

19 August 2014

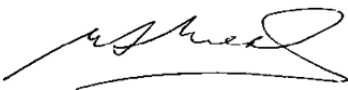
**The Manager
Company Announcements Office
Australian Securities Exchange Limited
(online lodgement)**

Dear Sir

RE: Investor presentation

Please find attached the FY2014 Full Year Results and Outlook to be presented to the investment community today.

Yours faithfully



Michael Miers
Company Secretary



FY2014 Full Year Results and Outlook

Neil Wilson
Managing Director and CEO

John Phillips
CFO



FY2014 Headlines

- Revenue \$164.3m (up 1.4% on the prior corresponding period), EBITDA of \$14.06m (down 3.2% pcp), NPAT of \$8.3m (down 9.1% pcp), diluted EPS of 9.2 cents (down 9%).
- Fully franked final dividend of 4 cents per share. Total dividend pay-out for the year of 8 cents per share (down from 9.5 cents per share pcp).
- Total production effort increased by over 11% on the pcp reflecting an increase in market share in all locations.
- Production (billable) hours from our India office (Hyderabad) in FY2014 increased to over 26% of total production effort (20% pcp). This increase impacts revenue and profit per FTE, however, this reduction is now being more than offset by growth in market share and Non Person Based Revenue (NPR).
- Continued investment in the Oakton Cloud and Applications business has continued to support the growing demand for cloud based “as a service” delivery models which has led to an increasing number of partnerships with “as a service” global technology providers. This has seen a significant increase in NPR in FY2014.



FY2014 Headlines (continued)

- Record sales year – up 20% on the pcp.
- Finished FY2014 with total backlog of \$140m (up 35% on pcp). FY2015 backlog at 46% (40% pcp) of FY2015 full year revenue budget which is targeted at a reasonable increase on the pcp. Backlog into FY2016 and beyond is at \$58m (\$35m pcp).
- Operating cash flow (before tax and interest) of \$11.22m giving a ratio of operating cash flow to EBITDA of 80% (pcp 119%). Cash reserves of \$2.35m at 30 June 2014 (\$6.95m pcp).
- Opened new offices in NSW and WA and refurbishments of our Hyderabad and Victorian based Managed Services centres.
- Ended June 2014 with 1,203 total staff (up 126 total staff pcp). India at 309 staff (up 71 staff pcp).



FY2014 Full Year Results - Detail

Profit and Loss - \$A millions	FY2014	FY2013
Revenue	\$164.33	\$162.00
EBITDA	\$14.06	\$14.53
NPAT	\$8.32	\$9.16
Diluted EPS (cents)	9.2c	10.0c

- NPAT impacted by increased interest costs and increased depreciation charge.
- WA office exceeded sales, revenue, profit and backlog targets in its second year of operation.

- Gross margin impacted by higher than expected NPR but at lower margin to create market share.
- Improved utilisation across the group, offset by rate pressure.
- Overhead margin includes \$1m of investment in Oakton Applications and Oakton Cloud enablement that has been expensed in FY2014.

As a % of revenue	FY2014	FY2013
Gross margin	20.39%	20.43%
Overhead margin	11.84%	11.46%
EBITDA margin	8.56%	8.97%
NPAT margin	5.06%	5.65%



FY2014 Full Year Results - Detail

Balance sheet - \$A millions	FY2014	FY2013
Cash	2.35	6.95
Receivables	41.03	35.87
Total assets	136.63	133.12
Borrowings	0.00	0.00
Total liabilities	32.48	29.93

- Increased WIP levels based on larger projects and managed service engagements.
- Days debtors increased due to the timing of some project milestone payments.
- Cash reserves of \$2.35m at 30 June 2014.

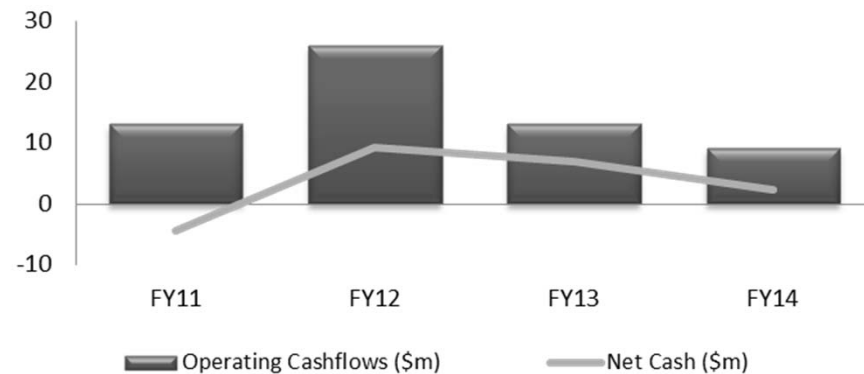
- Full year dividend payout ratio of 86% (93% pcp).
- Revenue per average FTE impacted by changing mix of consulting, implementation and managed services revenue, increased use of offshore and growth in NPR.

Other	FY2014	FY2013
Final dividend	4cf	4.75cf
Total Dividend	8cf	9.5cf
Revenue per average FTE	\$144k	\$153k
Utilisation	72.4%	71.6%
Days debtors	57 days	53 days



FY2014 Full Year Cash Flow Summary

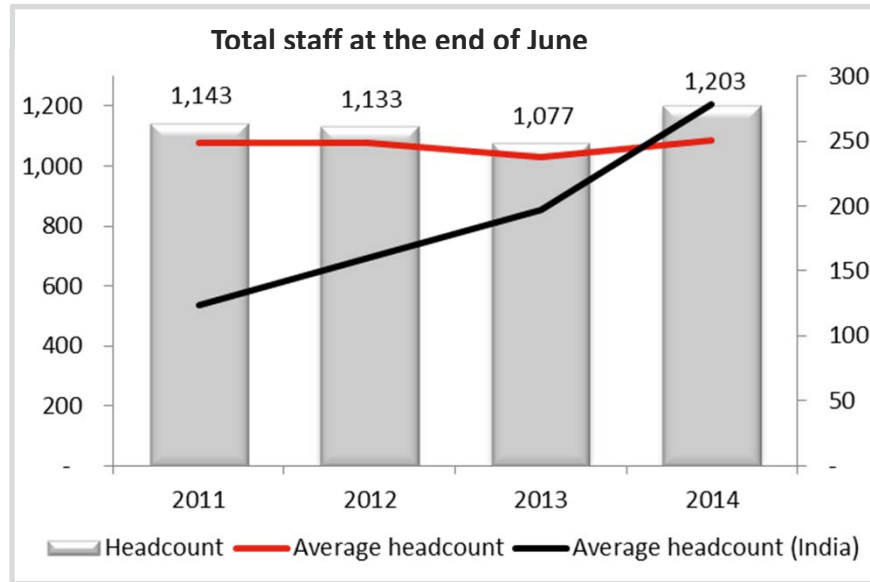
- Ratio of operating cash flow (before interest and tax) to EBITDA is 80% (119% pcp).
- 1H operating cash flow impacted by increased WIP levels based on larger projects and managed services. 2H operating cash flow significantly improved with EBITDA conversion to operating cash flow (before interest and tax) at 120%.
- Capex expenditure up as a result of new office fitouts in NSW, WA, Victorian Managed Service centre, further office expansion in India and increased investment in Oakton Applications.



Opening Balance		\$6.95m
Operating		
Net operating inflows	11.22	
Net interest paid	(0.24)	
Income tax paid	(2.29)	
Operating Cash Flow	\$8.69m	
Investing		
Capex	(5.53)	
Investments	(0.00)	
Total Investing	(\$5.53m)	
Financing		
Share issue	0.12	
Dividends	(7.87)	
Repayment of borrowings	0.00	
Total Financing	(\$7.75m)	
Closing Balance		\$2.36m



FY2014 Full Year People Summary



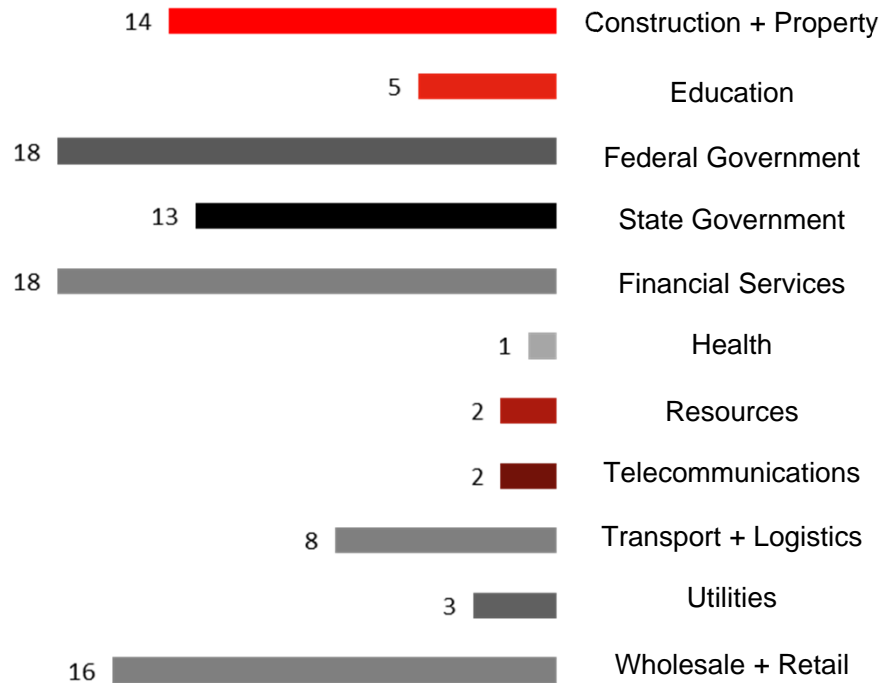
Year end totals	June 2014	June 2013
Victoria	361	340
New South Wales	232	234
ACT	176	176
Queensland	56	40
WA	23	10
India	309	238
National Support Services	46	39
Total	1,203	1,077

- Total contractors at 30 June were 124 (131 pc).
- Revenue contribution will not necessarily match on shore location headcount as a result of increased use of off shore capacity and increase in NPR.
- India continues to increase as a % of total workforce as demand for global pricing increases and is becoming a standard requirement for most customers.
- Staff churn levels are stable and employment engagement score continues to improve.
- Increase in National Support Services headcount reflects establishment of Group Services function to drive efficiency which is effectively a reallocation of staff from operating locations.

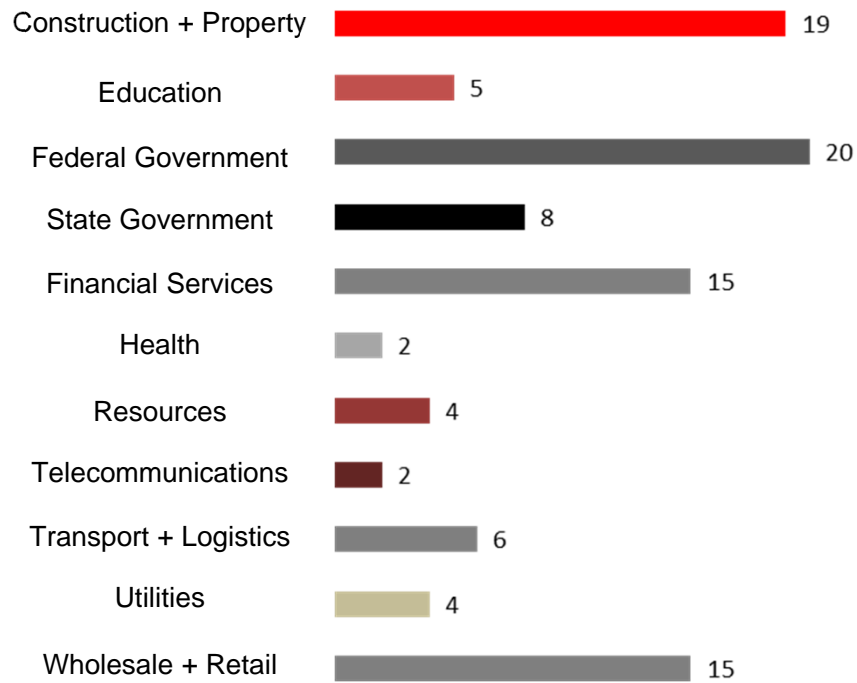


Industry revenue spread and outlook

FY2014 Industry Sector Analysis (%)



FY2013 Industry Sector Analysis (%)



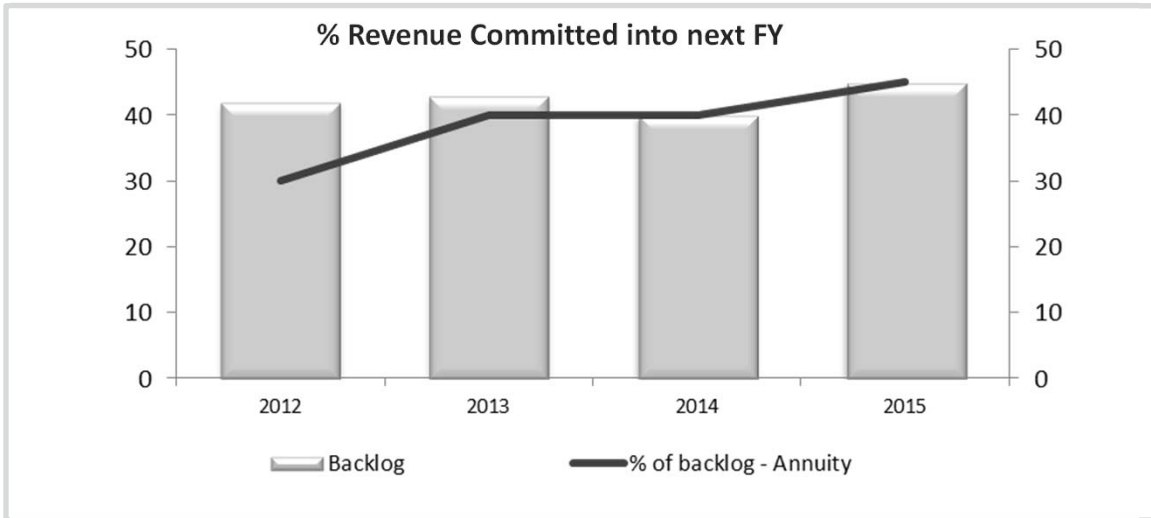
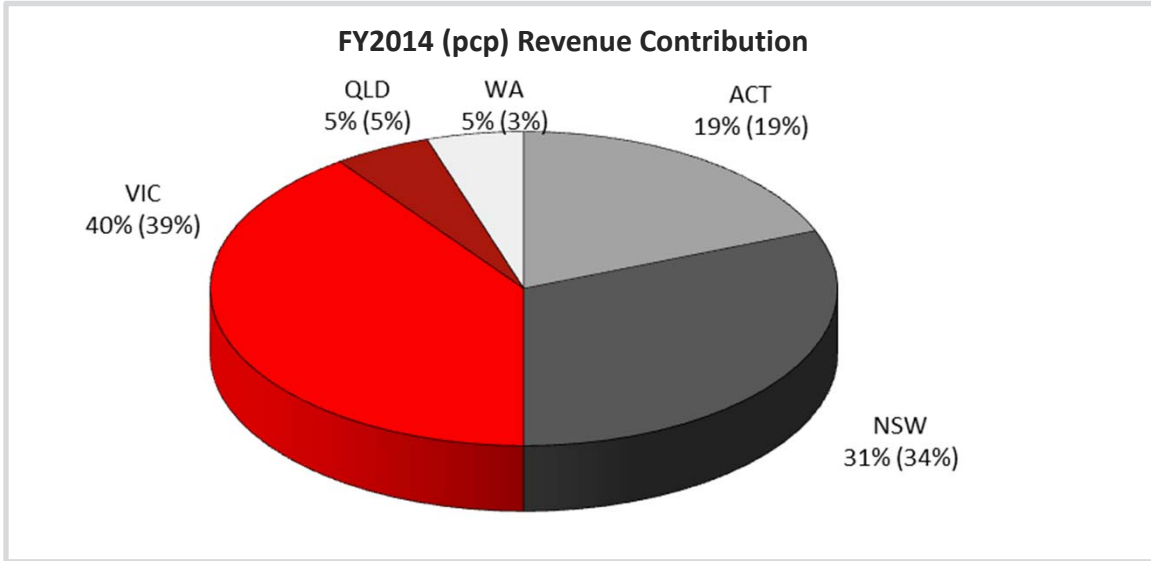
Expected market outlook

- Continued growth in Financial Services, Logistics, Wholesale, Retail and Education.
- Steady outlook for Construction and Property, Telecommunications, Health and Utilities.
- Federal Government flat with some increase in latter half of FY2015.
- State Governments flat overall.



Revenue Analysis

- Revenue contribution from WA location 5% (3% pcp).
- ACT revenue share reflects continued slowdown in Federal Government spend.
- Booked and committed revenue for FY2015 well ahead of last year at 46% (40% pcp) on a higher revenue target.
- % of backlog that represents annuity at 45% (40% pcp).
- Backlog of committed revenue into FY2016 and beyond at \$58m (\$35m pcp).

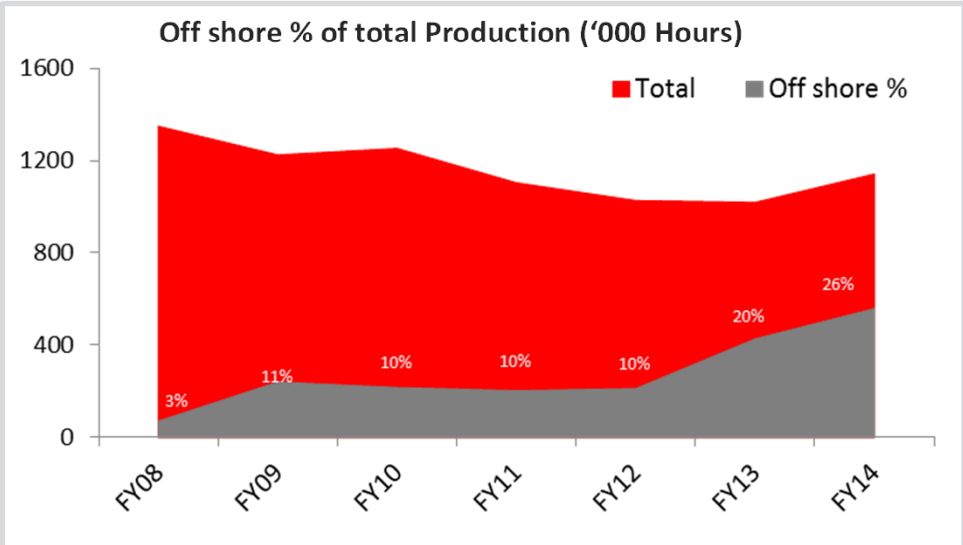
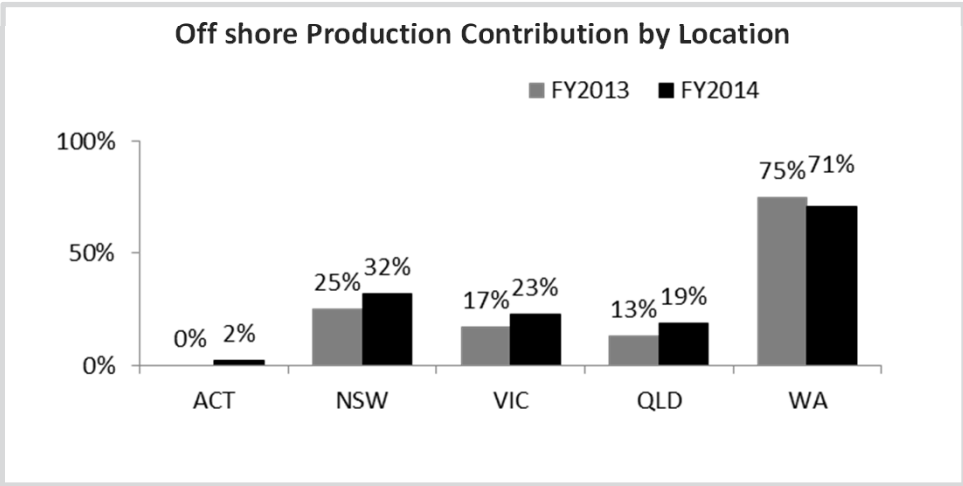




Off shore Asset

The off shore asset continues to grow and become core to our business model and strategic direction.

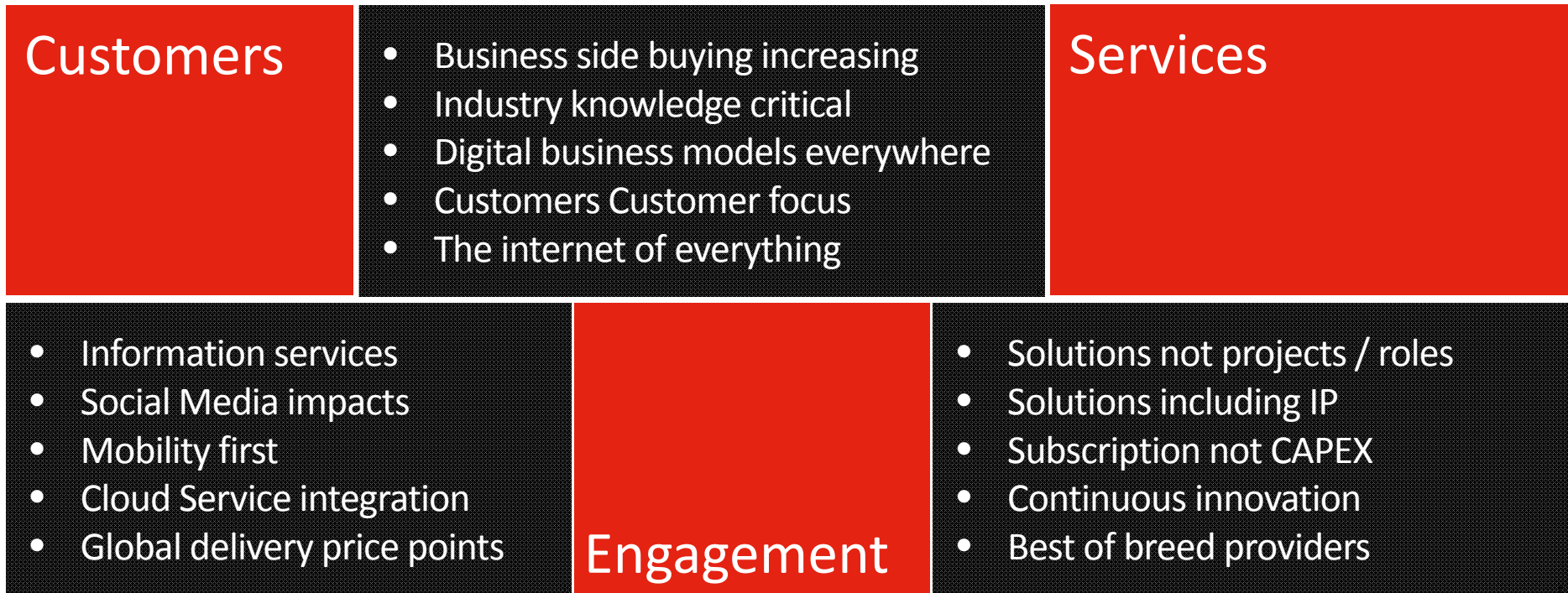
- Our purpose built wholly owned 24*7 operation in Hyderabad (India) has been expanded to take additional capacity reflecting increasing adoption of off shore models across most industries including government to support reduced cost of service delivery.
- As at reporting date headcount was 309 (pcp 238) with low attrition and high employee engagement score.
- Off shore effort as a % of total effort continues to grow and is currently at 26% (pcp 20%) and is forecast to be over 30% for FY2015.
- Established Applications Development Centre to accelerate development of Oakton Applications “as a service”.
- Transition to optimal usage levels and operation cost coverage is expected by end FY2015 as planned.
- New country manager appointed in India during FY2014 who brings extensive Indian offshore experience. Strong expat coverage to continue.





IT Services market evolution

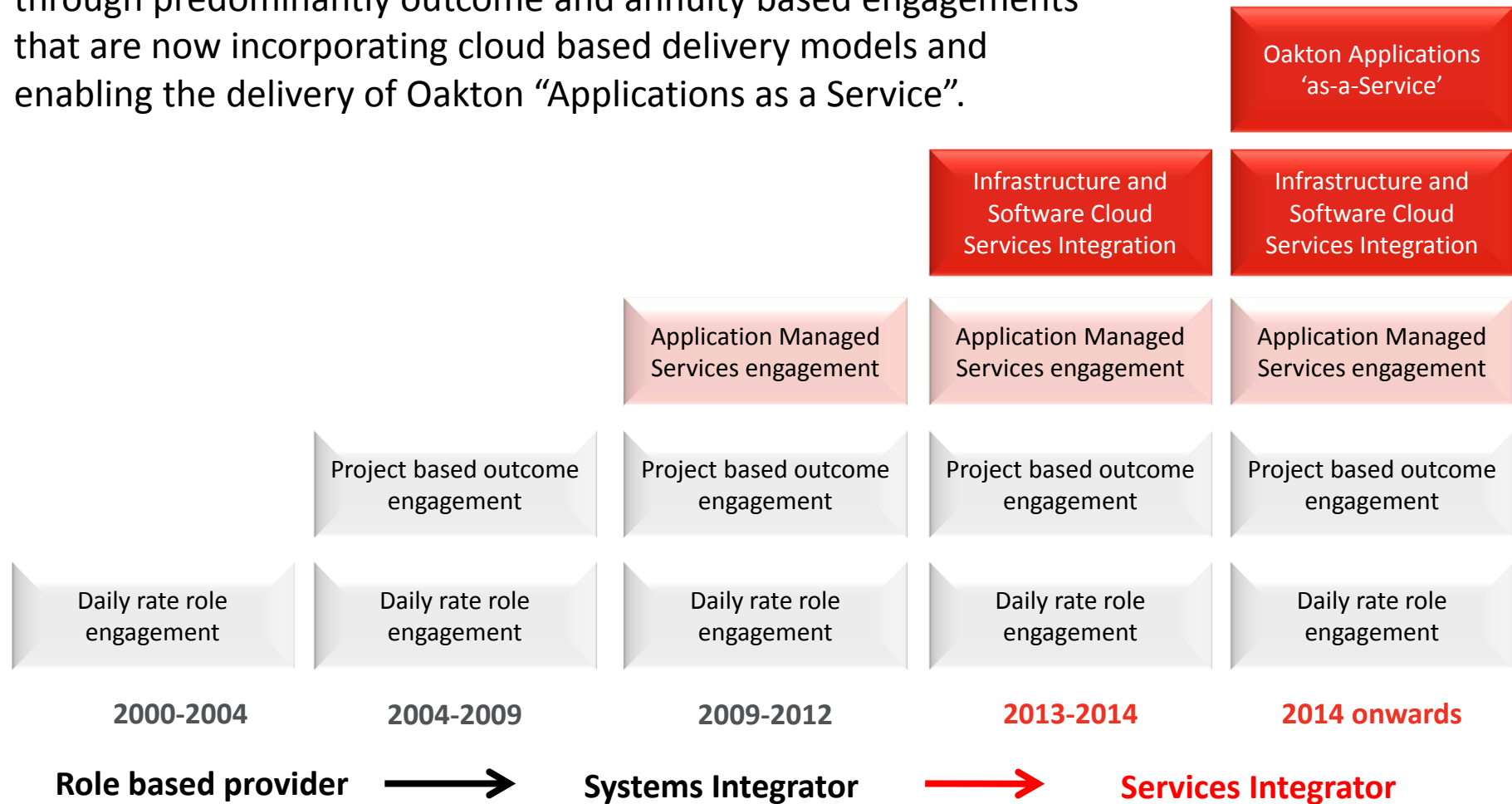
Significant changes in the market are occurring which are leading to new models of service delivery and engagement with customers. This is impacting the business models of traditional I.T. services companies.





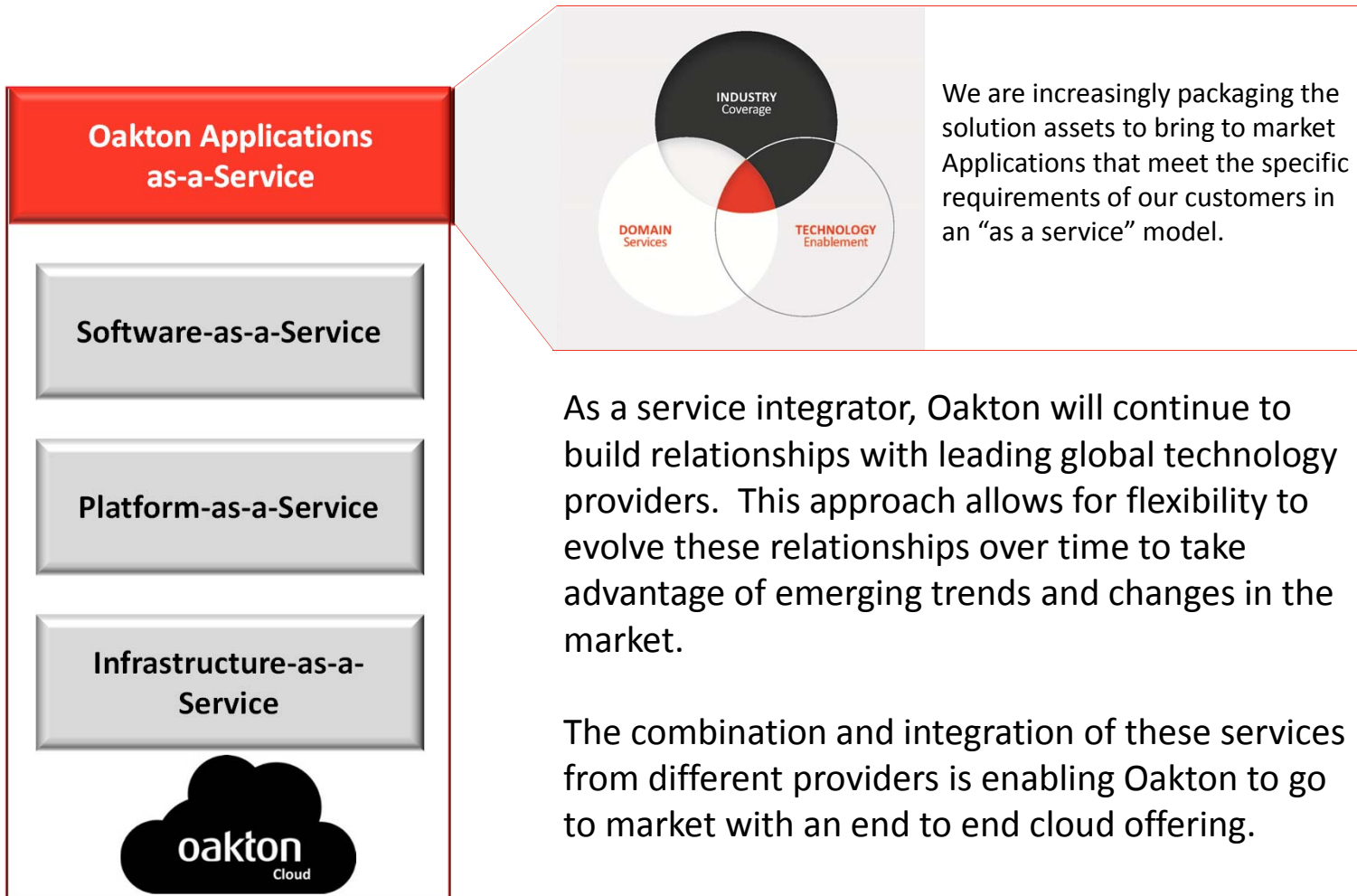
Oakton market position

Oakton has continued to transform its business to establish a market position as provider of specialist consulting and IT services through predominantly outcome and annuity based engagements that are now incorporating cloud based delivery models and enabling the delivery of Oakton “Applications as a Service”.



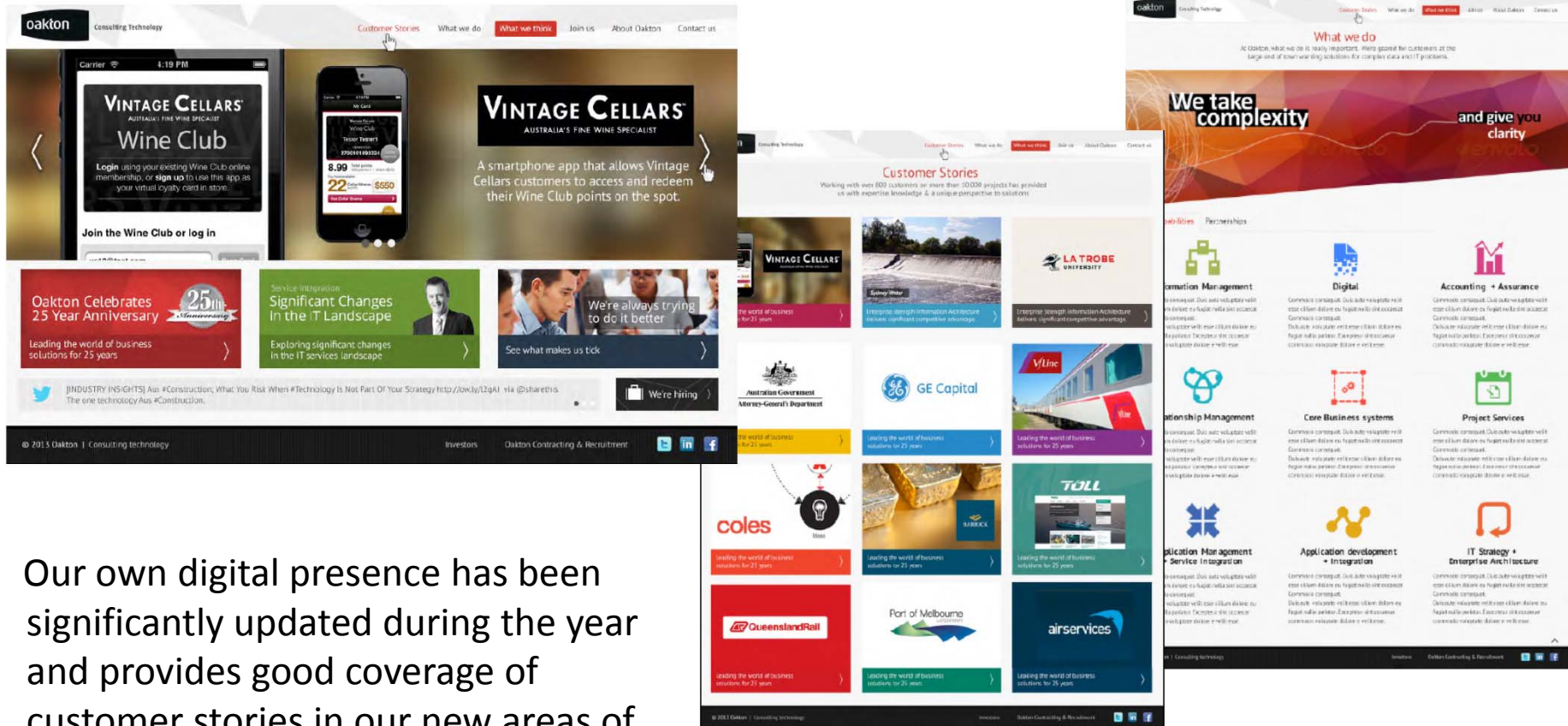


Oakton Applications as a service leveraging cloud based software and infrastructure services





Oakton Market presence



Our own digital presence has been significantly updated during the year and provides good coverage of customer stories in our new areas of service delivery.

Proposed Dimension Data Acquisition



As outlined in our market release of 12 August 2014, we have announced a Board recommended cash offer from Dimension Data Australia Pty Limited of \$1.90 per share for 100% of Oakton.

- Scheme Implementation Deed entered into with Dimension Data Australia.
- Oakton shareholders to receive \$1.90 cash per share subject to Oakton shareholder approval, court approval and all other conditions being satisfied or waived.
- The offer price represents an attractive premium of:
 - 29.7% to last close on 11 August 2014;
 - 35.5% to 1 month volume weighted average price (“VWAP”); and
 - 42.6% to 3 month VWAP
- The Board of Oakton unanimously recommends that all Oakton shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Oakton shareholders.
- Subject to the same qualifications, the Executive Chairman and CEO, representing 11.3% of the total shares outstanding, intend to vote all of their Oakton shares in favour of the Scheme.
- The FY2014 final dividend of \$0.04 per share will be paid irrespective of the outcome of the Scheme.
- If the Scheme is approved and implemented, the \$1.90 cash amount per share will not be reduced as a result of the declaration and payment of the FY2014 final dividend of \$0.04 per share.
- The Scheme process is now underway and is expected to be implemented in November 2014.

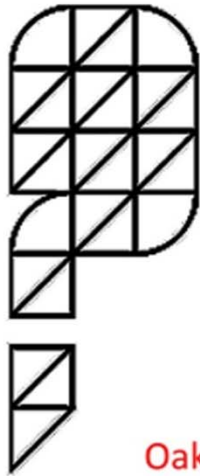


FY2015 Outlook

- Increased market share acquisition by continuing to build services integration capabilities to grow annuity revenue and NPR, including Oakton “Applications as a Service” offers and cloud based service integration.
- Reasonable revenue growth and improved margins are expected in FY2015, subject to the impact of current market conditions, particularly in the Federal Government. Minimal headcount growth onshore expected with the key focus on optimising utilisation from the existing team.
- Customer demand is expected to continue for digital, cloud, mobility, information management and core system enhancement solutions increasingly operating “as a service” with an emphasis on improved customer engagement effectiveness, regulatory compliance and operational efficiencies.
- Customer focus on cost and value for money is resulting in government and non government organisations increasing their use of offshore and cloud service models. Offshore headcount is expected to continue to grow in FY2015.
- Continued development of strategic partnerships with Global technology cloud service providers to support “As a service” offers.
- Continued focus on people development and learning programs to increase retention and employee engagement.
- Expected operating cash flow at +100% of EBITDA in FY2015.
- Full year dividend pay-out ratio is expected to be maintained at 80%+ subject to any other capital requirements.



What problem do you want defined?



Oakton, offering the best in consulting and technology services in Australia
1,100 plus industry, domain and technical experts

25 years
10 key industries
800+ customers
10,000+ projects

Melbourne
Sydney
Canberra
Brisbane
Perth
Hyderabad

Partners:
Microsoft
Oracle
Dimension Data
Amazon
IBM
SAP
Emerging cloud, software and
infrastructure providers

