

FY15 RESULTS PRESENTATION

Investor Roadshow

September 2015



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Pro forma financial information

ACN uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information. ACN considers that this non-IFRS financial information is important to assist in evaluating the performance of ACN. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of ACN's businesses. In particular, this information is important for comparative purposes with Pro forma historical and forecast for the year ending 30 June 2014 financial information contained in the Initial Public Offering Prospectus lodged with ASIC on 26 November 2014 (Prospectus).

All references to the Pro forma results are to be read as unaudited. This presentation has been reported in Australian currency, unless otherwise stated.

All references to "Prospectus" contained within this document refer to the ACN prospectus lodged with ASIC on 26 November 2014.

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**FY15 Financial
Results**

FY15 Highlights

- Student numbers exceeded Prospectus forecast 65%, growing to 25,784.
- EBITDA (before one off items) of \$31.7 million was 41% ahead of the Prospectus forecast.
- Acquisition of Phoenix and expansion into VET FEE-HELP through the launch of MyTimeLearning online education platform.
- Leading course completion rates in excess of 80%.
- Diversified revenue sources into VET FEE-HELP and Certegy-funded student loans.
- Interstate agreement with North Coast TAFE in NSW.
- The appointment of Ms Samantha Martin-Williams, the former General Manager of TAFE NSW| Hunter Institute, to the Board.
- The formation of a Quality Oversight Committee.
- Acquisition of Wizard Corporate Training.
- Acquisition of Smallprint & Catapult.



Statutory FY15 Results vs. Prospectus

| | FY14 Actual \$'000 | FY15 Actual \$'000 | Change % | FY15 Prospectus \$'000 | Variance % |
|---------------------------------|--------------------------|--------------------------|-------------|------------------------------|---------------|
| Revenue | 17,384 | 85,159 | 390% | 47,917 | 78% |
| EBITDA (before one offs) | 8,217 | 31,730 | 286% | 22,477 | 41% |
| EBITDA margin | 47% | 37% | - | 47% | - |
| Less: one-offs costs* | -6,171 | -2,703 | - | - | - |
| Reported EBITDA | 2,046 | 29,027 | 1319% | 22,477 | 29% |
| Less: D&A | -86 | -3,747 | - | -1,858 | - |
| EBIT | 1,960 | 25,280 | 1190% | 20,619 | 23% |
| Less: interest expense | - | -42 | - | 209 | - |
| Less: income tax expense | -588 | -7,961 | - | -6,249 | - |
| Reported NPAT | 1,372 | 17,277 | 1159% | 14,579 | 19% |
| NPATA (before one offs) | 7,543 | 19,980 | 165% | 16,158 | 24% |

* One off costs include: corporate restructuring, business acquisition roll-up and IPO related expenses

Notes: The company also provided a proforma EBITDA forecast of \$25M. In FY15 the group's actual proforma EBITDA was \$30M

- Revenue significantly higher than prospectus (+78%) due to greater than expected student enrolment growth and positive course yield mix.
- EBITDA ahead of prospectus forecast.
- EBITDA margin decline reflects significant investment in infrastructure ahead of expected further growth.
- Identifiable amortisation expense increased versus prospectus due to a change in estimation method.

Detailed Profit & Loss

| | FY14 Actual \$'000 | FY15 Actual \$'000 | Change Actual \$'000 |
|--------------------------------------|--------------------------|--------------------------|----------------------------|
| Revenue | 17,384 | 85,159 | 67,775 |
| Direct training costs | -4,078 | -28,948 | -24,870 |
| Administration and other expenses | -4,579 | -20,739 | -16,160 |
| Marketing expense | -596 | -3,699 | -3,103 |
| Cost relating to company restructure | - | -2,623 | -2,623 |
| Management fees | -6,171 | -80 | 6,091 |
| Share of net loss from JV | - | -43 | -43 |
| EBITDA | 1,960 | 29,027 | 27,067 |
| Depreciation & Amortisation | -86 | -3,747 | -3,661 |
| Finance costs | - | -42 | -42 |
| Profit before income tax | 1,960 | 25,238 | 23,278 |
| Income tax expense | -588 | -7,961 | -7,373 |
| NPAT | 1,372 | 17,277 | 15,905 |
| NPAT pre- amortisation | 1,438 | 20,057 | 18,619 |
| Basic earnings per share (cps) | 2.84 | 23.61 | 21 |
| Diluted EPS pre-amortisation (cps)* | 2.98 | 27.41 | 24 |

*Excludes \$2.8m of amortisation on acquired intangibles. \$4m- \$4.5m on balance sheet to be expensed in FY16.

- Substantial growth in costs reflects course material investment, broker fees, and significant investment in compliance infrastructure and staff (internal audit, compliance, trainers, call centre and business development).
- Mix shift towards higher yielding VET FEE-HELP courses should see the EBITDA margin stabilise and improve in FY16.
- A reconciliation between Statutory and Proforma profits be found in the Appendix.

Cashflow

| | FY14 Actual \$'000 | FY15 Actual \$'000 | Change Actual \$'000 |
|---|--------------------------|--------------------------|----------------------------|
| EBITDA | 1,960 | 29,027 | 27,067 |
| Changes in Working Capital | -1,180 | -26,854 | -25,674 |
| IPO and acquisition related costs* | 0 | -2,623 | -2,623 |
| Income Tax Paid | -151 | -1,078 | -927 |
| Interest paid | 0 | -42 | -42 |
| Net cash from operating activities | 629 | -1,570 | -2,199 |
| Payments for Property, Plant & Equipment | -181 | -1,817 | -1,636 |
| Purchase of intangible assets | -447 | -719 | -272 |
| Acquisition of subsidiaries, net of cash acquired | 0 | -6,446 | -6,446 |
| Other | -60 | 401 | 461 |
| Net cash used in investing activities | -688 | -8,581 | -7,893 |
| Proceeds from the issue of share capital | 0 | 13,763 | 13,763 |
| Other | 2,427 | -187 | -2,614 |
| Net cash from financing activities | 2,427 | 13,576 | 11,149 |
| Net change in cash and cash equivalents | 2,368 | 3,425 | 1,057 |
| Cash and cash equivalents, end of period | 2,809 | 6,234 | 3,425 |

*Approximately \$1.1m in payments in relation to acquisition related costs were classified within investing activities in the Appendices 4C for the December 2014, March 2015 and June 2015 quarters. The reclassification of the \$1.1m to operating activities has been made as part of the year end audit process.

- Working capital build reflects timing of funding receipts. On July 17 ACN received \$30.4m of progress payments for VET FEE HELP and Vocational Courses relating to FY15.
- While revenue is recorded on a straight-line basis cash flow tends to be in arrears, however as the Company develops further this should stabilise.
- Timing of cash receipts is dependent on ACN's timing of submissions to claim funds from the relevant funding body.
- The Company remains in very strong net cash position, with no debt

Balance Sheet

| | FY14 Actual \$'000 | FY15 Actual \$'000 | Change Actual \$'000 |
|-----------------------------|--------------------------|--------------------------|----------------------------|
| Cash and Cash Equivalents | 2,809 | 6,234 | 3,425 |
| Trade & Other Receivables | 5,631 | 36,133 | 30,502 |
| Property, Plant & Equipment | 208 | 4,600 | 4,392 |
| Deferred Assets | 359 | 3,101 | 2,742 |
| Goodwill | 0 | 28,946 | 28,946 |
| Other Intangible Assets | 382 | 10,372 | 9,990 |
| Other Assets | 250 | 2,887 | 2,637 |
| Total Assets | 9,639 | 92,273 | 82,634 |
| Trade & Other Payables | 6,259 | 7,932 | 1,673 |
| Borrowings | 0 | 820 | 820 |
| Deferred earn out | 0 | 1,049 | 1,049 |
| Current Tax Liabilities | 0 | 8,917 | 8,917 |
| Deferred Tax Liabilities | 1,117 | 4,654 | 3,537 |
| Provisions | 92 | 2,194 | 2,102 |
| Total Liabilities | 7,468 | 25,566 | 18,098 |
| Net Assets | 2,171 | 66,707 | 64,536 |

- Strong unleveraged balance sheet. Net cash at balance date.
- Adjusted net cash at balance date of \$36.6m after factoring \$30.4m of July inflows related to June training.
- Total Working Capital increased by \$24m primarily due to increased accrued revenue from higher student enrolments partially offset by the increase in trade and other creditors.
- IPO funded acquisition of Training Experts Pty Ltd and Training Synergies Pty Ltd for \$4m.
- Other asset acquisitions of Phoenix Institute of Australia for \$2.25m, and Wizard Corporate Training of \$940k, both pre-earnout.
- \$23.8m net cost of Catapult and Smallprint to be settled in September 2015, funded from cash.
- New CFO to pursue debt opportunities.

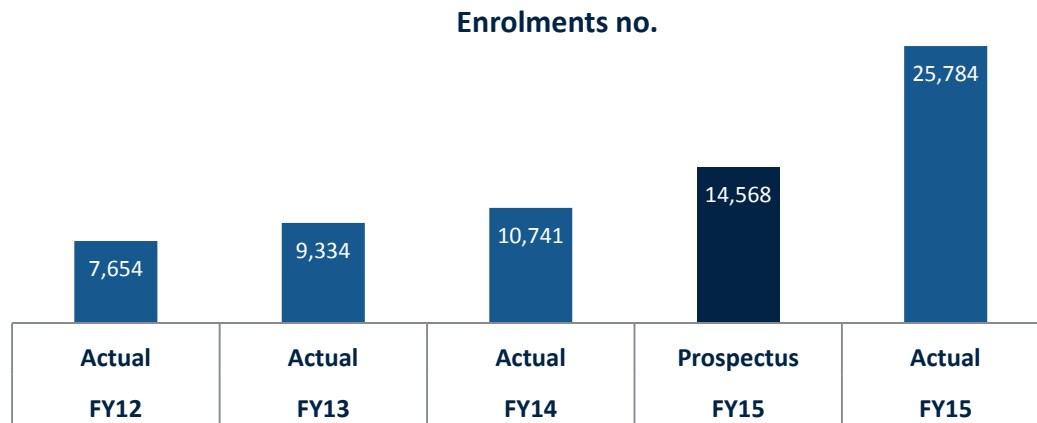


2

Training
Performance

Student enrolments

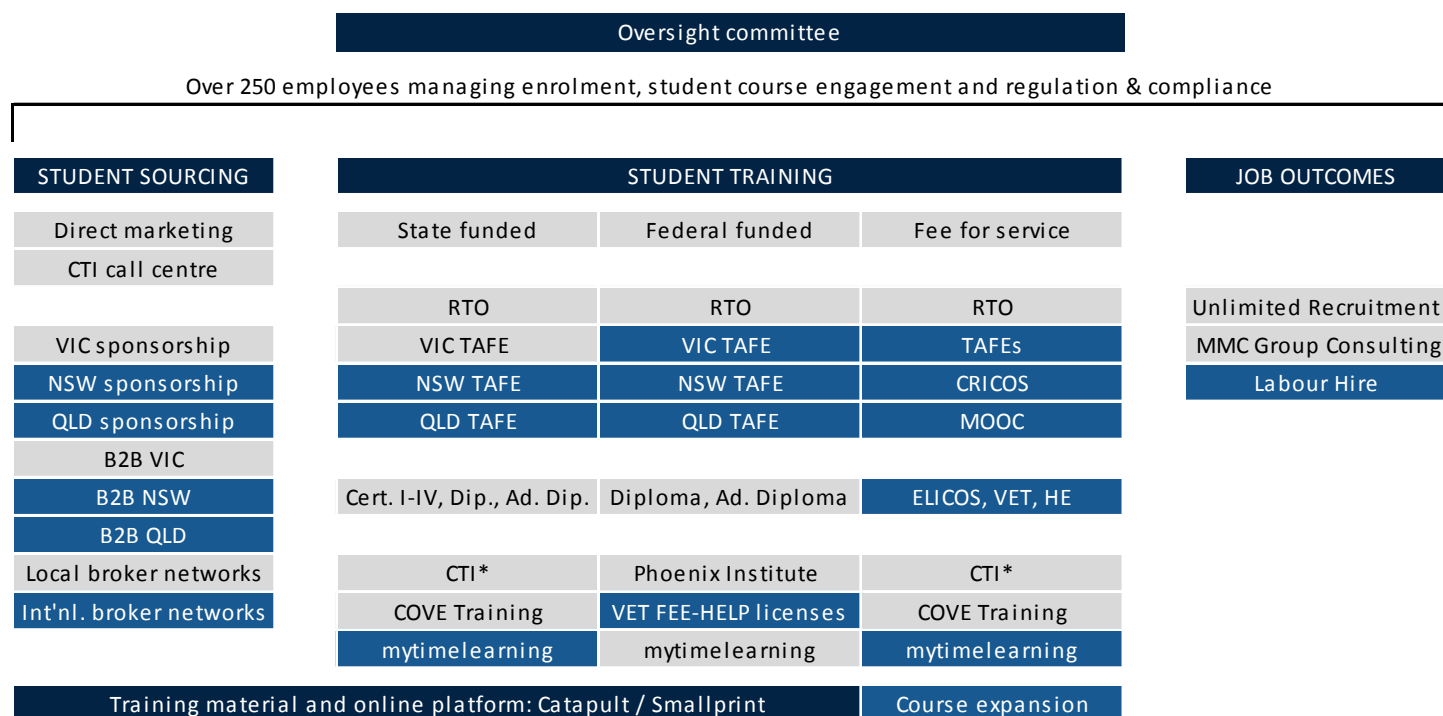
| | FY12 Actual \$'000 | FY13 Actual \$'000 | FY14 Actual \$'000 | FY15 Prospectus \$'000 | FY15 Actual \$'000 |
|----------------------------|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
| Total revenue | 13,665 | 28,701 | 33,381 | 56,135 | 85,159 |
| Enrolments no. | 7,654 | 9,334 | 10,741 | 14,568 | 25,784 |
| Avg. revenue per enrolment | \$1,785 | \$3,075 | \$3,108 | \$3,853 | \$3,303 |



- Enrolment growth was ahead of expectations.
- Average revenue yield per student exceeded expectations on course mix, VET FEE-HELP.
- Average revenue yield per student should continue to increase in FY16 due to further VET FEE-HELP enrolment growth, ahead of state-funded enrolment growth.
- VET FEE-HELP penetration amongst VET students remains low and a key growth opportunity.

A career training company

Aiming to be an end-to-end solution provider for student career development.

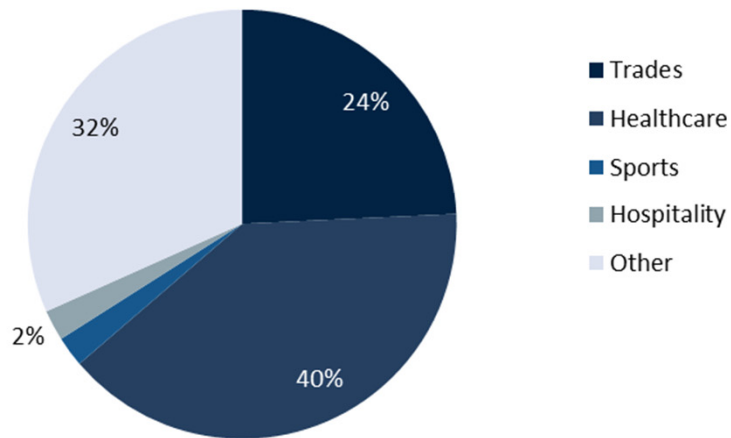


*CTI - RTO brands: Australian Management Academy, Consider This Training, Haley College, Heron Assess, International Training College, Smart Connection Training, Training Experts Australia, Wizard Training and Training Synergies.

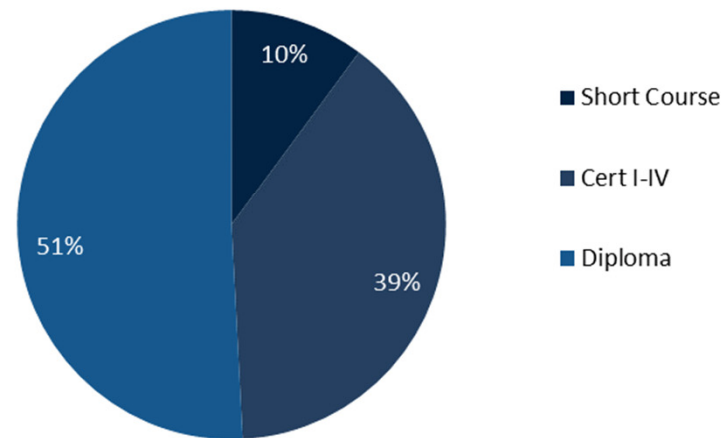
Targeted expansion

Training business key statistics

Enrolments by industry



Enrolments by qualification



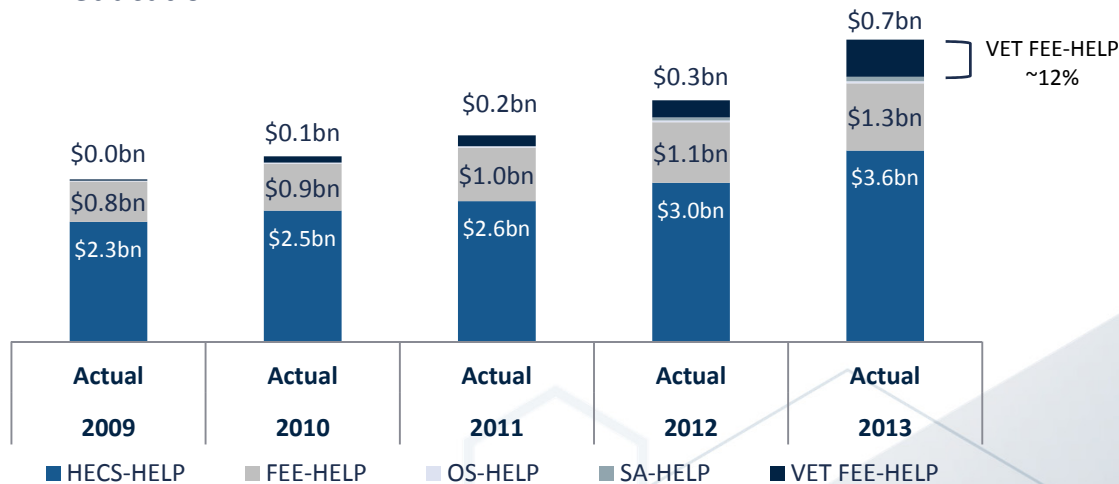
- FY15 industry exposure spread across a number of skill shortage areas
- ACN is constantly monitoring skill shortage areas for opportunities
- Company remains in a nimble position to react to any changes
- Company will further diversify its offerings in course mix and qualification scope

Regulation & Compliance

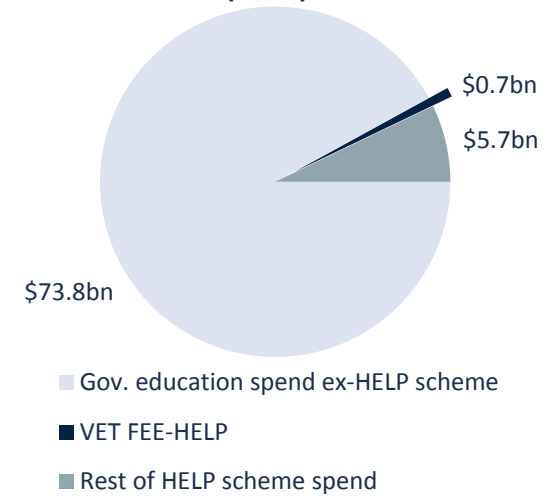
- Course completion rates still industry leading.
- Quality Oversight Committee established.
- Meet bi-monthly.
- Will assist management in:
 - providing quality training;
 - by identifying areas requiring improvement;
 - insuring best practice training & outcomes for students.
- Committee consists of:
 - Samantha Martin-Williams (Chairperson) – former General Manager of TAFE NSW|Hunter Institute (ACN Director).
 - Peter Hall – former Minister for Higher Education and Skills under the previous government in Victoria.
 - Marie Vassallo – independent VET consultant and former VRQA panel auditor.
 - Ray Griffiths – former CEO of East Gippsland and Kangan TAFEs (ACN Director).
 - Michael Jansen – founder of Apprenticeships Matter.

Funding environment

- Victorian funding increasingly stable – no change to course rates 2015 vs. 2014.
- Funding for private providers in New South Wales should improve in 2016.
- Queensland market now a focus.
- Other states – not currently a focus for the company.
- VET FEE-HELP growing rapidly but student penetration still low.
- VET FEE-HELP loans a minority share of total HELP loan payments (~12%, 2013).
- Forms a very small proportion of all-of-government spend on education.



Total Government Education Spend (2013)



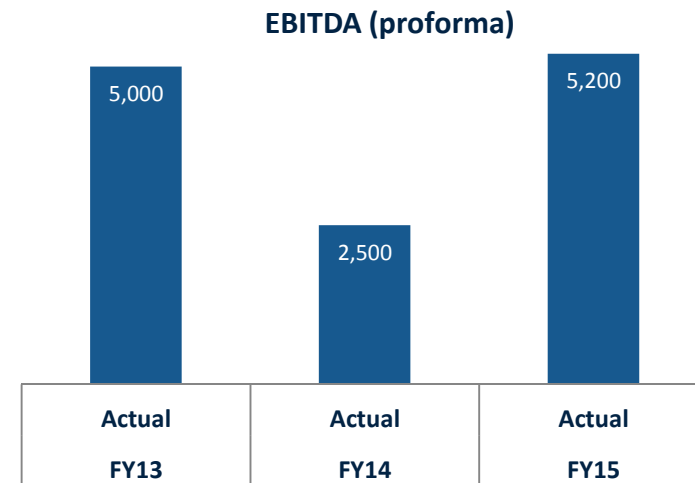


3

COVE Training
& Labour Hire

COVE Training

- COVE Training has been operating since 1995 and provides licensing and training to the Construction, Mining and Infrastructure industries.
- It was acquired in September 2014 for \$25m and has since been expanded from four to six sites.
- COVE revenue per month run rate exiting FY15 indicates a positive outlook for FY16.
- Construction training remains an attractive space and aligns with the skills shortage list.



| | FY13 Actual \$'000 | FY14 Actual \$'000 | FY15 Actual \$'000 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Enrolments no. | 4,000 | 6,000 | 5,800 |
| Avg. rev. per enrolment | \$2,500 | \$2,700 | \$2,750 |
| Revenue | 15,000 | 12,000 | 13,000 |
| EBITDA (proforma) | 5,000 | 2,500 | 5,200 |
| Margin | 33% | 21% | 40% |

Labour Hire

- We are rapidly expanding our labour hire business, Unlimited Recruitment.
- We operate in the following areas:
 - food production;
 - manufacturing
 - warehousing;
 - health & aged care;
 - infrastructure; and,
 - trades.
- We recently signed an MOU with the new Melbourne wholesale markets in Epping, Victoria to be the sole training and labour hire provider for the next five years. The market is expected to employ approximately 1,300 staff, with ~800 requiring forklift licensing and other training services.
- We have a strategic vision to not only provide training but also provide job outcomes and we intend to significantly expand our capability in this area.
- We currently have dozens of staff hired out to various companies at the market.

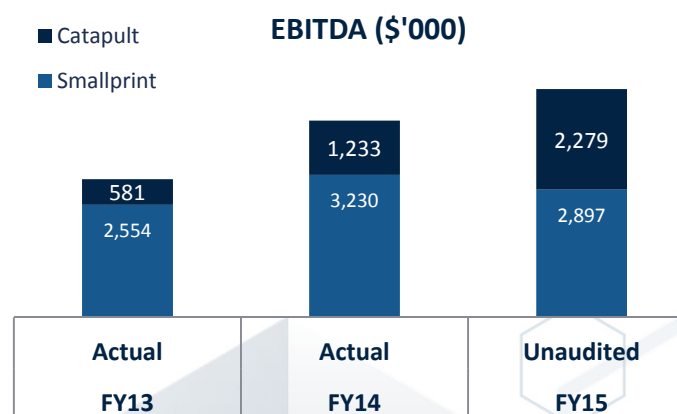
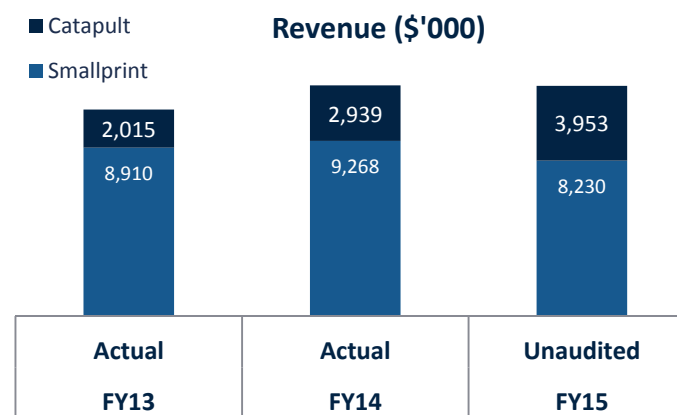


4

Catapult &
Smallprint

Smallprint and Catapult eLearning

- In September the Company conditionally agreed to purchase Catapult & Smallprint, Australia's largest publishers of student learning resources and online study materials to TAFEs and RTOs.
- The acquisition consideration is circa \$23.8m and will be funded from cash resources.
- The acquisition multiple is 5x historical EBITDA before synergies, and will be EPS accretive in FY16.
- Post acquisition we expect substantial annual cost savings from consolidating the purchasing of training resources from external parties.
- Catapult is a hosted online learning management system, and is considered one of the market leaders.
- In addition, Smallprint's extensive course library provides the Company with significant expansion opportunities into other markets.



A group of diverse people are gathered in a modern meeting room. A woman with long, curly brown hair, wearing a light blue sleeveless top and jeans, stands in the foreground, facing the group. She is gesturing with her hands as if presenting. Seated around a long, light-colored wooden table are five other individuals: a young woman with long dark hair, an older woman with short grey hair wearing a grey blazer, a young man in a black t-shirt, a woman wearing a red headscarf and a grey blazer, and a man with glasses in a blue shirt. They are all looking towards the standing woman. The room has white walls, a large whiteboard on a stand in the background, and a bright orange floor. A dark blue geometric overlay is positioned on the right side of the image, containing the number 5 and the text 'Performance & Outlook'.

5

Performance & Outlook

Performance versus 2H15 targets

| 2H15 Target | Outcome |
|---|--|
| Diversify revenue sources | Development of online learning platform myTimeLearning delivering VET FEE HELP courses. Creation and expansion of Labour Hire business. |
| Seek to secure further interstate TAFE training partnerships | Entered into a heads of agreement with North Coast TAFE. |
| Seek to secure further major corporate training contracts | Signing of MOU at new Melbourne Wholesale Markets. |
| Extend the CTI brand to NSW (potentially via major sponsorship initiatives) | Acquisition of Training Experts Australia, Training Synergies and Wizard Corporate Training in 2H15. |
| Examine options for expansion into Queensland | New campus in Queensland to be opened in the coming months. |
| Declare first dividend | Maiden dividend declared (13 cents per share fully franked). |
| Explore investment opportunities in the wider Education value chain | Ongoing. |

Outlook

- Competitor issues and increasing brand penetration means student recruitment remains strong with over 20,000 students currently enrolled as at 1 Sep 2015, providing revenue visibility of approximately of \$150m in FY16.
- Revenue per student is expected to be higher than FY15 due to the mix of VET FEE-HELP to state-funded course enrolments.
- Expected rapid expansion of our labour hire business, Unlimited Recruitment, following a significant contract win with Melbourne Markets.
- The acquisition of Catapult and Smallprint are expected to generate significant cost savings and allow us to expand our offering into massive open online course (MOOC) and other employment related initiatives.
- We are expanding our online course offering through MyTime Learning.
- The Board is evaluating a number of potential acquisition targets in fee-for-service training and labour hire.
- H1 FY16 earnings guidance will be provided at the AGM at the end of October along with the Appendix 4C (quarterly cash flow).

APPENDIX: Statutory vs. Proforma

| | FY15A Statutory \$'000 | FY15A Proforma \$'000 | FY15A Variance \$'000 |
|--------------------------------------|------------------------------|-----------------------------|-----------------------------|
| Revenue | 85,159 | 87,982 | 2,823 |
| Direct training costs | -28,948 | -30,732 | -1,784 |
| Administration and other expenses | -20,739 | -23,356 | -2,617 |
| Marketing expense | -3,699 | -3,774 | -75 |
| Cost relating to company restructure | -2,623 | -4,260 | -1,637 |
| Management fees | -80 | -80 | 0 |
| Share of net loss from JV | -43 | -43 | 0 |
| EBITDA | 29,027 | 25,737 | -3,290 |
| Depreciation & Amortisation | -3,747 | -4,595 | -848 |
| Finance costs | -42 | -56 | -14 |
| Profit before income tax | 25,238 | 21,086 | -4,152 |
| Income tax expense | -7,961 | -6,786 | 1,175 |
| NPAT | 17,277 | 14,300 | -2,977 |
| NPAT pre-amortisation | 20,057 | 17,860 | -2,197 |



Thank you

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