



Pictured: Teams from IDP's Digital Campus

IDP Education

Half Year Financial Results

Six Months to 31 December 2019



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Pictured: Staff from IDP's Digital Campus

Business update



H1 FY20 Performance highlights

Strong operating and financial performance

Revenue

↑ \$379 m

Up 25%

EBIT

↑ \$86.9 m

Up 49%

NPATA

↑ \$59.5 m

Up 42%

NPAT

↑ \$57.7 m

Up 42%

Interim dividend

↑ 16.5 cps

Up 37%

Student Placement

↑ 33,800

APFs, up 30%

English Language Testing

↑ 736,000

IELTS tests, up 11%

English Language Teaching

↑ 52,900

Courses, up 15%

Business highlights

Key strategic milestone:

New engine room for platform build in Chennai launched

- Digital Campus launched in Chennai in November
- 450 digital, marketing and technical support specialists driving rapid product innovation, design, testing and innovation



Student placement

Global platform exceeding expectations in terms of pipeline growth and conversion

Named Global Education Agency of the Year*

English language testing

Record HI volumes

Computer-delivered IELTS now available in 47 countries across IDP's network

Digital customer experience transformation program launched

Digital marketing and events

Record web traffic and event attendance across global network

Strong growth in digital marketing product orders from international higher education clients

* PIEoneer Awards 2019



Global platform build delivering benefits

Unlocking benefits from an investment in technology and people



World's best course search

40 connected sites

Leading office network

127 offices across 33 countries

Global contact centre

Live in 18 countries, with 4 scheduled for H2

Digitising student expos

59% increase in student attendance

Virtual Agency

Leads up **74%** from India virtual agency

Leading CRM and CMS

2,500 counsellors and teams connected

Student Essentials

200% increase in sales v pcp

Career support

Pilot internship program completed

Powered by the definitive dataset for the sector

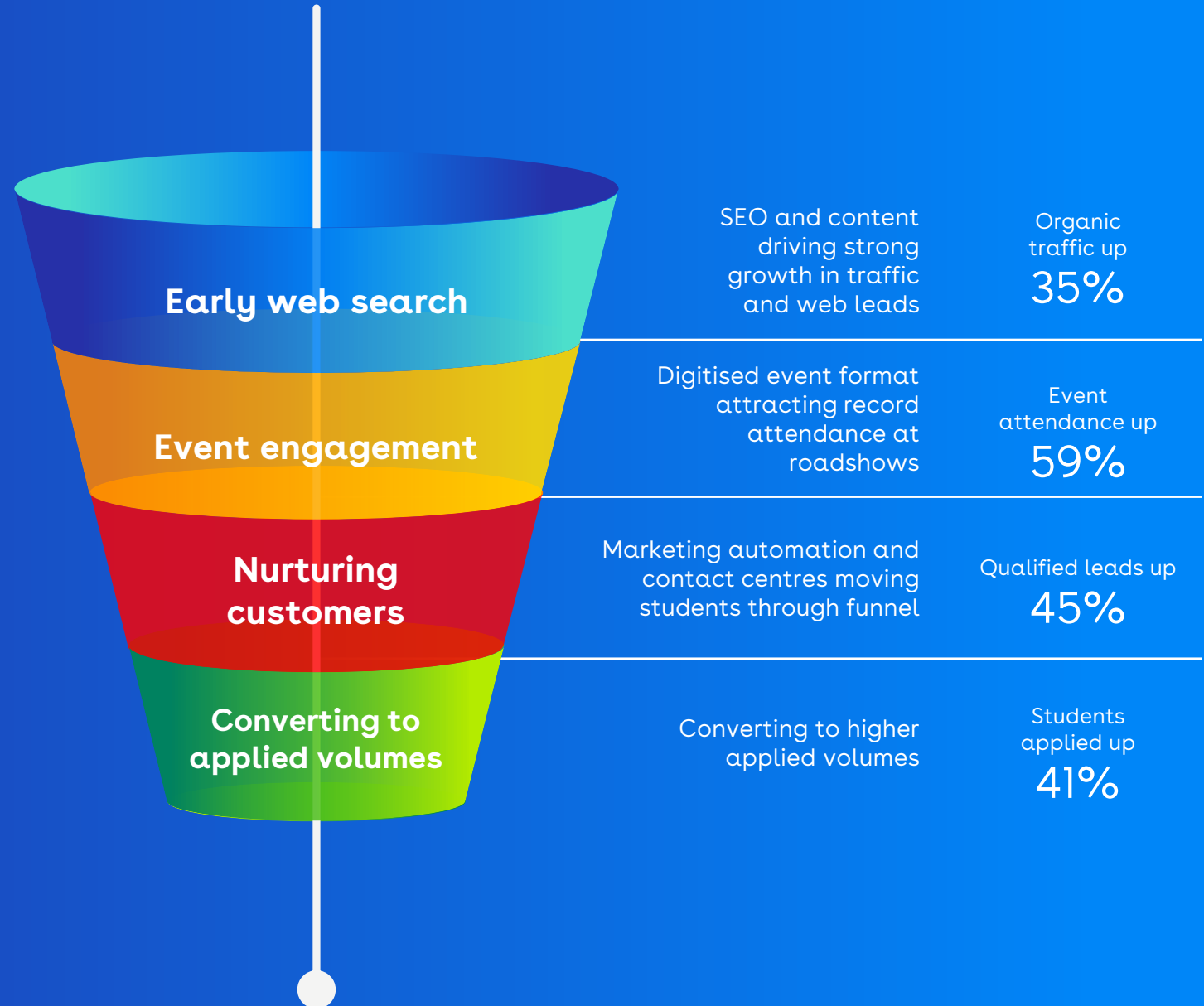
Over 3 million unique customers in our connected platform dataset

Nurturing students through their critical decision journey

- Investment in marketing resources and automation systems increasing lead conversion throughout the customer journey

Focus on customer experience

- NPS established in 15 markets
- NPS showing 87% of student placement customers likely or highly likely to recommend IDP
- Processes in place to ensure feedback from unsatisfied customers is captured for continual improvement





- Record test volumes in H1 FY20
- IDP market share gains in key markets
- Computer-delivered IELTS available in 167 centres (37 new centres in H1), and in 47 countries
- Strong growth in the adoption of computer-delivered IELTS
- Computer-delivered IELTS global network now across 70 countries (IDP and British Council)



Pictured: Computer-delivered IELTS centre

Innovating the customer experience

- Program of digital transformation and new capabilities to improve IELTS customer experience
- Redesigning booking experience
- Focus on preparation support and online communities
- Investing in technology infrastructure
- Pilots scheduled for H2 to test booking experience, technology platform and global websites



Pictured: Computer-delivered IELTS centre

Financial results



H1 FY20 Overview

Strong earnings growth with EBIT up 49%

Income Summary Statement

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	H1 FY20*	H1 FY19	\$m	%	
English Language Testing	215.3	178.6	36.7	21%	15%
Student Placement	122.6	90.7	31.9	35%	34%
- Australia	54.0	48.7	5.3	11%	11%
- Multi-destination	68.7	42.1	26.6	63%	61%
English Language Teaching	16.3	13.3	3.0	23%	15%
Digital Marketing and Events	22.3	20.1	2.1	11%	9%
Other	2.5	1.5	1.0	64%	56%
Total Revenue	379.0	304.3	74.7	25%	20%
Direct Costs	156.8	132.1	24.7	19%	15%
Gross Profit	222.2	172.2	50.0	29%	24%
Overhead costs #	116.0	105.4	10.6	10%	6%
Share of Profit/(Loss) of Associate	0.0	0.0	0.1	363%	336%
EBITDA #	106.2	66.8	39.5	59%	53%
Depreciation & Amortisation #	17.2	6.8	10.3	151%	146%
Amortisation of Acquired Intangibles	2.2	1.4	0.7	51%	48%
EBIT	86.9	58.5	28.4	49%	43%
Net finance expense #	-2.8	-0.9	-1.9	-214%	-213%
Profit before tax	84.1	57.6	26.5	46%	40%
Income tax expense	26.3	16.9	9.4	56%	53%
NPAT	57.7	40.7	17.1	42%	35%
NPATA ***	59.5	41.8	17.7	42%	35%

- Revenue growth of 25%
- Strong revenue growth in student placement (34%) underpinned by multi-destination
- English Language Testing volume growth returned to trend levels with recovery in India
- Strong margin expansion at gross profit (+2.0%) and EBIT (+3.7%) through operational efficiencies and a slower investment in overheads
- Increase in depreciation almost entirely driven by impact of the AASB16 Leases (see following slide)
- NPAT growth of 42%
- Weaker Australian dollar v pcp a benefit at revenue line but partially offset by higher direct costs largely from IELTS test centre test day activities
- Final dividend of 16.5cps franked at 17%

* IDP adopted AASB16 Leases from 1 July 2019. The financial information for H1 FY20 has been presented on post AASB16 basis and comparatives have not been restated. The impact of AASB16 on the aggregate results for H1 FY20 is presented on page 11

The impact of AASB16 on these line items are shown on page 11

** "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.

AASB16

Summary Income Statement pre and post AASB16

Six Months to 31 December	HI FY20		HI FY19	Growth (HI FY20 pre AASB 16 vs. HI FY19 pre AASB 16)		Constant Currency Growth (%) * (HI FY20 pre AASB 16 vs. HI FY19 pre AASB 16)
	Post AASB16	Pre AASB 16	Pre AASB 16	A\$m	%	
Total Revenue	379.0	379.0	304.3	74.7	25%	20%
Direct Costs	156.8	158.0	132.1	25.9	20%	16%
Gross Profit	222.2	221.0	172.2	48.8	28%	24%
Overheads	116.0	125.0	105.4	19.6	19%	14%
- Employee benefits expenses	82.1	82.1	68.0	14.1	21%	16%
- Occupancy expense	5.0	14.0	10.9	3.1	29%	23%
- Promotion and publicity expense	9.0	9.0	7.6	1.4	19%	14%
- Other expenses	19.8	19.8	18.9	1.0	5%	2%
Total Overheads	116.0	125.0	105.4	19.6	19%	14%
Share of Profit/(Loss) of Associate	0.0	0.0	0.0	0.1	363%	336%
EBITDA	106.2	96.0	66.8	29.2	44%	38%
Depreciation & Amortisation	17.2	7.1	6.8	0.3	4%	2%
- Lease Related	10.1	0.0	0.0	-	0%	0%
- Other expenses	7.1	7.1	6.8	0.3	4%	2%
Total Depreciation & Amortisation	17.2	7.1	6.8	0.3	4%	2%
Amortisation of Acquired Intangibles	2.2	2.2	1.4	0.7	51%	48%
EBIT	86.9	86.7	58.5	28.2	48%	42%
Net finance expense	-2.8	-0.6	-0.9	0.3	34%	34%
- Lease Related	-2.2	0.0	0.0	-	0%	0%
- Other expenses	-0.6	-0.6	-0.9	0.3	34%	34%
Total net finance expense	-2.8	-0.6	-0.9	0.3	34%	34%
Income tax expense	26.3	26.1	16.9	9.2	55%	52%
NPAT	57.7	60.0	40.7	19.3	47%	40%
NPATA **	59.5	61.7	41.8	19.9	48%	40%

* "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.

- IDP adopted AASB16 Leases from 1 July 2019. Comparatives have not been restated but the table opposite shows pre-AASB16 equivalents for a like-for like comparison
- Overheads on a like for like basis rose by 14% on a constant currency basis (v revenue growth of 20%)
- Occupancy costs on a pre-AASB16 basis were up 23% (constant currency) reflecting the additional SP offices added in H2FY19 and the ongoing roll-out of computer delivered IELTS centres
- Employee costs increased at a slower rate than revenue despite the expanded talent base in digital marketing established over the last twelve months
- Depreciation expenses rose only 2% v pcp on a pre-AASB16 basis
- Other expenses include ~\$0.7m of M&A related costs incurred during the period

Key Operating Metrics

Strong volume growth driving performance

Summary of Key Operational Metrics

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY20	H1 FY19	'000s / \$	%	
Volumes (000s)					
English Language Testing	732.0	660.0	72	11%	
Student Placement	33.8	26.0	7.8	30%	
-Australia	15.1	13.8	1.4	10%	
-Multi-destination	18.7	12.3	6.4	52%	
English Language Teaching Courses	52.9	46.0	6.9	15%	
Average Test Fee (A\$)					
English Language Testing Fee	294	271	23	9%	3%
Average Application Processing Fee (A\$)					
Student Placement APF	3,629	3,484	144	4%	3%
-Australia APF	3,571	3,537	34	1%	1%
-Multi-destination APF	3,675	3,425	250	7%	6%
Average Course Fee (A\$)					
English Language Teaching Course fee	309	289	20	7%	0%

* "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

Volumes

- 30% growth in SP volumes a highlight of the result
- SP volume growth to Canada and UK remain strong with Australian volumes growing above system, reflecting market share gains across the network
- A strong recovery in volumes from China supported the Australian SP outcome
- 11% growth in IELTS volumes an acceleration relative to H2 FY19 growth with significant contributions to the growth from India, Nigeria, Canada and Vietnam

Average Price

- IELTS price increases in India and Australia during H2 FY19 underpinned the 3% increase with a weaker average Australian dollar boosting reported outcomes
- Movement in SP average prices reflected a range factors with tuition fee increases, higher commissions and mix offset by a carry over of credit provisions from prior period for AU and lower student pays revenue from China for AU reflecting launch of "freemium" model

Product Category Summary

Aggregate gross margins up strongly relative to pcg

Revenue and GP by Product Segment

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY20	H1 FY19	\$m	%	
Revenue					
English Language Testing	215.3	178.6	36.7	21%	15%
Student Placement	122.6	90.7	31.9	35%	34%
- Australia	54.0	48.7	5.3	11%	11%
- Multi-destination	68.7	42.1	26.6	63%	61%
English Language Teaching	16.3	13.3	3.0	23%	15%
Digital Marketing and Events	22.3	20.1	2.1	11%	9%
Other	2.5	1.5	1.0	64%	56%
Total revenue	379.0	304.3	74.7	25%	20%
Gross profit					
English Language Testing	97.1	75.8	21.3	28%	19%
Student Placement	99.8	76.1	23.7	31%	30%
English Language Teaching	11.3	9.0	2.2	25%	17%
Digital Marketing and Events	12.7	10.6	2.1	20%	22%
Other	1.3	0.6	0.6	95%	84%
Total gross profit	222.2	172.2	50.0	29%	24%

- Group GP margin expansion driven by IELTS margin improvement and the mix impact of a greater GP contribution from SP
- IELTS GP margin expanded as cost reductions realised in paper-based test day activity, price increases taken in India and Australia and margin benefit from computer-delivered testing
- SP GP margin was down slightly relative to pcg but up v H2 FY19. An increase in sub-agents commission for China and the support, development and licensing of the digital platform are the drivers of the lower GP margin vs pcg

Cashflow

Gross operating cash flow up 60%

Summary of cash flow

Six Months to 31 December	Half Year Actuals			Growth	
	H1 FY20	H1 FY20	H1 FY19	\$m	%
	Post AASB 16	Pre AASB 16	Pre AASB 16		
EBITDA	106.2	96.0	66.8	39.4	59%
Non-cash items	2.2	2.2	4.6	-2.4	-52%
Change in working capital	-26.7	-25.9	-26.3	-0.4	2%
Income Tax Paid	-19.4	-19.4	-18.6	-0.8	4%
Net interest paid	-2.8	-0.6	-0.8	-2.0	250%
Operating cash flow	59.5	52.3	25.7	33.8	132%
Payments for Acquisitions	-0.2	-0.2	-0.7	0.5	-71%
Capital Expenditure	-13.0	-13.0	-7.4	-5.6	76%
Net cash flow before Financing	46.3	39.1	17.6	28.7	163%
Proceeds from exercise of share options	0.4	0.4	4.5	-4.1	-91%
Payments for Treasury Shares	-15.4	-15.4	-0.3	-15.1	5033%
Proceeds from Borrowings	14.0	14.0	4.7	9.3	198%
Repayment from Borrowings	-14.0	-14.0	-5.0	-9.0	180%
Repayment of lease liabilities	-7.2	0.0	0.0	-7.2	N/A
Dividend Payments	-19.1	-19.1	-16.5	-2.6	16%
Effect of FX on cash holdings in foreign currency	-0.1	-0.1	1.0	-1.1	-110%
Net Cash Flow	4.9	4.9	6.0	-1.1	-18%

- GOCF* of \$81.7m up 60% v pcpc on a like for like basis (pre AASB 16)
- Cash conversion at 77% a strong increase v 67% in pcpc
- Capex of \$13.0m up on pcpc but flat v H2 FY19. Capex during the period included
 - \$8.1m leasehold improvements and equipment
 - \$1.3m computer-delivered IELTS and IELTS modernisation
 - \$1.2m procurement management system

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



Summary



Summary

Our Performance

- Overall revenue up 25% with strong growth from each business line
- Strong margin and cash flow performance
- EBIT up 49%

Strength in diverse global network

- Multi-destination revenue growth of 63%
- Significant contribution from India, Canada and United Kingdom markets

Digital Transformation delivering returns

- Global technology platform, combined with increased marketing capabilities, are building higher quality pipeline and improving conversion

Product Innovation

- Digital Campus in Chennai enabling rapid product innovation for student placement and IELTS
- New insights and content products fostering strategic relationships with institution clients

Customer satisfaction

- NPS showing 87% of student placement customers likely to recommend IDP reflects high baseline of satisfaction





Appendices



Segmental Earnings

Strong growth in the key Asian markets

Revenue and EBIT by Geographic Segment

Six Months to 31 December	H1 FY20		H1 FY19	Growth (H1 FY20 pre AASB 16 vs. H1 FY19 pre AASB 16)	
	Post AASB16	Pre AASB 16	Pre AASB 16	\$m	%
Revenue					
Asia	258.3	258.3	204.4	53.9	26%
Australasia	31.4	31.4	31.0	0.4	1%
Rest of World	89.2	89.2	68.9	20.3	29%
Total revenue	379.0	379.0	304.3	74.7	25%
EBIT					
Asia	92.0	91.8	63.4	28.4	45%
Australasia	4.0	4.0	6.2	-2.2	-35%
Rest of World	22.2	22.3	17.9	4.4	25%
Total EBIT pre corporate costs	118.2	118.1	87.5	30.6	35%
Corporate costs	31.3	31.3	29.0	2.3	8%
Total EBIT	86.9	86.7	58.5	28.2	48%

- Asia continues to be the core engine for growth with rising revenue and margins boosting total contribution total group performance
- India SP and IELTS revenue growth of 71% and 21% a major contributor to growth in Asia segment
- China SP revenue grew 24%, despite introduction of “freemium” service for post graduate students studying in AU
- Australasia revenue and earnings were impacted by a slight decline in IELTS volumes in Australia and New Zealand and a decline in IDP Connect Australian Digital Marketing revenue. A return to solid growth for on-shore SP volumes was offset from a margin perspective by investment in regional digital marketing, destination manager, IELTS business development manager and contact centre resources
- The Rest of World recorded strong revenue and earnings growth with significant contributions from Canada, Nigeria and the Middle East

Consolidated Balance Sheet

Essentially a debt free balance sheet with only \$1.7m of net debt as at 31 December 2019

As at 31 December 2019, A\$ million	31-Dec-19	30-Jun-19	Change
Current assets			
Cash and cash equivalents	61.0	56.1	4.9
Trade and other receivables	87.1	68.6	18.5
Contract assets	41.6	32.5	9.1
Other current assets	26.1	28.0	-1.9
Current assets	215.8	185.2	30.6
Non-current assets			
Intangible assets	131.6	133.8	-2.2
Rights-of-use assets *	79.3	0.0	79.3
Other non-current assets	52.7	50.4	2.3
Non-current assets	263.6	184.2	79.4
Total assets	479.4	369.4	110.0
Current liabilities			
Trade and other payables	92.9	92.7	0.2
Contract liabilities	36.7	34.2	2.5
Lease liabilities *	16.4	0.0	16.4
Current tax liabilities	3.1	2.8	0.3
Other current liabilities	11.5	12.1	-0.6
Current liabilities	160.6	141.8	18.8
Non-current liabilities			
Borrowings	62.7	60.4	2.3
Lease liabilities *	63.5	0.0	63.5
Other non-current liabilities	11.5	13.2	-1.7
Non-current liabilities	137.7	73.6	64.1
Total liabilities	298.3	215.4	82.9
Total equity	181.1	154.0	27.1

Borrowings

- Drawn borrowings balance as at 31 December A\$62.7m
- Cash of A\$61.0m generates net debt of A\$1.7m

Contracts Assets

- Increase in contract assets reflects underlying growth in SP business and nature of the SP cycle with the larger H1 FY20 intake boosting volumes yet to be invoiced. This impacts both MD and AU clients that have census date invoicing agreements

AASB16

- IDP adopted the new lease accounting standard, AASB16 Leases from 1 July 2019. Right-of-use assets and lease liabilities are recognised on the adoption
- Right-of-use assets and lease liabilities are initially measured at the present value of the future lease payments

* IDP adopted the new lease accounting standard, AASB16 Leases from 1 July 2019. Right-of-use assets and lease liabilities are recognised on the adoption. 31 December 2019 balance sheet is presented on post AASB16 basis and 30 June 2019 comparatives have not been restated as permitted by the standard.