



UCW Limited (ASX:UCW)
ACN 108 962 152
Level 1, 225 Clarence Street
Sydney NSW 2000
P: 02 9112 4540
UCWLimited.com.au

17 March 2017

The Manager
Company Announcements
Australian Securities Exchange

By electronic lodgement

Acquisition of 24.6% of Performance Education Group Pty Ltd

The Board of UCW Limited (**UCW**) is pleased to advise that it has entered into a binding share sale agreement to acquire 24.6% of the ordinary shares in Performance Education Group Pty Ltd ACN 117 850 281 (**Performance Education**), an education provider focused on the international student market.

Highlights

- Strategic interest in business aligned to UCW's focus on the international student market
- Provides sector expansion from UCW's current vocational businesses to include professional / education-to-employment, in keeping with UCW's strategic plan
- Purchase price of \$4.7m plus a working capital adjustment expected to be between \$0.8m and \$1m
- 25% of total purchase price and working capital adjustment payable in UCW shares at 6 cents per share and the balance in cash

About Performance Education

Established in 2006, Performance Education is a leading provider of the Professional Year program (**PY**), which is designed to assist international graduates of Australian education providers in Information Technology (**IT**) and Accounting to gain the necessary work skills and experience to gain employment in the Australian workforce. Performance Education has campuses in Sydney, Melbourne and Adelaide.

The PY is a 44-week program consisting of a 28-week classroom training component, covering topics such as professional workplace communication, job search and interview skills and Australian business culture as well as a 12-week internship component, undertaken in an Australian workplace and further practical applications studies.

PY providers must be accredited by the relevant governing body: The Australian Computer Society, in the case of IT, and Chartered Accountants Australia and New Zealand, CPA Australia and The Institute of Public Accountants, in the case of Accounting. Successful participants of the PY are eligible for additional migration points towards their permanent residency application.

Performance Education also offers a number of work-ready programs and internship placement services to the domestic market, both direct to students and under contract to other education providers.

As per the audited FY16 accounts, Performance Education has grown strongly, generating EBITDA of \$4.1m in FY16 (FY15: \$2.6m) on revenue of \$30.8m (FY15: \$19.7m). A fully franked dividend of \$1.2m was declared in June 2016 (FY15: \$0.8m).

Transaction rationale

Performance Education is aligned with UCW's focus on the international student market. It services a different sector of the market to UCW's current businesses, which operate in the vocational sector. This expansion into the professional / education-to-employment sector broadens UCW's exposure to the international student market and is in keeping with UCW's strategic plan.

The Board of UCW considers the interest in Performance Education to be a strategic stake in a profitable, growing business, which is well-positioned to benefit from the trend towards an increased focus on the employment outcomes of accredited education.

Transaction structure and material terms

Under the share sale agreement, UCW has agreed to purchase 100% of the shares in Hydaspes Investments Pty Ltd ACN 131 425 548 and a beneficial interest in The Hydaspes Trust, a special purpose vehicle which holds 24.6% of the ordinary shares in Performance Education.

The purchase price is \$4.7m plus a working capital adjustment, expected to be between \$0.8m and \$1m (being 24.6% of the estimated surplus working capital of Performance Education, calculated at the time of completion). 75% of the purchase price and working capital adjustment is payable in cash and the balance in shares in UCW. The UCW shares will be issued at 6 cents per share and will be subject to a 12-month escrow period.

The cash consideration will be funded from existing cash reserves and a working capital facility and/or capital raising by way of equity issue of around \$2m.

The transaction, which is subject to a number of conditions precedent, is expected to complete by 30 June 2017.

For further information, please contact:

Adam Davis
Chief Executive Officer
adam@ucw.com.au
0408 400 888

Lyndon Catzel
Chief Financial Officer
lyndon@ucw.com.au
0414 907 384