



# FY 15 Results Investor Presentation

Kevin McLaine CEO & MD  
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PEOPLE SECURITY & COMMUNICATION

# PS&C Today



A national ICT security, communications and services provider delivering holistic solutions to blue chip, government and SME sectors

<p><b>People</b></p>	<p>Low risk people provider to blue chip customer base diversifying into more general, higher margin IT</p>	<ul style="list-style-type: none"> <li>• Consulting</li> <li>• Contractor management</li> <li>• Recruitment</li> </ul>	
<p><b>Security</b></p>	<p>High growth security business with high franchise value in dominant market position</p>	<ul style="list-style-type: none"> <li>• Security consulting</li> <li>• Managed Services</li> <li>• Penetration testing</li> <li>• Red Teaming</li> <li>• Product sales</li> <li>• Education</li> </ul>	
<p><b>Communication</b></p>	<p>Significant panel agreements for hardware and services expanding into national markets</p>	<ul style="list-style-type: none"> <li>• Unified communications and IP telephony</li> <li>• Network infrastructure</li> <li>• Consulting and managed services</li> </ul>	

Acquisition and growth strategy across all sectors leveraging from current dominant position in security sector

# Trade and Shareholder Data



## TRADING INFORMATION 18 August '15

ASX Ticker	PSZ
Share Price	\$0.74
Shares on issue	55.68m
Market Cap	\$41m

## SHAREHOLDERS July 15

Shareholders	Number of Shares (M)	%
Vendors and Founders	30.13	54%
Institutions	2.45	4%
Other	23.10	41%

## 1 YEAR SHARE PRICE GRAPH



## BOARD OF DIRECTORS & MANAGEMENT

Managing Director / CEO: **Kevin McLaine**

CFO/ Company Secretary: **Julian Graham**

Non-Executive Chairman: **Terry Benfold**

Non-Executive Director: **Cass O'Connor**

# Financial Highlights



- > Revenues of **\$84.47M** an increase of **33%** (FY14 normalised \$63.32m)
- > Operating EBIT before head office, deferred consideration income and acquisition costs of **\$10.80M** (FY14 normalised \$7.47M) up **45%**
- > Group EBIT after Head Office and before deferred consideration profit and acquisition costs of **\$8.72M** (FY14 normalised \$6.72M) up **30%**
- > Strong cash position – **\$5.1M** of cash with **\$14.6M** of unused financing facilities
- > A fully franked dividend of **3 cents** per share to be paid in October 2015

# Operational Highlights

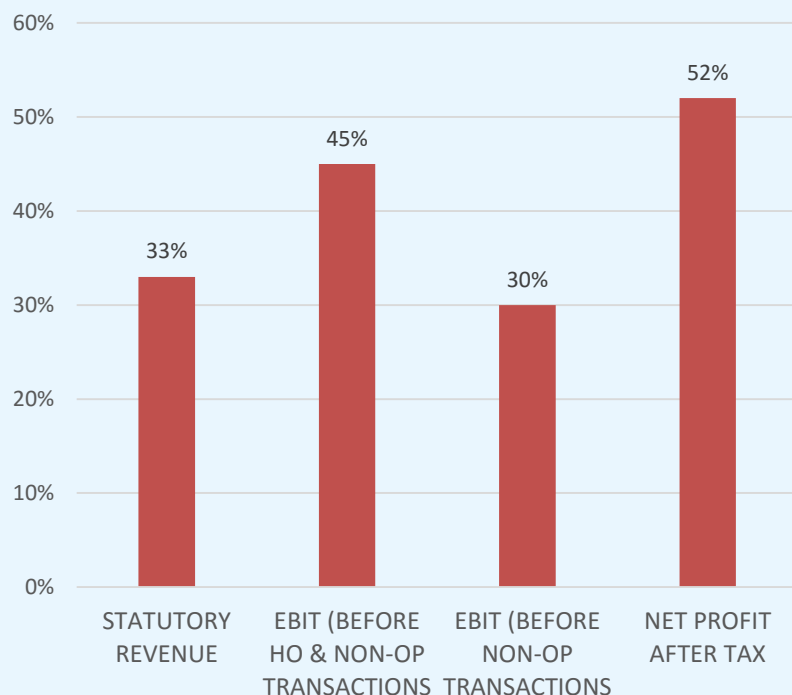


- > Purchased Pure Hacking August 2014
- > Businesses within growing sectors
- > Financing facilities with ANZ increased
- > Trading:
  - > PEOPLE performing well, record number of billable people.
  - > SECURITY results pleasing with cost investments and capacity impacting FY15 earnings but the industry is expanding, and Pure Hacking and Hacklabs performing strongly
  - > COMMUNICATION result pleasing with excellent performance from Networks business
- > Recruited and retained highly skilled staff across all segments
- > Additional panel wins

# Financial Results



Year on Year Increase (%)



	FY15 (\$'000)	FY14* (\$000)
Revenue	84,467	63,316
EBIT (before Head Office & Non-operating transactions**)	10,810	7,468
Margin %	13%	12%
EBIT (before Non-operating transactions**)	8,721	6,716
Margin %	10%	11%
Net Interest Income (Expense)	(1,103)	37
Tax	2,193	2,009
Net Profit After Tax	7,117	4,688
Margin %	8%	7%
EPS (Cents - basic - weighted)	13.09	10.33
DPS (Cents - fully franked)	6.00	3.00

*\*Normalised results*

*\*\*HO costs were \$2.1M FY15 (\$751K FY14); Non-operating transactions: Acquisition costs \$610K FY15 (\$0K FY14); Deferred consideration income \$2.2M*

# Balance Sheet



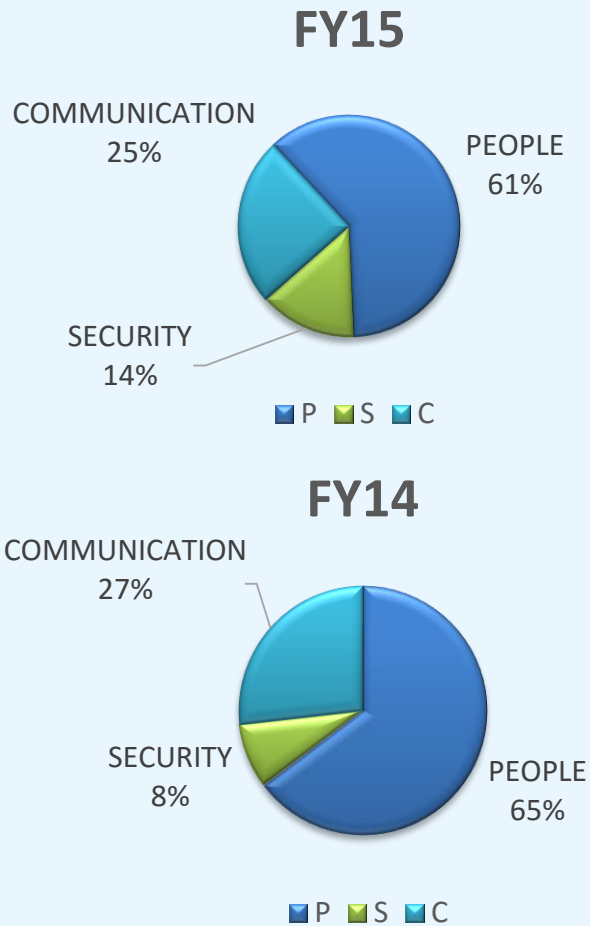
Consolidated Balance Sheet	FY15 \$'000	FY14 \$'000
Cash & Receivables	5,133	5,552
Receivables	12,457	7,647
Other	2,129	1,947
<b>Total Current Assets</b>	<b>19,719</b>	<b>15,146</b>
Receivables	326	
PP&E	468	476
Intangibles	70,151	48,343
Tax Assets	1,176	1,091
<b>Total Assets</b>	<b>91,840</b>	<b>65,056</b>
Payables	7,232	4,225
Tax Payables	142	445
Debt	-	-
Deferred Consideration	14,181	678
Provisions & Other Liabilities	5,299	4,124
<b>Total Current Liabilities</b>	<b>26,854</b>	<b>9,472</b>
Payables	317	
Borrowings	4,164	
Deferred Consideration	5,540	9,204
Provisions & Other Liabilities	98	141
<b>Total Liabilities</b>	<b>36,973</b>	<b>18,817</b>
<b>Equity</b>	<b>54,867</b>	<b>46,239</b>
Shares on Issue	55,675,076	50,573,869

- > Cash flows to expectation
- > Debtors solid – no material delinquent debt
- > Loan facilities of \$19m
- > Capex low
- > 5.1M shares issued for Pure Hacking and Hacklabs obligations
- > Intangibles increase on Pure Hacking acquisition and earn out payments
- > Deferred consideration will be funded with a mixture of debt, 50% cash and 50% scrip

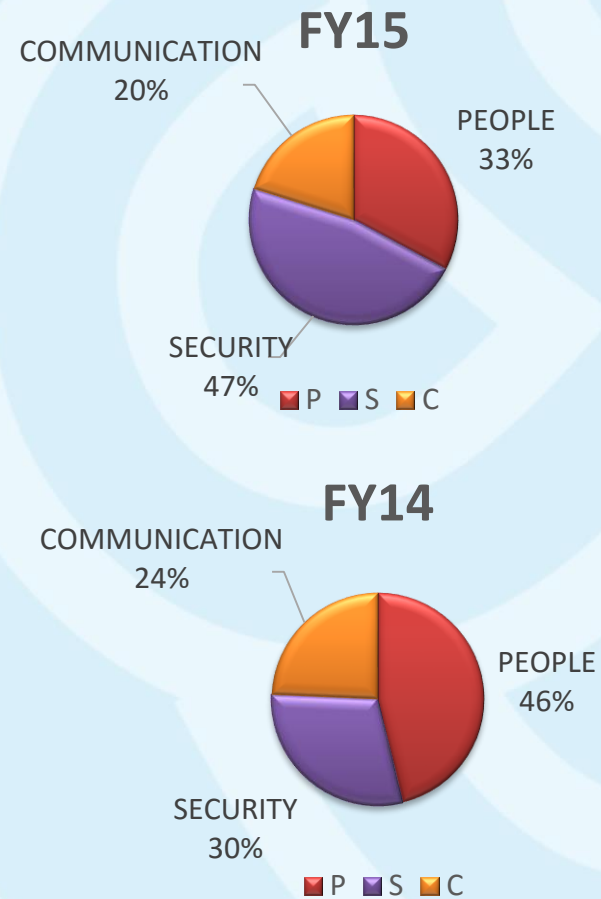
# Segment Performance



## Revenue



## EBIT





# Our People Business



- > Investment via additional costs has led to a record number of billable days during the year and revenue that was 26% above the FY14 (normalised) revenue
- > EBIT was up 3% on FY14 (normalised)
- > The full benefit of the extra expenditure is expected to grow profits in 2016 and beyond

	FY15	FY14*	CHANGE
	\$'000	\$'000	%
REVENUE	51,730	40,969	26%
EBIT	3,549	3,449	3%
MARGIN	7%	8%	

*\*Normalised results*

Solid track record of delivering consulting, contractor management and recruitment services to blue-chip sector with capacity for growth through diversification

# Our People Business



## CURRENT

- ✓ Solid blue chip client base with less exposure to discretionary spend
- ✓ Access to Sydney market
- ✓ Top recruitment specialists with a breadth of experience in SAP & General IT
- ✓ Underlying billable headcount contribution up 18% (FY15 v FY14)



## OPPORTUNITIES FOR GROWTH

- ✓ Acquisition opportunities to develop general IT offering with geographical expansion
- ✓ PS&C will have a wider offering with both SAP and general IT, leading to a larger client base
- ✓ A stronger presence in the Sydney market
- ✓ Extra infrastructure is expected to grow profits in FY16 and beyond

# Our Security Business



- > Revenue up 123% and EBIT up 130% on FY14 (normalised)
- > Pure Hacking acquisition has been a major success
- > Hacklabs also performed well
- > Securus Global increased revenue but had a tough year earnings-wise due to capacity issues
- > The Security segment is now PS&C's largest profit centre
- > The opportunity to grow in the cyber security sector organically and via acquisition remains an area of focus for the group

	FY15	FY14*	CHANGE
	\$'000	\$'000	%
REVENUE	12,017	5,388	123%
EBIT	5,068	2,202	130%
MARGIN	42%	41%	

*\*Normalised results*

Largest penetration tester in AU & NZ also providing security consulting, managed services, red teaming, product sales and education capable of major expansion with high margins

# Our Security Business

## CURRENT

- ✓ One of the largest assurance service providers in Australia and New Zealand
- ✓ Dominant position with an excellent reputation
- ✓ Staff are industry experts with highly specialised and in-demand skills
- ✓ High margins and high franchise value
- ✓ Strong growth industry



## OPPORTUNITIES FOR GROWTH

- ✓ Opportunities to diversify and scale offering
- ✓ Acquisition opportunities to grow segment
- ✓ Build annuity income base
- ✓ Research suggests spend in the industry will continue to grow significantly
- ✓ Grow the existing market share

# Our Communication Business



- > Allcom Networks has been an excellent performer with revenue up 33% on FY14 (normalised) and EBIT up 57% on FY14 (normalised)
- > This increased result has been driven by increased activity among the client base and the business consistently winning its share
- > The pipeline remains strong and we expect another strong year
- > Allcom Consulting has been disappointing with EBIT below FY14 (normalised)
- > Notwithstanding Allcom Consulting's performance, the Communication segment has delivered an EBIT 20% higher than FY14 (normalised)

	FY15	FY14*	CHANGE
	\$'000	\$'000	%
REVENUE	20,720	16,959	22%
EBIT	2,185	1,816	20%
MARGIN	11%	11%	

*\*Normalised results*

Provides unified communications and IP telephony and network infrastructure with major expansion opportunities cross leveraging from existing and new security business

# Our Communication Business



## CURRENT

- ✓ Excellent customer base in NSW, regional governments and corporates
- ✓ Significant performer on NSW Government ICT Procurement Contract
- ✓ Accepted onto ATO Panel Contract
- ✓ Cisco award "Outstanding Performance in 2015 - Security Partner"
- ✓ Nimble Storage Rising Star award
- ✓ Dedicated staff with a wealth of experience in the Communications industry



## OPPORTUNITIES FOR GROWTH

- ✓ Managed services growth
- ✓ Increase infrastructure service offering
- ✓ Expansion into other states
- ✓ Collaboration opportunities with Security segment to widen existing customer base

# Revenues and Earnings



Revenue	FY15	FY14	Change
	\$'000	\$'000	%
<b>PEOPLE</b>	<b>51,730</b>	<b>40,969</b>	<b>26%</b>
Securus	3,302	3,207	3%
HackLabs	2,766	2,181	27%
Pure Hacking	5,949	-	
<b>SECURITY</b>	<b>12,017</b>	<b>5,388</b>	<b>123%</b>
Allcom Networks	20,095	15,506	30%
Allcom Consulting	625	1,453	-57%
<b>COMMUNICATIONS</b>	<b>20,720</b>	<b>16,959</b>	<b>22%</b>
<b>TOTAL</b>	<b>84,467</b>	<b>63,316</b>	<b>33%</b>

EBIT	FY15	FY14	Change
	\$'000	\$'000	%
<b>PEOPLE</b>	<b>3,549</b>	<b>3,449</b>	<b>3%</b>
Securus	523	1,376	(62%)
HackLabs	1,124	826	36%
Pure Hacking	3,421	-	
<b>SECURITY</b>	<b>5,068</b>	<b>2,202</b>	<b>130%</b>
Allcom Networks	2,273	1,444	57%
Allcom Consulting	(88)	372	(124%)
<b>COMMUNICATIONS</b>	<b>2,185</b>	<b>1,816</b>	<b>20%</b>
<b>TOTAL</b>	<b>10,801</b>	<b>7,468</b>	<b>45%</b>
CORPORATE*	(2,080)	(751)	(177%)
<b>EBIT</b>	<b>8,721</b>	<b>6,716</b>	<b>30%</b>
*adjusted for			
Deferred consideration income	2,174		
Acquisition Costs	(601)		
Total adjustment	1,573		

# Summary



- > All businesses poised for future growth
- > Some panel wins late in the year to help FY16 and beyond
- > Businesses that have not performed in FY15 expected to turn it around in FY16
- > SECURITY industry continues to grow and PS&C exploring expansion opportunities
- > Investment in Management, BDM and Account Executive infrastructure in all pillars now complete, sales growth in PEOPLE and COMMUNICATION evident
- > PEOPLE business has opportunity in general IT into existing client base
- > Pipeline and win-rate in COMMUNICATION is greater than previous years. A number of significant opportunities in play
- > Both organic and acquisitive growth opportunities evident in each segment



# Disclaimer



- The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for year ended 30 June 2015 as at the 20 August 2015 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 full year results announcement released on 20 August 2015.
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