

15 November 2017

Chairman's Address – Annual General Meeting 2017

Good morning and welcome to the 2017 Navitas AGM. It is my pleasure to address shareholders of the Company for the first time as Chairman.

2017 Priorities, Activities and Results

Since our last AGM, the Navitas Board has focused our efforts on strategy development, planning for operational improvement and succession planning. These priorities reflect the overall goal of a return to profitable growth for the Company following a period of consolidation and recovery associated with the closure of several colleges that have impacted results over the past three years as well as the reduction in the Adult Migrant English Program (AMEP) contract which, as advised previously, will impact results in the 2018 financial year.

A review of the Company's strategic priorities and a detailed assessment of the Navitas portfolio was initiated during 2017 for the purpose of evaluating the potential value, risk and synergies for our businesses to reposition them for the next stage of growth.

This review, which involved Board and management, took account of our own company evolution and was undertaken in the context of a rapidly changing education sector. The main outcomes were disclosed by the Company at its strategy day in April 2017. I encourage shareholders to review the relevant materials which are available on our website.

In brief, as a result of the strategic review Navitas has consolidated to two business units: University Partnerships which builds strategic partnerships with universities around the world to support their internationalisation and broader transformation agenda; and Careers and Industry which delivers students high quality, employment-outcomes-focused education in key segments with high employment prospects. We will also continue our efforts to accelerate innovation in education through Navitas Ventures.

Global business transformation efforts to improve efficiency are well underway. Rod will provide more detail on outcomes achieved during his presentation. We intend to complete implementation of global shared services and optimal college structures over the next financial year and we are upgrading our key IT systems through 2018 and into 2019.

A number of Key Performance Indicators were determined as part of the strategy review. These are intended to be achieved by the end of financial year 2020 based around the metrics of quality – targeting improvements in pass rates and retention rates; efficiency – targeting improvements in EBITDA margins and capital expenditure; and growth – targeting student and revenue growth as well as additional University Partnerships colleges.

The changes being implemented from the strategic review are expected to enhance the position of Navitas to build on its existing strong foundations to competitively deliver valuable educational offerings in a transforming sector and in turn to generate attractive returns to shareholders.

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Shareholders will have received details of Navitas' financial results for the 2017 year. I do not intend to review the results in detail as Rod will focus on these in his presentation, but suffice to say that while revenue fell by 5%, pro-forma EBITDA (including Navitas' share of the results of its new joint ventures) remained in line with the 2016 result at \$161.0 million due to improved efficiencies. Dividends paid also remained in line with previous years.

The resilience of the Group's earnings during this time, when the Company was experiencing the impact of the closure of two Australian University Partnership colleges, is a testament to the quality of the business and its staff.

CEO Succession

We recently announced that our current CFO, David Buckingham, will assume the Group CEO role on 1 March 2018. This announcement reflected the active engagement of the Board over the past several years in an extensive process of evolving both the Board and senior management structure of the Company, to respond to the requirement to support the strategic priorities that I touched on previously and the pending retirement of Rod Jones, the Company's founder and CEO for 23 years.

This process involved refreshing and strengthening board representation; working with Rod to strengthen the capabilities of the senior executive team; and most recently a thorough process to ensure a smooth transition of Rod from his executive duties and the appointment of his successor, capable of continuing and evolving the Navitas business model.

As a part of the succession planning process, we have made several board appointments over recent years to replace long-standing directors.

- Tony Cipa, the former CFO and Finance Director of CSL. Tony is Chairman of the Navitas Audit and Risk Committee and is also a non-executive director and Chair of the Audit Committee of Healthscope Ltd;
- Diana Eilert is a professional non-executive director with extensive board and executive experience, including a focus on digital transformation and emerging business models. She is Chairman of the People and Remuneration Committee;
- Lisa Paul AO PSM, is a professional non-executive director. Her most recent executive position was as the Secretary of the Australian Government Department of Education and Training. She has extensive knowledge of the opportunities and challenges facing education providers and has contributed distinguished service to public sector leadership; and
- David Robb who had a corporate career at BP, Wesfarmers and most recently as Managing Director and CEO of Iluka Resources for ten years where he transformed the business and drove major achievements in shareholder returns and investment market reputation.

In addition, I assumed the role of Chairman, taking over from Harvey Collins who fulfilled the role for ten years.

To enable this renewal over the last few years we have seen the retirement from the Board of founders Peter Campbell and Peter Larsen and another long-standing director Ted Evans. Today, Jim King will be standing down as a Non-Executive Director after a tremendous 13 years of service.

Jim has been a stalwart of the Navitas Board and a great source of wisdom and support. Jim, you will be sorely missed and we thank you for all your hard work, sound judgment and good humour over those many years.

Rod, with support of the Board, has also made some significant appointments and changes in structure to the Navitas Leadership Team to ensure the team has the technical and commercial skills to deliver on the company's strategic priorities. In recent years, Navitas has appointed a new CFO, CIO and Chief Development Officer, and Rod has also restructured the University Pathways division with new Leadership Team members heading up our North America and Europe businesses, and created the Careers and Industry Division. These changes position the company well for the future.

Over the last twelve to eighteen months, the Board has undertaken a rigorous selection process for the next CEO of Navitas. The process included professional coaching and mentoring of internal candidates, as well as consideration of external candidates. Both sets of candidates were evaluated with the support of a leading global executive recruitment firm.

The Board is delighted with David's appointment as our next CEO, effective March 2018. David is well equipped to succeed Rod. He has been with Navitas since 2016 as CFO. He obviously knows the business model and he has had engagement with some of our key stakeholders; a process that will be expanded during the transition process.

David was previously CEO at iiNet and has held senior finance and planning roles in a variety of industries over his 26 year career. He has the combination of commercial and business experience, strong strategy and planning skills and the recognition of the importance of the company's relationships with key educational partners that is required for a successful CEO of Navitas.

David and Rod are now working closely together to ensure the smooth transition of responsibilities and relationships. While David will take over as CEO in March, Rod will remain Managing Director until 30 June 2018 when that responsibility will transfer to David. At that point Rod will become a Non-Executive Director, although he will take a leave of absence of between six to 12 months.

The Board has sought to ensure that we retain Rod's significant expertise and experience in the sector and throughout the upcoming period Rod will remain available to work with David and the Board to ensure continuity and to assist with specific projects as required. Personally, I acknowledge Rod's constructive involvement in the entire process and his commitment, both as an executive and as a major shareholder, to the continuity and development of the Navitas business model.

Celebrating Navitas

As this is the last AGM that Rod will attend in his capacity as CEO, I will take a few moments to reflect on the organization that Rod, and the other founders, have built. Clearly, this is a major milestone in the history of Navitas.

As many of you know Rod Jones and Peter Larsen had extensive backgrounds within the West Australian education system before they founded Navitas.

Over Rod's time in the sector he noticed a disconnect between the capabilities of the bright and enthusiastic international students who he helped to recruit to study in Australia, and their inability to pass units in Australian universities.

After discussing the problem with his good friend Peter Larsen they developed the idea of founding a private international college that would focus on preparing these students for success.

Rod and Peter were responsible for creating a new academic framework designed to support international students to succeed at university while these students made the transition to a new country. Their proposed college provided increased academic English and contact hours, reduced class sizes, and a holistic approach to pastoral care.

Edith Cowan University was the first to implement the proposed approach. The college's success inspired more universities to sign up as partners and eventually the business expanded overseas to the UK, Canada, Singapore, New Zealand and the US. Thus Navitas was born.

When Rod and Peter created Navitas 23 years ago, I am quite sure they did not envisage that they would be pioneers of a global industry that in Australia is responsible for provision of educational services for over 440,000 international students per year, which generates over \$28 billion for the Australian economy and employs over 130,000 people.

Navitas has helped hundreds of thousands of people to improve their lives through education at the institutions of their choice. Many of those students attended universities to which they would not have gained entry without assistance from Navitas. The company now employs over 7,000 people across 31 countries and has paid over \$1.3 billion in royalties to help its university partners to grow.

Conclusion

In closing I would like to thank the Board and all Navitas employees for their contribution to improving profitability in challenging circumstances, but just as importantly, to position the company for a potentially better future for all stakeholders – educational partners, students, employees and as a result our shareholders. I am impressed by the organisation's willingness to embrace the changes needed for a successful future and I am confident that, under the leadership of David Buckingham as CEO, the company's prospects are bright.

I would like to thank our shareholders for their support throughout the year.

I now invite Rod, the Group CEO of the Company, to address the meeting.

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About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX200 company.

Further details about Navitas are available at navitas.com