



KoneKT

Local Knowledge. National Strength.

2016 ANNUAL GENERAL MEETING PRESENTATION

15 November 2016

Doug Flynn, Chairman

Damian Banks, Chief Executive Officer

BOARD OF DIRECTORS



Doug Flynn
Konekt Chairman
BEng, MBA (Melb)

Doug Flynn has held CEO and senior management roles and directorships in major companies in Australia and overseas including Aegis Group plc, Rentokil Initial plc and News Corporation.



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

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



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

Tony is the Independent Chairman of accounting and advisory firm Grant Thornton Australia. He is also Chairman of Heart Research Australia.



Damian Banks
Konekt CEO
BEc, MAICD

Damian Banks has been Chief Executive Officer of Konekt Limited since April 2012. Prior to this he was the Acting CEO from Sept 2011 to April 2012.

CHAIRMAN'S ADDRESS

Doug Flynn

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

- ▶ Completed acquisition of five businesses - 4 workplace health solution providers, 1 organisational psychology provider, expanding:
 - Geographic coverage
 - Customer base
 - Product and service offerings

- ▶ Strong performance underpinned by dedication of staff and support of our customer

- ▶ Increased scale, productivity gains and cost control resulting in underlying EBITDA margin increasing from 7.9% to 10.0%

- ▶ Fully franked final dividend declared of 0.5 cents per share for FY16, paid on 8 November 2016

CHIEF EXECUTIVE OFFICER'S PRESENTATION

Damian Banks

Strong improvement in financial and operational performance
Driven by organic growth, acquisitions and productivity improvements

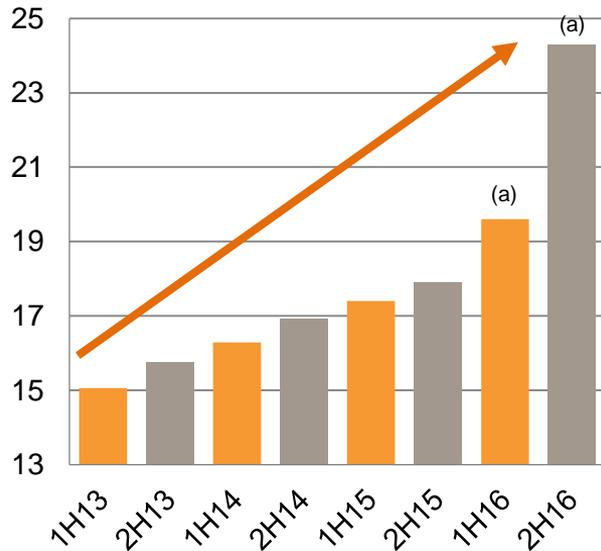
	Revenue	EBITDA	NPAT	EPS	DPS
FY16	\$43.9m	\$4.02m	\$2.51m	3.45 cents	0.5 cents
FY15	\$35.3m	\$2.38m	\$1.48m	2.00 cents	nil
Change	24% ▲	69% ▲	70% ▲	73% ▲	n.a.

Financial Highlights vs. PCP

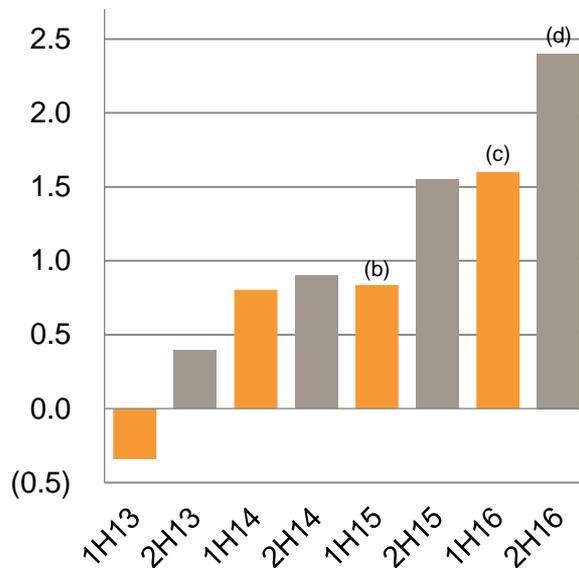
- ▶ Revenue growth of 24% (\$8.6m vs pcp) - organic growth (\$3.1m or 9%) and acquisitions (\$5.5m or 15%)
- ▶ Increased scale, productivity gains and cost control resulting in underlying EBITDA margin increasing to 10.0%
- ▶ NPAT up 70% to \$2.5m
- ▶ EPS up 73% to 3.45 cents
- ▶ Strong balance sheet, net debt \$0.1m at year end
- ▶ Fully franked final dividend declared of 0.5 cents per share

CONTINUED HALF ON HALF GROWTH

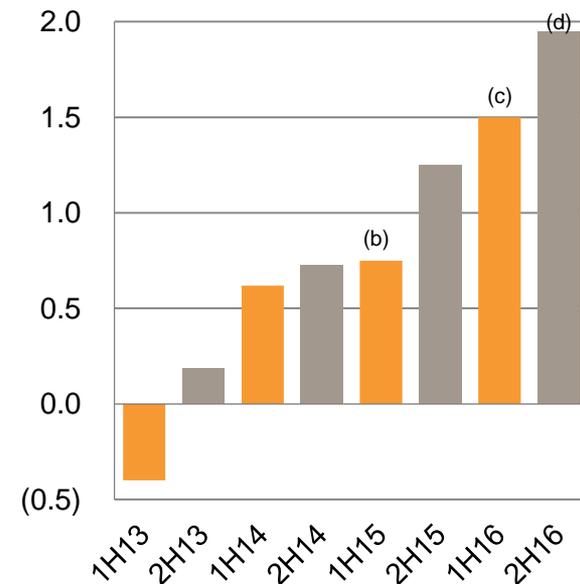
Revenue (\$m)



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

- ▶ 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 44 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 Q4 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

New Banking Facility

- ▶ Konekt secures new three year funding facility:
 - \$5.0m acquisition facility (accordion amount up to \$10.0m)
 - \$0.9m Bank guarantee facility

- ▶ New facility is an integral part of the Company's capital management programme and provides increased flexibility to pursue its growth objectives both organic and through acquisition

- ▶ Acquisition facility available to fund deferred consideration payments (if required)

- ▶ The Company's balance sheet remains in a strong position today with no net debt

- ▶ 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
- ▶ Assessing industry consolidation opportunities and continuing to target acquisitions that accelerate growth, strengthen our position and add value
- ▶ Strengthen leadership capability and continue improvements in staff development and employee retention

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 at or higher than market growth rates
- ▶ Revenue expected to increase to \$51m – \$53.5m (an upgrade to previous guidance) in FY17 with EBITDA solid in the first half at around 10% improving in the second half for a full year result between 10.5% and 11.5% of Revenue

For further information contact:

Damian Banks

Chief Executive Officer

Reena Minhas

Company Secretary

T +61 2 9307 4007

E tmugridge@konekt.com.au

- ▶ 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
- ▶ 44 offices in all capital cities and across major Australian regional centres
- ▶ Staff commitment rate > 93% (permanent employees vs. ad hoc contractors)

DISCLAIMER



This Annual General Meeting presentation (“Presentation”) has been prepared by Konekt Limited (ACN 009 155 971) (“KKT” or “Konekt”).

SUMMARY INFORMATION

This Presentation contains summary information about the current activities of Konekt and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all of the information that an investor should consider when making an investment decision nor does it contain all of the information which would be required in a product disclosure statement or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Konekt’s other periodic and continuous disclosure announcements including Konekt’s results for the year ended 30 June 2016 lodged with the Australian Securities Exchange (“ASX”) on 17 August 2016 and other announcements to the ASX available at www.asx.com.au or www.Konekt.com.au.

No member of the Konekt group gives any representations or warranties in relation to the statements or information in this Presentation.

FINANCIAL INFORMATION

All dollar values contained in this document are expressed in Australian dollars unless otherwise stated. Totals may vary slightly due to rounding.

Investors should be aware that certain financial data included in this presentation is “non-IFRS financial information” under ASIC Regulatory Guide 230: “Disclosing non-IFRS financial information” published by the Australian Securities and Investments Commission (“ASIC”). Non-IFRS measures in this Presentation include EBITDA, EBITDA margin, free cash flow and all measures identified as “underlying” or “proportional”. Konekt believes the non-IFRS financial information provides useful information to users in measuring the financial performance and condition of Konekt. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Presentation.

FUTURE PERFORMANCE

This Presentation may contain certain forward-looking statements. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “outlook”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position, distributions and performance are also forward-looking statements as are statements regarding Konekt’s future developments and market outlook. Due care and attention have been used in the preparation of forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Konekt, its officers, employees, agents and advisers, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Investors should not place undue reliance on forward-looking statements.

To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. Konekt disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Konekt’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

PAST PERFORMANCE

Past performance and pro forma historical financial information in this Presentation is given for illustrative purposes only and should not be relied on and is not an indication of future performance including future share price information. Historical information in this Presentation relating to Konekt is information that has been released to the market. For further information, please see past announcements released to the ASX.

NOT AN OFFER

This Presentation is not and should not be considered an offer or an invitation to acquire New Securities or any other financial products.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including the assumptions, uncertainties and contingencies which may affect Konekt’s future operations and the values and the impact that future outcomes may have on Konekt.