



UCW

LIMITED

ASX: UCW

PLACEMENT AND RIGHTS ISSUE

April 2017

Past

- Feb 2015: Syndicate acquired existing ASX entity through DOCA
- May 2015: Step 1 of recap - \$2m raised at 4c per share
- Jul 2015: Entered into SSA to acquire seed asset - Australian Learning Group
- Mar 2016: Step 2 of recap - \$12m raised at 6c per share. Completed ALG acquisition
- Jan 2017: Completed second acquisition, 4Life College (being integrated into ALG)

Present

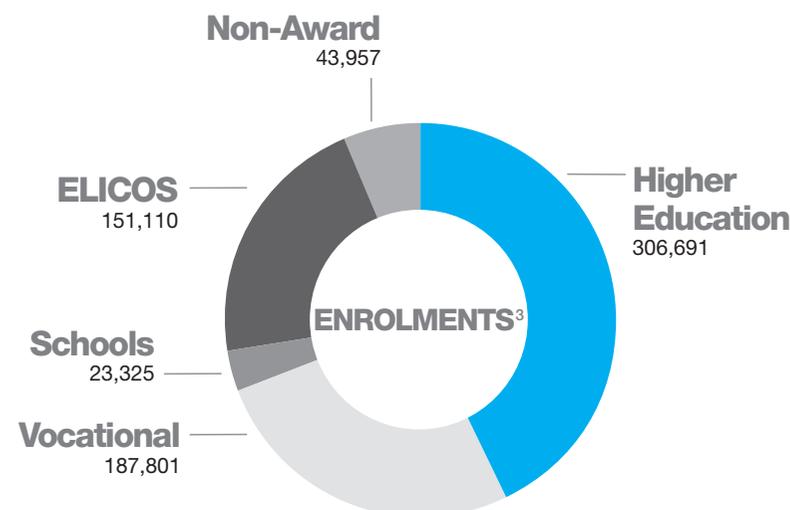
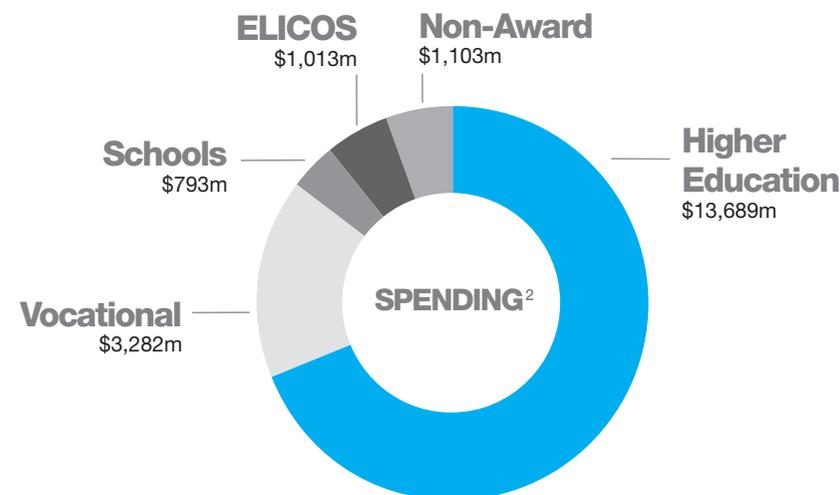
- Clean listed vehicle, international student focus
- \$13m market cap, \$4m cash, no debt. Profitable and cash flow positive
- ALG performed strongly in H1 - international enrolments up 26% on PCP, \$4.1m revenue and \$655k EBITDA
- ALG and 4Life combined revenue run rate of c.\$10m, 1,200 international students
- Mar 2017: Announced third acquisition - 24.6% of Performance Education

Future

- Acquisition focus to build scale
- Intention to integrate and/or apply shared services model
- Typical acquisition will be funded from mix of cash and scrip
- Strong organic growth opportunities in existing businesses
- Vision to be a multi-sector provider - vocational, higher education, professional

INTERNATIONAL EDUCATION

- Large and growing market - \$20b in direct spending in FY16, up 9.4% on PCP¹
- Positive thematic:
 - Increasing global student mobility
 - Australia a top-3 destination
 - Government support for promotion of sector (Australia's 3rd largest export)
 - Trend to privatisation
 - Fragmented market with consolidation opportunities
- Fee-for-service (no reliance on Government funding)
- Positive cash cycle



¹ ABS 5368.0.55.003 - International Trade: Supplementary Information, Financial Year, 2015-16

² Direct spending on international education in Australia in FY16 by sector

³ International enrolments in Australia in 2016 by sector

ACTIVELY PURSUING ACQUISITION OPPORTUNITIES

Sector expansion
 Product offering
 Campus locations / capacity
 Distribution

CONTINUED INVESTMENT IN OPERATING BUSINESS

Product development
 Administrative efficiency
 Building management depth
 Integration of acquisitions

INTERNATIONAL STUDENT MARKET

VOCATIONAL

Certificate
 Diploma
 Advanced Diploma

HIGHER EDUCATION

Degree
 Masters
 Doctorate

PROFESSIONAL

Work-ready programs
 Placements/internships
 Short courses



100%



100%



24.6%¹

¹Subject to completion

EXISTING OPERATIONS

- Vocational education, international student market focus
- >10 year operating history, strong reputation, low-risk rating
- ~1,200 international students (ALG CAGR of 28.1% over 3 years to 31 Dec 2016)
- National footprint - campuses in Sydney, Melbourne, Brisbane, Perth, Adelaide
- 'Allied Health' fields of study: Child Care, Aged Care, Fitness, Massage Therapy, etc.
- Wide distribution network in Australia and offshore
- UCW investing for growth and efficiency - broadening of course offering, campus capacity, technology, people



PE TRANSACTION SUMMARY

- Acquisition of 24.6% strategic interest in Performance Education Group Pty Limited (**PE**)
- Purchasing existing shares from one of the founders, now non-executive
- UCW will be equal largest shareholder
- Purchase price of \$4.7m plus adjustment for surplus working capital, estimated at \$0.8m - \$1m
- 75% payable in cash (c.\$4.2m) and 25% in UCW shares (c.\$1.4m) at 6 cents per share, 12-month escrow
- Completion subject to CPs - expected to complete pre-30 June



PE BUSINESS OVERVIEW

- Leading provider of the Professional Year program (**PY**) in Accounting and IT
- >10 year operating history with campuses in Sydney, Melbourne and Adelaide
- Government gazetted program designed to assist international student graduates from Australian education providers enter the workforce and gain permanent residency
- 28-week classroom training component in ‘work-readiness’ plus a 12-week internship undertaken in an Australian workplace
- Performance Education also offers internships and work readiness training to the domestic market including under contract to other education providers

“ Since 2006, Performance Education has placed 9,500 interns in 3,000 companies ranging from large brand name multinationals to dynamic growth companies. ”

Source: <http://www.performance.edu.au>



PE FINANCIALS

	FY16 ¹ \$'000	FY15 ¹ \$'000	Variance
Revenue	30,750	19,702	56%
Gross profit	14,433	10,080	43%
Gross margin	47%	51%	
EBITDA	4,061	2,587	57%
EBITDA margin	13%	13%	
Net profit after tax	2,568	1,274	102%
NPAT margin	8%	6%	
Dividend	1,177	800	47%



¹ Source: Financial Report for the year ended 30 June 2016, as lodged with ASIC

PE TRANSACTION RATIONALE

- Aligned with UCW's focus on international student market
- At scale and growing - FY16 revenue of \$30.8m and EBITDA of \$4.1m
- Strong management team
- Well positioned in market as a quality provider, small competitor set
- Various diversification opportunities
- Acquisition of 24.6% strategic interest – ability to increase if opportunities present

- Purpose to fund acquisition of 24.6% interest in Performance Education and/or working capital
- Placement of \$1.88m to sophisticated and professional investors
- Non-renounceable Rights Issue of up to \$2m (with strong participation anticipated from Directors and/or their related entities)
- Price - 4 cents per share (9.1% discount to last close, 5.4% discount to 15-day VWAP)
- Earnings accretive
- Timing:
 - Placement - announced April 10th
 - Rights Issue - refer ASX announcement and/or Offer Document
- Shaw and Partners acting as Lead Manager

CAPITAL STRUCTURE

Pro-forma post Capital Raising ¹		
Existing shares	296,642,396	58.1%
Placement shares ²	47,000,000	9.2%
Rights Issue shares ³	50,000,000	9.8%
Consideration shares ⁴	23,484,258	4.6%
Total shares	417,126,654	81.7%
Options ⁵	93,524,115	18.3%
Fully diluted	510,650,769	100.0%
Market capitalisation at 4 cents per share	16,685,066	

¹ Capital Raising is not conditional on completion of the acquisition of interest in Performance Education

² As announced on 10 April 2017

³ Assumes maximum raise of \$2,000,000

⁴ 25% of the purchase consideration for the acquisition of interest in Performance Education, issued at 6 cents per share

⁵ 18,750,000 Options exercisable at 4c per share, expiring 30 June 2018

70,774,115 Options exercisable at 6c per share, expiring 30 June 2018

2,000,000 Options exercisable at 6c per share, expiring 31 July 2021, issued under the Employee Option Plan

2,000,000 Options exercisable at 8c per share, expiring 31 July 2021, issued under the Employee Option Plan

BOARD AND EXECUTIVES

Gary Burg

Non-Executive Chairman

Gary has been involved with Global Capital Group since 1995 in South Africa and in Australia since 2001. In Australia, Gary has been involved in numerous businesses across a range of sectors including life insurance, financial services and education. Gary is currently a director of Clearview Limited which is listed on the ASX.

Peter Mobbs

Non-Executive Director

Peter Mobbs is an entrepreneur and executive operating within the private education industry, where he holds 14 years' experience across both vocational and higher education sectors. Peter led the private equity backed merger of his company, Ivy College, with the education arm of the Australian Institute of Management (AIM) – a 75 year old brand. Peter is now Group CEO and is a director and shareholder of the merged group – Scentia. He holds degrees in both commerce and law and is admitted to practise in the Supreme Court of NSW.

Jonathan Pager

Non-Executive Director

Jonathan has nearly 25 years' experience as an adviser across a wide range of industries in Australia and overseas. He has a Masters of Economics and qualified as a Chartered Accountant with Deloitte, where he commenced his career. Jonathan has listed and recapitalised over 12 ASX listed companies across both the resources and industrial sectors. He is currently a director of MOQ Limited (ASX: MOQ) and Noble Mineral Resources Limited (ASX: NMG).

Michael Pollak

Non-Executive Director

Michael has 20 years' experience in both Sydney and London working in general management, audit, insolvency, corporate advisory, strategy and as an ASX company director across various industries. He is a Chartered Accountant (qualified with PwC) and holds an MBA (AGSM). Michael has listed and recapitalised over 12 ASX listed companies across both the resources and industrial sectors. He is currently a director of MOQ Limited (ASX: MOQ) and HJB Corporation Limited (ASX: HJB).

Adam Davis

Chief Executive Officer

Adam Davis has extensive experience in the education sector as founder and CEO of formerly ASX-listed Tribeca Learning Limited. Under Adam's stewardship, Tribeca acquired and integrated numerous education businesses servicing the financial services sector, consolidating the market and creating the leading national provider. The company was acquired by Kaplan, Inc. in 2006. Adam holds a Bachelor of Applied Finance from Macquarie University.

Lyndon Catzel

Chief Financial Officer

Lyndon has over 20 years' financial, operational and strategic experience as a CEO, CFO and COO across numerous private businesses in funds administration, financial services, healthcare, software and wholesale distribution. He has a proven track record of financial management, capital raising, development of management teams and strategy execution. Lyndon is a Chartered Accountant and holds a Bachelor of Economics (Finance and Accounting) from the University of Sydney.

CONTACT DETAILS

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