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Full Year Results Presentation

FY2015

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Key Results (Statutory and Proforma)

Statutory Results for FY2015

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CGL exceeds Statutory Forecasts for FY2015

- **Exceeded prospectus EBITDA expectations (refer slide 8 for all proforma results);**
- Statutory total revenues of $72.97m (up 46%);
- Gross margins stable or increasing in all segments;
- Strong cost management resulting in profit before income tax of $8.57m (up 62%);
- EBITDA of $10.11m (up 64%);
- Net Profit After Tax of $6.53m (up 58%);
- Cash and cash equivalent reserves remain strong at $37.22m (up from $19.26 million in FY2014);
- An increase in the balance sheet by $31.70m with net assets of $56.99m;
- Earnings per share 16.1 cents (up 30%); and,
- All dividends fully franked.

$72.97m total revenue 46%	$10.11m EBITDA 66%
$8.57m profit before income tax 62%	$6.53m net profit after tax 58%
16.1¢ earnings per share 30%	23.5¢/share dividend paid 57%

Solid Trading Performance

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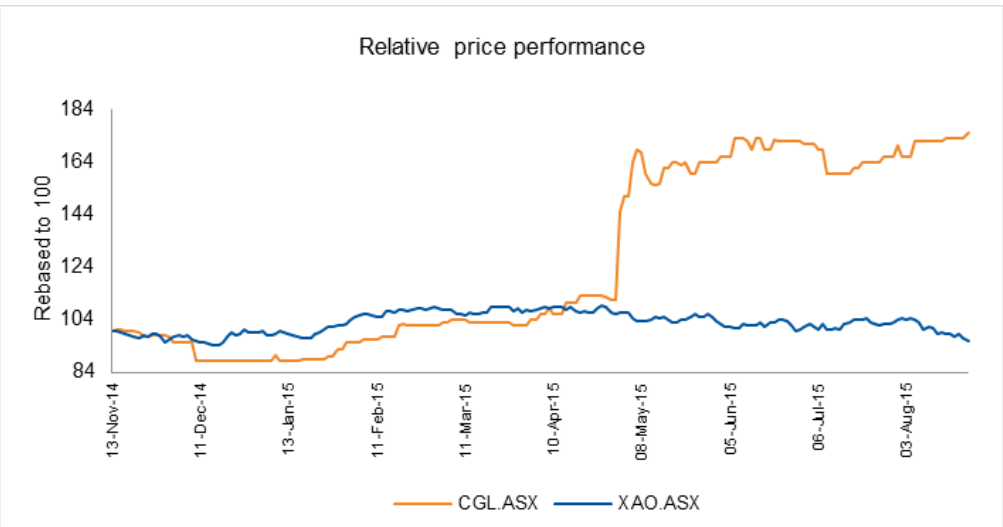
CGL performs extremely well relative to ASX

Market data as at Close of Trading 21 Aug 2015:

- 46,651,234 shares on issue;
- Share price up from $2.25 to $3.95 (up 76%);
- Market capitalisation increased to circa $184.3m;
- Strongly outperformed ASX All Ordinaries; and,
- Average trading volumes circa 80k-90k daily demonstrating good liquidity relative to peers.



		Last month	Last 6 months	Last 12 months
Price performance				
	Period start ($)*	3.70	2.30	0.00
	Period close ($)*	3.95	3.95	3.95
	Highest period closing price ($)**	3.95	3.95	3.95
	Lowest period closing price ($)**	3.70	2.30	2.00
	Price change (%)***	6.76	71.74	0.00
Trading volume				
	Days in period	16	76	115
	Average daily volume	93,815	81,549	82,155
	Highest volume over period	644,606	794,865	794,865
	Lowest volume over period	1,500	67	67
	Above average days (+10%) (%)	12.5	21.1	21.7
	Average days (%)	18.8	1.3	0.9
	Below average days (-10%) (%)	68.8	77.6	77.4
Turnover				
	Total volume	1,501,033	6,197,746	9,447,797
	Average issued capital (IC)	46,651,234	45,335,444	45,044,428
	Turnover (% IC)	3.22	13.67	20.97

Group Financial Summary - Statutory

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Statutory Consolidated Income Statements

- Increase derived in both Technology and Education sectors through combinations of internal growth strategies, merger and acquisition activities and expansion of the nRAH Construction Contract;
- Cost management continued to remain a focus across all segments;
- Administrative expenses increased by $3.0m or 120.0% driven by costs associated with listing and increased costs of administration associated with general business growth;
- Depreciation and amortisation increases reflects the continued capital investment in ICT, new Education campus facilities, development of learning curriculums, and amortisation of assets associated with the PJAS acquisition.

	Statutory 2015 $m	Statutory 2014 $m	Change $m	Change (%)
Revenue	72.3	49.6	22.7	45.8%
Cost of Sales	(49.9)	(35.8)	(14.1)	39.4%
Gross Profit	**22.4**	**13.8**	**8.6**	**62.3%**
Gross Profit margin (%)	31%	28%		
Other Income	2.4	1.8	0.6	33.3%
Employee Expenses	(9.2)	(7.0)	(2.2)	31.4%
Other Expenses	(5.5)	(2.5)	(3.0)	120.0%
EBITDA	**10.1**	**6.1**	**4.0**	**65.6%**
EBITDA Margin (%)	14.0%	12.4%		
Depreciation & Amortisation	(1.2)	(0.7)	(0.5)	71.4%
EBIT	**8.9**	**5.4**	**3.5**	**64.8%**
Net Interest Costs	(0.3)	(0.1)	(0.2)	200.0%
NPBT	**8.6**	**5.3**	**3.3**	**62.3%**
Tax Expense	(2.1)	(1.2)	(0.9)	75.0
NPAT	**6.5**	**4.1**	**2.4**	**58.5%**

Statutory to Proforma Prospectus Reconciliation (EBITDA)

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CGL exceeds Proforma Prospectus forecasts for FY2015

	Proforma Prospectus (Actual) 2015 $m	Proforma Prospectus (Budget) 2015 $m	Change $m	Change (%)
Statutory NPAT	**6.5**	**6.1**	**0.4**	**6.6%**
Depreciation and amortisation	1.2	0.9	0.3	33.3%
Net interest adjustments	0.3	0.2	0.1	50.0%
Tax expense	2.1	2.0	0.1	5.0%
EBITDA	**10.1**	**9.2**	**0.9**	**9.8%**
Impact of PJAS acquisition	(0.6)	-	(0.6)	-
Impact of business combination transaction costs	0.3	-	0.3	-
Adjusted EBITDA net of Business Combinations	**9.8**	**9.2**	**0.6**	**6.5%**
Public company costs	(0.2)	(0.2)	(0.0)	(0.0%)
Transaction costs and one-off costs (IPO)	1.7	1.5	0.2	13.3%
Net interest adjustments	0.3	0.3	-	-
Proforma Prospectus EBITDA	**11.6**	**10.8**	**0.8**	**7.4%**

Results Commentary

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Strong results in all operating divisions

	TECHNOLOGY	EDUCATION	OTHER	TOTAL
	$m	$m	$m	$m
Total Segment Revenue	61.5	11.2	-	72.7
Inter-Segment Revenue	(0.4)	-	-	(0.4)
Revenue from External Customers	**61.1**	**11.2**	**-**	**72.3**
Adjusted EBITDA	**10.7**	**4.1**	**0.8**	**15.6**
Depreciation & Amortisation	0.5	0.3	0.1	0.9

- Revenue increases driven by sales in integrated product solutions, contract expansion, PPP activity and campus expansion;
- Margins driven by continued focus on operational synergies, scope expansion, and cost reduction across non-IPO administration expenses;
- Building on our impressive track record – pcp growth in revenue, earnings, margin, capability sets, long term recurring income streams and clients; and
- Acquisition of PJAS completed one month ahead of schedule and progressing towards full integration.

Growth in EBITDA

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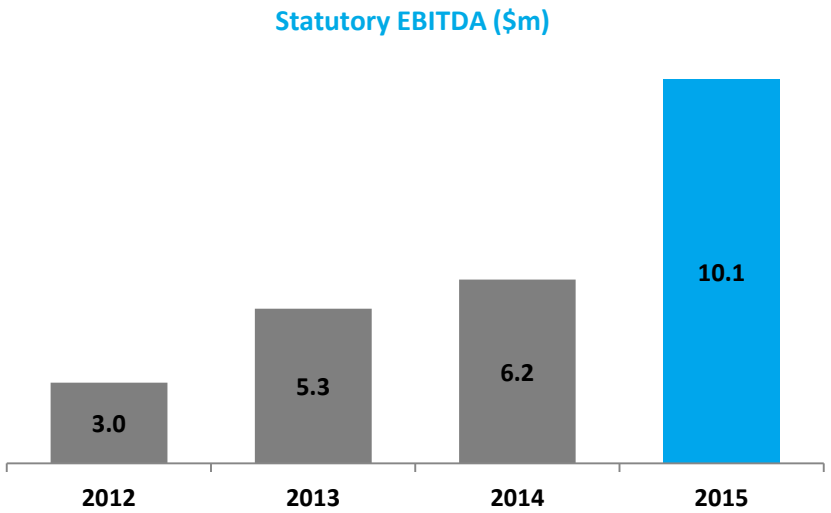
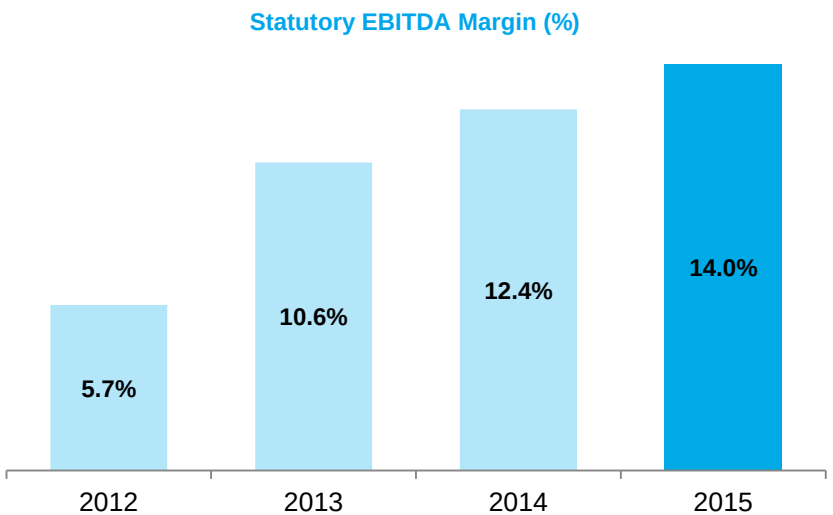
Year over Year EBITDA Growth – Statutory EBITDA





- Group focus remains on higher margin services offerings combined with strong cost management focus;
- Over-achievement of IPO Prospectus EBITDA estimates:
  - Statutory EBITDA of $10.1m vs $9.3m
  - Proforma EBITDA of $11.6m vs $10.8m
- Growth in EBITDA generated by strong performance in Technology and Education sectors; and
- EBITDA Margins widening to 14%, up 13% against FY2014 levels.

Operational Highlights

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A year of transformation for CGL

- Appointment of world class, highly experienced Board of Directors (see Appendix A);
- Achieved successful listing on the ASX via an IPO in November 2014;
- Exceeded prospectus profit forecasts;
- Continued to gain market recognition as a ‘problem solver in complex environments’, such as in health, big data management and security;
- Expanded pipelines in all operating divisions;
- All major PPP and technology extension opportunities still ‘live’;
- Completed and integrated the highly accretive acquisition of PJAS (June 2015) extending footprint in the e-health market;
- Expanded client numbers and capability offerings, particularly into the private sector;
- Expanded education offering through the successful launch of new ABA campuses in Penrith and Ashfield; and,
- Strong balance sheet in place to support additional acquisitions.

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Dividend and Outlook

Dividend and Outlook

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Solid maiden dividend and substantial firepower for further acquisitions

DIVIDEND, CASH MANAGEMENT AND FIREPOWER

- Solid cashflows allowed the board to declare a dividend of 5.8c per share, payable on 30 September 2015;
- Represents a 4.4% annualised yield for shareholders who invested at IPO ($2.25);
- Good cash/cash equivalents position of $37.2m (up 93%);
- No gearing (net debt to equity of -11%) due to strong cash position; and,
- Strong balance sheet with supportive share register of Blue Chip institutions.

OUTLOOK

- Clear and focused strategy will underpin continuing growth trends;
  - In Technology Segment, there is a strong pipeline of prospects due to growing complexity of health, data and security markets,
  - Majority of FY16 technology contracts already locked in through managed services,
  - In the Education Segment, our quality outcomes for students in terms of education and employment pathways remain a clear differentiator;
- Recent acquisition of PJAS will add >$9.5m to EBITDA in FY2016; and,
- Targeting additional acquisitions – funding likely to be a mix of debt and equity.

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Appendices

Appendix A – Board of Directors

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Mr Kevin McCann, AM
Chairman & Independent Non-Executive Director

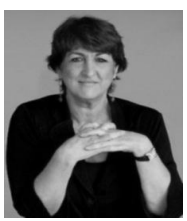
- Chairman of Macquarie Group and Macquarie Bank
- Partner of Allens Arthur Robinson from 1970 to 2004 and was Chairman of Partners from 1995 to 2004
- Member of the Order of Australia in 2005
- Bachelor of Arts and Law (Honours) from Sydney University and Master of Law from Harvard University

Dr Miles Jakeman
Managing Director

- Managing Director since CGL's inception
- Highly skilled in business strategy, program management, security risk management and staff development
- Extensive experience working overseas with multinational companies with full P&L responsibility
- PhD Asian Studies and a PhD in Business Leadership

Lieutenant General Peter Leahy, AC (Rtd)
Independent Non-Executive Director

- Retired from the Army in 2008 after a 37 year career as a soldier. He concluded his career with a six year appointment as the Chief of Army.
- Professor and foundation Director of the National Security Institute at the University of Canberra
- Member of the Australian Institute of Company Directors and has been appointed to Boards of Codan and Electro Optic Systems Holdings



Ms Deena Shiff
Independent Non-Executive Director

- Extensive executive experience in the communications industry, serving as Group Managing Director at Telstra Corporation between 2005 and 2013
- Current Chair of Paloma Mobile, a NED at IPscape and a NED for the Alertness CRC
- Bachelor of Science (Economics) from the London School of Economics and Political Science and a Masters of Arts (Law) from the University of Cambridge

Mr Mark McConnell
Executive Director

- Founder of New Territories Investments (NTI), a private equity fund focused on clients in Hong Kong and China
- Experienced in acquisitions, capital raising and strategy
- Member of multiple private boards and previously served on several public company boards
- BSc and MBA and is a fellow of AICD

Appendix B – CGL Overview

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CGL is a growing business in the technology and education sectors

We specialise in managing complexity by integrating know-how, systems and people to provide information on an anywhere-anytime basis

TECHNOLOGY

ServicePoint
Secure Unified Solutions

PJAS

FRONTIER PEOPLE
LOCAL INSIGHT. NATIONAL REACH

- Operates through four divisions: People & Advisory, Integration & Technology, Knowledge Management and Health.
- Deep specialisation in designing and operating unified communication and knowledge management solutions, as well as provision of software-as-a-service.
- Strong health sector IT penetration.
- Also provides business strategy and management consulting services.
- Long term managed service contracts underpin technology segment revenues.

- ***Client driven***
- ***Fully integrated business operations***
- ***Shared resourcing***
- ***Employment pathways***

EDUCATION

AUSTRALIAN BUSINESS ACADEMY

- Provides nationally accredited and professional training solutions; education-employment pathways.
- Extremely strong completion rates and quality outcomes for students (university pathways and jobs)
- VET FEE-HELP, CRICOS licenses.
- Full fee-for-service; no government subsidy; no agents.
- Highly tailored courses delivered via both face-to-face and online campuses.
- Owns and controls all course materials.
- Won Small Training Organisation of the Year 3 times and again shortlisted (1 of 3 in NSW).

Appendix C – Client Driven Cross-sell

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Genuine matrix organisation with cross-selling opportunities

PJAS

ServicePoint
Secure Unified Solutions

Holistic approach to client requirements

Generates synergies through cross-referrals

Allows Citadel to manage surge staffing requirements

Shared back-end costs provides superior returns

FRONTIER PEOPLE
LOCAL INSIGHT. NATIONAL REACH

Integration & Technology

Software-as-a-Service, collaboration and presentation systems, unified communications, telemedicine and video conferencing

People & Advisory

Strategic advice, program management, acquisition support and quality assurance services via consulting, contracting and placement mechanisms

JBS

Knowledge Management

Capture, protect, share, access and use of corporate information

Appendix D – M&A Strategic Rationale

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The recent acquisition of PJAS adds capability and depth to the CGL Technology Segment.

	Health Sector	Defence & Secure Agencies	Government	Education	Private Sector
People and Advisory	Western Health Southern Health Peter Mac jir	Australian Government Department of Defence Australian Government Attorney-General's Department Australian Government Department of Immigration and Border Protection	Australian Government Department of Foreign Affairs and Trade Australian Government Department of the Prime Minister and Cabinet AFP Government of South Australia SA Health	Australian National University Australian Federal Police	Leighton Holdings NORTHROP GRUMMAN NBNCo Limited
Knowledge Management PJAS	Queensland Health Queensland Government Eastern Health NSW GOVERNMENT Health Pathology	Australian Government Department of Defence Australian Government Department of Industry	Australian Government Department of Foreign Affairs and Trade Australian Government Solicitor Australian Government Department of Health Therapeutic Goods Administration		Tatts Group
Integration and Technology	Government of South Australia SA Health NSW HEALTH medicare Royal Adelaide Hospital	Australian Government Department of Defence DFAT Australian Government Attorney-General's Department	Australian Government Department of Foreign Affairs and Trade AIRSERVICES AUSTRALIA AFP ACC	CHARLES STURT UNIVERSITY CQ University AUSTRALIA	Leading Australian Telco Lockheed Martin Australia Leighton Holdings

Appendix E - Contract Longevity in Technology

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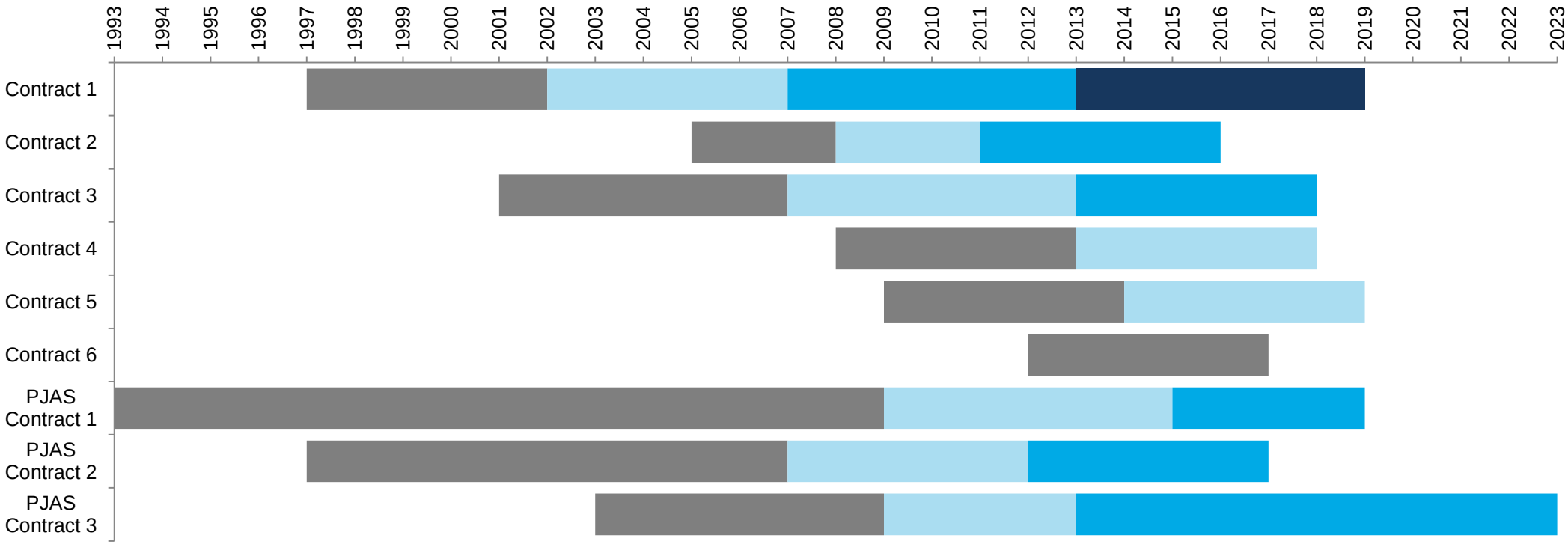
Long-standing relationships with multiple clients providing stable revenue streams



Commentary

- Only material, long-term contracts shown in the chart above.
- Evidences strong track record of winning and retaining clients.
- Managed service contracts prolong the average duration of client relationships.
- Concurrent managed service contracts provide stable, recurring revenue streams.
- All PJAS managed service contracts ongoing until at least end of 2017 (with a strong history of renewal).

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