



Investing for Success

FY15 INTERIM RESULTS

**For the half year ended
31 December 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	Last 12 months revenue	Last 12 months EBITDA*	Staff headcount	Students	Colleges/campuses
\$1.91b	\$936.8m	\$152.8m	~5,800	> 80,000	>120

* Excluding goodwill impairment

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

FY15 Interim Result Highlights

Financial

Revenue
\$480.5m

EPS*
10.7 c

NPAT*
\$40.4m

DPS
9.4c

- Total Group revenue up 14% to \$480.5m
- EBITDA up 13% to \$71.1m*
- Net profit after tax up 12% to \$40.4m*
- Earnings per share up 11% to 10.7c*
- Including goodwill impairment NPAT \$31.6m, EPS 8.3 cents
- Fully franked interim dividend of 9.4c

Operational



- Continued University Programs enrolment growth
- Signed agreement with FAU, sixth US UP college
- Strong SAE revenue and enrolment growth
- Professional and English Programs growth driven by Navitas Professional Institute
- Debt facilities refinanced improving term, capital flexibility and cost of funding

* Excluding goodwill impairment

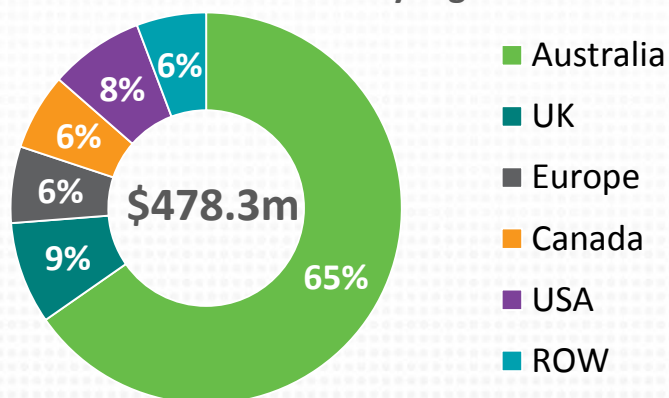


**Financial
performance**

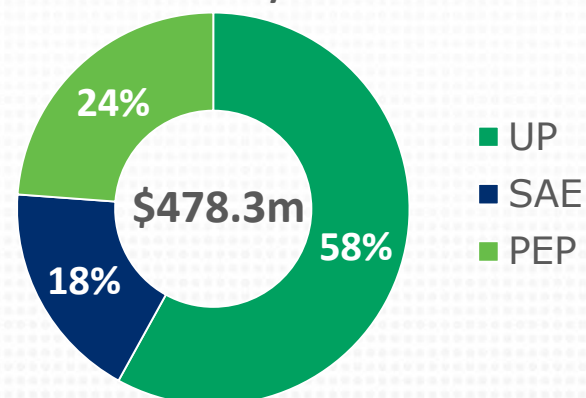
Solid revenue growth across all Divisions

Revenue (\$m)	H1 FY15	H1 FY14	Δ%
University Programs	277.5	243.2	14
SAE Group	86.8	68.1	27
Professional and English Programs	114.0	108.1	5
Divisional revenue	478.3	419.4	14
Other	2.2	2.5	(12)
Group revenue	480.5	421.9	14

H1 FY15 divisional revenue by region



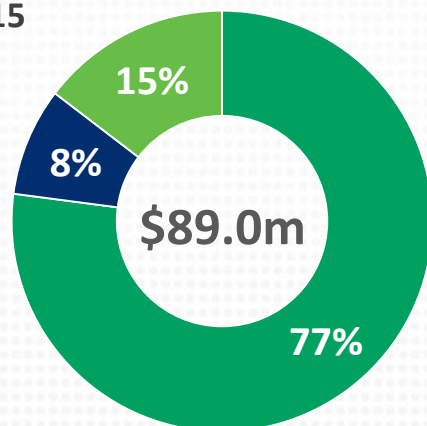
H1 FY15 revenue by Division



Margin improvement in UP and PEP

EBITDA* (\$m)	H1 FY15	H1 FY14	Δ%
University Programs	68.6	58.4	17
SAE Group	7.4	9.0	(18)
Professional and English Programs	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

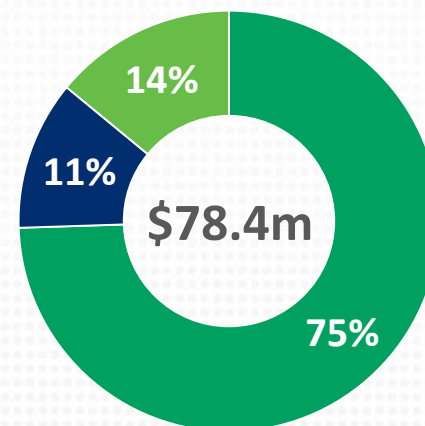
H1 FY15



EBITDA* by Division

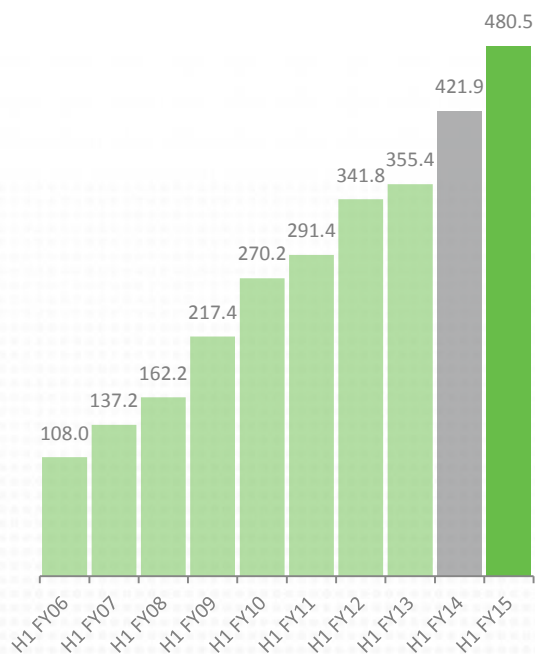
- UP
- SAE
- PEP

H1 FY14



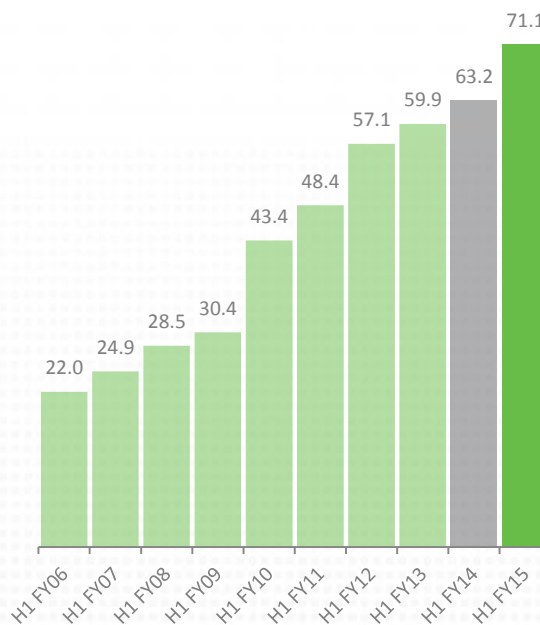
Long term growth record maintained

Revenue (\$m)



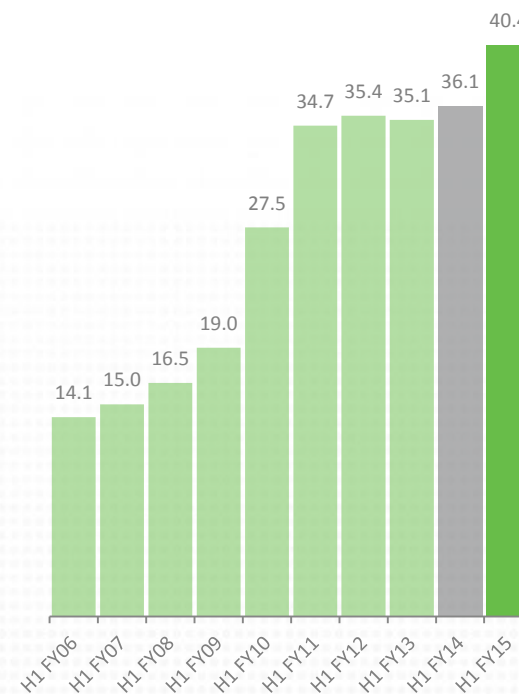
18.0%
CAGR

Underlying
EBITDA* (\$m)



14.0%
CAGR

NPAT* (\$m)

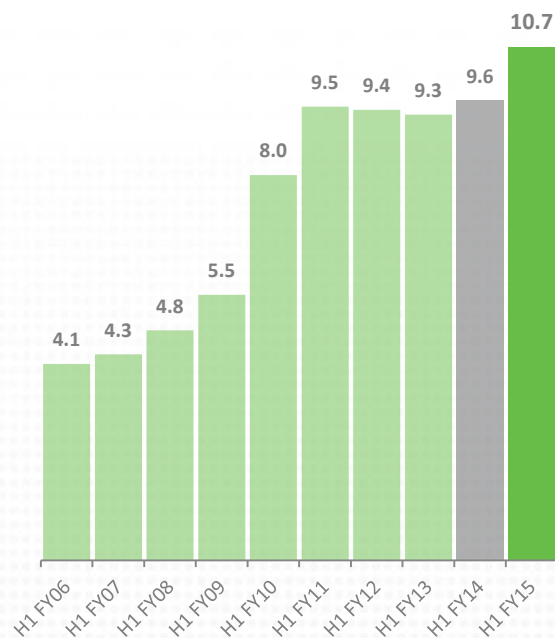


12.4%
CAGR

* excluding goodwill impairment

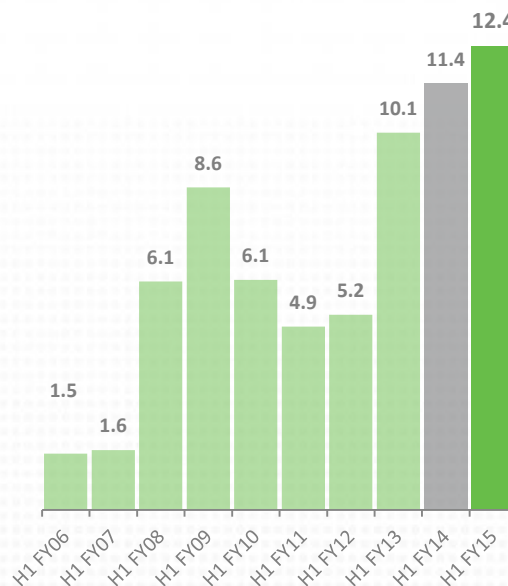
Sustained returns for shareholders

Earnings (cps)*



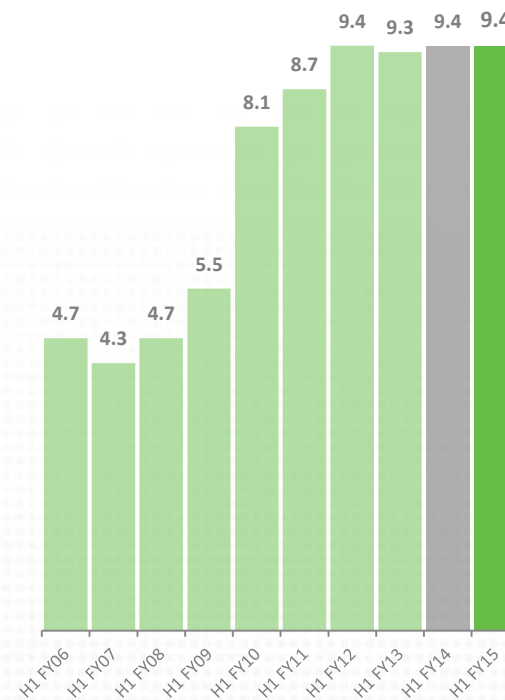
11.4%
CAGR

Operating cashflow (cps)



26.6%
CAGR

Dividends (cps)

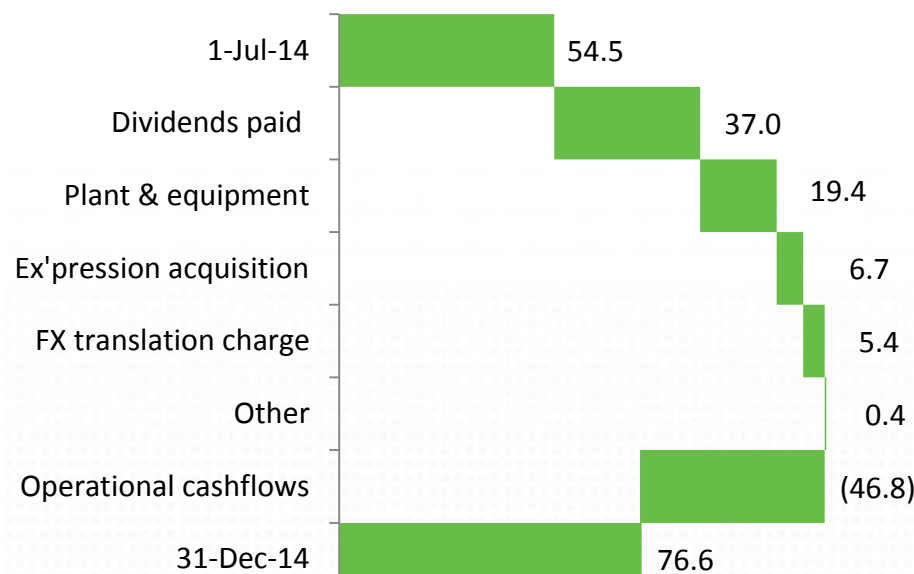


8.0%
CAGR

* excluding goodwill impairment

Continued debt reduction

Net debt \$m





Debt constituents (\$m)	31 Dec 2014	31 Dec 2013
Gross Debt	161.3	185.5
Cash related to the Tuition Protection Service	(63.3)	(64.6)
Other Cash	(21.4)	(12.1)
Net Debt at 31 Dec	76.6	108.8

- Cash realisation ratio¹ of 0.88x (H1 FY14: 0.93x)
- Cashflow from operations up by 10% reflecting favourable negative working capital model
- 11% deferred revenue growth reflects strong cash generation and foreshadows H2 FY15 revenue recognition
- Net debt represents only 0.50x of Last Twelve Months EBITDA
- Net interest cover of 30x

¹Cash realisation ratio = $\frac{\text{Net Operating Cashflow}}{\text{NPAT plus amtsn, impairment and depcn}}$

University Programs

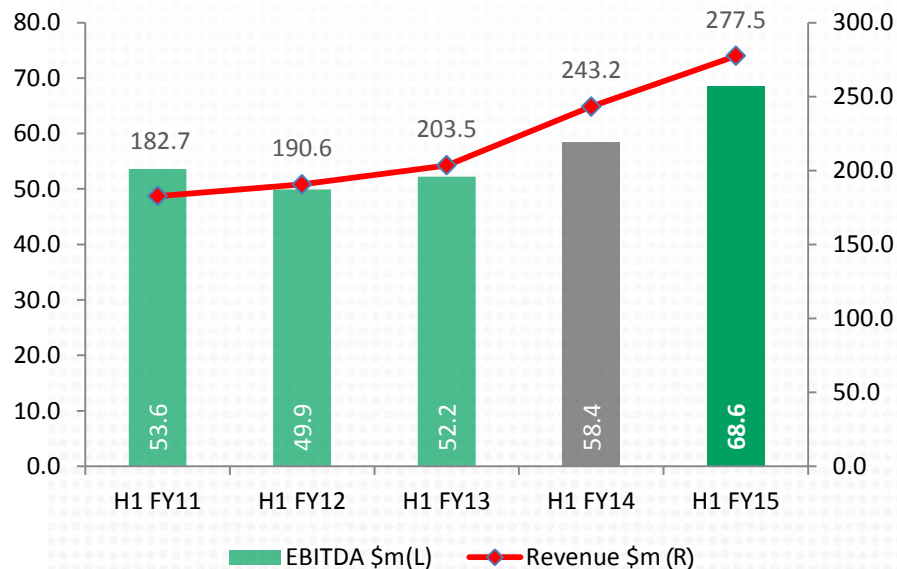
Financial Performance

Revenue	14%	
\$277.5m		
EBITDA *	17%	
\$68.6m		

Highlights

- 14% revenue growth, comprised of 10% volume growth and 4% average price growth
- 0.7% margin improvement
- Continued student enrolment growth across key regions though stricter student assessment criteria implemented to ensure academic standards
- Sixth US college opened, in partnership with Florida Atlantic University
- \$9.0m goodwill impairment reduces SIBT carrying value to nil
- Macquarie University confirms its intention to not renew Macquarie City Campus agreement
- Discussions on Macquarie replacement options proceeding positively
- Continuation of high quality academic outcomes



Divisional 5 year revenue and EBITDA* (\$m)



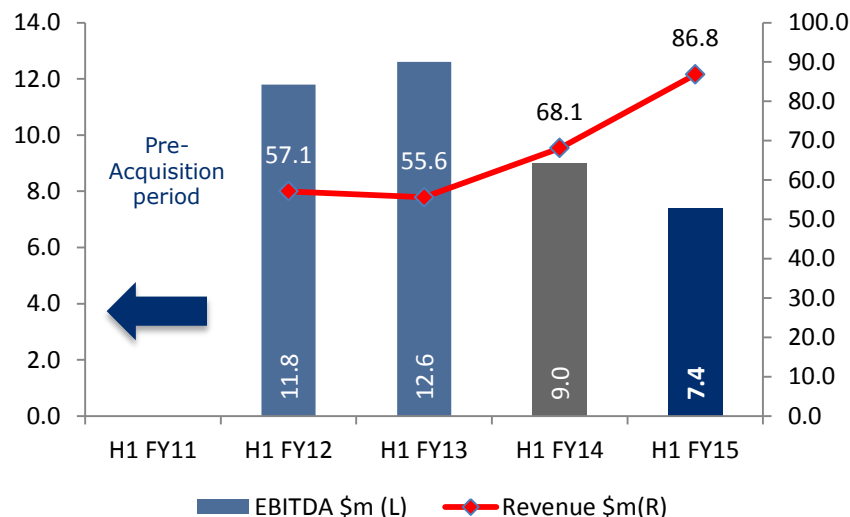
* excluding goodwill impairment

Financial performance

Highlights

Revenue \$86.8m	27%	
EBITDA \$7.4m	18%	

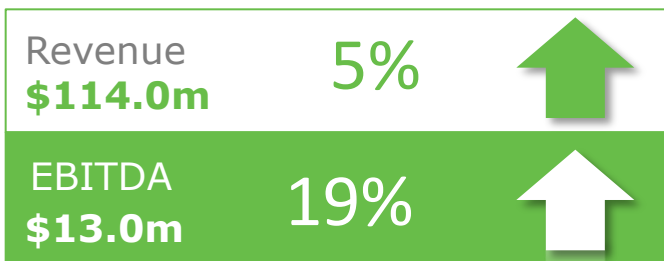
Divisional 5 year revenue and EBITDA (\$m)



- 27% revenue growth, excluding FX, 26% growth
- Strong revenue growth in Australian and US regions
- Solid improvement in enrolments across all regions
- Decrease in EBITDA due to \$2.7m US restructure costs and \$1.2m Ex'pression College transaction costs – non recurring items
- LA campus relocation complete
- Purchase of Barcelona property to allow campus expansion and deliver better financial returns
- Investment in systems, management and sales capacity

Professional and English Programs

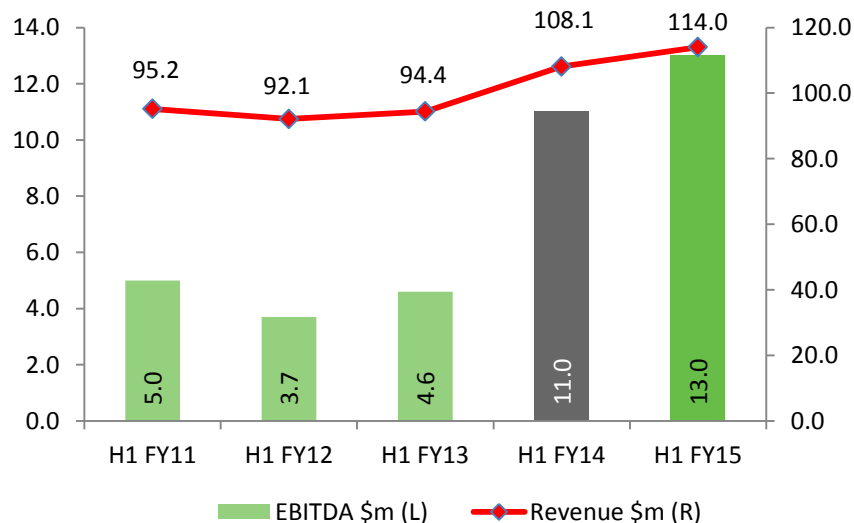
Financial performance



Highlights

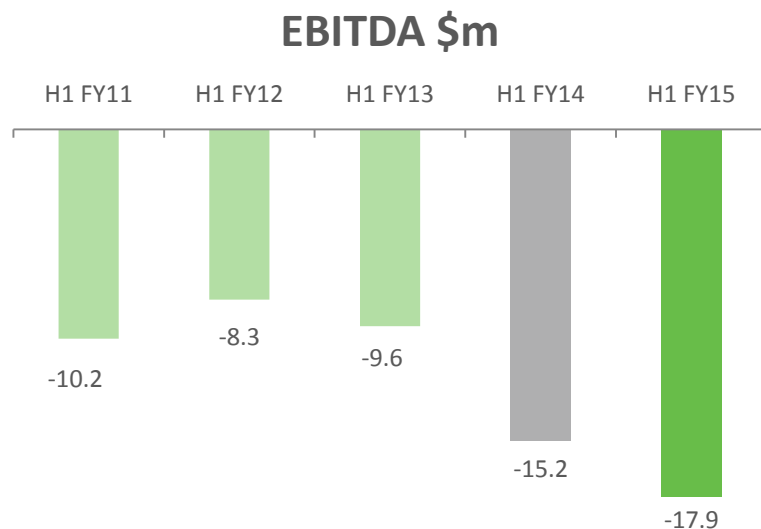
- Record half year with 1.2% margin improvement
- Solid performance from Professional Institute businesses such as ACAP, HSA and NCPS
- Improved performance from ELICOS and Professional Year Programs
- As anticipated English and Foundation Skills earnings lower due to reduced federal humanitarian migrant intakes
- Continued high student satisfaction and academic outcomes

Divisional 5 year revenue and EBITDA (\$m)



Corporate costs

5 year Corporate costs (\$m)



Highlights

- Investments in senior executive capability and shared services
- Unfavorable FX movements on hedging book with weakening of A\$
- Increases in EVA incentive payments
- 3.7% of Group revenue



Outlook

FY15 EBITDA guidance maintained

Group

- Revenue and earnings growth
- Stable EBITDA margins
- FY15 underlying EBITDA guidance range of \$162m to \$172m maintained
- Continued investment in corporate and shared services



UP earnings challenge on the horizon

University Programs

- Earnings to grow in the second half vs pcg but at lower rate than the first half
- Enrolments moderating in UK and Australia
- Changes to Macquarie University contracts to progressively impact University Programs earnings
 - Discussions on replacement options proceeding positively

SAE

- Strong revenue growth to continue
- Margin improvement and no further US restructuring costs to support strong H2 earnings growth

Professional and English Programs

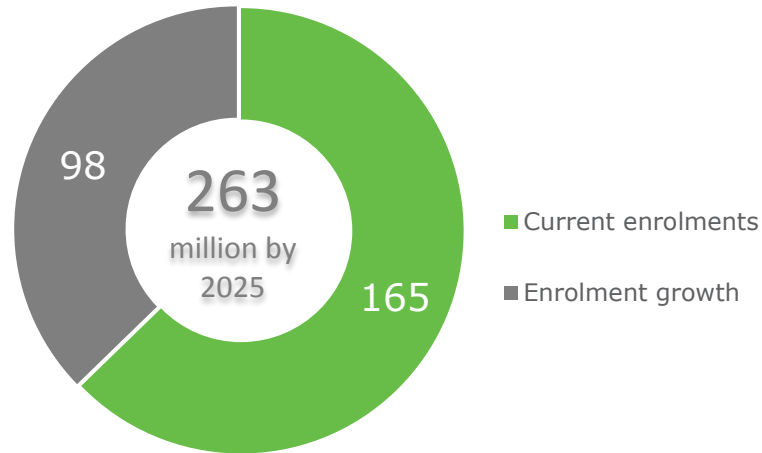
- FY15 growth but H2 FY15 to be flat against H2 FY14
- Navitas Professional Institute businesses to maintain growth
- Result impacted by slowing migrant arrivals



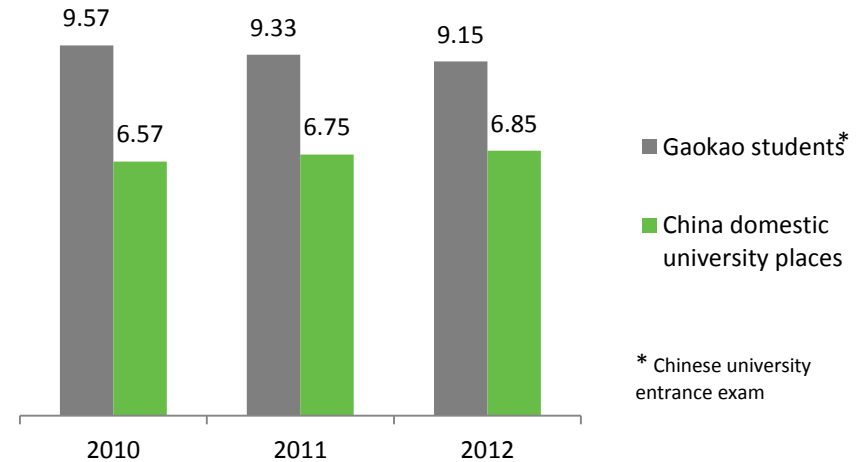
Appendices

Significant macro trends ...

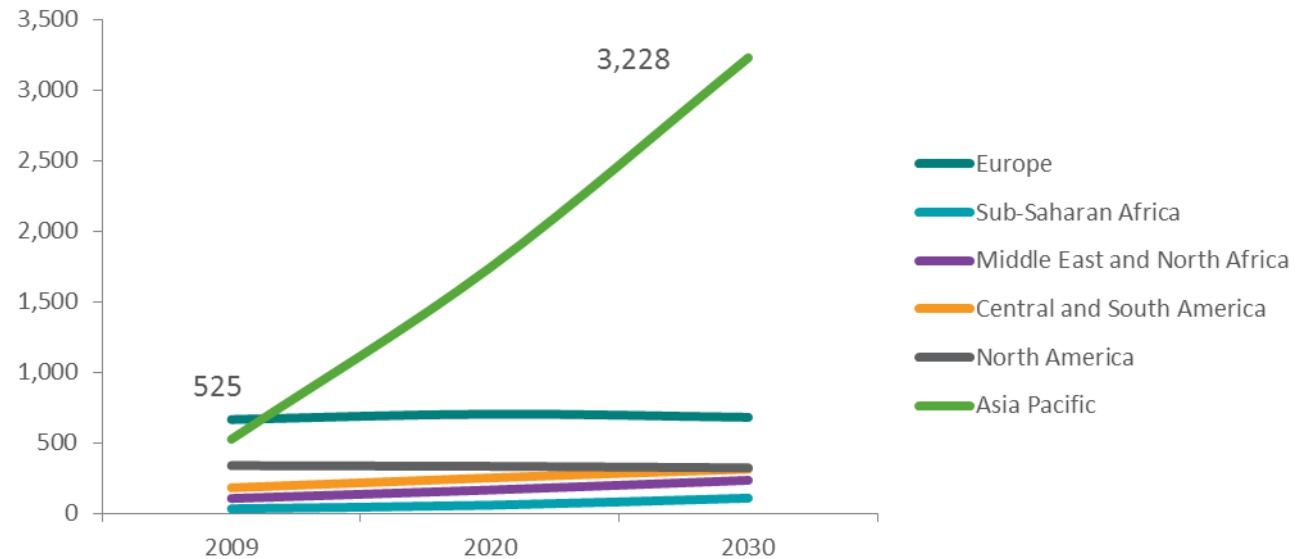
Growing global tertiary enrolment (m)



Supply imbalance in key source markets (m)
China



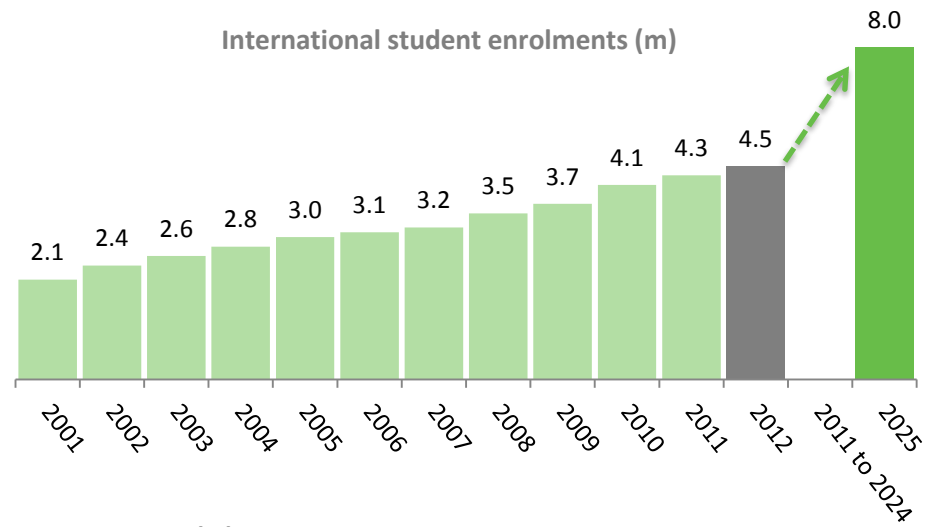
A growing middle class (m)



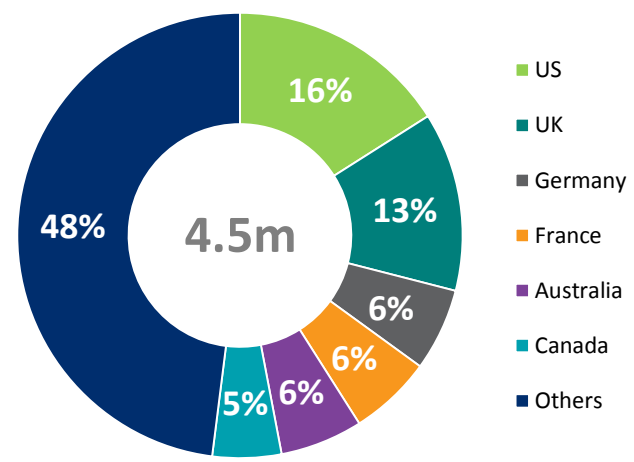
... drive students offshore to key education destinations



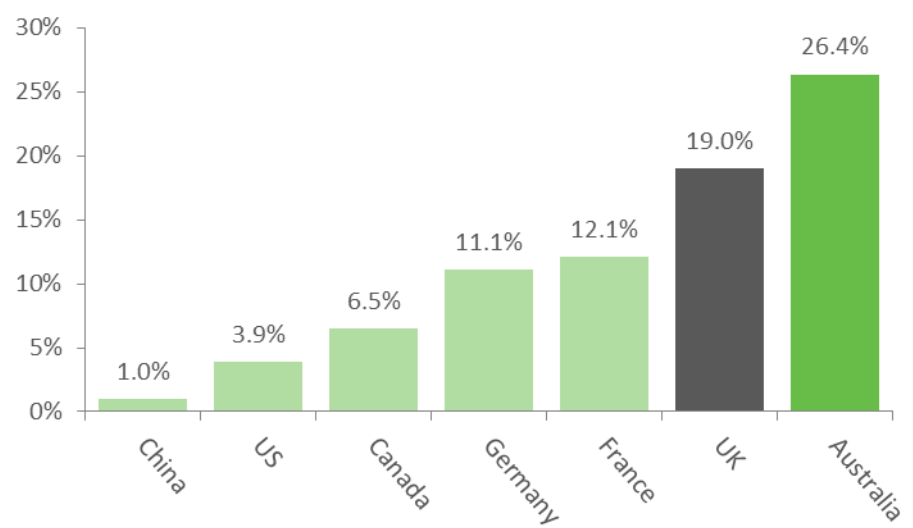
International student enrolments (m)



International education market share (%)



International higher education enrolment as a % of total enrolments



Source: Project Atlas 2014, OECD Education at a Glance, 2014. 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	
• Boca Raton	
• Vancouver	
• Winnipeg	

Africa
• Cape Town

Sri Lanka
• Colombo

South East Asia
• Singapore
• Jakarta

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

Corporate snapshot

376.0m

Shares on issue

\$1.91b

Market Capitalisation

\$5.08

Share Price

31 December 2014

ASX100

NVT

52 wk range

\$4.43 - \$7.88

LTM dividend

19.5cps

Detailed P&L – 5 years

Navitas Ltd	H1 FY11	H1 FY12	H1 FY13	H1 FY14	H1 FY15	PCP Change		Growth
						\$	Index	CAGR#
Operating Revenue								
UP	193,388	190,657	203,506	243,208	277,471	34,263	114%	9%
SAE	-	57,063	55,594	68,130	86,814	12,536	123%	n/a
PEP	92,515	92,084	94,389	108,070	113,974	13,681	114%	5%
Corporate & consolidation items	2,095	1,863	1,350	1,149	1,159	(201)	85%	-14%
Total operating revenue	287,998	341,667	354,839	420,557	479,418	65,718	119%	14%
Expenses	(239,621)	(284,530)	(294,965)	(357,346)	(408,262)	(62,381)	121%	14%
Underlying EBITDA *	48,377	57,137	59,874	63,211	71,156	3,337	106%	10%
Depreciation	(3,825)	(6,233)	(7,039)	(9,634)	(12,542)	(2,595)	137%	35%
Underlying EBITA *	44,552	50,904	52,835	53,577	58,614	742	101%	7%
Amortisation	(525)	(488)	(488)	(375)	(375)	113	77%	-8%
Underlying EBIT *	44,027	50,416	52,347	53,202	58,239	855	102%	7%
Net Interest (paid)/received	390	(4,085)	(3,802)	(3,509)	(2,376)	293	92%	n/a
Net profit before tax *	44,417	46,331	48,545	49,693	55,863	1,148	102%	6%
Income tax	(10,122)	(10,938)	(13,242)	(13,602)	(15,300)	(360)	103%	11%
NPAT *	34,295	35,393	35,303	36,091	40,563	788	102%	4%
Outside equity interest	355	(33)	(233)	(11)	(184)	222	5%	n/a
NPAT attributable to Navitas *	34,650	35,360	35,070	36,080	40,379	1,010	103%	4%
Reported NPAT	32,217	35,393	35,303	36,091	31,516	788	102%	-1%
Reported NPAT attributable to members	32,572	35,360	35,070	36,080	31,332	1,010	103%	-1%

* excluding goodwill impairment
Cumulative Annual Growth Rate