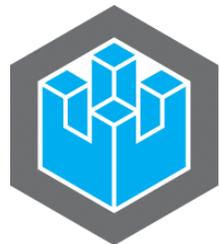


H1 FY19 RESULTS

19 February 2019

Darren Stanley, CEO

Jenny Martin, CFO



citadel group

MANAGING COMPLEXITY

Accelerating growth in SaaS delivering results



citadel group
MANAGING COMPLEXITY

H1 FY19 results underpinned by SaaS and new product growth

- Record level of H1 revenue from Software/Software-as-a-Service (SaaS) solutions – up 39.1%
- High quality delivery continuing to support organic growth
- Robust growth in new product deployments and associated managed services
- Sales focus transitioned towards scalable solutions that provide annuity revenue streams
- Increased investment in SaaS platform development to drive long-term sustainable growth
 - First international client secured for Citadel-IX platform and significant growth in domestic market well underway
 - vResponder developed to provide bureau services to first responder agencies domestically and worldwide
 - New out of the box SaaS solution released (CHARM Standard)
- Customer base continues to expand across all key verticals
- Procurement-as-a-Service offering now available to new and existing clients with Gruden acquisition
- Strong focus on international penetration across Health, Government and National Security being lead by new GM of International
- Record pipeline positions Citadel for a strong H2 FY19 and beyond

Successful pivot to “Citadel 2.0” strategy

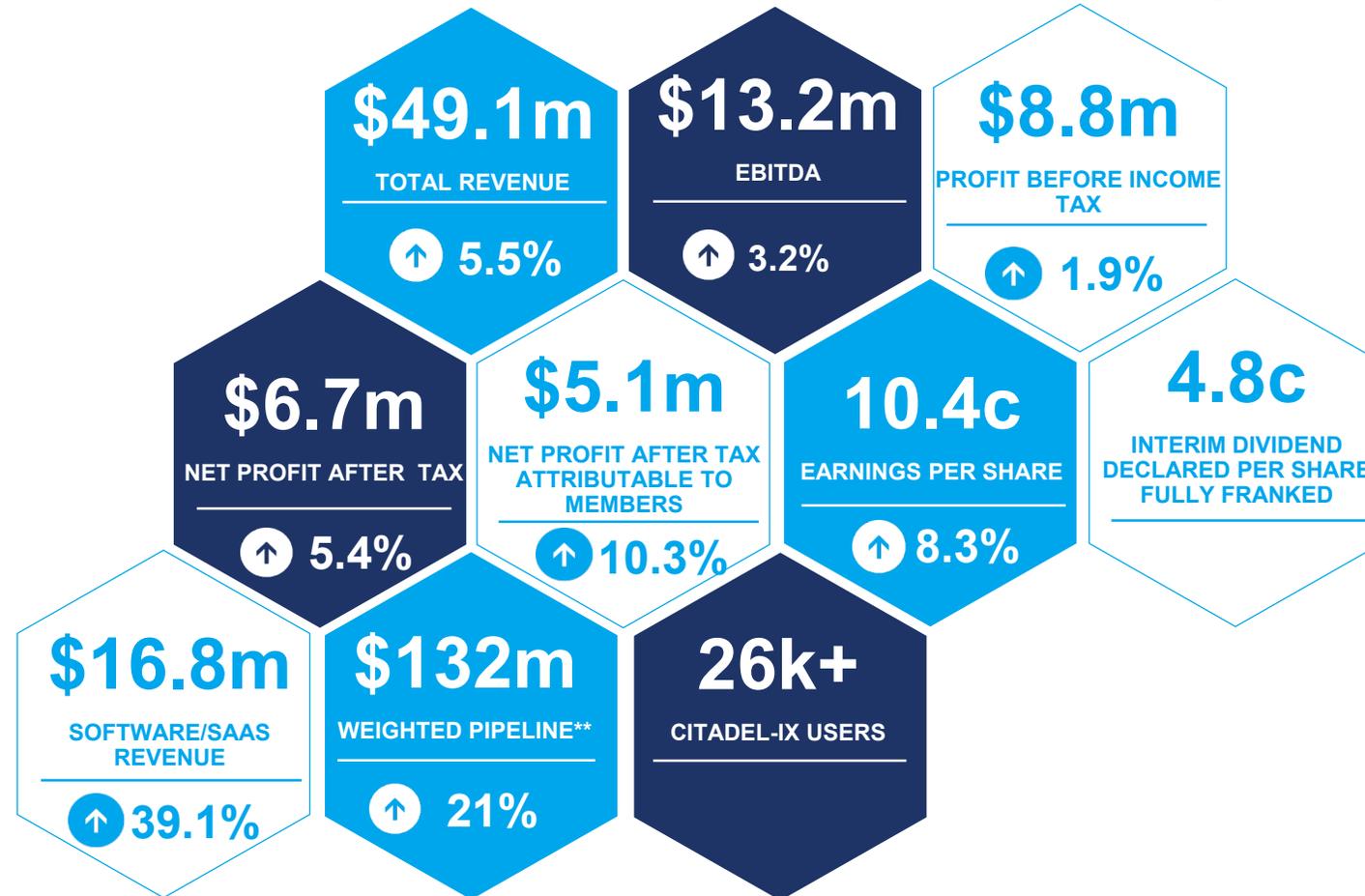


citadel group

MANAGING COMPLEXITY

Increased Software/SaaS* and product revenue underpinned sustainable growth

Financial Metrics from Continuing Operations



Product Metrics

Previous corresponding period (PCP): Half year ended 31 December 2017. PCP restated as a result of adoption of AASB15 *Revenue from Contracts with Customers*

*SaaS is defined to include both 'Software as a Service' and 'Platform as a Service' solutions

**Weighted pipeline represents the estimated Total Contract Value (TCV) of active sales opportunities, weighted by the estimated probability of winning the contract as at 31 December 2018 compared to 30 June 2018.

Continued earnings growth



Reflects pivot to scalable software solutions and product contracts

(\$m)	H1 FY19	H1 FY18*	Change
Total Revenues	49.1	46.6	5.5%
Gross Profit	23.3	23.4	(0.6%)
Gross Profit margin	47.3%	50.2%	
EBITDA	13.2	12.8	3.2%
EBITDA margin	26.8%	27.4%	
Depreciation & Amortisation	3.8	3.3	15.5%
EBIT	9.4	9.5	(1.1%)
Finance Costs	0.6	0.8	(32.9%)
NPBT	8.8	8.6	1.9%
Tax Expense	2.1	2.3	(8.0%)
NPAT from Continuing Operations	6.7	6.4	5.4%
NPAT from Discontinued Operations	-	(1.2)	NR
NPAT from Continuing Operations Attributable to:			
Owners of CGL	5.1	4.6	10.3%
Non-Controlling Interests	1.6	1.7	(7.7%)

- Total revenue up 5.5% to \$49.1m
 - Rollout of SaaS solutions to multiple clients, with Software/SaaS revenue up 39.1% to \$16.8m
 - Benefits from cross selling to existing clients and implementation of new solutions
 - Reduction in revenue from one-off projects - sales focus transitioned to scalable solutions that provide annuity revenue streams
 - Immaterial impact of adoption of AASB15 on restatement of H1 FY18 (\$1.0m reduction in revenue, \$0.6m reduction in cost of sales, \$0.1m reduction in tax expense, \$0.2m reduction in NPAT from Continuing Operations)
- Gross profit margin moderated to 47.3% as planned
 - Reflects shift in revenue mix to SaaS and increased revenue contribution from products
- EBITDA up 3.2% to \$13.2m
 - Investment in new SaaS technologies including SaaS platform development
 - Higher recurring revenue that reduces upfront revenues and extends those revenues over an extended period

*Restated as a result of adoption of AASB15 Revenue from Contracts with Customers

Strong Balance Sheet



citadel group
MANAGING COMPLEXITY

Balance sheet supports business investment and growth initiatives

(\$m)	31 Dec 2018	30 Jun 2018*
Cash	16.0	24.9
Trade & other receivables	16.9	15.2
Plant & equipment	10.4	7.9
Intangible assets	72.5	73.9
Other assets	26.2	24.8
Total assets	142.0	146.7
Debt	15.6	17.8
Trade & other payables	17.0	21.0
Other liabilities	24.4	21.6
Total Liabilities	57.0	60.4
SHAREHOLDERS EQUITY	85.0	86.3

- Cash position at \$16.0m reflecting:
 - Payment of total dividends of (\$5.7m)
 - Repayment of loans (\$2.6m)
 - Payment for Gruden acquisition of \$1.2m in December 2018, with \$0.4m payable in March 2019
- Decrease in Debt following the scheduled amortisation of debt facility
- Increase in Other liabilities mainly reflects increased Deferred Tax liabilities

*Restated as a result of adoption of AASB15 *Revenue from Contracts with Customers*

Increased cash flow from operations

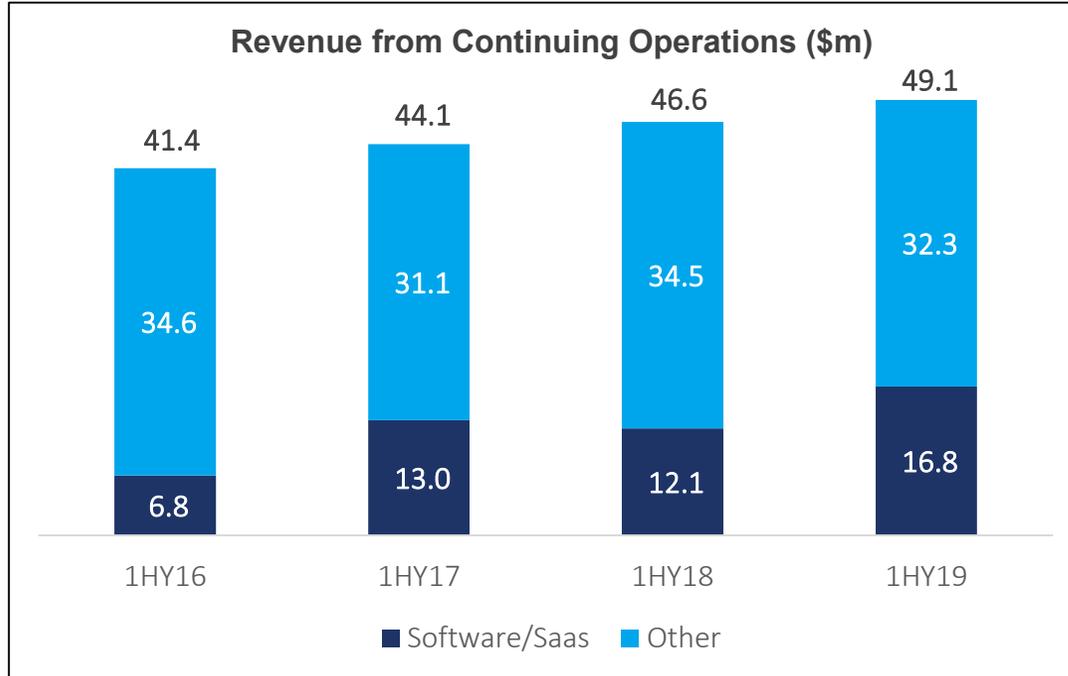


Cash flow reflects continued investment in software capabilities

(\$m)	H1 FY19	H1 FY18
Net cash inflow from operating activities	3.6	2.1
Net cash outflow from investing activities	(4.3)	(19.2)
Net cash from financing activities	(8.4)	6.4
Net increase / (decrease) in cash from continuing operations	(9.1)	(10.7)
Net (decrease) in cash from discontinued operations	0.0	(0.5)

- Operating cash inflow up \$1.5m from H1 FY18
 - Operating cash is traditionally low in H1. Strong H2 cash flows support capex and dividends
 - More consistent tax instalments drove the increase in operating cash versus prior corresponding period (PCP)
- Investing cash outflow decreased to (\$4.3m)
 - PCP included (\$12.8m) final deferred payments of the PJA Solutions acquisition and net cash consideration for CHARM of (\$4.5m)
 - Current period includes acquisition of Gruden (\$1.1m net of cash acquired) and \$3.2m investments in plant and equipment, including internally developed software and capabilities
- Financing cash outflow of (\$8.4m)
 - Payment of total dividends of \$5.7m
 - Repayment of \$2.6m in borrowings

Strong growth in SaaS and new product revenue



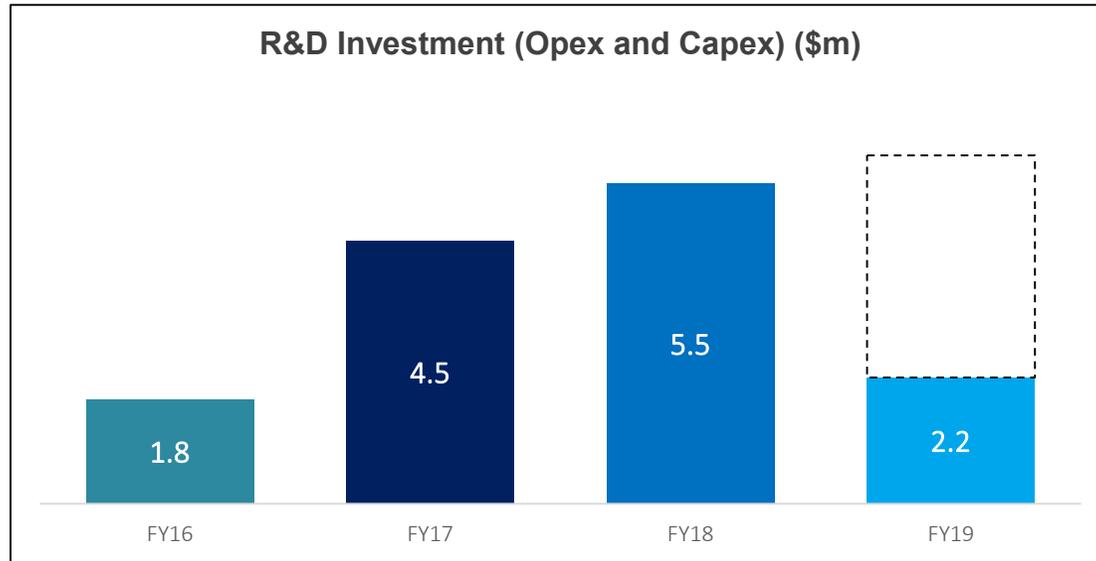
- Revenue growth reflects roll-out of existing contracts, new SaaS contracts and growth in product sales
 - Software/SaaS revenue growth of 39.1% compared to PCP
 - Software/SaaS revenue includes upfront perpetual licence fees, monthly SaaS revenue, annual maintenance or managed service revenue
- Proportion of revenue from SaaS increased from 16.3% in H1 FY16 to 34.2% in H1 FY19, and is expected to continue increasing
- Strong revenue growth from SaaS business following investments made to develop and enhance software and platform capabilities
- On target to achieve 1 new customer a month for Citadel-IX – now 8 clients and over 26,000 users – targeting 200,000 users in FY20

Investments accelerated pivot to SaaS



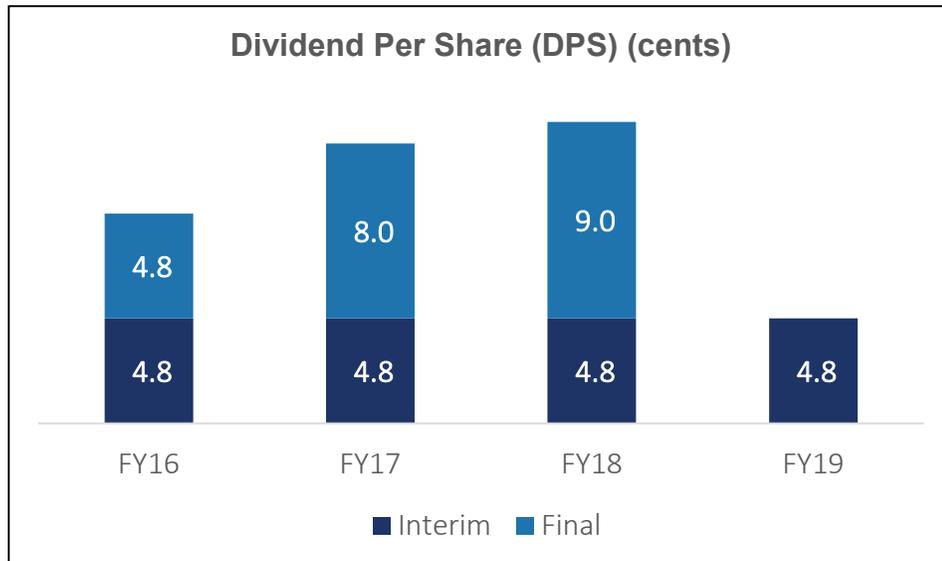
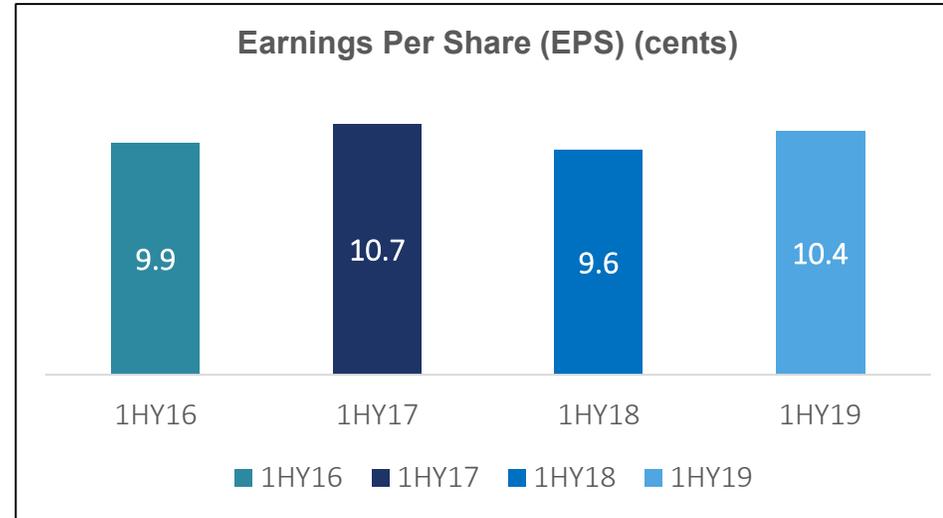
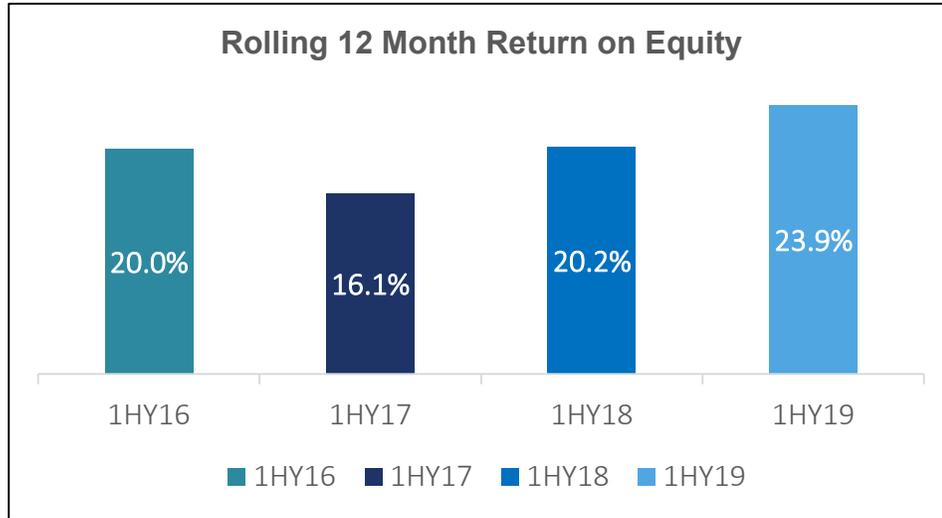
citadel group

MANAGING COMPLEXITY



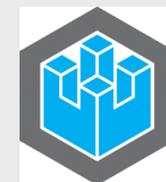
- Investments made to develop secure cloud-based software solutions have led to a direct increase in SaaS revenue from new client wins and cross-selling opportunities
- Citadel has transformed to a highly scalable business with increasing recurring revenues
- Selection of key investments made to scale growth:
 - CHARM platform redeveloped to a fully hosted solution to enable rapid expansion of customer base. CHARM Standard released in H1 FY19
 - Significant investment in improved security of the Citadel-IX platform, achieving ISO27001 certification in H1 FY19
 - Multiple Kapish products released to market and in development
 - Multiple vResponder product enhancements to meet current and future client requirements
 - Acquisitions of APP and Gruden expand customer and product base
- Investments continue to be made in business critical software, big data/knowledge management and digital solutions across product suite

Ongoing strong returns



- Increase in rolling 12 month return on equity to 23.9%
- Growth in EPS whilst investing in the business for future growth
- Pivot to SaaS with annuity revenue streams will drive future EPS growth
- Strong cash position continues to underpin a solid dividend distribution profile – Interim Dividend maintained at 4.8c per share

CITADEL 2.0

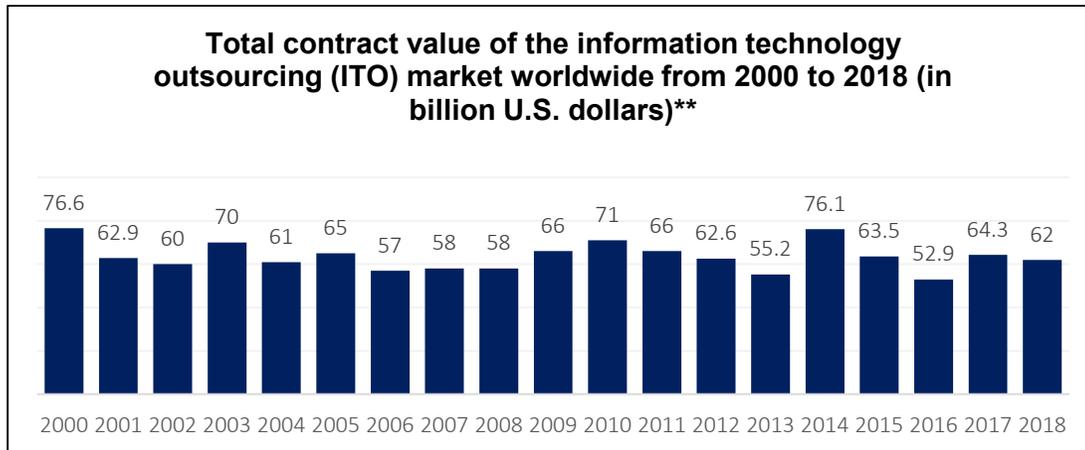
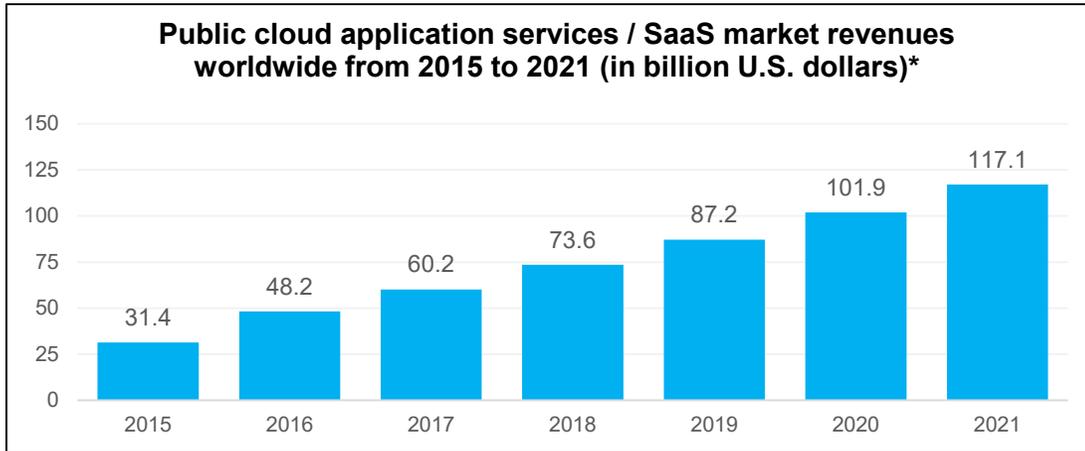


citadel group
MANAGING COMPLEXITY

SaaS – rapidly growing market globally



Simplified technology service delivery taking share from traditional outsourcing



- In 2018, the software as a service market was estimated to be worth US\$73.6 billion
- This is expected to grow almost 60% to US\$117 billion by 2021
- Citadel is well positioned to increase our share of this large and growing market

- By contrast, the total contract value of the information technology outsourcing (ITO) market worldwide from 2000 to 2018 has declined 19% since 2000
- This market is less predictable, has longer sales cycles and is likely to continue to decline in the long term
- As a consequence, Citadel will continue to be involved in this market, but our opportunity lies with increasing our share of the SaaS sector

*Source: Gartner

** Sources: Information Services Group; TPI

Citadel's pedigree provides opportunity



citadel group
MANAGING COMPLEXITY

Our people, know-how and systems are scalable

- Citadel's origins were in providing specialist advisory, training and technology services to federal government departments where it built a foundation of trust and execution excellence
- Citadel is now a leader in secure, enterprise information management solutions with a global focus, successfully pivoting to SaaS
- Our track record of success, institutional knowledge and product solutions in Defence/National Security, Government, eHealth and tertiary education position us well to increase SaaS market share both in Australia and globally



Prioritise market and product relationships that align with our expertise

1. Adoption of a bi-modal business strategy to Maintain and Grow with a key focus on building an enduring business
 - Cross-Selling to drive growth from developed and acquired products to our existing clients
 - Citadel channel and reseller partners will help us scale our sales and support
2. Development focused on SaaS solutions that can hyper-scale in our areas of expertise
 - SaaS annuity style revenue model will allow us to grow and scale through shorter sales cycles, reduced client concentration and larger numbers of new clients
3. Moving into adjacencies where our pedigree and expertise can be efficiently leveraged
 - Focus on market and product relationships that align with our expertise where we have a competitive advantage

Overview of SaaS product suite



citadel group
MANAGING COMPLEXITY

Citadel-IX

- A modular SaaS platform designed to provide both domestic and international customers with secure, flexible options to manage their enterprise information.

vResponder

- Citizen-centric digital platform designed to keep people safe and assist responders to deal with workplace incidents and national security threats.

Kapish productivity suite

- Series of software modules linked to HPE TRIM and Content Manager that enhances productivity, workflow automation and systems integration.

Evolution

- Enterprise Class Laboratory Information Management System (LIMS) that seamlessly integrates with instruments and other systems and provides unrivalled flexibility to customise data fields, reference lists, user privileges, workflows and reports.

CHARM

- The leading Australian oncology e-health solutions business. Acquired in September 2017 and platform redeveloped by Citadel.

Anesthetic Private Practice (APP)

- Cloud-based Software-as-a-Service (SaaS) practice management and billing solution for the anesthetist market. Acquired in April 2018.

Gruden

- New Procurement-as-a-Service offering and access to additional key government and telecommunications panels, acquired December 2018.

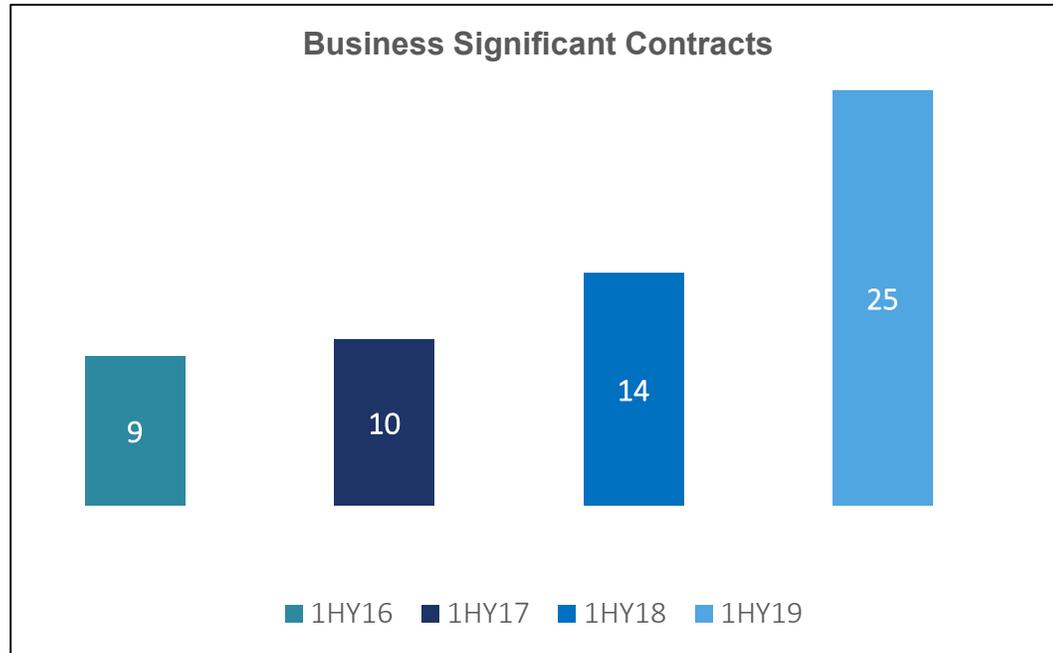
**Successful pivot to
Citadel 2.0 positions us
for attractive sustainable
long term growth**



citadel group

MANAGING COMPLEXITY

Significant SaaS contract growth

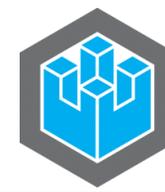


Significant Contracts include:

- Contracts and relationships that have a significant total lifetime value (TLV)
- Enterprise clients with the opportunity to utilise 2 or more Citadel products/offerings

*Weighted pipeline represents the estimated Total Contract Value (TCV) of active sales opportunities, weighted by the estimated probability of winning the contract as at 31 December 2018 compared to 30 June 2018

- Average tenure of contracts remains > 4 years
- H1 FY19 growth driven by subscription based models with more expected in H2 FY19
- Total weighted pipeline* now in excess of \$132m (30 June 2018: \$109m) with approximately 70% in SaaS opportunities to new and existing clients
- Currently 8 clients utilising Citadel-IX covering 26,000+ seats. Targeting at least 1 new Citadel-IX customer per month for the remainder of FY19, and 200,000 seats in FY20



Software and Managed Service Solutions

- New 9-year contract with **Queensland Department of Transport and Main Roads** to provide a secure, hosted managed service for the Electronic Development Application Management (eDAM) system. eDAM manages over 22,000 Development Applications across Queensland and will be hosted on Citadel-IX Secure Information Management Platform
- **Key Government Department** pilot of Citadel-IX with a view to rolling it across 25,000 users
- First international client for Citadel-IX
- Citadel-IX solution to manage highly sensitive information on behalf of an independent public body
- Providing the **City of Yarra** a 3+3 year electronic document and records management system (eDRMS) Managed Service for 1,500 users
- Signed a 5 year eDRMS support agreement with a **Government client** with 1,500 seats, including a pilot migration to Citadel-IX
- vResponder solution provided to **Crimestoppers** to automate crime reporting for members of the public
- CHARM 5 year contract with **Queensland Health** for chemotherapy management information system
- New CHARM Oncology implementations with **John Hunter Hospital, Slade Pharmacies, Prince of Wales Private Hospital and St Vincent's Hospital, Lismore**
- Two year extension to provide Managed Services **to Monash University** through to 2021

New contract wins (continued)



Software and Managed Service Solutions

- Contract to provide an Architecture Managed Service for the Australian Centre to Counter Child Exploitation
- Selected to provide content and collaboration services to the **National Disability and Insurance Agency (NDIA)**
- Content and collaboration services for the **Department of Veteran's Affairs** in Brisbane
- Continued engagement in significant programs of work for the **Defence Department**, including Air 7000 Project with base upgrades around Australia
- Appointed as technology partner to **Swinburne University** off the back of the quality of work being done with Monash University and Deakin University
- Provision of Seneca/Panopto Video Capture capabilities to the **University of Newcastle**, based on recent distribution partnership arrangements

Positive outlook for continued growth



... underpinned by SaaS strategy

- Recurring revenues from SaaS products to continue to grow
- Strong balance sheet supports business investment and growth initiatives
 - Increased investment in SaaS platform development to drive long-term sustainable growth
- Sales focus transitioned towards scalable solutions that provide annuity revenue streams
 - Citadel-IX opportunities are building strongly (with circa 100,000 seats now being actively discussed with our clients)
 - Also focused on vResponder given substantial global market opportunity
 - Provide a strong annuity based revenue stream rather than project based opportunities
- Revenue from opportunities won in H1 FY19 to flow from H2 FY19 onwards
- Strongest ever pipeline of opportunities for SaaS products positions Citadel for a strong H2 FY19
- Ongoing and active M&A program in both domestic and international markets

Important Notice and Disclosure



citadel group
MANAGING COMPLEXITY

The information contained in this presentation prepared by The Citadel Group Limited (ASX:CGL) is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or specific needs of any particular person. Potential investors must make their own independent assessment and investigation of the information contained in this presentation and should not rely on any statement or the adequacy or accuracy of the information provided.

To the maximum extent permitted by law, none of the CGL Group of Companies, its directors, employees or agents accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects, statement or returns contained in this presentation. Such forecasts, prospects, statement or returns are by their nature subject to significant uncertainties and contingencies. Actual future events may vary from those included in this presentation.

The statements and information in this presentation are made only as at the date of this presentation unless otherwise stated and remain subject to change without notice.

CONTACTS

Darren Stanley, CEO

Phone: +61 2 6124 0800

Mobile: +61 412 557 993

Email: darren.stanley@citadelgroup.com.au

Ronn Bechler, MD Market Eye

Phone: +61 3 9591 8901

Mobile: +61 400 009 774

Email: ronn.bechler@marketeye.com.au