

UCW
LIMITED



UCW'S OFFER FOR REDHILL EDUCATION

MEANINGFUL STEP TOWARDS CREATING A
LEADING LISTED TERTIARY EDUCATION GROUP

DISCLAIMER



Disclaimer

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

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Summary information

The information in this presentation is of a general nature and does not purport to be complete nor does it contain all of the information that a holder of RedHill shares, or any other recipient of this presentation, may require in evaluating the Offer, or that would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. This presentation should be read in conjunction with UCW's bidder's statement and other periodic and continuous disclosure announcements lodged with the ASX by UCW, which are available at www.asx.com.au.

Certain market and industry data used in connection with this presentation may have been obtained or derived from research, surveys or studies conducted by third parties, including industry or general publications. UCW has not independently verified any such market or industry data provided by third parties or industry or general publications.

Disclaimer as to RedHill and Combined Group information

The information on RedHill and its subsidiaries contained in this presentation has been prepared by UCW using publicly available information. None of the information in this presentation concerning the business and the assets and liabilities, financial position and performance, profits and losses and prospects of RedHill and its subsidiaries has been independently verified. Therefore, there remains uncertainty associated with the information disclosed in this presentation relating to RedHill and its subsidiaries. UCW does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information.

The information on the Combined Group (comprising UCW and its subsidiaries and RedHill and its subsidiaries if the Offer is successful) contained in this presentation, to the extent that it incorporates or reflects information on RedHill and/or its subsidiaries, has also been prepared using publicly available information only. Accordingly, such information is also subject to the foregoing disclaimer.

This presentation does not, and should not be relied upon as, a promise, representation, warranty or guarantee as to the future performance of the Combined Group or UCW.

Forward-looking statements

This presentation may contain forward-looking statements, forecasts and estimates, including anticipated future performance of UCW and the market in which it operates. Forward-looking statements are based on certain key expectations and assumptions of known and unknown risks, uncertainties and other factors, which are deemed reasonable when made but may or may not prove correct. Actual events are difficult to predict and may depend upon factors beyond UCW's control. Therefore, actual results may turn out to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Forward-looking statements only speak as of the date of this document and no representations are made as to the accuracy or fairness of such forward-looking statements.

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Non-IFRS information

UCW's results are reported under International Financial Reporting Standards (IFRS). However, this presentation includes certain financial information that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of UCW. These non-IFRS financial measures include pro forma FY20 earnings before interest and tax, earnings before interest, tax, depreciation and amortisation and net profit after tax adjusted to remove the impact of unusual items and anticipated synergies. Such non-IFRS information is unaudited, however the numbers have been extracted from audited or reviewed financial statements.



TRANSACTION OVERVIEW

TRANSACTION OVERVIEW

Combining two high-quality complementary businesses to create one of Australia's leading listed tertiary education groups



Transaction details

- UCW Limited (**UCW**) today announced an off-market takeover offer for RedHill Education Limited (**RedHill**)
- 4.5 fully paid ordinary shares in UCW for each ordinary voting share on issue in RedHill (**Offer**)
- The Offer implies a value of \$0.79 per RedHill share¹
 - 14.5% premium to RedHill's 30 day VWAP²
 - 31.3% premium to RedHill's capital raise completed in July 2020³
 - 2.9% premium to RedHill's current share price⁴
- Pre-bid acceptance agreements from RedHill's two largest shareholders for 19.9% of RedHill's shares, in aggregate
- Invitation to be extended to RedHill CEO, Glenn Elith to join Combined Group's executive management team and for Interim Chairman, Stephen Heath to join the UCW Board

Key highlights

- Brings together two high-quality complementary education businesses to create one of Australia's leading listed tertiary education groups
- Strengthens the Combined Group's balance sheet to align with current operating environment and position it for growth
- Diversifies student base, broadens product offering and provides cross-selling opportunities to improve student retention and extend study duration within the Combined Group
- Increased market relevance through greater scale and liquidity to support value-enhancing growth opportunities
- Immediate and longer-term cost and revenue synergies to benefit the Combined Group
- Highly-experienced independent Chair secured for Combined Group – David Buckingham (ex-CEO of Navitas Limited)

¹ Based on the value of each UCW share of \$0.175, being the closing price on 11 December 2020, the last trading day prior to the date of the 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 Bidder's Statement. VWAP is calculated based on the cumulative value traded on the ASX, divided by cumulative volume traded on the ASX.

³ Offer premium relative to the RedHill capital raise price of \$0.60 completed in July 2020.

⁴ Based on the value of each RedHill share of \$0.765, being the closing price on 11 December 2020, the last trading day prior to the date of the Bidder's Statement.

TRANSACTION PARTIES AND BACKGROUND

Strong investor support for transaction bringing together two high-quality education groups



UCW	<ul style="list-style-type: none">■ ASX-listed tertiary education group, operating in the Vocational Training and Education (VET) and Higher Education (HE) sectors■ Operates under the brands: Australian Learning Group, 4Life College, Australian College of Sport and Fitness and Ikon Institute of Australia■ Targeting Health & Community Services related fields of education■ Campus locations across Sydney, Melbourne, Brisbane, Adelaide and Perth■ 40.1% interest held by board and management¹■ Market capitalisation of \$21.5m²
RedHill	<ul style="list-style-type: none">■ ASX-listed tertiary education group, operating in the student recruitment, English Language Intensive Courses for Overseas Students (ELICOS), VET and HE sectors■ Operates under the brands: Go Study, Greenwich English College, Greenwich Management College, International School of Colour & Design, The Left Bank, Academy of Information Technology and Coder Academy■ Targeting Technology, Design and Management related fields of education■ Campus locations across Sydney, Melbourne and Brisbane■ 1.5% interest held by board and management¹■ Market capitalisation of \$40.0m³
Strong investor support for transaction	<ul style="list-style-type: none">■ Industrial logic well recognised by multiple shareholder groups who have encouraged exploration of a potential combination■ Strong support for the transaction with the two largest institutional investors having agreed to accept the Offer⁴:<ul style="list-style-type: none">– Perpetual Investment Management Limited in relation to 13.7% of RedHill shares; and– Viburnum Funds Pty Ltd in relation to 6.2% of RedHill shares.

1 Based on ordinary shares outstanding as of 11 December 2020.

2 Based on fully diluted shares outstanding including performance rights as of 11 December 2020.

3 Based on fully diluted shares outstanding including performance rights and options as of 11 December 2020.

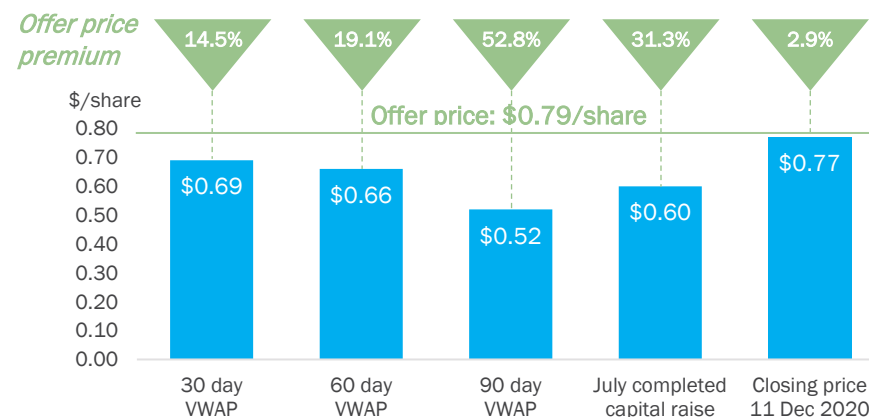
4 Pre-bid agreements entered into for 19.9% of RedHill, in the absence of a superior proposal.

OFFER PREMIUM AND COMBINED FINANCIAL POSITION

Delivering immediate value for RedHill shareholders and positioning the Combined Group for future growth

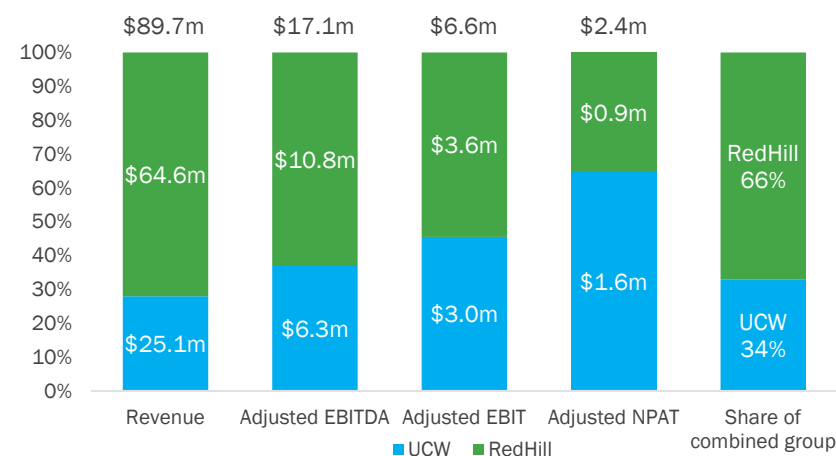
Premium analysis

- The Offer implies a value of \$0.79 per RedHill share¹ and a premium across a range of measures, including:
 - 14.5% premium to RedHill’s 30 day VWAP²
 - 19.1% premium to RedHill’s 60 day VWAP²
 - 52.8% premium to RedHill’s 90 day VWAP²
 - 31.3% premium to RedHill’s recent capital raise price completed in July 2020³
 - 2.9% premium to RedHill’s current share price⁴



Transaction effect

- Combined Group - pro forma FY20⁵:
 - Revenue: \$89.7m
 - EBITDA: \$17.1m
 - EBIT: \$6.6m
 - NPAT: \$2.4m
- Combined Group pro forma net cash: \$26.0m⁶
- RedHill shareholders to hold 66% of Combined Group
- Targeting \$3m in cost synergies over 3 years



1 Based on the value of each UCW share of \$0.175, being the closing price on 11 December 2020, the last trading day prior to the date of the 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 Bidder’s Statement. VWAP is calculated based on cumulative value divided by cumulative volume traded on ASX.

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

4 Based on the value of each RedHill share of \$0.765, being the closing price on 11 December 2020, the last trading day prior to the date of the Bidder’s Statement.

5 UCW EBIT (Earnings Before Interest and Tax) and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) adjusted for impairment of 24.57% investment in Gradability Pty Ltd to \$nil (\$6.1m), gain on acquisition (\$0.1m), equity accounted share of results (\$12k) and due diligence and transaction costs (\$82k).

RedHill EBIT and EBITDA adjusted for impairment: goodwill (\$6.1m), right-of-use assets (\$8.2m), copyright intangibles (\$0.2m), property, plant and equipment (\$2.7m); and onerous contract associated with surplus campus space (\$0.7m).

UCW NPAT adjusted for impairment of 24.57% investment in Gradability Pty Ltd to \$nil (\$6.1m).

RedHill NPAT adjusted for impairment: goodwill (\$6.1m), right-of-use assets (\$8.2m), copyright intangibles (\$0.2m), property, plant and equipment (\$2.7m); onerous contract associated with surplus campus space after tax (\$0.5m); and write-off of deferred taxes (\$2.8m).

6 Based on UCW’s cash of \$8.7m and \$4.2m debt (excluding lease liabilities) at 30 September 2020 per UCW Market Update announcement on 2 November 2020 and the midpoint of RedHill’s expected cash balance of \$21m to \$22m at 31 December 2020 as per 2020 AGM on 19 November 2020 and \$nil debt (excluding lease liabilities) per FY20 Annual Report.

REASONS FOR REDHILL SHAREHOLDERS TO ACCEPT



Offer represents an immediate premium for RedHill shareholders with further value enhancement potential

- ✓ Premium across a range of trading measures, including recent capital raise
- ✓ RedHill shareholders to hold 66% of Combined Group
- ✓ Immediate and longer-term cost and revenue synergies to benefit the Combined Group
- ✓ Ongoing participation in a larger, well-capitalised business with an accelerated growth trajectory
- ✓ Increased scale, enhanced market relevance and liquidity
- ✓ Shareholder-aligned leadership team
- ✓ Highly experienced independent Chair to help guide the Combined Group through the next important stage of growth and value creation
- ✓ Eligibility for scrip-for-scrip Capital Gains Tax¹ rollover relief in respect of the transfer of shares under the Offer



**COMBINED
GROUP**

BECOMING A LEADING LISTED EDUCATION GROUP

Our vision combines education industry management with a buy-and-build focus



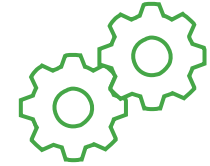
1



Product development

- Demand-led course development and pathways
- Geographic and campus expansion
- Online and blended course delivery

2



Operational excellence

- Leverage innovation and technology to drive margins and enhance customer experience
- Administrative efficiency

3



Quality

- Provider and employer of choice
- Student and outcome focused
- Elevated global reputation

4

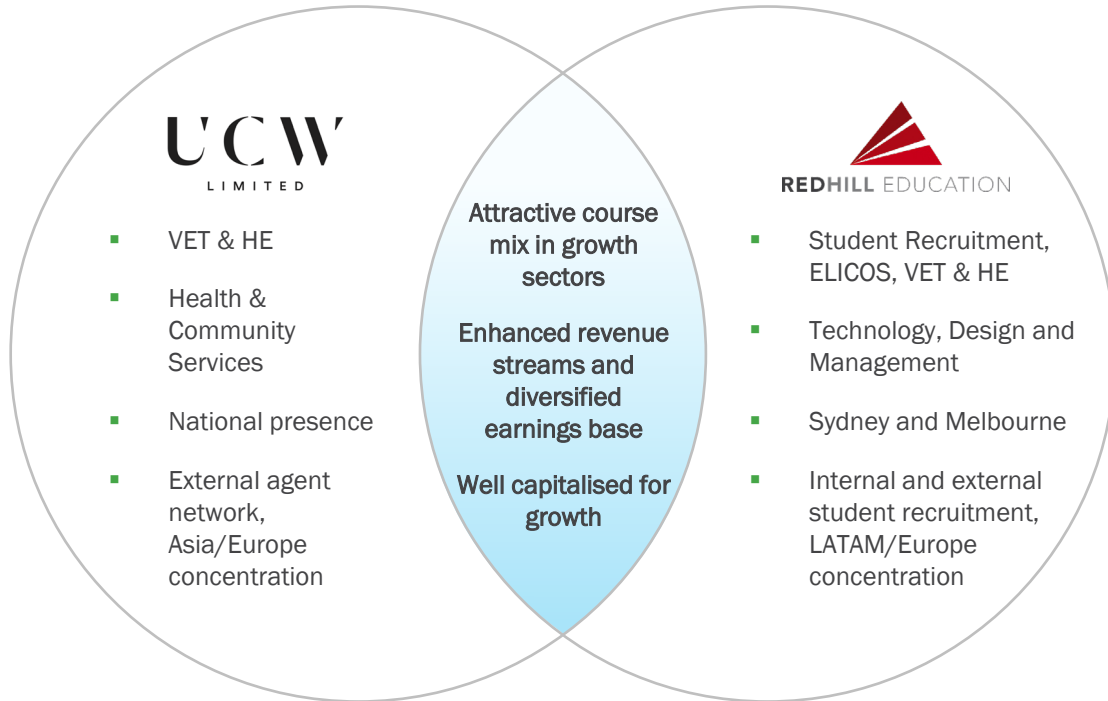


Consolidation

- Accelerate consolidation program
- Strategic value enhancing acquisitions to build scale and add complementary specialisations

COMBINING TWO HIGH QUALITY BUSINESSES

Meaningful step towards creating the leading listed tertiary education provider



Strong strategic rationale

- Broader course offering to leverage wider student recruitment network
- Ability to extend average student duration and retain students through cross-selling within and across sectors
- Improved campus utilisation and rationalise footprint
- Diversification of student base reducing reliance on any individual geography or agent
- Enhanced efficiency and market presence from combined marketing spend
- Ability to share knowledge, systems and business practices
- Expedited product development
- Well-capitalised for current operating environment
- Larger platform to pursue future acquisitions



INITIAL COMBINED CAMPUS FOOTPRINT

Opportunity to improve campus utilisation, rationalise footprint and continue national expansion

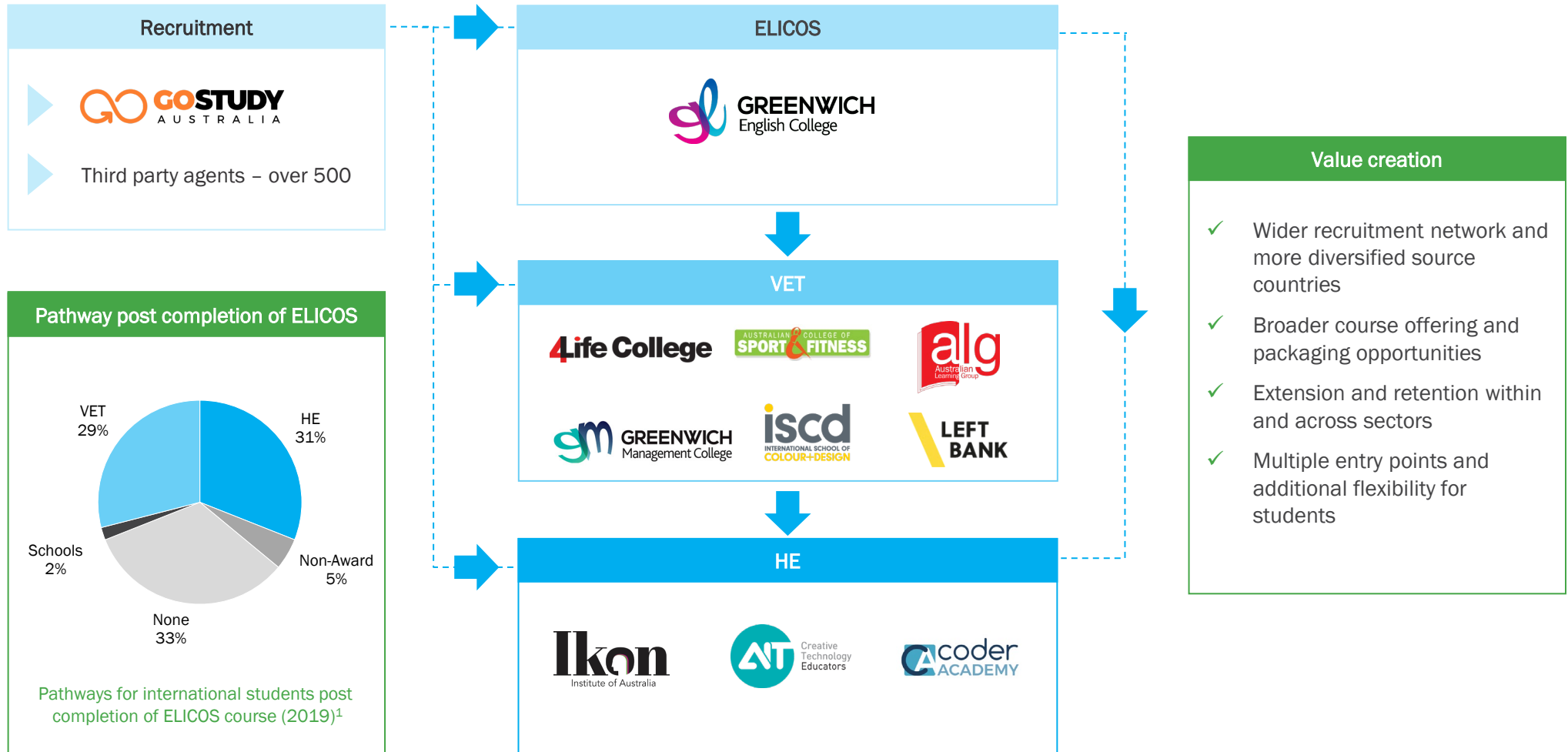


UCW campuses	
Location	Quantity
Sydney (HQ)	3
Melbourne	2
Brisbane	1
Adelaide	1
Perth	2
Total locations	9
Total classrooms	54

RedHill campuses	
Location	Quantity
Sydney (HQ)	4
Melbourne	1
Brisbane	1
Total locations	6
Total classrooms	161

CAPITALISING ON STUDENT FLOWS

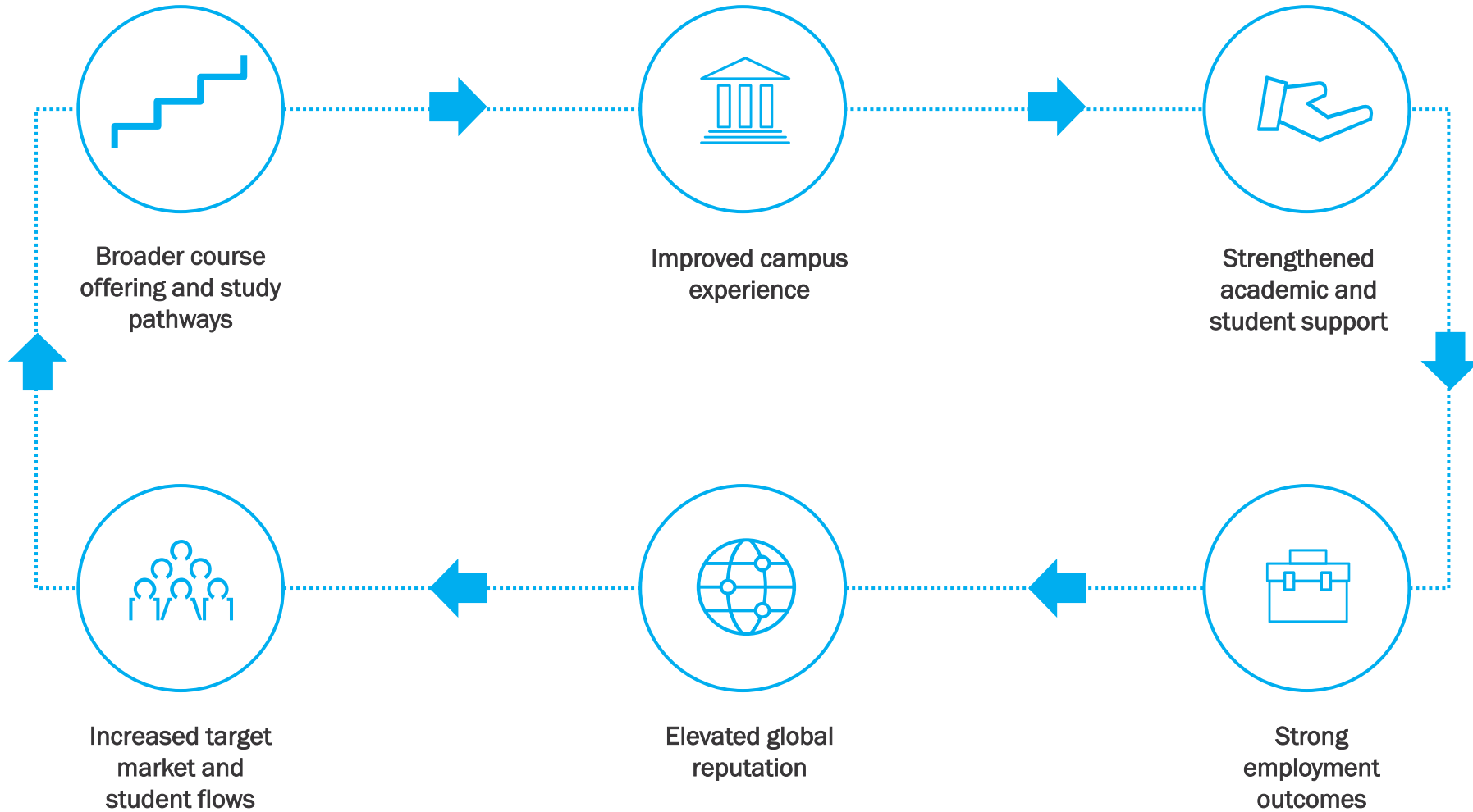
Extending lifetime value of Combined Group's existing and prospective students



1. Australian Government, Department of Education, Skills and Employment - Non-ELICOS sector starting after the student's first ever ELICOS course completed in 2019.

BENEFITS FOR STUDENTS

Enhanced student experience to drive reputation and reinvestment



COMBINATION PERSPECTIVES

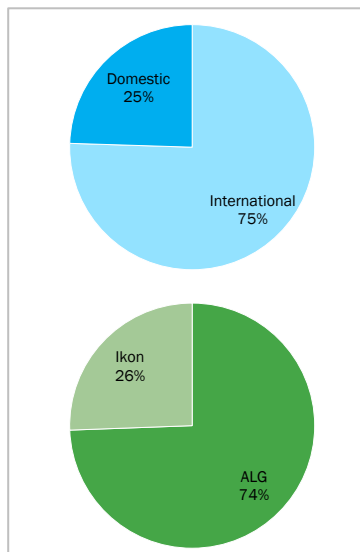
Strengthened market positioning with broader product offering and reduced concentration



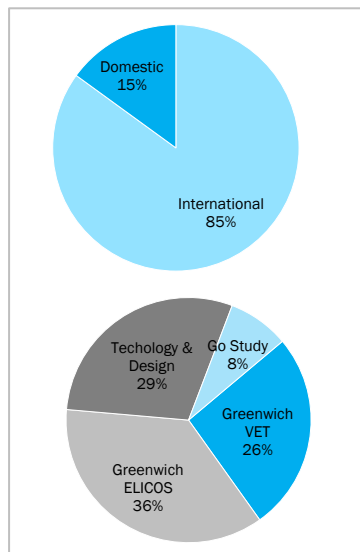
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FY20 revenue by geography



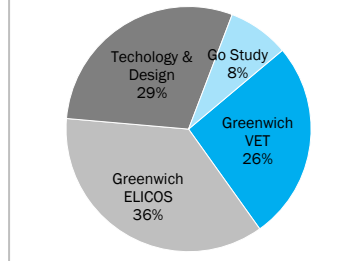
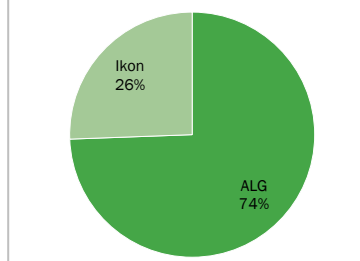
A\$25.1m



A\$64.6m

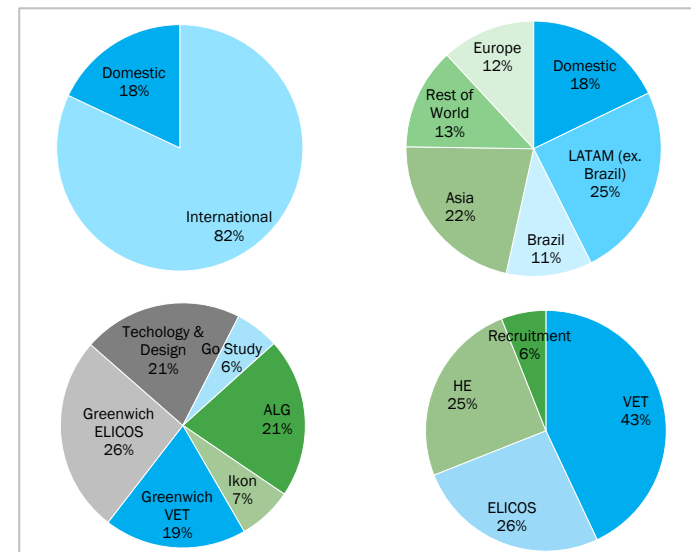
Enhanced source of revenue

FY20 revenue by brand and course



Enhanced product offering

Combined Group



A\$89.7m¹

FY20 EBIT²
(Margin)

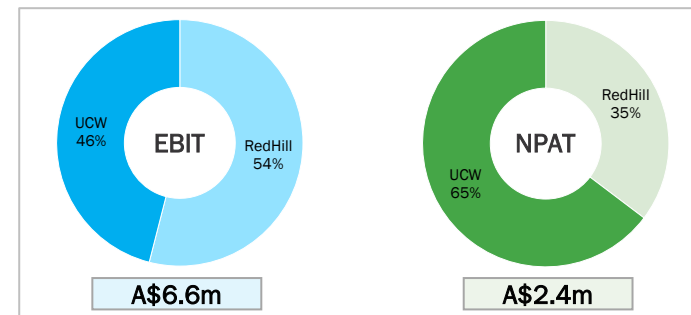
A\$3.0m
(11.9%)

A\$3.6m
(5.6%)

FY20 NPAT³
(Margin)

A\$1.6m
(6.2%)

A\$0.9m
(1.3%)



A\$6.6m

A\$2.4m

Source: UCW FY20 Annual Report, UCW FY20 Investor Presentation, RedHill FY20 Annual Report and RedHill FY20 Investor Presentation.

- Assumes: Academy of Information Technology and Coder Academy categorised as Higher Education; Ikon international geographical split based on ALG international geographical split as a proxy; RedHill international geographical split based on Greenwich enrolment nationality mix, Go Study revenue by region and Technology & Design international geographical split based on Greenwich ELICOS, Greenwich VET and Go Study international geographical split as a proxy.
- UCW EBIT adjusted for impairment of 24.57% investment in Gradability Pty Ltd to \$nil (\$6.1m), gain on acquisition (\$0.1m), equity accounted share of results (\$12k) and due diligence and transaction costs (\$82k). RedHill EBIT adjusted for impairment: goodwill (\$6.1m), right-of-use assets (\$8.2m), copyright intangibles (\$0.2m), property, plant and equipment (\$2.7m); and onerous contract associated with surplus campus space (\$0.7m).
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SYNERGY POTENTIAL

Immediate and longer term cost and revenue synergies to benefit Combined Group



Cost synergy opportunities

Revenue synergy potential

Immediacy of capture

Category	Description	FY20 Expenses		Total
		UCW LIMITED	REDHILL EDUCATION	
Corporate costs	<ul style="list-style-type: none"> Public company costs Board expenses Executive management costs 	\$1.0m	\$1.9m	\$2.9m
SG&A ¹	<ul style="list-style-type: none"> Professional and consulting fees Marketing costs Admin costs General business costs 	\$1.7m	\$4.8m	\$6.5m
Employee expenses	<ul style="list-style-type: none"> Salaries and staff costs² 	\$4.9m	\$20.3m	\$25.3m
Property	<ul style="list-style-type: none"> Campus rental expenses 	\$2.8m	\$5.9m	\$8.7m
Total				\$43.3m

Targeting \$3m in synergies over 3 years

- Leverage combined agent network through broader course offering
- Extend average study duration within Combined Group
- Greater market awareness
- Expedited product development through shared knowledge and resources

Source: UCW FY20 Annual Report, RedHill FY20 Annual Report.

1 UCW: Communication and IT expenses, professional fees, advertising, marketing and promotion expenses, admin, support and other expenses, travelling expense, insurance.
RedHill: Professional and consulting fees, marketing expenses, other expenses.

2 Note teaching costs have been excluded (actual UCW costs excluded and assumed at 25% of RedHill's FY20 revenue, excluding Go Study).

INCREASED MARKET RELEVANCE

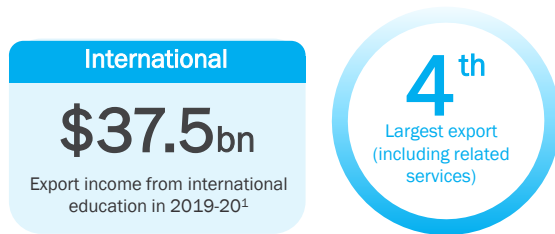
Leverage increased scale and diversification for improved access to capital markets and growth opportunities

- ✓ Increased market capitalisation and liquidity
- ✓ Potential for broader equity broker coverage and valuation uplift
- ✓ Improved access to capital and attractive acquisition currency for growth initiatives
- ✓ Pathway towards potential inclusion within S&P/ASX300 index making the Combined Group more relevant to institutional shareholders
- ✓ Improved market profile aided by rebranding of Combined Group under EDU Holdings (ASX:EDU)

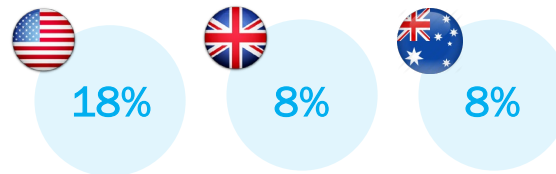
STRONG LONG-TERM SECTOR GROWTH THEMATICS

Opportunity to capitalise on large and growing market with structural shift to private providers

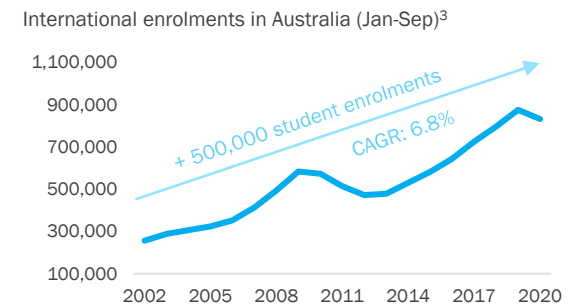
Education already represents Australia's 4th largest export including related services



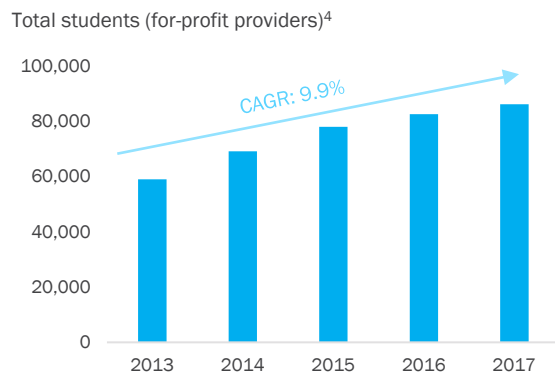
Australia is the 3rd most popular destination for international tertiary students²



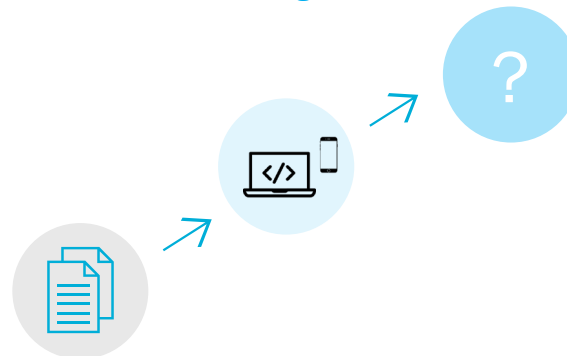
Growth in international student numbers resilient notwithstanding economic cycles and other external shocks



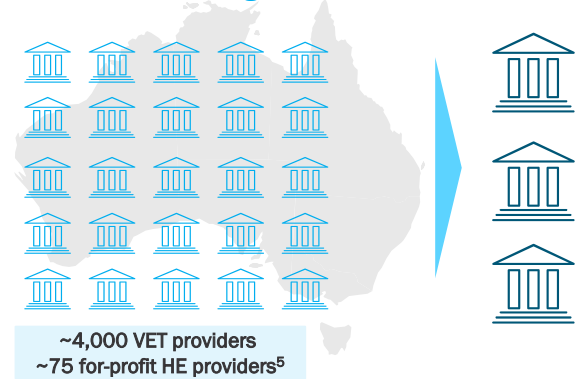
Strong student growth in the Australian private tertiary education sector



Continuing emergence of niche education areas driven by demographics, industrial and technological demand



History of consolidation and ongoing opportunities given high degree of fragmentation



1 Australian Government, Department of Education Skills and Employment (2020 Research Snapshot).

2 Australian Government, Department of Education Skills and Employment (September 2020 Research Snapshot) – Distribution of international students in tertiary education by country of destination (2018).

3 Australian Government, Department of Education, Skills and Employment - International enrolments (YTD) January – September.

4 Statistics report on TEQSA registered higher education providers (2019).

5 Market research.

ADDITIONAL DETAIL



Offer description	<ul style="list-style-type: none"> ■ An off-market takeover offer to acquire all RedHill shares for consideration of 4.5 UCW shares for each RedHill share 		
Offer conditions	<ul style="list-style-type: none"> ■ The offer is subject to conditions including: <ul style="list-style-type: none"> – 90% minimum acceptance condition – UCW shareholder approval – No significant transactions – No superior offer – No material adverse regulatory action – corporate or education – No prescribed occurrences 		
Indicative timeline	<ul style="list-style-type: none"> ■ Announcement of takeover bid: 14 December 2020 ■ UCW lodgement of Bidder’s Statement: 14 December 2020 ■ Dispatch of Bidder’s Statement to RedHill shareholders: Late December 2020 ■ Offer period commences: Late December 2020 ■ Offer to remain open for at least one month (minimum statutory period) 		
Additional information	<p>Offer Information Line Toll Free 1300-EDU-ASX</p>	<p>Lyndon Catzel CFO and Company Secretary +61 414 907 384</p>	<p>Martin Cole Capital Market Communications +61 403 332 977</p>



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