



Australian Stock Exchange
Company Announcements Platform
30 October 2014

UXC Limited
ABN 65 067 682 928

MARKET ANNOUNCEMENT

Address of the Chairman and Managing Director to the Annual General Meeting

The presentation to be given at the UXC Annual General Meeting by Mr Geoff Cosgriff, Chairman, and Mr Cris Nicolli, Managing Director, is attached. A webcast of the meeting will be lodged on the Company's website following the meeting.

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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 and has operations in Asia and the United States.

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

ACN 067 682 928

2014 Annual General Meeting

Geoff Cosgriff, Chairman
Cris Nicolli, Managing Director
30 October 2014



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. 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.

Chairman's Address

Mr. Geoff Cosgriff

- | Welcome and Introductions
- | FY14 Financial Performance
- | FY14 Highlights
- | Board Refresh



FY14 Performance

Financial Highlights

- | Revenue up 8.3% to \$643 million, a record result;
- | Underlying earnings are in line with market guidance issued in July 2014 (shown in brackets):
 - Full Year Underlying EBITDA down 2% to \$36.37m; (\$35.2m - \$37m)
 - Full Year Underlying PBT down 13% to \$25.63m; (\$25m - \$26.5m)
- | Increase in annuity revenue by 29% over pcp (27.2% of FY14 revenue);
- | Investment in new generation technology solutions;
- | Project delivery issues resolved;
- | Conservatively leveraged a strong balance sheet to fund new elements of our growth platform;
- | Strong cash collections at year end;
- | Net Debt position of \$4.1m;
- | FY14 Final dividend of 3.0 cents per share fully franked taking full year to 3.75 cents per share.

FY14 Highlights

- | Acquisition of 3 businesses in 1st half
 - North America with the assets of Tectura
 - SaaS and services based ServiceNow (Keystone)
 - Omni channel and eCommerce (White Labelled)
- | Acquisition of 2 businesses in June
 - Oracle Asset Life Cycle Management (Convergence)
 - SAP capability (Clarity)

Board Refresh

| May 2011

- Commenced formal director candidate search designed to refresh the Board and attract new directors able to contribute to the Company's new strategic direction and to support the Managing Director, Cris Nicolli, in achieving that vision.
- Appointment of Ms. Pemberton

| October 2012

- Retirement of Mr. Zammit
- Appointment of Mr. Mitchell and Mr. Snedden as non-executive directors
- Succession of Chairman responsibilities from Mr. Lord to Mr. Cosgriff

| October 2013

- Retirement of Mr. Culley

| 2015

- Retirement of Mr. Simart
- Appointment of new Director

Managing Director's Address

Mr Cris Nicolli

- | Vision & Differentiators
- | FY14 Financial Performance and Highlights
- | Strategic Direction
- | Trading Update and Outlook



Our Vision

To create simplicity and meaning in a complex world through the power of people and technology, delivering value, innovation and responsive business outcomes with excellent people.

Our Focus

We offer a range of unique, formidable and unmatched ICT solutions that support our customers to Plan & Design, Implement & Enhance, and Operate & Manage their ICT requirements.

We aim to be the early adopter for new and emerging technologies that are relevant to the markets we serve.

Our Competitive Position

To be recognised as the leading Australian IT service provider through good customer retention, with outstanding delivery and market leading Applications businesses driving profitable growth and earnings.

UXC Differentiators

Key Points

- | Breadth of world class and market leading Applications capability and domain expertise:
 - Microsoft - Global leader in Microsoft Dynamics
 - Oracle - Asia Pacific leader
 - SAP - ANZ leadership
 - ServiceNow - Asia Pacific leader
 - hybris - Digital and omni channel Asia Pacific leadership
- | Depth of service line capability, more skills in more technology segments, in the markets we serve;
- | Leader in early adoption of new and emerging technologies;
- | Market leading capabilities and partnerships with new generation technology partners;
- | Scale in key domains to deliver large complex projects;
- | Recognised by our customers for outstanding delivery outcomes.

UXC Differentiators

Competitive Strengths: Unique Breadth, Domain Depth and Size

Leading enterprise applications capability

1750 staff

#1 Oracle in Australia and Asia Pacific
Global Leader in Microsoft – AX Global Partner
Top 2 in SAP
Leader in ServiceNow, ITSM
Leading Business Intelligence practice
Strong Integration, Project and Risk Management



Innovative ICT infrastructure offerings

620+ staff

Unified Communications
Networking Infrastructure
Outsourcing
IP Video Surveillance
Managed Services
Contact Centre
Workspace Virtualisation
Cloud Solutions
Enterprise Mobility
Entertainment & Content



Dynamic consulting & professional solutions

510+ staff

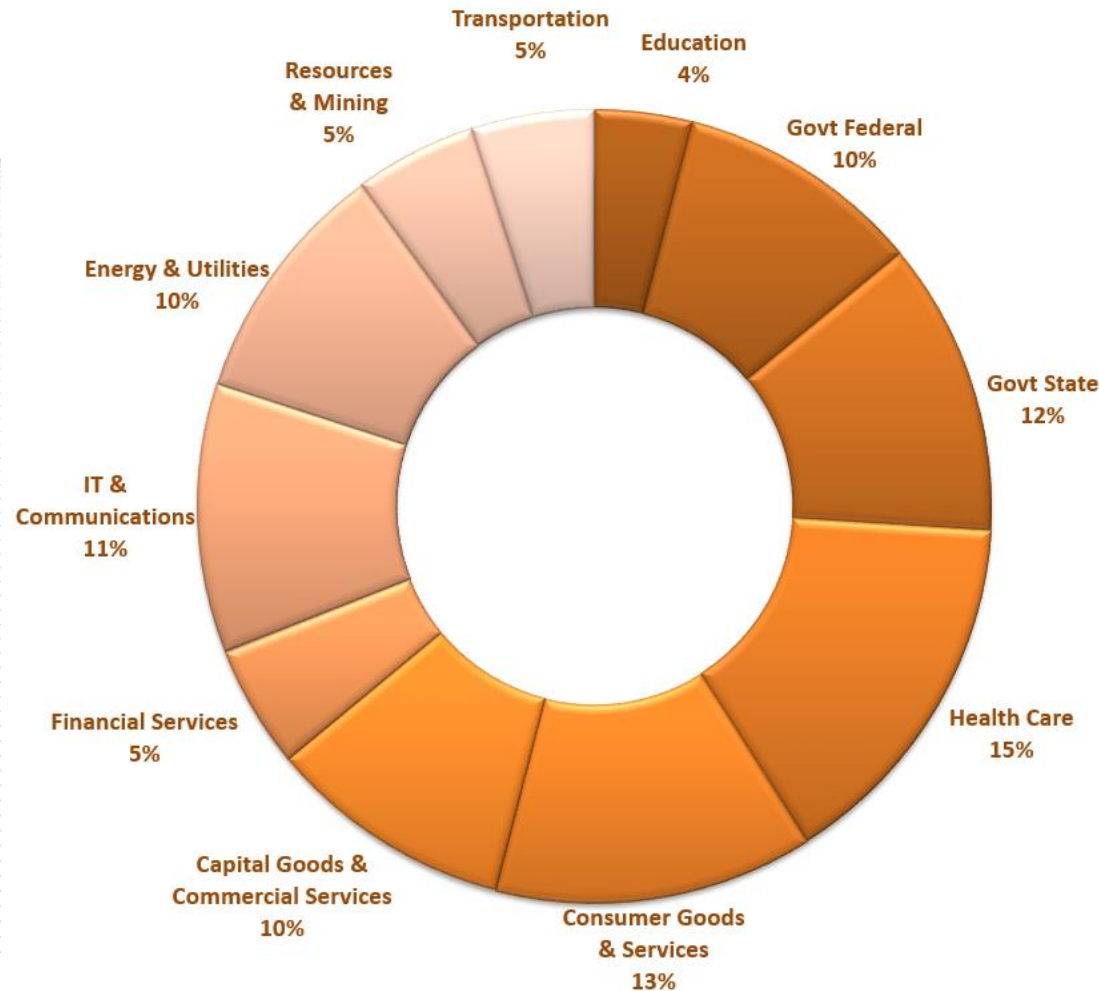
Communications
IT Service Management
Project & Program Management
Integration and Testing
Application Development
Information & Cyber security
Business Analysis
Business Transformation
Data Migration
Business Intelligence



2,880

UXC Differentiators

Customer Sectors & Acquisition



FY14 Customer Acquisition

Revenue	New FY14 Customers	Total No. Customers
>\$5m	-	18
>\$3m	2	36
>\$1m	17	116

- We acquired 19 new million-dollar customers during FY14.
- We lost no customers who had spent more than \$3 million with us in FY13.

Select Movements from FY13:

- Transport up from 3% to 5%
- State & Federal Government (ex Health) stable at 22%
- Health & Utilities remain key focus
- Other sectors stable

Overview

	FY14	FY13	% Change vs pcg	Notes
Revenue	\$643.4m	\$594.3m	8.3%	1% organic, balance from acquisitions. Strong client support & customer wins
EBITDA underlying ¹	\$36.4m	\$37.3m	-2%	Impact of 1st half from a small number of large projects now complete, acquisition costs and redundancy in 1 st half
EBITDA reported	\$32.8m	\$39.4m	-17%	
PBT underlying ¹	\$25.6m	\$29.4m	-13%	Acquisition costs (\$2m) and redundancy (\$1.8m) impact on reported earnings
PBT reported	\$22.0m	\$31.5m	-30%	
Net Profit After Tax	\$15.7m	\$22.7m	-31%	Impact of 1 st half
Basic EPS cps	4.95	7.37	-33%	Consistent with earnings
Cash Flow from Ops	\$31.0m	\$19.8m	57%	Strong cash management and customer support
Dividends per share ²	3.75 cps	5.30cps	-29%	Pay-out ratio at higher end of guidance

1 Underlying is exclusive of non-recurring charges – a reconciliation is presented in the Appendix

2 FY13 excludes Special Dividend of 0.45 cents per share

Revenue Breakdown by Type

REVENUE	FY14	FY13	% Change vs pcg
Services	\$345m	\$346m	-
Annuity	\$175m	\$136m	29%
Products & Licenses	\$123m	\$112m	11%
Total	\$643m	\$594m	8%

- Services impacted by challenging market and some deferrals
- Pleasing growth in annuity, up to 27% of revenue
- Products and Licenses benefit from pent up demand and timing of hospital projects

Segment Margin Targets

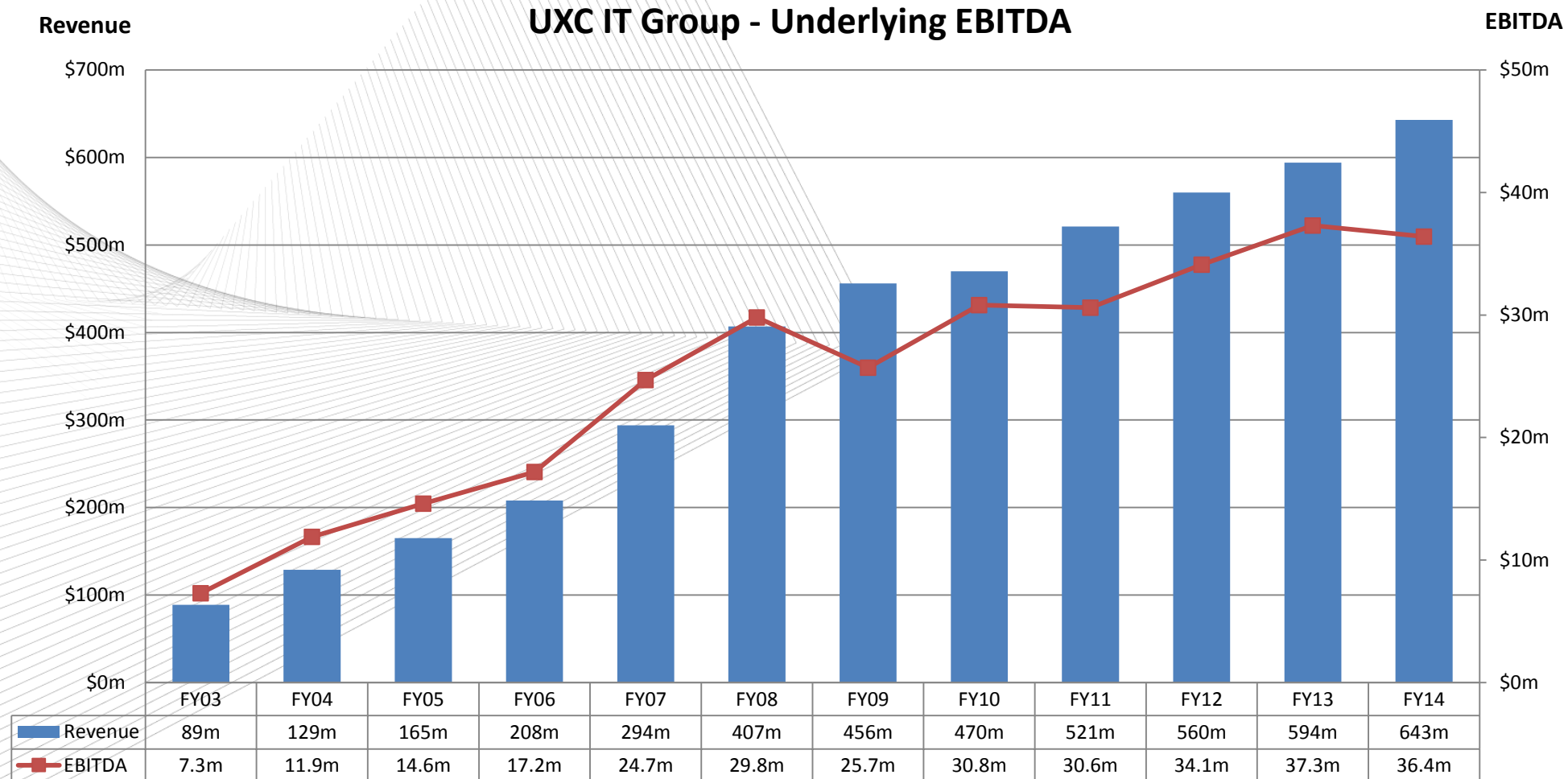
UNDERLYING PBT				
MARGINS BY	FY12	FY13	FY14	Target
SEGMENT				
Consulting	6.0%	6.0%	7.6%	9% -10%
Applications	10.4%	9.6%	9.4%	11%-12%
Infrastructure	3.5%	4.0%	1.8%	4.5%-5.5%
Total	7.1%	7.0%	6.4%	

- Targets to be achieved by exit of FY16 year
- Target margins continue as goal for longer term sustainability

FY14 Operational Highlights

- | Completed and successfully integrated five acquisitions in the Applications segment:
 - Three focused on Australia to expand our footprint in emerging growth solutions
 - One in Australia/South East Asia focused on Oracle Asset Life Cycle Management
 - One in North America to further leverage our investment in a high growth market for Microsoft Dynamics
- | Disciplined approach to strategic acquisitions - EPS accretive and based on the core operating model;
- | Successfully recontracted and won five new multi year managed services contracts;
- | Increase in annuity revenue by 29% over pcip (27.2% of FY14 revenue);
- | Strong back log of work and annuity to be delivered (60% of FY15 revenue) up by 20%;
- | Completed challenging 1st half projects and improved overall project delivery;
- | Invested in next generation Digital, Mobility and Cloud solutions driving increasing customer relevancy and sales growth;
- | Strong cash collections and a Net Debt position of \$4.1m;
- | Advanced strategic position of UXC with increasing domain capability, new solutions and client relationships.

Track Record of Growth



Strategic Direction

- | Continue to focus on highly customer centric approach to the market;
- | Continue to build on core ERP Applications portfolio and augment via the increasing opportunity with new SaaS and Cloud based options including JDE, SAP and eCommerce Solutions with AWS;
- | Increase the provision of Managed Services in Infrastructure and Applications Management annuity business especially with ServiceNow platform;
- | Develop increasing specialisation in Consulting and Professional Solutions by adopting new and emerging technologies including Cloud transformation, digital, mobility, analytics and collaboration;
- | Continue to be an early adopter and innovator of new and emerging technologies and build new generation revenue and margin streams that support annuity business especially in SaaS and Cloud based solutions – part of portfolio augmentation;
- | Geographic expansion where we see high growth rate opportunities and where we can apply a competitive advantage such as North America with Microsoft Dynamics.

Project Execution Improvement

| Our challenge:

- To continue to deliver customer satisfaction within the contracted margin;
- To improve processes to achieve consistent excellence in delivery;
- To better manage commercial risk and cash flow as projects get larger.

| Initiatives undertaken to succeed in meeting the challenge:

- Bid & Solution reviews with independent and specialist technical capabilities;
- Enhanced methodologies for developing commercial constructs;
- Periodic project health reviews with emphasis on large, complex projects;
- Rigorous adoption of enhanced and standardised project management methodologies;
- Project dashboard reporting by business unit with KPIs on sold vs delivered margin;
- 150+ substantial projects at any point in time. No known major issues.

Adopting New & Emerging Technologies

UXC Digital



Developed our relationships with ServiceNow, a key Cloud based platform provider in service management with the purchase of UXC Keystone.

Driving Digital capabilities and solutions.

Grew our Cloud practice in support of new vendors as well as with our key partnership partners Oracle, SAP, Microsoft and ServiceNow.

Developed new partnerships and agile adoption of new emerging technologies as part of the portfolio augmentation and refresh process.

Cloud businesses have combined revenue of over \$40m.



Enterprise Service Management



Technology Business Management



Digital Commerce



Infrastructure as a Service



Visualisation Analytics



Operational Intelligence



Cloud Base Data Warehousing



Cloud Portfolio Management



Mobile Content Collaboration



Unified Communications & Collaboration



Unified Communications & Collaboration, Network, internet, data centre,

People Investment



Leadership Development:

Investment in tools and training for our people to achieve our objectives.

Provide UXC with key retention benefits whilst enhancing our leadership culture.

UXC LEADERSHIP ACADEMY



1 **LEADERSHIP
FUNDAMENTALS**
Leading others

2 **LEADERSHIP
ACCELERATOR**
Leading the business

3 **EXECUTIVE
MASTER CLASS**
Leading the enterprise

CORE AREAS DELIVERED ACROSS THE PROGRAM

- › Coaching for high performance
- › Business judgement

- › Diversity of thinking and inclusion
- › Inquiring and challenging

- › Managing stakeholders
- › Partnering and influencing

- › Trust and empowerment
- › Self awareness

Saltbush – Strategic Rationale

UXC Saltbush



- | Information and cyber security;
- | Consulting, services and annuity support;
- | High growth area identified in market review;
- | Builds UXC domain capability to leading position;
- | Expands our service portfolio;
- | Aligned to target clients;
- | Expands client base especially Federal footprint;
- | Scope to expand beyond Canberra;

- | Revenue \$12m
- | Staff and Contractors 65

- | Earnings accretive.
(Minimal impact on 1st half FY15)

Market Conditions

- | Business sentiment appears to be improving based on activity levels of opportunities;
- | Business environment remains mixed, often by region and sector;
- | Signs of larger transformation projects as businesses look to larger shifts in rationalising IT;
- | ERP refresh is continuing as is the SaaS based augmentation around these core applications;
- | Greater appetite being seen for new technologies with pilots for innovation;
- | Market spend stable but some growth towards Digital and Mobility;
- | Consolidation occurring in market.

Trading Update

- | 1Q15 is ahead of plan (revenue and earnings) and has shown growth over the previous corresponding period;
- | Revenue and earnings result for the first half will depend on closing some key deals in November but is expected that:
 - Revenue will be up more than 8% on reported 1HFY14;
 - PBT will be up more than 50% on reported 1HFY14;
- | Gaining more confidence in the outlook for 2H15;
- | Strategically, UXC has never been better positioned, with strong opportunities ahead.

Outlook

- | Impact of full year earnings from FY14 acquisitions plus new UXC Saltbush 2nd half are expected to boost FY15 earnings over FY14;
- | Strong pipeline of new contracts with the value of the sales pipeline (front-log) up by 13% from FY14. September FY15 close at similar level;
- | Annuity contracts and back log of work (June 30 2014) represent 60% of FY15 revenue (up from 46% in FY14);
- | Margin growth and achievement of delivery improvement continues to be the highest priority and prospective driver of earnings;
- | Lessons learnt from delivering key projects now implemented. Provides increased confidence in delivery capability and margin performance on larger projects;
- | Market dynamics appear stable. Increased activity and decision making over the last 7 months is positive.

Summary

- | A satisfactory FY14 result given the difficult market conditions and performance of the sector;
- | Expanding and accelerating the adoption of new and emerging technologies; provides industry specialisation, grows annuity revenue and stronger earnings to achieve our three year goals;
- | Driving differentiation through being local, agile, nimble and customer centric;
- | The differentiated **APPLICATIONS** business focus continues to provide strong market positioning;
- | UXC is well placed strategically to increase market share, advancing the footprint in new emerging technologies and embarking on the next chapter of profitable growth.

Commitment to improving the earnings of the business while positioning UXC for the future especially for a market upturn

“The key component to our strategy is to be the leading Tier 1 Australian service provider and compete directly as a market leader for large, multi-year, sophisticated systems integration and managed services contracts.”

