



FY16 Half Yearly Results Investor Presentation

Kevin McLaine CEO & MD
Julian Graham CFO

PEOPLE SECURITY & COMMUNICATION

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
- Recruitment
- Project augmentation



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

Trade and Shareholder Data



TRADING INFORMATION 17 February '16

ASX Ticker	PSZ
Share Price	\$0.87
Shares on issue	66.07m
Market Cap	\$57.48m

SHAREHOLDERS 25 January '16

Shareholders	Number of Shares (M)	%
Vendors and Founders	37.50	56.8%
Institutions	0.46	0.7%
Other	28.11	42.5%

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**

Highlights



- > Operating revenues of **\$41.23M** an increase of 4% (\$39.49m 1H15)
- > Operating EBIT before head office, deferred consideration income and acquisition costs of **\$4.20M** (\$4.67M 1H15) down **10%**
- > Group EBIT after Head Office and before deferred consideration profit and acquisition costs of **\$3.04M** (\$3.81M 1H15) down **20%**
- > A fully franked dividend of **2.5 cents** per share to be paid in April 2016. Expect dividend to exceed FY15 full year subject to full year results
- > Completed acquisition of Bexton (Oct 15) and Certitude (Jan 16)

Operational Highlights



Trading

- > PEOPLE performing well, organic growth in addition to acquisition contribution.
Bexton performing to expectation
- > SECURITY down on prior corresponding period (pcp) EBIT – cyclical issue and strong 2nd half expected.
- > COMMUNICATION result slightly down on pcp – also cyclical
- > Recruited and retained highly skilled staff across all segments
- > Additional panel wins and pipeline currently strong

Financial Results



	1H16	1H15	Change
	\$'000	\$'000	%
Operating Revenue	41,226	39,487	4%
EBIT (before Head Office & non-operating transactions)	4,201	4,672	-10%
Margin	10%	12%	
EBIT (before non-operating transactions)	3,040	3,812	-20%
Margin	7%	10%	
Net Profit after tax	3,062	2,027	51%
EPS	5.32	3.82	
DPS	2.50	3.00	

- > Revenue up in People and Security
- > Revenue down in Communication due to shift to services and commission model
- > EBIT reduction cyclical
- > Non operating transactions:
 - > Other Income (deferred consideration) \$2.01m
 - > Acquisition costs \$759k

Balance Sheet



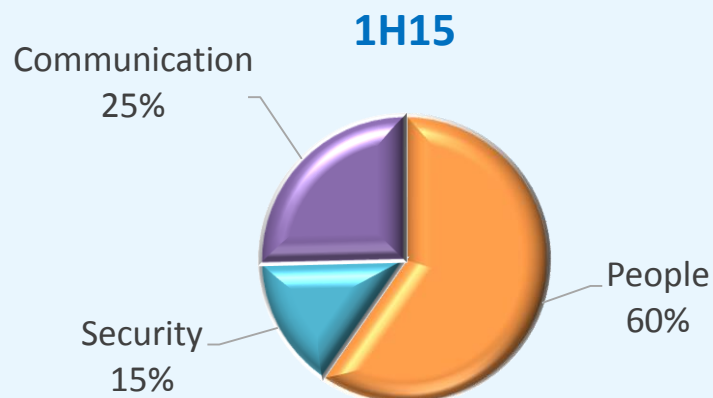
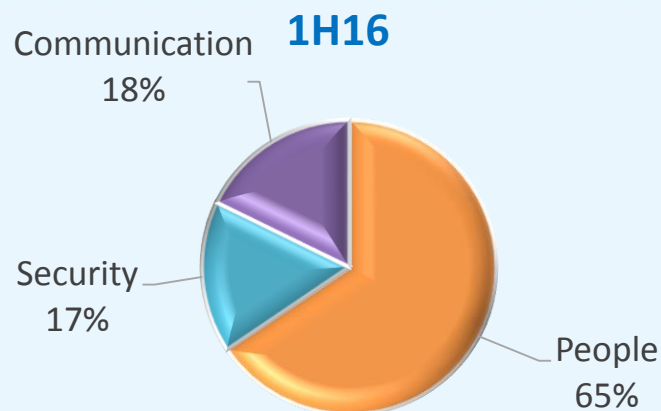
Consolidated Balance Sheet	Dec 15 (\$'000)	June 15 (\$'000)
Cash and Receivables	1,836	5,133
Receivables	10,414	12,457
Tax Receivable	363	-
Other	3,661	2,129
Total Current Assets	16,274	19,719
Receivables	191	325
PP&E	708	469
Intangibles	77,524	70,151
Tax Assets	1,168	1,176
Total Assets	95,865	91,840
Payables	7,264	7,232
Tax payables	-	142
Deferred Consideration	4,712	14,181
Provisions & other	2,566	5,299
Total Current Liabilities	14,542	26,854
Payables	178	318
Borrowings	12,956	4,164
Deferred Consideration	3,238	5,540
Provisions & other	181	97
Total Liabilities	31,095	36,973
Equity	64,770	54,867

- > Receivables solid – no material delinquent debt
- > Loan facilities of \$20.3m
- > Capex low
- > 1.74m shares issued for Bexton IT purchase and 7.59m shares issued for earn-out payments
- > Intangibles increase result of Bexton acquisition
- > Deferred consideration will be funded with a mixture of debt and scrip

Segment Performance

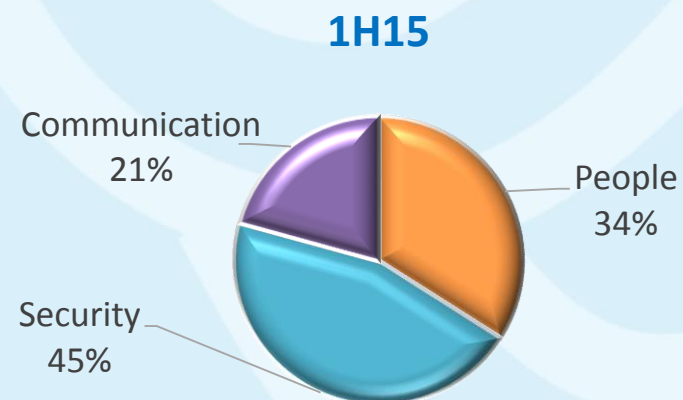
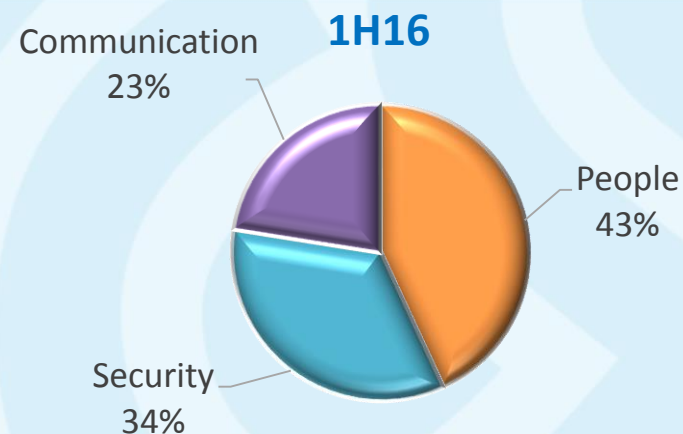


Revenue



People Security Communication

EBIT



People Security Communication

People Business



- > Revenue growth continues – includes organic growth
- > Business continues to gather momentum
- > Bexton business performing well
- > Wider offering in place

		1H16	1H15	Change
		\$'000	\$'000	%
Revenue		27,120	23,592	15%
EBIT		1,808	1,588	14%
Margin		7%	7%	

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

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



OPPORTUNITIES FOR GROWTH

- ✓ Acquisition opportunities to develop general IT offering with geographical expansion
- ✓ PS&C now has 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

Security Business



- > Revenue up in products sales
- > EBIT down on pcp:
 - > 1H15 41% of full year, while norm is more skewed to 2nd half
 - > Cyclical issue for this half and strong 2nd half expected
 - > Some delayed projects and inability to complete work
- > Wider offering being put in place
- > Certitude acquisition to have flow on benefits

	1H16	1H15	Change
	\$'000	\$'000	%
Revenue	6,884	5,890	17%
EBIT	1,448	2,113	-31%
Margin	21%	36%	

**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

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
- ✓ Development of unique products and services

Communication Business



- > More typical first half performance in relation to full year
- > Strong pipeline
- > Revenue down as business moves toward and services and commission model
- > Currently completing the assessment stage with a large customer and success of that will lead to \$10m of services work over 3 years commencing April 2016

	1H16	1H15	Change
	\$'000	\$'000	%
Revenue	7,222	10,006	-28%
EBIT	945	971	-3%
Margin	13%	10%	

**Normalised results*

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

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
- ✓ Increasing tender wins
- ✓ Potential for large contract wins

Revenues and Earnings



Operating Revenue	1H16 \$'000	1H15 \$'000	Increase
People	27,120	23,592	15%
Security	6,884	5,890	17%
Communication	7,222	10,005	-28%
Total	41,226	39,487	5%

EBIT Normalised	1H16 \$'000	1H15 \$'000	Increase
People	1,808	1,588	14%
Security	1,448	2,113	-31%
Communication	945	971	-3%
Total	4,201	4,671	-10%
Corporate	(1,161)	(860)	35%
Total	3,040	3,812	-20%

Outlook



- > Businesses report solid pipelines
- > Last quarter FY16 will again be important to full year results
- > SECURITY industry continues to grow and PS&C developing and executing expansion opportunities
- > Investment in Management, BDM and Account Executive infrastructure in all pillars will bear fruit
- > PEOPLE business growth in general IT to continue assisted by Bexton acquisition
- > COMMUNICATION have some significant opportunities

Disclaimer



- The material in this presentation is a summary of the results of PS&C Ltd (PS&C) for half year ended 31 December 2015 as at the 18 February 2016 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 results announcement released on 18 February 2016.
- 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, these 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 10, 410 Collins Street

Melbourne, VIC, 3000

(03) 9682 2699

Kevin McLaine

Chief Executive Officer

Julian Graham

Chief Financial Officer