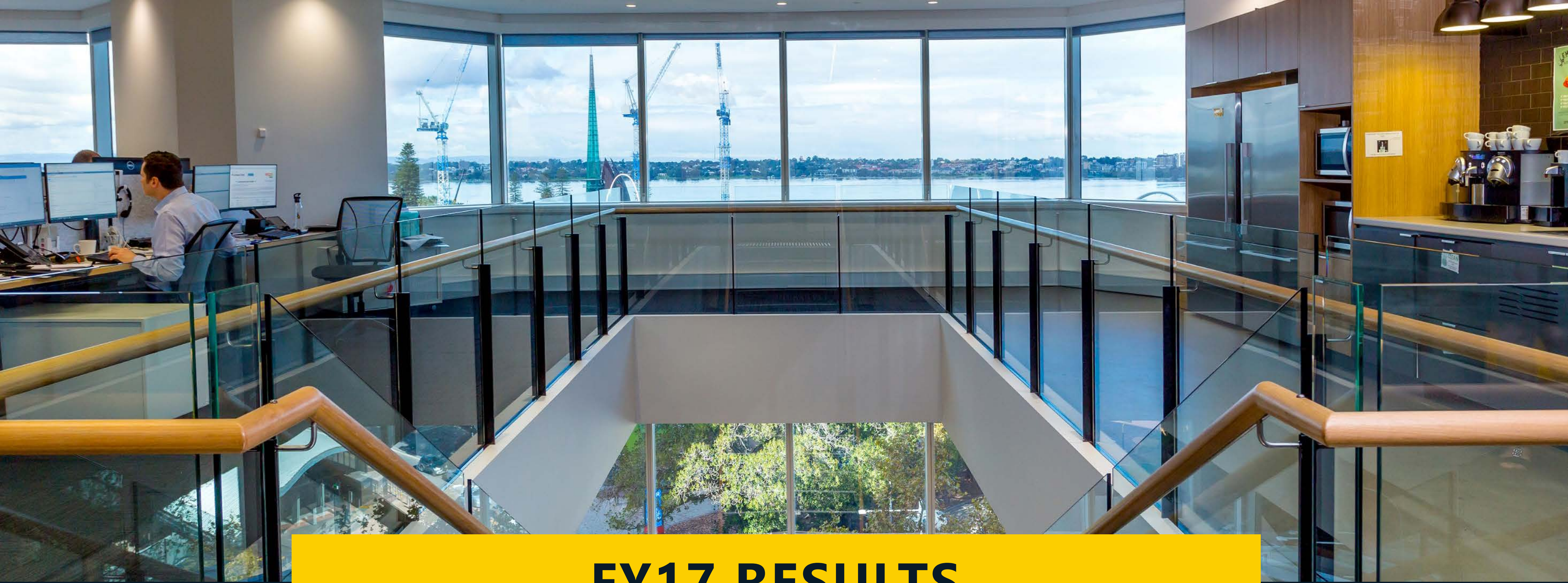
FY17 Results Presentation

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.



FY17 RESULTS

FY17 Results

Revenue $168m
UP 5%

EBITDA $15.4m
UP 105%

H2 EBITDA $9m
UP 36%
from $6.6m pcp

Net Debt reduced to
$13.8m

Operating cash flow
$9.8m
(H2 Operating cash flow $8.9m)

Empired

FY17 Highlights

Revenue from multi-year contracts grew to **66%** of total revenue

Key growth regions ramping up with NSW sales growth of **32%** and Auckland **67%**

Established an **extended delivery** centre in Bengaluru, India

Expanding EBITDA margin from **5%** to **9%** with further operational leverage expected

Contracted Cohesion users up **56%**

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

Results

- **Revenue growth:**
  - Underlying services growth of 10%
  - 66% of revenue from multi-year contracts
  - Hardware sales down 50% now < 2% of revenue
  - Expect solid revenue growth FY18
- **GM expansion** through improved staff utilisation.
- **EBITDA** up strongly in H2 as a result of GM expansion.
- **Interest** to reduce significantly in FY18

$m	FY17	FY16	Change
Revenue	168	160	5%
Gross profit	55.5	51.0	9%
EBITDA	15.4	7.5	105%
Depn & Amort*	(9.2)	(9.3)	
Interest	(2.3)	(1.6)	
Tax	(0.7)	1.0	
NPAT	3.2	(2.4)	
Gross Margin	33%	32%	
EBITDA / Revenue %	9%	5%	

**Includes $1m non-cash write off (FY16 $2.3m)*

Cash flow

- Operating Cash Flow of $9.8m, H2 $8.9m
- Working capital outflow driven by $4m of reduced customer pre-payments and ‘right-sizing’ of payables.
- Expect significantly improved First Half OCF / EBITDA conversion as a result of working capital ‘right sizing’ in FY17.
- PPE comprises
  - $2.0m hardware and Cloud infrastructure
  - $1.7m premises
- Intangibles comprises
  - $3.7m Solution development platforms
  - $3.5m Systems development licenses
- Expect material reduction in CAPEX in FY18
- All deferred vendor payments made

$m	H1 FY17	FY17	FY16
EBITDA	6.4	15.4	7.5
Tax paid	(0.7)	(0.7)	(0.3)
Working capital changes	(4.9)	(5.2)	1.9
Lease incentive received	-	-	3.8
Other	0.1	0.3	0.3
Operating cash flow	**0.9**	**9.8**	**13.2**
Payments for P&E	(1.8)	(3.7)	(10.5)
Payments for intangibles	(2.4)	(7.2)	(4.2)
Deferred consideration paid (borrowings)	(1.0)	(8.7)	(1.2)
Proceeds from borrowings	3.1	4.0	4.4
Repayment of borrowings	(3.5)	(11.3)	(7.1)
Interest paid (net)	(1.2)	(2.0)	(1.6)
Equity raising	-	15.1	0.2
Change in cash and overdrafts	**(5.9)**	**(3.9)**	**(6.7)**

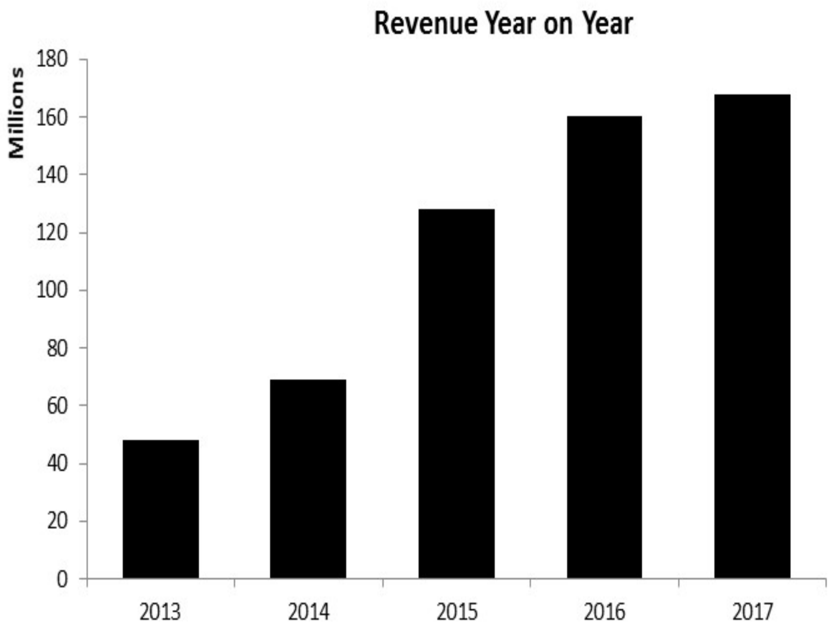
Financial position

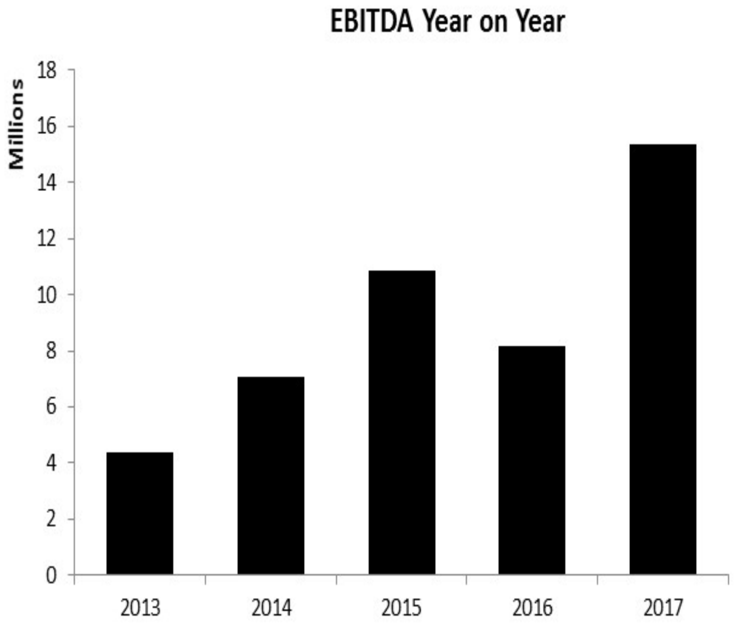
- Receivables and WIP flat on expanded revenue base
- Receivables & WIP days reduced for the 4th consecutive reporting period
- Payables down $4m
- Repayment of all deferred vendor liabilities
- Restructured finance facility
  - Term Debt of $12.2m
  - Overdraft facility of $12m
- Net Debt reduced to $13.8m
- Gearing of 16%

$m	Jun 17	Dec 16	Jun 16
Cash	**2.0**	3.1	3.0
Receivables and WIP	**32.5**	29.5	32.6
Other	**2.4**	2.6	2.6
Current Assets	**36.8**	35.2	38.2
Plant & Equipment	**21.0**	20.6	21.1
Intangibles and other	**61.3**	60.6	58.7
Non Current Assets	**82.2**	81.2	79.8
Payables	**22.1**	19.6	26.1
Borrowings	**6.7**	21.8	8.9
Provisions and other	**5.9**	5.2	6.0
Current Liabilities	**34.7**	46.6	41.1
Borrowings	**9.1**	11.6	19.6
Provisions	**4.0**	4.5	4.8
Non Current Liabilities	**13.1**	16.0	24.5
Net Assets / Equity	**71.3**	53.7	52.4
Net debt (Nd)	**13.8**	30.3	25.6
Gearing Nd/(Nd+Equity)	**16%**	36%	33%

Revenue trends

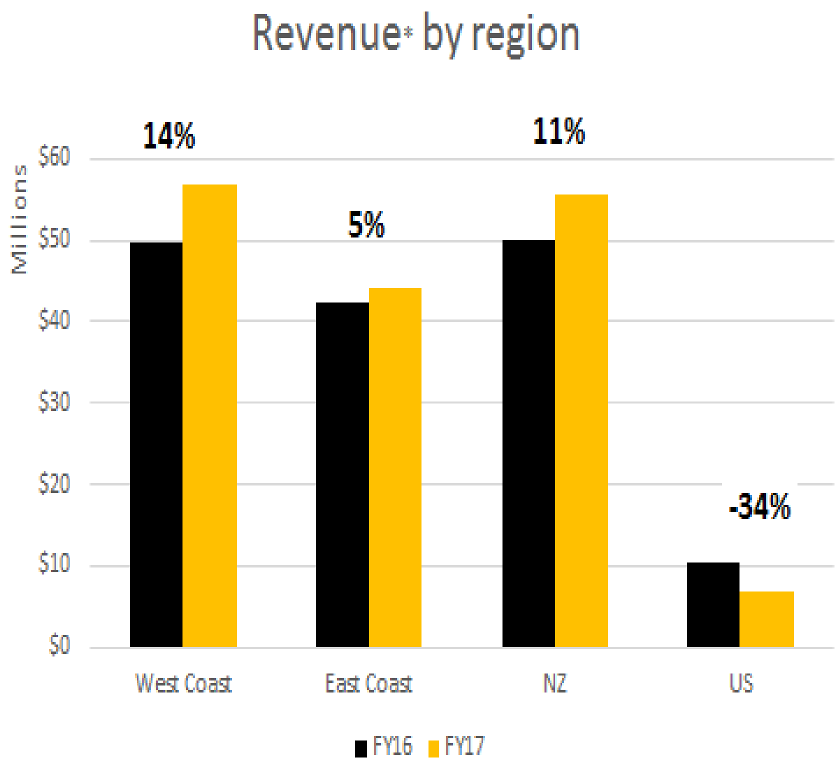
- Consistent year on year growth
- EBITDA growing at a faster rate than Revenue
- FY16 EBITDA impacted primarily by integration activities
- Expect year on year growth to continue
- Expect accelerated earnings growth FY18

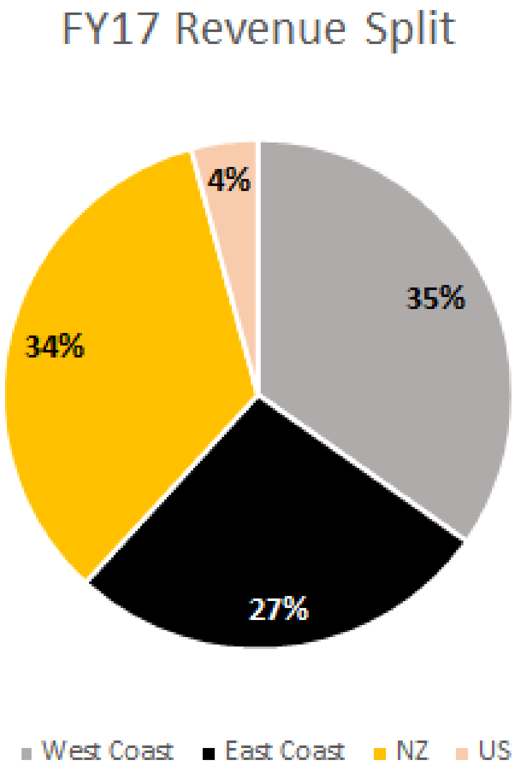




Revenue by region

- Underlying services growth of c10%
- Outstanding revenue growth in WA expected to continue based on strong demand in Energy & Natural Resources and Public Sector
- Gaining traction on East Coast with NSW leading the way up 16% in Revenue
- NZ continued to perform strongly
- US expected to grow in FY18
- Sales growth across the company was strong at 10% with standout performances in NSW up 36% and Auckland up 67%



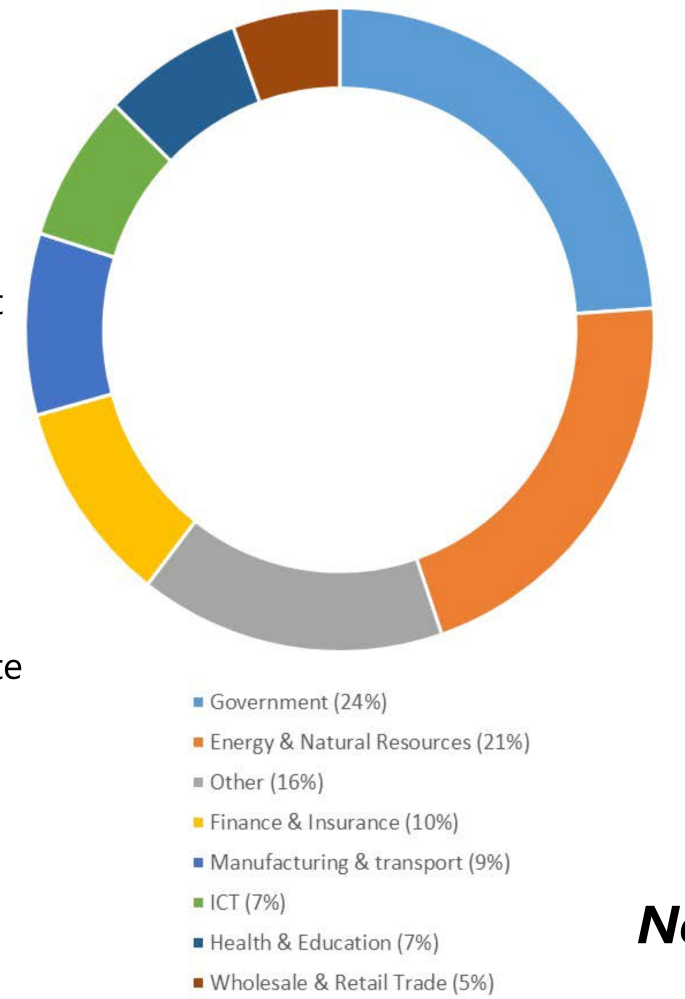


*Excludes hardware sales which represent < 2% of revenue

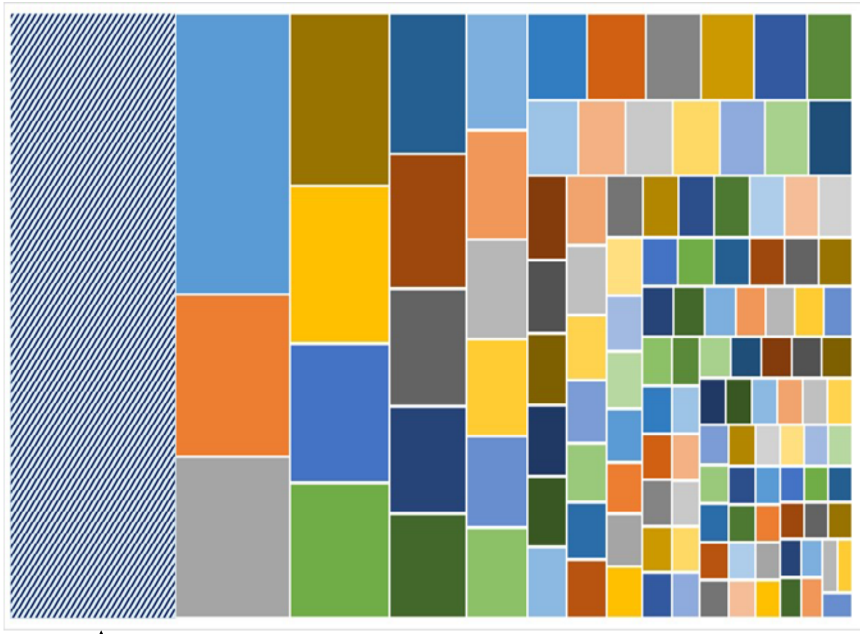
Industry & Clients

- **No over-reliance on any key sector**
- Energy & Natural Recourses sector spend continues to grow year on year
- Public sector spend expected to expand with East Coast growth
- Focused on growth opportunities in Finance & Insurance and ICT
- 80% of revenue from 20% of clients
- Positioned strongly in a number of large corporate and government organisations
- Our year on year growth will be underpinned by our existing major clients

Revenue / Industry



Revenue / Clients



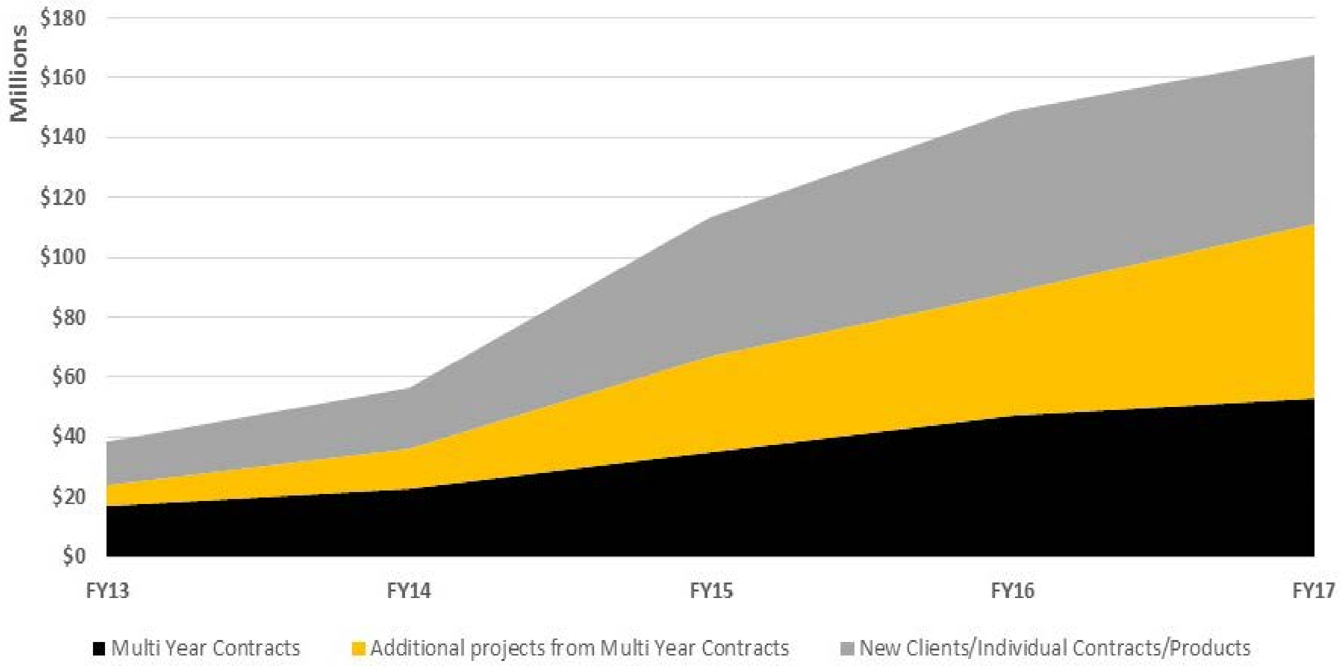
Represents balance of clients.

No over-reliance on any key client

Predictable Revenue

66% of Revenue derived from multi-year contracts

- Revenue from multi-year contracts continues to build ever year.
- Circa 50% of 'grey' area is derived from clients that have spent with Empired for 3 years or greater.
- Strong FY18 workbook complemented with solid sales pipeline will underpin growth in FY18.
- Focused on continuing to deliver services that generate recurring style revenue.



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


Outlook

Outlook

Expect continued market consolidation

Positive growth thematic impacting broad array of industries and businesses

Well placed to capture market share in circa $30+ Billion market

Expect revenue growth in FY18

Converting to accelerated earnings growth with strong cash conversion

Pleasing start to year provides confidence in solid H1 financial result

Net Debt to reduce across the year

Empired