

CASE STUDY



COMPANY SPOTLIGHT



Market capitalisation at time of purchase	Market capitalisation at time of sale	Industry Sector
\$26.4m	\$46.3m	Consumer Services

REDHILL EDUCATION LIMITED (ASX: RDH)

Redhill Education operated a portfolio of private education businesses in Australia, focusing on international student education. The company delivered English language courses, vocational training, and higher education programs through a number of specialized institutions including Greenwich College and the Academy of Institute Technology (AIT). Its operations spanned across multiple campuses in major Australian cities and had growing digital delivery channels.

WHY DID WE INVEST?

- **Favourable Demographics & International Demand:** The business benefitted from Australia's reputation as a high-quality destination for international education. Rising demand from Asia and, European and LATAM regions underpinned consistent growth in international student enrollments.
- **Diversified Education Offering:** RDH operated across multiple segments, English language, vocational, and higher education, which reduced revenue concentration risk and allowed cross-promotion among education brands.
- **High Cash Conversion & Capital Light Model:** The company's asset-light delivery model enabled high cash conversion and low capital expenditure requirements, supporting a strong balance sheet and scalable operations.
- **Operational Improvements & Organic Growth:** Management executed well on campus productivity, digital expansion, and cost efficiencies, improving earnings quality over time.

ENTRY PRICE

- Began initially purchasing shares in early November 2016 at \$0.90 and continued to purchase over time with an average purchase price of \$1.57.

*Past performance is not indicative of future performance. This is general information only and should not be construed or relied upon as legal, financial or professional advice. Accordingly, the recipient should seek independent professional advice as to the risk, financial, taxation and other implications of investing.

COMPANY SPOTLIGHT



Redhill Education Limited (ASX:RDH) - Share Pricing



Source: S&P Capital IQ

WHY DID WE SELL – Acquisition by iCollege Limited (ASX: ICT)

- In February 2021, Redhill Education received an acquisition proposal from iCollege Limited (ASX: ICT).
- The acquirer initially offered 6 ICT shares for each RDH share, later increased to 9.5 ICT shares per RDH share, valuing RDH shares at \$1.235.
- We elected to sell our shares on market during the bid period at a lower price having little confidence in the iCollege management team, the poor decision for recommending the bid by the RDH board and the overvalued ICT scrip.

INVESTMENT OUTCOME

- Began initially purchasing shares in early November 2016 at \$0.90 and continued to purchase over time with an average purchase price of \$1.57.
- Sold at an average sale price of \$0.89 with the last sale in September 2021 at \$0.91 prior to the transaction completing.
- Loss (including dividends received) of 39.1% on our investment over the period, equating to a money weighted IRR of approximately -0.49%.

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