

17 July 2017

## Market Update

The Directors of Site Group International Limited ("Site", ASX:SIT) are pleased to advise that Site has signed several new training agreements.

Site has signed contracts with Origin Energy, covering their APLNG, Origin Energy Resources, and Origin Energy Services divisions, each for the duration of two years, for the provision of training services. Site has also been engaged by Jemena for the national provision of training services across operations and maintenance personnel. Jemena is the second largest Gas Pipeline Asset owner in Australia.

Wild Geese International's involvement with the Queensland Natural Gas Exploration and Production Industry forum for the delivery of Queensland-wide Industry Safety Inductions has provided services to over 170 contractor and operator companies in Queensland.

Business improvements and the introduction of qualification programs has supported Site Skills Training's Queensland operations achieve strong revenue growth in the last financial year. Site management are expecting further growth for the FY18 financial year.

In addition to its corporate customers, Site Skills Training delivers training to individuals using Western Australia, Queensland and Northern Territory subsidised training regimes. In Queensland, VET in Schools students have commenced and will remain with Site over the next two terms.

In the Northern Territory, Site Skills Training has relocated to a much larger premises in Darwin. This will allow for necessary classroom, warehouse and hardstand space needed for Site to achieve the growth anticipated in the market. This growth is expected through increased Apprenticeship and Trainees capability and servicing major oil and gas clients entering production. Substantial operations and maintenance supply base and support services coming online will also increase demand.

Growth is continuing in Online training services (Site Online) and International student training services (Site Institute), with revenues for both businesses expected to grow, albeit from a small base.

International Student numbers are continuing to grow, with over 200 current enrolments. Revenues in international education are anticipated to further increase towards the back half of this year.

Transnational (offshore) training delivery is continuing to grow, with a services agreement signed with GE subsidiary Granite Service International to deliver further training revenue streams from the Philippines facility, Clark. The sales funnel for on-campus delivery at Clark for projects throughout the region is very solid, with the expectation of further contract announcements in the first half of FY18.

Site Group International Energy division (“SGI”) is able to announce a new award for the next phase of junior technician development for PTT EP, the national oil company of Thailand, at its jointly operated training centre in Yangon, Myanmar. The new intake comprises 46 trainees embarking on SGI’s 12-month Competence Based Junior Technician Programme covering production, instrument, electrical and mechanical disciplines. This will be the 4<sup>th</sup> intake for SGI, in its support of PTT EP’s Local and National Workforce Development commitments in Myanmar.

## Asset Impairments

As previously announced, the closure of Productivity Partners Pty Ltd’s (“PP”) business, the closure of VET FEE-HELP related campuses in Brisbane, Bundaberg, Perth, Gladstone, and the consequent staff redundancies will result in a reduction of over \$3.0m per annum in costs and expenses moving forward. These substantial redundancy and closure costs impacted on the FY17 position.

A review of the carrying value of all intangibles and in addition to the impairment recorded against goodwill in the tertiary education segment at 31 December 2016 of \$2.5m, has resulted in a further non cash impairment of intangibles of \$17.6m at 30 June 2017.

As noted in the release of 5 June 2017, PP still continues to work with the Department of Education and Training to finalise the reconciliation payment outstanding of \$34m. This reconciliation payment has now been outstanding for in excess of 18 months and there continues to be uncertainty over the process that the Department is taking, as well as the timing of the payment PP considers is to be made by the Department. PP continues to assess its position with regard to whether legal action is required to be taken to recover the reconciliation payment. In light of the uncertain circumstances with regard to the reconciliation payment, Management have taken the decision to provide for the full debtor value in the accounts at 30 June 2017. This provision will continue to be re-assessed as the matter progresses and does not in any way alter the belief of the Board and Management that PP is entitled to the reconciliation amount of \$34m in full and that the monies are legitimately due and payable under the relevant legislation as it then applied.

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## About Site

Site Group International Limited (“Site”) operates several businesses specialising in the delivery of education, training and labour services. Services are delivered to government, corporate and individual clients, predominately operating in energy, mining, construction, oil and gas and industrial sectors.

Site Group International Limited is an emerging company with a strategic business model pursuing earnings-accretive growth based on previous acquisitions along with organic growth.

### **Wild Geese International**

*Site operate a Perth based specialist Oil and Gas Competency Development and Design consultancy business unit, out of Perth, and had been operating for ~15 years prior to joining Site.*

*An Australian Registered Training Organisation, Wild Geese have integrated in to Site’s broader national and international service capability.*

### **Site Skills Training**

*An Australian Registered Training Organisation, Site Skills Training delivers Accredited and Non-Accredited High Risk Licence, Health and Safety and industry programs extensively throughout Australia and internationally. Site deliver ~25,000 short course programs in Australia each year including delivery of Apprenticeships and Traineeships, and VET in Schools programs.*

### **Site Institute**

*Site Institute is an Australian Registered Training Organisation and International CRICOS education provider. Site Institute has students studying in Australia from countries including Argentina, Brazil, Chile, Colombia, Mexico, Peru and South Korea, with additional networks being established in other countries.*

### **Site Online**

*Site established an online learning, learning software and platform development business. Site Online services and hosts Site’s learning, student and competency management systems across its businesses, develops online learning programs, and converts existing learning content in to online programs.*

*Site Online is also established to service requirements of clients including those of other business units.*

### **Site Group International Pte Ltd**

*The Site Group International business division builds immersive training environments for the purposes of undertaking competency development, specifically the Engineering, Procurement, Construction and Commissioning of Safe Live Process Plant environments.*

*SGL is based in Singapore and Malaysia and services predominately oil and gas industry clients throughout the world, utilising industry best practice and international standards for the development of competency frameworks and implementation of training programs.*

### **TESOL Asia**

*TESOL Asia is a training and industry focussed organisation for Teachers in the English as a Second Language (ESL) sector. It provides access to training, consulting, industry conferences and academic journals around the world.*

*Teaching English to Speakers of Other Languages (TESOL) focusses on bringing English language acquisition academics together with professional teachers to support and develop the industry globally.*