



## IDP Education 2021 AGM Report

ASX Code	IEL
Meeting Time/Date	10am, Tuesday 19 October 2021
Type of Meeting	Virtual
Monitor	Claudio Esposito assisted by Mike Robey
Pre-AGM Meeting?	Yes, with Chair Peter Polson, Peter Polson, Chairman, Craig Mackey, Director Corporate Development & Head of Investor Relations and Ashley Warmbrand, General Counsel and Company Secretary

## Pivoting online to offset Covid travel blocks

### What the Company Does

IDP is an education services company with a global footprint, which provides English as a second language testing (IELTS) globally and University student placement services principally in Australia, New Zealand, the UK, Ireland, the US and Canada. It also runs English language schools in Vietnam and Cambodia.

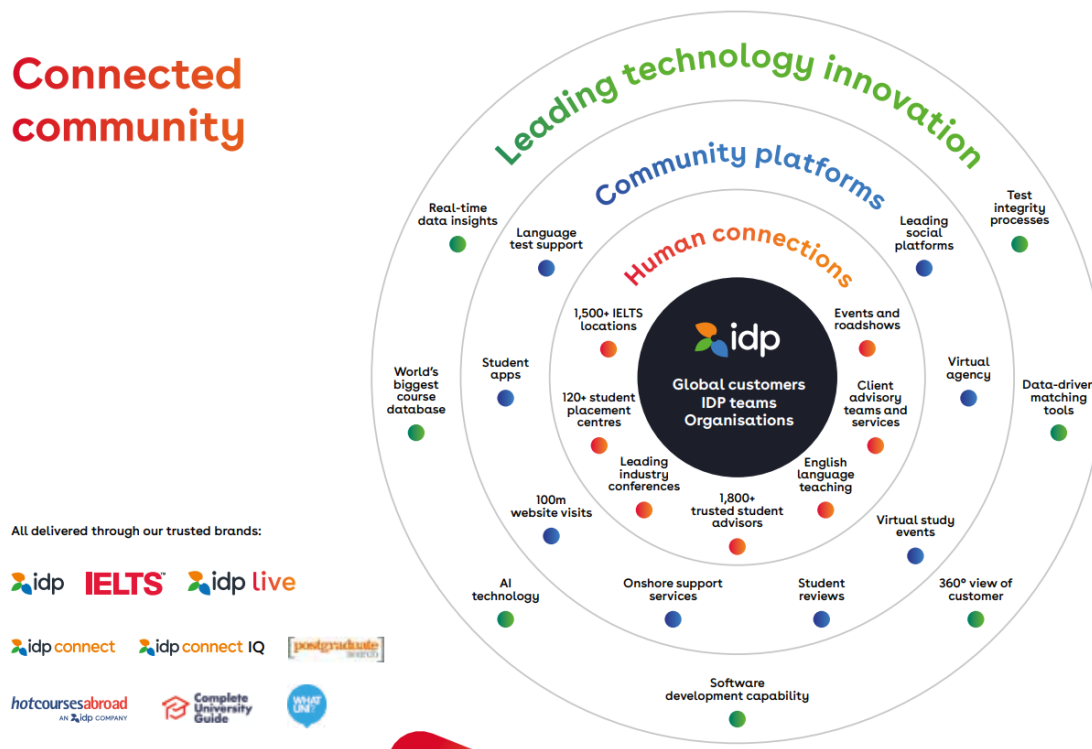
### Developments in the Financial Year

The global impact of Covid-related border closures had a dramatic impact on the basic business model of testing and placing overseas students into English language Universities. The stellar five year run of revenue and profit growth came to a halt. Some countries, such as Australia and NZ remain closed to international students. The IDP footprint enabled them to offer alternative destinations, such as Canada and the UK to offset the loss of their first-choice destination. The IELTS was buffered by a recent major improvement to their online capabilities which was fortuitously launched just prior to the pandemic, so this suffered far less than the services linked to physical presence. In the graphic of their business below, it was substantially only the inner circle of activities (human connections) which was most affected, and even these were moved into virtual formats where possible.

In aggregate, compared to FY20, revenue declined by 9.9% to \$529M, EBIT declined 40.7% to \$64M and NPAT declined 42% to \$40M. IELTS testing, however increased by 5%, partly due to an additional 100 computer-delivered test centre openings. The rebound seen in testing and placements as markets and borders opened, as well as the move to online service bodes well for the current year. Despite these trying times, the share price increased 58% for the year.

On 11 March 2021, Education Australia, which holds 40% of IDP on behalf of 38 Australian Universities, announced its intention to undertake a restructure of its shareholding in the Company. The restructure involves all the shares currently held by Education Australia in the Company ceasing to be held by Education Australia. This restructure is expected to be completed by 11 December 2021. It comprises a sell down of 15% of IDP to Institutional buyers and redistribution of the remaining 25% to the participating Universities.

## Connected community



Whilst it is unclear what the Universities will do with their shares, and also if the control of the Board by EA will remain, this will be an opportunity to move to a new structure better suited to a technology company, and not an adjunct University business, with an appropriately skilled Board. The constitution states that as long as EA has at least 10% of the stock it remains in control. We are seeking advice from IDP whether at the completion of the arrangements in December, the control will be relinquished.

### Summary of Historical ASA Issues with the Company

We have voted against the re-election of EA nominated Directors at the past two AGMs on the basis that they have chosen not to appoint a single female among their four Board members. Not only does this make IDP an outlier in their peer companies, but it speaks volumes about the out-of-touch EA Board, which represents all the leading Australian Universities, which themselves have a poor track record in gender diversity. Currently 54 of the top 74 positions in our universities are held by men.

The calculation of the LTI was based upon a fair value Monte Carlo method and not a face value of the shares, so we voted against the remuneration report.

### Debate and Voting at the AGM

IDP suffered a first strike on its remuneration, with 33.3% voting against. This shows substantial dissatisfaction, presumably for the same reasons that the ASA had for its against vote, but was not communicated at the meeting, since the proxy results already received were not tabled at the AGM, thereby avoiding any awkward shareholder questions as to why. In addition, the EA nominated Director, Prof Stirling received a 16.3% protest vote, in line with the ASA voting. The vote for the other Director, Mr Leptos and for an increase in the Non-Executive Director pool passed comfortably.

The ASA asked about the impact of increasing geopolitical tensions with China on IDP business. The answer was that although it comprises 24% of student placement and 15% of revenues, their global diversification has mitigated these impacts somewhat.

Two questions were asked about retention of JobKeeper, by the ASA and by Stephen Mayne. The response was that they suffered considerable business shock with Covid and retained all their staff, in part, but not entirely, by using JobKeeper payments. They have no intention of remitting these.

The ASA asked about their continued ignoring of diversity in the Board and received the sympathetic response from the Chairman that it was out of his hands, as long as EA retained control. With the EA sell down there will be opportunities to address this, and the expansion of the NED pool will enable the financing of new talent.

Stephen Mayne asked a barrage of questions via the text line, on a number of relevant and irrelevant matters, including repeats of ASA questions, suggestions that the Chairman should resign as he is 77 (not true, but no age declared!), why he sold shares in 2019 without advising the market (old news, a genuine mistake, long settled), his Directorship at Challenger (ask them at their AGM) and why some proxy advisors were voting against the remuneration report (Stephen can pay for this advice from them if he wishes), and if there would be a written transcript of the AGM (no, but a voice recording will be available).

Interestingly, the voice platform for shareholder questions was not used, possibly because it requires an actual presence at a virtual meeting. This meeting, in common with many this season, highlighted the possibility of agitators taking most of the airtime of virtual AGMs.

### Outlook Statements from the Company

The Chairman stated that they are seeing strong signs of recovery and have started the year well with finalised student volumes to our Northern Hemisphere destinations up 120% in the first quarter of FY22 versus the same period last year. Australia remains relatively weak with students waiting for clearer signs of borders reopening. Finalised student volumes to Australia were down 24% in Q1 FY22 versus the same period last year. He added that IDP Connect Crossroads research shows that 79% of students with current offers are holding on to their plans, and they are also warming to the blended model of online starts, then moving to face-to-face. No specific financial guidance was given since the local borders of several of their countries of operation remain closed.

### Meeting Statistics

Number of Holdings Represented by ASA	6
Number of Shares represented by ASA	7801
Value of Shares represented by ASA	\$290K
Number Attending Meeting	unknown
Market capitalisation	\$10.2B
Were proxies voted?	Yes, on a poll