



REDHILL EDUCATION

2014 Annual General Meeting

Chairman's address

Thursday 27 November 2014



Chairman's address

Ladies and Gentlemen –

RedHill had an excellent financial year in 2014.

In financial year 2013, we reported EBITDA of \$1.3 million.

This year, we have a reported EBITDA of \$2.7 million and a net profit after income tax of \$4.8 million.

RedHill now has a cash balance of about \$6 million.

Chairman's address (continued)

It has been a particular pleasure that the market has recognised RedHill's significant operational and financial improvement:

- the share price has increased from about **75 cents** a year ago to approximately **\$1.45** today
- RedHill's capitalisation has increased from approximately **\$24 million** a year ago to **\$44 million** today.

RedHill is a quality provider of private education.

We constantly review the opportunities available in new courses and markets as well as the improvement and repositioning of our existing schools.

All our 3 schools are now housed in quality campus accommodation.

Improved surroundings and facilities provide a fuller and more satisfying student experience. Our current students are our best marketers to their friends for our future courses through personal endorsement and social media.

We also have outstanding management at each of our 3 schools and our student recruitment services business, Go Study Australia. This is paying off handsomely through more innovative and efficient operations.

We are building a significant online platform to further enrich the student experience in our existing schools and to offer much greater flexibility in course delivery.

That will also position RedHill to create new courses and to deliver them at a much lower cost.

I now invite Glenn Elith to provide you with greater detail of what occurred in FY2014 and how the future looks.



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Chief Executive Officer's address

Thursday 27 November 2014



Opening comments

Good morning,

We have worked hard over the last few years to transform RedHill's operations and significantly improve financial performance. I am delighted with the progress being made across all areas of our business.

We were pleased with RedHill's financial results in FY2014:

- **Revenues - \$19.2 million**, a 19% increase over the previous financial year;
- **EBITDA*** - **\$2.7 million**, a 110% improvement over the previous financial year;
- **Net profit[#] - \$4.8 million**, an improvement of \$5.7 million over the previous financial year; and
- **Net cashflow from operating activities - \$3.2 million**, a 93% improvement over the previous financial year.

Positive momentum has continued into the new current financial year, and we expect to report FY2015 first half year results (H1) that will feature:

- **Revenue growth of approximately 24%** against the corresponding previous half year (FY2014 H1 Revenue: \$8.90 million);
- **EBITDA* growth of approximately 35%** against the corresponding previous half year (FY2014 H1 EBITDA: \$0.88 million); and
- Revenue and EBITDA* growth achieved at each of RedHill's 4 business units.

*- Earnings before interest, taxation, depreciation and amortisation

- Net profit after taxation

The operational transformation at each of RedHill's business units has included:

- physical upgrades of all campus facilities;
- enhancing operational management and their capabilities;
- building an engaged and enthusiastic workforce;
- expanding course ranges and target markets;
- delivering satisfying student experiences and outcomes; and
- developing online learning capability.

RedHill's directors believe it is important to clearly differentiate RedHill as a high-quality provider within the tertiary education market, and apply quality-based criteria when making operational and strategic decisions. Our differentiation includes:

- operating from purpose-built campuses in central CBD locations;
- maintaining control of our course development and regulatory accreditations in the specialised professional curriculum areas that we teach;
- not delivering any qualifications under external auspice or license agreements with any Australian public universities, TAFE's or other education providers;
- only undertaking high integrity marketing activities to recruit both domestic and international students, without high pressure selling tactics like free laptops, iPads or similar giveaways and gimmicks;
- providing students an engaging face-to-face learning experience; and
- actively working with industry participants to continually improve and enhance our curriculum and generate job opportunities for students.

Each of our business units achieved year-on-year revenue and profit growth in FY2013 and FY2014, and this trend has continued into FY2015.

A number of recent business unit operational highlights are noted below.

Academy of Information Technology (AIT)

Has been approved by the Australian Government's Department of Immigration and Border Protection to participate in streamlined visa processing arrangements (SVP) for international students enrolling into AIT's advanced diploma and bachelor degree courses. SVP will assist grow student numbers recruited from applicable countries.

Greenwich English College (GEC)

Has been appointed as an streamline visa processing (SVP) partner with New South Wales TAFE, whereby international students from certain countries may now package their English language studies at GEC with their student visa applications to undertake certain TAFE courses. Greenwich is one of only 4 private ELICOS providers who have this partnership relationship with NSW TAFE.

International School of Colour and Design (ISCD)

Has signed a Lease to operate from a second level at its North Sydney campus, and will use this new campus capacity to launch a new business brand specifically targeting domestic school leavers and international students for a new range of VET Diploma and Advanced Diploma qualifications.

Go Study Australia (Go Study)

Along with established operations in Italy and Spain, a new office in France was opened in August this year.

This is an exciting time for RedHill, and we are well placed to invest in further growth and expansion.

We will prioritise achievement of further growth at each of our existing Sydney campuses, increase our Sydney campus capacity where it is sensible to do so, and consider interstate expansion of our existing businesses.

We have considered the possible acquisition of several private tertiary education businesses during the course of this year. We determined that none of these targets were likely to achieve sufficient accretive value for RedHill's shareholders.

We will continue to pursue sensible acquisitions in FY2015, although we will remain cautious with regards to assessing business valuation multiples and sustainable earnings forecasts.

RedHill will prioritise growth in academically rigorous curriculum areas, and does not intend to commence offering vocational trade and operator level qualifications where State Government funding models and subsidies are prevalent.

We believe the foundation of RedHill's future value will be based upon:

- possessing broad-based marketing and recruitment capabilities for both international and domestic students;
- offering a range of industry aligned courses and programmes;
- operating high-quality campus facilities and student support functions across multiple locations;
- applying available technologies to provide students with flexible modes of learning; and
- enrolling of genuine students, supporting student academic progression and course completion, and assisting students to achieve relevant job outcomes.

Closing comments

We are delighted that RedHill's investors have recognised the transformation of RedHill through a sustained increase in its share price and market capitalisation.

I am very proud of what our entire RedHill team has achieved over a relatively short period of time. Our management team are positive, passionate, and determined to build upon their recent success.

On a personal note, I will shortly mark the completion of my 3rd year leading RedHill. My experience to date has been energising and rewarding, and I am proud to work on a collegiate board at a company with excellent prospects.

I look forward to reporting FY2015 half year financial results next February.

Thank you for attending today's Annual General Meeting.

I will now hand you back to the Chairman.