

25 August 2015

2015 FINANCIAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

Australian Careers Network announces a statutory NPAT of \$17.3 million, 19% above statutory prospectus forecast.

- **Revenue: \$85.2m (FY15 Prospectus: \$47.9m) up 78%.**
- **Reported EBITDA: \$29.0m (FY15 Prospectus: \$22.5m).**
- **Underlying EBITDA before one offs: \$31.7m (FY15 Prospectus: \$22.5m).**
- **EBITDA margin: 34.1% (FY15 Prospectus: 46.8%) – reflects significant investment over the twelve months in compliance infrastructure and staff (internal audit and compliance, trainers, call centre and business development) to support ACN's strong and accelerating growth profile.**
- **A strong balance sheet with no debt and \$6.2m cash at year end (increasing to \$57M cash in hand since year end).**

Australian Careers Network Limited (ASX: ACO) ("ACN" or the "Company"), a leading vocational training provider, is pleased to announce its results for the year ended 30 June 2015 of \$17.3 million Net Profit after Tax.

The Board has declared a final fully franked dividend of 13 cents per share. The dividend will be paid on 23 September 2015 to shareholders on the register at 9 September 2015. The dividend represents a payout ratio of 65% of NPAT at the top end of the Company's dividend policy.

Commenting on the result, CEO and Managing Director, Ivan Brown said:

"Financial Year 2015 has been a transformational year for the Company, as we successfully listed on the Australian Securities Exchange and achieved a number of operational and financial milestones. We are very pleased with the performance of the business over the period, and have laid solid foundations for sustained growth."

The Company's growth in revenue has been driven by increased student numbers combined with higher revenue per student in the core business. Student numbers are up 65% on the Prospectus forecast to 25,784. The increase in student numbers has been the result of greater consumer awareness of the Community Training Initiatives (CTI) brand, supported by a larger

student recruitment team, as well as the activation of a number of attractive new course offerings.

Revenue per student was \$3,303 which is up 8% from the \$3,062 prospectus forecast for FY15. Strong revenue growth among higher fee paying courses contributed to the positive result. These included dual qualifications between the group's subsidiaries, and VET FEE-HELP courses.

EBITDA (before one off items) of \$31.7 million is 41% ahead of the Prospectus forecast. EBITDA margin is lower than budgeted at 37.3% which is below the Prospectus forecast of 46.8% due to the significant investment in staff, facilities, management and processes required to manage the Company's strong growth over the last 12 months and to prepare for further expansion in FY16.

On a pro-forma basis Revenue was \$88.0m and underlying EBITDA was \$30.0m.

Operational Outlook

ACN enters FY16 with considerable momentum, with over 17,000 students currently enrolled and student retention rates amongst the highest in the industry. The Company will continue to leverage the solid foundations in system and infrastructure laid in FY15 to build momentum into FY16.

Key highlights include:

- Student enrolments as at July 1 provide revenue visibility of approximately of \$120 million in FY16.
- Competitor issues and the increasing brand penetration means student recruitment remains strong and we have continued to take market share post year end.
- Revenue per student is expected to be higher than FY15 due to the sale mix of VET FEE-HELP to VET courses.
- We are rapidly expanding our labour hire business, Unlimited Recruitment, following a significant contract win with Melbourne Markets.
- We are expanding our online course offering through MyTime Learning.
- H1 FY16 earnings guidance will be provided at the AGM at the end of October along with the Appendix 4C (quarterly cash flow).

In line with the Company's strategy to diversify income streams and reduce funding dependency risk, we will pursue appropriate acquisition opportunities. To that end the Company is presently evaluating a number of acquisition targets in the training sector providing training on a fee-for-service basis and vertical integration opportunities for services provided to training organisations.

In response to the strong growth experienced in VET FEE-HELP enrolments in Phoenix Institute, the Company will continue to make a significant investment in measures to facilitate future growth and student completion rates. This includes an increase in classroom capacity through expanding its national footprint, with campuses in every state, in addition to continued investment in development of the online learning platform, MyTime Learning.

Commenting on the 2016 outlook, Ivan Brown said:

"There have been a number of significant achievements to date that should ensure continued steady increase in our student numbers. We are assessing a number of strategic growth opportunities, which will diversify our revenue streams and reduce risk. With sufficient cash and an ungeared balance sheet to support organic and acquisitive growth, we believe the Company is in a strong position to build shareholder value."

For further information, please contact:

Ivan Brown

Managing Director

P: +61 3 8331 7890

E: info@australiancareersnetwork.com.au

For queries, please contact Australian Careers Network Limited on 03 8331 7890 or info@australiancareersnetwork.com.au

Australian Careers Network Group (ASX: ACO) is a full service vocational education and training provider encompassing student marketing and recruitment, direct and subcontracted education and training delivery (registered and non-registered), the issuing of registered qualifications, tracking, processing and reporting functions under the Australian Skills Quality Authority (ASQA) and the Victorian Registration and Qualifications Authority (VRQA).

Its primary services include workplace training and classroom based accredited certificates and diplomas, heavy equipment licensing, simulative and flexible learning, industry-experienced training and assessment and partnering with job seeking agencies to provide employment pathways to students seeking employment upon completion of a qualification.