



28 August 2018

PS&C reports end of year results

Diversified information and communications group PS&C Ltd (ASX:PSZ) announces its results for the year ended 30 June 2018.

- Results within recent guidance range
- Operating revenue up 6% to \$78.3m (pcp: \$73.9m)
- Normalised EBITDA up 18% to \$7.2m (pcp: \$6.1m)
- FY19 operating EBITDA expected to be \$10m - \$12m
- Reported NPAT impacted by goodwill write down
- Billable consultants increased 62% to 420 (pcp: 260)
- Debt reduced by \$2.49m
- Operational functions streamlined
- Base for growth on lower average cost
- Sales capability expanded
- Successful completion of Seisma and Nth Consulting acquisitions

PS&C's normalised results are within the recently announced guidance after a strong finish to end of the financial year.

Many business improvement initiatives have been undertaken during the year including the addition of important senior management appointments, acquisitions and streamlining of processes.

Reported profit was impacted by goodwill write downs, mainly as a result of an increase in the weighted cost of capital used in the impairment testing model and a more conservative approach taken with long term forecasts. Management remain very confident with the prospects of the existing operating units.

The company has also changed the way it reports its segments, better reflecting the current service offerings and delivery model. Replacing the previous People, Security and Communications business segments is:

- Discovery + Insights
- Design + Process
- Delivery + Cloud
- Defend + Secure



Commentary on segments

Discovery + Insights

This segment is involved in strategy, digital innovation design thinking, data analysis and technical enablement. The business is based in Queensland and has grown services in a relatively short time by acquiring top talent and carrying out high profile engagements. While the business is relatively new, the contribution to PS&C was positive for the year and has good growth potential.

Design + Process

This segment is concerned with workforce management, business analysis, SAP and Salesforce skillsets together with mobile development and development of eCommerce and portals.

The segment performed well during FY18 and has grown EBITDA by 10% during the year. Growth initiatives include expanding master service agreements with Tier 1 customers and taking advantage of the strong demand for Salesforce integration and development.

Delivery + Cloud

This segment offers services around cloud migration, secure communications, managed services and networking. The segment has had a strong year, more than doubling EBITDA in FY18.

It is expected there will be continued growth in cloud migration in FY19 and PS&C is well placed to take advantage with strong vendor relationships and diverse service offerings. There is an ability to expand the number of large-scale projects with our dedicated delivery management infrastructure.

Defend + Secure

This segment is involved in security advisory, digital security testing, application security and security governance. EBITDA fell for the year as PS&C appointed new leadership, key sales and delivery personnel. The group is now well placed to take advantage of the ongoing growth in digital security spend. Consultants in digital security remain scarce, leading customers to outsource their requirements.

Increasing offerings in this space to provide customers with a complete security service remains a big growth opportunity for PS&C.

Outlook

PS&C believes the work undertaken in the last 18 months leaves the group in a strong position to grow profits. It is expected that EBITDA for FY19 will be in the \$10m - \$12m range, a significant increase on FY18.

PS&C Managing Director Glenn Fielding said:

"I couldn't be more pleased with how the Group is positioned to grow profits. Considerable work has been done to put the right mixture of businesses and personnel in place to take advantage of the opportunity. We now have our house in order and further improvements will come by building on existing relationships with enterprise customers and continued consolidation of our businesses to improve client engagement."

For further information contact:

Glenn Fielding, Managing Director
Jeff Bennett, Chief Financial Officer
+613 96822699

Matt Wright
NWR Communications
+61 451 896 420