



PEOPLE INFRASTRUCTURE LTD
Investor Update and Capital Raising April 2020

PEOPLE
INFRASTRUCTURE

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EXECUTIVE SUMMARY

Capital Raising

- \$17.6 million raised through a share placement of \$12.1 million and fully underwritten share purchase plan of \$5.5 million at \$1.10 per fully paid ordinary share
- **Provide additional balance sheet support for the period that the business impacted by COVID-19 and for future acquisition opportunities that will emerge as a result of the current volatile economic conditions**

Trading Update

- Record revenue up 44% Feb-YTD v pcp
- Record normalised EBITDA up 53% Feb-YTD v pcp
- Strong cashflow generation in the 3 months to 31 March 2020 with net debt decreasing by \$4m

Impact of COVID-19

- Minimal impact on community services staffing business, general staffing business, facilities maintenance business, IT contracting business and contract planting business; Increased general staffing work for food processing clients
- Hospitality payrolling business and child-care staffing business experiencing short term downturn
- Some unpredictability with respect to nursing and permanent IT businesses

Acquisition and Investment Opportunities

- A number of attractive investment and acquisition opportunities expected to emerge in a subdued market
- Expected to be one of the few companies in the staffing market seeking acquisition opportunities over the next 12 months

Current liquidity

- As at 31 March 2020, net debt of \$24.5m down from \$28.5m at 31 December 2019. Pro forma for the capital raise (net of fees) its net debt will be equal to \$7.8m*.
- Headroom under existing debt facilities and cash at bank pro forma for the capital raise (net of fees) is equal to \$33.7m.

*Net debt calculated per annual report and excludes property rental lease liabilities

INVESTMENT THESIS REMAINS STRONG

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 and have long term tailwinds

Business Growth

- Notwithstanding short term uncertainty due to COVID-19, medium term growth prospects throughout the business underpinned by leading customer service, strong sales focus and attractive long term 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

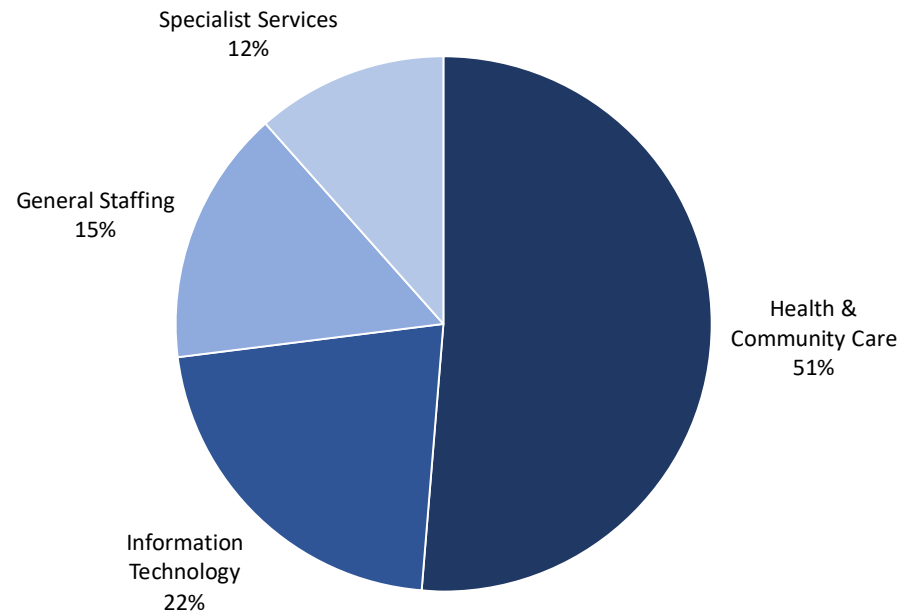
INVESTMENT THESIS REMAINS STRONG

Industry Highlights cont.	<ul style="list-style-type: none"> 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 			
Acquisition Strategy on Target	<ul style="list-style-type: none"> Acquisition strategy performing well expediting People Infrastructure's growth into key sectors or regions Prior to COVID-19 there were a number of strategic acquisition opportunities under due diligence The capital raise is going to enable People Infrastructure to explore attractive and opportunistic investments in strategically attractive businesses 			
Strong Rebound Expected post Periods of Uncertainty	<ul style="list-style-type: none"> Casual and part time workforces typically rebound strongly after periods of economic uncertainty such as the current economic environment Employers can be reticent to hire full time staff in periods of economic uncertainty It is currently too difficult to predict when this rebound will occur 			
Strong 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	

DIVERSIFIED WORKFORCE MANAGEMENT COMPANY

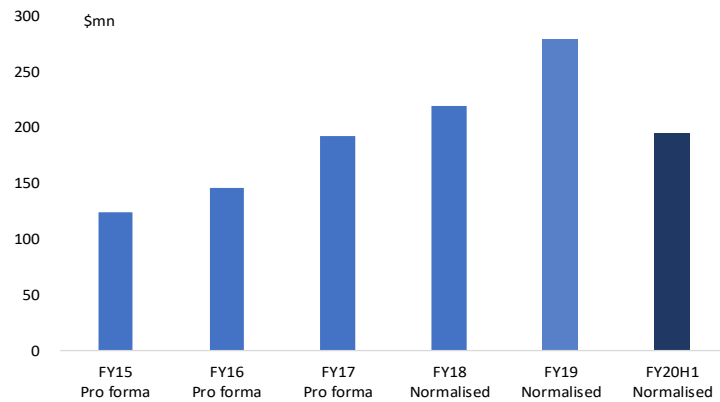
- Global leader in profitability. People Infrastructure focuses on niches where it has a demonstrable competitive advantage. As a result it has globally leading EBIT margins
- Diversified by industry with a focus on sectors that have the benefit of strong economic tailwinds and People Infrastructure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

Normalised Profit by Division FY2020H1

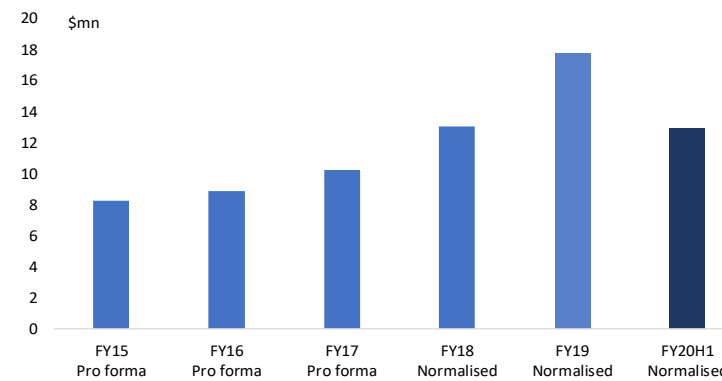


CONSISTENTLY GROWING SHAREHOLDER RETURNS

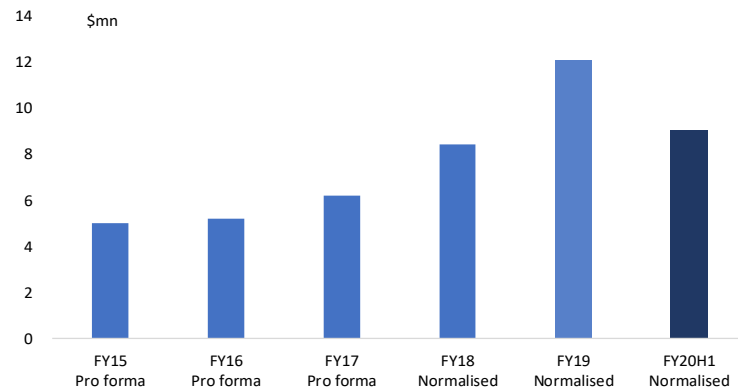
REVENUE GROWTH FY2015 – FY2020H1



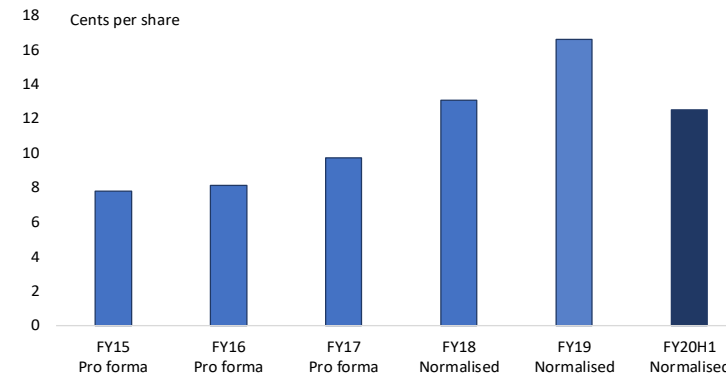
EBITDA GROWTH FY2015 – FY2020H1



NPATA GROWTH FY2015 – FY2020H1



EPS GROWTH FY2015 – FY2020H1



Notes: Revenue, EBITDA and NPATA normalized per criteria provided for in the company's prospectus dated 20 October 2017 for FY2015 – FY2017 and per annual and half year reports in FY2018, FY2019 and FY2020

DIVISION BREAKDOWN

Health and Community Services Business

- 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 to the disability sector
- 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

Information Technology Business

- A leader in Information Technology recruitment focusing on IT Sales and Marketing, Digital, Cloud, CyberSecurity, Data & Analytics, IT Consulting and Technical Support
- A top 10 provider of IT recruitment services in Australia

FY20 Strategic Initiatives

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

FY20 Strategic Initiatives

- 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

COVID-19 Impact

- Community Staffing Solutions business continues to perform well
- Nursing business experiencing short term period of volatility as hospitals defer non essential procedures to create capacity for COVID-19 cases
- Nursing business likely to catch up when elective surgeries restart or if COVID-19 cases increase

COVID-19 Impact

- Contracting business more resilient than perm placement business
- Brisbane less impacted than Melbourne
- Managing workforce to reduce costs

DIVISION BREAKDOWN

General Staffing and Specialist Services

- 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 long-term contracts
 - **Early childhood education** staffing business: leading position in Australia in this market
 - **Payrolling** business: leading position in the Qld market

FY20 Strategic Initiatives

- Rollout of improved systems to facilitate more efficient processes
- General staffing business focus on margins and processes in a competitive environment

COVID-19 Impact

- General staffing business benefiting from growth in food processing clients
- Number of clients are not impacted by COVID-19 including mining, food, and government which is over 70% of the general staffing business
- Reducing workforce in early childhood education staffing and payrolling business until social distancing rules are rescinded

SUMMARY BUSINESS IMPACT OF COVID-19

Impact of COVID-19 on People Infrastructure

- It continues to be a volatile working environment and very difficult to predict the immediate impact that COVID-19 will have on People Infrastructure
- High level of uncertainty with respect to the current operating environment in which People Infrastructure participates, however People Infrastructure is a diversified organisation servicing clients across a broad range of sectors
 - 51% of our business is generated by healthcare and community services
 - 22% from information technology
 - 27% from a diversified collection of staffing and specialist services businesses.

Well positioned to manage current environment

- Majority of People Infrastructure's clients are large corporations, government or government backed organisations and not-for-profits who are well positioned to manage the current crisis and continue to utilise People Infrastructure workforce solutions
- People Infrastructure provide a critical service to these organisations (classified as an essential service) and expect to benefit from strong demand once the economy recovers from the current situation
- Whilst the full current impact is not yet able to be properly assessed and quantified, management considers it likely that a negative impact to business operations will be experienced to some extent as the COVID-19 crisis continues

Initiatives to mitigate the impact of COVID-19

- Managing and reducing workforce to match work requirements
- Potentially take advantage of Jobkeeper subsidy although more information required to determine eligibility
- Preparing for expected strong upturn post COVID-19 coming under control

ACQUISITION AND INVESTMENT OPPORTUNITIES

Investment and Acquisition Opportunities

- Extra capital provides the opportunity to make further attractive investments and acquisitions in subdued market conditions.
- People Infrastructure has been an industry leader in acquiring successful staffing businesses.
- As one of the few companies in the market seeking investment opportunities over the next 12 months People Infrastructure will be especially well placed to make attractive acquisitions.
- Although People Infrastructure has had discussions with some potential companies, acquisitions and investments will be made once the current heightened level of economic uncertainty has dissipated

CAPITAL RAISING

Placement	<ul style="list-style-type: none">• Placement offer to raise approximately \$12.1 million via the issue of approximately 11 million fully paid ordinary shares ('Placement')• Issue price of \$1.10 per share, representing:<ul style="list-style-type: none">• 15.1% discount to the last traded price (\$1.295)• 9.1% discount to the previous 5-day VWAP (\$1.21)• Placement shares issued within the Company's existing placement capacity under ASX Listing Rule 7.1 and additional 10% capacity under ASX Listing Rule 7.1A approved at the 2019 AGM
Share Purchase Plan	<ul style="list-style-type: none">• Share Purchase Plan ('SPP') to provide eligible Australian and New Zealand shareholders with an opportunity to participate• Eligible Shareholders can subscribe for shares up to the value of \$30,000 at the same price as the Placement (\$1.10 per share)• The SPP offer is capped at total proceeds of \$5.5 million (subject to scale back in the event of oversubscription)• The SPP offer is fully underwritten by Morgans Corporate Limited and Ord Minnett Limited.• Issue of SPP shortfall shares will be subject to available placement capacity and will be undertaken in tranches. Shortfall shares which exceed available placement capacity will be issued as second tranche, subject to receiving shareholder approval at an EGM to be held prior to 30 May 2020.
Use of Funds	<ul style="list-style-type: none">• Support future acquisition opportunities that will emerge as a result of the current volatile economic conditions from COVID-19• Provide additional balance sheet support for period business impacted by COVID-19• Costs of the offer

INDICATIVE TIMETABLE

Trading Halt	Wednesday, 8 April 2020 – Thursday, 9 April 2020
SPP Record Date	Wednesday, 8 April 2020, 7pm
Trading Halt Lifted, Capital Raise Announced	Thursday, 9 April 2020
Settlement of Placement Shares	Thursday, 16 April 2020
Allotment, quotation and trading of Placement Shares	Friday, 17 April 2020
SPP Offer Opens	Tuesday, 21 April 2020
SPP Offer Close	Monday, 11 May 2020
Allotment, quotation and trading of SPP Shares and first tranche shortfall SPP Shares	Monday, 18 May 2020
Allotment, quotation and trading of second tranche shortfall SPP Shares (if required)	Subject to receiving shareholder approval, to be obtained at an EGM expected to be held by 30 May 2020*

*Refer to ASX announcement released 9 April 2020 for further details.

Timetable is indicative only and is subject to change at any time at Company's discretion.

SUMMARY OF KEY BUSINESS RISKS

Downturn in the employment market	The performance of the Company will be influenced by the overall employment market and general economic conditions in Australia which are cyclical and subject to change. A downturn in the Australian economy generally, or the industries and sectors that People Infrastructure operates in, may adversely impact its financial performance.
Contractor/employee risk and exposure to litigation	People Infrastructure places staff in the workplaces of other businesses and People Infrastructure has joint responsibility under applicable occupational health and safety laws for staff which are placed with clients. In certain circumstances it is possible that People Infrastructure may be held responsible for the actions at a workplace of persons not under its direct control.
Increase in competition	The industry within which People Infrastructure operates is highly competitive. The Company's performance could be adversely affected if existing or new competitors reduce its market share and existing or new competitors may have substantially greater resources and access to more markets than the Company.
Regulatory risk	There are a number of industry risk factors that may affect the future operation or performance of the Company that are outside its control. These include increased regulatory and compliance costs and variations in legislation and government policies generally.
Reliance on key personnel	The Company's success is, to a significant degree, dependent upon the efforts, experience and knowledge of its management team.
Integration of recent acquisitions	People Infrastructure has made a number of acquisitions. The Company is moving through a process of integrating the operations of these companies which carries potential integration risks.
Concentration of customers/loss of material contracts	People Infrastructure generates a significant amount of revenue from key customer relationships. A loss of business from, or cancellation of a contract by, these key customers may have an impact on the Company's earnings and financial position.
Suitable candidates	The ability of the Company to satisfy demand for its services is dependent on maintaining, sourcing and attracting a pool of suitable candidates in order to fill positions.
Other risks	There are a number of other risks which may impact the business including the impact of COVID-19 and government counter measures, issues with collections or bad debtors, the validity of the certified agreement or other employment instruments under which People Infrastructure operates, incorrect payment of employees, cyber security risk, etc. The People Infrastructure prospectus issued in 2017 provides a more comprehensive summary of potential risks in the business.