



Empired

FY16 FULL YEAR RESULTS

Empired Snapshot



Empired (ASX:EPD)

Managed Services
Cloud (IaaS, SaaS, PaaS)
Enterprise ERP & CRM
IOT & Data Insights
Systems Integration
Mobile Solutions

**Comprehensive
Technology &
Business Solutions**



975 People

West Coast 336

East Coast 232

New Zealand 407

**One of the largest
dedicated Microsoft
Partners in the
Australasian market**



12 locations 5 countries

Australia

New Zealand

Singapore

USA

India

**Focused on growth
through disruptive
market trends**



Broad Horizontal Industry Appeal

Government 23%

Energy and Natural
Resources 19%

Finance, Healthcare,
Education, Transport
& ICT

**Transforming
traditional business
models in the
digital era**



Revenue \$160m

Shares 122m

Price \$0.43

Market Cap \$52m

55% of Revenue from
multi year contracts

**Growth across our
contestable market
is set to accelerate**

Revenue \$160m, **up 25%**

EBITDA* \$8.2m, **down 25%**

Operating Cash Flow **\$11.6m**

Net Debt \$25.6m, **down \$7.6m v H1**

Undrawn bank facilities and cash of **\$14m**

FY16 HIGHLIGHTS

55% of Revenue generated from long term multi-year contracts.

Strong **annuity revenue growth** as new contracts ramp up.

Standout growth in **Data Insights, Digital and Microsoft Dynamics.**

Cohesion market share accelerated to **4,500 users** within NZ Government with strong growth anticipated in FY17.

Implementation of an integrated operating/organisational model & portfolio sales team within **Australia** and **New Zealand**.

Results

\$m	FY16 H1	FY16 H2	FY16
Revenue	78.5	81.5	160
EBITDA*	1.2	7.0	8.2
EBITDA* / Revenue %	1.1%	8.6%	5.1%
Depreciation & Amortisation	(3.2)	(3.7)	(6.9)
Loss on Disposal**	(2.3)	-	(2.3)
Interest (Net)	(0.7)	(0.9)	(1.6)
NPAT	(3.8)	2.1	(1.7)
Operating Cash Flow	(1.3)	12.9	11.6
Net Debt	33.2	25.6	25.6

EBITDA* adjusted for \$0.7m (H1 \$0.3m, H2 \$0.4m) debtor impairment relating to a prior financial year. This reference is applied throughout this document.
 Loss** on Disposal was a non cash adjustment primarily relating to the consolidation and relocation of a number of offices during the year.

Revenue growth of 25% on prior year underpinned by **9% organic growth**.

Second half results demonstrate **recovering earnings** with EBITDA improving across the half year period.

Strong operating cash flow represents unwind in working capital and improved profitability through H2.

Net Debt has **reduced by \$7.6m** across the half year period.

Undrawn bank facilities and cash **of \$14m**.

First half results impacted **by acquisition integration** and **organisational changes** as outlined in prior ASX announcements.

Cash flow

\$m	2016	2015
EBITDA	7.5	10.9
Non cash items	0.2	(1.3)
Tax paid	(0.3)	-
Interest paid (net)	(1.7)	(1.0)
Dividends - associate	0.2	-
Changes in working capital	5.7	(3.5)
Operating cash flow	11.6	5.1
Purchases of P&E and intangibles	(14.6)	(11.5)
Acquisitions (inc deferred consideration)	(1.2)	(11.6)
Repayment of borrowings	(7.1)	(10.4)
Proceeds from borrowings	4.4	18.0
Options exercised	0.2	13.8
Equity raising costs	-	(0.6)
Dividends paid	-	(1.1)
Change in cash	(6.7)	1.7

Operating Cash Flow of \$11.6m.

H2 Operating Cash Flow of \$12.9m.

Operating Cash Flow includes landlord incentives of \$3.8m, adjusted operating cash flow demonstrates **EBITDA to cash conversion of 104%.**

Repayment of borrowings includes **term debt repayment of \$4.1m** and **repayment of \$3m in asset finance.**

PPE & Intangibles includes **\$4m relating to one-off office consolidations** and fit outs.

Financial Position

\$m	⁽¹⁾ June	Dec	June
	2016	2015	2015
Cash	3.0	2.6	9.6
Receivables and WIP	32.6	32.1	33.9
Other	2.6	3.2	2.0
Current Assets	38.2	37.9	45.5
Plant & Equipment	21.1	20.3	16.2
Intangibles and other	58.7	56.2	55.5
Non Current Assets	79.8	76.5	71.7
Trade and other payables	26.1	19.2	24.9
Borrowings*	8.9	17.2	12.3
Provisions and other	6.0	4.8	4.7
Current Liabilities	41.1	41.3	41.9
Borrowings*	19.6	18.6	21.1
Other	4.8	5.2	1.6
Non Current Liabilities	24.5	23.8	22.6
Net Assets / Equity	52.4	49.4	52.7
Net debt (Nd)	25.6	33.2	23.8
Gearing Nd/(Nd+Equity)	33%	40%	31%

*Borrowings includes all deferred vendor amounts

⁽¹⁾Balance sheet restated based on new bank debt facilities finalised subsequent to 30 June 2016

Net debt of \$25.6m down \$7.6m.

Undrawn bank facilities and cash of \$14m.

Current borrowings include repayment amounts for term bank debt, hire purchase liabilities and deferred vendor payments.

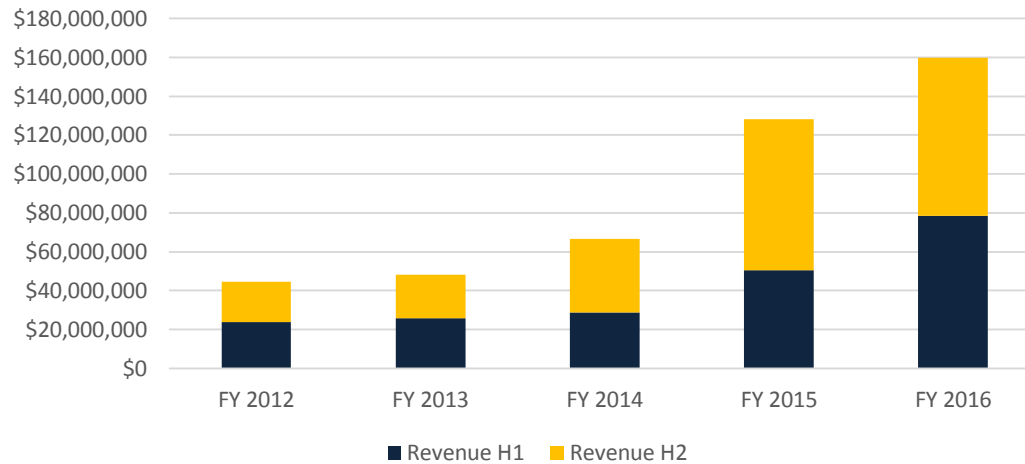
Increase to intangibles due to the reclassification of software from PPE to Intangibles.

Receivable days (debtors + WIP) of 69 days down from 89 days at 30 June 15.

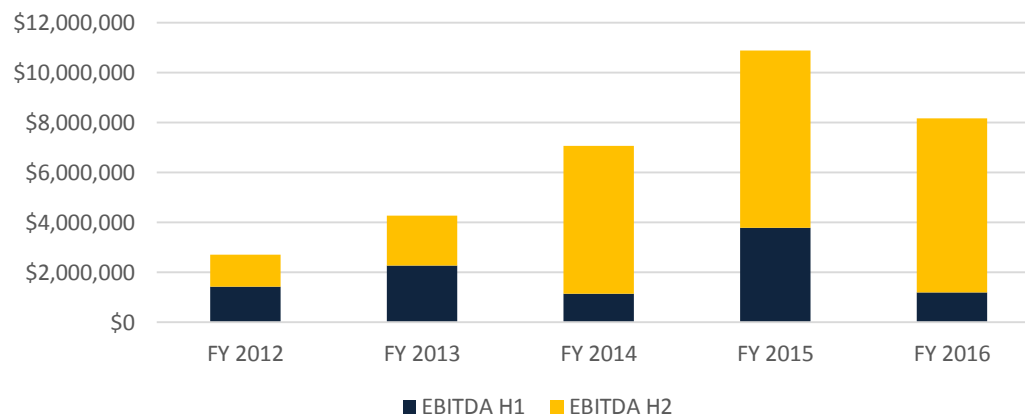
Deferred vendor payments; \$1.2m paid July 2016, \$1.0m due May 2017 and \$6.8m due June 2017.

Key trends

Revenue Year on Year



EBITDA* Year on Year



Consistent year on year growth.

FY16 H1 EBITDA* impacted by integration & contract ramp-up as disclosed in prior ASX announcements.

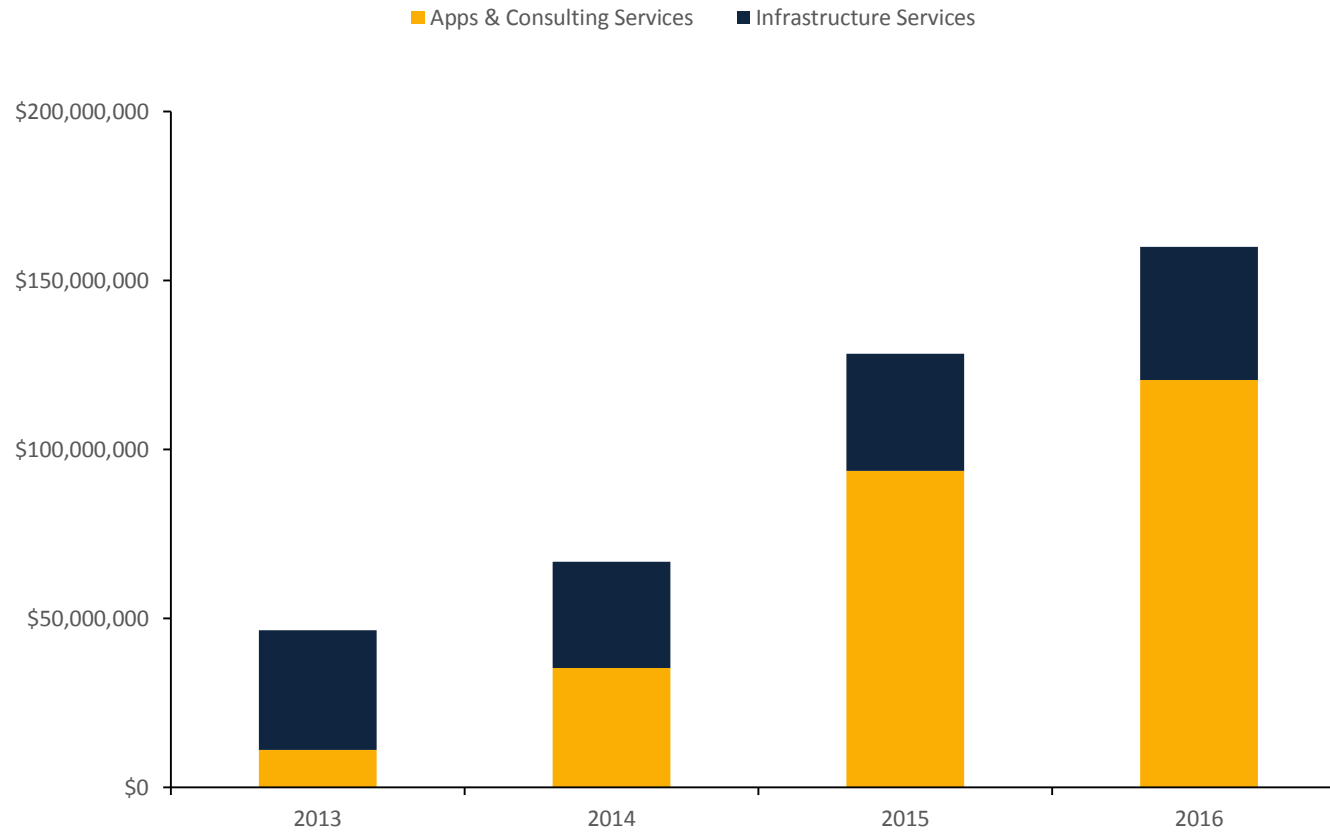
FY16 H2 EBITDA* similar to 2H FY15.

H2 recovery, EBITDA strengthened quarter on quarter.

Budgeting improved H1 v H2 EBITDA split in FY17.

Budgeting EBITDA margin improvement in FY17.

Revenue growth



TOTAL

Revenue growth of **25%**

Organic growth of **9%**

Applications & Consulting up 25%

Strong growth in Managed Services.

Microsoft Dynamics services (CRM & ERP) up 31% during the period.

Data Insights and Digital services grew by 27% and 132% respectively.

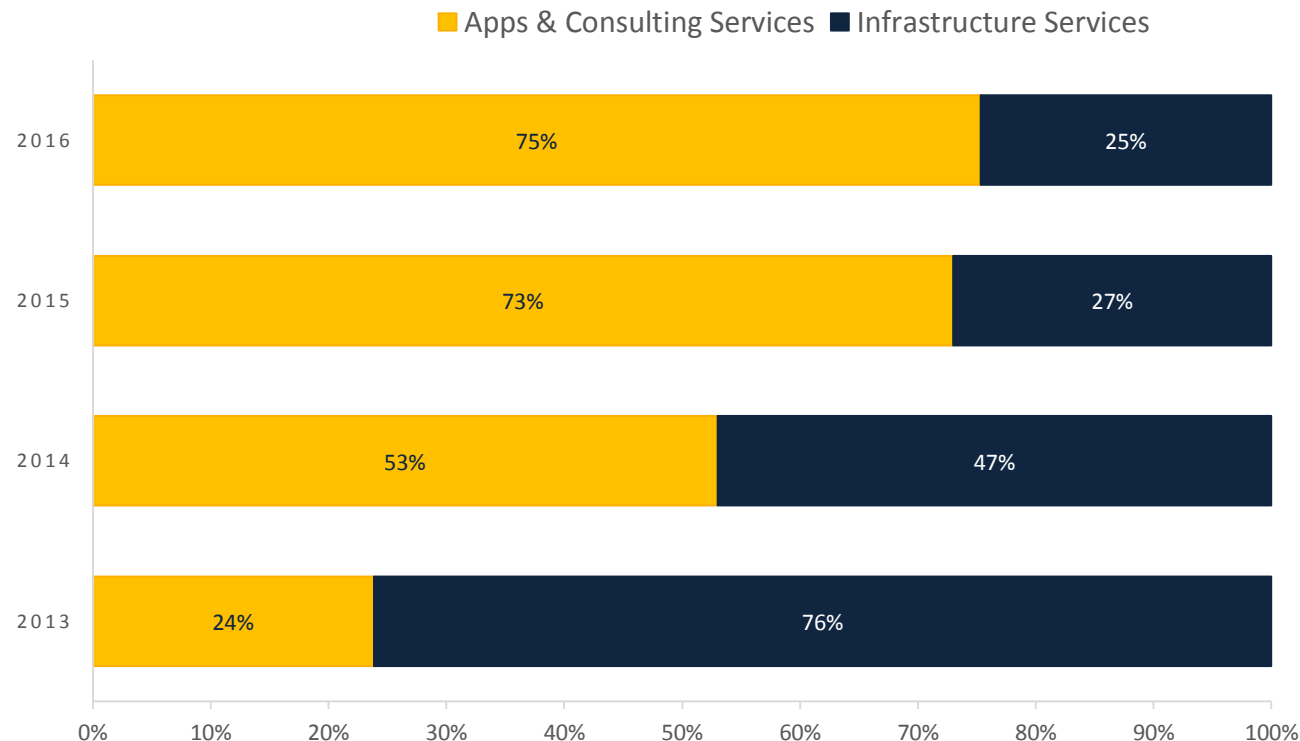
Infrastructure Services up 25%

Strong growth in Managed Services

Trend toward consumption based services and unit based pricing.

Strong hybrid cloud based offering.

Revenue mix



ANALYSIS

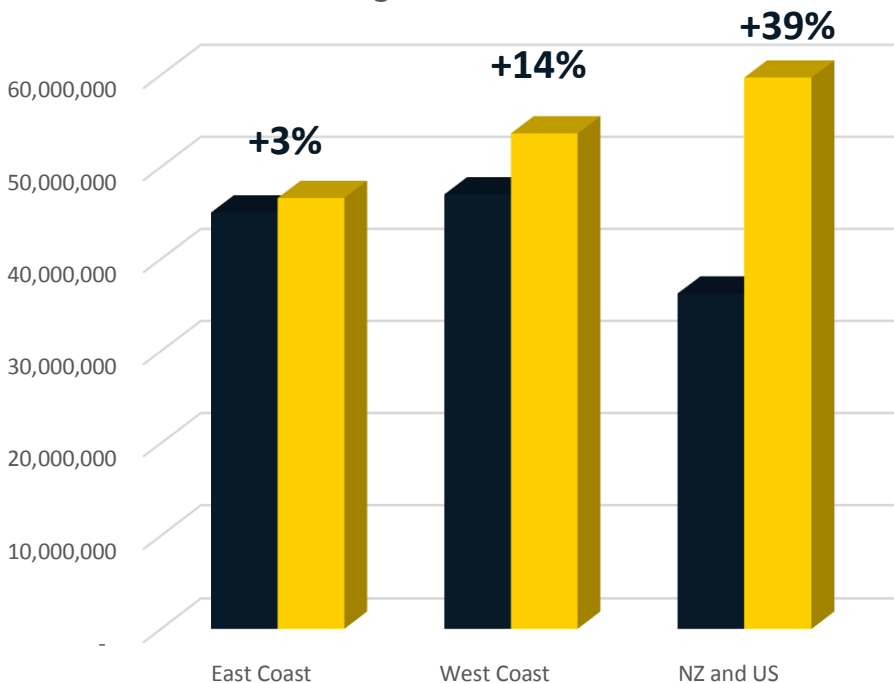
Application and Infrastructure services are becoming tightly aligned to provide seamless solutions to customers.

Strong organic growth in Infrastructure services in FY16.

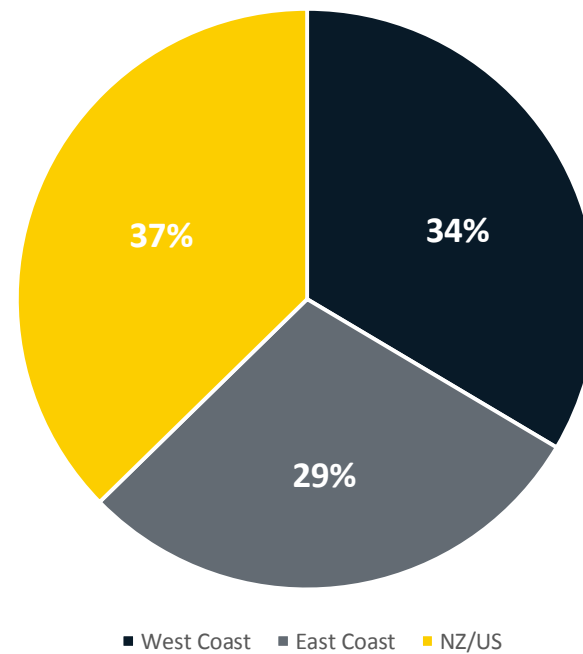
Application services continued to grow as a percentage of revenue based on organic growth and full year contribution from the InterGen Limited acquisition in November 2014.

Revenue by region

Regional Growth



2016 Revenue split



ANALYSIS

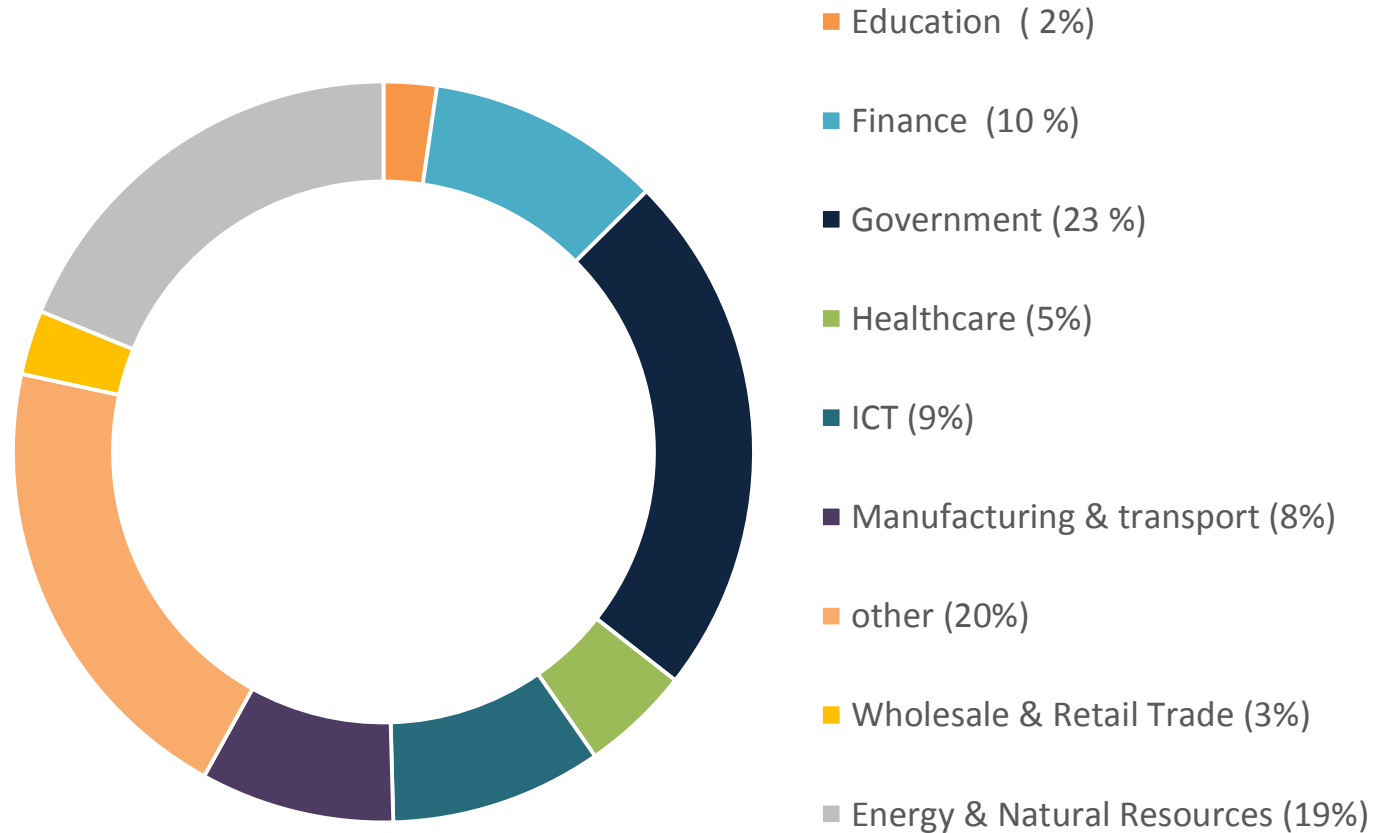
East Coast growth incurred the highest impact of First Half initiatives.

NZ / US region grew strongly including full year impact of acquisition. **Organic growth in the region was strong at 18.1%.**

Western region grew by 14%.

Strong growth opportunity exists across all contested markets.

Revenue by industry



ANALYSIS

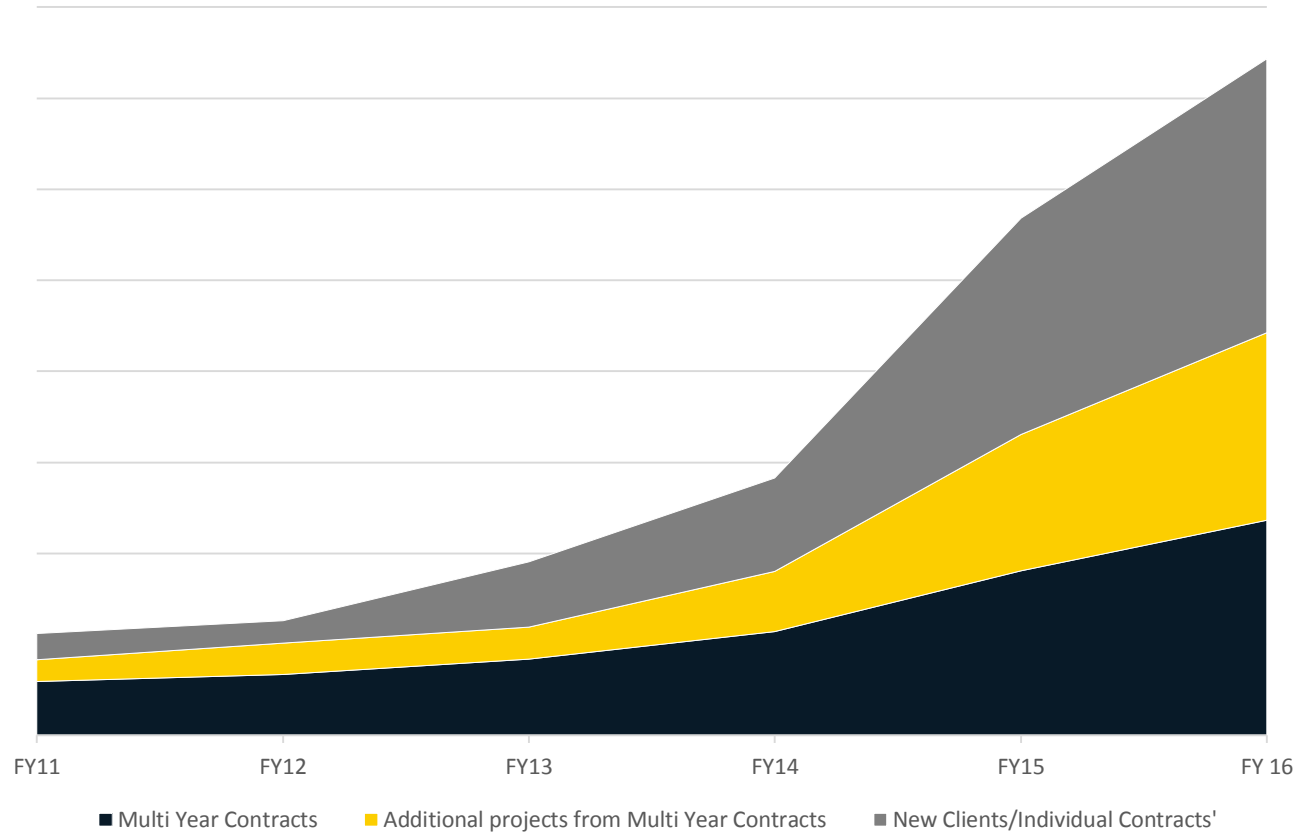
No major exposure or reliance on any one particular sector.

Government remains Empired's strongest sector.

Energy & Natural Resources (ENR) continues to be a growing sector for Empired.

Continuing to focus on East coast growth through Finance, Insurance, Healthcare & Education sectors.

Contracted revenue



ANALYSIS

55% of Revenue generated from multi-year contracts.

Year on Year growth underpinned by asset bank of locked in multi-year contracts.

Strong growth in managed services continues to be a key strength & focus.

Acceleration in additional projects secured from multi-year contracts as services portfolio expands.

New annuity revenue streams developing from in-house cloud based software as a service IP (Cohesion) and cloud platform (FlexScale)

Focused on continuing to build long term contracts and recurring revenue.

Strategic Overview

CAPABILITY

Business **solutions focus**.
Enterprise **Managed Services**.
Infrastructure & Apps
Leader in **emerging services**
Digital transformation
Service Integration
IOT/Business Insight
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.

Market Opportunity

Position ourselves as the most respected *local* full services IT provider in the Australasian market

Unprecedented consolidation in the market has removed many of our traditional local competitors.

Disruptive technologies, explosion of data and the proliferation of connected devices is accelerating the adoption of digital business models.

Our breadth of capability uniquely positions us to assist our clients transform their organisations from traditional to digitally enabled business models.

There is a growing market opportunity – we are focused on seizing it!

FY17 OUTLOOK

Expecting solid **growth in all key financial metrics** in FY17.

Enter FY17 with **record level of contracted Revenue**.

Strong sales pipeline, refreshed sales leadership and expecting to benefit from portfolio based sales model.

Positioned to secure **strategic wins and growth in Cohesion**.

Services aligned to major industry growth trends.

Questions?



Thank you.