



PEOPLE INFRASTRUCTURE LTD
H1 2018 RESULTS

PEOPLE
INFRASTRUCTURE

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H1 FY18 SNAPSHOT

Strong performance for People Infrastructure in H1 2018 derived from continued momentum across the business. People Infrastructure remains on track to deliver on its prospectus forecasts.

		Pro Forma Forecast	Pro Forma Actual
		Full Year 2018	H1 FY18
Revenue	\$'000	214,196	106,674
Pro forma EBITDA	\$'000	12,038	6,183
<i>Ebitda margin</i>		5.6%	5.8%
Pro forma NPATA	\$'000	7,447	4,030
Pro forma cashflow from operations	\$'000		5,510
NPATA per share	cents	11.6	6.3
Net Debt	\$'000		5,633
Net Debt / EBITDA	x		0.46
ROCE			22.4%

- Strong revenue and earnings momentum for the first half of the year
- Positive industry tailwinds driving growth
- Cross-selling benefits across the organisation
- Strong cash flow generation throughout the period
- Low level of net debt resulting in a favourable position to pursue future growth
- Continued focus on safety generating positive results for clients and candidates

Notes:

1. Earnings before Interest, tax, depreciation and amortisation (“EBITDA”) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Company’s half year results and the prospectus dated 20 October 2017.
2. Net profit after tax and before amortisation (“NPATA”) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Company’s half year results and the prospectus dated 20 October 2017.
3. Pro forma numbers have not been subject to audit or review and are based on numbers contained in the Company’s interim financial statements and normalisation adjustments consistent with the prospectus dated 20 October 2017. IPO costs, and costs associated with the capital structure prior to listing, including Company convertible notes and debt are excluded from the pro forma numbers.

SECTION 1: BUSINESS OVERVIEW



INTRODUCTION TO PEOPLE INFRASTRUCTURE

Delivering innovative solutions to the workforce challenges faced by businesses in Australia and New Zealand

COMPANY SNAPSHOT

Well-established workforce management company, providing contracted staffing and human resources (HR) outsourcing services

FY18 pro forma prospectus forecast revenue of **\$214 MILLION** and EBITDA of **\$12.0 MILLION**

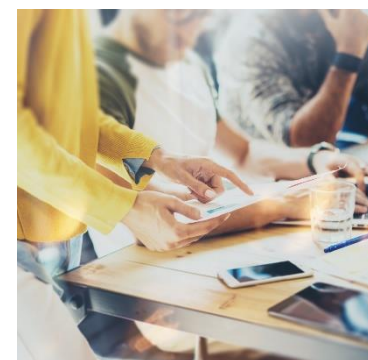
Approximately **2,500 CANDIDATES** engaged by clients on a typical day, from an active pool of >10,000 candidates and a total database of >40,000 candidates

More than **3,000 CLIENTS** diversified by geography and sector

Strategic focus on sectors with structural tailwinds, including **DISABILITY CARE, CHILDCARE, INFORMATION TECHNOLOGY AND INFRASTRUCTURE**

Established in 1996 and today has over **150 INTERNAL STAFF** across **19 OFFICES** in Australia and New Zealand

People Infrastructure contracted staff have worked more than **25 MILLION HOURS** with clients over the past 10 years



INVESTMENT HIGHLIGHTS

STRONG EARNINGS GROWTH

- ✓ FY15-18 pro forma EBITDA CAGR 14% (FY18 pro forma EBITDA +17% to \$12.0m)
- ✓ Exposure to growing and diversified industries, including disability care which is the largest sector exposure for People Infrastructure
- ✓ Proven sales culture, clear client value proposition and structural employment tailwinds

CONSERVATIVE BALANCE SHEET

- ✓ Net debt/EBITDA = 0.5x
- ✓ Financially positioned to deliver on organic growth strategy while assessing acquisitions that meet the company's strict investment criteria

SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ Embedded culture of safety first sustaining industry leading work-cover rates
- ✓ Proprietary technology providing an enhanced quality of service for clients and a more efficient process for People Infrastructure
- ✓ Large database of quality candidates built over the company's 20+ year history supporting a high value symbiotic relationship between clients and candidates

PEOPLE INVESTED IN SUCCESS

- ✓ Senior management strongly aligned with shareholders, owning approximately 17% of the company
- ✓ Nearly all employees own shares in the company

SUSTAINABLE COMPETITIVE ADVANTAGES

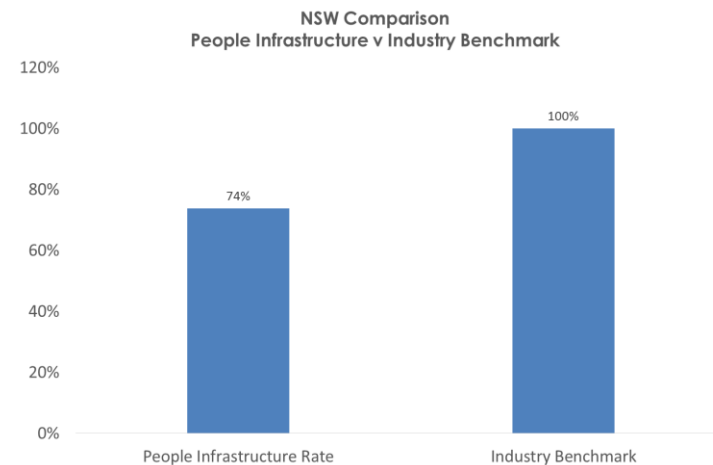
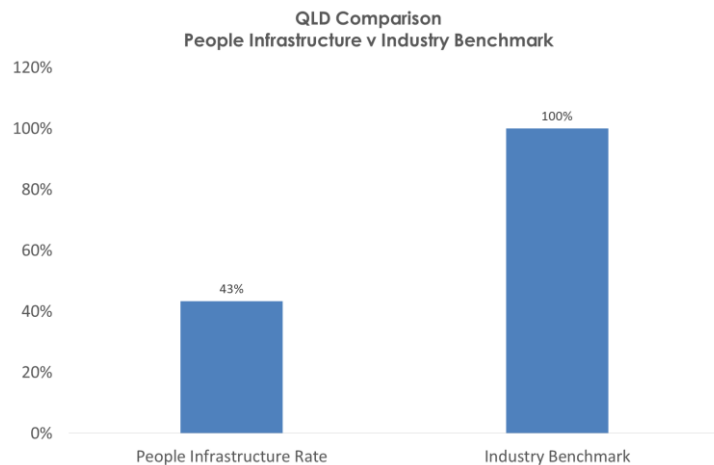
People Infrastructure has established itself as a leader in the workforce management markets

INDUSTRY LEADING TECHNOLOGY	<ul style="list-style-type: none">• Significant investment in creating an industry leading technology platform• Proprietary end-to-end workforce management system; digital operating platform for the community care sector
LARGE AND QUALITY DATABASE OF WORKERS	<ul style="list-style-type: none">• Developed one of the largest databases of workers in Australia over the past 20 years• Active pool of over 10,000 candidates and a total database of over 40,000 candidates
A FOCUS ON SMEs	<ul style="list-style-type: none">• A focus on providing contracted workforce solutions to small to medium sized organisations has facilitated greater client diversity and higher margins
EXCELLENT SAFETY RECORD	<ul style="list-style-type: none">• Industry-leading safety record, driven by a relentless focus on safety for employees, has served to attract and retain clients• Work-cover rates below industry average, providing insurance premium savings and enhancing the company's margin
LONG STANDING CLIENT RELATIONSHIPS	<ul style="list-style-type: none">• Client relationships built on quality of service, close relationships with key stakeholders, and strong branding• Low client churn rate, and average tenure of the top 20 clients of over five years
NATIONAL BRANCH NETWORK	<ul style="list-style-type: none">• National footprint across Australia and New Zealand with a branch network of 19 sites• People Infrastructure's scale allows it to service large national clients while retaining close relationships with local businesses
EXPOSURE TO HIGH GROWTH SECTORS	<ul style="list-style-type: none">• Largest provider of workforce management services to the disability sector• Key supplier of services to other growth industries, including information technology, childcare, infrastructure, mining, food processing and hospitality

FOCUS ON SAFETY

Embedded culture of safety first

People Infrastructure has an embedded culture of safety first that drives a better outcome for its staff, clients and the company. The charts below show People Infrastructure workcover rates as a percentage of the industry rate in both QLD and NSW reflecting the successful track record People Infrastructure has in workplace health and safety.



What has led to achieving an industry leading safety record?

- Regular consultation with employees, clients and industry leaders
- Development and implementation of workplace health and safety policies and procedures to assist in the reduction of incidents, illness and Injuries
- An established system for identifying, managing and controlling health and safety risks
- Maintaining an expert team focused on safety and injury management for our candidates

SECTION 2: H1 FY18 RESULTS



PRO FORMA INCOME STATEMENT

	Pro Forma Historical	Pro Forma Forecast	Pro Forma Actual
	FY2017	FY2018	1H FY18
\$'000			
Revenue	191,986	214,196	106,674
Pro forma EBITDA	10,250	12,038	6,183
<i>Ebitda margin</i>	5.3%	5.6%	5.8%
Depreciation	(609)	(601)	(289)
Amorisation	(518)	(1,482)	(872)
Pro forma EBIT	9,124	9,955	5,022
Net finance costs	(755)	(755)	(508)
Tax expense	(2,666)	(3,235)	(1,356)
Pro forma NPAT	5,703	5,965	3,158
Amortisation expense	518	1,482	872
Pro forma NPATA	6,221	7,447	4,030

STRONG REVENUE GROWTH IN H1 FY18

- Growing demand from existing clients particularly in high growth sectors
- Continued new client wins

STRONG EARNINGS GROWTH

- Focus on GP margins across the business
- Continued roll out of back office IT and process improvements driving further economies of scale
- Strong safety record driving industry leading work-cover rates
- Improved EBITDA margins

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31 DECEMBER 2017 BALANCE SHEET

\$'000	Actual 31 December 2017
Cash and cash equivalents	6,300
Trade and other receivables	25,795
Plant and equipment	2,222
Intangible assets	34,431
Other assets	901
Total assets	69,648
Trade and other payables	15,708
Borrowings	11,934
Other liabilities	2,817
Total liabilities	30,459
Total Equity	39,189

Debt metrics

Net debt	5,633
Net debt / Annualised 1H FY18 EBITDA	0.5

Return Metrics

ROCE	22.4%
ROE	16.1%

Note:

Return on capital employed: Annualised EBIT / (Equity plus Net debt)
Return on equity: Annualised NPAT / Equity

STRONG CASHFLOW RESULTING IN LOW NET DEBT POSITION

- Net Debt of \$5.6m with total available debt facilities \$19.3 million
- Capacity to deliver on growth strategies

CAPITAL LIGHT MODEL WITH LIMITED CAPEX REQUIRED TO ACHIEVE GROWTH

- H1 FY18 annualised return on capital employed 22.4%
- H1 FY18 annualised return on equity 16.1%

H1 2018 CASH FLOW

\$'000	Statutory Actual H1 FY18
Cash flows from operating activities	
Receipts from customers	116,185
Payments to suppliers and employees	-109,382
Interest received	5
Finance costs paid	-940
Income taxes paid	-1,776
Net cash provided by operating activities	4,093

STRONG OPERATING CASH FLOW

- Reflects management's tight control of working capital
- The business generated \$4.1m in operating cash flow in H1 2018 on a statutory basis
- Very strong cash flow conversion on a pro forma and statutory basis

2018 OUTLOOK

People Infrastructure remains on track to deliver on its prospectus forecasts. Positive outlook for People Infrastructure in H2 2018 derived from continued momentum across the business.

Organic Growth

- Positive industry tailwinds driving growth
- Cross-selling benefits across the organisation
- Further back office savings from investing in technology and improving processes
- Growing capabilities in adjacent industry groups

Recon Acquisition

- Completed acquisition of Recon Solutions, Recon Executive and Recon Technology on 11 January 2018
- Delivers People Infrastructure a stake in a new platform in the high-growth IT industry. Recon Solutions and Recon Executive are well recognized as market leaders in IT recruitment
- Recon Technology has emerged as a leading advisor to the financial services sector focused on digital change projects
- Opportunity for People Infrastructure to offer Recon services to existing People Infrastructure clients
- 50% shareholding expected to contribute \$0.8m EBITDA over the next 12 months (acquisition multiple of 2.8x including immediate earnout component)

Other Acquisitions

People Infrastructure continues to review potential acquisition opportunities that meet its strict investment criteria

- significantly EPS and DPS accretive;
- operate in sectors with positive tail winds;
- have clear opportunities for growth;
- have embedded client relationships and a diverse client base; and
- have entrenched management teams with strong alignment of interest with People Infrastructure going forward

COMMUNITY SUPPORT

An active participant in our community

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.



**WE
LIFE WITHOUT BARRIERS
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APPENDICES



STATUTORY RECONCILIATION TO TRADING RESULTS

A\$000	Forecast FY2018	Actual 1H FY18
Statutory NPAT	4,905	1,981
Fair value movement in Convertible Notes	578	578
Net finance costs adjustment	143	432
IPO costs expensed	339	456
Tax adjustment	-	(289)
Pro forma NPAT	5,965	3,158

- Net finance costs were higher than forecast due to higher invoice financing drawdown than forecast
- Although IPO related costs were in line with forecasts a lower than expected portion were able to be capitalised