

ASX RELEASE
2 August 2016

SOLID UNDERLYING GROWTH COUNTERS COLLEGE CLOSURES

Key Highlights

- Continued focus on quality delivers increases in progression-to-university and pass rates for University Partnerships and enhanced student experience and academic outcomes across all Divisions;
- Group revenue exceeds \$1 billion – grows 3% to \$1,010.7m;
- Group EBITDA of \$164.6m, up 1%;
- Reported Net Profit After Tax of \$90.1m, a 25% increase on FY15;
- Fully franked final dividend of 9.9 cents per Share, taking the full year dividend to 19.5 cents per Share;
- All maturing University Partnerships agreements renewed with no material changes;
- Efficiency drives margin improvement in Professional and English Programs;
- SAE recognised in Australian government survey for sector-leading student support and engagement outcomes;
- Senior executive capacity and depth enhanced with new CFO and CIO; and
- Executive leadership team expanded to include heads of University Partnerships from the three core regions.

Navitas Group Chief Executive Officer, Rod Jones, said:

“Navitas has delivered on expectations, meeting our FY16 earnings guidance. Despite the teach-out of two key colleges this result demonstrates solid underlying growth as well as the pleasing results of our continued focus on academic quality.”

“Key achievements included: excellent progression-to-university and pass rates for University Partnerships, Professional and English Programs ELICOS colleges voted best in Australia by students and SAE being recognised for student support and engagement in a national Australian quality survey.”

“Demand for international education continues to grow. Regulatory environments in the US and Canada remain supportive, Australia is undergoing further positive reform and the UK continues to be restrictive.”

“We enhanced the depth of our executive leadership team with a new CFO and CIO, as well as including representation from our three core University Partnerships regions – Australasia, North America and Europe. We also focused on best practice and achieving efficiency across the organisation as we continue to position ourselves for further growth.”

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Segment Summary

Divisional EBITDA results are as follows:

\$m	Year ended 30 June 2016	Year ended 30 June 2015*	% growth vs pcp (actual FX)	% growth vs pcp (constant FX)	30 June 2016 EBITDA margin (%)
University Partnerships	137.2	140.4	(2)	(2)	24.0
Professional and English Programs	35.1	29.5	19	NA	15.3
SAE	28.5	26.1	9	8	14.1
Divisional EBITDA	200.8	196.0	2		
Corporate costs	(36.2)	(32.9)	10		
Group EBITDA	164.6	163.1	1	1	16.3

* excluding \$19.5m FY15 goodwill impairment as disclosed in Navitas' FY15 Annual Report

The *University Partnerships* Division continued to focus on academic quality and student experience with gains in progression-to-university and pass rates globally. Despite underlying growth in student enrolments and course pricing, the Division's financial performance was impacted by the completion of the Macquarie contract in February 2016, as well as the teach-out of Curtin Sydney, resulting in a 2% decrease in EBITDA. This was also the primary reason for a 0.7% decline in the Division's earnings margin.

Professional and English Programs' ELICOS colleges were voted by students as the best in Australia during the period, and teaching quality was also recognised in a national survey. The Division grew EBITDA by 19%, and its EBITDA margin by 2.1%, following a continued focus on efficiency. Government reforms to vocational education funding moderated revenue growth in the second half of the year and are set to continue in FY17.

SAE continued to focus on quality with an Australian government survey highlighting sector leading outcomes in terms of student support and engagement. *SAE* reported a solid 9% increase in EBITDA following volume and fee increases in key regions.

University Partnerships enrolments

Underlying University Partnership Divisions' equivalent full time student units (EFTSU) for the second semester of 2016 grew 6% on the prior period. This result includes enrolments from Navitas' two new joint venture colleges with combined enrolments of ~300 EFTSU.

Regionally:

- Underlying Australian and New Zealand enrolments grew by 11%;
- North American enrolments grew by 10%; and
- UK EFTSU decreased by 14%.

Including closing colleges, EFTSUs declined by 13% for the Australia and New Zealand region, and in turn, declined 8% globally.

Strategy

Navitas' vision is to be one of the most trusted learning organisations in the world and its core purpose is to deliver quality student outcomes and student experience through strategic partnerships.

FY16 was a period of consolidation for Navitas with significant internal restructuring to better position the Company for long term growth. This included a strong focus on improving efficiency across all Divisions and functions with key achievements being:

- The reorganisation of the University Partnerships Division to operate under three core regions – Australasia, North America and Europe;
- The creation of a global Learning and Teaching function to drive academic innovation and best practice across the Company; and
- The creation of shared service centres for core support services such as Finance, IT and HR.

This work will continue into FY17. As well as driving efficiency in FY17 and beyond, it creates a solid base for further growth for the Company. This will allow Navitas to continue to pursue organic growth opportunities as well as invest in new ventures and ways to grow the business.

Outlook

Navitas expects FY17 EBITDA will remain broadly in line with the FY16 result.

This takes into account solid underlying organic revenue growth in core markets and the final financial impact of closing colleges in Australia in H1 FY17.

The future of global education remains highly promising with sustained demand for high quality education and training. This is reflected in the underlying growth demonstrated this year and expected in the coming year across the Group.

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About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services through three major Divisions (University Partnerships, SAE, Professional and English Programs) to students and professionals including pathways to university, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX100 company. Further details about Navitas are available at navitas.com