



Coffee Microcaps

October 2020

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This document has been approved by the Board of Directors.

COFFEE 
MICROCAPS

Important notice regarding forward looking statements

Certain statements made in this communication, may contain or comprise certain forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, and business and operational risk management. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Empired



Empired (ASX:EPD)

Digital Operations

Digital Solutions

Software Solutions

**Leveraged to
growth segments
of the market**



Software & Solution Intellectual Property

Industry Specialisation

Broad array of solution
accelerators & Industry
based IC

Proprietary Cloud
based software IP

**Unique
Differentiation**



International Reach

~1,000 people

Australia

New Zealand

USA

**Scalable
Platform**



Sticky Predictable Revenue

Multi Year Services
Contracts

High repeat revenue from
long term clients

Recurring Software as a
Service Revenue

**Long term
value drivers**



Strong Growth Platform

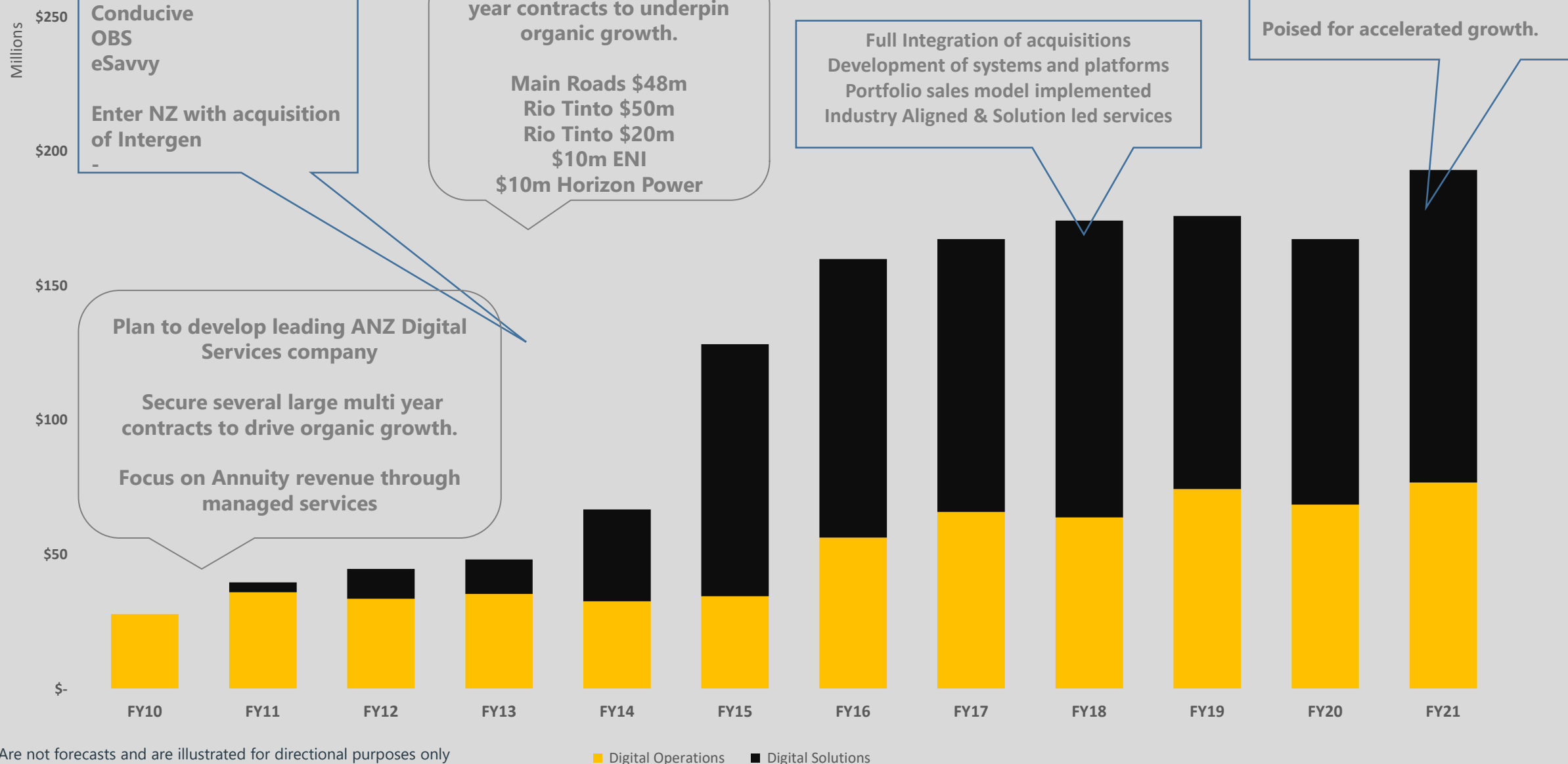
Attractive market
thematic

\$30B+ Market
Extensive Capability

Scalable Platform

**Double digit EPS
growth FY21**

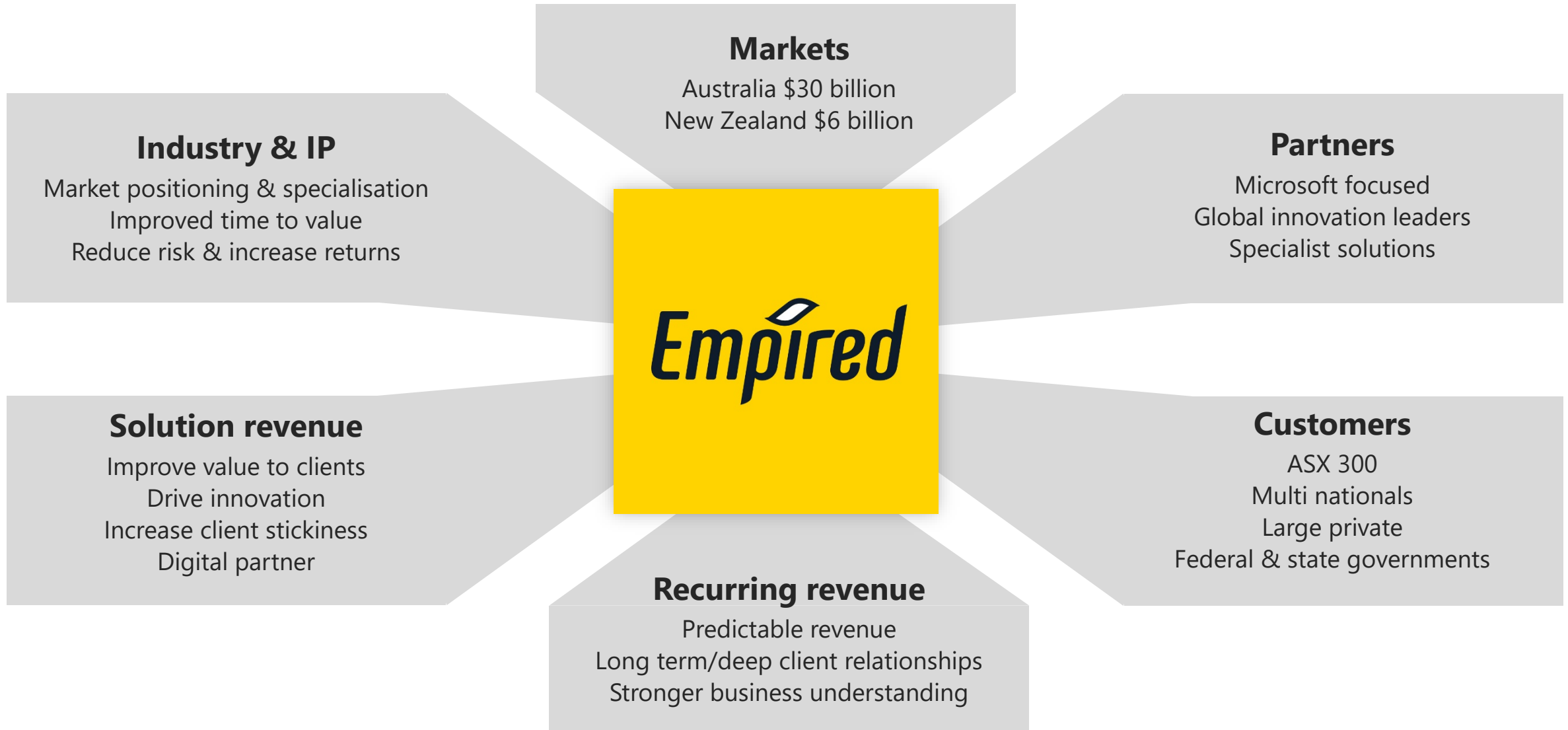
A HISTORY OF GROWTH



FY21 Are not forecasts and are illustrated for directional purposes only

■ Digital Operations ■ Digital Solutions

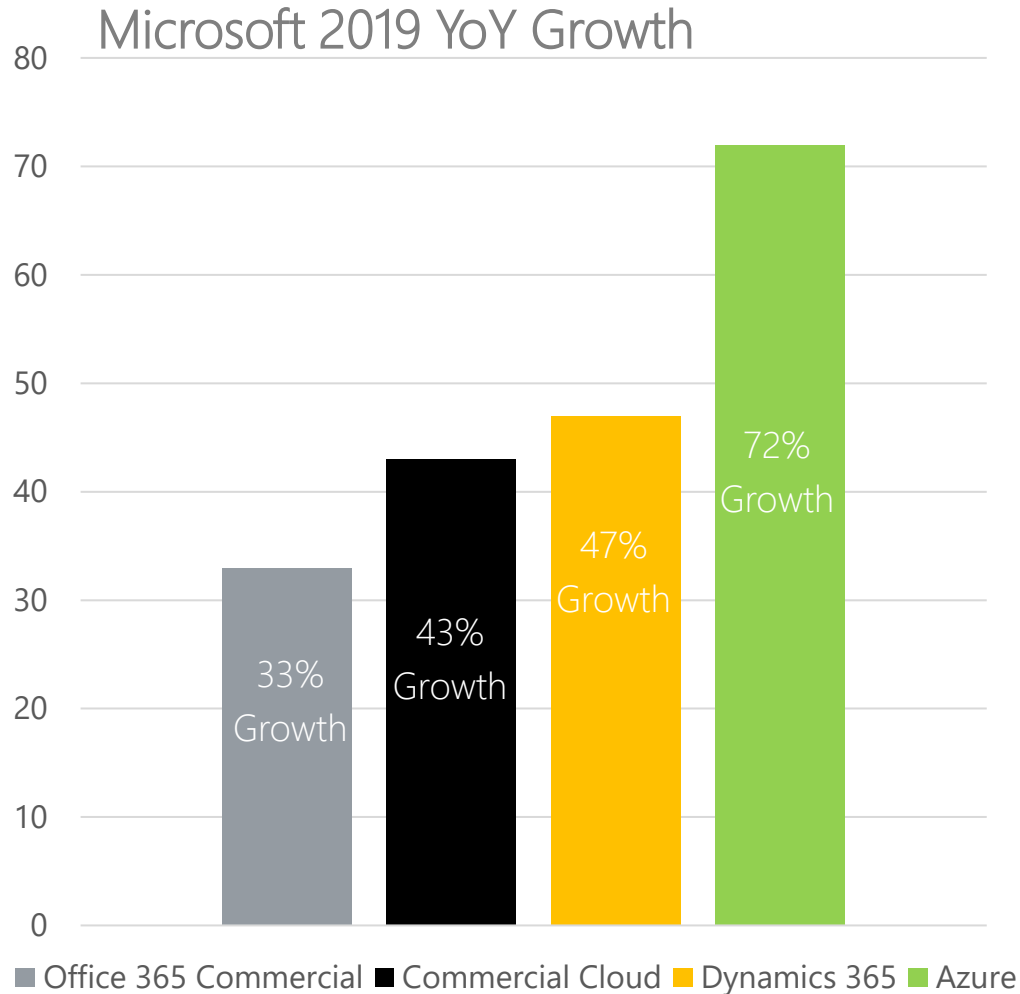
Strategy on a page:



Strategic Priorities

1. Grow Recurring Revenue – Invest & Focus on securing large strategic deals
2. Build market leadership position across Digital, Data & Cloud Business Apps
3. Grow market share on Australian East Coast and Auckland, NZ

Aligned to Microsoft Growth



- Empired is one of the largest dedicated Microsoft Partners across ANZ with approximately 1,000 professionals
- Dedicated Microsoft Partners across ANZ Empired's Microsoft Dynamics Business was up 16% in FY19 & NZ Dynamics Business up 20% in H1 FY20.
- Empired has over 200 Dynamics professionals delivering unique capability across one of Microsoft's highest growth product offerings.
- Empired manages 289 Azure subscriptions across 140 Government and Enterprise customers
- Empired's Modern Workplace and Azure services revenue is up 24% on PCP for the first half of FY20

FY20 Results⁽¹⁾

- **Revenue of \$166m, down 6% PCP**
- **EBITDA⁽²⁾ of \$19.0m, flat**
- **NPAT of \$6.1m, up 139%**
- **Operating cash flow of \$23.8m, up 64%**
- **Net Debt⁽³⁾ \$4.4m, reduced from \$14.3m at 30 June 19**
- **Balance Sheet forecast to be Net Cash⁽³⁾ by 31 December 2020**

(1) All comparatives and percentage movements, unless stated otherwise, have been expressed to adjust comparatives as if the impact of AASB16 Leases had previously applied. This has been done to provide a like for like comparison to the prior corresponding period.

(2) EBITDA includes \$4.1m in government subsidies, costs of approximately \$0.6m incurred as part of the cost reduction program and some costs associated with the ramp up of the Western Power contracts.

(3) Net Cash and Net Debt excludes the impact of AASB16 Leases.

FY20 Highlights

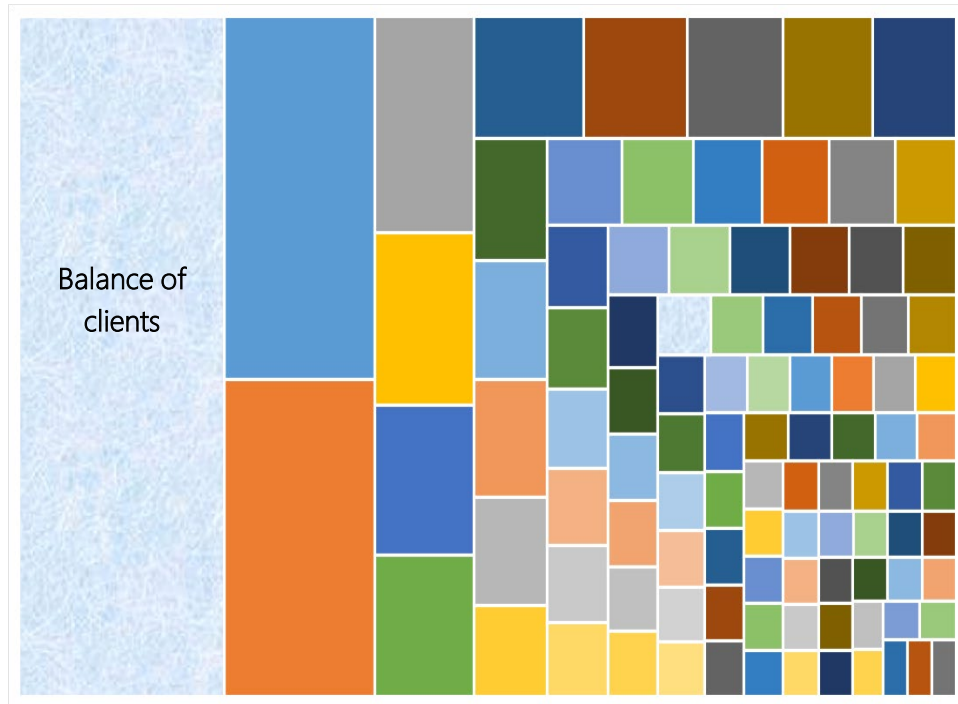
- Monthly contracted recurring revenue up 55% @ 1 July 2020 on PCP underpinned by:
 - Western Power contract win with estimated \$61m in revenue over 5 years plus additional projects
 - New managed services contracts with annual contract value of circa \$5m pa plus projects
- Completed and signed a new 3 year IT Supply contract with Rio Tinto
- 69% reduction in Net Debt from \$14.3m to \$4.4m @ 30 June 2020 due to:
 - Strong focus on cash collections and reduction in contract assets (WIP)
 - Material reduction in CAPEX on PCP
- Strong return to growth in New Zealand with revenue up 11% on PCP
 - Delivered multi-million dollar contracts with Department of Internal Affairs (Ongoing) and NZ Police (Ongoing)
 - Secured new potential multi-million dollar contracts with 2degrees and SkyTV ramping up in FY21

FY20 Highlights continued

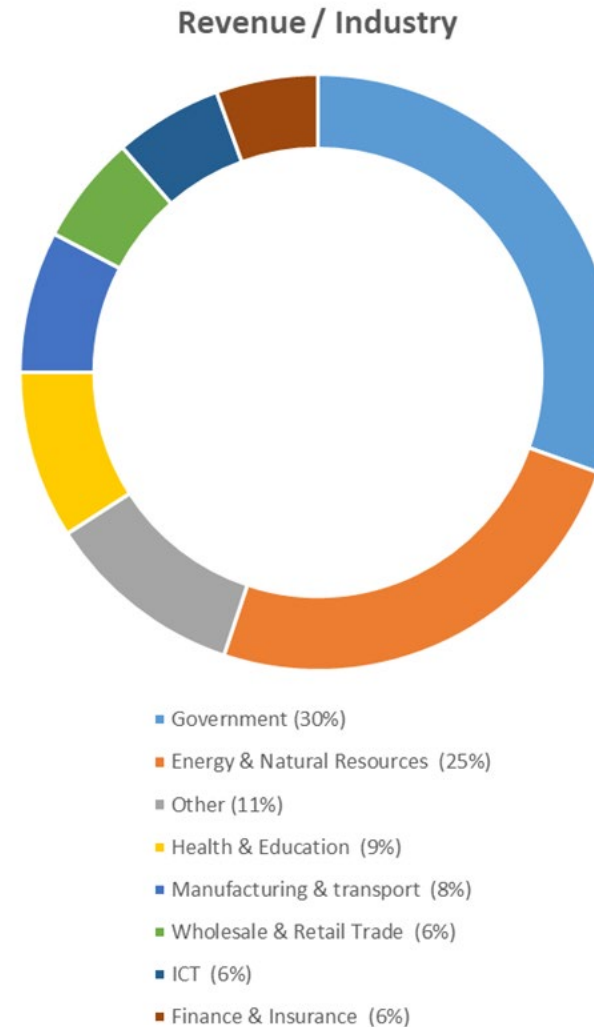
- Australian revenue down 16% on PCP
 - Disrupted trading conditions stemming from COVID 19
 - Main Roads WA contract transitioning out ending in Q1 FY20 and Western Power contract not commencing until July 2020
- Australian East Coast sales pipeline up greater than 30% @ 1 July 2020 on PCP attributable to:
 - Investments in expanded leadership and sales teams across East Coast
 - A range of larger contract opportunities and strategic managed services opportunities
- Advanced a number of material contract opportunities similar to Western Power win to contest in FY21

Industry & Clients

- **Major focus industries in FY21 will be Public Sector, Financial Services and Natural Resources / Utilities.**



No over-reliance on any key client

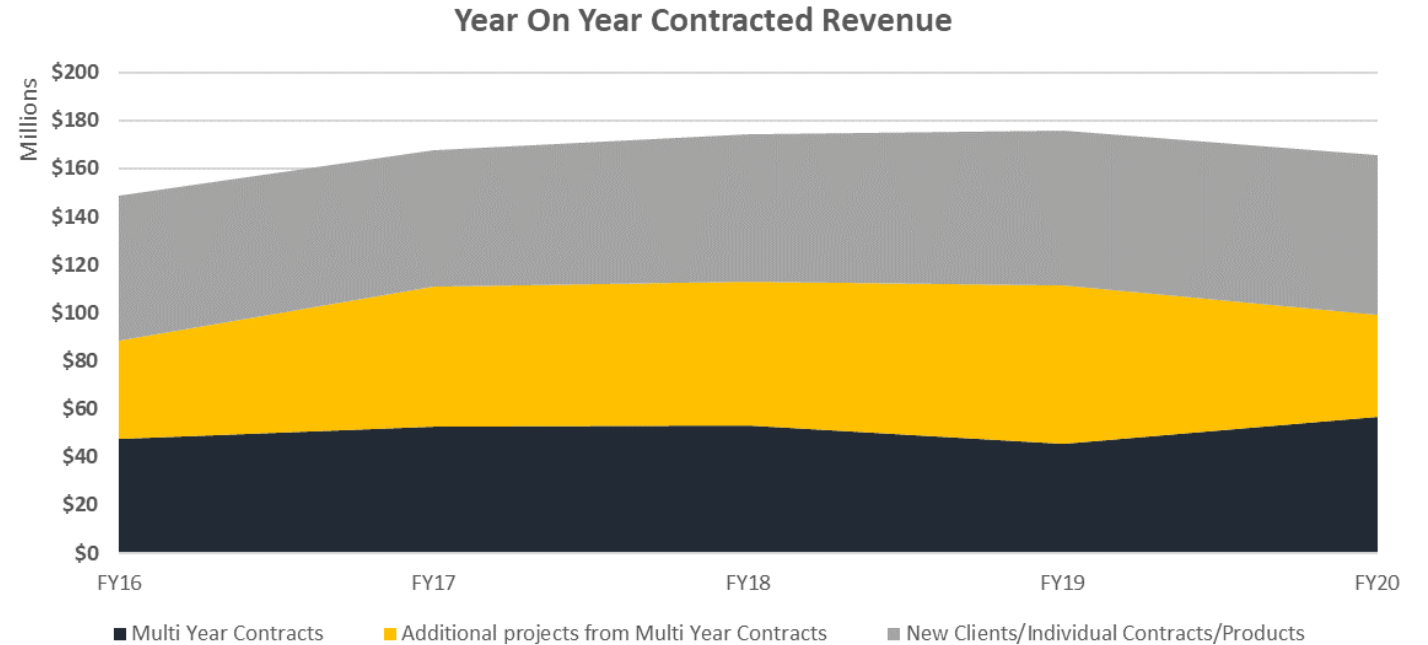


- **Public sector** are currently increasing spending particularly around solutions that support COVID- 19 & Citizen Engagement.
- **Natural Resources / Utilities** are predominately classified by government as essential services providing some resilience from the impacts of the COVID-19 pandemic.
- **Finance & Insurance** remain a major market in Australia that Empired is under-represented. A number of key hires and investments have been made to increase our position in this market in FY21.

Predictable Revenue

Monthly contracted recurring revenue up 55% @ 1 July 2020 v PCP

- ***60% of revenue derived from multi-year contracts***
- Revenue from multi-year contracts building in FY20 with no material new Western Power contribution
- Additional projects from Multi-Year contracts reduced significantly with Main Roads transition out and reduced activity as a result of COVID-19
- Expect significant growth in revenue from Multi-Year contracts plus projects in FY21
- Healthy pipeline of new material multi-year contracts to contest in FY21



FY21 Outlook

- Whilst we continue to manage in ever changing conditions with disrupted client operations, the overall impact of the COVID 19 pandemic and its impact on our business remains uncertain. The following factors provide the company with confidence in earnings growth and a strong FY21 financial performance.
- Monthly recurring revenue is at the highest level in the company's history up 55% v July 19.
- The sales pipeline in July 20 has strengthened materially compared with July 19.
- Following the \$61m Western Power contract win we will be in a stronger position to contest a number of similar contracts in FY21
- Forecasting growth across the Australian East Coast business based on investments made in FY20, new multi-million dollar client wins commencing in FY21 and an Australian East Coast sales pipeline up greater than 30% v July 19.
- Based upon the above, the company forecasts solid revenue growth in FY21.
- Revenue growth will deliver strong earnings and cash flow growth in FY21.
- Cash flow forecast to deliver a Net Cash* balance sheet position at 31 December 2020.

Empire