

UCW
LIMITED

1H19 RESULTS

*Laying foundations for
profitable growth*



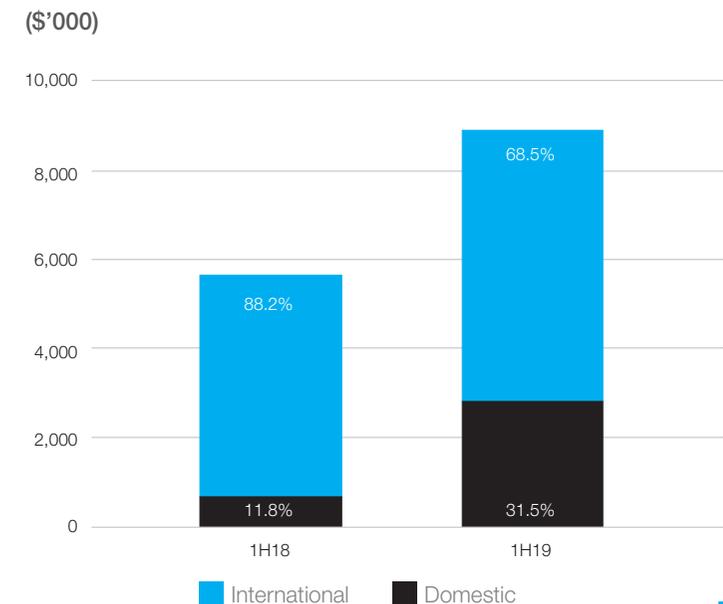
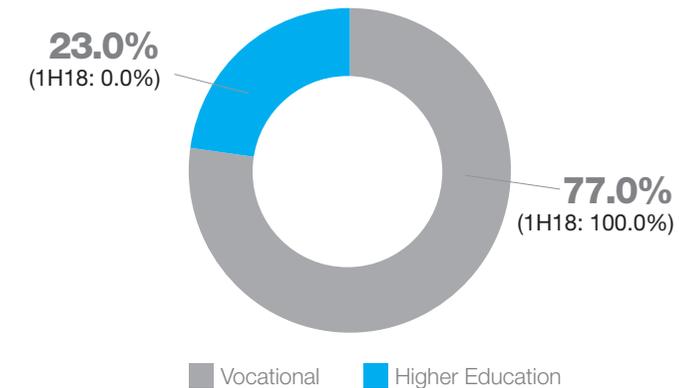
1H19 HIGHLIGHTS



- Revenue of \$9.2m, up 55.4%

 - Continued organic growth in ALG international student enrolments - 3,122, up 20.5%
 - Maiden contribution from Ikon - strategic entry into Higher Education sector
- Deliberate investment for growth in new ALG Melbourne campus and national rollout of Community Services courses
- Underlying EBITDA (pre-corporate costs) of \$257k - impacted by investment initiatives
- NPAT \$207k loss

1H19 Tuition revenue



GROUP OVERVIEW



- Tertiary education provider - Health and Community Services focus
- Multi-sector operations in Vocational (VET), Higher Education (HE) and Professional Education
- National presence with multiple campuses in Sydney, Melbourne, Brisbane, Perth and Adelaide
- Targeting both international and domestic students
- Delivering on strategy to grow both organically and through accretive acquisitions
- Continuing deliberate investment phase to execute on long-term growth strategy

*Building education pathways
across the student lifecycle*

VOCATIONAL
(Certificates and Diplomas)



HIGHER EDUCATION
(Degrees)



PROFESSIONAL

OUR BUSINESSES



WHOLLY-OWNED SUBSIDIARIES



VET provider in Health and Community Services
International student focus



HE provider in Community Services
Domestic student focus



Leading provider of the
Professional Year Program
International student focus

ALG and 4Life have been fully integrated. Integration opportunities with Ikon will be initiated post the end of the earn-out period ie. in FY20

COURSE OFFERING AND JOB OUTCOMES



Higher Education (Bachelor degrees)	Job outcomes
Counselling and Psychotherapy	Counselor or psychotherapist
Arts Therapy	Counselor or psychotherapist
Vocational (Certificates and/or Diplomas)	
Early Childhood Education and Care	Child care worker or child care centre manager
Ageing Support	Residential care worker
Counselling	Counselor
Mental Health	Mental health worker
Community Services	Community care worker or manager
Fitness	Personal trainer or gym instructor
Sport and Recreation Management	Managerial role in sports industry
Remedial Massage	Massage practitioner
Yoga Teaching	Yoga teacher
Dance Teaching and Management	Dance teacher or managerial role in dance industry

UCW courses lead to strong job outcomes and employment prospects for both international and domestic students

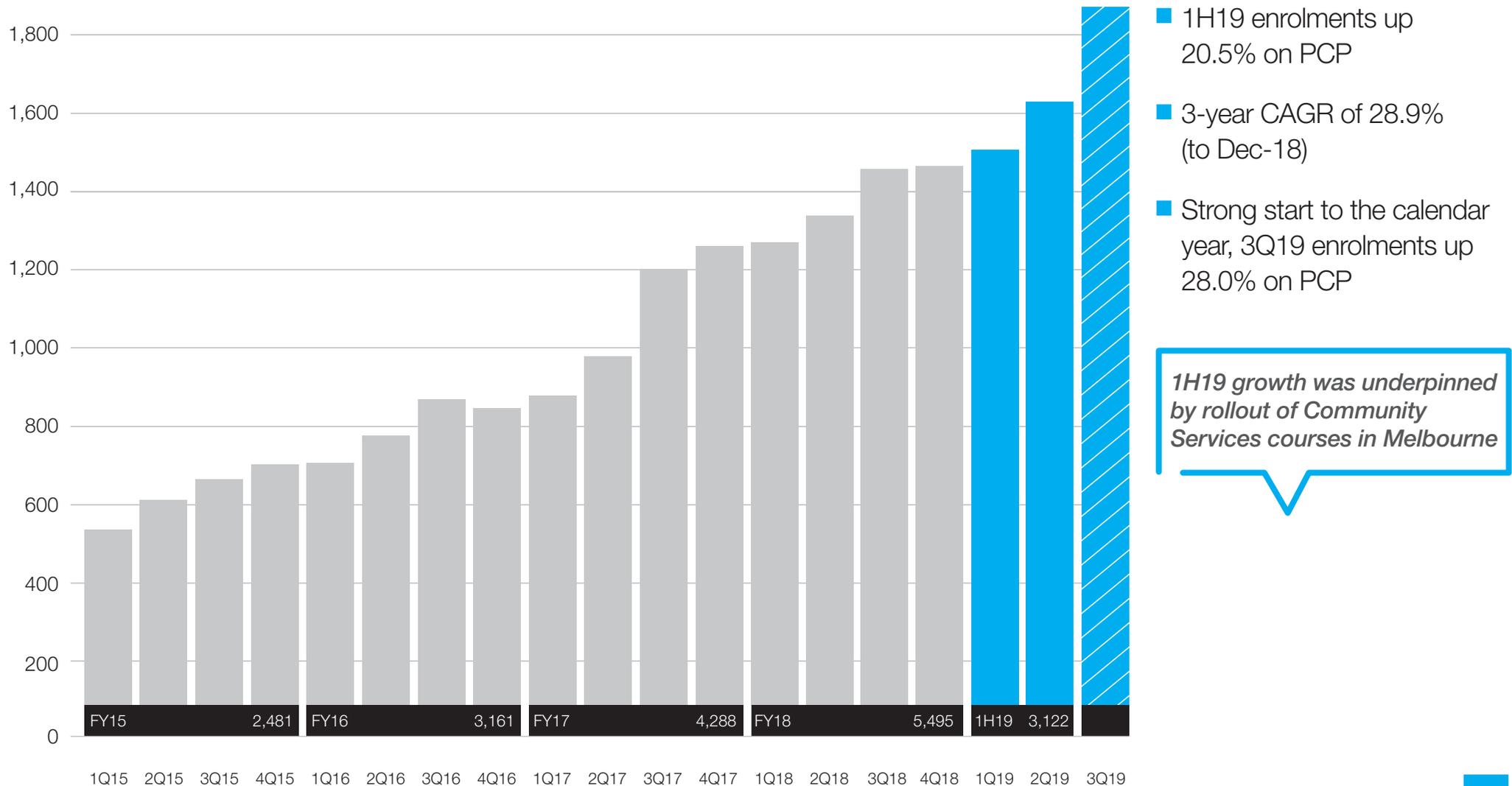
Employment projections indicate Health Care and Social Assistance jobs will grow by 14.9% - or 250,300 - over the next five years – driven by Australia’s ageing population and increasing demand for childcare and home-based care services.*

* Department of Jobs and Small Business, Industry Employment Projections 2018 Report

INTERNATIONAL STUDENT ENROLMENTS



ALG/4Life international student enrolments by term (number)



FINANCIAL RESULTS



PROFIT AND LOSS (GROUP)



	1H19 \$'000	1H18 \$'000	Var \$'000
ALG/4LIFE/IKON			
Revenue	9,193	5,916	3,277
Cost of sales	(5,162)	(2,985)	2,177
Gross profit	4,031	2,931	1,100
<i>Gross margin (%)*</i>	43.9%	49.5%	(5.6%)
Operating expenses	(3,979)	(2,365)	(1,614)
Operating EBITDA	52	566	(514)
<i>Operating EBITDA margin (%)*</i>	0.6%	9.6%	(9.0%)
Gradability			
Equity accounted share of results	205	345	(140)
UCW			
Corporate costs	(472)	(443)	(29)
Underlying EBITDA	(215)	468	(683)
Profit / (loss) from discontinued 4Life operations	2	(149)	151
Due diligence and transaction costs	(22)	(45)	23
Interest, tax, depreciation and amortisation	28	(142)	170
Net (loss) / profit after tax	(207)	132	(339)

- Group revenue up 55.4%
- Maiden contribution from Ikon
- Continued strong organic growth in ALG international student revenue, up 21.1%
- Deliberate investment for growth in new ALG Melbourne campus and rollout of Community Services courses - material impact to 1H19 gross margin and earnings
- Reduced contribution from Gradability, with Performance Education facing increasing margin pressure and continued investment in ReadyGrad business unit, and impact from adoption of AASB 15 revenue accounting standard
- Stable corporate costs

1H19 represents another period of investment for UCW as it lays foundations for future profitable growth

* Movement in percentage points

PROFIT AND LOSS (ALG/4LIFE SEGMENT)



	1H19 \$'000	1H18 \$'000	Var \$'000
ALG/4LIFE			
Revenue	6,874	5,916	958
Cost of sales	(3,954)	(2,985)	(969)
Gross profit	2,920	2,931	(11)
<i>Gross margin (%)*</i>	42.5%	49.5%	(7.0%)
Operating expenses	(2,920)	(2,365)	(555)
Operating EBITDA	-	566	(566)
<i>Operating EBITDA margin (%)*</i>	0.0%	9.6%	(9.6%)

- International student enrolment growth of 20.5% - driven by Community Services course offering
- Average revenue per international student enrolment of \$1,939, up 0.5%
- Deliberate investment for growth in new ALG Melbourne campus and national rollout of Community Services courses - material impact to 1H19 gross margin and earnings
- As expected, GM also affected by lower proportion of domestic (distance-based) revenue and higher proportion of international student enrolments through our growing agent network
- Addressing margin compression through pricing, increased class sizes and improved course design
- OPEX growth slowing - up 8.8% on 2H18 (\$2,683k) with growth rate expected to fall further in 2H19
- Operating EBITDA expected to materially improve in 2H19 with new Melbourne campus reaching run-rate breakeven, increased international students enrolments and other measures noted above
- FY19 revenue guidance of \$13.5m - \$14.5m reaffirmed

* Movement in percentage points

PROFIT AND LOSS (IKON SEGMENT)



	1H19 \$'000
IKON	
Revenue	2,319
Cost of sales	(1,208)
Gross profit	1,111
<i>Gross margin (%)</i>	47.9%
Operating expenses	(1,059)
Operating EBITDA	52
<i>Operating EBITDA margin (%)</i>	2.2%

- Maiden contribution from Ikon, acquired 4 July 2018
- Due to the earn-out structure of the acquisition, Ikon is being operated largely stand-alone. Integration opportunities will be initiated post the end of the earn-out period ie. in FY20
- 89% of 1H19 revenue from domestic HE offer
- Material growth in 2H19 expected from increase in number of domestic HE students, with calendar 2019 commencements building on continuing students from prior years
- Development of a number of new HE programs underway
- FY19 revenue guidance of \$5.5m - \$6.5m reaffirmed

BALANCE SHEET



	31 Dec-18 \$'000	30 Jun-18 \$'000
Cash and cash equivalents	1,597	6,595
Trade and other receivables	1,145	958
Other assets	768	1,124
Total current assets	3,510	8,677
Investment in associates	6,341	6,273
Goodwill	6,938	1,315
Property, plant and equipment	2,606	2,218
Trade and other receivables	210	286
Intangible assets	522	297
Deferred tax asset	976	738
Total non-current assets	17,593	11,127
Total assets	21,103	19,804
Deferred revenue	3,859	3,364
Trade and other payables	1,734	2,284
Borrowings	350	300
Provisions	510	283
Deferred settlement	200	200
Total current liabilities	6,653	6,431
Borrowings	1,025	975
Provisions	145	75
Deferred lease liability	102	34
Total non-current liabilities	1,272	1,084
Total liabilities	7,925	7,515
Net assets	13,178	12,289

Corporate debt facilities	Drawn Dec-18 \$'000	Limit Dec-18 \$'000
Market rate loan - acquisition facility	1,525	1,525
Overdraft - working capital facility	-	500
Bank guarantee facility	628	670
Total	2,153	2,695
Gearing ratio	31 Dec-18	30 Jun-18
Gearing ratio - gross debt ⁽¹⁾	9.4%	9.4%
Gearing ratio - net debt ⁽²⁾	(1.7%)	(6.3%)

⁽¹⁾ Calculated as debt / (debt + equity)

⁽²⁾ Calculated as (debt - cash) / (debt - cash + equity)

Notes:

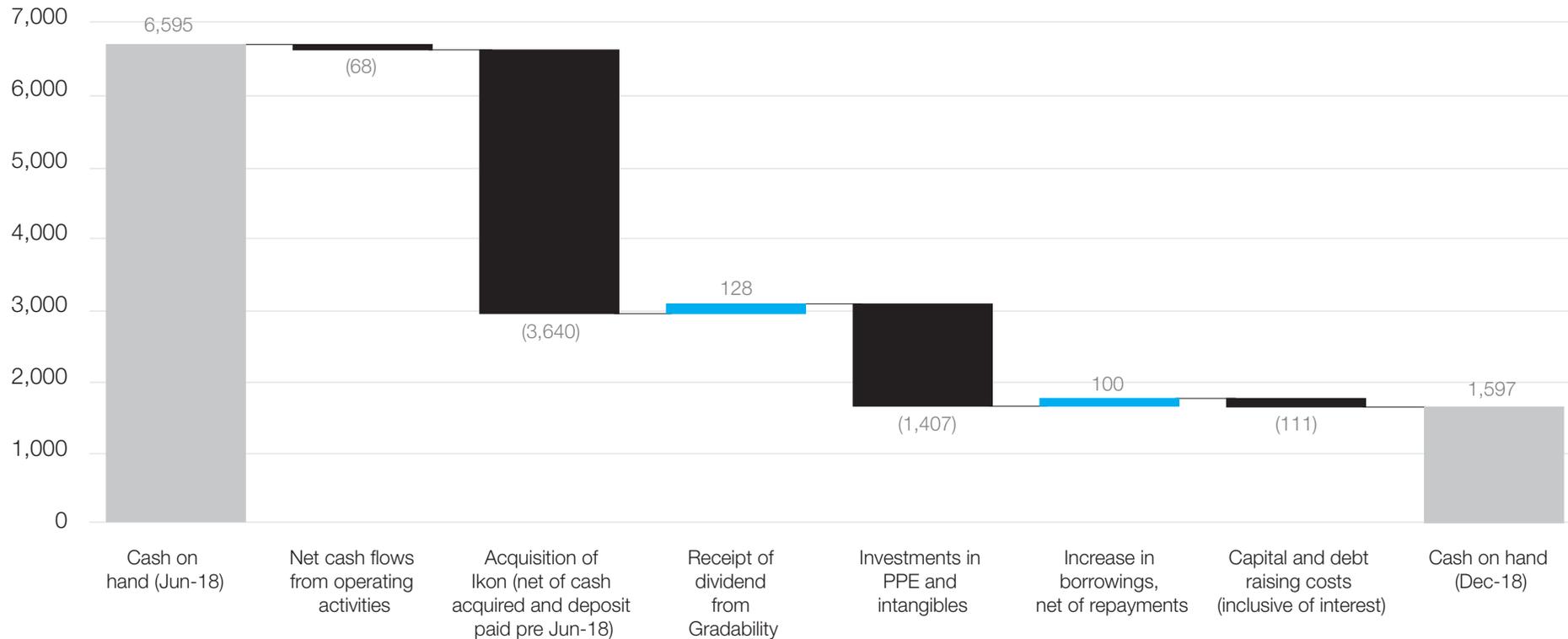
- Acquisition of Ikon on 4 July 2018 - utilised \$4.4m of existing cash (less \$500k deposit paid from May 2018 placement) and issued scrip to vendors of \$1.1m
- \$1.2m was paid for capex in relation to the new Melbourne campus in 1H19

CASH FLOW



Group cash movements 1H19 (\$'000)

■ Increase
 ■ Decrease
 ■ Total

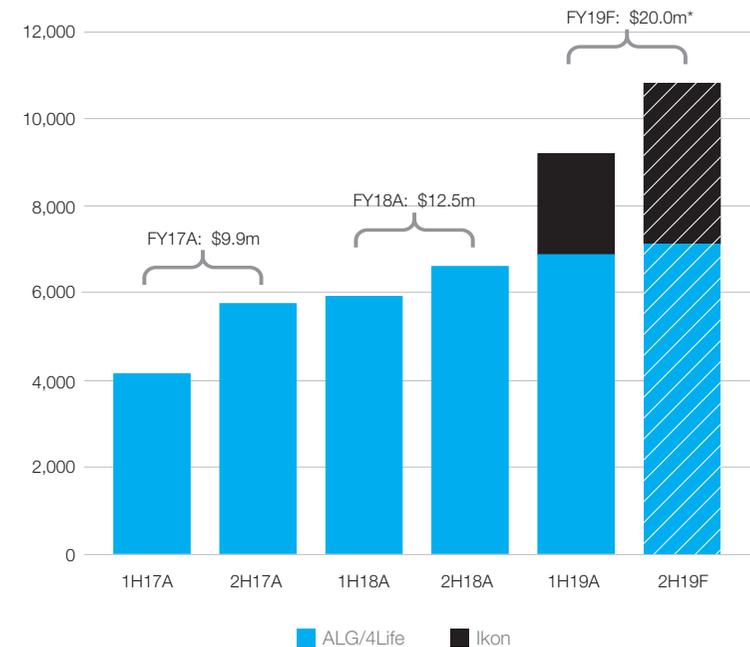


FY19 OUTLOOK



- Revenue reaffirmed between \$19m and \$21m
- Earnings impacted by launch of new ALG Melbourne campus and rollout of Community Services courses
- New Melbourne campus on track to be run-rate breakeven by Jun-19
- Strong start to the calendar year points to 2H19 earnings being materially stronger than 1H19 and 2H18
- Organic growth to continue, supplemented by accretive acquisition opportunities, as they arise

Group revenue FY17 - FY19



* based on mid-point revenue guidance

APPENDICES



Capital structure

	Number	% Diluted
Ordinary shares	110,821,249	97.9%
Options ⁽¹⁾	800,000	0.7%
Performance Rights ⁽²⁾	1,600,000	1.4%
Fully diluted	113,221,249	100.0%
	\$'000	
Market capitalisation at \$0.16 per share ⁽³⁾	17,731	
Cash (at 31 Dec-18)	1,597	
Debt (at 31 Dec-18)	(1,375)	
Enterprise value	17,509	

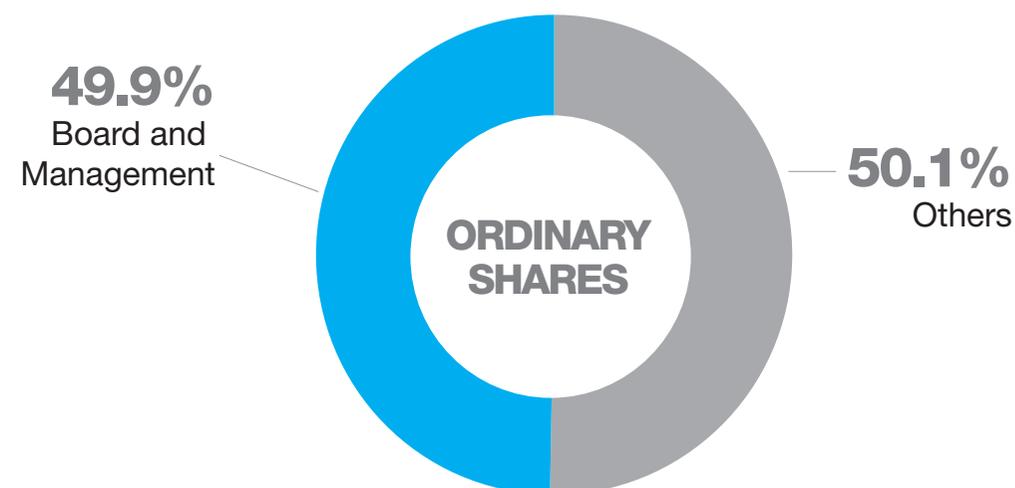
(1) Issued on 1 February 2017: 400,000 exercisable at \$0.296 and 400k exercisable at \$0.396, vesting on 31 July 2019, exercisable on or before 31 July 2021

(2) Issued on 22 November 2018, vesting on 21 November 2021, subject to continuous employment and 90-day VWAP of \$0.30

(3) As at 25 February 2019

(4) Refer slide 16 for biographies

Register analysis⁽³⁾



Board and Executives⁽⁴⁾

Adam Davis
Chief Executive Officer
and Managing Director

Lyndon Catzel
Chief Financial Officer

Gary Burg
Non-Executive Chairman

Jonathan Pager
Non-Executive Director

Peter Mobbs
Non-Executive Director

BOARD AND EXECUTIVES



Adam Davis

Chief Executive Officer and Managing Director

Adam 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 25 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.

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 is Managing Director of Greyrock, a private investment company with a focus on education and technology.

Prior to establishing Greyrock, Peter was an entrepreneur and executive operating within the private education industry, where he holds 15+ years' experience across higher education, vocational and corporate training sectors.

Peter led the private equity backed merger of his business, Ivy College, with the education arm of the Australian Institute of Management (AIM) – a 75 year old brand. Peter was the inaugural Group CEO and is a director and shareholder of the merged group – Scenia. He holds degrees in commerce and law, is admitted to practise in the Supreme Court of NSW, is a member of YPO Sydney and is a graduate member of AICD.

Jonathan Pager

Non-Executive Director

Jonathan has over 25 years' experience as a management consultant 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 restructured and listed a range of public companies and been a director of publicly listed companies in the resources and industrial sectors.

CONTACTS



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Lyndon Catzel

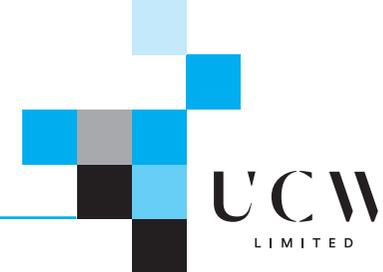
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