ASX Announcement

PS&C LIMITED
(ACN 164 718 361)

21 June 2019

RESULTS GUIDANCE AND REFINANCE OF CURRENT FACILITIES

REFINANCE OF CURRENT FACILITIES

PS&C Limited (ASX:PSZ) is pleased to announce it is in the final stages of the refinancing of its existing debt facilities.

The refinance package will consist of a new debtor finance facility and a renegotiated senior debt facility from the Company's existing bankers, the ANZ Banking Group.

The new finance facilities will complete the ongoing program to ensure that PSZ has the working capital needed to fund the business. The lack of working capital has frustrated the business with a number of organic growth initiatives being placed on hold in the second half of FY19 as a result thereof.

We expect the new facilities will be in place and drawn down prior to 30 June 2019 allowing management to re-focus its energies on driving organic growth as we enter FY20.

Once in place, the new debtor finance facility, together with the continued support of the ANZ, largely addresses the balance issues disclosed in the half-year accounts released in February 2019. This is an important step forward for the business.

Due to these discussions and the relative cost comparisons, the board have decided to cancel the Convertible Note raising previously advised to the market on 4 February 2019.

BUSINESS UPDATE

PSZ has established itself as a leading security and technology professional services company with annual revenues approaching $85m per annum across offices in Melbourne, Sydney, Canberra and Brisbane.

Whilst recent trading has been good in a number of the businesses in the Group; some have been down on last quarter FY19 expectations, largely due to a number of organic growth initiatives being placed on hold due to sub-optimal funding arrangements as highlighted above. We expect the FY19 year-end result to be above FY18 by approximately 10% on a normalised basis (after eliminating the Allcom contribution from the previous corresponding period), and down by up to 14% on our previous guidance, subject to trading in the last few weeks of June 2019.

In relation to the current trading performance of the Company's share price, the Board believes that the sum of the value of the operating businesses far exceeds the current trading valuation and as a result is investigating ways to realise some of that value and to reduce debt further.

The Company will provide further information to shareholders regarding any proposed course of action in due course.

In the interim, the Company will continue building its operations across Melbourne, Sydney, Canberra and Brisbane across all service lines.

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