



Australian Stock Exchange
Company Announcements Platform
18 June 2014

UXC Limited
ABN 65 067 682 928

MARKET ANNOUNCEMENT

UXC Investor Briefing

UXC Limited hereby releases the attached presentation to be given by the Managing Director, Mr Cris Nicolli.

An investor teleconference has been scheduled for 8.30am Thursday 19 June. Investors can access the call via the following link: <http://www.openbriefing.com/OB/1423.aspx>

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ABOUT UXC LIMITED

UXC Limited is an S&P/ASX 300 listed Australian business solutions company, and the largest Australian owned ICT consultancy firm. UXC services medium to large entities in the private and public sectors across Australia and New Zealand.

UXC provides a range of unique, unmatched and formidable ICT Solutions in Consulting, Business Applications and Infrastructure that support our customers to plan & design, implement & enhance, and operate & manage their ICT requirements.

UXC strives to create simplicity and meaning in a complex world through the power of people and technology, by being the leading Tier 1 Australian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people.



UXC Limited
Investor Update Presentation June 2014

BUILDING THE FUTURE:

Enhancing UXC's Growth Platform

Cris Nicolli
Managing Director

Conference call : 8.30 am Thursday June 19 2014

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Disclaimer

The material that follows is a presentation of general background information about the UXC Limited Group's activities current at the date of the presentation, 18 June 2014.

It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

These should be considered, with or without professional advice when deciding if an investment is appropriate.



FY14 Earnings Update

Key Points

2nd Half Revenue anticipated between \$350m to \$360m (+11% to +12%) pcp.

Full year Revenue anticipated to between \$640m to \$650m (+8% to +9%) pcp.

2nd Half Underlying EBITDA anticipated between \$23.2m to \$25m (+5% to +12%) pcp.

2nd Half Underlying PBT anticipated between \$17.2m to \$19m (-3% to +6%) pcp.

(impact of 2nd half interest expense)

Full Year Underlying EBITDA anticipated between \$35.2m to \$37m (-4% to +1%) pcp.

Full Year Underlying PBT anticipated between \$25m to \$26.5m (-13% to -8%) pcp.

(impact of 2nd half interest expense and 1st half performance)

FY14 Earnings Update

Key Points



Acquisitions

Completed and fully integrated 3 key strategic acquisitions in the Applications segment:

FY15 REV est.

- > Two in Australia to expand our footprint in emerging growth solutions
(UXC Keystone, UXC White Labelled) Both going well with strong contribution from UXC Keystone \$40- \$43m
- > One in North America to further leverage our investment in a high growth market for
Microsoft ERP AX (assets and staff acquired from Tectura). \$45- \$48m
Very good integration. Earnings for April – June on track.
- > Two additional small acquisitions have been completed in June 2014 and will be fully integrated. \$7-\$10m
(Oracle and SAP Application Segments)

Net Debt

Expect Net Debt to be around \$34m - \$38m. Comfortable with this level.

Project Delivery

Historical projects closed off. Delivery has been strong. No major issues and current large projects on plan and ETC. Improved processes in bidding, risk and delivery plus increased Project Manager direction provides increased transparency.

Strategy

Progress in Strategic Direction - Growth



We are building our business with our clients and expanding our range and reach of ICT solutions.

Continue to grow base and focus on mid to large Enterprise and Government clients.

Develop solutions for the CIO and CFO in the Management of IT to assist innovation in the business. **ServiceNow** and **Apptio** are examples.

Focused on improving earnings especially with improved Project and Risk Management.

250 medium to large projects being run - No major project issues and all prior issues closed. Improved risk and governance framework imbedded into business.

Continue to grow base and focus on mid to large Enterprise and Government clients especially longer term relationships and building the **Annuity Business**.

Re-signed all FY14 expiring Managed Services Contracts to a annual value of \$25m. New Managed Services Contracts won to the value of \$10m annually.

Geographic expansion progressing as expected.

NA integration with business of Tectura (assets and staff) has gone very well. Strong MS support and market growth encouraging.

WA improving with some strong wins.

SE Asia grows with small steps but ServiceNow provides a potential fast track set of opportunities. New acquisition (June) has SE Asia footprint.

Strategy

Progress in Strategic Direction - Applications



Applications market leadership increases

Core business continues to perform well. Still strongly supportive of following core vendor solutions and expanding our capabilities organically and through investments. (Picking key growth areas with core vendors).

Existing vendors are providing good opportunities. Strong cloud based CRM uptake. Further growth with ServiceNow, Apptio and others.

Have added to core with 2 small acquisitions in June. No impact on FY14 but will contribute \$7m-\$10m revenue in FY15.

Demand for core ERP solutions still strong but now augmented by SaaS and Cloud based solutions. Success with JDE in mid market (5 new wins), CRM across MS, Office 365, Azure and SAP Business One on Demand (NSEC).

North America provides a compelling market in MS Dynamics AX especially given positive view on integration of Tectura business.

UXC White Labelled winning strong business and leveraging good X sell. AWS Platinum partner.

ServiceNow portfolio is growing well. New client signings, increased consulting services demand, expansion of ServiceNow platform increasing services delivery is encouraging for future.

Increasing the level of Applications Management Services with new Director to be responsible for this area.

Breadth of Solutions Portfolio is a **MAJOR** differentiator and providing a growing list of opportunities.

Strategy

Progress in Strategic Direction - Cloud Applications:



ServiceNow - Achieved new level relationship as Platinum partner. UXC Keystone achieving targets expected. New clients up 15%. Big demand for services and increasing run rate. Adding new solution from Apptio.

Key partnerships with **Oracle, SAP, Microsoft** are delivering new SaaS and Cloud based opportunities. Success with JDE in mid market (5 new wins), CRM across MS, Office 365, Azure and SAP Business One on Demand (NZEC).

UXC White Labelled winning new large scale eCommerce hybrid projects – Qantas Epicure, Bookworld.

Platinum Partner with **AWS** and leading eCommerce Solution Provider.

Continue to invest in looking for SaaS based applications that can support the role of the CIO and applications for “differentiation” such as Ariba, Success Factors.

Combining UXC’s BI/Analytics capability with Amazon Redshift – AWS’ fastest growing solution – to deliver cloud based Business Intelligence solutions.

Growing opportunities in combining ServiceNow with Cloud Infrastructure Orchestration and Automation.

Overall SaaS and Cloud related business exceeds \$40m p.a. (est)

Strategy

Progress in Strategic Direction - Annuity Business



Have Increased the volume of Managed Services in Infrastructure and Applications.

Re-signed all FY14 expiring Managed Services Contracts to an annual value of \$25m. New Managed Services Contracts including Melbourne Water, Virgin Airlines and others won to the value of \$10m annually.

Appointed Senior Director ex IBM to drive additional investment to expand the range of Application Management and Support Services.

Investment in Software as a Service with ServiceNow is expanding this segment of our business. ServiceNow annuity up 20%

North American business has added strong annuity services in MS support.

Increasing opportunity with core Application Vendors with new SaaS and Cloud based options including JDE, SAP and eCommerce Solutions with AWS.

Strategy

Progress in Strategic Direction – North America



Good progress on building the business. Integration of Tectura (assets and staff) business has gone very well (2mths delayed).

Acquisition currently delivering run rate PBT after 3 months of integration. Minimal contribution to FY14 PBT after integration and acquisition costs.

Balance of NA practice in the Microsoft Dynamics market going to plan.

Developing USA practice in the Microsoft Dynamics Market is validated by strong growth rate in NA.

Will make further acquisitions after running Tectura for 6-12mths in this area to build \$100m+ NA business from current \$70m.

Growth prospects in this region exceed those available to us domestically.



Segment Margins

<u>UNDERLYING PBT</u>							
<u>MARGINS BY</u>	FY12	1HFY13	2HFY13	FY13	1HFY14	Normalised 1HFY14	New Exit Target
<u>SEGMENT</u>							
Consulting	6.0%	8.0%	3.4%	5.9%	8.1%	8.1%	9% -10%
Applications	10.4%	9.1%	10.7%	9.9%	8.2%	9.1%	11%-12%
Infrastructure	3.5%	2.0%	5.2%	3.9%	-.01%	2.7%	4.5%-5.5%
Total	7.1%	6.7%	7.5%	7.1%	5.2%	6.7%	

- Current targets to be achieved at start of FY15 year
- Fairly flat year on year by Operating Segment and in total
- Target margins continue as goal for longer term sustainability



Outlook

- The second half will be much stronger than the first and contribute disproportionately to the result for the year, particularly with respect to a full period contribution from the three acquisitions completed in the first half.
- First 3 months were variable but strong improvement in April to June.
- Margin growth and achievement of delivery improvement continues to be the highest priority.
- Continuing customer wins and renewals have maintained a strong back-log of work to be delivered.
- The issues in delivering and important project are now part of the past and lessons taken.
- Lessons learnt from delivering key projects have been implemented. Provides an increasing confidence in delivery capability and margin performance especially on larger projects.
- Continuing to move up the value chain and provide our customers with more services across service portfolios – Refer ServiceNow and Apptio.
- Improved cash position with substantial Q4 cash inflow.
- UXC is well placed strategically, advancing the footprint in new and emerging technologies and embarking on the next chapter of growth.
- Full year impact of new acquisitions, additional half year impact of 1st half acquisitions plus increase in activity provides confidence for growth in FY15.





WHAT MAKE US DIFFERENT

Being Australasian means more than local ownership and contribution to the economy



It's about building a business

Sustainable and Robust Leader in the IT Industry

Outstanding Applications portfolio capability with world leading vendors as core

Building and maintaining unique capability including CIO and Cloud centric solutions

Customer centric

Professional and respected by clients and the market

Committed to delivering great outcomes

Confident and humble in our approach

The place that people want to work and make a difference

Grows earnings and provides a good return to stakeholders

Nimble and able to make quick decisions



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QUESTIONS?

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