

ASX announcement

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IDP Education H1 FY20 results: Growth accelerates as strategy begins to deliver

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2020 financial year (H1 FY20).

For the six months to 31 December 2019, the company reported total revenue of \$379 million, an increase of 25 per cent compared with the same period in FY19.

Earnings before interest and tax (EBIT) were \$86.9 million, which represents an increase of 49 per cent compared with the same period in F19.

Andrew Barkla, IDP Chief Executive Officer and Managing Director, said the positive results reinforce the company's commitment to its digital strategy and vision.

"Our organisation has pivoted to focus deeply on the experience of our customers, which is delivering strong returns across all business lines," Mr Barkla said.

"Importantly, our global platform is exceeding our expectations in terms of pipeline growth and conversion," he said.

IDP's operational and financial highlights during H1 FY20 included:

- Strong growth in revenue across all business lines along with margin improvement driving a 42 per cent increase in NPATA relative to the same period in FY 19
- IDP's Digital Campus was launched in Chennai, enabling rapid product innovation and delivery
- 37 new computer-delivered IELTS centres were opened, taking the total number to 167 centres across the IDP network
- Adjusted Earnings Per Share of 23.4 cents per share (+41 per cent) and a 16.5 cents per share interim dividend franked at 17 per cent
- Continued high levels of customer satisfaction, with 87 per cent of student placement customers likely or highly likely to recommend IDP

The company's student placement business saw 30 per cent volume growth, assisted by higher conversions in the sales cycle. Notably, the company's multi-destination markets delivered volume growth of 52 per cent.

"The strength of IDP's diverse global business was again reinforced in this period," Mr Barkla said.

"Our India, Canada and United Kingdom markets all delivered stand-out contributions to our overall business performance," he said.

In English Language Testing, IDP's IELTS volumes were up 11 per cent for the period. The roll-out of the computer-delivered testing has been well received with strong adoption rates in key markets.

IDP's English Language Teaching business posted a volume increase of 15 per cent, with the company's Cambodian operations continuing to strengthen its position as a market leader.

With increased investment in data and insights capabilities, the Digital Marketing and Events business line further enhanced the company's B2B offer. With a shift in contract mix towards longer term agreements, the business line delivered an 11 per cent increase in revenue (pcp).

Results overview

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)**
	H1 FY20*	H1 FY19	\$m	%	
English Language Testing	215.3	178.6	36.7	21%	15%
Student Placement	122.6	90.7	31.9	35%	34%
- Australia	54.0	48.7	5.3	11%	11%
- Muti-destination	68.7	42.1	26.6	63%	61%
English Language Teaching	16.3	13.3	3.0	23%	15%
Digital Marketing and Events	22.3	20.1	2.1	11%	9%
Other	2.5	1.5	1.0	64%	56%
Total Revenue	379.0	304.3	74.7	25%	20%
Direct Costs	156.8	132.1	24.7	19%	15%
Gross Profit	222.2	172.2	50.0	29%	24%
Overhead costs	116.0	105.4	10.6	10%	6%
Share of Profit/(Loss) of Associate	0.0	0.0	0.1	363%	336%
EBITDA	106.2	66.8	39.5	59%	53%
Depreciation & Amortisation	17.2	6.8	10.3	151%	146%
Amortisation of Acquired Intangibles	2.2	1.4	0.7	51%	48%
EBIT	86.9	58.5	28.4	49%	43%
Net finance expense	-2.8	-0.9	-1.9	-214%	-213%
Profit before tax	84.1	57.6	26.5	46%	40%
Income tax expense	26.3	16.9	9.4	56%	53%
NPAT	57.7	40.7	17.1	42%	35%
NPATA ***	59.5	41.8	17.7	42%	35%

* IDP adopted AASB16 Leases from 1 July 2019. The financial information for H1 FY20 has been presented on post AASB16 basis and comparatives have not been restated. The impact of AASB16 on the aggregate results for H1 FY20 is detailed on page 11 of the accompanying investor presentation.

**"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

*** NPATA is NPAT adjusted by adding back the non-cash post-tax charges relating to the amortisation of acquired intangible assets.

Mr Barkla said the organisation is focused on extending its digital transformation program and new capabilities to improve the IELTS customer experience.

"IDP's rapid roll out of computer-delivered IELTS centres across 47 countries has improved the test day experience," Mr Barkla said.

"We are now further enhancing the customer journey by making it easier to book and prepare for our leading test."

The disruptions being caused by the Novel coronavirus (2019-nCov) to IDP's business are being managed such that it is not currently having a material impact on the financial performance of the Company. The situation is, however, constantly evolving and the ultimate impact is uncertain.

"The longer-term structural drivers remain, regardless of any timing-related impact from the novel coronavirus," Mr Barkla said.

"Our current focus is providing our students with the support they require to continue to achieve their study goals," he said.

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