

## AGM Presentation

# PS&C Today



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

People	Low risk people provider to blue chip customer base diversifying into more general, higher margin IT
--------	--

- Consulting
- Contractor management



Project augmentation services



**PURE HACKING** 

Security

High growth security business with high franchise value in dominant market position

- Security consulting
- Managed Services
- Penetration testing
- Red Teaming
- Product sales
- Education





Communication

Significant panel agreements for hardware and services expanding into national markets

- Unified communications and IP telephony
- Network infrastructure
- Consulting and managed services





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

## Recent Highlights



- Purchased Pure Hacking in August 2014
- Purchased Bexton October 2015
- Businesses within growing sectors with federal and state government contract and panel wins. Recent:
  - Federal government panel for Security
  - State government panel for People
  - State government contract win for Communication
- Financing facilities with ANZ increased
- > FY 15 Trading:
  - > **PEOPLE** performing well, record number of billable people
  - > SECURITY results pleasing with cost investments and capacity impacting earnings but industry 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

# Financial Highlights



- > Revenues of \$84.47M an increase of 33% (normalised \$63.32M FY14)
- ➤ Operating EBIT before head office, deferred consideration profit and acquisition costs of \$10.83M (normalised \$7.47M FY14) up 45%
- ➤ Group EBIT after Head Office and before deferred consideration profit and acquisition costs of \$8.72M (normalised \$6.72M 1H14) up 30%
- > Strong cash position \$5.1M of cash with \$14M of unused financing facilities
- > A fully franked dividend of **3 cents** per share paid in October 2015

# 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 normalised FY14 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

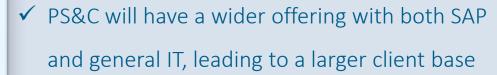
# Our People Business

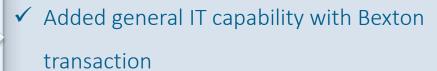


#### **CURRENT**

- ✓ 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**







✓ Extra infrastructure is expected to grow profits in FY16 and beyond



## Our Security Business



- ✓ Revenue up 123% and EBIT up 131% 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	5,095	2,202	131%
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**

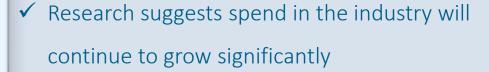
- ✓ One of the largest assurance service providers in Australia and New Zealand
- ✓ Dominant position with an excellent reputation
- ✓ Staff are industry experts with highly specialised and in-demand skills
- ✓ High margins and high franchise value
- ✓ Strong growth industry

#### **OPPORTUNITIES FOR GROWTH**









✓ Grow 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 Comms industry

#### **OPPORTUNITIES FOR GROWTH**







✓ Collaboration opportunities with Security segment to widen existing customer base



### Outlook



- All businesses poised for future growth
- ➤ Pipelines strong after relatively soft start to FY16 we remain confident on full year outlook.
- **PEOPLE:** 
  - ➤ Recent panel wins to assist growth in 2<sup>nd</sup> half
  - Opportunity to grow with general IT offering
- SECURITY:
  - Currently heavily booked as activity in sector continues to grow
  - Performance largely only constrained by capacity
  - Developing expansion opportunities and structures
- **COMMUNICATION:** 
  - More normal, softer start to the year as FY15 1st half was unusually high
  - ▶ Pipeline is strong with a significant long term contract win to kick in 2<sup>nd</sup> half
- ≥ 2<sup>nd</sup> half and Q4 results will be important to full year results as usual

### Disclaimer



- The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for the 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 half year accounts and results announcement released on 20 August 2015.
- This presentation includes forward-looking statements, opinions and estimates that are based on information, assumptions and contingencies which by their nature are subject to change, as are statements about market and industry trends, which are based on interpretations of current market conditions. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, there forward-looking statements. Such forward-looking statements, opinions and estimates are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of PS&C, and which may cause actual results to differ materially from those expressed or implied in this presentation.
- The information contained in this presentation is given in good faith and has been prepared from information believed to be accurate and reliable. The information presented is in summary only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial circumstances or needs of any particular investor. To the maximum extent permitted by law, neither PS&C nor its related corporations, directors, employees or agents, nor any other person, accepts any liability, for any loss or damage whether direct, indirect or consequential, arising from the use of the presentation, its contents or otherwise arising in connection with it.
- This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of PS&C is available on our website www.pscgroup.com.au.

## **Contact Details**



PS&C LTD

Level 8, 50 Queen Street Melbourne, VIC, 3000 (03) 9682 2699

Kevin McLaine

**Chief Executive Officer**