Local Knowledge. National Strength.

INVESTOR PRESENTATION

HALF YEAR RESULTS ENDING 31 DECEMBER 2016

15 February 2017

1HFY17 HIGHLIGHTS

Continued momentum in financial and operational performance driven by revenue growth (organic and acquired) and productivity improvements

Operational Performance[(a)]

	Revenue	EBITDA *(underlying)*	NPAT	EPS
1HFY17	$26.3m	$2.98m	$1.57m	2.15 cents
1HFY16	$19.6m	$1.95m	$1.10m	1.50 cents
Change	34% ▲	53% ▲	43% ▲	43% ▲

(a) Operational Performance: 1HFY17 results presented above exclude the write-back of $222,000 of deferred consideration in accordance with Accounting Standards which is included as Revenue for statutory purposes.

Financial Highlights vs. PCP

- Revenue growth of 34% from both organic and acquired growth
- Increased scale and productivity gains resulting in underlying EBITDA margin increasing from 10.0% to 11.3%
- NPAT up 43% to $1.57m
- EPS up 43% to 2.15 cents
- Strong balance sheet, no net debt and cash on hand of $3.2m at 31 December 2016

OPERATIONAL & PERFORMANCE HIGHLIGHTS

- Continued organic growth, augmented by full period impact of acquisitions, which have been successfully embedded and performing well
- Strengthened customer relationships:
  - Significant panel appointment in Commonwealth government sector
  - Re-appointed by two major financial institutions and one major industrial client
  - Major insurance customer re-appointment to panels
- Investment in enhancing products and services with capex of $0.5m invested in product development and technology platforms - continuing our data driven thematic
- Investment in people and staff engagement – to strengthen staff attraction and further improve retention
- Continued customer focus resulting in improving customer performance metrics
- RTW rates for Same Employer and New Employer at highest sustained levels in the last five years
- Rebalanced customer portfolio increasing Insurance from a low of 36% in FY14 to 39% in 1HFY17

SUMMARY FINANCIAL PERFORMANCE

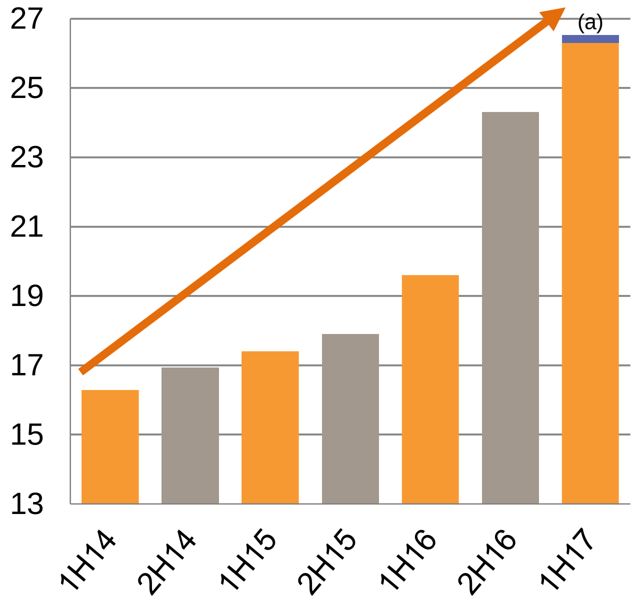
Strong financial performance in 1HFY17 with revenue up 34% and EPS up 43%

Half Year ending 31 December	1HFY17[a]	1HFY16	Change (%)
Revenue ($m)	26.30	19.60	34%
EBITDA ($m)	2.98	1.61	85%
EBITDA margin	*11.33%*	*8.21%*	*+312 bp*
EBITDA – underlying ($m)	**2.98**	**1.95[b]**	**53%**
EBITDA Margin - underlying	***11.33%***	***9.95%***	***+138 bp***
Interest ($m) [c]	(0.16)	(0.02)	(700)%
Depreciation & Amortisation ($m)	(0.47)	(0.34)	(38)%
Net profit before Tax ($m)	2.35	1.25	88%
Tax ($m)	(0.78)	(0.15)	(420)%
Effective Tax Rate	*33%*	*12%*	*+210 bp*
Net Profit after Tax ($m)	**1.57**	**1.10**	**43%**
EPS (cents)	2.15	1.50	43%

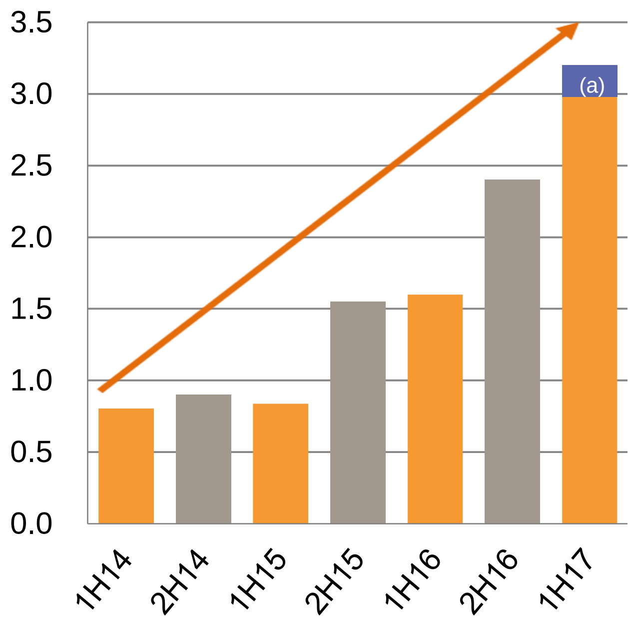
(a) 1HFY17 results represent operational results, which excludes the deferred consideration write-back of $222,000 (accounting adjustment)
(b) 1HFY16 underlying EBITDA excludes $340,000 of one-off acquisition related costs
(c) 1HFY17 interest includes interest expense unwind of $166,000 for deferred consideration versus 1HFY16 $39,000 (timing of acquisitions)

CONTINUED HALF ON HALF GROWTH

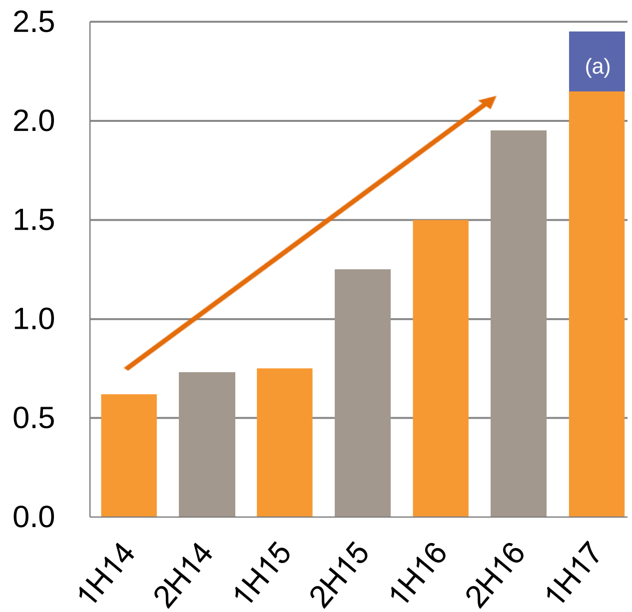
Revenue ($m)



EBITDA ($m)



EPS (cents)



(a) A revaluation of the total deferred consideration payable for five acquisitions completed in FY16 has resulted in a write-back of $222,000 in the current period. The impact to the current period results is highlighted above. Deferred consideration liabilities of $2.9m as at 31 December 2016 will continue to be reviewed half yearly in accordance with Accounting Standards.

STRONG BALANCE SHEET

($m)	31 Dec 2016	30 Jun 2016	31 Dec 2015
Cash	3.2	0.2	2.0
Other current assets	6.4	9.2	6.5
Intangible assets	12.9	12.4	7.4
Other non-current assets	3.3	3.0	2.6
Total Assets	**25.8**	**24.8**	**18.5**
Current liabilities	(9.8)	(9.4)	(5.1)
Non-current liabilities	(1.9)	(2.8)	(2.2)
Total Liabilities	**(11.7)**	**(12.2)**	**(7.3)**
Net Assets	**14.1**	**12.6**	**11.2**

- Strong balance sheet as at 31 December 2016
- Cash on hand of $3.2m, with profit and receivables timing only being partially offset by dividend and capital expenditure payments

CASH FLOW & CAPITAL EXPENDITURE

Cash Flow

- Strong cashflow from operating activities of $4.7m due to EBITDA growth and timing of working capital payments
- First half operating cash flow included positive timing on receipts from large accounts, which will be normalized on a full year basis
- Investing activities include payments for PPE of $0.5m and investment in product and technology of a further $0.5m
- Financing activities include payment of a dividend of $0.4m on 8 November 2016

As at 31 December ($m)	1HFY17	1HFY16
Cashflow from operating activities	4.7	1.1
Net cash used in investing activities	(1.1)	(2.0)
Net cash used in financing activities	(0.6)	(0.1)
Net increase (decrease) in cash	3.0	(1.0)
Cash at the beginning of the half year	0.2	3.0
Cash at the end of the half year	**3.2**	**2.0**

MEDIBANK HEALTH SOLUTIONS (MHS) CONTRACT UPDATE

- On 5 January 2017 Konekt announced that it had received notice from MHS advising:
  - MHS has decided to change certain requirements relating to the rehabilitation services provided under the MHS Contract; and
  - Due to these changes and the requirement for new contractual terms, MHS has provided the required 90 days' notice for termination of the existing contract, which will now end on 6 April 2017
- Konekt is currently in discussion with MHS on a new contract. As at the date of this report, the company continues to provide services to MHS under the current contract at similar volumes to 2HFY16 and 1HFY17

2HFY17 FOCUS

- To continue to drive to be #1 in Care – improve upon our leading position
- Convert strong sales pipeline, continue to develop new sales opportunities and retain existing customer relationships
- Enhance geographic footprint and expand product range
- Improve productivity and maintain cost discipline
- Strengthen leadership capability and continue to seek improvements in staff development and employee retention
- Continue to target acquisitions that accelerate growth, strengthen our position and build shareholder value

OUTLOOK

Market

- Expect Injury Management market to continue at current growth rates of mid-single digit percentages
- Changing landscape with a number of new financially robust owners indicating an optimistic viewpoint about future industry growth and likely demand from customers for services
- Increasing acquisition activity by major national and international companies for competitors

Konekt

- We are well positioned going into 2HFY17 with good momentum in our business and subject to final terms of a MHS contract expect:
  - FY17 full year revenue to be in line with guidance provided of $51.0m – $53.5m;
  - FY17 full year EBITDA to be in line with guidance provided of 10.5% - 11.5% of Revenue; and
  - FY17 capital expenditure to be at or above upper level of previous guidance of $1.5m.

SUMMARY

Strong 1HFY17 reflecting continued growth in financial and operational performance

- Revenue growth of 34% from both organic growth and acquired growth
- Increased scale, productivity gains and cost control resulting in underlying EBITDA margin increasing from 10.0% to 11.3%
- NPAT up 43% to $1.57m, after absorbing increase in effective tax rate to 33% (pcp 12%)
- EPS up 43% to 2.15 cents
- Strong balance sheet, no net debt and cash on hand of $3.2m at balance date

CONTACTS

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ABOUT KONEKT

- Australia’s leading provider of return to work solutions
- Helps organisations prevent injury and minimise the impact of workplace injury and related work place costs, resulting in reduced costs of workplace injury
- Over 400 total permanent employees
- Over 350 allied health professionals providing workplace and injury management services to our clients and their employees
- Market leader (c. 11-12% market share) in fragmented market
- 25 years + experience
- Clients include major employers, in both public and private sectors, and Australia’s largest insurance companies
- 44 offices in all capital cities and across major Australian regional centres
- Staff commitment rate > 92% (permanent employees vs. ad hoc contractors)

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