



SMS Management & Technology Limited

Presentation to

UBS Australian Small Caps Conference

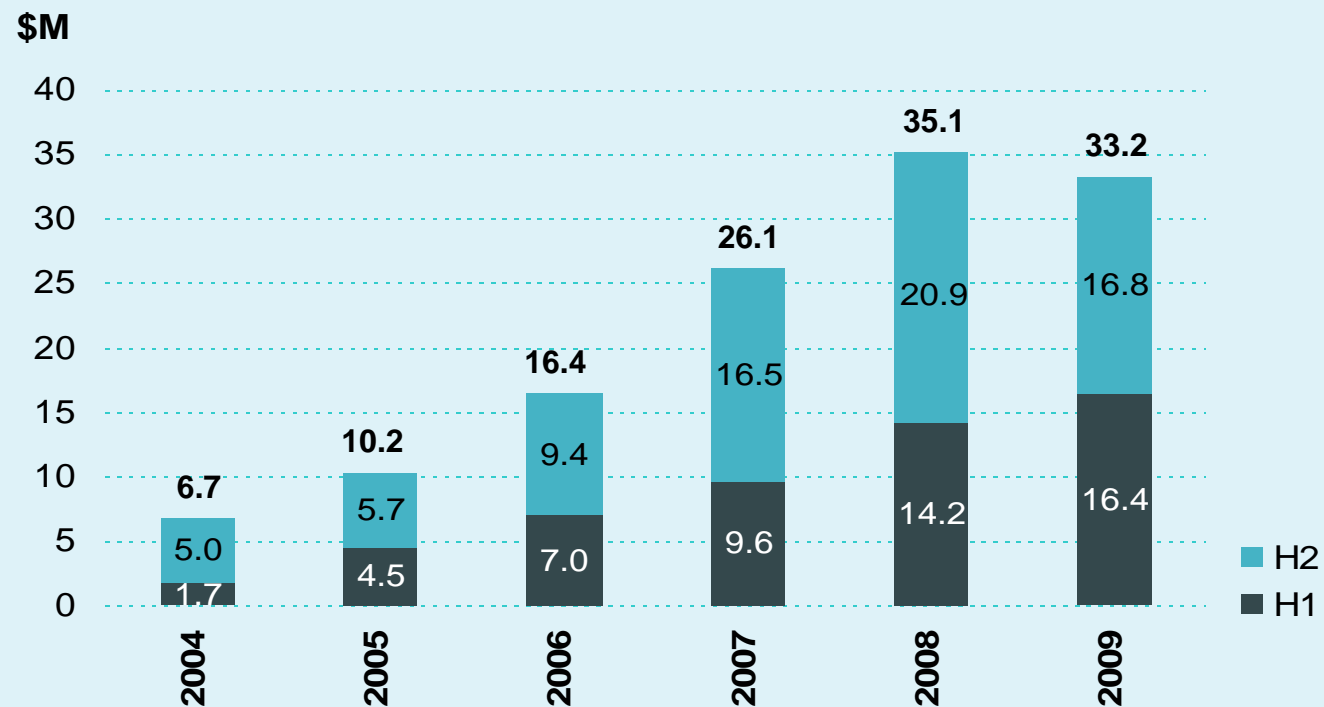
Steve Kelly **CFO**

21 October 2009

FY09 Highlights – Demonstrating resilience

- > Revenue \$230.6m (last year \$237.9m)
 - \$245m in new contracts signed in FY09 maintaining good pipeline of work
- > NPAT \$24.3m (last year \$24.8m)
- > Completed buy-back of 603,506 shares at an average price of \$1.70
- > Successfully positioned business to deal with the prevailing market conditions
 - Reduced operating costs by \$5.9m pa
 - Achieved a healthy sales rate
- > Reduced recruitment rate to maintain good utilisation
 - Recommenced judicious recruitment in all locations in June 2009
- > Maintained strong full year franked dividend payment
 - 25.0 cents (fully franked) on 36.7 cents earnings per share (68% payout ratio)
- > Healthy Balance sheet
 - Zero debt
 - \$26.5m cash balance – increased by \$10m from 30 June 2008
 - Generated \$34.7m cash from operations

Reliable EBITDA performance



Key financial results

\$ MILLIONS	June 2008	June 2009
Revenue from services*	237.9	230.6
EBITDA	35.1	33.2
NPAT	24.8	24.3
Earnings per share	38.2¢	36.7¢
Diluted Earnings per share	36.7¢	35.7¢
Full Year Dividend (fully franked)	25¢	25¢

* Revenue excluding pass through services

Financial strength

	June 2008	June 2009
Cash	\$16.5m	\$26.5m
Trade Receivables	\$54.6m	\$45.5m
Days sales outstanding	52 days	41 days
Debt	nil	nil
Net tangible assets (NTA)	\$43.1m	\$46.9m
NTA per share	66 ¢	71 ¢

Cash

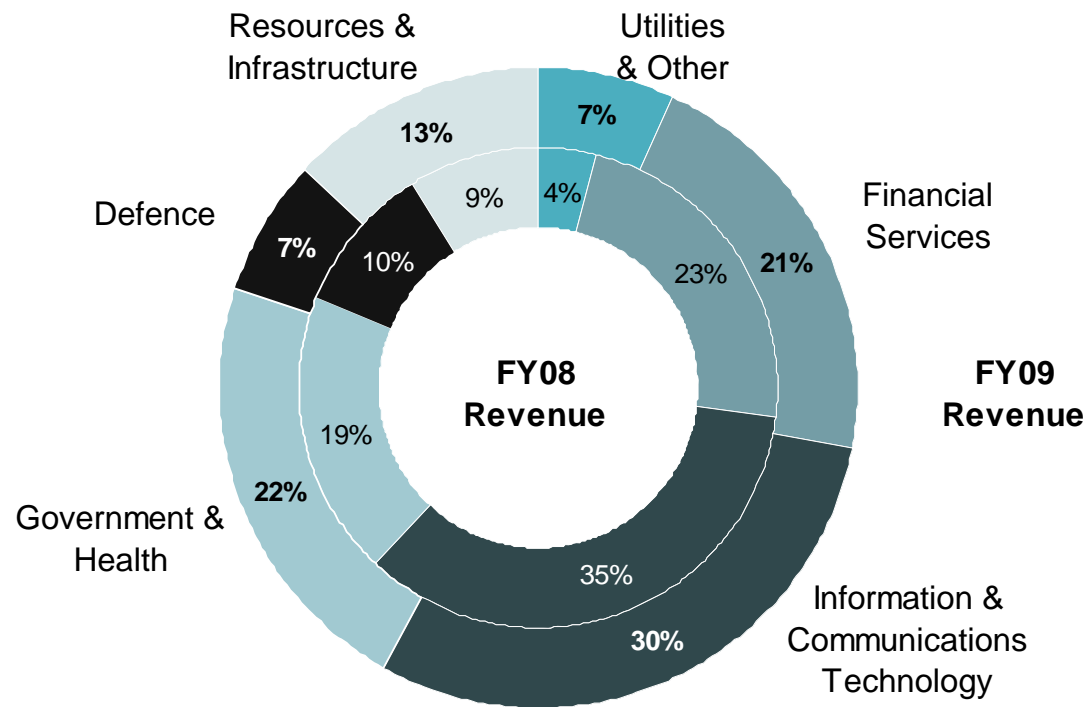
\$MILLIONS

Cash balance 1 July 2008		16.5
Funds generated from earnings	34.7	
Reduction in working capital	3.4	
Dividend payments	(16.5)	
Net tax paid	(6.5)	
Acquisitions	(4.0)	
External fees on discontinued acquisitions	(0.3)	
Net capital expenditure	(0.5)	
Net interest received	1.0	
Borrowing costs paid	(0.3)	
Share buy-back	(1.0)	
Cash balance 30 June 2009		26.5

Staff numbers – returning to growth

	Jun 2008	Dec 2008	Mar 2009	Jun 2009
Billable				
Permanent Consultants	785	735	683	690
M&T Resources (FTE's)	438	321	297	320
	1,223	1,056	980	1,010
Non Billable				
Sales	77	78	68	68
Admin and Management	101	100	91	90
Total	1,401	1,234	1,139	1,168

Revenue by sectors for 12 months to June - Improved Spread



EBITDA contribution continues to broaden

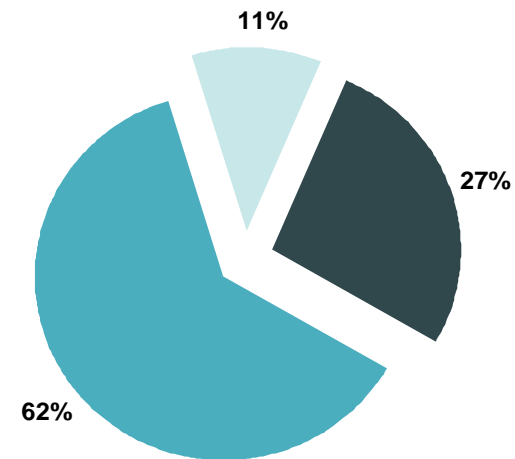
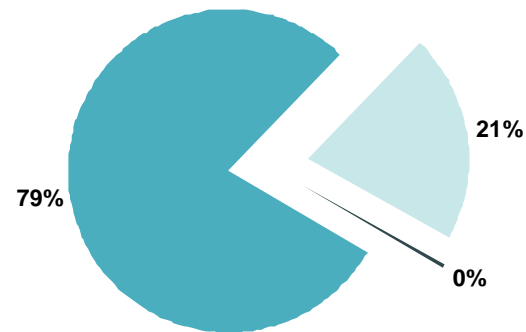
2005 ACTUAL

\$10.2m



2009 ACTUAL

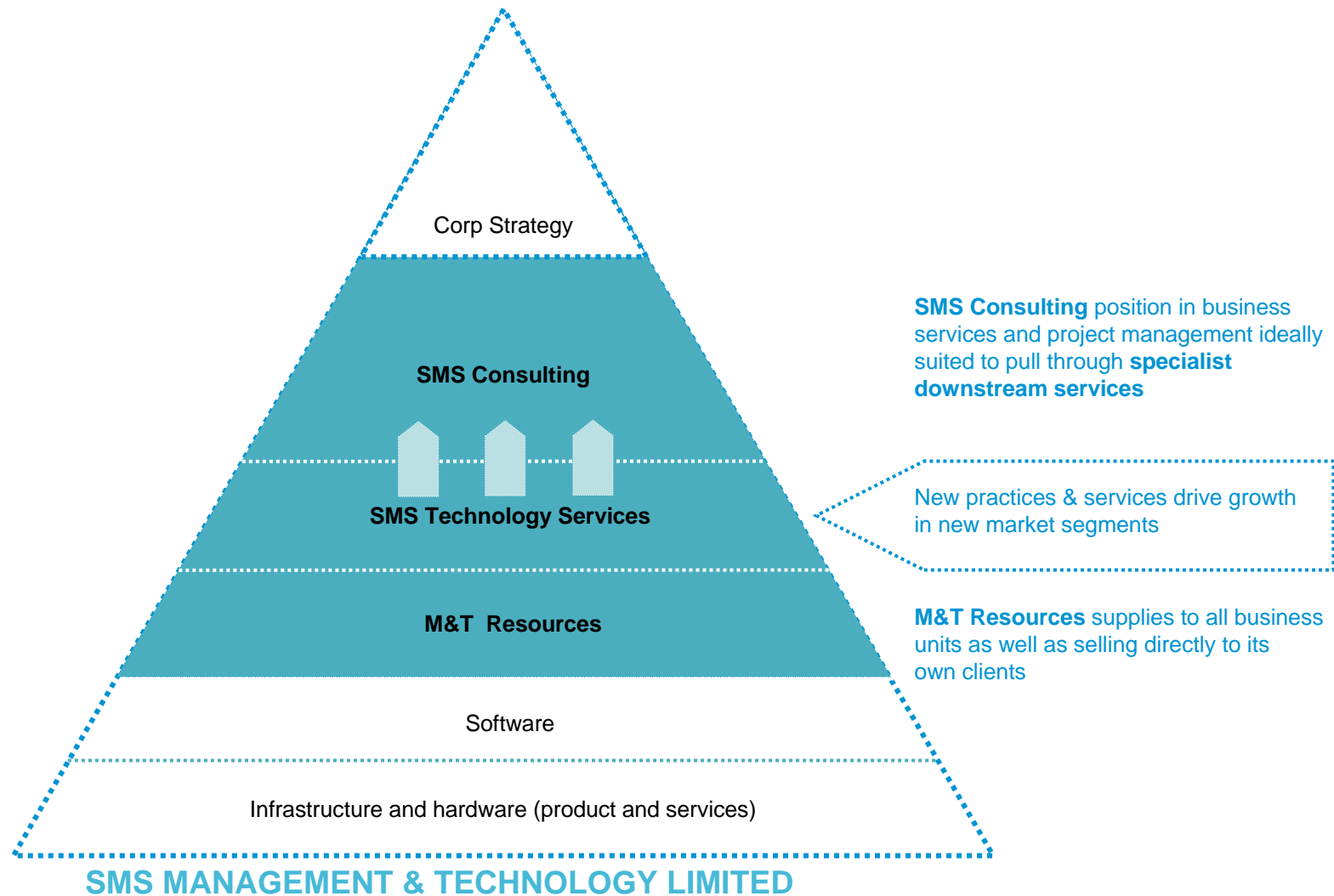
\$33.2m



■ Consulting ■ M&T Resources ■ Tech Services

Market position is unique amongst our listed peers

Grow through leveraging specialist services



Practices and Services

BUSINESS PERFORMANCE IMPROVEMENT

IT Strategic Planning :: Business Process Management
Enterprise Architecture :: Web Strategy & Information Architecture

OPERATIONAL LEARNING & CHANGE

Organisational Review & Design :: Change Management
Operational Learning :: eLearning

PROGRAM & PROJECT SERVICES

Portfolio & Programme Services :: Project / Programme Management Office
Benefits Realisation :: Project Management :: Project Recovery

APPLICATION DEVELOPMENT

:: Java / J2EE
:: NET
:: Web 2.0
:: Legacy Tech
:: DB Development
:: Portal & Content Management

SYSTEMS INTEGRATION

:: Package Integration
:: SOA
:: Enterprise Services Bus
:: EAI
:: Point to point integration

INFORMATION & DATA MANAGEMENT

:: Governance & Strategy
:: Data Architecture & Modelling
:: Business Intell.
:: Data Warehousing
:: Data Quality
:: Data Migration

SYSTEMS ENGINEERING

:: Defence Systems Engineering
:: Test & Evaluation
:: Modelling & Simulation
:: RFID

PERMANENT & CONTRACT RECRUITMENT

SMS
Management & Technology

M&T Resources

Service Innovation is enhancing our profile

- > During FY09 SMS has delivered many innovative solutions to client problems, these have demonstrated thought leadership and enhanced our profile
 - Largest Gmail implementation in the world demonstrates cloud computing capability
 - Business Intelligence solutions helping clients improve competitiveness
 - Public portal using Amazon hosted facilities
 - Water resource information system is world leader
 - E-Health implementation positions SMS as key partner in the health industry
 - Microsoft SharePoint implementation for whole-of-bank people management solution is an Australian first
 - e-learning and virtual classrooms solution allow delivery of services to remote indigenous communities
 - ecoAnalytics solution allows clients to monitor and report on carbon footprint

The environment ahead

- > Some major projects originally expected to generate demand late FY09 have been delayed 12 months
 - National Broadband Network and its downstream system impacts
 - Core banking systems replacement and downstream impacts
 - Infrastructure upgrades
- > Current business performing well
 - Good level of sales continuing
 - Short-term initiatives have positioned SMS to deal with the current business environment
 - Extension of key projects has further strengthened pipeline
 - Innovative service offerings improve our competitiveness
- > Well positioned to exploit strategic opportunities

Tempo of demand for our services

Sector	June 09	Sept 09	Is SMS engaged?
ICT	●	○	Yes
Financial Services	●	●	Yes
State Government	●	●	Yes
Federal Government	●	●	Yes
Defence	●	●	Yes
Resources	●	●	Yes
Utilities	●	●	Yes
Retail & Manufacturing	●	●	No

● GOOD
 ● STEADY
 ○ REDUCING

Growth strategies

- > Market share gain through competitive business model
- > Industry extension
 - Focus on sectors which have significant programs of work into the next 5 years and for which IT is mission critical
- > Extend capabilities and service footprint
 - M&T Resources – 2002
 - Technology Services – 2005
 - Defence Solutions – January 2007
 - Operational Learning and Change – October 2007
 - Information Management (Pelion) – May 2009
 - Systems Integration (Aipex) – October 2009
- > Current market share approximately 2%
 - As we extend and broaden our services and introduce new practices, we contest more market segments and further grow market share
 - Further growth in Application Services
 - Gradually adding Managed Services

Current trading conditions – Q1 Update

- > Sales are higher than current revenue
 - \$67m in new contracts to add to the \$245m in contracts during FY09
- > Earnings for first half likely to be slightly higher than first half last year
 - Net profit margin is higher than last year; through
 - Utilisation stronger than Q1 in last two years;
 - Benefits of cost improvements being realised; despite
 - Vigorous competition and pricing pressure.
- > Recommended recruitment, 1200 staff at end of Q1
- > Returned to growth footing
- > Cash grown to \$30.4m (\$26.5m @ 30 June); after
 - \$2.4m initial payment for Aipex acquisition; and
 - \$10m for final dividend



QUESTIONS

STEVE KELLY CFO

21 October 2009