



COSOL Limited FY22

# FIRST HALF RESULTS PRESENTATION

24 FEBRUARY 2022



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## **AUTHORISATION**

This presentation is dated 24 February 2022 and was authorised for release by the Board of COSOL.

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# COSOL Limited

## H1 FY22 Financial Highlights

COSOL delivered strong revenue and EBIT growth while protecting margins through a period of acquisition and investment in capability.

### Group Results

Interim Dividend =  
0.92 cents (Fully Franked)

Revenue  
**\$22.6M**

EBIT  
**\$3.6M**

NPAT  
**\$2.6M**



Group revenue  
**\$22.6M**



Group EBIT  
**\$3.6M**



Group EBIT %



NPAT  
**\$2.6M**



Basic EPS  
**1.93 cents per share**



- Strong Balance Sheet - cash balance of \$5.65M and net debt of \$10.3M\* (at 31/12/21)
  - Fully franked interim dividend of 0.92 cents per share
- \*Including deferred consideration

# First Half FY22 Financials

## Profit & Loss Summary

	H1 22	H1 21
<b>Revenue</b>	22,565	15,654
<b>Gross profit</b>	9,847	5,698
<b>Gross profit %</b>	44%	36%
<b>EBITDA</b>	3,793	2,833
<b>EBITDA %</b>	17%	18%
<b>Depreciation &amp; amortisation</b>	(219)	(269)
<b>EBIT</b>	3,574	2,564
<b>EBIT %</b>	16%	16%
<b>NPBT</b>	3,466	2,518
<b>NPAT</b>	2,599	1,845
<b>EPS</b>	1.93 cents	1.43 cents
<b>Cash conversion</b>	117%	271%
<b>Net debt</b>	10,300	960
<b>Dividend</b>	0.92 cents per share	0.5 cents per share

## Notes

- Clarita Solutions consolidated from 1 September 2021, positive revenue and EBIT contribution
- Group EBIT Margin of 16% consistent with prior periods
- Continued strong cash conversion
- Increase in net debt was to fund the acquisition of Clarita Solutions including deferred consideration



# First Half FY22 Financials

## Cash Flow

Cash from Operations	H1 22	H1 21
Receipts from customers	24,932	16,307
Payment to suppliers	(20,777)	(10,764)
	<b>4,155</b>	<b>5,543</b>
Other operating cash flows	(100)	33
Income taxes paid	(498)	(822)
<b>Net cash flow from operating</b>	<b>3,557</b>	<b>4,754</b>
Cash flow from Investing		
Payment for purchase of business	(6,638)	(851)
Deferred consideration	(2,795)	(3,705)
Other investing	(466)	(33)
<b>Net cash flow from investing</b>	<b>(9,899)</b>	<b>(4,589)</b>
Cash flow from Financing		
Proceeds from Issue of shares	694	-
Proceeds from net bank borrowings	8,563	2,750
Repayment of lease liabilities	(154)	(259)
Dividends paid	(1,330)	-
<b>Net cash flow from financing</b>	<b>7,773</b>	<b>2,491</b>
Net increase / (decrease) in cash	1,431	2,656
Cash at beginning of year	4,184	6,775
Exchange rate movements on cash	35	(69)
<b>CASH AT END OF PERIOD</b>	<b>5,650</b>	<b>9,362*</b>

\* Includes client advances of \$3.65M

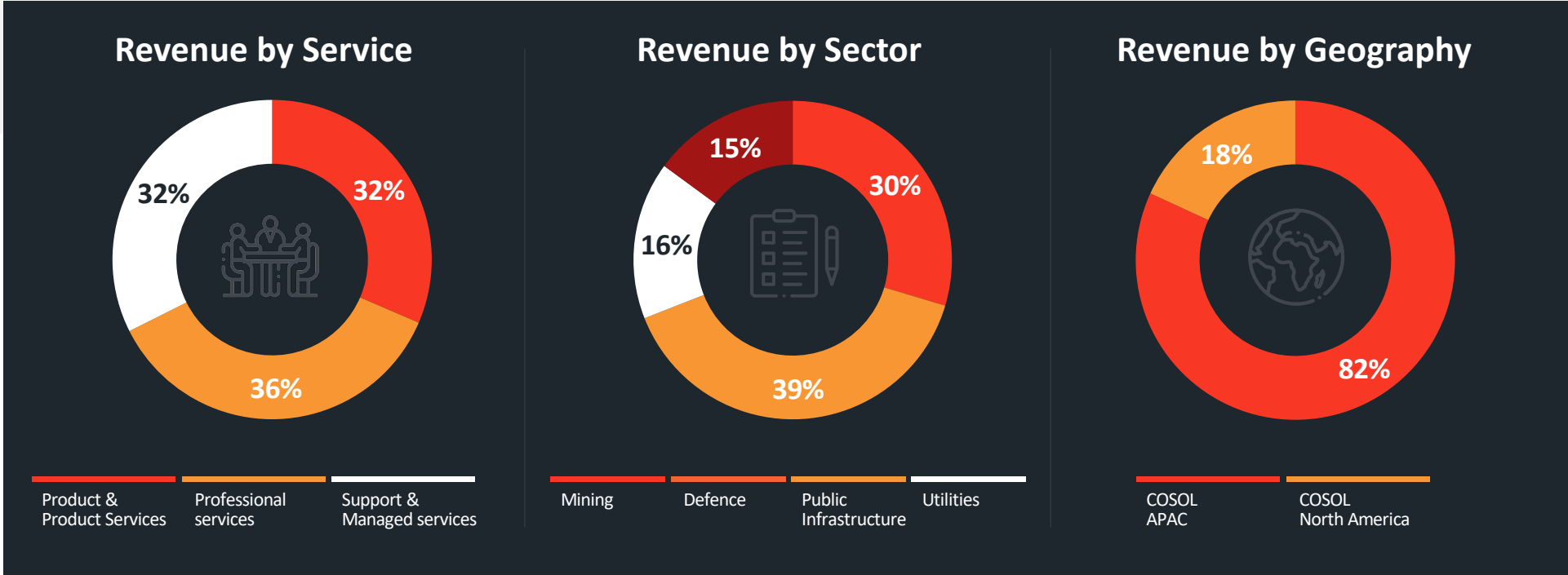
## Notes

- Positive cash flow from operations due to strong focus on working capital management
- \$6.6M cash outlay (net of cash acquired) for the acquisition of Clarita Solutions
- \$2.8M paid to original COSOL vendors as final deferred consideration payment after achievement of maximum payout threshold due to continued strong business performance
- Cash from financing included a net borrowing of \$8.56M to fund acquisition of both Clarita Solutions and the deferred consideration for Australian business
- Paid \$1.33M in dividends to shareholders during the half



# First Half FY22 Financials

## Revenue Segments





# First Half Operating Highlights

COSOL delivered strong revenue and earnings growth despite global headwinds, delivered strategically important client wins and invested in the organisation to drive future growth.

This positions COSOL for strong growth for H2 FY22 and FY23.



## Acquisition of Clarita Solutions (CS):

COSOL Limited acquired 100% of Clarita Solutions, a Brisbane-based specialist in the Enterprise Asset Management sector with a complementary set of services, solutions and customers with particular specialty with IBM's Enterprise Asset Management software platform, Maximo. The acquisition of CS extends COSOL's capability and offering in the market across the three major EAM software platforms (Hitachi Ellipse, SAP and IBM Maximo) and will provide a new channel to market for existing COSOL proprietary services and solutions.



## Major strategic client wins:

COSOL entered into a number of new agreements with strategically important new clients who will provide a strong reference point for future growth opportunities. These include De Beers Group, Glencore Coal and Prony Resources.



## Investment in people and capability:

During the first half investment was made in our delivery and practice management structures and product development to create a more effective organisational structure to cope with growth and further acquisitions.



## Investment in Hitachi Professional Services:

COSOL expanded its strategic partnership agreement with Hitachi ABB Power Grids to become the preferred provider for all Ellipse Professional Services capability required by Hitachi ABB Power Grids' clients in the Australia-New Zealand region. This presents an outstanding opportunity to consolidate COSOL's position as the dominant provider of Ellipse-managed and professional services globally. This partnership required investment in people ahead of locked-in revenue opportunities and, pleasingly, utilisation rates are trending towards COSOL's typically strong utilisation rates.



## Major deal renewals:

COSOL has successfully renewed the application and system support services for a further 12 months with Urban Utilities, Energy Queensland and Glencore Copper to drive further efficiencies from their investments in the Ellipse enterprise asset management platform.



## IP Sales:

COSOL continued to grow its unique digital solutions and IP through the acquisition of Clarita Solutions adding additional multi-year recurring revenue. COSOL has also secured a number of new licence sales of our proprietary RPConnect® software to customers such as De Beers and Anglo American Platinum.

# Our Major Clients

Our major clients represent some of their industries' most prominent blue-chip organisations and provide a strong reference point to attract new clients and are part of the critical infrastructure network.

## COSOL Asia Pacific



## Clarita Solutions



## COSOL North America





## Strategic contract wins

The first half saw a number of key contract wins that will establish a platform for future growth and expansion into profitable segments.

### DE BEERS GROUP

Awarded the first phase of a multi-year, multi-million dollar data migration assignment for De Beers Group's global SAP to S/4 HANA digital transformation project. The contract was awarded off the back of COSOL's proven proprietary data migration software platform RPConnect®.



### GLENCORE

COSOL Australia is working with Glencore on a three-year contract to provide Managed Services for the Glencore Coal Assets Australia (GCAA) Sales and Logistics System which is powered by Dassault Systèmes DELMIA Quintiq Solution, a NextGen productivity software suite with a multi-million dollar 3 year contract. Demonstrating our EDAM (enterprise data asset management) credentials and expanding our capability in Advanced Analytics and Optimisation the DELMIA Quintiq provides companies with solutions to model, plan and optimise their business operations from end to end.



COSOL has been awarded the end to end data migration assignment for Anglo American Platinum's SAP to S/4 HANA digital transformation project which includes the legacy data module, providing secure and reliable access to historical data. The contract was awarded off the back of COSOL's proven proprietary data migration software platform RPConnect®.



COSOL is playing a key role in enabling the operation and maintenance of Sydney's WestConnex road network by working closely with client Fulton Hogan Egis O&M (FHEOM). The solution has been deployed on the EAM as a Service (EAMaaS) cloud platform, with a customised Managed Service Support program for the company's IBM Maximo and EZMaxMobile environment.



# The Year Ahead – FY22

Continued strong growth expected in H2 FY22. Growth focused on expanding North America capability, growing presence in the Hitachi Ellipse market, pursuing acquisitions, growing IP revenue and maintaining strong discipline in pursuing growth opportunities.

## Expand and grow our presence in North America

COSOL North America holds a dominant position in the Hitachi Ellipse market. H2 focus will be on:

- Growing Professional and Managed Services beyond Ellipse – focus on IBM Maximo and SAP
- Cross selling of RPConnect software and solutions through existing clients and new client based
- Invest in IP to further build out the AddOns productivity suite

## Continue to grow Hitachi Ellipse Professional Services

Leverage H1 investment in Hitachi Ellipse Professional Services team:

- To drive new client opportunities and acquisition
- Position COSOL for the roll out of Hitachi Lumada digital offerings and solutions

## Grow our IP portfolio and Next Generation digital capabilities

Build on the success of RPConnect suite of tools

- Grow Evergreen sales into Asia Pacific
- Leverage Copernicus EAM/ERP system into Asia Pacific
- Drive growth of COSOL AddOns suite of productivity tools

## Actively seek out new acquisition opportunities

We will continue to be focused and disciplined on the acquisition front with a focus on:

- Next generation productivity tools and software
- Complementary Enterprise Asset Management services and platforms
- Expanding geographical reach

## OneCOSOL Operating Model

Transition to a centralised OneCOSOL operating model and upgrade our practice and sales capabilities to:

- Generate greater sales synergies across the group
- Enhance our organisational efficiencies
- Provide access to expanded capability set across the group



**THANK  
YOU**

