



ASX Announcement
23 August 2018

Global growth for IDP in FY18

IDP Education Limited (ASX: IEL) today announced its results for the 2018 financial year (FY18).

For the twelve months to 30 June 2018, the company reported total revenue of \$487 million, an increase of 24 per cent compared to FY17. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$89 million which represents growth of 30 per cent compared to FY17.

IDP Chief Executive Officer and Managing Director, Andrew Barkla, said the FY18 performance reinforces IDP's leadership position in the international education services sector.

"These results reflect another impressive year for IDP as we delivered high quality services for international students and the broader higher education and English language sectors," Mr Barkla said.

"Importantly, we made significant progress in executing our vision: building a global platform and connected community to guide our customers along their journey to achieve their study and career aspirations.

"We successfully advanced three strategic priorities - the introduction of computer-delivered IELTS, Hotcourses Group's integration into the wider business, and the launch of our digital platform.

"These initiatives are enabling us to build closer relationships with our customers by supporting them at every step from course search to career," he said.

IDP's operational and financial highlights during FY18 included:

-) Record full year revenue and earnings with growth in each of the company's core product categories
-) Twenty five per cent increase in English Language Testing (IELTS) volumes across the network
-) Computer-delivered IELTS tests introduced and received well by customers
-) A solid 15 per cent increase in Student Placement volumes, notably a 126 per cent increase in volumes to Canada
-) The roll-out of the global digital platform commenced as part of the company's transformation program
-) The launch of new commercial products leveraging IDP and Hotcourses Group's combined online and physical office networks
-) A strong cash generation which resulted in a balance sheet with only \$15m of net debt as at 30 June 2018

IDP's growth has been underpinned by the ongoing growth in the international education industry and the central role of English as a key global language. IDP has a global footprint and diversified business model that benefits from both of these worldwide trends.

The Indian market was a growth highlight, with a 60 per cent increase in student placement volumes and a 58 per cent increase in IELTS volumes.

"With 34 placement offices and an emerging virtual agency, we are well positioned to support India's growing cohort of aspiring international students," Mr Barkla said.

IDP's English Language Testing business (IELTS) also had a positive year. FY18 saw IDP expand its IELTS network to Uzbekistan, Nigeria and Switzerland.

These new markets contributed to IDP delivering 1.14 million tests, a 25 per cent increase in volumes compared to FY17.

IDP's digital marketing and events line delivered revenue growth of 108 per cent, boosted by Hotcourses Group's first full year of operations as an IDP business.

"This year we launched new products that help our university and college clients gain access to real-time search trends and data-rich insights across the combined Hotcourses and IDP network," Mr Barkla said.

Results overview

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)*
	FY18	FY17	\$m	%	
English Language Testing	306.8	250.7	56.1	22%	24%
Student Placement	122.7	103.4	19.2	19%	19%
- Australia	80.6	74.5	6.1	8%	8%
- Multi-destination	42.1	28.9	13.2	45%	45%
English Language Teaching	22.2	21.2	1.1	5%	8%
Digital Marketing and Events	31.9	15.3	16.6	108%	103%
Other	3.6	3.6	0.0	-1%	1%
Total Revenue	487.2	394.2	93.0	24%	25%
Direct Costs	217.7	181.4	36.2	20%	22%
Gross Profit	269.5	212.7	56.7	27%	27%
Overhead costs	180.2	144.4	35.8	25%	25%
Share of Profit/(Loss) of Associate	-0.3	0.0	-0.3	0%	0%
EBITDA	89.0	68.4	20.7	30%	28%
Depreciation & Amortisation	8.2	5.8	2.4	41%	42%
Amortisation of Acquired Intangibles	4.9	1.4	3.6	263%	263%
EBIT	75.9	61.2	14.7	24%	23%
Net finance expense	-2.1	-0.7	-1.3	186%	187%
Profit before tax	73.9	60.5	13.4	22%	20%
Income tax expense	22.4	19.0	3.4	18%	19%
NPAT	51.5	41.5	10.0	24%	21%
NPATA **	55.3	42.6	12.7	30%	27%

* "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

**IDP Education considers NPATA (net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles), rather than NPAT, to be a more meaningful measure of after tax profit due to the non-cash amortisation of acquired intangibles that is reflected in reported NPAT

IDP's Board of Directors has declared a final dividend of 6.5 cents per share which is expected to be 60 per cent franked. The record date for the dividend will be 7 September 2018 with payment to be made on 27 September 2018.

Shifting focus to FY19, Mr Barkla said the company's priorities remain the roll-out of both computer-delivered IELTS and the global digital platform.

"IDP has started on a journey to make international education services more available and personal for the world's next generation of global learners as they pursue their education and career goals.

"We are excited to build on the positive momentum gathered this year as we progress these industry-transforming initiatives," he said.

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