

November 2017

*Empire*

Annual General Meeting 2017



## 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.

# TRADING UPDATE

H1 FY18 Underlying EBITDA<sup>(1)</sup> is expected to be between \$7.0m and \$7.3m.

Modest revenue increase on prior corresponding period due to soft public sector revenue in NZ during protracted election period. Other areas of business performing to expectation.

Restart of significant public sector projects expected early H2 providing confidence on improved earnings performance in New Zealand across the second half.

Reduction of non-billable overhead costs by an annualised amount of circa \$2.5m per annum will benefit H2.

Net debt is tracking in line with management expectations. As per usual business cycle, working capital movements will see a slight increase in net debt for the half year period, followed by strong H2 operating cash flow leading to a reduction in net debt at the full year.

Consistent with prior years, H2 EBITDA expected to be significantly stronger than H1.

<sup>(1)</sup> Excludes \$0.4m in redundancy costs

We're here to help  
organisations transform –  
increasing efficiency, improving  
productivity and achieving  
competitive advantage, using  
technology as the enabler.



*"Our clients aren't impatient;  
our market reality is. It's exciting to  
deliver them tomorrow's advantage  
today, empowering our clients to  
not only survive but thrive in  
the digital economy."*

**RUSSELL BASKERVILLE**  
CEO – EMPIRED



**TOMORROW'S  
ADVANTAGE,  
DELIVERED  
TODAY.**



# 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



# 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**



## 1,000+ People

West Coast Au  
East Coast Au  
New Zealand

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



## 11 locations 4 countries

Australia  
New Zealand  
USA  
India

**Focused on growth  
through disruptive  
market trends**



## Broad Horizontal Industry Appeal

Government 24%  
Energy and Natural  
Resources 21%  
Finance, Healthcare,  
Education, Transport  
& ICT

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



## Revenue \$168m

EBITDA \$15.4m  
Price \$0.53  
Market Cap \$85m  
Net Debt \$13.9m

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

# Business Solutions



## Customer acquisition

Helping our clients acquire  
(attract and retain) their  
customers



## Improved business operations

Helping our clients  
improve their productivity  
and the efficiency of their  
operations



## Smart business

Helping our clients  
be smart, modern  
businesses

### DIGITAL TRANSFORMATIONS



## Customer acquisition

The tech layer: includes  
– but not limited to –  
web, EPI, DI, bespoke...



## Improved business operations

The tech layer: includes – but not  
limited to – ERP, CRM, Cohesion,  
Snap, EDRMS, O365, supply  
chain, bespoke



## Smart business

The tech layer: all things  
cloud, Lifecycle Services,  
Azure Skype for  
Business, CD&I

# IMPROVING PATIENT CARE



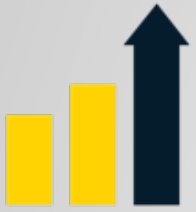


# OPTIMISING MINING OPERATIONS





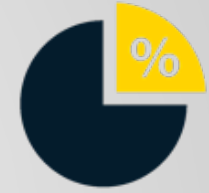
# FY17 Results



Revenue \$168m  
**UP 5%**



EBITDA \$15.4m  
**UP 105%**



H2 EBITDA \$9m  
**UP 36%**  
from \$6.6m pcg



Net Debt reduced to  
**\$13.8m**



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



# 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** center in Bengaluru, India



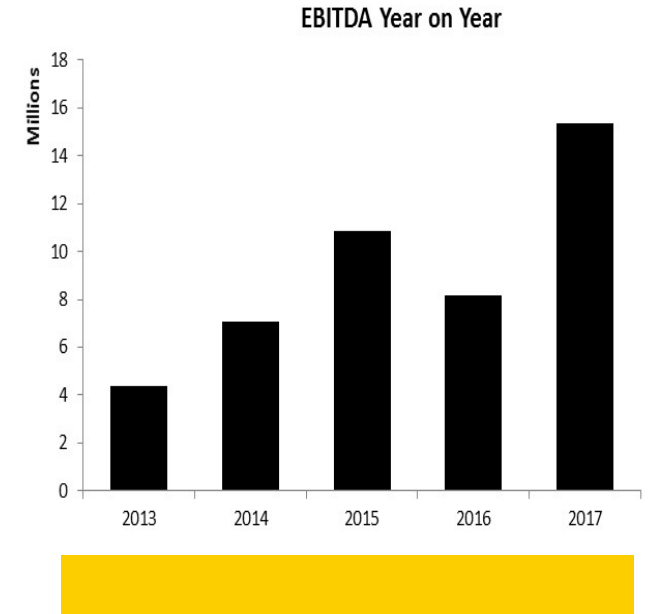
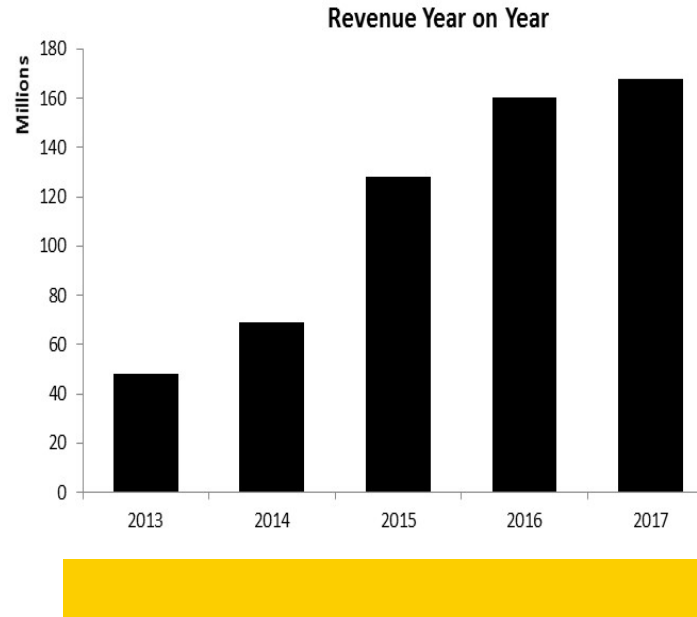
Expanding EBITDA margin from **5%** to **9%**



Contracted Cohesion users up **56%**

# 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

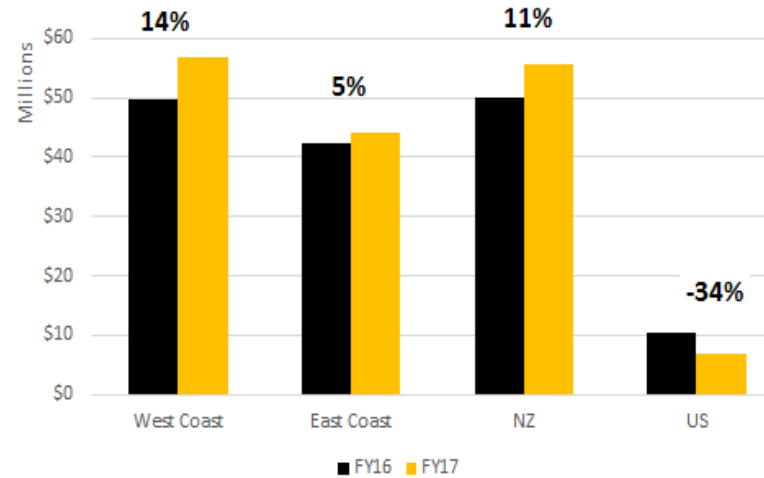




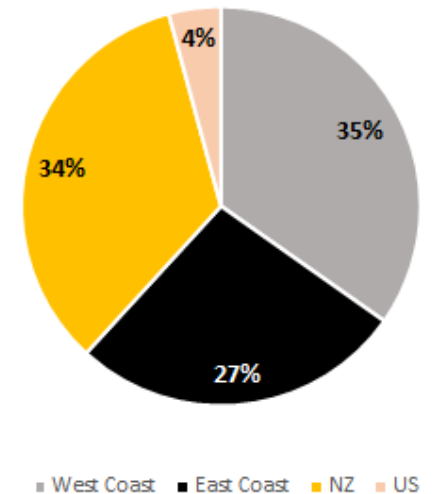
# Revenue by region

- 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%

Revenue\* by region



FY17 Revenue Split

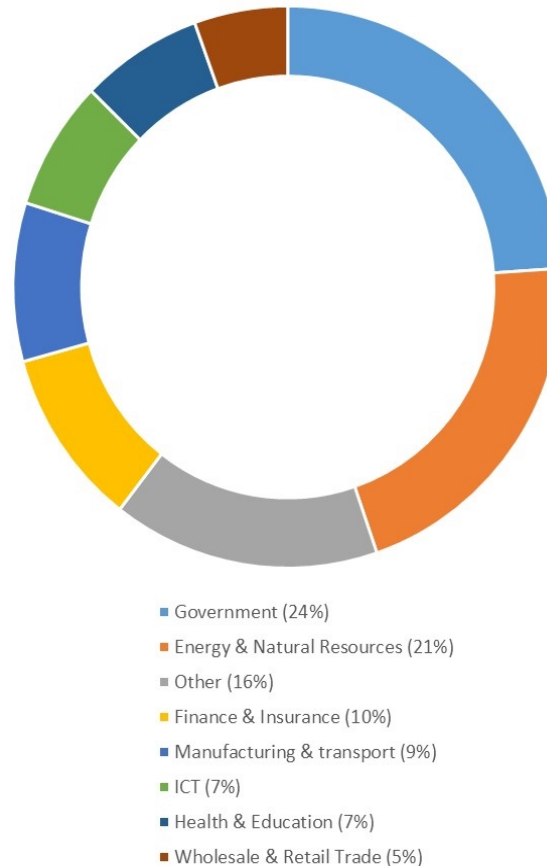


\*Excludes hardware sales which represent < 2% of revenue

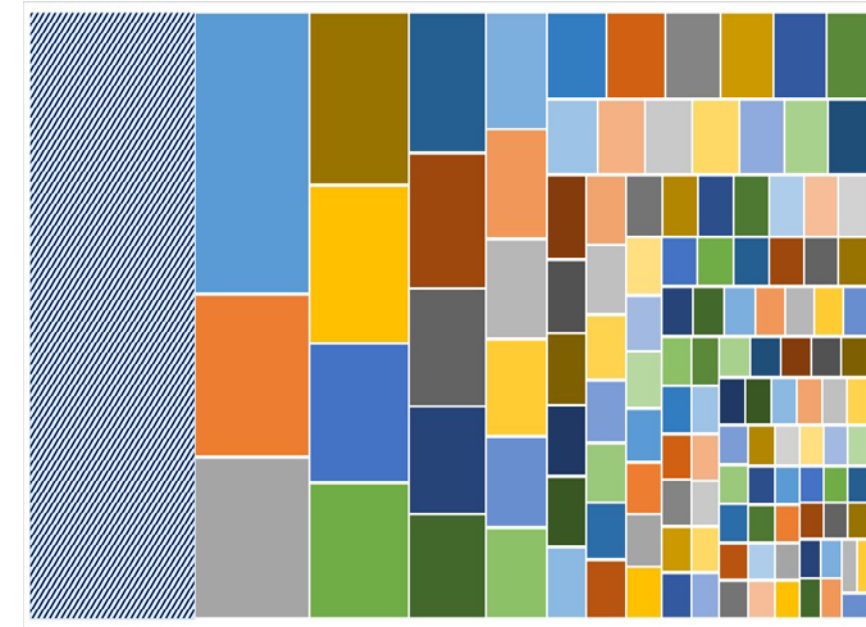
# Industry & Clients

- No over-reliance on any key sector
- Energy & Natural Resources 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**

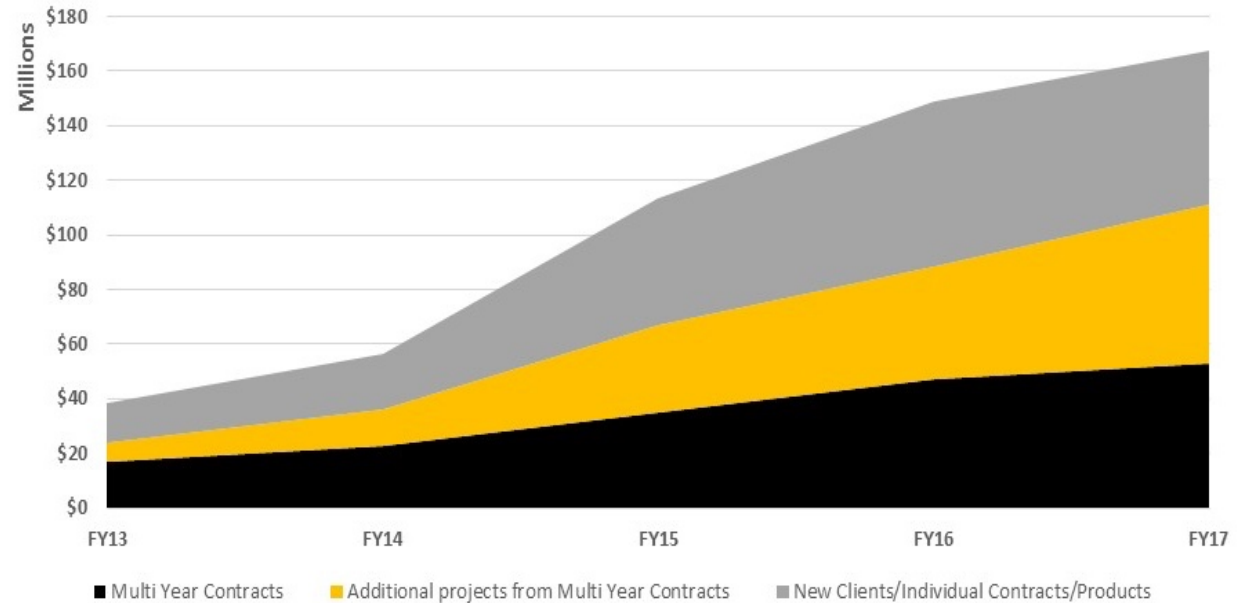


# Predictable Revenue

## 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

Positive growth thematic impacting broad array of industries and businesses within circa \$30+ Billion market

Empired remains well placed to secure growth opportunities within this market

Empired continues to invest in differentiation through software IP and solutions

Expect full year revenue growth in FY18

Expect full year earnings growth FY18

Expect strong full year cash conversion and reduction in Net Debt by year end



*Empire*