

WORLD CLASS QUALITY

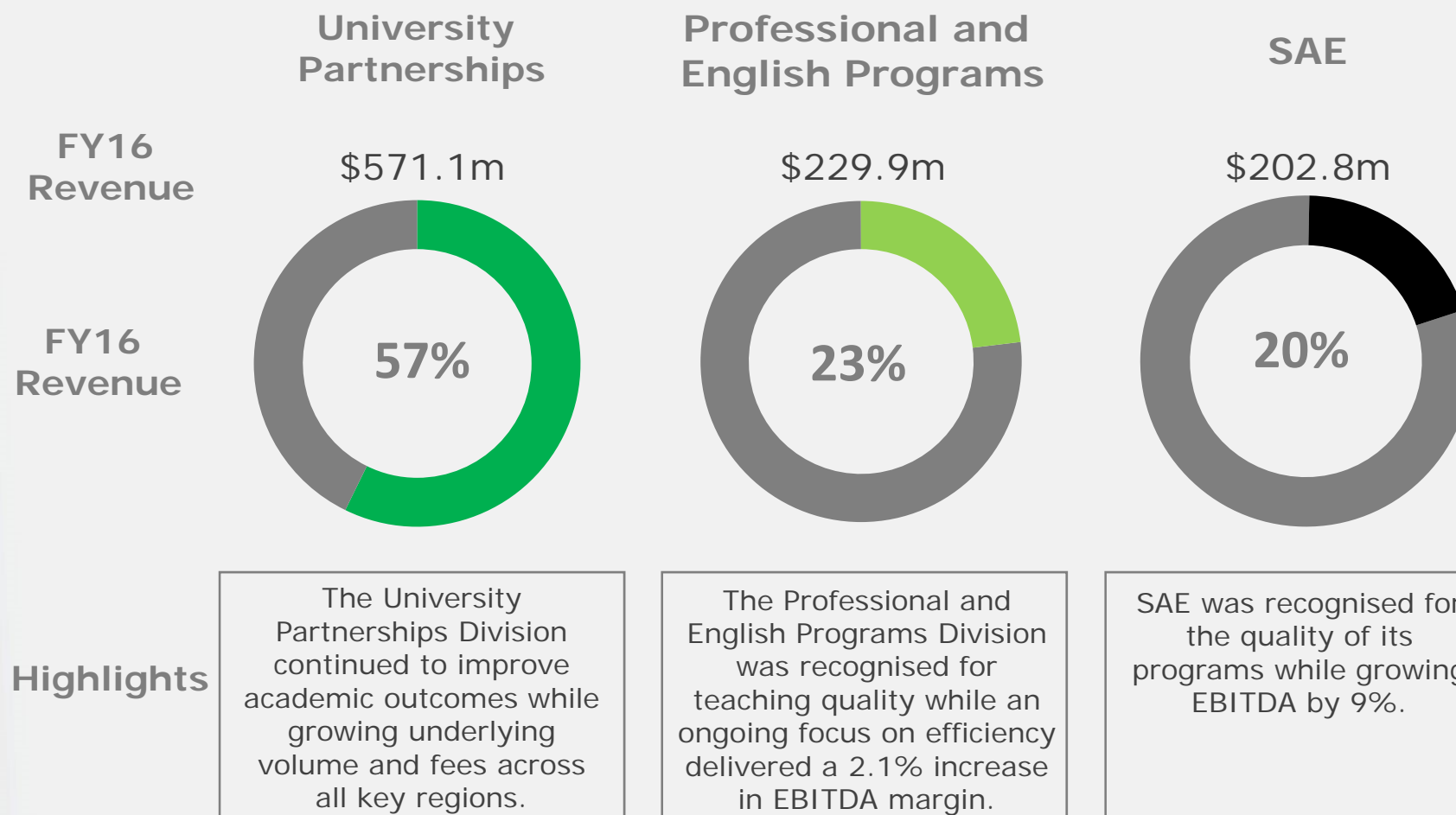
FULL YEAR RESULTS

For the year ended 30 June 2016

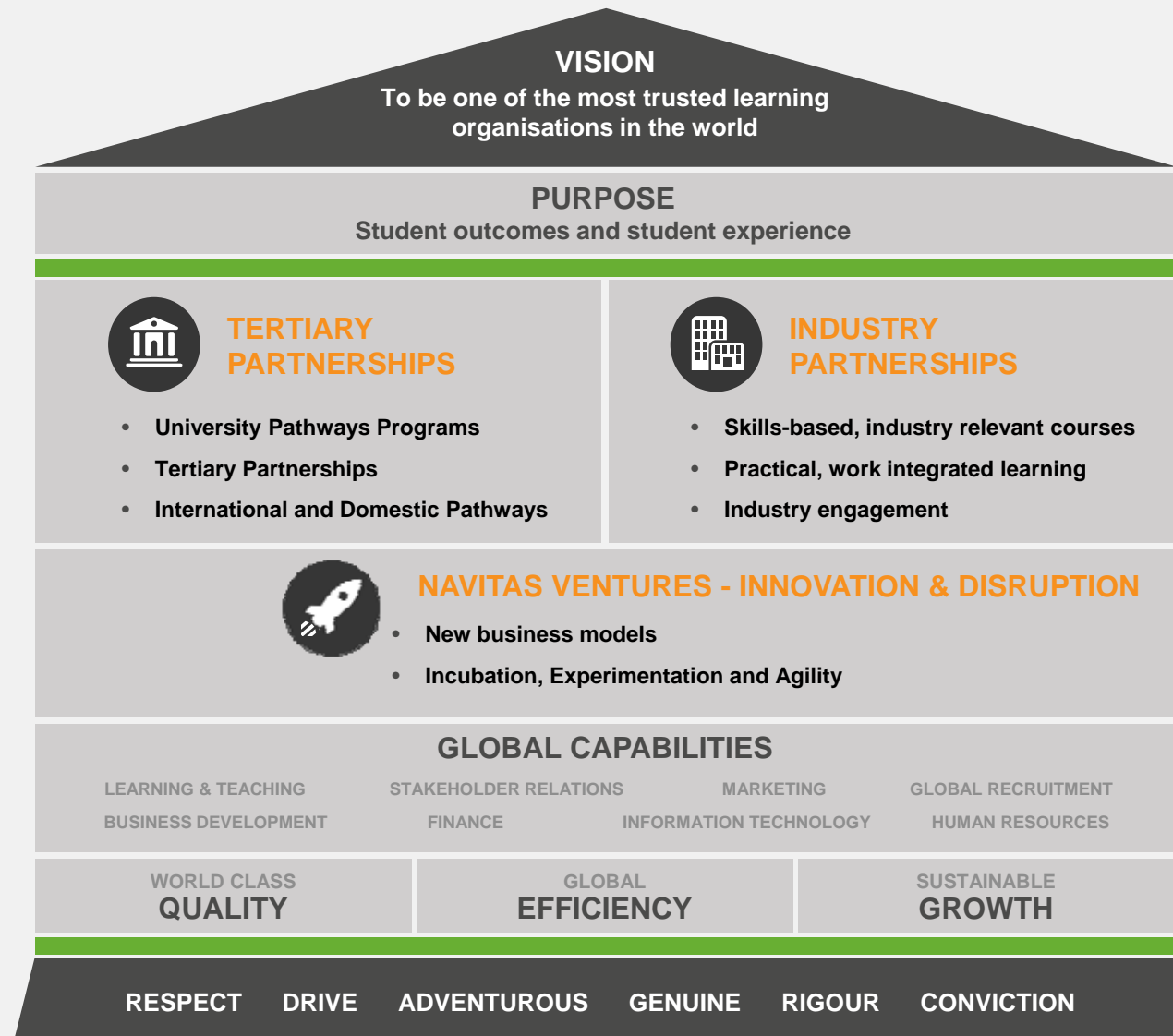
navitas 

Company profile

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 more than 80,000 students, clients and professionals. Navitas operates across three Divisions.



Navitas' vision and strategic focus





OPERATIONAL PERFORMANCE

Key highlights

- Excellent pass rates (>80%) and progression-to-university rates (>90%)
- Enhanced student experience and academic outcomes
- Revenue exceeds \$1 billion for 1st time, up 3%
- All maturing University Partnerships agreements renewed under same conditions
- Efficiency drives 2% margin improvement in Professional and English Programs
- SAE recognised for sector leading student support and engagement outcomes
- Senior executive depth enhanced with new CFO and CIO
- Executive leadership team expanded to include key core regional University Partnerships leaders



Key operational priorities

Academic Quality

University Partnerships

- Pre university and pathway program pass rates **>80%**
- Retention rates **>85%**
- Progression to partner university rate **>90%**

PEP

- ACAP/NCPS teaching quality, learning response and skills developments rated **above 85%** in a national survey

SAE

- SAE recognised in Australian government quality survey (QILT) for **learner engagement** and **student support**

Student Experience

University Partnerships

- Annual survey of **5,500** students and graduates
 - **97%** of students satisfied with teaching experience
 - **98%** of students satisfied with quality of their study

PEP

- Navitas ELICOS college voted **best in Australia** in world leading student survey

SAE

- Australian destination survey of 2014 graduates found **85%** of respondents had secured employment

An evolving and diverse regulatory environment

Australia

- National 10 year international education strategy launched
- Simplified Streamlined Visa Framework started 1 July 2016 – helping simplify the processing of new students
- VET FEE-HELP funding reforms moderating growth

US

- No major policy changes
- Student and Exchange Visitor Program updated

Canada

- Supportive regulatory and immigration regime

UK



- Restrictive student visa settings continue
- Uncertainty caused by Brexit

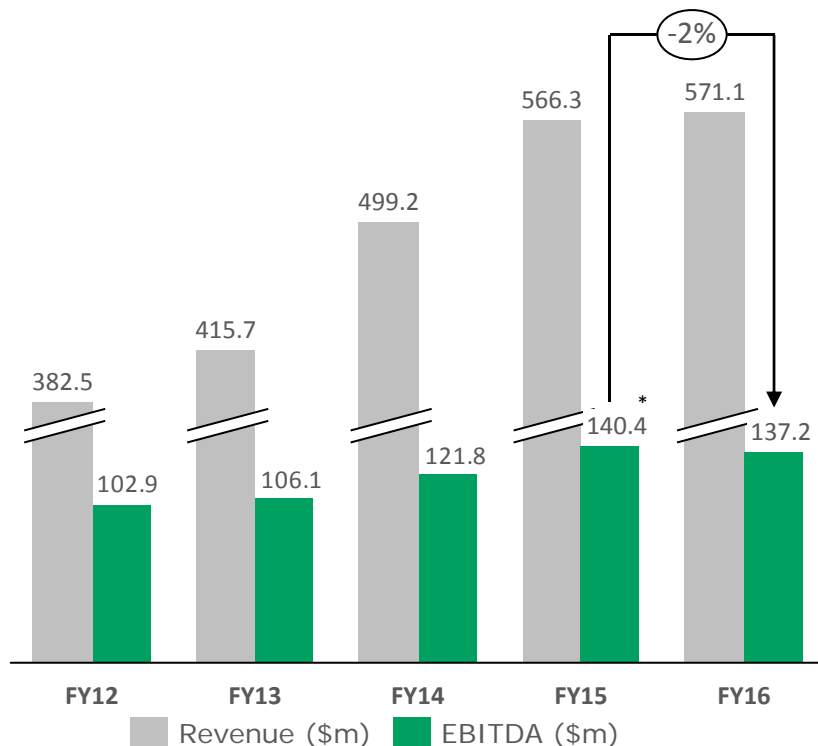
In all jurisdictions Navitas engages proactively with governments and policy makers to encourage a supportive and high quality education sector



University Partnerships



Revenue \$571.1m	1%	
EBITDA \$137.2m	2%	



* Excluding goodwill impairment

- Now operating under 3 key regions – Australasia, North America, Europe
- Excellent progression-to-university rates and pass rates
- Closing colleges (Macquarie, CUS) impact growth
- 1% revenue growth and 2% decrease in EBITDA
- Globally flat volume (inc closing colleges) and average ~5% fee growth
- Solid underlying growth in Australia
- Solid UK result despite low volume growth
- All maturing university agreements renewed in the period

Market overview for external pathway programs

Global

Demand for international education continues to grow due to increases in population and middle class wealth in developing countries while investment in tertiary infrastructure lags

US

- ~2,000 universities
- ~50 pathway colleges - 5 Navitas
- 842k international tertiary students
- International enrolments as a % of students – 4%
- Government strategy – focused on domestic benefits, no targets

UK

- 130 universities
- ~55 pathway colleges – 10 Navitas
- 428k international tertiary students
- International enrolments as a % of students – 17.5%
- Government strategy – increase sector value by 66% to GBP30b by 2020

Australia

- 39 universities
- ~20 pathway colleges – 13 Navitas
- 266k international tertiary students
- International enrolments as a % of students – 18%
- Government strategy – increase total international enrolments by 45% to 720k by 2025

Canada

- 49 universities
- 2 pathway colleges – both Navitas
- 151k international tertiary students
- International enrolments as a % of students – 2.7%
- Government strategy – increase total international enrolments by 34% to 450k by 2022

Source: *Global flow of tertiary level students*, UNESCO Institute of Statistics; US Dept of Education; Australian Dept of Education and Training; UK Dept of Business, Innovation and Skills; Global Affairs Canada.

Main Competitors

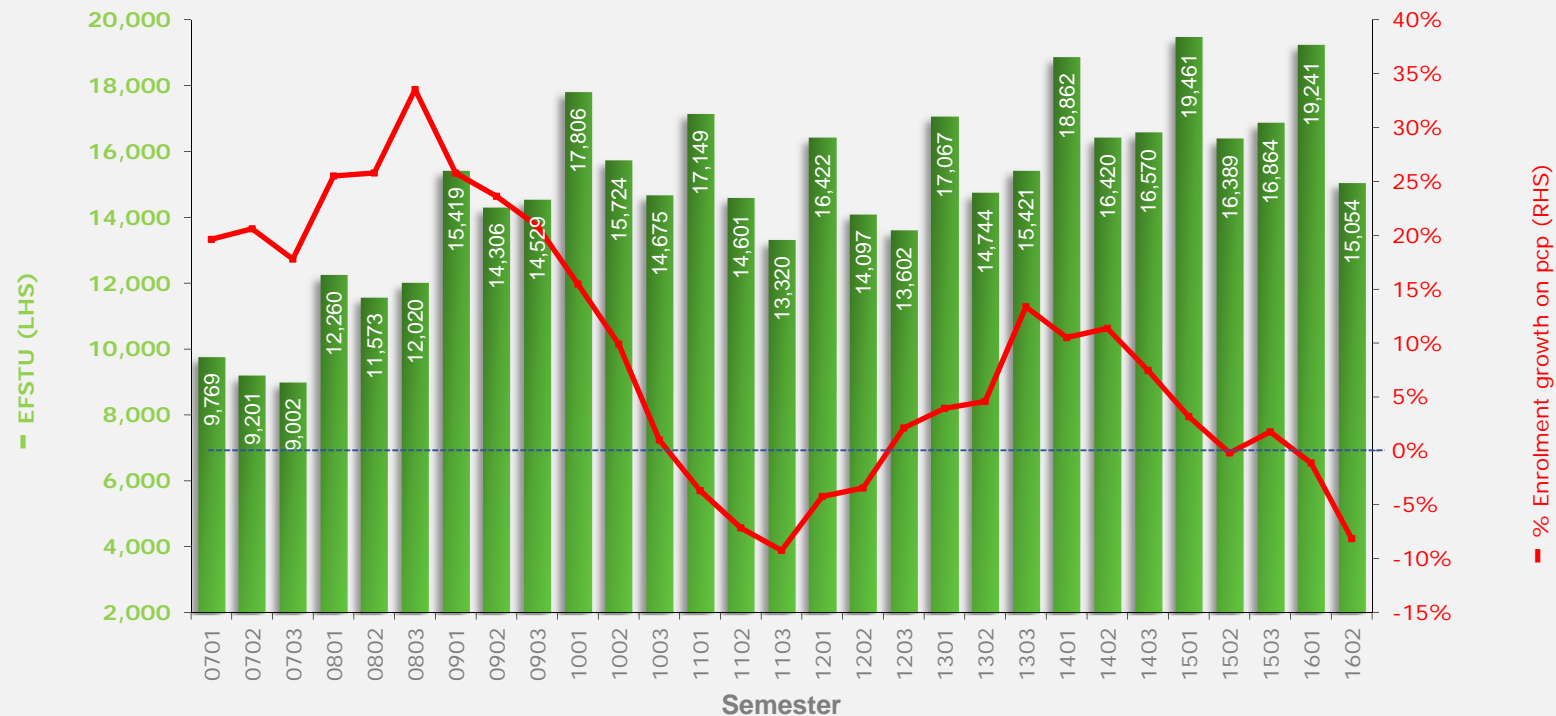
INTO
Shorelight

Study Group
Cambridge Education Group

Kaplan

Solid underlying student growth despite closing colleges

Historical University Programs EFTSU and enrolment growth



Latest

- Semester 2 2016 underlying global enrolments grew by **6%** vs pcp
 - Including closing colleges, global enrolments decreased by **8%**
- Figures include 300 enrolments under the 2 new Joint Venture colleges
 - JV contribution has been recognised below EBITDA in the statement of profit or loss

University Partnerships latest enrolments - regional overview



North America

- 10% enrolment growth in semester 2 2016
- Continued focus on business development in the US – good pipeline but competitive and takes time



UK

- Enrolments drop 14% in semester 2 2016 but small cohort
- Regulatory environment continues to be restrictive – impacting post grad enrolments
- Traditional start of academic year - semester 3 in September



Australia and New Zealand

- 11% underlying growth excluding closing colleges
- 13% decrease in enrolments in semester 2 2016 including MQC – closed, SIBT – relocated and CUS in teach-out

Successful ongoing contract renewal

2 year progress report

- ✓ **4 new agreements**
 - Florida Atlantic University
 - University of Northampton International College
 - Western Sydney University International College
 - University of Canberra College
- ✓ **5 agreements renewed under materially similar terms and conditions**

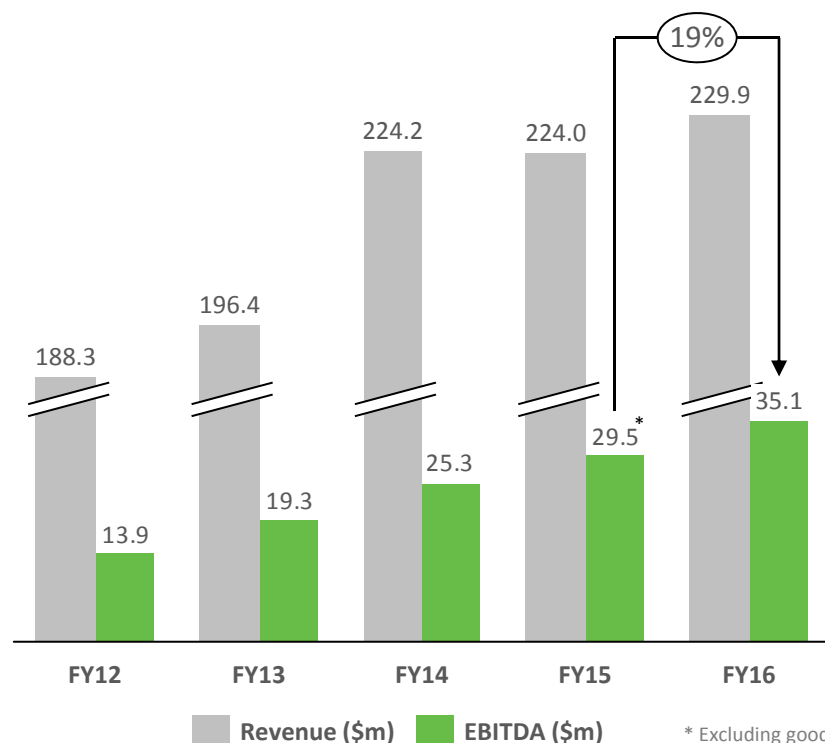
Upcoming in FY17

- ❑ Eynesbury with University of Adelaide – Aug 2016
- ❑ PIBT with Edith Cowan University – Dec 2016
- ❑ Curtin College with Curtin University – December 2016
- ❑ Curtin Singapore with Curtin University – March 2017
- ❑ Adult Migrant English Program – June 2017
- ❑ HIC with University of Hertfordshire – July 2017

Professional and English Programs



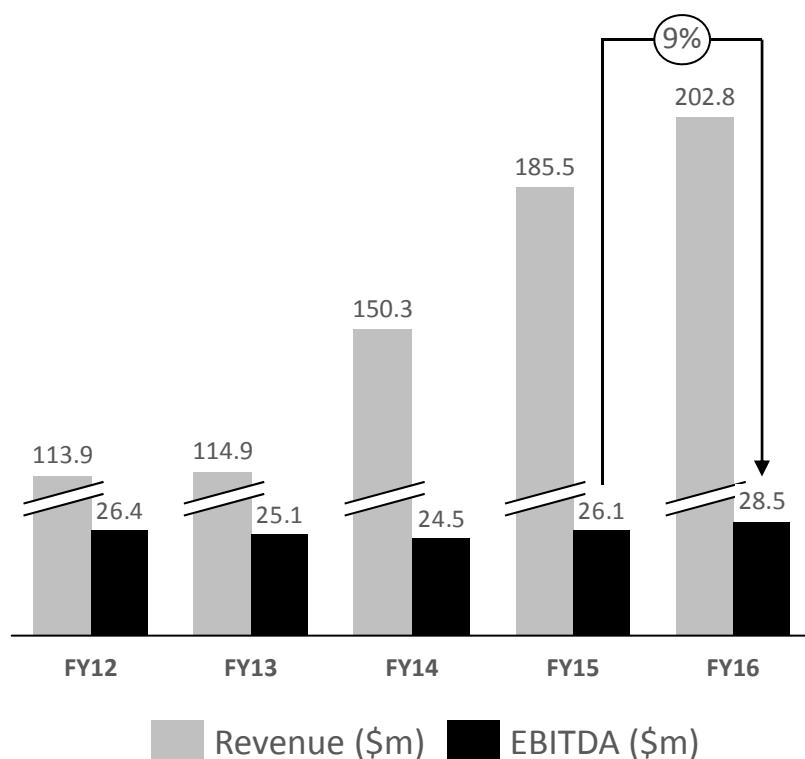
Revenue	3%	↑
\$229.9m		
EBITDA	19%	↑
\$35.1m		



- Continued high student satisfaction and academic outcomes
- 19% EBITDA growth from 3% revenue growth
- Interest in Professional Year Programs supports strong CLS growth
- ACAP and NCPS strong drivers of growth
- Continued focus on efficiency supports 2.1% absolute margin improvement
- Performance impacted in H12 FY16 by restrictive effects of reforms to vocational education funding

SAE

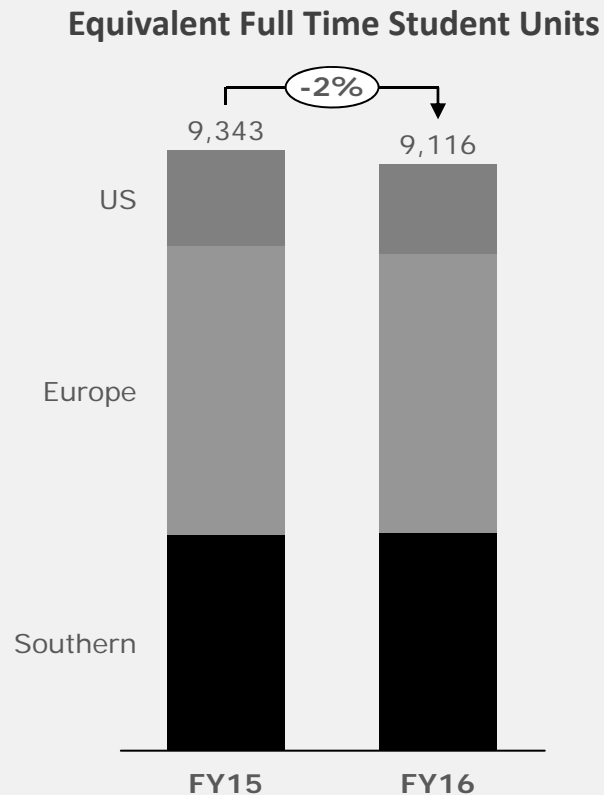
Revenue \$202.8m	9%	↑
EBITDA \$28.5m	9%	↑



- SAE recognised for student support and engagement outcomes
- 9% revenue growth and 9% EBITDA growth
- 2% decline in enrolment against pcp, mainly driven by UK performance
- Perth campus relocation completed and Berlin commenced
- Australia grows off volume and fee improvement
- Improved US results though pcp affected by acquisition costs and one-off costs
- Commenced closure of 4 sub-scale colleges

SAE student numbers

Commentary



Southern

Continued growth supported by:

- New courses
- New programs
- The expansion of several campuses

Europe

Solid growth in several locations offset by lower growth in the UK and other small campuses

US

Growth opportunity from widening programs. Multiple programs submitted for accreditation but process is lengthy



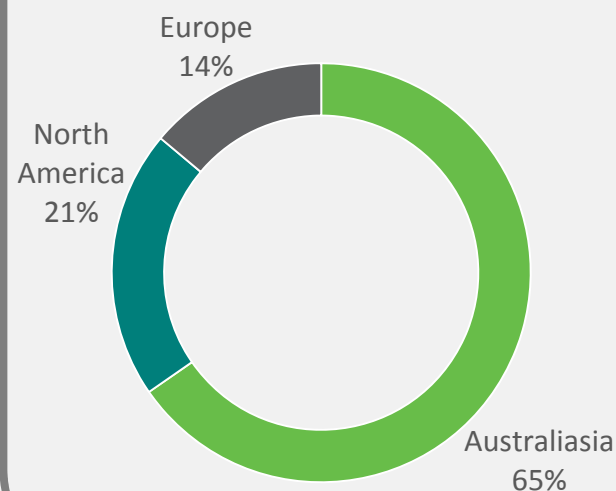
GROUP FINANCIAL PERFORMANCE

Solid underlying earnings growth

Profit and Loss (\$m)	FY16	FY15*	Change (%)
Revenue			
University Partnerships	571.1	566.3	1
PEP	229.9	224.0	3
SAE	202.8	185.4	9
Other	6.9	4.5	
Group Revenue	1,010.7	980.3	3
EBITDA			
University Partnerships	137.2	140.4	(2)
PEP	35.1	29.5	19
SAE	28.5	26.1	9
Corporate	(36.2)	(32.9)	10
Group EBITDA	164.6	163.1	1
Reported NPAT	90.1	71.8	25
Reported Earnings per Share (cents)	24.0	19.1	26
Full year dividend per Share (cents)	19.5	19.5	-
Dividend yield (%)	3.6	4.5	(0.9)

* Excluding goodwill impairment

FY16 University Partnerships Revenue



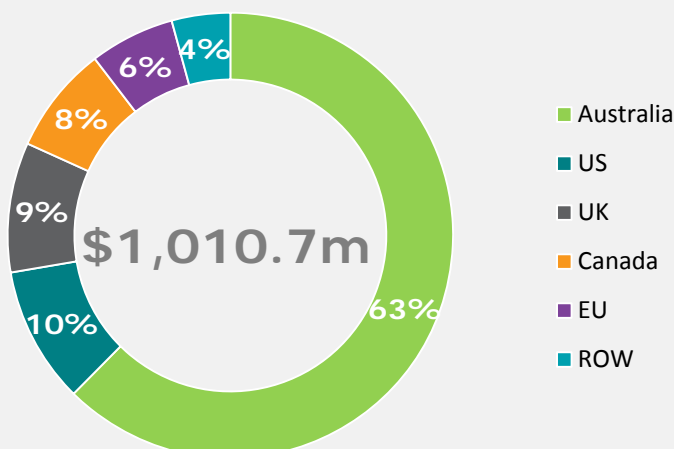
Underlying revenue growth offset by declines from closing UP colleges

Revenue (\$m)	FY16	vs pcg actual %	vs pcg constant currency %
University Partnerships	571.1	1	(2)
Professional and English Programs	229.9	3	NA
SAE	202.8	9	3
Divisional revenue	1,003.8	3	
Other	6.9	NA	
Group revenue	1,010.7	3	1

Commentary

- University Partnerships revenue impacted by closing colleges
- Solid underlying University Partnerships growth of 7% (excluding FX up 4%) recorded in rest of Australasia, Europe and North America
- PEP revenue growth impacted late in H2 FY16 by VET FEE-HELP funding reforms
- SAE records solid growth off volume increases in Australia, global fee growth and improved program mix
- Reported revenue growth includes by \$25.0m favourable FX contribution

Revenue by location



EBITDA marginally up on prior year

EBITDA (\$m)	FY16	vs pcg actual %	vs pcg constant currency %
University Partnerships	137.2	(2)	(2)
Professional and English Programs	35.1	19	NA
SAE	28.5	9	8
Divisional EBITDA	200.8	2	
Corporate costs	(36.2)	10	
Group EBITDA	164.6	1	1

Commentary

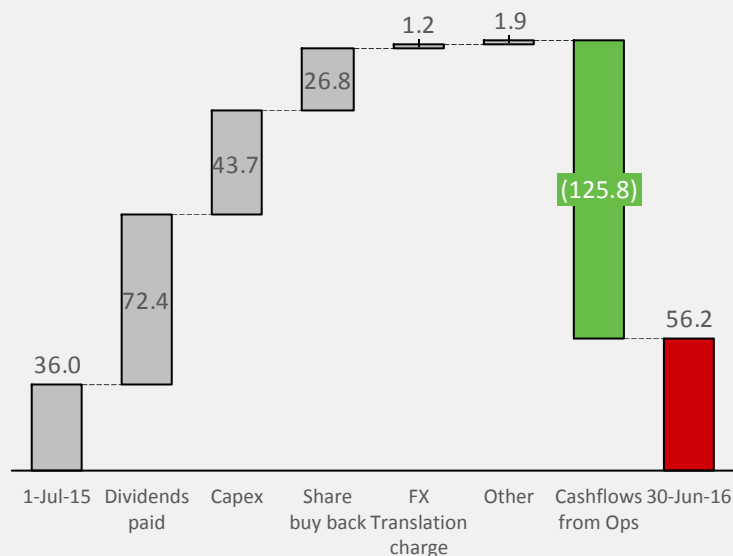
- University Partnerships earnings impacted by closing colleges
- University Partnerships underlying EBITDA grew by 7%
- Professional and English Programs growth from ACAP, NCPS, Professional Year Programs and margin growth
- Reduced central costs across PEP and SAE Divisions
- No material impact from FX at EBITDA level

EBITDA Margin (%)

SAE	14.1	14.1
PEP	15.3	13.2
UP	24.0	24.8
Group	16.3	16.6
	FY16	FY15

Strong balance sheet

Net debt (\$m)



Debt constituents (\$m)	30 June 2016	30 June 2015
Gross Debt	135.1	123.1
Cash requirements of the Tuition Protection Service	(47.9)	(46.4)
Other Cash	(31.0)	(40.7)
Net Debt at 30 June 16	56.2	36.0

¹Cash realisation ratio= *Net Operating Cashflow*
NPAT + amtsn, depcn and gdwill impt

Commentary

- Cash realisation ratio¹ of 1.03x
- Cashflow from operations of \$125.8m
- Interest cover of 41.2x
- Gearing ratio of 0.63x
- Capex up 15% - \$24.4m for the new Sydney CBD campus, though this will largely be refunded in FY17 via lease incentive

Share buy-back update

- Buy-back approved to return capital to shareholders
- Ensuring an appropriate capital position while maintaining flexibility
- 5.4m shares purchased and cancelled – valued at \$26.8m

OUTLOOK

Outlook for FY17

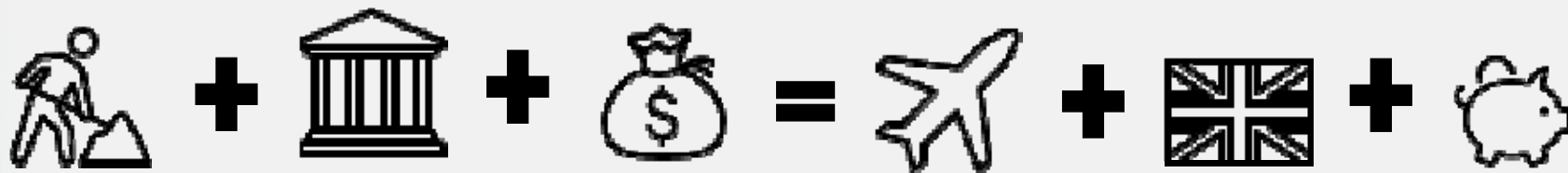
- Solid underlying organic revenue growth expected across all businesses
- Final financial impact of closing University Partnerships colleges in H1 FY17

FY17 EBITDA result expected to remain broadly in line with FY16



KEY DRIVERS

Key drivers for international education



Low ratio of
tertiary
education
in
developing
countries

Lack of local
tertiary
education
infrastructure
and
population
growth

Increasing
middle
class
wealth

More
students
travelling
overseas
to study

English
language
countries
preferred

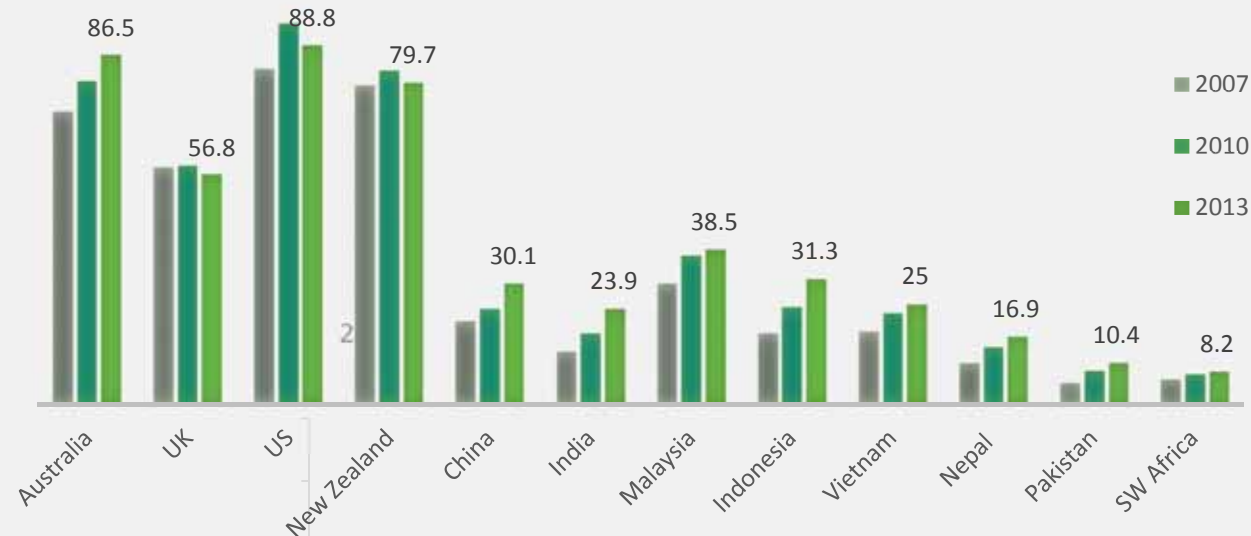
Return On
Investment

Strong demand for tertiary education



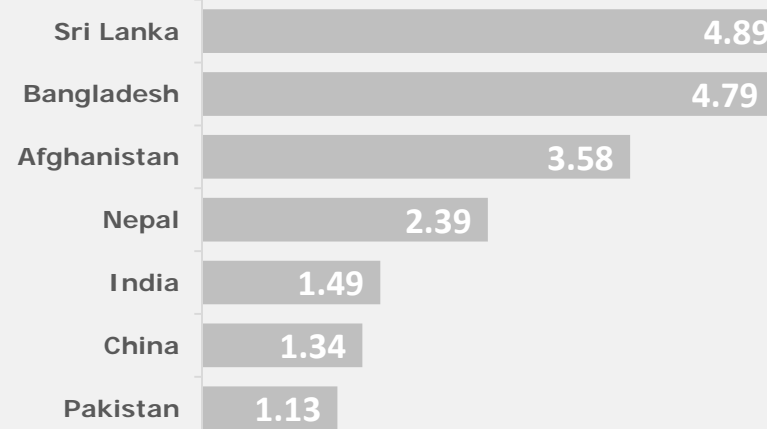
Low ratio of tertiary education in developing countries

Ratio of Tertiary Enrolment (%)



Lack of local tertiary education infrastructure and population growth

Number of 'A' level students per available university spaces



By 2025 there will be an additional 98.0 million tertiary students worldwide – a 59% increase on 2012

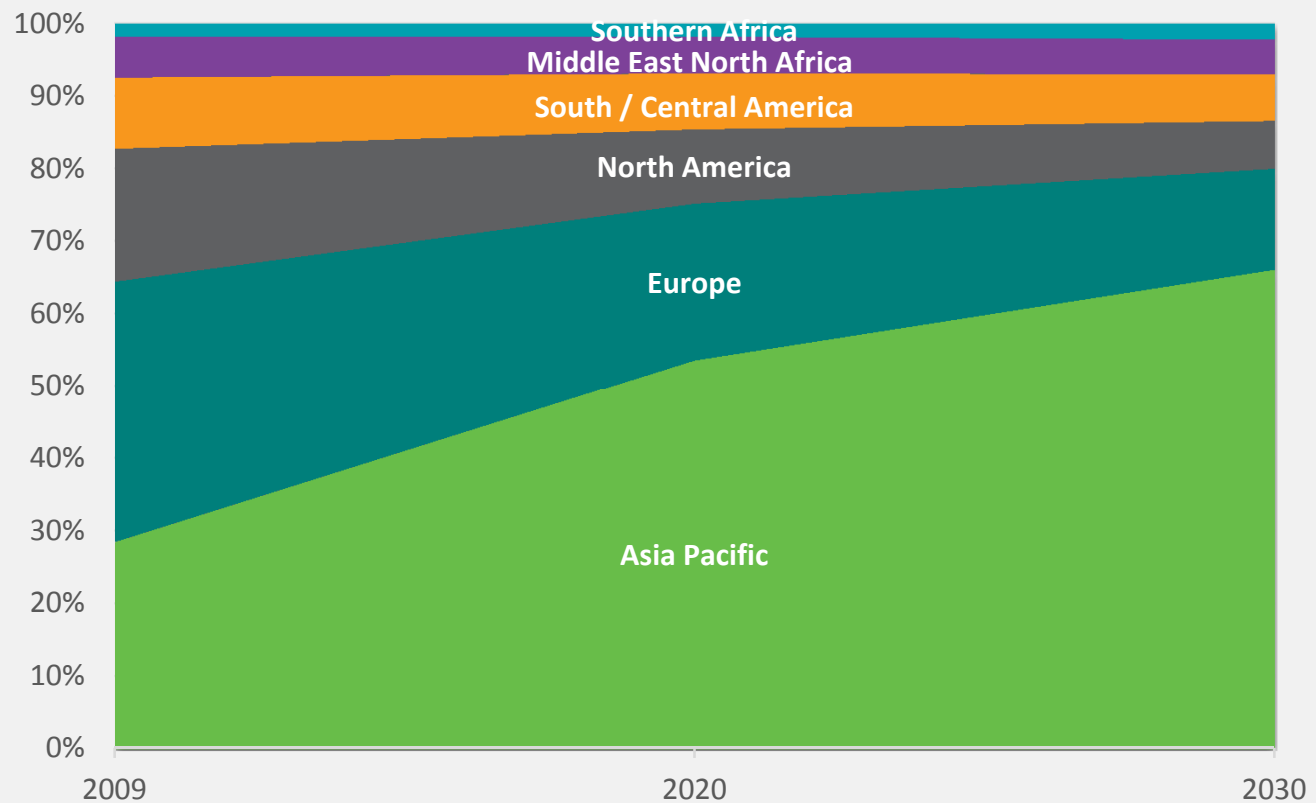
Growing middle class wealth



Increasing middle
class wealth

**By 2030 over
3.0 billion
people in the
Asia Pacific
region will be
counted as
middle class – a
600% increase
on 2009**

Middle class size and distribution



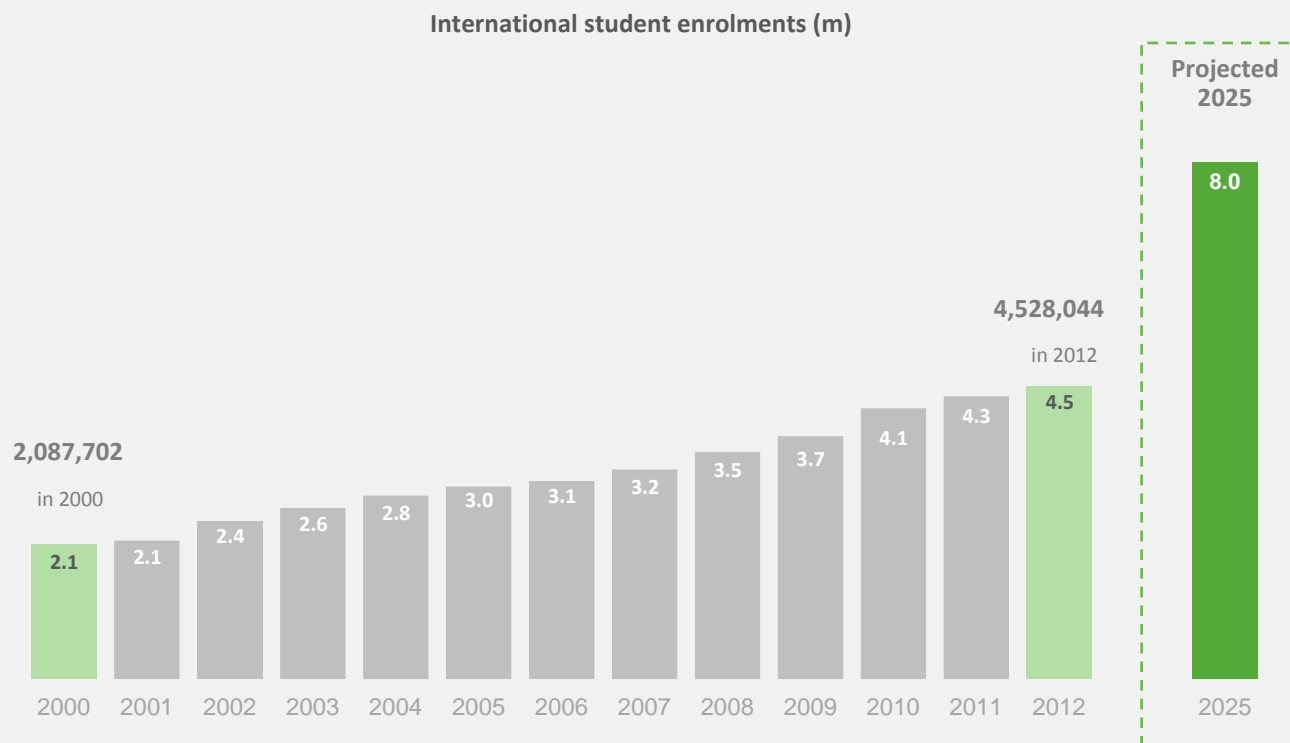
Source: *Hitting the sweet spot: the growth of the middle class in emerging markets*, Ernst & Young, 2013

More students travelling overseas



More students
travelling
overseas to
study

**By 2025 there
will be 8.0
million
students
crossing
borders to
study**



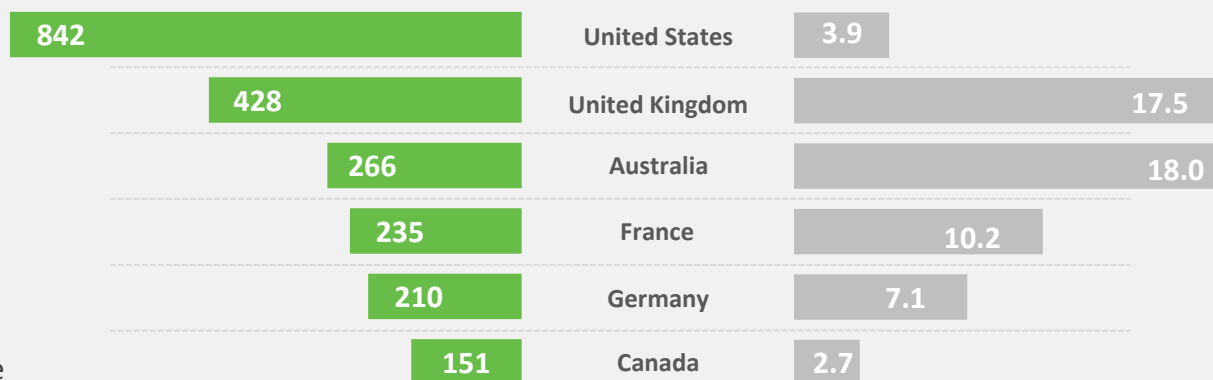
Source: UNESCO Institute of Statistics, 2016; *Education at a Glance*, OECD 2015;

Key destinations dominate

Key destination countries of global international students

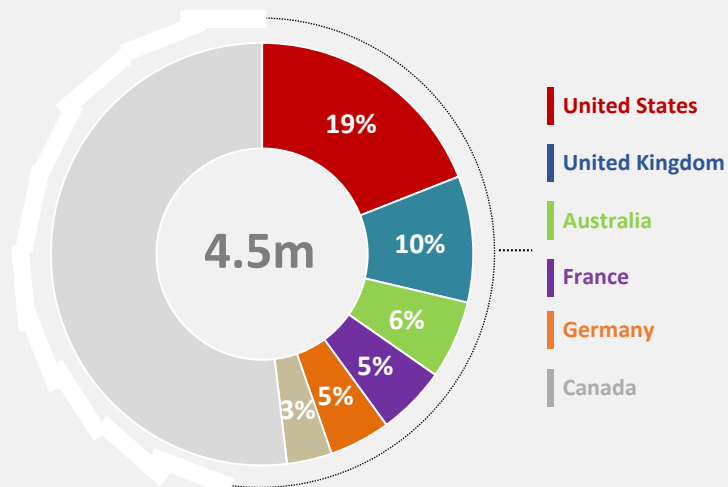
Number of international higher education students (000s)

International higher education enrolment as a % of total enrolment



English language countries preferred

International higher education market share (%)



The majority of international students study in just 6 countries with varying degrees of penetration

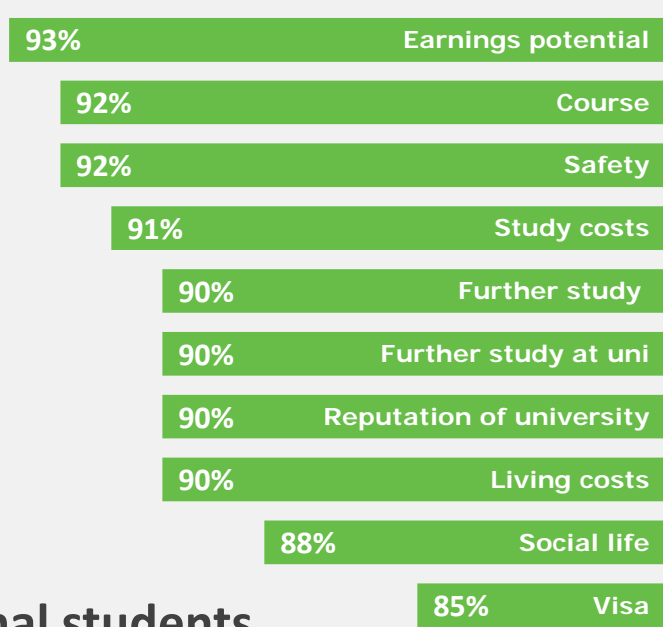
Source: *Education at a Glance*, OECD 2015;
i-Graduate survey, 2015.

ROI a priority



Return On Investment

Priorities for international students



International students are becoming increasingly focused on ensuring Return On Investment

Benefits of higher education



80% of tertiary educated people are employed – compared with 70% of upper school educated adults



Across OECD countries adults with tertiary education earn 30% more than adults with non tertiary education



Tertiary educated adults are 9% more likely to be in good health than non tertiary educated adults



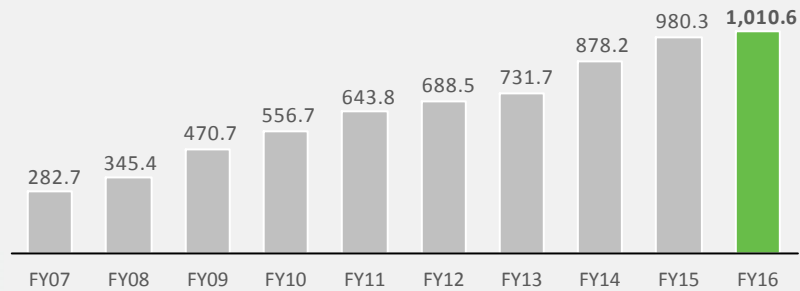
Tertiary educated adults are 13% more likely to be politically aware than non tertiary educated adults

Source: *i-Graduate survey, 2015; Education at a Glance, OECD 2015.*

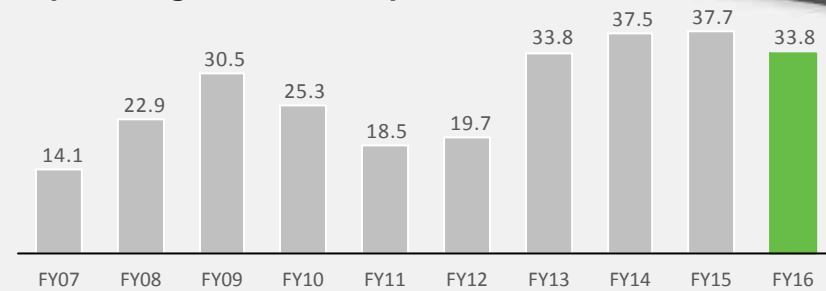
APPENDIX

Financial metrics

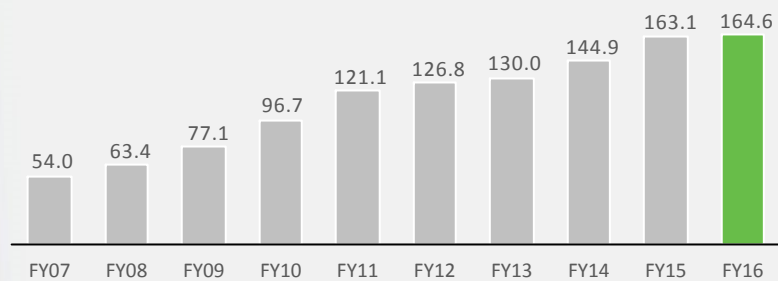
Revenue (\$m)



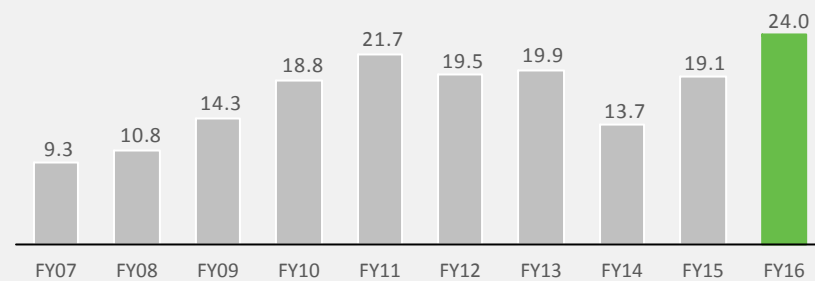
Operating cashflow (cps)



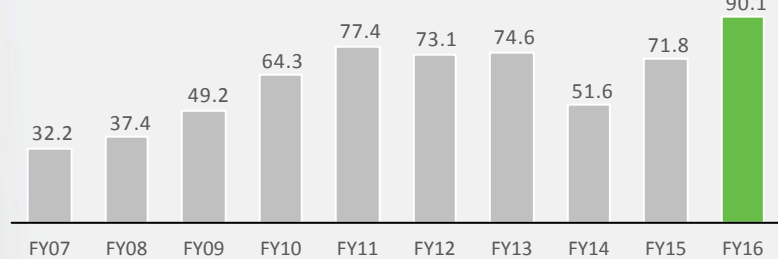
Underlying EBITDA (\$m)



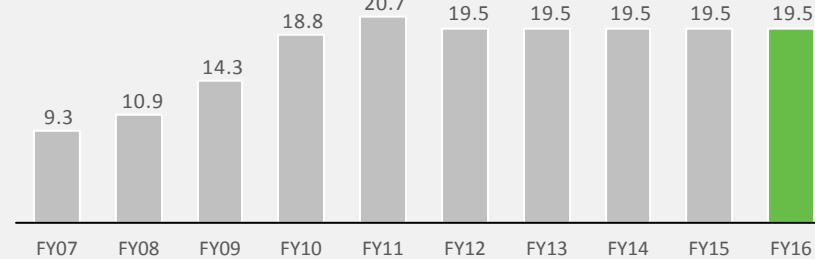
Reported Earnings (cps)



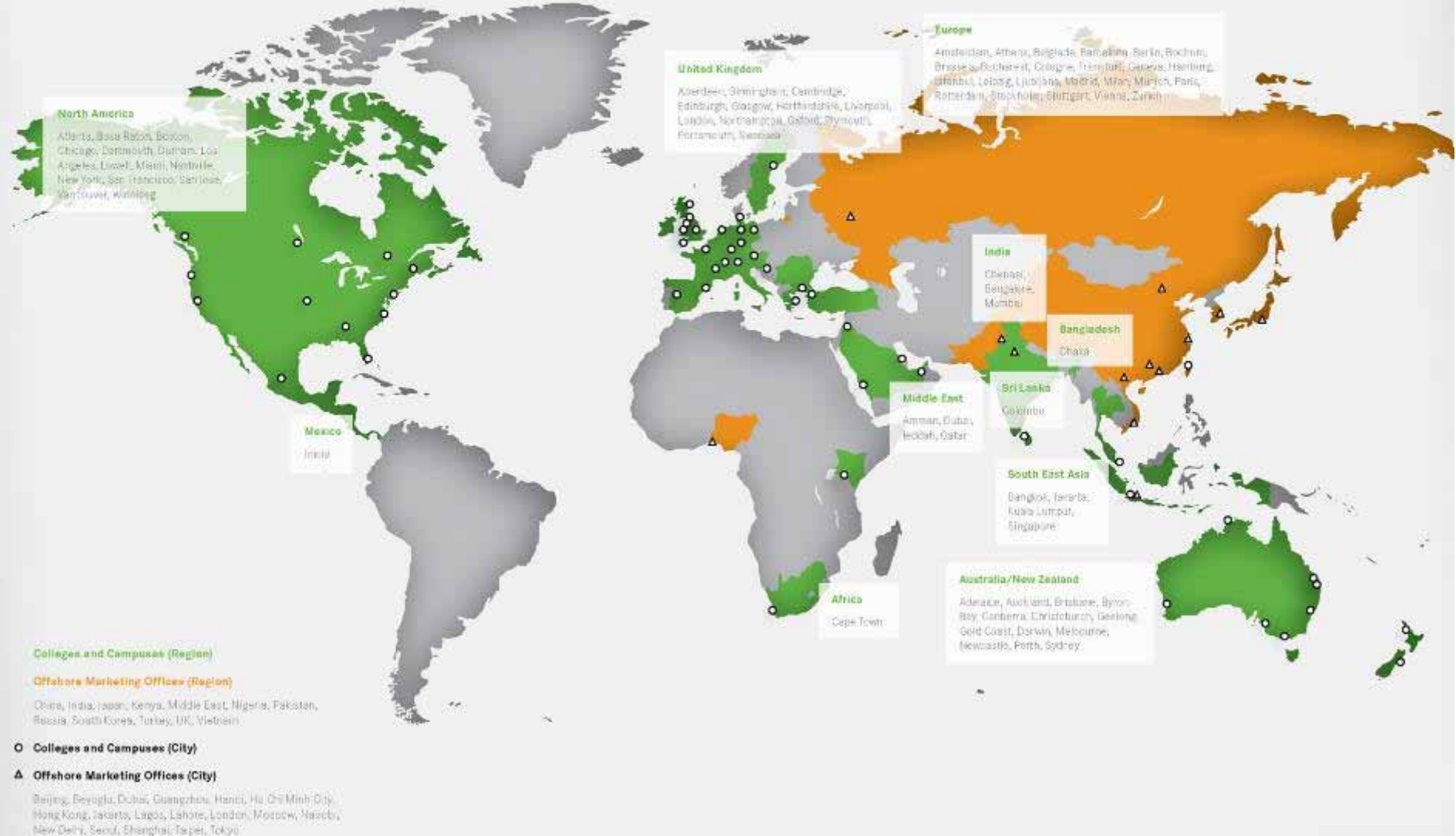
Reported NPAT (\$m)



Dividends (cps)



Navitas' global footprint



Corporate snapshot

371.6m

Shares on issue

\$2.04b

Market Capitalisation

\$5.49

Share Price
30 June 2016

ASX100

NVT

52 wk range

\$3.78 - \$5.55

Annualised dividend **19.5cps**

Detailed P&L – 5 years

Navitas Ltd	FY12	FY13	FY14	FY15	FY16	PCP Change \$	Index	Growth CAGR*
Operating Revenue								
UP	382,479	415,713	499,186	566,340	571,095	4,755	101%	11%
SAE	113,864	114,934	150,319	185,450	202,822	17,372	109%	16%
PEP	188,306	196,377	224,213	224,009	229,934	5,925	103%	5%
Corporate & consolidation items	3,497	2,537	2,255	2,342	4,584	2,242	196%	7%
Total operating revenue	688,146	729,561	875,973	978,141	1,008,435	30,294	103%	10%
Expenses	(561,329)	(599,559)	(731,044)	(815,034)	(843,854)	(28,820)	104%	11%
Underlying EBITDA #	126,817	130,002	144,929	163,107	164,581	1,474	101%	7%
Depreciation	(14,120)	(15,492)	(24,593)	(27,318)	(30,767)	(3,449)	113%	21%
Underlying EBITA #	112,697	114,510	120,336	135,789	133,814	(1,975)	99%	4%
Amortisation	(977)	(863)	(749)	(749)	(749)	-	100%	-6%
Underlying EBIT #	111,720	113,647	119,587	135,040	133,065	(1,975)	99%	4%
Net Interest (paid)/received	(7,603)	(7,590)	(6,238)	(3,823)	(3,998)	(175)	105%	-15%
Share of equity accounted JV losses	-	-	-	-	(974)	(974)	100%	n/a
Underlying net profit before tax #	104,117	106,057	113,349	131,217	128,093	(3,124)	98%	5%
Income tax	(30,497)	(31,006)	(32,099)	(39,564)	(37,330)	2,234	94%	5%
Underlying NPAT #	73,620	75,051	81,250	91,653	90,763	(890)	99%	5%
Outside equity interest	(471)	(476)	782	(301)	(685)	(384)	228%	10%
Underlying NPAT attributable to Navitas #	73,149	74,575	82,032	91,352	90,078	(1,274)	99%	5%
Statutory NPAT	73,620	75,051	50,802	72,111	90,763	18,652	126%	5%
Statutory NPAT attributable to members	73,149	74,575	51,584	71,810	90,078	18,268	125%	5%

excluding impairment of goodwill
 * Cumulative Annual Growth Rate from FY12 to FY16

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