

STRATATEL – GOING FOR INVESTOR RETURNS



2010 ANNUAL GENERAL MEETING

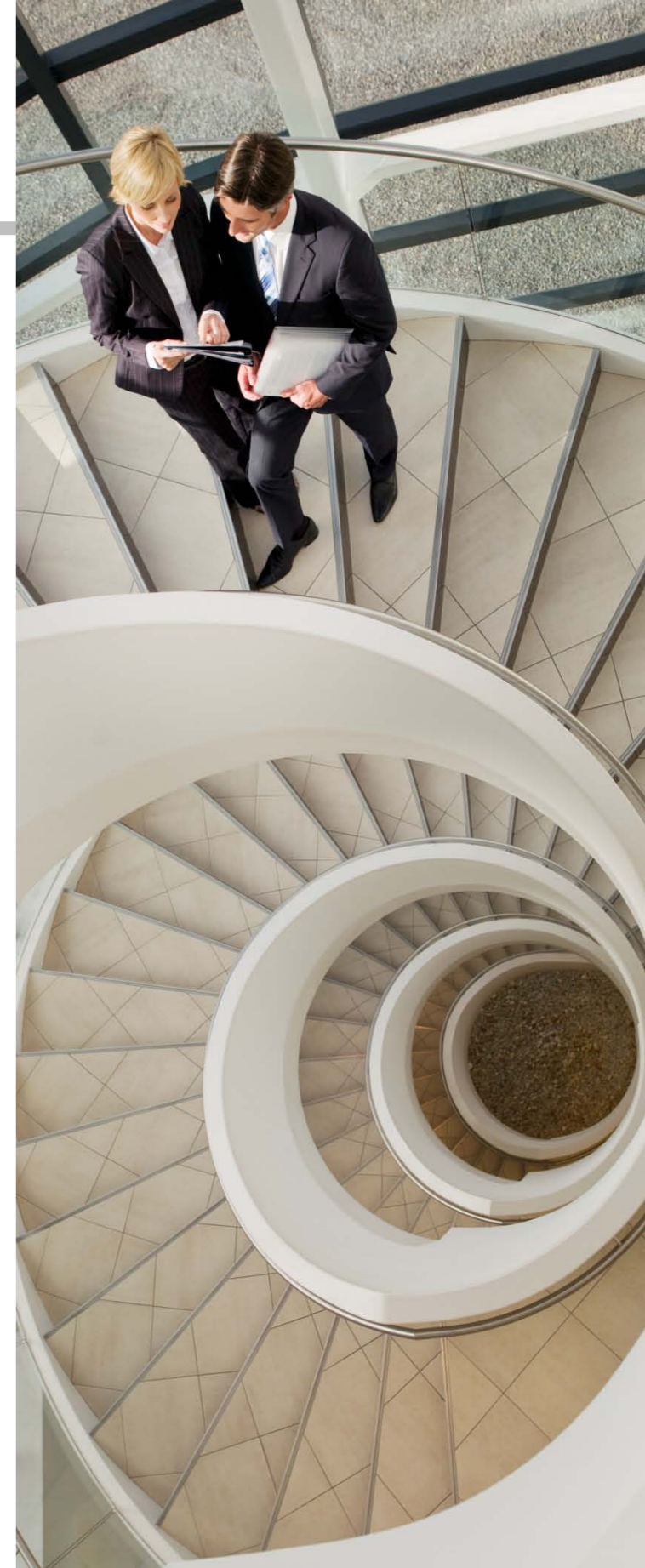
Presenter: Mike Fairclough

Page 1 of 17

STRATATEL

Highlights

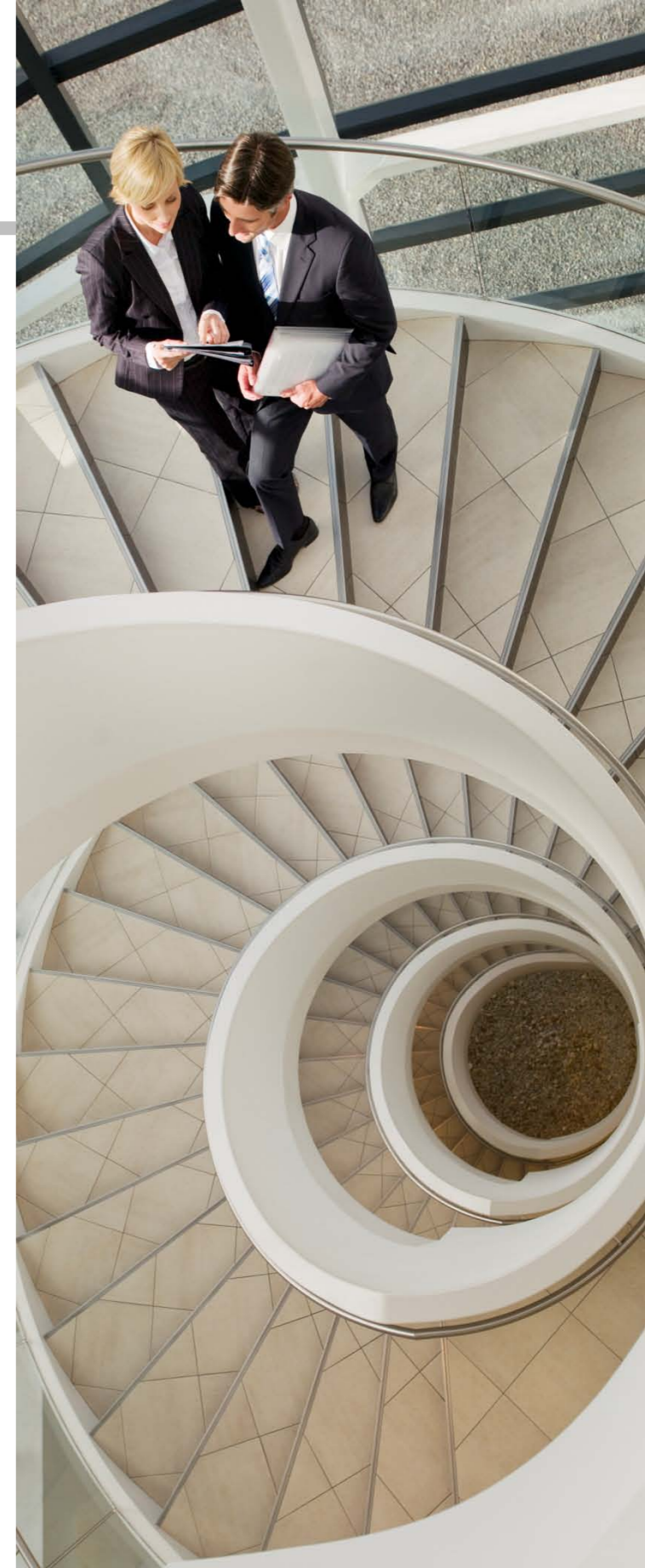
- Selected in CRN magazine Fast 50; N° 8 Fastest Growing IT Reseller in Australia 2009 – 2010
- Selected in Deloittes Fast 50
- Secured clutch of new FleetManager® clients
 - State Government
 - University
 - Mining companies x 2
- Growth in IBM licencing and services revenue
- Appointment of experienced ICT BDM's in VIC, NSW & QLD



STRATATEL

Highlights

- **Recent acquisitions in line with strategy**
- **Opening of Adelaide Office with clients & revenue**
- **Launch of CADS FleetManager (next generation FleetManager®)**
- **Revenue uplift from Optus**
- **Increasing profile of Stratatel in media, Switzer and Australian Financial Review**
- **Increase in proposed dividend from (0.13cps to 0.20cps)**



STRATATEL



The Plan to Achieve Shareholder Returns

- **Build scale of business “quickly” through**
 - acquisitions
 - organic growth (focus on IBM software & services and FleetManager®)
- **Build earnings of business quickly**
- **Objective by 31/12/11: Equivalent Annualised Revenue of \$30m – \$35m**
 - to date: challenge to find good business fit but search continues
however, success with IBM Business Partner aggregation strategy
 - objective is achievable

STRATATEL



The Plan to Achieve Shareholder Returns

- **At 31/12/11 Equivalent annualised EBITDA between \$5m – \$6m**
 - require a significant acquisition to achieve
 - continue IBM Business Partner aggregation strategy
 - objective is a stretch
- **In the meantime; focus on regular updates and briefings to investors and dividends**

Business Focus to Achieve Investor Returns

SALES FOCUS

- IBM software, (cross brand certified)
- Consulting services, Business Intelligence, web development, document management Lotus applications
- FleetManager®/Optus MobileFleet/ TEMS consulting/TEMS Managed Services



STRATATEL

Business Focus to Achieve Investor Returns

MARKETING FOCUS

- TEM FleetManager, Managed Services, TEMS consulting
- Business Intelligence/Forecasting (Cognos)



STRATATEL

Business Focus to Achieve Investor Returns

- **RETENTION FOCUS**

- Top 30 clients
- FleetManager®/TEMS
- IBM Licence Renewals
- Process and people

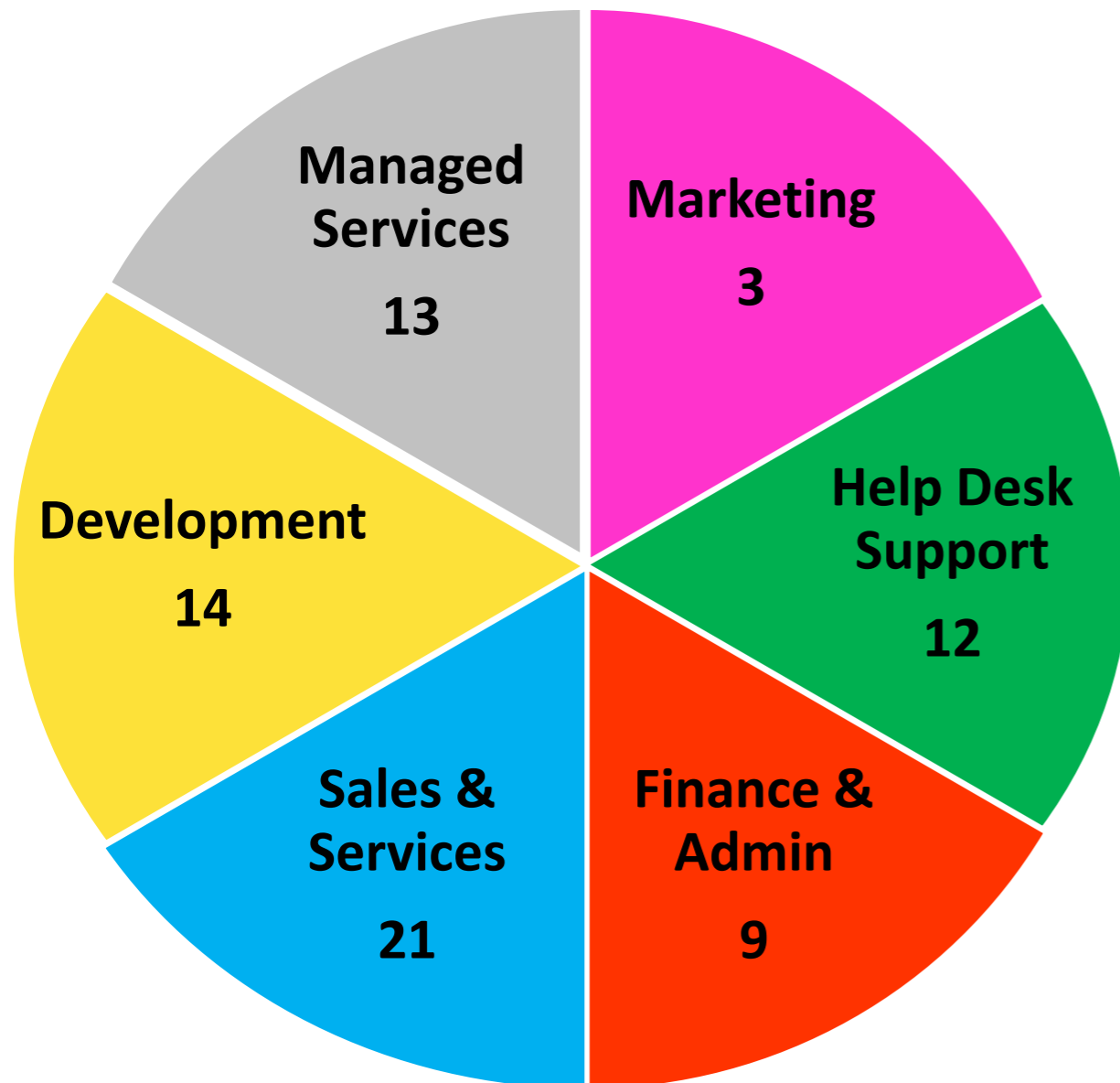
- **PRODUCT ENHANCEMENT/DEVELOPMENT**

- FleetManager®
- CostManager/follow&go



Stratatel Business Operations

- Integrated all acquisitions
- 72 staff



- **Sydney** – Head Office, Sales, Marketing, Support, Finance
- **Melbourne** – Sales, Support
- **Brisbane** – Sales, Innovation, Support
- **Perth** – Sales, Innovation, Consulting
- **Adelaide** – Sales, Consulting
- **2 International representative offices** – South Africa, Singapore

Understanding the Stratatel Business

- **Recurrent Revenue \$6.6m/annum (Proprietary products)**
- **Top 8 Channel Partners provide ~ \$2.8m/annum revenue**
- **IBM Licence Renewals ~ \$2.5/annum (1/7/2010)**

Gross Margins:

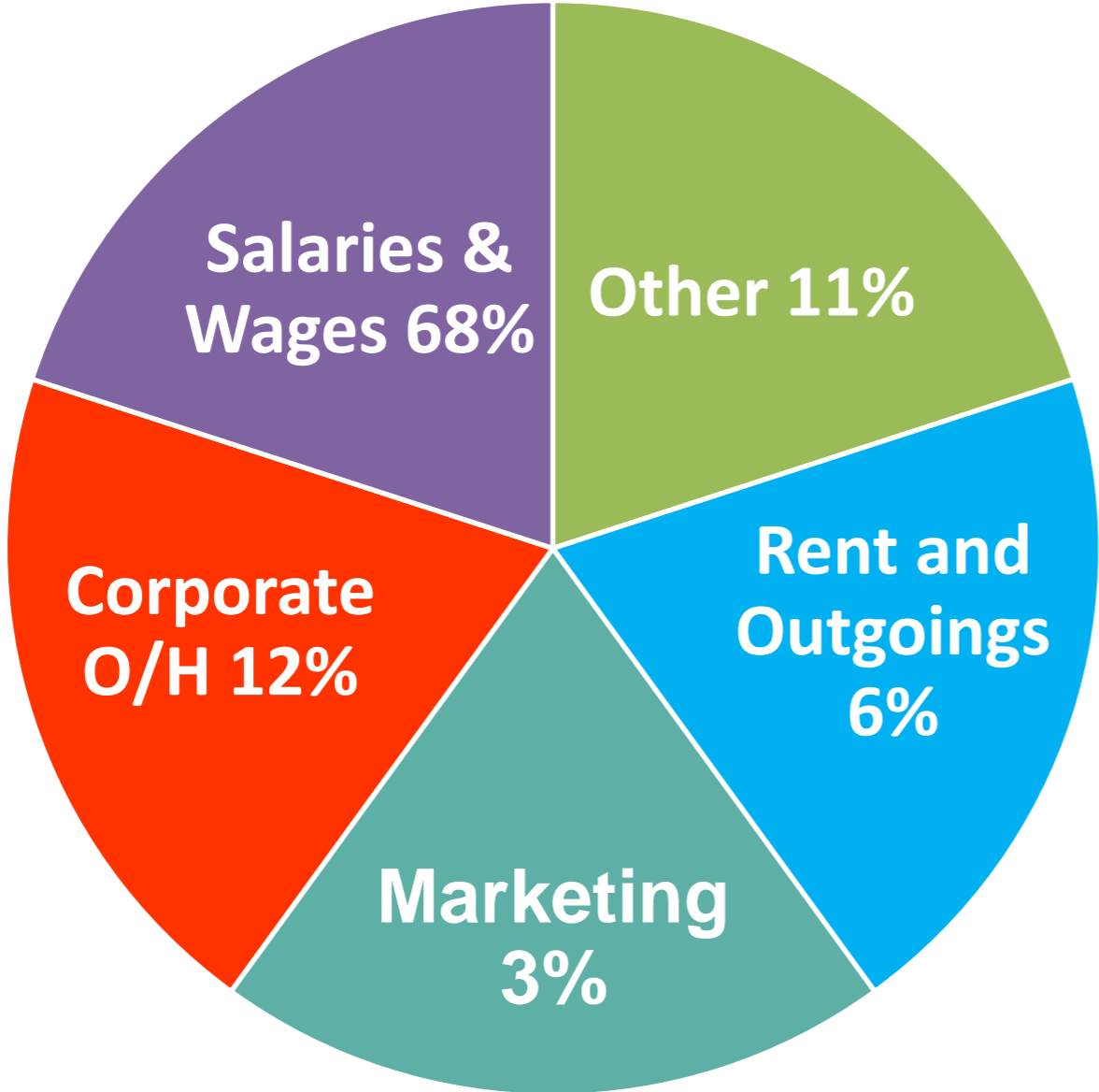
- **FleetManager, CADS, Softlog.Enterprise ~ 90%**
- **IBM New licencing ~ 15% – 37% (can be up to 57%)**
- **Consulting ~ 50% (dependent upon nature of engagement, term and technical complexity)**
- **Product mix important to profitability**



STRATATEL

Understanding the Stratatel Business

Major Expense Items:



Product Suite

CORE PRODUCT/SERVICE OFFERING; MARKETING FOCUS	
CADS FleetManager (Proprietary)	Latest FleetManager version inc. Phoneware CADS technology
	TEMS Managed Service, Consulting
CostManager/follow&go (Proprietary)	Expense management to manage printing from MFD/printers
IBM Software	Lotus and Information Management Stack
	Business intelligence
Consulting Services	Design, build and support bespoke applications
ANCILLARY PRODUCTS; SECONDARY MARKETING FOCUS	
Softlog.Enterprise	Cost recovery software for capture of disbursements
softlog.mobile™	Time billing / cost recovery for lawyers (pioneering)

Revenue Models

<p>CADS FleetManager CADS FM</p> <p>importantly</p>	<ul style="list-style-type: none"> • Recurrent revenue – per mobile/month basis <ul style="list-style-type: none"> – monthly fee for fixed voice & data • Implementation fee • Customisation • 1, 2 and 3 year initial term • High gross margin • Can also be sold as a “term licence” for a licence payment
<p>TEMS Managed Services</p>	<ul style="list-style-type: none"> • Incorporates CADS FM • Help Desk for bill management, MACS, procurement, general user queries
<p>CostManager/follow&go</p>	<ul style="list-style-type: none"> • Currently sold as once off licence fee • Investigating recurrent revenue model • High margin
<p>IBM Software licences</p>	<ul style="list-style-type: none"> • New licences gross margin range from 15% to 37% dependent upon government or corporate (mid market)
<p>Consulting/Project Services</p>	<ul style="list-style-type: none"> • Generates \$150/hr + GST (expertise dependent) • Time and materials • Project based

Outlook and Opportunities

- **Positive**
- **Significant organic revenue growth (consulting)**
- **Expected EBITDA growth (predominantly 2nd half of fiscal year)**
- **Continue acquisition strategy**
- **Increase company profile through PR**
- **Re-rating of share price on back of financial results**
- **Increased investor interest through Stratatel initiated Investor Briefing (commencing Q3)**
- **To increase dividends as earnings increase**



STRATATEL

Corporate Directory

DIRECTORS

Ian Macliver	Chairman
Michael Fairclough	Managing Director
Graham Baillie	Non-Executive Director
Geoffrey Lambert	Non-Executive Director

OFFICERS

Matthew Parry	Chief Executive Officer
James Butchers	Chief Financial Officer
Shannon Caporn	Company Secretary

HEAD OFFICE

Level 4, 22 Atchison Street

St Leonards NSW 2065

Tel: +61 2 9467 9200

Corporate Structure

Capital Structure	Shares/Options
Current Shares on Issue	140.48m
Current Listed Options on Issue	23.12m
Current Unlisted ESOP Options on Issue	7.25m

Disclaimer

The information contained in this presentation (“Presentation”) has been prepared by Stratatel Limited (“the Company”) and is being delivered for informational purposes only to a limited number of persons to assist them in deciding whether or not they have an interest in investing in the Company. The Presentation has not been independently verified and the information contained within is subject to updating, completion, revision, verification and further amendment. The Presentation does not purport to contain all information that a prospective investor may require. While the information contained herein has been prepared in good faith, neither the Company nor its shareholders, directors, officers, agents, employees, or advisors give, has given or has authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as “Information”) and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising from the use of this Presentation. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumption and each recipient should satisfy itself in relation to such matters.

This presentation may contain “forward looking statements”. Where the Company expresses or implies an expectation or belief as to future events or results such expectation or belief is expressed in good faith and believed to have reasonable basis. However, “forward looking statements” are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such “forward looking statements”. The Company does not undertake any obligation to release publicly any revisions to any “forward looking statement” to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.



STRATATEL