
2017 ANNUAL GENERAL MEETING PRESENTATION

16 NOVEMBER 2017



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 APN Outdoor Limited and NEXTDC Limited.



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

Tony Crawford is the Independent Chairman of accounting and advisory firm Grant Thornton Australia. He is also Chairman of Hospitals Benefits Fund of Australia Ltd and Heart Research 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

FY17 FINANCIAL RESULTS

STRONG YEAR WITH CONTINUED GROWTH IN OPERATIONAL AND UNDERLYING FINANCIAL PERFORMANCE

Underlying	Revenue	EBITDA	NPAT	EPS	DPS
FY17 ⁽¹⁾	\$53.1m	\$5.85m	\$3.22m	4.40 cents	0.75 cents
FY16 ⁽²⁾	\$43.9m	\$4.41m	\$2.78m	3.82 cents	0.50 cents
Change	21 % ▲	33% ▲	16% ▲	15% ▲	50%▲

1) Underlying FY17: deducts write back of \$367,000 of deferred consideration included in statutory results

2) Underlying FY16: adds back one-off acquisition related costs of \$570,000 less estimated acquired EBITDA from acquisitions of \$180,000

- ▶ Revenue and margin growth delivered increased underlying NPAT (+16%) and underlying EPS (+15%)
- ▶ Revenue \$53.1m - growth of 21% vs pcp - at upper end of guidance
- ▶ Underlying EBITDA margin increased to 11.0% from 10.0% in pcp
- ▶ Increased fully franked dividend of 0.75 cents per share (up 50%)

COMPLETED ACQUISITION OF MISSION PROVIDENCE

- ▶ Post balance date, effective 29 September 2017, acquired 100% of Mission Providence for a cash consideration of \$24.0m plus completion adjustments – funded with debt and new equity
 - ▶ Mission Providence is a leading provider of Employment Services (c80% of revenues) and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's jobactive program
 - ▶ In line with strategy, skill set and provides a significant avenue for additional future growth
 - ▶ Performance in October at expectations – no surprises in completion
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CEO'S ADDRESS

EXCELLENT DELIVERY ON NON-FINANCIAL METRICS

Strengthened customer relations

- ▶ Executed new Medibank Health Solutions contract in May 2017, term to October 2018. Subsequently extended to June 2019
- ▶ Appointed to icare NSW workers compensation panel for FY18
- ▶ Additional 30+ new employer customers in FY17

Expanded product and service offering

- ▶ Leveraging extensive proprietary database with new capabilities to deliver injury prevention services

Continued investment

- ▶ Capex of \$1.3m invested in product development and technology platforms – continuing our data driven thematic

Staff engaged and retained

- ▶ Improvement in staff retention, excellent engagement scores: including from acquired businesses

Continued strong Return-to-Work rates

- ▶ 94% level maintained for the past two years

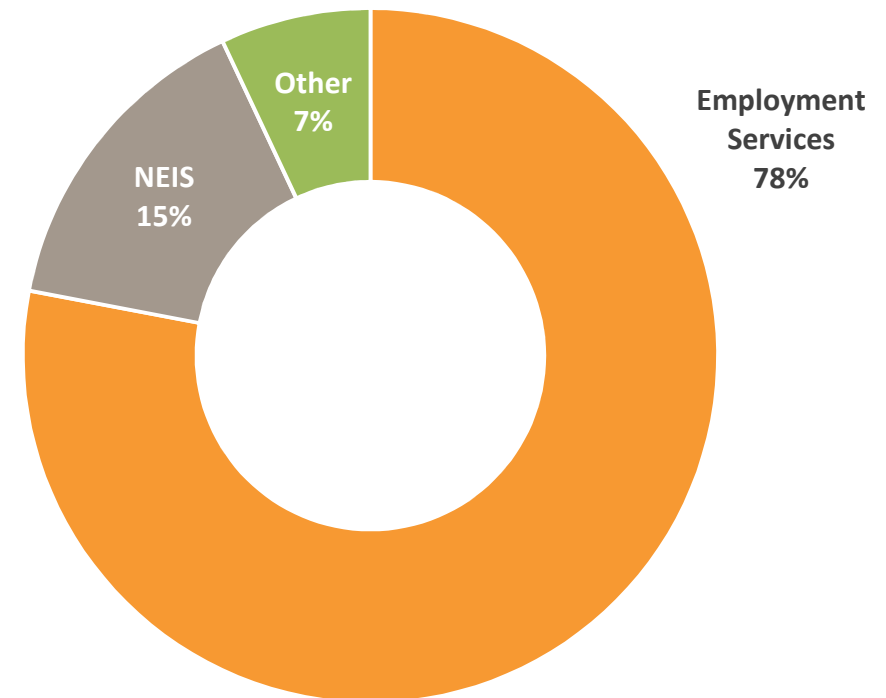
ACQUISITION STRENGTHENS BOTH BUSINESSES AND ENHANCES CAPABILITY FOR THE EMPLOYMENT NEEDS OF INDIVIDUALS

- ▶ Acquisition of Mission Providence, a leading provider of two programs - Employment Services (c80% of revenues) and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's *jobactive* program
 - ▶ Mission Providence has doubled Konekt's scale
 - ▶ Provides an attractive and logical expansion into adjacent RTW employment placement services markets to diversify and expand Konekt's revenue streams
 - ▶ Consistent with Konekt's RTW focus and purpose of maximising workforce participation for individuals
 - ▶ Large established infrastructure, experienced management team and complementary footprint
 - ▶ Acquisition provides scale and platform for growth into employment and related return to work programs, leveraging Konekt's infrastructure and experience in workplace rehabilitation services with Mission Providence's expertise
 - ▶ Completed on 29 September 2017. Transition of ownership proceeding well. October trading at expectations and no surprises in either Completion Accounts or operating results
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A LEADING PROVIDER WITH STRONG HERITAGE, STRONG PERFORMER READY TO GROW FURTHER

- ▶ One of 43 jobactive providers
- ▶ Established by Mission Australia and The Providence Service Corporation (US) to tender and secure a jobactive contract in 2015
- ▶ The current jobactive contract runs for 5 years to 30 June 2020, when it is expected to be put up for review including potential for roll-over or restructuring of the program
- ▶ The jobactive contract covers Employment Services, New Enterprise Incentive Scheme and other ancillary services
- ▶ Mission Providence has a national footprint of 85 branches, over 400 FTE's and FY17 revenues of over \$51m
- ▶ Strong and experienced management team led by CEO, Anthony Steel, who will continue to lead the business post completion of the acquisition. Highly experienced industry executive

Mission Providence FY17 Revenue by Contribution

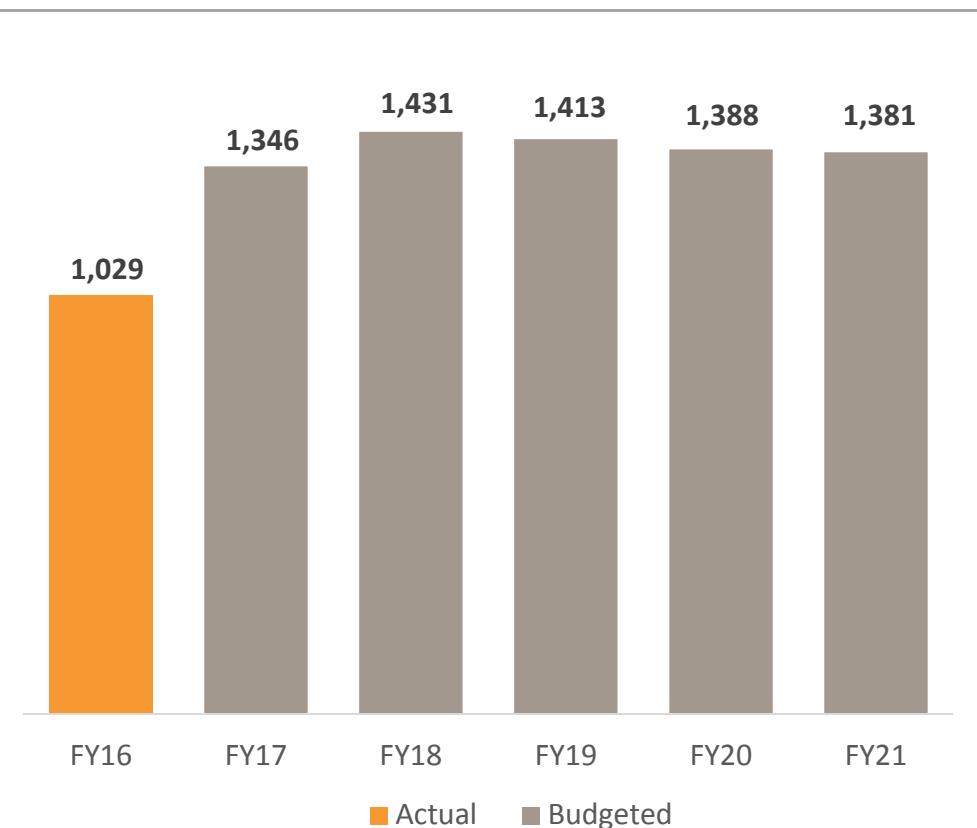


JOBACTIVE MARKET c\$1.4BN PER ANNUM

FEDERAL GOVERNMENT FUNDING IS EXPECTED TO BE BROADLY CONSTANT FROM FY17 TO FY21

- ▶ Federal Government funding for the jobactive program approx. \$1.4bn per annum through to FY20, with funding skewed towards outcomes (continued employment by jobseekers) 60% and administration fees of 40%
- ▶ Mission Providence's growth strategy is driven by an increase in outcomes based fees and improved performance rather than administrative fees
- ▶ Opportunity for Konekt to enhance Mission Providence's performance and to grow market share post acquisition

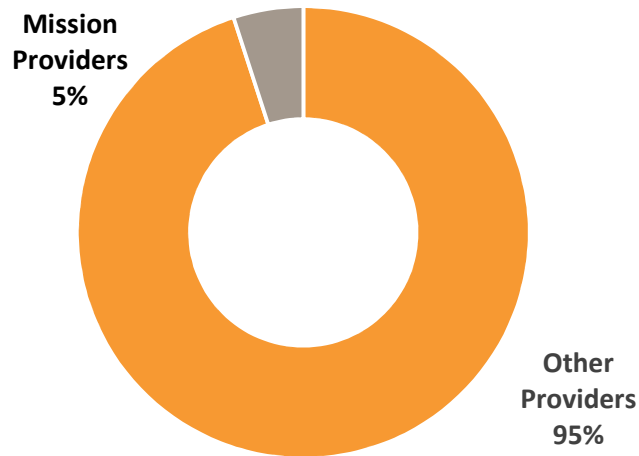
Jobactive Spend (\$m)



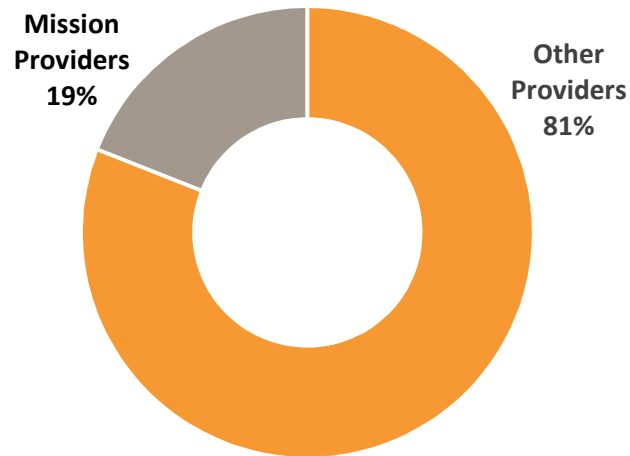
Source: Department of Employment Budget Statements

JOBACTIVE AND NEIS MARKET SHARE

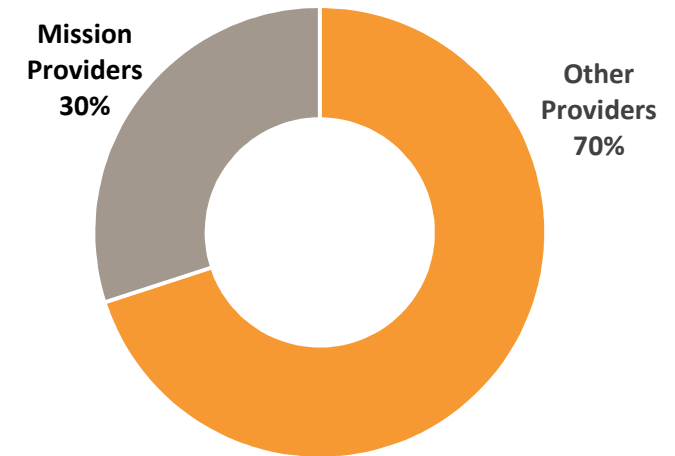
Employment Services National Market Share (by Caseload)



Employment Services Market Share in Regions MP Has Locations (by Caseload)



NEIS Market Share



Source: Mission Providence data; Advancy Analysis

- ▶ Mission Providence holds a 5% market share in the national Employment Services segment based on caseload handled
- ▶ In the regions in which Mission Providence has operations, it has an estimated 19% market share
- ▶ At the re-tender in 2020 there is the opportunity to increase its market presence, by leveraging the Konekt footprint, and increasing total market share
- ▶ The NEIS has been running for over 30 years
- ▶ NEIS attracted additional funding in the 2016-2017 Federal Budget with consequent increased annual spend to \$83m in FY17 from \$61-65m (FY10 - FY15)
- ▶ Total of 8,600 NEIS places available each year. Mission Providence holds a market share of approximately 30%

COMPLEMENTARY FOOTPRINT

THE ACQUISITION WILL RESULT IN AN ADDITIONAL 85 SITES AND DOUBLING IN PERMANENT STAFF TO MORE THAN 800



FY18 GUIDANCE CONFIRMED

- ▶ Completion of Mission Providence acquisition on 29 September 2017 will result in a 9 month⁽¹⁾ contribution from Mission Providence
- ▶ Konekt anticipates FY18 reported performance to be in line with guidance issued on 11 August 2017 at full year results
 - Underlying revenue to be up over 70%
 - Underlying EBITDA (excluding one-off items) to be up over 70%
 - Underlying EPS before amortisation⁽²⁾ (EPSA) dependant upon finalisation of completion accounting, asset valuation and tax determination
- ▶ FY19 is expected to show a strongly accretive EPS before amortisation (EPSA), reflecting a full 12 month contribution from Mission Providence
- ▶ Amortisation of intangible assets arising from the acquisition is expected to have a material impact on statutory results over the period to 30 June 2020

1. Mission Providence trading with Konekt commenced 2 October 2017. The 9 month period to 30 June 2018 will include Xmas, New Year and January lower trading days and volumes

2. Guidance issued 11 August 2017 stated EPSA accretion of c20% on a proforma basis – depreciation and tax determination have not yet been finalised

ORDINARY BUSINESS

Financial Statements and Reports

- ▶ Discussion of the accounts for the year ended 30 June 2017 and the reports of the Directors and Auditor.
 - ▶ There is no vote on this item.
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Remuneration Report

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
26,288,913	154,400	1,474,000	28,500

Re-election of Director – Mr Douglas Flynn

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
43,521,801	0	0	28,500

SPECIAL BUSINESS

Issue of Performance Rights under the Konekt Performance Rights and Options Plan to the Chief Executive Officer

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
26,006,230	437,083	1,474,000	28,500

Ratification of prior issue of shares

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
34,733,724	11,059	4,000	28,500

Approval of additional placement capacity under ASX Listing Rule 7.1A

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
49,618,562	170,267	4,000	28,500

Approval to extend the Share Buy-Back

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
49,643,598	9,231	140,000	28,500

Financial Assistance Whitewash

- ▶ The instructions given to validly appointed proxies in respect of the resolution were as follows:

For	Against	Abstain	Discretionary
49,607,990	172,439	12,400	28,500