



ASX Announcement

27 November 2019

Managing Director's address

*To the Annual General Meeting of CPT Global Limited (ASX: **CGO**), held at 11:30am (AEST) on Wednesday, 27 November 2019 at level 3, 818 Bourke Street, Docklands.*

Fellow Shareholders,

Thank you again for making the time to be here today.


2019 Financial Year

We are proud that we delivered a 27% increase in profit in FY2019, increased dividends by 0.50 cents per share and continued to improve the financial position and cash flow of the Group. This is the second year in a row of delivering a net profit and, subject to market conditions, we are confident that our return to profitability is sustainable.


The success of our North American business, which delivered a second successive year of revenue growth in excess of 44%, has been a driving force in the performance of the Group and is a credit to the talent, effort and dedication of the team we have built in the USA and Canada. Revenue in the banking & finance sector grew 104% as we delivered payment modernisation services in Canada and demand for mainframe expertise continued to grow in the USA.

The federal government sector is our fastest growing sector in Australia with a second successive year of revenue growth in excess of 22%. Our largest Australian client, a federal government agency, has contracted work until 30 June 2020 with the scope of services and head count increased from FY2019.

Margins across the Group improved on FY2018 as higher margin regions, North America and Federal, contributed a greater proportion of revenue to the Group. We continued to invest in efficiency in operations and in delivering services to clients without compromising quality, which also contributed to the improvement in margins.

 +61 3 9684 7900

 Info@cptglobal.com

 www.cptglobal.com

November, 2019



These successes were tempered by the performance of the banking & finance sector in Australia which saw significant declines in revenue and dragged Group revenue down 8% on FY2018.

During FY2019 we made a subtle shift in our focus back to our core business and strengths. We refocussed 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 shift has paid dividends with:

- EPS increasing 25% to 2.62 cents per share;
- Net profit up 27% to \$992k;
- 46% growth in revenue in North America;
- Margins increasing across the Group;
- Cash flow positive after 2 years of net cash outflows; and
- NTA increased by \$1.1m.

Our shareholders have experienced some lean years since FY2015 and we are grateful for the support of those shareholders who have stuck with us and those who have bought into the company during the last 5 years.

We recommenced paying dividends for the 2018 financial year and for FY2019 we have paid 100% franked interim and final dividends of 0.75 cents per share in aggregate. Encouragingly, participation in the dividend reinvestment plan is 48%.

The dividend yield, including franking credits, was 5.31% based on the share price on 26th November 2019. In a low interest rate environment, we believe this is an attractive yield particularly on an historically low payout ratio of 28.51%.

Our short to medium term goal is to increase the 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. You will have noticed in our market release last week that I have purchased shares on-market. I have informed the Board that I intend to purchase more shares in the coming months. I will only acquire shares in a fully informed market and in accordance with my duties and responsibilities as a director.



Vision and Strategy

CPT has been delivering on our core vision of “one team delivering sustainable, profitable growth” and this remains our focus in FY2020.

C, P and T originated from Capacity Planning, Performance Tuning and Testing. These are the core tenets of who we are and what we do and are just as relevant in today’s digital age as clients operate in an environment in which innovation, disruption, digital transformation, speed to market, quality assurance and cost control are driving strategic and operational decision making. In FY2020 CPT will continue our laser focus on our core strengths as they are the backbone of why we exist: *we love to solve clients complex technical challenges.*

The six pillars of our strategy in FY2020 are:

1. **Capitalise on existing growth opportunities:** North America and Canberra are our high growth regions and the opportunities and growth have continued into FY2020. We have invested in growing the sales capacity in Australia and are leveraging our expertise in payments modernisation to take advantage of the global move towards near time payments. We are structuring the business and investing to take advantage of these opportunities.
2. **Build on new opportunities in Sydney:** recent changes in the Banking & Finance sector provides us with a significant opportunity to win new clients headquartered in Sydney. We won a Tier 1 banking client which we expect to develop into a top 10 client.
3. **Global practice capability:** we are continuously developing our practice model to better support the business, our consultants and our clients in all our regions and across many time zones. We review and adapt our services to meet client demands.
4. **Engagement & communication with our workforce:** CPT is a people business and our people are our greatest strength.
5. **Enhance the CPT brand in the marketplace:** we will significantly expand our presence across social media channels to target our key audience and grow our brand awareness.
6. **Drive business efficiency:** we are looking business wide at how we operate to improve efficiencies and reduce costs.



Our two greatest strengths are our people and our client base.

CPT consultants include world class capacity planning, performance tuning and testing experts with global experience. Our permanent versus contractor ratio puts us amongst many leading organisations moving towards an agile, on-demand workforce. This gives us great flexibility to meet client demand in an agile and cost-effective manner.

CPT has a blue-chip client base. We work with some of the biggest names in Australia and Internationally, including many in the Fortune 500. Our focus is on growing within our existing clients and targeting a core group of strategic new accounts.

Commercial update

Our goal for FY2020 is to continue to build sustainable profits and continue to increase the dividend payout ratio.

We have had a reasonable start to FY2020 with operating results for the first quarter in line with our expectations.

We expect to see revenue growth in North America although the growth rate will not reach the heights of the last 2 financial years as:

- issues with the strategic direction of Canada's payment modernisation program have led to delays at all Canadian banks; and
- our largest client in Canada has reduced its spend on consultants as it deals with poor financial results.

We have extended US\$3.5m of contracts at our largest client and expect to extend another \$1.5m of contracts by the end of this calendar year. The extensions cover the 2020 calendar year.

The Australian business is expected to grow revenue in FY2020 after a disappointing FY2019. The extension of the contract at our largest Australian client, and second largest globally, gave the business a boost after FY2019 and in November we commenced a new \$2.7m 12 month project at an Australian University. We still expect to see revenue grow in the banking sector although the timing of that growth is still fluid. We were successful in signing on two new banking clients, a Tier 1 bank and a large Tier 2 bank at the end of FY2019 and we are working to convert these initial engagements into recurring revenue.

Our expectations for Europe were modest at the start of FY2020 and the region continues to be managed from North America. Green shoots are starting to appear with work contracted over the coming months with returning and new clients. It is too early to invest additional time and resources in Europe but the signs are positive.

Our approach in Asia continues to be partner based and opportunistic.



We are operating in a global environment that is grappling with significant political events while digesting mixed economic data and trends and global economic forecasts that suggest an extended period of low economic growth.

While the business uncertainty in this environment is understandable, quantifying the impact on our business is very difficult. We have had success, as explained earlier, and while our clients are looking at the coming months and years with caution, we have not seen projects cancelled or project budgets cut and the opportunity pipeline across the Group is encouraging.

We remain confident that the return to profitable operations since FY2019 is sustainable.

Gerry Tuddenham

Managing Director
CPT Global Limited

-ends-

For further information please contact:

Gerry Tuddenham
Managing Director
T: +61 3 9684 7900
<http://www.cptglobal.com/>



2019 Annual General Meeting

27 November 2019

Address to Shareholders

Gerry Tuddenham

Disclaimer

This presentation contains general information about the activities of CPT Global Limited (CPT) which is current as at 27 November 2019. 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 2019. 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.



For personal use only

2019 Financial Year

Commercial in Confidence – CPT Global



FY2019 Highlights

Profit up 27% despite drop in revenue.

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

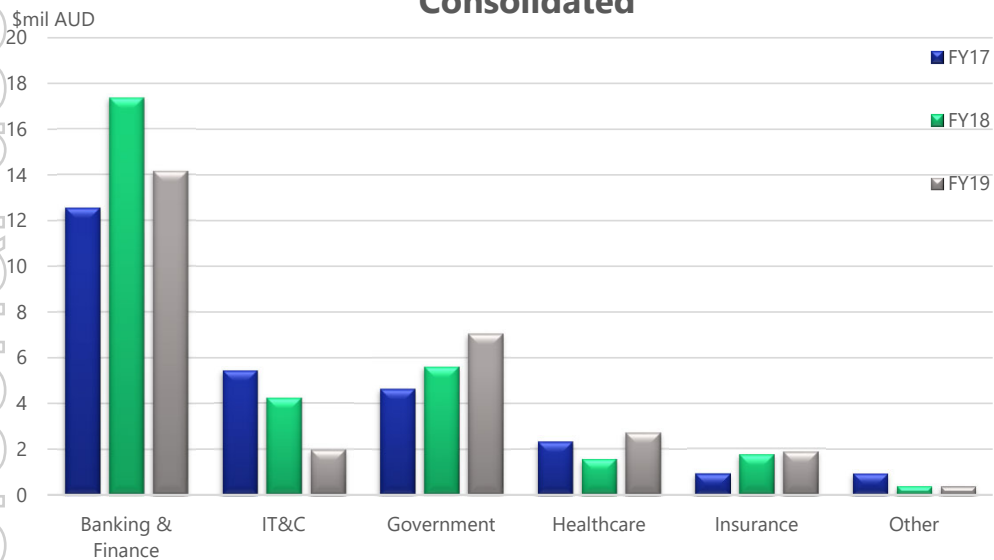
Confident in the sustainability of the profit.

Statutory results	2019 \$'000	2018 \$'000	Change	
Revenue	28,395	31,031	Down	-8%
EBITDA	1,897	1,457	Up	30%
Net profit after tax	992	780	Up	27%
Earnings per share (Basic)	2.62	2.09	Up	25%
Cash	1,653	1,440	Up	15%
Net cash flow	128	- 200	Up	164%
Net assets	6,368	5,446	Up	17%
Net tangible assets	2,113	1,145	Up	85%
Dividends (per share)	0.75 cents	0.25 cents	Up	200%

FY2019 Revenue by Sector

For personal use only

Consolidated



Commentary

- North American revenue grew 46%. Banking & finance sector grew 104% & contributed 67% of the region revenue:
 - payment modernisation in Canada; and
 - mainframe risk/reward and T&M in the USA;
- 8% reduction in consolidated revenue was concentrated in the following sectors in Australia:
 - banking & finance; and
 - IT&C;
- Federal Government sector is the fastest growing sector in Australia: exceeded 20% in each of the last 3 years; and
- margins improved across the Group with revenue growth coming from high margin sectors.

FY2019 Highlights

Focus on our core business and strengths and targeted investment.

Growth in EPS, net profit, margin and cash flow.

Where we focused the business:

- CPT's core strengths;
- efficiency in operations and client delivery;
- investment in sales capacity; and
- investment in growth regions and services.

The impact on the 2019 result:

- EPS up 25%;
- net profit after tax up 27%;
- 46% growth in revenue in North America;
- increase in margins across the Group;
- cash flow positive after 2 years of outflows; and
- \$1.1m increase in NTA.

Shareholder Returns

100% franked interim and final dividends paid.

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

Increase the payout ratio to historic levels as confidence in sustainability of the profit increases.

Share Price @ 26/11	\$0.195
Dividends per share	0.75 cents
Earnings per share	2.62 cents
Dividend yield - net	3.85%
Dividend yield - gross	5.31%
Franking	100%
DRP participation	48%
Payout Ratio	28.51%

For personal use only



Vision and Strategy

One team delivering sustainable, profitable growth



Strategy

Focus is on our 6 strategic pillars

- **Capitalise on existing growth opportunities.**
- **Build on new opportunities in Sydney.**
- **Global practice capability.**
- **Engagement & communication with our workforce.**
- **Enhance the CPT brand in the marketplace.**
- **Drive business efficiency.**

A selection of CPT's current clients

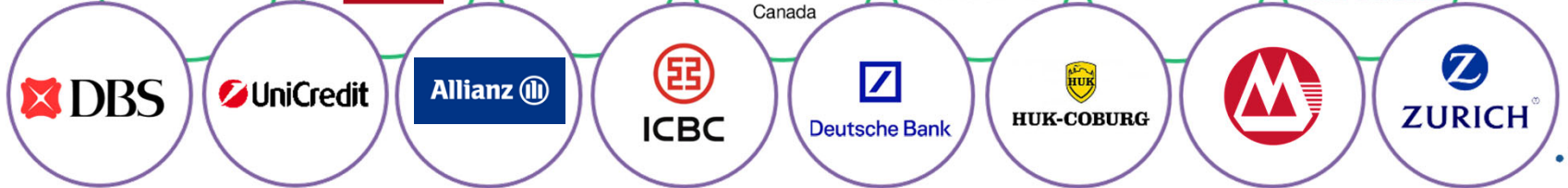
Australia



Americas



Europe & Asia



For personal use only

What makes CPT special

Our deep expertise, track record, trusted relationships and true dedication to our clients 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.



Successful Delivery

We have a proven track record with our clients of delivering value in their business terms

Commercial update



FY2020

Subject to market conditions, continue to build sustainable profits and increase the dividend payout ratio

- Uncertainty in the markets we operate in but impact is difficult to quantify:
 - Brexit;
 - trade tensions;
 - impeachment proceedings; and
 - low economic growth.
- Winning new work and extending existing contracts:
 - Largest Australian client extended to 30 June 2020;
 - \$2.7m 12 month contract won at an Australian University;
 - US\$3.5m contract extensions locked in for 2020;
 - Australian tier 1 bank and large tier 2 bank became clients; and
 - Green shoots in Europe with several contracts signed.
- Results contingent upon:
 - contract extensions continuing at key clients from 1 January 2020;
 - extensions on risk/reward contracts from 1 January 2020; and
 - Banking & finance sector in Australia returning to normal trading conditions.