



Welcome to the

# **FY21 Investor Presentation**

## **Empired Ltd**

# A History of Growth

## Plan to develop leading ANZ Digital Services company

- + Secure several large multi year contracts to drive organic growth
- + Focus on annuity revenue through managed services

## Develop East Coast and NZ presence through acquisitions

## Secure several large multi year contracts to underpin organic growth

- + Main Roads \$48m
- + Rio Tinto \$50m
- + Rio Tinto \$20m
- + ENI \$10m
- + Horizon Power \$10m

## Full integration & growth of acquisitions

- + Development of systems and platforms
- + Portfolio sales model implemented
- + Industry aligned & solution led services
- + NZ secures biggest deal: DIA

## Secure largest deal in company's history with Western Power

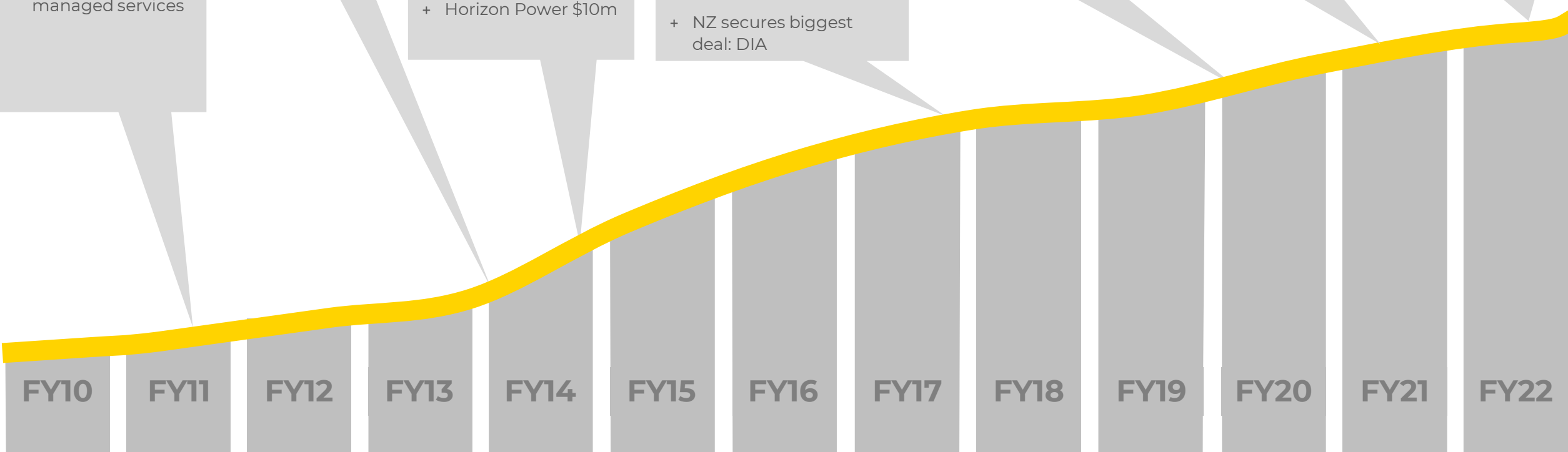
- + Strong market presence and unique modern capability

## Scale out our Azure focus

- + Azure Expert MSP status
- + Strategic win: Department of Skills & Innovation (SA)

## Strategic focus on growth in East Coast

- + Largest East Coast deal: Environment Protection Agency (Vic)





# ANZ Digital Powerhouse



<b>Empired (ASX:EPD)</b>	<b>Competitive Advantage</b>	<b>International Reach</b>	<b>Sticky Predictable Revenue</b>	<b>Strong Growth Platform</b>
Modern Workplace & Security  Digital & Data  Business Applications  Cloud Platforms	Digital Transformation to Digital Operations  Industry based software & solution accelerators  Deep end-end Microsoft Expertise	~1,089 people  Australia  New Zealand  USA	Multi-year digital transformation contracts  Multi-year managed services contracts  High repeat revenue from long term clients	Attractive market thematic  \$30B+ market  Extensive capability  Scalable platform
Leveraged to growth segments of the market	Unique differentiation	Scalable platform	Long term value drivers	Expect double digit revenue and earnings growth FY22

# Delivering on Performance

## FY21 Results

- + Revenue of \$186.1m, up 12%
- + EBITDA<sup>(1)</sup> of \$22.6m, up 52%
- + NPAT of \$10.5m, up 71%
- + Operating cash flow of \$25.5m, 99% EBITDA/OCF Conversion
- + Net Cash<sup>(2)</sup> \$7.3m, up from Net Debt<sup>(2)</sup> \$4.4m at 30 June 20

(1) Normalised EBITDA excludes \$4.9m of JobKeeper, Scheme costs of \$0.1m and credit losses on dispute \$1.8m

(2) Net Cash and Net Debt excludes AASB16 Leases

Revenue of  
\$186.1m  
**up 12%**

Net profit after  
tax of \$10.5m  
**up 72%**

Operating cash  
flow of \$25.5m  
**99% Conversion**





# Strategic Highlights

- + Secured Western Power Systems Integrator contract
- + Secured \$52m Environmental Protection Authority contract in Victoria
- + Secured \$9m Department of Innovation and Skills digital transformation contract in South Australia
- + FY21 sales results up 21% on pcip
- + Australian East Coast Sales up 27% on pcip excluding EPA contract win above
- + Sales Pipeline up 13% on pcip

# FY21 Results

- + Strong revenue growth driven by large multi-year contract wins underpinning sustainability
- + Gross margin expansion continues, driven by revenue growth utilisation & recoverability
- + EBITDA up strongly on the back of gross margin growth with prudent management of expenses / overheads
- + Significant operating leverage with revenue growth driving EBITDA margin expansion

AUD m	FY21	FY20	▲
Revenue	186.1	165.5	12%
Gross profit <sup>(1)</sup>	63.5	53.2	19%
Gross Margin <sup>(1)</sup>	34%	32%	
EBITDA <sup>(2)</sup>	22.6	14.8	52%
EBITDA <sup>(2)</sup> /Rev %	12%	9%	
JobKeeper	4.9	4.1	20%
Depreciation & amortisation	(9.1)	(8.5)	
EBIT <sup>(2)</sup>	13.5	6.3	114%
NPAT	10.5	6.1	71%
EPS c	6.57	3.84	71%

(1) Normalised for credit losses \$1.8m

(2) Normalised for JobKeeper, credit losses and Scheme costs

# FY21 Cash Flow

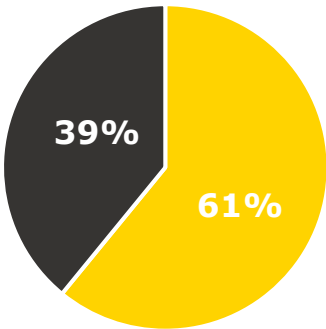
- + Operating cash flow to EBITDA conversion of 99%
- + CAPEX continues downward trend
- + Strong free cash flow generation of \$14m up materially from pcp (Prior period inflated as a result of high working capital inflow)
- + Balance sheet shows Net cash of \$7.3m

\$m	FY21	FY20
EBITDA reported	25.6	19.0
Working capital changes	0.4	4.4
Income tax	(0.6)	0.4
<b>Operating cash flow</b>	<b>25.5</b>	<b>23.8</b>
Capex	(5.4)	(6.5)
Lease principle	(4.9)	(6.3)
Lease interest	(0.7)	(0.8)
Bank interest	(0.5)	(0.8)
<b>Free Cash Flow</b>	<b>14.0</b>	<b>9.6</b>
Operating cash flow to EBITDA %	99%	125%

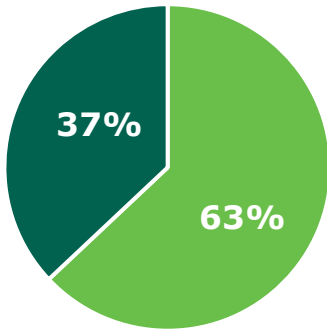
# Revenue Breakdown

FY21

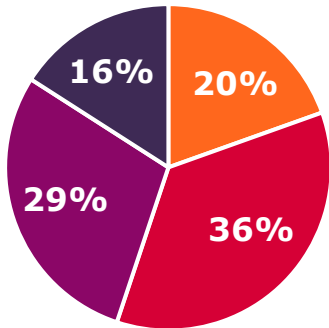
Country



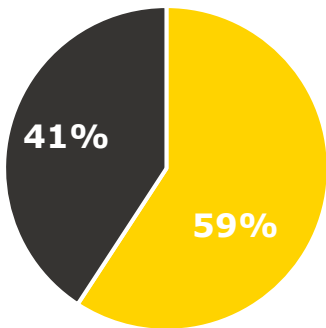
Services/Operations



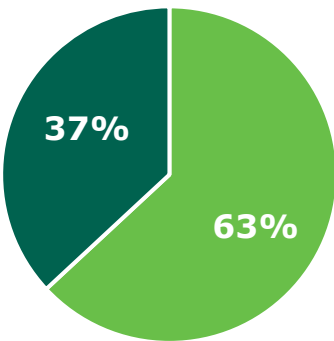
Business Unit



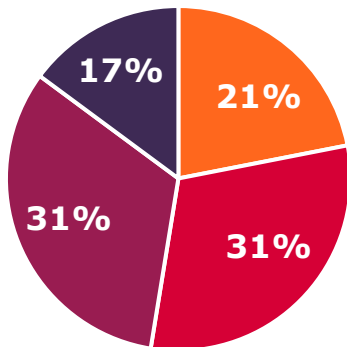
FY20



■ New Zealand ■ Australia



■ Operation ■ Services

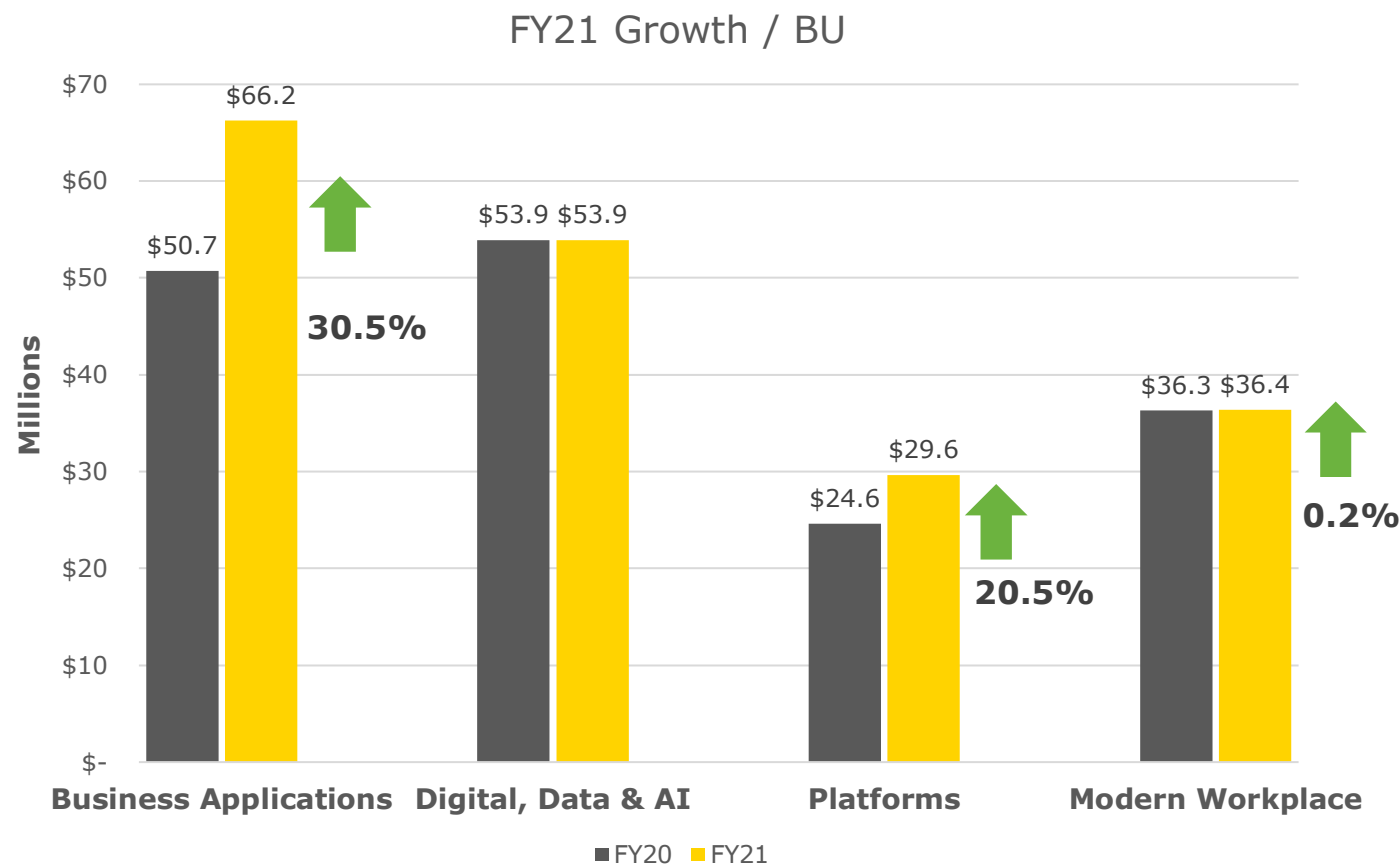


■ Platforms ■ Modern Workplace & Security  
■ Digital, Data & AI ■ Business Apps



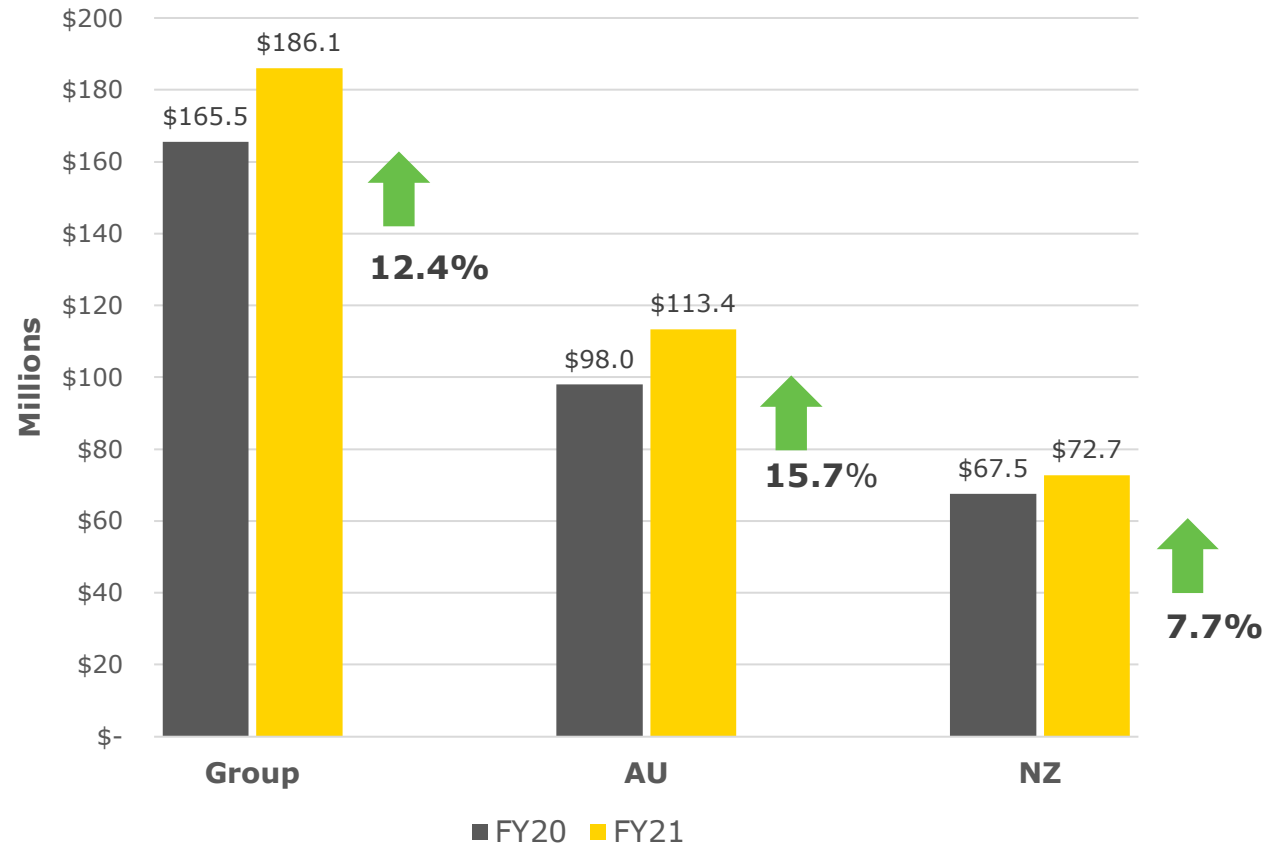
# FY21 Growth by Business Unit

- + Exceptional Business Applications growth with an outstanding FY22 pipeline of material contract opportunities demonstrates the strength of Microsoft partnership
- + Digital, Data & AI transitioned out of some large contracts in H2 and will return to solid growth in FY22 on the back of Western Power SI contract ramp up and DIS wins
- + Platforms up strongly on the back of Western Power managed services contract, expect continued growth FY22 as Western Power expands and EPA contract ramps up
- + Modern Workplace forecasting improved growth into FY22 on the back of EPA contract



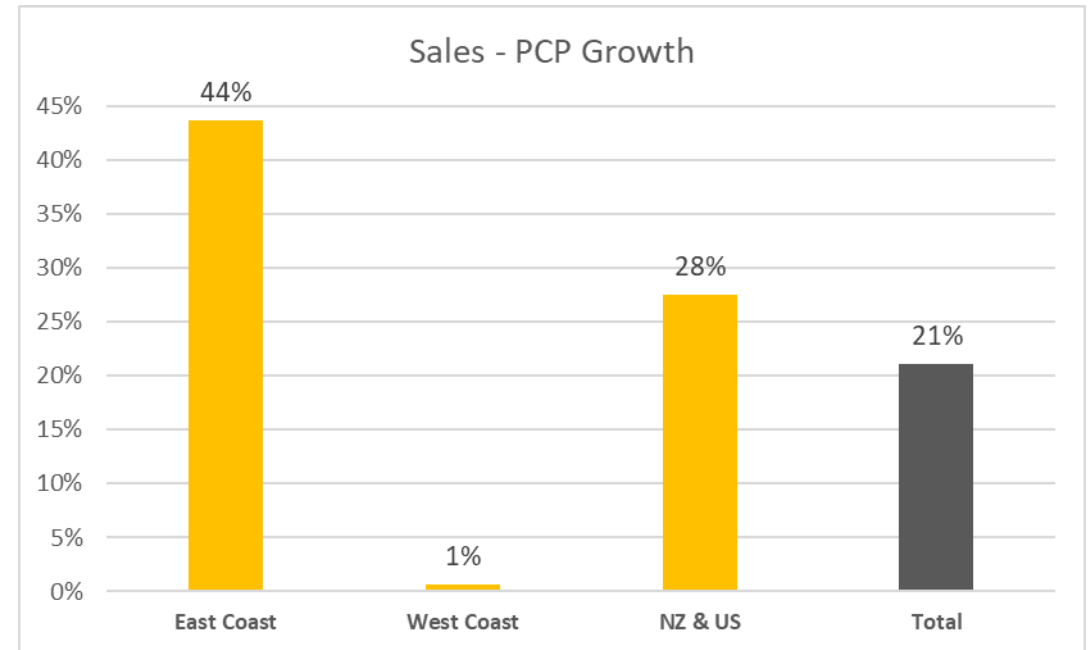
# FY21 Growth by Geography

- + Full year revenue growth up strongly with outstanding H2 growth of 18% on pcp
- + WA led growth up 20%, fueled by large contracts with Western Power and Anglo American. Growth expected to continue with material increase in Western Power contribution in FY22
- + East Coast growth solid at 10% and positioned for outstanding growth with EPA and DIS contract wins plus exceptional FY21 sales results
- + New Zealand delivered a record year in revenue growth and margin contribution. A strong FY22 pipeline will be offset by an expected run-off in DIA revenues, leading to a modest growth outlook in FY22



# FY21 Sales Results

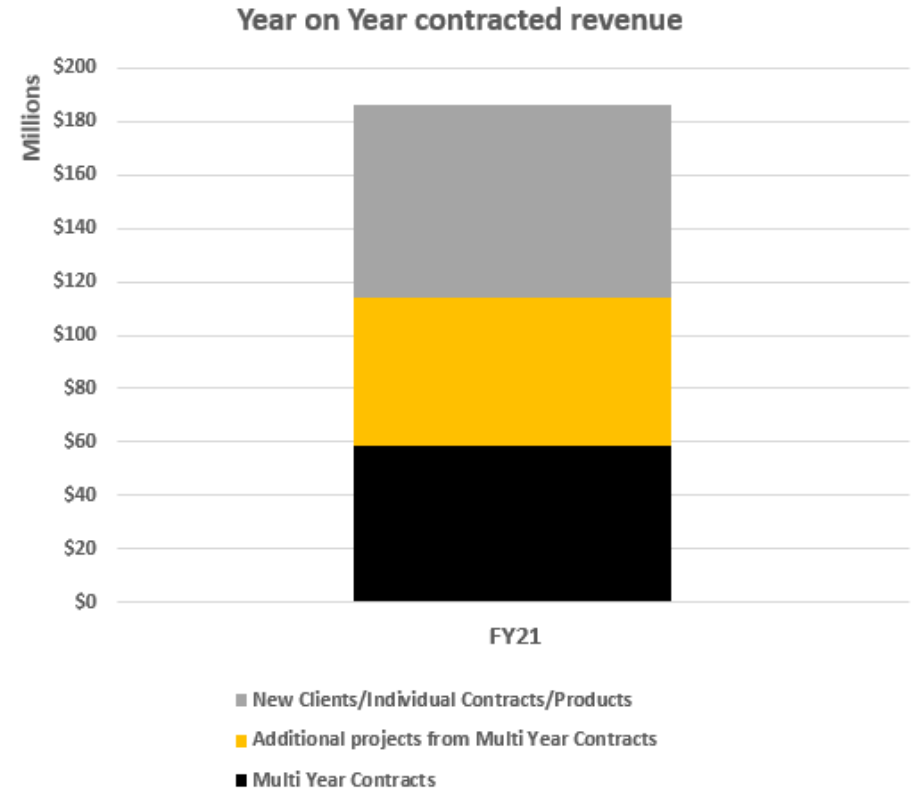
- + Record sales results in FY21 up 21% on PCP
- + East Coast sales up 27% excluding EPA which was by far the largest contract secured at \$52m TCV
- + WA sales flat compared to pcp due to Western Power IMS in FY21 and does not include any value for Western Power SI in FY22
- + Outstanding New Zealand sales driven by large Business Applications and Digital Transformation contracts



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

# Predictable Revenue

- + 61% of revenue derived from multi-year contracts
- + Base contracted revenue forecast to grow strongly with \$52m EPA contract win
- + Additional projects from multi-year contracts anticipated to increase considerably as new Western Power and EPA projects ramp up and DIS contract commences
- + Healthy pipeline of new large multi-year contracts currently being contested



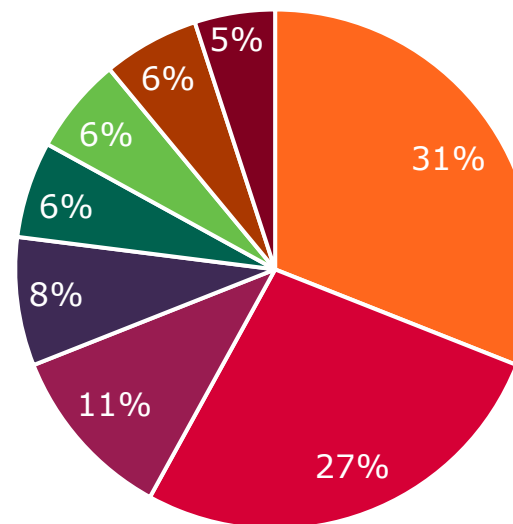
*\*Multi-year contracts are Managed services, support services and any contract that spans greater than a 1 year period*

# Industry & Clients

- + **Public Sector** are currently increasing spending as a result of major digital initiatives
- + **Natural Resources/Utilities** are predominately classified as essential services providing some resilience from the impacts of the COVID-19 pandemic. Spend up predominately as a result of Rio Tinto and Anglo American expansion
- + **Health and Education** are key growth sectors in Australia and spend is up as a result of a number of key strategic contract wins on the Australian East Coast

## Revenue/Industry

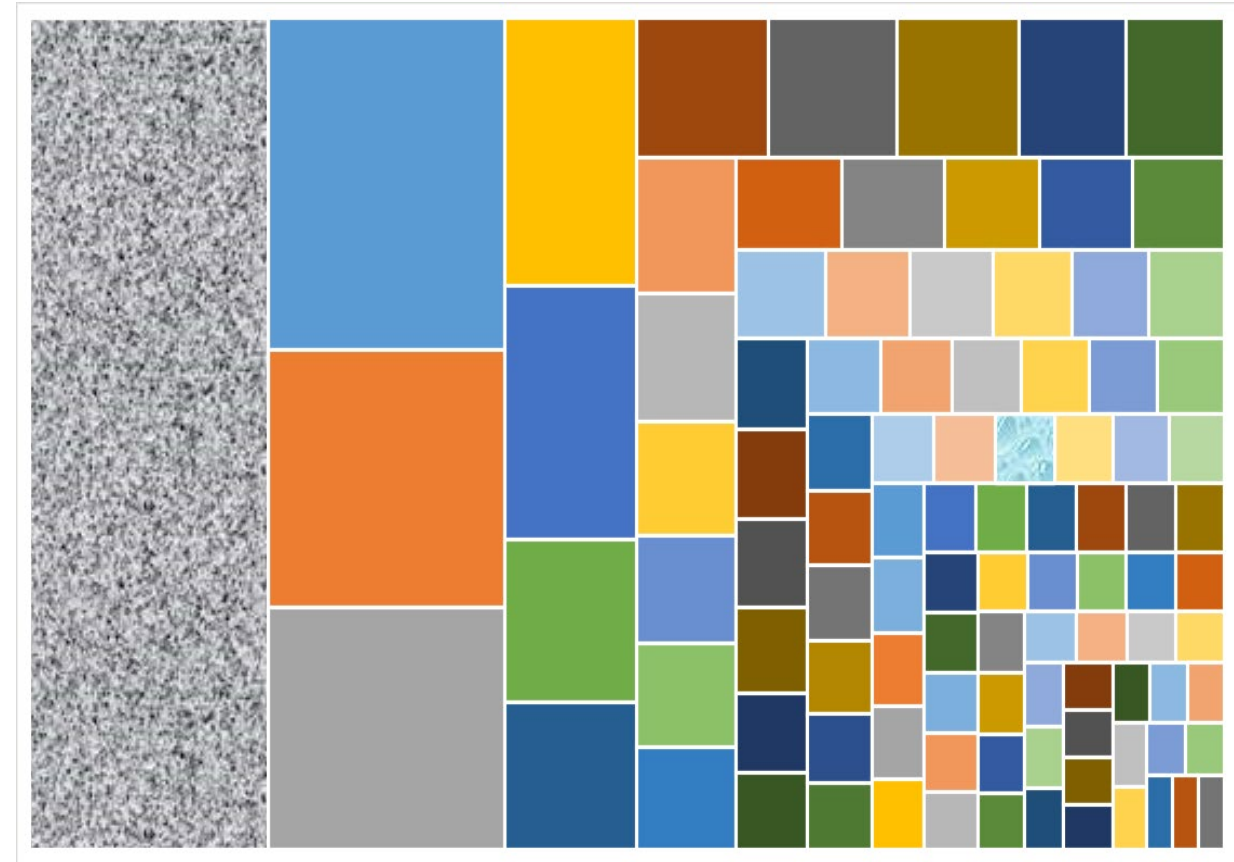
- Energy & Natural Resources (31%)
- Government(27%)
- Health & Education (11%)
- Other(8%)
- Wholesale & Retail Trade (6%)
- ICT (6%)
- Manufacturing & transport (6%)
- Finance & Insurance (5%)



# Revenue diversity

- + 61% of revenue derived from multi-year contracts
- + Base contracted revenue forecast to grow strongly with \$52m EPA contract win
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Revenue diversity – balance of clients



**No over-reliance on any key client**



# Outlook & Forecasts

- + Demand for digital solutions accelerating
- + Tightening labour market
- + Market/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

- + Poised for solid growth FY22
- + Australian East Coast expected to grow ahead of market and provide uplift in earnings contribution
- + Risks around margin erosion as labour market continues to tighten
- + Market consolidation remains active
- + Empired Directors unanimously recommend that Empired shareholders vote in favour of the Scheme at the Scheme meeting\*

## OUTLOOK

\*in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Empired shareholders. Each Empired Director intends to vote all Empired shares in which he has a relevant interest in favour of the resolution to approve the Scheme, subject to those same qualifications.

**THANK**  
**YOU**

**For further information contact – Russell Baskerville MD & CEO**

This document has been approved by the Board of Directors

**empired**