

KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

KELLY PARTNERS GROUP HOLDINGS

(ASX: KPG)

1H23 RESULTS PRESENTATION

PRESENTED BY

Brett Kelly Founder and CEO

Kenneth Ko CFO

February 2023

KPG IN 10 SECONDS

For personal use only

PROFIT & LOSS



REVENUE

1H23	\$44.0m
1H22	\$30.9m

Revenue from ordinary activities



MARGIN

1H23	26.7%
1H22	33.2%

Underlying EBITDA pre AASB 16 to Revenue



PARENT NPATA

1H23	\$3.6m
1H22	\$3.3m

Underlying NPATA attributable to parent

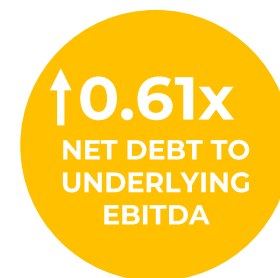
BALANCE SHEET



RETURN

1H23	43.4%
1H22	42.2%

Underlying Group NPATA on Group Equity



GEARING

1H23	1.93x*
1H22	1.32x

Net Debt on Underlying Group EBITDA

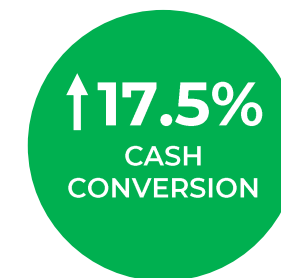
CASHFLOW



CASHFLOW

1H23	\$10.3m
1H22	\$9.2m

Operating Cashflow pre AASB 16



EFFICIENCY

1H23	106.4%
1H22	88.9%

Operating Cashflow (before finance costs and tax) on EBITDA

Supplementary Statistic

	TTM Revenue / FTE exc. partners	Firm EBITDA %	Underlying Group NPATA
1H23	\$209K / FTE	30.0%	\$8.8m
1H22	\$203K / FTE	33.5%	\$7.5m

Group ROIC	Lockup Days
21.8%	56.4
23.3%	57.4

Receipts from customers	Operating Cashflow
\$48.4m	\$14.6m
\$32.0m	\$11.9m

* Higher gearing resulting from funding acquisitions and proportionately lower EBITDA. Gearing based on Underlying EBITDA excluding parent additional investments is 1.61x

CAPITAL ALLOCATION

For personal use only

KPG aims to build per-share intrinsic value by:			FY22	1H22	1H23
1	Improving the earning power of our operating businesses	✓	30.9%	33.5%	30.0%*
			<i>EBITDA Margin of Operating Businesses</i>		
2	Further increasing their earnings through acquisitions	✓	26.5%	17.0%	34.5%
			<i>Contribution to revenue growth</i>		
3a	Growing our existing accounting subsidiaries	✓	4.7%	5.1%	5.6%
			<i>Contribution to revenue growth</i>		
3b	Growing our existing complementary businesses	✓	1.5%	2.4%	2.1%
			<i>Contribution to revenue growth</i>		
4a	Making programmatic acquisitions	✓	8	2	5
			<i>Number of acquisitions</i>		
4b	Making an occasional large acquisition (i.e. >\$5m in revenue)	⊥	0	0	0
5	Repurchasing KPG shares	✓	0	0	0
	Number of Shares On Issue	✓	45.0m	45.0m	45.0m

*see slide 23 "Profitability" for EBITDA margins by cohorts.

CONTENTS

- 1 GROWTH**
- 2 FINANCIALS**
- 3 A GLOBAL OUTLOOK**

For personal use only

Note all totals and other calculations presented in this presentation may be impacted by rounding

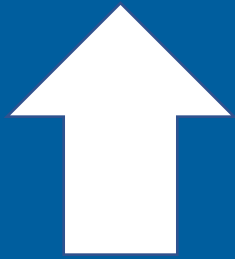
1 GROWTH

KP+GH

OFFICES

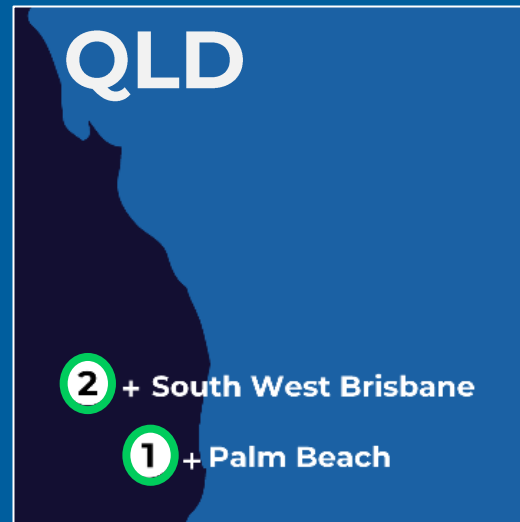
For personal use only

28



19

+9 / +47%



KP+GH

GROWTH: GLOBAL

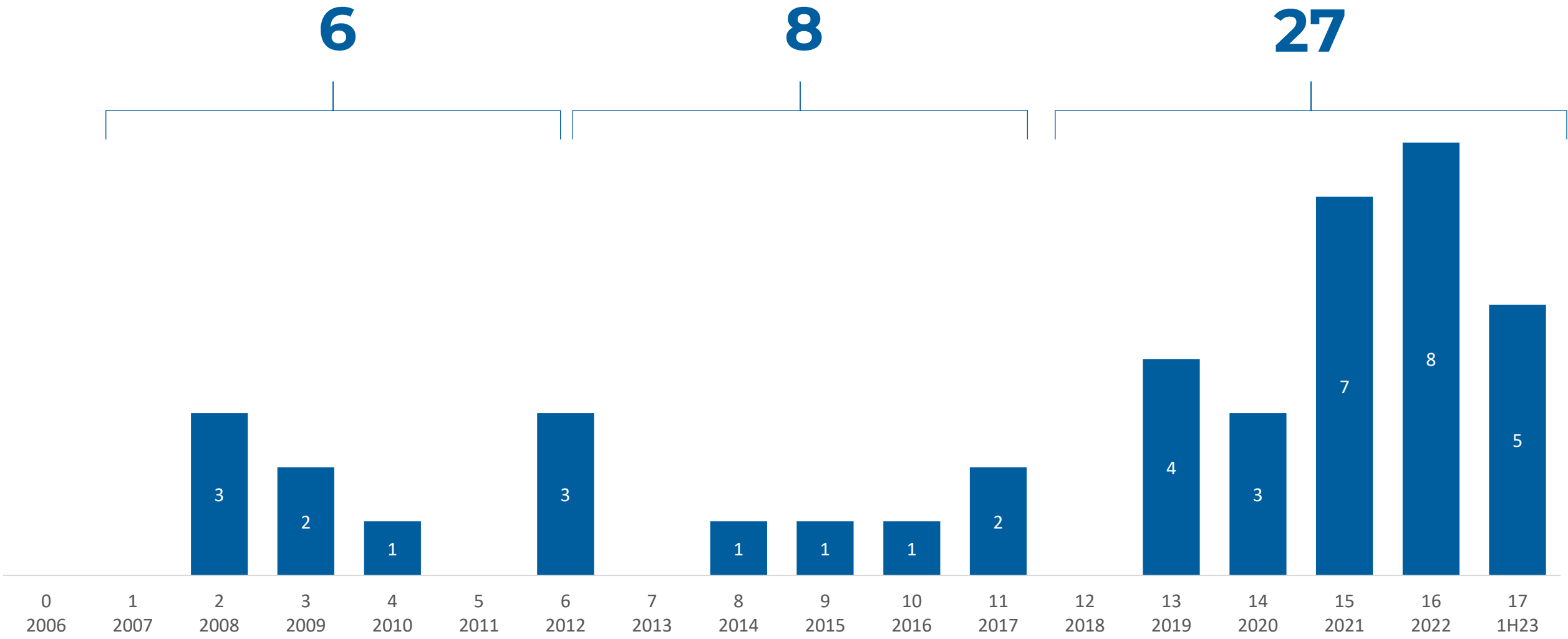
For personal use only



KP+GH

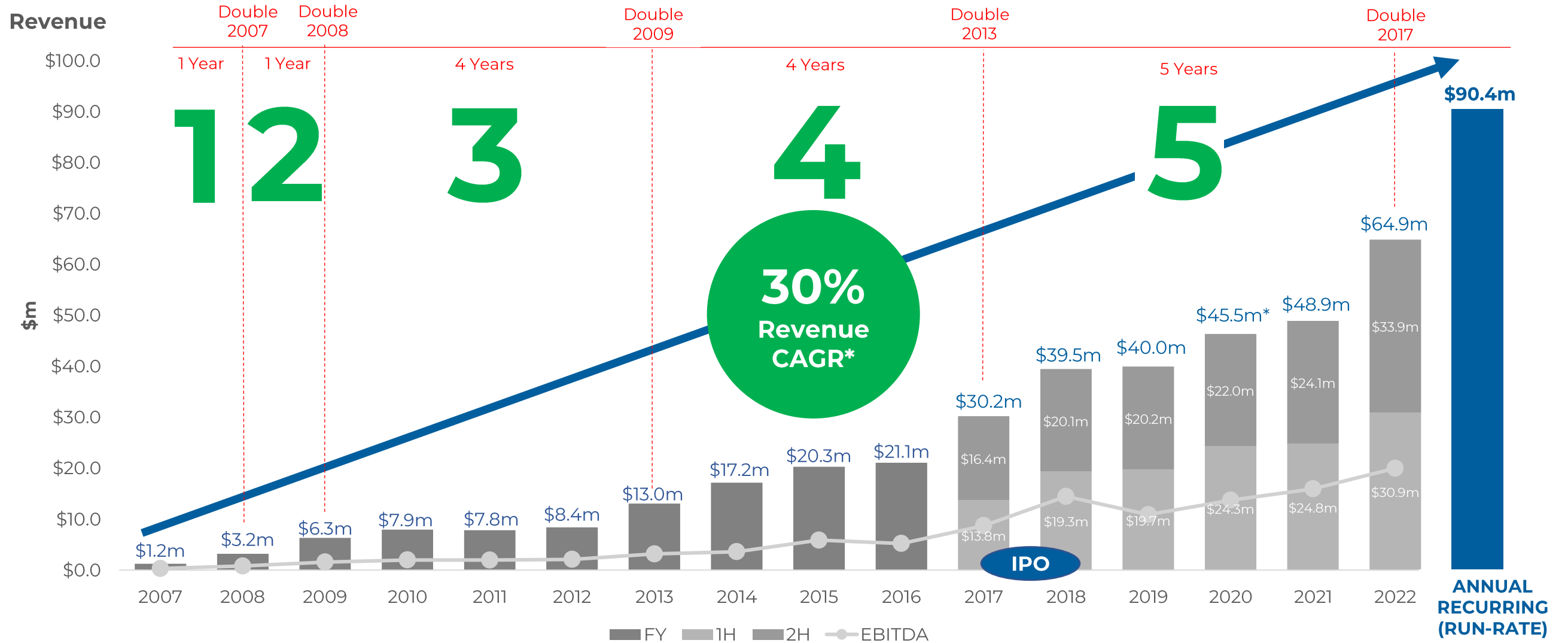
GROWTH: ACQUISITIONS

For personal use only



GROWTH: REVENUE & EBITDA

For personal use only

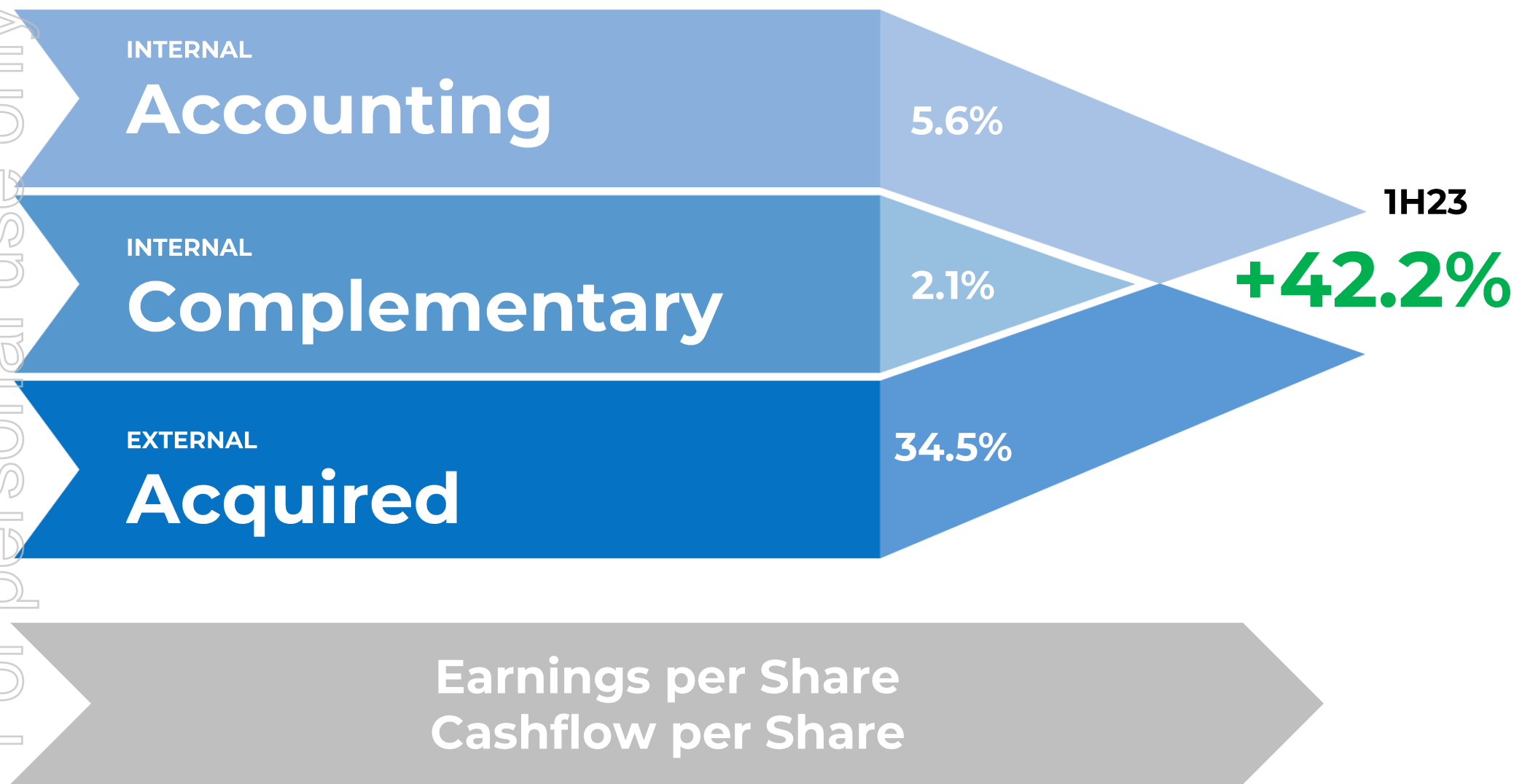


* Excludes discontinued operations

**CAGR means Compound Annual Growth Rate and represents the constant rate of compound revenue growth over the period since inception (with the business founded in 2006, and the calculation based on 2007 representing the first full year of operations). Audited numbers from FY2013 onwards.

GROWTH: REVENUE & EPS

For personal use only



Compounded annual growth rate since 2006

30.5%

Earnings per share annual growth rate since IPO (up to FY22)

13.1%

GROWTH: OWNER EARNINGS

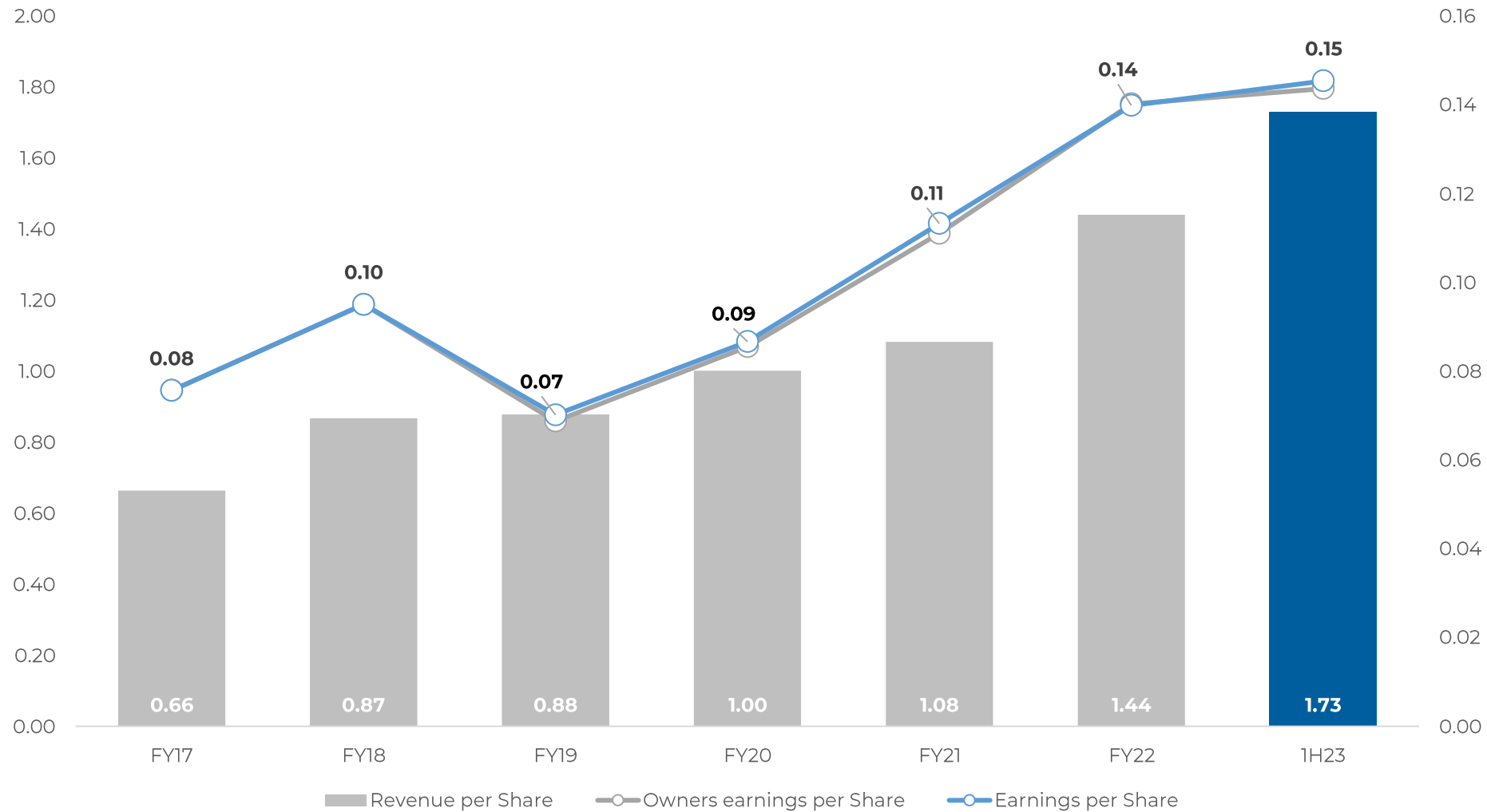
For personal use only

	FY19	FY20	FY21	FY22	1H23 TTM	CAGR since IPO
Owner earnings	\$3,128,904	\$3,885,041	\$5,014,894	\$6,312,568	\$6,546,674	
Owner earnings per share (cents)	6.88	8.55	11.11	14.03	14.37	
% Growth		24.2%	29.1%	25.9%	3.7%	13.1%
Underlying NPATA	\$3,193,208	\$3,937,677	\$5,114,832	\$6,296,954	\$6,546,674	
Cashflow Conversion - Parent	98%	99%	98%	100%	99%	

- **Owner earnings** represent the cashflow available to the parent entity. Owner earnings is used to measure cashflow to the Group (after taxes and finance costs) after taking in to account:
 - additions or reductions in working capital investment (debtors, creditors and other accrual movements);
 - deductions required for the maintenance capital expenditure of the business to maintain ongoing operations in the long term
- For the parent entity, Owner earnings equates to Cashflow from Operating Activities as there is minimal capital expenditure required to maintain the activities of the parent entity
- Cashflow conversion strong at 100% and consistent across years.

GROWTH: PER SHARE

For personal use only



+16.8%
p.a.
Recurring Revenue per share to FY22

+13.1%
p.a.
Owner Earnings (Parent) per share & EPS to FY22

GROWTH: ROIC

“And when we think about Invested Capital, we think about the shareholder capital that has been invested in the businesses, plus any Adjusted Net Income less any distributions. Obviously, when you divide Adjusted Net Income by Invested Capital, you get a measure of the return on our shareholders’ investment (i.e. ROIC). If you add Organic Net Revenue Growth to ROIC, you get what we believe is a proxy for the annual increase in Shareholders’ value. In a capital intensive business you couldn’t just add Organic Net Revenue Growth to ROIC, because growing revenues would require incremental Invested Capital. In our businesses we can nearly always grow revenues organically without incremental capital” – Mark Leonard, 2009 President’s Letter, page 2

Year	Group Underlying NPATA + Cash Interest	Invested Capital (Debt + Equity)	ROIC	Organic Revenue Growth (YOY)	ROIC + Organic Revenue Growth
2017	\$7,961,219	\$34,791,080	22.9%		22.9%
2018	\$12,132,817	\$38,886,264	31.2%	13.0%	44.2%
2019	\$9,650,748	\$42,755,818	22.6%	-4.3%	18.3%
2020	\$10,955,031	\$41,935,241	26.1%	8.0%	34.1%
2021	\$12,410,693	\$44,924,311	27.6%	2.7%	30.3%
2022*	\$15,209,546	\$68,289,664	22.3%	6.2%	28.4%
1H23 TTM	\$17,219,655	\$79,017,172	21.8%	7.8%	29.6%
Average (2018 to 2022)			26.0%	5.1%	31.1%

* ROIC is impacted where Underlying NPATA does not include a full year contribution from in year acquisitions. Whereas a part year Underlying NPATA is included, the full debt capital used to complete the acquisition is included. Adjusted ROIC taking into account annualised contributions from acquisitions for FY22 is 25.5%

PEOPLE

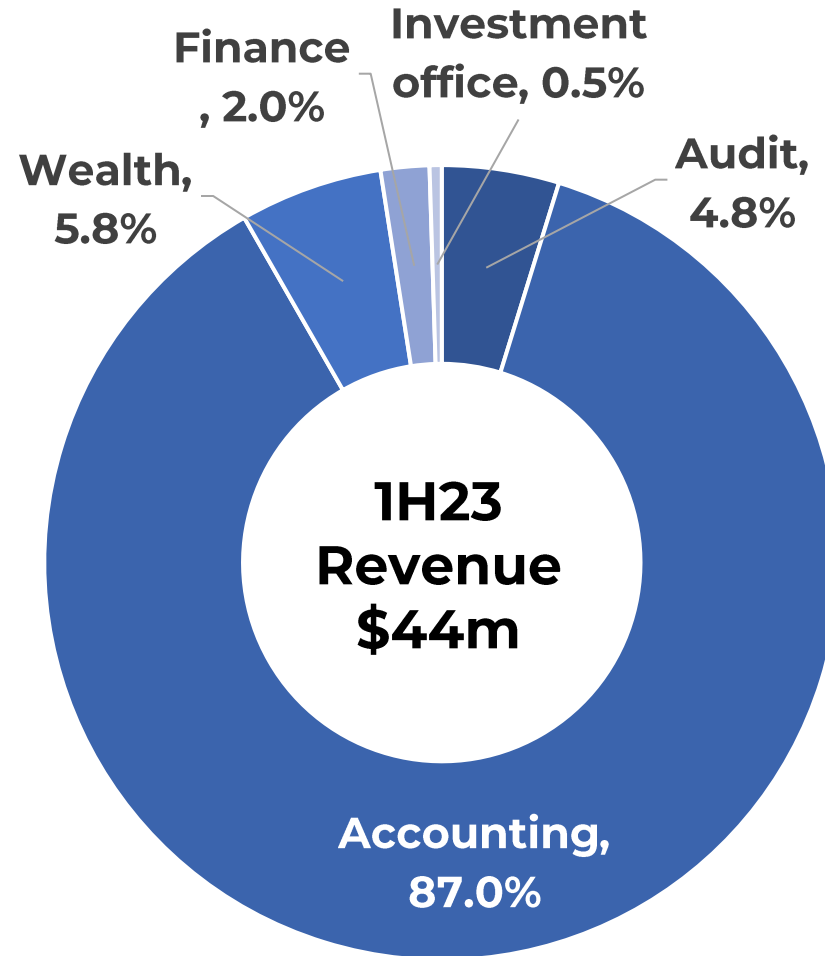
SERVICES

CLIENTS

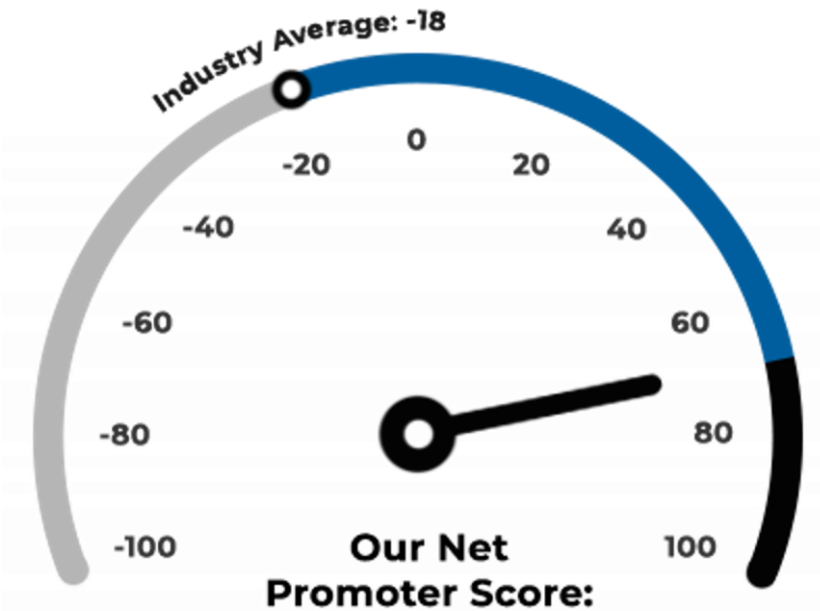
For personal use only



456 Team Members



\$44m Revenue (+42%)



17,000+ Groups (+26%)

2

FINANCIALS

KP+GH

HIGHLIGHTS

For personal use only

1H23 Financial Highlights (m)	KPGHL & Controlled Entities			KPGHL Attributed (parent only)		
	1H22	1H23	% Change	1H22	1H23	% Change
P&L and Cashflow						
Revenue	\$30.9	\$44.0	42.2%	-	-	-
Underlying EBITDA (pre AASB 16)	\$10.3	\$11.8	14.3%	-	-	-
Margin %	33.2%	26.7%	-19.6%	-	-	-
EBITDA (pre AASB 16)	\$11.8	\$11.5	-2.1%	-	-	-
Underlying NPATA	\$7.5	\$8.8	18.2%	\$3.3	\$3.6	7.5%
Margin%	24.2%	20.1%	-16.9%	-	-	-
NPATA	\$8.9	\$8.3	-5.8%	\$3.8	\$3.3	-14.9%
Dividends & Distributions Paid	\$6.2	\$7.7	23.6%	\$1.0	\$1.1	10.0%
Cash from Operating Activities (pre AASB 16)	\$9.2	\$10.3	12.2%	-	-	-
Owners' Earnings¹	\$9.1	\$10.0	9.8%	\$3.4	\$3.5	4.6%
Gearing (Net Debt / Underlying EBITDA)	1.3x	1.9x	-	-	-	-
Cash Conversion (Operating Cash Flow / EBITDA)	88.9%	106.4%	-	-	-	-
Earnings per share (Underlying NPATA) (cents)	-	-	-	7.42c	7.98c	7.5%
Earnings per share (Stat NPAT) (cents)	-	-	-	7.49c	5.08c	-32.2%
Ordinary dividend Per Share (cents)	-	-	-	2.18c	2.40c	10.0%
Equity Partners	57	72	26.3%	-	-	-
Revenue per Equity Partner (Trailing 12 months)	\$1.0	\$1.1	12.2%	-	-	-
Balance sheet	30-Jun-22	31-Dec-22	% Change	30-Jun-22	31-Dec-22	% Change
Lockup (Debtors + WIP) ²	\$11.6	\$13.4	15.0%	-	-	-
Net Debt ⁷	\$31.4	\$36.9	17.7%	\$1.0	\$1.9	94.5%
Total Equity	\$34.0	\$35.8	5.4%	\$20.7	\$20.1	-3.0%
Return on Equity ³	41.7%	43.4%	4.0%	30.4%	32.6%	7.1%
Return on Invested Capital ⁴	22.3%	21.8%	-2.2%	30.5%	31.5%	3.3%
Days Lockup ⁵	55.8	56.4	1.0%	-	-	-
Equity Ratio (Equity / Total Assets) ⁶	31.8%	27.2%	-14.5%	-	-	-

¹ Owner earnings – calculated as Cash from Operating Activities less Payments for Lease Liabilities less Maintenance Capex. Note for the parent entity, we have presented Owners Earnings excluding tax movements (see Owners' Earnings slide for further explanation)

² Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities

³ Return on Equity – calculated as the Underlying NPATA / Total Equity

⁴ Return on Invested Capital – calculated as (Underlying NPATA + Interest) / (Total Equity + Debt)

⁵ Days Lockup – calculated as lockup divided by revenue multiplied by 365

⁶ Equity Ratio – calculated as Equity / Total Assets.

⁷ Net Debt for parent excludes attributable debt in subsidiary businesses.

⁸ Ordinary dividends paid represent the dividends paid relating to the stated financial year. For example, dividends paid in FY22 relating to FY21 are shown in the FY21 column.

REVENUE GROWTH

Revenue growth contributions by year

	FY18	FY19	FY20	FY21	FY22	AVG	1H23
Organic – Accounting	10.3%	-6.4%	6.6%	1.5%	4.7%	3.3%	5.6%
Organic – Complementary	2.7%	1.8%	1.4%	1.2%	1.5%	1.7%	2.1%
Organic – Total	13.0%	-4.6%	8.0%	2.7%	6.2%	5.1%	7.8%
Acquired	17.2%	6.4%	6.6%	4.8%	26.5%	12.3%	34.5%
Total	30.2%	1.8%	14.6%	7.5%	32.6%	17.3%	42.2%

For personal use only

INCOME STATEMENT

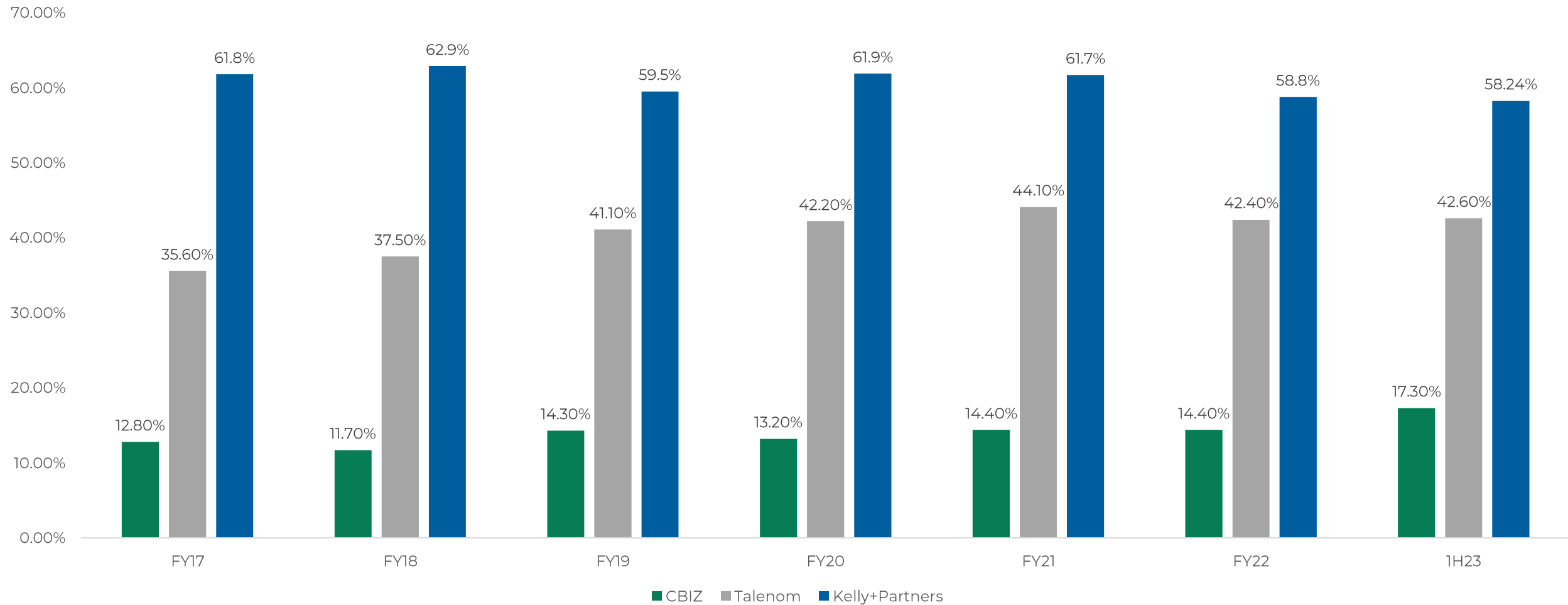
For personal use only

- **Revenue of \$44.0m (+\$13.1m, up 42.2%)**, driven both by organic revenue growth (7.8%) and by contributions from acquisitions completed in FY22 (34.5%). Revenue increased organically by 8.0% compared to the prior period and has exceeded the Group's target annual organic growth of 5.0%
- **EBITDA margin at 26.7% (1H22: 33.2%)** has been depressed due to significant additional investments from the parent entity, as well as a large number of acquisitions completed in the past 12 months and the initial costs required to transform the acquired businesses. Excluding the parent additional investments, the EBITDA margin of the operating businesses is at 30.0%. We target increasing this to 35.0% over time
- **Underlying NPATA attributable to shareholders growing 7.5% to \$3.6m (1H22: \$3.3m)** as a result of strong revenue growth and acquisition activities, offset by additional investments in parent entity. The parent entity has continued to invest heavily in Brand and Digital this half year to:
 1. support the Group's accelerated expansion through acquisitions that has occurred in the past 2 years and to enable such growth to continue in the future; and
 2. expand the Group globally, particularly in to the US and UK, where significant opportunities exist
- Increased amortisation expense due to higher customer relationship intangibles resulting from increased acquisition activity
- Income tax increase disproportionate to profit due to tax expense for NCI not recorded, and additional investments creating a large tax deduction in the parent#

Income Statement Summary (\$m)	1H22	1H23	Δ%
Professional services revenue	\$30.9	\$44.0	42.2%
Other income exc Non Recurring Income	\$0.0	\$0.5	n/a
Total Revenue	\$31.0	\$44.6	43.9%
Operating Expenses	-\$20.7	-\$32.8	58.6%
Underlying EBITDA pre AASB 16	\$10.3	\$11.8	14.3%
<i>Underlying EBITDA margin (pre AASB 16)</i>	33.2%	26.7%	
Non Recurring Income/Expenses	\$1.5	-\$0.2	-
Statutory EBITDA pre AASB 16	\$11.8	\$11.5	-2.1%
AASB 16 implementation	\$1.6	\$2.2	-
Statutory EBITDA	\$13.4	\$13.7	2.6%
D&A	-\$2.8	-\$4.4	61.2%
Finance Costs	-\$0.9	-\$2.0	127.6%
Income Tax	-\$1.7	-\$0.8	-55.2%
Statutory NPAT - Group Total	\$8.0	\$6.5	-19.2%
Non controlling interest	\$4.6	\$4.2	-9.8%
Statutory NPAT - Parent entity	\$3.4	\$2.3	-32.2%
Amortisation	\$0.5	\$1.0	108.6%
Non Recurring Income/Expenses	-\$0.5	\$0.3	-163.1%
Underlying NPATA to Shareholders	\$3.3	\$3.6	7.5%

GROSS MARGIN

“high gross margins are the most important single factor of long run performance. The resilience of gross margins pegs companies to a level of performance.” – Matthew Berry, “Mean Reversion in Corporate Returns”¹



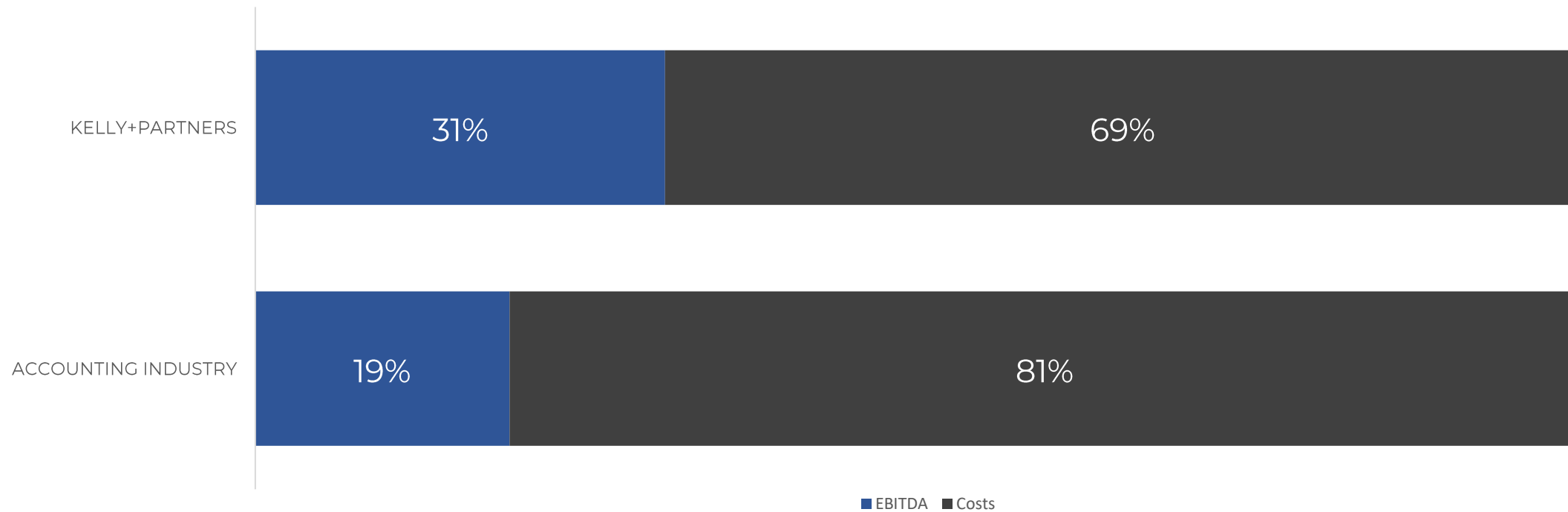
¹“100 Baggers Stocks that Return 100-to-1 and How to find them”, Christopher Mayer, Page 127-128

1H23 and FY22 Gross margins impacted by recent acquisitions. Talenom and CBIZ Last 12 months Gross Profit has been used in the “1H23” column

PROFITABILITY

For personal use only

Operating Businesses	Established	Growth	Other Services	Total	Subscale	Total inc. Subscale	Acquired	Total inc. Acquired
Revenue	\$33.1	\$1.6	\$3.6	\$38.4	\$1.3	\$39.7	\$4.3	\$44.0
EBITDA [^]	\$10.5	\$0.3	\$1.2	\$12.0	\$0.3	\$12.3	\$0.9	\$13.2
EBITDA Margin %	31.7%	21.6%	32.2%	31.3%	22.3%	31.0%	20.9%	30.0%



Source: IBIS World Accounting Services in Australia Industry Report (April 2020)

Kelly+Partners data based on 1H23 accounts before parent entity costs and is after Base Distributions to Operating Business Owners

[^]EBITDA before parent entity costs and pre AASB 16

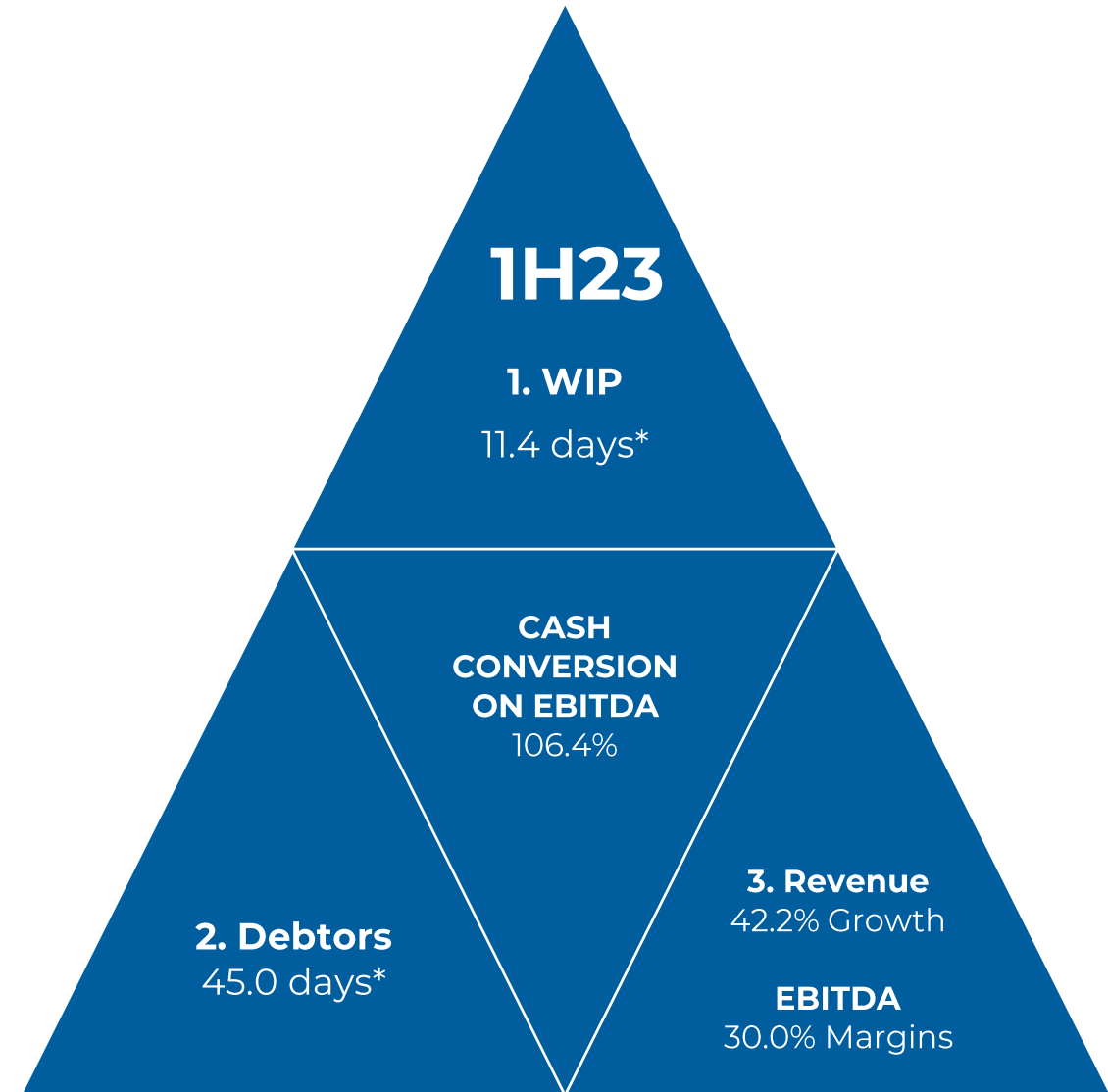
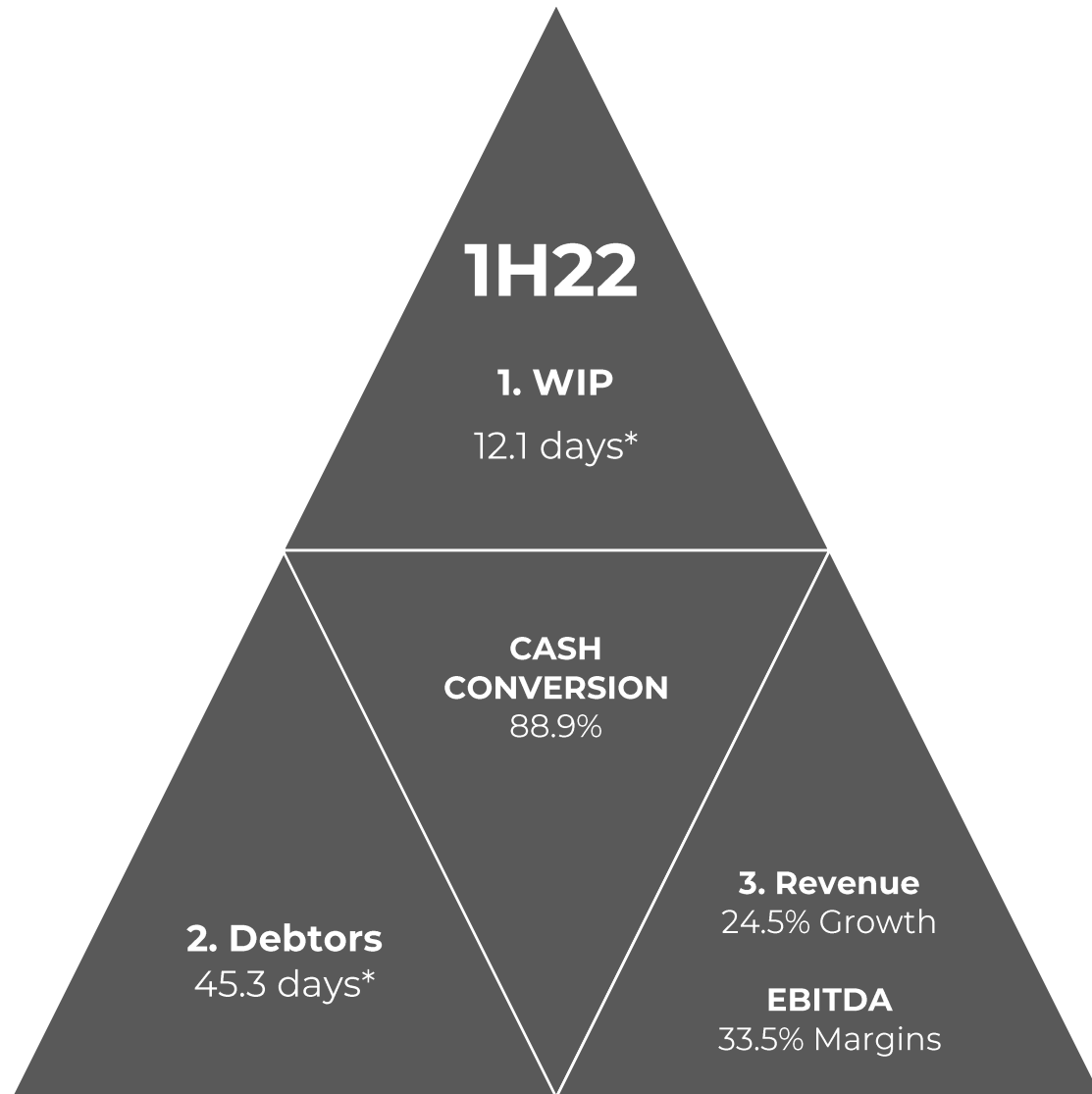
NPATA RECONCILIATION

Reconciliation of attributed NPAT/NPATA (\$m)	1H22	1H23
Statutory NPAT attributable owners of Kelly Partners Group Holdings Limited	3.4	2.3
Amortisation of customer relationship intangibles	0.5	1.0
NPATA attributable to owners of Kelly Partners Group Holdings Limited	3.8	3.3
Add: non-recurring expense items		
Acquisition costs	0.2	0.5
Less: Non-recurring revenue items		
One-off government grants in relation to COVID-19	-0.7	0.0
Change in fair value of contingent consideration	0.0	-0.1
Other non recurring income	-0.2	0.0
Less: Tax effect of non recurring items	0.2	-0.1
Net non recurring items	-0.5	0.3
Underlying NPATA attributable to Shareholders	3.3	3.6

* totals impacted by rounding

TRINITY

For personal use only



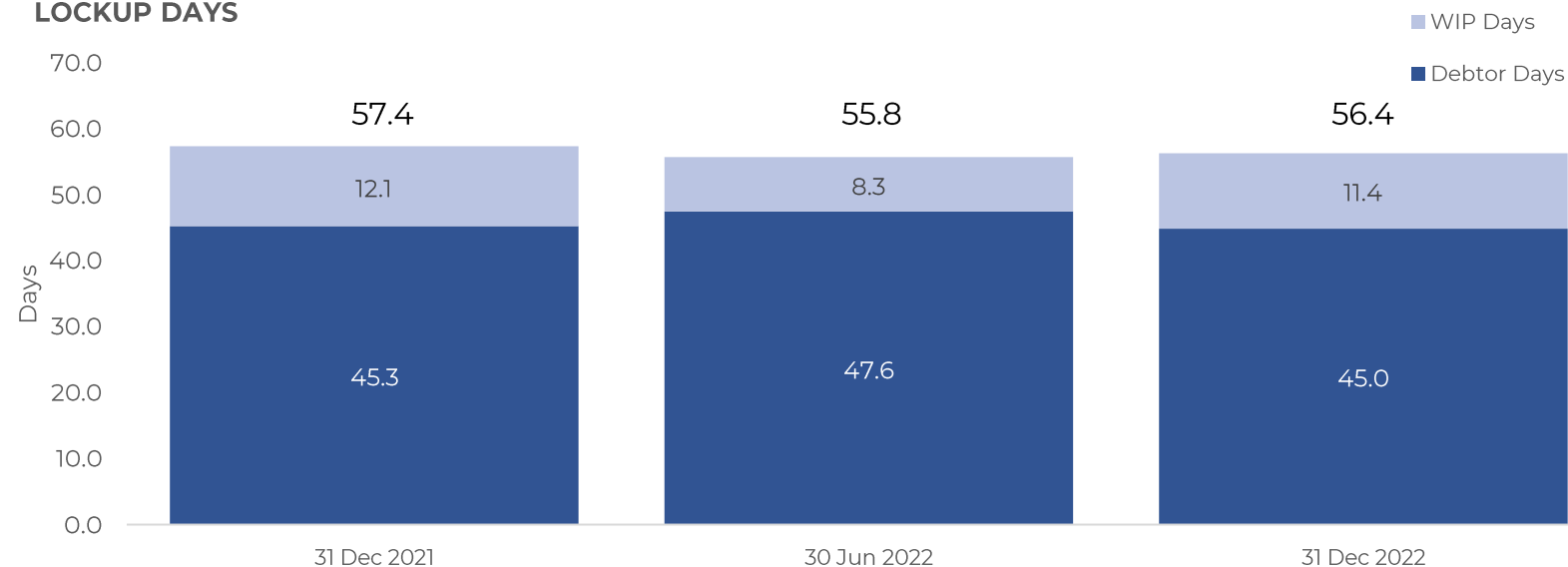
*Calculated on estimated annualised run rate revenue

BALANCE SHEET

For personal use only

- Net Debt / Underlying EBITDA of 1.93x (FY22: 1.36x) as a result of increased term debt taken out to fund acquisitions. Net Debt / Underlying EBITDA of operating business (i.e. excluding parent additional investment) was 1.61x. Debt is repaid from profits generated in acquired businesses over 4-5 years
- Group ROE of 43.4% (Group Underlying NPATA \$15.5m / Group Equity of \$35.8m) (FY22: 41.7%)
- Parent ROE of 32.6% (FY22: 30.4%)
- Lock up days at 56.4 days and is calculated based on annualised run rate revenue
- Total Asset \$131.5m (+23.3%) driven mainly due to increases in intangible assets and right of use assets (i.e. leases) from acquisitions
- Intangible assets increased to \$65.4m (FY22: \$55.9m) with accelerated acquisitions

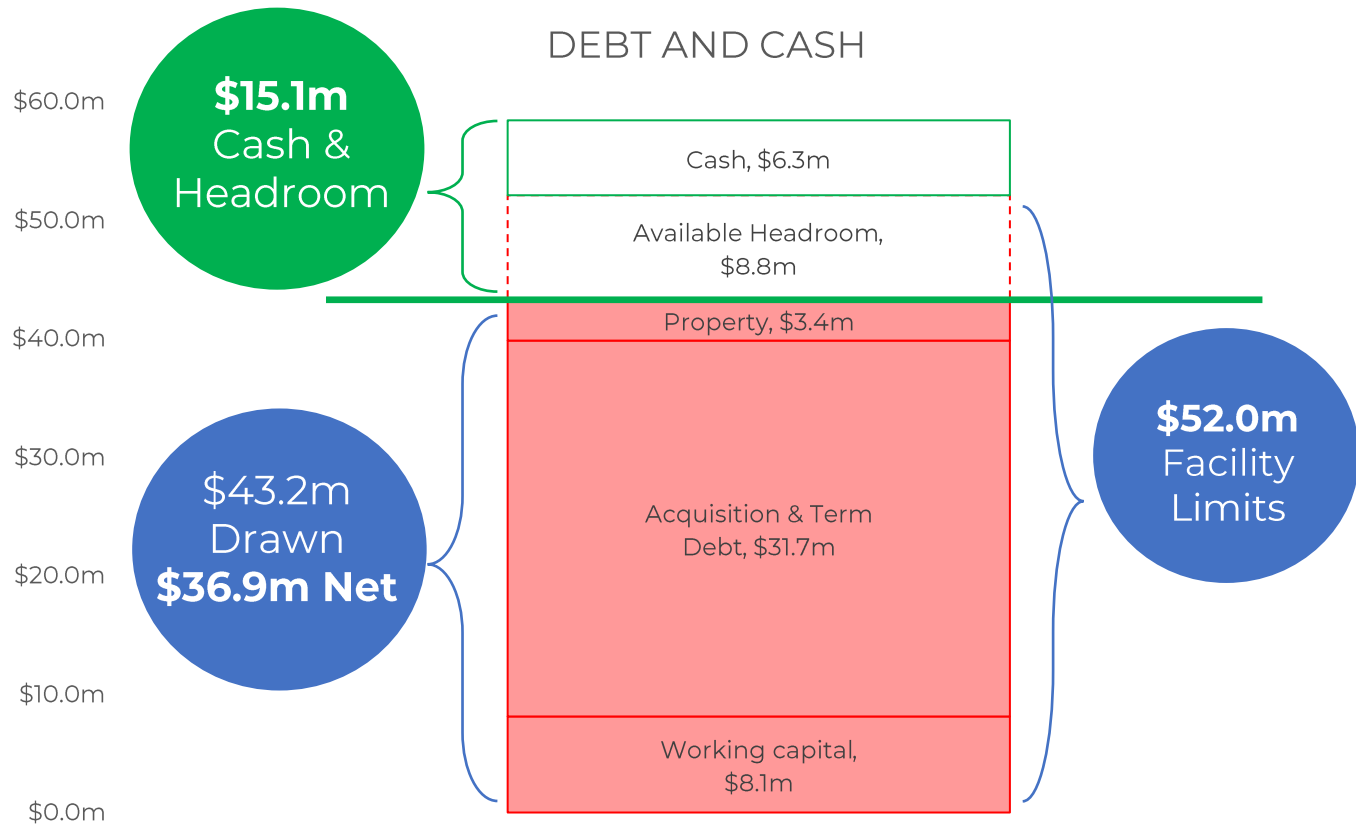
LOCKUP DAYS



\$m (consolidated)*	Balance Sheet (selected line items displayed)		
	31 Dec 2021	30 Jun 2022	31 Dec 2022
Cash	4.8	3.0	6.3
Lock up (Debtors + WIP)	8.7	11.6	13.4
Right of use assets	10.8	15.9	21.4
Intangibles	46.1	55.9	65.4
Total Assets	87.9	106.6	131.5
Borrowings	28.4	34.3	43.2
Lease liabilities	12.5	18.3	24.5
Total Liabilities	57.5	72.7	95.7
Net Assets	30.4	34.0	35.8
Non-Controlling Interest	10.8	13.3	15.7
Equity attributable to KPGH shareholders	19.6	20.7	20.1

DEBT & LIQUIDITY

For personal use only



Loan type (m)	Parent	Op. Bus	Total Debt
Working Capital Debt	\$3.1	\$5.0	\$8.1
Property Debt	\$0.0	\$3.4	\$3.4
Acquisition & other term debt	\$1.6	\$30.1	\$31.7
Gross Debt - 1H23	\$4.7	\$38.5	\$43.2
Cash - 1H23	-\$2.9	-\$3.5	-\$6.3
Net Debt - 1H23	\$1.9	\$35.1	\$36.9

FY22			
Gross Debt - FY22	\$1.0	\$33.3	\$34.3
Cash - FY22	\$0.0	-\$2.9	-\$3.0
Net Debt - FY22	\$1.0	\$30.4	\$31.4

Movement			
Gross Debt	\$3.7	\$5.2	\$8.9
Cash	\$2.8	\$0.5	\$3.4
Net Debt	\$0.9	\$4.6	\$5.5

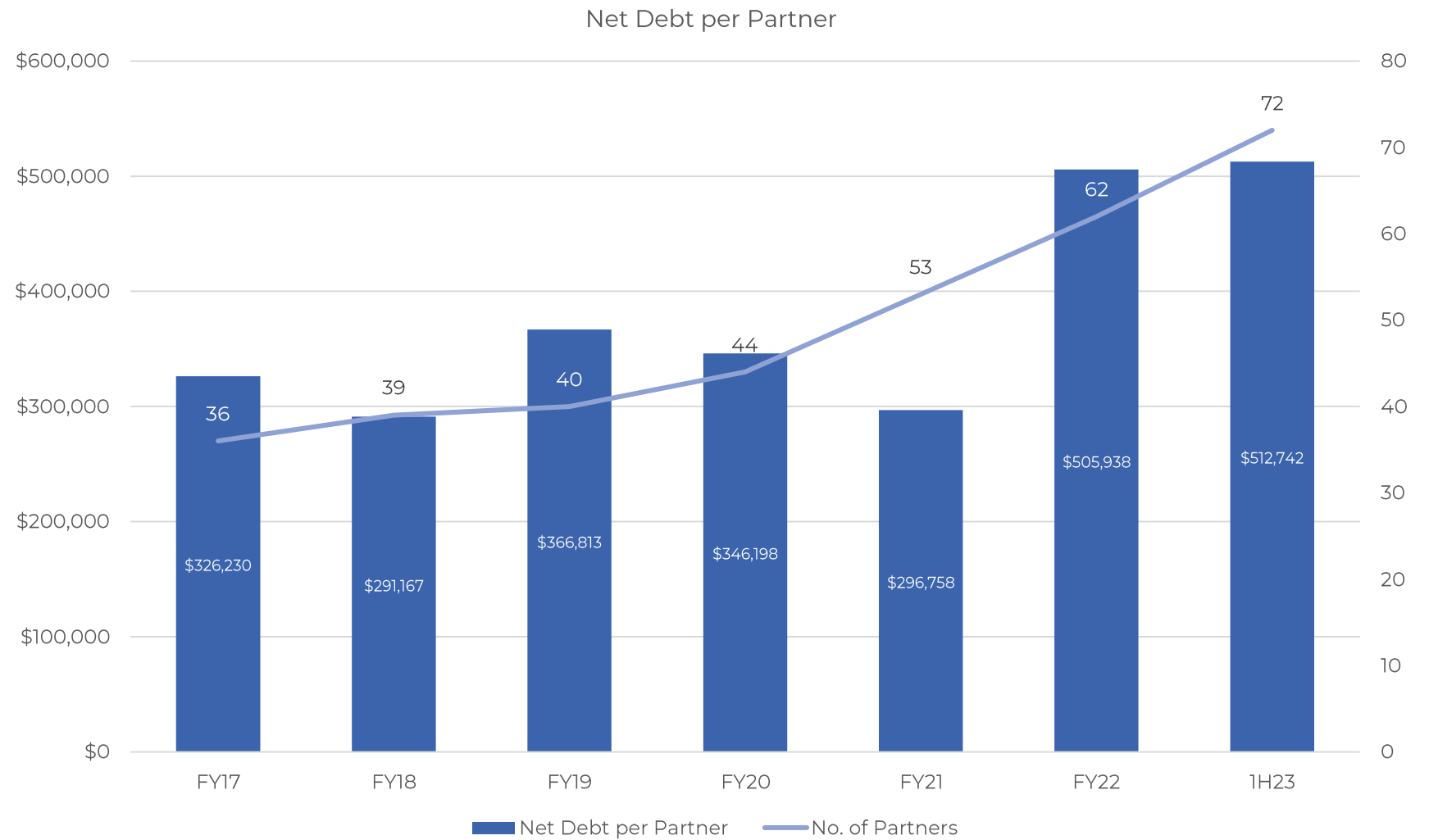
- Working Capital debt of \$8.1m is covered 1.7x by WIP and Debtors
- Acquisition & Term Debt of \$31.7m is supported by annuity style cashflows and repaid over 4-5 years

- Net debt increased \$5.5m from 30 June 2022 from in year acquisitions
- Group gearing increased to 1.93x (FY22: 1.36x) mainly from funding in year acquisitions and partner buy in loans

NET DEBT PER PARTNER

For personal use only

- Total number of equity partners increased to 72:
 - 1 new partner recruited externally
 - 12 new partners from completed acquisitions
- On 1 July 2022, 4 new partners were promoted internally, bringing the total number of equity partners to 76
- Net debt per partner increased marginally to \$520K per partner due to increased debt with the completion of a record number of acquisitions and fitouts, offset by the growing number of equity partners in the Group
- The group continues to focus on developing and recruiting new partners as part of its strategy to retain and motivate key talent and to drive top line growth



CASHFLOW

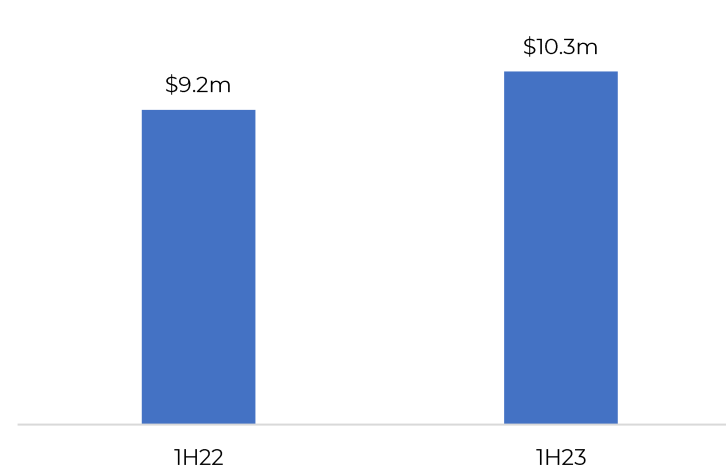
For personal use only

- Cash from Operations pre AASB 16 of \$10.3m increased 12.2% (1H23: \$9.2m)
- Free Cashflow to Firm is in line with prior year as all profits generated from acquisitions have been applied and repaid against acquisition debt
- Cash Conversion¹ of 106.4% (1H22: 88.9%) and is higher than our expected 85%-100% conversion ratio
- Growth capex includes refit of the parent entity's office
- Maintenance capex increased to \$300k per annum given growth in Group
- Drawn debt used primarily to fund acquisitions, fitout costs and new partner buy-in loans

¹ Cash Conversion is calculated as Operating Cashflow divided by Reported EBITDA. Operating Cashflow means cash from operations but before finance and cash taxes

² Distribution to non controlling interests higher than Dividends to Shareholders as tax is paid in the parent entity prior to payment of dividends

CASH FROM OPERATIONS (CFO)



FREE CASHFLOW TO FIRM (FCFF)



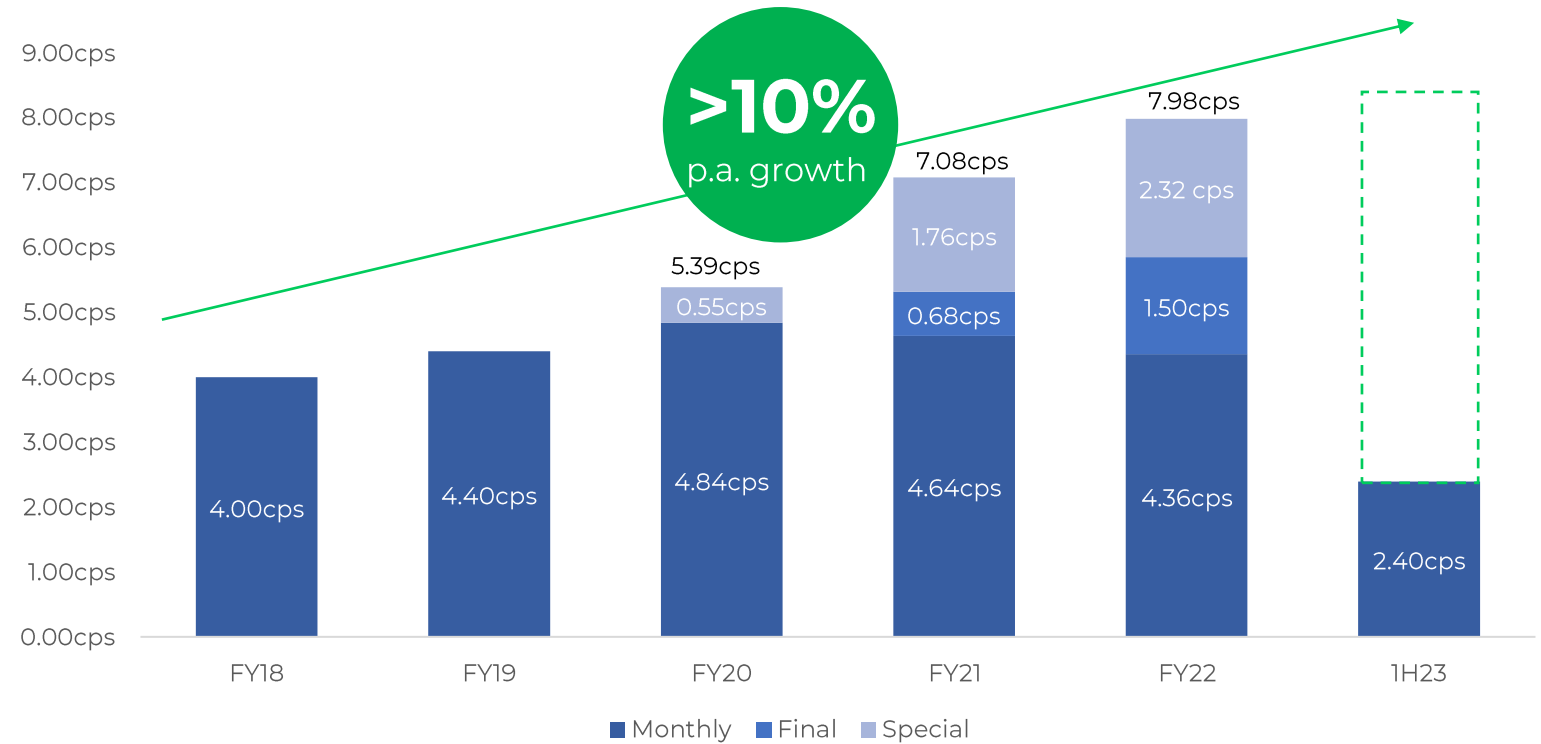
Cash flow (\$m)*	1H22	1H23	Diff \$	Diff%
Cash from Operations (CFO) pre AASB 16	\$9.2	\$10.3	\$1.1	12.2%
- Maintenance Capex	-\$0.1	-\$0.3		
- Schedule Debt Reductions	-\$2.7	-\$3.6		
Free Cash Flow to Firm (FCFF)	\$6.3	\$6.4	\$0.1	0.8%
- Net Debt Drawn	\$12.3	\$7.7		
- Acquisitions	-\$6.8	-\$4.6		
- Growth Capex	-\$3.6	-\$0.9		
- Distributions to non controlling interests ²	-\$3.2	-\$4.9		
- Additional debt repayments	-\$2.5	-\$1.7		
- Dividends to Shareholders ²	-\$2.1	-\$2.8		
- Net Partner Loans Advanced	-\$1.2	-\$0.9		
- Payments in to Employee Share Scheme Trust	-\$0.5	-\$0.8		
- Proceeds from sale of Equity Interests	\$0.4	-\$0.1		
- Deposits	-\$0.1	-\$0.2		
- Share buy backs	\$0.0	\$0.0		
Change in Net Cash*	-\$0.9	-\$2.7		

* Rounded to nearest \$100,000. Refer to slide "Cash Reconciliation" for a reconciliation from Statutory NPAT to Cash from Operations

DIVIDENDS

For personal use only

- Since IPO in June 2017, the Company has consistently paid out dividends growing at >10% per annum
- The Company has paid out monthly dividends from Jan-21, reflecting the resilience and strength of its earnings and cashflow
- The Group intends to maintain a through-the-cycle payout ratio of **50-70% of Underlying NPATA**, whilst growing dividends at >10% p.a.
- The Group has paid monthly dividends of 0.399 cps for 1H23 (representing a 10% increase on FY22 monthly dividends)



The above graph represents the dividends paid relating to the respective financial year. For example, dividends paid in FY22 relating to FY21 is shown in FY21 and not FY22.

	FY17 (IPO)	FY18	FY19	FY20	FY21	FY22	1H23
Underlying attributed NPATA	\$2,262,219	\$4,325,976	\$3,193,208	\$3,937,677	\$5,114,832	\$6,296,954	\$3,589,415
Weighted average no. of shares	45,495,518	45,495,923	45,496,894	45,418,414	45,142,289	45,000,000	45,000,000
EPS (cents per share)	4.97	9.51	7.02	8.67	11.33	13.99	7.98
Dividends (cents per share)	N/A	4.00	4.40	5.39	7.02	8.17	2.40
Dividend payout ratio	N/A	42.1%	62.7%	62.2%	62.0%	58.4%	30.0%

PARENT & NCI

For personal use only

- Profit after income tax expense for the half year was \$6.5m, with:
 - Profit attributable to shareholders of Kelly Partners Group Holdings Limited of \$2.3m
 - Profit attributable to non controlling interests (NCI) of \$4.2m
- The profit attributable to the parent vs. NCI represent a 35%/65% split and differs from the ownership interests of 51%/49%. This is due to the following items:
 - Income tax expense of \$0.5m of the parent entity. As the majority of operating businesses are structured as partnerships, the income tax expense attributable to non controlling interests in these partnerships is not included in the consolidated accounts
 - Parent entity additional investments (including applicable interest and depreciation) above the Services Fee and IP License Fee income that it receives of \$2.3m which is borne 100% by the parent entity
- Adding back the above items, the resulting split is 53%/47%. This differs from 51%/49% as the parent owns slightly more than 51% in some operating businesses

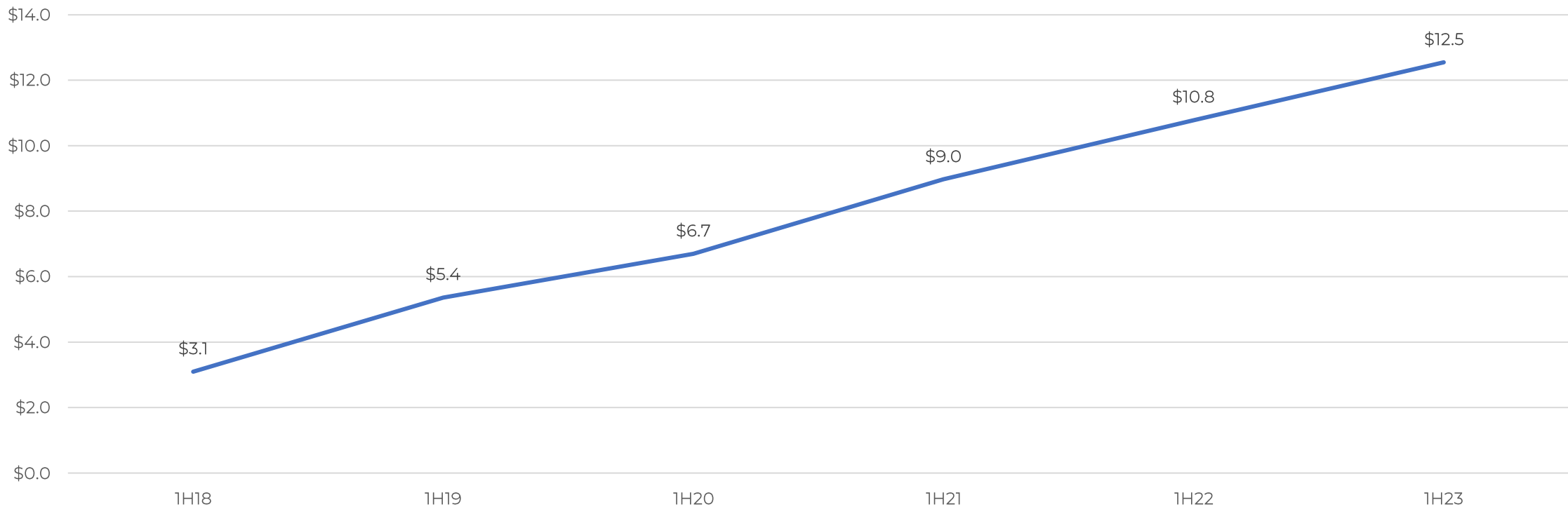
(m)	NCI	Parent	Total
Group NPAT - Statutory	\$4.2	\$2.3	\$6.5
	65%	35%	
Add Back: Income Tax Expense	\$0.2	\$0.5	\$0.8
Group NPBT	\$4.4	\$2.8	\$7.2
	61%	39%	
Add Back: Parent Entity Additional Investment inc. finance costs and depreciation		\$2.3	\$2.3
Group NPBT before parent entity overspend	\$4.4	\$5.1	\$9.5
	47%	53%	

Totals subject to rounding

CASHFLOW SINCE IPO

For personal use only

	0	1	2	3	4	5	
	1H18	1H19	1H20	1H21	1H22	1H23	CAGR
Group Cash From Operations (CfO)	\$3.1	\$5.4	\$6.7	\$9.0	\$10.8	\$12.5	32.3%
Group Owners' Earnings (CfO - Maint. Capex)	\$2.9	\$5.2	\$6.6	\$8.1	\$9.1	\$10.0	27.7%
Cash Conversion (Operating Cash Flow / EBITDA)	72.3%	124.2%	100.5%	92.9%	88.9%	106.4%	
Days Lockup	60.0	79.9	64.0	55.4	57.4	56.4	



CASH RECONCILIATION

Reconciliation of NPAT to Operating Cashflow (\$m)	1H22	1H23
Reported NPAT	8.0	6.5
Adjustments for:		
Depreciation and amortisation	2.8	4.5
Unwinding of interest on contingent consideration	0.1	0.3
Other non-cash movements*	-1.3	-0.1
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	-1.9	-1.7
Decrease / (increase) in deferred tax assets	0.6	0.6
Increase / (decrease) in trade and other payables	1.3	1.8
Increase in provision for income tax	1.2	0.7
Net cash from operating activities	10.8	12.5

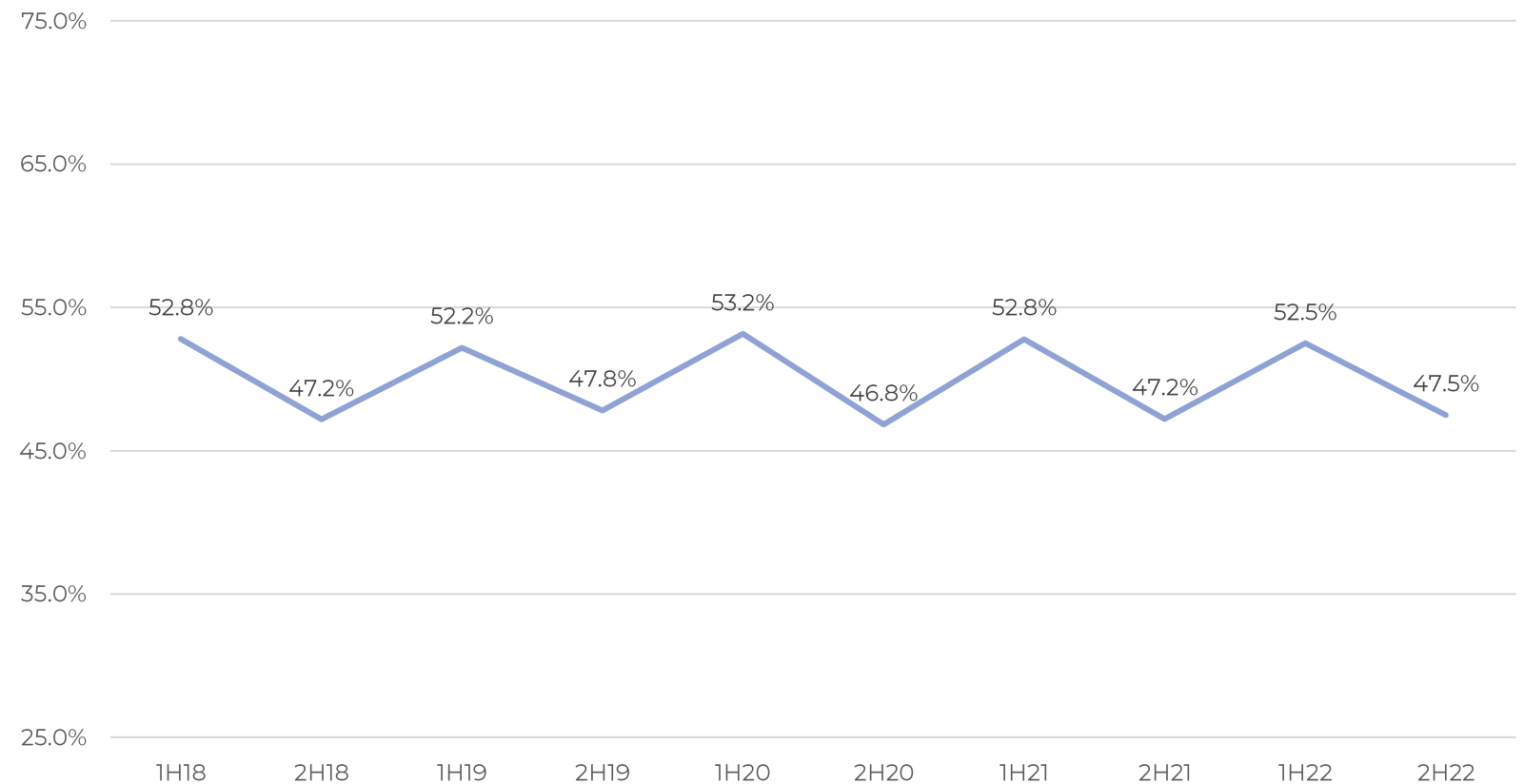
*Other non cash movements include balance sheet items recognised as part of completed acquisitions

1H/2H SKEWS

For personal use only

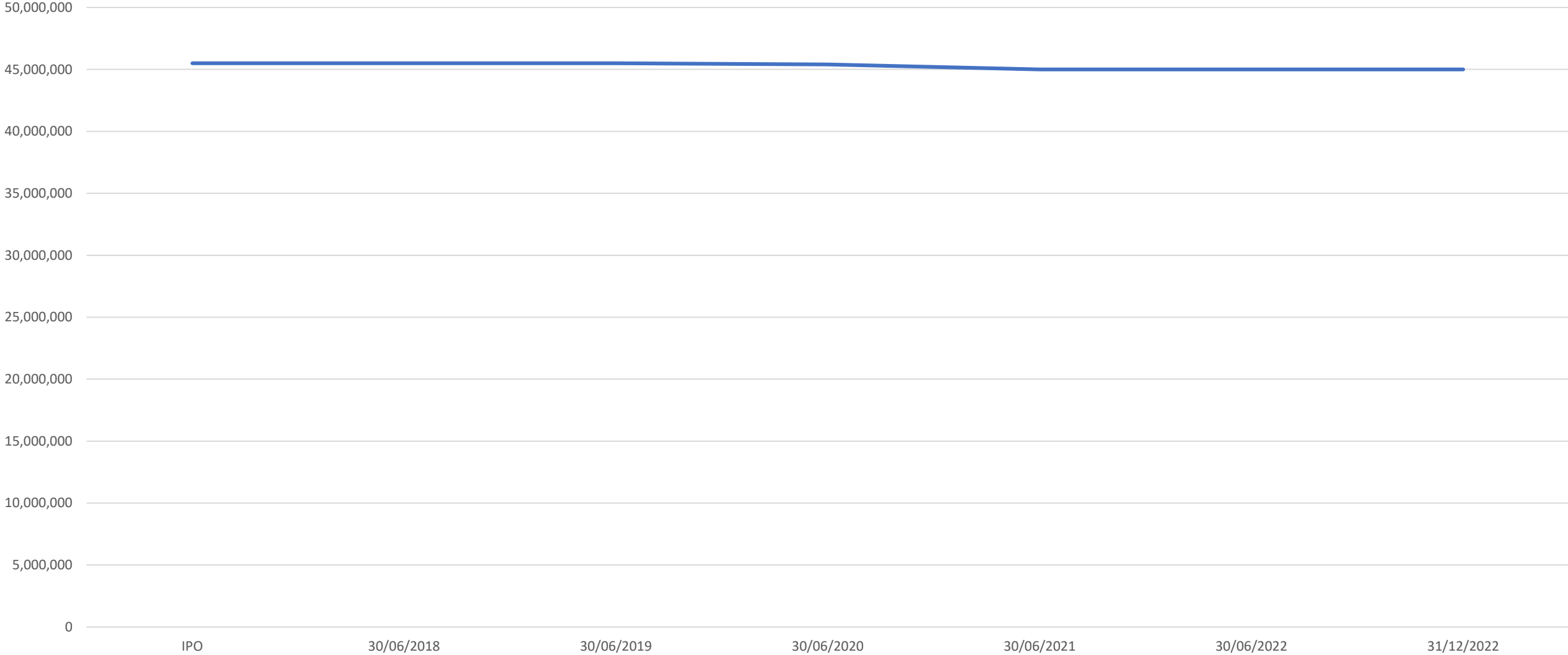
- Revenue seasonality in the accounting businesses is approximately **1H: 53% / 2H: 47%**, equating to a 5% (or c. \$2.4m swing) down swing in 2H22.
- Seasonality is predominantly due to **timing of tax work related to 30 June year end**, with most work typically completed in the first 9 months of the year.
- The Group also engages in a small amount of **audit work which is mostly completed by the 31 October lodgement deadline**. Audit work represents less than 3.0% of group revenues.
- Earnings split between 1H / 2H may also be impacted by level of additional investments by the parent entity and timing of in year acquisitions

Revenue seasonality in accounting business
(excludes acquisitions)



ISSUED SHARES

Number of shares on issue since IPO



For personal use only

3

**A GLOBAL
OUTLOOK**

KP+GH



The World Is Flat

A BRIEF HISTORY OF
THE TWENTY-FIRST CENTURY












Thomas L. Friedman

"We cannot continue to invest and deliver the world class people, client and community impact we are known for and justify the investment if we don't grow globally. Our clients over the next 25 years are all going to have to earn a return on a global basis and will need their accountants to help them operate in this new global world" – Brett Kelly

KP+GH









AUSTRALIA'S GLOBAL FIRM

For personal use only

	Firm Name	Logo	Revenue (\$b)	Founded	Years	UK	US	Japan	Germany	Holland	France	Australia
1	Deloitte		59.3	1845	178	✓	✓	✓				
2	PwC		50.3	1854	169	✓	✓					
3	EY		45.4	1849	174	✓	✓					
4	KPMG		34.6	1818	205	✓	✓		✓	✓	✓	
5	BDO		11.8	1973	50	✓			✓	✓		
6	RSM		7.3	1964	59	✓	✓				✓	
7	Grant Thornton		6.6	1980	43	✓	✓					
8	Nexia International		4.5	1971	52	✓	✓					
9	Crowe Horwath		4.3	1942	81		✓					
10	Baker Tilly		4.3	1914	109		✓					
	Kelly+Partners			2006	17							✓

AUSTRALIA'S GLOBAL FIRM

For personal use only

Country	GDP (\$T)	Firm Name	Founded	Founded in	Logo
1 United States	23.0	Lybrand, Ross Brothers and Montgomery (now part of PricewaterhouseCoopers)	1898	Philadelphia, United States	
2 China	18.0	ShineWing	1981	Beijing, China	
3 Japan	4.9	Tohmatsu Aoki & Co (now part of Deloitte Touche Tohmatsu)	1968	Tokyo, Japan	
4 Germany	4.2	Deutsch-Amerikanische Treuhand-Gesellschaft (now part of KPMG)	1890	Berlin, Germany	
5 United Kingdom	3.2	Cooper Brothers	1954	London, England	
6 India	3.2	S S Kothari Mehta & Co	1971	New Delhi, India	
7 France	2.9	Mazars	1945	Rouen, France	
8 Italy	2.1				
9 Canada	2.0	MNP (Meyers Norris Penny)	1945	Brandon, Canada	
10 South Korea	1.8				
11 Russia	1.8				
12 Brazil	1.6				
13 Australia	1.5	Kelly+Partners	2006	Sydney, Australia	

For personal use only

Thank you

KP+GH

APPENDIX

KP+GH

METRICS SINCE IPO

For personal use only

KPGHL & Controlled Entities ("Group")		1	2	3	4	5	
P&L and Cashflow	FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Revenue	\$30.2	\$39.5	\$40.0	\$45.5	\$48.9	\$64.9	16.5%
Underlying EBITDA (pre AASB 16)	\$8.7	\$14.5	\$10.9	\$13.5	\$16.0	\$20.0	18.0%
Margin %	28.9%	36.6%	27.2%	29.6%	32.6%	30.8%	
Underlying NPATA	\$7.3	\$11.5	\$8.8	\$10.1	\$11.6	\$14.2	14.2%
Margin%	24.2%	29.2%	22.1%	22.3%	23.7%	21.8%	
NPATA	\$1.5	\$10.6	\$7.9	\$11.0	\$11.8	\$15.5	
Dividends & Distributions Paid	-\$7.1	-\$5.2	-\$6.7	-\$10.5	-\$8.4	-\$9.9	
Cash From Operations (CfO)	\$6.9	\$6.6	\$10.0	\$14.3	\$15.1	\$17.6	20.5%
Owners' Earnings (CfO - Maint. Capex)	\$6.6	\$6.3	\$9.7	\$12.2	\$12.8	\$14.0	16.1%
Gearing (Net Debt / Underlying EBITDA)	1.3x	0.8x	1.3x	1.0x	0.8x	1.4x	0.1%
Cash Conversion (Operating Cash Flow / EBITDA)	269.6%	63.5%	116.8%	97.3%	93.5%	83.3%	
Equity Partners	36	39	40	44	53	62	11.5%
Revenue per Equity Partner (Trailing 12 months)	\$0.8	\$1.0	\$1.0	\$1.0	\$0.9	\$1.0	
Balance sheet	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	
Lockup (Debtors + WIP) ¹	\$7.8	\$10.1	\$7.6	\$6.9	\$6.8	\$11.6	
Net Debt	\$11.7	\$11.4	\$14.7	\$15.2	\$15.7	\$31.4	
Total Equity	\$19.8	\$24.1	\$24.1	\$22.9	\$25.2	\$34.0	
Return on Equity ²	36.9%	47.8%	36.6%	44.2%	46.0%	41.7%	
Return on Invested Capital ³	22.9%	31.2%	22.7%	26.1%	27.6%	22.3%	
Days Lockup ⁴	94.2	93.3	69.6	55.2	51.1	55.8	
Equity Ratio (Equity / Total Assets) ⁵	46.7%	54.2%	48.7%	39.7%	37.2%	34.6%	

KPGHL ("Parent")							
P&L and Cashflow	FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Underlying NPATA	\$3.4	\$4.3	\$3.2	\$3.9	\$5.1	\$6.3	12.8%
Owners' Earnings (CfO)	\$3.4	\$4.3	\$3.1	\$3.9	\$5.0	\$6.3	12.9%
Earnings per share (Underlying NPATA) (cents)	7.57	9.51	7.02	8.67	11.33	13.99	13.1%
Dividends Per Share	0.00	4.00	4.40	4.84	7.08	7.98	18.9%
Balance sheet	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	
Return on Equity ²	29.5%	29.1%	21.5%	24.8%	28.5%	30.4%	
Return on Invested Capital ³	21.3%	21.6%	16.2%	21.9%	27.4%	30.5%	

¹ Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities

² Return on Equity – calculated as the Underlying NPATA / Total Equity

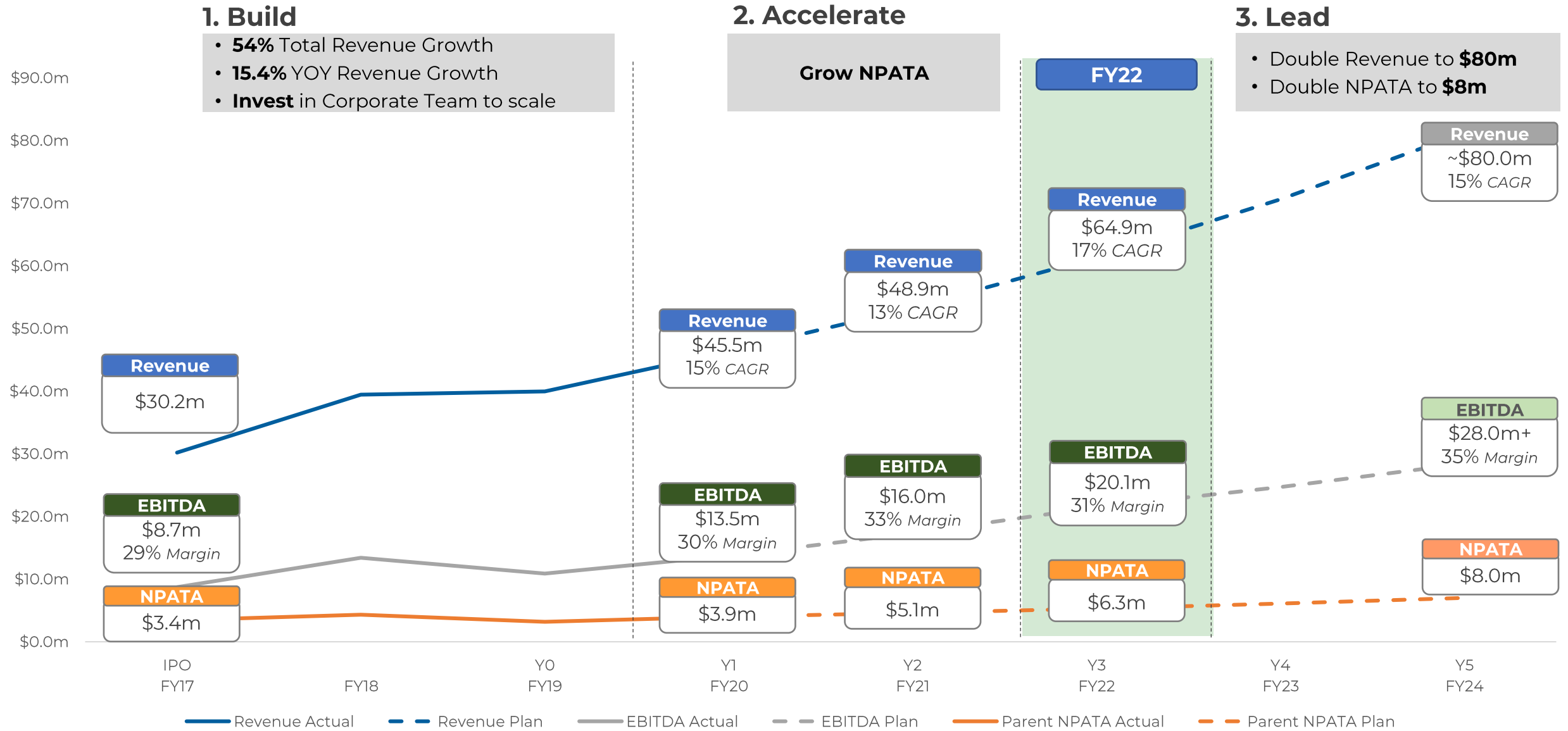
³ Return on Invested Capital – calculated as (Underlying NPATA + Interest) / (Total Equity + Debt)

⁴ Days Lockup – calculated as lockup divided by revenue multiplied by 365

⁵ Equity Ratio – calculated as Equity / Total Assets.

5 YEAR PLAN 1 : FY19-FY24

For personal use only



NEXT 5 YEARS (FY25-FY29)

For personal use only

OBJECTIVE

TOP 10 IN AUSTRALIA

Grow to become a top 10 accounting firm in Australia

SCALE COMPLEMENTARY

Build vs. Buy vs. Partner

GO GLOBAL

Growing Kelly+Partners System, Business Model and Partner-Owner-Driver® model in markets globally

SCOPE

Financial Review Top 100 Accounting Firms (\$m)		Revenue
1	PwC	2,430.0
2	Deloitte	2,100.0
3	EY	2,026.0
4	KPMG	1,911.0
5	Findex (financial planning)	372.4
6	BDO	349.1
7	Grant Thornton	266.0
8	Pitcher Partners	261.8
9	RSM Australia	243.1
10	Bentleys Network	126.5
11	PKF	125.8
12	William Buck	121.9
13	Nexia Australia	111.9
14	HLB Mann Judd	108.8
15	Walker Wayland Australasia	105.7
16	McGrathNicol (insolvency)	88.4
17	Synergy Group	84.9
18	Moore Stephens Australia	82.0
19	Hall Chadwick	80.2
20	Countplus	78.7
21	Kelly Partners (FY22)	64.9
22	DFK ANZ	64.7
23	SW (ShineWing Australia)	58.3
24	Mazars	54.9
25	Accru	42.4

1	Finance	?
2	Insurance	
3	Wealth	?

We intend to discover the natural conversion rate of finance (10%), insurance (10%) and wealth (30%) services required by our accounting clients.



Country	TAM in AUD
US	\$190bn
UK	\$63bn
Canada	\$17bn
NZ	\$3bn
Total TAM	\$273bn (20x AUS)

ADVANTAGE

Kelly+Partners System, Kelly+Partners Business Model, Partner-Owner-Driver®, Central Progress Team

ADVANTAGE

For personal use only

GROUP	MODEL	BUSINESS	TEAM
--------------	--------------	-----------------	-------------



Partner-Owner-Driver™

