



ASX announcement

7 February 2019

Global growth for IDP Education in H1 FY19

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2019 financial year (H1 FY19).

For the six months to 31 December 2018, the company reported total revenue of \$304.3 million, an increase of 26 per cent compared to the same period in FY18.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$66.8 million, which represents an increase of 33 per cent compared with the same period in FY18.

On a constant currency basis, the company recorded revenue growth of 23 per cent and EBITDA up 31 per cent.

Andrew Barkla, IDP Chief Executive Officer and Managing Director, said the results reflected the strength of IDP's global network and its clear growth strategy.

"This result demonstrates IDP's robust business model and our diverse network of products and services," Mr Barkla said.

"Importantly, we delivered this result while achieving key digital transformation milestones," he said.

IDP's operational and financial highlights during H1 FY19 included:

- Strong earnings growth with EBITDA and NPATA increasing 33 per cent and 32 per cent respectively relative to the same period in FY18
- Computer-delivered IELTS introduced in 55 centres around the world
- Global roll-out of the digital technology platform largely delivered
- Adjusted Earnings Per Share of 16.6 cents per share (+31 per cent) and a 12.0 cents per share interim dividend franked at 50 per cent
- Business performance in India was a stand-out across IELTS and student placement
- Continued high levels of customer satisfaction, with nine in 10 IDP students likely to refer 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 a highlight. Australia, IDP's largest study destination by volume, also saw strong growth for the period.

In English Language Testing, IDP's IELTS volumes were up 18 per cent for the period. While India continued to be a key growth driver, Bangladesh, Nigeria, Vietnam and Canada were also notable performers.

IDP's English Language Teaching business posted a volume increase of 13 per cent, with the company's Cambodian operations recording an increase of 15 per cent.

IDP's newest reporting line - Digital Marketing and Events - performed well with a 27 per cent increase in revenue for the period, largely driven by the Hotcourses Group.



Andrew Barkla said IDP's new institution-facing digital services were well received by IDP's global network of universities and education providers.

"We made great progress innovating new solutions that help institutions achieve their marketing and recruitment goals.

"Designing products for clients that leverage IDP's global dataset will be a continued focus for the year ahead," he said.

Results overview

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	42.0	27.5	14.5	53%	43%
English Language Teaching	13.3	11.1	2.2	20%	13%
Digital Marketing and Events	20.2	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%

* AASB15 came into effect in HI FY19. Other than where noted, the financial information for HIFY19 has not been presented on a pre-AASB15 and post-AASB15 basis. The impact of AASB15 on the aggregate results for HIFY19 results is not significant but for completeness a comparison is provided on page 19 of the investor presentation that accompanies this announcement

**"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.

From an operational perspective, Mr Barkla said the roll-out of the digital platform and the introduction of computer-delivered IELTS across the network reinforced IDP's ability to deliver complex projects concurrently with maintaining customer centricity.

"Computer-delivered IELTS and our digital platform roll-out, while different in features and business lines, are connected as they both focus on empowering our customers to achieve their global study and career goals," Mr Barkla said.

These projects are multi-year initiatives, but are already demonstrating early benefits for the organisation.



“We have seen a 46 per cent increase in online student placement enquiries for the period, indicating our focus on connecting with and nurturing students earlier in the journey is expanding our student community,” Mr Barkla said.

“Likewise, computer-delivered IELTS has been well received around the world, with strong take-up rates in key markets,” he said.

With the digital transformation infrastructure largely in place, the company’s focus has shifted to unlocking the benefits from its technology investment.

“Our priority is on harnessing the insights from our definitive dataset so our teams are empowered to make smarter and faster decisions to assist customers,” Mr Barkla said.

“Embedding new data-driven ways of working, along with the continued roll-out of computer-delivered IELTS, are our priority areas as we move into the second half of the year,” he said.

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