

26 November 2019

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## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Attached is a revised version of the Chairman's address released earlier today. The errors in paragraphs 5 and 6 on the second page have been corrected.

Stephanie Noble  
Company Secretary

***For further information*** call Christopher Campbell on +61 2 9224 5555.

*Academies Australasia has been operating for 111 years and listed on the Australian Securities Exchange for 42 years. The group comprises 18 separately licensed colleges operating in New South Wales, Queensland, South Australia, Victoria and Western Australia in Australia, and overseas in Singapore. The group offers a wide range of recognised courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor Degree. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.*

## **CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

### **111<sup>th</sup> ANNUAL GENERAL MEETING**

11.30am, 26 November 2019  
Level 31, 1 O'Connell Street, Sydney

Good morning

Welcome to the 111<sup>th</sup> Annual General Meeting of Academies Australasia Group Limited.

### **Overview**

Details of the financial performance for FY19 are contained in the FY19 Annual Report that was sent to all shareholders.

FY19 was another record year, with EBITDA of \$9.3 million after adjustment for significant items - a 34% increase on FY18. [*EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation*]

There was significant improvement in several areas:

Revenue from ordinary activities	Up 8% to \$66.35 million
Profit from ordinary activities before tax	Up 10% to \$6.71 million
Profit from ordinary activities after tax	Up 8% to \$4.81 million
EBITDA	Up 6% to \$7.93 million
Net cash at 30 June	Up 16% to \$15.0 million
Net operating cash flows	Up 114% to \$7.99 million

We are particularly pleased to have repaid the last of our bank borrowings by June 2019 and to have declared a fully-franked final dividend of 2.37 cents to take the total dividend for the final year to 3.67 cents per share. We continue to be debt-free.

### **Business Environment**

Our views on the business environment described in the Chairman's and Group Managing Director's Statement in the Annual Report have not changed. While the domestic sector continues to be slow, the international business is still growing. Should market forces lower the value of the Australian dollar, international business would be expected to increase further.

## **Outlook**

We are a bit more optimistic today than we were at the FY18 AGM. The re-election of the previous government seems to have brought some stability to the education sector.

We are pleased with the initiatives of The Hon Dan Tehan, Minister for Education, to boost regional development in Australia by encouraging international students to study in regional areas. In this regard we are delighted to have been granted 15 scholarships for international students to study in Armidale, New South Wales – where Academies Australasia Institute offers international students courses in agriculture. RuralBiz Training is another AKG college that teaches agriculture - to farmers all around Australia and Papua New Guinea.

Perth and the Gold Coast, where we have colleges, have been designated regional areas – a big attraction to international students seeking to stay on after completing their studies.

On the other hand, we are concerned with the Government's intention to move to a full cost recovery approach to regulation. This would be a significant new cost to bear. Moreover, if reports that the regulatory authorities' track record at the Administrative Appeals Tribunal has been far from perfect are true, there would be the additional worry about education providers having to pay for assessments that may not be right. And then, assuming of course that the formula for the impost will be applied equally to the public and independent sectors, there is the matter of fairness. Competitive Fairness. Any additional impost will hurt. But for the public sector it will be just a transfer of funds from one Government pocket to another.

## **First Quarter (Q1, FY20)**

Q1, FY19 was very strong with EBITDA, at \$2.9 million after adjustment for significant items. We are pleased to report that based on unaudited management accounts, we have maintained that level for Q1, FY20.

The significant adjustments were the addback of a \$1.3 million provision for accrued debtors in Q1, FY19 and the addback of a \$280,000 charge for backdated (to 2017 and 2018) unexpected increase in outgoings invoiced in Q1, FY20.

## **Re-Election of Sartaj Hans**

Today, you will be asked to consider the re-election of Sartaj Hans to the Board. Mr Hans' re-election has the Board's full endorsement. I am pleased to say that from proxies received, he will be re-elected.

### **Industry Representatives**

I would like to record our thanks and appreciation to two senior colleagues for the contribution they are making to the education sector: Gabriela Rodriguez who was elected to the Independent Higher Education Australia Board in 2017 and elected Deputy Chairman this year, and Joanna Kelly, who was elected to the English Australia Board in 2018 and re-elected this year.

### **Thank you**

I would like to thank all stakeholders in the Company – shareholders, students, clients, partners, associates, management and staff - for their contribution and support in FY19.

K & L Gates have again kindly allowed us the use of their Meeting Room for our AGM. This is very much appreciated.

Thank you for attending this meeting.

Dr John Lewis Schlederer  
Chairman  
26 November 2019