



ASX ANNOUNCEMENT

16 August 2018

3P Learning Limited announces FY2018 Full Year Results

3P Learning Limited (ASX: 3PL) announces its results for the full financial year 2018. Group Revenue increased 6% over the prior year to \$55.4 million, Underlying Core EBITDA increased 23% to \$19.6 million and Underlying Core Net Profit After Tax was up 13% to \$7.1 million.

Key Financial Information A\$M (unless stated)	FY2018*	FY2017**	Variation %
Revenue	55.4	52.5	6%
Underlying Core EBITDA	19.6	16.0	23%
Underlying Core Net Profit After Tax	7.1	6.3	13%
Statutory Net Profit After Tax	(18.7)	(7.3)	(156%)
Underlying Earnings Per Share (cents)	4.7	4.4	7%
Cash/Net Debt	23.0	(6.2)	471%

*FY2018 Underlying Core EBITDA and Underlying Core NPAT includes \$0.6 million of share of profits of associates. Reported Net Profit After Tax includes loss on disposal of investments of \$25.3 million after tax and change in US tax rates of \$0.5 million.

**FY2017 Underlying Core EBITDA and Underlying Core NPAT includes \$0.7 million of share of profits of associates. Reported Net Profit After Tax includes one-off non cash write down of \$12.0 million (after tax) and restructuring costs of \$1.6 million (after tax).

Group Revenue grew by 6%. Our APAC region (including our home market of Australia) increased revenue by 8%, the Americas grew by 4% while EMEA revenues were flat following contraction in educational expenditure. Licence growth was impacted by our focus on more profitable bundling as well as the non-renewal of legacy and low ARPU contracts in the Middle East. All regions expanded ARPU and the Americas made a strong EBITDA contribution.

3P Learning CEO, Rebekah O'Flaherty, said, "We have completed year 2 of our 3-year strategic plan which has had a focus on strengthening the product portfolio and developing a scalable sales and marketing model. The plan is on track and we have made significant progress on both fronts having completed the first module of our literacy product called Readwriter Phonics and strengthened our flagship Mathletics brand. Our more efficient operating model provides significant cost benefits and we have reinvested those savings into our strategic priorities."

"In FY19 we will complete the foundation building of the product portfolio and our scalable sales and marketing model. We expect growth to come from product, customer and geographic expansion as well as improvements in retention. Growth will also be fuelled by the important USA market and following a year of transition, the now profitable USA business will enter FY19 with improved product fit and a more efficient sales model. We expect FY19 to be another modest year of revenue growth but 'green shoots' of stronger sales will commence in the latter part of FY19 and beyond."

"Finally, the most important ingredient to 3P Learning is the 3P Team. I'm pleased to report that we participated for the second year in the *Great Place to Work*® Institute global survey and we saw key improvements in the focus areas we identified last year, as well as an overall increase in employee engagement and our company ranking."

FY2019 Outlook

3P Learning CFO, Jonathan Kenny, said, "The operating improvements we have made over the past two years, combined with the sale proceeds from Learnosity, results in a much stronger balance sheet with \$23 million of cash. This will allow us to continue to support and grow the business."

"In FY19 we expect APAC to see continued revenue growth ahead of cost growth with the benefits of reduced cost of acquiring customers (CAC). In EMEA, with education spending stabilising, we expect improvements in that market. In the Americas, following a year of transition, the USA is poised for growth in the latter part of FY19 with an improved product offering and with the investment in strategic sales people. With these investments we expect that margins in the Americas may contract however the region will continue to make a contribution overall. As a Group we expect to see the 'green shoots' of growth in the latter part of FY19 due to the sales cycle, with revenue growth flowing through into FY20 and beyond."

No dividend has been declared.

FY2018 Full Year Results Presentation — Conference Call and Webcast

Chief Executive Officer, Rebekah O'Flaherty, and Chief Financial Officer, Jonathan Kenny, will host a webcast and teleconference today at 10.30 am AEST.

The webcast will be available at <https://edge.media-server.com/m6/go/3p-learning-fyr18>

Pre-registration for the teleconference is available at <http://www.3plearning.com/investors/>

Alternatively, the teleconference can be accessed as follows:

Conference ID: 548282

Australian callers: 1800 908 299 or +61 2 9007 8048

US/Canada - 1855 624 0077

UK - 0800 051 1453

Singapore - 800 101 2702

Hong Kong- 800 968 273

New Zealand - 0800 452 795

Japan - 0066 3386 8000

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