



Update on Vocation's Strategic Review and Appointment of New CEO

26 March 2015

The Chairman of Vocation Limited (VET), Mr Doug Halley, today announced:

- Further progress on the strategic review following the successful sales of ASM / ACAE and Endeavour Learning Group;
- Substantial repayment of bank debt; and
- Senior management restructure for the remaining core business, including the appointment of Mr Stewart Cummins as CEO and Managing Director.

As a result of the recent divestments, Vocation has reduced bank debt to less than \$10 million. This will be further reduced by the planned sale of the VETtrak software business, considered non-core to Vocation's education and training businesses, which is expected to be finalised in April / May 2015.

The Vocation Board is now focused on growing the core businesses of Real Institute and AVANA. The leading customer service certification business, Customer Service Institute of Australia, will also continue offering value added services to many corporate clients.

"The Company will focus on strategic development under these three brands and grow quality education offerings that leverage our core competencies", Mr Halley said. "These businesses are expected to grow through an expansion of the corporate clientele and direct student enrolments."

Mr Mark Hutchinson, the outgoing Group CEO and MD, said "In the past 4 months Vocation has overhauled its quality and compliance processes and it now has a viable ongoing business with a focused revenue stream. We have reset the cost base of the Company with significant savings in expenditure on overheads and operating costs, including:

- Rationalisation of office locations, delivering cost savings and improvements in operational effectiveness and efficiency; and
- Alignment of staffing with activity levels and reduction of managerial layers.

"The financial benefits of these reductions will be fully reflected in FY16 results."



As part of the restructure the Group Managing Director and Vocational Education & Training Division CEO roles will be merged, with the current VET Division CEO, Mr Ross Robinson, departing. "The Company thanks Ross for his contribution and wishes him all the best for the future," Mr Hutchinson said. "I will also be effecting my previously advised resignation as CEO and Managing Director on 1 May 2015. I am proud to have assisted the Company to complete the strategic review and to sustain a presence in the VET sector. Now this restructure is complete, it is time to introduce the new CEO, Stewart, whom I've been very impressed with over the past few months, to drive the business forward."

Commenting on Mr Hutchinson's tenure as CEO, Mr Halley said, "Mark has demonstrated strong leadership, integrity and determination in working through a series of challenging situations for Vocation, particularly over the past 6-9 months.

"From IPO he spearheaded Vocation's growth strategy, improved systems, processes and quality control, and his business AVANA has continued to grow and produce quality student outcomes since the IPO in 2013. Mark leaves Vocation with our best wishes and appreciation for his contribution."

Mr Halley said Mr Cummins' appointment as CEO and Managing Director will be effective from 1 May 2015. The month of April will be a handover period. The key terms of Mr Cummins' contract are appended to this announcement.

"Since taking on the role of interim CFO in December 2014, Stewart has worked closely with Mark and the Board to conduct the strategic review and deal with the various banking, investor, internal control and regulator issues. Stewart has demonstrated the key qualities that Vocation needs over the next few years in particular, and is the preferred choice from internal and external candidates. The Board is very pleased that Stewart has agreed to accept this appointment."

Prior to joining Vocation, Mr Cummins was Chief Financial Officer at waste management provider, Transpacific Industries, a position he held from 2011 to October 2014. Prior to joining Transpacific Industries, he was Chief Financial Officer at TNT Australia from October 2005 to May 2011. Mr Cummins held senior financial roles with companies including Multiplex, Dairy Farmers and Caltex Australia. Mr Cummins is a Fellow of the Institute of Chartered Accountants in Australia, a Graduate Member of the Australian Institute of Company Directors. He holds a Bachelor of Economics from Macquarie University and postgraduate Master of Management from MGSM.



“In the coming weeks Vocation expects to announce the outcomes of the strategic review and its revised financial guidance incorporating the changes to the business portfolio,” Mr Halley concluded.

The Company has already embarked on a search for a replacement CFO.

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APPENDIX

CHIEF EXECUTIVE OFFICER – KEY TERMS OF ENGAGEMENT

Item	Description
Total Fixed Remuneration	<ul style="list-style-type: none"> \$600,000, inclusive of statutory superannuation (initial gross Base Salary of \$547,945.21 per annum) Statutory annual leave, personal leave and long service leave provisions
Short Term Incentive	Nil
Long Term Incentive (LTI)	<ul style="list-style-type: none"> See below for details of LTI offer. The Performance Rights will be offered pursuant to the Vocation Performance Rights Plan as previously released to the market and will be subject to shareholder approval at the 2015 Annual General Meeting.
Termination	<p>By the Company</p> <ul style="list-style-type: none"> Without notice immediately with cause; With Notice - 6 months' notice. The Company may elect to make a payment of fixed remuneration in lieu of part of or the whole of the notice period <p>By Mr Cummins</p> <ul style="list-style-type: none"> 6 months' notice <p>Non-compete and non-solicitation period of up to 12 months</p>

Performance Rights:

Tranche	Number	Exercise Price	Vesting Date	Expiry Date	Service Condition
1	2,750,000	Nil	On grant	1/05/2016	Immediate vesting
2	1,000,000	\$ 0.25	1/05/2016	1/05/2017	Subject to continued employment with the Group to 1 May 2016
3	1,000,000	\$ 0.50	1/05/2016	1/05/2017	Subject to continued employment with the Group to 1 May 2016
4	2,000,000	30 day VWAP to 1 May 2017	1/05/2017	1/05/2018	Subject to continued employment with the Group to 1 May 2017
5	2,000,000	30 day VWAP to 1 May 2018	1/05/2018	1/05/2019	Subject to continued employment with the Group to 1 May 2018
Total	8,750,000				