



URBANISE FY2018 BUSINESS AND MARKET UPDATE

8 June 2018

Urbanise.com Limited (**Urbanise** or **Company**) (ASX: UBN) today announces that it has substantially completed the simplification of the operating model and the cost reduction program as announced on 9 March 2018.

The focus on recurring revenue is gaining traction and contracted annual recurring revenue is expected to grow when current large project implementations are completed.

The Strata and Facilities product lines have continued to win new business and have strong pipelines and conversion rates. The negotiations for the sale of the IOT business is substantially complete and is expected to complete in the next few weeks.

Urbanise Strata

Revenue and pipeline are strong with contracted strata lots on the system now numbering 295,000, along with 250,000 lots in the pipeline that are contracted and due to be migrated on the system in the next 12 months. Urbanise entered into 13 new contracts for the provision of Strata software in March and April 2018. Further development is continuing to complete the PICA migration and complete the redevelopment of the Strata Platform for Urbanise's significant global customer base. The Strata business is currently profitable (before allocation of corporate overheads).

Urbanise will continue to develop the Strata Platform and continue to aggressively grow this part of the business.

Urbanise Facilities Management (Asset Management/Services)

Revenue and pipeline are strong with 4 new contracts signed in March and April 2018. The win rate remains high and there is a high adoption rate of the Business Analytics module launched earlier in the year. This business unit is expected to be profitable (before allocation of corporate overheads) by December 2019.

IOT

As previously announced, Urbanise proceeded with the sale of the IOT business. The sales process is substantially complete and expected to finalise in the next few weeks. The assets in this business unit were fully impaired at 30 June 2017. As part of the agreement, Urbanise's customers will have continued access to the IOT solutions. The sale reduces ongoing operational expenditures and removes the large capex associated with the development and manufacturing of new devices.

Cost reduction

Urbanise have substantially completed the cost rightsizing process announced on 9 March 2018. The company is now in a position for effective and sustained growth. The new operating model will allow Urbanise to focus operations on its core products with demonstrated growth potential and dramatically reduced costs.



The cost reduction will result in annualised savings of between \$4 and \$5 million and all cost associated with the execution of the plan has been incurred and recognised.

Outlook

The Company is forecasting a full year revenue of over \$6 million for FY2018.

The Company has also conducted a review of the carrying value of its assets, with the Board deciding to recognise an additional non-cash impairment charge for certain intangibles, debtors and inventory in the range of \$10 million to \$12 million (pre-tax) in its 2018 full year financial results. The impairment outcomes are subject to finalisation of the full year accounts, which will be released August 2018.

Urbanise Executive Chairman Almero Strauss said:

“Market conditions remain extremely strong for all the Company’s products and Urbanise is well positioned to deliver long term and sustainable earnings growth. Our pipeline of opportunities remains strong as we continue to win new business. Our platform development has matured considerably with our product to market now being highly attuned to our clients’ needs.

The Board and management team have implemented the operation changes and cost reduction plan in every part of the business and are confident that these changes will materially improve profitability and the operating cash flow in FY19 and beyond.”

About Urbanise: Urbanise is the creator of a cloud-based platform for delivering strata management, building services and managing property related financial transactions. Designed for strata managers, service providers and asset owners, the Urbanise Industry Cloud software-as-a-service platform is transforming the traditional engineering approach to building operations – improving customer service, removing operational costs and enabling new revenue streams.

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