



**Global
platform**

**Connected
community**

IDP Education
Morgan Stanley Asia Pacific Summit

29 November 2018



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01

Company Overview



Business Overview

A diversified provider of services to the international education industry

English Language Testing

A leading global high-stakes English Language Test (IELTS)

FY18
Revenue

\$306.8m

up 22% on FY17

% FY18
Revenue

63%

Student Placement

Leading provider of international student recruitment services

\$122.7m

up 19% on FY17

25%

Digital Marketing and Events

Online and offline marketing for universities' international student recruitment activities

\$31.9m

up 108% on FY17

7%

English Language Teaching

English Language schools in select SE Asian markets

\$22.2m

up 5% on FY17

5%

A globally connected community

A living network of services to help students and globally mobile people achieve their study, career and migration goals

Student Placement

- 100+ offices
- 30 source countries
- 800+ institutions
- 6 destination countries

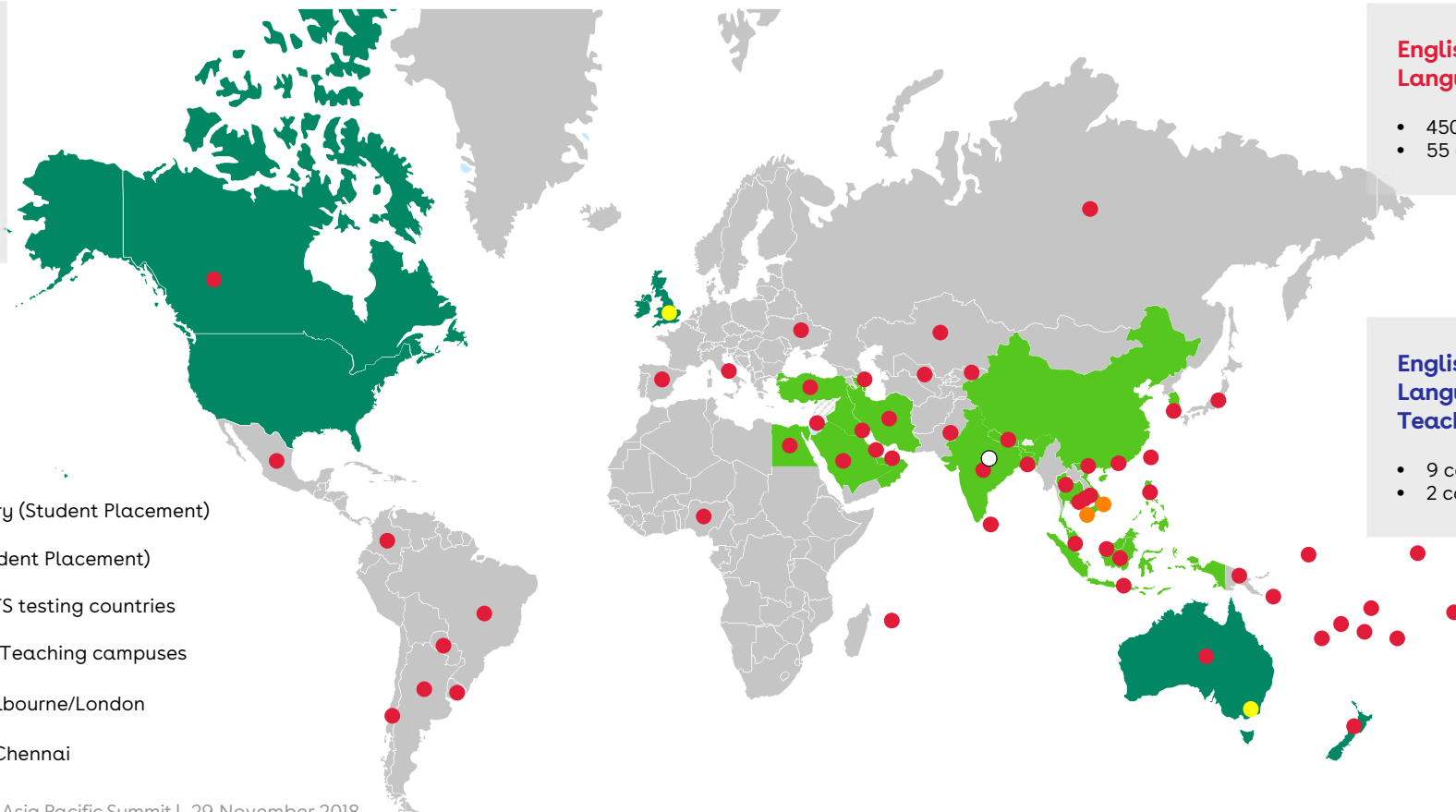
English Language Testing

- 450 test locations
- 55 countries

English Language Teaching

- 9 campuses
- 2 countries

- Destination country (Student Placement)
- Source region (Student Placement)
- IDP Education IELTS testing countries
- English Language Teaching campuses
- Head offices – Melbourne/London
- Innovation Hub – Chennai



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Investment Highlights



Investment Highlights



Industry

- Aligned to positive macro trends in key markets for international education and the use of the English language



Diversification

- Unique, quality assets that are globally diversified



Strategy

- A bold and transformative strategy that will drive long term growth

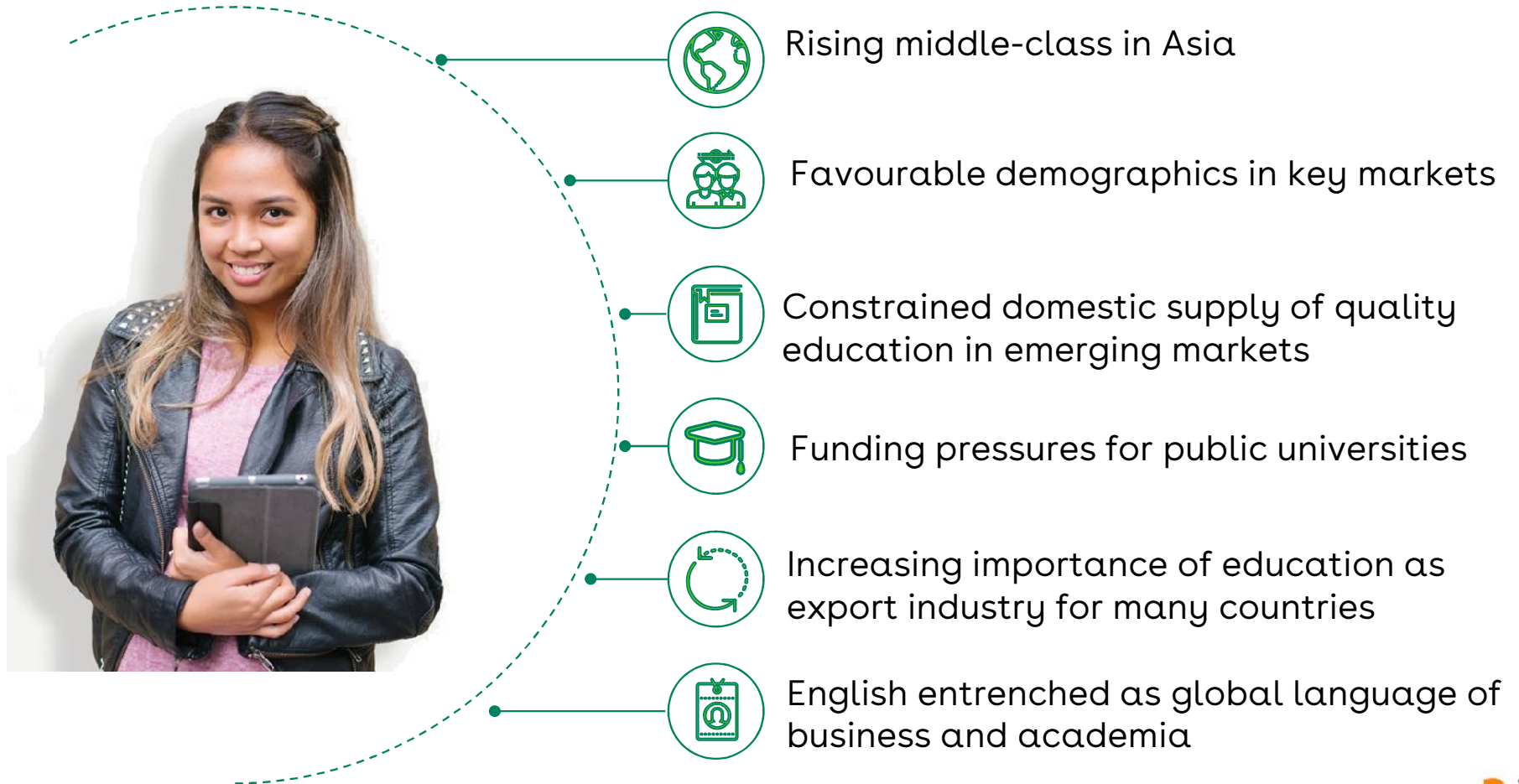


Financial

- Track record of strong financial performance and earnings growth

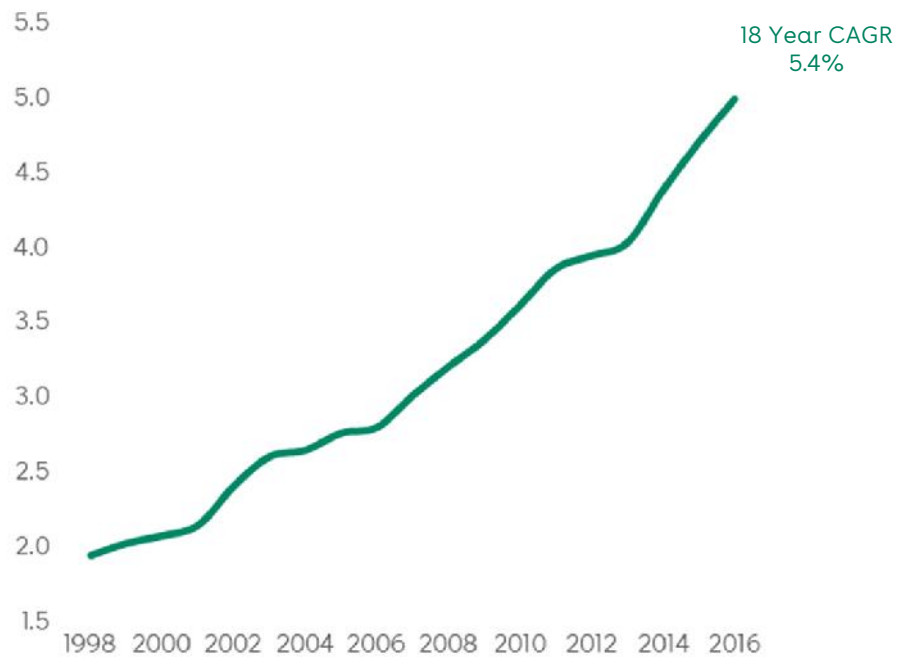
Industry Dynamics

The international education industry continues to be supported by a range of positive structural demand and supply factors



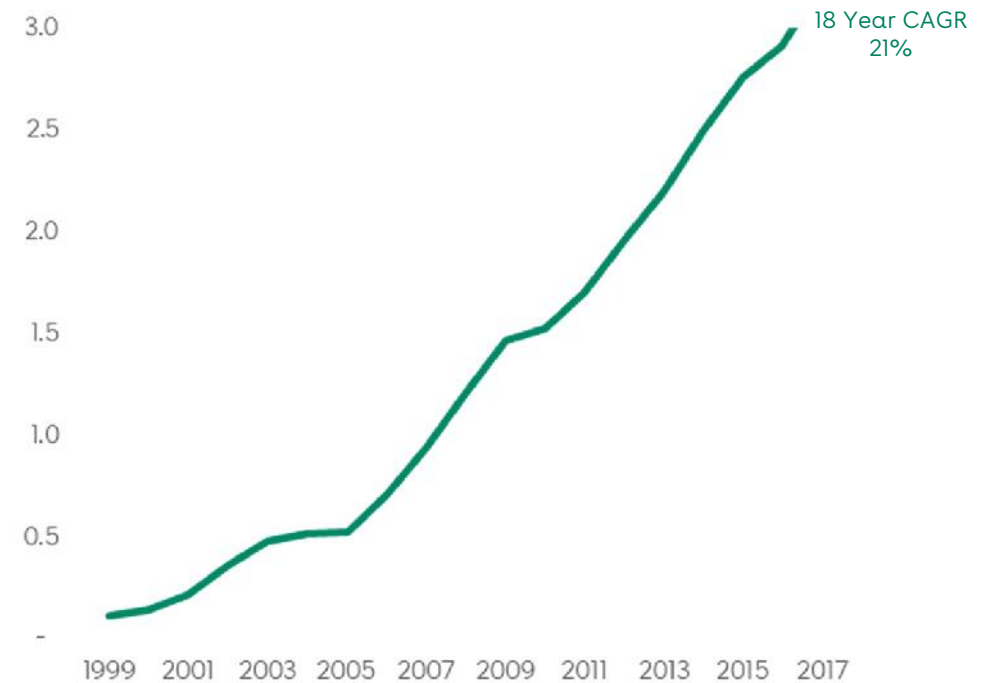
Aligned to long term structural growth drivers

Global International Student Numbers (millions)



Source: OECD Education at a Glance, 2018

Total IELTS Tests (millions)



Source: IDP Education

A global network helping students achieve study and career goals



- 30 source countries
- 100+ offices
- 800+ expert education counsellors
- 115 million web visits p.a.

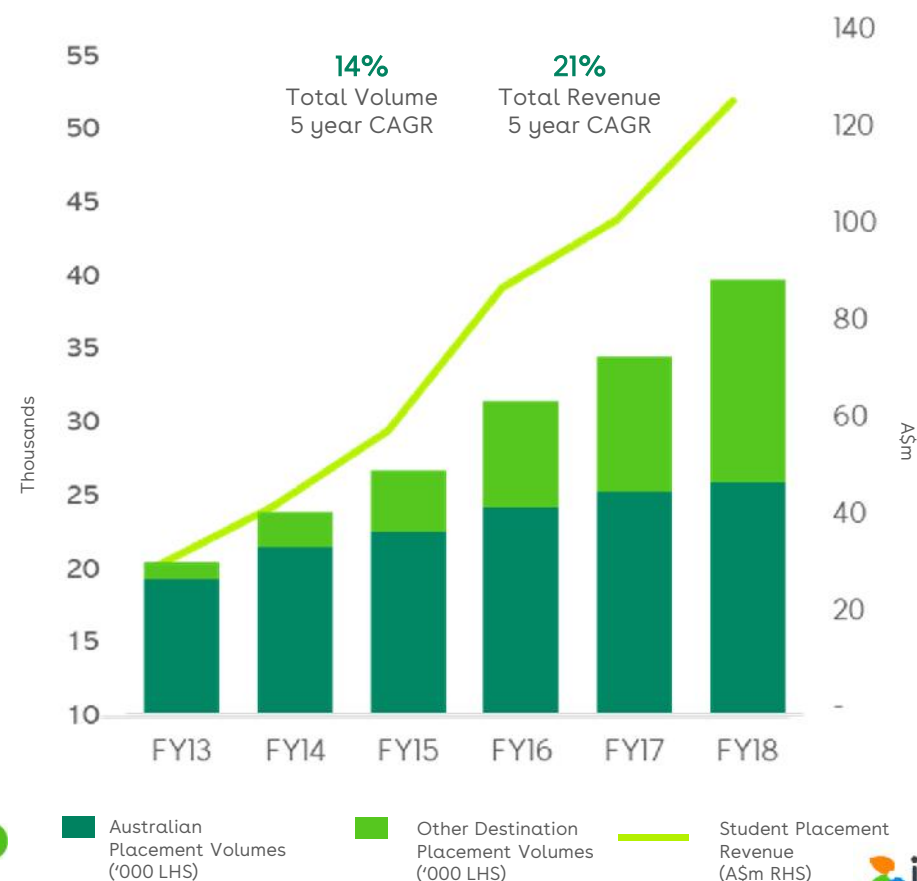


- Placing students into 39,700 quality courses
- In over 700 education institutions



- Across 6 popular education countries

Student Placement Volumes and Revenue



Proud co-owners of the world's leading high-stakes English language test



- 2 strategic partners – British Council and Cambridge Assessment English

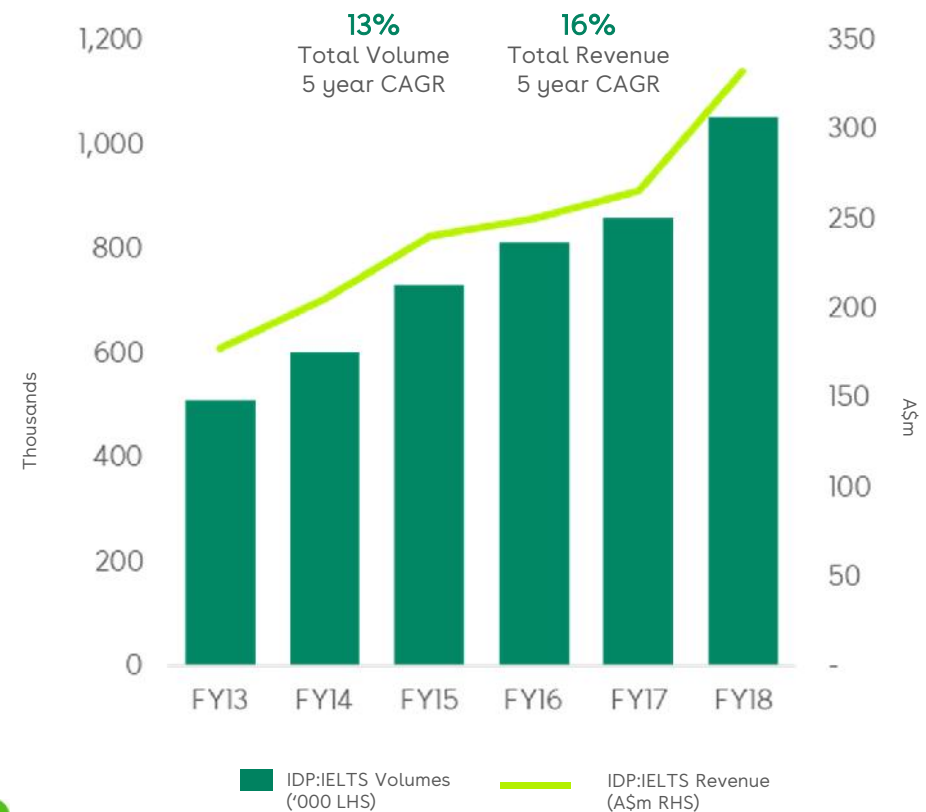


- 55 testing countries
- 500 test centres
- 10,000+ recognising organisations



- 1.14m IDP:IELTS tests in FY18
- Introduced computer-based testing

IDP:IELTS Volumes and Revenue



03

Strategy



A global platform

We are building a global platform and connected community that will guide international students along their journey to achieve their lifelong learning and career aspirations

Deliver world-leading capabilities and services...



...on an integrated global platform...



The world's definitive international student dataset and connected community

...ensures that we understand the needs and expectations of students and clients



Connecting our customers to success

Progress to date

Building the world's definitive international student dataset and connected community



Discover



World's best digital experiences

- 20 websites launched
- 37% increase in student placement leads in FY18



Digitising student expos

- Launched in all IDP countries
- Over 100 events completed
- 40,000+ student interactions

Engage



Global contact centre

- Regional and country contact centres established



Lead nurturing and marketing automation

- Marketing automation system connecting web activity with customer relationship management system

Support



Leading office network

- Office network, expanded to 110 offices.
- Seven new offices in India in FY18



Virtual Agency

- Currently focused on India and China

Arrival



Student essentials

- Key services include health insurance, accommodation money transfer and banking
- Over 9,000 customer purchases in FY18



Career support

- Emerging area of focus. Pilot internship program launched

Industry leading web sites drive the top of the funnel and generate valuable insights



56

Global and
country specific
websites



115

Million
combined
web traffic



27%

Increase
in international
site web traffic



37%

Increase
in student
placement leads



IELTS™

hotcoursesabroad
AN idp COMPANY



hotcourses



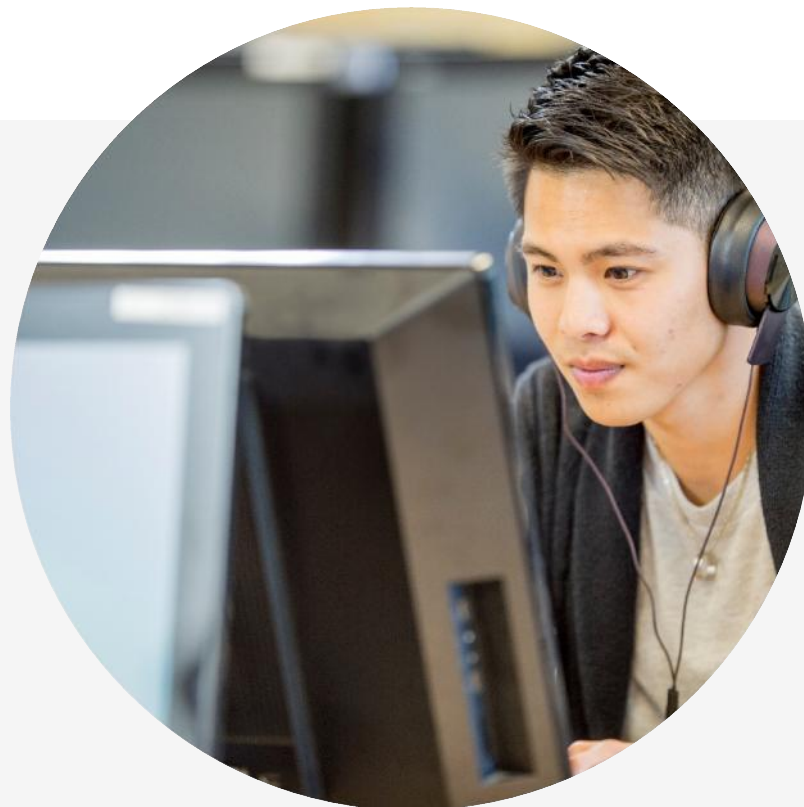
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Floodlight



Computer-Delivered IELTS

A faster, more convenient test



Global roll-out
Live in 23 countries



Customer convenience
More test date choice and
faster results



Positive customer experience
Increased Google star rating



Innovation roadmap
Continual improvements



World-leading content
Maintains IELTS' test integrity



Well received by industry
Maintains high security



04

Financial Results



FY18 Overview

Revenue and EBITDA up 25% and 28% respectively on a constant currency basis

Income Statement Summary

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)*
	FY18	FY17	\$m	%	
English Language Testing	306.8	250.7	56.1	22%	24%
Student Placement	122.7	103.4	19.2	19%	19%
- Australia	80.6	74.5	6.1	8%	8%
- Multi-destination	42.1	28.9	13.2	45%	45%
English Language Teaching	22.2	21.2	1.1	5%	8%
Digital Marketing and Events	31.9	15.3	16.6	108%	103%
Other	3.6	3.6	0.0	-1%	1%
Total Revenue	487.2	394.2	93.0	24%	25%
Direct Costs	217.7	181.4	36.2	20%	22%
Gross Profit	269.5	212.7	56.7	27%	27%
Overhead costs	180.2	144.4	35.8	25%	25%
Share of Profit/(Loss) of Associate	-0.3	0.0	-0.3	0%	0%
EBITDA	89.0	68.4	20.7	30%	28%
Depreciation & Amortisation	8.2	5.8	2.4	41%	42%
Amortisation of Acquired Intangibles	4.9	1.4	3.6	263%	263%
EBIT	75.9	61.2	14.7	24%	23%
Net finance expense	-2.1	-0.7	-1.3	186%	187%
Profit before tax	73.9	60.5	13.4	22%	20%
Income tax expense	22.4	19.0	3.4	18%	19%
NPAT	51.5	41.5	10.0	24%	21%
NPATA **	55.3	42.6	12.7	30%	27%

* "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

** NPATA is NPAT adjusted by adding back the non-cash post-tax charges relating to the amortisation of acquired intangible assets. The charges relate to the FY15 acquisition of Promising Education and the FY17 acquisition of Hotcourses

Note: Columns may not sum due to rounding

- Revenue growth of 25% (constant currency basis)
- Very strong revenue growth in English Language Testing, Multi Destination (MD) student placement and Digital Marketing and Events
- Outstanding contribution from India in both IELTS and Student Placement
- Overhead costs include first full year of Hotcourses Group, 13 new SP offices, and investment in digital marketing capability - underlying growth in total expenses 16%
- Increase in depreciation reflects investment in IELTS systems and growth in SP office network
- Amortisation of Intangibles includes \$2.0m of accelerated amortisation relating to an SP license in China
- NPATA growth of 27% (Constant currency basis)
- Final dividend of 6.5cps franked at 60%

Key Operating Metrics

Strong volume growth across all products

Summary of Key Operational Metrics

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%) *
	FY18	FY17	'000s / \$	%	
Volumes (000s)					
English Language Testing	1141.2	909.8	231.3	25%	
Student Placement	39.7	34.5	5.2	15%	
-Australia	25.9	25.2	0.7	3%	
-Multi-destination	13.9	9.3	4.6	50%	
English Language Teaching students	83.3	76.4	6.9	9%	
Average Test Fee (A\$)					
English Language Testing Fee	269	276	-7	-2%	-1%
Average Application Processing Fee (A\$)					
Student Placement APF	3,087	3,000	87	3%	3%
-Australia APF	3,115	2,956	159	5%	5%
-Multi-destination APF	3,034	3,119	-85	-3%	-3%
Average Course Fee (A\$)					
English Language Teaching Course fee	267	277	-10	-4%	-1%

Volumes

- 25% growth in IELTS volumes a highlight of the result
- Asia remains the engine of growth in IELTS with 60% volume growth in that region
- Additional geographic diversification added to growth with new test centres opened in Nigeria, Uzbekistan and Switzerland
- SP volume growth driven by Canada and UK with USA reporting a return to growth albeit volumes remain small.
- SP office expansion continued with seven new offices in India alongside new offices in Bangladesh, Indonesia, China, New Zealand and Egypt
- Australia posted modest growth reflecting overall industry trends

Average Price

- Currency and mix shift impacting IELTS and MD average price
- SP AU benefiting from contract changes

05

Summary



Summary

Strong result highlights strength of business model and strategic direction

Financial Performance

- Double-digit growth driving strong top-line and bottom-line performance

Unique Global Footprint

- Strong organic growth in IELTS and SP reflects leading global market position

Product Innovation

- Computer-delivered IELTS a significant development during FY18
- New client services leveraging combined capabilities of IDP and Hotcourses

Digital Transformation

- We are building a global platform and connected community providing us with new data and service opportunities

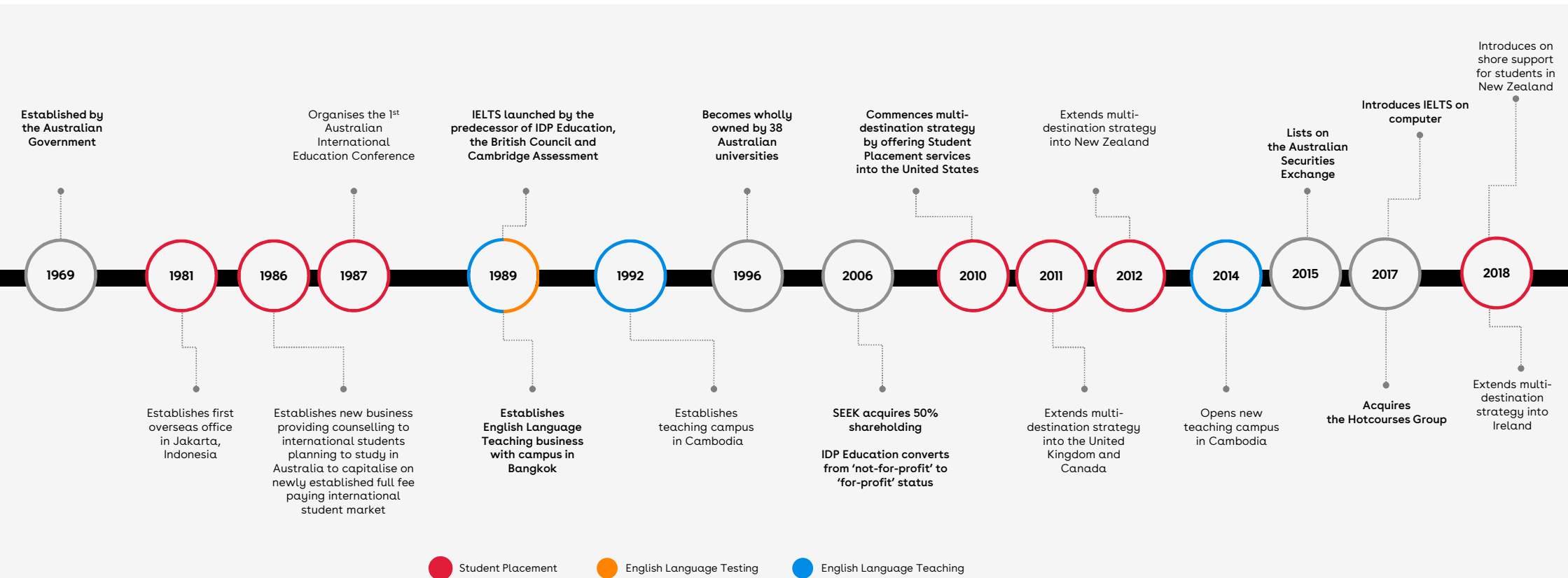


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Appendices



Our history



Product Category Summary

Revenue and GP by Product Segment

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%) *
	FY18	FY17	\$m	%	
Revenue					
English Language Testing	306.8	250.7	56.1	22%	24%
Student Placement	122.7	103.4	19.2	19%	19%
- Australia	80.6	74.5	6.1	8%	8%
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English Language Teaching	22.2	21.2	1.1	5%	8%
Digital Marketing and Events	31.9	15.3	16.6	108%	103%
Other	3.6	3.6	0.0	-1%	1%
Total revenue	487.2	394.2	93.0	25%	25%
Gross profit					
English Language Testing	129.1	103.6	25.5	25%	25%
Student Placement	104.1	87.2	16.9	19%	19%
English Language Teaching	14.7	13.9	0.8	6%	9%
Digital Marketing and Events	19.8	6.0	13.8	229%	202%
Other	1.7	1.9	-0.2	-11%	-8%
Total gross profit	269.5	212.7	56.7	27%	27%

FY18 Highlights

- Incremental GP margin expansion in each product category
- IELTS margin expansion largely due to FX movements
- Group margin expansion mainly due to full year of Hotcourses Group earnings which are at +90% GP margin

Cash Flow

Strong Cash generation with GOCG/EBITDA = 113%

Summary Cash Flow

Twelve Months to 30 June	Full Year Actuals		Growth	
	FY18	FY17	\$m	%
EBITDA	89.0	68.4	20.7	30%
Non-cash items	3.7	6.0	-2.3	-38%
Change in working capital	8.3	3.0	5.3	177%
Income Tax Paid	-25.6	-18.7	-6.9	37%
Net interest paid/received	-0.9	0.1	-1.0	-1000%
Operating cash flow	74.5	58.8	15.8	27%
Payments for Acquisitions	-17.7	-37.9	20.2	-53%
Capital Expenditure	-28.5	-15.7	-12.8	82%
Net cash flow before Financing	28.3	5.2	23.2	449%
Payments for Treasury Shares	-9.7	-5.6	-4.1	73%
Proceeds from Borrowings	30.7	45.6	-14.9	N/A
Repayment from Borrowings	-8.0	-6.9	-1.1	N/A
Dividend Payments	-35.0	-31.3	-3.7	12%
Effect of FX on cash holdings in foreign currency	0.5	-0.4	0.9	N/A
Net Cash Flow	6.8	6.6	0.3	4%

FY18 Highlights

- GOCF* of \$101m up 31% and reflects 113% conversion from reported EBITDA reflecting strong cash generation of the business
- Capex of \$28.5m included following investments
 - SP Digital Platform
 - New SP offices
 - ELT campus refurbishment
 - CD IELTS test centres refurbishments/relocations
 - CD IELTS systems
 - Human Capital Management System

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

Balance Sheet

\$15.1m net debt position at 30 June 2018

Consolidated historical balance sheet

As at 30 June, A\$ million	30-Jun-18	31-Dec-17	Change
Current assets			
Cash and cash equivalents	48.8	42.0	6.8
Trade and other receivables	53.4	41.5	11.9
Other current assets	17.2	11.1	6.1
Current assets	119.4	94.6	24.8
Non-current assets	169.4	145.3	24.1
Total assets	288.8	239.8	49.0
Current liabilities			
Trade and other payables	69.3	50.3	19.0
Deferred revenue	30.0	25.7	4.3
Current tax liabilities	1.7	2.8	-1.1
Borrowings	5.0	0.0	5.0
Other current liabilities	11.6	22.8	-11.2
Current liabilities	117.6	101.6	16.0
Non-current liabilities	69.9	49.5	20.5
Total liabilities	187.5	151.0	36.5
Total equity	101.3	88.8	12.5

- Drawn borrowings balance as at 30 June A\$63.9m
- Debt facilities include
 - £36.0m Hotcourses Group acquisition facility (£30.9m drawn)
 - A\$20.0m working capital (A\$5.0m drawn)
 - A\$7.0m HCP investment facility (A\$4.1m drawn)
- Cash of A\$48.8m generates net debt of A\$15.1m