ASX announcement
9 February 2022

H1 FY22 results:

IDP posts record half-year revenue that reflects its leadership position and innovation in a rebounding industry

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2022 financial year (FY22).

For the six months to 31 December 2021, the company reported total revenue of $397 million, an increase of 47% compared with the same period in FY21.

Earnings before interest and tax (EBIT) was $77.9 million, an increase of 61% compared with the same period last year. Excluding one-off expenses and amortisation charges for acquired intangibles, adjusted EBIT was $80.7 million, an increase of 64% versus H1 FY21.

Andrew Barkla, IDP Chief Executive Officer and Managing Director, said IDP's strength of business model, impactful innovation, and an attractive policy landscape had delivered a strong rebound of results.

"Our growth has accelerated, with strong volume increases in IELTS and Northern Hemisphere study destinations, which is evidence of the momentum we have built over the past six months," Mr Barkla said.

"Crucially, our ongoing program of innovation reinforces IDP's industry leadership position. Our unique combination of digital and physical solutions is underpinning our competitive advantage in a growing industry with supportive regulatory and policy settings."

IDP's operational and financial highlights during H1 FY22 included:

- Total revenue of $397 million, representing the highest half-year revenue ever recorded by IDP.
- IELTS volumes increased by 79%, with growth recorded across the majority of countries where IDP administers the test.
- Successful integration of the British Council's Indian IELTS operations, following acquisition.
- A 36% increase in Student Placement revenue, highlighted by a 73% increase in Multi-Destination revenue.
- Digital Marketing revenue rose by 13% to $20 million as our institutional clients turned to IDP to support their rebound strategies.
- Ongoing digital transformation program for student placement and IELTS, with downloads of the recently released IDP Live app reaching 500,000.

Total student placement volumes were up 33% for the year, with a growing demand for Northern Hemisphere countries driving a 63% increase in multi-destination student placement volumes.

While Australian student placement volumes remained subdued, there have been early signs of a rebound in interest, which has coincided with the relaxation of border restrictions, and an extension of post-study work rights.

Government policy settings in key destinations have become increasingly aimed at attracting international students and migrants, which is reflected in the strong upwards trends of IELTS testing volumes across markets.

IDP's IELTS volumes were up 79% in H1 FY22 versus the same period last year, with aspirant test takers reigniting their study and migration objectives.

"Our IELTS strategy is driving strong growth, and product innovation, with modernisation of our platforms and a new flexible way to take the test coming this year in IELTS Online," Mr Barkla said.

"Meanwhile, our strategic expansion and acquisition of British Council's IELTS operation in the high-growth market of India ensures IDP is poised for long-term growth in the world's largest English-language testing market," he said.

India total IELTS volumes were up 97% vs H1 FY21 (post COVID-19) and up 13% vs H1 FY20 (pre COVID-19). India has demonstrated resilience during COVID-19 and has supportive long-term demographic, wealth and global mobility fundamentals.

	Half Year Actuals		Growth		Constant Currency
Six Months to 31 December	H1 FY22	H1 FY21*	$m	%	Growth (%)**
English Language Testing	256.7	158.3	98.4	62%	66%
Student Placement	106.2	78.3	27.9	36%	33%
- Australia	26.6	32.4	-5.7	-18%	-18%
- Muti-destination	79.6	45.9	33.6	73%	68%
English Language Teaching	8.7	9.7	-0.9	-10%	-7%
Digital Marketing and Events	23.8	20.5	3.3	16%	15%
Other	1.3	2.3	-1.0	-43%	-43%
Total Revenue	396.8	269.1	127.7	47%	49%
Direct Costs	177.7	111.9	65.7	59%	59%
Gross Profit	219.1	157.1	62.0	39%	41%
Overhead costs	122.0	89.5	32.5	36%	38%
Share of Profit/(Loss) of Associate	-0.6	-0.3	-0.3	-121%	-125%
EBITDA	96.6	67.4	29.2	43%	45%
Depreciation & Amortisation	17.8	18.2	-0.4	-2%	-1%
Amortisation of Acquired Intangibles	0.9	0.9	0.0	2%	0%
EBIT	77.9	48.3	29.6	61%	63%
EBIT (Adjusted) ***	80.7	49.2	31.6	64%	66%
Net finance expense	-3.0	-2.6	-0.5	-19%	-22%
Profit before tax	74.8	45.7	29.1	64%	66%
Income tax expense	24.0	15.4	8.6	56%	57%
NPAT	50.8	30.3	20.5	68%	70%
NPAT (Adjusted) ***	52.9	31.1	21.9	70%	73%

** During FY21, IDP revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements, in particular AASB 138 Intangible Assets. Historical financial information has been restated to account for the impact of the change.*

*** "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 acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project*

"IDP is strongly positioned in the rebound as we've delivered smarter and increasingly personalised ways to guide people on their study, career and migration journey," Mr Barkla said.

"In H1, we embedded transformative solutions, and our footprint is expanding in key markets. When you overlay that with positive global policy settings for our industry, IDP is in a strong position to help even more customers achieve lifelong learning and global career aspirations," he said.

"We have invested for long-term growth and are seeing the benefits of this through increased demand for our services. Our unique digital platforms and trusted human connections will ensure our people, customers and institutions benefit from even stronger support."

For further information please contact:

Investors & Analysts
Craig Mackey
IDP Education Limited
+61 3 9612 4400

Media
Rhys Ryan
Porter Novelli
+61 4 2722 7719

Disclaimer

The material in this announcement 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 announcement. 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 announcement, 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.