ASX RELEASE
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NAVITAS FY15 INTERIM RESULTS

REVENUE AND EARNINGS GROWTH AFFIRMS FY15 GUIDANCE

Financial Highlights

- Total Group revenue up 14% to $480.5m;
- Underlying EBITDA up 13% to $71.1m (excluding the final $9.0m tranche of SIBT goodwill impairment);
- Net profit after tax (NPAT), excluding goodwill impairment, up 12% to $40.4m;
- Earnings per Share (EPS), excluding goodwill impairment, up to 10.7 cents (H1 FY14: 9.6);
- Reported NPAT decreased 13% to $31.3m (H1 FY14: $36.1m) and reported EPS decreased 14% to 8.3 cents; and
- Fully franked interim dividend of 9.4 cents per Share (H1 FY14: 9.4).

Operational Summary

- Continued University Programs enrolment growth;
- Sixth US University Programs college agreement, signed with Florida Atlantic University;
- Strong SAE revenue and enrolment growth;
- Professional and English Programs growth driven by Navitas Professional Institute; and
- Debt facilities refinanced improving term, capital flexibility and cost of funding.

Global education services provider Navitas Limited (ASX: NVT) has recorded 14% growth in Group revenue to $480.5m (H1 FY14: $421.9m) for the six months to 31 December 2014 following student enrolment increases across all Divisions. After adjusting for the favourable impact of exchange rate movements in FY15, underlying revenue growth was 13%.

Underlying EBITDA grew by 13% to $71.1m (H1 FY14: $63.2m) with strong earnings growth across University Programs and the Professional and English Programs Divisions being offset by the impacts of US restructuring within SAE.

NPAT excluding goodwill impairment increased by 12% against the prior corresponding period (pcp) to $40.4m (H1 FY14: $36.1m).

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EPS, excluding goodwill impairment, increased by 11% to 10.7 cents and the Directors have declared a fully franked interim dividend of 9.4 cents per Share.

"This has been a period of solid revenue growth across all Divisions and margin improvement for University Programs and Professional and English Programs," said Rod Jones, Group Chief Executive Officer of Navitas.

"Navitas also continued to invest in growth opportunities and productivity improvements including an increase in sales staff in source countries, US expansion of University Programs and SAE, enhanced staff capability and improved systems and processes such as shared services." Mr Jones said.

University Programs revenue increased by 14% to $277.5m with underlying EBITDA for the half increasing by 17% to $68.6m (H1 FY14: $58.4m). Each of the key regions of Australia, the UK, Canada and the US contributed to the 70 basis point improvement in EBITDA margin. An increase in divisional management and sales costs partially offset these regional margin gains.

Following enrolment increases, SAE revenues continued to grow strongly to $86.8m (H1 FY14: $68.1m) with solid growth in Australia and the US in particular. However EBITDA decreased to $7.4m (H1 FY14: $9.0m) in the half as a result of incurring:

- $2.7m non-recurring costs (principally employment related) following the restructure of the US region; and
- $1.2m of Ex'pression College transaction costs.

The Professional and English Programs Division continued to grow with revenues increasing by 5% to $114.0m (H1 FY14: $108.1m) and earnings growing 19% to $13.0m (H1 FY14: $11.0m). This result was largely achieved through growth in the Division's educational programs as government contract activity slowed as predicted.

"The results released today are consistent with guidance provided in July regarding an expected full year FY15 underlying EBITDA result of $162m to $172m. While we face headwinds, and a tightening global economy, all three Divisions are expecting growth in FY15 and will continue to progress strategic opportunities for the longer term as we strive to meet education and training needs in a global knowledge economy," Mr Jones said.

- **Ends -**

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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

Navitas Financial Performance

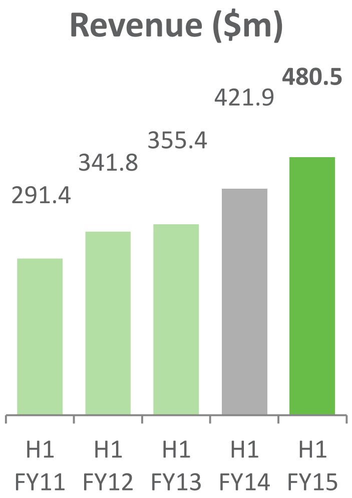
Navitas' results for the half year ended 31 December 2014 and the previous corresponding period are shown below.

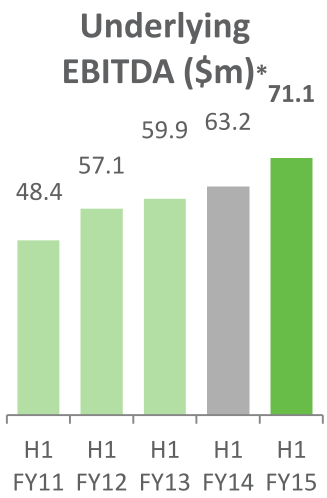
	Half year ended 31 December 2014	Half year ended 31 December 2013	Change %
Total revenue ($m)	480.5	421.9	14
Underlying EBITDA ($m)*	71.1	63.2	13
NPAT ($m)*	40.4	36.1	12
Reported NPAT	31.3	36.1	(13)
EPS (cents)*	10.7	9.6	11
Reported EPS (cents)	8.3	9.6	(14)
Interim dividend (cents)	9.4	9.4	0

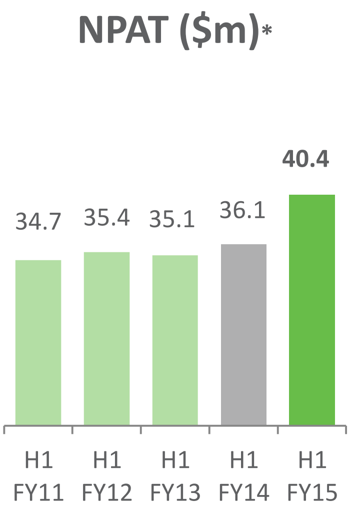
*excluding goodwill impairment

Total revenue for the half year grew by 14% to $480.5m (H1 FY14: $421.9m) with good revenue growth coming from all three Divisions, particularly SAE which grew revenues by 27% to $86.8m (H1 FY14: $68.1m). Group underlying EBITDA was $71.1m for the period, a 13% increase from $63.2m in the pcp and Group NPAT excluding goodwill impairment was up by 12% to $40.4m (H1 FY14: $36.1m).

The University Programs Division incurred the final $9.0m goodwill impairment in relation to SIBT and the previously announced change in contract with Macquarie University, reducing the carrying value to nil. Reported NPAT for the period was $31.3m and reported EPS was 8.3 cents.







**excluding goodwill impairment*

Interim dividend
The Directors have declared a fully franked interim dividend of 9.4 cents per Share (H1 FY14: 9.4 cents). 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 (AEST) on 28 February 2015.

Cash flows
Operating cash flows increased by 10% to $46.8m (H1 FY14: $42.7m) following solid growth in student receipts across all Divisions.

Capital Expenditure (capex)
Capex increased to $19.4m (H1 FY14: $9.9m) for the half year with $5.0m refurbishment and expansion costs from the SAE LA campus and the $3.5m purchase of the building housing the SAE Barcelona campus accounting for much of the increase. The latter was acquired to allow expansion of the at-capacity college and because purchasing rather than leasing the building delivered a better financial outcome for Navitas.

Financial Position
The Navitas balance sheet at 31 December 2014 remained robust with total equity of $205.3m (H1 FY14: $232.4m). This now includes the full impact of writing off 100% of SIBT's goodwill.

Funds held in the Australian Tuition Protection Service have moderated to $63.3m (H1 FY14: $64.6m) following slowing new student enrolments of international students across Australian colleges in the half, mostly from Nepal and India as previously disclosed.

In December 2014 the Company completed the refinancing of its debt facilities via a series of five year multi-currency bilateral revolving credit facilities with a number of leading domestic and foreign banks. The new debt facilities totalling $400.0m provide Navitas with significant capital management flexibility and will support the realisation of medium to long term growth opportunities. The Group's cost of funding has materially declined and all facilities have been upgraded to a five year tenor.

Contingent liability update
A UK subsidiary of Navitas is currently in dispute with HM Revenue & Customs in the UK as to whether the subsidiary provides exempt education for the purposes of UK VAT. The matter has been heard by the First-Tier Tribunal (Tax and Chancery Chamber) and the Tribunal ruled in Navitas' favour.

HM Revenue & Customs subsequently sought leave to appeal this decision and, after escalating the matter to the Upper Tribunal, was granted permission to appeal on 11 December 2014.

Based on external legal advice, the directors believe that there are good prospects that the Upper Tribunal (Tax and Chancery Chamber) will rule in Navitas' favour on appeal. Should the ruling be overturned in favour of HM Revenue & Customs the Group faces a potential VAT liability. As at 30 June 2014 the best estimate of such a liability is $3.5m, with a total potential reduction in profits after tax of $2.8m.

External Environment
Australia
In Australia, the higher education sector continued to benefit from regulatory reforms to the international student visa program aimed at promoting the sustainable growth of the sector.

However following sector wide higher than acceptable levels of non-genuine student applications from Nepal and India in 2013 and early 2014 there was a need to further tighten student assessment criteria to ensure optimal student outcomes. These protocols moderated Navitas' Australian enrolment growth in late 2014 but ensured entry standards and academic standards were not compromised.

Current proposed higher education reforms aimed at increasing access and choice for Australian domestic students are yet to be passed by parliament but, if legislated, will likely have a positive effect for Navitas' Australian students across all Divisions.

UK
After several years of relative stability in the UK, the regulatory environment tightened further in the period with the Government reducing the visa refusal threshold for all UK education providers from 20% to 10%. This means that providers cannot have more than 10% of their visa applications rejected by the UK Home Office. As a result, all Navitas UK colleges have adjusted their risk rating on student applications to ensure that visa refusal rates are well below the threshold. This has impacted student volume growth in the short term.

North America
The US policy environment remains stable and Canada continues to provide a welcoming environment for international students.

Divisional Performance
Divisional EBITDA results are as follows:

$m	Half year ended 31 December 2014	Half year ended 31 December 2013	Change %
University Programs *	68.6	58.4	17
SAE	7.4	9.0	(18)
PEP	13.0	11.0	19
Divisional EBITDA	**89.0**	**78.4**	**14**
Corporate costs	(17.9)	(15.2)	18
Group EBITDA	**71.1**	**63.2**	**13**

*excluding goodwill impairment

University Programs
University Programs revenues increased by 14% to $277.5m (H1 FY14: $243.2m) following enrolment and fee increases across all key regions. With minimal FY15 foreign currency impact University Programs revenue growth was comprised of 10% volume growth and 4% average price growth.

Underlying EBITDA increased by 17% to $68.6m (H1 FY14: $58.4m) as margins improved across all University Programs regions following a reduction in investment costs and the subsequent improvement in leverage.

The University Programs Division incurred a $9.0m goodwill impairment in relation to SIBT, reducing its carrying value to nil. Including the impairment, University Programs EBITDA was $59.6m for the period. In addition, Macquarie University has notified Navitas that it does not intend to renew the Macquarie City Campus contract when it expires in January 2016. Macquarie City Campus does not carry any goodwill.

Changes to the Macquarie University contracts, which take effect in Jan/Feb 2016, will impact University Programs earnings in FY16 and FY17. NSW specific replacement options are progressing positively.

The Division's enrolment growth rate slowed marginally to 7% in the third trimester of 2014 after the Group implemented stricter student assessment criteria in the UK and Australia.

The US network of colleges continued to increase student numbers. A sixth US college, in partnership with Florida Atlantic University was announced in August with the college opening in January 2015 with a strong first intake.

The Division's annual review of academic quality and outcomes has continued to highlight impressive results with:

- Pre university and pathway program pass rates of over 80%;
- Retention rates of over 85%;
- A progression to partner university rate of over 90%; and
- 97% of students being satisfied or better with the quality of teaching.

SAE
The SAE Division recorded solid 27% growth in revenue to $86.8m (H1 FY14: $68.1m) following strong student growth, predominantly in Australia and the US.

SAE EBITDA of $7.4m (H1 FY14: $9.0m) was impacted by a $2.7m restructuring in the US region. The restructure included a change in SAE US leadership and a reduction in structural costs. Ex'pression College transaction costs of $1.2m also weighed on the Division in the half. The Europe, and particularly Southern hemisphere, regions both improved earnings in the half compared to pcp.

Professional and English Programs
The Professional and English Programs Division continued to grow recording a 5% increase in revenue to $114.0m (H1 FY14: $108.1m) and a 19% increase in EBITDA to $13.0m (H1 FY14: $11.0m).

This result was largely achieved through the Division's Navitas Professional Institute, and to a lesser extent through improved performance in the ELICOS and Professional Year programs. As highlighted previously, earnings from the government contracts in English and Foundation Skills were lower than pcp due to moderating migrant numbers.

Corporate costs
Corporate costs increased to $17.9m (H1 FY14: $15.2m) largely due to provisions for anticipated increases in FY15 EVA incentive payments, increases to senior staff capacity and unfavourable unrealised foreign currency losses given the depreciation of the Australian dollar.

Strategic projects update

Navitas continued to implement previously identified strategic and capability building opportunities including:

- Continuation of University Programs and SAE expansion in the US market;
- Restoring Australian University Programs volumes;

- Implementing recommendations from the review of Navitas' Sales and Marketing function with an expansion of in-country resources; and
- Strengthening senior management capability.

These, and a number of other initiatives, will be progressed throughout FY15 and beyond.

Outlook

Earnings for the University Programs Division are expected to grow in the second half of FY15, though at a marginally lower rate than H1 FY15, as enrolments moderate in the UK and Australia following the need to tighten student application processes. The Division continues its program of seeking out new partnership opportunities globally.

Ongoing revenue increases demonstrate SAE's continued improvement and growth potential and with margin improvement and no further US restructuring planned, the Division anticipates a strong H2 earnings result and growth on FY14.

Professional and English Programs anticipates flat H2 FY15 earnings compared to H2 FY14 as growth in education businesses is moderated by slowing English and Foundation Skills enrolments following a reduction to government targets for humanitarian migrant numbers.

As investments in systems and people continue it is expected that corporate costs will increase in H2 FY15 at a similar rate to H1 FY15.

This announcement today reaffirms previously provided guidance for an expected full year FY15 underlying EBITDA result of $162m to $172m.

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