IDP Education

H1 FY23 Financial Results

Important notice and disclaimer

Disclaimer

The material in this presentation has been prepared by IDP Education Limited (ASX: IEL) ABN 59 117 676 463 (“IDP Education") and is general background information about IDP Education’s activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete. In particular you are cautioned not to place undue reliance on any forward looking statements regarding our belief, intent or expectations with respect to IDP Education’s businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

Non-IFRS Financial Information

IDP Education uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures. Although IDP Education believes that these measures provide useful information about the financial performance of IDP Education, they should be considered as supplemental to the measures calculated in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way IDP Education calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

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 in tables contained in this presentation are due to rounding.

1 Business update

H1 FY23 performance summary

Record half-year performance that reflects IDP's leadership position and innovation in a rebounding industry

Revenue	EBIT (Adjusted)*	NPAT (Adjusted)*	Interim Dividend
$502m	$123m	$84.4m	21 cps
Up 26%	Up 53%	Up 59%	Up 56%

Student Placement	English Language Testing	English Language Teaching
43,000	1,019,100	44,700
APFs**, up 53%	IELTS tests, up 5%	Courses, up 40%

* Adjusted EBIT, NPAT and earnings per share excludes merger and acquisition expenses which related to the acquisition of Intake Education and acquired intangible amortisation
** APF is Application Processing Fee, being the fee IDP Education receives from its client education institutions for placing students into a course

Industry summary

Strong demand and positive structural tailwinds

Strong customer demand

53%

increase in student volumes pcp

Strong volume growth to Australia as students returned to study in country

Supportive industry settings

Policy environment

Accommodative post-study work and migration policies in all key markets

Government policy settings in all destinations aimed at attracting international students and migrants

A large global market

Diversified system

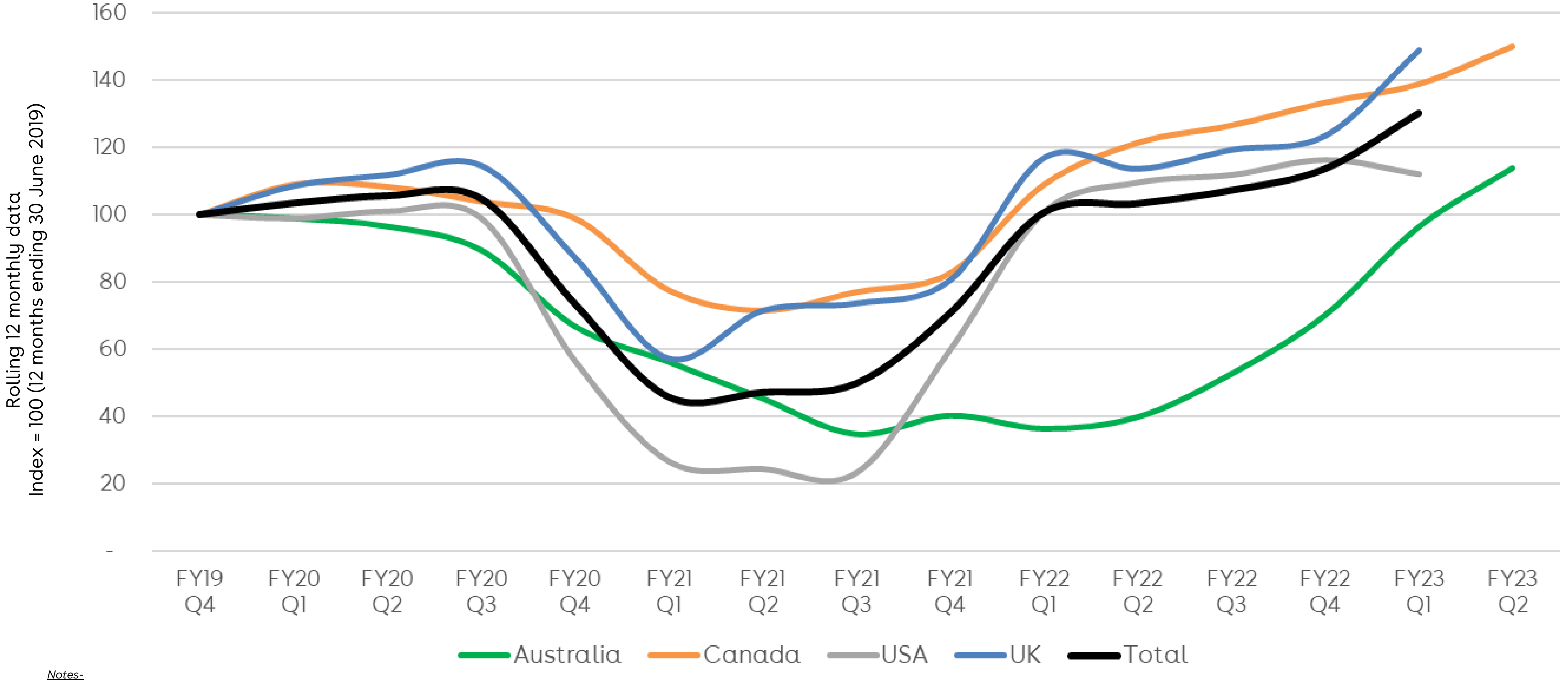
Multiple source and destination markets create a resilient diversified system

Long term structural growth drivers underpinning emergence of new markets

Strong demand for international education

Aggregate student visa volumes surpassing pre-pandemic levels

Student Visas by Destination



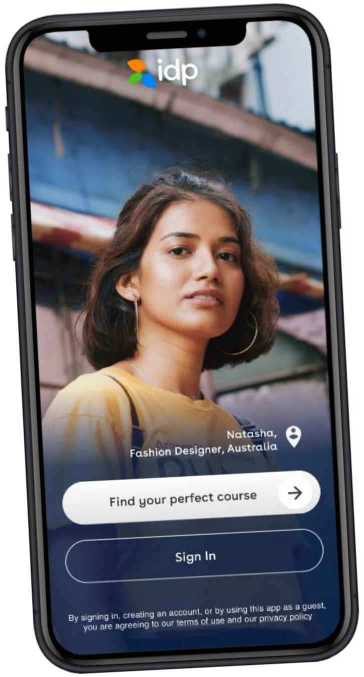
Notes-
Australia - Department of Home Affairs: Student visas granted to offshore applicants in IDP source countries
Canada - IRCC: New study permit holders from IDP source countries
UK - Home Office: Study visas issued to main applicant from IDP source countries
USA - Department of State: Study visas issued to applicants from IDP source countries

2 Strategic initiatives

Our competitive advantage

IDP's scale, trusted brand and human connections are at the heart of our competitive advantage

Global scale



Digital scale

IDP and IELTS websites and apps
Hotcourses international

Physical scale

Global office, testing and event network

Trusted experts

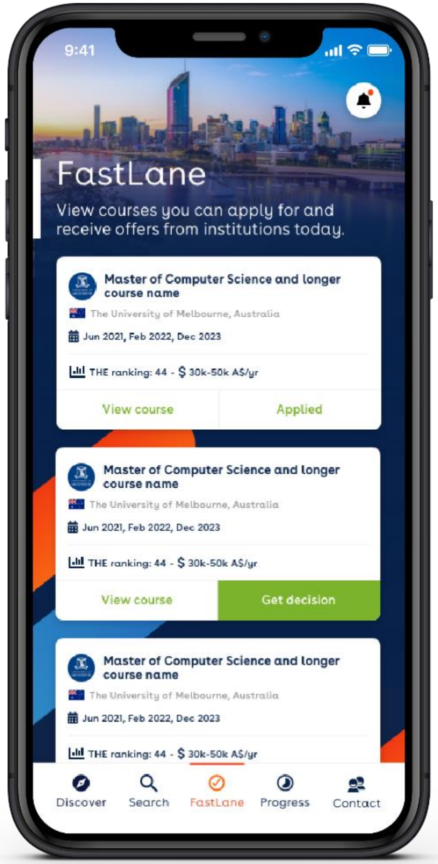
- Independent education specialists
- University relationships
- Expert examiners
- Trusted brands

IDP Live

1.4m app downloads since launch

FastLane, via IDP Live

Our industry-changing innovation, now fast-tracking applications around the globe



1.4m*
IDP Live app downloads
up from 0.9m in Aug 2022

75*
Clients on FastLane
Up 14 from 30 June 2022

7,000*
Formal offers finalised via FastLane
3,000 in FY22

3 point
increase in NPS for our customers who have IDP Live

> “The real edge is that IDP has such an incredible global reach and it amplifies all the technology solutions, especially in this IDP Live initiative.
>
> **Swinburne University**

** As at February 2023*

idp

Expanding the IELTS product offer

A modernised technology platform enabling product innovation

Platform modernisation

New test delivery platform being introduced globally enabling greater test flexibility and functionality.

IELTS Online

Online option for testing now available in more than 40 countries around the world.

IELTS One Skill Retake

First test completed in December 2022, providing test takers with a unique offering that helps them achieve their desired score.

App growth

More than 500,000 IDP IELTS app downloads since launch in May 2022, featuring test preparation materials and access to results.

3 Financial results

H1 FY23 overview

53% increase in adjusted EBIT driven by a 26% increase in revenue and rising margins

Income Summary Statement

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY23	H1 FY22	$m	%	
English Language Testing	285.4	256.7	28.7	11%	10%
Student Placement	172.8	106.2	66.6	63%	64%
- Australia	64.4	26.6	37.8	142%	142%
- Multi-destination	108.4	79.6	28.8	36%	38%
English Language Teaching	15.7	8.7	7.0	80%	65%
Digital Marketing and Events	26.5	23.8	2.6	11%	14%
Other	1.5	1.3	0.2	16%	13%
Total Revenue	**501.8**	**396.8**	**105.0**	**26%**	**26%**
Direct Costs	190.7	177.7	13.0	7%	8%
Gross Profit	311.1	219.1	92.0	42%	39%
Overhead costs	167.1	122.0	45.1	37%	36%
Share of Profit/(Loss) of Associate	0.0	-0.6	0.5	93%	93%
EBITDA	**144.0**	**96.6**	**47.4**	**49%**	**44%**
Depreciation & Amortisation	23.5	17.8	5.7	32%	30%
Amortisation of Acquired Intangibles	0.4	0.9	-0.5	-52%	-49%
EBIT	**120.1**	**77.9**	**42.2**	**54%**	**48%**
EBIT (Adjusted) **	**123.2**	**80.7**	**42.5**	**53%**	**47%**
Net finance expense	-5.2	-3.0	-2.2	-71%	-71%
Profit before tax	114.9	74.8	40.0	54%	48%
Income tax expense	32.7	24.0	8.7	36%	37%
NPAT	**82.1**	**50.8**	**31.3**	**62%**	**52%**
NPAT (Adjusted) **	**84.4**	**52.9**	**31.5**	**59%**	**51%**

* "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 Intake Education and acquired intangible amortisation (H1 FY23) and consultancy and professional expenses incurred in shareholders' restructure project (H1 FY22)

- Total revenue up 26% vs pcp with growth in all divisions
- Student placement revenue up 63% with a strong rebound in Australian revenue (+142%) underpinning the outcome.
- Multi-destination student placement revenue up 36%. UK volumes up 31%, Canada volume up 22% and USA volume up 32% were the key drivers of this revenue growth.
- IELTS revenue growth of 11% driven by equal contribution between volume and price growth.
- Digital Marketing and Events revenue grew 11% as institutions invested in events but reduced their spend on digital marketing for international students.
- English Language Teaching revenue up 80% as volumes rebounded in Cambodia and pricing increased to reflect return to classroom based learning.
- Excluding M&A costs and the amortisation charges for acquired intangibles the adjusted key earnings are:
    - EBIT: $123.2m (+53% v pcp)
    - NPAT: $84.4m (+59% v pcp)
- Interim dividend declared of 21 cps up 56% v FY22 interim dividend

Key operating metrics

Strong growth in student placement volumes underpinned by Australia

Summary of Key Operational Metrics

Six Months to 31 December	Half Year Actuals H1 FY23	Half Year Actuals H1 FY22	Growth '000s / $	Growth %	Constant Currency Growth (%)*
Volumes (000s)					
English Language Testing	1,019.1	966.2	52.9	5%	
Student Placement	43.0	28.2	14.8	53%	
-Australia	15.2	6.7	8.5	128%	
-Multi-destination	27.8	21.5	6.3	29%	
English Language Teaching Courses	44.7	31.9	12.8	40%	
Average Test Fee (A$)					
English Language Testing Fee	280	266	14	5%	4%
Average Application Processing Fee (A$)					
Student Placement APF	4,018	3,770	248	7%	7%
-Australia APF	4,240	3,998	241	6%	6%
-Multi-destination APF	3,896	3,699	197	5%	6%
Average Course Fee (A$)					
English Language Teaching Course fee	350	273	77	28%	17%

* "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

Volumes

- IELTS volume growth of 5% represents a period of consolidation post a strong rebound in FY22.
- Student placement volumes up 53% with Australia up 128% vs pcp and now in line with H1 FY20 volumes.
- UK volumes up 31% with India (+41%) and Pakistan (+119%) key contributors.
- Canada up 22% with supply side constraints, including visa processing delays impacting student enrolments.

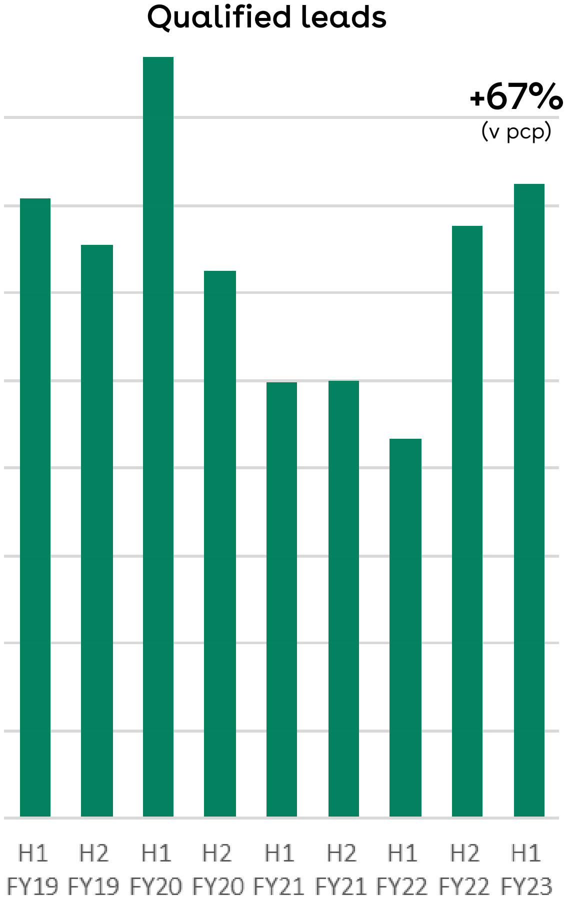
Average Price

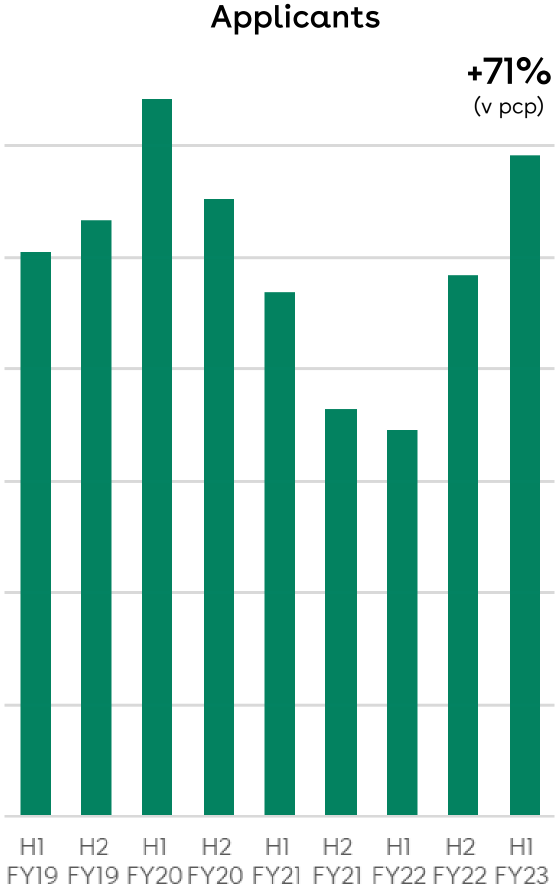
- IELTS average price increased by 4% on a constant currency basis reflecting underlying price increases taken in the majority of markets.
- Average student placement fees increased by 7% driven primarily by client commission rate increases and higher tuition fees.
- The strong increase in average English Language Teaching fees reflects a mix shift back to classroom-based learning and away from cheaper online programs which were required in the prior period due to pandemic restrictions.

Student placement pipeline

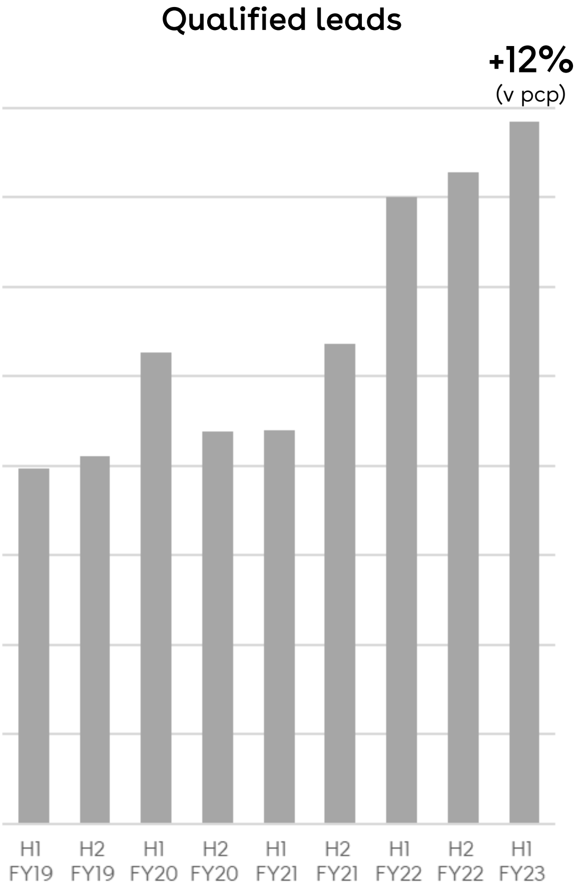
Australia accelerating out of the rebound

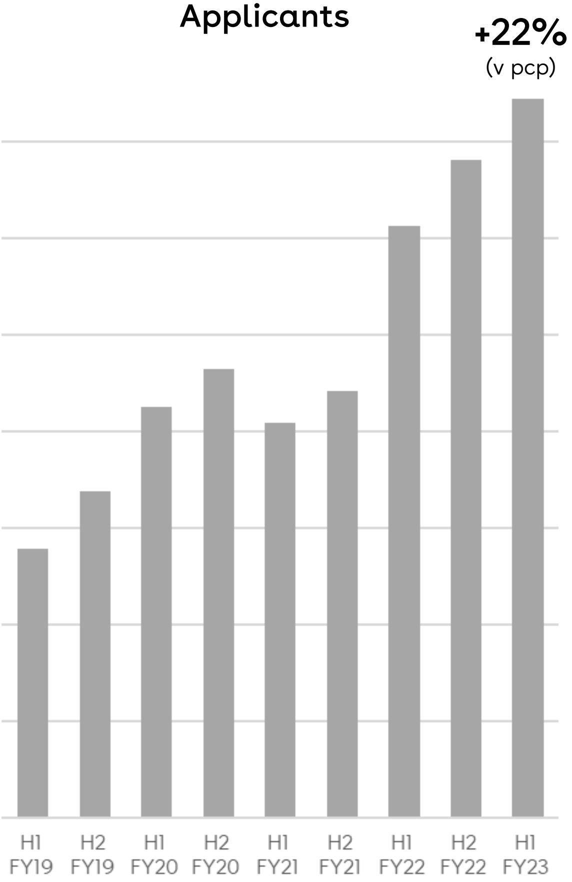
Australia and New Zealand





UK, Canada, USA and Ireland

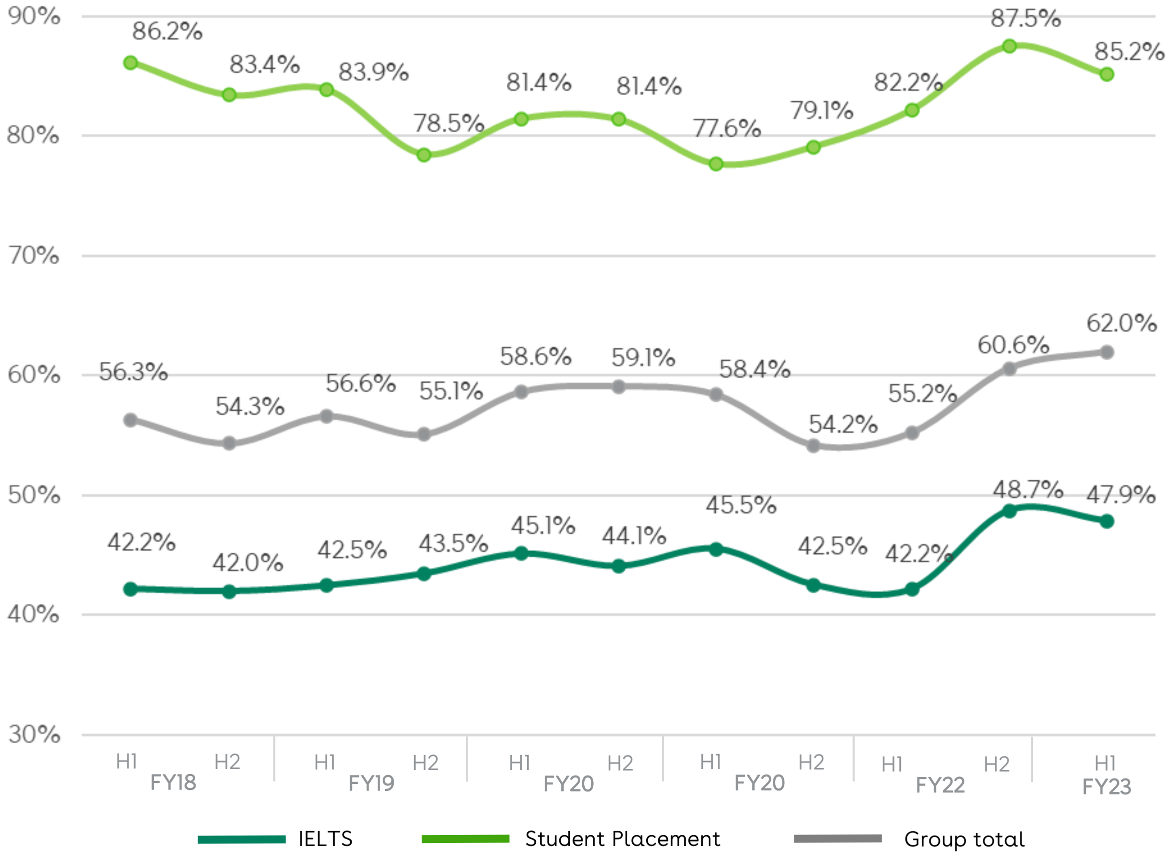




Margins

Operating leverage in student placement business driving margin expansion

Gross Profit Margins*



* EBIT (Adjusted) excludes merger and acquisition expenses which related to the acquisition of Intake Education and acquired intangible amortisation (H1 FY23) and consultancy and professional expenses incurred in shareholders' restructure project (H1 FY22)

Gross Profit (GP)

- Strong GP performance across key business lines
    - IELTS GP +26% (v pcp)
    - Student placement GP + 69% (v pcp)
    - English Language Teaching GP + 99% (v pcp)
- The group gross profit margin increased to 62% v 55% in pcp due primarily to a larger contribution from student placement.
- Student Placement GP margins rose slightly versus pcp (85% v 82%). The improvement reflects the slower rate of cost growth associated with the student placement CRM and lower volumes from China.
- English Language Testing GP margins increased in H1 to 48% vs 42% in the pcp and 45% for FY22. The margin expansion is largely a result of the average price increase of 4% and cost synergies from the acquisition of the India testing business.

EBIT (Adjusted)*

- Adjusted EBIT margins rose to 24.6% from 20.3% in H1 FY22 driven primarily by the gross profit improvement.
- Total Overhead costs for the half included $2.7m of M&A costs and $5.4m of unrealised FX losses associated with balance sheet restatements. Excluding these, overheads per month were $28.6m on a pre-AASB16 basis.

Consolidated balance sheet

Strong balance sheet with $135m of cash at 31 December 2022

As at 31 December 2022, A$ million	31-Dec-22	30-Jun-22	Change
Current assets			
Cash and cash equivalents	134.8	196.6	-61.8
Trade and other receivables	110.1	93.2	16.9
Contract assets	142.2	48.9	93.3
Other current assets	35.6	31.5	4.1
Current assets	**422.7**	**370.2**	**52.5**
Non-current assets			
Intangible assets	499.3	413.6	85.7
Rights-of-use assets	107.9	90.8	17.1
Other non-current assets	96.7	100.2	-3.5
Non-current assets	**703.9**	**604.6**	**99.3**
Total assets	1,126.6	974.8	151.8
Current liabilities			
Trade and other payables	130.1	125.0	5.1
Contract liabilities	49.1	51.9	-2.8
Lease liabilities	23.6	18.4	5.2
Other current liabilities	56.7	34.3	22.4
Current liabilities	**259.5**	**229.6**	**29.9**
Non-current liabilities			
Borrowings	218.9	156.5	62.4
Lease liabilities	93.6	81.5	12.1
Deferred tax liabilities	48.9	48.2	0.7
Other non-current liabilities	8.7	3.6	5.1
Non-current liabilities	**370.1**	**289.8**	**80.3**
Total liabilities	629.6	519.4	110.2
Total equity	497.0	455.4	41.6

Cash & Debt

- The settlement of the Intake acquisition in November 2022 was completed via cash of approximately $19m and debt of $52m.
- Net debt of only $84m as at 31 December 22.

Contract Assets

- The increase in contract assets reflect the strong growth in student placement revenue during the period, accentuated by a later billing cycle for UK and Canada clients and the addition of contract assets booked as part of the Intake Education acquisition.
- Contract Assets are expected to unwind in H2 FY23 as per past trends as invoices are issued and cash is collected for student enrolments facilitated during H1 FY23.

Intangible Assets

- Movement in intangible assets primarily relates to the acquisition of Intake Education.

4 Summary

Summary

Strong performance as IDP continues to execute its strategy

Growth accelerating

Strong student placement volume growth

Demand for Australia rebounding strongly

Positive global landscape

Supportive post-study work policies in place

Many countries looking to migration to support economic recoveries

Industry leadership

A unique combination of digital and physical solutions

An ongoing program of innovation reinforcing IDP's industry leadership

Investment in key markets to drive long-term growth

5 Appendices

Product Category Summary

Revenue and GP by Product Segment

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY23	H1 FY22	$m	%	
Revenue					
English Language Testing	285.4	256.7	28.7	11%	10%
Student Placement	172.8	106.2	66.6	63%	64%
- Australia	64.4	26.6	37.8	142%	142%
- Multi-destination	108.4	79.6	28.8	36%	38%
English Language Teaching	15.7	8.7	7.0	80%	65%
Digital Marketing and Events	26.5	23.8	2.6	11%	14%
Other	1.5	1.3	0.2	16%	13%
Total Revenue	**501.8**	**396.8**	**105.0**	**26%**	**26%**
Gross Profit					
English Language Testing	136.6	108.2	28.3	26%	21%
Student Placement	147.2	87.3	59.9	69%	69%
English Language Teaching	10.2	5.1	5.1	99%	82%
Digital Marketing and Events	16.2	18.2	-2.0	-11%	-8%
Other	1.0	0.3	0.7	246%	249%
Total Gross Profit	**311.1**	**219.1**	**92.0**	**42%**	**39%**

- Strong GP performance across key business lines
  - IELTS GP +26% (v pcp)
  - Student placement GP + 69% (v pcp)
  - English Language Teaching GP + 99% (v pcp)
- The group gross profit margin increased to 62% v 55% in pcp due primarily to a larger contribution from Student Placement.
- Student Placement GP margins rose slightly versus pcp (85% v 82%). The improvement reflects the slower rate of cost growth associated with the student placement CRM and lower volumes from China.
- English Language Testing GP margins increased in H1 to 48% vs 42% in the pcp and 45% for FY22. The margin expansion is largely a result of the average price increase of 4% and cost synergies from the acquisition of the India testing business.
- Margins in Digital Marketing and Events declined due primarily to an increase in the proportion of events held physically where margins are lower than online. Underlying margins in digital marketing remain at around 90%.

* "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

Overhead summary (pre AASB16)

Summary Income Statement pre and post AASB16

Six Months to 31 December	H1 FY23		H1 FY22	Growth (H1FY23 pre AASB 16 vs. H1FY22 pre AASB 16)		Constant Currency Growth (%) * (H1FY23 pre AASB 16 vs. H1FY22 pre AASB 16)
	Post AASB 16	Pre AASB 16	Pre AASB 16	A$m	%	
Total Revenue	501.8	501.8	396.8	105.0	26%	26%
Direct Costs	190.7	192.6	178.8	13.9	8%	9%
Gross Profit	**311.1**	**309.2**	**218.0**	**91.2**	**42%**	**39%**
Overheads						
- Employee benefits expenses	109.0	109.0	89.0	20.0	23%	21%
- Occupancy expense	4.9	17.2	15.0	2.2	15%	13%
- Promotion and publicity expense	12.2	12.2	8.0	4.1	51%	49%
- Other expenses	41.0	41.0	20.7	20.3	98%	98%
Total Overheads	**167.1**	**179.4**	**132.7**	**46.7**	**35%**	**34%**
Share of Profit/(Loss) of Associate	0.0	0.0	-0.6	0.5	93%	93%
EBITDA	**144.0**	**129.8**	**84.7**	**45.0**	**53%**	**48%**
Depreciation & Amortisation						
- Lease Related	12.5	0.0	0.0	0.0	0%	0%
- Other expenses	10.9	10.9	7.1	3.8	54%	53%
Total Depreciation & Amortisation	**23.5**	**10.9**	**7.1**	**3.8**	**54%**	**53%**
Amortisation of Acquired Intangibles	0.4	0.4	0.9	-0.5	-52%	-49%
EBIT	**120.1**	**118.4**	**76.7**	**41.7**	**54%**	**49%**
EBIT (Adjusted) **	**123.2**	**121.6**	**79.6**	**42.0**	**53%**	**47%**
Net Finance Expense						
- Lease Related	-2.8	0.0	0.0	0.0	0%	0%
- Other expenses	-2.4	-2.4	-1.1	-1.3	-111%	-112%
Total Net Finance Expense	**-5.2**	**-2.4**	**-1.1**	**-1.3**	**-111%**	**-112%**
Income tax expense	32.7	33.0	24.2	8.8	37%	37%
NPAT	**82.1**	**83.0**	**51.4**	**31.6**	**61%**	**52%**
NPAT (Adjusted) **	**84.4**	**85.3**	**53.5**	**31.8**	**59%**	**51%**

* "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 Intake Education and acquired intangible amortisation (H1 FY23) and consultancy and professional expenses incurred in shareholders' restructure project (H1 FY22)

- Pre-AASB16 overheads increased by 35%.
- Employee costs rose 23% with expansion of digital and customer facing roles designed to drive future revenue growth. In total, the business added a total 780 employees during the period (300 via Intake acquisition).
- Marketing spend increased by 51% v pcp reflecting a focus on building the pipeline for future intake periods.
- Occupancy costs increased 15% due primarily to the expansion of student placement offices across the network.
- Other expenses for the half included $2.7m of M&A costs and $5.4m of unrealised FX losses associated with balance sheet restatements.
- Excluding the M&A costs and unrealised FX losses, total overheads per month were $28.6m on a pre-AASB16 basis.

Segmental Earnings

Revenue and EBIT by Geographic Segment

	Half Year Actuals		Growth	
Six Months to 31 December	H1 FY23	H1 FY22	$m	%
Revenue				
Asia	374.4	287.1	87.3	30%
Australasia	21.7	19.8	1.9	10%
Rest of World	105.7	89.9	15.8	18%
Total Revenue	**501.8**	**396.8**	**105.0**	**26%**
EBIT				
Asia	148.7	91.5	57.2	63%
Australasia	1.4	1.4	0.1	4%
Rest of World	27.9	24.8	3.1	12%
Total EBIT pre corporate costs	**178.0**	**117.7**	**60.3**	**51%**
Corporate costs	-58.0	-39.8	-18.1	-46%
Total EBIT	**120.1**	**77.9**	**42.2**	**54%**

- The increase in revenue in Asia of 30% was across a broad base of countries led by India, Vietnam, Cambodia and Nepal. Student Placement revenue growth was 60% with Australian student placement rebounding with growth of 153%. Asia EBIT increased by 63% during the period with the largest contribution from the India business.
- Australasia revenue increased 10% with Student Placement revenue and events the driver of the growth. The Australian onshore market improved as international students arrived to commence their courses. Australasia EBIT increased by 4%, as revenue growth covered the increase in expenses as activity returned to normal levels.
- The Rest of the World recorded strong student placement growth and solid IELTS volume growth in most markets. IELTS volumes were impacted by the closure of Russian operations and ongoing softness in the onshore Canada market.
- The increase in Corporate costs in part reflects the M&A expenses associated with the Intake acquisition, an increase in foreign exchange losses and a step-up in depreciation charges associated with the capitalisation of major projects (e.g. IELTS platform modernisation, IELTS booking system and remote speaking assessment platform.

Cashflow

Summary of cashflow

Six Months to 31 December	Half Year Actuals		Growth	
	H1 FY23	H1 FY22	$m	%
EBITDA	**144.0**	**96.6**	**47.4**	**49%**
Non-cash items	4.4	3.1	1.3	42%
Change in working capital	-94.9	3.1	-98.0	-3161%
Income Tax Paid	-31.3	-24.9	-6.4	26%
Net interest paid	-3.7	-2.3	-1.4	61%
Operating cash flow	**18.5**	**75.6**	**-57.1**	**-76%**
Payments for acquisition of a subsidiary	-69.4	-259.1	189.7	-73%
Capital Expenditure	-18.7	-11.2	-7.5	67%
Payments for investment in associates	-4.2	-0.2	-4.0	2000%
Net cash flow before Financing	**-73.8**	**-194.9**	**121.1**	**-62%**
Payments for Treasury Shares	0.0	-0.1	0.1	-100%
Proceeds from Borrowings	62.4	100.0	-37.6	-38%
Repayment of lease liabilities	-11.3	-9.6	-1.7	18%
Dividend Payments	-37.6	0.0	-37.6	100%
Effect of FX on cash holdings in foreign currency	-1.5	2.2	-3.7	-168%
Net Cash Flow	**-61.8**	**-102.4**	**40.6**	**-40%**

- The increase in working capital is primarily driven by the movement in contract assets during the period. This in turn reflects the strong growth in student placement revenue, accentuated by a later billing cycle for UK and Canada clients and the addition of contract assets booked as part of the Intake acquisition.
- Contract Assets are expected to unwind in H2 FY23 as per past trends as invoices are issued and cash is collected for student enrolments facilitated during H1 FY23.
- Capital expenditure was 67% higher than pcp levels with increased investment on strategic initiatives such as:
    - IELTS platform modernisation ($5.7m)
    - IDP Live ($2.9m)
    - Student placement offices ($1.6m)
    - Computer Delivered test centres ($1.2m)
    - End of Life replacement and new IT equipment in Student placement offices and Computer Delivered test centres ($3.2m)

idp