



People Infrastructure Ltd

First half results FY 2021

February 2021

Key Highlights

-H1 FY 2021



Key Highlights

Whilst People Infrastructure was significantly impacted by Covid-19, business has continued to improve throughout H1 FY21. The strength of the Balance Sheet, which was improved by the capital raise in April 2020 and government assistance in relation to maintaining workforces has led to People Infrastructure growing its activity throughout H1 FY21.

Underlying EBITDA

\$21m

+ 49% PCP



Revenue

\$201m

+ 3% PCP



Fully Franked Dividend

4.5 cents

Net Cash on The Balance Sheet

\$7.2m*

*Exclusive of office lease liabilities

Underlying NPATA

\$13.7m

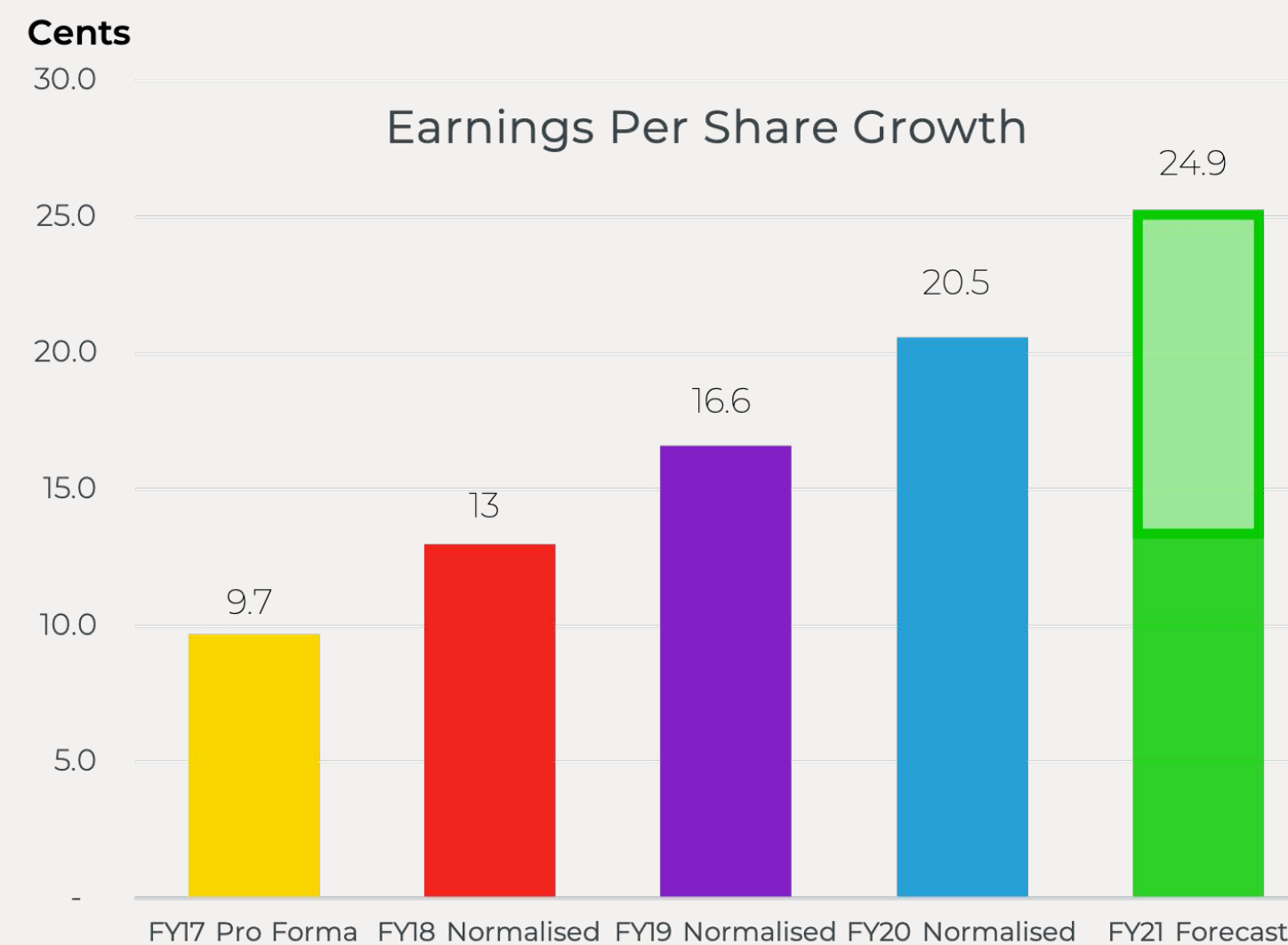
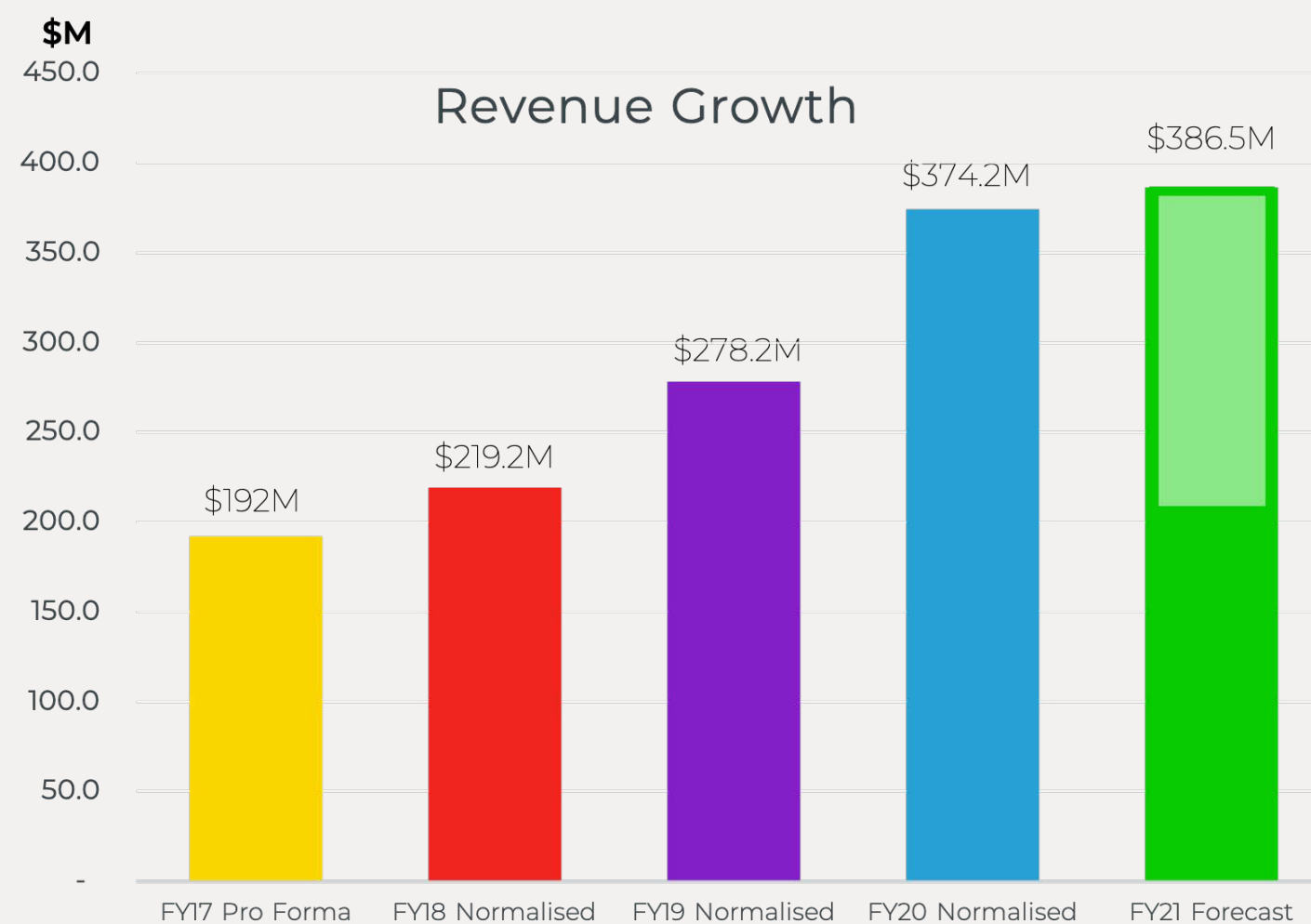
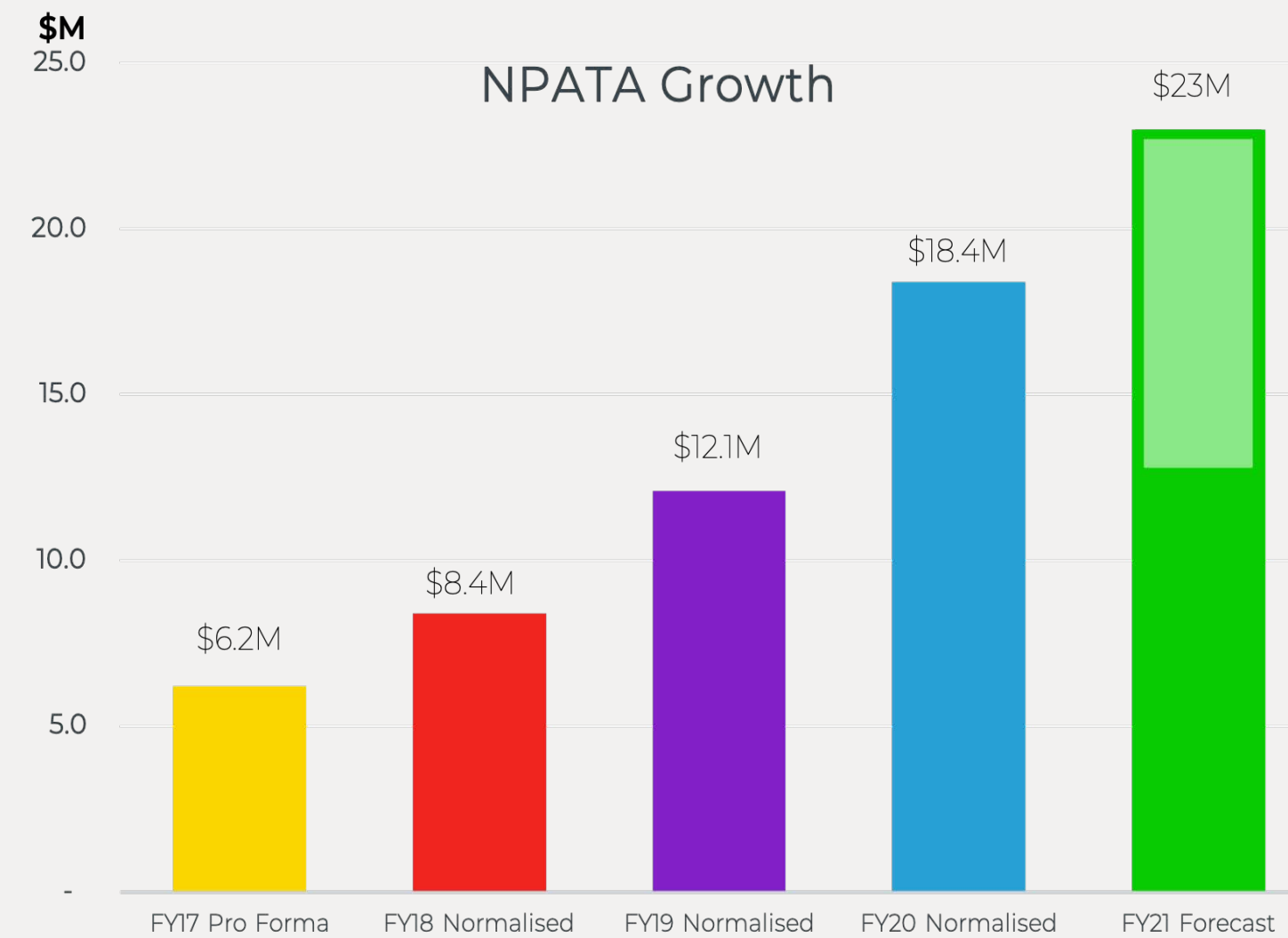
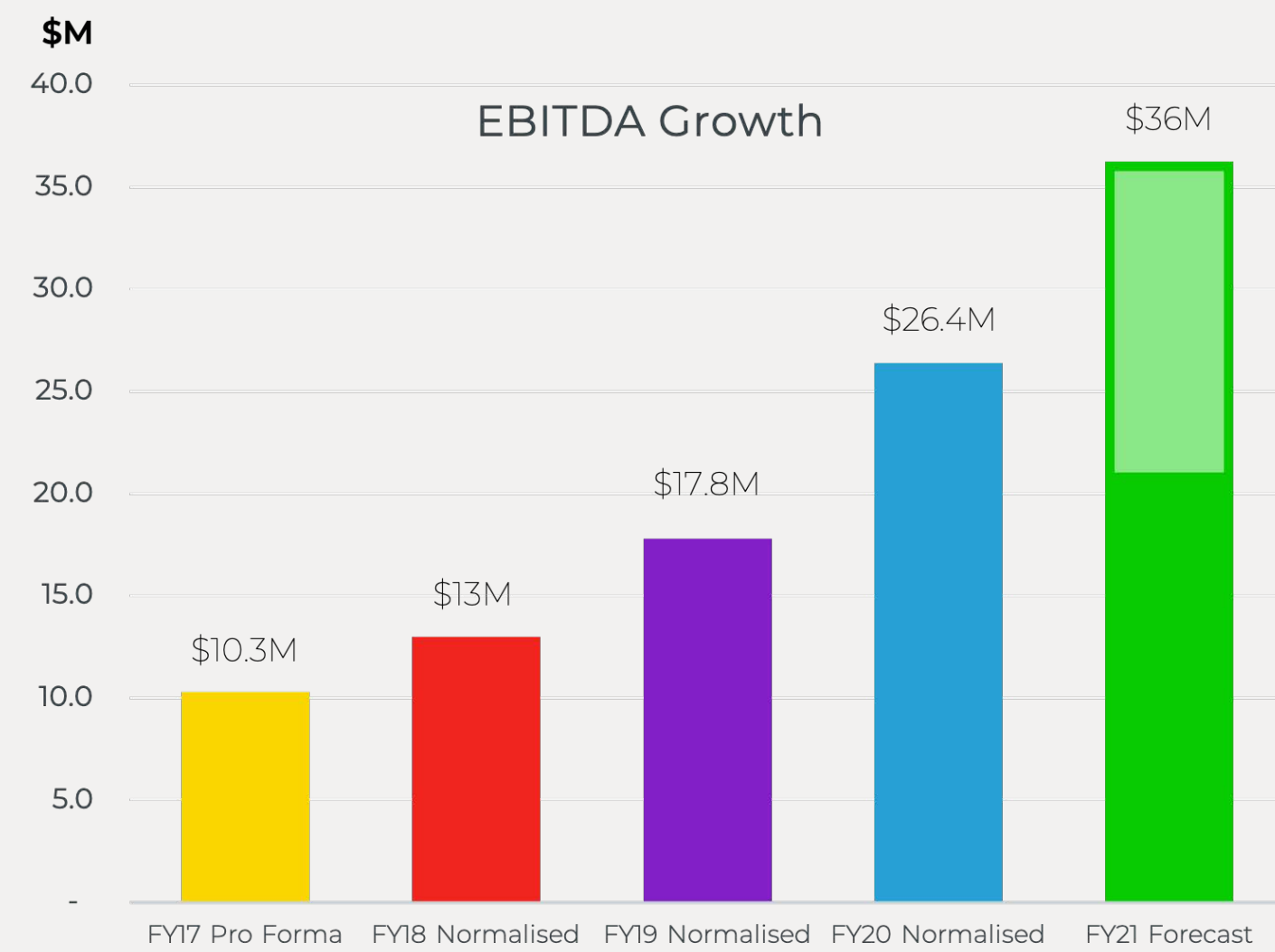
+ 52% PCP



Total shareholder return since listing of 360%

Consistently Growing Shareholder Returns

Compound earnings per share growth over the last 4 years of 26.6%



Key Highlights

Opportunity For Acquisition

\$60-\$75
million.

Funding through debt and free cash flow whilst keeping a conservatively geared balance sheet.

Acquisitions Completed:

- ▶ **ecareer**
- ▶ **illuminate**

Organic Business Units
Continuing to Grow:

- ▶ **Homecare (Healthcare)**
- ▶ **Facilities Maintenance**

Key Highlights

“*Making An Extraordinary Impact*”



330 Internal staff continued to be employed



68% of staff are women



60% of leadership roles across the group are held by women



3,650 Customers invoiced



Up to **6,000** staff engaged per week



25% of staff are culturally and linguistically diverse

Strategy



Our Family of Brands

Healthcare Services

Community Services

Technology

Industrial & Specialist Services



Australian Healthcare
ACADEMY

project
partners



Powered By



A new face for
People Infrastructure



Growth In Adjacent Markets

Solutions	Services	Industry Verticals		
		Health & Community Market	Technology Market	Industrial and Specialist Services Markets
Staffing	On-Hire and Perm	On-Hire Staffing – Hospitals, Aged Care, Disability Care, Child Protection	Contracting and Perm Placements	On-Hire Staffing – Mining, Food Processing, Civil, Childcare, Hospitality, Retail
Business Services	Professional Services	Training	Managed Services	HR Management, Outsourcing Training, Professional Services
Operations Services	Services that have a workforce management component	Homecare, Facility Based Care, Allied.	SOW Consultancy	Facilities Maintenance, Industrial Services, Specialist Sector Services

Addressable Markets of Focus

Staffing Services



Growth Opportunities:

New markets within current verticals & new verticals

Business Services



Adjacent Growth Opportunities

- IT Consultancy
- BPO
- HR Consultancy
- WHS, Training

Operations Services

Health, social & allied services



Industrial services



Adjacent Growth Opportunities:

Health:

- Homecare
- Residential care
- Allied services

Industrial:

- Facilities maintenance services
- Mining services
- Engineering
- Surveying
- Cleaning

Combined Opportunity



Financial Results



Underlying Results

- ▶ Strong performance in challenging COVID-19 conditions.
- ▶ Diversification of verticals and focussed cost control during the first half supported strong results.
- ▶ Continued investment into internally generated new business units (Homecare/Facilities Maintenance) during half.
- ▶ Received \$13.2m from Jobkeeper, which was used to support 1,350 eligible employees:
 - ▶ \$3.1m was paid to 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.
 - ▶ \$10.1m was paid to employees in the field. Most of this went to topping up hours for employees who didn't work sufficient hours to be entitled to wages equivalent to Jobkeeper payments (ie was completely passed through).
- ▶ Q2 performance stronger than Q1, setting the foundation moving into H2.

'000	H1 FY 21*	H1 FY 20*	Mvmt%	H2 FY 20*	Mvmt%
Revenue	200,100	194,810	2.7%	176,354	13.5%
Underlying EBITDA	20,990	14,058	49.3%	11,597	81.0%
Depreciation	(1,255)	(1,365)		(1,304)	
Amortisation	(1,898)	(1,949)		(1,980)	
Underlying EBIT	17,837	10,744	66.0%	8,313	114.6%
Finance Costs	(704)	(1,211)		(1,081)	
Underlying NPBT	17,133	9,533	79.7%	7,232	136.9%
Underlying Income Tax	(5,360)	(2,461)		(3,035)	
Underlying NPAT	11,773	7,072	66.5%	4,197	180.5%
Amortisation	1,898	1,949		1,980	
Underlying NPATA	13,671	9,021	51.5%	6,177	121.3%

*restated to remove leasing normalisations

Operating Cash Flow

	Dec-21	Dec-20
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers	217,017	210,500
Payments to suppliers and employees	(208,523)	(201,791)
Interest received	9	10
Finance costs	(704)	(1,211)
Income tax (paid)/refunded	(6,091)	(4,894)
Net cash provided by operating activities	1,708	2,614
Normalisations		
COVID-19 Statutory Taxes Deferrals from prior periods (note 1)	7,715	0
Acquisition costs	198	54
Performance rights associated costs	183	83
Underlying Operating Cashflows	9,804	2,751

Note 1:

COVID-19 Statutory Taxes
Deferrals from prior periods
consist of:

Income Tax	1,168
Payroll Tax	797
GST	5,750
	7,715

Capital Management

	1H FY 21	2H FY 20
Net Debt to EBITDA - x	(-0.34)	(-0.39)
Dividend - cents	4.5	4.5
Net Assets - \$'000	\$108,820	\$96,773
Debtor Days	37	37

Strong Financial Position

- ▶ Strong position to undertake future acquisitions of up to \$70m based on maintaining conservative gearing.
- ▶ Industry leading debtor collections driven by sophisticated client vetting and collections process
- ▶ Capital raised in April 2020 means the company is well capitalised to pursue further acquisitions



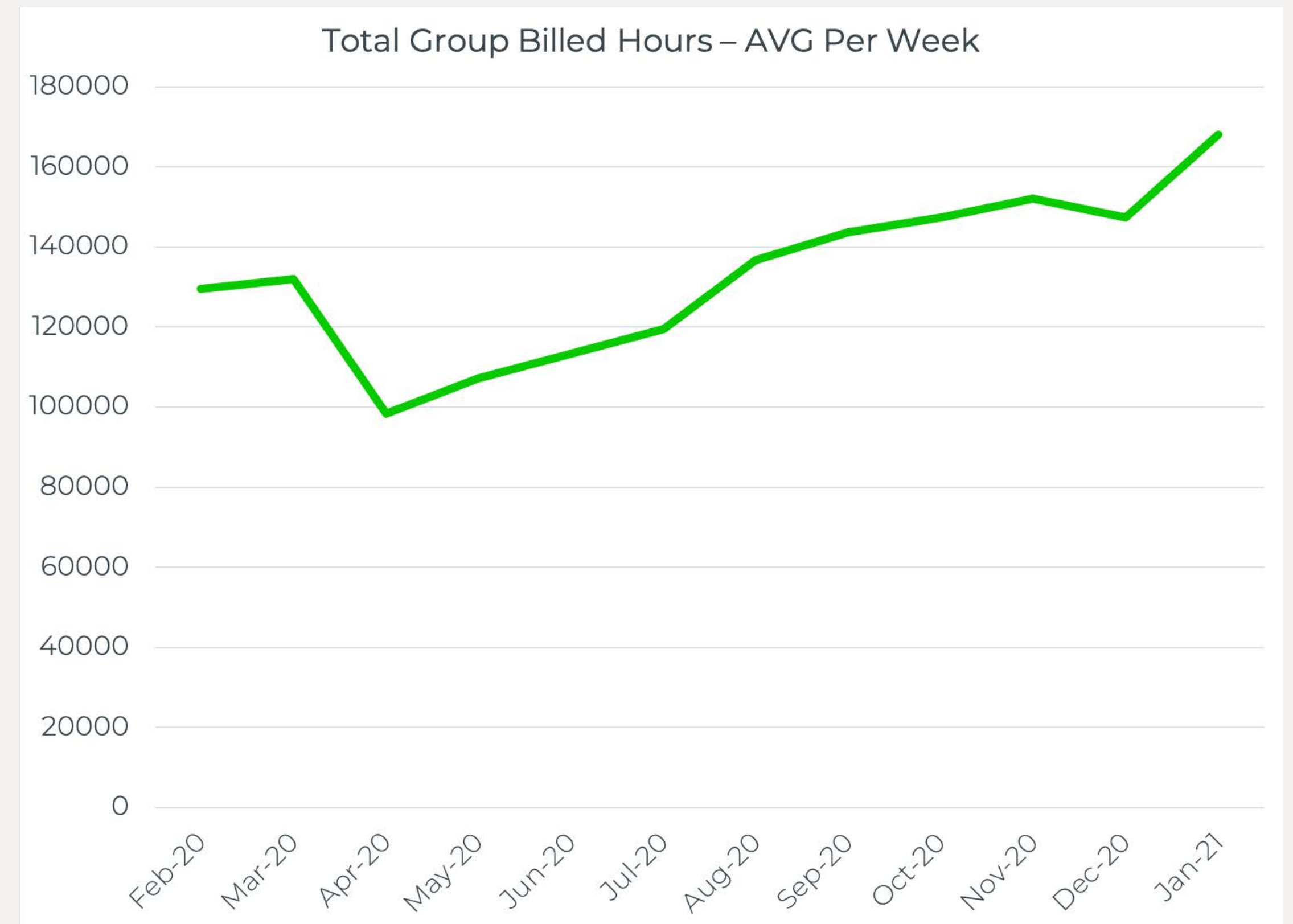
Business Performance Update

Total Group Billed Hours

Our focus during the initial stages of the COVID-19 pandemic was on maintaining our employment connection with our on-hire staff to support the needs of our clients.

During the half, the downturn associated with Covid-19 in some businesses was offset by growth of new business and clients in other businesses.

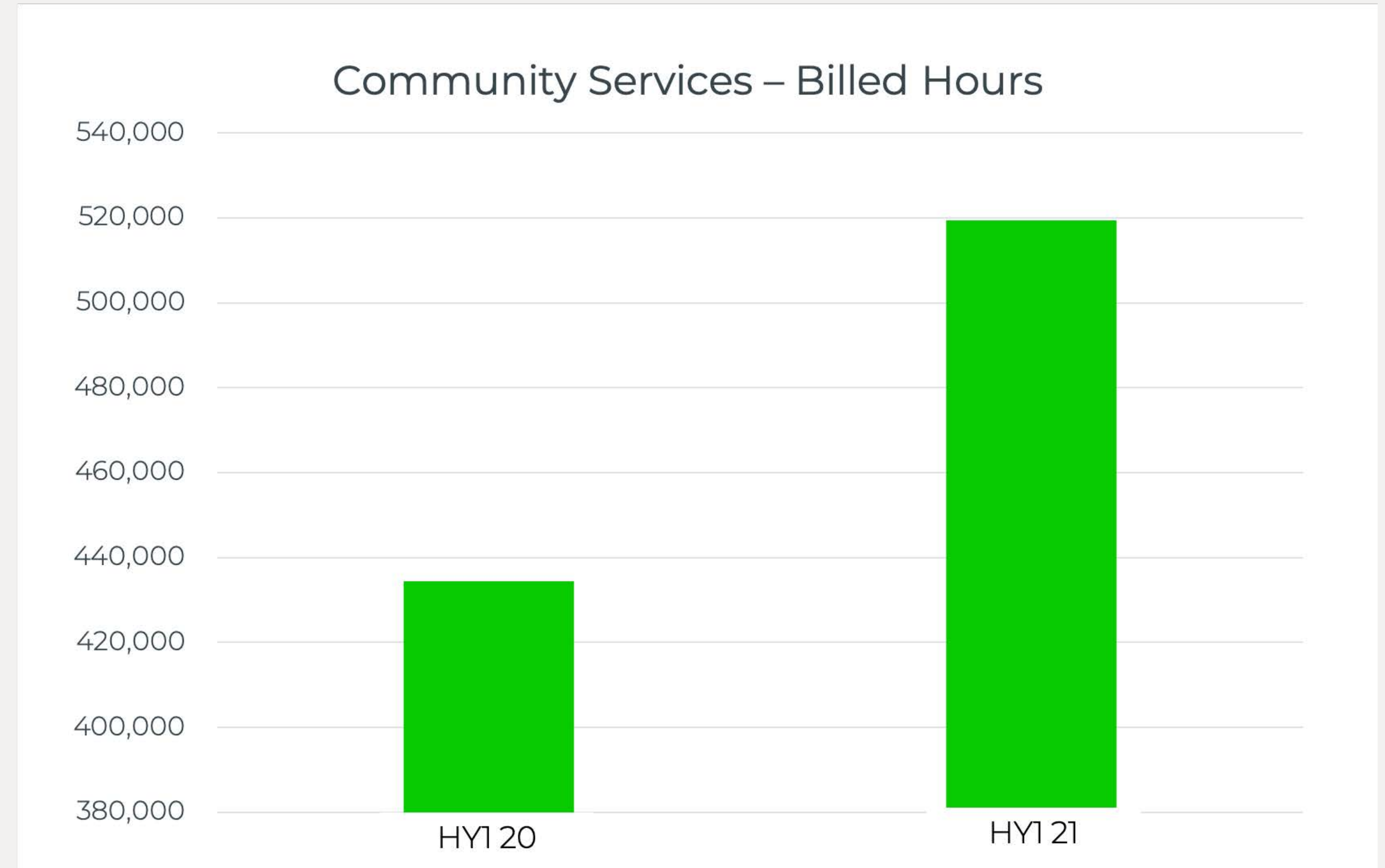
The industry diversification across the business has supported the positive progression of the group weekly billed hours during the period.



Community Services Vertical

Workforce management and supplementary staffing within the Disability and Child Protection sectors across Australia.

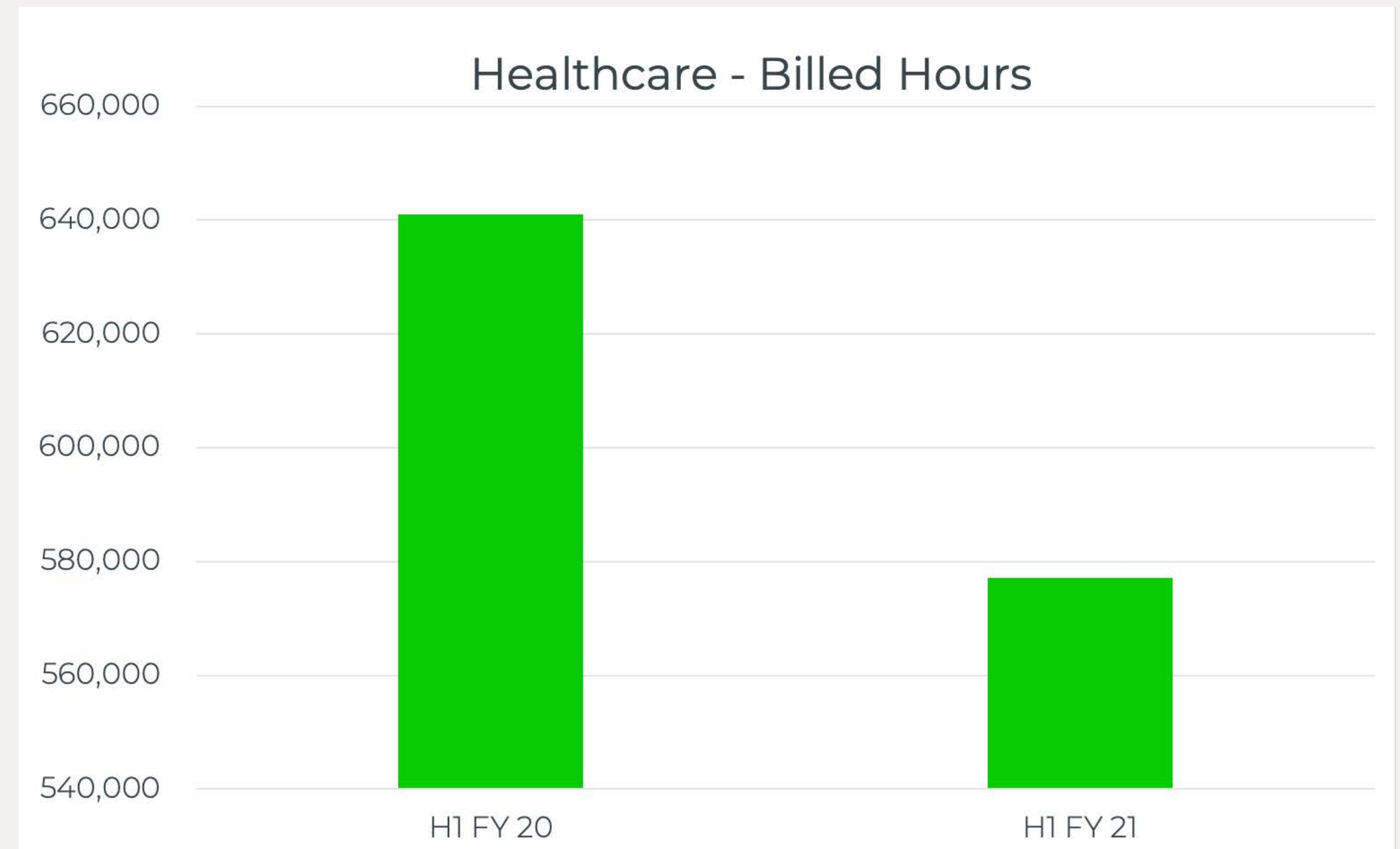
- Community services revenue grown during H1 period – combination of growth in disability and child protection clients.
- Awarded major contract with SA Government Department of Child Protection for provision of child support workers.
- Billed hours:
 - 20% increase on 1H FY 20
 - 13% increase on 2H FY 20



Healthcare Vertical

Largest workforce of supplementary nurses and personal carers on the Eastern Seaboard of Australia providing staffing into hospitals and aged care facilities.

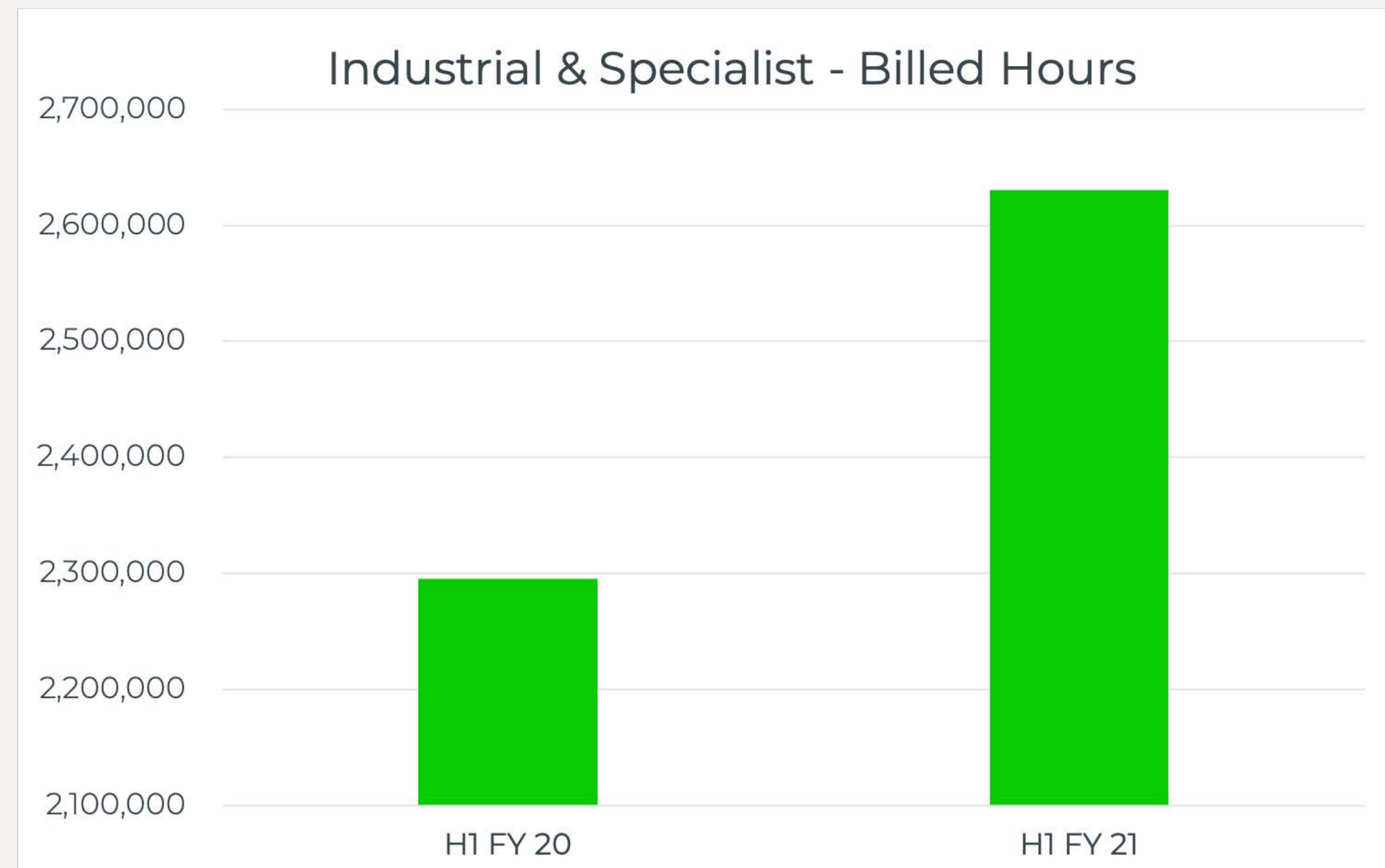
- Nursing (hospitals and aged care facilities) operations stabilised during H1 period.
- Volume trends are moving towards being in-line with prior comparative periods moving into H2.
- Nursing still experiencing challenges in workforce sourcing supply primarily driven by international and domestic border closures, plus restrictions placed by State Health Departments on the introduction of new nurses into hospitals and aged care facilities.
- Billed hours:
 - (10%) decrease on 1H FY 20
 - 40% increase on 2H FY 20



Industrial & Specialist Services Vertical

Leader in providing general staffing services to small and medium-sized business across Australia in a wide range of sectors including industrial, childcare and hospitality.

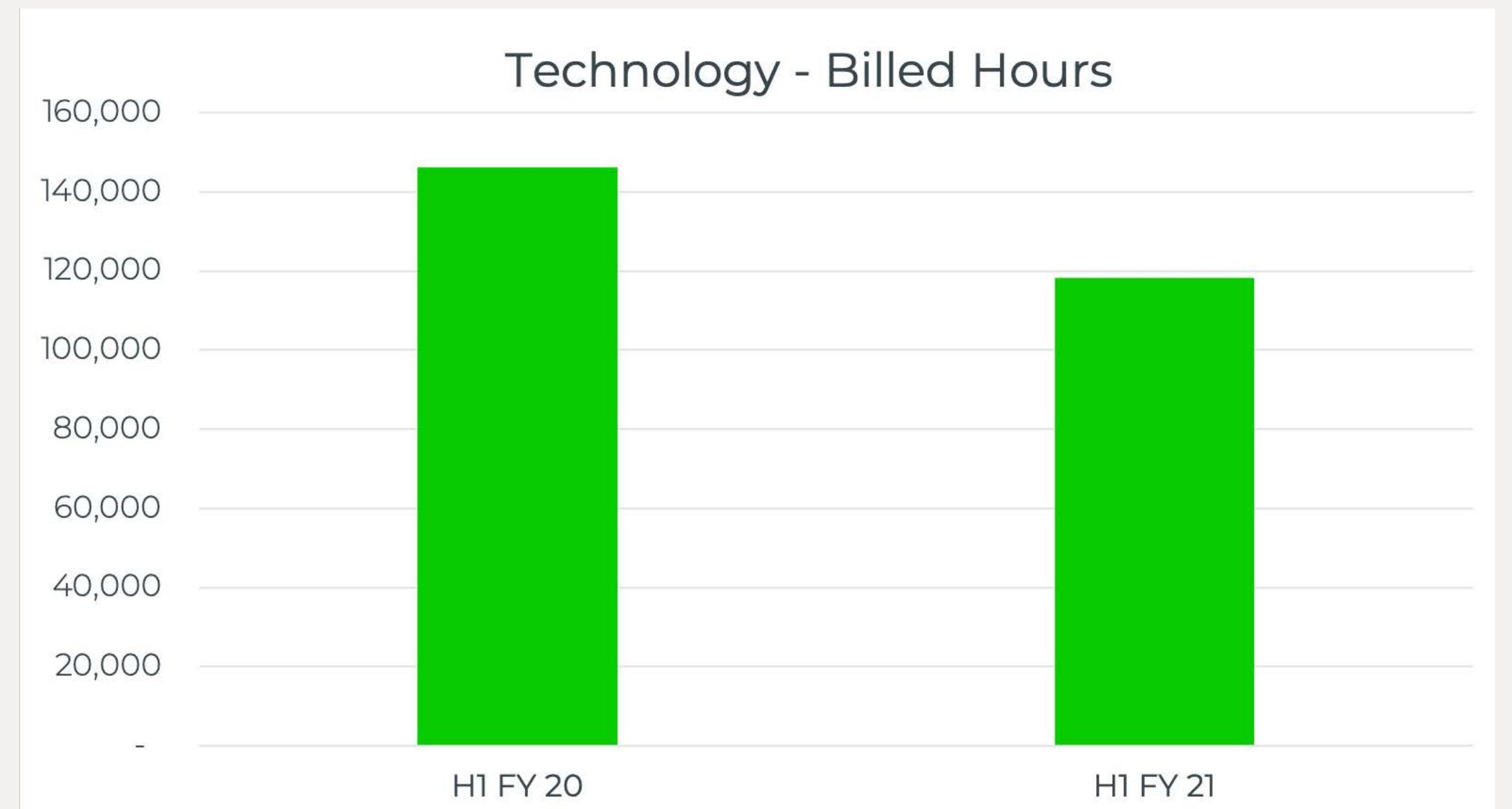
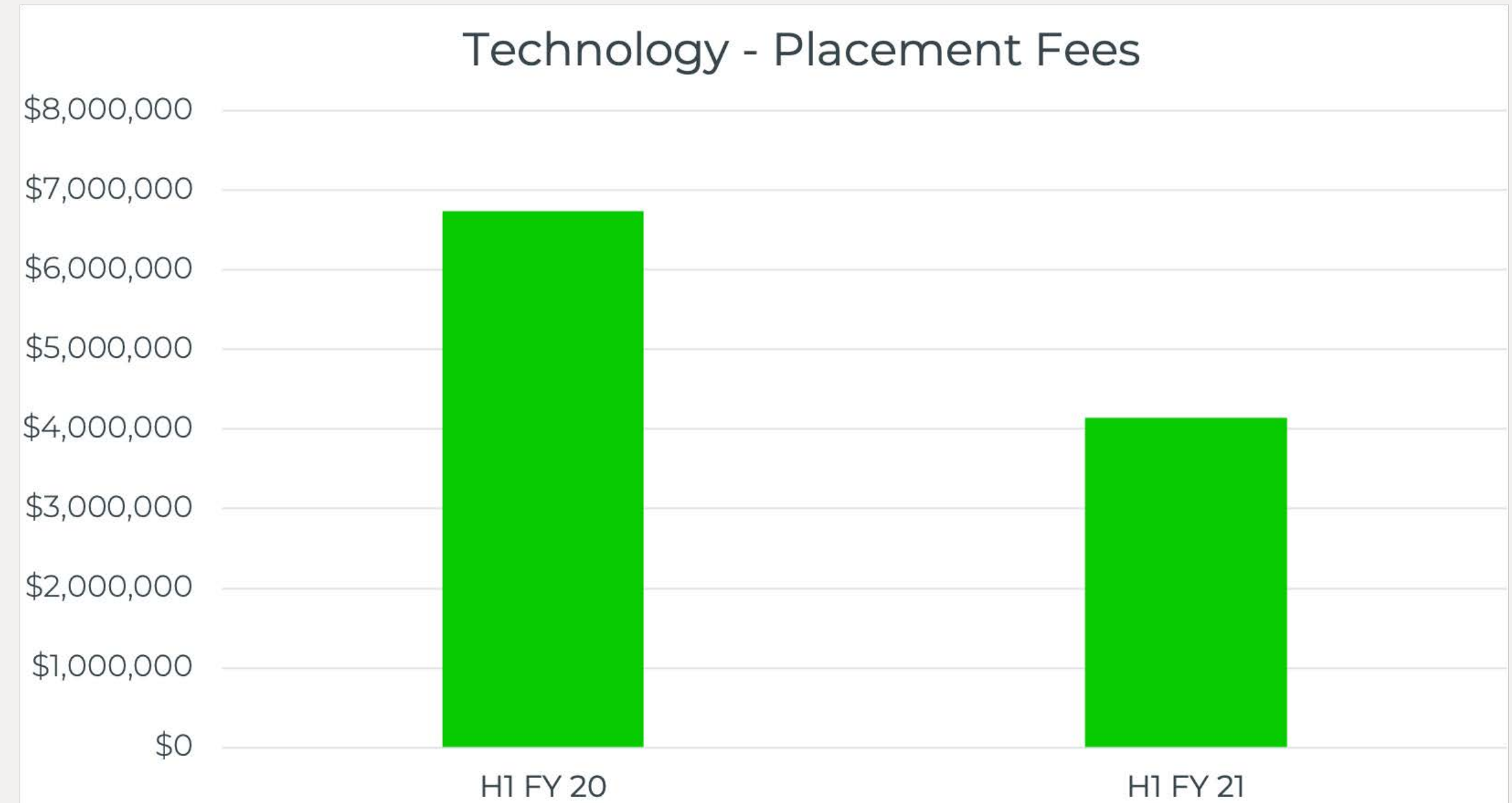
- Industrial trading volumes grew by 20% on 1H FY 20 and 17% on 2H FY 20 (albeit at lower gross margins).
- Hospitality and childcare grew in Q2 on Q1 during the half by 30% and 40% respectively as markets normalised to pre-COVID-19 levels by the back-end of 1H FY 21.



Technology Vertical

Leader in Technology recruitment focussing on IT sales and marketing, product, cloud, cybersecurity, data & analytics, IT consulting and technical support.

- Halcyon Knights (VIC dominant) business trading in 1H FY21 impacted by COVID-19.
- Expecting to see a slow rebound in Halcyon Knights business during 2H FY 21.
- Perm placement fees down (40%) on 1H FY 20 and (15%) on 2H FY 20 during 1H FY 21.
- Billed hours down (20%) during 1H FY 21 on both 1H FY 20 and 2H FY 20.
- ecareer/Illuminate acquisition generates new market (NSW) for growth and is 80% contractor / 20% perm fee net revenue mix.

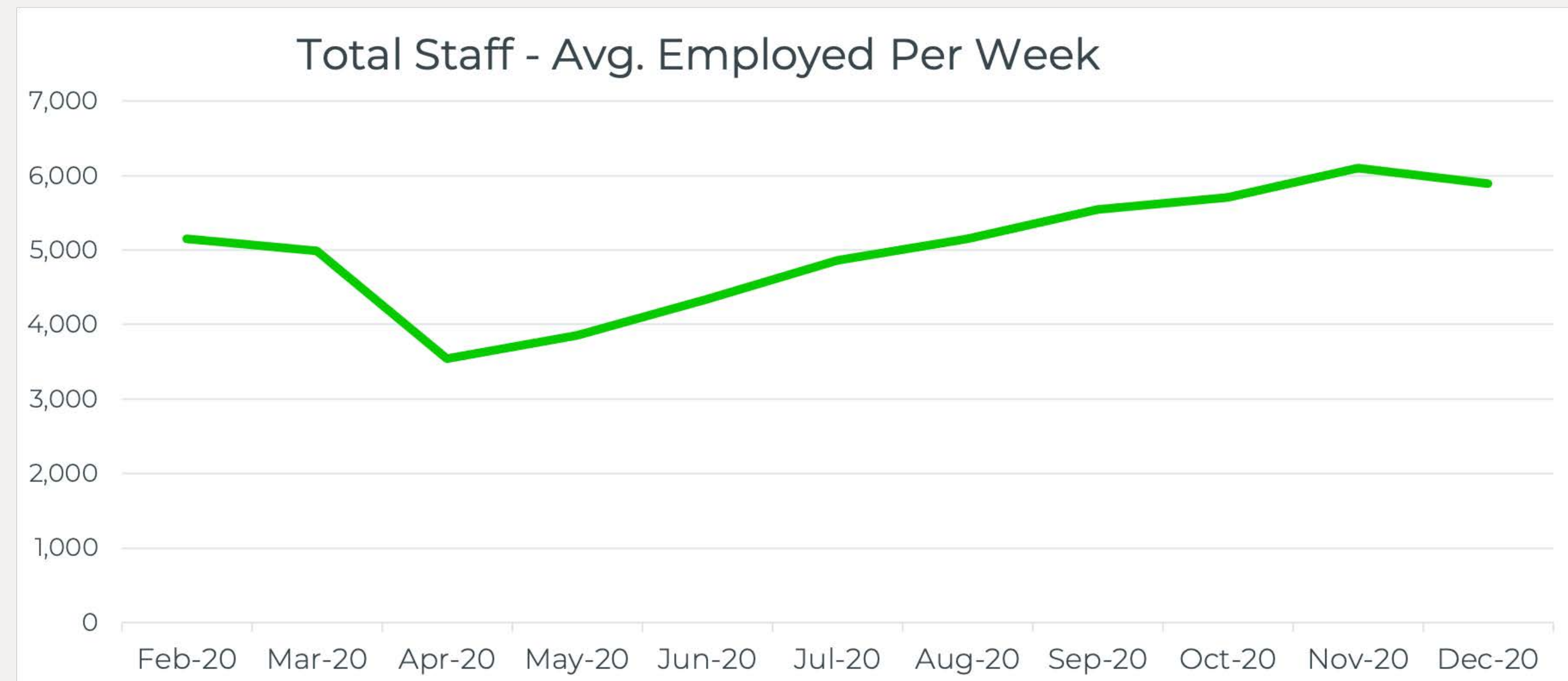


Group Net Headcount

Our focus has been on maintaining our on-hire workforce pools to support continuity of operations, deliver consistency of staffing for our customers and enable ongoing growth.

Government subsidies received have ensured:

- Retained roles through the government subsidy period which has supported a positive rebound across all operating verticals.
- Allowed stood down casual staff to remain connected with People Infrastructure and its customers
- Enabled training and upskilling of staff during the period.
- Creation of new roles.



Outlook



Making an extraordinary impact by harnessing the talent in our people:

As markets emerge from the impacts of COVID-19 pandemic including Technology (particularly in VIC), Healthcare, Childcare and Hospitality, we expect to see positive flow-on impacts in H2 results. Moving forward:

- ▶ We do not anticipate any further JobKeeper payments during H2
- ▶ We shall continue to focus on complimentary acquisitions across all solutions lines – Staffing, Business Services and Operations Services.
- ▶ Continuing investment into scaling our new internally generated business units – Homecare and facilities maintenance and developing a rural and remote nursing business unit (initially in QLD) during 2H FY 21.
- ▶ Expect total normalised EBITDA (calculated as per the results) to be in the range of \$35m-\$37m. This guidance may change in the event of an unforeseen macroeconomic shock domestically, or the imposition of further Covid-19 related restrictions



Appendices: Financial Detail



Appendix 1: Reconciliation of Statutory PBT to Underlying EBITDA

	31/12/20
Statutory Profit Before Tax	\$17,049,000
Depreciation and amortisation	\$3,153,000
Finance costs	\$704,000
EBITDA	\$20,906,000
Normalisation adjustments:	
Acquisitions costs	\$198,000
Performance rights costs	\$183,000
Share based payments expense	\$396,000
Write off of Warrawong Office Fitout on relocation	\$218,000
Fair Value Movement in Contingent Consideration	(\$911,000)
Underlying EBITDA	\$20,990,000

Appendix 2: Balance Sheet

	Dec - 20
Cash and cash equivalents	26,704,390
Trade and other receivables	44,250,007
Other current asses	1,765,638
Total Current Assets	\$72,720,035
Non Current Assets	
Property, plant and equipment	6,008,172
Intangible assets	85,857,234
Total Non Current Assets	\$91,865,406
Total Assets	\$164,585,441
Current Liabilities	
Trade and other payables	21,546,758
Contingent consideration	451,387
Financial liabilities	5,475,563
Current tax liabilities	2,278,070
Employee Benefits	3,647,659
Total Current Liabilities	\$33,399,437
Non Current Liabilities	
Contingent consideration	1,813,897
Financial Liabilities	19,060,562
Deferred tax Liabilities	959,347
Employee Benefits	532,202
Total Non Current Liabilities	\$22,366,008
Total Liabilities	\$55,765,445
Net Assets	\$108,819,996
Equity	
Issued Capital	82,314,625
Retained earnings	25,085,811
Reserves	1,419,560
Total Equity	\$108,819,996

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