



Allied Technologies  
Group Limited

# Investor Presentation

August 2004

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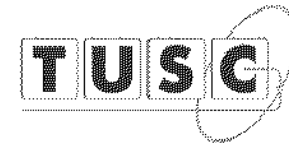
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# 1. Executive Summary

- Allied is a leader in design, implementation & support of secure communication networks.
  - ⇒ contracts with Department of Defence, Department of Foreign Affairs, Telstra and CentreLink;
  - ⇒ track record profitable growth (17% compound organic growth over 5 years); and
  - ⇒ beat FY2004 prospectus pre-tax profit forecasts.
  
- Strategic acquisition of TUSC, communication software solutions and professional services company:
  - ⇒ core business is IT infrastructure management solutions;
  - ⇒ established customers in Telco, Utilities and Enterprise sectors;
  - ⇒ strategic, bolt-on acquisition;
  - ⇒ budget projection FY05 revenue \$15.0 million, FY05 EBIT \$1.8 million; and
  - ⇒ acquisition is EPS positive for Allied.
  
- Placement to raise \$5.0 million:
  - ⇒ Issue price of \$0.32; and
  - ⇒ priced at FY05 PE of 5.2x.

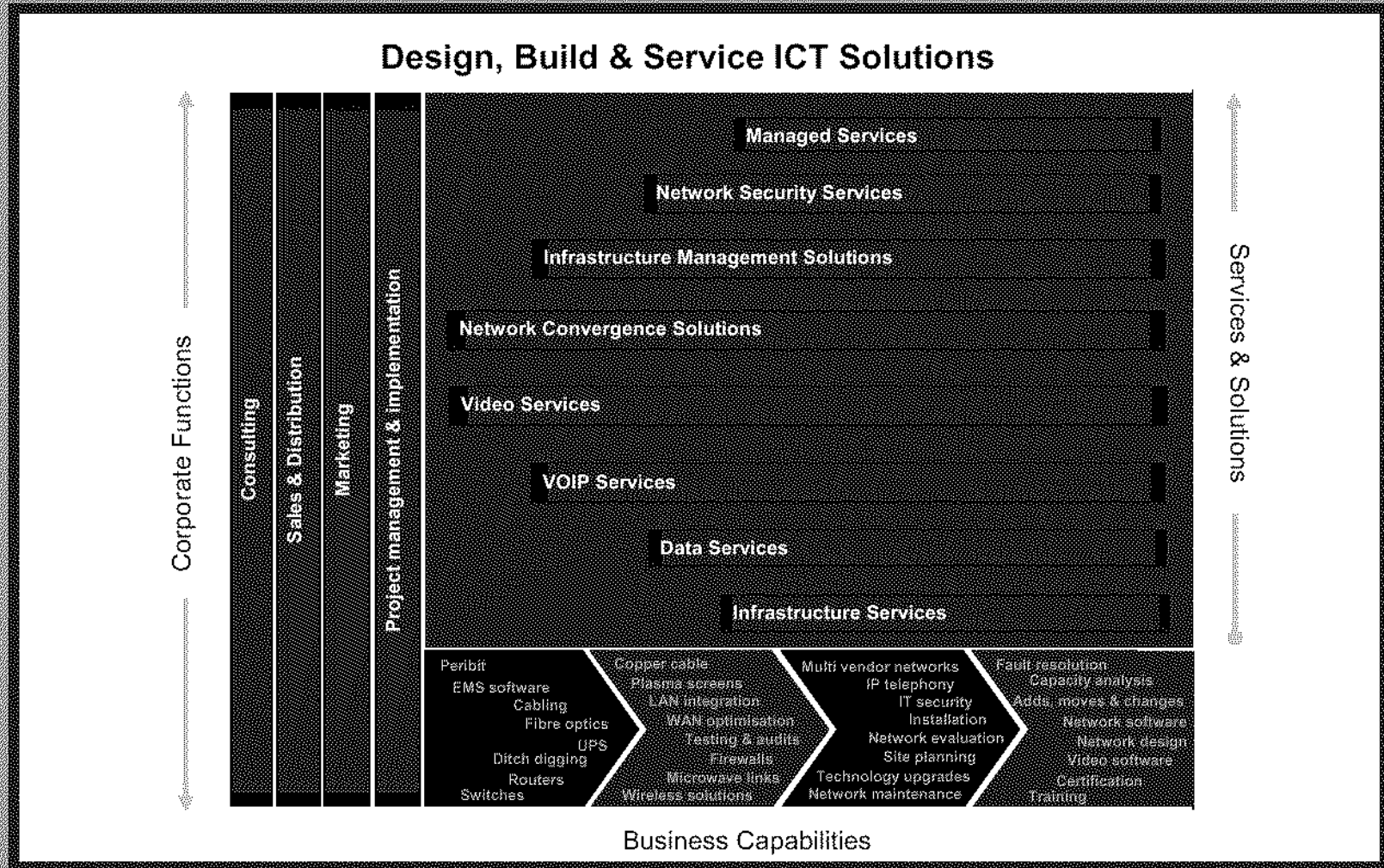


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# 2. Business Overview: Allied

Allied Technologies Group



## Overview

- Design, integration, installation & maintenance of communications networks.
- Principal customers include Department of Defence, Department of Foreign Affairs & Trade, Telstra and Centrelink.

### Key Customers

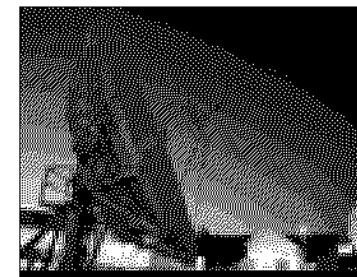
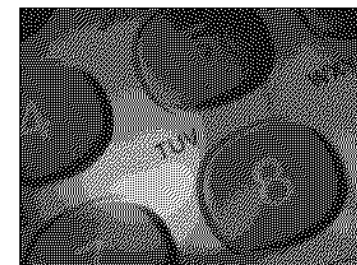
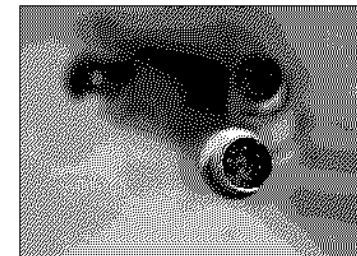
Department of Defence  
CSIRO  
Australian Electoral Commission  
Department of Veterans' Affairs  
Department of Foreign Affairs & Trade  
Department of Finance & Administration  
Centrelink  
Australian Taxation Office  
Qantas  
Boeing  
Telstra  
Optus

## Capability

- Infrastructure design
- Consulting services
- Implementation and integration
- Project management & QA
- Enterprise management solutions
- WAN assessment & integration
- LAN & campus networks builds
- Facilities management
- Network infrastructure installations
- Copper and fibre optic
- Secure video communication

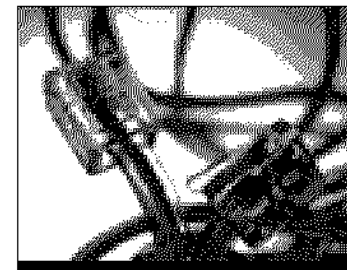
## Competitors

- EDS
- IBM
- CSC
- Di-Data
- Kaz
- Tyco
- Convergency Group



# Allied Technologies

- Track record of profitable growth:
  - ⇒ 13 year track record;
  - ⇒ 17% compound organic growth over 5 years; and
  - ⇒ long standing relationships with key Government departments.
- Predictable revenue stream:
  - ⇒ 30% revenue locked in under multi year contracts.
- Seasonal business with 40% revenue first half, 60% second half (historically).
- FY04 unaudited results:
  - ⇒ beat prospectus pre-tax profit forecasts for FY04;
  - ⇒ to pay 1.5cps fully franked dividend;
  - ⇒ DRP; with
  - ⇒ Executive Directors to take up DRP for own shareholding (55%).
- Looking forward:
  - ⇒ order book of \$18 million (vs \$12 million in July 2003); and
  - ⇒ 50% of FY05 budget committed.
- Strategy is to grow revenue to \$100 million by December 2005.



# 3. Proposed Acquisition: TUSC

- TUSC is communication software services company specialising in infrastructure management solutions:

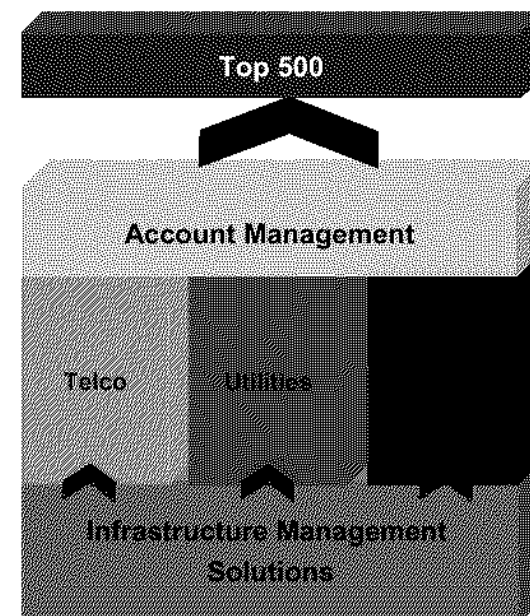
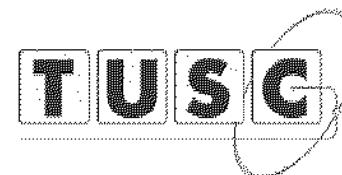
- ⇒ established in 1981.

- Large Enterprises customer base:

- ⇒ telecommunications, utilities, banking etc.

- Where network infrastructure is:

- ⇒ critical to operation of core business;
- ⇒ complex;
- ⇒ real-time;
- ⇒ geographically dispersed;
- ⇒ represents significant investment/cost; and
- ⇒ crosses operational and IT boundaries.



# Proposed Acquisition: TUSC

## TUSC Partners

### IT:

Service Management  
Network Management  
Security, Reporting  
Performance, SLA Management



### Operational:

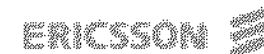
SCADA  
Distribution Management  
Mobile Computing



e-wise solutions

# Proposed Acquisition: TUSC

## TUSC Customers



# Proposed Acquisition: TUSC

## Competitors

- The top five of the \$19.2 billion worldwide network consulting and integration services market (IDC 2001):
  - ⇒ IBM Global Services 17.7%;
  - ⇒ EDS 7.9%;
  - ⇒ Compaq 7.3%;
  - ⇒ Alcatel 6.3%; and
  - ⇒ Getronics 5.6%.
  
- Local Competitors:
  - ⇒ Dimension Data;
  - ⇒ Kinetica;
  - ⇒ Fastwire; and
  - ⇒ Logica.

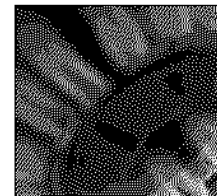
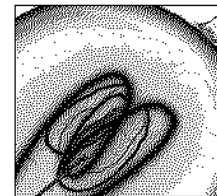
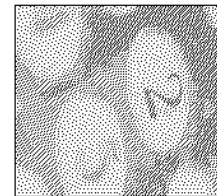
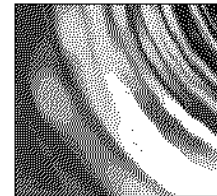
# Proposed Acquisition: TUSC

## Growth Strategies

- Provide end to end software and service solutions in the Infrastructure Management space.
- Cross sell to Allied's Government client base.
- Grow "annuity" products and revenue.

## Merger Strategy

- Complementary, bolt-on acquisition:
  - ⇒ provides Allied with scale in Victoria; and
  - ⇒ established blue chip customer base in Telco, Utilities and Enterprise sectors.
- Maintain existing management team.
- Minor cost savings from back office synergies.
- Upside from cross selling Allied's Government client base and TUSC's Utilities and Corporate client base.



# 4. Acquisition Details

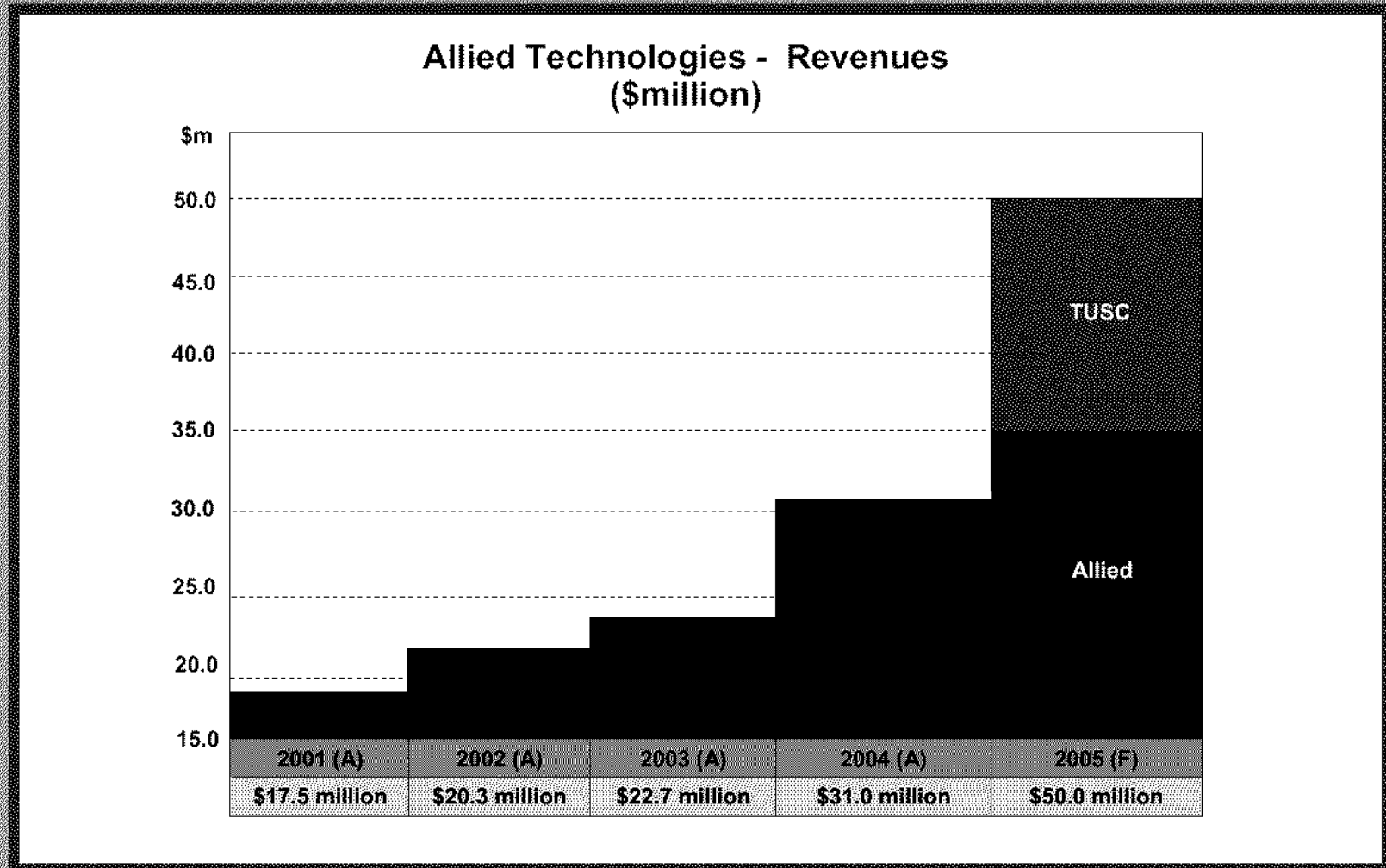
<b>TUSC Acquisition</b>	<b>(\$million)</b>
2005 Revenue	15.0
2004 EBIT*	1.4
2005 EBIT	1.8
Consideration:	
– Cash	2.0
– Value of Shares @ \$0.30**	1.8
– Deferred Consideration***	2.9
<b>Total:</b>	<b>6.7</b>

\* Subject to audit and adjustments

\*\* 12 month escrow

\*\*\* Based on current 2005 profit estimates.

# 5. Financials



## Allied Technologies (pre-acquisition)

Year ending 30 June (\$'000)	FY03 <sup>(1)</sup> (A)	FY04 <sup>(2)</sup> (A)	FY05 <sup>(3)</sup> (P)
Turnover	22,728	31,011	35,000
EBIT	0.379	2,140	2,500
NPAT	0.281	1,400	1,920

(1) Allied

(2) - (3) Proforma Allied & ServicePoint, unaudited management accounts, excluding goodwill amortisation on acquisition

## TUSC

Year ending 30 June (\$'000)	FY03 (A)	FY04 <sup>(4)</sup> (A)	FY05 (P)
Revenue	9,613	13,500	15,000
EBIT	870	1,400	1,800
NPAT			1,300

(4) Proforma normalised subject to audit & review

## Proforma Profit & Loss

Year ending 30 June 2005 ('000)	FY05 <sup>(1)</sup> (P)
Revenue	50,000
EBIT	4,300
NPAT	3,220

(1) Proforma Allied & TUSC, excluding goodwill amortisation on acquisition

- \$3 million franking credits.
- Zero net debt.
- FY05 PE 5.2x

# 6. Application of Funds / Shareholders

## Application of Funds

	\$million
TUSC Cash Consideration	2.0
Working Capital / Debt Reduction	2.5
Acquisition + Funding Costs	0.5
<b>Total</b>	<b>5.0</b>

## Major Shareholders (post acquisition)

Major Shareholders	Ownership (%)
Ray Doak (CEO)	25.0
Michael Addison (Chairman)	5.7
Andrew Berriman (Director)	4.1
John Gwyther (Proposed Director)	10.0
Other	55.2
<b>Total</b>	<b>100.0</b>

# 7. Issue Structure

<b>Current Position:</b>	
Number of shares on issue (million)	30.7
<b>Following Proposed Acquisition + Placement:</b>	
Issue Price per Share	\$0.32
Shares offered pursuant to this Placement (million)	15.6
Shares issued to TUSC vendors @ \$0.30 (million)	6.0
Number of Shares on issue on completion of Offer and Proposed Acquisition (million)*	52.3
Market Capitalisation at Issue Price (\$m)	16.7
FY05 EPS (cents)	6.1
FY05 PE (x)	5.2

\* Excluding DRP, deferred consideration and employee share options

# 8. Board & Management

## ■ Michael Addison, *Chairman*

- ⇒ 20 years direct corporate finance experience with extensive experience in due diligence studies, corporate structuring, M&A and IPOs.
- ⇒ Former executive of Barings, Standard Merchant & Standard Chartered Asia and former Director of Newport Capital Group.
- ⇒ Previously, Managing Director Awethu Breweries Limited (JSE) and former Managing Director of The Property Trust plc (LSE).

## ■ Ray Doak, *Managing Director & CEO*

- ⇒ Founder of Allied Technologies.
- ⇒ 15 years experience providing technology solutions to Government.
- ⇒ Strong Government relationships.
- ⇒ Finalist of Ernst & Young Entrepreneur Award 2001.

## ■ Andrew Berriman, *Executive Director*

- ⇒ 30 years IT experience, preceded by 6 years in secure military telecommunications.
- ⇒ Founding Director of Solution6.
- ⇒ MBA from MGSM.

## ■ Andrew Maroc, *Non Executive Director*

- ⇒ 13 years with ATO.
- ⇒ Founder and senior principal of Canberra based accounting practice.
- ⇒ Long time adviser to Allied Group.

# Board & Management

## ■ **John Gwyther, *Proposed Non Executive Director***

- ⇒ Founder of TUSC.
- ⇒ Appointment to board subject to Allied shareholder approval and completion of TUSC acquisition.
- ⇒ 30 years IT industry experience including senior positions with Hewlett Packard.
- ⇒ Immediate past Chairman of the Australian Information Industry Association (AIIA), Chairman of Software Engineering Australia, Chairman of the Industry Advisory Council for Monash University's Faculty of IT, a member of Senator Alston's Framework For Future group (F3) and a director of the Pearcey Foundation.

## ■ **John Fletcher, *Group Financial Controller***

- ⇒ 30 years accounting experience with major part of career as Chief Financial Controller (Asia-Pacific) with Jaakko Poyry Group – an international engineering and consulting company based in Helsinki.
- ⇒ Previously a senior partner in a firm of Chartered Accountants in Ireland and a founding partner of a firm of Chartered Accountants in Victoria, Australia.
- ⇒ Fellow of the Institute of Chartered Accountants in Australia having originally qualified in Ireland.

## ■ **Daryll Goodall, *Managing Director, TUSC***

- ⇒ Joined TUSC in 1997 with over 20 years experience in the IT industry in Australian and Europe
- ⇒ Former Australian General Manager of Azimuth Consulting, an independent business and information management consulting firm.
- ⇒ Former senior manager at Unisys Corporation.
- ⇒ Honours graduate in Science, a Certified Member of the Australian Computing Society (CMACS), and a member of the Institute of Company Directors.

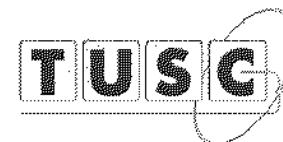
- Allied 240 employees.
- TUSC 61 employees.

# 9. Summary

- Dominant in secure voice, data, video and web communications.
- TUSC expands geographic footprint and customer base
- Significant merger benefits not factored into numbers.
- Strong management with a significant equity interest.
- Profit underpinned by contracts and barriers to entry.
- Acquisition is EPS positive immediately.
- Attractively priced FY05 PE multiple of 5.2x.



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# 10. Contact Details




**CARTESIAN CAPITAL**

SIMON KIDSTON | DIRECTOR

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 Chairman

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**Allied Technologies Group Limited**

Fay Cook  
 Managing Director and CEO

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