



Intueri Education Group

Investor Open Day Presentation

22nd October 2014

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Agenda



Company & Management Overview



Recent Operational Developments & Strategic Opportunities Update



Regulatory Overview & PTE Developments



Financial Overview



Summary

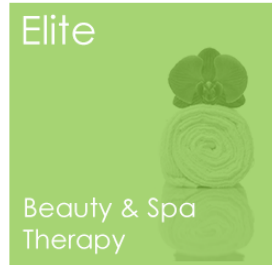


Company & Management Overview

Intueri Education Group



Intueri is a New Zealand headquartered group of private training establishments (PTEs) directly delivering tertiary education to a diversified cohort of domestic, international and online students



- Intueri provides domestic and international students with a diverse vocational education offering from **26 campuses** around New Zealand and an **online campus** in Australia
- 7 colleges
- ~10,000 student enrolments
- ~ 400 employees



Board of Directors

Direct experience of the Board encompasses PTE operational expertise, regulatory insight, international student recruitment and policy, and financial management



Chris Kelly

Non-executive Independent
Chairman



Rob Facer

Chief Executive and Director



James Turner

Non-executive Independent
Director



Glen Dobbie

Non-executive Director



Russell Woodard

Non-executive Director

Executive team

Direct experience of the Executive team covers local and international experience in a number of industries, including Education



Rob Facer

Chief Executive and Director



Rod Marvin

Chief Financial Officer



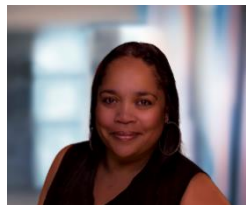
Andy Walker

GM Organisational Capability



Cheryl Brookes

Managing Director Online Courses
Australia ("OCA")



Liane Clarke

GM Marketing &
Communication



Leigh Olsen

GM Human Resources



Recent Operational Developments & Strategic Opportunities Update

Operational Developments in 2H 2014



- Integration of recent Acquisitions (Quantum Education Group and Online Courses Australia Group)
- Elite External Evaluation and Review (EER) completed and classification expected to improve from Cat 3 to Cat 2
- OCA have increased VFH programmes to 14 courses
- Dive School Incident – Update on WorkSafe investigation
- Investor Relations programme developed in conjunction with Merlin Consulting (New Zealand) and Six Degrees (Australia)

Strategic Opportunities

Intueri is targeting strong growth over the medium-term, through growth delivered by

1

Identified domestic and international student revenue growth

2

Offshore partnerships

3

Online education E-Learning

4

New acquisitions framework in place and a number of opportunities currently being assessed





Regulatory Overview & PTE Developments

Industry participants

Private training establishments (PTEs) are one of the primary providers of vocational training in New Zealand

Description

Qualification Levels 1–4

- Certificate level qualifications
- Levels 1–2: foundation courses
- Levels 3–4: foundation vocational job skills

Qualification Levels 5–6

- Diploma level qualifications
- Advanced vocational training
- International students able to apply for New Zealand residency

Qualification Levels 7–10

- Bachelor, postgraduate, masters and doctoral degrees
- Technical / academic in nature
- Typically >3 years of studies

Providers

Industry Training Organisations: Publicly owned

Private Training Establishments (PTEs)

Institutes of Technology and Polytechnics (ITPs): Publicly owned

Wananga: Publicly owned with a focus on Maori tradition

Universities: Publicly owned

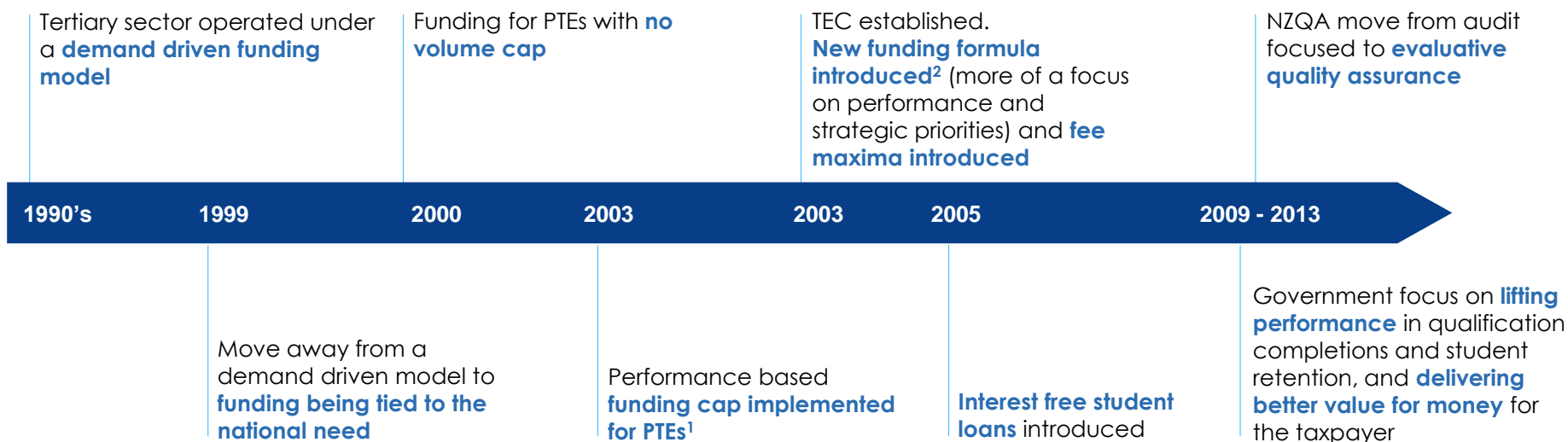
Intueri: Levels 3–7 with pathways to Bachelor Degrees

PTE regulation

The New Zealand PTE sector has had only incremental regulatory change over the past decade and remains focused on achieving student outcomes



Regulatory timeline



1. Tertiary Education Policy in New Zealand; Maureen McLaughlin; 2003

2. Parliamentary Library; Background note; information briefing service for members of parliament; 2003

PTE industry trends

1

Supportive government policy

- Shift towards greater equality and contestability of funding between providers, with the intent of rewarding strongly performing PTEs
- No major policy changes expected following re-election of National led Government. Increasing funding for target demographics, including Māori and Pasifika students and those leaving school without qualifications

2

International demand

- International education is currently New Zealand's fifth largest export industry
- NZ government aim to double value of international education by 2025
- Substantial rise in the global mobility of students (NZ now attracts 1.7% of international students by enrolments)

3

Increasing Regulation

- Financial Viability Guidelines recently introduced by TEC
- TEC and NZQA conducted a joint investigation into a range of practices at Te Whare Wananga O Awanuiarangi (TWWOA)



Financial Overview

Our Customers



Domestic Students

Delivers tertiary education to domestic New Zealand students

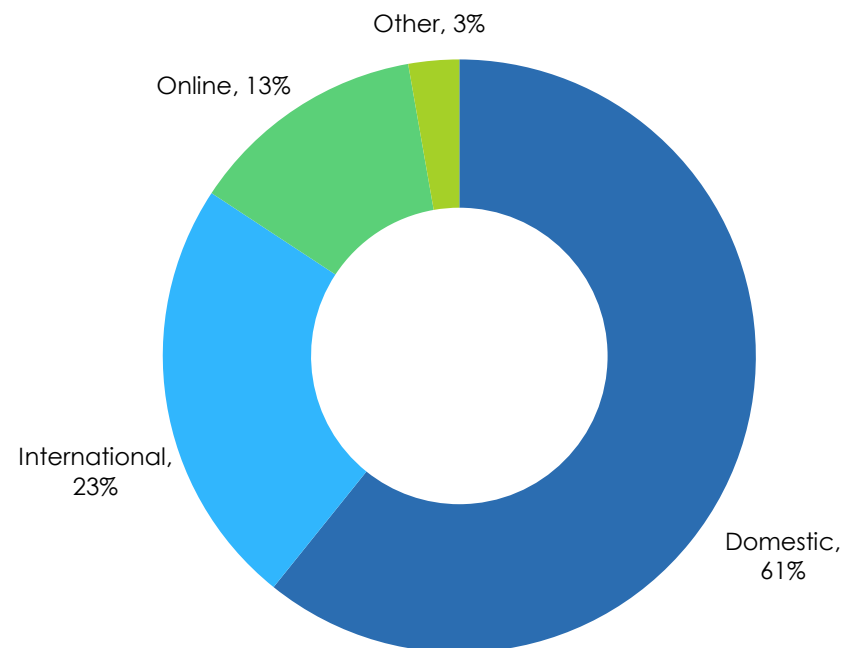
International Students

Delivers tertiary education to international students in New Zealand

Online Students

Delivers tertiary online education to domestic students in Australia

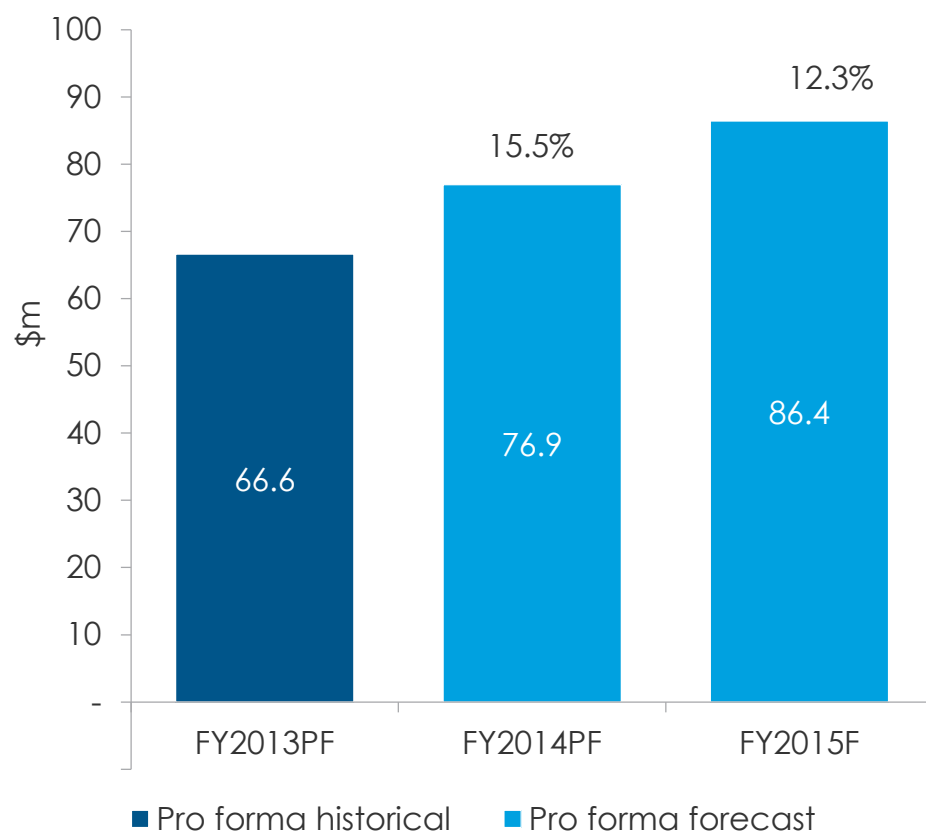
1H 2014 Pro Forma revenue breakdown



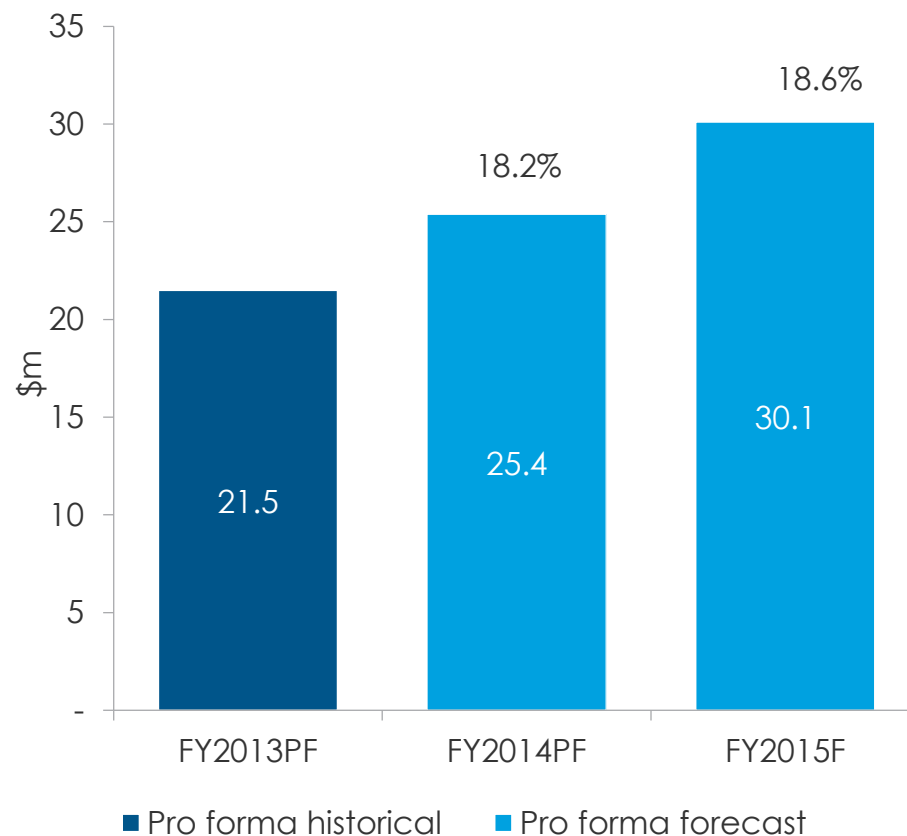
Pro forma financial overview

The pro forma revenue and EBITA forecasts highlight the Intueri revenue and earnings growth profile

Revenue



EBITA



Note: Percentages shown reflect annual growth rates

Interim results highlights

Intueri is tracking ahead of prospectus guidance¹ and its integration programme is progressing well

- 1H FY2014 IFRS NPAT (after acquired amortisation) for the period was NZ\$1.6m, up 227% from NZ\$0.5m in the prior comparable period, driven by revenue growth of 71%
- 1H FY2014 pro forma financial performance was ahead of guidance¹
 - Revenue of **NZ\$36.2m** was **2.3%** ahead of the top end of the pro forma guidance range²
 - EBITA of **NZ\$10.5m** was **3.9%** ahead of the top end of the pro forma guidance range³
- International and Online segments continue to grow strongly, ahead of expectations
- Domestic segment impacted by softer than anticipated rebound in Christchurch and a later than expected uplift in revenue
- Integration of Quantum and Online Courses Australia businesses is progressing well
- A number of acquisition opportunities are being assessed and we will update the market as appropriate
- **The Company maintains its FY2014 pro forma financial forecasts as outlined in the Prospectus**

1. H1 FY2014 Pro Forma revenue and EBITA expected numbers are based on the range of splits provided in the Prospectus. See points 2 and 3 for exact revenue and EBITA splits.

2. The H1 FY2014 Pro Forma revenue guidance split outlined in the Prospectus was 42-46% of the total FY2014 Pro Forma revenue forecast.

3. The H1 FY2014 Pro Forma EBITA guidance split outlined in the Prospectus was 36-40% of the total FY2014 Pro Forma EBITA forecast. No guidance was provided for EBITDA and NPATA.

Note: Numbers may not compute exactly due to rounding in this presentation.

Capital structure

Intueri's capital structure reflects the low working capital requirements of the business and provides the flexibility to pursue bolt on acquisition opportunities

Debt

- Net debt of \$15.4 million at 30 June 2014 (0.61x FY2014PF EBITA)
- Forecast cash flow generation, combined with a \$20m undrawn facility, provides estimated capacity for acquisitions of \$30-40 million

Dividend policy

- Intueri PFI forecasts to make dividend payments to shareholders such that an average dividend payout ratio of 60% to 70% of NPATA is maintained
- Intueri PFI forecasts the first dividend to be paid in respect of FY2014 (seven months) in March 2015

Financial Model Overview

Intueri operates an efficient, capital-light business model with high margins and high revenue & cashflow visibility.

1

High revenue visibility

As at 30 June 2014, Intueri had secured almost 80% of its full year revenue forecast for 2014PF

2

High margin

Over 30% EBITA margins, which are expected to continue to expand

3

Low capital intensity

Negative working capital profile and low recurring capital expenditure (college fit outs and IT system upgrades)



Summary

Summary Highlights

1

Positive **industry environment**

2

Market **leader** with high **barriers to entry**

3

High **margins & earnings visibility**

4

Identified **strategic organic & acquisition growth** opportunities

5

1H 2014 Performance post IPO **slightly ahead of PFI**

6

The Company **maintains its FY2014 pro forma financial forecasts** as outlined in the Prospectus



~ END ~