

19 February 2020

ASX Announcement

First Half FY20 Results

FY20 First Half Results⁽¹⁾

- Revenue of \$84m, down 5% pcp
- EBITDA⁽²⁾ of \$8.4m (in line with guidance), down 22% pcp
- NPAT of \$2m, up from \$1.9m pcp
- Operating cash flow of \$11m, up from \$3.6m pcp
- CAPEX of \$2.7m, reduced from \$5.6m pcp
- Net Debt⁽³⁾ \$10.1m, reduced from \$14.3m at 30 June 19

Results Commentary

- Australian revenue down as company exits Main Roads WA contract
- Australian revenue will strengthen into H2 FY20 with \$5m pa of new managed services contract wins announced in November 2019 combined with improving East Coast pipeline
- New Zealand revenue up 20% with strong contract wins and pipeline into H2
- Strong operating cash flow, combined with a material reduction in CAPEX has resulted in a reduction in Net Debt across the period

FY20 Full Year Outlook

- Forecast material increase in NPAT & EPS
- Expect H2 EBITDA to be higher than H1
- Operating cash flow to EBITDA to be closely aligned
- CAPEX on track to be down by approximately \$5m YoY
- Revenue expected to be similar to FY19 with Australia down and New Zealand up
- Company advises that it is in negotiations on a number of material contracts. If successful, these contracts will underpin significant revenue growth momentum into FY21

(1) All comparatives and percentage movements, unless stated otherwise, have been expressed to adjust comparatives as if the impact of AASB16 Leases had previously applied. This has been done to provide a like for like comparison to the prior corresponding period. A table of reconciliation is provided overleaf.

(2) EBITDA excludes costs of approximately \$0.6m incurred as part of the cost reduction program undertaken in H1.

(3) Net Debt excludes the impact of AASB16 Leases.

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Media Release

Commenting on the first half performance to date, Managing Director and CEO, Mr Baskerville said "We are very pleased with our strategic progress on reducing overhead costs, capital expenditure, net debt and significantly improving our cash flow."

"Whilst revenue is modestly down compared with the prior corresponding period, this is in-line with our expectations and during the half we renewed a material contract with Rio Tinto and secured \$5m per annum in managed services contracts that will contribute to revenue in the second half and beyond."

"We were also pleased with the exceptional growth in New Zealand up 20%."

In closing he went on to say "The board and management together are excited by our current prospects and confident in our forward outlook."

Results table and AASB16 Reconciliation

\$m	H1FY20	Restated H1FY19	Change	Reported H1FY19
Revenue	84.4	88.6	-5%	88.6
EBITDA¹	8.4	10.8	-22%	8.2
Depn & Amort	(4.0)	(7.0)		(4.4)
EBIT	3.9	3.8	1%	3.9
Interest	(0.9)	(1.0)		(0.6)
Profit before tax	3.0	2.8	7%	3.2
Tax	(0.9)	(0.8)		(1.0)
Profit after tax	2.0	1.9	4%	2.2
EPS	1.26 c	1.18 c	5%	1.40 c

This announcement has been approved by the Board of Directors.

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About Empired Limited

Empired Limited is an international IT Services Provider with a broad range of capabilities and a reputation for delivering enterprise class IT services and solutions. Established in 1999, Empired is a publicly listed company (ASX: EPD) formed in Western Australia.

With a team of over 1,000 people located throughout Australia, New Zealand, North America and Asia, Empired has built a reputation for service excellence and is a leading provider of business technology solutions to both government and private sectors. We work with clients, leveraging technology solutions to deliver their organisations improved efficiency, productivity and competitive advantage.

Empired provides a broad range of services enabling 'end-to-end' advice and solutions assisting our clients through their digital transformation journey and ensuring robust ongoing lifecycle management.

Our flexible service delivery approach and "can do" attitude has enabled Empired to secure clients that range from medium size entities through to some of the world's largest long standing enterprise's accounts with services delivered across Australia, New Zealand, South East Asia and beyond.

Important notice re forward looking statements

Certain statements made in this communication, may contain or comprise certain forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, and business and operational risk management. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

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