

4 June 2013

Manager, Companies
Australian Stock Exchange Limited
Company Announcements Office
Level 4
Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Pursuant to Listing Rule 3.1, attached is a presentation to be presented today by the Company's Chief Financial Officer, Mr. Rick Rostolis, at the Morgan Stanley 2013 Emerging Companies Conference.

Yours faithfully



Anna Gorton
Company Secretary

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SMS Management & Technology Limited
Q4 FY13 Update

Morgan Stanley 2013 Emerging Companies Conference

Rick Rostolis, Chief Financial Officer

4 June 2013

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Contents

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- ▶ **Strategic Overview**

- ▶ **1H FY13 Summary of Key Results**

- ▶ **Q4 FY13 Update**

- ▶ **Summary**

Strategic Overview

➤ Differentiated business model

- Occupies 'sweet spot' between global and niche local competitors
- Lead with business process services - technology agnostic

➤ Grow organically via specialised service offering

- Provides margin maintenance
- Greater breadth of coverage and share of industry spend
- Mitigates risk of competing with commodity service providers

➤ Develop new capability to service emerging high demand trends

➤ Leverage operational efficiency including utilisation management

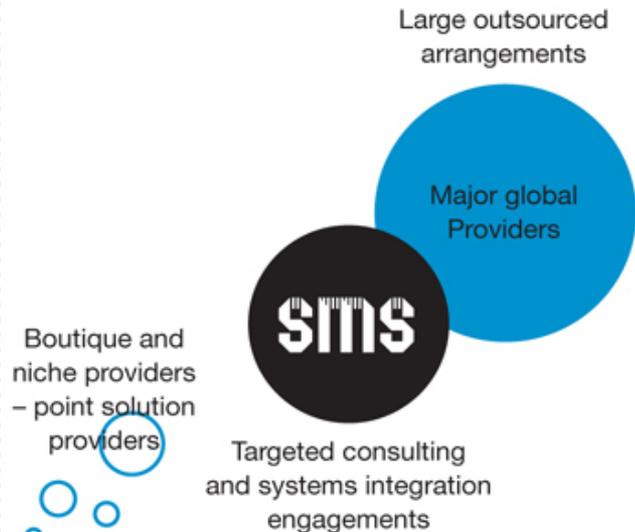
➤ Extend dual-shore model to improve price competitiveness

➤ Acquire businesses focused on customer, capability or geographic expansion

Market Positioning is in a “Sweet Spot”

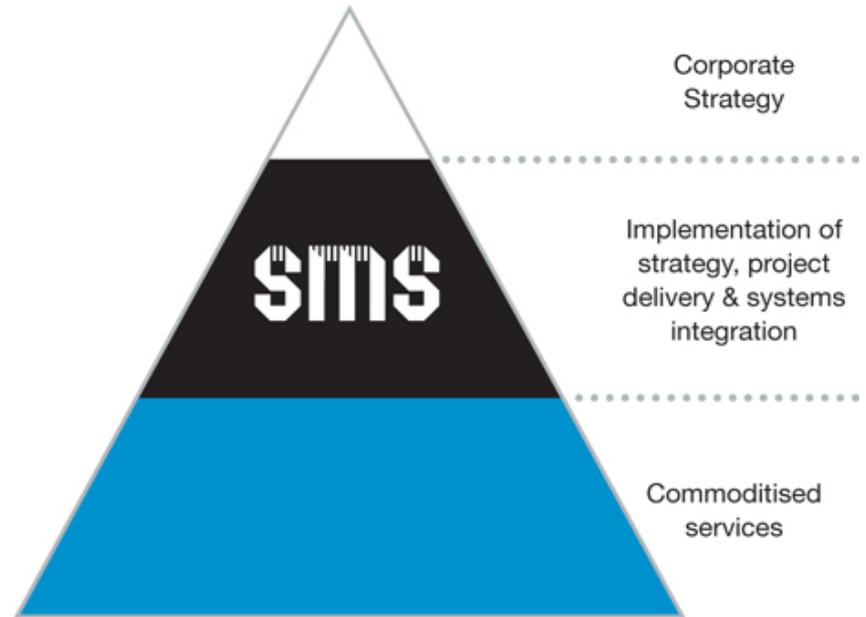
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Market sweet spot



SMS is large enough to scale up for complex projects, yet maintains the flexibility and responsiveness of boutique providers.

Services sweet spot



- Implementation and results focused
- Technology independent
- Delivers greatest economic value to clients
- Long term relationships

Positioned to become a Regional Leader

Leveraging our strengths:

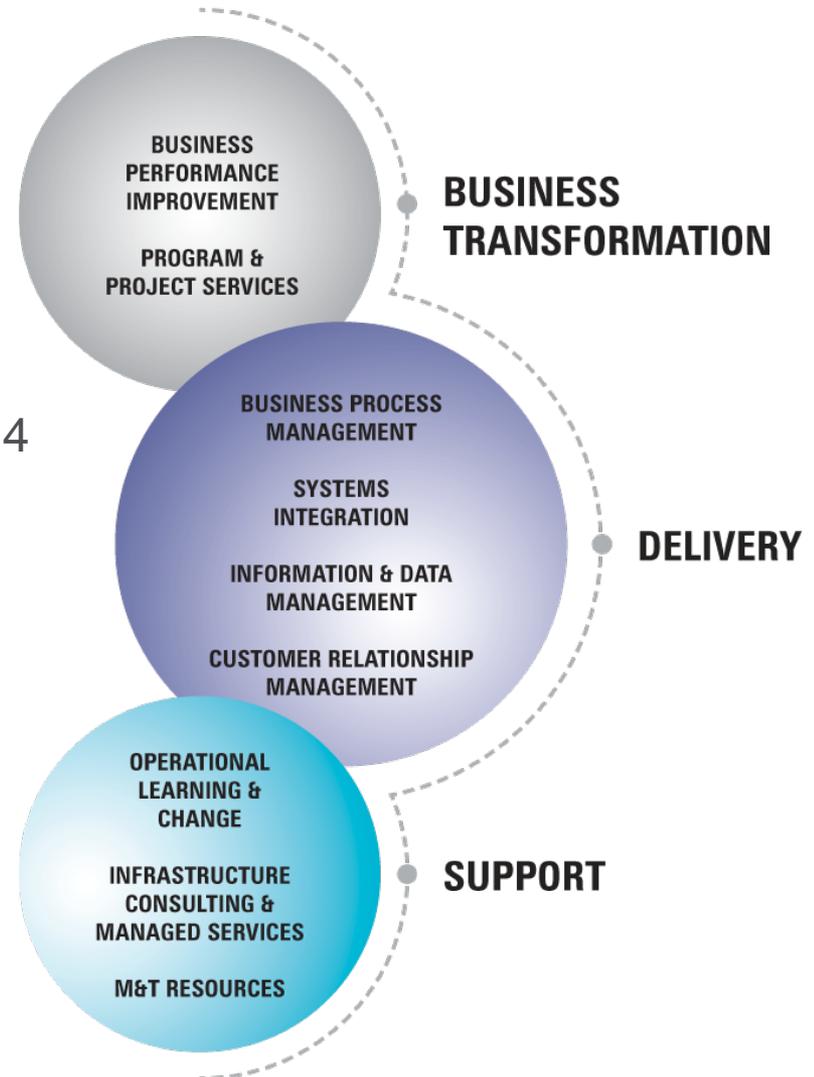
- 27 year history
- Culture & people
- Scale: 1,500 experienced professionals
- Financial strength
 - Strong cash generation
 - Reliable dividend history
- Breadth of capability
- Business transformation practice that pulls through specialist service offerings



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Comprehensive Service Offering

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- ▶ Defence against commodity providers
 - ▶ Helps open up new opportunities
 - ▶ Further expansion of service categories in FY14
 - ▶ Scale and breadth of services together with investment in intellectual capital, differentiates SMS from many local competitors



SMS Go-to-Market - addressing emerging high demand trends

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Mobility

- Enterprise Mobility Strategy
- Mobile and Web Apps
- Devices & Platforms
- Context Based Services
- BYOD



Business Innovation

- Cost Out
- Divestment
- Agile Delivery
- Process Automation
- Pace Layering



IT & Big Data

- Cloud Computing
- Hybrid Services
- Picking the Right Technology for your Business
- Optimising (current IT Function)
- 'Incubate and Grow' Projects



Customer

- Customer Centric Transformation
- Net Promoter Score Improvement
- Single View of Customer (via Big Data)

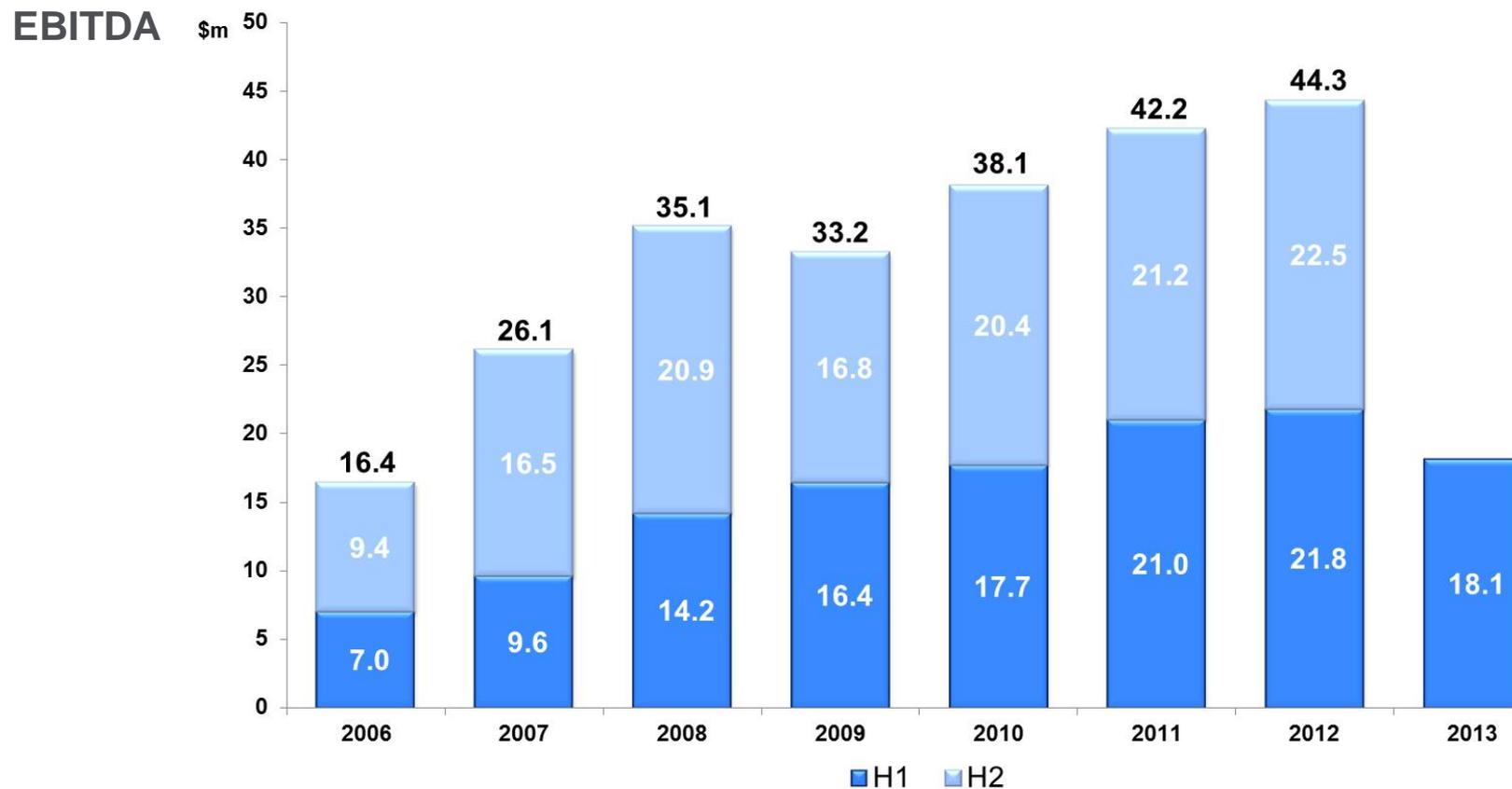


Digital Transformation

- Enterprise Risk Mediation
- Gamification
- e-Learning
- Mobility
- Customer Experience Improvement
- Social Media/The Social Enterprise

EBITDA and EPS History

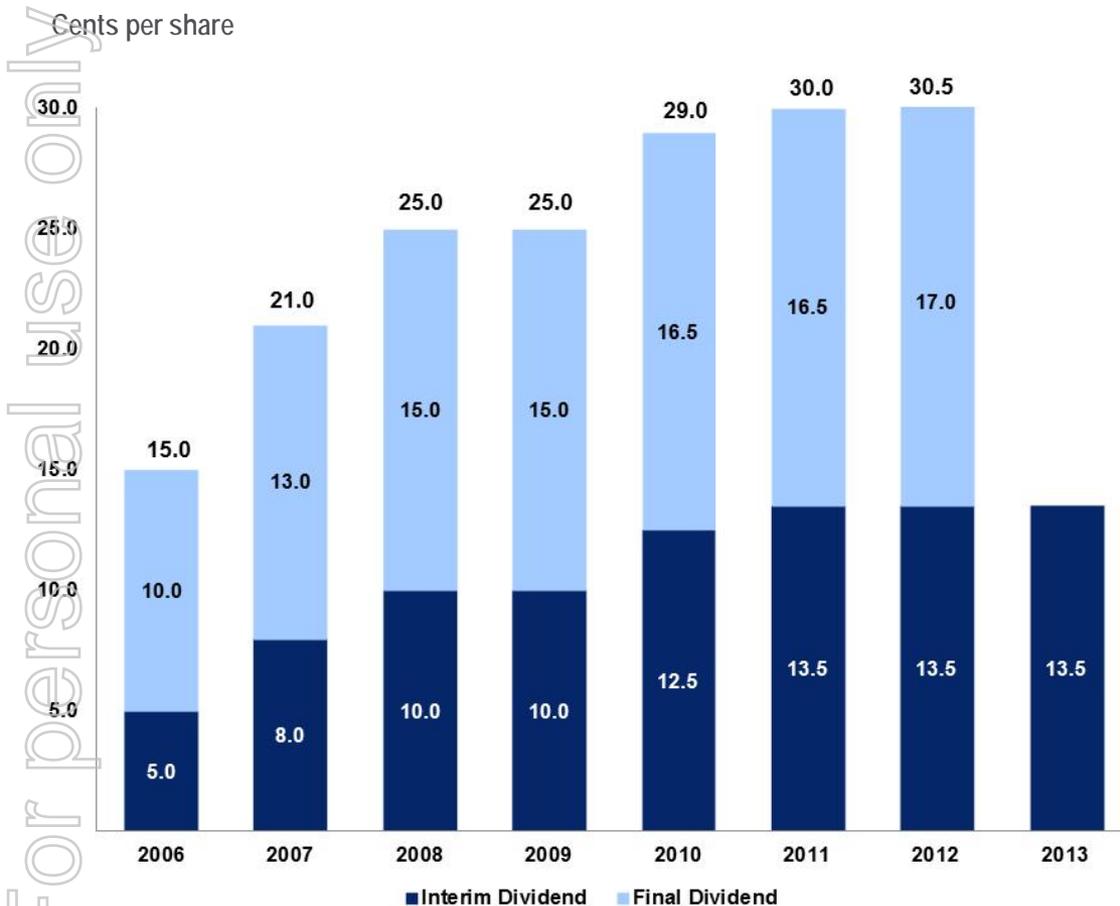
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**Basic
EPS (cents)**



Dividend History



- Interim dividend of 13.5 cps
 - Record date: 8 March 2013
 - Payment date: 28 March 2013
- Maintained interim dividend (cps) given strong cash position

1H FY13 Summary of Key Results

➤ Revenue from services \$144.8m, down 15% on pcp

- Reduction primarily from ICT and Transport clients
- Other sectors resilient (in total) despite difficult environment

➤ EBITDA* \$18.1m, down 17% on pcp

➤ NPAT* of \$12.9m, down 15% on pcp

➤ Maintained fully franked interim dividend of 13.5 cents per share

➤ Strong capital position - zero debt with cash balance of \$29.3m

➤ Dual-shore development capability improves competitiveness

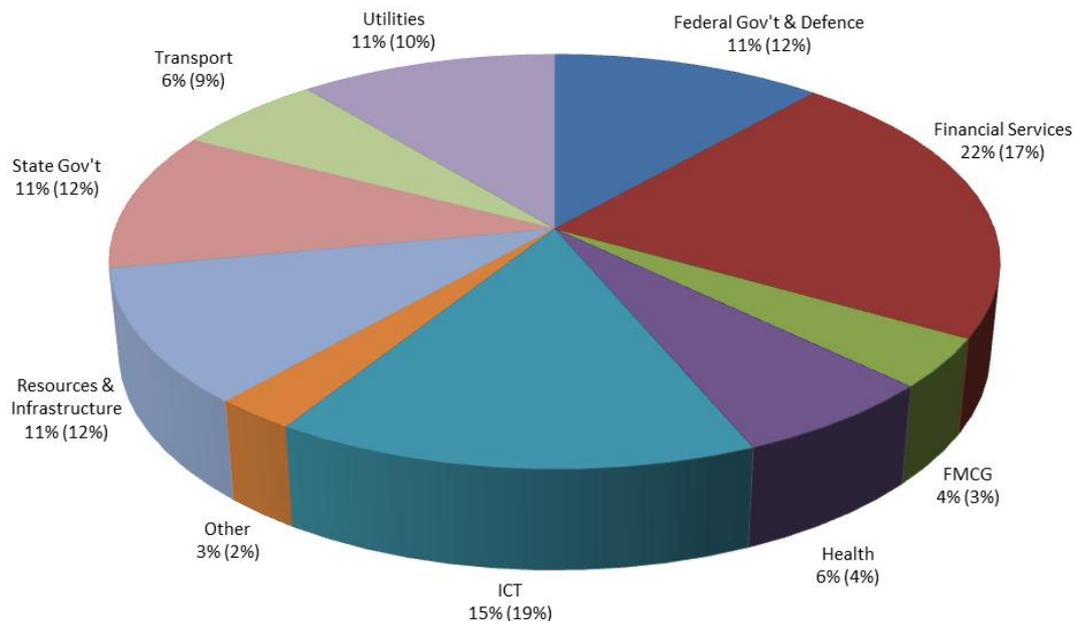
* Earnings before interest, tax, depreciation and amortisation (EBITDA) and net profit after tax (NPAT) include a \$0.9m deferred consideration gain relating to a previous business combination.

Q4 Update

- Client sentiment characterised by:
 - Shifting focus from expansion to cost control
 - Capital project deferrals, slow decision making on new initiatives
- Q4 showing continued weakness exacerbated by fixed price project delays
- Significant projects expected to commence in 2H have slipped and will not make expected contribution to 2H result.
- Some of these multi-year projects have now been signed:

• Business process improvement	Transport	starts May-13
• Business transformation	Transport	starts Jun-13
• Geospatial information solution	Defence	starts Aug-13
• Communications network	ICT	starts Aug-13
• Systems integration	State Government	starts Jun-13
- Dual-shore development centre continues to grow and augments on-shore services
- Assessing EPS accretive acquisitions which can accelerate growth

Revenue by Industry - March FY13 YTD



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- ICT and Transport accounted for the bulk of revenue decline in 1H13. Despite stabilisation in sales pipeline the risk to revenue persists
- Continued delays with major corporate clients, combined with uncertainty in Federal and State Government budgets have impacted 2H earnings expectations
- Industry softness has impacted billable utilisation in Victoria and Asia
- Well positioned for an industry rebound. Core business is positioned to benefit from, rather than be challenged by, offshoring and infrastructure commoditisation

People

	Mar-12	Jun-12	Dec-12	Mar-13
Billable				
Permanent Consultants	1,151	1,127	1,014	995
M&T Resources*	362	364	333	319
	1,513	1,491	1,347	1,314
Non-Billable				
Sales, Admin & Management	191	191	183	170
Total	1,704	1,682	1,530	1,484

- Recruitment activities adjusted to match market conditions
- Non-billable headcount reduction on track to deliver \$2m in annualised savings
- Contractor market continues to be impacted by weak demand from ICT sector
- Asia (excluding Vietnam) billable FTEs of 64
- Vietnam dual-shore development centre continues to grow - 70 FTEs

Summary

- ▶ Well positioned to benefit from upswing in IT services demand
- ▶ Key player in consulting & delivery services, given strong management performance across cycles
- ▶ Low-risk time & materials business model avoids contract blowouts
- ▶ Strong multi-year client relationships, diversified portfolio of contracts
- ▶ Strong balance sheet and cash flow present opportunities for capital management initiatives
- ▶ Acquisitions to supplement organic growth

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QUESTIONS

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