

ASX announcement

14 February 2024

HI FY24 results:

Strong outcome reflects IDP's high quality, diversified business model

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2024 financial year (HI FY24).

Key results for the six months to 31 December 2023:

- Record revenue of \$579 million, up 15 per cent on HI FY23ⁱ, driven by strong student placement revenue growth of 44 per cent.
- Adjusted earnings before interest and tax (EBIT)ⁱⁱ of \$159 million, up 25 per cent and adjusted Net Profit After Tax (NPAT) of \$107 million, up 23 per cent, demonstrating strong operating leverage in the business model.
- Record student placement volumes of 57,300, up 33 per cent.
- English language testing (IELTS) volumes of 902,000, down 12 per cent.
- English language teaching volumes of 51,600 courses, up 15 per cent.

Tennealle O'Shannessy, IDP Chief Executive Officer and Managing Director, said that the Company's strong financial performance during the first half of FY24 reflects the quality of IDP's diversified business model.

"IDP's performance was highlighted by our student placement business which grew total revenue by 44 per cent. This exceptional growth was partially offset by a weaker period for English Language Testing where revenues fell five per cent," Ms O'Shannessy said.

Strong growth was recorded across all aspects of student placement with increases in both volume and price contributing to the performance. Placement volumes to Australia were up 33 per cent, Canada was up 56 per cent, the UK up 19 per cent and USA by 30 per cent. An 11 per cent increase in average fees combined with volume growth to drive revenue for student placement to record levels for a six-month period.

Revenue from Other Student Placement services, which includes digital marketing services, events, data services and consultancy, was up 20 per cent. This growth also reflects the inclusion of revenue from The Ambassador Platform, with peer-to-peer marketing services being incorporated into the Company's product portfolio.

IDP's student placement business significantly outperformed the market during the period, with total volume growth of 33 per cent compared to broader industry volumes that were, in aggregate, down slightly on the same period last year due primarily to the impact of tighter visa settings in key destination markets.

“IDP is creating an increasingly unique portfolio of products and services that support the needs of institutions and students. We are delivering these on a global scale across a digital and physical platform. This expanding reach combined with our reputation as a trusted partner underpins our increasing market share as the sector shifts its focus to quality and conversion,” Ms O’Shannessy said.

The decrease in IELTS volumes of 12 per cent was due entirely to lower volumes in India, partially offset by increased volumes in other high-growth markets. The decline in Indian volumes was due to weaker industry conditions, increased competition and lower repeat testing rates for Canada.

The weaker industry conditions reflect a period in which international student demand was impacted by a decline in sentiment towards Canada, rule changes for student and dependent visas in the UK and an increase in visa rejection rates for Australia.

“Outside of India, IDP recorded IELTS volume growth of 17 per cent. This performance reflects IDP’s diversified global testing network which spans 87 countries and includes key growth markets for English-language testing. Our focus for English Language Testing continues to be on strategic investment in network expansion, multi-modal delivery, and product innovation,” Ms O’Shannessy said.

Delivering on strategic priorities

Key strategic initiatives achieved in H1 FY24 included:

- Completed the integration of Intake Education across seven countries, 27 offices and more than 300 employees.
- Increased our global reach with the opening of 11 new student placement offices in strategic high-growth markets.
- Expanded our US client portfolio with the addition of 11 new strategic universities and colleges.
- Increased the adoption of FastLane with more than 5,200 courses now live on the service.
- Expanded our IELTS testing network in Africa, leveraging the footprint and expertise gained through the acquisition of Intake Education.
- Completed the roll-out of the new IELTS testing platform, providing additional scalability and flexibility for future product delivery.
- Expanded the acceptance of IELTS One Skill Retake with the UK and New Zealand governments formally approving its use for visa purposes along with more than 1,200 other recognising organisations.

“IDP is the leading player, operating in a large market, with global scale diversified across business lines and geographies. We have a relentless focus on quality and have been building our strategic position as the trusted provider for more than 50 years. While policy settings in our main destination markets for international students and migrants are entering a more restrictive period, IDP remains very well placed to strengthen its industry leadership and help students and institutions navigate these changing market conditions.

“We enter the coming period with a clear strategy and a strong financial profile. We will continue to take a disciplined approach to investment to unlock the

significant long-term growth opportunities in the markets in which we operate,” Ms O’Shannessy said.

The Board of Directors declared a 25 cents per share interim dividend, representing approximately 72 per cent of the first half net profit after tax.

Summary Income Statement (A\$m)

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency
	HI FY24	HI FY23	\$m	%	Growth (%) #
Student Placement	287.5	199.3	88.3	44%	39%
Placements*	255.6	172.8	82.8	48%	43%
- Australia	92.3	64.4	27.8	43%	43%
- Other Destinations	163.4	108.4	55.0	51%	43%
Other Services**	31.9	26.5	5.4	20%	15%
English Language Testing	270.3	285.4	-15.1	-5%	-5%
English Language Teaching	19.6	15.7	3.9	25%	21%
Other	1.7	1.5	0.2	14%	8%
Total Revenue	579.1	501.8	77.3	15%	14%
Direct Costs	205.2	190.7	14.6	8%	5%
Gross Profit	373.9	311.1	62.7	20%	19%
Overhead costs	200.7	167.1	33.5	20%	19%
Share of Profit/(Loss) of Associate	0.1	0.0	0.2	442%	353%
EBITDA	173.3	144.0	29.4	20%	20%
Depreciation & Amortisation	25.9	23.5	2.4	10%	10%
Amortisation of Acquired Intangibles	2.2	0.4	1.8	407%	365%
EBIT	145.3	120.1	25.2	21%	21%
EBIT (Adjusted)***	158.8	127.1	31.7	25%	25%
Net finance expense	-9.5	-5.2	-4.3	-83%	-83%
Profit before tax	135.8	114.9	20.9	18%	18%
Income tax expense	38.4	32.7	5.6	17%	16%
NPAT	97.4	82.1	15.3	19%	19%
NPAT (Adjusted)***	107.0	87.1	19.9	23%	23%

* Placements revenue includes all commissions received from institutions for the placement of a student into a course plus any fees paid by students for our services

** Other services related to Student Placement includes all revenue received from institutions for digital marketing, events, consultancy and data services, or peer-to-peer marketing via The Ambassador Platform

*** Adjusted EBIT, NPAT excludes acquired intangible amortisation, M&A related costs, unrealised FX Losses and specific provision for credit losses.

"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



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About IDP Education

IDP is a global leader in international student placement and a proud co-owner of the world's most popular high-stakes English language test, IELTS.

IDP is listed on the Australian securities exchange (ASX: IEL), and has 6,800 employees across more than 30 countries.

We specialise in combining human expertise with digital technology to help people get accepted into their ideal course, take an English language test or learn English in our schools. Our teams work side-by-side with our customers through every step, from course search to starting their dream course or career.

We partner with more than 900 quality universities and institutions across Australia, Canada, Ireland, New Zealand, the UK and the USA. Our data insights are relied upon by organisations around the world to help ensure policies are informed by the diverse needs, challenges and motivations of students.

Disclaimer

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IDP Education uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures. Although IDP Education believes that these measures provide useful information about the financial performance of IDP Education, they should be considered as supplemental to the measures calculated in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way IDP Education calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

ⁱ All growth rates and comparisons are against H1 FY23 unless otherwise stated.

ⁱⁱ Adjusted EBIT, NPAT excludes acquired intangible amortisation, M&A related costs, unrealised foreign exchange losses and specific provision for credit losses.