



Investing for Success

FULL YEAR RESULTS

**For the year ended
30 June 2014**

ASX:NVT

Disclaimer

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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	Annual revenue	Staff headcount	Students	Colleges/campuses
\$1.93b	\$878.2m	~5,800	> 80,000	>120

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

SAE - creative media education provider delivering vocational and higher education qualifications in audio, film and multimedia via 54 colleges in Australasia, US, Europe and the Middle East

Professional and English Programs – provides quality 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

FY14 Group Highlights

Financial

Revenue
\$878.2m

EPS*
21.8¢

NPAT*
\$82.0m

DPS
19.5¢

- Total Group revenue up 20% to \$878.2m
- EBITDA up 11% to \$144.9m*
- Net profit after tax up 10% to \$82.0m*
- Earnings per share up 10% to 21.8¢*
- Including goodwill impairment NPAT \$51.6m, EPS 13.7 cents
- Fully franked full year dividend of 19.5¢

Operational



- Navitas enters ASX100
- Strong student enrolment growth across University Programs produces record result
- Two new University Programs colleges opened
- Significant increase in US business development
- Strong enrolment and revenue growth in SAE
- Record year for Professional and English Programs

* Excluding goodwill impairment

SIBT agreement with Macquarie University

- Agreement with Macquarie University (MQ) for SIBT extended for a further 12 months
- MQ intends to open own on-campus college
 - MQ under new leadership and strategic direction
 - No reflection on SIBT student quality or financial returns
- SIBT to be relocated to Navitas' Sydney CBD location but continue articulating as a MQ Streamlined Visa Processing partner
- No impact on current students
- University Programs earnings to be impacted in H2 FY16 and H1 FY17
 - Impact anticipated to be mitigated by replacement initiatives
- NVT incurred non-cash goodwill impairment charge of \$23.3m for SIBT in year ended 30 June 2014
- Core University Programs model remains relevant and successful
 - Strong university relationships
 - Significant global agent network
 - Substantial source country based marketing team
 - Strong record of delivering positive outcomes for students, partners and shareholders



**Financial
performance**

New campus investments less significant in FY14

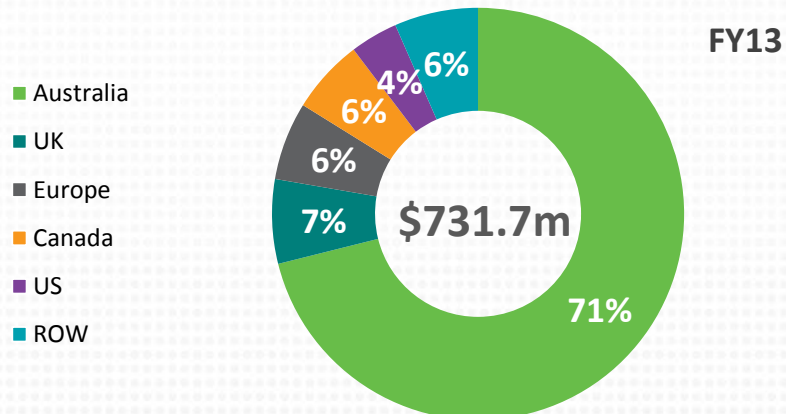
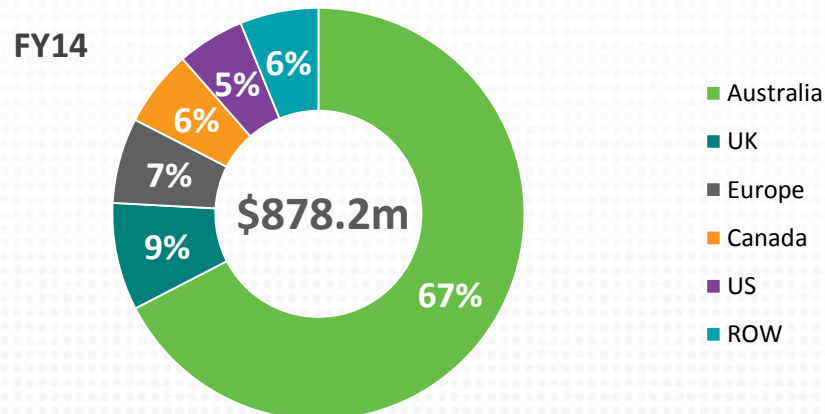
(\$m)	FY14	FY13	Δ%
Revenue			
Continuing business	875.2	715.3	22
New campuses [*]	3.0	16.4	(82)
Total	878.2	731.7	20
EBITDA#			
Continuing business	146.3	136.9	7
New campuses [*]	(1.4)	(6.9)	(80)
Total	144.9	130.0	11
EBITDA Margin#	16.5%	17.8%	
NPAT (\$m)#	82.0	74.6	10
EPS (cents)#	21.8	19.9	10
Full Year Dividend (cents)	19.5	19.5	0

*FY14: BCUIIC, UCIC (FY13: UP USA, ICRGU, EIC, BCUIIC, NIC and SAE Chicago and Jakarta)

excluding goodwill impairment

Strong revenue growth and diversification ...

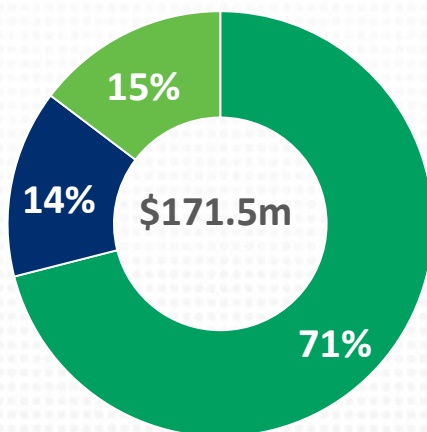
Revenue (\$m)	FY14	FY13	Δ%
University Programs	499.2	415.7	20
SAE Group	150.3	114.9	31
Professional and English Programs	224.2	196.4	14
Divisional revenue	873.7	727.0	20
Other	4.5	4.7	(4)
Group revenue	878.2	731.7	20



... with UP still at the core

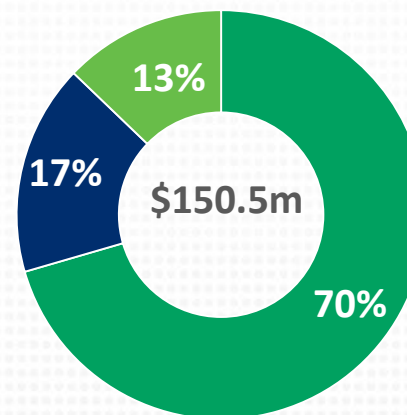
EBITDA* (\$m)	FY14	FY13	Δ%
University Programs	121.8	106.1	15
SAE Group	24.5	25.1	(2)
Professional and English Programs	25.2	19.3	31
Divisional EBITDA*	171.5	150.5	14
Corporate costs	(26.6)	(20.5)	30
Group EBITDA*	144.9	130.0	11

FY14



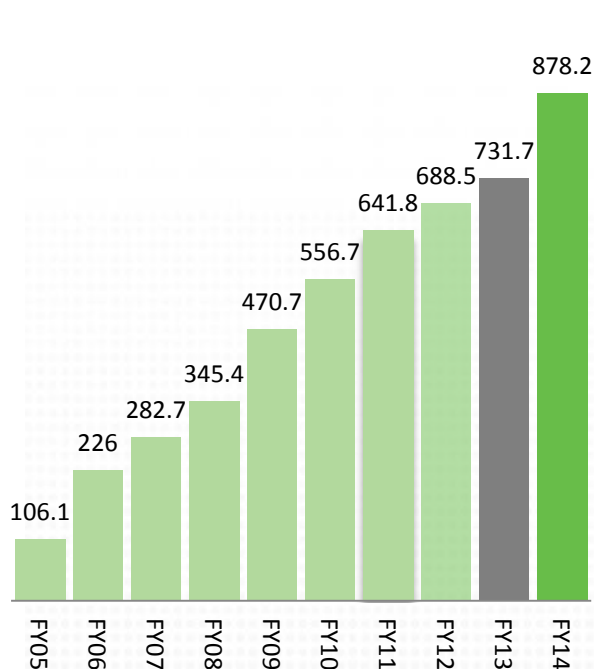
EBITDA* by Division

FY13



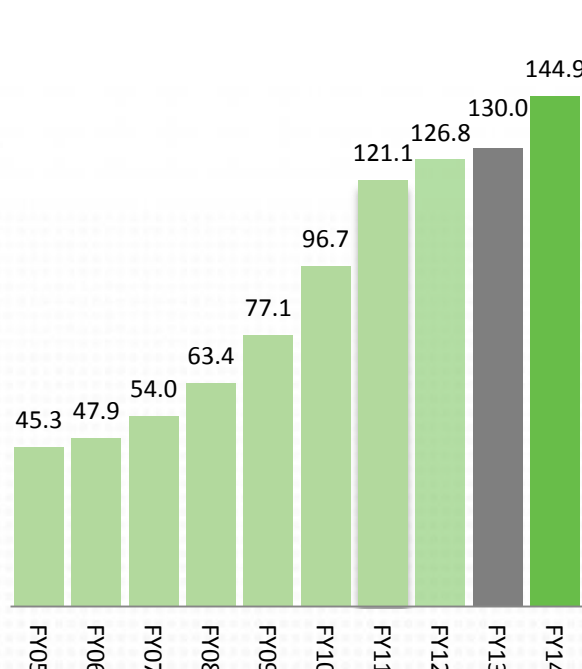
Revenue growth starting to flow back to earnings

Revenue (\$m)



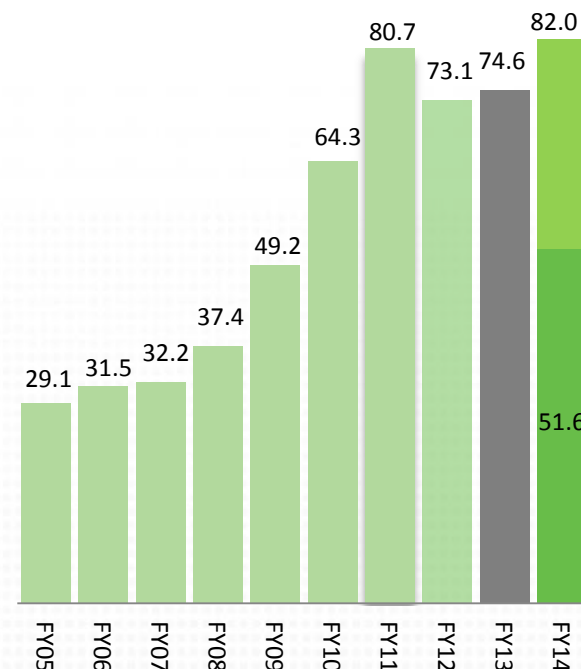
26.5%
CAGR

EBITDA* (\$m)



13.8%
CAGR

NPAT* (\$m)

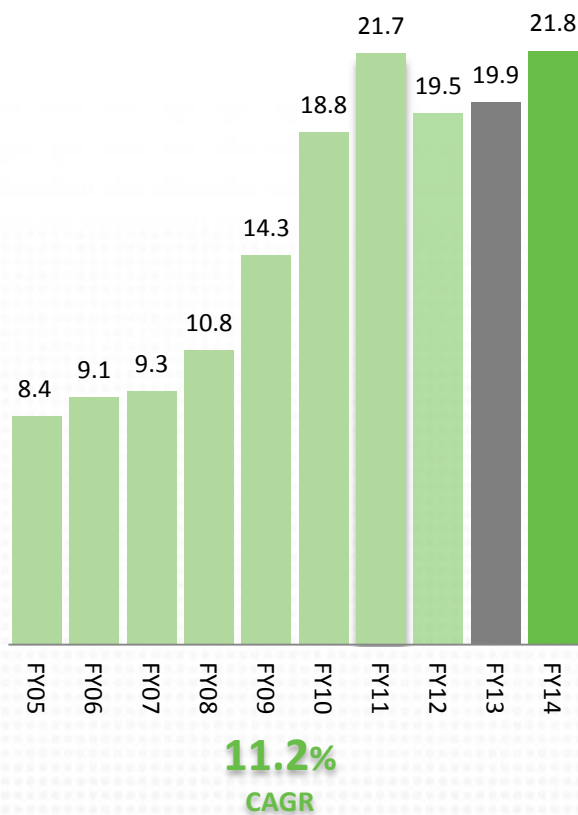


12.2%
CAGR

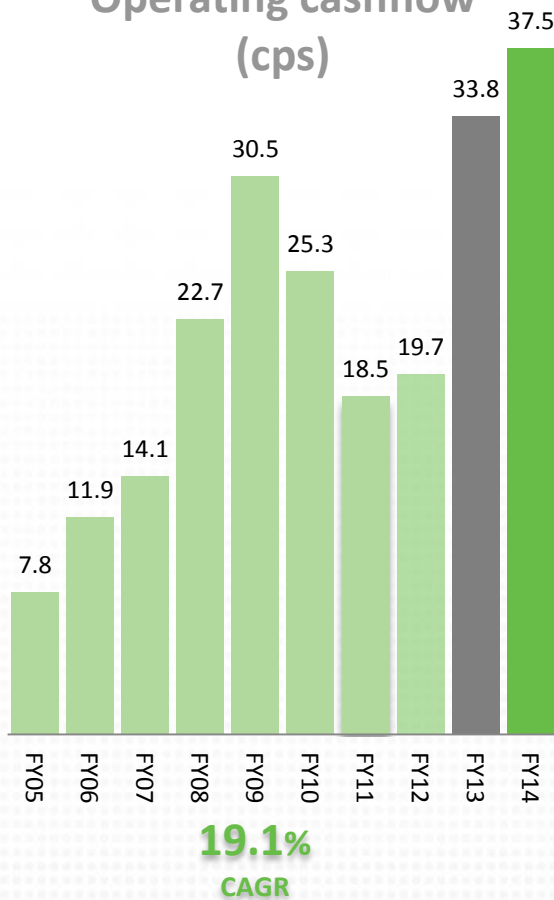
* excluding goodwill impairment

Compelling cashflow generation still a feature

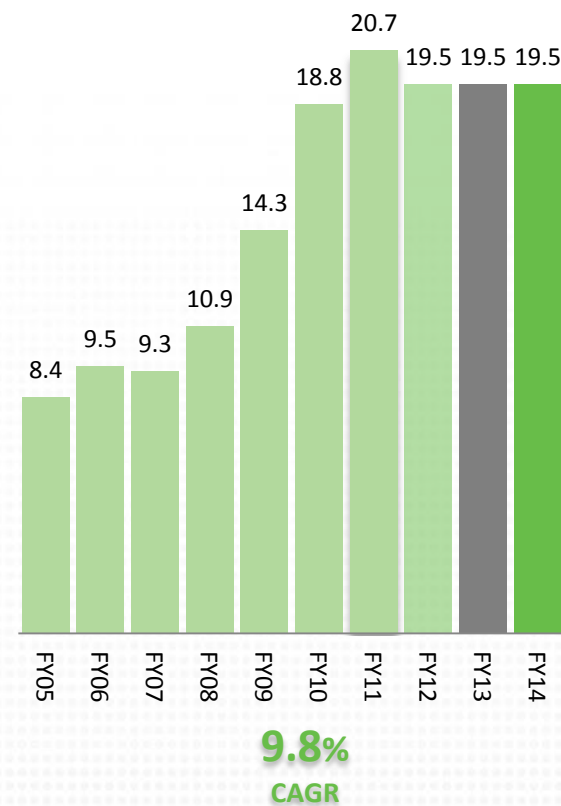
Earnings (cps)*



Operating cashflow (cps)



Dividends (cps)

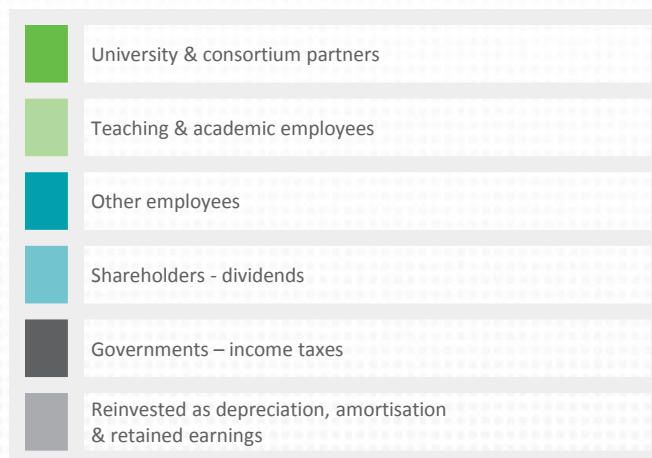
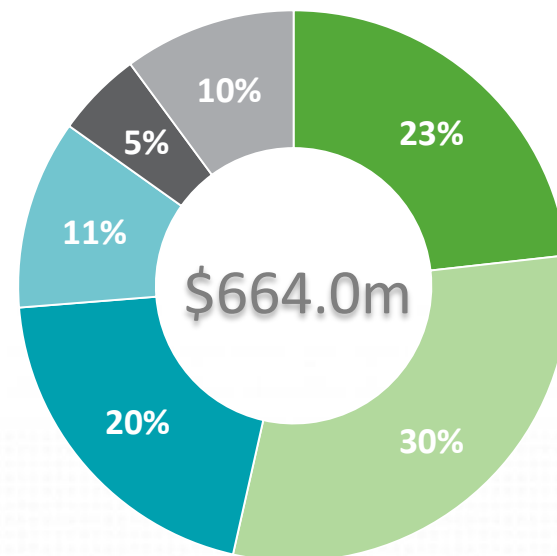


* excluding goodwill impairment

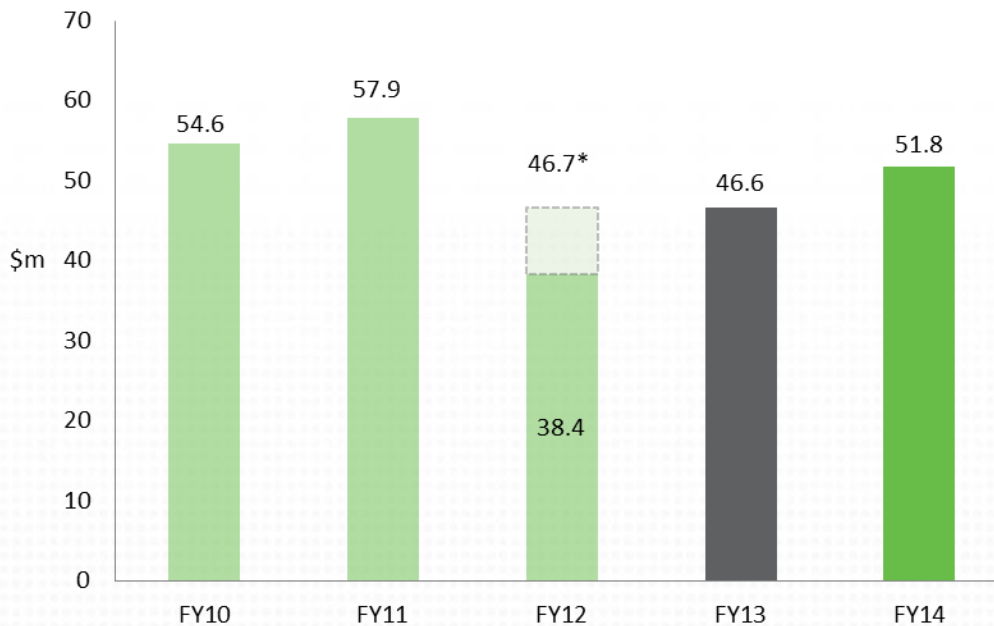
Industry stakeholders continue to benefit



\$m	FY14	FY13	%
Operating revenue	878.2	731.7	20
Cost of services and other external costs	(214.2)	(202.2)	6
Total wealth created	664.0	529.5	25
Payments to university and consortium partners	159.0	135.2	18
Payments to teaching and academic employees	201.0	156.8	28
Payments to other employees	133.5	115.6	15
Payments to shareholders – dividends	73.2	73.2	-
Payments to governments – income taxes	32.1	31.0	4
Reinvested as depreciation, amtsn and retained earnings	65.2	17.7	368
Total wealth distributed	664.0	529.5	25



EVA growth again apparent

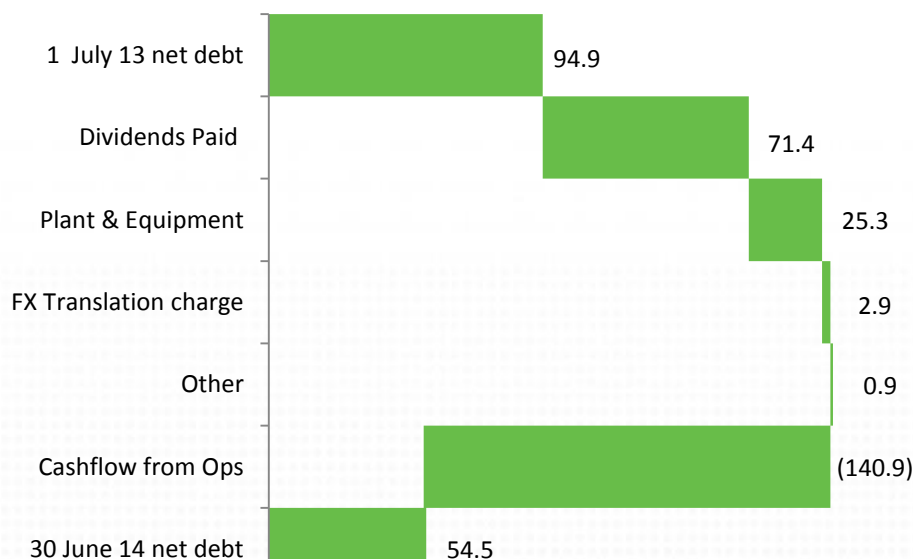


* Adjusted for an 8% WACC as applied in FY13

EVA® is a registered trademark of Stern Stewart & Co.

Further reduction in gearing

Net debt \$m



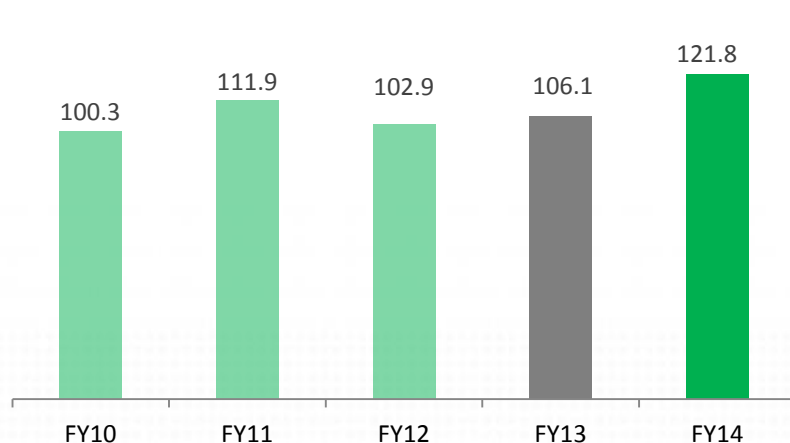
Debt constituents (\$m)	30 June 2014	30 June 2013
Gross Debt	126.4	151.2
Cash related to the Tuition Protection Service	(47.8)	(38.5)
Other Cash	(24.1)	(17.8)
Net Debt at 30 June 2013	54.5	94.9

- Solid cash realisation ratio¹ of 1.32x (FY13: 1.39x)
- Cashflow from operations up by 11% reflecting favourable negative working capital model
- 16% deferred revenue growth reflects strong cash generation and foreshadows FY15 revenue recognition
- Net debt represents only 0.38x FY14 EBITDA
- Interest cover of 23.2x

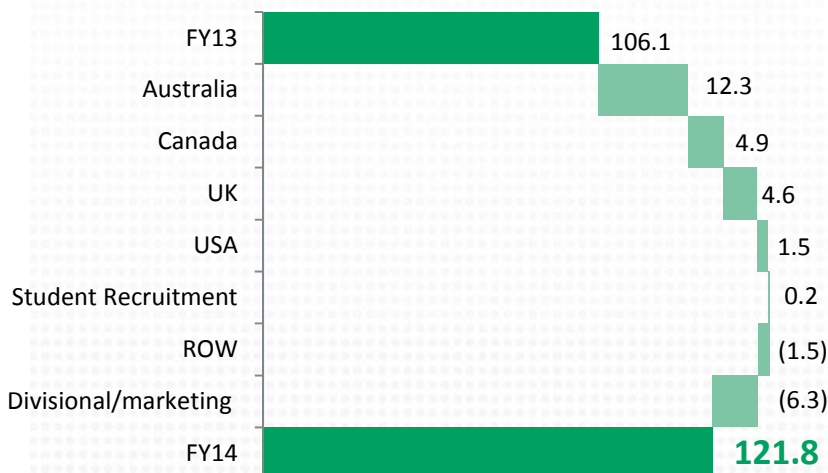
¹Cash realisation ratio= *Net Operating Cashflow*
NPAT plus amtsn and depcn

University Programs

Divisional 5 year EBITDA* (\$m)



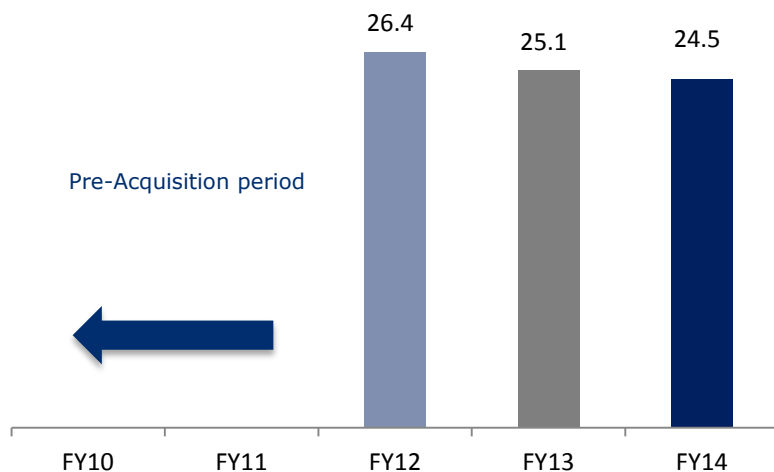
FY14 EBITDA* movement (\$m)



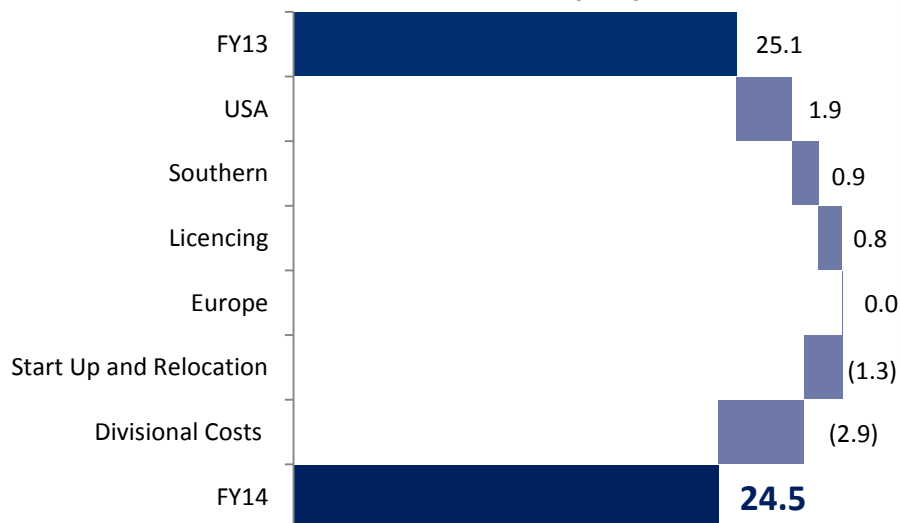
Highlights

- Record result for the Division
- 20% revenue growth, excluding FX, 16% growth
- Continued student enrolment growth across the Division
- Two new colleges, one in the UK and the first in New Zealand
- Contract renewal with La Trobe University for La Trobe University Sydney Campus
- US colleges almost at breakeven with significant increase in business development activity for new US partnerships
- Outstanding academic outcomes
- SIBT on-campus agreement extended for 12 months
- Following that SIBT to continue from Sydney CBD location

Divisional 5 year EBITDA (\$m)



FY14 EBITDA movement (\$m)

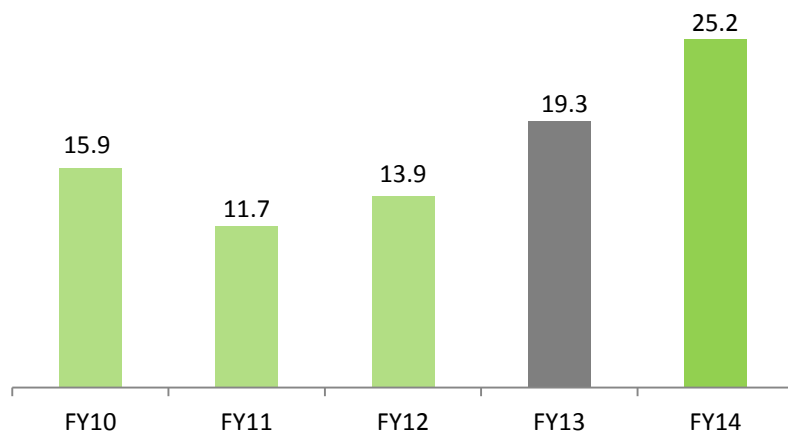


Highlights

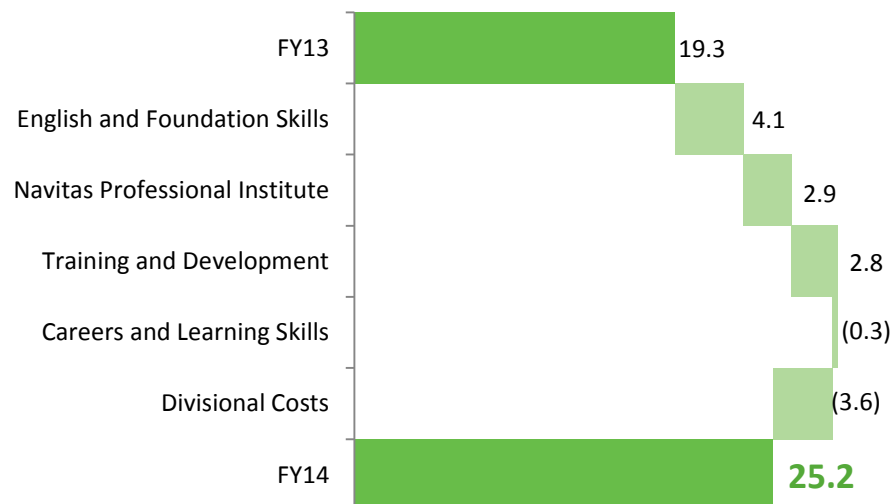
- 31% revenue growth, excluding FX, 21% growth
- 24% increase in EBITDA from H2 FY13 to H2 FY14
- Solid improvement in enrolments
- Relocation of New York, Sydney and Milan campuses
- Investment in systems, management and sales capacity
- SAE US achieves breakeven after \$2.0m H1 FY14 loss
- Acquisition of Ex'pression college expands California footprint
- Re-design of admissions and marketing processes produces enrolment growth
- Key appointments including CEO, CFO and CMO

Professional and English Programs

Divisional 5 year EBITDA (\$m)



FY14 EBITDA movement (\$m)

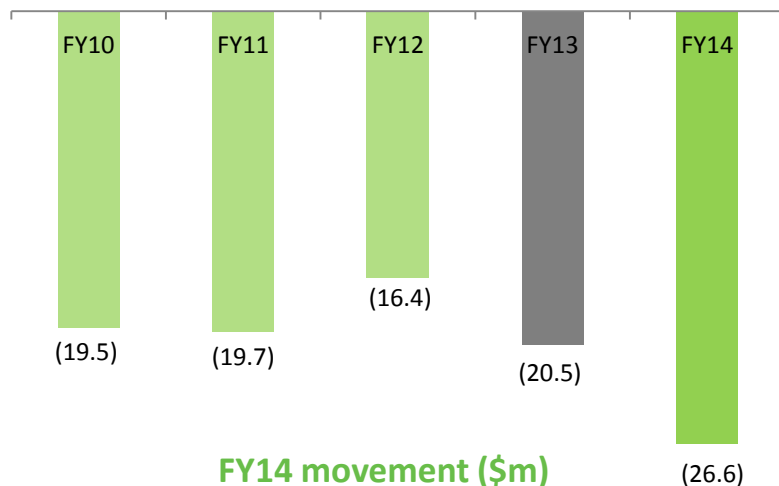


Highlights

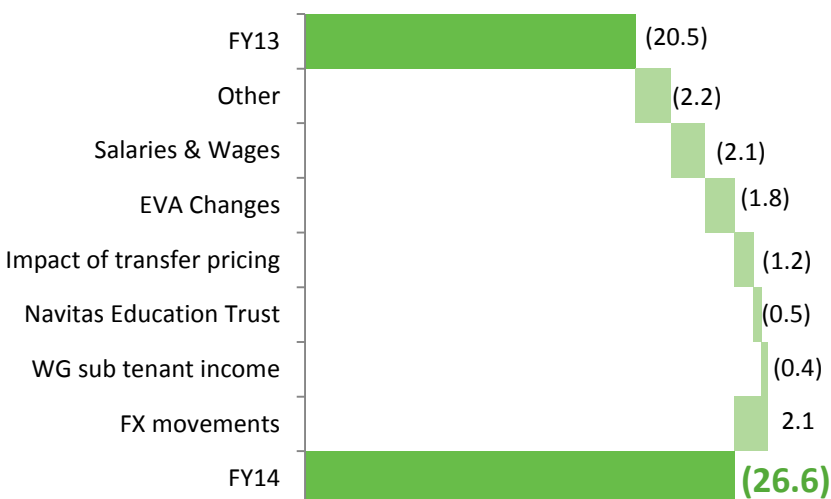
- Record year
- Solid performance from Professional Institute businesses such as ACAP and NCPS
- ACAP grows earnings by 57%
- Significant performance from government contracts
- AMEP contract renewed for 3 years to 30 June 2017
- ELICOS colleges return to growth
- Navitas English Bondi ranked best in world by students in global survey
- Continued high student satisfaction and academic outcomes

Corporate costs

5 year Corporate costs (\$m)



FY14 movement (\$m)



Highlights

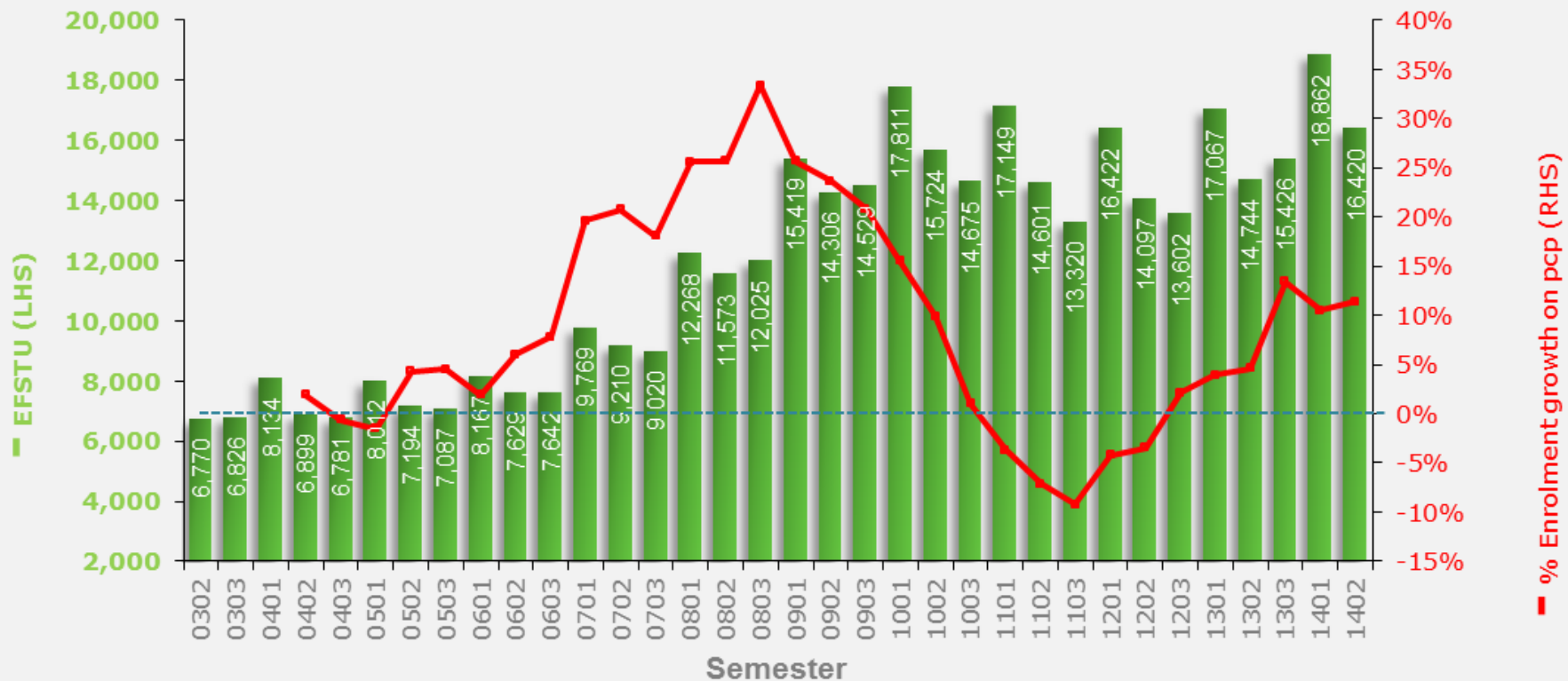
- Increases in EVA incentive payments as Group performance steadies
- Investments in senior executive capability
- Impact of Navitas Education Trust
- Favorable FX movements as A\$ strengthens near year end
- Reduction in Wynyard Green sub tenant rental income
- 3.0% of Group revenue

A photograph of two students, a young man and a young woman, sitting at a desk and studying together. The young man, on the left, has dark hair and wears glasses and a light blue button-down shirt. He is leaning over the desk, looking at a book. The young woman, on the right, has dark hair and wears a teal V-neck sweater. She is smiling and looking at the same book. She is holding a blue pen in her right hand. On the desk are several books and papers. A green circle is overlaid on the left side of the image, containing the text "University Programs".

University Programs

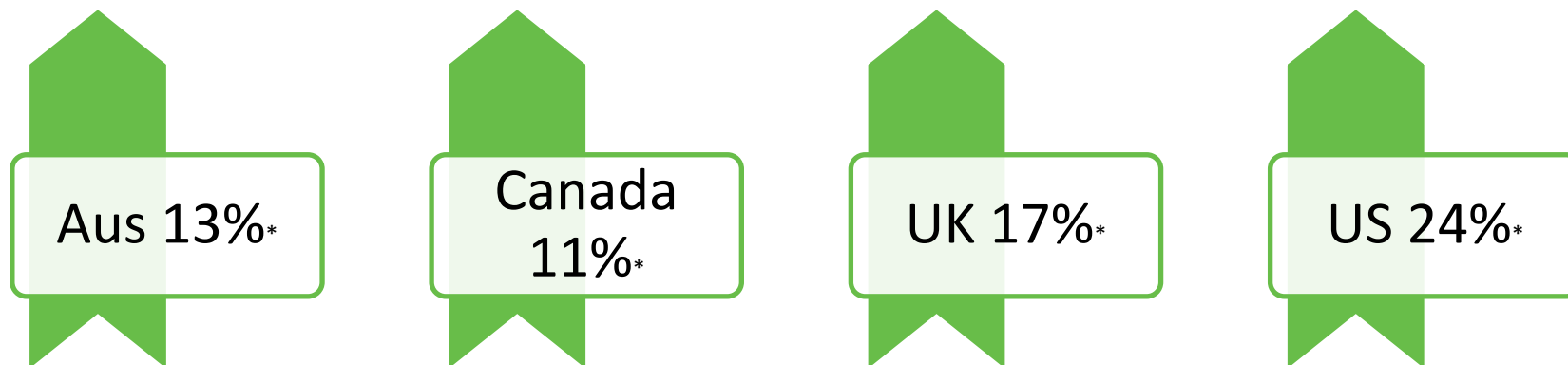
Growth momentum maintained...

Equivalent Full Time Students Units (EFTSU): Semester enrolments



Semester 2 2014 EFTSU
11% growth against pcp

...across all key regions



**Sem 2 2014 compared to pcp*

- Australia – new students
 - ~30% increase in international student recruitment from source countries
 - Significant markets with >15% growth include China, Vietnam, Nepal, Hong Kong, South Korea, Malaysia, Pakistan and Sri Lanka
 - 6% growth for students recruited in Australia
 - Strong growth in domestic enrolments
- Kenyan college (AUSI) – in teach out mode
- Asia/Africa region down 6% - relatively small financial impact

A photograph of two students, a young woman with long brown hair and a young man with short dark hair, sitting on a green sofa in a modern library or study area. The woman is wearing a blue button-down shirt and is holding a spiral-bound notebook and a green pen. The man is wearing a yellow button-down shirt and is looking at the notebook. They are both smiling and appear to be engaged in a conversation. In the background, there are other people sitting on similar sofas, and large windows let in natural light. A green circular graphic with a white outline is overlaid on the left side of the image, containing the word "Outlook".

Outlook

Solid growth expected in FY15...



Group

- Revenue and earnings growth
- EBITDA margin at FY14 levels
- FY15 EBITDA range of \$162m to \$172m
- Capex of ~\$30m

University Programs

- Ongoing student growth across all key regions to support earnings improvement
- Margins to remain at FY14 levels
- US region to contribute to earnings
- Sales and Marketing review to continue with peak investment in FY15
- Little or no impact from new SIBT agreement

SAE

- Strong revenue growth to continue
- Earnings to increase as investments reap returns
- Main growth to come from US market
- Ex'pression to support revenue growth but modest EBITDA contribution in year one

Professional and English Programs

- FY15 performance to improve on FY14 though growth moderating
- Growth from educational and ELICOS businesses
- Lowered government refugee intake to soften English and Foundation Skills

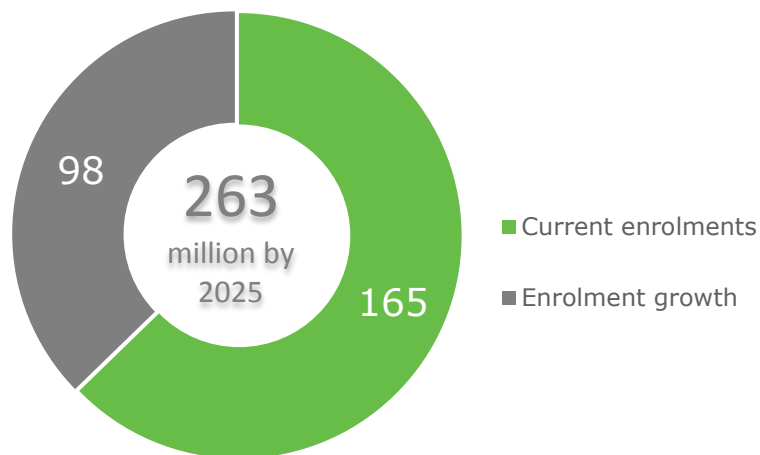


A woman with long brown hair, wearing large black headphones and a dark jacket, is looking intently at a DJ mixer. A man with a beard, wearing a white shirt, is smiling and looking at her. His hand is on the mixer. In the background, a large monitor displays a video of a woman dancing. A large blue circle with the word "Appendix" is overlaid on the left side of the image.

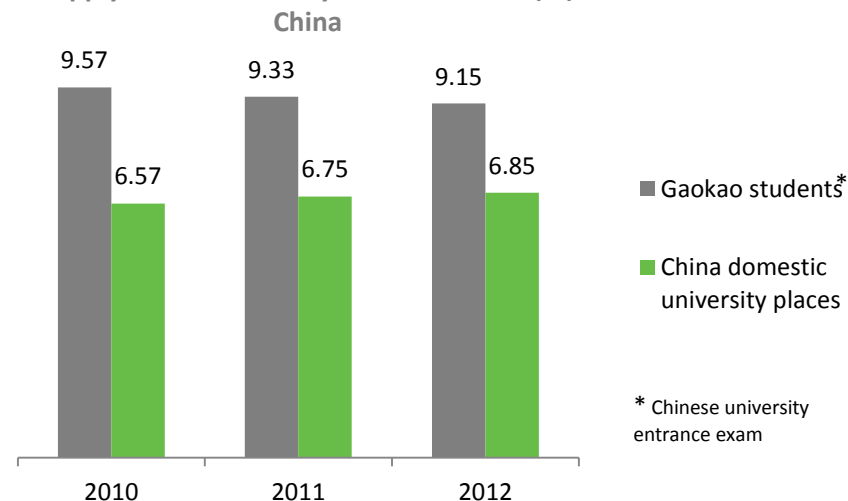
Appendix

Significant macro trends ...

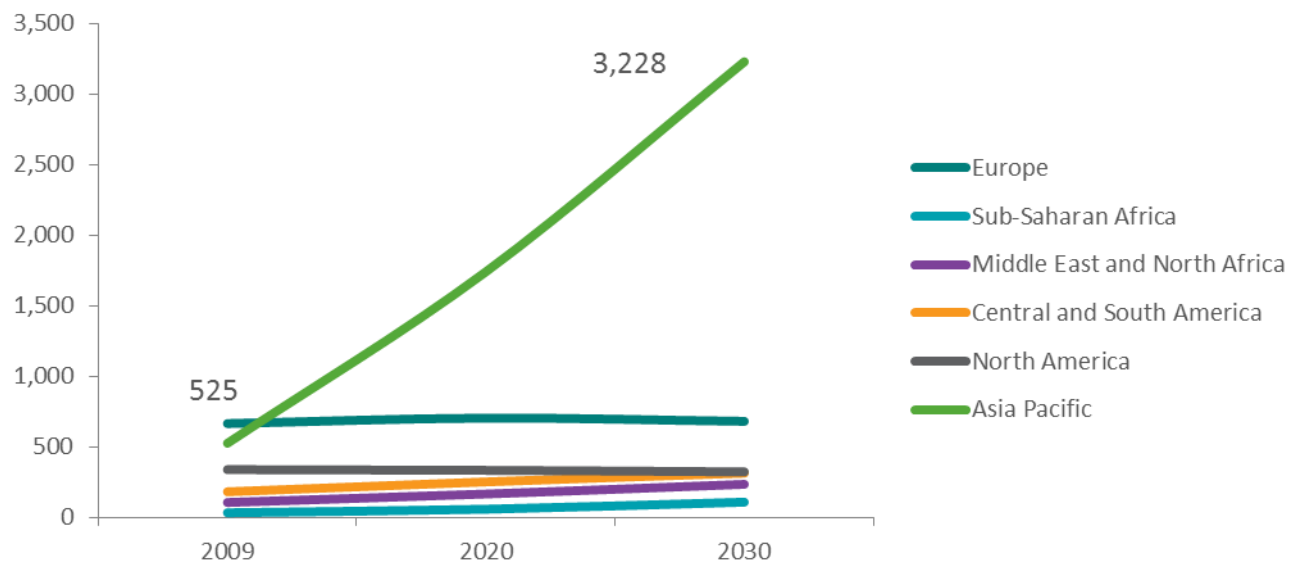
Growing global tertiary enrolment (m)



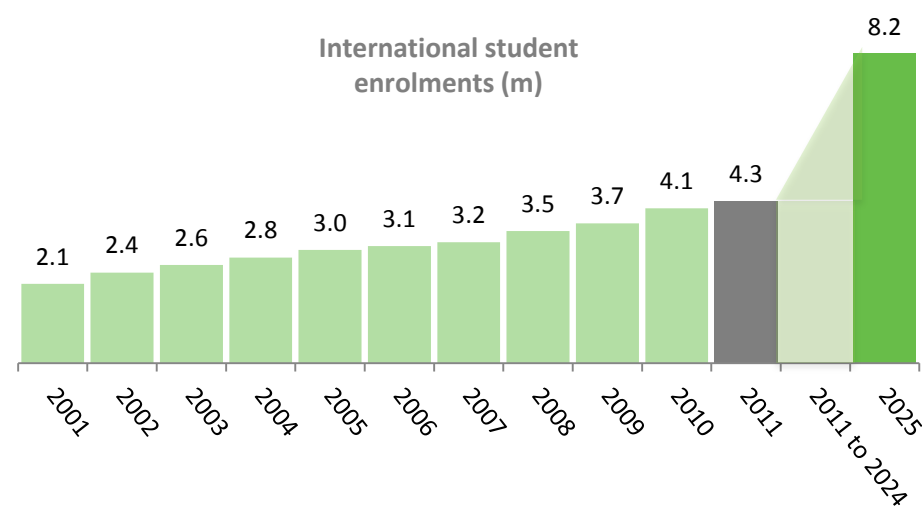
Supply imbalance in key source markets (m)



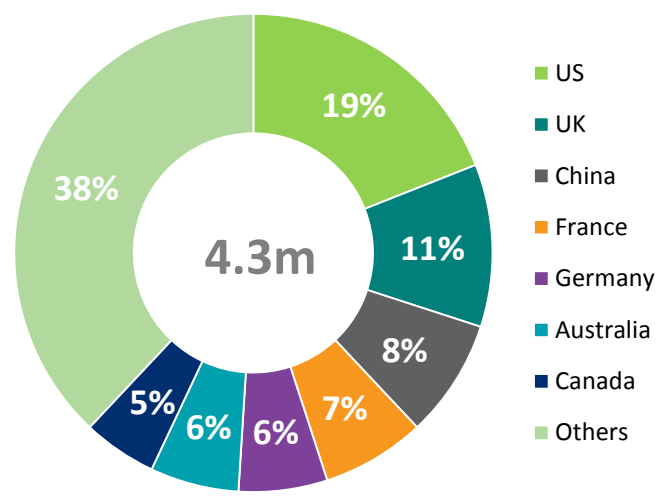
A growing middle class (m)



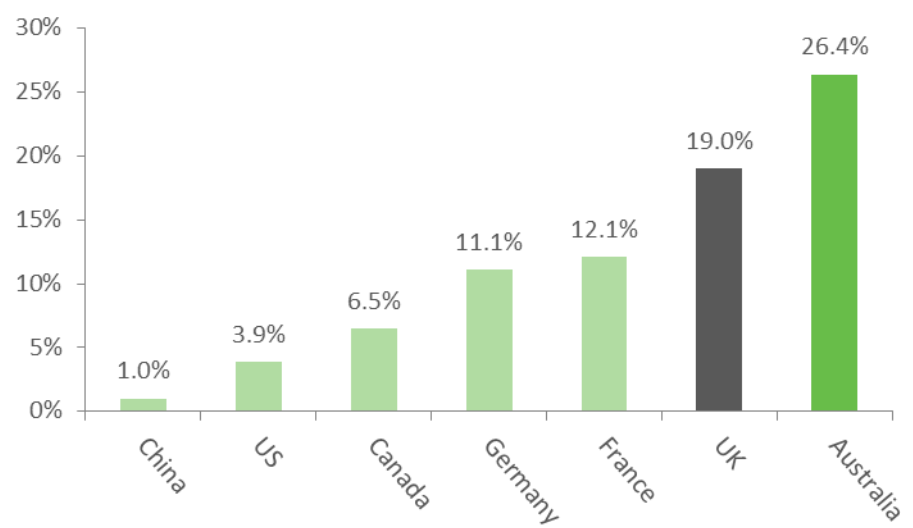
... drive students offshore to key education destinations



International education market share (%)



International higher education enrolment as a % of total enrolments



Source: Project Atlas 2014, OECD Education at a Glance, 2013. CBIE.

Navitas' global footprint

United Kingdom		
• Cambridge	• Portsmouth	• Glasgow
• Hertfordshire	• Swansea	• Liverpool
• London	• Aberdeen	• Oxford
• Plymouth	• Edinburgh	• Birmingham

Europe					
• Berlin	• Munich	• Geneva	• Istanbul	• Madrid	• Athens
• Cologne	• Hamburg	• Zurich	• Amsterdam	• Vienna	• Milan
• Frankfurt	• Leipzig	• Ljubljana	• Rotterdam	• Brussels	
• Bochum	• Stuttgart	• Stockholm	• Barcelona	• Paris	

North America	
• Atlanta	
• Los Angeles	
• Miami	
• Nashville	
• New York	
• San Francisco	
• Chicago	
• Boston	
• Dartmouth	
• Lowell	
• Bowling Green	
• Durham	
• Vancouver	
• Winnipeg	

Africa	
• Nairobi	
• Cape Town	

South East Asia	
• Singapore	
• Jakarta	

Sri Lanka	
• Colombo	

Australia/NZ	
• Perth	
• Adelaide	
• Brisbane	
• Melbourne	
• Sydney	
• Newcastle	
• Darwin	
• Cairns	
• Auckland	

Corporate snapshot



375.7m

Shares on issue

\$1.93b

Market Capitalisation

\$5.15

Share Price

18 July 2014

ASX100

NVT

52 wk range

\$4.43 - \$7.88

Annualised dividend **19.5cps**

Detailed P&L – 5 years

Navitas Ltd	FY10	FY11	FY12	FY13	FY14	PCP Change \$	Index	Growth CAGR*
Operating Revenue								
UP	365,842	390,607	382,479	415,713	499,186	83,473	120%	8%
SAE	-	57,947	113,864	114,934	150,319	35,385	131%	n/a
PEP	185,983	182,472	188,306	196,377	224,213	27,836	114%	5%
Corporate & consolidation items	3,569	3,727	3,497	2,537	2,255	(282)	89%	-11%
Total operating revenue	555,394	634,753	688,146	729,561	875,973	146,412	120%	12%
Expenses	(458,694)	(513,609)	(561,329)	(599,559)	(731,044)	(131,485)	122%	12%
Underlying EBITDA #	96,700	121,144	126,817	130,002	144,929	14,927	111%	11%
Depreciation	(6,637)	(9,981)	(14,120)	(15,492)	(24,593)	(9,101)	159%	39%
Underlying EBITA #	90,063	111,163	112,697	114,510	120,336	5,826	105%	8%
Amortisation	(976)	(978)	(977)	(863)	(749)	114	87%	-6%
Underlying EBIT #	89,087	110,185	111,720	113,647	119,587	5,940	105%	8%
Net Interest (paid)/received	1,235	(1,624)	(7,603)	(7,590)	(6,238)	1,352	82%	n/a
Underlying net profit before tax #	90,322	108,561	104,117	106,057	113,349	7,292	107%	6%
Income tax	(27,509)	(27,983)	(30,497)	(31,006)	(32,099)	(1,093)	104%	4%
Underlying NPAT #	62,813	80,578	73,620	75,051	81,250	6,199	108%	7%
Outside equity interest	1,438	158	(471)	(476)	782	1,258	-164%	-14%
Underlying NPAT attributable to Navitas #	64,251	80,736	73,149	74,575	82,032	7,457	110%	6%
Statutory NPAT	62,813	77,234	73,620	75,051	50,802	(24,249)	68%	-5%
Statutory NPAT attributable to members	64,251	77,392	73,149	74,575	51,584	(22,991)	69%	-5%

excluding impairment of goodwill

* Cumulative Annual Growth Rate from FY10 to FY14