



PEOPLE INFRASTRUCTURE LTD
2018 ANNUAL RESULTS

PEOPLE
INFRASTRUCTURE

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This presentation contains words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect People Infrastructure's current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond the control of People Infrastructure, and have been made based upon People Infrastructure's expectations and beliefs concerning future developments and their potential effect on us. There can be no assurance that future developments will be in accordance with People Infrastructure's expectations or that the effect of the future impact on the forward-looking statements made include, but are not limited to, general economic conditions in Australia; exchange rates; competition in the markets in which People Infrastructure will operate and the inherent regulatory risks in the businesses of People Infrastructure.

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FY18 OVERVIEW

People Infrastructure has had another successful year...

1

- Australia's largest listed workforce management company
 - Diversified exposure to outsourced HR services across the Australian and NZ economy
 - 13,695 employees paid throughout the year

2

- Strong financial performance across the business, exceeding market guidance
 - EBITDA of \$13.0m, which is 27% higher than FY17 and 8% above prospectus forecast
 - NPATA of \$8.4m, which is 34.9% higher than FY17 and 12.7% above prospectus forecast
 - ROE of 19.5%

3

- Acquisition strategy performing well
 - Recon earnings contribution ahead of expectations
 - Expansion into nursing sector through the acquisition of Network Nursing Agency

4

- Continued improvement in operating efficiencies
 - EBITDA margin of 5.9% up from 5.3% in FY17

5

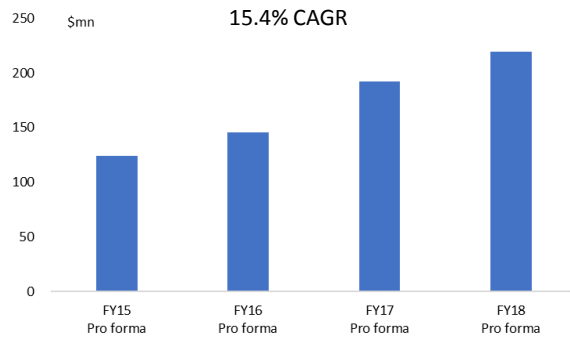
- Strong focus on cash flow generation across the business and a conservative balance sheet
 - Well positioned to invest in future growth with net debt /ebitda of ~0.9x post NNA acquisition
 - Maiden dividend of 4 cents per share fully franked

6

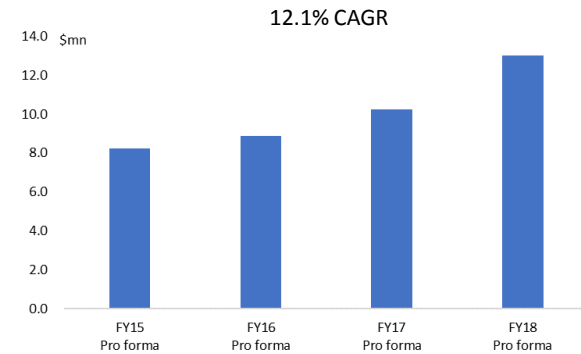
- Maintain market leading safety record
 - Industry leader in minimising employee workplace injuries as well as reduced premiums

GROWING SHAREHOLDER RETURNS

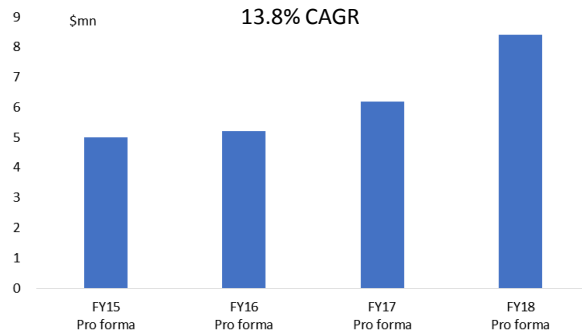
Revenue Growth 2015 – 2018



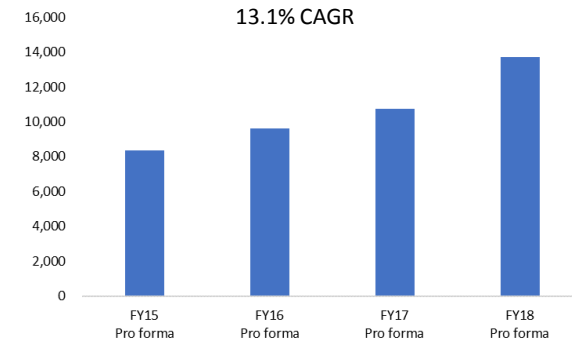
EBITDA Growth 2015 – 2018



NPATA Growth 2015 – 2018



Number of Employees Payrolled



Notes: Revenue, EBITDA and NPATA normalized per criteria provided for in prospectus for FY15 – FY17 and as outlined in appendix for FY18

SECTION 2: BUSINESS OVERVIEW



OVERVIEW OF 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

Australia's largest listed workforce management business, employing over 13,000 people in FY18

Approximately **3,500 CANDIDATES** engaged by clients on a typical day, from an active pool of >15,000 candidates and a total database of >45,000 candidates

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

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

Established in 1996 and today has over **190 INTERNAL STAFF** across **19 OFFICES** in Australia and New Zealand

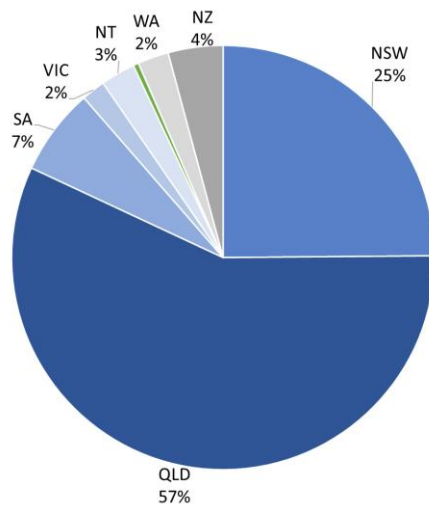
People Infrastructure contracted staff have worked more than **25 MILLION HOURS** with clients over the past 10 years



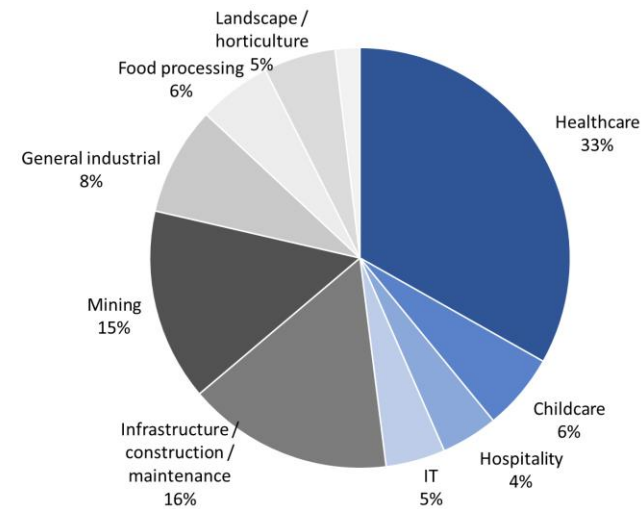
DIVERSIFIED WORKFORCE MANAGEMENT COMPANY

- Diversified across Australia and recently grown organically in New Zealand
- Diversified by industry with approximately 50% of the business being generated from non cyclical industries

Gross Profit by State FY18



Gross Profit by Industry FY18



Notes: Gross profit by industry pro forma to include Network Nursing Agency GP

SUSTAINABLE COMPETITIVE ADVANTAGES

Why is People Infrastructure a Leader in the Workforce Management Sector?

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 15,000 candidates and a total database of over 45,000 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

INDUSTRY OPPORTUNITY

Further significant growth potential

Healthcare market is largely fragmented in Australia

- Estimated market size of \$2.64bn
- Growing at 5%+
- People Infrastructure well positioned as the largest provider of community services employees in Australia and the largest provider of nurses in the Sydney market

Blue collar market remains largely fragmented in Australia

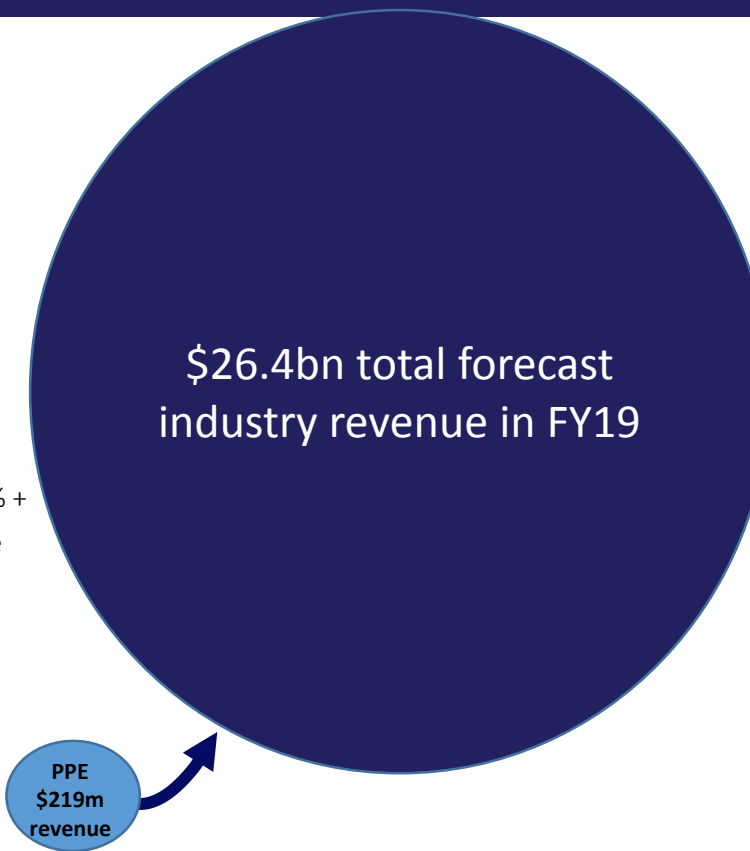
- Growing at 3%+ although certain sectors for eg infrastructure and mining growing at 5% +
- People Infrastructure well positioned as a provider to not just mining and infrastructure but also food processing, agriculture and general industrial

IT market remains largely fragmented in Australia

- Growing at 7%+ and facing shortages of candidates
- People Infrastructure well positioned through its 50% ownership of Recon Solutions

NZ market

- NZ economy going through a period of sustained growth and low unemployment
- People Infrastructure established an office in NZ in March 2017 which contributed ~\$8m in revenue in FY18



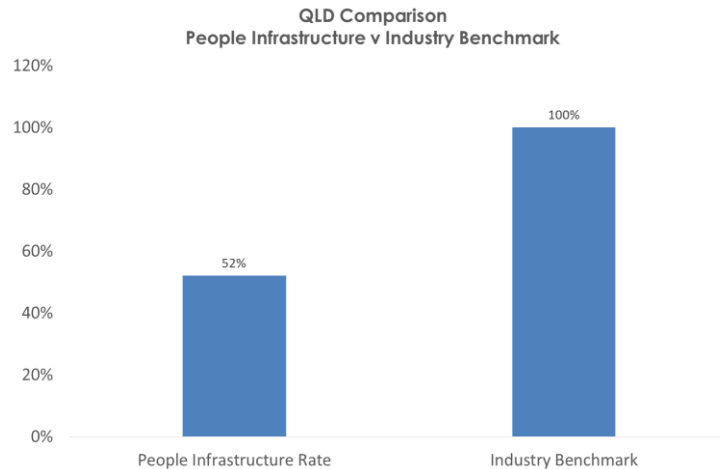
\$26.4bn total forecast industry revenue in FY19

PPE
\$219m
revenue

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

SERVICING THE INFORMATION TECHNOLOGY SECTOR

Recon Group

- People Infrastructure acquired 50% of Recon Solutions and Recon Technology in January 2018
- Business performing ahead of expectations
 - Actual EBITDA contribution of \$549K was 37% higher than forecast EBITDA contribution of \$400k
- Underlying performance driven by:
 - Strength in Recon personnel
 - Strong market conditions
- Growth to be further driven by
 - Increased penetration of SE Qld market
 - Investment in key staff
 - Expansion into Sydney and Melbourne over the next 2 years

EXPANSION INTO NURSING

Network Nursing Agency

- People Infrastructure acquired 100% of Network Nursing Agency and Australian Healthcare Academy on 20 August 2018
 - Network Nursing Agency was established in 1997, and is a leading Sydney-based nursing agency specialising in supplying general, critical care, mental health, midwifery and aged care nurses and facilitation to private and public healthcare clients across Australia.
 - Australian Healthcare Academy is a provider of premium healthcare training and education to healthcare professionals in Australia.
 - Number of cross selling benefits in being able to provide nurses to our disability clients as well as leverage the combined workforce in the nursing and disability sectors to service the entire sector.
 - Provides a platform to grow the nursing business Australia wide.
- The acquisition price for Network Nursing Agency is \$8 million with an earn out as follows:
 - if the FY19 EBITDA exceeds \$2.65m then a further \$0.55m in cash consideration; or
 - if the FY19 EBITDA exceeds \$2.8m then a further \$1.1m in cash consideration.
- **People Infrastructure expects Network Nursing Agency to contribute \$2.2 million in EBITDA for the next 12 months (September 2018 through to September 2019) and NPATA of \$1.2m (incorporating financing costs).**
- Acquisition EBITDA multiple of 3.2x – 3.6x depending on whether earnout is paid
- The consideration will be funded by a combination of People Infrastructure’s existing cash reserves and new debt facilities that have been put in place. The company’s net debt post acquisition is approximately \$14m.

SECTION 3: FY18 FINANCIAL RESULTS



PRO FORMA INCOME STATEMENT

\$'000	Pro Forma	Pro Forma	Growth	Pro Forma	Growth
	FY2017	FY2018		Forecast FY2018	
Revenue	191,986	219,400	14.3%	214,196	2.4%
Other income	180	-		286	
Employee benefits expense	(172,974)	(199,111)	15.1%	(194,206)	2.5%
Occupancy expenses	(1,288)	(1,677)	30.2%	(1,207)	38.9%
Other expenses	(7,653)	(6,161)	-19.5%	(7,031)	-12.4%
Profit from associates		550			
Pro forma EBITDA	10,250	13,001	26.8%	12,038	8.0%
<i>Ebitda margin</i>	5.3%	5.9%		5.6%	
Depreciation	(609)	(743)	22.0%	(601)	23.7%
Amortisation	(518)	(1,745)	237.0%	(1,482)	17.7%
Pro forma EBIT	9,124	10,513	15.2%	9,955	5.6%
Net finance costs	(755)	(998)	32.2%	(755)	32.2%
Pro forma NPBT	8,369	9,515	13.7%	9,200	3.4%
Tax expense	(2,666)	(2,866)	7.5%	(3,235)	-11.4%
Pro forma NPAT	5,703	6,649	16.6%	5,965	11.5%
Amortisation expense	518	1,745	237.0%	1,482	17.7%
Pro forma NPATA	6,221	8,394	34.9%	7,447	12.7%

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 full 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 full 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.

14% REVENUE GROWTH

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

27% EBITDA GROWTH AND 35% NPATA 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
- Tax deductibility of certain amortisation expenses

BALANCE SHEET

\$'000	30-Jun-18
Cash and cash equivalents	4,807
Trade and other receivables	28,393
Investments	3,257
Plant and equipment	2,049
Intangible assets	33,572
Other assets	553
Total assets	72,630
Trade and other payables	13,780
Borrowings	12,460
Other liabilities	3,445
Total liabilities	29,685
Total Equity	42,945
Debt metrics	
Net debt	7,654
Net debt / EBITDA	0.59
Operational Metrics	
ROCE	20.8%
ROE	19.5%
Debtor days	47.3

STRONG CASH FLOW RESULTING IN LOW NET DEBT POSITION

- Relatively low level of net debt at 0.59x EBITDA
- Capacity to deliver on growth strategies
- Total debt facilities available of \$28.3m (post NNA acquisition debt facilities drawn to approximately \$18m with net debt at approximately \$14m)

CAPITAL LIGHT MODEL WITH LIMITED CAPEX REQUIRED TO ACHIEVE GROWTH

- Return on capital employed 20.8%
- Return on equity 19.5% (calculated using NPATA)

2018 CASH FLOW

\$'000	Statutory FY 2018
Receipts from customers	236,827
Payments to suppliers and employees	-226,117
Interest received	10
Dividends received	100
Finance costs paid	-1,430
Income taxes paid	-2,933
Net cash provided by operating activities	6,458

STRONG OPERATING CASH FLOW

- Strong cash flow conversion of 126% of statutory NPAT
- Table has not been normalised to exclude IPO costs

SECTION 4: STRATEGIC OUTLOOK



2019 OUTLOOK

Focus on organic growth and strategic acquisitions

Organic Growth	Staff Investment	Continued investment in people throughout the business
	National infilling	Expand existing brands into existing People Infrastructure markets throughout Australia eg nursing, IT, etc
	Systems	Investment in systems and processes to generate cost savings and improve service delivery
	International	Continued investment in NZ market
Strategic Growth	Various	<p>Seek acquisitions which fit our criteria and generate significant upside through being a part of the People Infrastructure group</p> <ul style="list-style-type: none">• 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	FY2018
Statutory NPAT	5,171
Acquisition costs	40
Fair value movement in Convertible Notes	578
Net finance costs adjustment	432
IPO costs expensed	479
Employee options issued at IPO	234
Tax adjustment	(285)
Pro forma NPAT	6,649

- Net finance costs were higher than forecast. This was due to higher invoice financing drawdown in the period prior to the IPO as a result of a different capital structure
- Although IPO related costs were in line with forecasts a lower than expected portion were able to be capitalised