



workforce
H O L D I N G S L I M I T E D

Uplifting people. **Growing** business

Investor Presentation

For the six months ended 30 June 2017



workforce
HOLDINGS LIMITED

Agenda

Welcome:

Ronny Katz

Group Overview:

Philip Froom

Financial Results:

Willie van Wyk

Segments and Strategic Overview:

Philip Froom

Outlook:

Ronny Katz



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Group Overview

Philip Froom

Chief Executive Officer

Group At a Glance

Staffing & Recruitment



Training & Consulting



Employee Health Management



Financial & Lifestyle



Process Outsourcing



Group by Numbers

ESTABLISHED
45 AGO
Operational for 45 years

14 573
PEOPLE TRAINED IN 2016

76 445
PEOPLE PAID DURING 2016



9 TRAINING CENTRES

21 595
YOUTH EMPLOYED DURING 2016



LEVEL **4** B-BBEE RATING

1225
Permanent staff employed

27 TRADING BRANDS

32 304
Weekly contractors

3109 LEARNERSHIPS AND INTERNSHIPS
1 885 INTERNAL LEARNERSHIP PROGRAMS
1 034 CLIENT LEARNERSHIP PROGRAMS
190 INTERNSHIPS



93 BRANCHES

50 000
MEDICAL EXAMINATIONS CONDUCTED

29 800
FUNERAL AND MEDICAL POLICIES

70 353
FUNERAL POLICY LIVES COVERED

Uplifting People. Growing Business



Workforce strives to be the **leading trusted** provider of **employment, training, healthcare, wellness and financial and lifestyle services and benefits** to individuals and their employers.

Our purpose

Our purpose is to make a meaningful and sustainable difference in people’s lives – to uplift them, find employment for people and empower them with appropriate training, healthcare and financial and lifestyle benefits.

Our values

	Integrity	Accountability	
	Passion	Determination	
	Collaboration	A 'can do' attitude	
	Gratitude	Diligence and a strong work ethic	

Our Clients

Manufacturing



Business & call centre



Construction & Mining



Retail & hospitality



Transportation & logistics



Public sector



Warehousing



Operating Industries



> 3 600 Client accounts



Manufacturing



*Wholesale &
Retail Trade*



Business Services



Construction



*Government &
Parastatal*



*Transport, Storage
& Communication*



*Agriculture, Hunting,
Forestry & Fishing*



Mining & Quarrying



Hospitality



*Electricity, Gas & Water
Supply*



*Business Process
Outsourcing*



Renewable Energy

Footprint activated in Africa



Labour Brokers vs. TES

MISCONCEPTIONS



- "Labour Broker"
- Low skilled workers
- Poor working conditions
- No employment contract
- Short periods of temporary employment
- Move from temporary back to unemployed
- Lack of benefits vs. permanent
- Exploitative practices

FACTS



- Highest single creator of jobs (Haroon Lorghat 2014)
- Semi skilled to professional occupations
- Biggest employer of youth
- International precedent
- Strong focus on training
- Significant percentage move to permanent workforce (Labour force data)
- Equivalent benefits
- Flexible nature contributes to industry, tax, income and economic growth

Macro Economic Challenges

Unemployment rate at 27.7%

Volatile political environment

Credit downgrades

Low economic growth

Delays in infrastructure
investment

National minimum wage

Unions

Mining charter

Labour regulations

Positive industry factors

Complexity

Employment Tax Incentives

Training environment

Global shift to flexible work

Government and
development funding

YES program

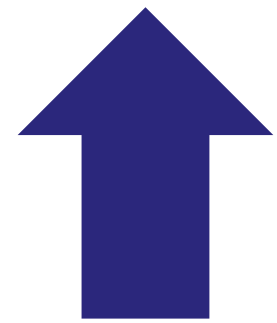


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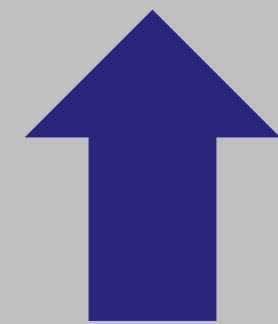
Financial Results

Willie van Wyk
Financial Director

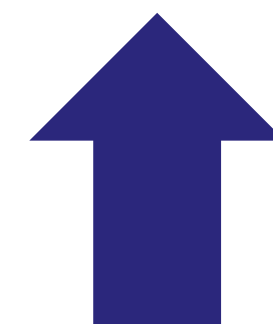
Financial Highlights



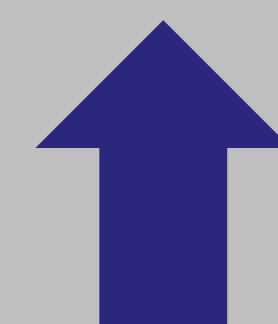
Revenue
Up 14.5% to R1.4bn



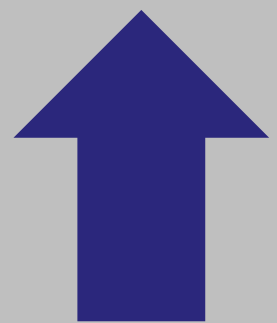
EBITDA
Up 4.7% to R69m



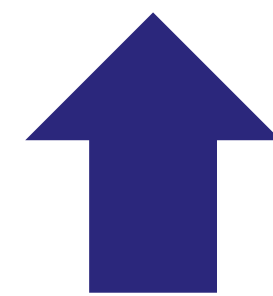
Headline
earnings
per share
Up 5.1% to 18.6 cps



Net asset
value per share
Up 22.9% to R2.15



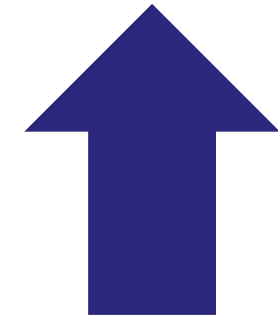
Tangible
net asset value
per share
Up 19.6% to R1.32



Cash flow from
operating activities
Improved to R45m
(2016:R10m)



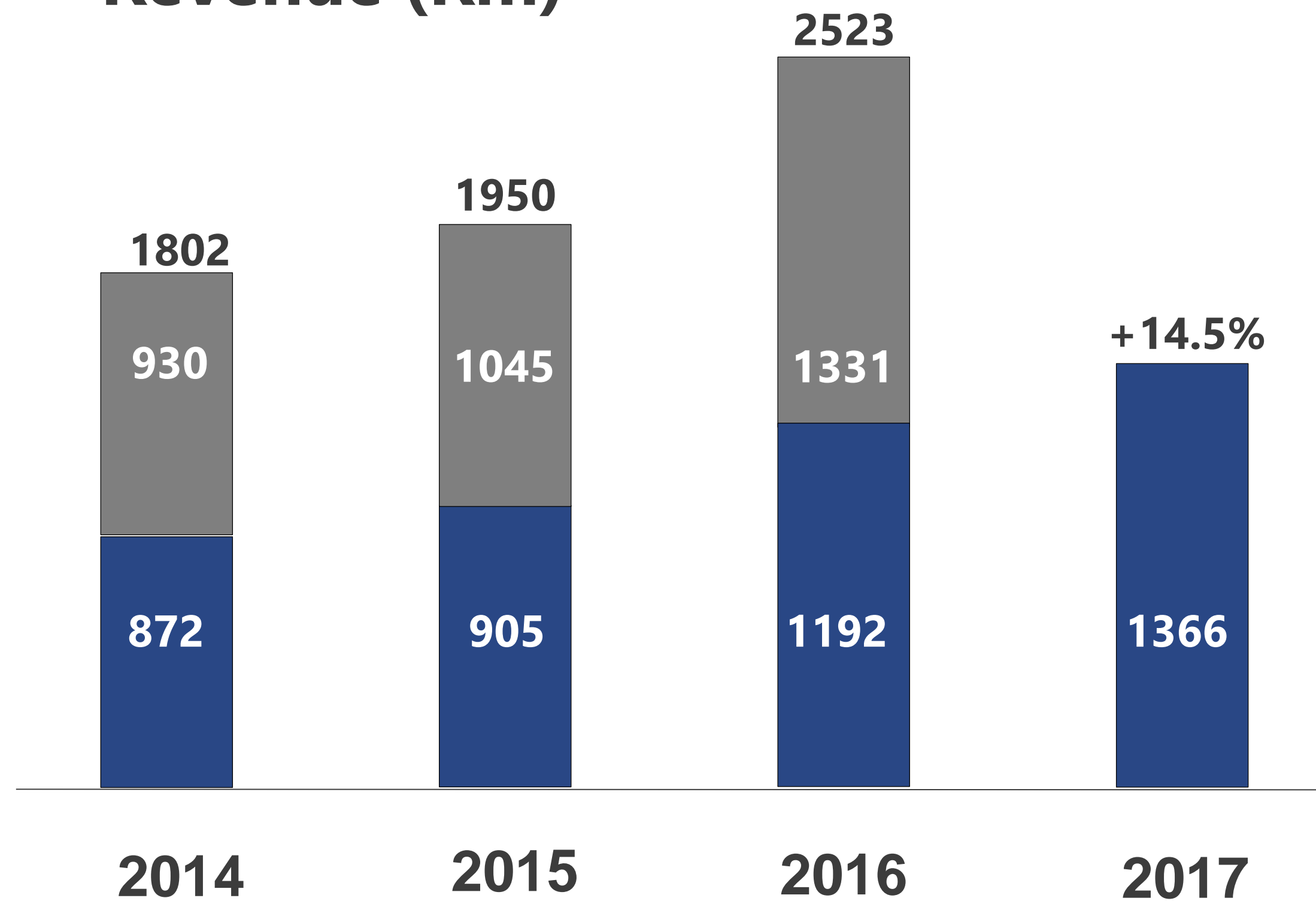
Diluted earnings
per share
Up 6.4% to 18.3cps



Cash conversion
ratio
Improved to 81%
(2016:35%)

Financial Indicators

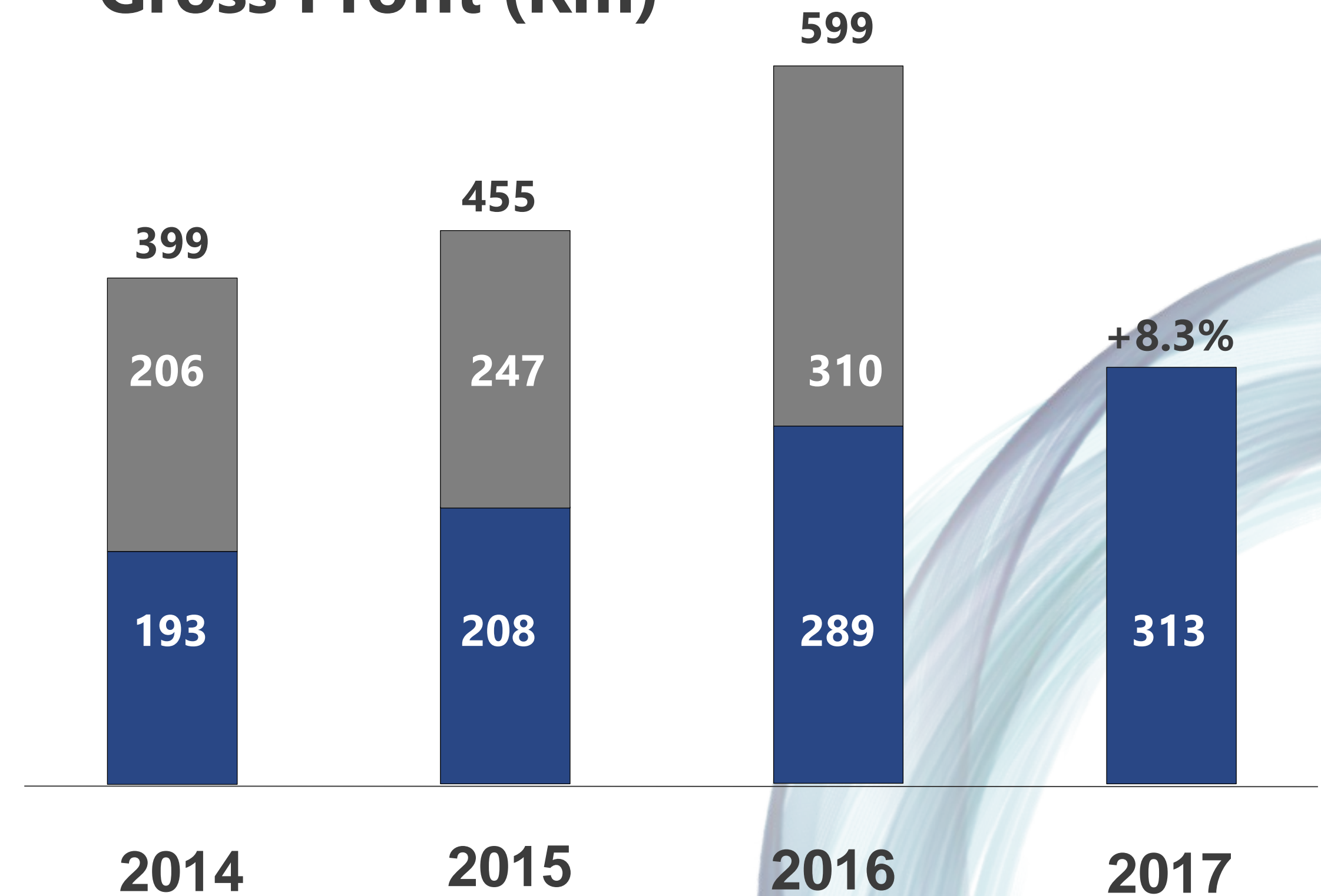
Revenue (Rm)



H1 H2

- Organic growth rate 8.4%
- Historical seasonal effects being tempered by recent exposure to larger projects

Gross Profit (Rm)



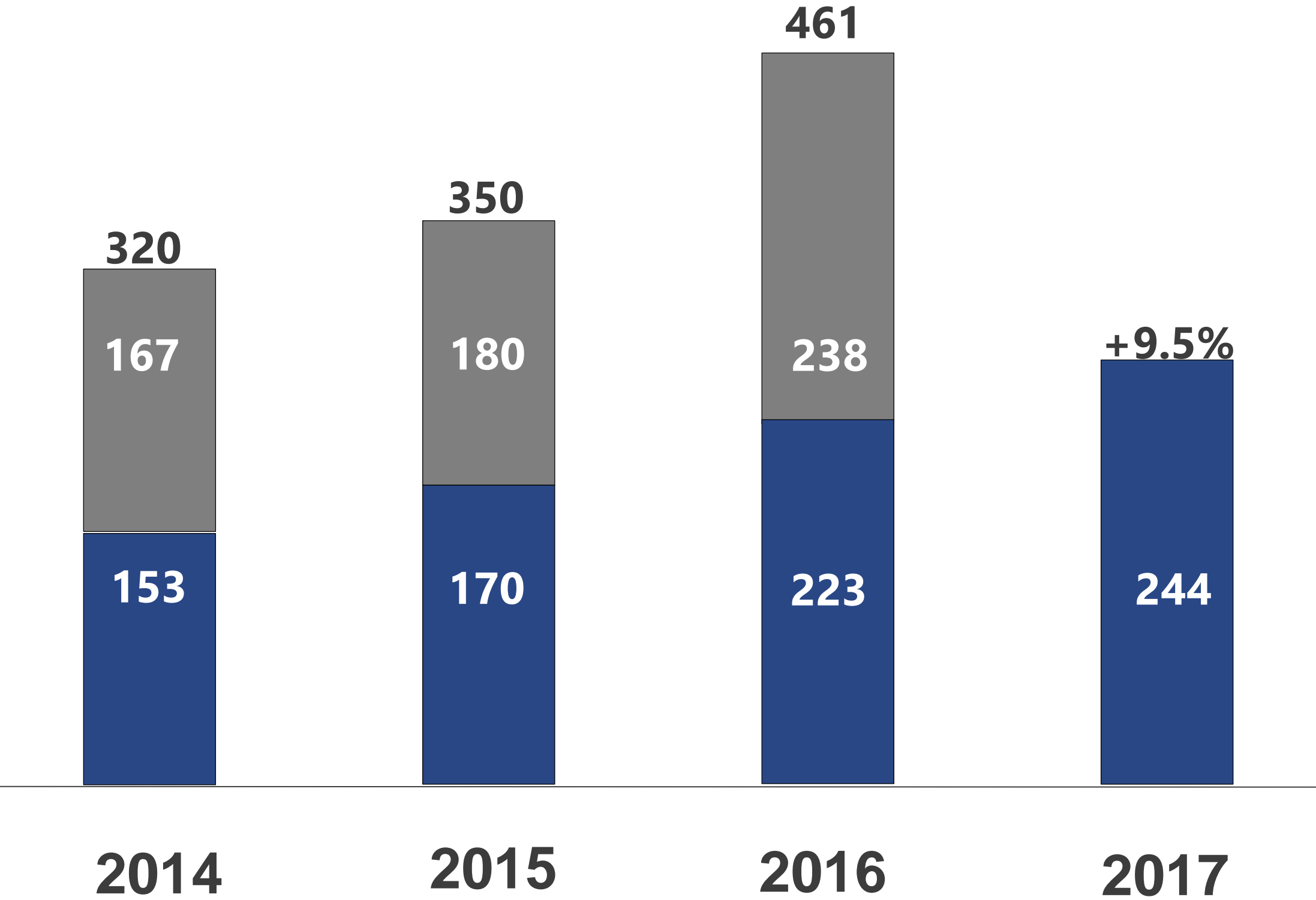
H1 H2

- CAGR 17.49%
- Gross profit margin 23.0% (2016: 24.2%)
- Lower margins on new contracts

Financial Indicators



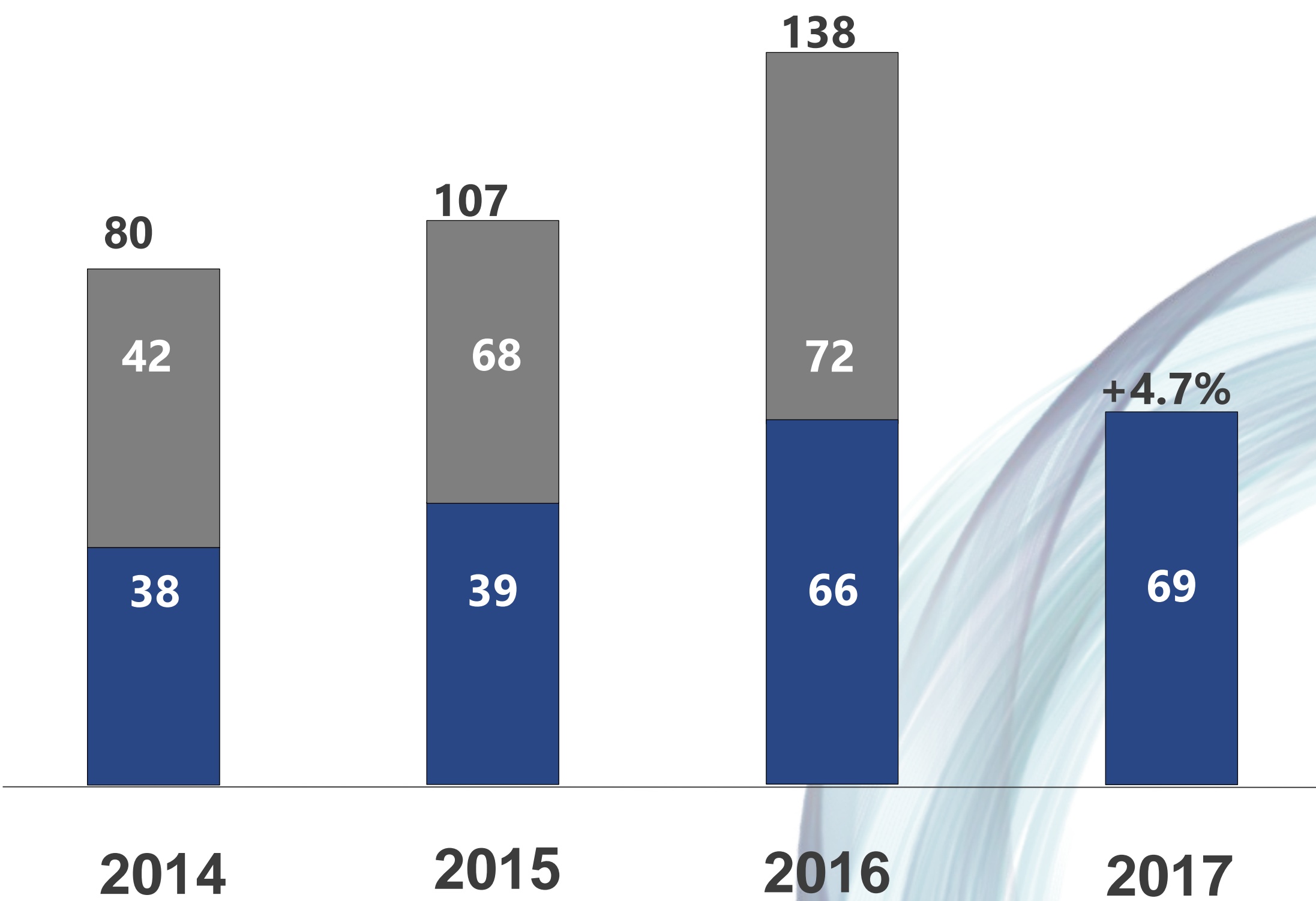
Operating Costs (Rm)



H1 H2

- % operating costs to sales 17.8% (2016:18.7%)
- Organic opex increased by 2.4%
- Continue to invest in growth initiatives

EBITDA (Rm)



H1 H2

- CAGR 22.0%
- EBITDA % of sales 5.1% (2016: 5.5%)

Income Statement

R'm	Six months to 30 June 2017	Six months to 30 June 2016	% change	Year to 31 Dec 2016
Revenue	1 366.1	1 192.8	14.5	2 523.4
Gross profit	313.0	288.8	8.4	598.9
Other income	-	-	-	0.7
Operating costs	(243.9)	(222.9)	9.5	(461.8)
EBITDA	69.1	65.9	4.7	137.9
Depreciation & Amortisation	(12.9)	(8.0)	62.0	(17.5)
Operating profit	56.1	57.9	(3.2)	120.4
Finance income	0.6	0.3	96.8	0.7
Finance costs	(13.6)	(13.7)	(1.4)	(29.5)
Profit before taxation	43.1	44.4	(3.0)	91.1
Taxation (expense)/credit	(1.5)	(3.8)	(58.7)	0.7
Profit for the period	41.5	40.6	2.2	91.9

**Intangible
amortisation due to
acquisitions – R5,6m
(2016: 2,9m)**

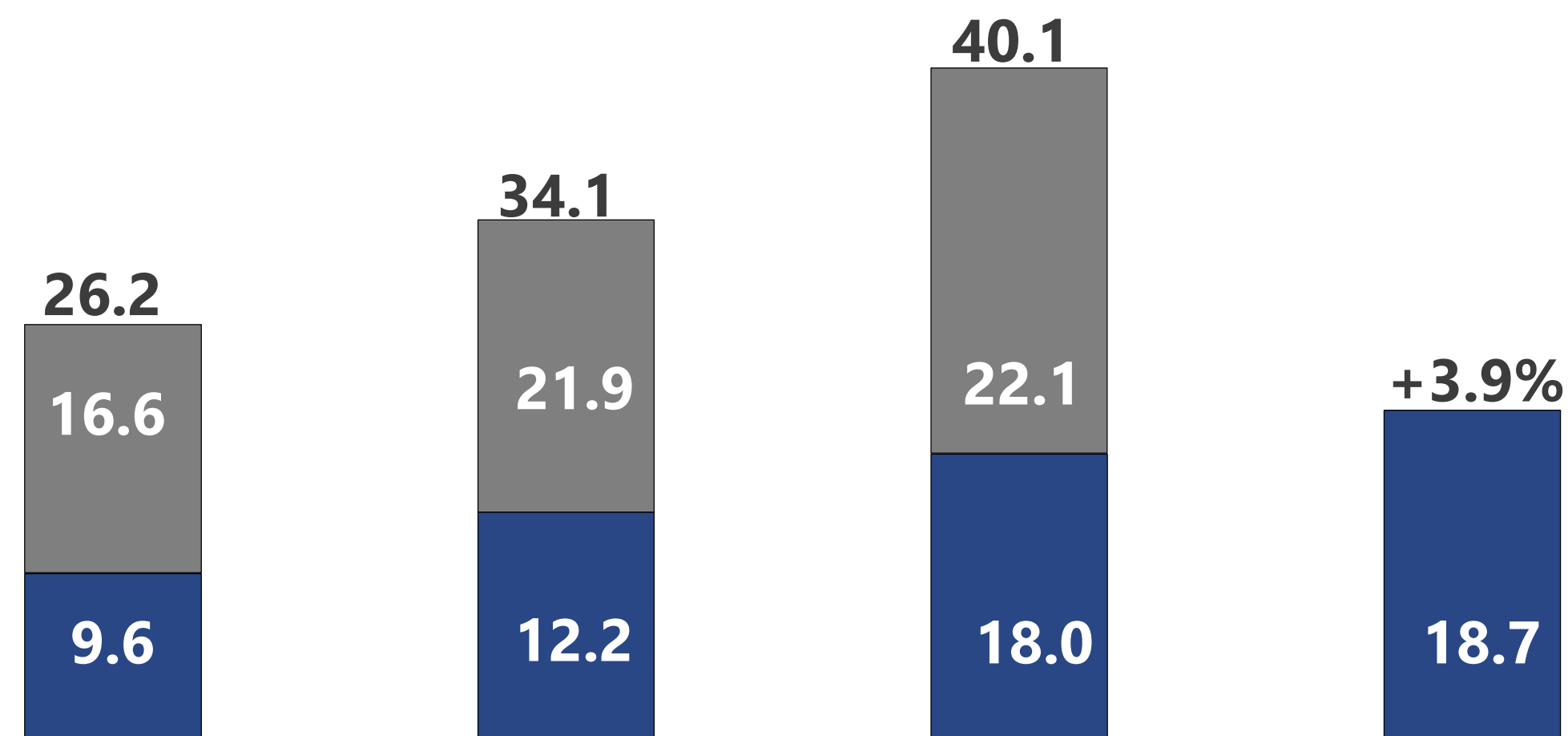
**Imputed interest
R2,4m (2016: R3,5m)**

**Interest cover ratio
4,3
(2016: 4,3)**

**Tax rate 3.7%
(2016: 8.6%)**

EPS and HEPS

EPS (Cents)



2014

2015

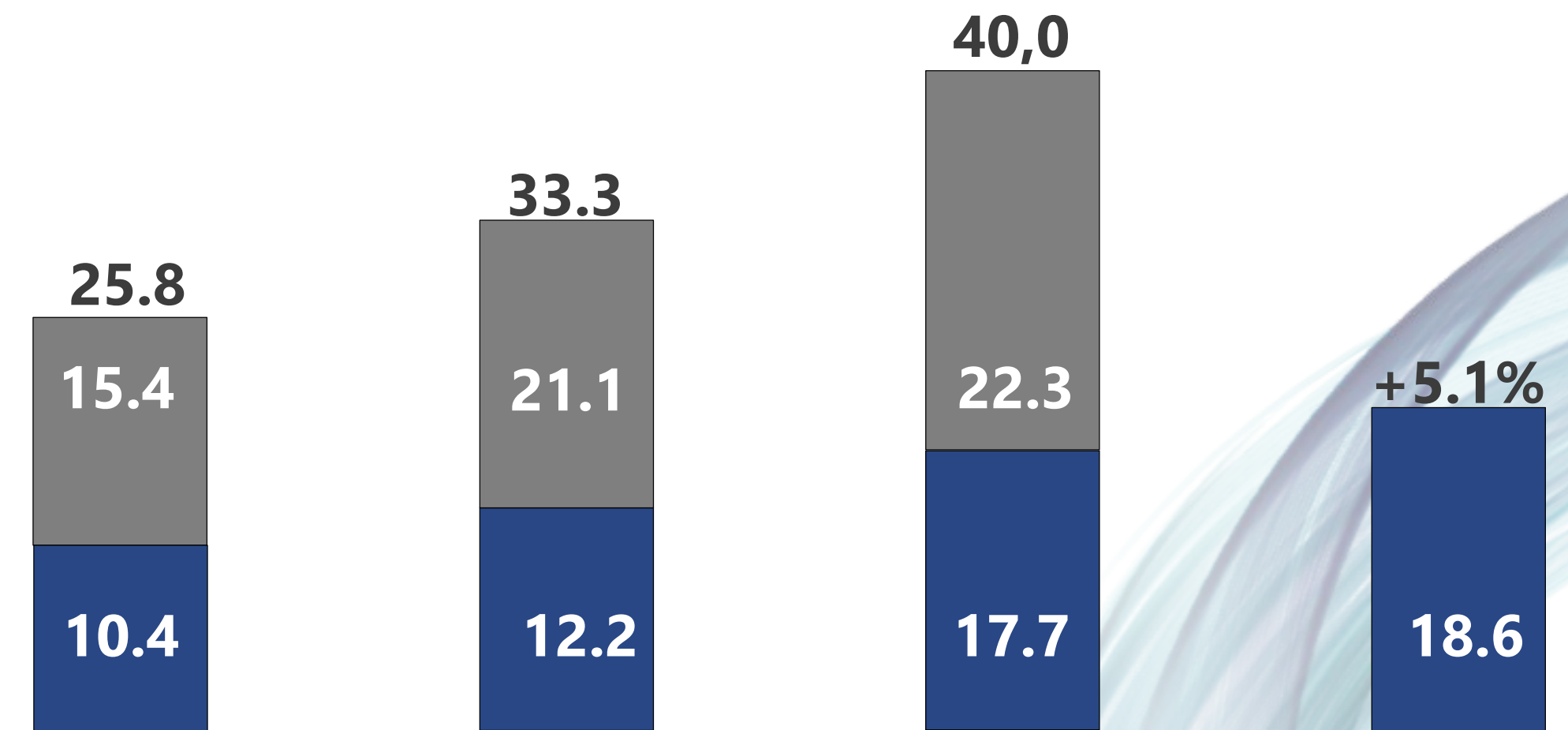
2016

2017

H1

H2

HEPS (Cents)



2014

2015

2016

2017

H1

H2

- EPS and HEPS holding up despite sluggish economy
- Acquisitions only marginally contributing to EPS due to IFRS charges
- Typically stronger in second half but dependent on projects

Summarised Cash Flow

R'000	Six months to 30 June 2017	Six months to 30 June 2016
Cash flow from operating activities	45,330	10,070
Acquisition of business combinations	(43,518)	(30,747)
(Repayment) / Increase of borrowings	(46,091)	40,420
Cash balance at end of period	24,783	28,253

Cash conversion ratio 81% (2016: 35%)

Assets

R'm	As at 30 June 2017	As at 30 June 2016	% change	As at 31 Dec 2016
Non-current assets	247.7	198.1	25.0	199.1
Property, plant and equipment	19.8	17.3		18.0
Goodwill	141.1	102.3		102.3
Intangible assets	48.2	41.0		39.1
Deferred tax assets	35.5	34.7		37.0
Other financial assets	3.1	2.8		2.7
Current assets	679.7	671.1	1.3	688.0
Trade and other receivables	651.6	638.6		610.2
Inventories	3.3	4.3		2.7
Cash and cash equivalents	24.8	28.2		75.1
Total assets	927.4	869.2	6.7	887.1

Trade and other receivables – includes net advances of R173,2m (2016: R154,2m)
December 2016 : R171,5m

Debtors over 90 days
8%
(2016 : 8%)

Days sales outstanding
50 days
(2016 : 49 days)

Equity and Liabilities

R'm	As at 30 June 2017	As at 30 June 2016	% change	As at 31 Dec 2016
Equity	489.1	395.5	23.6	446.8
Equity attributable to owners of the parent	489.7	395.1		446.5
Non-controlling interest	(0.6)	0.4		0.3
Non-current liabilities	54.4	77.2	(29.5)	40.3
Financial liabilities	40.3	66.6		30.8
Deferred tax liabilities	14.1	10.6		9.5
Current liabilities	383.9	396.5	(3.2)	400.0
Trade and other payables	145.0	142.6		115.2
Financial liabilities	238.2	251.3		283.9
Taxation and bank overdrafts	0.7	2.6		0.9
Total equity and liabilities	927.4	869.2	6.7	887.1
Total net interest bearing debt	253.7	286.2		239.5

Net interest bearing debt to tangible assets 36% (2016: 41%)

Balance Sheet Ratios

		2017	2016
1	Debtors days outstanding	50 Days	49 Days
2	Debtors greater than 90 days	8%	8%
3	Net interest bearing debt to total assets	28%	34%
4	Net interest bearing debt to total tangible assets	36%	41%
5	Return on equity	18%	20%
6	Interest cover (times)	4.3	4.3

Financial Prospects

2017

- Balance between cost containment and investment in new initiatives
- Acquisitions
 - Bed down and extract synergies
 - New

2018

- Effect of minimum wage
- Acquisitions start to contribute at HEPS and cash flow levels
- Clarity of labour regulations

2019

- ETI comes to an end; may be extended or replaced
- Acquisitions expected to contribute further at HEPS level



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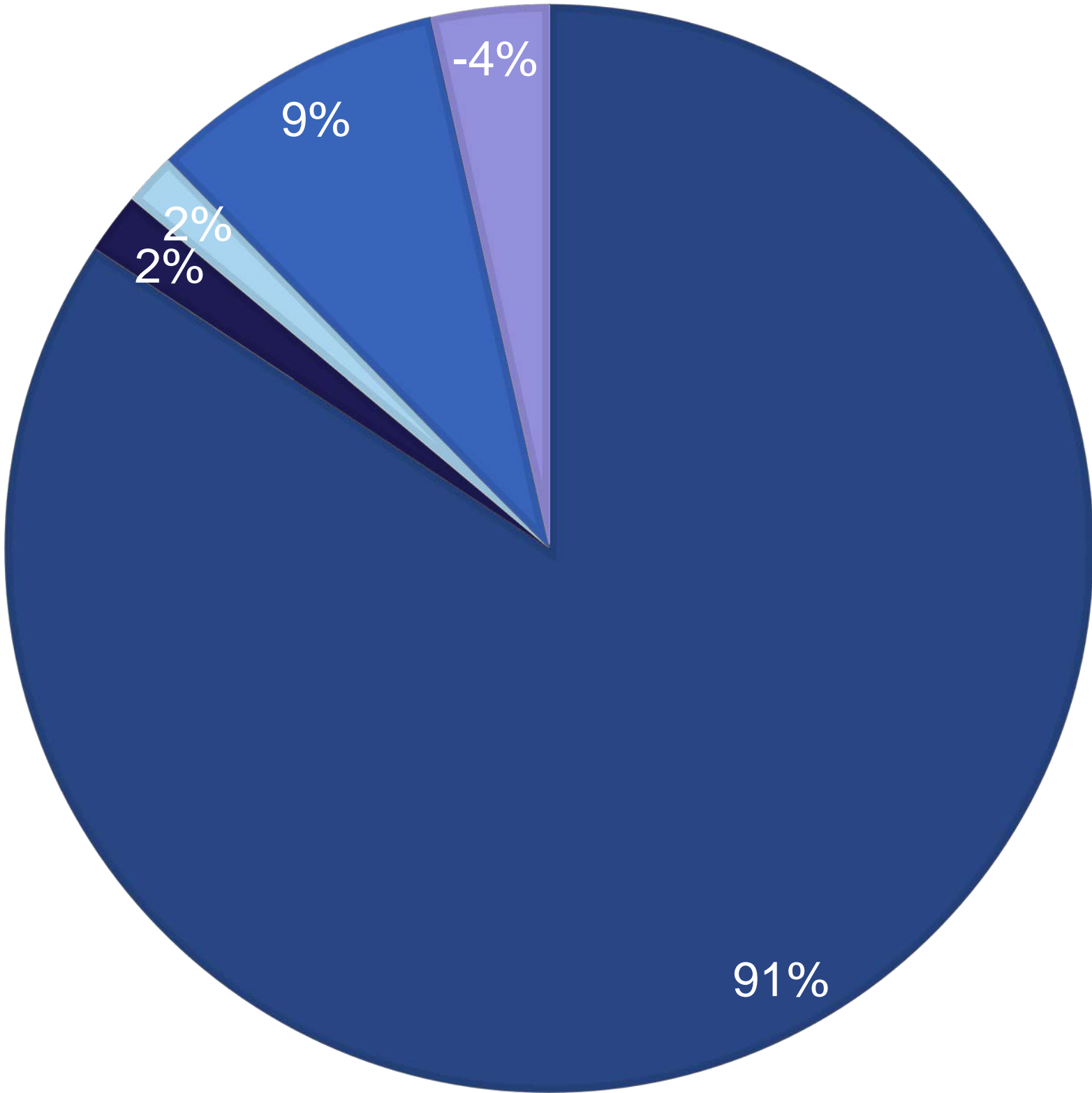
Segments and Strategic Overview

Philip Froom
Chief Executive Officer

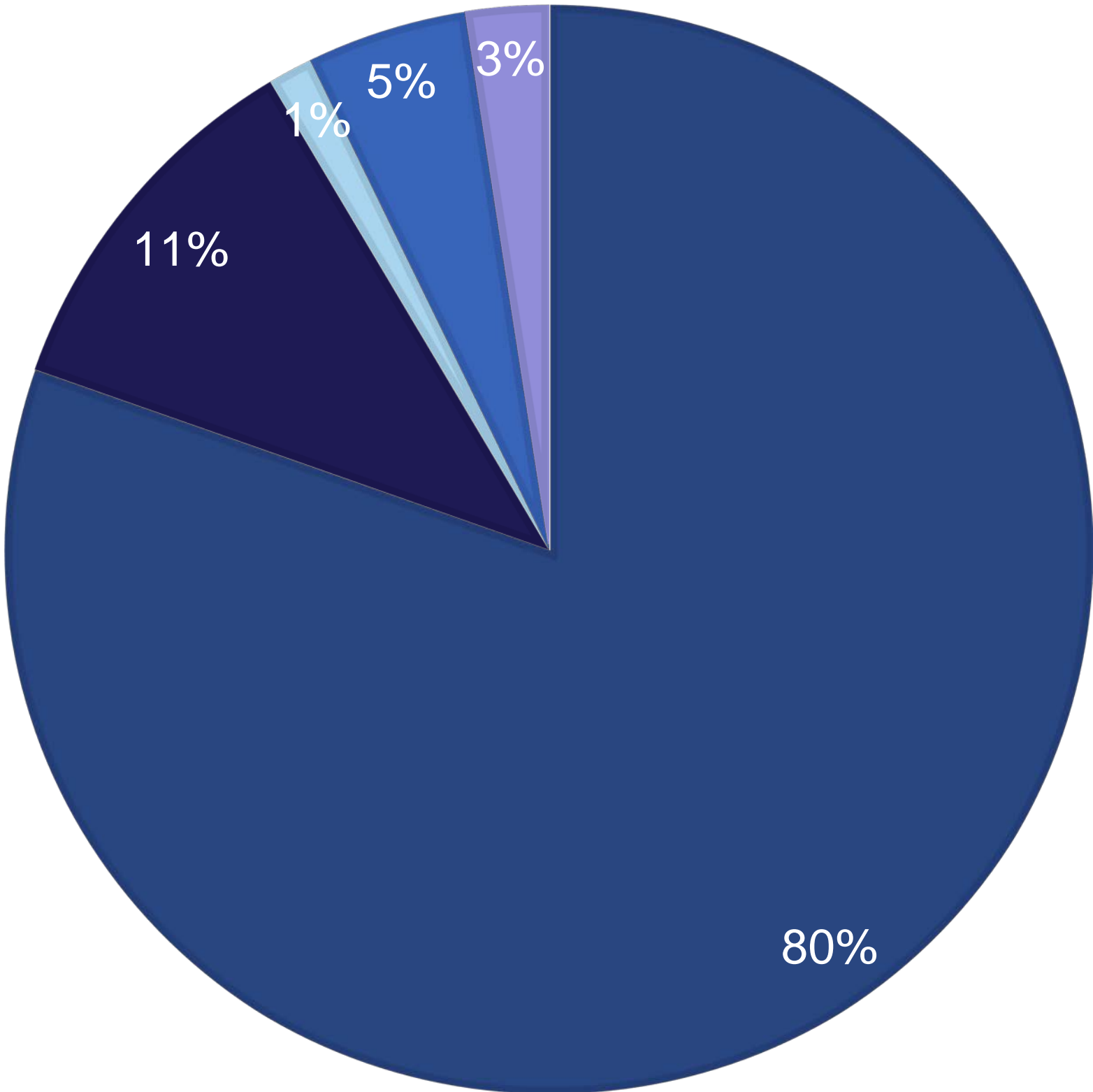
Group Portfolio Mix - Interim



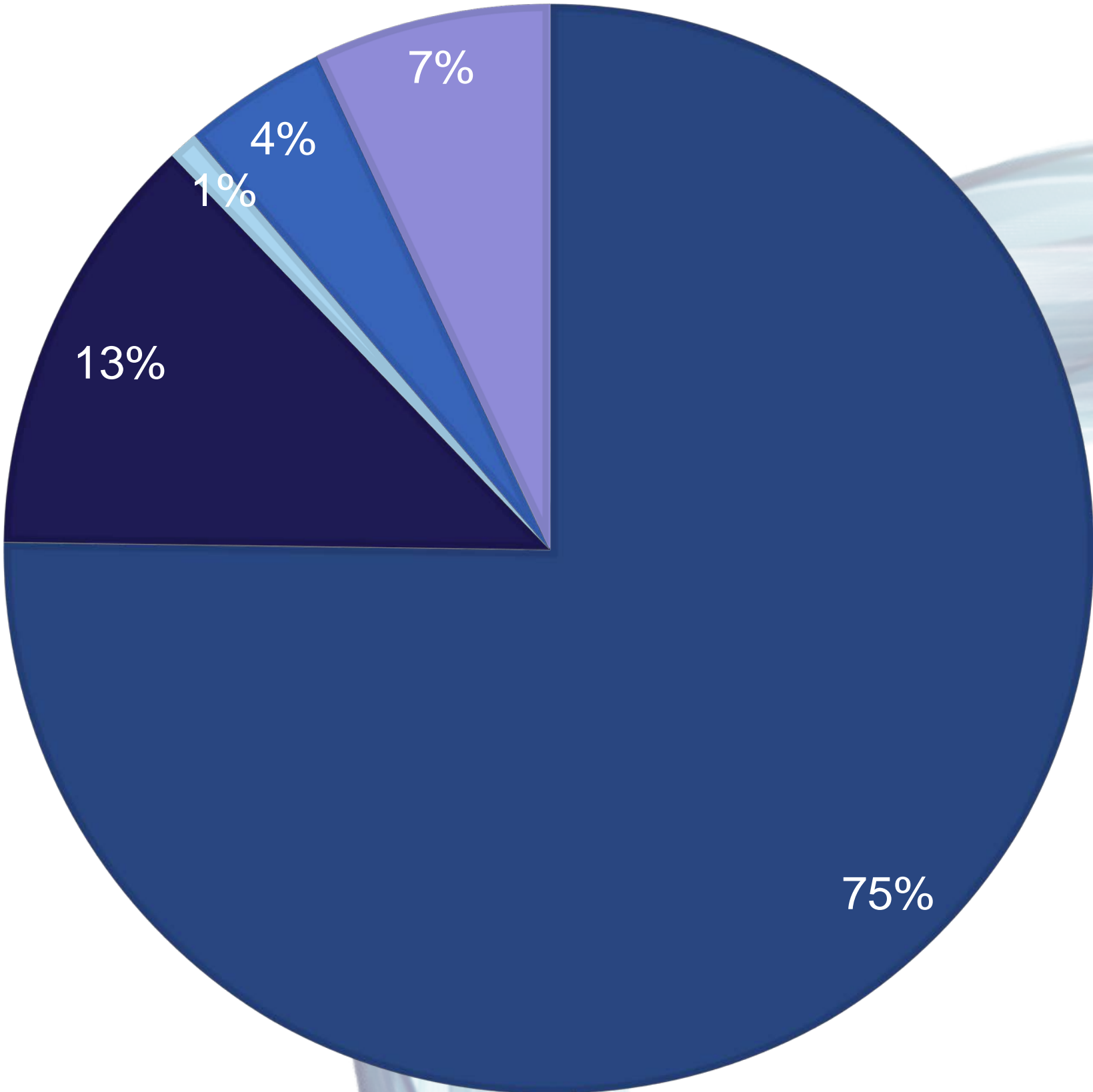
JUNE 2015 EBITDA



JUNE 2016 EBITDA



JUNE 2017 EBITDA



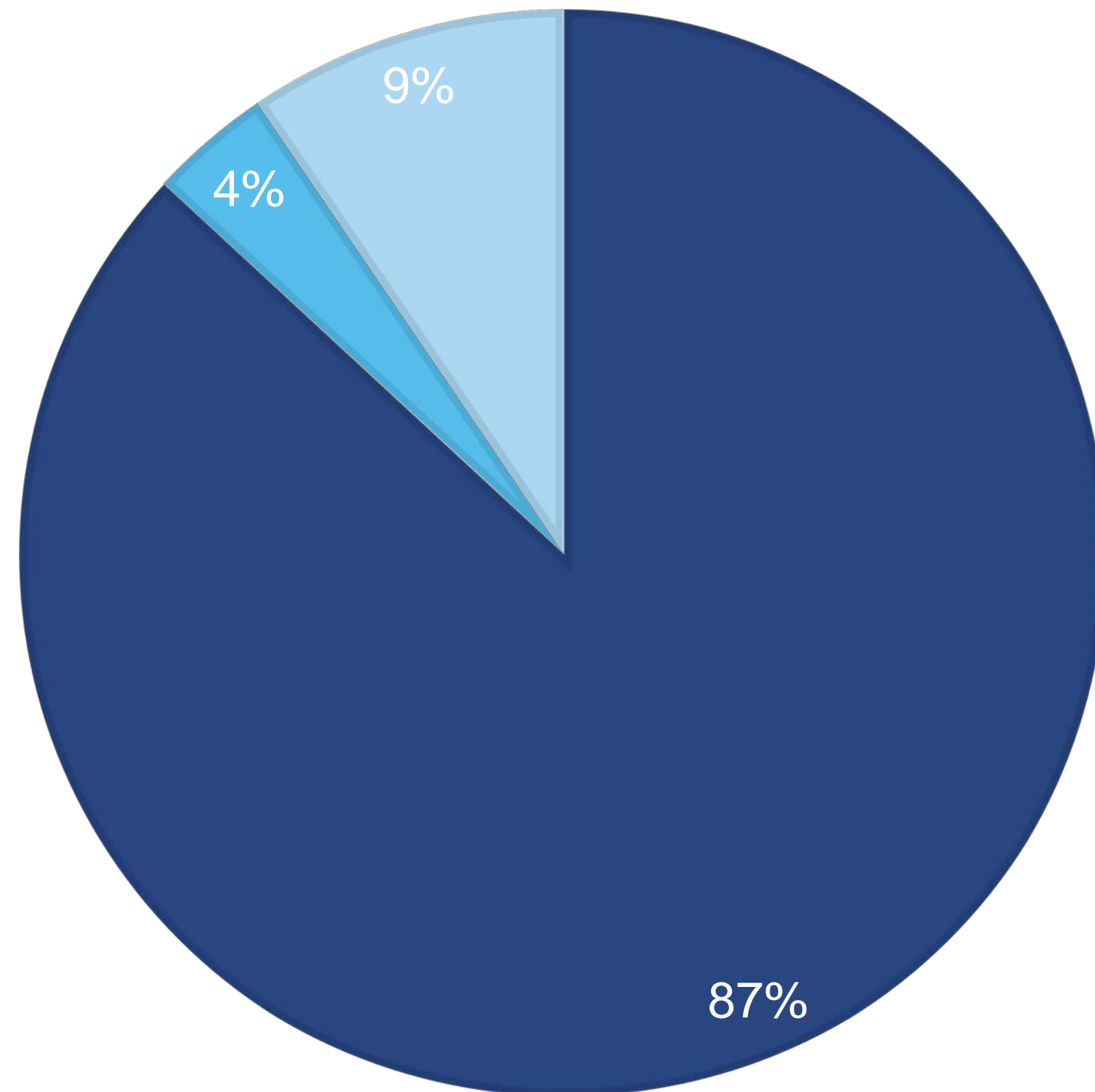
Staffing & Recruitment Training and Consulting Employee Health Management Financial & Lifestyle Process Outsourcing

Revised Segmental Structure

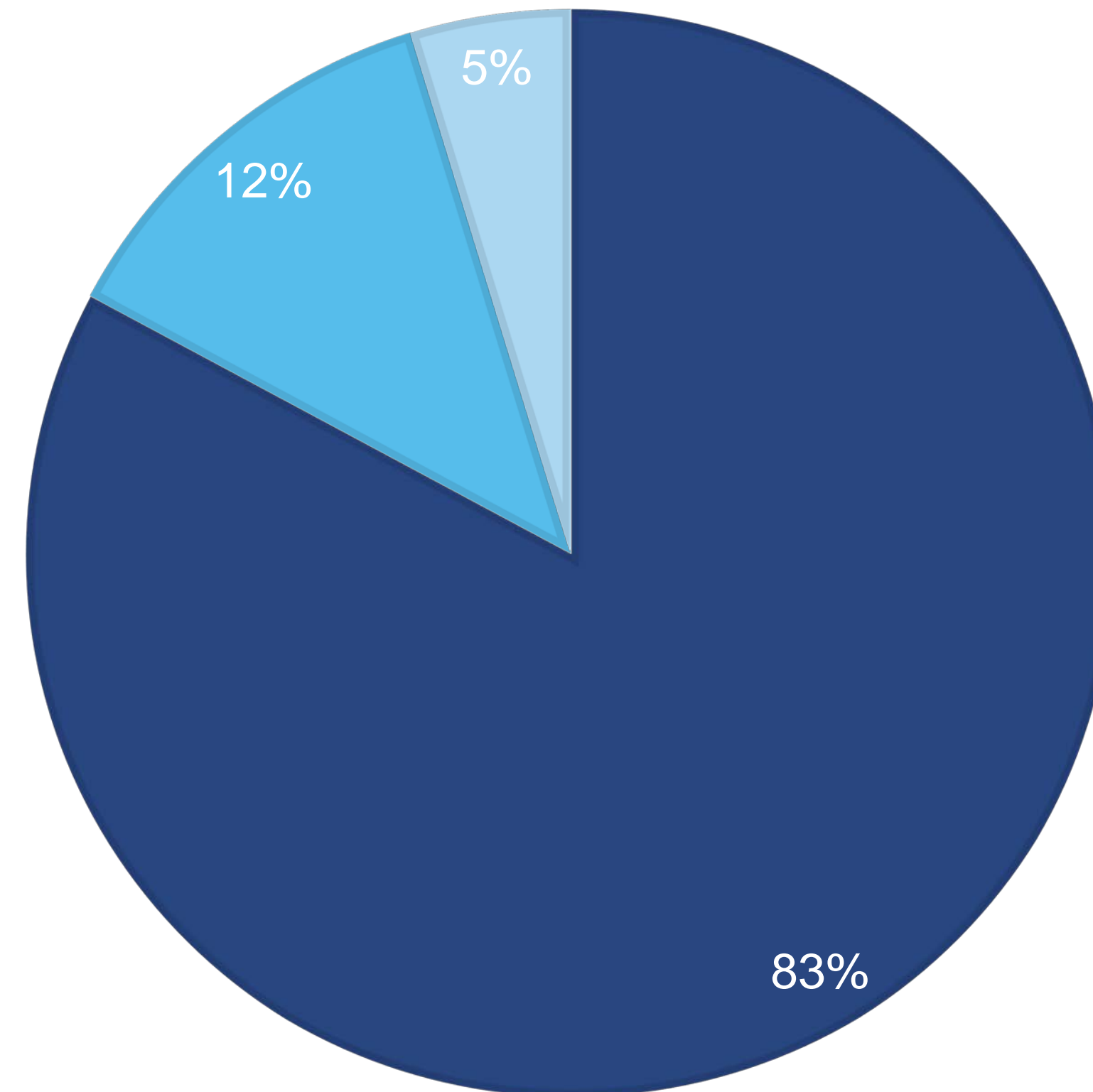


Three Segments - Interim

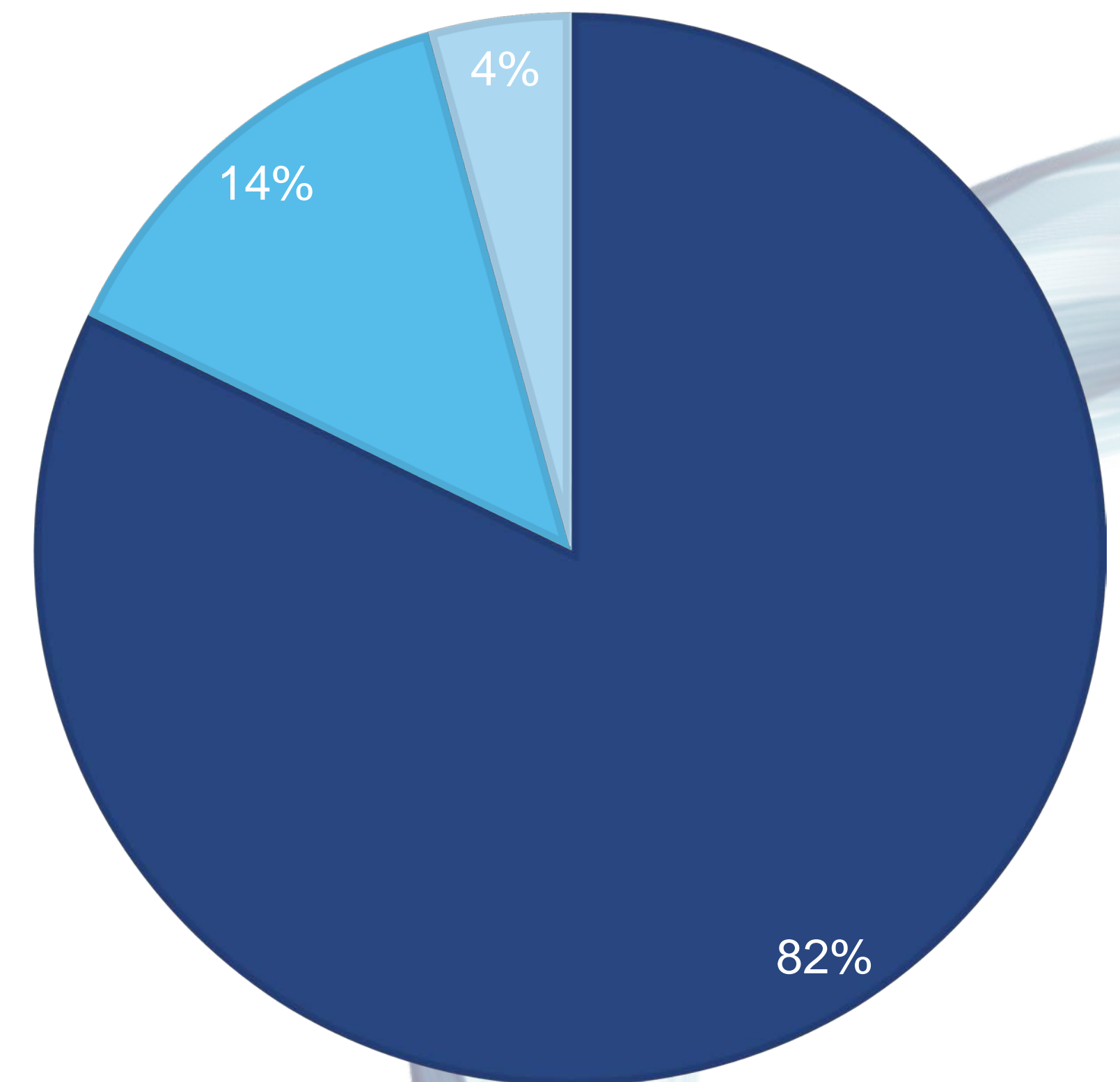
JUNE 2015 EBITDA



JUNE 2016 EBITDA



JUNE 2017 EBITDA



Staffing & Outsourcing



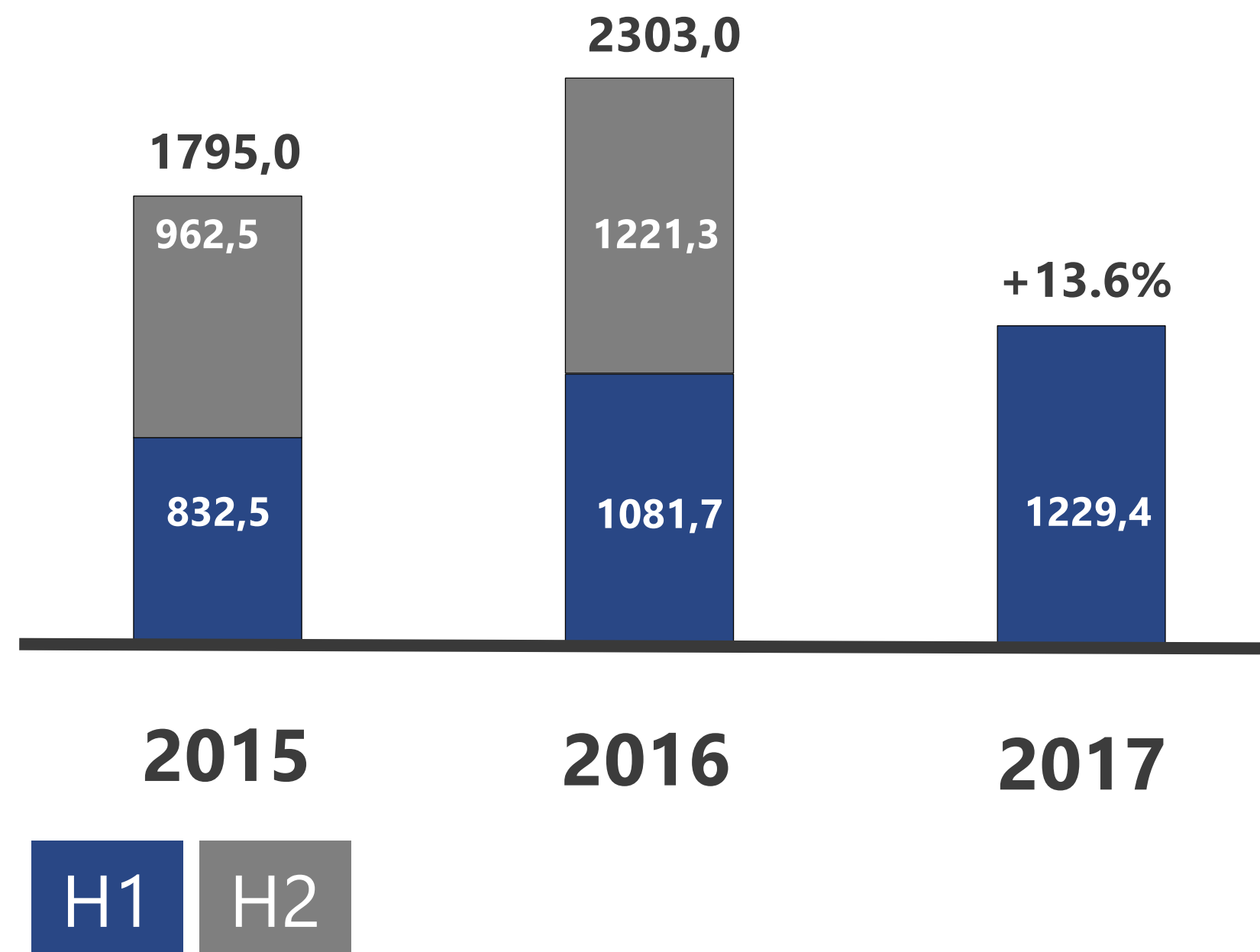
Training and Healthcare



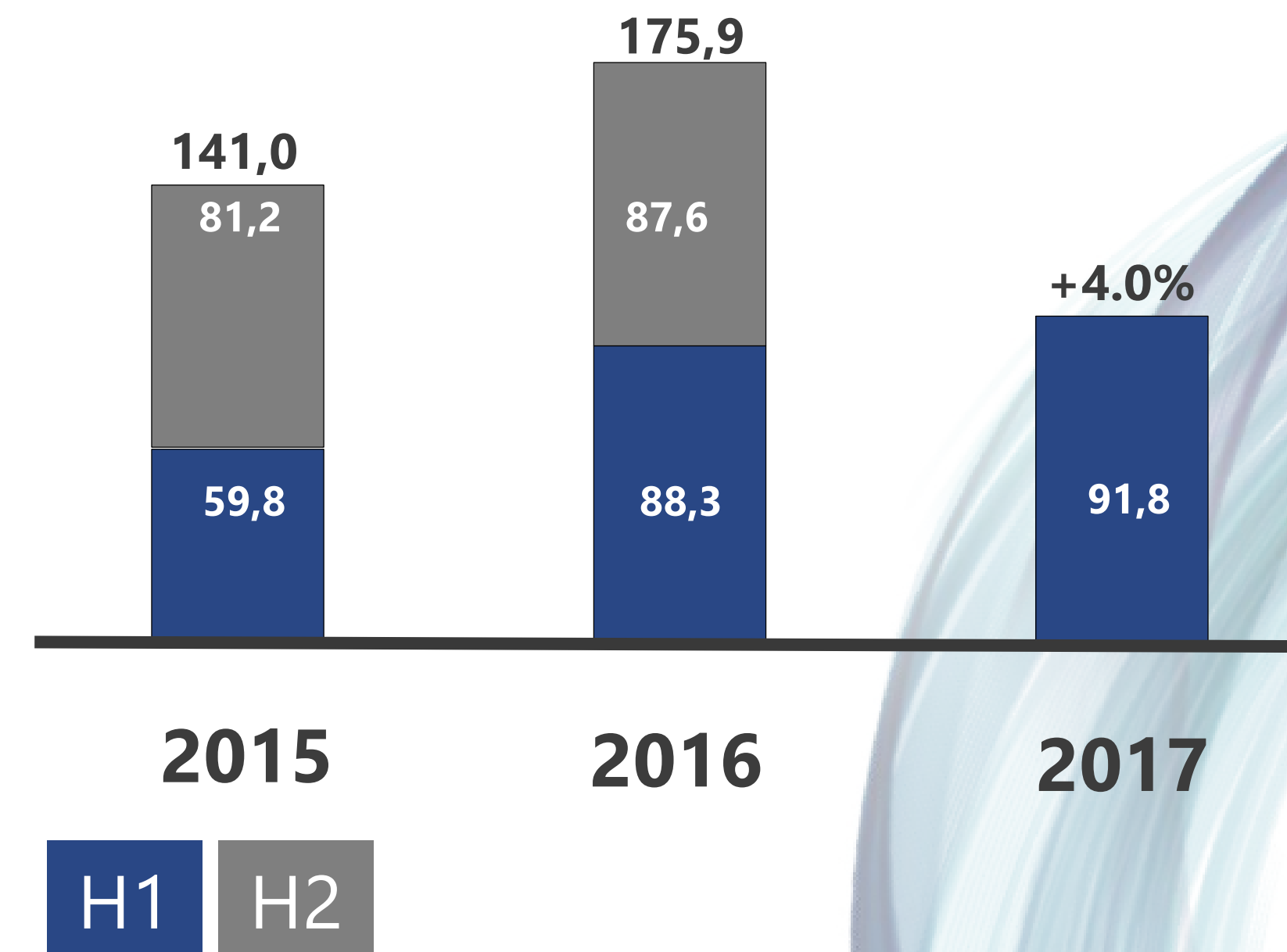
Financial & Lifestyle

Staffing & Outsourcing

Revenue (Rm)

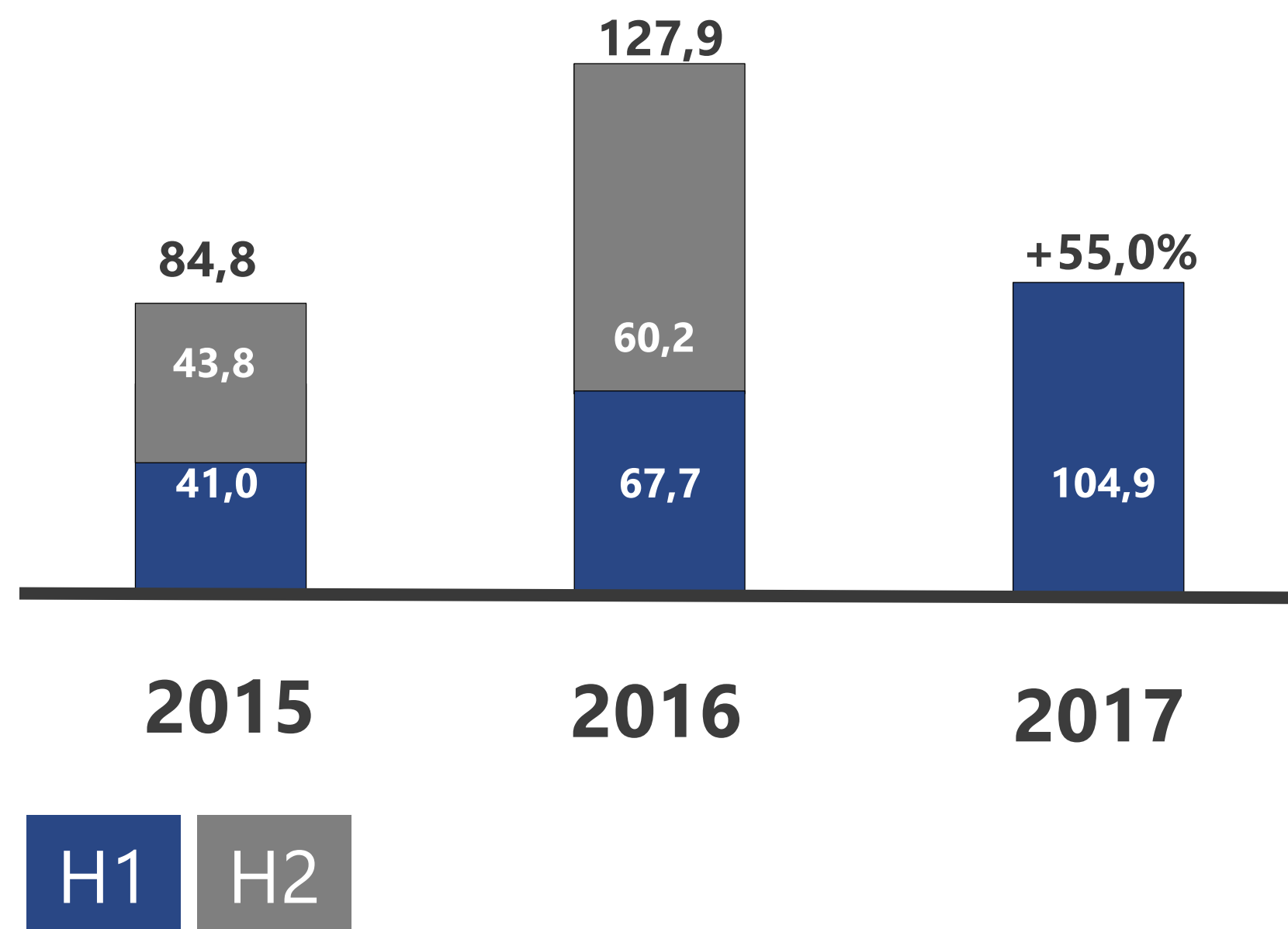


EBITDA (Rm)

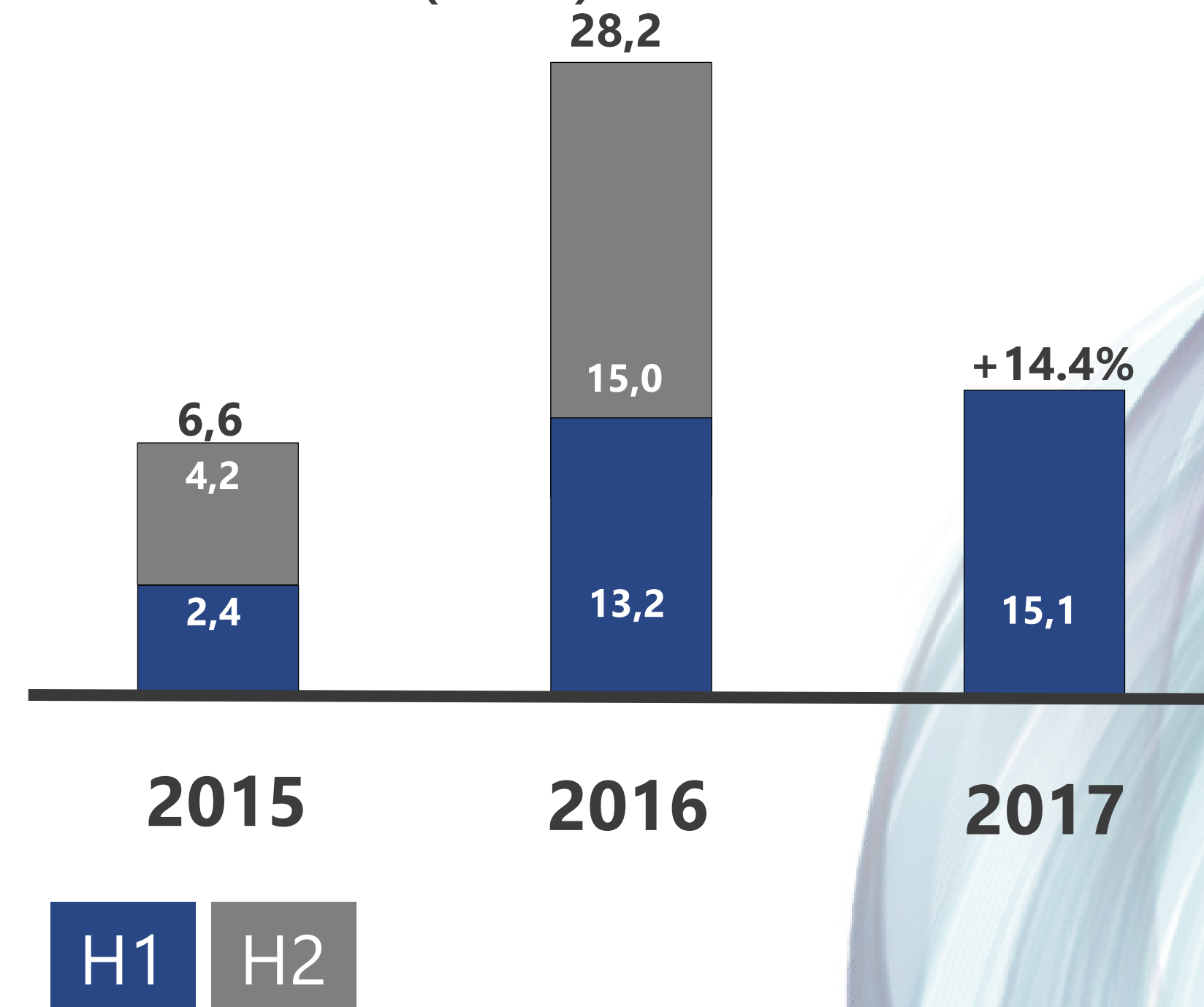


Training & Healthcare

Revenue (Rm)



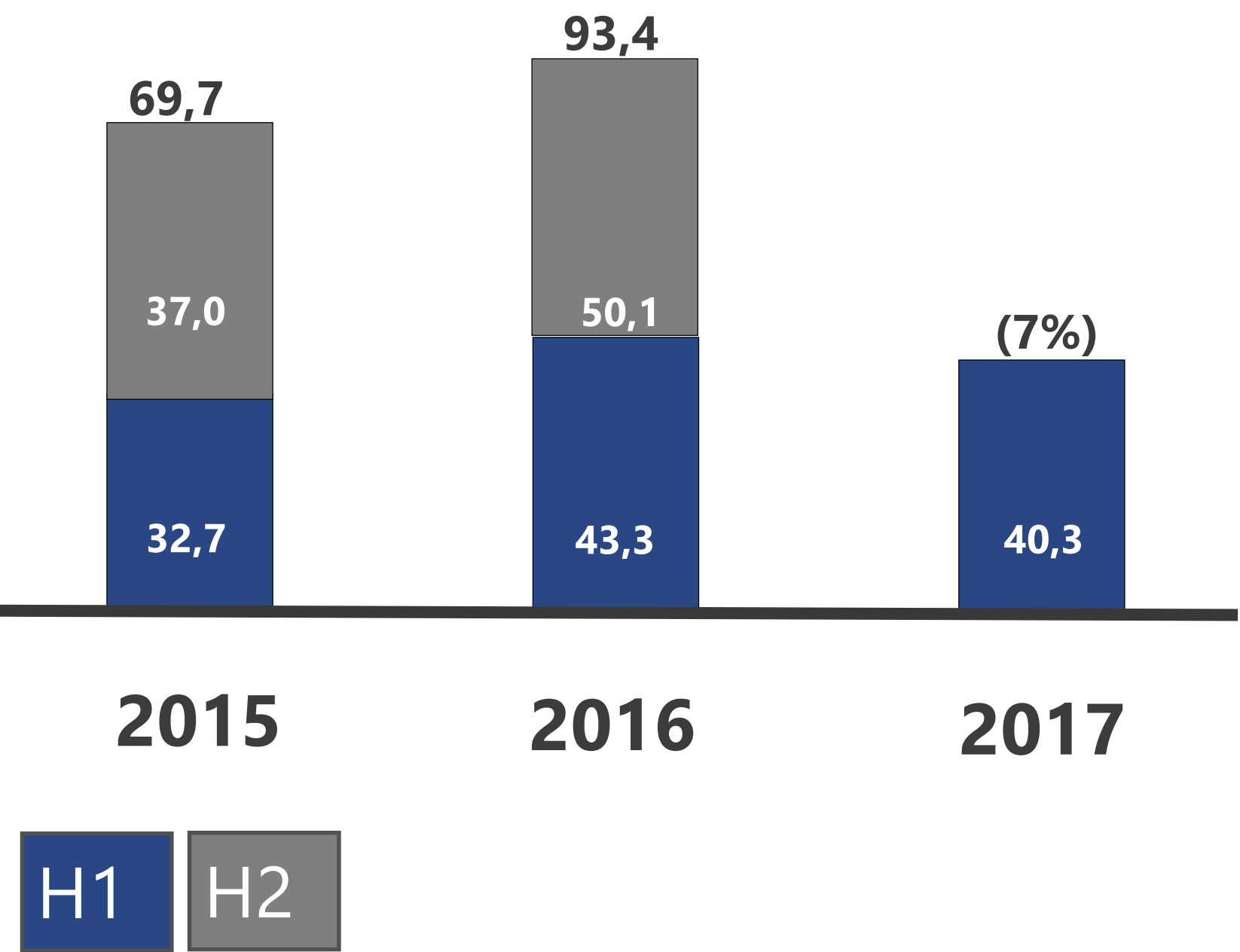
EBITDA (Rm)



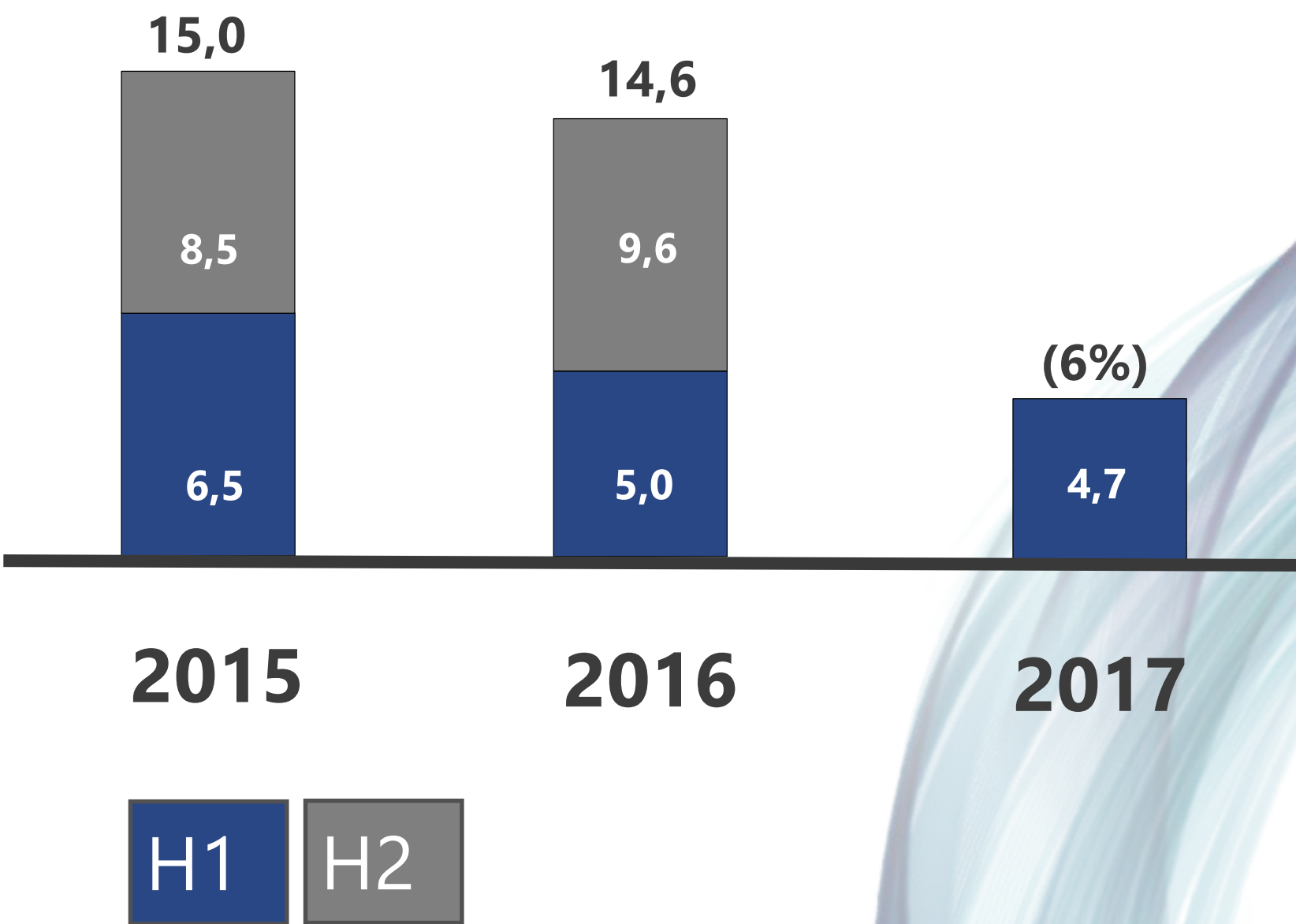
Financial & Lifestyle



Revenue (Rm)



EBITDA (Rm)

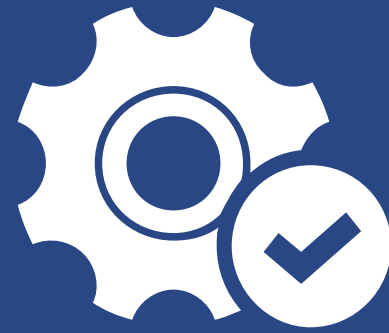


Progress

01

Organisational Structure

- Group IT director
- 3 segments
- Training segment executives
- Strengthened financial resources
- Group sales executive
- Workforce wellness
- Organic opportunities being unlocked



04

Acquisitions

- 6 in 18 months
- 2017
 - ✓ KBC
 - ✓ Oxyon
 - ✓ Day Click Mauritius



02

Access to Capital

- ABSA facility
- Long-term debt
- Equity
- Developmental Aid



05

Africa

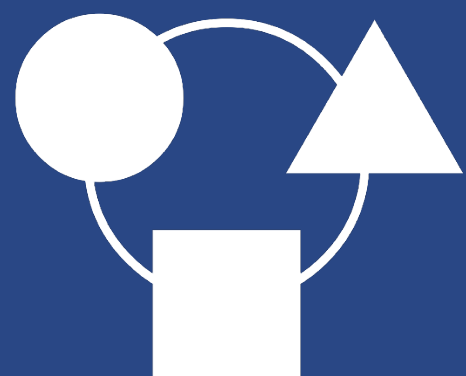
- Presence established in Mozambique, Botswana and Namibia
- Opportunities
- Mauritius Day Click acquisition in 2017
- Refining the strategy



03

Diversification

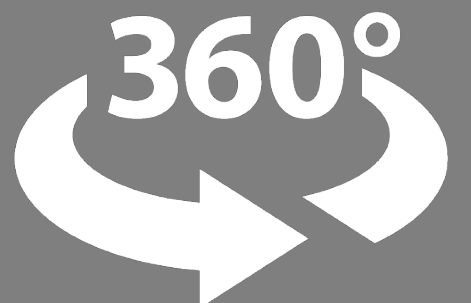
EBITDA from non-staffing segment 18%



06

Transformation

- BEE Level 4
- Qunu Workforce
- Transformation and EE manager
- Committees



Risks

Capital & Funding

Technology

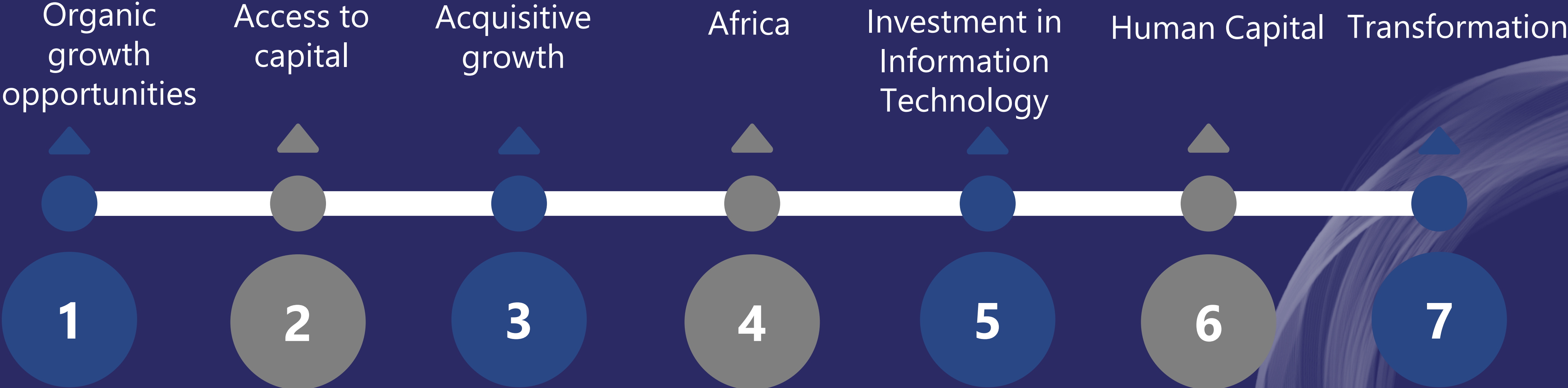
Political/Unions

Credit Risk & Cash
Management

Government incentives

Regulatory

Strategic Priorities



GIVE OUR YOUTH **JOBS**
TRAIN THEM FOR A YEAR
CHANGE THEIR **LIVES**
IMPROVE YOUR **BEE RATING**

AND...

AT **NO COST** TO YOU

HOW?

Contact Workforce today

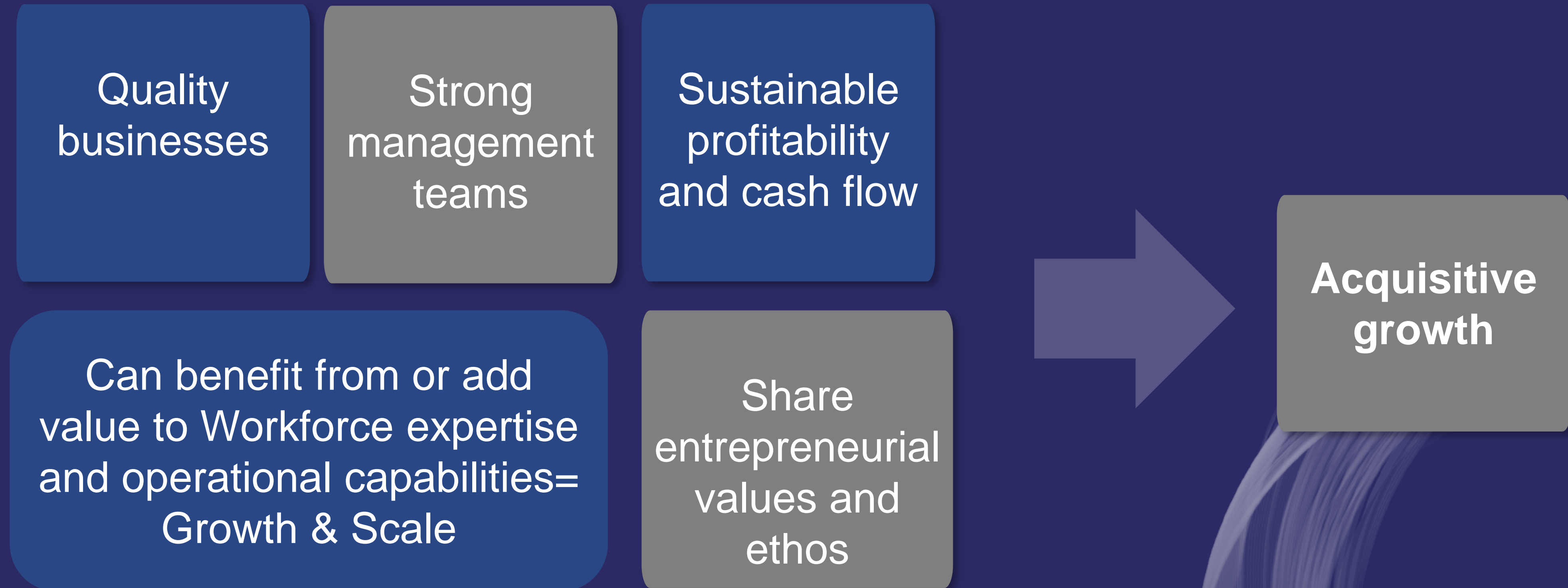
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Uplifting People. **Growing** Business

Staffing & Outsourcing | Training & Healthcare | Financial & Lifestyle







Acquisition Criteria



- Acquisitions of scale
- International and/or local businesses with international presence

Acquisitions



Company acquired	Date	Description	Update information
	October 2015	<ul style="list-style-type: none"> Accredited mining training provider 	Contributed R14,2m to EBITDA (2016:R13,4m)
	February 2016	<ul style="list-style-type: none"> Provided increased presence in outsourced technical skills 	
	May 2016	<ul style="list-style-type: none"> Enhanced permanent placements and executive search capability 	
	January 2017	<ul style="list-style-type: none"> Set to contribute to Training and Consulting segment 	
	February 2017	<ul style="list-style-type: none"> Technical and artisanal skills 	
	March 2017	<ul style="list-style-type: none"> TES and permanent recruiting in Mauritius 	

Access of Capital

Debt facility

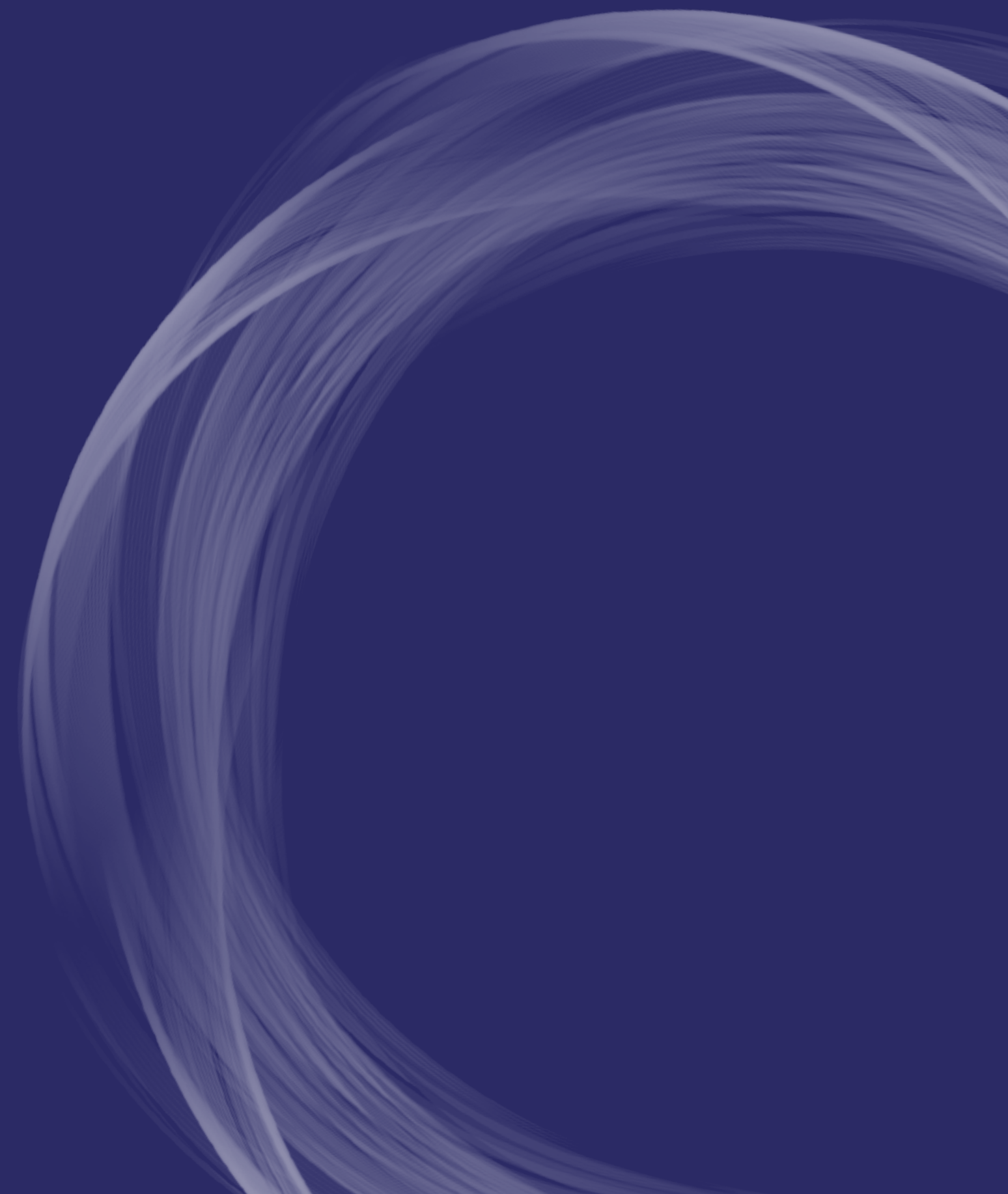
- Increased facility
- Improved terms
- Maintained interest rates

Medium term facility

- DMTN programme registered

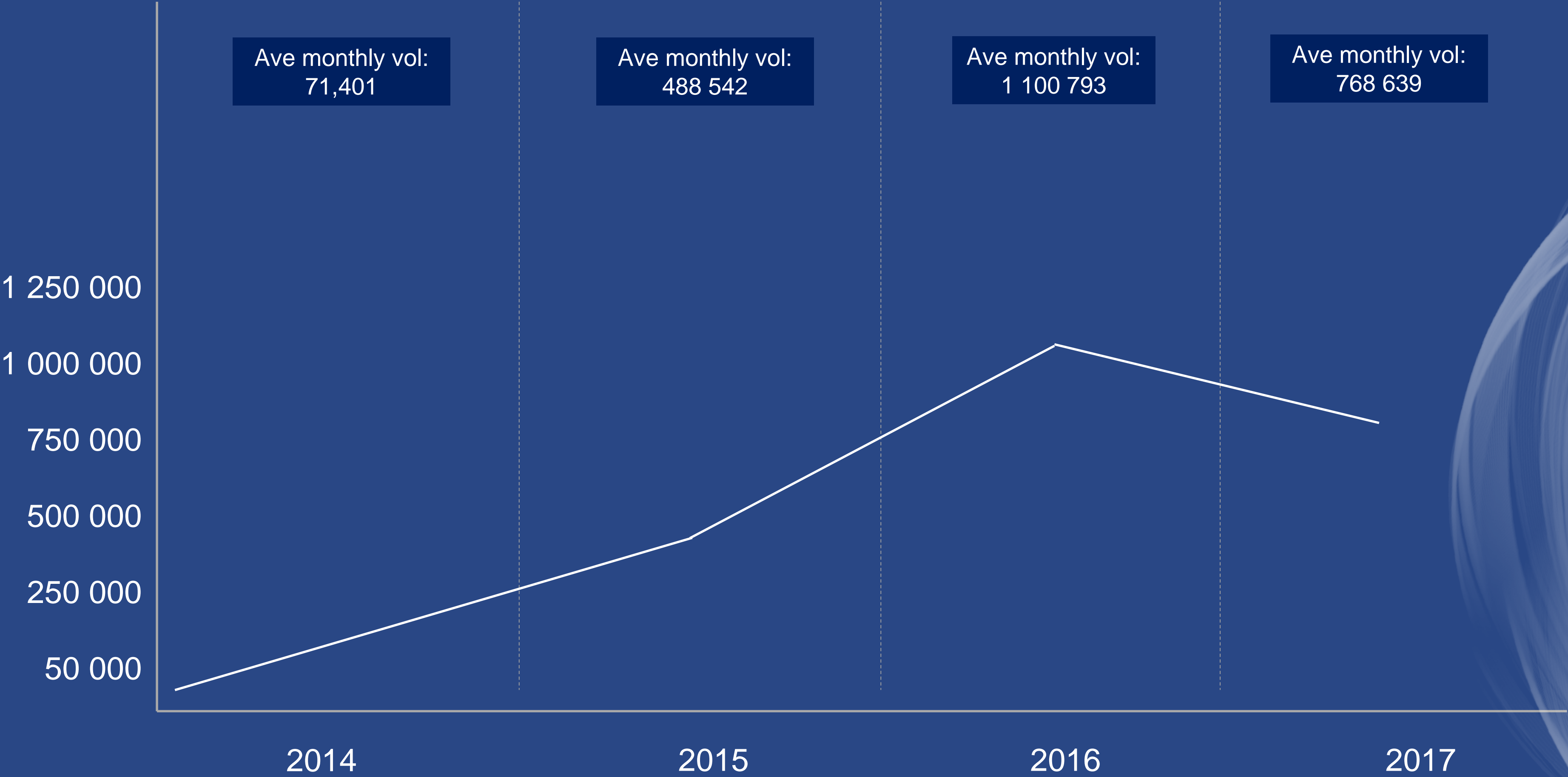
Development Aid and
Government Funding

Equity markets



Investor Relations

Improving communications and transparency





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Outlook

Ronny Katz
Chairman

Outlook in Summary

1

Tough environment

2

Cautiously optimistic about economy and labour environment

3

Continued organic and acquisitive drive

4

Training segment growth

5

Improving access to capital

6

ETI

7

Diversification

8

Engaged and committed management team

Disclaimer



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Thank You

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