29 June 2018

PS&C Market Update

PS&C Ltd (ASX:PSZ) provides an update to the market on its full year trading to 30 June 2018.

The reported normalised operating EBITDA before non-operating income (deferred consideration write backs) and expenses (acquisition and non-recurring costs) is expected to be $7.0M to $7.5M, representing a 15% - 24% increase on FY17.

With the exception of our Security and Communications business units, all other business units performed in line with or better than expectations. Security was hampered by further restructuring activities which has led to slower than expected revenue growth across FY18. The Q4FY18 results for our Security business have been pleasing and validate the further changes made. The restructuring activities in our Communications business during FY17 have not produced the expected growth forecasted. Combined, the impact on FY18 EBITDA numbers will be $2.5M to $3.0M.

Our focus on Managed Security Service offering has been very well received and will contribute significant new annuity revenue in FY19 and beyond.

Particularly pleasing was the contribution from Sacon in the area of transition to cloud solutions and our new acquisitions of Seisma and North Consulting in Canberra.

PSC Managing Director and CEO Glenn Fielding said:

"Following on from the restructure activities that occurred during FY17, FY18 has been a transformational year for the Company with the focus firmly on "getting the house in order" setting the foundations for strong top line and bottom line growth in the years to come.

"A great deal of work has been done to centralise operational functions resulting in efficiencies that will allow the Company to administer a significantly larger revenue base on a lower cost envelope, in turn leading to an overall improvement in EBITDA margins.

"I could not be more confident that the changes we have implemented and the additional acquisitions we have made provide a pivot point for the Company where growth across all key performance metrics will materialise in FY19 and continue to strengthen in the years to come.

"Key appointments during FY18, together with the recent key acquisitions, gives us confidence that FY19 will deliver an expected operating EBITDA performance in the range of $10M to $12M, (representing a 40 – 60 % increase on FY18) *and set the Company up for the reinstatement of ongoing dividends to Shareholders.*

"I look forward to redirecting mine and the team's energies to delivering the growth that our Shareholders expect and put frankly, deserve!"

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