

28 November 2019

ASX Announcement

Market Update

FY20 First Half Highlights

- Against intense competition secured new 5 year IT Supply contract with Rio Tinto – currently Empired's largest client
- Secured new managed services contracts with annual contract value of circa \$5m pa plus project services (Significantly replaces revenue from lost Main Roads WA contract)
- East coast growth strategy enhanced with the appointment of key leadership, practice management and sales executives to drive expansion

FY20 First Half Guidance

- New Zealand returned to strong growth, expect H1 up circa 15% to 20% on PCP
- Australian revenue down as company exits Main Roads WA contract & experiences modest softness in NSW region
- EBITDA⁽¹⁾ expected to be between \$8.3m & \$8.8m
- Operating cash flow to EBITDA expected to be circa 85%
- CAPEX expected to be approximately \$2.5m, reduced by \$3.1m half on half

FY20 Full Year Outlook

- Forecast material increase in NPAT & EPS
- Operating cash flow to EBITDA to be strong
- CAPEX on track to be down by approximately \$6m YoY
- FY20 Overheads reduced by circa \$3m compared to FY19 as a result of cost reduction program
- Australian revenue anticipated to be modestly down at the full year
- New Zealand expected to deliver strong growth and record full year financial results

(1) FY20 H1 EBITDA guidance is under the new AASB16 Leases which has the effect of increasing EBITDA by approximately \$2.2m for the current half. EBITDA excludes costs of approximately \$0.5m incurred as part of the cost reduction program undertaken in H1.

Commenting on the first half performance to date, Managing Director and CEO, Mr Baskerville said "We are pleased with our progress across a number of key strategic priorities. At the full year we discussed a focus on reducing overhead costs, capital expenditure and cash flow, we believe today's guidance sends a clear message that this plan is on track."

"Our strategic pursuit of growth across the East Coast of Australia has also been strongly advanced with the appointment of key leadership and sales roles."

In closing he went on to say "We are delighted that we have been able to secure a number of new managed services contracts and we remain highly focused on a number of material contracts over the coming months."

For more information please contact:

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About Empired Limited

Empired Limited is an international IT Services Provider with a broad range of capabilities and a reputation for delivering enterprise class IT services and solutions. Established in 1999, Empired is a publicly listed company (ASX: EPD) formed in Western Australia.

With a team of over 1,000 people located throughout Australia, New Zealand, North America and Asia, Empired has built a reputation for service excellence and is a leading provider of business technology solutions to both government and private sectors. We work with clients, leveraging technology solutions to deliver their organisations improved efficiency, productivity and competitive advantage.

Empired provides a broad range of services enabling 'end-to-end' advice and solutions assisting our clients through their digital transformation journey and ensuring robust ongoing lifecycle management.

Our flexible service delivery approach and "can do" attitude has enabled Empired to secure clients that range from medium size entities through to some of the world's largest long standing enterprise's accounts with services delivered across Australia, New Zealand, South East Asia and beyond.

Important notice re 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.