



IDP Education

FY22 Financial Results



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Note: All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this presentation are due to rounding.

1. Business update



FY22 performance summary

Record revenue and EBIT reflect the strength of IDP's business strategy and the resilience of the industry

Revenue

↑ \$793m

Up 50% v FY21

EBIT (Adjusted)*

↑ \$163m

Up 127% v FY21

NPAT (Adjusted)*

↑ \$106.6m

Up 137% v FY21

Cash Balance

↓ \$197m

Down v 30 June 2021

Student Placement

↑ 55,400

APFs**, up 45% v FY21

English Language Testing

↑ 1,915,600

IELTS tests, up 67% v FY21

English Language Teaching

↓ 69,700

Courses, down 6% v FY21

Digital Marketing & Events

↑ \$43m

Revenue, up 19% v FY21

* Adjusted EBIT and NPAT excludes merger and acquisition expenses which related to the acquisition of the British Council's Indian IELTS operations and acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project

** APF is Application Processing Fee, being the fee IDP Education receives from its client education institutions for placing students into a course



Industry summary

Strong customer demand

Record student placement and test taker volumes demonstrate strong structural growth



36% increase
HW leads on FY21

Supportive industry settings

Facing skills shortages, policy makers in IDP's key destinations are introducing welcoming policies to attract students and skilled workers



Policy Environment

Accommodative post-study work and migration policies in all key markets

Expanding global footprint

Ongoing investment to expand IDP's office and testing network in key growth markets



157 student offices

An increase of 29 on FY21, including expansions in India and Nigeria

Operational overview

Strong growth demonstrates leadership position, commitment to our strategy and trusted relationships with our customers

Student placement

Students were placed into a record 55,400 courses, up 45%

Strong demand for all major destinations

Strong customer satisfaction with the global NPS increasing by four points in FY22

English language testing

Record volumes with 1.92 m tests supported by consolidation of India market

101 new computer-delivered test centres opened in FY22

Enhancements delivered to improve the customer experience including IELTS Online, the IDP IELTS app and a new booking system

English language teaching

ACE Cambodia continues to lead the country for English language teaching

Awarded Language Educator of the Year at the 2021 PIEoneer Awards

IDP Connect

Revenue growth demonstrates strong partnerships with educational institutions

IQ services revenue increased 25% v FY21

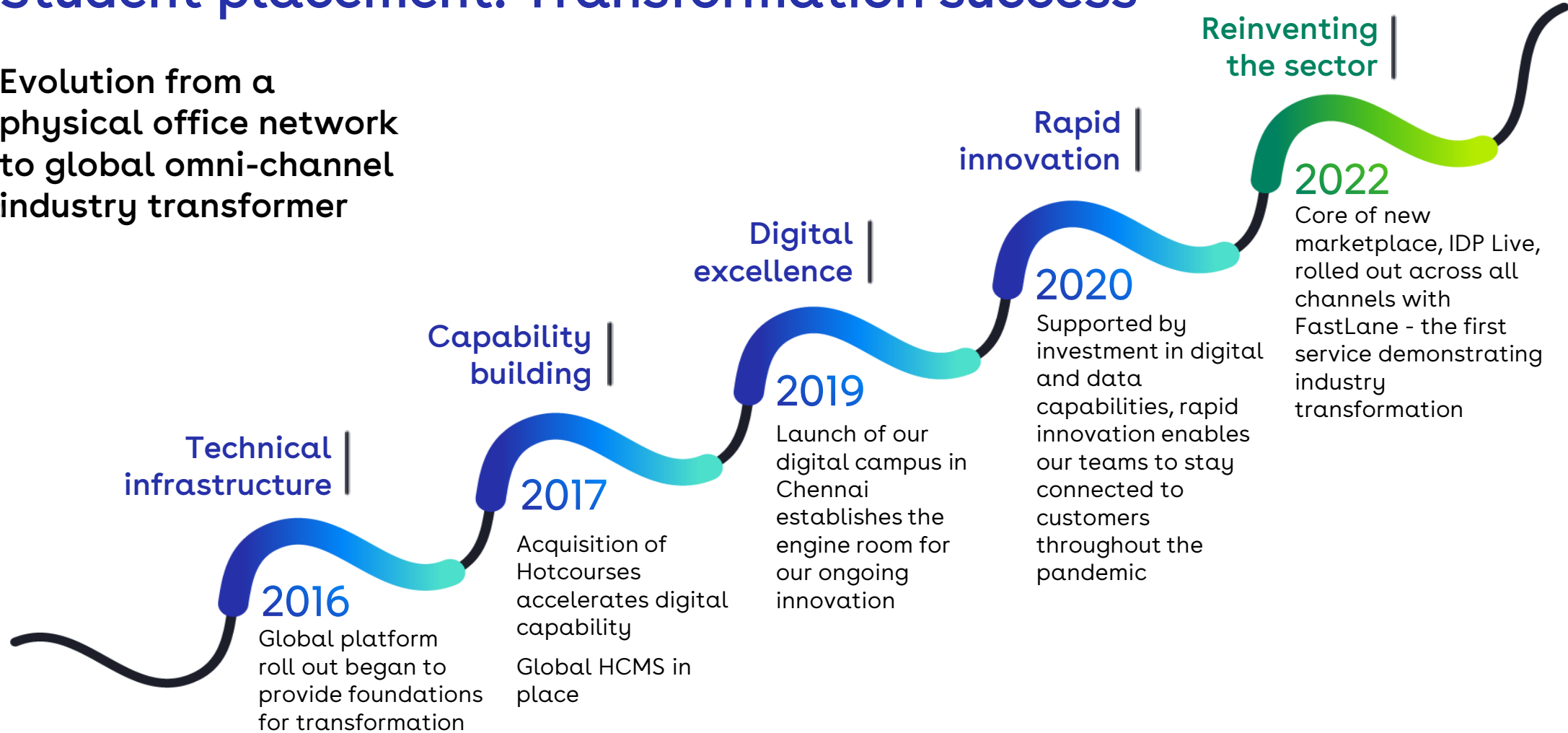
New clients and improved commercial terms

2. Innovation agenda



Student placement: Transformation success

Evolution from a physical office network to global omni-channel industry transformer



Business model evolution



FastLane

Client Onboarding



- 61 clients live across Australia and UK (as at 30 June)
- Launched in Canada with 5 clients in process of being on-boarded
- 1200+ courses live (as at 30 June)

Student Engagement



- Over 900,000 downloads of the IDP Live app (as at 23 Aug)
- 3,000 students received formal offers through FastLane in FY22
- Client SLAs deliver an average application to offer turnaround time that is 6x faster than normal

FY23 Priorities



- Expand inventory via increased client adoption and expansion into undergraduate programs
- Targeting at least 3x growth in formal offers in FY23

IELTS innovation through modernised platform

A multi-year investment in modernising the IELTS platform has provided the technical foundations for new products and improved customer experiences

IELTS™



Customer-focused

Improved choice

Improved support

IELTS™



Advancing the world's best English language test



IELTS Platform

Technical foundations in place assisting faster product development and increased flexibility

Demonstrated by:

- IELTS Indicator, temporary online test during lockdowns



IELTS Experience

Improved experience supporting customers to achieve their best score

Demonstrated by:

- Personalised prep app
- New booking experience for IELTS Online



IELTS Innovation

Platform enabling new forms of testing products and increased delivery options

Demonstrated by:

- IELTS Online
- New products scheduled for FY23



IELTS Online

Rolling out across the globe

IELTS Online is available in 31 countries, and on target for 50+ countries by FY24

Opportunity to expand into countries where IDP is not currently testing

Maintaining focus on human conversation

IELTS Online includes video call speaking tests with trained examiners to ensure focus remains on assessing conversational ability

Empowering customers to choose their best option

IELTS is the only high-stakes test offering customers a choice between paper, computer and online

3. Customer demand



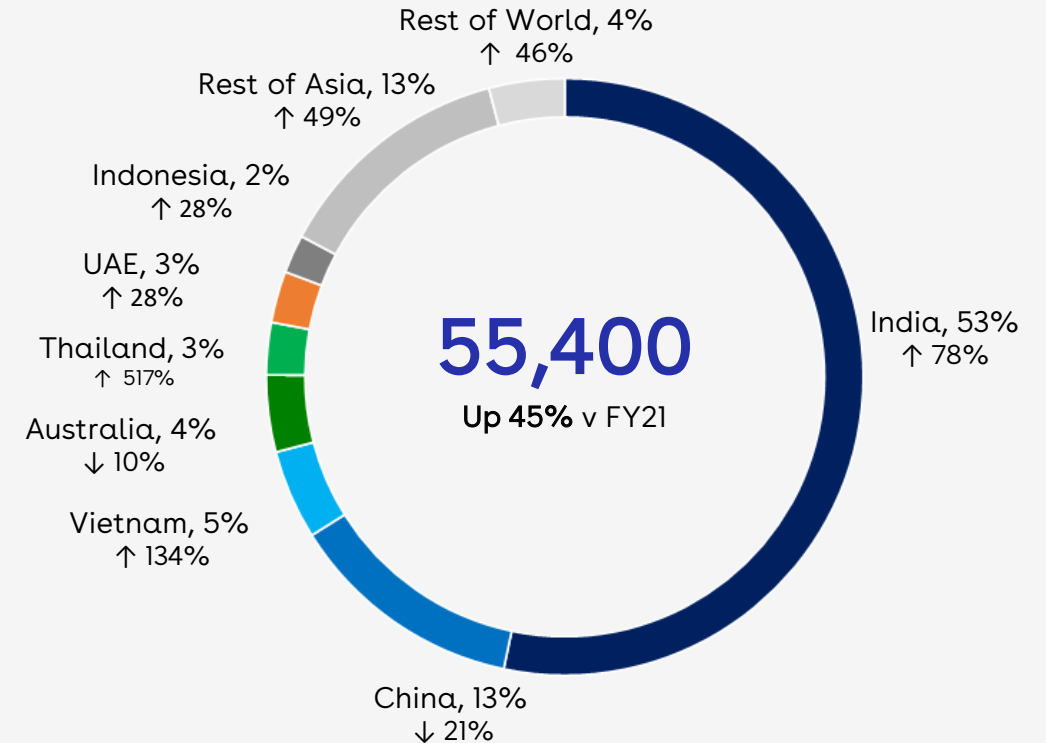
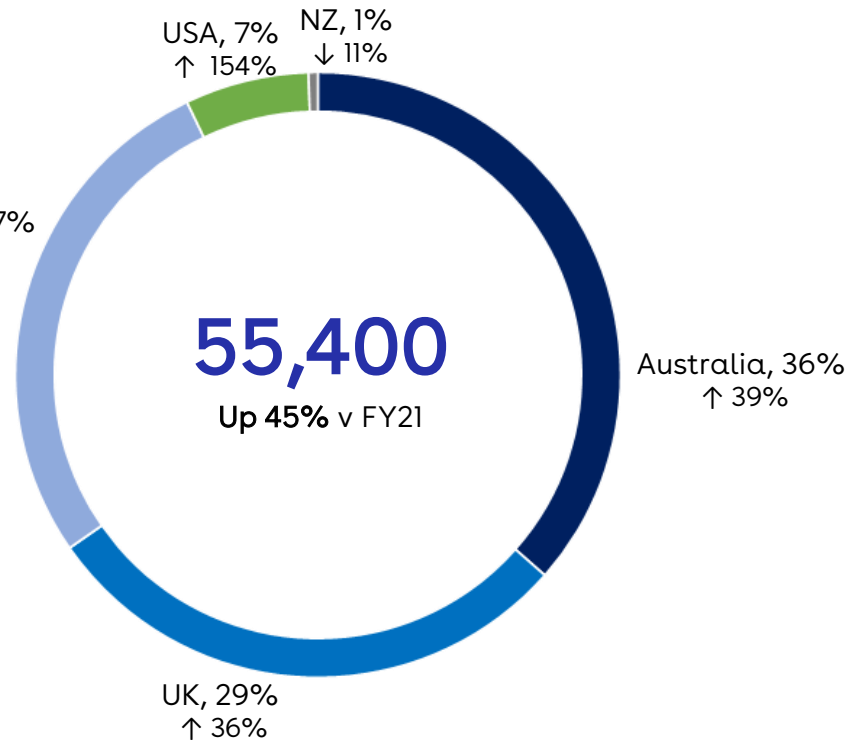
Student Placement Volumes

45% increase in volumes as all key destinations re-open to students



Number of course enrolments by destination market (FY22)

Number of course enrolments by source market (FY22)

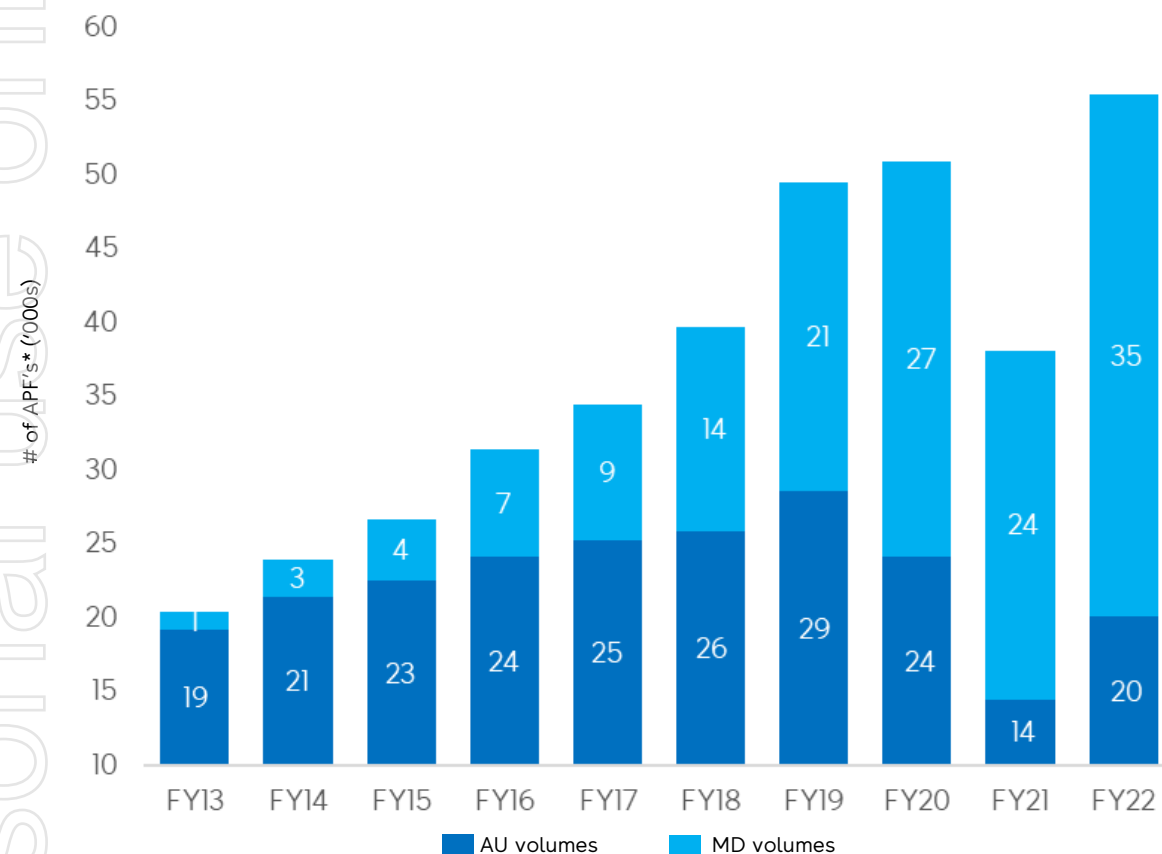


Through the cycle structural growth

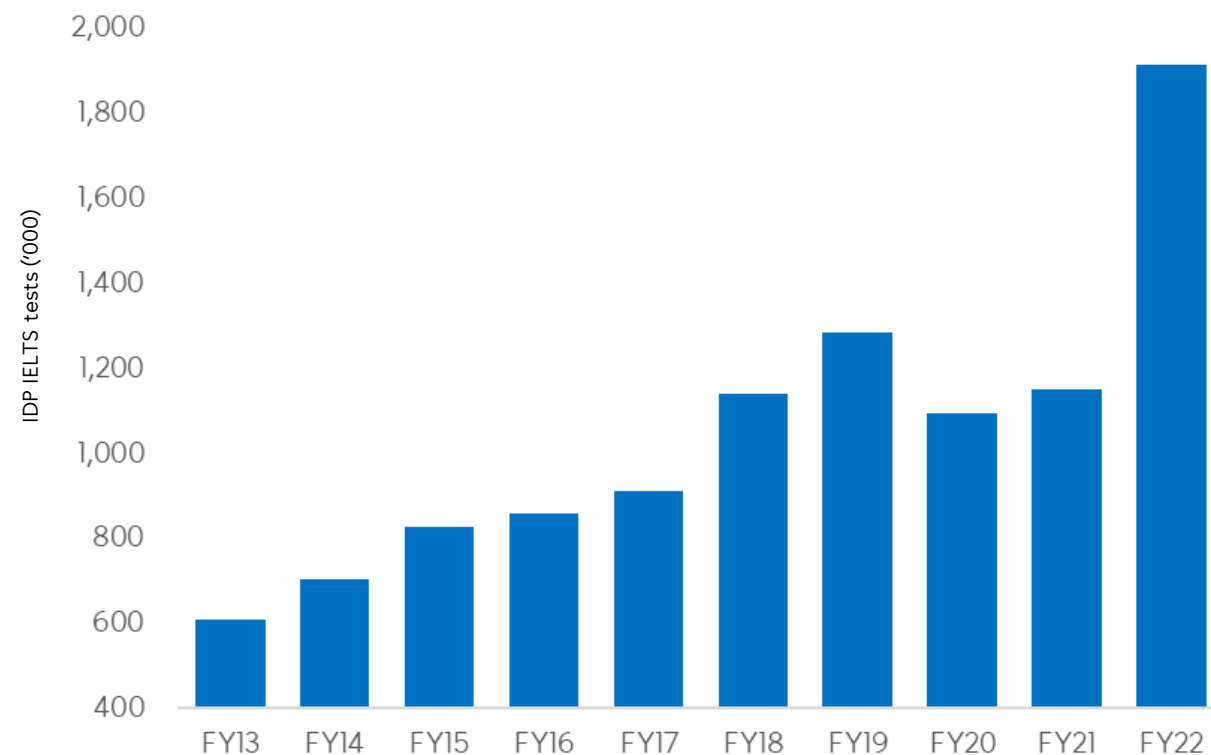
Continued strong growth for Northern Hemisphere countries while Australian rebound commences



Student Placement Volumes



IDP IELTS Volumes



* APF is Application Processing Fee, being the fee IDP Education receives from its client education institutions for placing students into a course

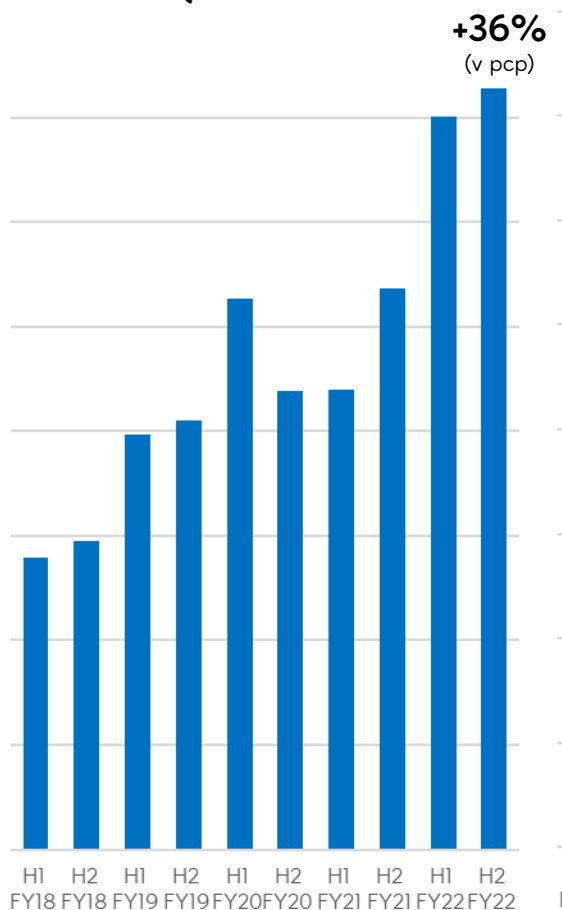
Student Placement Pipeline

Continued strong growth for Northern Hemisphere countries while Australian rebound commences

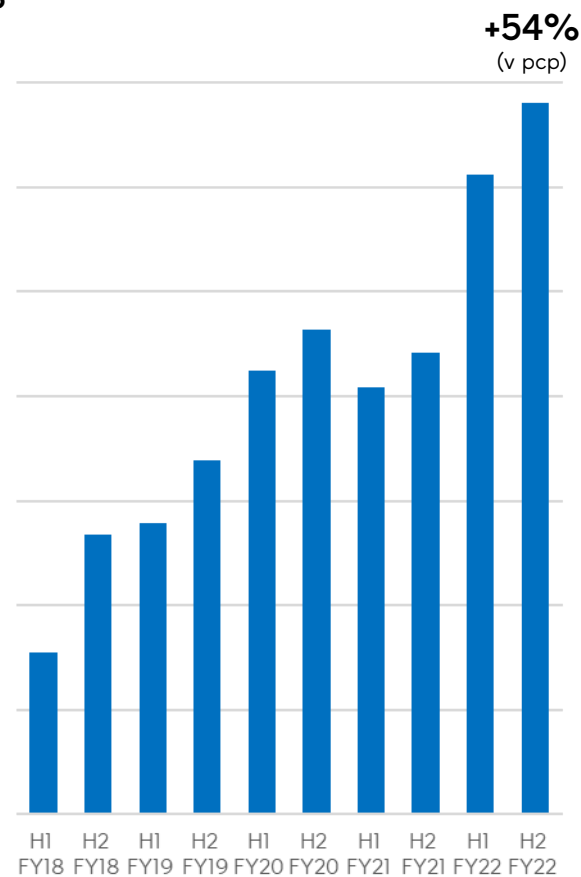


UK, Canada, USA and Ireland

Qualified leads

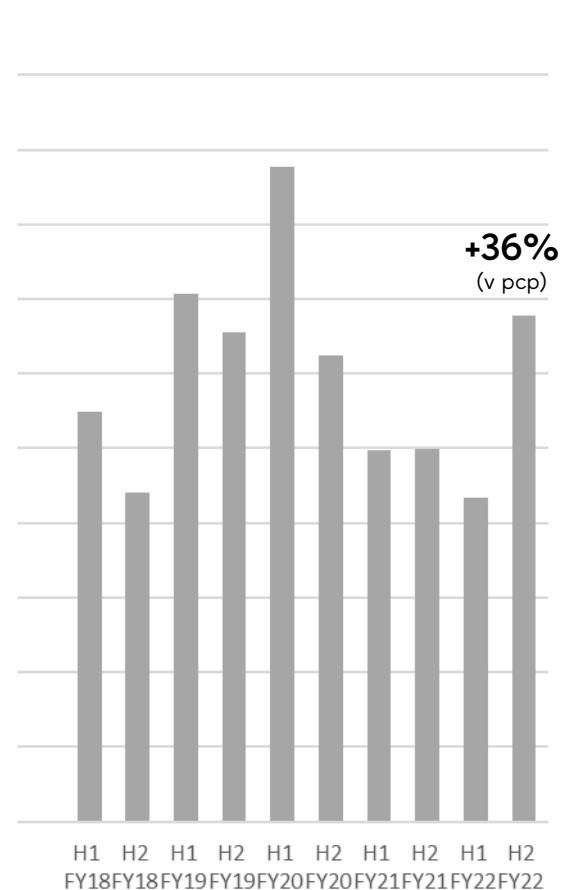


Applications

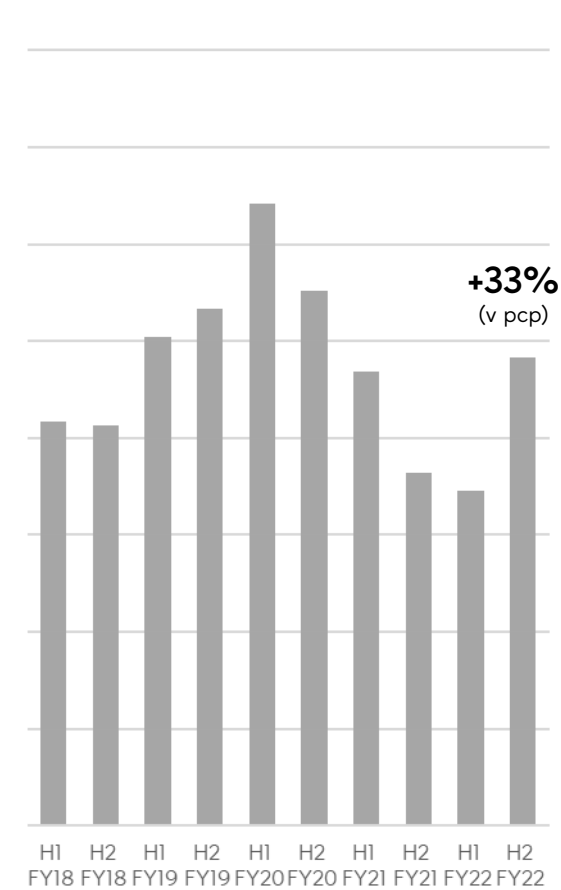


Australia and New Zealand

Qualified leads



Applications



Successful integration of the British Council's IELTS operations in high-growth India market

A unified operating model is now in place in the world's largest English language testing market

Total IELTS tests in India

Integrated operations

- Simplified distribution arrangements driving improved experience for test takers
- Financial synergies significantly ahead of plan

Expanded footprint in India

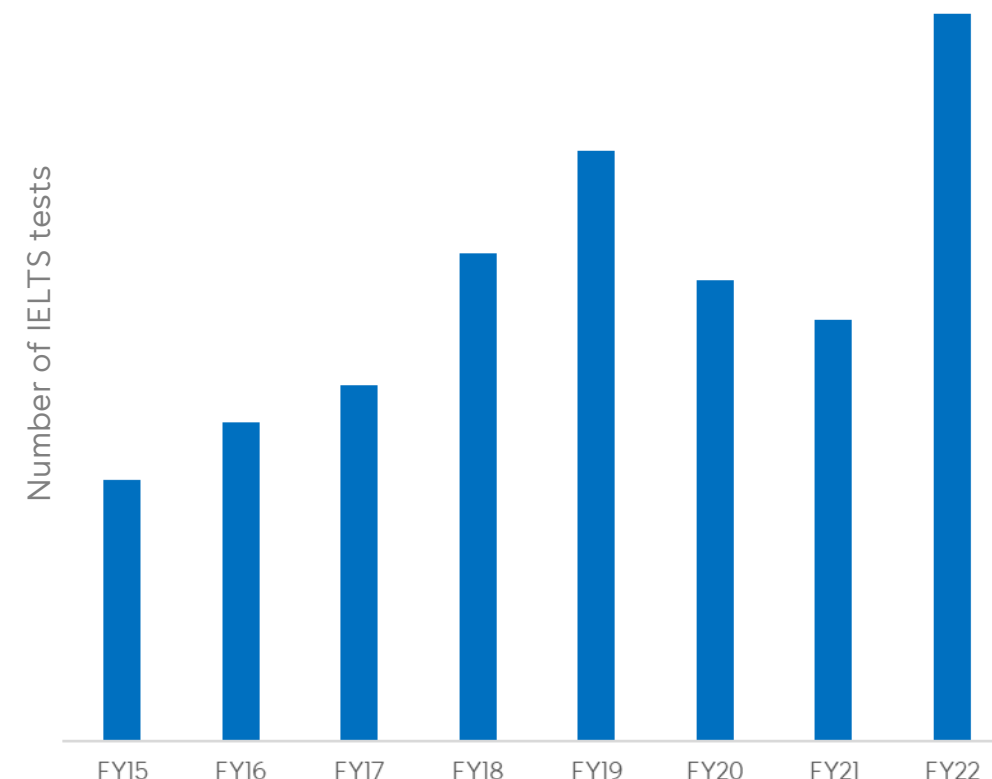
- Twelve additional computer-delivered (CD) test centres opened in India in FY22 taking total Indian CD network to 74 centres

Attractive growth market

- India total IELTS volumes up 73% vs FY21 and up 23% vs FY19
- India has supportive long-term demographic, wealth and global mobility fundamentals

Student Placement

- Complementary expansion of student placement network with 27 new Indian offices launched in FY22
- Currently 67 student placement offices in 60 cities across India



4. Financial results



FY22 Overview

127% increase in EBIT (Adjusted) driven by a 50% increase in revenue

Income Summary Statement

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)**
	FY22	FY21*	\$m	%	
English Language Testing	511.4	325.6	185.7	57%	56%
Student Placement	215.4	143.3	72.1	50%	46%
- Australia	81.8	59.7	22.1	37%	37%
- Multi-destination	133.5	83.5	50.0	60%	53%
English Language Teaching	20.6	20.2	0.4	2%	0%
Digital Marketing and Events	43.3	36.4	6.8	19%	17%
Other	2.7	3.2	-0.5	-14%	-15%
Total Revenue	793.3	528.7	264.6	50%	48%
Direct Costs	333.9	230.9	103.0	45%	44%
Gross Profit	459.5	297.8	161.6	54%	51%
Overhead costs	261.2	195.4	65.8	34%	32%
Share of Profit/(Loss) of Associate	-1.1	-0.7	-0.4	-53%	-67%
EBITDA	197.1	101.7	95.4	94%	87%
Depreciation & Amortisation	36.8	35.8	1.0	3%	2%
Amortisation of Acquired Intangibles	1.4	1.8	-0.3	-19%	-20%
EBIT	158.9	64.1	94.7	148%	135%
EBIT (Adjusted) ***	163.2	71.8	91.4	127%	117%
Net finance expense	-6.7	-5.3	-1.5	-28%	-28%
Profit before tax	152.1	58.9	93.3	158%	144%
Income tax expense	49.3	19.4	29.9	154%	154%
NPAT	102.8	39.5	63.4	161%	139%
NPAT (Adjusted) ***	106.6	45.0	61.6	137%	120%

- Total revenue up 50% vs FY21 driven by both IELTS and student placement
- Strong rebound in IELTS revenue (+57%) with volumes returning to pre pandemic levels for most counties. Additional Indian volumes from 1 August 2021 following completion of British Council acquisition providing additional growth
- Multi-destination student placement revenue up 60%. UK volume up 36% Canada volume up 50% and USA volume up 153% were the drivers of the revenue growth
- Revenue from Australian student placement rebounded strongly with a 102% increase in H2 FY22 v pcp with borders reopening in mid Dec 2021
- Digital Marketing and Event revenue rose 19% with strong contributions from Australian client digital marketing (+32%) and USA digital marketing (+22%) along with a 40% increase in event revenue as physical event demand returned
- English Language Teaching was impacted by ongoing COVID related restrictions in Cambodia which impacted school enrolments
- Dividend of 13.5 cps declared for H2 FY22 taking FY22 dividends to 27.0 cps
- Excluding acquisition related charges and other one-off costs the adjusted key earnings are:
 - EBIT: \$163.2m (+127%)
 - NPAT: \$106.6m (+137%)

* During FY21, the Group 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

*** Adjusted EBIT and NPAT excludes merger and acquisition expenses which related to the acquisition of the British Council's Indian IELTS operations and acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project

Key Operating Metrics

A strong rebound in IELTS and Northern Hemisphere student placement volumes

Summary of Key Operational Metrics

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)*
	FY22	FY21	'000s / \$	%	
Volumes (000s)					
English Language Testing	1,915.6	1,149.4	766.1	67%	
Student Placement	55.4	38.1	17.3	45%	
-Australia	20.1	14.5	5.6	39%	
-Multi-destination	35.3	23.6	11.7	50%	
English Language Teaching Courses	69.7	73.9	-4.1	-6%	
Average Test Fee (A\$)					
English Language Testing Fee	267	283	-16	-6%	-6%
Average Application Processing Fee (A\$)					
Student Placement APF	3,886	3,760	126	3%	1%
-Australia APF	4,078	4,128	-50	-1%	-1%
-Multi-destination APF	3,778	3,535	243	7%	2%
Average Course Fee (A\$)					
English Language Teaching Course fee	295	273	22	8%	6%

* "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

Volumes

- Strong IELTS volume growth in the majority of countries in FY22 with Indian acquisition adding to underlying market growth
- Student placement volumes up 45% with Australia returning to growth after two years of COVID impact. H2 volumes were up 107% v H2 FY21 and only 11% below previous record high in H1 FY20
- UK volumes up 36% with 74% of volumes delivered in H1 as UK intake cycles returned to pre-pandemic seasonality
- Canada volumes up 50% but ongoing visa processing delays impacted second half volume growth which was +36% v pcp with many students having to delay commencements until the Autumn 22 intake

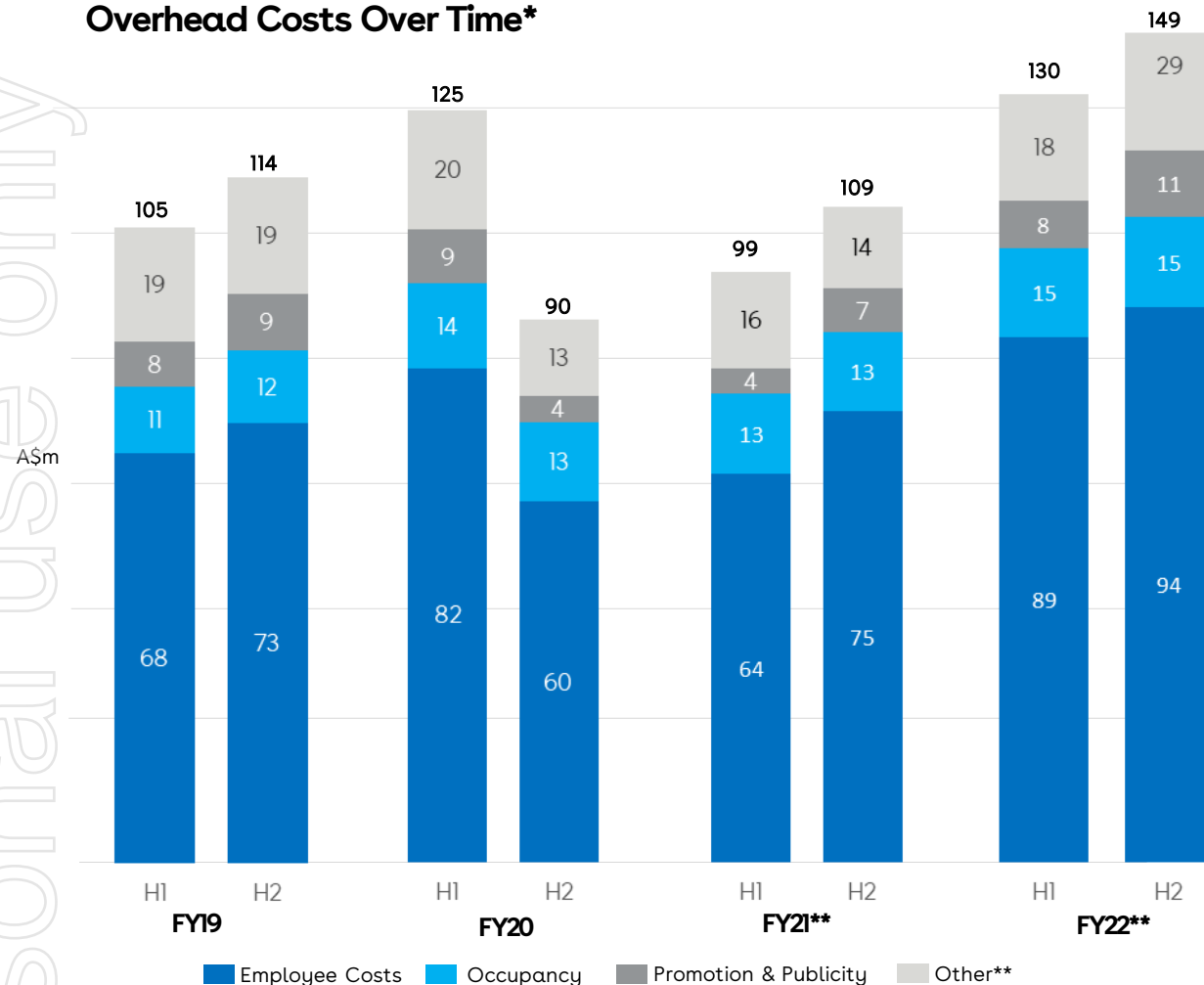
Average Price

- IELTS average price decreased by 6% for the full year but was +0.5% in H2 FY22 v H1 FY22 as mix impact of greater India volumes rebased. Underlying average IELTS prices were +2.7% when FX and mix are excluded.
- Student Placement average price increased by 1% on a constant currency basis with increases in Client commission rates partially offset by a reduction in student charging revenue

Investing for future growth

Increasing overheads reflect the investment being across the business following a period of disciplined cost controls

Overhead Costs Over Time*



- Overhead costs (pre AASB16) rose 34% for the year as broad based hiring and network expansion was undertaken to drive future growth
- Cost growth remains disciplined at below revenue growth rates
- Overhead costs per month (pre AASB16) averaged \$25m in H2 FY22 v \$22m in H1 FY22 (+15%)
- Employee cost growth of 31% for FY22 driven primarily by head count expansion. Underlying wage increases across the network averaged 4.7% in FY22
- Marketing spend increased by 66% in FY22 v pcp (+38% in H2 v H1) reflecting SP pipeline building activities
- Occupancy costs increased 14% due primarily to the investment in additional student placement offices (+29 v FY21) and expansion of CD IELTS computer lab network (+101 computer labs in FY21)

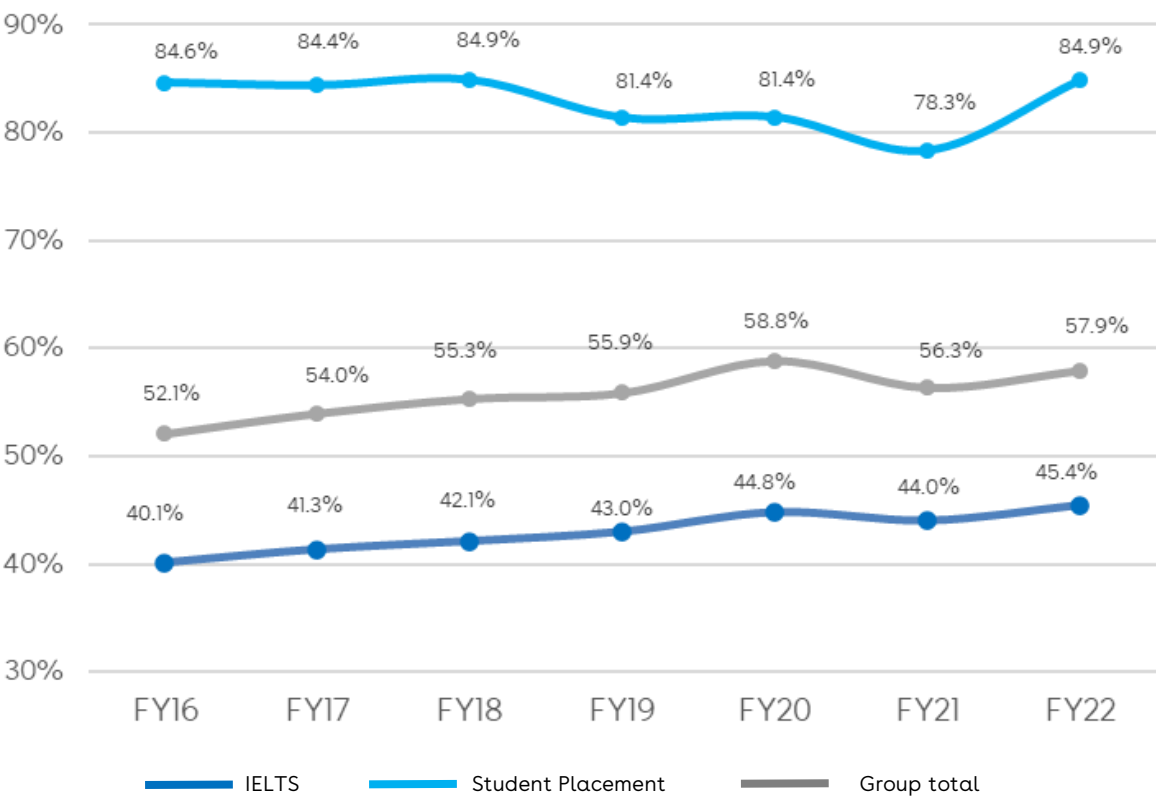
* Presented on a pre-AASB16 and pre-SaaS accounting policy change (AASB138) to ensure consistency over time

** Excludes one-off M&A expenses related to the acquisition of the British Council's Indian IELTS operations and consultancy and professional expenses incurred in shareholders' restructure project

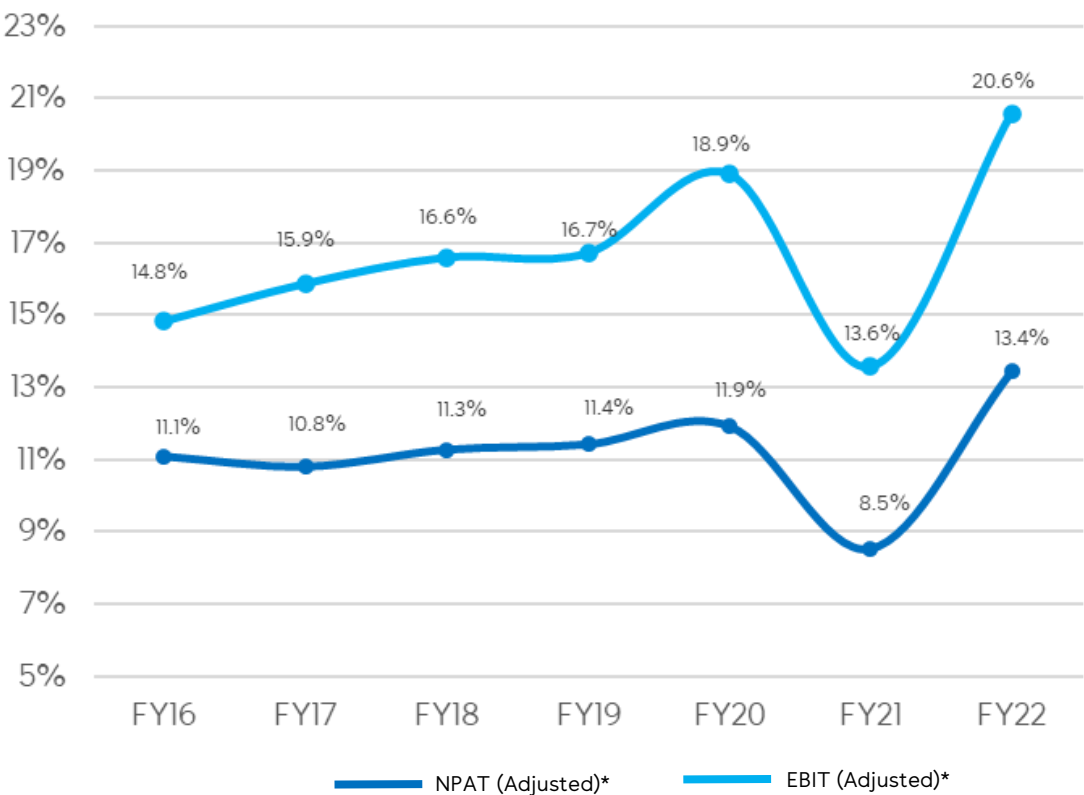
Record profit margins

Operating leverage drives margin expansion despite ongoing investment for future growth

Gross Profit Margins



EBIT and NPAT Margins (Adjusted)*



* EBIT and NPAT margins are "Adjusted" to exclude merger and acquisition expenses which related to the acquisition of the British Council's Indian IELTS operations and acquired intangible amortisation and consultancy and professional expenses incurred in shareholders' restructure project



Consolidated Balance Sheet

Strong balance sheet with \$196m of cash as at 30 June 2022

As at 30 June 2022, A\$ million	30-Jun-22	30-Jun-21	Change
Current assets			
Cash and cash equivalents	196.6	306.9	-110.3
Trade and other receivables	93.2	72.4	20.8
Contract assets	48.9	31.9	17.0
Other current assets	31.5	20.6	10.9
Current assets	370.2	431.8	-61.6
Non-current assets			
Intangible assets	413.6	109.5	304.1
Rights-of-use assets	90.8	79.4	11.4
Capitalised development costs	23.7	16.3	7.4
Other non-current assets	76.5	58.4	18.1
Non-current assets	604.6	263.6	341.0
Total assets	974.8	695.4	279.4
Current liabilities			
Trade and other payables	125.0	93.0	32.0
Contract liabilities	51.9	41.8	10.1
Lease liabilities	18.4	17.9	0.5
Other current liabilities	34.3	18.1	16.2
Current liabilities	229.6	170.8	58.8
Non-current liabilities			
Borrowings	156.5	56.7	99.8
Lease liabilities	81.5	68.5	13.0
Deferred tax liabilities	48.2	4.9	43.3
Other non-current liabilities	3.6	6.5	-2.9
Non-current liabilities	289.8	136.6	153.2
Total liabilities	519.4	307.4	212.0
Total equity	455.4	388.0	67.4

Cash

- Lower cash balance reflects the completion of the Indian acquisition which was funded on 1 Aug 2021 via \$159m of cash and \$100m of debt

Borrowings

- Drawn borrowings balance as at 30 June 22 of \$156.5m is an increase of \$100m on the closing balance at 30 June 2021 primarily related to the acquisition of the British Council India business

Contract Assets

- Movement in contract assets primarily reflects increased student placement revenue during the period relative to FY21

Intangible Assets

- Movement in intangible assets primarily relates to acquisition of the British Council India business

5. Summary



Summary

Record financial results

- Strong revenue (+50%) and profit growth (EBITA +127%) for FY22
- Expanding margins evidencing operational leverage
- Strong volume growth evidence of the underlying structural demand for global education and migration

Positive industry dynamics

- Supportive post-study work policies in place in key destination markets
- Many countries looking to migration to support economic recoveries and offset ageing populations

Industry leadership

- A trusted brand with a unique combination of digital and physical solutions
- An ongoing program of innovation reinforces IDP's industry leadership position
- Investment in key growth markets to drive long-term growth

6. Appendices



Segmental Earnings

Revenue and EBIT by Geographic Segment

Twelve Months to 30 June	Full Year Actuals		Growth	
	FY22	FY21	\$m	%
Revenue				
Asia	586.5	316.2	270.2	85%
Australasia	38.6	45.9	-7.3	-16%
Rest of World	168.3	166.6	1.7	1%
Total Revenue	793.3	528.7	264.6	50%
EBIT				
Asia	206.7	76.6	130.1	170%
Australasia	3.3	9.2	-5.8	-64%
Rest of World	32.9	39.0	-6.2	-16%
Total EBIT pre corporate costs	242.9	124.8	118.1	95%
Corporate costs	-84.1	-60.7	-23.4	-39%
Total EBIT	158.9	64.1	94.7	148%

- Asia total revenue growth driven by strong rebound in both student placement volumes and IELTS volumes
- India a key contributor to Asian segment with Indian student placement revenue up 91% v FY21 and Indian IELTS revenue growth of 179% in part reflecting British transaction
- In China, student placement revenue declined 15% relative to FY21 and revenue from IDP's license fees from the British Council declined by 23% given ongoing COVID related interruptions
- Australasia impacted by depletion of onshore Australia market for placement and IELTS due to long period of closed borders
- The Rest of the World recorded solid IELTS volume growth in most markets but lower IELTS volumes in Canada (-36%) impacted performance relative to pcg

Product Category Summary

Gross margin expansion in student placement and IELTS driven by increased volumes

Revenue and GP by Product Segment

Twelve Months to 30 June	Full Year Actuals		Growth		Constant Currency Growth (%)*
	FY22	FY21	\$m	%	
Revenue					
English Language Testing	511.4	325.6	185.7	57%	56%
Student Placement	215.4	143.3	72.1	50%	46%
- Australia	81.8	59.7	22.1	37%	37%
- Multi-destination	133.5	83.5	50.0	60%	53%
English Language Teaching	20.6	20.2	0.4	2%	0%
Digital Marketing and Events	43.3	36.4	6.8	19%	17%
Other	2.7	3.2	-0.5	-14%	-15%
Total Revenue	793.3	528.7	264.6	50%	48%
Gross Profit					
English Language Testing	232.3	143.2	89.1	62%	61%
Student Placement	182.8	112.2	70.6	63%	58%
English Language Teaching	12.7	12.3	0.4	3%	1%
Digital Marketing and Events	30.3	28.6	1.7	6%	4%
Other	1.4	1.5	-0.1	-7%	-4%
Total Gross Profit	459.5	297.8	161.6	54%	51%

- Gross profit margins in IELTS rebounded to 45% driven by better capacity utilisation in CD centres and across marking functions as volumes rebounded. Delivery of synergies from Indian acquisition also underpinned H2 FY22 IELTS margins
- Student Placement gross profit margins expanded to 85% as the costs of licensing, supporting and development of the student placement platform grew at a significantly lower rate than the revenue growth as volumes rebounded
- Margins in Digital Marketing and Events declined due to a higher contribution from the Events business which run at a lower margin. The return to physical events which operate on a lower margin than digital events also impacted the margin outcome

* "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

AASB16

Summary Income Statement pre and post AASB16

Twelve Months to 30 June	FY22		FY21*	Growth (FY22 pre AASB 16 vs. FY21 pre AASB 16)		Constant Currency Growth (%) ** (FY22 pre AASB 16 vs. FY21 pre AASB 16)
	Post AASB 16 *	Pre AASB 16	Pre AASB 16	A\$m	%	
Total Revenue	793.3	793.3	528.7	264.6	50%	48%
Direct Costs	333.9	336.5	233.8	102.7	44%	43%
Gross Profit	459.5	456.9	295.0	161.9	55%	52%
Overheads						
- Employee benefits expenses	182.9	182.9	140.3	42.6	30%	29%
- Occupancy expense	8.7	30.3	26.5	3.8	14%	14%
- Promotion and publicity expense	19.2	19.2	11.6	7.6	66%	63%
- Other expenses	50.5	50.5	36.2	14.3	39%	38%
Total Overheads	261.2	282.9	214.6	68.3	32%	31%
Share of Profit/(Loss) of Associate	-1.1	-1.1	-0.7	-0.4	-53%	-67%
EBITDA	197.1	172.8	79.6	93.2	117%	108%
Depreciation & Amortisation						
- Lease Related	22.3	0.0	0.0	0.0	0%	0%
- Other expenses	14.5	14.5	15.0	-0.5	-3%	-3%
Total Depreciation & Amortisation	36.8	14.5	15.0	-0.5	-3%	-3%
Amortisation of Acquired Intangibles	1.4	1.4	1.8	-0.3	-19%	-20%
EBIT	158.9	156.9	62.9	94.0	149%	136%
EBIT (Adjusted) ***	163.2	161.2	70.6	90.7	129%	117%
Net Finance Expense						
- Lease Related	-4.3	0.0	0.0	0.0	0%	0%
- Other expenses	-2.4	-2.4	-1.4	-1.1	-77%	-76%
Total net finance expense	-6.7	-2.4	-1.4	-1.1	-77%	-76%
Income tax expense	49.3	49.7	20.0	29.8	149%	149%
NPAT	102.8	104.7	41.5	63.2	152%	132%
NPAT (Adjusted) ***	106.6	108.5	47.1	61.4	130%	114%

* During FY21, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements. This was 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. 31 December 2020 financial information has been restated to account for the impact of the change.

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- IDP adopted AASB16 Leases from 1 July 2019
- Post AASB16 overhead costs in FY22 were \$21.7m lower than Pre-AASB16 expense as the office rental expenses are recorded on the balance sheet. The future lease commitments were capitalised and are to be amortised over the life of the leases
- Pre-AASB16 overheads increased by 32% as the cost saving initiatives implemented during FY21 were ceased and investment in marketing and headcount re-commenced
- The amortisation of the right of use assets (leases) of \$22.3m excludes the deemed finance cost of \$4.3m for those leases

Cashflow

Summary of cashflow

Twelve Months to 30 June	Full Year Actuals		Growth	
	FY22	FY21	\$m	%
EBITDA	197.1	101.7	95.4	94%
Non-cash items	12.0	4.2	7.8	186%
Change in working capital	-16.0	25.5	-41.5	-163%
Income Tax Paid	-47.2	-11.6	-35.6	307%
Net interest paid	-5.3	-2.9	-2.4	83%
Operating cash flow	140.6	116.9	23.7	20%
Payments for acquisition of a subsidiary	-260.4	0.0	-260.4	0%
Capital Expenditure	-29.6	-19.5	-10.1	52%
Payments for investment in associates	-0.2	-0.2	0.0	0%
Net cash flow before Financing	-149.6	97.2	-246.8	-254%
Proceeds from exercise of share options	0.0	0.4	-0.4	-100%
Payments for Treasury Shares	-5.5	-9.5	4.0	-42%
Proceeds from Borrowings	100.0	56.7	43.3	76%
Repayment from Borrowings	0.0	-61.6	61.6	-100%
Repayment of lease liabilities	-19.4	-17.4	-2.0	N/A
Dividend Payments	-37.6	-64.3	26.7	-42%
Effect of FX on cash holdings in foreign currency	1.8	-1.7	3.5	-206%
Net Cash Flow	-110.3	-0.2	-110.1	55050%

- GOCF** of \$193m reflects 98% conversion from reported EBITDA for FY2
- Capital expenditure was 52% higher than FY21 levels with increased investment on strategic initiatives such as:
 - IELTS platform modernisation (\$10.6m)
 - IDP Live (\$5.2m)
 - Student placement offices (\$4.7m)
 - New client billing system (\$2.0m)
 - Centralised Application Processing Centre (\$1.6m)
 - Computer Delivered test centres (\$1.4m)
- Non-cash items relate primarily to share-based payments and net foreign exchange gains/losses
- The increase in working capital primarily reflects the growth in student placement volumes which generates an increase in receivables and contract assets related to university revenue

* During FY21, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements. This was 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. FY22 financial information has been restated to account for the impact of the change.

** Gross Operating Cash Flow (GOCF) calculated as Operating Cash Flow less Net Interest less Income Tax paid

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