



# FY16 INTERIM RESULTS

## For the half year ended 31 December 2015



## Cautionary statements and disclaimer

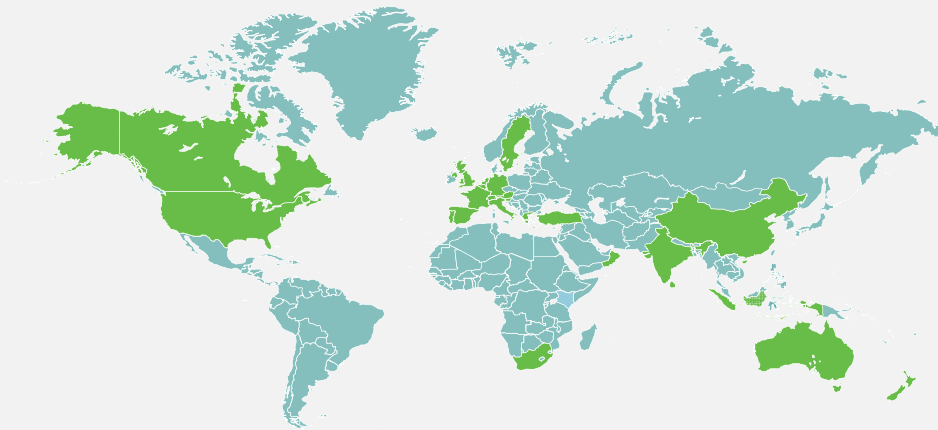
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# Navitas is a leading global education provider

Navitas (ASX: NVT) is a leading global education provider with over 120 colleges and campuses across 31 countries offering an extensive range of educational services to more than 80,000 students, clients and professionals, including:

- University partnerships
- Creative media education
- Health and social services education
- English language and settlement services
- Work integrated learning

**Focused on delivering academic outcomes and student experience**



# Operational Highlights

- Continued delivery of strong student experience and academic outcomes
- Contract renewal with University of South Australia for 10 years
- Solid revenue, earnings and margin growth
- Robust SAE result following improved US performance
- Leadership team enhanced and expanded – includes new CFO



# FY16 Interim Financial Highlights

	Half year ended 31 December 2015	Half year ended 31 December 2014	Change %
Group Revenue (\$m)	517.5	479.4	8
Underlying EBITDA (\$m)	82.8	71.1*	16
NPAT (\$m)	45.1	40.4*	12
Reported NPAT (\$m)	45.5	31.5	44
EPS (cents)	12.0	10.7*	12
Reported EPS (cents)	12.0	8.3	45
Interim Dividend Per Share (cents)	9.6	9.4	2

\*excluding \$9.0m H1 FY15 goodwill impairment as disclosed in Navitas' FY15 Annual Report

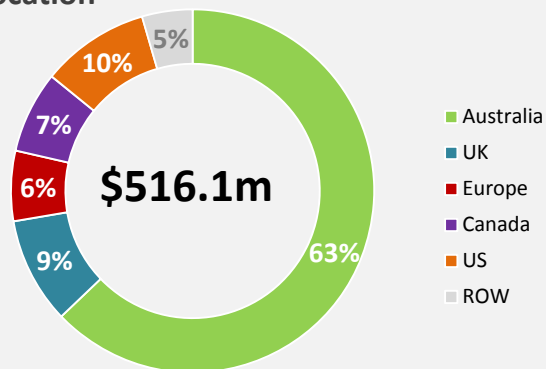


## SEGMENT PERFORMANCE

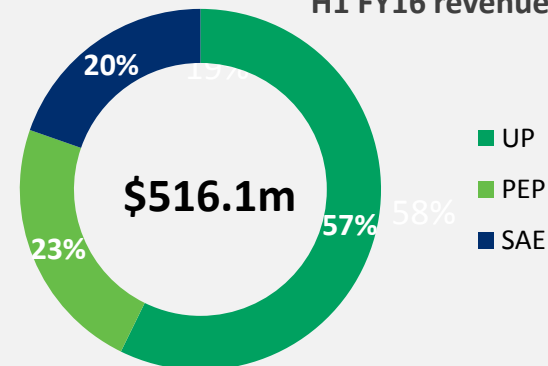
# Revenue growth across all divisions

Revenue (\$m)	H1 FY16	H1 FY15	Δ%
University Programs	295.5	277.5	6
Professional and English Programs	119.1	114.0	5
SAE Group	101.5	86.8	17
<b>Divisional revenue</b>	<b>516.1</b>	<b>478.3</b>	<b>8</b>
Other	1.4	1.1	17
<b>Group revenue</b>	<b>517.5</b>	<b>479.4</b>	<b>8</b>

H1 FY16 revenue by location

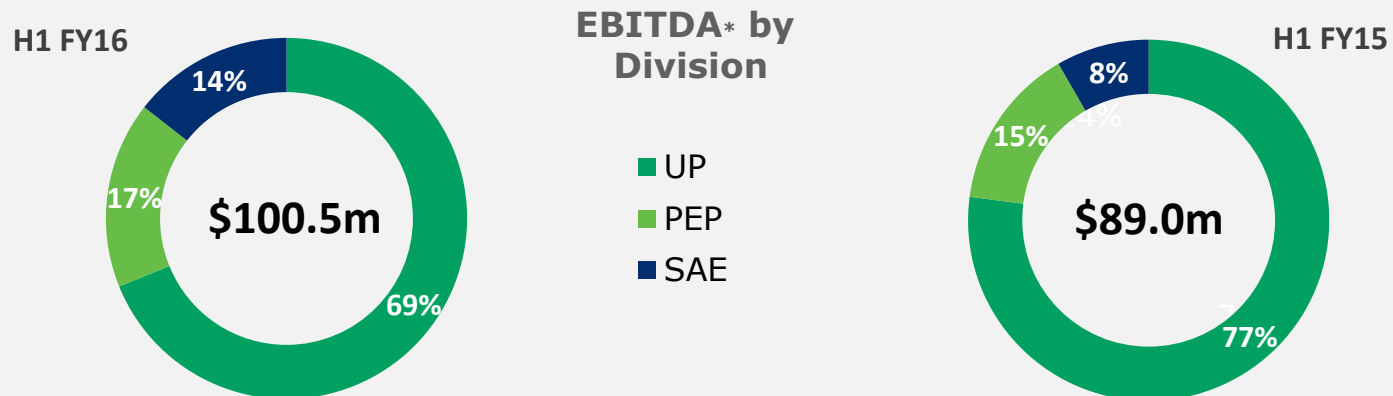


H1 FY16 revenue by Division



# Margin improvement supports earnings growth

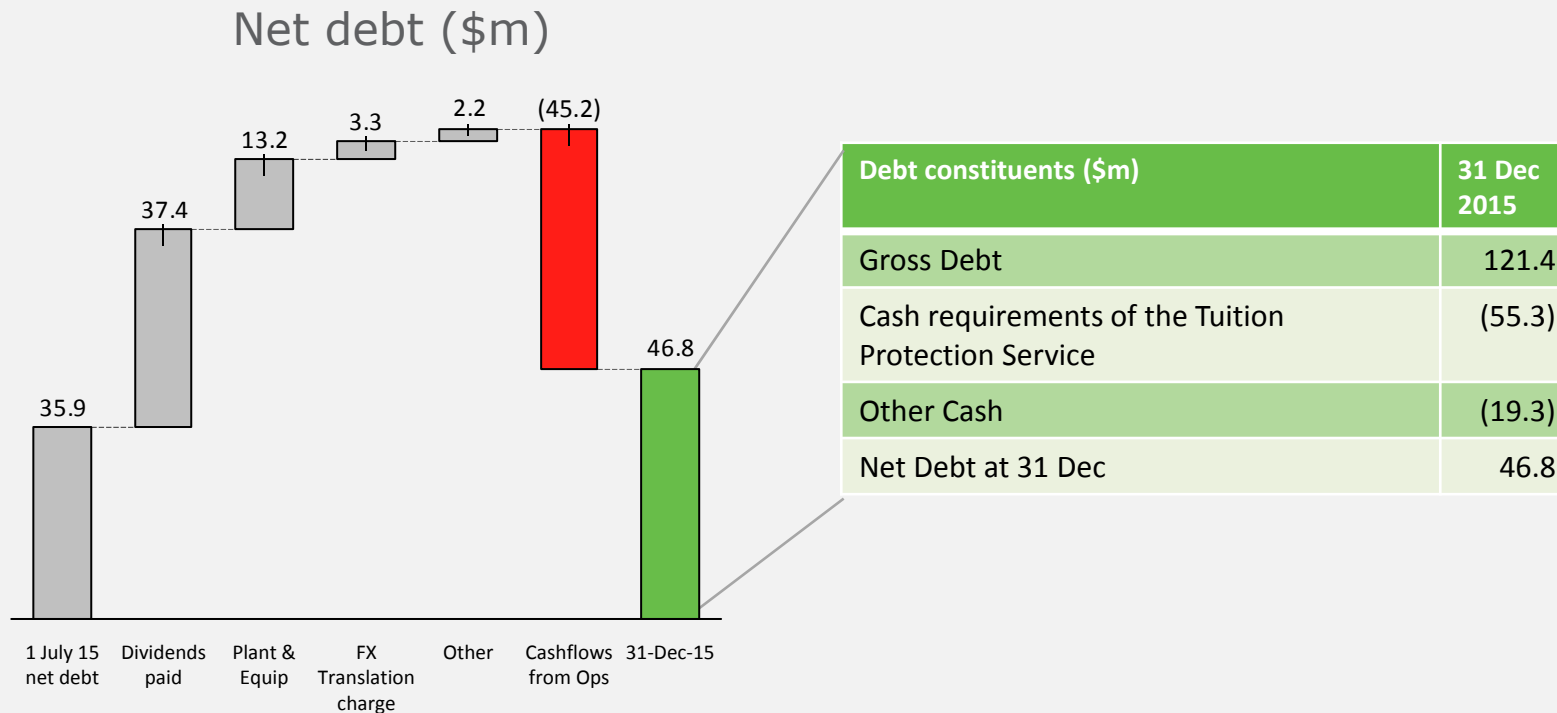
EBITDA* (\$m)	H1 FY16	H1 FY15	Δ%
University Programs	69.2	68.6*	1
Professional and English Programs	16.8	13.0	29
SAE Group	14.5	7.4	96
<b>Divisional EBITDA</b>	<b>100.5</b>	<b>89.0</b>	<b>13</b>
Corporate costs	(17.7)	(17.9)	(1)
<b>Group EBITDA</b>	<b>82.8</b>	<b>71.1*</b>	<b>16</b>



\*excluding \$9.0m H1 FY15 goodwill impairment as disclosed in Navitas' FY15 Annual Report



# Low net debt

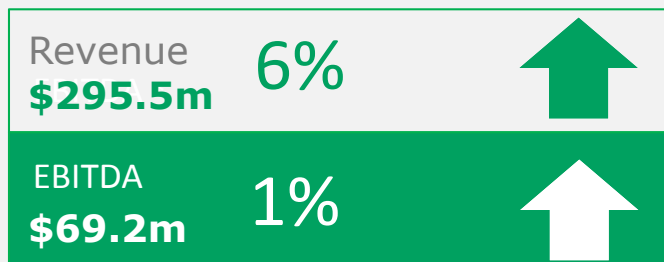


- Cash realisation ratio<sup>1</sup> of 0.74x
- Cashflow from operations of \$45.2m
- Interest cover of 54.5x
- Gearing ratio of 0.58x

<sup>1</sup>Cash realisation ratio= *Net Operating Cashflow*  
NPAT + amtsn, depcn and gdwill impt

# University Programs

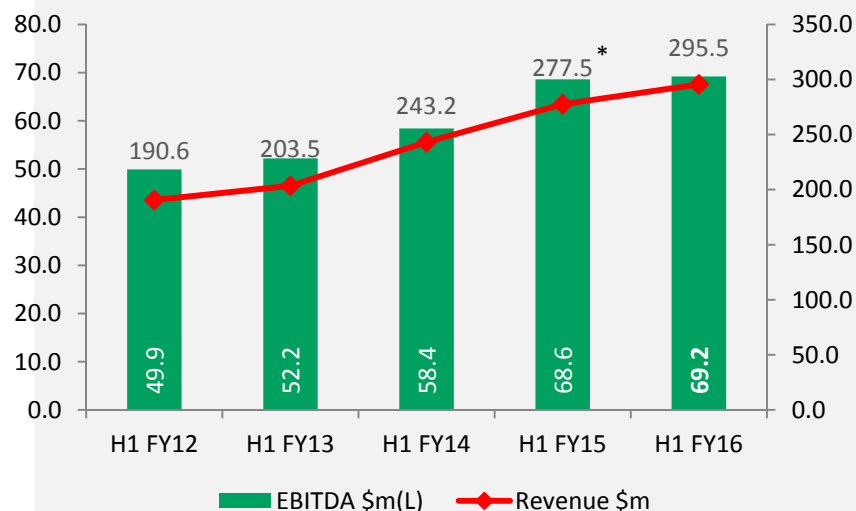
## Financial Performance



## Highlights

- Improvement in progression-to-university and pass rates across the Division
- University of South Australia contract renewed for 10 years – similar terms and conditions
- UK revenue and margin growth – despite low volume growth
- Continued strong growth across North America
- Solid earnings growth across Australia (excluding Macquarie operations)
- Discussions progressing with potential new university partners



Divisional 5 year revenue and EBITDA (\$m)



\*excluding \$9.0m H1 FY15 goodwill impairment as disclosed in Navitas' FY15 Annual Report

# Professional and English Programs

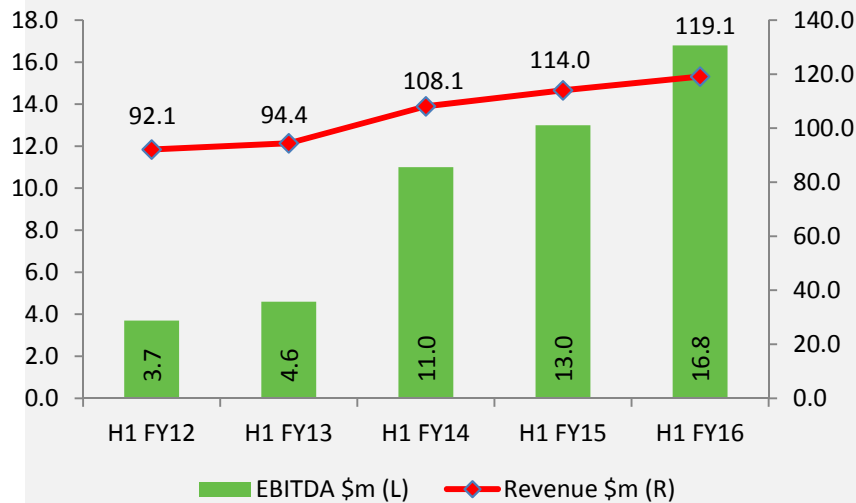
## Financial performance

Revenue <b>\$119.1m</b>	<b>5%</b>	
EBITDA <b>\$16.8m</b>	<b>29%</b>	

## Highlights

- Continued high student satisfaction and academic outcomes
- Earnings growth from:
  - Strong performance from Australian College of Applied Psychology and Navitas College of Public Safety
  - Increases in Professional Year enrolments
  - Reduced divisional costs
- Improved efficiency supports 2.6% margin improvement

Divisional 5 year revenue and EBITDA (\$m)



# SAE

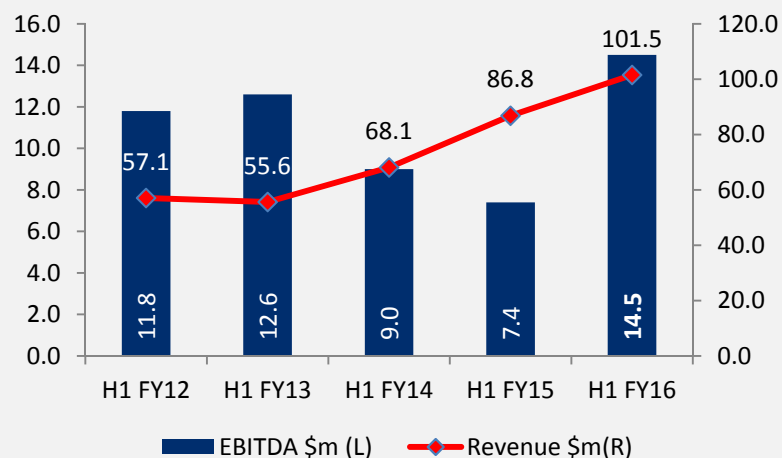
## Financial performance

Revenue	17%	↑
<b>\$101.5m</b>		
EBITDA	96%	↑
<b>\$14.5m</b>		

## Highlights

- Volume growth drives revenue and earnings improvement
- Underlying EBITDA growth of 28% - excluding H1 FY15 one-off costs
- Improvement in enrolments across all regions
- Solid contribution from Ex'pression College
- Perth campus relocation completed
- Cost controls and efficiency contribute to 5.8% margin growth
- Divestment of underperforming Singapore campus announced

Divisional 5 year revenue and EBITDA (\$m)





**OUTLOOK**

# Outlook – H2 growth in line with guidance

## Group

- Navitas focusing on 3 key pillars – quality, efficiency and growth
- SAE and Professional and English Programs growth to mitigate University Programs softness
- Guidance reaffirmed - FY16 EBITDA result anticipated to be in line with FY15

## University Programs

- Closure of Macquarie City campus and relocation of SIBT college to impact enrolments and margins
- Growth in other regions to mitigate impact
- SIBT re-located to Wynyard Green precinct with new articulation options

## Professional and English Programs

- Growth anticipated from educational businesses and operational efficiencies

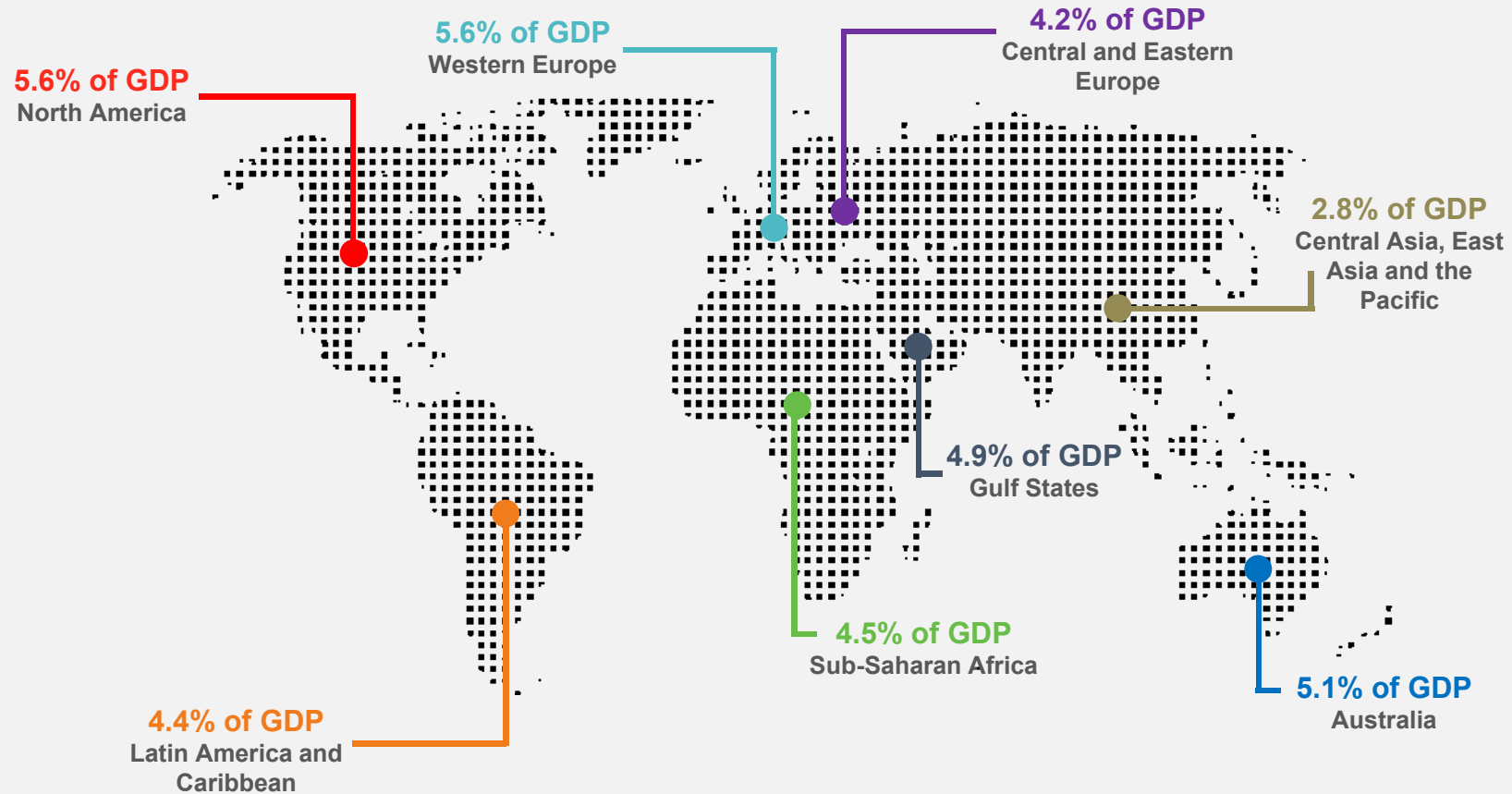
## SAE

- Will continue to grow earnings but growth rate to slow



## KEY DRIVERS

# Education is one of the world's largest markets at ~\$6 trillion USD and forecast to grow at 8% CAGR



Source: World Bank



# Positive macro drivers for education sector



## Increasing youth population

The number of global youth is increasing driven by developing markets such as Asia, Africa and Latin America. By 2020 approximately 50% of global workforces will be Millennials and more than 50% will live in emerging markets.



## Increasing middle class

In 2009, Asia's middle class alone was ~500m people. In 2020 its projected to be 3.5b and in 2030 ~5.0b growing at ~18% CAGR (OECD)



## Increasing demand for skilled workers

The global market place is shifting towards skilled work requirements, with low-skilled jobs facing the risk of automation.



## Increasing accessibility

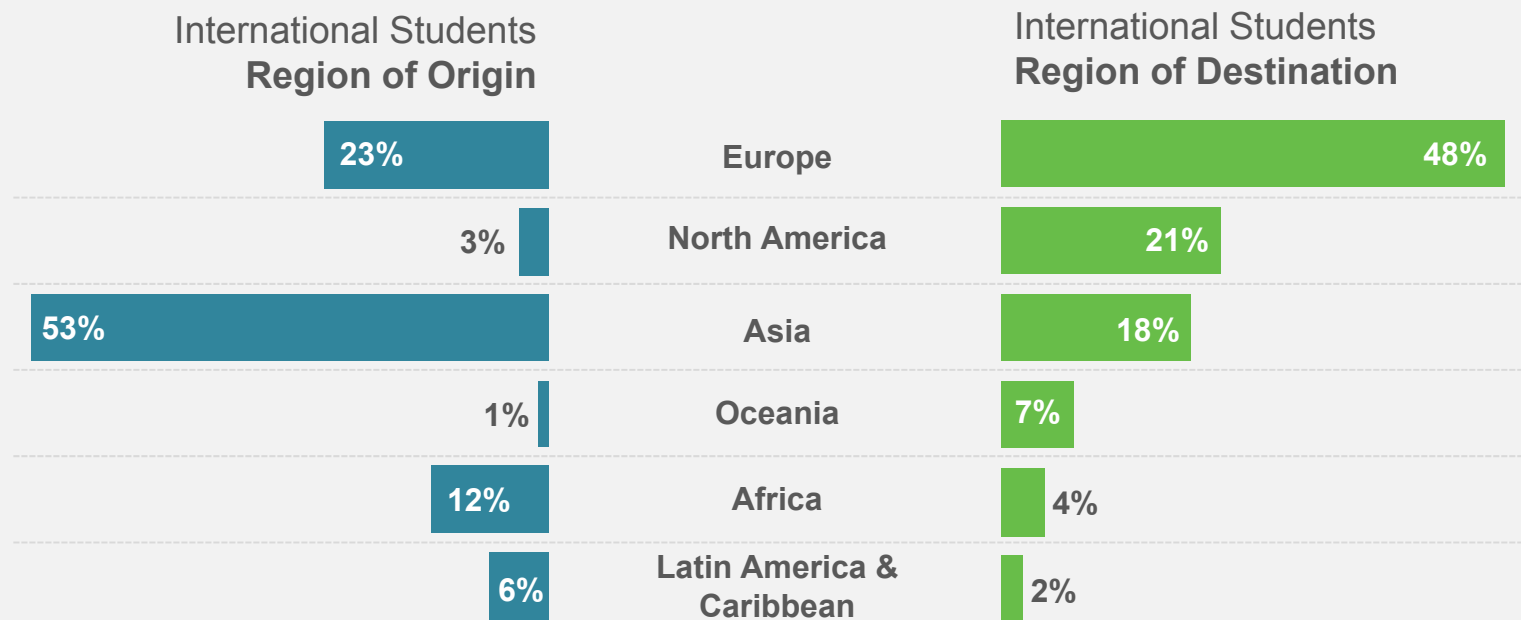
Increasingly available to all with programs and government policy to increase tertiary education attendance

Developing countries



Developed countries

# With over 200 million tertiary students who are increasingly international and connected



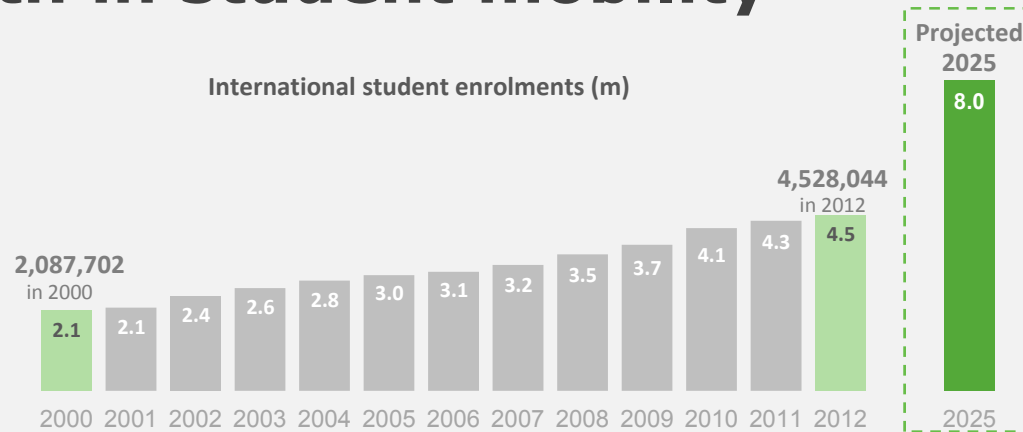
Source: OECD (2014)

# Significant growth in student mobility

## There will be more international students

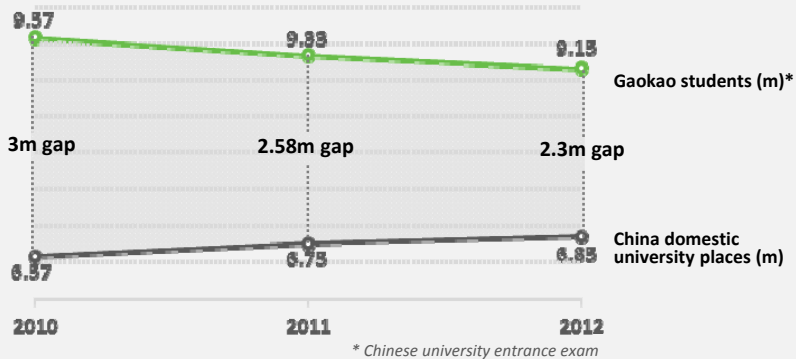
By 2025 there will be 8 million students crossing a border to study

International student enrolments (m)

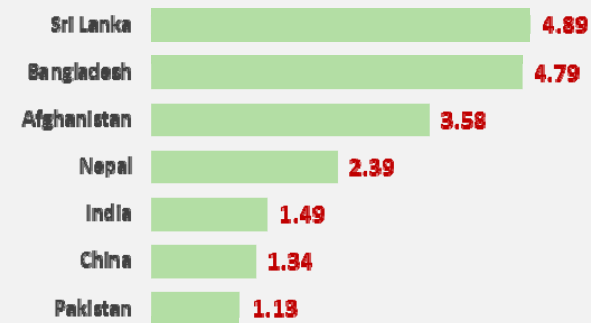


## Current tertiary demand is outstripping supply

Many countries are unable to meet the local demand for tertiary education driving students to go overseas



Number of 'A' level students per available university spaces



Source: Project Atlas, 2014; Education at a Glance, OECD 2015; Connecting universities: Future models of higher education, The Economist 2015

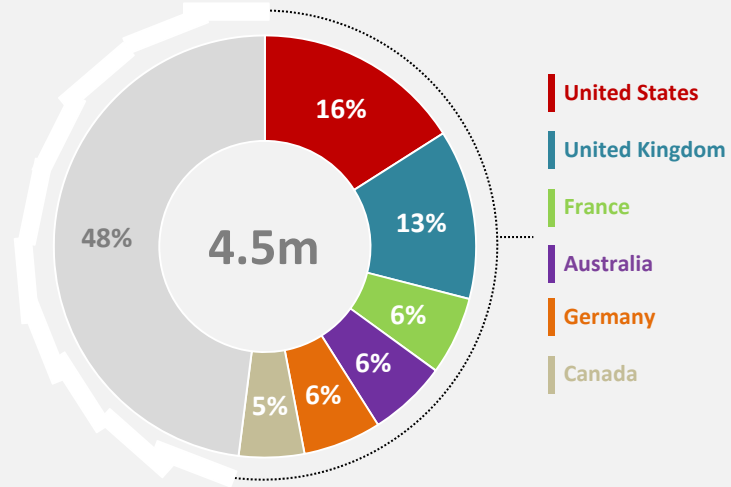
# Key education destinations

## 52% of international students study in just 6 countries

The US, UK and Australia are the 3 top English-speaking destination countries for international students.

The US has the greatest number of international students but they make up less than 4% of their total tertiary enrolment.

International education market share (%)



### Key destination countries of global international students

Number of international students (000s)	Country	International higher education enrolment as a % of total enrolment
740	United States	3.9%
427	United Kingdom	19.0%
271	France	12.1%
249	Australia	26.4%
154	Germany	11.1%
120	Canada	6.5%

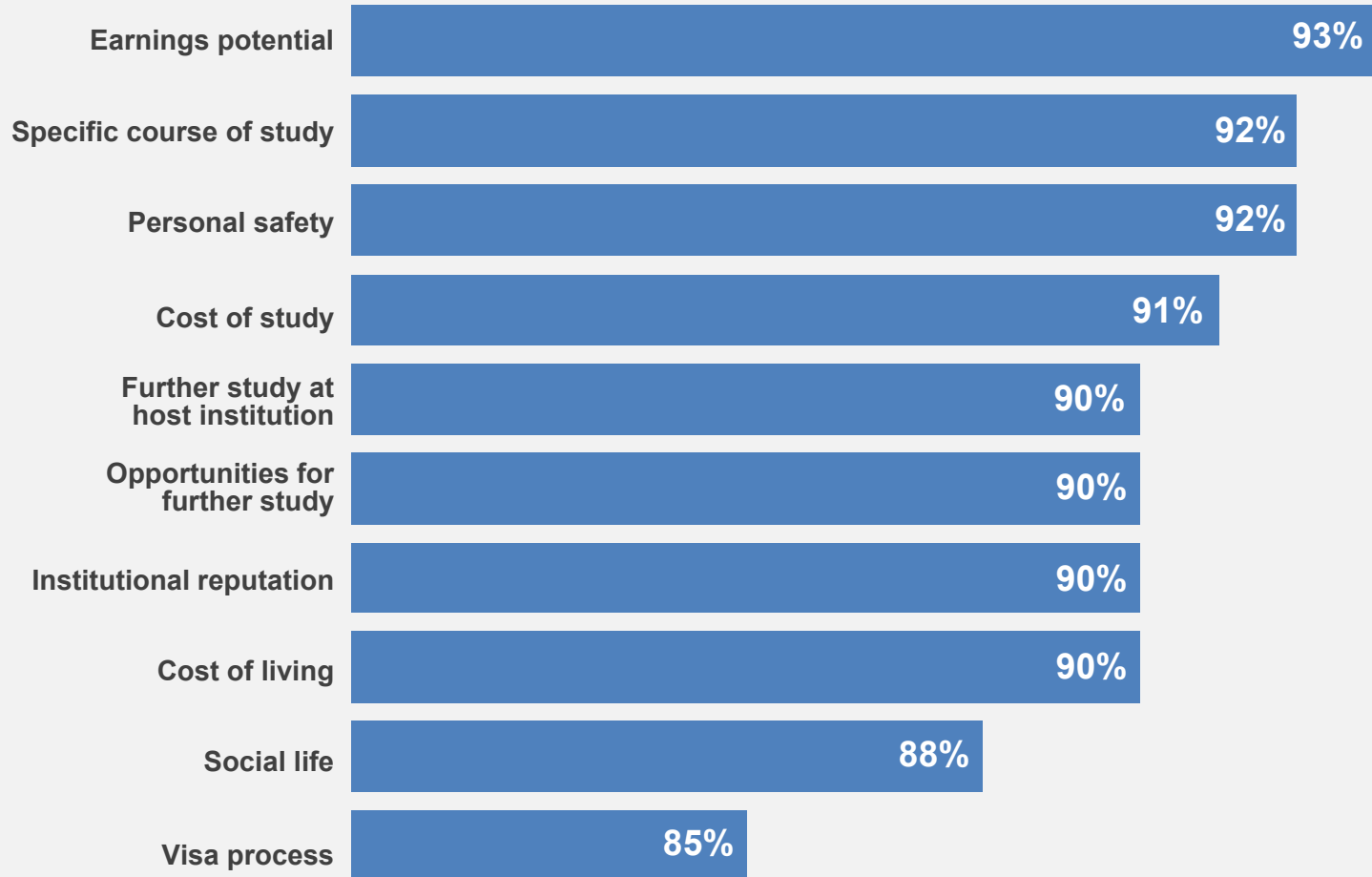
### Top 5 factors

When choosing a country to study in

1. Quality of education compared to home country
2. International recognition of qualifications
3. Country's attitude to international students
4. Safety of destination country
5. Ease of getting visa to study

Source: *Education at a Glance*, OECD 2014; *Beyond the data: Influencing international student decision making*, Hobsons 2014

# Key drivers for international students



Source: i2015 Graduate survey)



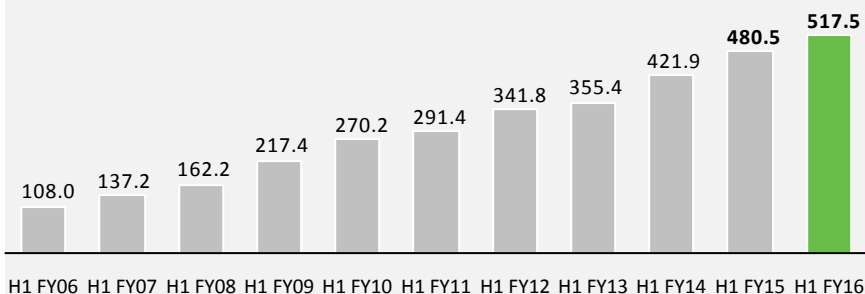
navitas



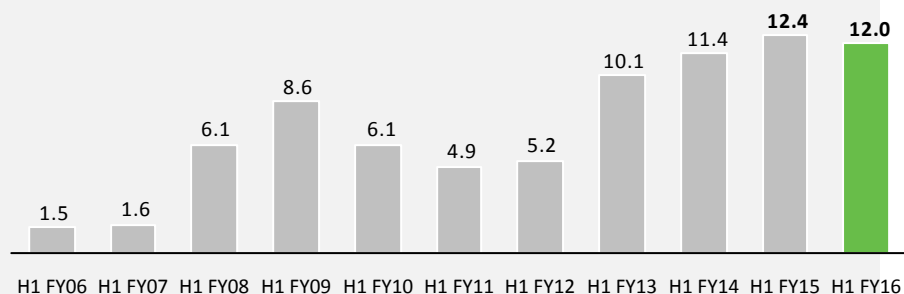
**APPENDIX**

# Navitas financial metrics

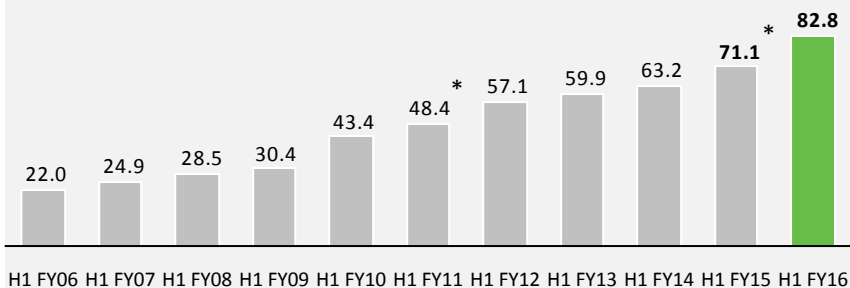
## Revenue (\$m)



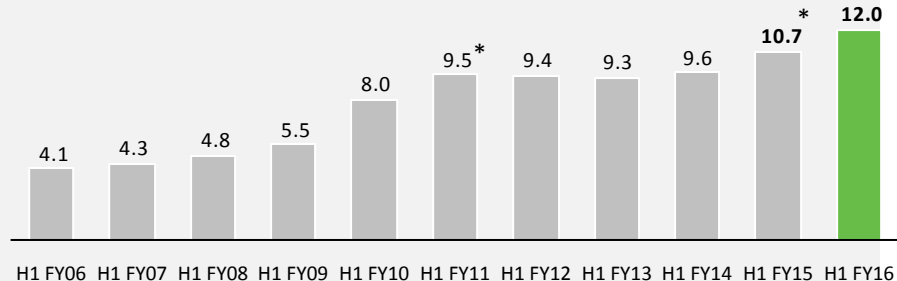
## Operating cashflow (cps)



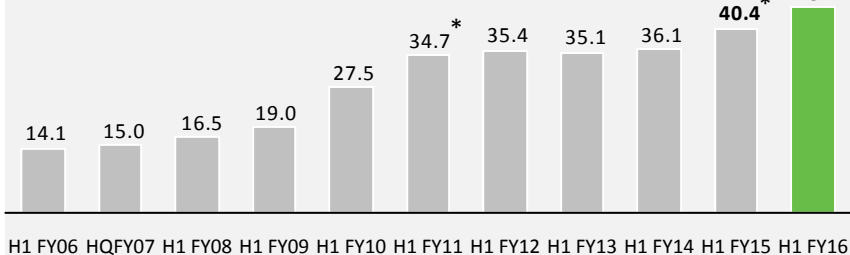
## Underlying EBITDA (\$m)



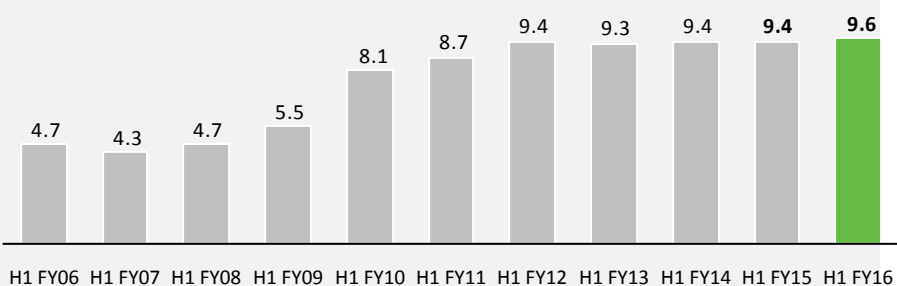
## Underlying Earnings (cps)



## Underlying NPAT (\$m)



## Dividends (cps)



\*excluding goodwill impairment



# Navitas – truly a global leading educator

- United Kingdom**
- Cambridge
  - Hertfordshire
  - London
  - Plymouth
  - Portsmouth
  - Swansea
  - Aberdeen
  - Edinburgh
  - Glasgow
  - Liverpool
  - Oxford
  - Birmingham
  - Northampton

- Europe**
- Berlin
  - Cologne
  - Frankfurt
  - Bochum
  - Munich
  - Hamburg
  - Leipzig
  - Stuttgart
  - Geneva
  - Zurich
  - Ljubljana
  - Stockholm
  - Istanbul
  - Amsterdam
  - Rotterdam
  - Barcelona
  - Madrid
  - Vienna
  - Brussels
  - Paris
  - Athens
  - Milan

- North America**
- Atlanta
  - Los Angeles
  - Miami
  - Nashville
  - New York
  - San Francisco
  - Chicago
  - Boston
  - Dartmouth
  - Lowell
  - Boca Raton
  - Durham
  - Vancouver
  - Winnipeg

- Africa**
- Cape Town

- Sri Lanka**
- Colombo

- South East Asia**
- Singapore
  - Jakarta

- Australia/NZ**
- Perth
  - Adelaide
  - Brisbane
  - Melbourne
  - Sydney
  - Newcastle
  - Darwin
  - Cairns
  - Byron Bay
  - Auckland



# Corporate snapshot

**376.7m**

Shares on issue

**\$1.76b**

Market Capitalisation

**\$4.67**

Share Price  
31 December 2015

ASX100

**NVT**

52 wk range

**\$3.78 - \$5.48**

Annualised dividend **19.7cps**

# Detailed P&L – 5 years

Navitas Ltd	H1 FY12	H1 FY13	H1 FY14	H1 FY15*	H1 FY16	PCP Change		Growth CAGR#
						\$	Index	
<b>Operating Revenue</b>								
UP	190,657	203,506	243,208	277,471	295,519	18,048	107%	12%
SAE	57,063	55,594	68,130	86,814	101,472	14,658	117%	15%
PEP	92,084	94,389	108,070	113,974	119,117	5,143	105%	7%
Corporate & consolidation items	1,863	1,350	1,149	1,159	1,360	201	117%	-8%
<b>Total operating revenue</b>	<b>341,667</b>	<b>354,839</b>	<b>420,557</b>	<b>479,418</b>	<b>517,468</b>	<b>38,050</b>	<b>108%</b>	<b>11%</b>
Expenses	(284,530)	(294,965)	(357,346)	(408,262)	(434,657)	(26,395)	106%	11%
<b>Underlying EBITDA</b>	<b>57,137</b>	<b>59,874</b>	<b>63,211</b>	<b>71,156</b>	<b>82,811</b>	<b>11,655</b>	<b>116%</b>	<b>10%</b>
Depreciation	(6,233)	(7,039)	(9,634)	(12,542)	(15,215)	(2,673)	121%	25%
Underlying EBITA	50,904	52,835	53,577	58,614	67,596	8,982	115%	7%
Amortisation	(488)	(488)	(375)	(375)	(375)	-	100%	-6%
Underlying EBIT	50,416	52,347	53,202	58,239	67,221	8,982	115%	7%
Net Interest (paid)/received	(4,085)	(3,802)	(3,509)	(2,376)	(1,761)	615	74%	-19%
Share of Associates (losses)/Profits	-	-	-	-	(388)	(388)	100%	n/a
Net profit before tax	46,331	48,545	49,693	55,863	65,072	9,209	116%	9%
Income tax	(10,938)	(13,242)	(13,602)	(15,300)	(19,619)	(4,319)	103%	16%
<b>NPAT</b>	<b>35,393</b>	<b>35,303</b>	<b>36,091</b>	<b>40,563</b>	<b>45,453</b>	<b>4,890</b>	<b>112%</b>	<b>6%</b>
Outside equity interest	(33)	(233)	(11)	(184)	(395)	(211)	215%	86%
<b>NPAT attributable to Navitas</b>	<b>35,360</b>	<b>35,070</b>	<b>36,080</b>	<b>40,379</b>	<b>45,058</b>	<b>4,679</b>	<b>112%</b>	<b>6%</b>
<b>Reported NPAT</b>	<b>35,393</b>	<b>35,303</b>	<b>36,091</b>	<b>31,516</b>	<b>45,453</b>	<b>13,937</b>	<b>144%</b>	<b>6%</b>
<b>Reported NPAT attributable to members</b>	<b>35,360</b>	<b>35,070</b>	<b>36,080</b>	<b>31,332</b>	<b>45,058</b>	<b>13,726</b>	<b>144%</b>	<b>6%</b>

\* excluding goodwill impairment  
# Cumulative Annual Growth Rate