

## ASX Announcement

17 February 2016

Konekt Limited (ASX: KKT)

## KONEKT LIMITED ANNOUNCES FIRST HALF 2015-16 RESULTS

### Konekt delivers strong first half growth

Konekt Limited (ASX: KKT), Australia's largest provider of return to work solutions, today reported its interim results for the six months ended 31 December 2015.

The company saw strong margin expansion through continued productivity gains, cost management and organic growth above market. Recent acquisitions are integrating well and will contribute in the second half.

### Highlights

- ▶ Reported EPS up 100% vs pcp, to 1.50 cps
- ▶ Revenues up 14% (\$2.4m) vs pcp, to \$19.6m
- ▶ Acquisitions completed in second quarter contributed \$1.0m revenues
- ▶ Continued productivity gains and cost management controls improving EBITDA margins
- ▶ Reported NPAT up 96% vs pcp, to \$1.1m
- ▶ Strong balance sheet, with net cash balances at 31 December 2015 of \$2.0m

### Summary

	1HFY16	2HFY15	1HFY15	Change 1HFY16 vs 1HFY15
Revenue (\$m)	19.6	17.8	17.2	14%
EBITDA (\$m)	1.61	1.55	0.84	92%
EBITDA margin (%)	8.2%	8.7%	4.9%	-
NPAT \$m	1.10	0.92	0.56	96%
EPS (cents)	1.50	1.25	0.75	100%
Underlying EBITDA*	1.95	1.55	1.27	54%
Underlying EBITDA margin	10.0%	8.7%	7.2%	-

\*Underlying EBITDA:

- 1HFY16 adds back acquisition related costs of \$340,000 expensed in the half

- 1HFY15 adds back strengthening the core expenses of \$425,000 expensed in the half

Konekt Limited Managing Director, Mr Damian Banks said, “We continued to drive momentum in our business half on half, with above market growth rates from our existing businesses and \$1.0m revenue contribution from the three acquisitions we completed in the second quarter. We saw a higher contribution from our Medibank/ADF contracts during the period with positive feedback on our performance. At the same time, our focus on productivity and cost control is delivering improved operating margins and profit growth at a faster rate than revenue growth”.

“The acquisitions have strengthened our geographical coverage and workplace solutions product capabilities. On February 9 2016 we announced the proposed acquisition of SRC Solutions, which will contribute further growth in 2HFY16. We will continue to explore acquisition opportunities to grow our market position and strengthen our offer to clients in a targeted and disciplined manner”.

The Company continues to be debt free, with net cash balances of \$2.0m as at 31 December 2015 (\$3.0m at the end of June 2015). The reduction in cash balances is principally due to acquisition related outflows. During the period Konekt completed three acquisitions for a combined cash consideration of \$950,000 and contingent deferred consideration of up to \$2.5m (discounted to \$1.8m for accounting purposes) over the next three years, depending on performance.

Acquisition expenses of \$340,000 were fully expensed to the P&L in the first half. Offsetting this expense in the tax line was the recognition of \$238,000 of future income tax benefits previously not bought to account.

EPS was up 100% to 1.50 cents vs. 0.75 cents in the pcp and 20% on the immediately preceding half.

The Board has resolved not to declare an interim dividend for the period.

Mr Banks added, “We are confident that the strategies and actions being taken to grow revenue and to reduce the cost base will continue to drive improved performance from the company. The acquisitions completed and proposed SRC Solutions transaction are anticipated to result in revenues of \$22.0 – \$24.0 million for the second half of FY16.”

For further information contact Konekt Limited:

Damian Banks  
Chief Executive Officer  
+61 2 9307 4007

Reena Minhas  
Chief Financial Officer and Company Secretary  
+61 2 9307 4007

About Konekt:

Konekt is Australia’s largest provider of organisational health and risk management return to work solutions. Konekt’s focus is on helping organisations minimise the impact of workplace injury and related workplace costs, resulting in reduced workers compensation premiums. With over 350 staff and 41 offices around Australia, Konekt has both the reach and expertise to service local, multi-state and national business across all sectors.

Konekt Limited  
ABN 79 009 155 971  
Level 3/33 Erskine Street, Sydney NSW 2000  
Tel +61 2 9307 4000  
Fax +61 2 9307 4044  
[www.konekt.com.au](http://www.konekt.com.au)