



# Investor Update

Financial Year Ended 30 June 2018

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All amounts are in Australian dollars.



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# 2018 Highlights

# 2018 Highlights

CPT returns to profit with a \$2.2 million turnaround on 2017 net profit after tax. A fully franked dividend of 0.25 cents per share will be paid on 19 November 2018

Statutory results	2018 \$'000	2017 \$'000	Change	
Revenue	<b>31,031</b>	27,159	Up	14%
EBITDA	<b>1,410</b>	- 1,170	Up	221%
Net profit after tax	<b>780</b>	- 1,468	Up	153%
Earnings per share (Basic)	<b>2.09 cents</b>	-3.93c	Up	136%
Cash	<b>1,440</b>	1,656	Down	-13%
Net cash flow	- <b>200</b>	- 1,607	Up	88%
Net assets	<b>5,446</b>	4,625	Up	18%
Net tangible assets	<b>1,144</b>	278	Up	312%
Final dividend (per share)	<b>0.25 cents</b>	-	Up	100%

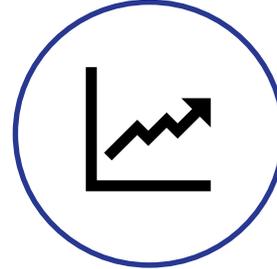
# 2018 Highlights

We executed on the core pillars of our strategy culminating in a return to profitability



## **DELIVERING FOR OUR CLIENTS**

CPT's services are consistently rated highly by our clients with the majority of our work coming from repeat business and engagement extensions.



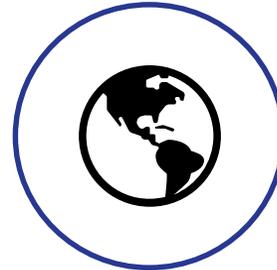
## **GROWING WITHIN ACCOUNTS**

Our top 5 global clients in 2018 are long term clients of CPT and their combined revenue grew by 20% in 2018 and contributed 59% of global revenue (2017: 56%)



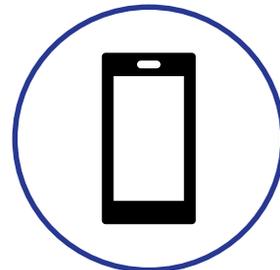
## **GROWING NEW ACCOUNTS**

We added 16 new accounts in 2018 across all regions. These accounts contributed 11% of revenue in 2018. Two of these accounts were in our top 10 global accounts in 2018.



## **CAPITALISE ON OPPORTUNITIES IN NORTH AMERICA**

We invested in 2 new sales resources in North America in 2018 to drive growth and close existing opportunities. Revenue in North America grew 48% in 2018 and segment gross profit grew 41%.



## **EXPANDING OFFERINGS THROUGH PARTNERSHIPS**

Revenue from digital services and sales of partner software was \$1m in 2018, the first full year of operation. Revenue came from digital strategy consulting and the sale of partner software and services.

# 2018 Highlights

Revenue growth, cost control and margin protection all contributed to the profit

The highlights of the 2018 result were:

- 14% growth in consolidated revenue:
  - North American revenue growing 48%; and
  - Australian revenue growing 5%;
- Europe returned a small operating profit after substantial reductions in fixed costs and a laser focus on a small number of client opportunities;
- cost control and reduction across the Group;
- incremental revenue growth from digital services and partners; and
- launched our new website and logo.

# 2018 Financial Performance

# 2018 Financial Performance

Significant turnaround from 2017 with NPAT of \$780k and EPS of 2.09 cents

	2018 (\$'000)	2017 (\$'000)	Movement
<b>Revenue</b>	<b>31,031</b>	<b>27,159</b>	14%
<b>Other income</b>	<b>57</b>	<b>70</b>	-19%
Compensation	- 25,557	- 24,374	5%
Insurance	- 277	- 274	1%
Occupancy costs	- 821	- 971	-15%
Other expenses	- 2,825	- 2,435	16%
FX losses	- 42	- 194	-78%
<b>Total expenses</b>	<b>- 29,522</b>	<b>- 28,246</b>	5%
<b>EBITDA</b>	<b>1,566</b>	<b>1,017</b>	254%
Depreciation & Amortisation	- 62	- 66	6%
<b>EBIT</b>	<b>1,504</b>	<b>1,083</b>	239%
Finance costs	- 260	- 244	7%
<b>NPBT</b>	<b>1,244</b>	<b>1,327</b>	194%
Tax expense	- 464	- 141	229%
<b>NPAT</b>	<b>780</b>	<b>1,468</b>	153%
<b>Basic EPS</b>	<b>2.09 cents</b>	<b>-3.93 cents</b>	

## Commentary

- 14% growth in revenue and percentage margins maintained on T&M and fixed price contracts;
- risk/reward contracts provided a boost to percentage margins;
- the banking & finance sector continues to be our best performing sector with revenue growth of 34%;
- contribution from all regions to our improved financial performance:
  - 5% growth in revenue in Australia;
  - 48% growth in revenue in North America; and
  - Europe profitable before tax, FX and intra group charges;
- Effective tax rate of 37%:
  - tax losses not brought to account ~\$81k
  - Non-deductible interest ~\$151k
- Other expenses includes \$375k in software costs that were on-charged to clients (2017: nil)

# 2018 Financial Position

\$1.2m million increase in NTA and a stronger current ratio

	2018 (\$'000)	2017 (\$'000)
Cash	1,440	1,656
Trade & Other Receivables	4,843	5,571
Unbilled Revenue (WIP)	2,283	792
Other Current Assets	240	103
<b>Total Current Assets</b>	<b>8,806</b>	<b>8,122</b>
PP+E	17	43
Deferred Tax Asset	1,259	1,067
Intangibles	4,302	4,348
<b>Total Non-Current Assets</b>	<b>5,578</b>	<b>5,458</b>
<b>Total Assets</b>	<b>14,384</b>	<b>13,580</b>
Trade & Other Payables	6,702	6,007
Borrowings	535	1,640
Tax provisions	578	2
Provisions	810	982
<b>Total Current Liabilities</b>	<b>8,625</b>	<b>8,631</b>
Deferred tax liabilities	182	233
Provisions	131	91
<b>Total Non-Current Liabilities</b>	<b>313</b>	<b>324</b>
<b>Total Liabilities</b>	<b>8,938</b>	<b>8,955</b>
<b>Net Assets</b>	<b>5,446</b>	<b>4,625</b>

## Commentary

- NTA improved to \$1.1 million with the return to profit;
- Current ratio of 1.02 versus 0.94 in 2017;
- Cash is lower than 2017 as WIP has increased \$1.5 million with 2 risk/reward engagements underway at year end;
- WIP expected to convert to cash in the first half of 2019;
- Taxable profits made in Australia, Canada and the USA give rise to the tax provision;
- Borrowings has decreased as our debtor funding facility was in a net receivable to CPT at year end. \$0.5 million of a facility with Efic was drawn down at year end; and
- We had \$1.7 million in available funding year end.

# 2018 Cash Flow

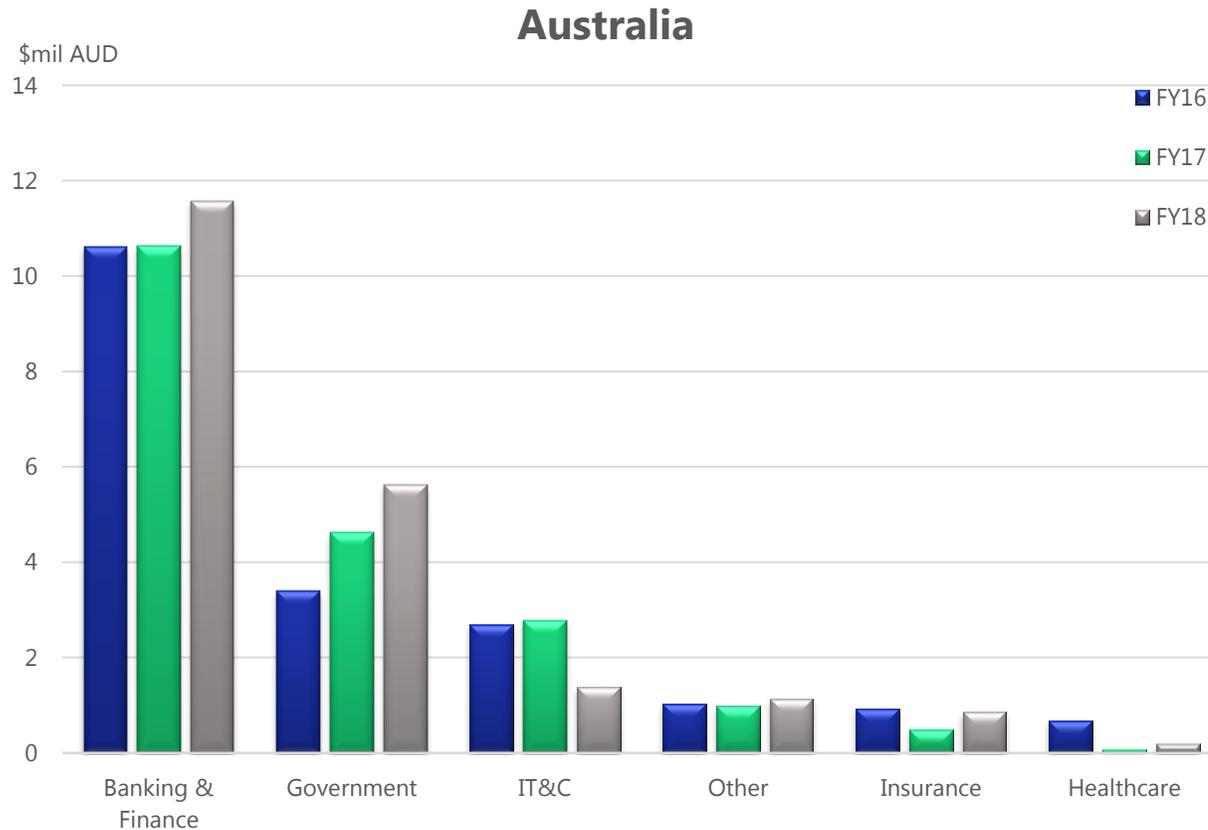
Cash flow stabilising with improved performance

	2018 (\$'000)	2017 (\$'000)
Receipts	35,979	28,851
Payments	- 34,657	- 31,039
<b>Gross Operating Cash Flow</b>	<b>1,322</b>	- <b>2,188</b>
Finance Costs	- 104	- 161
Income Tax	- 131	9
<b>Net Operating Cash Flow</b>	<b>1,087</b>	- <b>2,340</b>
<b>Net Investing Cash Flow</b>	<b>10</b>	- <b>2</b>
<b>Net Financing Cash Flow</b>	- <b>1,297</b>	<b>735</b>
<b>Net Cash Movement</b>	- <b>200</b>	- <b>1,607</b>
Opening Cash Position	1,656	3,034
Effect of Foreign Exchange	- 16	229
<b>Closing Cash Position</b>	<b>1,440</b>	<b>1,656</b>

## Commentary

- 2018 saw a significant turnaround in operating cash flows on the back of our financial performance;
- the net cash outflow is a result of:
  - progressive repayment of the historical Canadian taxes; and
  - an increase in WIP of \$1.5 million, this will convert to cash post year end.

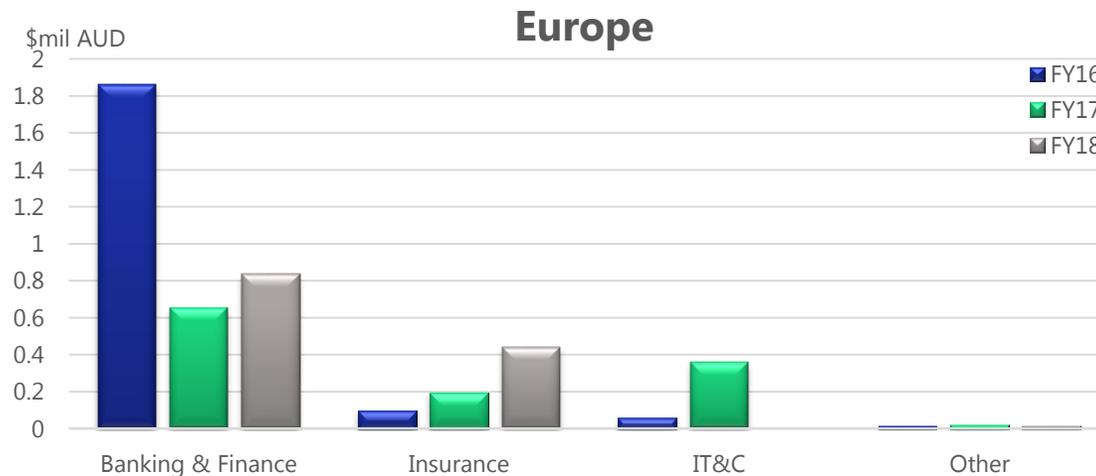
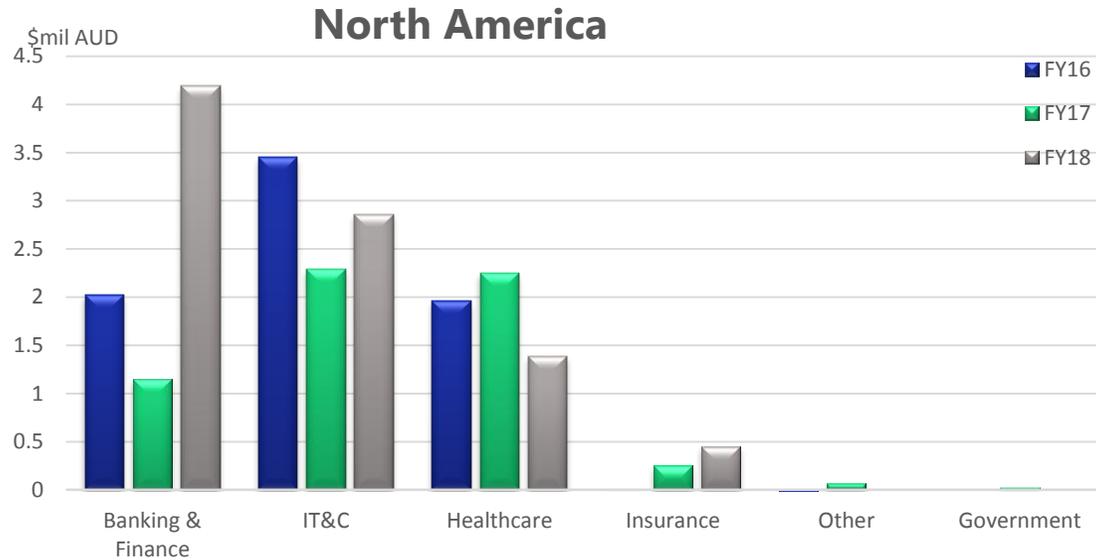
# 2018 Revenue by Sector



## Commentary

- 5% growth in revenue was concentrated in the banking & finance and government sectors:
  - 20% growth at our largest client, a Big 4 bank; and
  - 27% growth at our 2<sup>nd</sup> largest client, a Federal Government agency;
- superannuation and insurance are growing sectors with digital consulting and testing services being in demand;
- growth in banking is currently constrained by transformation programs as the top end of the sector implement agile at scale methodologies. Opportunities may arise as these programs progress;
- the reduction in the IT&C sector is due to the completion of a significant project with a national telecommunications company; and
- margins are stable despite continued pressure across the industry.

# 2018 Revenue by Industry



## Commentary

- revenue grew 48% on the back of:
  - a new risk/reward contract at a New York based global bank worth up to US\$2 million;
  - 41% growth at our largest client in North America, a Canadian telecommunications company;
  - 118% growth in time & materials engagements at a New York based global bank;
- North America's best year since 2014.

## Commentary

- revenue decreased 1.7% in Europe as we incorporated Europe into a greater Northern Hemisphere region run from North America;
- the reduction in revenue was more than offset by the reduction in fixed costs in Europe; and
- European consultants are being deployed on projects in North America.

# 2018 Capital Management

In the near term, CPT will focus on balance sheet repair and rebuilding cash reserves. Our intention is to pay dividends consistently and increase the payout ratio as our financial performance allows

## Dividends

A fully franked dividend of 0.25 cents per share has been declared for 2018 and is payable on 19 November 2018. The payout ratio is 11% of earnings per share.

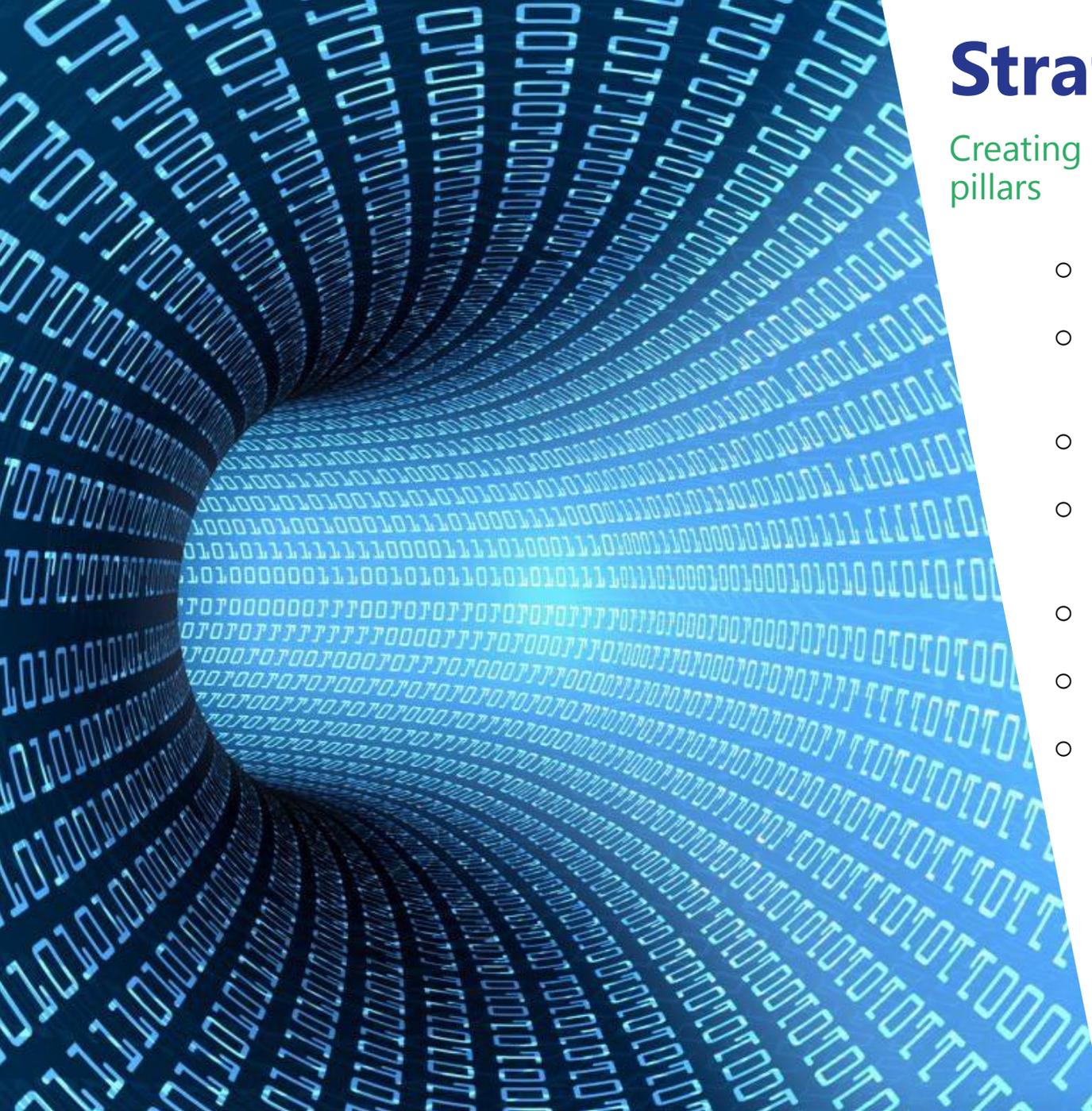
The Dividend Reinvestment Plan will apply to the dividend.

## Bank Debt

CPT has a debtor funding facility of up to \$5 million. At 30 June 2018, there was no drawn balance on the facility and \$1.1 million was available to be drawn.

On 23 February 2018 CPT accepted a \$1.2m term facility from Efic to fund certain risk/reward contracts in the USA. At 30 June 2018, \$0.5 million had been drawn against the facility

# Strategy & Outlook



# Strategy

Creating value for shareholders: our core strategic pillars

- Focus on strategic markets and accounts.
- Expand digital capabilities to meet emerging client demand.
- Position for global growth and expansion.
- Continue to reduce operating costs and margin leakage.
- Make CPT an industry leading workplace.
- Create increased value from partnerships.
- Enhance CPT's brand and global reputation.

# Outlook

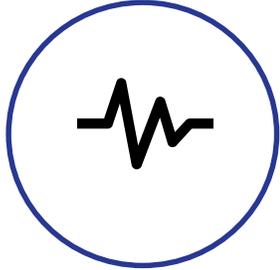
Subject to market conditions, the turn around in performance is expected to be maintained

- North American business will maintain its momentum in the first half off the back of a strong pipeline;
- Australia will maintain steady growth, particularly in the Government sector, but there is some softness in the Melbourne market;
- cost takeout and cost control will continue;
- Europe will be pursued strategically with the focus on a small number of clients and a low fixed cost base;
- Asia will be pursued opportunistically with mainframe and digital strategy consulting services;
- margin pressure continues, particularly in testing. The risk will be managed by growing volume and recruitment controls;
- Leveraging key partner relationships to deliver revenue growth;
- real time payment systems are being rolled out in various jurisdictions. Our expertise in banking and real time payments is creating opportunities in Canada and Europe;
- new services lines gaining traction in Australia; and
- 41% increase in global MIPS will see opportunities for mainframe cost reduction.

# CPT Global – Core Values & Capabilities

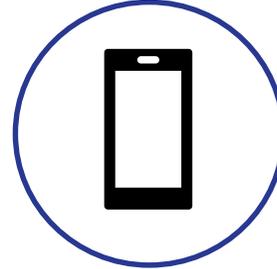
# CPT Core Services

Our services are consistently rated highly by our clients. The majority of CPT's work comes from repeat business and engagement extensions.



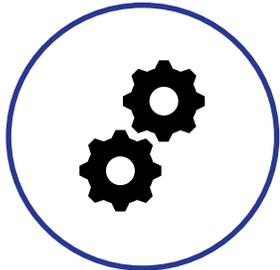
## **ASSURANCE SERVICES**

CPT has the expertise to solve the increasing challenges of introducing change into complex production environments and assuring the right business outcomes.



## **DIGITAL TRANSFORMATION**

CPT can help you develop and deploy an effective strategy to transform your organization into an efficient, agile and customer-aligned business, positioned to win against the competitors of the future.



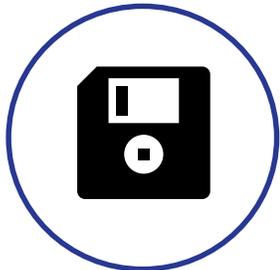
## **EXPERT TECHNOLOGY SERVICES**

CPT offers expertise in enterprise and solution architecture, performance engineering, consumption reduction/optimization, cost reduction and legacy migration in the mainframe, distributed and cloud space.



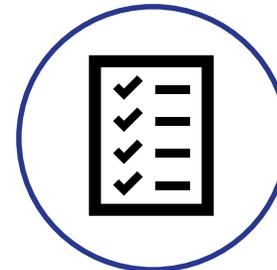
## **TESTING & DELIVERY SERVICES**

CPT's testing capabilities encompass the full spectrum of testing services as well as test strategy reviews and performance, stress and other NFT testing, test environment management etc.



## **STORAGE DESIGN & OPTIMISATION**

CPT specialises in different kinds of storage services including architecture, cost reduction, migration strategies, archiving strategies and disk and tape consumption and optimization reviews.



## **SOFTWARE OPTIMISATION SERVICES**

CPT can conduct software reviews, identify migration candidates (and complexities), benchmark solutions before and after, identify redundant applications and optimize software charges from software vendors.

# Our Practice lines

What do we do?

## Technology Optimisation

*Faster, more efficient technology*

### Tuning and Optimisation

- Enterprise architecture
- Mainframe optimisation
- Midrange optimisation
- Monitoring & metrics
- Performance Tuning
- Performance Engineering
- Code Analytics
- Application Portfolio Rationalisation

### Technology Planning

- Capacity planning
- Service availability management
- Data centre consolidation & rationalisation
- Cloud strategy, maturity & migration
- XaaS

## Assurance

*Assured and reliable delivery & operations*

### Delivery Assurance

- Test strategy & implementation
- Test capability & maturity reviews
- Test automation & DevOps
- Testing tools capability & uplift
- Test environment Management & optimisation
- Application migration & remediation
- Independent critical program reviews
- Data virtualisation & masking
- Stress & volume testing

### Operations Assurance

- Digital fraud prevention
- Digital security
- BCP & DR
- Realtime dashboards
- Command centre & critical incident management

## Consulting and Transformation

*Leveraging technology for business success*

### Strategic

- Digital strategy, planning & governance
- Digital transformation
- Application of AI and VR
- Workforce Analytics & Optimisation
- Capability assessments and uplifts
- Board & executive advisory
- Executive workshop facilitation

### Solutions

- Digital product design
- Project Services
- Benefits realisation
- Agile and DevOps
- Release Automation
- Process improvement and automation (RPA)
- Solution Architecture

## Digital Ventures

*Build new services and launch joint and new technology-based ventures*

### Develop New Capabilities

- Data, Insights & Analytics
- Artificial Intelligence
- Digital Workforce
- Innovation Management
- Emerging technology advisory and insights

### Joint Ventures (CPT & Partners)

- Partner identification
- Pilot/proof of concepts
- Commercialisation

### New Ventures (CPT)

- Experimentation
- Concept development
- Prototyping
- Incubation & Acceleration

# Our Partner Network

We have critically assessed and brought together a world-class partnership network to help us bring leading technology capabilities to our clients.

## Technology Optimisation



## Assurance



## Digital Transformation



# What makes CPT special

Our deep expertise, track record, trusted relationships and true dedication to client separates us from others

## Global IT experts



CPT has world class capacity planning, performance tuning and testing experts.

Our consultants average 20+ years in the industry.

## Results obsessed



We are obsessed with achieving cost savings and efficiency gains. We are willing to be compensated only by results.

## Trusted partner



CPT are a trusted partner in navigating companies through complex and critical IT and business events.

## Fortune 500 companies



We have a proven record of successful engagements with 76 Fortune 500 companies around the world.

# A selection of our clients

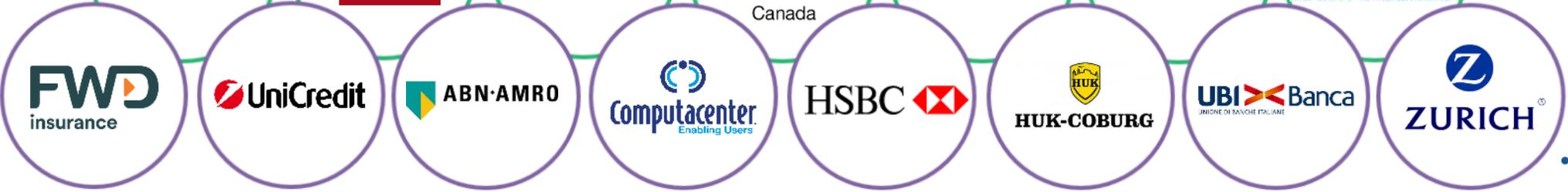
Australia



Americas



Europe & Asia



# CPT has worked in these countries



Australia



USA



Norway



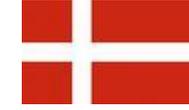
Netherlands



South Africa



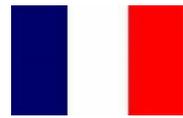
New Zealand



Denmark



Germany



France



Chile



China



Ireland



Brazil



Switzerland



England



Scotland



Spain



South Korea



Turkey



Austria



Malaysia



Belgium



Canada



Singapore



Portugal



Finland



Slovakia



Sweden



Luxembourg



Hong Kong



Italy



Taiwan



India



Mexico

# CPT Global

*CPT has provided consulting and delivery services to clients in 34 countries around the world. We've helped customers improve their IT delivery, speed and capability in industries such as finance, telecommunications, utilities, health, education, government, and logistics.*

## American Offices

New York  
Toronto  
Sao Paulo

## European Offices

London  
Munich  
Paris  
Milan



## Asian Offices

Singapore

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