

ASX announcement

25 August 2021

FY21 results: Recovery underway as demand for study and migration strengthens

IDP Education Limited (ASX: IEL) today announced its results for the 2021 financial year (FY21).

For the twelve months to 30 June 2021, the company reported total revenue of \$529 million, a decrease of 10% compared with the same period in FY20.

Earnings before interest and tax (EBIT) was \$64.1 million, a decrease of 41% compared with FY20. The FY21 result included one-off M&A expenses associated with the acquisition of the British Council's IELTS operations in India and amortisation charges for acquired intangibles. Excluding these items, EBIT was A\$71.8 million, down 35% versus FY20.

Andrew Barkla, IDP Chief Executive Officer and Managing Director, said despite the decline in revenue and earnings, the results demonstrated IDP's resilience.

"Our diverse business model and long-term strategy allowed us to decisively navigate the disruptions of the past sixteen months," Mr Barkla said.

"Importantly, our business took critical steps during the year to further strengthen our leadership position in preparing the industry for recovery," he said.

IDP's operational and financial highlights during FY21 included:

- IELTS volumes increased by 5% despite ongoing operational disruptions caused by COVID-19 related government restrictions.
- Student Placement volumes to countries other than Australia fell by only 12% versus FY20 despite uncertainties regarding travel and the availability of face-to face learning.
- Digital Marketing revenue rose by 8% to A\$30 million with our institutional clients looking to IDP's global digital platform for marketing and data insights.
- Cash balance of \$307 million as at 30 June 2021, essentially unchanged on 30 June 2020 levels.
- Ongoing digital transformation program for student placement and IELTS.

Total student placement volumes were down 25% for the year, driven by uncertainty around travel and border restrictions. Placements to Australia were hardest hit, falling 40% versus last year, with international border closures meaning student enrolments were largely limited to those willing to commence their studies online.

Northern Hemisphere study destinations fared better, with the United Kingdom reporting a 4% increase in volumes with students travelling to the UK to commence their studies. Underlying demand for IDP's other key Northern Hemisphere destination, Canada, was strong but volumes were down 12%, impacted by border closures and delays in visa processing.

The resilient performance of IELTS highlighted the demand for overseas study. IDP's IELTS volumes were up 67% in H2 FY21 versus the same period last year, with test takers looking to reignite their study and migration objectives.

"IELTS demonstrated its through-the-cycle appeal as volumes rebounded despite ongoing restrictions across our global network," Mr Barkla said.

"Our recent acquisition of the British Council's IELTS operations in India, along with investments in digital marketing and the IELTS technology platform have strategically positioned us to grow IELTS market share going forward," he said.

Summary Income Statement (A\$m)

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)**
	FY21	FY20*	\$m	%	
English Language Testing	325.6	325.5	0.1	0%	8%
Student Placement	143.3	190.6	-47.3	-25%	-22%
- Australia	59.7	90.4	-30.7	-34%	-34%
- Multi-destination	83.5	100.2	-16.6	-17%	-11%
English Language Teaching	20.2	28.5	-8.3	-29%	-23%
Digital Marketing and Events	36.4	38.2	-1.8	-5%	-2%
Other	3.2	4.3	-1.1	-25%	-20%
Total Revenue	528.7	587.1	-58.4	-10%	-5%
Direct Costs	230.9	241.9	-11.0	-5%	1%
Gross Profit	297.8	345.2	-47.4	-14%	-8%
Overhead costs	195.4	199.7	-4.3	-2%	3%
Share of Profit/(Loss) of Associate	-0.7	-0.3	-0.4	-128%	-166%
EBITDA	101.7	145.2	-43.5	-30%	-25%
Depreciation & Amortisation	35.8	33.9	1.9	6%	14%
Amortisation of Acquired Intangibles	1.8	3.2	-1.4	-45%	-43%
EBIT	64.1	108.1	-44.0	-41%	-36%
EBIT (Adjusted) ***	71.8	111.3	-39.5	-35%	-31%
Net finance expense	-5.3	-5.2	-0.1	-2%	-11%
Profit before tax	58.9	102.9	-44.0	-43%	-38%
Income tax expense	19.4	34.9	-15.5	-44%	-41%
NPAT	39.5	68.0	-28.6	-42%	-37%
NPAT (Adjusted) ***	45.0	70.6	-25.6	-36%	-31%

* During the year, IDP revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements, in particular AASB 138 Intangible Assets. Historical financial information has been restated to account for the impact of the change.

** "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

*** EBIT (Adjusted) and NPAT (Adjusted) excludes merger and acquisition expenses which related to the acquisition of the British Council's Indian IELTS operations and intangible asset amortisation generated from business combinations

Mr Barkla said, "IDP took another significant step in FY21 to deliver on our vision of building a global platform and connected community."

"By bringing together human connections and digital innovation, we are guiding people on their journey to achieve lifelong learning and global career aspirations," he said.

"Over the past five years we have transformed our business and built a digital platform to complement our trusted human connections. With our people, customers and institutions now on one global platform, our stakeholders have begun to benefit from even stronger support at all stages of their journey."

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Disclaimer

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