

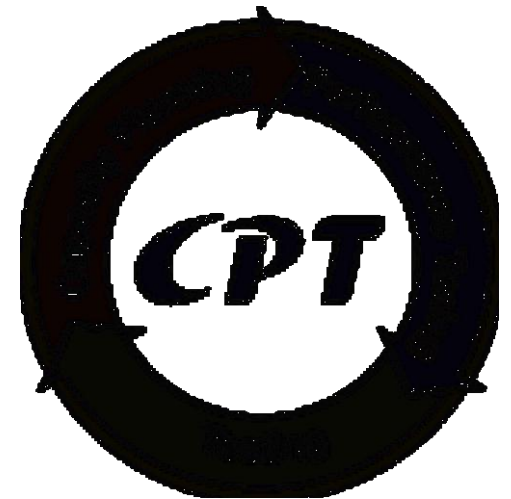
# CPT Global Limited

## FY2011 Annual Results and Outlook

**Gerry Tuddenham** *CEO*

**Elliot Opolion** *CFO*

**August 2011**



## Financial Summary

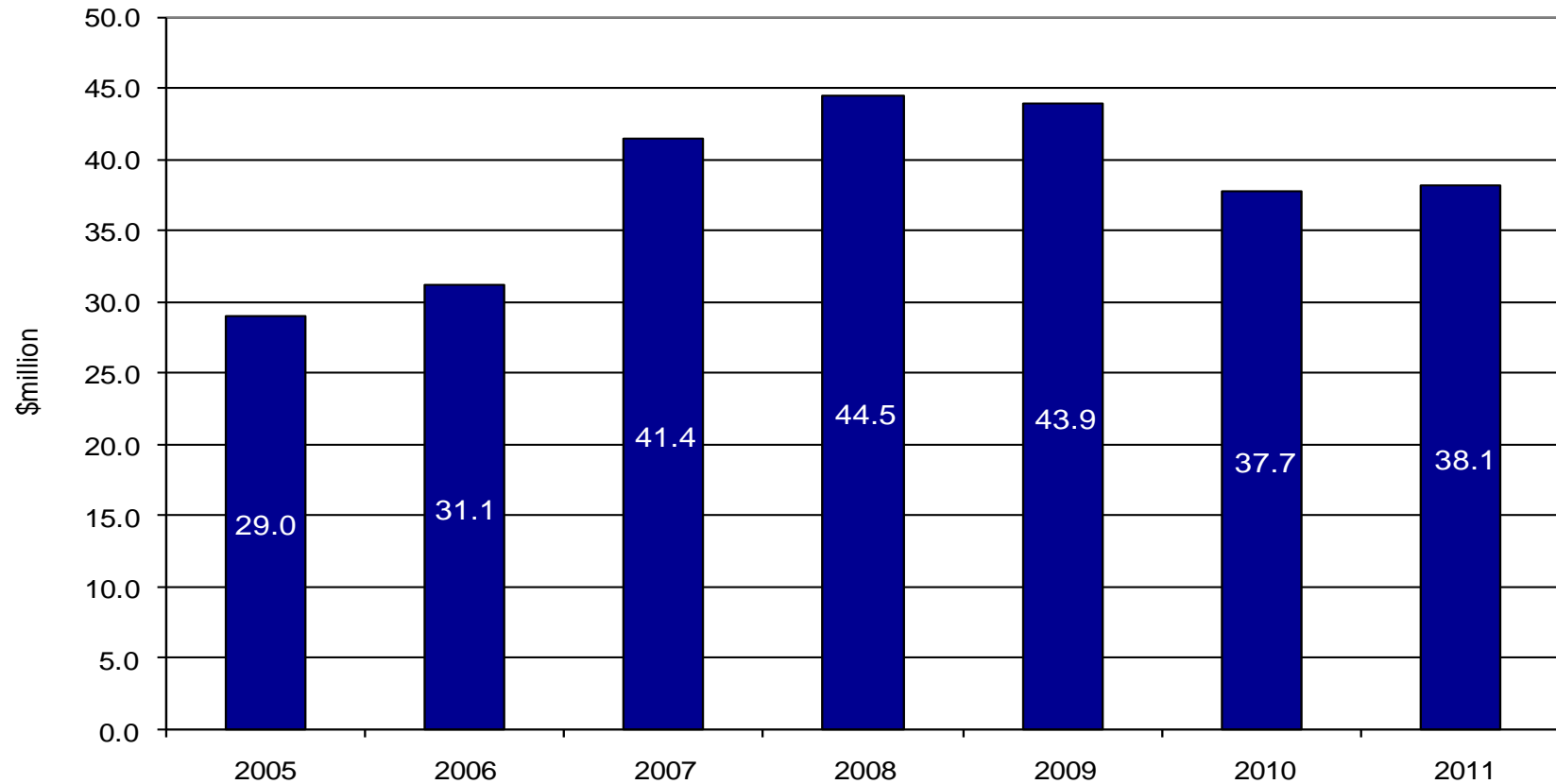
\$ millions	FY 11	FY 10
Revenue	\$38.1	\$37.7
EBITDA	\$1.7	(\$0.3)
NPAT	\$1.1	(\$3.1)
EPS	2.9¢	(8.5¢)
Full Dividend (fully franked)	2.5 ¢	0.0¢
Final Dividend (fully franked)	1.0 ¢	0.0¢
Total Shares	36.7m	36.7m

FY10 NPAT includes goodwill impairment of \$2.4m

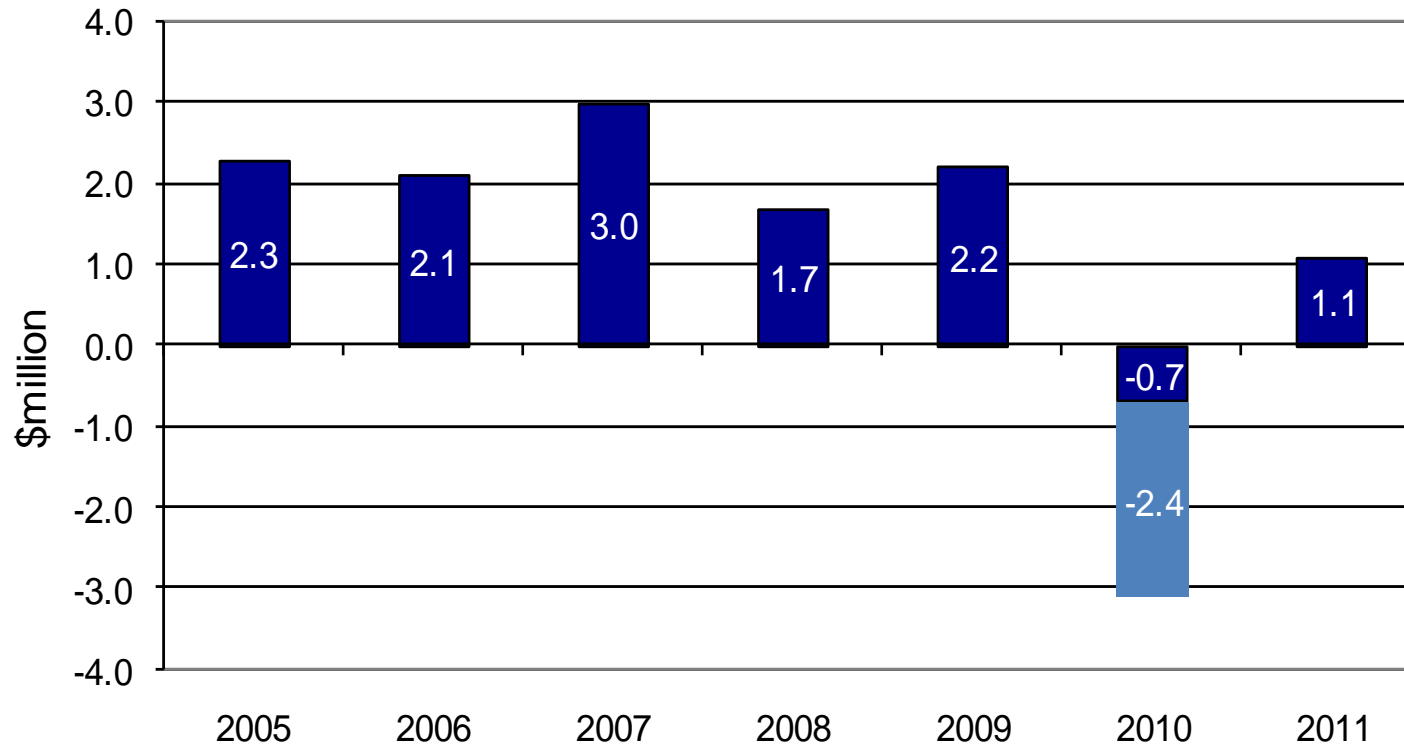
## 2011 – A Year of Consolidation

- The return to profitability in a year when the appreciation of the Australian dollar negatively impacted international revenues by approximately \$0.9m and international profits by approximately \$0.7m
- Establishment of a number of key strategic accounts in the financial services sector of the Australian marketplace
- Growth of the international opportunity pipeline to a size of approximately \$48m
- Commencement of two large phase 2 success fee engagements which will lead to a significant revenue increase in the short term
- Establishment of local operations in Canada and France
- Growth of the Australian based Capacity Planning and Performance Tuning Centre of Excellence to drive the provision of remote services to overseas locations on a scalable basis
- Successful transition of CPT's cost minimisation methodologies from the mainframe to the mid range environment, opening up significant growth opportunities in existing client sites

## Financial Performance - Revenue

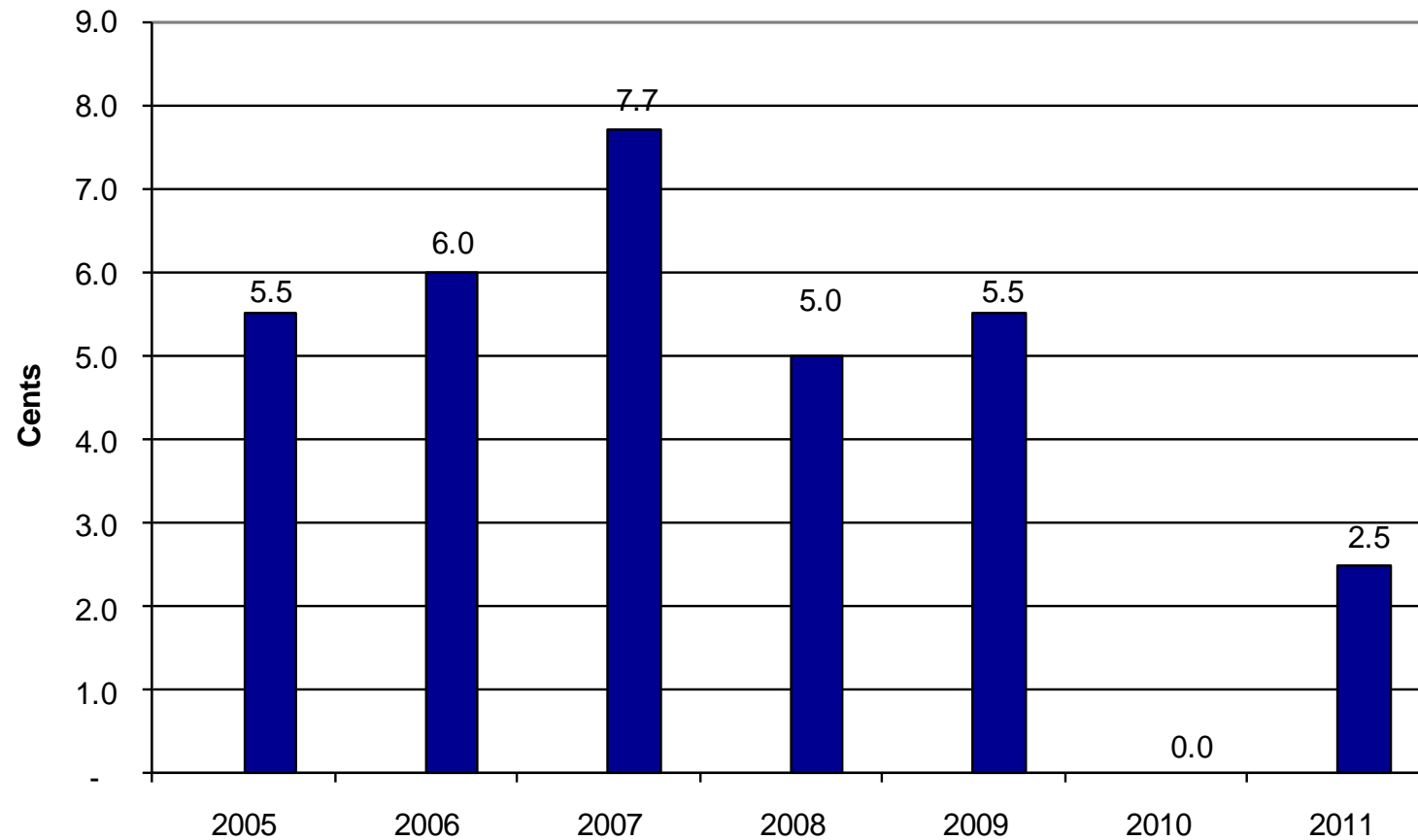


## Financial Performance – Net Profit after Tax



The 2010 result comprised a \$0.7m operating loss and a \$2.4m goodwill impairment charge

## Financial Performance – Dividends per Share



Consistent payment of more than 85% of NPAT by way of fully franked dividend

Final Dividend of 1.0 cents

Record Date

- October 31, 2011

Payment Date

- November 23, 2011

## Balance Sheet

\$ millions	FY 11	FY 10
Current Assets	\$11.4	\$11.7
Total Assets	\$19.4	\$19.8
Current Liabilities	\$5.7	\$6.4
Total Liabilities	\$6.1	\$6.7
Net Assets	\$13.3	\$13.1
Net Tangible Assets	\$6.0	\$5.7
Total Shares on Issue	36.7	36.7

# CPT Service Offerings

## *Value Proposition*

- IT cost optimisation

## *Services*

- Capacity Planning: Cost minimisation via IT capacity optimisation
- Performance: Reduced running costs and maximisation of infrastructure lifetime
- Testing: Ensure systems perform to expectations and targeted benchmarks
- Management of IT: Optimisations of IT costs while ensuring alignment of IT to business strategy

## *Service Model*

- Australia: Placement of independent and expert services for large programs and operations management on the basis of a daily or solution rate
- International: Three phase cost reduction approach
  - ✓ Phase 1 – Exploration of IT environment & assessment of potential savings, performed on a time & materials or fixed price basis (approx \$100k – \$150k revenue)
  - ✓ Phase 2 – Recommendation and implementation of efficiency improvements, with a fee charged based on basis of percentage of client savings (approx \$1m - \$3m revenue)
  - ✓ Phase 3 – Ongoing support ensuring efficiencies are maintained, performed on a time & materials basis (approx \$0.5m – \$2m revenue per annum)



## IT Market & CPT Business Mix

### *Global IT Spend*

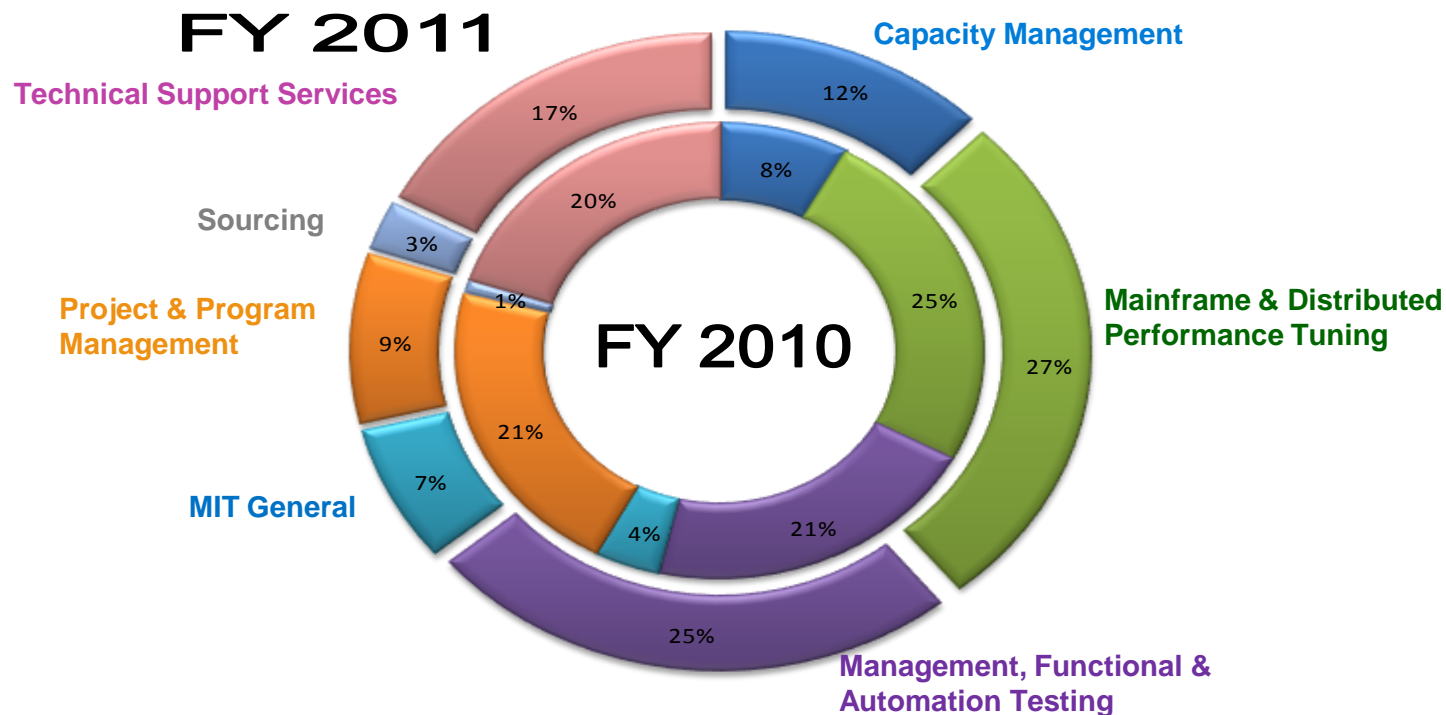
- Australian IT is <2% of global IT
- North America & Europe spend is > 60 % of global IT and is home to the largest companies which have “Super Data Centres”

### *CPT Business Mix*

- Australia
  - ✓ Stable business, servicing approx 60 blue chip clients
  - ✓ Revenue of \$26.6m p.a. at reasonable margins
  - ✓ Revenue predominantly time & materials or fixed price driven by headcount / solution
- International
  - ✓ Growing business, servicing approx 30 Fortune 500 clients, mainly phase 1 with a growing phase 2 pipeline, providing higher margins driven by CPT’s value based solutions
  - ✓ Revenue of \$11.5m p.a. at higher margins than the Australian business
  - ✓ Revenue predominantly success fee based, driven by client savings and then annuity
  - ✓ The larger the client, the larger the revenue from the same level of CPT effort (US banks can be 20 times larger than Australian banks in processing power)
  - ✓ Identification of 15% of mainframe computer usage savings per client in phase 1 and achievement of 19% in phase 2
  - ✓ Highly scalable and can be serviced remotely from Australia

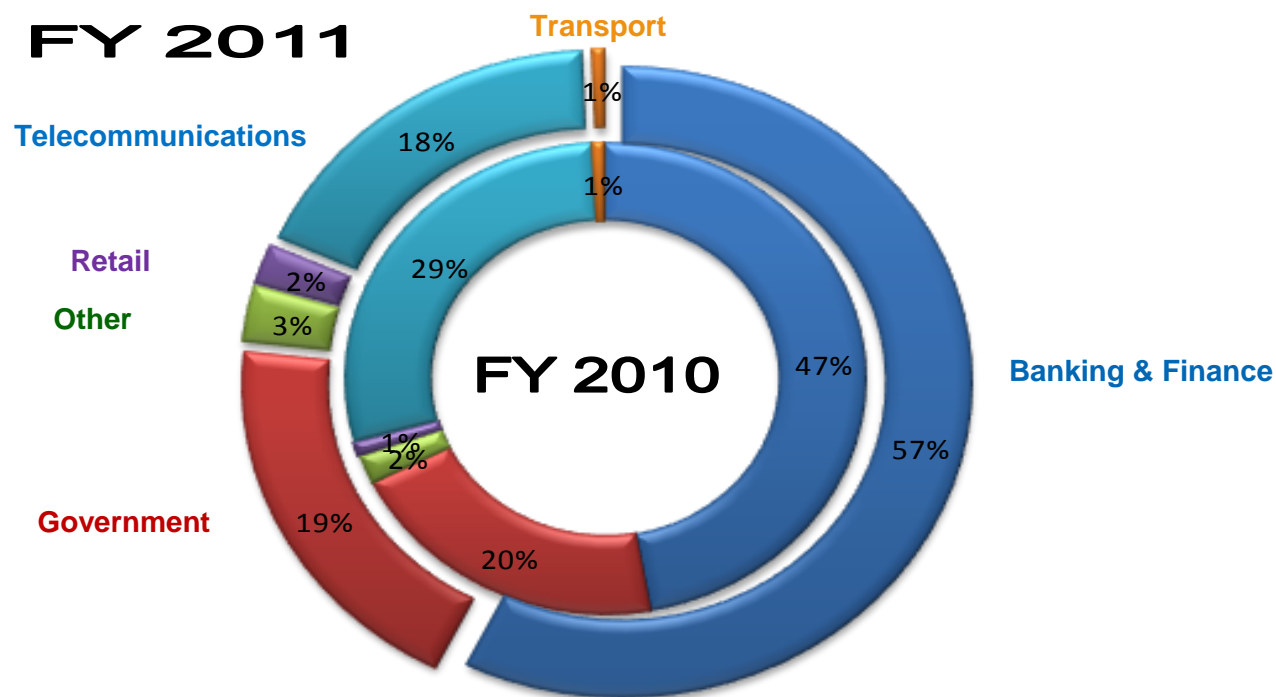
## Revenue by Line of Business

Globally there is a significant shift in CPT's revenue base from project and program management and technical services to capacity management, performance tuning and testing services. These are the areas which CPT is targeting further growth.



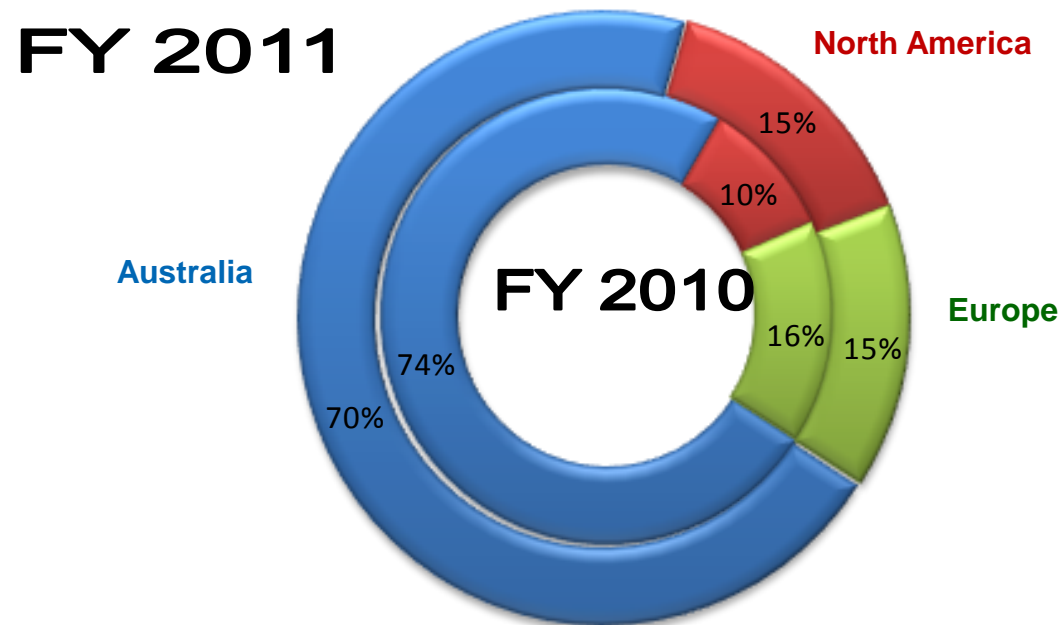
## Revenue by Sector

There is a significant shift away from the telecommunications sector to the banking and finance sector due to the establishment of 2 new strategic accounts in the finance sector and the reduction of activity in CPT's largest telecommunication client.



## Revenue by Region

The international business has grown to 30% of CPT's global revenues. The North American and European markets continue to provide significant growth opportunities. The international business is expected to grow at a far greater rate than the Australian business over the next few years.



## 2011 in Review - Australia

### ***Key Challenges & Focus Areas***

- Wind down of major projects at CPT's largest Australian client resulting in a 54% year on year reduction in client revenue
- Establishment of key strategic accounts
- NSW market expansion
- Efficiency improvements and targeted cost reductions

### ***Recent Performance***

- Establishment of 2 strategic accounts in the Finance sector, resulting in:
  - ✓ Increased revenues year on year of almost 100% for these accounts
  - ✓ Creation of a solid foundation for continued growth
  - ✓ Absorption of the significant reduction in revenue at CPT's previous largest Australian client
- Establishment of 3 new clients in government sector
- Enhanced service offerings, increased practitioner utilisation and reduced overheads
- Strengthened business development and management teams

## 2011 in Review - International

### ***Key Challenges & Focus Areas***

- Strengthening of the Australian dollar
- Client delays on discretionary budgets
- Converting clients from phase 1 projects to the lucrative phase 2 success fee engagements and then annuity accounts
- Targeting increased scalability in the service delivery model

### ***Recent Performance***

- Value proposition continues to gain overseas market recognition
- Commencement of 6 large performance optimisation contracts (4 phase 2)
- Renewal of 2 long term contracts with CPT's largest international clients
- Expansion of services from mainframe to mid range environments, creating growth opportunities in existing as well as new clients
- Establishment of operations in France and Canada
- Establishment of CPT's strongest ever opportunity pipeline
- Establishment of an enhanced Australian based Capacity Planning and Performance Tuning Centre of Excellence to drive the provision of remote services to overseas locations on a scalable basis

## CPT Growth Strategy

### ***Australia***

- Continue steady growth focused on growing strategic client relationships
- Grow Sydney operation through appointment of highly credentialed executives, focusing on blue chip companies and previous CPT clients
- Continued enhancement of service offering to achieve a more solution and service partnership based assignments

### ***International***

- Cultivation of the \$48m pipeline to underpin business expansion of 50% - 100%+ revenue growth in 2-3 years
- Margin expansion through increased scalability and more success fee based engagements
- Increased annuity based engagements

### ***Australia & International***

- Increased revenue on relatively fixed cost base

## Key Opportunities in 2012

### *Australia*

- Continued expansion of footprint in Financial Services sector
- Move to service partnership based relationships with our major clients
- Increased government opportunities through CPT's presence on government supplier panels
- Expansion of CPT's service offerings through enhanced capabilities
- Greater presence in NSW market
- The commencement of the National Broadband Network

### *International*

- Growth in new accounts where CPT has recently commenced phase 2 engagements
- Commencement of additional optimisation engagements from CPT's opportunity pipeline
- Opportunities in the mid range environment
- Increased scalability in the provision of remote services from CPT's capacity planning and performance tuning centre of excellence



## Outlook

### ***Australia***

- Steady growth, with a focus on the Sydney market
- Increased margin as service delivery efficiencies are obtained

### ***International***

- Aggressive growth over next 2 – 3 years based on proven value proposition and very strong opportunity pipeline
- Increased margins through increased scalability and more success fee engagements
- Establishment of annuity revenue stream for many clients

### ***Risks***

- North American and European economies may slow
- Timing of international engagements: Client decision delays could hold up growth
- Australian dollar: Further strengthening will continue international revenue erosion