



Shaping the Future

**Morgan Stanley
Emerging Companies
Conference**

ASX: NVT

17 June 2014



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2014 Company Profile



Navitas (ASX: NVT) is a leading global education provider offering an extensive range of educational and training services for students and professionals across Australia and around the world

Market cap	Annualised revenue	Staff headcount	Students	Colleges/schools
\$2.89b	\$795.3m	~5,500	> 80,000	115

University Programs - leading provider of 32 pathway colleges and managed campuses across Australia and in the UK, US, Canada, Singapore, Kenya, New Zealand and Sri Lanka

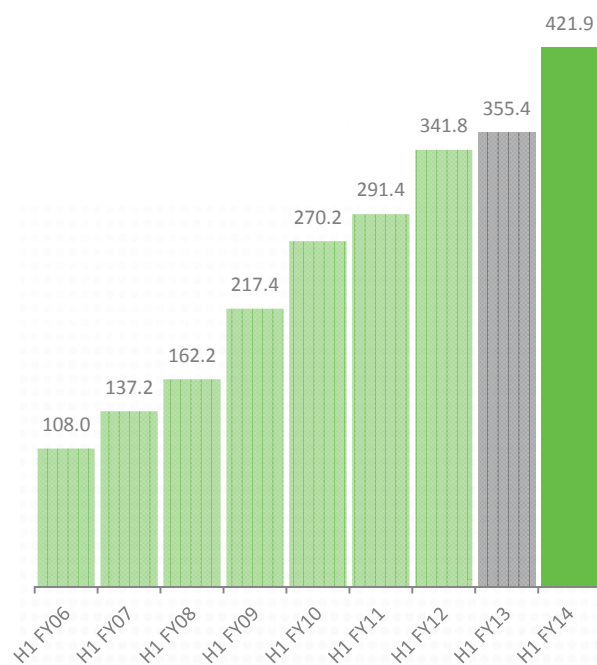
SAE - creative media education provider delivering vocational and higher education qualifications in audio, film and multimedia via 53 colleges in Australasia, US, Europe and the Middle East

Professional and English Programs – provides vocational training, higher education and placement services in areas of key demand across Australia as well as providing English as a second language courses for international students and English language, settlement and work preparation programs for migrants and refugees

Strong record of consistent growth...

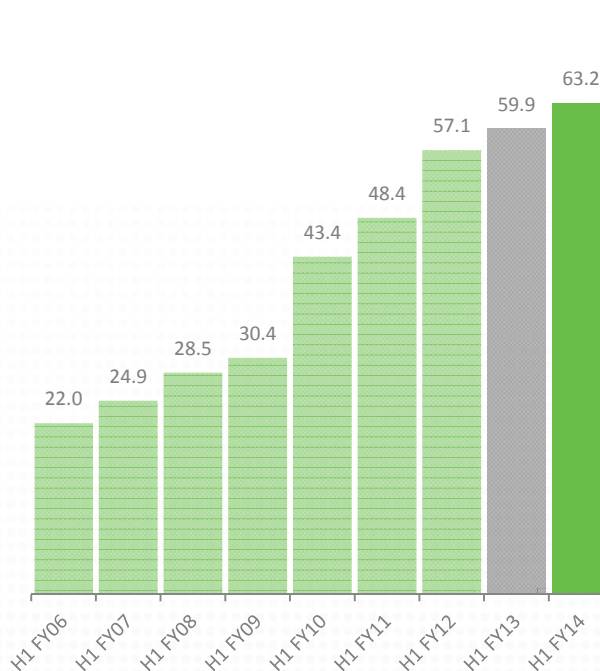


H1 Revenue (\$m)



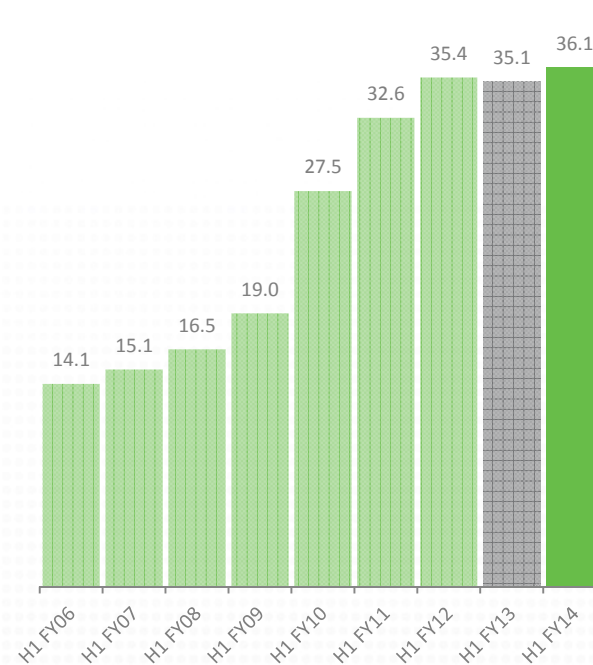
21.5%
CAGR

H1 EBITDA (\$m)



16.3%
CAGR

H1 NPAT (\$m)

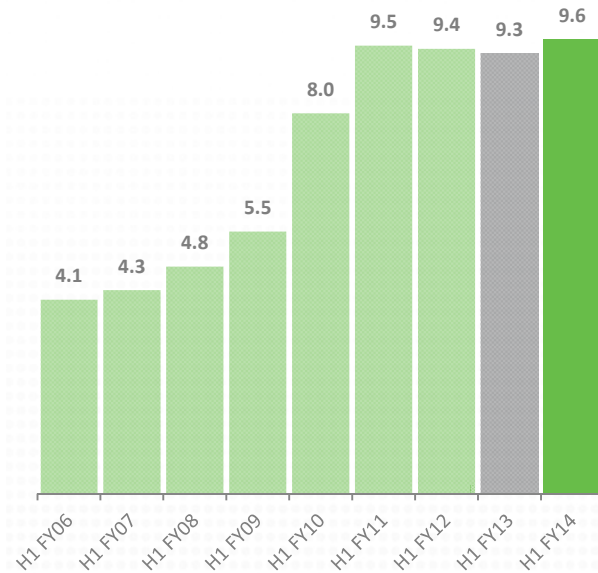


14.4%
CAGR

...translating into solid returns for shareholders

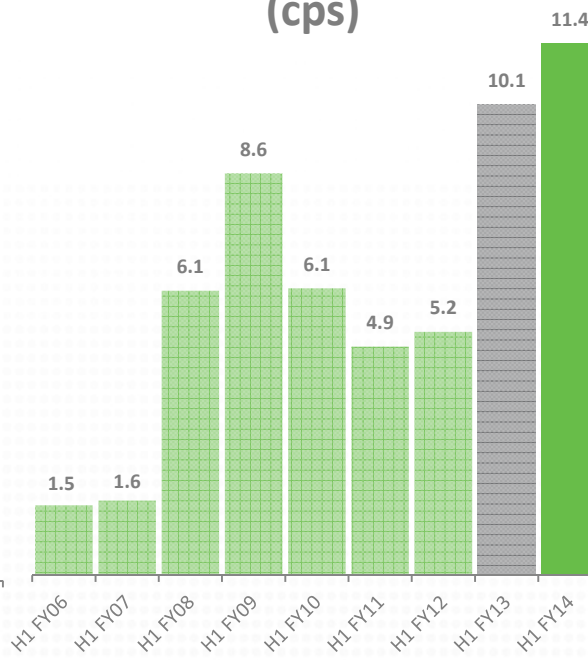


H1 Earnings (cps)



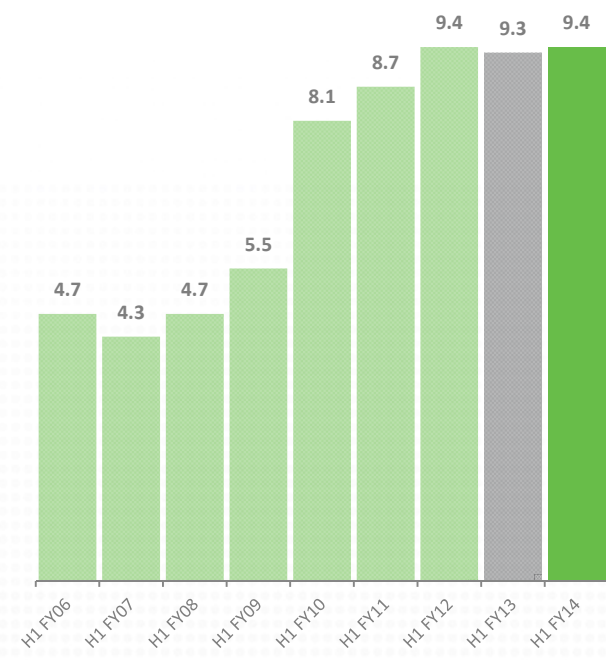
13.1%
CAGR

H1 Operating cashflow (cps)



33.7%
CAGR

H1 Dividends (cps)

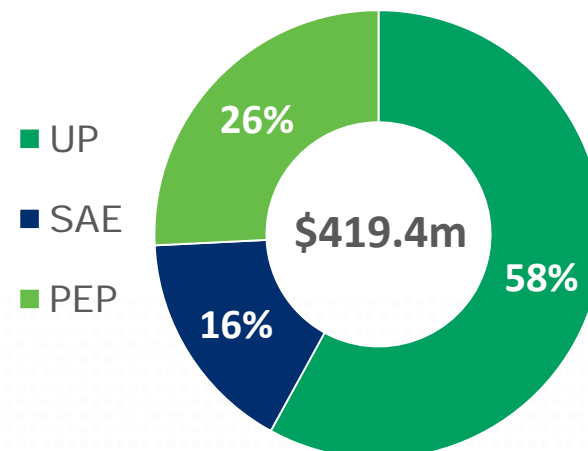


10.4%
CAGR

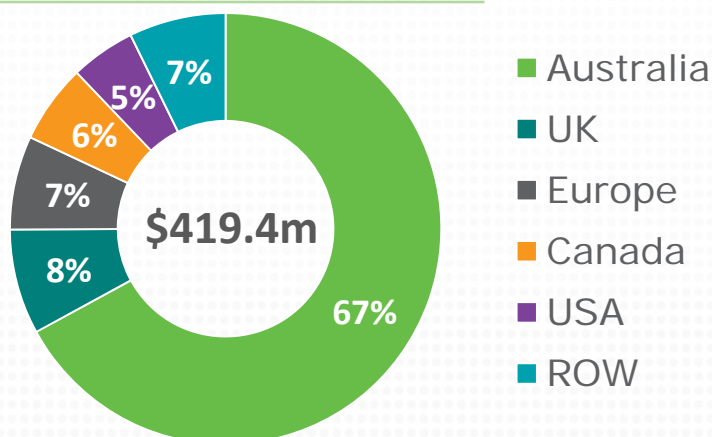
Strong revenue growth across all segments



Revenue(\$m)	H1 FY14	H1 FY13	Δ%
University Programs	243.2	203.5	20
SAE Group	68.1	55.6	22
Professional and English Programs	108.1	94.4	15
Divisional revenue	419.4	353.5	19
Other	2.5	1.9	32
Group revenue	421.9	355.4	19



Divisional revenue by region

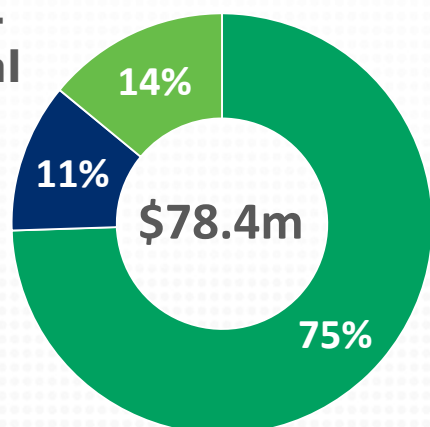


EBITDA impacted by investment for the future



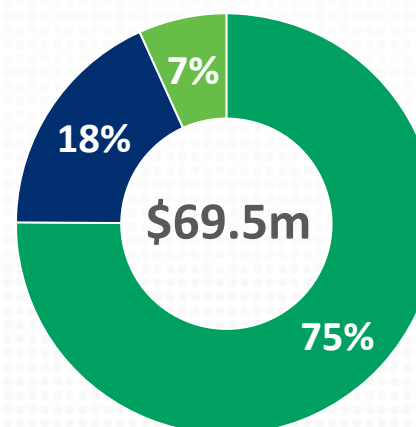
EBITDA (\$m)	H1 FY14	H1 FY13	Δ%
University Programs	58.4	52.2	12
SAE Group	9.0	12.6	(29)
Professional and English Programs	11.0	4.7	134
Divisional EBITDA	78.4	69.5	13
Corporate costs	(15.2)	(9.6)	58
Group EBITDA	63.2	59.9	6

**H1 FY14
Divisional
EBITDA**



■ UP
■ SAE
■ PEP

**H1 FY13
Divisional
EBITDA**





**Shaping
Education**

"Completion of my studies
with Navitas will allow me
entry into Griffith University
to further my studies and
complete my degree."

Lisa Colbran
Australia

University Programs

32 UP colleges across 8 countries

United Kingdom

- Cambridge
- Hertfordshire
- London
- Plymouth
- Portsmouth
- Swansea
- Aberdeen
- Edinburgh
- Birmingham

North America

- Boston
- Dartmouth
- Lowell
- Bowling Green
- Durham
- Vancouver
- Winnipeg

Africa

- Nairobi

South East Asia

- Singapore

Australia/NZ

- Perth
- Adelaide
- Brisbane
- Melbourne
- Sydney
- Christchurch

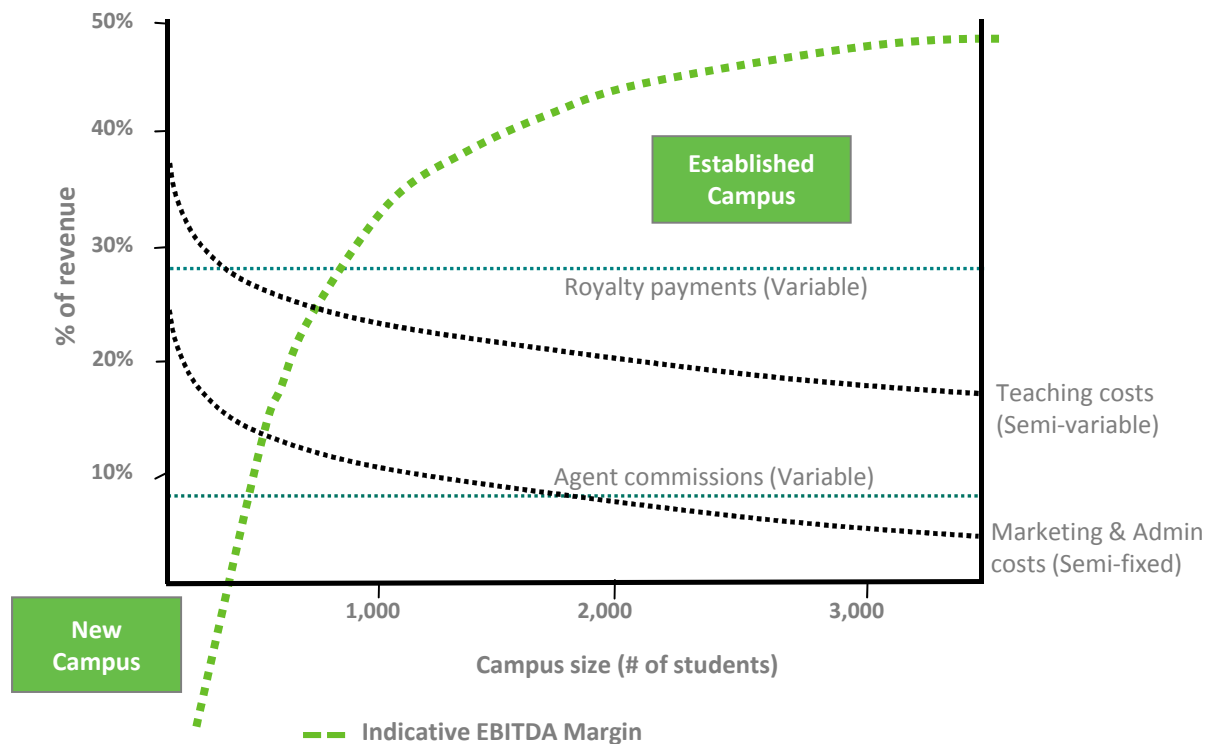
Sri Lanka

- Colombo

Profitable and highly capital efficient model



Financial metrics vs Campus size

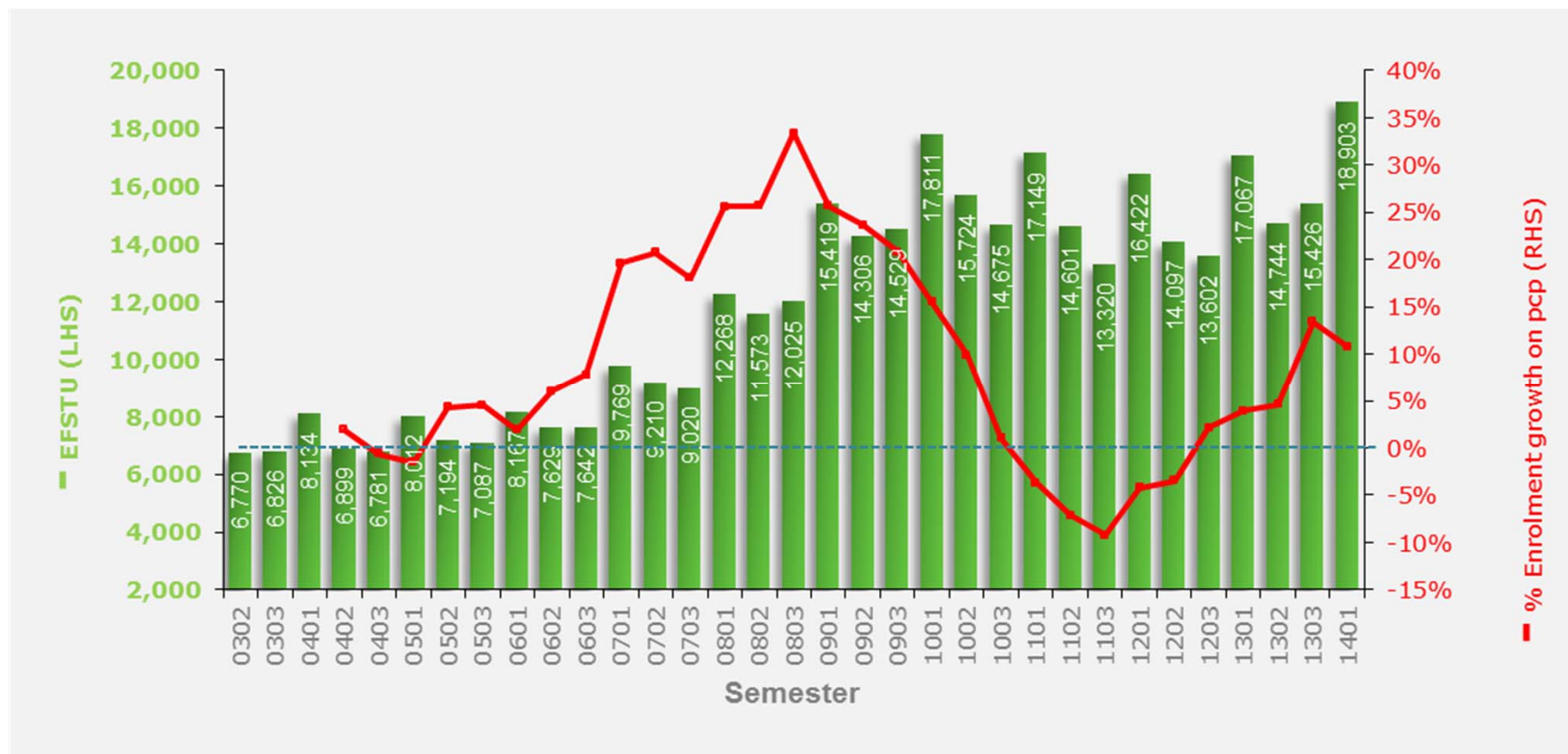


- Strong operating leverage as student numbers increase
- Low capital requirements
 - leverage partner universities infrastructure and spare teaching capacity
 - fees received in advance drives negative working capital
- Steady price growth as student fees linked to partner university fee structures

Recovery momentum continues to build



University Programs Equivalent Full Time Students Units (EFTSU): Semester enrolments



- 11% semester 1 2014 EFTSU growth against pcp
- Highest UP enrolment ever – 6% up on prior peak of 201001
- All key regions showing good growth



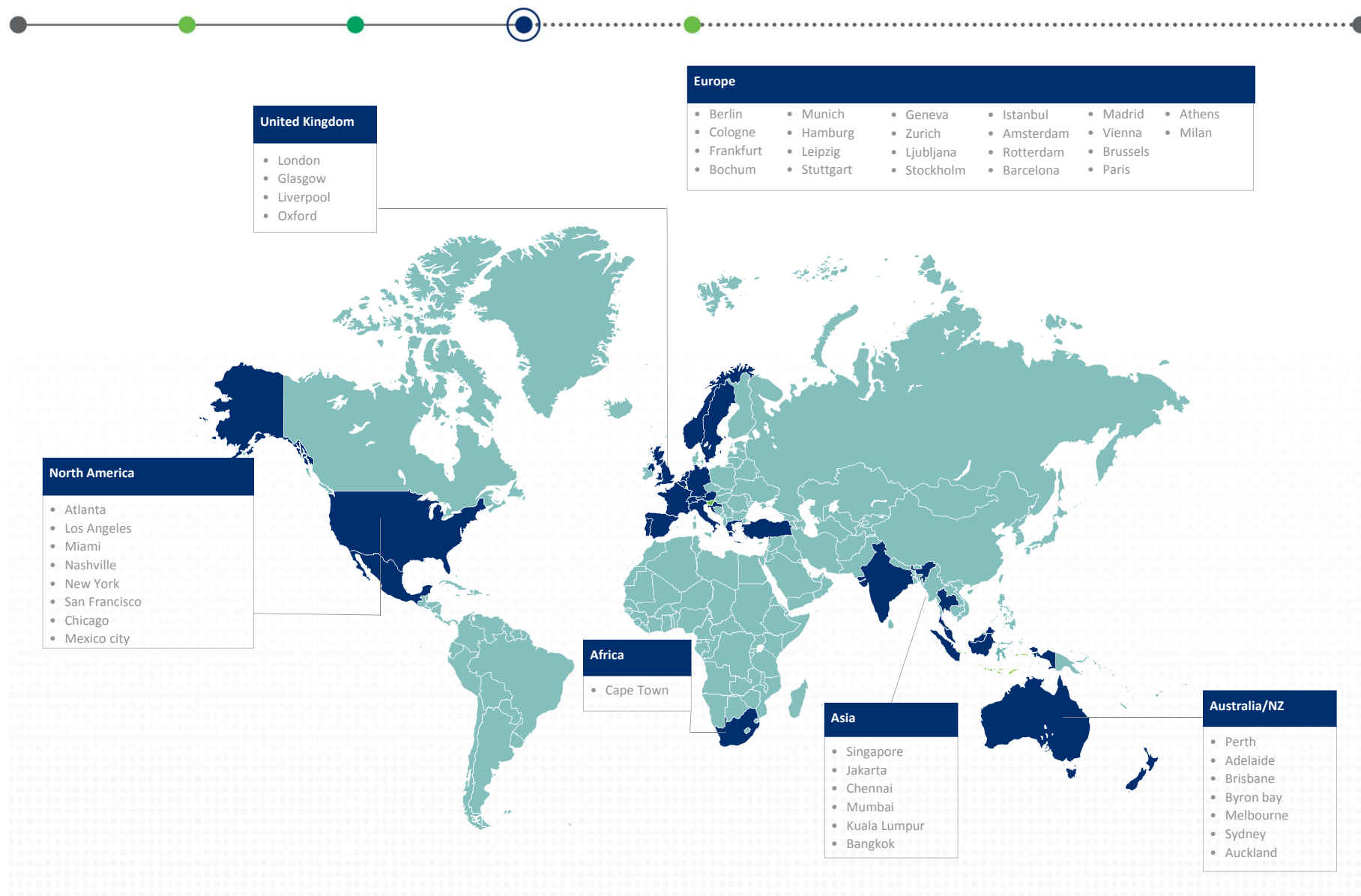
**Shaping
the World**

"I'm glad I chose to study at Navitas. I find this to be a great program for me. There is a great mix of cultures and everyone on campus feels like family."

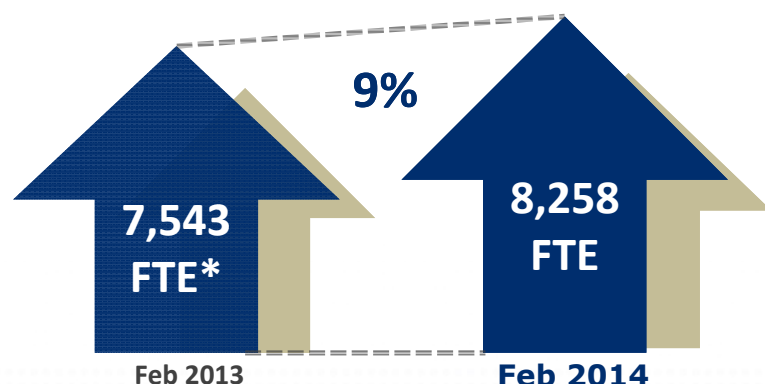
Ngoc Long Vu
Vietnam

SAE

53 campuses in 27 countries

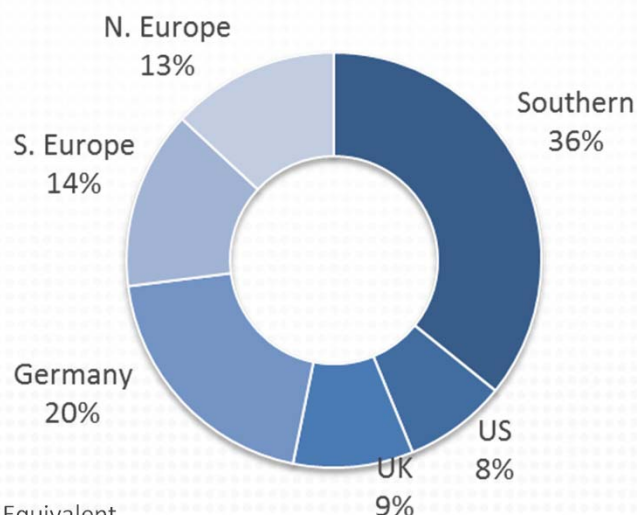


Ongoing student growth

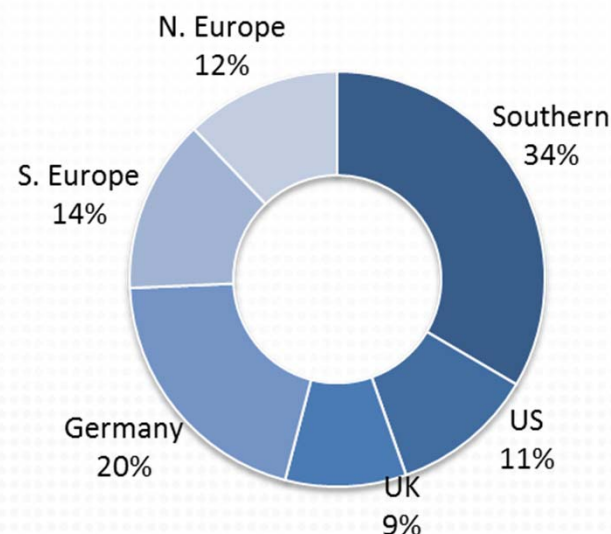


- FTE growth across all regions
- US continues to improve following significant investment
- German growth driven by new Bochum campus
- Athens, Geneva, Amsterdam and Stockholm driving European growth

Feb 2013 FTE

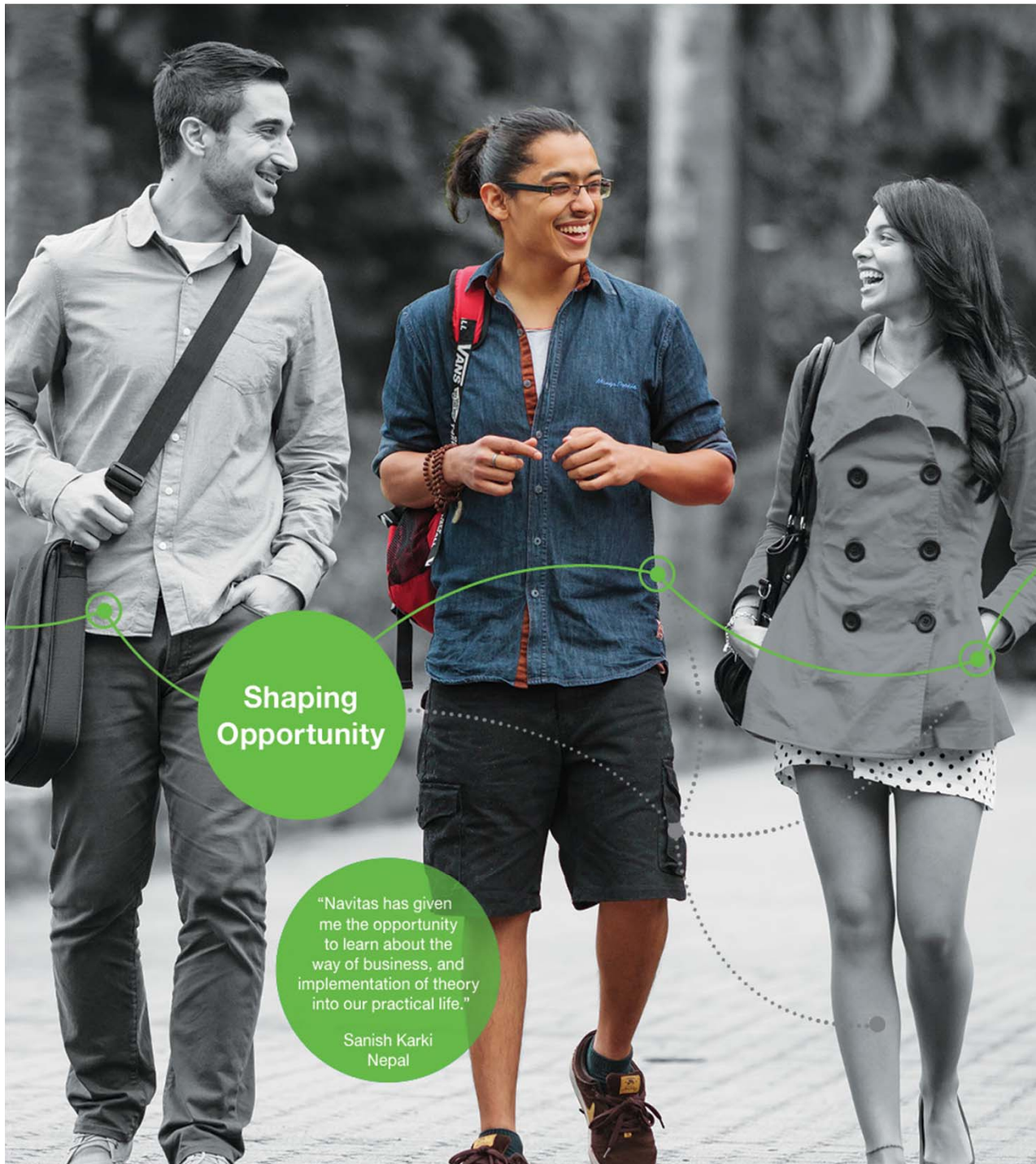


Feb 2014 FTE



*FTE – Full Time Equivalent

^ Southern region includes Australia, New Zealand, Indonesia and South Africa



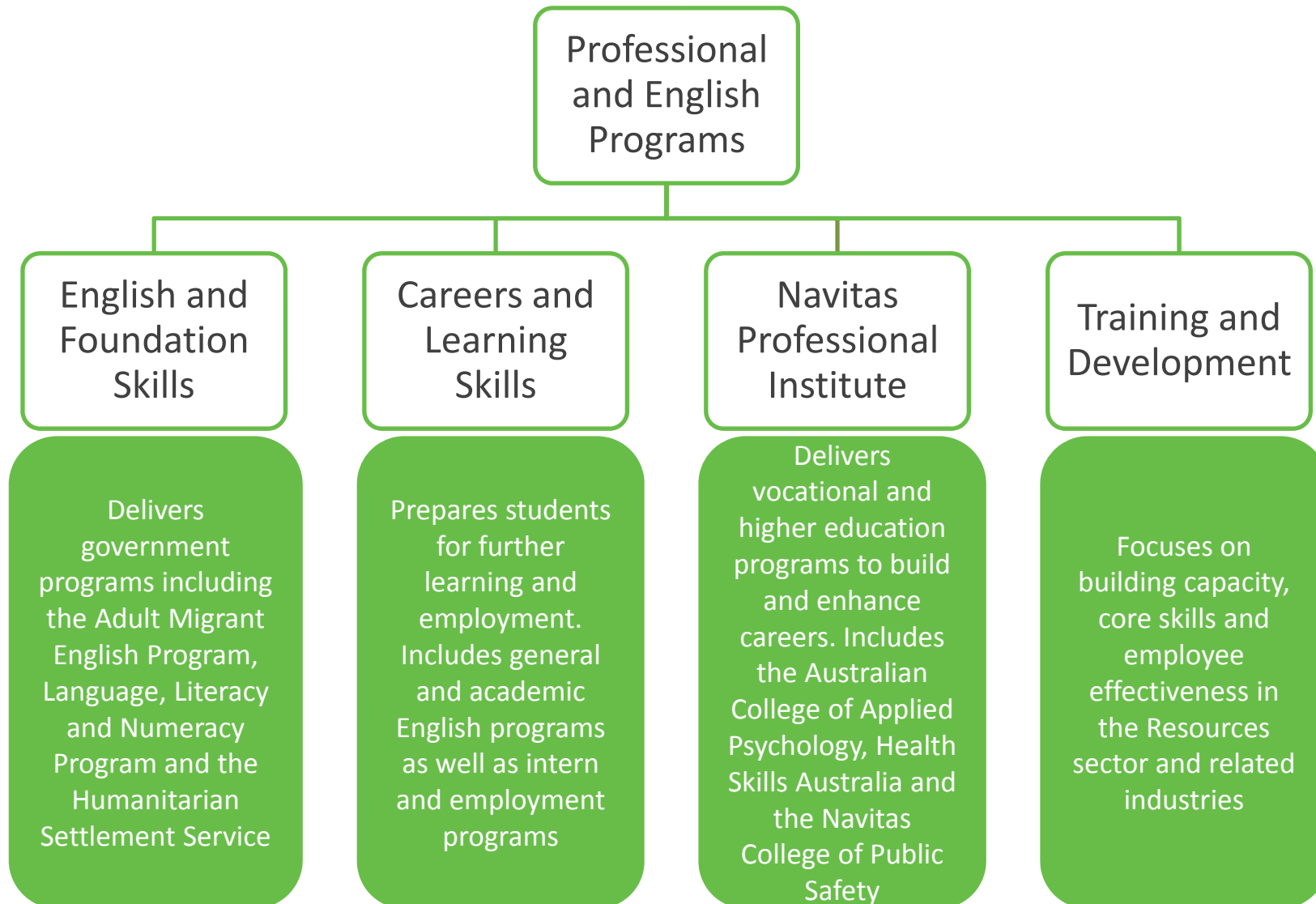
**Shaping
Opportunity**

"Navitas has given
me the opportunity
to learn about the
way of business, and
implementation of theory
into our practical life."

Sanish Karki
Nepal

Professional and English Programs

Domestically focused with significant diversity





Outlook

Solid growth momentum in FY14...



University Programs

- Continued student enrolment increases to benefit in H2 FY14 and beyond
- H2 FY14 growth vs pcg to exceed H1 FY14

SAE

- Strong revenue growth indicating improving trend
- Expecting stronger H2 though FY14 result will be flat, or lower, than pcg
- US operations expected to break even following H1 EBITDA loss of \$2m

Professional and English Programs

- Full year growth anticipated but lower H2 than pcg
- ACAP and English and Foundation Skills to moderate off higher comparatives
- Key government contracts due for renewal on 1 July 2014

...FY14 guidance stands



- Corporate costs to rise as Navitas builds platform for growth – will remain at ~3% of revenues
- Major investments in:
 - Appointment of senior staff to increase capacity for ongoing growth
 - Evolution of sales and marketing model
 - New systems and processes
- Additional costs include:
 - EVA staff incentive increases
 - Leasing and property costs, and
 - Unfavourable hedging charges
- FY14 EBITDA guidance, provided in Oct 2013 at \$138m to \$148m, stands
- FY14 results due out Monday 28 July



Still digesting impact of federal budget



Australian federal budget heralds significant Higher Education reform

Reform	+/- Navitas	+/- students	When
Extension of government subsidies to private providers (CSP's)	Positive	Positive	1 Jan 2016
Deregulation of domestic student fees	Uncertain	Negative	1 Jan 2016
25% FEE-HELP loan fees removed	Positive	Positive	1 Jan 2016
20% VET-FEE-HELP loan fees removed	Positive	Positive	1 Jan 2016
HELP debt servicing indexed	Neutral	Negative	1 Jan 2016

All proposed changes are yet to pass Parliament

Appendix

A photograph of a young man and woman collaborating at a desk. The woman is seated, looking at a laptop, while the man stands beside her, pointing at the screen. The desk is cluttered with papers, a laptop, and books. A large green circle with the word 'Appendix' is overlaid on the left side of the image. Decorative green and dotted lines with circular markers are scattered across the image, connecting various points of interest.

Corporate snapshot



375.4m

Shares on issue

\$2.89b

Market Capitalisation

\$7.71

Share Price

30 May 2014

ASX100

NVT

52 wk range

\$5.32 - \$7.85

Annualised dividend **19.5cps**

Detailed half-year P&L – 5 years



Navitas Ltd \$000s	H1 FY10	H1 FY11	H1 FY12	H1 FY13	H1 FY14	PCP Change \$000s	Index	CAGR*
Operating Revenue								
University Programs	174,681	193,388	190,657	203,506	243,208	39,702	120%	9%
SAE	-	-	57,063	55,594	68,130	12,536	123%	n/a
PEP	93,811	95,215	92,084	94,389	108,070	13,681	114%	4%
Corporate & consolidation items	1,126	2,095	1,863	1,350	1,149	(201)	85%	1%
Total operating revenue	269,618	290,698	341,667	354,839	420,557	65,718	119%	12%
Expenses	(226,220)	(242,321)	(284,530)	(294,965)	(357,346)	(62,381)	121%	12%
EBITDA	43,398	48,377	57,137	59,874	63,211	3,337	106%	10%
Depreciation	(3,302)	(3,825)	(6,233)	(7,039)	(9,634)	(2,595)	137%	31%
EBITA	40,096	44,552	50,904	52,835	53,577	742	101%	8%
Amortisation	(488)	(2,603)	(488)	(488)	(375)	113	77%	-6%
EBIT	39,608	41,949	50,416	52,347	53,202	855	102%	8%
Net Interest (paid)/received	441	390	(4,085)	(3,802)	(3,509)	293	92%	n/a
Net profit before tax	40,049	42,339	46,331	48,545	49,693	1,148	102%	6%
Income tax	(12,807)	(10,122)	(10,938)	(13,242)	(13,602)	(360)	103%	2%
NPAT	27,242	32,217	35,393	35,303	36,091	788	102%	7%
Outside equity interest	272	355	(33)	(233)	(11)	222	5%	n/a
NPAT attributable to member:	27,514	32,572	35,360	35,070	36,080	1,010	103%	7%

* Cumulative Annual Growth Rate from H1 FY10 to H1 FY14