

ASX/Media Announcement

3 June 2019

PEOPLE INFRASTRUCTURE ACQUIRES LEADING INFORMATION TECHNOLOGY RECRUITMENT COMPANY

- **Leader in IT recruitment in the highly attractive Sydney and Melbourne markets**
- **Management team to stay in place and continue to grow the business**
- **Highly complementary with People Infrastructure's existing Queensland based information technology business**
- **Significantly earnings accretive in FY2020**
- **Funded out of cash and debt facilities**

People Infrastructure Ltd ("PPE" or "People Infrastructure") today announces that it has acquired Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited (together "Halcyon Knights").

Halcyon Knights was established in 2007, and is a leading information technology recruitment company focused on the Melbourne, Sydney, New Zealand and Singapore markets. The Business provides its offerings across several IT verticals including Sales & Marketing, Digital, Cloud, Cyber Security, Data & Analytics, Professional Services & Consulting and Technical Support. The business has approximately 55 staff and is one of the most well-regarded IT recruitment and contracting companies in Australia.

The acquisition price for Halcyon Knights is \$13.5 million payable in cash on closing. There is also an earn out of up to \$8.25m payable in People Infrastructure ordinary shares over three tranches based on the Halcyon Knights business achieving agreed ebitda hurdles for FY2020, FY2021 and FY2022.¹

People Infrastructure intends to allocate to key Halcyon Knights employees an amount (to be determined) of performance rights converting into shares in People Infrastructure based on the performance of the business in accordance with People Infrastructure performance rights plan.

People Infrastructure expects Halcyon Knights to generate \$3.9 million in EBITDA and \$2.1 million in NPATA (incorporating financing costs) in FY2020.

People Infrastructure's Managing Director, Mr Declan Sherman said, "The acquisition of Halcyon Knights is highly complementary to our existing Queensland focused information technology recruitment business. Regionally it provides access to the much larger Melbourne and Sydney markets which generate over 85% of Halcyon Knights' revenue. Halcyon Knights also has growing businesses in Singapore and New Zealand. Approximately 85% of the revenue generated by the business is from permanent placements and the other 15% of revenue is from IT contracting roles. People Infrastructure is especially attracted to Halcyon Knights'

¹ The number of People Infrastructure ordinary shares to be issued for each earn out period will be calculated by reference to the Volume Weighted Average Price for People Infrastructure shares in the 20 consecutive trading days prior to 31 May 2019 which is \$2.58.

strong leadership team both locally and internationally. It views this as important to the continued ongoing success of the business.”

Finally, he said “The information technology sector is a growing part of the Australian market and is expected to continue to attract a growing share of the Australian workforce market. It is one of the three key pillars on which People Infrastructure’s success has been built.”

The consideration will be funded by a combination of People Infrastructure’s existing cash reserves and new debt facilities that have been put in place. People Infrastructure’s net debt post acquisition is expected to be approximately \$30.5m. The acquisition is expected to be significantly EPS accretive in FY2020.

Lincoln Benbow and Marcus Lynch will join the People Infrastructure executive committee and continue in their current roles as Co-CEOs of Halcyon Knights. Brent Skinner will continue in his role of National Business Development Manager for Halcyon Knights.

People Infrastructure looks forward to reporting their results for FY2019 in late August. People Infrastructure confirms that the business has traded well throughout the second half of FY2019 and for the first 5 months of the second half has been tracking ahead of the first 5 months of the first half of FY2019.

People Infrastructure (ASX:PPE) is a technology enabled workforce management company delivering innovative solutions to workforce challenges faced by Australia's leading businesses. People Infrastructure is a diversified provider of workforce management across four main sectors including healthcare, information technology, specialist services and labour hire. The various sub-sectors it services include disability care, child care, infrastructure, mining, manufacturing, information technology and hospitality amongst others. People Infrastructure has a track record of successfully acquiring and growing businesses through leveraging its core capabilities in workforce management.

Enquiries - please contact:

- People Infrastructure Managing Director – Declan Sherman – (07) 3238 0800