



FY17 Half Yearly Results Investor Presentation

Kevin McLaine CEO & MD
Julian Graham CFO

PEOPLE SECURITY & COMMUNICATION

PS&C Today



A national ICT security, communications and services provider delivering holistic solutions to blue chip, government and SME sectors

People

Low risk people provider to blue chip customer base diversifying into more general, higher margin IT

- Consulting
- Contractor management
- Recruitment
- Project augmentation



Security

High growth security business with high franchise value in dominant market position

- Security consulting
- Managed Services
- Penetration testing
- Red Teaming
- Product sales
- Education



Communication

Significant panel agreements for hardware and services expanding into national markets

- Unified communications and IP telephony
- Network infrastructure
- Consulting and managed services



Acquisition and growth strategy across all sectors leveraging from current dominant position in security sector

Trade and Shareholder Data



TRADING INFORMATION 17 February '17

ASX Ticker	PSZ
Share Price	\$0.35
Shares on issue	70.12m
Market Cap	\$24.89m

SHAREHOLDERS 23 January '17

Shareholders	Number of Shares (M)	%
Vendors and Founders	33.67	48%
Other	36.42	52%

1 YEAR SHARE PRICE GRAPH



BOARD OF DIRECTORS & MANAGEMENT

Managing Director / CEO: **Kevin McLaine**

CFO/ Company Secretary: **Julian Graham**

Non-Executive Chairman: **Terry Benfold**

Non-Executive Director: **Cass O'Connor**

Highlights



- > Operating revenues of **\$38.39M** a decrease of 7% (\$41.23m 1H16)
- > Normalised Operating EBIT before head office costs of **\$3.76m** (\$4.20m 1H16) down 11%
- > Normalised Group EBIT \$2.23m (\$3.04m 1HFY16)
- > Goodwill in Communications written down by \$6.85m
- > No interim dividend as cash conserved for spin off plans

Operational Highlights



Trading

- > PEOPLE EBIT up 18% on pcp with a strong contribution from general IT business Bexton.
- > SECURITY EBIT up 4% on pcp with restructuring disruption and capacity constraints impacting the half.
- > COMMUNICATION EBIT significantly down on pcp due to cyclical nature of the business. Improvement expected 2nd half. Long terms forecasts reduced leading to goodwill impairment.
- > Recruited and retained highly skilled staff across all segments.
- > Customer base continues to expand across the segments.

Financial Results



	1H17	1H16	Change
	\$'000	\$'000	%
Operating Revenue	38,394	41,226	-7%
Normalised operating EBIT before head office costs	3,756	4,201	-11%
Margin	10%	10%	
Normalised EBIT	2,231	3,040	-27%
Margin	6%	7%	
Net Profit after tax (reported)	(5,987)	3,062	
EPS	(8.95)	5.32	
DPS	0.00	2.50	

> Non operating transactions:

- > Goodwill write down \$6.85m
- > Acquisition costs \$67k
- > Tender costs \$212k

Balance Sheet –



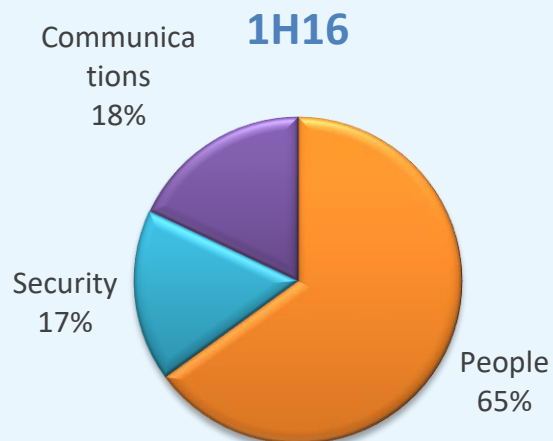
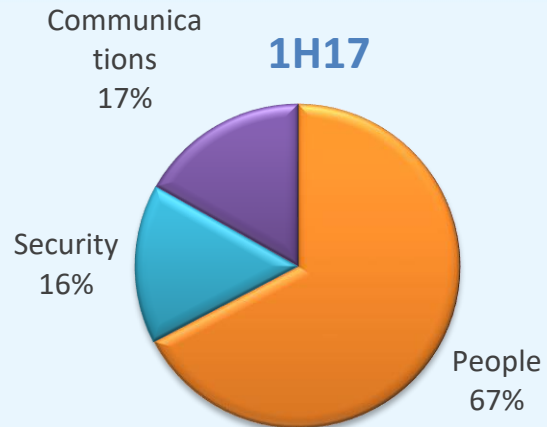
Consolidated Balance Sheet		Dec 16 (\$'000)	June 16 (\$'000)
Cash and Cash Equivalents		1,512	3,509
Receivables		10,000	16,245
Tax Receivable		674	355
Other		2,213	1,342
Total Current Assets		14,399	21,452
Receivables		428	488
PP&E		1,252	732
Intangibles		77,051	83,904
Tax Assets		1,108	1,228
Other		51	58
Total Assets		94,289	107,862
Payables		4,463	8,174
Borrowings		15,378	1,046
Deferred Consideration		3,199	2,595
Provisions & other		3,152	4,638
Total Current Liabilities		26,192	16,543
Payables		443	477
Borrowings		-	15,456
Deferred Consideration		3,848	7,163
Provisions & other		273	232
Total Liabilities		30,756	39,781
Equity		63,534	68,081

- Improved debt collection
- Trade working capital improvement – 1.79 x (PCP 1.39 x)
- Major infrastructure rollout/upgrade – SW, communications, storage and redundancy
- Borrowings mature 31 Jan '18 however classified as current liability as execution was post Dec '16
- \$2.92M of unused facilities as at Dec '16

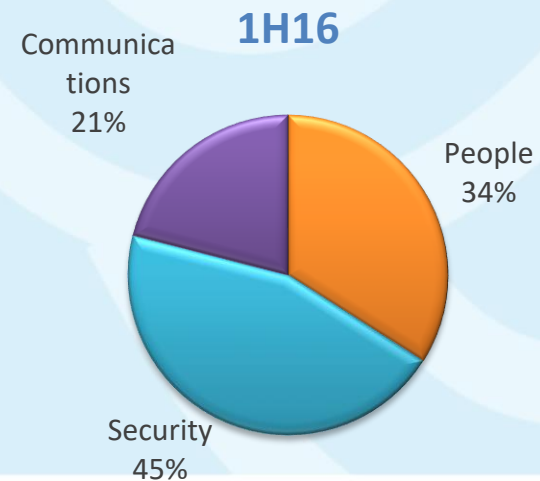
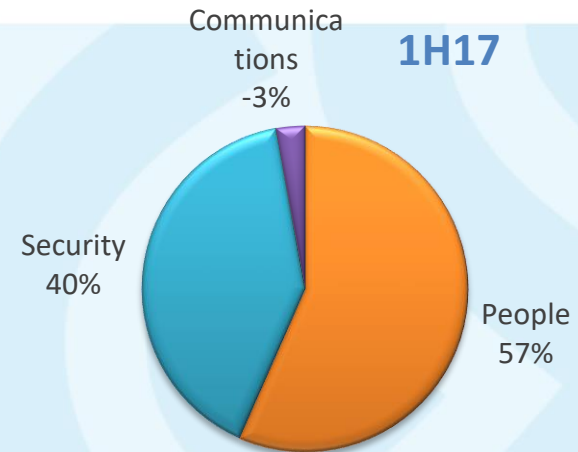
Segment Performance



Revenue



EBIT



People Business



- > The business continues to perform well
- > Bexton making a strong contribution
- > Wider offering in place

	1H17	1H16	Change
	\$'000	\$'000	%
Revenue	25,939	27,120	-4%
EBIT	2,136	1,808	18%
Margin	9%	7%	

Solid track record of delivering consulting, contractor management and recruitment services to blue-chip sector with capacity for growth through diversification

People Business



CURRENT

- ✓ Solid blue chip client base with less exposure to discretionary spend
- ✓ Access to Sydney market
- ✓ Top recruitment specialists with a breadth of experience in SAP & General IT



OPPORTUNITIES FOR GROWTH

- ✓ Acquisition opportunities to develop general IT offering with geographical expansion
- ✓ PS&C now has a wider offering with both SAP and general IT, leading to a larger client base
- ✓ A stronger presence in the Sydney market

Security Business



- > Revenue pcg had a large software sale included. Services revenue is up pcg with commensurate margin improvement.
- > Ongoing integration and capacity constraints impacted performance in the half.
- > The industry continues to grow.
- > Mandatory breach notification legislation passed will increase awareness among businesses.
- > Expecting a good 2nd half.

	1H17	1H16	Change
	\$'000	\$'000	%
Revenue	6,011	6,884	-13%
EBIT	1,514	1,449	4%
Margin	25%	21%	

**Normalised results*

Largest penetration tester in AU & NZ also providing security consulting, managed services, red teaming, product sales and education capable of major expansion with high margins

Security Business



CURRENT

- ✓ One of the largest assurance service providers in Australia and New Zealand
- ✓ Dominant position with an excellent reputation
- ✓ Staff are industry experts with highly specialised and in-demand skills
- ✓ High margins and high franchise value
- ✓ Strong growth industry



OPPORTUNITIES FOR GROWTH

- ✓ Opportunities to diversify and scale offering
- ✓ Pursuing a “full service”, “one stop shop” offering
- ✓ Acquisition opportunities to grow segment
- ✓ Build annuity income base
- ✓ Research suggests spend in the industry will continue to grow significantly
- ✓ Grow the existing market share
- ✓ Development of unique products and services

Communication Business

- > Down significantly on pcp.
- > Business is “lumpy” and performance hard to predict.
- > Long range forecasts reduced leading to a goodwill write down.
- > 2nd half will be improved.
- > The business, under new leadership has restructured – impacted 1st half.

	1H17	1H16	Change
	\$'000	\$'000	%
Revenue	6,444	7,222	-11%
EBIT	106	944	-89%
Margin	2%	13%	

**Normalised results*

Provides unified communications and IP telephony and network infrastructure with major expansion opportunities cross leveraging from existing and new security business

Communication Business



CURRENT

- ✓ Excellent customer base in NSW, regional governments and corporates
- ✓ Significant performer on NSW Government ICT Procurement Contract
- ✓ Accepted onto ATO Panel Contract
- ✓ Cisco award "Outstanding Performance in 2015 - Security Partner"
- ✓ Nimble Storage Rising Star award
- ✓ Dedicated staff with a wealth of experience in the Communications industry



OPPORTUNITIES FOR GROWTH

- ✓ Managed services growth
- ✓ Increase infrastructure service offering
- ✓ Expansion into other states
- ✓ Collaboration opportunities with Security segment to widen existing customer base
- ✓ Increasing tender wins
- ✓ Potential for large contract wins

Revenues and Earnings



Operating Revenue	1H17 \$'000	1H16 \$'000	Increase
People	25,939	27,120	-4%
Security	6,011	6,884	-13%
Communication	6,444	7,222	-11%
Total	38,394	41,226	-7%

EBIT Normalised	1H17 \$'000	1H16 \$'000	Increase
People	2,136	1,808	18%
Security	1,514	1,449	4%
Communication	106	944	-89%
Total	3,756	4,201	-11%
Corporate	(1,525)	(1,161)	31%
Total	2,231	3,040	-27%

Outlook



- > Businesses report solid pipelines
- > Last quarter FY17 will again be important to full year results
- > SECURITY industry continues to grow and PS&C developing and executing expansion opportunities as well as:
 - Working with investment banks to separately list the security assets on ASX.
 - Great opportunity to create “full service”, “one stop shop” in Cyber security
 - Refer to announcement on 23 February 2017
- > PEOPLE business growth in general IT to continue
- > COMMUNICATION business to improve following restructuring.

Disclaimer



- The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for half year ended 31 December 2016 as at the 23 February 2017 together with an update on PS&C's activities, and is current at the date of preparation. Further details are provided in the Company's half year results announcement released on 23 February 2017.
- This presentation includes forward-looking statements, opinions and estimates that are based on information, assumptions and contingencies which by their nature are subject to change, as are statements about market and industry trends, which are based on interpretations of current market conditions. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements, opinions and estimates are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of PS&C, and which may cause actual results to differ materially from those expressed or implied in this presentation.
- The information contained in this presentation is given in good faith and has been prepared from information believed to be accurate and reliable. The information presented is in summary only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial circumstances or needs of any particular investor. To the maximum extent permitted by law, neither PS&C nor its related corporations, directors, employees or agents, nor any other person, accepts any liability, for any loss or damage whether direct, indirect or consequential, arising from the use of the presentation, its contents or otherwise arising in connection with it.
- This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of PS&C is available on our website www.pscgroup.com.au.

Contact Details



PS&C LTD

Level 10, 410 Collins Street

Melbourne, VIC, 3000

(03) 9682 2699

Kevin McLaine

Chief Executive Officer

Julian Graham

Chief Financial Officer