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2015 Financial Results
Year Ended 30 June 2015

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SMS Management & Technology

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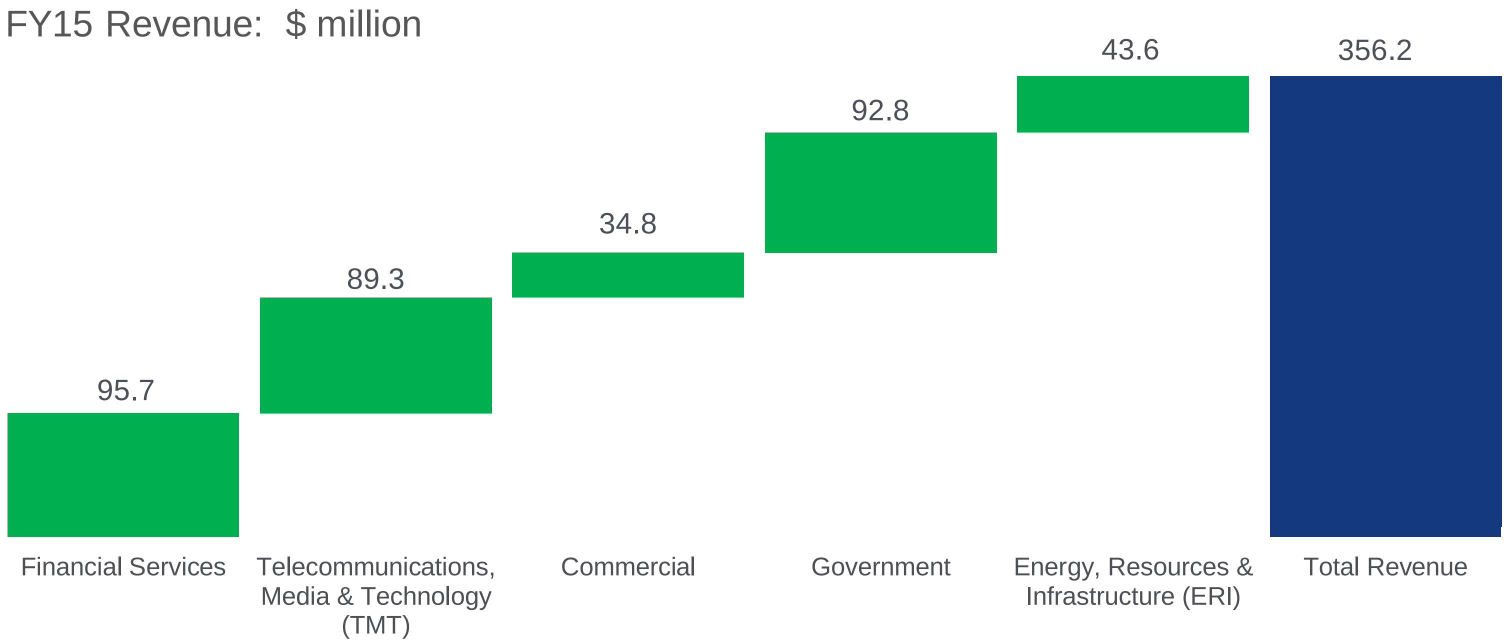
Summary of Key Results

- Revenue from operating activities $356.2m, up 13%
  - Record revenue year
  - 4Q provides strong uplift
- Reported EBITDA[1] $28.7m, up 37%, after including $2.3m net contingent consideration expense in relation to Indicium and Birchman earn-outs
- Reported net profit after tax (NPAT) $17.0m, up 34%
- Strong cash collections at year end - $9.2m net cash[2]
- Contract wins $411m, up 18%
- Basic earnings per share 24.5 cents, up 35%
- Fully-franked final dividend of 10 cents per share
  - Total dividends of 17 cents per share

1. EBITDA is defined as earnings before interest, tax, depreciation and amortisation. EBITDA is non-IFRS financial information. Refer to page 11 for a reconciliation of EBITDA to NPAT.
2. Net cash at 30 June 2015. Excludes finance lease liabilities and bank guarantees

Revenue by Industry



% total	27	25	10	26	12	100
Change v FY14						
- $ million	17.4	25.6	(4.6)	7.6	(4.2)	
- Percent (%)	22	40	(12)	9	(9)	

- Financial services growth driven by managed services and solutions contracts
- TMT increase primarily due to large-scale transformation program
- Government uplift through contract recruitment services

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SMS Consulting (Design-Build-Operate)

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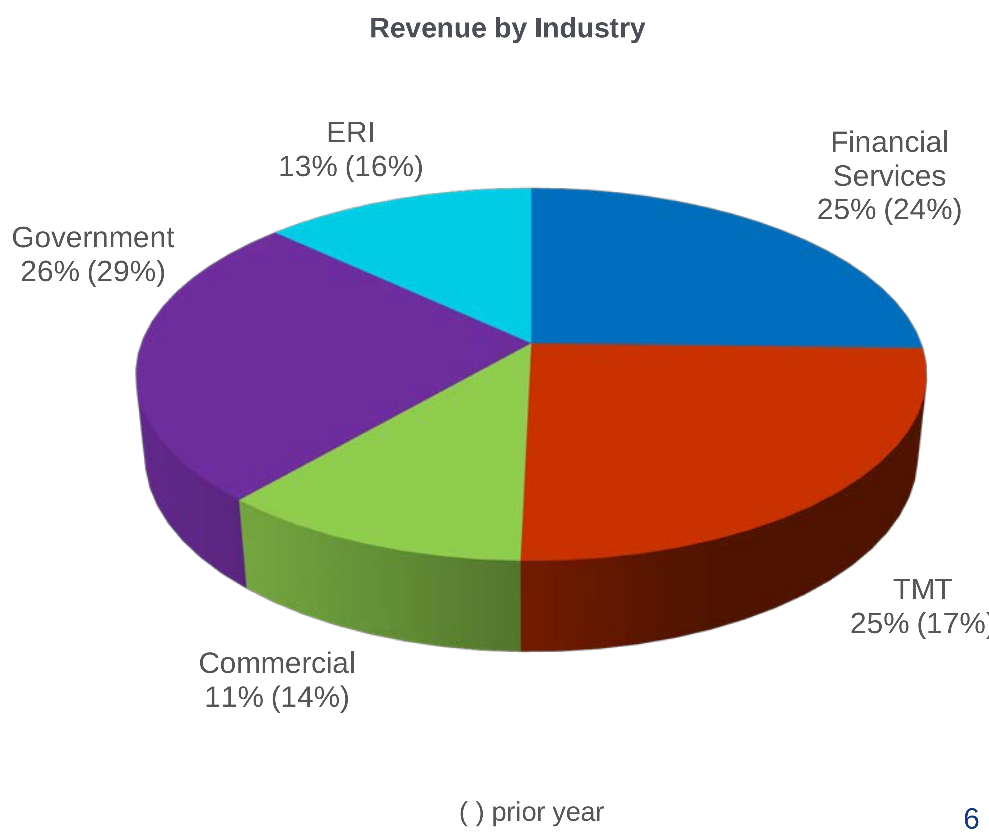
- Strong revenue growth across Financial Services and TMT industries
- Victorian business showed 4Q improvement across business and IT advisory
- Managed services now represents ~ 10% of revenue
- Billable utilisation improved to 84% from 80% (2014)
- Billable headcount 1,026 v 1,040 (pcp)
- New national organisational structure implemented 1 July 2015

$m	FY15	FY14	Change %
Revenue	271.0	237.5	14%
EBITDA*	40.0	30.4	32%
EBITDA margin (%)	14.8%	12.8%	

* EBITDA is prior to net contingent consideration expense of $2.3m and corporate costs



Change in Organisational Structure

Sales and Delivery Excellence

From:

Regional Structure

- VIC
- NSW
- QLD
- SA
- ACT
- WA
- ASIA

To:

National Industry Led Sales

National sales team for specific industries and clients

National Delivery Model

Centralised management of delivery with local focus

Commercial | Energy, Resources & Infrastructure | Financial Services | Government | TMT | Solutions Sales

Business & IT Advisory

Solutions

Managed Services

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M&T Resources

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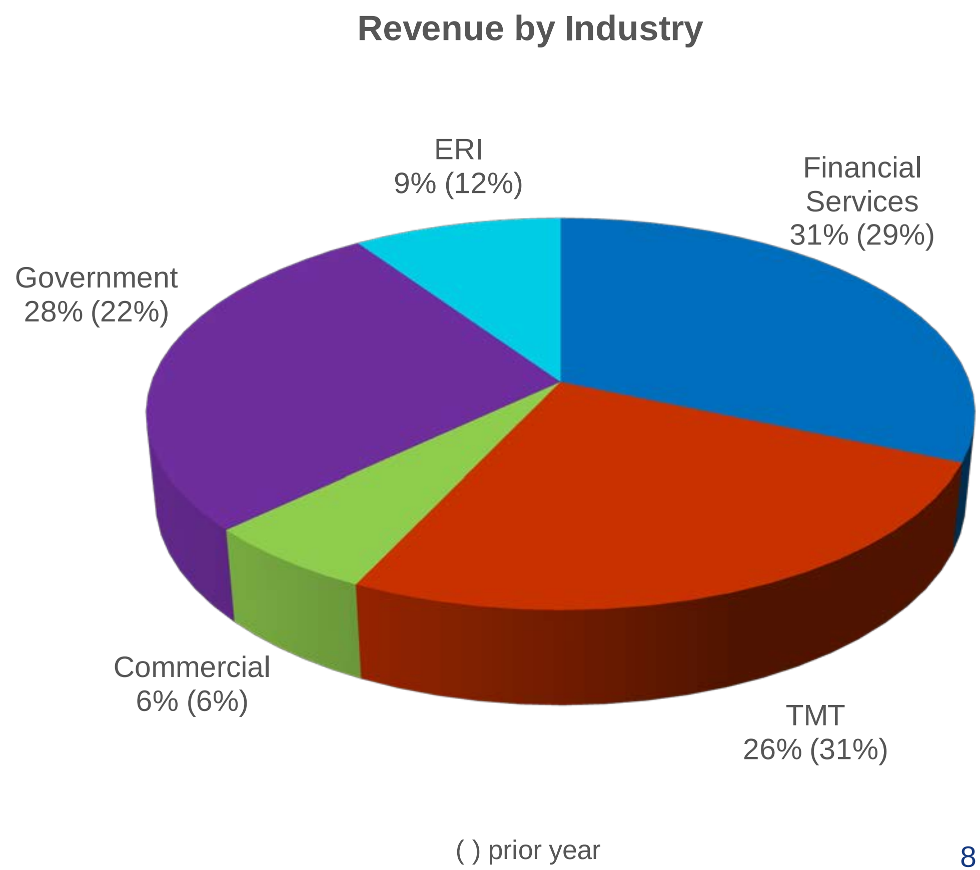
- Revenue growth driven by Financial Services and Government industries
- Continued focus on improving margin through preferred supplier arrangements and permanent recruitment
- Contractor market growth in NSW and Victoria provides confidence for further gains in 2016
- Average contractor numbers of 469 v 435 (pcp)

$m	FY15	FY14	Change %
Revenue*	85.2	76.9	11%
EBITDA#	5.1	3.6	42%
EBITDA margin (%)	6.0%	4.7%	

* Excludes interdivisional revenue
# EBITDA is prior to corporate costs



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Contract Wins

- Contract wins $411m, up 18% on 2014
- Continued growth of multi-year managed services contracts
- SMS
  - Contract wins $303m, up 13%
    - TMT industry provides strong growth
    - $10m of revenue expected to be recognised in FY17 and beyond
  - Increased backlog of work in solutions and managed services
- M&T Resources
  - Contract wins $108m, up 30%
  - Strong growth in Financial Services and Government industries

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$m	FY15	FY14	Change %
Operating revenue	**356.2**	**314.4**	**13%**
EBITDA	**28.7**	**20.9**	**37%**
Depreciation and amortisation (D&A)	(2.8)	(1.7)	(65%)
EBIT	25.9	19.2	35%
Net finance costs	(1.1)	(0.5)	(120%)
Tax	(7.8)	(6.0)	(30%)
NPAT	**17.0**	**12.7**	**34%**
EBITDA margin (%)	8.1	6.6	
Basic EPS (cents)	24.5	18.1	
Diluted EPS (cents)	24.1	17.7	
Fully-franked full year dividend (cents)	17.0	12.5	

- Strong revenue growth across SMS (14%) and M&T Resources (11%) business units
- SMS margin improved due to increased billable utilisation - 80% to 84%
- Increased D&A includes accelerated amortisation of customer contracts capitalised on acquisition of Indicium ($1.1m)
- Net finance costs primarily reflects 1H build-up of working capital
- EBITDA includes $2.3m net contingent consideration expense relating to finalisation of acquisition earn-out arrangements (nil tax effect)
- Effective tax rate approx 32%

Financial Position

				2H15 change v	
$m	**2H15**	**1H15**	**2H14**	**1H15**	**2H14**
Working capital	44.1	52.5	41.7	(16%)	6%
Intangible assets	112.4	114.0	114.3	(1%)	(2%)
Contingent consideration	(19.2)	(25.2)	(28.4)	24%	32%
Other	(14.3)	(11.5)	(11.3)	(24%)	(27%)
Total capital employed	**123.0**	**129.8**	**116.3**	**(5%)**	**6%**
Net (debt) / cash	9.2	(0.9)	9.4	N/A	(2%)
Equity	**132.2**	**128.9**	**125.7**	**3%**	**5%**
Interest cover (x)[1]	20x	23x	22x	(3x)	(2x)
ROCE (%)[2]	20.2%	17.3%	16.0%	2.9pts	4.2pts
Net tangible assets per share (cents)	29c	22c	16c	32%	81%

- Working capital movement (refer slide 13)
- Reduction in full year contingent consideration primarily due to:
  - First year earn-out payments to Indicium ($4.4m) and Birchman ($7.5m)
  - $2.3m net increase (2H net increase $1.3m) in provision for contingent consideration payments
- Net cash[3] - cash of $12.9m less unsecured bank debt of $3.7m

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1. Profit before interest and tax / interest expense
2. Profit before tax / total capital employed
3. Excludes finance lease liabilities and bank guarantees

Net Working Capital

$m	2H15	1H15	2H14	2H15 change v 1H15	2H15 change v 2H14
Trade and other receivables	39.4	35.5	34.5	11%	14%
Work in progress (WIP)	25.6	34.2	24.4	(25%)	5%
Trade and other payables	(20.9)	(17.2)	(17.2)	(22%)	(22%)
Working capital	**44.1**	**52.5**	**41.7**	**(16%)**	**6%**
Debtors days	36	36	35		
Lock-up days (WIP plus debtor days)	62	71	62		

- Debtor days remain steady
- 2H WIP reduction due to unwinding of 1H fixed price engagements milestone payment delays
- Significantly improved cash conversion in 2H of year

Cash Flow

$m	FY15	FY14
EBITDA	**28.7**	**20.9**
Change in working capital and non-cash items	1.1	(2.8)
Interest received / other	0.2	0.4
Tax paid	(5.6)	(11.3)
Net operating cash flow	**24.4**	**7.2**
Dividends paid	(10.1)	(11.9)
On-market share buy-back	(1.4)	(2.3)
Proceeds from borrowings	0.2	12.5
Repayment of borrowings	(5.5)	(3.8)
Borrowing costs	(0.8)	(0.6)
Acquisition payments	-	(19.1)
Contingent consideration payments	(11.9)	-
Capital expenditure and other	(0.1)	(0.9)
Net cash flow	**(5.2)**	**(18.9)**
Opening cash (1 July)	**18.1**	**37.0**
Closing cash (30 June)	**12.9**	**18.1**

- Strong operating cash flow due to significant improvement in:
  - 2H working capital
  - Debtor management process
- Dividends paid in accordance with Board policy
- 406,236 shares acquired via on-market share buy-back
- Repayment of borrowings in line with amortisation schedule
- Contingent consideration payments in relation to acquisition earn-out arrangements consist of:
  - Indicium - $4.4m
  - Birchman - $7.5m

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Acquisition Earn-Outs

Indicium

- Final payment of $11.3m to be made in 1Q 2016
  - Significantly exceeded original profit expectations
  - Total payment - $27.8m
  - Multiple paid <5 x EBIT

Birchman

- Final payment of $8m to be made in 3Q 2016
  - Exceeded original profit expectations
  - Total payment - $28m
  - Multiple paid 5 x EBIT

People (FTEs)

	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15
Billable					
Permanent staff	993	1,104	1,040	1,031	1,026
M&T Resources*	320	389	435	494	469
	1,313	**1,493**	**1,475**	**1,525**	**1,495**
Non-Billable					
Sales, Administration & Management	176	193	188	192	191
Total	**1,489**	**1,686**	**1,663**	**1,717**	**1,686**

- Billable resource capacity managed through improved planning and focus
- 46 new graduates commenced in 2015
- Optimising staff mix and utilisation remains an ongoing challenge

* Represents respective 6 month average FTEs

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The Changing IT Services Landscape

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Customer Experience

- Customer insights and analytics
- Customer experience improvement
- Customer relationship management

Digital Enhancement

- Social media & collaboration
- Enterprise mobility
- Digital agility

Business Analytics

- Simplify business operations
- Big Data
- Cost reduction

Mobile Solutions

- Enterprise mobility strategy
- Mobile workforce enablement
- Enterprise & customer applications

Cloud

- Cloud computing
- Process automation
- ICT as a service
- SaaS

➢ Technology trends continue to be high demand drivers

➢ Market disrupted by Cloud and SaaS provides for end-to-end service offerings

➢ Changing client buying patterns - shift from capex to opex

Design-Build-Operate Strategy

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Business & IT Advisory

- Industry knowledge and business insights
- Design of business solutions
- Time & materials commercial arrangements
- Provides downstream opportunities
- Vendor neutral

Solutions

- Creation of technology focussed business outcomes
- Partnering is key
- Fixed price/milestone commercial arrangements
- Deliverables based
- High value client engagements

Managed Services

- Cloud infrastructure, management and orchestration
- Applications support and SaaS
- Long term commercial arrangements
- No direct revenue to headcount linkage
- Service level obligations
- Leverage global delivery models

Focus Areas to Deliver Growth

- Sales focus
  - Appointment of Managing Director, Sales - Philip Heggie
  - National sales teams focused on industry, key accounts and solution offerings
  - Target larger more complex contracts
  - Realignment of remuneration plans
  - Appointment of Chief Marketing Officer - James Foster
- Delivery excellence
  - Appointment of Managing Director, Delivery - Nick Kiossoglou
  - National management of Delivery into capability and focus areas
    - National focus on resourcing, quality, skills development, client satisfaction
  - Finalise integration of Indicium and Birchman capability
- Operational effectiveness
  - Margin enhancement - resource mix, offshore capability (eg Philippines)
  - Utilisation improvement - national focus
  - Lean organisation - continued focus on cost reduction measures
- Proactive acquisition strategy
  - Target solutions and managed services providers

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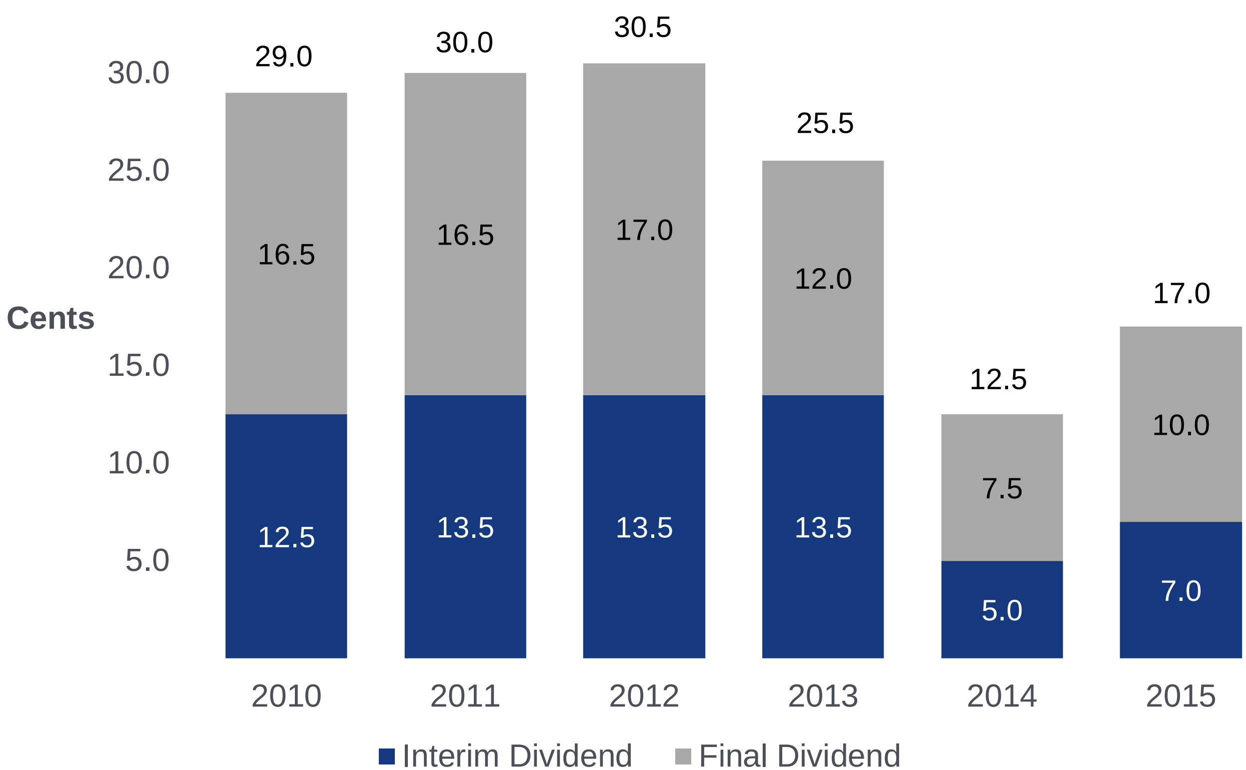
Dividend and Capital Management



	2010	2011	2012	2013	2014	2015
Payout ratio	69%	68%	68%	83%	69%	69%
Basic EPS (cents)	41.9	44.3	44.8	30.6	18.1	24.5

- Final dividend
  10 cps fully-franked
  - Record date:
    16 October 2015
  - Payment date:
    6 November 2015
- Maintain policy of 65-70% pay-out ratio
- On-market share buy-back extended in June 2015 for further 12 months

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Outlook

- Strong 4Q revenue performance provides momentum for FY16
- New organisational structure in place effective 1 July 2015
  - National management of sales and delivery resources to industry and high focus demand areas to drive revenue growth and operational excellence
- Focus remains on high demand areas such as business analytics, Cloud adoption, customer experience, digital enhancement and mobile solutions
- Continuing shift to more managed services / multi-year operational contracts
  - Recent contract wins and pipeline provides confidence for increased revenue and profit contribution
- SMS is well placed to increase market share across its key client offerings of business and IT advisory, solutions development and managed services