



3P Learning

INVESTOR & ANALYST PRESENTATION

For the half year ended 31 December 2014

Chief Executive Officer: Tim Power

Chief Financial Officer: Jonathan Kenny



3P Learning

AGENDA

01	Overview	2
02	Financial Information and KPIs	7
03	Key Product Update	16
04	Recap and Outlook	21



1



3P Learning

SECTION ONE: Overview



3P Learning Overview

- 3P Learning is a global online education company that offers cloud-based software-as-a-service products for schools and students in grades K-12¹
- At 3P Learning, our mission is to create a place where students, families and teachers can love learning. This passion translates to more engaged educators, motivated learners and an overall improvement in student knowledge and achievement
- 3P Learning is focused on online learning for school-aged students, with our programs covering mathematics (Mathletics), spelling and literacy (Spellodrome), reading skills (Reading Eggs) and Science (IntoScience). All of our e-learning programs are designed by educators and educational technologists and are fully aligned with over a dozen international curricula – just one reason why they are trusted by over 4.9 million students and 17,000 schools across the world

1. K-12 refers to Kindergarten to Grade 12, which includes both primary and secondary students.



HY 2015 Operational Highlights

- Revenue growth of 21%, EBITDA growth of 46% on prior corresponding period (p.c.p)
- ARPU increases on track at \$8.40
- Mathletics Advantage campaign launched
- Over 1.7 million unique app downloads
- Seasonality of sales and licence growth is heavily weighted to the second half
- Won 3 major international awards -
 - BETT International Digital Resource
 - BETT Best Whole Course Curriculum Content
 - US Family Choice



A young woman with brown hair, wearing a white collared shirt and a black tie with red and white diagonal stripes, is smiling. She is in the foreground, and another person is partially visible behind her.

HY 2015 Progress on Strategy

North America

- North America expansion with product enhancements and sales force investment
- Significant investment and focus on product enhancements to facilitate district selling in North America

Into Science

- Into Science starting to get traction with 46,000 licences and positive third party reviews
- Focus on building out content to target middle schools in Americas and EMEA for FY16



HY 2015 Performance vs HY 2014

Key Financial Information	HY 2015 Pro Forma *	HY 2014 Pro Forma	Growth	HY 2015 Statutory
Revenue (\$m's)	18.4	15.2	21%	18.4
EBITDA (\$m's)	6.3	4.3	46%	(3.9)
NPBT (\$m's)	5.3	3.6	46%	(4.9)
NPAT (\$m's)	4.1	3.2	29%	(3.0)
EBITDA margin	34.1%	28.1%	21%	(21.2%)
Cash at Bank (\$m's)	15.8	11.2	41%	15.8

* Pro forma financial information which has been prepared to reflect 3P's financial performance and position as if accounting policies had been consistently applied over the historical period and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO.



3P Learning

2

SECTION TWO: Financial Information and KPIs

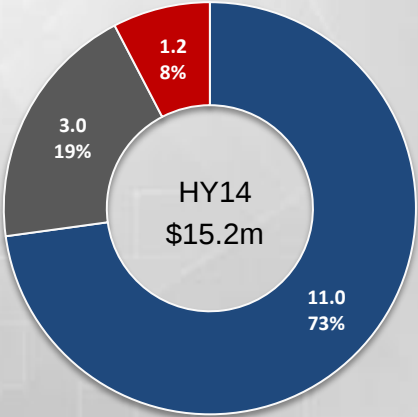
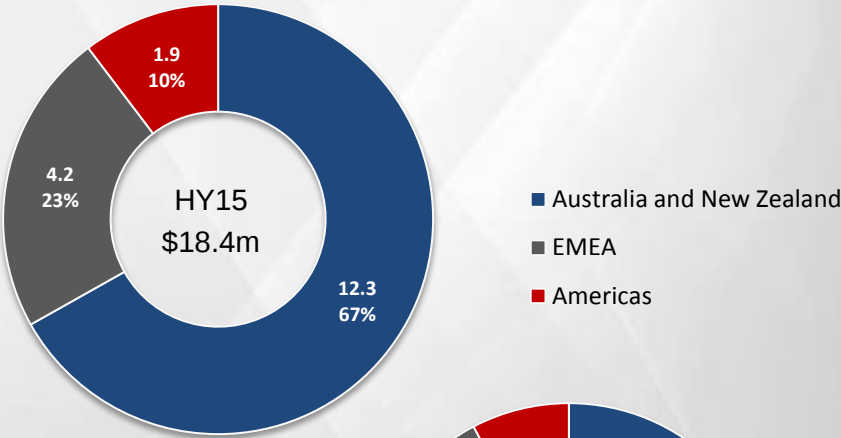


Revenue by Geography

HY 2015 revenue grew by 21% on HY 2014. Geographic diversification of revenue increased as revenue in EMEA grew by 42% and Americas grew by 64%, while ANZ's contribution to total revenue declined from 73% to 67%.

Revenue split by geography

	HY 2015	HY 2014	Growth
Australia and New Zealand	12.3	11.0	11%
EMEA	4.2	3.0	42%
Americas	1.9	1.2	64%
Total	18.4	15.2	21%



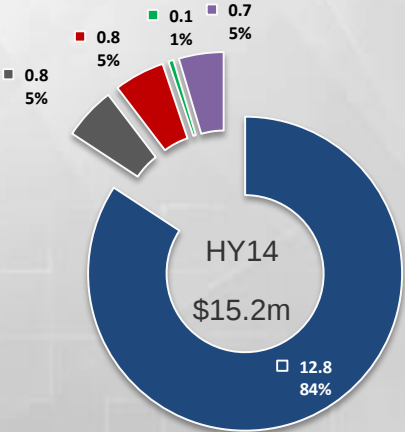
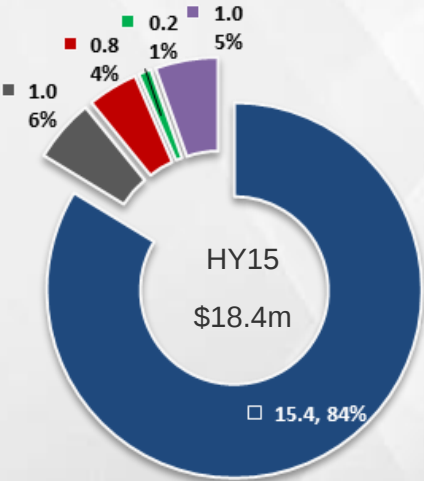


Revenue by Product

Growth across all product lines with Mathletics making the largest contribution.

Revenue split by product

	HY 2015	HY 2014	Growth
Mathletics	15.4	12.8	20%
Reading Eggs Products	1.0	0.8	21%
Spellodrome	0.8	0.8	1%
IntoScience	0.2	0.1	145%
Other	1.0	0.7	42%
Total	18.4	15.2	21%

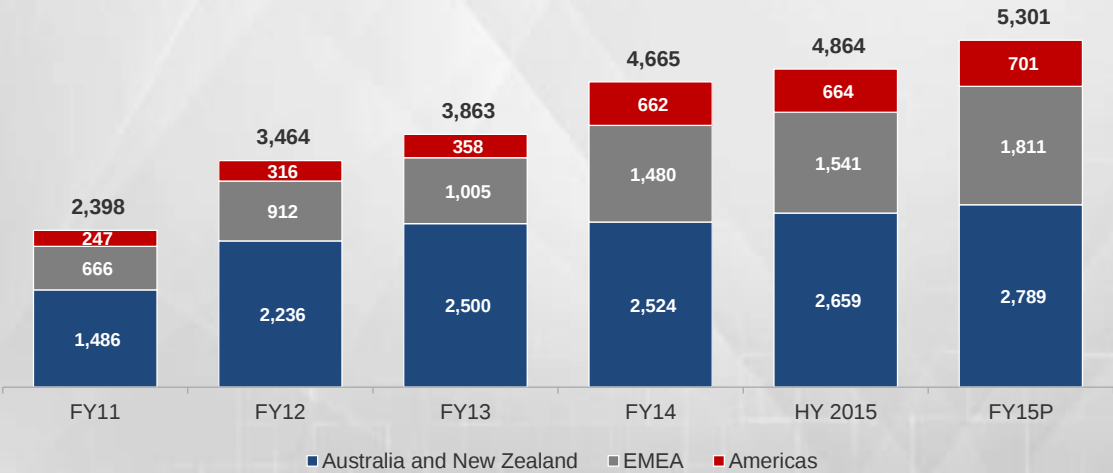




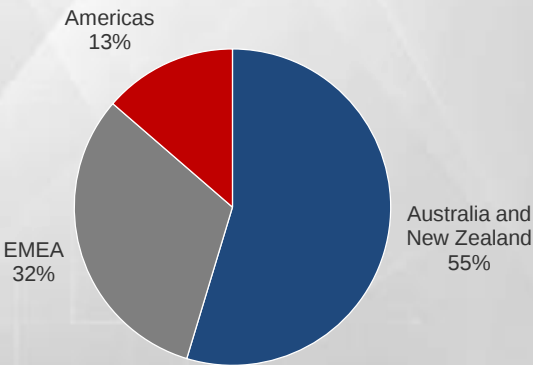
Licences

ANZ performing well outside traditional renewal period. Growth in EMEA benefited from schools not breaking for summer holidays until mid-July. Americas performing well considering the impact of the seasonal renewal cycle.

Total Licences (000's) – by geography



Licences split as at 31 December 2014

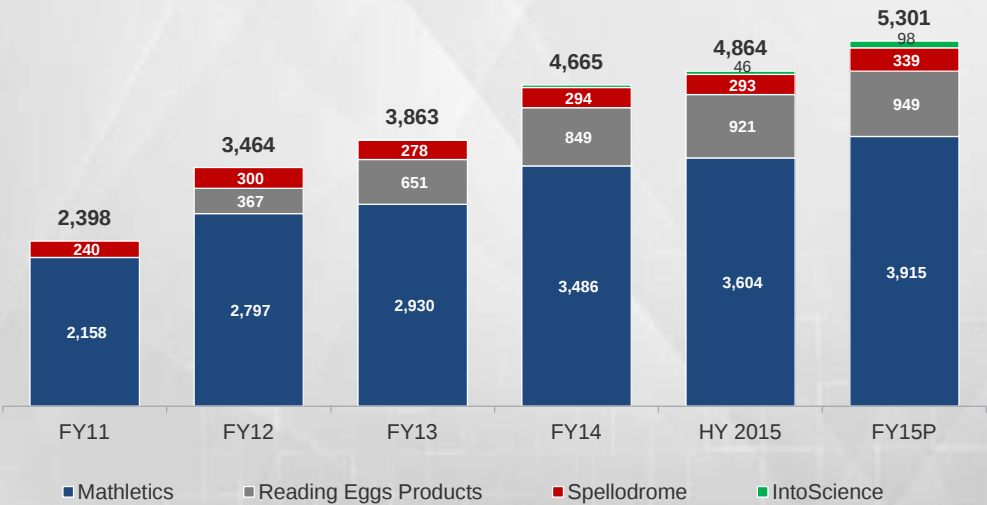




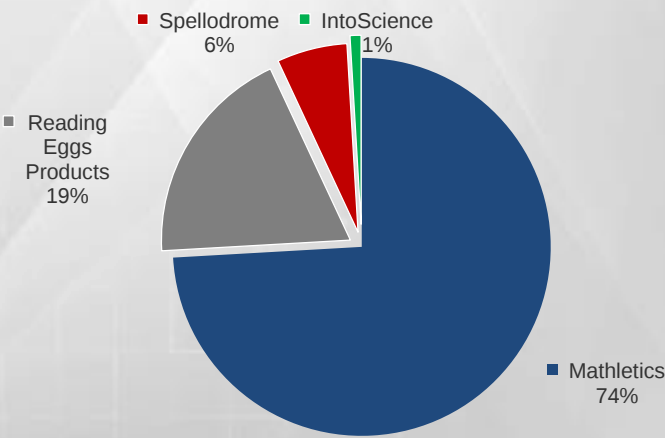
Licences

Strong performance of core products with consistent growth in total licence numbers.

Total Licences (000's) – by product



Licences split as at 31 December 2014





ARPU: Average revenue per user licence

- ARPU at 31 December 2014 was \$8.40*, (FY15 prospectus forecast of \$8.32)
 - HY 2015 result reflected price increases in EMEA and US during 2H 2014 and the positive impact of mix and foreign currency benefits
 - The 15% increase in ARPU in Australia as forecast in the prospectus, is progressing as planned with little impact on retention rates to date
 - The full benefit of this increase in ARPU will be realised in future periods

* HY 2015 ARPU is calculated on annualised revenue, being 2H 2014 licence revenue plus 1H 2015 licence revenue plus \$0.5 million pro forma adjustment for South Africa acquisition (\$37.6 million) divided by the average number of licences over the period.

Group Performance Overview

HY 2015 Revenue increased 21%, EBITDA increased 46% and NPAT increased 29% on p.c.p.

Summary of actual vs forecast income statements

\$ million, June year end	Pro forma *				Statutory
	HY 2015	HY 2014	Var	Growth	HY 2015
Total revenue	18.4	15.2	3.2	21%	18.4
Employee expenses	(8.6)	(7.1)	(1.5)		(8.6)
Marketing expenses	(0.9)	(1.2)	0.3		(0.9)
Technology and occupancy expenses	(1.3)	(1.9)	0.6		(1.3)
Other expenses	(1.3)	(0.8)	(0.5)		(11.5)
EBITDA	6.3	4.3	2.0	46%	(3.9)
Margin	34.1%	28.1%			-21.2%
Depreciation & amortisation	(1.3)	(0.8)	(0.5)		(1.3)
EBIT	5.0	3.5	1.5	44%	(5.2)
Margin	27.0%	22.7%			-28.3%
Interest	0.3	0.2	0.1		0.3
Profit before tax	5.3	3.6	1.7	46%	(4.9)
Margin	28.7%	23.8%			-26.6%
Tax expense	(1.2)	(0.4)	(0.8)		1.9
NPAT	4.1	3.2	0.9	29%	(3.0)
Margin	22.2%	20.8%			-16.3%

Increased salary costs associated with growing markets. Offset by benefit of technology and occupancy cost savings as we move to cloud and renegotiate property leases. Reduced Marketing as a result of timing of the World Education Games held in 1H14.

Depreciation increased on capitalisation of software development of \$3.7 million for the half.

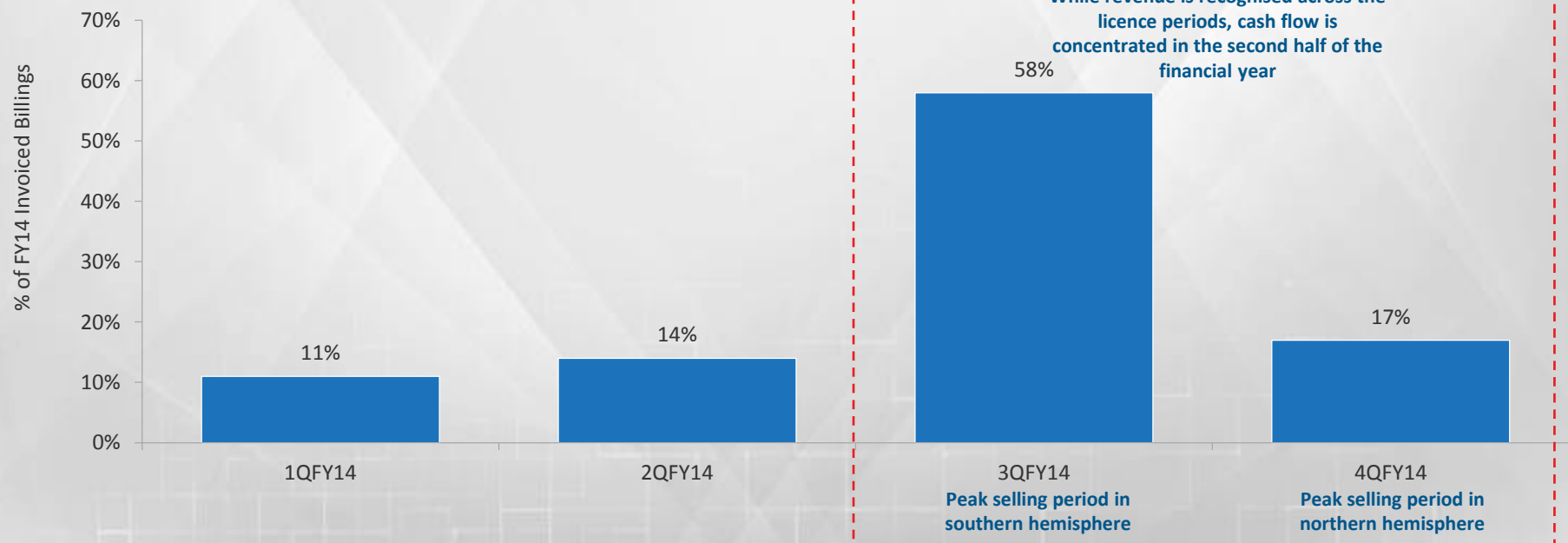
Tax expense benefit as a result of R&D tax incentive confirmed.

* Pro forma financial information has been prepared to reflect 3P's financial performance and position as if accounting policies had been consistently applied over the historical period and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO.



Seasonality of Invoiced Billings

There is a high degree of seasonality in 3P’s cash flow, as a large proportion of licences are purchased at the start of the Australian school year.





Pro forma Cash Flow

HY2015 Cash Flow heavily impacted by the seasonality of our cash billings. Total cash at bank of \$15.8million plus \$2.3M term deposits as at 31 Dec 2014.

Cash Flow \$million, December year end	* Pro forma		
	HY 2015	HY 2014	Var
EBITDA	6.3	4.3	2.0
Non-cash expense	(0.3)	0.2	(0.5)
Change in working capital	(7.7)	(4.5)	(3.2)
Operating free cash flow before capital expenditure	(1.7)	(0.0)	(1.7)
Purchase of PP&E	(0.1)	(0.2)	0.1
Purchase of intangible assets ¹	(3.7)	(3.3)	(0.5)
Operating free cash flow after capital expenditure	(5.5)	(3.5)	(2.0)
Interest received	0.3	0.2	0.1
Net interest and principal paid	(0.1)	(0.1)	0.0
Income tax (paid)/refunded	(0.5)	0.1	(0.6)
Short term deposits	0.3	(0.0)	0.3
Net cash flows before dividends	(5.5)	(3.3)	(2.2)
Cash flow conversion² (before capital expenditure)	(27%)	(1%)	(26%)
Cash flow conversion³ (after capital expenditure)	(88%)	(81%)	(7%)

* Pro forma financial information which has been prepared to reflect 3P's financial performance and position as if accounting policies had been consistently applied over the historical period and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO.

1. Includes capitalised Mathletics, IntoScience and Spellodrome \$3.7 million in 1HFY15 actual.

2. Cash flow conversion calculated as operating free cash flow before capital expenditure as a percentage of Pro forma EBITDA.

3. Cash flow conversion calculated as operating free cash flow after capital expenditure as a percentage of Pro forma EBITDA.



3P Learning

SECTION THREE: Key Product Releases

3

New Releases: Mathletics Reports Console

Data-driven teaching is a new focus of the Mathletics sales and marketing messaging.

Teachers now have access to automatically generated, real-time reporting at all levels.

This reporting is useful, insightful and actionable.

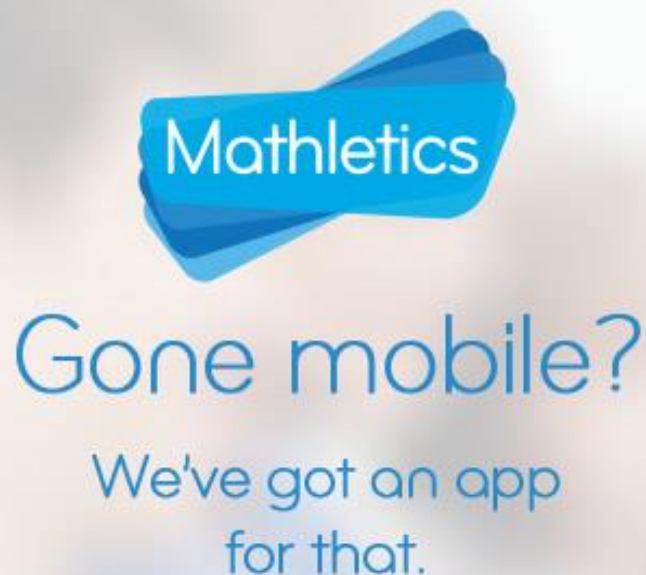
- Weaknesses and strengths are identified automatically at the school, grade, class and individual student level.
- Actions can be taken to give students (or classes) target work based on their needs in a very short amount of time.
- All information is live and real time.
- There is also reporting for improvement, participation and fluency results.



New Releases: Mathletics Student App

Mathletics Student v4.0 released into app stores this month – a major developmental upgrade from v3.0, now integrating full HTML activity framework, allowing for the subsequent release of over 250 additional Mathletics activities to mobile.

Total app downloads now top
1.7m



New Releases: IntoScience



NOW LIVE

A major new open-learning interactive environment within IntoScience, opening up the curriculum area of “Electricity”

7 new activities introducing electricity, circuits and schematics. Using IntoScience's new hands-on circuit toolkit students can actively explore key concepts by designing circuits, drawing schematics and playing with electrical components.

Students will discover the relevance of Ohm's Law, the danger of short circuits and the differences between series and parallel circuits.



Science is Electric

The Mathletics Advantage

A recent major independent research study found that the results of Mathletics students are up to **9% higher** in external standardized testing.



Proving the Advantage

These results are taken from Dr. Tony Stokes' independent study examining external standardised test results from over 8,000 schools over a five year period, across Grades 3, 5, 7 & 9

"There is a 100 percent likelihood that the schools who use Mathletics achieve higher results than schools that do not."

Dr. Tony Stokes (ACU Sydney, BA DipEd (UNSW), MEd (SocSc)(Hons)(Syd)



4



3P Learning

SECTION FOUR: Recap and Outlook



HY15 Recap

- 3P delivers growth with positive result compared to first half 2014
- Forecast ARPU increases on track with no significant impact on retention in ANZ
- Momentum building in northern hemisphere
- As per our stated dividend policy no interim dividend declared – final dividend of 20 – 30% of NPAT to be considered at year end.
- On track to meet FY15 prospectus forecast guidance

Important Notice and Disclaimer

The material in this presentation is a summary of 3P Learning Limited's ('3P') activities and results as at the time of preparation, 2 March 2015. Further details are provided in the Company's full year accounts and results, announcement released on 2 March 2015.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this presentation ('forward-looking statements'). Such forward-looking statements are by their nature not based on historical facts and are subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of 3P and its Directors and officers) which may cause the actual results or performance of 3P to be materially different from any future results or performance expressed or implied by such forward-looking statements. Reliance should not be placed on forward-looking statements and except as required by law or regulation 3P assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, 3P and its related corporations, directors, officers, employees and agents disclaim any obligation or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectation or assumptions and disclaim all responsibility and liability for the forward-looking statements (including without limitation, liability for fault or negligence).

This presentation provides information in summary form only and is not intended or represented to be complete. Further, it is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation, or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing 3P's financial performance. All references to \$ are to Australian \$ unless otherwise stated.

To the maximum extent permitted by law, neither 3P nor its related corporations, directors, officers, employees and agents, nor any other person, accepts any liability, including without limitation, any liability arising from fault or negligence, for any loss arising from the use or reliance on this presentation or its content or otherwise arising in connection with it.

This presentation is not and should not be considered as an offer or invitation to acquire shares in 3P and does not and will not form part of any contract for the acquisition of shares.

This presentation should be read in conjunction with other publicly available materials. Further information is available on 3P's website at: <http://www.3plearning.com/investors/>