



HiTech Group Australia Limited (HIT)

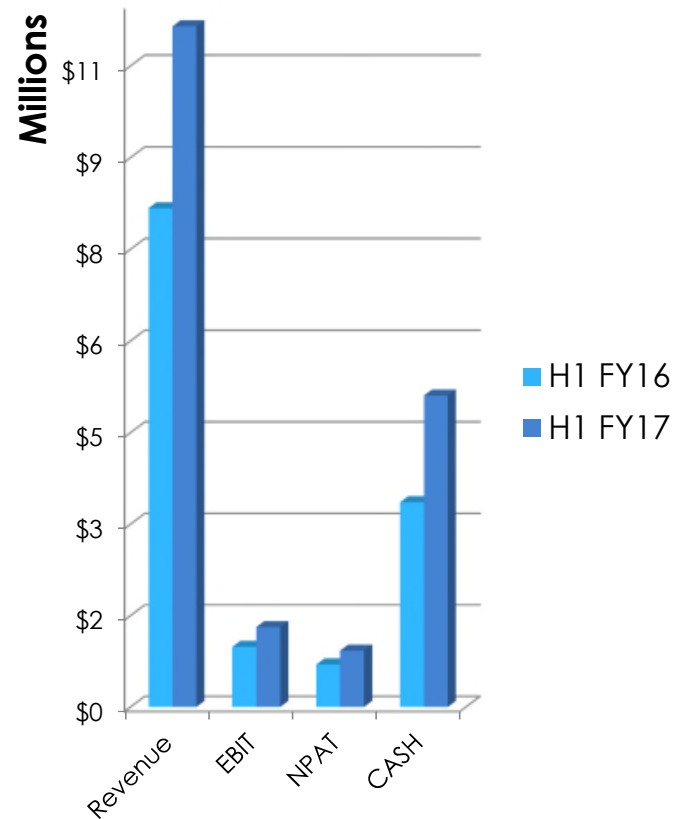
# Record half year profit

14 February 2017

# Highlights

**Revenue**  
**\$11.1million**  
up 36% on H1 FY16

**Profit after Tax**  
**\$925,084**  
up 33% on H1 FY16



**EBITDA**  
**\$1.3 million**  
up 32% on H1 FY16

**Cash**  
**\$5.1 million**  
up 52% on H1 FY16

**No Debt**

# Business Snapshot

- ❑ HiTech is a specialist provider of recruitment and ICT consulting services
- ❑ The majority of HiTech's revenue is generated from ICT contracting placements, providing a source of growing recurring revenue
- ❑ HiTech's outstanding performance is due to new business, from the expanding ICT jobs market and large scale public and private IT projects, that require contract and permanent staff
- ❑ Business revenues are being supplemented by an expanding candidate and client base
- ❑ IT Contractor demand continues to grow with HiTech client supplier agreements being renewed for an additional 3-7 years e.g. Department of Human Services and Department of Infrastructure
- ❑ Strong balance sheet with zero debt enabling the Board to pursue organic growth and acquisition opportunities

# Growth Strategy

## ❑ Organic:

- ✓ Continue to grow number of clients and proprietary database (HiBase) of skilled candidates
- ✓ Enhance service offering to existing clients by providing a complete recruitment solution in addition to ad hoc contracting engagements
- ✓ Capitalise on economies of scale achieved from proven business model and long term client relationships

## ❑ Expand ICT Services:

- ✓ Build on existing ICT expertise to expand into the high margin Consulting/Services space (e.g. cloud, Security, SaaS, Project-Delivery-As-A-Service)
- ✓ IT Services and Contractor demand is at ALL time high. In-sourcing is the new trend

## ❑ Geographical Expansion:

- ✓ Potential to expand services into other geographic markets including overseas

## ❑ Acquisition:

- ✓ Opportunity to pursue strategic acquisition opportunities in highly fragmented industry

# ICT Market

*HiTech's business is leveraged to the positive dynamics of the ICT employment market*

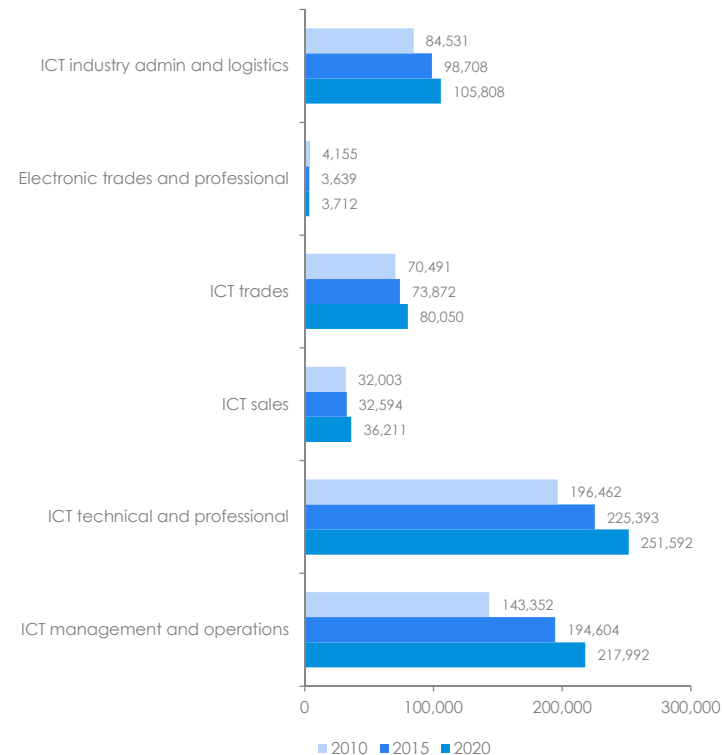
- The digital economy which demands the skills of ICT workers is forecast to grow from \$79 billion in 2014 to \$139 billion in 2020, representing a growth rate of 75% and 7.3% of GDP<sup>1,2</sup>
- Skilled, high value, ICT professionals (such as Digital Security Experts) are in high demand and short supply. Australian companies continue to use overseas workers to fulfil their ICT skills requirements<sup>1</sup>
- Australia's ICT workforce is forecast to rise from 628,000 workers in 2015 to 695,400 in 2020, representing an average annual growth rate of 2.0% (compared to 1.4% for the workforce as a whole) and will account for 5.4% of the total workforce<sup>1</sup>
- There is a trend towards contracting vs permanent placements. On average, 80% of the workforce in ICT is contracted<sup>3</sup>

ICT industry Size: Nearly A\$100 billion  
([www.austrade.gov.au](http://www.austrade.gov.au))

Sources:

1. Deloitte Report, Australia's Digital Pulse, 2016
2. Deloitte Access Economics, The Connected Continent II, 2016
3. ITCRA Employment Trends Report Q4 2015

**Australia's Historical and Forecast ICT Employment, 2010 - 2020<sup>1</sup>**



# Forward Look

- ❑ Capitalise on the strong demand for ICT talent in both the public and private sectors
- ❑ Enhance our agility to deliver recruitment and consulting services on demand
- ❑ Build on our intellectual property to further bolster our balance sheet and resource base of talent
- ❑ Maintain our cost advantage via economies of scale
- ❑ Build a sustainable revenue stream that is complemented by suitable EPS accretive acquisitions and enhanced service offering
- ❑ Confident of delivering strong shareholder returns for FY2017

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