



CHIEF EXECUTIVE OFFICER'S ADDRESS

ANNUAL GENERAL MEETING – 22 NOVEMBER 2019

GLENN ELITH

REDHILL EDUCATION LIMITED



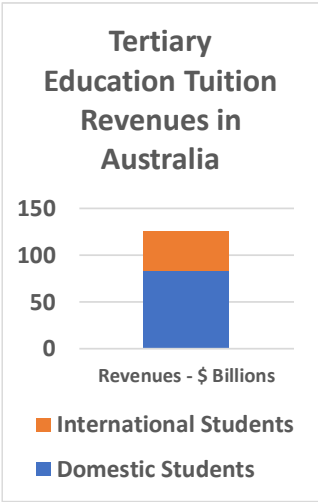
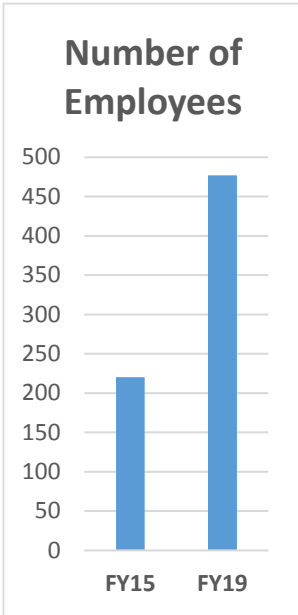
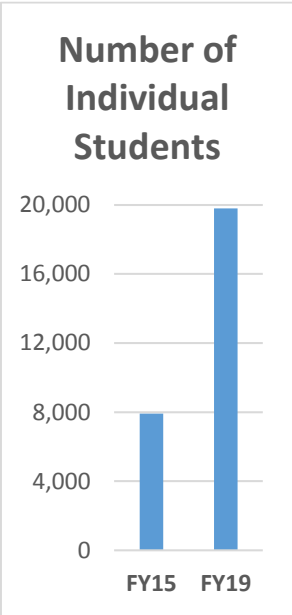
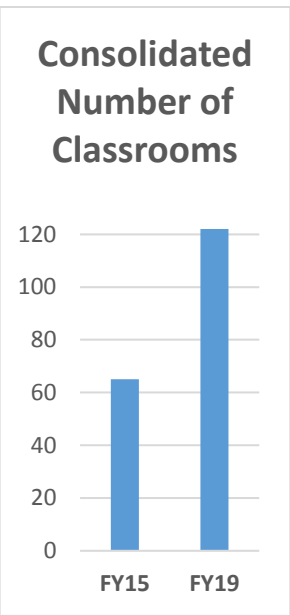
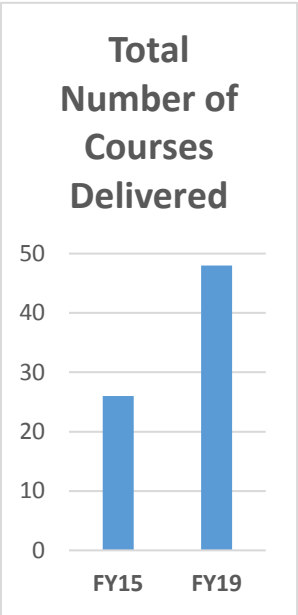
HISTORY - MASSIVE INDUSTRY AND FAST GROWTH



Thank you for attending today’s annual general meeting.

The tertiary education market in Australia is massive at around \$126 billion in revenues in FY19. There are excellent opportunities for disciplined and agile organisations who focus on delivering quality student experiences and outcomes.

RedHill has implemented strategies and initiatives over recent years which have delivered significant growth and expansion, and it has demonstrated resilience in the face of extraordinary upheaval in the legislative, tuition funding, and competitive environment.



Sources: Department of Education, ABS



FINANCIAL PERFORMANCE – FY19



RedHill's FY19 financial results featured:

- Revenues of \$59.8 million - 10% increase*
- EBITDA of \$3.9 million - 41% decrease*
- Profit after income tax of \$1.5 million - 57% decrease*
- Net cash from operating activities of \$6.5 million - 20% decrease*
- Closing cash balance of \$13.0 million – 30% increase*

FY19 profit performance was negatively impacted by:

- new leasing costs associated with expansion of the Melbourne campus in July 2018;
- ramping up of classroom utilisation for the expanded Melbourne campus; and
- a provision raised in relation to back-payment of wages due to inadvertent misinterpretations of an applicable Award.

The profit impact of the Melbourne campus expansion was pleasingly in line with our plans and market guidance provided.

** Over the previous corresponding financial year.*

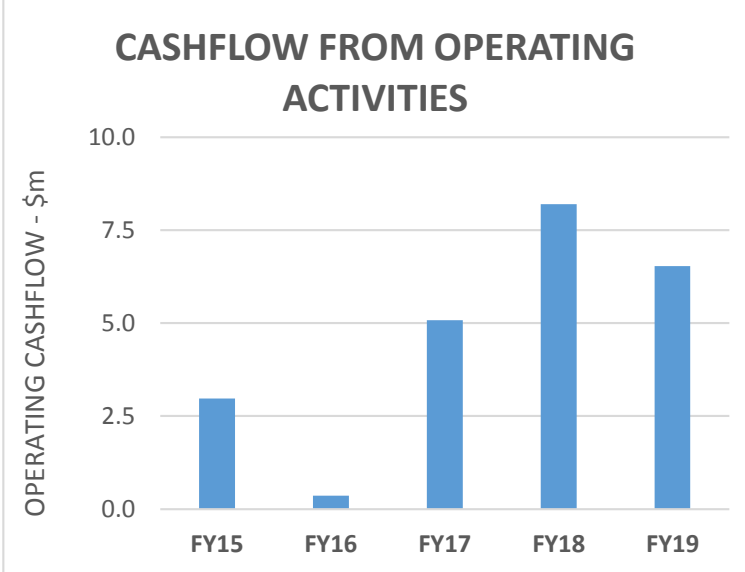
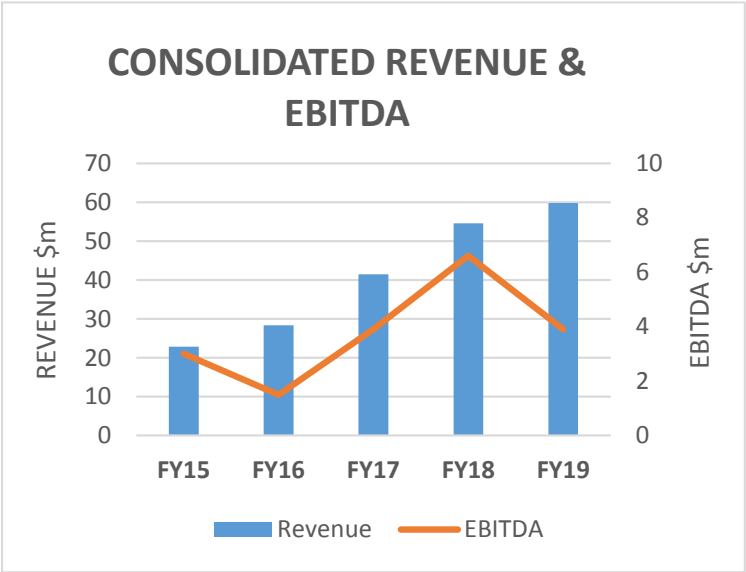


FINANCIAL PERFORMANCE – CUMULATIVE



RedHill has delivered compelling cumulative financial results over the 5 year period through until end of FY19, including:

- ◆ Compound Annual Growth Rate (CAGR) for revenues of over 27%;
- ◆ Over \$19 million of EBITDA; and
- ◆ Over \$23 million of net positive cashflows from operating activities.



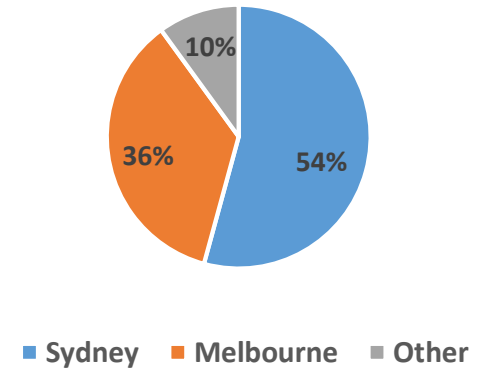
EXECUTING ON STRATEGIC PRIORITIES



RedHill has grown over recent years by utilizing internally generated operating cash flows to make a range of successful organic expansion investments, including:

- ◆ Launching a substantial campus operation in Melbourne in FY16, which has grown quickly and now represents over 36% of RedHill's consolidated revenues;
- ◆ Launching Greenwich Management College in FY16, which has grown quickly and now represents approximately 20% of RedHill's consolidated revenues;
- ◆ Launching the Coder Academy business in FY17, which has grown to represent approximately 9% of RedHill's consolidated revenues; and
- ◆ Expanding Go Study Australia into LATAM source markets in FY18 and FY19 (Colombia, Chile and Mexico), which we are confident will be attractive source markets for international students seeking to study in Australia.

FY19 REVENUE BY LOCATION



MELBOURNE CAMPUS – BUILDING ON SUCCESSFUL STRATEGY



RedHill launched its Melbourne campus in September 2015; doubled its size in January 2017; and expanded it by a further 50% in July 2018. The Melbourne campus is currently approximately 4,800m² in size and has been fitted-out with 58 classrooms.

We are delighted to announce to shareholders that due to strong expected growth in student numbers, the Melbourne campus will be expanded by a further 19 classrooms in H2 of FY20. A lease has been signed and will commence in January 2020. The additional classrooms are expected to be ready for use by mid-March 2020 after completing a quality fit-out.

As with previous Melbourne campus expansions, we expect some initial profit drag in the early months of operations, but we are confident that over time this expansion and the overall Melbourne campus will deliver strong financial returns.



NEW GREENWICH CAMPUS - SYDNEY



In RedHill's 2019 Annual Report we announced the commencement of a lease over additional premises in Sydney by Greenwich English College nearby its existing campus. The additional premises contain 16 classrooms, and required only minor fit-out works as they were already configured for education use.

We are delighted to report this campus opened to students on schedule in October 2019 upon receiving regulatory approvals, and is already operating at over 65% of its capacity during the daytime on weekdays, which is pleasingly ahead of our initial expectations.

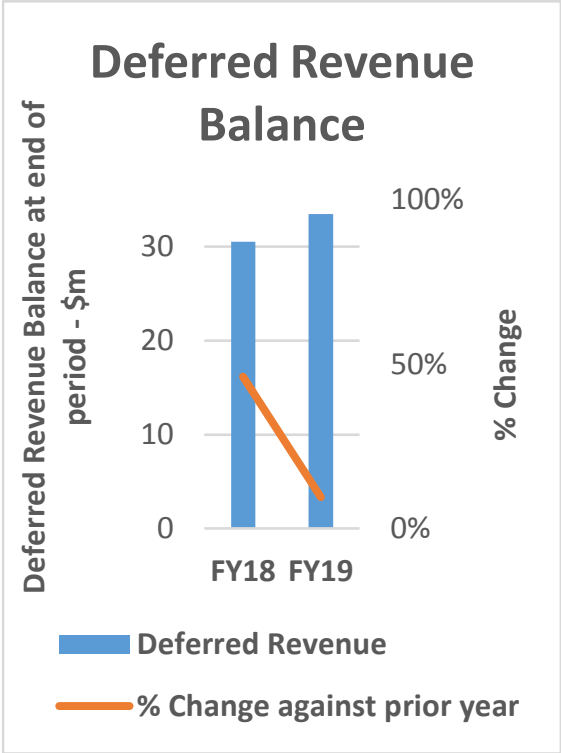
RedHill expects the financial performance of Greenwich's Sydney operations to improve in FY20 over the previous corresponding year, and expects that this additional new campus will positively contribute to profitability in H2 of FY20.



COMMENTS ON FY20 H1 FORECAST



- ◆ FY20 H1 consolidated revenue is expected to grow by approximately 15% to 17% against the prior corresponding half year period, with a particularly strong rate of revenue growth expected to be achieved by the Greenwich operating segment.
- ◆ FY20 H1 consolidated net profit is expected to be impacted by important investments in campus expansions, IT system implementations, and increases in employee wage related costs. We expect that these important investments will improve RedHill's operations and will support future revenue and profit growth.
- ◆ RedHill was pleased to report 10% growth of its 'deferred revenue' balance as at June 2019 against the prior year in the 2019 Annual Report. Deferred revenue relates to student tuition fees where an agreement and payment plan are in place for studies which are expected to be undertaken in future periods. Revenue is recognised by RedHill on a week-to-week basis as students undertake their studies, and deferred revenue is a key lead indicator used by management for planning purposes.



NON-EXECUTIVE DIRECTOR APPOINTMENTS



RedHill's senior executive team works closely with the Board, and we are thrilled that Sandra Hook and Stephen Heath have joined the organisation as non-executive directors.

We are looking forward to being energised and challenged by their ideas and insights, and we are confident they will make significant contributions to the development and delivery of RedHill's future strategies.

We are particularly looking forward to drawing upon Sandra and Stephen's career experiences in leading major digital innovations, in expanding addressable markets through marketing innovations, in operating substantial and fast-growing businesses, and in enhancing customer service experiences.



FUTURE OUTLOOK



RedHill will continue to focus on achieving strong organic growth, which we believe will deliver compelling returns on investment and increases to shareholder value.

Initiatives currently under consideration include:

- ◆ seeking to launch a substantial campus in Brisbane in Q4 of FY20 or Q1 of FY21 upon suitable premises being leased and fitted-out;
- ◆ delivering further course range expansion within existing brands;
- ◆ investing in emerging technologies to achieve greater market penetration for existing courses, to expand addressable student markets, and to enhance student learning experiences; and
- ◆ remaining alert to possible opportunities which may emerge from changes to governmental tuition funding arrangements for domestic students in the Vocational and Higher Education sectors.

RedHill will continue to consider possible acquisitions and transactions which are demonstrably accretive to shareholder value, but we will remain cautious when considering organisations which are subject to regulatory scrutiny or are exposed to significant legislative or market changes.



THANK YOU



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