



2015 Annual General Meeting

www.australiancareersnetwork.com.au

Australian Careers Network

Managing Director's Address

Ivan Brown

Agenda

- Corporate Strategy
- FY15 Financial Results
- Training Performance
- Strategic Performance
- FY16 Update



1

Corporate
Strategy

ACN Business Strategy

ACN plans to be the premier service provider across all elements of the training and employment value chain by:

- **Establishing a robust business to support growth**
 - People, intellectual property infrastructure & processes
- **Establish best practice operation within Vocational Training sector**
 - Quality training, ethical standards, course completion rates
- **Diversification**
 - Geographically, vertical integration
- **Via acquisition and organic means**



2

FY15 Financial Results

FY15 – A Year of 2 Halves

First Half

- Integration of the businesses which formed part of the corporate restructure as part of the IPO
- Establishing a platform for growth

Second Half

- Acquisition of 3 businesses in differing parts of the training market
- Expanding course types and accessing VET FEE HELP funding accreditation

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.

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%
<i>EBITDA margin</i>	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%

- Revenue and NPAT targets significantly overachieved after investing in infrastructure to underpin growth

* 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

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.



3

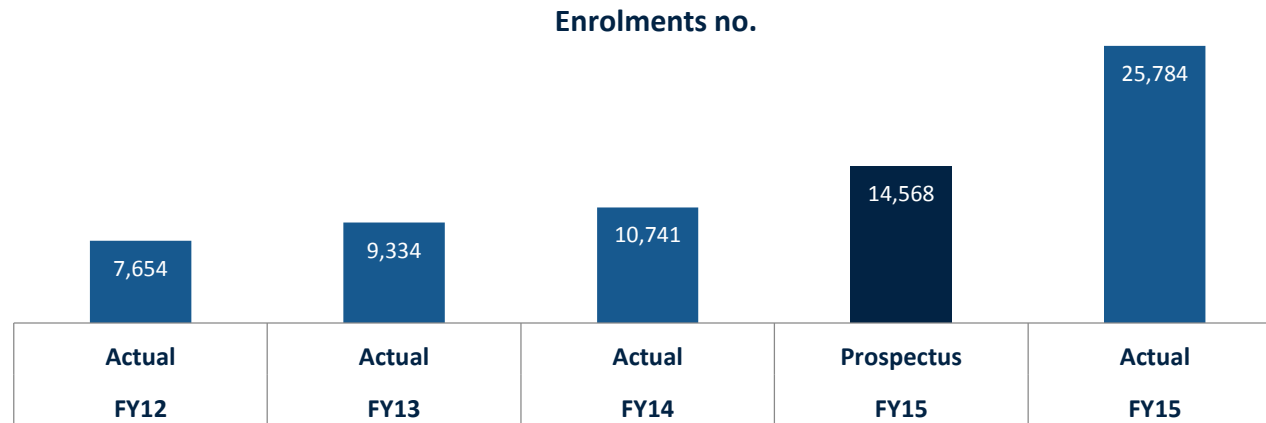
Training
Performance



Student Enrolments

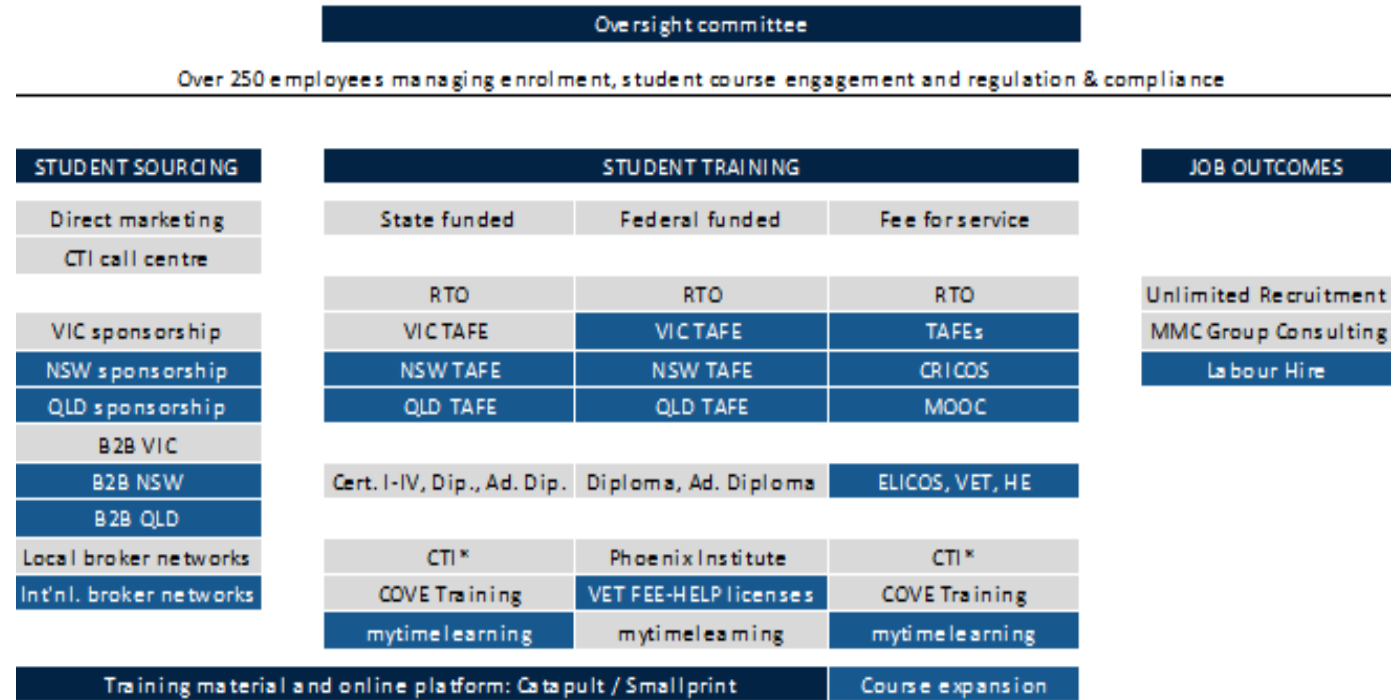
	FY12 Actual \$'000	FY13 Actual \$'000	FY14 Actual \$'000	FY15 Prospectus \$'000	FY15 Actual \$'000
Total revenue	13,665	28,701	33,381	56,135	85,159
Enrolments no.	7,654	9,334	10,741	14,568	25,784
Avg. revenue per enrolment	\$1,785	\$3,075	\$3,108	\$3,853	\$3,303

- Enrolment growth was ahead of expectations.
- Average revenue yield per student exceeded expectations on course mix, VET FEE-HELP.
- 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.

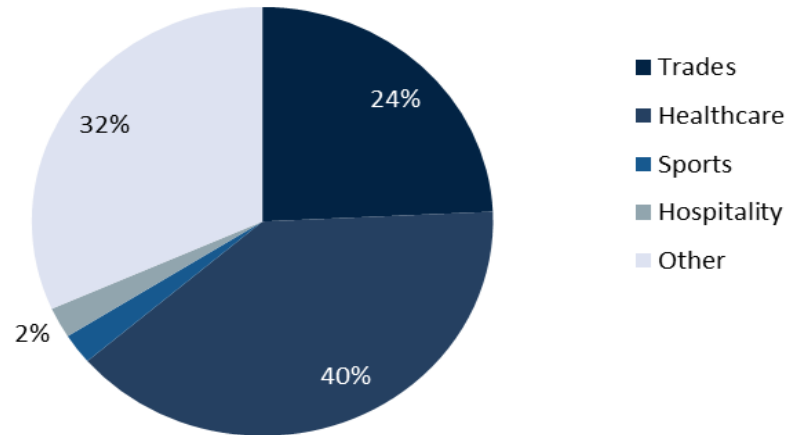


*CTI - RTO brands: Australian Management Academy, Consider This Training, Haley College, Heron Assess, International Training College, Smart Connection Training, Training Experts Australia, Wizard Training and Training Synergies.

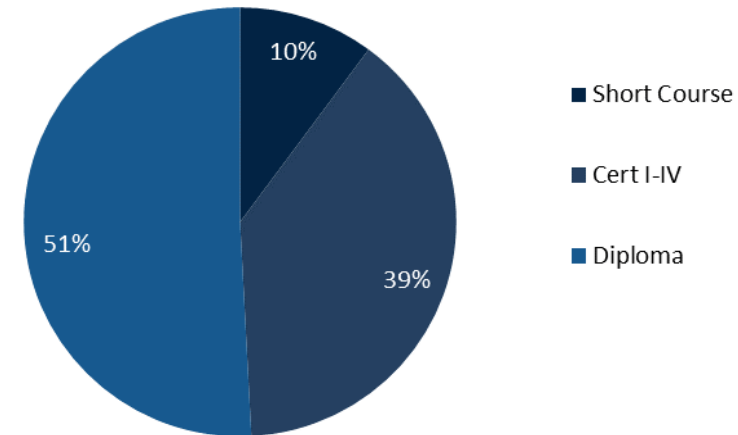
Targeted expansion

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

- **Quality Oversight Committee established.**
 - **Meet bi-monthly.**
 - **Will assist management in:**
 - providing quality training;
 - by identifying areas requiring improvement;
 - ensuring 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.
 - Michael Jansen – founder of Apprenticeships Matter.



4

Strategic
Performance



Strategic Performance

Strategy	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.



5

FY16 Update

FY16 Update



- **Strong start to the year**
 - Increased revenue, profit & cash
 - Stronger balance sheet
 - Increased student numbers
 - Employee headcount > 600
- **ACN's revenue is more diversified than when listed**
 - Vocational training,
 - VET FEE approved training
 - Labour hire
 - On line learning
- **Enhanced management capability by hiring quality executives**
 - CFO, CTO, GM HR, Internal Audit Manager
- **Share price has grown from \$1.70 to \$3.43 since July**
- **Recent inquiry from regulators**
- **Planned to provide a forecast and profit guidance but can't at this stage due to current regulatory inquiry**

FY16 Update



- **Regulatory Inquiry**

- Vocational training is currently under the government spotlight
- Government regulator and Federal & State Government recently provided ACN with correspondence re a number of matters
- ACN is engaged with all stakeholders seeking to resolve matters raised
- Managements view is that a satisfactory outcome is achievable
- Upon receipt of correspondence, the Board decided to seek a voluntary suspension on trading in ACN shares
- ACN is working hard to respond to issues raised by the regulator. Until responses are received and we can communicate to the market, shares must be suspended for the benefit of all parties
- ACN management is undertaking all efforts to ensure that all issues will be appropriately resolved
- ACN remains committed to providing a high quality product in an accessible fashion in line with industry best practice. This will ensure the company's success in to the future

Australian Careers Network

Managing Director's Address

Ivan Brown