

## Elijah Mayr

elijah.mayr@clsa.com  
+61 2 8571 4274

## Richard Amland

+61 2 8571 4252

28 November 2023

## Australia Technology

Reuters PPE.AX  
Bloomberg PPE AU

Priced on 27 November 2023  
ASX200 @ 6,987.6

12M hi/lo A\$3.40/1.35

12M price target A\$1.65  
±% potential +13%

Shares in issue 101.6m  
Free float (est.) 75.0%

Market cap US\$99m

3M ADV US\$0.4m

Foreign s'holding 10.0%

### Major shareholders

Perennial Value Management 7.0%  
A P Brosnan Pty Ltd 6.4%

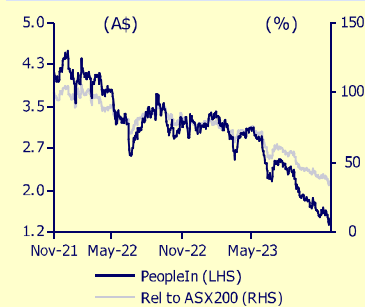
### Blended ESG Score (%)\*

Overall 52.0  
Country average 64.4  
GEM sector average 60.7

\*Click to visit company page on clsa.com for details

### Stock performance (%)

	1M	3M	12M
Absolute	(3.6)	(33.3)	(56.2)
Relative	(5.9)	(32.0)	(54.5)
Abs (US\$)	(3.1)	(32.9)	(57.1)



Source: Bloomberg

## Downsizing

### PeopleIn provides a disappointing 1Q24 update and outlook for FY24

Post the recent guidance miss at the FY23 results, after reiterating in late-May, PeopleIn provided the downgrade investors have been expecting with 1Q24 Ebitda down 33% YoY. The implied poor performance in June appears to have worsened into FY24. While the company expects impacts to be 'relatively short-lived,' we are cautious on the company's ability to demand prices, improve margins and provide targets in the current environment. We lower our target price to A\$1.65 and downgrade to O-PF from BUY.

### Update: Downgrade the market was expecting

PeopleIn provided a disappointing update on the basis that 'FY24 is proving to be a more challenging year, given the general reduction in business confidence and declining economic conditions.' While 1Q24 revenue increased +3% YoY, supported by elevated industrial operations, Ebitda declined 33% to A\$10m, which highlights continued margin compression as private clients reduce demand (especially high-margin roles and permanent recruitment), reduce investment decisions (within the health space) and the mix-shift of revenue moves to low-margin business units (food industry people). On a positive note, cash conversion remained robust at greater than 90% and new CFO Adam Leake (previously CFO at Nucleus Network), commenced on 13 November.

### Outlook: FY24 remains uncertain

While PeopleIn is expecting the wider downturn to be 'relatively short-lived' and higher margin demand to 'improve in 4Q and into FY25,' we remain dubious given its limited control over client hiring and recent company guidance performance and communication. However, while pricing power and client demand have been negatively impacted across most business units, PeopleIn's access to PALM workers is providing some respite with recently approved access to aged care sector and current work towards approval for the NDIS and early learning sectors.

### Earning's changes: Continued margin compression

Our FY24/25/26CL adj. Eps changes of -50%/-50%/-50% are driven by further re-basing of margin expectations.

### Valuation: Downgrade to O-PF

We lower our target price to A\$1.65 and downgrade to O-PF from BUY. Our PE multiple valuation is based on a 12x blended forward multiple, which is a discount to peers given PeopleIn's limited liquidity.

### Financials

Year to 30 June	22A	23A	24CL	25CL	26CL
Revenue (A\$m)	682	1,186	1,196	1,256	1,319
Rev forecast change (%)	-	-	(5.2)	(6.7)	(6.7)
Net profit (A\$m)	26	30	14	15	16
NP forecast change (%)	-	-	(51.4)	(53.0)	(53.0)
EPS (A\$)	0.27	0.29	0.13	0.14	0.15
CL/consensus (5) (EPS%)	-	-	65	54	47
EPS growth (% YoY)	23.3	7.2	(54.7)	7.1	6.9
PE (x)	5.4	5.0	11.1	10.4	9.7
Dividend yield (%)	8.9	9.6	4.5	4.8	5.1
ROE (%)	20.8	20.2	8.6	8.9	9.1
Net debt/equity (%)	59.4	45.7	51.8	54.7	48.3

Source: www.clsa.com

## Financials at a glance

Year to 30 June	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
<b>Profit &amp; Loss (A\$m)</b>						
Revenue	682	1,186	1,196	0.8	1,256	1,319
Cogs (ex-D&A)	0	0	0		0	0
<b>Gross Profit (ex-D&amp;A)</b>	<b>682</b>	<b>1,186</b>	<b>1,196</b>	<b>0.8</b>	<b>1,256</b>	<b>1,319</b>
SG&A and other expenses	(642)	(1,133)	(1,154)		(1,212)	(1,273)
<b>Op Ebitda</b>	<b>40</b>	<b>53</b>	<b>42</b>	<b>(20.7)</b>	<b>44</b>	<b>46</b>
Depreciation/amortisation	(11)	(17)	(17)		(17)	(17)
<b>Op Ebit</b>	<b>29</b>	<b>36</b>	<b>25</b>	<b>(31)</b>	<b>27</b>	<b>29</b>
Net interest inc/(exp)	(2)	(6)	(6)		(6)	(7)
Other non-Op items	7	8	-		-	-
<b>Profit before tax</b>	<b>34</b>	<b>38</b>	<b>20</b>	<b>(48.8)</b>	<b>21</b>	<b>22</b>
Taxation	(9)	(10)	(6)		(6)	(7)
<b>Profit after tax</b>	<b>25</b>	<b>28</b>	<b>14</b>	<b>(51.9)</b>	<b>15</b>	<b>16</b>
Minority interest	1	2	0		0	0
<b>Net profit</b>	<b>26</b>	<b>30</b>	<b>14</b>	<b>(54.3)</b>	<b>15</b>	<b>16</b>
<b>Adjusted profit</b>	<b>26</b>	<b>30</b>	<b>14</b>	<b>(54.3)</b>	<b>15</b>	<b>16</b>
<b>Cashflow (A\$m)</b>						
<b>Operating profit</b>	<b>29</b>	<b>36</b>	<b>25</b>	<b>(31)</b>	<b>27</b>	<b>29</b>
Depreciation/amortisation	11	17	17	1.2	17	17
Working capital changes	(14)	3	(4)		(8)	(8)
Other items	(4)	8	(11)		(12)	(13)
<b>Net operating cashflow</b>	<b>22</b>	<b>64</b>	<b>26</b>	<b>(58.9)</b>	<b>24</b>	<b>25</b>
Capital expenditure	(4)	(9)	(9)		(9)	(10)
<b>Free cashflow</b>	<b>18</b>	<b>55</b>	<b>18</b>	<b>(68)</b>	<b>15</b>	<b>15</b>
M&A/Others	(50)	(12)	(19)		(16)	0
<b>Net investing cashflow</b>	<b>(54)</b>	<b>(21)</b>	<b>(27)</b>		<b>(26)</b>	<b>(10)</b>
Increase in loans	59	(13)	19		16	0
Dividends	(11)	(13)	(10)		(7)	(8)
Net equity raised/other	(3)	(5)	-		-	0
<b>Net financing cashflow</b>	<b>46</b>	<b>(30)</b>	<b>8</b>		<b>9</b>	<b>(8)</b>
Incr/(decr) in net cash	13	13	7	(43.4)	8	7
Exch rate movements	0	0	0		0	0
<b>Balance sheet (A\$m)</b>						
Cash & equivalents	27	40	47	18.1	55	62
Accounts receivable	108	120	126	4.7	137	149
Other current assets	12	4	4	0	4	4
Fixed assets	16	30	25	(14.8)	22	19
Investments	-	-	-		-	-
Intangible assets	202	203	218	7.2	230	226
Other non-current assets	0	0	0	0	0	0
<b>Total assets</b>	<b>365</b>	<b>397</b>	<b>420</b>	<b>5.8</b>	<b>447</b>	<b>459</b>
Short-term debt	37	34	52	55.3	69	69
Accounts payable	51	67	68	1.9	71	75
Other current liabs	32	39	39	0	39	39
Long-term debt/CBs	74	79	79	0	79	79
Provisions/other LT liabs	28	18	18	0	18	18
Shareholder funds	140	157	160	2.1	167	175
Minorities/other equity	3	3	3	0	3	3
<b>Total liabs &amp; equity</b>	<b>365</b>	<b>397</b>	<b>420</b>	<b>5.8</b>	<b>447</b>	<b>459</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	53.6	73.9	0.8		5.0	5.0
Ebitda margin (%)	5.9	4.5	3.5		3.5	3.5
Ebit margin (%)	4.3	3.1	2.1		2.1	2.2
Net profit growth (%)	25.1	14.2	(54.3)		7.1	6.9
Op cashflow growth (% YoY)	191.0	191.7	(58.9)		(8.5)	1.5
Capex/sales (%)	0.7	0.8	0.7		0.7	0.8
Net debt/equity (%)	59.4	45.7	51.8		54.7	48.3
Net debt/Ebitda (x)	2.1	1.4	2.0		2.1	1.9
ROE (%)	20.8	20.2	8.6		8.9	9.1
ROIC (%)	10.6	10.7	6.8		6.9	7.2

Source: www.clsa.com

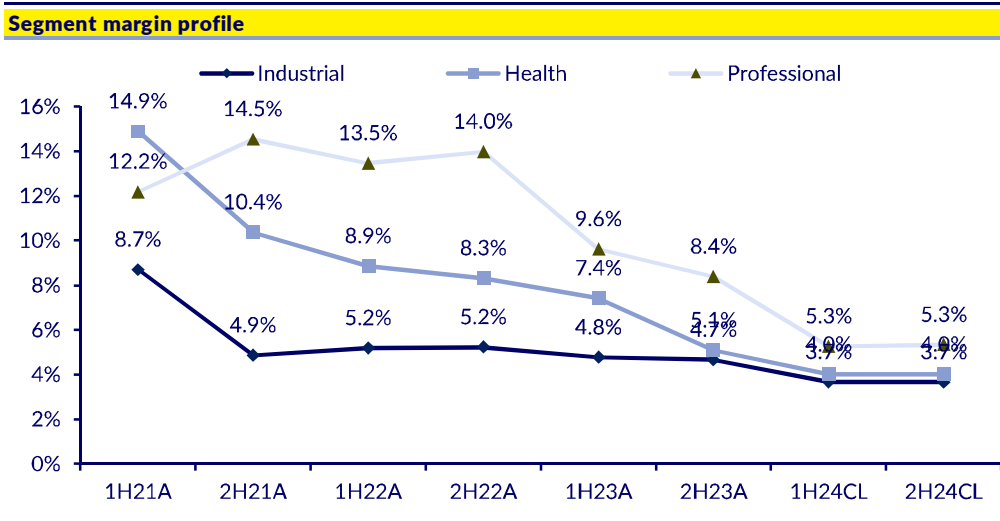
Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evaluator proprietary database at clsa.com



Segment margins have continued to deteriorate

Forecasts

Figure 1



Source: CLSA

Figure 2

Segment forecasts								
(A\$m)	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24CL	FY25CL
<b>Revenue by segment</b>								
Industrial & Specialist			206.7	251.2	415.0	872.5	894.3	939.1
Health & Community			113.7	132.7	139.2	147.4	149.4	156.9
Professional Services			49.9	60.4	128.2	166.4	153.8	161.5
Unallocated			0.8	0.0	0.0	0.0	0.0	0.0
<b>Revenue</b>	<b>219.4</b>	<b>278.2</b>	<b>371.2</b>	<b>444.3</b>	<b>682.3</b>	<b>1,186.4</b>	<b>1,197.6</b>	<b>1,257.4</b>
<i>Industrial &amp; Specialist</i>				21.5%	65.2%	110.3%	2.5%	5.0%
<i>Health &amp; Community</i>				16.7%	4.9%	5.9%	1.4%	5.0%
<i>Professional Services</i>				21.0%	112.4%	29.8%	(7.6%)	5.0%
<b>Revenue growth</b>	<b>14.3%</b>	<b>26.8%</b>	<b>33.4%</b>	<b>19.7%</b>	<b>53.6%</b>	<b>73.9%</b>	<b>0.9%</b>	<b>5.0%</b>
<b>Ebitda by segment</b>								
Industrial & Specialist			16.4	16.7	21.6	41.1	32.8	34.1
Health & Community			15.2	16.7	12.0	9.3	6.0	6.3
Professional Services			7.1	8.3	17.6	15.0	8.2	8.6
Unallocated			(7.9)	(6.7)	(11.0)	(12.0)	(4.6)	(4.8)
<b>Ebitda</b>	<b>11.7</b>	<b>19.2</b>	<b>30.8</b>	<b>35.0</b>	<b>40.2</b>	<b>53.4</b>	<b>42.3</b>	<b>44.1</b>
Adjustments	1.3	(1.5)	(2.2)	3.0	6.9	7.7	-	-
<b>Adjusted Ebitda</b>	<b>13.0</b>	<b>17.8</b>	<b>28.7</b>	<b>38.0</b>	<b>47.2</b>	<b>61.1</b>	<b>42.3</b>	<b>44.1</b>
<i>Industrial &amp; Specialist</i>				1.6%	29.4%	90.2%	(20.3%)	4.0%
<i>Health &amp; Community</i>				10.1%	(28.4%)	(22.2%)	(35.7%)	5.0%
<i>Professional Services</i>				18.0%	111.6%	(15.0%)	(45.7%)	5.0%
<b>Ebitda growth</b>	<b>15.9%</b>	<b>64.9%</b>	<b>60.1%</b>	<b>13.7%</b>	<b>14.8%</b>	<b>32.7%</b>	<b>(20.7%)</b>	<b>4.3%</b>
<b>Adjusted Ebitda growth</b>	<b>26.8%</b>	<b>36.8%</b>	<b>61.2%</b>	<b>32.8%</b>	<b>23.9%</b>	<b>29.5%</b>	<b>(30.7%)</b>	<b>4.3%</b>
<i>Industrial &amp; Specialist</i>			8.0%	6.7%	5.2%	4.7%	3.7%	3.6%
<i>Health &amp; Community</i>			13.3%	12.6%	8.6%	6.3%	4.0%	4.0%
<i>Professional Services</i>			14.2%	13.8%	13.8%	9.0%	5.3%	5.3%
<b>Ebitda margin</b>	<b>5.3%</b>	<b>6.9%</b>	<b>8.3%</b>	<b>7.9%</b>	<b>5.9%</b>	<b>4.5%</b>	<b>3.5%</b>	<b>3.5%</b>
<b>Adjusted Ebitda margin</b>	<b>5.9%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>8.6%</b>	<b>6.9%</b>	<b>5.1%</b>	<b>3.5%</b>	<b>3.5%</b>

Source: CLSA

Click to rate this research



## Earnings changes

Our FY24/25/26CL adj. Eps changes of -50%/-50%/-50% are driven by further re-basing of margin expectations.

Figure 3

Forecast changes									
CLSA Revision Changes (A\$m)	FY24			FY25			FY26		
	OLD	NEW	Change	OLD	NEW	Change	OLD	NEW	Change
Industrial & Specialist	943.1	894.3	(5.2%)	1,011.8	939.1	(7.2%)	1,062.4	986.0	(7.2%)
Health & Community	149.4	149.4	0.0%	156.9	156.9	0.0%	164.7	164.7	0.0%
Professional Services	170.4	153.8	(9.8%)	179.0	161.5	(9.8%)	187.9	169.6	(9.8%)
Unallocated	0.0	0.0	nm	0.0	0.0	nm	0.0	0.0	nm
<b>Sales Revenue</b>	<b>1,263.0</b>	<b>1,197.6</b>	<b>(5.2%)</b>	<b>1,347.6</b>	<b>1,257.4</b>	<b>(6.7%)</b>	<b>1,415.0</b>	<b>1,320.3</b>	<b>(6.7%)</b>
Industrial & Specialist	44.0	32.8	(25.4%)	46.5	34.1	(26.6%)	48.5	35.5	(26.8%)
Health & Community	8.2	6.0	(27.3%)	9.4	6.3	(33.3%)	9.9	6.6	(33.3%)
Professional Services	13.9	8.2	(41.4%)	14.6	8.6	(41.4%)	15.3	9.0	(41.4%)
Unallocated	(4.6)	(4.6)	nm	(4.8)	(4.8)	nm	(5.1)	(5.1)	nm
<b>Ebitda</b>	<b>61.5</b>	<b>42.3</b>	<b>(31.2%)</b>	<b>65.7</b>	<b>44.1</b>	<b>(32.9%)</b>	<b>68.6</b>	<b>46.0</b>	<b>(33.0%)</b>
Adjustments	0.0	0.0	nm	0.0	0.0	nm	0.0	0.0	nm
<b>Normalised Ebitda</b>	<b>61.5</b>	<b>42.3</b>	<b>(31.2%)</b>	<b>65.7</b>	<b>44.1</b>	<b>(32.9%)</b>	<b>68.6</b>	<b>46.0</b>	<b>(33.0%)</b>
Depreciation and amortisation	(17.2)	(17.2)	0.0%	(17.2)	(17.2)	0.0%	(17.1)	(17.1)	0.0%
EBIT	44.3	25.1	(43.3%)	48.5	26.9	(44.5%)	51.5	28.8	(44.0%)
Net interest	(5.6)	(5.6)	0.0%	(5.5)	(6.0)	9.6%	(5.4)	(6.5)	19.6%
Pre-tax profit	38.7	19.5	(49.6%)	43.0	20.9	(51.4%)	46.0	22.3	(51.5%)
Tax	(11.6)	(5.9)	(49.6%)	(12.9)	(6.3)	(51.4%)	(13.8)	(6.7)	(51.5%)
Reported NPAT	27.1	13.7	(49.6%)	30.1	14.6	(51.4%)	32.2	15.6	(51.5%)
Non-recurring items	0.0	0.0	nm	0.0	0.0	nm	0.0	0.0	nm
<b>Adjusted NPAT</b>	<b>27.1</b>	<b>13.7</b>	<b>(49.6%)</b>	<b>29.1</b>	<b>14.6</b>	<b>(49.7%)</b>	<b>31.2</b>	<b>15.6</b>	<b>(49.9%)</b>
<b>Adjusted NPATA</b>	<b>35.3</b>	<b>22.8</b>	<b>(35.2%)</b>	<b>39.0</b>	<b>24.5</b>	<b>(37.2%)</b>	<b>41.6</b>	<b>26.0</b>	<b>(37.5%)</b>
EPS - adjusted & diluted (¢)	25.0	13.1	(47.6%)	27.9	14.0	(49.7%)	29.9	15.0	(49.9%)
EPS-A - adjusted & diluted (¢)	33.8	21.9	(35.2%)	37.3	23.4	(37.2%)	39.9	24.9	(37.5%)
DPS (¢)	12.5	6.5	(47.6%)	13.9	7.0	(49.7%)	15.0	7.5	(49.9%)
CFO	35.7	26.5	(26.0%)	38.0	24.2	(36.4%)	40.5	24.6	(39.4%)
Total Capex	8.8	8.8	0.0%	9.4	9.4	0.0%	10.0	10.0	0.0%

Source: CLSA

We lower our target price to A\$1.65 (from A\$3.00)

## Valuation

Our valuation is based off a blended (50/50) DCF and PE valuation methodology. We lower our target price to A\$1.65 (from A\$3.00), downgrade to O-PF rating from BUY.

Figure 4

Valuation (A\$)	
DCF	1.70
EV/sales	1.60
Valuation split	50%
<b>Target Price</b>	<b>1.65</b>

Source: CLSA

Figure 5

DCF: cashflow and NPV								
Financial Year	FY24CL	FY25CL	FY26CL	FY27CL	FY28CL	FY29CL	FY30CL	Terminal
Ebitda	42.3	44.1	46.0	47.9	50.0	52.1	54.7	
Tax paid	(5.9)	(6.3)	(6.7)	(7.7)	(8.6)	(9.6)	(10.6)	
Capex	(8.8)	(9.4)	(10.0)	(10.6)	(11.3)	(12.1)	(12.8)	
Change in working capital	(4.4)	(7.6)	(8.2)	(8.9)	(9.6)	(10.3)	(10.4)	
Free cash flow	23.3	20.9	21.1	20.8	20.5	20.2	20.9	265.3
Period	0.6	1.6	2.6	3.6	4.6	5.6	6.6	6.6
Discount Factor	0.95	0.86	0.78	0.71	0.65	0.59	0.53	0.53
PV	22.0	17.9	16.5	14.7	13.2	11.8	11.1	141.4
<b>NPV</b>	<b>248.7</b>							

Source: CLSA

Figure 6

DCF: output	
EV (A\$m)	248.7
Net Debt (A\$m)	84.6
Equity value (A\$m)	164.1
EFPO (m)	101.6
Intrinsic value (A\$/sh)	1.62
<b>Target Price (A\$/sh)</b>	<b>1.70</b>

Source: CLSA

Figure 7

PE Multiple output						
	Weight (%)	FY24CL eps (A\$)	FY25CL eps (A\$)	Weighted blend (A\$)	Applied multiple (x)	Target price (A\$)
PE	59%	0.13	0.14	0.13	12.0	1.60

Source: CLSA

Figure 8

## Backpage financials

Profit & Loss					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Revenue (net)	A\$m 682.4	1186.5	1196.4	1256.3	1319.2
Operating expenses	A\$m -642.2	-1133.1	-1154.1	-1212.2	-1273.2
<b>Ebitda</b>	<b>A\$m 40.2</b>	<b>53.4</b>	<b>42.3</b>	<b>44.1</b>	<b>46.0</b>
<i>Non-recurring items</i>	A\$m 6.9	7.7	-	-	-
<b>Normalised Ebitda</b>	<b>A\$m 47.2</b>	<b>61.1</b>	<b>42.3</b>	<b>44.1</b>	<b>46.0</b>
Depreciation and amortisation	A\$m -11.1	-17.0	-17.2	-17.2	-17.1
<b>EBIT</b>	<b>A\$m 29.1</b>	<b>36.4</b>	<b>25.1</b>	<b>26.9</b>	<b>28.8</b>
Net interest	A\$m -2.1	-6.2	-5.6	-6.0	-6.5
<b>Pre-tax profit</b>	<b>A\$m 27.0</b>	<b>30.2</b>	<b>19.5</b>	<b>20.9</b>	<b>22.3</b>
Tax	A\$m -8.6	-9.7	-5.9	-6.3	-6.7
<b>Reported NPAT</b>	<b>A\$m 18.4</b>	<b>20.5</b>	<b>13.7</b>	<b>14.6</b>	<b>15.6</b>
<i>Non-recurring items</i>	A\$m 7.1	7.9	-	-	-
<b>Normalised NPAT</b>	<b>A\$m 25.5</b>	<b>28.4</b>	<b>13.7</b>	<b>14.6</b>	<b>15.6</b>
<b>Normalised NPATA</b>	<b>A\$m 31.9</b>	<b>37.6</b>	<b>22.8</b>	<b>24.5</b>	<b>26.0</b>

Profitability ratios					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Revenue growth	% 54%	74%	1%	5%	5%
Normalised Ebitda growth	% 24%	30%	-31%	4%	4%
Normalised NPAT growth	% 22%	11%	-52%	7%	7%
Normalised NPATA growth	% 28%	18%	-39%	7%	6%

Normalised Ebitda margin	% 6.9%	5.1%	3.5%	3.5%	3.5%
Normalised NPAT margin	% 3.7%	2.4%	1.1%	1.2%	1.2%
Normalised NPAT margin	% 4.7%	3.2%	1.9%	1.9%	2.0%

ROE	% 20%	19%	8%	9%	9%
ROCE	% 15%	15%	10%	10%	11%
Cash conversion	% 55%	121%	63%	55%	53%
FCF Conversion	% 37%	90%	42%	34%	32%

Cashflow Statement					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Operating cash flow	A\$m 22	64	26	24	25
Investing cash flow	A\$m -54	-21	-27	-26	-10
Financing cash flow	A\$m 46	-30	8	9	-8
<b>Net change in cash</b>	<b>A\$m 13</b>	<b>13</b>	<b>7</b>	<b>8</b>	<b>7</b>
Closing cash balance	A\$m 27	40	47	55	62

Balance Sheet					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Cash	A\$m 27	40	47	55	62
Receivables	A\$m 108	120	126	137	149
PPE	A\$m 16	30	25	22	19
Intangibles	A\$m 202	203	218	230	226
Other assets	A\$m 12	4	4	4	4
<b>Total assets</b>	<b>A\$m 365</b>	<b>397</b>	<b>420</b>	<b>447</b>	<b>459</b>
Payables	A\$m 51	67	68	71	75
Financial liabilities	A\$m 112	113	132	148	148
Contingent consideration	A\$m 30	20	20	20	20
Other	A\$m 30	37	37	37	37
<b>Total liabilities</b>	<b>A\$m 222</b>	<b>237</b>	<b>257</b>	<b>277</b>	<b>280</b>
<b>Net assets</b>	<b>A\$m 142</b>	<b>160</b>	<b>163</b>	<b>171</b>	<b>179</b>

Source: CLSA

Valuation data					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Diluted no. of shares	m 97.2	103.6	104.4	104.4	104.4
Normalised diluted EPS	cps 26.2	27.4	13.1	14.0	15.0
Normalised EPS growth	% 20.3%	4.7%	-52.3%	7.1%	6.9%
Dividends	cps 13.0	14.0	6.5	7.0	7.5
Payout ratio	% 50%	50%	50%	50%	50%
DPS growth %	% 23.8%	7.7%	-53.3%	7.1%	6.9%
Dividend yield	% 9.0%	9.7%	4.5%	4.8%	5.2%
PE	x 5.5	5.3	11.1	10.3	9.7
P/B	x 1.0	0.9	0.9	0.9	0.8
EV / Ebitda	x 4.8	3.7	5.6	5.5	5.2
EV / Ebit	x 7.7	6.1	9.4	9.1	8.2
Price / NTA	x 0.9	0.8	0.7	0.7	0.6
Net debt	A\$m 84.6	73.2	84.6	93.3	86.3
Net debt / Equity	% 59%	46%	52%	55%	48%
Net debt / EBITDA	x 1.8	1.2	2.0	2.1	1.9
EBITDA / Interest cover	x 18.7	8.5	7.6	7.3	7.1

Segmental analysis					
A\$m June y/e	FY22A	FY23A	FY24CL	FY25CL	FY26CL
Industrial & Specialist	A\$m 415	873	894	939	986
Health & Community	A\$m 139	147	149	157	165
Professional Services	A\$m 128	166	154	161	170
Unallocated	A\$m 0	0	0	0	0
<b>Revenue</b>	<b>A\$m 682</b>	<b>1186</b>	<b>1198</b>	<b>1257</b>	<b>1320</b>

Industrial & Specialist	A\$m 22	41	33	34	35
Health & Community	A\$m 12	9	6	6	7
Professional Services	A\$m 18	15	8	9	9
Unallocated	A\$m -11	-12	-5	-5	-5
<b>Ebitda</b>	<b>A\$m 40</b>	<b>53</b>	<b>42</b>	<b>44</b>	<b>46</b>
Adjustments	A\$m 7	8	0	0	0
<b>Normalised Ebitda</b>	<b>A\$m 47</b>	<b>61</b>	<b>42</b>	<b>44</b>	<b>46</b>

<i>Industrial &amp; Specialist</i>	% 5.2%	4.7%	3.7%	3.6%	3.6%
<i>Health &amp; Community</i>	% 8.6%	6.3%	4.0%	4.0%	4.0%
<i>Professional Services</i>	% 13.8%	9.0%	5.3%	5.3%	5.3%
<b>Ebitda margin</b>	<b>% 5.9%</b>	<b>4.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>
<b>Normalised Ebitda mar.</b>	<b>% 6.9%</b>	<b>5.1%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>

Valuation	
<b>DCF valuation</b>	
EV (A\$m)	249
Net Debt (A\$m)	85
Equity value (A\$m)	164
EFPO (m)	102
Intrinsic value (A\$/sh)	1.62
<b>Target Price</b>	<b>1.70</b>
<b>PE valuation</b>	
Weighted blend (A\$m)	0
Applied multiple (x)	12.0
<b>Target price (A\$/sh)</b>	<b>1.62</b>
<b>Vauation</b>	
<b>Target price (A\$/sh)</b>	<b>1.65</b>

**Investment thesis**

Stock looks cheap (PE basis) on historical and peer basis. Employment market in Australia remains robust with PeopleIn exposure to broad defensive industries.

**Catalysts**

Improvement in Health segment with increased access to candidates; Improvement in Tech and Professional employment market; M&A opportunity (both target and acquirer); reduction in debt.

**Valuation details**

Our valuation is weighted between a DCF and PE multiple (based on peers and growth prospects), which we believe best reflects the current growth outlook and future cashflows. We use a two-stage DCF valuation model in which we forecast cashflows to FY30, followed by the calculation of the terminal value. Our DCF uses a WACC of 10.0%, which is comprised of: 4.0% risk-free rate, 1.3 beta, 5.5% equity risk premium, cost of debt of 5.5%, and a 2.0% terminal growth rate.

**Investment risks**

Downturn in the employment market; contractor and employer risk; increase in competition; regulatory risks; key personnel; acquisition integration; reputation and brand; suitable candidates; loss of material contracts; suitable acquisitions; change in client circumstance; financing risk; technology risks.

## Detailed financials

### Profit & Loss (A\$m)

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	374	444	682	1,186	1,196	1,256	1,319
Cogs (ex-D&A)	0	0	0	0	0	0	0
Gross Profit (ex-D&A)	374	444	682	1,186	1,196	1,256	1,319
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	(343)	(409)	(642)	(1,133)	(1,154)	(1,212)	(1,273)
Op Ebitda	31	35	40	53	42	44	46
Depreciation/amortisation	(7)	(7)	(11)	(17)	(17)	(17)	(17)
Op Ebit	24	28	29	36	25	27	29
Interest income	0	0	0	0	0	0	0
Interest expense	(2)	(2)	(2)	(6)	(6)	(6)	(7)
Net interest inc/(exp)	(2)	(2)	(2)	(6)	(6)	(6)	(7)
Associates/investments	-	-	-	-	-	-	-
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	(2)	3	7	8	0	0	0
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	20	30	34	38	20	21	22
Taxation	(6)	(9)	(9)	(10)	(6)	(6)	(7)
Profit after tax	14	21	25	28	14	15	16
Preference dividends	-	-	-	-	-	-	-
Profit for period	14	21	25	28	14	15	16
Minority interest	0	0	1	2	0	0	0
Net profit	14	21	26	30	14	15	16
Extraordinaries/others	2	(3)	(7)	(8)	0	0	0
Profit available to ordinary shares	16	18	19	22	14	15	16
Dividends	(7)	(10)	(13)	(14)	(7)	(7)	(8)
Retained profit	9	8	7	8	7	7	8
Adjusted profit	14	21	26	30	14	15	16
EPS (A\$)	0.2	0.2	0.3	0.3	0.1	0.1	0.1
Adj EPS [pre excep] (A\$)	0.2	0.2	0.3	0.3	0.1	0.1	0.1
Core EPS (A\$)	0.2	0.2	0.3	0.3	0.1	0.1	0.1
DPS (A\$)	0.1	0.1	0.1	0.1	0.1	0.1	0.1

### Profit & loss ratios

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	34.0	18.7	53.6	73.9	0.8	5.0	5.0
Ebitda growth (% YoY)	60.1	13.7	14.8	32.7	(20.7)	4.3	4.3
Ebit growth (% YoY)	61.0	16.9	2.9	25.0	(31.0)	7.3	7.1
Net profit growth (%)	49.1	46.7	25.1	14.2	(54.3)	7.1	6.9
EPS growth (% YoY)	27.2	22.7	23.3	7.2	(54.7)	7.1	6.9
Adj EPS growth (% YoY)	27.2	22.7	23.3	7.2	(54.7)	7.1	6.9
DPS growth (% YoY)	0.0	23.5	23.8	7.7	(53.3)	7.1	6.9
Core EPS growth (% YoY)	27.2	22.7	23.3	7.2	(54.7)	7.1	6.9
<b>Margins (%)</b>							
Gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ebitda margin (%)	8.2	7.9	5.9	4.5	3.5	3.5	3.5
Ebit margin (%)	6.5	6.4	4.3	3.1	2.1	2.1	2.2
Net profit margin (%)	3.8	4.7	3.8	2.5	1.1	1.2	1.2
Core profit margin	3.8	4.7	3.8	2.5	1.1	1.2	1.2
Op cashflow margin	7.2	1.7	3.2	5.4	2.2	1.9	1.9
<b>Returns (%)</b>							
ROE (%)	17.3	20.0	20.8	20.2	8.6	8.9	9.1
ROA (%)	11.1	10.3	7.5	7.1	4.3	4.3	4.5
ROIC (%)	17.6	15.6	10.6	10.7	6.8	6.9	7.2
ROCE (%)	27.0	23.6	15.5	15.8	10.4	10.5	10.9
<b>Other key ratios (%)</b>							
Effective tax rate (%)	27.9	30.2	25.2	25.5	30.0	30.0	30.0
Ebitda/net int exp (x)	13.4	22.6	18.7	8.5	7.6	7.3	7.1
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	47.8	48.1	48.3	48.5	50.0	50.0	50.0

Source: www.clsa.com

Click to rate this research





## Balance sheet (A\$m)

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	31	14	27	40	47	55	62
Accounts receivable	41	76	108	120	126	137	149
Inventories	0	0	0	0	0	0	0
Other current assets	1	2	12	4	4	4	4
<b>Current assets</b>	<b>74</b>	<b>91</b>	<b>147</b>	<b>164</b>	<b>177</b>	<b>195</b>	<b>214</b>
Fixed assets	6	9	16	30	25	22	19
Investments	-	-	-	-	-	-	-
Goodwill	0	0	0	0	0	0	0
Other intangible assets	87	117	202	203	218	230	226
Other non-current assets	0	0	0	0	0	0	0
<b>Total assets</b>	<b>168</b>	<b>217</b>	<b>365</b>	<b>397</b>	<b>420</b>	<b>447</b>	<b>459</b>
Short term loans/OD	6	18	37	34	52	69	69
Accounts payable	31	34	51	67	68	71	75
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	1	3	2	1	1	1	1
Other current liabs	5	11	30	39	39	39	39
<b>Current liabilities</b>	<b>43</b>	<b>67</b>	<b>120</b>	<b>140</b>	<b>160</b>	<b>179</b>	<b>183</b>
Long-term debt/leases/other	21	29	74	79	79	79	79
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	7	7	28	18	18	18	18
<b>Total liabilities</b>	<b>71</b>	<b>103</b>	<b>222</b>	<b>237</b>	<b>257</b>	<b>277</b>	<b>280</b>
Share capital	78	83	102	108	108	108	108
Retained earnings	18	27	33	38	41	49	57
Reserves/others	1	2	5	11	11	11	11
<b>Shareholder funds</b>	<b>97</b>	<b>112</b>	<b>140</b>	<b>157</b>	<b>160</b>	<b>167</b>	<b>175</b>
Minorities/other equity	0	2	3	3	3	3	3
<b>Total equity</b>	<b>97</b>	<b>115</b>	<b>142</b>	<b>160</b>	<b>163</b>	<b>171</b>	<b>179</b>
<b>Total liabs &amp; equity</b>	<b>168</b>	<b>217</b>	<b>365</b>	<b>397</b>	<b>420</b>	<b>447</b>	<b>459</b>
Total debt	27	47	112	113	132	148	148
Net debt	(5)	33	85	73	85	93	86
Adjusted EV	126	170	231	224	236	245	237
BVPS (A\$)	1.1	1.2	1.4	1.5	1.6	1.6	1.7

## Balance sheet ratios

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Key ratios</b>							
Current ratio (x)	1.7	1.4	1.2	1.2	1.1	1.1	1.2
Growth in total assets (% YoY)	14.5	29.5	67.8	8.8	5.8	6.5	2.6
Growth in capital employed (% YoY)	4.9	60.8	53.5	2.8	6.3	6.6	0.4
Net debt to operating cashflow (x)	-	4.4	3.8	1.1	3.2	3.9	3.5
Gross debt to operating cashflow (x)	1.0	6.2	5.1	1.8	5.0	6.1	6.0
Gross debt to Ebitda (x)	0.9	1.3	2.8	2.1	3.1	3.4	3.2
Net debt/Ebitda (x)	-	0.9	2.1	1.4	2.0	2.1	1.9
<b>Gearing</b>							
Net debt/equity (%)	(5.0)	29.0	59.4	45.7	51.8	54.7	48.3
Gross debt/equity (%)	27.5	41.0	78.4	70.7	80.7	86.8	82.8
Interest cover (x)	10.6	18.3	13.5	5.8	4.5	4.5	4.4
Debt cover (x)	1.0	0.2	0.2	0.6	0.2	0.2	0.2
Net cash per share (A\$)	0.1	(0.3)	(0.9)	(0.7)	(0.8)	(0.9)	(0.8)
<b>Working capital analysis</b>							
Inventory days	-	-	-	-	-	-	-
Debtor days	38.6	48.1	49.1	35.0	37.6	38.2	39.5
Creditor days	-	-	-	-	-	-	-
Working capital/Sales (%)	1.4	6.6	5.4	1.5	1.9	2.4	2.9
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	407.0	300.6	300.7	508.8	482.8	475.7	497.5
EV/Capital employed (%)	136.6	115.3	101.7	96.2	95.1	92.6	89.6
Working capital/Capital employed (%)	5.6	19.8	16.3	7.6	8.9	11.3	14.3
Fixed capital/Capital employed (%)	6.8	6.1	7.0	12.8	10.2	8.3	7.2
<b>Other ratios (%)</b>							
PB (x)	1.3	1.2	1.0	0.9	0.9	0.9	0.8
EV/Ebitda (x)	4.1	4.9	5.7	4.2	5.6	5.5	5.2
EV/OCF (x)	4.6	22.5	10.5	3.5	8.9	10.1	9.7
EV/FCF (x)	4.8	27.1	13.1	4.1	13.4	16.5	16.3
EV/Sales (x)	0.3	0.4	0.3	0.2	0.2	0.2	0.2
Capex/depreciation (%)	41.6	50.1	96.9	117.2	110.0	128.0	148.0

Source: www.clsa.com

## Cashflow (A\$m)

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Operating profit</b>	24	28	29	36	25	27	29
Operating adjustments	0	0	0	0	0	0	0
Depreciation/amortisation	7	7	11	17	17	17	17
Working capital changes	8	(32)	(14)	3	(4)	(8)	(8)
Interest paid / other financial expenses	(2)	(2)	(2)	(6)	(6)	(6)	(7)
Tax paid	(6)	(9)	(9)	(10)	(6)	(6)	(7)
Other non-cash operating items	(4)	15	7	24	0	0	0
<b>Net operating cashflow</b>	27	8	22	64	26	24	25
Capital expenditure	(1)	(1)	(4)	(9)	(9)	(9)	(10)
<b>Free cashflow</b>	26	6	18	55	18	15	15
Acq/inv/disposals	(12)	(22)	(50)	(12)	(19)	(16)	-
Int, invt & associate div	-	-	-	-	-	-	-
<b>Net investing cashflow</b>	(13)	(23)	(54)	(21)	(27)	(26)	(10)
Increase in loans	(13)	6	59	(13)	19	16	0
Dividends	(5)	(7)	(11)	(13)	(10)	(7)	(8)
Net equity raised/others	15	(1)	(3)	(5)	-	-	0
<b>Net financing cashflow</b>	(4)	(2)	46	(30)	8	9	(8)
Incr/(decr) in net cash	10	(18)	13	13	7	8	7
Exch rate movements	0	0	0	0	0	0	0
<b>Opening cash</b>	21	31	14	27	40	47	55
<b>Closing cash</b>	31	14	27	40	47	55	62
OCF PS (A\$)	0.3	0.1	0.2	0.6	0.3	0.2	0.2
FCF PS (A\$)	0.3	0.1	0.2	0.5	0.2	0.1	0.1

## Cashflow ratio analysis

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	149.9	(72.0)	191.0	191.7	(58.9)	(8.5)	1.5
FCF growth (% YoY)	162.4	(75.9)	179.9	214.5	(68.0)	(16.0)	(1.7)
Capex growth (%)	18.0	17.5	244.6	102.6	(3.2)	6.5	6.5
<b>Other key ratios (%)</b>							
Capex/sales (%)	0.3	0.3	0.7	0.8	0.7	0.7	0.8
Capex/op cashflow (%)	4.1	17.2	20.3	14.1	33.3	38.7	40.6
Operating cashflow payout ratio (%)	25.1	132.7	57.3	22.5	25.8	30.2	31.8
Cashflow payout ratio (%)	25.7	128.1	57.2	22.0	25.8	30.2	31.8
Free cashflow payout ratio (%)	26.8	154.7	71.8	25.7	38.7	49.3	53.6

## DuPont analysis

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	6.5	6.4	4.3	3.1	2.1	2.1	2.2
Asset turnover (x)	2.4	2.3	2.3	3.1	2.9	2.9	2.9
Interest burden (x)	0.8	1.1	1.2	1.0	0.8	0.8	0.8
Tax burden (x)	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Return on assets (%)	11.1	10.3	7.5	7.1	4.3	4.3	4.5
Leverage (x)	1.9	1.8	2.3	2.5	2.5	2.6	2.6
ROE (%)	17.3	20.0	20.8	20.2	8.6	8.9	9.1

## EVA® analysis

Year to 30 June	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	17	20	22	27	18	19	20
Average invested capital	99	127	205	253	258	274	282
ROIC (%)	17.6	15.6	10.6	10.7	6.8	6.9	7.2
Cost of equity (%)	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Cost of debt (adj for tax)	4.0	3.8	4.1	4.1	3.8	3.9	3.9
Weighted average cost of capital (%)	8.7	8.7	8.7	8.7	8.7	8.7	8.7
EVA/IC (%)	8.9	6.9	1.9	2.0	(1.9)	(1.8)	(1.5)
EVA (A\$m)	9	9	4	5	(5)	(5)	(4)

Source: www.clsa.com



**Research subscriptions**

To change your report distribution requirements, please contact your CLSA sales representative or email us at [cib@clsa.com](mailto:cib@clsa.com). You can also fine-tune your Research Alert email preferences at [https://www.clsa.com/member/tools/email\\_alert/](https://www.clsa.com/member/tools/email_alert/).

**Companies mentioned**

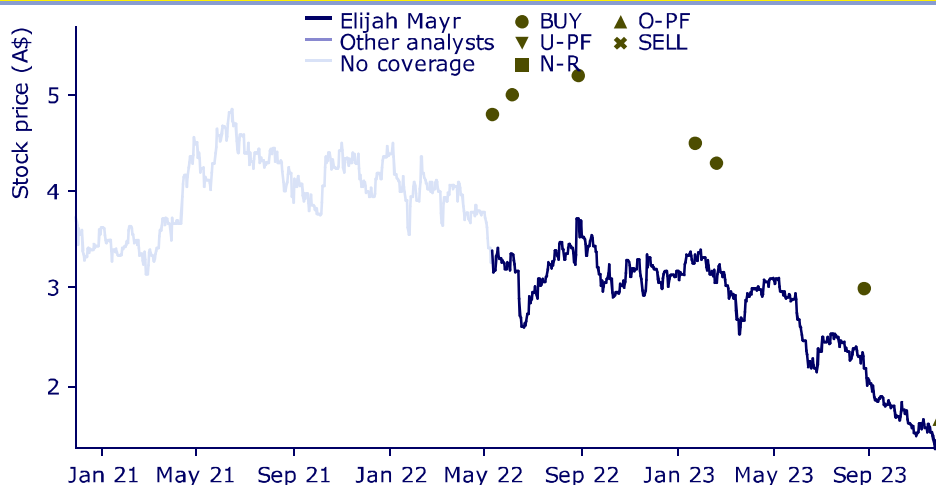
PeopleIn (PPE AU - A\$1.46 - OUTPERFORM)  
Nucleus Network (N-R)

**Analyst certification**

The analyst(s) of this report hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

**Important disclosures**

**Recommendation history of PeopleIn Ltd PPE AU**



Date	Rec	Target	Date	Rec	Target
LATEST	O-PF	1.65	28 Aug 2022	BUY	5.20
25 Aug 2023	BUY	3.00	05 Jun 2022	BUY	5.00
19 Feb 2023	BUY	4.30	11 May 2022	BUY	4.80
23 Jan 2023	BUY	4.50			

Source: CLSA

CLSA ("CLSA") in this report refers to CLSA Limited, CLSA Americas, LLC, CLSA Australia Pty Ltd, CLSA India Private Limited, PT CLSA Sekuritas Indonesia, CLSA Securities Japan Co., Ltd., CLSA Securities Korea Ltd., CLSA Securities Malaysia Sdn. Bhd., CLSA Philippines, Inc, CLSA Singapore Pte Ltd, CLSA Securities (Thailand) Limited, CLSA (UK), CLSA Europe B.V. and/or their respective affiliates. CLST ("CLST") in this report refers to CL Securities Taiwan Co., Ltd.

The policies of CLSA and CLST are to only publish research that is impartial, independent, clear, fair, and not misleading. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure should be read in conjunction with the research disclaimer as set out hereof and at [www.clsa.com/disclaimer.html](http://www.clsa.com/disclaimer.html), the Terms and Conditions of Use as set out at <https://www.clsa.com/terms-and-conditions-of-use/> and the applicable regulation of the concerned market where the analyst is stationed and hence subject to. Investors are strongly encouraged to review this disclaimer before investing.

Neither analysts nor their household members or associates may

have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities.

The analysts included herein hereby confirm that they have not been placed under any undue influence, intervention or pressure by any person/s in compiling this research report. In addition, the analysts attest that they were not in possession of any material, non-public information regarding the subject company that has securities listed in the relevant jurisdiction(s) at the time of publication of this report. (For full disclosure of interest for all companies covered by CLSA in this report, please refer to [http://www.clsa.com/member/research\\_disclosures/](http://www.clsa.com/member/research_disclosures/) for details.)

As analyst(s) of this report, I/we hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject

Click to rate this research



company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. The analyst/s also state/s and confirm/s that he/she/they has/have not been placed under any undue influence, intervention or pressure by any person/s in compiling this research report. In addition, the analysts included herein attest that they were not in possession of any material, non-public information regarding the subject company that has securities listed in the relevant jurisdiction(s) at the time of publication of this report. The analysts further confirm that none of the information used in this report was received from CLSA's Corporate Finance department or CLSA's and/or CLST's Sales and Trading business. Save from the disclosure below (if any), the analyst(s) is/are not aware of any material conflict of interest.

Key to CLSA/CLST investment rankings: BUY: Total stock return (including dividends) expected to exceed 20%; O-PF (aka ACCUMULATE): Total expected return below 20% but exceeding market return; U-PF (aka REDUCE): Total expected return positive but below market return; SELL: Total return expected to be negative. For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

"High Conviction" Ideas are not necessarily stocks with the most upside/downside, but those where the Research Head/Strategist believes there is the highest likelihood of positive/negative returns. The list for each market is monitored weekly.

Overall rating distribution for CLSA (exclude CLST) only Universe: Overall rating distribution: BUY / Outperform - CLSA: 73.47%, Underperform / SELL - CLSA: 26.53%, Restricted - CLSA: 0.00%; Data as of 1 Oct 2023. Investment banking clients as a % of rating category: BUY / Outperform - CLSA: 13.51%, Underperform / SELL - CLSA: 2.93%; Restricted - CLSA: 0.00%. Data for 12-month period ending 1 Oct 2023.

Overall rating distribution for CLST only Universe: Overall rating distribution: BUY / Outperform - CLST: 65.45%, Underperform / SELL - CLST: 34.55%, Restricted - CLST: 0.00%. Data as of 1 Oct 2023. Investment banking clients as a % of rating category: BUY / Outperform - CLST: 0.00%, Underperform / SELL - CLST: 0.00%, Restricted - CLST: 0.00%. Data for 12-month period ending 1 Oct 2023.

There are no numbers for Hold/Neutral as CLSA/CLST do not have such investment rankings. For a history of the recommendation, price targets and disclosure information for companies mentioned in this report please write to: CLSA Group Compliance, 18/F, One Pacific Place, 88 Queensway, Hong Kong and/or; CLST Compliance (27/F, 95, Section 2 Dun Hua South Road, Taipei 10682, Taiwan, telephone (886) 2 2326 8188). EVA® is a registered trademark of Stern, Stewart & Co. "CL" in charts and tables stands for CLSA estimates, "CT" stands for CLST estimates, "CRR" stands for CRR Research estimates and "CS" for Citic Securities estimates unless otherwise noted in the source.

Charts and tables sourced to CLSA in this report may include data extracted from CLSA's automated databases, which derive their original data from a range of sources. These can include: companies; analyst estimates/calculations; local exchanges and/or third-party data or market pricing providers such as Bloomberg, FactSet or IBES. Additional information on data sources for specific charts or tables can be obtained by contacting the publishing analysts.

This report is subject to and incorporates the terms and conditions of use set out on the [www.clsa.com](https://www.clsa.com) website (<https://www.clsa.com/disclaimer.html>) and <https://www.clsa.com/terms-and-conditions-of-use/> and the references to "publication/communication" or "Publications" thereof shall include this report. Neither this report nor any portion hereof may be reprinted, sold, resold, copied, reproduced, distributed, redistributed, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of CLSA and/or CLST. CLSA and/or CLST has/have produced this report for private circulation to professional, institutional and/or wholesale clients only, and may not be distributed to retail investors. The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any

jurisdiction where doing so would be contrary to law or regulation or which would subject CLSA and/or CLST to any additional registration or licensing requirement within such jurisdiction. The information and statistical data (for private or public companies) herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and CLSA and/or CLST makes no representation or warranty as to its fairness, adequacy, accuracy, completeness or correctness. The replication of any third party views in this report should not be treated necessarily as an indication that CLSA and/or CLST agrees with or concurs with such views. None of CLSA and/or CLST, its affiliates and their respective directors, officers, employees, advisers and representatives makes any representation or warranty, express or implied, as to and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such data or information contained herein or any statement made in this report. Any opinions or estimates herein reflect the judgment of CLSA and/or CLST at the date of this report and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person or a non-analyst, such views and opinions may not correspond to the published view of CLSA and/or CLST. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

This report is for information purposes only and it does not constitute or contain, and should not be considered as an offer or invitation to sell, or any solicitation or invitation of any offer to subscribe for or purchase any securities in any jurisdiction and recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this report, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including legal or tax advice. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Investments that are denominated in foreign currencies may fluctuate in value as a result of exposure to movements of exchange rate. Past performance is not necessarily a guide to future performance or liquidity. CLSA and/or CLST do/does not accept any responsibility and cannot be held liable for any person's use of or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, CLSA and/or CLST accept(s) no liability whatsoever for any direct or consequential loss arising from the use of this report or its contents.

To maintain the independence and integrity of our research, our Corporate Finance, Sales Trading, Asset Management and Research business lines are distinct from one another. This means that CLSA's Research department is not part of and does not report to CLSA's Corporate Finance department or CLSA's Sales and Trading business. Accordingly, neither the Corporate Finance department nor the Sales and Trading department supervises or controls the activities of CLSA's research analysts. CLSA's research analysts report to the management of the Research department, who in turn report to CLSA's senior management. CLSA has put in place a number of internal controls designed to manage conflicts of interest that may arise as a result of CLSA engaging in Corporate Finance, Sales and Trading, Asset Management and Research activities. Some examples of these controls include: the use of information barriers and other controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with CLSA's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among CLSA's Research personnel, Corporate Finance, Asset Management, and Sales and Trading personnel, CLSA's financial product issuers and CLSA's research analysts do not compromise the integrity and independence of CLSA's

research.

Subject to any applicable laws and regulations at any given time, CLSA, CLST, their respective affiliates, officers, directors or employees may have used the information contained herein before publication and may have positions in, or may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided corporate finance/capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, you should be aware that CLSA and/or CLST and/or their respective affiliates, officers, directors or employees may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation and the full details of conflict of interest with companies under coverage are available at [http://www.clsa.com/member/research\\_disclosures/](http://www.clsa.com/member/research_disclosures/). Disclosures therein include the position of CLSA and CLST only. Unless specified otherwise, CLSA did not receive any compensation or other benefits from the subject company, covered in this report, or from any third party. If investors have any difficulty accessing this website, please contact [webadmin@clsa.com](mailto:webadmin@clsa.com). If you require disclosure information on previous dates, please contact [compliance\\_hk@clsa.com](mailto:compliance_hk@clsa.com).

Any disputes related to this report shall be governed by the laws of Hong Kong and to the non-exclusive jurisdiction of the courts of Hong Kong in connection with any suite, action or proceeding arising out of or in connection with this material. In the event any of the provisions in these Terms of Use shall be held to be unenforceable, that provision shall be enforced to the maximum extent permissible to reflect the intention underlying the unenforceable term, and the remainder of these General Disclaimer shall be unimpaired.

This report is distributed for and on behalf of CLSA (for research compiled by non-US and non-Taiwan analyst(s)), CLSA Americas, LLC (for research compiled by US analyst(s)) and/or CLST (for research compiled by Taiwan analyst(s)) in Australia by CLSA Australia Pty Ltd (ABN 53 139 992 331/AFSL License No: 350159); in Hong Kong by CLSA Limited (Incorporated in Hong Kong with limited liability); in India by CLSA India Private Limited, (Address: 8/F, Dalamal House, Nariman Point, Mumbai 400021. Tel No: +91-22-66505050. Fax No: +91-22-22840271; CIN: U67120MH1994PLC083118; SEBI Registration No: INZ000001735 as Stock Broker, INM000010619 as Merchant Banker and INH000001113 as Research Analyst; in Indonesia by PT CLSA Sekuritas Indonesia; in Japan by CLSA Securities Japan Co., Ltd.; in Korea by CLSA Securities Korea Ltd.; in Malaysia by CLSA Securities Malaysia Sdn. Bhd.; in the Philippines by CLSA Philippines Inc (a member of Philippine Stock Exchange and Securities Investors Protection Fund); in Singapore by CLSA Singapore Pte Ltd and solely to persons who qualify as an "Institutional Investor", "Accredited Investor" or "Expert Investor" MCI (P) 042/11/2022; in Thailand by CLSA Securities (Thailand) Limited; in Taiwan by CLST (for reports compiled by Taiwan analyst(s)) or CLSA (for non Taiwan stock reports to CLSA clients) and in the European Economic Area ("EEA") by CLSA Europe BV and in the United Kingdom by CLSA (UK).

Hong Kong: This research report is distributed by CLSA Limited. This research report is distributed in Hong Kong only to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules promulgated thereunder) and may not be distributed to retail investors. Recipients should contact CLSA Limited, Tel: +852 2600 8888 in respect of any matters arising from, or in connection with, the analysis or report.

Australia: CLSA Australia Pty Ltd ("CAPL") (ABN 53 139 992 331/AFS License No: 350159) is regulated by the Australian Securities and Investments Commission ("ASIC") and is a Market Participant of ASX Limited and Cboe Australia Pty Ltd. This material is issued and distributed by CAPL in Australia to "wholesale clients" only. This material does not take into account the specific investment objectives, financial situation or particular needs of the recipient. The recipient of this material must not distribute it to any third party without the prior written consent of CAPL. For the purposes of this paragraph the term "wholesale client" has the meaning given in

section 761G of the Corporations Act 2001. CAPL's research coverage universe spans listed securities across the ASX All Ordinaries index, securities listed on offshore markets, unlisted issuers and investment products which Research management deem to be relevant to the investor base from time to time. CAPL seeks to cover companies of relevance to its domestic and international investor base across a variety of sectors.

India: CLSA India Private Limited, incorporated in November 1994 provides equity brokerage services (SEBI Registration No: INZ000001735), research services (SEBI Registration No: INH000001113) and merchant banking services (SEBI Registration No. INM000010619) to global institutional investors, pension funds and corporates. CLSA and its associates may have debt holdings in the subject company. Further, CLSA and its associates, in the past 12 months, may have received compensation for non-investment banking services and/or non-securities related services from the subject company. For further details of "associates" of CLSA India please contact [Compliance-India@clsa.com](mailto:Compliance-India@clsa.com). Registration granted by SEBI and certification from NISM in no way guarantee performance of CLSA India Private Limited or provide any assurance of returns to investors. Compliance officer & Grievance officer: Neeta Sanghavi, Tel: 22 6650 5050. Email address of Compliance officer and Grievance cell: [compliance-india@clsa.com](mailto:compliance-india@clsa.com).

Singapore: This report is distributed in Singapore by CLSA Singapore Pte Ltd to institutional investors, accredited investors or expert investors (each as defined under the Financial Advisers Regulations) only. Singapore recipients should contact CLSA Singapore Pte Ltd, 80 Raffles Place, #18-01, UOB Plaza 1, Singapore 048624, Tel: +65 6416 7888, in respect of any matters arising from, or in connection with, the analysis or report. By virtue of your status as an institutional investor, accredited investor or expert investor, CLSA Singapore Pte Ltd is exempted from complying with certain requirements under the Financial Advisers Act 2001, the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder (as disclosed in Part C of the Securities Dealing Services - Singapore Annex of the CLSA terms of business), in respect of any financial advisory services that CLSA Singapore Pte Ltd may provide to you. MCI (P) 042/11/2022.

United States of America: Where any section of the research is compiled by US analyst(s), it is distributed by CLSA Americas, LLC. Where any section is compiled by non-US analyst(s), it is distributed into the United States by CLSA (except CLSA Americas, LLC) solely to persons who qualify as "Major US Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with CLSA Americas, LLC. However, the delivery of this research report to any person in the United States shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas, LLC.

The United Kingdom: This document is a marketing communication. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The document is disseminated in the UK by CLSA (UK) and directed at persons having professional experience in matters relating to investments, as defined in the relevant applicable local regulations. Any investment activity to which it relates is only available to such persons. If you do not have professional experience in matters relating to investments you should not rely on this document. Where research material is compiled by UK analyst(s), it is produced and disseminated by CLSA (UK). For the purposes of the Financial Conduct Rules in the UK such material is prepared and intended as substantive research material. CLSA (UK) is authorised and regulated by the Financial Conduct Authority.

The European Economic Area ("EEA"): research is distributed by CLSA Europe BV, authorised and regulated by the Netherlands Authority for Financial Markets.

CLSA Securities Malaysia Sdn. Bhd (CLSA Malaysia)'s research coverage universe spans listed securities across the FBM KLCI Index, securities listed on offshore markets, unlisted issuers and investment products which Research management deem to be relevant to the investor base from time to time. CLSA Malaysia seeks to cover

companies of relevance to its domestic and international investor base across a variety of sectors.

For all other jurisdiction-specific disclaimers please refer to <https://www.clsa.com/disclaimer.html>. The analysts/contributors to this report may be employed by any relevant CLSA entity or CLST, which is different from the entity that distributes the report in the

respective jurisdictions. © 2023 CLSA and/or CL Securities Taiwan Co., Ltd. ("CLST").

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.