



PEOPLE INFRASTRUCTURE LTD
FIRST HALF RESULTS FY2020

PEOPLE
INFRASTRUCTURE

Approved & Authorised by
The Board of Directors

People Infrastructure Ltd
75 Sandgate Road, Albion QLD 4010
February 2020 |

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PEOPLE INFRASTRUCTURE

Delivering innovative solutions to the workforce challenges faced by businesses, operating across four main sectors including **health and community services, information technology, specialist services and general staffing**

- Australia's largest listed workforce management business, expecting to employ over 20,000 people in FY20x
- Over **5,000 CANDIDATES** engaged by clients on a typical day, from an active pool of >25,000 candidates and a total database of >55,000 candidates
- More than **3,500 CLIENTS** diversified by geography and sector
- Established in 1996 and today has over **350 INTERNAL STAFF** across **24 OFFICES** in Australia, New Zealand and Singapore
- People Infrastructure contracted staff have worked more than **25 MILLION HOURS** with clients over the past 10 years
- Relentless focus on customer service, safety, speed of execution and delivering positive outcomes for our candidates



PEOPLE INFRASTRUCTURE

People Infrastructure

Health and Community Services

- 51% of PPE earnings
- Long term target 70% share of PPE earnings
- Organic growth of 10%+
- Community services workforce management
- Nursing
- Homecare

Information Technology

- 22% of PPE earnings
- Long term target 15% share of PPE earnings
- Organic growth of 10%+
- Australian permanent recruitment and contracting
- Singapore permanent recruitment and contracting
- Consulting

General Staffing and Specialist Services

General Staffing

- 15% of PPE Earnings
- Long term target 7.5% share of PPE earnings
- Organic growth of 5%+
- Australian and NZ general staffing

Specialist Services

- 12% of PPE Earnings
- Long term target 7.5% share of PPE earnings
- Organic growth of 7%+
- Contract planting
- Facilities maintenance
- Payrolling
- Early education staffing

INVESTMENT HIGHLIGHTS

Leader in Workforce Management

- People Infrastructure is a leader in workforce management focused on three key sectors
 - Health and Community Services
 - Information Technology
 - General Staffing and Specialist Services
- **Focus on niches where People Infrastructure has a clear point of difference over its competitors**

Strong Business Growth

- Continued strong organic growth throughout the business underpinned by leading customer service, strong sales focus and attractive industry fundamentals in the various sectors in which we focus but in particular:
 - Health and Community Services (of which NDIS is a significant component); and
 - Information Technology
- Casual employment is a strong aspect of these sectors
- Leading technology offering to provide a superior customer experience that is highly scalable

Industry Highlights

- \$10bn industry in Australia
- Underlying growth in staffing and workforce management industry being driven by
 - Workforce demand for flexibility in working hours
 - New generation of expectations
 - Returning parents seeking part time work
 - Employees staying for shorter time frames in roles
 - Employers more sophisticated in management of employees
 - Increasing regulations around permanent employees driving need for more sophistication
 - High staff costs also driving need for better management
- Part time / contractor / casual work has increased from 14% of the workforce to 22% of the workforce over the last 11 years according to Seek employment data

INVESTMENT HIGHLIGHTS

Acquisition Strategy on Target

- Acquisition strategy performing well expediting People Infrastructure's growth into key sectors or regions
- All acquisitions have performed in line with or ahead of expectations and each business has performed better under People Infrastructure's guidance
- Number of strategic acquisition opportunities currently under due diligence

Management Invested

- Employees own approximately 19% of the company and senior employees are all shareholders in the company

Continued Strong Cashflow Generation

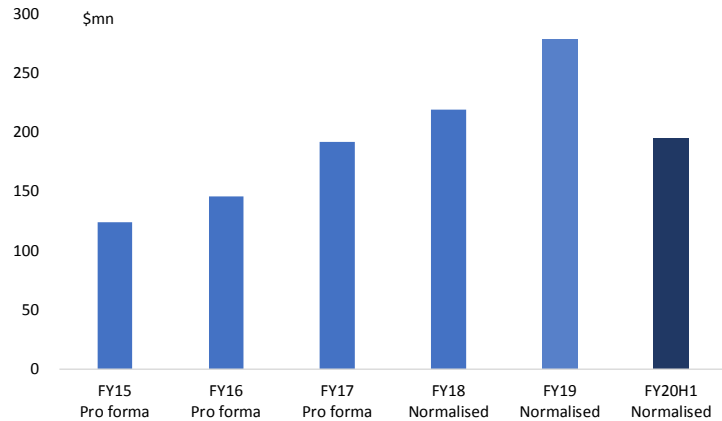
- Strong focus on cash flow generation across the business and a conservative balance sheet
 - Well positioned to invest in future growth with net debt of ~1.1ebitda
 - Interim dividend of 4 cents per share

Strong Sustainable Growth in Earnings

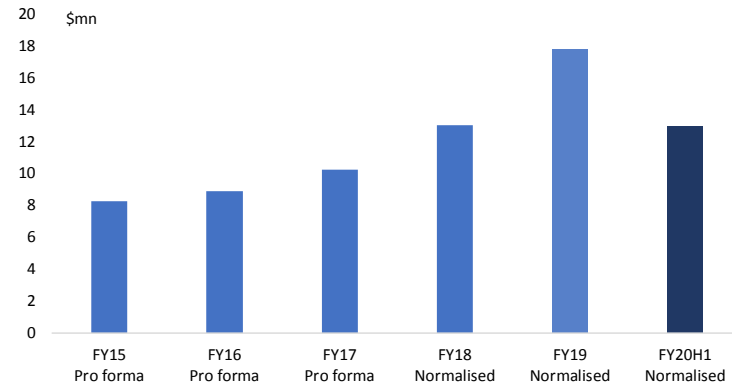
		Normalised H1 FY19	Normalised H1 FY20	Growth
Revenue	\$'000	134,050	194,845	45.4%
Normalised EBITDA	\$'000	8,386	12,947	54.4%
<i>Ebitda margin</i>		6.3%	6.6%	
Normalised NPATA	\$'000	6,064	9,038	49.0%
NPATA per share	cents	9.4	12.5	32.4%
Net Debt	\$'000	13,031	28,471	
Net Debt / EBITDA	x	0.8	1.1	

CONSISTENTLY GROWING SHAREHOLDER RETURNS

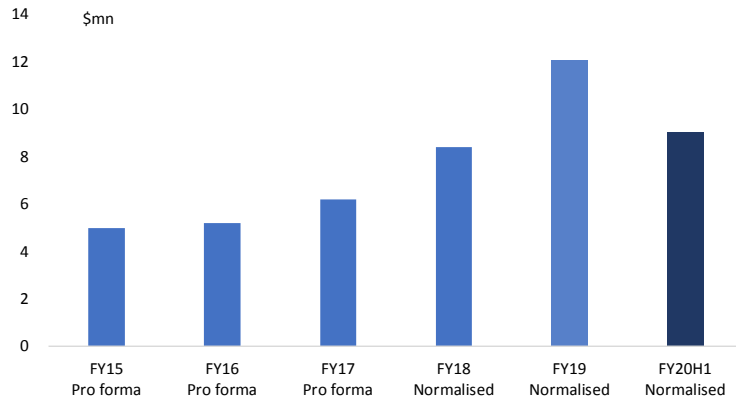
REVENUE GROWTH 2015 – 2020H1



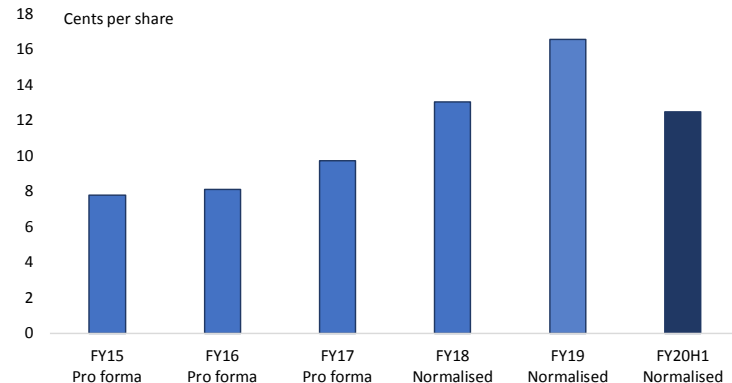
EBITDA GROWTH 2015 – 2020H1



NPATA GROWTH 2015 – 2020H1



EPS GROWTH 2015 – 2020H1

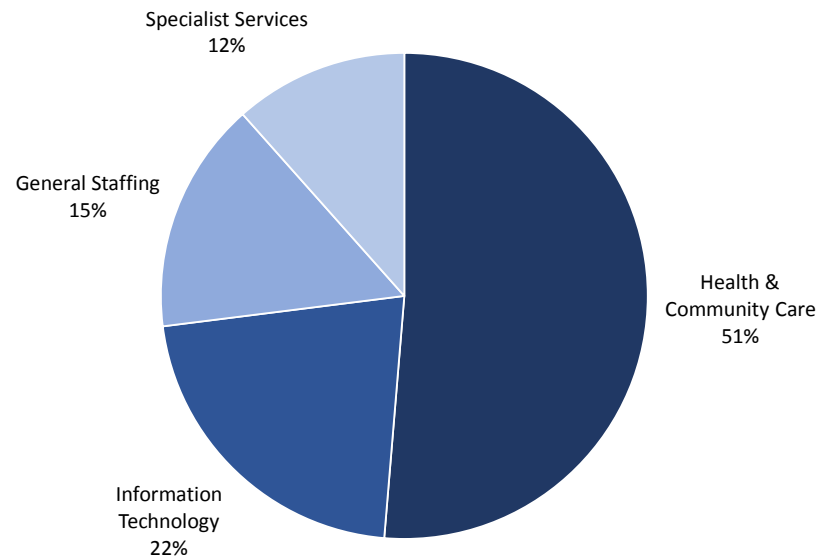


Notes: Revenue, EBITDA and NPATA normalized per criteria provided for in the company's prospectus dated 20 October 2017 for FY15 – FY17 and per annual and half year reports in FY18, FY19 and FY20

DIVERSIFIED WORKFORCE MANAGEMENT COMPANY

- Global leader in profitability. People Infrastructure focuses on niches where it has a demonstrable competitive advantage. As a result it has globally leading EBIT margins
- Diversified by industry with a focus on sectors that have the benefit of strong economic tailwinds and People infrastructure has a strong competitive positioning

Normalised Profit by Division FY20H1





DIVISION BREAKDOWN

PEOPLE INFRASTRUCTURE

HEALTH AND COMMUNITY SERVICES IN FOCUS

A fully integrated workforce management model

Overview and Competitive Positioning

- Continues to be a leader in providing workforce management services to the Health and Community Services sectors in Australia
- The only provider of outsourced workforce management services in Australia
- Investment and scale in the Community Services sector provides a platform to grow further into the home care sector
- Largest provider of carers in Australia and largest provider of nurses on the Eastern seaboard

Market Dynamics

- Disability services workforce is growing at over 5% per year due to increased funding to the sector
- Aging population and increased provision of health services are also long term growth engines
- Complexities of matching care capabilities to individuals requires a high level of sophistication in workforce management to be highly effective
- Shortage of qualified employees driving increased demand for services

Strategic Growth Initiatives in FY20

- Launch and initial rollout of of homecare business
- Integration of nursing businesses
- Improvement to back office systems
- Continued investment in marketing and talent sourcing
- Success in national tendering
- Focus on further strategic acquisitions

Operated in the Health and Community Services Sectors for over 20 years

Core business expected to maintain 10%+ organic growth

INFORMATION TECHNOLOGY IN FOCUS

Overview and Competitive Positioning

- A leader in Information Technology recruitment focusing on IT Sales and Marketing, Digital, Cloud, CyberSecurity, Data & Analytics, IT Consulting and Technical Support
- Provide strong specialisation in each vertical driving significant employer and candidate engagement
- Early adopter of technology including social media to deliver a competitive advantage
- A top 10 provider of IT recruitment services in Australia

Market Dynamics

- Growth in IT companies as product and service providers and also growth in utilisation of IT services by businesses
- Australian ICT workforce expected to grow at a CAGR of 2.7% to 2023 (approximately twice the rate of the entire Australian workforce)
- Significant employee mobility due to an everchanging IT ecosystem; full time employees working 2 – 4 years is average tenure
- Significant demand for specialised contract work
- Shortage of qualified employees driving increased demand for services

Strategic Initiatives in FY20

- Integration of IT recruitment and consulting businesses (Halcyon Knights, Recon Solutions and Project Partners)
- Launch of Halcyon Knights Sydney office
- Further investment in operations and systems to support scalability of the business
- Increased growth in consulting business through cross selling into recruitment client network
- Reviewing strategic acquisitions

Operated in the Information Technology Sector for over 12 years

Core business expected to maintain 10%+ organic growth

GENERAL STAFFING AND SPECIALIST SERVICES IN FOCUS

Overview and Competitive Positioning

- A leader in providing general staffing services to small and medium sized business across Australia.
- Leverage general staffing capabilities into market segments which generate high margins due to clear points of difference:
 - Specialty **contract planting** business: leading provider in the Australian market
 - **Facilities maintenance** business: leverage relationships in the general staffing business into longterm contracts
 - **Early childhood education** staffing business: leading position in Australia in this market
 - **Payrolling** business: leading position in the Qld market

Market Dynamics

- Increased casualisation of the workforce is driving growth in number of casual and part time workers
- Increased complexity of regulations in particular with respect to pay rates, enterprise bargaining agreements and awards as well as ever changing legislation in relation to industrial relations has increased the outsourcing of casual labour to general staffing firms
- The business has the flexibility to pivot into subcategories that are demonstrating higher relative growth

Strategic Initiatives FY20

- Rollout of improved systems to facilitate more efficient processes
- Investment in specialised services businesses to continue to grow earnings
- General staffing business focus on margins and processes in a competitive environment
- Certain specialist service acquisition opportunities are under review

Specialist Services has grown to generate over 40% of the income generated by this division

Operated in this sector for over 18 years



FINANCIALS

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SUMMARY FINANCIALS

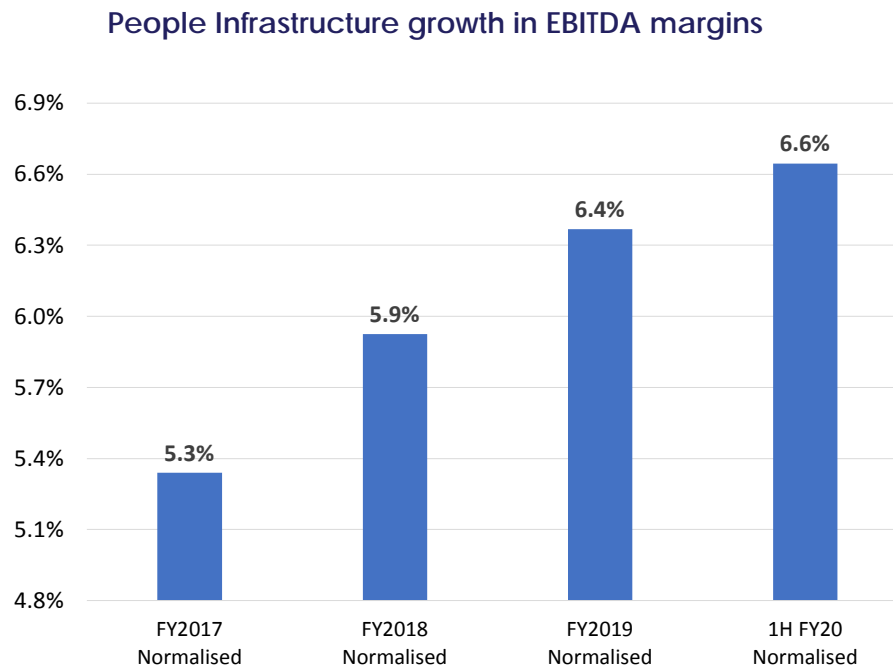
CONTINUED STRONG EARNINGS GROWTH IN FY20H1

- Continued demand from existing clients particularly in Health and Community Services, IT and Specialist Services businesses; General staffing business experiencing continued demand but also continued decrease in margins
- Positive contribution from acquisitions
- Continued roll out of process improvements driving further economies of scale
- Improved EBITDA margins
- Continued further growth to be achieved through sourcing more candidates

\$'000	Pro Forma Actual 1H FY19	Pro Forma Actual 1H FY20	Growth
Revenue	134,050	194,845	45.4%
Pro forma EBITDA	8,386	12,947	54.4%
<i>Ebitda margin</i>	6.3%	6.6%	
Depreciation	(396)	(367)	
Amortisation	(913)	(1,949)	
Pro forma EBIT	7,077	10,631	50.2%
Net finance costs	(623)	(1,081)	
Pro forma NPBT	6,454	9,550	48.0%
Tax expense	(1,303)	(2,461)	
Pro forma NPAT	5,151	7,089	37.6%
Amortisation expense	913	1,949	
Pro forma NPATA	6,064	9,038	49.0%

STRONG GROWTH IN EBITDA MARGINS

People Infrastructure focuses on niches where it has a demonstrable competitive advantage. It also seeks to streamline processes supporting its business operations. As a result it has globally leading Ebitda margins



BALANCE SHEET

Balance Sheet	FY20H1
	\$
Current assets	
Cash and cash equivalents	7,714,531
Trade and other receivables	43,614,153
Other current assets	2,009,267
Total current assets	53,337,951
Non-current assets	
Investments accounted for using the equity method	-
Property, plant and equipment	7,385,221
Intangible assets	89,268,246
Total non-current assets	96,653,467
Total assets	149,991,418
Current liabilities	
Trade and other payables	20,671,026
Contingent consideration	3,581,670
Financial liabilities	17,573,396
Current tax liabilities	1,942,929
Employee benefits	2,842,676
Total current liabilities	46,611,697
Non-current liabilities	
Contingent consideration	5,760,791
Financial liabilities	23,860,700
Deferred tax liabilities	1,390,425
Employee benefits	490,450
Total non-current liabilities	31,502,366
Total liabilities	78,114,063
Net assets	71,877,355
Equity	
Share capital	60,571,013
Retained earnings	10,403,577
Reserves	902,765
Total equity	68,115,208

STRONG BALANCE SHEET

- Net debt of \$28.5m equivalent to 1.1x normalised EBITDA
- Generated \$2.6M in operating cashflow. Negatively impacted by abnormal one off tax payments assumed as part of businesses acquired which resulted in approximately \$2m in tax payments relating to these acquisitions for periods prior to business being acquired (incorporated into purchase price negotiations).
- Interim dividend of 4 cents per share consistent with FY19H1

FY20 OUTLOOK

Numerous initiatives being undertaken across People Infrastructure to drive future growth

- Repurposing our vision, purpose and values to align with the growth of the company and, given the company's historical outperformance, revising upwards our expectations on our 5 year plan
- Investing management focus in organic opportunities to continue to drive strong growth across the business over the medium to long term (not just short term)
- Utilising a separate People Infrastructure budget allocation to support new organic opportunities that have a 6 month break even outlook and positive medium and long term contribution
 - Investment in Sydney IT office, Sydney Tribe personnel, Homecare business and offering permanent recruitment services across the broader business
- Increasing our investment in marketing across the group to extract maximum short term upside
- Division strategic initiatives (per previous slides) being executed

Acquisition pipeline

- Previous acquisitions have been integrated into the broader People Infrastructure business and performing in line with guidance
- Specific strategic bolt on acquisitions under review across the various People Infrastructure divisions

COMMUNITY SUPPORT

We pride ourselves on sponsoring charities and supporting local communities and have done so for many years. People Infrastructure sponsors numerous events such as the Great Endeavour Rally and numerous company awards, including TAFE NSW.

We also participate in numerous grass roots community initiatives. We have built community gardens for local residents, supported art programs for those with disabilities, purchased equipment for the breaking down barriers initiative as well as supporting various other community programs. We are committed to continued sponsorship with these organisations as well as forming new partnerships with new organisations in the years to come.

Finally we are a supporter of rural and regional communities and have initiated the People Infrastructure humble hours program that gives a donation per hour worked one day a year with support from clients to our highlighted charities.



**WE
LIFE WITHOUT BARRIERS
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APPENDIX 1: BRIDGE FROM STATUTORY PROFIT BEFORE TAX TO NORMALIZED EBITDA

	31-Dec-19
	\$
Statutory Profit Before Tax	8,814,476
Depreciation and amortisation	3,313,524
Finance costs	1,210,736
EBITDA	13,338,736
<i>Normalisation adjustments:</i>	
Acquisition costs	54,040
Performance rights costs	83,201
Fair value movement in deferred consideration	278,301
Fair value movement in equity account investments	0
Non-controlling interests	0
Share based payments expense	303,976
Adoption of AASB 16 leases	(1,111,197)
Normalised EBITDA	12,947,057