



# Kinaxis Investor Overview

TSX:KXS



PRESENTED BY  
**Rick Wadsworth | VP, IR**

June 2018

# Forward-looking statements

## Forward-Looking Information

This document contains forward-looking statements within the meaning of applicable Canadian securities legislation. In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “seek”, “believe”, “potential”, “continue”, “is/are likely to” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

These forward-looking statements include, among other things, statements relating to: our expectations regarding our revenue, expenses and operations; our plans for and timing of expansion of our solutions and services; our future growth plans; the acceptance by our customers and the marketplace of new technologies and solutions; our ability to attract new customers and develop and maintain existing customers; our expectations with respect to advancement in our technologies; our competitive position and our expectations regarding competition; and anticipated trends and challenges in our business and the markets in which we operate.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. These statements are provided to assist external stakeholders in understanding Kinaxis’ expectations as of the date of this document and may not be appropriate for other purposes.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those identified starting on page 3 of our Management’s Discussion and Analysis for the first quarter ended March 31, 2018, and in our other public disclosure documents, which are available under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)). Although the forward-looking statements contained in this document are based upon what our management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements. The forward-looking statements made in this document relate only to events or information as of the date of this document is made and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

## Non-IFRS Measures

This document makes reference to certain non-IFRS measures, specifically Adjusted EBITDA. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement the IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. We use Adjusted EBITDA to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements.

Adjusted EBITDA is not a recognized, defined or standardized measure under IFRS. Our definition of Adjusted EBITDA will likely differ from that used by other companies (including our peers) and therefore comparability may be limited. Non-IFRS measures should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures.

For a reconciliation of Adjusted EBITDA to the most comparable IFRS financial measure please see the section titled, ‘Reconciliation of Non-IFRS Measures’ in the Company’s Management’s Discussion and Analysis filed on SEDAR ([sedar.com](http://sedar.com)) for the first quarter ended March 31, 2018.

All amounts are in United States dollars, unless otherwise indicated.



# Today's supply chain networks are EXTENDED and COMPLEX

Short product and  
delivery lead time

Global, outsourced,  
multi-tier operations

Highly volatile  
demand and supply





# Kinaaxis<sup>®</sup>

## RapidResponse<sup>®</sup>

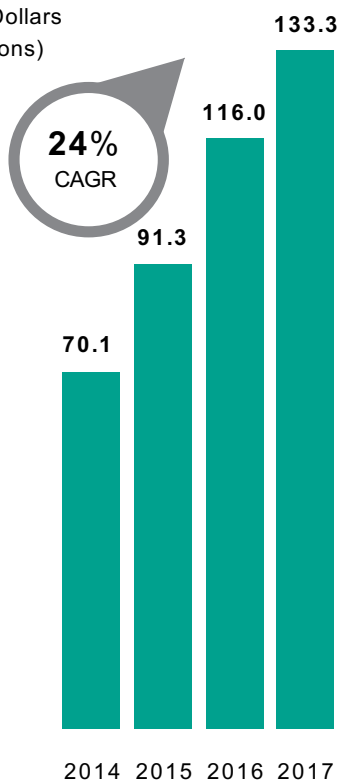
A single product that provides customers end-to-end visibility and planning, change simulation and response coordination across their supply chain networks.



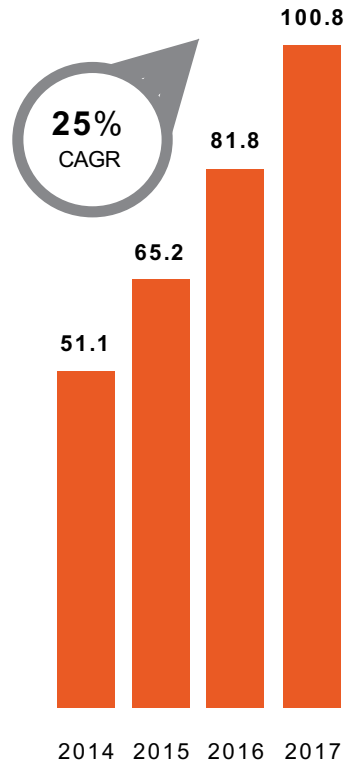
In today's world, the ability to respond to change is more important than the plan

# Investment Highlights – High Growth SaaS Model

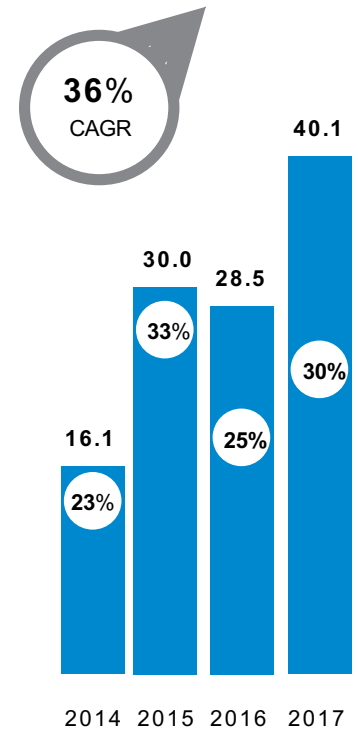
US Dollars  
(Millions)



TOTAL REVENUE<sup>2</sup>



TOTAL SUBSCRIPTION REVENUE<sup>2</sup>



ADJUSTED EBITDA<sup>1,2</sup>

## STRONG REVENUE VISIBILITY

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure, for reconciliation of Adjusted EBITDA to profit before income taxes, please see "Management's Discussion & Analysis"

<sup>2</sup> Based on IFRS standards applicable at the time

# Investment highlights

1

**Industry-recognized, disruptive SaaS product**

2

**Growing blue chip customer base**

3

**Growing list of partners providing scale**

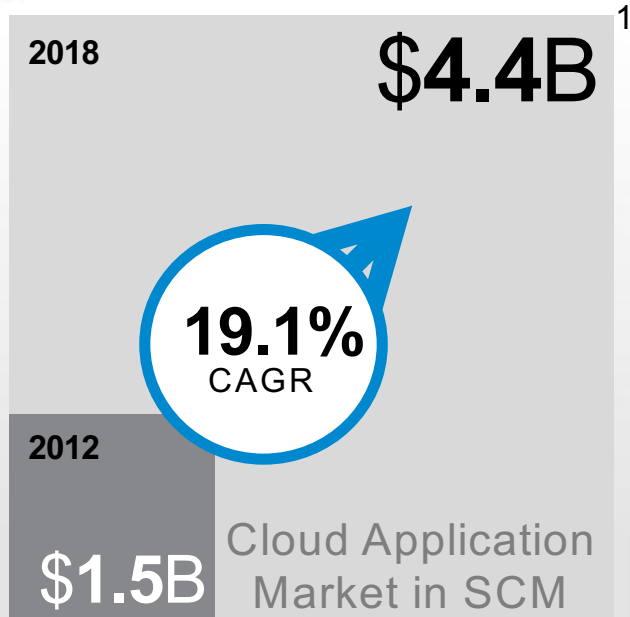
4

**Investing for accelerated growth, strong profitability**

5

**Strong management team**

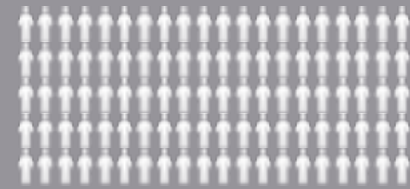
# Rapidly growing market for SaaS-based SCM solutions



<sup>1</sup> Forecast: Public Cloud Services, Worldwide, 2012-2018 2Q14 Update, 25 June 2014

<sup>2</sup> Kinaxis internal study

## Kinaxis' market opportunity<sup>2</sup>



**~100**  
Current customers

**2,000<sup>2</sup>** 

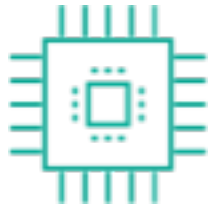
Opportunities in current market verticals served



**5,000<sup>2</sup>** 

Total potential opportunities

# Proven across multiple market verticals



**HIGH TECH AND  
ELECTRONICS**



**AEROSPACE  
AND DEFENSE**



**INDUSTRIAL**



**LIFE SCIENCES AND  
PHARMACEUTICALS**



**AUTOMOTIVE**



**CONSUMER  
PACKAGED GOODS**



# Blue-chip customers



# Industry-recognized leader/visionary in supply chain



Magic Quadrant for Sales and Operations Planning Systems of Differentiation



Given the configurability of RapidResponse, it is an ideal solution to take Enterprise companies through the various stages of supply chain maturity.

**OUR STRONG POSITIONING INFLUENCES C-SUITE INVESTMENT DECISIONS**



**NUCLEUS RESEARCH**

*“...provides a consolidated view of the entire supply chain, allowing real-time modeling and collaboration...to plan for expected performance, monitor progress and respond to issues”*

This graphic was published by Gartner, Inc as part of a larger research document and should be evaluated in the content of the entire document. The Gartner document is available upon request from Kinaxis. Disclaimer: Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Source: Gartner; As of May 2017

# Partner program driving growth and scale

Strategic/  
Influence  
Partners



Services  
Partners



Resellers  
(Japan)



- Recruitment
- Enablement
- Co-development
-



# Supply chain planning needs a revolution

## Barriers to performance



Market uncertainty



Long time to detect



Long time to correct



Long decision cycles

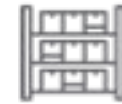


Inability to collaborate

## Impact on performance



Revenue at risk



Inventory obsolescence



Unfilled customer orders

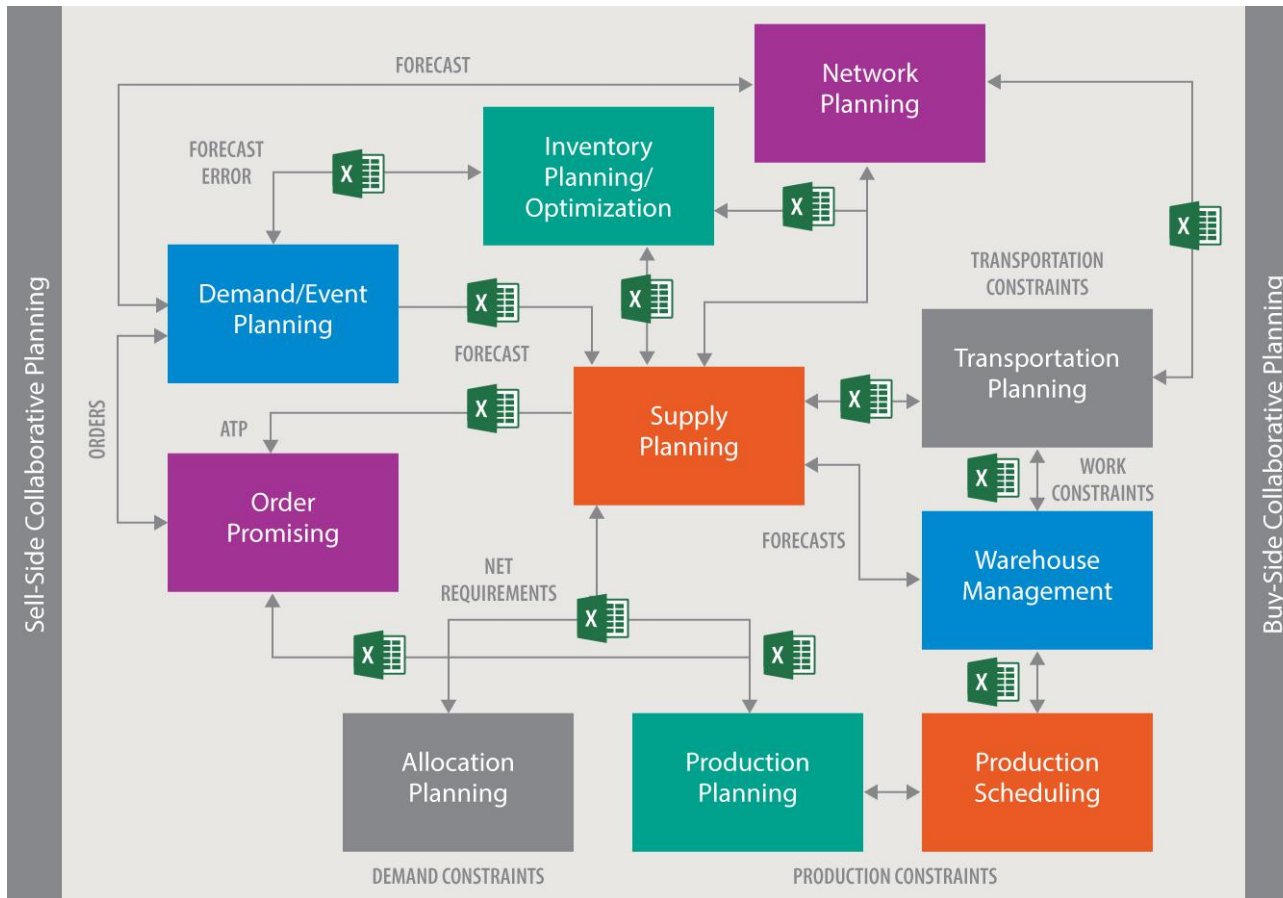


High expediting costs



Excess capacity

# Modular, functional, cascaded supply chain planning has failed



- Cascaded planning
- Loosely coupled
- Excel dependent
- Narrow functions
- Individual apps and processes
- Optimization focused

Processes are siloed and legacy solutions only reinforce that.

# Kinaxis connects the enterprise

- Concurrent planning!
- Single solution
- Seamless processes
- Integrated
- Cloud



End-to-end solution across multiple ERPs  
**Processes are connected, demand driven**



# Actual customer results

## Improved On-Time Delivery



PLANNING  
CYCLE<sup>1</sup>



Days to Minutes

ASSESSMENT OF  
DEMAND PLAN<sup>2</sup>

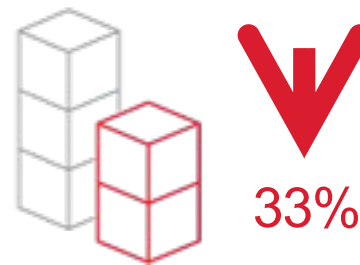


OVERALL PRODUCT  
LEAD TIMES<sup>2</sup>

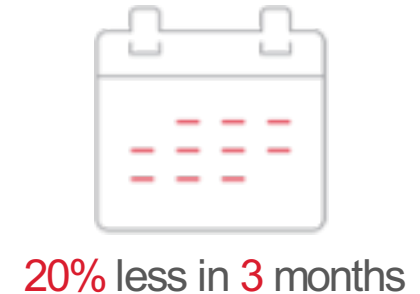


CUSTOMER ORDER  
CHANGES<sup>2</sup>

## Lower Inventory Costs



FINISHED GOODS  
INVENTORY<sup>2</sup>



FINISHED GOODS  
INVENTORY<sup>3</sup>



INVENTORY  
PRODUCTIVITY<sup>2</sup>



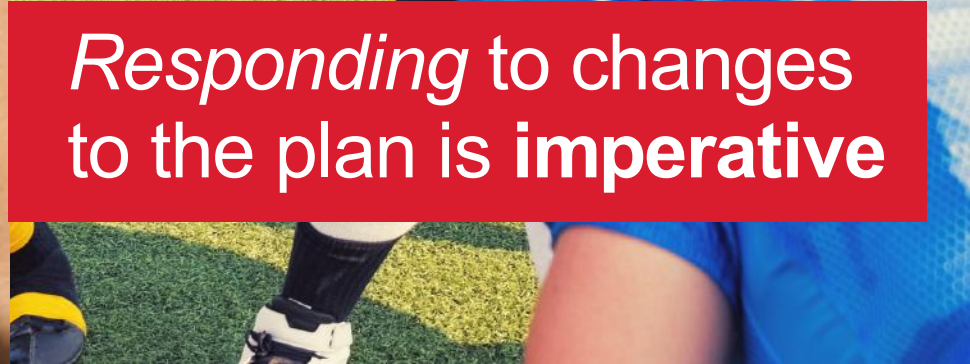
ABNORMAL  
SCRAP<sup>4</sup>

<sup>1</sup> TechFact, TVID:CD2-40A-D90 <sup>2</sup> Kinaxis Internal Study <sup>3</sup> TechFact, TVID:589-4FF-2F6 <sup>4</sup> TechFact, TVID:1A2-249-46E

Planning is important



*Responding to changes to the plan is imperative*



# Business model provides visibility, stability & growth

## VISIBILITY

~80%

FORWARD TWELVE-MONTH REVENUE

## STABILITY

>100%

NET REVENUE DOLLAR RETENTION

## SUSTAINABILITY

2-5

YEAR CONTRACTS

## SUBSCRIPTION REVENUE GROWTH

~65%

FROM NEW NAME ACCOUNTS

~35%

FROM EXISTING CUSTOMERS

Multiple levels in revenue model:

- Discretionary pricing model
- Number of sites
- Renewal price escalator
- Number of applications
- Number of users



# Financial results

\$ in USD millions	IFRS 15/16 <sup>1</sup>	Pre-IFRS 15/16 <sup>1</sup>		
	Q1 2018	Q1 2018	Q1 2017	Change
<b>Total Revenue</b>	\$36.8	\$35.9	\$32.5	10%
<i>Subscription Services</i>	\$26.0	\$29.5	\$23.9	24%
<i>Subscription Term Licenses</i>	4.5	-	-	-
<b>Total Subscription Revenue</b>	30.5	29.5	23.9	24%
<b>Gross Profit (margin)</b>	\$26.7 72%	\$25.7 72%	\$22.2 68%	16%
<b>Profit</b>	\$4.6 (0.17/diluted share)	\$3.2 (0.12/diluted share)	\$3.2 (0.12/diluted share)	-
<b>Adjusted EBITDA<sup>2</sup> (margin)</b>	\$12.5 34%	\$9.2 26%	\$8.5 26%	8%
<b>Cash flow from operating activities</b>	10.5	10.5	10.3	3%

<sup>1</sup> This is the first quarter that Kinaxis has adopted IFRS 15, using the cumulative effect method, and IFRS 16, using the modified retrospective approach, and an initial date of application of January 1, 2018. Accordingly, the information presented for 2017 has not been restated. See the Kinaxis' financial statements and MD&A for the three months ended March 31, 2018 for further information.

<sup>2</sup> Adjusted EBITDA is a non-IFRS measure. For reconciliation of Adjusted EBITDA to profit before income taxes, please see "Management's Discussion & Analysis"

# Financial guidance

**FY 2018**

\$ in USD millions

**IFRS 15/16**

**Pre-IFRS 15/16<sup>1</sup>**

<b>Total Revenue</b>	\$150 - 154	\$158 - 163
<b>Subscription Services</b>	\$109 - 111	\$23 - 26% growth
<b>Subscription Term Licenses</b>	\$7 - 8	-
<b>Adjusted EBITDA margin<sup>2</sup></b>	24 - 27% of revenue	23 - 26% of revenue

<sup>1</sup> Based on IFRS standards in effect as at December 31, 2017

<sup>2</sup> Adjusted EBITDA is a non-IFRS measure, for reconciliation of Adjusted EBITDA to profit before income taxes, please see "Management's Discussion & Analysis"

# Strong team

## MANAGEMENT TEAM

### John Sicard, Chief Executive Officer

- Key contributor to the architecture and development of Kinaxis since 1994

### Richard Monkman, Chief Financial Officer

- CFO since 2005; high-tech finance experience (public and private)

### Paul Carreiro, Chief Revenue Officer

- Joined Kinaxis September 2017
- Diverse global, operations and sales management experience at both Infor & SAP

### Jay Muelhoefer, Chief Marketing Officer

- Joined Kinaxis March 2018
- Extensive experience as CMO and a product leader in SaaS environments, at companies like PTC, IBM and Platform Computing

### Gelu Ticala, VP Product Development

- Joined Kinaxis in 2000 as an analytics software developer
- Manages the architecture, design, development, and testing of RapidResponse

## BOARD OF DIRECTORS

### Ian Giffen (Chair)

- Serves as an advisor and/or director to technology companies and investment funds
- Director at Absolute Software and a number of private companies

### Ronald A. Matricaria

- Former CEO of a prominent health care organization
- Has over 35 years of medical device and pharmaceutical experience

### Angel Mendez

- Former SVP Cisco Technology;
- Previously SVP of Global Operations, Palm

### Jill Denham

- Former Vice Chair at CIBC Retail Markets, and Director of the OTPP Board
- Director at the National Bank of Canada and Chair of the Board of Morneau Shepell

### Bob Courteau

- CEO of Altus Group Limited
- Previous corporate executive with SAP AG

### John Sicard, Chief Executive Officer

- CEO of Kinaxis



# Kinaxis' growth focus

1

**Land & expand model**

2

**Ongoing penetration of new vertical markets**

3

**Expand direct sales team, leverage channel partners**

4

**Invest in further product innovation**

5

**Invest in new data centres**

**MULTIPLE OPPORTUNITIES TO INCREASE MARKET PENETRATION**

*Kinaxis*<sup>®</sup>

KNOW SOONER. ACT FASTER.