

ASX Market Disclosure

**Aconex Group outlook and Appendix 4C for Q1 FY17**

MELBOURNE, Australia, 25 October 2016 – Aconex Limited (ASX: ACX), a global leader of digital innovation in construction, today lodged its Appendix 4C quarterly report of cash flow, for the quarter ended 30 September 2016 with the Australian Securities Exchange (ASX).

Aconex reported a cash balance of \$46.5 million at 30 September 2016 and net operating cash flow from core operations of \$2.0 million for the quarter ended 30 September 2016. Gross cash receipts totaled \$41.8 million, an increase of 44% from the first quarter of FY16. Quarterly cash flow expenditures included several office fit-outs as a result of continued business expansion.

Net operating cash flow from core operations were \$2.0 million, excluding acquisition and integration costs of \$1.6 million related to the acquisition of Conject Holding GmbH.

**Aconex Group outlook**

Aconex has provided an outlook for FY17 revenue in the range of \$172 to \$180 million and EBITDA in the range of \$22 to \$25 million, excluding acquisition costs.

The outlook for FY17 takes into account:

- Solid underlying growth and sales momentum
- Strong regional performance in ANZ, the Americas and Asia
- Lower than expected growth of the European business (“Brexit” uncertainty and accelerated transition to selling Aconex in the UK)
- Impact of GBP and Euro currency movements on revenue (natural hedge at the EBITDA line)
- Oil price uncertainty – delays in decision making in the Middle East.

	<b>FY16 Actual</b>	<b>FY17 Outlook</b>	<b>FY18 – FY19 Range</b>
Revenue	\$123.4m	\$172 to \$180m	20 to 25% p.a. growth
EBITDA <sup>1</sup>	\$13.6m	\$22 to \$25m	17 to 22% of revenue

**Aconex 2016 Annual General Meeting**

Aconex will hold its 2016 Annual General Meeting (AGM) at **2:00pm, Tuesday, 25 October, in Melbourne**. The AGM materials have been lodged with the ASX and are available at <http://investor.aconex.com>

<sup>1</sup>Excludes integration costs

## About Aconex

Aconex Limited provides a leading cloud and mobile collaboration platform for the global construction industry. The platform connects owners, contractors and their project teams in the construction, infrastructure, and energy and resources sectors, providing project-wide visibility and control between the many different organisations collaborating across their projects. With more than 70,000 user organisations and over \$1 trillion of project value delivered in more than 70 countries, Aconex is the industry's most widely adopted and trusted platform. Founded in 2000, Aconex has 47 offices in 23 countries around the world, including headquarters in Melbourne, Australia. The company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code ACX and are included in the S&P / ASX 200 Index.

## Supporting Resources

For more information on Aconex, please visit:

- Investor Centre: <http://investor.aconex.com>
- Website: <http://www.aconex.com>

## Forward-Looking Statements

This announcement includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Aconex. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

## Aconex Contacts:

Rachel Cooper  
+61 3 9240 0269  
[rcooper@aconex.com](mailto:rcooper@aconex.com)

Citadel-MAGNUS  
Matthew Gregorowski  
+61 2 8234 0100  
[mgregorowski@citadelmagnus.com](mailto:mgregorowski@citadelmagnus.com)

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Aconex Limited

**ABN**

49 091 376 091

**Quarter ended (current quarter)**

30 September 2016

Under the conditions of Aconex Limited's (**Aconex**) listing on the ASX in December 2014, Aconex is required to provide quarterly cash flow reports to the ASX. This unaudited cash flow report is for the quarter ended 30 September 2016.

At 30 September 2016, Aconex had cash balances of \$46.5m. Operating cash flows from core operations were \$2.0m. Gross cash receipts from customers were \$41.8m for the quarter ended 30 September 2016, a 44% increase on prior comparative quarter's gross cash receipts of \$29.1m. The quarterly cash flow expenditure included several new office fit-outs as a result of continued business expansion.

Reconciliation of net operating cash flows from core operations	Quarter ended 30 Sep 2016 \$000's	Year ended 2016 \$000's
<b>Reported net operating cash flows</b>	<b>1,328</b>	<b>6,660</b>
Add: Business acquisition and integration costs paid	1,562	2,115
Add: Payment of assumed Conject liabilities on acquisition	-	663
Less: Compensation for compulsory lease surrender, net of guarantee	(878)	-
<b>Net operating cash flows from core operations</b>	<b>2,012</b>	<b>9,438</b>

Net cash outflows for the quarter ended 30 September 2016 were \$3.0m, comprising a number of items relating to receipts and payments from previous acquisitions during the year ended 30 June 2016 and a cash receipt relating to compensation for a lease surrender during the quarter.

Net operating cash inflows from core operations were \$2.0m, after adjusting for the following:

- o \$1.6m business acquisition and integration costs relating to the acquisition of Conject Holdings GmbH (**Conject**); and
- o \$0.9m net cash received relating to a compensation for the surrender of a lease premise compulsorily acquired by NSW government of \$1.2m, offset by a \$0.3m bank guarantee for a new lease;

Net investing cash outflows were \$6.2m, inclusive of the following:

- o \$3.6m capitalised development costs which is higher than prior quarters due to the payout of retention bonus payments for development staff relating to prior year's acquisition;
- o \$3.2m contingent consideration payment to Ares Management LLC in accordance with the terms of the Worksite acquisition;
- o \$1.2m property, plant & equipment costs consisting of \$0.5m for new lease fit-outs; and offset by a
- o \$1.8m cash benefit relating to the purchase price adjustment on Conject acquisition.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	41,805	41,805
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(579)	(579)
(d) leased assets	(1,335)	(1,335)
(e) staff costs	(27,457)	(27,457)
(f) administration and corporate costs	(10,502)	(10,502)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	262	262
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	(388)	(388)
1.7 Government grants and tax incentives	212	212
1.8 Other (provide details if material)		
i. Compensation for lease surrender, net of lease guarantee (note 7)	878	878
ii. Acquisition and integration costs	(1,562)	(1,562)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,328</b>	<b>1,328</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,216)	(1,216)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(3,573)	(3,573)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.5	Other (provide details if material)		
i.	Contingent consideration payment (note 5)	(3,183)	(3,183)
ii.	Purchase price adjustment on Conject acquisition (note 6)	1,795	1,795
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6,177)</b>	<b>(6,177)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,929	1,929
3.4	Transaction costs related to issues of shares, convertible notes or options	(84)	(84)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(35)	(35)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,810</b>	<b>1,810</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	49,984	49,984
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,328	1,328
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,177)	(6,177)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,810	1,810
4.5	Effect of movement in exchange rates on cash held	(481)	(481)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>46,464</b>	<b>46,464</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	19,310	18,857
5.2 Call deposits	27,154	31,127
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>46,464</b>	<b>49,984</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
334,413
-

In the three months ended 30 September 2016, Aconex made payments to directors for fees and salaries of \$304,937.

In the three months ended 30 September 2016, Aconex paid \$29,476 to Melbourne Office Furniture, a company partly owned by Mr Rob Phillipot. Rates charged are based on normal market rates for such goods and services and are due and payable under standard payment terms.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,023	1,023
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 31 March 2016, Aconex assumed unsecured loans for €700,000 from the French government as part of the acquisition of Conject. These are loans are provided from the French Government to incentivise business within France. Of the \$1,023,000 (€700,000) loan outstanding at 30 September 2016, \$731,000 (€500,000) is interest free and the remaining loan balance of \$292,000 (€200,000) incurs \$3.02% p.a.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(876)
9.4 Leased assets	(1,470)
9.5 Staff costs <sup>^</sup>	(30,948)
9.6 Administration and corporate costs	(10,223)
9.7 Other (provide details if material)	
- Acquisition and integration costs	(2,377)
<b>9.8 Total estimated cash outflows</b>	<b>(45,894)</b>

<sup>^</sup>Includes estimated \$3.130m annual bonus payments. The expense was accrued throughout the year.

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



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Stephen E Recht  
Chief Financial Officer and Company Secretary

25 October 2016



**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. The YTD cash receipts and cash payments are reported on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.
5. In accordance with the terms of the Worksite acquisition, a payment for contingent consideration of \$3.183m (US\$2.375m) was made to Ares Management LLC.
6. In accordance with the terms of the Conject acquisition, Aconex received \$1.795m relating to a purchase price adjustment on Conject's working capital.
7. Aconex received a \$1.204m compensation cash payment for the surrender of a lease premise compulsorily acquired by the NSW government. As a result of a replacement Sydney lease being signed, Aconex had entered into a \$0.326m bank guarantee (transfer of cash to restricted cash), resulting in a net cash benefit for the quarter of \$0.878m.