

26 August 2025

Peoplein Limited (PPE)

HOLD**Share Price: A\$0.73**

FY25 result review

Target Price: A\$0.79

PPE has delivered a result broadly in line with PCe. In a persistently soft market, management continues to do a good job 'controlling the controllables', again lowering costs and delivering strong cash generation (sufficient for a \$6m buyback). Green shoots in IT recruitment are encouraging and the BNE Olympics will benefit PPE in 12-18-months, but weakness in Health, Hospitality, and Early Education weigh on near-term earnings. Hold retained. TP to \$0.79 (was \$0.78).

Choppy near-term but outlook improving

- Revenue of \$1,098m was -6.4% YoY and -1.7% vs PCe. Restated segmentals has made comparisons difficult, but from a revenue perspective, I&S was in line, H&C -5.1%, and PS -7.2% vs PCe respectively. Norm EBITDA of \$33.3m was -10.0% YoY and -4.4% vs PCe. Strong cash conversion moves ND/EBITDA to 1.6x (from 2.1x) and supports a \$6m buyback.
- Hospitality and Early Education markets remain weak, and Health appears to have stalled. Despite signs of improvement in Trades/Labour and IT recruitment, we trim earnings forecasts in response (detailed later).
- In our view, PPE remains a 'when, not if' story. With the BNE Olympics on the horizon and signs of life in IT recruitment, this time appears to be approaching. Near-term market conditions keep us on the sideline for now, however. Earnings changes and a reduction in our valuation multiple (to 8.0x from 8.5x) balances the strong reduction in net debt.

Investment case

- Management and balance sheet strength will allow PPE to gain share through the cycle low and emerge from the trough in a stronger market position.
- Structural cost reductions have increased PPE's leverage to an eventual improvement in higher margin areas of the market.
- Despite an undemanding valuation, we need continued signs of a cyclical recovery before returning to a BUY.

Financial Summary

- Valuation: \$0.79 (8.0x FY26e EV/EBIT – cash basis)
- Net Debt: \$48.9m FY26e
- PE: 10.3x FY26e
- EPS Growth: 1.2% FY26e, +9.4% 3yr CAGR

Key Dates Ahead

- Momentum in IT recruitment – 1H26
- Normalisation of PALMS via rates – 2H26
- Brisbane Olympics hiring – 1H27

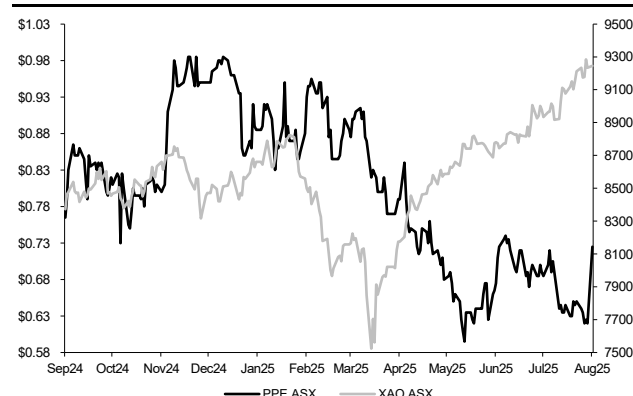
Company Data

Shares – ordinary (M)	108.7
Dilution (M)	1.5
Total (fully diluted) (M)	110.2
Market capitalisation (\$M)	78.3
12 month low/high (\$)	0.58/ 1.03
Average monthly turnover (\$M)	3.4
GICS Industry	Professional Services

Financial Summary (fully diluted/normalised)

June Year End	2024A	2025A	2026F	2027F	2028F
Total revenue (A\$m)	1174.8	1098.0	1076.5	1119.7	1156.1
Costs (A\$m)	-1137.8	-1064.7	-1042.3	-1083.3	-1118.3
EBIT (A\$m)	16.6	16.1	17.8	19.6	20.9
NPAT (A\$m)	8.7	6.9	7.5	9.4	11.2
EPS (cps)	21.1	16.2	16.3	19.3	21.1
EPS growth (%)	-41.9%	-23.3%	1.2%	17.9%	9.7%
PER (x)	9.2	11.0	10.3	7.8	6.5
EV (A\$m)	164.9	157.7	150.2	138.2	126.4
EV/EBITDA (x)	4.5	4.7	4.4	3.8	3.3
EV/EBIT (x)	9.9	9.8	8.5	7.1	6.1
ROIC (%)	0%	0%	0%	0%	0%
Net debt (A\$m)	79.4	56.4	48.9	36.8	25.1
ND/ND+E (%)	33%	27%	24%	19%	13%
Dividend (¢ps)	3.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	3.7%	0.0%	0.0%	0.0%	0.0%
Franking (%)	100%	n/a	n/a	n/a	n/a

PPE – performance over one year



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Analysis

Peoplein Limited (PPE)

Jun Year end

Market Data

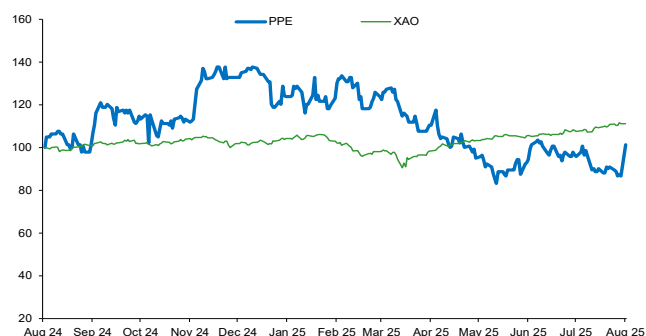
Recommendation	Hold
Price	\$0.73
Target Price (12-month) (A\$ps)	\$0.79
Market cap (\$m)	78.8
Shares on issue (basic)	108.7
Options / Other	1.5
Diluted issued capital (m)	110.2

Profit & Loss (A\$m)	2024a	2025a	2026e	2027e	2028e
Total revenue	1,174.8	1,098.0	1,076.5	1,119.7	1,156.1
... Change	-1.0%	-6.5%	-2.0%	4.0%	3.3%
EBITDA - Adj.	37.0	33.3	34.2	36.4	37.9
... Change	-39.4%	-10.1%	3.0%	6.4%	4.0%
Deprec. & amort.	(20.4)	(17.1)	(16.5)	(16.9)	(17.0)
EBIT - Adj.	16.6	16.1	17.8	19.6	20.9
Net Interest	(8.0)	(7.3)	(6.2)	(5.1)	(3.8)
Pre-tax profit	8.6	8.8	11.5	14.5	17.1
Tax expense	0.8	(1.0)	(3.3)	(4.3)	(5.1)
... tax rate	-9%	12%	29%	30%	30%
Minorities/Prefs	(0.7)	(0.9)	(0.8)	(0.8)	(0.8)
Net Profit	8.7	6.9	7.5	9.4	11.2
... Change	-67.3%	-21.0%	8.5%	25.7%	19.4%
EBITDA - statutory	32.9	13.6	18.7	22.9	26.4
EBIT - statutory	12.5	(3.5)	2.3	6.1	9.4
NPAT - statutory	5.4	(11.9)	(7.3)	(3.4)	0.5

Cashflow (A\$m)	2024a	2025a	2026e	2027e	2028e
Customer receipts	1,277.2	1,226.5	1,190.8	1,238.5	1,278.9
Supplier Payments	(1,266.7)	(1,187.9)	(1,152.4)	(1,197.7)	(1,236.4)
Net Interest	(6.9)	(6.0)	(6.2)	(5.1)	(3.8)
Tax	(7.1)	2.2	(3.3)	(4.3)	(5.1)
Other operating items	-	-	-	-	-
Operating Cash Flow	(3.6)	34.9	28.9	31.4	33.5
Capex	(3.0)	(1.7)	(1.5)	(1.5)	(1.6)
Other	(12.0)	(4.1)	(8.0)	(11.8)	(14.1)
Investing Cash Flow	(15.0)	(5.8)	(9.5)	(13.4)	(15.7)
Changes in equity	-	-	(6.0)	-	-
Increase/(decrease) in borrowings	31.2	(27.5)	-	-	-
Dividends paid	(9.5)	(0.4)	-	-	-
Other	(5.8)	(5.9)	(5.9)	(6.0)	(6.1)
Financing Cash Flow	15.9	(33.8)	(11.9)	(6.0)	(6.1)
Change in cash (pre-FX)	(2.7)	(4.7)	7.5	12.0	11.7

Balance Sheet (A\$m)	2024a	2025a	2026e	2027e	2028e
Cash	37.3	32.8	40.3	52.4	64.1
Receivables	128.4	116.9	120.2	125.5	129.1
Other	4.9	0.7	0.7	0.7	0.7
Current Assets	170.6	150.4	161.2	178.6	193.9
PP&E	26.9	24.6	21.8	20.2	20.4
Intangibles	193.7	173.6	166.6	160.7	156.5
Other	0.0	0.0	0.0	0.0	0.0
Non Current Assets	220.7	198.2	188.5	180.9	176.9
Total Assets	391.3	348.6	349.7	359.5	370.8
Payables	54.8	52.2	53.6	56.0	57.6
Financial liabilities ex-leases	12.2	12.3	12.3	12.3	12.3
Leases	5.4	5.0	5.2	5.3	5.5
Provisions	26.6	24.5	24.5	24.5	24.5
Other	1.7	2.2	1.3	1.3	1.3
Current Liabilities	100.6	96.2	96.9	99.5	101.3
Financial liabilities ex-leases	104.5	76.9	76.9	76.9	76.9
Leases	19.3	18.0	18.5	19.1	19.6
Provisions	1.2	1.5	1.5	1.5	1.5
Other	5.6	4.6	4.6	4.6	4.6
Non Current Liabilities	130.6	100.9	101.5	102.0	102.6
Total Liabilities	231.3	197.1	198.4	201.5	203.8
Net Assets	160.0	151.5	151.3	158.0	167.0
Share Capital	109.4	112.6	112.6	112.6	112.6
Retained Earnings	32.5	19.7	27.2	36.6	47.8
Reserves	14.7	15.3	7.6	4.9	2.7
Shareholders Equity	156.6	147.6	147.4	154.1	163.1
Outside Equity Interests	3.5	3.9	3.9	3.9	3.9
Total Equity	160.0	151.5	151.3	158.0	167.0
Net debt ex. LT leases/(cash) \$m	79.4	56.4	48.9	36.8	25.1

12-Month Share Price Performance



Valuation Ratios	2024a	2025a	2026e	2027e	2028e
EPS (\$ps) - NPATA	21.1	16.2	16.3	19.3	21.1
... % change	-41.9%	-23.3%	1.2%	17.9%	9.7%
EPS (\$ps) - normalised	8.3	6.6	7.0	9.3	11.1
PE (x) - normalised EPS	9.2	11.0	10.3	7.8	6.5
EV/EBITDA (x)	4.5	4.7	4.4	3.8	3.3
EV/EBIT (x)	9.9	9.8	8.5	7.1	6.1
DPS (\$ps)	3.0	-	-	-	-
... % pay-out	36.2%	0.0%	0.0%	0.0%	0.0%
Yield (%)	3.7%	0.0%	0.0%	0.0%	0.0%
Franking (%)	100%	n/a	n/a	n/a	n/a

Performance Ratios	2024a	2025a	2026e	2027e	2028e
Revenue growth (%)	-1.0%	-6.5%	-2.0%	4.0%	3.3%
EBIT growth (%)	-62.4%	-2.9%	10.2%	10.3%	6.7%
EBIT margin (%)	1.4%	1.5%	1.6%	1.7%	1.8%
ROE (%)	11.8%	10.3%	10.9%	12.8%	14.3%
ROA (%)	4.8%	4.5%	4.7%	5.6%	6.5%
Interest Cover (x)	2.1	2.2	2.8	3.9	5.5
ND/EBITDA (x)	2.1	1.7	1.4	1.0	0.7
ND/ND+E (%)	33.1%	27.1%	24.4%	18.9%	13.1%

Key Drivers	2024a	2025a	2026e	2027e	2028e
Revenue					
Industrial and Specialist	905.3	866.1	851.9	890.2	921.3
Health and Community	136.5	125.3	119.6	122.0	124.4
Professional Services	132.9	106.7	105.1	107.4	110.4
EBITDA					
Industrial and Specialist	38.0	36.2	31.5	34.3	36.4
Health and Community	12.0	7.0	8.0	8.3	8.6
Professional Services	8.1	9.1	11.1	11.4	11.8
Unallocated	(25.2)	(38.7)	(31.9)	(31.1)	(30.4)
Total	32.9	13.6	18.7	22.9	26.4
Adjustments	4.1	19.7	15.5	13.5	11.5
Adj EBITDA	37.0	33.3	34.2	36.4	37.9

Valuation	
FY25 cash EBIT	17.1
Applied EV/EBIT - x	8.0
Target price - \$/share	0.79

Half yearly (A\$m)	2H23a	1H24a	2H24a	1H25a	2H25a
Sales revenue	589.7	602.7	572.0	572.6	525.5
EBITDA	28.6	20.2	16.8	19.3	14.0
Deprec. & amort.	(8.8)	(8.4)	(12.0)	(8.6)	(8.5)
EBIT	19.7	11.8	4.8	10.7	5.5
Interest expense	(3.5)	(3.8)	(4.1)	(3.9)	(3.4)
Pre-tax profit	16.3	8.0	0.7	6.8	2.1
Tax expense	(4.3)	1.0	(0.2)	(1.7)	0.6
... tax rate	26%	-13%	30%	25%	-31%
Minorities/Prefs	(0.9)	(0.4)	(0.3)	(0.5)	(0.4)
Net Profit	11.2	8.6	0.1	4.6	2.3

Source: Petra Capital

Divisional review

Industrial and Specialist

Low business confidence continues to impact investment decisions, with capacity still falling versus peak levels (2023). More specifically, Hospitality, Early Childhood Education, and Manufacturing are most impacted. Agriculture and Food Services continue to grow, although drought throughout much of agricultural Australia is a risk to momentum. A 'positive shift in market conditions' in late FY25 appears to have continued into FY26 in the Trades/Labour market, but we do not expect to see a material lift in growth until employment relating to the Brisbane Olympics ramps up (12-18 months).

Health and Community

H&C has been the engine of the business for many halves, but slowing private/public sector hospitals appears to finally have impacted revenue. Notwithstanding potential risks to NDIS funding stemming from the recent 'economic roundtable discussions' lead by the Federal Government, we expect NDIS related care to remain a source of divisional growth into the future.

Professional Services

Much like I&S, new projects and investments remain slow, but management commentary indicates signs of improvement later in the year. Critically, this includes the IT focused Halcyon Knights (HK) business. For over twelve months, we have noted an improvement in this business as a potential re-rate catalyst for PPE. Management's suggestion that 'investment and confidence' is returning to the sector is positive, but we await further evidence before incorporating these higher margin revenues into our forecasts. In the meantime, Project Unite, and the closure of the Singapore office will benefit margins.

Earnings changes

Earnings changes tabled in Figure 1 reflect the divisional review, updates to the presentation of segmental disclosures, the \$6m buyback, and the removal of our previous dividend forecasts.

Despite our \$0.79 target price, we have assumed the buyback is completed during FY26 at an average price of \$0.80 to remain conservative on its impact.

Figure 1: Earnings changes

Group	FY26			FY27			FY28
	Old	New	Chg - %	Old	New	Chg - %	New
Revenue	1,118.6	1,076.5	-3.8%	1,141.2	1,119.7	-1.9%	1,156.1
EBITDA - adj.	37.7	34.2	-9.1%	40.1	36.4	-9.0%	37.9
EPS - adj.	17.6	16.3	-7.2%	20.6	19.3	-6.4%	21.1
Revenue	FY26			FY27			FY28
	Old	New	Chg - %	Old	New	Chg - %	New
I&S	869.7	851.9	-2.1%	887.1	890.2	0.4%	921.3
H&C	131.2	119.6	-8.9%	133.9	122.0	-8.9%	124.4
PS	117.6	105.1	-10.6%	120.3	107.4	-10.7%	110.4

Source: Petra estimates

Hold retained pending further clarity on the near-term

Strong cash generation, the newly announced buyback, positive (albeit tentative) commentary relating to higher margin employment markets, and the eventual Brisbane Olympics tailwinds are all supportive of the shares, in our view. Still, we stay conservative given persistent weakness in some end markets, a slowdown in Health, the completion of the successful Project Unite cost out program, and a desire to see the resumption of normal PALMS visa processing rates.



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