



Navitas Investor Day

21 September 2018

255 Elizabeth Street, Sydney, NSW 2000

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Navitas CEO Welcome

David Buckingham
Navitas Group CEO and Managing Director

CEO WELCOME

FIT FOR GROWTH

GROW THE CORE
CAREERS AND INDUSTRY
UNIVERSITY PARTNERSHIPS
TRANSFORMATION PARTNER

FINAL COMMENTS

Our purpose – providing life-changing opportunities to learn



Our company - a breadth of assets



**OVER 7,000
EMPLOYEES**



**120
COLLEGES**



**PRESENCE IN
33 COUNTRIES**



**80,000
LEARNERS**



**\$1.6B MARKET
CAPITALISATION**



**38 UNIVERSITY
PARTNERSHIPS**



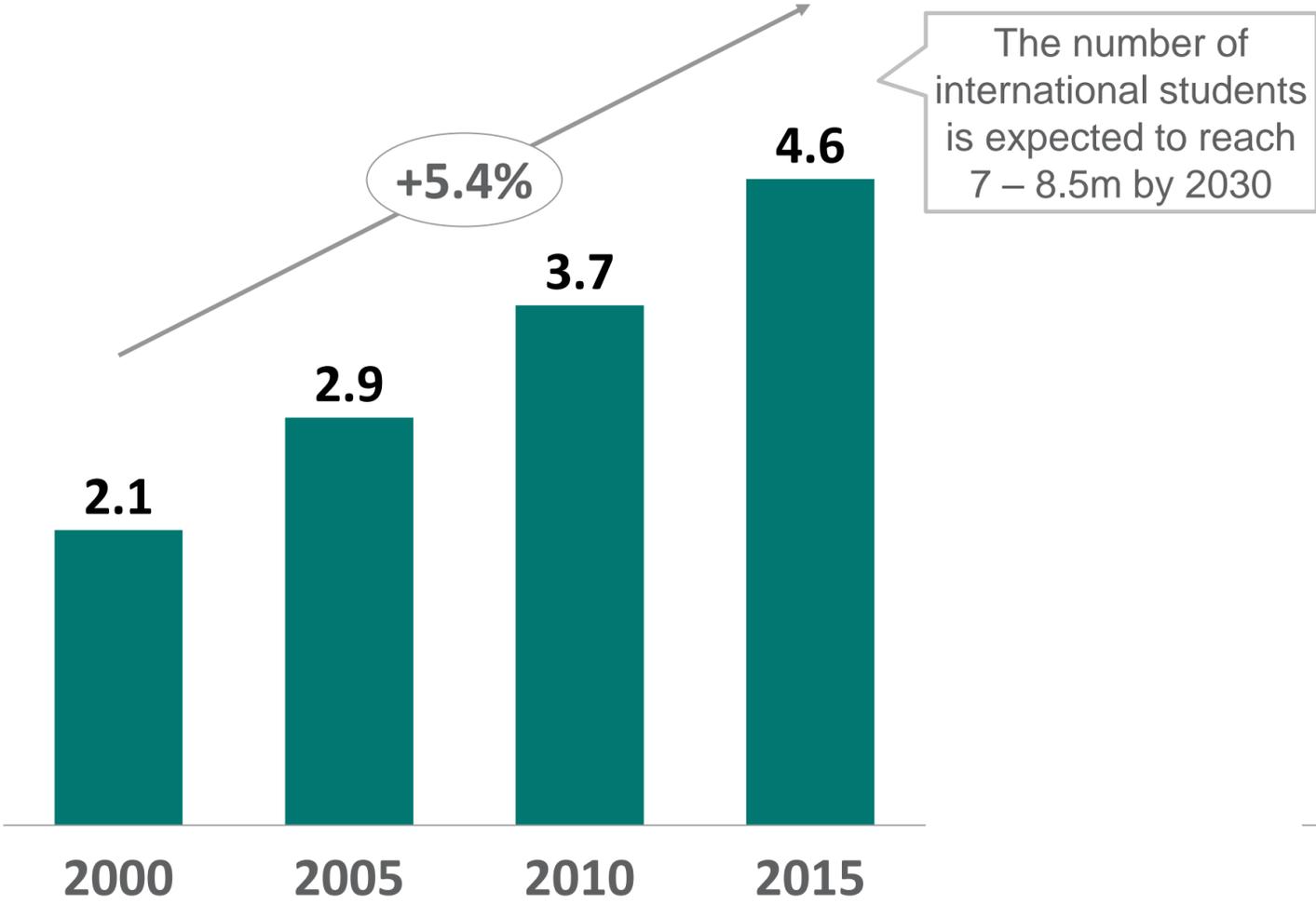
**9 UNIVERSITY
PRODUCT LINES**



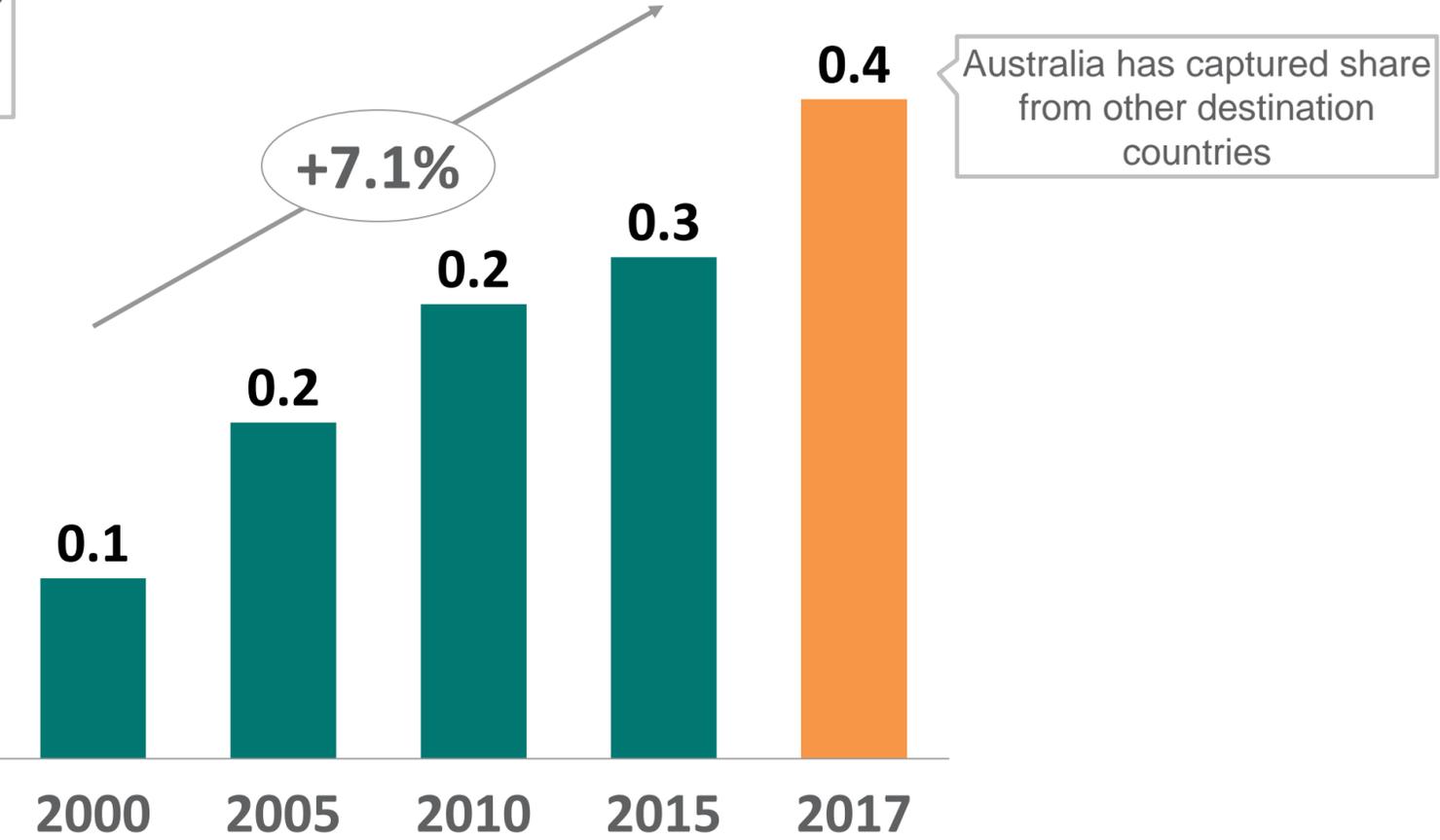
**8 STUDENT
FACING BRANDS**

We operate in attractive markets

Global international students (million)



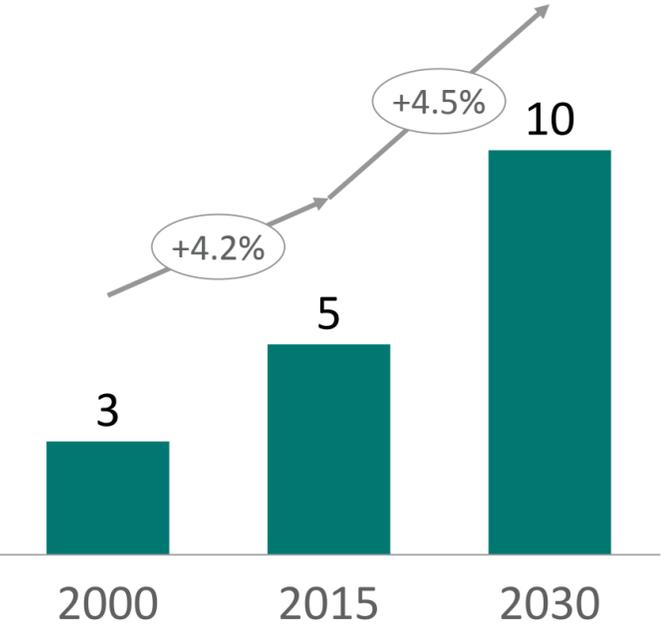
Australian international student enrolments (million)



Source: OECD; Unesco; Nous Group

With a positive future outlook

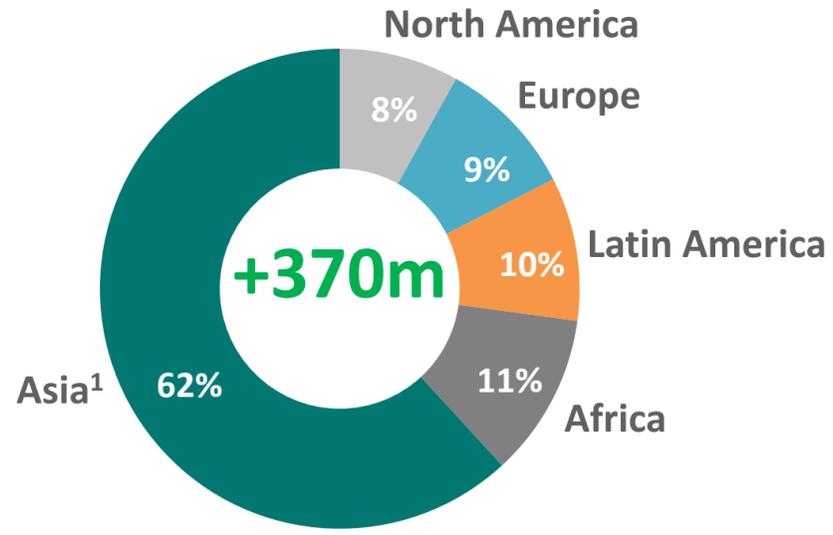
Global education and training expenditure (USD trillion)



To place education expenditure in context....

- 8x Software market
- 3x Media & Ent. Industry

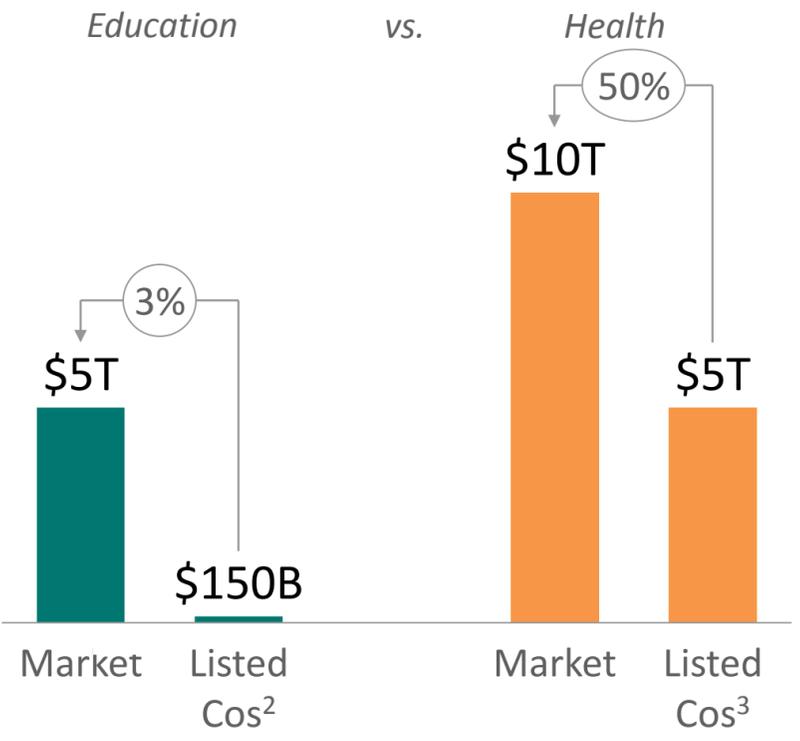
Population with post secondary education (2015 → 2030, millions)



To meet Higher Education demand....

- 2 Universities need to be built every day, for the next 20 years

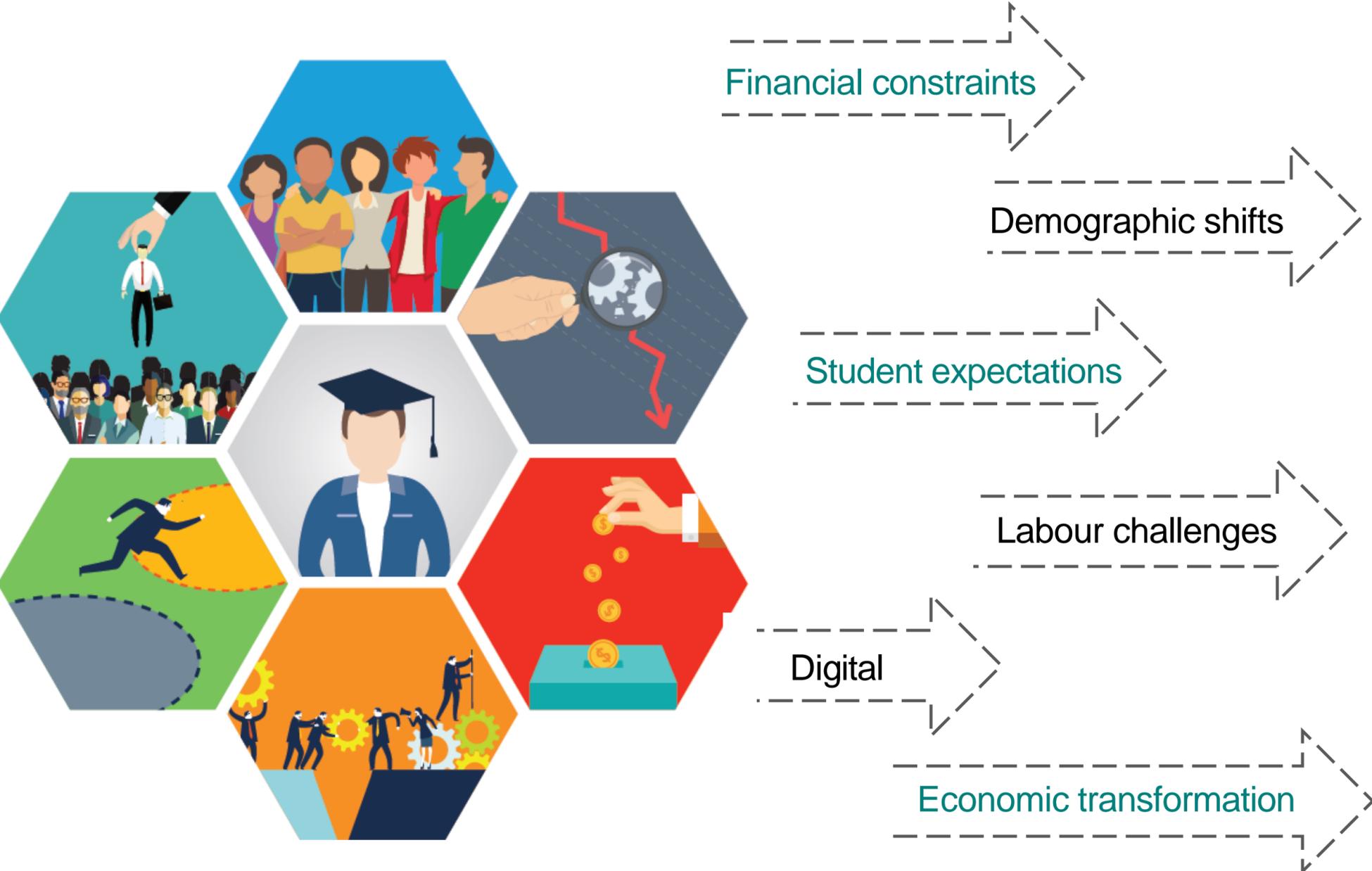
Significant upside for private education providers



We believe that the private sector will play an increasingly important role in the changes to the Higher Education sector

Sources : HolonIQ, Goldman Sachs, GSV, IBS Capital, Citi, BASA, Wittgenstein Centre
 1. Includes Oceania; 2. HolonIQ Education Index; 3. S&P Global 1200 Healthcare index

We believe that education will need to adapt



Themes for Higher Education in 2025

Students will choose providers that offer the best employment options and RoI

Employers value skills accumulation over qualification accumulation

Traditional degree disaggregation

Students demand a university alternative

Public Private Partnerships will play a key role in university reform

1.1bn borderless learner opportunities available

Learning will become blended, self paced, personalised

EdTech companies will play an increasing role enabling Higher Education delivery

Creating opportunities for Navitas

How we plan to execute our longer term strategy



Our speakers and agenda

WELCOME	FIT FOR GROWTH	GROW AND EXPAND THE CORE			FINAL COMMENTS	
 <p>David Buckingham Navitas Group CEO and Managing Director</p>	 <p>Phil Mirams Chief Financial Officer, Navitas Group</p>	 <p>Scott Jones CEO, Careers and Industry Division</p>	 <p>Bev Hudson CEO, University Partnerships Australasia Division</p>	 <p>Iain Rothwell Chief Commercial Officer, Navitas Group</p>	 <p>David Buckingham Navitas Group CEO and Managing Director</p>	
9.00 – 9.15	9.15 – 9.45	9.45 – 10.15	Break	10.30 – 11.00	11.00 – 11.30	11.30 – 12.00

Ensuring that Navitas is fit for growth

Phil Mirams
Navitas Chief Financial Officer

CEO WELCOME

FIT FOR GROWTH

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FINAL COMMENTS

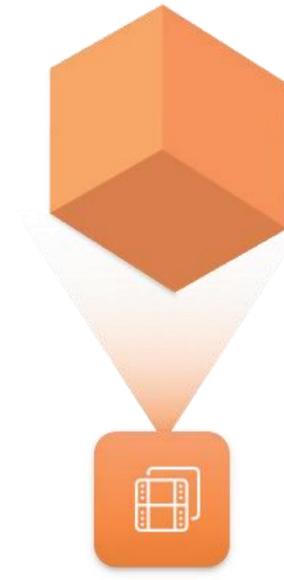
Delivering the building blocks to be fit for growth



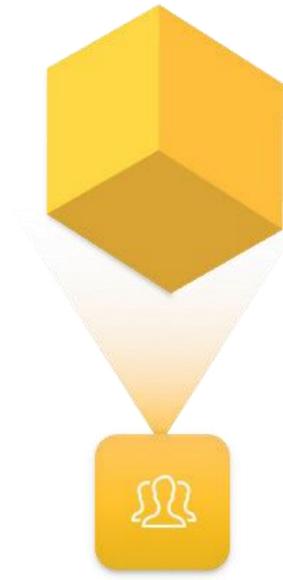
Review of business portfolio relative to growth potential and capital employed



Disciplined capital expenditure leaving room for growth investment



Reform our corporate support model and cost base



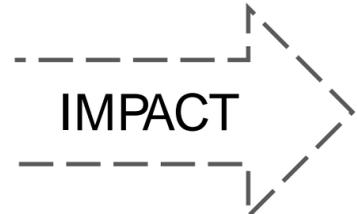
Transform Navitas IT and digitize the student experience

We completed a review of the Navitas portfolio

Decision made to rationalise the C&I portfolio in FY18

\$124m of charges included in FY18 financial results

Further \$5m expected in redundancy and merger costs in FY19 in addition to teach out costs



<ul style="list-style-type: none"> • Slow US accreditation environment • Poor return on capital profile of US business • Regulatory funding changes in Australia • Ability to grow and reach scale in specific locations
<ul style="list-style-type: none"> • Close LA and San Jose operations • Investigate divestment of our US SAE business • Closure of sub scale operations in Europe • Close or divest Health Skills Australia (HSA) • Conversion to license model in Indonesia
<ul style="list-style-type: none"> • Closures well underway • In negotiations to divest two HSA businesses • Appointing US advisor to run SAE US sale process

Improve margin in continuing operations (~20% EBITDA margin)

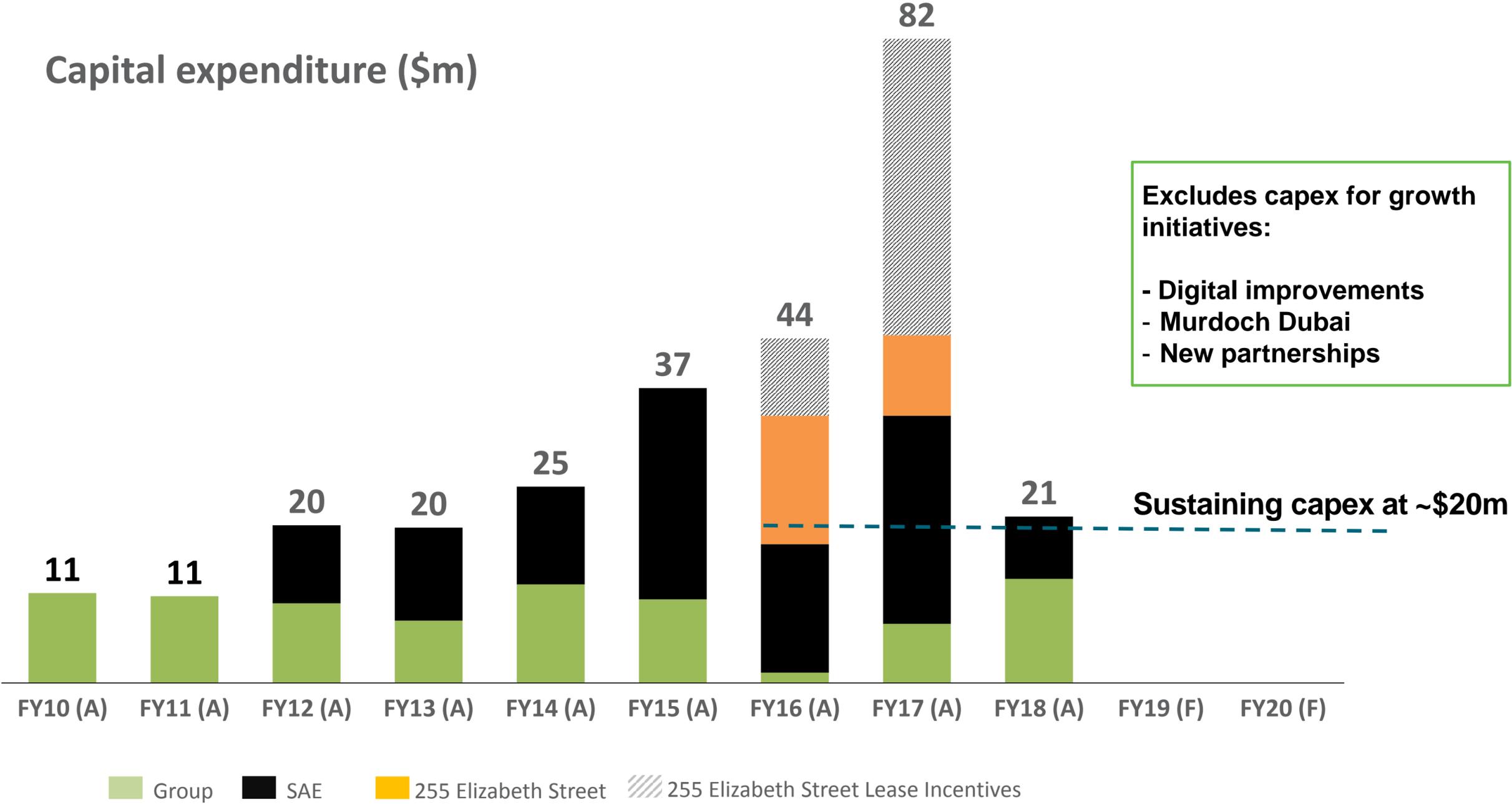
Focus on growth in evolving markets

Reduction in working capital demands (stronger cashflow generation)

Expansion of product offering

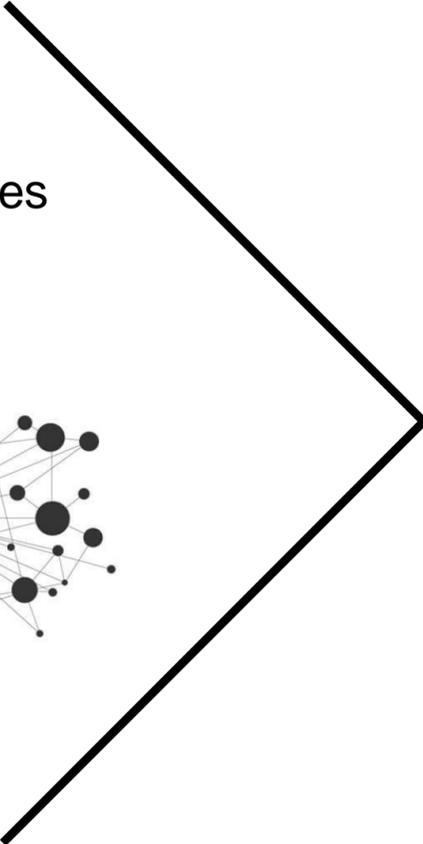
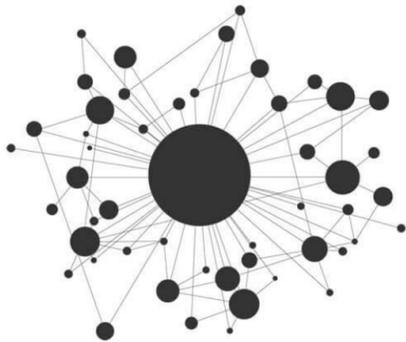
Sustaining capex at much lower level

Capital expenditure (\$m)



Continuously improving corporate support model

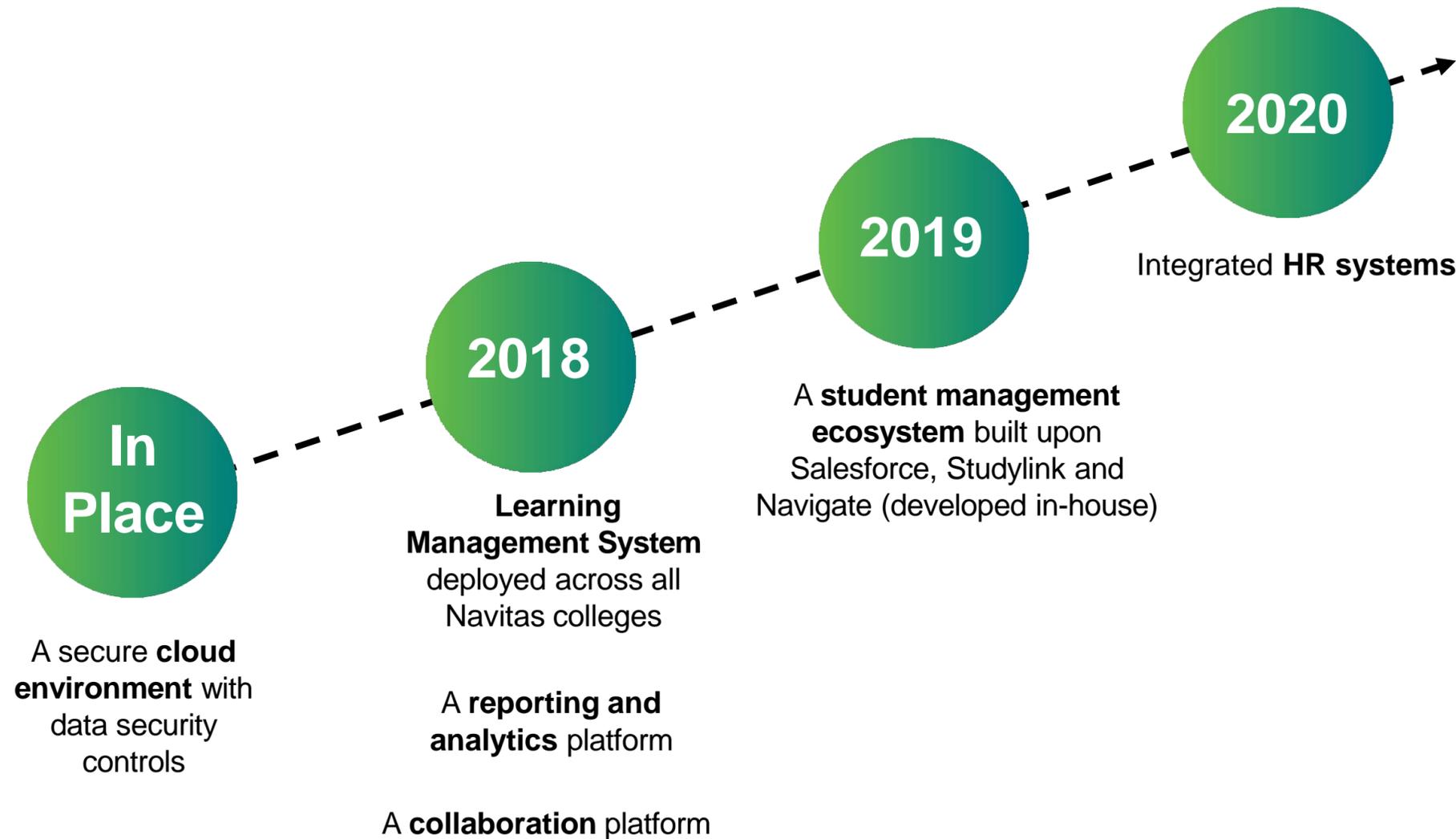
Shared services established in 2017



Review of Corporate Support Model

Shared Services	Resource Allocation	Benchmarking	Cost Management
Optimal operating model	Prioritisation	Develop service metrics	Cost to deliver
Data quality & integrity	Project execution	Track & monitor	Regional relativity
Workflow solutions	Governance	Agree KPIs	
Productivity & effectiveness	Align to strategy		
Automation opportunities			

Projects underway to upgrade our systems capability



- Secure and flexible infrastructure to respond to the ever-increasing information security threats
- Linking the data between all systems so that a holistic, real-time view of any student can be achieved
- Providing the best learning experience for students
- Boosting productivity
- Improving the student experience with a digital and mobile focus

Digitalisation – a student-driven iterative approach

Delivering superior student experiences by transforming digital touchpoints across the end-to-end journeys of our students.

1.



Immersion and idea generation

Detailed discovery work with students, staff and other subject matter experts

2.



Validation

Prototyping and user testing of concepts showing most potential to deliver value to students and Navitas

3.



Scale

Delivering digital innovations that improve the day-to-day experiences of our students around the world

4.



Long term goals

Uplifting digital capabilities and building a culture of innovation at Navitas

Our path to growth: Careers and Industry

Scott Jones
CEO Careers and Industry

CEO WELCOME

FIT FOR GROWTH

**GROW THE CORE
CAREERS AND INDUSTRY**
UNIVERSITY PARTNERSHIPS
TRANSFORMATION PARTNER

FINAL COMMENTS

The Careers and Industry business today

CAREERS & INDUSTRY

CREATIVE (SAE)

GOVT SERVICES & EMPLOYMENT

HUMAN (ACAP)

LEADERSHIP & MANAGEMENT

1,110 Staff

50 Staff

200 Staff

100 Staff

49 campuses

> 30 Sites

4 Colleges

Largely online

10,000 Students

13,900 Clients

3,900 Students

5,000 Clients

% of total C&I revenue

57%

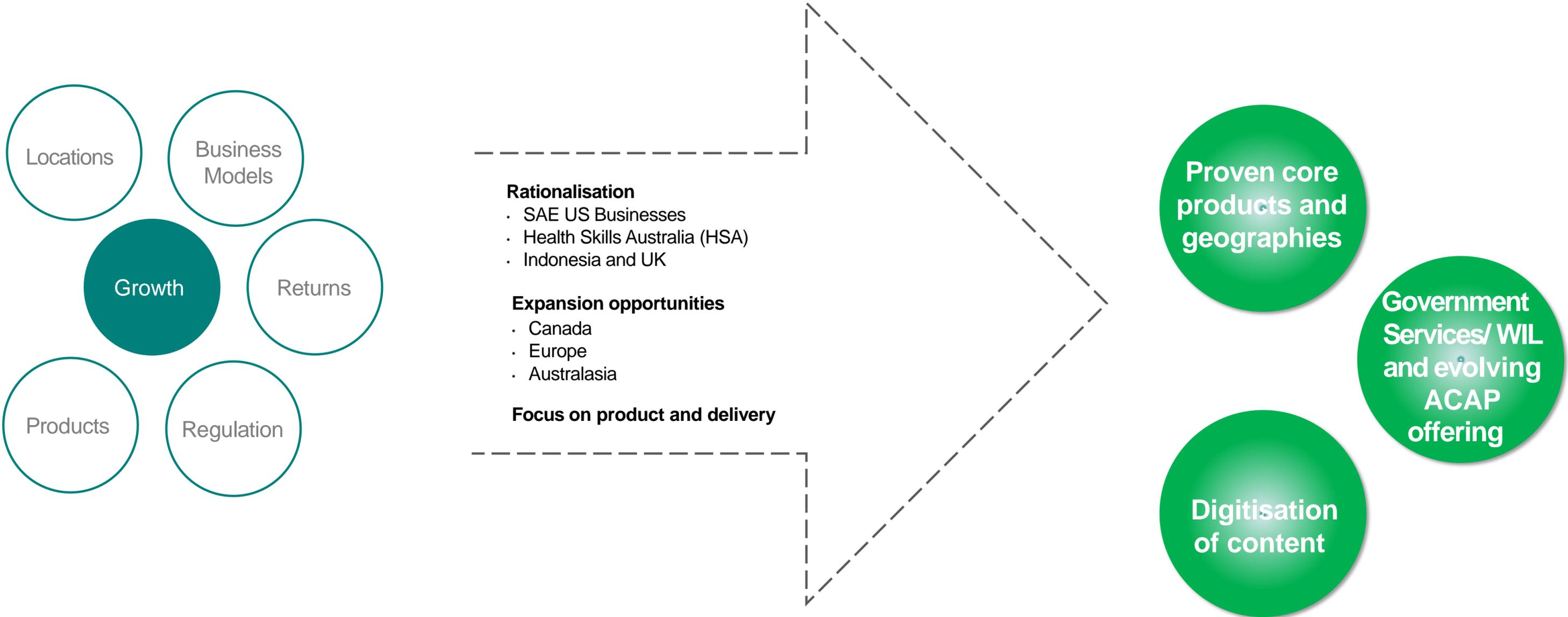
21%

17%

4%

% of revenue based on continuing C&I business

Recent portfolio review has refocused the business



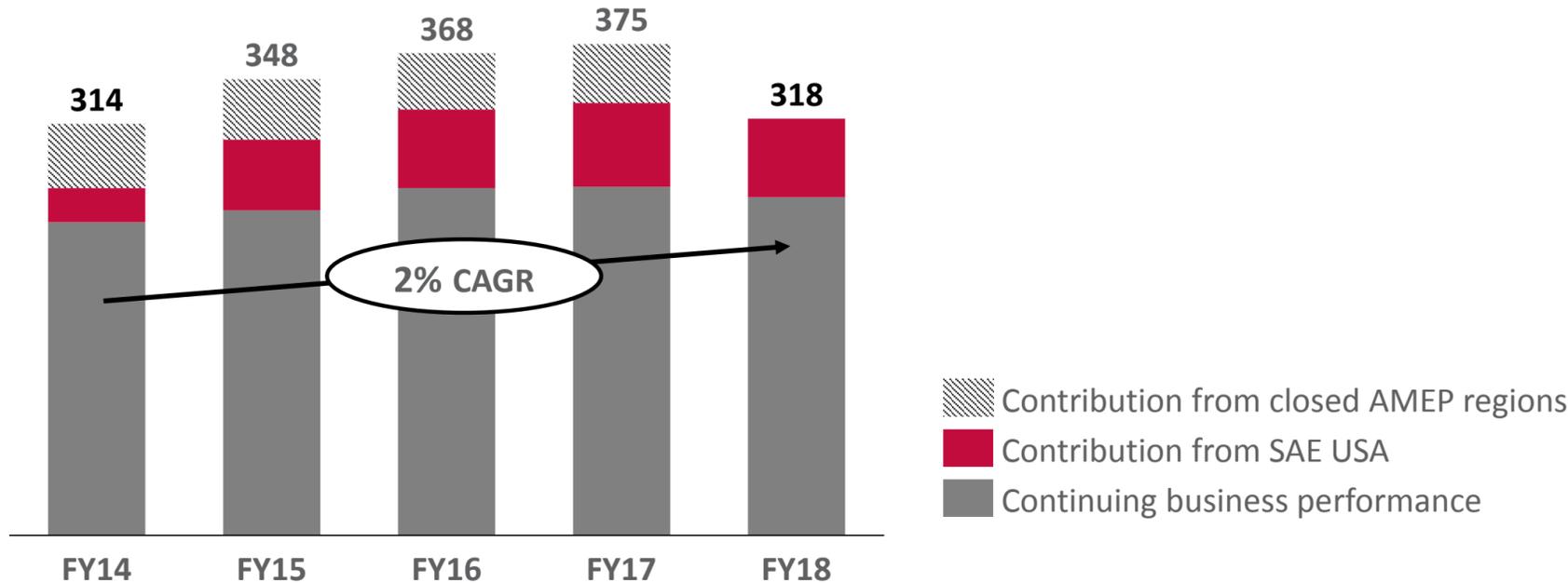
The continuing business has demonstrated margin improvement

C&I Revenue (\$m)

Continuing business revenue has grown across the period

However, FY17 and FY18 were impacted by:

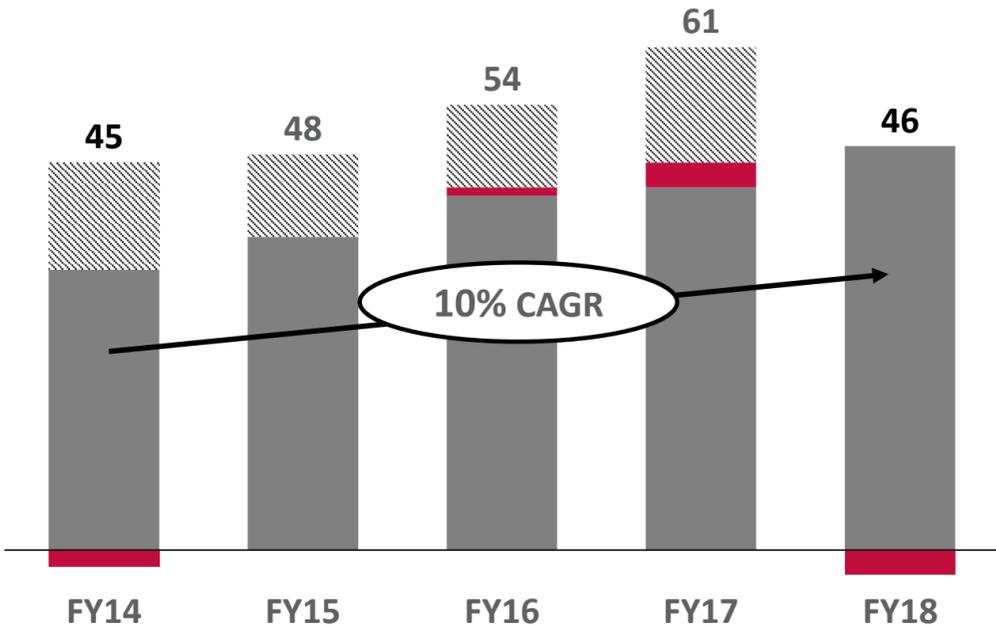
- Changes in VET funding in Australia
- The closure of some campuses in Europe (Ljubljana, Rotterdam, Istanbul) and Singapore.



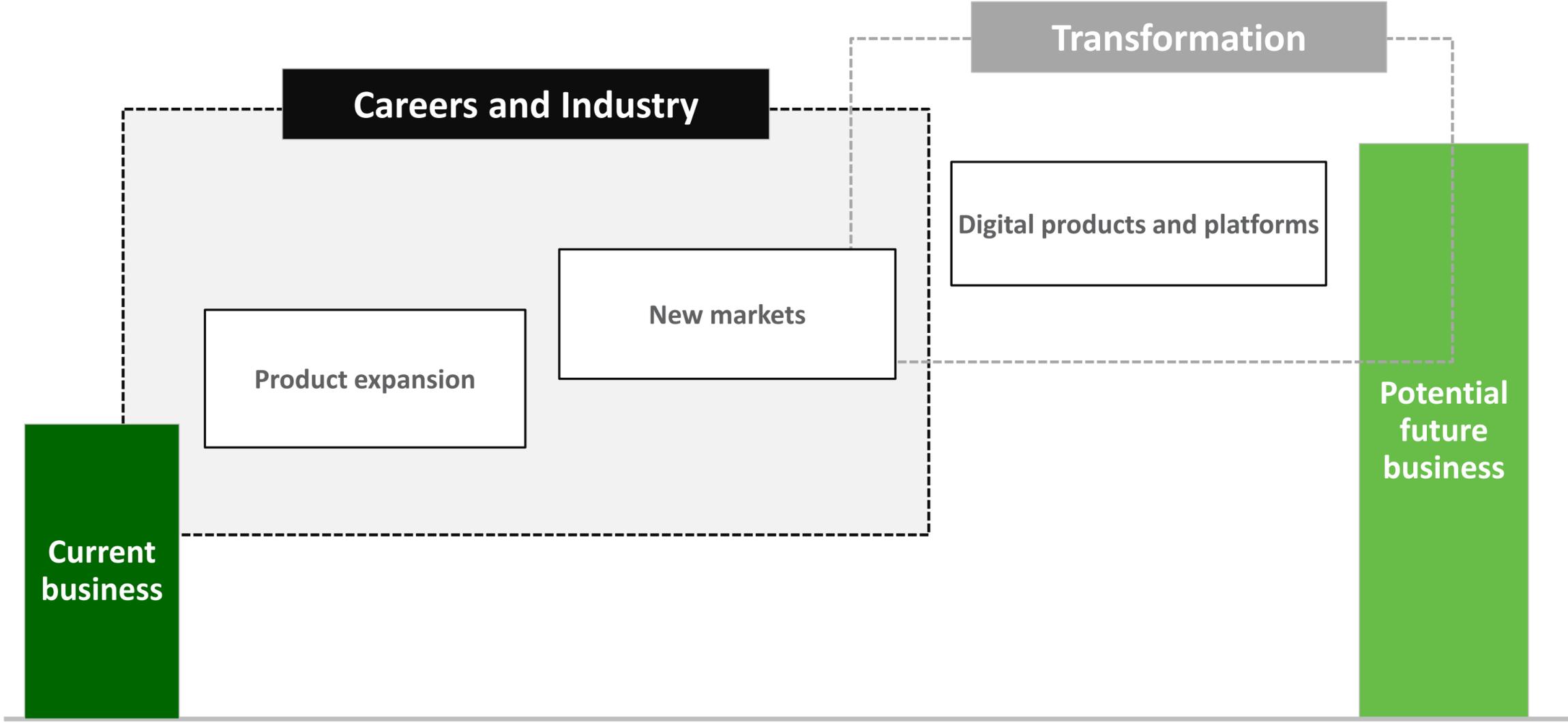
C&I EBITDA (\$m)

Continuing business EBITDA margin has expanded from 14.2% (FY14) to 18.9%, driven by:

- Efficiencies realised through the creation of C&I from the merger of PEP and SAE divisions
- Cost saving initiatives, including the closure of some non-core campuses



The path to new growth opportunities



Not to scale

Product expansion: Changing landscape opening up opportunities

Environmental shifts

- Mega trends such as aging populations, economic growth in emerging economies
- Budget pressures: Higher Education facing decline in public funding, VET funding
- Changing face of jobs (4th Industrial Revolution, more freelancers)
- Increasing regulation
- Technological advances

Changing industry demands

- Life long learning for freelancers, older learners, non 'traditional' learning routes
- Growing B2B demand for in-work upskilling
- Mobile, social, interactive access
- Workforce technology developments demanding practical training options
- Need to address the skills mismatch

Product development

- Unaccredited courses
- Micro credentialing
- Licensing
- B2B
- Digitisation
- Work integrated learning (WIL)

New markets:

Specific markets where growth is available

Canada

- Existing Canada foothold (acquired in 2017)
- Creative industry large and growing
- Greater regulatory equivalence across providers – private and state
- Faster route to new product accreditation
- Highly sought after destination for international students
- Open immigration policies

Europe

- Opportunity for expansion in France, backed by strong market research, particularly for gaming and film products
- New or relocated campuses in Germany, Switzerland and Austria creating volume growth
- Opportunity for growth in the attractive UK market where creative industry is strong

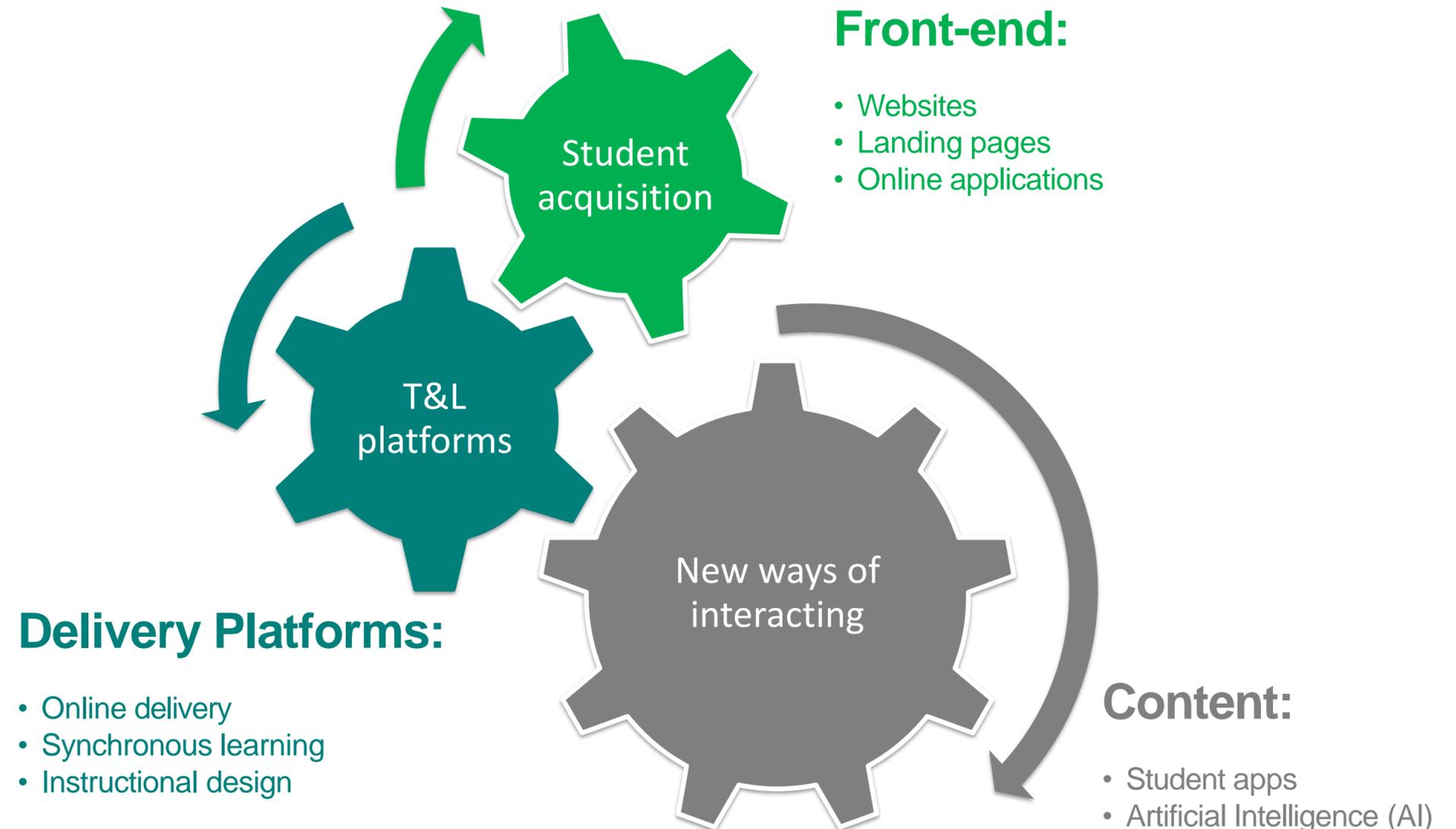
Australasia

- Expansion of ACAP into Perth
- ASAM product growth in home market still maturing
- Exploring further opportunities to expand ACAP
- Tendering for new government service contracts

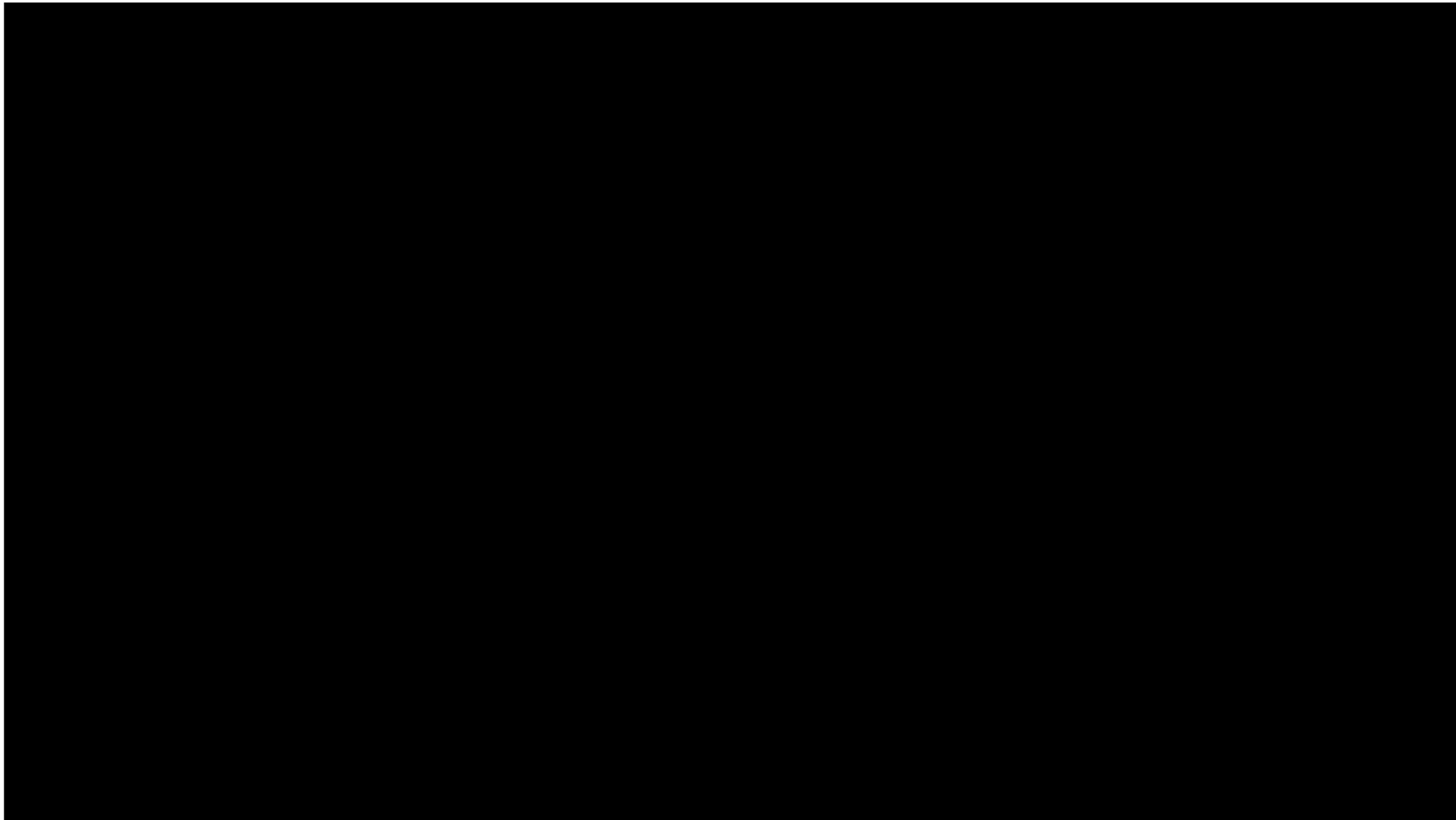
Digital products and platforms: Enabling greater access to digital services

The Digital Strategy will include a review of 3 customer facing dimensions

Each will require specialist expertise outside of BAU but will leverage the ASAM online delivery success



Morning tea



Our path to growth: University Partnerships

Bev Hudson
CEO University Partnerships Australasia

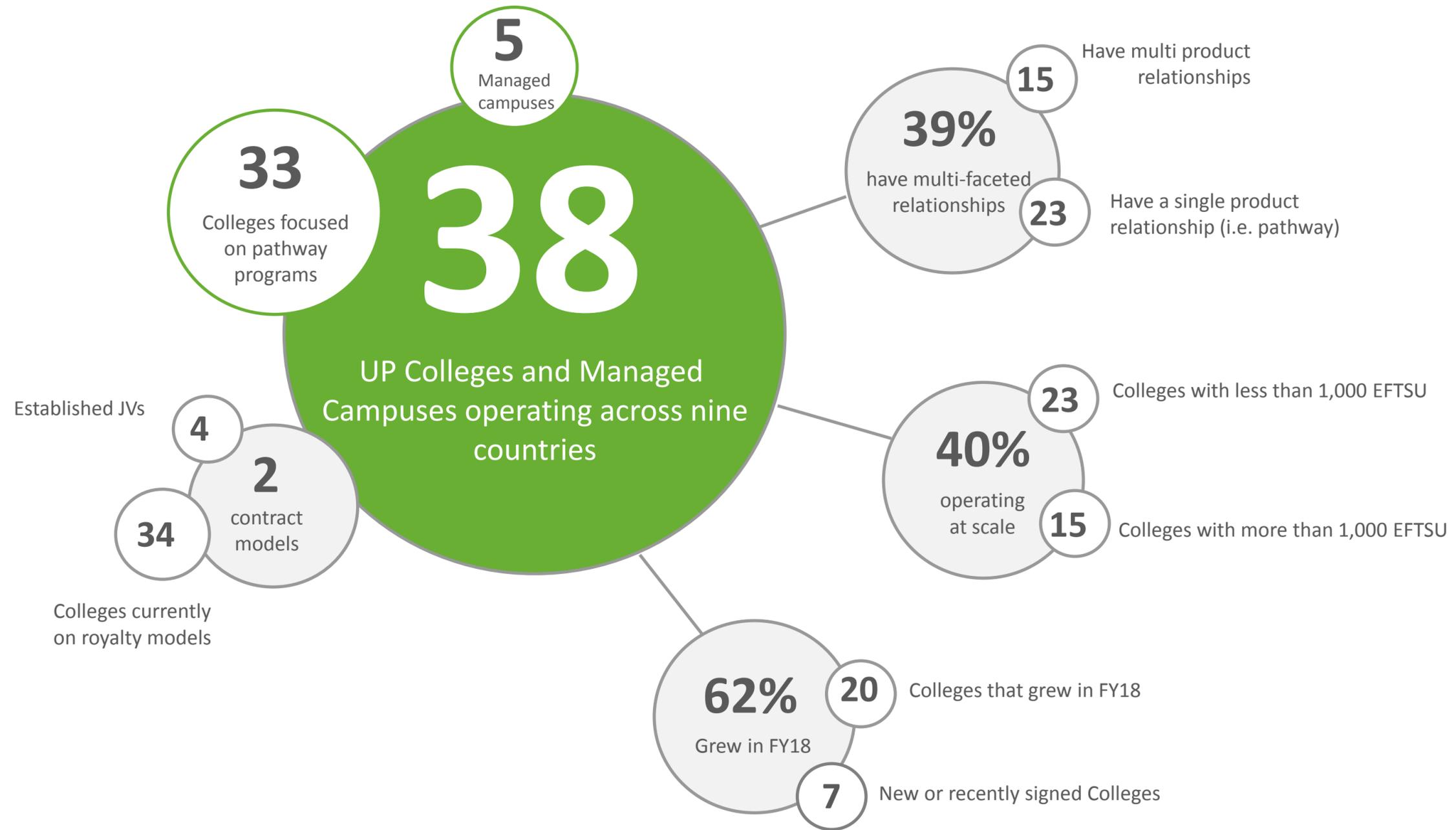
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FIT FOR GROWTH

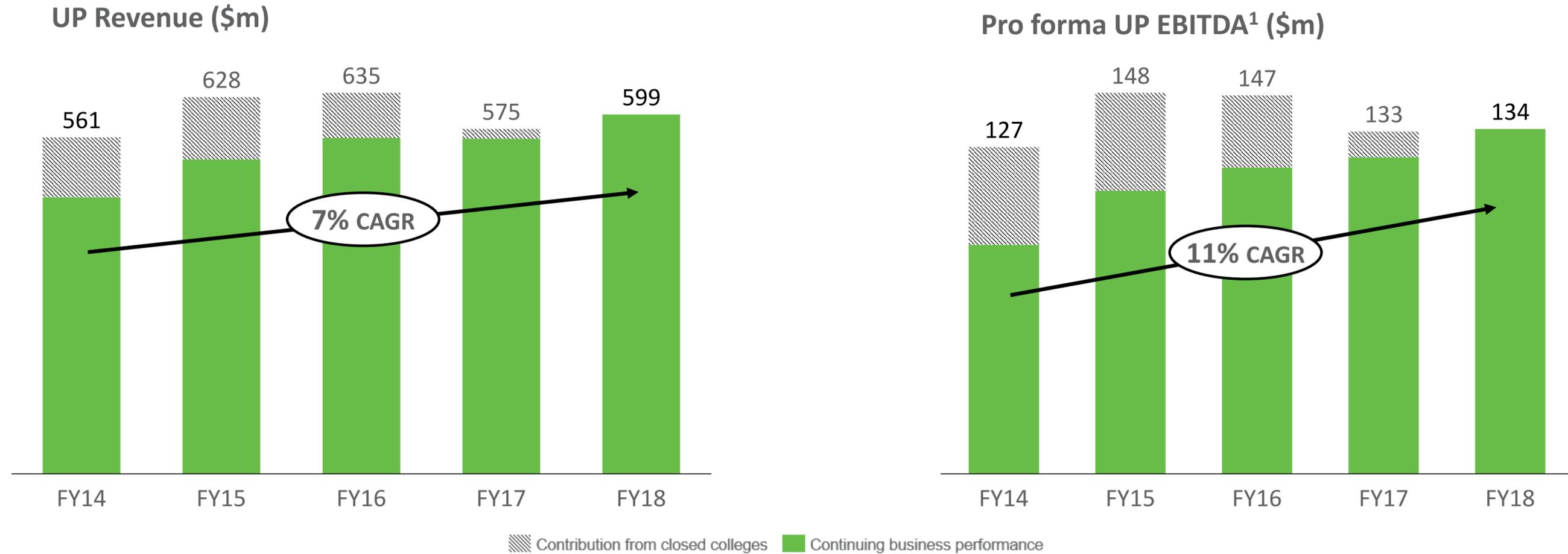
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UNIVERSITY PARTNERSHIPS
TRANSFORMATION PARTNER

FINAL COMMENTS

A broad base of partners and services with operating leverage



A clear runway to underlying growth



Underlying business growing at 7% CAGR on revenue and 10% CAGR on EBITDA (FY14-18)

- FY17 growth adversely impacted by conversion of PIBT to a JV (\$17.3m revenue reduction vs pcp)
- FY19 will be impacted 12 months of the conversion of Swansea college to a JV

1. Pro forma EBITDA includes share of EBITDA from joint ventures

Note: All historical figures include ELICOS businesses which were transitioned to University Partnerships from PEP division from 1 July 2016

Expectations of continued growth in student mobility

China:

- Slowing but still growing
- Higher Ed at 4%
- Increasing opportunities in 2nd tier cities

India, Pakistan & Nepal:

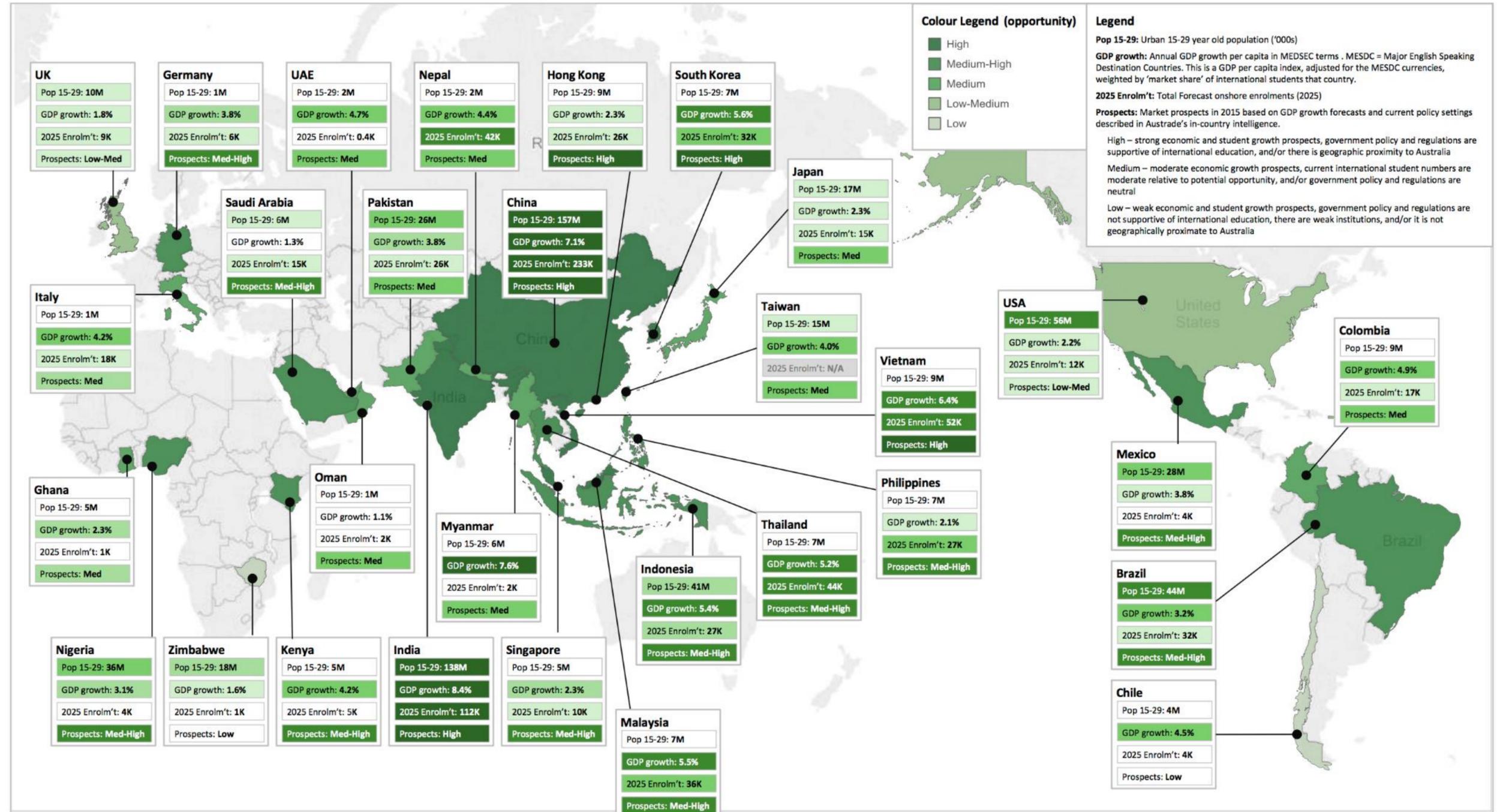
- Increasing demand for UG
- New product demand for both UG and PG
- Visa rejections concern in some markets

Philippines, Cambodia & Myanmar:

- Cambodia market doubled in past 12 months
- Lower visa rejections across the board

Latin America:

- Was predominantly ELICOS
- Increasing demand for pathway for US and Canada
- Brazil, Colombia, Ecuador and Mexico opportunities



Geographic diversity – hedge against differing growth

UPA

18 colleges

Australia (14 partnerships)

- Multi-product relationships
- JV / Royalty mix
- Large relationships
- DIY competition
- Current momentum still positive
- Government change impact unknown

Australasia (4 partnerships)

Singapore (1)

- Curtin Managed Campus

UAE (1)

- Murdoch Managed Campus (2019)

New Zealand (1)

- UCIC International pathway

Sri Lanka (1)

- ACBT (ECU Managed Campus)

UPNA

10 Partnerships

Canada (2 partnerships)

- International pathway focus
- Large programs
- Strong growth (albeit slowing due to increasing caps)
- DIY competition
- Medium term growth expected
- Shock withdrawal of 8K Saudi students

United States (8 partnerships)

- International pathway focus
- Two new colleges offer broader Intl. services
- Current growth challenging due to visa regime
- Long term fundamentals are sound

UPE

10 colleges

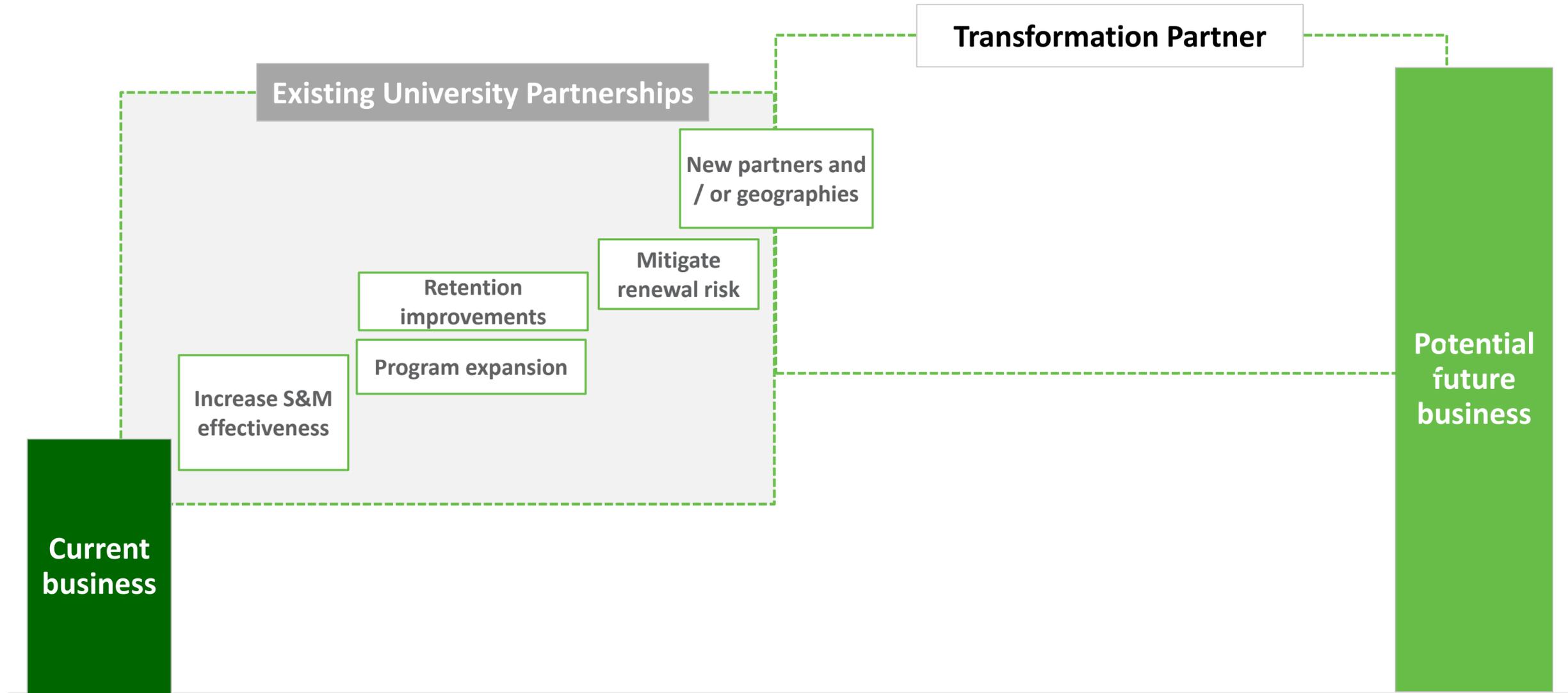
United Kingdom (9 partnerships)

- International pathway focus
- ICWS recently moved into a JV
- Current immigration conditions restrictive
- Brexit implications still to be determined

Europe (1 partnership)

- Twente International pathway college in pre-launch
- European market is opening up

Continued growth opportunities for the core



Not to scale

Increase S&M effectiveness: Creating best in class Sales and Marketing



New structure to improve performance and work more closely with partners



New channels to market to complement existing business



Expanded global coverage. Putting more sales people closer to our potential customers



Digitisation of sales experience to improve partner and student experience



Insight led approach to **identifying new opportunities and entering new markets**



Dedicated Sales & Marketing Academy to drive performance of our teams

Program expansion: Expanded programs within the pathway product

Expanding the development framework

- Market attractiveness review using intelligence from source country network
- Review of competition, brand positioning and portfolio position in conjunction with University Partners

Expanding program range

- Recognising market trends and expanding product range – building products with University Partners
- Expanding beyond Undergraduate Pathway model

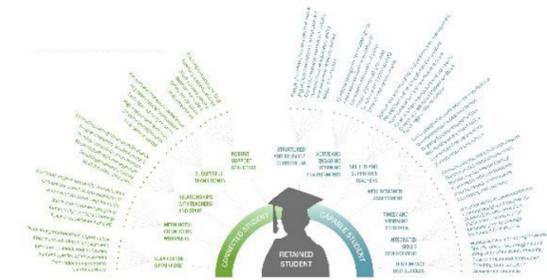
Blending program sets

- Building products that link education outcomes with employment
- Integration of English programs into broader offerings
- Expanding transnational offerings
- Expanding value chain and broadening the relationships into new services

Student retention: Improving retention through student and teacher outcomes

Global Learning
& Teaching
capability

- Global function driving professional development and best practice sharing
- Detailed understanding of Student Lifecycle to enable early interventions and support
- Student experience improvement through academic and non academic support – starts before students leave their homes



Transforming
teaching &
curriculum

- Successful retention pilots run two Colleges. Focus on student and teacher outcomes including comprehensive teacher training
- Ability to leverage findings on a global scale

> 10%

Improvement in pass rates

Delivering
learning
technologies

- Student management system upgrades: >50% of upgrades complete
- Student technology survey driving future roadmap



Mitigate renewal risk: Structured approach to contract renewals

Contracts successfully renewed
 Renewal pending

	2016	2017	2018	2019	2020
Australasia	<ul style="list-style-type: none"> Edith Cowan College - JV Eynesbury – University of Adelaide ACBT – Sri Lanka 	<ul style="list-style-type: none"> Curtin College Curtin Singapore Deakin University Eynesbury – University of SA 	<ul style="list-style-type: none"> University of Canterbury 		<ul style="list-style-type: none"> University of Newcastle La Trobe Melbourne Griffith University
Europe		<ul style="list-style-type: none"> Anglia Ruskin University Swansea Uni.– JV University of Hertfordshire 	<ul style="list-style-type: none"> Robert Gordon University Brunel University 	<ul style="list-style-type: none"> University of Portsmouth University of Plymouth 	
North America		<ul style="list-style-type: none"> University of Manitoba 			<ul style="list-style-type: none"> UMass Dartmouth UMass Lowell Simon Fraser University University of New Hampshire

- Executed 100% of contract renewals post Macquarie
- Most renewals improved our commercial position
- Renewals used as an opportunity to promote transformation benefits/ Insights/ Ventures
- Partnership health continuously monitored
- Contract renewals start early (18+months), Navitas engagement at all levels
- New business models being offered – 4 JVs with 2 under negotiation
- Delivering on promises is the key factor – quality and student outcomes

New partners and / or geographies: Creating a targeted approach to new opportunities

	Description of opportunities	Leads that could become Partnerships in 18-36 mths
Australasia	<ul style="list-style-type: none"> • Exploring new business models using Transformation Partner product suite • Expanding on existing relationships to leverage new products 	2
Europe	<ul style="list-style-type: none"> • European expansion increasingly attractive – countries with supporting HE metrics (location/ranking/pricing) • Response to Brexit impact • Domestic pathway students growing in importance • Working with high ranked institutions outside of pathways 	4
North America	<ul style="list-style-type: none"> • Internationally attractive student cities • Working with high ranked institutions outside of pathways • Exploring new business models using Transformation Partner product suite 	2

Partner selection criteria :

- Synergistic with existing partnerships
- Will improve the ranking status of our portfolio
- Attractive international destination
- New geographical location with positive HE metrics
- Deployment of the Transformation Partner strategy

Our path to growth: Transformation Partner

Iain Rothwell
Chief Commercial Officer

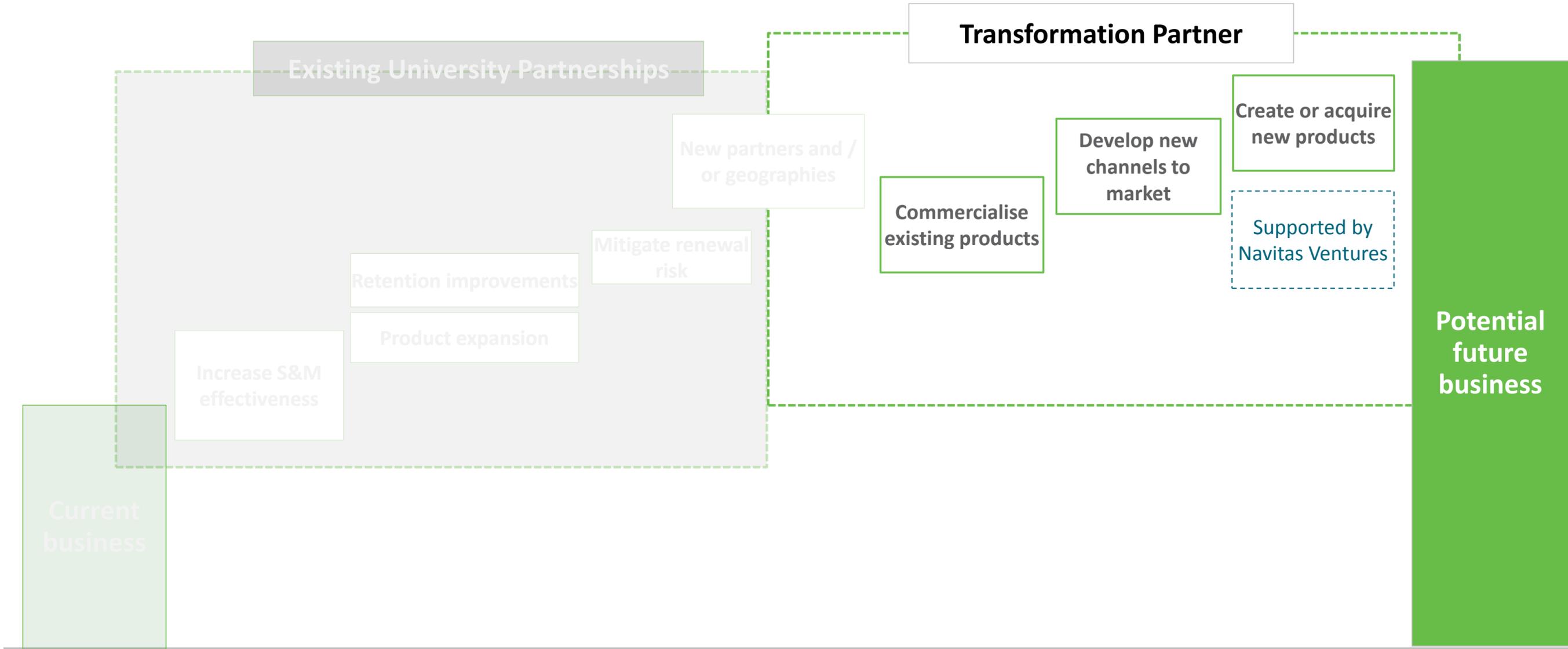
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FINAL COMMENTS

Creating growth that extends out from the core and develops new opportunities

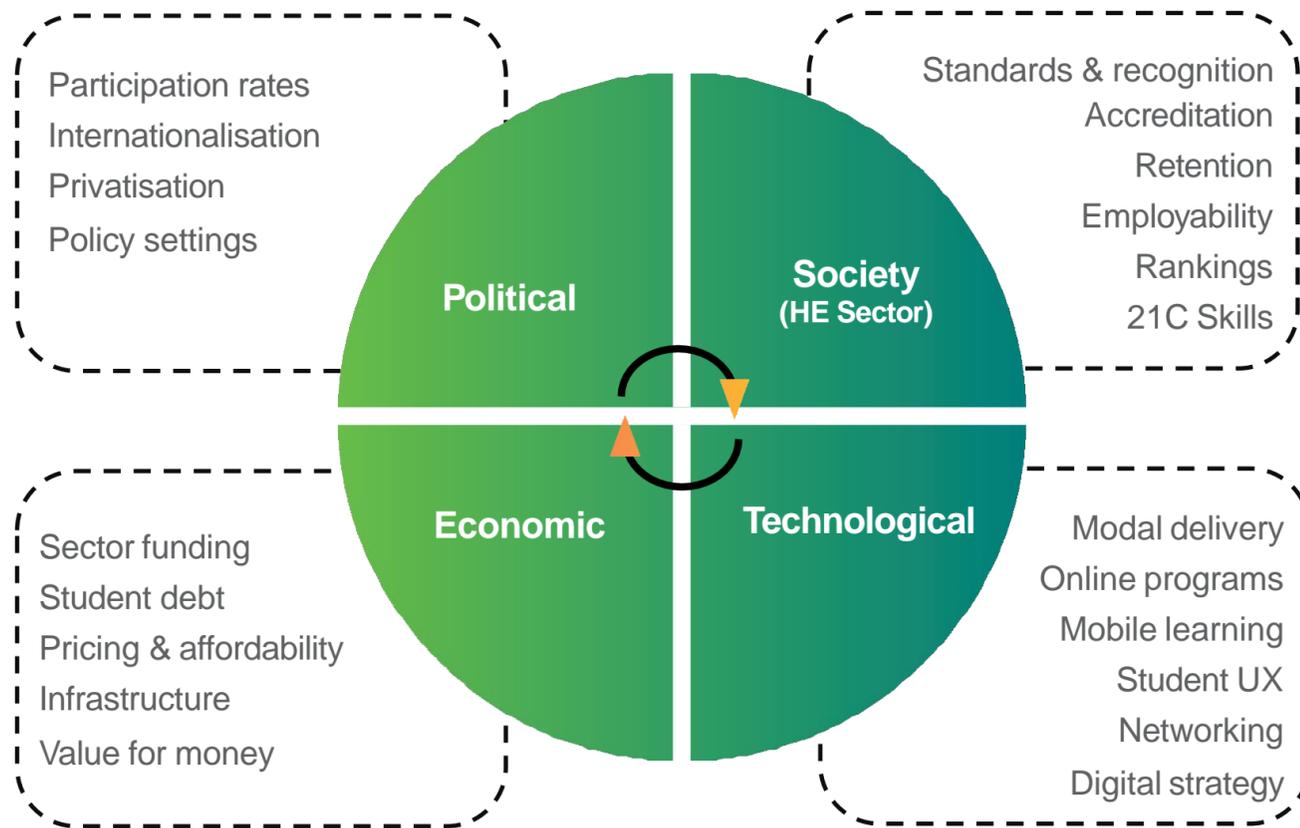


Not to scale

Universities face significant market challenges

Across developed markets, universities face significant challenges...

...and are challenged in their ability to respond to the forces of change



- Limited global footprint
- Operate in a democratic fashion
- Dependent on government policy
- Dependent on government funding
- Work practices designed to support a complex academic environment
- Serve a public mission – research and community
- Public responsibility limits risk appetite

Navitas is well placed to respond

Universities are seeking broader relationships with leading private providers...

"The 'business as usual' model will not survive in the intensely competitive times to come"

– Prof. Ian O'Connor, VC of Griffith University

"The current education climate calls for greater synergy between private education providers and universities"

– Prof. Stephen Parker, ex-VC of University of Canberra

"I think we will see more outsourcing of teaching as universities aim to be as flexible as possible"

– Prof. Sally Walker, ex-VC of Deakin University

...and Navitas offers unique capabilities and experience to capture the opportunity

- Source of international best practice and HE insights
- Introduce a commercial operation:
 - A source of income
 - Access to capital and financial leverage
 - Flexible employment arrangements
 - Commercial acumen
- Operate a global sales and marketing capability
- Strong track record of Teaching and Learning outcomes
- Closer to employability

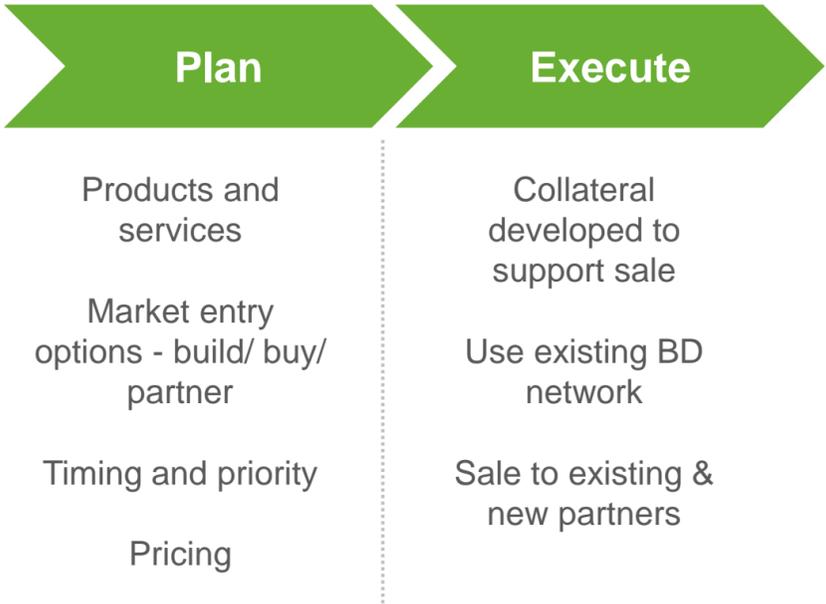
The process we have followed

Asked the questions...

...carried out a structured filtering process...

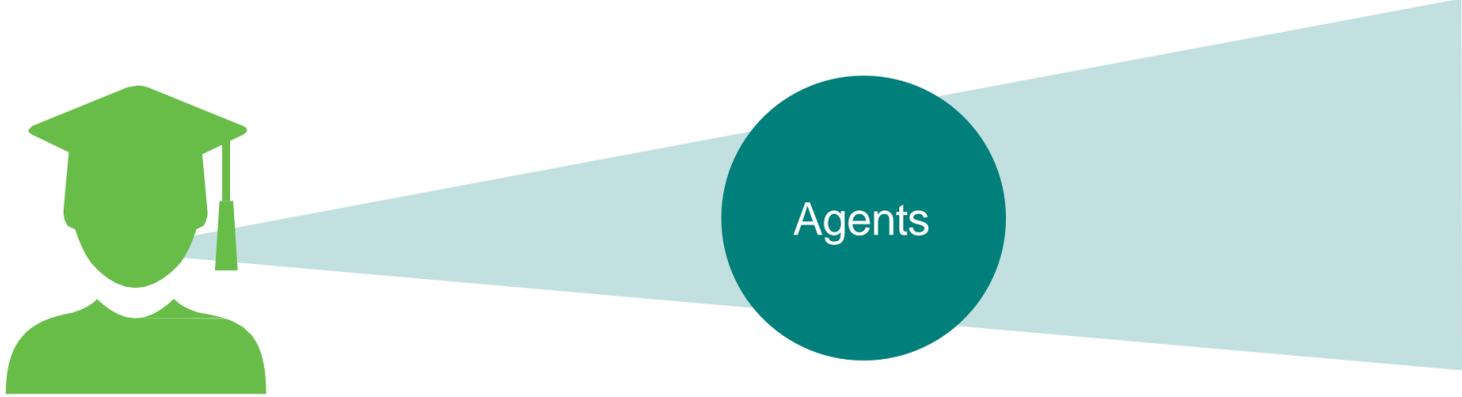
..will formulate a plan to execute ...

- What are the problems faced by our university partners that we can resolve?
- What additional products and services should we offer?
- How should we offer them?
- Over what timeframe to deliver to the market?



The Transformation Partner approach

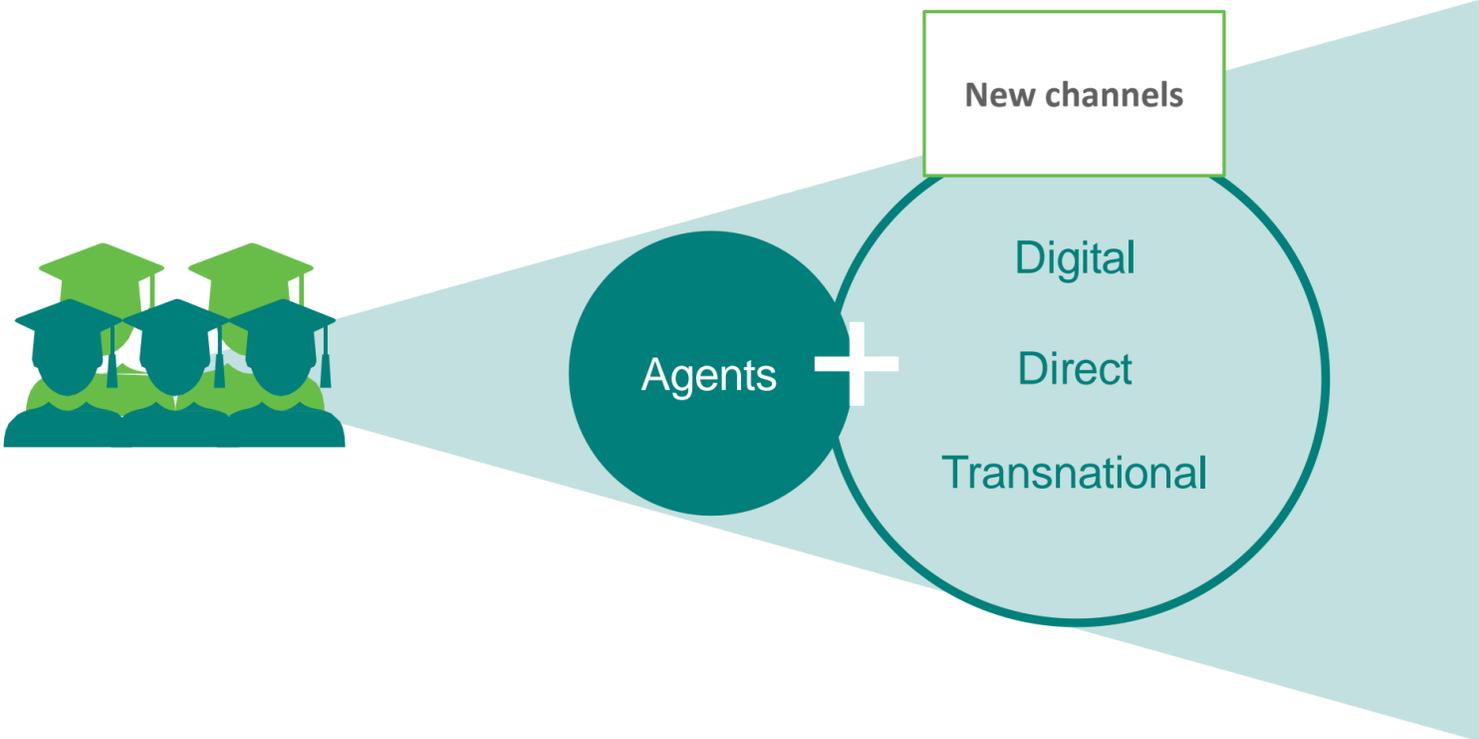
Current model based on international pathway



Existing Products

- Pathways
- English services
- Local & offshore managed campuses

Future model is product agnostic



Commercialise existing products

- Pathways
- English services
- Local & offshore managed campuses



Create or acquire new products

- Direct international recruitment for partner
- HE pathways to employment
- Online program management
- S&M solutions
- Student success & retention

Commercialise existing products: Products already developed but not in a replicable form

- We have a history of innovation and product development to meet the challenges faced by our university partners
- But there is an opportunity to leverage these innovations across our broader university partner portfolio
- Make these products available to new partners



Create or acquire new products : To meet the needs of our partners and students of the future

Opportunities

Online program management

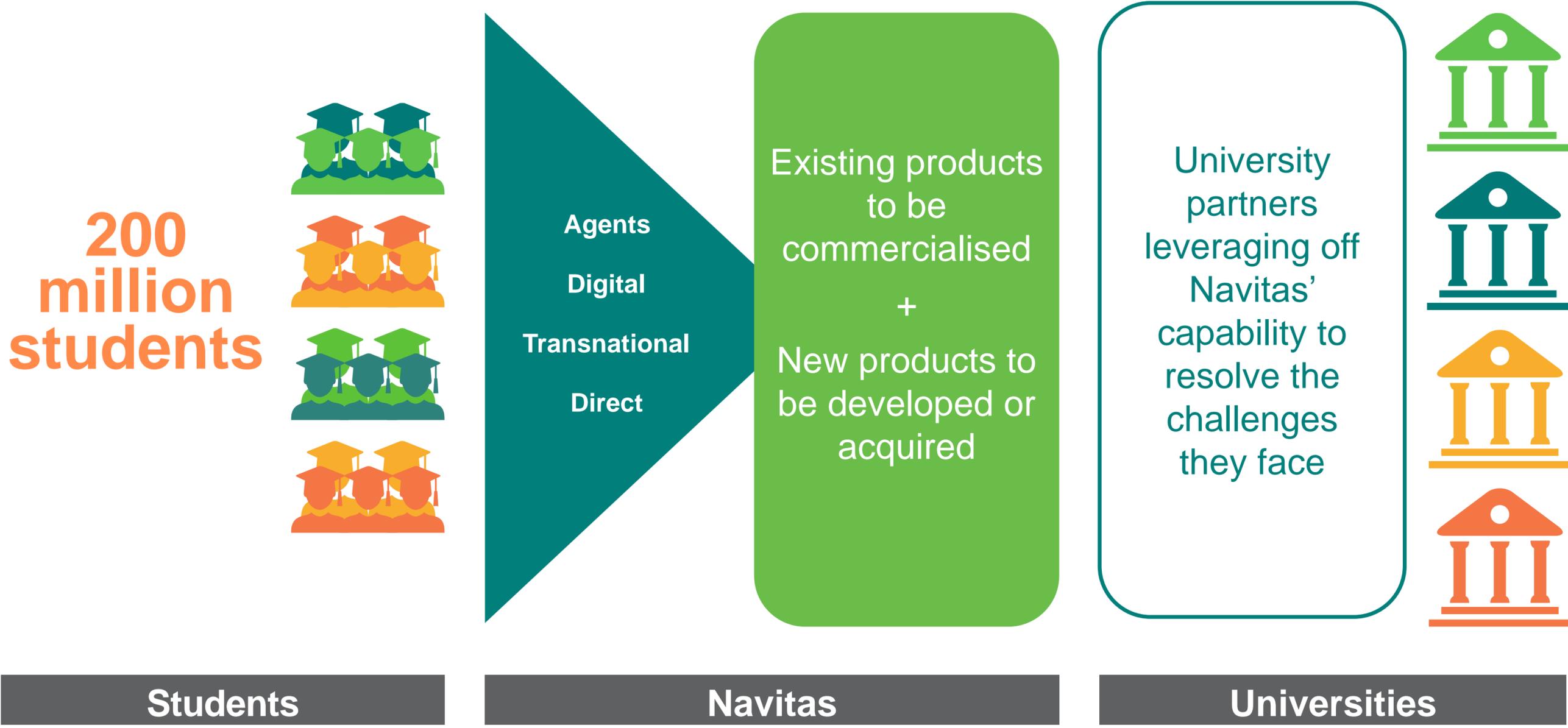
HE pathways to employment

Student success & retention

- Online delivery of HE courses
- Targets segments of the market not well served by traditional HE
- Underpinned by a similar business model to Navitas pathways – partnership and revenue share
- Greater emphasis on employability by both students & employers
- Focus on workplace skills
- Provides international students with potential to support post-study work rights
- There is significant benefit to maximising the success & retention of students
- Financial benefit if they complete the course
- Increased student satisfaction if they are successful
- Governments & students require greater transparency on completion rates - driving shift

Navitas has some of the capabilities that are needed in each of these areas but we will need further investment to fully capture the opportunities

Transformation Partner strategy expands our addressable market



Navitas Ventures enables our transformation



VISION

Support the ideas, people and companies that will shape the future of Higher Education

-  Thought leadership
-  Incubation
-  Partnerships
-  Investment

Identify investments to extend Navitas (i.e. add priority Transformation Partner product lines)

Make direct investments in companies to mitigate material risks or offer material opportunities



Final comments

David Buckingham
Navitas Group CEO and Managing Director

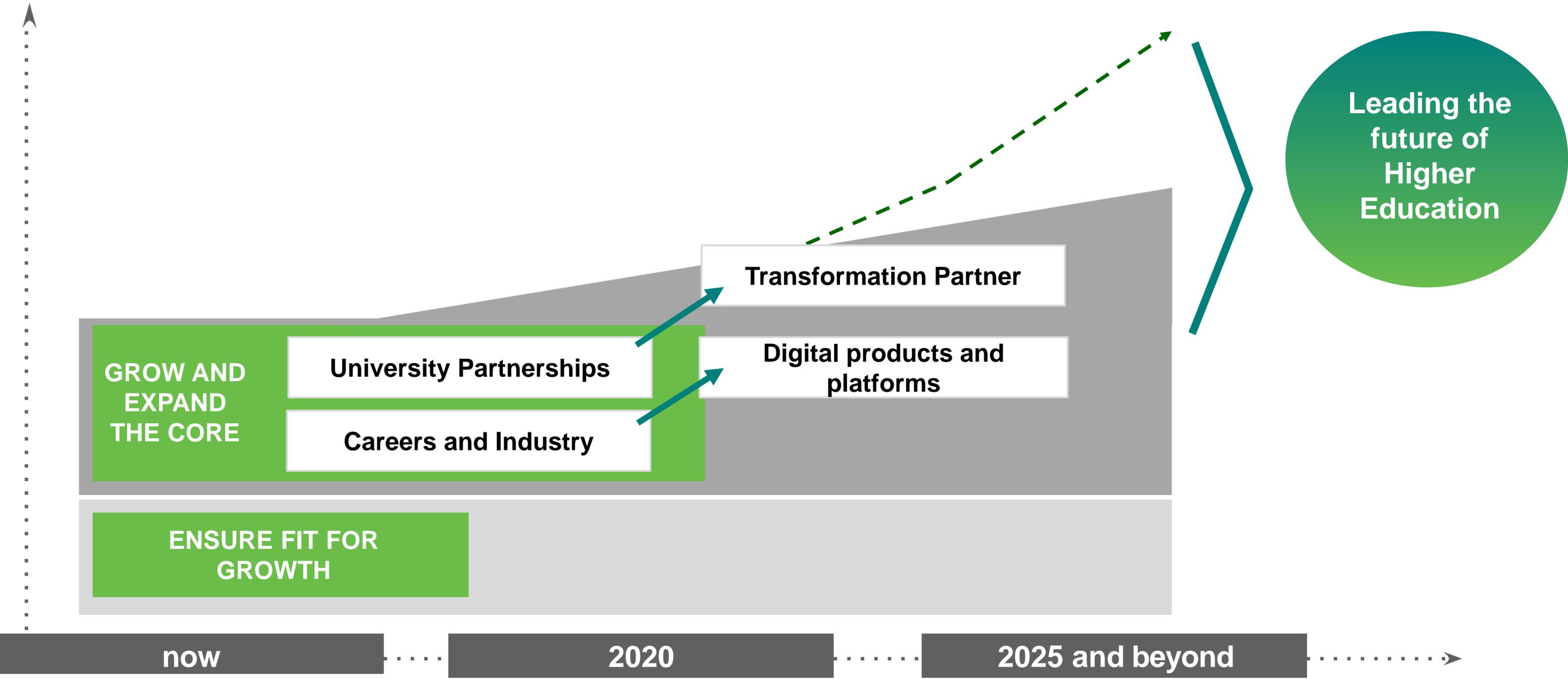
CEO WELCOME

FIT FOR GROWTH

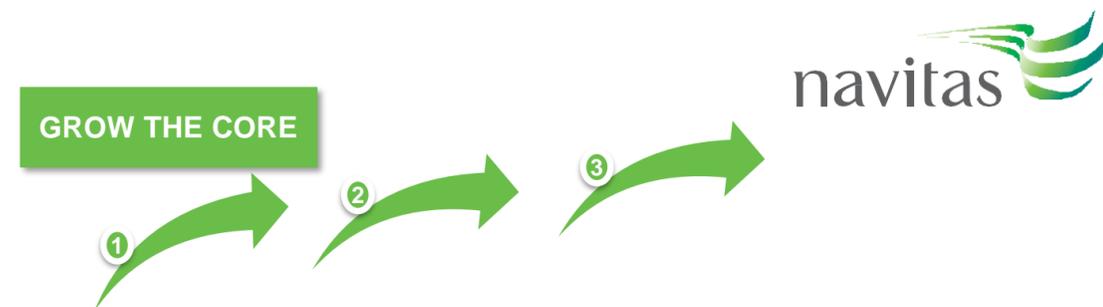
GROW THE CORE
CAREERS AND INDUSTRY
UNIVERSITY PARTNERSHIPS
TRANSFORMATION PARTNER

FINAL COMMENTS

Taking the business on our next wave of growth



2020 target KPIs – growing our core



	Metric	2020 Target	Current status	Change	Comments
Quality	Pass rates	84% ¹	●	-	Target maintained – Learning & Teaching progress driving improvements
	Retention	90% ¹	●	-	Target maintained – Learning & Teaching progress driving improvements
Efficiency	Group EBITDA margin	17%	●	(1%)	Impacted by lower growth in SAE (particularly US), UP US immigration changes and VET FEE help
	SAE EBITDA margin	20%	●	-	Target maintained - discontinued SAE USA supports higher margin
	Maintenance capex	\$20m	●	-	Target maintained - excludes new Transformation Partner investment
Growth	Revenue CAGR	5% ²	●	-	Target maintained – outperformance constrained by current immigration pressures
	Full time enrolment CAGR ¹	5%	●	-	Target maintained – excludes upside from planned S&M initiatives
	New university partners	6 by 2020	●	+1	Target increased reflecting confidence in Business Development pipeline

Notes: 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.

Question & Answers

Appendix

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

PG – post graduate

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

T&L – Teaching and Learning

UG – Under graduate

UP – University Partnerships

VET – Vocational Education and Training

VSL – VET Student Loan

WACC – Weighted Average Cost of Capital

WIL – Work Integrated Learning