



Full Year Results – 30 June 2014

PEOPLE SECURITY & COMMUNICATION



2014 Results



Highlights

- **EBIT in line with guidance on normalised basis:**
 - Revenue \$63.32m (Actual \$35.9m)
 - EBIT \$6.72m (Actual \$4.6m)
- Improved last quarter trading:
 - **People** performing well and to expectations
 - **Security** results improved and industry doing well
 - **Communications** down due to orders not being fulfilled by June
- Cash flows very good - profits turned to cash quickly.
- Fully franked dividend of **3 cents per share** to be paid in October 2014
- Regime change has gone well and all businesses with good prospects
- Acquisition of Pure Hacking announced



Financials Summary (normalised)

Year ended 30 June 2014

\$'000		Revenue	EBIT
People		40,969	3,449
Securus		3,207	1,376
Hacklabs		2,181	826
Security		5,388	2,202
Allcom Networks		15,505	1,444
Allcom Consulting		1,453	372
Communications		16,958	1,816
Corporate			(751)
Total		63,315	6,716



Results Detail

People:

- **Good result to expectation**
- Revenue impacted by less contractors than expected through the year
- **At year end billable people (236) up on expectation (216)**
- Profit impact offset by higher than expected permanent placement income
- Additional panel wins throughout the year
- **Past panel wins starting to impact**
- Continue to farm existing clients
- Opportunity to build via new clients and markets
- **NSW market a growing opportunity**



Results Detail

Security:

- Improved last quarter
- **Market remains buoyant**
- Margins better than forecast due to revenue mix
- Privacy Act changes enacted March 2014:
 - **Driving activity and re-evaluation of security issues**
 - “C” level now more engaged in security matters
- Additional panels won during the year
- **Market continues to grow**



Results Detail

Communications:

- Result impacted by deliveries not made by 30 June 2014
- Won share of deals, delivery dates outside of our control
- **Income deferred from June to July gives FY15 a positive start**
- **Margin better than forecast**
- Constant/long-term engagement with strategic customers offers solid base
- **Some significant wins in Managed Service offering**
- Opportunities arising to widen offering to customer base



Balance Sheet

- good liquidity
- no drawn debt
- Additional debt facility obtained
- Strong capital base

Balance sheet extract			\$'000
Cash			5,552
Receivables			7,681
Other			1,947
Current Assets			15,180
PP&E			476
Deferred tax			1,091
Intangibles			43,656
Non Current assets			45,223
Payables			4,259
Accruals			3,581
Deferred consideration			1,005
Other			988
Current liabilities			9,833
Deferred consideration			4,190
Other			141
Non-current liabilities			4,331
Net Assets			46,239



Pure Hacking Acquisition



- **Quality business, well led**
- Similar offerings as existing businesses
- Managed Service well developed
- **Grows PS&C capability and scale**
- Payment of 4 times FY14 EBIT:
 - 50% cash 50% in scrip
 - Payable at completion
- **Scrip escrowed over 2 years**

- Additional payments:
 - 5.5 times FY15 EBIT minus completion payment
 - 3 times EBIT growth from FY15 to FY16
- Further payments in cash or scrip at PS&C discretion – ideally 50/50
- Funded with existing cash and debt facilities. Contribution on a full year basis to be in \$2.5m to \$3m EBIT.
- **Acquisition is EPS accretive**



Security Industry

- **High growth, high margin services business**
- High franchise value
- Commentary and research on **global spend on security doubling to 2017 with some saying tenfold increase to 2023**

ANZ market and PS&C:

- Fragmented market
- Remains high margin
- Consolidation will lead to:
 - **Economies of Scale** – better buying, resource management and cost saving
 - **Credibility** – bigger customers dealing with ANZ's largest – will help push to Managed Service solution
 - **PS&C aiming to become the major player in the industry**



Summary & Outlook

- Normalised EBIT in guidance range
- Improved last quarter from Security business
- Some important wins during the year
- Long standing relationships and defensive nature of earnings should stand us in good stead
- Opportunities arising for all businesses
- Pure Hacking acquisition strengthens PS&C capability
- Additional acquisition opportunities are available