



ASX Announcement

PS&C LIMITED
(ACN 164 718 361)

26 February 2019

Half Year Financial Results to 31 December 2018

PS&C Limited (ASX:PSZ) (PSC) is pleased to announce the following results and highlights for the half year ended 31 December 2018.

Key Highlights¹

- Revenue of \$40.8m up 42% on 1HFY18 (\$28.8m)
- Underlying EBITDA of \$3.1m up 48.5% on 1HFY18 (\$2.1m)
- Queensland revenue (\$3.4m) up 164% on 2HFY18 (\$1.3m)
- Defend + Secure business continues strong growth delivering 1HFY19 revenue of \$10.4m up 43.8% on 1HFY18 (\$7.2m) and EBITDA of \$1.9m up 142% on 1HFY18 (\$0.8m)
- Second half on track to deliver stronger results

Key Drivers

- Landscape for specialised security services remains strong
- Investment made in FY18 to establish Queensland operations paying off
- Robust Federal Government environment for the services NTH Consulting provides
- Continued consolidation of our businesses is improving client engagement

Impairment of Goodwill & Deferred Consideration

- Impairment to the carrying value of goodwill of \$9.65m
 - Board continues to take a conservative view
 - Quantum of impairment impacted by larger allocation of the Company's corporate costs to each of its subsidiaries
- Reduction in deferred vendor consideration in line with contractual earn out arrangements:
 - Current deferred consideration reduced by \$6.1m to \$4.2m
 - Non-Current deferred & contingent consideration reduced by \$3m to \$3.2m
- Writeback in contingent consideration of \$2.4m reflects challenges in the Salesforce Practice and softness in Migration to Cloud offering

¹ Excludes discontinued operations

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PSC Managing Director and CEO Glenn Fielding said:

"It is personally satisfying to see the hard work over the past 18 months come to life. The positives now outweigh the negatives by some margin and I expect PS+C to deliver growth each time we report for the foreseeable future.

The first half was not without some challenges, more particularly in our Salesforce Practice and our Migration to Cloud offering. Both of these challenges have been addressed. The acquisition of Artisan Consulting has added much needed technical leadership to our Salesforce Practice and we are already seeing more client activity in this space. We added to the business development team within our Migration to Cloud offering which has also resulted in an improved pipeline of work.

Importantly, the level of normalisations (outside of impairment of goodwill) to our statutory results have reduced significantly in line with the end of our restructuring activities.

Taking into consideration the divestment of Allcom and current year to date performance, we now expect full year EBITDA from our continuing operations to be no less than \$7.0m".

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