

**IDP EDUCATION LIMITED**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**Tuesday 24<sup>th</sup> October 2017**

**CEO and MANAGING DIRECTORS ADDRESS**

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Thank you very much, Peter.

It is indeed my pleasure to deliver the operational review for the financial year of 2017.

As Peter mentioned, the past year was a seminal period for IDP, during a time when our world – particularly the world of our young people – is changing quickly, as digital disruption and opportunities impact every industry.

Within this context, I am pleased to tell you that all four major business streams performed well. And, importantly, we began implementing programs that will dramatically shift and extend the services we provide our customers in response to this changing world.

This is important because IDP's customers are truly special. They are part of a new generation who constantly strive to improve themselves and their communities.

They are progressive and purposeful, and digitally connected at all times. And, they trust our services at life-changing junctures.

While we have previously limited our services to particular stages of their education journey, we are now aiming to be by their side earlier, and longer, as they move from where they are today, to where they want to be.

Before we look to this future plan, I would like to recap the business' recent performance, starting with our English language testing stream.

This year was a positive year for IELTS, both from a financial and operational point of view.

Our global network of test locations continued to expand significantly, as we entered new markets of Nepal, Japan, Greece, Germany and Cyprus.

This helped contribute to a 6 per cent increase in the number of tests we delivered compared to FY16, and resulted in revenue growth of 10 per cent on a constant currency basis.

IELTS continues to be the preferred test of governments, peak bodies and universities around the world.

This year the number of organisations that recognise IELTS reached 10,000, and the total number of tests taken during the last 12 months exceeded 3 million.

These two milestones cemented IELTS' position as the world's most-recognised high-stakes test for study, work and migration purposes – a significant achievement for IDP and our IELTS partners, the British Council and Cambridge Assessment English.

In student placement, we recorded another strong year of growth. This was underpinned by continued structural growth in the wider sector.

Despite the obvious nationalist debates that dominated media landscapes in many parts of the globe, demand for an international education remains strong.

These domestic political, cultural and socio-economic shifts once again reinforce why our diversified business model is a key strength for IDP.

Our ability to guide students on their study options in a range of popular English speaking countries allows us to tap into their rapidly changing preferences and perceptions.

From a destination perspective, in FY17 we had strong increases in the number of students pursuing courses in Canada and the UK, with volumes up 127 per cent and 26 per cent respectively compared to FY16.

Our performance in Canada is underpinned by rising interest in the country as a safe, affordable and welcoming destination, while our UK growth reflects continued market share gains by IDP as we build our capability and reputation for study in the UK.

Australia, of course, remains our core destination. As a pioneer of student placement services in this country, our reputation for expert advice on the Australian higher education sector continues to attract prospective students both here and abroad.

Our Australian student placement volumes from our offshore source countries rose 10 per cent in FY17. This reflects continued positive sentiment towards Australia as a study destination.

Australia's appeal for international students is based on favourable regulatory settings, as well as our reputation as a high-quality education destination and home to a safe and supportive living environment.

During FY17 we took advantage of the structural growth in our key markets by expanding our physical office network. Notably, this year we opened six new student offices in India.

This increased presence in India, combined with solid performance in China, were key factors in our student placement business posting a 16 per cent revenue growth compared to last year.

While this is positive, a key metric for our performance comes directly from our students.

I am pleased to report that this year our customer satisfaction remained very high. Close to 90 per cent of our surveyed students told us they would refer us to their family and friends. This is an important indicator that our counselling teams are excelling in supporting our customers achieve their goals.

Our English language teaching business posted revenue growth of 8 per cent on last year. This was driven by volume growth, with an 11 per cent increase in courses delivered across our 10 schools in South East Asia. Our Cambodian business was the stand-out performer and continues to be a market leader in that country.

Advertising and Events is now an important business stream. The 90 per cent increase in revenue was primarily due to the five-month contribution of The Hotcourses Group, a company we acquired in January this year.

This strong financial performance has helped lay the foundations for our ambitious vision –to build the world's leading platform and connected community for international students.

With such a bold strategy for industry transformation, IDP has identified the need to partner with innovative companies to enhance our reach, capability and access to customer insights.

With this in mind, our digital capability and global view of our customers was significantly boosted when we acquired one of the world's leading digital student engagement businesses, The Hotcourses Group.

With 69 million visits a year to their websites, Hotcourses is able to gain real-time insights into the factors that impact students' choices about destinations, courses, institutions and level of study.

Encouragingly, we are already realising benefits from implementing initiatives that leverage both IDP's counselling expertise and Hotcourses' approach to data-led product deployment.

So, as we enter the next year in a solid financial position and with new digital capability, our focus is on enabling our staff to deliver new services and on rolling out our technology platform.

We know that the success of a digital transformation is about much more than technology. It requires a company-wide cultural shift, using systems and technology to unlock the potential of our teams around the world.

To support this, we have implemented a world-class human capital management system with learning and community management platforms.

This investment is helping our teams collaborate, learn and share across time-zones, functions and languages.

It truly is a period of change, growth and evolution for IDP. Our teams are embracing this opportunity to develop smarter, closer and longer lasting connections with our customers and each other.

I am very grateful for their commitment, initiative and professionalism.

I would also like to thank our Directors, clients, shareholders and, most importantly, our students, for their support this year.

I look forward to continuing these partnerships so that, together, we can help empower our next generation of global citizens.