

12 November 2018

Navitas Rejects Proposal from BGH Consortium

Navitas Limited (NVT:ASX) (“Navitas” or “the Company”) announces that it has received a further indicative, preliminary, non-binding and conditional proposal from the BGH Consortium to acquire 100% of the outstanding shares in Navitas by way of a scheme of arrangement. The price offered by the BGH Consortium has not changed; they have re-affirmed a price of \$5.50 cash per Navitas share (“Proposal”).

The remainder of the terms and conditions are essentially the same as the indicative proposal received from the BGH Consortium on 9 October 2018 (and set out in Appendix A of Navitas’ ASX announcement on 10 October 2018).

The Board of Navitas remains of the view that the Proposal is significantly below its assessment of value, having regard to the medium and longer term potential of Navitas. As such, it has concluded that pursuing the indicative proposal in its current form would not be in the best interests of all Navitas shareholders.

Based on management’s strategy and plans, the Board believes that Navitas is positioned to achieve the financial forecasts implied by its 2020 Targets, with a forecast EBITDA of \$200 million in FY2021, and a target EBITDA in excess of \$250m by FY2023, subject to assumptions that will be outlined in a presentation released to the ASX tomorrow.

The Cooperation and Process Agreement remains in place, an important effect of which is to bind AustralianSuper and Mr Rodney Jones to vote against any competing proposal, even if it were to deliver superior value to all other Navitas shareholders. The Navitas Board is not inclined to provide due diligence to any party who places restrictions on Navitas shareholders from supporting a superior alternative proposal.

The Board is exploring with a number of parties whether they could present an alternative change of control proposal, or any other transaction that has the potential to be materially value enhancing for all Navitas shareholders. A number of these parties have confirmed the Board's view that the commitments by AustralianSuper and Mr Jones are potentially an impediment to proceeding with any competing proposal.

It is open for the BGH Consortium to present its proposal directly to Navitas shareholders by way of a takeover offer. This would provide those shareholders with a near term investment horizon who do not wish to sell their shares on market the opportunity to sell their shares to the BGH Consortium.

Feedback received from Vice Chancellors at Navitas’ partner universities has been highly supportive of current management. They have expressed concern in relation to any instability caused by the BGH proposal, and the Board is committed to ensuring that there is no disruption to our partners or students. University partnerships are critical to the ongoing success of Navitas.

Navitas Chairman, Tracey Horton AO, commented: “The Board believes it has given the BGH Consortium every opportunity to put forward a proposal which the Board could support, having regard to the best interests of Navitas and all its shareholders.”

“The Board is united in its view that the proposal the BGH Consortium has put forward does not warrant proceeding to due diligence.”

Navitas Ltd

Head Office
Level 8, Brookfield Place
125 St Georges Terrace
Perth WA 6000 Australia

ABN 69 109 613 309

Main Details
T +61 8 9314 9600
F +61 8 9314 9699
E info@navitas.com
W navitas.com

The Board will review and consider on its merits any future proposal the Company may receive.

Value perspectives

The Board's assessment of value is based on underlying business performance and outlook over the medium and longer term. Navitas CEO and Managing Director Mr David Buckingham will provide further information regarding the earnings potential of Navitas, which underpins the Board's conclusion that pursuing the Proposal would not be in the best interests of all Navitas shareholders, in a presentation to be released to ASX tomorrow. Following release of that presentation, an investor call will be held.

The key elements of that presentation, and the Board's assessment of value, are as follows:

- **Growth from mature colleges expected to deliver \$28m of incremental EBITDA by FY21 (over FY18)**
- **Growth from new colleges expected to deliver \$13m of incremental EBITDA by FY21 (over FY18)**
 - 5 new partner contracts signed in FY16-18 to deliver growth in FY20-21
 - 8 new partner contracts already signed or expected to be signed in FY19
- **Growth from the now rationalised C&I business - through geographic and product expansion - expected to deliver \$10m of incremental EBITDA by FY21 (over FY18)**
- **With the remainder of growth expected to come from a variety of new initiatives and strategies already underway by management, including**
 - The Transformation Partner program, which positions Navitas to deliver greater value to its students and college partners
 - Pursuing further efficiencies in the corporate support model
 - The potential to utilise Navitas' platform to make acquisitions and consolidate the pathway market, providing an even more compelling offering for students

Commenting on Navitas' outlook, Mr Buckingham, said: "Navitas' growth outlook in the medium and longer term is strong and the Company is now at an earnings inflection point. There are multiple drivers already in place to create significant additional financial value, with eight new partner contracts signed or expected to be signed in FY2019 and a strong further contract pipeline."

"The business is now positioned to achieve the financial forecasts implied by its 2020 Targets, and we are forecasting EBITDA of \$200 million in FY2021 and targeting to exceed EBITDA of \$250m by FY2023."

Navitas will continue to keep the market informed of any material developments in accordance with its continuous disclosure requirements.

-----ENDS-----

For further information contact:

David Buckingham, Group Chief Executive Officer, Investors | Tel: +61 433 856 205
Shaun Duffy, FTI Consulting, Media | Tel: +61 404 094 384

About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services through two major Divisions 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 www.navitas.com

Forward looking information

This announcement contains certain forward looking information (including targets, predictions, projections, expectations, opinions, beliefs, plans and other forward looking statements) ("forward looking information"), including with respect to the Navitas Group's financial condition and results, its operations and strategy, and indications of, and guidance or outlook on, its targeted or expected future financial performance and position and future earnings.

Forward looking information in this announcement is not based solely on historical facts, events and results, but also on the current expectations of Navitas about future events and results. It has been prepared on the basis of key assumptions that will be outlined in a presentation that will be released to ASX tomorrow, and the forward looking information must be considered in conjunction with those assumptions and the further detail to be included in the presentation (as well as any other information that Navitas has previously released to ASX), and is qualified accordingly.

Forward looking information is necessarily subject to inherent risks and uncertainties, including those specific to the education industries and geographies in which Navitas operates, as well as (among other things) general economic and financial conditions, government policies and regulations, competitive pressures and changes in technology. In particular, forward looking information should not be relied upon as an indicator or guarantee of future performance and: (1) may involve significant elements of subjective judgment, and assumptions as to future events, that may not be (or may ultimately prove not to be) correct; and (2) is subject to known and unknown risks, uncertainties and other factors, many of which are outside the control of Navitas.

While all due care and attention has been taken in the preparation of this announcement, and the Navitas Board believes that there are reasonable grounds to support the inclusion of the forward looking information in it, readers must be aware of the inherent risks and uncertainties involved in estimating future financial performance over the time frames involved and are cautioned to consider this announcement (including the forward looking information and the assumptions to be set out in the presentation to follow) on that basis.