

Full Year Results

For the year ended 30 June 2018

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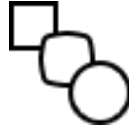

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Operational & Strategic Highlights

David Buckingham, CEO and Managing Director

Key Highlights – Improvements in many areas

 Quality	 Efficiency	 Growth
 <p>Global University average Pass rates 84%, Retention 90%, Progression 94%</p>	 <p>Rationalisation of Careers and Industry Division (C&I) announced – stabilising foundation for growth</p>	 <p>6% growth in FY18 enrolments for University Partnerships</p>
 <p>Above sector average Quality Indicators for Learning and Teaching survey results</p>	 <p>40 bps margin improvement in continuing University Partnerships operations</p>	 <p>New agreements with Virginia Commonwealth, Murdoch University and conversion of Swansea college to JV</p>
 <p>6 University Partnerships contracts renewed</p>	 <p>Operations streamlined and shared service implementation progressed</p>	 <p>C&I opportunities with growing demand for tertiary skills education, short courses, micro credentialing</p>

2020 KPI's – Good progress report in year 1

	Metric	2020 Target	FY18	FY17
Quality	 Pass rates	84% ¹	84%	82%
	 Retention	90% ¹	90%	87%
Efficiency	 Group EBITDA margin	18%	15.3% ³	16.3%
	 SAE EBITDA margin	20%	13.4% ³	14.9%
	 Maintenance capex	\$20m	\$21.1m	\$44.1m ⁴
Growth	 Revenue CAGR	5% ²	2% ⁵	KPI commenced in FY18
	 Full time enrolment CAGR	5% Full time enrolment CAGR ¹	6%	5%
	 New university partnerships	5 by 2020	2	KPI commenced in FY18

- Student outcomes already at target
- Group EBITDA margin impacted by closed colleges and performance in C&I division
- SAE EBITDA margin impacted by US business performance
- Capex in line with longer term target
- Revenue growth impacted by closed colleges and lower SAE growth
- Full time enrolment growth above target
- New University Partnerships progressing quickly towards target (now 3 today)

¹ University Partnerships Division only

² Based on constant currency and CAGR calculated assuming AMEP revenue reduction excluded from FY17 to FY20. This reduces to 3% CAGR against FY17 Group revenue if AMEP revenue is included

³ Excludes Careers and Industry rationalisation charges

⁴ Net capex after lease incentive of \$37.6m

⁵ Based on constant currency and assuming AMEP revenue is excluded from reported numbers

Rationalisation of Careers & Industry Division

Key drivers of decision

1. Difficult US regulatory environment - “for profit” providers
2. Accreditation process shows no sign of improvement
3. Higher working capital demand than other SAE regions
4. # of students too low to justify current scale of facilities
5. Growth profile long dated – limited medium term impact
6. Return on capital below acceptable levels
7. Improves the outlook for C&I and margin of SAE
8. Viability of HSA model due to VET funding changes
9. A number of sub scale operations with limited growth outlook

Impact of rationalisation

- Planned divestment of US SAE business
- Closure of SAE sites in LA and San Jose
- Closure or divestment of Health Skills Australia (HSA)
- Closure of SAE Oxford
- Conversion of SAE Indonesia into a licensed operation



Financial Impact of C&I Division Rationalisation

ASX Announcement – 18 July 2018

- Overall impact of \$130m in:
 - Provisions and costs of around \$90m, with \$80m (US\$60m) relating to SAE operations in the US;
 - \$30m non-cash Goodwill Impairment charge; and
 - \$10m non-cash write down in carrying value of deferred tax asset.

Audited Financial Statements

- One-off charges of \$123.8m reflected in FY18; and
- Additional \$5m in termination payments and campus merger costs to be expensed in FY19 (not charged in FY18 given timing of closure announcements).

Financial Impact - \$m	FY18	FY19	FY20
Onerous Lease expenses	34.7		
Write down of PP&E	24.4		
Impairment expense SAE US receivables	21.5		
US Deferred Tax Asset de-recognition	9.9		
Other related costs	3.9		
Goodwill Impairment	29.4		
Staff termination and campus merger costs		5.0	
Teach out costs for closed/merged sites		8.0	5.0
Total	123.8	13.0	5.0

Financial Performance

Phil Mirams, Chief Financial Officer

Financial Summary – Reported results impacted by C&I rationalisation

	Reported			Continuing Operations ¹		
Year ended (\$m)	FY18	FY17	vs pcg	FY18	FY17	vs pcg
Revenue	931.0	955.2	(3%)	931.0	939.7	(1%)
EBITDA	82.0	155.0	(47%)	142.1	145.0	(2%)
EBITDA margin (%)	8.8%	16.2%	(7%)	15.3%	15.4%	-
Pro-forma EBITDA²	84.0	156.4	(46%)	144.0	146.4	(2%)
Reported NPAT	(55.3)	80.9	-			
Earnings/ (loss) per Share (cents)	(15.6)	22.1	-			
Operating cash flow per Share (cents)	25.8	28.3	(9%)			
Full Year Dividend per Share (cents)	17.4	19.5	(11%)			

On a constant currency basis, reported revenue declined (3%) vs pcg and Reported EBITDA declined (48%) vs pcg.

- Reported results include \$123.8m C&I rationalisation charges in FY18 and \$10.1m contribution from closed UP colleges in FY17
- Flat results in continuing operations with growth in UP division largely offset by declines in C&I division
- Full year dividend declared of 17.4 cps (19.5 cps FY17) in line with lower NPAT. This represents approximately 90% of normalised earnings per share and free cash flows

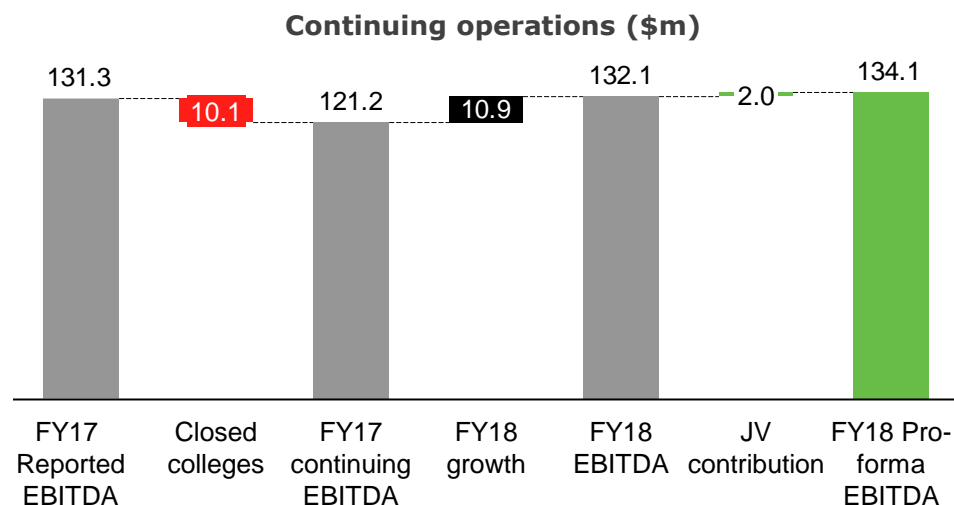
¹ Continuing operations excludes contributions from closed Business Units (Macquarie and Curtin Sydney in FY17) and charges arising from the rationalisation of the Careers and Industry Division in FY18.

² Pro-forma EBITDA includes proportionate share of EBITDA from joint ventures

Return to growth in University Partnerships

	Reported			Continuing Operations ¹		
Year ended (\$m)	FY18	FY17	vs pcg	FY18	FY17	vs pcg
Revenue	598.9	574.1	4%	598.9	558.6	7%
EBITDA	132.1	131.3	1%	132.1	121.2	9%
Pro-forma EBITDA²	134.1	132.6	1%	134.1	122.5	10%
EBITDA Margin (%)	22.1%	22.9%	(1%)	22.1%	21.7%	-

On a constant currency basis, reported revenue grew 4% vs pcg and reported EBITDA declined (1%) vs pcg.

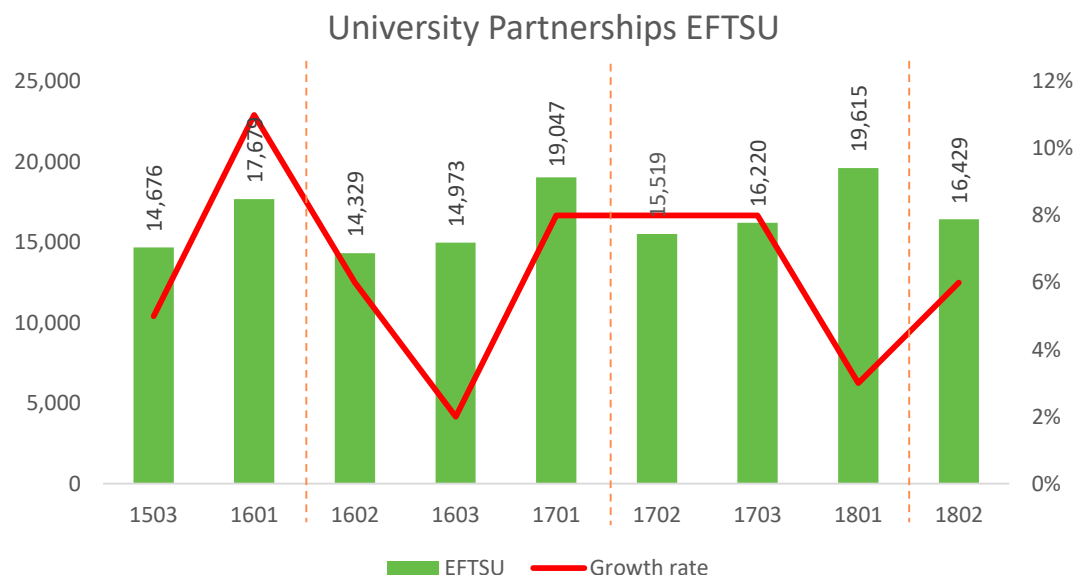


¹ Continuing operations excludes contributions from closed Business Units (Macquarie and Curtin Sydney in FY17).

² Pro-forma EBITDA includes share of EBITDA from joint ventures

- Reported FY17 includes final contribution from closed Macquarie and Curtin Sydney colleges:
 - Continuing operations revenue grew 7% and EBITDA grew 9%,
 - Continuing operations margins increased 40 bps
- Total enrolments increased 6% over FY18:
 - Australia up 11% year on year,
 - UK up 6%,
 - North America was flat with growth in Canada offsetting declines in the US
- Average fee growth of 3% offset partially by shift to lower priced courses
- New colleges announced with Virginia Commonwealth University and Murdoch University
- 5 royalty contracts renewed and Swansea college converted to a joint venture

University Partnerships enrolments increase 6% in semester 2 2018



- 4% growth in Australasian colleges
 - ongoing demand for Australian and NZ universities and stable regulatory regime
- UK enrolments flat due to continued tough immigration environment
- North American enrolments up 13% with growth in Canada offset marginally by declines in the US
 - Ongoing uncertainty due to immigration changes and higher visa rejection rates impacting US
- ~1,150 students enrolled under 4 JV colleges

	Sem 2 2018	Sem 2 2017	vs pcg
Australia & NZ	9,766	9,368	4%
Europe	1,038	1,046	(1%)
North America	3,871	3,417	13%
RoW	1,754	1,688	4%
TOTAL	16,429	15,519	6%

Prior periods exclude the Equivalent Full Time Student Unit (EFTSU) of closed colleges – see prior ASX announcements for more details

C&I Division impacted by AMEP and SAE US declines

Year ended (\$m)	Reported			Continuing Operations ¹		
	FY18	FY17	vs pcg	FY18	FY17	vs pcg
Professional and English Programs revenue	114.1	174.4	(35%)	114.1	174.4	(35%)
SAE revenue	203.4	200.7	1%	203.4	200.7	1%
Careers and Industry Revenue	317.5	375.1	(15%)	317.5	375.1	(15%)
Professional and English Programs EBITDA	15.4	31.1	(50%)	18.4	31.1	(41%)
SAE EBITDA	(29.9)	29.9	-	27.2	29.9	(9%)
Careers and Industry EBITDA	(14.5)	61.0	-	45.6	61.0	(25%)
Professional and English Programs margin %	13.5%	17.8%	(4%)	16.1%	17.8%	(2%)
SAE margin %	(14.7%)	14.9%	-	13.4%	14.9%	(2%)
Careers and Industry Margin %	(4.6%)	16.3%	-	14.4%	16.3%	(2%)

On a constant currency basis, SAE reported revenue is flat vs pcg and constant currency has minimal effect on SAE reported EBITDA. PEP has no currency translation impact.

¹ Continuing operations excludes charges arising from the rationalisation of the Careers and Industry Division.

- Reported FY18 results include the one-off impact of the \$123.8m C&I rationalisation charges
- AMEP EBITDA reduced year on year by \$14.0m due to fewer contract regions but offset partially by one-off benefit of additional Syrian migrants
- PEP results also impacted by lower enrolments at ACAP and HSA as reforms to vocational funding impact student recruitment
- SAE continuing enrolment growth in Australia and Europe
- SAE US operations contributed \$60.2m in revenue and incurred a \$2.9m EBITDA loss in FY18 prior to C&I rationalisation adjustments
- SAE EBITDA margin of 21% in FY18 excluding US operations

Strong improvement in net cash flow generation

Year ended (\$m)	FY18	FY17
EBITDA ¹ - before C&I Charges	142.1	155.0
Net working capital	(0.5)	(47.5)
Lease incentive	-	37.6
Tax	(41.4)	(37.8)
Net interest	(7.9)	(5.8)
Operating cash flow	92.3	101.5
Capex	(21.1)	(81.7)
Acquisition/ Disposal of subsidiaries net of cash	(6.5)	(8.8)
Other investments	(0.2)	(2.6)
Net cash flow before financing	64.5	8.4

- Improvement in working capital following solid enrolment growth across University Partnerships and end of impact from closed colleges
- FY17 operating cash flow includes lease incentive contribution towards capital investment
- Maintenance capex reduced significantly
- Acquisitions included ASAM and CCEL in New Zealand

Key Debt Metrics

Net Debt
\$201.9m
(FY17 \$186.0)

Cash
\$81.9m
(Tuition protection service \$47.7m)

Interest Cover²
18.0x

Annualised Gearing Ratio³
1.7x

¹ EBITDA excludes charges arising from the rationalisation of the Careers and Industry Division.

² Interest cover = EBITDA¹/Net Interest expense

³ Annualised Gearing Ratio = Net Debt / EBITDA¹.

Looking forward

David Buckingham, CEO and Managing Director

Core areas of focus in FY18 and FY19

1

LEADERSHIP DEVELOPMENT

- CEO/MD succession completed
- New CFO
- New CEO's in UP Australasia and North America Divisions

2

REVENUE SUSTAINABILITY AND GROWTH

- Academic quality targets met
- All contracts renewed
- No change in royalty rate
- UP sales and marketing transformation program underway
- 3 small contracts to renew in FY19

3

PORTFOLIO REVIEW

- C&I Rationalisation announced
- Divestment of US SAE business planned and closure of SAE Oxford
- Closure of Health Skills Australia

4

TECHNOLOGY / DIGITAL CAPABILITY

- Roll out of new student platform (Navigate) to complete
- Implementation of new student/agent portal (Studylink)
- Ventures investments in EdTech opportunities

5

PARTNERSHIP AND PRODUCT EXPANSION

- Transformation partner opportunity to broaden UP services
- 2 new University partners in FY18
- First European University partnership (Twente)
- Ongoing business development for potential new partners

6

FINANCIAL PERFORMANCE

- C&I division rationalisation will improve EBITDA margin of SAE
- 6% growth in UP enrolments in FY18
- Continuing UP Revenue growth of 7% in FY18
- Focused on 2020 strategic targets

Growing C&I Division post rationalisation

Context

- The demand for vocational skills education is growing rapidly across the globe as the modern workforce changes
- Tightening regulation and VET reforms create a shift to higher education
- Greater demand for short courses, micro credentialing and B2B offerings

Priorities

1 GROW MARKET PENETRATION

2 BUILD / ACQUIRE NEW VOCATIONAL NICHEs

3 GLOBAL DIGITAL DELIVERY PLATFORM

4 EXPAND LICENSING MODEL

Actions

- Transform the student experience through digital solutions
- Expand core products internationally (ASAM, NESLI and Women in Leadership)
- Develop new products (Leadership and management, consultancy, private courses)
- Explore market opportunities (Canada, UK, France, Perth and Adelaide)
- Improve margin and cashflow performance with lower capital requirements
- Develop brand and profitable products

FY19 priorities

- Complete Careers and Industry Division rationalisation program
- Focus on enrolment growth and transformation of sales and marketing in UP Division
- Continue to renew contracts and extend university partner footprint
- Build new / broader product portfolio for UP partners
- Complete IT platform upgrades and enhance digital transformation
- Deliver 2020 strategic targets
- Updated strategy in Navitas Investor Strategy Day - 21 September 2018, Sydney

Appendix

About Navitas

Navitas (ASX: NVT) is a leading global education provider with over 120 colleges and campuses across 31 countries offering an extensive range of educational services to students, clients and professionals. Navitas is an ASX200 company.

Navitas' Purpose

Transform lives by increasing student access to quality tertiary education

Navitas Corporate

University Partnerships Division

The University Partnerships Division is a leading provider of pre-university and university pathway programs with 38 colleges across Australia, US, UK, Canada, NZ, Singapore, Dubai and Sri Lanka

64% of FY18 Group Revenue

64%

Careers and Industry Division

The Careers and Industry Division provides industry focused vocational and higher education programs across the Creative, Human Services, Government Services and Leadership segments

36% of FY18 Group Revenue

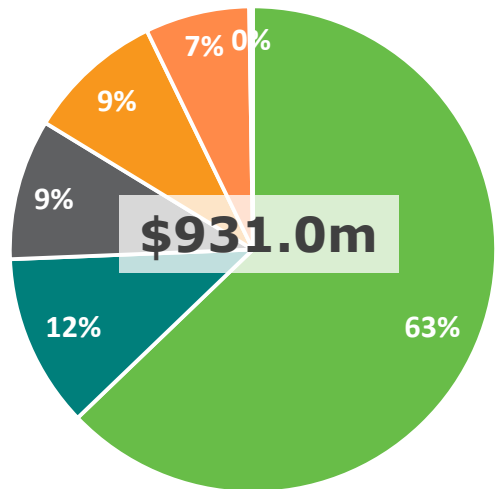
36%¹

Navitas Ventures

Navitas Ventures scales ideas and invest in new education models and technology

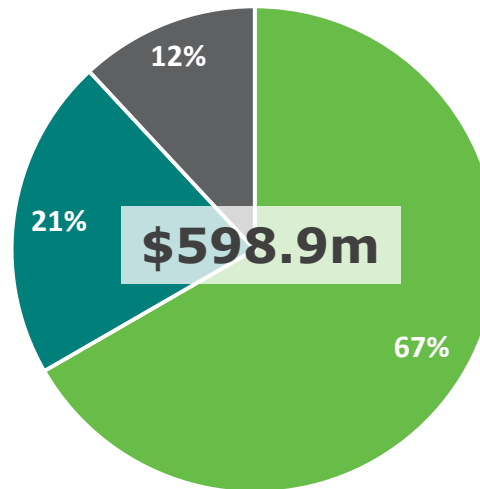
Revenue distribution

FY18 Revenue - Group



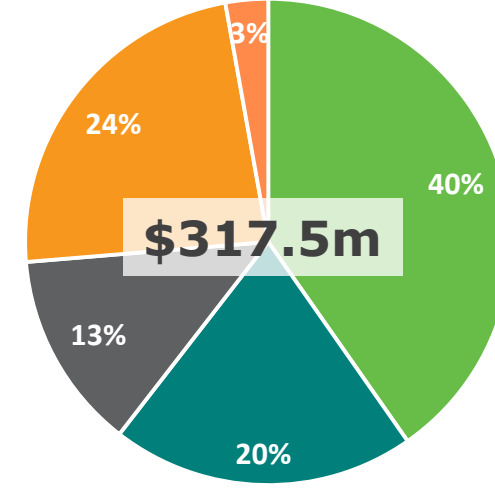
■ Australia ■ Canada ■ United States
■ UK ■ EU ■ ROW

FY18 Revenue - University Partnerships











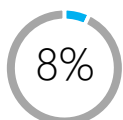


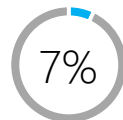



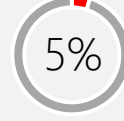


■ Australasia ■ North America ■ Europe

FY18 Revenue - Careers and Industry



■ Australia ■ US ■ GSA ■ SW EU ■ UK

International education – sector overview

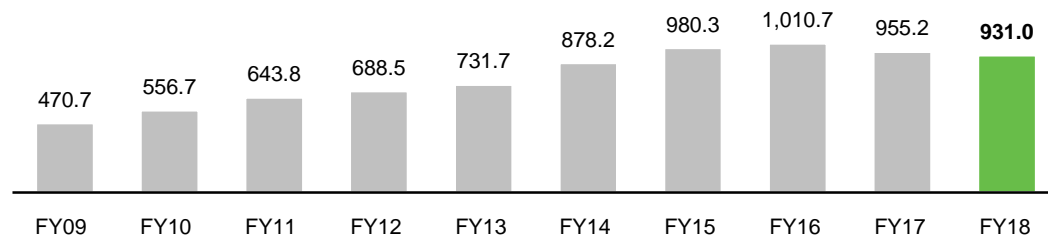
	Australia	UK	US	Canada
 Universities	39	136	1,300 ¹	64
 Pathway Colleges	 20 NVT 12	 62 NVT 10	 65 NVT 8	 3 NVT 2
 No. international tertiary students	390k	501k	1,078k	312k
 Global share of International student market	 8%	 10%	 23%	 7%
 Ratio of international / domestic students	 24%	 21%	 5%	 18%
 Government growth strategy	Grow 45% by 2025	Grow 60% by 2025	No target	Grow 34% by 2025

Source: OECD data; US Dept of Education; Australian Dept of Education and Training; Universities Australia; Universities UK; UK Dept of Business, UK Council for International Student Affairs; Innovation and Skills; Global Affairs Canada; *Project Atlas*, IIE 2017, Universities Canada.

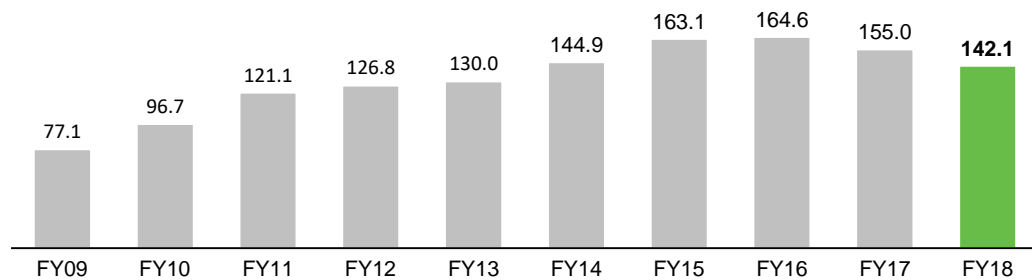
¹ Excludes Community Colleges

Ten year financial metrics

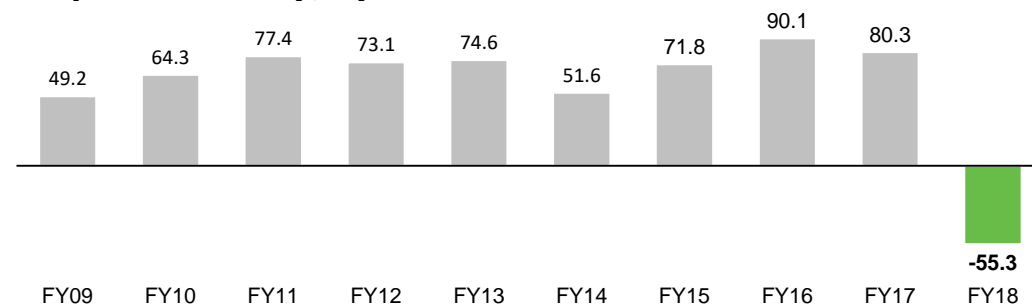
Revenue (\$m)



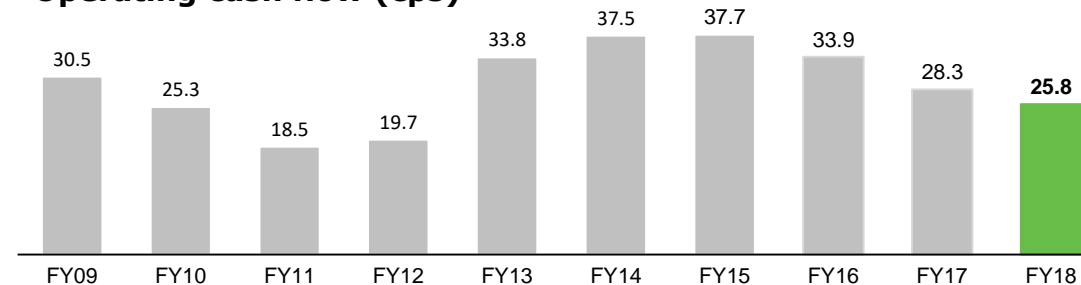
EBITDA¹ (\$m)



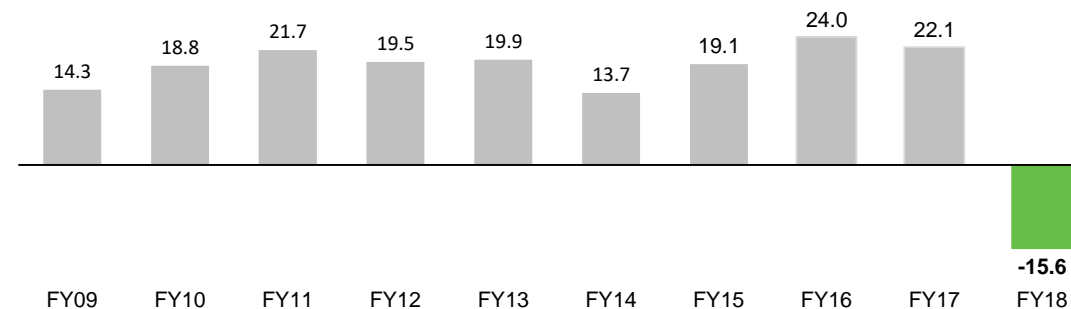
Reported NPAT (\$m)



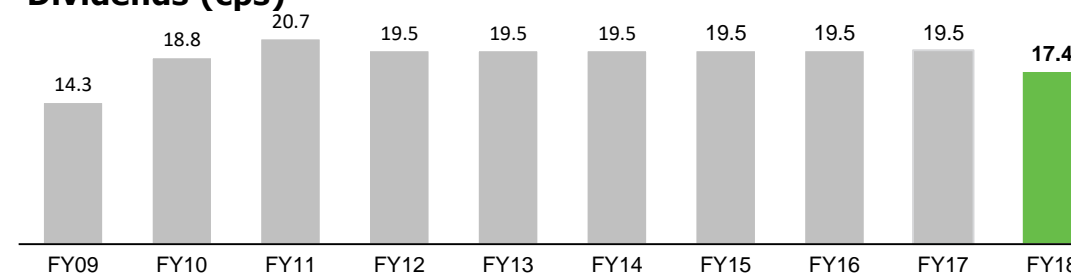
Operating cash flow (cps)



Reported Earnings (cps)



Dividends (cps)



Detailed P&L – 5 years

Navitas Ltd	FY14	FY15	FY16	FY17	FY18	Growth CAGR*
Operating Revenue						
UP	560,551	628,219	635,411	574,129	598,887	2%
SAE	150,319	185,450	202,822	200,662	203,417	8%
PEP	162,848	162,130	165,618	174,392	114,146	-9%
Corporate & consolidation items	2,255	2,342	4,584	4,321	13,243	56%
Total operating revenue	875,973	978,141	1,008,435	953,504	929,693	1%
Expenses	(731,044)	(815,034)	(843,854)	(798,456)	(787,615)	2%
EBITDA #	144,929	163,107	164,581	155,048	142,078	0%
Depreciation	(24,593)	(27,318)	(30,767)	(32,259)	(31,450)	6%
EBITA #	120,336	135,789	133,814	122,789	110,628	-2%
Amortisation	(749)	(749)	(749)	(604)	(604)	-5%
EBIT #	119,587	135,040	133,065	122,185	110,024	-2%
Net Interest (paid)/received	(6,238)	(3,823)	(3,998)	(5,778)	(7,901)	6%
Share of equity accounted JV losses	-	-	(974)	271	1,553	n/a
Net profit before tax #	113,349	131,217	128,093	116,678	103,676	-2%
Income tax	(32,099)	(39,564)	(37,330)	(50,072)	(50,021)	12%
NPAT #	81,250	91,653	90,763	66,606	53,655	-10%
Outside equity interest	782	(301)	(685)	(532)	(543)	n/a
NPAT attributable to Navitas #	82,032	91,352	90,078	66,074	53,112	-10%
Statutory NPAT	50,802	72,111	90,763	80,869	(55,304)	n/a
Statutory NPAT attributable to members	51,584	71,810	90,078	80,337	(55,847)	n/a
# excluding impairment of goodwill, one off gains and C&I Rationalisation charges						
* Cumulative Annual Growth Rate from FY14 to FY18						

Glossary

ACAP – Australian College of Applied Psychology

AMEP – Adult Migrant English Program

ASAM – Australian School of Applied Management

ASX – Australian Securities Exchange

CAGR – Cumulative Annual Growth rate

Capex - Capital Expenditure

CCEL – Christchurch College of English Language

C&I – Careers and Industry

CPS – Cents Per Share

EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation

ECC – Edith Cowan College

ELICOS – English Language Intensive Courses for Overseas Students

HE – Higher Education

HSA – Health Skills Australia

FY18 – Financial Year 2018

FX – Foreign Exchange

GSA – Germany Switzerland Austria

KPI – Key Performance Indicator

NPAT – Net Profit After Tax

NESLI – National Excellence in School Leadership Initiative

PCP – Prior Corresponding Period

PEP – Professional and English Programs

ROW – Rest of World

SAE – School of Audio Engineering, now known as SAE

SSVF – Simplified Student Visa Framework

SWEU – South West Europe

TEQSA – Tertiary Education Quality Standards Agency

UP – University Partnerships

VET – Vocational Education and Training

VSL – VET Student Loan

WACC – Weighted Average Cost of Capital