

22 January 2019

## Investor FAQ (FY19)

Aspermont limited (ASX:ASP), the leading media services provider to the global resources industry, is pleased to present the link to its FY19 updated Investor 'Frequently Asked Questions' (**FAQ**) section on the corporate website

We are pleased to detail in full, answers to typically asked questions by those we have met in the investment community in our recent corporate roadshows.

Please go to this link [www.aspermont.com/investors/investor-faq](http://www.aspermont.com/investors/investor-faq) for easy navigation of all our FAQs or find the entire transcript of all these answered questions attached to this announcement.

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### About Aspermont

Aspermont is the leading media services provider to the global mining and resources industry and delivers high value, premium subscription-based content through digital, print, conferencing and events channels. Aspermont's portfolio includes brands such as *Mining Journal*, *Mining Magazine*, *Australia's Mining Monthly* and *MiningNews.net*. Aspermont successfully restructured over recent years to transition from print to become the global digital media distributor to the mining and resource industry and is focused on scaling new content solutions to better serve new territories and sectors.

Aspermont is listed on the Australian Stock Exchange (ASX: ASP) with offices in London, Perth, Sydney, Denver and Belo Horizonte.

For more information please see: [www.aspermont.com](http://www.aspermont.com)

## Who is Aspermont?

### Tell me about Aspermont

Aspermont is a global media company and is the leading publisher in the natural resource sectors, primarily mining, energy and agriculture. We are listed on the ASX and are based in London with offices in Australia, Brazil and USA

Our focus is to further build global media leadership in the Mining, Agriculture, Energy and Technology sectors

Over the last 20 years we have built a commercial model for B2B media to provide high value content to grow premium rate subscription audiences, scalable through our high- tech platform

Aspermont has become the dominant player in B2B media for the resources sectors and we are applying our model to new countries and new B2B sectors

Aspermont publishes around 30 titles, all of which can be found on our website [www.aspermont.com/brands](http://www.aspermont.com/brands)

### Do your publications provide news, intelligence and data?

Aspermont brands are the established market leading media products in:

- Mining ([Mining Journal](#))
- Agriculture ([Farming Ahead](#))
- Energy ([Energy News Bulletin](#))

Each of these sectors is global with large-scale and long-term macroeconomic growth prospects suiting Aspermont's growth and risk diversification strategies.

There is also a high level of cross over for manufacturers and suppliers in each of these sectors which enables Aspermont to leverage its relationships and cross sell more effectively.

### How does your business model fit in the “old media” versus “new media” world?

Over the last 20 years there have been significant structural shifts in the global media industry where publishers have had to contend with volume declines in print products and advertising as marketing moved away from 'brand and display', through 'programmatic advertising' and onto more bespoke content marketing solutions.

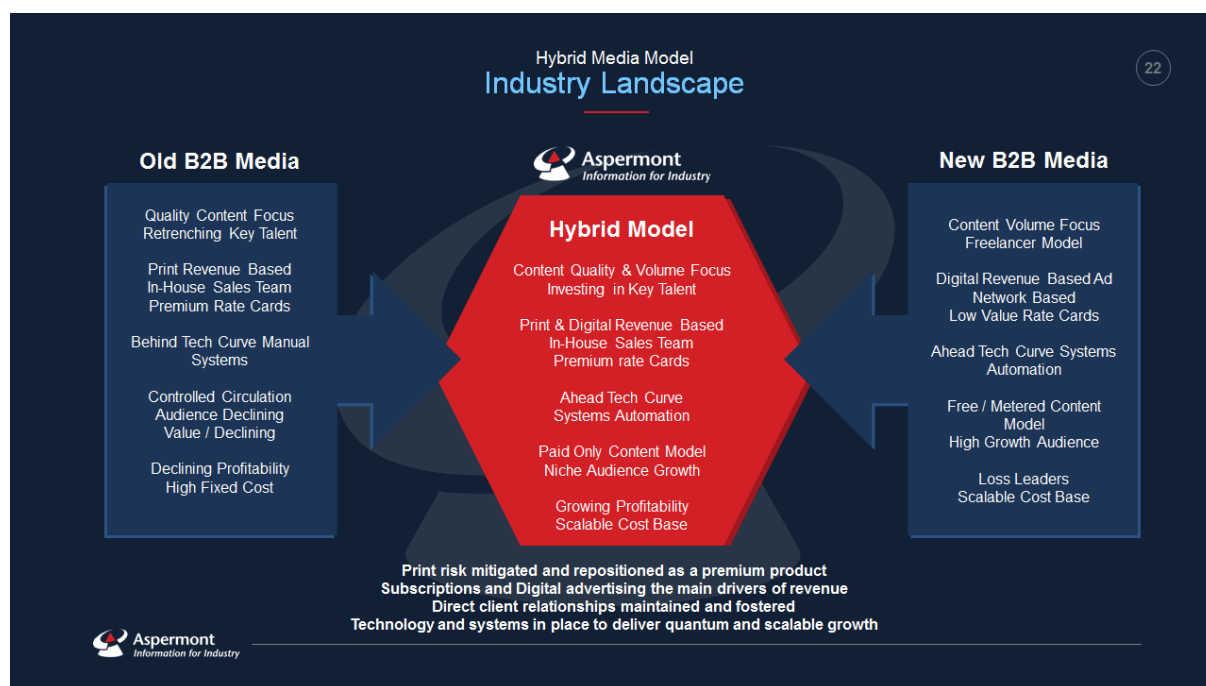
In the course of this great global transition, much of the 'old' media has been left behind as their customer value propositions lost relevance.

Declining revenues, and declining profitability, left the old media behind the curve on technological investment in core platforms to establish new commercial models (particularly around paywall strategy). Many old media publications were caught in the headlights, retrenching their highest quality talent, cutting costs by sacrificing product quality and failing to invest sufficiently to compete in the modern era.

On the other side of the coin, new digital media entrants provide high volume, low cost and invariably low- quality content products. In their commercialization, primarily through programmatic advertising networks, the relationship - between publisher and client - has been broken. This leaves the new entrants without control over critical revenue drivers such as premium pricing, up selling and cross selling. Similarly, those who rely on unexceptional content to build digital marketing revenue suffer wild volatility with search engine and social media algorithm changes making forward revenue visibility a difficult science.

Aspermont is well placed to avoid the pitfalls of old and new B2B media because it has effectively merged the two models. Our products have for over a century been grounded on the principles of high quality content and premium rate audiences and we have invested heavily in technology and systems to enable high digital circulation growth with a scalable cost base.

In terms of Print; our subscribers pay a premium for subscription packages which include print; confirming the longevity of print as a medium. By this commercial repositioning of our service we have been able to invest in building product quality and distribution while many of our competitors have failed to adapt. Print is one, albeit important, part of our cross-platform offering and accounts for just under 18% of our revenues.



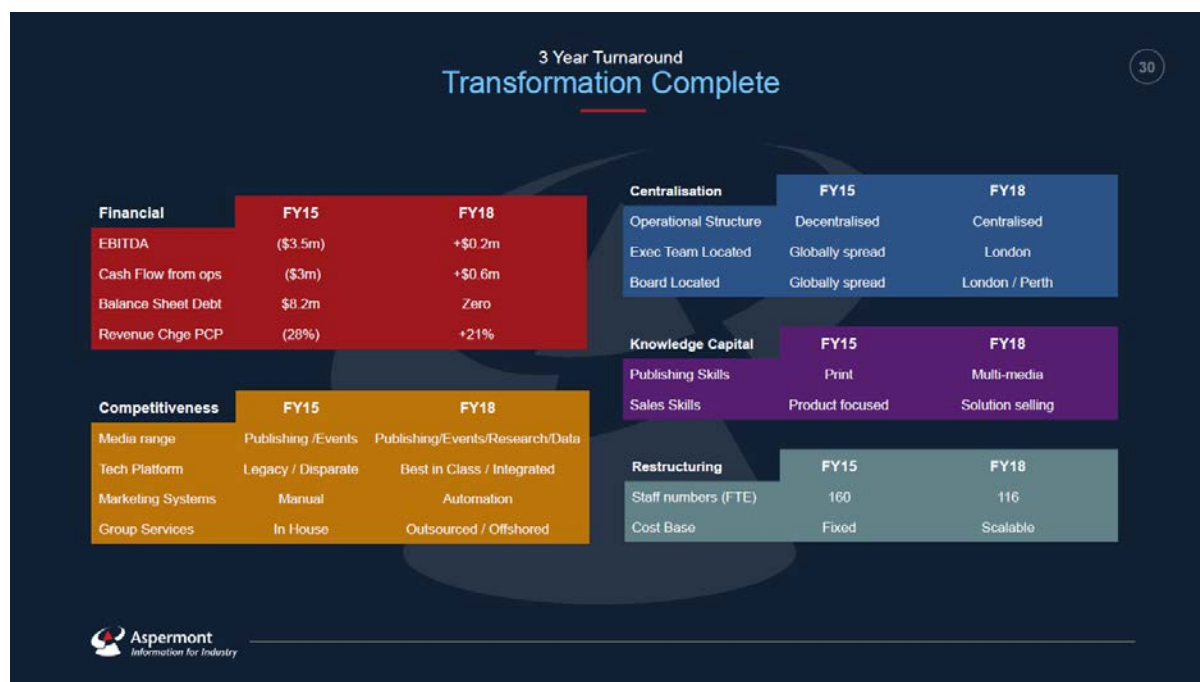
## Is the Aspermont “transformation” complete? What key changes were made?

Over the last three years we effected a complete overhaul of the Aspermont business model and we divested the underperforming businesses - as described both in ASX announcements and financial filings. Our financial turnaround has been charted through our ASX announcements, but, perhaps the significant upgrades we have made to our operational structure, talent, skills and overall competitiveness are more visible in our SAAS metrics.

Historically, the Aspermont Group had operated through several decentralized regional units each with different skills sets, many of which were the result of acquisition. Over the last three years we moved our core business to London, where central management has clear oversight of the reporting lines across our global group.

Significant efficiencies have been realised through outsourcing: most back office functions are now offshore, and growth scalability is now affected through new technology, systems, and processes.

Our most important asset is our people and their “know how” and our people are the key to our long-term development strategy. At a time when most of our competitors have released talented people, Aspermont has been able to recruit high-calibre digital media personnel across our business.



## How do we operate?

### How do you generate your content?

We have a global network of over 75 journalists, industry experts and opinion formers who contribute content which brings the best out of our editorial teams.

### How do your content and marketing teams work together?

Our Aspermont teams have a symbiotic relationship with each other.

High quality content is the primary raw material for all our marketing systems: it drives the traffic, the paid trials and the new subscriptions. We constantly analyse the effectiveness of content to determine the right focus and balance of content to satisfy subscriber demand.

Old media Publishers used to produce the content they believed was right for their audiences and thought they knew what audiences wanted to know. New digital media operators tend to provide the content they can market most effectively to drive traffic to their websites.

Aspermont blends the two. We produce a balanced mix of the content we believe the audiences require and we continually test and measure that balance to make sure we have it right. We might occasionally stop production in one area to build focus in the other. More often than not, we

identify new content trends and build additional content resources we can to deliver in addition to our existing offering.

### How does your marketing become more effective and targeted? What impact might that have on Customer Acquisition Costs?

Through better analysis of our users and their content consumption patterns, we can improve marketing systems and devise strategies to drive the overall result. Building this user analysis capability has been the cornerstone of our recent Project Horizon (PH) technology platform. The success of that platform is increasingly evident as we deliver across the board growth in all key SaaS metrics.

Our present focus is on better nurturing leads. With many thousands of new leads, our very welcome challenge is to quickly and accurately identify the best leads at the right time for the sales teams and other marketing conversion processes to engage and optimise lead conversion rates.

As our lead intelligence inventory builds so our customer acquisition costs fall.

### How do Events fit into a digital publishing business?

Subscriptions and the quality of content we provide are the foundation of our business. Then we add higher monetisation points from other media formats such as advertising and events businesses.

Much like print, face-to-face events may seem an old medium but it is one that will never go away. One could argue that in a digital era, the importance of face-to-face meetings for networking and relationship building has never been more important.

Aspermont uses its digital publishing assets to drive high value experiences to its face to face format and vice versa. Any topic that might bring a delegate to a conference is likely to be of ongoing interest and this is where our daily publishing services satisfy the pre and post conference demand. On the other hand, our disciplined analysis of content consumption patterns in our digital publications gives insight into the topics that we should showcase at our conferences. So, we see it as a virtuous circle.

Events can be a platform to extend delivery of content, our core product. Subscribers consume content at different times and on different mediums. By providing an end-to-end offering for our audiences, Aspermont brands become a constant point of contact for our users and their industry; 365 days per year.

### What are your key execution challenges and have you the bandwidth to deliver?

Distraction risk is our number one challenge. We have an innovative business model and we compete in an industry with an exceptionally diverse range of alternative products. We must decide which opportunities to pursue. It is therefore our job to focus on our stated goals whilst remaining adaptable if conditions require.

People and skills are the key for us to enhance our existing operational capacity and bandwidth. Our business is built on people and we will focus on continual development of knowledge capital within the organisation. This important feature of Aspermont was evident in our significant investment in Human Resources this financial year.

Why we can win

## Highly Experienced Leadership Team



**Ajit Patel**  
Chief Operating Officer

Ajit has more than 30 years of experience in technology, working across digital media, events and research. Previously Ajit was the CTO for Incisive Media, where he was responsible for infrastructure, software development, online strategy and large scale systems implementation.  
Ajit came to Aspermont to help deliver the technological base to enable the company to deliver on its long-term solution. He is now responsible for all services departments including marketing.



**Nishil Khimasia**  
Chief Financial Officer

Nishil has significant and relevant experience in financial management, business development and transformation in entrepreneurial growing companies in the global B2B sector. Over the past 8 years Nishil held CFO and General Management positions at Equifax UK & Ireland, part of Equifax Inc., one of the world's largest information solutions providers, with responsibility for developing UK & Ireland business.



**Alex Kent**  
Group Managing Director

Alex joined Aspermont in 2007 having spent the early part of his career at Microsoft.  
Starting with the creation of a semantic search division for the company he has since worked in all areas of the Aspermont Group. His prime skills sets of technology and marketing saw him hold the role of Group CMO prior to becoming Managing Director.  
Alex has BSc degrees in Economics, Accounting and Business Law. He has been a key driver of the overall vision for the company and its deep-seated technological focus.



**Matt Smith**  
Chief Commercial Officer

Matt has over 20 years of experience in global media sales. His previous role was President at International Data Group (IDG), the world largest technology media organisation, where he directly managed and led the global demand generation business and data strategy. His role at Aspermont is newly created and gives him full remit over all the company's commercial activities. Specifically Matt will be focused on building a truly solution-sales based culture and framework within Aspermont to enable the company to maximise on its wealth of client sponsorship opportunities

 **Aspermont**  
Information for Industry

## Subscriptions

### How do you grow your subscription base?

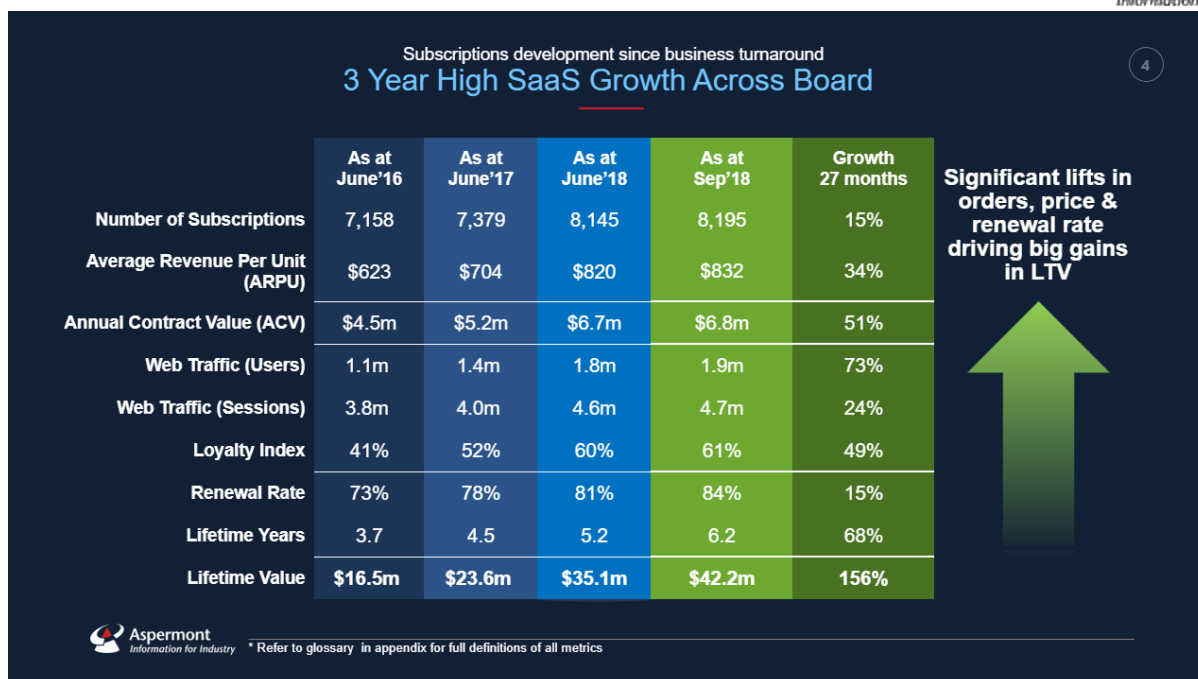
The worldwide mining industry stretches across many producers, explorers, developers, equipment suppliers, services companies and others in the supply chain. This is a huge market. Our key mining publications today have over 35,000 paid readers. We do not expect that everyone in the mining industry will become an Aspermont subscriber, but we do see many opportunities for further development in the sector. When you factor in the global Energy and Agriculture sectors as well it gives us a sustainable runway for many years of subscriptions growth in our existing sectors.

Our new platforms and marketing capabilities are in place and are advancing all the time, so our customer acquisition processes are steadily optimising. The paywall solution that Aspermont has successfully built over the last 18 years guides new users through free registration, paid trials, and then sign them up with full paying subscriptions.

Our introduction of full behavioural data and analysis capabilities enables us to serve the right content, to the right people, at the right time. In doing so, subscriber engagement patterns are rising as measured by our increasing loyalty index which we report to the ASX on a quarterly basis along with our other SaaS metrics. Our renewal rates are going up.

Rising renewal rates, pricing uplifts and increased new business volumes which occur together are the reason for our top line subscriptions growth.





## What is your Average Revenue per User (ARPU) and is it growing?

ARPU is the average price paid for a subscription.

A subscription is not a single unit but has varying and often large numbers of members. Better analysis of those subscribers' usage patterns and more effective on-board and content engagement processes translate into large pricing uplifts from simply building more and more paid members from each subscription.

Content value is critical to ARPU. The more value we can deliver to our subscribers the more willing they are to pay for our service. For example, late last year, we launched a new Research & Intelligence business to satisfy demand we identified through our subscriber base. To build new products in new formats we initially provide this new content free to existing subscribers which drives large value increases in their existing content proposition. We find that on renewal, most subscribers pay to add these services to their subscription package, which supports future price increases and also drives ARPU growth.

We are committed to build more content value per subscription which, of itself, increases ARPU.

## Customer retention has been improving. What are the drivers here?

Better content, better processes and better distribution channels are the drivers.

Our ability to analyse user behaviour with respect to content consumption helps us focus on developing products in sub-sectors where we see the highest demand from our readership. Through delivery of the right content, to the right people, at the right time, we improve our customer engagement (and loyalty index) and through this interaction we can renew and broaden each client at the right time in their buying cycle

At Mining Journal, our flagship product, we have lifted our renewal rates from 66% to 80% over the last 3 years. As subscriber/member depth increases so our renewal rates trend higher.

Our near term, target is to achieve 85% overall renewal rates.

## How do you balance product prices with subscription growth and retention?

By delivering value first and only then setting prices we take the customers with us. We deliver more content at far cheaper prices than they pay elsewhere, so our subscriber product range actually reduces their total costs to access the content they need. The Aspermont strategy is highly disruptive to the smaller and mainly regional content suppliers that service the mining industry particularly with data and research.

In time we will provide price-tiered offerings to attract new subscribers at a low entry point. For instance, we may provide unique and very high-quality content in a premium service with the daily news service being split off as an entry-level sub-product. This is something Aspermont has historically done before to great effect.

Aspermont has lifted its ARPU by 34% over the last 27 months and yet at the same time has increased its subscriber renewal rate from 73% to 84%. The model is working.

## Growth

### How would you describe your business environment today? Are there risks of disruption?

In our specialist sectors we see little evidence that any of our competitors have reached our level of effective technological application. Aspermont has relatively few mining media competitors left, and we are consistently building market share. Our market leadership supports us in building new products and providing new services such as Events, data and research. Of itself this provides a high potential to be disruptive to historic competitors and aspirational new entrants.

But we understand that the media and technology sectors are extremely fast moving. Print to digital proved an insurmountable disruption for most publishers and took 300 years to come about. The next major disruption will take much less time to arrive but with our continuously evolving in-house technology and organisational skills, we expect Aspermont to be at the front of the next curve.

### What scope for growth is there in the mining sector? Will you introduce new products to that market?

The marketing spend of all mining companies, including service and equipment providers is measured in the high \$Billions and Aspermont is the dominant media provider across the global industry. We see great opportunities for high growth through providing high quality media services and not only for the mining industry.

This will not be delivered by traditional means. Beyond the subscriptions model, which will take on a life of its own, our sponsorship solutions will increasingly become bespoke which is how we can access much larger account spending. As was the case with US tech companies in the early 2000's the shift towards a more 'consultative partner' approach from the basic 'billboard operation' will see a re-evaluation of the relationship and value proposition we offer our clients.



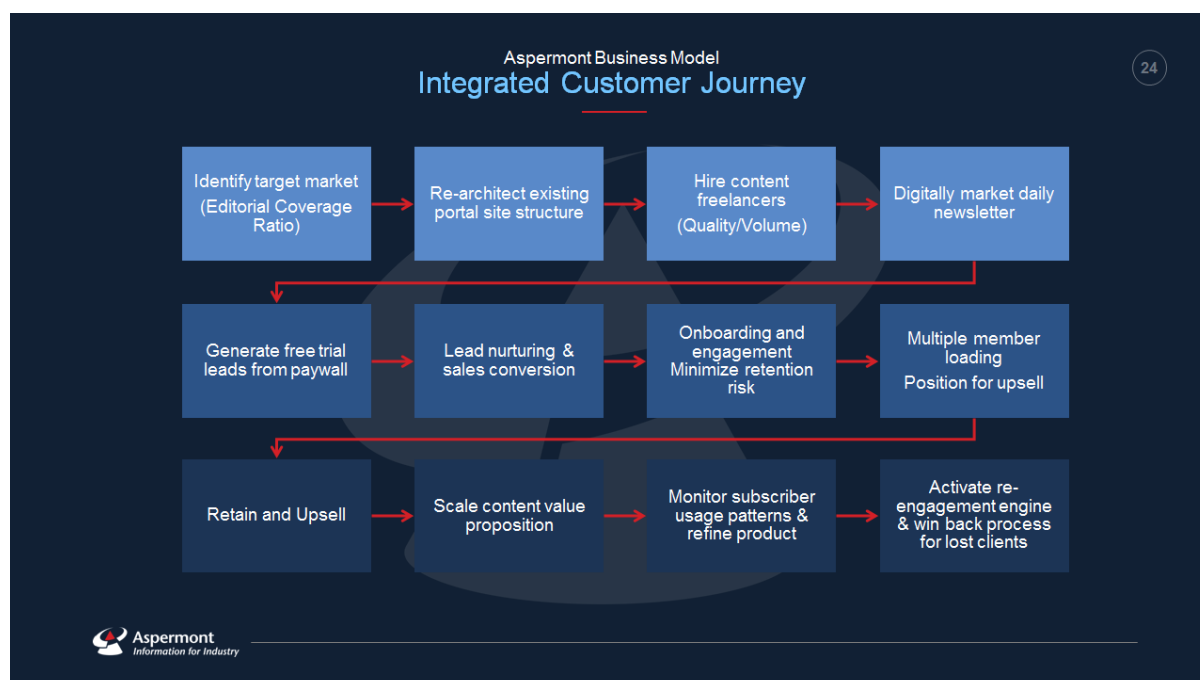
## What about your other sectors? How do you build market share and what are the likely costs and returns?

Mining, Agriculture and Energy are our three key sectors today. We have a long -established global leadership in mining and we have regional leaderships in the other two. Our goal is to be accepted as the leading global media provider for all the natural resource sectors.

In time we will launch B2B technology as our 4<sup>th</sup> sector.

Because we have the technology and know-how, we can launch a new service in a new geography in one of our existing sectors for less than \$50K and commercialise it with a 9-month gestation period

Once commercialised, we can build the additional product suite needed to cement market share and then develop increasingly higher margins returns from bringing our products to a new audience base.



## Can you talk about Aspermont's growth strategy?

There are three core elements in our growth strategy:

1. Building Core business
2. Introducing Sectors and New Geographies
3. Upon success in the first two, we will consider adding growth by Acquisition

Aspermont has an organic growth model which commercialises high value content through paid subscription-based audiences. That core paid audience is cross monetised through a series of other revenue branches, such as advertising, research and events.

Our core growth model, through technological agility and our centralised (variable) cost infrastructure, enables us to scale solutions for other discrete sectors and geographies. Over the next few years you should watch as we scale new geographies in our current sectors.

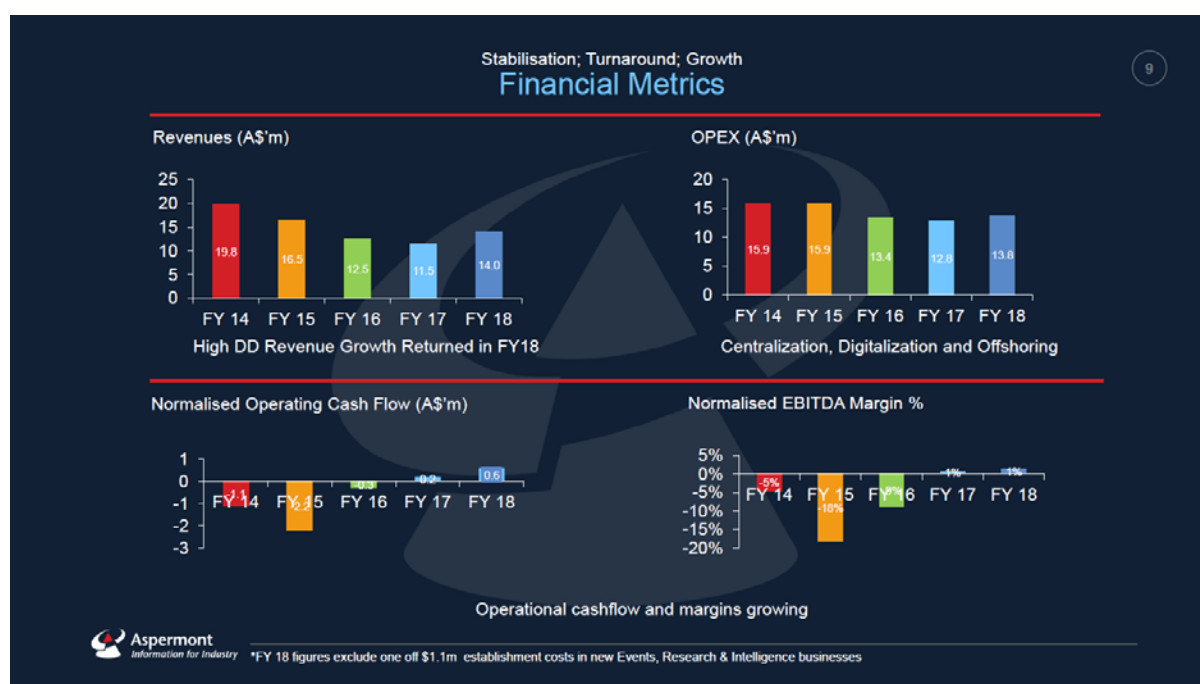
At Aspermont we are confident in our ability to scale into new markets without needing to make acquisitions. Of course, we recognise the value of truly iconic brands, such as our own 185-year-old Mining Journal brand, as it has been the foundation of our growth. Aspermont is prepared to acquire additional titles but only if the brand heritage represents accretive value.

## Financials

### How do you see total revenue growth going over the next few years?

After several years of revenue contraction, in the midst of a mining bear market, we finished FY17 at \$11.5m of revenue and grew that to \$14m in FY18. We expect to see a sharp acceleration in top-line growth this year and next.

From an earnings perspective, that organic revenue is feeding into a growth in gross margins and we intend to deliver bottom line profitability progressively over the next few years.



### How do you see OPEX for the next couple of years? Do you expect an improvement in profit margins?

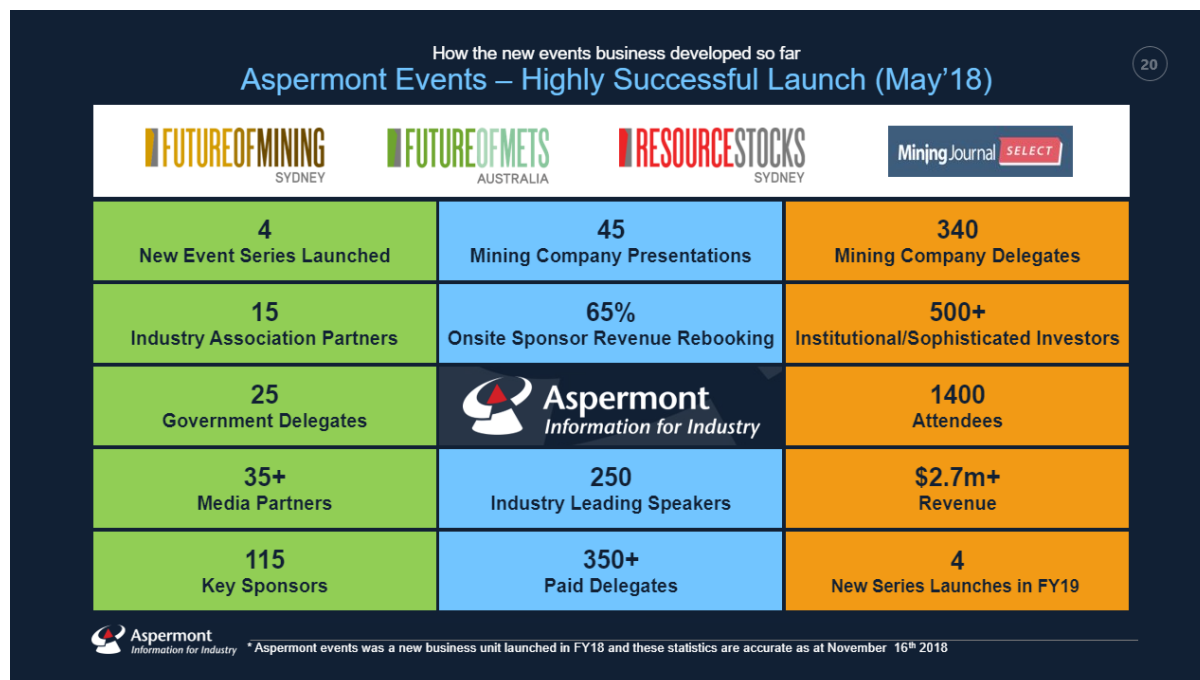
Over the last 12 months we grew gross profit margins from 49% to 54%.

We expect to continue this growth trend over the next few years as we build our subscriptions and events revenues.

## You recently launched two new businesses. Will they make positive contributions in FY19 & FY20?

We incurred establishment costs of \$1m in FY18 to build new business divisions for Events and Research & Intelligence. Those units have built revenue very quickly and will make strong and positive profit contributions in both this and the next financial year.

Indeed, Events already has already delivered exciting growth and offers the prospect of exceptional growth over the next 2 years and beyond. By December 2018 after only 8 months after launching the first event, Events had generated \$3m organic revenue from a standing start.



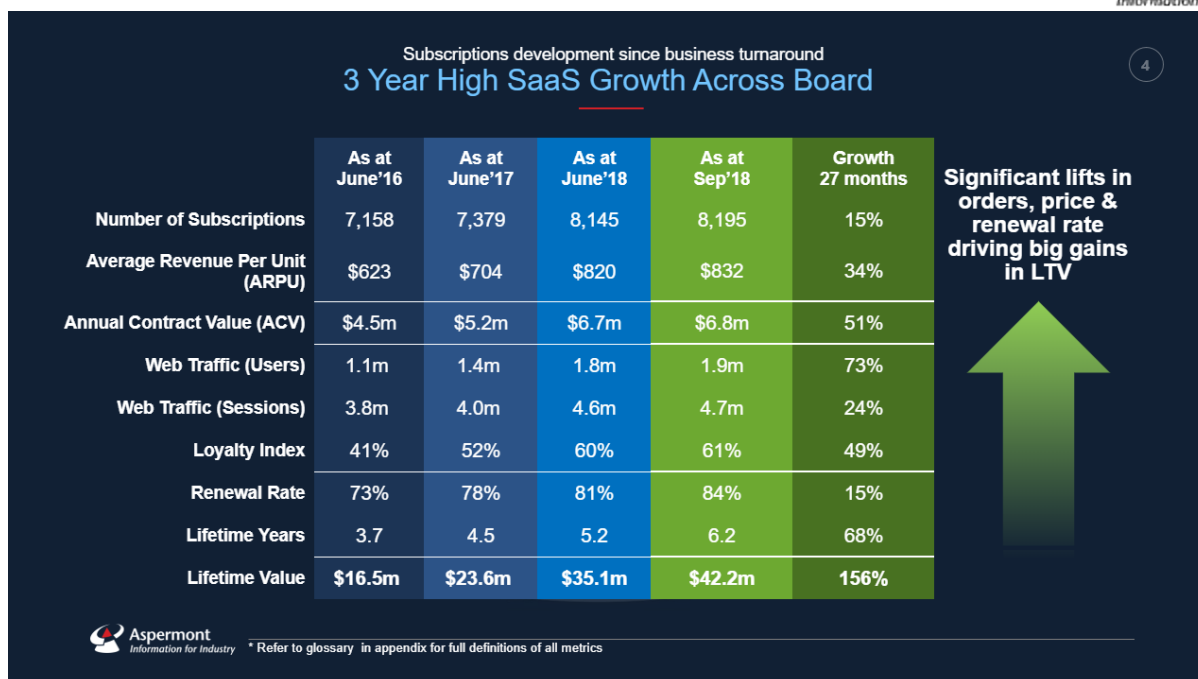
## What EBITDA margin potential do you see in the longer term?

Our medium-term target is to achieve 20% margins across the business. The longer-term scalability of our model should see even higher returns. At a gross profit level our returns are already over 50% and we expect to trend towards that level for EBITDA.

## What key financial metrics should investors follow to monitor your growth?

Investors should be monitoring our SaaS (Software as a Service) metrics which are released quarterly to the ASX. These metrics monitor the growth of subscriptions and therefore our core business solution. They show consistent growth.

We consider the lifetime value (LTV) of subscriptions to be the single most important metric Investors should monitor. When comparing that to Aspermont's market capitalisation it is a useful baseline barometer for valuing our shares and it is clearly pointing upwards.



Investors should add further share value from our growing revenue streams in Events, research, advertising and data. All of which are also broken down in our quarterly and annual reporting.

In due course we will be able to add more metrics to our quarterly report, thus enabling investors to analyse the lifetime value and growth of these and other revenue streams as well.

## Corporate Activity

### You raised equity 9 months ago – how did you invest those funds for growth?

The \$2m equity capital raise in April'18 provided the working capital for continued product development. We were pleased to welcome several new small cap institutions and HNW investors onto the register. We have invested the proceeds to build and we are making sound progress.

People are the key to building success and we recently hired a new [Chief Commercial Officer](#) and have also attracted a [Group People Director](#). These key appointments give us people who will accelerate our growth. We intend to recruit more high value people who will be attracted by our congenial work environment and growth prospects.

### What is the Board's view of paying a dividend?

The board intends to share our growth with shareholders by introducing a dividend within the financial discipline to provide a stable minimum distribution for shareholders. With that said, Aspermont aims for high growth and will prioritise the use of cashflow to continue our rapid development of new high growth businesses.

We believe both high growth and dividends are achievable in the short-term.

## Do you have enough capital to fund your growth?

After several years of losses and capital raising challenges, Aspermont is now debt free, profitable and producing organic cash flow.

We expect to fund our existing plans from cash flow.

## Future

### What progress did Aspermont make in 2018 and what are your goals for 2019?

Over the last 12 months Aspermont has:

- Delivered 21% overall revenue growth with positive growth in each revenue division
- Maintained high growth in all key SaaS metrics for a 3<sup>rd</sup> successive year, lifting subscriber renewal rates up to a current 84%
- Successfully launched 2 new divisions – Events and Research/Intelligence, both with attractive long-term growth prospects
- Delivered and successfully embedded the V4 platform without disruption
- Appointed 2 new key executives to our leadership team
  - Chief Commercial Officer      Matt Smith
  - Group People Director      Leah Thorne
- Enhanced our gross profit margins by 800 basis points
- Delivered a profitable business with positive cashflow and no debt

For 2019 Aspermont intends to focus on delivering:

- High DD growth in all revenue areas; except for print advertising where we expect SD growth
- Continued high growth in all SaaS metrics
- Improve our portfolio sales approach to optimise sales structures
- Additional investment in People with New Product and Event launches
- Deeper penetration of the North American market across all our 3 key sectors
- Enhanced profitability, through maximising free cash flow while continuing to invest in people and technology
- Continued expansion of margins at GP, OP and EBITDA levels

Aspermont expects FY19 to see breakthroughs in several focus areas.

### What are your long-term goals?

We are positive about the future for Aspermont.

The technology and the knowledge capital we have are the key. Our senior management team has demonstrated an ability to commercialise new advances quickly and we see opportunities expanding outside of mainstream B2B media, where we are well placed to apply these skill sets.

Before we run, we must first walk and over the next few years we have clear growth strategies to drive profitability and shareholder value. That will be our focus.

We look forward to updating you on our progress.