

# Tes Global Holdings Limited

## 2018 Interim Statement

Tes Global Holdings Limited (“Tes Global” or “Tes”) is pleased to provide an update on the performance of the Group for the first half of the year ending 31 August 2018 (“2018”). The information contained in this statement is unaudited.

Tes Global is a digital education company that is home to both Tes, a professional collaboration and talent network for teachers, and Times Higher Education, which provides data and insights to the world’s universities. Every day, teachers and schools visit Tes.com to share and trade teaching resources, read industry news, access recruitment services and link up with a global community of more 8 million educators.

### Trading Activity

Our revenue increased 1% in the first half of 2018 to £72.1m, with growth from recurring subscription revenue streams and from World University Rankings activities partly offset by lower transactional advertising job volumes. Profits were down slightly reflecting investment in developing new services for schools and universities, including additional headcount to support the growth of the account management and international sales teams in the subscription business. With cash conversion still strong and working capital benefitting from subscription products, we continue to generate positive free cash flow prior to acquisition and financing costs.

We continue to make significant investments in improving our digital products and solutions. The school recruitment subscription, which allows schools to purchase an annual package of unlimited advertising, continues to attract new clients with over 2,200 English Secondary schools signed up. We are also selling recruitment subscriptions to the Primary, Further Education and International school sectors resulting in over £33 million in annual subscription revenues now under contract.

### Acquisition activity

During the first half of 2018 we acquired the remaining 25% interest in ABC Teachers Limited that we didn’t own. Since the half year, we have also exercised our option to acquire another 30% interest in EduKey Education Limited. This takes our shareholding to 75%.

### Material recent developments and material changes to the risk factors

There have been no material recent developments or material changes to the principal risks and uncertainties since the most recent annual report, being for the year ended 31 August 2017.

### Outlook

Changes in teacher turnover and a school’s propensity to recruit influence the primary driver of the Group’s revenue and profitability and therefore future performance may be affected by economic and political uncertainty that impact both teacher mobility and Government education spending (the key driver of teacher recruitment activity in state schools). The directors believe that Tes has a sufficiently well-established position in the market place and is in a good position to respond to any changes in education recruitment activity. We continue to invest in developing our products and services and the further growth in school recruitment subscriptions is providing increasing stability to our revenues. Our ability to continue to generate positive cash flow from operations will depend on our future performance, but we believe that our cash generated from operations will be sufficient to fund our debt servicing requirements as they become due and working capital requirements for at least the next 12 months.