Empired

Capital Raising Presentation & Earnings Guidance

Empired

Use of Funds

Placement of approximately 36.3 million new shares at $0.44 to raise $16.0m (before costs) with proceeds applied to:

1. Material reduction in net debt and balance sheet risk
    - FY17 Net Debt to EBITDA expected to be approx. 0.60 times
    - FY18 Forecast Net Debt low single digits
2. Provide certainty of funding for deferred vendor payments
    - $1m due May 2017 & $6.7m due July 2017
    - No deferred or contingent vendor payments remain following settlement of above
3. Working capital to fund strong organic growth
    - FY17 EBITDA guidance of $15.0m to $16.5m
    - Strong revenue growth forecast FY18
    - Double digit earnings growth forecast FY18

Offer Highlights

- Highly compelling valuation metrics.
- Proven track record of strong revenue and earnings growth.
- High level of predictable revenue with circa 60% of revenue from long term multi year contracts.
- One of the largest Microsoft solutions businesses in Asia Pac with over 1,000 staff.
- Differentiated services business through cloud based software IP, Digital solutions and consumption driven managed services.
- Exposure to high growth segments of the tech market including Managed Services, cloud, mobility, Data & Analytics.
- High levels of recent corporate activity within the sector providing a disrupted competitive landscape providing a myriad of opportunities.

Outlook

- Strong sales pipeline underpinning management confidence in pleasing revenue growth across FY17 with strengthening growth into FY18.

- FY17 H2 EBITDA expected to be significantly stronger than H1 EBITDA delivering substantial profitability improvements on prior year.

  - Full year FY17 EBITDA guidance $15.0m - $16.5m

- Forecasting strong EBITDA to operating cash flow conversion for full year FY17.

- Forecasting material reduction in net debt at the full year.

- Expecting margin expansion and solid earnings growth in FY18.

Additional Information

Extract from H1 FY17 Results Presentation

H1 FY17 Results

Revenue $84m **up 8%**

EBITDA $6.4m **in line with guidance**

Operating Cash Flow $1m **up $5.3m***

Net Debt $30m down **$3m** from 31 December 15

Undrawn bank facilities and cash of **$6.5m**

All results compared with prior corresponding period (H1 FY16)
** Increase after adjusting PcP for $3.8m lease incentive received*

Market Thematic

- Sector growth remains underpinned by proliferation of data, mobile devices and accessibility of high speed communications driving the 'Digital Economy'
- Clients embracing analytics, online & mobile services and technology driven business models to drive productivity and competitive advantage
- M&A in the Australian sector by international strategic buyers has been buoyant with a number of Empired's key competitors being acquired creating a significant market opportunity for Empired
- Management estimates Empired's contestable market at approximately $30B
- Empired's services are aligned to high growth segments of the market including Managed Services, cloud, mobility, Data & Analytics

First Half Commentary

- Circa 60% of revenue associated with long-term multi-year contracts.
- Operations continuing to strengthen with Q2 EBITDA stronger than Q1 inclusive of New Zealand earthquake impact and annual holiday period in Q2
- Streamlined operating model maturing with most management & sales vacancies filled
- Reduction in overhead expenses combined with improved gross margins delivering improved profitability
- Global delivery centre ramp up progressing in H2 to drive margin improvement and competitiveness
- Investments in cloud based software IP and consumption based managed services continue to differentiate the company with strong growth in Cohesion users & revenue.

H1 Results

$m	FY17 H1	FY16 H1	Change
Revenue	84	77	+ 8%
EBITDA	6.4	0.9	+ 648%
Depreciation & Amortisation	(3.9)	(3.3)	(0.6)
Loss on disposal	-	(2.3)	(2.3)
Interest (net)	(1.2)	(0.7)	(0.5)
Tax	(0.2)	1.6	
NPAT	1.1	(3.7)	4.8
Gross Margin	32%	30%	
EBITDA / Revenue %	7.6%	1.1%	+ 650 bpts

- **Revenue growth** underpinned by:
  - Increase in recurring revenue.
  - Strong WA & NZ Sales.
  - Recovering East Coast performance.
- **Gross margin expansion** driven through improved staff utilisation.
- **H2 Gross margin** leverage expected with continuing improvements in utilisation.
- **Overhead expense reductions** as a result of new operating model.
- **Debt** and accordingly interest expense to reduce over time.

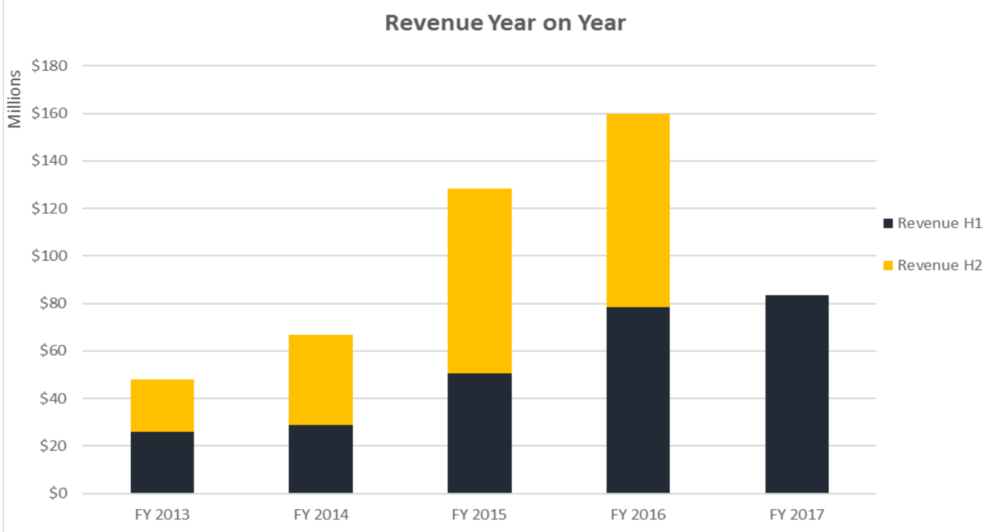
H1 Cash flow

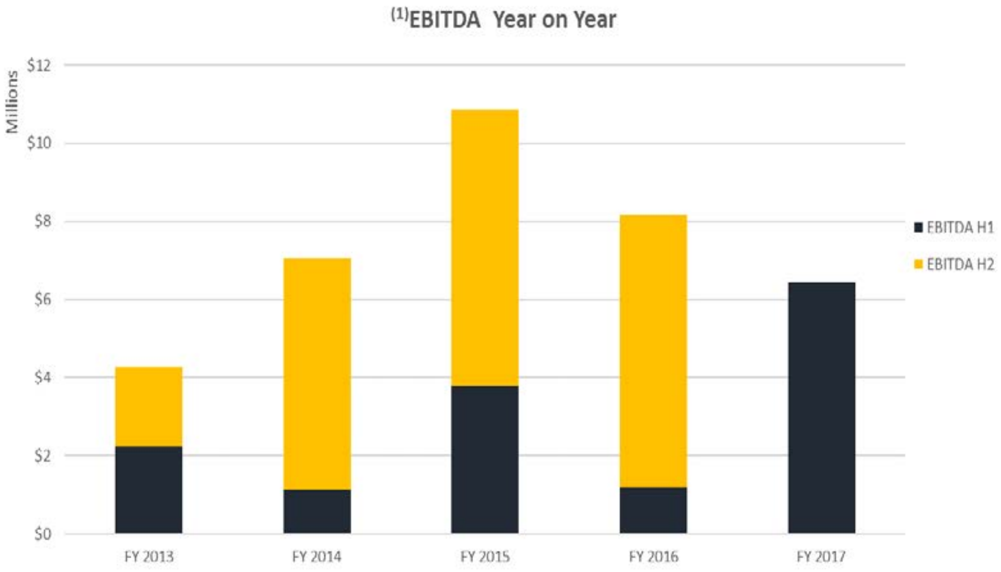
$m	H1 FY17	H1 FY16
EBITDA	6.4	0.9
Tax paid	(0.7)	(0.2)
Working capital changes	(4.8)	(5.4)
Lease incentive received	-	3.8
Other	-	0.3
Operating cash flow	0.9	(0.6)
Payments for P&E	(1.8)	(6.5)
Payments for intangibles	(2.4)	(2.0)
Deferred consideration paid (borrowings)	(1.2)	(0.2)
Proceeds sale of associate	0.2	-
Proceeds from borrowings	3.1	-
Repayment of borrowings	(3.5)	(2.4)
Interest paid (net)	(1.2)	(0.7)
Options exercised	-	0.2
Change in cash and overdrafts	(5.9)	(12.2)

**H1 FY16 operating cash flow adjusted for $3.8m landlord incentive*

- Operating Cash Flow of $1m up from *$(4.4m) in prior period
- Working capital expected to be an inflow in H2 offsetting outflow in H1 resulting in strong full year operating cash flow
- PPE comprises
  - $0.6m Cloud & managed service infrastructure.
  - $0.3m Premises.
  - $0.9m Tools of trade.
- Intangibles comprises
  - $1.5m Solution development platforms for internal and customer use.
  - $0.9m Software licences.
- Repayment of borrowings includes term debt and leases

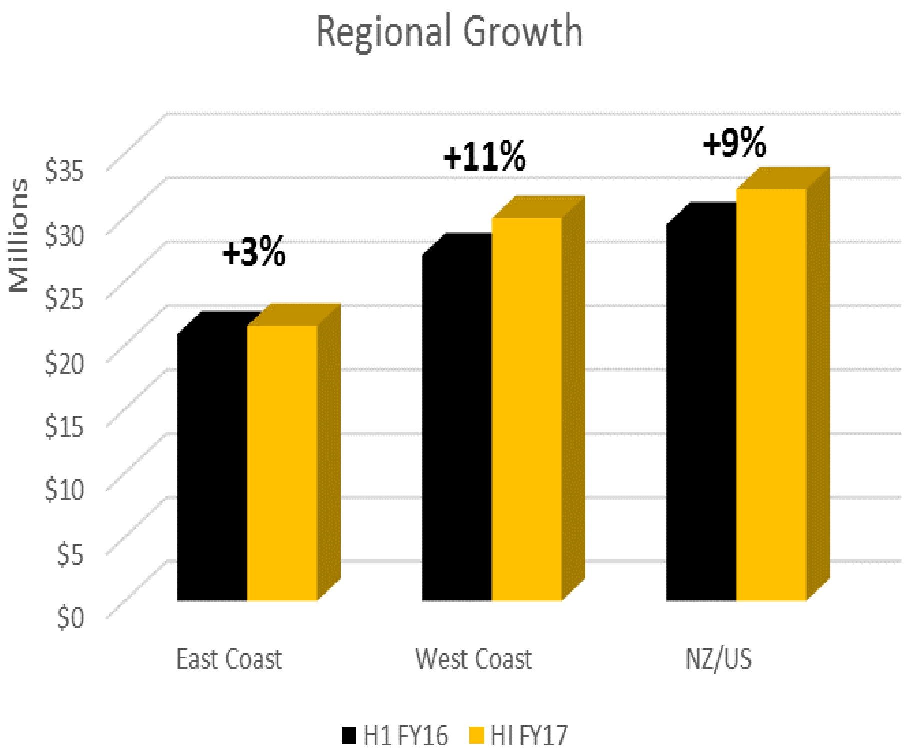
Key trends

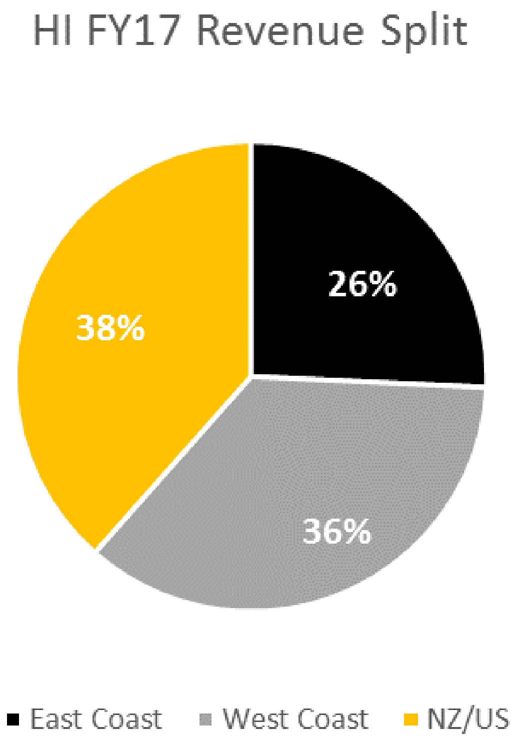




- Consistent year on year growth
- FY17 H1 EBITDA significantly higher than historic first halves
- H1 EBITDA $6.4m similar to FY16 H2 $6.6m
- Margin expansion anticipated in H2
- H2 expected to be significantly stronger than H1

Revenue by region





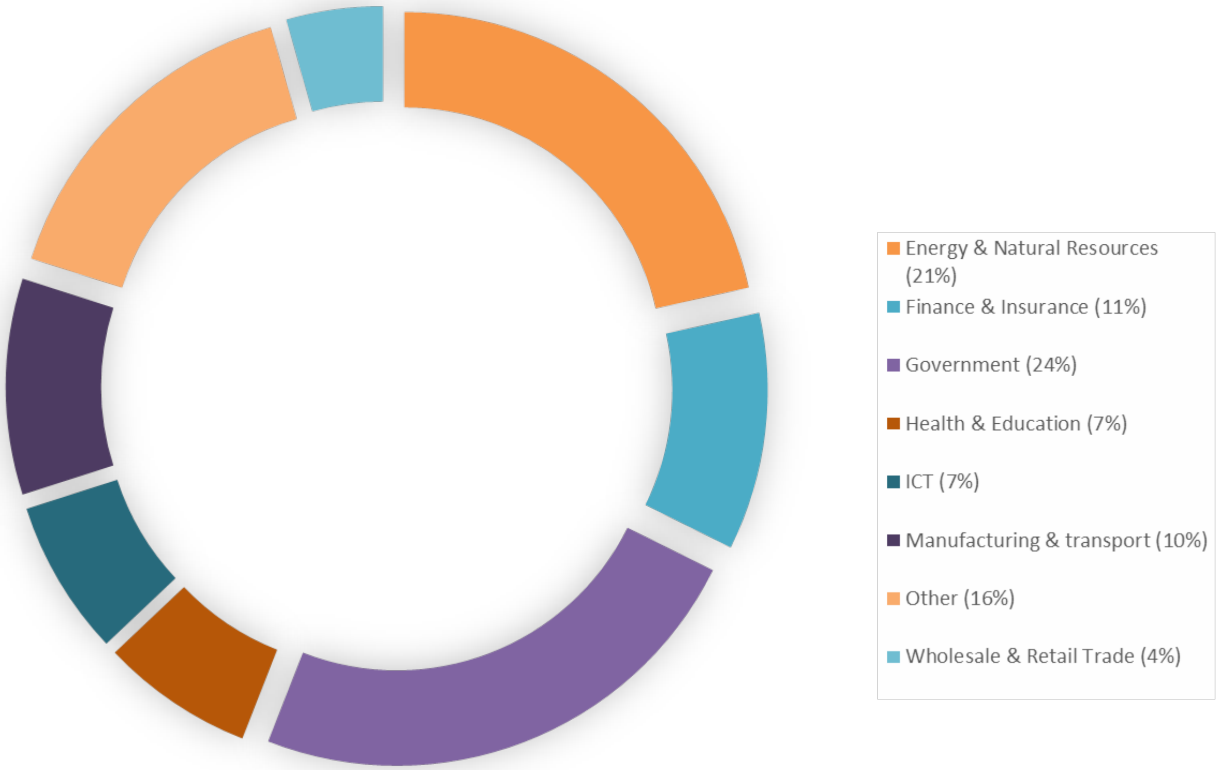
NZ business continuing to experience revenue growth of 9% over pcp

Australian business experienced revenue growth of 7% over pcp

WA business experiencing solid growth across all sectors

East coast business improving however remains subdued.

Revenue by industry



ANALYSIS

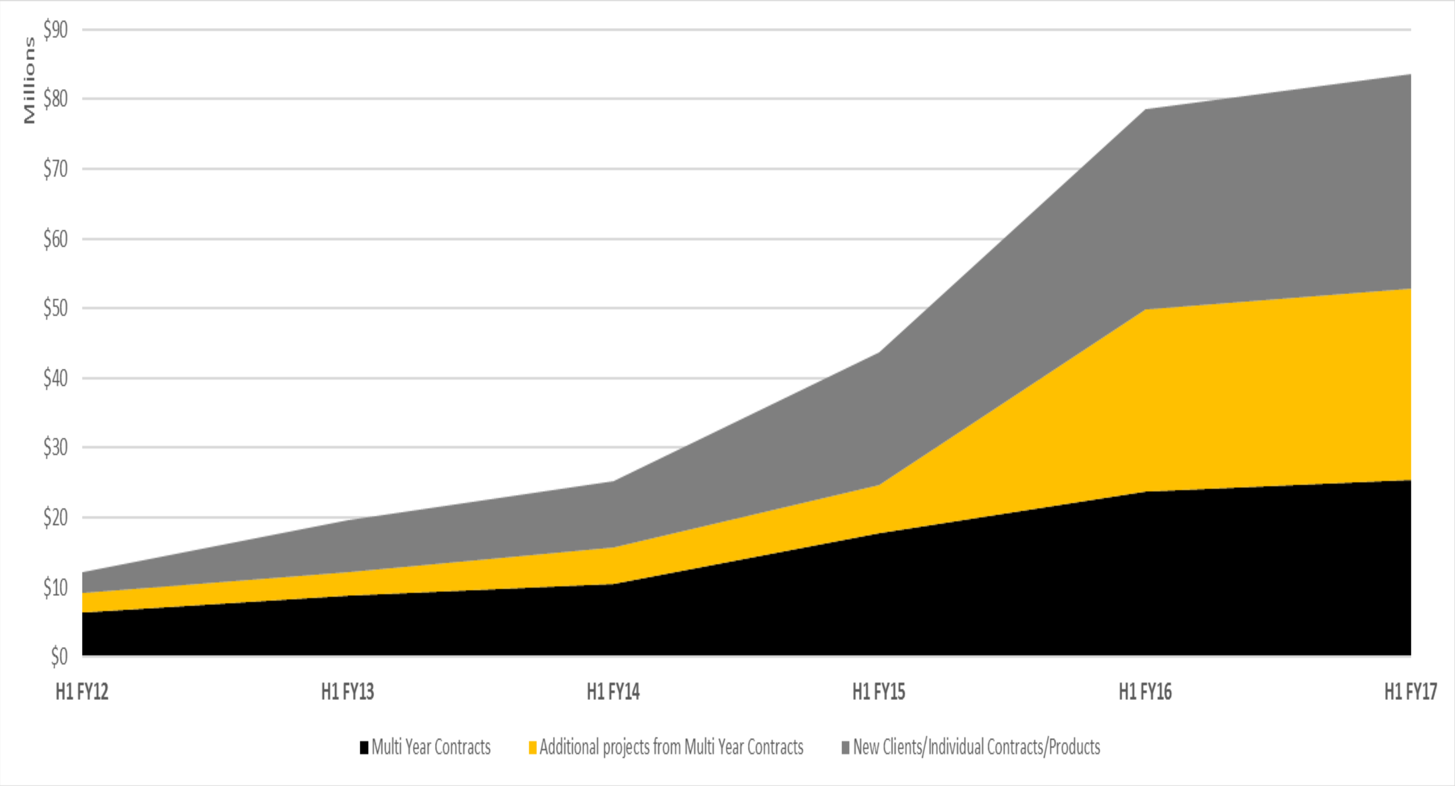
No major exposure or reliance on any one particular sector.

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.

Revenue Profile



ANALYSIS

~60% of Revenue generated from multi-year contracts

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

Growth in managed services continues to be a key 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)

Focused on continuing to build long term contracts and recurring revenue

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.