



ASX Announcement
22 August 2017

IDP Education FY17 result

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

For the twelve months to 30 June 2017, the company reported total revenue of \$394.2 million, an increase of 9% compared to FY16. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$68.4 million which represents growth of 12% compared to FY16.

On a constant currency basis, the company recorded strong growth. After removing the effects of foreign exchange movements between FY17 and FY16, total revenue increased 13% and EBITDA was up 17%.

IDP Education Chief Executive Officer and Managing Director, Andrew Barkla, said the performance reflected the continuation of IDP Education's organic growth strategy and provided solid financial foundations for the company's digital transformation.

"In FY17 we defined a vision to build the world's leading platform and connected community to guide international students through their study journey to achieve their learning and career goals," Mr Barkla said.

"To enable this vision, this year we invested significantly in building a network of brands, platforms and data to give us unparalleled insights into the behaviours and needs of customers," he said.

IDP Education's operational and financial highlights during FY17 included:

-) Record full year revenue and earnings with growth in each of the company's core product categories
-) Strong performance from Student Placement with the highlight being a 127% increase in placement volumes to Canada and a 26% increase in volumes to the UK
-) Revenue from IDP Education's Australian Student Placement business up 14% driven by solid growth in both volumes and average fees
-) English Language Testing performed well with revenue from IDP Education's global IELTS operations up 6% on FY16
-) Acquisition of Hotcourses which significantly enhanced IDP Education's digital reach and capability
-) Introduction of new value added services for students studying in Australia
-) Strong cash generation which resulted in a balance sheet with \$2.4m of net cash as at 30 June 2017

The performance of IDP Education in FY17 represents a continuation of the organic growth that the company has been experiencing over the past five years. This growth has been underpinned by the ongoing global growth in the international education industry and the central role of English as a key global language. IDP Education has a global footprint and diversified business model that benefits from both of these global trends.

IDP Education's Asian operations posted another strong year of growth and continue to be a key driver of the company's profitability with more than 65% of group EBIT (excluding corporate overhead) coming from the region in FY17.

The region includes both India and China which are the key engines of growth for the international education industry more broadly. These countries have large populations that are experiencing rising wealth and a high propensity to invest in education both domestically and abroad.

IDP Education's English Language Testing business also had a solid year. FY17 saw IDP expand its IELTS network to Nepal, Japan, Greece, Germany and Cyprus. This helped contribute to a 6% increase on the number of tests (909,800) IDP Education delivered compared to FY16.

In FY17, the number of organisations recognising IELTS results reached 10,000. This cemented the test's position as the world's most recognised high-stakes test for study, work and migration purposes - a significant milestone for IDP and its IELTS partners, the British Council and Cambridge English Language Assessment.

IDP Education's English Language Teaching business posted revenue growth of 4%. This was driven by volume growth with an 11% increase in courses delivered across the company's 10 schools. The company's Cambodian business was the stand-out performer and continues to be a market leader in that country.

Results overview

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%) *
	FY17	FY16	\$m	%	
English Language Testing	250.7	237.1	13.6	6%	10%
Student Placement	103.4	92.4	11.0	12%	16%
- Australia	74.5	65.5	9.0	14%	14%
- Multi-destination	28.9	27.0	2.0	7%	22%
English Language Teaching	21.2	20.3	0.9	4%	8%
Advertising and Events	15.3	8.0	7.3	90%	90%
Other	3.6	3.7	-0.1	-3%	7%
Total Revenue	394.2	361.6	32.6	9%	13%
Direct Costs	181.4	173.3	8.2	5%	8%
Gross Profit	212.7	188.4	24.4	13%	17%
Overhead costs	144.4	127.3	17.1	13%	18%
EBITDA	68.4	61.1	7.3	12%	17%
Depreciation	5.8	7.1	-1.4	-19%	-18%
Amortisation of Acquired Intangibles	1.4	0.3	1.1	438%	438%
EBIT	61.2	53.7	7.6	14%	22%
Net interest Income	-0.7	0.5	-1.2	-255%	-255%
Profit before tax	60.5	54.1	6.4	12%	17%
Income tax expense	19.0	14.2	4.8	34%	36%
NPAT	41.5	39.9	1.6	4%	10%
NPATA **	42.6	40.1	2.5	6%	13%

* "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

**IDP Education considers NPATA (net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles), rather than NPAT, to be a more meaningful measure of after tax profit due to the non-cash amortisation of acquired intangibles that is reflected in reported NPAT

IDP Education's Board of Directors has declared a final dividend of 5.5 cents per share which is expected to be 55% franked. The record date for the dividend will be 7th September 2017 with payment to be made on 28th September 2017.

"Looking to FY18, our focus is on the global roll-out of a new digital platform to underpin our digital transformation," Mr Barkla said.

"We are setting out to build the world's most definitive database and connected international student community.

"The compelling rationale for this investment in technology infrastructure and innovation is the consolidation of our global data into one comprehensive view of international students' behaviours and needs.

"Our aim is to enable our expert education advisors to connect with students much earlier in their decision-making journey and continue that relationship as the student moves from their home country to their study country, and then beyond into employment.

"IDP Education's customers access our services at life-changing junctures. Our goal is to support more students, and provide them greater choices and opportunities to realise their global ambitions," he said.

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Disclaimer

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