
ASX ANNOUNCEMENT (ASX: 3PL)

12th November 2015

Conference Presentations and Trading Update

Conference Presentations

CEO Tim Power and CFO Jonathan Kenny will be presenting at investor conferences in Sydney on 12th November and 17th November 2015. A copy of the presentation is attached.

Trading Update

A trading update contained in the conference presentation is set out below :

Group revenue is up 20% in FY16 year to date compared with the same period a year ago.

Jonathan Kenny
Company Secretary

ENDS

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Read more at www.3plearning.com/hello

About 3P Learning

3P Learning's mission is to create a place where students, families and teachers love learning.

3P Learning has brought together a community of 5.3 million students and 17,000 schools across the world using its award winning resources to learn mathematics (Mathletics), spelling and literacy (Spellodrome), reading (Reading Eggs) and science (IntoScience).

The company is comprised of 300 educators, engineers and product designers, based in 11 countries, servicing schools in over 100 countries.

3P Learning has a powerful partnership with UNICEF, which has enabled over 100,000 students to go to school in developing countries.



Conference Presentation

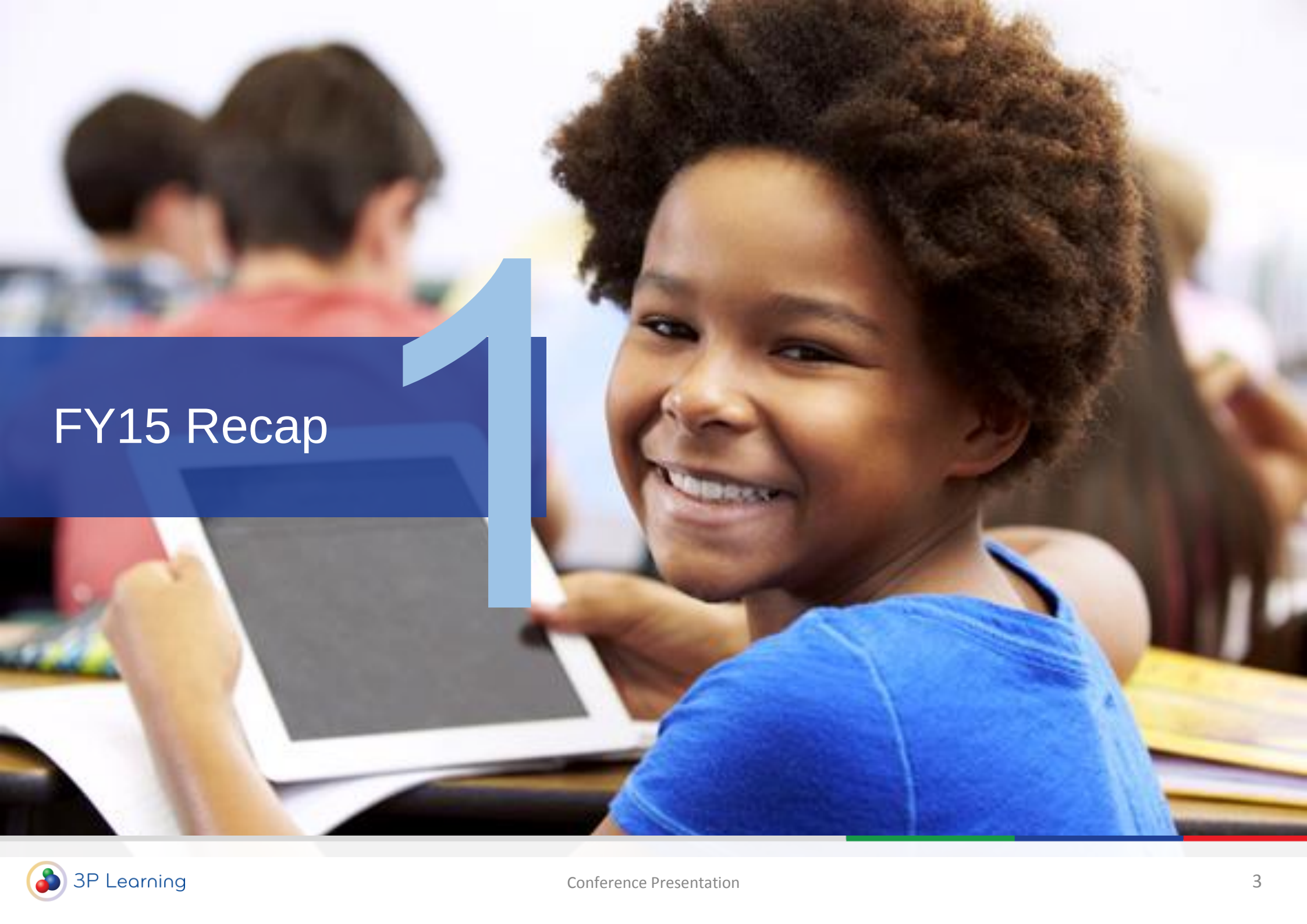
November 2015

Tim Power – Chief Executive Officer | **Jonathan Kenny** – Chief Financial Officer



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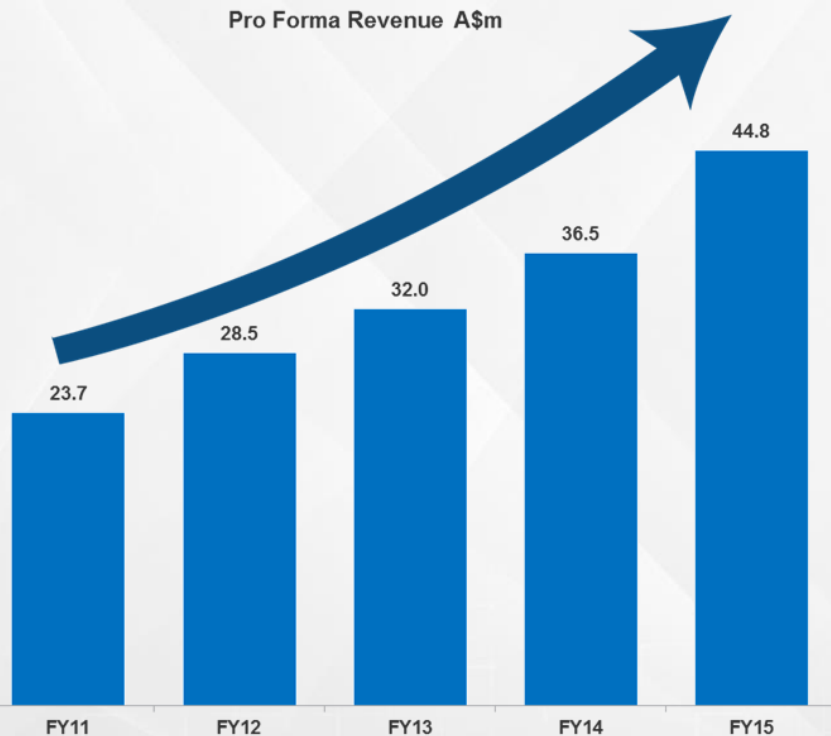


FY15 Recap



2015 Highlights

Pro Forma Revenue A\$m



FY15 Results ahead of prospectus forecast

- Revenue of \$44.8 million (vs prospectus \$43.8 million), up 23% pcp
- EBITDA of \$16.9 million (vs prospectus \$16.4 million), up 30% pcp
- NPAT of \$10.8 million (vs prospectus \$9.7 million), up 28% pcp
- EPS of 8.1 cents, up from 6.3c or 28%
- Final Dividend of 1.8 cents per share

Strong operational progress on key objectives

- Growth in Americas with increased sales force and infrastructure
- Several major product enhancements – Analytics and District Reporting
- IntoScience showing promising signs



Who we are

3P Learning snapshot

A community of
5.3 million
students

over
17,000
schools
across the world

aligned with
over 40
international
curricula

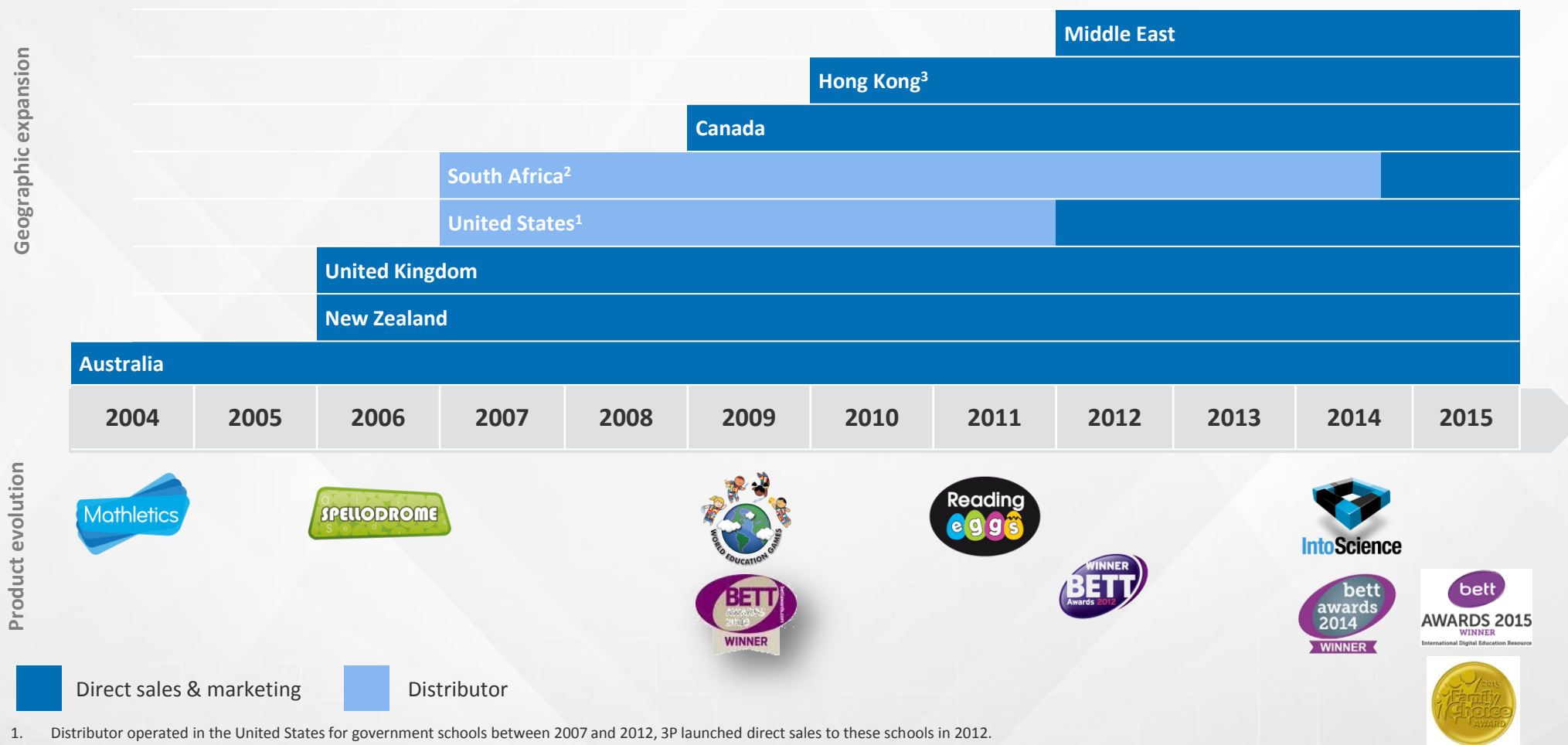
A Powerful
Partnership with
UNICEF that has
enabled over 100,000
students to go to school
in developing countries

organically grown
10X revenue
in 8 Years

Global team of **300**
educators,
engineers, product
designers and
other personnel
based in 11
countries

Geographic expansion

3P has a strong presence in Australia, New Zealand and the United Kingdom with growing operations in the United States, Canada, Hong Kong, South Africa and Middle East



1. Distributor operated in the United States for government schools between 2007 and 2012, 3P launched direct sales to these schools in 2012.
2. Distributor operated in South Africa between 2007 and 2014, 3P acquired the assets of the South African business and commenced direct sales in the second half of 2014.
3. In Hong Kong 3P sells to the international schools market, whilst a distributor sells to local schools.

Product suite

3P has a broad product suite encompassing maths, literacy and science subject areas

	Key products	Description	Year launched	FY15 licences	FY15 revenue (A\$m)
Numeracy		— Online numeracy product for school grades K-12 — Includes content for 40 curricula around the world	2004	~3.8m	32.9
Literacy	 	— Reading Eggs and Readings Eggspress form an online English literacy product for school grades K-6 — Spellodrome is an online English literacy skills product for school grades K-10	Spellodrome – 2006 Reading Eggs – 2011	Spellodrome - ~0.4m Reading Eggs - ~1.0m	Spellodrome – 1.7 Reading Eggs – 6.2
Science		— Online science resource — Combines high quality experiments, simulations and activities into an immersive learning experience	2014	~0.1m	0.5

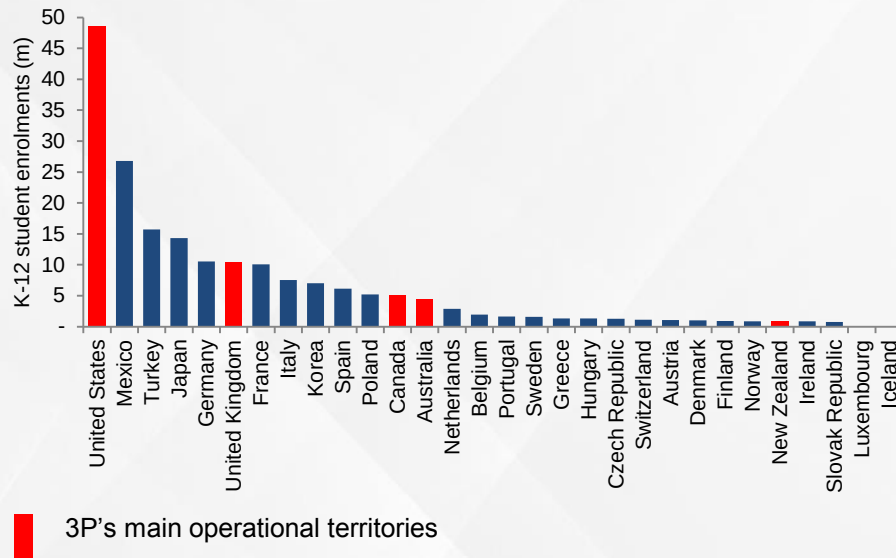
A photograph of a computer lab with several students sitting at desks, working on computers. A large, light blue number '3' is overlaid on the image. A dark blue banner with white text is positioned across the middle of the image.

Americas Market Opportunity & Strategy

Americas Market Overview

Significant market opportunity

K-12 Students across OECD Countries

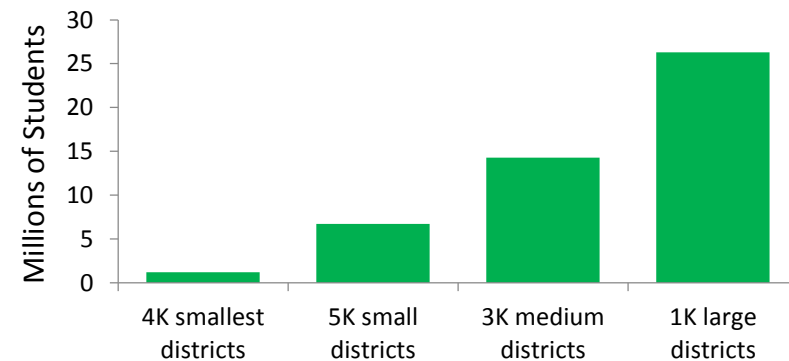


Districts	15K	345
Schools	115K	12K
Students	54M	4M

Districts Overview – 15K Districts

**55% of all students in
10% of districts**

Public enrolment by district size (millions)



Large	10K+ students
Medium	2.5K-9.9K students
Small	600-2.5K students
Smallest	<600 students

1% of school districts = 22% of all public school students

100 Largest US Public School Districts



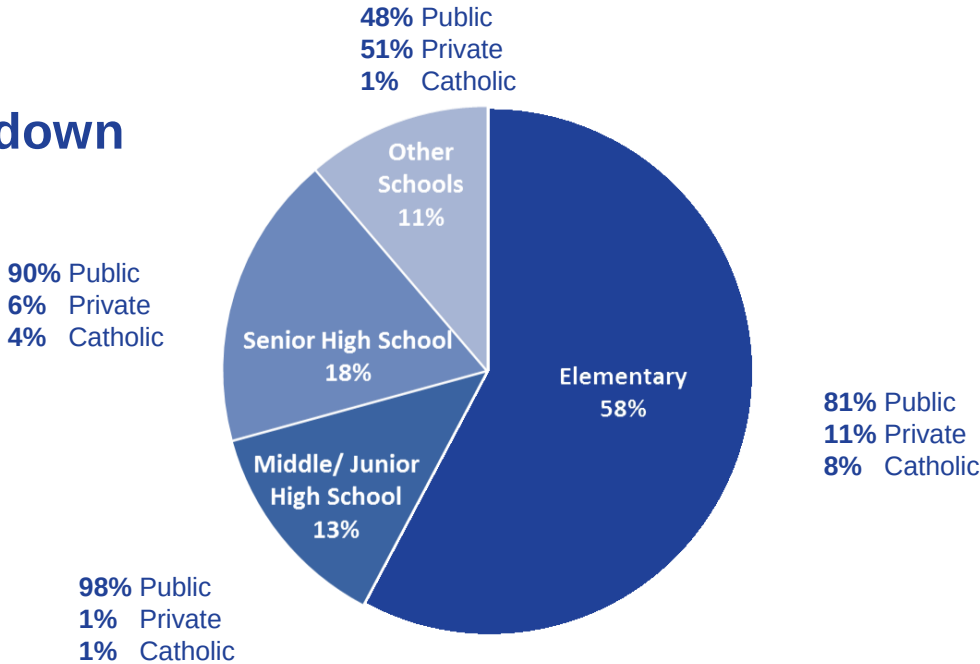
**Top 100 districts each contain
at least 47K students**

Source : Schooldata/MDR

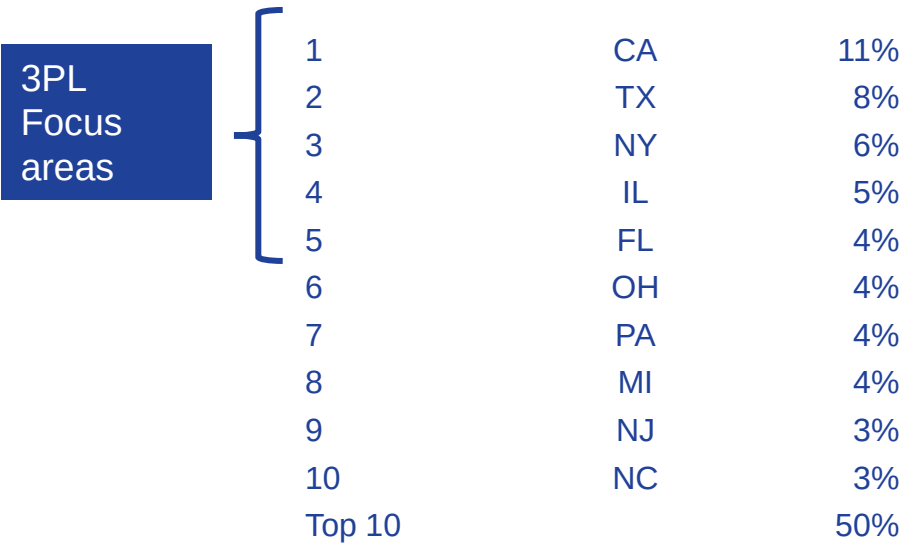
Schools Overview – 115K Schools



Grade Breakdown



50% of total Schools in 10 States

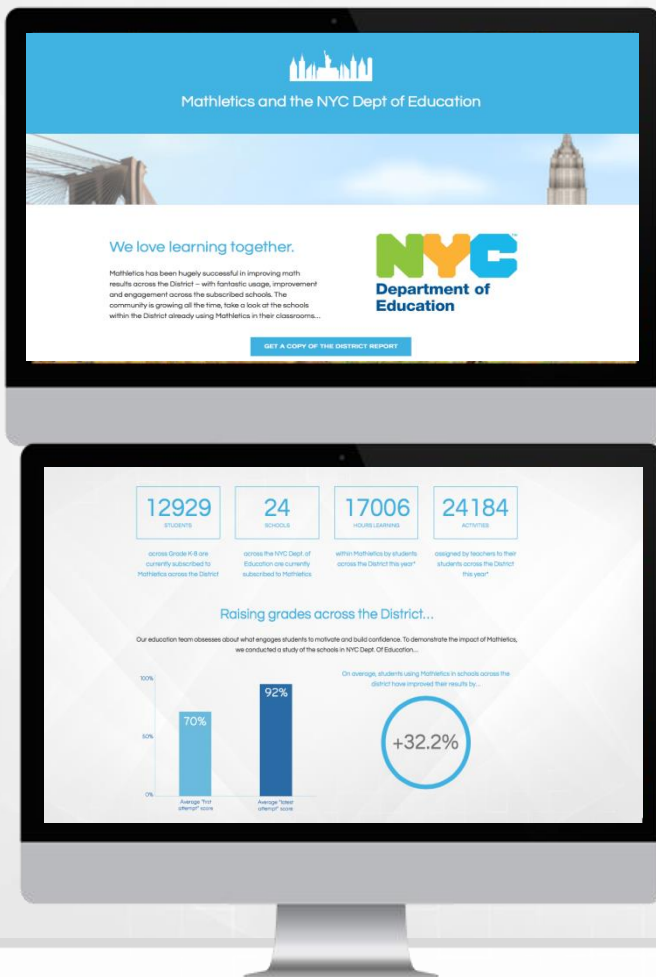


Note : Other is K-12, Special Ed, Career & Technical Ed & Adult Ed
Source : Schooldata/MDR

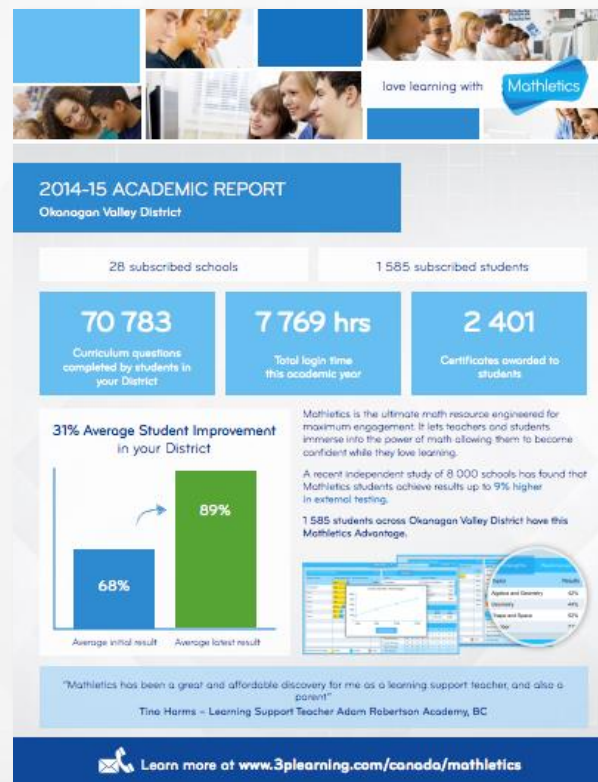
Americas Growth Strategy

Targeting Districts with a personalised approach

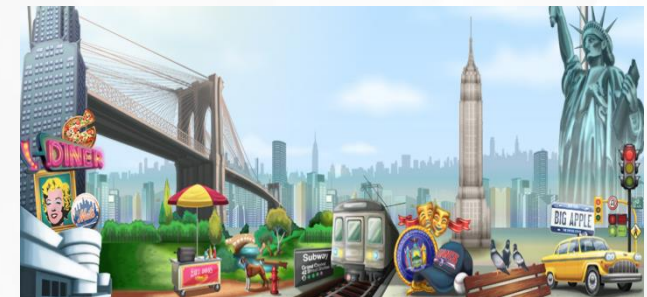
District websites



Printed success reports



State-based branded visuals



Americas Growth Strategy

	FY14	FY15	FY16
 Offices	1 office in New York 1 office in Calgary	1 office in New York 1 office in Calgary	Expanding New York Expanding Calgary Establishing California
 Employees	22	41	62
 Districts	25	74	Targeting over 200 districts
 Licenses	662K	931K	Targeting strong growth
 Key target	Target influential primary schools	Target district primary	Target primary & middle schools. Personalised approach to individual districts
 Products & features	Mathletics covering curriculum gaps	Mathletics – district console to provide data driven analytics Spellodrome - HTML IntoScience – proof of concept	Incorporating Learnosity assessments and Desmos calculator IntoScience – middle school curriculum coverage

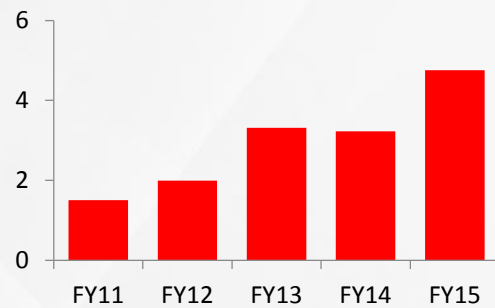
Americas Results

Investment in the market is driving results

Investment in Americas headcount

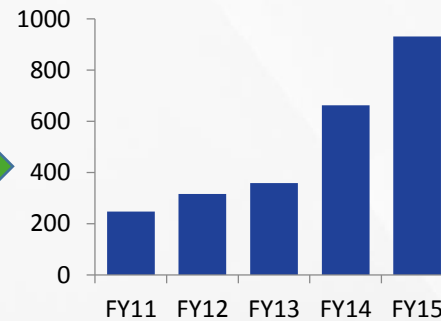


Increase in Operating costs \$m



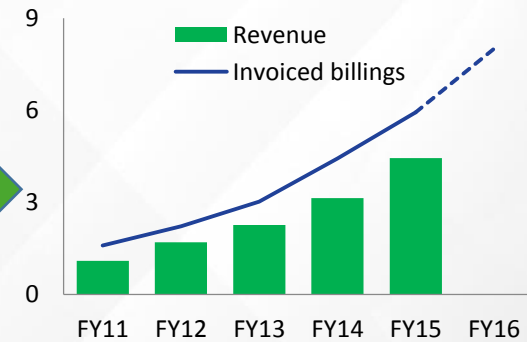
CAGR 33%

Increase in Licenses (000s)



CAGR 39%

Increase in Revenue & Billings \$m



CAGR Revenue 42%

A science teacher, a Black man in a white lab coat, is leaning over a lab bench, pointing at a piece of equipment. He is surrounded by four students. A male student in a light blue polo shirt and safety goggles on his head looks on. A female student in a white polo shirt is writing in a notebook. Another female student with curly blonde hair is partially visible. The lab bench is cluttered with various glassware containing colored liquids (blue, yellow, red) and a microscope. A large, semi-transparent blue number '4' is overlaid on the right side of the image.

Learnosity Investment

Cloud based tools that provide the foundations of any assessment product (by doing the heavy lifting) so clients can focus on their core product, content and user journeys



Highly Scalable

Fast, reliable performance for students when you need it. Successfully delivering millions of tests an hour.



Simple Authoring

Enables non-technical users and teachers to create advanced technology-enhanced items and complex page layouts. With over 50 question types and powerful reporting.

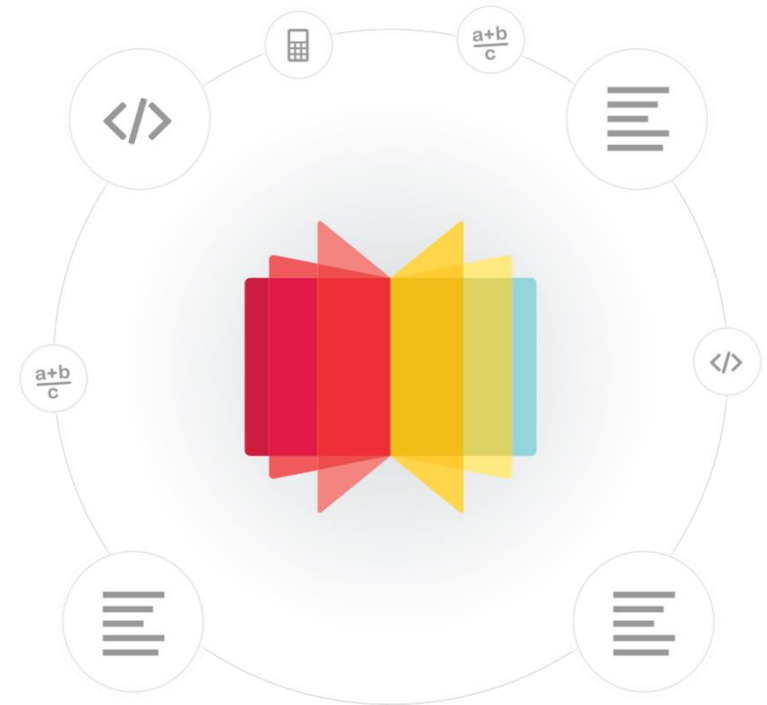


Seamless Integration

Quick and easy to integrate, Learnosity is designed to be used as part of a bigger solution and be invisible to the end user.

Passionate about improving assessment and learning

- Powers the assessment layer for:
 - Primary and secondary (K-12)
 - Higher Education
 - LMSs
 - Testing Companies
 - Test Preparation
 - Corporate Learning
- Blue chip customers with long term contracts
<http://www.learnosity.com/partners>
- FY16 revenue expected to exceed US\$9m
 - Contracted future revenue in excess of US\$20m
 - Strong recurring revenue base & long term contracts
 - Very high customer retention
 - Currently delivering ~ 50m tests per month



Why did we invest rather than license ?

Synergy benefits for 3PL

- Deep integration of products
- Integrated future technology roadmap
- Attractive commercial rates
- Certainty for future cost base
- Certainty of future supply
- Accelerate 3P's core product development particularly for US and secondary school markets
- Diversification into adjacent high growth markets eg tertiary and corporate training

Stand-alone value upside for Learnosity

- Growing global demand for online assessment
- Leading global assessment platform
- Allows customers to innovate and differentiate
- Strong growth in blue chip customers
- Very high customer retention
- Strong recurring revenue growth

Trading Update

5



Trading Update

- Group revenue is up 20% in FY16 year to date compared with the same period a year ago
- 3P will continue to invest in sales personnel and infrastructure, particularly in Americas.
- Overall margins are expected to remain relatively steady due to ongoing investment and impact of foreign exchange on offshore costs.
- Modest price rises expected in most markets, although large district deals in Americas have the potential to reduce overall ARPU.
- World Education Games held in October 2015 with more than 6 million student participants.



Appendix

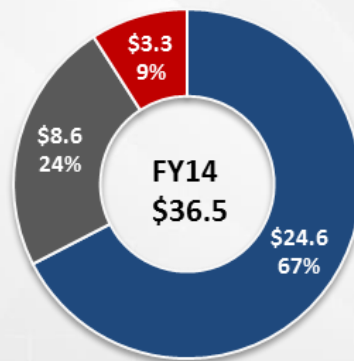


Revenue by Geography

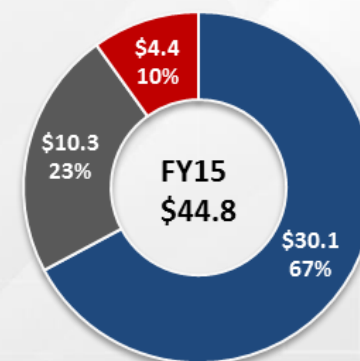
Revenue growth of 23% with ANZ growing at 22% and Americas at 35%.

Revenue split by geography

A\$ million	FY11	FY12	FY13	FY14	FY15A	FY15F	FY2015	FY2014	Growth
ANZ	19.6	22.2	24.2	24.6	30.1	28.9	30.1	24.6	22%
EMEA	3.1	4.5	5.5	8.6	10.3	10.3	10.3	8.6	19%
Americas	1.1	1.7	2.3	3.3	4.4	4.5	4.4	3.3	35%
Total	23.7	28.5	32.0	36.5	44.8	43.8	44.8	36.5	23%



■ ANZ
■ EMEA
■ Americas



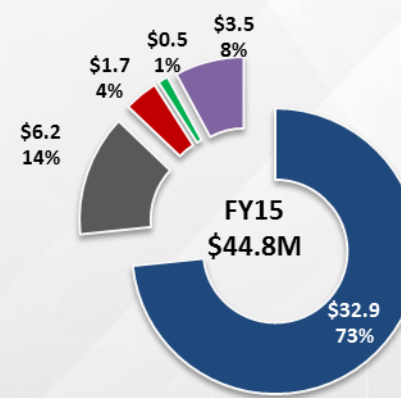
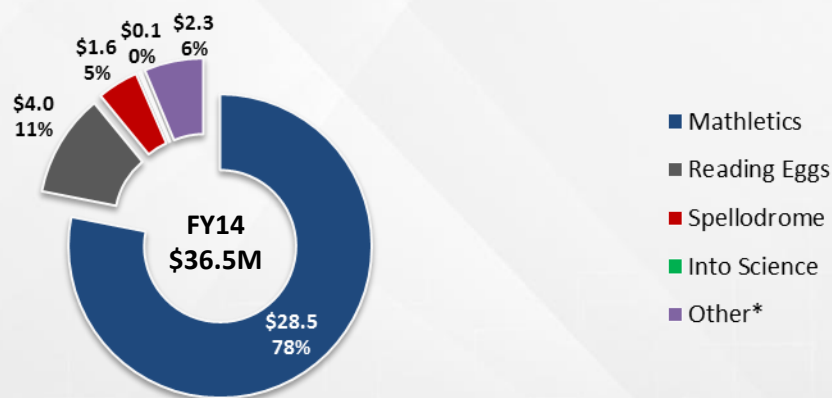
Revenue by Product

Growth across all product lines with Mathletics making the largest contribution and Copyrights and Sponsorships revenue also making a contribution.

Revenue split by product

A\$ million	FY11	FY12	FY13	FY14	FY15A	FY15F	FY 2015	FY 2014	Growth
Mathletics	20.2	23.2	24.9	28.5	32.9	33.2	32.9	28.5	15%
Reading Eggs		1.5	2.8	4.0	6.2	6.1	6.2	4.0	54%
Spellodrome	1.3	1.5	1.6	1.6	1.7	1.6	1.7	1.6	7%
Into Science				0.1	0.5	0.8	0.5	0.1	428%
Other*	2.2	2.2	2.7	2.3	3.5	2.1	3.5	2.3	53%
Total	23.7	28.5	32.0	36.5	44.8	43.8	44.8	36.5	23%

* Other revenue includes copyright fees, workbook sales and sponsorships



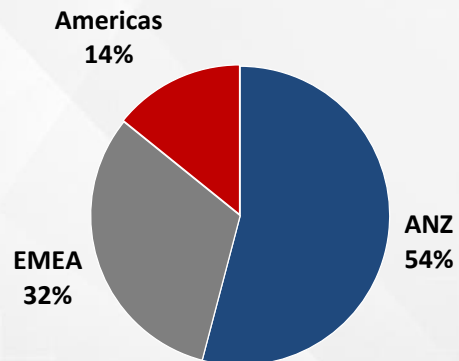
Licences by Geography

Americas licence growth of 41% year on year ahead of prospectus and driven by district sales. Balanced by lower than forecast Reading Eggs sales in EMEA.

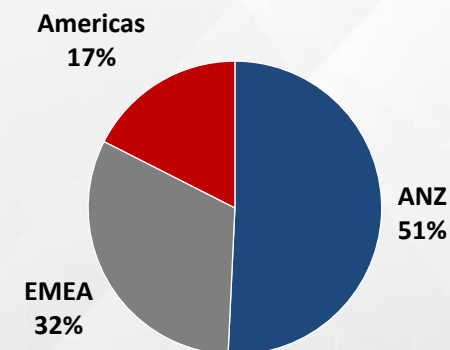
Licences split by geography

'000s	FY11	FY12	FY13	FY14	FY15A	FY15F	FY2015	FY2014	Growth
ANZ	1,486	2,236	2,500	2,524	2,696	2,789	2,696	2,524	7%
EMEA	666	912	1,005	1,480	1,685	1,811	1,685	1,480	14%
Americas	247	316	358	662	931	701	931	662	41%
Total	2,398	3,464	3,863	4,665	5,312	5,301	5,312	4,665	14%

Licence split at 30 June 2014



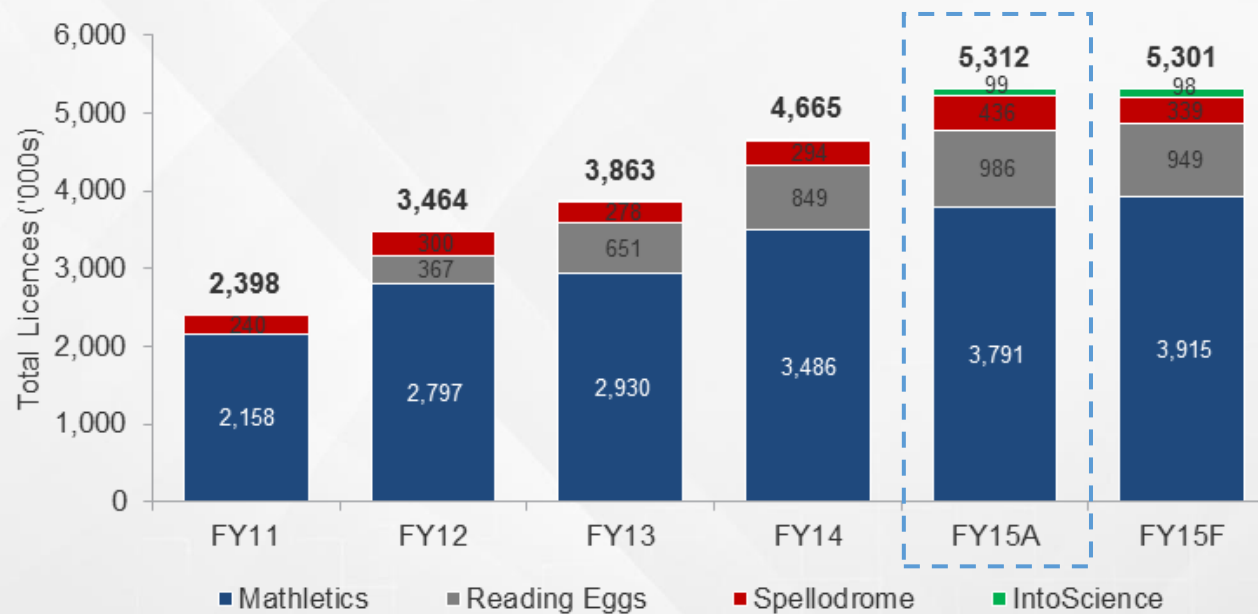
Licence split at 30 June 2015



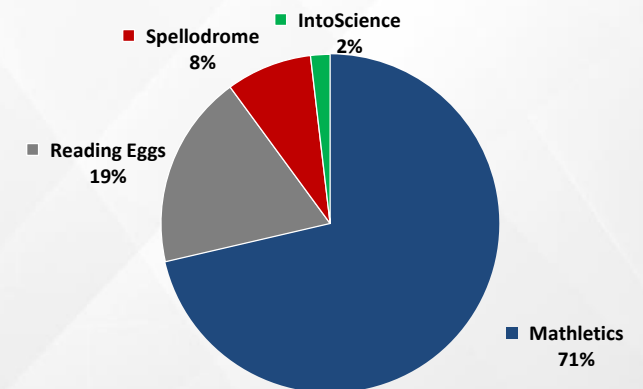


Licences by Product

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



Licence split at 30 June 2015





Pro forma Key Financial Metrics

Pro forma *

Key Financial Information	FY 2015	FY 2014	Var	Growth	FY15F	Var	%
Revenue (A\$m's)	44.8	36.5	8.3	23%	43.8	1.0	2%
EBITDA (A\$m's)	16.9	13.0	3.9	30%	16.4	0.6	4%
NPBT (A\$m's)	14.4	11.3	3.1	28%	13.9	0.6	4%
NPAT (A\$m's)	10.8	8.5	2.3	28%	9.7	1.2	12%
EBITDA margin	38%	36%	2%	6%	37%	0.5%	1%
Cash at Bank (A\$m's)	30.9	24.4	6.5	27%	27.9	3.0	11%
ARPU (A\$) **	8.33	8.41	(0.08)	-1%	8.32	0.0	0%
Total Licences (m's)	5.3	4.7	0.6	13%	5.3	0.0	0%
EPS (Cents)	8.1	6.3	1.7	28%	7.2	0.9	12%
ROE %	33%	36%	-3%	-9%	29%	4%	12%

* Pro forma financial information which has been prepared to reflect 3P's financial performance and position as if accounting policies have 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.

** ARPU is calculated on annual licence revenue, plus \$0.3 million pro forma adjustment for South Africa acquisition (\$41.6 million) divided by the average number of licences over the period (4.988 million).

Pro forma Group Performance Overview

Revenue increased 23%, EBITDA increased 30% and NPAT increased 28% on prior year.

	Pro forma *			
\$ million, June year end	FY 2015	FY 2014	Var	Growth
Total revenue	44.8	36.5	8.3	23%
Employee expenses	(19.3)	(15.3)	(4.0)	
Marketing expenses	(2.3)	(2.0)	(0.3)	
Technology and occupancy expenses	(3.1)	(3.6)	0.5	
Other expenses	(3.2)	(2.6)	(0.6)	
EBITDA	16.9	13.0	3.9	30%
Margin	37.8%	35.5%		
Depreciation & amortisation	(3.1)	(1.9)	(1.2)	
EBIT	13.8	11.0	2.8	25%
Margin	30.7%	30.2%		
Interest	0.6	0.3	0.3	
Profit before tax	14.4	11.3	3.0	27%
Margin	0.3	31.1%		
Tax expense	(3.6)	(2.8)	(0.8)	
NPAT	10.8	8.5	2.3	28%
Margin	24.2%	23.3%		

	Pro forma *	
FY15F	Var	Var %
43.8	1.0	2%
(17.9)	(1.4)	
(2.0)	(0.3)	
(3.5)	0.4	
(4.0)	0.8	
16.4	0.5	3%
37.3%		
(3.0)	(0.1)	
13.3	0.4	3%
30.5%		
0.5	0.1	
13.9	0.5	4%
0.3		
(4.2)	0.6	
9.7	1.2	12%
22.1%		

Increased salary costs associated with growing markets and impact of FX offset by lower utilisation of third party contractors.

Tax benefit as a result of R&D tax incentive confirmed and utilisation of IntoScience R&D credits.

* Pro forma financial information has been prepared to reflect 3P's financial performance and position as if accounting policies have 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.

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