



ASX / MEDIA RELEASE

6 JANUARY 2021

RedHill Education Limited

Market Update

RedHill Education Limited's (ASX:RDH) directors are pleased to provide the following market update in relation to the company's performance over the half year period ended 31 December 2020 (1H21).

KEY HIGHLIGHTS

- Domestic student revenues growing faster than earlier estimates which helped to deliver 1H21 consolidated revenues in the range of \$22.4 million to \$22.8 million*.
- Effective management delivered outperformance in cash inflows with \$23.1 million* cash on hand at 31 December 2020, beating the guidance provided at the November 2020 Annual General Meeting.
- Greenwich Management and Coder Academy student numbers up 8% and 36% for 1H21, respectively, over the prior year comparative period.
- Strong regulator recognition with 3 new undergraduate certificate courses approved for FEE-HELP student tuition loans and Commonwealth Government Funded Places to underpin future domestic student revenue growth.
- Revitalised Board has sharpened the focus on strategic growth initiatives.

RedHill's CEO, Glenn Elith, said:

"We are delighted with the levels of resiliency in the business, with positive momentum in our domestic student revenues partially offsetting short-term challenges in the international student market. Greenwich Management College and Coder Academy in particular have delivered pleasing growth in student numbers in 1H21, which we believe is testament to RedHill's positive brand reputation, industry leadership, strong financial position and agility to adapt to market demands."

"RedHill continues to invest in emerging growth opportunities and we have received strong regulatory recognition for our quality approach with 3 new undergraduate certificates being approved for FEE-HELP tuition loans and being awarded Commonwealth Government Funded Places, to be launched in early 2021. In addition, we have developed 3 new 100% online vocational diploma courses which will be launched in early 2021 and are expected to grow our online revenues."

"We have bolstered RedHill's balance sheet, and are confident that our strong cash position will enable RedHill to weather continued operating disruptions due to international border closures and to accelerate the recovery of international student revenues when borders do ultimately re-open."

A Trading Update accompanies this announcement.

* Subject to audit

Authorised for release to ASX by the Board of Directors of RedHill.

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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 LIMITED

TRADING UPDATE

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EXECUTING AGAINST KEY STRATEGIC PRIORITIES

1 Strengthened balance sheet and cash position:

- \$23.1m cash on hand at 31 December 2020; zero bank debt
- Ability to weather an extended period of uncertainty
- Resources and capabilities immediately available to invest in emerging revenue opportunities and to accelerate growth when international borders re-open

2 Trading resilience and agility in tough operating environment:

- 1H21 Revenues expected to be in the range of \$22.4m to \$22.8m, within the range announced at the November 2020 AGM
- Domestic student revenues outperforming earlier estimates, partially offsetting the impact of a short-term decrease in international student numbers

3 Purposeful investment in future revenue and profit growth initiatives on track:

- 3 new undergraduate certificate courses accredited in November 2020 to be launched in early 2021
- 3 new vocational diploma courses for 100% online delivery to be launched in early 2021

4 Expanding digital and technology capabilities:

- Proven online learning delivery capabilities
- Expanding possible new addressable markets
- Enhancing student support services and learning experiences

5 Realigned cost structures:

- Campus and office footprint rationalization
- Immediately available capacity and operating leverage to support fast return of international students

6 Experienced executive team and revitalized Board:

- Seasoned and highly capable executives with deep and relevant industry experience
- Recent director appointments to sharpen focus on strategic growth initiatives
- New Chair search underway



FINANCIAL PERFORMANCE – RESILIENCE IN TOUGH TRADING ENVIRONMENT

❖ 1H21 Revenues expected to be in the range of \$22.4m to \$22.8m:

- Greenwich English language international student numbers outperforming earlier estimates made when international borders first closed, and Greenwich Management international student numbers growing vs pcp
- Coder Academy student numbers +36% vs pcp and revenue growth +20% vs pcp
- Go Study onshore revenues have been more resilient than previously estimated and are in line with vs pcp

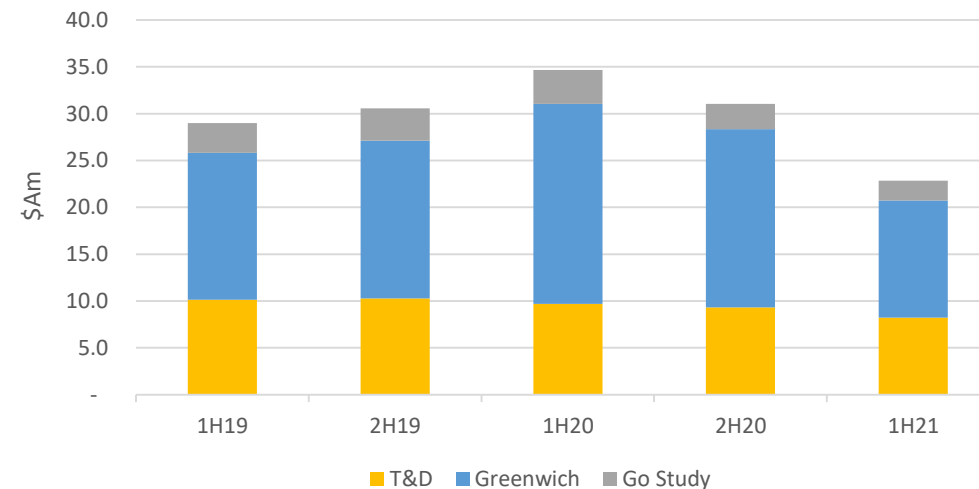
❖ Strong and well capitalised balance sheet position:

- Stronger business performance delivering greater net cash flows - cash balance at 31 Dec 2020 of \$23.1m (better than the range of \$21.0m to \$22.0m announced at the 19 Nov 2020 AGM)
- Ability to weather an extended period of uncertainty
- Resources and capabilities immediately available to invest in emerging revenue opportunities and to accelerate growth when international borders re-open

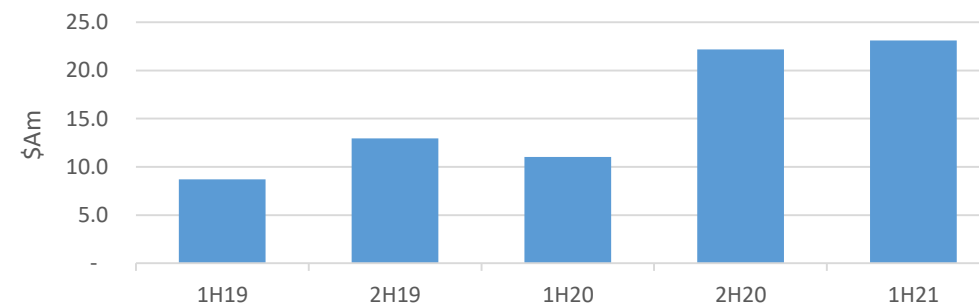
❖ Active ongoing cost management initiatives:

- Rationalisation of campus and office property portfolio – exited Kent Street, Sydney lease in December 2020 (relocating Go Study to existing premises)
- Partial employee stand downs continued until end of December 2020 for most non-teaching roles
- Offshore accounts transaction processing pilot commencing in January 2021

Revenues by Operating Segment



Cash on Hand at end of Period



NEW COURSES – ACTIVELY INVESTING IN EMERGING GROWTH OPPORTUNITIES

❖ Investing in developing and launching new courses to adapt to evolving market and capitalise on emerging revenue growth opportunities:

- At the forefront of capitalizing on the emerging market demand for 'short/intensive/bootcamp' accredited courses which are strongly aligned to in-demand industry skills and job outcomes
- Leveraging fast-tracked organizational capabilities around online course delivery and supporting remote students – expanding addressable markets for existing and new courses

❖ 3 new undergraduate certificates accredited by TEQSA¹ in November 2020 which have been approved for FEE-HELP tuition loans to eligible domestic students and awarded Commonwealth Government Funded Places to be launched in early 2021:

- Undergraduate Certificate in Programming
- Undergraduate Certificate in Data Analytics and Cloud Systems
- Undergraduate Certificate in User Experience Design

❖ Finalising development and accreditation of 3 new vocational diploma courses to launch to domestic students in early 2021 for 100% online delivery:

- Diploma of Business
- Diploma of Leadership and Management
- Diploma of Project Management



¹ TEQSA – Tertiary Education Quality and Standards Agency

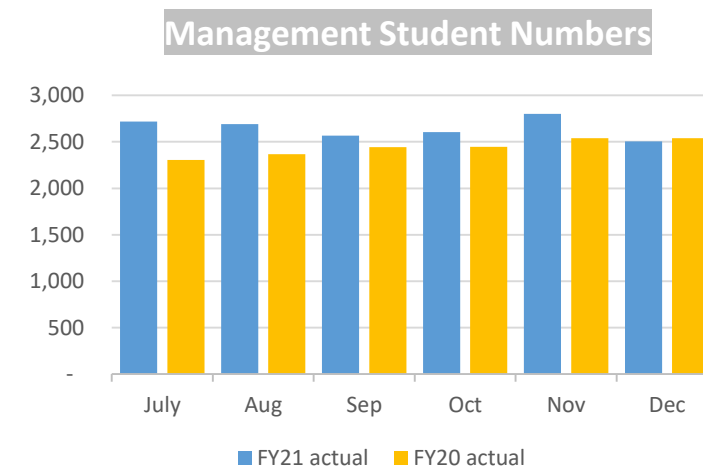
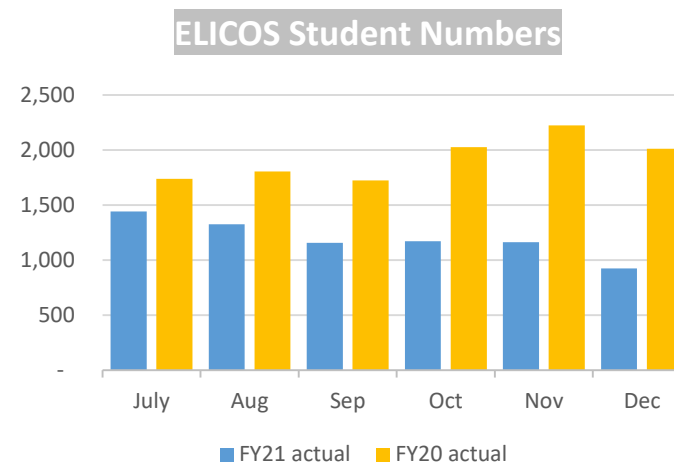
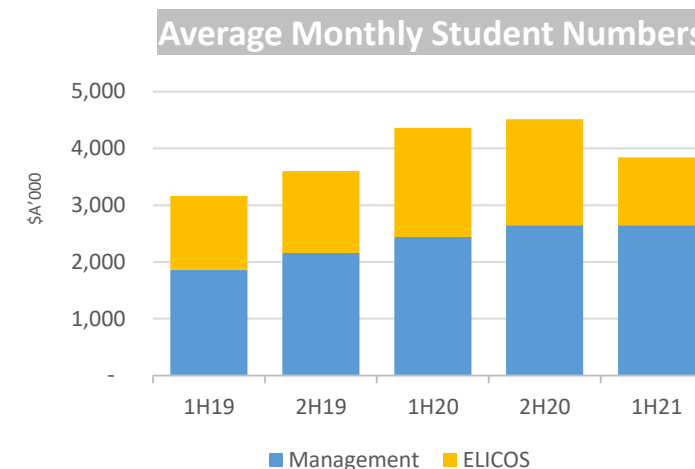
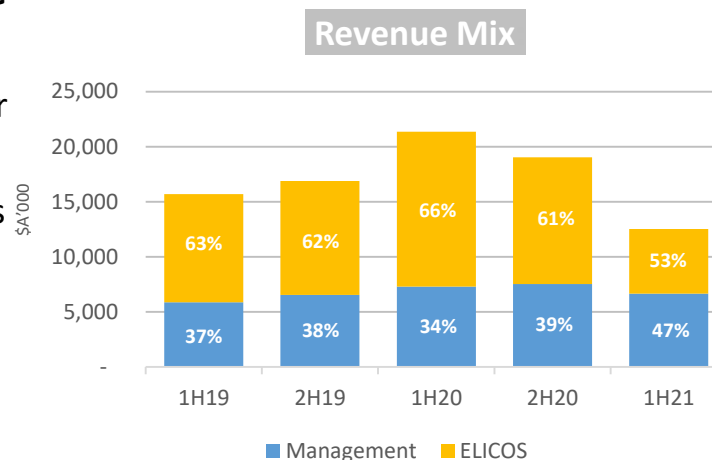
GREENWICH – A POWERFUL BRAND WHICH IS OUTPERFORMING PREVIOUS ESTIMATES

❖ English language (ELICOS¹) student numbers are more resilient than originally estimated:

- Students are choosing to continue or extend their studies
- Students are enrolling from other ELICOS colleges that have ceased operations
- Young adults on tourism or working holiday visas are changing to student visas

❖ Management certificate and diploma courses are growing student numbers:

- Average monthly student numbers up 8% in 1H21 vs pcg
- Greenwich preferred by students and international agencies assisting students due to its strong brand reputation, robust financial position, and having confidence in its ability to deliver high quality levels of service
- Higher student retentions than previously estimated with more students choosing to remain in Australia
- New enrolments are surpassing expectations



¹ ELICOS – English Language Intensive Course of Study

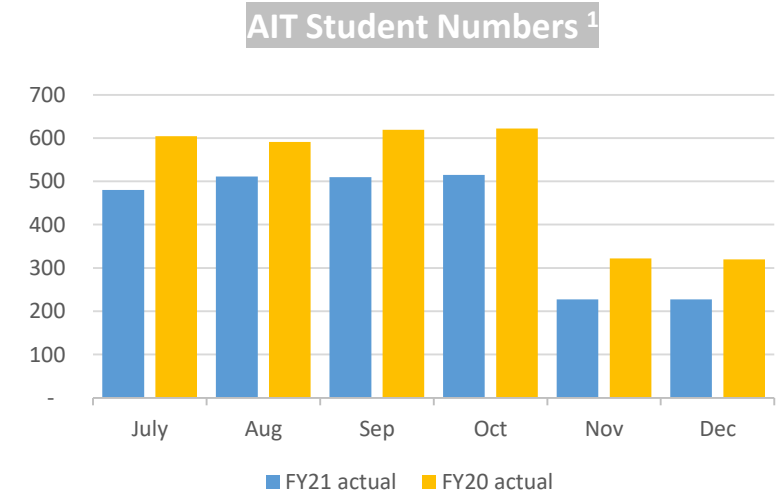
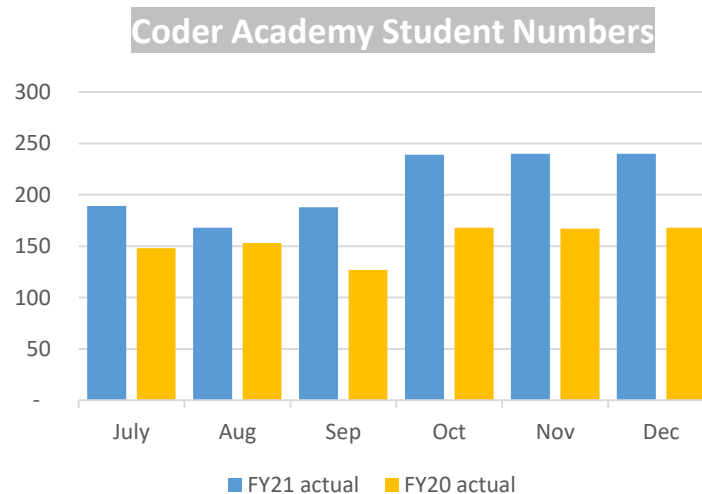
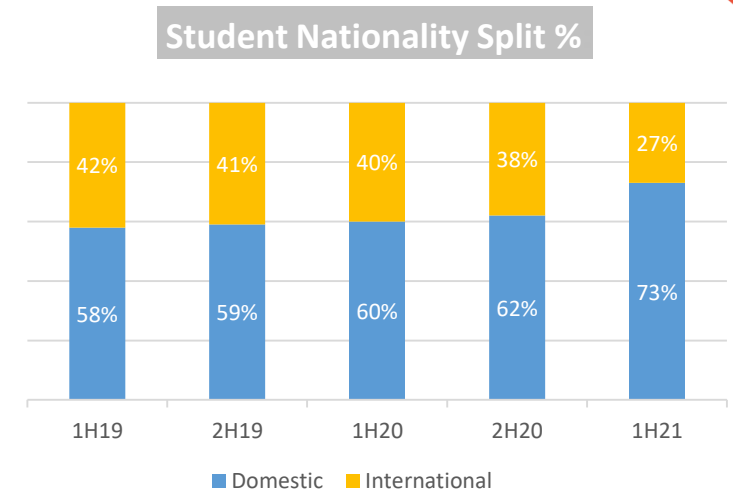
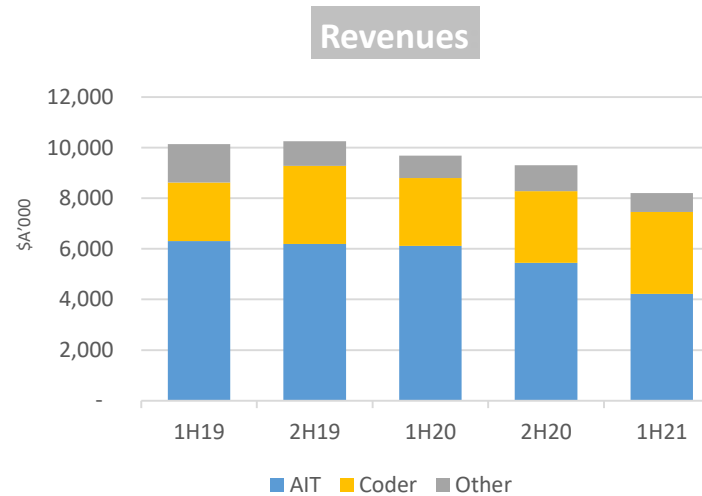
TECHNOLOGY & DESIGN – STRONG DOMESTIC STUDENT GROWTH

❖ Coder Academy (Coder) performing strongly with increased demand and student numbers:

- +56 students or 36% growth in 1H21 vs pcp
- 1H21 revenues +20% vs pcp
- Market leading online learning delivery platform delivering growth by allowing students to complete courses remotely
- Continued success with internship placements despite working from home challenges

❖ Academy of Information Technology (AIT) student numbers showing resilience despite expected decline in international student numbers:

- Growth in domestic student numbers has outperformed expectations, partially mitigating the expected short-term reduction in international student numbers



¹ Lower student numbers are expected each year in November, December and January (being the summer semester which is optional for most students)

GO STUDY – ONSHORE MARKET RESILIENCE

❖ **Go Study 1H21 Revenues of approximately \$2.0m, overperforming against previous estimates when international borders closed.**

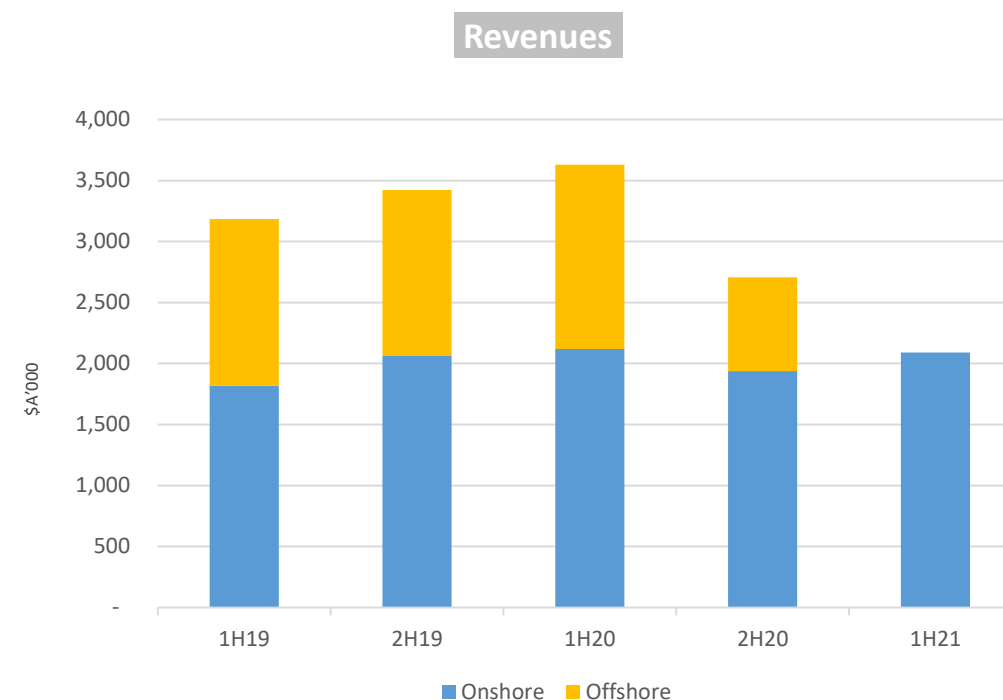
❖ **Onshore generated revenues demonstrating resilience:**

- Students are continuing with planned studies once in Australia
- Some students are extending their studies in Australia instead of going home
- Assisting some students who have been displaced by other agencies or colleges that have ceased operations
- Targeting working holiday and tourism visa markets for new business (people already in Australia)

❖ **Go Study Canada launched in November 2020 to prospective students located in Europe and South America in response to Canada opening its borders to international students in late 2020.**

❖ **Go Study offshore offices in Spain, Italy, France and Chile have been temporarily closed and employees mostly temporarily stood down:**

- Prudent accounting policy of not recognizing any offshore revenues whilst Australian borders remaining closed to international students – zero offshore revenues in 1H21



FUTURE OUTLOOK

❖ Well positioned to quickly re-build international student numbers when borders re-open and arrivals into Australia resume:

- Actively engaging with Commonwealth and State Governments and industry bodies to participate in initiatives supporting the resumption of international student arrivals as part of the Australian Government's Roadmap to a COVID Safe Australia
- Retention of high quality campus facilities and operating leverage to enable fast recovery of international student numbers when borders re-open
- Strong balance sheet and cash position to weather an extended period of uncertainty and to invest in marketing initiatives when borders re-open

❖ Building upon demonstrated capabilities to quickly adapt to evolving COVID-19 and market circumstances:

- Successfully moved to 100% or partial online course delivery using market leading technologies without disrupting student course progress, and continued to achieve positive student outcomes and satisfaction measures
- Purposefully proceeded with investments in future revenue and profit growth initiatives including launch of new courses
- Accelerated development of digital and technology capabilities to further expand addressable markets and enhance student support and experiences
- Energized and engaged senior management supported by revitalized Board of directors





THANK YOU

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