



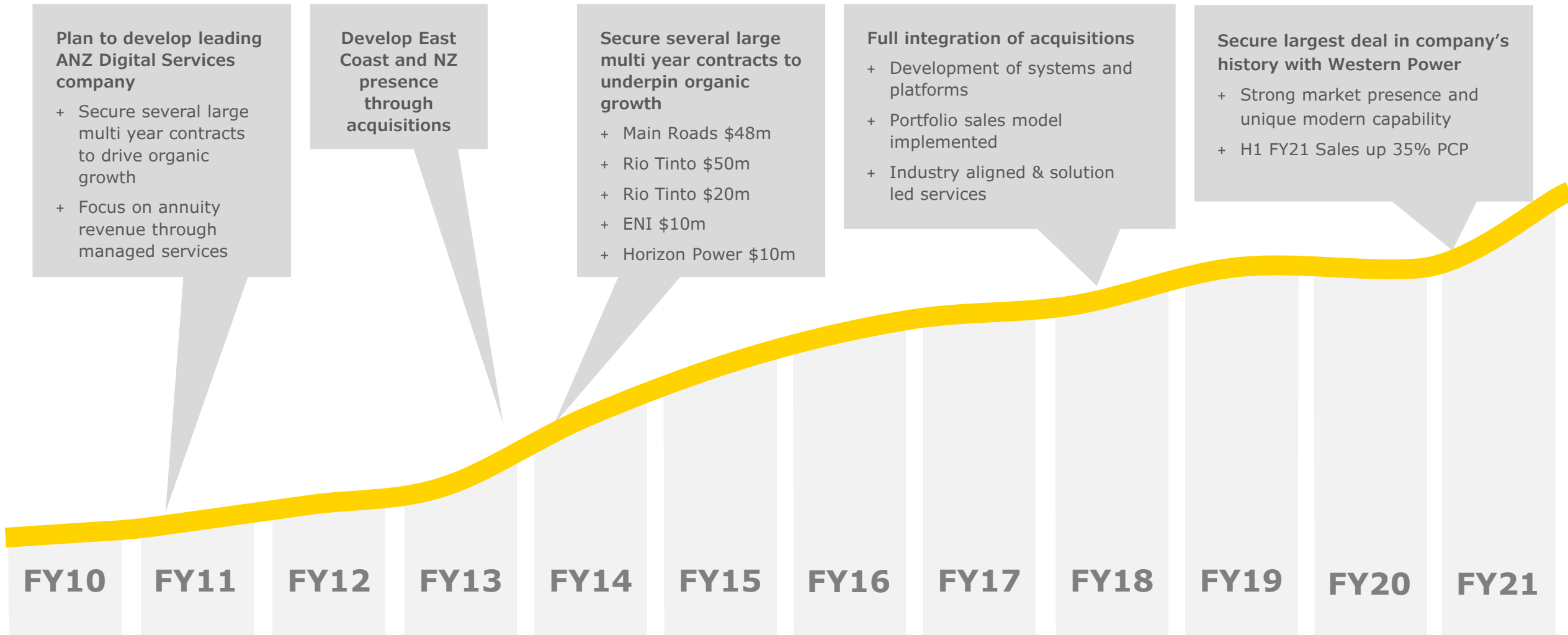
Welcome to the

H1 FY21 Investor Presentation

Empired Ltd

Stepping into H2

A History of Growth





ANZ Digital Powerhouse



Empired (ASX:EPD)	Competitive Advantage	International Reach	Sticky Predictable Revenue	Strong Growth Platform
Modern Workplace & Security Digital & Data Business Applications Cloud Platforms	Digital Transformation to Digital Operations Industry based software & solution accelerators Deep end-end Microsoft Expertise	~1,000 people Australia New Zealand USA	Multi-year services contracts High repeat revenue from long term clients Recurring Software as a Service (SaaS) Revenue	Attractive market thematic \$30B+ market Extensive capability Scalable platform
Leveraged to growth segments of the market	Unique differentiation	Scalable platform	Long term value drivers	Double digit EPS growth FY21

Delivering on Performance

H1 FY21 Results

- + Revenue of \$90.3m, up 7%
- + EBITDA of \$16.2m, up 107%
- + EBITDA⁽¹⁾_(ex JK) of \$11.3m, up 43%
- + NPAT of \$7.7m, up 284%
- + Operating cash flow of \$17.5m, up 59.3%
- + Net Cash (Debt)⁽²⁾ \$6.9m, up from \$(4.4)m at 30 June 20
- + 1.5 cents unfranked interim dividend payable 15 March 2021

(1) EBITDA excludes \$4.9m in government Job Keeper (JK) subsidies

(2) Net Cash and Net Debt excludes AASB16 Leases

**H1 Revenue of
\$90.3m**

up 7%

**H1 Net profit after
tax of \$7.7m**

up 284%

**H1 Operating cash
flow of \$17.5m**

up 59.3%



Strategic Highlights

- + Successfully transitioned in \$60m+ Western Power Infrastructure Managed Services contract, expect increased H2 contribution
- + Secured Western Power Systems Integrator contract with no contribution in H1 ramping up in H2
- + Empired top 4 accounts on track to contribute > \$50m in FY21 and growing
- + Sales Pipeline up 45% pcp
- + H1 actual sales up 34% pcp

H1 FY21 Results

- + Revenue growth underpinned by Western Power contract win, a number of other key contract wins / expansions and strong Business Applications demand
- + Gross margin expansion driven by improved utilisation levels and recoverability levels
- + EBITDA up strongly on the back of gross margin growth with flat expenses / overheads
- + Significant operating leverage driving EBITDA expansion as revenue grows
- + Material EBIT margin expansion as a result of EBITDA growth and relatively flat D&A charge

AUD m	H1 FY21	H1 FY20	Δ
Revenue	90.3	84.4	7%
Gross Profit	30.8	27.3	13%
Gross Margin	34%	32%	
EBITDA pre JobKeeper	11.3	7.8	43%
EBITDA pre JK / Rev %	13%	9%	
JobKeeper (Other income)	4.9	-	
EBITDA	16.2	7.8	108%
EBITDA / Rev%	18%	9%	
Depn & amortisation	(4.5)	(4.0)	
EBIT pre JobKeeper	6.8	3.8	79%
EBIT pre JK / Rev %	8%	5%	
EBIT	11.7	3.8	208%
Interest	(0.6)	(0.9)	
Profit before tax	11.1	2.9	283%
Tax expense	(3.4)	(0.8)	
Net profit after tax	7.7	2.1	284%
EPS c	4.82	1.26	283%

JK refers to the Government Jobkeeper Payment COVID stimulus programme

H1 FY21 Cash Flow

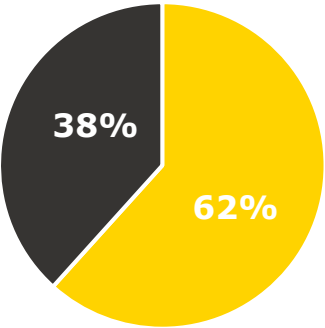
- + Operating cash flow to EBITDA conversion of 108%
- + CAPEX flat on prior period. Spend in H1 FY21 predominately intangibles relating to investment in software and solution accelerators
- + Lease principal and interest is traditional rent on office premises
- + Strong free cash flow generation of \$11.3m up materially from pcp
- + Balance sheet shows Net cash \$6.9m

\$m	H1FY21	H1FY20
EBITDA reported	16.2	7.8
Working capital changes	1.6	3.0
Income tax paid	(0.3)	0.2
Operating cash flow	17.5	11.0
Capex	(2.9)	(2.8)
Lease principal	(2.6)	(3.1)
Lease interest	(0.4)	(0.4)
Bank interest	(0.3)	(0.5)
Free Cash Flow	11.3	4.2
Operating cash flow to EBITDA %	108%	140%

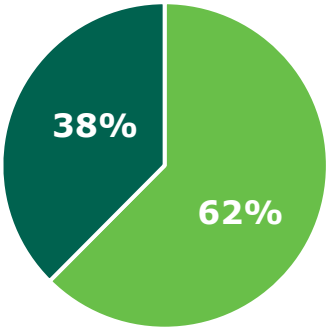
Revenue Breakdown

H1 FY21

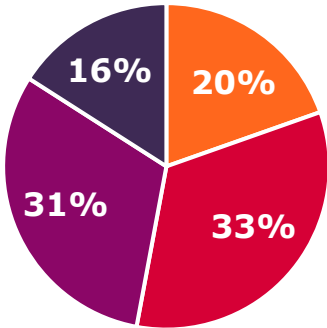
Country



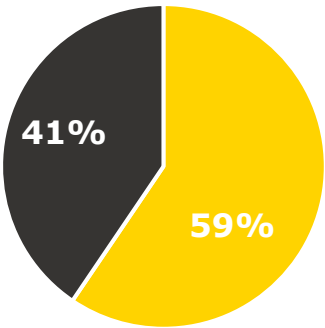
Services/Operations



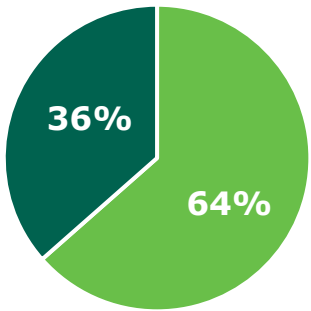
Business Unit



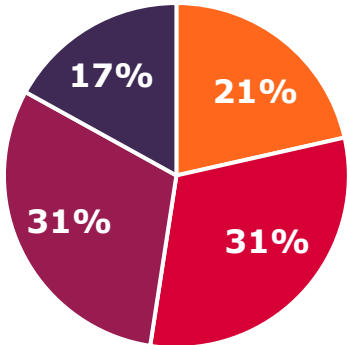
H1 FY20



■ New Zealand ■ Australia



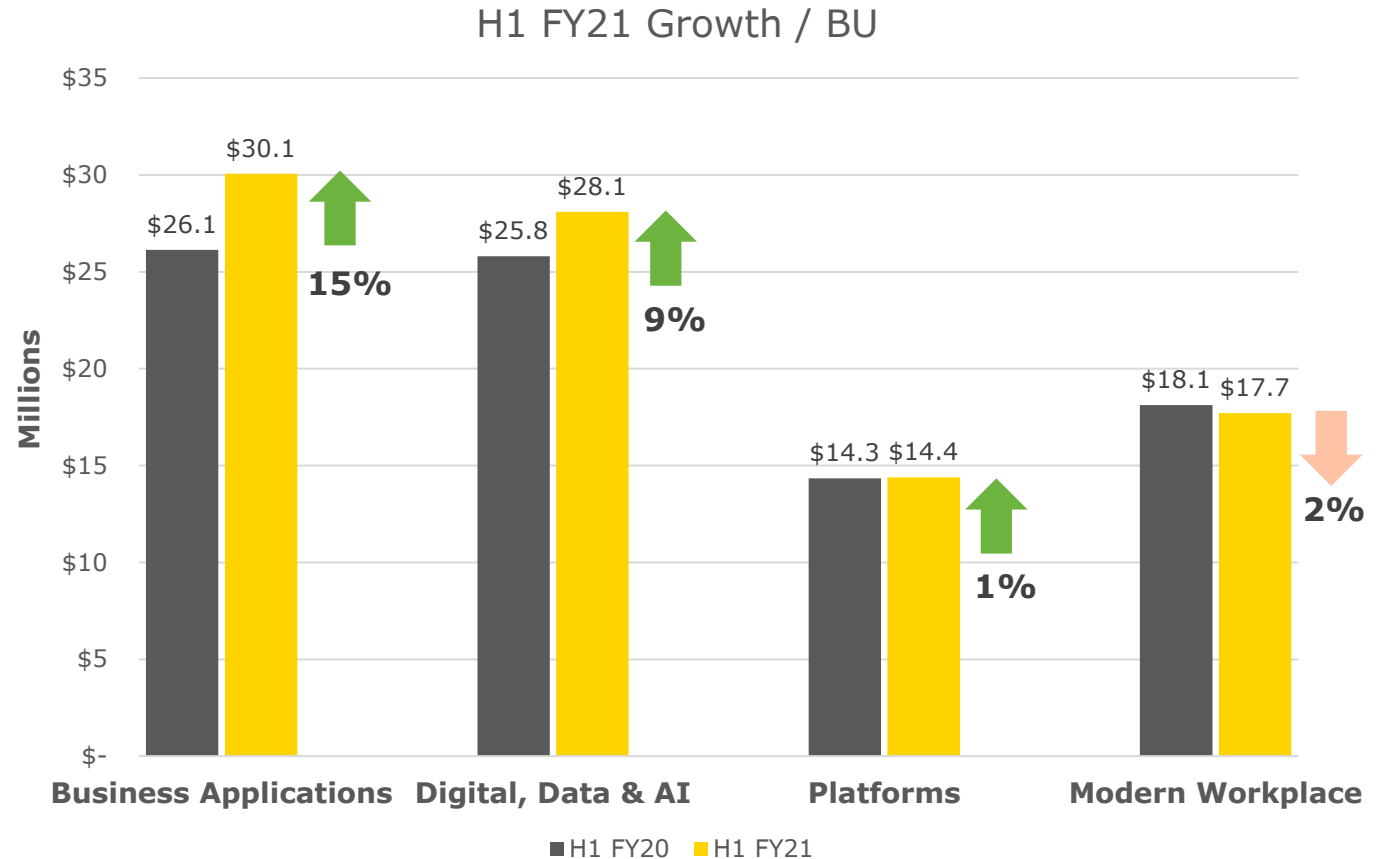
■ Services ■ Operations



■ Platforms ■ Modern Workplace & Security
■ Digital, Data & AI ■ Business Apps

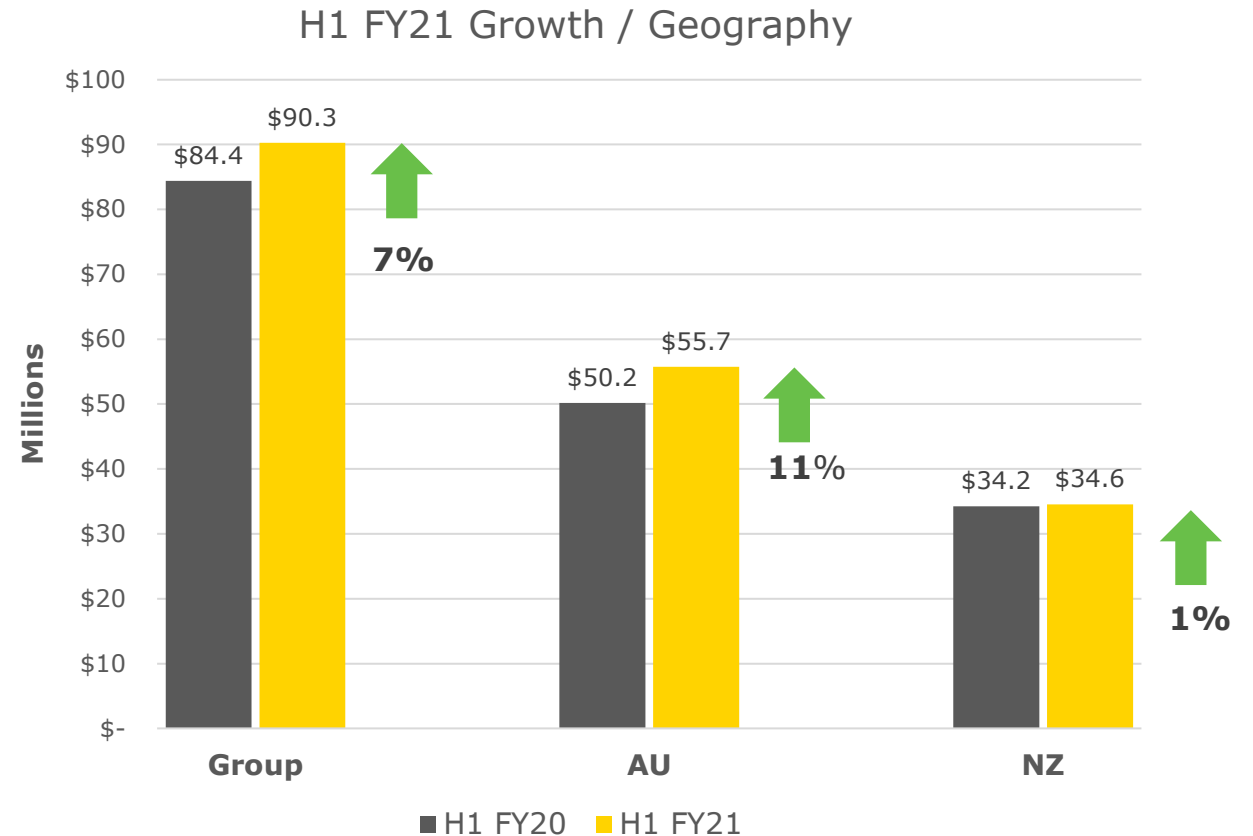
H1 FY21 Growth by Business Unit

- + Strong Business Applications growth forecast to further strengthen in H2 with an outstanding pipeline of material contract opportunities and an increasing team size
- + Digital, Data & AI growth forecast to increase into H2 with the new Western Power SI contract announced November 20 commencing ramp up in H2 (no contribution H1)
- + Platforms growth will accelerate in H2 as Western Power managed services contract further expands
- + Modern Workplace forecast to remain flat in H2



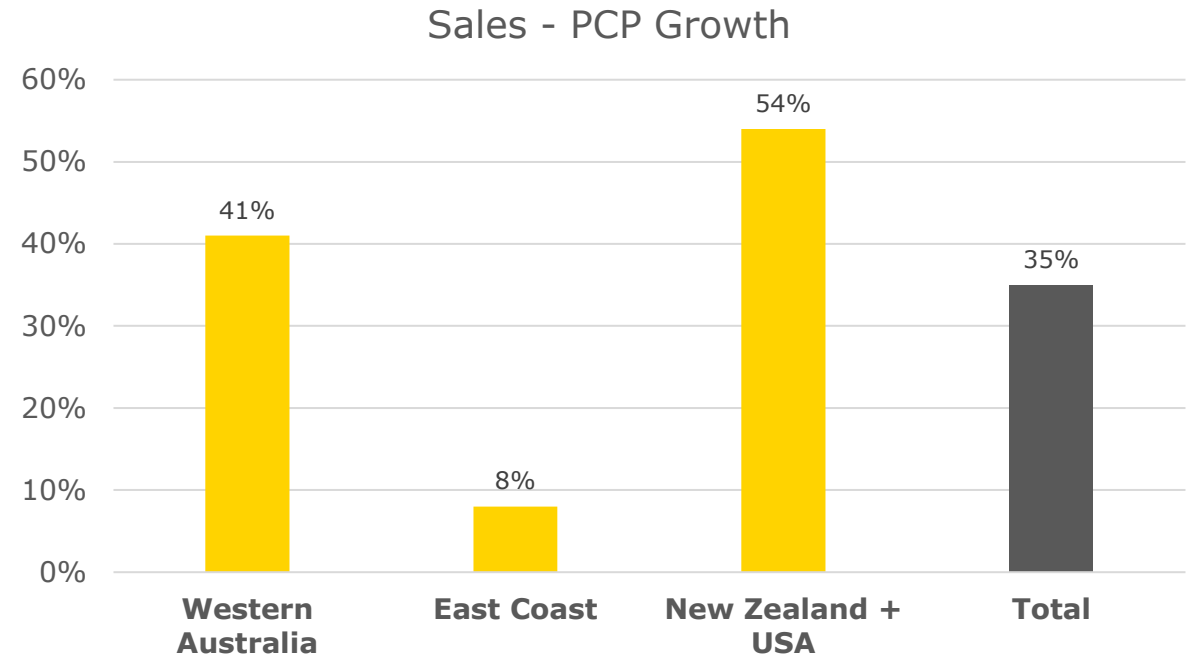
H1 FY21 Growth by Geography

- + Return to solid organic revenue growth following COVID 19 impact in FY20
- + H1 Sales results up 35% on PCP sales
- + H2 revenue forecast to exceed both PCP and H1 FY21 on the back of solid sales results
- + Full Year revenue growth forecast to be higher than H1 growth rate
- + Australian growth will be further fueled by increased contribution across East Coast in H2
- + NZ growth will improve in H2 led by strong Business Applications performance



H1 FY21 Sales Results

- + Record sales results in H1 with 35% growth on PCP
- + Outstanding performance across Western Australia and NZ driven through demand for Business Applications and Digital Solutions
- + Strong demand being generated from our strategic and government clients
- + Australian East Coast had a number of key deals slip in Q2 and is forecasting a record Q3 and H2 sales result

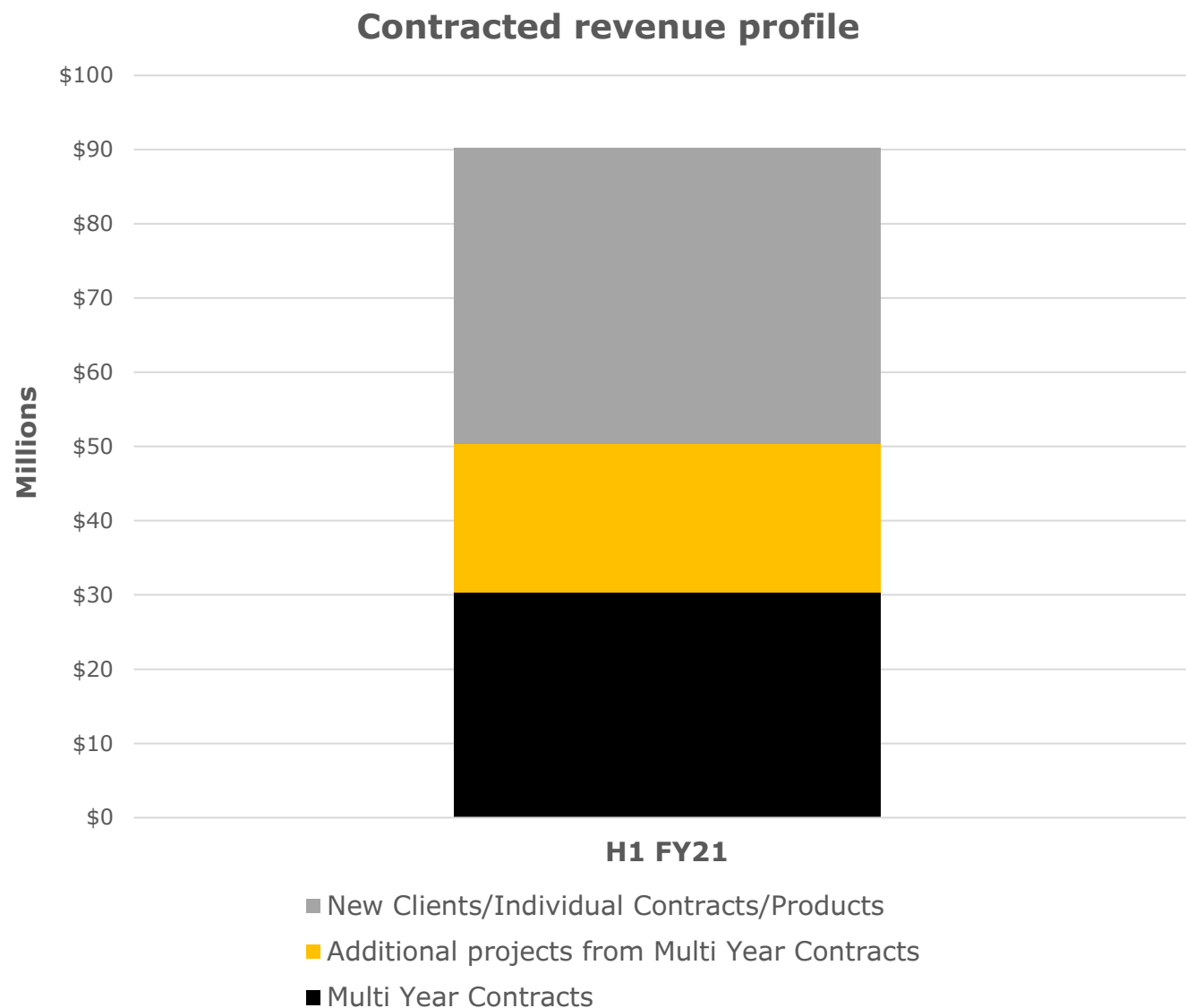


Sales are the first 12 months revenue of a sales order received in the reported period

Predictable Revenue

- + **56% of revenue derived from multi-year contracts**
- + Additional projects from multi-year contracts anticipated to increase considerably as new Western Power projects commence
- + Expect significant growth in revenue from multi-year contracts plus projects in FY21
- + Healthy pipeline of new material multi-year contracts currently being contested

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

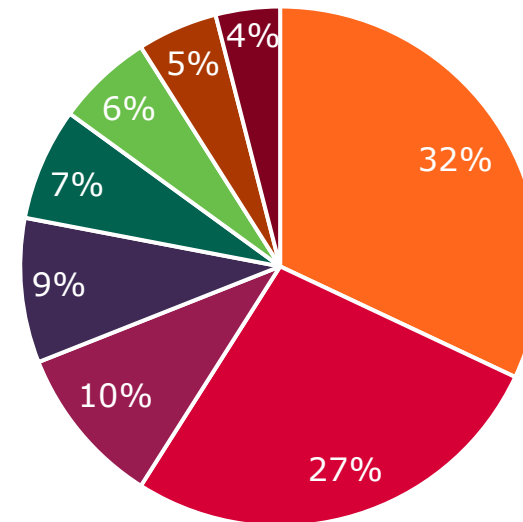


Industry & Clients

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

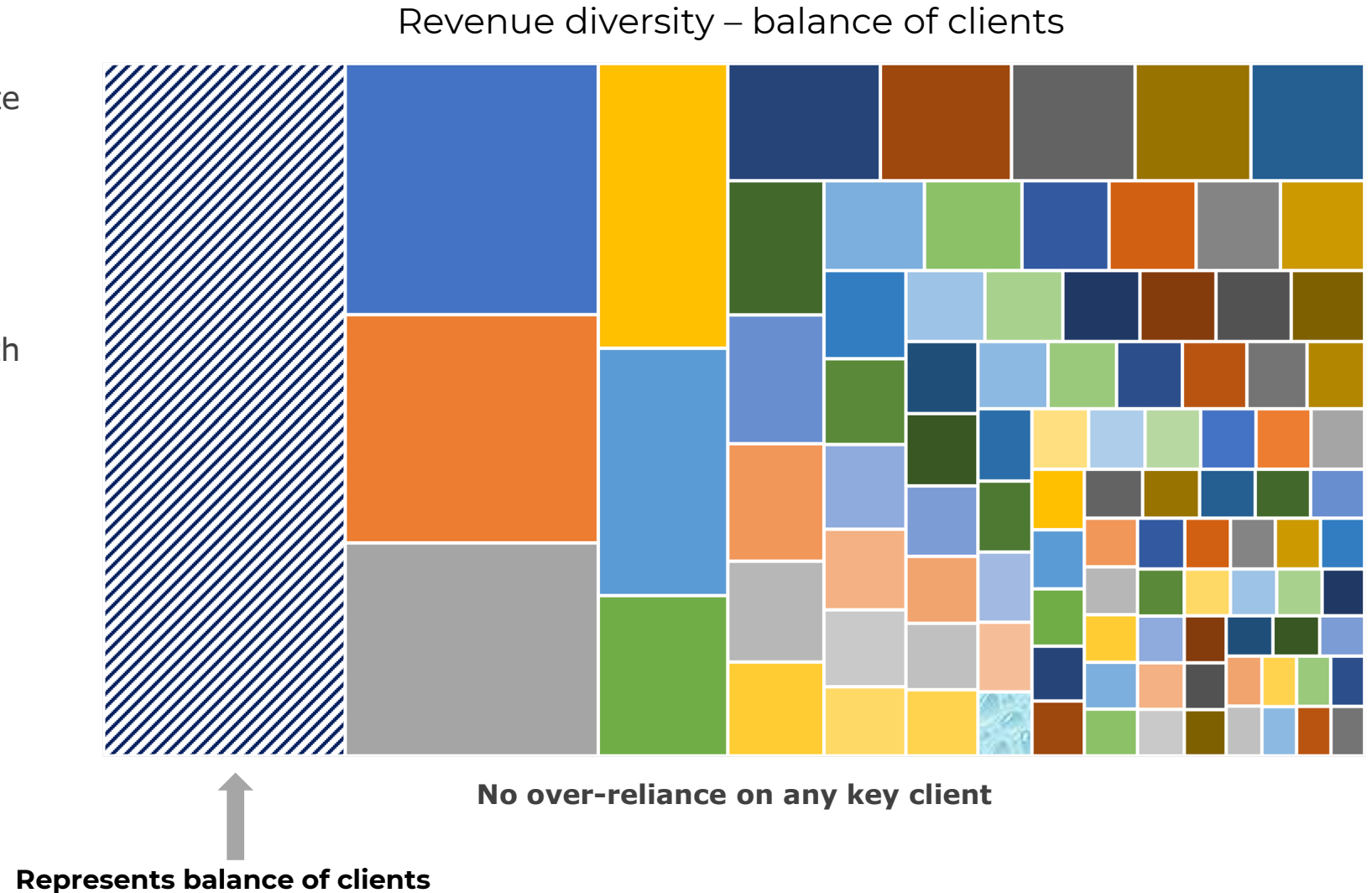
Revenue/Industry

- Energy & Natural Resources (32%)
- Government (27%)
- Health & Education (10%)
- Other (9%)
- ICT (7%)
- Wholesale & Retail Trade (6%)
- Manufacturing & Transport (5%)
- Finance & Insurance (4%)



Revenue diversity

- + Top 4 clients on track to contribute approximately \$50m in FY21
- + Excellent client diversity with a large number of multi-million dollar clients below our top 4
- + Key clients continuing to grow with Empired through expanded services
- + Latest Client Net Promoter Score (NPS) of +43



Outlook & Forecasts

- + Demand for digital solutions accelerating
- + Tightening labour market
- + Technology industry consolidation happening at pace
- + Clients seeking long-term full-service partners

MARKET

- + Focus on client partnerships
- + Leverage our breadth of service capability and solution IP
- + Invest in our people ensuring high levels of retention and engagement
- + Capitalise on unique growth opportunity

RESPONSE

- + Full year revenue growth to be stronger than H1 revenue growth
- + H2 EBITDA forecast to be greater than H1 ex JK
- + Strong full year EBITDA to operating cash flow conversion
- + Increase in Net Cash
- + Expect to declare a final dividend
- + Dividend policy to pay out 30% to 40%, moving to a pay-out ratio in excess of 50% in the medium term

RESULTS

THANK
you

For further information contact – Russell Baskerville MD & CEO

This document has been approved by the Board of Directors

 **empire** 