ASX RELEASE

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NAVITAS FY13 INTERIM RESULTS
UNDERLYING EARNINGS GROWTH IN LINE WITH EXPECTATIONS – PROSPECTS IMPROVING

Financial Highlights

- Total Group revenue up 4% to $355.4m;
- EBITDA up 5% to $59.9m;
- Net profit after tax down 1% to $35.1m;
- Earnings per share of 9.3 cents (H1 FY12: 9.4); and
- Fully franked interim dividend of 9.3 cents per share in line with EPS (H1 FY12: 9.4).

Operational Summary

- Return to student enrolment growth across University Programs;
- Continued strong growth in student recruitment at the five USA University Programs colleges;
- SAE earnings growth below expectations;
- English Division earnings bounce back strongly as a result of significant performance improvement in Government Programs;
- Despite sustained strong interest in ACAP, Navitas Professional (formerly Navitas Workforce) challenged by a fall in demand for corporate training and the Professional Year program;
- Student Recruitment Division results remain suppressed by a tough UK market resulting in further declines; and
- Strategic and structural review of Navitas completed and implementation underway.

Global education services provider Navitas Limited (ASX: NVT) has recorded 4% growth in Group revenue to $355.4m (H1 FY12: $341.8m) for the six months to 31 December 2012 and 5% growth in EBITDA to $59.9m (H1 FY12: $57.1m) in an operating environment that is gradually improving following several years of headwinds.

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Net profit is flat at $35.1m (H1 FY12: $35.4m) largely as a result of the low effective tax rate and depreciation charges recorded in the prior corresponding period (pcp).

Earnings per share were marginally lower than the pcp at 9.3 cents.

The Directors have declared a fully franked interim dividend of 9.3 cents per share compared to the FY12 interim dividend of 9.4 cents per share.

"Navitas' financial results for the half year remain affected by the longer term effects of regulatory and policy change in Australia. Enrolments and earnings have returned to growth in the UK following a similar period of policy change," said Rod Jones, Chief Executive Officer of Navitas.

"Student enrolments continue to improve in our core University Programs Division as planned but the benefits are yet to materially show in our financial results due to the lag associated with the effect of lower enrolments in previous periods," said Mr Jones.

Navitas has also completed its strategic and structural review and commenced implementation of key recommendations. Although it will take some time to action all recommendations, major outcomes will include the merging of Navitas English and Navitas Professional (formerly known as the Workforce Division) and the integration of Student Recruitment into University Programs. In addition one new senior staff position has been created, and other senior positions redefined, to support the roll out of future growth opportunities that have been identified through the strategic review process.

University Programs EBITDA for the half increased by 8% to $53.1m (H1 FY12: $49.2m). This was largely due to continued strong performance in Canada, return to growth in the UK and a reduction in investment costs as the network of colleges in the US moves towards the breakeven point.

SAE grew EBITDA by 7% to $12.6m (H1 FY12: $11.8m) in the half. SAE's Australian operations continued to grow but the result was impacted by sluggish results in Germany and other parts of Europe.

The English Division achieved a strong result against pcp which had been impacted significantly by the establishment of the new AMEP contracts and the costs associated with these. Earnings grew strongly to $7.1m (H1 FY12: $0.8m), largely from Government Programs, though ELICOS programs also recorded growth off last year's low base.

Despite sustained strong interest and growth in ACAP, Navitas Professional (formerly the Workforce Division) has had a challenging half reporting a loss before interest, tax and depreciation of $2.5m (H1 FY12: EBITDA profit of $2.9m). This disappointing result is largely due to a considerable decrease in demand for corporate training flowing from changed government funding requirements. In addition, there was a spike in demand for the Professional Year program in the pcp as students rushed to enrol before changes announced by the government commenced. H1 FY13 reflected a more normal enrolment pattern.

The Student Recruitment Division remained affected by UK policy change, especially the impact of UK post study work restrictions on SOL, resulting in a small EBITDA loss of $0.8m (H1 FY12: positive EBITDA $0.7m).

“Although the recovery of our University Programs and English businesses is progressing as planned, challenges do remain in some geographies and Divisions.”

“Navitas’ strategic and structural review, which we are currently implementing, will address these issues and prepare the Company for future growth opportunities.”

“All of these factors should support improvement in FY13 with more significant growth from FY14, as student volumes continue to grow across core Divisions and margins improve,” said Mr Jones.

- **Ends -**

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About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services for students and professionals including university programs, English language training and settlement services, creative media education, workforce education and student recruitment.

Navitas is the industry leader in pre-university and university pathway programs offering university programs from 30 colleges in Australia, UK, USA, Canada, Singapore, Sri Lanka and Kenya.

Via SAE and Qantm schools Navitas is now a leader in creative media education offering audio, film and new media qualifications around the world.

English Language training includes the provision of English as second language courses for international students and English language, settlement and work preparation programs for migrants and refugees.

Navitas Professional provides quality vocational, employment and placement services in areas of key demand and Navitas Student Recruitment offers student recruitment services in India and China for universities around the world.

Further details about Navitas are available at navitas.com.

Navitas Financial Performance

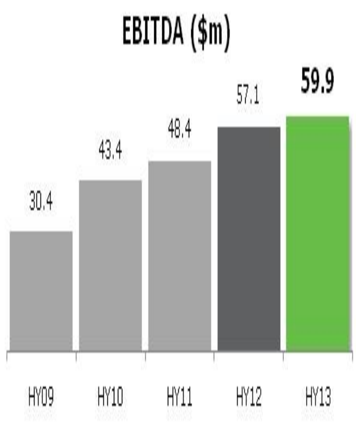
Navitas' results for the half year ended 31 December 2012 and the previous corresponding period are shown below.

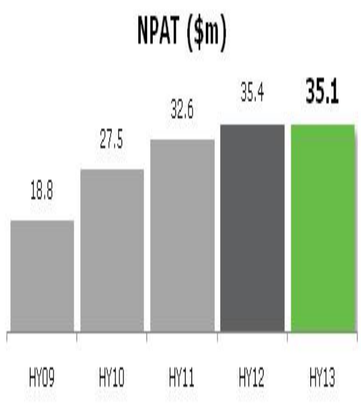
	Half year ended 31 December 2012	Half year ended 31 December 2011	Change %
Total revenue ($m)	355.4	341.8	4
EBITDA ($m)	59.9	57.1	5
NPAT ($m)	35.1	35.4	(1)
EPS (cents)	9.3	9.4	(1)
Full year dividend (cents)	9.3	9.4	(1)

Total operating revenue for the half year grew by 4% to $355.4m (H1 FY12: $341.8m) with the majority of revenue growth coming from the University Programs Division which increased revenue by 8% to $196.0m (H1 FY12: $182.0m). Group EBITDA was $59.9m for the period, a 5% increase from $57.1m in the pcp.

Group NPAT was down by 1% on pcp at $35.1m (H1 FY12: $35.4m), as a result of two main factors:

- the low effective tax rate of 23.6% recorded in H1 FY12. In H2 FY12 this effectively reversed with an effective tax rate of 33.8% - taking the total to 29.3% for FY12 as a whole. The H1 FY13 effective tax rate of 27.3% is substantially closer to the long run average effective tax rate than was the case in the pcp. The unfavorable impact of this is approximately $1.7m after tax.
- the higher depreciation cost of $7.0m for the period (H1 FY12: $6.2) which is in-line with the annual audited depreciation for FY12 of $14.0m. The unfavorable impact of the prior year under provision for depreciation is approximately $0.6m after tax.





Interim dividend
In accordance with Navitas' revised dividend policy (announced in July 2012) to reduce the dividend payout ratio to 80% of tax paid earnings over time, the Directors have declared a fully franked interim dividend of 9.3 cents per share (H1 FY12: 9.4 cents). The transition commitment to maintain annual and interim dividends at FY12 absolute levels until the 80% payout ratio is reached was not relevant given the minor decrease in outright earnings per share for the period.

Cash flows
Operating cash flows increased by 93% to $37.7m (H1 FY12: $19.5m) as a result of strong growth in receipts from customers, essentially pre-paid tuition fees relating to study commencing in 2013. Payments to suppliers and employees were also well contained at $294.4m (H1 FY12: $296.0m), with a significant reduction in EVA staff incentive payments in September 2012 relative to the pcp being the primary factor.

Capital Expenditure (Capex)
Capex of $7.9m for the half year is marginally lower than the pcp.

Financial Position
The Navitas balance sheet at 31 December 2012 remained robust with total equity of $230.2m (H1 FY12: $223.5m), an increase of 4% on the pcp.

A notable change to the balance sheet has arisen as a result of the introduction of the Tuition Protection Service (TPS) in Australia with effect from 1 July 2012. The requirement to hold tuition fees received from international students enrolling in new courses in a specific "prepaid tuition fees" account until the first day of tuition has given rise to a substantial gross up of the balance sheet. Borrowings and cash are accordingly $39.5m higher than would otherwise have been the case. The impact of this at 30 June each year will be less significant than at the half year because many of our Australian entities have course commencement dates occurring in the last half of June each year.

External Environment
In the first half of FY13 the international education sector, including Navitas, continued to feel the longer term effects of regulatory and government policy changes introduced in Australia over the last two years.

For the most part these changes were designed to enhance the quality and longevity of the country's education sector.

However, Australia has continued to see a decrease in the value of education exports reporting $14.7b in the year ending 31 June 2012, a 15% decline on 2010 export value of more than $18b.

FY12 saw a number of policy amendments implemented and bedded down with many of the changes offering significant opportunities for Navitas. Though it will take some time for the impact of recent policy amendments to fully take effect, these changes are generally beginning to provide benefit and the sector is broadly more optimistic about the future.

As an example, Navitas' University Programs enrolments returned to positive growth in the third semester of 2012 for the first time in more than two years. Although only growing by a modest 2% compared to the pcp, new student enrolment grew in all regions and this is expected to continue in the key regions of Australia, the UK and the US. Navitas' Australian college total enrolments declined against pcp in 201203 but importantly, new student recruitment grew by 7%. This is an indication that demand is continuing to improve for Australian university qualifications. This positive enrolment trend will take time to materially influence financial results due to the lag associated with lower enrolments in previous periods.

Globally, demand for international education continues to grow with the number of students enrolled outside their country of citizenship continuing to rise, from 2.1m worldwide in 2000 to 4.1m in 2010. This is largely due to capacity shortfalls in developing countries and the growing wealth of their middle classes. In terms of international student market share the US, UK and Australia continue to dominate the rankings with Canada also now climbing rapidly towards the shortlist of top five destinations.

Divisional Performance

Divisional EBITDA results are as follows:

$m	Half year ended 31 December 2012	Half year ended 31 December 2011	Change %
University Programs	53.1	49.2	8
SAE	12.6	11.8	7
English	7.1	0.8	788
Professional	(2.5)	2.9	N/A
Student Recruitment	(0.8)	0.7	N/A
Divisional EBITDA	69.5	65.4	6
Corporate costs & consolidation items	(9.6)	(8.3)	16
Group EBITDA	**59.9**	**57.1**	**5**

University Programs

University Programs EBITDA increased by 8% to $53.1m (H1 FY12: $49.2m) with revenues increasing by 8% to $196.0m compared to $182.0m in the pcp.

This was largely due to continued strong performance in Canada and Singapore, a return to growth in the UK and substantially reduced losses in the US. These more than offset ongoing performance declines in the Australian business.

The US network of colleges continued to demonstrate enrolment improvement with the main intake at the start of the academic year (September 2012) being 103% up on new enrolments.

In addition, to better reflect operational accountabilities, in H1 FY13 several adjunct academic English businesses established and managed by University Programs colleges have been reclassified for external reporting purposes from the English Division to the University Programs Division. The pcp balances have not been adjusted due to their immateriality – in H1 FY12 the revenues from these operations were $5.9m and the corresponding earnings before interest, tax and depreciation were $0.6m.

Since half year end the Division has also signed an agreement with the University of Canterbury for its first New Zealand based college and renewed contracts with Curtin University for Curtin University Sydney and with Brunel University for LIBT.

SAE
The SAE Division recorded EBITDA of $12.6m (H1 FY12: $11.8m) with revenue of $55.6m (H1 FY12: $57.1m) for the period. This result included $0.9m of start up costs in relation to the new schools in Chicago and Jakarta. The underlying result of $13.5m is therefore in-line with the underlying result for the pcp. In addition, SAE Licensing recorded no one-off profits from sale of licences to new territories whereas the pcp included $0.5m of such one-off gains.

Australian earnings grew by $0.9m or 15% but the overall result was impacted by sluggish results in Germany and other parts of Europe. Following access to Title IV Government funding US schools recorded higher new student enrolments, halting a decline in SAE US enrolments, though the improved student numbers will not materially impact earnings until FY14.

English
Navitas English has achieved a substantial increase in earnings, recording EBITDA of $7.1m compared to the pcp of $0.8m. Divisional revenues increased by 10% to $64.1m (H1 FY12: $58.4m). These gains were largely derived from significant improvement in Government Programs following the transition to new AMEP contracts with effect from 1 July 2011. The ELICOS business is also now making small gains off a low base.

Navitas Professional
The Workforce Division rebranded in late 2012 and is now known as Navitas Professional.

Despite strong performance in most of its educational businesses (ACAP, HSA and NCPS) the Division has had a challenging year so far with losses being recorded in Workforce Solutions (corporate training and the Professional Year).

As a result the Division reported a disappointing half with revenue declining by 10% to $30.2m (H1 FY12: $33.7m) and accordingly recorded a loss before depreciation, interest, tax and amortisation of $2.5m (H1 FY12: positive EBITDA of $2.9m).

The Corporate Training business accounted for the majority of decline in Divisional earnings for the period as it was over exposed to the withdrawal of government funding and low level programs such as book-keeping in the business-to-consumer market. This business has been substantially restructured and downsized in recent months with a new focus on the mining and resources business-to-business segment. The Professional Year business remains profitable; however the pcp included a substantial one-off spike in demand as a result of a five point reduction, implemented on 1 July 2012, towards the permanent residency points system for successful completion of a Professional Year course.

Student Recruitment

The Student Recruitment Division remains suppressed by a tough UK market resulting in further declines in SOL and a drop in revenue for the Division to $7.5m from $8.6m in the pcp. This contributed to a loss before depreciation, interest, tax and amortisation of $0.8m (H1 FY12: positive EBITDA of $0.7m).

Corporate costs

Corporate costs increased to $9.6m (H1 FY12: $8.3m) predominantly due to provisions for anticipated increases in FY13 EVA incentive payments and less favourable foreign currency translation outcomes.

Strategic and Structural Review Outcomes

The recent strategic review, supported by The Parthenon Group, affirmed the value of Navitas' core business and also identified a number of opportunities for future growth across the Company. These findings are commercially sensitive, but Parthenon's recommendations and research are being utilised and actioned across Navitas.

An organisational and senior leadership structural review was also recently completed to ensure that Navitas has the capability and capacity to maximise identified growth opportunities and is structured for sustainable future growth.

Key structural changes resulting from this review will be implemented progressively and include:

- Merging of the Professional Division and the English Division largely to leverage areas of common focus between the Divisions that will support growth and new opportunities. Merger efficiencies are also likely to emerge as the integration project proceeds. The merged Division will be known as Professional and English Programs;
- The incorporation of the Student Recruitment Division into the University Programs Division; and
- Appointment of a Chief Strategy Officer, reporting to the CEO, to lead and manage Navitas' strategic direction and the redefinition of other senior roles.

Accordingly the Group will now be comprised of three significant operating Divisions in the form of University Programs, SAE and Professional and English Programs. All future external reporting will reflect this structural change.

Other significant initiatives

Navitas continued to progress a key project, called Navigate, to develop a single company-wide student management system (currently several different student management systems are utilised across Navitas' colleges and campuses). This initiative is tracking well to projected milestones with an anticipated go-live date of late 2013 with full roll out by the end of 2014. Once operational, the bespoke system will also integrate with other key Navitas systems including Moodle, Salesforce and Oracle, enabling seamless integration with all colleges and campuses.

Outlook

Growth in the University Programs Division in H2 FY13 is expected to exceed that of H1 FY13. Key factors will be:

- New student recruitment in 201203 and 201301 is expected to arrest the earnings decline in Australia relative to pcp which has been the case over the last two years;
- UK results will continue to be strong compared to the pcp;
- Moderation of growth in both Canada and Singapore;
- Losses recorded by the Student Recruitment business in H2 FY12 and H1 FY13 are expected to continue in H2 FY13.

SAE's modest earnings growth in H1 FY13 is expected to be repeated in H2. While the US and Australia will provide earnings momentum, the first half weakness in parts of Europe is anticipated to continue in H2.

Professional and English Programs is forecast to have a stronger second half than H1 FY13. The key driver to this will be the stemming of first half losses in the Professional portion of the business. The English business is expected to perform well again in the second half although not to the same extent as the first half given that a reduction in eligible AMEP refugee and humanitarian arrivals was noted towards the end of H1 FY13.

As a result of the restructure it is expected that corporate costs will rise both in H2 FY13 and over time. The Company will seek efficiencies at divisional level where possible and corporate costs as a percentage of revenue are anticipated to remain stable at less than 3%.

In H2 FY13 Navitas also expects reduced tax and depreciation expenses relative to the pcp.

All of these factors should support improvement in the 2013 financial year with more significant growth from 2014, as student volumes continue to grow across core Divisions and margins improve.