accounts for over 50% of all new gTLD registrations (circa 9m); currently domain investor driven

MMX status

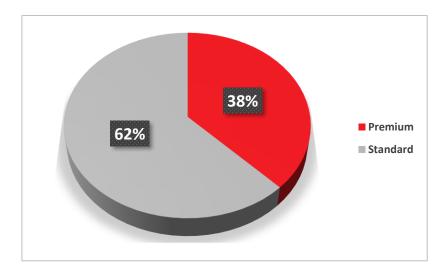
- ZDNS appointed as technical gateway
- 9 MIIT applications submitted
- 19 Chinese registrars on-boarded
- Outsourced marketing partner appointed
- Singapore to serve as operational centre for MMX's Asia activity
- Chairman to provide oversight on Asia operations in addition to oversight across the Group
- .vip to launch 18th May 2016

2015 performance

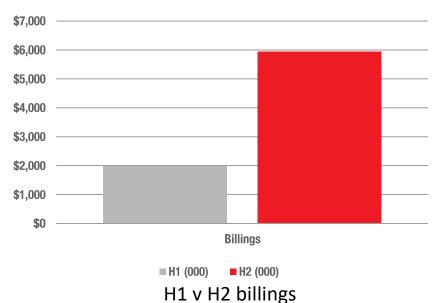




Regional billings split



Standard v premium billing





Guidance on current trading

- New executive team appointed February 22 2016
- Launch of first TLD in China on track for May 18 2016
- Outsourcing agreements now in place to facilitate H2 2016 restructuring
- Key agreements now in place through which DUMs growth can be driven in US and Europe H2
- Operating costs already reduced by \$2.5m on an annualized basis since Jan 30 2016
- Post-restructure annualised operating expenses approximately \$6 million
- Positive headway being made on resolving historically burdensome contracts
- Further launches in the pipe-line for H2 2016
- + Buy-back programme to continue



Q&A

Guy Elliott – Non-executive Chairman

Toby Hall – Chief Executive

Michael Salazar – COO/CFO