

RedHill Education Limited

INVESTOR UPDATE

RedHill Education Limited (**RedHill**) today released an investor update that comments on a number of its expansion initiatives.

VET QUALIFICATIONS TO BE DELIVERED BY GREENWICH ENGLISH COLLEGE

RedHill's **Greenwich English College** (GEC) business unit will commence delivery of a range of Certificate and Diploma level qualifications in early FY2016 to expand its addressable market in the growing international student Vocational Education and Training (VET) sector. This will enable existing international students to continue their studies with RedHill and provide course packaging opportunities to GEC's student recruitment agency partners.

Directors expect this course range expansion to increase GEC revenues and profits in FY2016, but the amounts cannot be quantified at this stage.

EXPANSION OF HIGHER EDUCATION COURSE RANGE

RedHill's **Academy of Information Technology** (AIT) business unit has been accredited by the Australian Government's Tertiary Education Quality and Standards Agency (TEQSA) to commence delivery of a third internally developed bachelor degree, a Bachelor of Digital Design, for a period of seven years until February 2022.

The first intake of students into this new bachelor degree will commence studies in July 2015. It will be delivered to both international and domestic students, and domestic students will have access to Australian Government FEE HELP tuition loans.

Directors expect this new bachelor degree to increase AIT revenues and profits in FY2016, but the amounts cannot be quantified at this stage.

TEQSA has also approved AIT's application to re-register as a private higher education provider in Australia. The renewed registration is for a period of seven years until February 2022.

LAUNCH OF ONLINE BRAND – THE LEFT BANK

In May 2015 RedHill will launch "**The Left Bank**", an online education business unit delivering a range of VET qualifications in curriculum areas outside of RedHill's existing face-to-face businesses.

The first courses launched by The Left Bank will specialise in marketing, and domestic students will have access to VET-FEE HELP tuition loans when enrolling into VET Diploma level qualifications.

Directors expect revenues and profits from online course sales to increase in FY2016, but the amounts cannot be quantified at this stage.

FY2015 FULL YEAR FORECAST RESULTS

Start-up costs associated with RedHill's investment in expansion is expected to have an impact upon FY2015 full year reported results. Expansion initiatives include those described above, plus the following which have been announced previously:

- a 33% increase in the campus capacity of the GEC business unit from May 2015;
- doubling of campus capacity at RedHill's **International School of Colour and Design** (ISCD) business unit in March 2015 to launch its new **inStudio** brand; and
- the upcoming launch of a substantial Melbourne RedHill campus in early FY2016.

RedHill's directors believe these expansion investments are important for future revenue and profit growth.

Management expects the FY2015 full year financial results to include the following:

- **Revenue growth of approximately 20%** against the previous financial year (FY2014 Revenue: \$19.2 million)
- **EBITDA* growth of approximately 12%** against the previous financial year (FY2014 EBITDA*: \$2.7 million)

INVESTOR UPDATE PRESENTATION

Further information on RedHill's performance and growth initiatives is included in the attached Investor Update.

* **EBITDA** is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and Net Profit for the half-year ended 31 December 2014 was included in the interim financial report released to the ASX on 23 February 2015.

Investor Notes about Prospective Financial Statements

Investors should never place undue reliance on forward looking statements.

Forward looking statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in the statements contained in this announcement.

Statements about future events and outcomes are by their nature uncertain and may be materially inaccurate because they relate to future events and outcomes that may or may not occur as expected, and because they are necessarily based on assumptions that may prove inaccurate or unwarranted.

The statements and the assumptions in this announcement are based on current expectations; some anticipated on the basis of historical trends. They are therefore subject to various risks and uncertainties.

Management has used its best judgment and knowledge of RedHill's current operations and expected outcomes in providing the financial and other information contained in this announcement and believes that there is a reasonable basis for them.

Nonetheless, Investors must understand that a variety of factors, most of which are outside RedHill's control, affect and will continue to affect RedHill's operations, performance, business strategy and results and could cause RedHill's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the forward-looking statements in this announcement.

Management's main operating assumptions are that:

- the regulatory and policy environment in which RedHill currently operates will continue;
- the Australian Dollar will continue at an exchange rate of about 74 cents to the US Dollar;
- student enrolments will occur as expected; and
- payments will be received on time in the ordinary course.

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ABOUT REDHILL

RedHill has a portfolio of quality education businesses at the premium end of the private education market to capitalise on the demand for higher education, vocational training and English language programmes. For further information refer to our website www.redhilleducation.com.



REDHILL EDUCATION

Investor Update

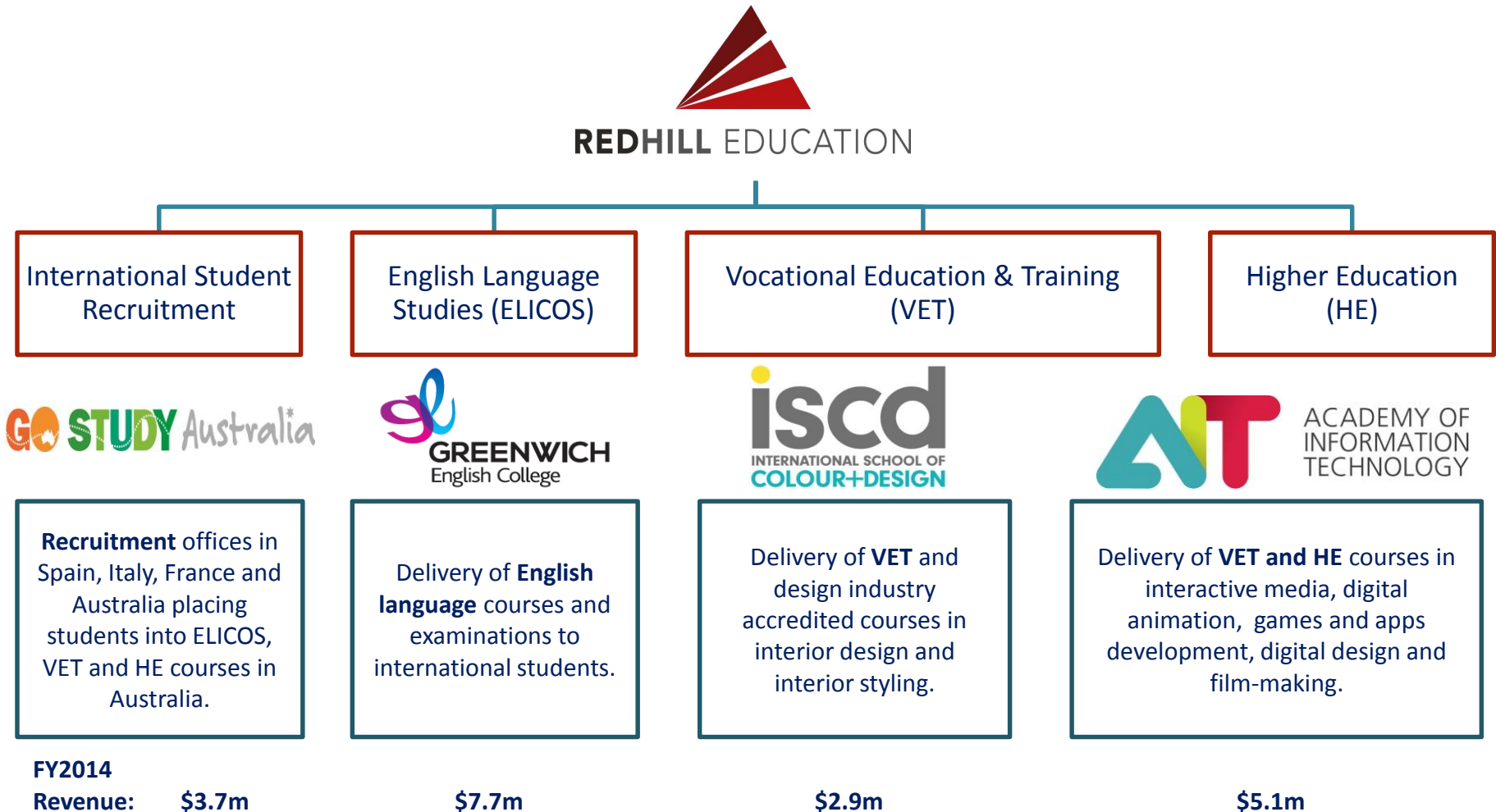
23 March 2015

Company Profile

Industry:	Private tertiary education
Listed on ASX:	September 2010
ASX code:	RDH
Number of shares on issue:	30,204,052
Share price (20 March 2015):	\$1.43
52 week trading range:	\$0.85 to \$1.51
Market capitalisation (20 March 2015):	\$43.2 million
P/E	8.67
Number of employees at 30 June 2014:	175
Financial reporting year end:	June

RedHill Education Limited - Overview

RedHill Education Limited operates a portfolio of quality business units in the private tertiary education market. It operates across multiple sectors of the private education value chain, ensuring a broad range of organisational competencies to deliver high quality student experiences and outcomes.



Quality differentiation

- Purpose-built premium campuses in prime CBD locations.
- Controls its own course development and accreditations.
- Employs only ethical marketing and student recruitment techniques.
- Provides students with engaging face-to-face and online learning experiences, with access to high quality campus facilities.

Expertise in curriculum specialisations

- Delivers courses in specialist industries where there is growing demand for graduates.
- Actively works with industry participants to continually improve and enhance curriculum.
- Employs industry relevant qualified teachers and academics.

Government supported multiple sector provider

- Maintains a positive reputation with regulators of ELICOS, VET and HE sectors.
- Does not deliver any qualifications under auspice or licence agreements from any public universities or TAFEs.
- Holds valuable tertiary education provider accreditations: VET-FEE HELP, FEE HELP and SVP.
- Does not receive any form of subsidy or funding from any State or Territory Government.

International student supply chain expertise

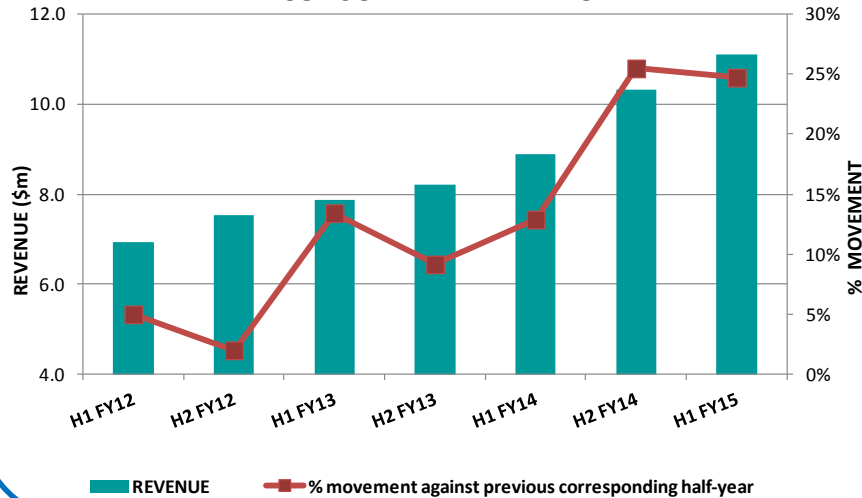
- Largest private provider ELICOS campus in Australia, sourcing students from an extensive international student agent network.
- International student recruitment business unit (Go Study Australia) provides RedHill a unique perspective on the broader international student education market.

Supporting student progress and outcomes

- Assists students achieve appropriate job outcomes through industry networking.
- Continual engagement with students, building enduring student and alumni communities.

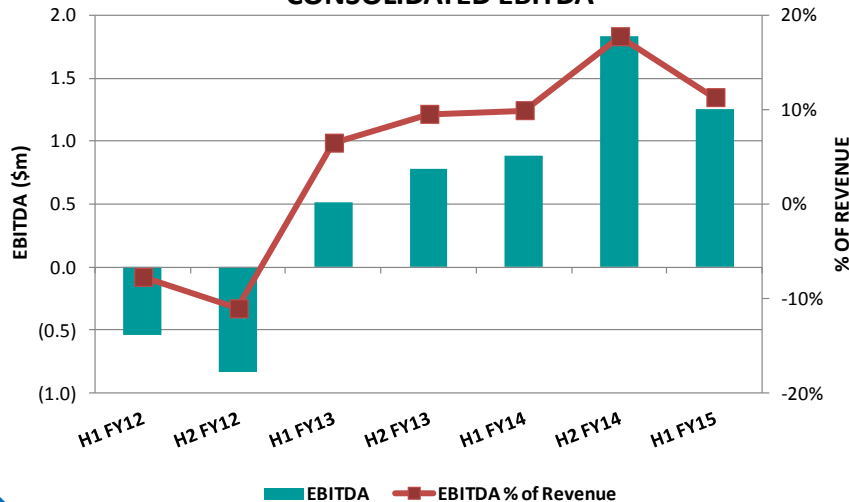
Historical Financial Performance

CONSOLIDATED REVENUE



- Average CAGR > 15%
- Six consecutive periods of revenue growth
- Annual revenue growth at all business units over last 3 years

CONSOLIDATED EBITDA



- Annual growth in EBITDA as % of revenue
- EBITDA growth at all business units over last 2 years

EBITDA - Earnings before interest, taxation, depreciation and amortisation

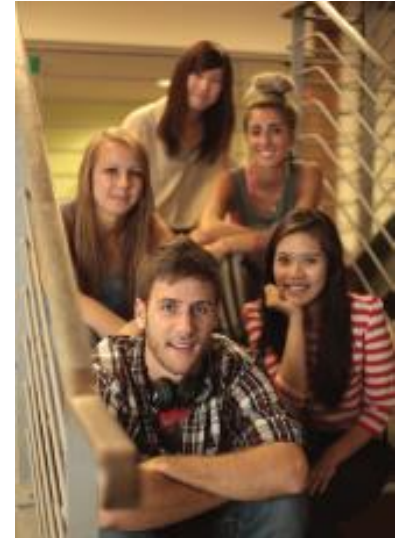
VET Qualifications to be Delivered by Greenwich English College

Greenwich English College (GEC) delivers English language courses and examinations to over 3,500 international students each year, many of whom progress onto further vocational and higher education courses with other education organisations.

In early FY2016, GEC will commence delivery of a select range of VET courses to:

- extend the study duration of a proportion of existing students
- expand its addressable market in the growing international student VET sector

Also in early FY2016, GEC will increase the capacity of its Sydney CBD campus by 33% to support expected revenue growth in existing and new courses.



Expansion of Higher Education Course Range

In March 2015 the **Academy of Information Technology (AIT)** business unit received approval from the Tertiary Education Quality Standards Agency (TEQSA) to commence delivery of a third Bachelor Degree, the Bachelor of Digital Design.

Digital design is an exciting extension of the higher education curriculum range at AIT, whose graduates seek careers in creative digital industries.

The first cohort of students in this third Bachelor Degree will commence study in July 2015.

In March 2015 AIT also completed its re-registration with TEQSA as a Higher Education provider, and has successfully renewed its registration for a period of seven years to February 2022.



Launch of inStudio



In early March 2015 we commenced operations of the new **inStudio** brand, which will deliver a range of interior design vocational qualifications to both domestic and international students. Domestic students are expected to be predominantly school leavers, who will have access to Australian Government VET-FEE HELP tuition loans for **inStudio** courses. International students may package their studies at **inStudio** with English language study at RedHill's Greenwich English College.

RedHill has doubled the size of its **International School of Colour and Design** campus in North Sydney to accommodate **inStudio**.

An Advanced Diploma qualification will be added to the **inStudio** course range in early FY2016.



Online Learning – The Left Bank

Each of RedHill's business units currently offers a range of online courses to generate incremental revenues and complement their face-to-face delivery models.

In April 2015 RedHill will launch a new online business unit called **The LeftBank** to deliver a range of online courses and VET qualifications outside RedHill's existing core curriculum areas. The first courses delivered by The Left Bank will specialise in digital marketing.

Domestic students undertaking RedHill's online VET qualifications will have access to Australian Government VET-FEE HELP tuition loans.



RedHill Melbourne Campus

RedHill will open a substantial campus in the Melbourne CBD in early FY2016.

Melbourne is an attractive market for each of RedHill's business units. All business units will expand operations into Melbourne.

RedHill's Melbourne campus will be leased premises centrally located near public transport hubs and surrounding services.

Go Study Australia (GSA) opens a Melbourne office today, and has employed four student advisors to operate that office. Approximately 11% of students recruited by GSA's overseas offices are currently enrolled in courses delivered in Melbourne. The proportion of students enrolling into Melbourne-based courses is expected to grow.



Start-up costs associated with RedHill's investment in expansion is expected to have an impact upon FY2015 full year reported results.

RedHill's directors believe these expansion investments are important for future revenue and profit growth.

Management expects the FY2015 full year financial results to include the following:

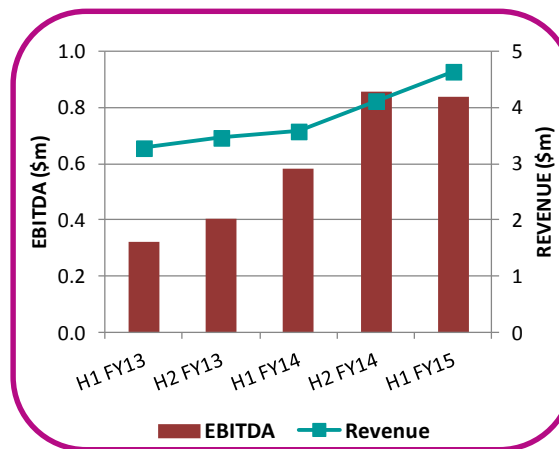
- **Revenue growth of approximately 20%** against the previous financial year (FY2014 Revenue: \$19.2 million)
- **EBITDA* growth of approximately 12%** against the previous financial year (FY2014 EBITDA*: \$2.7 million)

* - Earnings before interest, taxation, depreciation and amortisation

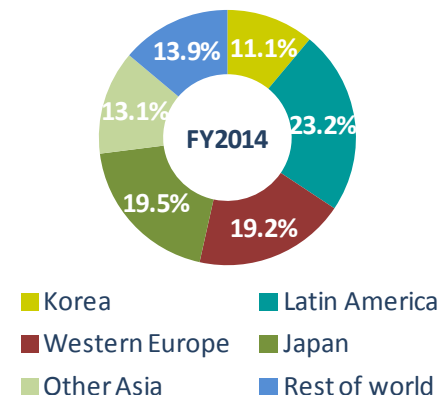
- ★ A quality specialist tertiary education provider, with a scalable business model through course range expansion, geographic expansion, and addressable market expansion.
- ★ Three years of strong revenue and profit growth.
- ★ Expansion strategies expected to materially grow revenues and profits.
- ★ Improved sentiment towards the market sector, with the Australian government supporting both domestic and international student participation in quality tertiary education.
- ★ Simple clean balance sheet with no external debt, and free cash on hand to invest in expansion.
- ★ Growing online capability to offer campus based students flexible 'blended delivery', and to support further expansion of course range.
- ★ Well positioned to make earnings accretive acquisitions.

Business Unit – Greenwich English College

Campus location:	Sydney CBD
Property type:	Leased since March 2012
Current Utilisation:	Currently average 90% utilisation, but soon to increase capacity by 33%
Features:	High quality purpose built fit-out; computer labs; student and teacher break-out zones



STUDENT NATIONALITY MIX

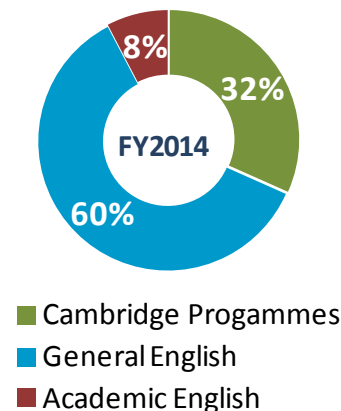


OPERATIONAL HIGHLIGHTS

- Strong student number and revenue growth, with further growth expected in FY2015.
- Sourcing students from over 200 active international student recruitment agencies both on-shore and off-shore.
- Largest single private provider ELICOS campus in Australia, currently enrolling over 3,500 unique students each year.
- Appointed as a streamlined visa processing (SVP) partner with New South Wales TAFE in November 2014.
- Strong partnership relationship with Cambridge University's English Language Assessment business.
- Broad student nationality mix.
- Will commence delivery of VET courses in FY2016.

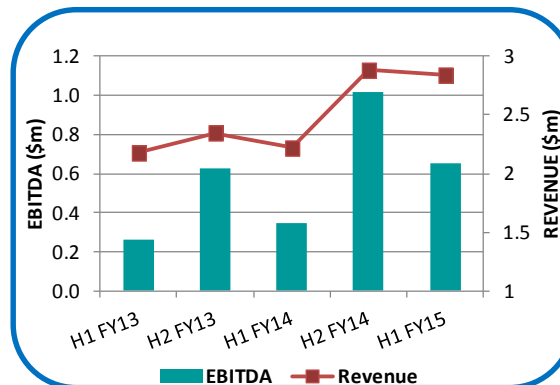


REVENUE BY SOURCE

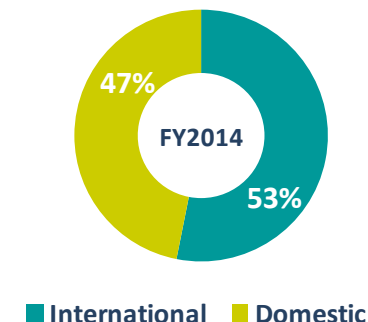


Business Unit – Academy of Information Technology

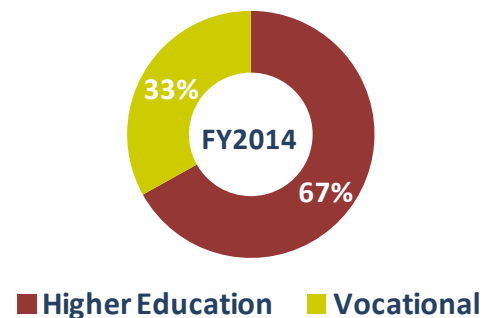
Campus location:	Ultimo, Sydney – a tertiary education and creative hub near UTS, Sydney Uni, and NSW TAFE.
Property type:	Leased since November 2010
Current Utilisation:	Circa 65% average; campus also used for overflow classes from Greenwich English College
Features:	High quality purpose built fit-out; computer and Mac labs; motion capture room, green screen room



REVENUE BY STUDENT TYPE



REVENUE BY COURSE TYPE



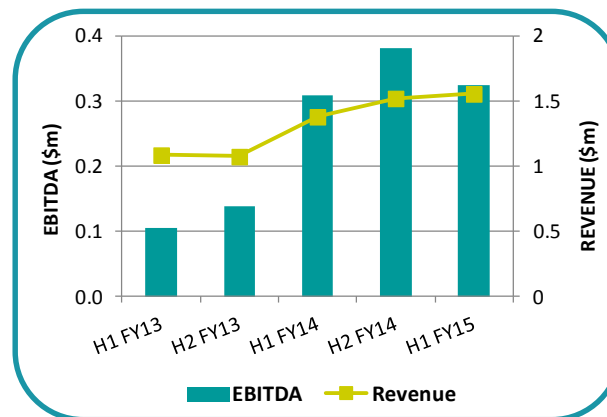
OPERATIONAL HIGHLIGHTS

- Approved by the Australian Government's Department of Immigration and Border Protection in November 2014 to participate in streamlined visa processing arrangements (SVP) for international students enrolling in AIT's advanced diploma and bachelor degree courses.
- Received Tertiary Education Quality Standards Agency (TEQSA) approval to commence delivery of a third Bachelor Degree, the Bachelor of Digital Design.
- Completed re-registration with TEQSA as a Higher Education provider for a period of seven years to February 2022.
- Refreshed branding and marketing collateral to be launched in April 2015.

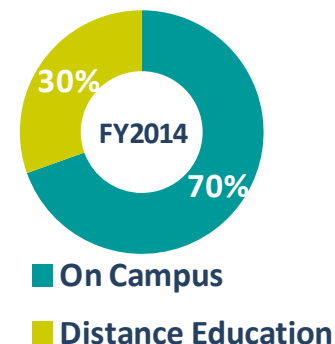


Business Unit – International School of Colour & Design

Campus location:	North Sydney CBD
Property type:	Leased since January 2014
Current Utilisation:	Circa 65%, with doubling of campus space in March 2015
Features:	New high quality purpose built fit-out with a unique design school features; computer labs; student and teacher break-out zones



REVENUE BY SOURCE

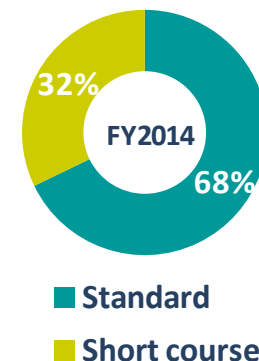


OPERATIONAL HIGHLIGHTS

- Relocated to new quality campus in January 2014, with higher student number capacity and significantly improved facilities.
- Doubled campus capacity in March 2015 to support launch of inStudio brand.
- First VET Diploma with VET-FEE HELP student tuition loans available commenced delivery in March 2015.

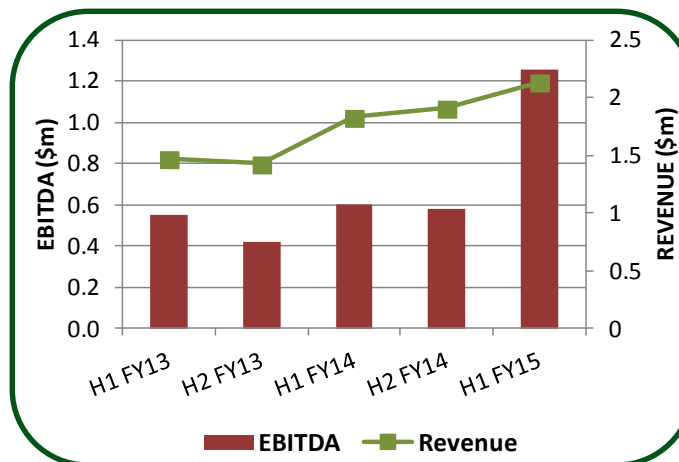


REVENUE BY COURSE TYPE

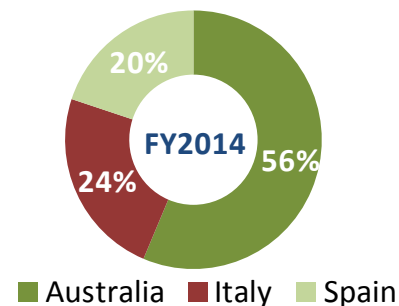


Business Unit – Go Study Australia

Office locations:	Sydney, Brisbane, Melbourne, Milan, Rome, Madrid, Barcelona, Valencia, Toulouse
Property types:	Leases
Features:	Functional general office spaces suitable for meeting and consulting with students.



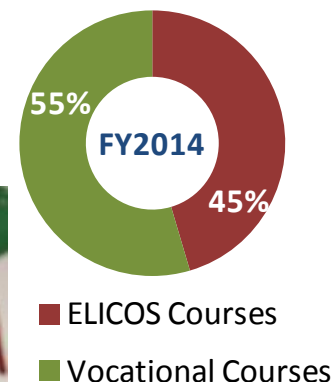
REVENUE BY COUNTRY



OPERATIONAL HIGHLIGHTS

- Recruits over 3,500 students per year to enrol into ELICOS, VET or HE courses of their choice.
- Holds over 20% market share of all international students entering Australia for study from Spain and Italy.
- Agreements with over 140 different tertiary education providers across Australia.
- Opened first office in France in September 2014.
- Opened Melbourne office in March 2015.

REVENUE BY COURSE TYPE



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