



# CPT Global Limited

## Half Year Results

February 2014

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# The Company

- Founded in Australia in 1993, listed on the ASX in 2000
- Provides specialist IT consultancy services
  - Technical
  - IT Management
- Clients in public and private sectors
- The value proposition of CPT Global is the optimisation of IT cost structures
- Approximately 200 consultants deployed across Asia Pacific, Europe and the Americas

Service Line	Client Outcome
<i>Technical Consulting</i>	
<b>C</b> apacity Planning	Cost minimisation through optimised IT capacity
<b>P</b> erformance Tuning	Running cost reduction & infrastructure lifetime maximisation
<b>T</b> esting Services	Ensure system performance meets expectations & benchmarks
<i>IT Management Consulting</i>	
Management of IT	Alignment of IT services with business strategy

- **Australia ~50 clients**

- Melbourne
- Sydney
- Canberra

- **Europe ~15 clients**

- United Kingdom
- France
- Germany
- Italy
- Belgium
- Nordic Region

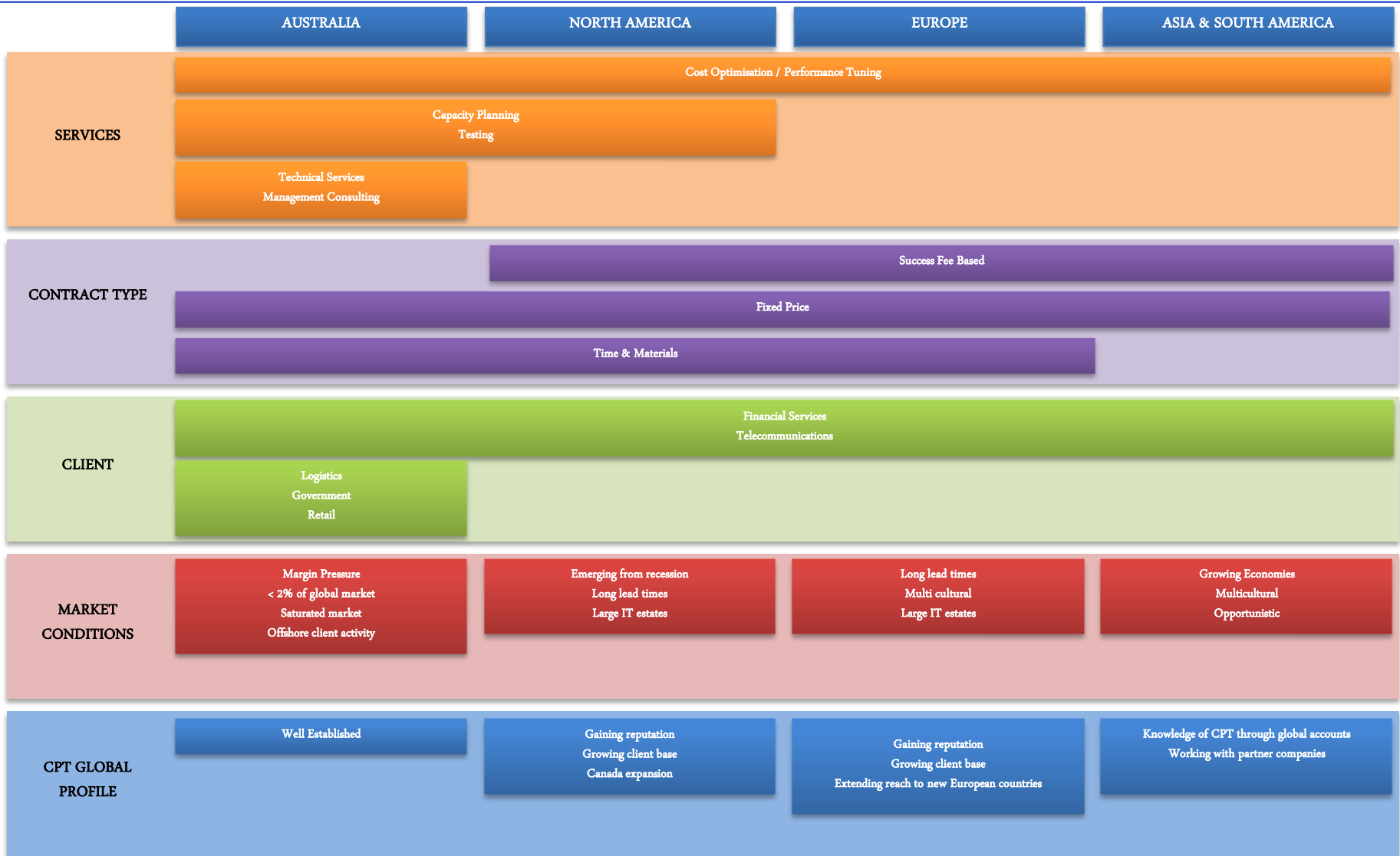
- **Americas ~20 clients**

- USA
- Canada
- Brazil

- **Asia ~5 clients**

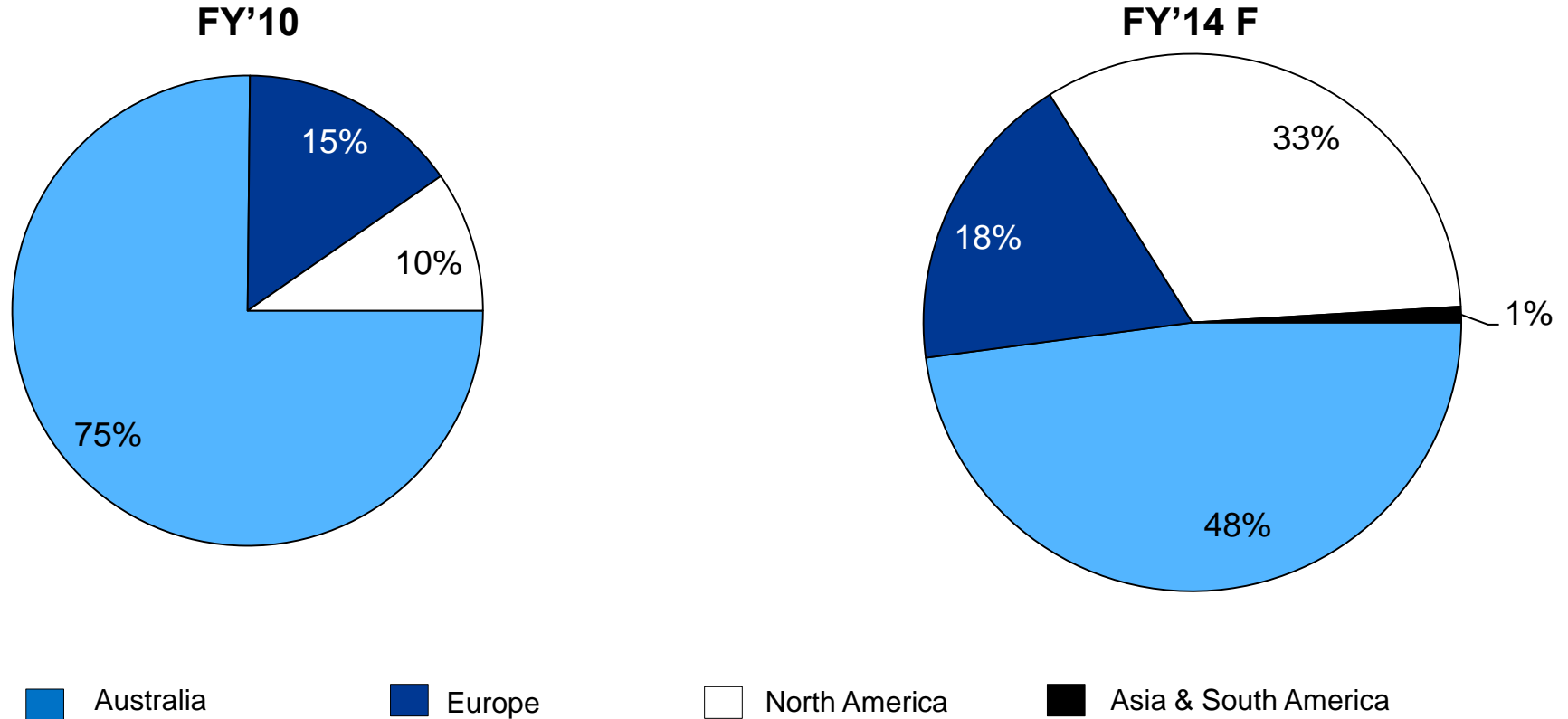
- Singapore
- China
- Hong Kong





# Revenue Mix Is Changing

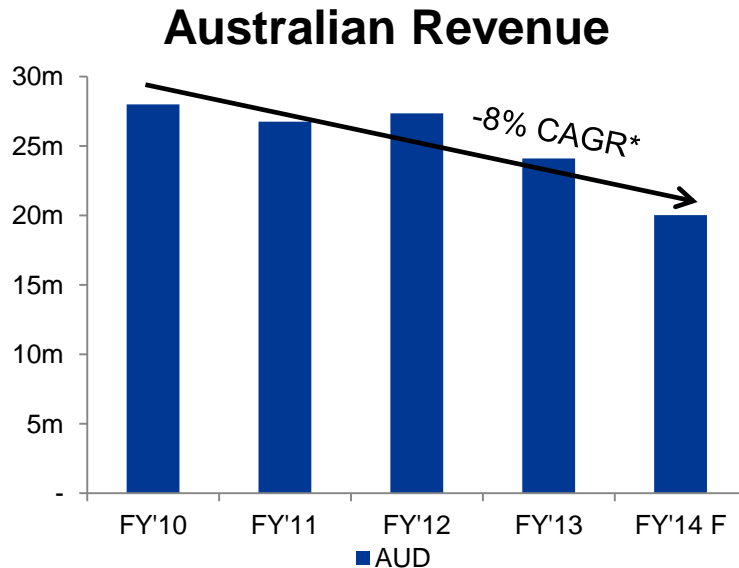
## Regional contribution to Full Year Revenue



# First Half Profit & Loss

- CPT Global achieved a turnaround in results that commenced in H2'13 and has continued into H1'14
- Turnaround driven by International business, which has more than offset tough economic conditions in Australia
- Revenue from International business increased from \$3.3m to \$10.7m
- Contract margins have increased from 27% to 40% due to International operations offset by a small reduction in Australia:
  - International - 20% to 47%
  - Australia - 29% to 27%

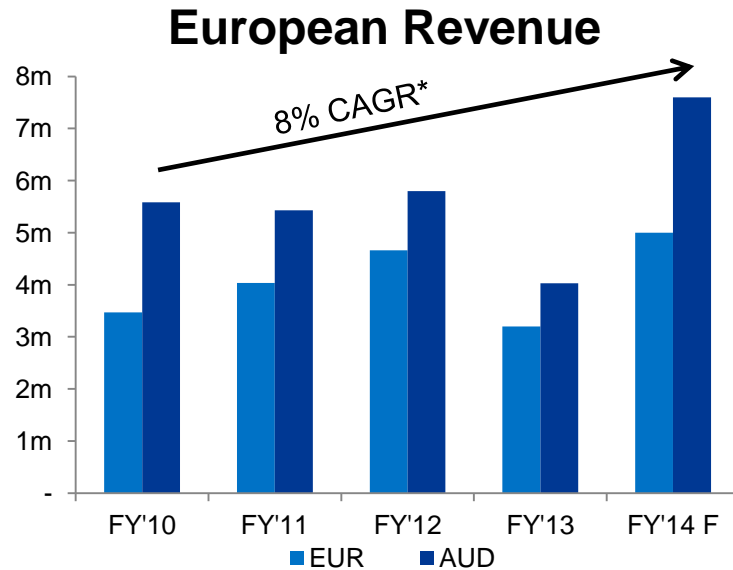
Income Statement	H1'14 (\$m)	H1'13 (\$m)	Δ
Revenue	19.8	16.7	18%
EBITDA	2.5	(0.9)	360%
D&A	0.1	0.1	3%
EBIT	2.4	(1.0)	335%
Interest	0.1	0.1	2%
Profit before Tax	2.3	(1.1)	304%
Tax	0.7	(0.1)	
Profit after Tax	1.6	(1.0)	254%
Basic EPS (cps)	4.3	(2.8)	254%



- Australia has been a difficult market over the past 18 months reflecting larger corporate and government departments reducing IT expenditure
- CPT Global has chosen not to contest a margin battle in this very competitive market
- Revenue is now stable and high single digit growth is expected over next 12 – 18 months
- Margins are to be preserved
- Typically a T&M based fee structure

\*4-Year CAGR

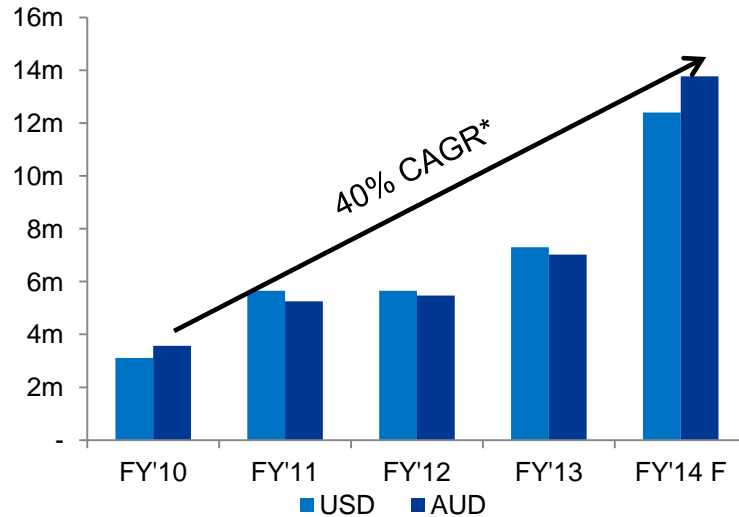




- CPT Global first entered the European market in 1998
- Whilst revenue growth since 2010 has been strong, it is still dependent on a small number of large clients resulting in volatility of revenues and profits
- The Australian dollar has also had an impact on historic revenues
- 2 significant contracts require renewal / replacement; timing to occur in mid to late H2'14. Our Europe pipeline should support this
- Margins are excellent as engagements are heavily weighted on a Risk / Reward structure

\*4-Year CAGR (Based on AUD)

## North American Revenue



- First entered North American market in 2003
- Traction has accelerated in the last 2 years
- Benefit from weakened AUD commenced in H2'13 and will continue in FY'14
- Having achieved critical mass, we expect less volatility in the nature of revenues & profits
- Achieving consistently strong margins from Risk / Reward and Fixed Price contracts
- Currently investing in senior management and support to leverage growth

\*4-Year CAGR (Based on AUD)

# Foreign Exchange Impact

- CPT Global's International business revenue and profit contribution has been positively affected by the weakening AUD
  - First half revenue and profit before tax has increased by \$1.2m and \$0.4m on conversion to AUD when comparing current year exchange rates to those of FY'13
- Further weakening of the AUD will add to the International business contribution
  - At current forecast levels, a 1% deterioration in the AUD will result in approximately \$210k revenue / \$70k profit before tax contribution
  - This impact will increase as the International business grows

Weighted Average Exchange Rates		
Year	Euro	USD
FY'10	0.636	0.883
FY'11	0.725	0.989
FY'12	0.803	1.034
FY'13	0.794	1.028
H1'14	0.681	0.917

# First Half Balance Sheet

- Strong balance sheet
  - Debt free
  - Healthy working capital ratio of 1.78:1
  - Clean receivables and WIP ledger
- WIP expected to increase by approx 20% over the next 6 months as Risk / Reward contracts increase

Balance Sheet (\$m)	H1'14	FY'13
Cash	3.0	1.2
Debtors	6.4	6.0
Unbilled revenue (WIP)	3.4	3.8
Total Current Assets	13.3	11.5
Deferred tax assets	1.4	1.2
PP&E	0.1	0.1
Intangibles	7.6	7.6
Total Non-Current	9.0	8.9
Total Assets	22.3	20.4
Creditors	6.8	6.8
Total Current Liabilities	7.4	6.9
Total Non-Current	0.3	0.4
Total Liabilities	7.7	7.4
Net Assets	14.5	13.0

# First Half Cash Flow

- Cash conversion fluctuates based on the timing of large contracts
- Excellent cash conversion again in current year
- Funding facility is in place to support growing International business capital requirements

Cash Flow (\$m)	H1'14	H1'13
Receipts	20.2	18.6
Payments	(17.9)	(18.5)
Gross Operating Cash Flow	2.4	0.2
EBITDA	2.5	(0.9)
Ratio of GOC:EBITDA	1.0x	na
Finance costs	(0.1)	(0.1)
Income tax	(0.3)	(0.2)
Net Operating Cash Flow	2.0	(0.1)
Net Investing Cash Flow	0.0	(0.3)
Borrowing proceeds	-	0.1
Borrowing Repayments	-	(0.0)
Net Financing Cash Flow	-	0.1
Opening cash position	1.2	1.1
Net cash movement	2.0	(0.3)
Effect of foreign exchange	(0.1)	(0.1)
Closing cash position	3.0	0.7

- Declared interim dividend of 3.0 cents per share fully franked for half year ending 31 December 2013
- Franking credits of more than \$1.5m available after payment of interim dividend

- CPT has maintained the momentum it achieved in H2'13 into H1'14
- The outlook in North America remains strong with continued long term Fixed Price and Risk / Reward Engagements
- A global services agreement has been signed with a major financial institution which should lead to projects of significance in North and South America, Asia and Europe
- Revenue in Australia is expected to remain subdued
- The European pipeline has strengthened and despite a short term hiatus, revenue is expected to build again as new engagements are agreed and commence
- Given the strength of CPT's North American business, the company is cautiously optimistic about H2'14 despite the lumpy nature of Risk / Reward contracts and subdued Australian revenue

## Key Metrics

Shares Outstanding	36.7m
Share Price	80c
Market Capitalisation	\$29.4m
Cash & Cash Equiv.	\$3.0m
Enterprise Value	\$26.4m

## Board & Senior Management

Fred Grimwade (*Non-Executive Chairman & Director*)

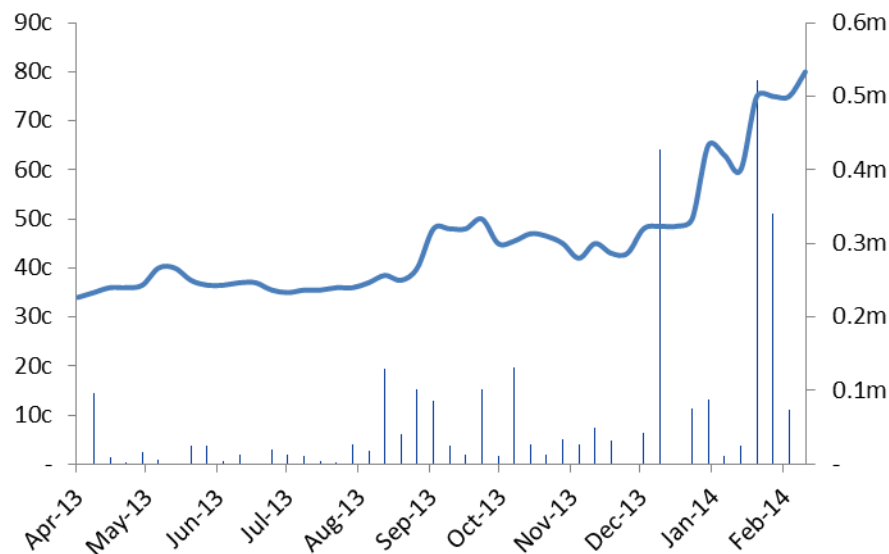
Gerry Tuddenham (*Managing Director*)

Peter Wright (*Director*)

Alan Baxter (*Non-Executive Director*)

Kevin Akom (*Chief Operating Officer*)

Elliot Opolion (*Chief Financial Officer*)



## Substantial Shareholders (as at 24 Feb. 2014)

Gerard Tuddenham & Assoc.	10.3m	28%
GNP Nominees	5.0m	14%
Sonda (A major South American IT services provider)	2.7m	7%