



ASX announcement
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Strong H1 FY18 result reflects organic growth from a diversified global network

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2018 financial year (H1 FY18).

For the six months to 31 December 2017, the company reported total revenue of \$242 million, an increase of 27% compared to the same period in FY17. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$50.3 million, which represents growth of 38% compared to the same period in FY17.

On a constant currency basis, the company recorded revenue growth of 29% and EBITDA growth of 33%.

Andrew Barkla, IDP Education Chief Executive Officer and Managing Director, said the results reflected the depth and breadth of IDP's business, with high-quality performances across all major business streams and markets.

"Stand out performers were our IELTS testing business, our multi-destination student placement stream and Hotcourses, which has now been integrated into IDP," Mr Barkla said.

IDP Education's other operational and financial highlights during H1 FY18 included:

-) Strong earnings growth with EBITDA and NPATA increasing 38% and 31% respectively relative to the same period in FY17
-) Successful launch of computer-delivered IELTS in Melbourne
-) On-track global platform roll-out in line with IDP's digital transformation vision
-) Adjusted Earnings Per Share of 12.6 cents per share (+31%) and an 8.5 cent per share interim dividend franked at 70%
-) Continued high levels of customer satisfaction, with nine in 10 student placement customers referring IDP to family and friends

In student placement, the company's investment in its 'multi-destination' strategy continued to drive growth, with increased volumes to Canada and the UK being a highlight. A key strength of this strategy is that IDP's education counselling teams are able to offer students a variety of quality education choices that best align with their needs and circumstances.

IDP's physical network has now expanded to more than 100 offices. This was boosted by three new offices in India alone, reflecting IDP's increased market leadership in South Asia.

In English Language Testing, IDP Education's IELTS volumes were up 28% for the period. The company recorded double-digit volume growth in a large number of countries during the period.

This breadth of well-performing countries was a highlight of the result. Individual countries that were key contributors to growth in testing included India, New Zealand, Canada, Nepal and Vietnam.

IDP Education's English Language Teaching business posted volume growth of 8%, with the company's Cambodian operations recording ongoing excellent results.

December's launch of the first computer-delivered IELTS test centre was a key operational highlight.



“Launching our first computer-delivered tests in Melbourne marked a significant milestone in the 28-year history of the test. The IELTS partners are pleased to offer customers more choice in the test model to help them perform at their best on test day,” Mr Barkla said.

Just over 12 months on from its acquisition, Hotcourses has integrated into the IDP business and is delivering strong revenue from its advertising and events activities.

“While the revenue generation from Hotcourses has been encouraging, the biggest gains have come from the sharing of capabilities and insights amongst our teams, especially through our digital transformation program,” Mr Barkla said.

Mr Barkla said the company’s digital transformation is reinforcing the need for IDP to keep its customer’s shifting needs and behaviours central to all decisions.

“Our teams are embracing the need to co-design our products with our customers which we believe provides a solid foundation for building the world’s leading connected community for international students,” Mr Barkla said.

Results overview

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%) *
	H1 FY18	H1 FY17	\$m	%	
English Language Testing	148.4	118.7	29.7	25%	27%
Student Placement	64.9	54.0	10.9	20%	21%
- Australia	37.5	34.5	3.0	9%	9%
- Multi-destination	27.4	19.5	7.9	40%	42%
English Language Teaching	11.1	10.5	0.6	5%	8%
Advertising and Events	15.9	4.9	11.0	225%	225%
Other	1.7	1.7	0.0	3%	-2%
Total Revenue	242.0	189.8	52.2	28%	29%
Direct Costs	105.7	87.1	18.6	21%	25%
Gross Profit	136.3	102.7	33.6	33%	33%
Overhead costs	86.0	66.4	19.7	30%	33%
EBITDA	50.3	36.4	13.9	38%	33%
Depreciation	3.8	2.4	1.4	58%	52%
Amortisation of Acquired Intangibles	1.4	0.1	1.3	1049%	1049%
EBIT	45.1	33.9	11.2	33%	28%
Net interest Income	-1.1	0.1	-1.2	-846%	-850%
Profit before tax	44.0	34.0	10.0	29%	24%
Income tax expense	13.5	9.9	3.6	37%	37%
NPAT	30.5	24.1	6.4	27%	19%
NPATA **	31.6	24.2	7.4	31%	22%

* “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.

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