

Empired Limited (ASX:EPD)

**INVESTOR PRESENTATION
RUSSELL BASKERVILLE, MANAGING DIRECTOR**

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The logo for Empired, featuring the word "Empired" in a white, sans-serif font on a dark grey rectangular background with a folded corner effect.

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Empired

About Empired

OUR VISION:

To be a high performance
IT Services company
delivering value through
initiative, innovation and growth.



INITIATIVE



INNOVATION



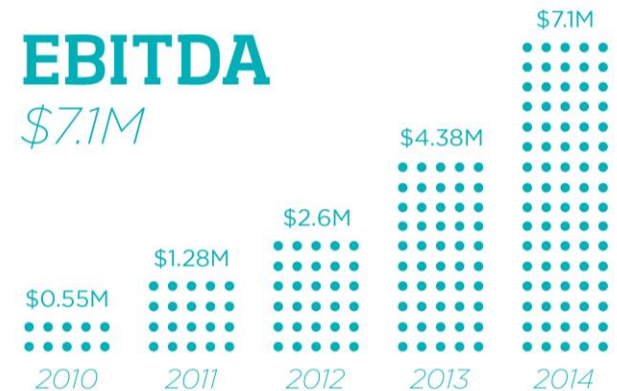
GROWTH

- » Established 1999 – Listed Oct 2007 (ASX:EPD)
- » 5 Year Revenue CAGR of 25%
- » Employing 450 IT professionals across Australia
- » Operations in WA, VIC, NSW, QLD & SA
- » Consulting, Applications & Infrastructure
- » Stable base of long term recurring revenue
- » Alternative to multinationals

Ordinary Shares	95,918,049
Options (ex 40c)	500,000
Current Share Price as at 9 Sept 14	\$0.765
Market Capitalisation as at 9 Sept 14	\$73m
Net Debt / (Cash) @ 30 June 14	\$5m
Directors & Management	20%
Top 20	64%

EBITDA

\$7.1M



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Capital Raising Overview

Offer Structure	<ul style="list-style-type: none">• Single tranche placement to raise \$10.5 million (“Offer”) before costs• 14 million shares issued within 15% placement capacity
Pricing	<ul style="list-style-type: none">• Fixed Offer price of \$0.75 per share:<ul style="list-style-type: none">– 2.0% discount to the last closing price of \$0.765 (last trading day prior to the Offer)– 1.3% discount to the 5-day VWAP (A\$0.76)
Use of Funds	<ul style="list-style-type: none">• To fund future complementary acquisition(s);<ul style="list-style-type: none">– To expand the regions in which the Company operates, and the breadth and depth of IT services provided,– To materially increase the scale of the Company’s operations, and– Using similar valuations and payment structures as previous transactions.• Working capital
Offer Securities	<ul style="list-style-type: none">• Fully paid ordinary shares• Ranking equally with existing shares
Lead Manager	<ul style="list-style-type: none">• Euroz Securities Limited
Co manager	<ul style="list-style-type: none">• Bell Potter Securities Limited

Capital Raising Timetable

Event	Date
ASX trading halt	Wednesday, 10 September 2014
ASX announcement and recommencement of trading on the ASX	Friday, 12 September 2014
Settlement of Placement	Friday, 19 September 2014
Issue of Placement Shares and normal trading of these shares expected to commence on ASX	Monday, 22 September 2014

FY14 Full Year Headline Results

- **Record Revenue of \$67M up 44%** (H1 \$29m, H2 \$38m)
- **Record EBITDA of \$7.1M up 98%** (H1 \$1.1m, H2 \$6m)
- **Record Net Profit Before Tax of \$4.3M up 119%**
- **Record Net Profit After Tax of \$3.8m up 144%**
- **Record Earnings Per Share of 4.26 cents up 95%**
- **Declared 1 cent full franked dividend**
- Underlying⁽¹⁾ EBITDA of \$5.7M (H1 \$1.6m, H2 \$4.1m)
- Positive Operating Cash Flow of \$5.3M
- Cash at June 30, 2014 of \$8M
- Net Interest Bearing Debt of \$5.2M

⁽¹⁾ Underlying EBITDA excludes a one off \$2M credit to the P&L as a result of a negotiation that reduced deferred payments to the vendors of OBS Pty Ltd by \$2M in cash and \$0.6M of transaction costs associated with the acquisition of OBS Pty Ltd and eSavvy Pty Ltd.

FY14 Full Year Headline Results

STRATEGIC HIGHLIGHTS

- **Acquired OBS Pty Ltd in October 2013**, adding \$32M of annualised Revenue in high growth services across the East Coast, cementing Empired as the largest Microsoft SharePoint partner in Australia. 2014 financial targets met.
- **Acquired eSavvy Pty Ltd in May 2014**, doubling the Sydney office and cementing Empired as the largest Microsoft CRM partner in Australia.
- **Secured \$50M contract** with a major resources company, mobilisation and ramp up costs expensed in FY14 and on track to provide contribution in FY15 with potential for considerable upside with the customer.
- **Secured \$46M contract** with Main Roads WA, underpinning contracted Revenue for the next 5 years.
- **Raised \$15M of equity capital** through a strongly oversubscribed institutional placement. This provided material improvements to trading liquidity and provides a strong balance sheet for growth.

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Strong H2 Performance

Factors which negatively impacted 1H:	2H Benefit
Ramp up costs associated with two major contract wins (¹ TCV of \$96m)	✓
Reduction in Main Roads projects during contract negotiation period	x
Transaction costs associated with acquisition of OBS Pty Ltd	✓

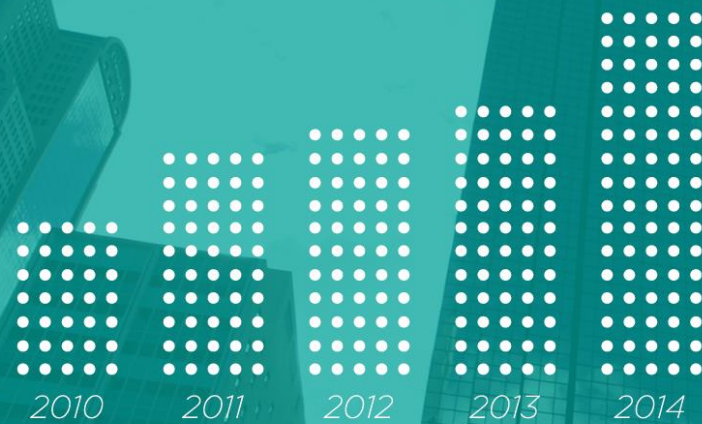
Factors contributing to 2H:	2H Benefit
Contribution from the two major contract wins in H1 (continues to increase)	✓
Stronger project services demand against H1 and continuing to improve	✓
6 month contribution from the acquisition of OBS Pty Ltd	✓
Cancellation of a \$2m deferred payment relating to OBS Pty Ltd acquisition	✓

- ✓ H2 Revenue of \$38m, 57% of full year result.
- ✓ H2 Reported EBITDA of \$6.1m and underlying EBITDA of \$4.1m, 11% EBITDA margin.

¹ Expected Total Contract Value

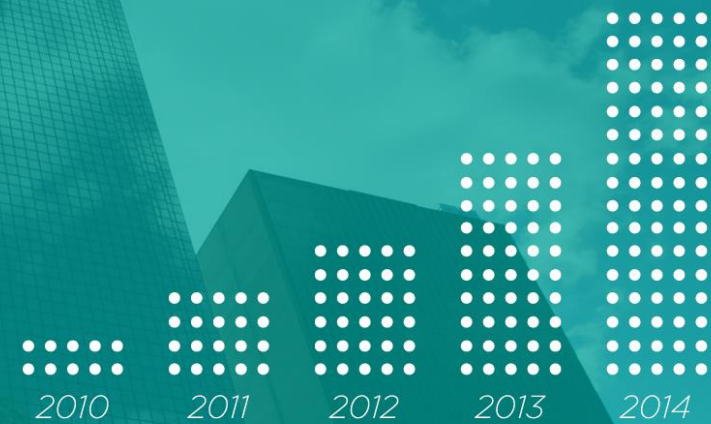
Revenue

\$67M



EBITDA

\$7.1M



EPS

\$0.0426



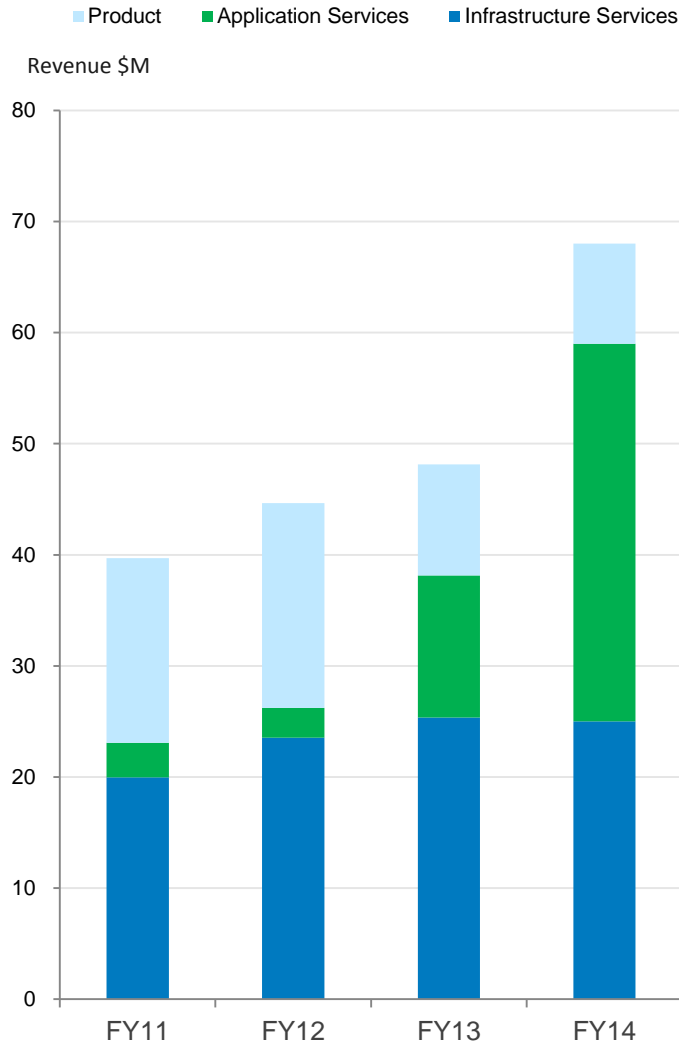
NPAT

\$3.8M



FY14 Revenue Analysis

Revenue by Line of Business



Infrastructure Services, 36% of Revenue

- Approximately 90% of Revenue from multi-year contracts.
- Growth in FY15 underpinned by Main Roads contract and healthy new business pipeline.

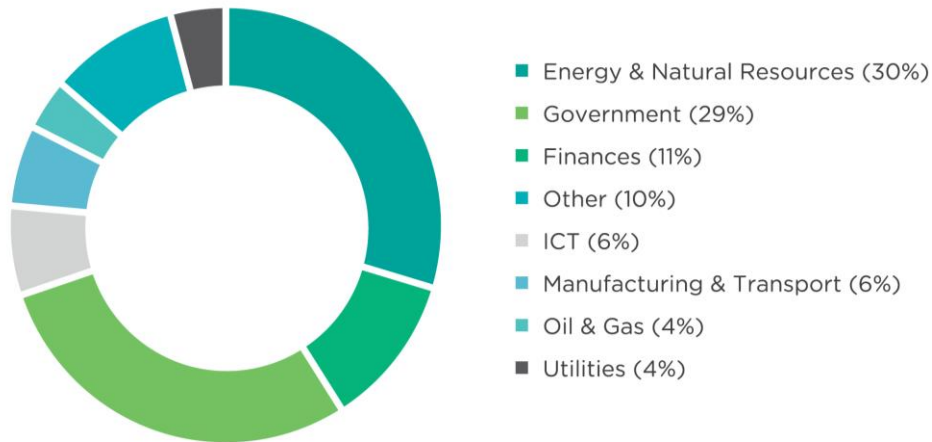
Application Services, 51% of Revenue

- Strong growth driven by acquisition of OBS Pty Ltd and eSavvy Pty Ltd.
- Highest margin line of business.
- Typically “stickier” Revenue with strategy to grow contracted Revenue base through managed services.
- Strong growth expected in FY15 based on full year contribution of acquisitions plus full year contribution from Major Resources contract win during FY14.
- Healthy pipeline of organic growth opportunities with a focus on managed services.

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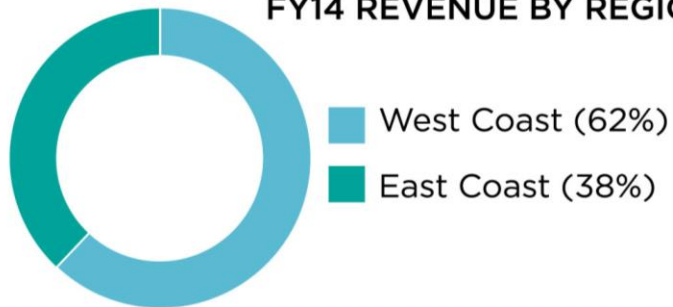
Revenue by Sector

REVENUE BY INDUSTRY IN THE 2014 FINANCIAL YEAR



- Pleasing diversification across major Australian sectors.
- Significantly reduced reliance on Energy and Natural Resources sectors.
- State Governments growing with increasing opportunities.
- Focus on growing Finance and Utility sectors.
- East coast market opportunity growing.
- People split lead indicator to increased contribution from East Coast FY15.

FY14 REVENUE BY REGION



FY14 PEOPLE BY REGION



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Contracted Revenue



- High level of Revenue predictability through long term contracted Revenue into FY15.
- Continuing to build year on year recurring Revenue from Managed Services and large multi-year engagements.
- Application Managed Services a new growth opportunity for recurring Revenue.
- Cloud and utility based models also provide new growth opportunities for recurring Revenue.

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Major Contracts Pipeline

*Major Opportunities	
Status	Total Contract Value
Pipeline	\$70m
Tenders Submitted	\$20m
In Negotiation	\$0m
Total	\$90m

***Empired will contest over \$90M
in Major contracts over the next
12 months***

Recent Contract Wins

- ✓ \$46m Managed Services contract with Main Roads WA.
- ✓ e\$50m Systems Transformation contract with a major resources company.

**The above tables are not exhaustive and illustrate only the major deals being contested. Values are estimates and subject to change during the sales and negotiation process. The tables do not represent signed contracts and can only be used as a guide to assess the potential opportunities presented to the company, not for projection of revenue or earnings.*

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Empired's Aspirations

Capability

- Business solutions focus.
- Broad capability across Infrastructure, Apps and Consulting.
- Large multi-year contract delivery models.
- Deep domain expertise in our chosen industry sectors.
- Multiple regions that support our target industry sectors.

Brand

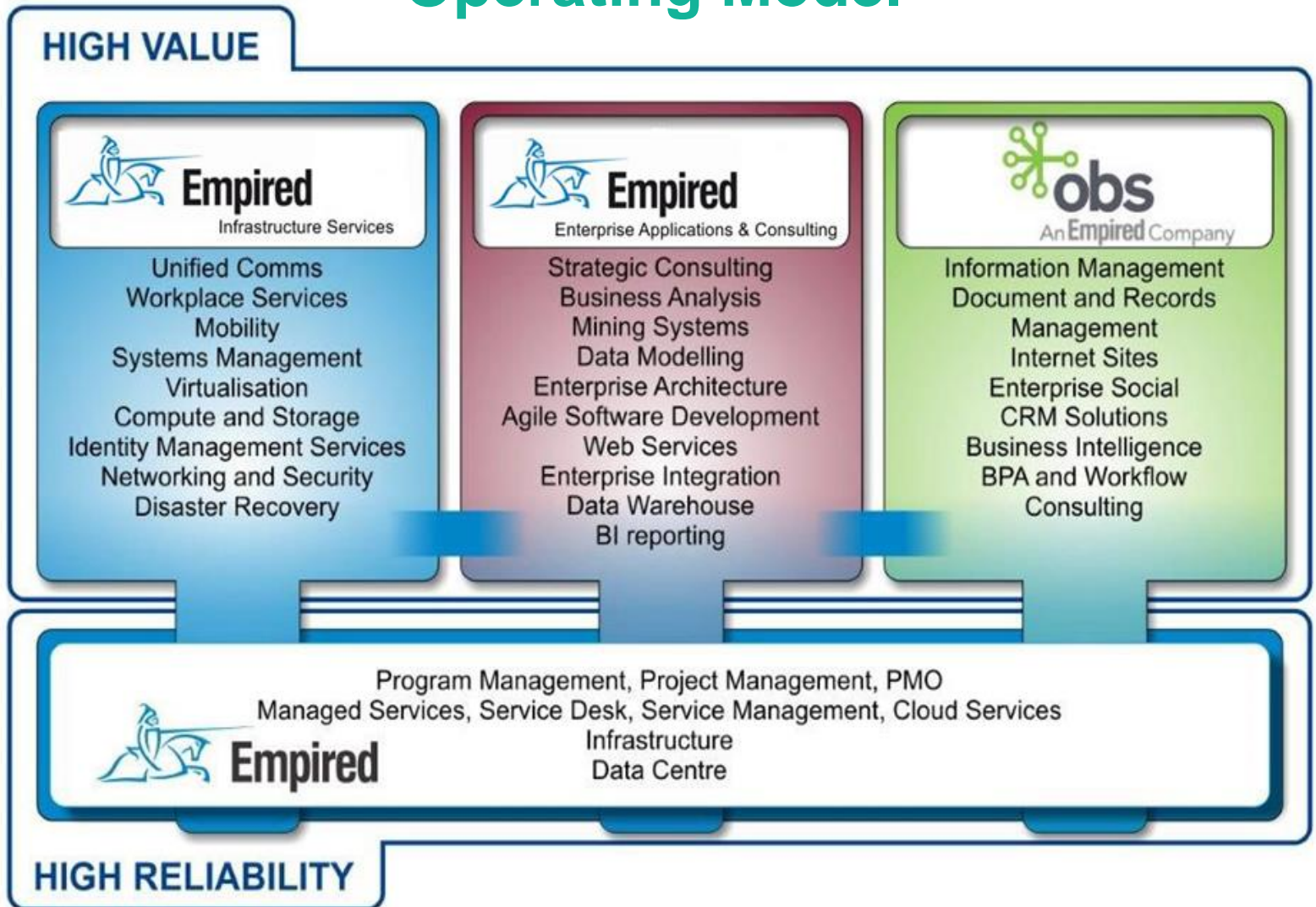
- Synonymous for trust, capability and discipline.
- Solutions focused.
- Recognition as a major provider of IMS and AMS.
- Recognised domain expertise in the ENR sector.
- Recognised as developing broader industry domain expertise.
- Quality outcomes.

Financial

- Attractive growth profile.
- Target EBITDA margin's growing to above c12% over time.
- High level of contracted recurring revenue.
- Track record of revenue and earnings growth.
- Conservative debt profile.
- Strong cash flows.
- Reliable dividend profile.

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Operating Model



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Investor Value Proposition

Growth

- 5 Year Revenue CAGR of 25%
- 5 Year EBITDA CAGR of 90%
- Proven organic + acquisitive growth model + \$17 Billion Australian Market

Diversification

- Solid Sector diversification – Strong presence in ENR and State Government
- End to End business model - Infrastructure, Applications & Consulting
- Multi Year Managed Services Contracts + High Margin Project Services

Proven Track Record

- Strong, well connected and experienced management team
- Blue Chip References, 450 staff and scalable business platform
- Currently winning and delivering multi-million dollar contracts

Blue Sky

- Unique market position and timing with \$90M sales pipeline
- The cloud market is expected to grow from \$470M in 2010 to \$2B by 2015
- Attractive acquisitive growth opportunities

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FY14 a Transformational Year

- **Delivered Strong financial results in all key metrics**
- **Delivered organic growth securing 2 major contracts valued at \$96m**
 - Building on contracted revenue base
 - Accelerating our profile and credibility in major deals
 - Underpinning organic growth
- **Delivered acquisitive growth acquiring OBS Pty Ltd & eSavvy Pty Ltd**
 - Building the breadth of our services
 - Extended our geographic presence & profile (East Coast)
 - Delivers acquisitive growth & stimulates organic growth
- **Positioned to provide services around major growth trends**
 - Cloud
 - Mobility
 - Business Analytics and Big Data

FY15 outlook, more growth to follow...



Expect Strong Growth in FY15



Well placed to capitalise on
acquisitive growth opportunities



**\$90M of major contract
opportunities in play**



Organic growth being
accelerated with cross sales



**Full year impact of OBS and
eSavvy acquisitions**



Full year impact of \$46M
Contract with Main Roads WA



**Full year impact of major
resources contract**

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Thanks.

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Level 13, Septimus Roe Square
256 Adelaide Terrace
PERTH WA 6000
Telephone: +61 8 9223 1234

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