



# Ignite Limited CEO Presentation

22 November 2022

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# Agenda



- FY22 Results
- FY23 Outlook
- Three Year Strategy
- Ignite – Our Focus
- My Focus as CEO

# FY22 Financial Review



<b>Year ended 30 June</b>	<b>2022 \$000</b>	<b>2021 \$000</b>	<b>Change +/(-)%</b>
Revenue	115,522	113,878	1.4
Gross profit	14,089	13,488	4.5
Gross profit margin	12.2%	11.8%	
(Loss)/Profit for the year	(285)	2,415	(111.8)
Loss before JobKeeper	(285)	(136)	(109.6)
Underlying operating profit/ (loss)	209	(115)	281.7
Operating cash flow	(779)	670	(216.3)
Net assets	5,012	5,330	(6.0)

## Highlights

- Financial Year 2022 (FY22) represents the best underlying operating result and first underlying profit since 2012.
- Profit for the prior year included \$2,551k in net JobKeeper payment subsidies.
- Improved performance is the result of increase in gross profit and margin.
- Underlying profit is the result of excluding non-recurring expenses related to systems implementation costs, legal and professional fees and redundancy costs.

# FY22 Operating Division Results



Year ended 30 June		2022 \$000	2021 \$000	Change +/(-)%
<b>Specialist Recruitment</b>	Revenue	107,016	104,659	2.3
	Gross profit	11,707	11,146	5.0
<b>Managed Services</b>	Revenue	8,506	9,219	(7.7)
	Gross profit	2,382	2,342	1.7

## Specialist Recruitment

- Increased contingent labour volumes in Federal Government business, with new hires focused on Government and IT businesses.
- Increase in revenue also driven by improved permanent recruitment volumes due to renewed focus and strong Engineering result.

## Managed Services

- On Demand IT Services continued to be impacted by COVID-19 during the year with projects delayed and reduced volumes at client sites. Restructured team with new delivery model in the fourth quarter to focus on most profitable customers going into FY23 with lower fixed operating costs.
- Renegotiated contract rates in On Demand IT Services and increased contribution from higher margin Technology & Talent solutions projects resulted in a small increase in gross profit despite decrease in revenue.

# Specialist Recruitment Two Year Trend



YTD October	FY23 vs FY22 +/(-) %	2 yr CAGR +/(-) %
Gross profit/contractor hour	16.6	16.9
Permanent placements	46.9	43.0
Gross profit/permanent placement	16.0	15.2
Total gross profit/Consultant & Resourcer	(23.5)	(6.6)

**Contractors** – improved result due to focus on higher margin verticals and clients, principally Federal Government, Engineering and IT.

**Permanent** – FY23 volumes and profit per placement have improved significantly compared to two preceding years as clients move towards post-COVID-19 hiring and due to a stronger focus within the business.

**Total GP per Consultant/Resourcer** – decrease due to investing in new headcount to improve future productivity within Federal government and IT focus areas and improve scale of business.

# FY23 Headcount



	YTD Oct FY23	YTD Jun FY22	YTD Oct FY22	FY23 vs Jun FY22 +/(-)%	FY23 vs Oct FY22 +/(-)%
Specialist Recruitment	49	51	36	(3.9)	36.1
Managed Services	9	13	13	(30.8)	(30.8)
Shared Services	22	23	25	(4.3)	(12.0)
<b>Total</b>	<b>80</b>	<b>87</b>	<b>74</b>	<b>(8.0)</b>	<b>8.1</b>

**Specialist Recruitment** – additional consultants and resourcers hired in May and June 2022 to drive increase in total gross margin.

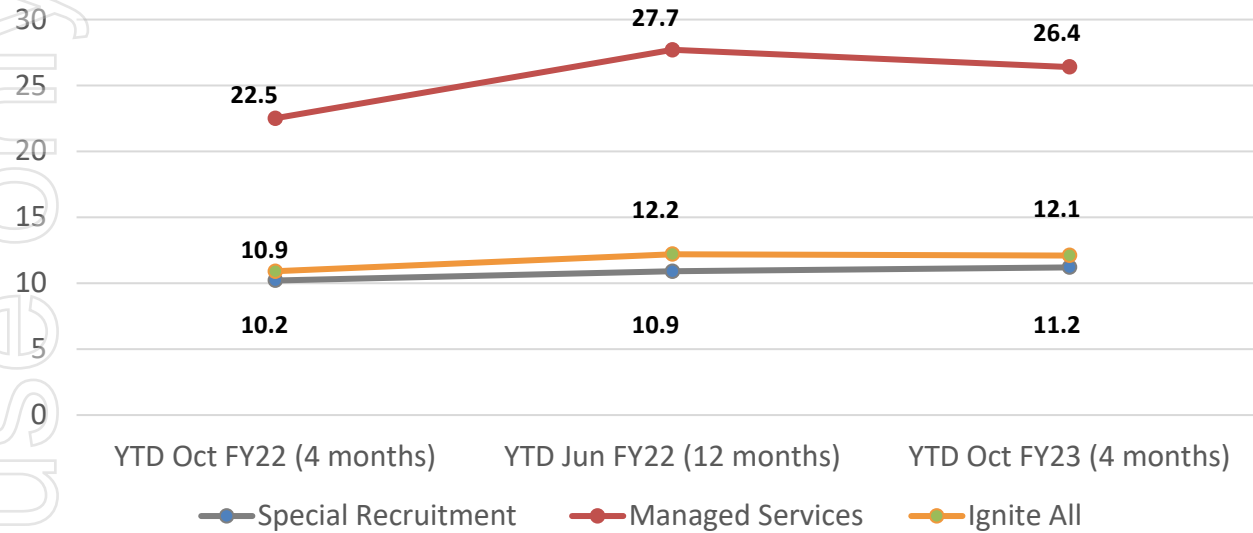
**Managed Services** – reduction in headcount due to divisional restructure of On Demand IT Services. Partially offset by increase in Technology & Talent Solutions team size due to strategic hiring of senior staff to improve the delivery capability of the team and the wider business.

**Shared Services** – reduction in headcount due to increase focus on cost and efficiency.

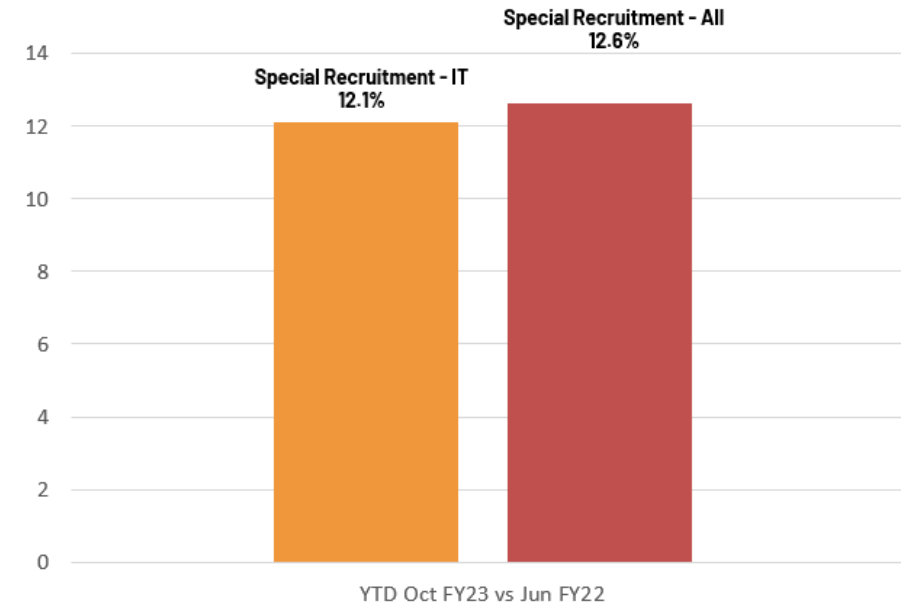
# Improvement in margin over the last 12 months



## GROSS MARGIN %



## AVERAGE HOURLY MARGIN %



- Gross margin percentage trending higher due to focus on higher margin verticals and clients.
- Managed Services generating higher margins than the Specialist Recruitment business segment.
- Increasing Managed Services as a proportion of total business will help drive overall profitability

- Average Hourly margin - improving across the business due to investment in tech vertical and pricing strategy.

# FY23 Fed Budget Impact



## Technology/Gov

- The Federal Government has indicated it wants to get more Australians into tech jobs, which was a key focus at the recent Jobs Summit. Key budget initiatives will likely come in the form of **funding for cyber apprenticeships and improved vocational pathways for cyber careers.**
- Education was a key winner of Oct Budget, with **TAFEs across Australia to be given a \$50 million pool of funds** over two years to be spent on upgrades to IT and to technical facilities
- **Cyber Hubs pilot extension** -Services Australia was allocated \$8 million for 2022-23 in the March 2022-23 budget. This measure allocates an additional \$8 million to this program.

## Engineering/Gov

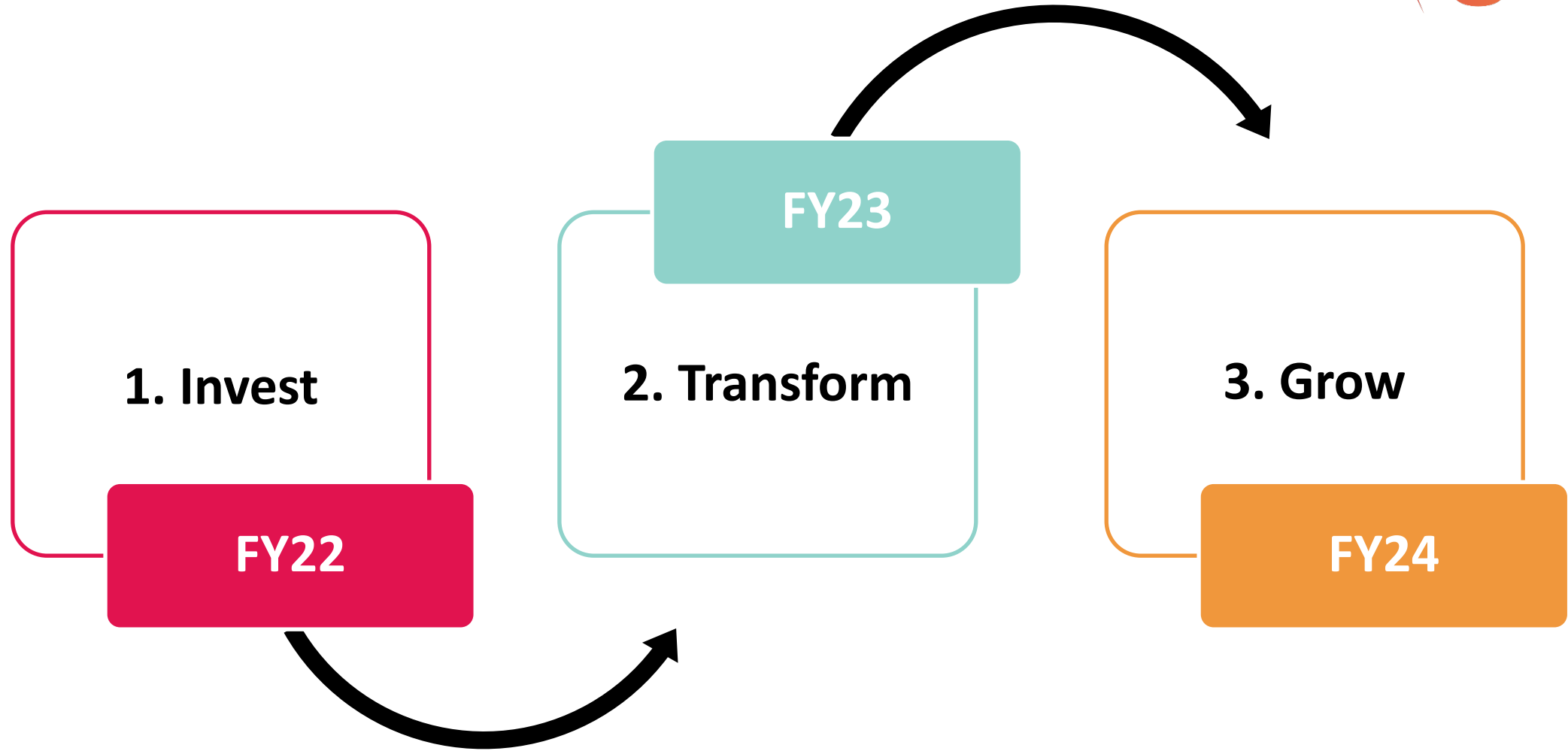
- Budget 2022: A \$15 billion National Reconstruction Fund to drive investment in resources, agriculture, forestry and fisheries, transport, medical science, renewables and low emission technologies and defense, **delivering secure jobs of the future**
- Infrastructure Australia predicts between 2021 and 2024 we need **more than 41,000 engineers** to meet demand
- In the October 2022-23 Budget, the Australian Government is delivering on \$9.6 billion of election commitments for vital infrastructure projects across Australia.

## General

- **Skills shortages: \$42.2 million** to speed up visa processing, handle the backlog and raise awareness of opportunities in Australia among **skilled migrants.**
- An extra 20,000 university places will be made available for industries experiencing skills shortages, including teaching, nursing and **engineering, as part of Federal Budget.**
- Jobs will continue to be created, and unemployment is expected to stay low by historical standards - **at 4 ½ percent in 2023-24 and 2024-25.**



# Three Year Strategy



# Three Year Strategy



## 1. Invest

FY22

- Establish a **strong brand** that positions ourselves to achieve sustainable growth by developing and implementing a **people and culture strategy**.
- **Unite** our business lines and deliver them **cohesively** to the market.
- Expand our **market share** with more higher margin business by investing in our **Federal Government capability** and establishing **vertical specialisms** across technology while transitioning to a national **Account Manager and Resource model**.
- Increase the **gross margin contribution** from our Managed Services business by clearly defining its go-to-market strategy.

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# Three Year Strategy



## 2. Transform

FY23

- Build on **strong culture** that helps attract and retain top talent to achieve sustainable growth.
- Hire **leaders** to bolster our technology expertise and establish an **enterprise client development team**.
- Continued development of **National Resource Centre** servicing all business lines with deep talent pools.
- Create a **best-practice Shared Services** function to support the business.
- Take our **Managed Services business strategy** to market.

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# Three Year Strategy



## 3. Grow

FY24

- Expand our **national office infrastructure**.
- Execution of **People & Culture Strategy** will provide platform to transition to scaled **Specialist Recruitment** business
- Significantly increased contribution from our **Managed Services businesses with Technology Consulting and RPO projects** completed with case studies in place and growing market presence
- Delivered greatly increased and **sustainable shareholder return**

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# Our Strengths – OUR PEOPLE AND CLIENTS



Contractor Net Promotor Score (NPS) of 45 – “Great Result” as per NPS rankings



Ignite becomes Great Places to work certified. **93% of employees at Ignite say it is a great place to work compared to 56% of employees at a typical Australia-based company.** Hiring and retaining right talent for business growth



Average tenure across the **40 client facing staff is 5.15 years**



**7th largest** Federal Government recruitment supplier (out of 950+) by contract value.



Total 3818 jobs with 1732 approved placements (FY21-22) .  
**A fill rate of 45.36%**



Total **702 active clients** (FY21-22)

New Clients/Bids won for current FY up to date: **7 clients and 9 departments**

Proposals/Bids in the pipeline for current FY : **15 clients**

# What's Our Focus.....



- Develop Our Brand To Be a Market Leader within Federal Government
- STEM Specialist with a Staffing & Solutions Offering
- Partner the Supply Chain into Government
- Underpinned by Contract & Project driven Gross Margin

# My Focus As CEO.....



- Ensure Ignite focused on delivery of 3 year strategic goals
- Improve the productivity of our recruiters
- Building pipeline in our Technology and Solutions business
- Execution of Pricing Strategy

# Guiding Principles Behind Our Decision Making



- Keep our goal of profitable growth at the forefront of everything we do
- Allow our strategy to be fluid as we navigate through a changing market
- Play to Our Sector & Customer Strengths





Thank you.

Questions?

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