

# ACQUISITION OF NURSE TRAINING AUSTRALIA & EQUITY RAISE

2 JUNE 2022



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# EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

## EDU to acquire Nurse Training Australia



### Acquisition of Nurse Training Australia (NTA)

- EDU has entered into an acquisition agreement to acquire 100% of Nurse Training Australia (NTA) for a fixed purchase price of \$6.0m cash (\$4.5m upfront and \$1.5m in 12 months)
- Represents an acquisition multiple of ~4.6x EBITDA (~6.0x pre-AASB 16)
- NTA generated normalised CY21 revenue of \$4.1m and EBITDA of \$1.3m (\$1.0m pre-AASB 16)
- Expected completion in 3Q22

### Nurse Training Australia Overview

- Vocational Education and Training (VET) provider, operating since 2013
- Offers certificate and diploma level courses in community services fields of study aligned to areas with skilled shortages, including nursing
- Primarily focused on the international student market (~85% of revenue). Currently 239 international students
- Operates from two campuses located in Burwood, Western Sydney

### Compelling strategic rationale

- Strong opportunity to expand NTA's nursing program into EDU's national campus footprint
- Expedites EDU's strategic entry into the nurse training market:
  - Highly attractive course area, given the strong job prospects
  - Relatively few providers focused on the international student market
- Nursing is on the Skilled Occupations List, presenting permanent residency opportunities
- Opportunity for cross-selling across the NTA and EDU agent networks

# EXECUTIVE SUMMARY (cont.)

## Equity raise and strategic investment by Mulpha



### Equity raise

- EDU has secured commitments to raise \$6.0m via Placement to fund the acquisition of NTA and aims to raise an additional \$0.5m via Share Purchase Plan
  - A two-tranche institutional Placement of 46.2 million shares at \$0.13 per share to raise \$6.0m
  - The 2nd tranche will comprise \$3.0m strategic investment by Mulpha and \$820k by directors, subject to shareholder approval
  - Share Purchase Plan to raise up to \$0.5m at the same price as the Placement
- Placement supported by existing institutional shareholders

### Strategic investment by Mulpha

- Mulpha to join register as strategic substantial shareholder with an investment of \$3.0m (13.8%).
  - Mulpha has a strong track-record in the education sector including its successful partnership in The Hotel School with Southern Cross University since 2004, and being a significant shareholder in K-12 ed-tech platform, Education Perfect Group Limited, which was sold to KKR in 2021
- Mulpha CEO, Greg Shaw to join EDU Board as Non-Executive Director
  - Mr. Shaw has over 25 years' experience in listed leisure and hospitality businesses with operations across Australia, New Zealand and the United States
  - Former CEO of Ardent Leisure, one of Australia's most successful leisure and hospitality owners which during his 13-year tenure as CEO grew from a \$70 million enterprise to a \$1.2 billion business.

### Financial impacts

- NTA generated CY21 revenue of \$4.1m and EBITDA of \$1.3m (\$1.0m pre-AASB 16)
- Significant increase to EDU's COVID affected pro-forma FY21 EBITDA: 65% increase to \$3.3m
- Revenue synergies expected from FY23 through expansion of NTA's nursing program into EDU's national campus footprint and cross-sell of courses across the NTA and EDU agents
- EDU's medium-term target is for 500 nursing students contributing annual revenue of ~\$10m



# EDU HOLDINGS OVERVIEW



# ABOUT EDU

## ONLINE & CAMPUS DELIVERY

national footprint

## MULTI-SECTOR EDUCATION PROVIDER

vocational and higher  
education

## QUALITY EDUCATION EXPERIENCE & OUTCOMES

'work-ready'  
graduates

## HEALTH & COMMUNITY SERVICES FOCUS

underpinned by strong  
employment growth

## DIVERSIFIED STUDENT BASE

domestic and  
international, VET  
and HE

## ORGANIC & ACQUISITIVE GROWTH

strategy

## EXPERIENCED BOARD & MGMT TEAM

successful track record  
in education  
sector and in M&A

# BUSINESS UNITS



	Australian Learning Group	Ikon Institute of Australia
Education sector	Vocational	Higher Education
Student market	International	Domestic and International
Current students <sup>1</sup>	1,200	550
Student recruitment	Education agents	Direct and via education agents
Funding source	Fee-for-service	FEE-HELP <sup>2</sup> and Fee-for-service
FY21 Revenue <sup>3</sup>	\$16.3m	\$6.0m
FY21 EBITDA <sup>3</sup>	\$2.9m	\$0.4m
Course offering	<ul style="list-style-type: none"> <li>• Aged Care</li> <li>• Community Services</li> <li>• Counselling</li> <li>• Early Childhood Education and Care</li> <li>• Fitness</li> <li>• Mental Health</li> <li>• Remedial Massage</li> <li>• Sport and Recreation Management</li> <li>• Yoga Teaching</li> </ul>	<ul style="list-style-type: none"> <li>• Arts Therapy</li> <li>• Counselling and Psychotherapy</li> <li>• Early Childhood Education</li> </ul>

1. In the current term or trimester

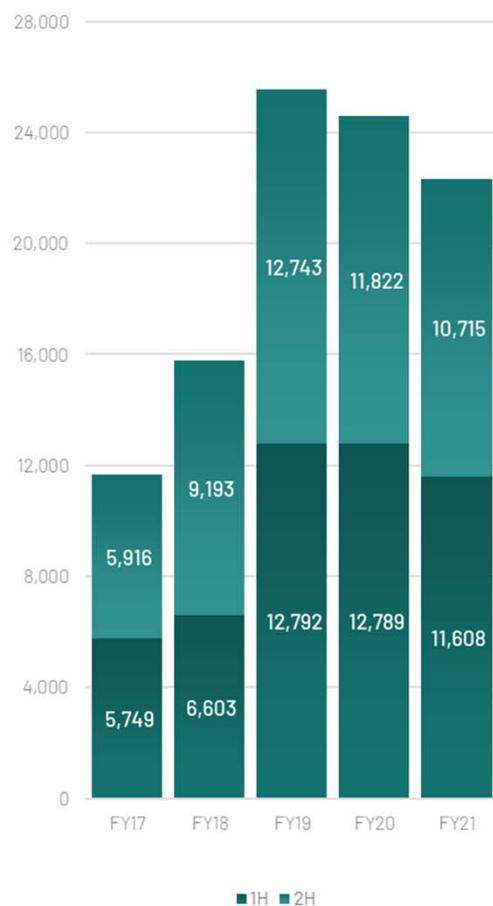
2. Government loan program that assists eligible domestic students pay their tuition fees

3. 12 months to 31 December 2021

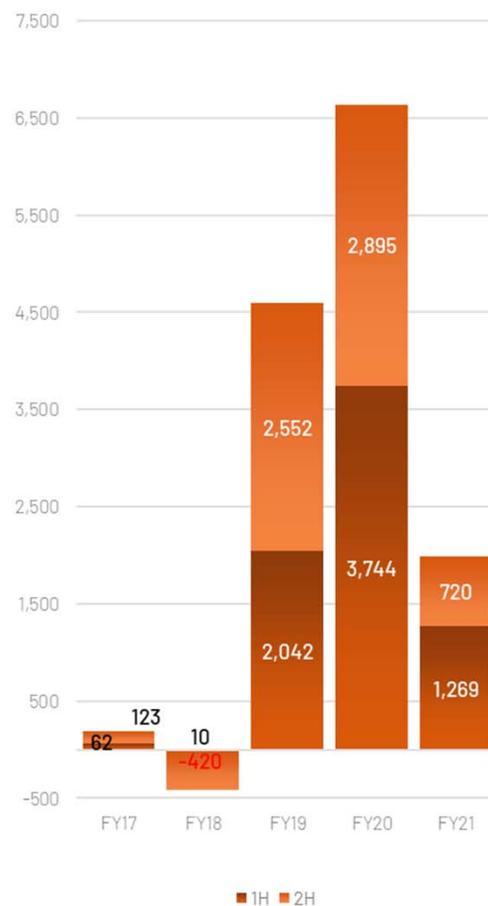
# KEY FINANCIAL METRICS<sup>1,2</sup>



Revenue



EBITDA (\$'000)<sup>2,3</sup>



**Revenue decline** due to COVID impact, particularly ALG (international VET)

**Return to growth expected in 2H22**

2020 EBITDA (and 2021 to a lesser extent) benefited from COVID relief and cost saving measures - will not repeat In 2022

With return of scale, **earnings leverage to emerge in FY23**

1 The Company's financial year ends 31 December. 1H refers to the 1st half of the financial year, from 1 January to 30 June. 2H refers to the 2nd half of the financial year, from 1 July to 31 December  
 2 The financial results for 2H21 include \$0.3m of JobSaver income. For the 12 months ended 30 June 2021, the results included \$1.8m of COVID-19 government and other relief measures, largely recognised against the corresponding expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income  
 3 EBITDA represents the earnings of the Group before interest, tax, depreciation and amortisation, and before one-off items



# NURSE TRAINING AUSTRALIA



# ABOUT NTA



Vocational  
education and  
training provider

International  
student  
focus

Community  
Services fields  
of study,  
incl. nursing

CY21

**\$4.1m**  
revenue

**\$1.0m EBITDA**

2 campuses  
in Burwood,  
Western  
Sydney

**239**  
International  
students

**Government  
funding contract**  
for domestic  
students

# BUSINESS OVERVIEW



Education sector	Vocational
Student market	International (primary market) and domestic
Current students <sup>1</sup>	239 international students
Student recruitment	Education agents and direct
Funding source	Fee-for-service and Government contract
FY21 Revenue <sup>2</sup>	\$4.1m
FY21 EBITDA <sup>2,3</sup>	\$1.3m
Course offering	<ul style="list-style-type: none"><li>• Individual Support</li><li>• Aged Care</li><li>• Disability</li><li>• Community Services</li><li>• Nursing</li></ul>

Course offering aligned to **skills shortages and employment opportunities**

Reputation in industry as a **high-quality provider**

**Hospitals and University partnerships** in place

1. In the current term

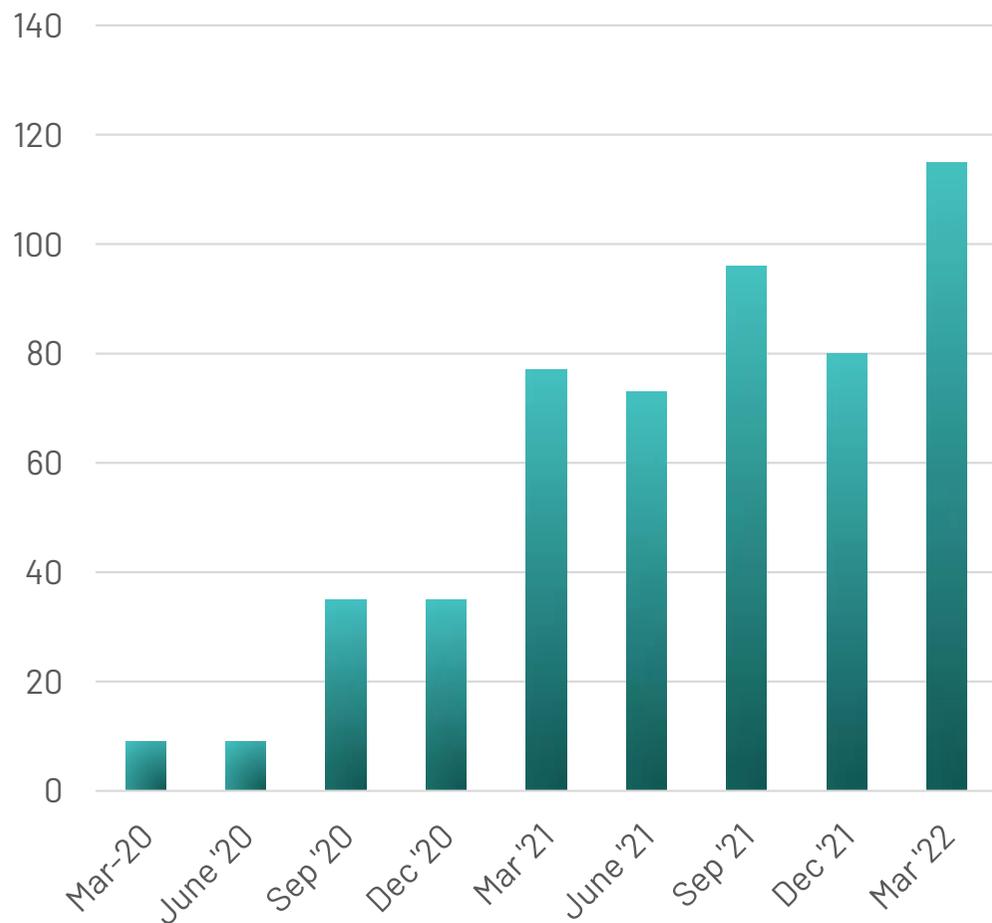
2. 12 months to 31 December 2021

3. Figures have been normalised to EDU accounting policies and a maintainable cost structure

# DIPLOMA OF NURSING



Students enrolled



Commenced offering **Diploma of Nursing** in March 2020

Delivers **strong employment opportunities** to graduates

**18-month course** taught over 3 semesters. 2 intakes per year

**Pathway agreement in place** with University of Canberra for Bachelor of Nursing

Often **packaged with Certificate IV in Ageing Support**

Registered Nurse on the Medium and Long-term Strategic Skills List, presenting **permanent residency opportunities**

Course includes **three work-placements**

# AGENTS AND STUDENT MIX



**65** active agents



Skew towards **subcontinent**

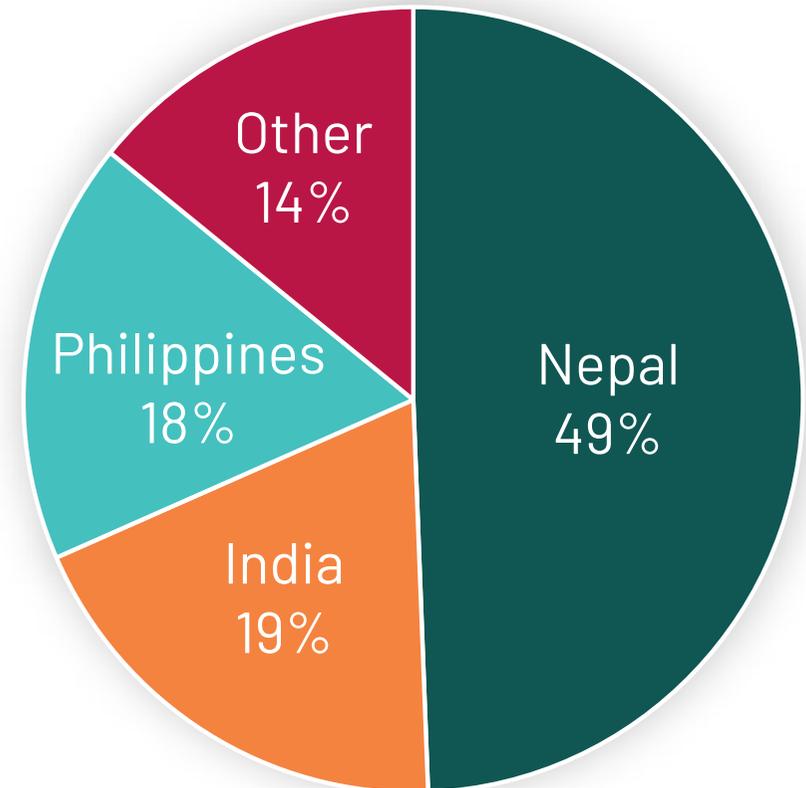


Historical focus on **offshore recruitment**



Servicing **3 of the top 4** source countries for nursing

NTA international student mix



# FINANCIAL PERFORMANCE

Year ended 31 Dec 2021 <sup>1</sup>	\$m
<b>Revenue</b>	
International	3.5
Domestic	0.6
<b>Total revenue</b>	<b>4.1</b>
<b>Less expenses</b>	
Agent commission	0.9
Employee costs	1.3
Other G&A	0.6
<b>Total expenses</b>	<b>2.8</b>
<b>EBITDA</b>	<b>1.3</b>

1. Figures have been normalised to EDU accounting policies and a maintainable cost structure

FY21 normalised to EDU accounting policies



No assumption of campus expansion in FY22



Revenue synergies expected from FY23



Cost synergies likely to be offset by corporatisation



# STRATEGIC OPPORTUNITY



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Expedites EDU's **strategic entry into the nurse training market**

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Strong **opportunity to expand** NTA's Diploma of Nursing program into EDU's campus network across Australia

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Medium-term target 500 nursing students delivering **~\$10m annual revenue**

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**Complimentary** agent network and student nationality mix

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**Broadens the Group's course offering** within Health and Community Services

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**Cultural alignment** between the businesses with a commitment to delivering high-quality training and employment outcomes





# FINANCIALS & OUTLOOK



# PRO-FORMA ANALYSIS

Year ended 31 Dec 2021	EDU	NTA	Pro-forma combined
Revenue	\$22.3m	\$4.1m	\$26.4m
EBITDA	\$2.0m	\$1.3m <sup>1</sup>	\$3.3m

Total student enrolments	EDU	NTA	Pro-forma combined
Current term or trimester <sup>2</sup>	1,750	239	1,989

**+18%**

Meaningful addition to pro-forma revenue: 18% increase to \$26.4m

**+65%**

Significant increase to COVID affected pro-forma EBITDA: 65% increase to \$3.3m

**+14%**

Growth in student numbers: 14% increase from 1,750 to 1,989

**Combined business positioned for significant revenue and EBITDA growth from FY23**

1. Figures have been normalised to EDU accounting policies and a maintainable cost structure  
 2. Students in the current term or trimester

# FY22 OUTLOOK



Positive leading indicators suggesting a return to growth in back-end of 2022, accelerating into 2023

Trading losses for FY22, ahead of volume and scale rebuilding

Maintaining long-term focus with no further cost-outs planned



550 enrolments for Trimester 1 2022 – up 37% on PCP

Continued growth in student numbers and revenue expected throughout year

EBITDA negatively impacted in 2022 due to scholarship pricing in ECE and additional investment in building the platform – earnings leverage to emerge in 2023



Transaction expected to complete in 3Q22, limiting contribution to Group in FY22

Continued growth in nursing and other enrolments driving increase in revenue and earnings

Preparation for rollout of nursing program to other campus locations

Medium-term target 500 nursing students delivering ~\$10m annual revenue



## GROUP

- Revenue to decline – growth in Ikon not offsetting decline in ALG, with limited contribution from NTA
- EBITDA loss at Group level
- Growth and EBITDA positive from FY23
- Long-term strategy intact, including disciplined M&A

# FY22 STRATEGIC PRIORITIES



Student volume  
growth and scale



Online capability -  
recruitment  
and delivery



Program  
development



Strengthen governance,  
academic quality and  
student experience



Disciplined  
M&A activity



Integration  
of Nurse Training  
Australia

# DIRECTORS & SENIOR EXECUTIVES

## **Adam Davis**, BAppFin (Macquarie University) 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.

## **Peter Mobbs**, B.Com, LL.B (WSU), Grad Dip Legal Practice (College of Law), GAICD 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 – Scentia. 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 of the AICD Company Directors course.

## **Jonathan Pager**, MEd (Macquarie University) Non-Executive Director

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

## **Gary Burg**, BAcc (Wits), MBA (Wits) Non-Executive Chair

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.

## **Greg Shaw**, B.Com (Queensland University), CA Non-Executive Director Elect

Mr Shaw has over 25 years' experience in listed leisure and hospitality businesses with operations across Australia, New Zealand and the United States. He was appointed as CEO of Mulpha Australia Limited in 2015, and in 2016 became CEO of Mulpha International Berhad, listed in Kuala Lumpur. As CEO of Mulpha, Greg has oversight over a diverse portfolio of real estate, hospitality, hotels, debt, private equity, retirement and education investments.

Prior to Mulpha, between 2002 and 2015, Greg was CEO of Ardent Leisure, one of Australia's most successful leisure and hospitality owners which during his 13-year tenure as CEO grew from a \$70 million enterprise to a \$1.2 billion business. Greg has extensive experience in growing operating business platforms across many industry sectors. Greg graduated with a Bachelor of Commerce Degree from the University of Queensland, Australia and qualified as a Chartered Accountant.

## **Lyndon Catzel**, BEc (Sydney University), CA Chief Financial Officer and Company Secretary

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.



# EQUITY RAISE



# ACQUISITION & OFFER SUMMARY

## Purchase price

Total cash consideration of \$6.0m:

- \$4.5m payable on completion for 75% of the shares, with typical working capital adjustment
- \$1.5m payable in 12 months for the remaining 25% of the shares (not subject to performance milestones or working capital adjustment)

## Funding

\$6.5m equity raise to fund the acquisition and associated transaction costs comprising:

- A two-tranche institutional Placement of 46.2 million shares at \$0.13 per share to raise \$6.0m
- The 2<sup>nd</sup> tranche will comprise a \$3.0m strategic investment by Mulpha and \$820k by directors, subject to shareholder approval
- A non-underwritten Share Purchase Plan capped at \$0.5 million at same price as the Placement

## Timing and closing conditions

Completion of the acquisition is subject to a number of conditions present in favour of EDU, including successful re-accreditation of NTA's nursing program. Completion expected to occur in 3Q22

Issued capital	Number	Funds raised
Shares currently on issue <sup>1</sup>	117,514,448	-
Placement shares	46,153,848	\$6.0m
SPP shares (maximum)	3,846,154	\$0.5m
Securities on issue post-offer	167,514,450	-
<b>Market capitalisation @ offer price<sup>1,2</sup></b>	<b>\$21,776,878</b>	<b>\$6.5m</b>

Use of Funds	
Purchase price	\$4.5m
Working capital	\$1.8m
Capital raising fees	\$0.2m
<b>Total</b>	<b>\$6.5m</b>

1. Excludes 5.8m performance rights on issue with various strike prices

2. Assumes \$6.0m Placement and SPP of \$0.5m @ \$0.13 per share

# INDICATIVE TIMETABLE

Event	Date
<b>Placement (Tranche 1)</b>	
Announcement of completion of the Placement	Thursday, 2 June 2022
Settlement of Tranche 1 of the Placement	Tuesday, 7 June 2022
Issue and Allotment of Tranche 1 of the Placement	Wednesday, 8 June 2022
<b>EGM</b>	
Notice of Extraordinary General Meeting and Proxy Form dispatched to shareholders	Thursday, 9 June 2022
Date of EGM	Monday, 18 July 2022
<b>Share Purchase Plan and Placement (Tranche 2)</b>	
Record date for SPP	7:00pm (AEST), Wednesday, 1 June 2022
SPP offer opens and SPP documents dispatched to shareholders	Thursday, 9 June 2022
SPP offer closes	Thursday, 30 June 2022
Announcement of results of the SPP	Wednesday, 6 July 2022
Issue of SPP Shares	Thursday, 7 July 2022
Commencement of Trading of SPP Shares	Friday, 8 July 2022
Settlement of Tranche 2 of the Placement	Thursday, 21 July 2022
Issue and Allotment of Tranche 2 of the Placement	Friday, 22 July 2022
Commencement of Trading of Tranche 2 of the Placement	Monday, 25 July 2022

\* Dates indicative only and subject to change. The Company reserves its right to alter the dates at its discretion and without prior notice, subject to the ASX Listing Rules and *Corporations Act 2001*(Cth).



# APPENDICES



# KEY RISKS

Risk item	Explanation and consequence
Completion	Completion of the acquisition is conditional on satisfaction or waiver of various conditions precedent. There is no guarantee that completion will occur. Capital raised for the transaction will not be returned if the transaction does not complete
Regulatory	NTA has applied for accreditation of the new Diploma of Nursing qualification. If this is not obtained and added to NTA's scope of registration, NTA will be unable to offer the course. Successful accreditation has been included as a condition precedent to completion
Integration	EDU intends to integrate NTA. The anticipated benefits from the integration may be delayed or ultimately not achieved at all. The integration may result in loss of customers and or key personnel
Key personnel	NTA is reliant on a number of key personnel. If some or all of these people leave NTA post completion of the acquisition and replacements are not found, it may impact NTA's ability to continue to trade
Due diligence	EDU has undertaken due diligence of NTA. However, EDU and its advisers may not have identified all risks inherent in NTA. EDU may therefore be exposed to unknown financial, legal and operational risks
COVID-19 restrictions	NTA is primarily focused on the international student market. New COVID-19 related travel restrictions could impact the business including by reducing the number of international students studying in Australia
Immigration and visa settings	Changes to Australia's immigration and visa settings may impact the attractiveness of Australia as a study destination relative to other destinations

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# CONTACTS

## Adam Davis

Chief Executive Officer

E: [adam.davis@eduholdings.com.au](mailto:adam.davis@eduholdings.com.au)

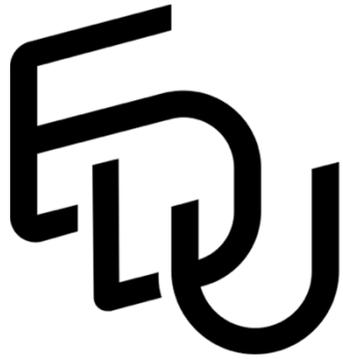
M: 0408 400 888

## Lyndon Catzel

Chief Financial Officer

E: [lyndon@eduholdings.com.au](mailto:lyndon@eduholdings.com.au)

M: 0414 907 384



H o l d i n g s

