



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

July 2021



Important Notice

This presentation has been prepared by IDP Education Limited (“IDP Education”) and is general background information about IDP Education’s activities current as at the date of this presentation. The information given is in summary form and does not purport to be complete. It should be read in conjunction with IDP Education’s other periodic and continuous disclosure announcements which are available at www.investors.idp.com.

This presentation contains forward-looking statements relating to operations of IDP Education that are based on management’s own current expectations, estimates and projections. References in the presentation to assumptions, estimates and outcomes which are based on internal business data and external sources are uncertain given the nature of the industry, business risks and other factors. They may also be affected by internal and external factors that may have a material effect on future business performance and results.

While management has taken every effort to ensure the accuracy of the material in the presentation, the presentation is provided for information only. IDP Education, its officers and management exclude and disclaim any liability in respect of anything done in reliance on the presentation. You should make your own enquiries and take your own advice in Australia (including financial and legal advice) before making an investment in IDP Education’s shares or in making a decision to hold or sell your shares in IDP Education.

IDP Education uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures. Although IDP Education believes that these measures provide useful information about the financial performance of IDP Education, they do not have standard definitions, and the way IDP Education calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this presentation are due to rounding.

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

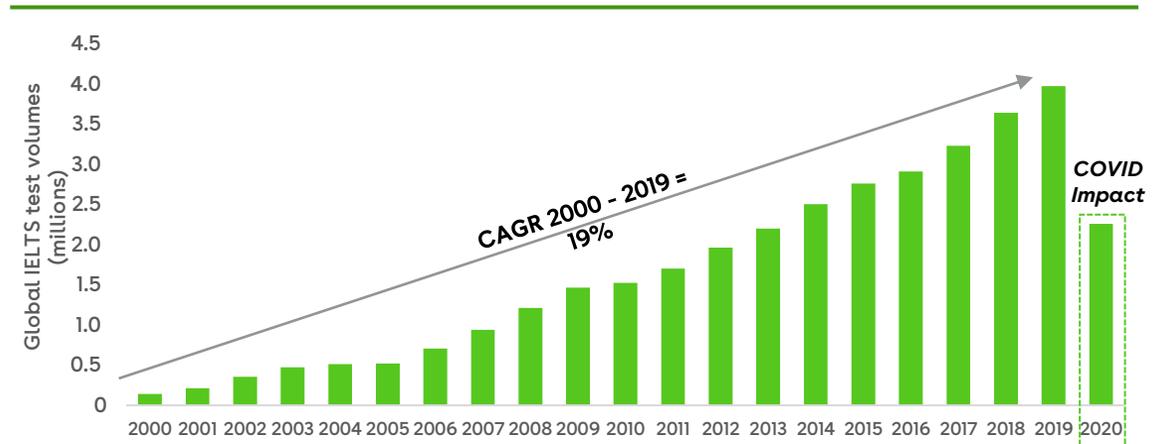
2. Prior to the impact of AASB-16

Current IELTS Distribution Arrangements

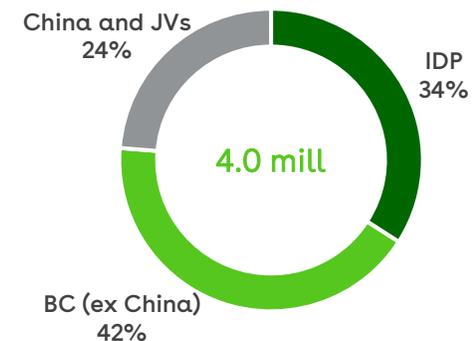
IELTS is distributed globally by IDP and the British Council, with 4.0m tests delivered in 2019 (prior to the impact of COVID-19)

- 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)

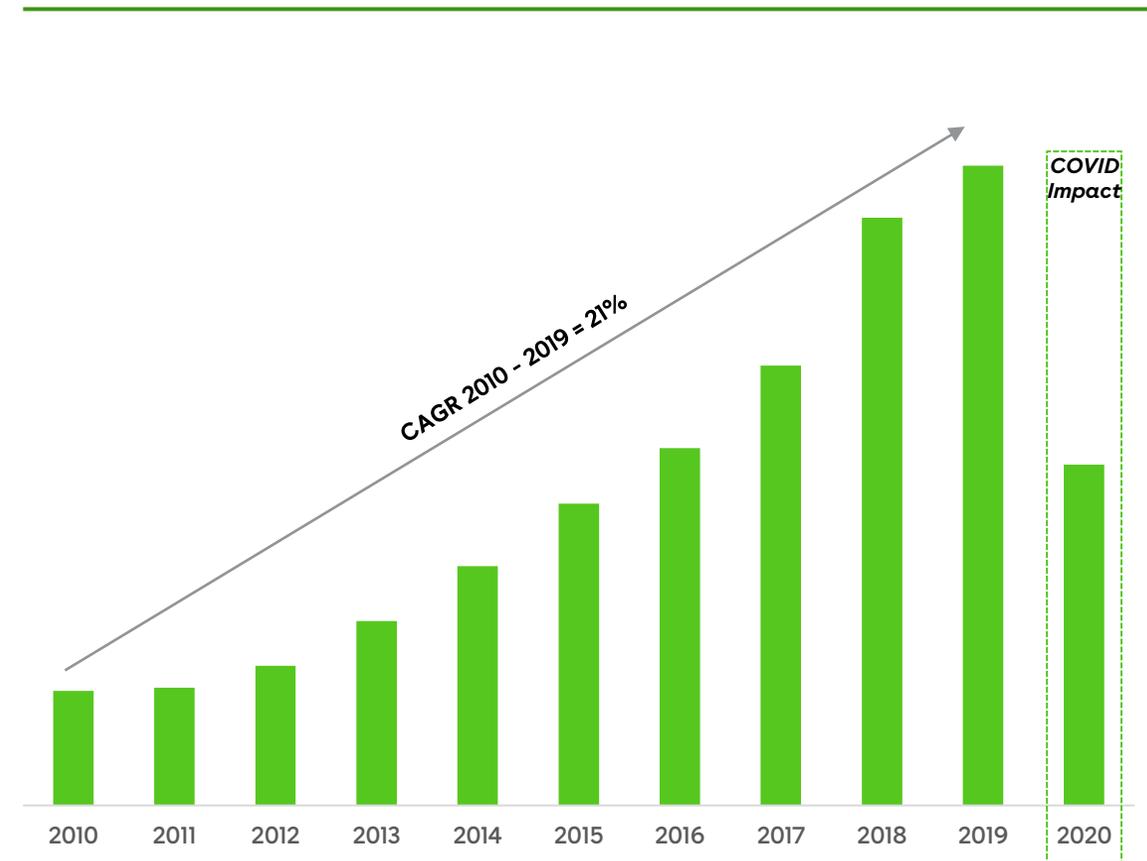


The Indian IELTS Market

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

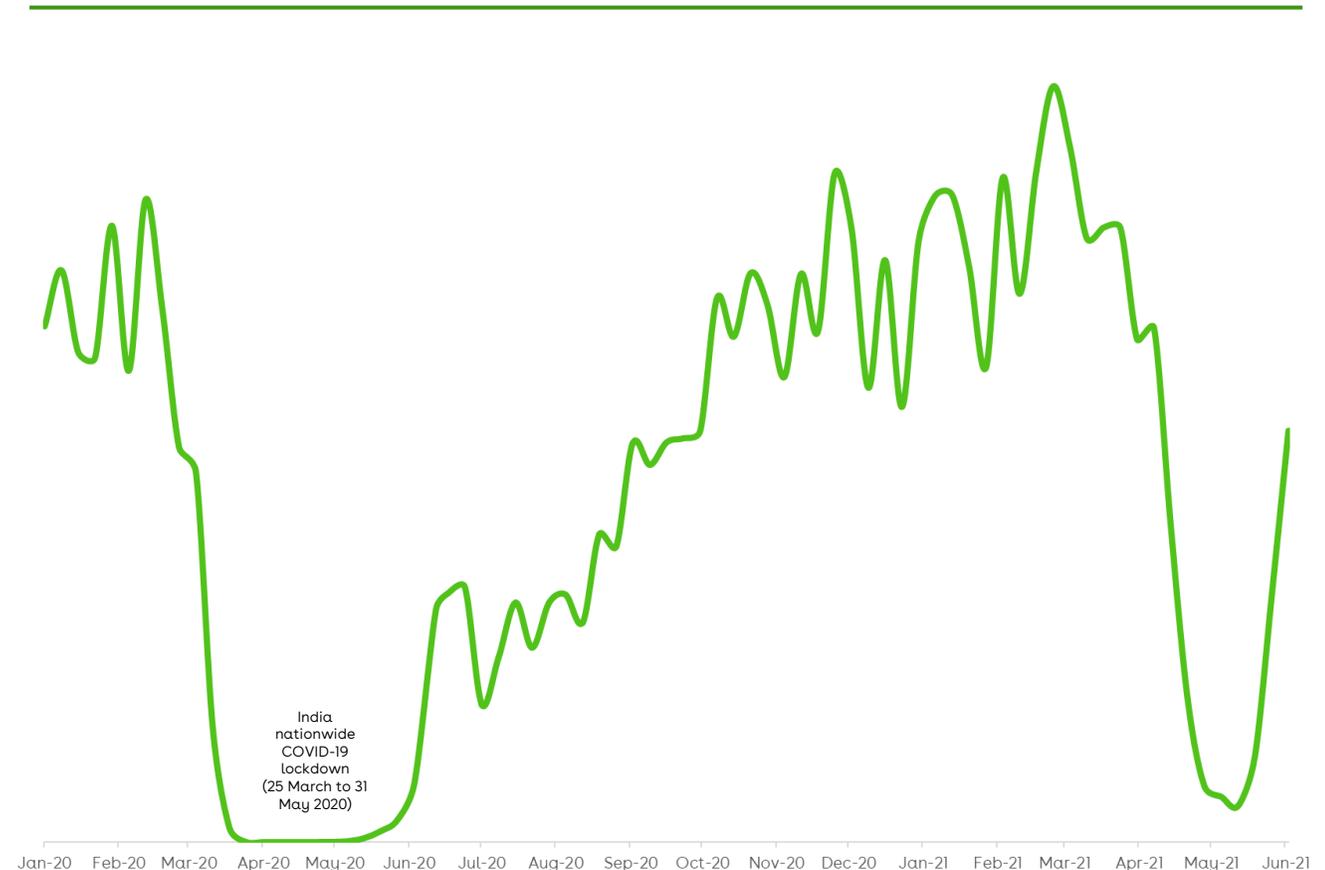


Demand for IELTS Remains Strong Despite Supply Side Constraints

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

- 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)

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



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

