



Euroz Investor Briefing

JUNE 2016

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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

\$0.95

Share Price

\$194m

Market Capitalisation

201.8m

Number of Shares on Issue

FY16 – Strong Profit Growth and Record Contract Success

Financial Performance FY16

- Operating Revenue at upper end of \$185-190m, guidance
- EBITDA margin confirmed at 14%
- Strong free cashflows
- Negligible net debt (down from \$11m in pcip)

Record Contract Success

- Over \$300m of contracts signed in 12 months
- \$130m new business, \$120m existing contracts re-signed
- Contract transitions tracking on target
- Continued strong conversion of pipeline opportunities

Outlook

- Enter FY17 with (\$180) million in locked-in contract revenue
- Budgeting for revenue, earnings growth
- Operating margins holding strong
- Budgeting growth for FY18 off back of confirmed contracts
- Strong, steady and sustainable utility model de-risking growth outlook
- ASG well-positioned to participate successfully in further industry consolidation

FY16: Behind the numbers

- Revenue, margins confirm successful customer transition to 'New World' services
- Strong performance over last 2 years resulting in strong balance sheet
- Distinct first mover and client service advantage in Australian marketplace
- Utility service model (pay as you use) delivering strong financial benefits for customers and for ASG
- Record contract success
 - Revenue growth
 - Fixed overhead
 - Growing gross margin

Operating EBITDA

	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

ASG's advantage is moving ahead of new customer needs

Traditional Service Providers of technology and resource arbitrage going backwards

- Multi-National revenue forecasts missed (IBM, CSC)
- Indian outsourcer growth down 50%
- Traditional service providers downgrading forecasts

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

- AWS/Azure/Google price competition intensifying
- Barriers to entry for traditional technology/hardware vendors
- 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 a technology but a way of doing business
- Business models changing eg Oracle & SAP
- Capital markets turning to IP plays vs commodity plays for investment

ASG advantage is that we understand Managed Services

- Leading Australian Managed Service provider with 20yrs experience
- We understand the eco-system our clients operate in - business & technological
- Capability & competency delivering the complete solution
- IP - taking existing services & transforming to New World
- Take the customer on the journey
- Locked in long-term revenue base enhanced

Proven track-record

- Deliver results in line with guidance - long term focus
- Transformation to IP based business model progressed

How New World changed life for Clough

The Engagement

- ASG transitioned Clough into New World platform, covering entire IT portfolio and business improvement initiatives
- Clough now pays as it uses for IT across its entire business – but doesn't bear heavy capital spend, maintenance costs

Results

- Clough achieves 30%-plus reduction in ICT costs
- Successful transition from fixed to variable operating costs
- ICT asset ownership down by more than 60%
- Broad delivery of efficiencies through greater commoditised services to the business



Customer Profile



Government of **Western Australia**
Department of **Health**



Australian Government
Department of Infrastructure
and Regional Development



Department of
Education & Training



Australian Government
Department of Communications



Australian Government
Australian Maritime Safety Authority



Australian Government
Future Fund



Australian Government
Australian Transport Safety Bureau



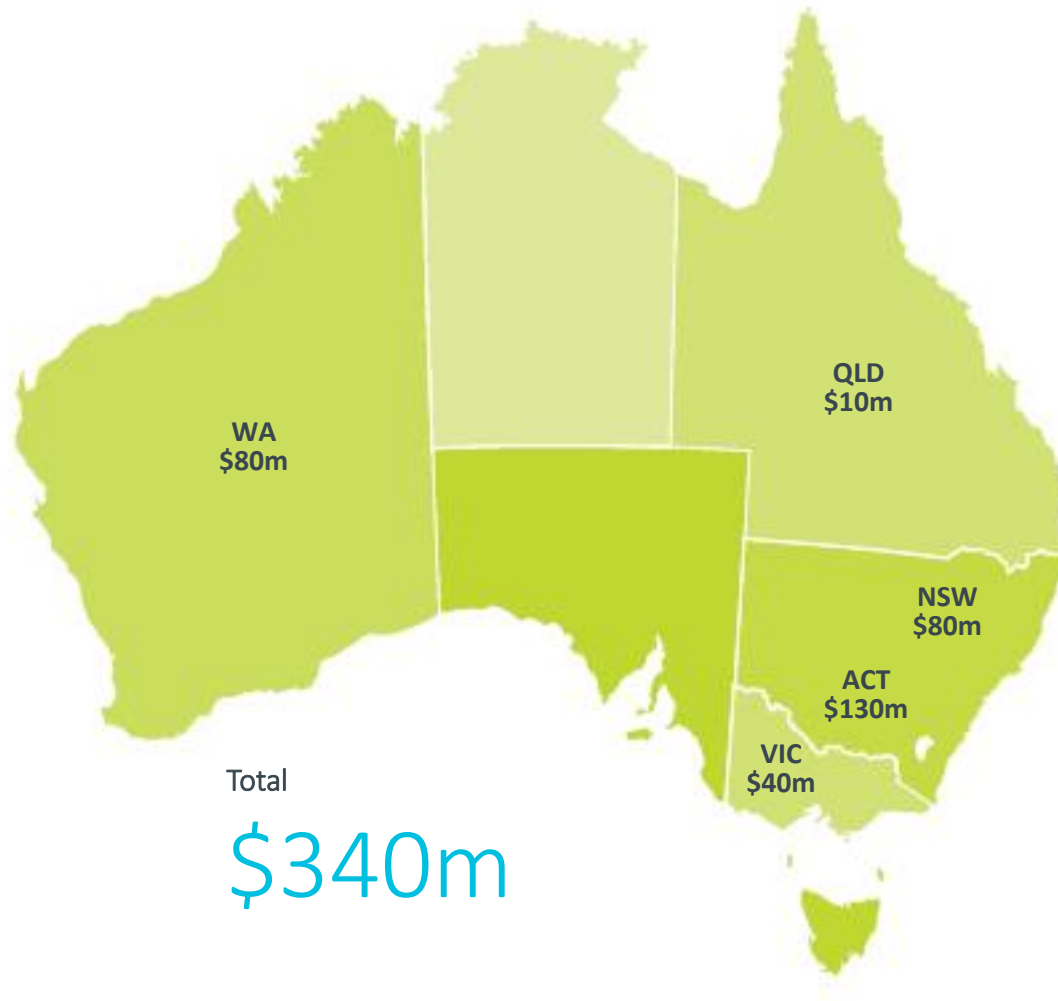
Australian Government
Department of Broadband,
Communications and the Digital Economy



Australian Government
Department of the Prime Minister and Cabinet



Contract Pipeline



Consistent conversion of pipeline opportunities

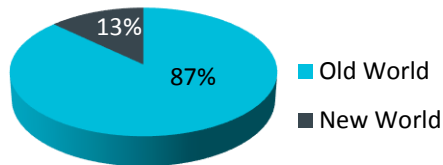
\$300m in past 12 months

Customer	Type	Contact Period
Department of Education & Training (Victoria) - PeopleSoft	Renewal	5 + 2 + 2 years
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
Australian Bureau of Statistics	New	2 years

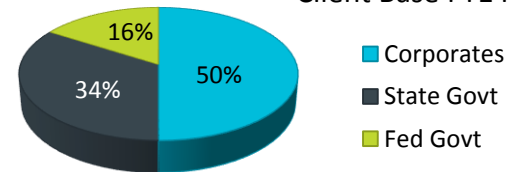
- \$180m in new business, \$120m existing contracts resigned
- Average contract length 4 years plus 4 year renewal

New World contracts building fast

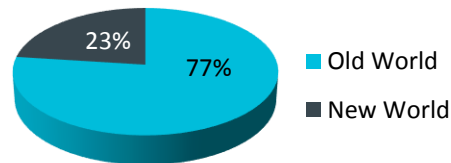
FY14



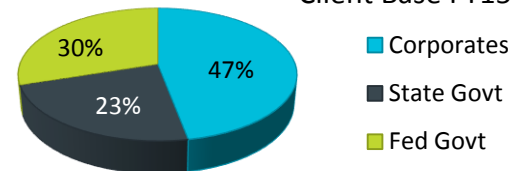
Client Base FY14



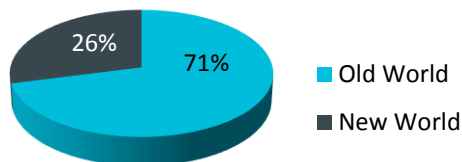
FY15



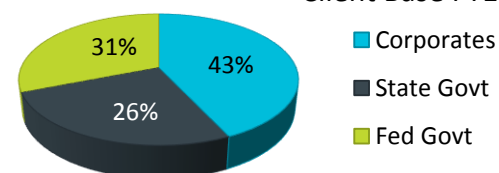
Client Base FY15



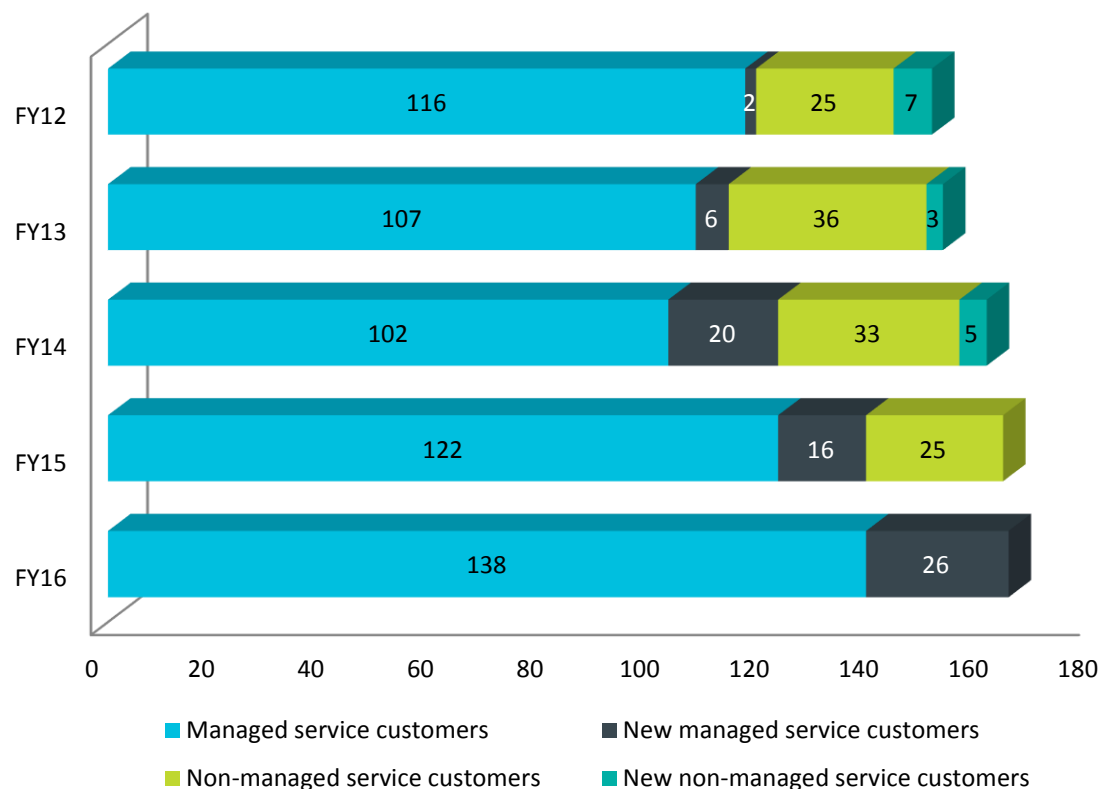
FY16



Client Base FY16



Locked in Revenue



Annuity revenue stream underpinned by New World contracts

FY16 revenue \$185m +, \$160m of this locked in at 1 July 2015

\$180m + revenue locked in at 1 July 2016, expect strong growth in FY17

Outlook FY17 and beyond

- Utility customer model established, profitable, rolling out through customer base
- Revenue growth forecast for FY17 and FY18 on existing contracts
- EBITDA margins holding strong
- Operating cashflows continue to be consistent with EBITDA
- Net debt now at negligible levels
- ASG well-positioned to deliver strong returns to shareholders in FY17, FY18 and beyond
- Opportunities to participate in further industry consolidation
- Consistent conversion of pipeline opportunities \$300m in past 12 months



Q&A

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