

## **RedHill Education Limited**

### **Workforce Stand Down in Response to COVID-19 Pandemic**

RedHill Education Limited's (RedHill's) directors and management are actively managing the operational and financial impact of the COVID-19 pandemic emergency, and are taking decisive actions to support the wellbeing of students and employees at this difficult time.

We support the decisions taken by the Australian Government and the governments of other countries to enforce formal travel bans, lockdowns, self-isolations, and social distancing measures. However, these decisions and other COVID-19 pandemic circumstances have effectively led to the stoppage of a significant proportion of work previously being carried out by RedHill's employees.

#### **INTERNATIONAL BORDER CLOSURES**

Travel bans and border closures introduced by the Australian Government from 9:00pm (AEDT) 20 March 2020, have meant that international students who had planned to enter Australia after that date are not able to do so until travel bans are lifted, international airlines resume commercial flights into the country, and self-isolation requirements have ended.

Approximately 85% of RedHill's business is providing services and courses to international students undertaking studies in Australia.

Future revenues are expected to be materially impacted by international travel bans and self-isolation requirements.

#### **SUCCESSFUL MIGRATION TO ONLINE DELIVERY**

Management is pleased to advise that the migration of RedHill's courses to 100% online delivery (from 23 March 2020) has been successful. Making the transition to online was an extraordinary achievement given the timeframes involved, and was only possible due to the determination and teamwork displayed by RedHill's employees.

#### **STAND DOWN OF REDHILL EMPLOYEES**

In view of the current travel restrictions, RedHill has no option but to make enormous changes to its operating model in order to preserve the business and to retain as many jobs as possible over the longer term.

RedHill is proud of its engaged culture and of the high-quality education services it delivers to students. Rather than lose its highly skilled workforce, who will be required when the pandemic emergency passes, RedHill will instead take an alternative approach.

RedHill's directors have taken the extremely difficult decision to stand down approximately 67% of its non-teaching workforce effective from 1 April 2020, until at least the end of June 2020.

The stand down impacts over 235 permanent and casual employees and will reduce the salaries and employee benefits expense by approximately \$2.6 million in Q4 of FY20.

During the stand down period, RedHill will proactively work to assist people as best we can. Impacted employees will:

- be permitted to draw down on their annual leave and long service leave entitlements to the extent that those leave entitlements have been accrued;
- be permitted to seek and obtain other work during the stand down period without being in breach of their employment agreements; and
- continue to accrue leave entitlements (including annual leave, long service leave, and personal/carers leave) as if they remained at work.

Teaching employees are expected to be adversely affected as the pandemic and associated economic crisis continues to unfold.

RedHill's ordinary business requirements for teachers is directly correlated to the actual number of students enrolled into each course or programme; and therefore teaching costs are managed on a predominantly variable basis.

## **SUSPENSION OF NON-EXECUTIVE DIRECTOR FEES**

To show their solidarity with employees affected by the stand down, RedHill's non-executive directors have agreed their fees will be suspended in relation to FY20 Q4.

## **OTHER CASH MANAGEMENT INITIATIVES**

A wide range of other cost reductions are being identified and implemented by directors and management in order to preserve cash and control expenditure. These include:

- senior management reducing their pay during this period;
- freezing all non-essential capital expenditure;
- pausing the Brisbane campus expansion initiative;
- negotiating with lessors for reduction of rental expenses;
- exploring possible debt facilities; and
- utilising government support initiatives in each applicable jurisdiction.

RedHill's CEO, Glenn Elith, said:

*"I am very proud of what we have built at RedHill, and I am devastated that we have been forced to take such drastic action as a result of these terrible circumstances.*

*"We will be fighting hard and taking all steps necessary to navigate the business through this crisis so that we can welcome employees affected by the stand down back on board when conditions improve.*

*We thank our loyal team members for their understanding and support in these unprecedented times".*

This announcement was authorised for release to ASX by the Board of RedHill.

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### **ABOUT REDHILL**

RedHill has a portfolio of quality education businesses at the premium end of the private education market to capitalise on the demand for higher education, vocational training and English language programmes. For further information refer to our website [www.redhilleducation.com](http://www.redhilleducation.com).