

konekt



2019 ANNUAL GENERAL MEETING

3 October 2019



BOARD OF DIRECTORS



Doug Flynn
Konekt Chairman
BEng, MBA (Melb)

Doug Flynn has held CEO roles and directorships in major companies in Australia and overseas including Aegis Group plc, Rentokil Initial plc and News Corporation. He currently holds the positions of chairman of NEXTDC Limited.



Tony Crawford
Non-executive Director
BA, LLB UNSW, AICD

Mr Crawford is the Chairman of Hospitals Benefits Fund of Australia Ltd, Energy and Water Ombudsman of NSW Ltd and Heart Research Australia. He is also a non-executive director of NSW Rugby Union and has previously served as the Independent Chairman of accounting and advisory firm Grant Thornton Australia.



Phillip Small
Non-executive Director
BEc (Syd), MSc (Lond), FCPA, GAICD

Philip Small is an experienced executive and has spent 10 years in the general insurance industry and is a member of the Australian & New Zealand Institute of Insurance and Finance.



Damian Banks
Konekt CEO
BEc, MAICD

Damian Banks has been Chief Executive Officer of Konekt Limited since April 2012. During his tenure at Konekt, Mr Banks has led the significant growth within the company both through acquisitions and from organic expansion.

CHAIRMAN'S ADDRESS

Mr Doug Flynn

FY19 HIGHLIGHTS




FY19 GROWTH IN REVENUE AND EBITDA

Financial

- ▶ Underlying Revenue \$97.0m (FY18 \$88.9m)
- ▶ Underlying EBITDA \$9.8m (before \$0.2m MHS exit transition costs and write back of make-good provision of \$0.6m)

Operational

- ▶ jobactive contract tenure extended from 30 June 2020 to 30 June 2022
- ▶ Awarded 5 year Disability Employment Services contract to 30 June 2023
- ▶ Significant progress on developing Employer relationships within Employment business
- ▶ Completed premises reorganisation plan resulting in significant savings

Revenue		9%
EBITDA		8%
NPATA		16%
EPSA		unchanged
DPS (FF)		unchanged

SCALE, INTEGRATED SERVICES & BRAND

DIVERSE CUSTOMERS, CLIENTS AND EMPLOYERS – CONTINUED FOCUS ON LOCAL DELIVERY

► Konekt supports:

- **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.700 staff**, including c.200 allied health professionals

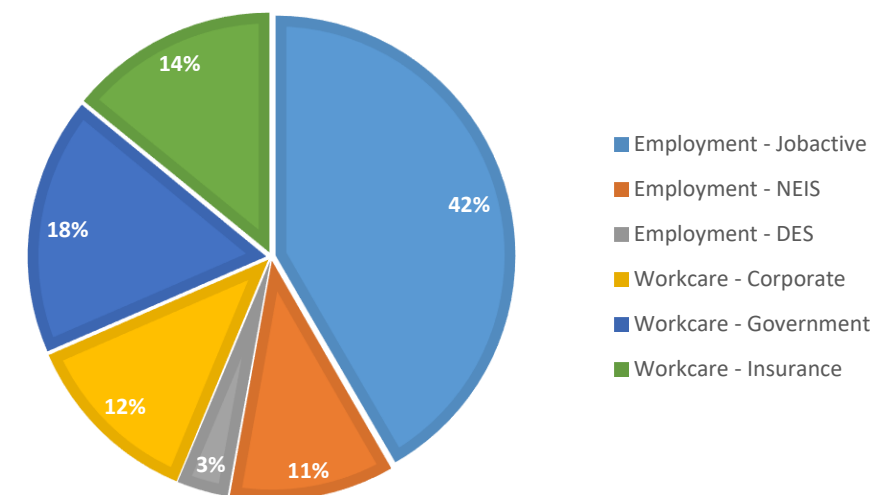
► **National footprint** – 107 full-time offices located across Australia with 30 outreach sites

► **Strengthening** competitive position via growth in scale, integrated services and brand to meet the needs of large customers and individuals



50,000 people
helped in FY19

F19 REVENUE BY TYPE



CHIEF EXECUTIVE OFFICER'S ADDRESS

Mr Damian Banks

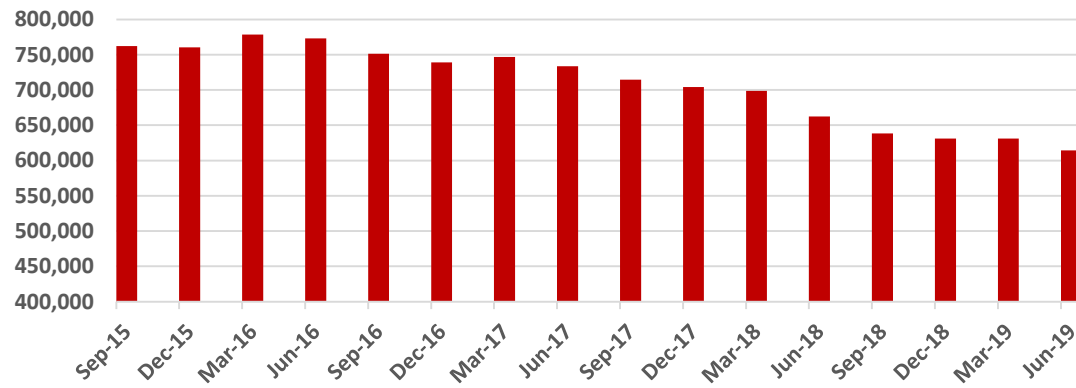
CONTRACT FEATURES – DIFFERING TERMS, DRIVERS AND ECONOMICS



Remaining Contract tenure	3 years (30 June 2022)	3 years (30 June 2022)	4 years (30 June 2023)
Contracted regions/total	8/64	20/47	16/71
Locations in contracted regions	64	34	71
National caseload - 30 Jun-19	614,232	8,600	232,000
Konekt caseload - 30 Jun-19	26,476	1,890	1,298
FY19 revenue / FY18 Revenue	\$39.9m / \$32.8m	\$10.7m / \$7.9m	\$3.3m / \$nil
FY19 admin / performance fee split	35% / 65%	87%/13%	82%/18%

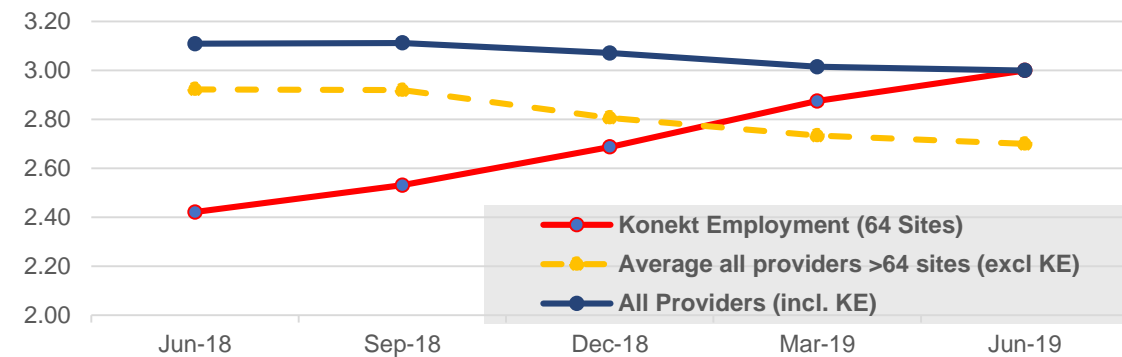
PERFORMANCE DRIVERS OF BUSINESS ARE SIMPLE – VOLUME AND OUTCOMES

jobactive National Caseload (quarterly)



- ▶ Lower unemployment has resulted in 7% reduction in jobactive national caseload - 614,232 (30 June 2019) vs 662,284 (pcp)
- ▶ Total jobactive caseload for Konekt's contracted 8 regions – 159,213 (30 June 2019)
- ▶ Konekt allocated jobactive caseload (30 June 2019) – 26,476 (17% market share in contracted regions)

Average jobactive Site Star Ratings (unweighted by size or revenue)



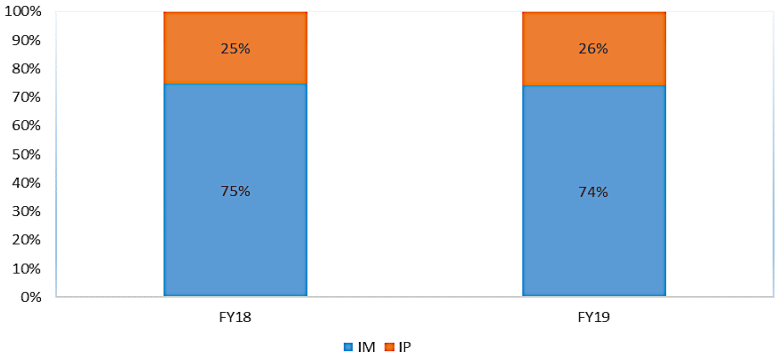
- ▶ Star Ratings are an external measure of outcomes achieved by service provider offices - improved average site jobactive Star Ratings over FY19 with ratings since Q3 FY19 above the average of providers with a footprint of more than 64 sites
- ▶ Outcomes are based on period of employment from placement – calculated on 12 and 26 week basis – and other quality measures
- ▶ Result of management focus on improved training and systems

OPERATIONS – 2 PRODUCT LINES – PREVENTION and MANAGEMENT

INJURY PREVENTION (IP)

- ▶ Workplace Health & Safety Consulting
- ▶ Workplace mental healthcare
- ▶ Pre-employment assessments
- ▶ Onsite worker health checks
- ▶ Training

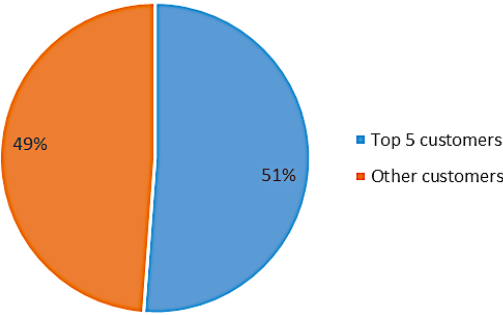
FY18 vs FY19 Workcare Revenue Split



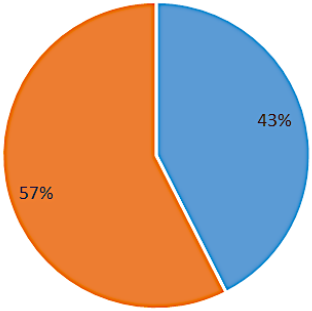
INJURY MANAGEMENT (IM)

- ▶ Return-to-Work (RTW) - same employer
- ▶ Return-to-Work (RTW) - new employer
- ▶ Income protection RTW solutions
- ▶ Tail claims management

FY19 Revenue



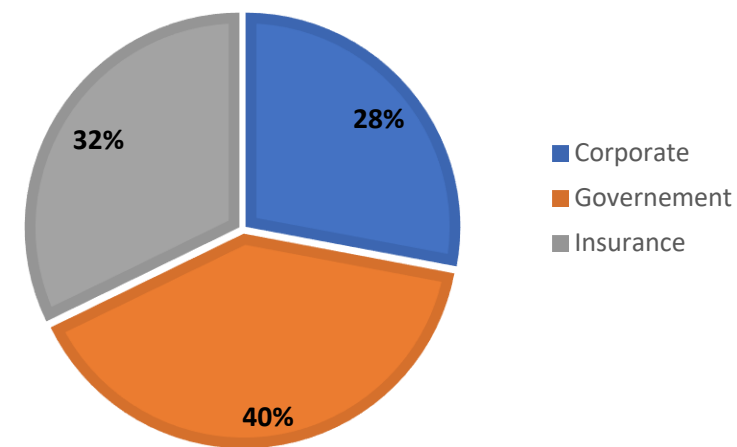
FY19 Revenue Proforma (excl MHS)



HIGHLIGHTED BY IMPROVED SECOND HALF AND DIVERSITY OF CLIENT BASE

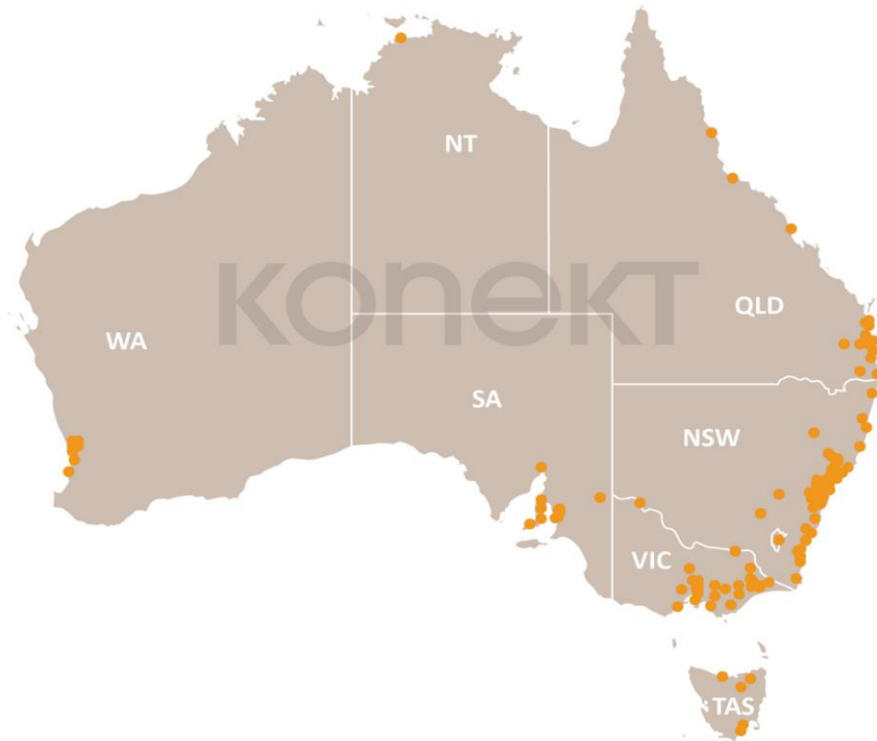
- ▶ FY19 Workcare revenues of \$42.5m were \$5.1m lower than FY18
- ▶ **Injury Management** revenues fell by 11% (\$3.8m) to \$31.7m due to lower RTW referrals from insurance companies (includes MHS contract)
- ▶ This reflects continued falls in serious workplace injuries as businesses increase injury prevention measures, consolidation and changes in State based workers compensation management and lengthening in time before injuries are referred to external RTW managers
- ▶ About one quarter of Workcare revenues are from assessments (injury, pre-employment) with potential growth through extension into NDIS assessments (equipment, people, homes)
- ▶ Seeking to leverage links with employer relationships in Konekt Employment to grow RTW new employer services
- ▶ **Injury Prevention** revenues declined by 9% (\$1.0m) to \$10.7m partly as result of disruption to financial services from the Hayne Royal Commission in 1H FY19. Revenues improved in second half post Royal Commission.

F19 REVENUE BY TYPE



PROPERTIES

PROPERTY OPTIMISATION PROGRAM ACHIEVED HIGHER ENGAGEMENT WITH COST SAVINGS AND IMPROVED LOCATIONS



- ▶ Local Market sites are core to ongoing business model
- ▶ 107 full-time offices across Australia with 30 outreach sites
- ▶ Annualised savings to date of \$3.0m p.a. from Property Optimisation Program as at 30 June 2019. \$2.6m realised in FY19, with a further \$0.4m flowing to FY20
- ▶ The FY20 premises program will realise a further \$0.5m p.a. keeping the premises to revenue ratio similar to the pcg
- ▶ Floor space reduced by 30% over FY19 to 21,000 sqm
- ▶ Many sites now delivering multiple services and programs

ITEMS OF BUSINESS

Mr Doug Flynn

konekt

ITEM 1: FINANCIAL STATEMENTS AND REPORTS

- ▶ *“To receive and consider the Annual Report of the Company for the year ended 30 June 2019 which includes the Annual Financial Statements of the Company, the Directors’ Report, and the Auditor’s Report.”*
- ▶ Discussion and/or Questions
- ▶ There is no vote on this item

RESOLUTION 1: REMUNERATION REPORT

- ▶ *“That for the purposes of section 250R(2) of the Corporations Act the Company adopts the Remuneration Report for the year ended 30 June 2019 as contained in the Annual Report of the Company for the year ended 30 June 2019.”*

- ▶ Discussion

For	Against	Abstain	Discretionary
30,284,496	789,000	209,847	498,694

RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR A CRAWFORD

- ▶ *“That Mr Anthony Crawford, who retires by rotation in accordance with clause 6.1 of the Constitution of the Company, be re-elected as a Director of the Company.”*
- ▶ Discussion

For	Against	Abstain	Discretionary
53,795,213	8,000	194,847	498,694

RESOLUTION 3: ISSUE OF PERFORMANCE RIGHTS

- ▶ *“For the purpose of ASX Listing Rule 10.14 and for all other purposes, that the Directors be permitted to issue up to 193,026 Performance Rights under the Konekt Performance Rights and Options Plan to the Chief Executive Officer, Mr Damian Banks.”*
- ▶ Discussion

For	Against	Abstain	Discretionary
29,953,168	1,154,992	16,025,634	498,694

RESOLUTION 4: APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

- ▶ *“That for the purpose of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*
- ▶ Discussion

For	Against	Abstain	Discretionary
52,957,071	835,806	205,183	498,694

RESOLUTION 5: APPROVAL TO EXTEND THE SHARE BUY-BACK

- ▶ *“That for the purposes of section 257C of the Corporations Act and for all other purposes, approval is given for the Company to conduct an on-market buy-back of Shares in the Company in the 12 month period following the approval of this resolution provided that the number of Shares bought back does not exceed 21,067,367 (being 20% of the lowest number of Shares on issue in the 12 months prior to 27 August 2019) less any Shares bought back between that date and the date of this meeting, in accordance with the terms and on the basis described in the Explanatory Statement.”*
- ▶ Discussion

For	Against	Abstain	Discretionary
53,788,801	14,412	194,847	498,694

THANK YOU

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