

4 April 2017

## **Navitas Investor Strategy Day presentation**

Global education services provider Navitas Limited (ASX: NVT) is pleased to provide the full management PowerPoint slides being presented today at the Navitas Investor Strategy Day.

The Investor Day can be viewed live via webcast from 9.30am (AEST) onwards using this link <http://edge.media-server.com/m/p/n38asc6v>.

Following the event a recording of the webcast will be made available via the Audio and Video Announcements section of Navitas' website at <http://www.navitas.com/corporate/investors>.

-----ENDS-----

### **For further information contact:**

James Fuller  
Head of Investor Relations  
Navitas Limited  
Tel: +61 8 9314 9617  
Mob: +61 488 093 763

### **About Navitas**

Navitas is a leading global education provider that offers an extensive range of educational services through three major Divisions to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX100 company. Further details about Navitas are available at [navitas.com](http://navitas.com)



Navitas Ltd

**Head Office**  
Level 8, Brookfield Place  
125 St Georges Terrace  
Perth WA 6000 Australia

ABN 69 109 613 309

**Main Details**  
T +61 8 9314 9600  
F +61 8 9314 9699  
E [info@navitas.com](mailto:info@navitas.com)  
W [navitas.com](http://navitas.com)

# Navitas Investor Strategy Day

4 April 2017



# Disclaimer

- This document has been prepared by Navitas Limited ABN 69 109 613 309 ("Navitas" or the "Company"). Information in this document should be read in conjunction with other Navitas announcements made to the ASX and available at [www.navitas.com](http://www.navitas.com) or [www.asx.com](http://www.asx.com). By accessing or attending this presentation you acknowledge that you have read, understood and agree with the following statements.
- This document has been prepared for information purposes only and does not take into account your individual investment objectives, including the merits and risks involved in an investment in Navitas shares, or your financial situation or particular needs, and is not investment, financial product, legal, tax or accounting advice or opinion.
- You should make your own independent investigation and assessment of Navitas and its shares and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances. An investment in Navitas shares is subject to investment and other known and unknown risks, some of which are beyond the control of Navitas, including possible delays in repayment and loss of income and principal invested. Navitas does not guarantee any particular rate of return or the performance of Navitas, nor does it guarantee the repayment of capital from Navitas or any particular tax treatment.
- No representation, warranty or guarantee, express or implied, is made by Navitas, its subsidiaries or their respective directors, officers, employees or agents, nor any other person (the "Beneficiaries") as to the fairness, accuracy, completeness, reliability or correctness of the information, opinions and conclusions contained in this document (including, without limitation, any estimates, calculations, projections or forward looking statements). No action should be taken on the basis of the information, and no reliance may be placed for any purpose on the accuracy or completeness of the information or opinions contained in this document. To the maximum extent permitted by law, the Beneficiaries exclude and disclaim all liability, including, without limitation, any liability arising from fault or negligence, for any direct or indirect loss or damage which may be suffered by any person through relying on anything contained in or omitted from this document.
- The distribution of this document in jurisdictions other than Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.
- This document does not constitute an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of Navitas shares in any jurisdiction.
- All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.

# Glossary

**ACAP** – Australian College of Applied Psychology

**AMEP** – Adult Migrant English Program

**ASX** – Australian Securities Exchange

**C&I** – Careers and Industry

**CPS** – Cents Per Share

**EBITDA** – Earnings Before Interest Tax, Depreciation and Amortisation

**ELICOS** – English Language Intensive Courses for Overseas Students

**HE** – Higher Education

**HSA** – Health Skills Australia

**NCPS** – Navitas College of Public Safety

**NPAT** – Net Profit After Tax

**PCP** – Prior Corresponding Period

**PEP** – Professional and English Programs

**SAE** – School of Audio Engineering, now known as SAE

**SAIBT** – South Australian Institute of Business and Technology

**SEE** – Skills for Education and Employment

**SSVF** – Simplified Student Visa Framework

**UP** – University Partnerships

**VET** – Vocational Education and Training

**VFH** – VET FEE-HELP

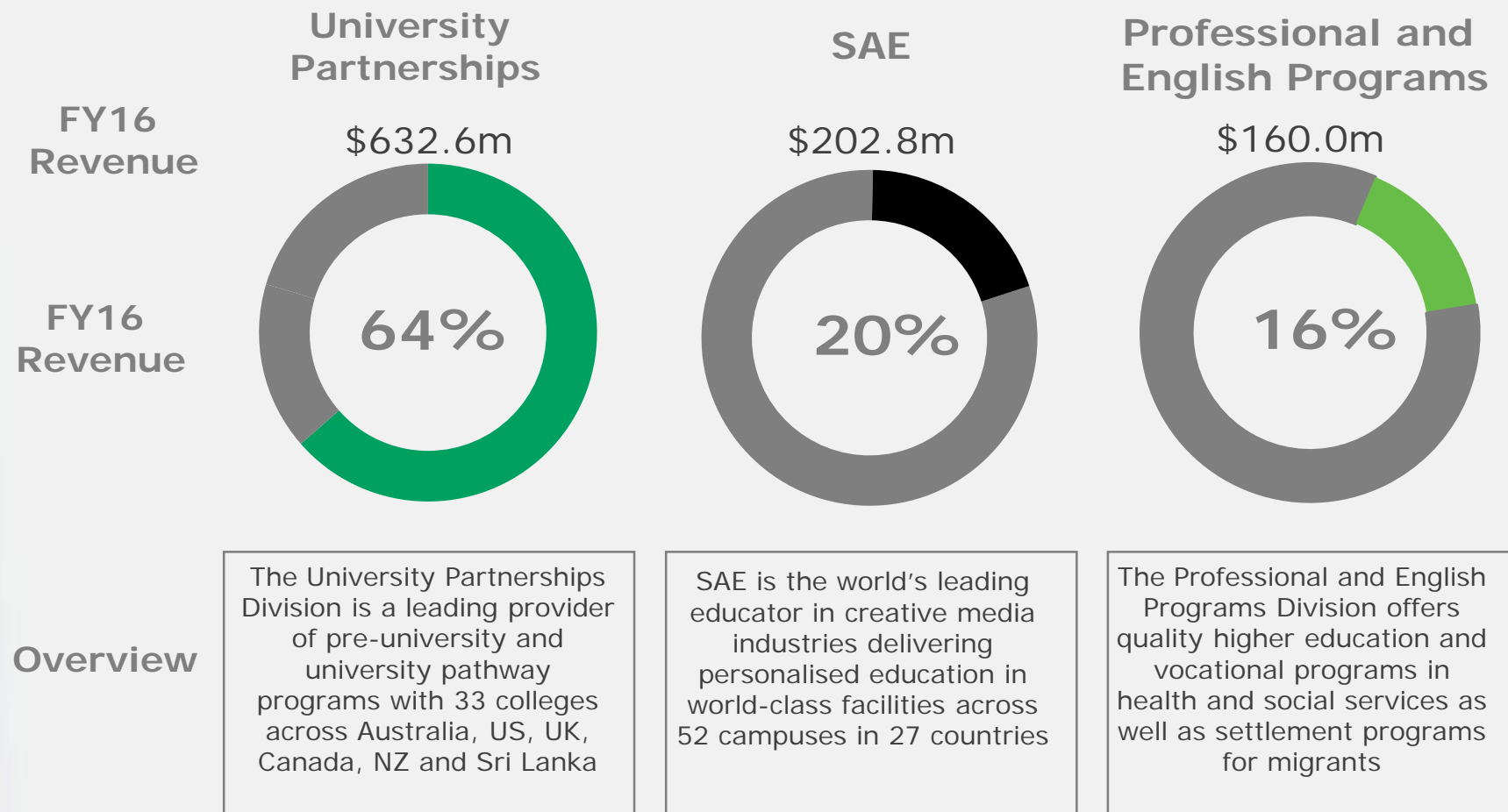
**WACC** – Weighted Average Cost of Capital

# Agenda

Welcome	Rod Jones - Group CEO
Strategy development and outcomes	Patrick Brothers – Chief Development Officer
Group strategy and KPI's	Rod Jones - Group CEO
Q&A	
Morning tea	
University Partnerships strategy	John Wood – CEO University Partnerships, Australasia
Careers and Industry strategy	Scott Jones – CEO Careers and Industry
Navitas Ventures strategy	Patrick Brothers – Chief Development Officer
Financial summary	David Buckingham, Chief Financial Officer
Q&A	
Lunch	

# About Navitas

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 and is an ASX100 company.





# Patrick Brothers

## Chief Development Officer



# Setting our strategic direction

Three simple questions drove the development of our strategy

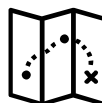
## Where are we now?



Confirming our strategic position, core capabilities and conducting a diagnostic of our markets and portfolio to evaluate our strengths, weaknesses, opportunities and threats.

Part One

## Where do we want to be?



Developing a clear direction and prioritising a handful of key focus areas that leverage our strengths and reposition Navitas with key opportunities we can pursue and measure.

Part Two

## How do we get there?



Planning, resourcing and executing the plan to get from where we are today to where we want to be. Disciplined execution of our strategy following specific, measurable KPIs.

Part Three



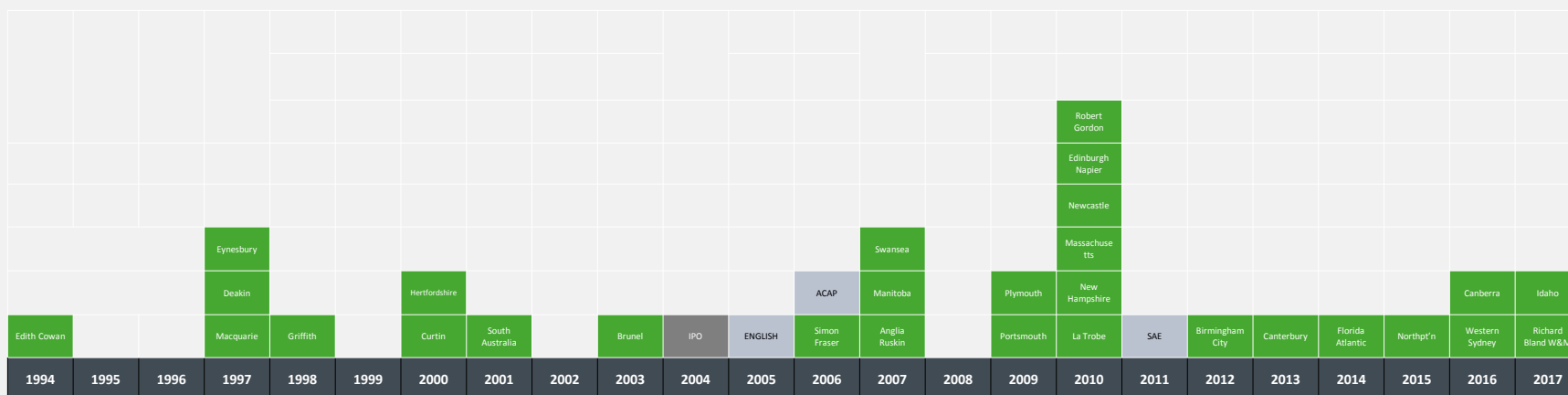
**23 years of building partnerships in higher education and progressively entering focused and niche tertiary education segments.**

## REPOSITIONING FOR THE NEXT WAVE OF FOCUSED GROWTH

# Startup and Scale

# Expansion

# Consolidation



# Our core purpose is transforming lives by increasing student access to quality tertiary education

Our purpose and values have not changed since founding and are core to our strategy



**Drive** to achieve and advance together



**Adventurous** in mind and spirit



**Conviction** in our purpose and potential



**Genuine** in the way we behave and deliver



**Rigour** to enhance our professional reputation and credibility



**Respect** by celebrating, valuing and caring for people and the environment

# Granular portfolio review

Four perspectives drove our analysis around the shape and direction of Navitas

Navitas' portfolio was disaggregated into each campus, college and business unit and analysed through the lens of the four questions below. This approach is also used to evaluate prospective opportunities, delivering a comprehensive assessment of Navitas' portfolio.

## Market



**What is the potential of the business within the group?**

### Market attractiveness

Market size  
Market growth

### Competitive position

Market share  
Relative growth

## Value



**How does that potential translate into value creation?**

### Quality

Student outcomes and student experience  
Partner Outcomes

### Efficiency

Margin expansion  
Capital intensity  
Cash flow conversion  
Speed

### Growth

Economic Value Added

## Risk



**What risk-adjusted value has/can it deliver?**

### Volatility

Market volatility  
Momentum  
Contractual/JV position

## Logic



**Does the BU benefit from the corporate parent?**

### Standalone Potential

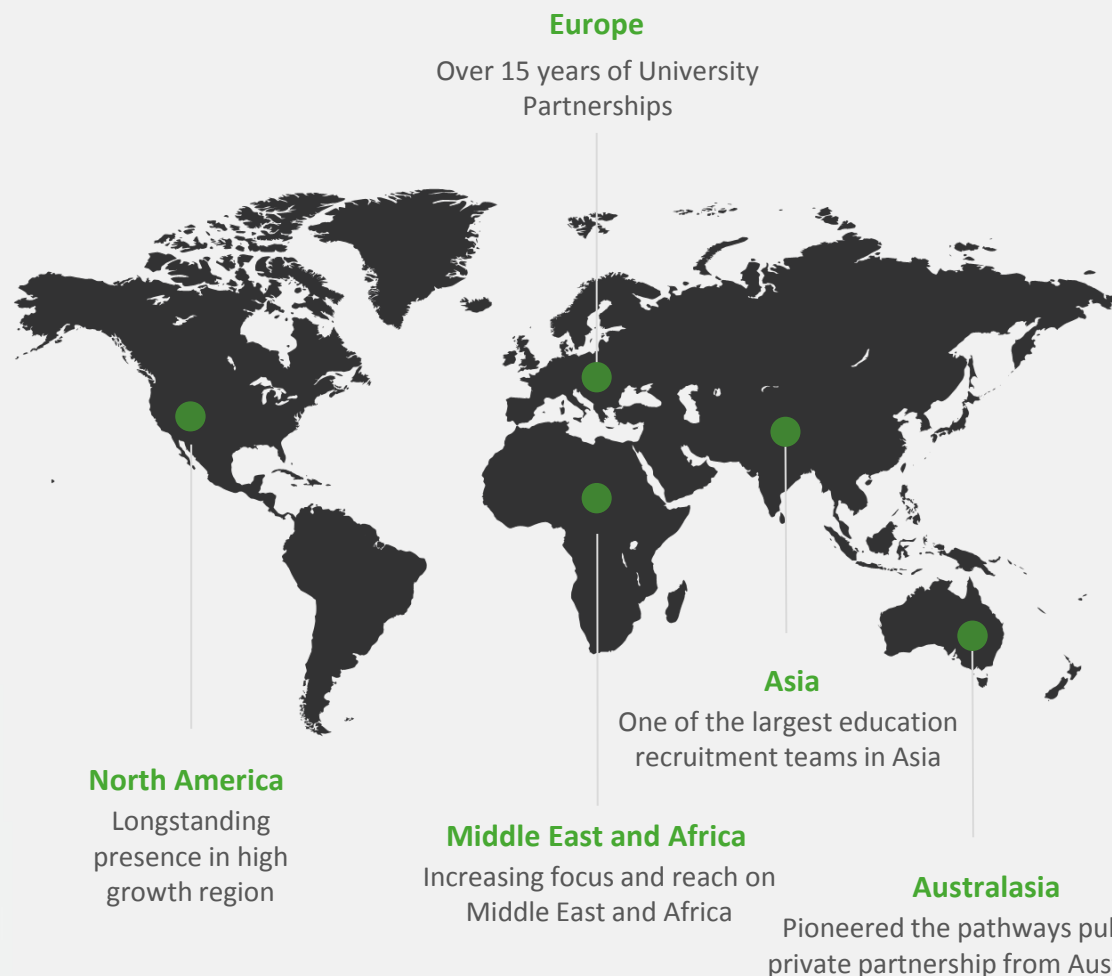
What is the businesses potential on a standalone basis?

### Parenting & Linkage fit

What synergies arise from Navitas ownership and benefits from linkages with other business units in the portfolio?

# Core capabilities

The portfolio assessment highlighted core strengths and capabilities of the organisation as a whole



23+ years of student outcomes

Longstanding strategic partnerships

Talent in ~50 countries around world

Highly operationally and capital efficient

Track record of prioritising quality

# Where do we want to be

Three simple questions drove the development of our strategy

## Where are we now?



Confirming our strategic position, core capabilities and conducting a diagnostic of our markets and portfolio to evaluate our strengths, weaknesses, opportunities and threats.

**Part One**

## Where do we want to be?



Developing a clear direction and prioritising a handful of key focus areas that leverage our strengths and reposition Navitas with key opportunities we can pursue and measure.

**Part Two**

## How do we get there?



Planning, resourcing and executing the plan to get from where we are today to where we want to be. Disciplined execution of our strategy following specific, measurable KPIs.

**Part Three**



# Education is changing



# Key trends

## Global macro trends

### Demographics

Middle class youth bulge, aging developed mkt population, millennials

### Digital

Mobile, big data, social, cloud, Artificial Intelligence, virtual reality, robotics

### Global economic transformation

Industry 4.0, automation, emerging market industrialisation / rebalancing

### Challenged public finances

Falling labour productivity, perpetual govt. deficit, constrained public funding

## Global education trends

### Skills mismatch

Mismatch of education outcomes and hard / soft skills needed by industry

### New T&L models

Mobility, personalisation, social, gamification, value chain disaggregation

### Education system reform

Emerging mkt. investment, incl. private sector involvement, funding models

### Rising student debt

Pass through of costs to students in form of higher prices (\$100k degree)

### EdTech enabled competition

Record investment, scale, cloud based access to teachers and learners

## National trends

### Nationalist immigration policies

BREXIT, Trump Presidency, potential reversal of globalisation

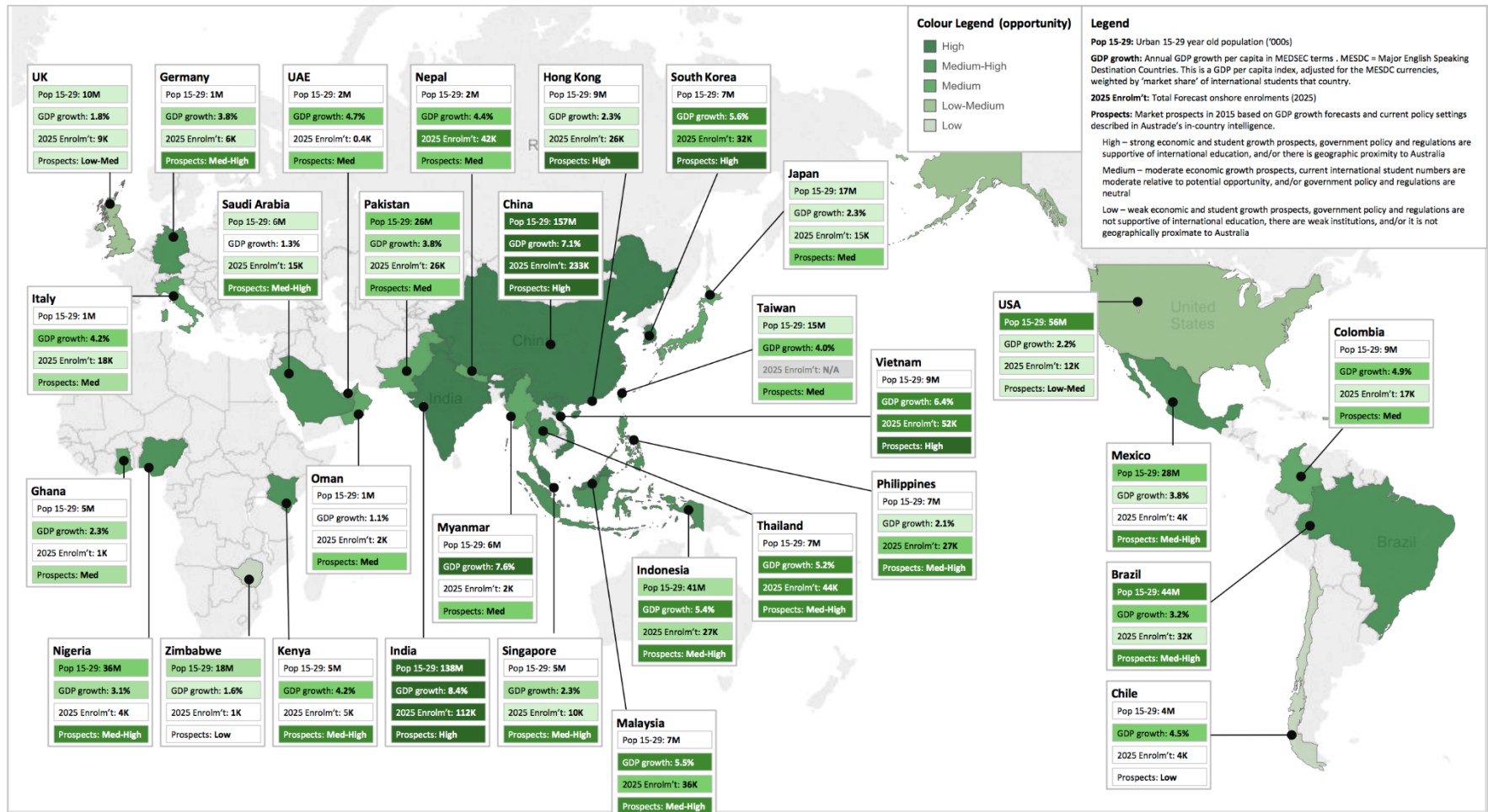
### Changing support for mobility

Low oil price impacting scholarships vs. new foreign affairs agreements (TPP etc.)

### European refugee influx

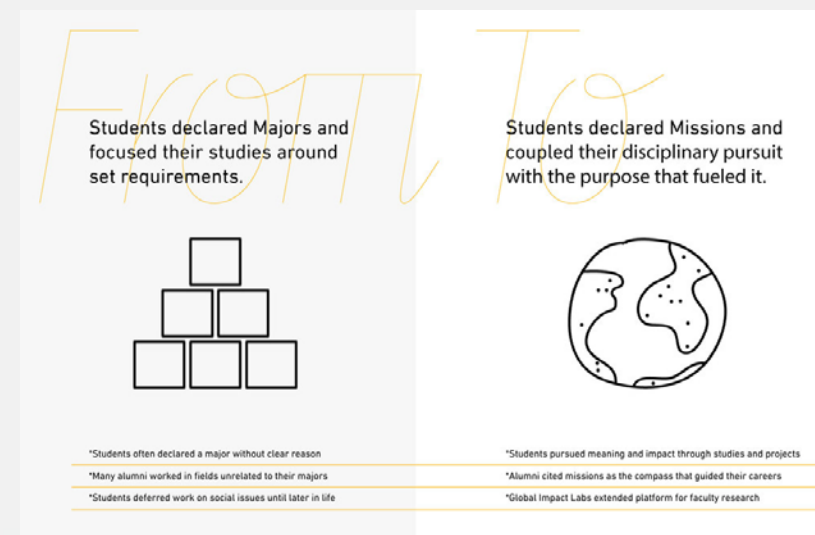
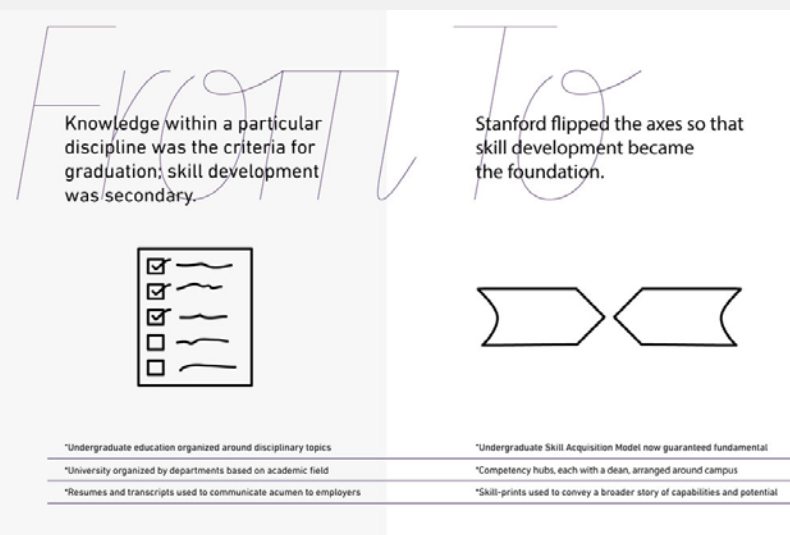
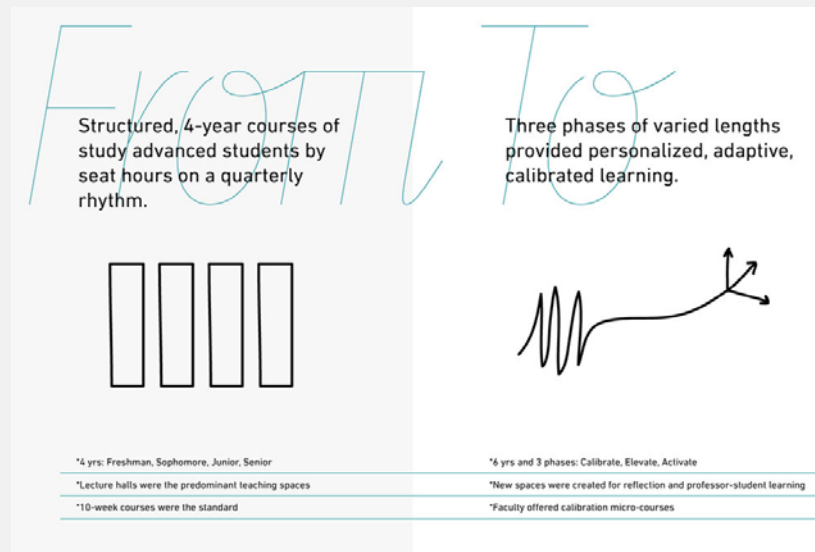
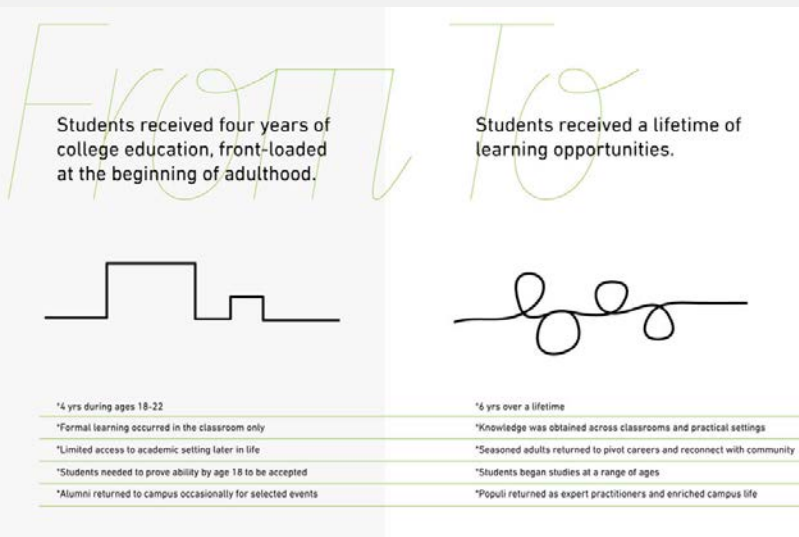
War in the middle east, influx of refugees, impact on education systems

# We see strong growth in international student mobility











# Long term structural scenarios

Stanford's 2025 project provides a case study for how Universities are exploring undergraduate experiences for the future.



# Higher Education in 2025

## Navitas' view on the most probable scenario for the future of higher education

-  1.1B borderless learner opportunity available to the right providers
-  Larger, more diverse international student market, with an over-supply of study options
-  Method of learning will fundamentally change – blended, self-paced, personalised
-  Employment outcomes and RoI will become the decision-making factor for most students
-  Education providers will need to find their place within the lifetime learning journey
-  Universities expected to remain dominant HE destination, but will be economically challenged
-  Public-private partnerships will increase across the whole value chain, and play a key role in university reform
-  Other parts of the value chain – especially recruitment - will experience more radical disruption



# Consequently, Navitas now has three areas of focus

## University Partnerships



Building strategic partnerships with Universities around the world to support their internationalisation and broader transformation agenda.

## Industry Focused Tertiary Education



Delivering students high quality, employment outcomes focused education in key segments with high employment prospects.

## Education Innovation and Technology



Accelerating innovation in education leveraging Navitas' global footprint, University, Industry and Government partnerships.

# How do we get there?

Three simple questions drove the development of our strategy

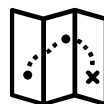
## Where are we now?



Confirming our strategic position, core capabilities and conducting a diagnostic of our markets and portfolio to evaluate our strengths, weaknesses, opportunities and threats.

Part One

## Where do we want to be?



Developing a clear direction and prioritising a handful of key focus areas that leverage our strengths and reposition Navitas with key opportunities we can pursue and measure.

Part Two

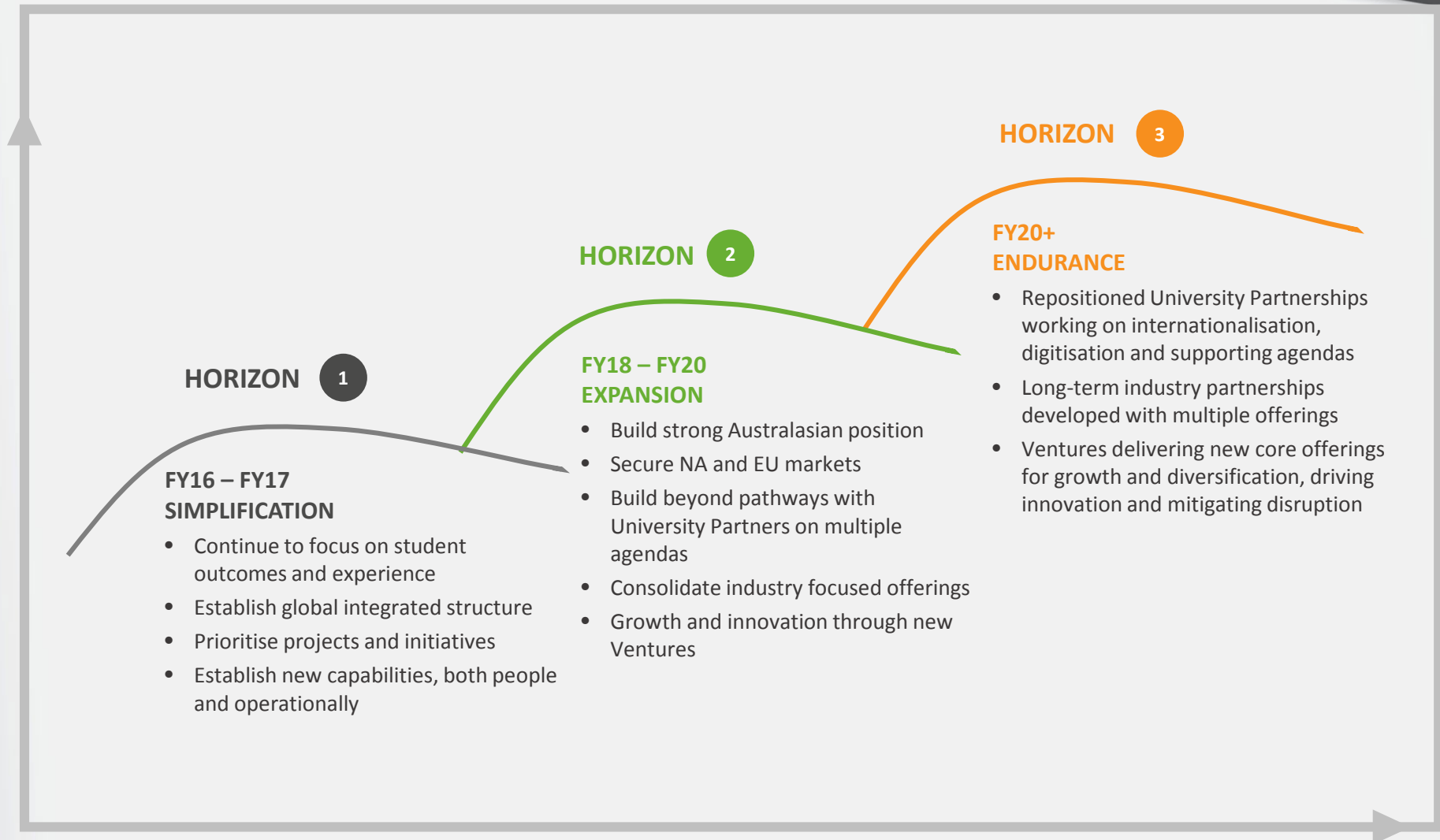
## How do we get there?



Planning, resourcing and executing the plan to get from where we are today to where we want to be. Disciplined execution of our strategy following specific, measurable KPIs.

Part Three

# We have a medium term plan to reposition Navitas



# Global Transformation

We are part way through a whole of organisation transformation

## Complete

FY16 – FY17

## Underway

FY17 – FY18

## Planning

FY18+

**Global Learning & Teaching Team**  
Provides L&T leadership across all regions and colleges

Develops and shares best practice

Explores new ways of delivering education

Develops and implements Professional Development for Academic staff

**Optimal College – Australasia**  
All colleges reviewed to identify optimal structure and roles

Colleges now highly focused on academic outcomes, student experience and relationship management.

Most support services now located in shared services.

**Optimal College NA and EU**  
Adapted for North America and Europe to consider regional differences and lessons learnt.

**Shared Services.** Three global centres created in Sydney, Oxford and Boston.

**Finance.** Complete by end of FY17. All transactional finance processes. Improves efficiency, talent management and sharing of best practice. Commercial support remains in colleges

**HR.** Aus complete by FY17, other regions FY18. All transactional and advisory processes. Improves efficiency and best practice

**IT.** Planning underway for FY18

**Systems.** Review and upgrade of key systems. Student Management. New HRIS. Final stages of global Oracle rollout. Business intelligence platform.

**UP Portfolio Review.**  
Ongoing review of portfolio.

**Operating Model.** Enhancements to governance, structure, processes and talent at a group level to deliver global quality /consistency with local execution.

**SAE Portfolio Review.**  
4 sub-scale campuses closed

Property review and lease cost reduction.

**Global Recruitment Team.** 170 FTE in source markets aligned to divisions.

FY17 focus on efficiency, FY18 focus on growth.

**PEP Portfolio Review**  
Low growth businesses closed or exited like Cadre

Restructure underway including online and centralised admissions, channel development incl online.

# Rod Jones

## Group Chief Executive Officer

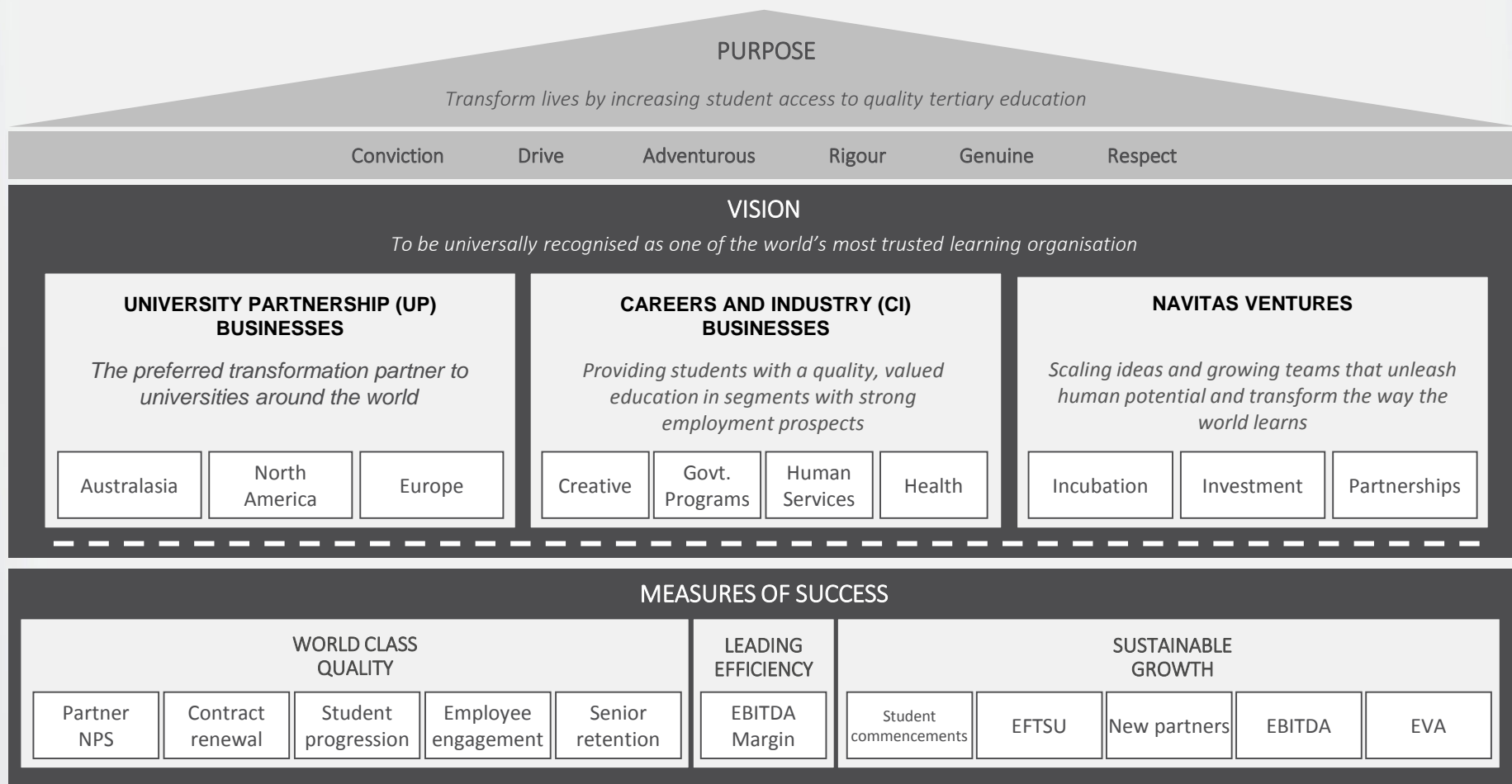







# 2020 Vision



# Clear strategic direction aligned with operational goals



# Group KPI's – by 2020

 <b>Quality</b>	 <b>Efficiency</b>	 <b>Growth</b>
<p><b>2%</b> pass rates improvement to 84% – University Partnerships</p>	<p><b>18%</b> Group EBITDA margin</p>	<p><b>5%*</b> revenue CAGR</p>
<p><b>3%</b> retention rate improvement to 90% – University Partnerships</p>	<p><b>20%</b> SAE EBITDA margin</p>	<p><b>5%</b> University Partnerships EFTSU CAGR</p>
	<p><b>&lt; \$20m</b> capex per annum</p>	<p><b>5 new</b> University Partnerships agreements</p>

\* Note: Based on constant currency and CAGR calculated assuming AMEP revenue reduction excluded from FY17 to FY20. This reduces to 3% CAGR against FY17 Group revenue if AMEP revenue is included



Q&A

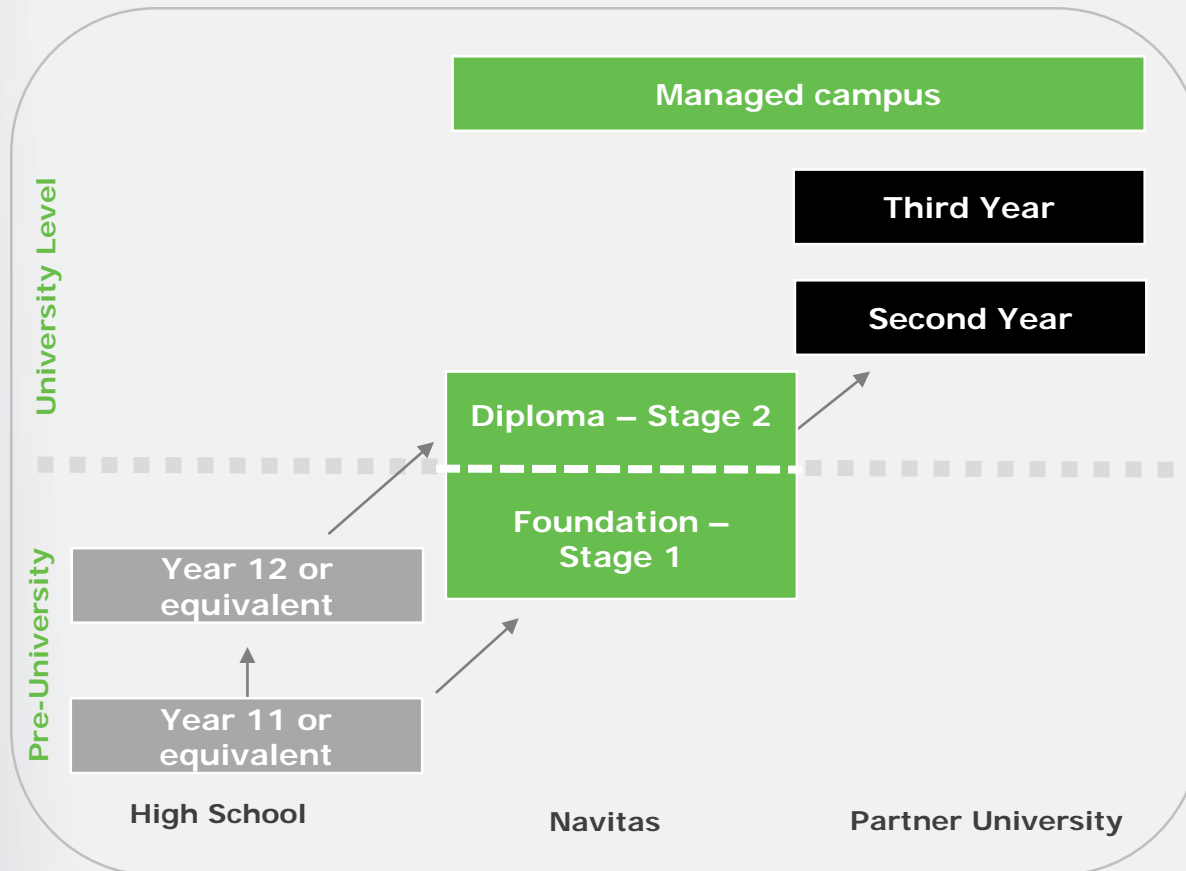
# John Wood CEO, University Partnerships Australasia



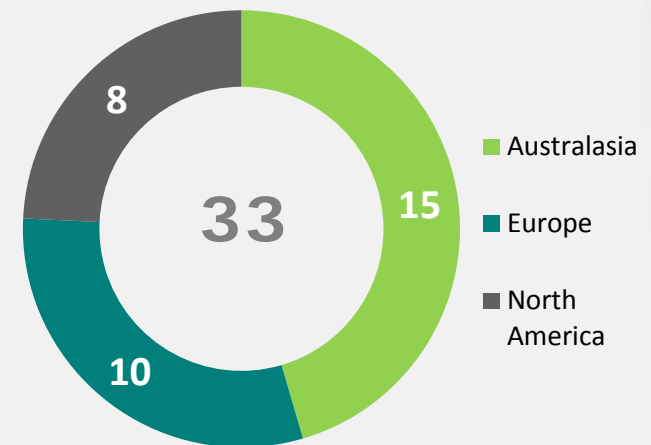


# University Partnerships

Providing pre-university, managed campus and university pathway programs which increase students' access to higher education and prepare them for future success



UP Colleges across 3 main regions

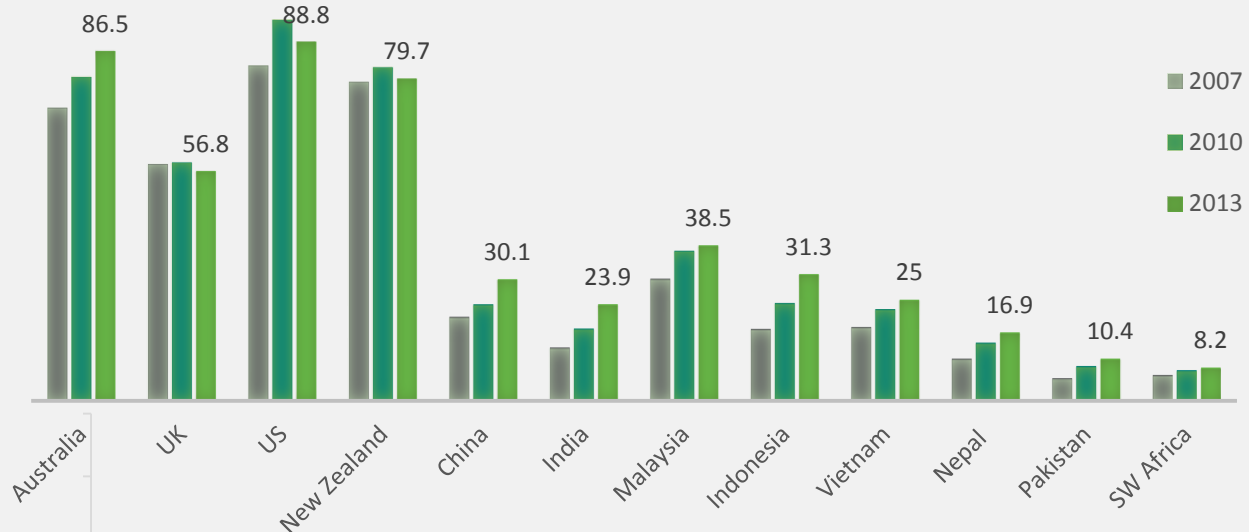


# Pathway programs driven by strong demand for tertiary education globally



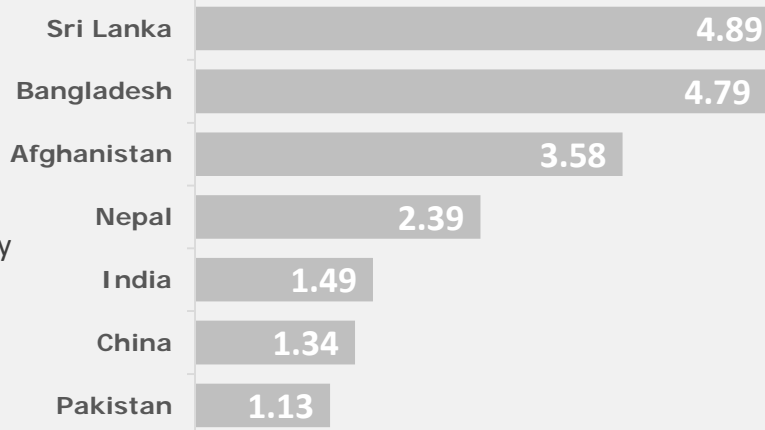
Low ratio of tertiary education in developing countries

Ratio of tertiary enrolments (%)



Lack of local tertiary education infrastructure and population growth

Number of 'A' level students per available university spaces



Increasing middle class wealth

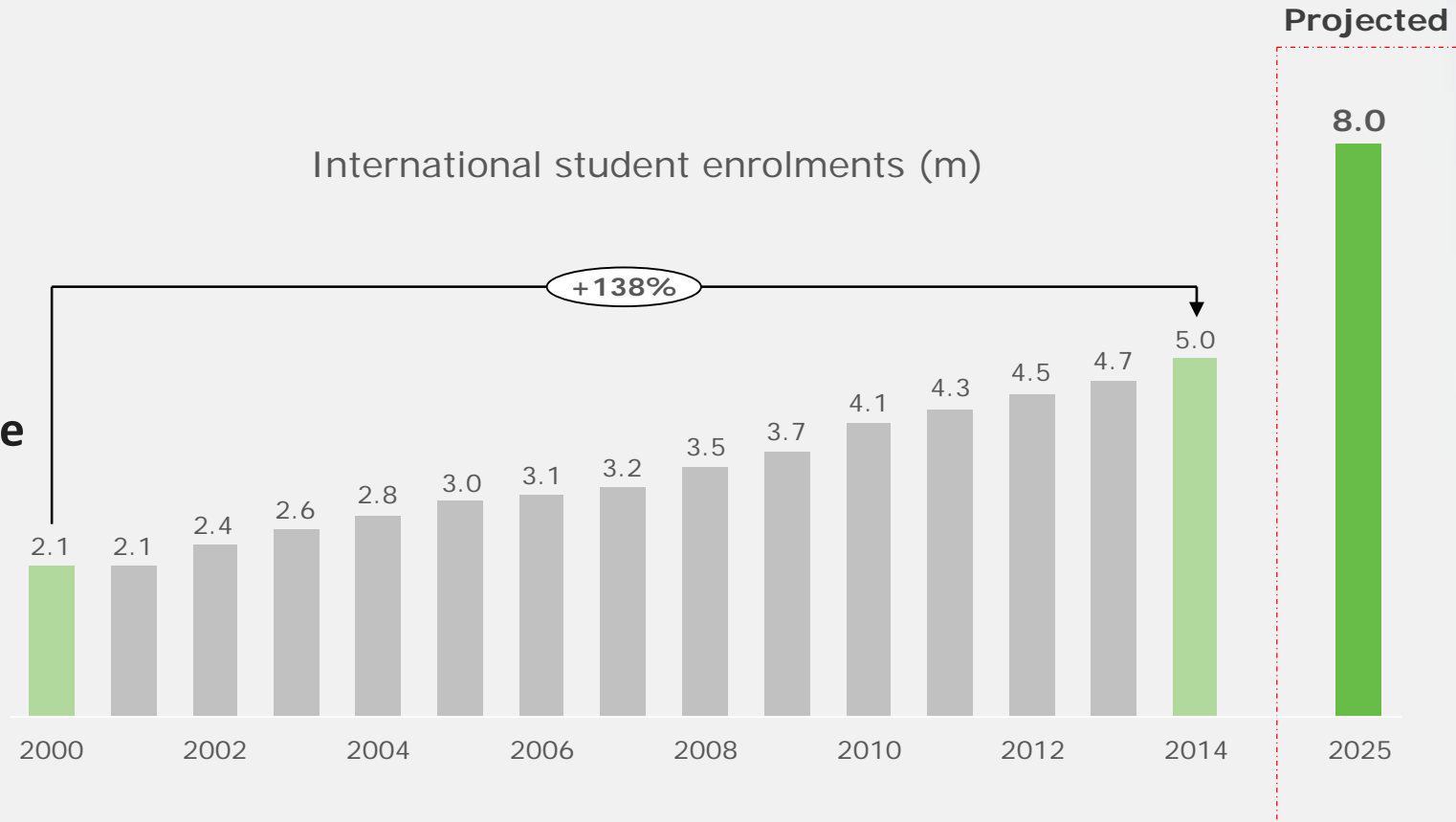
**By 2030 over 3.0 billion people in the Asia Pacific region will be counted as middle class – a 600% increase on 2009**

# Growth in overseas education continues and is projected to grow



More students travelling overseas to study

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



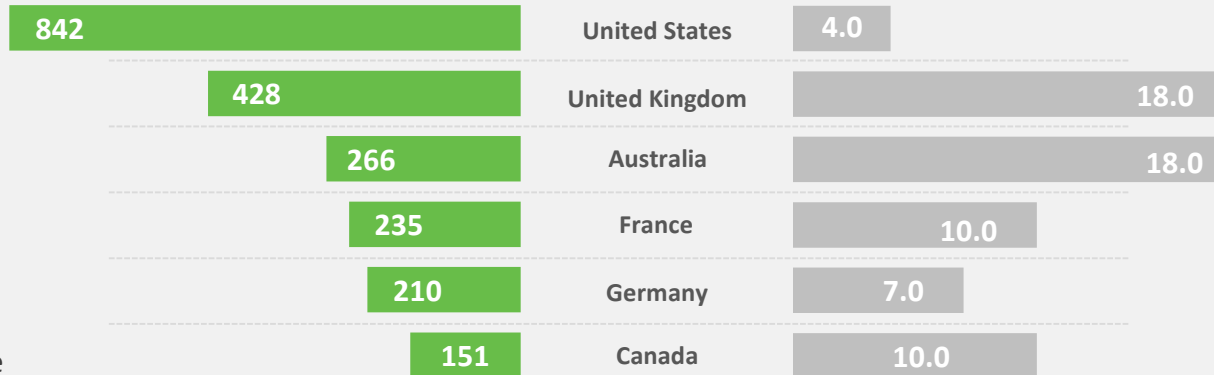
Source: *Global Trends and Disruptors in International Student Mobility*, ICEF, Aug 2016; UNESCO Institute of Statistics, 2016; *Education at a Glance*, OECD 2015

# Key destinations continue to dominate

## Key destination countries of global international students

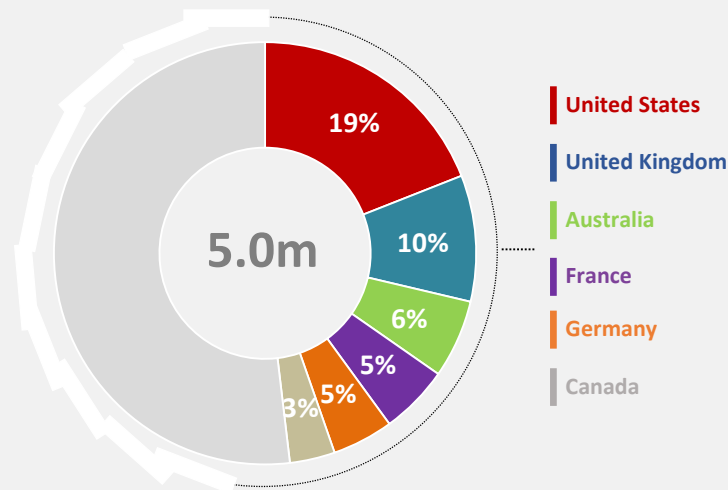
Number of international higher education students (000s)

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 2015/2016; *i-Graduate survey*, 2015.

# New international education markets



## AUSTRALIA

Has international education strategy, attractive post-study work rights and aims to attract up to 950,000 Intl. students by 2025



## UK

Has an international education strategy and aims to increase the number of HE Intl. students by 90,000 students by 2018.



## CANADA

Greater government spend on marketing Canada as a student destination and aims to double the number of Intl. students by 2022.



## NEW ZEALAND

Has an established national tertiary education strategy and aims to double export economic value of education to \$5b by 2025.



## USA

Total international students now exceed 1.0m. New administration bringing challenges.



## SINGAPORE

Completed review of Uni. education with plans to expand domestic places, (from 27% to 40% by 2020)



## Sri-Lanka

Government opens up HE system to private sector. Aims to attract 50k Intl students and 10 foreign uni's by 2020.



## Egypt

Aim to be regional education hub and has new Intl. recruitment strategy to grow quadruple enrolments.



## SAUDI ARABIA

US\$21.33b investment in education over 5 years, international scholarship program and incentives to attract foreign universities.



## QATAR

Significant investment to attract internationally recognised universities to Education City, co-locating institutions in a large campus



## UAE

Abu Dhabi, Dubai and Ras al-Khaimah establishing education hubs. Significant financial investment and foreign university interest



## SOUTH AFRICA

Africa's main education hub has introduced attractive immigration policies and actively recruiting international students.



## BOTSWANA

Established coordinating office to create a regional education hub and has a promotional campaign to attract regional students.



## MALAYSIA

National blueprint for higher education, established new promotional agency and aims to attract 250,000 Intl. students by 2025.



## SOUTH KOREA

Government opening up market to foreign education providers and aims to double the number of international students to 200,000 by 2020.



## JAPAN

Introducing economic and educational reforms and aims to more than double the number of international students to 300,000 by 2020.



## GERMANY

Has an Intl. education strategy, attractive post-study work rights and aims to attract 350,000 Intl. students by 2020



## FRANCE

International Education strategy aims to Increase foreign HE enrolments to 20% of total enrolments (approx. 70,000)



## CHINA

Investing heavily to meet rising demand of post-secondary education and aims to attract 500,000 Intl. students by 2020.



## TAIWAN

Plan to establish Asian education hub and aims to attract 150,000 international and mainland Chinese students by 2020.



# Regulation a key risk but also a barrier to entry

## Australia



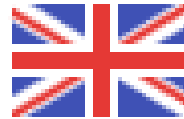
Robust and competitive visa regime that supports genuine students

## Canada



Highly supportive regulatory and immigration regime

## United Kingdom



Restrictive student visa settings continue

Uncertainty caused by Brexit

## United States



No major policy changes but uncertainty created by the recent change in administration

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

# University Partnerships vision

To be the preferred transformation partner to universities around the world

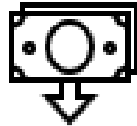
## WHY ?

### Demand



Demand for International student pathways expected to keep growing

### Funding



Government funding expected to keep falling

Institutions will need additional sources of revenue

### Student Expectations



Becoming outcomes and ROI focused

Students will demand more from providers

Traditional models will change to meet expectations

### Regulation



Greater regulator focus on completion rates and outcomes will drive partners to transform and seek out best practice

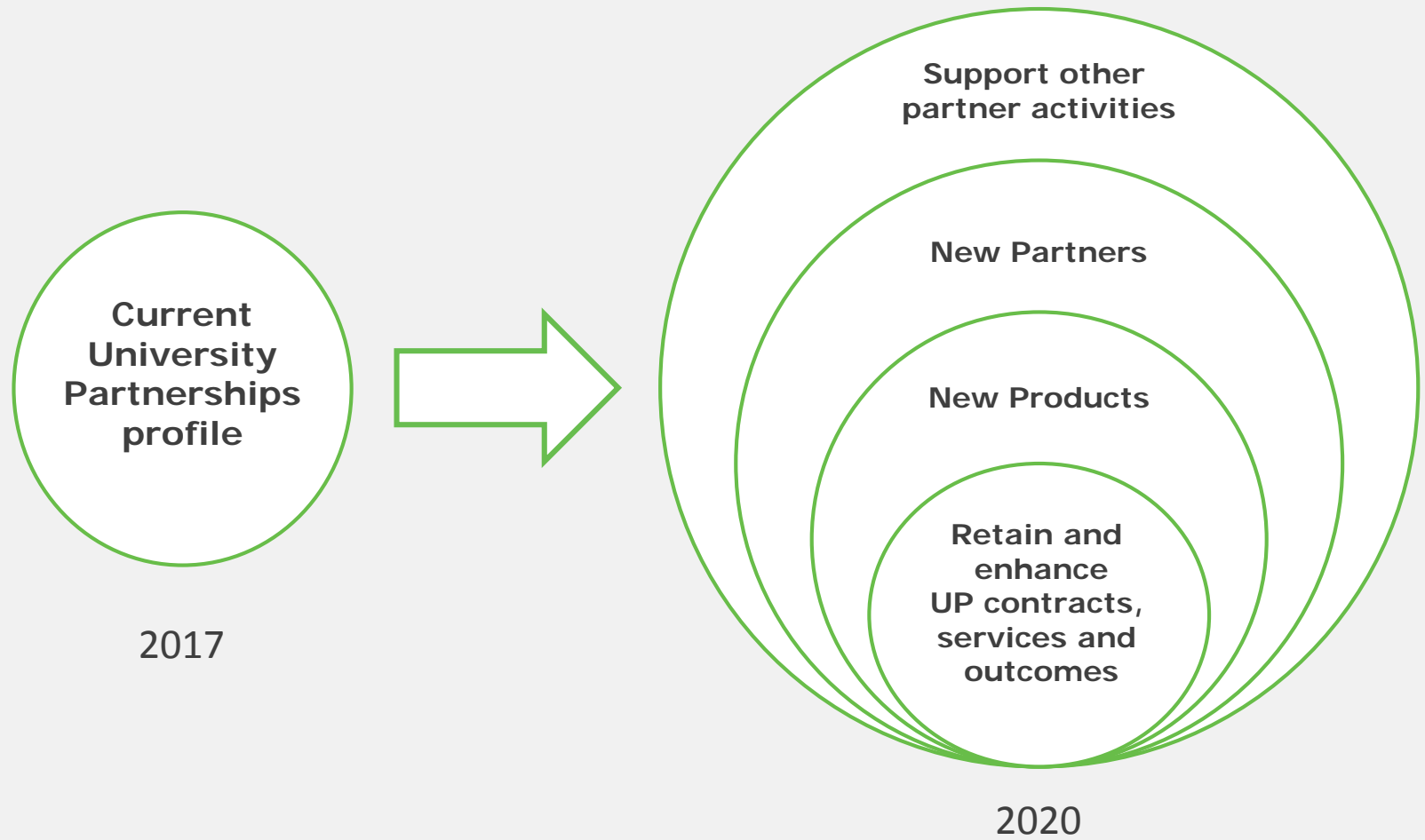
### Heritage



Navitas can build on reputation and record of academic outcomes to grow footprint and pursue its vision

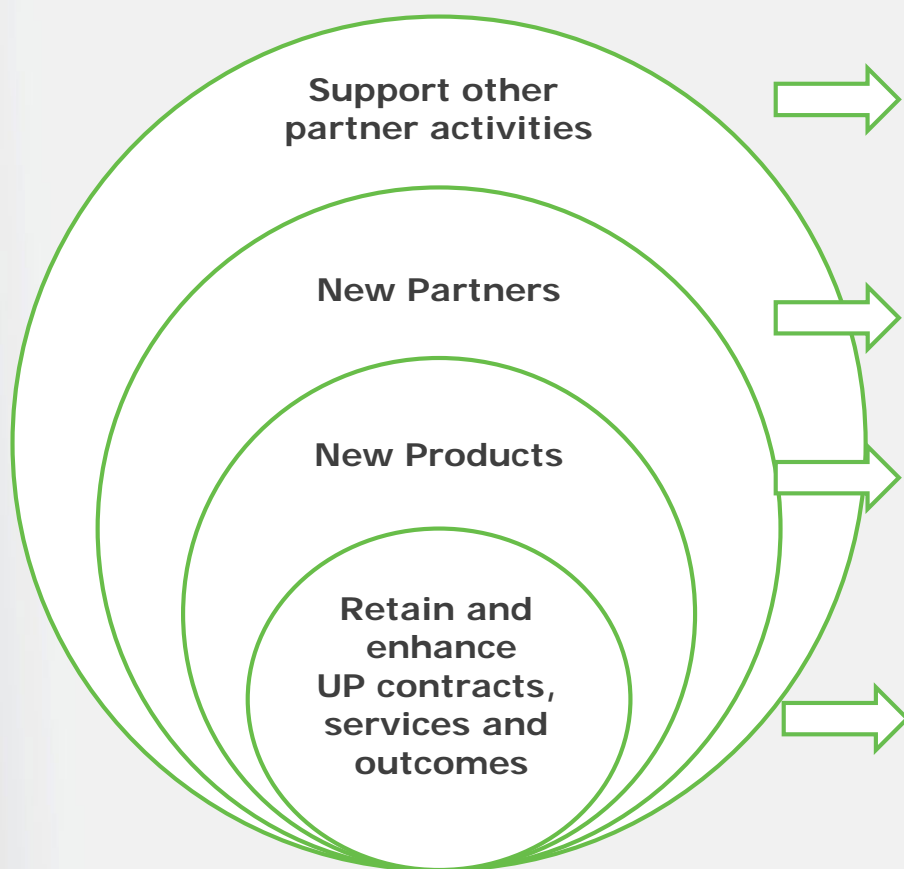


# How the University Partnerships Division will grow and achieve its vision



# Initiatives will include...

How Navitas will become the preferred transformation partner to universities around the world



- Expand suite of pathway solutions
- Develop “transformation” offerings to help universities increase student outcomes, develop new sources of revenue, lower costs, and focus their operations
- Explore JV opportunity with university partners
- Target other universities with wider transformation offerings

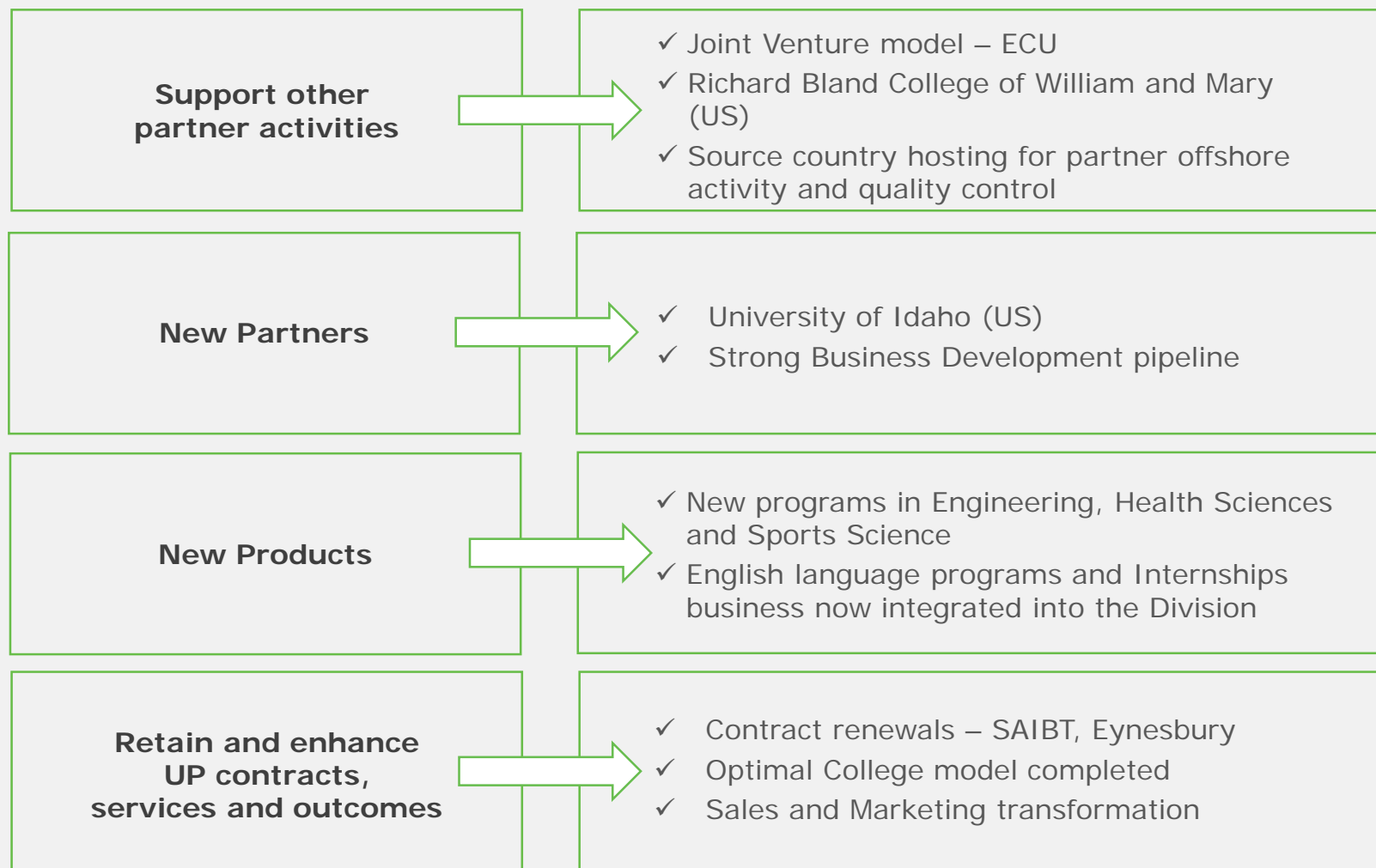
- Identify target end-state university portfolio footprint in each region
- Grow the number of quality university relationships

- Expand product offering through new Foundation / Diploma / Masters programs
- Explore pathways-to-employment offering

- Continue to improve student retention, progression and completion
- Implement a student / partner centric global operating model and embed best practice account management processes
- Secure contract renewals
- Transform Sales & Marketing capability
- Retain focus on cost control

2020

# Good early start ...



# Scott Jones

## CEO, Careers and Industry



# Careers and Industry structure and verticals

## Current – improve performance

### Creative



**Brand: SAE**

- Global SAE operations
- 52 campuses globally
- Licensed territories

### Government Services



**Brand: AMEP, SEE**

- Language, Literacy & Numeracy
- Employment services

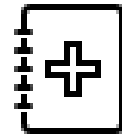
### Human Services



**Brand: ACAP, NCPS**

- Counselling
- Psychological Services
- Social Work
- Criminal Justice
- Youth Work
- Community Services

### Health



**Brand: HSA**

- Nursing (Diploma)

## Divisional leadership and support

## Group shared services and support

## Australian jobs growth

**Total Australian employment expected to increase by 989,700 (+8.3%) to 2020**

**Long term structural shift in employment away from mining and manufacturing into innovation and services industries**

**Sectors projected to experience the largest growth by 2020:**

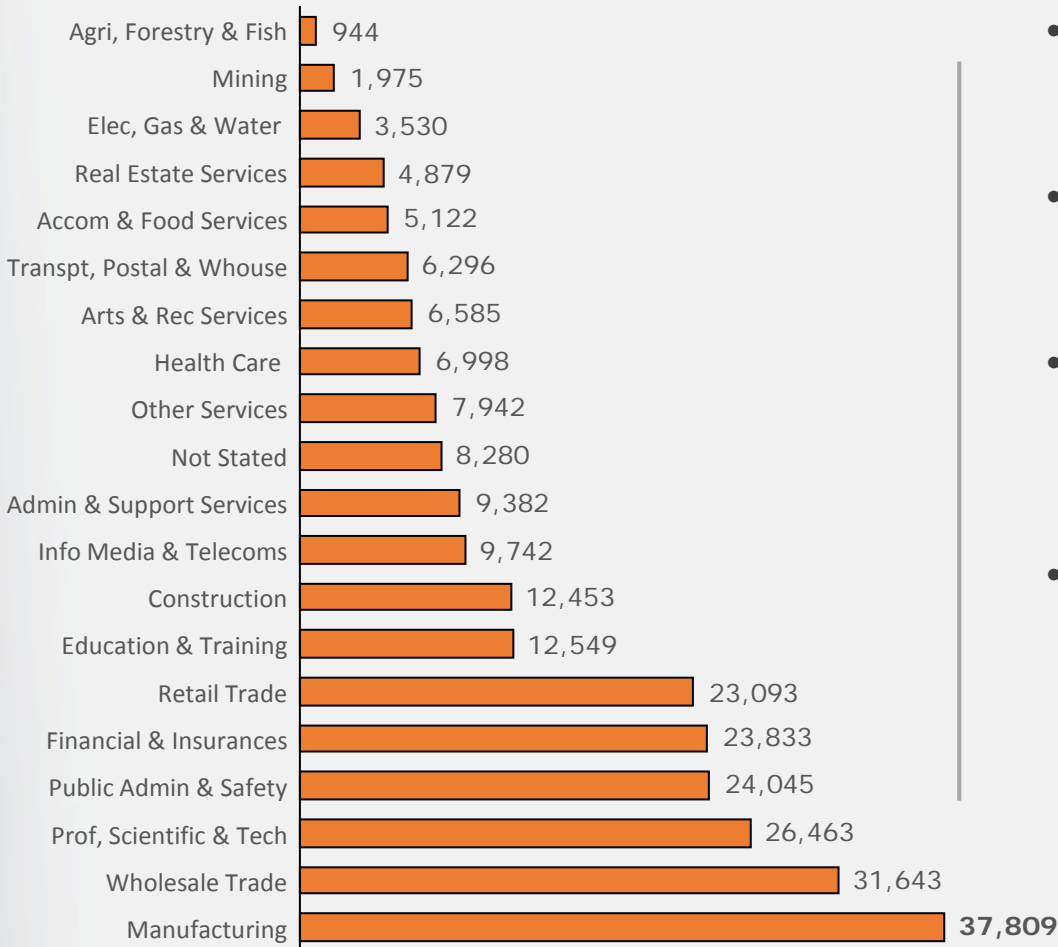
- Health Professionals (+125k jobs)
- Carers and Aides (+112k jobs)
- Business, Human Resource and Marketing Professionals (+93k jobs)

**Other sectors expected to experience rapid rates of growth:**

- Legal, social and welfare (+17%)
- ICT professionals (+15%)

# SAE servicing a rapidly growing 'creative' sector

## Creative jobs are in non-creative industries



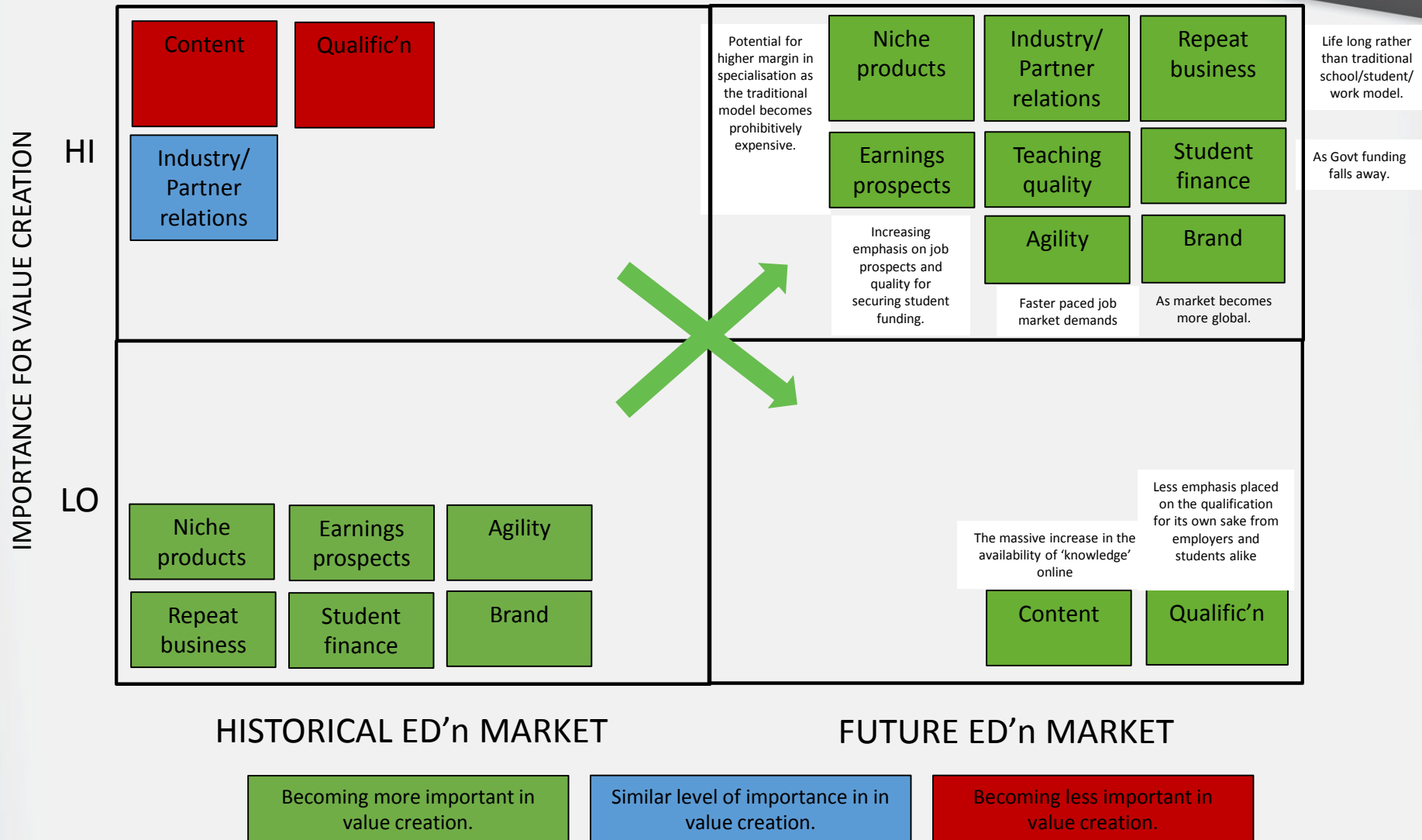
- Creative occupations are an evolving workspace – currently represent over **4%** of total employment in Australia
- **432k** people were employed in creative occupations in 2011 – a **21%** increase from 2006
- Includes advertising and marketing (**40%**), software and interactive content (**22%**), design and visual arts (**19%**)
- **43%** were employed in creative jobs (advertising, design, film, music, software) in non creative industries such as manufacturing and wholesale trade



# 2020 - a prediction of the future for careers and industry focused providers

	Current State	Likelihood of significant change by 2020	Threat	Opportunity
<b>Competitors</b>	Typically universities, other RTOs or alternative providers	High	Technology and reduced perceived inherent value of Higher Ed lowers barriers to new entrants	Partnership opportunities created by those looking for a content provider or a delivery partner
<b>Regulatory environment</b>	Strict regulations in some territories, and tightening in others - reduced funding of Vocational Education	High	Threat to funding – need to demonstrate quality and student ROI	Competitors going out of business will free up market share and may provide good value acquisition targets.
<b>Market structure</b>	Centralised accreditation  Inherent disadvantages for alternative and private providers	Medium	Employers' growing frustration with skills gap can reduce the value of Higher Ed to students	Greater reliance by Govts on private providers – a possible unlock in historically free education territories; employers funding professional qualifications
<b>Customers</b>	Selling direct to students, with some Government contracts	Medium	Less dominated by school leavers looking for the bundled products  Over reliance of a few Govt contracts	C&I to develop products to meet long term, flexible learning direct to students, and address B2B opportunities
<b>Delivery method</b>	Predominantly face-to-face, on campus delivery	Medium	Ed-tech reduces barriers to entry for new competitors	Opens new market opportunities for C&I (Blended learning, VR/AR)

# Market and competitive environment



# Careers and Industry vision

Providing students with a quality, valued education in segments with strong employment prospects

## WHY ?

### Students



Appeal to changing student needs – employment outcomes and ROI more important

### Options



Provide alternative routes into employment – bootcamps, unaccredited courses, short courses

### Quality



Funding being redirected towards programs that generate strong completion rates

### Build



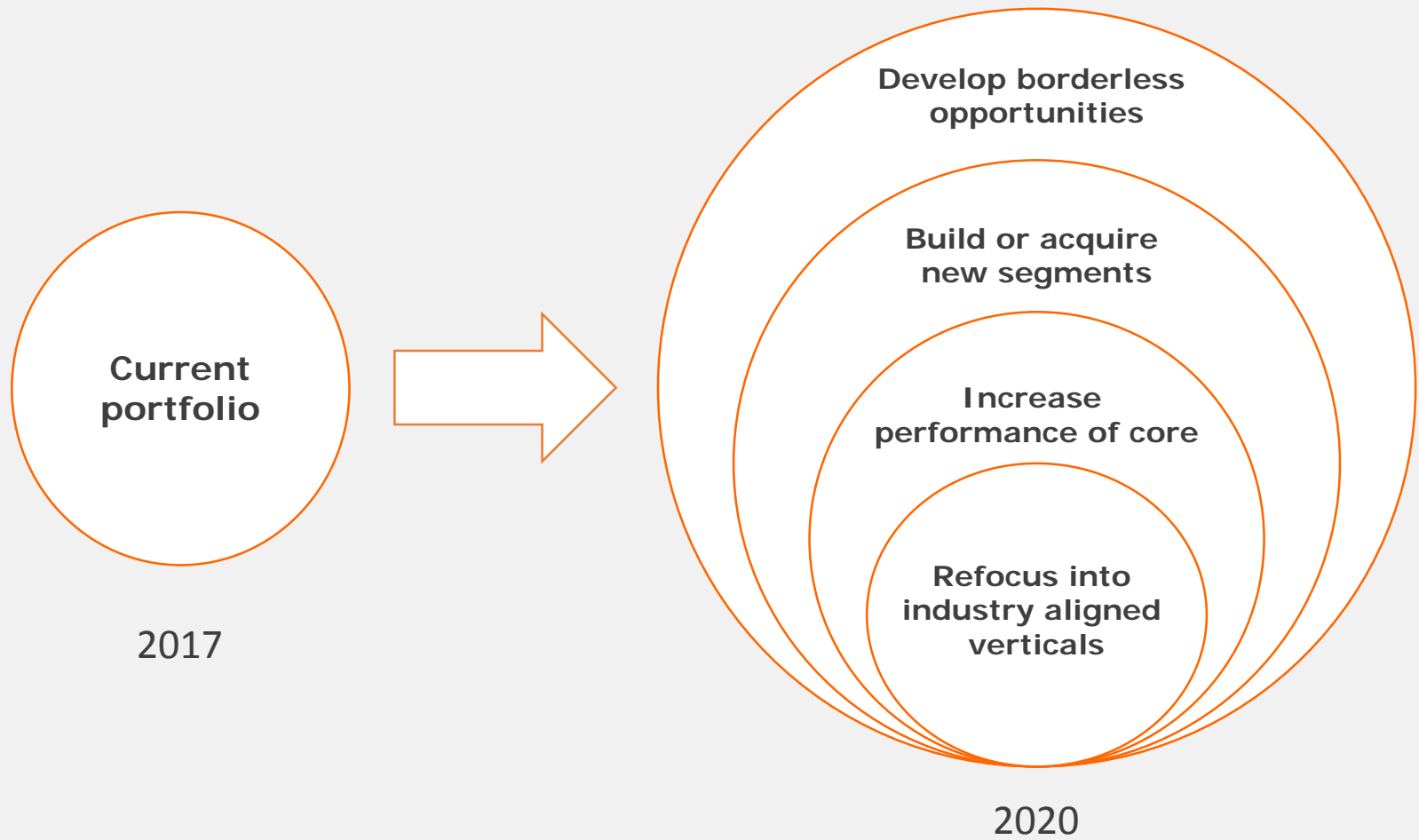
Leading Australian training providers are well placed to capture emerging market borderless opportunities

### Heritage



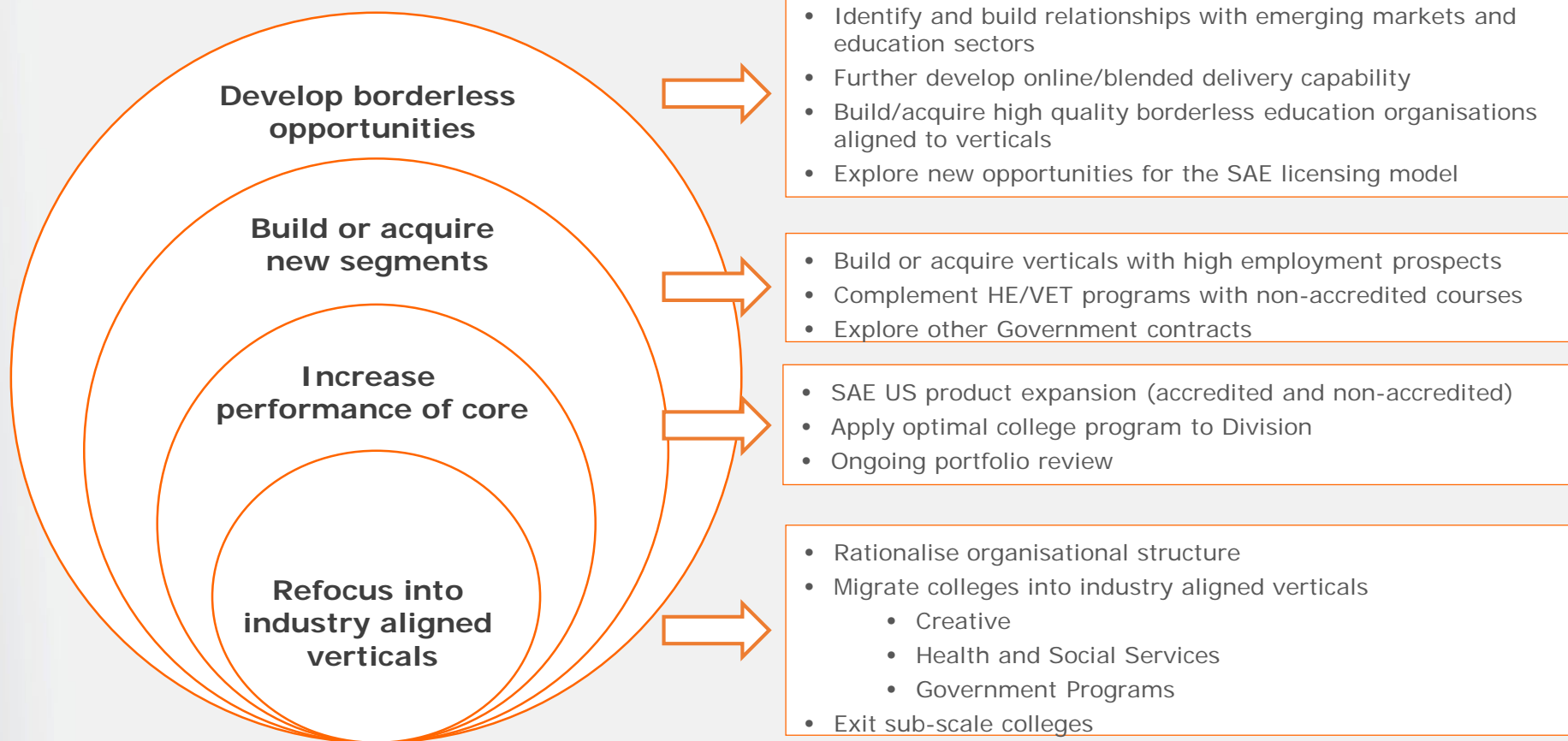
Navitas can build on reputation to develop student facing businesses in high potential segments

# How Careers and Industry will grow and achieve its vision



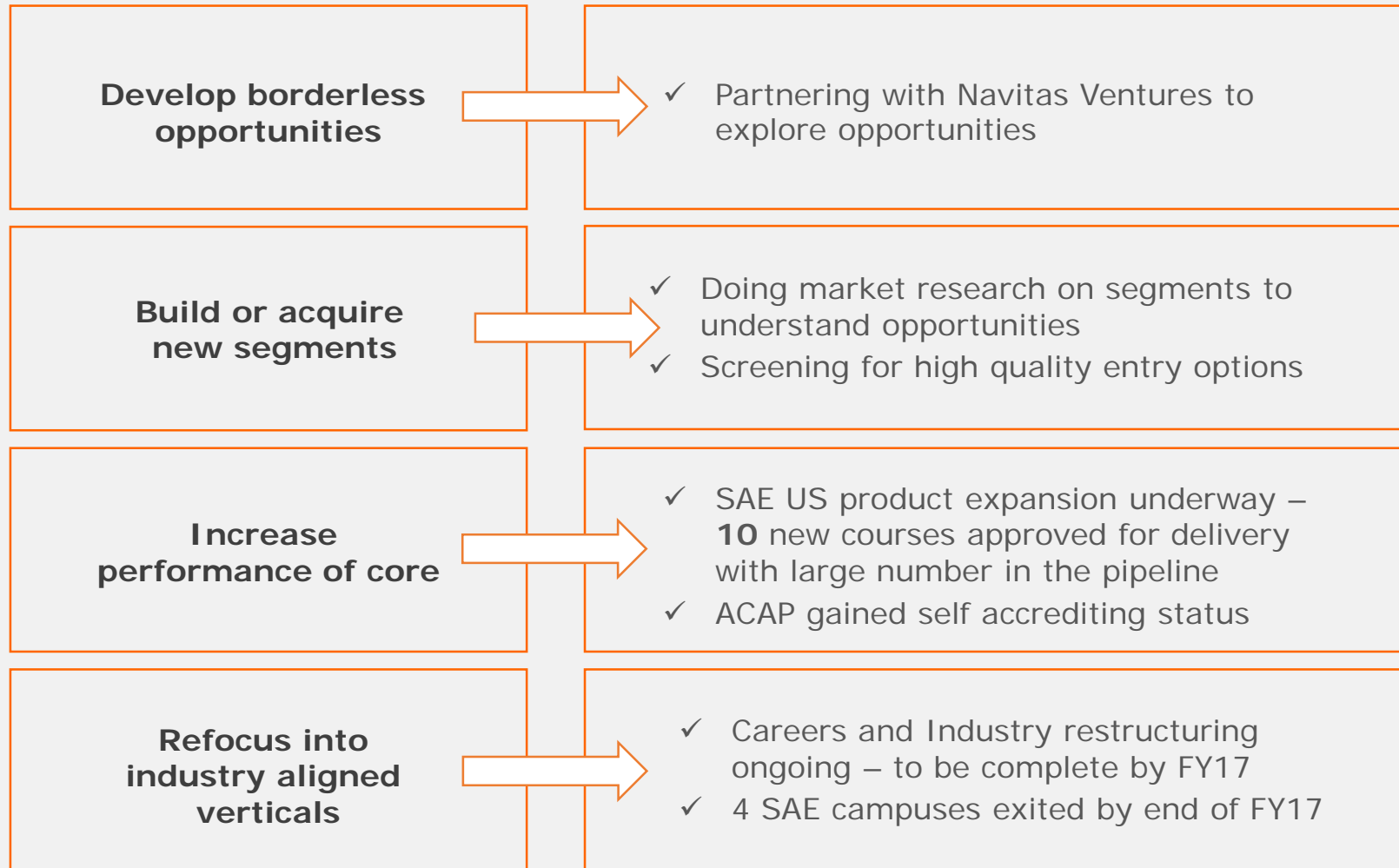
# Initiatives will include...

**How Navitas will provide students with a quality, valued education in segments with strong employment prospects**



2020

# Progress to date...



# Patrick Brothers Chief Development Officer





# Why Navitas Ventures?



## FASTER RESPONSE

---

By providing both an inside look at new technological fields and a path to possible ownership or use of new ideas, Navitas Ventures allows Navitas to respond quickly to market transformations



## BETTER VIEW OF THREATS

---

Navitas Ventures serves as an intelligence-gathering initiative, helping Navitas protect itself from emerging competitive threats.



## EASIER DISENGAGEMENT

---

Another benefit of Navitas Ventures, one that's closely related to accelerating the company's response to change and threats, is that it gives executives a faster way to disengage from initiatives that seem to be going nowhere.



## STRATEGIC PARTNERSHIPS

---

By combining Navitas' own IP, relationships and capital with that of other institutions who bring complimentary strategic advantages, we can magnify the impact of our involvement. This is particularly beneficial when technological uncertainty is high.



## NEW FORMS OF VALUE CREATION

---

Finally, Navitas Ventures' primary mission is to create value leveraging beyond the core business. This "Engine 2" initiative allows the core business to remain focused on "Engine 1" while sharing and benefiting from the value creation generated from Navitas Ventures.

# Flexible value creation across a spectrum of activity

## Incubation



Navitas Ventures develops a thesis, tests the concept and brings in like minded talent to help execute and scale.

## Investment



Navitas Ventures recognises a repeatable growth pattern and compelling team and makes a strategic investment to accelerate growth.

## Partnerships



Universities, Tertiary Institutions and Industry partner with Navitas Ventures to develop new models and initiatives.

# What it is and what it is not

## Navitas Ventures is not a corporate venture capital vehicle

### What it is

Platform for Navitas to learn, build and progressively extend into next generation education focused initiatives.

A small dedicated team with strong connectivity to the core business, bringing new skills, relationships and value to Navitas as a whole.

Follows a highly disciplined investment approval process and committee including Navitas CEO, CFO and CDO.

Designed to leverage Navitas' core strengths, assets and relationships.

Platform for working with our University Partners to support their own transformation and combine forces to innovate and create new sources of value

VS

### What it is not

Not a venture capital fund with incentives that bias deploying material capital strips into medium to high risk projects.

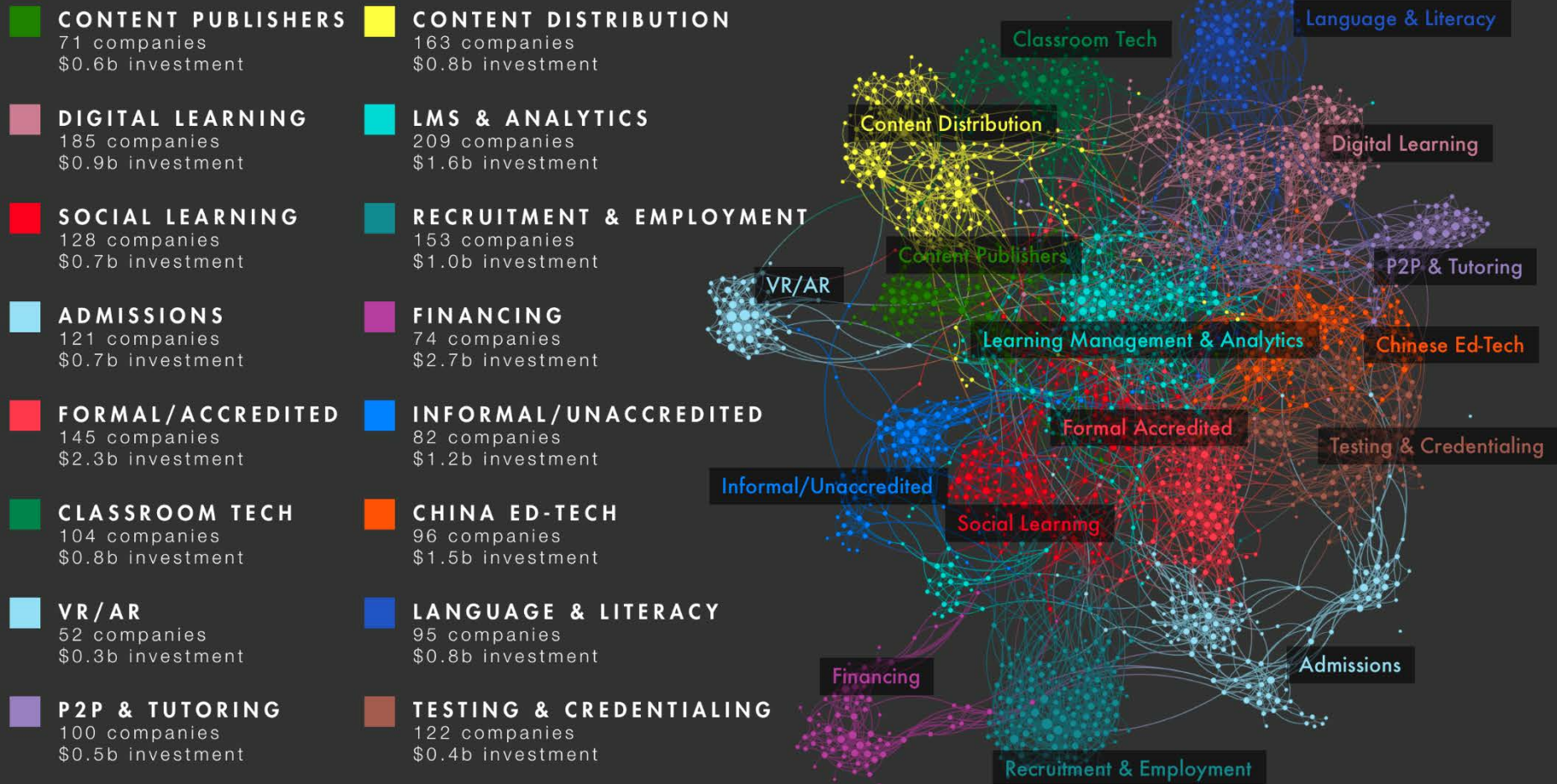
Not pursuing investments where the only source of value add is financial. Navitas must be able to bring value beyond capital and opportunities must flow non-financial value back to the core.

Not directly involved in contract renewals or core business development. Navitas Ventures is a supporting platform.

Not trying to compete with Venture Capital and aspirational valuations. Navitas Ventures is looking for partners who see material benefit in the value we can bring beyond financial investment and support teams to achieve more than they would with only financially focused partners.

# Understanding the education innovation and technology landscape

Mapping the future of education at <http://blog.navitasventures.com>



# We are making a careful, cautious and thoughtful start

A few of the projects and initiatives underway



## Incubation

**Pathways in the Cloud.** Online courses for college credit.

**Virtual Student Assistant.** Connect with students through mobile messaging. Promote conversation, increase participation and personally support at-risk students.



## Investment



SaaS platform connecting agents, students and University admissions teams.



Online synchronous, unaccredited management and leadership skills. Pathways to post-graduate education.



## Partnerships



Australia's Edtech Acceleration Network for Scalable Borderless Education.



Partnering to explore courses for students e.g.. "How to create your own job"

# 2017 is focused on research, establishment and connectivity

ESTABLISHMENT

INVESTMENT – WAVE 1

INVESTMENT – WAVE 2



## Establishing a platform through 2017

- ✓ Research & Thought Leadership
- ✓ University Partner focused innovation
- ✓ Building a small team of ~5 FTE and strong connectivity to the core business
- ✓ Several small investments with a mix of core and new focus areas

## Building a focused portfolio

- ✓ Selective incubation, investment and partnerships

## Company Number Three

- ✓ Further investment subject to delivering value creation






# David Buckingham

## Chief Financial Officer



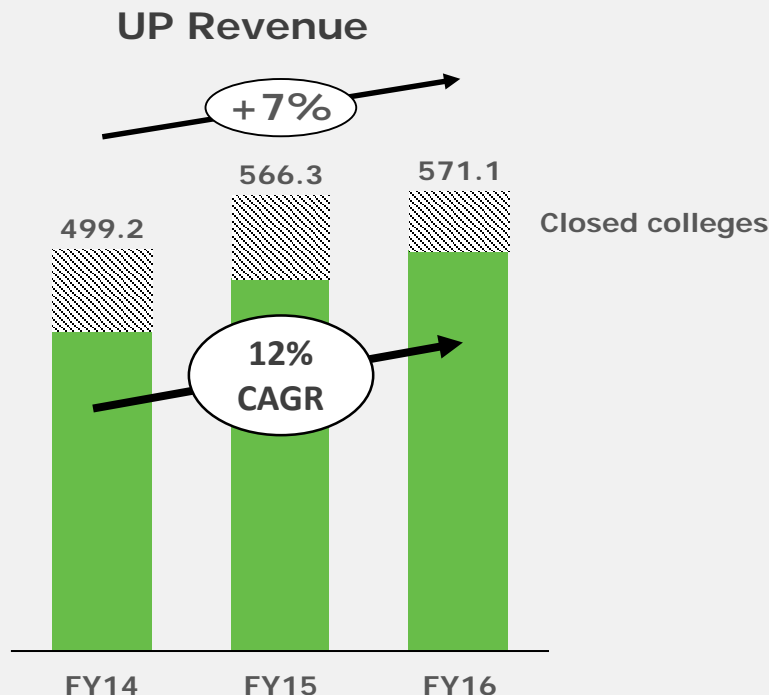


# Group KPI's – by 2020

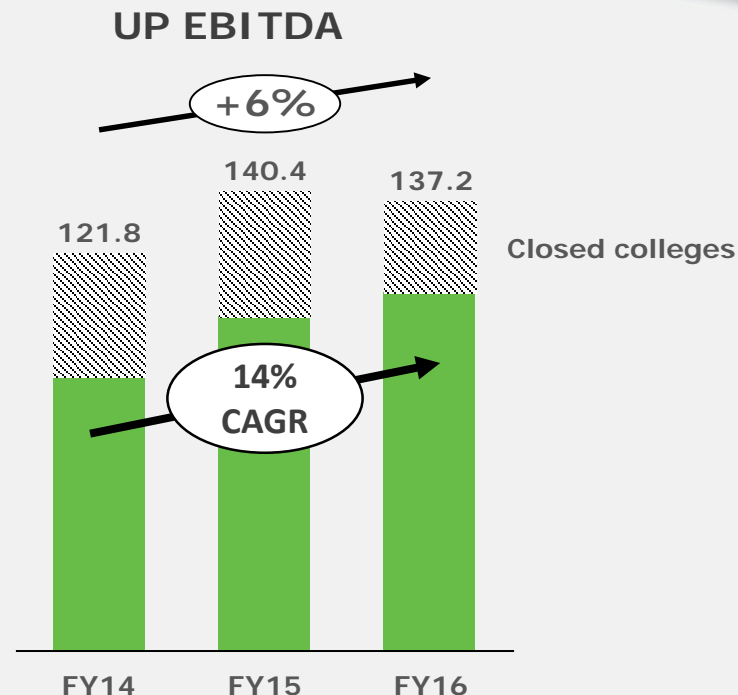
 <b>Quality</b>	 <b>Efficiency</b>	 <b>Growth</b>
<p><b>2%</b> pass rates improvement to 84% – University Partnerships</p>	<p><b>18%</b> Group EBITDA margin</p>	<p><b>5%*</b> revenue CAGR</p>
<p><b>3%</b> retention rate improvement to 90% – University Partnerships</p>	<p><b>20%</b> SAE EBITDA margin</p>	<p><b>5%</b> University Partnerships EFTSU CAGR</p>
	<p><b>&lt; \$20m</b> capex per annum</p>	<p><b>5 new</b> University Partnerships agreements</p>

\* Note: Based on constant currency and CAGR calculated assuming AMEP revenue reduction excluded from FY17 to FY20. This reduces to 3% CAGR against FY17 Group revenue if AMEP revenue is included

# Historic University Partnerships growth rates



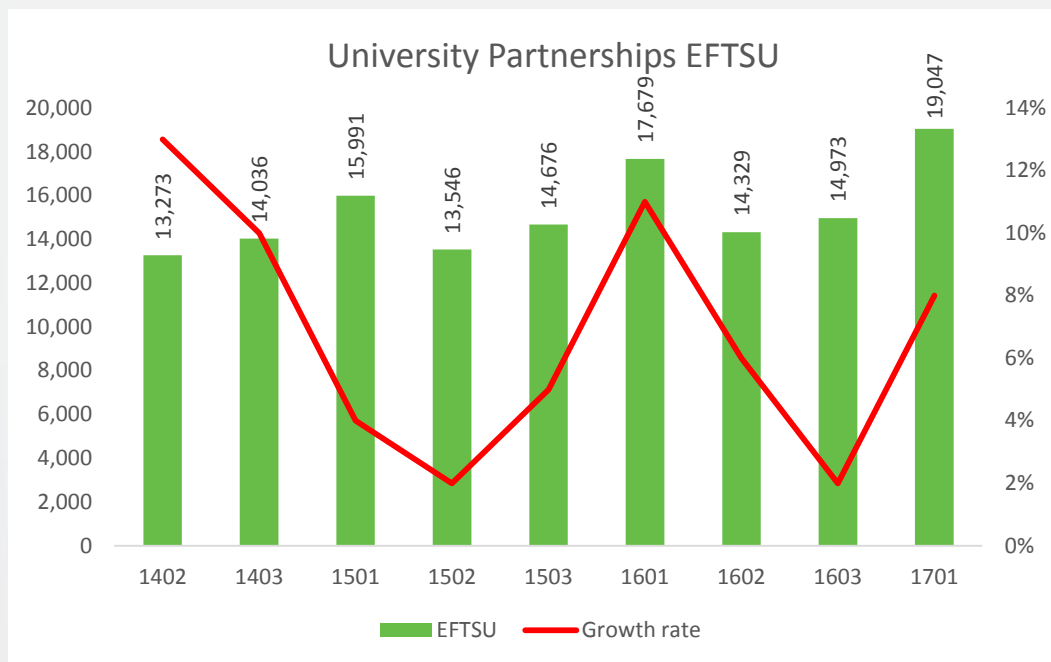
- 12% growth driven by:
  - New colleges
  - Student growth
  - Course diversification
  - Price increases (c.2-3% p.a.)
  - FX movements (+2%)



- Closed colleges delivered \$38m EBITDA in FY14
- +2% improvement over revenue growth:
  - Gross margin leverage +1%
  - Opex efficiency +1%

Note: All historical figures exclude ELICOS businesses which were subsequently transitioned to University Partnerships from PEP division from 1 July 2016

# University Partnerships enrolments increase 8%



Prior periods exclude the EFTSU of closed colleges – see prior ASX announcements for more details

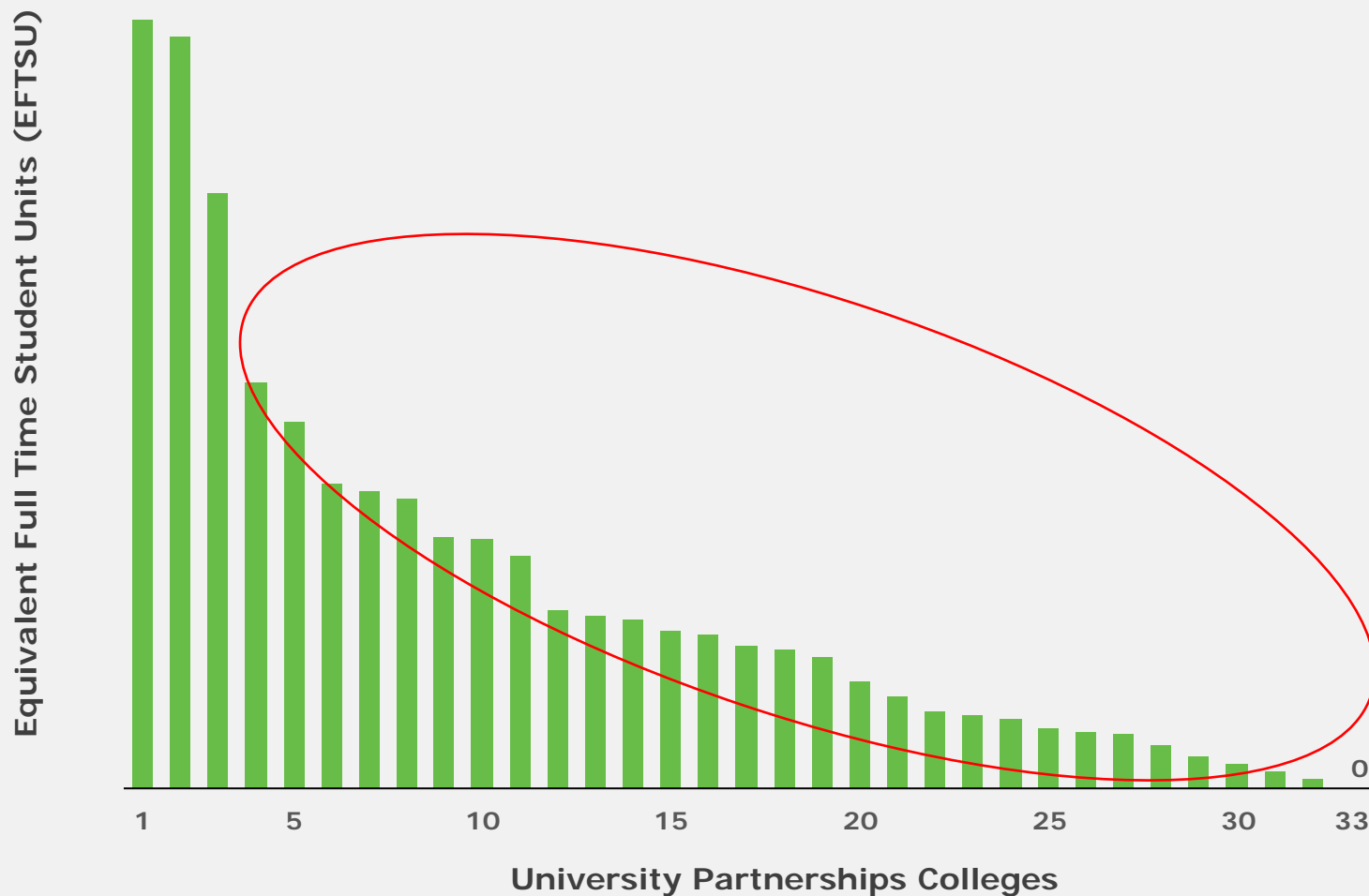
## Semester 1 2017 enrolments

Division	↑ 8%
Australia/NZ	↑ 14%
North America	↑ 4%
Europe	↑ 1%
Asia	↓ 3%

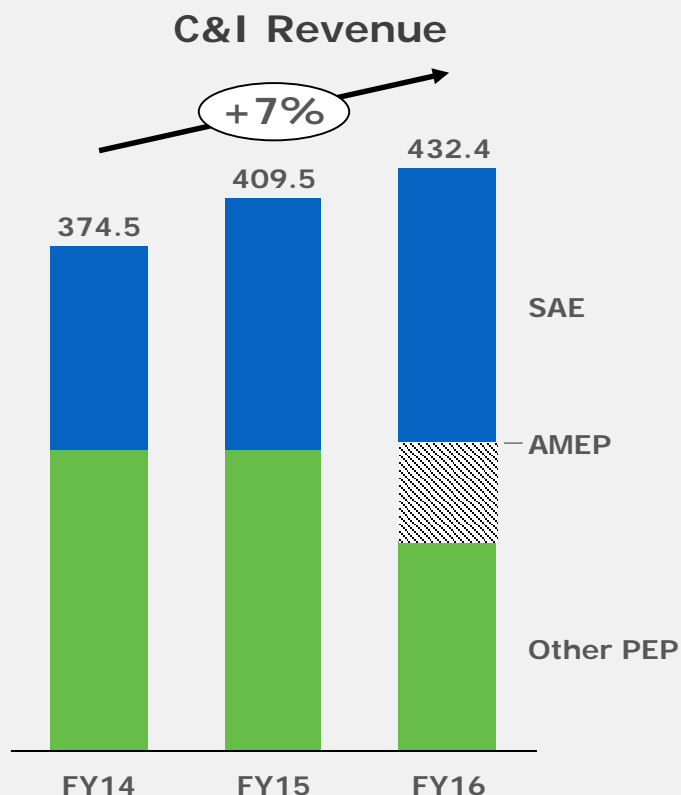
## FY17 enrolments

Total EFTSU	↑ 5%
Price	↑ 2-3%

# Significant growth capacity in the University Partnerships portfolio



# Historic Careers and Industry growth rates

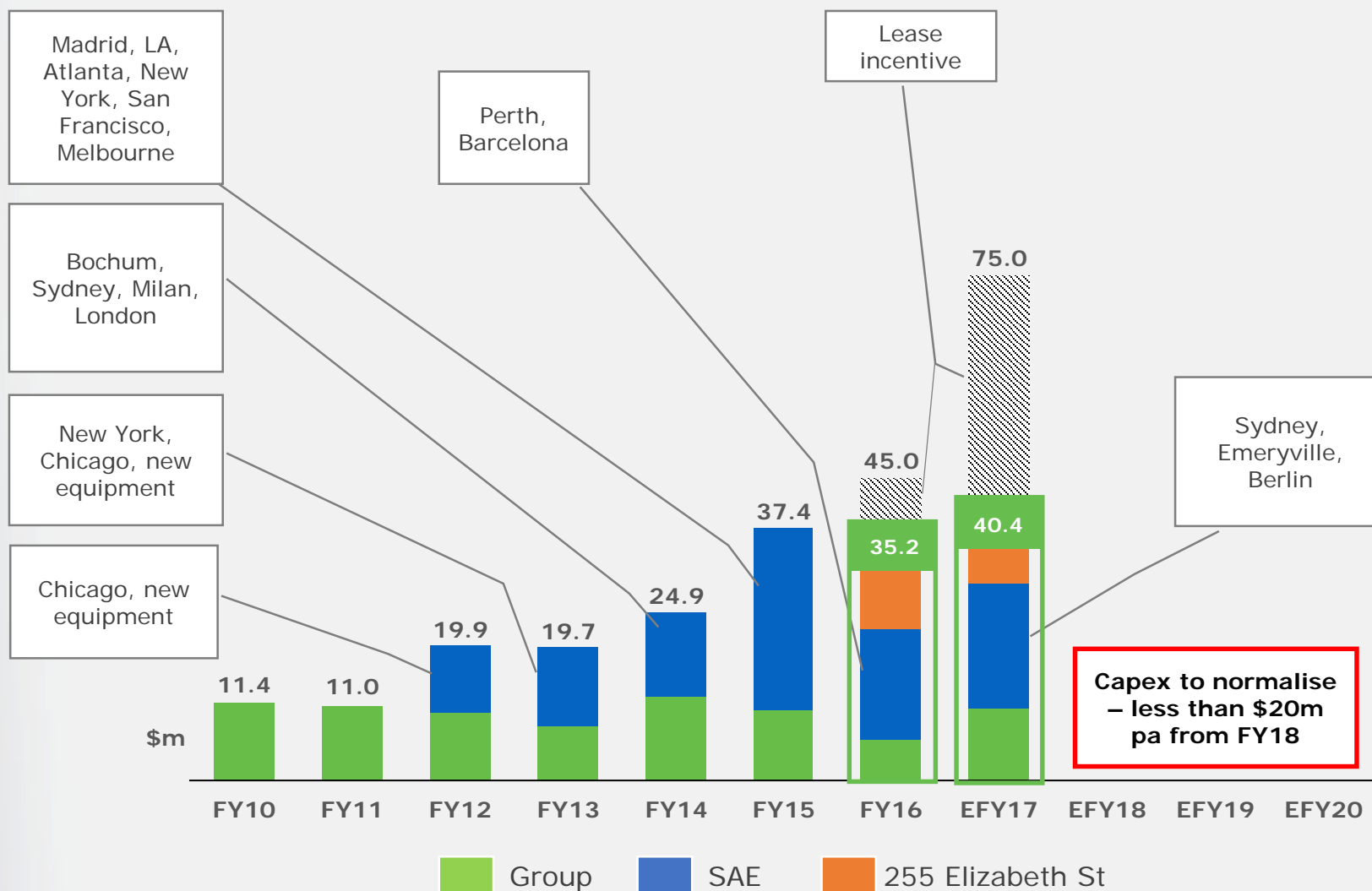


## Growth Outlook to 2020

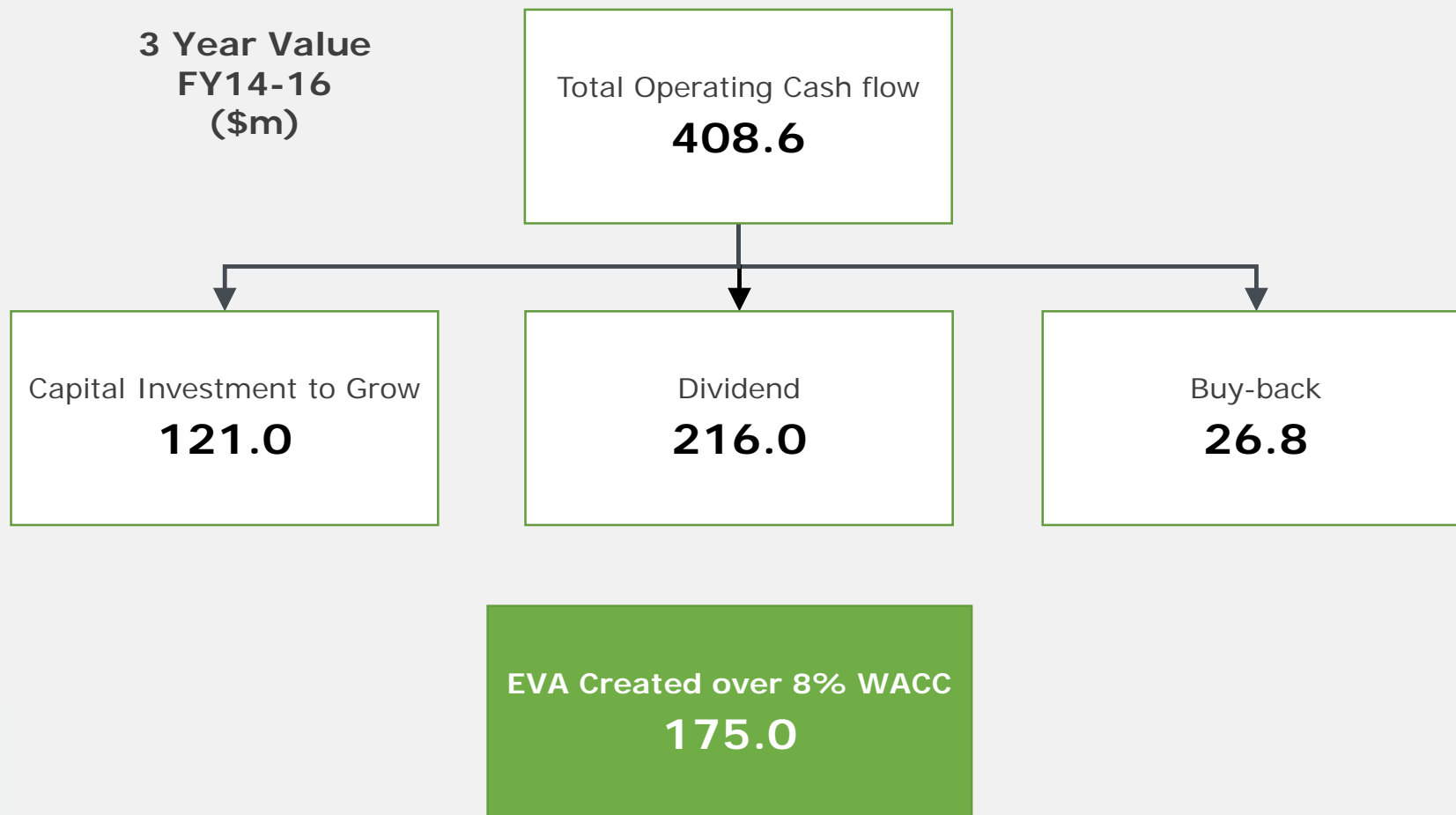
- SAE
  - Student growth CAGR 2%
  - Price increases 1% p.a.
  - EBITDA margin target 20%
- PEP
  - VET fee reforms impacting ability to grow revenue
  - Reduced AMEP contract regions will decline FY18 EBITDA by \$12m-14m
  - Cost benefits from combined structure with SAE

Note: All historical figures include ELICOS businesses which were subsequently transitioned to University Partnerships from PEP division from 1 July 2016

# Investment in capex peaks in FY17



# How we create shareholder value





# Key risks effectively mitigated

Risk	Mitigation
Reduced international student mobility	<ul style="list-style-type: none"><li>- Diversify international student recruitment</li><li>- Build domestic student businesses</li><li>- Advocate for supportive visa frameworks</li></ul>
Ability to operate and grow	<ul style="list-style-type: none"><li>- Maintain strong academic outcomes</li><li>- Deliver partner priorities</li><li>- Contract renewal</li><li>- Engage in HE / VET reform processes</li></ul>
Disruption to supply channels	<ul style="list-style-type: none"><li>- Build multi-channel capability</li><li>- Maintain clear value proposition</li></ul>
Higher Ed value proposition	<ul style="list-style-type: none"><li>- Diversify product offering including VET and unaccredited programs</li></ul>
New technology and models	<ul style="list-style-type: none"><li>- Develop new teaching models</li><li>- Increase access to disruptive technology</li><li>- New courses and programs</li></ul>

# Rod Jones

## Group Chief Executive Officer



# Closing comments



**Demand** for international higher education is **large** and **growing**

**5.0m** students travelling overseas to study per year - growing to **8.0m**

**Opportunity** for **private providers** from increasing pressure on public funding



Navitas delivers **high quality outcomes** for our students and partners

Navitas has consistently delivered **significant growth**

But shareholder value creation recently affected by **material contract losses**



**Strong focus on** government relations and partner renewal risk

New C&I division formed to focus on **opportunities** in **tertiary education**

**Navitas Ventures** to drive **innovation** and **broaden** core business longer term



**Portfolio review** ongoing

Internal **transformation** almost complete with new **platform** for future **growth**

Navitas **leaner, more agile** and **hungry**



# Q&A

