



PEOPLE INFRASTRUCTURE LTD  
ANNUAL RESULTS FY19

**PEOPLE**  
**INFRASTRUCTURE**

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# PEOPLE INFRASTRUCTURE

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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, employing over 13,000 people in FY19
- 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

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## People Infrastructure

### Health and Community Services

- Currently represents 42% of PPE earnings
- Long term target 70% share of PPE earnings
- Organic growth of 10%+
- Community services workforce management
- Nursing
- Homecare

### Information Technology

- Currently represents 21% 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

- Currently represents 27% of PPE Earnings
- Long term target 10% share of PPE earnings
- Organic growth of 7%+
- Australian and NZ general staffing

#### Specialist Services

- Currently represents 10% of PPE Earnings
- Long term target 5% share of PPE earnings
- Organic growth of 7%+
- Contract planting
- Facilities maintenance
- Payrolling
- Early education staffing

# INVESTMENT HIGHLIGHTS

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## 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 is able to leverage strong competitive advantages

## 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 significant provider in these sectors
- Leading technology offering to provide a superior customer experience in a manner 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

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## Acquisition Strategy on Target

- Acquisition strategy performing well expediting People Infrastructure's growth into key sectors or regions
- All acquisitions have performed ahead of expectations and each business has performed better under People Infrastructure's guidance

## Management Invested

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

## Track record of profitability

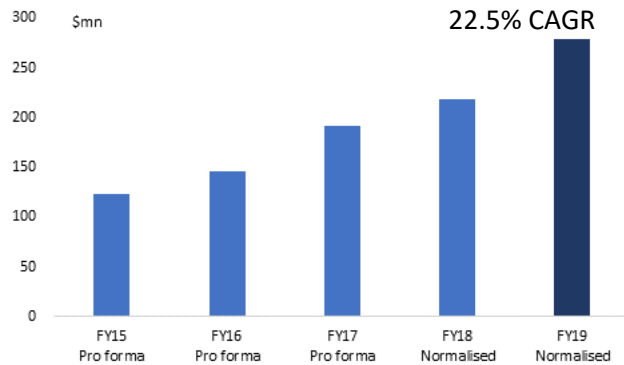
- 2019 Revenue of \$278m
- 2019 statutory EBITDA of \$19.2m and normalised EBITDA of \$17.8m
- 2019 normalised Ebitda margin of 6.4%

## Continued Strong Cashflow Generation

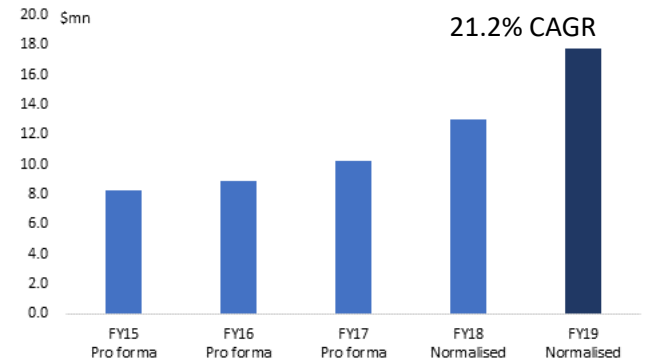
- Strong focus on cash flow generation across the business and a conservative balance sheet
  - Well positioned to invest in future growth with net debt of \$19.4m or ~1x ebitda
  - Operating cashflow of \$10.9m or 112% of NPAT
  - Increase in final dividend to 4.5 cents per share (FY18 4 cents per share)

# CONSISTENTLY GROWING SHAREHOLDER RETURNS

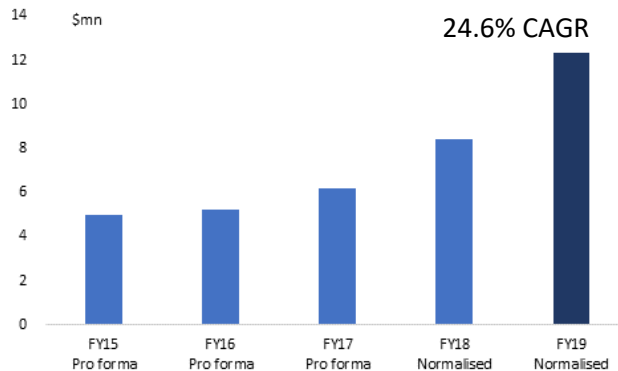
## REVENUE GROWTH 2015 – 2019



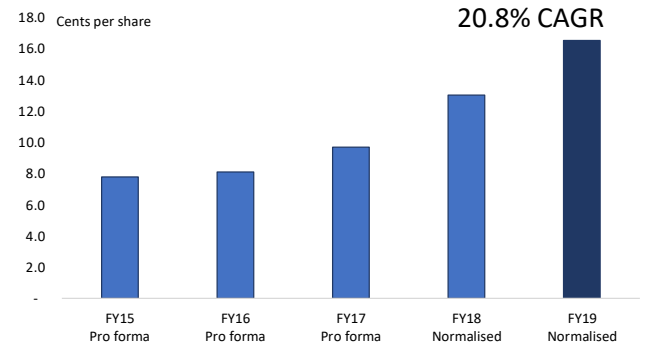
## EBITDA GROWTH 2015 – 2019



## NPATA GROWTH 2015 – 2019



## EPS GROWTH 2015 – 2019

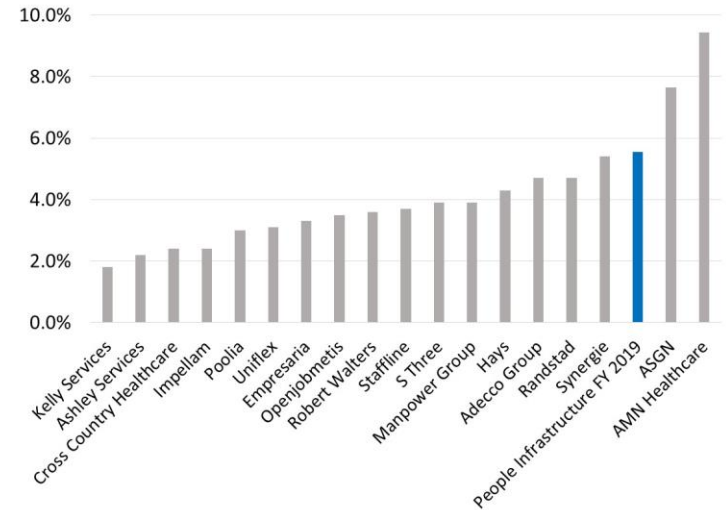


Notes: Revenue, EBITDA and NPATA normalized per criteria provided for in the company's prospectus dated 20 October 2017 for FY15 – FY17 and per annual report in FY18 and FY19

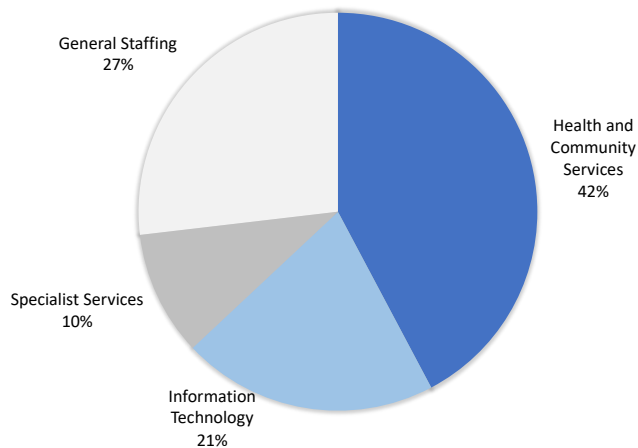
# DIVERSIFIED WORKFORCE MANAGEMENT COMPANY

- 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

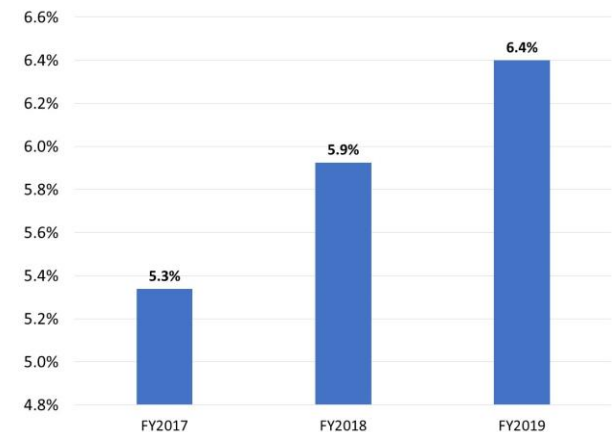
Global EBIT Margins of Listed Staffing Companies



Pro Forma Profit by Industry FY2020



People Infrastructure growth in EBITDA margins

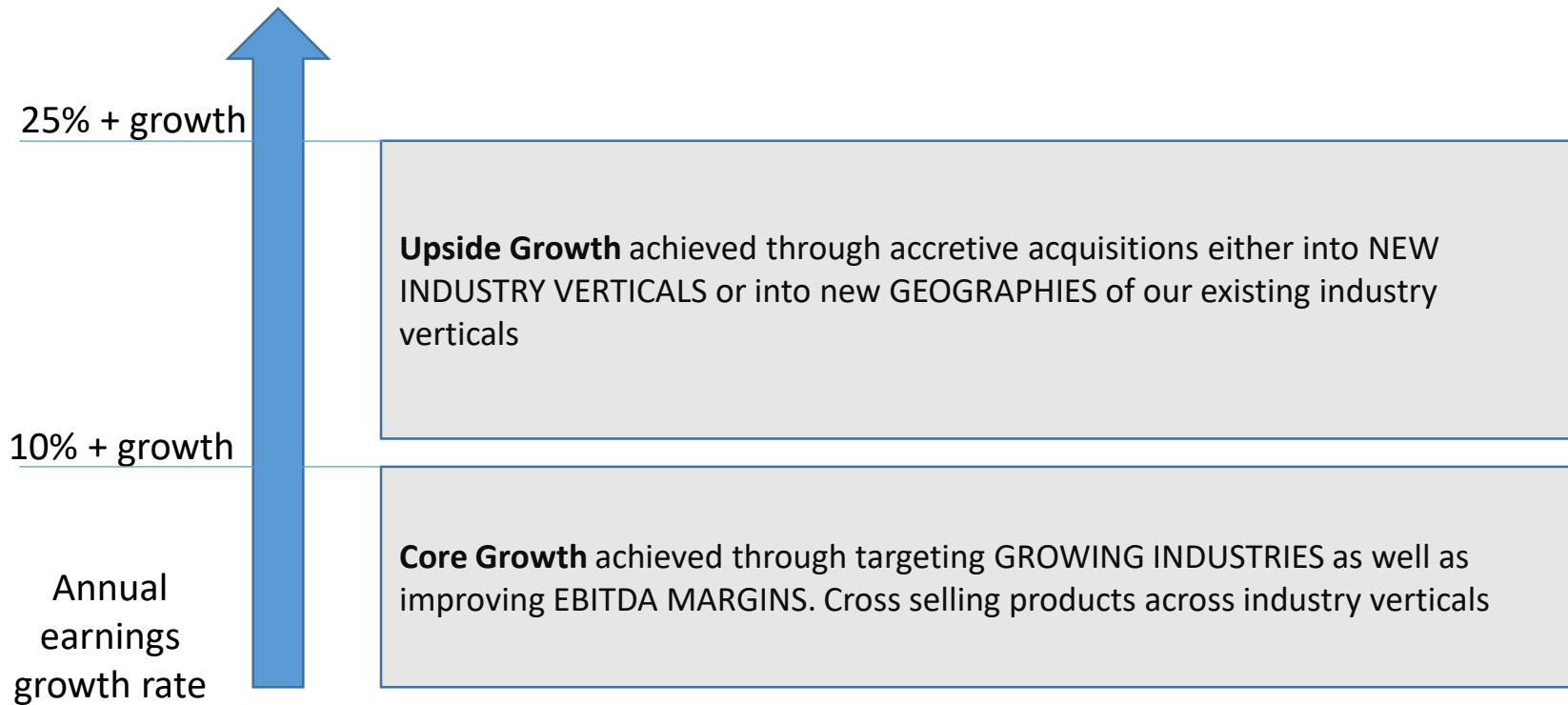




# PEOPLE INFRASTRUCTURE GROWTH BREAKDOWN

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Strong growth across the business being driven by a combination of Core Growth and Upside Growth





DIVISION BREAKDOWN

# PEOPLE INFRASTRUCTURE

# HEALTH AND COMMUNITY SERVICES IN FOCUS

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A fully integrated workforce management model

## Overview and Competitive Positioning

- 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 (see next slide)
- Significant operational complexity, long tenure and industry leading capabilities provide a significant barrier to entry
- Investment and scale in the Community Services sector provides a platform to grow further into aged care and healthcare
- 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
- Increased regulation of aged care and disability services
- Complexities of matching care capabilities to individuals requires a high level of sophistication in workforce management to be highly effective

## Market Dynamics cont'd

- Nature of work results in higher turnover and therefore more active management
- Significant amount of short shift work
- Shortage of qualified employees driving increased demand for services

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

**Core business expected to maintain 10%+ organic growth**

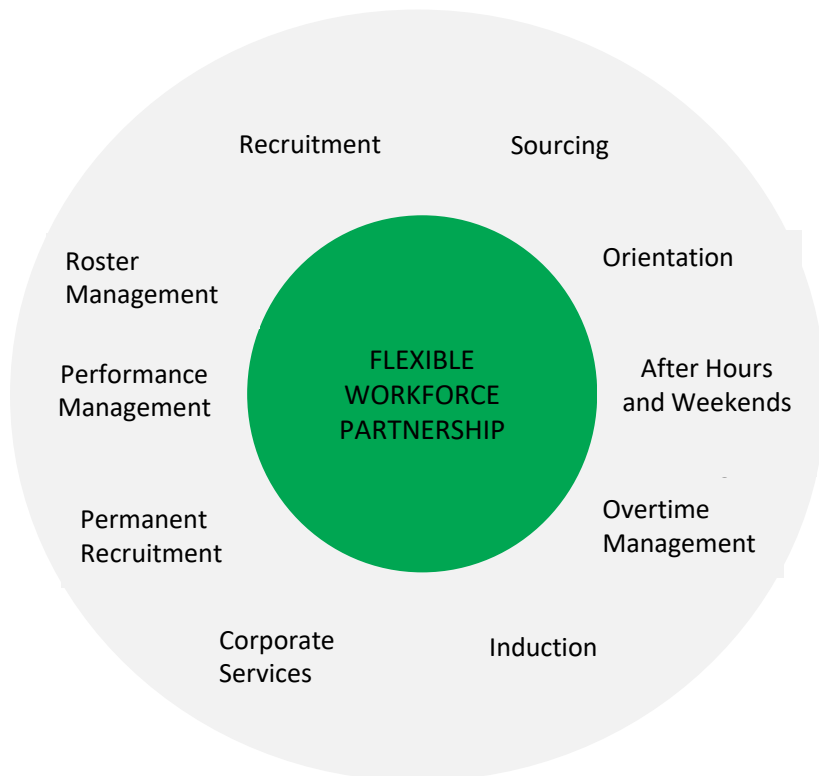
**Significant repeat customers – customer repeat score of 98%**

**82 People Infrastructure employees driving this business**

# HEALTH AND COMMUNITY SERVICES IN FOCUS

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## Workforce Management Overview



## Client Outcomes

Enhanced Operational Efficiencies - through outsourcing

Service Delivery Improvements - improved end customer outcomes including enhanced choice and flexibility

Financial Benefits - partnership enhances margins and profitability for the client

Risk Management enhancements - e.g. outsource workers compensation risk and cost

Person Centred Focus for the Client:

- Customers requirements matched to best fit support worker on a consistent basis
- Model enables customer's choice of Support Worker.
- Customers can be involved in recruitment process
- Ongoing feedback from customers to determine staff suitability

## High Client Retention

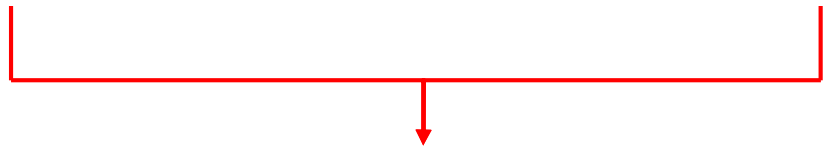
**Win / Win for Client and People Infrastructure**

**Strong Referral Program from Existing Clients**

# HEALTH AND COMMUNITY SERVICES IN FOCUS

Breakdown by Sectors

Current Business			Growth Plan	
Sector	PPE service	Current locations	Growth opportunities	Expected 3 year growth
<b>Disability</b>	Workforce Management	Australia wide	Grow market share throughout Australia	30%
<b>Aged Care</b>	Workforce Management	NSW	Grow market share throughout Australia Expand offering	50%+
<b>Hospitals</b>	Agency Services	Eastern seaboard metro	Grow market share on the Eastern Seaboard Expand into Regional and Remote Partial workforce management	30%
<b>Home Care</b>	Workforce Management	NSW	Grow market share regionally and by category	50%+



**Significant organic growth opportunities**  
**Servicing multiple parts of the health and Community Services sectors**

# INFORMATION TECHNOLOGY IN FOCUS

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## 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
- Long tenure <11% staff attrition against 36% industry average and industry leading specialisations provide a competitive advantage
- Industry leading processes underlying successful contribution from employees
- Early adopter of technology including social media to deliver a competitive advantage
- A top 10 provider of IT recruitment services in Australia

## Market Dynamics

- High growth sector of the Australian and International economy; Driven by growth in IT companies as product providers and service providers and also by growth in utilisation of IT services by businesses across the economy
- 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 providing increased demand for recruitment services; full time employees working 2 – 4 years is average tenure

## Market Dynamics cont'd

- Significant demand for specialised contract work
- Contract work typically ranges from multi-month to multi-year projects
- Shortage of qualified employees driving increased demand for services

**Operated in the Information Technology Sector for over 12 years**

**Core business expected to maintain 10%+ organic growth**

**Singapore office growing strongly and opened gateway to Asia**

**87 People Infrastructure employees driving this business**

# INFORMATION TECHNOLOGY IN FOCUS

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## Major Areas of Capability

### IT Sales

Enabling us to be at the forefront of boom technologies – window into the future

### Cybersecurity

One of the top 5 greatest priorities for modern CIOs/CTOs – with emergence of cloud, rapid application development, data governance/sovereignty issues

### Data & Analytics

Making sense of Big Data – to provide greater insights for improving CX, AI, Automation

### Transformation Services

Owning SOW/building squads/or skills gaps – digital, cloud, IT modernisation, legacy system upgrades, innovation labs

### Emerging Tech – Blockchain, 5G, RPA, AI

Investing ahead of the curve with SMEs internally

# GENERAL STAFFING AND SPECIALIST SERVICES IN FOCUS

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## 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; our general staffing business has spawned:
  - a specialty contract planting business: leading provider in the Australian market
  - facilities maintenance business: leverage relationships in the general staffing business into longterm contracts
  - Childcare and early childhood staffing business: leading position in Australia in this market
  - Hospitality payrolling business: leading position in the Qld market
- Industry expertise, a focus on small and medium sized businesses, investment in WH&S and strong technology to streamline processes have helped drive industry leading margins

## Market Dynamics

- This workforce is growing at between 2% and 5% per year depending on the subsector
- Increased casualisation of the workforce and increase in regulations attached to full time employees is driving growth in number of casual and part time workers
- Increased complexity 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

## Market Dynamics Cont'd

- The business has the flexibility to pivot into subcategories that are demonstrating higher relative growth
- Growing market share from relatively small levels is a key driver of growth
- Focus on areas where there is a significant amount of contract or shift work
- Shortage of qualified employees driving increased demand for services

**Specialist Services has grown to generate approximately 30% of the income generated by this division**

**Operated in this sector for over 18 years**

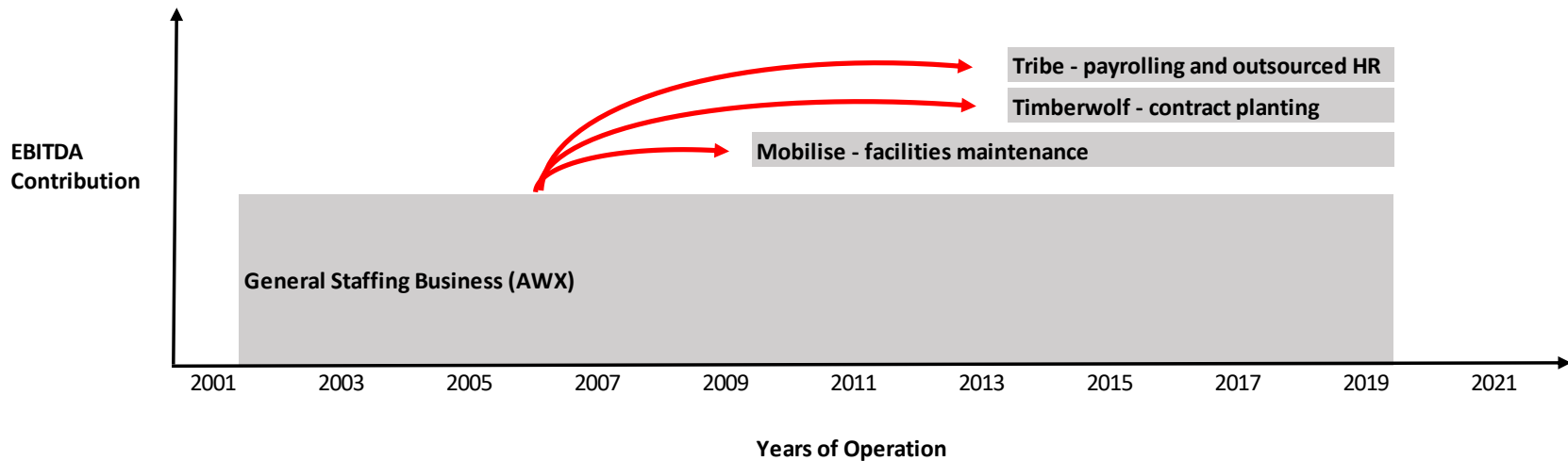
**Core business expected to maintain 10%+ organic growth**

**68 People Infrastructure employees driving this business**



# GENERAL STAFFING AND SPECIALIST SERVICES IN FOCUS

General staffing business has successfully leveraged its core capabilities in employing and managing people to grow other businesses resulting in higher margins, stronger brand proposition and higher growth





SUMMARY

# PEOPLE INFRASTRUCTURE

# SUMMARY FINANCIALS

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## STRONG EARNINGS GROWTH IN FY19

- Growing demand from existing clients particularly in Health and Community Services, IT and Specialist Services businesses
- Continued new client wins
- Continued roll out of back office IT and process improvements driving further economies of scale
- Improved EBITDA margins
- Significant further growth to be achieved through filling more roles rather than needing more clients

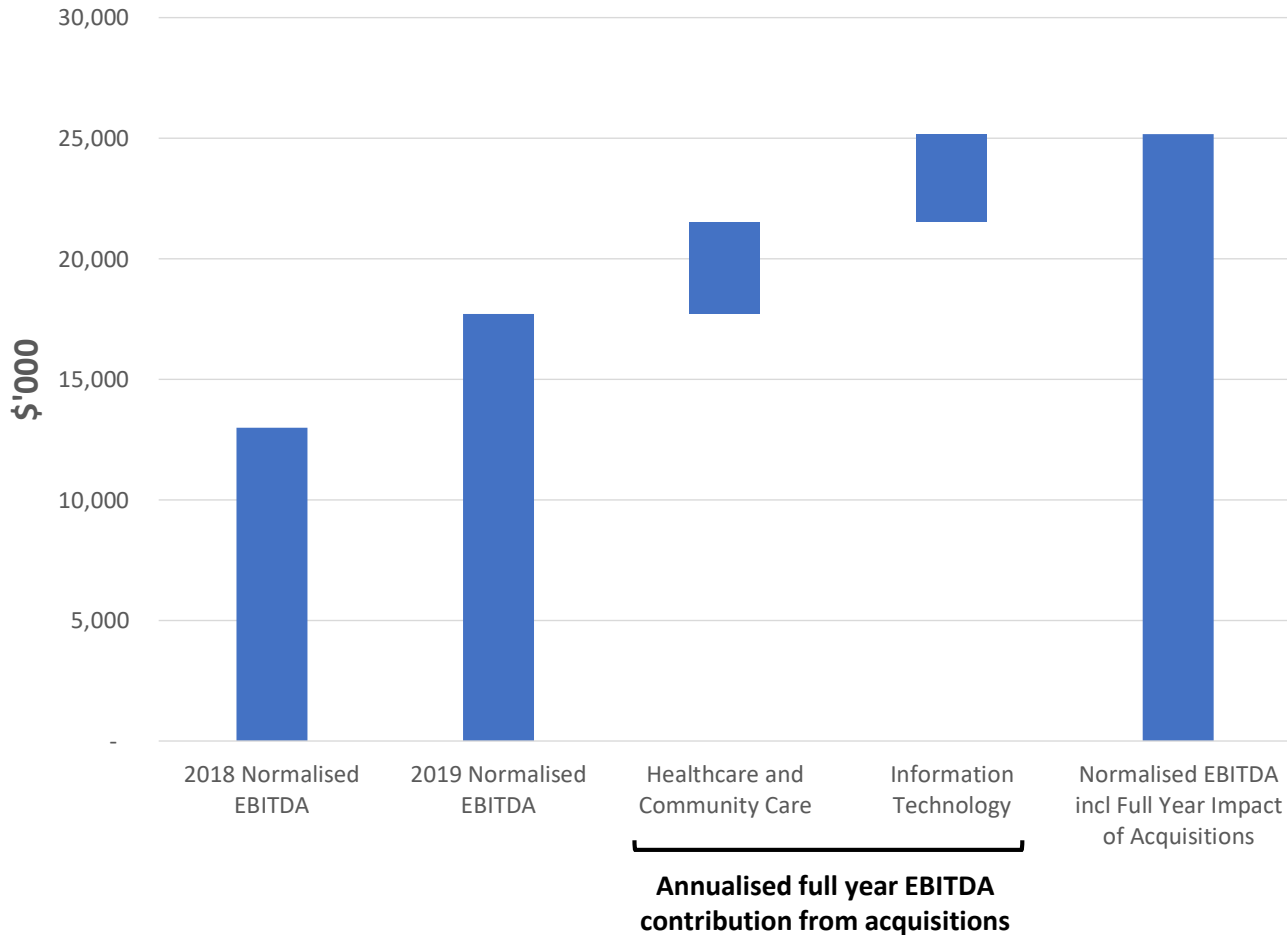
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		<b>Normalised FY2018</b>	<b>Normalised FY2019</b>	<b>Growth</b>
Revenue	\$'000	<b>219,400</b>	<b>278,155</b>	<b>26.8%</b>
Normalised EBITDA	\$'000	<b>13,001</b>	<b>17,781</b>	<b>36.8%</b>
<i>Ebitda margin</i>		<b>5.9%</b>	<b>6.4%</b>	
Normalised NPATA	\$'000	<b>8,394</b>	<b>12,052</b>	<b>43.6%</b>
NPATA per share	cents	<b>13.0</b>	<b>16.6</b>	<b>27.7%</b>
Net Debt	\$'000	<b>7,654</b>	<b>19,461</b>	
Net Debt / EBITDA	x	<b>0.59</b>	<b>1.09</b>	

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# SUMMARY FINANCIALS

## NORMALISED EBITDA INCORPORATING FULL YEAR IMPACT OF ACQUISITIONS



# BALANCE SHEET

<b>Current assets</b>	
Cash and cash equivalents	21,328,339
Trade and other receivables	37,855,064
Other current assets	1,053,007
<b>Total current assets</b>	<b>60,236,410</b>
<b>Non-current assets</b>	
Investments accounted for using the equity method	-
Property, plant and equipment	7,000,045
Intangible assets	78,573,648
<b>Total non-current assets</b>	<b>85,573,693</b>
<b>Total assets</b>	<b>145,810,103</b>
<b>Current liabilities</b>	
Trade and other payables	18,969,062
Contingent consideration	1,313,481
Financial liabilities	15,408,971
Current tax liabilities	2,742,974
Employee benefits	2,658,467
<b>Total current liabilities</b>	<b>41,092,955</b>
<b>Non-current liabilities</b>	
Contingent consideration	8,850,679
Financial liabilities	25,381,914
Deferred tax liabilities	1,909,684
Employee benefits	459,663
<b>Total non-current liabilities</b>	<b>36,601,940</b>
<b>Total liabilities</b>	<b>77,694,895</b>
<b>Net assets</b>	<b>68,115,208</b>
<b>Equity</b>	
Share capital	60,205,498
Retained earnings	7,317,935
Reserves	591,775
<b>Total equity</b>	<b>68,115,208</b>

## STRONG BALANCE SHEET

- Net debt of \$19m equivalent to 1.1x normalised EBITDA
- Generated \$11m in operating cashflow in FY19 providing access to capital for further growth as well as existing debt facilities
- Dividend increased to 4.5 cents per share from 4 cents per share final dividend FY18

# 2020 OUTLOOK

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Organic and acquisition growth throughout the business in FY19 to underpin growth in FY20

## Organic Growth

- Strong industry tailwinds driving anticipated growth especially in Health and Community Services and Information Technology
- Significantly improved client offering from the Health and Community Services division is anticipated to facilitate further expansion into aged care
- Further back office savings from improved processes across the business
- Full year benefit of acquisitions completed in FY19 in the Information Technology and Health and Community Services divisions

## Acquisition Pipeline

- Focus on bedding down current acquisitions
- Strategic footprint well developed and providing significant upside

# COMMUNITY SUPPORT

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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  
VE**

# APPENDIX 1: BRIDGE FROM STATUTORY EBITDA TO NORMALIZED EBITDA

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<b>A\$000</b>	<b>FY2019</b>
<b>Statutory Profit Before Tax</b>	<b>13,347</b>
Depreciation and amortisation	4,211
Finance costs	1,690
<b>EBITDA</b>	<b>19,247</b>
<i>Normalisation adjustments:</i>	
Acquisition costs	470
Fair value movement in equity account investments	-994
Fair value movement in deferred consideration	69
Non-controlling interests	-26
Share based payments expense	313
Adoption of AASB 16 Leases accounting policy	-1,298
<b>Normalised EBITDA</b>	<b>17,781</b>