

ASX ANNOUNCEMENT



20 October 2015

ASG GROUP ANNUAL GENERAL MEETING 2015 WEBCAST

ASG GROUP LIMITED (ASX: ASZ) has released a webcast with the following details:

- ASG Group Annual General Meeting 2015
- Speakers: Ian Campbell, Chairman, Geoff Lewis, CEO

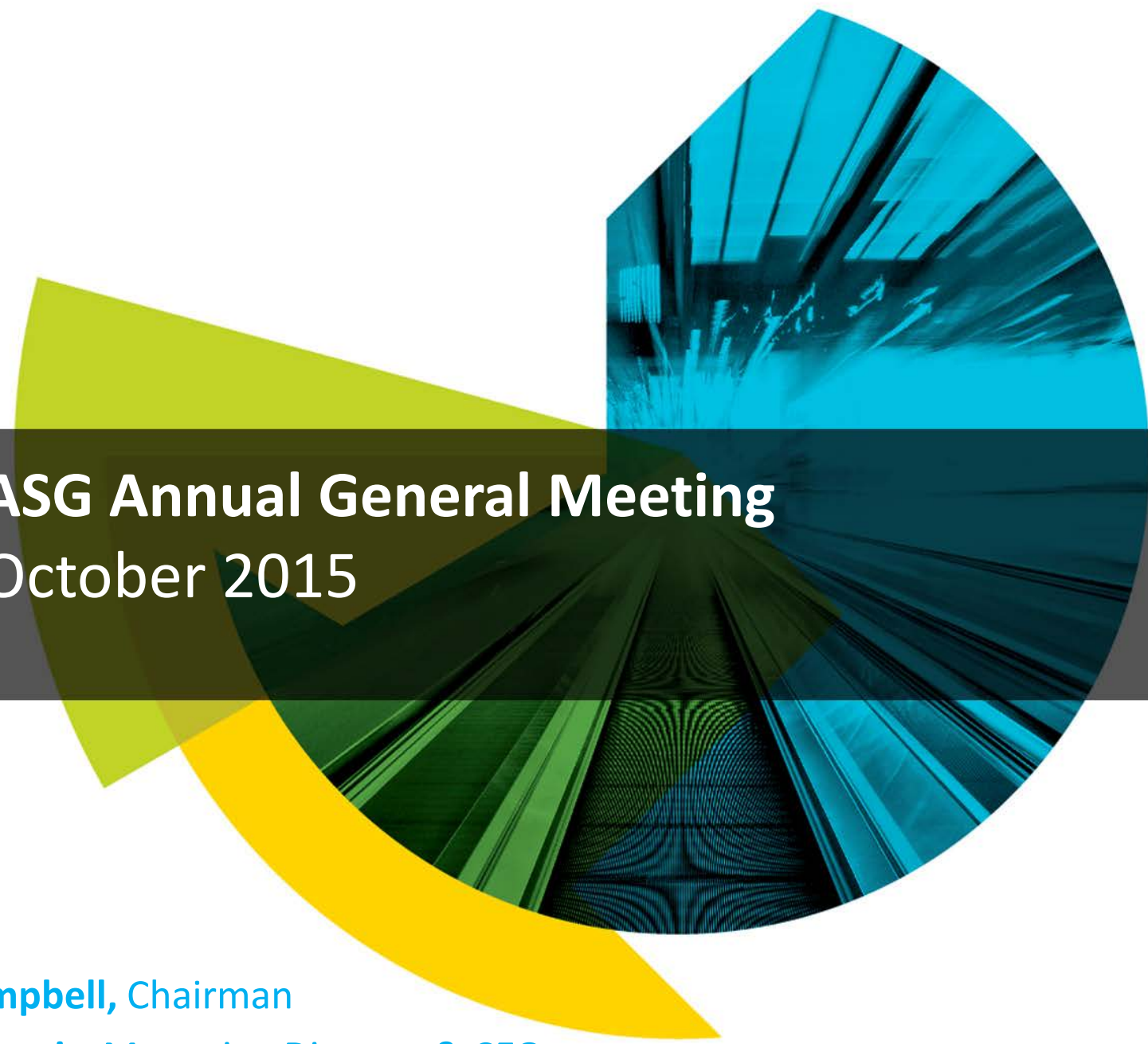
Access this webcast at <http://www.stagingconnections.org/ASG/>

A copy of the presentation provided at the Annual General Meeting is attached.

-ENDS-

FOR FURTHER INFORMATION PLEASE CONTACT:

Mr Geoff Lewis
Chief Executive
Officer
ASG Group Limited
08 9420 5420



ASG Annual General Meeting October 2015

Ian Campbell, Chairman

¹

Geoff Lewis, Managing Director & CEO

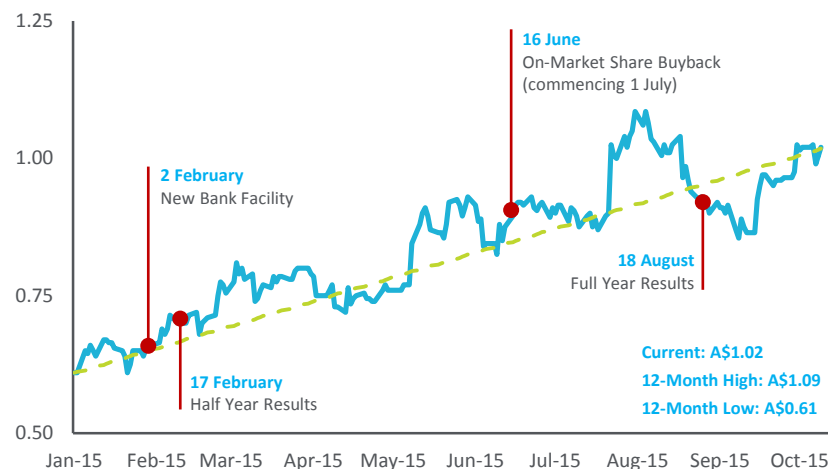
ASG Group (ASZ) Overview

ASG Snapshot

- ASX-listed, Australian-focused IT business solutions provider, offering IT management and consulting services, business intelligence and thought leadership
- Based on revenue, client base split between Government (c.53%) and Corporate (c.47%) across various sectors
- Revenue is primarily generated as prime contractor; sole sub-contracting arrangement with Lockheed Martin for Department of Defence
- Strong outlook with A\$160m revenue already secured for FY16 and a contract pipeline of A\$345m
- Currently transitioning towards hybrid old world / new world model
- c.800 staff located across offices in 6 Australian capital cities

Share Price Performance

(A\$/share)



Capitalisation (A\$m)

Market Capitalisation	210
Cash	14
Debt	25
Enterprise Value	221

Financials (A\$m)

June YE	FY15A
Revenue	164.3
Growth	2.6%
EBITDA	20.2
Margin	12.3%
NPAT	9.5
Capex	6.1
Free Cash Flow	7.3

Share Buy-Back

- Shares Purchased: 2,134,763
- Consideration: \$2,041,087

ASG Board

- Ian Campbell: Chairman
- Geoff Lewis: Managing Director, CEO
- Stephen Johnston: Non Executive Director
- Grant Pestell: Non Executive Director
- Peter Torre: Company Secretary

ASG Executive

- Geoff Lewis: Managing Director, CEO
- Dean Langenbach: COO, CFO
- Gerald Strautins: Executive - Strategy

Ian Campbell

Chairman



Chairman's Address Highlights

- FY15 Revenue \$164 million – up 3%
- FY15 EBITDA on target at \$20.2m
- Federal & State Government success driven by New World
- Record period of customer transition work underway
- Locked in revenue beyond FY16 & FY17 continues to build
- Return to Shareholders
 - Share Buy-back
 - Shares Purchased: 2,134,763/Consideration: \$2,041,087
 - FY16 Buyback Target: \$5 million
 - Return to Dividend – Board expects to return to dividends by this time next year

- FY16 H1 Revenue Outlook: >10% over PCP
- FY16 H1 EBITDA Outlook: At least \$12.5 million, with stronger H2 anticipated
- Upgraded FY16 Guidance: \$185-190 million
- FY16 EBITDA target: 14%



Geoff Lewis
Managing Director/CEO



Strategic Highlights

ASG is a leading IT business solutions provider set apart from its peers by its first mover advantage in transforming clients' information and communications technology systems to the latest generation of cloud, 'as a service' and data analytics ('New World'). ASG's diverse contract base, committed pipeline and compelling valuation make it an attractive investment opportunity.

- **First Mover in 'New World' IT Services with Proven Track Record of Successful Execution**
- **Leading Managed Services Provider to Australian Government and Corporates**
- **One of the Largest Business Analytics and Big Data Providers in Australia**
- **Integrated, Full Service Capability with Australia Wide Platform and Experienced Management Team**
- **Committed Contract Base with \$160m of Contracted Revenues for FY16 and 95%+ Renewal Rate**



Financial Summary

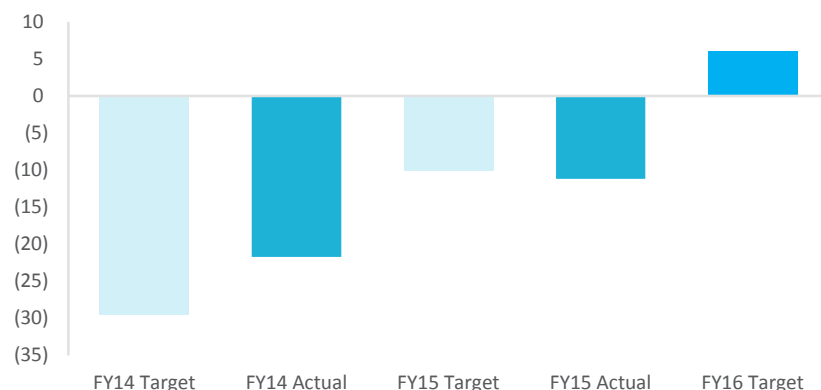
ASG performed strongly in FY15 reporting a 3% increase in revenue and a 6% increase in NPAT on FY14 as a result of new contracts / organic growth. Guidance upgraded to A\$185m to A\$190m for FY16, with A\$160m of revenues already committed.

Strong Financial Performance

A\$m	FY14	FY15	Movement
Revenue	160.1	164.3	2.6%
EBITDA	22.0	20.2	(8.1%)
NPBT	12.6	11.6 ⁽¹⁾	(7.6%)
NPAT	9.0	9.5	6.3%
EBITDA Margin	13.7%	12.3%	(1.4%)
EPS	4.34c	4.61c	6.2%

Debt Reduction Focus

(Net Debt, A\$m)



Balance Sheet Strengthening

A\$m	FY14	FY15
ASSETS		
Cash	16.1	13.8
Receivables	28.0	33.2
Other Current Assets	11.9	1.9
Total Non-Current Assets	123.8	128.1
Total Assets	179.8	177.1
LIABILITIES		
Trade and Other Payables	33.1	33.6
Borrowings	8.8	5.9
Other Current Liabilities	9.0	6.9
Non-Current Borrowings	29.0	19.3
Total Liabilities	86.3	73.8
Net Assets	93.5	103.3

Notes: (1) Decline in EBITDA between FY14 and FY15 driven by forgone operating EBITDA associated with divestment of data centre, release of doubtful debts, share-based payments and bid and contract establishment costs (change in accounting treatment of bid and contract establishment costs from capitalisation and amortisation over time to direct expensing).



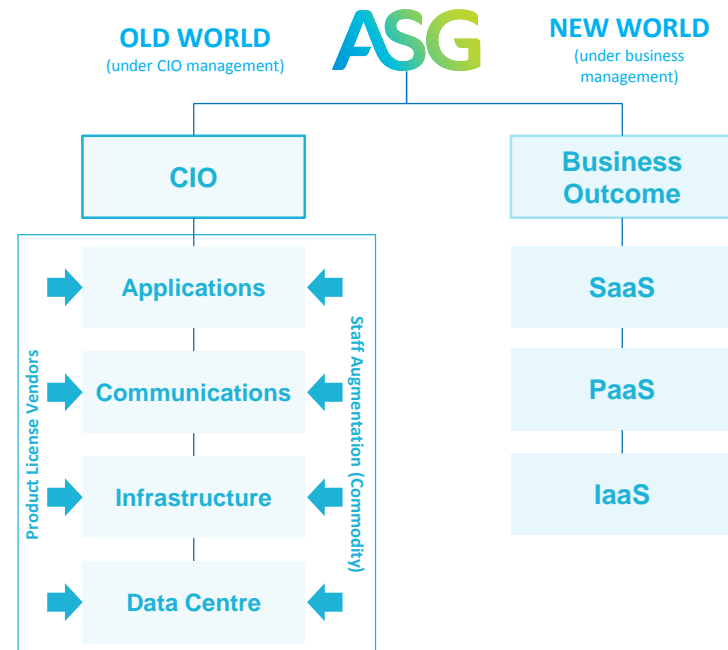
Proven 'New World' Track Record

ASG's offering is unique in the Australian marketplace, extending beyond the provision of legacy, commoditised technical services. ASG has a track record of successfully transforming its clients' businesses to the new generation of cloud and 'as a service' platforms. ASG's market position is that of delivering cloud & 'as a service' today unlike a number of organisations that are too far behind and have too much baggage to change.

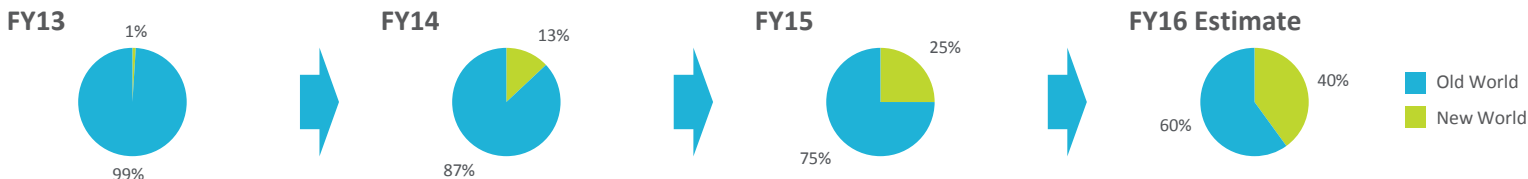
Established 'New World' Offering

- ASG is best placed to capitalise on the emerging New World IT services market as organisations move away from IT asset ownership (capacity on demand) to an operating utility consumption model (capability on demand)
 - ASG's New World supports business transformation in a SaaS/PaaS context utilising hybrid cloud models including AWS and Azure
 - ASG provides a whole of house IT services solution which eliminates the need for IT asset ownership
- New World forms part of ASG's core managed services-led business model which is predicated on long-term, relationship-based engagements
- Australian corporates and government agencies continue to embrace a shift to this New World and are turning to providers with a track record of success such as ASG
- Federal and State Governments currently focused on a shift to cloud computing
 - Almost half of ASG's pipeline lies with Government agencies
 - Competitive advantage given proven solution in place, security certification and government agency references
- New World contracts anticipated to underpin ASG's organic growth through FY16 and beyond - 80% of new contracts are New World

Old World vs New World



Revenue Evolution: Transition to the New World

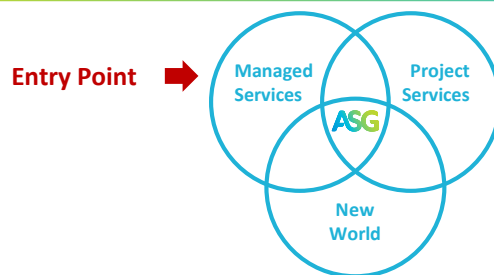


Leading Managed Services Provider to Government and Corporates

ASG is Australia's leading provider of high value-add managed services. ASG's managed services platform is the backbone of the company's success and serves as the foundation of its Project Services and 'New World' revenues.

Managed Services: Core to ASG's Success

- Managed Services is the provision of technical and operational services for both applications and infrastructure with long-term contracts using a combination of client and ASG-owned hardware
- ASG's Managed Services platform serves as an entry point into Government and Corporates and drives Project Services and New World revenue
- ASG is able to leverage skills and FTEs across multiple engagements concurrently
- Cost to win defrayed over a longer revenue generation period
- Contract mechanisms in place to support fast-track expansion of services to meet changing business needs
- Specialised business development skillset and organisational IP



Core Business: Managed Services / New World

Annuity Revenue			
Overhead / Cost	Non-Annuity Revenue		Transformational Projects
Sales	Mobilise	Transition	Operate: Business as Usual
6 to 18 Months	1 to 3 Months	3 to 6 Months	Enhancement Projects

The ASG Difference

- Robust, rigorous and well-tested organisational change management processes backed up with detailed expertise in products and application architecture
- Flexible management approach allows completion of 'out-of-scope' projects by service team without significant additional costs



- Infrastructure as a service harnesses the innovation of the cloud to provide secure access to reliable, agile, high-performance infrastructure without compromising service and security
- Proven experience in working within a consortium, both as prime contractor and sub-contractor



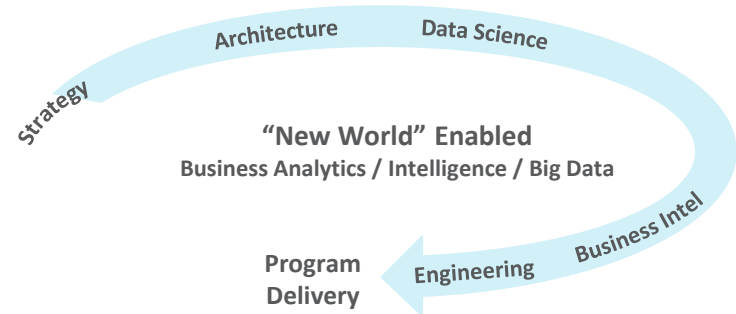
Business Analytics and Big Data

ASG is one of Australia's largest business analytics and big data providers. The company's analytics platform enables companies to gain valuable organisational insights by transforming data into information to facilitate clear and informed business decisions.

ASG's Business Analytics Platform

- Deployed as part of its 'as a service' offering using its New World capabilities
- Team comprises of over 100 analytics consultants across Enterprise Performance Management, Data Science, Business Intelligence and Advanced Analytics
- Recognised by Gartner as best-in-breed provider in the business intelligence service market for Asia-Pacific and Japan
- Highest Oracle partnership status recognises competence and expertise with product range
- Completed over 500 successful engagements across EPM and BI in Australia

Components of Program Delivery

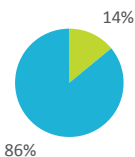


Partner Recognition: Recipient of Leading Awards

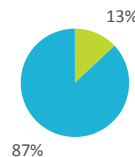


Contribution to ASG

Revenue



Headcount



■ Other
■ Business Analytics

Key Business Analytics Clients

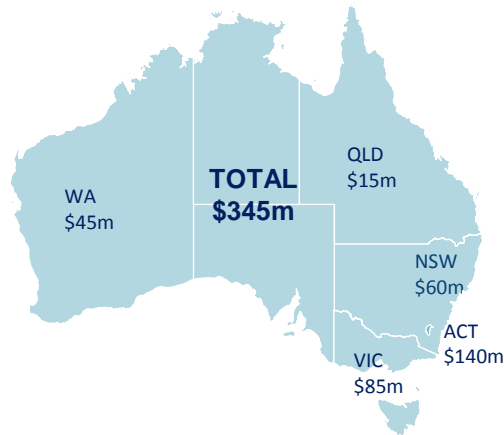
Aviation	
Bank / Financial Services	
Government	
Health	
Construction / Mining Services	



Committed Contract Base with c.\$160m of Contracted Revenues

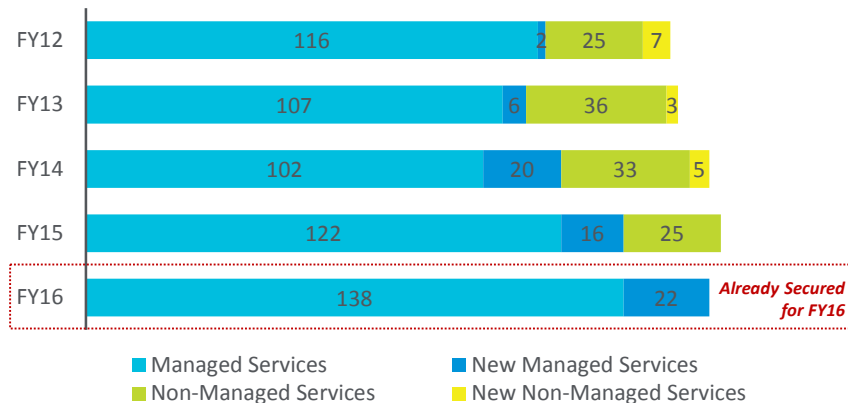
ASG boasts a quality portfolio of blue chip clients with recurring revenue streams. ASG signed over \$200m of contracts in the last 12 months and has a further A\$345m of revenue in the pipeline.

Strong \$345m Pipeline of Opportunities



Record Locked-In Revenues; \$160m for FY16 Already Secured

(A\$m)



Record Contract Wins; Quality Client Base

(Announced Contracts Since July 2013)

Client	Announced	Type	FY16 Contrib	FY17 Contrib	Min Value
Australian Government Department of Infrastructure and Regional Development	22 Sep 2015	Renewal	Partial	Full	\$23.8m
Department of Education & Training	9 Sep 2015	New	Partial	Full	\$9m
Sydney Water	19 Aug 2015	New	Partial	Full	\$22m
westernpower	5 Aug 2015	Renewal + Additional Scope	Partial	Full	\$40m
CIMIC	22 Jul 2015	New	Partial	Full	\$35m
STATE SUPER SAS Trustees Corporation	15 Jun 2015	New	Partial	Full	\$15m
Australian Government Department of Communications	21 May 2015	Renewal + New World Conversion	Partial	Full	\$18m
synergy	8 May 2015	Renewal + Additional Scope	Partial	Full	\$15m
LOCKHEED MARTIN	10 Sep 2014	New	Full	Full	NA
Australian Government Australian Maritime Safety Authority	11 Aug 2014	New	Full	Full	NA
AusGroup	16 Jul 2014	New	Partial	Full	NA
Australian Government Australian Transport Safety Bureau	13 May 2014	New	Full	Full	\$21m
Department of Environment and Primary Industries	8 Oct 2013	New	Partial	Full	\$11.5m
mainroads ROADS AUTHORITY	26 Aug 2013	New	Full	Full	NA
CLOUGH	19 Aug 2013	New	Full	Full	\$7m to \$9m pa
Government of Western Australia Department of Housing	1 Jul 2013	Renewal	Full	Full	\$11.3m



Outlook and Trends - Industry & ASG

International Industry Trends

- Traditional Service Delivery Business Models under threat as they confront the Innovator's Dilemma of having too much baggage and being too far behind
 - IBM/HP/Cisco/Dell/Oracle
- Now referred to as the 'Technology Walking Dead' - <http://www.wired.com/2015/10/meet-walking-dead-hp-cisco-dell-emc-ibm-oracle/>
- Prevailing trend is to focus on fewer products to compete against more agile players
- Consolidation & rationalisation of business operations and organisations as a whole occurring driving acquisition and divestment strategies
- Being driven by:
 - Desire to lock in an expanded client base for traditional core services - short term
 - Accelerate and maintain change through acquisition of new capabilities – tactical
 - Need to remain relevant with New World business models - strategic

The ASG Positioning

- ASG picked the seismic shift in the industry early and has done its transformation to the Cloud
- Focus on returning share-holder value
- Strategy based on leveraging & exploiting the early adopter business model transformation conducted over the last years through organic growth
- Continue with the strategy of disruptive ICT service offering vs traditional service delivery models
- Transition of services for new clients to a stable managed service and New World platform to accelerate full year contribution
- Selected targeting of strategic government accounts that facilitates the ability of other agencies to piggy-back contract awards without the need to go to an RFP
- Marque managed service and New World client base and capability



Outlook and Trends - Guidance

- **FY16 H1 Revenue Outlook:** >10% over PCP
- **FY16 H1 EBITDA Outlook:** At least \$12.5m, with stronger H2 as new contracts start to fully contribute
- **Represents > 25% operating EBITDA increase for the PCP**
- **Upgraded FY16 Guidance:** \$185-190 million
- **FY16 EBITDA target:** 14%
- **Operating cash to be at least 70% of EBITDA at 30 June 16. H1 seasonality expected in line with historical trend.**
- **Underpinned by locked-in revenue extending beyond FY17**

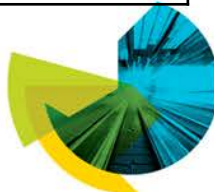


Proxy Results



Proxy Results

		For	Against	Abstain	Chairman's undirected votes (Chairman's discretion)	Undirected votes (Other Proxy Holders discretion)
Resolution 1	Remuneration Report	86,466,968	1,746,460	65,056	194,697	237,752
Resolution 2	Re-election of a director – Mr Stephen Johnston	99,769,940	1,648,362	40,584	194,697	237,752
Resolution 3	Adoption of Employee Option Plan	86,405,278	1,779,716	100,257	187,930	237,752



Q&A