



17 November 2014

MARKET UPDATE

Vocation Limited (ASX:VET) (**Vocation**) today announced the completion of a restructure of its Victorian business which will reduce the Group's operating costs and provide a strong platform to deliver consistently high quality education services to its students.

Commenting on the restructure the Managing Director of Vocation, Mr Mark Hutchinson, said: "The restructure is part of Vocation's ongoing commitment to ensuring programs across the group are of the highest possible standard."

In addition to quality improvements, the restructure will reflect a more appropriate cost base for the business going forward. Unfortunately, it has also involved approximately 87 redundancies.

The one off impact of the restructure is approximately \$1 million and this, along with the resultant annualised salary savings of approximately \$7 million, was taken into account in the FY15 guidance announced on 27 October 2014.

As previously announced, after a review of Vocation's overall strategy and approach to market trends, the Company does not intend to use third party training and assessment providers in Victoria going forward (Victoria was the only state where third party providers of that kind were used). Vocation will continue to have a significant business in Victoria operating through two rather than four Registered Training Organisations (RTOs) that are able to offer a full complement of courses.

Vocation's remaining two RTOs in Victoria hold funding contracts with the Department of Education and Early Childhood Development (DEECD), allowing the Company to continue to provide training to students and employers.

"The restructure will give us greater control of our operations and the Company remains fully committed to delivering consistently high quality education outcomes for our students. I am taking personal responsibility to oversee this renewed focus and ongoing growth of the business," Mr Hutchinson said.

"We have strengthened our management team in recent weeks with the appointment of Ross Robinson as CEO of the Vocational business and the appointment of Claire Field as the independent Chair of Vocation's Quality Advisory Committee. The work of the Advisory Committee will play a key role in the continuous oversight of quality across the group.

"We are also benefitting from the well-established systems and processes in our Higher Education business (Endeavour and the Australian School of Management). Carolyn Barker AM, as CEO of Higher Education, has been working closely with me to identify further student facing improvements and integration opportunities across the whole business."

Ms Barker has 20 years' experience as a CEO and an independent company director, dedicating her career to private Education.

"Our dedicated team is paying close attention to feedback from our students, customers, industry colleagues, government partners and shareholders, all with a view to ensure we are providing the best possible programs for our thousands of students nationally." Mr Hutchinson said.



Vocation also announced today it was withdrawing the Share Purchase Plan (SPP) that was announced on 15 October 2014.

Shareholders who have lodged applications under the SPP will receive a full refund for their application monies by cheque sent to the address specified in the shareholder's Application Form.

The SPP was intended to enable retail investors to purchase shares in the Company at a similar price to the shares issued to the institutional shareholders in September. However, given the fall in Vocation's share price since the time the SPP was issued and conservative gearing (current net debt of circa \$55m), the Board does not believe that continuing with the SPP would be in the best interest of the Company or its shareholders.

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