



# FY15 Full Year Results

Russell Baskerville, Managing Director  
Mark Waller, Chief Financial Officer

We have come a long way &  
have a long view:

## **An Evolution**



We do not aspire to be any bigger or  
better than we deserve to be.

**We will continue to deserve it.**

## An inspiring Journey with an exciting future:

1

**Our Purpose**



2

**Delivering Results**



3

**The Opportunity**



4

**Outlook**



Why  
do we exist?

Tomorrow's advantage,  
delivered today

How  
do we do it?



Initiative



Innovation



Growth

We use initiative,  
innovation and  
our growth to  
deliver this advantage

What  
do we do?



Efficiency



Productivity



Competitive  
Advantage

We deliver high performance  
IT services to improve  
our customers business  
in these ways

## CAPABILITY

- Business **solutions focus**.
- Enterprise **Managed Services**
  - Infrastructure & Apps
- Leader in **emerging services**
  - Cloud & Service Integration
  - IOT & Data Insights
  - Mobility
- **'As a Service'** IP & Solutions.
- Building **industry solutions** & credibility

## BRAND

- Where **high performing, talented people** come together to **deliver excellent solutions** to clients.
- A **trusted end to end partner** in the transformation and operation of **critical business processes and systems** for our clients.

## FINANCIAL

- Delivering on an **attractive growth** profile.
- Focused on building our **recurring revenue**.
- Whilst maintaining **healthy EBITDA & NPAT** margins.
- Delivering **robust, sustainable returns** to our stakeholders.

**Our journey** will continue to stretch and inspire us.  
**We've come a long way, very fast.**

## 2015

We Emerge

As a leader in business & technology services across the Asia Pacific region.

2012

2013

2015

### Growth snapshot

- \$46m to \$130m revenue in 3 years, FY16 guidance \$155m to \$175m
- From 208 to 919 talented professionals
- From two offices in one country to eleven offices in four countries
- From small engagements to \$50m+ Contracts
- 4 acquisitions in 3 years

**Revenue \$130m, up 94%**

**EBITDA \$11m, up 94%**

**NPAT \$5m, up 135%**

**Secured \$65m of strategic annuity contracts**

**Acquired Interogen Limited**

**Staff numbers up from 419 to 919 FTE's**

**Integration of all Australian businesses within Empired**

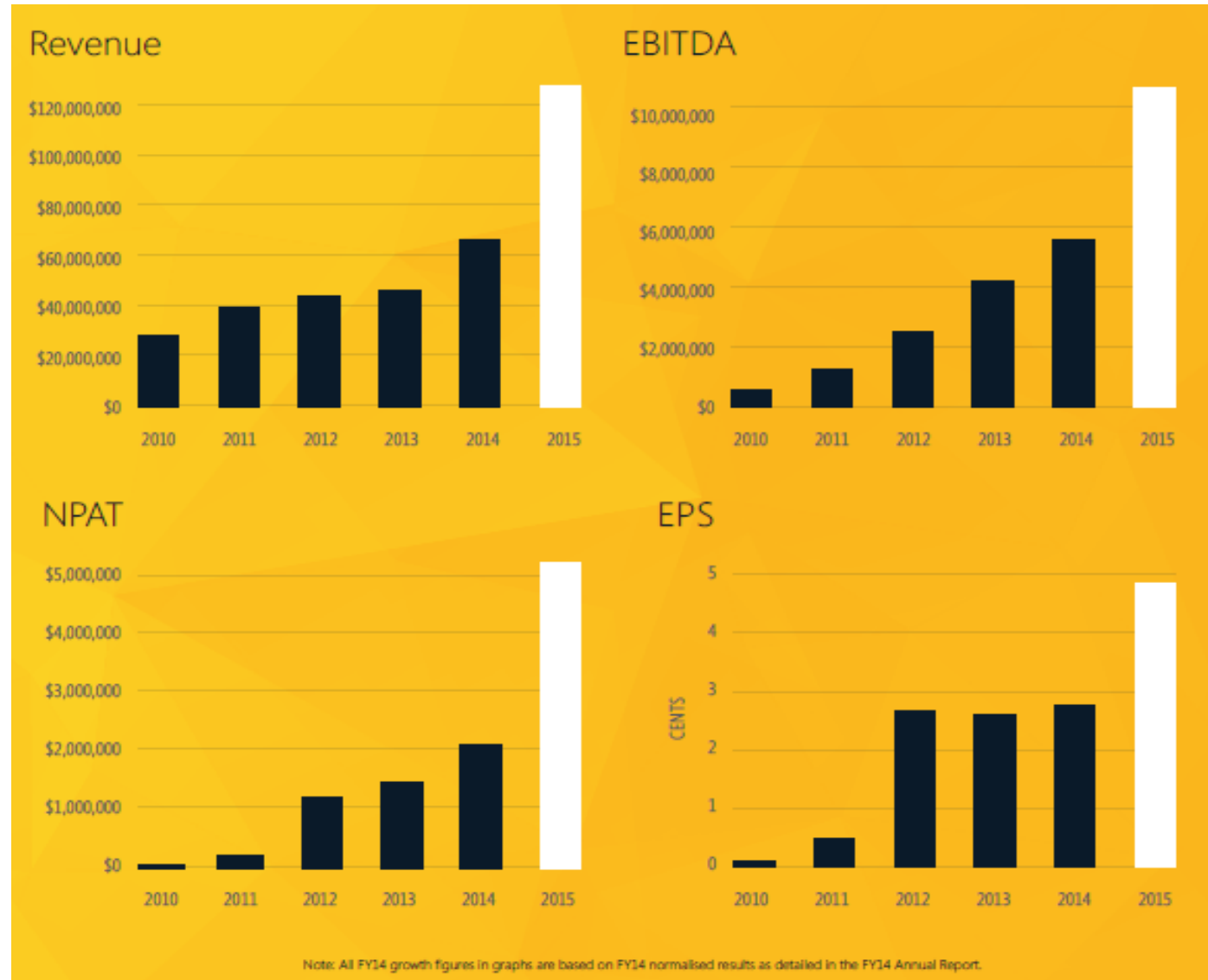
**Regional diversification into New Zealand, US and Singapore**

***Empired***



### Results

- Consistent year on year growth, organic and acquisitive.
- H2 Revenue of \$80m, supports guidance.
- Gross margins expanding on services mix.
- EBITDA expanding on improved gross margins and overhead leverage.
- NPAT benefiting from low effective tax rate.
- Earnings Per Share expanding.
- \$3m of annualised 'cost out' to benefit FY16.
- FY16 Revenue guidance \$155m to \$175m.



# Underpinning a **strengthening balance sheet:**

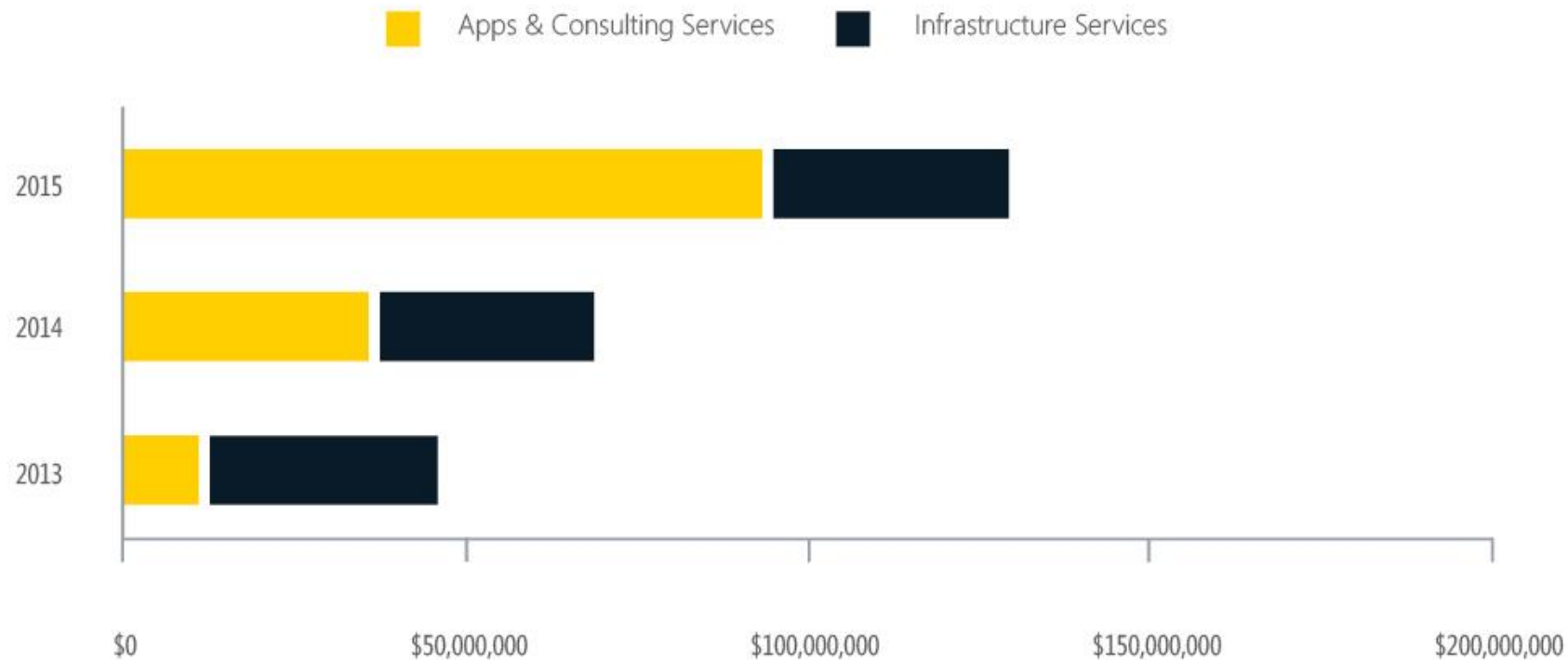
\$m	FY15	FY14
Cash	\$9.6m	\$8.1m
<sup>(1)</sup> Interest Bearing Debt	\$16.5m	\$10.9m
<sup>(1)</sup> Net Interest Bearing Debt	\$6.9m	\$2.8m
Contingent Vendor Payments	\$11.1m	\$3.4m
<sup>(1)</sup> Debt/EBITDA	1.5x	2.3x
Interest Cover	9.6	6.9
Work in Progress (WIP)	\$6.8m	\$3.3m
Accounts Receivable	\$26.8m	\$11.1m
Debtor Days	76	61

## Analysis

- Strengthening cash position.
- Repayment of \$3.8m of Debt in FY15.
- Interest cover & Debt/EBITDA ratios improving.
- Contingent Vendor Payments of \$5.6m due late FY16 & \$5.5m due late FY17.
- Debtor days are high due to integration activities in H2 but reducing with a target of 60 days.
- Expected WIP level of c\$5m.

*(1) Debt excludes Contingent Vendor Payments & Hire Purchase Liabilities of \$5.8m in FY15*

## What's driving the growth:



- **Applications & Consulting**

- Managed Services
- IOT & Data Insights
- Mobility
- Microsoft CRM & ERP
- Digital Transformation

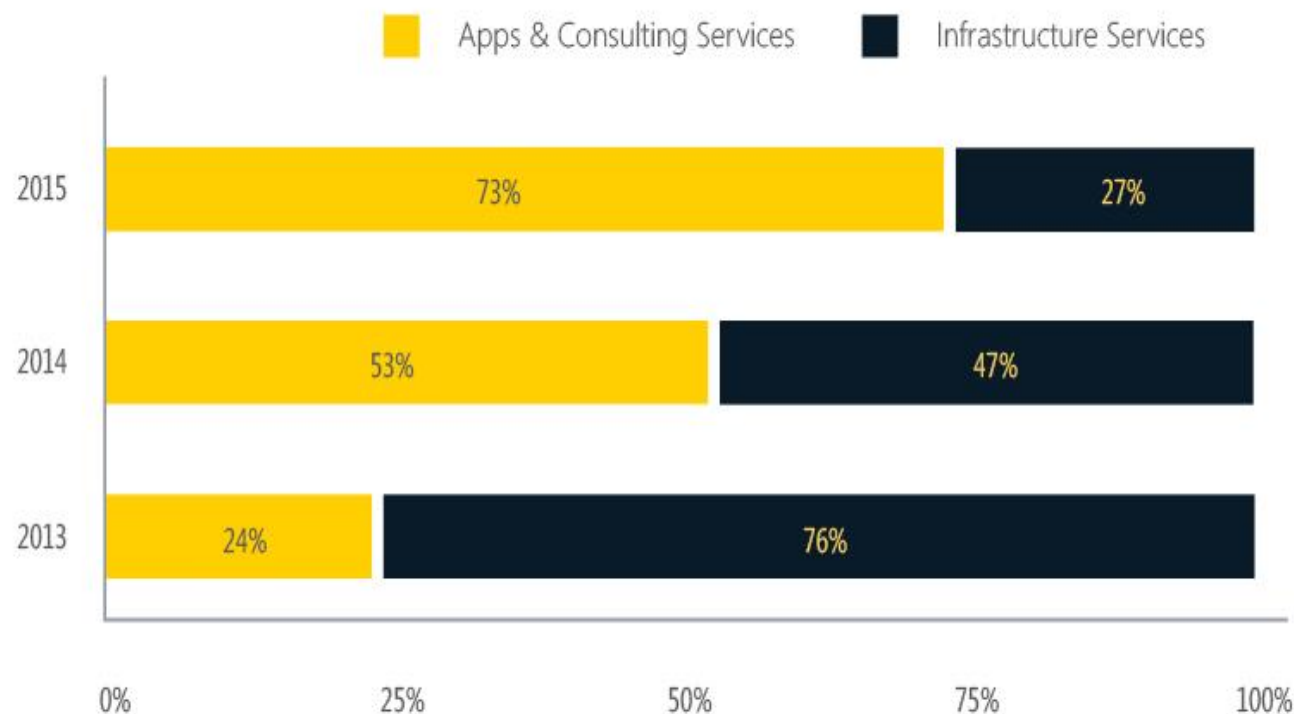
- **Infrastructure Services**

- Managed Services
- Identity Management & Security
- Service Integration
- Cloud Transformation Services

## How is our **Revenue mix** changing:

### Analysis

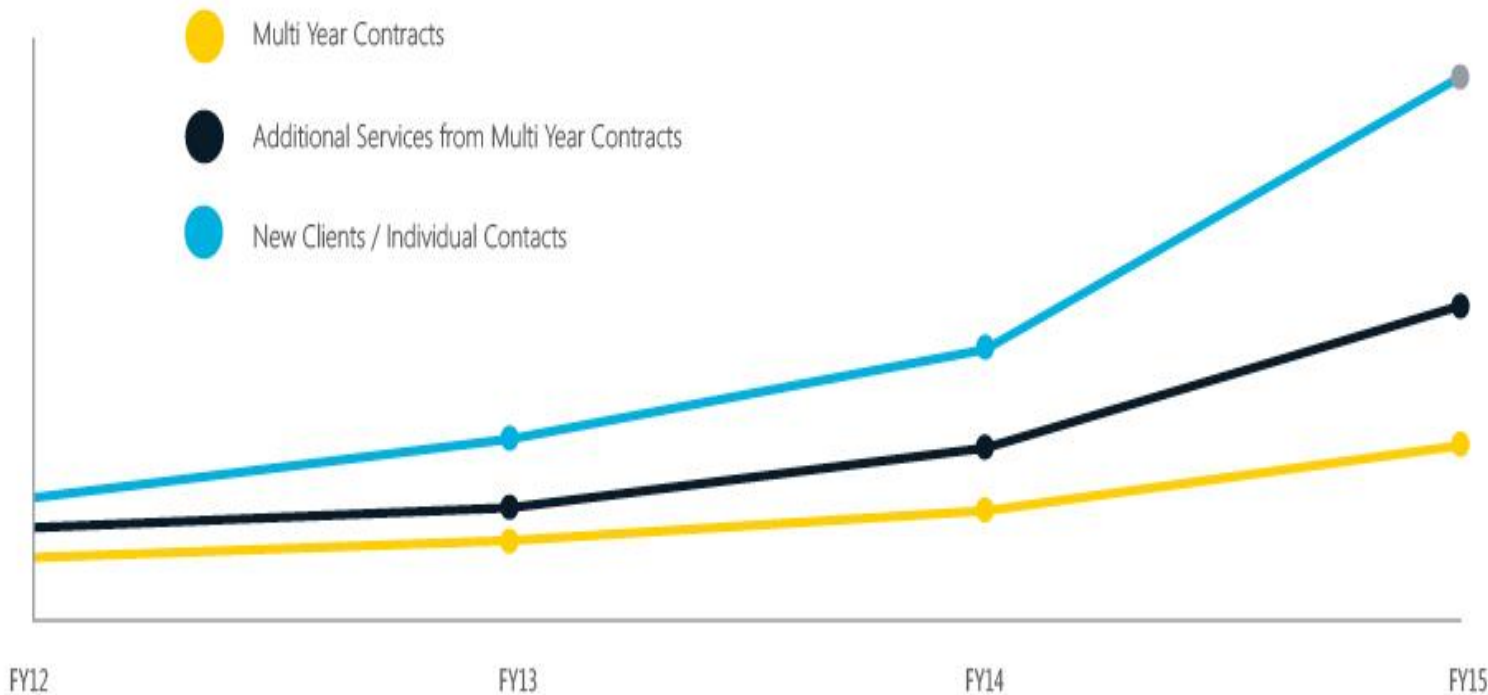
- Growth in Application Services revenue driving margin improvements.
- FY15 Gross Margin 34% up from 31% FY13.
- Application Services gross margins typically c36%, Infrastructure Services gross margins typically c30%.
- Infrastructure Services revenue currently represents a higher proportion of long term contracted revenue than Application services.
- Opportunity to grow contracted revenue base in Application Services.
- Improving Infrastructure services margins through cloud & service integration.



## Growing **contracted recurring Revenue:**

### Analysis

- Enter FY16 with record contracted revenue, largely annuity based.
- Year on Year growth in long term contracted revenue.
- Approximately 50% of FY15 revenue earned from multi year contracts.
- Recent strategic contract success (\$65m in H2 FY15) will drive revenue growth from multi-year contracts higher into FY16.
- New annuity revenue streams developing from in-house cloud based software as a service IP (Cohesion) and cloud platform services.



## We have changed the **shape of Empired today:**



FY15 Revenue by Region

### Analysis

- We have materially diversified and expanded our geographic base.
- Including the introduction of NZ as a major region of operation for Empired.
- Our presence on the East Coast of Australia continued to grow in FY15.
- We have introduced low cost, low risk growth exposure to the US and Asian markets.
- Our business is well balanced and we will invest and grow into the market opportunities in the regions we operate.

## And **grown our contestable market:**

# 2015

### Opportunity

We compete in a \$20B market.

2012

2013

2015

### Market opportunities

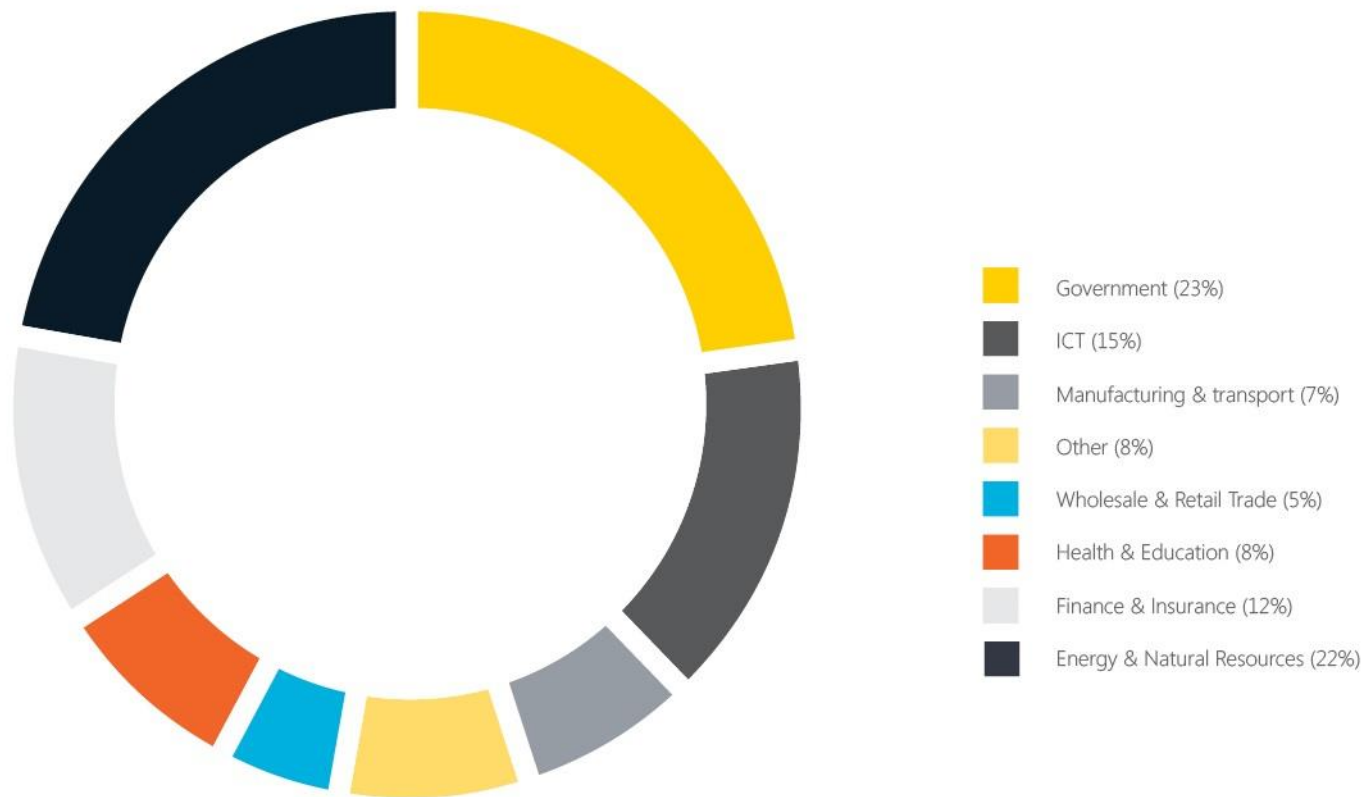
- Growth opportunity across East Coast of Australia
- Focus on developing our Auckland market presence
- Potential for Federal Government expansion in Canberra
- Opportunity to deliver Trans-Tasman services



## Whilst diversifying **our industry exposure:**

### Analysis

- No major exposure or reliance on any one particular sector.
- Energy & Natural Resources (ENR) continue to grow in value organically however have been diluted as a percentage by the introduction of new industries through acquisition.
- We are expecting robust organic growth in Government and the ENR sectors in FY16.
- Strategically investing in exposure to the Finance & Insurance and Health & Education sectors.



FY15 Revenue by Industry



Our customers have changing buying behaviours.  
**And new solution requirements.**

## Trends

### Opportunity

With significant structural changes.

Social, Mobile, Analytics, Cloud,  
Digital, Service Integration

### Customer Buying Behaviours

- Solutions not resources.
- Consumption based pricing – ‘as a service’.
- Accelerated Solutions (IP, templated services, know-how).
- Industry expertise.
- Buyer moving from IT to Line of Business (CIO as facilitator).
- Looking for business model transformation.

# **\$65m in New Strategic Contracts**

**Ministry for Primary Industry NZ – 6 Year Term**

**Toyota Motor Corporation Australia – 3 Year Term**

**International Oil & Gas Company – 3 Year Term**

**InterOil – 5 Year Term**

**Rio Tinto – 5 Year Term**

2016 is shaping up to be **another exciting year!**

## Outlook

Strong Growth

Record contracted Revenue

Record Q4 'Run-Rate'

Increased market  
opportunity

Aligned to high growth  
trends

Revenue guidance of \$155m to \$175m  
With improving margins & cash flow.

### FY16 Outlook

- Strong pipeline of major strategic contracts to be contested.
- Positioned to capitalise on structural shifts within the industry around Social, Mobile, Analytics and Cloud supported by multi-million dollar contracts and in-house IP.
- Positioned to deliver strong organic growth and potential for acquisitive growth.
- Expecting EBITDA margin improvements through overhead leverage and expense savings.
- Predicting growth in earnings per share and cash flow in FY16.



Thank you.