



# Results Presentation

## Year ending 30 June 2018

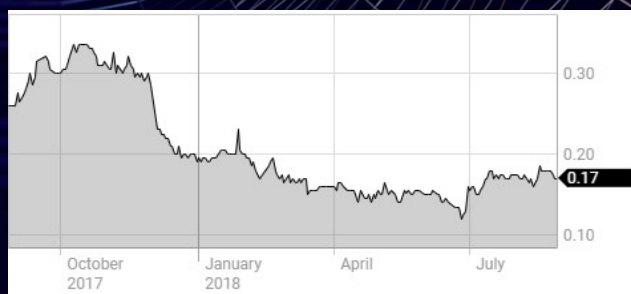
[www.pscgroup.com.au](http://www.pscgroup.com.au)

## Trade & Shareholder Data

### TRADING INFORMATION 27 August '18

ASX ticker	PSZ
Share price	\$0.17
Shares on issue	204.2m
Market cap	\$34.7m
Cash & cash equivalents	\$4.7m

### 1 YEAR SHARE PRICE GRAPH



### SHAREHOLDERS 27 August '18

Shareholders	Number of Shares (M)	%
Vendors & Founders	111.6	54.6%
Other	92.6	45.4%

### BOARD OF DIRECTORS & MANAGEMENT

Managing Director / CEO:	<b>Glenn Fielding</b>
CFO / Company Secretary:	<b>Jeff Bennett</b>
Non-Executive Chairman:	<b>Kevin McLaine</b>
Non-Executive Director:	<b>Nigel Warren</b>

## Vision & Strategy

- Helping clients fast track their digital ambitions through a focus on innovation, technology & agility
- The digital world is changing the way business success is achieved & measured with an ever growing emphasis on digital security & customer connection
- With 420+ specialist consultants across Melbourne, Sydney, Canberra & Brisbane, PS+C combines domain expertise, thought leadership & proven delivery methodologies to help clients maximise their digital advantage
- PS+C designs & develops solutions that connect clients with their customers, strengthens the security of their operations & streamlines processes

420+

Consultants

12

Specialist Brands

4

Delivery Pillars

300+

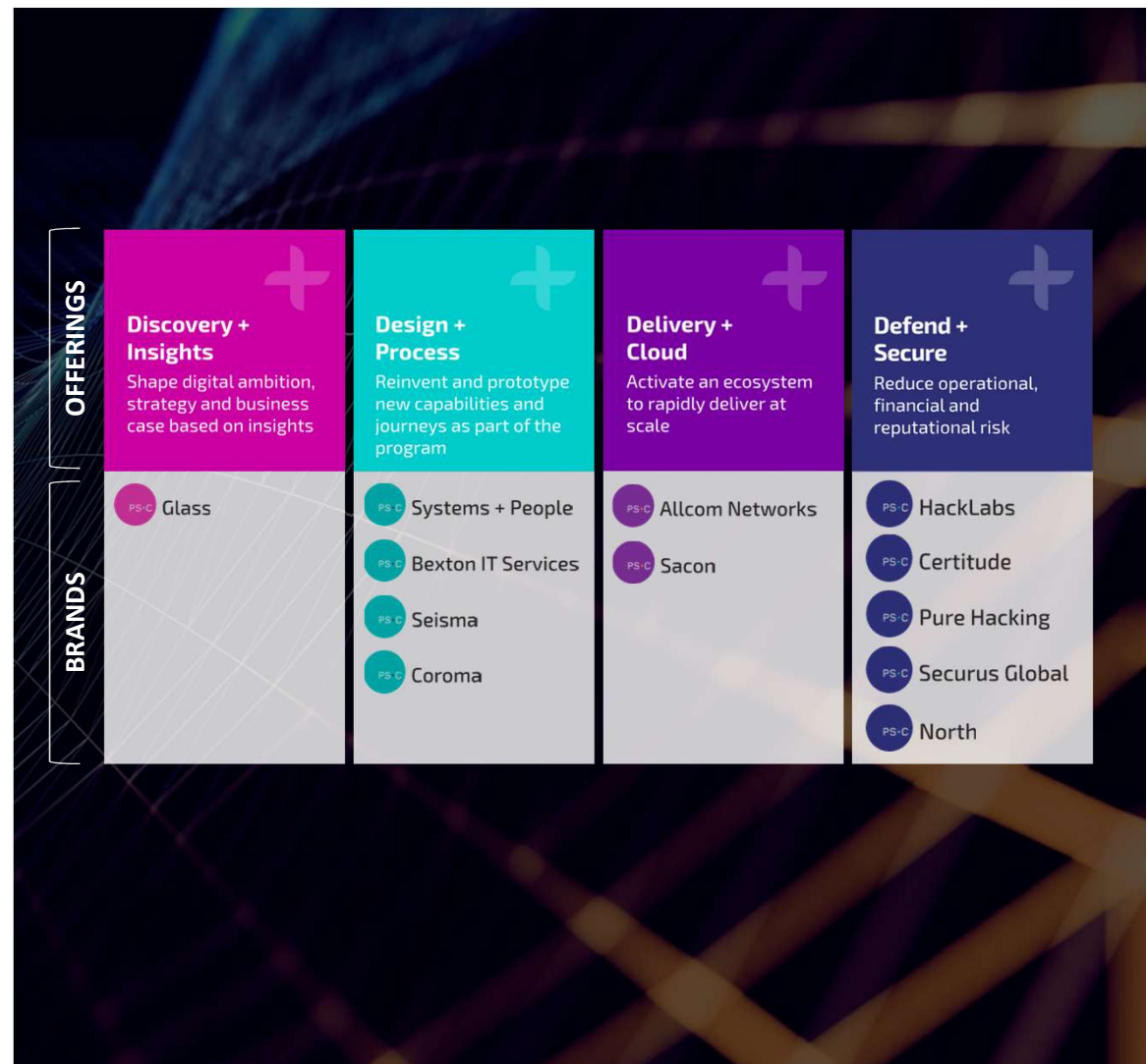
Active Clients



# Our Framework

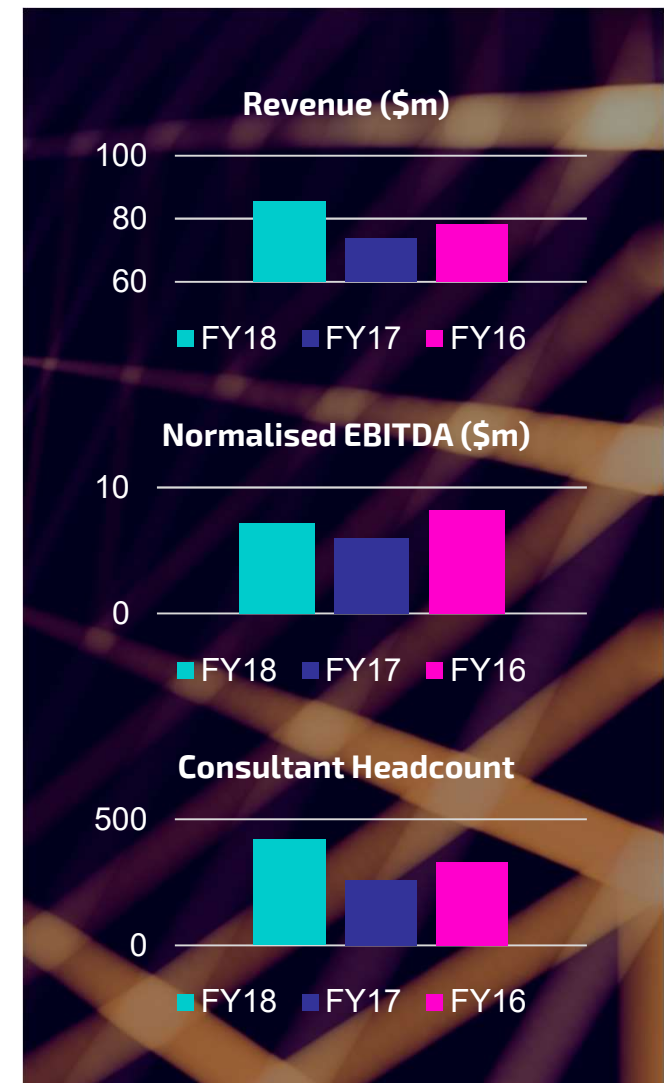
## UNIQUE SKILLS BACKED BY SHARED APPROACH

- PS+C operates a federated model where its specialist brands are grouped under four key delivery pillars
- With 420+ consultants PS+C delivers consulting & managed services to the Australian market
- Businesses provide specialist expertise as needed, but can combine through shared delivery methodologies to help clients realise larger digital transformation projects



## FY18 Highlights - Financial

- **Revenues** of \$78.3 million compared to \$73.9 million in FY17 – **increase of 6%**
- Normalised Operating Group **EBITDA \$7.2** million compared to \$6.1 million in FY17 – **increase of 18%**
- **420 consultants** at 30 June 2018 compared to 260 at 30 June 2017 – **increase of 62%**
- **Earnings Per Share of (7.97)** cents compared to **(8.12)** cents in FY17
- Strong Balance Sheet
  - Cash & cash equivalents at 30 June 2018 of **\$4.7 million**
  - Bank debt reduced by **\$2.49 million** to \$12.9 million



## FY18 Highlights - Operational

- Bedded down restructure activities undertaken during FY18, streamlining key operational functions resulting in efficiencies that will allow the Company to administer a significantly larger revenue base on a lower average cost
- Expanded the People & Culture function & strengthened recruitment capability with the addition of four specialist recruiters
- Significantly expanded sales capability with six industry leading business development resources joining the team at the backend of the financial year
- Successfully completed the acquisition of Seisma Pty Ltd in March 2018 & moved into the ACT market with the successful acquisition of North Consulting in May 2018





# Review of Financials

Year Ending 30 June 2018

[www.pscgroup.com.au](http://www.pscgroup.com.au)

1. Business Segments Summary
2. FY18 – Statutory result
3. Underlying EBITDA bridge
4. Balance sheet
5. Cash flow



# Business Segments Summary

	Discovery + Insights		Design + Process		Delivery + Cloud		Defend + Secure		Corporate Overhead		Total	
	FY18 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY17 (\$'000)
<b>Revenue</b>	1,461	0	42,081	45,645	20,997	15,950	13,813	12,305			78,352	73,900
<b>Normalised EBITDA</b>	343	-3	4,294	3,775	3,592	1,137	2,304	4,151	-3,331	-2,979	7,202	6,081
<b>Margin %</b>	23.5%	NA	10.2%	8.3%	17.1%	7.1%	16.7%	33.7%			9.2%	8.2%



## Profit & Loss – Statutory Result

- Revenue growth of 6% despite lower than forecast revenue growth from Defend + Secure
  - Addition of blue chip clients & further key client agreements
- Goodwill impairment of \$9.612 million made to the Defend + Secure & Delivery + Cloud businesses. Management has taken a more conservative approach to future forecasts & significantly increased the WACC from 12.0% in FY17 to 16.5% in FY18
- Underlying EBITDA growth of 18.4% on a margin improvement of 11.7% validating the robustness of PS+C's business model
  - Specialist service offerings aligned to a changing technology landscape

Line Item	FY18 (\$'000)	FY17 (\$'000)	Mvmt (%)
Revenue	78,351	73,900	6.0%
Statutory NPAT	-9,211	-5,597	-64.6%
Statutory EBITDA	2,684	3,445	-22.1%
Underlying EBITDA	7,202	6,081	18.4%
Underlying EBITDA margin %	9%	8%	11.7%

## Underlying EBITDA Bridge

- Acquisition costs associated with the purchase of Sacon, Coroma, Seisma & North
- Reduced margin in the Defend + Secure businesses during restructure
- Renewed focus on growth in Brisbane & Canberra
- One-off costs associated with the establishment of Glass in Brisbane

Line Item	FY18 (\$'000)	FY17 (\$'000)
Statutory EBITDA	2,684	3,445
Normalisations		
Acquisition Costs	558	67
IPO Costs	188	457
Redundancy Costs	464	456
Restructure Costs	944	1,656
Glass Establishment Costs	1,745	0
Contingent Consideration Adjustments	619	0
Total Normalisations	4,518	2,636
<b>Underlying EBITDA</b>	<b>7,202</b>	<b>6,081</b>

## Balance Sheet

- Receivables increased in line with the addition of Seisma & North
- Payables increased in line with increase in revenue
- Renegotiated bank debt facility for further two years
- Bank debt reduced by \$2.49M
- Deferred considerations reduced over the 12 months from cash & share payouts to Bexton, Sacon & Coroma

Line Item	FY18 (\$'000)	FY17 (\$'000)
Cash & equivalents	22,480	21,400
Other Assets	102,848	95,679
<b>TOTAL ASSETS</b>	<b>125,328</b>	<b>117,079</b>
Payables	10,724	9,287
Borrowings	12,902	15,399
Deferred consideration	16,564	24,065
Other Liabilities	3,916	4,389
<b>TOTAL LIABILITIES</b>	<b>44,106</b>	<b>53,140</b>
<b>EQUITY</b>	<b>81,222</b>	<b>63,939</b>

# Cash Flow

## **Funds from operations – (\$2 million)**

- Timing lag of contractor/creditor payments from prior periods

## **Funds from investments – (\$4.6 million)**

- Prior period acquisitions of Bexton, Sacon & Coroma (\$4.1 million), relocation to 410 Collins Street (\$0.5 million)

## **Funds from financing – \$3.1 million**

- Capital raise net of expenses (\$5.6 million), repayment of borrowings (\$2.5 million)

Key cash flow items	FY18 (\$)	FY17 (\$)
Operations (before interest & tax)	(596,291)	8,568,719
Tax Paid	(282,626)	(970,056)
Net Interest	(1,114,848)	(503,416)
Funds from operations	(1,993,765)	7,095,247
Funds from investments	(4,557,726)	(1,433,245)
Funds from financing	3,069,389	(1,102,175)
Net cash flows	(3,482,102)	4,559,827
Closing cash balance	4,686,521	8,068,623





# Operational Review

[www.pscgroup.com.au](http://www.pscgroup.com.au)

## 1. Business unit reviews

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

## Discovery + Insights

- Continued growth of diverse service offerings for innovation & amplified intelligence in QLD market with services available to replicate/leverage nationally
- Acquire top talent in the QLD market building diverse & highly skilled FTE team
- Strengthen vendor partnerships with Microsoft & AWS to increase referrals & pipeline
- Continued focus on delivery governance & quality assurance on all engagements backed by the Glass engagement management framework
- Continued exposure of brand through high profile engagements, panels & thought leadership forums

### Capabilities include:

- Digital Innovation
- Strategy
- Customer/User Experience
- Design Thinking
- Data + Analytics
- Technical Enablement

### Businesses Include:

- Glass

	FY18 \$,000	FY17 \$,000	Change
Revenue	1,461	0	N/A
Normalised EBITDA	343	(-3)	N/A
Margin	23.51%	N/A	N/A

## Design + Process

- Expand the number of Master Service Agreements with Tier 1 enterprises & government agencies in FY19
- Strong demand for Salesforce development & integration services in FY19, which PS+C is well equipped to provide
- Strengthening of key vendor relationships will lead to expanded opportunities in FY19
- Streamlining of back office processes will drive better utilisation of consultants & improved margins in FY19

### Capabilities include:

- Workforce Management
- Business Analysis
- Mobile + Responsive Development
- SAP
- Salesforce
- eCommerce + Portals

### Businesses Include:

- Bexton IT Services
- Seisma
- Coroma
- Systems + People

	FY18 \$,000	FY17 \$,000	Change
Revenue	42,081	45,645	-8%
Normalised EBITDA	4,294	3,775	10%
Margin	10.21%	8.27%	23%

# Delivery + Cloud

- Continued growth in cloud migration in FY19
- Strengthened vendor relationships such as AWS & Right Cloud will increase PS+C's service offerings, project opportunities & software sale based annuities
- Rebalance permanent/contractor mix to improve margins
- Expand the number of large-scale cloud projects with dedicated delivery management to meet client demand

## Capabilities include:

- Cloud Migration
- Managed Services
- Secure Communications
- Networking

## Businesses Include:

- Sacon
- Allcom Networks

	FY18 \$,000	FY17 \$,000	Change
Revenue	20,997	15,950	32%
Normalised EBITDA	3,592	1,137	216%
Margin	17.11%	7.13%	140%



# Defend + Secure

- New key sales & delivery personnel in FY18 – well poised for a solid FY19
- Increased capacity in strategy, assurance & governance capabilities to meet client demand, especially in ACT
- New mandatory data breach legislation came into effect in February 2018 placing the potential burden of large fines for companies who do not report cyber incidents
- Australia still lags larger markets like UK & USA in addressing digital security issues
- Number of specialists available for digital security continues to be an issue for customers who want to address their IT security challenges, thus they will continue to seek consulting services

## Capabilities include:

- Security Advisory
- Application Security
- Security Testing
- Governance, Risk & Compliance

## Businesses Include:

- North
- HackLabs\*
- PureHacking\*
- Certitude\*
- Securus Global\*

	FY18 \$,000	FY17 \$,000	Change
Revenue	13,813	12,305	12%
Normalised EBITDA	2,304	4,151	-45%
Margin	16.68%	33.73%	-51%

\*In the process of rebranding as PS+C Security



# Strategic Priorities + Outlook

[www.pscgroup.com.au](http://www.pscgroup.com.au)

1. Strategic Priorities
2. Outlook

# Strategic priorities for FY19

- Build on existing relationships with enterprise clients & government agencies with a target of adding three new clients above \$5 million of spend
- Increased ratio of permanent consultants to contractor consultants
- Increase focus on people through a more capable people & culture function, improving engagement & retention
- Increase the level of cross-sell of PS+C's four delivery pillars across all regions
- Continued consolidation of businesses to improve client engagement
- Continue to assess strategic & accretive acquisitions



## Summary & Outlook

- FY18 was a year that consolidated the restructure activities undertaken in FY17 – focus on ***“getting the house in order”***
- In a **stronger position** on numerous fronts – streamlined **back office**, stronger **people & culture, recruitment & sales** capability & a greater spread of **key clients** across a wider geographical footprint
- ICT services spend continues to evolve, with a greater investment in digital security, customer experience & integration technologies. This aligns with our investments & the **operating framework now in place**
- Forecast to deliver an expected operating **EBITDA** performance in the range of **\$10 million to \$12 million**
- Consider the **reinstatement of dividends** to shareholders based on FY19 full-year results

## Ready for growth in FY19

- ✓ Consultant Growth
- ✓ Client Growth
- ✓ National Recruitment
- ✓ Strong Sales Team
- ✓ Back Office Efficiencies





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The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for the year ended 30 June 2018 as at the 28th August 2018 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 28th August 2018.

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