

Company Profile

Ord Minnett Research

31 July 2017

UXC Limited (UXC.AX)

UXC Limited (UXC) is an Australian business solutions and ICT consultancy firm. UXC services medium to large entities in the private and public sector across Australia and New Zealand, Canada, USA and has operations in Asia. UXC provides a range of unique, unmatched and formidable ICT Solutions in Consulting, Business Applications, and Infrastructure that support customers to plan & design, implement & enhance, and operate & manage their ICT requirements.

Advisory & Consulting Solutions: The division operates through UXC Consulting, UXC Professional Solutions, UXC Saltbush, Telsyte, UXC Training and UXC Engineering Solutions. It provides ICT solutions in the following area: Advisory Research, Strategy & Architecture, Business Transformation, Project, Program & Portfolio Management, Business Analysis, Technical Design, Communications Consulting and Training.

Enterprise Applications: This division operates through UXC Eclipse (Microsoft Dynamics), UXC Red Rock (Oracle), UXC Oxygen (SAP) and UXC Cloud Solutions (NetSuite) and White Labelled. The division is involved in the implementation and enhancement of ERP, CRM, Analytics & Business Intelligence, HCM, Supply Chain Management, Corporate Performance, Enterprise Content Management and Financials.

IT Infrastructure: This division operates through UXC Connect. The division is involved in the Network Infrastructure, Unified Communications, Data Centre Optimisation, Workplace Virtualisation, Managed Services & Support, Enterprise Mobility, Contact Centre, Entertainment & Content, IP Video Surveillance and Outsourcing & Cloud.

Acquisition: On 6th May 2015, UXC has announced that it has acquired Contiigo Pty Ltd. On 1st October 2014, UXC has announced that it has acquired Saltbush Group.

Snapshot

Last Price	\$1.215
Market Cap.	\$419 million
52 Week High/Low	\$1.33 - \$0.72
Shares on issue	344 million
GICS Industry	IT Services

Key Dates

Accounts Close	30 June
AGM	29 Oct 2015
Listing Date	19 Feb 1997

Investment Fundamentals

		2014A	2015E	2016E	2017E
Sales Rev.	\$m	646	694	741	791
Rep Profit	\$m	15.7	20.1	22.0	24.0
Norm Profit	\$m	18.2	21.5	22.0	24.0
Rep EPS	¢	4.8	6.0	6.5	7.1
Norm EPS	¢	5.6	6.4	6.5	7.1
Rep PE	x	15.6	12.5	11.5	10.6
Norm PE	x	13.5	11.7	11.5	10.6
DPS	¢	3.8	4.8	5.2	5.7
Yield	%	5.0	6.4	6.9	7.6
Franking	%	100	100	100	100
ROE	%	8.8	9.7	9.5	10.1

Source: Ord Minnett

Ratios and Substantial Shareholders						
		2011A	2012A	2013A	2014A	2015A
Profitability Ratios						
EBITDA Margin	%	5.65	6.09	6.00	5.65	6.13
EBIT Margin	%	4.54	4.98	4.75	4.39	4.75
Net Profit Margin	%	2.44	3.62	3.30	3.00	3.36
Return on Equity	%	7.38	11.07	9.75	8.99	9.94
Return on Assets	%	4.30	6.37	5.28	5.02	5.42
Debt/Safety Ratios						
Net Debt/Equity	%	14.79	-21.81	-12.84	1.91	-1.27
Interest Cover	x	3.71	34.83	64.99	10.90	12.25
Top 5 Substantial Shareholders						
National Nominees Limited						9.5%
HSBC Custody Nominees (Australia) Limited						9.1%
J P Morgan Nominees Australia Limited						7.4%
Citicorp Nominees Pty Limited						7.2%
Deutsche Bank AG and its related bodies Corporate						5.2%

Source: Morningstar

Principals & Directors	
Principals	
Company Secretary	Ms Iona MacPherson Mr Mark Grodzicky
Directors	
Mr Geoffrey Fredrick Lord (Non-Executive Deputy Chairman)	
Mr Geoffrey Owen Cosgriff (Non-Executive Director, Non-Executive Chairman)	
Mr Jean-Marie Simart (Non-Executive Director)	
Mr Cris Nicolli (Chief Executive Officer, Managing Director)	
Mr Brian Arnold Mitchell (Non-Executive Director)	
Mr Douglas Norman Snedden (Non-Executive Director)	
Ms Gail Pemberton (Non-Executive Director)	

Source: Morningstar

Recent Operational History

12 February 2016 - The securities of UXC will be suspended from quotation at the close of trading, on 12 February 2016, at the request of the Company, following lodgement with ASIC of the court orders approving the scheme of arrangement between the Company and its shareholders in connection with the acquisition of all of the Company's shares by CSC Computer Sciences Australia Holdings.

25 November 2015 - UXC announced that it has entered into a Scheme Implementation Deed with Computer Sciences Corporation (CSC), under which it is proposed that a wholly owned subsidiary of CSC will acquire 100% of the issued capital of the Company for cash consideration of \$1.22 per share. In addition, the Company will pay a franked dividend of \$0.02cps for the half year ending 31 December 2015. The acquisition will proceed by way of a scheme of arrangement between the Company and its shareholders. The Board noted that the total cash payments of \$1.24 per share represents an attractive premium of 8% to 20 November 2015 closing price and a premium of 14% premium to the 60 day volume weighted average price and 29% premium to the 120 day volume weighted average price, to market close on 5 October 2015.

23 November 2015 - The securities of UXC will be placed in trading halt session state, at the request of the Company, until the earlier of the commencement of normal trading on 25 November 2015 or when the announcement is released to the market.

Please contact your Ord Minnett Adviser for further information on our document.

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