



IDP Education FY16 Results Presentation

Twelve months to 30 June 2016

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Note All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Presentation are due to rounding.

Agenda

I. Highlights

II. Financial Performance

III. Growth and Strategy

Appendix A. Additional Financial Information



01

Highlights

FY16 Highlights

Record full year revenue and earnings

- Revenue up 17% on FY15 to A\$361.6m
- NPAT up 32% on FY15 pro-forma NPAT to A\$39.9m

Exceeded prospectus forecast

- EBIT exceeded prospectus forecasts by 6%
- Strong results in Asia drove outperformance

Multi-destination strategy delivering results

- Multi-destination revenue up 102%
- Australian placement revenue up 17%

Global IELTS revenue up strongly

- IDP Education's IELTS revenue up 11%
- The performance highlights the benefits of IDP's broadly diversified global portfolio of testing locations

Strong cash flow and balance sheet

- Strong cash flow generation
- Net cash position of \$35.4m as at 30 June 2016

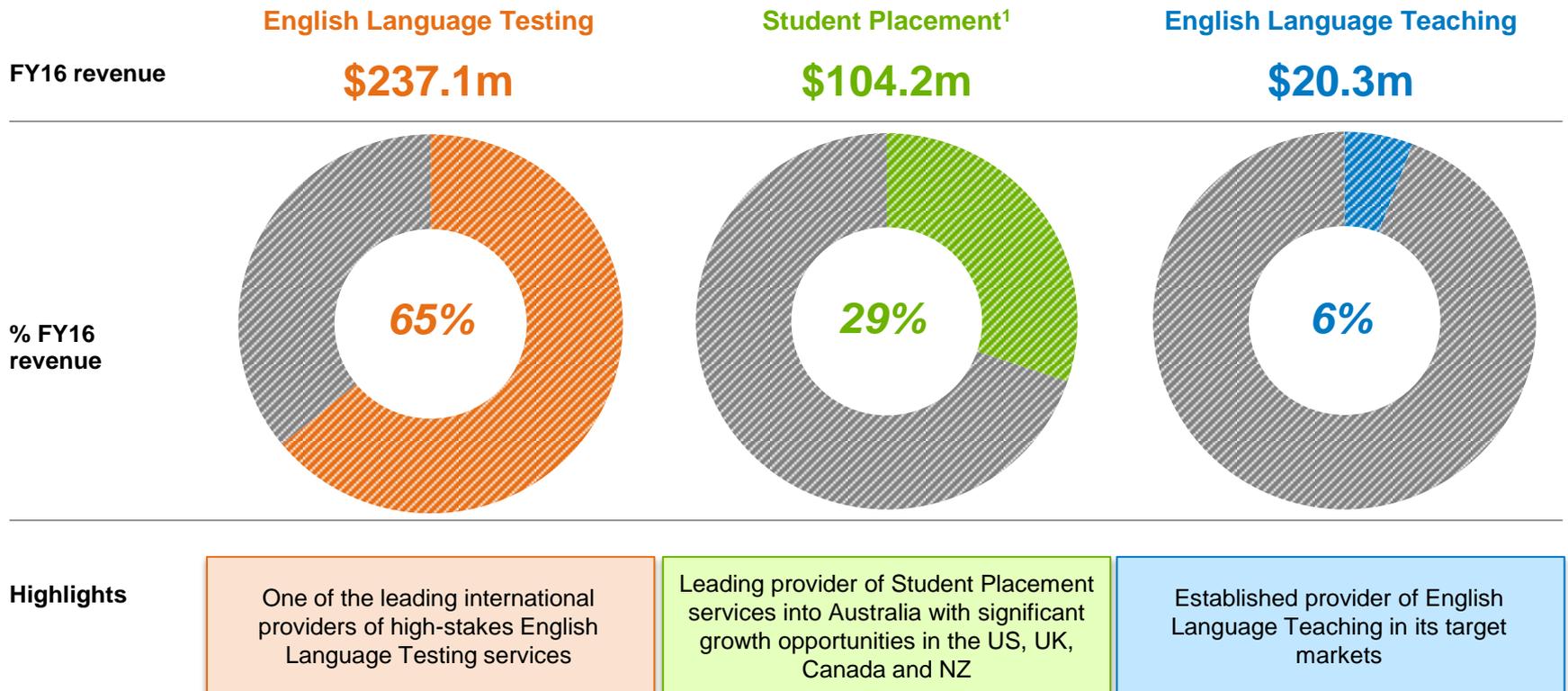
Inaugural Dividend as a listed company

- A 5.5 cps dividend declared for H2 FY16
- Franked at 35% reflecting IDP's offshore earnings and tax profile

* FY15 financials are presented on a pro-forma basis consistent with the prospectus dated 12 November 2015. Adjustments to FY15 statutory results are \$1.0m for public company costs (pre-tax) and \$0.4 (post-tax) for net interest adjustment.

Introduction to IDP Education

IDP Education is a leading provider of international Student Placement services, high-stakes English Language Testing services and operator of English language schools in South-East Asia



Note: 1 Student Placement revenue on this page includes revenue from events associated with Student Placement, contracted activities for developmental programs initiated by government or semi-government bodies, and other revenue.

Leading global provider with broad network and diverse business model

For Student Placement, IDP Education sources students through 93 offices across 30 countries, placing them into over 600 education institutions across 5 destination countries...



Student Placement

- 93 offices
- 30 source countries
- 600+ institutions
- 5 destination countries

IELTS™

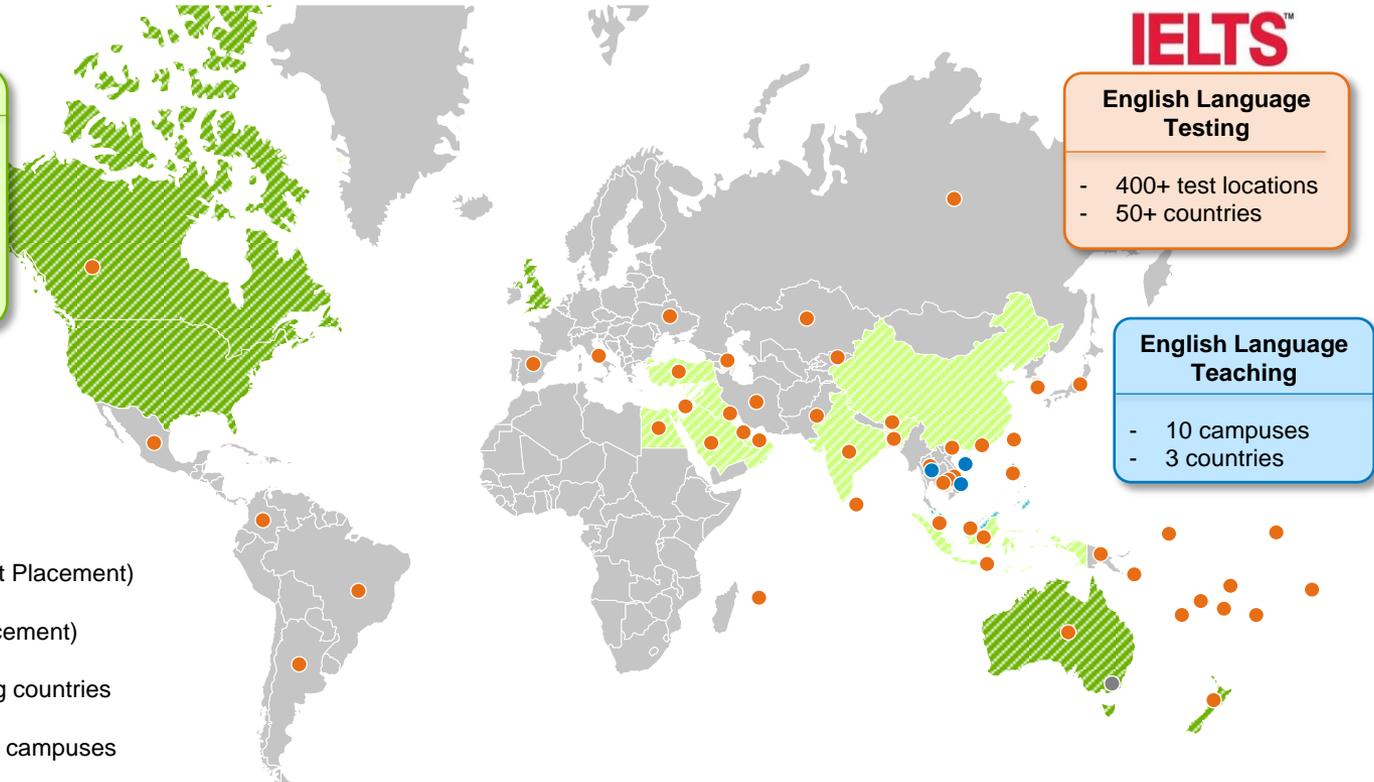
English Language Testing

- 400+ test locations
- 50+ countries

English Language Teaching

- 10 campuses
- 3 countries

- Destination country (Student Placement)
- Source region (Student Placement)
- IDP Education IELTS testing countries
- English Language Teaching campuses
- Head office - Melbourne



...as part-owner of IELTS, IDP Education has over 400 IELTS test locations in over 50 countries



02

Financial Performance

Overview of FY16

Record financial performance for the year with Revenue up 17% and NPAT up 32% on FY15 Pro-forma

Income Statement Summary (A\$m)

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	\$	%
English Language Testing	213.5	237.1	23.6	11%
Student Placement ("SP")	69.5	92.4	22.9	33%
- <i>Australia ("AU")</i>	56.1	65.4	9.3	17%
- <i>Multi-destination ("MD")</i>	13.4	27.0	13.6	102%
English Language Teaching	16.2	20.3	4.1	25%
Other	10.7	11.8	1.1	9%
Total revenue	309.9	361.6	51.7	17%
Direct Costs	157.0	173.3	16.3	10%
Gross Profit	152.8	188.4	35.6	23%
Overhead costs	102.1	127.3	25.2	25%
EBITDA	50.7	61.1	10.4	20%
Depreciation and Amortisation	6.6	7.4	0.8	12%
EBIT	44.1	53.7	9.6	22%
Net interest Income	0.1	0.5	0.4	362%
Profit before tax	44.2	54.1	9.9	23%
Income tax expense	13.9	14.2	0.3	2%
NPAT	30.3	39.9	9.6	32%

- Strong revenue growth in all product categories
- English Language Testing (IELTS) showing the benefits of a broadly diversified global portfolio
- Multi-destination Student Placement ("MD") a highlight with the strategy delivering
- English Language Teaching continues to deliver solid organic growth in IDP's target markets
- Lower than forecast effective tax rate due to \$1.4m R&D tax benefit
- Basic EPS of 16.0 cps

* FY15 financials are presented on a pro-forma basis consistent with the prospectus dated 12 November 2015. Adjustments to FY15 statutory results are \$1.0m for public company costs (pre-tax) and \$0.4 (post-tax) for net interest adjustment.

Key operating metrics

Revenue growth being driven by both volume growth and price increases

Summary of Key Operational Metrics

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15	FY16	'000s / \$	%
Volumes (000s)				
English Language Testing	825.9	857.2	31.3	4%
Student Placement ("SP")	26.7	31.4	4.7	18%
- Australia ("AU")	22.5	24.2	1.7	8%
- Multi-destination ("MD")	4.2	7.2	3.0	72%
English Language Teaching courses	60.3	68.8	8.5	14%
Average Test Fee (A\$)				
English Language Testing Fee	259	277	18	7%
Average Application Processing Fee (A\$)				
Student Placement APF	2,602	2,947	345	13%
- Australia APF	2,492	2,711	219	9%
- Multi-destination APF	3,189	3,735	546	17%
Average Course Fee (A\$)				
English Language Teaching Course fee	268	295	27	10%

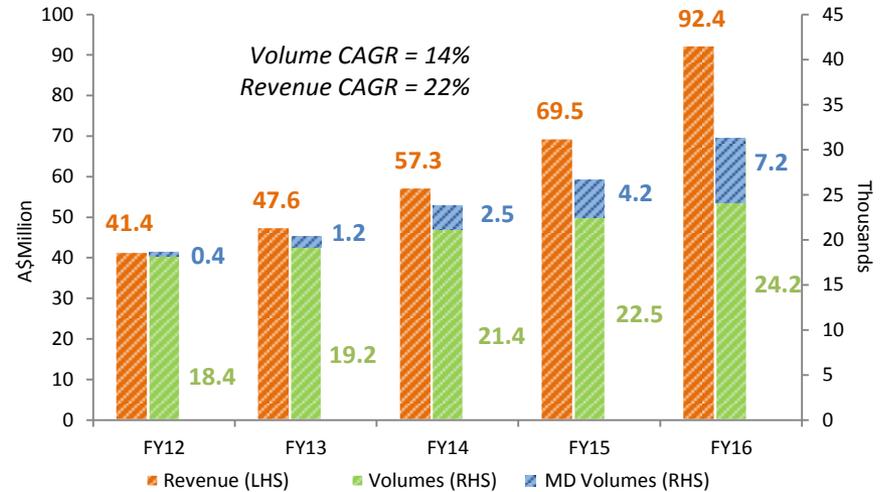
- Revenue growth driven by both volume and price growth
- Multi-destination a key driver of volume growth in SP
- Australian student placement delivering a strong half reflecting broader industry growth
- Solid increases in average fees driven by a combination of tuition fee increases, changes in course mix, price increases and FX impacts

Student Placement

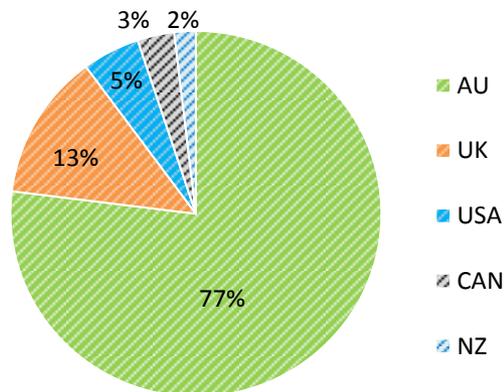
Focused delivery on an organic growth strategy

- China and India key contributors to IDP growth FY16
- IDP opened 3 new offices in India during FY16 taking its market leading footprint to 21 offices – further office expansion planned in FY17
- Sri Lankan operations converted from licensee to IDP owned during FY16 providing further MD growth opportunities
- UK performing strongly despite ongoing tight regulatory settings – flight to quality and market share gains driving IDP volumes
- Canada an emerging destination

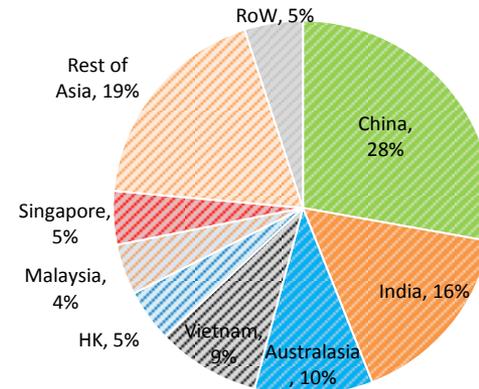
SP Volumes and Revenue (FY12 – FY16)



Number of course enrolments by destination country (FY16)



Number of course enrolments by source region (FY16)

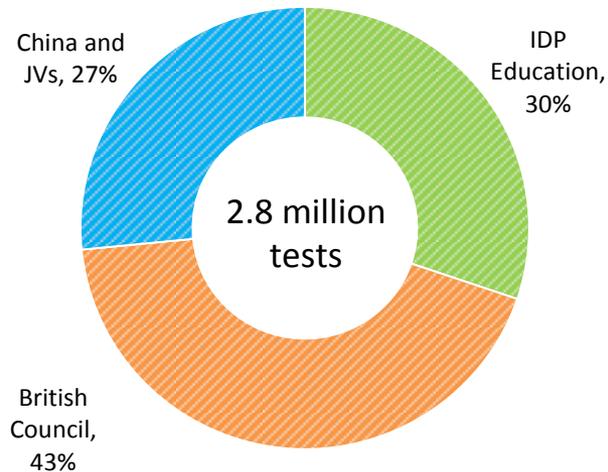


IELTS

Showing the benefits of a diversified global testing network

- Strong growth in India, Vietnam, Indonesia and Hong Kong offset volume declines in Australia and parts of IDP's Middle East region
- Commenced operations in Japan in May with strong engagement from government and industry participants
- Established testing in Nepal and Bahrain during H2 FY16 with Greece due to open in H1 FY17
- Other opportunities exist in parts of Western Europe and Africa

IELTS test volumes by party



New Markets for IDP Education



* British Council volumes exclude tests conducted in China under license. Joint ventures include IELTS tests conducted in the United States by IELTS Inc. a joint venture owned equally by the IELTS parties.

Segmental earnings

Strong growth across Asia and Rest of World underpins the result for the half

Revenue and EBIT by Geographic Segment

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	'000s / \$	%
Revenue				
Asia	163.4	220.3	56.9	35%
Australasia	83.4	70.4	(13.0)	(16)%
Rest of World	63.2	71.0	7.8	12%
Total revenue	309.9	361.6	51.7	17%
EBIT				
Asia	46.8	64.1	17.3	37%
Australasia	24.9	19.8	(5.1)	(21)%
Rest of World	12.1	13.9	1.8	15%
Total EBIT pre corporate costs	83.8	97.8	14.0	17%
Overhead & corporate costs	39.7	44.2	4.5	12%
Total EBIT	44.1	53.7	9.6	22%

- IDP is a global company - 80% of revenue generated outside of Australasia
- Asia the key growth segment across all product categories
- India and China delivering strong Student Placement performance for both AU and MD
- India also a key market for IDP's English Language Testing performance
- Decline in Australasian revenue largely as expected due to introduction of competition in English Language Testing in November 2014

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Cash flow and Net Debt

Strong net cash flow generation and low debt levels

Summary Cash Movements (A\$m)

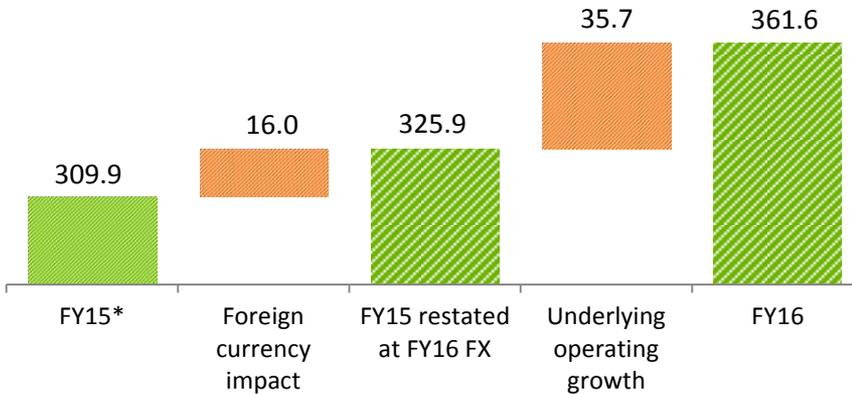


- Cash Balance as at 30 June 16 of \$35.4m
- No debt outstanding with facility used for pre-IPO dividends fully repaid
- A\$48m of dividends paid to shareholders pre IPO represented 120% of FY16 statutory NPAT
- First dividend as a listed company declared for H2 FY16 in line with Board's current policy of paying out 70-80% of NPAT
 - 5.5 cents per share
 - 70% payout ratio
 - 35% franking

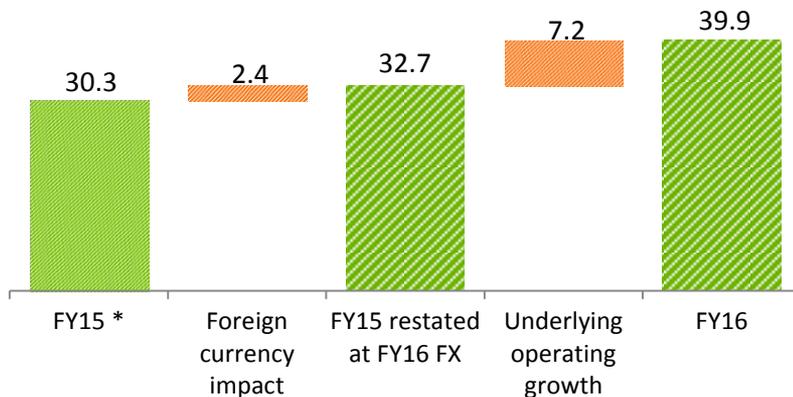
Foreign exchange

Strong underlying operational performance with foreign exchange movements providing some benefit in FY16

Revenue (A\$m)



NPAT (A\$m)



- IDP Education earns revenues and incurs expenses in approximately 45 currencies and as a result is exposed to movements in foreign currency exchange rates
- IDP Education's most significant individual foreign currency exposure is to GBP, mainly due to the quarterly fee paid to Cambridge Assessment for its role in IELTS, denominated in GBP
- FY16 reflected a weaker AUD relative to FY15
 - The weaker AUD increases AUD revenue, but the GBP hedge reduces the foreign currency exchange rate impact on AUD costs of the English Language Testing business, which is IDP Education's largest foreign currency cost
- Even after excluding the benefit of foreign currency movements from FY15 the "underlying" growth of the business was strong:
 - 11% underlying growth in revenue
 - 22% underlying growth in NPAT

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03

Growth and Strategy

Industry growth drivers

Key drivers of organic growth remain in place

- IDP Education's multi-destination strategy and its global IELTS footprint provide a diversified exposure to the key long term macro trends
 - ongoing global growth in the international education industry, and
 - the central role of English as a key global language
- The near term outlook remains positive with generally supportive regulatory settings in the key English speaking destination markets



- Performing strongly with supportive regulatory settings
- Quality of domestic education sector and proximity to Asia critical in competitive positioning



- UK retains its heritage position as a quality study destination
- Restrictive post study work rights and perceptions of not welcoming international students impact total market growth



- Still most popular study destination for international students
- Capacity for further growth as universities increase engagement with agents



- Continues growth in popularity
- Government has established a path to citizenship for international students
- Simplified brand 'Education Canada'



- Launched 5 year pathway visa
- Clear study-migration pathways
- Government includes international education as growth pillar for 2025

Our digital strategy

Our digital strategy will enhance our connectivity to our customers and expand our product offering across the entire student journey

The Student Journey



Discover study abroad

Search for real stories via social media

Research career and study options

Look for advice

Study English, prepare for IELTS

Attend events

O2O engagement with IDP through preferred channel

Make applications

Take an IELTS test

Receive offers

Make decision

Accept offer

Arranges
- Visa
- Accommodation
- Flights
- Insurance
- Telco
- Onshore support

Settle in

Establish social networks

Seek part time work

Further study

Asses career options

Internships

Job placement

Alumni/Referral



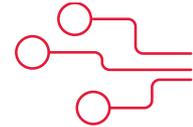
Our long term strategic vision

An increased focus on technology will deliver on the needs of our customers



Connected Community

The IDP Education international student platform will connect all participants in the industry and drive co-creation in a value-adding ecosystem



Technology

Technology will be a key enabler of our business going forward. We will extend our reach and our relevance through the use of customer centric technology

Build the global **platform** and **connected community** to guide **international students** along their **journey** to achieve their lifelong learning and **career aspirations**



International students

Our core mission is linked to the ambitions of the international student. This is aligned to our heritage and our values. IELTS is a key part of the international student journey



Journey

We will extend our relevance beyond the enrolment process and connect with the student's needs across their entire journey. Ultimately this may include connectivity to their career ambitions



Appendix A

Additional Financial Information

Expenses summary

Expenses tracking in-line with expectations

Summary of historical and forecast income statements

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	'000s / \$	%
Direct Costs	157.0	173.3	16.3	10%
Overhead Costs				
- Employee benefits expenses	61.8	79.4	17.6	28%
- Occupancy expense	11.4	14.3	2.9	25%
- Promotion and publicity expense	9.1	11.8	2.7	29%
- Other expenses	19.7	21.9	2.2	11%
Total Expenses	259.1	300.6	41.5	16%

- Total expenses growth is below revenue growth and has provided some leverage despite the investments made in headcount and occupancy during FY15 that have a full year impact in FY16
- Such expansion includes:
 - a new ELT campus in Cambodia (Dec 14)
 - acquisition of China Promising Education (May 15)
 - three new offices in India
 - conversion of Sri Lanka from third party licensee to wholly-owned operation

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Product category summary

FY16 revenue growth of 17% and gross profit growth of 23% leading to gross profit margin expansion

Twelve months to 30June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	'000s / \$	%
Revenue				
English Language Testing	213.5	237.1	23.6	11%
Student Placement				
- <i>Australia</i>	56.1	65.4	9.3	17%
- <i>Multi-destination</i>	13.4	27.0	13.6	102%
English Language Teaching	16.2	20.3	4.1	25%
Other	10.7	11.8	1.1	9%
Total revenue	309.9	361.6	51.7	17%
Gross profit				
English Language Testing	80.5	95.1	14.6	18%
Student Placement	59.0	78.2	19.2	33%
English Language Teaching	11.0	13.4	2.4	22%
Other	2.2	1.6	(0.6)	(27)%
Total gross profit	152.8	188.4	35.6	23%

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Cash flow

Strong cash generation with GOCF/EBITDA = 100%

Summary Cash Flow (A\$m)

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	'000s / \$	%
EBITDA	50.7	61.1	10.3	20%
Non-cash items	(0.7)	2.5	3.2	(450)%
Change in working capital	8.8	(3.1)	(11.9)	(135)%
Income Tax Paid	(15.5)	(17.1)	(1.6)	10%
Net interest received	0.1	0.5	0.4	364%
Operating cash flow	43.4	43.8	0.4	1%
Capital Expenditure	(9.7)	(9.2)	0.5	(5)%
Net cash flow before Financing	33.7	34.6	0.9	2%
Payment for treasury shares		(2.4)	(2.4)	nmf
Proceeds from Borrowings		15	15.0	nmf
Repayment from Borrowings		(15)	(15.0)	nmf
Dividend Payments	(39)	(48)	(9.0)	23%
Net Cash flow	(5.3)	(15.8)	(10.5)	202%

- GOCF** of \$60.4m reflects ~100% conversion from reported EBITDA reflecting strong cash generation of the business
- Dividends paid in FY16 were a \$18m interim and a \$30m special to pre-IPO shareholders
- The \$48m of dividends represent a payout ratio of 120% of FY16 statutory profits
- The H2FY16 dividend is in line with the Board's current policy of paying out 70-80% of NPAT

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

Strong balance sheet

\$35.4m net cash position as at 30 June 2016

Pro forma consolidated historical balance sheet

June year end; \$ millions	Statutory 30 Jun 2015	Adjustments	Pro forma 30 Jun 2015	Statutory 30 June 16	Change
Current assets					
Cash and cash equivalents	51.2	(36.0)	15.2	35.4	20.2
Trade and other receivables	28.0	-	28.0	31.1	3.1
Derivative financial instruments	6.0	-	6.0	0.8	(5.2)
Other current assets	10.9	(2.0)	8.9	10.0	1.1
Current assets	96.1	(38.0)	58.1	77.3	19.2
Non-current assets	69.2	-	69.2	76.8	7.6
Total assets	165.3	(38.0)	127.3	154.1	26.8
Current liabilities					
Trade and other payables	39.1	-	39.1	41.3	2.2
Deferred revenue	15.3	-	15.3	14.1	(1.2)
Current tax liabilities	8.8	-	8.8	2.8	(6.0)
Borrowings	-	10.0	10.0	-	(10.0)
Other current liabilities	4.4	-	4.4	13.4	9.0
Current liabilities	67.6	10.0	77.6	71.7	(5.9)
Non-current liabilities	6.3	-	6.3	3.1	(3.2)
Total liabilities	73.9	10.0	83.9	74.8	(9.1)
Total equity	91.4	(48.0)	43.4	79.3	35.9

- Cash balance of \$35.4m as at 30 June 2016
- No debt outstanding with facility used for pre-IPO dividends fully repaid