

# oakton

Oakton Limited ABN 50 007 028 711

## FY2007 Half Year Results and Outlook

focused

A photograph of a man in a white dress shirt and a patterned tie, holding a dark briefcase. He is shown from the chest up, in profile, pointing his right hand forward. The background is a clear, bright blue sky. The word "focused" is written in yellow text on the left side of the image, near the man's briefcase.

## FY2007 Half Year in review

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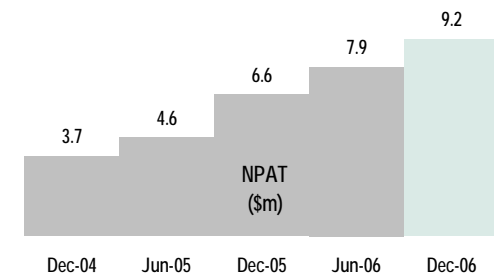
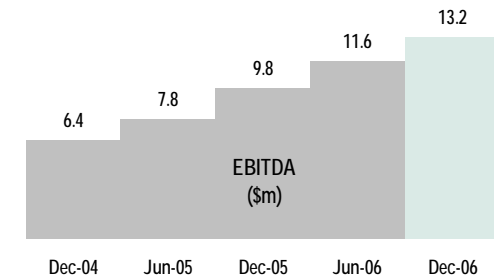
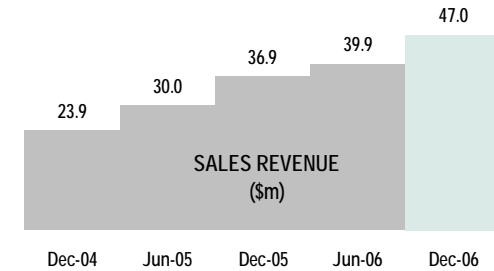
- Continued to acquire market share through a clear positioning of Oakton's business application services capability and scale
- Record revenue (up 27.2% on Dec. 2005), EBITDA (up 34.8% on Dec. 2005) and NPAT (up 39.8% on Dec. 2005)
- Ended December 2006 with 558 staff, 135 more than the same time last year (577 staff as at January 2007)
- Successful acquisition & integration of the Clickstream business (August 2006)
- Continued to pursue acquisition opportunities
- Commenced operating Oakton's offshore delivery capability in India (September 2006)
- Implemented a number of people initiatives that have resulted in reduced staff turnover and recruitment costs
- Record interim fully franked dividend of 10.0 cents, up 33.3% on last year
- Appointment of additional senior management and expanded internal quality and risk management processes to manage business growth and scale

# FY2007 Half Year results summary

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Profit and Loss - \$A millions	Dec 2006	Dec 2005	% Change
<b>Sales Revenue</b>	47.02	36.95	+27.25%
<b>Gross Profit</b>	17.75	13.92	+27.51%
<b>EBITDA</b>	13.17	9.77	+34.80%
<b>NPAT</b>	9.17	6.56	+39.79%

- Growth across all locations
- Growth across all service areas
- Increased operating leverage from fixed overhead



## FY2007 Half Year results summary

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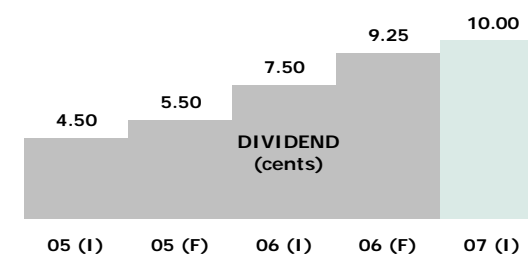
As a % of Sales revenue	Dec 2006	Dec 2005	% Change
<b>Gross margin</b>	37.76%	37.67%	+0.09%
<b>Overhead margin</b>	9.75%	11.23%	-1.48%
<b>EBITDA margin</b>	28.01%	26.44%	+1.57%
<b>NPAT margin</b>	19.51%	17.75%	+1.76%
<b>Revenue per head (half year average)</b>	\$92k	\$90K	+2.00%

- Strong utilisation continued
- Shift to project based assignments is enabling efficiency margin
- Cost of sale improvement through increased existing client cross sell
- Single back office and economies of scale provided overhead ratio improvement

# FY2007 Half Year results summary

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Balance Sheet \$A millions	Dec 2006	Dec 2005	% Change
Cash	1.70	7.50	-77.33%
Receivables	21.25	13.50	+57.41%
Intangibles – goodwill	35.29	18.94	+86.33%
Total liabilities	22.70	10.07	+125.42%
Borrowings	-	-	-
Interim Dividend	10.00 ff	7.50 ff	+33.33%
Diluted EPS	10.7 c	7.7 c	+38.96%
Return on equity	32.04%	22.64%	+41.52%
Days debtors	55 days	57 days	-3.51%

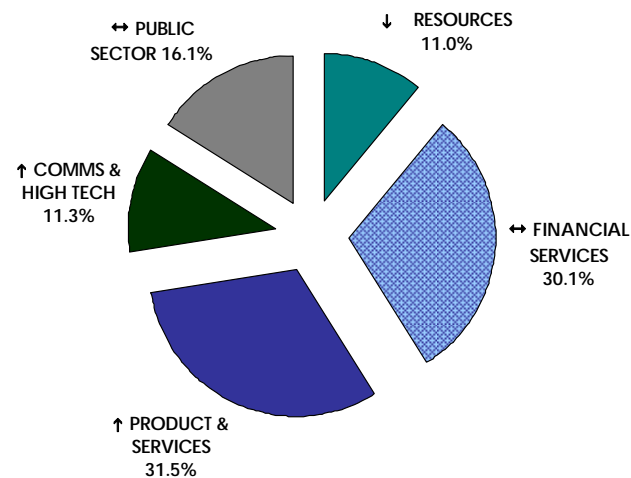


- Cash balance post initial Clickstream payment
- Goodwill and total liability increase due to provision for future Clickstream earnout payment

# Client analysis

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## Industry Sector Revenue Spread



- Industry sector movement indicators relate to changes since December 2005
- 39 new clients for the half year

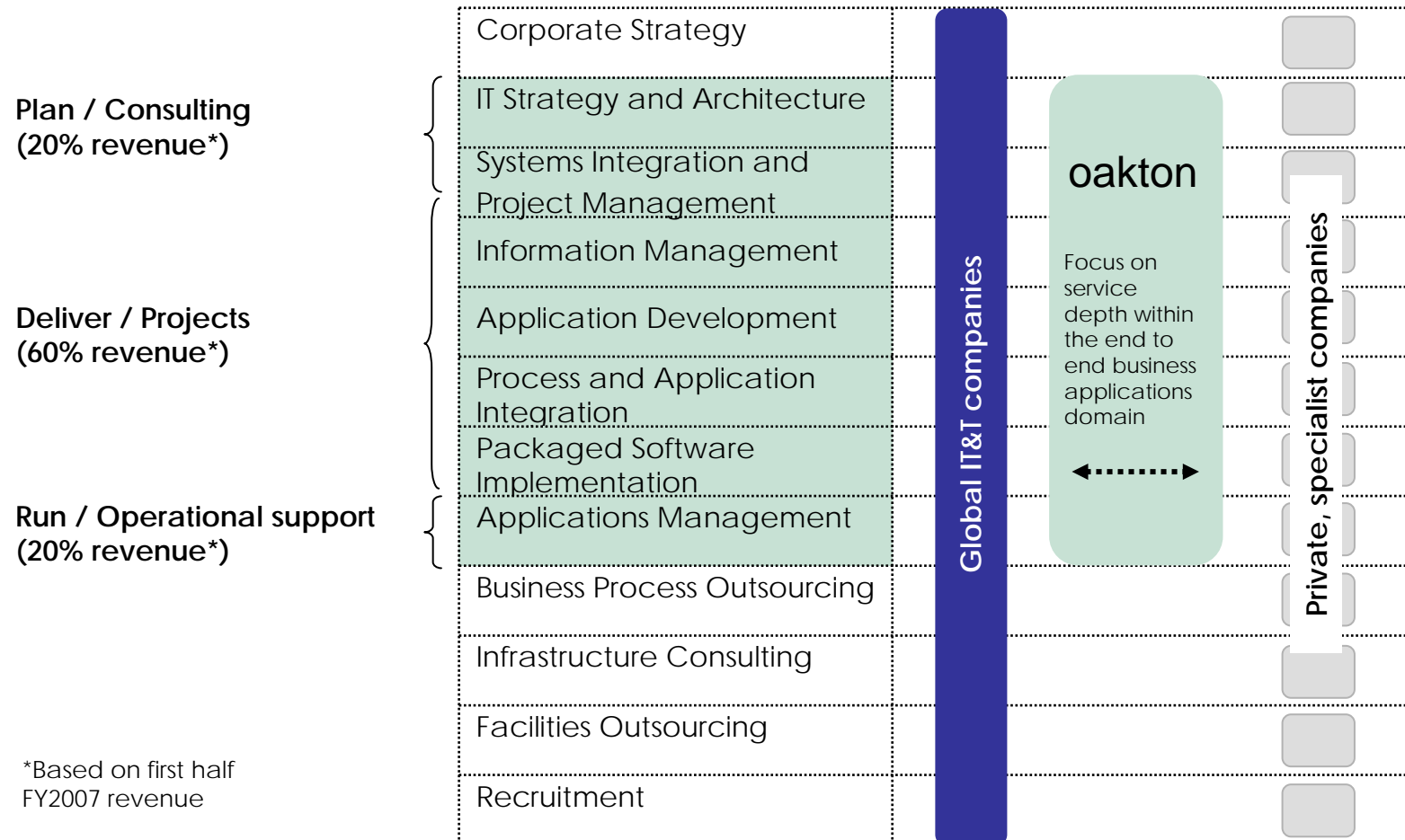
## Client / Service Line ratios

Average services per client	Dec 2006	Dec 2005	% Change
Top 25 clients	3.16	2.68	+17.9%
Top 50 clients	2.66	2.10	+26.7%
Total clients	1.70	1.47	+15.3%

- Possible maximum service line ratio is 7
- New clients typically start with one service line which impacts total client ratio

# Market Positioning

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# Industry outlook

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- Based on assumptions around the general economy continuing to be strong, I.T. services spend is expected to continue to steadily increase over the next 2 years (multiple industry source consensus)
- A recent Gartner survey of Australian Chief Information Officers (CIO's) ranked Information Management and Enterprise Applications as number 1 and 2 technology priorities on their agenda for the coming year
- Drivers continue to be:
  - Increased focus on revenue generating I.T. spending rather than just cost saving I.T. spending
  - I.T. now considered more critical to enabling/influencing business directions
  - Increased merger and acquisition activity
  - The general replacement cycle is continuing 6 years on from Y2K / GST I.T. investments
  - Regulatory requirements such as Basel II and Sarbanes Oxley are driving information access/reporting and system supportability compliance requirements
  - Increased focus on performance management and customer analysis

# Business strategy blueprint

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## Service Offer Development

- Continue to deepen capability within existing services
- Add complimentary services that increase the footprint with clients
- Position service as a combination of skilled people and a proven approach
- Increase the focus on industry aligned service offers
- Increased number of leading product vendor partnerships

## Delivery Capability

- Continued focus on project based delivery and larger scale engagements
- Continue to develop and implement innovative people programs to attract and retain the best people
- Continue to develop Oakton India as an offshore development centre to support Australian clients

## Market Share Acquisition

- Continue to build the Oakton brand to be recognised as a leading, specialist I.T. services provider in the business applications area
- Continued focus on creating a larger presence within existing clients
- Target accelerated growth in Sydney and Brisbane
- Canberra operations planned for sometime in FY08
- Continue acquisition activity to accelerate growth



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Thank you  
Questions

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