NZX RELEASE

23 February 2017

IQE – INTUERI 2016 PRELIMINARY RESULTS ANNOUNCEMENT

- Net Loss After Tax of $(23.3)m, including impairments of $15.1m
- Underlying EBITDA of $2.4m, compared to previous guidance of $3.2m
- Streamlined portfolio of New Zealand colleges performing to expectations post-restructuring
- Strategic review progressing and expected to be completed by the middle of the year
- Banking covenants breached, as previously advised. Terms are being discussed and agreed with the bank for a standstill agreement for the period of the strategic review.

Intueri Education Group (NZX: IQE) has today reported its unaudited, preliminary results for the 12 months to 31 December 2016 (FY 2016)*.

FY 2016 Financial Snapshot

$ Millions	FY 2016	FY 2015
NZ Domestic	*35.8*	*39.9*
NZ International	*20.6*	*21.5*
Australia	*20.0*	*27.7*
Other	*2.5*	*2.5*
Total Revenue	78.9	91.6
EBITDA	(0.8)	23.9
Significant non-recurring items	3.2	(2.4)
Underlying EBITDA	2.4	21.5
Impairments	(15.1)	(59.8)
Net Profit After Tax	(23.3)	(48.5)
Bank Debt	70.7	53.4

* The preliminary results are unaudited and have been prepared by Intueri management on a going concern basis. As the audit of Intueri's 2016 financial statements is still underway, the Intueri Board advises that the final results in the 2016 Annual Report, due by 31 March 2017, may have changes as a result of any new information or developments. The Directors anticipate receiving an unqualified audit opinion, with an emphasis of matter regarding material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern. See note 2 of the accompanying preliminary financial statements for more information.

The results reflect the consolidation of the New Zealand group of colleges during 2016 and the impact on Intueri's Australian businesses from the significant changes in the Australian regulatory environment.

The company reported total revenue of $78.9m (FY 2015: $91.6m) and EBITDA of $(0.8)m for FY 2016. A full year revenue contribution from NZIS Group (+$10.0m) helped to partially offset the reduced revenue due to the winding down of Quantum (-$12.6m) and the impact of funding caps on Australian online revenue (-$7.7m).

Operating costs increased in FY 2016 due to a full year inclusion of NZIS Group. A significant cost cutting programme was implemented during the year to take into account the more streamlined business going forward and to realise cost efficiencies, which will offset the revenue reduction from businesses being exited or restructured.

Non-cash impairments totalling $15.1m were taken against a number of Intueri's businesses, predominately in Australia of $7.5m; as well as Quantum and the Dive School in New Zealand; and Intueri Education New Zealand (IENZ) due in part to the phasing out of the ITTI brand. With impairments and other one-off costs, including restructuring costs of $2.2m, Intueri reported a Net Loss After Tax of $(23.3)m.

Intueri also reports Underlying EBITDA, which excludes significant non-recurring items such as restructuring costs. The Board believes this is the most appropriate measure of Intueri's operating performance. Underlying EBITDA was $2.4m compared to previous guidance of $3.2m. The primary difference was due to ceasing enrolments in Australia in Q4, higher marketing and administration costs in New Zealand and increased advisory costs.

Bank debt at year end was $70.7m, down from $72.6m at the end of 1H 2016. As advised, the company has breached its banking covenants for the period to 31 December 2016 but retains support from its bank. Intueri is currently working with the bank to agree terms for a standstill agreement for the duration of the strategic review that was announced on 3 February 2017.

OPERATIONAL REVIEW

Intueri operated through two divisions in FY 2016 – New Zealand (Domestic and International) and Australia Online.

New Zealand

The New Zealand division delivered a solid performance in FY 2016. Revenue was $58.8m for the year, 8% lower than FY 2015. Revenue included a full year contribution from NZIS Group (+$10.0m) which was acquired in November 2015. This was offset by a year on year $12.6m decline in revenue from Quantum Education Group which was restructured and wound down during FY 2016. The remainder of the lower domestic revenues were caused by the restructuring and relocation to a single site of the Design & Arts College and a phase out of the ITTI brand.

NZIS Group had its first full year transitioning to the Intueri group, and management is exploring synergies and additional growth opportunities. The remaining colleges (Cut Above, Elite and Academy) achieved solid revenue growth of 3% versus FY 2015.

A conditional Sale and Purchase Agreement has been signed for Intueri's Dive School and this is expected to be settled by the end of March 2017.

International revenues were impacted by the introduction of more stringent visa approval processes, particularly for students from the Indian subcontinent, as well as changes to permanent residency criteria which have impacted the number of students applying for study visas. This primarily affects Intueri's professional hospitality academy NSIA. Despite this, international revenue at Intueri's New Zealand schools held up well, with only a modest decline in year on year revenue, by 5% to $20.6m. Growth in Intueri's international revenue in IENZ and NZIS Group, outside the core NSIA college, showed encouraging growth, rising by $0.6m to $1.5m. Intueri has commenced a strategic project to identify and assess new International growth opportunities.

The NZ division was streamlined during 2016 and a number of Intueri's New Zealand colleges were amalgamated into IENZ, a single Private Training Establishment (PTE) which incorporates Cut Above, Elite, Design & Arts College and Academy. The IENZ amalgamation is providing cost efficiencies for Intueri as well as funding flexibility. The New Zealand division now comprises four Category 1 PTEs, operating under three college groups - NSIA, NZIS Group and IENZ. The division is well positioned for the future, with an efficient cost and operating structure and confirmed Tertiary Education Commission (TEC) funding in place for 2017.

Quality learning remains a key focus for management, with Cut Above (part of IENZ) and NZIS Group retaining their Category 1 status, and NSIA being upgraded from Category 2 to Category 1. There were no significant matters identified in any regulatory audits or reviews during 2016. The report on the TEC investigation of Quantum, which commenced in November 2015, remains the only outstanding matter and the report is expected shortly.

Australia Online

The regulatory changes in the vocational education sector in Australia have had an impact on all providers, including Intueri's Australian Registered Training Organisations (RTOs) - Conwal & Associates Pty Ltd (Conwal) and Online Courses Australia Pty Ltd. Student enrolments decreased due to funding caps limiting enrolments under the VET FEE-HELP (VFH) scheme. Revenue in FY 2016 was $20.2m, down 27% on the previous year.

The company continues to seek reconsideration of its request for a A$5.6m uplift in the VFH funding cap for 2016 as well as A$0.2m of residual funding from 2015. The 2016 requested uplift has not been included in FY 2016 revenues.

As previously announced, Intueri has concluded that operating under the new VET Student Loan (VSL) funding scheme would not be commercially viable. It has therefore advised that it will seek to voluntarily exit the VET sector in Australia by the end of 2017 when the current VFH scheme funding ends. Options are being explored to divest or exit the remaining Australian operations by the end of 2017.

Intueri is in discussions with the Department of Education and Training and the Australian Skills Quality Authority to enable Intueri to teach out existing students in 2017. Subject to the outcome of these discussions, delivery to students should be unaffected throughout 2017. The Australian group is forecast to operate in a break even position during the remainder of 2017, post the completion of a restructuring which is currently underway.

Net Student Enrolments and Course Completions*****

Course completion rates is an important measure as part of Intueri's quality learning mandate. In 2016, course completion rates (SAC funded students) for continuing businesses in New Zealand was 80% for Domestic students and 93% for International students, with a weighted average of 86% across both sectors.

Total New Zealand enrolments were down 37% on the previous year, as expected, due to restructuring in Quantum and the Design & Arts College. Solid growth was achieved in Intueri's continuing colleges, NZIS, NZCM, Cut Above and Elite, which was pleasing.

12 months ended 31 December	**2016**	**2015**	**Variance**
NZIS Group	*883*	*854*	*+3%*
Other IENZ Colleges (Cut Above and Elite)	*960*	*921*	*+4%*
Quantum, Academy and ITTI	*613*	*2,679*	*-77%*
Design & Arts College	*73*	*194*	*-62%*
Dive School	*86*	*93*	*-8%*
Total Domestic	**2,615**	**4,741**	**-45%**
Total International	**1,415**	**1,641**	**-14%**
Total NZ Enrolments	**4,030**	**6,382**	**-37%**

*** Net Enrolments is defined as students who have successfully enrolled and have gone past the withdrawal period during which they could be eligible for a refund.*

**** Course completions represent the percentage of students who successfully complete a course, being a component of a programme of study, as submitted in the Single Data Returns (SDRs) reported to the TEC*

As advised previously, Intueri's Australian VFH subsidiary, Conwal, ceased enrolling students during 2H 2016, pending cessation of the VFH scheme. Australian enrolments in 2016 were limited due to funding caps that were legislated late in 2015, and which applied throughout 2016.

Strategic Review and 2017 Outlook

A detailed strategic review of the company's operations, as announced on 3 February 2017, is underway. A number of capital restructuring and strategic options are being assessed and the review is expected to be completed by the middle of the year. There is no certainty that a bid will materialise or an acquisition be completed as a result of the review, and Intueri recommends that persons considering trading in Intueri shares seek professional advice prior to doing so.

Chair of Intueri, Mr Chris Kelly, said: "The last 12 months have been a challenging time for both the vocational education sector and for Intueri. Our focus has been on restructuring and streamlining our business, as we position ourselves for the changing industry environment.

"We will be moving forward in 2017 with a clear focus on continuing to deliver quality vocational learning opportunities for both domestic and international students through our three continuing New Zealand PTE groups (NSIA, NZIS Group and IENZ), and working through our exit from Australia by the end of 2017."

-Ends-

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About Intueri:
Intueri Education is a New Zealand headquartered group of private training establishments delivering vocational education to students in New Zealand and Australia and from around the world. We provide industry-appropriate courses and qualifications across a diverse range of industries, working closely with those industries to ensure training remains relevant and employment-outcome focused. Intueri is listed under the ticker symbol IQE.