



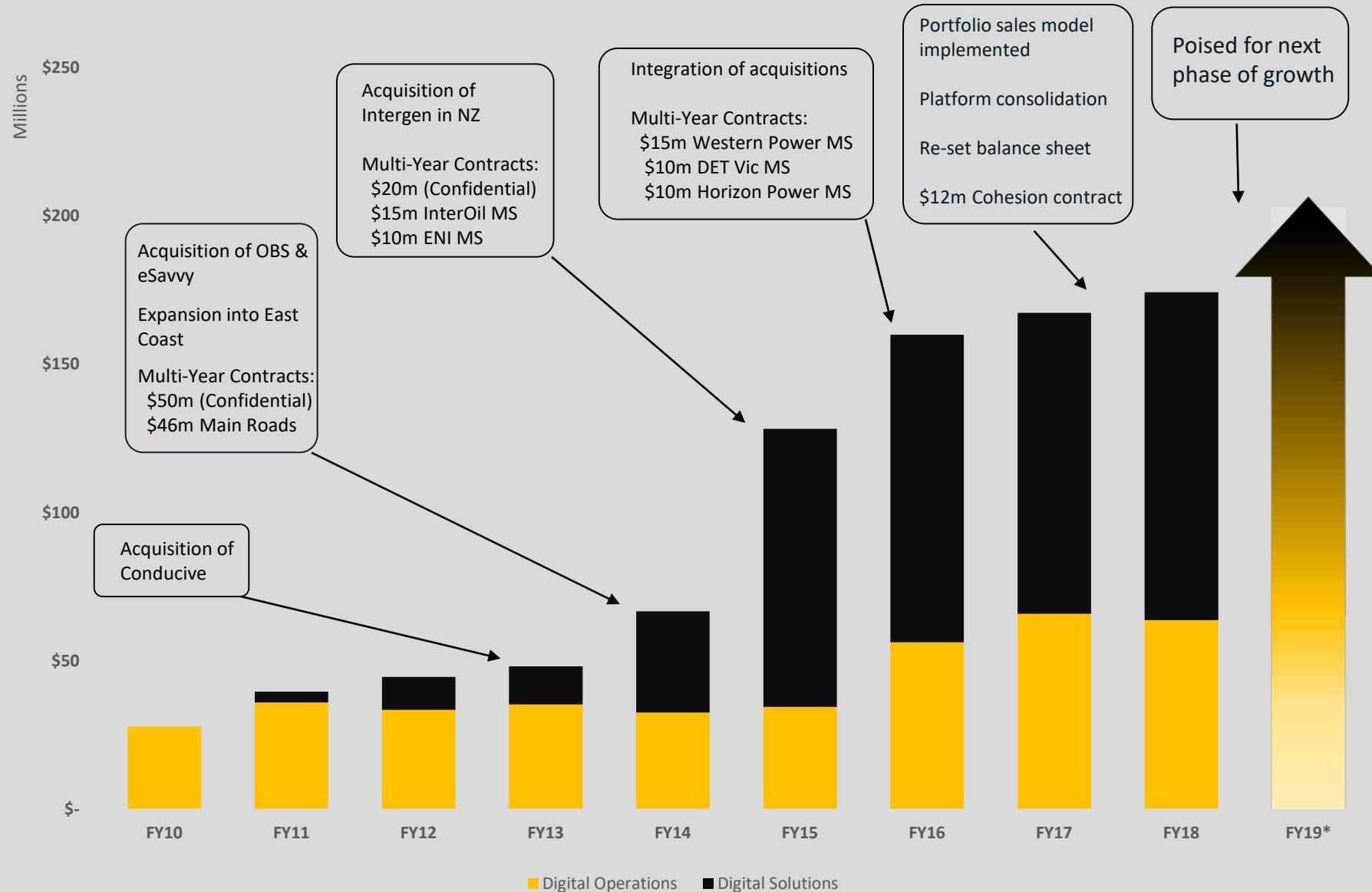
*Empi*red

H1 FY19 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



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*



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 FY19 & FY20

H1 FY19 Results

- 4% increase in revenue on pcp⁽¹⁾ to \$89m
- 23% increase in EBITDA on pcp to \$8.2m
- 50% increase in NPAT on pcp to \$2.2m
- 49% increase in earnings per share to 1.4c
- Net Debt increased to \$15.4m up 14% (Expect to reduce at 30 June 2019 on pcp)

⁽¹⁾Prior Corresponding Period

H1 FY19 Highlights

- Secured multi-year, multi-million dollar digital transformation contract in NZ Public Sector with DIA⁽¹⁾
- East Coast expansion strategy delivered 14% growth on pcp
- Digital Solutions (Australia) grew by 16% on pcp
- Investments in Cohesion delivering SaaS growth with contracted users up 65% to 11,000+
- Investments in Managed Services key to positioning to bid on \$300m+ of large multi-year strategic contracts in the coming 12 months

⁽¹⁾Department of Internal Affairs New Zealand

Results

- **Revenue growth:**

- Australia up 7%, New Zealand down 2%
- Digital Solutions (Australia) up 16%
- 64% of revenue from multi-year contracts
- Expect revenue from multi-year contracts to grow in FY20 with increased SaaS revenue and managed services revenue

- **Gross Margin**

- COGS & Expenses restated in H1 FY18 for consistency
- Modest margin expansion as services skew to digital solutions

\$m	H1FY19	H1FY18	Change
Revenue	88.6	85.0	4%
Gross profit	33.9	30.6	11%
EBITDA	8.2	6.7	23%
Depn & Amort	(4.4)	(4.2)	
Interest	(0.6)	(0.5)	
Tax	(1.0)	(0.4)	
NPAT	2.2	1.5	48%
EPS	1.4c	0.9c	49%
Gross Margin	38%	36%	
EBITDA / Revenue %	9.3%	7.9%	

Cash flow

- Operating cash flow impacted by working capital outflow:
 - Cyclical working capital outflow in H1 and inflow in H2 due to client spending patterns.
 - \$2.6m of receivables expected to be paid in last week of December, receipted in Jan/early Feb.
 - Increase in WIP with a number of large fixed price contract milestones to be billed & collected in H2.
- Working capital in-flow in H2 will deliver solid operating cash flow for the full year & Net Debt reduction at year end.
- 3 Year operating cash conversion (Ex tax & Interest) / reported EBITDA of 92%
- Capex of \$5.6m
 - Increased investment in managed services key to positioning on a number of very large managed services contracts with \$300m+ to be contested over coming 12 months.
 - Ongoing investment in Cohesion. Cohesion contracted users up 70% this year to 11,000+
- H2 capex to be lower than H1 leading to full year Capex similar to FY18

\$m	H1FY19	H1FY18
EBITDA	8.2	6.7
Tax paid	(0.4)	(0.3)
Working capital changes	(7.6)	(0.5)
Other	0.5	(0.6)
Operating cash flow	0.7	5.3
Capex	(5.6)	(3.7)
Proceeds from borrowings	1.0	0.1
Repayment of borrowings	(2.1)	(2.0)
Interest paid (net)	(0.7)	(0.7)
Change in cash	(6.7)	(1.1)

Expect high full year operating cash conversion and cash generation

Financial position

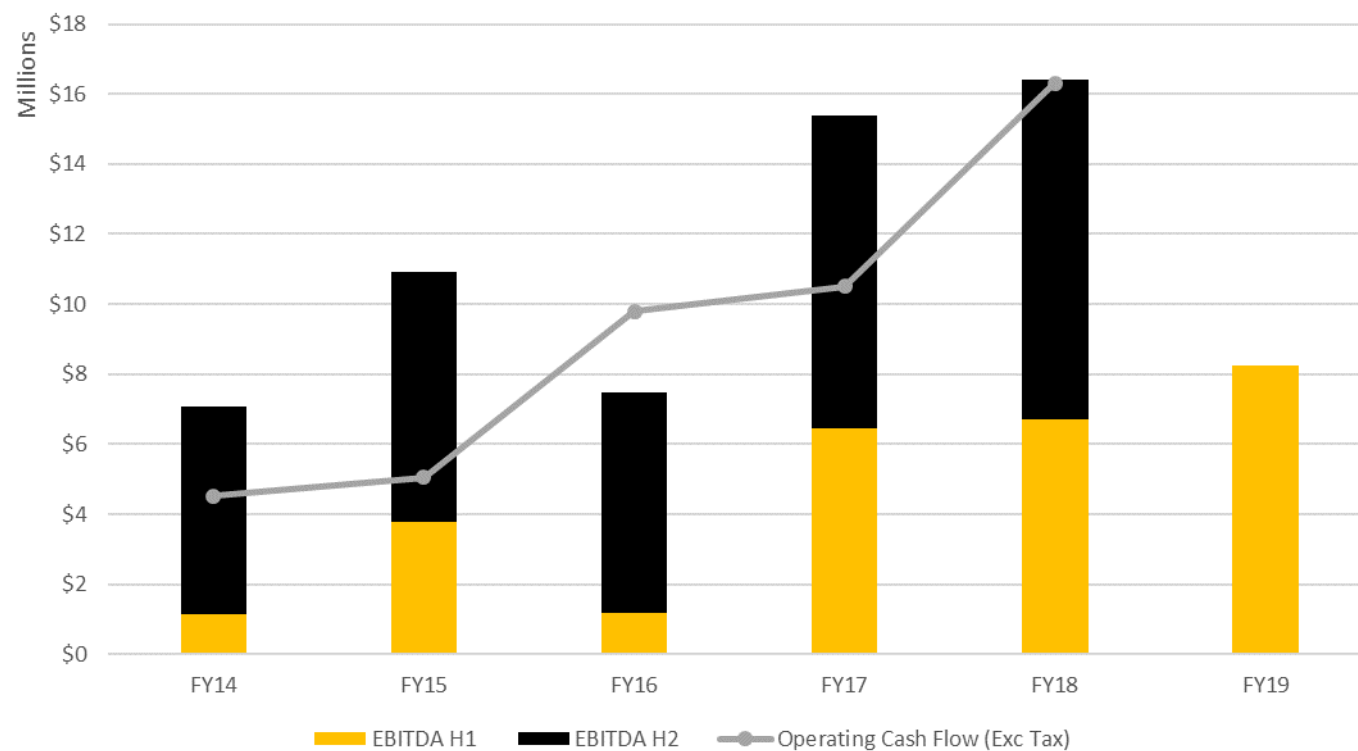
- Receivables and WIP up circa \$6m against PCP as a result of a number of large fixed price contract milestones to be billed H2
- Net Debt increased to \$15.4m as a result of working capital outflow in H1 which will have a corresponding inflow in H2.
- Net Debt / EBITDA⁽¹⁾ of 0.85.

Net Debt expected to reduce at 30 June 19 compared with 30 June 18

\$m	Dec-18	Jun-18	Dec-17
Cash	6.7	13.4	2.2
Receivables and WIP	35.5	36.0	29.8
Other	2.1	2.3	2.2
Current Assets	44.3	51.7	34.1
Plant & Equipment	15.3	16.9	18.6
Intangibles and other	67.7	64.7	62.7
Non Current Assets	83.0	81.7	81.4
Payables	15.9	25.0	18.1
Borrowings	2.2	2.4	8.1
Provisions and other	7.6	6.3	5.6
Current Liabilities	25.7	33.7	31.8
Borrowings	19.9	20.3	7.5
Provisions	2.6	3.0	3.5
Non Current Liabilities	22.5	23.3	11.0
Net Assets / Equity	79.1	76.4	72.7
Net debt (Nd)	15.4	9.3	13.5
Gearing Nd/(Nd+Equity)	16%	11%	16%

⁽¹⁾Last Twelve Months to December 19

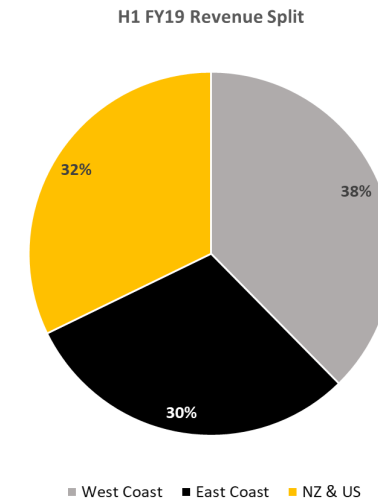
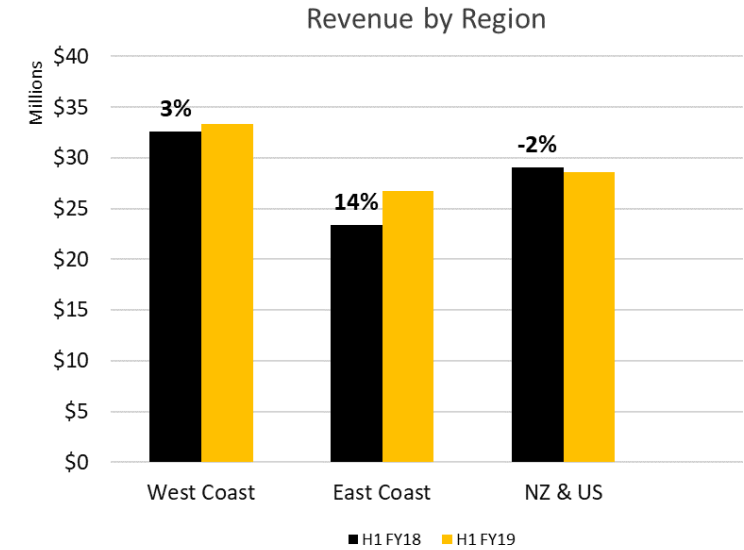
Earnings Growth



- Year on year earnings growth with 4 Year EBITDA CAGR of 25% to FY18
- H2 earnings skew as a result of client spending patterns, workforce growth and available hours
- Long term cash conversion with 3 year operating cash conversion (Ex tax & Interest) / reported EBITDA of 92%

Revenue by region

- Australia up 7%
- WA growth subdued as a result of Main Roads WA re-bid cycle. If Empired is successful in Main Roads contract award expect improved growth in WA in FY20.
- East coast performing well with solid sales pipeline into H2
- New Zealand down 2%
- Wellington returned to growth in H1 on PCP underpinned by a number of large government contract awards
- Auckland has a strengthening Q4 sales pipeline providing confidence on outlook
- Expect NZ flat with growth anticipated in FY20



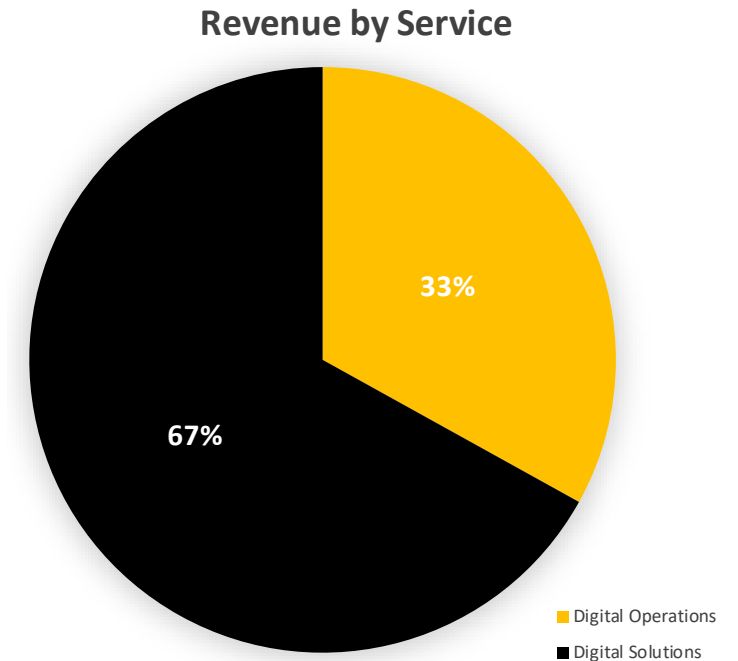
Revenue by Service

- Digital Operations

- Revenue generated through the operation and maintenance of core business systems / platforms
- Provides predictable recurring revenue
- Strong pipeline of large strategic growth opportunities to be contested over coming 12 months
- Drives deep, long term customer relationships resulting in significant revenue uplift through Digital Solutions

- Digital Solutions

- Revenue generated through the development of digital solutions focused on transforming our clients businesses to embrace digital business models enabled through data, technology platforms & ecosystems.
- These solutions typically include Data Analytics, Machine Learning, Artificial Intelligence, Modern Applications (Cloud & Mobile), Digital Presence, Digital Identity and Security
- High growth market with Australian Revenue up 16% H1 on PCP
- Key strategic focus on Data / Data related activities and the Microsoft Dynamics Platform (ERP & CRM)
- Provides significant value add to Digital Operations clients



Industry & Clients

Revenue / Industry



- Energy & Natural Resources (25%)
- Government (24%)
- Health & Education (13%)
- Other (9%)
- Manufacturing & transport (9%)
- ICT (7%)
- Wholesale & Retail Trade (7%)

Revenue / Clients



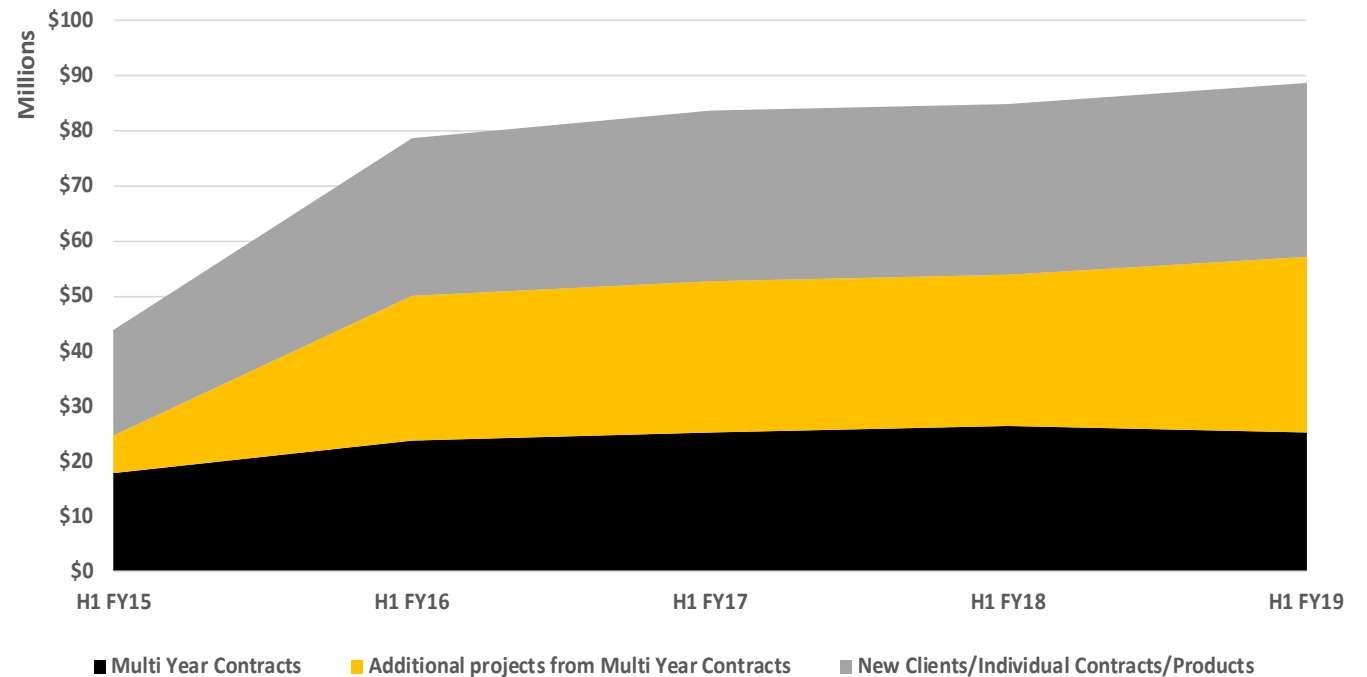
- **No over-reliance on any key sector**
- Energy & Natural Resources sector spend consistent
- Public sector spend consistent
- Focused on growth opportunities in Finance & Insurance on East Coast
- 80% of revenue from 20% of clients
- Positioned strongly in a number of large corporate and government organisations for expansion
- Our year on year growth will be underpinned by our existing major clients

No over-reliance on any key client

Predictable Revenue

64% of Revenue derived from multi-year⁽¹⁾ contracts

- Consistent year on year Revenue build.
- A number of large strategic contracts currently in play that if successful will increase multi-year contract revenue materially in FY20.
- Will contest circa \$300m+⁽²⁾ pipeline of large multi-year contracts over coming 12 months.
- SaaS annuity through Cohesion also continues to build into FY20.



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

⁽²⁾ Estimated weighted Total Contract Value of large multi year deals to be contested over and above the BAU

pipeline

Cohesion

What is Cohesion: Cohesion is Empired's proprietary Enterprise Content, Records & Collaboration Management software platform. The platform is built predominately on Microsoft technologies and incorporates a range of Empired proprietary and third party software to deliver world class Enterprise Content Management.



11,000+ users

65% User growth YTD

Anticipate material user growth pre June 30

NZ Market Opportunity

80,000 Users across 247 Agencies

Australian Market Opportunity

1.8m Users across Public Sector Agencies

Oranga Tamariki – Ministry for Children

- 4,500 users
- Cohesion selected as core software platform to deliver intranet and related content services
- Implementation fee plus monthly SaaS fee
- Additional modules under assessment



Outlook

Expect double digit earnings growth in both FY19 & FY20 underpinned by:

- Expected growth in multi-year contracts in FY20
- Exposure to high growth services
- Recovery in New Zealand

Empired will contest \$300m+ in large strategic deals over coming 12 months

In line with typical earnings skew H2 EBITDA to be stronger than H1 EBITDA

Full year operating cash flow will reduce FY19 Net Debt on PCP

Empire