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UCW

LIMITED

ASX:UCW

INVESTOR PRESENTATION

September 2015

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UCW STRATEGY

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To build a private education business in the Vocational Education and Training (VET) sector

Acquire campus-based businesses we can grow through product, campus and delivery mode expansion

Privatisation of VET sector, fragmented market, depreciating A\$ and support for service exports

Experienced board with a successful track record in private education

INITIAL ACQUISITION - ALG

- Australian Learning Group Pty Ltd (ALG) is a leading provider of accredited education to the international and domestic student market in the areas of Fitness, Sport and Recreation Management, and Massage
- Campuses in Sydney, Melbourne, Brisbane and Perth with approved CRICOS capacity of 1,375 international students
- Profitable and cash flow positive with ~20% CAGR in revenue over past 3 years
- Purchase price 5 x FY16 Normalised EBITDA
- ALG vendors retained and aligned with equity
- Prospectus offer to raise \$5m - \$10m at 6 cents per share (post consolidation)

BOARD OF DIRECTORS

Mr Adam Davis Executive Chairman

Adam Davis has extensive experience in the education sector, having founded and then acted as Chief Executive Officer and Managing Director of ASX-listed Tribeca Learning Limited. The company was acquired in 2006 by Kaplan, Inc., a division of NYSE-listed The Graham Holdings Company (formerly The Washington Post Company), to form the foundation of its Australian operations.

Under Adam's stewardship, Tribeca Learning acquired and integrated numerous education businesses servicing the Australian financial services sector, consolidating a fragmented market and creating the leading national provider. Tribeca Learning offered a broad range of accredited courses and continuing education programs and its customers included most of the major financial institutions in Australia.

Adam holds a Bachelor of Applied Finance degree from Macquarie University.

Mr Peter Mobbs Non-Executive Director

Peter is an experienced and respected leader in education with 13 years' experience in the sector. He is currently CEO of online vocational provider, Ivy College. In previous roles, Peter was the Director of Operations, Career Education within Study Group - a global education provider - and held the role of Managing Director, Martin College, also a Study Group business.

In earlier years Peter established Australia's leading private real estate education business, Agency Training Australia, which in 2006 was acquired by Kaplan Inc. Peter became Kaplan's General Manager, Product Development and Delivery for the stock broking, insurance, accounting, real estate and financial services industries.

Prior to entering the education sector Peter worked as a lawyer in both the U.K. and Australia in the areas of commercial litigation and tax. He is a member of the Law Society of NSW and the Australian Institute of Company Directors.

Jonathan Pager Non-Executive Director

Jonathan has over 20 years' experience as an adviser across a wide range of industries in Australia and overseas and is currently Managing Director of Pager Partners Business Consultants and Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has recapitalised several ASX-listed companies across both the resources and industrial sectors. He is currently a director of Montech Holdings Limited (ASX:MOQ) and was more recently a director of AHAlife Holdings Limited (ASX:AHL), Rhipe Limited (ASX:RHP), PLD Corporation Limited (ASX:PLD) and Prospect Resources Limited (ASX:PSC).

Michael Pollak Non-Executive Director

Michael holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael is currently a director of ASX-listed HJB Corporation Limited (ASX:HJB) and Montech Holdings Limited (ASX:MOQ), and was previously a director of Rhipe Limited (ASX:RHP), Disruptive Investment Group Limited (ASX:DVI), Prospect Resources Limited (ASX:PSC) and PLD Corporation Limited (ASX:PLD), being companies he previously recapitalised, along with a number of other ASX listed entities.

VET SECTOR OVERVIEW

- Certificate I to Advanced Diploma qualifications delivered by Registered Training Organisations (RTO)
- Highly regulated
- Fragmented with 5,000 providers, many focussed on niche segments
- \$9.6b revenue market, growing at 2.1% per annum
- Structural shift towards privatisation with private providers doubling their share of enrolments between 2008 and 2012
- Government policy supporting increased enrolments in both the domestic and international student market
- Education is Australia's largest service export and a top 5 destination for international students - depreciating A\$ supporting growth in enrolments

TYPICAL ACQUISITION PROFILE

- Campus-based RTOs with a clear growth path
- Profitable and cash flow positive
- \$1m - \$5m EBITDA
- Valuation of 3 to 5 x EBITDA
- Combination of cash and share consideration
- Vendors retained and aligned with equity

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ABOUT ALG

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- Founded in 2005 by current owners
- Attained CRICOS registration 2008

Australian Learning Group <http://alg.edu.au/>



Established 1985

NSW School of Massage <http://schoolofmassage.com.au/>



Established 2008

Australian College of Sport and Fitness <http://acsf.edu.au/>



Established 2015

Australian College of Dance <http://dancecollege.com.au/>

CAMPUSES

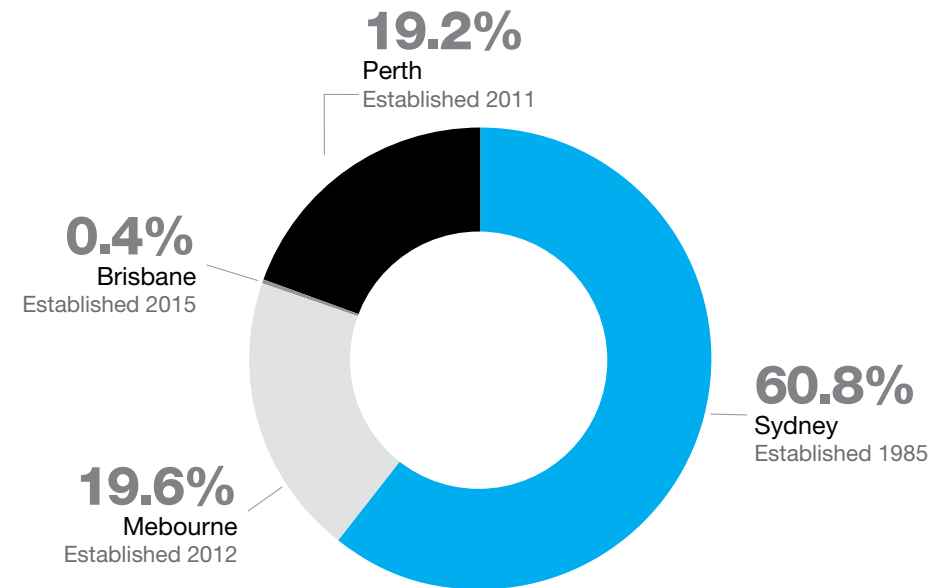
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Approved CRICOS capacity by campus:

Campus	CRICOS capacity
Sydney	600
Melbourne	350
Brisbane	150
Perth	275
Total	1,375

- Recently obtained 38% increase in international student capacity

FY15 international student commencements by campus:



- Brisbane campus only recently established. Potential growth in commencements as campus matures in line with Melbourne and Perth

COURSES AND JOB OUTCOMES

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Course name	Expected job outcome
Australian College of Sport and Fitness	
Certificate III in Fitness	Gym Instructor
Certificate IV in Fitness	Personal Trainer
Diploma of Fitness	Specialist Personal Trainer
Diploma of Sports and Recreation Management	Managerial Role
NSW School of Massage	
Certificate IV in Massage Therapy Practice	Massage Practitioner
Diploma of Remedial Massage	Remedial Massage Practitioner
Australian College of Dance	
Certificate III in Assistant Dance Teaching	Assistant Dance Teacher

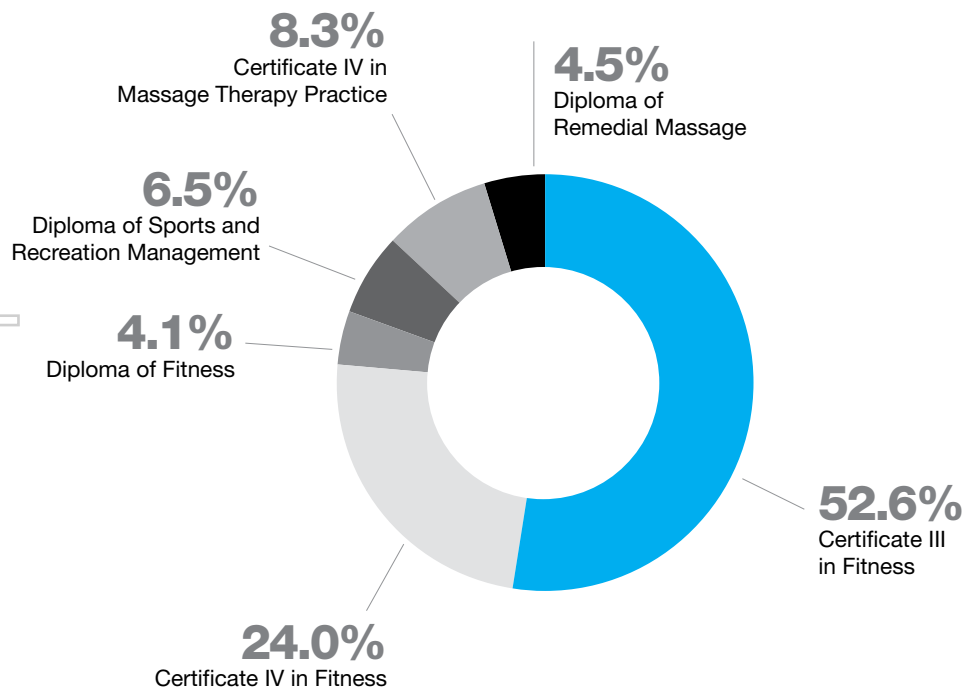
- 7 qualifications on scope of registration as RTO
- Strong compliance history with a low-risk provider rating from ASQA
- Offered to both international and domestic student markets

REVENUE ANALYSIS

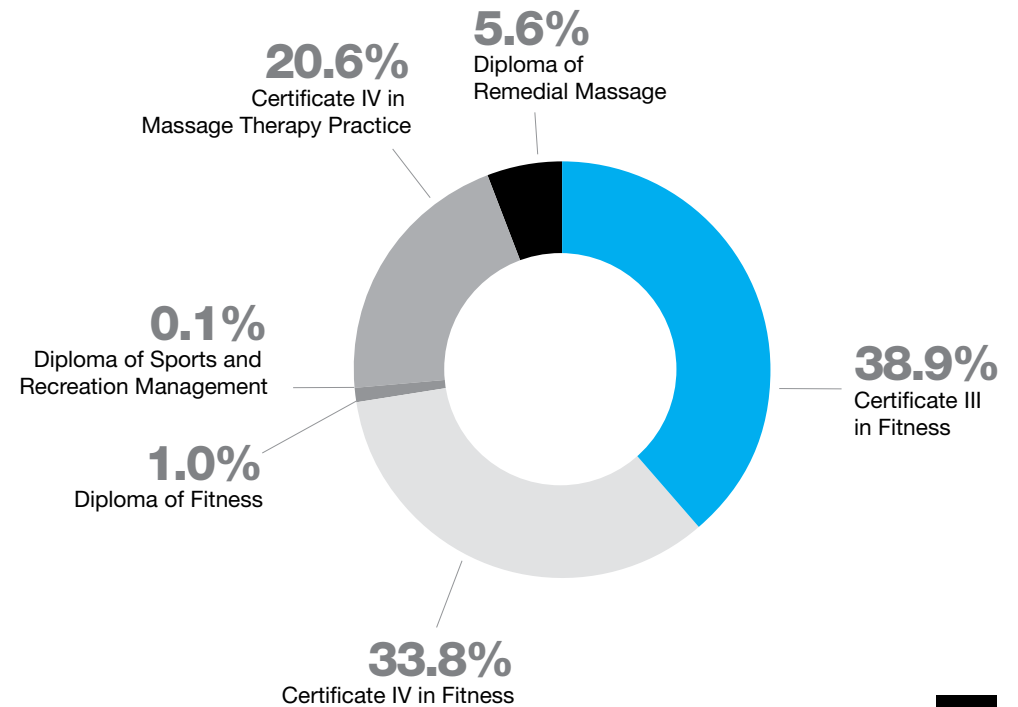
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Market	FY15 course revenue	% FY15 course revenue
International	\$4,696,818	75.9%
Domestic	\$1,490,914	24.1%
Total	\$6,187,732	100%

FY15 international student commencements by course:



FY15 domestic student commencements by course:



INTERNATIONAL STUDENT OFFERING

- **Structure:**

- Classroom delivery, 20 hours per week

- **Pricing:**

- Payment in advance means negative working capital
- Opportunity to review prices given depreciation of A\$

- **International student lifestyle:**

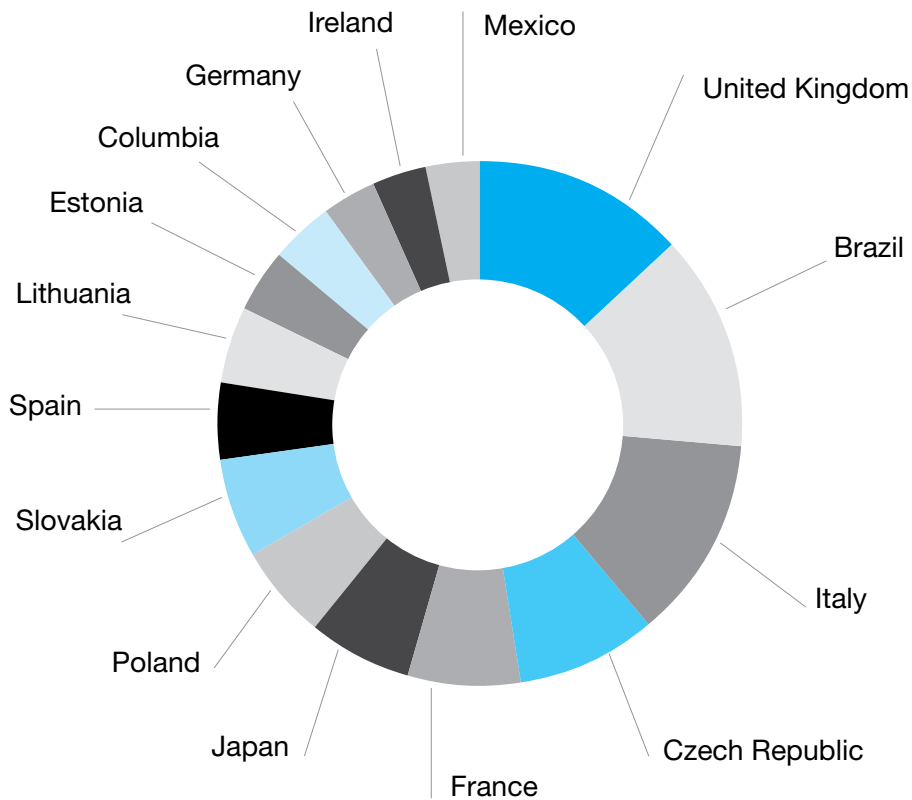
- Geared to student visa requirements
- Permits 20 hours work per week
- Modular course offering allows progressive extension of visa

Course name	Duration (weeks)	Duration (terms)	Total Fee
Certificate III in Fitness	26	2	\$3,775
Certificate IV in Fitness	52	4	\$7,155
Diploma of Fitness	26	2	\$4,175
Diploma of Sports and Recreation Management	52	4	\$7,155
Certificate IV in Massage Therapy Practice	39	3	\$6,065
Diploma of Remedial Massage	52	4	\$7,955
Certificate III in Assistant Dance Teaching	52	4	\$7,155

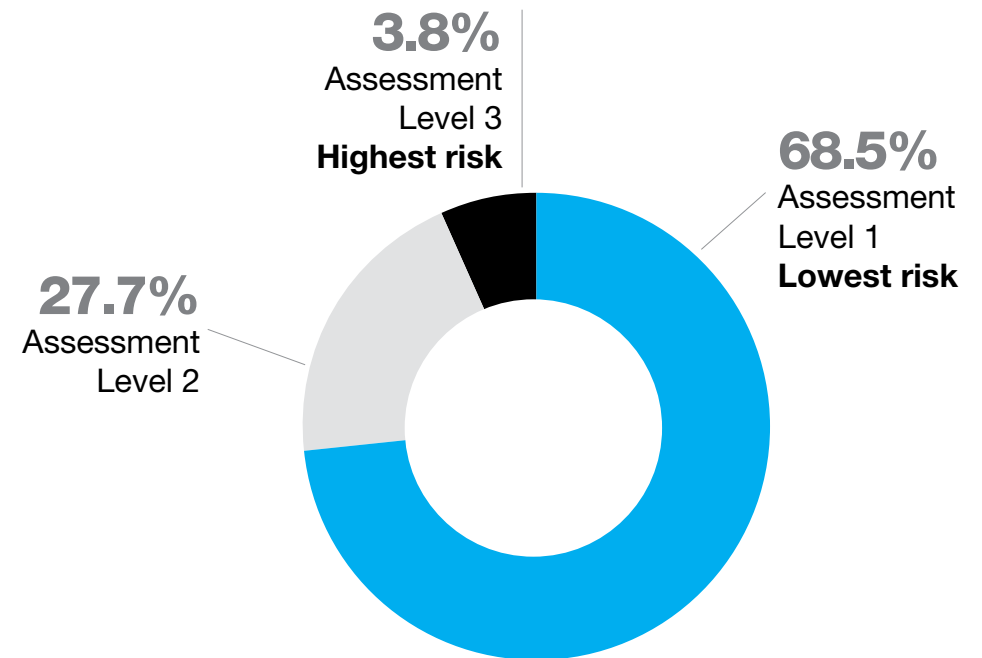
INTERNATIONAL DISTRIBUTION

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FY15 international student enrolments by country of origin (Top 15):



FY15 international student enrolments by assessment level of country of origin (Top 15):

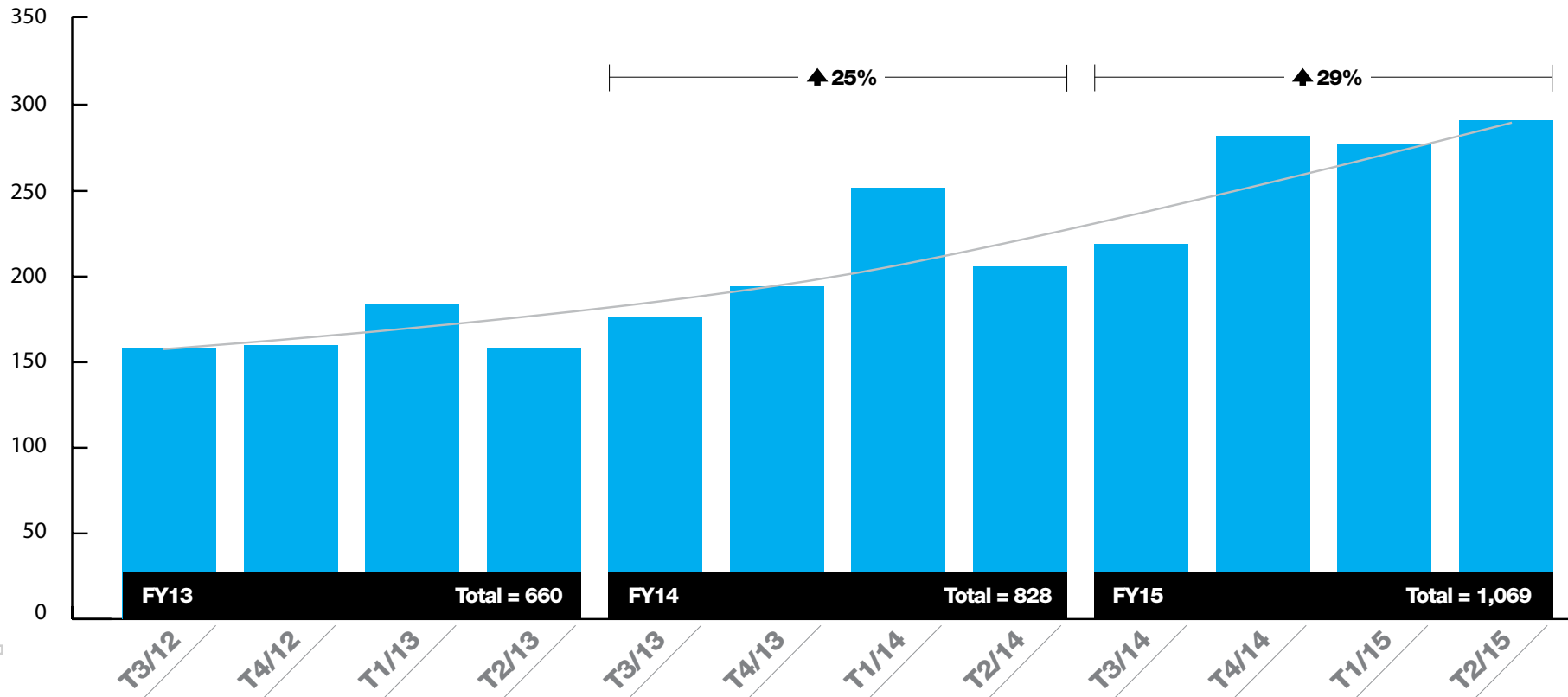


- Network of ~400 agents. Commission of 22.5 - 25%. Top 10 agents account for 40 - 45% of enrolments
- 20 - 25% of enrolments are direct

- The Top 15 source countries represent 76.6% of FY15 student enrolments
- Only 3.8% of enrolments from the Top 15 source countries are high-risk assessment level

INTERNATIONAL GROWTH OPPORTUNITY

International student commencements by term:

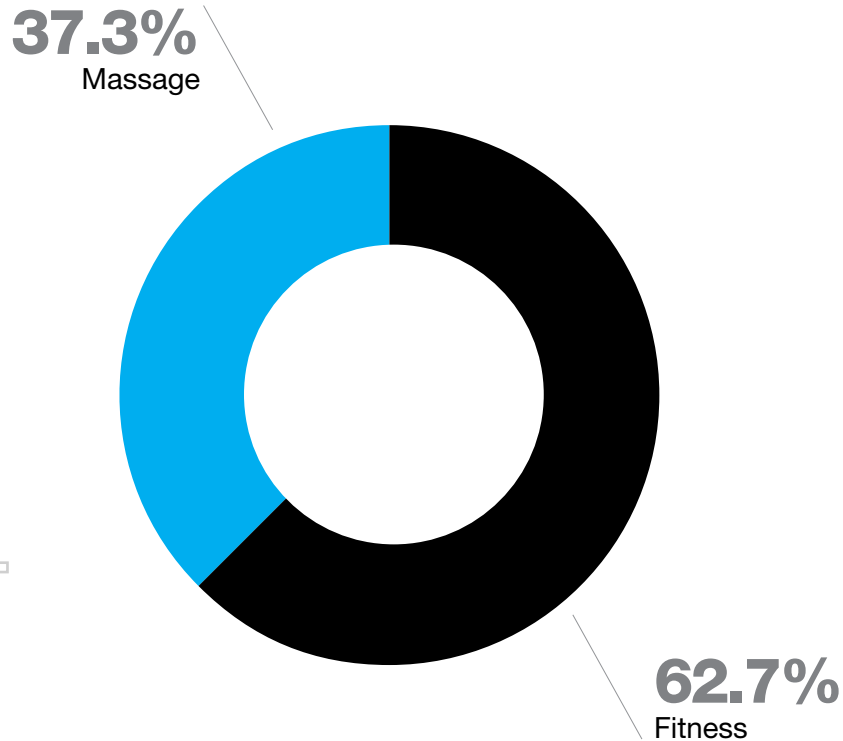


- Opportunity to fill recently increased international student capacity
- Brisbane campus only recently established. Other potential campus locations
- Ongoing course development and take-up of recently introduced courses
- Active agent management and improved direct marketing

DOMESTIC STUDENT OFFERING

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FY15 domestic revenue by course:



- **Structure:**

- Predominantly distance education, self-paced

- **Distribution:**

- Direct and through resellers

- **Pricing:**

- Per course fee, either paid upfront or via payment plan

- **Growth Opportunity:**

- New courses and colleges
- Transition to fully online
- Introduction of VET FEE-HELP

P&L SNAPSHOT

\$,000	Audited FY15	Audited FY14	Change %
Revenue	6,480,545	5,357,783	21.0%
Cost of goods sold (COGS)	(2,388,130)	(1,930,678)	23.7%
Gross profit	4,092,415	3,427,105	19.4%
% Gross profit margin	63.1%	64.0%	
Operating expenditure (OPEX)	(2,892,850)	(2,264,085)	27.8%
Profit before tax	1,199,565	1,163,020	3.1%
Add back interest, depreciation & amortisation	37,622	31,352	20.0%
EBITDA	1,237,187	1,194,372	3.6%
Normalisation Adjustments			
Rent	96,957	96,955	
Royalties	75,646	27,870	
Normalised EBITDA	1,409,790	1,319,197	6.9%

Notes:

- Normalisations relate to reduced rent and royalties post completion
- ALG has achieved ~20% CAGR in revenue growth for past 3 years due to increased international student enrolments
- Course fees have not increased for several years
- COGS comprises mainly commissions, variable teaching costs and variable external venue costs
- OPEX comprises mainly permanent staff costs and rent
- During FY15, six additional FTE's were added to support growth, bringing total FTE's to 26

ALG MANAGEMENT TEAM

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Matthew David Smith Chief Executive Officer

Matthew is the co-founder and sole director of ALG. Since ALG's inception, Matthew's primary responsibilities have concerned ALG's strategic direction and business development, which has included new business modelling, product development and key partnership development.

Margaret Elizabeth Armstrong, Director of Studies

Margaret is the co-founder and Director of Studies of ALG. Since ALG's inception Margaret's primary responsibilities have concerned course development, compliance and teacher performance management.

Andreas Lippa, General Manager and Director of Sales

Andreas is the General Manager and the Director of International Sales of ALG. Andreas has been an employee of ALG since 2009 and his primary responsibilities have concerned the management of international student sales via education agent networks, and also providing support to the CEO with respect to general management and daily business operations.

Role	#
Senior Management Team	3
Managers	7
Support Staff	6
Customer Service / Student Support	10
Total	26

- ALG employs approximately 26 FTE's
- During FY15, six additional FTE's were added to support growth
 - Increased CRICOS capacity
 - New courses
 - New Brisbane campus

TRANSACTION TERMS

- 5 x Normalised FY16 EBITDA, subject minimum of \$8.5m and maximum of \$11m
- Completion payment of \$4m cash and \$1m in shares at 6 cents per share
- Minimum deferred consideration of \$3.5m in cash. Remainder (if any) in cash or shares - 50% at vendor's election and 50% at UCW's election
- Escrow of 24 months on initial share consideration and 12 months on deferred share consideration
- Vendors intend to remain in current capacity for minimum of 2 years post completion
- Conditional on capital raising and re-compliance with Chapters 1 and 2 of Listing Rules

CAPITAL RAISING

- Offer to raise \$5m - \$10m at 6 cents per share (post consolidation)
- In the event ALG achieve the maximum Earn-Out Amount, this represents an FY16 Normalised EBITDA* multiple of ~7x.

POST 1:4 CONSOLIDATION	In the event \$5m is raised	Diluted %	In the event \$10m is raised	Diluted %
Shares currently on issue	84,320,006	42%	84,320,006	29%
Proposed capital raising	83,333,333	41%	166,666,667	58%
Consideration shares	16,666,666	8%	16,666,666	6%
Total shares	184,320,005	91%	267,653,339	93%
Options	18,750,000	9%	18,750,000	7%
Fully diluted	203,070,005	100.0%	286,403,339	100.0%

*Prior to ASX listing fees and other UCW corporate costs

INDICATIVE TIMETABLE

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Action	Date
Company suspended	7 September 2015
Prospectus lodged with ASIC	15 September 2015
Closing date of Offer	2 October 2015
Reinstatement application approved by ASX	15 October 2015
Issue and allotment of New Shares	19 October 2015
Completion of the transaction	19 October 2015
Recommencement of trading on ASX	26 October 2015

The above dates, other than the date for the lodgement of this Prospectus with ASIC, are indicative only and each or any of them may be varied without notice.

CONTACT DETAILS

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