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PS&C adds to its People group

PS&C Ltd (ASX: PSZ) has acquired a Melbourne and Sydney-based IT services business to bolster its capability in the general IT space.

PS&C's existing People business consists of Systems and People Pty Ltd, an SAP specialist recruitment business. The purchase of Bexton IT Services Pty Ltd, an IT project augmentation services business, provides capability in the non SAP area of the market and gives opportunity to extend these services to the existing client base. After an initial payment of \$2.9m, \$1.45m in cash and \$1.45m in PS&C shares, further payments will be made based on EBIT achieved through to 2018. The PS&C shares issued as consideration will be subject to escrow conditions.

PS&C Managing Director, Kevin McLaine commented:

"We are delighted to welcome Bexton to our team and look forward to using this additional platform of capability to grow our People business. There is real opportunity to leverage our new skill sets across multiple customers. In addition, Bexton gives PS&C more presence in the Sydney market.

We continue to expand our offering in Security and that is happening inside existing businesses. We are also continuing to look at acquisitions in the security space as a priority, however, this People acquisition provides us with the platform to significantly grow our people business into the future."

The initial payment represents approximately 4 times the expected full year 2016 result. Future payments consist of 2 times EBIT for 2016, 2017 and 2018.

The transaction meets internal rates of return and is expected to be EPS accretive.

It is PS&C's intention to pay 50% in cash and 50% in scrip for all future payments but have retained the right to complete 75% of payments in scrip. The amount of scrip is calculated at a volume weighted average price (VWAP) of PS&C shares 30 days prior to issue. The benefits of additional EPS accretion from making future payments in cash will be considered at the time of the payments.

For further information contact:

Kevin McLaine, Managing Director
Julian Graham, Chief Financial Officer
+613 96822699

Matt Wright
NWR Communications
0451 896 420