

# H1 FY25 Financial Results

IDP Education



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Note: All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components or percentage change statistics in tables or charts presented in this presentation are due to rounding.



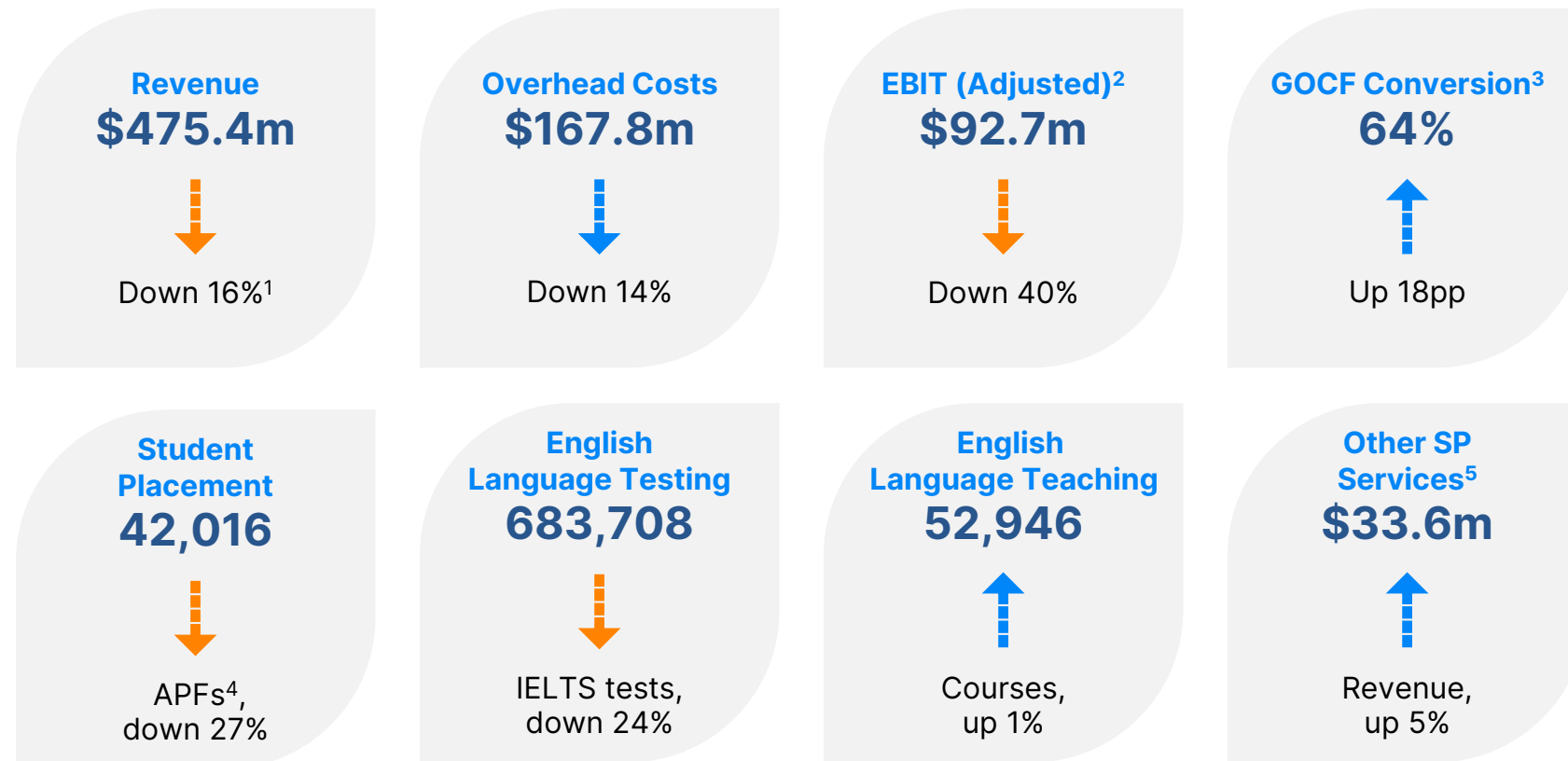
# Agenda

- 1 H1 FY25 Highlights**
- 2 H1 FY25 Financial Results**
- 3 Industry and Strategy**
- 4 Summary**
- 5 Appendices**



# 1. H1 FY25 Highlights

# Well-placed to navigate challenging market conditions



**Optimising the controllables** and maintaining a disciplined approach to costs aligned to short-term market conditions

**Focus on quality and innovation** ensures we are well-placed to continue to grow Student Placement market share

**Global scale and unique offering** means we are the leading player in a large market

**IDP adding more value for stakeholders** throughout increased uncertainty in destination markets

**A clear strategy and a targeted approach to investment** to drive long-term value for shareholders

1. All percentage changes for financial data are on a constant currency basis.
2. EBIT (Adjusted) excludes intangible asset amortisation generated from business combinations, M&A related expenses, unrealised FX losses / gains, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring.
3. Gross Operating Cash Flow (GOCF) calculated as Operating Cash Flow less Net Interest less Income Tax paid; conversion from reported EBITDA of 64% for H1 FY25 is an improvement over 46% for H1 FY24.
4. APF is the number of Application Processing Fees, being the fee IDP Education recognises from its client education institutions for placing students into a course.
5. Other Student Placement (SP) services includes revenue from Digital Marketing, Events and The Ambassador Platform.

# Optimising the controllables with unwavering focus on quality



## Market share growth



IDP Student Placement volume decline of 15%<sup>1</sup> **outperformed market** decline of 28%



## Cost reductions



**Overhead costs down 14%** and **direct costs down 9%** to align to revenue conditions



## Average price increases



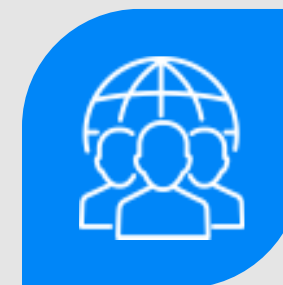
Maximising the opportunity in market conditions with **average price improvement of 14% in Student Placement**



## Product and innovation investments



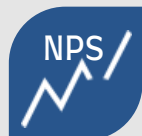
Allocating capital to its highest returning uses including **investment in technology and AI to drive efficiency and user experience**



## A global thought leader in the sector



Leveraging global data set, platform and relationships to **improve student experience and inform stakeholders (including governments)** on navigating market conditions



## Student experience



Underpinned by **maintaining student NPS above 70**; 3 point increase on prior period

1. Year to 31 December 2024 data; see slide 11 for more information.

## 2. H1 FY25 Financial Results



# Adjusting costs to align with short-term revenue conditions

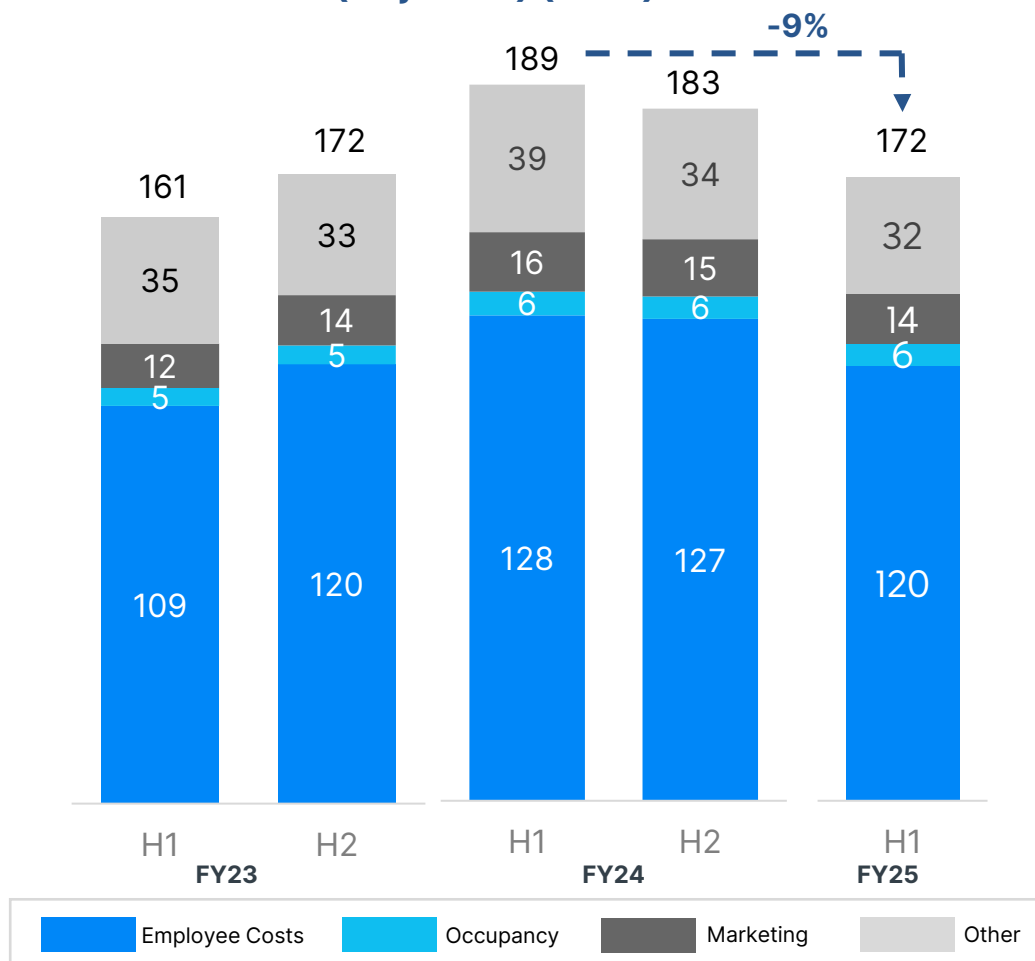
| Six Months to 31 December, A\$ million | Half Year Actuals |              | Growth        |             | Constant Currency Growth (%) <sup>4</sup> |
|----------------------------------------|-------------------|--------------|---------------|-------------|-------------------------------------------|
|                                        | FY25              | FY24         | \$m           | %           |                                           |
| Student Placement                      | 244.2             | 287.5        | -43.3         | -15%        | -14%                                      |
| Placements <sup>1</sup>                | 210.6             | 255.6        | -45.0         | -18%        | -17%                                      |
| - Australia                            | 78.3              | 92.3         | -14.0         | -15%        | -15%                                      |
| - Other Destinations                   | 132.3             | 163.4        | -31.1         | -19%        | -18%                                      |
| Other Services <sup>2</sup>            | 33.6              | 31.9         | 1.7           | 5%          | 5%                                        |
| English Language Testing               | 209.5             | 270.3        | -60.8         | -22%        | -19%                                      |
| English Language Teaching              | 19.9              | 19.6         | 0.3           | 2%          | 4%                                        |
| Other                                  | 1.7               | 1.7          | 0.0           | 4%          | 12%                                       |
| <b>Total Revenue</b>                   | <b>475.4</b>      | <b>579.1</b> | <b>-103.7</b> | <b>-18%</b> | <b>-16%</b>                               |
| Direct Costs                           | 183.9             | 205.2        | -21.3         | -10%        | -9%                                       |
| Gross Profit                           | 291.5             | 373.9        | -82.4         | -22%        | -20%                                      |
| Overhead costs                         | 167.8             | 200.7        | -32.9         | -16%        | -14%                                      |
| Share of Profit/(Loss) of Associate    | 0.3               | 0.1          | 0.2           | 145%        | 150%                                      |
| <b>EBITDA</b>                          | <b>124.0</b>      | <b>173.3</b> | <b>-49.3</b>  | <b>-28%</b> | <b>-26%</b>                               |
| Depreciation & Amortisation            | 27.0              | 25.9         | 1.1           | 4%          | 7%                                        |
| Amortisation of Acquired Intangibles   | 2.1               | 2.2          | -0.1          | -6%         | -8%                                       |
| <b>EBIT</b>                            | <b>95.0</b>       | <b>145.3</b> | <b>-50.3</b>  | <b>-35%</b> | <b>-32%</b>                               |
| <b>EBIT (Adjusted)<sup>3</sup></b>     | <b>92.7</b>       | <b>158.8</b> | <b>-66.1</b>  | <b>-42%</b> | <b>-40%</b>                               |
| Net finance expense                    | -12.4             | -9.5         | -2.9          | -30%        | -31%                                      |
| Profit before tax                      | 82.6              | 135.8        | -53.2         | -39%        | -37%                                      |
| Income tax expense                     | 22.9              | 38.4         | -15.5         | -40%        | -39%                                      |
| <b>NPAT</b>                            | <b>59.7</b>       | <b>97.4</b>  | <b>-37.7</b>  | <b>-39%</b> | <b>-36%</b>                               |
| <b>NPAT (Adjusted)<sup>3</sup></b>     | <b>58.3</b>       | <b>107.0</b> | <b>-48.7</b>  | <b>-46%</b> | <b>-43%</b>                               |

1. Placements revenue includes all commissions received from institutions for the placement of a student into a course plus any fees paid by students for our services or revenue generated via sale of a "Student Essentials" product.
2. Other services related to Student Placement includes all revenue received from institutions for digital marketing, events, consultancy and data services, or peer-to-peer marketing via The Ambassador Platform.
3. EBIT (Adjusted), NPAT (Adjusted) excludes intangible asset amortisation generated from business combinations, M&A related expenses, unrealised FX losses / gains, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring.
4. "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; all growth rates in text related to constant currency growth.

- Total revenue of A\$475.4m down 16% driven by a decline in Student Placement and English Language Testing volumes, partially offset by price increases across all products and services
- Revenue from all Student Placement related services down 14%; revenue from Placements down 17% and revenue from Other Student Placement services up 5%:
  - Placements revenue by destination: Canada (-39%), Australia (-15%), UK (-13%), USA (-23%)
- English Language Testing revenue down 19% driven by lower volumes in India partially offset by volume growth in other markets and improvement in average price
- English Language Teaching revenue up 4% due to volume growth in Cambodia
- Direct costs down 9% driven by cost discipline offset by the operating leverage of our business model and change in source country mix, with a decrease in volumes from higher gross margin countries (particularly India) and an increase in China volumes
- Overhead costs down 14% driven by reduced staff costs and discretionary spend; includes a number of abnormal or non-recurring items totalling A\$2.3m (reconciliation provided on page 24)
- Adjusted EBIT and NPAT reflect declining volumes partially offset with cost reductions:
  - EBIT: \$92.7m down 40%
  - NPAT: \$58.3m down 43%
- Due to the impact of policy announcements on H1 FY25 we expect a lower skew to H1 than in the past

# Disciplined cost management reduced all overhead cost categories

## Overhead Costs (Adjusted) (A\$m)\*



### Overhead Costs

- Adjusted overhead costs of A\$172m were down 9%
  - Unadjusted overhead costs of \$168m were down 14%
- The ongoing cost reduction program launched in H2 FY24 in response to changing industry conditions drove lower overheads
- Further efficiency and cost reduction initiatives were implemented to better align expenses to near-term revenue outlook

### Employee Costs

- Employee costs down 6% with a targeted program to reduce head count implemented
- Continued discipline on employee recruitment

### Occupancy

- Occupancy costs down 6% driven by decreases in operating lease expenses and related costs

### Marketing

- 12% decrease in marketing costs
- Continued investment in strategic and tactical marketing campaigns to underpin long-dated pipeline

### Other Overheads

- Other expenses down 17% which include technology, travel and realised FX

\* Overhead costs (Adjusted) exclude M&A related expenses, unrealised FX losses, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring. A reconciliation to total overhead costs is provided on page 24.

# Volume reduction partially offset by average price improvement

| Six Months to 31 December         | Half Year Actuals |       | Growth     |      | Constant<br>Currency<br>Growth (%) <sup>3</sup> |
|-----------------------------------|-------------------|-------|------------|------|-------------------------------------------------|
|                                   | FY25              | FY24  | '000s / \$ | %    |                                                 |
| Volumes (000s) <sup>1</sup>       |                   |       |            |      |                                                 |
| Placements                        | 42.0              | 57.3  | -15.3      | -27% |                                                 |
| - Australia                       | 15.3              | 20.3  | -5.0       | -25% |                                                 |
| - Other Destinations              | 26.7              | 37.1  | -10.3      | -28% |                                                 |
| English Language Testing          | 683.7             | 901.8 | -218.1     | -24% |                                                 |
| English Language Teaching         | 52.9              | 52.2  | 0.8        | 1%   |                                                 |
| Average Prices (A\$) <sup>2</sup> |                   |       |            |      |                                                 |
| Placements                        | 5,013             | 4,459 | 554        | 12%  | 14%                                             |
| - Australia                       | 5,128             | 4,555 | 573        | 13%  | 13%                                             |
| - Other Destinations              | 4,947             | 4,406 | 541        | 12%  | 14%                                             |
| English Language Testing          | 306               | 300   | 7          | 2%   | 6%                                              |
| English Language Teaching         | 376               | 375   | 1          | 0%   | 3%                                              |

- Volumes for each category are as follows:
  - Placements volume is the number of Application Processing Fees (APFs), being the fee IDP Education receives from its client education institutions for placing students into a course. The volume does not include students placed into clients for which we do not receive a commission
  - English Language Testing volumes is the number of tests conducted across all test types
  - English Language Teaching volumes is the number of courses which students enrol in during the period
- Average Price is total revenue for each category divided by total volumes.
- "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; growth rates in text relate to Constant Currency Growth.

## Student Placement Volumes

- Total Student Placement volumes down 27% driven by recent policy changes impacting demand and conversion, and a challenging prior year comparison (H1 FY24 volumes were up 33%)
- Volume declines seen in Canada (down 43%), Australia (down 25%), UK (down 24%) and USA (down 18%) offset by volume gains in New Zealand (up 57%) and Ireland (up 28%)

## English Language Testing Volumes

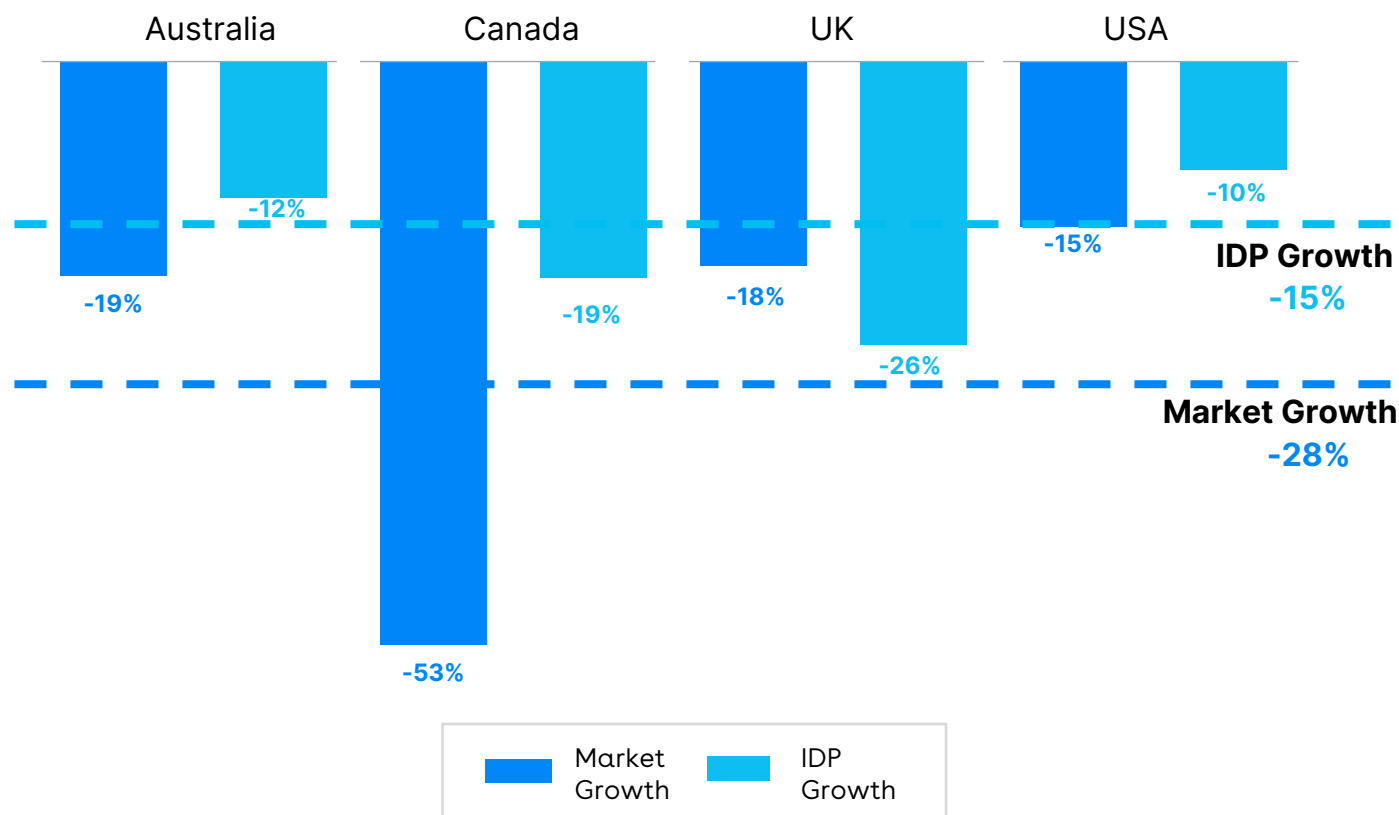
- English Language Testing volumes down 24% reflecting lower volumes in India partially offset by growth in other markets
- Indian IELTS volumes down 55% reflecting weaker student volume flows driven by policy changes and increased competition
- Outside of India, IELTS volumes up 2% with positive performance from key growth markets including Vietnam, Uzbekistan, Indonesia, Australia and Canada

## Average Price

- Average Student Placement fees up 14% driven by higher tuition fees, client commission rate increases, product mix and higher value added services
- IELTS average fees up 6% reflecting underlying price increases in the majority of markets along with a mix shift towards higher priced markets

# Student Placement volumes outperforming the market

## 2024 (CY24) IDP Student Placement volume growth v market growth\*

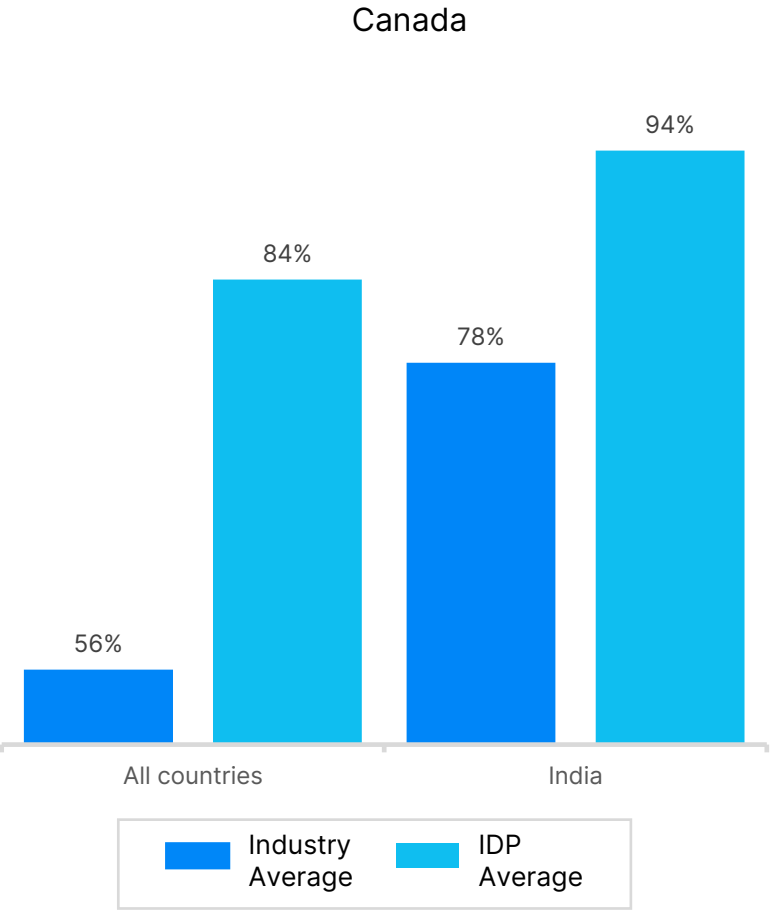
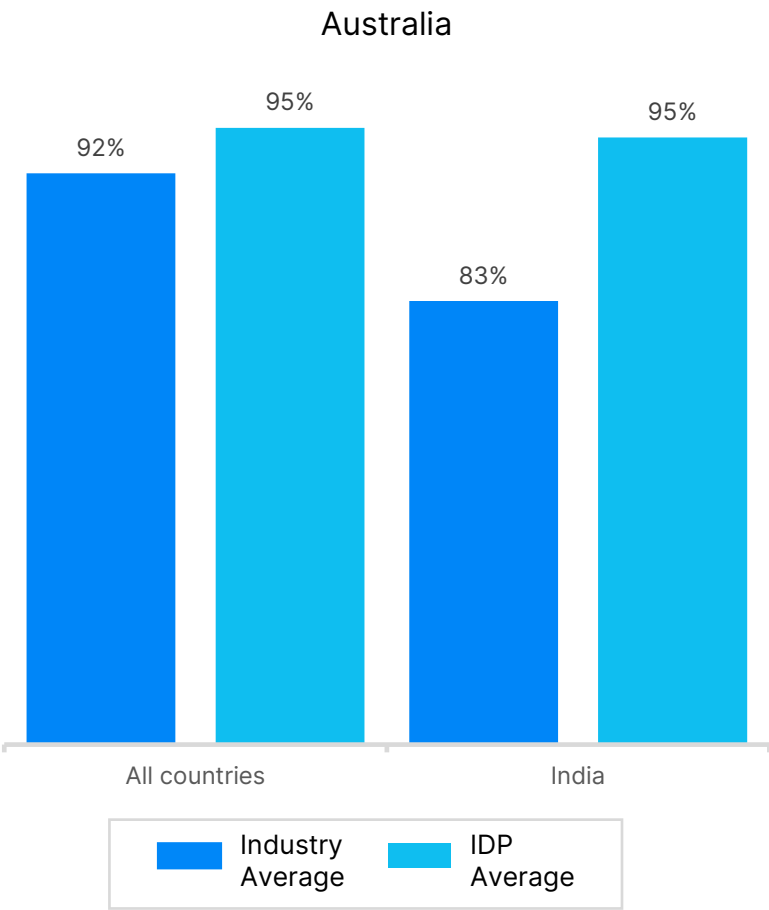


- CY24 IDP decline of 15 per cent outperformed market decline of 28 per cent, demonstrating continued market share growth
- Outperformance in market share is being driven by:
  - Strategic and operational focus on quality
  - A direct to student model with highly trained counsellors
  - Trusted reputation and focus on customer service and experience
  - Globally consistent processes and procedures
  - Expanding digital and physical reach
  - Conversion improvements throughout the pipeline
  - An increasingly unique offering including FastLane and peer-to-peer communities
  - AI assisted recommendation engine from our global course cloud database

\* IDP data is invoiced volumes (i.e. APFs) for the year until 31 December 2024:  
Market data uses latest available at time of publication relating to markets IDP operates in as follows (starting from 1 January 2024):  
Australia: Student visas issued offshore to primary applicant up until 31 December 2024 v pcg  
Canada: New study permits issued up until 30 November 2024 v pcg  
UK: Student entry visas issued to main applicant located outside up until 30 September 2024 v pcg  
USA: US student visas issued up until 31 October 2024 v pcg

# Our focus on quality is evidenced by our superior visa approval rates

Average Student Visa Approval Rates (H1 FY25)\*



For Australia the industry average visa approval rates are for the primary offshore applicant for Higher Education courses as new study permits for the period ending 31 December 2024 v pcg.  
For Canada it is for new study permits for the period ending 30 November 2024 v pcg.  
All IDP data is for period ending 31 December 2024.  
Sources: IDP, IRCC, DoHA.

# IELTS volumes impacted by weaker market conditions in India, partially offset by continued growth in other markets

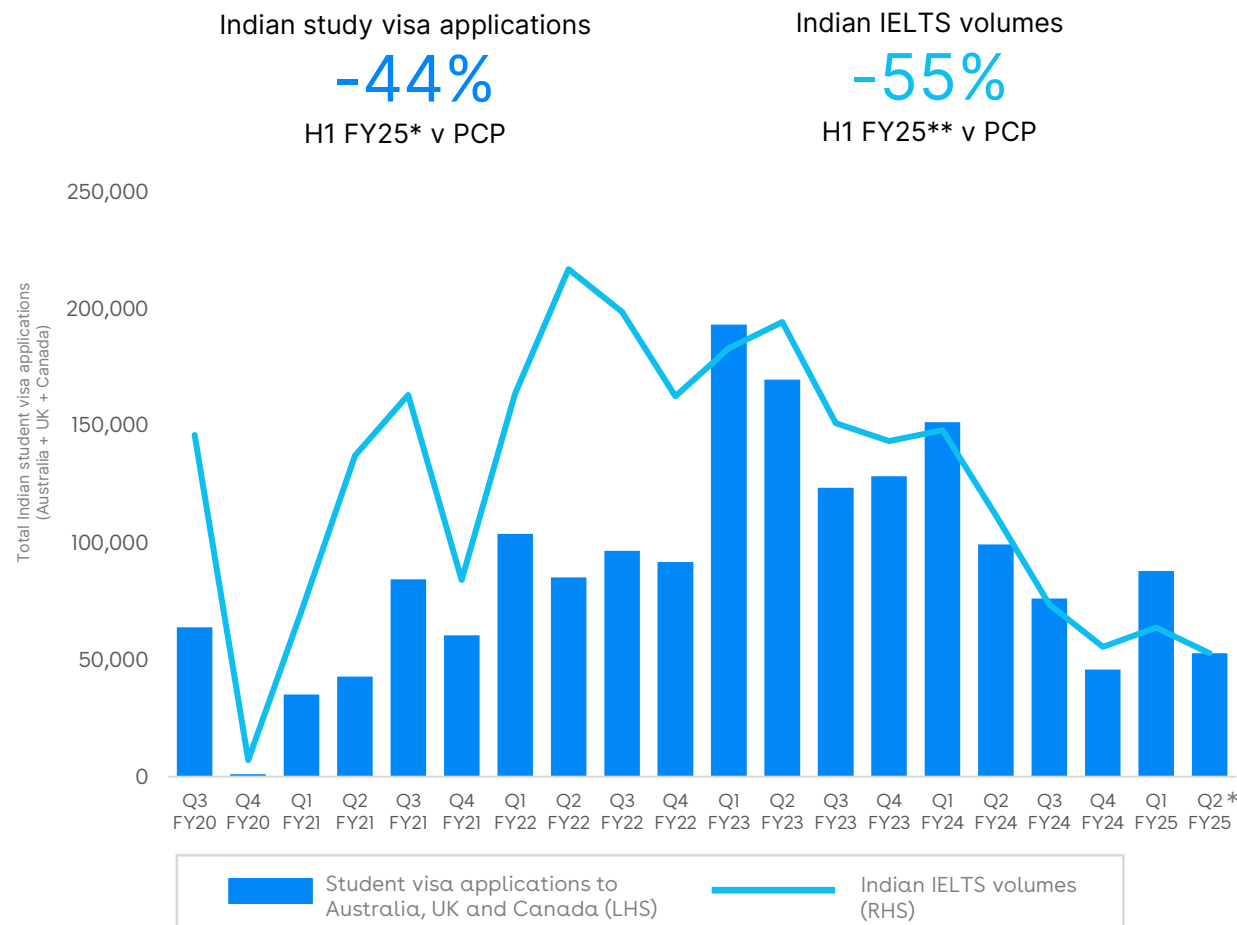
## India Market

- A cyclical decline against a long-term structurally growing market
- Indian IELTS performance has been impacted by negative test taker sentiment towards key destination markets driving weaker than expected market conditions due to:
  - Decline in student sentiment towards Canada
  - Closure of the Canadian Student Direct Stream visa which included mandatory English language testing
  - Impact of dependent visa rule changes for the UK
  - Increase in visa rejection rates for Australia
- Competitive dynamics and market share outcomes broadly in-line with expectations
- Continued focus on strategic marketing, channel partner engagement and product enhancements, including expanding our global reach with the *More People Succeed with IELTS* campaign

## Rest of World

- A large global network that taps into key growth markets
- Continued strategic investment in network expansion, multi-modal delivery and product innovation driving growth
- Further growth opportunities exist in Africa and Asia

## Indian IELTS v Indian study visa applications for Australia, UK & Canada

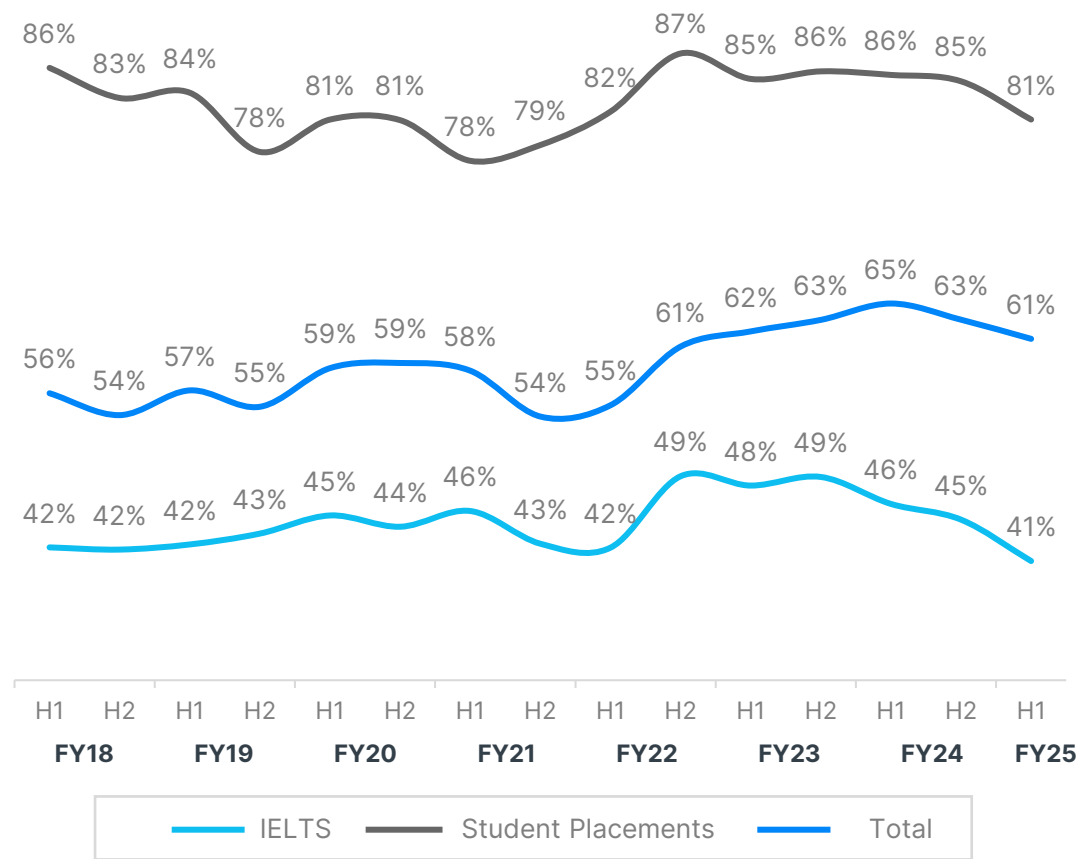


\* Student visa application data for H1 FY25 uses latest government data available which is to 31 December 2024 for Australia, 30 September 2024 for the UK and 30 November 2024 for Canada. Q2 FY25 data for Canada and UK is an IDP estimate using other industry data sets

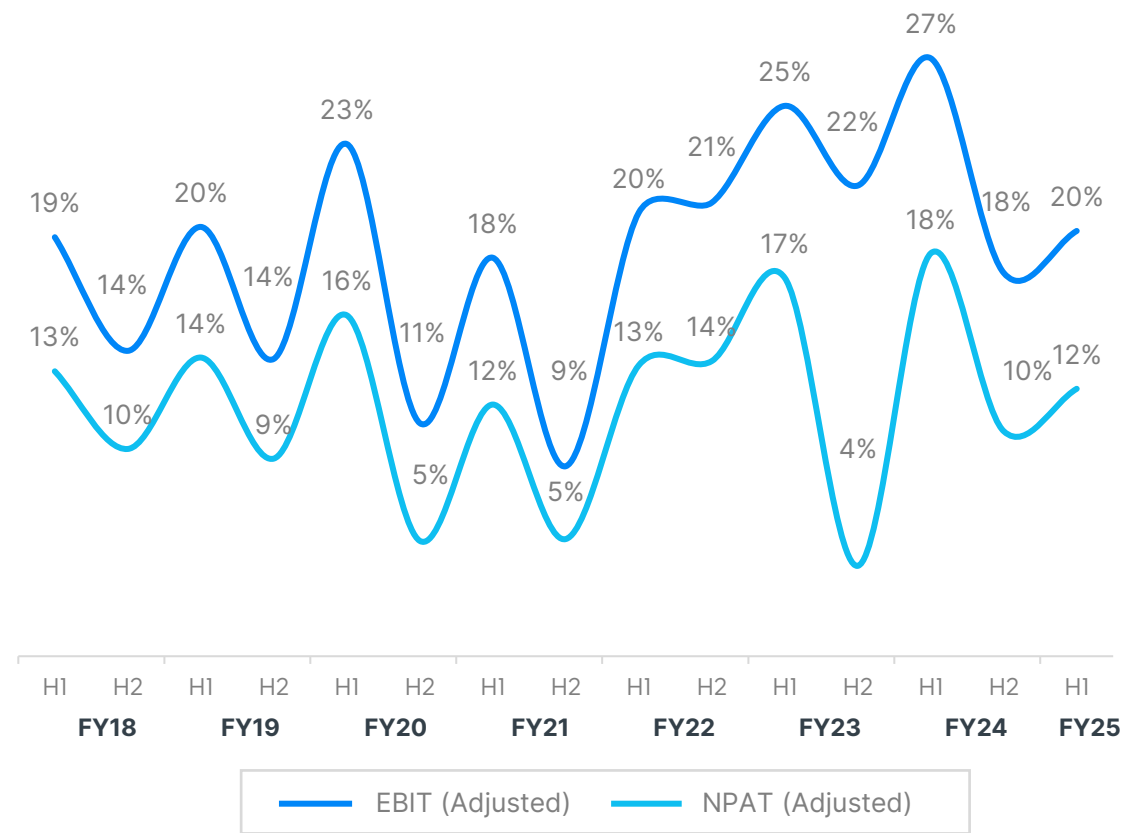
\*\*H1 FY25 for IELTS volumes covers the six month period from 1 July 2024 to 31 December 2024  
Source: IDP; UK, Australia and Canadian Governments.

# Balancing cost management with ongoing disciplined investment in strategic initiatives to deliver long-term returns

Gross Profit Margins



EBIT (Adjusted) and NPAT (Adjusted) Margins\*



\* EBIT (Adjusted) and NPAT (Adjusted) excludes intangible asset amortisation generated from business combinations, M&A related expenses, unrealised FX losses, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring.

# A robust balance sheet with a Net Leverage Ratio of 1.1x\*

| A\$ million                    | 31-Dec-24      | 30-Jun-24      | Change       |
|--------------------------------|----------------|----------------|--------------|
| <b>Current assets</b>          |                |                |              |
| Cash and cash equivalents      | 156.9          | 107.6          | 49.3         |
| Short term investments         | 0.0            | 13.5           | -13.5        |
| Trade and other receivables    | 122.3          | 171.5          | -49.2        |
| Contract assets                | 204.8          | 143.3          | 61.5         |
| Other current assets           | 60.7           | 37.6           | 23.1         |
| <b>Current assets</b>          | <b>544.7</b>   | <b>473.5</b>   | <b>71.2</b>  |
| <b>Non-current assets</b>      |                |                |              |
| Intangible assets              | 578.8          | 552.5          | 26.3         |
| Rights-of-use assets           | 107.8          | 103.3          | 4.5          |
| Other non-current assets       | 157.2          | 127.0          | 30.2         |
| <b>Non-current assets</b>      | <b>843.8</b>   | <b>782.8</b>   | <b>61.0</b>  |
| <b>Total assets</b>            | <b>1,388.4</b> | <b>1,256.3</b> | <b>132.1</b> |
| <b>Current liabilities</b>     |                |                |              |
| Trade and other payables       | 176.7          | 175.8          | 0.9          |
| Contract liabilities           | 59.6           | 61.0           | -1.4         |
| Lease liabilities              | 25.3           | 23.8           | 1.5          |
| Other current liabilities      | 35.6           | 38.0           | -2.4         |
| <b>Current liabilities</b>     | <b>297.2</b>   | <b>298.6</b>   | <b>-1.4</b>  |
| <b>Non-current liabilities</b> |                |                |              |
| Borrowings                     | 347.9          | 277.7          | 70.2         |
| Lease liabilities              | 97.4           | 94.2           | 3.2          |
| Deferred tax liabilities       | 52.8           | 50.9           | 1.9          |
| Other non-current liabilities  | 12.3           | 11.5           | 0.8          |
| <b>Non-current liabilities</b> | <b>510.4</b>   | <b>434.3</b>   | <b>76.1</b>  |
| <b>Total liabilities</b>       | <b>807.6</b>   | <b>732.9</b>   | <b>74.7</b>  |
| <b>Total equity</b>            | <b>580.9</b>   | <b>523.4</b>   | <b>57.5</b>  |

## Cash & Debt

- Cash and cash equivalents of \$157m, drawn debt of \$348m and out-of-the-money hedged currency contracts delivering net debt of \$196m as at 31 December 2024
- Borrowings increase of \$70m offset by a \$49.2m decrease in trade and other receivables due to the Student Placement cash collections
- Non-current liabilities increased by \$76.1m due to \$70m bank loan drawn down for working capital requirements

## Contract Assets

- Contract assets increase due to usual seasonal build from finalised UK applications yet to be invoiced for the 2024 fall semester

## Dividend

- Interim dividend declared of 9.0 cents per share

\* The Net Leverage Ratio is calculated by dividing net debt as at 31 December 2024 of \$196m by reported EBITDA for the twelve months to 31 December 2024 of \$183.8m.

A young man with dark, curly hair and clear-framed glasses is looking slightly to the right. He is wearing a green crew-neck shirt and large black over-ear headphones around his neck. The background is a blurred office interior with glass partitions. A large, bright blue circular graphic is positioned behind him on the left side of the frame. In the top left corner, there is a smaller blue semi-circular shape. In the bottom left corner, there is a dark blue semi-circular shape.

## 3. Industry and Strategy

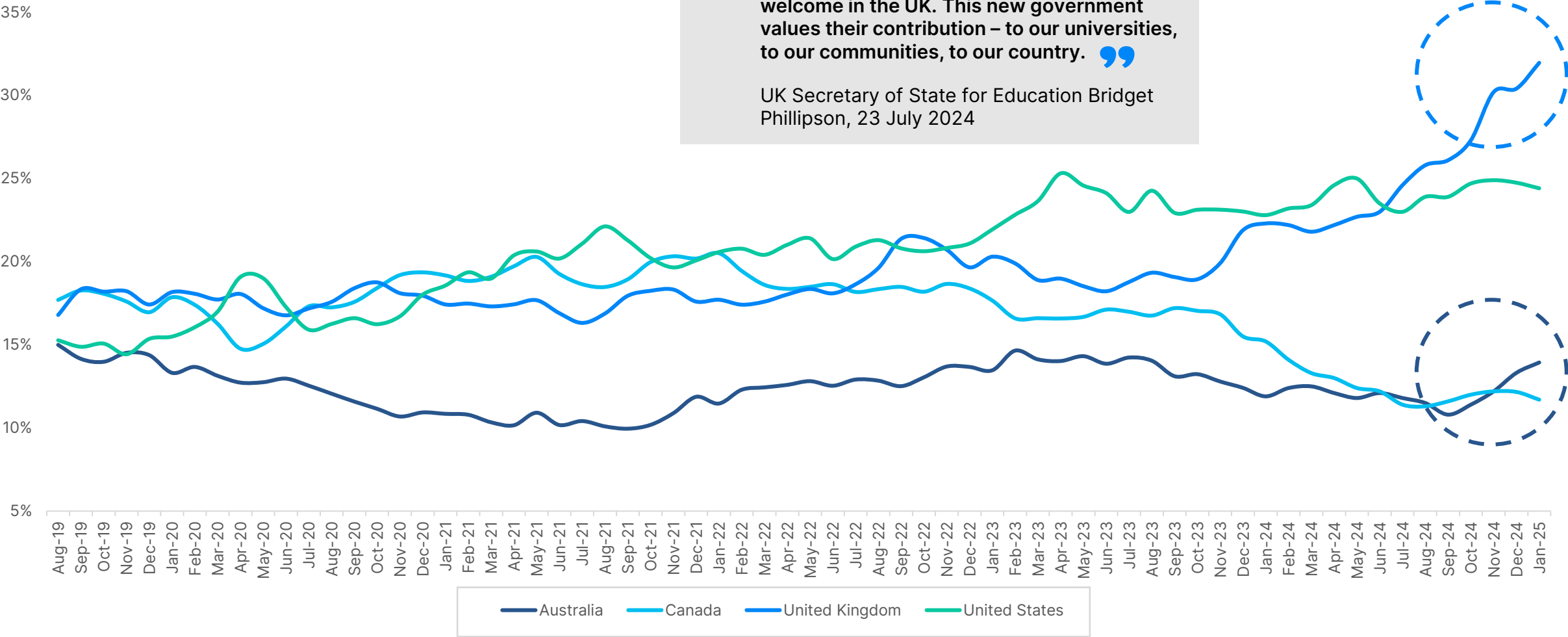
# Increasing quality focus in uncertain policy environment

| Developments since FY24 results | Australia                                                                                                                                                                                                                                                                          | UK                                                                                                                                                                                                                                                                                               | Canada                                                                                                                                                                                                                                                                               | USA                                                                                                                                                                                                      |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | <ul style="list-style-type: none"><li>• <b>Proposed cap legislation failed</b> to pass in the Senate</li><li>• <b>Visa processing rule changes</b> (MD111) aligned to “soft cap” at 80% of proposed caps</li><li>• <b>Increased visa fees</b> for international students</li></ul> | <ul style="list-style-type: none"><li>• <b>Stable policy</b> with government intention to bring back sustainable growth</li><li>• <b>Graduate Route maintained</b> with restrictions on dependent visas</li><li>• <b>Positive rhetoric</b> around importance of international students</li></ul> | <ul style="list-style-type: none"><li>• <b>Post graduate work rights</b> further restricted</li><li>• <b>Priority visa processing stream</b> (SDS) removed</li><li>• <b>Student caps reduced</b> by a further 10% in CY25</li><li>• <b>Spousal work permits</b> restricted</li></ul> | <ul style="list-style-type: none"><li>• No change in policy settings</li><li>• <b>Visa rejections up</b> significantly</li><li>• <b>New government</b> with policy plans yet to be articulated</li></ul> |
| Upcoming events                 | <ul style="list-style-type: none"><li>• <b>Australian election</b> to be held by May 2025</li></ul>                                                                                                                                                                                | <ul style="list-style-type: none"><li>• <b>Refreshed International Education Strategy</b> expected soon</li></ul>                                                                                                                                                                                | <ul style="list-style-type: none"><li>• <b>Canadian election</b> to be held by October 2025</li></ul>                                                                                                                                                                                | <ul style="list-style-type: none"><li>• <b>Transfer of government</b> commenced from January 2025</li></ul>                                                                                              |

**As the leading quality player in the market, IDP is well placed to help students and institutions navigate these changing market conditions and increased short-term uncertainty**

# Early signs that policy certainty and communication driving a shift in preferences

Share of IDP web search traffic (All source countries)\*



“ Be in no doubt: international students are welcome in the UK. This new government values their contribution – to our universities, to our communities, to our country. ”

UK Secretary of State for Education Bridget Phillipson, 23 July 2024

\* Source: IDP Hotcourses monthly web traffic.

# Continuing to execute strongly on IDP's Global Strategy

Our purpose

To transform lives through international education

We aspire to be

The clear first choice for people with international education ambitions

We will achieve this by

Engaging with more people in more places

As their most trusted partner

To deliver exceptional outcomes

Enabled by our

Diverse and  
talented people

Leading innovation,  
data and technology

Outstanding  
customer experiences

Respected  
global brands

# Delivering on our strategy in H1 FY25

|                   | Engaging with more people in more places                                                                                                                                                                                                      | As their most trusted partner                                                                                                                                                                                                                                                                                                                                                                                                                                            | To deliver exceptional outcomes                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Student Placement | <ul style="list-style-type: none"> <li>Opened <b>4 new offices</b> in key growth markets</li> <li>Over <b>190,000 students</b> at IDP events, up 8%<sup>1</sup></li> <li><b>~200,000 IDP Live app</b> downloads</li> </ul>                    | <ul style="list-style-type: none"> <li><b>Expanded the services we deliver for our partners</b>, supporting 14% average price increase in Student Placement</li> <li><b>Over 20 new Student Placement clients</b></li> <li><b>Engaged with government</b> to positively influence sustainable policy such as through Emerging Futures research and thought leadership</li> <li><b>Opened technology hub</b> in Manila to increase cyber security capabilities</li> </ul> | <ul style="list-style-type: none"> <li><b>Over 13,000 offers through FastLane</b> with a 10 point higher NPS<sup>4</sup></li> <li><b>Student NPS maintained over 70</b> - increased by 3 pts</li> <li><b>Student Essentials driving growth of 2 percentage points</b> in Student Placement average price</li> <li><b>Multiple AI-powered pilots</b> enabled internal efficiency and delivered value for students and counsellors; e.g. expanded use of AI in course recommendation engine</li> </ul> |
| Language Testing  | <ul style="list-style-type: none"> <li><b>482,000 IELTS app downloads</b>, up 24%<sup>2</sup></li> <li><b>Progressed English Language Testing opportunities in China</b></li> <li>Network expansion with <b>6 new test centres</b></li> </ul> | <ul style="list-style-type: none"> <li><b>One Skill Retake</b> now accepted by over 2,200 organisations up 22%<sup>3</sup></li> <li>Expanded recognition for local country usage</li> </ul>                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li><b>Refreshed IELTS Preparation Hub</b></li> <li><b>Improvements in the IELTS booking experience</b> have contributed to an 8% increase in conversion</li> </ul>                                                                                                                                                                                                                                                                                               |

Notes:

<sup>1</sup> All percentage changes refer to change on H1 FY24, except for Note 2 which refers to increase on total and Note 3 which is change since July 2024

<sup>4</sup> NPS compared to NPS for all students surveyed for the IDP NPS in H1 FY25 as referred to in the following bullet point.

## 4. Summary



# Positioned to outperform in challenging sector conditions



## Outperformance in challenging market conditions

- Expanding market share in Student Placement
- Student Placement average price growth of 14%
- IELTS volumes impacted by policy changes and ongoing uncertainty in key markets



## Disciplined cost management

- Strong track record and continued focus on managing costs to balance short and long-term objectives



## Financial strength

- Net Leverage Ratio of 1.1x
- Improved Gross Operating Cash Flow of 64%



## Industry leadership

- Trusted brand with a unique combination of digital and physical solutions
- Focus on quality ensures we are well placed to navigate changing market conditions
- Ongoing innovation reinforces industry leadership



## Compelling strategy

- Clear strategy and a disciplined approach to investment to drive long-term value for shareholders

A young woman with long dark hair and glasses is smiling and holding a black laptop. She is wearing a pink top. The background is a library with colorful bookshelves. There are blue and orange decorative shapes on the left and right sides of the image.

## 5. Appendices

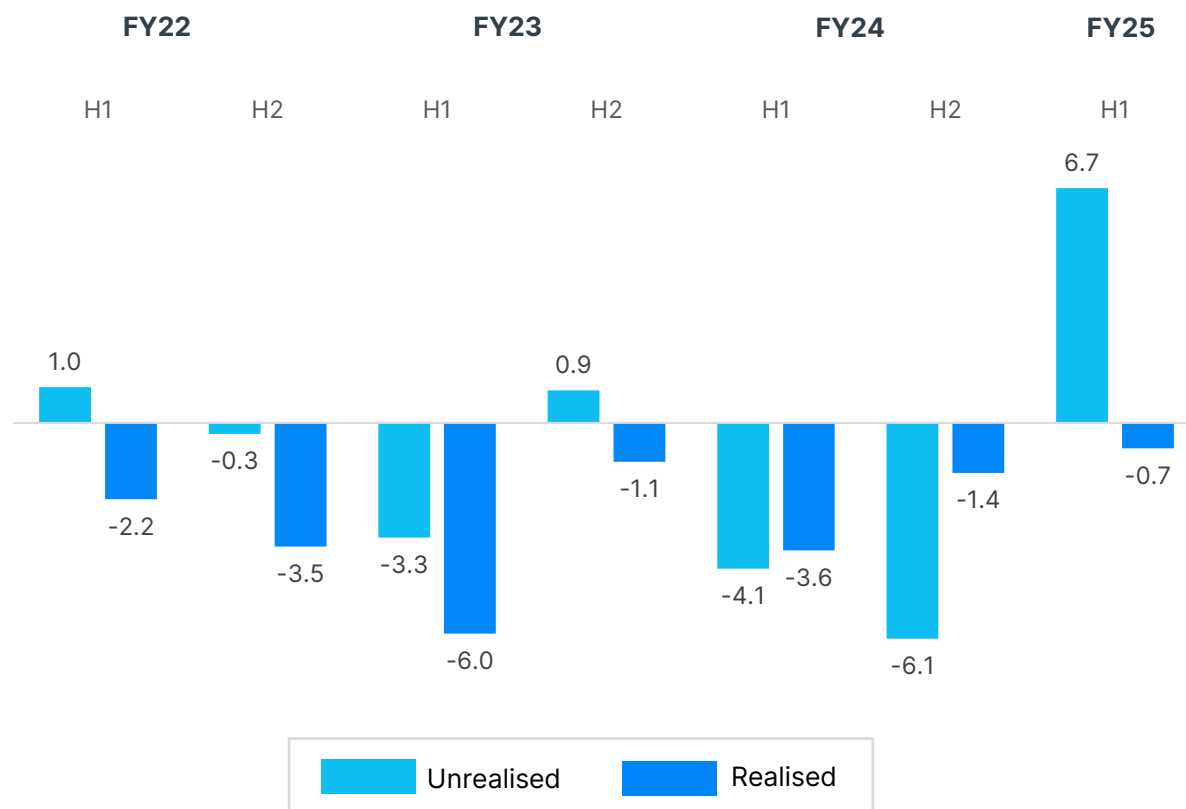
# EBIT and NPAT Adjustments

| Six Months to 31 December,<br>A\$ million | FY25     |             |                         |                            |                                 |                          |          | FY24     |             |                         |                            |                          |          |        | Growth<br>(Adjusted) |  |
|-------------------------------------------|----------|-------------|-------------------------|----------------------------|---------------------------------|--------------------------|----------|----------|-------------|-------------------------|----------------------------|--------------------------|----------|--------|----------------------|--|
|                                           | Reported | Adjustments |                         |                            |                                 |                          | Adjusted | Reported | Adjustments |                         |                            |                          | Adjusted | \$m    | %                    |  |
|                                           |          | M&A Costs   | Unrealised FX<br>Losses | Intangible<br>Amortisation | Company<br>Restructure<br>Costs | Credit Loss<br>Provision |          |          | M&A Costs   | Unrealised FX<br>Losses | Intangible<br>Amortisation | Credit Loss<br>Provision |          |        |                      |  |
|                                           |          |             |                         |                            |                                 |                          |          |          |             |                         |                            |                          |          |        |                      |  |
| Total Revenue                             | 475.4    |             |                         |                            |                                 |                          | 475.4    | 579.1    |             |                         |                            |                          | 579.1    | -103.7 | -18%                 |  |
| Direct Costs                              | 183.9    |             |                         |                            | 0.0                             |                          | 183.9    | 205.2    |             |                         |                            |                          | 205.2    | -21.3  | -10%                 |  |
| Gross Profit                              | 291.5    |             |                         |                            |                                 |                          | 291.5    | 373.9    |             |                         |                            |                          | 373.9    | -82.4  | -22%                 |  |
| Overhead costs                            | 167.8    | 0.0         | -6.7                    |                            | 0.5                             | 1.8                      | 172.2    | 200.7    | 1.3         | 4.1                     |                            | 5.9                      | 189.3    | -17.2  | -9%                  |  |
| Share of Profit/(Loss) of Associate       | 0.3      |             |                         |                            |                                 |                          | 0.3      | 0.1      |             |                         |                            |                          | 0.1      | 0.2    | -200%                |  |
| EBITDA                                    | 124.0    | 0.0         | -6.7                    | 0.0                        | 0.5                             | 1.8                      | 119.6    | 173.3    | 1.3         | 4.1                     | 0.0                        | 5.9                      | 184.7    | -65.0  | -35%                 |  |
| Depreciation & Amortisation               | 26.9     |             |                         |                            |                                 |                          | 26.9     | 25.9     |             |                         |                            |                          | 25.9     | 1.0    | 4%                   |  |
| Amortisation of Acquired Intangibles      | 2.1      |             |                         | 2.1                        |                                 |                          | 0.0      | 2.2      |             |                         | 2.2                        |                          | 0.0      | 0.0    | -                    |  |
| EBIT                                      | 95.0     | 0.0         | -6.7                    | 2.1                        | 0.5                             | 1.8                      | 92.7     | 145.3    | 1.3         | 4.1                     | 2.2                        | 5.9                      | 158.8    | -66.1  | -42%                 |  |
| Net finance expense                       | -12.4    |             |                         |                            |                                 |                          | -12.4    | -9.5     |             |                         |                            |                          | -9.5     | -2.9   | 31%                  |  |
| Profit before tax                         | 82.6     |             |                         |                            |                                 |                          | 80.3     | 135.8    |             |                         |                            |                          | 149.3    | -69.0  | -46%                 |  |
| Income tax expense                        | 22.9     | 0.0         | 2.0                     | -0.5                       | -0.1                            | -0.5                     | 22.0     | 38.4     | -0.4        | -1.2                    | -0.6                       | -1.8                     | 42.4     | -20.4  | -48%                 |  |
| NPAT                                      | 59.7     | 0.0         | -4.7                    | 1.6                        | 0.4                             | 1.3                      | 58.3     | 97.4     | 0.9         | 2.9                     | 1.7                        | 4.1                      | 106.9    | -48.6  | -45%                 |  |

- The adjustments to H1 FY25 EBIT earnings shown above are as follows:
  - \$6.7m of unrealised FX gain which primarily relate to the impact of foreign exchange movements on the trade receivables and contract assets on the balance sheet (see following slide)
  - \$2.1m of amortisation of acquired intangibles relating to the acquisition of Intake Education (November 2022), The Ambassador Platform (May 2023) and Hotcourses (January 2017)
  - \$1.8m credit loss provision relating to payments from IELTS third party in countries that are subject to foreign exchange controls that have impacted IDP's ability to repatriate cash in a timely manner
  - \$0.5m of company restructure costs including costs relating to the restructuring announced in June 2024

# Foreign Exchange

## FX Gains/Losses over time (A\$m)



## Foreign Exchange (FX) Related Gains/Losses

- IDP earns revenues and incurs expenses in approximately 50 currencies. The largest net exposures are to INR, CAD, GBP, USD, GBP and CNY but material exposures also exist against VND, NGN, BDT, PKR, AED and NZD
- IDP's records various FX related gains and losses in its Income Statement from these exposures. The gains and losses are categorised as "realised" and "unrealised"
- Realised FX gains and losses primarily relate to:
  - Hedging – gains or losses resulting from the execution of the hedge book that IDP uses to manage its foreign exchange risk
  - Currency Exchange – gains or losses realised through FX transactions
- Unrealised FX gains and losses primarily relate to the 'mark-to-market' of various balance sheet items including:
  - Contract assets and other trade receivables and payables
  - Hedge portfolio
  - Lease liabilities corresponding to right-of-use assets
  - Non-AUD denominated cash holdings
  - Intercompany positions

## H1 FY25 Movements

- Incurred \$6.0m of FX gain of which \$6.7m were unrealised gains with \$0.7m realised losses
- Key drivers of these FX gains include the weakening of the Australian dollar against major currencies including British Pound, Canadian Dollar and US Dollar

# Cashflow improving due to revenue mix shift and collections

| Six Months to 31 December, A\$ million                                         | Half Year Actuals |              | Growth       |              |
|--------------------------------------------------------------------------------|-------------------|--------------|--------------|--------------|
|                                                                                | H1 FY25           | H1 FY24      | \$m          | %            |
| <b>EBITDA</b>                                                                  | <b>124.0</b>      | <b>173.3</b> | <b>-49.3</b> | <b>-28%</b>  |
| Non-cash items                                                                 | 3.1               | 8.9          | -5.8         | -65%         |
| Change in working capital                                                      | -48.0             | -102.2       | 54.2         | -53%         |
| Income tax paid                                                                | -43.6             | -52.0        | 8.4          | -16%         |
| Net interest paid                                                              | -7.7              | -9.1         | 1.4          | -15%         |
| <b>Operating cash flow</b>                                                     | <b>27.8</b>       | <b>18.9</b>  | <b>8.9</b>   | <b>47%</b>   |
| Payments for deferred/contingent consideration for acquisition of subsidiaries | -4.0              | -21.6        | 17.6         | -81%         |
| Capital expenditure                                                            | -23.6             | -27.8        | 4.2          | -15%         |
| Dividends received from an associate                                           | 0.1               | 0.7          | -0.6         | -86%         |
| Cash inflow/(outflow) from investment in term deposits                         | 13.5              | -13.2        | 26.7         | -202%        |
| <b>Net cash flow before financing</b>                                          | <b>13.8</b>       | <b>-43.0</b> | <b>56.8</b>  | <b>-132%</b> |
| Proceeds from borrowings                                                       | 70.0              | 85.0         | -15.0        | -18%         |
| Repayment from borrowings                                                      | 0.0               | -7.5         | 7.5          | -100%        |
| Repayment of lease liabilities                                                 | -13.0             | -12.6        | -0.4         | 3%           |
| Dividend payments                                                              | -25.5             | -55.9        | 30.4         | -54%         |
| Effect of FX on cash holdings in foreign currency                              | 4.0               | -3.9         | 7.9          | -203%        |
| <b>Net cash flow</b>                                                           | <b>49.3</b>       | <b>-37.9</b> | <b>87.2</b>  | <b>-230%</b> |

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

- GOCF\* of \$79.1m reflects conversion from reported EBITDA of 64% (an improvement over 46% for H1 FY24)
- The improvement in GOCF is due to a slowing down in the revenue mix shift from English Language Testing (where cash is collected up front) to Student Placement (with long collection periods) combined with improved Student Placement collections performance
- Working capital increased in the period by \$48m, however the impact of the shift to Student Placement from English Language Testing was less marked than H1 FY24
- This timing difference is reflected on the balance sheet with a \$71m increase in contract assets primarily relating to students placed to Australia and UK, offset by a \$34m decrease in debtors
- Capital expenditure of \$23.6m comprised strategic initiatives including:
  - \$3.2m English Language Testing booking and test centre management platform modernisation
  - \$3.0m Cyber security program and technology infrastructure uplift
  - \$2.6m Student Placement student experience improvement
  - \$2.0m Property, plant and equipment
  - \$1.8m Student Placement data intelligence and emerging technology
- Payment of \$4.0m of the second tranche of the purchase price for The Ambassador Platform acquisition

# Segmental Earnings

## Revenue and EBIT by Geographic Segment\*

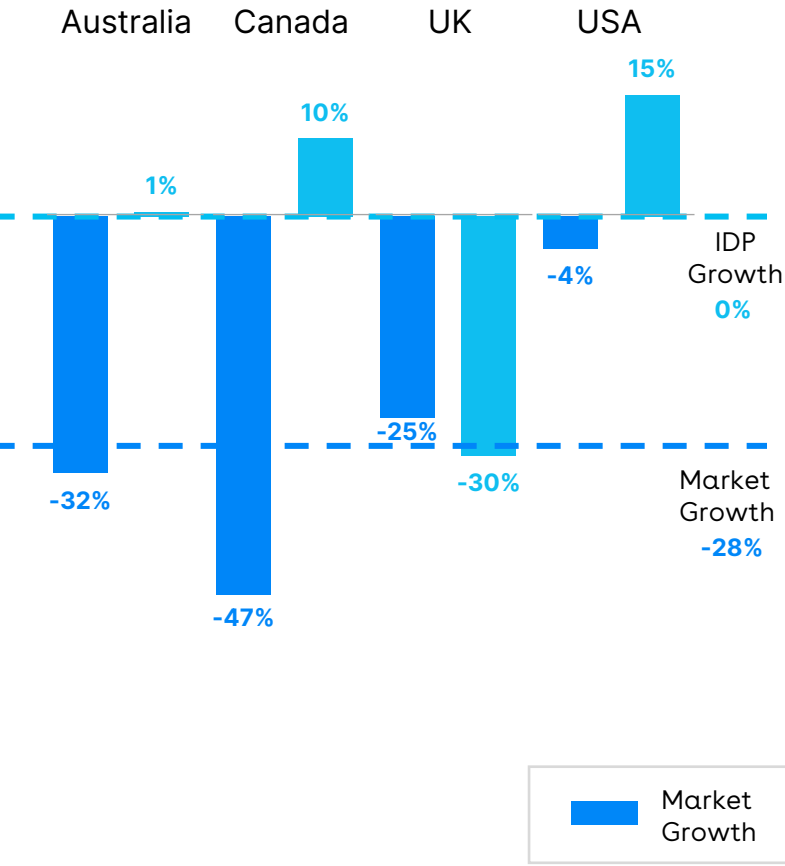
| Six Months to 31 December, A\$ million | Half Year Actuals |              | Growth        |             |
|----------------------------------------|-------------------|--------------|---------------|-------------|
|                                        | FY25              | FY24         | \$m           | %           |
| <b>Revenue</b>                         |                   |              |               |             |
| Asia                                   | 316.5             | 422.5        | -106.0        | -25%        |
| Australasia                            | 31.7              | 25.0         | 6.7           | 27%         |
| Rest of World                          | 127.2             | 131.6        | -4.4          | -3%         |
| <b>Total Revenue</b>                   | <b>475.4</b>      | <b>579.1</b> | <b>-103.7</b> | <b>-18%</b> |
| <b>EBIT</b>                            |                   |              |               |             |
| Asia                                   | 105.8             | 175.9        | -70.1         | -40%        |
| Australasia                            | 6.0               | 2.8          | 3.2           | 118%        |
| Rest of World                          | 33.2              | 31.9         | 1.3           | 4%          |
| <b>Total EBIT pre corporate costs</b>  | <b>145.0</b>      | <b>210.5</b> | <b>-65.5</b>  | <b>-31%</b> |
| Corporate costs                        | -50.0             | -65.3        | 15.3          | 23%         |
| <b>Total EBIT</b>                      | <b>95.0</b>       | <b>145.3</b> | <b>-50.3</b>  | <b>-35%</b> |

\* The segmental EBIT is not presented on an adjusted basis so includes the various costs outlined on page 24 which have been removed from Adjusted EBIT to show the underlying performance of the business.

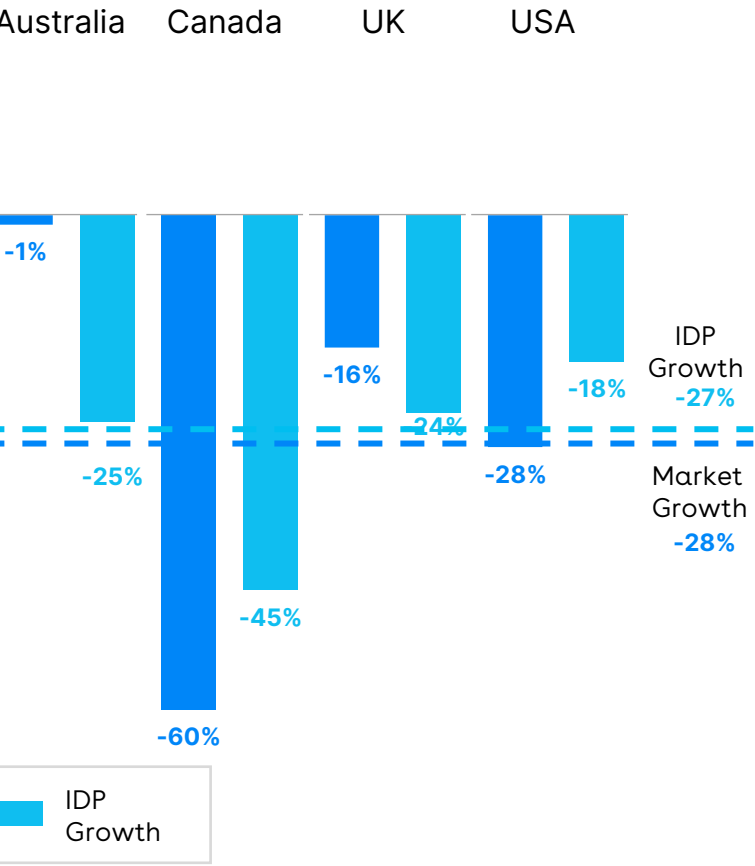
- IDP manages its business on a geographic basis. Country and regional management are responsible for all activities in their geographic region across each of the company's key products
- As a result, the company's key reporting segments comprise geographic regions. From segment perspective, Asia is IDP's largest segment accounting for approximately 67% of Group revenue
- Asia revenue was down 25%, driven in large part by lower volumes in India
- Australasia revenue was up 27%, driven by onshore English Language Testing, along with Other Student Placement Services revenue arising from Events and Digital Marketing
- Rest of World revenue was down 3%, driven by lower English Language Testing and Student Placement revenue in Nigeria, Pakistan and UAE, partially offset by growth in onshore English Language Testing in Canada
- Asia EBIT was down 40% with a decline in India profitability partially offset by profit growth in other Asian markets
- Australasian EBIT was up 118% driven by a combination of increase in revenue and cost control
- Rest of World EBIT improvement primarily reflects foreign exchange related impacts as well as lower marketing, administration and travel costs

# Student Placement volumes in H2 FY24 and H1 FY25

## H2 FY24 IDP Student Placement volume growth v market growth\*



## H1 FY25 IDP Student Placement volume growth v market growth\*\*



The outperformance of IDP volume vs market volume growth in H1 FY25 narrowed due to a range of temporary factors:

- Recent regulatory changes have rebaselined source country mix and created short term fluctuations in growth rates, particularly for the Australia and the UK
- Key policy changes included MD107 in Australia and the change in dependent visa rules in the UK
- As a result, in the short term we saw unusually high growth in source countries where IDP has relatively low market share (e.g. China)
- In Australia, due to visa processing delays we also saw misaligned timing across reporting periods of IDP enrolments and visa issuance

Rolling 12-month data, such as that shown for CY24 (page 11), better represents underlying market share trends as these short term fluctuations are normalised

Due to further policy changes (MD111) and baseline adjustment, we expect these factors to substantially normalise in the coming periods

\* IDP data is invoiced volumes (i.e. APFs) for the 6 months to 30 June 2024. Market data uses all available data relating to markets IDP operates in for H2 FY24

\*\* IDP data is invoiced volumes (i.e. APFs) for the 6 months to 31 December 2024. Market data uses latest available at time of publication relating to markets IDP operates in as follows (starting from 1 July 2024):  
 Australia: Student visas issued offshore to primary applicant up until 31 December 2024 v pcp  
 Canada: New study permits issued up until 30 November 2024 v pcp  
 UK: Student entry visas issued to main applicant located outside up until 30 September 2024 v pcp  
 USA: US student visas issued up until 31 October 2024 v pcp

