ASG

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H1:FY16 Results

Geoff Lewis
Chief Executive Officer

Dean Langenbach
Chief Operating Officer
Chief Financial Officer

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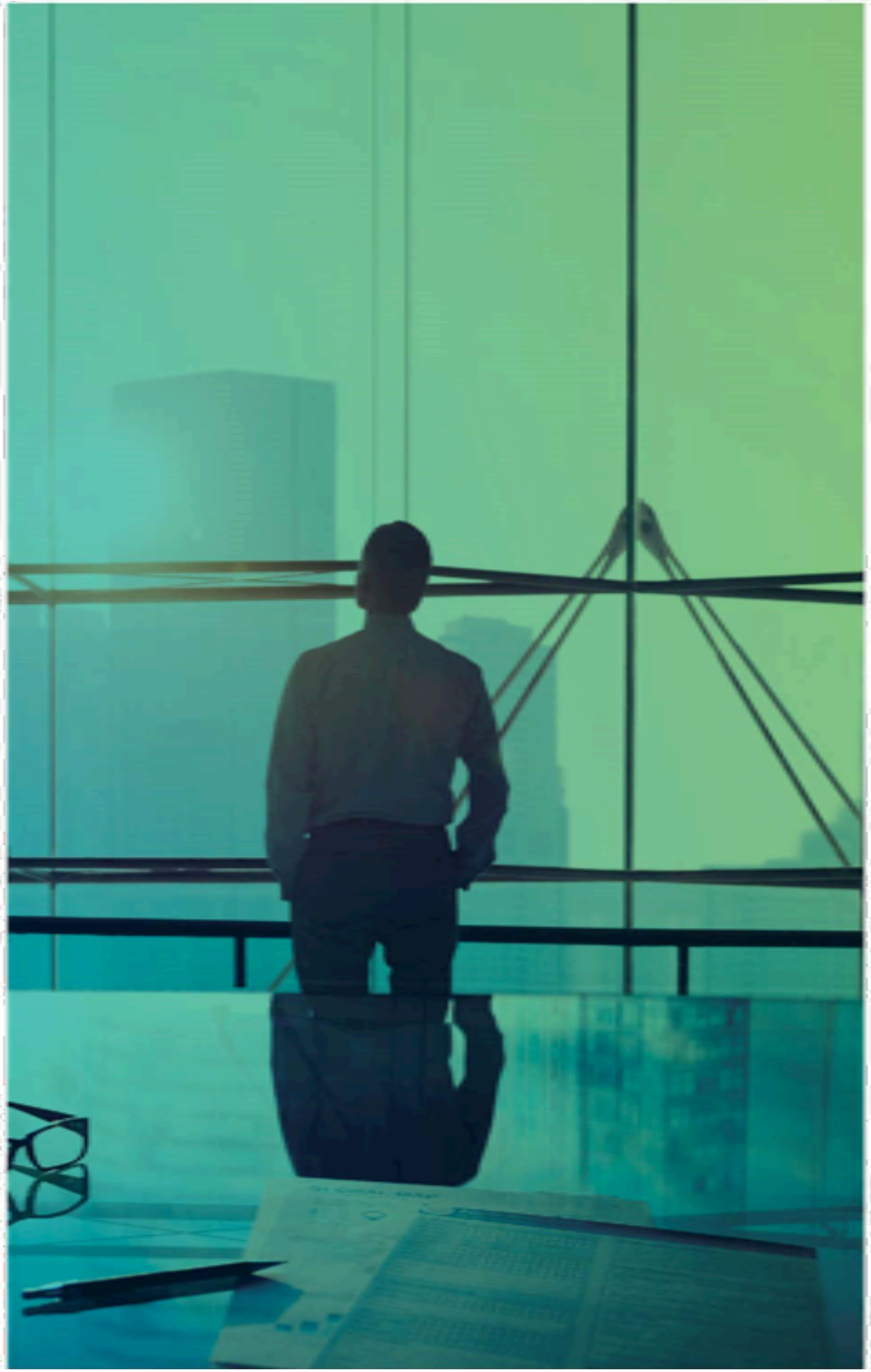

Company Overview

The ASG Board

Ian Campbell
Chairman

Geoff Lewis
Managing Director, CEO

Stephen Johnston
Non Executive Director

Grant Pestell
Non Executive Director

Peter Torre
Company Secretary

The ASG Executive Team

Geoff Lewis
Managing Director, CEO

Dean Langenbach
COO, CFO

Gerald Strautins
Executive - Strategy

ASZ
ASX code

$0.94
Share Price

$192.0m
Market Capitalisation

204.2m
Number of Shares on Issue

FY16 – Delivering on the New World

Financial Performance H1 FY16

- Operating Revenue up 13% on pcp
- Reported EBITDA at $12.7m, up 14% on pcp
- Operating EBITDA up 38% on pcp
- EBITDA margin on target at 14.4%
- NPBT up 21%

Record Contract Success

- Over $200m of contracts signed in 12 months
- $130m new business, $70m existing contracts re-signed
- Contract transitions tracking on target

Outlook

- Maintain FY16 Revenue guidance of $185m - $190m
- On target for FY16 EBITDA 14%
- $160m+ locked in revenue for FY16
- Strong organic growth performance in an environment where traditional business models are under pressure
- ASG's 1st Mover advantage & Managed Services pedigree uniquely positions it against competitors struggling to transition to the New World

H1:FY16 Financial Summary

	H1 FY16 $m	H1 FY15 $m	Movement
Operating Revenue	88.2	78.2	12.6% ↑
Reported EBITDA	12.7	11.1	14.4% ↑
Operating EBITDA	12.7	9.2	38.0% ↑
NPBT	7.6	6.3	20.6% ↑
NPAT	5.6	5.7	(1.8)% ↓
EBITDA Margins	14.4%	13.8%	0.6% ↑
EPS	2.70c	2.77c	(2.5)% ↓

- Strong organic revenue growth
- EBITDA margin improvement
- H1 FY16 includes accelerated depreciation of $0.4m from office consolidation
- H1 FY16 tax rate of 27% against 9% in H1 FY15 ($1.2m tax credit)

Operating EBITDA

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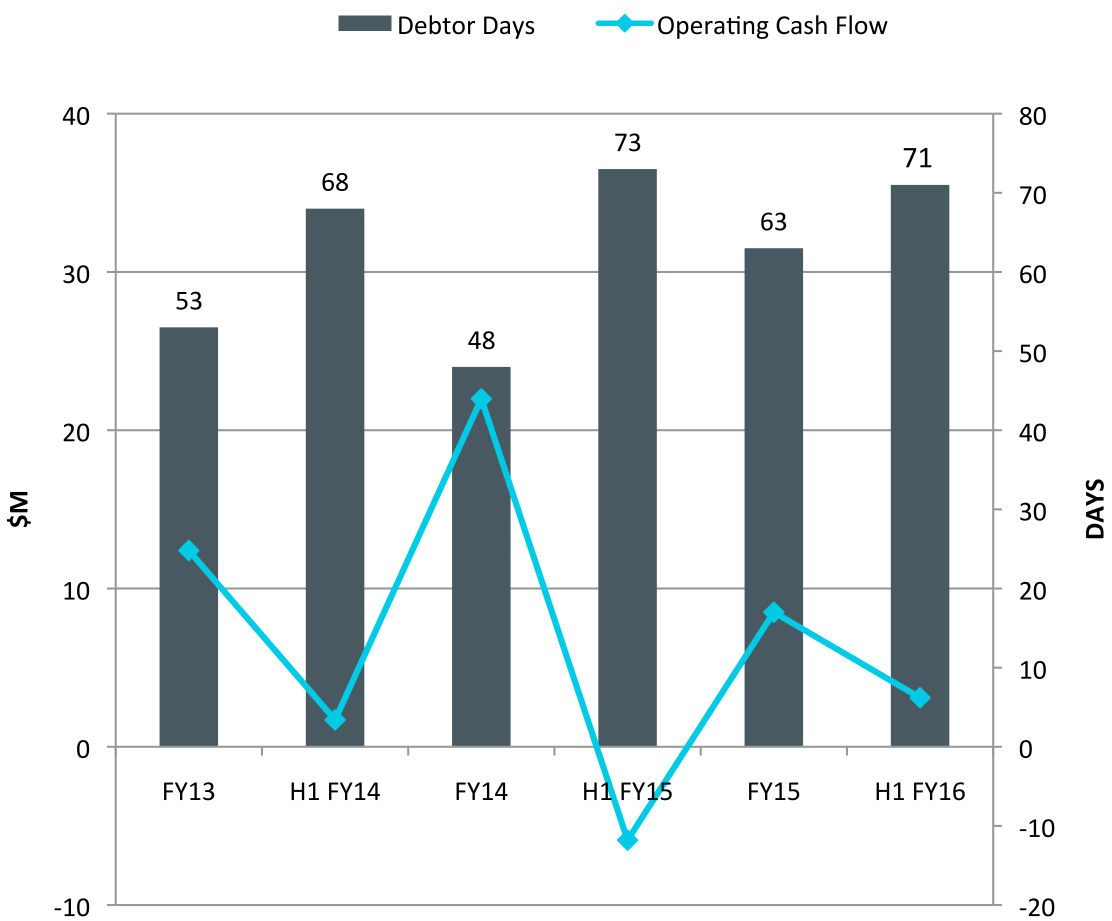
	H1 FY16 $m	H1 FY15 $m	Movement
Reported EBITDA	12.7	11.1	14.4%
- Profit on Data Centre	0.1	(1.0)	
- R&D credit	(0.1)	(0.9)	
Operating EBITDA	12.7	9.2	38.0%
Operating EBITDA % Revenue	**14.4%**	**11.8%**	**2.6%**

- Operating EBITDA improvement driven by:
  - Strong organic revenue growth
  - Overheads remaining fixed on a growing revenue base
  - Offshore program commenced
  - Consistent and strong managed service gross margin

Operating Cash Flow



- Operating cash (before interest & tax) 48% of EBITDA. On target for 100% at FY16
- Seasonality of debtors consistent with prior periods
- FY16 operating cash flow consistent with EBITDA less interest and tax

Cash Flow

	H1 FY16 $m	H1 FY15 $m
OPENING BALANCE	**13.8**	**16.1**
Net Operating Cash (before Interest & Tax)	**6.1**	**(3.1)**
Net Interest	(0.7)	(0.8)
Income Tax	(2.2)	(1.9)
Net Operating Cash	**3.2**	**(5.9)**
Capital Investment	(4.4)	(2.9)
Sale of Leased Asset	-	10.7
Net Borrowings and Finance Leases	(3.5)	(11.0)
Share Buy Back	(2.0)	-
CLOSING BALANCE	**7.1**	**7.0**

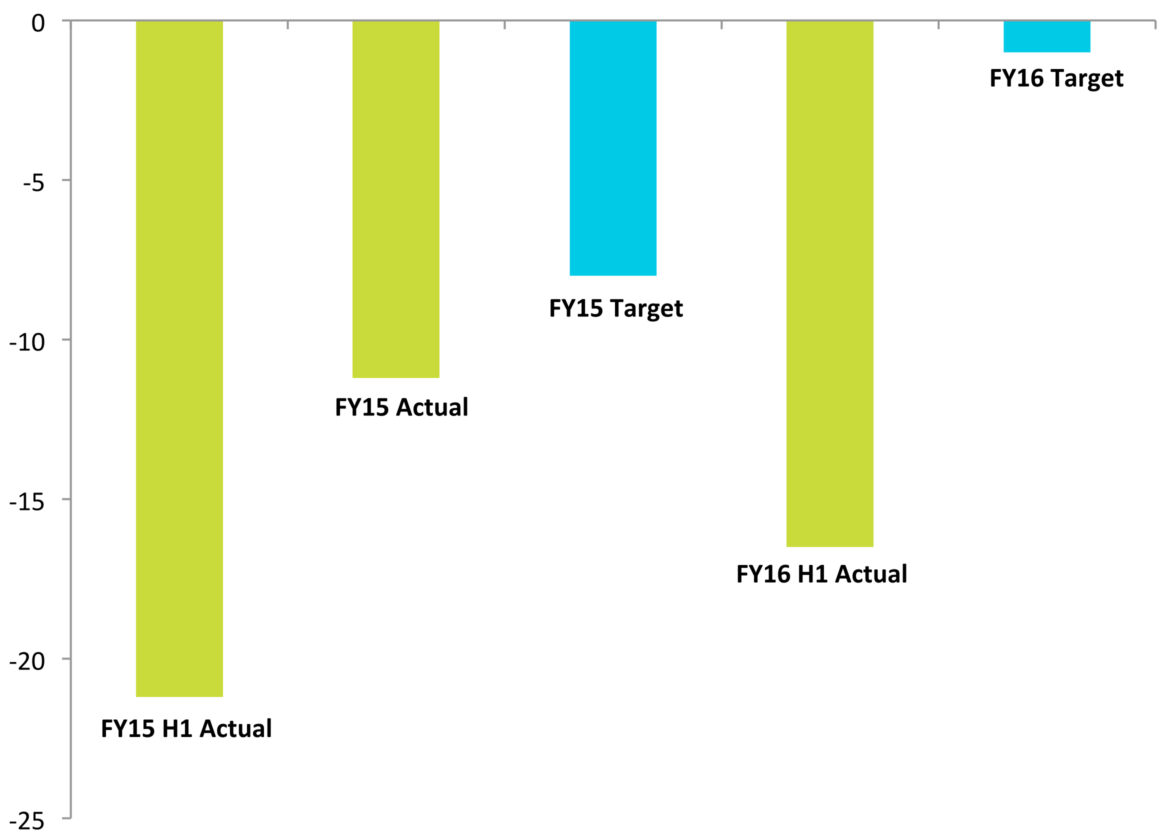
- Solid conversion of EBITDA to operating cash
- Capital investment higher, driven by New World contract success
- Share buy back commenced, continuing in H2
- Targeting dividend recommencement in FY17

Balance Sheet

	H1 FY16 $m	June 2015 $m
Current Assets		
Cash	7.1	13.8
Receivables	34.2	31.0
Other Current Assets	4.3	2.0
Total Current Assets	**45.6**	**46.8**
TOTAL ASSETS	**176.8**	**177.1**
Current Liabilities		
Trade and other payables	29.7	30.3
Borrowings	5.8	5.9
Total Current Liabilities	**41.6**	**45.1**
Non-Current Borrowings	17.9	19.2
TOTAL LIABILITIES	**69.6**	**73.8**
NET ASSETS	**107.2**	**103.3**

- Strengthened by operating performance
- Continued focus on debt reduction and liquidity improvement

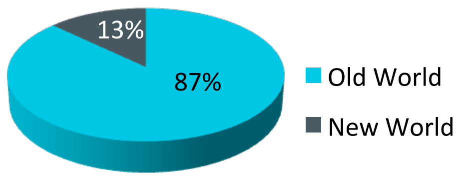
Net Debt Reduction Focus



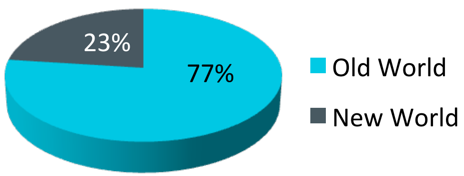
- FY16 target reduced as share buy back initiated
- Operating cash turnaround in H2, consistent with prior years
- Capital investment target remains at less than 1 x D&A, depending on New World contract success

Revenue Breakdown

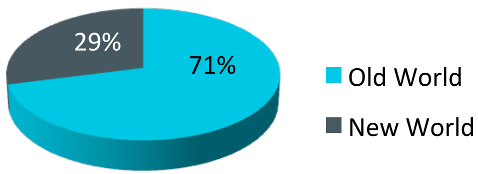
FY14



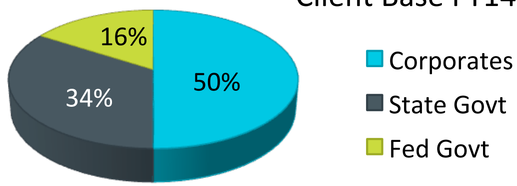
FY15



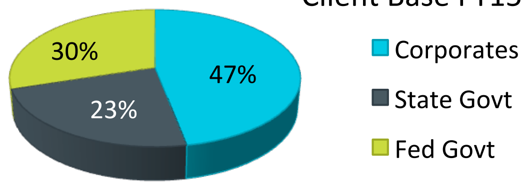
EFY16



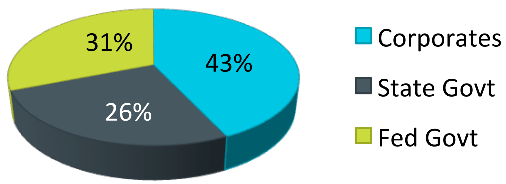
Client Base FY14



Client Base FY15



Client Base EFY16



Locked in Revenue

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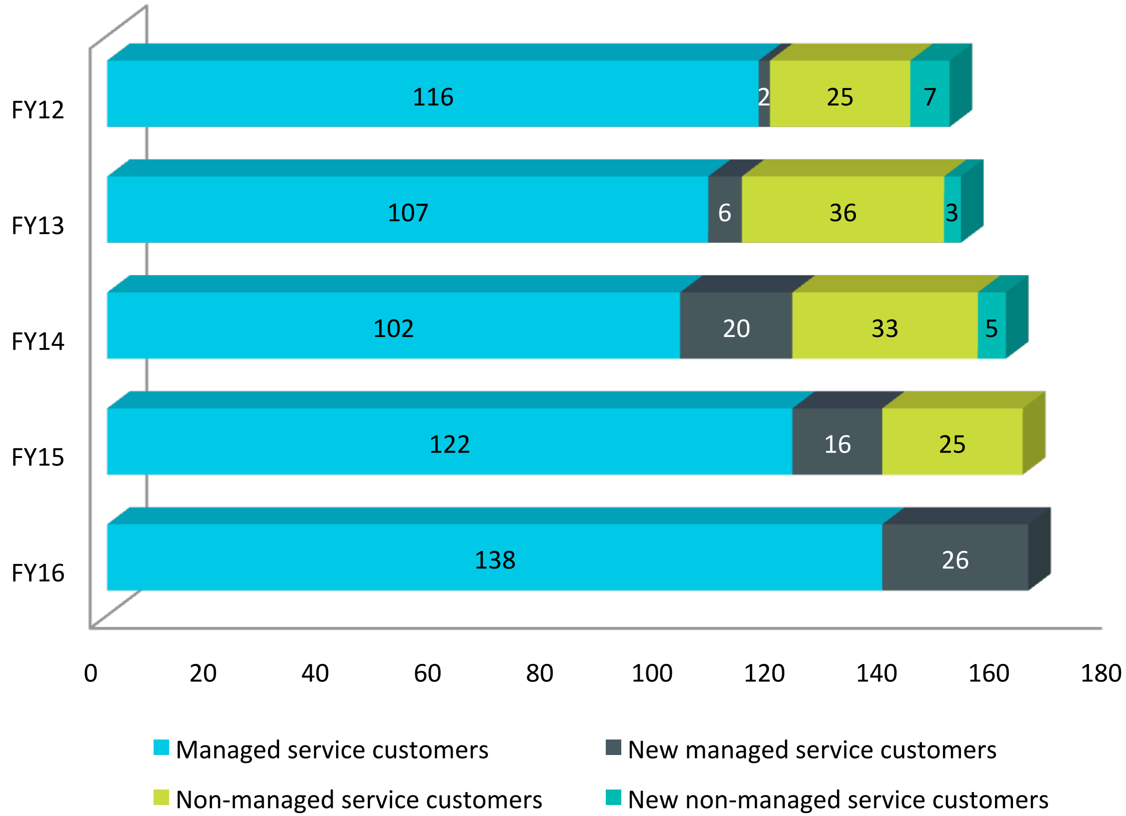


- New World contract success underpinning annuity revenue stream
- Over $160m revenue locked in at commencement of FY16
- FY17 locked in revenue at 1st July 2016 expected to be $180m+

Contract Wins: $200m+ in 12 months

Customer	Type	Contact Period
Department of Finance	New	4 years
Department of Infrastructure	Renewal	5 + 3 years
Department of Education & Training (Victoria)	New	2 + 1 + 1 + 1 years
United Energy & Multinet Gas	New	5 + 1 + 1 + 1 years
Western Power	Renewal + additional scope	3 + 2 + 2 years
Cimic	New	5 years
Department of Communications	Renewal + conversion to New World	5 years
Synergy	Renewal + additional scope	3 + 3 years
State Super	New	3 + 2 years

- $130m in new business, $70m existing contracts resigned
- Average contract length 4 years plus 4 year renewal

Contract Pipeline

Total

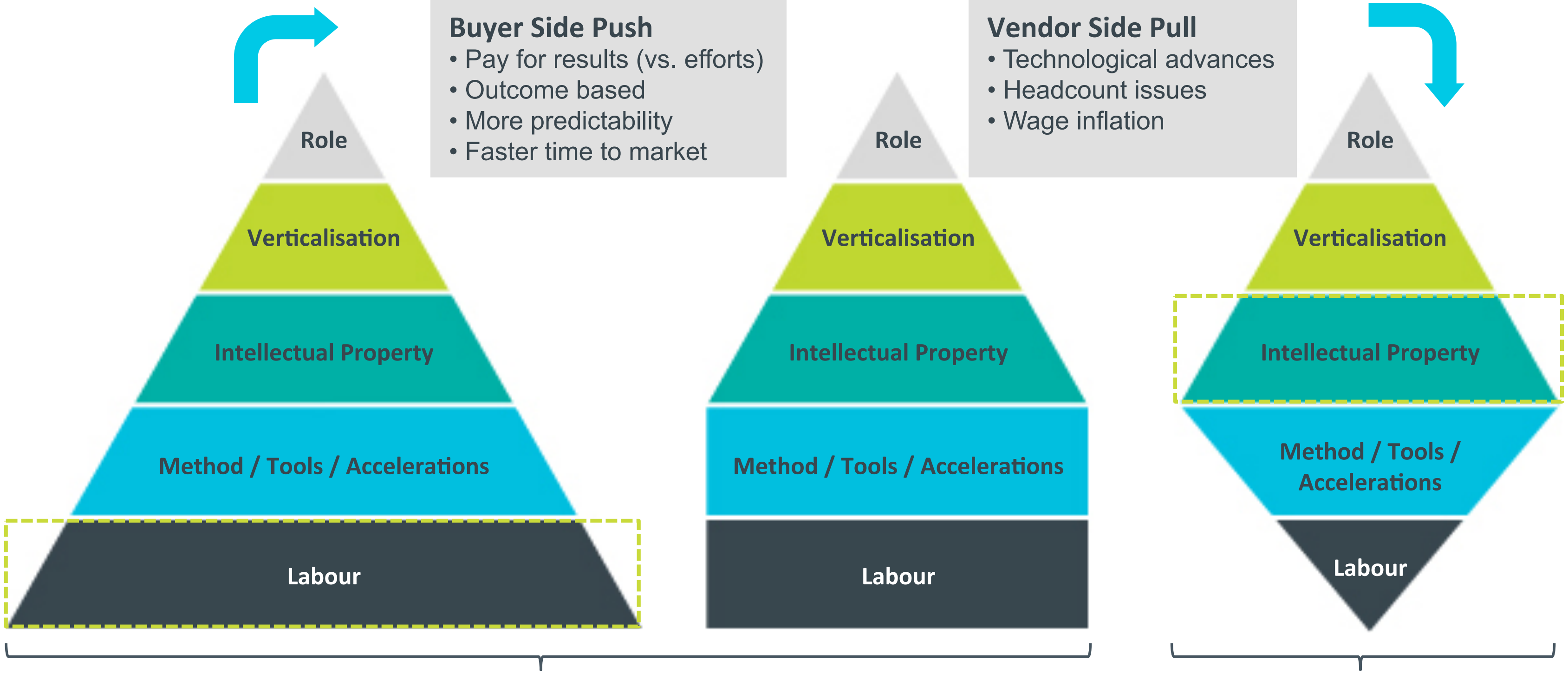
$340m

Industry Outlook and Trends

As software, services and infrastructure continue to converge, buyers and sellers of IT services are moving rapidly towards the adoption of outcome-based services offering, where the value proposition is defined by IP

Buyer Side Push
- Pay for results (vs. efforts)
- Outcome based
- More predictability
- Faster time to market

Vendor Side Pull
- Technological advances
- Headcount issues
- Wage inflation



Inability to generate economies of scale – labour or technological/Technology Focused

Economy of Scale/Cost Reduction/Business Outcomes

Traditional Old World Services Offering
(**Capacity** on Demand)

New World Services Offering
(**Capability** on Demand)

Industry Outlook and Trends

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Traditional Service Providers of technology and resource arbitrage going backwards

- Multi-National revenue forecasts missed
  - IBM missed forecast 15 quarters
  - CSC in Australia down 15% on revenue forecast
- Indian outsourcer growth down by 50%
- Traditional Services providers downgrading forecasts

Pure Cloud IaaS/PaaS provision now a commodity based on global scale

- AWS/Azure/Google price competition intensifying - AWS has discounted their offering 51 times
- Barriers to entry for even established traditional technology/hardware vendors - HP removed itself from public cloud offerings
- Risk of a concentration of providers based solely on price

Clients demanding Business Outcomes based on Intellectual Property (IP) value propositions

- Based on long term relationships not transactional engagement
- IP not simply a technology understanding but more a way of doing business
- Business Models changing to accommodate this trend - eg Oracle & SAP
- Capital markets turning to IP plays as opposed to commodity plays for investment

M&A activity often driven solely on perpetuating existing business model service provision - incremental change to traditional operations/revenue rather than a strategic step-up

ASG Market Position

ASG advantage is that we understand Managed Services

- Through our Managed Service pedigree we understand the eco-system our clients operate in - business & technological
- Capability & competency in delivering the complete solution
- IP on taking existing services & transforming to New World
- Take the customer on the journey
- Locked in long term revenue base enhanced

Proven track-record

- Deliver financial & operational results in line with guidance because of our long term focus
- Transformation to an IP based business model progressed

Outlook and Guidance

FY16

- Maintain revenue guidance: \$185m - \$190m
- \$160m+ revenue locked in for FY16
- EBITDA target of 14% on track
- Fixed overhead base to remain stable
- Old World revenue decline expected to continue

FY17

- Expected locked in revenue \$180m+ at July 1st 2016
- Offshore delivery to accelerate
- Fixed overhead base to remain stable
- Targeting EBITDA 15%
- Old World revenue decline expected to continue
- Full year contribution from new Managed Services contracts

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Q&A

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