KONEKT

Local Knowledge. National Strength.

INVESTOR PRESENTATION

FULL YEAR RESULTS ENDING 30 JUNE 2016

17 AUGUST 2016

FY16 HIGHLIGHTS

Continued momentum with strong improvement in financial and operational performance driven by organic growth, acquisitions and productivity improvements

	Revenue	EBITDA	NPAT	EPS	DPS
FY16	$43.9m	$4.02m	$2.51m	3.45 cents	0.5 cents
FY15	$35.3m	$2.38m	$1.48m	2.00 cents	nil
Change	24% ▲	69% ▲	70% ▲	73% ▲	n.a.

Financial Highlights vs. PCP

- Revenue growth of 24% ($8.6m vs pcp) from both organic growth ($3.1m or 9%) and acquisitions for part period ($5.5m or 15%)
- Increased scale, productivity gains and cost control resulting in underlying EBITDA margin increasing from 7.9% to 10.0%
- NPAT up 70% to $2.5m
- EPS up 73% to 3.45 cents
- Strong balance sheet, net debt $0.1m at year end after 5 acquisitions completed (before future contingent earn-out payments)
- Fully franked final dividend declared of 0.5 cents per share

OPERATIONAL HIGHLIGHTS

- Completed acquisition of five businesses - 4 workplace health solution providers, 1 organisational psychology provider
- Integration proceeding smoothly, with all Principals continuing with Konekt
- Strengthened geographic coverage and workplace solutions product capabilities
- Continued investment in people and customer engagement
- Permanent staff numbers increased from 300 to 400 permanent staff at end of year
- Continued customer focus resulting in Konekt growing above market rates
- Improving customer performance metrics
- Very successful *Konekt Market Report Number 3* launched – continuing data driven thematic

SUMMARY FINANCIAL PERFORMANCE

Strong financial performance in FY16 with revenue up 24% and EPS up 73%

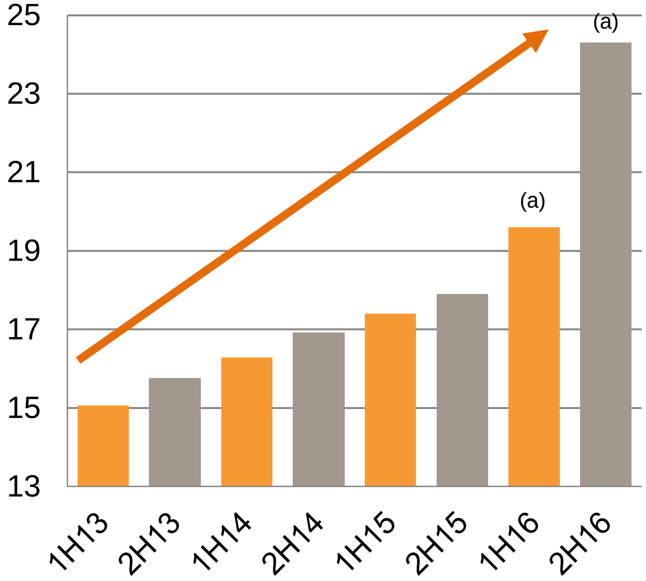
Year ended 30 June	FY16	FY15	Change (%)
Revenue ($m)	43.92	35.29	24%
EBITDA ($m)	4.02	2.38	69%
EBITDA margin	***9.15%***	***6.74%***	*+241 bp*
EBITDA – underlying ($m)(1)	4.41	2.81	57%
EBITDA Margin - underlying	*10.04%*	*7.95%*	*+209 bp*
Interest ($m) (2)	(0.16)	0.03	n/a
Depreciation & Amortisation ($m)	(0.68)	(0.54)	(26)%
Net profit before Tax ($m)	3.18	1.87	70%
Tax ($m)	(0.67)	(0.39)	(72)%
Net Profit after Tax ($m)	**2.51**	**1.48**	**70%**
EPS (cents)	3.45	2.00	73%
DPS (cents – fully franked)	0.5	nil	n.a.

(1) Underlying EBITDA: FY16 adds back full year acquisition related costs of $570,000 expensed in the period, less estimated acquired SRC and CommuniCorp EBITDA of $180,000); FY15 adds back "Strengthening the Core" business optimization project costs of $425,000 expensed in the period

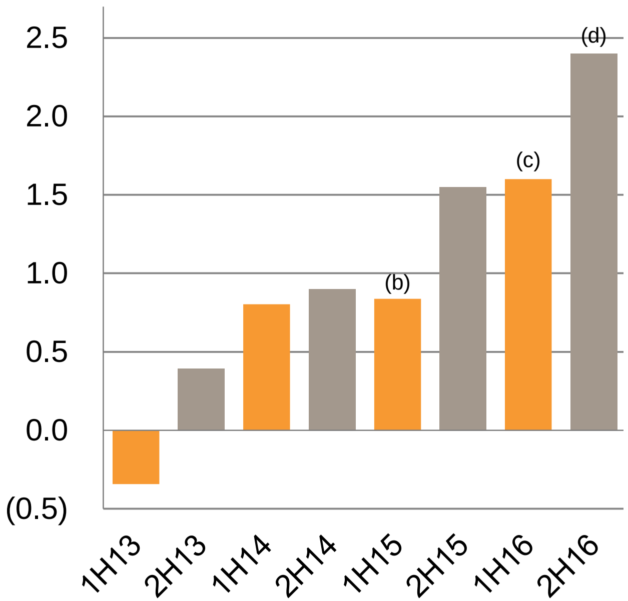
(2) FY16 includes interest expense unwind of $186,000 for deferred consideration in relation to acquisitions in accordance with accounting standards

CONTINUED HALF ON HALF GROWTH

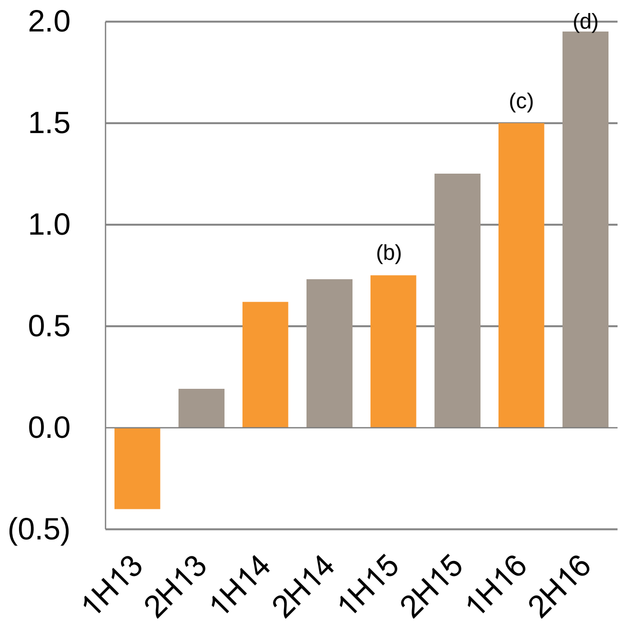
Revenue ($m)



EBITDA ($m)

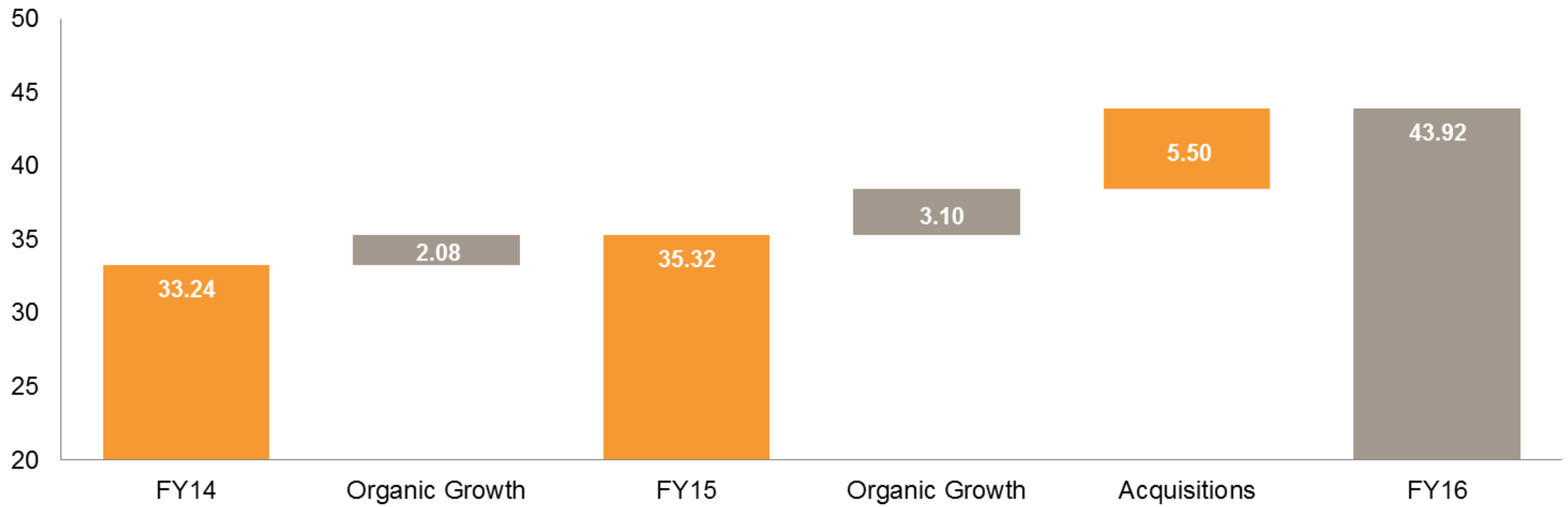


EPS (cents)



(a) *1H16 Revenue of $19.6m includes revenue from three acquisitions of $1.0m; 2H16 Revenue of $24.3m includes revenue from all five acquisitions of $4.5m*
(b) *Reported EBITDA / EPS in 1H15 after Strengthening the Core investment of $425,000 fully expensed in 1H15*
(c) *Reported EBITDA / EPS 1H16 after one-off acquisition related costs of $340,000 expensed against negligible acquired EBITDA*
(d) *Reported EBITDA / EPS 2H16 after one-off acquisition related costs of $230,000 less estimated acquired EBITDA from SRC and CommuniCorp of $180,000*

REVENUE



- Revenue growth both driven by organic growth and acquisitions (from date of completion)
- Organic revenue growth of $3.1m or 9%
- 2HFY16 revenue of $24.3m, including CommuniCorp contribution from May 2016, was at high end of guidance provided at interim results of $22.0m - $24.0m (ex CommuniCorp)
- Ambition is to maintain a balanced customer mix between Insurers, Government and Corporates

PERFORMANCE HIGHLIGHTS

- Expanded customer base - organic growth with 30+ new major employer customers plus new customers from acquisitions
- Geographic coverage expanded with increased presence in NSW and SA through acquisitions. Now have 43 physical locations with permanent staff
- Product expansion
  - acquired two small Registered Training Organisations and mental health consulting and training business
  - enhanced pre-employment product offering with good organic growth achieved
- Very solid RTW (Same Employer) rates achieved – 4th year of improvement
- Konektiva, our core operating system, performed well and managed increased volumes (record volumes in 4th quarter of FY16)
- Continued productivity improvements, and scale, resulted in increased operating margin
  - focus on removing unnecessary processes and increased automation of processes through technology enhancements
- Employee engagement increased (at highest level since commencement of measure in 2008)
- Increased investment in staff training, leadership development and face to face communication across the enlarged group
- Top 5 customers continued to grow revenue contribution year on year. Acquisitions have diversified customer base

STRONG BALANCE SHEET

As at 30 June ($m)	2016	2015	2014
Cash	0.2	3.0	1.9
Other current assets	9.2	6.2	5.8
Intangible assets	12.4	4.1	4.0
Other non-current	3.0	2.2	1.7
Total Assets	**24.8**	**15.5**	**13.4**
Current liabilities	(9.4)	(4.9)	(4.2)
Non-current liabilities	(2.8)	(0.4)	(0.3)
Total Liabilities	**(12.2)**	**(5.3)**	**(4.5)**
Net Assets	**12.6**	**10.2**	**8.9**

- Net debt of $0.1m as at 30 June 2016 after 5 acquisitions completed in FY16 (CommuniCorp acquisition completed 27 May 2016). No debt on balance sheet as of 17 August 2016 due to positive operating cash flows post year end
- Recognition of acquisition related Goodwill and Intangibles of $8.3m during the year
- Recognition of contingent deferred consideration on balance sheet of $3.1m in relation to acquisitions

CASH FLOW & CAPITAL EXPENDITURE

Cash Flow

- Strong cashflow from operating activities of $3.6m excluding one-off acquisition related payments of $1.3m
- Investing activities include acquisition payments of $4.4m ($5.7m of acquisition payments less cash acquired of $1.3m), PPE $0.5m and other intangibles of $0.3m

Year ending 30 June ($m)	2016	2015
Cashflow from operating activities	2.3	2.6
Net cash used in investing activities	(5.3)	(1.2)
Net cash used in financing activities	0.2	(0.3)
Net increase (decrease) in cash	(2.8)	1.1
Cash at the beginning of the half year	3.0	1.9
Cash at the end of the financial year	**0.2**	**3.0**

FY17 Organic Capex

- Forecasting up to $1.2m – $1.5m capex for FY17 (vs. $0.8m in FY16)

CAPITAL MANAGEMENT

Capital management

- On-market buy-back of shares remains in place
- 619,663 shares bought-back at an average price of 21 cents per share (total cost of $130,000)
- The buy-back has been accretive to shareholders
- Shareholder approval granted at the AGM on 18 November 2015 to buy-back up to 14.5 million shares (being 20% of lowest number of shares on issues in the 12 months prior to AGM) for 12 month period

Dividend

- Fully franked final dividend declared of 0.5 cents per share
- The record date for the dividend is 13 October 2016 and payable on 8 November 2016
- The company's approach to dividends is to balance shareholder dividends with franking credits and company's need to fund continued growth

ACQUISITIONS

Konekt acquired five businesses during FY16

- **Insite Injury Management -** Headquartered in South Australia, with operations in New South Wales. Completed 28 October 2015
- **Applied Innovative Services / Innovative Training and Recruitment -** Headquartered in South Australia, with operations in South Australia and Australian Capital Territory. Completed 29 October 2015
- **Insight Services Group** - Regional based service provider, strong footprint in regional New South Wales. Completed 16 November 2015
- **SRC Solutions Pty Ltd -** Headquartered in Australian Capital Territory. Completed 4 March 2016
- **CommuniCorp Group Pty Ltd** – headquartered in North Sydney. A leading provider of psychological health services. Completed 27 May 2016
- Combined acquisition payments of $5.7m in cash, with expected contingent deferred consideration of $3.8m in cash (discounted to $3.1m for accounting purposes as at 30 June 2016)
- Acquisition related expenses of $570,000 fully expensed in FY16
  - H1FY16 costs of $340,000 offset by recognition of prior year off balance sheet tax losses of $238,000 after tax
  - H2FY16 costs of $230,000 partially offset by estimated acquired EBITDA of $180,000 (SRC and CommuniCorp)
- Acquisitions have expanded our geographic coverage, customer base, capabilities and customer products and services - Integrations progressing well

FY17 FOCUS

- To continue to drive to be #1 in Care – further upside remains available
- Integrate acquisitions fully, leveraging the best attributes across the group
- Continue to develop new sales opportunities, retain existing clients and deepen existing customer relationships. Focus on fewer new and existing customers, with deeper and wider engagement – enhanced with deeper geographic and product footprint
- Convert strong sales pipeline and organic growth from existing customers
- Improving productivity and maintaining cost discipline
- Continue to target acquisitions that accelerate growth, strengthen our position and add value
- Strengthen leadership capability and continue improvements in staff development and employee retention

OUTLOOK

Market

- Injury Management Market likely still growing at low to mid-single digits
- Pre-employment market appears more buoyant, Construction and Services demand increasing
- Pressure on smaller providers and their market position
- Acquisition activity by major national and international companies for competitors is increasing

Konekt

- Organic Revenue growth expected to be higher than market growth rates
- Acquisitions completed in FY16 to contribute for a full year in FY17 versus pro rata in FY16
- Revenue expected to increase to $50.0m – 53.0m in FY17
- Investment in people to continue, with cost containment focus to remain

SUMMARY

FY16 was a good year with strong improvement in financial and operational performance

- Total revenue of $43.9m up 24% with organic revenue up $3.1m or 9%, and $5.5m contribution from new acquisitions
- NPAT $2.51m, up 70%
- EPS 3.45 cents, up 73%
- Strong balance sheet, net debt position of $0.1m at 30 June 2016
- Well positioned for continued growth in FY17
- Continue to review acquisition opportunities which will strengthen our position in a disciplined approach
- Aiming for growth above market rates and a full year contribution from FY16 acquisitions, leading us to expect revenue of $50.0m to $53.0m in FY17

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ABOUT KONEKT

- Australia's largest 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
- 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
- 43 offices in all capital cities and across major Australian regional centres
- Staff commitment rate > 93% (permanent employees vs. ad hoc contractors)

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