



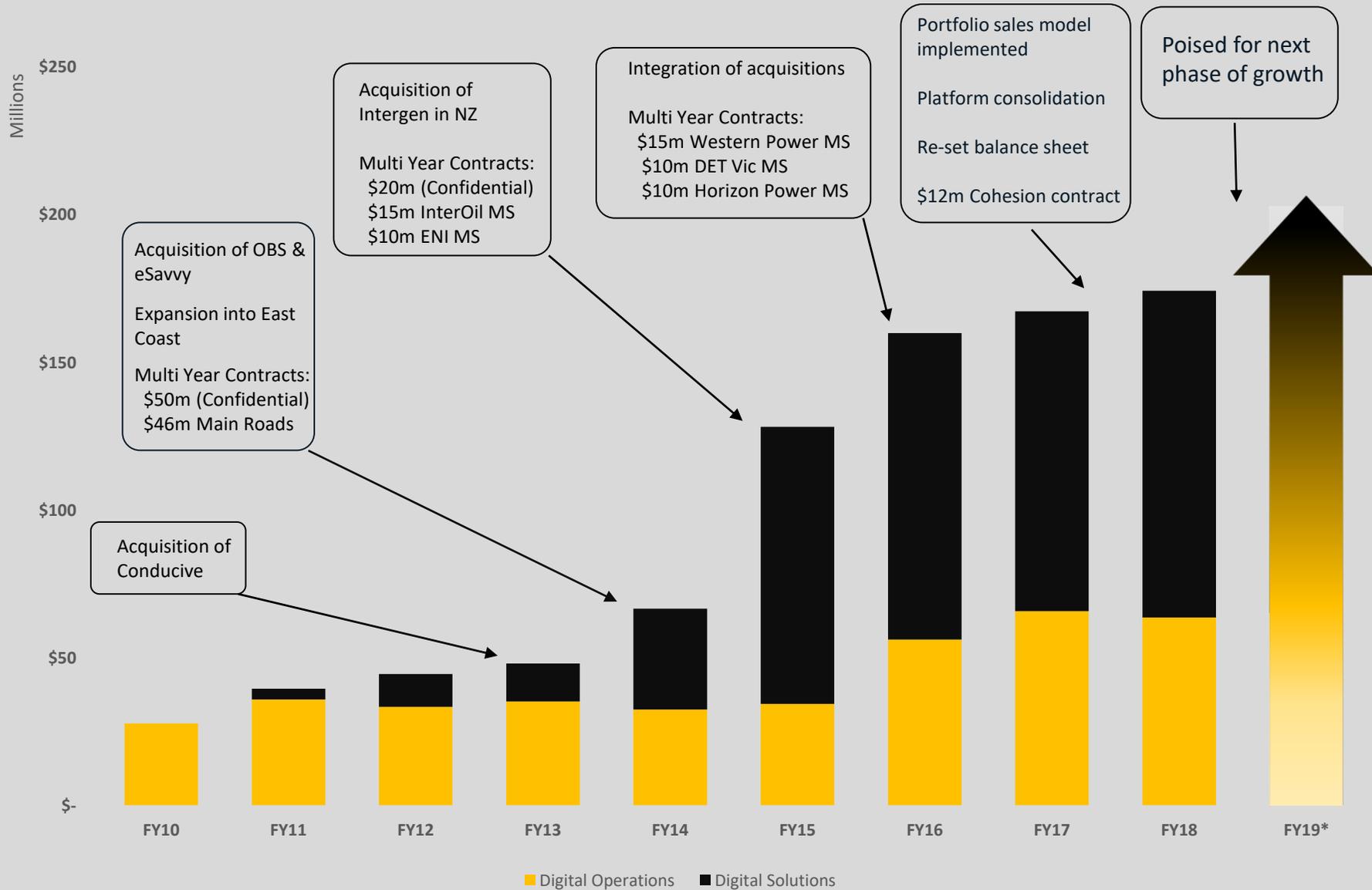
*Empire*d

AGM 2018

## 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



## Growth Positioning

Solutions aligned to high growth market opportunities.

One of the largest & most highly credentialed Microsoft partners across ANZ.

Business / Operational platform across all major markets in ANZ with significant capacity to support top line growth.

Strengthening balance sheet and growing free cash flow to support growth initiatives.

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

# Client Disruption through Digital

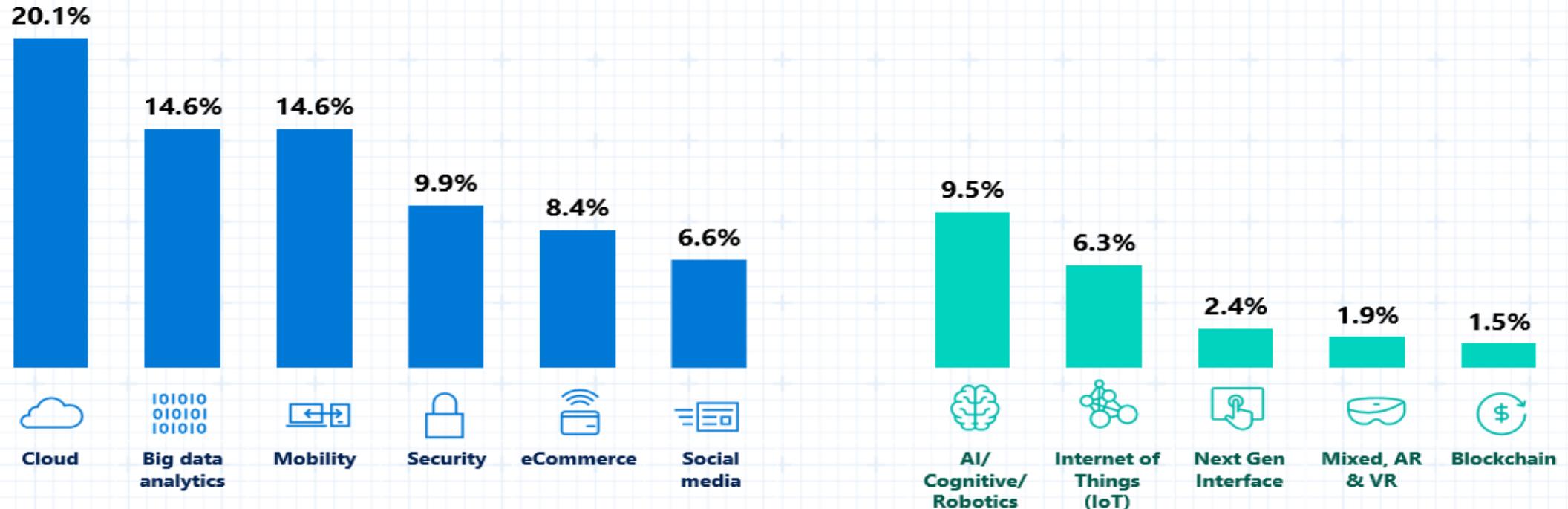
	<b>Rapidly Growing Connectivity</b>	By 2020, 8 million Australian homes & business connected	NBN will provide businesses access to 100Mbps bandwidth	<p style="text-align: center;"><b>Analyst Predictions</b></p> <p><i>"By the End of 2019, <b>Digital Experience Spending Will Reach \$1.7 Trillion</b> Worldwide, a 42% Increase from 2017"</i></p> <p><i>"By 2020, 60% of All Enterprises Will Have <b>Fully Articulated an Organization-wide Digital Platform Strategy</b> and Will Be in the Process of Implementing That Strategy"</i></p> <p><i>"By 2019, All Digitally Transformed Organisations Will <b>Generate at Least 45% of Their Revenue from "Future of Commerce" Business Models</b>"</i></p>
	<b>Agile work environments</b>	34% of enterprises have staff that regularly work out of office	Rise of mobility – users expect access anywhere, anytime	
	<b>Adoption of Cloud Computing</b>	Usage/Consumption based business models	Rapid scalability & service flexibility	
	<b>Proliferation of Data &amp; the Internet of Things</b>	Internet Connected Devices growing from 9b 2012 – 50b by 2020	90% of online data created in last 2 years	
	<b>Advent of cognitive computing</b>	AI & Machine Learning	Augmented Reality	

# Client Investment Priorities

## Technology investments for Digital Transformation for 2018

### CORE TECHNOLOGIES

### EMERGING TECHNOLOGIES



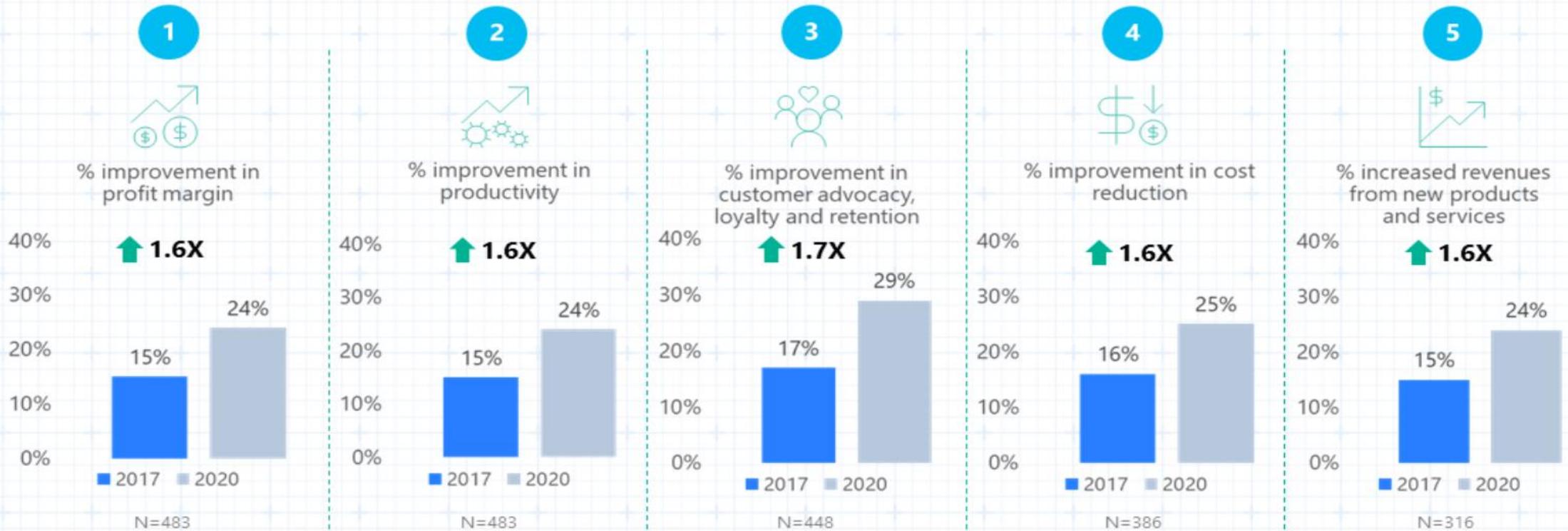
SOURCE: Unlocking the Economic Impact of Digital Transformation in Asia Pacific *Microsoft Asia Digital Transformation Study* - Microsoft in partnership with IDC Asia/Pacific, 2018

Base: All respondents (n=100)

B6. Relating to the use of technology for your DT initiatives, which of the following digital technologies are your organisation going to heavily invest on in 2018?

# Client Benefits Realised

Top 5 benefits in Asia Pacific: Improvements **now** and **in three years**



SOURCE: *Unlocking the Economic Impact of Digital Transformation in Asia Pacific* Microsoft Asia Digital Transformation Study - Microsoft in partnership with IDC Asia/Pacific, 2018

# Empired

## ALIGNED WITH KEY MARKET TRENDS



### 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 earnings growth in FY19**

# FY18 Results



Revenue  
\$174m  
**Up 4%**



Empired (AU)  
Revenue  
**Up 12%**



Underlying  
EBITDA **\$17m**



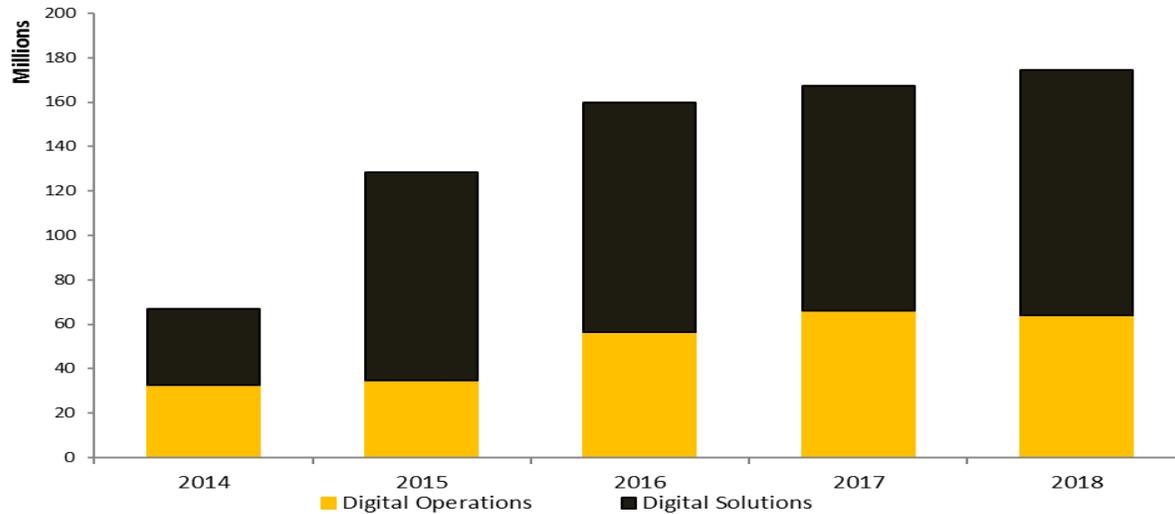
Operating cash  
flow **\$15.5m**



Net Debt  
reduced to  
**\$9.7m**

# Revenue trends

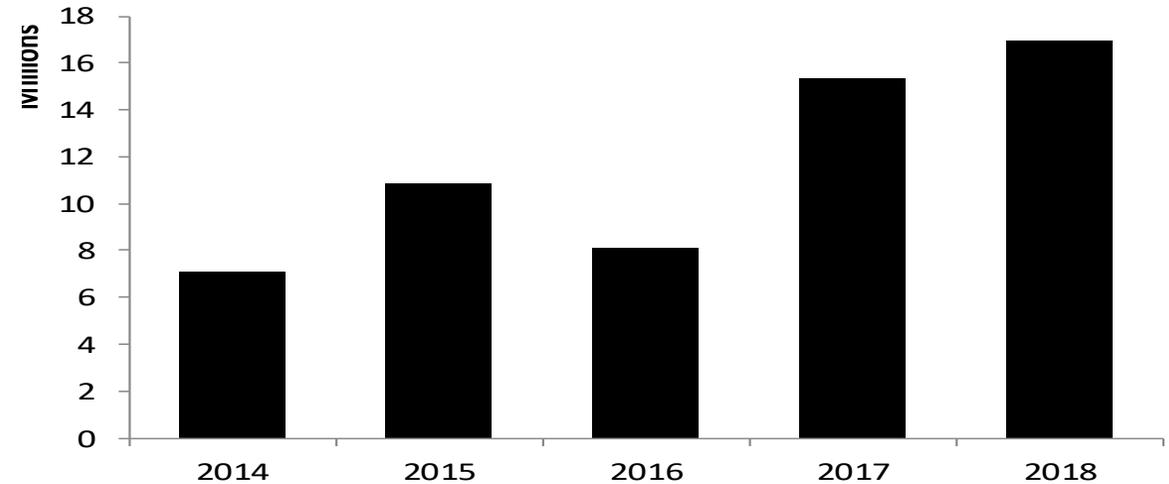
Revenue Year on Year



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

***Double digit earnings growth combined with continuing decline in CAPEX expected to deliver healthy cash generation.***

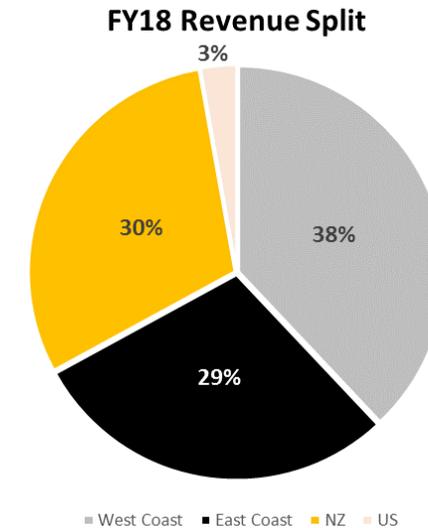
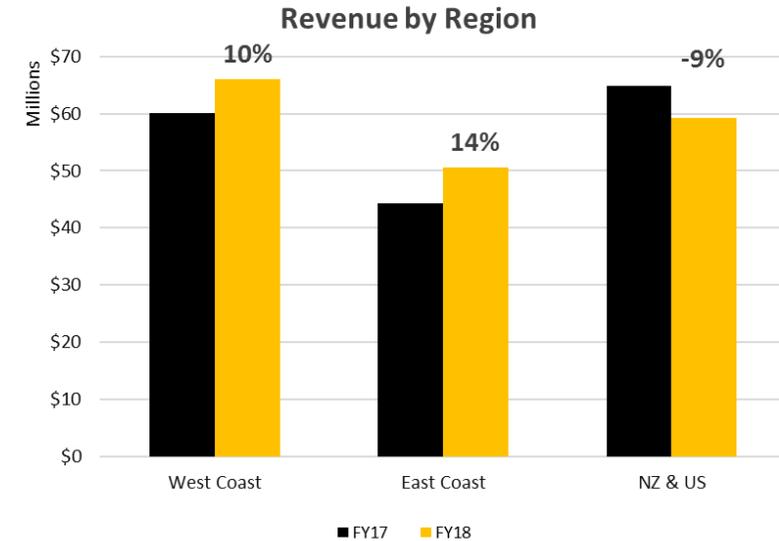
EBITDA\* Year on Year



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

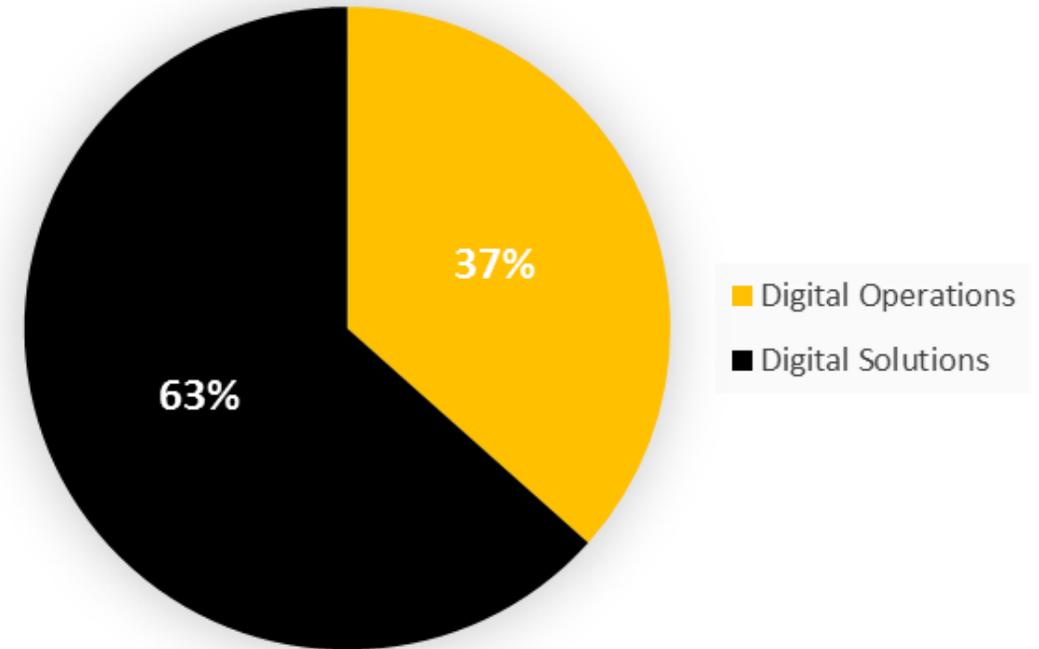
# Revenue by region

- 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
  - NZ operations historic CAGR of ~13%



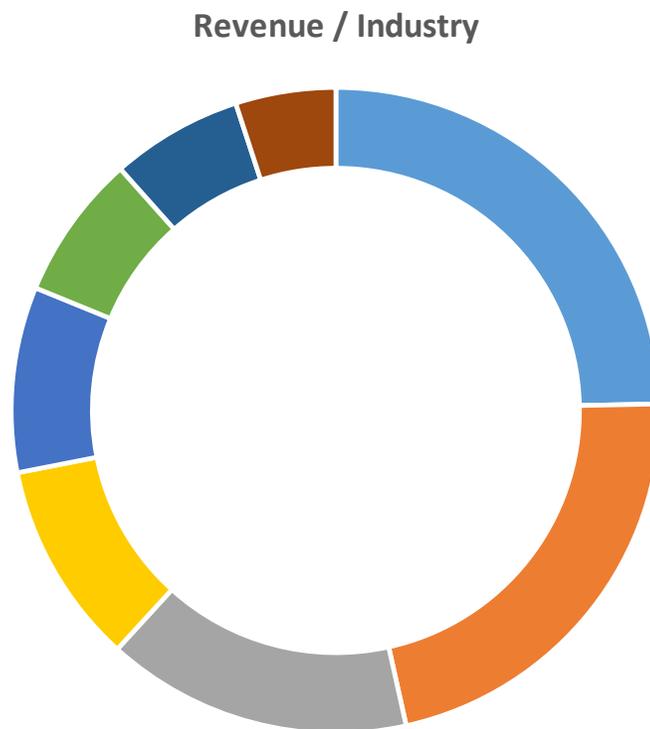
# Revenue by Service

- 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% in FY18 compared with prior year.**



# 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%)

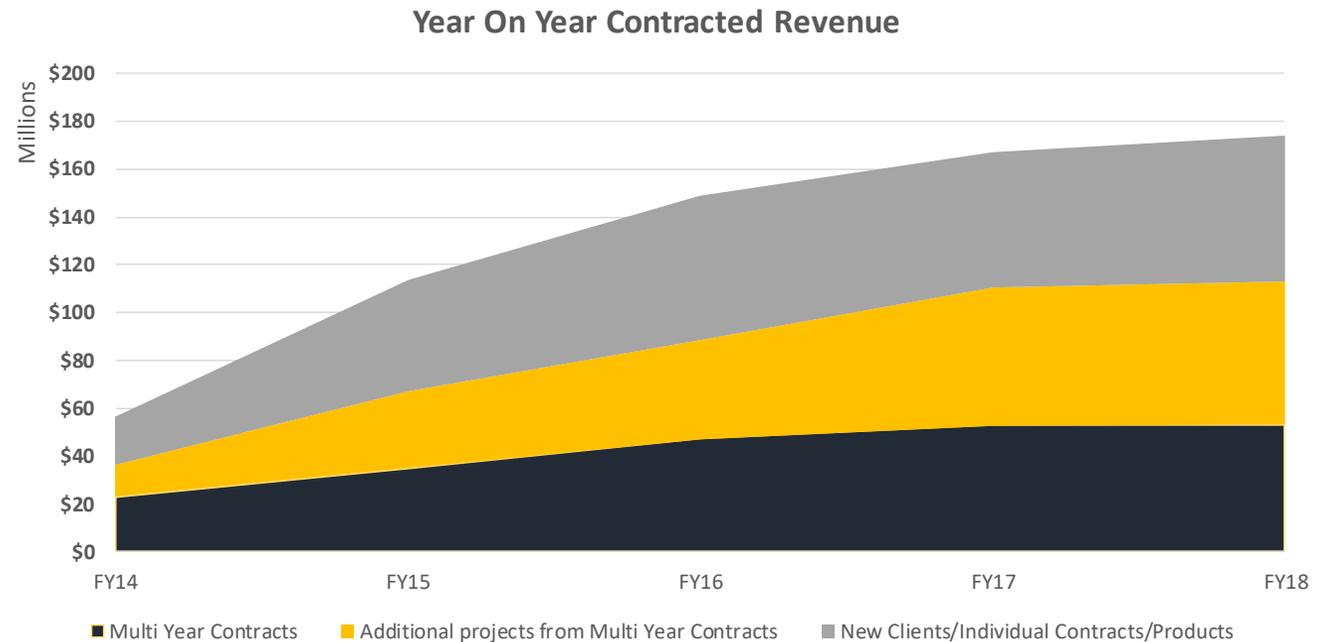


***No over-reliance on any key client***

# 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*

# FY19 TRADING UPDATE

Forecasting solid revenue growth in Australia.

New Zealand operations continue to recover underpinned by a \$10m Digital Transformation contract with the NZ Department of Internal Affairs.

Digital Transformation is a major growth opportunity with Australian Digital Solutions revenue projected to be up circa 15% for the first half on pcp.

H1 FY19 EBITDA expected to be between \$7.9m and \$8.3m.

Consistent with prior years, FY19 H2 EBITDA expected to be significantly stronger than H1.

Maintain guidance of double digit earnings growth in FY19.

CAPEX to continue to decline in FY19.

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

# Outlook

Confident of a strong and exciting H2 underpinned by:

- Strong second half sales pipeline
- H2 earnings skew due to organic growth & higher levels of activity in Q4
- Strong contract backlog and customer support
- Continued Management focus on earnings improvement

Continued growth in the technology market as enterprise organisations embrace digital solutions to compete in today's rapidly evolving economy.

Well positioned Empired solution set to leverage Digital spending

Confident our investments position Empired to successfully participate in this secular growth opportunity.

*Empire*