INVESTOR PRESENTATION
1H FY2019 RESULTS

6 Months ending 31 December 2018

18 February 2019

1H FY19 HIGHLIGHTS

- First half FY19 performance mixed
  - Konekt Employment performing well
  - Konekt Workcare's performance impacted by lower volumes from MHS and insurance clients
- Group revenue $49.1m included a full 6 months contribution (3 months in pcp) from the acquisition of Konekt Employment (previously Mission Providence)
  - Konekt Employment $28.0m ($14.0m in pcp) - mix reflected a softer Jobactive case load (lower unemployment) offset by increased NEIS income and the initial contribution of Disability Employment Services (DES) program
  - Konekt Workcare $21.1m ($3.2m lower vs pcp) reflected lower referral volumes from two large contracts - MHS (down 27% pcp) and icare NSW return-to-work referrals (down 14% pcp)
- EBITDA $4.1m
- NPATA $2.3m
- EPS before amortisation 2.2 cents
- Occupancy synergies program implemented successfully with FY19 broadly in line with FY18
- In November 2018, MHS announced that it had not been selected as the preferred tenderer for the renewal of the Garrison Health Services contract with the Australian Government Department of Defence from 1 July 2019. Konekt Workcare's contract with MHS expires on 30 June 2019.

Revenue	⬆	+28%
EBITDA	⬆	+3%
NPATA	⬆	+22%
EPSA	⬆	+10%

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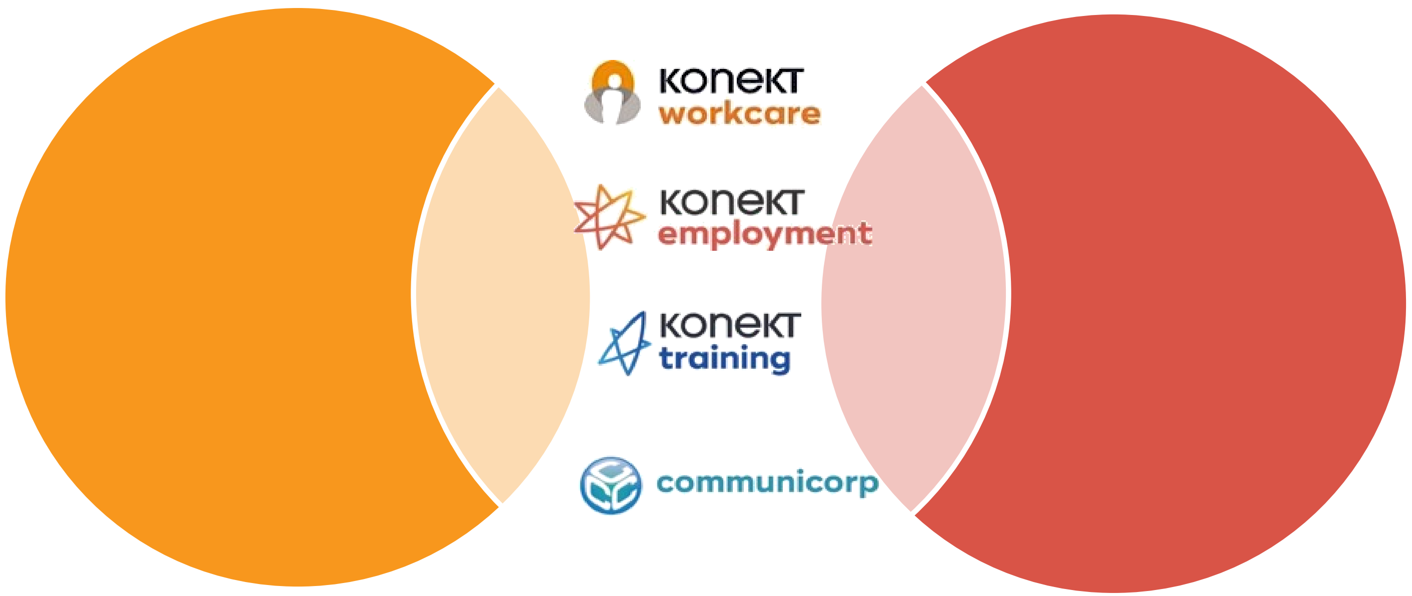
MARKET POSITIONING

BUILDING THE LEADING PROVIDER OF EMPLOYMENT SOLUTIONS



- Supporting:
  - **customers** build healthy workplaces and reduce the costs of employee injuries and illness
  - **individuals,** on behalf of its customers, overcome barriers to employment and work
- c.800 staff, including c.270 allied health professionals
- National footprint - 115 offices located across Australia
- Strengthening competitive position via growth in scale, integrated services and brand to meet the needs of large customers and individuals

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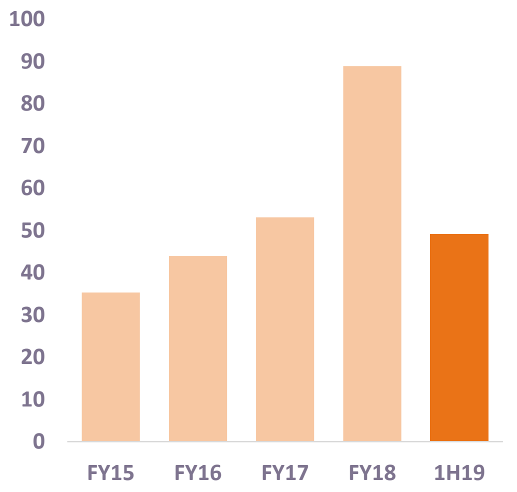
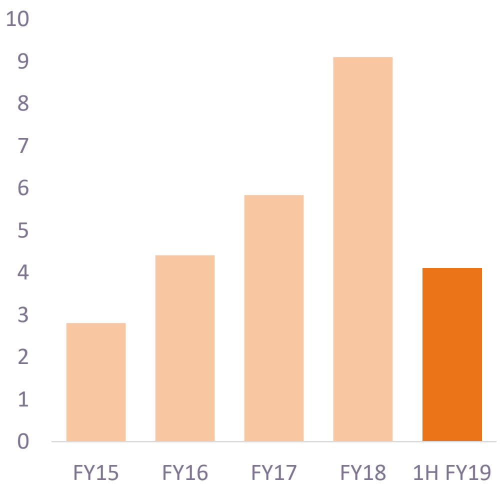
FY15-FY19 PERFORMANCE

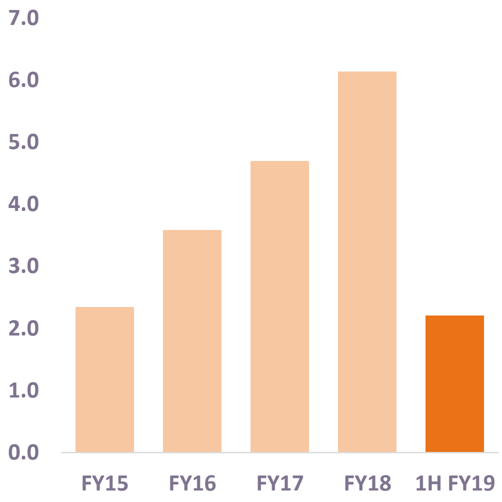
Underlying Revenue ($m)



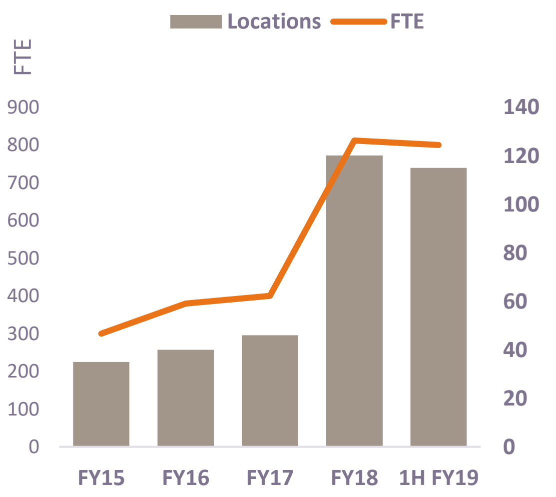
Underlying EBITDA ($m)



Underlying EPSA (cents)



Branches and FTE



OPERATIONS REVIEW

OPERATIONS

Konekt employment

Employment placement services under Federal Government's c$1.4bn pa Jobactive program
Employment Services and New Enterprise Incentive Scheme (NEIS)
Awarded contract for Disability Employment Services (DES)

Konekt workcare

RTW injury management, rehabilitation and consultancy services
Pre-employment and injury prevention services
Workplace Health and Safety – audits, inspections and consulting

Konekt training

Training courses (face to face and online) through accredited and practicing health care professionals
Two registered training organisations

communicorp

Workplace mental health – early intervention and prevention solutions provider

KONEKT EMPLOYMENT

EMPLOYMENT

WORKPLACE HEALTH + WELL BEING

konekt employment

- Performing solidly
- Revenue mix reflected a softer Jobactive case load (lower unemployment) offset by increased NEIS income and the initial contribution of Disability Employment Services (DES) program
- 5% revenue growth over pcp (on a proforma basis), showing an 11% improvement in fees from outcomes, offset by 5% reduction in administration fees, highlighting its focus on working with jobseekers to secure and maintain their job placements.
- Over 30,000 job-seekers assisted in the last 12 months.
- NEIS business delivering solid growth in its revenues, continuing to evolve in supporting new entrepreneurs establish and develop new business opportunities,
- Successfully implemented the Disability Employment Services (DES) program into 16 regions commencing in July 2018. Performing ahead of plan in terms of participants, revenue and earnings, and will continue to contribute positively over time.
- Konekt Employment has built momentum during the period, having invested in restructuring the business and focusing its operational emphasis on maximising job placement outcomes.

KEY STATISTICS

6 months ended 31 Dec	2018	2017
Revenue	$28.0m	$14.0m
- Employment Services	76%	82%
- NEIS	21%	18%
- DES/ Other	3%	0%
National case load (period end)	22,070	25,946
Regions / Locations		
- Employment services	8 / 64	8 / 66
- NEIS	20 / 47	20 / 47
- DES	16 / 71	Nil
National unemployment rate (1)	5.0%	5.4%

(1) Source: Australian Bureau of Statistics

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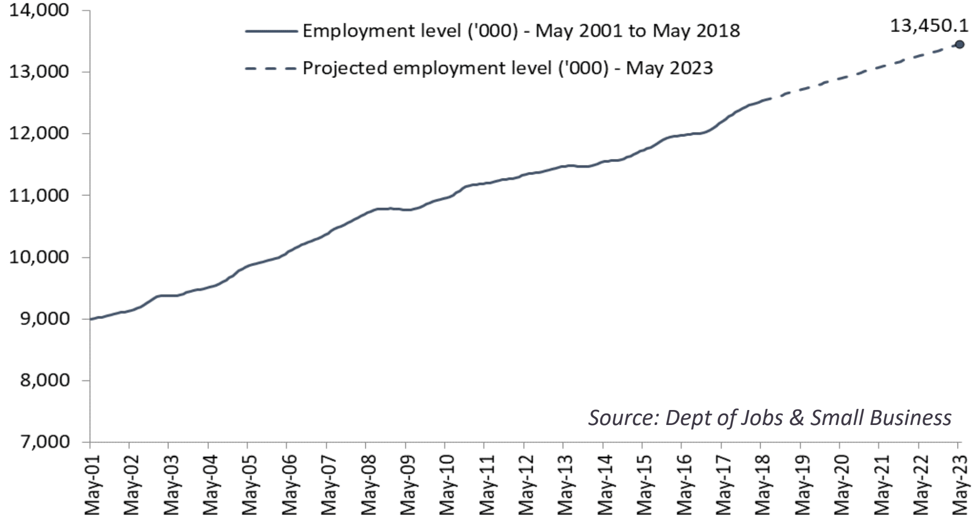
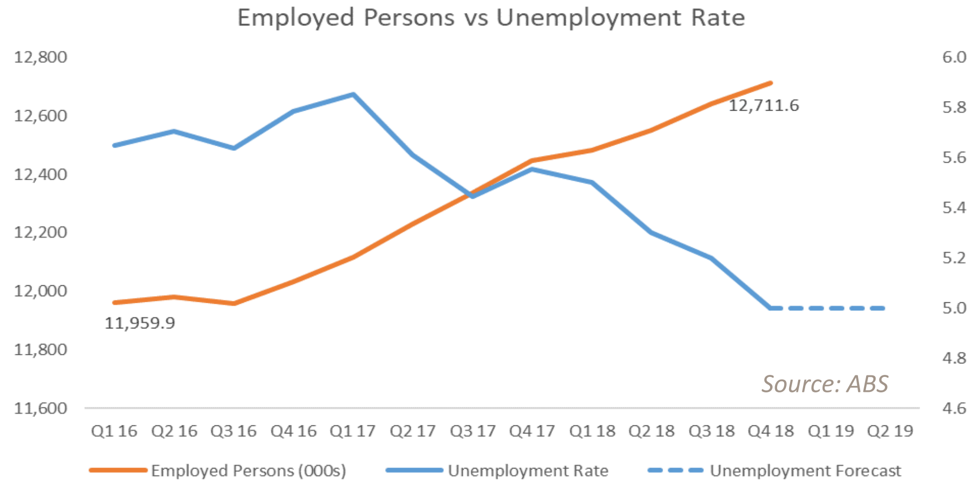
KONEKT EMPLOYMENT

EMPLOYMENT

WORKPLACE HEALTH + WELL BEING

- Strong employment market continuing to grow
- Net population growth, last 1million people in less than 3 years (the shortest period in history)
- Jobactive caseload reduced
- Placement outcome success has improved
- Star Ratings continue to improve





KONEKT WORKCARE

EMPLOYMENT

WORKPLACE HEALTH + WELL BEING

- Challenging market environment with significantly reduced referral volumes from MHS and insurance clients during the half.

- 1H FY19 revenue down 14% ($3.2m) vs pcp, led by Insurance clients and MHS

- MHS continued to experience decreasing revenues (down 27% vs pcp)
  - associated with full year of service provision within a fixed service fee model
  - reduced volumes the result of structural changes in the way services are contracted since May 2017

- Weakness in the icare NSW workers compensation markets continued as icare led initiatives drive a new model of client care and outcomes

- Corporate, Pre-employment and Mental Health revenue performance flat vs pcp

KEY STATISTICS

6 months ended 31 Dec	2018	2017
Revenue	$21.1m	$24.3m
• **Injury Management**	73%	75%
• **Injury Prevention**	24%	24%
• **Other**	3%	1%
Staff - FTE	308	324

MHS CONTRACT & OCCUPANCY SYNERGIES PROGRAM

- In November 2018, MHS announced that it had not been selected as the preferred tenderer for the renewal of the Garrison Health Services contract with the Australian Government Department of Defence from 1 July 2019, with Konekt Workcare's contract with MHS simultaneously expiring

- Exact nature of the transition out plan with MHS remains uncertain, with Konekt committed to supporting an orderly transition of this service. Under current planning, we expect to absorb on-base staff into the remaining Workcare business over the coming months, and until the transition plan is ascertained, we are unable to determine any one-off costs

- Following the acquisition of Mission Providence in September 2017, Konekt commenced a program of rationalising its 128 locations across Australia to 115, improving quality and reducing 10,000sqm less space

- The occupancy synergies program has met its goal, with FY19 to be broadly in line with FY18 occupancy costs (noting FY18 includes only 9-months of Mission Providence property costs)

1H FY19 FINANCIALS

PROFIT & LOSS

6 months ended 31 Dec $m	2018	2017 [1]	*Change %*	2018	2017	*Change %*
	Underlying			*Statutory*		
Revenue	**49.1**	**38.3**	***28%***	**49.1**	**38.3**	***28%***
- Employment	28.0	14.0	*100%*	28.0	14.0	*100%*
- Workcare Group	21.1	24.3	*(14)%*	21.1	24.3	*(14)%*
EBITDA	**4.1**	**4.0**	***3%***	**4.1**	**1.0**	***large***
EBITDA Margin	8.3%	10.3%	*(19)%*	8.3%	2.6%	*large*
Interest	(0.6)	(0.4)	*54%*	(0.6)	(0.4)	*54%*
Depreciation	(1.1)	(0.8)	*(39)%*	(1.1)	(0.8)	*(39)%*
NPBT & amortisation	**2.4**	**2.8**	***(14)%***	**2.4**	**(0.2)**	***large***
Amortisation	(2.4)	(1.3)	*84%*	(2.4)	(1.3)	*84%*
Tax (expense)/benefit	(0.1)	(0.9)	*(90)%*	(0.1)	0.2	*(142)%*
Net Profit after Tax	**(0.1)**	**0.6**	***(112)%***	**(0.1)**	**(1.3)**	***92%***
NPAT before Amortisation (NPATA)	**2.3**	**1.9**	***22%***	**2.3**	**0.1**	***large***
EPS before amortisation (cents)	**2.2 cps**	**2.0 cps**	***10%***	**2.2 cps**	**0.1 cps**	***large***

1) ***Underlying 1H FY18 adjustments:***
   - *a. adds back one-off acquisition and integration costs of $3.1m relating to acquisition of Mission Providence*
   - *b. deducts write back of $0.2m of deferred consideration income included in the statutory results*

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BALANCE SHEET

As at (A$m)	31 Dec 2018	30 June 2018
Cash	2.4	5.7
Other current assets	8.2	10.6
Intangible assets	43.0	44.1
Other non-current assets	13.5	13.7
Total Assets	**67.1**	**74.1**
Trade & other payables	11.1	13.1
Borrowings	15.6	17.0
Other current liabilities	10.4	13.0
Other non-current liabilities	1.2	1.2
Total Liabilities	**38.3**	**44.3**
Net Assets	**28.8**	**29.9**

Total debt $15.6m as at 31 December 2018

- $4.5m current, $11.1m non current

Net debt of $13.1m with cash on hand of $2.4m at 31 Dec 2018

Acquisition debt facility has a 3 year term

- Principal repayments of $1.0m per quarter

Intangible assets of $43.0m – primarily representing goodwill $33.6m, Jobactive contract $5.5m (amortising over the period to 30 June 2020) and software $3.8m

1H FY19 total amortisation charge of $2.4m

- $1.8m for Jobactive contract, $0.8m for other intangible assets

Leverage ratio & Debt service cover ratio well within debt facility covenant requirements

CASHFLOW

6 months ended 31 Dec (A$m)	2018	2017
Net cash from operating activities	2.3	(0.1)
Net cash from (used in) investing activities	(3.0)	(26.6)
Net cash from (used in) financing activities	(2.5)	31.8
Net increase (decrease) in cash	**(3.2)**	**5.2**
Cash at the beginning of the half year	5.6	2.8
Cash at the end of the half year	**2.4**	**8.0**

- Net operating cash flow of $2.3m
- Net cash used in investing activities of $3.0m included $1.3m payment of deferred consideration and $1.1m for the purchase of intangible assets
- Financing cashflows include $2.0m of debt repayment for half and $1.1m for Final FY18 dividend
- Cash on hand was $2.4m at period end

CAPITAL MANAGEMENT

- **Dividends**
  - No interim dividend, consistent with prior years
- **Capital Expenditure**
  - Capex (excluding deferred consideration of $1.3m) of $1.7m invested in PP&E, product and software development - representing 3.5% of revenue
- **Debt amortization**
  - Principal reductions of $2.0m made in 1H FY19 ($1.0m per quarter since draw-down in September 2017)
- **Share buyback**
  - Nil during current period
- **Share Franking Account Balance**
  - Franking Account Balance of $3.95m at 31 Dec 2018
- **Benefit from Tax Losses**
  - On- and off-balance sheet Tax Losses of $23.5m ($25.3m acquired with Mission Providence, less $1.8m utilized), available to be used at 51% available fraction.

OUTLOOK

- Key drivers include:
  - The resilient Australian economy maintaining strong headline employment numbers, with Konekt ensuring emphasis on both placing new job-seekers and maintaining existing job placements in their current employment;
  - The emerging prominence of Consumer-directed choice in more of our product areas, resulting in our investment in a well understood and consumer friendly brand proposition;
  - New opportunities are presenting in the Disability services market, with Konekt well-placed to leverage its existing investment in this area;
  - The NDIS potentially opening up to receive services from Workcare companies;
  - Mentally healthy and safe workplaces are becoming more important to Australia's well-being than ever before, driving an increase in demand for Konekt service offerings in this area.

- The potential upsides are a modest recovery in insurance referral volumes, above expected conversion of Mental Health consulting enquiries and above expected success in DES placements after the promising start to this program. The Konekt Employment business will see a strong NEIS performance and placement success offset by lower case volumes as a result of the strong employment markets. Risk remains in the MHS/ADF transition planning
- On balance, Konekt anticipates FY19 revenue in the range of $96.0m - $99.0m and EBITDA in the range of $9.0m to $9.5m (before MHS contract exit costs (if any).
- Konekt is committed to replace earnings from the loss of the MHS contract with organic growth and a lower operating costs base of circa 10% by FY2021, and a program is underway to achieve this result.

SUMMARY

- First half FY19 performance mixed
  - Konekt Employment performing well
  - Konekt Workcare's performance impacted by lower volumes from MHS and insurance clients

Revenue	$49.1m	up 28%
EBITDA	$4.1m	up 3% on underlying pcp
NPATA	$2.3m	up 22% on underlying pcp
EPSA	2.2 cps	up 10% on underlying pcp

- FY19 full year outlook
  - revenue in the range of $96.0m - $99.0m
  - EBITDA in the range of $9.0m to $9.5m (before MHS contract exit costs (if any)).

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