



REDHILL EDUCATION LIMITED

FY21 HALF YEAR RESULTS PRESENTATION

REDHILL EDUCATION LIMITED

26 FEBRUARY 2021





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OVERVIEW – REDHILL'S BUSINESSES

	Greenwich	Technology & Design	Go Study
HY21 Revenue	\$12.8m	\$8.1m	\$2.0m
Education Sector	ELICOS* and Vocational	Higher Education & Vocational	Student Recruitment
Student Market	International	International & Domestic	International
Locations	Sydney & Melbourne	Sydney, Melbourne, Brisbane & Online	Australia, Spain, Italy, France, Mexico, Colombia & Chile
Number of Courses	Vocational: 25 ELICOS*: 12	Higher Education: 14 Vocational: 7	Not Applicable
Course sector	English language, leadership, business and management	IT, coding, mobile app development, digital design, interior design	
Brands	 	   	



* English Language Intensive Course Of Study.

HY21 HIGHLIGHTS



DECISIVE ACTIONS DURING COVID & RESILIENT BUSINESS MODEL

- ❖ Realigned cost structures:
 - \$7.7m in operating overhead savings delivered
 - campus and office footprint rationalised
- ❖ Greenwich Online Academy delivering 100% online English language programmes to students located overseas and in Australia
- ❖ Greenwich performance more resilient than anticipated due to its strong reputation with students and agents
- ❖ Strong financial position. \$25.6m cash balance (inclusive of term deposits) and \$2.9m positive operating cash flows



BUSINESS MODEL ADAPTED TO CHANGED MARKET CONDITIONS

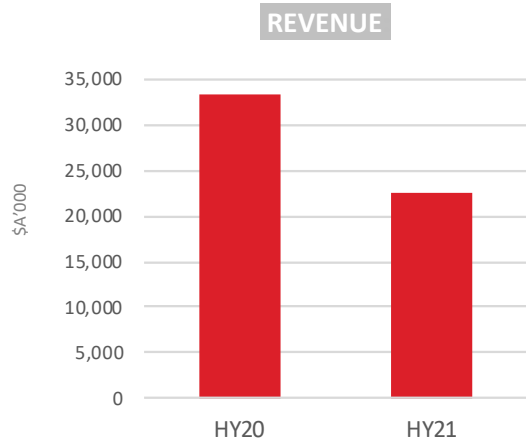
- ❖ 3 new accredited higher education certificates in specialist digital curriculums (approved for FEE-HELP tuition loans to eligible domestic students)
- ❖ Approval of 100 Commonwealth Government Funded places for newly developed specialist courses
- ❖ 3 new vocational diploma courses to be delivered 100% online to domestic students
- ❖ Delivering 100% online English language and bachelor degree courses to first cohorts of students located offshore



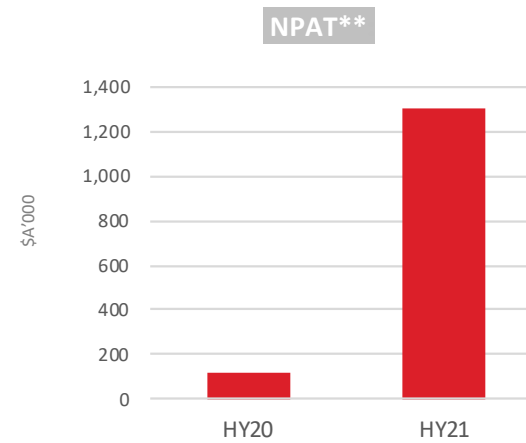
POSITIONED STRONGLY FOR GROWTH

- ❖ NSW State Government approval for RedHill to participate in its programme to re-commence international student arrivals into NSW
- ❖ Adopted and implemented leading virtual AV system technologies to teach simultaneously in-classroom and online
- ❖ Developed and launched online adaptive, automated English language placement test platform
- ❖ Launched Go Study Canada with first arrivals achieved Feb 2021
- ❖ Strong balance sheet and cash position provides platform for organic and inorganic growth

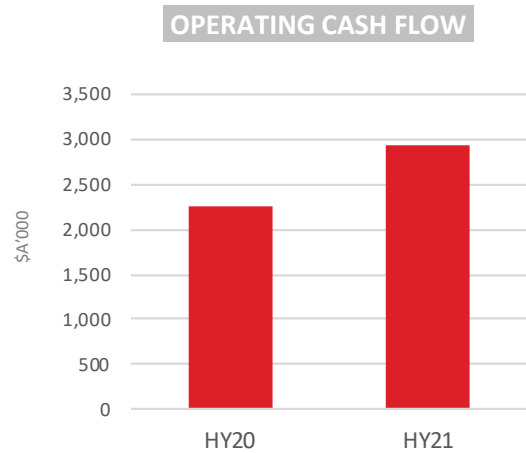
HY21* RESULTS UPDATE – KEY METRICS



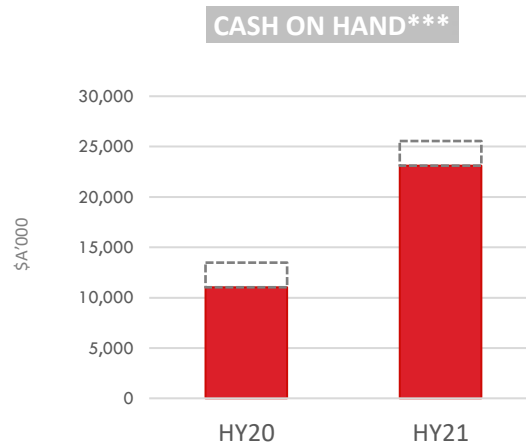
\$22.6M DOWN 32% VS PCP****



\$1.3M UP 1,047% VS PCP



\$2.9M UP 30% VS PCP



\$25.6M UP 90% VS PCP

* HY21 – half year ended 31 December 2020
 * HY20 – half year ended 31 December 2019
 ** Net Profit After Taxes
 *** Inclusive of cash deposits
 **** Prior corresponding period

HY21 BUSINESS UPDATE – GREENWICH

❖ English language student numbers are more resilient than originally estimated:

- Students extending studies and transferring from other colleges partly mitigating the expected decline in new students

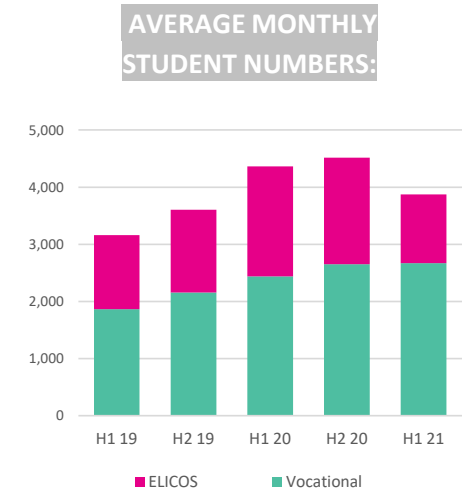
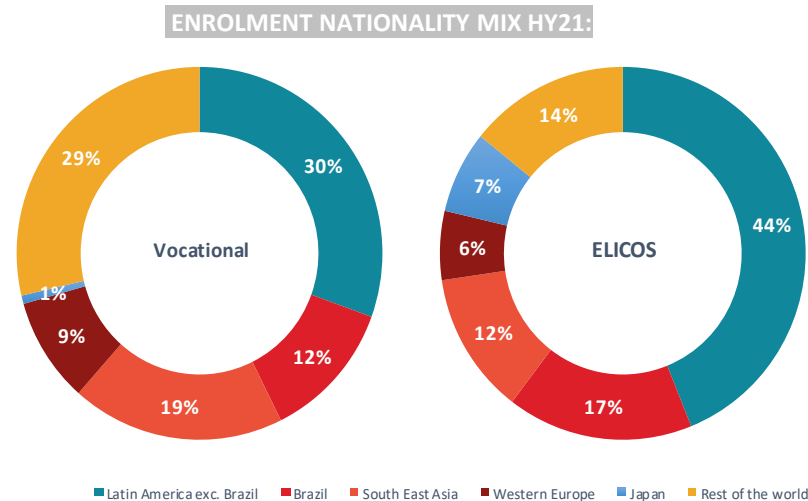
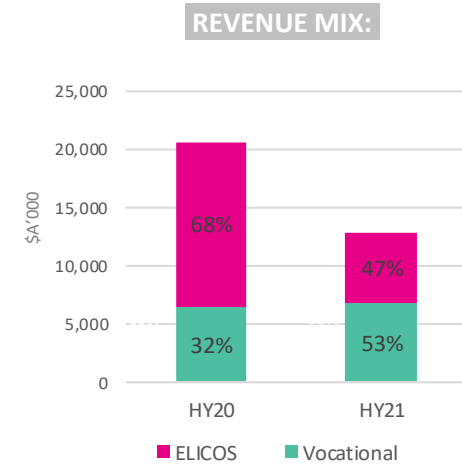
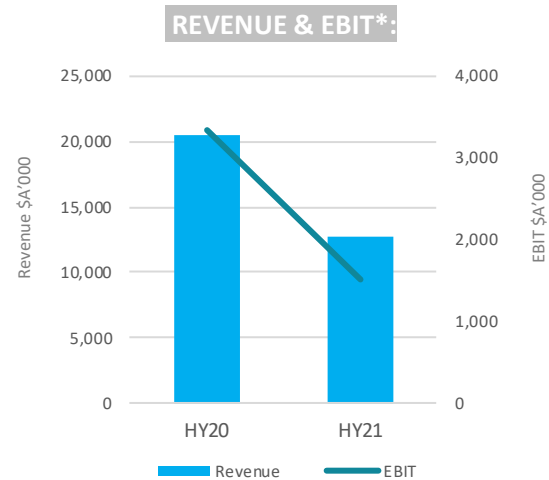
❖ Greenwich Management student numbers up 8% vs pcp:

- High retention rates and strong new enrolments

❖ New courses and services:

- First cohorts of offshore located students completing Greenwich Online Academy courses
- On-line adaptive, automated English placement test platform for new students improves student experience, security and automates a key part of the student journey
- Three VET domestic courses to be launched in March with first intakes in July (VSL approval obtained for one course, and pending for other two)

❖ Greenwich is preferred by students and agents due to its strong reputation and financial position



* EBIT represents segment operating results post AASB 16

HY21 BUSINESS UPDATE – TECHNOLOGY & DESIGN

❖ Growth in domestic student revenues of 7%:

- Domestic student numbers grew by 13% in Academy of Information Technology and 36% in Coder Academy, reflecting benefits of an improved, targeted marketing approach
- First cohort of newly enrolled offshore located Academy of Information Technology students commenced 100% online studies in Feb 2021

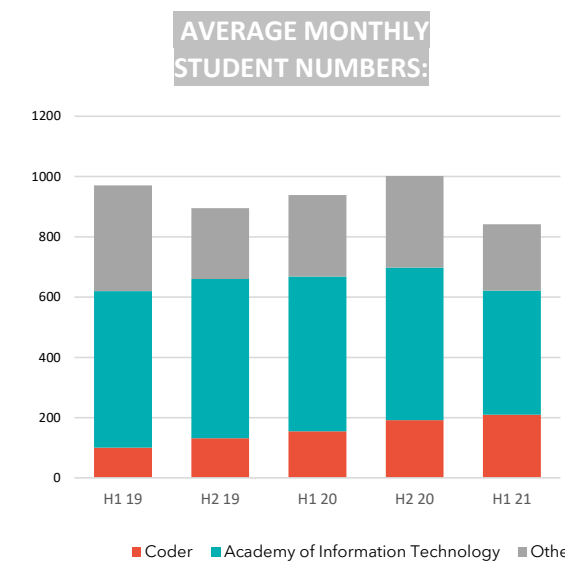
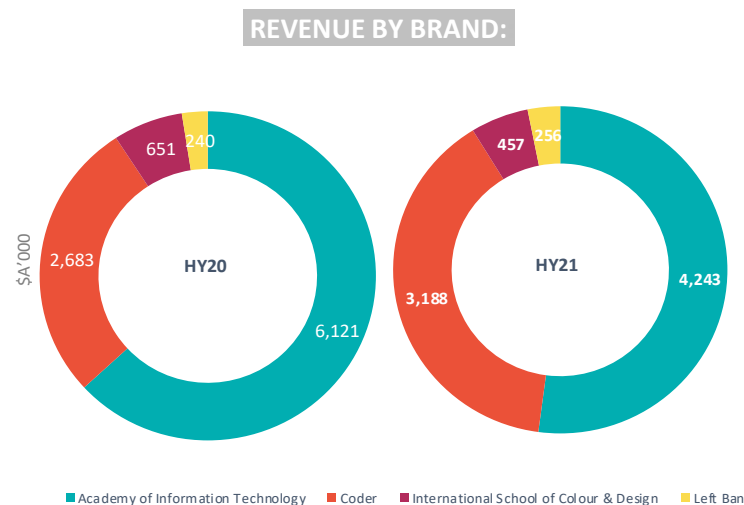
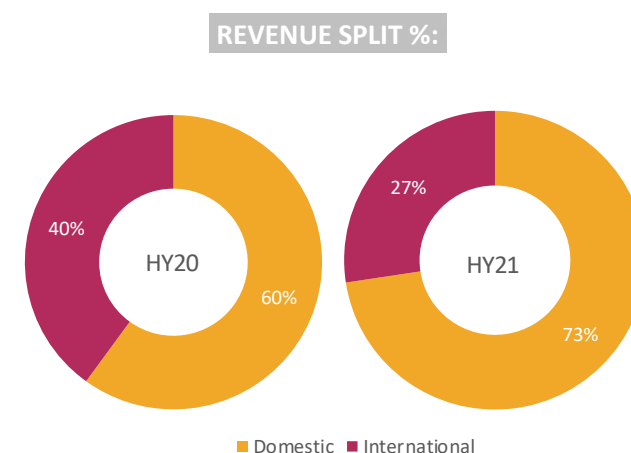
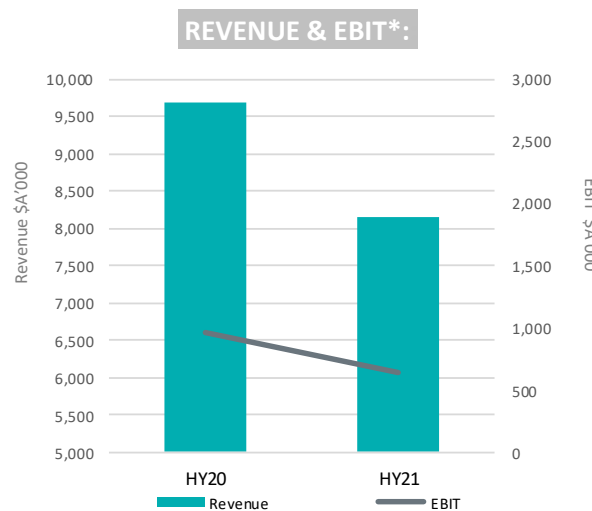
❖ Investment in technology to improve the student experience:

- Leading virtual AV solution implemented to enable in-classroom and online teaching simultaneously
- Learning management system enhancements implemented to identify students at risk of dropping out and generating preventative actions

❖ New courses:

- Approval of 100 Commonwealth Government supported places per course for newly developed undergraduate certificates in Data Analytics and Cloud Systems, and Programming – courses to be launched Q4 FY21

❖ Consolidation of all non-academic functions across Technology & Design to deliver process efficiencies and consistency of service delivery



* EBIT represents segment operating results post AASB 16

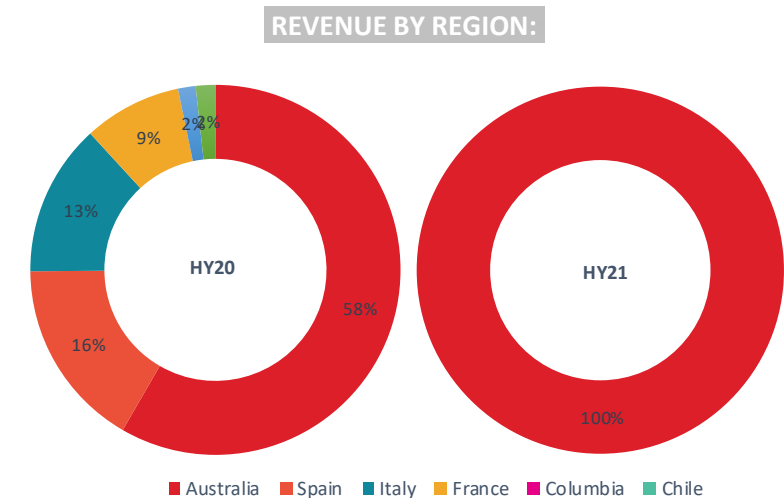
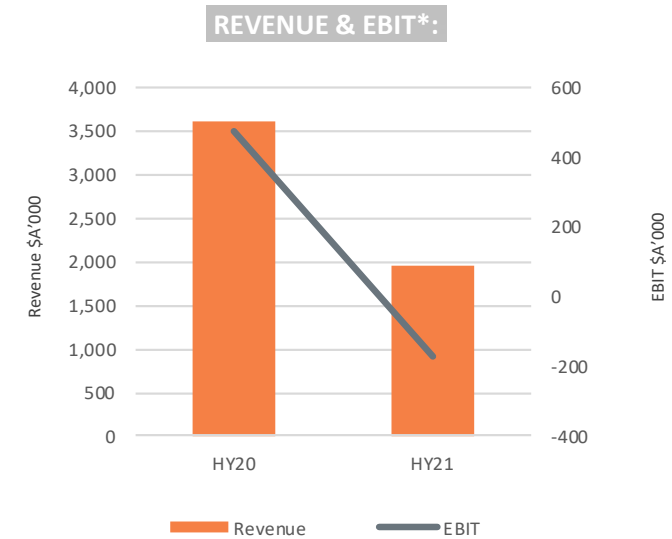
HY21 BUSINESS UPDATE – GO STUDY

❖ Revenue of \$2.0m, outperforming previous estimates when international borders closed:

- Go Study Canada launched November 2020, first revenues Q3 FY21
- Actively building pipeline for both Australia and Canada
- Prudent policy of not recognizing offshore revenue whilst international borders remain closed
- Go Study offices in Spain, Italy, France and Chile have been temporarily closed and employees mostly stood down

❖ Onshore generated revenue declined by only 2% vs pcp:

- Students continuing and extending studies once they are in Australia
- Increased proportion of revenues from students enrolling into Higher Education providers
- Go Study has made available surplus office space to support NSW's first International Student Hub, enhancing the support of international student wellbeing and experience



* EBIT represents segment operating results post AASB 16

HY21 FINANCIAL PERFORMANCE – REVENUE

❖ Greenwich English more resilient than originally estimated:

- Student numbers declined by 30%, less than was previously estimated when international borders first closed

❖ Greenwich Management grew student numbers:

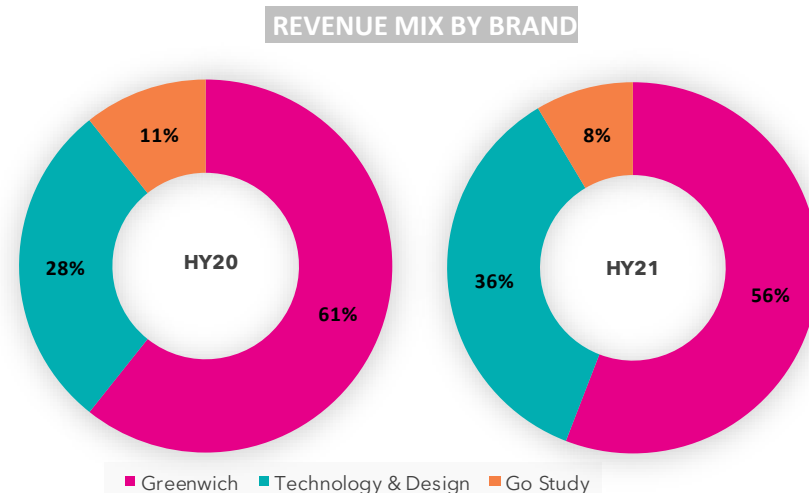
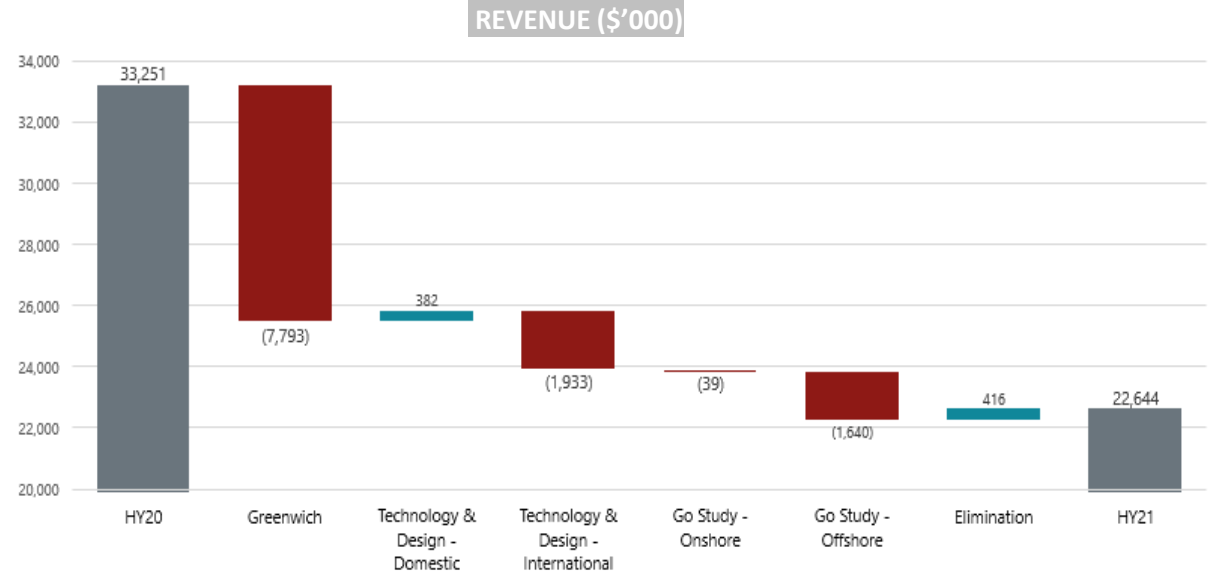
- Student numbers grew 8% with both student retentions and new enrolments surpassing previous expectations

❖ Technology & Design domestic revenues up 7%:

- Growth in both Academy of Information Technology & Coder Academy
- Coder Academy revenues up 19% with strong growth in student numbers

❖ Go Study onshore revenues declined only 2% vs pcp:

- Students continuing and extending studies once they are in Australia



HY21 FINANCIAL PERFORMANCE – PROFIT & LOSS

❖ Revenue declines reflecting impact of international border closures:

- ELICOS and Go Study acutely impacted, as expected
- Growth in domestic revenues achieved

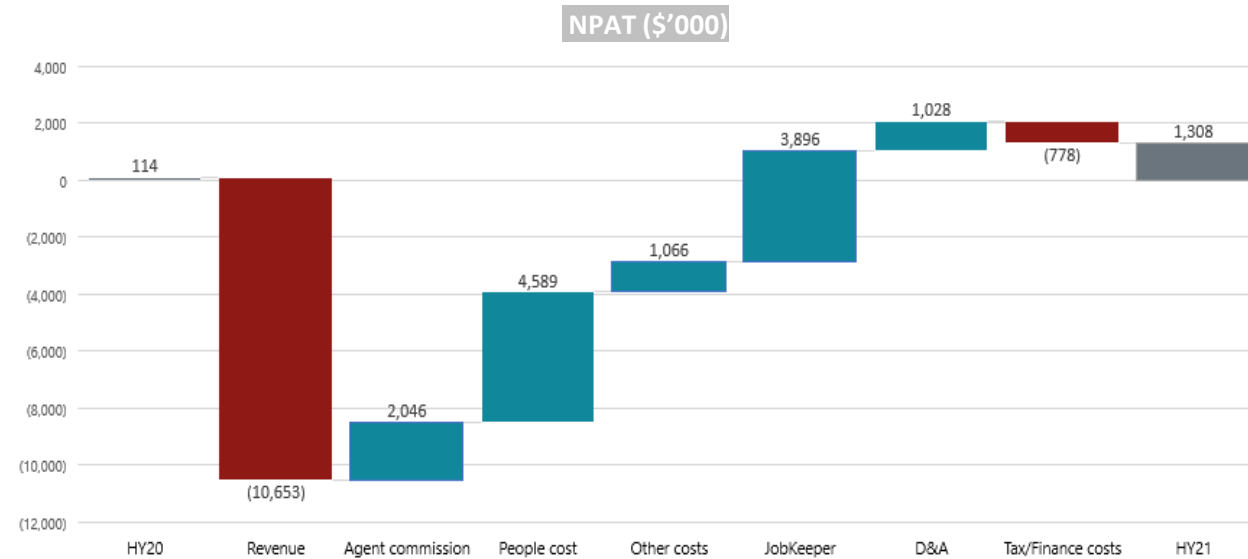
❖ Cost savings delivered:

- \$7.7m in operating overheads savings delivered

❖ Lower D&A vs pcp:

- Lower D&A on lower leased assets balances

❖ EBITDA of \$5.4m, up 21% vs pcp



	Half Year Actuals		Change	
	HY21	HY20	\$000's	%
\$000's				
Revenue	22,661	33,314	(10,653)	(32%)
Costs	(21,146)	(28,847)	7,701	(27%)
Job Keeper	3,896	-	3,896	N/A
EBITDA*	5,411	4,467	944	21%
D&A	(2,333)	(3,361)	1,028	(31%)
EBIT	3,078	1,106	1,972	178%
Interest	(1,060)	(942)	(118)	13%
Profit before tax	2,018	164	1,854	1,130%
Income tax expense	(710)	(50)	(660)	1,320%
NPAT	1,308	114	1,194	1,047%

* EBITDA post AASB 16

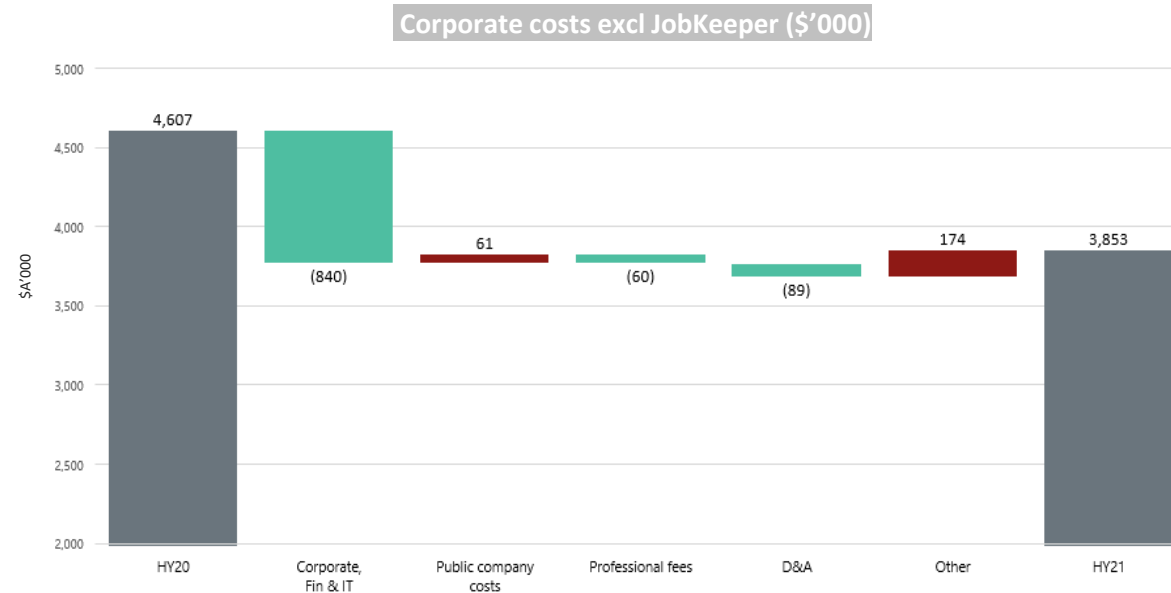
HY21 FINANCIAL PERFORMANCE – CORPORATE COSTS

❖ Corporate costs decreased 16% vs pcp:

- Lower personnel costs as a result of partially standing down of most non-teaching staff and lower headcount

❖ Exiting surplus properties:

- Exited leased office space in Kent Street Sydney in December 2020 and Walker Street, North Sydney campus in Q3 FY21, realizing ongoing annualized savings of approximately \$500k



\$000's	Half Year Actuals		Change	
	HY21	HY20	\$000's	%
Corporate, Fin & IT	1,482	2,322	(840)	(36%)
Public company costs	393	332	61	18%
Professional fees	145	205	(60)	(29%)
Depreciation	308	397	(89)	(22%)
Other	1,525	1,351	174	13%
Total corporate costs (excl. JobKeeper)	3,853	4,607	(754)	(16%)
JobKeeper	(3,896)	-	(3,896)	N/A
Total corporate costs (incl. JobKeeper)	(43)	4,607	(4,650)	(101%)

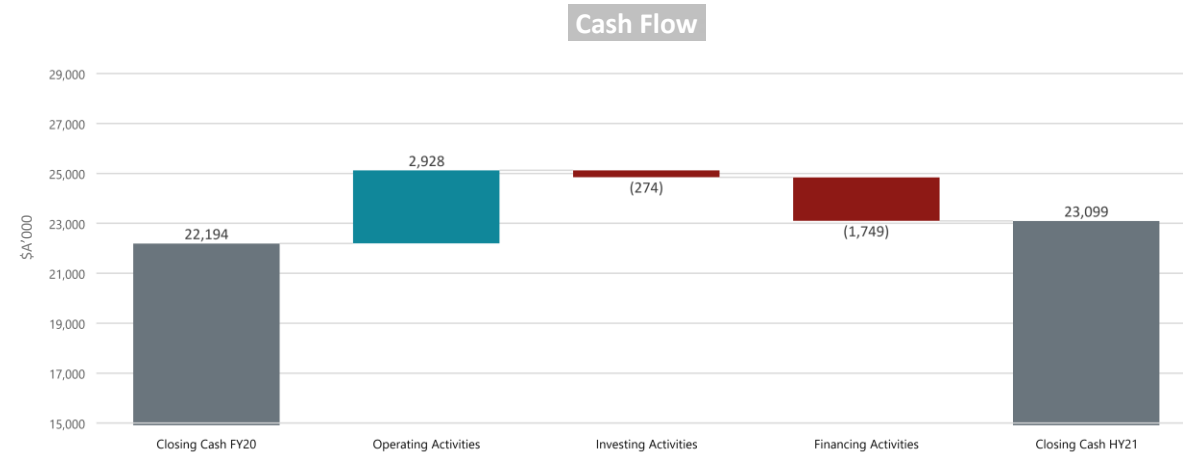
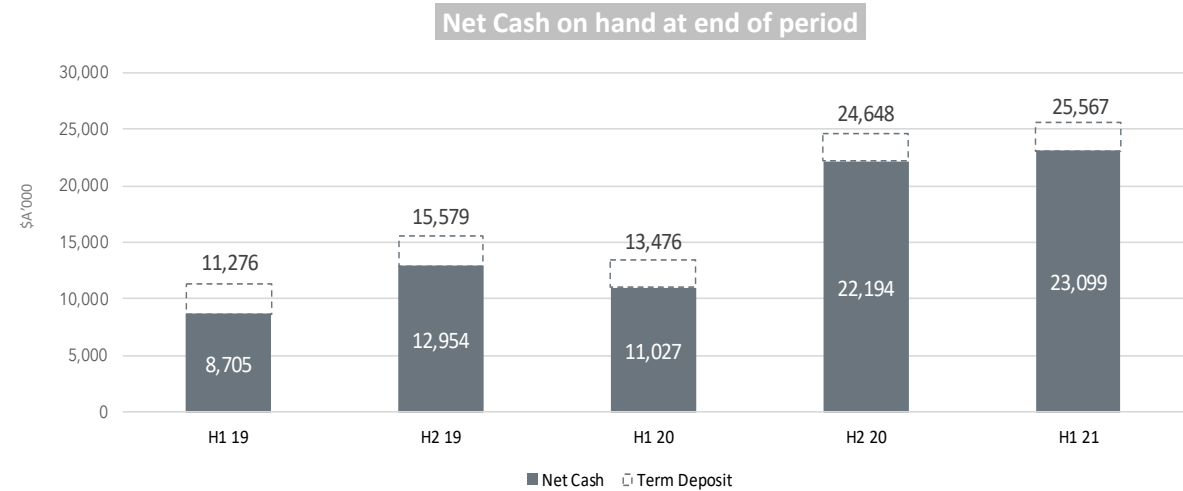
HY21 FINANCIAL PERFORMANCE – STRONG CASH FLOW AND BALANCE SHEET POSITION

❖ Strong and well capitalized balance sheet:

- 31 December 2020 cash on hand of \$25.6m (inclusive of term deposits), higher than earlier guidance
- Sufficient cash to weather an extended period of uncertainty caused by COVID-19 circumstances
- Resources to invest in emerging growth opportunities, both organic and inorganic

❖ \$2.9m positive operating cash flow:

- Ongoing cost management initiatives partly mitigating lower cash inflows



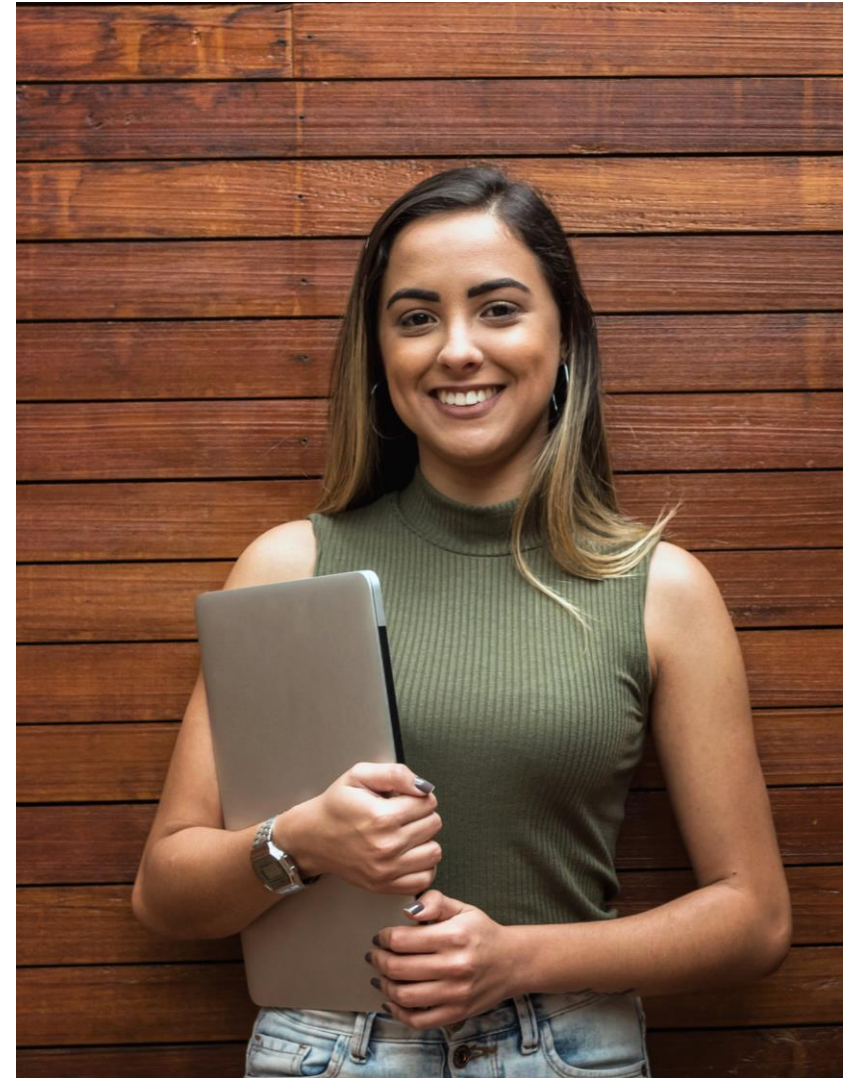
FUTURE OUTLOOK – AREAS OF FOCUS

❖ Well positioned to quickly re-build international student numbers when international borders re-open:

- NSW State Government has approved RedHill to participate in its planned upcoming programme to re-commence international student arrivals into NSW
- Actively engaging with Commonwealth and State Governments and industry associations to participate in initiatives supporting the resumption of international student arrivals
- Engaged and expanded international student agent network
- Retention of high-quality campus facilities can accommodate the fast recovery of international student numbers
- Accelerating our digital capability through investments in education delivery and improving the student experience
- Strong cash position to enable investment in marketing initiatives when borders re-open

❖ Growth opportunities in domestic markets:

- Focus on in-demand skills producing job-ready graduates
- Launch of three new domestic VET courses in H2 21, 100% on-line delivery with VSL funding availability
- Launch of three new undergraduate certificate courses in H2 21 with access to FEE-HELP
- Coder course expansion driven by innovative Code, Cloud and Cyber bootcamp
- Delivery technology investments supporting remote students
- Go Study continuing to provide ongoing support to onshore students

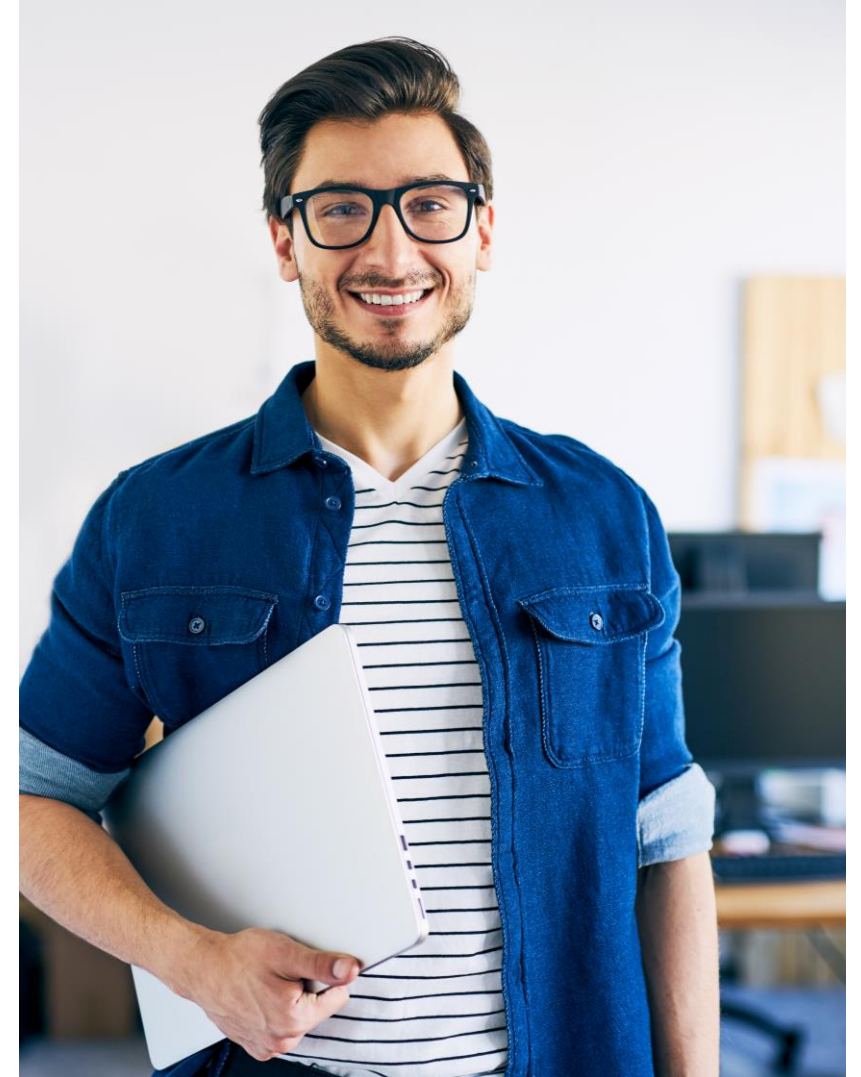


FUTURE OUTLOOK – AREAS OF FOCUS

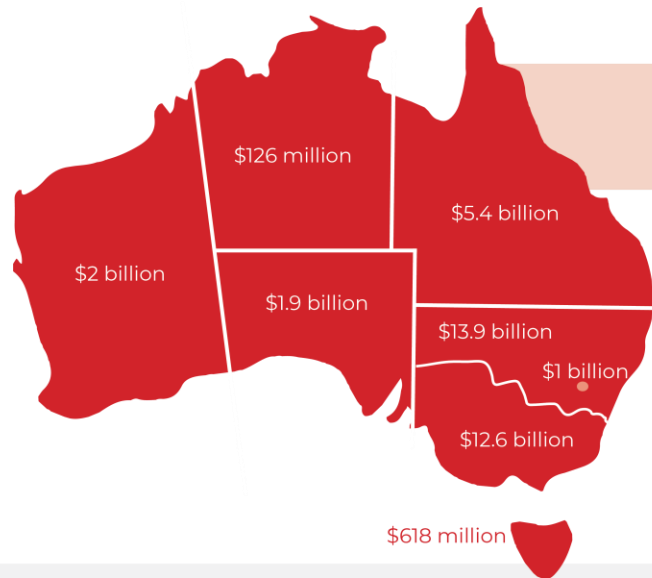
- ❖ **Initiate M&A program to actively participate in industry consolidation:**
 - Leverage underutilized campus capacity
 - Access substantial student agency network
 - Enter into new curriculum areas, geographies and/or acquire capabilities in industry sectors where RedHill does not currently participate
 - Acquisitions expected to be earnings per share accretive and to present compelling returns to shareholders and likely to include both cost and revenue synergies

- ❖ **Other cost reduction opportunities if international border re-opening is delayed:**
 - Further automation and digitisation of back-office administrative processes
 - Expand offshore transaction processing functions
 - Exit / sub-let excess campus capacity
 - Other restructure activities

- ❖ **Experienced executive team and strengthened/revitalised Board:**
 - Seasoned and highly capable executives with enormous amount of relevant industry experience
 - Recent director appointments to sharpen strategic growth focus



OVERVIEW – IMPORTANCE OF INTERNATIONAL EDUCATION TO THE AUSTRALIAN ECONOMY



EXPORT CONTRIBUTIONS OF INTERNATIONAL EDUCATION SECTOR, BY STATES (2019-20)

International education is worth **\$37.5 billion** to the Australian economy

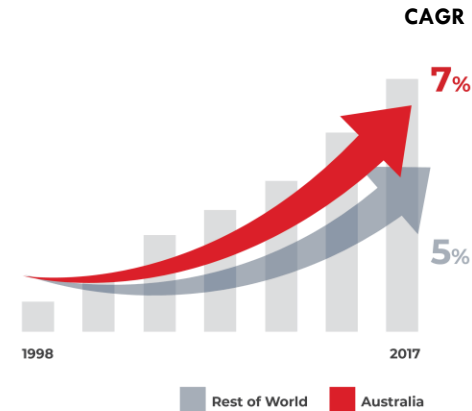


Education is the **4th largest export** for Australia



International education supports nearly **250,000 jobs** nationally

GLOBAL INTERNATIONAL STUDENT ENROLMENTS*



- The international student market has proven to be resilient and able to recover growth following earlier global dislocations.
- Australia remains one of the most popular destinations for international students.
- The combination of the COVID-19 vaccine roll-out and Australia's success in handling the pandemic will likely result in Australia remaining as a leading destination for international students as border restrictions are relaxed.

INTERNATIONAL STUDENT NUMBERS



684,600

INTERNATIONAL STUDENTS IN AUSTRALIA JANUARY - NOVEMBER 2020



THIS IS **-9% LESS STUDENTS** THAN IN NOVEMBER 2019

ENROLMENTS



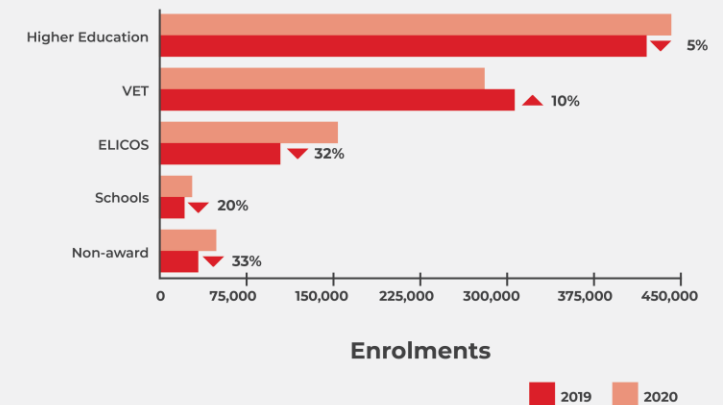
878,269

INTERNATIONAL ENROLMENTS JANUARY - NOVEMBER 2020

Enrolments show what courses international students are studying in the Higher Education, VET, Schools, English Language Intensive Courses for Overseas Students (ELICOS) and Non-award sectors.

There are more enrolments than students since a student can study in more than one course in one calendar year.

EDUCATION SECTORS



TAKEOVER OFFER UPDATES

UCW Limited (UCW)

- ❖ On 14 December 2020, UCW Limited (UCW) made an unsolicited, highly conditional, off-market and all-scrip offer to acquire your RedHill Shares (UCW Offer).
- ❖ On 12 January 2021, RedHill dispatched its Target's Statements, with **RedHill's Directors unanimously recommending that shareholders REJECT the UCW Offer and to TAKE NO ACTION.** Since that recommendation, **the UCW Offer Price of 4.5 UCW shares for every 1 RedHill share remains unchanged.**
- ❖ Furthermore, the UCW Offer continues to remain conditional, including a minimum acceptance condition of 90%. **This 90% minimum acceptance condition is incapable of being satisfied** as RedHill shareholders owning 11.2% of RedHill shares do not intend to accept the UCW Offer.
- ❖ On 18 January 2021, UCW announced that it had received acceptances for 30.82% of RedHill shares. **Since that date, there has been no further increase in acceptances.**
- ❖ The UCW Offer is currently scheduled to close on 31 March 2021. RedHill's Directors continue to unanimously recommend that shareholders **REJECT the UCW Offer and to TAKE NO ACTION.**

iCollege Limited (ICT)

- ❖ On 22 February 2021 iCollege Limited (ICT) notified the Company of a proposed off-market takeover offer for all the shares in RedHill for proposed consideration of 6 shares in ICT for every one share in RedHill. The proposed offer is unsolicited and conditional on a number of matters.
- ❖ The Board notes that the ICT Bidder's Statement is expected be lodged within the next 21 days. The Board is not in a position to make a recommendation as yet but will do so in RedHill's Target's Statement, which will be released within 1 month post receipt of the ICT Bidder's Statement. Accordingly, RedHill shareholders are advised **to TAKE NO ACTION in relation to the proposed ICT offer.**

While RedHill shareholders are urged to **TAKE NO ACTION in relation to both the UCW Offer and the proposed ICT offer**, both of which are unsolicited and conditional, the RedHill Board notes that **these offers are recognition of RedHill's strong brand reputation, industry leadership, organizational competencies, strong financial position and attractive business profile.**

RedHill will continue to keep shareholder informed of any material development in relation to these offers. The RedHill Board is committed to acting in the best interests of all shareholders and to maximising shareholder value.



THANK YOU

REDHILL EDUCATION LIMITED

Glenn Elith
Chief Executive Officer
gelith@redhilleducation.com

Michael Fahey
Chief Financial Officer
michael.fahey@redhilleducation.com

APPENDIX – PROFIT & LOSS STATEMENT

\$000's	Half Year Actuals		Change	
	HY21	HY20	\$000's	%
Revenue	22,661	33,314	(10,653)	(32%)
JobKeeper	3,896	-	3,896	N/A
Employee costs	(13,081)	(17,670)	4,589	(26%)
Cost of service	(4,200)	(6,319)	2,119	(34%)
Property	(995)	(1,381)	386	(28%)
Marketing	(747)	(1,194)	447	(37%)
Other expenses	(2,123)	(2,283)	160	(7%)
EBITDA	5,411	4,467	944	21%
D&A	(2,333)	(3,361)	1,028	(31%)
EBIT	3,078	1,106	1,972	178%
Financial costs	(1,060)	(942)	(118)	13%
Profit before tax	2,018	164	1,854	1,130%
Income tax expense	(710)	(50)	(660)	1,320%
NPAT	1,308	114	1,194	1,047%

APPENDIX – BALANCE SHEET

\$000's	Half Year Actuals		Change	
	HY21	FY20	\$000's	%
Cash and cash equivalents	23,099	22,194	905	4%
Prepayments & other current assets	1,972	2,531	(559)	(22%)
Trade receivables	7,377	7,322	55	1%
Income tax refund due	-	568	(568)	(100%)
Property, Plant & Equipment	3,849	4,409	(560)	(13%)
Rights of Use Assets	11,448	12,707	(1,259)	(10%)
Other financial assets - non current	3,158	3,147	11	0%
Total Assets	50,903	52,878	(1,975)	(4%)
Trade payables and other payables	4,277	4,630	(353)	(8%)
Contract liabilities	14,051	17,518	(3,467)	(20%)
Lease liabilities	22,607	24,261	(1,654)	(7%)
Employee benefits	1,490	1,440	50	3%
All other liabilities	1,602	1,575	27	2%
Total Liabilities	44,027	49,424	(5,397)	(11%)
Net assets / total equity	6,876	3,454	3,422	99%

APPENDIX – REVENUES & PROFIT BY DIVISION

\$000's	Half Year Actuals		Change	
	HY21	HY20	\$000's	%
Revenues				
Greenwich	12,783	20,576	(7,793)	(38%)
Technology & Design	8,144	9,695	(1,551)	(16%)
Go Study	1,952	3,631	(1,679)	(46%)
Eliminations / Other	(235)	(651)	416	(64%)
Total Revenue	22,644	33,251	(10,607)	(32%)
Profit before Tax				
Greenwich	1,509	3,335	(1,826)	(55%)
Technology & Design	639	958	(319)	(33%)
Go Study	(173)	478	(651)	(136%)
Corporate / Unallocated	43	(4,607)	4,650	(101%)
Total Profit before Tax	2,018	164	1,854	1,130%

APPENDIX – IMPACT OF LEASE STANDARD

\$000's	Half Year Actuals	
	HY21	HY20
Total rental expense per previous standard	3,491	2,926
Right of use depreciation	1,510	2,275
Lease liability interest	1,060	942
Property costs per AASB16	2,570	3,217
Variance (lower) / higher costs per AASB16	(921)	291