



ASX Release

25 November 2020

2020 Annual General Meeting CFO's Speech

Fellow Shareholders,

Thank you for making the time and effort to be here today and welcome to our shareholders who are watching the AGM on Zoom.

2020 Financial Year

The 2020 financial year has been one of the most challenging years for CPT and for myself as Chief Financial Officer. It is also one of the most rewarding years of my career as I witnessed the senior management team unite in their efforts to ignite the CPT business, return the business to profit after a weak first-half, build momentum into the 2021 financial year and, importantly, ensure CPT's employees and contractors were safe and able to keep working during Covid-19. I am very proud of the fact that from February to June we did not lose a single contract due to Covid-19, did not terminate a single employee or contractor, grew revenue and profit such that Q4 was our biggest and most profitable quarter for the year and we did not receive or need any JobKeeper assistance from the Government or equivalent assistance in any other region.

The momentum built during the period March 2020 to June 2020 and the cost cutting undertaken, turned the loss before tax and impairment announced at the half-year of \$0.3m into a profit before impairment and tax of \$0.9m. We finished the year with \$3.1m in the bank, a net cash inflow of \$1.5m.

We were able to declare a fully franked dividend of 1.25 cents per share, an increase of 0.5 cents per share on the 2019 dividends. This represents a dividend yield, including franking credits, of 6.87% based on the share price on 20 November 2020.

The key drivers of our performance in the second half of FY2020 were:

1. the growth in revenue in the USA. Revenue in June was 86% up on February and 4th quarter revenue was 40% up on the 3rd quarter. We continued to expand our footprint in our largest client, a global bank, and commenced a risk reward contract at a national insurance company.
2. the growth in revenue in Australia. Revenue in June was 54% up on February and 4th quarter revenue was 37% up on the 3rd quarter. New business was won on multi-year projects at a University and Victorian statutory authority. Both these projects were ramping up in the 4th quarter. We expanded our presence at our largest Australian client throughout the second half with 58% of annual revenue earned during this period.
3. tighter controls over discretionary costs and temporary cost savings implemented to prepare the business for the impacts of the global pandemic; and
4. net cost savings from moving to remote working.

During FY2019 we made a subtle shift in our focus back to our core business and strengths. We refocused on how our core services and skills can help clients solve their complex and technical challenges as they transform their IT environments rather than offering new digital services in very competitive markets which would have required significant capital investment to scale quickly. This proved critical during the pandemic as it was our core business that was in demand in our core industries. Our clients needed stable, scalable systems to handle the increased demands on their core platforms and IT systems driven by the steep growth in remote working and online transactions and they needed to contain the costs of running these core systems and platforms. This is CPT's expertise and where we are a trusted advisor to many global and national financial institutions.

Our clients are a big part of why we were able to grow during a pandemic. They include some of the largest and most recognised brands in financial services, insurance and government. These are organisations that play critical roles in delivering important services and products within national and the global economies. They will be critical in the post-pandemic economic recovery.

It would be remiss of me not to mention the efforts of our employees and contractors who have demonstrated the professionalism, flexibility and resilience required to adapt to working from home while keeping a global business running efficiently and effectively.

During FY2020 and into the new financial year, the senior executive team have been net acquirers of shares in the company and participants in the DRP. Mr Gerry Tuddenham and his associates have increased their shareholdings by over 2m shares since 1 July 2019.

Vision and Strategy

Building on the momentum we have generated over the last nine months is our focus in FY2021. Despite the continued uncertainty and risks in our markets, we are optimistic that CPT can continue to grow revenue and profit for shareholders.

With Europe re-entering some form of lockdown, parts of the USA starting to lockdown again and Australia taking a conservative approach to re-opening, we are continuing to implement the strategies that delivered the best results for us in FY2020.

Australia and the USA will continue to be our key regions and resources are being deployed in these regions to deliver on the contracts we have won and take advantage of the significant pipeline and opportunities.

We expect travel restrictions to remain in place throughout FY2021, particularly international travel, and clients to continue working remotely or start the move to hybrid office/remote arrangements. While this creates challenges for our sales team, the business is very well set up for delivering services to clients and running the business remotely.

To address the challenges, continue to build momentum and grow the business, our strategy is to:

- put most of our resources into the Australian and USA markets;
- continue to leverage our experience and expertise delivering high quality services to clients remotely across all our service lines;
- focus our sales effort and resources on:
 - renewing contracts at existing or higher funding levels;
 - growing within existing clients by expanding into new projects and additional services;
 - selling to old accounts, contacts and sponsors; and
 - expanding our digital marketing and sales capability to generate new business and start new conversations with our clients;
- preserve margins by maintaining control of delivery costs;
- have a laser focus on controlling discretionary costs; and
- provide our employees with the services and support they need to work remotely and maintain a healthy work and personal life.

Our medium-term goal is to increase the dividend payout ratio to historic levels of between 70% and 90% of net profit. The timing of this will be contingent upon the business's cash requirements for investment in profitable growth and to build cash reserves. CPT has more than \$2 million of franking credits available to pay franked dividends.

Commercial update

We provided a market update on 27 October on our performance in the first quarter. Today I would like to provide some additional information on our October result, what we are seeing in our markets and the major risks and uncertainties.

For the 4 months to 31 October our unaudited profit before tax is \$2.2m on \$12.4m in revenue. This compares to the loss before tax and impairment for the first half of FY2020 of \$0.3m on \$12.1m in revenue. The USA and Australian businesses continue to perform well and outperform budget.

We are not providing further guidance on future performance as there is still significant uncertainty and risk that has reduced our visibility of future revenue, particularly in the second half of FY2021. The significant risks and uncertainties are:

1. the risk/reward revenue that may be booked in November and December and in the second half of the financial year;
2. the uncertainty in the markets in which we operate due to Covid-19. The situation in Europe and North America is particularly uncertain. We anticipate lockdowns to be implemented in various States and Counties in the USA over the coming weeks and Europe has started locking down again;
3. the political situation in the USA; and

4. the contracts with our two largest clients which are due for renewal in December. We remain optimistic that these contracts will be renewed at or around the existing run rates, however, until the contracts are executed the risk is material in the current environment.

Covid-19 continues to drive business practices around the globe and we are working on the assumption that we will continue to deliver our services remotely in most regions for the foreseeable future and move to hybrid remote/office delivery as clients reopen. Despite this, our pipeline in Australia and the USA is strong and deep.

Governance and procurement processes are being strengthened and expanded by clients around contracting and spending and budgeting decisions. Longer term projects are being funded over shorter periods to give clients greater flexibility in uncertain times. This has resulted in an increase in the time it takes from sale to commencing an engagement and an increase in back office support to the sales team. This also gives rise to a risk that contracts that come up for renewal will not be renewed on existing terms.

We do not expect to see a material change in our European, Canadian or Asian regions in the first half of the financial year and they will be managed opportunistically. Our consultants and sales teams in Europe and Canada will continue to support the USA. That is not to say there are not opportunities in these regions. We have verbal approval for a project run out of the UK for a South African bank that has the potential to be multi-year and generate material revenue for CPT.

We are operating in a global environment that is grappling with a significant pandemic that has caused economic and social upheaval. The risks and uncertainty will stay with us throughout FY2021 but we remain optimistic about the performance and opportunities for CPT.

Thank you.

For further information please contact:

Grant Sincock

Chief Financial Officer and Company Secretary

T: +61 3 9684 7900

E: gsincock@cptglobal.com

<http://www.cptglobal.com/>



Address to Shareholders

Grant Sincock

Chief Financial Officer



Disclaimer

This presentation contains general information about the activities of CPT Global Limited (CPT) which is current as at 25 November 2020. It is in summary form and does not purport to be complete. It presents financial information on both a statutory basis as well as information provided on a non-statutory basis.

This presentation is not a recommendation or advice in relation to CPT or any service offered by CPT and its subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not contain all information relevant or necessary for an investment decision. It should be read in conjunction with CPT's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, and in particular the Preliminary Results for the year ended 30 June 2020. These are also available at www.cptglobal.com.

No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation. To the maximum extent permitted by law, CPT, its subsidiaries and their respective directors, officers, employees and agents disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in or omitted with this presentation.

No recommendation is made as to how investors should make an investment decision. Investors must rely on their own examination of CPT, including the merits and risks involved. Investors should consult with their own professional advisors in connection with any acquisition of securities.

The information in this presentation is for general information only. To the extent that certain statements contained in this presentation may constitute "forward-looking statements" or statements about "future matters", the information reflects CPT's intent, belief, or expectations as at the date of this presentation. Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange, CPT disclaims any obligation or undertakings to disseminate any updates or revisions to this information over time.

Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause CPT's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

Neither CPT, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. In addition, please note that past performance is no guarantee or indication of future performance.

All amounts are in Australian dollars.



2020 Financial Year

FY2020 Highlights

Strong recovery in the second half and real momentum into FY2021

Continued improvement in financial performance, financial position and cash flow.

USA and Australia growing

Statutory results	2020 \$'000	2019 \$'000	Change	
Revenue	24,919	28,395	Down	-12%
Net profit after tax & before impairment	886	992	Down	-11%
Net profit after tax	- 3,345	992	Down	-100%
Earnings per share (Basic)	- 8.73	2.62	Down	-100%
EPS after tax but before impairment	2.30	2.62	Down	-12%
Cash	3,133	1,653	Up	90%
Net cash flow	1,474	128	Up	1052%
Net assets	2,743	6,368	Down	-57%
Net tangible assets	2,743	2,113	Up	30%

Shareholder Returns

100% franked interim and final dividends paid.

Dividend yield is an attractive return in today's low interest rate environment.

Over \$2m in available franking credits

Shareholder Returns	FY2020
Share Price @ 20/11	\$0.26
Dividends per share	1.25 cents
Earnings per share ¹	2.30 cents
Dividend yield - net	4.81%
Dividend yield - gross	6.87%
Franking	100%
DRP participation	43%
Payout Ratio	54%

1. after tax but before impairment

FY2020 Highlights

Growth during Covid-19 lockdowns

Turned half-year loss before impairment into a full year profit

- no contracts lost during covid-19;
- business grew month on month from February to June;
- USA revenue in June 86% up on February;
- Australian revenue in June 54% up on February;
- demand grew in our core business;
- core industries drove the demand;
- Employees and contractors delivered for our clients

A selection of CPT's current clients

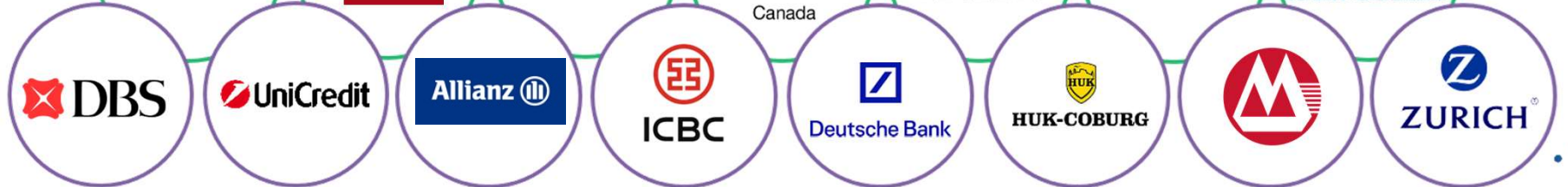
Australia



Americas



Europe & Asia





Vision and Strategy

One team delivering sustainable, profitable growth



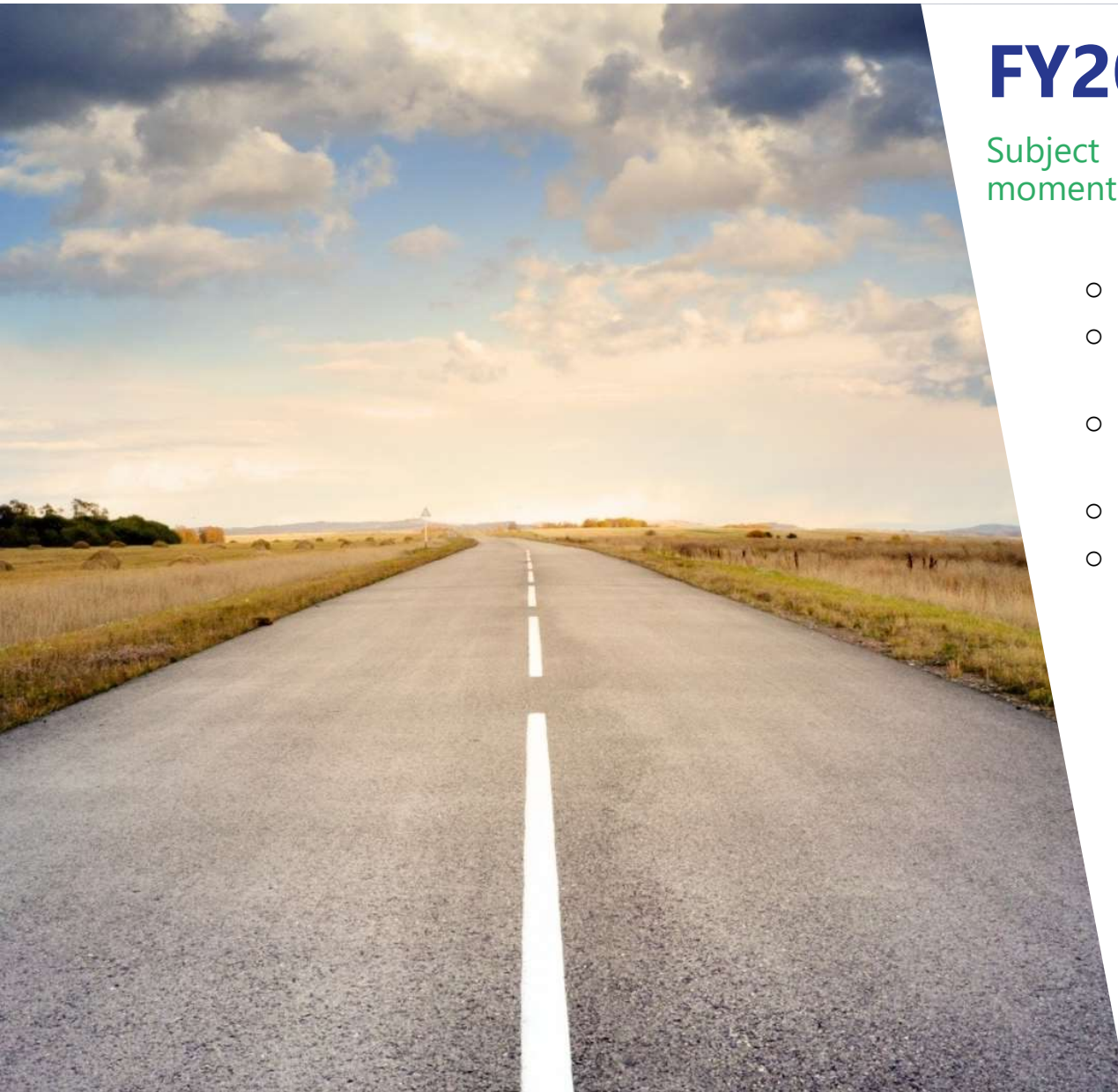


Strategy

Focus is building on the momentum of the past 9 months using the strategies that have delivered results

- **Resources focussed on USA & Australia**
- **High quality services delivered remotely**
- **Targeted sales effort and resources**
- **Preserve margins**
- **Control discretionary costs**
- **Support employees during**

Commercial update



FY2021

Subject to market conditions, continue to build on momentum and grow sustainable profits

- YTD performance ahead of budget
- \$2.2m pre-tax profit in 4 months to 31 October on \$12.4m revenue
- Australian & USA businesses continuing to perform well
- Solid pipeline of work
- Uncertainty & risks in the markets we operate in:
 - Covid-19;
 - USA political situation;
 - Risk/reward revenue; and
 - Contract renewals for our 2 largest clients.