



3P Learning

MACQUARIE AUSTRALIA CONFERENCE PRESENTATION

7th May 2015

Chief Executive Officer: Tim Power



3P Learning Strategy

- 3P Learning is a global online education company that offers cloud-based software-as-a-service products for schools and students in grades K-12¹.
- At 3P Learning, our mission is to create a place where students, teachers and families love learning. This passion translates to more engaged educators, motivated learners and an overall improvement in student knowledge and achievement.
- 3P Learning is focused on online learning for school-aged students, with our programs covering mathematics (Mathletics), spelling and literacy (Spellodrome), reading (Reading Eggs) and Science (IntoScience).
- Our programs are designed by world-leading educators and engineers and are aligned with over a dozen international curricula.
- 3P Learning's programs are used by 4.9 million students and 17,000 schools across the world².

1. K-12 refers to Kindergarten to Grade 12, which includes both primary and secondary students.

2. As at 31 Dec 2014

Investment highlights

A global online education company well positioned in the attractive K-12 online education segment

Industry trends

4x

K-12 online education segment expected to quadruple¹



Migration to online resources



Mobile computing



Cloud computing



Social media



Personalised learning



Company features

Distinctive brands



Track record of innovation



Established in multiple territories



Multiple growth opportunities



Strong cash flow generation



Experienced management



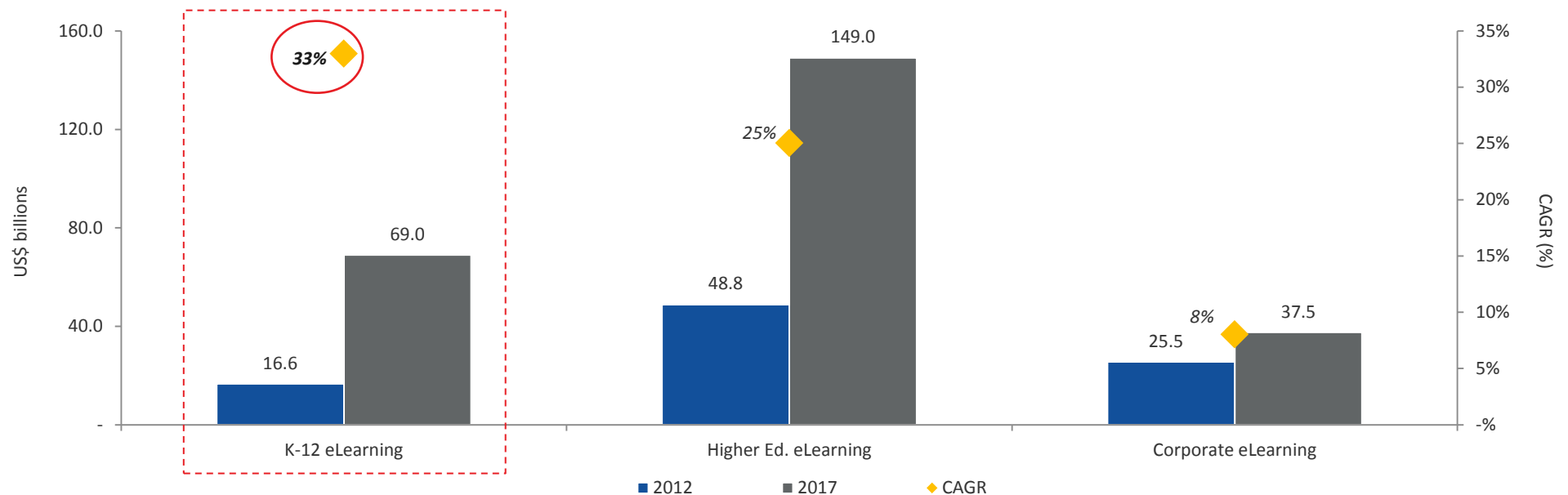
Attractive underlying market opportunity

4x

K-12 online education segment is predicted to quadruple to ~US\$69 billion by 2017

- K-12 segment forecast to grow at 33% CAGR over 2012-2017
- Online education resources currently represent a relatively small but growing portion of K-12 education expenditure
- Growth is expected to be supported by a shift from printed resources to online learning resources in schools and homes
- Traditional classroom instruction increasingly supplemented or replaced by online and technology-based education resources
- Schools are considering online education as a cost effective means to increase personalised learning
- Governments have introduced curricula frameworks encouraging the integration of information and communication technology





Global online education sector growth



Portfolio of strong brands



Online education products across numeracy, literacy and science under a portfolio of distinctive brands

	Numeracy	Literacy		Science
				
% of revenue (FY14) ¹	79.3%	10.7%	4.7%	0.4%
Target audience (school grades)	K-12	K-6	K-10	K-12 (currently 7-8)
No. Student Licences (m) ²	3.2	0.8	0.3	0.02
	Flagship product	Significant market share in Australia and New Zealand primary schools	Positive earnings contribution	Staggered launch over 2014-2016
	Significant market share in Australia and New Zealand schools and United Kingdom primary schools	Pursuing international markets		Pilot program completed in 2013

1. 30 June financial year end. Other revenue forecast to contribute 5% of FY14 revenue – includes other revenue generated by intellectual property, including sponsorships, copyright fees and government grants.

2. As at 31 March 2014.

Group Performance Overview

Summary of Actual vs Forecast Key Financial Information

	Actual FY14 Pro Forma *	Prospectus FY15 Pro Forma *	Growth
Revenue (\$m's)	36.5	43.8	20%
EBITDA (\$m's)	13.0	16.4	26%
NPBT (\$m's)	11.4	13.8	21%
NPAT (\$m's)	8.5	9.7	14%
EBITDA margin	35.5%	37.3%	5%
ARPU (\$)	8.41	8.32	na
Total Licences (m's)	4.7	5.3	14%

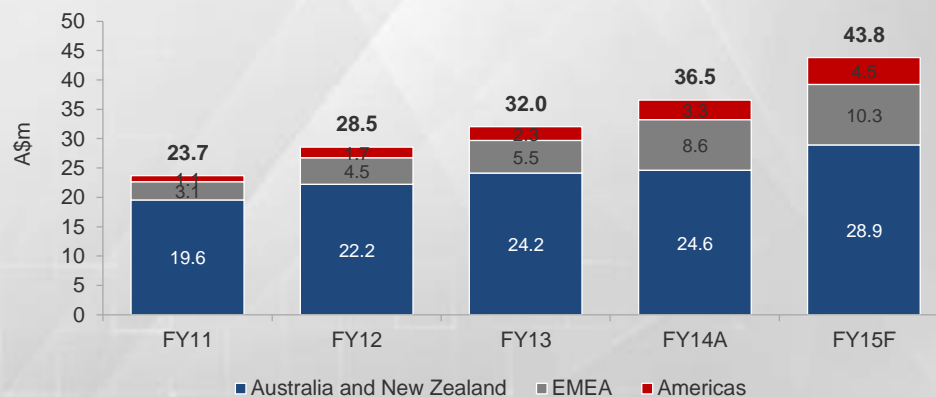
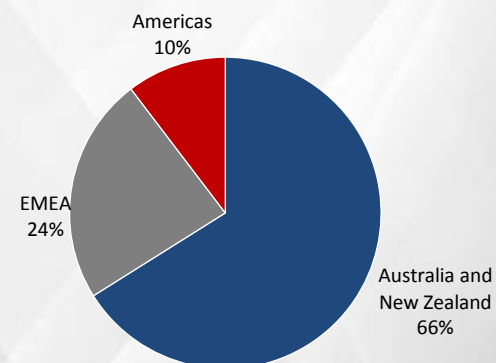
* Pro Forma financial information which has been prepared to reflect 3P's financial performance and position as if accounting policies had been consistently applied over the historical period and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO.

Revenue by Geography

Geographic expansion and focus on cross-selling is driving an increased revenue contribution from offshore markets and other products

Revenue split by geography

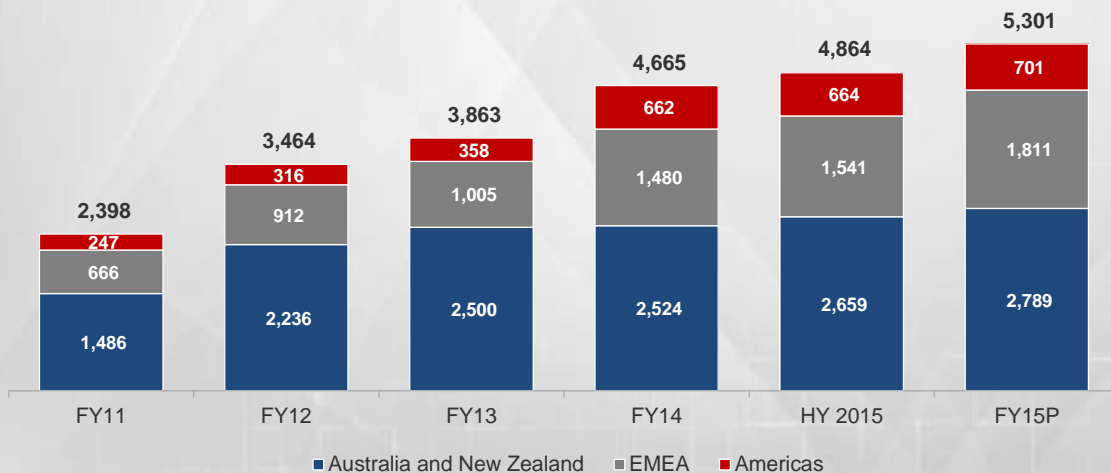
	FY11	FY12	FY13	FY14A	FY15F
Australia and New Zealand	19.6	22.2	24.2	24.6	28.9
EMEA	3.1	4.5	5.5	8.6	10.3
Americas	1.1	1.7	2.3	3.3	4.5
Total	23.7	28.5	32.0	36.5	43.8



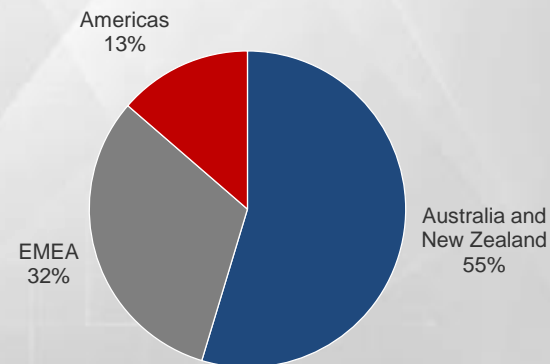
Licences by Geography

ANZ performing well outside traditional renewal period. Growth in EMEA benefited from schools not breaking for summer holidays until mid-July. Americas performing well considering the impact of the seasonal renewal cycle.

Total Licences (000's) – by geography

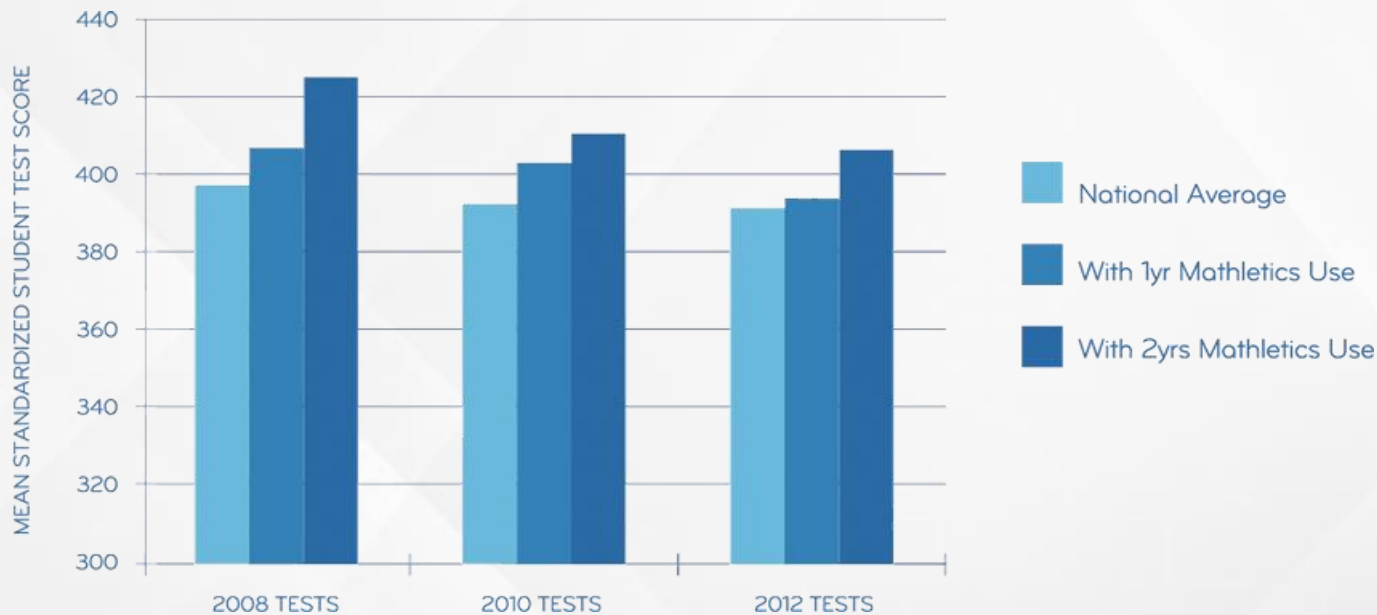


Licences split as at 31 December 2014



The Mathletics Advantage

A recent major independent research study found that the results of Mathletics students are up to 9% higher in external standardized testing.



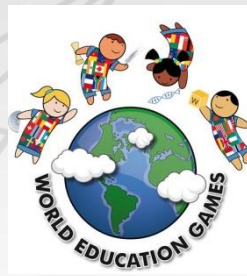
Proving the Advantage

These results are taken from Dr. Tony Stokes' independent study examining external standardised test results from over 8,000 schools over a five year period, across Grades 3, 5, 7 & 9



“There is a 100 percent likelihood that the schools who use Mathletics achieve higher results than schools that do not.”

Dr. Tony Stokes (ACU Sydney, BA DipEd (UNSW), MEc (SocSc)(Hons)(Syd)



EXCITING EVENT FOR ALL SCHOOLS AND STUDENTS AROUND THE WORLD



GLOBAL CHALLENGE TO GET ALL STUDENTS (4-18 YEARS OF AGE) **EXCITED ABOUT LEARNING**



PROVIDES THE TOP STUDENTS IN EACH SCHOOL AN **OPPORTUNITY** TO SEE HOW THEY MEASURE UP AGAINST THE BEST



FOUNDED IN 2007, THE GAMES HAVE BECOME THE **LARGEST GLOBAL EDUCATION** EVENT OF ITS KIND



IN 2013, **5.1M STUDENTS** FROM 30,000 SCHOOLS IN 236 COUNTRIES & TERRITORIES PARTICIPATED WITH OVER **1.5 BILLION QUESTIONS** ANSWERED THROUGHOUT THE GAMES



New Releases: IntoScience

A major new open-learning interactive environment within IntoScience, opening up the curriculum area of “Electricity”

7 new activities introducing electricity, circuits and schematics. Using IntoScience's new hands-on circuit toolkit students can actively explore key concepts by designing circuits, drawing schematics and playing with electrical components.

Students will discover the relevance of Ohm's Law, the danger of short circuits and the differences between series and parallel circuits.



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