



Global
platform

Connected
community

IDP Education
Half Year Financial Results
Six Months to 31 December 2018



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Note: All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Presentation are due to rounding.

H1 FY19 Highlights



HI FY19 Highlights

Revenue

- A\$304m up 26%

NPATA*

- A\$41.8m up 32%

English Language Testing

- 660,000 IELTS tests up 18%

English Language Teaching

- 45,900 courses up 13%

EBITDA

- A\$66.8m up 33%

Interim Dividend

- 12.0 cps up 41%

Student Placement

- 27,300 APFs up 23%

Digital Marketing

- Hotcourses international web traffic 26.5m up 26%

* NPATA is NPAT adjusted by adding back the non-cash post-tax charges relating to the amortisation of acquired intangible assets.



Business Update



Building the global platform and connected community

➤ Delivering world-leading capabilities and services...



World's best course search



Leading office network



Global contact centre



Virtual Agency



Leading CRM and CMS



Digitising student expos



Student Essentials (value added services)



Career support

➤ ...on a global platform...

IDP

IELTS

Hotcourses

Other Partners

➤ empowers IDP to support customers and clients using data-driven insights



Connecting our customers to success



Technology build: Global roll-out of platform on time and on budget



Platform roll-out highlights

- 24 IDP markets now live on global platform
- Student events digitised
- Customer management system in place
- Integrated marketing automation platform increasing engagement
- New mobile-first websites attracting top of the funnel leads
- Global contact centres established in 11 key markets with 7 more coming online in H2 FY19
- IDP's student health insurance platform piloted successfully in Australia

Early performance indicating top of the funnel growth



29

Global and
country specific
websites



40%

Increase in web
traffic*



46%

Increase in student
online leads*



35%

Increase in student
placement leads
(online and offline)*

* Percentage increase is for the six months ended 31 December 2018 versus the six months ended 31 December 2017





With the
technology
platform in place,
our focus shifts
to empowering
people

Standing up the
technology platform

Complete (FY17 – FY19)



Enhanced global marketing structure

Global and regional
marketing structure in place
with 33 specialist roles
recruited to drive growth and
customer engagement

Nearing completion



Global Ways of Working

Ways of Working defined
across 20 key roles to
enable globally
consistent customer
experiences

In implementation



IDP Digital Campus

New campus in Chennai
will drive innovation and
rapid product
development

FY20 Initiative

Innovating IELTS

As computer-delivered IELTS gains traction, the IELTS partners are delivering regular product releases and enhancements for our customers

IELTS™



Record test volumes recorded

IDP's global IELTS test volumes up 18%



55 new CD IELTS test centres in H1 2019

23 countries offering the computer-delivered option



Customers welcoming new option

Strong take up of computer-delivered IELTS



Investment in customer journey

Digital marketing enhancements to empower customers



Enhancing support tools

New tools and support programs helping customers perform at their best

Financial Results



HI FY19 Overview

Strong Earnings growth with EBITDA up 33%

Income Statement Summary

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	HI FY19*	HI FY18	\$m	%	
English Language Testing	178.6	148.4	30.2	20%	19%
Student Placement	90.7	64.9	25.8	40%	36%
- Australia	48.7	37.5	11.2	30%	30%
- Multi-destination	42.1	27.5	14.6	53%	43%
English Language Teaching	13.3	11.1	2.2	20%	13%
Digital Marketing and Events	20.1	15.9	4.3	27%	22%
Other	1.5	1.7	-0.2	-11%	-14%
Total Revenue	304.3	242.0	62.3	26%	23%
Direct Costs	132.1	105.7	26.4	25%	23%
Gross Profit	172.2	136.3	35.9	26%	24%
Overhead costs	105.4	86.0	19.4	23%	20%
EBITDA	66.8	50.3	16.5	33%	31%
Depreciation & Amortisation	6.8	3.8	3.1	82%	80%
Amortisation of Acquired Intangibles	1.4	1.4	0.0	-1%	-1%
EBIT	58.5	45.1	13.4	30%	28%
Net finance expense	-0.9	-1.1	0.2	18%	18%
Profit before tax	57.6	44.0	13.6	31%	29%
Income tax expense	16.9	13.5	3.4	25%	25%
NPAT	40.7	30.5	10.2	34%	31%
NPATA ***	41.8	31.6	10.2	32%	30%

- Total revenue growth of 26% with strong performances in all product segments
- Very strong performance from Student Placement with Australian placement posting 30% revenue growth and Multi Destination recording 53% revenue growth
- Overhead cost growth reflects expansion of network offices in H2 FY18, ongoing investment in digital marketing capability and contact centres in support of the student placement digital platform
- EBITDA margin expansion reflects the growth in Student Placement revenue and IELTS price increases and efficiency gains
- Increase in depreciation reflects investment in Student Placement platform and growth in office network in FY18
- NPATA growth of 32%
- Interim dividend of 12.0cps franked at 50%

* IDP adopted AASB15 Revenue from Contracts with Customers from 1 July 2018. Other than for the "Key Operational Metrics" on page 14, the financial information for HIFY19 has been presented on post AASB15 basis and comparatives have not been restated. The impact of AASB15 on the aggregate results for HIFY19 results is not significant but for completeness a comparison is provided on page 19

** "Constant Currency Growth" is calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

*** NPATA is NPAT adjusted by adding back the non-cash post-tax charges relating to the amortisation of acquired intangible assets.

Key Operating Metrics

Strong volume growth driving performance

Summary of Key Operational Metrics

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	H1 FY19 *	H1 FY18	'000s / \$	% *	
Volumes (000s)					
English Language Testing	660	558.9	101.1	18%	
Student Placement	27.3	22.2	5.1	23%	
-Australia	13.4	12.3	1.1	9%	
-Multi-destination	13.9	9.9	4.0	40%	
English Language Teaching Courses	45.9	40.5	5.4	13%	
Average Test Fee (A\$)					
English Language Testing Fee	271	266	5	2%	1%
Average Application Processing Fee (A\$)					
Student Placement APF	3,341	2,922	419	14%	16%
-Australia APF	3,494	3,048	446	15%	16%
-Multi-destination APF	3,193	2,766	428	15%	16%
Average Course Fee (A\$)					
English Language Teaching Course fee	289	273	16	6%	0%

Volumes

- IELTS volume growth remains strong with broad based growth across the network with particularly strong growth recorded in India, Vietnam, Canada, Bangladesh and Nigeria
- 23% growth in Student Placement volumes a highlight of the result driven by ongoing strength in Multi-Destination and a rebound in Australian volumes
- Australian Student Placement volume growth of 9% was underpinned by strong growth in India.
- Continued strong growth in volumes to Canada and the UK from India, China, Indonesia, Bangladesh and the UAE were highlights for multi-destination.

Average Price

- Increase in student placement average price was driven by positive movements in tuition fees, mix of UG and PG students, improvement in commercial terms, student-pays revenue and Student Essentials (e.g. health insurance) revenue
- Higher IELTS prices in India and Australia offset the impact of the ongoing mix shift to lower price countries

* Information in this table for H1 FY18 is presented on a pre-AASB15 basis to ensure comparability with the prior period. The impact of AASB15 on volumes and average fees is provided on page 19

** "Constant Currency Growth" is calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

Segmental Earnings

Strong growth in the key Asian markets

Revenue and EBIT by Geographic Segment

Six Months to 31 December	Half Year Actuals		Growth	
	H1 FY19	H1 FY18	\$m	%
Revenue				
Asia	204.4	154.1	50.3	33%
Australasia	31.0	34.8	-3.8	-11%
Rest of World	68.9	53.1	15.8	30%
Total revenue	304.3	242.0	62.3	26%
EBIT				
Asia	63.4	48.1	15.3	32%
Australasia	6.2	8.5	-2.2	-26%
Rest of World	17.9	12.5	5.4	43%
Total EBIT pre corporate costs	87.5	69.1	18.5	27%
Corporate costs	29.0	24.0	5.0	21%
Total EBIT	58.5	45.1	13.4	30%

- Asia represents 67% of revenue and 72% of EBIT (ex corporate overheads)
- India delivered strong growth in all business lines with Vietnam and Bangladesh also key contributors to the Asia segment's performance
- China student placement revenue rose 29% driven primarily by growth in demand for UK
- Revenue and earnings in Australasia were impacted by a decline in IELTS volumes, however on-shore Student Placement posted an increase in revenue versus pcg
- The Rest of World recorded a strong performance for the year with the Middle East, Hotcourses UK and Canada underpinning the segment's growth

Summary



Summary

Financial Performance

- Overall revenue up 26% with strong growth from each business line

Structural Growth

- Result driven by structural growth trends in key markets for international education and the use of the English language

Digital Transformation

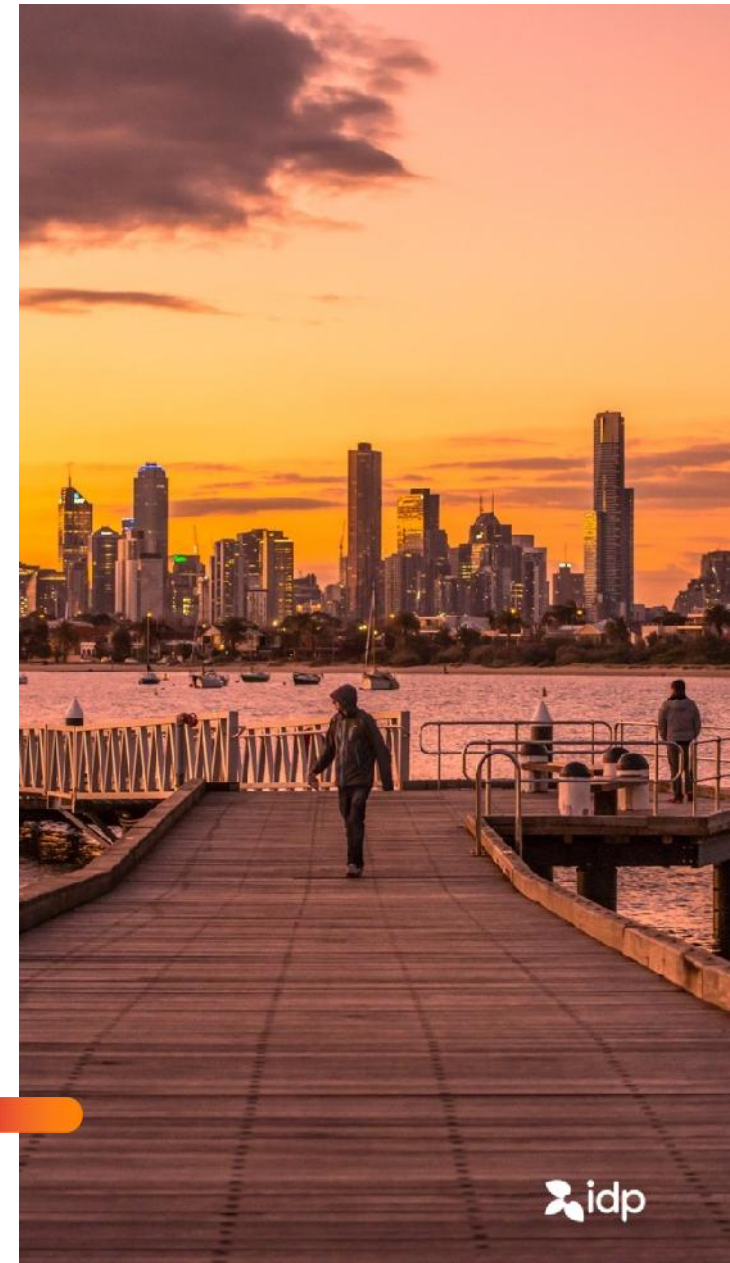
- Global technology platform implementation on track, with focus shifting to enhancing skills and business capability

Product Innovation

- Accelerated global roll out of computer-delivered IELTS resulting in positive customer experiences and operational benefits

Our People

- Investing in talent and supporting our people to drive world-class outcomes



Appendices



AASB15

The impact of AASB15 is not material on the aggregate H1FY19 financial results

Summary Income Statement pre and post AASB15

Six Months to 31 December	H1 FY19		H1 FY18	Growth (%)	
	Post AASB15	Pre AASB15		Post AASB15	Pre AASB15
English Language Testing	178.6	178.6	148.4	20%	20%
Student Placement	90.7	91.4	64.9	40%	41%
- Australia	48.7	46.9	37.5	30%	25%
- Multi-destination	42.1	44.4	27.5	53%	62%
English Language Teaching	13.3	13.3	11.1	20%	20%
Digital Marketing and Events	20.1	20.1	15.9	27%	27%
Other	1.5	1.5	1.7	-11%	-11%
Total Revenue	304.3	304.9	242.0	26%	26%
Gross Profit	172.2	172.6	136.3	26%	27%
EBITDA	66.8	67.2	50.3	33%	34%

Volumes pre and post AASB15

Six Months to 31 December	H1 FY19		H1 FY18	Growth (%)	
	Post AASB15	Pre AASB15		Post AASB15	Pre AASB15
English Language Testing	660.0	660.0	558.9	18%	18%
Student Placement	26.0	27.3	22.2	17%	23%
-Australia	13.8	13.4	12.3	12%	9%
-Multi-destination	12.3	13.9	9.9	24%	40%
English Language Teaching Courses	45.9	45.9	40.5	13%	13%

- IDP adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018. The comparatives have not been restated.
- The only impact of AASB15 occurs in Student Placement where IDP is now required to recognise revenue when its performance obligations are satisfied.
- Previously, under AASB 118 IDP recognised revenue when student enrolments were confirmed, subject to IDP assessing that, based on the terms of the relevant contract and past experience on student withdrawal rates, it is probable that the Group will be entitled to those fees.
- The effect is to decrease Multi-Destination revenue in this period as UK revenue is recognised when confirmation of enrolment is received some of which was related to FY18 and increase Australian Student Placement volumes as the performance obligations for subsequent courses are satisfied on confirmation of enrolment some of which from future periods related to FY19.
- The cumulative effect of initially applying the standard was \$7.8m, which was recognised in the retained earnings as of 1 July 2018.

Product Category Summary

Aggregate gross margins largely flat v pcg

Revenue and GP by Product Segment

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY19	H1 FY18	\$m	%	
Revenue					
English Language Testing	178.6	148.4	30.2	20%	19%
Student Placement	90.7	64.9	25.8	40%	36%
- Australia	48.7	37.5	11.2	30%	30%
- Multi-destination	42.1	27.5	14.6	53%	43%
English Language Teaching	13.3	11.1	2.2	20%	13%
Digital Marketing and Events	20.1	15.9	4.3	27%	22%
Other	1.5	1.7	-0.2	-11%	-14%
Total revenue	304.3	242.0	62.3	26%	23%
Gross profit					
English Language Testing	75.8	62.6	13.2	21%	22%
Student Placement	76.1	56.0	20.2	36%	32%
English Language Teaching	9.0	7.4	1.6	21%	14%
Digital Marketing and Events	10.6	9.5	1.1	11%	6%
Other	0.6	0.8	-0.2	-21%	-23%
Total gross profit	172.2	136.3	35.9	26%	24%

- English Language Testing margin improved in India and Australia as price increases were effective in H1, but this was largely offset by the increase in volumes from lower priced countries and the cost impact of running both paper based and computer based testing in many locations
- Student Placement margin declined as the impact of licensing and support two systems during the transition to the new student placement platform, and an increase in sub-agent commissions vs pcg
- English Language Teaching margin improved marginally as Cambodia improved capacity utilisation of the new school campus opened 12 months ago.
- Digital Marketing and Events margin declined as the size and number of student placement events increased as our new digital events system was implemented. The events business makes a negative contribution at gross profit as it is a student placement lead generator. Digital marketing gross profit increased 21% vs pcg

Expenses

Investing for future growth

Expenses Summary

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY19	H1 FY18	\$m	%	
Direct Costs	132.1	105.7	26.4	25%	23%
Overhead Costs	105.4	86.0	19.4	23%	20%
- Employee benefits expenses	68.0	55.8	12.3	22%	19%
- Occupancy expense	10.9	9.3	1.6	18%	15%
- Promotion and publicity expense	7.6	6.9	0.7	10%	7%
- Other expenses	18.9	14.1	4.8	34%	32%
Total Expenses	237.5	191.7	45.8	24%	21%

- Investments made in new offices in H2 FY18 increased headcount and occupancy vs pcp
- Headcount expansion also driven by investment in senior digital marketing talent across the network and the addition of contact centre personnel
- Other expenses include professional consultancy and IT expenses which rose during the period due to the number of projects and increases in IT support required during the digital transformation of the business

Balance Sheet

Strong balance sheet with only A\$9.6m of net debt

Consolidated historical balance sheet

As at 30 June, A\$ million	31-Dec-18	31-Dec-17	Change
Current assets			
Cash and cash equivalents	54.8	48.8	6.0
Trade and other receivables	98.5	53.4	45.1
Other current assets	25.9	17.2	8.7
Current assets	179.2	119.4	59.8
Non-current assets	182.4	169.4	13.0
Total assets	361.6	288.8	72.8
Current liabilities			
Trade and other payables	79.3	69.3	10.0
Deferred revenue	35.7	30.0	5.7
Current tax liabilities	1.8	1.7	0.1
Borrowings	4.0	5.0	-1.0
Other current liabilities	13.0	11.6	1.4
Current liabilities	133.8	117.6	16.2
Non-current liabilities	71.1	69.9	1.2
Total liabilities	204.9	187.5	17.4
Total equity	156.7	101.3	55.4

- Drawn borrowings balance as at 31 Dec 2018 A\$64.4m
- Debt facilities include
 - GBP£36.0m Hotcourses Group acquisition facility (£30.9m drawn)
 - A\$20.0m working capital (A\$4.0m drawn)
 - A\$7.0m HCP investment facility (A\$4.1m drawn)
- Cash of A\$54.8m generates net debt of A\$9.6m

Cashflow

Solid cash flow conversion

Summary of Cash Flow

Six Months to 31 December	Half Year Actuals		Growth	
	H1 FY19	H1 FY18	\$m	%
EBITDA	66.8	50.3	16.5	33%
Non-cash items	4.6	2.0	2.6	130%
Change in working capital	-26.3	-19.7	-6.6	34%
Income Tax Paid	-18.6	-15.8	-2.8	18%
Net interest paid/received	-0.8	-0.3	-0.5	167%
Operating cash flow	25.7	16.5	9.2	56%
Payments for Acquisitions	-0.7	-4.1	3.4	-83%
Capital Expenditure	-7.4	-13.4	6.0	-45%
Net cash flow before Financing	17.6	-1.0	18.6	-1812%
Issue of shares	4.5	0.0	4.5	N/A
Payments for Treasury Shares	-0.3	0.0	-0.3	N/A
Proceeds from Borrowings	4.7	9.1	-4.4	-48%
Repayment from Borrowings	-5.0	-2.0	-3.0	150%
Dividend Payments	-16.5	-13.8	-2.7	20%
Effect of FX on cash holdings in foreign currency	1.0	0.1	0.9	900%
Net Cash Flow	6.0	-7.6	13.6	-178%

- GOCF* of \$45.1m up 38% and reflects 67% conversion from reported EBITDA
- Strong growth in Multi-Destination Student Placement drives a second half bias to cash conversion
- Capex of \$7.4m included following investments
 - \$4m Student Placement digital platform
 - \$3m computer-delivered IELTS

* Gross Operating Cash Flow (GOCF) calculated as Operating Cash Flow less Net Interest less Income Tax paid

