

## SKYFII LIMITED

Harnessing big data to help drive customer loyalty and sales.

ASX: SKF

118 Devonshire Street SYDNEY NSW 2010 AUSTRALIA

T +61 2 8188 1188

W [www.skyfii.com](http://www.skyfii.com)

ABN 20 009 264 699



### ASX ANNOUNCEMENT/MEDIA RELEASE

21<sup>st</sup> August 2015

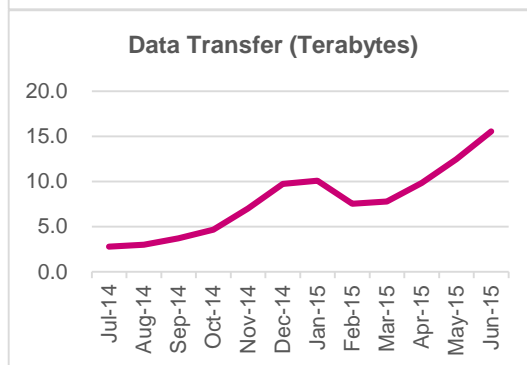
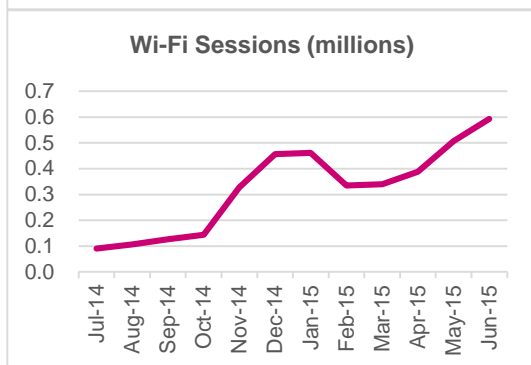
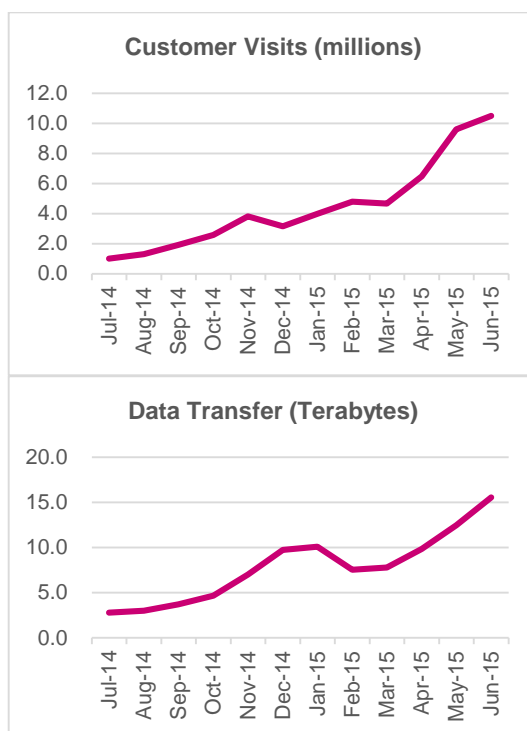
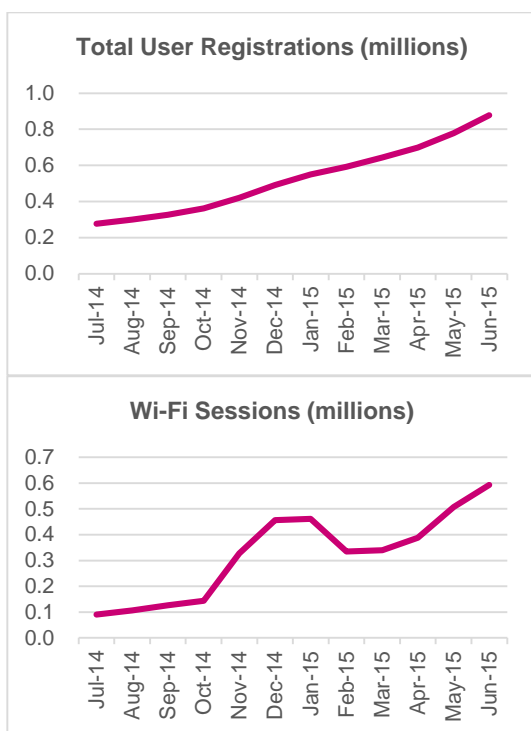
#### SkyFii delivers strong business growth and pipeline conversion

Data services company SkyFii Limited (ASX: SKF) (SkyFii, the Company) is pleased to present its financial results for the full year ended 30 June 2015 (FY15).

#### Highlights:

- **Significant growth in total registered user base** from 260,000 to 880,000 unique users (241% growth on pcp)
- **Increased venue traffic flows:** significant uplift in customer visits across all venues to 53.7 million during FY15 (constant monthly growth rate of +20.4% since FY14)
- **Significant increase in network usage by registered users:** constant monthly growth rate of +18.7% to reach 3.9 million total Wi-Fi sessions in FY15
- **Significant growth in revenues from retail mall segment:** 175% growth year on year
- **Significant pipeline development:** developed qualified retail mall pipeline of 450+ retail malls globally
- **Strong pipeline development:** current pipeline for analytics services at contract or commercial negotiation stage of \$9m+ over 3-5 year contract terms (assuming full roll-out)
- **Successful conversions to contracts** from initial tenders to trial services agreements and signing of master services agreements, including a Premium Australian Mall Operator, New Zealand Retail Property Group, The GPT Group and Iguatemi in Brazil
- **Retail mall installations on track:** 17 large shopping centres went live in FY15, with at least 17 large shopping centres expected to go live in Q1 FY16

#### Key operating metrics



Having made a significant investment in FY14 on its initial platform development and the deployment of multiple proof of concept networks across various target verticals including pubs, quick service restaurants, cafes, supermarkets, retailers and retail malls, the Company commenced FY15 with the strategic aim of positioning its competitive advantage in the retail mall segment.

With this strategic focus in FY15 and the continued investment in product development and staff, the Company experienced an incredibly strong conversion rate of prospects to pilots and ultimately to master services agreements with major retail property groups, resulting in strong growth across all key operating metrics.

### Key contract highlights

SkyFii experienced an incredibly strong conversion rate of prospects to pilots and ultimately to master services agreements with major retail property groups in Australia and internationally, including:

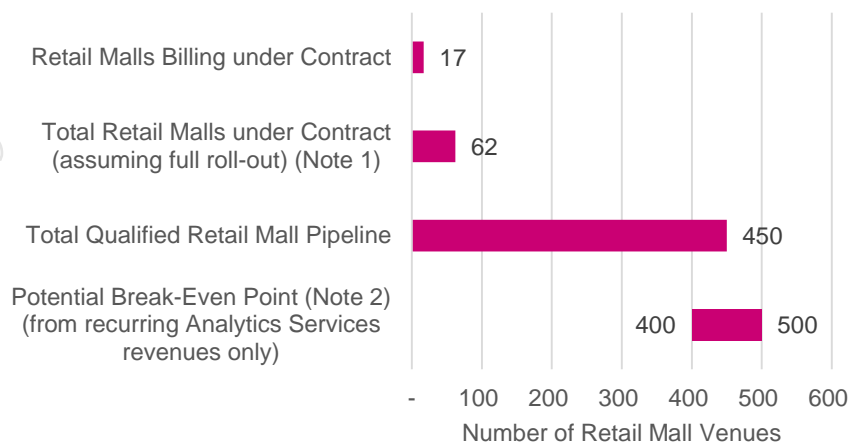
- **Premium Australian Mall Operator** – chosen as the preferred wireless data analytics provider in a Telco-led consortium following a competitive tender process. Analytics services deployed in 6 retail malls by end of FY15 and expect to roll-out services to a minimum of 21 retail malls across Australia.
- **New Zealand Retail Property Group** – secured master services agreement with the largest privately owned property management group in New Zealand. Analytics services deployed in 1 retail mall by end of FY15 and expect to roll-out services to an additional 3 retail malls
- **The GPT Group** – secured master services agreement for up to 19 retail and office property assets across Australia. Analytics services deployed in 3 retail malls by end of FY15 with 2 additional malls scoped and due for installation within Q1 FY16.
- **Federation Centres** (now Vicinity Centres after merger with Novion Property Group) – successfully trialled and secured contracts to provide analytics services in 3 retail malls after a competitive tender process (prior to the merger with Novion Property Group).
- **Iguatemi Empresa de Shopping Centers S.A (Iguatemi)** – chosen as the preferred wireless data analytics provider to premium retail mall operator in Brazil following a competitive tender process. Wireless services deployed in 3 Iguatemi retail malls by end of FY15 and expect to roll-out services to 14 Iguatemi retail malls across Brazil.

### SkyFii's current addressable retail mall market globally



As a result of the significant momentum of pilot conversions and contracts with major retail property groups, SkyFii has developed a substantial pipeline of potential retail mall deployments by the end of FY15.

### FY15 Year End Retail Mall Pipeline for Analytics Services



Based on SkyFii's current retail mall pricing model for recurring analytics services fees, the Company has the potential to break-even on its current fixed cost base by capturing less than 0.5% of SkyFii's current addressable market for retail malls globally. This is just one segment within the retail vertical that SkyFii is currently targeting.

### Overview of financial performance

The Company achieved revenues of \$0.7 million in FY15, representing 13% growth on the previous corresponding period (FY14: \$0.6 million). The growth in revenues from FY14 to FY15 reflected a considerable change in composition:

- from non-recurring fees earned in FY14 from the deployment of advertising sponsored and other proof of concepts and trials in small venue networks including quick service restaurants, cafés and pubs;
- to network implementation, recurring data analytics service fees and associated advertising revenues associated with the Company's retail mall network in FY15.

Underlying this result was a 175% growth in revenues from the retail mall segment.

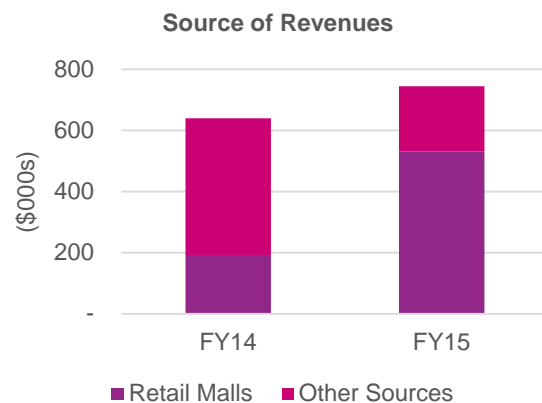
In line with the Company's continued investment to support the future growth and roll-out of its services internationally, the Company reported an operating net loss after tax of \$2.0 million (FY14: \$1.6 million loss) and operating loss before interest, tax, depreciation and amortisation of \$2.8 million (FY13 Operating EBITDA: \$2.1 million loss).

Reported net loss after tax of \$4.8 million in FY15 (FY14 NPAT: \$1.6 million loss) included a tax benefit of \$0.8 million and one-off expenses totalling \$2.8 million, including corporate advisory services, acquisition costs and the impairment of intangible assets including goodwill arising from the reverse acquisition of RSK Consolidated Limited (now SkyFii Limited).

Net operating cash outflows in FY15 were \$2.0 million (FY14: \$1.8 million outflow), including the receipt of an R&D tax incentive rebate of \$0.5 million (FY14: nil).

During the year, the Company also spent and capitalised \$1.4 million on development activities relating to its Big Data analytics platform.

As at 30 June 2015, the Company held cash and equivalents of \$2.7 million. In addition, the Company expects to receive an R&D tax incentive rebate of \$0.8 million in FY16 relating to research and development expenditures undertaken in FY15.



<sup>1</sup> Assumes all retail malls currently under master services contracts are rolled out.

<sup>2</sup> Subject to current expectations of aggregate market pricing, average venue size and gross operating margins.

## Successful listing and capital raisings in FY15

In July 2014, SkyFii Group Pty Ltd entered into an Acquisition Agreement with RKS Consolidated Limited (now SkyFii Limited), a shell company listed on the Australian Securities Exchange. Concurrent with the reverse acquisition, the Company closed an oversubscribed capital raising of \$3.5 million (before costs) through a public offering at \$0.20 per share.

In May 2015, the Company conducted a private placement to raise an additional \$2.8 million (before costs) from existing new sophisticated shareholders in order to:

- enable the Company to fund the delivery of existing and future contract wins in Australia and internationally;
- allow the Company to expand its sales, development and operations teams to support identified and new growth opportunities; and
- provide additional working capital and balance sheet strength.

The placement was conducted at a price of \$0.22 per share, representing a 10% premium to the Company's listing price, and an 18.9% premium to the then trading price of SkyFii's shares, representing the significant support and confidence in the Company's strategy and execution.

**Commenting on the result, SkyFii's CEO Wayne Arthur said,** "I am extremely pleased with the progress of the Company this past year. We have been successful in continuing to convert our retail mall pipeline into trial services contracts and having successfully converted many into master services agreements. We are privileged to be able to call some of the worlds most recognisable r retail brands as clients. We have also executed effectively on our international strategy, partnering with best of breed re-seller and distribution partners including systems integrators and telecommunications companies. Finally, we are broadening our addressable target market to include new verticals within Retail, Hospitality, Transit, Healthcare, Education and Municipal sectors."

*Annexed to this announcement is a case study which highlights SkyFii's value proposition to retailers.*

**Commenting on SkyFii's mission, Mr Arthur added,** "The SkyFii mission is to help bricks and mortar retailers turn Big data into actionable data. Our vision is to be a global leader in the delivery of data analytics and real time marketing services to this and other sectors. With a pipeline that continues to grow month on month and a growing international footprint and network of partners I believe we are delivering against our mission."

**Commenting on the year ahead for SkyFii, Mr Arthur added,** " The year ahead will see SkyFii continue to expand its target verticals through continued development of the SkyFii platform. Along with continued rollout of its current venue pipeline, the business is focussed on delivering new revenues through advertising and data services within its existing and future footprint. We are also aggressively promoting our services within new international markets including the United Kingdom, EMEA and North America and expect to be able to announce new partnerships in these key markets in the coming months. "

ENDS

**For further information, please contact:**

**Wayne Arthur**

**CHIEF EXECUTIVE OFFICER**

**E** [wayne@skyfii.com](mailto:wayne@skyfii.com)

**M** +61 410 600 145



### **Investor Inquiries**

James Moses  
Media and Investor Relations  
Mandate Corporate  
T: +61 420 991 574  
E: james@mandatecorporate.com.au

### **Media Inquiries**

Asher Moses  
Media relations  
M&C Capital Partners  
T: +61 438 008 616  
E: asher.moses@mcpartners.com.au

### **ABOUT SKYFII**

SkyFii is an innovative data services company that captures, stores and analyses behavioural data through technologies such as WiFi. We build, manage and monetise free public Wi-Fi by creating an engaging content channel for advertisers and by analysing customer data to assist retailers to make smarter business decisions.

Our networks are powered by a bespoke technology and commercial solution that gives people access to the internet for free, provides venues a valuable service to offer their customers, and gives brands and venues a powerful tool to understand and engage with consumers.

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# Using location data to drive sales

JULY 2015

|                         |   |
|-------------------------|---|
| <b>Retail Centre</b>    | Market City                                   |
| <b>Location</b>         | Sydney CBD                                    |
| <b>Average footfall</b> | 1,232,594 per month                           |
| <b>Description</b>      | A discount retail centre with an Asian fusion |
| <b>Network live</b>     | June 2014                                     |



## SkyFii drives sales for Market City retailer, Platypus Shoes

|                 |                           |
|-----------------|---------------------------|
| <b>Retailer</b> | Platypus Shoes            |
| <b>Date</b>     | April 2015                |
| <b>Campaign</b> | Exclusive 20% off voucher |



## THE CAMPAIGN

Having designed and managed a high grade WiFi network at Market City for 9 months, SkyFii worked with Platypus Shoes to deliver a hyper-local marketing campaign to drive sales.

### Target audience

**Primary:** 15 to 29 yrs

**Secondary:** students

### Offer

Exclusive 20% off voucher

### Timeframe

1 week: 27 Apr - 3 May

### Channels

Multichannel EDM and WiFi campaign

**EDM:** drive people to centre

**WiFi:** login to unlock voucher

## THE EXECUTION

Working with the Platypus marketing and store teams, Platypus gave SkyFii their core customer segments of 15-29 yrs and Students. Using SkyFii's profiling engine, the target segments were identified in the Market City database of over 60,000 registered WiFi users.

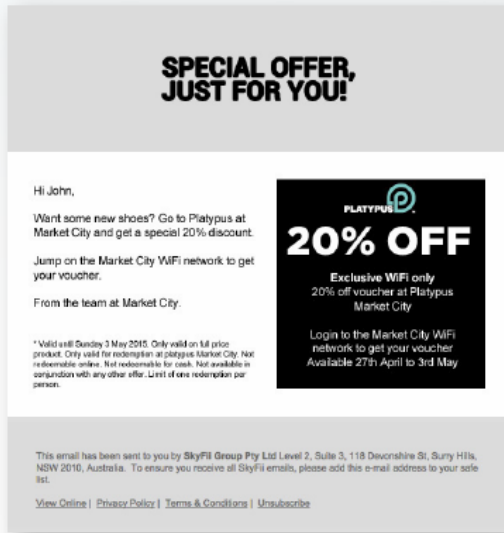
SkyFii then created an EDM to promote the "WiFi only" offer and attract the target group to the centre. The offer was then available by logging into the WiFi network and unlocking the voucher for redemption in-store for a limited time only.



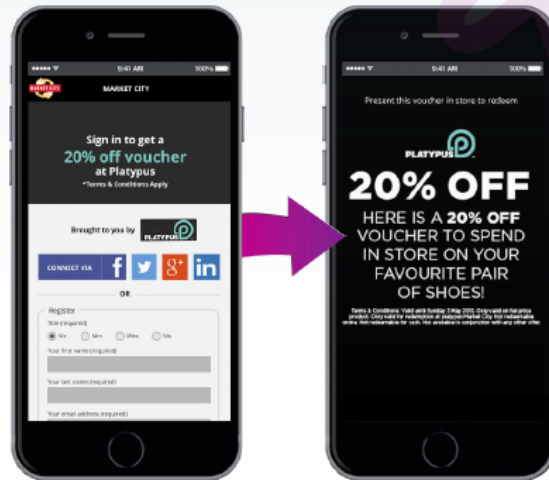
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## EDM



## WiFi



## THE RESULTS

**19,662** emails delivered

**3,155** unique emails opened

**3,858** people unlocked the offer via WiFi

**132** in-store redemptions

### Platypus Shoes store performance

**▼1%** under sales target the week prior to the SkyFii campaign

**▲60%** over sales target the week of the SkyFii campaign

**▲39%** over sales target the month of the SkyFii campaign

