

ASX announcement

27 February 2025

H1 FY25 results: Well-placed to continue navigating challenging market conditions

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2025 financial year (H1 FY25).

Key results for the six months to 31 December 2024, compared to the prior corresponding period include:

- Revenue of \$475.4 million, down 16 per cent¹, driven by a decline in Student Placement and English Language Testing volumes, partially offset by average price increases
- Adjusted earnings before interest and tax (EBIT)² of \$92.7 million, down 40 per cent
- Direct costs down 9 per cent driven by cost discipline offset by the operating leverage of our business model and change in source country mix
- Overhead costs down 14 per cent to \$167.8 million driven by reduced staff costs and discretionary spend
- Gross Operating Cash Flow conversion improved 18 percentage points with conversion from reported EBITDA of 64 per cent
- Student Placement volumes of 42,016, down 27 per cent, driven by recent policy changes impacting demand and conversion
- English Language Testing volumes of 683,708, down 24 per cent, driven by lower volumes in India partially offset by volume growth in other markets
- English Language Teaching volumes of 52,946, up 1 per cent

Tennealle O'Shannessy, IDP's Chief Executive Officer and Managing Director, said the results demonstrate IDP's leading position in an industry impacted by short-term shifts in market dynamics.

"We are proud of the results our global team delivered in H1 FY25, in the face of the international education sector's well-documented regulatory challenges.

We have succeeded in optimising key controllables including market share, cost and average price, underpinned by our unwavering focus on the student experience, to offset the impact of factors outside our control, such as government policy," Ms O'Shannessy said.

"While governments in key destination markets are seeking to temporarily reduce migration levels, IDP believes the long-dated structural growth drivers that underpin the economic importance of international education, and immigration more broadly, support the market's long-term growth trajectory," she added.

"Our clear strategy, expert team, and disciplined investment approach position us well to drive shareholder value over the longer-term," Ms. O'Shannessy said.

¹ Financial numbers in this announcement are disclosed on a constant currency basis; see table for reported financial numbers.

² On an unadjusted basis EBIT was down 32 per cent to \$95.0 million.

Optimising the controllables with an unwavering focus on quality

In uncertain market conditions IDP remains focused on:

- **Market share growth:** IDP Student Placement volume decline of 15 per cent outperformed market decline of 28 per cent³
- **Cost discipline:** overhead costs down 14 per cent to align with revenue conditions and position IDP for a future recovery in student volumes
- **Average price:** up 14 per cent in Student Placement
- **Product and innovation:** allocated capital to its highest returning uses, including investment in technology to drive efficiency and user experience
- **Industry thought leader:** leveraged our global data set, platform and relationships to improve student experience and inform stakeholders (including government) on adapting to market conditions
- **Unwavering quality focus:** maintained student NPS above 70

Delivering on key strategic priorities

Strategic highlights delivered in H1 FY25 include:

- **Engaging with more people in more places:**
 - Opened 4 new Student Placement offices and 6 Language Testing centres in key growth markets
 - Over 190,000 students attended IDP events, up 8 per cent
 - Progressed English Language Testing opportunities in China
- **As their most trusted partner:**
 - Welcomed over 20 new clients to Student Placement portfolio
 - IELTS One Skill Retake accepted by over 2,200 organisations up 22 per cent since July 2024
- **To deliver exceptional outcomes:**
 - Over 13,000 offers through FastLane with a 10-point higher NPS⁴
 - Multiple AI-powered pilots enabling internal efficiency and delivering value for students and counsellors
 - Student Essentials driving growth of 2 percentage points in Student Placement average price
 - IELTS booking conversion up 8 per cent due to customer experience enhancements

Current regulatory and market outlook

Since the FY24 results were communicated in August last year, there has been further policy restrictions and increased uncertainty in the international student market. Noting these changes to the market, and assuming no further change in key immigration and visa policy settings, IDP expects that the size of the international education market will contract.

If current trends continue, international student volumes, as measured by the total number of new international students commencing study in IDP's six key destination markets, are expected to decline by 20 – 30 per cent in FY25 relative to the volumes reported for FY24.

³ Data refers to 12 months to 31 December 2024.

⁴ NPS compared to NPS for all students surveyed for the IDP NPS in H1 FY25 as referred to earlier in announcement.

Given this market environment IDP currently expects to record a decline in volumes in its key business lines in FY25 but expects to outperform the broader market decline outlined above.

Offsetting the softer volume environment has been a continuation of solid growth in average fees and disciplined cost controls. Performance in adjusted overhead costs was better than expected due to disciplined cost control efforts. Due to the phasing of investment and a reduction in prior period cost base, and assuming no change in market conditions, overhead costs in H2 FY25 are expected to be broadly in line with H2 FY24 on an adjusted basis.

Dividend

The Board of Directors declared an interim dividend of 9.0 cents per share.

Summary Income Statement (A\$m)

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%) ⁴
	FY25	FY24	\$m	%	
Student Placement	244.2	287.5	-43.3	-15%	-14%
Placements ¹	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 ²	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%
Total Revenue	475.4	579.1	-103.7	-18%	-16%
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%
EBITDA	124.0	173.3	-49.3	-28%	-26%
Depreciation & Amortisation	27.0	25.9	1.1	4%	7%
Amortisation of Acquired Intangibles	2.1	2.2	-0.1	-6%	-8%
EBIT	95.0	145.3	-50.3	-35%	-32%
EBIT (Adjusted)³	92.7	158.8	-66.1	-42%	-40%
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%
NPAT	59.7	97.4	-37.7	-39%	-36%
NPAT (Adjusted)³	58.3	107.0	-48.7	-46%	-43%

- Placements revenue includes all commissions received from institutions for the placement of a student into a course plus any fees paid by students to IDP or revenue generated via sale of a "Student Essentials" product
- 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
- EBIT (Adjusted), 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.
- "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.



This announcement was authorised for release by the Board of Directors of IDP.

For further information please contact:

Investors & Analysts

Malcolm McNab
IDP Education Limited
+61 3 9612 4400

Media

Rhys Ryan
Porter Novelli
+61 4 2722 7719

About IDP Education

IDP is a global leader in international student placement and a proud co-owner of the world's most popular high-stakes English language test, IELTS.

We specialise in combining human expertise with digital technology to help people get accepted into their ideal course, take an English language test or learn English in our schools. Our teams work side-by-side with our customers through every step, from course search to starting their dream course or career.

We partner with more than 800 quality universities and institutions across Australia, Canada, Ireland, New Zealand, the UK and the USA. Our data insights are relied upon by organisations around the world to help ensure policies are informed by the diverse needs, challenges and motivations of students.

Disclaimer

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