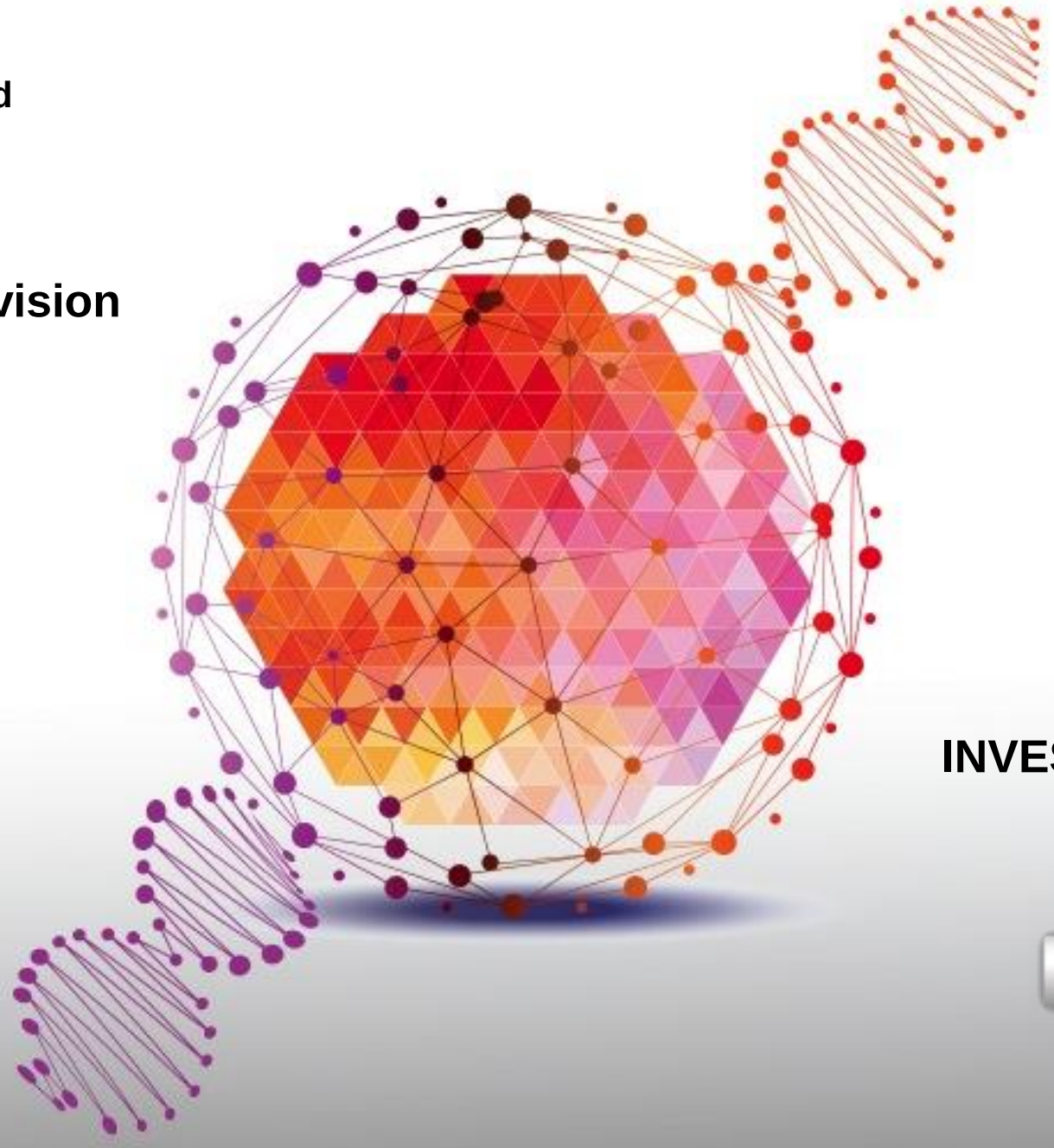
Linius Technologies Ltd

ASX: LNU

Transforming Television



INVESTOR PRESENTATION

April 2016

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By 2019, the world's internet traffic will exceed 180 billion gigabytes per month. More than 80% of that traffic will be video. More than two thirds of it will go to mobile devices and to TVs.

Cisco, 2015

Linius Technologies Ltd



Linius Technologies Ltd (ASX: LNU) joining the ASX in May 2016



Raised $3.5 million via public offer to develop product and prepare for commercialisation



Unique, patented and revolutionary technology for the video broadcasting industry



Indicative market capitalisation of $25.6 million at five cents per share



Linius is targeting the ‘holy grail’ of TV advertising — taking truly personalised ads from the internet into your living room. Its innovative, deep technology is designed to dramatically simplify the manipulation and delivery of internet video.

Investor Highlights



Transformative video technology set to disrupt several multibillion-dollar markets



A compelling offer to enterprise customers, offering significant potential to cut costs and boost revenue



First technology partner signed to showcase Linius' capabilities in personalised advertising



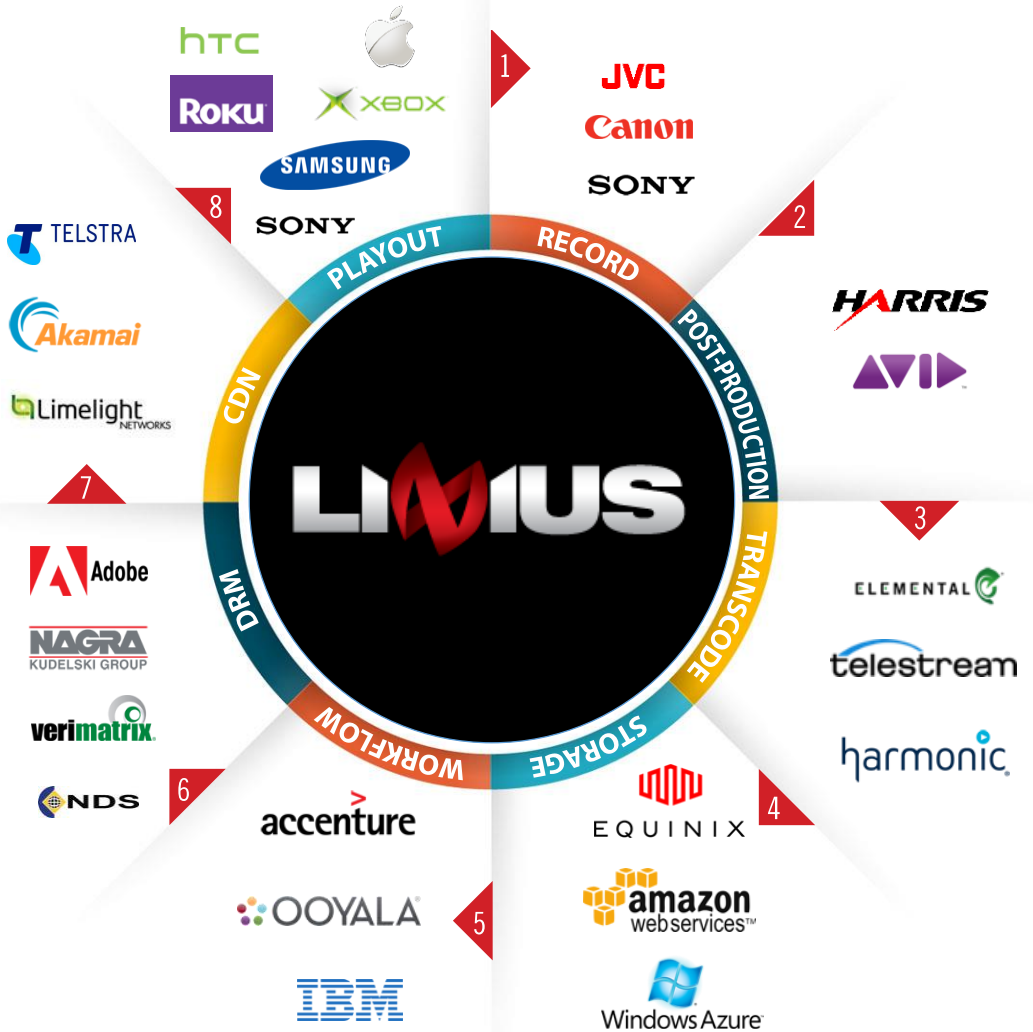
Lean corporate structure with deeply experienced board and management team

The global video value chain

- The existing video workflow process is a legacy of pre-digital video days. Managing video assets is **a complex, labour-intensive and expensive ordeal** for infrastructure providers, content owners and broadcasters

- Instances of each video file multiply down the chain to support many different formats and devices. The internet was not designed to handle these large, inflexible files

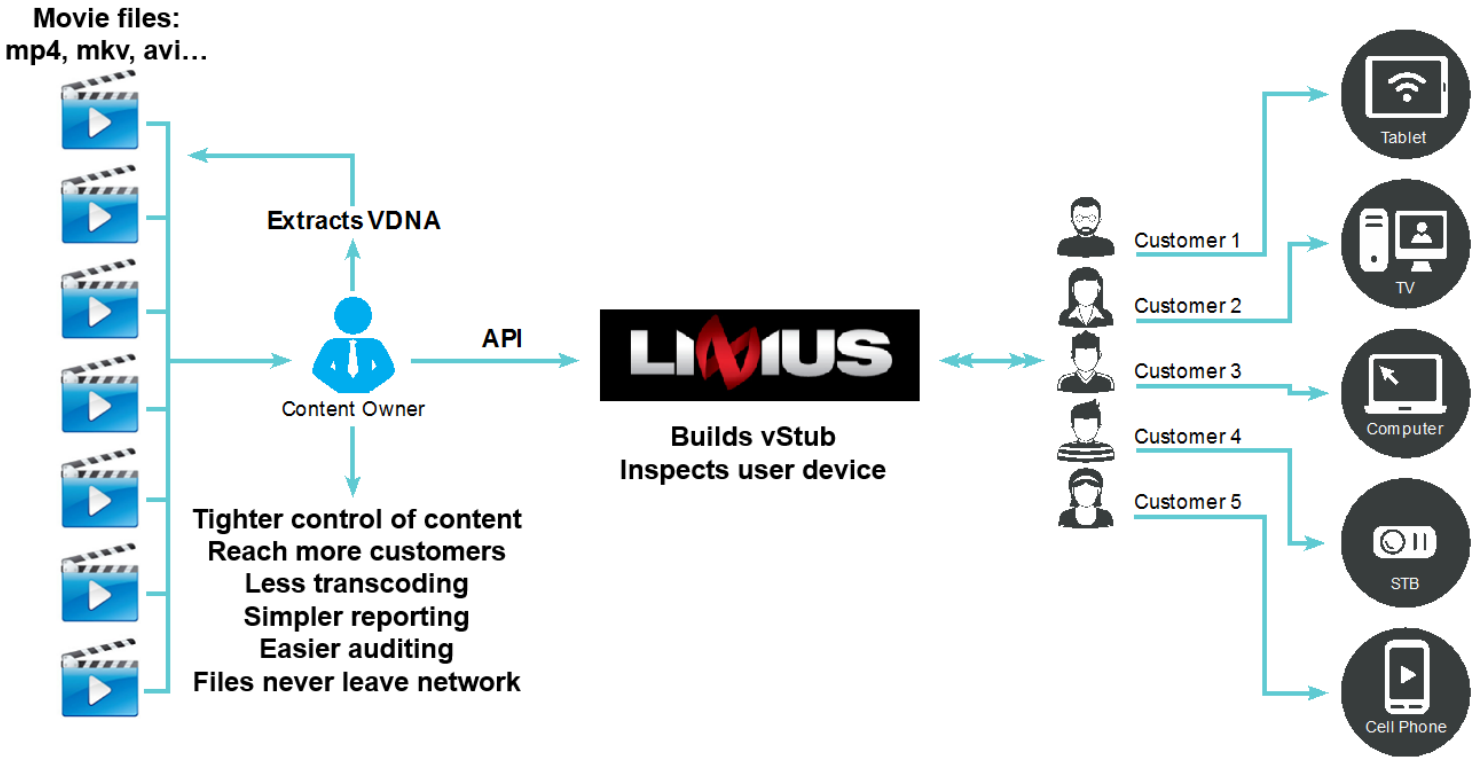
- The video value chain was **worth more than US$16.5 billion** in 2014[1] and is growing strongly, but is bloated with costs through the eight steps from recording to audience playout



1: Accustream Research, 2014

Enhancing the DNA of internet video

Linius **removes complexity** from video workflow by managing data within the file at the source



The Linius technology extracts a tiny index file (a ‘vStub’) from a video asset. Modifying the vStub lets users edit and manage video — leaving the vast bulk of the file (the ‘VDNA’) untouched

Linius is designed to help users execute work that currently demands crunching several huge multi-gigabyte files by, instead, dealing with **only a few kilobytes of data**

Industry Impact

Integrating the Linius technology into key parts of the video workflow process should dramatically cut the labour and capital costs of storage and distribution



Although potentially applicable throughout the digital video value chain, Linius will initially target three multibillion-dollar industry segments: the transcoding, delivery and playout markets



Enabling new monetisation models by helping TV broadcasters to deliver a unique, personalised video stream to each audience member



Targeting TV personalisation



Global TV ad spend: $193 billion (Magna Global, 2015)

- With current technology, it is practically impossible for a cable company or internet broadcaster to deliver a unique version of a video to each consumer
- Integrating the Linius technology should let cable and internet TV operators serve viewers the same kind of **personalised advertising** experience that we currently expect online
- Customising a unique video stream for each audience member unlocks significant new **revenue opportunities** for content presenters
- Personalised, targeted advertising secures an average of **2.7x the revenue per ad** of non-targeted 'run of network' campaigns[1]

1: Network Advertising Initiative, 2010

Cutting the cost of delivering video

> *Video content delivery networks (CDNs) serve content to end-users through proxy servers in data centres distributed globally. CDNs push multiple copies of images, websites and videos closer to end-users, allowing quicker consumption*

- A large and growing market, worth **US$4.6 billion in 2017**, with video representing 81% of total value[1]
- A commodity market that faces substantial price pressure as the number of videos streamed each day increases significantly
- The biggest CDNs have thousands of points of presence globally. **Every competitor in the CDN market is a potential Linius customer**
- Applying the Linius technology could remove the need for CDNs to host and serve multiple versions of each file. This presents CDNs with a **direct, linear cost reduction opportunity**

1: Informa UK, 2012

Disrupting the transcoding market

> *The direct digital-to-digital conversion of one encoding format to another…adapting content for playback on different devices*

ateme envivio. telestream harmonic

- Transcoding firms convert master copies of digital video files between formats and to various aspect ratios and quality levels. They create **dozens of large versions of each video**.
  One TV studio transcodes more than 300 versions of its titles to support all formats and devices[3]

- **A US$1 billion industry**[1] set to grow at a compound annual rate of 15% through to 2019[2]

- Linius has the opportunity to almost entirely remove the need to transcode video.
  A huge cost-cutting opportunity for the video distributors that buy transcoding services

Google facebook amazon Microsoft Azure

1: Frost & Sullivan, 2014
2: Infiniti Research, 2015
3: PWC. 2014

Marketing strategy

1

With a B2B software licensing model, Linius is **pursuing showcase deployments** in the three targeted markets around the world to demonstrate the value of its technology

2

As showcase deployment progresses to confirms the software's capabilities, Linius will market these achievements to potential partners through the digital video value chain to **fast-track commercialisation**

3

Flexible revenue model: options include a one-time license fee per unit, an encoding fee per transaction or other fees based on integration with advertising engines and workflow tools

4

First deployment partnership agreed with Digisoft.tv Ltd, a global provider of set-top box software and media delivery solutions to pay TV operators

Digisoft will integrate the Linius technology with its own software as a means to achieve on-the-fly personalisation of TV advertising content

digisoft.tv
reimagine television

Talented board & management team



Chris Richardson

Executive Director and CEO

Chris is an accomplished internet video executive with more than 20 years' experience leading tech companies in the US, Europe and Asia. He has served in managerial roles for several Silicon Valley start-ups including U4EA Wireless and NextHop Technologies. Prior to founding NextHop, Chris helped to build the early internet as a software engineer at MERIT Networks, and was Visiting Professor of Internet Routing at St Petersburg State Technical University in Russia.



Stephen McGovern

Non-Executive Director

Stephen has more than 20 years' experience as an executive in telecommunications, media sales and pay TV, and is managing director of cloud call recording company Dubber Corporation Ltd [ASX: DUB]. He has led several established companies, both domestically and internationally, which have penetrated new and emerging markets and have required a strong sales and solutions focus.



Stephen Kerr

Executive Director and CFO

Stephen is a qualified chartered accountant and chartered company secretary. He has more than 15 years' experience as a CFO and governance professional, having held senior finance positions in private and publicly listed companies in IT, business services, logistics, transport and life sciences.



Gavin Campion

Consultant

Gavin has founded, directed and invested in a number of digital media and software companies, including Reality Group, Shoppers Advantage and Sputnik Group. From 2012 to 2015 he led the commercialisation and successful ASX listing of knowledge management platform provider Knosys Ltd [ASX: KNO].

Initial capital structure and commitments schedule

Capital Structure	Shares	Options	Performance Shares
Securities on issue as at date of Prospectus	119,511,308	14,527,554	
Shares issued under the Prospectus pursuant to the Public Offer	70,000,000	-	-
Securities issued under the Prospectus pursuant to the Consideration Offer	250,000,000	-	200,000,000
Shares issued under the Prospectus pursuant to the Conversion Offer	17,500,000	-	-
Shares issued under the Prospectus pursuant to the CPS Offer	5,000,000	-	-
Options issued to Directors		17,500,000	
Options issued to Gavin Campion (or his nominee)		41,000,000	-
Options issued to Avitus Capital (Pty Ltd) or its nominees)	-	3,000,000	-
Shares issued upon conversion of Class A Performance Shares	50,000,000	-	(50,000,000)
TOTAL	**512,011,308**	**76,027,554**	**150,000,000**

Shareholder	Total Units	%
PHOENIX MYRRH TECHNOLOGY PTY LTD	250,000,000	48.827
EARTHRISE HOLDINGS PTY LTD <CAMPION INVESTMENT A/C>	22,500,000	4.394
UBS NOMINEES PTY LTD	11,919,500	2.328
STEVE MCGOVERN NOMINEES PTY LTD	10,000,000	1.953
NALEY PTY LTD	10,000,000	1.953

Approximately one third of company to be owned by board and management on achievement of performance milestones (subject to escrow restrictions)

Allocation of funds	($)	($)	%
Linius product development			
Developer personnel	1,320,000		
Related party and deemed promoter fees and salaries	180,000		
Sub-total		1,500,000	43%
Sales, marketing and administration			
Showcase deployments, marketing and promotions, general administration and other expenses	745,783		
Related party and deemed promoter fees and salaries	359,700		
Sub-total		1,105,483	32%
Corporate Overhead		184,500	5%
Costs of the Offers		355,484	10%
Working Capital		354,533	10%
Total		**3,500,000**	**100%**

The path to value creation



- **Showcase the revolutionary Linius technology through trials with several new technology partners in 2016**
- **Derisking for investors via proof of concept, demonstrating value and preparing for commercialisation**
- **Core patents granted in all key jurisdictions and company will seek to extend the patent portfolio**
- **Targeting fast-growing multibillion-dollar markets; low overheads should constrict cash burn**

A unique opportunity



Developing patented technology with global distribution potential throughout the digital video value chain



Enabling content presenters to personalise TV ads to individual viewers on the fly



Linius Technologies joining the ASX in May 2016 via reverse takeover of FIE



Raised $3.5 million in oversubscribed offer at five cents per share

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