

**ASX Announcement  
25 August 2016**



## **IDP Education FY16 Result**

IDP Education Limited (ASX: IEL) today announced its financial results for the 2016 financial year (FY16).

For the twelve months to 30 June 2016, the Company reported total revenue of \$361.6 million, an increase of 17% compared to FY15. Net profit after tax (NPAT) was \$39.9 million which represents growth of 32% compared to the FY15 pro-forma.

Andrew Barkla, IDP Education Chief Executive Officer and Managing Director, said the results reflected a continuation of the Company's strong underlying organic growth profile across each of its product categories – Student Placement, English Language Testing and English Language Teaching.

According to Mr Barkla, IDP Education's operational and financial highlights during FY16 included:

- Record full year revenue and earnings with double-digit revenue growth in each of the Company's core product categories
- Very strong performance from Student Placement with the highlight being a 100% increase in revenue from the placement of students to UK, USA, Canada and New Zealand (IDP Education's 'multi-destination' countries)
- Revenue from IDP Education's Australian Student Placement business up 17% driven by solid growth in both volumes and average fees
- English Language Testing performing strongly with revenue from IDP Education's global IELTS operations up 11% on FY15
- Strong cash generation which resulted in a balance sheet with \$35.4m of net cash as at 30 June 2016

Importantly, the results exceeded the forecasts provided in IDP Education's IPO prospectus dated 12 November 2015, with EBIT 6.0% ahead of forecast and NPAT 12% above.

The strong performance reflected the combined effect of volume and price growth in each of the company's business lines.

In Student Placement, volume growth of 18% combined with an average realised fee increase of 13% to deliver 33% revenue growth for the year. Within this category, the Company's 'multi-destination' strategy delivered strong results with placement volumes to the UK, USA, Canada and New Zealand up 72% relative to FY15. Mr Barkla commented that the "growth and diversification benefits of the multi-destination strategy is clearly evident in the result with our China and India businesses in particular delivering strong results".

In English Language Testing, IDP Education's IELTS volumes were up 4% for the year which, combined with a 7% increase in average realised fee, drove the 11% revenue growth for the year. The result reflected the benefits of a broadly diversified global portfolio of testing locations and recognising organisations. IDP Education's IELTS operations in Asia experienced strong growth during the year with India in particular benefiting from surging demand for study and migration in key English speaking countries.

IDP Education's English Language Teaching business posted revenue growth of 26%. This was again driven by volume and price growth with a 14% increase in student volumes combining with a 10% increase in average course fees. The Company's Cambodian schools were stand-out performers and continue to be a market leader in that country.

IDP Education's Board of Directors has declared a final dividend of 5.5 cents per share which is expected to be 35% franked. The franking level reflects the nature of IDP Education's global business with approximately 80% of revenues generated outside of Australia. The record date for the dividend will be 8 September 2016 with payment to be made on 30 September 2016.

Looking forward, Mr Barkla noted that the company's focus is now on further improving our customer experience. "We have a strong financial and operational foundation, trusted brand and knowledgeable staff. Each element of our strategy going forward will be designed to enhance the customer experience through both online and offline channels."

"Our vision is to build a global platform and connected community to guide international students along their journey to achieve their lifelong learning and career aspirations" Mr Barkla said.

"As part of this strategy we will be investing in our digital capability to improve the integration of our face-to-face services with our online channels so that we are even more connected and responsive to the individual needs of our customers."

## Results overview

Twelve months to 30 June	Full Year Actuals		Growth	
	FY15 (Pro-forma*)	FY16	\$	%
English Language Testing	213.5	237.1	23.6	11%
Student Placement ("SP")	69.5	92.4	22.9	33%
- <i>Australia ("AU")</i>	56.1	65.4	9.3	17%
- <i>Multi-destination ("MD")</i>	13.4	27.0	13.6	102%
English Language Teaching	16.2	20.3	4.1	25%
Other	10.7	11.8	1.1	9%
<b>Total revenue</b>	<b>309.9</b>	<b>361.6</b>	<b>51.7</b>	<b>17%</b>
Direct Costs	157.0	173.3	16.3	10%
Gross Profit	152.8	188.4	35.6	23%
Overhead costs	102.1	127.3	25.2	25%
<b>EBITDA</b>	<b>50.7</b>	<b>61.1</b>	<b>10.4</b>	<b>20%</b>
Depreciation and Amortisation	6.6	7.4	0.8	12%
<b>EBIT</b>	<b>44.1</b>	<b>53.7</b>	<b>9.6</b>	<b>22%</b>
Net interest Income	0.1	0.5	0.4	362%
Profit before tax	44.2	54.1	9.9	23%
Income tax expense	13.9	14.2	0.3	2%
<b>NPAT</b>	<b>30.3</b>	<b>39.9</b>	<b>9.6</b>	<b>32%</b>

\* FY15 financials are presented on a pro-forma basis consistent with the prospectus dated 12 November 2015. Adjustments to FY15 statutory results are \$1.0m for public company costs (pre-tax) and \$0.4 (post-tax) for net interest adjustment.

Note that all financial amounts contained in this announcement are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components are due to rounding.

**About IDP Education**

IDP Education is a global leader in international student recruitment and a co-owner of IELTS, a leading English language proficiency test. Headquartered in Melbourne, Australia, IDP Education is 50% owned by 38 Australian universities through Education Australia Limited, with the remaining 50% traded on the ASX. IDP Education employs more than 1,600 full time equivalent staff globally, has 93 student recruitment offices in 30 countries and over 400 IELTS test locations in over 50 countries. It also owns and operates 10 English language schools in Cambodia, Vietnam and Thailand. For further information on IDP Education, visit [www.idp.com](http://www.idp.com).

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