



Annual Shareholder Meeting – January 7, 2014

ARI Network Services, Inc.  
(ARIS)

# Safe Harbor Statement

Statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. The forward-looking statements can generally be identified by words such as "believes," "anticipates," "expects" or words of similar meaning. Forward-looking statements also include statements relating to the Company's future performance, such as future prospects, revenues, profits and cash flows. The forward-looking statements are subject to risks and uncertainties, which may cause actual results to be materially different from any future performance suggested in the forward-looking statements. Such risks and uncertainties include those factors described in Part 1A of the Company's annual report on Form 10-K for fiscal year ended July 31, 2013, filed with the Securities and Exchange Commission and on subsequent filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements. For more information, please refer to the Company's filings with the Securities and Exchange Commission.

During this presentation, we will discuss GAAP measure such as Net Income, as well as certain non-GAAP measures such as EBITDA. We have posted on [www.investor.arinet.com](http://www.investor.arinet.com), a reconciliation of these no-GAAP financial measures to the most comparable financial measures under GAAP.

## Shareholder Proposals

- Proposal # 1: Election of Directors
- Proposal # 2: Approval of Company's Amended and Restated 2010 Equity Incentive Plan
- Proposal # 3: Approval of amendment to the Company's 2000 Employee Stock Purchase Plan
- Proposal # 4: Advisory vote to approve named executive officer compensation
- Proposal # 5: Advisory vote on the frequency of the advisory vote on the compensation of our named executive
- Proposal #6: Ratification of Auditors

# Agenda

- FY13 Review
- ARI Today
- ARI Strategy
- Recent Events
- FY14 Outlook & Focus
- Q&A

*FROM FY13 SHAREHOLDER MEETING  
LAST YEAR*

**FY13 STRATEGY AND GOALS**

## FY13 Outlook

- Expect a continuing recovery in the verticals we serve ✓
- We expect double digit revenue growth – **33.8%**
  - *Before Acquisition* ✗
- Expect continued improvement in operating income, cash flow & EBITDA from base business
  - Expect Acquisitions to be accretive to EPS in FY14 – **EBITDA NOT EPS**
- Continue to improve cash flow from operations – (**\$3.6M<sup>1</sup> vs. \$3.5M**)
- Expect the Q2-Q4 FY13 to be impacted by acquisition deal costs – **\$1.2M**
- Expect key new product launch in Feb 13 ✓
- Continue to reduce churn through increased focus and product enhancements – **12.8% vs. 13.4% FY12** ✓

<sup>1</sup>Adjusted cash flow

## FY13 Key Focus Areas

- Complete and Launch new Products – **COMPLETED**
- Acquisition Integration – **65% - 75% COMPLETE**
  - Rationalize Cost Structure
- Optimize Financial Performance and Capital Structure - **COMPLETED**
  - Refinance debt
- Improve Sales Productivity – **FY14 YTD ACV SALES UP 27.9%**

## Increasing Shareholder Value

- Average Price up 102%
  - 12/31/12 vs. 12/31/13 up 101%
- Average Volume up 86%
- Uplisted to NASDAQ Dec. 9, 2013
  - Conference call participation continues to improve
  - Several new Investors





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[www.investor.arinet.com](http://www.investor.arinet.com)

# ARI TODAY

# What do we do?

We Help Our Customers

# SELL MORE STUFF!™



## Online

- eCommerce Enabled Websites
  - Leads
  - OEM Parts
  - Aftermarket Parts, Garments & Accessories (PG&A)



## In-Store

- OEM parts lookup
- Aftermarket PG&A lookup
- Lead Management

# Who are our Customers?

## Our Customers are

- Dealers
- Distributors
- Manufacturers (OEM)

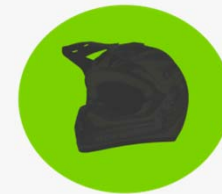
## What “Stuff?”



Whole Goods  
(Bike, Boat, RV)



OEM Parts



Aftermarket Parts, Garments  
& Accessories (PG&A)



Service

## Markets We Serve

Wheel & Tire



HME



Powersports



Outdoor Power



Marine



Whitegoods



RV



**GROWTH**

**CORE**

# How do we help?

## Websites



- ✓ Web presence
- ✓ Platform for driving leads and eCommerce sales

## eCatalogs



- ✓ Increases sales in Dealership
- ✓ Improves customer satisfaction

## Lead Management



- ✓ Increases sales by closing more leads
- ✓ Increases customer satisfaction by delivering a better experience




## Content

- ✓ OEM Parts
  - 120+ Manufacturers
  - 500K Models
  - 10MParts

- ✓ Aftermarket PG&A
  - 1,400+ Manufacturers
  - 500K Parts

- ✓ Whole Goods
  - 315 Manufacturers
  - 176K Models

# Business Model

	<b>Websites</b>  WEBSITE SMART	<b>eCatalogs</b>  PARTSMART	<b>Lead Management</b>  FOOTSTEPS
SaaS	✓	✓	✓
Subscription		✓	
Transaction / Usage Fees	✓	✓	✓
<i>ARPD = Average Revenue Per Dealer</i> <i>*includes growth from acquisitions</i>	49% of Total Revenue ARPD: \$3,300 Growth: 174%*	43% of Total Revenue ARPD: \$1,200 Growth: 2.8%	5% of Total Revenue ARPD: \$1,500 Growth: 0%

Data as of and for the TTM ending Oct. 31, 2013



# ARI STRATEGY

## Strategic Goals

- To become the leader in selected markets in providing SaaS based solutions that help our customers sell more stuff.
- Grow the business top-line at a double digit rate.
- Grow earnings faster than revenue.

## Our Vision

- Provide an environment that attracts and retains the finest employees
- Providing technology enabled services that help our customers sell more stuff
- Providing those services to Dealers, OEM's and distributors, service providers and consumers
- Providing those services in selected vertical markets
- Where the finished goods are complex equipment requiring service and sold through primarily an independent dealer channel



# Strategic Foundations

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- Nurture and retain existing customers through world class customer service and product feature upgrades
- Drive organic growth through innovative new service offerings, differentiated content and geographic expansion
- Lead the market with open integration to related platforms
- Successfully execute acquisitions that align with our core strategy

# Growth Drivers

<b>New Markets</b>	<ul style="list-style-type: none"> <li>✓ 50 Below had the leading market share in the fast-growing automotive tire and wheel market with more than 2,000 dealer websites. With 18,000 tire and wheel dealers and over 80,000 aftermarket auto dealers, this market is bigger than all of our current markets combined.</li> <li>✓ Home Medical Equipment – 25,000 Potential Customers</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>✓ Acquisitions that Align with our Strategy</li> </ul>
<b>New Products</b>	<ul style="list-style-type: none"> <li>✓ Aftermarket Product Launched February 2013</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Others Coming</li> </ul>
<b>Global</b>	<ul style="list-style-type: none"> <li>✓ Additional Content Aimed at International Markets</li> </ul>
	<ul style="list-style-type: none"> <li>✓ New Product that Supports Growth in BRIC Markets</li> </ul>



# RECENT EVENTS

## Recent News

### Acquired DUO Web Solutions (November 2013)

- Expands our skill-set and product offering in the Digital Marketing space

### Debt Refinancing & New Commercial Banking Relationship (April 2013)

- \$4.5M Senior Debt Refinanced @ 3.25%
- \$3M Revolving Credit Facility

### Closed \$4.8M Private Placement (March 2013)

- Issued 3.2M Shares (1.06M warrants)
- Reduced Debt by approximately \$4.5M

### Acquired Competitor - 50 Below (November 2012)

- Aligns with Strategy in 2 Ways
  - New Markets (Tire & Wheel, Medical)
  - Scale – On-boards 3,700 Dealers (Website)



# FY14 OUTLOOK & FOCUS

## FY14 Outlook

- Continued Improvement in the Verticals We Serve
- Launch New Product
- Expand Our Offerings in the Auto Aftermarket
- Largely Complete Integration of 50 Below
- Improved Sales Productivity
- Improved EBITDA vs. FY13
- Reduce Churn
- Q1 & Q2 impacted by Sales & Marketing Investments

## FY14 Key Focus Areas

- Launch New Product
- Auto Aftermarket
- Grow Current Verticals
  - HME
  - W&T
- Grow Digital Marketing Services
- Finish Building Scalable Infrastructure

**Q&A?**  
*Thank You!*