



# Altitude Group plc

Mello Presentation

November 2018

# US Promotional Products Market

Our niche US Market



## Highly fragmented market

- Perceived largest player 4Imprint c.2.7% market share
- 42% of market (~\$9.8bn) conducted by 22,700 Distributors with revenues <\$2.5m pa\*
- Distributors see threat of large online retailers entering the market

## Inefficient market structure

- Elongated inefficient supply chain
- >90% of orders placed face-to-face/fax/phone/email\*
- Proofing process is slow and costly
- <10% of orders processed online with smaller distributors
- Cost prohibitive for small distributors/resellers to develop ecommerce online presence

	USA
Current market size	\$23bn*
Online share (lead generation)	10%
Number of product suppliers	4,000
Distributors/Resellers	23,600



\* PPAI 2017 Annual sales volume estimate

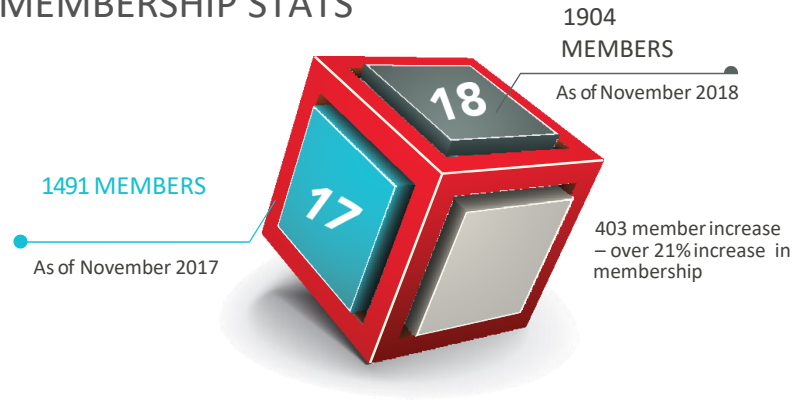
# Who is Altitude Now?



- Global Service Provider to the Promotional Products Industry since 2004
- Patented technology - industry bespoke, featuring:
  - full cloud based CRM & order management system - supply chain built in
  - World class personalisation patented (US) software
  - Integrated e-commerce enabled websites that can be customized and spun out instantly
  - marketplace aggregator
- A team of respected industry professionals across the UK & US capable of driving thought leadership, user engagement and brand loyalty
- IP that consists of respected brands across all forms of media, technology and product
  - Major US push through ChannlPro, “white labelled” as
    - AIMpro Tech Suite (partnership with largest distributor group company in the US)
    - Think Promo Now (Commercial Printer Platform)

## AIM is the Largest Distributor Group in the U.S. and Growing

### MEMBERSHIP STATS



AVERAGE MEMBER REVENUE

### MEMBERSHIP SALES

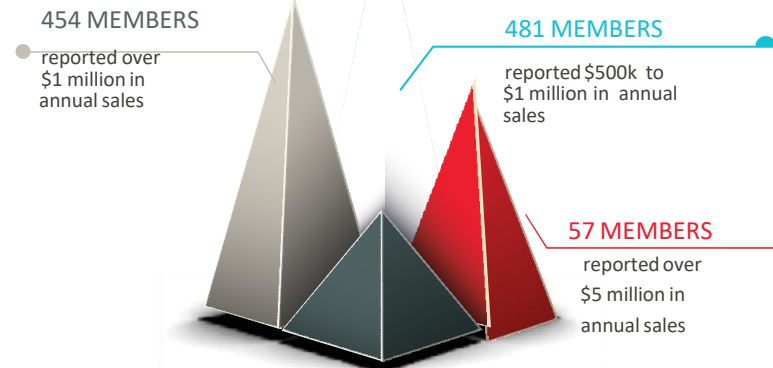


### AIM MEMBER CUSTOMERS

REACH ACROSS ALL US STATES & TERRITORIES AND CANADA ON AVERAGE 30+ NEW MEMBERS JOINING PER MONTH  
AIM CUSTOMERS INCLUDE GLOBALLY KNOWN HOUSEHOLD BRAND NAMES INCLUDING:

- MICROSOFT
- AMAZON
- NEW YORK YANKEES
- NBC UNIVERSAL
- CISCO SYSTEMS
- BOEING
- LEVI'S
- T-MOBILE
- PORSCHE N.A.
- GOOGLE
- LITTLE CEASERS
- CNN
- TURNER
- DELL
- DISCOVERY CHANNEL
- UNICEF USA
- STRYKER
- SEAWORLD
- STIFEL

### REPORTED MEMBER REVENUES



### AIM SUPPLIERS





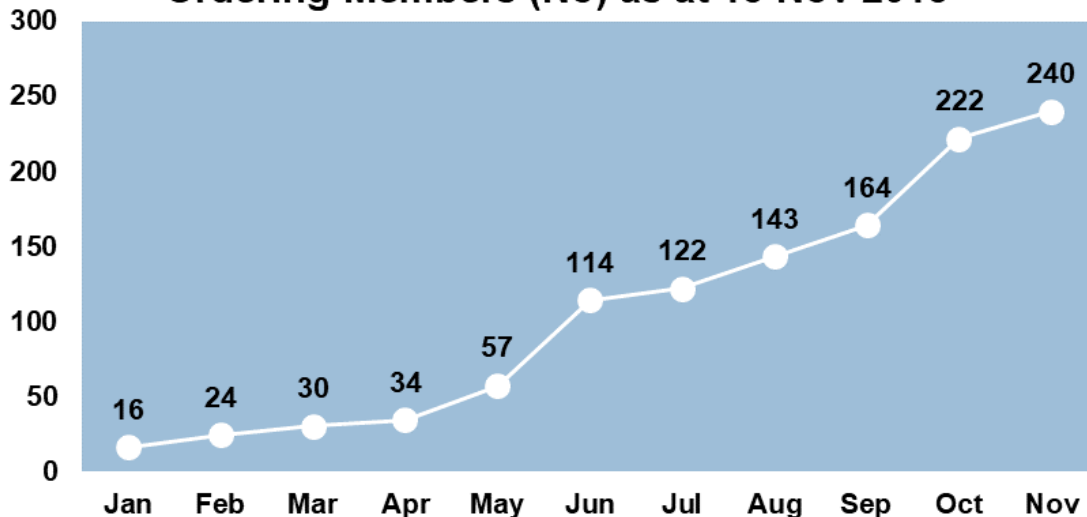
# Member On-Boarding Progress



- **Sales Orders** **\$13.5m**
- **Average Order Value** **\$846**
- **Number of orders** **15,722**

- Permanent US engagement team
- Ordering members accelerating quickly:
  - Average growth **35%** per month

**Ordering Members (No) as at 18 Nov 2018**



On-Boarding Status	18 Nov 18		16 Sep 18		Change
	No.	%	No.	%	
Placed multiple orders	181	10%	120	6%	51%
Placed first order	59	3%	44	2%	34%
<b>Ordering Members</b>	<b>240</b>	<b>13%</b>	<b>164</b>	<b>9%</b>	<b>46%</b>
On-boarded or in progress	275	14%	354	19%	(22%)
<b>On-Boarding members</b>	<b>515</b>	<b>27%</b>	<b>518</b>	<b>28%</b>	<b>(1%)</b>
Acquisition (Demo)	717	38%	202	11%	255%
<b>Total Engaged Members</b>	<b>1232</b>	<b>65%</b>	<b>720</b>	<b>39%</b>	<b>71%</b>
<b>Total AIM Membership</b>	<b>1904</b>	<b>100%</b>	<b>1857</b>	<b>100%</b>	<b>3%</b>
<b>% Engaged Members</b>	<b>65%</b>		<b>39%</b>		





- Revenue model based on **securing the transactional pipeline** onto **AIMPro. PROVIDED AT ZERO COST TO DISTRIBUTOR/MEMBER**
- Supplier fee % currently blended rate based on current offline dominance.
- Current effective rate 2.4%(% of SO value)
- Transaction fee % will increase as online orders grow
- Securing pipeline – access to other lucrative revenue opportunities



	Suppliers		Distributors
	Transaction Fee As % of PO value	Transaction Fee As % of SO value	Transaction Fee/Commission
Offline orders	Up to 6%	Up to 3.9%	nil
Online orders	Up to 15%	Up to 9.8%	nil



# Members Order Frequency



- 75% of active users have currently placed multiple orders
- Current activation rate of 80% after initial contact
- Proven that active management:
  - Increases speed of adoption
  - Increases order volume
  - Directly influences order frequency

***All evidence confirms we are able to directly impact scalability via short term active member coaching and increasing resource***



# Suppliers On-Boarding Progress



- Current supplier penetration 33% and growing
- AIM preferred supplier list increased to 280
- High supplier enthusiasm – aware of growth in AIM
- Data upload of product outsourced to India
- Supplier base leveraged in other partnerships (ThinkPromoNow)

<b>On-Boarding Status</b>	<b>18 Nov</b>	<b>16 Sep</b>	<b>28 May</b>
	No.	No.	No.
<b>Total Contracted Suppliers</b>	<b>70</b>	<b>65</b>	<b>51</b>
<b>Total AIM Preferred Suppliers</b>	<b>280</b>	<b>193</b>	<b>186</b>





# Summary

- **AIM rollout activated and stats encouraging:**

	18 Nov	16 Sept	Change
Transaction Fee rate (SO value)*	2.4%		
Total Ordering Members (No.)	240	164	47%
Sales orders placed (No.)	15,722	11,123	41%
Sales orders placed	\$13.4m	\$9.9m	35%
Current 8 week average:			
Sales Order Value (\$000s)	675	487	39%

- **Acceleration directly correlated to resource**
- **Securing Transaction Pipeline provides access to other potential revenue**
- **Second Partner secured (ThinkPromoNow) & others identified**
- **Confident for the future**

**Thank You**

(\* across 12 week control cohort)

# Financials

Currently unreflective of AIM potential

## REVENUE

### Technology

Saas revenues

*Old Model*

Throughput revenues

*AIM revenues materialising in H2*

### AdProducts

*UK print business acquired June 2017*

### Exhbs & Publications

*Legacy business*

*Declining (as forecast) historic cash cow*

## EBITA

*H1 EBITA decline attributable to legacy exhbs & publications*

*Opex investment in the US – US engagement team*

## BALANCE SHEET

*Unamortised software development £1.1m*

*investing circa £0.6m pa on dev*

*No Bank Debt*

*Cash at half year - £1.3m.*

	Unaudited		Audited
	H1 2018 £m	H1 2017 £m	Full Year 2017 £m
<b>REVENUE</b>			
Saas	1.0	1.1	2.3
Throughput	0.1	0.1	0.1
<b>Technology</b>	<b>1.1</b>	<b>1.2</b>	<b>2.4</b>
<b>AdProducts</b>	<b>2.0</b>	<b>0.3</b>	<b>2.1</b>
<b>Exhbs &amp; publications</b>	<b>0.7</b>	<b>1.5</b>	<b>1.5</b>
<b>TOTAL REVENUE</b>	<b>3.8</b>	<b>3.0</b>	<b>6.0</b>
<b>Adjusted EBITA</b>	<b>0.2</b>	<b>0.5</b>	<b>1.0</b>
US Opex investment	(0.5)	(0.1)	(0.1)
<b>Reported</b>	<b>(0.3)</b>	<b>0.4</b>	<b>0.9</b>
<b>BALANCE SHEET</b>			
<b>Equity/Net Assets</b>	<b>5.4</b>	<b>4.8</b>	<b>4.4</b>
Cash	1.3	2.1	2.0
Bank Debt	Nil	Nil	Nil



ALTITUDE  
GROUP PLC

**Questions?**