iCollege

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Australian Securities Exchange Limited Via e-lodgement
ASX Code ICT

iCollege signs HOA to establish offshore student recruitment business

Key points:

- Signing of Heads of Agreement (HOA) to establish an offshore student recruitment business: iStudy Australia (India)
- This HOA is in line with the Board's key strategic priorities - to increase onshore demand through international delivery and vertical integration.
- Workshops for potential students begin 20 April 2018.
- Sole focus of iStudy Australia (India) will be to facilitate the recruitment of students in India wishing to study in Australia at a cost less than that currently being paid to external recruitment agencies.
- Initial infrastructure and staffing costs to be borne by the Indian partners and repaid by the business once it becomes self sustaining..

Alignment with strategic priorities

In February 2018, the Board of iCollege set out the clear strategic direction for iCollege following the merger with Manthano Ltd. The key strategic priorities relevant to this announcement are:

- Increase on-shore demand through international delivery;
- Pursue vertical integration; and
- Ensure current course delivery remains up to date and relevant with appropriate use of technology.

Announcement details

iCollege Ltd ("ICT" or "the Company") (ASX: ICT) is delighted to announce that a formal HOA has been signed with Ms. Nayana Kedar Gosavi and Ms. Parul Hiren Kakad to establish a Joint Venture operating under the name of iStudy Australia (India) with the focus on recruiting students who wish to undertake vocational and higher education in studies in Australia. The establishment costs including staffing and marketing will be borne our Indian partners and repaid by the business once it becomes self sustaining.

The initial focus of iStudy Australia (India) will be to recruit students for the existing iCollege qualification offerings. iStudy will also work towards securing agreements with other educational institutions creating additional and ongoing revenue streams for the business.

The HOA is not currently legally binding but contemplates entering into a legally binding arrangement by 30 June 2018. It is expected that the first student letters of offer will be issued prior to the completion of the legally binding arrangement.

Managing Director Ash Katta commented; "India a significant market for international students with over 78,000 students choosing to study in Australia in 2017. This joint venture will help iCollege establish itself in that emerging market, provide a long term channel for future enrollments, reduce costs associated with sourcing current enrollments and increase utilisation rates for our campuses across the country."

Australia ranks second as the most preferred international education destination for Indian students across the vocational, higher education and school sectors. Currently only 4.69% of India's workforce is skilled with the requirement for skilled manpower growing to 109.73 Million people by the year 2022.[1] The Indian Government and Industry has listed international partnerships such as this as one of the major enablers to achieve their goals. Australia is viewed as a safe and welcoming destination for international students.

iStudy Australia (India) will significantly reduce the cost of student acquisition and allow iCollege to fully vet all applications prior to offering a placement. The opportunity to provide students to other Australian Vocational and Higher Education providers opens the door to additional revenue streams for iCollege Australia.

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[1] Data source: Global Education Consulting Group