

MCS Services Ltd



Shareholder Conversation



Exceeding Client Expectations

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Summary

Corporate Snapshot

ASX Code	MSG
Share Price	\$0.022 (29/05/18)
Number of shares on Issue	189 million
Market Capitalisation	\$4.1m (29/05/18)
Cash (31 March 18)	\$0.7m
Debt (31 March 18)	\$0.3m

Substantial Shareholders:

Paul & Maureen Simmons	17.7%
Top 10 shareholders	52%

Operations

Retail, Stadia and Events uniformed security

Covert, Healthcare, Education, Tourism

Long term contracts with blue chip clients

High proportion of recurring revenue

Growth opportunities in Events, Education, Healthcare, Resources, Ports, Marine, Govt, Transport

Board of Directors

Chairman	Bob Kucera
Non Executive Director	Mathew Ward
Non Executive Director	Geoff Martin

Senior Management

CEO	Paul Simmons
CFO	Mark Englebert
Company Secretary	Jonathan Asquith

Strategy

Customers

Exceed client expectations, meet all deliverables

Retain / expand existing work

Growth:

Organic: Increased tendering activity to expand client base

Acquisitions: For entry into new locations, markets and adjacencies

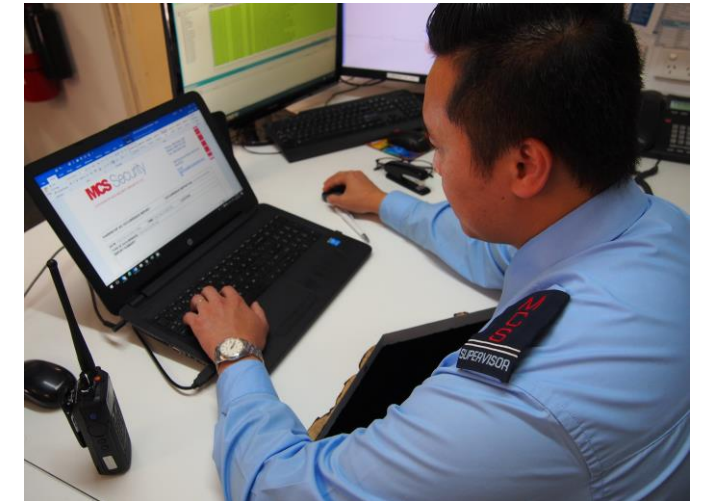
Innovation: To differentiate our customer proposition

Financial Returns

Recurring revenue base and free cash flow

Shareholder Focus

Enhance shareholder value via profitable growth, buybacks, etc



Key Strengths

Board and Management:

- Strategic focus, return to shareholders

Differentiation:

- Enduring relationships built on delivery, trust, quality, management.

Capabilities:

- Large scale on-line rostering, recruitment, mobilisation and supervision to meet deliverables;
- Able to apply capabilities to new acquisitions / new segments / adjacencies.

Diversified Client Base:

- Limits risk, increases opportunities.

Moving towards ISO 9001 / 140001 /45001 accreditation:

- Continual improvement, cultural change, systems and processes, training, staff audits,
- Workers Comp insurance premiums anticipated to markedly decrease;
- Eligibility for Defence, Ports, Airports.

Debt Free:

- Low risk, capacity to leverage for acquisitions



History

June 2005:

- Established by Paul Simmons

2005-2015: Growth and Retention:

- Lendlease (since 2008), Perron Group (since 2008), AMP (since 2010), Charter Hall (since 2011), Vicinity (since 2007), CBRE, Colliers, Jones Lang LaSalle, Savills

October 2015: ASX-listed:

- Merger of MCS Security (primarily Retail) and Intiga Security (Stadia, Events)

2016-2017: Assimilate

- Single office and staffing, single processes / systems, customer relationships
- Intiga vendor left the business

2017-2018: Next step:

- Appointed ISO / OHS Manager, working towards ISO accreditation in FY18/19
- Acquired ISO / OHS software, upgrading payroll and Accounting software
- Upgraded BDM capacity
- Acquired contracts of State Security WA – clients in Education, Tourism, Marina, Retail
- Won Perth Stadium, won remainder of Vicinity Centres



FY17/18 Overview : 1

Growth: Business Development

BDM appointments: early FY17/18;

- New work and increased volumes across various segments;
- Won covert work in WA for major national retailer. Roll-out opportunity potential
- Strategic review of South Australia. Elected not to continue

Perth Stadium: Dec 2017:

- Asset protection contract, against determined opposition;
- Opportunities for further work being explored.

Vicinity Centres: June 2018:

- retail security for all major Centres in WA, incl Mandurah and Galleria;
- Further opportunity with Centre under construction;

Growth: Acquisition

- State Security WA: August 2017
 - Acquired client base;
 - < 1 year payback. Vendor instalments and contract-amortisation ends July 2018;
 - Diversifies into schools and adds strength in marina and tourism segments;
 - proves ability to structure deals and assimilate operations.



FY17/18 Overview : 2

Revenue:

Full year revenue tracking at \$18-19m

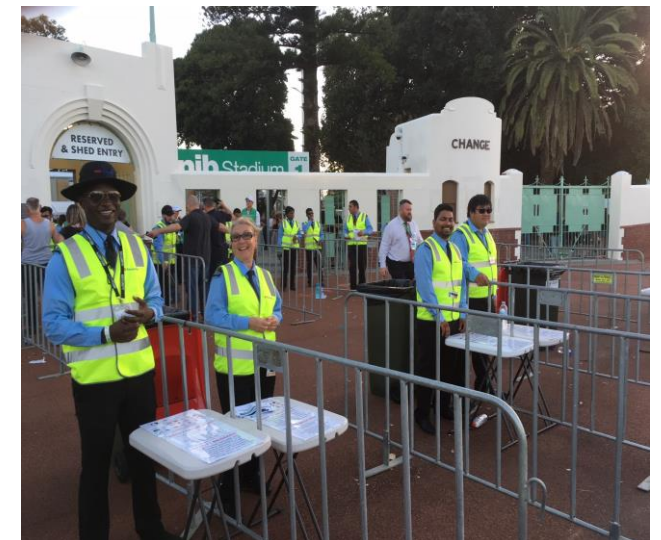
Profitability:

1st HY1: Operating EBITDA loss \$293k

- GP Margin affected by transition to SSSWA work and Stadium – training shifts, uniforms etc – and seasonality
- Overhead growth:
 - office wage growth
 - Investment in ISO / OHS processes, incl Manager
- One-off Share Option expense \$213k

2nd HY: Tracking at operating EBITDA profit:

- BD growth:
 - Perth Stadium, Vicinity;
- Overhead wages normalised, including reduced by:
 - South Australia BDM
 - Client Manager
 - Rostering team re-organisation



FY17/18 Overview : 3

Debt:

- No external debt, opportunity to leverage for growth
- \$300k Related Party loan only

Share Buy Back

- Bought back 18m shares for 0.3cps, a significant discount to the share price
- Intiga legacy issue considered resolved

Shareholders

- DRP take up
- Top 10 shareholders stable, 50% of shares

Other:

- Strategic review
- Team Building
- Marketing Focus



FY18/19 Growth Opportunities

Existing Clients

- Benefit from full year of Perth Stadium (Stadia) and Vicinity (Retail)
- Also a large Retail contract, a new Centre under construction, Western Force, Events

Acquisitions

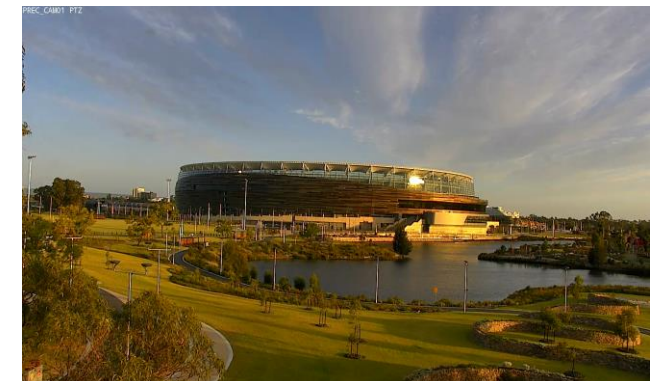
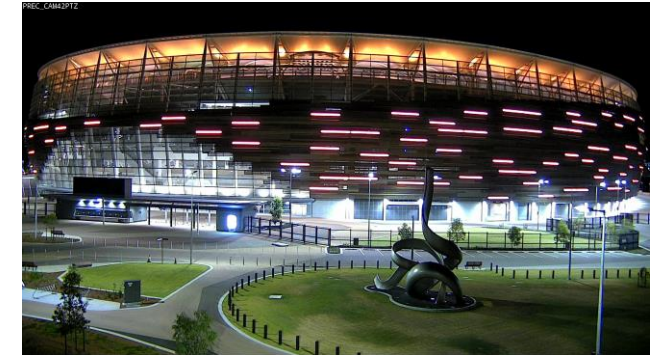
- Must meet strategic focus + share price accretive
- Consider opportunities in other locations and in adjacent sectors
- Earn-out mechanisms

Business Development

- BDM focus at Marina, Schools, Healthcare, Local Government, Stadia / events, Tourism
- Innovations in Bodyworn-camera, tracking, autonomous units

ISO Certification (once completed)

- Aiming for ISO compliance end of 1HY 2018/19
- Increases opportunities into Mining, Oil & Gas, Defence, Government, Ports, Airports
- Partnering opportunities



Outlook

To strategically and vigorously pursue opportunities:

- existing clients;
- new security-service markets;
- new locations;
- adjacent sectors, to leverage core competencies;
- to leverage ISO compliance (once certified)

The journey has only just begun



MCS Services Ltd

Exceeding Client Expectations

Contact Details:

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Chief Financial Officer:	Mark Englebert

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