



REDHILL EDUCATION LIMITED

# TRADING UPDATE

## REDHILL EDUCATION LIMITED

12 AUGUST 2021

All numbers included in this presentation are unaudited



## FINANCIAL PERFORMANCE – RESILIENCE IN TOUGH TRADING ENVIRONMENT

### ❖ FY21 Revenues of \$43.5m, mid-point of guidance of \$43.0m - \$44.0m:

- Strong performance at Greenwich Management College with 2H21 student numbers up approximately 30% vs pcg
- Go Study Australia onshore revenues have been more resilient than previously estimated and are in line with pcg
- Domestic student revenues represent 27% of total FY21 revenues compared to 18% in FY20

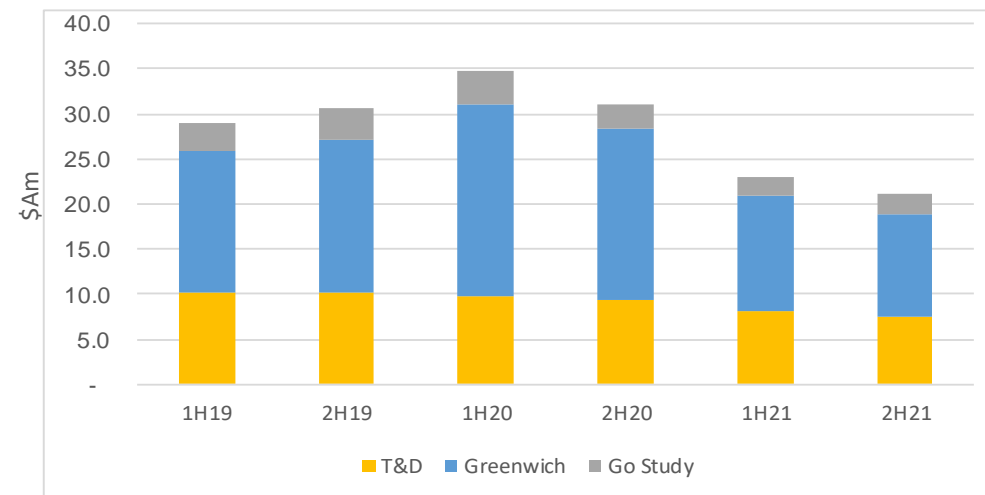
### ❖ Cash on hand\* of \$26.4m, higher than guidance of \$24.5m - \$25.5m:

- Stronger business performance delivering better net operating cash flows
- FY21 Operating Cash Flow of \$6.8m, higher than guidance of \$4.5m - \$5.0m

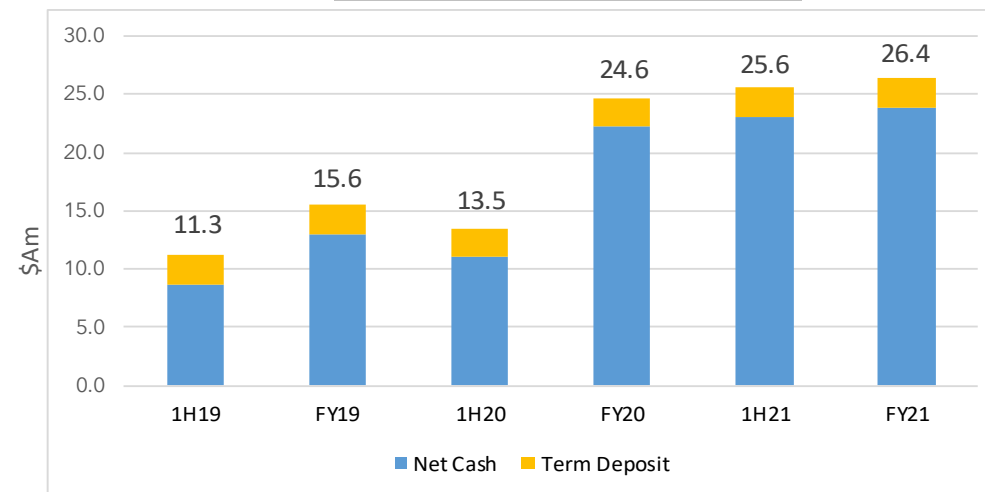
### ❖ Active ongoing cost management initiatives contribute:

- Rationalisation of campus and office property portfolio – exited Kent Street, Sydney office in December 2020; exited Level 3 Walker Street, North Sydney campus in July 2021
- Variable costs effectively managed as a proportion of revenues
- Permanent operating cost savings realised across most cost divisions and functions

Revenues by Operating Segment\*\*



Cash on Hand at end of Period

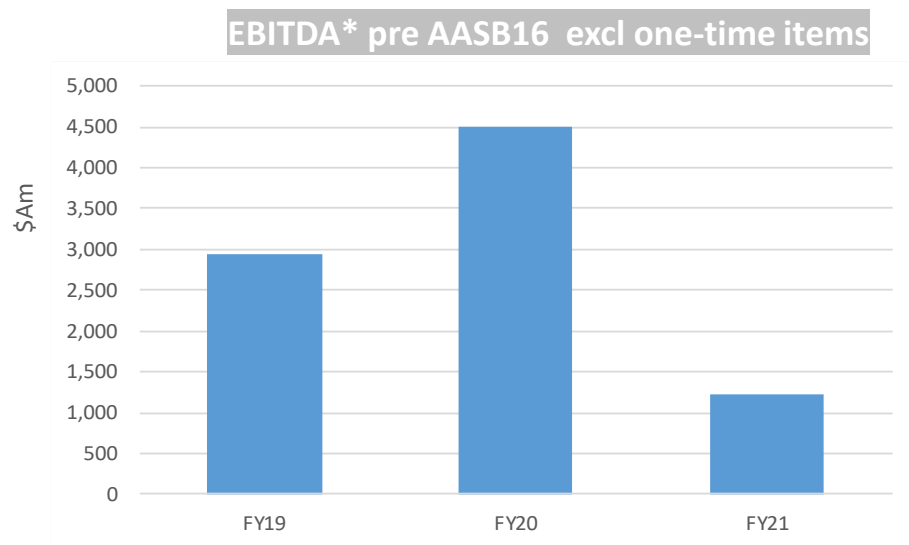


\*Cash on hand including term deposits

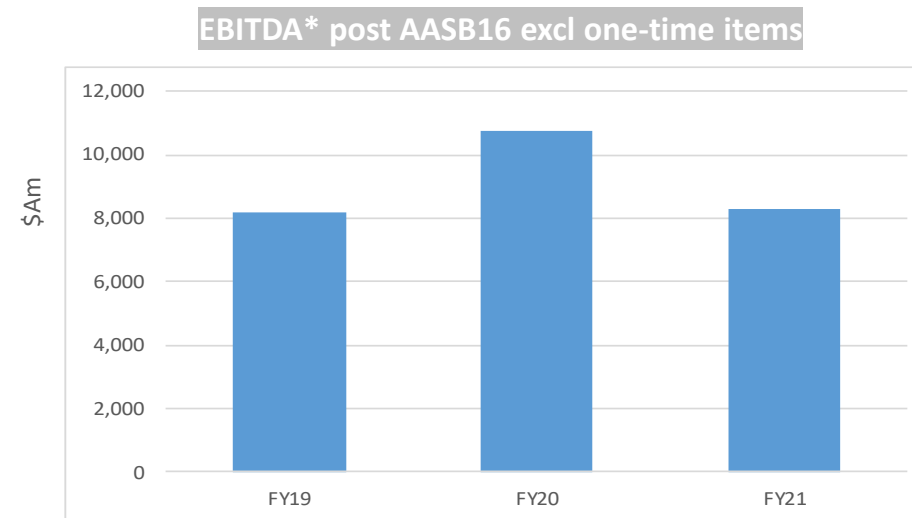
\*\* including intersegment revenue



## FINANCIAL PERFORMANCE – PROFITABLE DESPITE DIFFICULT TRADING CONDITIONS



**FY21 EBITDA\* (pre AASB16) of \$1.2m vs \$4.5m in pcg**



**FY21 EBITDA\* (post AASB16) of \$8.3m vs \$10.8m in pcg**

- Despite a revenue reduction of \$21.1m vs FY20 as a result of international borders remaining closed, a strong focus on cost management has resulted in RedHill remaining EBITDA positive in FY21
- Resources and capabilities are immediately available to invest in emerging revenue opportunities and to accelerate recovery growth when international borders re-open



## NEW COURSES – ACTIVELY INVESTING IN EMERGING GROWTH OPPORTUNITIES

### ❖ Investing in developing and launching new courses to quickly adapt to evolving market conditions and capitalise on emerging growth opportunities:

- At the forefront of capitalizing on the emerging market demand for 'short/intensive/bootcamp' accredited courses which are strongly aligned to in-demand industry skills and job outcomes
- Leveraging fast-tracked organizational capabilities around online course delivery and supporting remote students – expanding addressable markets for existing and new courses

### ❖ 3 new undergraduate certificates accredited by TEQSA<sup>1</sup> in November 2020, which are approved for FEE-HELP tuition loans to eligible domestic students and have been awarded Commonwealth Government Funded Places were launched with pleasing student interest and initial enrolments in 2H21:

- Undergraduate Certificate in Programming
- Undergraduate Certificate in Data Analytics and Cloud Systems
- Undergraduate Certificate in User Experience Design

### ❖ 3 new 100% online vocational diplomas launched to domestic student market in July 2021:

- Diploma of Business
- Diploma of Leadership and Management
- Diploma of Project Management



<sup>1</sup> TEQSA – Tertiary Education Quality and Standards Agency

# GREENWICH – A STRONG BRAND WHICH IS OUTPERFORMING PREVIOUS ESTIMATES

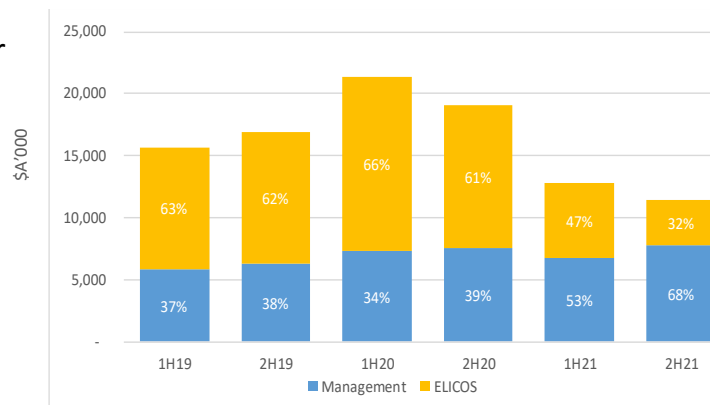
## ❖ English language (ELICOS<sup>1</sup>) student numbers more resilient than earlier estimates:

- Students are choosing to continue or extend their studies
- Students are enrolling from other colleges that have ceased operations
- Young adults on tourism or working holiday visas are changing to student visas

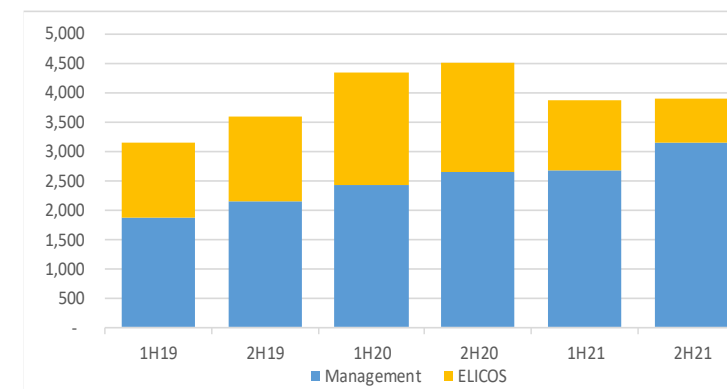
## ❖ Number of students enrolling into certificate and diploma course are growing:

- Average monthly student numbers up 19% in 2H21 vs pcp
- Higher student retentions than previously estimated with more students choosing to remain in Australia and continue their studies
- New enrolments are exceeding expectations
- Greenwich preferred by students and international agencies assisting students due to its strong brand reputation, industry leadership, financial position and having confidence in its ability to deliver high service levels

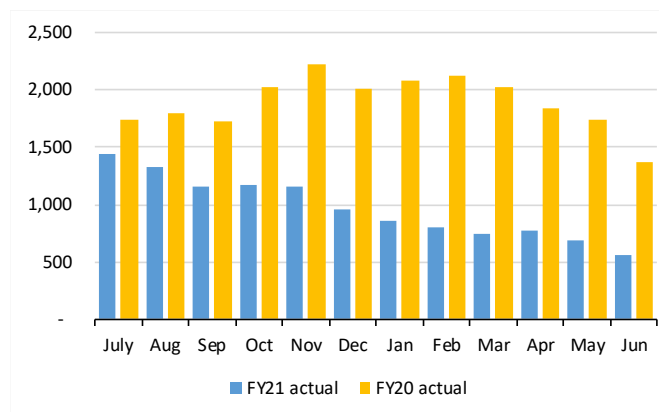
Revenue Mix



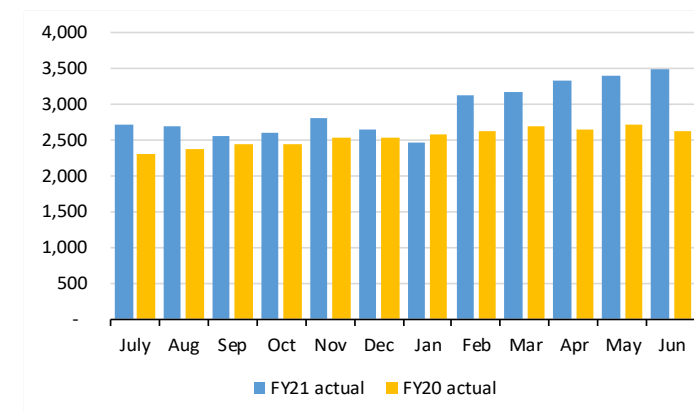
Average Monthly Student Numbers



ELICOS Student Numbers



Management Student Numbers



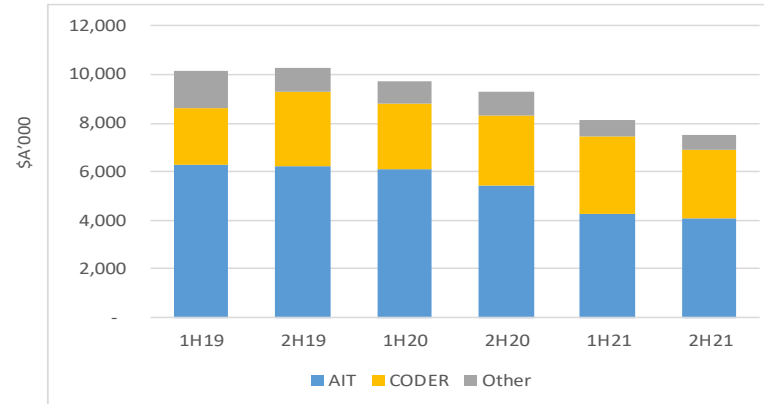
<sup>1</sup> ELICOS – English Language Intensive Course of Study

## TECHNOLOGY & DESIGN – POSITIVE DOMESTIC STUDENT GROWTH

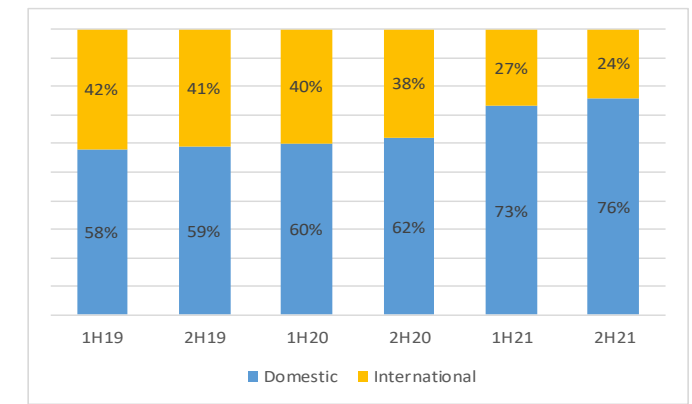
### ❖ Coder Academy (Coder) performing well with increased student numbers and demand:

- FY21 revenues +9% vs pcp
- Market leading online learning delivery platform allows students to complete courses remotely (when necessary) in an engaging manner
- Continued success with industry internship placements despite working from home challenges

Revenues



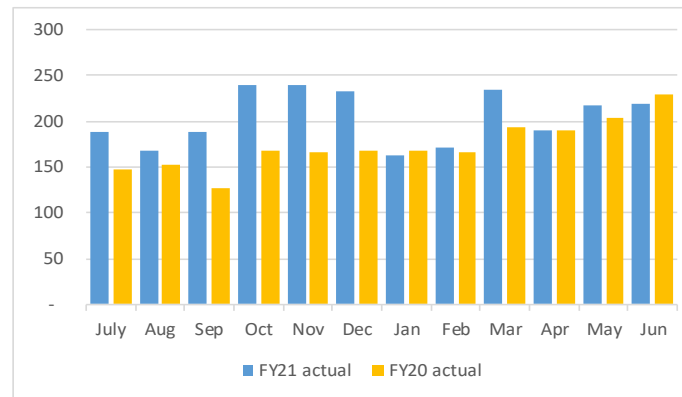
Student Revenue Split %



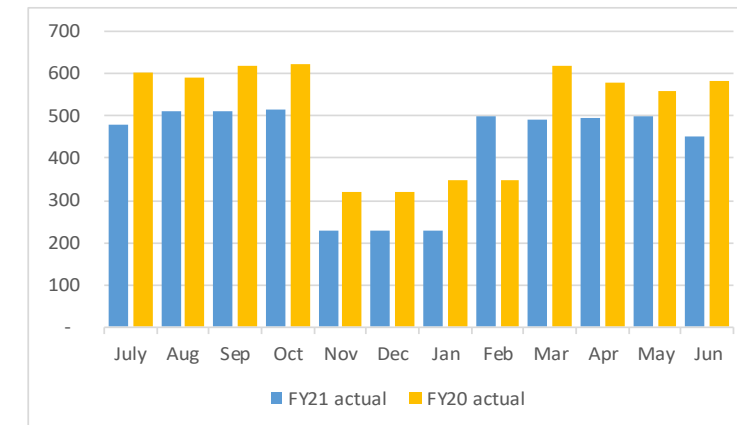
### ❖ Academy of Information Technology (AIT) student numbers showing resilience despite expected decline in international student numbers:

- Growth in domestic student numbers (+16% vs pcp) has outperformed expectations, partially mitigating the expected short-term reduction in international student numbers due to international border closures

Coder Academy Student Numbers



AIT Student Numbers <sup>1</sup>



<sup>1</sup> Lower student numbers are expected each year in November, December and January (being the summer semester which is optional for most students)

## GO STUDY – ONSHORE MARKET RESILIENCE

❖ **Go Study FY21 revenues of approximately \$4.2m, outperforming previous estimates**

❖ **Onshore generated revenues demonstrating resilience:**

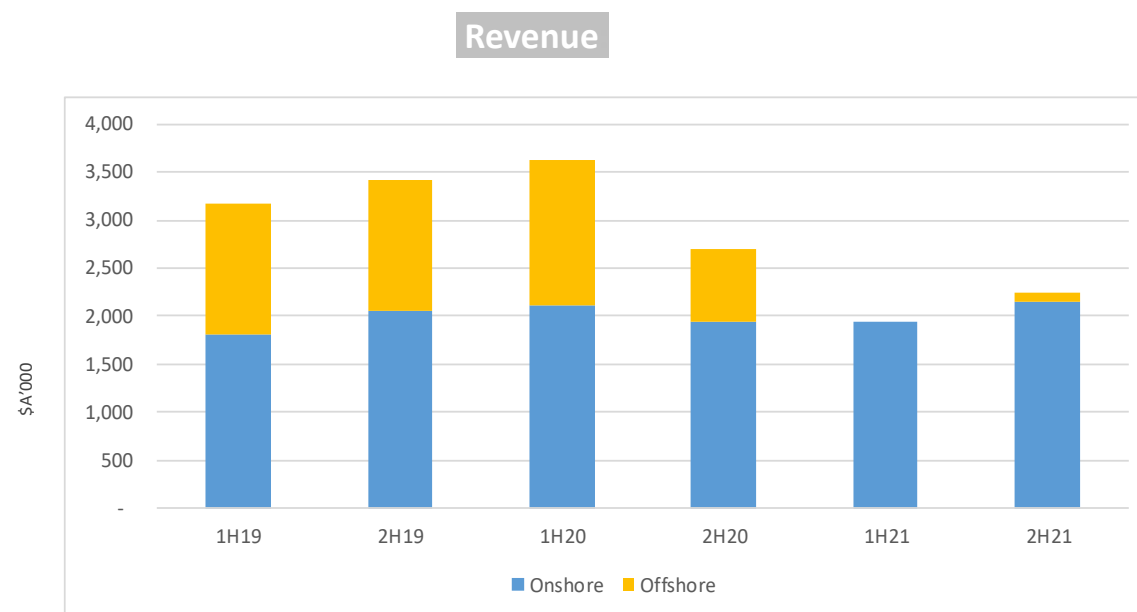
- Students in Australia are continuing with planned studies
- Some students are extending their studies in Australia instead of going home
- Assisting some students who have been displaced by other agencies or colleges that have ceased operations
- Targeting working holiday and tourism visa markets for new business (people already in Australia)

❖ **Go Study Canada launched in November 2020 in response to Canada opening its borders to international students in late 2020:**

- Addressing student populations located in Europe and South America
- First revenues recorded in 2H21

❖ **Go Study offshore offices in Spain, Italy, France, Colombia and Chile have been temporarily closed and reduced to minimum staffing levels:**

- Prudent accounting policy of not recognizing any offshore revenues for students intending to study in Australia whilst Australian borders remain closed to international students – zero offshore revenues in FY21



## FUTURE OUTLOOK

### ❖ Well positioned to quickly re-build international student numbers when international borders re-open and arrivals into Australia resume:

- Actively engaging with Commonwealth and State Governments and industry bodies to participate in initiatives supporting the resumption of international student arrivals as part of the Australian Government's Roadmap to a COVID Safe Australia
- Strong balance sheet and cash position to weather an extended period of uncertainty and to quickly invest in marketing initiatives when international borders re-open
- Resumption of international students flagged in Phase B of the recently announced Commonwealth Government return to normal plan

### ❖ Building upon demonstrated capabilities to quickly adapt to evolving COVID-19 and market circumstances:

- Successfully moved to 100% or partial online course delivery using market leading technologies without disrupting student course progress, and continued to achieve positive student progression and satisfaction measures
- Purposefully proceeded with investments in future revenue and profit growth initiatives including launch of new courses
- Accelerated development of digital and technology capabilities to further expand addressable markets and enhance student support and learning experiences





## UPDATE ON ICT TAKEOVER OFFER

- ❖ RedHill has today announced a recommended transaction with iCollege Ltd (ICT), subject to no superior proposal
- ❖ Under the terms of the Revised ICT Offer, RedHill shareholders will receive 9.5 ICT shares for every 1 RDH shares held
- ❖ The transaction is expected to be effected by the existing off-market takeover offer, with both RedHill and ICT agreeing to enter into a Scheme Implementation Deed should the takeover not successfully complete
- ❖ The merged entity's Board & Management will leverage the individual strengths and capabilities from both Companies, and will include:
  - existing RedHill Non-Executive Directors William Deane and Sandra Hook as Board members
  - existing RedHill CEO Glenn Elith and CFO Michael Fahey as the CEO and CFO of the merged entity respectively
- ❖ A Supplementary Bidder's Statement and Supplementary Target's Statement is expected to be lodged over the next 1-2 weeks





# THANK YOU

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