



FY 17 Results Investor Presentation

Glenn Fielding CEO and 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 | <ul style="list-style-type: none"> • Consulting • Cloud Transition • Salesforce consulting • Contractor management • Recruitment • Project augmentation | |
| Security | High growth security business with high franchise value in dominant market position | <ul style="list-style-type: none"> • Security consulting • Managed Services • Penetration testing • Red Teaming • Product sales • Education | |
| Communication | Significant panel agreements for hardware and services expanding into national markets | <ul style="list-style-type: none"> • 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 15 August '17

| | |
|-----------------|----------|
| ASX Ticker | PSZ |
| Share Price | \$0.24 |
| Shares on issue | 84.40m |
| Market Cap | \$20.36m |

SHAREHOLDERS August 17

| Shareholders | Number of Shares (M) | % |
|----------------------|----------------------|-----|
| Vendors and Founders | 50.23 | 60% |
| Other | 34.17 | 40% |

1 YEAR SHARE PRICE GRAPH



BOARD OF DIRECTORS & MANAGEMENT

| | |
|--------------------------|-----------------------|
| Managing Director / CEO: | Glenn Fielding |
| CFO/ Company Secretary: | Julian Graham |
| Non-Executive Chairman: | Terry Benfold |
| Non-Executive Director: | Kevin McLaine |

Volume

FY17 Highlights



- Purchased Sacon Group in June 17
- Purchased Coroma Consulting in June 17
- New executive management with Glenn Fielding taking over as CEO/MD
- Year of restructure and positioning for growth
- Trading:
 - **PEOPLE** results down on pcg but expecting significant growth in FY18
 - **SECURITY** results down on pcg impacted by integration and structuring. Sector remains very strong and capacity up for FY18
 - **COMMUNICATION** result down on pcg with slower activity in last two months of the year
- Recruited and retained highly skilled staff across all segments

Financial Highlights



- Revenues of **\$73.90M** a decrease of **13%** (\$85.33M FY16)
- Normalised Operating EBIT before head office costs of **\$8.82M** (normalised \$10.25M FY16) down **14%**
- Normalised Group EBIT **\$5.81M** (normalised \$7.95M FY16)
- No final dividend as cash conserved for growth plans

Financial Results



| | FY17 \$'000 | FY16 \$'000 |
|--|----------------|----------------|
| Revenue | 73,900 | 85,334 |
| Normalised Operating EBIT before Head office costs | 8,821 | 10,255 |
| Margin | 12% | 12% |
| Normalised EBIT | 5,808 | 7,946 |
| Margin | 8% | 9% |
| Normalised Operating EBITDA | 6,081 | 8,204 |
| Margin | 8% | 12% |
| Statutory Net Profit After Tax | (5,596) | 6,973 |

- > Non operating transactions:
 - > Goodwill impairment \$6.8m
 - > Acquisition and transaction costs
 - > Restructuring costs
 - > Write offs
 - > Statutory EBITDA \$3.4m
 - > Total normalisation \$2.6m



Balance Sheet

| | June 17 \$'000 | June 16 \$'000 |
|--------------------------------|-------------------|-------------------|
| Cash and Cash equivalents | 8,069 | 3,509 |
| Receivables | 11,241 | 16,245 |
| Other | 2,104 | 1,698 |
| Current Assets | 21,414 | 21,452 |
| Receivables | 389 | 488 |
| PP&E | 1,362 | 732 |
| Intangibles | 92,207 | 83,904 |
| Tax Assets and other | 1,090 | 1,286 |
| Non-current assets | 95,048 | 86,410 |
| Total Assets | 116,462 | 107,862 |
| Payables | 9,058 | 8,174 |
| Borrowings | 15,399 | 1,046 |
| Contingent consideration | 3,265 | 2,595 |
| Deferred consideration | 9,628 | |
| Provisions and other | 4,061 | 4,638 |
| Current liabilities | 41,411 | 16,453 |
| Payables | 371 | 477 |
| Borrowings | - | 15,456 |
| Contingent Consideration | 10,462 | 7,163 |
| Provisions and other | 278 | 232 |
| Non-current liabilities | 11,111 | 23,328 |
| Total Liabilities | 52,523 | 39,781 |
| Equity | 63,939 | 68,081 |

- ✓ Strong operating cash flow due to better working capital management
- ✓ Capex low
- ✓ 4.05m shares issued for acquisitions and earn outs
- ✓ Intangibles increase on acquisition and earn out payments
- ✓ Contingent and deferred consideration is able to be settled in PS&C shares

Our People Business



- ✓ Revenue reduction mainly in lower margin Contractor management services
- ✓ General IT business continues to grow
- ✓ Business much bigger in FY18 and beyond with:
 - ✓ Sacon Group, Coroma Consulting and Queensland (GlassandCo) people business

| | FY17 | FY16 | Change |
|---------|--------|--------|--------|
| | \$'000 | \$'000 | |
| Revenue | 45,645 | 56,825 | -20% |
| EBIT | 3,739 | 4,364 | -14% |
| Margin | 8% | 8% | |

**Normalised results*

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

Our People Business



CURRENT

- ✓ High growth areas of Cloud transition and Salesforce implementation
- ✓ Solid blue chip client base with less exposure to discretionary spend
- ✓ Top recruitment specialists with a breadth of experience in SAP & General IT
- ✓ Growing general IT business



OPPORTUNITIES FOR GROWTH

- ✓ Acquisition opportunities to develop offering with geographical expansion
- ✓ Significant growth opportunity via Queensland expansion
- ✓ PS&C will have a wider offering with both SAP and general IT, leading to a larger client base
- ✓ A stronger presence in the Sydney market
- ✓ Winning more of existing client work

Our Security Business



- ✓ Year impacted by integration and restructuring
- ✓ Margin holding
- ✓ Sector remains very strong
- ✓ Billable staff increased and planned to grow further
- ✓ The opportunity to grow in the cyber security sector organically and via acquisition remains an area of focus for the group

| | FY17 \$'000 | FY16 \$'000 | Change |
|---------|----------------|----------------|--------|
| Revenue | 12,305 | 12,515 | -2% |
| EBIT | 4,056 | 4,511 | -10% |
| Margin | 33% | 36% | |

**Normalised results*

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

Our 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
- ✓ Growing capacity



OPPORTUNITIES FOR GROWTH

- ✓ Opportunities to diversify and scale offering
- ✓ Acquisition opportunities to grow segment
- ✓ Build annuity income base – up to 25% of EBIT for FY18
- ✓ Research suggests spend in the industry will continue to grow significantly
- ✓ Grow the existing market share

Our Communication Business

- ✓ Business remains lumpy with customer activity at year end determining results
- ✓ Priced out of a lot of equipment deals in FY17
- ✓ A lot of restructuring during FY17 – business in a better place.
- ✓ Wider offering in place
- ✓ Looking to grow annuity income and do more in Security

| | FY17 | FY16 | Change |
|---------|--------|--------|--------|
| | \$'000 | \$'000 | |
| Revenue | 15,950 | 15,994 | 0% |
| EBIT | 1,026 | 1,380 | -26% |
| Margin | 6% | 9% | |

**Normalised results*

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

Our Communication Business



CURRENT

- ✓ Excellent customer base in NSW, regional governments and corporates
- ✓ Significant performer on NSW Government ICT Procurement Contract
- ✓ 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 Comms 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

Revenues and Earnings



| | FY17 | FY16 | Change |
|---------------|--------|--------|--------|
| Revenue | \$'000 | \$'000 | |
| People | 45,645 | 56,825 | -20% |
| Security | 12,305 | 12,515 | -2% |
| Communication | 15,950 | 15,994 | 0% |
| Total | 73,900 | 85,334 | -13% |

| EBIT | FY17 | FY16 | Change |
|---------------|---------|---------|--------|
| Normalised | \$'000 | \$'000 | |
| People | 3,739 | 4,364 | -14% |
| Security | 4,056 | 4,511 | -10% |
| Communication | 1,026 | 1,380 | -26% |
| Total | 8,821 | 10,255 | -14% |
| Corporate | (3,013) | (2,309) | 30% |
| Total | 5,808 | 7,946 | -27% |

Summary and Outlook



- Group well positioned to grow into FY18 and beyond
- Expect Revenues to grow by 25%-30% in FY18
- Expect Operating EBIT to grow on FY17 normalised Operating EBIT by 40%-60%
- SECURITY industry continues to grow and PS&C exploring expansion opportunities
 - there is significant opportunity to widen offering and grow annuity income
- PEOPLE business poised to grow significantly in FY18 and beyond
- COMMUNICATION segment to benefit from restructured offering
- Exploring value releasing transaction with Security and Communications segments

Disclaimer



- The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for the year ended 30 June 2017 as at the 18 August 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 accounts and results announcement released on 18 August 2017.
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www.pscgroup.com.au.

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Contact Details



PS&C LTD
Level 10, 410 Collins Street
Melbourne, VIC, 3000
(03) 9682 2699

Glenn Fielding
Chief Executive Officer

Julian Graham
Chief Financial Officer