

**Uplifting** people.  
**Growing** business.



**workforce**  
HOLDINGS LIMITED

# Results Presentation

for the interim period ended  
30 June 2020

# Financial Results

**Willie van Wyk**  
*Financial Director*

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# Workforce Holdings and our group of companies



For over 48 years, we have been uplifting **people** and growing **business**.

We are a **progressive** investment holdings company. We manage investments in human capital businesses that provide innovative, integrated and **diversified solutions** in **staffing & outsourcing, recruitment, healthcare, training** and **financial services** throughout South Africa and across our borders.



# Salient Features

Revenue decreased by 16,9% to R1,3 billion  
(2019: R1,5 billion)

EBITDA before  
impairments reduced  
by 52,2%  
to R44,1 million  
(2019: R92,3 million)

Cash flow from  
operating activities  
increased  
to R307,6 million  
(2019: R48,5 million)

EPS decreased by  
146% to -8,5 cps  
(2019: 18,5 cps)

EPS excluding  
impairment 8,7 cps  
(2019: 18,5cps)

Healthcare cluster  
delivering revenue  
growth of 4% and  
EBITDA growth of 31%

- Interim period began strongly, but was impacted by COVID-19 and associated lockdown
- Strong cash and cost management
- Impaired financial services loan book



# Income Statement

R'000	Six months 30 Jun 2020	Six months 30 Jun 2019	% change	Year end 31 Dec 2019
Revenue	1 273 101	1 532 511	(16,9)	3 227 054
Gross profit	291 658	347 764	(16,1)	702 395
Other income	7 829	-		1 402
Operating costs	(255 357)	(255 486)	(0,1)	(545 632)
EBITDA before impairments	44 130	92 278	(52,2)	158 165
Impairments	(53 656)	(12 235)		(17 230)
<b>EBITDA</b>	<b>(9 526)</b>	<b>80 043</b>	<b>(112,0)</b>	<b>140 935</b>
(Loss)/profit before taxation	(49 626)	38 304	(229,6)	99 073
Taxation credit/(expense)	35 591	2 911		(943)
<b>(Loss)/profit after taxation</b>	<b>(14 035)</b>	<b>41 215</b>	<b>(134,1)</b>	<b>98 130</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(14 770)</b>	<b>40 910</b>	<b>(136,1)</b>	<b>98 293</b>

# Summarised Cash Flow

R'000	Six months 30 June 2020	Six months 30 June 2020
Cash flow operating activities	307 579	(48 512)
Cash flow from investing activities	(8 332)	(10 088)
Cash flow from financing	(191 349)	(51 268)
Cash balance at end of period	156 906	28 704

- Strong improvement in cash flow from a number of actions
- No debt covenants in breach and sufficient liquidity in place to take group through current crises
- All cash outlays were stringently managed
- Debt equity ratio 0,45 (2019: 0,46)

# Assets

R'000	As at 30 Jun 2020	As at 30 Jun 2019	% change	As at 31 Dec 2019
<b>Non-current assets</b>	<b>450 211</b>	<b>373 739</b>	<b>20,5</b>	<b>386 939</b>
Right-of-use asset	20 881	25 612		28 183
Property, plant and equipment	19 116	20 445		20 642
Goodwill	215 780	192 993		192 993
Intangible assets	84 863	69 307		74 302
Deferred tax assets	103 822	58 757		63 882
Other financial assets	5 749	6 625		6 937
<b>Current assets</b>	<b>782 350</b>	<b>795 746</b>	<b>(1,7)</b>	<b>892 530</b>
Trade and other receivables	618 153	758 726		836 224
Inventories	3 849	5 461		4 229
Taxation	3 442	2 855		3 069
Cash and cash equivalents	156 906	28 704		49 008
<b>Total assets</b>	<b>1 232 561</b>	<b>1 169 485</b>	<b>5,4</b>	<b>1 279 469</b>

- Days outstanding reduced to 52 days (2019: 54 days)

# Equity and Liabilities

Rm	As at 30 Jun 2020	As at 30 Jun 2019	% change	As at 31 Dec 2019
<b>Equity</b>	<b>683 654</b>	<b>636 240</b>	<b>7,5</b>	<b>694 877</b>
<b>Non-current liabilities</b>	<b>67 394</b>	<b>117 044</b>	<b>(42,4)</b>	<b>57 022</b>
Financial liabilities	30 131	81 617		17 698
Interest-bearing loans and borrowings	5 483	17 990		14 781
Deferred tax liabilities	31 780	17 437		24 543
<b>Current liabilities</b>	<b>481 513</b>	<b>416 201</b>	<b>15,7</b>	<b>527 570</b>
Trade and other payables	283 545	149 285		167 096
Interest-bearing loans and borrowings	19 127	12 488		17 787
Financial liabilities	178 841	254 428		314 877
<b>Total equity and liabilities</b>	<b>1 232 561</b>	<b>1 169 485</b>	<b>5,4</b>	<b>1 279 469</b>

**NAV per share (cents)**

**303**

**282**

**308**



# Financial Prospects

## 2020 Financial Year

- Vigilance regarding cash and expenditure to ensure cash preservation
- All clusters return to profitability
- Operating clusters very well positioned
- Emphasis on organic growth and acquisitions
- Cost containment to continue



# Dealing with COVID-19

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**Ronny Katz**

*Chief Executive Officer*

# Our People

- **Immediate** reaction, protection & creating safe spaces
- **Swift** communication
- **'Task and Execution' teams** formed
  - COVID-19
  - Cash flow
  - Overheads & Cost control
  - Health & Safety
- Application and dissemination of **R132 million worth of UIF Temporary Employee Relief** Scheme ("TERS") receipts to date
- Made **top-up payments** to our contractors amounting to **R13,4 million**
- **Food vouchers** to the value of **R1,6million** were purchased
- To **preserve liquidity**, board, executive, senior management and members of staff, took a **20% reduction in salary** for April, May and June 2020





# Overview

Pre-COVID-19	Jan – last week in Mar 2020	<ul style="list-style-type: none"> <li>Excited and optimistic</li> <li>Diversification in place and cluster structure poised to perform well</li> </ul>
	Apr	<ul style="list-style-type: none"> <li>Healthcare cluster operational</li> <li>Only operating and supporting companies classified as essential services</li> <li>Immediate and substantial decline in turnovers</li> </ul>
	May	<ul style="list-style-type: none"> <li>Similar to April</li> </ul>
COVID-19 Storm	Jun	<ul style="list-style-type: none"> <li>Recovery and operating at much higher level of utilisation of our services</li> </ul>
	Jul	<ul style="list-style-type: none"> <li>Improved results after the peak of 'lockdown'</li> </ul>
Start of H2	Remainder of year	<ul style="list-style-type: none"> <li>Expected return to higher level of utilisation of services and near-normalised pattern of earnings</li> </ul>

Given the continued uncertainty with regard to COVID-19, Workforce is unable to tell at this stage when the economy will operate at full capacity

# Operational Overview

**Ronny Katz**

*Chief Executive Officer*

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# Staffing & Outsourcing\*

- Sectors it supports were **adversely affected by COVID-19**
- **Permanent recruitment** came to a virtual halt
- **Business pivoted** to supply novel solution models which have proven to be profitable
- **Cost cutting** implemented

## Outlook

- Cluster is **well positioned** for growth
- Will benefit from any **economic upswing**
- Team from **Transman** who joined has **strong relationships and footprint** to add value

## Revenue (R'000)

1 217 453

978 347

2019

2020

## EBITDA (R'000)

64 534

45 842

2019

2020



# Recruitment\*

- **Appointment of new cluster head** and merged selected businesses in the cluster
- Implemented stringent **cash preservation cost controls** and focused on collection of debtors
- Staff in field **improved** towards end of interim reporting period

## Outlook

- **Cost cutting** and **specific revenue models** should contribute **positively** to bottom line for remainder of financial year





# Africa\*

- **Africa strategy at play** with continuation of efforts to open new markets across Africa
- Won new clients in **Mozambique**
- **Insurance & employee benefits** opportunities pursued in various other countries in Africa
- Services to **hospitality** segment in Mauritius were affected by COVID-19
- **Botswana and Namibia** performed well

## Outlook

- Continue to **grow opportunities** in all our clusters where competitive advantages exists







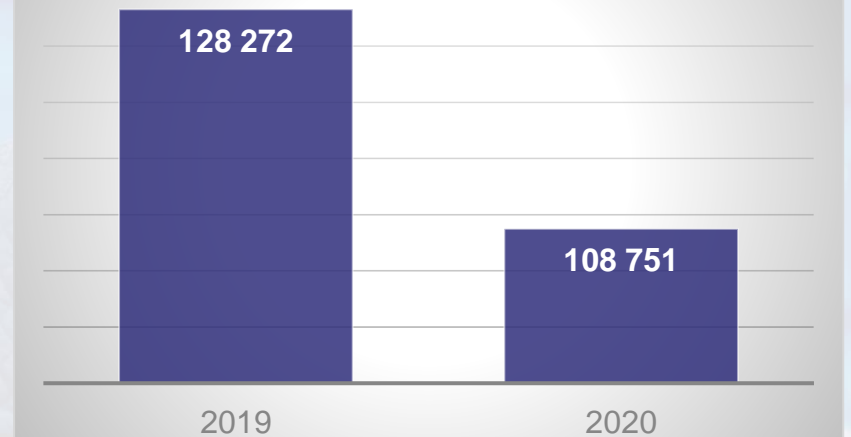
# Training

- **Negative impact** by COVID-19 lockdown (in particular mining)
- **Chartall Business College** well integrated and was able to continue delivering courses digitally
- This **digital element incorporated** into rest of cluster with great success

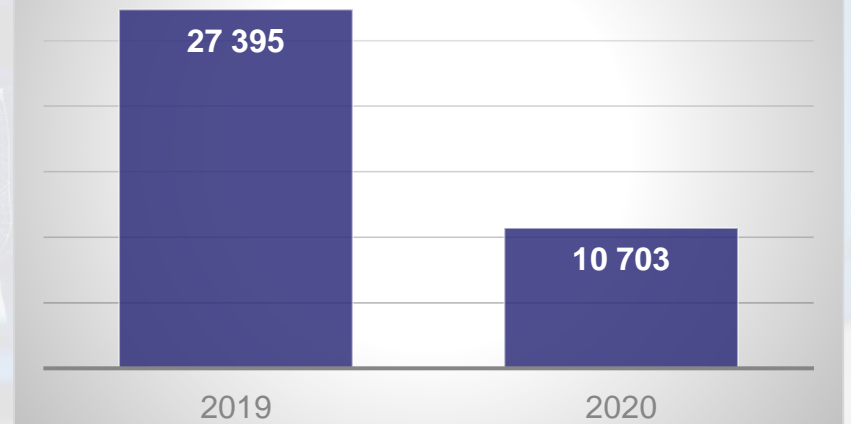
## Outlook

- **Activity increased** in June 2020 with cluster on track for activity to resume to normal levels towards end of year
- Focus on **digital and online** deliver of courses

## Revenue (R'000)



## EBITDA (R'000)





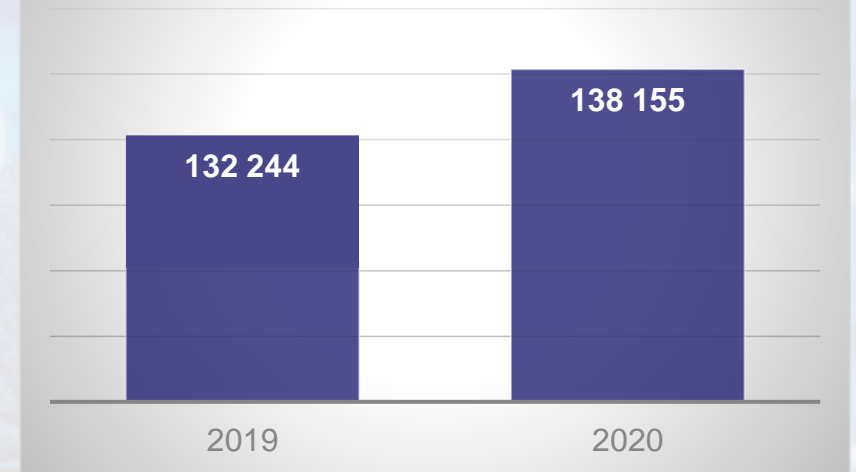
# Healthcare

- **Operational, in demand** and innovative as a results of COVID-19
- **Increased demand for services** and new clients gained
- Developed array of **new services**

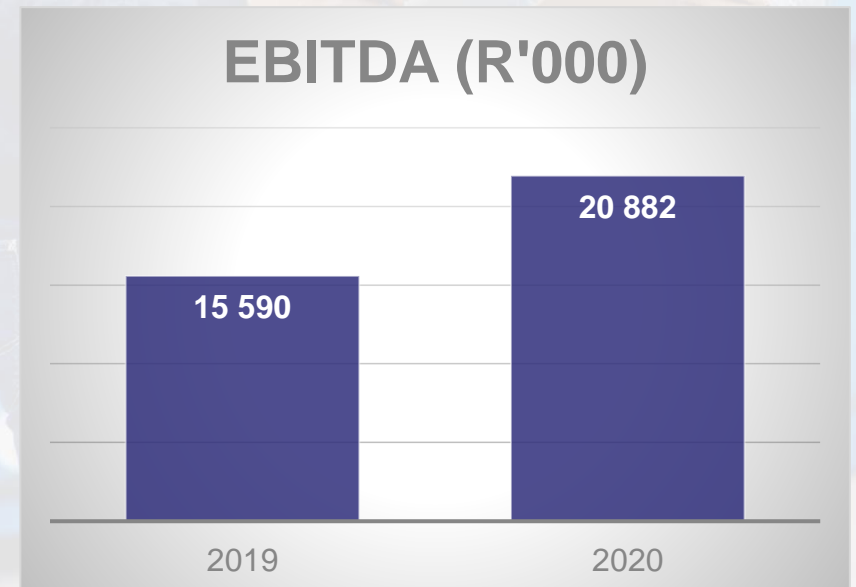
## Outlook

- **Validation of leadership position** in healthcare space
- **Well positioned** to reap benefits for remainder of year

## Revenue (R'000)



## EBITDA (R'000)







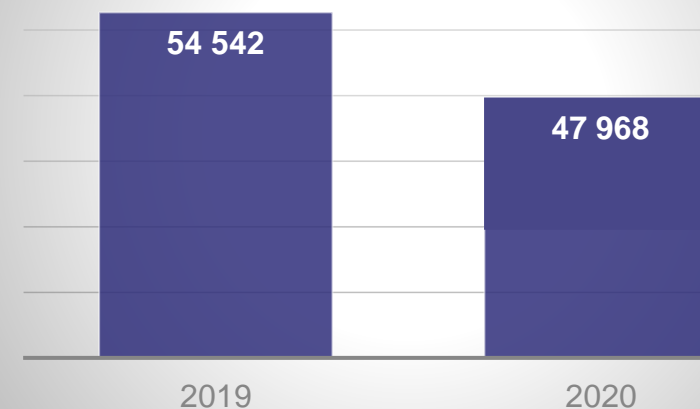
# Financial Services

- **Difficult six months** as a results of high unemployment exacerbated by COVID-19
- Despite this, **June and July numbers have improved**, with many previously unemployed able to recommence employment
- **Stringent cost cutting implemented**
- **Impairment of loan book** amounting to R46,5 million
- **Financial services** made material inroads with new clients and developed systems to help manage the new increase of business

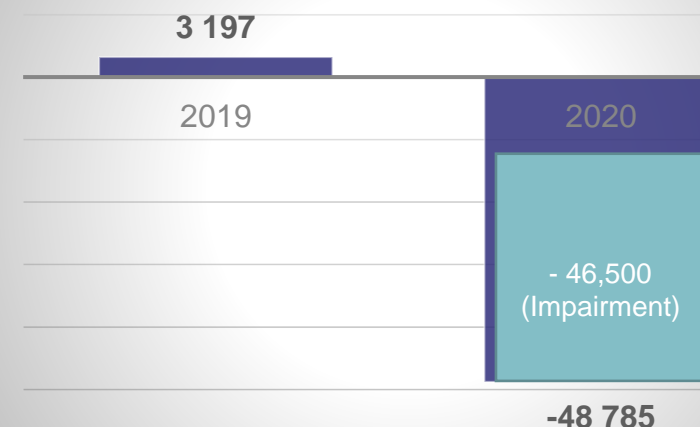
## Outlook

- **Re-employment** of people has benefited the loan book
- **Cautious** in light of poor income and credit markets
- **Insurance products show positive demand** and further growth is envisioned

## Revenue (R'000)



## EBITDA (R'000)



# Conclusion

**Ronny Katz**

*Chief Executive Officer*

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# Conclusion

- Minimised losses however good **optimistic** and motivated culture remains
- COVID-19 forced a **positive re-evaluation of business** structure – better positioning for future
- With country now in stage 2, we are able to **participate and benefit** as industry opens up
- **Acquisition strategy** remains in place from which further growth can be extracted
- **Strong cash position** and liquidity in place



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# Thank you

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