



UXC Limited

ACN 067 682 928

2015 Annual General Meeting

Geoff Cosgriff, Chairman
Cris Nicolli, Managing Director
29 October 2015





Welcome and introductions

Chairman's Address

Mr. Geoff Cosgriff

- | Recap of FY2015 achievements
- | Managing Director & CEO's report
- | CSC Proposal
- | Managing Director & CEO transition
- | Conclusion



Recap of FY15 Achievements

- | Achieved NPAT of \$23.1 million on record revenues of \$686 million
- | Momentum set to continue in FY16 with \$100 million in new contracts (majority annuity revenues) signed in July
- | Organic PBT was strong with a full year increase of up to 23% with a very pleasing 2H15 improvement over 2H14 of 27%
- | Annuity revenues increased by 13% during the year and represent 29% of overall UXC portfolio
- | Generated \$3.0 million surplus cash against a net debt position of \$4.2 million in FY14
- | Successfully acquired and fully integrated UXC Saltbush and contiigo with both businesses continuing to perform above expectations
- | Increasing dividend payout range from 60-75% to 60-80% of net profit after tax

Managing Director's Address

Mr Cris Nicolli

- | UXC Differentiators
- | FY15 Financial Performance and Highlights
- | Business Overview
- | Trading Update and Outlook
- | Personal Remarks



UXC Differentiators

- | 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
 - hybris - Digital and omni channel Asia Pacific leadership
 - ServiceNow - Asia Pacific leader
- | Depth of scale in service line capability, more skills in more technology segments, in the markets we serve
- | Experience and depth of capability in infrastructure managed services to deliver long term annuity support to clients and large projects
- | Integration of capabilities from Consulting and Professional solutions through applications and infrastructure platform support
- | Market leading capabilities and partnerships with new generation and emerging technology partners
- | Our people – our DNA
- | Recognised by our customers for outstanding delivery outcomes

Diversified client base and industries

Diversified client base

- Successful client strategy / retention and expansion of services
- Proactive partnerships – bringing solutions and choices to clients
- Successful year of key client contracts with long-term annuity streams
- Strong base of medium enterprise clients
- Strategy to add new >\$5m clients
- New UXC cross-business accounts focus



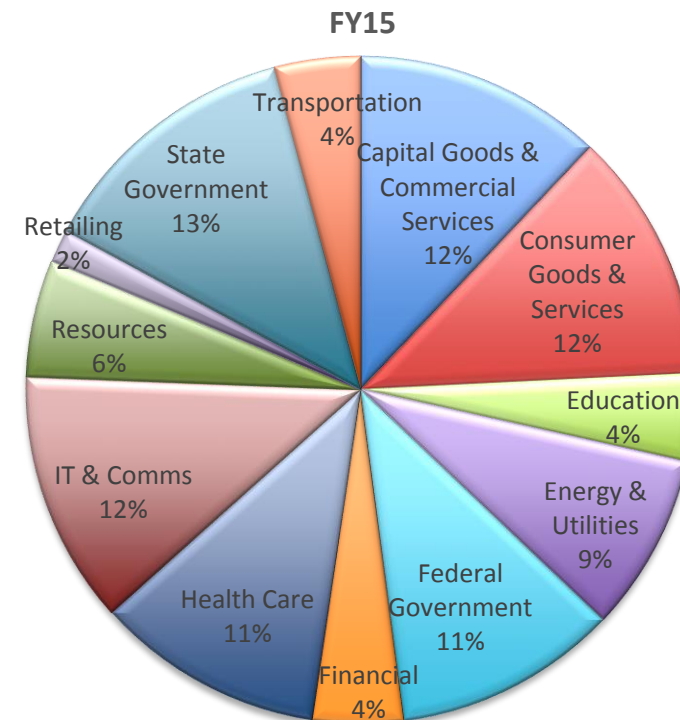
Customer profile

Annual revenue	Customer Revenue Analysis				
	FY11	FY12	FY13	FY14	FY15
>\$5m	15	19	15	16	20
>\$3m and <\$5m	16	17	12	19	18
>\$1m and <\$3m	74	68	90	74	83

- UXC acquired 17 new million-dollar plus customers during FY15
- UXC **lost no customers who had spent more than \$2 million with the company in the previous corresponding period**
- Successfully re-contracted and won a number of new multi-year managed services contracts

Diversified industries

- Exceptionally strong diversification across industry sectors, providing protection against a downturn in any particular industry
- Retail will be a key focus for the future given the opportunity in the Microsoft Dynamics market



FY15 Financial Performance and Highlights



Strongly improved FY15 performance

Financial highlights	FY15 \$m	FY14 \$m	% Change
Revenue	686.4	643.4	↑7
EBITDA*	42.1	32.8	↑28
EBIT*	32.6	24.6	↑33
PBT*	29.9	22.0	↑36
NPAT*	23.1	15.7	↑47
Statutory NPAT	22.5	15.7	↑43
Basic EPS*	7.0¢	4.97¢	↑41
Dividend (interim & final)	5.3¢	3.75¢	↑41
Return on equity	9.9%	7.3%	↑36
Free cash flow	25.6	24.2	↑6
\$3m cash surplus as at 30 June 2015 (FY14 - \$4.1m net debt)			

* - from continuing operations

Strong organic earnings growth

2nd half PBT improvement of 27% over 2HFY14

Increasing annuity business now 29% of revenue

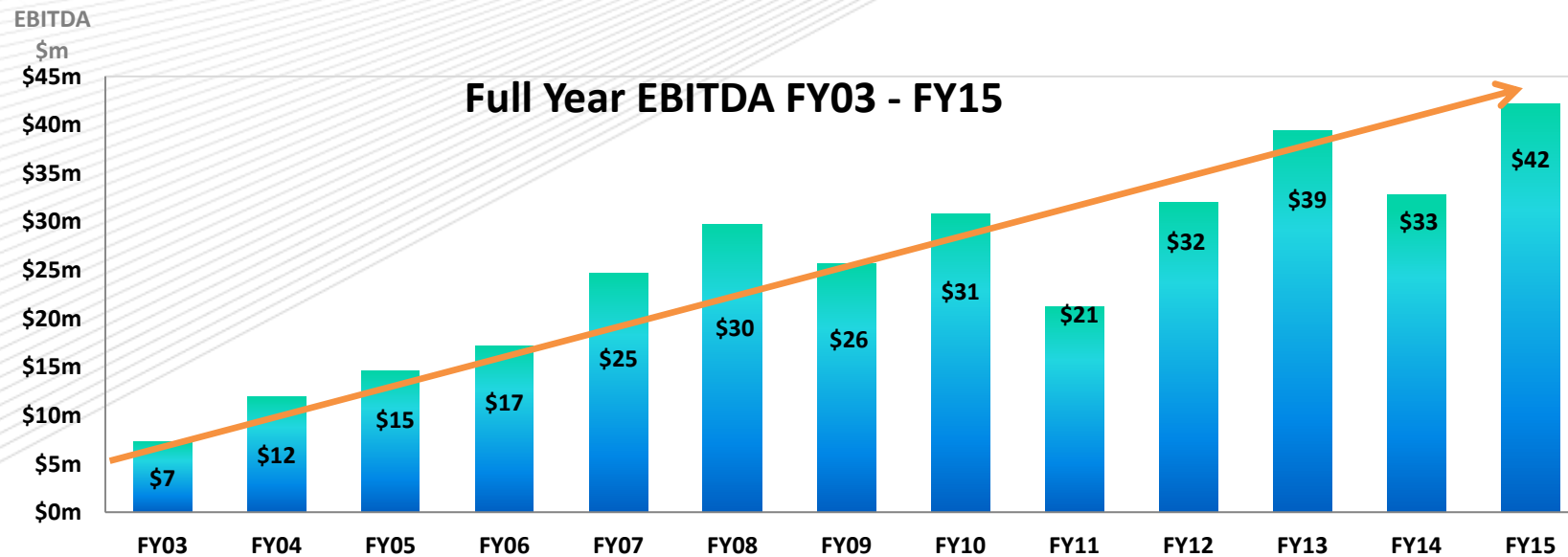
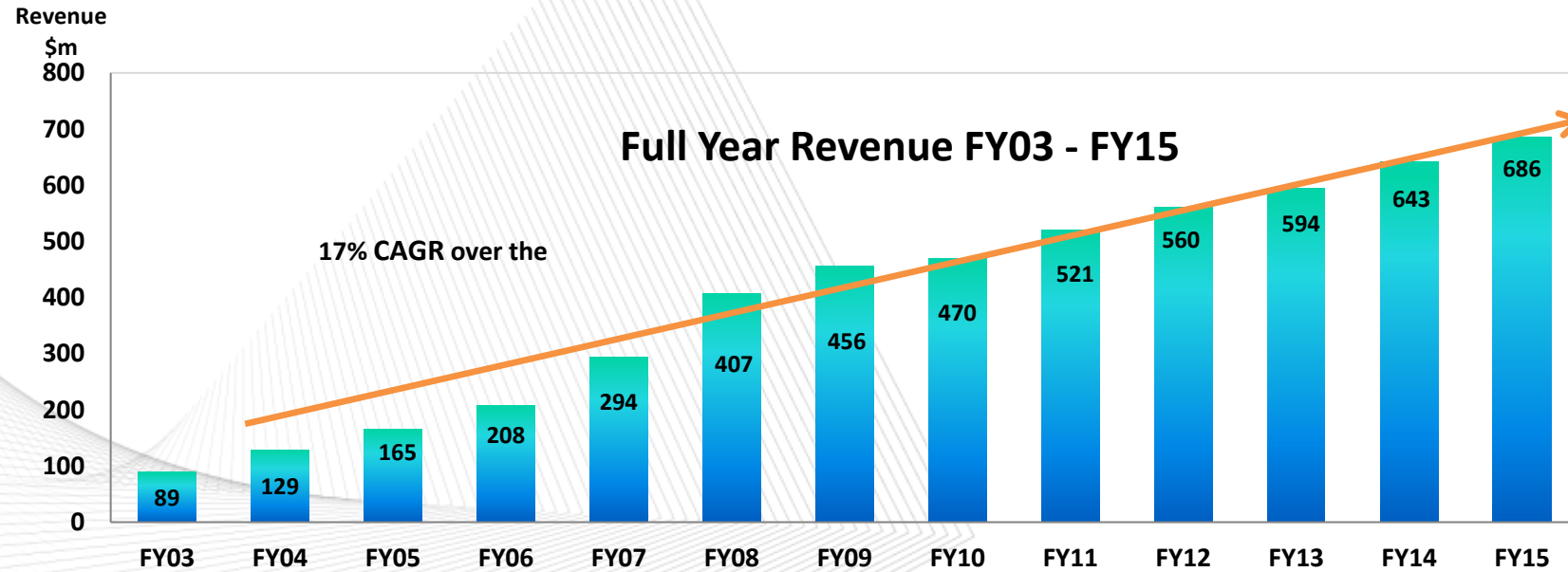
Strategic shift in product mix to higher margin services

Full year dividend of 5.3c representing a 79% payout ratio based on NPAT

Strongly improved FY15 performance

- | Significant success in tender wins and customer renewals
- | Improved gross margin from product to services shift and improved utilisation
- | Disciplined and effective project delivery & risk management
- | Strong backlog of work won in FY15 plus FY16 pipeline supports further FY16 improvement
- | Success in North American markets; market leader in Microsoft AX with over 200 people
- | Market leader in new technologies and digital; over 50 emerging technology offerings; contributes 10% of revenue and growing
- | Successful acquisition and integration of Saltbush and contiigo
- | Strengthening position of UXC brand recognition
- | Consolidation of Sydney offices into one location
- | Planning underway for consolidation and rationalisation of certain support services

13 years of growing revenues



Business overview

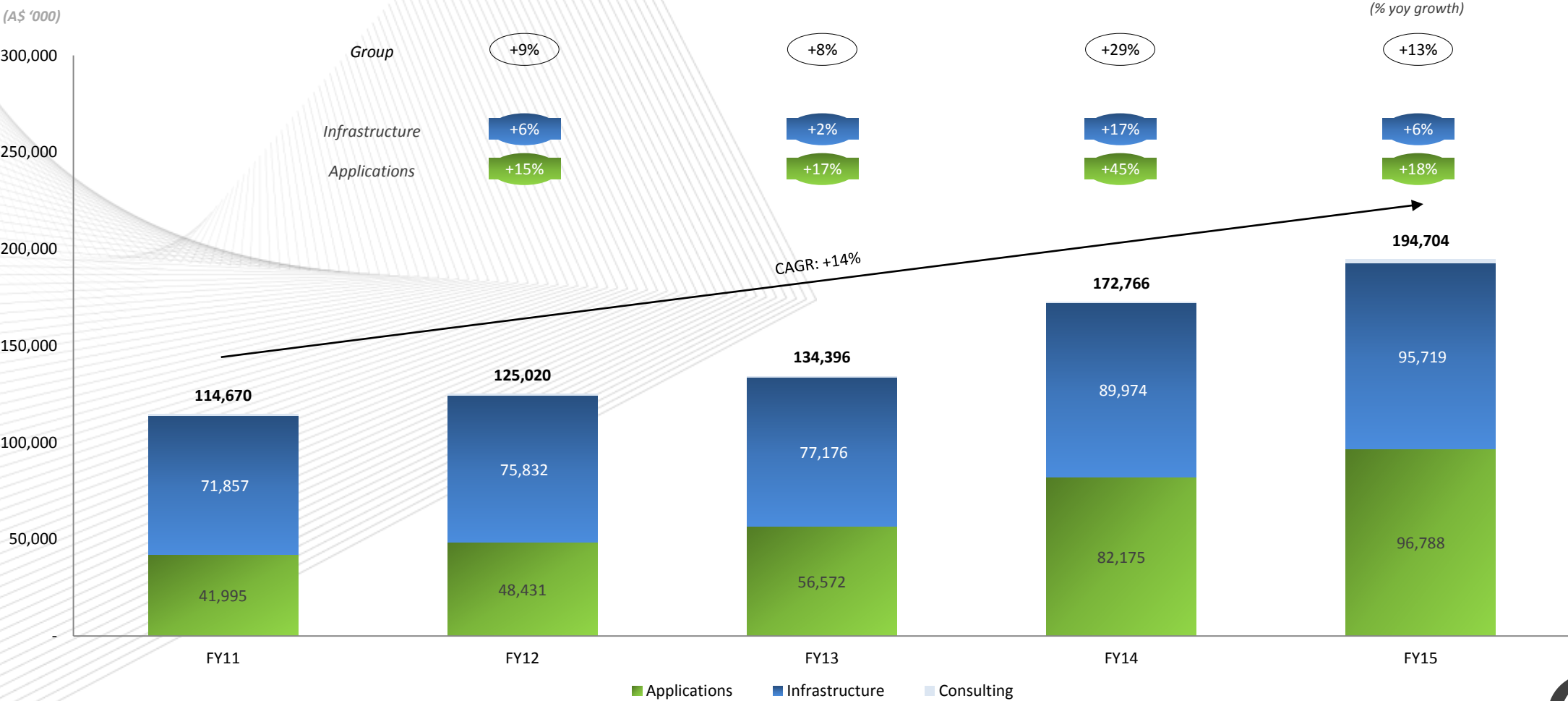


Annuity retention and new client wins underpin FY16 growth

Annuity client wins and retention

- | Retained all clients in FY15
- | Added new clients for revenue delivery in FY16
 - IXOM
 - Ventia
 - Endeavour
 - Fletchers
- | Renewed and expanded client contracts for FY16
- | Enhancements to service delivery continues to improve earnings
- | Increasing leverage for additional projects and services
- | Strong retention rate on maintenance and support agreements

Managed service and maintenance annuity revenue by segment



Key partners



Enterprise Business Solutions



IP & Cloud Networking



Big Data



Data as a Service



Digital Transaction Management



Operational Intelligence



Enterprise Business Solutions



Enterprise Communications



Technology Business Management



IT Operations Management



eCommerce



Visualisation Analytics



Enterprise Business Solutions



Enterprise Storage Management



Enterprise Mobility & Wireless



Virtualisation & Cloud Communications



Cloud Portfolio Management



Communications Lifecycle Management



Enterprise Service Management



Enterprise Storage Management



Mobile Content Collaboration



Integrated Data & Information Management



Data Encryption



Virtualisation Solutions

Expanding geographies

North American Market

Revenue of \$68 million per annum – a significant increase on prior year

216 employees

- | The North American market performed strongly
- | Microsoft Dynamics has a strong presence in this market and is investing to grow its new Dynamics AX and Azure products and services
- | Opportunities to deliver larger and more complex projects as UXC's capability is proven in this market
- | Scale derived from Tectura acquisition enhances opportunities in the high growth North American markets particularly in retail
- | Aspirations on track to build a \$130m + business

New Zealand/Fiji

\$40 million

179/25 employees

- | Strong growth in NZ market
- | Contract wins include NZ Government, ERP and retail

South East Asia / India

\$8 million

108 employees

- | Convergence Group acquisition in late FY14 provides some increased presence in South East Asia
- | Building offshore presence and partnerships to offer clients selected lower cost services and capabilities



FY15 acquisitions

UXC Saltbush Group: October 2014

Leading provider of cyber and information security systems

- | Cyber and information security is an increasingly important issue for the market
- | Results ahead of Management forecasts
- | Example of value-add approach UXC brings to its clients
- | Leveraging capabilities and services into UXC client base
- | 66 staff – now 90

contiigo: May 2015

Leading provider of SAP Hybris Digital and Customer Engagement

- | SAP solutions for customer engagement, including the omni-channel hybris platform and the SAP Cloud for Sales, SAP Cloud for Service, SAP Cloud for Marketing and SAP Cloud for Social Engagement solutions
- | Enable B2B and B2C companies everywhere to provide real-time, consistent, contextual and relevant experiences to their customers regardless of channel or device
- | Example of value-add approach UXC brings to its clients
- | 26 staff

Trading Update and Outlook

Trading Update and Outlook

- | Strong first quarter result with significant growth in revenue, EBITDA & PBT over prior year
- | Expect continuing profitable growth in core business
- | New contracts won and rising annuity revenues driving FY16 momentum
- | Confidence in winning new large projects and contracts
- | Strong backlog of work and FY16 pipeline to support further FY16 improvement
- | Strategic positioning in high growth markets especially **North America and cyber & information security** and growing exposure to new technologies will aid earnings growth
- | Significant \$25 million plus contract win in the utilities sector
- | Acquisition of Microsoft Dynamics AX and Microsoft BI divisions of Koorb Consulting in NZ

Trading Update and Outlook

- | Operational improvements in gross margin needed to meet targets
- | Margins remain difficult to improve and require increased investment
- | Business environment remains mixed, often by region and industry
- | Market spend stable but some growth towards smaller projects in Digital and Mobility
- | Shared services opportunities require investment with anticipated savings to flow in FY17 and beyond
- | While the CSC process is causing some disruption, the team is working hard to mitigate this impact on business as usual activities

Segment margins

Underlying PBT (unaudited) MARGINS BY SEGMENT	FY13	FY14	FY15	TARGET
Consulting	6.0%	7.6%	7.8%	9% - 10%
Applications	9.6%	9.4%	9.7%	11% - 12%
Infrastructure	4.0%	1.8%	4.9%	4.5% - 5.5%

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

CSC Indicative Proposal

CSC Indicative Proposal

- | An indicative, non-binding and conditional proposal to acquire all of the shares of UXC
- | Cash payment of \$1.28 per share: \$1.26 cash & franked dividend of 2 cents for 1H16
- | Based on this proposal, UXC has entered into a process agreement with CSC for a potential acquisition, by way of a Scheme of Arrangement
- | CSC indicative proposal is subject to several conditions:
 - completion of due diligence to CSC’s satisfaction;
 - final approval of the Boards of both UXC and CSC; and
 - the negotiation of the terms of an implementation agreement customary for a transaction of this nature
- | The implementation agreement will require a majority of UXC Directors to recommend shareholders vote in favour of the Scheme in the absence of a superior proposal. The Directors note that this will be subject to an independent expert concluding that the Scheme is in the best interests of UXC shareholders
- | The Board of UXC notes that there is no certainty that the indicative proposal will result in an offer for the Company

Assessment of CSC Indicative Proposal

- | In making the decision to take CSC's proposal to the UXC shareholders on 6 October 2015, the Board of Directors considered the following factors:
- The offer price of \$1.28 per share represented:
 - 19% premium to 60 day VWAP of \$1.08¹
 - 33% premium to 120 day VWAP of \$0.96¹
 - UXC at highest share price in over 7 years
 - Recent run on share prices in the IT sector versus the broader market and UXC's share price performance against peers has been considered
 - 10.7x EV/FY15 EBITDA and 9.5x EV/FY16 EBITDA² – confirmed by our advisors as multiples consistent with other transactions in the IT services sector
 - 19.7x FY15 P/E and 17.8x FY16 P/E² - confirmed by our advisors as sitting at the top end of the range for the IT services sector
 - The investment required for the next phase of UXC's growth
 - The cyclical nature of the global IT services market
 - Provides opportunity for the company to establish shareholder views

1. As at close of business on 5 October 2015

2. Multiples based on closing share price of \$1.33 on 5 October 2015 and broker consensus earnings estimates

Status of CSC process and next steps

- | CSC and its advisors commenced an exclusive five week due diligence process on 7 October 2015
- | The negotiation of a Scheme Implementation Agreement has commenced
- | If CSC decide to proceed following their due diligence, then the Scheme Implementation Agreement will be signed and a binding deal will be announced – this would be expected to occur around mid-November
- | A scheme booklet will then be prepared for review by ASIC and the Court. The timing of the first Court hearing is fluid: it may be before Christmas or it may be in late January 2016. The Court is expected to convene a meeting of shareholders
- | Shareholders will then be sent the scheme booklet and the Shareholder meeting to consider the scheme will be held one month later
- | If the Shareholders and subsequently the Court approves the scheme, then the transaction is expected to conclude in March 2016.

Managing Director & CEO transition

Managing Director & CEO transition

- | As announced to the market today, Mr Cris Nicolli has informed the Board of Directors of his intention to retire in 2016 after 12 years of service with the company, including 5 years as Managing Director & CEO.
- | Under Cris' leadership UXC has transformed from a conglomerate of disparate businesses into the focused, customer centric, pure IT business you see before you today.
- | Cris will continue as Managing Director & CEO during the process to consider the indicative, non-binding and conditional CSC proposal to acquire all of the shares of UXC from CSC (refer UXC's market announcement of 6 October 2015) through to completion.
- | Irrespective of the process outcome, Cris will continue to lead UXC until the appointment of his successor, providing business continuity and support to his successor through an appropriate transition period.
- | A succession planning process has been in place for some time with both internal and external candidates being considered for the role.

Conclusion

- | As we progress into FY16 UXC management and staff are focussed on;
 - running the businesses and ensuring quality service for our customers and building on the momentum achieved during FY2015
 - we continue to actively compete on tender opportunities and pursue acquisition opportunities in the normal course of business (including the acquisition of the Microsoft Dynamics AX and Microsoft BI divisions of Koorb Consulting in New Zealand, as announced on 20 October 2015)
- | Concurrently, the Board and management will continue to engage with CSC on its proposal to acquire the company, and subject to a positive outcome, we expect to be coming back to shareholders in November with further details on a Scheme of Arrangement and the path forward.



Formal business

Proxy Summary

Item 2 – Remuneration Report

“To adopt the Remuneration Report for the year ended 30 June 2015 as a non-binding, advisory resolution.”

Instructions given to validly appointed proxies (as at 4pm 28 October 2015) in respect of the resolution are as follows:

In Favour	Open	Against
124,024,353	1,216,882	1,476,984

Proxy Summary

Item 3.1 – Approval of re-election of director

“That Mr Brian Mitchell, a director retiring in accordance with the Company’s Constitution, and being eligible for re-election, be re-elected as a director of the Company.”

Instructions given to validly appointed proxies (as at 4pm 28 October 2015) in respect of the resolution are as follows:

In Favour	Open	Against
142,900,194	1,294,628	11,276,445

Proxy Summary

Item 3.2 – Approval of re-election of director

“That Mr Doug Snedden, a director retiring in accordance with the Company’s Constitution, and being eligible for re-election, be re-elected as a director of the Company.”

Instructions given to validly appointed proxies (as at 4pm 28 October 2015) in respect of the resolution are as follows:

In Favour	Open	Against
131,837,144	1,297,048	21,840,000

DISCLAIMER

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of UXC Limited (“UXC”) and certain plans and objectives of the management of UXC. Forward-looking statements can generally be identified by the use of words such as 'project', 'believe', 'foresee', 'plan', 'expect', 'aim', 'potential', 'goal', 'target', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'could', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of UXC, which may cause the actual results or performance of UXC to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, fluctuations in foreign currency exchange and interest rates, competition, UXC’s relationships with, and the financial condition of, its suppliers and customers, or legislative changes, or regulatory changes or other changes in the laws which affect UXC’s business. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements. Readers should not place undue reliance on forward looking statements. Except as required by law and ASX Listing Rules, UXC undertakes no obligation to update publicly or otherwise revise any forward looking statement as a result of new information, future events or other factors.