

## Story-i Limited

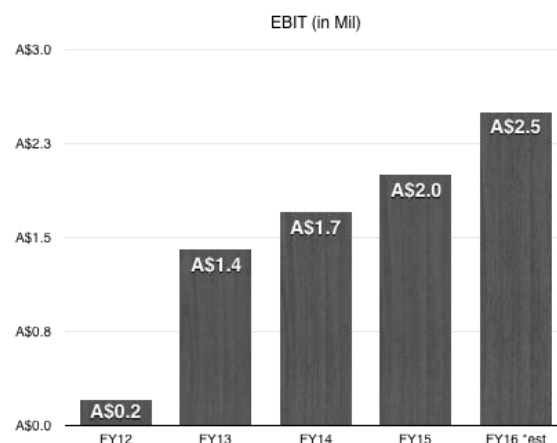
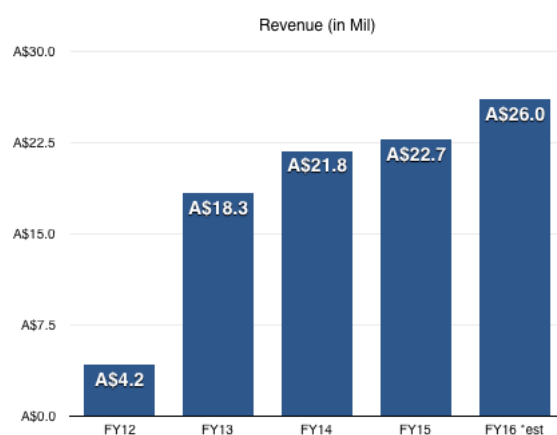
### Half-Year Results Presentation

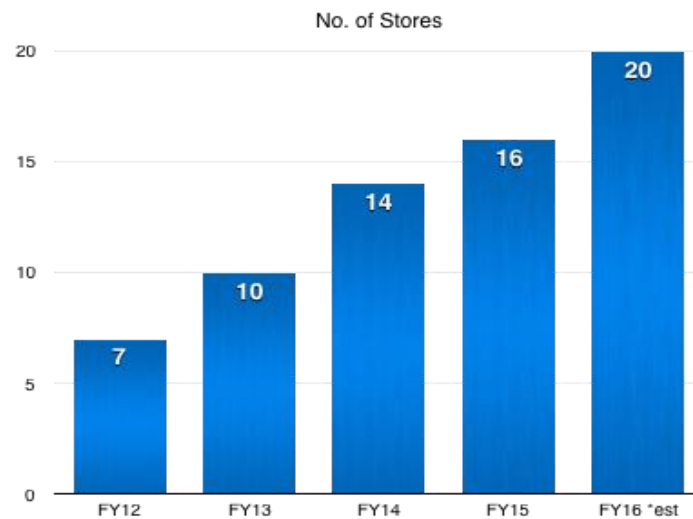
31 December 2015

#### ➤ Record revenue and profit achieved for the half year to 31 December 2015

Story-i Ltd (“Story-i” or “Company”) is very pleased to present its record revenue and profit results for the half-year ended 31 December 2015. This half-year not only represents the Company’s strongest performance since commencing operations in 2010, but is also its first full half year results as an ASX listed company.

#### PERFORMANCE OVER THE PREVIOUS 5 YEARS (including forecast full year FY2016)





## EARNINGS SUMMARY

In A\$	Half-year ended 31 December 2014	Half-year ended 31 December 2015	
Revenue from ordinary activities	10,275,047	12,804,706	+24.6%
EBIT	1,129,259	1,419,000	+25.7%
EPS	\$0.0065	\$0.0066	

## TRADING PERFORMANCE

- Revenue increased by 24.6% to a half-year record of A\$12.8 million. This has been achieved through strong same store revenue and additional contributions from three new stores having being opened (one in Vietnam and a further two in Indonesia). The Company's experience is that new stores take between four and six months to hit a steady state, and further additional revenue growth is expected from these stores in the coming half-year.
- Revenue growth was further achieved through an improved product mix with improved margins, with sales growth achieved in the lucrative business to business corporate market. The corporate sales are far larger in volume and, as such, attract vendor discounts that produce the higher margins. The increase in revenue in the business to business market has led to a higher proportion of receivables. In previous periods, this would have been a less significant amount.

This is part and parcel of the strong growth of the business, from a pure retail operation to a corporate enterprise supplier of hardware bundled with proprietary cloud based software.

- The strong revenue and profit performance was further aided by a large number of product launches, in particular by Apple. The global, as well as Indonesian launch campaigns, drove strong foot traffic to Story-i stores that led to sales of devices and higher margin accessories. This has been particularly evident in the higher price accessories such as audio equipment and wearables.

The growing middle income consumer in Indonesia is rapidly adopting the Generation X and Generation Y product choices witnessed in the West.

## TRADING REVIEW & OUTLOOK

During the latter part of 2015, Story-i restructured its business divisions around four business silos.

1. Retail & Distribution.
2. Education.
3. Enterprise Solutions.
4. E-commerce.

### ***Retail & Distribution***

Moving in to the second half of financial year 2016, the retail division operates seventeen stores with a further three in the immediate pipeline. Revenue and margins will continue to increase as the recently opened stores fully contribute, and the three in the pipeline open. Further product launches from Apple, Lenovo and Samsung, will drive increased foot traffic to the stores on the back of significant vendor marketing and consumer anticipation. In addition to the expected growth in device sales comes the flow-on high margin accessory sales and growth of the Company's E-commerce community.

### ***Education***

The Education division has experienced a strong flow of inquiries since the signing of BPK Penabur, the largest private Christian education group with forty-five school campuses. As such, Story-i has invested in a dedicated education sales team, and new capital expenditure on server and software infrastructure. In addition to driving device sales, this division has become its own profit centre with customization fees, software reseller contracts, and recurring hosting and maintenance income.

This is an enormous market in Indonesia where 60% of the 260,000 schools are private fee paying institutions. Story-i has the early mover advantage with its device sales and service, hosting infrastructure and Indonesian-wide store presence. The Company looks forward to this newly focused division building on its recent sales success, and signing on further institutions in the coming half.

***Enterprise Solutions***

The Enterprise Solutions division with Education now separated out is focused on the MNC and local SME market. Story-i is in the final stages in the sale and implementation of a CITRIX suite of cloud based solutions to a major MNC manufacturing corporation relocating to Indonesia. Similar to the Education division, this project, and further Enterprise sales, will drive revenue growth through hardware sales, software reseller fees, implementation fees, and recurring hosting service charges with software user fees. These sales tend to be large and long cycle, but do provide long term recurring income with hardware replacement sales. Story-i hopes to announce this initial significant sale shortly, as other enterprise sales prospects come through the sales cycle. Focusing on the smaller and shorter sales cycle SME market Story-i has developed its own proprietary POS software and is in discussions with a best of breed global POS vendor to partner in the POS market in Indonesia. Again these sales drive both hardware sales and recurring hosting and software income.

***E-commerce***

The E-commerce community and platform is growing steadily and is currently wrapped around the Indonesia wide 'bricks and mortar' stores within the retail division. E-commerce is only just blossoming in Indonesia, and is expected to follow the explosive growth witnessed in developed economies. Story-i again has early mover advantage with its country wide store network spanning Indonesia's population of 260 million.

**OUTLOOK**

Story-i expects that in addition to same store revenue growth, further additional revenue will be derived from the three recently opened stores hitting steady state, as well as a further three to open in the coming half.

Further contributions are expected from the early sale of devices and implementation fees associated with the recent Education division contracts. Once implemented, these contracts bed down the division with the ongoing hosting and software recurring income as further sales are closed. Finally, during the coming quarter, the Enterprise division should secure the current MNC sale and benefit from the early implementation fees. Similar to the Education division, this sale will provide the basis for the recurring income platform for this rapidly growing division.

## Store locations

*Well developed store expansion strategy across Indo China*

