Australian Stock Exchange
Company Announcements Platform
27 August 2012

UXC Limited
ABN 65 067 682 928

MARKET ANNOUNCEMENT

Investor Presentation

The Directors of UXC Limited are pleased to provide the attached Investor Presentation in support of the 2012 UXC Annual Report, lodged today.

An investor teleconference has been scheduled for 10:30am today whereby the results will be presented by the Managing Director, Cris Nicolli, and the Finance Director / Company Secretary, Mark Hubbard. A link to this conference is available on the home page of the UXC website: www.uxc.com.au

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ABOUT UXC LIMITED

UXC Limited is an ASX listed Australian business Solutions Company, and one of the largest Australian owned ICT consultancy firms. UXC services medium to large entities in the private and public sectors across Australia and New Zealand.

UXC provides ICT Solutions in Consulting, Business Applications and Infrastructure that support our customers to design, implement & enhance, and operate & manage their ICT requirements.

UXC strives to be the leading Australasian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people.

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INSPIRE CREATE DELIVER

UXC Limited
2012 Full Year Report

Building a Track Record

Cris Nicolli, Managing Director
Mark Hubbard, Finance Director / Company Secretary

Twelve Months Ended 30 June 2012

Contents – Building a Track Record

Highlights – Building a Track Record

- Excellent progress on strategy execution - UXC is now a profitable, more competitive, pure play IT company with a debt-free balance sheet, strong cash position and good free cash flow
- Delivered on Earnings Intentions:
  - > NPAT from Continuing Ops up 301% vs pcp to $18.2m
  - > EPS from Continuing Ops up 301% vs pcp to 5.94 cps
  - > 2H FY12 underlying PBT up 89% vs pcp to $18.6m
- Revenue growth driven by large contract wins and strong customer support
- Ongoing margin improvement remains the highest priority - medium term targets upgraded as a result of improvements already achieved
- A simplified, transparent and more professional UXC with emerging earnings power, driven by Applications businesses
- Initiated Board refresh
- Commitments to improving shareholder returns: 2.5cps final dividend fully franked

A more competitive, consistent and profitable UXC is emerging

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Financial Performance

From Continuing Operations only	**FY12**	**FY11**	**Change % vs pcp**	**Notes**
Revenue	$560.1m	$521.4m	7.4%	Strong client support & customer wins
EBITDA underlying	$34.1m	$30.6m	11.7%	More competitive, simplified UXC
EBITDA Margin % underlying	6.1%	5.9%	-	Key driver of future earnings growth is highest priority
Transformation & Redundancy Costs	$2.4m	$1.1m	118%	Execution of Transformation Strategy
Net Profit After Tax	$18.2m	$4.5m	301%	Realising emerging earnings power
Basic EPS cps	5.94	1.48	301%	All earnings growth delivered to EPS
Cash Flow from Ops	$30.9m	$26.5m	16.6%	Earnings recovery drives free cash flow
Dividends per share	3.50 cps	2.0 cps*	75%	Commitment to improve shareholder returns
Net Cash / (Debt)	$40.0m	($25.5m)	-	Debt repaid, well positioned
Cash Backing per share	13.11 cps	(8.34 cps)	-	
ROE %	9.9%	2.6%	-	Focus on capital management

* Return of capital

Emerging Earnings Power

PROFITABILITY FROM CONTINUING OPERATIONS	FY2012	Change % vs FY11	H2 FY12	H1 FY12
EBITDA underlying [1]	$34.1m	11.8%	$21.8m	$12.3m
PBT – underlying [1]	$27.1m	48%	$18.6m	$8.5m
PBT – reported	$25.0m	178%	$18.5m	$6.5m
Net Profit after Tax	$18.2m	301%	$13.4m	$4.8m
Basic Earnings per Share	5.94 cps	301%	4.39 cps	1.55 cps

[1] underlying is exclusive of non recurring charges such as impairments, redundancies and transformations costs

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Revenue up 7.4% to $560m

REVENUE	FY12	Change % vs FY11	H2 2012	H1 2012
Consulting	$89.9m	12.9%	$47.9m	$42.0m
Applications	$259.7m	15.7%	$143.3m	$116.4m
Infrastructure	$218.9m	(3.1%)	$120.8m	$98.1m
Eliminations	($8.4m)	(2.7%)	($7.7m)	($0.7m)
Total	$560.1m	7.4%	$304.3m	$255.8m

- Record result for pure IT company – all but $0.5m organic
- Strong customer support, large contract wins and market share gains
- Momentum built through the year notwithstanding weak economic conditions & contract deferrals

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Revenue Breakdown

REVENUE	FY12	Change % vs FY11	H2 2012	H1 2012
Services	$285m	13.9%	$146m	$139m
Annuity	$152m	8.8%	$79m	$73m
Products & Licenses	$123m	(6.4%)	$79m	$44m
Total	$560m	7.4%	$304m	$256m

- Services continue to show strong growth
- Good growth in annuity (maintenance & managed services)
- Products & License impacted by key client deferrals
- Annuity is 27% of Revenue

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Segment Profitability

UNDERLYING PBT BY SEGMENT [1]	**FY12**	**Change % vs FY11**	**H2 2012**	**H1 2012**
Consulting	$5.4m	(27%)	$2.7m	$2.7m
Applications	$27.0m	8%	$16.6m	$10.4m
Infrastructure	$7.7m	21%	$5.8m	$1.9m
Unallocated	($12.9m)	(37%)	($6.4m)	($6.5m)
Total	$27.1m	48%	$18.6m	$8.5m

[1] underlying is exclusive of non recurring charges such as impairments, redundancies and transformations costs

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Segment Margins

UNDERLYING PBT MARGINS BY SEGMENT	**FY12**	**H2 2012**	**H1 2012**
Consulting	6.0%	5.6%	6.4%
Applications	10.4%	11.6%	9.0%
Infrastructure	3.5%	4.8%	1.9%
Total	7.0%	8.0%	5.8%

- Margin improvement primarily generated by right-sizing staff costs, improvements in utilisation, and margin benefits of delivery of larger contracts

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Commitment to Free Cash Flow

CASH FLOW FROM:	FY12	FY11	Change vs pcp
Operating Activities	$30.9m	$26.5m	17%
Investing Activities [1]	$42.7m	($10.2m)	-
Free Cash Flow [2]	$26.5m	$1.6m	-
Financing Activities [3]	($62.3m)	($24.4m)	155%
Cash at Year End	$40.5m	$27.2m	49%

[1] FY12 Primarily proceeds of sale from FSG less CAPEX

[2] Free cash flow defined as underlying EBITDA $34.1m, less cash taxes paid -$1.017m, net interest & finance costs paid -$1.421m, change in working capital $4.037m, CAPEX - $4.705m (total rather than maintenance estimate) and payments for intangible assets -$4.526m. Underlying EBITDA excludes non recurring charges such as impairments, redundancies and transformation costs.

[3] FY12 Primarily debt reduction, dividends paid, return of capital distribution and share buy back

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Bank Debt Repaid – net cash $40m

	30 June 2012	31 Dec 2011	30 June 2011
Gross Debt	$0.5m	$18.7m	$52.7m
Cash	$40.5m	$17.1m	$27.2m
Net Cash / (Debt)	$40.0m	($1.6m)	($25.5m)

- $5.75m vendor loan to purchaser of FSG repaid
- Earnings recovery, working capital improvement and divestments driving free cash flow and repayment of all bank debt
- $65.5m improvement in net cash from prior year net debt position
- NAB facility of $32m still available for new opportunities

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Cash Flow Seasonality Explained

Cash flow affected by seasonal factors that affect working capital:

- Peak cash receipts in June quarter from government procurement and license sales
- Related disbursements in September Quarter
- Cash flow generally equivalent to EBITDA for FY12, broadly consistent with prior years
- We have a renewed focus on the management of working capital metrics and cash flow

Cash flow movements

Opening cash 30 June 2011	**29,163**
EBITDA Continuing Ops	31,754
EBITDA Discontinued Ops	(2,480)
Working capital movement	4,037
Net borrowing costs paid	(1,421)
Tax paid	(1,017)
Cash generated by Operations	30,873
Capex and investing activities	42,672
Financing activities	(62,377)
Net increase in cash held	11,168
FX movement	214
Closing cash	**40,545**

Underlying Earnings Explained

	FY12	FY11
Underlying EBITDA	$34.1m	$30.6m
Depreciation & amortisation	($6.2m)	($5.8m)
Net interest expense	($0.8m)	($6.4m)
Underlying PBT	$27.1m	$18.4m
Transformation & redundancy	($2.4m)	($1.1m)
Impairment of NCSS		($4.0m)
Other non recurring	$0.3m	($4.2m)
Profit Before Tax	$25.0m	$9.1m

- Normalised for non-recurring costs
- 12% underlying EBITDA growth
- More than $10m of costs removed from the business in H2FY12

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Unallocated Costs Explained

	FY12	FY11	% reduction
Corporate costs	$4.9m	$7.8m	37%
Old BSG	$4.4m	$6.0m	26%
Transformation costs (redundancies allocated)	$1.3m	-	
Major Accounts New Sales Team	$2.6m	-	
Net unallocated Interest expense	$1.0m	$6.6m	84%
	$14.2m	$20.4m	30%

- Commitment to improve business efficiency, transparency & reporting
- Significant reduction in total unallocated costs – down 30.3%
- “Corporate” costs down 37% (staff, audit, communications & other)

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Focus on Capital Management

- Final dividend of 2.5 cents per share fully franked – 3.5 cents per share for the year
- Prudent payout ratio 59% on EPS from Continuing Operations
- FY12 $9.89m available franking credits ($7.92m FY11)
- Share buy back - 3m shares purchased on market at prices accretive to EPS
- Buy Back Program Policy:
  1. Accretive prices
  2. Balance sheet remains conservative
  3. Must be an attractive use of cash relative to other investments and returns
  4. Program expires September 2012 – will review then
- Disciplined approach to strategic acquisitions (accretive) around the core operating model – Jireh Consulting acquired Feb 2012, Tripoint in July 2012 and Stream (not completed) in August 2012.

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Operational Review FY12

Disciplined Execution of Strategy

- Transformation and Simplification
  - > Completed UXC Consulting by merging six consulting brands
  - > Completed 'new' UXC Connect by merging three infrastructure brands
  - > Improved go-to-market and supports sales strategy
  - > Incurred $2.4m in transformation costs
    - $1.3m in 1H12: ($550k Consulting, $750k Infrastructure)
    - $1.1m in 2H12 (Phase II almost entirely redundancies)
- Phase II Transformation Program
  - > Company wide cost reduction and efficiency improvement program achieved
  - > Cost take-out of more than $10 million per annum in Jan / Feb 2012
- Transformation caused distraction to the relevant businesses, contributed to delay in delivering target margins

A more competitive, consistent and profitable UXC is emerging

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Operational Review FY12

Disciplined Execution of Strategy

- Significant Customer Wins
  - > Large wins in delivery phase
    - City West Water
    - Fosters / TWE
    - Hills Industries
    - Holcim
  - > Additional wins not yet announced
    - Utilities
    - State Government
- More professional UXC with stronger internal controls established
    - Major accounts teams established
    - Improved “go to” market & service to clients
    - Stronger risk controls on tenders & project management

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Vision & Competitive Position

Our Vision

- To be the leading Australasian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people

Our Competitive Position

- To be recognised as the leading alternative to the multi-nationals through good customer retention and large new account wins with the leading Applications businesses driving growth and earnings

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UXC – the Integrated Model

UXC consulting
UXC professional solutions

oxygen
eclipse A UXC COMPANY
RED ROCK CONSULTING A UXC Company

UXC connect

> Who we are

CONSULTING AND PROFESSIONAL SOLUTIONS	ENTERPRISE APPLICATIONS	ICT INFRASTRUCTURE
UXC Consulting UXC Professional Solutions UXC Engineering Solutions	Eclipse (Microsoft Dynamics) Red Rock (Oracle) Oxygen (SAP)	UXC Connect

> What we do

CONSULTING AND PROFESSIONAL SOLUTIONS	ENTERPRISE APPLICATIONS	ICT INFRASTRUCTURE
- Advisory Research - Strategy & Architecture - Business Transformation - Project, Program & Portfolio Management - Business Analysis - Technical Design - Communications Consulting - Training	- ERP, CRM - Analytics & Business Intelligence - HCM - Supply Chain Management - Corporate Performance - Enterprise Content Management - Financials	- Network Infrastructure - Unified Communications - Data Centre Optimisation - Workspace Virtualisation - Managed Services & Support - Enterprise Mobility - Contact Centre - Entertainment & Content - IP Video Surveillance -Outsourcing & Cloud

> How we do it

Design > Implement & Enhance > Operate & Manage

> Customers

Health > Utilities > Government > Financial Services > Manufacturing > Resources > Telco

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Competitive Landscape – UXC is #2

Business & IT Consulting *

	Company	Market Share CY2011 %
1	IBM	9.8%
2	**UXC**	**6.7%**
3	Accenture	6.6%
4	KPMG	5.1%
5	Ernst & Young	4.5%
6	PricewaterhouseCoopers	4.2%
7	CSC	4.0%
8	Deloitte	3.9%
9	SMS	3.3%
10	Salmat	2.0%
11	Booz Allen Hamilton	1.7%
12	HP	1.2%
13	SAP	1.1%
14	Oakton	1.0%
15	Capgemini	0.9%
16	McKinsey & Co.	0.9%
17	Infosys	0.8%
18	CPT Global	0.8%
19	Oracle	0.8%
	Other Providers	39.7%

Software Support

	Name	Market Share CY2011 %
1	HP	13.0%
2	Oracle	4.4%
3	Salmat	3.6%
4	IBM	3.2%
5	Accenture	2.6%
6	Microsoft	2.3%
7	SAP	2.2%
8	Symantec	2.2%
9	UXC	2.1%
10	CSC (Comp.Sci.Corp.)	1.8%
11	Sage	1.8%
12	Cisco	1.7%
13	Datacom	1.3%
14	CA Technologies	1.2%
15	Mahindra Satyam	1.1%
16	Dimension Data	0.9%
17	Software AG	0.9%
18	Fujitsu	0.9%
19	Parametric Technology	0.9%
	Other Providers	51.9%

- Includes consulting work performed by UXC enterprise applications businesses

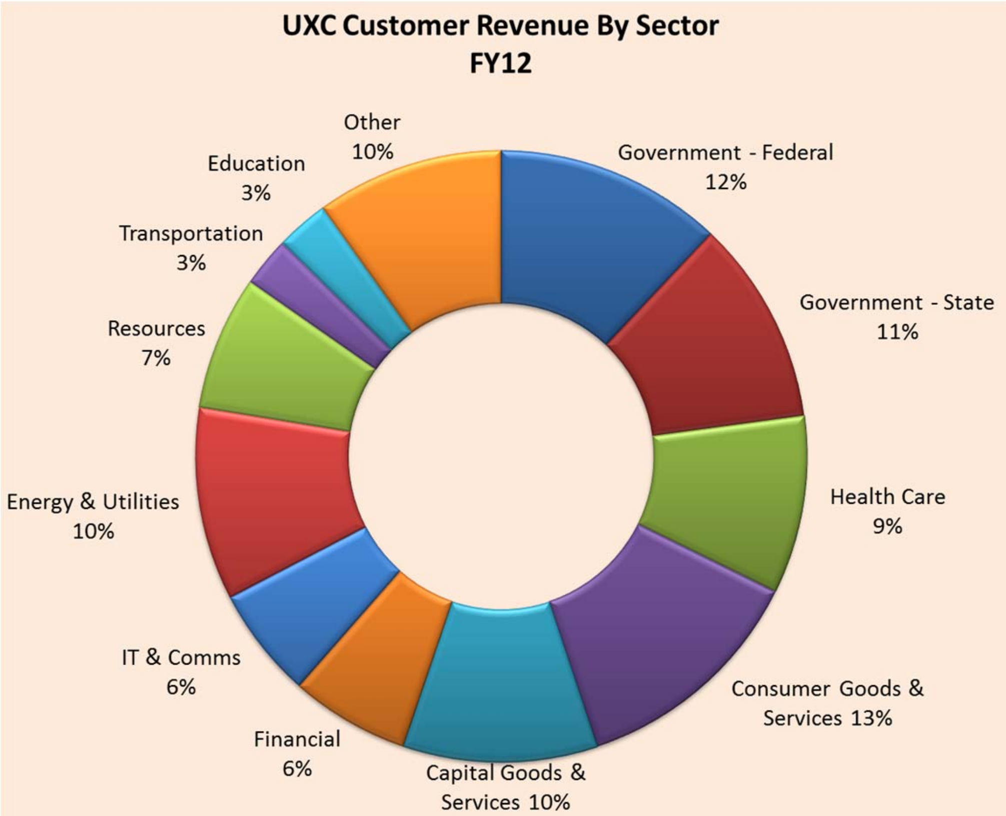
Source: Gartner IT Services Market Share Survey 2011 (Australia), Published May 2012

Our Differentiators

UNIQUE BREADTH, DEPTH AND SIZE

DYNAMIC CONSULTING & PROFESSIONAL SOLUTIONS 450+ Staff	> Broad portfolio of platform independent and non-proprietary advisory services. Unrivalled capability in project delivery services, and support for development and integration of custom and off the shelf systems
LEADING ENTERPRISE APPLICATIONS CAPABILITY 1100+ Staff	> No. 1 Oracle service provider in Australia/NZ and Asia Pacific > Global Leader in Microsoft Dynamics > One of the Top 3 SAP service providers in Australia/NZ
INNOVATIVE IT INFRASTRUCTURE OFFERINGS 600+ Staff	> Largest Australian owned IT Infrastructure provider with services encompassing design, delivery and support for a wide range of solutions

Customer Sectors & Acquisition



FY12 Customer Acquisition

Revenue	New FY12 Customers	Total No. Customers
>$20M	1	3
>$5M	3	16
>$1M	16	85
Total	**20**	**104**

- We acquired 20 million dollar-plus customers in FY12
- We lost no customers who had spent more than $1 million with us in the previous FY

Select Movements from FY11:

- Energy & Utilities up to 11% from 7%
- Capital Goods up to 11% from 10%
- Resources up to 8% from 6%
- Government steady at 35% including Health

Technology Leadership – Growth Opportunities

Cloud Services currently offered:

- Enterprise Architecture advice
- Exchange as a service
- Desktop as a service
- Mobility as a service
- Infrastructure as a service(Virtual data centre)
- Telephony as a service (iTaaS)
- Videoconferencing as a service
- EduPoint HET student administration, enrolments
- Tenrox for projects, resources and timesheets
- Cloud aggregation and brokerage
- More than 100 customers utilising Cloud services with over 6000 users

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Technology Leadership – Growth Opportunities

Sector/ Account	In Memory Computing	Mobility	Big Data	Database	Cloud	Social & On Line
SAP	Hanna	Yes	Yes	Yes	By Design Other Apps	
• **Oxygen**	🟢	🟢	🟢	🟠	🟠	TBD
ORACLE	Exadata	Integrated	Yes	Yes-	SaaS BPO	
• **Red Rock**	🟠	🟠	🟢	🟢	🟠	TBD
Microsoft Dynamics	-	Yes	No	Yes	Azure CRM	
• **Eclipse**	-	🟢	-	🟠	🟠	TBD

🟢	Priority
🟠	2ND half

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Employee Numbers

State / Region/Country	FY11	FY12	
New South Wales	710	740	Mid market growth
Victoria	730	783	Major Projects driving increase
Queensland	180	190	Ramping for new contracts
Australian Capital Territory	151	168	New Government Projects
Western Australia	61	73	Infrastructure spending increasing
South Australia	75	78	
Tasmania	30	34	
Total AUSTRALIA	**1,937**	**2,066**	
New Zealand	174	161	
North America	40	45	Planned future increase
Fiji	12	28	Using for off share resourcing
Asia	4	7	Singapore
TOTAL	**2,167**	**2,307**	

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Sensitivities

- Market conditions remain mixed, consulting showing early signs of recovery
- Impact of key State Government contract renewal
- "Bush Fire" litigation ongoing
  - UXC is co-defendant in class action and state government suits relating to the Kilmore and Murrindindi bush fires
  - Strident defence with strong legal support
  - Insurance cover – includes ongoing legal costs
  - Recent settlement of the Beechworth suit could provide precedent
  - Claims not yet quantified
  - Kilmore court date January 2013, after a mediation period in November 2012
- Timing of key prospective transformational opportunities dependant upon client final decision

Outlook

- Major wins validate strategy of being seen as the number one alternative to the multi-nationals
- Back-log (value of contracts yet to be delivered) is up 26% from 30 June 2011
- Front-log (value of the sales pipeline) is up nearly 5% from 30 June 2011
- Front log and back log in our Oracle, SAP and Microsoft practices is especially strong
- Expected returns for investment in WA and North America
- Commitment to further margin improvement

A more competitive, consistent and profitable UXC is emerging

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Medium term margin targets upgraded

UNDERLYING PBT MARGINS BY SEGMENT	1HFY12 Margins	1st Targets set 1HFY12	2HFY12 Margins	New Margin Targets – Aug 2013 Deadline
Consulting	6.4%	12%	5.6%	12%
Applications	9.0%	11%	11.6%	12%
IT Infrastructure	1.9%	5%	4.8%	5.5%

- Medium term margin targets first established in 1HFY12 - original 18 month horizon for achievement
- Targets now upgraded based on business potential and progress achieved
- New targets have a 12 month timeframe for achievement

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Summary

Excellent progress on strategy execution - UXC is now a more competitive and profitable, pure play IT company with a with a debt-free balance sheet, strong cash position and good free cash flow

- Delivered on earnings intentions with emerging earnings power driven by leading Applications businesses
- Simplified, streamlined and more professional UXC
- Initiated Board refresh
- Commitment to ongoing transparency
- Improving shareholder returns with disciplined capital management
- Ongoing margin improvement highest priority - medium term targets upgraded
- Strong momentum for further profit growth in FY13:
  - > more competitive cost base
  - > significant customer wins
  - > robust pipeline of new contracts

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2012 Full Year Report

Questions?

Cris Nicolli, Managing Director
Mark Hubbard, Finance Director / Company Secretary

Twelve Months Ended 30 June 2012

Appendix - Discontinued Operations – FY12

Field Solutions Group

- Divestment completed 8 September 2011
- Sale price $56.2m inclusive of $2.3m earned on attainment of post divestment earnings targets
- Gain on sale $4.3m, inclusive of earn-out and associated warranty provisions
- Cleared all outstanding claims
  - > Vendor loan of $5.75m repaid, $1m net interest contribution
  - > Earn-out to be received in FY13

Joint Venture NCSS

- Recognised a gain of $0.748m on disposal

Other

- Provided $0.5m for software licenses in H1with Author in Chapter 11, a legacy of a business disposal two years ago

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