

ASX announcement
24 February 2021

H1 FY21 results:
Regaining momentum and positioned to support the sector's recovery

IDP Education Limited (ASX: IEL) today announced its results for the first half of the 2021 financial year (H1 FY21).

For the six months to 31 December 2020, the company reported total revenue of \$269 million, a decrease of 29 per cent compared with the same period in FY20.

Earnings before interest and tax (EBIT) was \$47.3 million, a decrease of 46 per cent compared with the same period in FY20.

Andrew Barkla, IDP Chief Executive Officer and Managing Director said despite the decline in revenue and earnings, the results demonstrated IDP's resilience in the face of a global pandemic that impacted international travel during the second half of 2020.

"Our diverse business model and long-term strategy allowed us to decisively navigate last year's disruptions," Mr Barkla said.

"Importantly, our global teams are at full strength and we successfully accelerated our digital transformation program."

The company reported a cash balance of \$293 million, which reflected strong cash flow, aided by disciplined cost management. The company's \$175 million working capital facility remains undrawn which, along with the cash balance, gives the company a solid balance sheet and access to significant liquidity.

IDP's operational and financial highlights during H1 FY21 included:

- IELTS volumes rebounded to pre-pandemic levels
- Cash balance at \$293 million, demonstrating liquidity to see through the crisis
- Increased demand for IDP Connect insights services from higher education institutions
- Global teams ready to support customers when conditions improve
- Ongoing digital transformation program for student placement and IELTS
- Increased data science capabilities driving the next generation of client and customer services.

Volumes for student placement were down 37 per cent, driven by uncertainty around travel and border restrictions. Placements to Australia were hardest hit, down 47 per cent, with international border closures meaning student enrolments were largely limited to those willing to commence their studies online.

The company reported a better performance for the United Kingdom (volumes down 12 per cent) with students able to travel to the UK to commence their studies. Underlying demand for IDP's other key destination, Canada, was strong, but volumes were down 39 per cent, impacted by border closures and delays in visa processing.

While IELTS revenue was down 26 per cent relative to the prior comparable period (pcp), trading conditions gradually improved during the half and by the end of December 2020, testing volumes were broadly in line with those experienced in December 2019 prior to the pandemic.

"IELTS demonstrated its through-the-cycle appeal as volumes rebounded hand-in-hand with country lockdowns and restrictions easing," Mr Barkla said.

The company's digital marketing business, driven by IDP Connect, saw a nine per cent increase in revenue versus pcp.

"This year our insights have become critical for higher education institutions around the world," Mr Barkla said.

"The increased demand for our digital services reinforces that our higher education clients are relying on our data to develop their post-COVID recruitment strategies."

Results overview

Six Months to 31 December	Half Year Actuals		Growth		Constant Currency Growth (%)*
	H1 FY21	H1 FY20	\$m	%	
English Language Testing	158.3	215.3	-57.0	-26%	-22%
Student Placement	78.3	122.6	-44.3	-36%	-35%
- Australia	32.4	54.0	-21.6	-40%	-40%
- Multi-destination	45.9	68.7	-22.7	-33%	-30%
English Language Teaching	9.7	16.3	-6.7	-41%	-39%
Digital Marketing and Events	20.5	22.3	-1.7	-8%	-7%
Other	2.3	2.5	-0.2	-10%	-7%
Total Revenue	269.1	379.0	-109.9	-29%	-26%
Direct Costs	111.9	156.8	-44.8	-29%	-26%
Gross Profit	157.1	222.2	-65.1	-29%	-26%
Overhead costs	88.9	116.0	-27.1	-23%	-21%
Share of Profit/(Loss) of Associate	-0.3	0.0	-0.3	-781%	-760%
EBITDA	68.0	106.2	-38.2	-36%	-33%
Depreciation & Amortisation	19.8	17.2	2.6	15%	20%
Amortisation of Acquired Intangibles	0.9	2.2	-1.3	-59%	-59%
EBIT	47.3	86.9	-39.5	-46%	-43%
Net finance expense	-2.6	-2.8	0.3	9%	4%
Profit before tax	44.8	84.1	-39.3	-47%	-44%
Income tax expense	15.1	26.3	-11.2	-43%	-42%
NPAT	29.7	57.7	-28.1	-49%	-45%
NPATA **	30.4	59.5	-29.1	-49%	-45%

* "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.

The Board of Directors declared an 8.0 cents per share unfranked interim dividend, representing approximately 75 per cent of the H1 net profit after tax.

Mr Barkla said the company enters H2 well positioned internationally as an industry leader with further investment planned in student placement, data science and IELTS.

"When comparing our H2 FY20 and H1 FY21 results, it is encouraging to see IDP's recovery is already underway," he said.

"With our global teams in place, a supported pipeline of students, and increased digital capabilities, we are beginning to capture the demand as our customers reignite their global travel and study ambitions."

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