



# Annual General Meeting

October 2019

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Bailador Technology Investments Limited (ASX:BTI)

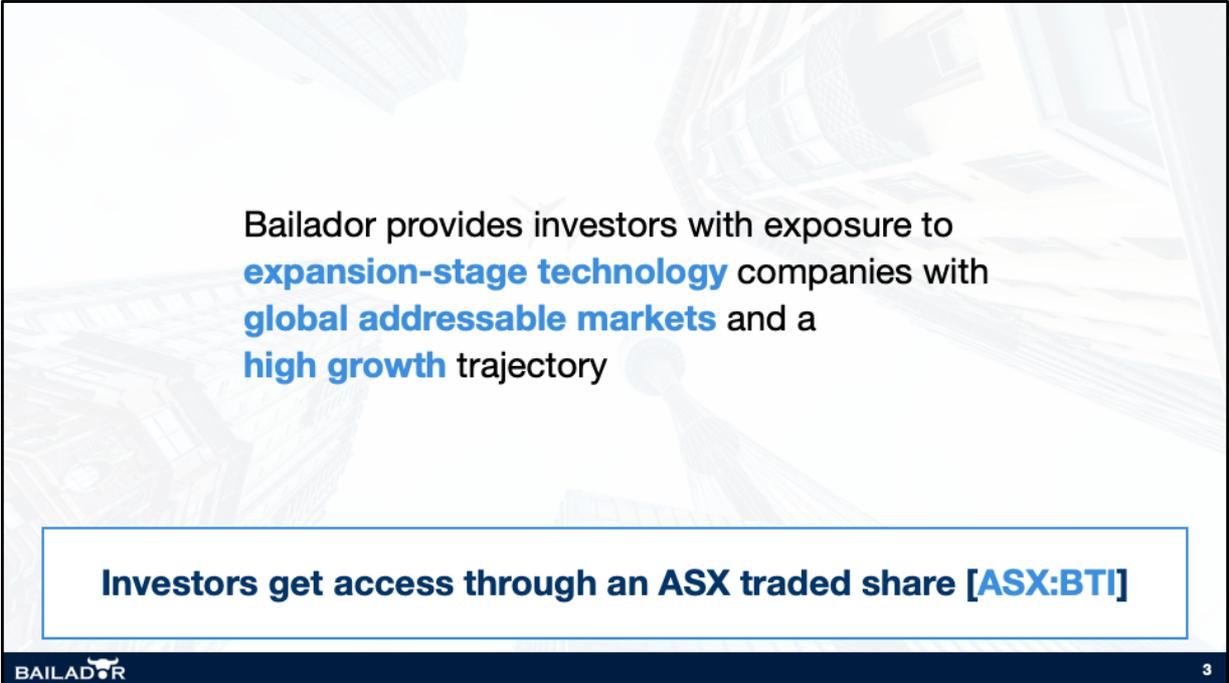
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**Address by David Kirk:**

I will now say a few words about performance in 2019.



Bailador provides investors with exposure to **expansion-stage technology** companies with **global addressable markets** and a **high growth** trajectory

**Investors get access through an ASX traded share [ASX:BTI]**

First, a reminder of what we do.

Bailador was founded to invest in a portfolio of established information technology companies that are growing strongly and scaling into international markets.

We provide growth capital and expertise to these companies.

Investors get exposure to the portfolio through a single ASX listed share.

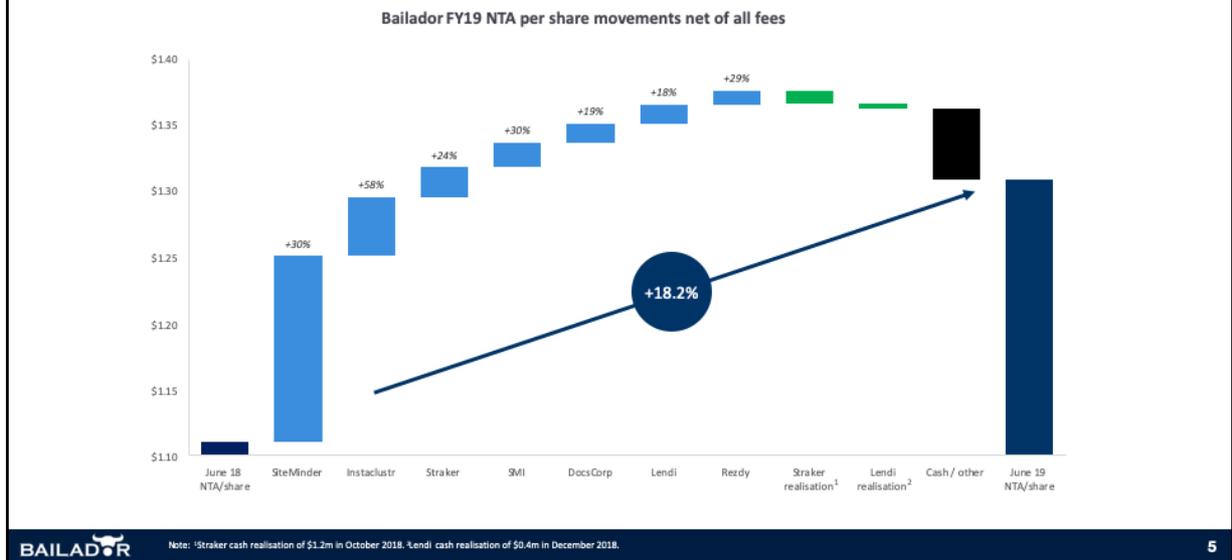
## Our business model is designed to generate premium returns



Our model has three stages:

- We scour the market for the best investments.
- We work closely with the companies we invest in, almost always going on the board, and provide as much help as we can to help our portfolio companies grow.
- And thirdly, we find exits or realisations of part or all of our investment. Investment returns are created by excellence in all three stage of the business model, but they are only realised for investors after the third stage. After nearly five years as a listed entity, we are now moving into the phase of realisations, through which, we believe, investors will start to see accelerated returns.

## Strong FY19 NTA per share growth of 18.2% after all fees



Our portfolio and therefore the business you are invested in performed strongly in 2019, delivering an 18.2% growth in the value of the portfolio after all fees.

Importantly also, the growth was broadly based.

## Seven of 10 portfolio companies revalued upwards in FY19

	FY19 Revaluations		Basis for revaluation
SiteMinder	\$17.0m	30%	Strong growth with ARR exceeding \$100m from over 35,000 customers
Instaclustr	\$5.4m	58%	Third party funding round led by NYC-based growth equity fund
Straker <sup>1</sup>	\$2.7m	24%	Marked to market (IPO in October 2018)
SMI	\$2.2m	30%	Strong revenue growth into new markets and large pipeline of new clients
DocsCorp	\$1.8m	19%	Consistent growth and continued leadership in the market
Lendi	\$1.7m	18%	Third party investment round
Rezdy	\$1.3m	29%	~50% top-line growth and over half of revenue now generated outside of Australia
<b>Net gain</b>	<b>\$32.0m</b>		

As the heading on this slide shows, seven of the 10 companies in the portfolio were revalued upwards in FY2019.

All of these companies are well established in their respective markets, have material scale and large markets to continue growing into. We expect this broad-based growth to continue.

Paul will speak in more detail about the portfolio in a few minutes.

## FY19 Financial Performance

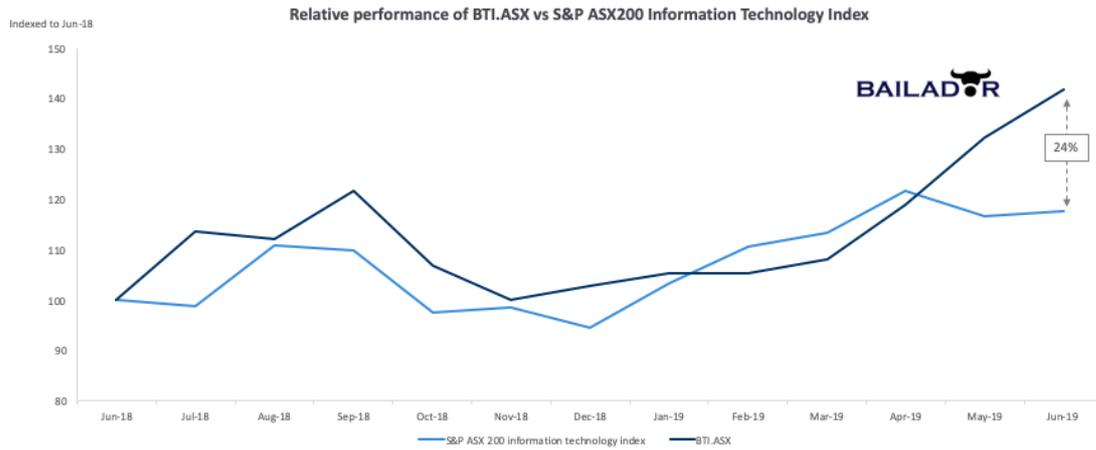
	30 June 2018 \$'000	30 June 2019 \$'000	
Change in value of portfolio assets	8,384	32,038	7 investments marked up No investments marked down
Interest income	115	44	
<b>Total investment growth</b>	<b>8,499</b>	<b>32,082</b>	
Management fee	2,285	2,507	
Performance fee	-	4,035	Performance fee is an accrual only, payable out of cash realisations of portfolio assets
Independent valuations	111	84	
Directors' fees	192	196	
Other operating expenses	688	894	
<b>Total costs</b>	<b>3,276</b>	<b>7,716</b>	
<b>Profit before tax</b>	<b>5,223</b>	<b>24,366</b>	
Tax	1,570	7,313	
<b>Profit after tax</b>	<b>3,654</b>	<b>17,053</b>	Profit is a function of portfolio investment performance

I will just take a minute now to run through the Profit & Loss Statement for 2019. The top line is the change in the value of the investments in the portfolio I have just taken you through. This increase in value, along with a small amount of interest, is the revenue of the business.

The second thing to comment on here is the performance fee accrual. This is not a cash payment made to the Manager. The performance fee has been earned as the company has delivered a more than 8% compound return as at 30 June, but this fee is not payable until there is a cash realisation in the portfolio.

Finally, on the Profit and Loss Statement, you can see the after-tax profit FY2019 at \$17.1 million, after all fees, is a 362% increase on the net profit after tax in FY2018.

## Bailador outperformed the market in FY19



In 2019 the Bailador share price outperformed the ASX200 Information Technology Index by 24%.

## FY20 year to date progress update



**straker**  
TRANSLATIONS

- Sold \$1.95m or 13.5% of BTI holding (Jul-19)
- 29.1% uplift to IPO price (Oct-18) and 25.1% IRR



**instaclustr**

- 30% increase to valuation (Aug-19 NTA)
- Represents 4.2x cost and an effective IRR of 69%



**Stackla**

- Written down to \$nil (7.7% of Aug-19 NTA)
- Facebook/Instagram access reinstated (Oct-19)



**VIOSTREAM**

- Written down to \$nil (4.8% of Aug-19 NTA)
- Business on track to deliver solid cash profit in FY20



**re:dy**

- Managed a ~\$3.1m capital raising (Sep-19)
- Re:dy continues to grow revenue at ~50% p.a.

**Positive NTA growth over last 12 months (as at September 2019)  
with a conservative approach to revaluations**

Now an update on the first three and a half months of the 2020 financial year. There has been a lot going on. I will just work from left to right on the slide.

We sold down a small portion of our holding in Straker translations, the business we successfully listed on the ASX in October 2018, at a 29% uplift to the IPO price delivering a 25.1% IRR from the point of initial investment.

In August our investment in InstaClustr was increased in value by 30% after another year of strong growth and important new product development.

As many of you will know from the media coverage, in August Stackla was shut out of the Facebook platform, which includes Instagram. Being conservative and having little visibility on where the situation would end up, we marked our investment down to zero. The company reduced staff numbers considerably to conserve cash. A few weeks later, after Facebook's engineers talked to Stackla's engineers, Stackla was reinstated on the platform. We have not changed our valuation at this stage as we continue to assess the longer-term implications of this event for Stackla, but we continue to believe there is likely to be considerable value in our Stackla investment.

Viostream has been a challenge for the fund for some time. The company has struggled to grow customers at a consistent rate. We have reduced the costs in the business and believe it will be materially profitable this year. We have been looking for a home for the business with a partner with aligned products or overlapping customers who would buy or merge with Viostream, but have not yet found the right fit. We reduced our carrying value to zero in September, which we think is conservative, but appropriate in the circumstances.

Even with the two write-downs to zero, both of which we think do have value, NTA growth has been positive over the 12 months to the end of September 2019, demonstrating the benefits of a portfolio approach.

Finally, we undertook a very successful capital raising for Rezdy in September. Rezdy continues to grow revenue at around 50% per annum, has real scale and is now successfully established in the US. The \$3.1m we raised was raised very quickly from a small group of high-quality investors.

## Bailador has short and medium term value drivers

- CONTINUING STRONG GROWTH IN PORTFOLIO COMPANIES

- CASH REALISATIONS

- MORE ACTIVE COMMUNICATIONS



**Ongoing revenue growth in portfolio companies of ~30%p.a. provides continued NTA and share portfolio growth**

Finally, what do we think is going to drive value for shareholders in the medium term?

First continued strong growth from our portfolio companies. We expect portfolio revenue growth to continue at around 30% in 2020.

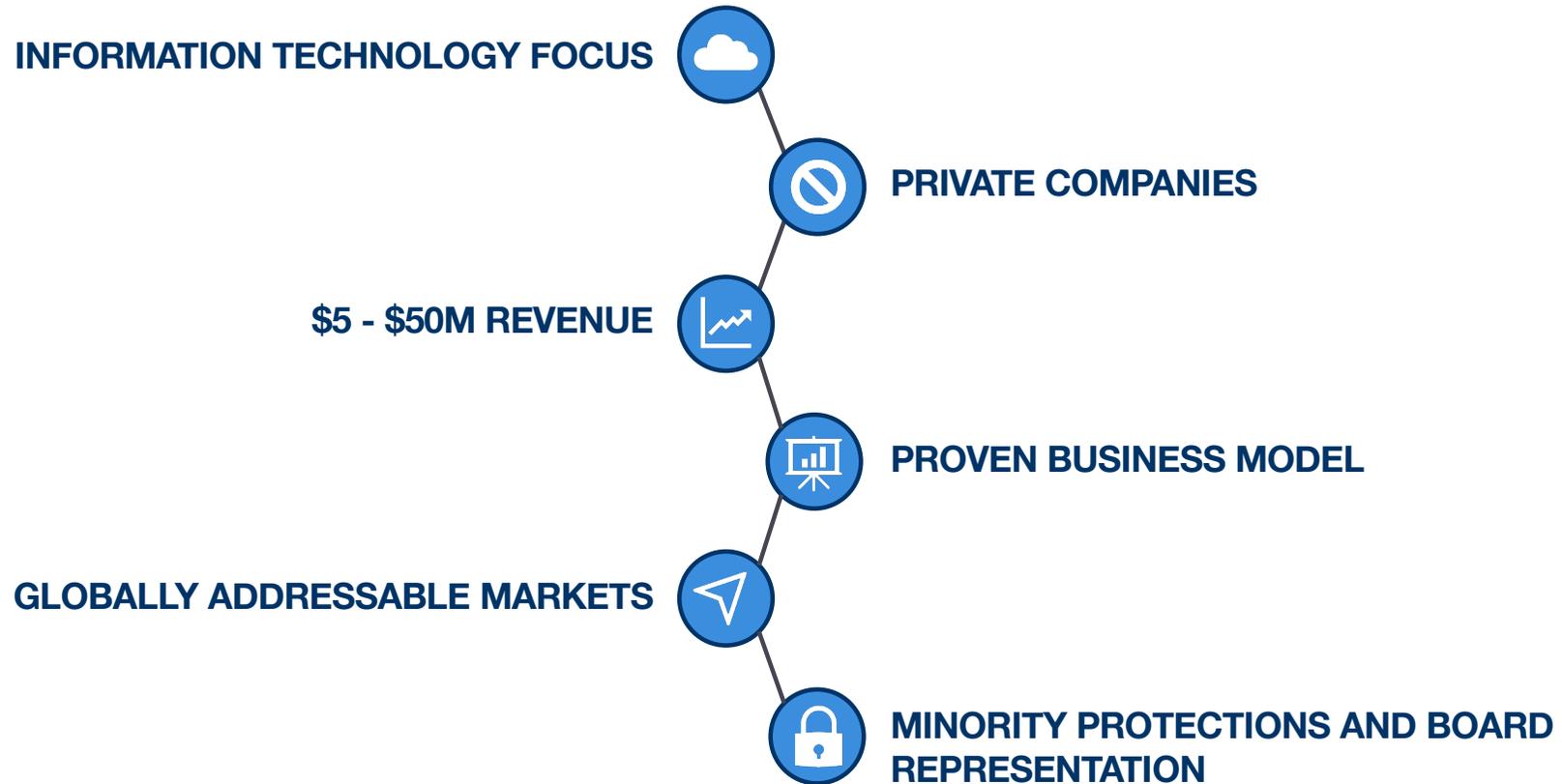
Second, we expect to deliver further cash realisations. We have had four cash realisations so far. Each has been relatively small. We expect to have more substantial realisations in 2020, which will provide cash for distribution to shareholders or reinvestment.

Thirdly, we will continue our program of active communications, which has been successful and was a contributor to the consistent rise in share price we saw until, unfortunately, the misunderstanding between Stackla and Facebook dented our momentum. We will work hard to get it back.

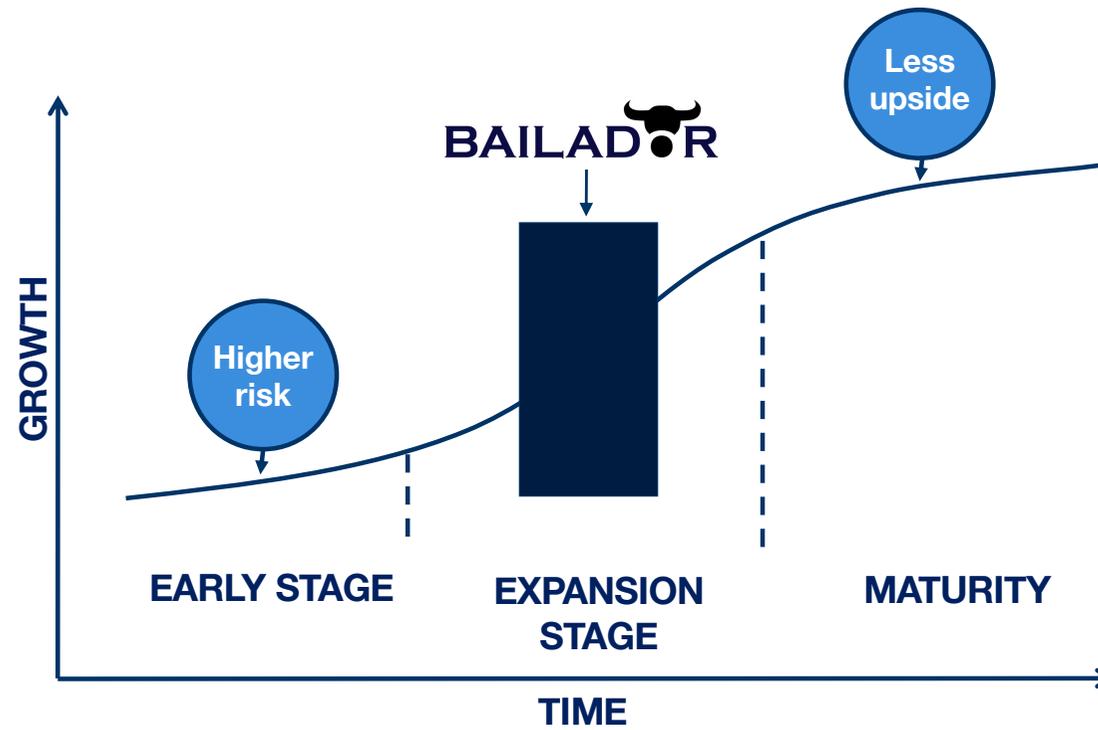


I will now pass over to my partner and co-founder, Paul Wilson.

## Bailador invests in high growth technology companies



## Expansion-stage investing has the most attractive risk/reward balance



Bailador provides **access** to quality **expansion stage** technology companies at attractive valuations before they are public

## Bailador has a portfolio of established, fast growth technology companies

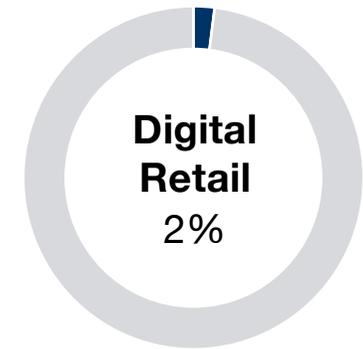
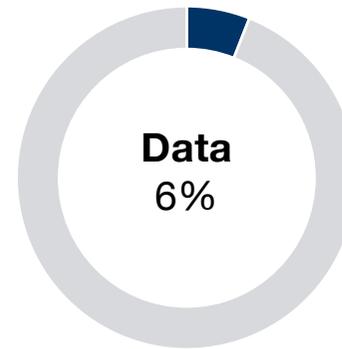
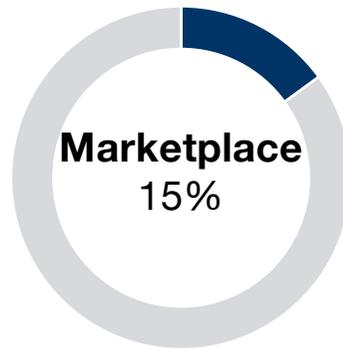
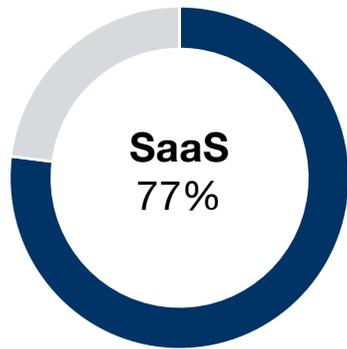


**Bailador's portfolio companies are addressing huge global markets**



**of portfolio revenue is  
generated in markets  
outside of Australia**

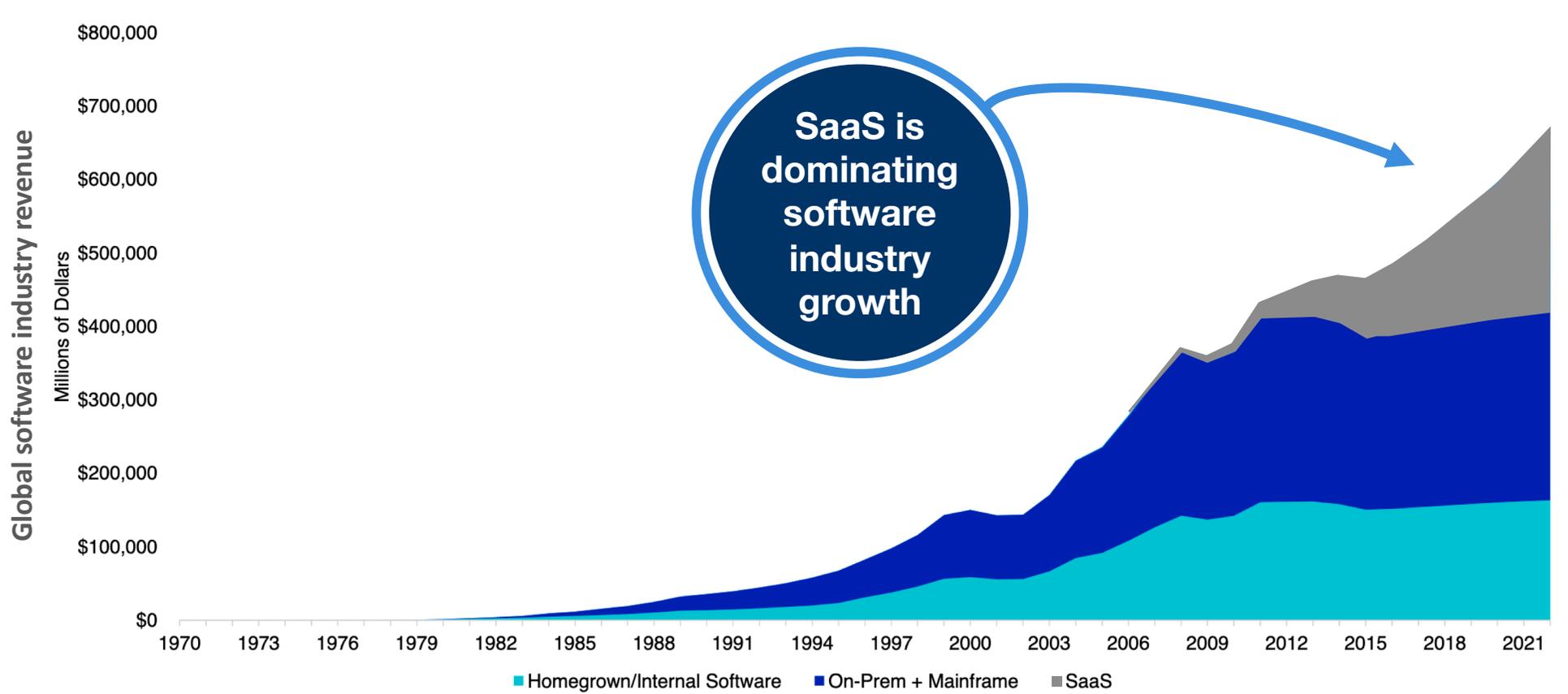
# Bailador favours Software-as-a-Service (SaaS) and Marketplace business models



## CHARACTERISTICS

- ✓ Predictable recurring revenue streams
- ✓ Efficient scalability
- ✓ Measurable metrics
- ✓ Ability to address global market opportunities

## Global software revenue has exploded in the last 20 years



## The SaaS model enables global reach from anywhere in the world

### SAAS CHARACTERISTICS

- Build one software platform
- Sell it thousands of times on subscription model
- Recurring monthly or annual licence revenue
- High gross margins - typically 80%+
- Cost to serve additional customers is minimal, so additional margin drops to the bottom line
- Highly scalable:
  - One central development team, usually in a low cost location
  - Unit economics can apply to any market

### AUS/NZ SAAS EXAMPLES

	Market cap (2019)	Revenue multiple
	USD\$33.4bn	28.6x
	\$8.8bn	17.3x
	\$9.0bn	31.2x
	\$4.5bn	22.0x

**Australia and New Zealand have already produced notable successes in SaaS but this is the tip of the iceberg of emerging Australian SaaS companies**

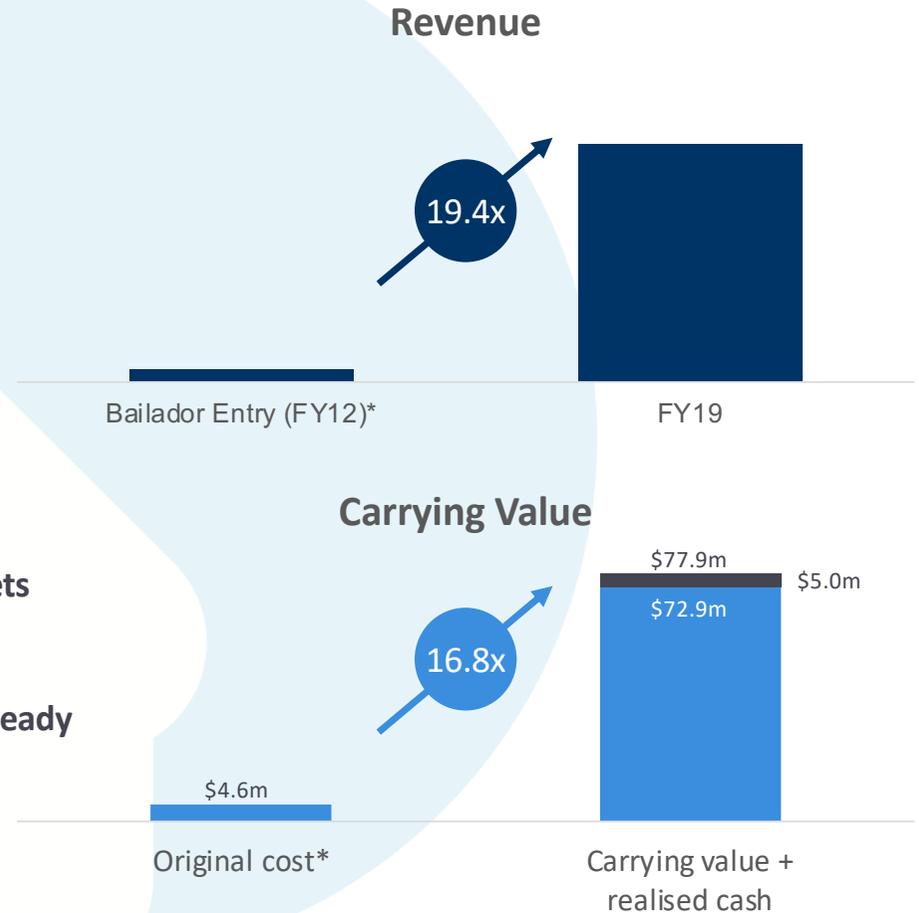


51% OF BTI NTA<sup>1</sup>

SiteMinder is the world leader in connecting hotels to online distribution channels for accommodation bookings

- \$100m+ Annualised Recurring Revenue (ARR)
- The clear global leader (triple the size of nearest competitor)
- 35,000+ hotel customers
- Business to business recurring subscription revenue model
- Revenue from >160 countries
- Substantial critical mass with 80% of revenue from international markets
- Massive addressable market
- US\$38bn+ transactional value p.a. through the SiteMinder platform already
- World class unit economics
- SaaS/B2B

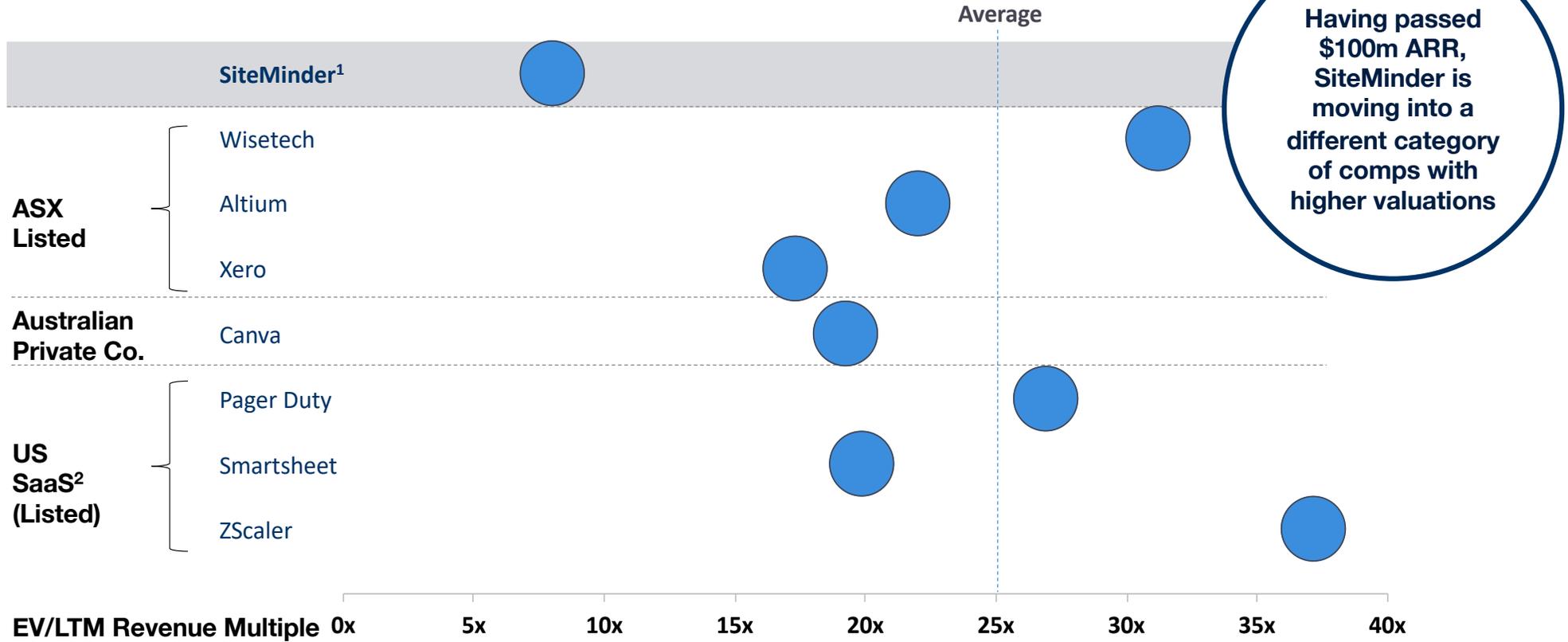
“The best Australian tech company you’ve never heard of”



A share in **BTI.ASX** is the only way to **access** an investment in **SiteMinder**

# Valuation of SaaS businesses comparable to SiteMinder

(\$100M+ Revenue, 25%+ Growth, 70%+ Gross margin\*)



Having passed \$100m ARR, SiteMinder is moving into a different category of comps with higher valuations

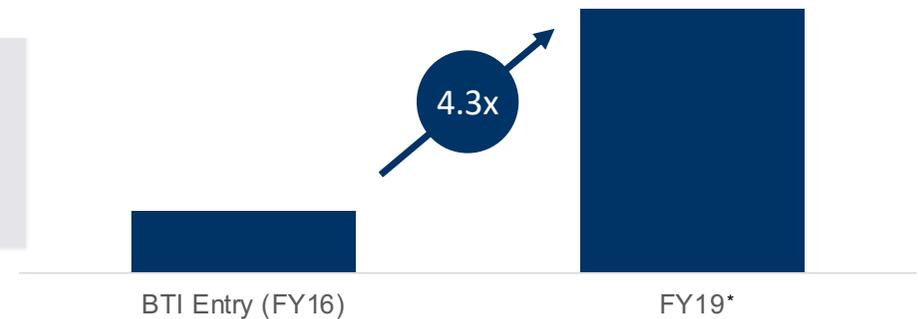
# instaclustr

Instaclustr is an open-source-as-a-service platform of managed solutions for complex big data applications

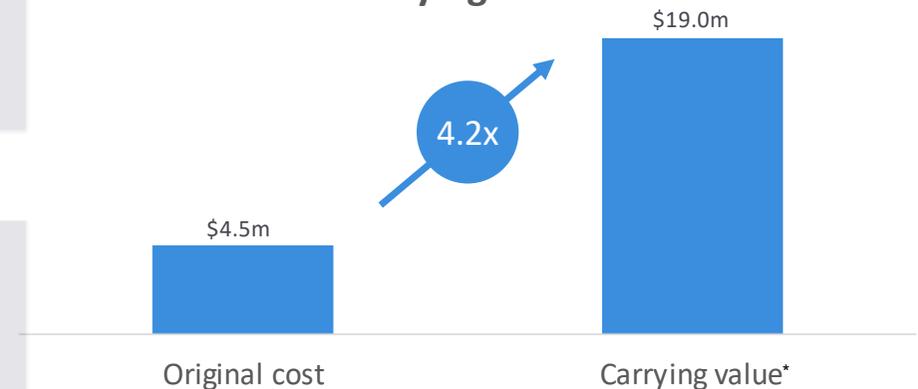
- Rapid revenue growth including from existing customers upgrading
- Viral growth – majority of sales are inbound
- Successfully moving to multi-product open-source-as-a-service offering
- Growing portfolio of global customers including Atlassian and Sonos
- Excellent management team with prior success launching and exiting a business within the cyber security sector
- Attractive target for large acquirers
- Great way to get exposure to growth of Big Data

13% OF BTI NTA<sup>1</sup>

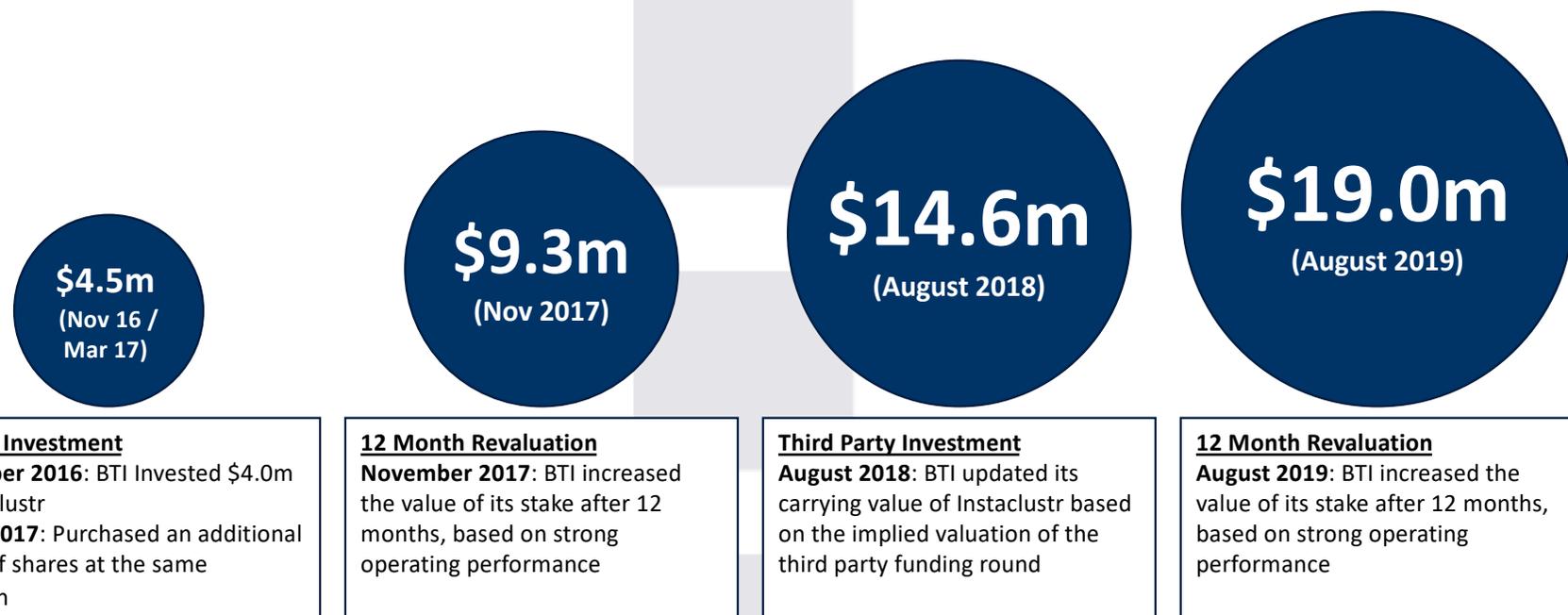
Revenue



Carrying Value



# instacluster



**Original Investment**

**November 2016:** BTI Invested \$4.0m in Instacluster  
**March 2017:** Purchased an additional \$500K of shares at the same valuation

**12 Month Revaluation**

**November 2017:** BTI increased the value of its stake after 12 months, based on strong operating performance

**Third Party Investment**

**August 2018:** BTI updated its carrying value of Instacluster based on the implied valuation of the third party funding round

**12 Month Revaluation**

**August 2019:** BTI increased the value of its stake after 12 months, based on strong operating performance

## Bailador continues to generate value growth across the portfolio

PORTFOLIO COMPANY	CURRENT VALUATION	NTA PER SHARE	THIRD PARTY TRANSACTION	GAINS	NEXT VALUATION REVIEW
 SiteMinder	72.9	0.61		▲ 427%	June 2020
 instaclustr	19.0	0.16		▲ 323%	August 2020
 straker <small>TRANSLATIONS</small>	11.3	0.09	✓	▲ 162%	Mark to market each month <sup>1</sup>
 DocsCorp	10.9	0.09		▲ 119%	June 2020
 lendi <small>Your home for home loans</small>	10.7	0.09	✓	▲ 112%	November 2019
 SMI <small>STANDARD MEDIA INDEX</small>	9.6	0.08		▲ 30%	March 2020
 re:dy	5.9	0.05		▲ 64%	February 2020
 BROSA	3.0	0.02	✓	▶ 0%	October 2019
 Stackla	-	-		▼ -100%	September 2020
 VIOSTREAM	-	-		▼ -100%	September 2020
<b>Cash</b>	2.2	0.02			
<b>Other</b>	-3.9	-0.03			
<b>Total NTA</b>	<b>141.6</b>	<b>1.18</b>			

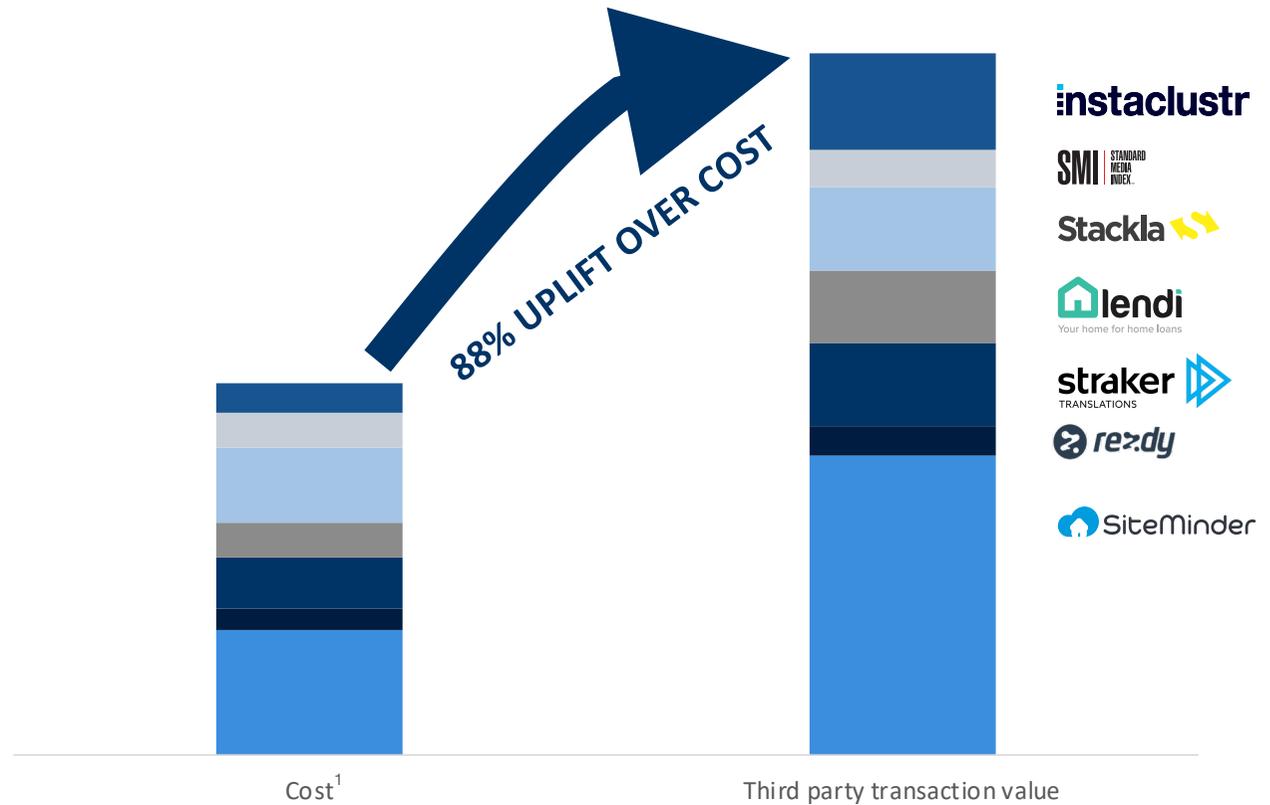


**Valuations are marked to market at third party transactions, then reviewed 12 months following**

# Our valuation approach is validated by third party transactions

There have been 19 third party transactions in our portfolio companies.

All transactions have been at or above BTI carrying value.



**There have been four partial realisations delivering an average IRR of 40.2%**

 SiteMinder

**\$5.0m in December 2015**

 **lendi**  
Your home for home loans

**\$0.4m in December 2018**

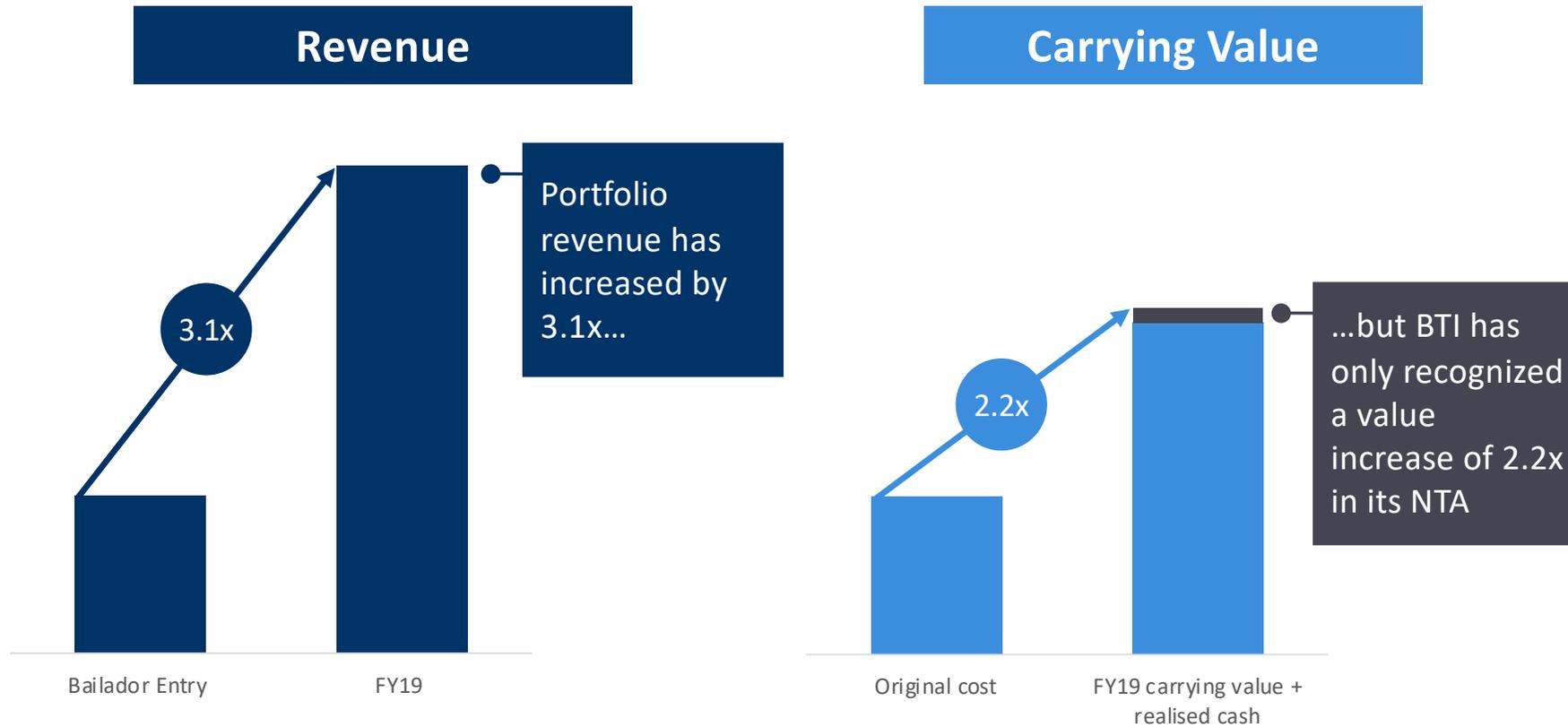
**straker**   
TRANSLATIONS

**\$1.2m in October 2018**

**straker**   
TRANSLATIONS

**\$1.95m in July 2019**

# The growth in carrying value of BTI's investments is conservative in comparison to the revenue growth in the portfolio



## Summary outlook

-  **Bailador's industry sector focus on Software-as-a-Service and Marketplace businesses continues to be validated by 30% revenue growth of the BTI portfolio companies at high gross margins**
-  **We anticipate that there will be cash realisations from one or more investment positions in the BTI portfolio in FY20**
-  **The Bailador portfolio is very well positioned to take advantage of the accelerating business uptake of Software-as-a-Service**
-  **Bailador's conservative valuation approach provides risk mitigation in the event of any negative IT sector re-rating**
-  **We expect to see further valuation uplifts across a number of portfolio companies in FY20**

Bailador provides investors with exposure to **expansion-stage technology** companies with **global addressable markets** and a **high growth** trajectory

**Investors get access through an ASX traded share [ASX:BTI]**

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Website: [www.bailador.com.au](http://www.bailador.com.au)  
Investor Enquiries: [investorservices@bailador.com.au](mailto:investorservices@bailador.com.au)  
Telephone: +61 2 9223 2344

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