

**NZX RELEASE**

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**IQE TO EXIT AUSTRALIAN VET SECTOR, BUSINESS REVIEW UNDERWAY**

- Capital restructure and strategic options review underway
- Intueri to exit Australian VET sector
- Dive School conditional Sale and Purchase Agreement signed
- Debt restructure discussions continuing with banking partner

The Board and management of Intueri Education Group (NZX: IQE) are currently undertaking a detailed and carefully considered strategic review of the company's operations, both in Australia and New Zealand.

In particular, this is taking into account the changes in the regulatory environment in Australia, the performance of the new streamlined portfolio of colleges in New Zealand and Intueri's capital structure. Following approaches from a number of interested parties, and reflecting Intueri's current financial position, the Board is assessing capital restructuring and strategic options, which may include the potential divestment of its business operations.

The Board will continue to keep the market advised of relevant information. Shareholders are cautioned against speculating on potential outcomes. There is no certainty that a bid will materialise or an acquisition will be completed, and Intueri recommends that persons considering trading in Intueri shares seek professional advice prior to doing so.

**Intueri to Exit Australian Vocational Education Training (VET) Sector**

The regulatory changes in the vocational education sector in Australia have had an impact on all providers, including Intueri's Australian subsidiaries. In particular, the more restrictive parameters and capped funding of courses in the new VET Student Loan (VSL) scheme have significantly changed the operating environment for all vocational education providers.

The Intueri Board has considered a number of options for the Australian business, including non-VET funded revenue streams, and concluded that operating under the new VSL scheme would not be commercially viable or profitable. Therefore, Intueri's Australian VET subsidiary, Conwal & Associates Pty Ltd (Conwal) will not be applying for approval to enter the new scheme from July 2017, and intends to voluntarily exit the VET sector in Australia by the end of 2017 when the current VET FEE-HELP (VFH) scheme funding ends. It is also expected that Intueri's other Australian Registered Training Organisation (RTO), Online Courses Australia Pty Ltd (OCA), will voluntarily cease delivery at the same time as Conwal.

During the remainder of 2017, the Australian group is forecast to operate in a break even position. As a result of the changing environment, Intueri has decided to explore options to divest its remaining Australian operations by the end of 2017, which is likely to include VFH teach out and other non-VET funded revenue streams.

The welfare of students is paramount and Intueri is in discussions with the Department of Education and Training (DET) and the Australian Skills Quality Authority (ASQA) 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.

Intueri is still awaiting notification of the compliance status of its two Australian colleges, Conwal and OCA, following Intueri's response to last year's ASQA audits; and a response from the DET with regard to reconsideration of its request for an uplift in the VFH funding cap for 2016.

### **Streamlined Portfolio of New Zealand Colleges Performing to Expectations**

Intueri's New Zealand division, which comprises four Category 1 Private Training Establishments (PTEs), performed to expectations in 2016. The benefits of the cost saving initiatives put in place last year are now being realised. Confirmed Tertiary Education Commission (TEC) funding is in place for 2017, as previously advised.

With regard to Intueri's other colleges in New Zealand that are to be discontinued, a conditional Sale and Purchase Agreement has been signed for the Dive School, with settlement scheduled by the end of March 2017. The report on the TEC investigation of Quantum is expected shortly, with an update to be provided to the market once the outcome is confirmed with the TEC. Intueri expects that this report will allow the SFO to progress and conclude their enquiry with respect to this matter. Quantum is the only outstanding regulatory matter for Intueri's New Zealand operations.

### **Banking Status**

Intueri is currently finalising its full year preliminary results for the twelve months to 31 December 2016 and, as previously advised, expects to breach banking covenants for this period. Intueri continues to work with its bank to restructure its debt finance facilities.

Intueri is scheduled to release its 2016 full year preliminary results on 23 February 2017.

Chair of Intueri, Chris Kelly, commented: "It is disappointing that the significant changes to the Australian vocational education sector have meant it is uneconomic for Intueri's Australian subsidiaries to continue to operate in the VET sector. Whilst there are opportunities to build our business operations without access to government VET funding, Intueri's current financial position does not allow us to put this medium term investment in place, and hence we are reviewing options to divest or close our Australian operations. We are hopeful we can secure a smooth teach out period for our students to allow them to continue their studies, and with minimal disruption to our staff and operations. We remain in close dialogue with our banking partner and expect to make significant progress assessing capital restructuring and strategic options over the next two to three months."

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### **For more information, please contact:**

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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.