



**SUCCESS THROUGH DIVERSITY**

# Macquarie Australia Conference

1 May 2013

ASX: NVT

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# Company profile



Navitas (ASX: NVT) is a leading global education provider that offers an extensive range of educational and training services for students and professionals across Australia and around the world

Market cap	Annual revenue	Staff headcount	Students	Colleges/schools
\$2.0b	\$702.1m	~5,000	> 80,000	111

**University Programs** - leading provider of 30 pathway colleges and managed campuses across Australia and in the UK, US, Canada, Singapore, Kenya and Sri Lanka

**SAE Group** - creative media education provider delivering vocational and higher education qualifications in audio, film and multimedia via 53 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

## Financial

**Revenue**  
**\$355.4m**

**EPS**  
**9.3¢**

**NPAT**  
**\$35.1m**

**DPS**  
**9.3¢**

- Total Group revenue up 4% to \$355.4m
- EBITDA up 5% to \$59.9m
- Net profit after tax \$35.1m
- Earnings per share 9.3¢
- Fully franked interim dividend of 9.3¢

## Operational

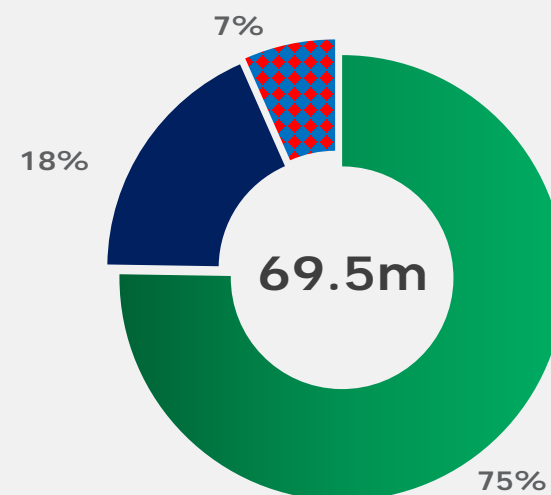


- Return to growth in University Programs enrolments
- SAE earnings growth below expectations
- English earnings bounce back strongly
- Professional and Student Recruitment record earnings losses
- Strategic and structural review of Navitas completed and implementation underway

# Core Divisions perform well in 1<sup>st</sup> half

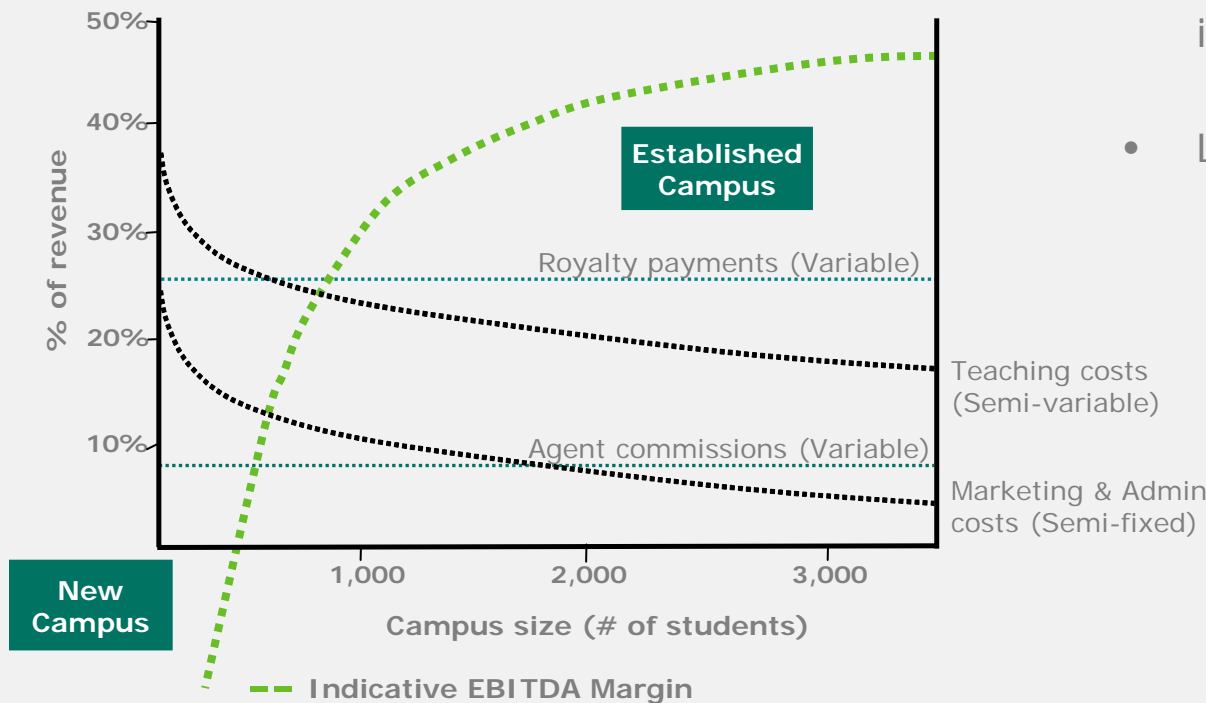
EBITDA (\$m)	H1 FY13	H1 FY12	Δ%
University Programs	52.3	49.9	5
SAE Group	12.6	11.8	7
Professional and English Programs	4.6	3.7	24
<b>Divisional EBITDA</b>	<b>69.5</b>	<b>65.4</b>	<b>6</b>
Corporate costs	(9.6)	(8.3)	16
<b>Group EBITDA</b>	<b>59.9</b>	<b>57.1</b>	<b>5</b>

EBITDA by Division



## Profitable and highly capital efficient

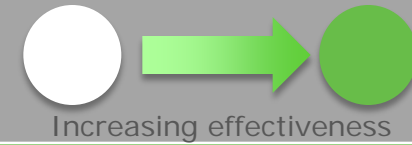
Financial metrics vs Campus size











- Strong operating leverage as student numbers increase
- Low capital requirements
  - leverage partner universities infrastructure and spare teaching capacity
  - fees received in advance drives negative working capital

# No change in MOOC environment

Do not meet the requirements of international students



	Face to Face Environment	Online / MOOC's
Immersive Learning Environment		
Living Abroad / Cultural Experience		
High Quality Education		
Full Degree Offering <sup>1</sup>		
Job Prospects		?

Note: 1: Full degrees are currently offered through traditional online only and not through MOOCs

Source: *The Parthenon Group*

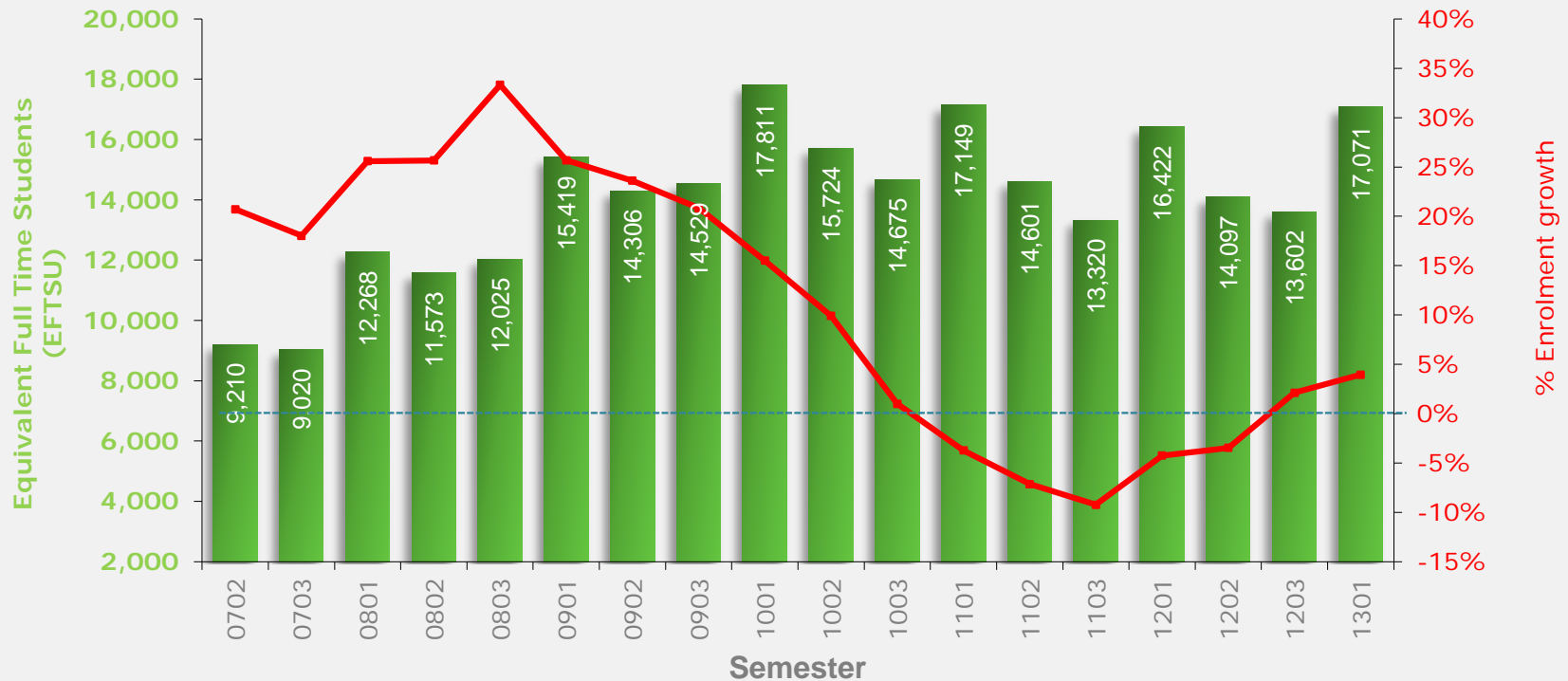


# DIVISIONAL UPDATES



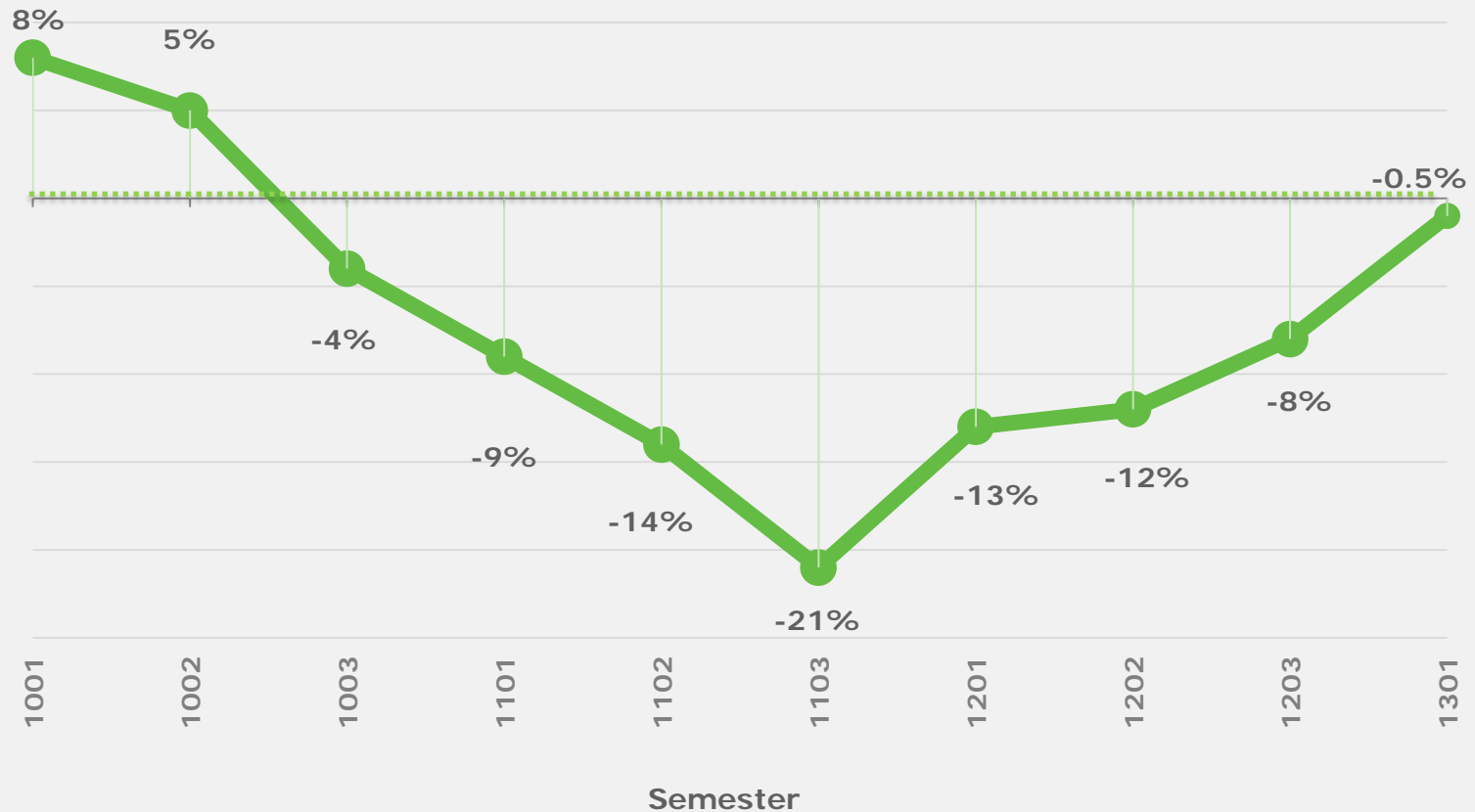
# UP enrolment trend continues to improve

## Equivalent Full Time Students Units (EFTSU): Semester enrolments

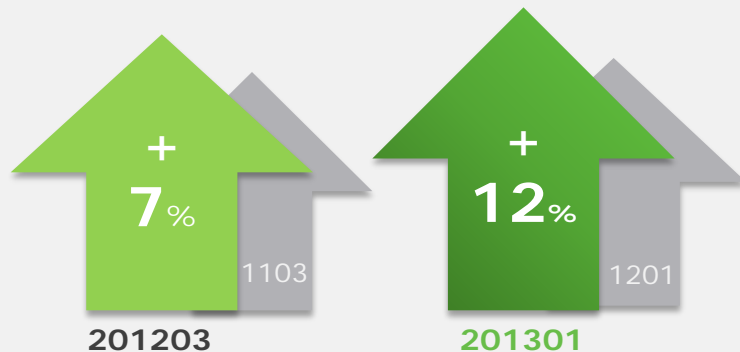


Semester 1 2013 EFTSU - 4% growth against pcp

## Equivalent Full Time Students Units (EFTSU) enrolments - variance against pcp



## New student enrolments

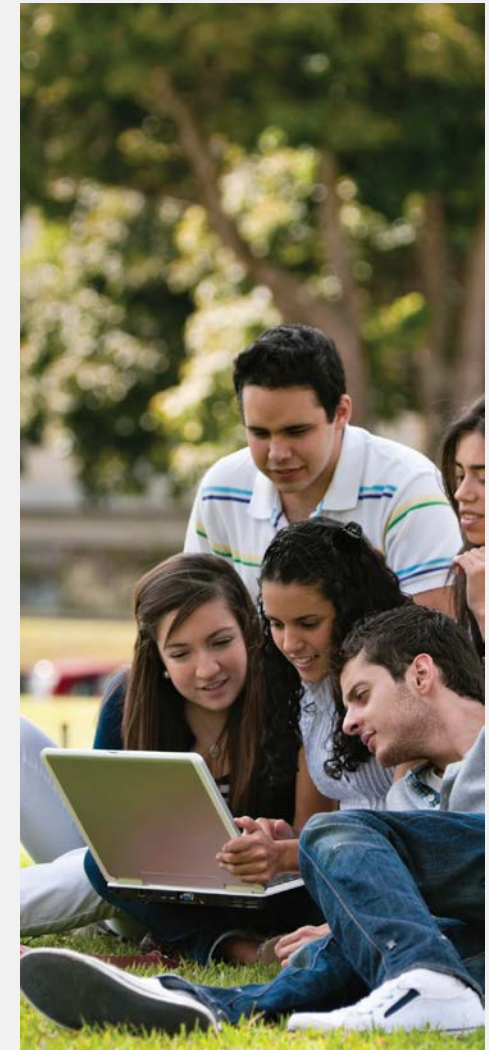


## New Australian cohort has three components

- International students recruited offshore – 201301 >30% increase
  - International students recruited onshore – 201301 decrease
  - Australian domestic students – 201301 ~10% increase
- Key factors for international offshore growth
    - Stabilisation of Australian regulatory and policy environment
    - Knight Review changes now being understood by markets
    - SVP – commenced March 2012
    - Post Study Work Rights – commenced March 2013, available to students who commenced HE study after 5 November 2011

- Leadership strengthened by several new senior appointments
  - SAE COO - Scott Jones
  - New SAE USA President – experienced Higher Education leader
- Europe
  - German enrolment declines halted
- US
  - Title IV gains now translating to total enrolments
- Australia
  - New Brisbane school sees strong enrolment growth
- SAE full year result expected to be materially similar to FY12

- Merger of Divisions progressing well with target date of 1 July 2013 to be met
- Navitas English continuing growth trend
  - Outstanding Government Programs performance
  - Improving ELICOS outcomes
  - Full year performance more consistent with historical peaks
- Professional Division recovering from poor H1
  - Forecasted H2 profits confirmed

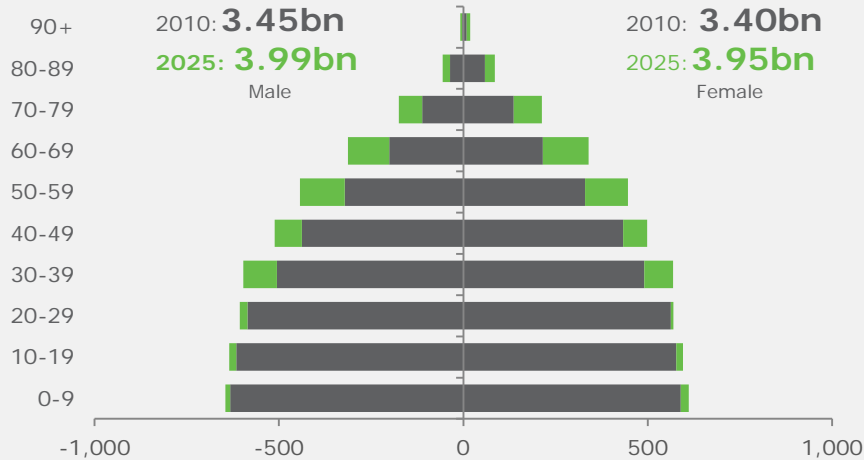




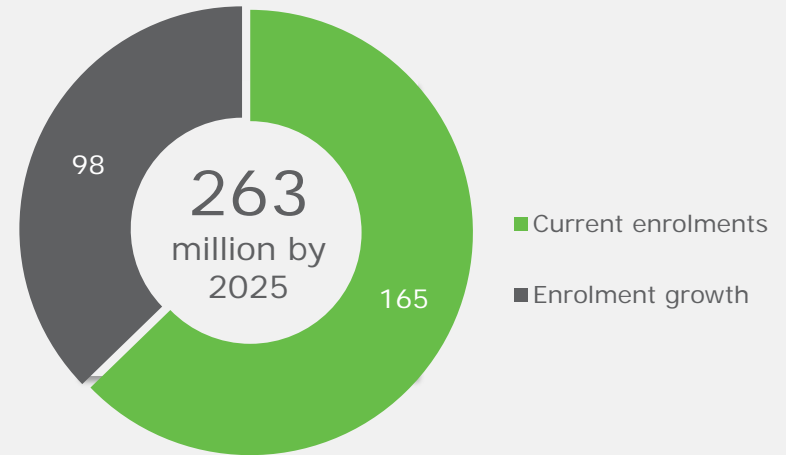
# APPENDIX

# Global market conditions positive

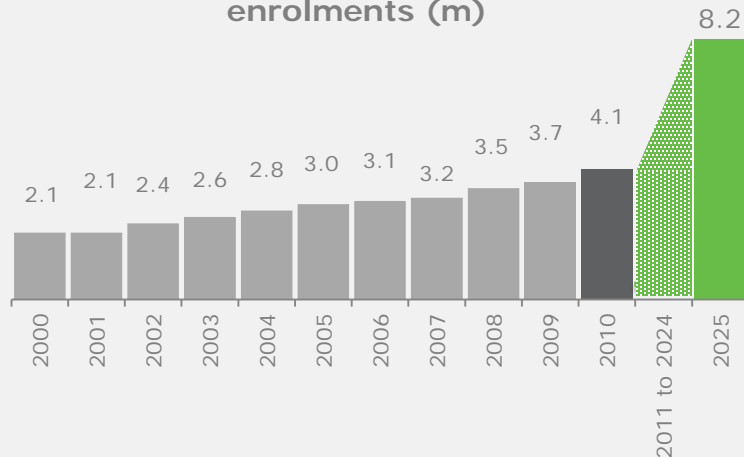
### World population by gender (m)



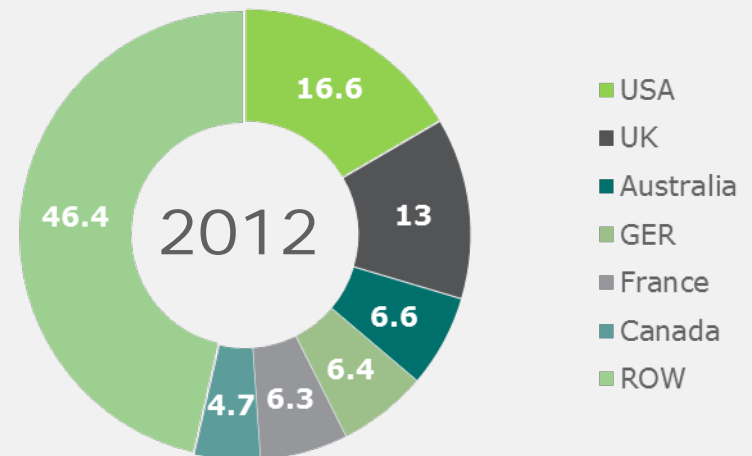
### Global tertiary enrolment (m)



### International student enrolments (m)



### International education market share (%)



Source: UNESCO Institute of Statistics, OECD *Education at a Glance* 2012

**375.4m**

Shares on issue

**\$2.0b**

Market Capitalisation

**\$5.34**

Share Price

24 April 2013

ASX200

NVT

52 wk range

**\$3.56 - \$5.59**

Annualised dividend **19.4cps**



# Detailed H1 P&L – 5 years



Navitas Ltd \$000s	H1 FY09	H1 FY10	H1 FY11	H1 FY12	H1 FY13	PCP Change		
						\$000s	Index	CAGR*
<b>Operating Revenue</b>								
University Programs	140,721	174,681	193,388	190,657	203,506	12,849	107%	10%
SAE	-	-	-	57,063	55,594	(1,469)	97%	n/a
PEP	74,925	93,811	95,215	92,084	94,389	2,305	103%	6%
Corporate & consolidation items	793	1,126	2,095	1,863	1,350	(513)	72%	14%
<b>Total operating revenue</b>	<b>216,439</b>	<b>269,618</b>	<b>290,698</b>	<b>341,667</b>	<b>354,839</b>	<b>13,172</b>	<b>104%</b>	<b>13%</b>
Expenses	(186,038)	(226,220)	(242,321)	(284,530)	(294,965)	(10,435)	104%	12%
<b>EBITDA</b>	<b>30,401</b>	<b>43,398</b>	<b>48,377</b>	<b>57,137</b>	<b>59,874</b>	<b>2,737</b>	<b>105%</b>	<b>18%</b>
Depreciation	(2,415)	(3,302)	(3,825)	(6,233)	(7,039)	(806)	113%	31%
EBITA	27,986	40,096	44,552	50,904	52,835	1,931	104%	17%
Amortisation	(502)	(488)	(2,603)	(488)	(488)	-	100%	-1%
EBIT	27,484	39,608	41,949	50,416	52,347	1,931	104%	17%
Net Interest (paid)/received	246	441	390	(4,085)	(3,802)	283	93%	n/a
Net profit before tax	27,730	40,049	42,339	46,331	48,545	2,214	105%	15%
Income tax	(8,955)	(12,807)	(10,122)	(10,938)	(13,242)	(2,304)	121%	10%
<b>NPAT</b>	<b>18,775</b>	<b>27,242</b>	<b>32,217</b>	<b>35,393</b>	<b>35,303</b>	<b>(90)</b>	<b>100%</b>	<b>17%</b>
Outside equity interest	228	272	355	(33)	(233)	(200)	706%	n/a
<b>NPAT attributable to member:</b>	<b>19,003</b>	<b>27,514</b>	<b>32,572</b>	<b>35,360</b>	<b>35,070</b>	<b>(290)</b>	<b>99%</b>	<b>17%</b>

\* Cumulative Annual Growth Rate from H1 FY09 to H1 FY13