



# **Annual General Meeting 2020**

## **Empired Limited**

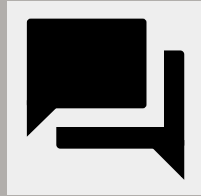
Further information contact – Russell Baskerville MD & CEO | This document has been approved by the Board of Directors



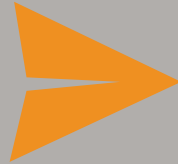
# Online Attendees – Question Process



When the Question function is available, the Q&A icon will appear at the top of the app

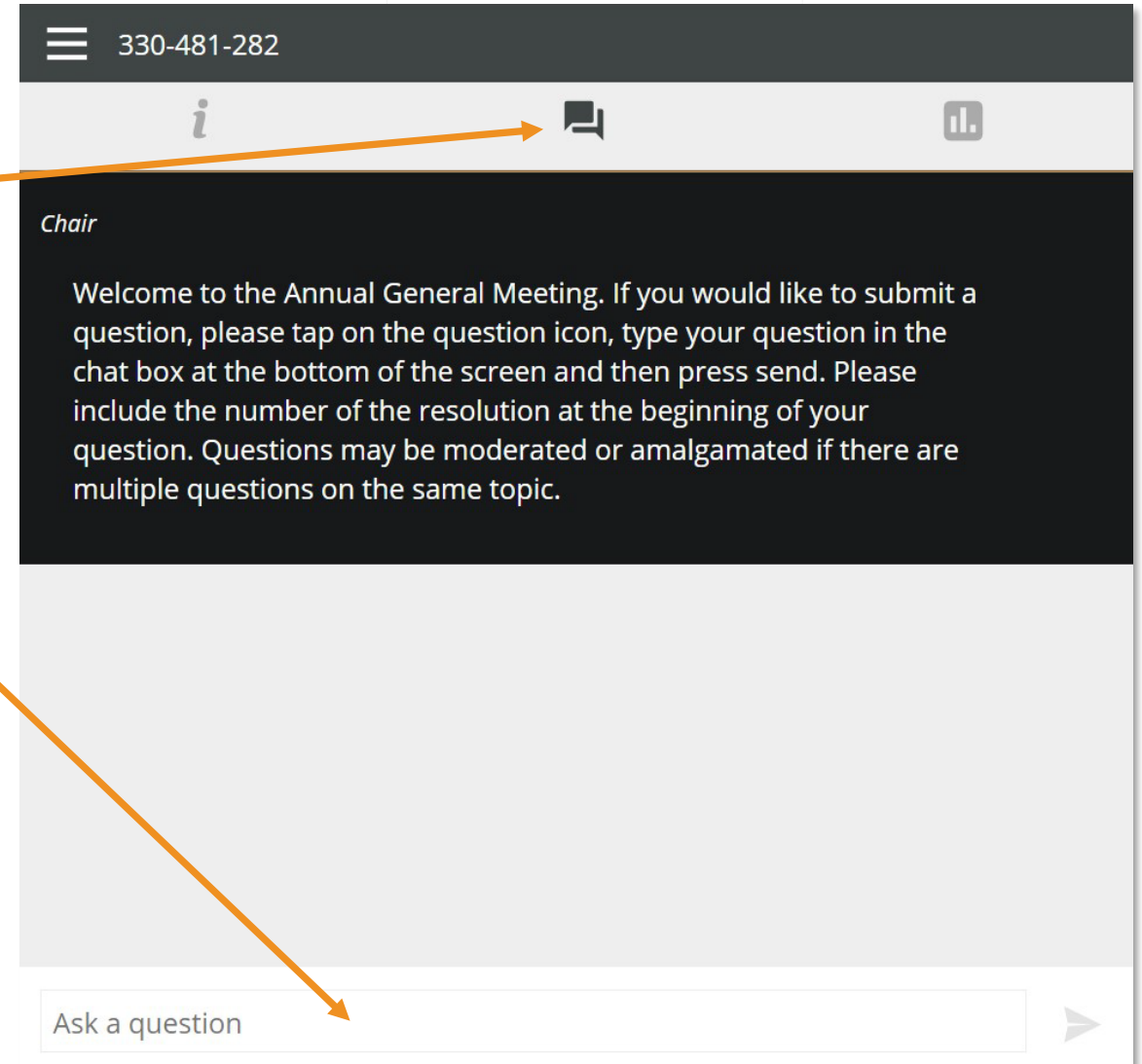


To send in a question, click in the 'Ask a question' box, type your question and press the send arrow



Your question will be sent immediately for review

✓ Received



# Online Attendees – Voting Process



When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour

For

Against

Abstain

There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed

A screenshot of the LUMI mobile application interface for voting. At the top, a dark grey header shows a menu icon and the number '330-481-282'. Below this is a light grey bar with an information icon 'i', a chat icon, and a voting icon (a bar chart). An orange arrow points from the voting icon in the explanatory text to this icon. Below the bar, a grey banner states 'You have voted on 0 of 2 items'. The main content area lists two resolutions. 'Resolution 1: Adoption of the Remuneration Report' is followed by the instruction 'Select a choice to send.' and three buttons: 'For', 'Against', and 'Abstain'. An orange arrow points from the 'For' button in the explanatory text to this button. To the right of these buttons is a 'CANCEL' button. 'Resolution 2: Approval of issue of securities under the Short-Term Incentive Plan' is followed by the same instruction and buttons. Another orange arrow points from the 'CANCEL' button in the explanatory text to this 'CANCEL' button. The interface has a vertical scrollbar on the right side.

# Agenda

1. Financial Statements
2. Remuneration Report
3. Re-election of Director – John Bardwell
4. Re-election of Director – Thomas Stianos
5. Approval to grant Performance Rights to Managing Director
6. MD/CEO Presentation
7. Close



# Resolution 1

## Remuneration Report

### Advisory Ordinary Resolution

That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report contained in the Company's annual financial report for the year ended 30 June 2020 be adopted by the Company.

### Proxy Voting Summary

<b>For</b>	89,455,716	98.83%
<b>Against</b>	198,633	0.22%
<b>Open usable</b>	863,272	0.95%
<b>Abstain</b>	225,194	-

863,272 Open usable available for the Chairman

# Resolution 2

## Re-election of Director – John Bardwell

### Ordinary Resolution

That Mr John Bardwell, a Director who retires by rotation in accordance with article 6.3(b) of the Constitution and Listing Rule 14.4, and being eligible offers himself for re-election, is re-elected as a Director.

### Proxy Voting Summary

<b>For</b>	103,573,210	98.57%
<b>Against</b>	606,838	0.58%
<b>Open usable</b>	888,150	0.85%
<b>Abstain</b>	42,500	-

888,150 Open usable available for the Chairman

# Resolution 3

## Re-election of Director – Thomas Stianos

### Ordinary Resolution

That Mr Thomas Stianos, a Director who retires by rotation in accordance with article 6.3(b) of the Constitution and Listing Rule 14.4, and being eligible offers himself for re-election, is re-elected as a Director.

### Proxy Voting Summary

For	103,929,668	99.14%
Against	7,180	-
Open usable	888,150	0.85%
Abstain	285,700	-

888,150 Open usable available for the Chairman

# Resolution 4

## Approval to grant Performance Rights to the Managing Director

### Ordinary Resolution

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 1,285,000 Performance Rights to Mr Russell Baskerville (or his nominee) under the Empired Long Term Incentive Plan on the terms and conditions set out in the Explanatory Statement.

### Proxy Voting Summary

<b>For</b>	92,977,501	98.96%
<b>Against</b>	907,320	0.97%
<b>Open usable</b>	63,272	-
<b>Abstain</b>	9,573,957	-

63,272 Open usable available for the Chairman



# Questions?



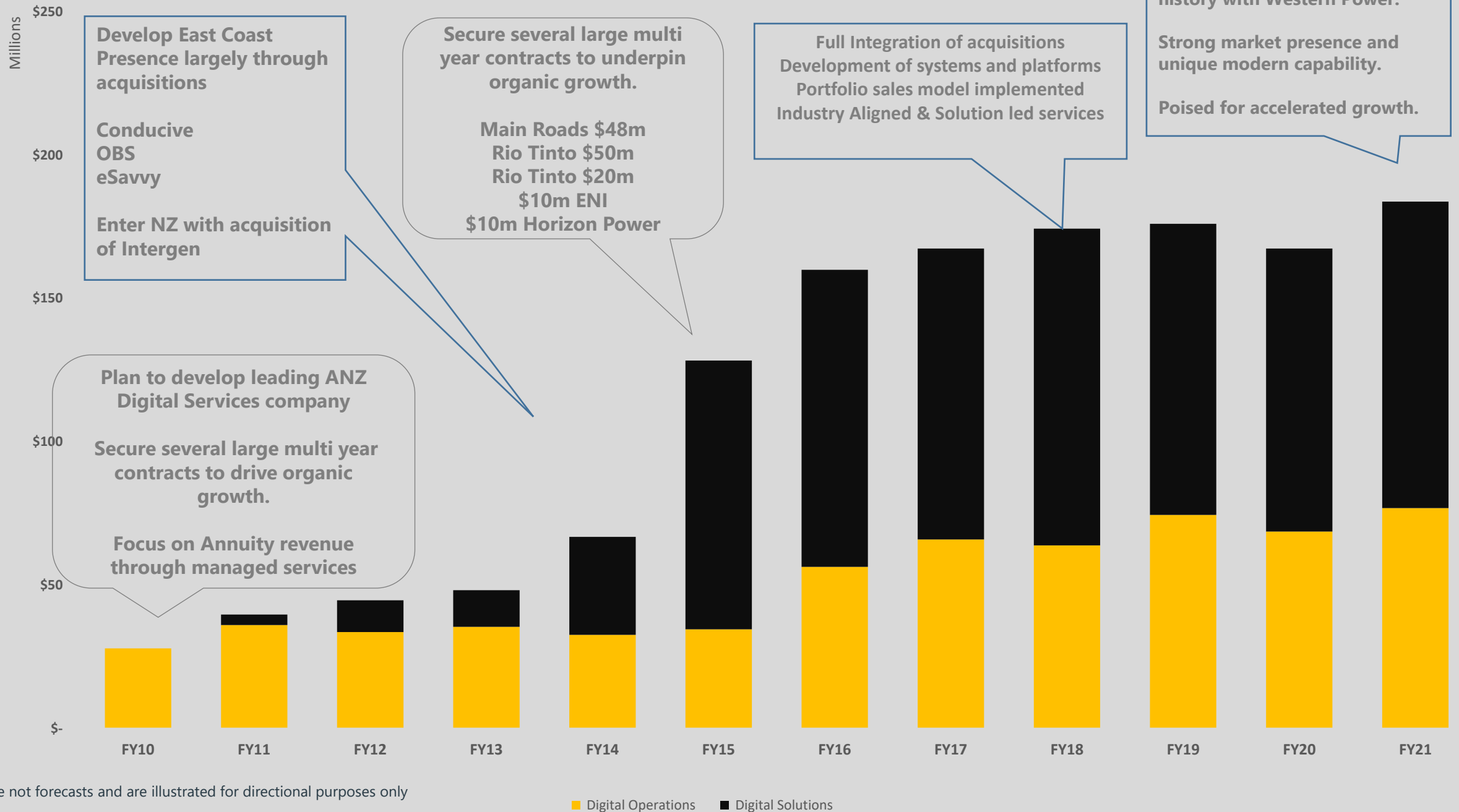


# 2020 AGM Presentation

## 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.

# A HISTORY OF GROWTH



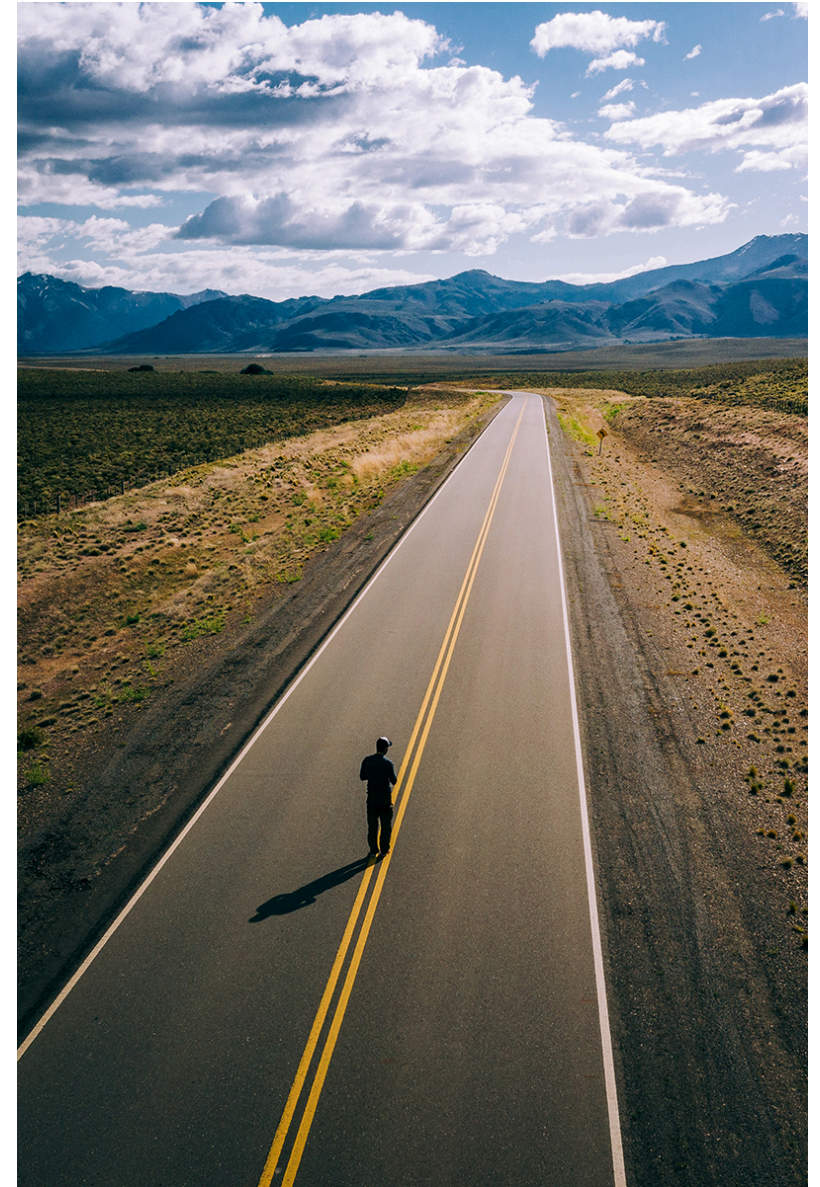
# Strategy on a page





# Our Strategic Priorities

- + **Grow Recurring Revenue** – Focus on securing large strategic deals
- + Market leadership across **Digital, Data & Cloud Business Apps**
- + Grow market share on **Australian East Coast and Auckland, NZ**





# FY20 Results<sup>(1)</sup>

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

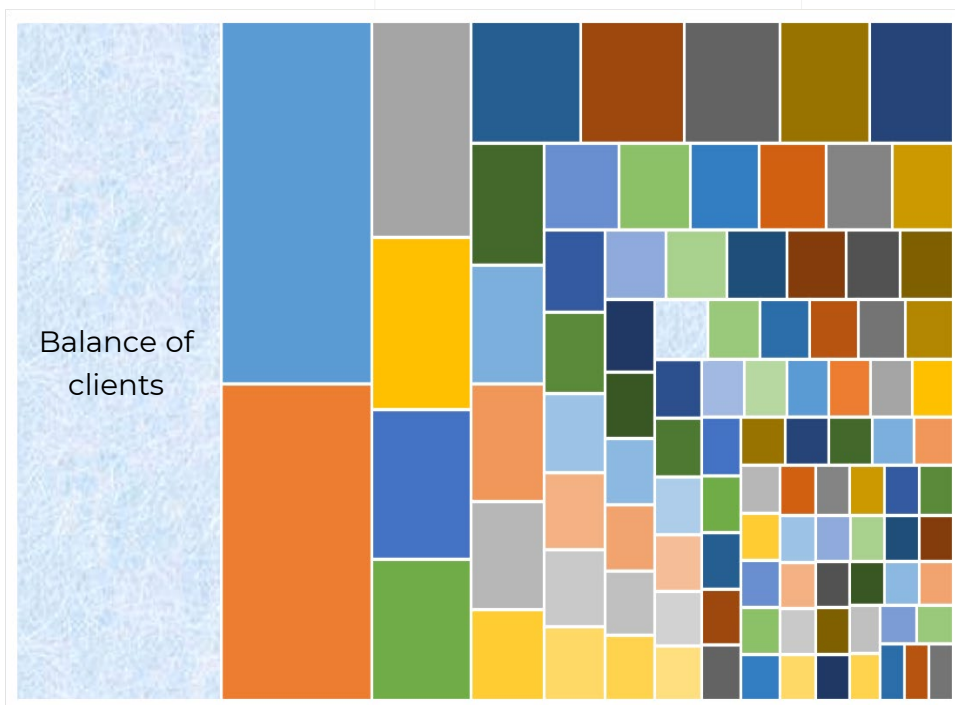
- ✚ Monthly contracted recurring revenue up 55% @ 1 July 2020 on PCP underpinned by:
  - Western Power contract win with estimated \$61m in revenue over 5 years plus additional projects
  - New managed services contracts with annual contract value of circa \$5m pa plus projects
- ✚ Completed and signed 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

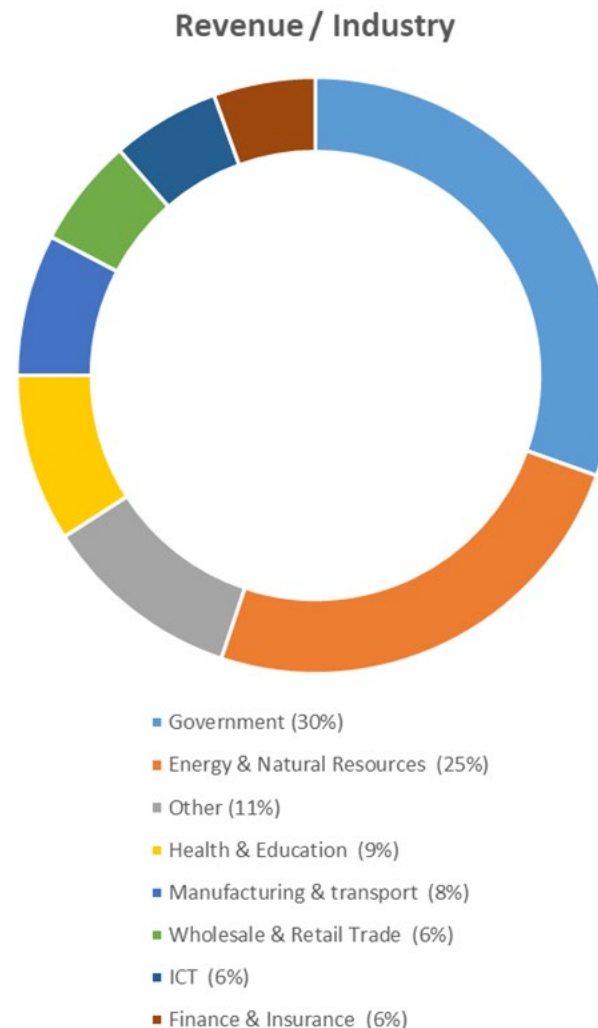
- ✚ Australian revenue down 16% on PCP
  - Disrupted trading conditions stemming from COVID 19
  - Main Roads WA contract transitioning out ending in Q1 FY20 and Western Power contract not commencing until July 2020
- ✚ Australian East Coast sales pipeline up greater than 30% @ 1 July 2020 on PCP attributable 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**

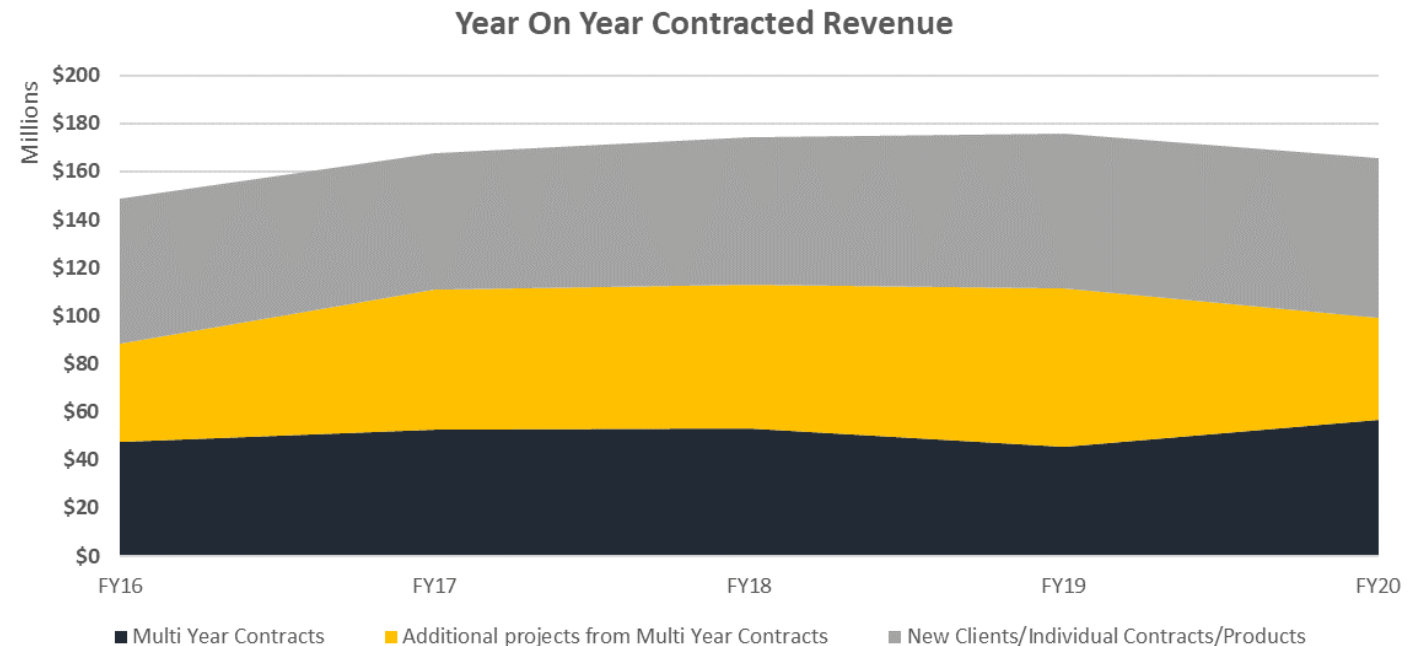


- **Public sector** are currently increasing spending particularly around solutions that support COVID- 19 & Citizen Engagement.
- **Natural Resources / Utilities** are predominately classified by government as essential services providing some resilience from the impacts of the COVID-19 pandemic.
- **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



*Multi-year contracts are Managed services, support services and any contract that spans greater than a 1 year period*

# FY21 H1 Trading Update

## Australian West Coast

- Experiencing strong demand with H1 sales forecast to be up 14%
- Revenue growth being constrained through availability of quality staff
- Experiencing minor gross margin pressure as a result of increased use of contractors and modest upward salary pressure

## Australian East Coast

- Record sales pipeline\* up greater than 50% and forecast H1 sales to be up 16%
- Revenue growth up strongly however constrained due to availability of labour in Microsoft Business Applications
- Gross margins up as a result of materially improved utilisation of existing workforce

## New Zealand

- Growth forecast across all key practices led by exceptional performance in Microsoft Business Applications
- Significant improvement in gross margins as a result of reduced project write off's and higher workforce utilisation



# FY21 Guidance

- Record H1 Revenue forecast to be in the range of \$87m to \$89m (H1 FY20 \$84m)
- Overheads and business unit expenses down on prior corresponding period
- Record H1 EBITDA<sup>(1)</sup> forecast to be in the range of \$15.8m to \$16.5m (H1 FY20 \$7.8m)
- Operating cash flow / EBITDA to be between 85% and 95%
- Forecast Net Cash<sup>(2)</sup> position at 31 December 2020
- Directors intend to declare an interim dividend in February 2021 with a target FY21 pay-out ratio in the range of 30% to 40%, moving to a medium term dividend policy of a pay-out ratio in excess of 50%.

(1) EBITDA includes \$4.8m in government Job Keeper payments. Empired advises that the final Job Keeper payment received was for the month of September 2020 and that it does not currently anticipate qualifying for any further payments.

(2) excluding lease liabilities

# FY21 Outlook

- + FY21 Revenue, EBITDA and EPS forecast to be up strongly on PCP subject to no material adverse changes to trading conditions as a result of the COVID 19 pandemic.
- + Solid full year operating cash conversion and continuing cash build forecast.
- + Sales pipeline is currently up 40% on pcg and forecasts record first half sales results.
- + FY22 growth will be underpinned by a full year contribution from Western Power Managed Services and Asset Refresh contracts combined with additional forecast revenue from the recent Western Power Systems Integrator contract win.
- + Over the coming 12 months the company will contest a number of multi-year strategic deals that, if successful, will provide a material uplift in earnings in FY22 and beyond.

# Questions?



THANK  
*you!*

Empired AGM 2020

Further information contact – Russell Baskerville MD & CEO

