

**Kip
McGrath™**



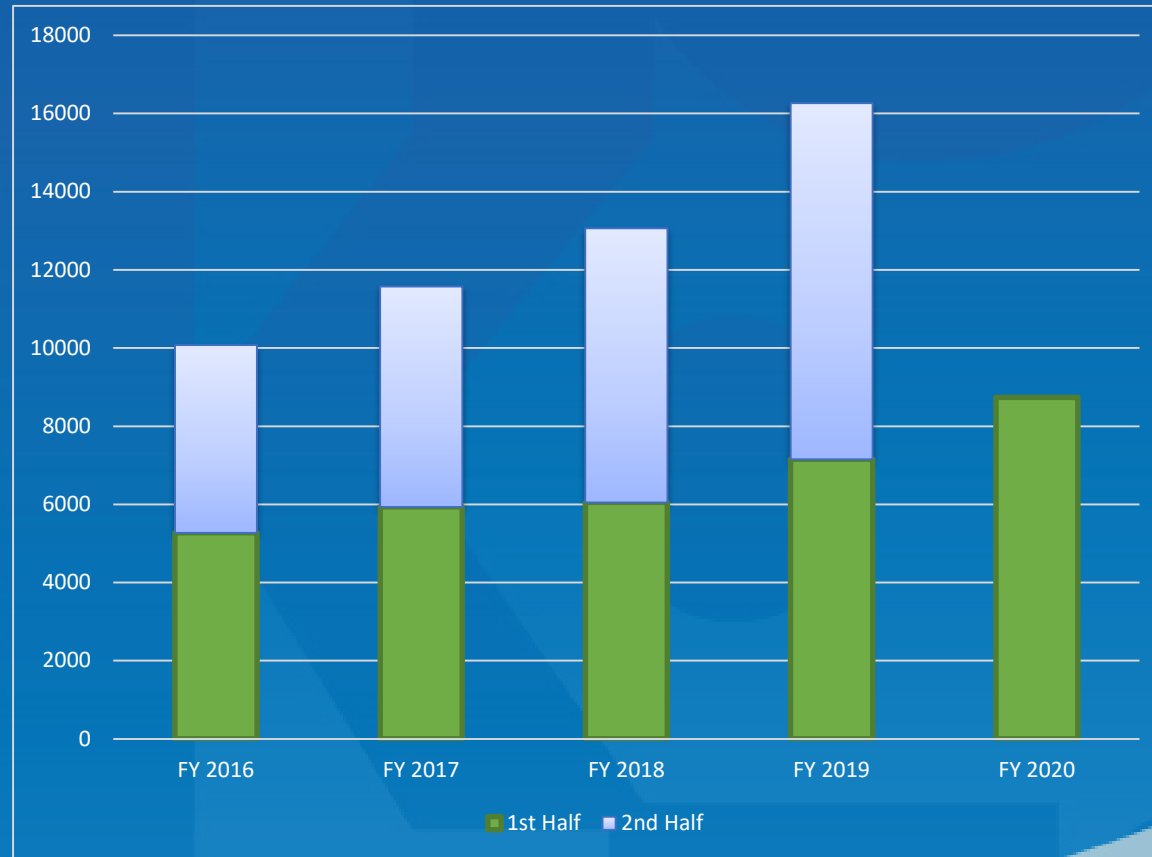
Leaders In Learning

**Investor
Presentation
March 2020**

2020 Half Year Results

- Revenue increased by 22% to \$8.7M
- EBITDA increased 12% to \$2.6M
- NPAT decreased by 8% to \$1M
- Underlying NPAT (excluding one offs) at \$1.2m (up 8%)
 - Corporate centre one-off costs \$126K for the half – expect to be profitable in the second half
 - Increased staffing and associated one-off costs (\$139k) to accelerate delivery of corporate centres and technology upgrades this year
- Dividend stable at 1.5 cents per share

Revenue Growth 2016 – 2020 (\$'000)



EBITDA Growth 2016 – 2020 (\$'000)



Current Growth Drivers

- 13 new franchise centres opened during the half year
- Conversion of silver to gold franchise contracts progressing well
- Centralisation of servicing franchisees continues with the acquisition of Yorkshire and the Humber area developer in the UK
- Attended Lesson numbers increased to 680,000 for the half year (up 3.5%)
- Attended Online lessons increased to 9,300 for the half year (up 22%)

Market/Growth Opportunity

- Market is growing, with minimal competitors in our segment of the market
- KME market share, in a fragmented market, remains low (less than 2%)
- New software and systems upgrade, focused on improving student onboarding and retention will lead to continued growth for many years
- One remaining large area developer we intend to acquire
- As previously announced, preliminary discussions on a number of strategic approaches are ongoing but remain incomplete. It is uncertain whether any will lead to a proposal for consideration by the Company's directors and shareholders

Online/ Corporate owned centres

- We have completed a successful trial of corporate owned centres
- Four Corporate owned centres, each with their own manager, are growing well. These 4 centres represent the largest multicentre group in the global Kip McGrath network
- The company plans to acquire or establish additional centres in strategic locations in Australia and the UK
- The company has also dedicated resources to focus on the growth of our corporate online tutoring business. The business is growing well and the new software upgrade is expected to accelerate growth

Corona Virus COVID-19

- At this time, we are not seeing any impact on student levels
- All franchisees have been advised of their responsibilities
- Children who have recently returned from affected areas are advised to stay at home for two weeks
- Anyone with symptoms will also be asked to stay at home for two weeks
- This is in line with our child protection obligations
- For students and teachers with access to the right technology online tutoring will be a viable alternative to continue lessons

Outlook

- We expect Gold partner numbers, student lessons and revenue to continue to grow
- We anticipate further increase in margins from centralisation
- No need to acquire to divert our attention from core business
- Dividend to be maintained and fully franked
- Corporate centres to deliver a profit in the second half
- Increased focus on corporate online tutoring business

Disclaimer

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