

ASX Announcement

(ASX: PPE)

2 June 2021

PEOPLE INFRASTRUCTURE TO ACQUIRE SHARES IN BOTH A LEADING STAFFING BUSINESS AND QLD SURVEYING BUSINESS

- **Highly complementary to People Infrastructure’s existing Industrial & Specialist Services business**
- **Both businesses have demonstrated a track record of being able to organically grow their earnings**
- **Niche offerings providing staff and services in high demand industries**
- **EBITDA¹ across both acquisitions of \$8.2m and earnings per share accretion of approximately 19%**
- **Funded out of cash reserves and existing debt facilities; net debt post acquisition ~ 0.6x EBITDA**
- **Upfront valuation of \$30.5m (on a debt free basis) representing a weighted average multiple of 3.7x pro forma EBITDA**
- **People Infrastructure maintains a significant pipeline of acquisition opportunities across all divisions and funding available for over \$50m in acquisitions**

People Infrastructure Ltd (“PPE” or “People Infrastructure”) today announces that it has entered into binding agreements to acquire shares in two companies: Techforce Personnel Pty Limited (“Techforce Personnel”) and Vision Surveys (Qld) Pty Ltd (“Vision Surveys (Qld)”).

Techforce Personnel

Techforce Personnel is a leading provider of casual workers in Western Australia and South Australia. It provides staff to a range of industries, with a large focus on the industrial services and mining sectors. People Infrastructure will acquire 79.3% of the shares in Techforce Personnel and Justin McNicol (who is not selling any shares as part of the transaction and will continue as the CEO and Director of Techforce Personnel) will maintain a shareholding of 20.7% in the company. People Infrastructure have valued their 79.3% shareholding on a debt free basis at \$23.8m however based on the invoice financing facility held by the business as of the February 28 locked box date will pay \$13.4m as upfront consideration, with \$13.1m payable in cash and \$250,000 in People Infrastructure ordinary shares on completion². Up to a further \$2.72m will be payable as deferred cash consideration after completion, subject to the completion of agreed post-completion

¹ All references to EBITDA are post the adoption of AASB16

² 57,195 of People Infrastructure ordinary shares will be issued from existing LR 7.1 capacity, at an issue price of \$4.371, being the Volume Weighted Average Price for People Infrastructure shares in the 10 consecutive trading days prior to 31 May 2021.

transition arrangements.³ Techforce Personnel is expected to contribute \$5.8m in EBITDA to People Infrastructure in FY22 (representing People Infrastructure's 79.3% shareholding). The acquisition is not subject to conditions and will complete on 2 June 2021.

- Techforce Personnel is highly complementary to People Infrastructure's current industrial services business; focused on Western Australia and South Australia, two states where PPE does not currently have a meaningful presence
- Strong history of organic growth having grown its revenue at 23.7% CAGR over the last 3 years
- Techforce and People Infrastructure will both be able to increase their service to existing national clients

Vision Surveys (Qld)

Vision Surveys (Qld) is a multi-discipline surveying business servicing metropolitan and regional Queensland, with a focus on large infrastructure projects, construction and residential development and buildings. People Infrastructure has entered into a binding agreement with the majority shareholders to purchase 75% of the shares in Vision Surveys (Qld). Completion of the acquisition is subject to a condition precedent requiring the majority shareholders to seek binding sale agreements to be entered into with minority shareholders in respect of the remaining 25% shares before 31 July 2021, in addition to other conditions precedent standard for transactions of this nature.

The consideration payable for the Vision Surveys (Qld) acquisition (in aggregate for 100% of the company assuming all conditions precedent are satisfied) will comprise \$6.7m as upfront consideration (subject to a net debt and working capital adjustment), with 75% of the upfront consideration payable in cash and the remaining 25% payable in People Infrastructure ordinary shares on completion.⁴ Up to a further \$3.8 million may be payable as deferred consideration over three tranches based on the Vision Surveys (Qld) business achieving agreed EBITDA hurdles for FY22, FY23 and FY24. If satisfied, each tranche of deferred consideration will be paid in 75% cash and 25% in People Infrastructure ordinary shares.⁵ The business is expected to contribute \$2.4m in EBITDA in FY22.

- Strong history of organic growth having grown its revenue at 14% CAGR over the last 3 years
- Significant investment in infrastructure and construction driving increased industry demand
- Consistent with our strategy of expanding into businesses that involve managing workforces and selling value added services to People Infrastructure's existing clients

³ The final date for payment of the Techforce Personnel deferred consideration is not presently known but is presently expected to be paid within four months after completion subject to any extensions.

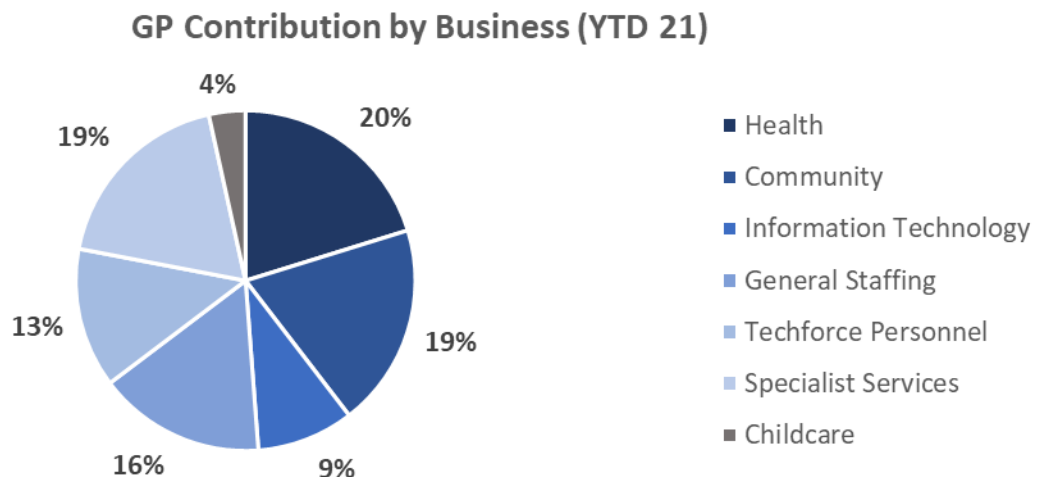
⁴ 383,208 of People Infrastructure ordinary shares will be issued from existing LR 7.1 capacity, at an issue price of \$4.371, being the Volume Weighted Average Price for People Infrastructure shares in the 10 consecutive trading days prior to 31 May 2021.

⁵ 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 10 consecutive trading days immediately prior to (but not including) 30 June of the relevant FY22, FY23 and FY24 earn out period (as applicable).

The acquisitions will be financed from cash reserves and existing debt facilities. The acquisitions are expected to be approximately 19% EPS accretive.

People Infrastructure's Chief Executive Officer, Mr Declan Sherman said, "The acquisition of Techforce Personnel and Vision Surveys Qld are highly complementary to our existing business. Both businesses are well established in their regions, have strong customer relationships, and proven leadership teams who have successfully grown these businesses over several years. Through being part of a larger group, these businesses will be able to accelerate their growth through adding service lines, sharing customers and growing geographically."

"People Infrastructure has a proven track record of completing acquisitions and accelerating growth in acquired businesses. Strategically we continue to grow our business into high growth parts of the Australian economy. The chart below demonstrates the diversity of our business portfolio for the two acquisitions."



People Infrastructure (ASX:PPE) is a diversified workforce solutions firm delivering a wide range of services to Australian businesses across four main sectors including healthcare, community services, industrial services and information technology. People Infrastructure has a track record of successfully acquiring and growing businesses through leveraging its core capabilities in the sourcing, skilling, deployment and management of workforces.

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This announcement was authorized for release by the Board.