

ASX RELEASE

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FY17 HALF YEAR RESULTS PLATFORM IN PLACE FOR FUTURE GROWTH

Navitas has reported underlying EBITDA growth of 8% (excluding closed colleges), and a 1.7% margin increase at its core University Partnerships Division as it releases its 2017 half year results. However, at a Group level, the result was affected by the final impact of two closed University Partnerships colleges, unfavourable FX translation and vocational funding reform in Australia.

Key Highlights

Operational

- Excellent student support and engagement outcomes across all Divisions including University Partnerships pass rates (+80%), retention rates (+85%) and progression to partner university rates (+90%);
- 6% and 2% underlying growth in semester 2 / 3 University Partnerships enrolments (excluding closed colleges);
- New US college agreement signed with University of Idaho;
- Strong SAE growth in Australia and new programs approved in SAE US;
- Vocational funding reforms underway – marginal impact on H1 result but likely to limit future PEP Division growth; and
- Ongoing restructuring to maintain global leadership progressing well.

Financial

- Group revenue and EBITDA declines driven by two closed colleges, FX translation movements and regulatory change;
- Underlying 8% EBITDA growth and 1.7% margin expansion for University Partnerships Division;
- NPAT up 18% helped by non-recurring, non-cash gain on disposal of PIBT to a Joint Venture (net \$14.3m); and
- Earnings per share up by 21% and strong balance sheet allows continuation of buy-back and strong interim dividend – in line with policy.

Navitas Group Chief Executive Officer, Rod Jones, said:

"Navitas has once again delivered strong academic and experience outcomes to students and partners while delivering financial results that are in line with our expectations and our full year guidance."

"Key achievements included: excellent academic and student support outcomes across all Divisions; underlying EBITDA growth, margin expansion and a new agreement in University Partnerships and the approval of new programs for SAE US."

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"We continue to evolve our strategy and work to restructure the Company to leverage our core strengths as well as developing future growth options and capabilities to maintain our leadership position in a changing global education market."

"As previously highlighted the result was heavily impacted by the final semester of the two closed colleges, Macquarie and Curtin Sydney. However with continuing solid growth in the number of students travelling overseas to study and the impact of the closed colleges behind us, the fundamental opportunity for our core business remains very strong."

Segment Summary

EBITDA \$m	Half Year ended 31 December 2016	Half Year ended 31 December 2015	% growth vs pcp (actual FX)	% growth vs pcp (constant FX)	31 December 2016 EBITDA margin (%)
University Partnerships	70.3	74.2	(5)	(1)	24.2
SAE	13.0	14.5	(10)	(12)	13.1
Professional and English Programs	11.4	11.8	(3)	NA	13.3
Corporate costs	(18.1)	(17.7)	2	NA	NA
Group EBITDA	76.6	82.8	(8)	(5)	16.0

University Partnerships

The Division once again delivered pleasing academic and student experience outcomes while EBITDA declined 5% following the closure of two colleges in Australia and the restrictive policy environment in the UK. However the Division recorded 8% underlying EBITDA growth, excluding closed colleges, and a 1.7% margin improvement following a focus on efficiency. A new agreement was signed with the University of Idaho, a number of university partner contracts were successfully renewed and the partnership with Edith Cowan University was converted to a joint venture model.

SAE

SAE continued to improve its academic and student experience outcomes while EBITDA was impacted by the first time provision for VAT on UK programs (pending the outcome of the legal appeal due in H2 2017) and costs associated with closing four sub-scale colleges. A major focus for the Division has been the accreditation of new programs for delivery in the US, as well as the development of unaccredited short courses.

Professional and English Programs

The Division delivered strong academic and student experience results while EBITDA was marginally impacted by changes to government funding for vocational programs and an initial lower arrival rate of humanitarian entrants into Australia.

Dividend

Navitas' balance sheet remains strong, allowing for the continuation of the share buy-back and a fully franked interim dividend of 9.4 cps in line with the Group's dividend payout policy. The dividend will be paid on 15 March 2017 with the record date being 1 March 2017. The Navitas Dividend Reinvestment Plan (DRP) will again be offered at no discount to market. The last date for receipt of an election notice to participate in the DRP is by 5.00pm (AEDT) on 2 March 2017.

Restructuring for future growth

Navitas has continued its restructuring program to maintain its leadership in the industry globally. Progress to date has included:

- The implementation of a standardised optimal University Partnerships model to enhance best practice and efficiency;
- The creation of a global Learning and Teaching function to drive academic innovation and best practice across the Company;
- The relocation of ELICOS colleges to University Partnerships Australasia to deliver better student outcomes;
- Upgrades to key systems including Moodle, Navigate and HR systems;
- The launch of global Finance, HR and IT shared service centres; and
- The launch of Navitas Ventures to scale ideas and deliver education innovation through incubation, investment and partnerships.

The Company will provide a comprehensive update on its strategy at Navitas' annual Investor Day on the 4th April 2017 in Sydney.

Outlook

With the closure of the two Australian colleges now complete Navitas has a reset platform for future growth with expectations of solid underlying organic growth going forward.

As such Navitas re-affirms its guidance that FY17 EBITDA will remain broadly in line with the FY16 result on a constant currency basis and including the addition of EBITDA from the new ECU joint venture.

This guidance takes into account changes to regulatory environments globally but ongoing uncertainty exists in some markets.

However, with an extensive student recruitment network, a diverse portfolio of education colleges across key countries and a proven history of delivering academic outcomes to students and partners, Navitas is well positioned to keep growing alongside global demand from students for high quality education.

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About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services through three major Divisions to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX100 company.

Further details about Navitas are available at navitas.com

