

## ASX announcement

28 August 2025

### **FY25 results reflect challenging industry conditions**

### **Transformation underway to improve financial performance and drive future growth**

IDP Education Limited (IDP) (ASX: IEL) today announced its results for the 2025 financial year (FY25) and updated the market on its transformation program.

#### **FY25 Financial Results**

FY25 performance was impacted by concurrent policy restrictions across IDP's four key destination markets continuing to disrupt over two decades of sustained 6 per cent annual growth in globally mobile students<sup>1</sup>. This impacted IDP student and test taker volumes and financial results.

- Revenue of \$882.2 million, down 14 per cent<sup>2</sup> as lower volumes were partly mitigated by average price increases
  - Student Placement volumes declined 29 per cent, Language Testing volumes declined 18 per cent, Language Teaching volumes increased 1 per cent
  - Student Placement average price increased 15 per cent, Language Testing average price increased 5 per cent
- Disciplined cost control with direct costs down 6 per cent and overhead costs down 5 per cent; transformation to drive more significant cost reduction from FY26
- Adjusted earnings before interest and tax (EBIT)<sup>3</sup> of \$119.0 million, down 48 per cent (within the \$115 million - \$125 million range provided at the June Trading Update<sup>4</sup>)
- Strong balance sheet and cash conversion
  - Cash conversion of 143 per cent<sup>5</sup>, improved 63 percentage points
  - Net leverage of 1.4x
- Ongoing commitment to quality and trust
  - Maintained student NPS above 70<sup>6</sup>, 94 per cent of students surveyed highly trust IDP
  - Partnered with 50 new quality education institutions

#### **Transformation Program**

IDP has commenced a multi-year transformation that will see IDP become a more efficient, technology-enabled business positioned to capture profitable growth.

Phase one of the transformation will strengthen and simplify the business and deliver \$25 million net reduction in the cost base<sup>7</sup> in FY26, with one-off restructuring costs of \$35 million - \$45 million. As IDP moves into the next phase of the transformation, it will look to capture additional productivity and revenue benefits.

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<sup>1</sup> Source: UNESCO Institute for Statistics.

<sup>2</sup> Financial numbers in this announcement are disclosed on a constant currency basis; see table for reported financial numbers. Results relate to FY25, compared to the prior corresponding period.

<sup>3</sup> On an unadjusted basis EBIT was down 56 per cent to \$92.3 million.

<sup>4</sup> IDP Market and Trading Update, published 3 June 2025.

<sup>5</sup> Cash conversion calculated as Gross Operating Cash Flow (GOCF) divided by Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA). GOCF calculated as Operating Cash Flow less Net Interest less Income Tax paid.

<sup>6</sup> Source: IDP's Student NPS Program, 5 May 2025 to 30 June 2025, n=5627.

<sup>7</sup> Net reduction in cost base represents savings net of budgeted annual cost inflation related to staff cost and currency. Expected weighting of cost savings to H2 FY26.

In FY26, transformation priorities include resetting the cost base, simplifying and strengthening IDP's operating model, leveraging global purchasing power to reduce vendor spend, consolidating systems and platforms, and accelerating digital and AI adoption to drive productivity.

Tennealle O'Shannessy, IDP's Chief Executive Officer and Managing Director, said the FY25 results and the transformation program reflect the challenging industry conditions and IDP's proactive response.

"Our focus this year has been on managing our business in a dynamic operating environment with priorities including profitable revenue, ongoing commitment to quality and yield and cost discipline." Ms O'Shannessy said.

"Our disciplined execution in FY25 has built on our strong foundations for a multi-year transformation, one designed to build a stronger, more resilient and more profitable IDP for the future.

"Our balance sheet and cash generation provide us with the capacity to navigate current market conditions and to make the required investments for the future.

"The growth drivers that underpin the international education market's long-term growth trajectory have not changed.

"Our market leading position, clear strategy, expert team and transformation program make IDP well positioned to capture profitable growth. The program will drive immediate operating and financial improvements in FY26 and deliver investment returns over the medium term," she added.

## **FY26 outlook**

IDP's focus in FY26 is on managing financial performance and delivering our transformation priorities.

IDP expects FY26 Adjusted EBIT<sup>8</sup> of \$115 million - \$125 million.

Underlying assumptions:

- Continued challenging industry conditions, planning for FY26 market volumes<sup>9</sup> down 20% - 30% versus FY25
- Within this context, IDP expects revenue outperformance driven by a focus on profitable growth and average yield improvements
  - Student Placement average prices to grow high single to low double-digit percentages
  - English Language Testing average prices to grow at mid-single digit percentages
- Transformation program to deliver \$25 million net reduction in overhead cost base in FY26<sup>10</sup>, weighted to H2

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<sup>8</sup> EBIT (Adjusted) excludes acquired intangible asset amortisation, M&A related expenses, unrealised FX losses / gains, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring.

<sup>9</sup> Market volumes are the total number of new international students commencing study in IDP's six key destination markets. Based on no further change in key immigration and visa policy settings.

<sup>10</sup> One off restructuring costs of \$35 million - \$45 million

## Capital management

IDP has also updated its capital management framework which is focused on maintaining a strong balance sheet and disciplined capital investment to underpin long term growth and deliver shareholder returns.

In line with this revised capital management framework, the Board of Directors declared a final dividend of 5 cents per share taking full-year declared dividends to 14 cents per share. The final dividend will be paid on 25 September 2025 with a record date of 11 September 2025. The final dividend reflects a payout of 70% of Cash NPAT less Capex.

### Summary Income Statement (A\$m)

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%) <sup>4</sup>
	FY25	FY24	\$m	%	
Student Placement	427.1	508.3	-81.2	-16%	-16%
Placements <sup>1</sup>	367.0	450.4	-83.4	-19%	-19%
- Australia	168.9	193.3	-24.4	-13%	-13%
- Other Destinations	198.0	257.1	-59.1	-23%	-23%
Other Services <sup>2</sup>	60.2	58.0	2.2	4%	2%
English Language Testing	410.7	485.1	-74.4	-15%	-14%
English Language Teaching	40.7	39.8	0.9	2%	1%
Other	3.7	4.0	-0.3	-6%	-6%
Total Revenue	882.2	1037.2	-155.0	-15%	-14%
Direct Costs	356.4	374.4	-18.0	-5%	-6%
Gross Profit	525.8	662.8	-137.0	-21%	-19%
Overhead costs	372.7	397.0	-24.3	-6%	-5%
Share of Profit/(Loss) of Associate	0.4	-0.1	0.5	473%	427%
EBITDA	153.5	265.8	-112.3	-42%	-40%
Depreciation & Amortisation	54.9	51.2	3.7	7%	8%
Amortisation of Acquired Intangibles	6.3	4.3	2.0	48%	43%
EBIT	92.3	210.3	-118.0	-56%	-54%
EBIT (Adjusted) <sup>3</sup>	119.0	239.4	-120.4	-50%	-48%
Net finance expense	-25.3	-21.5	-3.8	-17%	-17%
Profit before tax	67.0	188.8	-121.8	-64%	-63%
Income tax expense	21.5	55.3	-33.8	-61%	-61%
NPAT	45.5	133.5	-88.0	-66%	-64%
NPAT (Adjusted) <sup>3</sup>	64.7	154.3	-89.6	-58%	-55%

1. 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.
2. 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.
3. EBIT (Adjusted), NPAT (Adjusted) excludes acquired intangible asset amortisation, M&A related expenses, unrealised FX losses / gains, credit loss provision for customers in countries subject to foreign exchange controls and costs associated with business restructuring.
4. "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.

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**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 1000 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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