



PEOPLE INFRASTRUCTURE LTD  
ANNUAL RESULTS FY2020

**PEOPLE**  
INFRASTRUCTURE

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# PEOPLE INFRASTRUCTURE

A purpose driven organisation making an extraordinary impact by harnessing the talent of people. People Infrastructure offers staffing solutions, business services and operational services:

- in speciality industry verticals where we can develop the market leading position; and
- in industries with a strong growth profile.

Our unique offering has resulted in market leading compound earnings growth of over 20% during the last 5 years.

## Key Facts

- In FY20 **our revenue grew by 34% to \$374m** and our **EBITDA by 49% to \$26.4m**
- Whilst initially impacted by COVID-19, People Infrastructure has now substantially **bounced back** to pre COVID-19 levels. While Covid- 19 related market uncertainty remains, PPE has demonstrated resilience.
- Over **5,000 CANDIDATES** engaged by clients on a typical day, from an active pool of >25,000 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



# INVESTMENT HIGHLIGHTS

<b>Leader in Workforce Management</b>	<ul style="list-style-type: none"><li>• Leader in workforce management focused on providing staffing services, business services and operational services across three key sectors<ul style="list-style-type: none"><li>• Health and Community Services</li><li>• Information Technology</li><li>• General Staffing and Specialist Services</li></ul></li><li>• <b>Focus on niches where People Infrastructure has a clear point of difference over its competitors</b></li></ul>
<b>Strong Business Growth</b>	<ul style="list-style-type: none"><li>• 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</li><li>• Diversified staffing business servicing high growth employment sectors in the Australian economy<ul style="list-style-type: none"><li>• Benefiting from the growth in flexible employment arrangements in these sectors</li><li>• Leading technology offering to provide a superior customer experience that is highly scalable</li><li>• Proven to be highly resilient during periods of market volatility</li></ul></li><li>• Leveraged our core capabilities to expand into workforce services and operational services which are high margin and high growth businesses</li><li>• <b>Business has bounced back in most divisions post the first wave of Covid-19 and most business units are largely unaffected by the second wave in Victoria</b></li></ul>
<b>Acquisition Strategy on Target</b>	<ul style="list-style-type: none"><li>• Acquisition strategy performing well expediting People Infrastructure's growth into key sectors or regions</li><li>• Prior to the impact of Covid-19, all acquisitions had performed in line with or ahead of expectations and each business has performed better under People Infrastructure's guidance</li><li>• Number of strategic acquisition opportunities currently under due diligence</li></ul>
<b>Management Invested</b>	<ul style="list-style-type: none"><li>• Employees own approximately 17% of the company and senior employees are all shareholders in the company</li></ul>

# INVESTMENT HIGHLIGHTS

## Industry Highlights

- Staffing is a \$29bn industry in Australia
- Growth in staffing and workforce management industry being driven by workforce demand for flexibility in working hours and employers being more sophisticated in management of employees
  - Increasing regulations around permanent employees driving need for more sophistication in managing workforces
  - High staff costs also driving need for better management of this expense
- Part time / contractor / flexible work has increased from 14% of the workforce to 22% of the workforce over the last 11 years according to Seek employment data. Flexible work is a benefit to the employee as well as the employer

## Continued Strong Cashflow Generation

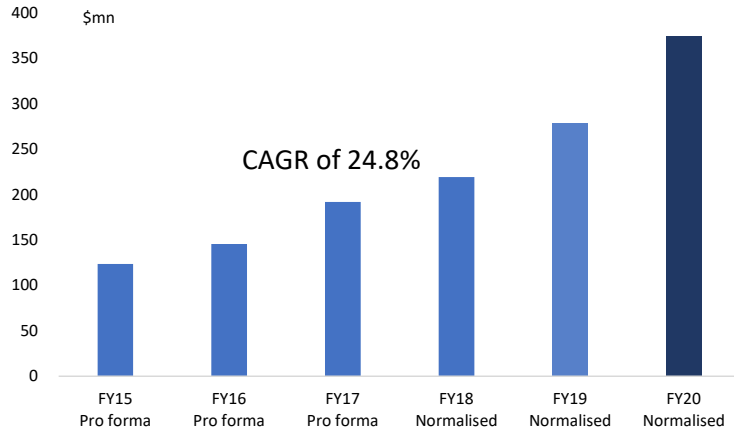
- Strong focus on cash flow generation across the business and a conservative balance sheet
  - Well positioned to invest in future growth with a positive cash (Cash minus debt) of \$9.8m
  - Total dividend for FY20 of 8.5 cents
  - Generated \$27m in operating cashflow in FY20 and converts approximately 100% of NPATA to cashflow

## Strong Sustainable Growth in Earnings

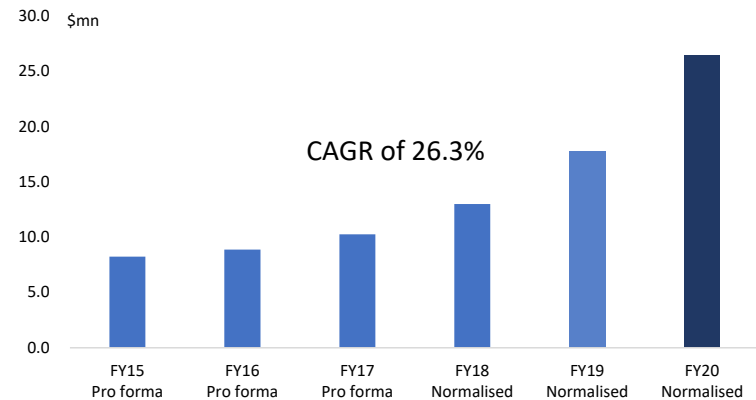
		Normalised FY2019	Normalised FY2020	Growth
Revenue	\$'000	278,155	374,214	34.5%
Normalised EBITDA	\$'000	17,781	26,419	49.2%
<i>Ebitda margin</i>		6.4%	7.1%	
Normalised NPATA	\$'000	12,052	18,375	53.3%
<b>NPATA per share</b>	<b>cents</b>	<b>16.6</b>	<b>20.5</b>	<b>23.1%</b>
Net Debt	\$'000	19,461	(9,878)	
Net Debt / EBITDA	x	1.09	na	
ROE	%	21.7%	22.3%	

# 5 YEARS OF 20%+ COMPOUND GROWTH IN EARNINGS

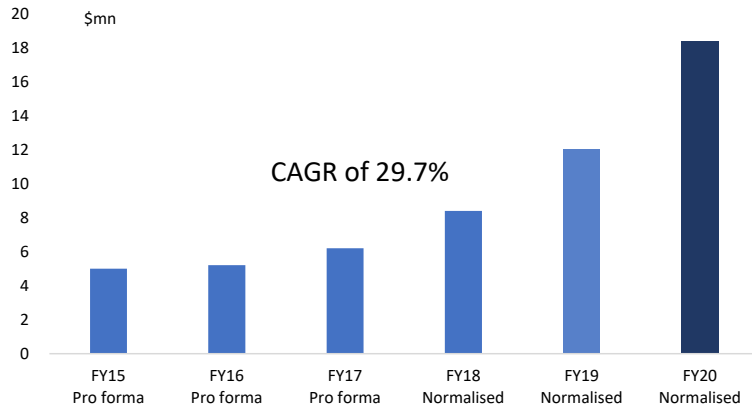
## REVENUE GROWTH 2015 – 2020



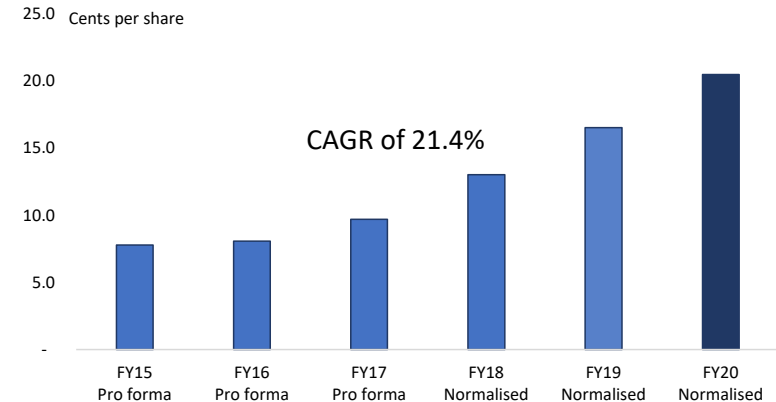
## EBITDA GROWTH 2015 – 2020



## NPATA GROWTH 2015 – 2020




## EPS GROWTH 2015 – 2020



Notes: Revenue, EBITDA and NPATA normalized per criteria provided in the company's prospectus dated 20 October 2017 for FY15 – FY17 and per annual and half year reports in FY18, FY19 and FY20. EPS is calculated as NPATA divided by shares on issue at the end of the year

# PEOPLE INFRASTRUCTURE ECOSYSTEM

- Making an extraordinary impact by harnessing the power of people
- People Infrastructure has successfully leveraged its capabilities in staffing to expand into business services and operational services. Staffing capabilities provides a genuine point of difference in these service lines which has enabled us to rapidly grow these businesses and achieve higher margins

		Healthcare	Community Services	Information Technology	General Staffing and Specialist Services	
<b>Staffing</b>	On hire and perm recruitment	√ Nursing onhire	√ Disability, Child Protection and Aged Care onhire	√ Onhire and perm recruitment	√ Onhire	 <p>Increasing Margins and Greater Point of Difference</p>
<b>Business Services</b>	Range of services across the workforce ecosystem eg rostering, payroll, IR advice, training	√ Nursing RTO	√ Workforce management		√ Payrolling and IR	
<b>Operational Services</b>	Workforce plus operations delivery	√ Direct homecare	√ Direct homecare	√ IT consulting	√ Contract planting, facilities maintenance	

# INCREDIBLY RESILIENT AND STABLE CUSTOMER BASE

- 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
- The consistency of People Infrastructure’s profitability is attributable to a number of factors including a highly diversified customer base, no customer concentration, the strength of those customers and the length of the relationship People Infrastructure has with those customers
  - Highly diversified customer base (see table to the right)
  - Average length of relationship for top 20 customers is 8.5 consecutive years
  - Customers with a long history: on average top 20 customers have been operating for over 51 years
- Diversified by industry with a focus on sectors that have the benefit of strong economic tailwinds and where People infrastructure has a strong competitive positioning

**Number of clients by contribution to Gross Profit**

	<b>2-5% of PPE gross profit</b>	<b>1-2% of PPE gross profit</b>	<b>Less than 1% of PPE gross profit</b>
<b>Number of clients</b>	2	6	3000+





DIVISION BREAKDOWN

# PEOPLE INFRASTRUCTURE

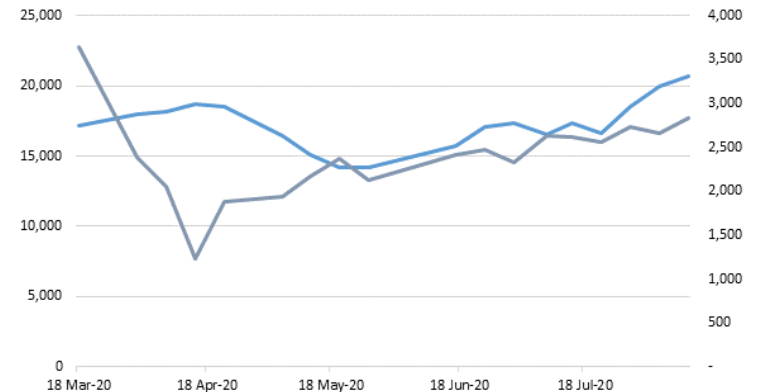
# HEALTH AND COMMUNITY SERVICES DIVISION

A fully integrated workforce management model in the healthcare sector

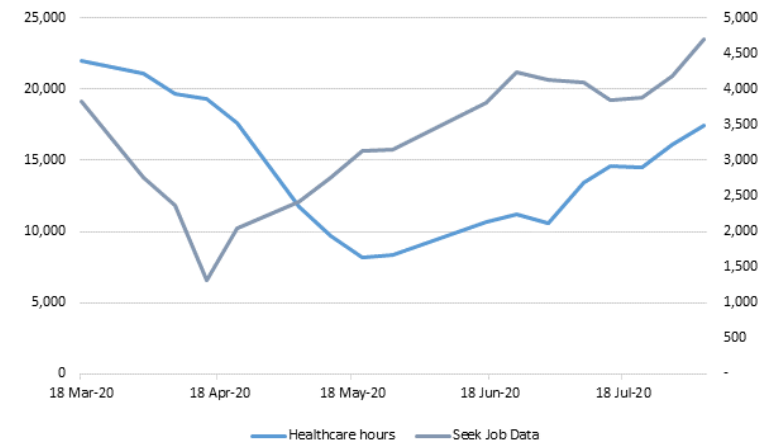
## Overview and Current Positioning

- Continues to be a leader in providing workforce management services to the Health and Community Services sectors in Australia and the only provider of outsourced workforce management services to this sector in Australia
- Largest provider of carers in Australia and largest provider of nurses on the Eastern seaboard
- Community services business was initially moderately impacted by COVID-19 however this bounced back quickly and has been further enhanced by the growth of the direct care business
- Nursing business was significantly impacted by private hospital's decisions to transfer management to government health agencies at the outset of the COVID-19 outbreak. Government significantly reduced utilisation of hospitals at this time
- Impact of the second wave in Victoria
  - Private hospitals have not restricted operations during the second wave to the same degree and our Victorian nursing business has experienced a 17% increase during the second wave and lockdown (versus a 70% decrease in the first wave)
- Business continues to have success in winning national tenders across hospitals, aged care and not for profits in both nursing and community services

Community Services hours v corresponding seek job advertisements during the COVID-19 period



Healthcare hours v corresponding seek job advertisements during the COVID-19 period



# SIGNIFICANT OPPORTUNITY IN THE DIRECT CARE SECTOR (HOMECARE)

People Infrastructure launched into the homecare sector in November 2019. This is a high growth sector and People Infrastructure is able to leverage its existing capabilities in staffing in the community services sector to grow in the direct care sector

## Overview and Competitive Positioning

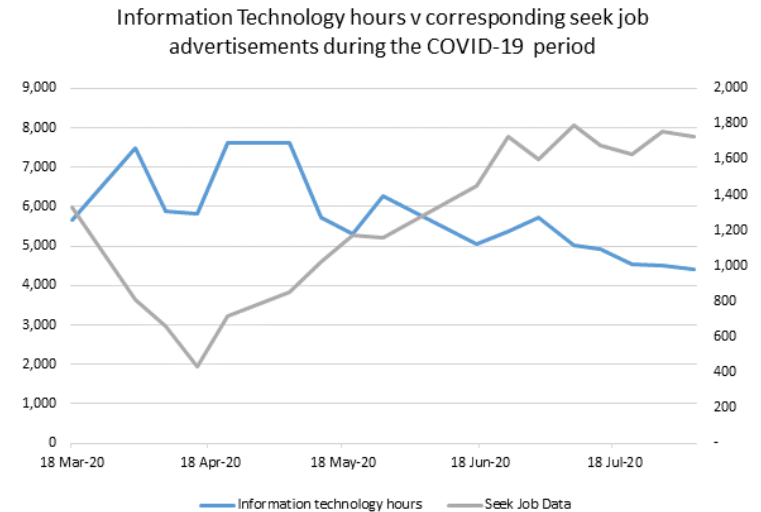
- We have leveraged our core capability in staffing in the health and community services sectors to provide carers and nurses to people in their homes
- Low overhead with 2 new employees as of June 30 (leverage our existing businesses) although expected to grow as the business grows
- Significant support from government policy, insurance companies, and private hospital and aged care operators to grow the homecare market
- Aging population and increased provision of health services are also long term growth engines



# INFORMATION TECHNOLOGY DIVISION

## Overview and Current 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
- Our IT division was on track to deliver record results prior to the impact of COVID-19
- The perm recruitment section of IT Division still has not entirely recovered and this is expected to occur in the next 6 months. This represents approximately 14% of People Infrastructure profit
- The contractor section of the IT Division has experienced a more gradual decline and this is due to some client concentration in this part of the business.
- The IT recruitment industry as a whole has recovered strongly and we expect this to start being reflected in our numbers in the first half of FY21
- Have successfully integrated our IT recruitment and consulting businesses (Halcyon Knights, Recon Solutions and Project Partners) and the Halcyon Knights Sydney office continues to grow

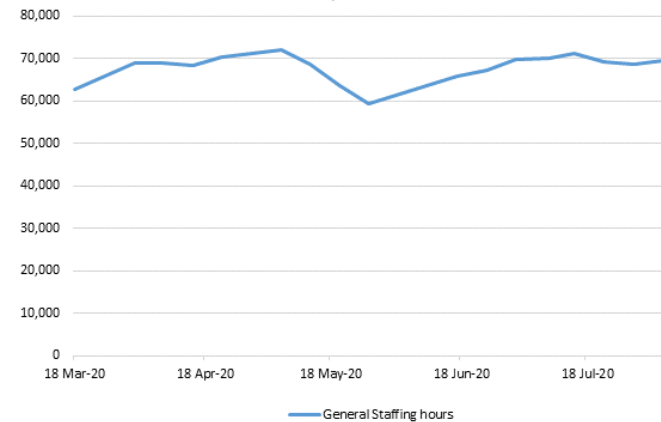


# GENERAL STAFFING AND SPECIALIST SERVICES DIVISION

## Overview and Current Positioning

- A leader in providing general staffing services to small and medium sized business across Australia.
- The general staffing, contract planting and facilities maintenance businesses have all bounced back relatively strongly from the initial impact of COVID-19 and should continue to perform strongly in FY21
- Early childhood education staffing business was significantly impacted by COVID-19 and although it has recovered is still below where it would normally be. This business accounts for 3% of People Infrastructure profit.
- The Payrolling business has a heavy focus on hospitality in QLD and was negatively impacted by COVID-19 although has nearly recovered to pre COVID-19 levels. This business accounts for 3.7% of People Infrastructure profit and is predominantly a QLD business.

General staffing hours during the COVID-19 period



Childcare and Payrolling hours during the COVID-19 period





FINANCIALS

**PEOPLE**  
INFRASTRUCTURE

# SUMMARY FINANCIALS

- People Infrastructure was experiencing strong profitability across the business prior to the onset of COVID-19. Whilst impacted by the virus, from April onwards it has bounced back across most divisions.
- Continued demand from existing clients across all sectors up until April 2020 and positive contribution from acquisitions in the IT and nursing sectors
  - Earnings underpinned by the diversity and quality of People Infrastructure's client base
- Continued roll out of process improvements driving further economies of scale
- As a result of Covid-19, People Infrastructure saw an immediate downturn in its business meaning that a number of its business units qualified for Jobkeeper support. As a result of this support People Infrastructure was able to keep a number of staff employed that would have otherwise been stood down or made redundant.
- People Infrastructure received a total of \$9.25m from Jobkeeper support of which
  - \$2m was paid to People Infrastructure internal employees. As a result of receiving this Jobkeeper support People Infrastructure made the decision not to stand-down or terminate a large number of employees.
  - \$7.25m was paid to employees in the field. Over 50% of this relates to topping up hours for employees who did not work sufficient hours to be fully entitled to wages equivalent to their Jobkeeper payments. Further benefits were also passed directly onto clients.
- Senior management and the board took a reduction in salaries from April through until the end of June and have foregone bonuses for FY20 in keeping with the spirit of Jobkeeper and the hardships endured by their employees.

\$'000	Normalised FY2019	Normalised FY2020	Growth
<b>Revenue</b>	<b>278,155</b>	<b>374,214</b>	34.5%
<b>Pro forma EBITDA</b>	<b>17,712</b>	<b>26,419</b>	49.2%
<i>Ebitda margin</i>	6.4%	7.1%	
Depreciation	(692)	(602)	
Amortisation	(2,436)	(3,929)	
<b>Pro forma EBIT</b>	<b>14,584</b>	<b>21,888</b>	50.1%
Net finance costs	(1,478)	(1,946)	
<b>Pro forma NPBT</b>	<b>13,106</b>	<b>19,942</b>	52.2%
Tax expense	(3,558)	(5,496)	
<b>Pro forma NPAT</b>	<b>9,548</b>	<b>14,446</b>	51.3%
Amortisation expense	2,436	3,929	
<b>Pro forma NPATA</b>	<b>11,984</b>	<b>18,375</b>	53.3%

# BALANCE SHEET

## STRONG BALANCE SHEET

- Net cash position of \$9.9m (normalised for leases)
- Industry leading debtor collections driven by sophisticated client vetting and collections process
  - Average write off of debtors over the last 3 years of \$141,019 per year
  - People Infrastructure has debtor insurance on most SMEs and also typically received personal guarantees from the clients directors where they are SMEs
  - Prudently increased provisions for bad debtors in 2020 to \$700,555 however believe this to be highly conservative

	Jun-20
Cash and cash equivalents	31,464,965
Trade and other receivables	41,192,837
Current tax receivable	-
Other current assets	1,466,252
<b>Total current</b>	<b>74,124,054</b>
Trade and other receivables NC	-
Financial assets	-
Property, plant and equipment	6,233,153
Deferred tax assets	-
Intangible assets	87,458,716
<b>Total non-current</b>	<b>93,691,869</b>
<b>Total assets</b>	<b>167,815,923</b>
Trade and other payables	30,848,720
Contingent consideration	2,230,416
Financial liabilities	5,736,777
Current tax liabilities	1,271,674
Provisions	3,167,265
<b>Total current</b>	<b>43,254,852</b>
Trade and other payables NC	-
Contingent consideration NC	3,720,483
Financial liabilities NC	20,893,983
Deferred tax liabilities	2,656,581
Provisions NC	516,753
<b>Total non-current</b>	<b>27,787,800</b>
<b>Total liabilities</b>	<b>71,042,652</b>
<b>Net assets</b>	<b>96,773,271</b>
Issued capital	78,230,119
Retained earnings	17,519,008
Reserves	1,024,144
	96,773,271
Non-controlling interests (BS)	-
	<b>96,773,271</b>



# STRONG CASHFLOW GENERATION

## STRONG CASHFLOW

- Net cash position of \$9.9m
- Generated \$27.1M in operating cashflow during the year. Positively impacted by accrual of GST of \$5.8m and negatively impacted by \$1.5m one off working capital adjustment which reduced the purchase price on previous acquisitions (both are normalised out in the table below).
- Whilst there can be short term movements in working capital based on when debtors make payments People Infrastructure typically converts ~100% of NPATA into cash
- Debtor days reduced from 41 in 2019 to 34 in 2020 as a result of change in sector mix (ie more healthcare and information technology) and improved debtor collection
- Final dividend of 4.5 cents per share declared taking the total dividend to 8.5 cents per share for the year. This is consistent with FY19 and represents a reduction in payout ratio due to broader economic uncertainty.

	Jun-20	Jun-19	Jun-18	Total last 3 years
	\$	\$	\$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	405,537,546	303,721,758	236,827,191	
Payments to suppliers and employees	(369,026,489)	(288,072,102)	(226,116,661)	
Interest received	11,468	17,072	9,858	
Finance costs	(2,291,510)	(1,689,670)	(1,429,867)	
Income tax (paid)/refunded	(7,102,168)	(3,120,600)	(2,932,582)	
<b>Net cash provided by operating activities</b>	<b>27,128,847</b>	<b>10,856,458</b>	<b>6,357,939</b>	<b>44,343,244</b>
<b>Normalisations</b>				
GST Deferral	(5,877,714)	0	0	
Purchase price consideration for acquisitions	1,447,515			
Finance cost pre IPO	0	0	(432,000)	
Acquisition costs	(156,603)	(469,571)	(40,487)	
Performance rights associated costs	(83,201)	0	0	
IPO costs expensed	0	0	(478,914)	
<b>Normalised Operating Cashflows</b>	<b>22,458,844</b>	<b>10,386,887</b>	<b>5,406,538</b>	<b>38,252,269</b>
Statutory NPATA	20,324,999	12,129,439	6,915,734	39,370,172
Normalised NPATA	18,374,544	12,052,474	8,912,988	39,340,006
Operating cashflows as a % of Statutory NPATA	133%	90%	92%	<b>113%</b>
Normalised Operating cashflows as a % of Normalised NPATA	122%	86%	61%	<b>97%</b>

# FY21 OUTLOOK

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**Outlook remains relatively positive for FY21 however note there is ongoing volatility in the broader environment**

- Ongoing volatility in the economic environment due to Covid-19 related restrictions
- Management focused on organic opportunities to continue to drive strong growth across the business over the medium to long term. New growth oriented positions have been placed in our business:
  - Employed a Director of Strategy and Talent to source and attract new talent and teams into our business which will supplement our existing workforce and enable us to launch into new offerings
  - Employed a Director of IT to continue to support our offering both to clients and support our internal staff through the latest innovations in technology relating to HR services
  - Recruiting multiple positions for our Homecare business
- Implementing an industry leading remuneration system for our people, aligning their interests with People Infrastructure shareholders and allowing them to share in the growth in the share price as well as providing for highly competitive remuneration packages to attract and retain key personnel.
- People Infrastructure has a conservative balance sheet and significant capital available as well as access to further lending facilities to complete acquisitions over the next 24 months. Opportunity to complete \$80m - \$90m in acquisitions with funding through debt and free cashflow whilst keeping a conservatively geared balance sheet (ie debt to ebitda <1.5x) to significantly grow EPS.
  - Conducting due diligence on a number of potential acquisition opportunities
  - Opportunities to acquire companies that have long term sustainable earnings and further our vision of being a leader in staffing, business services and operational services.

# APPENDIX 1: BRIDGE FROM STATUTORY PROFIT BEFORE TAX TO NORMALIZED EBITDA

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	30-Jun-20
	\$
<b>Statutory Profit Before Tax</b>	<b>21,923,506</b>
Depreciation and amortisation	6,597,692
Finance costs	2,291,510
<b>EBITDA</b>	<b>30,812,708</b>
<i>Normalisation adjustments:</i>	
Acquisition costs	156,603
Performance rights costs	83,201
Fair value movement in deferred consideration	(2,863,261)
Fair value movement in equity account investments	0
Non-controlling interests	0
Share based payments expense	465,913
Adoption of AASB 16 leases	(2,236,307)
<b>Normalised EBITDA</b>	<b>26,418,857</b>