



Investor Presentation
Acquisition of the British Council's Indian IELTS Operations

July 2021

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Strategic Acquisition of the British Council's Indian IELTS Operations

Transaction Summary	<ul style="list-style-type: none">• IDP has entered into a binding agreement to acquire 100% of the British Council's Indian IELTS operations• Total consideration of £130m (A\$238m¹) on a cash free, debt free basis• Post transaction IDP will be the sole distributor of IELTS in India
Strong Strategic Rationale	<ul style="list-style-type: none">• Highly strategic acquisition, consolidating IELTS distribution in the largest IELTS market in the world• Scope for material combination benefits, with estimated annual run-rate synergies of A\$6m – A\$8m expected to be delivered within 24 months of completion
IDP Impact	<ul style="list-style-type: none">• The transaction is estimated to be approximately 13% EPS accretive pre-synergies on a pro forma CY19 basis (prior to the impact of COVID-19)^{1,2}• The transaction will be funded from existing cash and debt facilities• IDP will maintain a strong balance sheet post transaction
Integration	<ul style="list-style-type: none">• Detailed integration planning has been undertaken alongside due diligence• IDP's existing position and deep knowledge of the Indian market de-risks integration and synergy assumptions
Conditions and Completion	<ul style="list-style-type: none">• The transaction remains subject to customary completion conditions• Completion of the transaction is expected in August 2021

Notes:

1. Pre-transaction costs assuming AUD/GBP exchange rate of 1.83AUD:1GBP
2. Prior to the impact of AASB-16

Strategic Rationale

The acquisition of the British Council's Indian IELTS operations is highly strategic for IDP

- ✓ Increased exposure to the high-growth Indian IELTS market, which has demonstrated resilience in the context of COVID-19 and has **supportive long-term fundamentals** including a young demographic, increasing wealth and a high propensity to study abroad and migrate
- ✓ **Simplified distribution** arrangement in the world's largest IELTS market to drive improve experience for test takers
- ✓ Scope for **material combination benefits**, with estimated **run-rate synergies of A\$6m – A\$8m** expected to be delivered within 24 months of completion¹
- ✓ IDP's existing leading market position and **deep understanding of the IELTS ecosystem in India** de-risks integration and synergy realisation
- ✓ The transaction is estimated to be approximately **13% EPS accretive pre-synergies** on a pro forma CY19 basis (prior to the impact of COVID-19)^{1,2}

Notes:

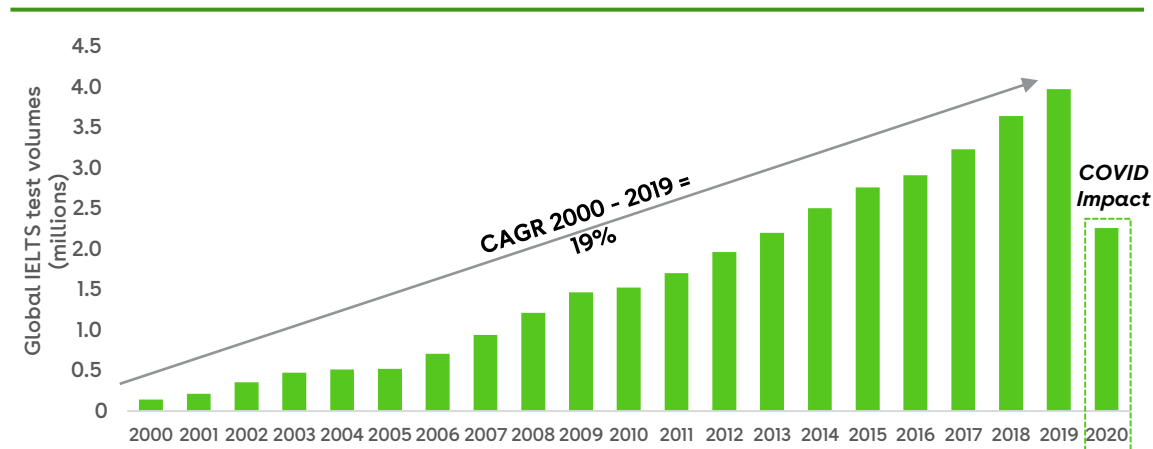
1. Pre-transaction costs assuming AUD/GBP exchange rate of 1.83AUD:1GBP
2. Prior to the impact of AASB-16

Current IELTS Distribution Arrangements

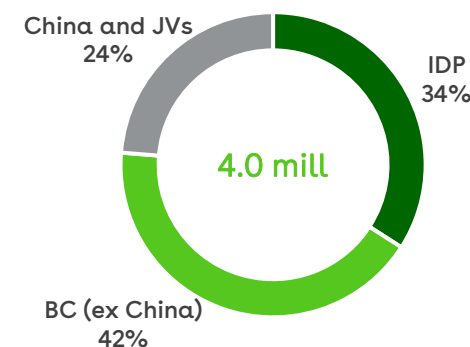
IELTS is distributed globally by IDP and the British Council, with 4.0m tests delivered in 2019 (prior to the impact of COVID-19)

- IELTS is jointly owned by IDP, the British Council and Cambridge Assessment English
- IDP and British Council are responsible for the distribution and administration of IELTS tests, including supervision of their respective IELTS test centres
- IDP and British Council operate in many of the same markets. IDP currently competes with the British Council in 53 countries that represent ~90% of IDP's volumes
- Since 2000, IDP and British Council have conducted over 35 million tests (up until the end of 2020)
 - Represents a compound annual growth rate of 15% (and 19% from 2000 up until the end of 2019, reflecting the period prior to the impact of COVID-19)

Number of IELTS Tests Conducted Annually



IELTS Volumes by Party (CY19)

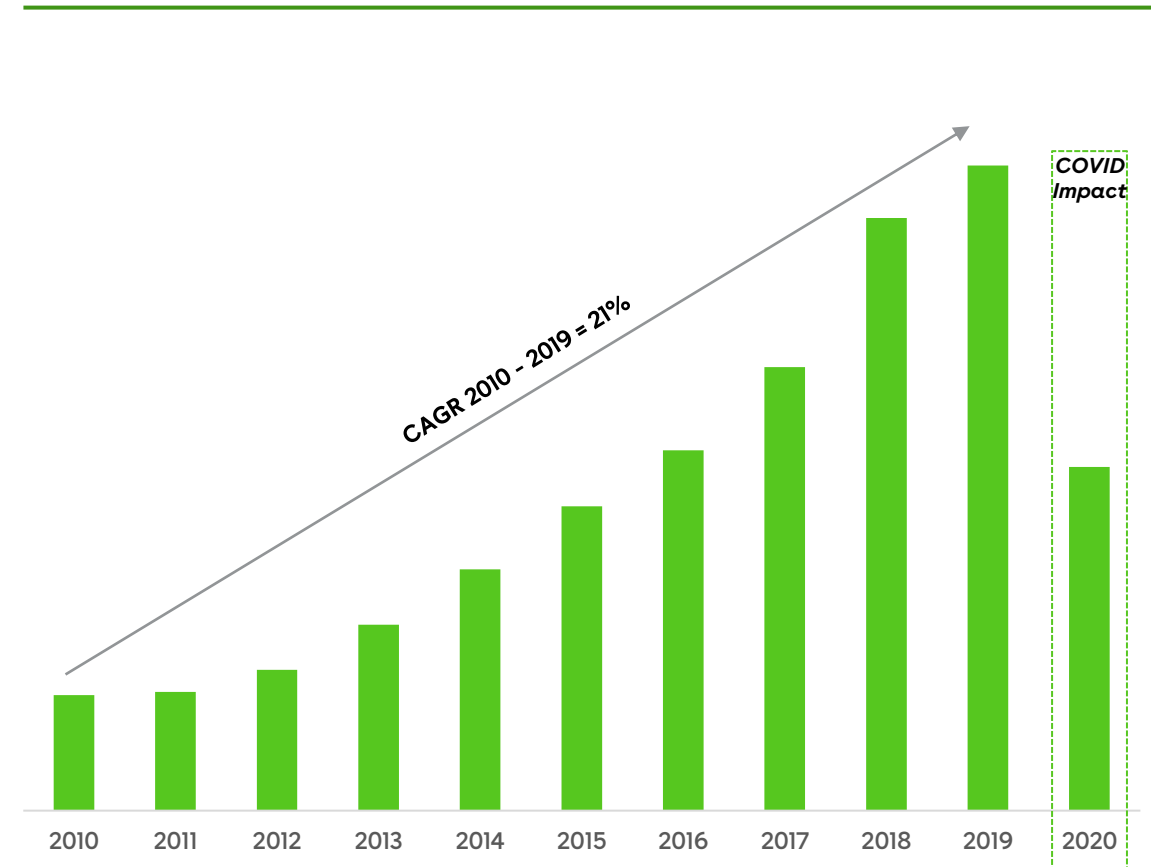


The Indian IELTS Market

India is the largest IELTS testing market, with a strong track record of growth

- India is the largest IELTS country by volume
- Supportive long-term fundamentals, including:
 - Relatively young population
 - Economic growth and increasing wealth
 - High propensity to study abroad
 - A globally mobile population seeking the benefits of migration
- IELTS volume growth in India has been 21% CAGR from CY10 to CY19 (prior to the impact of COVID-19)
- IELTS price growth in India has been 4.5% CAGR from CY10 to CY19 (prior to the impact of COVID-19)

Number of IELTS Tests Conducted Annually in India

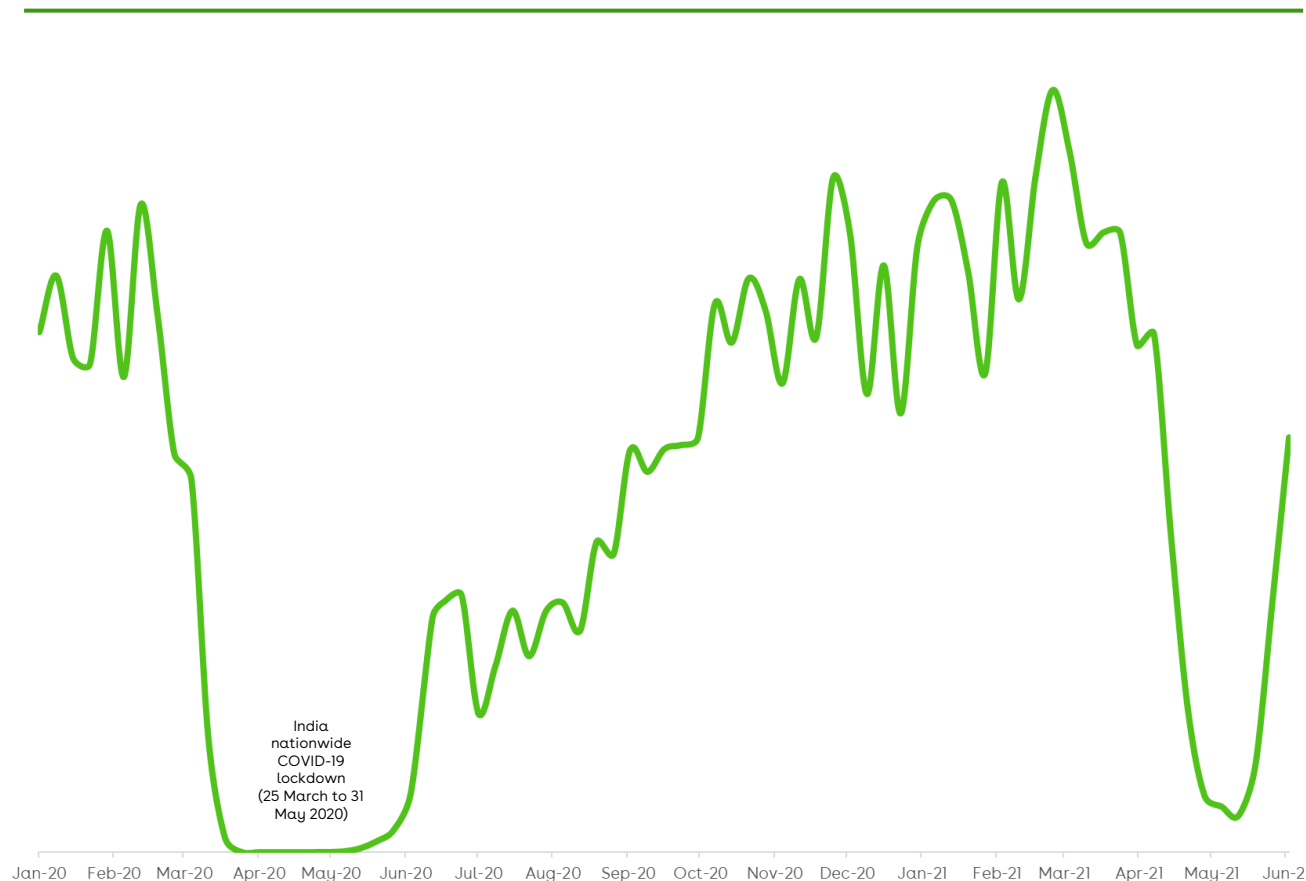


Demand for IELTS Remains Strong Despite Supply Side Constraints

IDP's IELTS volumes in India have demonstrated resilience in the context of COVID-19, with strong recovery post India's "first-wave"

IDP IELTS Indian Test Volumes (4-week rolling totals)

- IELTS volumes rebounded strongly after the first COVID-19 wave in India in 2020 with volumes in Q1 CY21 20% above volumes in Q1 CY20
- The "second-wave" of COVID-19 in India and the resulting various State and city-based lockdowns and restrictions impacted the ability of both IDP and the British Council to undertake IELTS testing in Q4 FY21
- Trading conditions have improved in recent weeks with the progressive lifting of restrictions allowing IDP to recommence testing in most states, with approximately 95% of installed capacity now available (as at 30 June 2021)



British Council's Indian IELTS Operations

Acquired operations add meaningful scale to IDP's existing Indian IELTS testing business

- IDP and British Council currently operate parallel pan-Indian IELTS distribution networks
- The acquisition adds a network of complementary test venues
 - Adds new geographic points of presence including 21 computer delivered test venues
- IDP has a deep understanding of the IELTS market in India and undertake an essentially identical operation
 - Significant integration planning undertaken alongside due diligence
 - Opportunity for synergies exist through optimisation of the combined business, sharing of best practice and efficiencies across the enlarged test centre network
- The British Council will retain its non IELTS business in India, with assets not required for the IELTS business carved-out

Key Metrics of Business to be Acquired

Offices	4	
Test Locations (cities)	74	
Employees (FTE)	165	
Normalised Revenue	FY20 ¹ : A\$101.3m ³	CY19: A\$107.4m ³
Normalised EBIT	FY20 ¹ : A\$14.7m ^{2,3}	CY19: A\$20.4m ^{2,3}

Notes:

1. Financial year end 31 March 2020. FY20 reflects the most recent audited financial year for the entity to be acquired
2. Prior to the impact of AASB-16
3. INR/GBP and INR/AUD exchange rates calculated monthly in FY20 and CY19

Acquisition Funded Through Existing Cash and Debt

IDP will retain a strong balance sheet post transaction

- As part of the transaction IDP negotiated a refinance of its existing bank facilities. The new facilities are summarised in the table opposite
- The acquisition will be funded from existing cash and debt facilities
- IDP will retain a strong balance sheet post transaction

IDP's New Debt Facilities

Facility	Limit (A\$m)	Term (years)	Comment
Acquisition Facility	210	3	Facility funds the debt component of the Transaction and the refinance of the existing Hotcourses acquisition facility
Working Capital	75	3	Undrawn
Transactional Facilities	6.5	1	Guarantees, Transaction Facilities and Credit Card Merchant Facilities

Summary

Strategic acquisition

- Highly strategic acquisition, consolidating IELTS distribution in the largest IELTS market in the world

India is a key long term growth market

- Long term growth market driven by strong structural demand drivers

Compelling financial metrics

- An accretive transaction with potential to drive significant additional value through synergies over time

Strategic foundations

- IDP has established strong foundations and is ready to leverage its position as the industry rebounds

