

1 March 2023

## **\$750,000 placement completed**

The Directors of Site Group International Limited (“Site”, ASX:SIT) are pleased to announce that Site has completed a placement to sophisticated and professional investors (“Placement”) through the issue of 250 million fully paid ordinary shares (“Placement Shares”).

The issue price of the Placement Shares is \$0.003 each. The Placement shares will also have an attached option issued on a one for two basis exercisable at \$0.006 for up to 2 years from the date of issue.

The Placement is within Site’s existing capacity under Listing Rule 7.1 and 7.1A and none of the participants are related parties or fall within Listing Rule 10.11. Accordingly, no shareholder approval is required. Settlement of the Placement is expected to occur on Friday 3 March 2023 with the Placement Shares expected to be allotted and commence trading on Tuesday 7 March 2023. The Placement Shares will rank equally with existing Site fully paid ordinary shares.

Cash proceeds raised under the Placement will be used to support ongoing working capital requirements.

## **Market Update**

Site has several assets and business units that are now showing recovery from what has been a heavily Covid impacted 3 years. As the company’s core assets relied on revenues generated from cross border transactions that were impacted by closing of international borders preventing the transfer of labour and training services between jurisdictions.

As of now the highlights of the opportunities for Site include:

- The continuing steps towards potential development of SIT’s 30-hectare leasehold facility in Clark Philippines;
- Continue to explore opportunities that could bring additional revenue through the utilisation of the existing facility;
- a recovery in training projects from customers such as OceanaGold (mining training at the Clark underground mine training facility) and the GE turbine training at the purpose designed and constructed GE training facility at Clark;
- the open for business and development approach in the Kingdom of Saudi Arabia (KSA) including the recovery of existing projects and the winning of new contracts;
- the recovery of the PNG market post covid restrictions; and
- the recovery of the Australian CRICOS education market for international students in Australia.

## **Clark Activity**

Clark has several clients utilising the facility that include:

- Assessment and deployment of up to 400 suitably qualified scaffolders and riggers for the Snowy River Scheme. This project is currently live and expected to run for approximately 6 months;
- Rope Access Training;
- Driver training for deployment to New Zealand; and

- Potential new electrical assessment and training for several markets.

In addition, discussions have recommenced for the utilisation of the Underground mining training facility with some training already recommencing. GE has already recommenced with some training at the facility utilising the purpose built facility which houses the Stage 6B turbine, compression and bolting systems as well as tube fitting and inspection training.

## **Kingdom of Saudi Arabia (KSA)**

Historical revenue earned in KSA highlighting the impact of COVID on the business is shown in the below table:-

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	6 Months HY 2023
In AUD	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
KSA Revenue	3,582	5,401	5,148	708	1,424	935

## **Maharat Construction Training Centre**

Maharat Training and Construction Centre (MCTC) was founded by Saudi Aramco, Human Resources Development Fund (HRDF) and Technical and Vocational Training Corporation (TVTC) to support the Kingdom of Saudi Arabia's nationalisation objectives as part of its Vision 2030. Site delivers vocational programs through its Al Ajmi Training Consortium (ATC) partnership.

In welcome signs of the post-pandemic recovery, the December 2022 intake at the Maharat Training and Construction Centre (MCTC) at Nairyah, KSA saw cohort numbers rise by 62% over previous intakes. An expected further 40% increase in commencements for the March 2023 cohort will see student numbers return to pre-pandemic levels and revenues increase significantly.

The Consortium is well positioned to negotiate an extension for an additional 5 years when the contract is due for renewal in Q1 2024.

Due to the significant pressure applied to MCTC to service local oil & gas, mining and construction projects in KSA, there are several expansions plans the consortium has been requested to fulfil.

- Crane & Rigging Training
  - MCTC require training for approximately 150-200 students per year.
  - Site will be using the Fire & Safety Training Centre located in Jubail and charging rent on top of the tuition fees.
  - Up to \$1 million USD revenue per year when operating at capacity.



Figure 1. Fire & Safety Training Centre Jubail Overhead Image with Proposed Crane & Rigging Training Area

- **Scaffolding Training**
  - MCTC has received a request from Saudi Arabia Basic Industry Company (SABIC) to support the training for 3000 scaffolders over the next 3 years.
  - Site has the capacity to deliver up to 300 students per year at Fire & Safety Training Centre located in Jubail.
  - Up to \$1.4 million USD in revenue a year when operating at capacity.
- **Heavy Equipment Training Centre**
  - MCTC has offered ATC 65,000sq/m of land to set up and operate a Crane and Heavy Equipment Training Centre in Nairyah.
  - There is significant demand for Heavy Equipment Operators, for example the Ministry of Industry and Mineral Resources recently announced an initiative to train 200,000 Saudis to work on upcoming mining projects.
  - The centre which is currently in the planning stages is anticipated to be operational by Q2 2024 with a view to commence with a capacity of 200 students, increasing potentially to 600 students a year.
  - Up to \$3.5 million USD in revenue a year when operating at capacity.

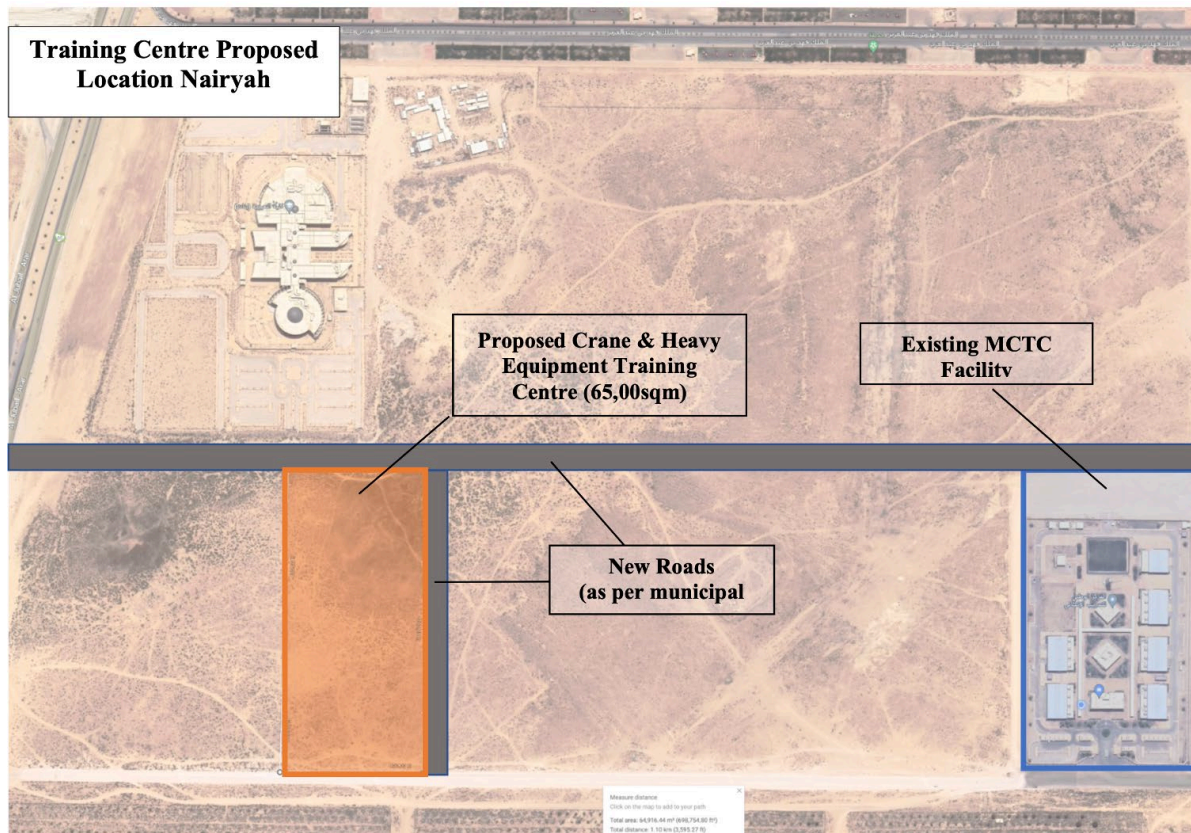


Figure 2. Proposed Heavy Equipment Training Centre Jubail

- Saudi Water Academy Lease Jubail and increase in capacity
  - Al Ajmi Company's has an opportunity to lease workshop and classroom space at the very impressive Saudi Water Academy (SWA) owned by government utility Saline Water Conversion Corporation (SWCC).
  - SWA has the capacity to accommodate approximately 500-600 students per year in the 5 trades delivered currently at Nairyah (Welding, Pipefitting, Electrical, Instrumentation and Construction Safety).
  - This will double the capacity the existing capacity for training across these 5 trades.



Figure 3. Saudi Water Academy and Fire & Safety Training Centre - Jubail

- Construction Safety Training Dammam
  - ATC has been requested to deliver Construction Safety program for 80 Trainees in Dammam.
  - This is approximately \$260k USD in revenue and is very low costs to deliver

### Fire & Safety Training Centre – Jubail

Site is currently progressing works related to the recruitment of key staff and international accreditations for the facility and its programs. The centre expected to be operational in Q2 2023. Firefighting training, emergency response, rescue and other related high risk safety programs are highly profitable and there is significant demand. Many local companies currently mobilise staff abroad for fire & safety related training. When the centre is fully operational, it is projected to produce revenues of up to \$5-6 million USD per year.



Figure 4. Fire & Safety Training Centre - Jubail

A full year summary of the revenue of each of the above project operating at full capacity is shown in the below table:-

**KSA Project Estimate for all projects operating at capacity by 2025**

	Students	Revenue target per annum US\$000
MCTC – Nairyah	530	2,385
Crane and rigging training - Jubail	200	900
Scaffolding training	300	1,350
Heavy equipment training centre	600	3,536
SWA Lease and Capacity increase	500	2,250
Construction safety training-Dammam	80	256
Fire and Safety training - Jubail		6,400
<b>Total</b>		<b>17,077</b>

**Site Institute - Australia**

Site Institute services the international student market in Australia by specialising in Certificate and Diploma program leading to occupational outcomes in the engineering and construction sectors. Courses are aligned with skills shortage occupations in these sectors, providing strong employment prospects and visa pathways opportunities for graduates. The focus is on high-quality, high-value programs that provide tangible benefits to students while delivering adequate margins.

The historical result for the tertiary segment is shown in the below table highlighting the impact of COVID on the growth trajectory of the business.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	6 Months HY 2023
In AUD	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Revenue	1,423	2,615	3,591	3,820	2,959	1,177

## POST-COVID RECOVERY

### ELICOS

Students require upper-intermediate English language capability to meet Site Institute's course entry requirements. As a result, the typical commencing international student has completed 6-18 months of preparatory English language (ELICOS) courses prior to enrolling in the specialised career programs. The ELICOS sector is a crucial feeder for international VET enrolments as more than 2/3<sup>rd</sup>s of ELICOS students move into VET and Higher Education programs upon completing their language studies. Closed borders, international students returning home, and an ELICOS sector effectively shut down through 2020-2021, resulted in a steep decline in onshore international students seeking career courses.

With the reopening of international borders in 2022, the ELICOS sector recovered strongly through the back half of the year (up 155% on previous year), all signs are pointing towards full recovery by the end of calendar 2023 with enrolment numbers to exceed 2019 highs by the end of the year.

On the back of the strengthening ELICOS sector, the international student VET sector is finally seeing early signs of replenishing new student pipelines as graduating ELICOS students start to complete their courses and are seeking further study.

Site Institute recommenced English for Engineering (specialised ELICOS course and feeder into our Engineering programs) in January this year. Although numbers are small, enquiries and applications for Term 2, 3, 4 and 2024 are encouraging.

### VET Programs

After a very slow start for new commencements at the beginning of 2022, November and December saw a marked increase in the numbers of new enquiries, applications, and enrolment confirmations for 2023 and 2024 for Engineering and Civil Construction Design courses.

### CARPENTRY PROGRAM

While the numbers of commencing carpentry students across all CRICOS providers, including Tafe, has remained stable over the last few years, the number of providers offering this course in Southeast Queensland has tripled resulting in increased competition reduced numbers per provider. In response to the changing market, Site Institute has reconfigured the delivery schedule to minimise costs and offer more flexibility around starting dates to appeal to potential students wanting to commence mid-semester.

### NEW TRADE COURSE – CABINET MAKING (DRAFTING)

The December 2022 release of the new Cabinet Making trade course allows for the packaging of a drafting speciality. Site Institute is leveraging strengths in engineering/civil design and drafting to

develop a new course for international students which is expected to commence marketing for the July 2023 intake.

The Cabinet Maker occupation is on the Medium Long Term Strategic Skills Shortage list, meaning graduates from the program will be able to apply for a Post Graduate work visa leading to possible Permanent Residency opportunities. Currently Tafe is the only other provider offering a cabinet making course in Queensland. The course will be sufficiently differentiated with a focus on kitchen and bathroom drafting, design, installation, and sales which will appeal to a wider demographic of international student including females.

This course can be run at existing trade training campus and future facilities with minimal capital investment and setup requirements.

## ENGINEERING TECHNICAL AND CIVIL CONSTRUCTION DESIGN

Demand for the Dual Engineering/Civil Diploma program is recovering, and is expected to see a return to pre-COVID commencing student levels by the second half of 2023. With 4 intakes a year, and run over 2 years, the optimal commencing cohort size is 25-28 students (equating to approx. 200 students studying in the program at any one time).

Term 1, 2023 was up 40% on last year. Forward applications for future courses are looking much more positive than last year:

With last-minute (within 1 month of course start date) applications/enrolments typically accounting for approximately 30% of commencing enrolments, there are expected increased intakes at the Brisbane campus from Term 2, 2023 onwards.

## NEW REGIONAL CAMPUS – GOLD COAST

International students that live and study in a regional area for 2 years are eligible for additional points towards any future permanent visa application. Many international students place significant value on these extra points, especially those seeking courses that provide pathways to Post Study Work visas and permanent migration via skills shortage occupations.

Epitomising the Australian lifestyle, the Gold Coast has increasingly become a sought-after destination for international students. The 2019 designation as a *Regional area* has further increased the attractiveness for students considering occupational pathway programs. The runup to the 2032 Olympics will see a worldwide spotlight on Southeast Queensland with the Gold Coast featuring as a destination of choice.

Site Institute has secured a 900m<sup>2</sup> facility inside the Southport Priority Development Area (CBD) and has commenced fit-out works for a 450-student capacity CRICOS campus with the first students expected to commence in the July 2023 intake. Course to be offered at the Gold Coast campus will include:

- English for Engineering
- Diploma of Engineering Technical
- Dual Diploma Engineering Technical and Civil Construction Design
- Certificate III in Cabinet Making (Drafting)

## AREAS FOR FUTURE COURSE DEVELOPMENT

Site Institute has built a reputation as a quality provider of technical education preparing students for employment in the engineering, civil and construction sectors. It develops and delivers unique, niche programs that appeal to genuine students seeking employment and visa pathway opportunities in skills shortage occupations.



Site institute is the only provider in Australia offering the Dual Diploma Engineering Technical and Civil Construction Design which has seen more than 800 graduates successfully attain their provisional skills assessment for the Civil Engineering Draftsperson occupation through VETASSESS. Many of those students have gone on to full-time employment in Australian engineering and civil companies in Australia and attained permanent residency through their study and employment achievements.

The business continues to monitor for opportunities to add high-value courses that provide tangible outcomes for students. Areas under consideration include:

- Building design and residential drafting – Cert IV and Diploma
- Building and construction – Cert IV and Diploma
- Landscape design – Cert IV and Diploma
- Design: Industrial, Graphic and Creative product development – Cert – Adv Diploma

*Authorised for release by the Board.*

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**Media and Investors**

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