



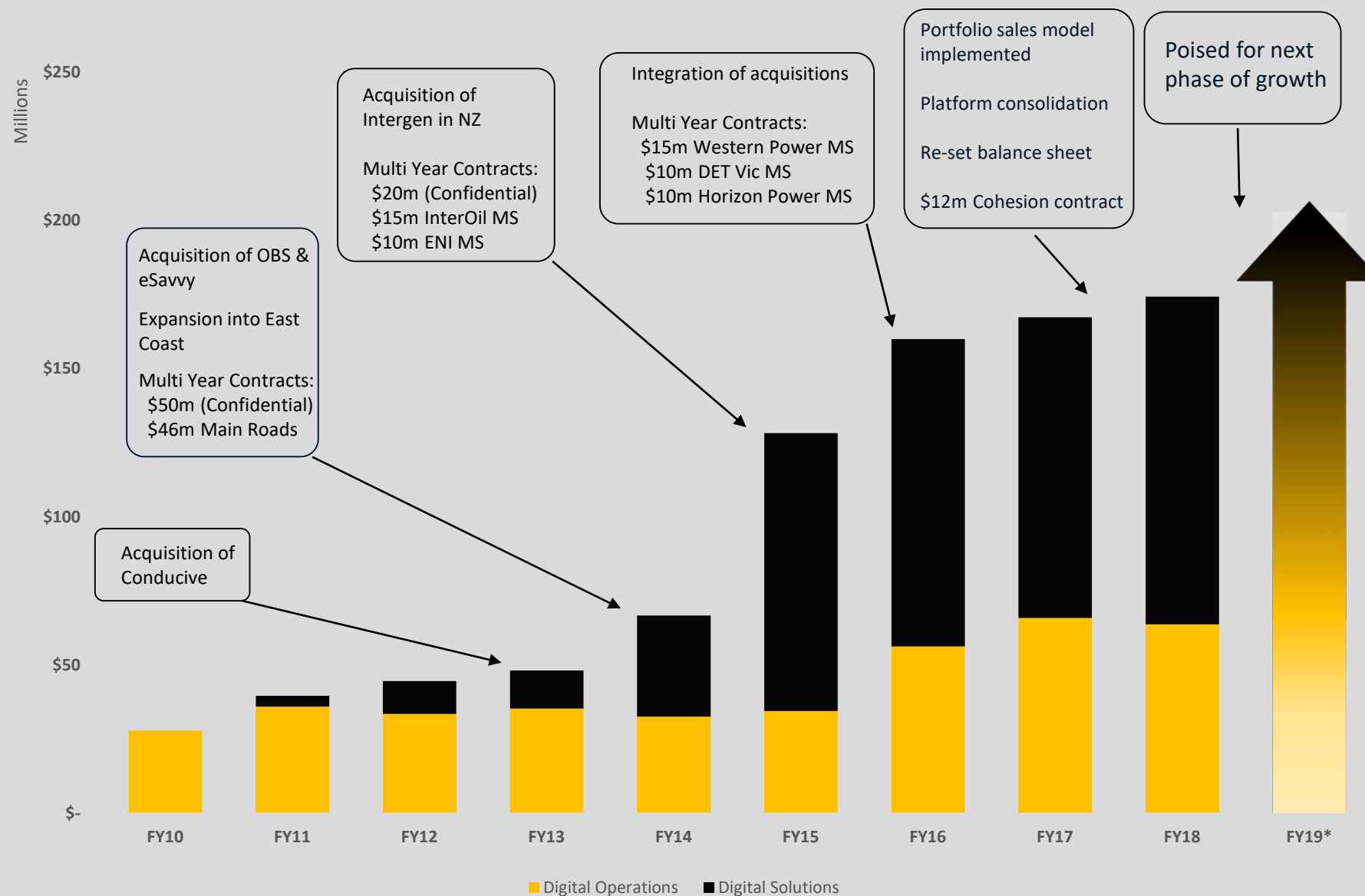
Empired

FY18 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.

10 Years of Revenue Growth



**This is an indication of trend not forecast / guidance*



AN INTERNATIONAL SOFTWARE & DIGITAL SOLUTIONS COMPANY



Empired (ASX:EPD)

Digital Operations

Digital Solutions

Software Solutions

Leveraged to high growth segments of the market



Software & Solution Intellectual Property

Industry Specialisation

Broad array of solution accelerators & Industry based IC

Proprietary *Cloud* based software IP

Unique Differentiation



International Reach

>1,000 people

Australia

New Zealand

USA & India

Scalable Platform



Sticky Predictable Revenue

Multi Year Services Contracts

Very high repeat revenue from long term clients

Recurring *Software as a Service* Revenue

Long term value drivers



Strong Growth Platform

Attractive market thematic

\$30B+ Market

Extensive Capability

Scalable operational leverage

Expect double digit EPS growth FY18 & FY19

FY18 Results



Revenue \$174m
Up 4%



*EBITDA \$17.0m
Up 10%



H2 EBITDA \$9.7m
Up 8%
from \$9.0m pcip



Net Debt reduced to
\$9.3m
from \$13.8m pcip



Operating cash flow
\$15.5m
up from \$9.8m pcip

FY18 Highlights



Australian Revenue up **12%** with East Coast growth up **14%**



New Zealand now in strong recovery mode following challenging year



Exceptional growth in Digital Solutions with Australia up **23%**



65% of revenue from multi year contracts – majority of future revenue growth to come from expansion with existing clients



EBITDA margin up from 9% to 10% with further margin expansion anticipated

Results

- **Revenue growth:**
 - Australia up 12%, New Zealand down 9%
 - 65% of revenue from multi-year contracts
 - Services aligned to high growth digital solutions
- **GM** slightly up with modest upward bias on rates as shift to digital continues
- **EBITDA margin** up 0.8 basis points with further expansion anticipated

\$m	FY18	FY17	Change
Revenue	174.3	167.4	4%
Gross profit	60.3	55.5	9%
EBITDA ¹	17.0	15.4	7%
Depn & Amort	(8.2)	(9.2) ²	
Interest	(1.3)	(2.3)	
Tax	(2.0)	(0.7)	
NPAT	4.9	3.2	53%
Gross Margin	35%	33%	
EBITDA / Revenue %	9.8%	9%	

¹ All references to EBITDA throughout this document are underlying which excludes from reported EBITDA \$558,258 comprising \$121,885 for prior period bad debt write off and \$436,373 for redundancies relating to consolidation.

² Includes loss on disposal of assets mainly in relation to an office re-location.

Cash flow

- Operating cash flow \$15.5m up from \$9.8m
- Operating cash conversion / reported EBITDA of 95%
- CAPEX of \$8.9m down from \$10.9m
 - Sustaining CAPEX of circa \$3.3m includes hardware, software licenses etc...
 - Growth CAPEX of circa \$5.6m predominately Cohesion and solution accelerators.
 - Cohesion had a material one-off investment in solution platform – now complete.
- Expect further continued material reduction in CAPEX in FY19 & FY20
- Expect continued reduction in interest paid

\$m	FY18	FY17
EBITDA	16.4	15.4
Tax paid	(0.8)	(0.7)
Working capital changes	(0.5)	(5.2)
Other	0.4	0.3
Operating cash flow	15.5	9.8
CAPEX	(8.9)	(10.9)
Deferred consideration paid	-	(8.7)
Proceeds from borrowings	13	4
Repayment of borrowings	(4.4)	(11.3)
Interest paid (net)	(1.3)	(2.0)
Equity raising	-	15.1
Change in cash	14.2	(3.9)

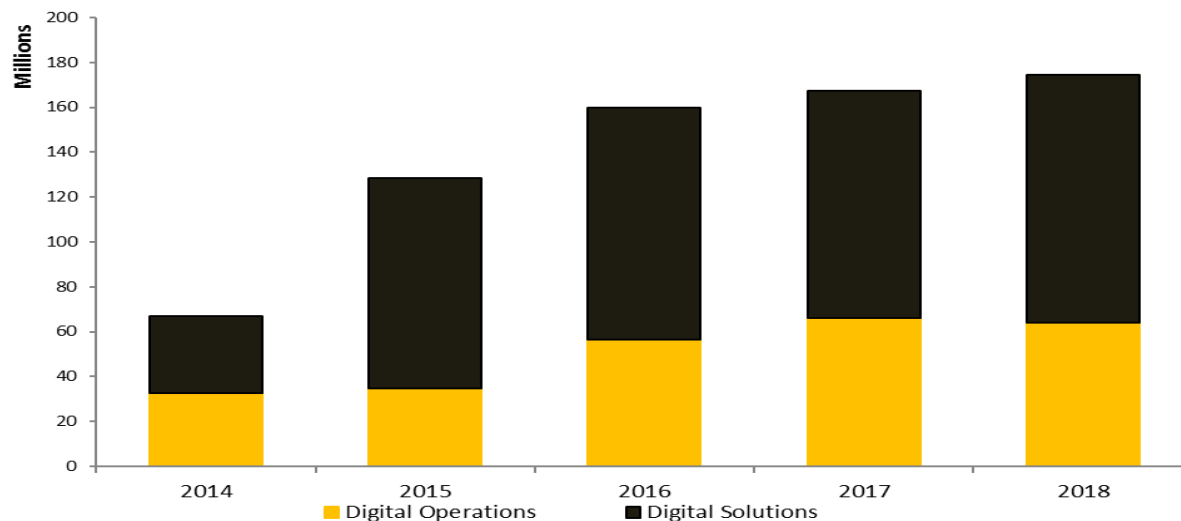
Financial position

- Receivables and WIP slightly up with significant fixed price contract milestones to convert to cash through H1.
- Payables modestly up.
- No deferred vendor payments or off balance sheet liabilities.
- Restructured finance facility delivering balance sheet flexibility and lower costs.
- Net Debt reduced to \$9.3m from \$13.8m.
- Gearing down to 11%.
- Balance sheet poised for growth and expansion.

\$m	Jun-18	Dec-17	Jun-17
Cash	13.4	2.2	2
Receivables and WIP	36.0	29.8	32.5
Other	2.3	2.2	2.4
Current Assets	51.7	34.1	36.8
Plant & Equipment	16.9	18.6	21
Intangibles and other	64.7	62.7	61.3
Non Current Assets	81.7	81.4	82.2
Payables	25.0	18.1	22.1
Borrowings	2.4	8.1	6.7
Provisions and other	6.3	5.6	5.9
Current Liabilities	33.7	31.8	34.7
Borrowings	20.3	7.5	9.1
Provisions	3.0	3.5	4
Non Current Liabilities	23.3	11.0	13.1
Net Assets / Equity	76.4	72.7	71.3
Net debt (Nd)	9.3	13.5	13.8
Gearing Nd/(Nd+Equity)	11%	16%	16%

Revenue trends

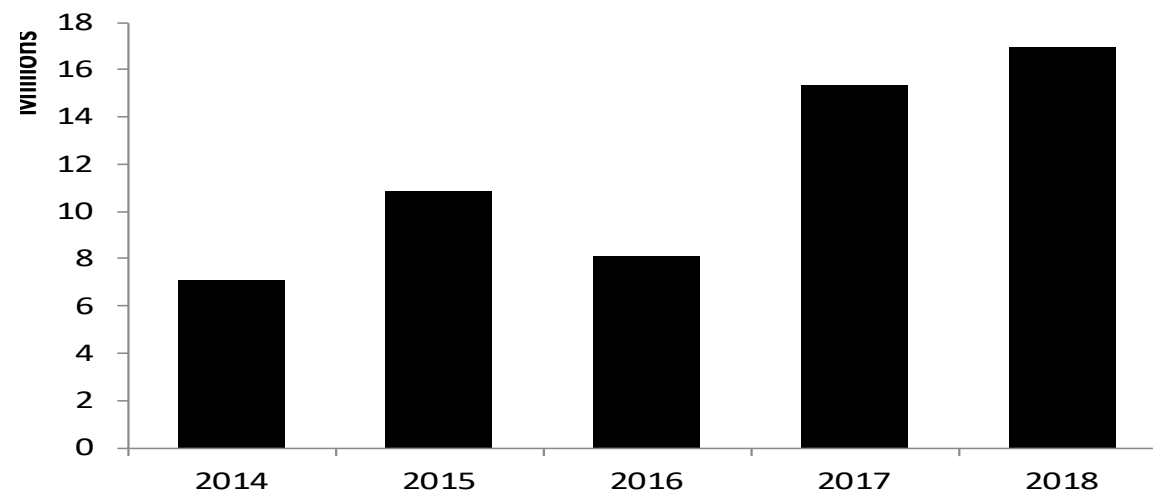
Revenue Year on Year



- Year on year revenue growth
- Steady shift to digital solutions

Double digit Revenue & EBITDA growth combined with continuing decline in CAPEX expected to deliver healthy cash generation.

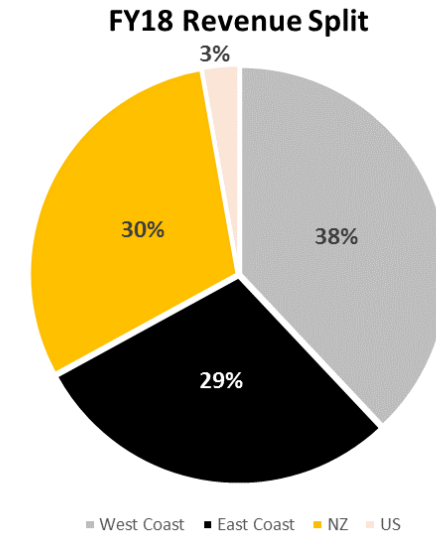
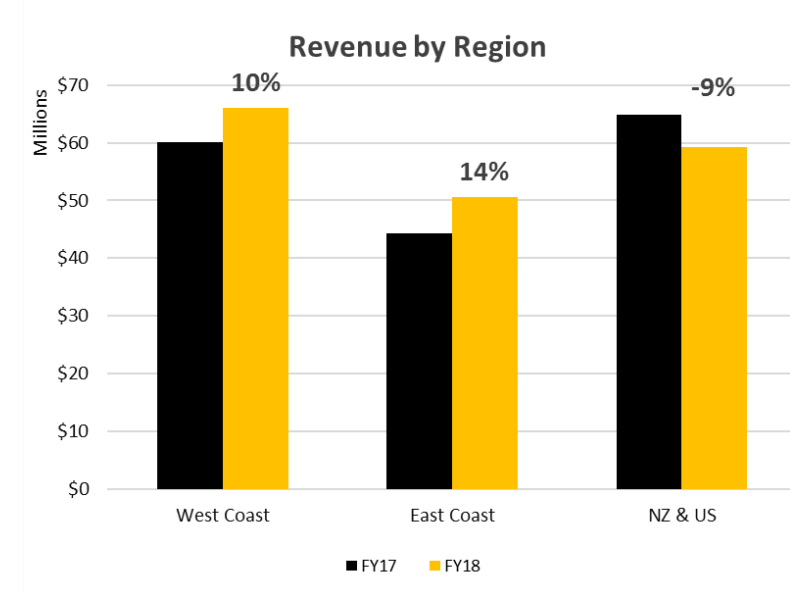
EBITDA* Year on Year



- Regular EBITDA growth profile with one-off integration year in FY16
- Operational leverage expected to deliver EBITDA margin expansion over time.

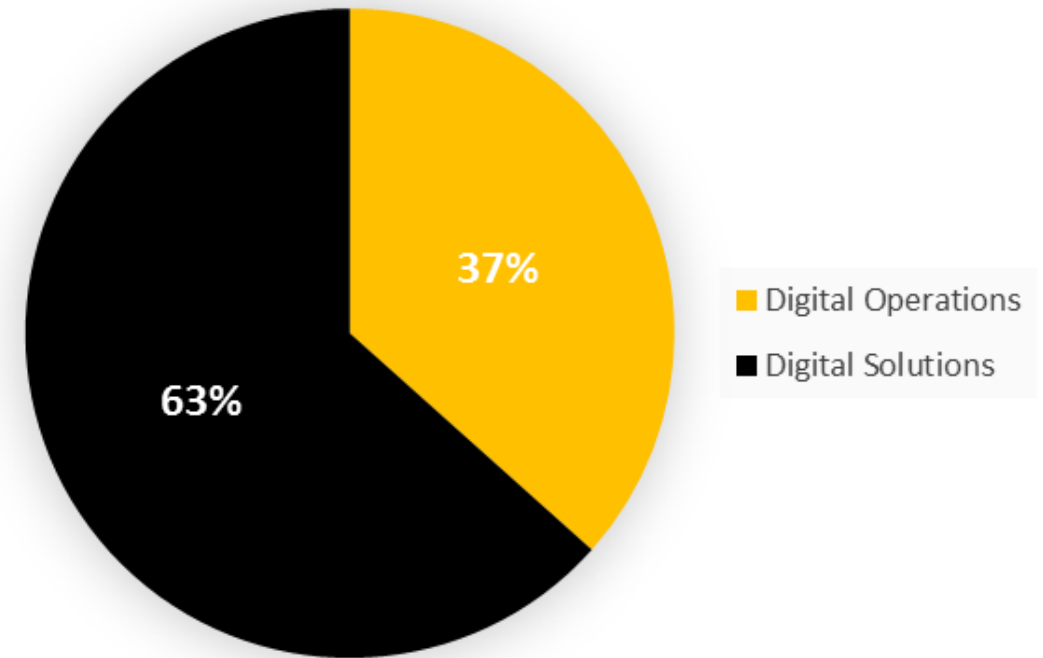
Revenue by region

- Australia up 12%
 - WA growth underpinned by strong resources sector
 - East coast growing at the strongest rate it ever has as Empired builds capability, brand and market awareness
- New Zealand down 9%
 - Wellington impacted by reduced public sector spend during protracted election period and subsequent change of government
 - Solid performance in Auckland up 8% (Key NZ growth market)
 - NZ recovery underway with government spend commitments growing rapidly with historic CAGR ~13% expected to return



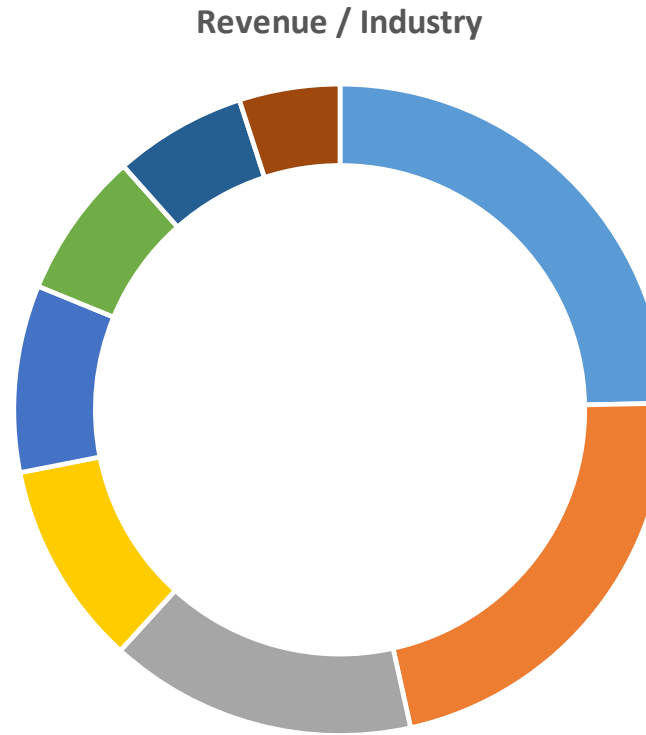
Revenue by Service

- Revenue has shifted strongly toward high growth services over past 3 years
- Digital Solutions focused on transforming our clients businesses to embrace digital business models enabled through data, technology platforms & ecosystems
- Digital Solutions include Data Analytics, Machine Learning, Artificial Intelligence, Modern Applications (Cloud & Mobile), Digital Presence, Digital Identity and Security
- **Digital Solutions represents 63% of Empired Revenue**
- Digital Solutions is experiencing strong growth rates with **Digital Solutions in Australia up 23% compared with prior year.**
- **Digital Solutions in Australia run rate growth up 21% comparing July 17 to July 18.**

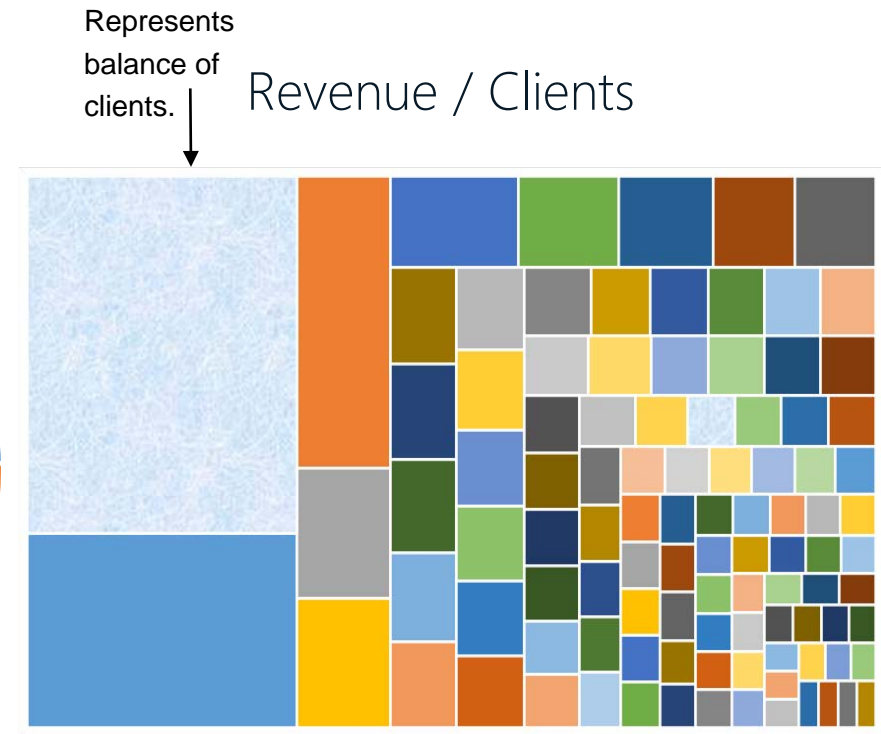


Industry & Clients

- **No over-reliance on any key sector**
- Energy & Natural Resources sector spend continues to grow year on year
- Public sector down as a result of NZ however expect strong recovery in FY19
- Focused on growth opportunities in Finance & Insurance on East Coast
- 80% of revenue from 20% of clients
- Positioned strongly in a number of large corporate and government organisations for expansion
- Our year on year growth will be underpinned by our existing major clients



- Energy & Natural Resources (25%)
- Government (22%)
- Other (15%)
- Health & Education (10%)
- Finance & Insurance (9%)
- Manufacturing & transport (7%)
- Wholesale & Retail Trade (7%)
- ICT (5%)

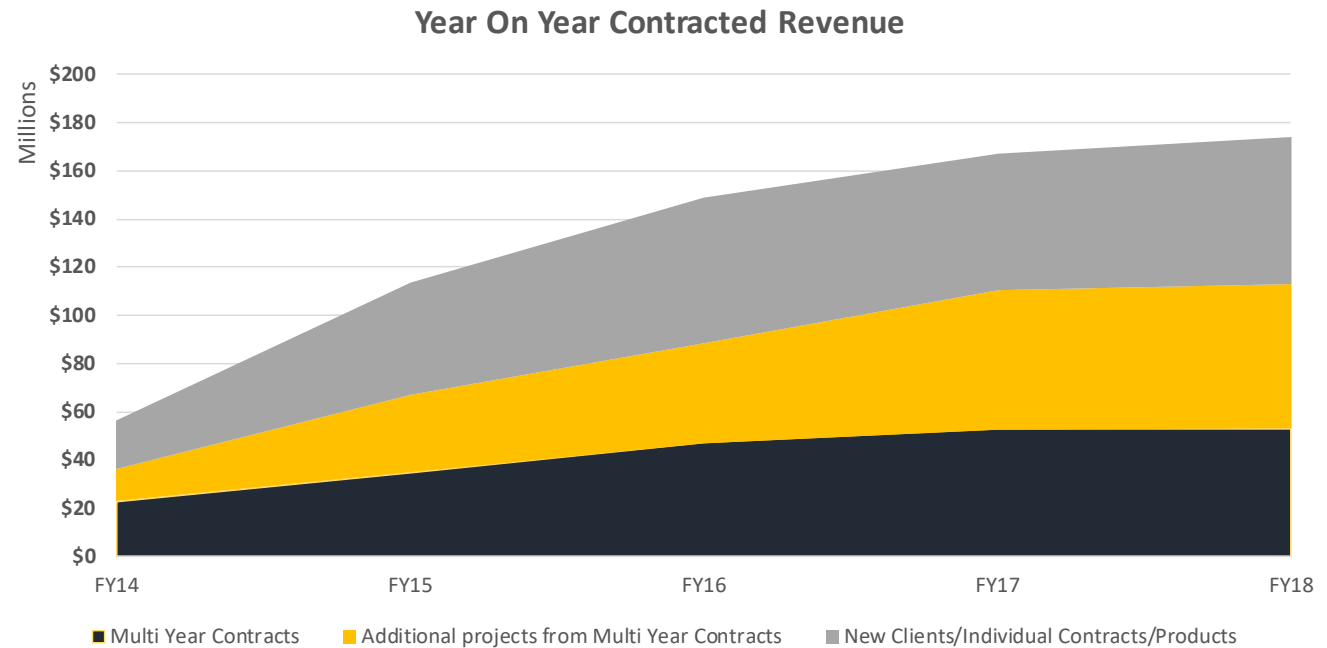


No over-reliance on any key client

Predictable Revenue

65% of Revenue derived from multi-year contracts

- Consistent repeat revenue build
- Greater than 90% of FY19 budget revenue is expected to be delivered from existing clients / contracts.
- Focused on continuing to deliver services that generate sticky revenue and long term relationships.



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



Outlook

Expect double digit growth in FY19 underpinned by:

- Strong exposure to Digital Solutions
- Solid recovery in New Zealand
- Australian FY19 Services Run-Rate up 13% (July 17 v July 18)

Expect double digit EBITDA, NPAT & EPS Growth

Strong cash conversion and declining CAPEX requirements will deliver strong cash generation

As balance sheet approaches Net Cash at the end of FY19 expect acquisition opportunities to be pursued to accelerate strategy in FY20

Empire