



ASX Announcement

PS&C LIMITED
(ACN 164 718 361)

28 November 2019

2019 CHAIRMANS ADDRESS TO ANNUAL GENERAL MEETING

I am pleased to present to you today my review of the 2019 Financial Year and an overview of the Company's priorities and direction moving forward.

Financial Year 2019 was, in many ways, a positive year for the Company. As disclosed in the Annual Report to Shareholders the Company continued to be constrained by working capital throughout the financial year but nevertheless managed to grow its revenue from continuing operations by 31.9% and importantly grow the underlying EBITDA from continuing operations by 40.1% to \$6.4m.

Pleasingly, the Company produced positive cash flows from operations of \$5.0m representing 78% of underlying EBITDA from continuing operations, the highest level for some time.

During the year we strengthened our sales and marketing organisation and ramped up recruitment team which enabled us to hire more talent across all locations to meet the growing demand we had for our services.

We also continued to focus on our corporate envelope reducing the overall running costs of the business which has resulted in approximately \$1.0m of annual operating costs being removed.

The current position of the Company's Balance Sheet remains a major focus for the Board and recent announcements regarding the divestment of the Security Segment is part of an overall program to not only strengthen the Balance Sheet position but importantly unlock value in our assets for the benefit of Shareholders.

The sale of the Security Segment to Tesseract Limited (ASX:TNT) (**TNT**) remains subject to TNT's shareholders approving the transaction at a General Meeting scheduled for 3 December 2019. Assuming the transaction completes as planned, the Company will receive an injection of \$8.0m in cash in early December with further payments to be received during calendar 2020. In addition to the cash received the Company will receive 100,000,000 shares in TNT and it is the Board's intention that these shares will be distributed to Shareholders in-specie in early 2020.

The strategic objectives the Board is pursuing are:

- 1) Focus on delivering more predictable financial performance by reducing the complexities in the business making it easier for clients to do business with us.



03 9682 2699
info@PSCgroup.com.au
Level 10, 410 Collins Street
Melbourne, Victoria
Australia, 3000
www.PSCgroup.com.au



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- 2) Complete the divestment of the Security Segment as announced to the market on 3 October 2019.
- 3) Continue to assess other corporate transactions to unlock value for Shareholders, including strengthening the Company's Balance Sheet further.
- 4) Assess new technology-based opportunities that diversify our revenue streams with a focus on creating tangible IP for the Company, making use of our current delivery capabilities.

As we announced recently, I will be stepping down as Chairman and as a director of the Company at the conclusion of the meeting and I am pleased to advise that Mrs Renata Sguario has been appointed by the Board as the Company's Chairman.

I leave the Company with mixed emotions, not everything has gone to plan and we have been faced with some enormous challenges over the past several years but I am confident that the hard work that has been done over the past 12 months has given PS&C every opportunity to forge a new path of success into the future.

I would like to thank the many executives, staff and professional advisors for their great efforts and for their support in my time at PS&C. Thank you to all for efforts during the difficult last couple of years. I wish Renata, the Board and all staff the best for the future. I'm sure they will all work diligently to improve returns to shareholders.

END



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