



REDHILL EDUCATION

ASX / MEDIA RELEASE

31 MAY 2021

RedHill Education Limited

Market Update – RedHill Maintains Strong Cash Position

RedHill Education Limited's (ASX: RDH) directors are pleased to provide the following market update in relation to the company's expected financial performance for the year ending 30 June 2021 (FY21).

FY21 OUTLOOK – STRONG CASH POSITION AND REVENUE BETTER THAN EXPECTED

RedHill has been impressive in adapting to challenging trading circumstances caused by the COVID-19 pandemic, and has demonstrated industry-leading resilience in servicing both its domestic and international student markets.

FY21 consolidated financial results are projected to significantly outperform previous estimates and are expected to feature:

- **Strong cash position:** closing cash balance (including term deposits) at 30 June 2021 in the range of \$24.5 to \$25.5 million (versus 31 December 2020 cash balance of \$25.6 million);
- **Positive operating cashflows:** operating cashflows in the range of approximately \$4.5 to \$5.0 million (including total JobKeeper receipts of approximately \$5.0 million); and
- **Better than expected revenues:** consolidated revenues better than management expectations and in the range of \$43.0 to \$44.0 million (34% to 31% decrease against corresponding prior financial year).

FY21 OUTLOOK – STRONG DIVISIONAL PERFORMANCE

FY21 divisional financial performance highlights are expected to include:

- **Excellent growth at Coder Academy:** Coder Academy revenues growing faster than previous estimates at approximately 16% against the prior financial year;
- **Surprisingly strong international student numbers at GMC:** Greenwich Management College student numbers growing faster than previous estimates at approximately 25% increase against the prior corresponding year (approximately 3,400 Greenwich Management College students actively studying at end of May 2021);
- **Domestic student revenue outperformed:** consolidated domestic student revenues growing faster than previous estimates at approximately 4.5% to 6.0% against the prior financial year; and
- **Better than expected performance at GEC:** Greenwich English College student numbers declining more slowly than previous estimates at approximately 25% decline since December 2020 (approximately 700 Greenwich English College students actively studying in May 2021).

RedHill's international student numbers and revenues have been demonstrably stronger than previous estimates with existing students choosing to continue or extend their studies, and new students choosing to enroll into RedHill courses instead of other colleges which are financially vulnerable or have ceased operations.

RedHill is extremely pleased with the prospective domestic student interest being shown towards its recently accredited Undergraduate Certificate courses where students have access to tuition support via Commonwealth Government Funding, and we are delighted to welcome our first cohort of students undertaking these courses who commenced their studies this week.

FOCUS ON SUSTAINABLE COST CONTROLS

RedHill has made significant efforts to tightly manage its variable costs in response to the negative impacts of COVID-19 upon student numbers and revenues. Directors are pleased to report that education labour costs and agent commissions (cost of services) have continued to be successfully managed on a relatively consistent proportionate basis against actual revenues. In addition, other sustainable non-teaching cost reductions, including headcount reductions, have been made without adversely impacting the quality education experience or service levels provided to our students.

RedHill's CEO, Glenn Elith, said:

"RedHill continues to maintain its strong balance sheet, with the cash balance (including term deposits) expected to be between \$24.5 and \$25.5 million at 30 June 2021. This meaningful cash balance will enable RedHill to continue to navigate and manage the disruptions caused by COVID-19, and gives us confidence we will be one of the big winners when borders reopen.

We are extremely pleased with the ongoing resiliency in the business, with both domestic and international student numbers continuing to exceed previous expectations. Although the international student market continues to face short-term challenges posed by closure of international borders, GMC continues to grow strongly due to its impressive competitive position and the COVID-19 impact on GEC has been partially offset by RedHill's growing domestic business and our focus on tight control of costs.

Going forward, we expect continued international border closures to further impact our international student business. However, we remain encouraged by efforts of State and Federal Governments to develop plans to recommence international student arrivals into Australia in a safe and supported manner, and we are actively working with the NSW State Government on its upcoming programme to re-commence international student arrivals into NSW later in 2021."

UPDATE ON UNSOLICITED TAKEOVER OFFERS

RedHill is currently under takeover offer from both UCW Ltd and iCollege Ltd. RedHill's directors continue to unanimously recommend that shareholders **REJECT** and to **TAKE NO ACTION** in relation to both the UCW and iCollege offers.

As announced on 23 March 2021, RedHill confirms that it has engaged in material discussions with UCW's board of directors. However, it notes that there is no agreement in place and no certainty that these discussions will result in a transaction.

RedHill will continue to keep shareholders informed of any material development in relation to these offers. The RedHill Board is committed to acting in the best interests of all shareholders and to maximising shareholder value.

Should you have any queries regarding the Offer, please contact the RedHill shareholder information helpline on 1300 148 799 or +61 3 9415 4265.

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

CONTACTS

Glenn Elith
Chief Executive Officer
Email: gelith@redhilleducation.com

Lisa Jones
Company Secretary
Email: lisa.jones@redhilleducation.com

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.