



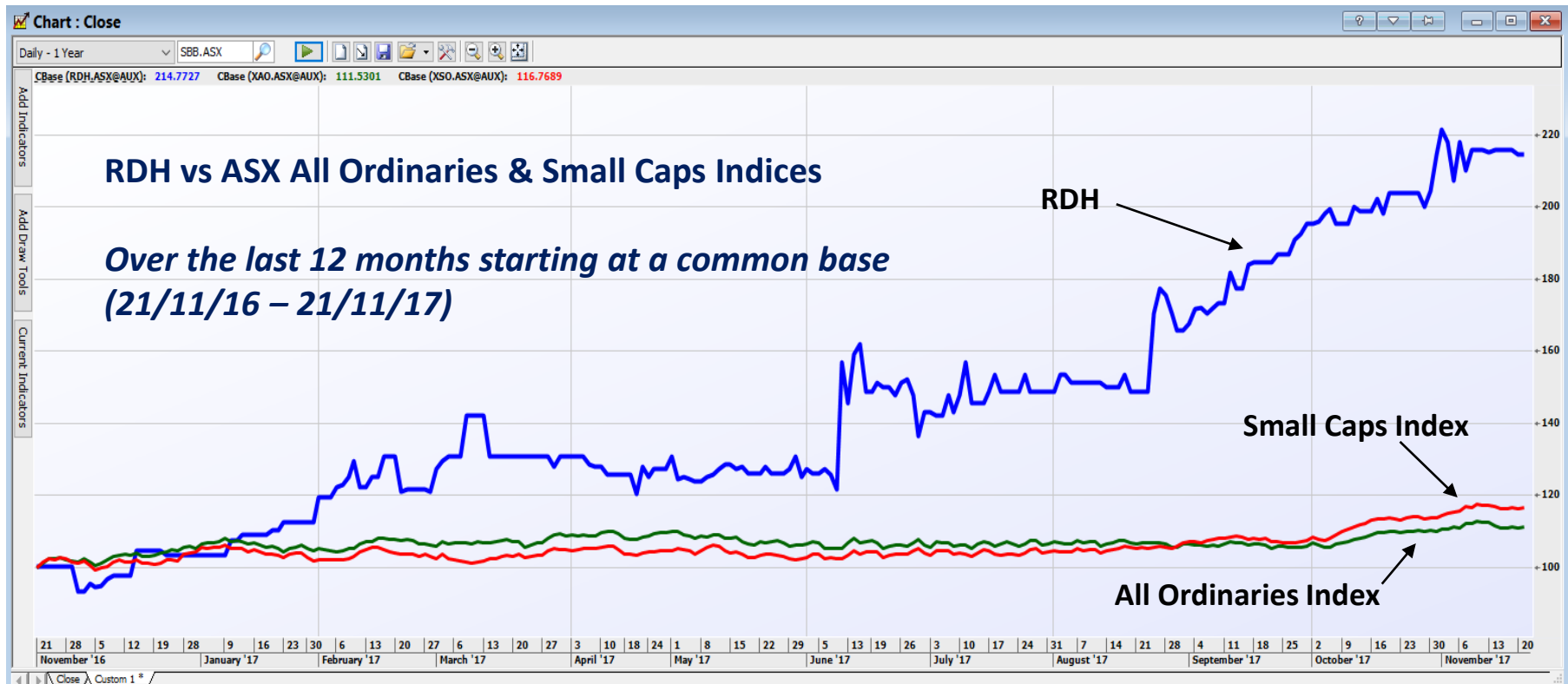
REDHILL EDUCATION

2017 Annual General Meeting

Chairman's Address

23 November 2017

RedHill's share price performance



Total Return : *

XSO.ASX Relative To: Enter code

Base Date: 21-Nov-2017 Today

Date 1: 14-Nov-2017 Week Rolling Date 3: 21-Aug-2017

Date 2: 21-Oct-2017 Month Rolling Date 4: 21-Nov-2016

Security	Exch	Description	21/11/2017	WRol	MRol	QRol	YRol	WRol
RDH	ASX	Redhill Education	189	-0.53	5.29	44.27	114.77	
XAO	ASX	ALL ORDINARIES	6044.2	-0.07	1.27	4.57	11.53	
XSO	ASX	S&P/ASX SMALL ORDS	2661.6	-0.27	2.93	10.82	16.77	

RDH grew 114.77% over the year compared to the ASX All Ordinaries Index of 11.53% growth and Small Caps Index growth of 16.77%

The chart behind me shows what a phenomenal year the Company had on the market.

You will see that the market price of the company grew 114.77% over the year compared to growth in the ASX All Ordinaries Index of 11.53% and in the Small Caps Index of 16.77%.

Let me put RedHill's excellent market performance in context.

That context presupposes a knowledge of what has occurred in the tertiary private education sector from about 2014 until now.

In 2014 (and even earlier), it was possible for unscrupulous providers of some VET courses to attract students by false or excessive promises and scams and to charge high fees for the courses that many of the students could never realistically complete for a variety of reasons. At the time, the Commonwealth provided tuition loans to the students for the VET courses under the VET FEE-HELP scheme.

By the end of 2014, a number of companies which had seemed very profitable based on their VET FEE-HELP revenues were unravelling and their investigation by various education regulatory agencies became public knowledge, particularly as a number went into administration.

The media coverage of a number of major failures was understandably sensationalistic, and that had a consequential severe adverse impact on the tertiary private education market sector.

Even though only a very small proportion of RedHill's revenue was derived from VET FEE-HELP, several large shareholders dumped our shares on the basis that the tertiary private sector was patently immature and that it was very difficult to pick the good stocks from the bad.

We always knew that RedHill was one of the best stocks because it was always a core value at RedHill to be reputable and to provide excellent courses by skilled teachers.

The amount of VET FEE-HELP tuition loans being provided by the Commonwealth to students became so great that the Minister for Education finally stepped in. I noticed in the press this week that about \$2 billion in VET FEE-HELP loans are expected to be irrecoverable.

From 2016, new Commonwealth legislation introduced stringent standards and the Government greatly restricted the future tuition loan funding that it would make available to VET courses.

Applying new vetting standards and criteria, the Department of Education provided provisional access to only a limited group of institutions for the first half of 2017 to what is now called VET Student Loans (VSL) to fund VET education. The group of institutions provided funding status for periods beyond 1 July 2017 is even smaller.

In addition, course fee tuition loans have been capped and duplicitous or unfair behaviour has been prohibited.

The timing of the Government crackdown was unfortunate for RedHill because we had spent a great deal of time and effort preparing first-rate computer coding courses and also a number of high-quality digital marketing and digital communication courses to be provided online.

For some years, we were asked why we did not make any industry acquisitions when some of our competitors made many.

We examined many targets, but always applied our fundamental criterion that any acquisition must be earnings accretive for our shareholders from the start.

We therefore decided to focus in FY2016 on organic growth, both in our existing business units' curricula and by establishing a large campus and presence in Melbourne.

That was costly in FY2016, but the fruits of our strategy were clear in the FY2017 financial performance.

As our CEO, Glenn Elith, will discuss, our Melbourne campus now accounts for approximately 20% of our revenues and this will only continue to increase.

In addition to continuing to offer high quality face-to-face and online teaching, now supplemented by excellent digital materials, we also reorganised our management internally and established a Technology and Design Division in order to derive the most from the skills of our management team.

We also focussed in 2016-2017 in building a highly qualified and experienced team of managers to support our strategic plans and our CEO.

You may have seen a recent ASX announcement that we have issued shares and options under the Company's Employee Share Option Plan to various senior managers. These are designed not only to reward, retain and incentivise them, but to ensure that they think like shareholders in everything they do for the company.

Glenn will mention that there will be a significant financial overflow from FY2017 into FY2018, so we are looking forward to another excellent year of progress and financial performance.

The Government's new regulatory system via the Department of Education has made it difficult for ineffective schools to prosper. Accordingly, we believe that RedHill will have further significant opportunities to grow organically over the next few years by expanding its schools and courses.

Glenn will now provide you with the highlights of RedHill's progress in FY2017 and provide a hint of what we expect in FY2018.



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2017 Annual General Meeting

Chief Executive Officer's Address

23 November 2017

FY2017 performance

Good morning,

RedHill delivered strong revenue growth in FY2017 due to the growth of its core businesses and from its investments in brand and geographic expansion.

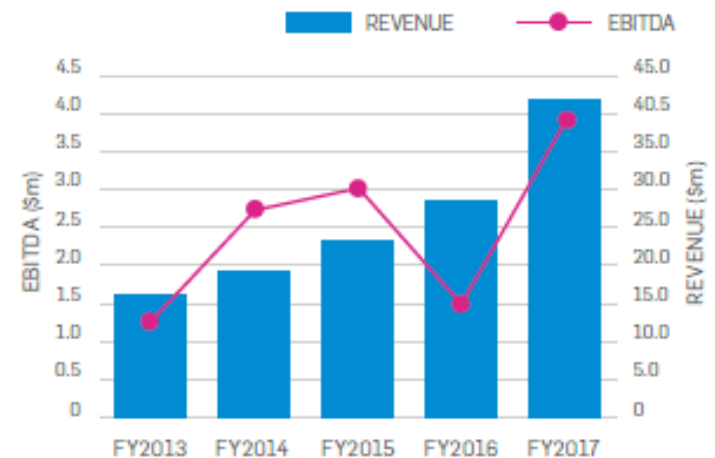
RedHill's directors were pleased to report FY2017 financial results which featured:

- **Revenues of \$41.5 million** - 46% increase*
- **EBITDA** of \$3.9 million** - 158% increase*
- **Profit after income tax of \$1.7 million** - 426% increase*
- **Net cash from operating activities of \$5.1 million** - \$4.7 million increase*
- **Cash balance of \$6.3 million** at 30 June 2017 – 30% increase*

Accompanying the reporting of these pleasing results, RedHill's directors declared a fully franked dividend of 2 cents per share which was paid to shareholders in early November.

RedHill's directors expect financial performance to improve significantly in FY2018 against the previous corresponding year as positive momentum in its core businesses and from its expansion initiatives continues.

REVENUE AND EBITDA



* Over the previous corresponding financial year

** Earnings before interest, taxation, depreciation and amortisation

The last few years have been tumultuous for the private tertiary education sector in Australia, with a very large number of providers losing their tertiary education accreditations or suffering significant declines in their performance due to their poor strategic approaches and/or operational practices.

During this period RedHill has maintained its disciplined approach, and continued to differentiate through its focus on delivering high quality learning experiences and outcomes to its students.

RedHill has applied its high quality and disciplined approach in its investment into in a range of organic expansion initiatives which we believe are important to increase RedHill's tertiary education footprint and to enhance future revenue and profit growth.

I will focus my business development comments today upon progress of the following activities:

1. RedHill's Melbourne campus
2. Greenwich Management College
3. Coder Academy
4. Go Study Australia expansion
5. Future organic expansion

RedHill's Melbourne campus

RedHill commenced operations in its substantial Melbourne campus in September 2015, and doubled the size of the campus in January 2017 to cater for the growth in student demand.

The Melbourne campus provides RedHill with a major opportunity to penetrate the Melbourne tertiary education market applying its proven approach of quality face-to-face and online learning, extensive industry engagement, and strong student support.

All of RedHill's schools operate from the Melbourne campus. Its Go Study Australia international student recruitment agency business operates at nearby premises.

20% of RedHill's FY2017 revenues were generated from its Melbourne campus. It delivered a positive second half EBITDA of approximately \$0.6 million, and a positive full year EBITDA of approximately \$0.1 million in FY2017.

RedHill expects the financial performance of its Melbourne campus operations to improve significantly in FY2018 against the previous corresponding year.

The Melbourne campus is currently operating at an average of approximately 85% of its capacity during the daytime weekday shifts. There is greater available capacity in the evenings and on weekends.

In order to cater for strong expected further growth in student demand, RedHill will seek to further expand its Melbourne campus in the second half of FY2018. This further expansion is expected to have a short term impact on profitability due to fit-out and leasing costs.

Further expansion of the Melbourne campus will support growth of existing courses being delivered in Melbourne, and enable RedHill to complete the launch of other courses currently being delivered in Sydney but not yet in Melbourne.



In FY2016 RedHill launched Greenwich Management College (GMC) in Sydney and Melbourne to deliver a range of Vocational Education and Training (VET) certificate and diploma qualifications to international students studying in Australia.

The number of international students undertaking VET courses in Australia is growing strongly, and we see excellent potential for RedHill to grow revenues and profits in this area.

GMC achieved a positive EBITDA of approximately \$0.4 million in FY2017, and we expect its financial performance to improve significantly in FY2018 against the previous corresponding year.

GMC currently has approximately 700 students studying in Sydney and 350 students studying in Melbourne.

Further expansion of GMC includes the following activities in FY2018:

- launch of Advanced Diploma courses to complement existing Certificate and Diploma courses; and
- launch of qualifications in ‘Marketing and Communication’ specialising in Social Media, leveraging RedHill’s existing expertise in that curriculum area within its Left Bank School brand.



Coder Academy (CA) courses were first delivered by RedHill in early 2016, including the delivery of Australia's first accredited Silicon Valley style computer coding 'bootcamp' for students seeking digital literacy or careers in the emerging digital innovation economy.

Demand for CA's courses has been strong, and it currently operates in Sydney, Melbourne and Brisbane.

CA's course range includes an accredited Higher Education Diploma of Information Technology, which is delivered in an intensive 'bootcamp' mode. Domestic students enrolling into CA's bootcamp have the option of accessing the Australian Governments' FEE-HELP tuition loan arrangements.

RedHill is building strong industry relationships so that its CA students may obtain quality internship opportunities and job outcomes. We are delighted to report to shareholders that over 90% of CA students who have completed our accredited 'bootcamp' qualification have obtained relevant full-time employment as software developers within three months of graduating.

In addition to CA's accredited 'bootcamp', it also generates revenues from delivering computer coding courses to corporations, high school students, and to secondary school teachers through its accreditation with the New South Wales Department of Education and Training. We expect future revenue and profit growth to be achieved for each of these target markets.

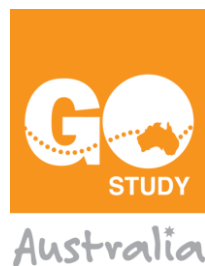
We believe that CA is well placed to continue to deliver quality qualifications supporting Australia's emerging digital innovation economy, and we expect it will deliver positive EBITDA results in FY2018.

Go Study Australia expansion

Go Study Australia (Go Study) opened new offices in Paris and Perth during FY2017, and opened an office in Bogotá, Colombia, in November this year.

Go Study currently has a total of 12 offices across the following locations:

Spain	3
Italy	2
France	2
South America	1
Australia	4



Australia has demonstrated resilience in recent years and remains a compelling choice as a study destination for international students. The Australian Government has indicated its intention to support further growth in the number of international tertiary students studying in Australia, recognising its growing importance as a generator of export earnings.

RedHill expects that the market for recruitment of international students studying in Australia will remain competitive, and we believe that Go Study is well placed to successfully compete due to its combination of off-shore and on-shore offices, its investment in supplementary student support services, and its strong partnerships with quality schools.

We expect that Go Study's FY2018 first half EBITDA will be approximately \$300,000 lower than the previous corresponding half year period as a result of the investment in office expansion and new business development activities. We believe that investment in Go Study's expansion initiatives are important to enhance its future revenue and profit growth.

Future organic expansion

RedHill has demonstrated its business development capabilities by launching new brands and new curriculum areas, and by expanding its addressable market through geographic expansion and delivering its courses online.

In addition, RedHill has retained all of its regulatory accreditations and credentials for domestic and international students in the Vocational Education and Training (VET) and Higher Education sectors, including the ability to offer domestic students tuition loans through the VET Student Loans (VSL) and FEE-HELP schemes.

Building upon our capabilities and regulatory accreditations, RedHill's strategy includes plans to launch substantial operations in a new curriculum area in 2018.

We plan to use internally generated operating cash flows and available cash on hand to fund the launch of the these expansion activities.

We believe this strategic focus on organic expansion will deliver sustainable and profitable growth over the longer term, and will result in significant value enhancement to our shareholders.

We expect to report first half FY2018 financial results which feature:

- **Revenue growth of approximately 42%** against the corresponding previous half year (FY2017 H1 Revenue: \$18.1 million)
- **EBITDA of approximately \$2.6 million** (FY2017 H1 EBITDA: \$0.65 million)

We believe that RedHill is well positioned to benefit in the future from the legislative and regulatory cleaning out of low quality operators in the private VET sector.

We are confident that the demand for quality private tertiary education in Australia will remain strong for both domestic and international students.

Thank you for attending todays annual general meeting.

I will now hand proceedings back to our Chairman.