



iCollege Limited

(ASX:ICT)

**Offer to acquire
Redhill Education**

**A SYNERGISTIC APPROACH
TO DRIVING GROWTH AND
CREATING SHAREHOLDER VALUE**

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This presentation has been prepared by iCollege Limited (ICT) in relation to its proposed off-market takeover bid to acquire all of the ordinary shares in RedHill Education Limited (RedHill), in accordance with Chapter 6 of the Corporations Act 2001 (Cth) (Corporations Act).

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The Directors of
iCollege unanimously recommend
that Redhill Education Shareholders
ACCEPT this offer

Transaction Overview

TRANSACTION DETAILS

- ✓ iCollege Limited (**ICT**) Limited is proposing a takeover offer (**the Offer**) to acquire 100% of RedHill Education Ltd (**RedHill or RDH**)
- ✓ **7.6** fully paid ordinary shares in ICT for every ordinary share on issue of RedHill
- ✓ The Offer implies a value of approximately **\$0.99** per RedHill share
 - **16.4%** premium to RedHill's current share price¹
 - **29.4%** premium to RedHill's undisturbed share price prior to UCW's offer
 - **45.6%** premium to RedHill's undisturbed 30-day VWAP
 - **65%** premium to RedHill's capital raise completed in July 2020
- ✓ **ICT's offer is superior to UCW's offer of 4.5 UCW shares per RDH share, representing \$0.855 per RDH share²**

KEY HIGHLIGHTS

- ✓ Creation of a champion education portfolio by combining two Australian industry leaders
- ✓ Integration of complementary businesses that benefit from expanded geographical footprint, broadened course offerings and opportunity to extend student lifecycle
- ✓ Immediate and ongoing realisation of revenue and cost synergies for the combined group
- ✓ Stronger balance sheet facilitating future growth opportunities
- ✓ Increased liquidity and greater capital market significance
- ✓ Combining two highly experienced board and management teams with proven track records
- ✓ Significant value creation for both sets of shareholders

1 Based on the value of each Redhill Education ordinary share of \$0.85, being the closing share price on 24th March, 2021, the last trading day prior to the release of the Bidder's Statement.
2 Based on the value of each UCW ordinary share of \$0.19, being the closing share price on 24th March, 2021, the last trading day prior to the release of the Bidder's Statement.

Offer Premium Analysis

RDH Implied offer Price Per Share

\$0.99

Implied Equity Value

\$50.3m

% of Shares Acquired

100%



¹ Based on RDH share price at 11 December 2020 (day prior to UCW Bidder's Statement)

² VWAP is calculated for the period up to and including 11 December 2020, the last trading day prior to the date of the UCW Bidder's Statement. VWAP is calculated based on cumulative value divided by cumulative volume traded on ASX

³ Offer premium relative to the RDH recent capital raise price of \$0.60, completed in July 2020

⁴ Based on the value of each RDH share of \$0.85, being the closing price on 24 March 2021, the last trading day prior to the date of the Bidder's Statement

⁵ Based on the value of each UCW share of \$0.19, being the closing price on 24 March 2021, the last trading day prior to the date of the Bidder's Statement multiplied by the exchange ratio of 4.5 fully paid ordinary shares in UCW for each ordinary voting share on issue in RDH, being the exchange ratio outlined in the UCW Bidder's Statement (i.e. \$0.19 multiplied by 4.5)

Company Overview

	iCollege	Redhill Education
Market segment	ELICOS, VET and English language testing	ELICOS, VET, Higher education and international student recruitment
Student sector	Domestic and International	Domestic and International
Revenue split	46% international students and 54% domestic students	85% international students and 15% domestic students
Course mix	English language, business, leadership and management, health and community services, building and construction, hospitality and IT	English language, business, leadership and management, IT, coding, mobile app development, digital design, interior design
Locations	Adelaide, Brisbane, Canberra, Gold Coast, Perth and Sydney	Brisbane, Melbourne and Sydney
Student recruitment offices locations	N/A	Australia, Chile, Colombia, France, Italy, Mexico, Spain
Funding sources	Subsidised state government funding contracts in ACT, NSW, QLD, SA, WA and fee for service	FEE-HELP, Commonwealth Supported Places, Vet Student Loans (VSL) and fee for service
Board and management ownership	13.0%	1.5%
Market capitalisation	A\$75.6 M*	A\$43.2 M*
Brands	    	      

Reasons for **REDHILL** Shareholders to Accept



- ✓ The Offer represents an attractive premium to all of the relevant metrics, including the competing UCW offer and the undisturbed share price of Redhill Education Shares prior to the announcement of the UCW offer.
- ✓ Combining iCollege and Redhill Education brings together two Australian industry leaders creating a champion education portfolio delivering:
 - diversified earnings base
 - expansive geographic footprint
 - immediate and long-term cost and revenue synergies, otherwise not available on a standalone basis
 - strengthened balance sheet
 - greater liquidity and increased market capitalisation
- ✓ On a standalone basis, there is uncertainty surrounding the timing of the recovery for Redhill Education given its exposure to the international student market and ambiguity around the easing of international border restrictions
- ✓ iCollege employs a highly regarded and experienced board and management team that has a demonstrated track record of prudent cash management, turnaround, acquisition, and integration experience.
- ✓ Should you choose to reject this complementary and synergistic offer, there are risks in remaining a minority shareholder in Redhill Education..
- ✓ No other superior proposal has emerged for your Redhill Education Shares at the date of this Bidder's Statement.
- ✓ Redhill Education Shareholders who are Australian residents are not expected to pay stamp duty or brokerage to accept the Offer.
- ✓ You may be eligible for CGT rollover relief.

Significant **Cost Synergies**

Immediate and ongoing realisation of targeted cost synergies for the combined group

Category	Description of Key Costs	Cost Savings	Time Frame
Cost of services	<ul style="list-style-type: none">• Student acquisition costs (agent commissions)• Teaching resource costs	\$1.0m	3-24 months
Corporate costs	<ul style="list-style-type: none">• Public company expenses• Board and executive costs	\$0.6m	0-4 months
Sales, general & administration	<ul style="list-style-type: none">• Marketing costs• Administration costs• General business costs	\$0.5m	0-12 months
Employee expenses	<ul style="list-style-type: none">• Salaries and employee costs	\$1.2m	0-12 months
Property	<ul style="list-style-type: none">• Occupancy costs	\$0.4m	0-12 months
Total		\$3.7m	

Cost Synergies

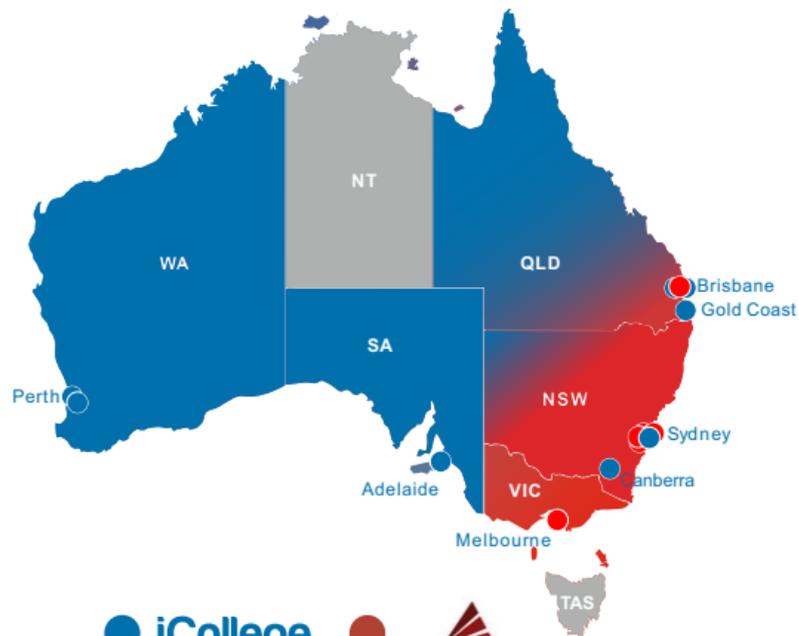
Expansion of Student Channels

Creates a leading, diversified portfolio of education businesses, positioned to invest, innovate and compete in a rapidly growing marketplace

- Approximately, 90% of Redhill's domestic revenue is derived from NSW and VIC. Comparably, iCollege derives over 90% of its current revenue from QLD, SA and WA
- The combined group creates significant opportunities to expand the geographic delivery locations of current course offerings, creating operating advantages and a more balanced geographical revenue base.
- Both entities benefit from greater utilisation of all campuses through the provision of additional training offerings to both domestic and international students.

ICT Campuses	
Brisbane	2
Perth	2
Sydney	1
Adelaide	1
Gold Coast	1
Canberra	1
Total Locations	8

RDH Campuses	
Sydney	4
Melbourne	1
Brisbane	1
Total Locations	6



Complementary Portfolios



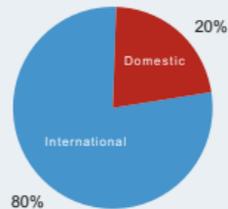
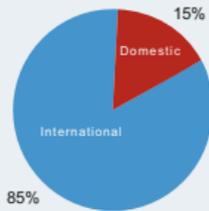
iCollege



Pro Forma Group

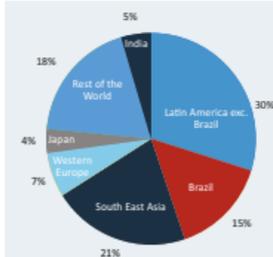
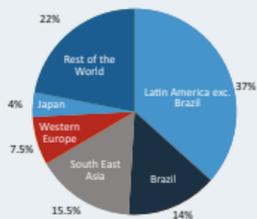
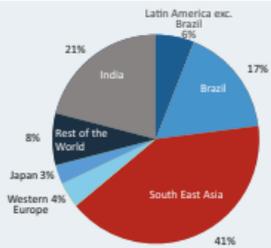
Commentary

Revenue by Domicile¹



- Highly complementary student bases. RedHill has an 85% reliance on international students where ICT has managed to rapidly move to 54% domestic students during HY1 FY21

Students by Region²



- The Combined Group has access to ~450 international agents. RedHill enjoys significant reputation throughout Latin America and Europe with ICT drawing significant enrolments from India, Korea and SE Asia.

¹ Based on RDH target statement and ICT FY2020 Annual report

² Based on HY1 FY21 results presentation for RDH for Greenwich College and ICT HY1 FY21 results presentation

Enhanced Product Offering

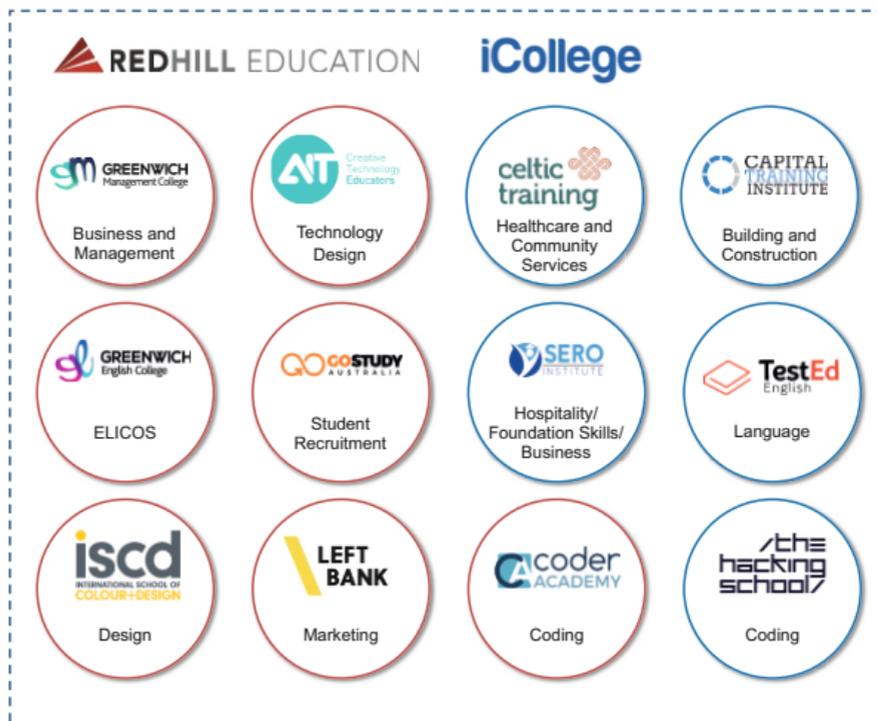
Extensive Product Offering to Prospective Students

Combined Group offering increases significantly with ICT experiencing sustained growth in the health, community services and hospitality sectors due to ongoing skill shortages experienced in Australia

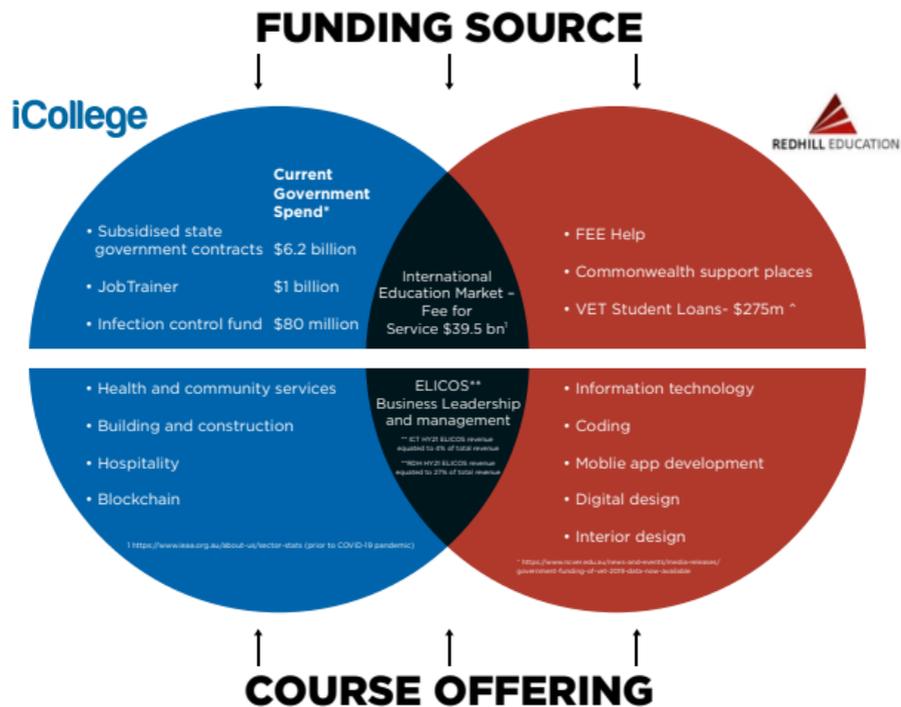
Extended Student Lifecycle

Significant up selling and cross selling opportunities across several quality brands will immediately become apparent in the combined group

The broader course offering provided by the combined entity will allow for greater student participation and retention across the diverse brands.



Complementary **Course Mix and Funding Sources**

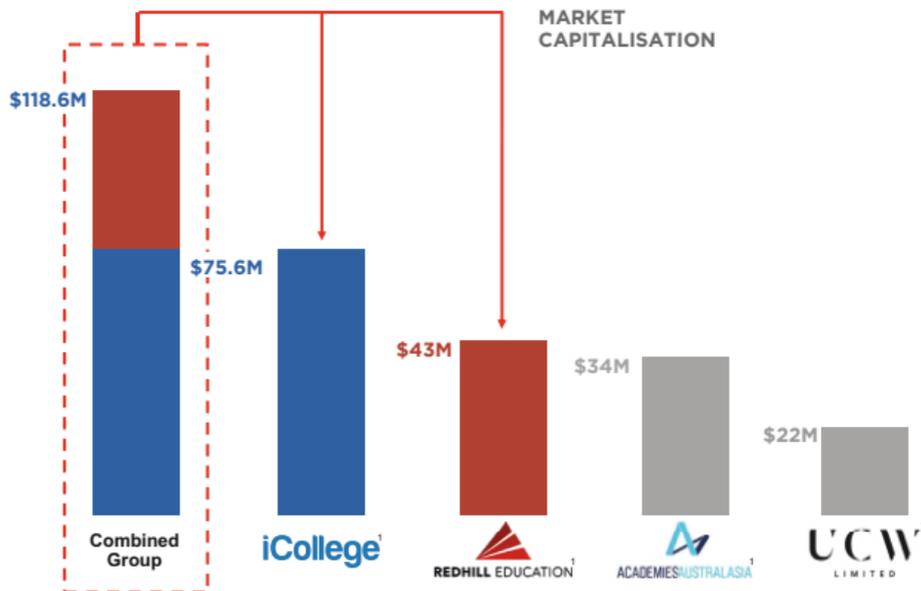


only

Leading Australian Education Portfolio

Combines two Australian industry leaders, creating a champion Education provider with a national footprint across a broad suite of well regarded brands

- Due to iCollege's larger average daily trading volume over the last 12 months, the merger should provide greater liquidity to RedHill shareholders
- Further industry consolidation can be achieved through complementary acquisitions of organisations that share the same values and vision.
- After realisation of cost and revenue synergies, ICT's acquisition of RDH is expected to be earnings accretive



¹ Based on the closing share price on the 24th of March, 2021 for iCollege, Redhill Education, Academies Australasia and UCW Limited

A Compelling **Transaction for Both Sets of Shareholders**



The offer is a premium to a range of trading measure including the recent competing offer

- ✓ Delivers immediate scale, increased revenue, profitability and balance sheet strength
- ✓ Greatly expanded course offerings under 12 quality and recognised brands
- ✓ Campus numbers can be rationalised to create greater facility utilisation resulting in significant margin improvement
- ✓ Greatly enhances organic growth opportunities in all markets where the combined group will have a presence
- ✓ Strengthened board and leadership team
- ✓ Campus numbers increase from 8 to 14
- ✓ Significant reduction of duplicated costs already identified
- ✓ Eligibility for scrip-to-scrip capital gains tax rollover relief due to the transfer of shares under the offer



THANK YOU

iCollege Limited
(ASX:ICT)