



IDP Education H1 FY17 result

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2017 financial year (H1 FY17).

For the six months to 31 December 2016, the company reported total revenue of \$189.8 million, an increase of 5% compared to the same period in FY16. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$36.4 million which represents growth of 12% compared to the same period in FY16.

On a constant currency basis the company recorded strong growth. After removing the effects of foreign exchange movements between H1 FY17 and H1 FY16, total revenue increased 9%, EBITDA was up 21% and net profit after tax (NPAT) grew by 33%.

Andrew Barkla, IDP Education Chief Executive Officer and Managing Director, said the results reflected the strength of the company's diversified business.

"In the first half of the financial year we focused on reinforcing IDP Education's core strengths as market leaders in international education as we prepare the company for further investment in new platforms and opportunities to connect with the global student body," Mr Barkla said.

According to Mr Barkla, IDP Education's operational and financial highlights during H1 FY17 included:

- Strong earnings growth with EBIT and NPAT increasing 19% relative to the same period in FY16
- On a constant currency basis EBIT was up 29% and NPAT rose 33%
- Strong performance from student placement driven by a 32% increase in volumes for students placed to IDP's 'multi-destination' countries of UK, USA, Canada and New Zealand
- Earnings Per Share (EPS) of 9.6cps (+19%) and a 7.0cps interim dividend franked at 50%

In student placement, the company's investment in its 'multi-destination' strategy continued to drive growth with a 105% increase in Canadian volumes a highlight. Past investment in counsellor capability, combined with positive regulatory settings in Canada, drove good conversion from increasing student demand.

"Our multi-destination strategy provides our students with more options to find the country that best suits their needs. This is increasingly important given the current political, social and economic shifts we are seeing in the global marketplace," Mr Barkla said.

In Australia, the company's most established destination market, offshore student placement volumes grew by almost 10%, largely underpinned by double-digit growth from China and India. This growth was partially offset by a decline in student volumes from the on-shore Australian market due in part to the increasing take-up of post-study work rights. The resulting total volume growth to Australian institutions was 4%.

In English Language Testing, IDP Education's IELTS volumes were up 3% for the period. This outcome was underpinned by a strong performance in Canada, Nepal and the Middle East which helped offset declines in Australia.

IDP Education's English Language Teaching business posted volume growth of 7%. The company's Cambodian operations continue to record excellent results with the addition of further classroom capacity enabling volume growth during the period.

Looking forward, Mr Barkla noted that the company's focus is now on further improving the customer experience through implementation of new digital service offerings.

In January IDP Education acquired the Hotcourses Group, a digital marketing and online student recruitment company.

"The acquisition of Hotcourses presents an exciting opportunity to bring together one of the world's leading digital student engagement and marketing businesses with one of the world's largest student placement businesses", Mr Barkla said.

"We believe this acquisition will allow us to support our students earlier in their decision-making process through improved access to information and online research tools, whilst also building our global reputation as trusted advisors for students seeking face-to-face support."

Results overview

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%) *
	H1 FY17	H1 FY16	\$m	%	
English Language Testing	118.7	116.3	2.4	2%	7%
Student Placement	54.0	48.8	5.2	11%	17%
- <i>Australia</i>	34.5	30.7	3.7	12%	13%
- <i>Multi-destination</i>	19.5	18.1	1.4	8%	26%
English Language Teaching	10.5	10.5	0.1	1%	4%
Other	6.5	6.0	0.5	9%	11%
Total Revenue	189.8	181.6	8.2	5%	9%
Direct Costs	87.1	86.7	0.3	0%	5%
Gross Profit	102.7	94.9	7.9	8%	14%
Overhead costs	66.4	62.3	4.0	6%	11%
EBITDA	36.4	32.6	3.8	12%	21%
Depreciation and Amortisation	2.5	4.0	-1.5	-37%	-36%
EBIT	33.9	28.6	5.3	19%	29%
Net interest Income	0.1	0.2	-0.1	-41%	-40%
Profit before tax	34.0	28.8	5.2	18%	29%
Income tax expense	9.9	8.5	1.4	17%	19%
NPAT	24.1	20.3	3.8	19%	33%

About IDP Education

IDP Education is a global leader in international student recruitment and a co-owner of IELTS, a leading English language proficiency test. Headquartered in Melbourne, Australia, IDP Education is 50% owned by 38 Australian universities through Education Australia Limited, with the remaining 50% traded on the ASX. IDP Education employs more than 1,600 full time equivalent staff globally, has 93 student recruitment offices in 30 countries and over 400 IELTS test locations in over 50 countries. It also owns and operates 10 English language schools in Cambodia, Vietnam and Thailand. For further information on IDP Education, visit www.idp.com.

For further information please contact**Investors & Analysts**

Craig Mackey
IDP Education Limited
+61 3 9612 4400

Media

Arj Ganeshalingam
Porter Novelli
+61 421 690 204

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