



IDP Education

H1 FY22 Financial Results

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1. Business Update



H1 FY22 performance summary

Record half-year revenue that reflects IDP's leadership position and innovation in a rebounding industry

Revenue

↑ \$397m

Up 47%

EBIT (Adjusted)*

↑ \$80.7m

Up 64%

NPAT (Adjusted)*

↑ \$52.9m

Up 70%

Cash Balance

↓ \$205m

Down v 30 June 2021

Student Placement

↑ 28,200

APFs**, up 33%

English Language Testing

↑ 966,200

IELTS tests, up 79%

English Language Teaching

↓ 31,900

Courses, down 15%

Digital Marketing

↑ \$20m

Revenue, up 13%

* Adjusted EBIT, NPAT and earnings per share excludes acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project

** APF is Application Processing Fee, being the fee IDP Education receives from its client education institutions for placing students into a course



Accelerating from the rebound

Strong volume growth in IELTS and Northern Hemisphere study destinations shows resilient structural demand

Supportive industry settings

Government policy settings in all destinations increasingly aimed at attracting international students and migrants

Delivering industry-first technology solutions

Ongoing agenda of innovation reinforcing IDP's unique combination of digital and physical solutions



73% increase
in multi-destination student placement revenue



Policy Environment

Accommodative post-study work and migration policies in all key markets



500,000 downloads
of the IDP Live app, delivering faster applications for students and enhanced targeting for clients

IELTS strategy drives strong growth and product innovation



Computer-delivered growth

Added 54 computer-delivered test centres including 14 via Indian acquisition



Customer focused

Completed refresh of 54 websites and commenced IDP IELTS app project



India acquisition

Integrated British Council's IELTS operations in high-growth market



Platform modernisation

Focused on platform modernisation and expanding our product portfolio



Flexible way to take test

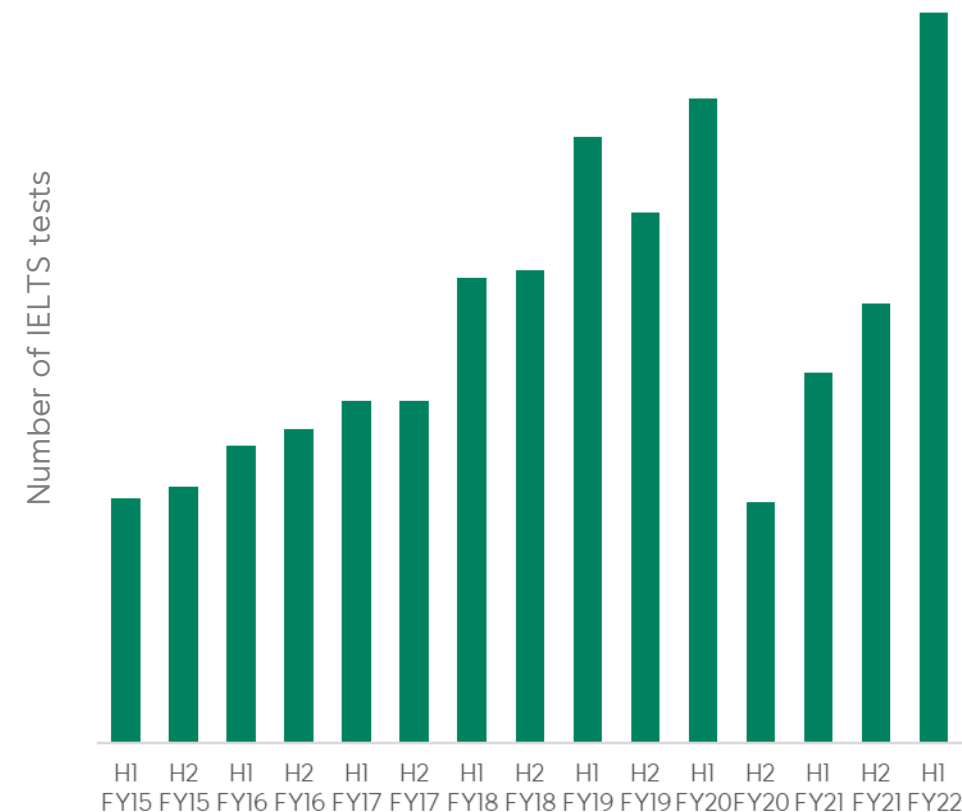
IELTS Online, a new way to take IELTS Academic, launching in H2 FY22

Successful integration of British Council's IELTS operations in high-growth India market

A unified operating model now in place in the world's largest English language testing market

Total IELTS tests in India

Expanded footprint in India	<ul style="list-style-type: none"> Now operating 37 computer-delivered centres in 21 cities, and 74 paper-based test locations
Integrated operations	<ul style="list-style-type: none"> Simplified distribution arrangements driving improved experience for test takers Financial synergies ahead of plan
Attractive growth market	<ul style="list-style-type: none"> India total IELTS volumes up 97% vs H1 FY21 (post COVID-19) and up 13% vs H1 FY20 (pre COVID-19) India has demonstrated resilience during COVID-19 and has supportive long-term demographic, wealth and global mobility fundamentals
Student Placement	<ul style="list-style-type: none"> Complementary expansion of student placement network with 27 new Indian offices launched so far in FY22 Currently 67 student placement offices in 60 cities across India



IELTS Online launches in early 2022

Providing test takers with a flexible way to take IELTS Academic



IELTS Online is the next step in enhancing the test taker experience around the world.



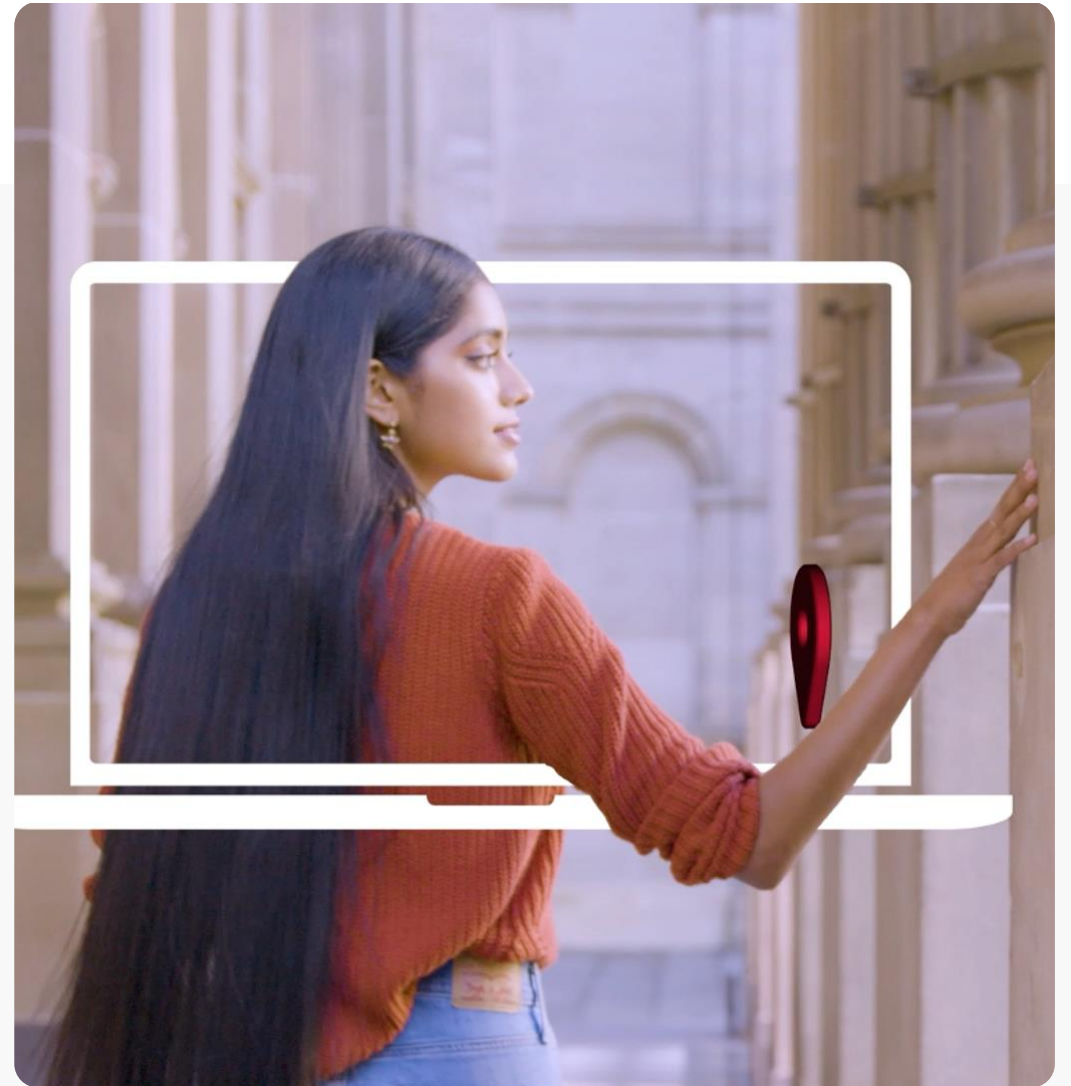
In developing IELTS Online, we are bringing all the existing benefits of IELTS for test takers and recognising organisations.



IELTS Online uses sophisticated security features to complement the expertise of IELTS examiners and rigour of the IELTS test.



By making the world's leading test available online, we aim to empower even more people to take IELTS and follow their ambitions.

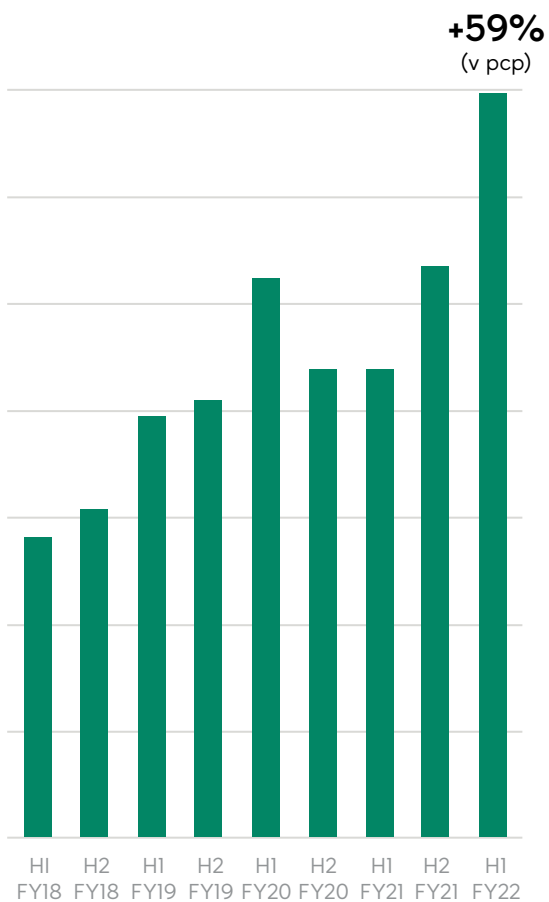


Student Placement Pipeline

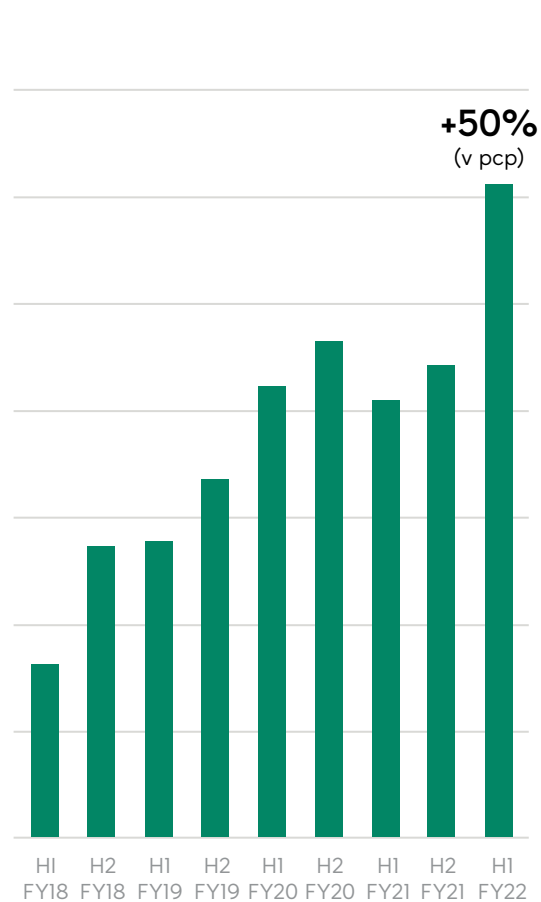
Growing demand for Northern Hemisphere countries while Australia remained subdued

UK, Canada, USA and Ireland

Qualified leads

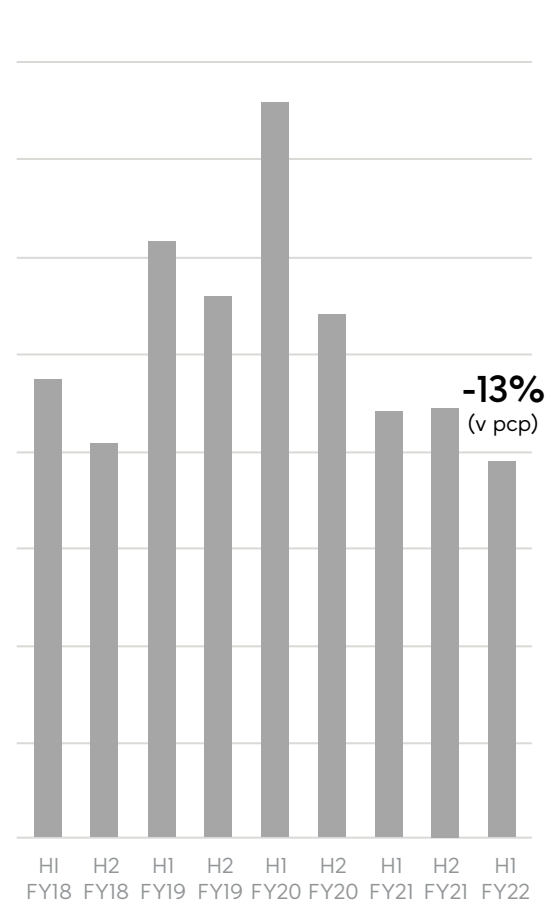


Applications

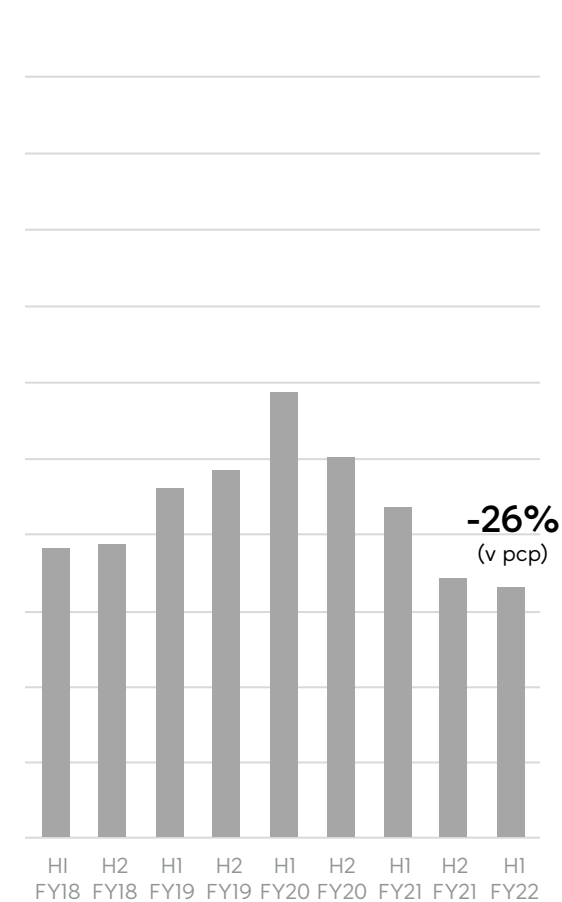


Australia and New Zealand

Qualified leads



Applications

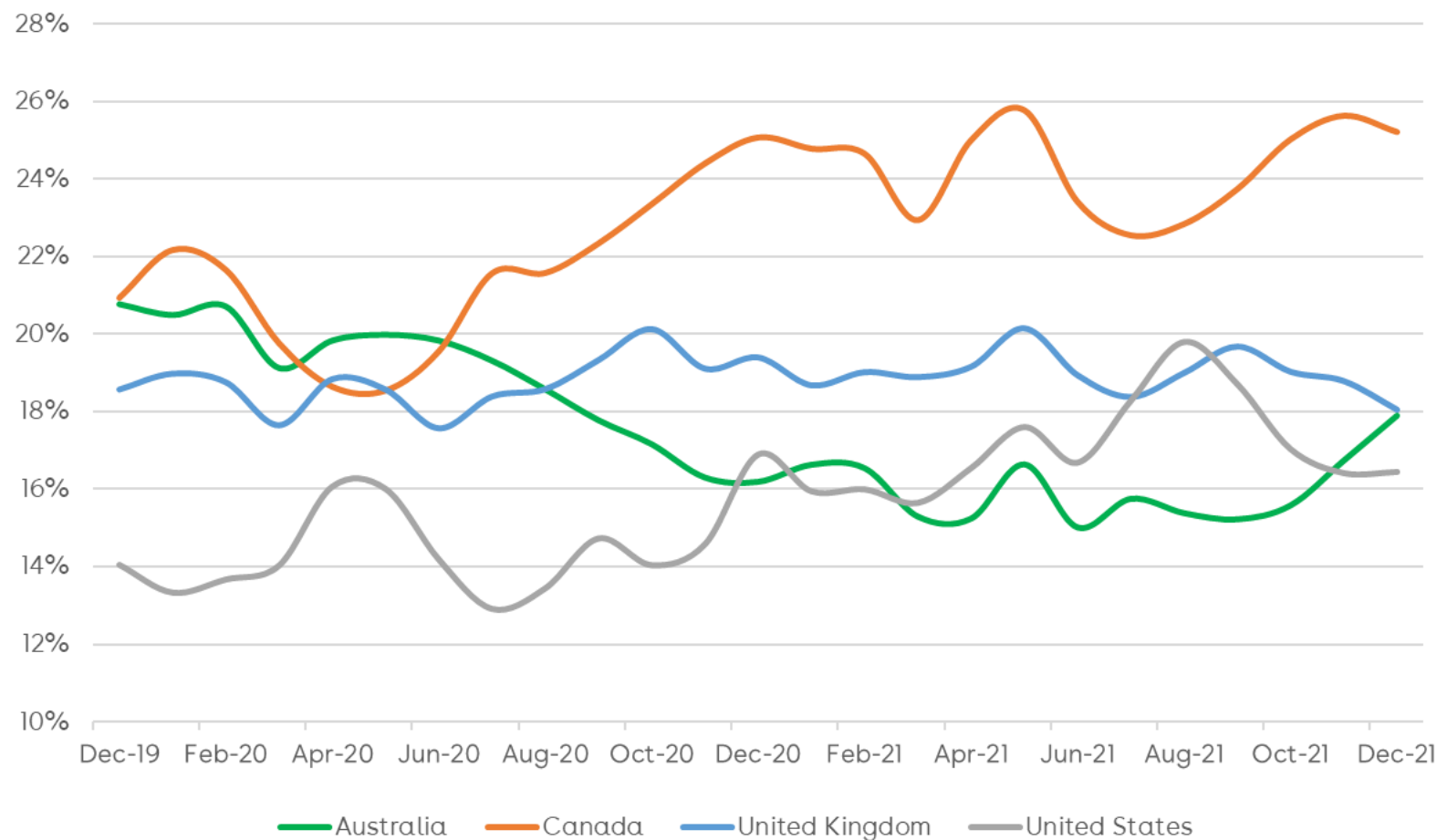


Strong desire to study abroad amid positive regulatory changes

- Canada showing continued popularity, boosted by attractive post-study work landscape
- Uptick in search interest for Australia coincides with relaxed border and post-study work extension

Student Search behaviour

Student Search by Destination*



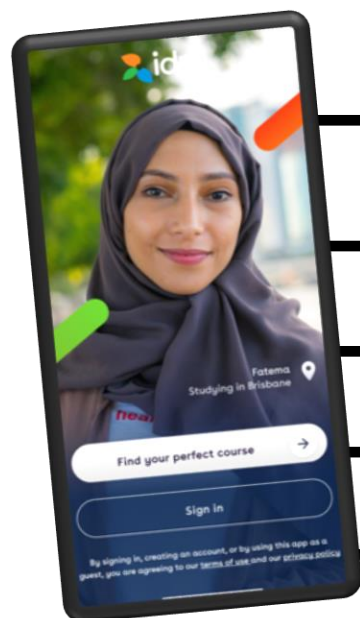
* Percentage of search interactions on Hotcourses websites in IDP's student placement source markets

Product innovation leveraging IDP's digital platform and data science capabilities

Ongoing agenda of innovation reinforcing IDP's unique combination of digital and physical solutions

IDP Live

500,000 app downloads



Recommendation Engine

Progress Tracker

Student 360

Ask IDP

IDP FastLane



Students

Empowers students to make the right choices



Counsellors

Enhances counsellor interactions with data and AI

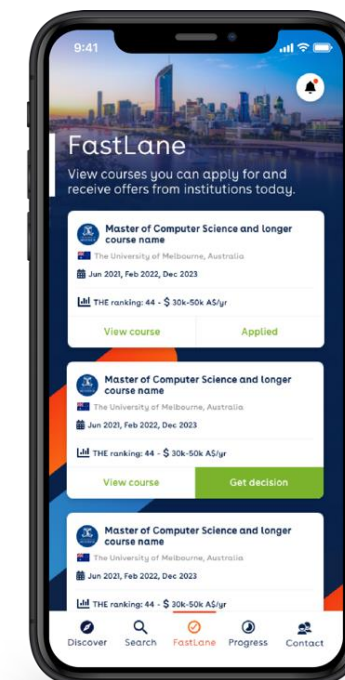


Institutions

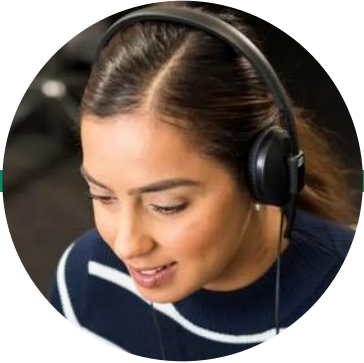
Drives recruitment volume, diversity and efficiency

FastLane

27 universities onboarded



A unique service offering across a global footprint and an ongoing agenda of digital innovation



Omnichannel counselling network

- 1,450 counsellors worldwide
- 153 offices in 30 countries
- Unique omnichannel engagement

Offering in-person and virtual support from trusted experts



Strategic partner for institutions

- Guiding institutions to build data-led strategies
- 20% YoY growth in IQ data insights services
- Leading sector research

Empowering institutions and sector with data insights



Global digital capability

- 530 person Digital Campus
- Leading infrastructure and digital platforms
- Driving sector into tech-advanced future

Finding smarter ways to respond to customer and client needs



English language testing innovation

- IELTS Online launches in early 2022
- Strategic expansion in India
- Over 320 computer-delivered test centres

Creating flexible new ways to take the world's leading test



Data science expertise

- Data science capability innovating our services
- Improved personalisation with data-driven course recommendations

Delivering personalised quality services for customers and clients

2. Financial Results



H1 FY22 Overview

64% increase in adjusted EBIT driven by a 47% increase in revenue

Income Summary Statement

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	H1 FY22	H1 FY21*	\$m	%	
English Language Testing	256.7	158.3	98.4	62%	66%
Student Placement	106.2	78.3	27.9	36%	33%
- Australia	26.6	32.4	-5.7	-18%	-18%
- Multi-destination	79.6	45.9	33.6	73%	68%
English Language Teaching	8.7	9.7	-0.9	-10%	-7%
Digital Marketing and Events	23.8	20.5	3.3	16%	15%
Other	1.3	2.3	-1.0	-43%	-43%
Total Revenue	396.8	269.1	127.7	47%	49%
Direct Costs	177.7	111.9	65.7	59%	59%
Gross Profit	219.1	157.1	62.0	39%	41%
Overhead costs	122.0	89.5	32.5	36%	38%
Share of Profit/(Loss) of Associate	-0.6	-0.3	-0.3	-121%	-125%
EBITDA	96.6	67.4	29.2	43%	45%
Depreciation & Amortisation	17.8	18.2	-0.4	-2%	-1%
Amortisation of Acquired Intangibles	0.9	0.9	0.0	2%	0%
EBIT	77.9	48.3	29.6	61%	63%
EBIT (Adjusted) ***	80.7	49.2	31.6	64%	66%
Net finance expense	-3.0	-2.6	-0.5	-19%	-22%
Profit before tax	74.8	45.7	29.1	64%	66%
Income tax expense	24.0	15.4	8.6	56%	57%
NPAT	50.8	30.3	20.5	68%	70%
NPAT (Adjusted) ***	52.9	31.1	21.9	70%	73%

- Total revenue up 49% vs pcp on a constant currency basis
- Strong rebound in IELTS revenue (+66% on a constant current basis) with volumes returning to pre pandemic levels. Additional Indian volumes from 1 August following completion of British Council acquisition.
- Multi-destination student placement revenue up 68% (constant currency). UK volume up 37% Canada volume up 71% and USA volume up 640% were the drivers of the revenue growth.
- Australian student placement impacted by border closures until mid December with revenue down 18%
- Digital Marketing revenue was up 11% vs pcp on a constant currency basis
- English Language Teaching revenue was down 7% vs pcp on a constant currency basis with higher Cambodian revenue, but Vietnam schools were down due to COVID over 50% vs pcp
- Interim dividend declared of 13.5 cps
- Excluding one-off shareholder restructuring costs and the amortisation charges for acquired intangibles the adjusted key earnings are:
 - EBIT: \$80.7m (+66% on a constant currency basis)
 - NPAT: \$52.9m (+73% on a constant currency basis)

* During FY21, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements, in particular AASB 138 Intangible Assets. Historical financial information has been restated to account for the impact of the change.

** "Constant Currency Growth" is calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

*** EBIT (Adjusted) and NPAT (Adjusted) excludes acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project

Key Operating Metrics

A strong rebound in IELTS and Northern Hemisphere student placement volumes

Summary of Key Operational Metrics

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY22	H1 FY21	'000s / \$	%	
Volumes (000s)					
English Language Testing	966.2	540.3	425.9	79%	
Student Placement	28.2	21.2	7.0	33%	
-Australia	6.7	8.0	-1.3	-17%	
-Multi-destination	21.5	13.2	8.3	63%	
English Language Teaching Courses	31.9	37.3	-5.4	-15%	
Average Test Fee (A\$)					
English Language Testing Fee	266	293	-27	-9%	-7%
Average Application Processing Fee (A\$)					
Student Placement APF	3,770	3,693	77	2%	0%
-Australia APF	3,998	4,055	-57	-1%	-1%
-Multi-destination APF	3,699	3,474	226	6%	3%
Average Course Fee (A\$)					
English Language Teaching Course fee	273	259	14	6%	9%

* "Constant Currency Growth" is calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

Volumes

- Strong IELTS volume growth in the majority of countries in H1 with Indian acquisition boosting growth to 79% vs pc
- Student placement volumes up 33% with Australia down 17% impacted by the border closure until mid-December
- UK volumes up 37% as borders remained open and students were able to travel to their institutions
- Canada volumes up 71% as the borders were open and students were able to travel despite delays in visa processing

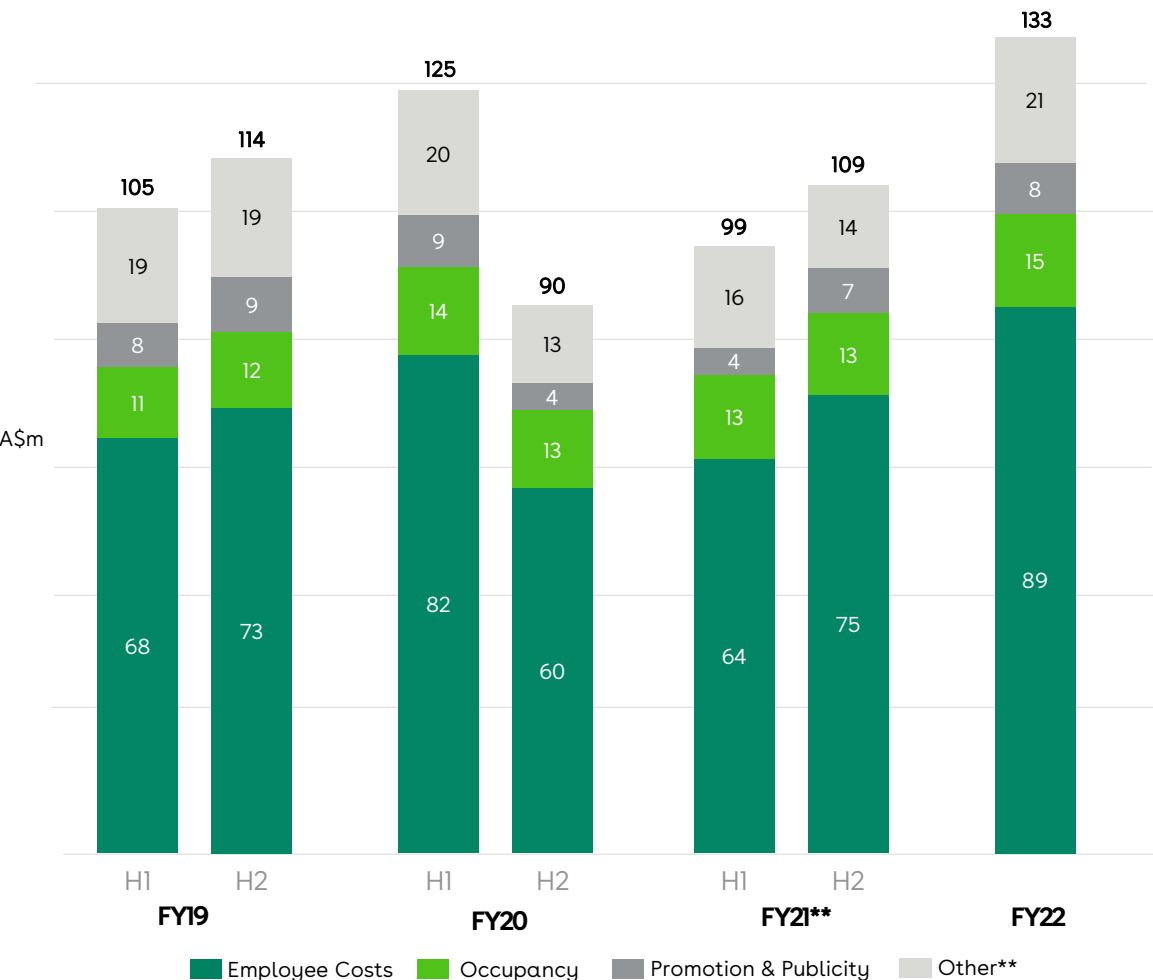
Average Price

- IELTS average price decreased by 7% on a constant currency basis as a larger proportion of tests were conducted in India at a lower average price
- The decrease in average fee for Australian student placement of 1% largely reflected increases in commission rates offset by reduced income from add-on services such as health insurance
- The increase in average fee for multi-destination included 3% favourable FX movement, an improvement in commission rates and a lower credit note provision offset by negative destination and study sector mix

Investing for future growth

Increasing overheads reflect the investments made following a period of disciplined cost controls

Overhead Costs Over Time*



- Overhead costs per month (preAASB16) averaged \$22m in H1 FY22 v \$16m in H1 FY21 and \$18m in H2 FY21
- Marketing spend increased by 73% v pcpc reflecting a focus on building the pipeline for future intakes
- Broad-based hiring resumed during the period with expansion of digital and customer facing roles designed to drive future revenue growth
- Employee costs during H1 FY22 included the completion of “make-good” payments to staff who took voluntary wage reductions during FY20 and FY21
- Occupancy costs increased 18% due to the investment in additional student placement offices and the inclusion of overheads from the Indian acquisition

* Presented on a pre-AASB16 and pre-SaaS accounting policy change (AASB138) to ensure consistency over time
** Excludes the A\$6.0m of one-off M&A expenses related to the acquisition of the British Council’s Indian IELTS operations

Consolidated Balance Sheet

Strong Balance sheet with \$205m of cash at 31 December 2021 following completion of Indian acquisition

As at 31 December 2021, A\$ million	31-Dec-21	30-Jun-21	Change
Current assets			
Cash and cash equivalents	204.5	306.9	-102.4
Trade and other receivables	69.7	72.4	-2.7
Contract assets	71.9	31.9	40.0
Other current assets	33.0	20.6	12.4
Current assets	379.1	431.8	-52.7
Non-current assets			
Intangible assets	413.2	109.5	303.7
Rights-of-use assets	78.7	79.4	-0.7
Other non-current assets	86.4	74.7	11.7
Non-current assets	578.3	263.6	314.7
Total assets	957.4	695.4	262.0
Current liabilities			
Trade and other payables	122.7	93.0	29.7
Contract liabilities	59.0	41.8	17.2
Lease liabilities	17.6	17.9	-0.3
Current tax liabilities	3.1	1.8	1.3
Other current liabilities	22.0	16.3	5.7
Current liabilities	224.4	170.8	53.6
Non-current liabilities			
Borrowings	156.4	56.7	99.7
Lease liabilities	68.9	68.5	0.4
Deferred tax liabilities	56.4	4.9	51.5
Other non-current liabilities	4.4	6.5	-2.1
Non-current liabilities	286.1	136.6	149.5
Total liabilities	510.5	307.4	203.1
Total equity	446.9	388.0	58.9

Cash

- Lower cash balance reflects the completion of the Indian acquisition which utilised \$159m of existing cash reserves

Borrowings

- Drawn borrowings balance as at 31 December 21 of \$156.4m is an increase of \$100m on the closing balance at 30 June 2021 primarily related to the acquisition of the British Council India business

Contract Assets

- Movement in contract assets primarily reflects increased student placement revenue during the period relative to H2 FY21

Intangible Assets

- Movement in intangible assets primarily relates to acquisition of the British Council India business

3. Summary



Summary

Growth accelerating

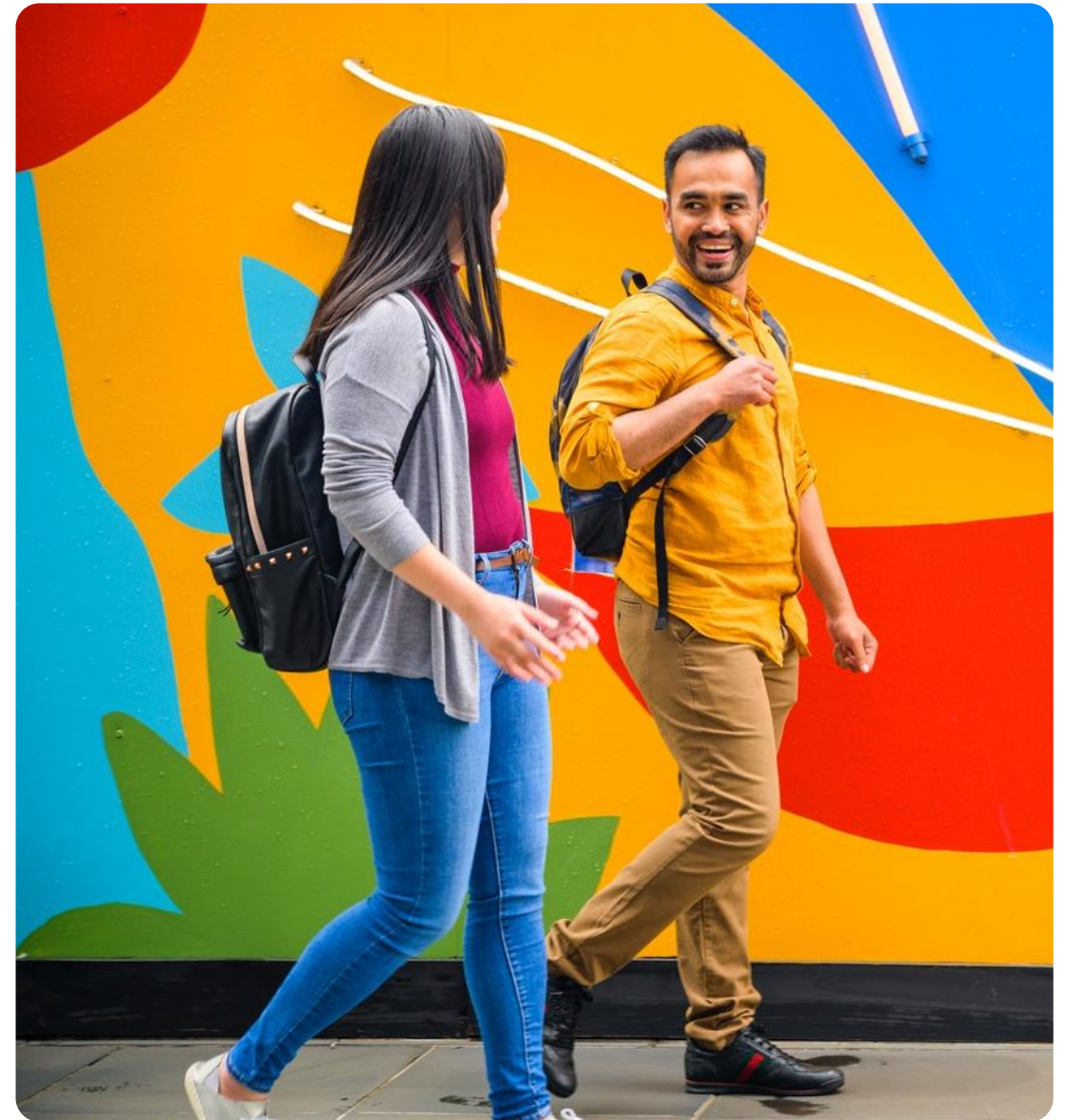
- Strong volume growth evidence of the underlying structural demand for global education and migration
- Early signs emerging of a rebound in interest in Australia as a destination

Positive global landscape

- Supportive post-study work policies in place in key destination markets
- Many countries looking to migration to support economic recoveries and offset ageing populations

Industry leadership

- A trusted brand with a unique combination of digital and physical solutions
- An ongoing program of innovation reinforces IDP's industry leadership position
- Investment in key markets to drive long-term growth



4. Appendices



Segmental Earnings

Revenue and EBIT by Geographic Segment

Six Months to 31 December	Half Year Actuals		Growth	
	HI FY22	HI FY21	\$m	%
Revenue				
Asia	287.1	161.3	125.8	78%
Australasia	19.8	22.1	-2.2	-10%
Rest of World	89.9	85.7	4.2	5%
Total Revenue	396.8	269.1	127.7	47%
EBIT				
Asia	91.5	45.8	45.7	100%
Australasia	1.4	5.0	-3.7	-73%
Rest of World	24.8	24.9	0.0	0%
Total EBIT pre corporate costs	117.7	75.7	42.0	56%
Corporate costs	-39.8	-27.4	-12.4	-45%
Total EBIT	77.9	48.3	29.6	61%

- The increase in revenue in Asia was driven by India which posted revenue growth of ~150%. The segment benefitted from the acquisition of the IELTS British Council business in India and the growth in multi-destination student placement across many source markets. Asia EBIT increased by 100% during the period with a strong contribution from the India business.
- Australasia revenue declined 10% with the Australian onshore market restricted as international students onshore were at the lowest level for more than a decade. IELTS volumes in Australia and New Zealand declined as test centres were closed or restricted for a number of months during the period. Australasia EBIT declined by 73%, a result of lower revenue and higher expenses returning to pre-pandemic levels and wage subsidies ending.
- The Rest of the World recorded solid IELTS volume growth in most markets but lower IELTS volumes in Canada impacted performance relative to pcip

Product Category Summary

Aggregate gross margins decline as English Language Testing revenue accelerates during the period

Revenue and GP by Product Segment

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	H1 FY22	H1 FY21	\$m	%	
Revenue					
English Language Testing	256.7	158.3	98.4	62%	66%
Student Placement	106.2	78.3	27.9	36%	33%
- Australia	26.6	32.4	-5.7	-18%	-18%
- Multi-destination	79.6	45.9	33.6	73%	68%
English Language Teaching	8.7	9.7	-0.9	-10%	-7%
Digital Marketing and Events	23.8	20.5	3.3	16%	15%
Other	1.3	2.3	-1.0	-43%	-43%
Total Revenue	396.8	269.1	127.7	47%	49%
Gross Profit					
English Language Testing	108.2	72.1	36.2	50%	57%
Student Placement	87.3	60.8	26.5	44%	41%
English Language Teaching	5.1	5.8	-0.7	-12%	-9%
Digital Marketing and Events	18.2	16.9	1.3	7%	6%
Other	0.3	1.5	-1.2	-80%	-80%
Total Gross Profit	219.1	157.1	62.0	39%	41%

- Group GP margin fell slightly to 55% v pcp primarily as a result of the higher contribution of English Language Testing which delivers a lower GP margin
- Student Placement GP margin has improved in H1 to 82% vs 77% in the pcp. The improvement is primarily a result of the higher proportion of students placed from India where the direct costs per student are lower and a relatively lower number of students placed from China where a proportion of students incur a sub-agent commission.
- English Language Testing GP margin has declined in H1 to 42% vs 45% in the pcp. The decline is largely a result of acquisition of the BC India IELTS business which was operating with a lower margin. There was also an impact of the wage subsidies received in FY21 for IELTS test day staff not received in FY22. The impact of lower volume and higher direct costs from the Canada market as capacity was increased on the expectation that the growth seen in the last quarter of FY21 would continue.

AASB16

Summary Income Statement pre and post AASB16

Six Months to 31 December	H1 FY22		H1 FY21*	Growth (H1 FY22 pre AASB 16 vs. H1 FY21 pre AASB 16)		Constant Currency Growth (%) ** (H1 FY22 pre AASB 16 vs. H1 FY21 pre AASB 16)
	Post AASB 16 *	Pre AASB 16		A\$m	%	
Total Revenue	396.8	396.8	269.1	127.7	47%	49%
Direct Costs	177.7	178.8	113.4	65.4	58%	58%
Gross Profit	219.1	218.0	155.7	62.3	40%	42%
Overheads						
- Employee benefits expenses	89.0	89.0	64.7	24.3	38%	40%
- Occupancy expense	4.3	15.0	13.4	1.5	11%	14%
- Promotion and publicity expense	8.0	8.0	4.2	3.8	91%	93%
- Other expenses	20.7	20.7	16.9	3.8	22%	22%
Total Overheads	122.0	132.7	99.2	33.5	34%	35%
Share of Profit/(Loss) of Associate	-0.6	-0.6	-0.3	-0.3	-121%	-125%
EBITDA	96.6	84.7	56.2	28.5	51%	53%
Depreciation & Amortisation						
- Lease Related	10.7	0.0	0.0	0.0	0%	0%
- Other expenses	7.1	7.1	7.6	-0.5	-6%	-5%
Total Depreciation & Amortisation	17.8	7.1	7.6	-0.5	-6%	-5%
Amortisation of Acquired Intangibles	0.9	0.9	0.9	0.0	2%	0%
EBIT	77.9	76.7	47.7	29.0	61%	63%
EBIT (Adjusted) ***	80.7	79.6	48.6	30.9	64%	66%
Net Finance Expense						
- Lease Related	-1.9	0.0	0.0	0.0	0%	0%
- Other expenses	-1.1	-1.1	-0.5	-0.6	-127%	-123%
Total net finance expense	-3.0	-1.1	-0.5	-0.6	-127%	-123%
Income tax expense	24.0	24.2	15.7	8.5	54%	55%
NPAT	50.8	51.4	31.5	19.9	63%	66%
NPAT (Adjusted) ***	52.9	53.5	32.2	21.3	66%	69%

* During FY21, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements. This was in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements, in particular AASB 138 Intangible Assets. 31 December 2020 financial information has been restated to account for the impact of the change.

** "Constant Currency Growth" is calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

*** EBIT (Adjusted) and NPAT (Adjusted) excludes acquired intangible amortisation and consultancy and professional expenses Incurred in shareholders' restructure project

- IDP adopted AASB16 Leases from 1 July 2019
- Pre-AASB16 overheads increased by 35% on a constant currency basis as the cost saving initiatives were ended in FY21 and investment in marketing and headcount re-commenced
- FY22 H1 Post AASB16 overhead costs were \$10.7m lower than Pre-AASB16 expense as the office rental expenses were moved to the balance sheet. The future lease commitments were capitalised and will be amortised over the life of the leases
- The amortisation of the right of use assets (leases) of \$10.7m excludes the deemed finance cost of \$1.9m for those leases

Cashflow

Summary of cashflow

Six Months to 31 December	Half Year Actuals		Growth	
	H1 FY22	H1 FY21 *	\$m	%
EBITDA	96.6	67.4	29.2	43%
Non-cash items	3.1	2.1	1.0	48%
Change in working capital	3.1	-8.0	11.1	-139%
Income Tax Paid	-24.9	-8.0	-16.9	211%
Net interest paid	-2.3	-1.4	-0.9	64%
Operating cash flow	75.6	52.1	23.5	45%
Payments for acquisition of a subsidiary	-259.1	0.0	-259.1	N/A
Payments for investment in associates	-0.2	0.0	-0.2	N/A
Capital Expenditure	-11.2	-7.3	-3.9	53%
Net cash flow before Financing	-194.9	44.8	-239.7	-535%
Proceeds from exercise of share options	0.0	0.4	-0.4	-100%
Payments for Treasury Shares	-0.1	-5.9	5.8	-98%
Proceeds from Borrowings	100.0	0.0	100.0	N/A
Repayment of Lease liabilities	-9.6	-9.5	-0.1	1%
Dividend Payments	0.0	-42.0	42.0	-100%
Effect of FX on cash holdings in foreign currency	2.2	-2.1	4.3	-205%
Net Cash Flow	-102.4	-14.3	-88.1	615%

- GOCF** of \$102.8m reflects 106% conversion from reported EBITDA
- Capital expenditure was 53% higher than FY21 levels with increased investment on strategic initiatives - \$4.4m spent on transformation and modernisation of the IELTS technology platform, \$2.5m spent on the digital transformation of student placement including IDP Live, and \$0.9m on a new billing system the major spends
- The favourable movement in working capital as at 31 December 2021 is primarily related to the increase in IELTS volumes where cash is paid in advance of the test

* During FY21, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements. This was in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements, in particular AASB 138 Intangible Assets. 31 December 2020 financial information has been restated to account for the impact of the change. Refer to note 1(iv) of the Financial Statements for further details.

** Gross Operating Cash Flow (GOCF) calculated as Operating Cash Flow less Net Interest less Income Tax paid

