



ASX/Media Announcement

11 January 2018

## **PEOPLE INFRASTRUCTURE ACQUIRES 50% STAKE IN LEADING IT RECRUITMENT AND CONSULTING BUSINESS**

People Infrastructure Ltd (“PPE” or “People Infrastructure”) today announced the acquisition of 50% of Recon Solutions Pty Ltd and Recon Technology Pty Ltd (including Recon Executive Holdings Pty Ltd as a subsidiary of Recon Solutions Pty Ltd) (together “Recon”). Recon Solutions provides contractors and permanent talent to the Information and Communication Technology industry. In 2016, it was named the 12th fastest growing company by BRW and was also awarded Growth Company of the Year at the 2017 Recruitment International Awards. Recon Technology is a fast-growing provider of IT strategy development, IT project delivery and staffing solutions to the financial services industry.

The acquisition price for 50% of Recon is \$2.8 million and is comprised of an upfront payment of \$2.3 million in cash and \$0.5 million worth of People Infrastructure ordinary shares.<sup>1</sup> There will also be an opportunity for the vendors to receive a further 1,498,128<sup>2</sup> million ordinary shares in People Infrastructure based on Recon achieving EBITDA for either FY19 or FY20 of \$4.0m.

People Infrastructure expects its 50% shareholding in Recon to contribute \$0.8 million in EBITDA for the next 12 months assuming a continuation of current economic conditions. Steven Scanlan (CEO and founder of Recon Solutions and co-founder Recon Technology) and Adrian Dixon (CEO and co-founder of Recon Technology) will continue in their current roles post acquisition and also continue to hold a majority of the remaining equity in Recon.

People Infrastructure’s Managing Director, Mr Declan Sherman said, “The acquisition of a 50% interest in Recon represents a logical extension of our core workforce management business and delivers People Infrastructure a stake in a new platform in the high-growth IT industry. People Infrastructure and Recon are an excellent strategic fit,” he said. “Recon Solutions and Recon Executive are well recognized as market leaders in IT recruitment and People Infrastructure look forward to offering their services to existing People Infrastructure clients. Recon Technology has emerged as a leading advisor to the financial services sector focused on digital change projects.”

Mr Scanlan (founder of Recon) said he was delighted with the outcome. “Becoming part of the People Infrastructure group will provide Recon with the scale and capital backing needed to drive the next stage of the company’s growth,” he said. “Both companies have strong management and a great culture with a high degree of loyalty among employees, contractors and clients.”

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<sup>1</sup> 50% of the shares will be subject to voluntary escrow restrictions to be released following finalization of the FY18 accounts.

<sup>2</sup> The issue price for the \$0.5 million in initial shares and the subsequent earn out shares is \$1.335, being the 10-day VWAP for the period ending on 9 January 2018.

Mr Dixon (co-founder of Recon Technology) said, "Recon Technology is excited about the opportunity in particular the ability to continue to grow our penetration of the financial institutions sector through a partnership with People Infrastructure."

The cash component of the consideration has been funded by People Infrastructure's existing cash reserves. Other than the shares issued to the vendor (which are subject to performance hurdles), no additional equity will be issued to fund the acquisition.

**Enquiries - please contact:**

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