



20 June 2016

## PS&C market update

PS&C Ltd (ASX:PSZ) provides an update to the market on its full year trading to 30 June 2016.

The reported net profit after tax (NPAT) is expected to be slightly above the FY2015 result, however the end of financial year earnings lift that the group normally achieves has not been as strong as previous years. Depending on final deliveries and revenue recognition in the last weeks of the financial year, the Operating EBIT before non-operating income (deferred consideration write backs) and expenses (acquisition and non-recurring costs) could be up to 20% below FY2015.

The People business has performed well and will see an increase on 2015 largely due to the addition of the Bexton business this year. The People business will continue to benefit from its growing capability in general IT and the prospects remain strong.

The Security group will be down on a comparative basis as not enough work will be completed to make up the first half shortfalls. Activity in the sector continues to accelerate and prospects for the Security group remain strong.

PS&C management has undertaken significant integration planning in the Security business and this will provide a more efficient platform into 2017. The Melbourne and Sydney units of Securus Global will be under the management of Rob McAdam and the Pure Hacking management infrastructure, enabling more revenue and cost synergies.

Important steps have also been taken to widening the PS&C security offering and these activities will provide growth into the future. The Security division is being placed to take advantage of increasing customer spend on cyber security.

The Communication division is expected to be significantly down on FY2015 with customer demand more subdued in the last two months of the financial year as compared to FY2015 and internal expectations. In addition, the timing of when customers take delivery of product and services is outside of the control of management and impacts revenue recognition. The Communication business is currently working on some significant longer term opportunities. These types of projects provide ongoing revenue to the group over a longer time frame and make the business less exposed to year-end customer activity.

Directors are yet to formally address the final dividend but it is likely to be up to 1.5 cents per share.  
Any final dividend will be fully franked.

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