

Empired

2016 AGM PRESENTATION

Empired Snapshot



Empired (ASX:EPD)

Managed Services
Cloud (IaaS, SaaS, PaaS)
Enterprise ERP & CRM
IOT & Data Insights
Systems Integration
Mobile Solutions

**Comprehensive
Technology &
Business Solutions**



Nearly 1,000 People

West Coast c350

East Coast c250

New Zealand c400

**One of the largest
dedicated Microsoft
Partners in the
Australasian market**



12 locations 5 countries

Australia

New Zealand

Singapore

USA

India

**Focused on growth
through disruptive
market trends**



Broad Horizontal Industry Appeal

Government 23%

Energy and Natural
Resources 19%

Finance, Healthcare,
Education, Transport
& ICT

**Transforming
traditional business
models in the
digital era**



Revenue \$160m

Shares 122m

Price \$0.49 (25/11/16)

Market Cap \$60m

55% of Revenue from
multi year contracts

**Growth across our
contestable market
is set to accelerate**

Strategic Overview

CAPABILITY

Business **solutions focus**.
Enterprise **Managed Services**.
Infrastructure & Apps
Leader in **emerging services**
Digital transformation
Service Integration
IOT/Business Insight
Mobility
'**As a Service**' IP & Solutions.
Building **industry solutions**
& credibility.

BRAND

Where **high performing, talented people** come together to **deliver excellent solutions** to clients.

A **trusted end to end partner** in the transformation and operation of **critical business processes and systems** for our clients.

FINANCIAL

Delivering on an **attractive growth** profile.

Focused on building our **recurring revenue**.

Whilst maintaining **healthy EBITDA & NPAT** margins.

Delivering **robust, sustainable returns** to our stakeholders.

Market Opportunity

Position ourselves as the most respected *local* full services IT provider in the Australasian market

Unprecedented consolidation in the market has removed many of our traditional local competitors.

Disruptive technologies, explosion of data and the proliferation of connected devices is accelerating the adoption of digital business models.

Our breadth of capability uniquely positions us to assist our clients transform their organisations from traditional to digitally enabled business models.

There is a growing market opportunity – we are focused on seizing it!

FY16 Highlights

55% of Revenue generated from long term multi-year contracts.

Strong **annuity revenue growth** as new contracts ramp up.

Standout growth in **Data Insights, Digital and Microsoft Dynamics.**

Cohesion market share accelerated to **4,500 users** within NZ Government with strong growth anticipated in FY17.

Implementation of an integrated operating/organisational model & portfolio sales team within **Australia** and **New Zealand.**

FY16 Results

Revenue \$160m, **up 25%**

EBITDA* \$8.2m, **down 25%**

Operating Cash Flow **\$11.6m**

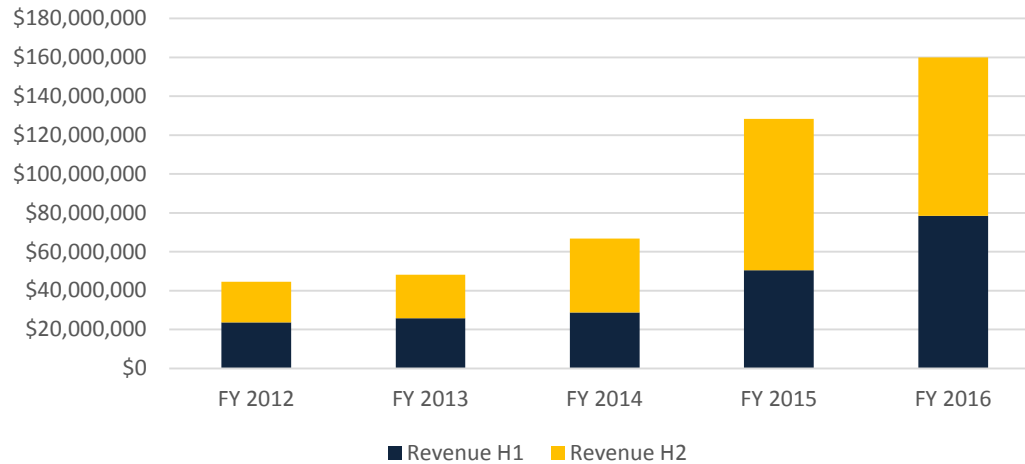
Net Debt \$25.6m, **down \$7.6m v H1**

Undrawn bank facilities and cash of **\$14m**

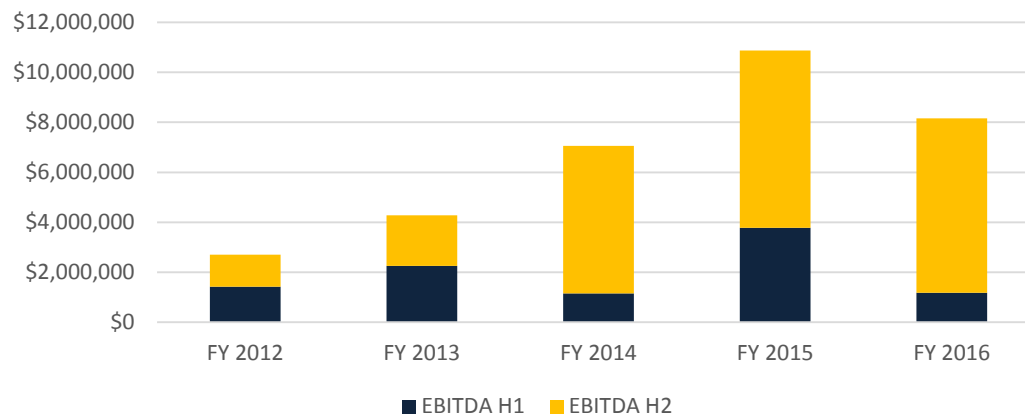
EBITDA adjusted for \$0.7m (H1 \$0.3m, H2 \$0.4m) debtor impairment relating to a prior financial year.*

Key trends

Revenue Year on Year



EBITDA* Year on Year



Consistent year on year growth.

FY16 H1 EBITDA* impacted by integration & contract ramp-up as disclosed in prior ASX announcements.

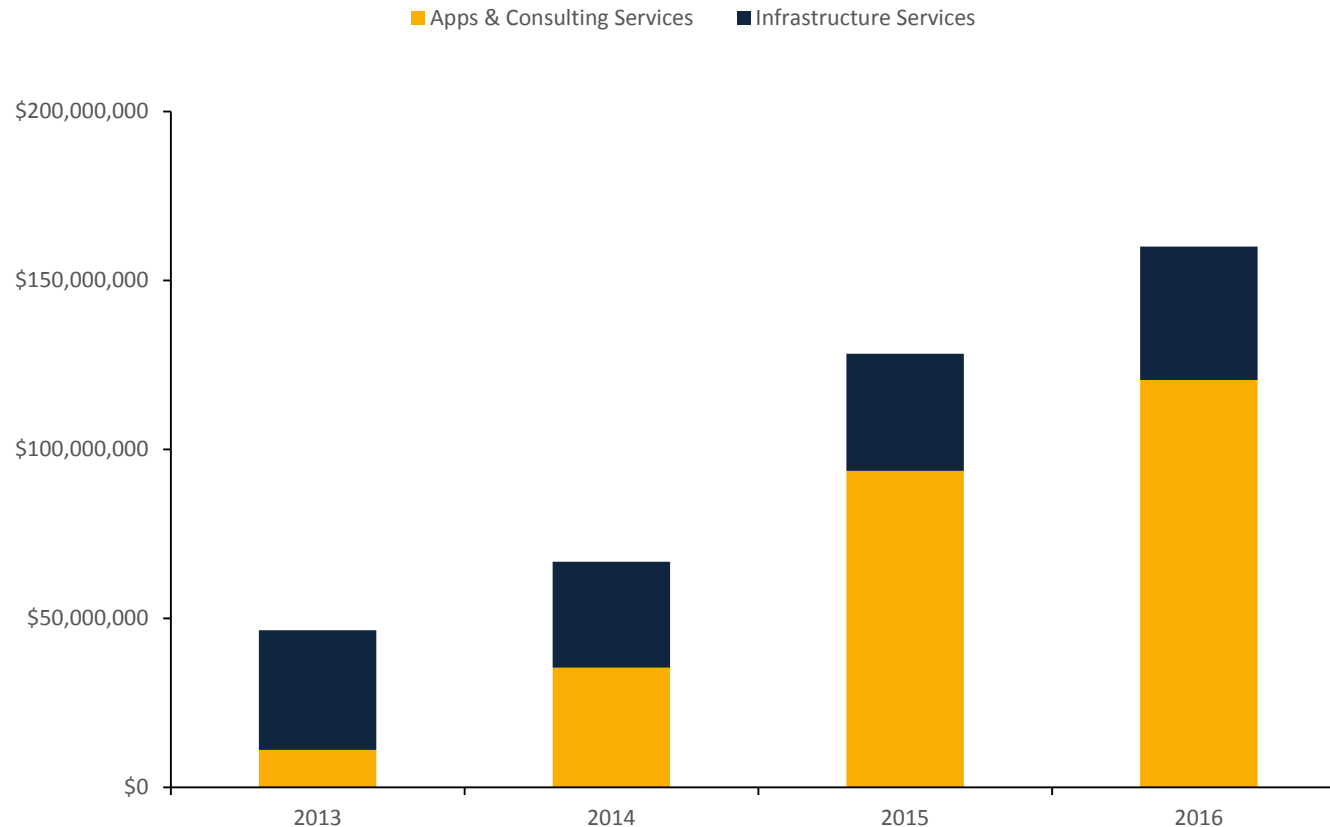
FY16 H2 EBITDA* similar to 2H FY15.

H2 recovery, EBITDA strengthened quarter on quarter.

Budgeting improved H1 v H2 EBITDA split in FY17.

Budgeting EBITDA margin improvement in FY17.

Revenue growth



TOTAL

Revenue growth of **25%**

Organic growth of **9%**

Applications & Consulting up 25%

Strong growth in Managed Services.

Microsoft Dynamics services (CRM & ERP) up 31% during the period.

Data Insights and Digital services grew by 27% and 132% respectively.

Infrastructure Services up 25%

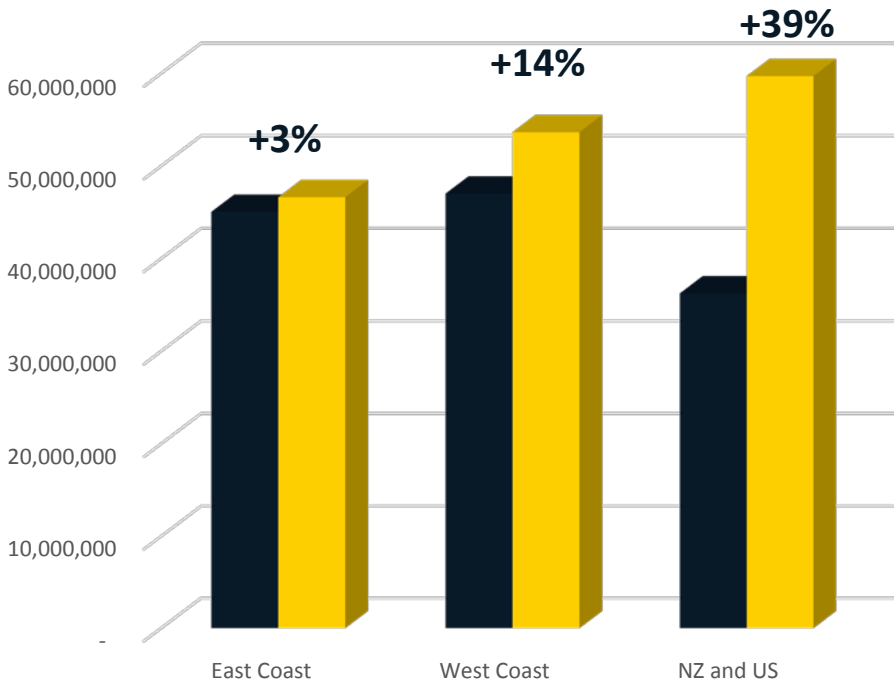
Strong growth in Managed Services

Trend toward consumption based services and unit based pricing.

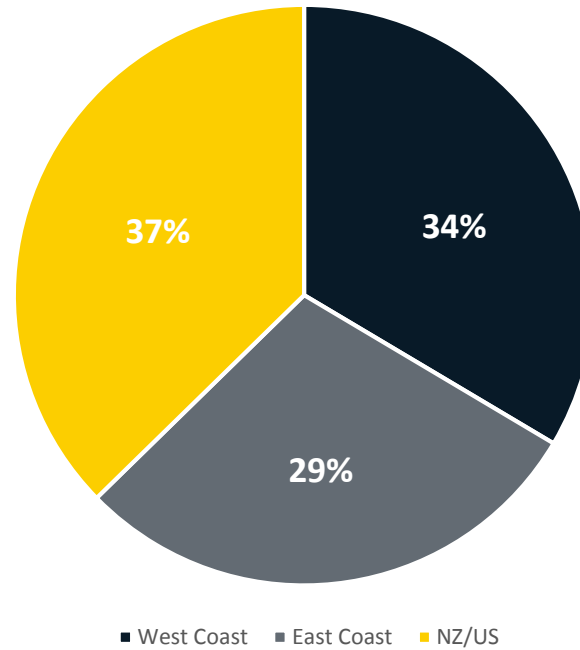
Strong hybrid cloud based offering.

Revenue by region

Regional Growth



2016 Revenue split



ANALYSIS

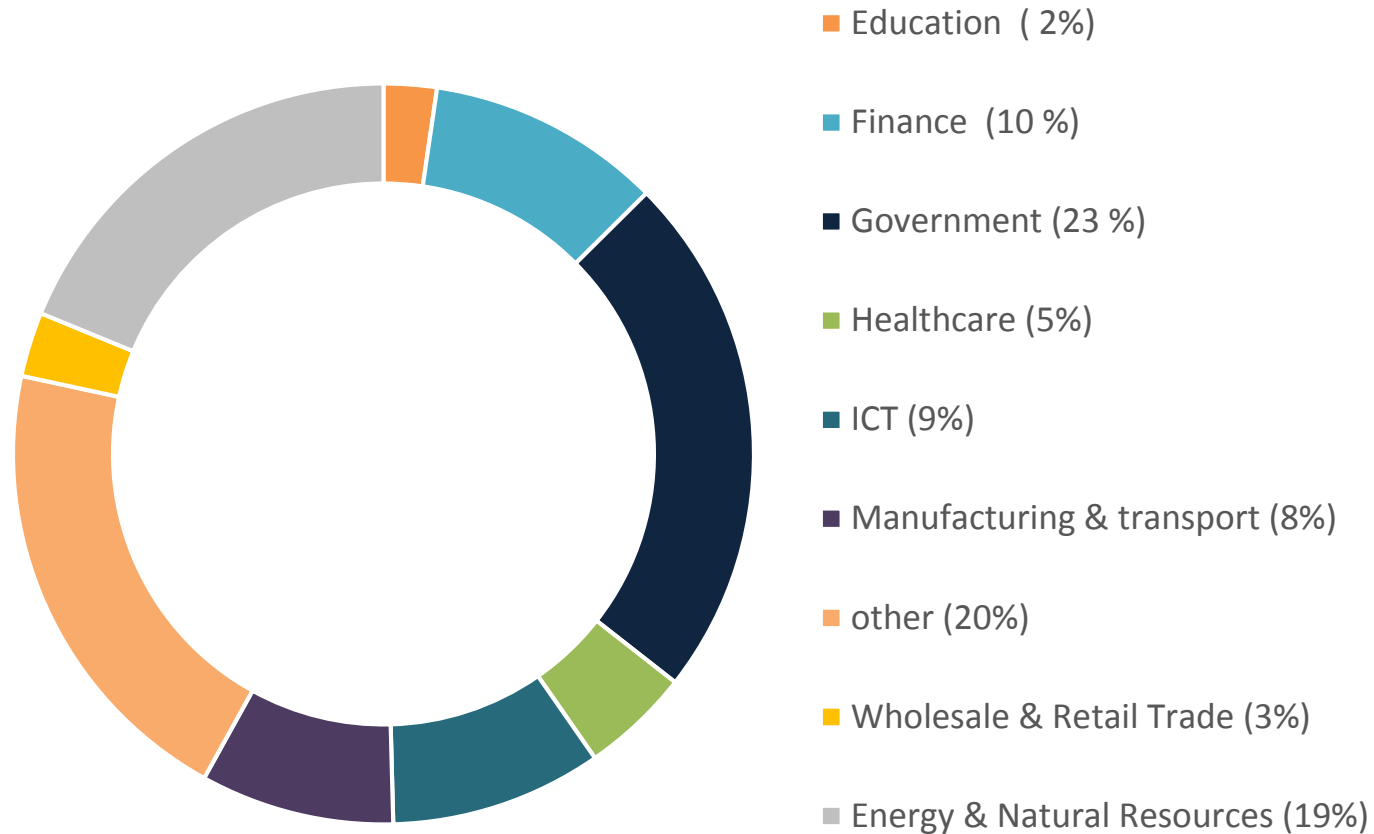
East Coast growth incurred the highest impact of First Half initiatives.

NZ / US region grew strongly including full year impact of acquisition. **Organic growth in the region was strong at 18.1%.**

Western region grew by 14%.

Strong growth opportunity exists across all contested markets.

Revenue by industry



ANALYSIS

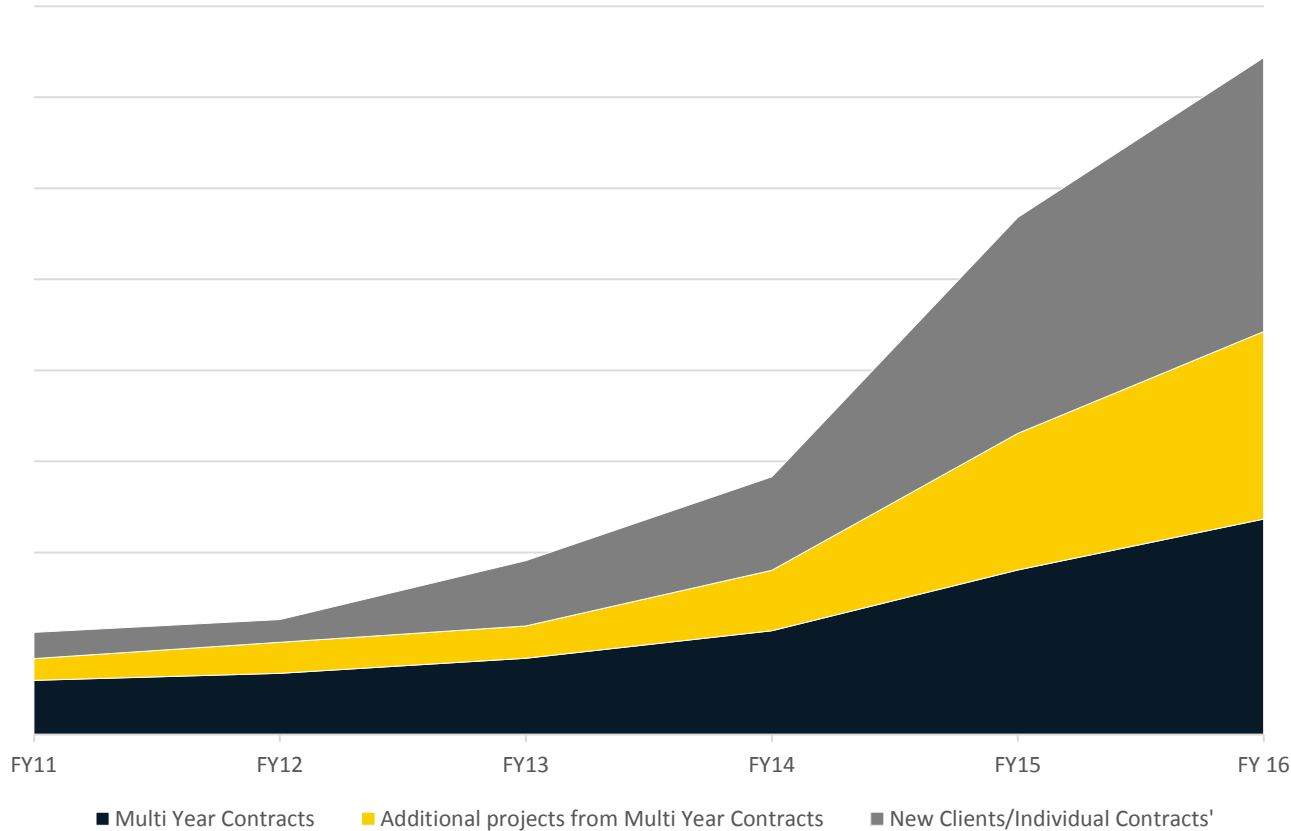
No major exposure or reliance on any one particular sector.

Government remains Empired's strongest sector.

Energy & Natural Resources (ENR) continues to be a growing sector for Empired.

Continuing to focus on East coast growth through Finance, Insurance, Healthcare & Education sectors.

Contracted revenue



ANALYSIS

55% of Revenue generated from multi-year contracts.

Year on Year growth underpinned by asset bank of locked in multi-year contracts.

Strong growth in managed services continues to be a key strength & focus.

Acceleration in additional projects secured from multi-year contracts as services portfolio expands.

New annuity revenue streams developing from in-house cloud based software as a service IP (Cohesion) and cloud platform (FlexScale)

Focused on continuing to build long term contracts and recurring revenue.

H1 FY17 Trading Update

- **EBITDA for the first half of FY17 is expected to be between \$6.0m and \$6.8m** (\$0.8m H1 FY16).
- New Zealand operations disrupted by the recent earthquake estimated impact of \$0.4m EBITDA in the half.
- Net debt is tracking in line with management expectations. Working capital movements will see an increase in net debt for the half year period and a reduction at the full year in line with historic cyclical trends.
- Sales results have been encouraging with first quarter sales exceeding target combined with a strong pipeline heading into H2.
- **EBITDA in the second half remains on track to be considerably stronger than the first half** (in line with historic cyclical trends).

Outlook

- Digital transformation continues to drive the adoption of modern technology & the proliferation of data within our clients. We are confident that our strategy and services align strongly to these growth trends positioning Empired to secure market share.
- We will continue to invest in IP based solutions and platforms including cloud and mobile solutions ensuring competitive differentiation and margin expansion as these solutions scale.
- Strategic IP based initiatives continue to gain traction with Cohesion recently securing an additional 1,500 users across NZ government. This brings total users of Cohesion to approximately 8,500.
- The sales pipeline is strong and we continue to expect pleasing top line growth and EBITDA margin expansion in FY17 and beyond.

Questions?



Thank you.

Important notice re 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.