

STADIO

— HOLDINGS —

2019 Annual Results Presentation
5 & 6 March 2020

TOWARDS

STADIO



Faculty of Education & Humanities

Faculty of Engineering & Information Technology

Faculty of Medicine & Health Sciences

Faculty of Agriculture & Environmental Sciences

Faculty of Creative Economies

Graduate School of Business

Faculty of Commerce, Management & Law

CELEBRATION



Johann Keri am Zyl '19

A close-up photograph of several hands of different skin tones stacked together in a circle, symbolizing unity, teamwork, and support. The hands are positioned in a way that they overlap, with fingers pointing outwards. The background is dark and out of focus. The text "WHAT WE PROMISED" is overlaid in the center in a bold, white, sans-serif font.

**WHAT WE
PROMISED**

WHAT WE PROMISED

THIS MORNING MARKS THE DAY ON WHICH WE DELIVER ON THE THREE FINANCIAL BENCHMARKS AS SET IN THE PRE-LISTING STATEMENT OF 2017.

THE FOLLOWING HEADLINE EARNINGS BENCHMARKS WERE SET:



➔ We also provided the market with a business aim for 2026:

“In 2026 we believe that STADIO will accommodate 56 000 students making a net profit after tax of R500m”

WHAT WE PROMISED

- To accumulate a wide spectrum of relevant and popular qualifications ranging from several Doctorates to very exciting higher certificates
- With these qualifications we believe we shall play our role in South Africa by **“widening access to higher education for more and more qualifying students”**
- Doing so, we believe that we shall contribute towards lowering the unemployment rate and assist in getting South Africa back to a growing economy

STADIO

— HOLDINGS —

UNDERLYING HE QUALIFICATION MIX

93 ACCREDITED PROGRAMMES			
GRADUATE SCHOOL OF BUSINESS	SCHOOL OF LAW	FACULTY OF CREATIVE ECONOMIES	FACULTY OF EDUCATION & HUMANITIES
Master of Business Administration ●●	Bachelor of Laws ●	SCHOOL OF FASHION	SCHOOL OF EDUCATION
Postgraduate Diploma in Banking ●	Bachelor of Policing Practice ●	Bachelor of Arts (Honours) in Fashion ●	Advanced Diploma in Physical Education and School Sports ●
Postgraduate Diploma in Business Administration ●●	Bachelor of Policing Practice (Honours) ●	Bachelor of Arts in Fashion ●	Bachelor of Education in Foundation Phase Teaching ●●
Postgraduate Diploma in Financial Planning ●	Bachelor of Commerce in Law ●	Bachelor of Commerce in Fashion ●	Bachelor of Education in Intermediate Phase Teaching ●
Postgraduate Diploma in Investment Management ●	Higher Certificate in Paralegal Studies ●	Diploma in Fashion (Design/Commercial) ●	Bachelor of Education Honours in Inclusive Education ●●
Postgraduate Diploma in Accounting ●	Master of Policing Practice ●	Higher Certificate in Fashion ●	Diploma in Grade R Teaching ●●
Advanced Diploma in Accounting ●	SCHOOL OF MANAGEMENT & ADMINISTRATION	Higher Certificate in Fashion Retail ●	Higher Certificate in Pre-school Education ●●
Doctor of Business Administration ●	Advanced Certificate in Management ●●	SCHOOL OF FILM, TELEVISION & ENTERTAINMENT	Postgraduate Certificate in Education in Senior Phase and Further Education & Training Teaching ●●
FACULTY OF COMMERCE, MANAGEMENT & LAW	Advanced Diploma in Management ●	Bachelor of Arts (Honours) in Live Performance ●	FACULTY OF ENGINEERING & INFORMATION TECHNOLOGY
SCHOOL OF BUSINESS & FINANCE	Advanced Diploma in Public Administration ●	Bachelor of Arts (Honours) in Motion Picture Medium ●	SCHOOL OF INFORMATION TECHNOLOGY
Advanced Certificate in Banking Services ●	Bachelor of Business Administration ●●●	Bachelor of Arts in Live Performance ●	Advanced Certificate in Web Development ●
Advanced Certificate in Financial Planning ●	Bachelor of Business Administration in Retail Management ●	Bachelor of Arts in Motion Picture Medium ●	Bachelor of Computer Technology ●
Advanced Certificate in Short-Term Insurance ●	Bachelor of Commerce in Business Management ●	Bachelor of Commerce in Business Innovation & Entrepreneurship ●	Bachelor of Information Technology in Web Design & Development ●
Bachelor of Commerce ●●	Bachelor of Commerce in Event Management ●	Higher Certificate in Film and TV Make-Up Design ●	Higher Certificate in Graphic Web Design ●
Bachelor of Commerce Honours in Business Marketing ●	Bachelor of Commerce in Project Management ●	Higher Certificate in Film, Television & Entertainment Production ●	Higher Certificate in Internetwork System Specialisation ●
Bachelor of Commerce in Business Marketing ●	Bachelor of Business Administration (Honours) ●	Higher Certificate in Radio and Podcasting ●	
Bachelor of Commerce in Digital Marketing ●	Diploma in Business Management ●	Master of Fine Arts in Motion Picture Medium ●	
Diploma in Banking ●	Diploma in Event Management ●	SCHOOL OF MEDIA & DESIGN	ON CAMPUS LEARNING ● OFF CAMPUS LEARNING ●
Diploma in Business Marketing ●	Diploma in Management ●	Advanced Certificate in Graphic Design ●	
Higher Certificate in Banking Services ●	Diploma in Tourism Management ●	Advanced Certificate in Photography ●	
Higher Certificate in Business Marketing ●	Higher Certificate in Business Accounts Administration ●●	Bachelor of Arts in Visual Arts in Visual Communication Design ●	
Higher Certificate in Financial Planning ●	Higher Certificate in Management ●●	Diploma in 3D Animation ●	
Higher Certificate in Financial Products ●	Master of Management ●	Higher Certificate in Photography ●	
Higher Certificate in Investment Administration ●		Bachelor of Applied Arts in 3D Animation ●	
Higher Certificate in Short Term Insurance ●		Higher Certificate in Desktop Publishing & Computer Art ●	
Higher Certificate in Digital Marketing Practice ●			



 FACULTY OF EDUCATION & HUMANITIES

 SCHOOL OF EDUCATION





 LEADERS IN FASHION EDUCATION





A young woman with long, wavy red hair and round glasses is shown in profile, reading a book. She is wearing a white shirt and several brown leather bracelets on her left wrist. The background is a solid, vibrant blue. The text is overlaid in the center of the image.

THE RELEVANCE AND EFFECT OF A FITTING QUALIFICATION

IMPACT OF “IN-DEMAND” QUALIFICATIONS

QUALIFICATION	MODE	STUDENT NUMBERS		
		2017	2018	2019
Key “In-Demand” Qualifications	Off campus	384	1 025	2 583

WHAT IS A SUCCESSFUL COMPANY?

1

Is there a market?

2

How big is the market?

3

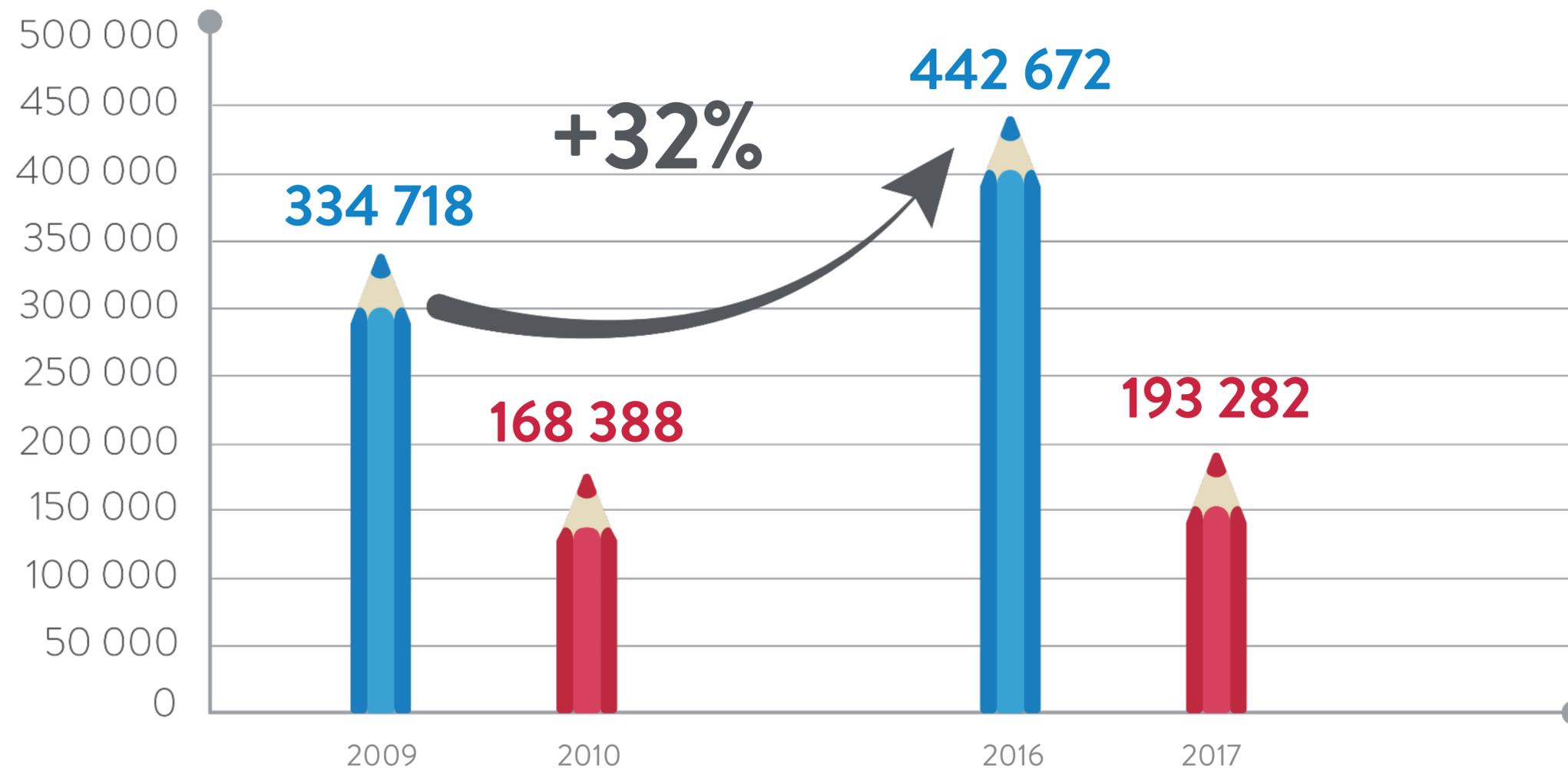
Will this Company still be in business in 10 years time?



1. IS THERE A MARKET?

SCHOOL LEAVER MARKET (EXCLUDES THE ADULT LEARNER MARKET)

Number of NSC school leavers (full time) in SA qualifying for post-school education (HC, diploma and degree) vs first year enrolments in public HEI

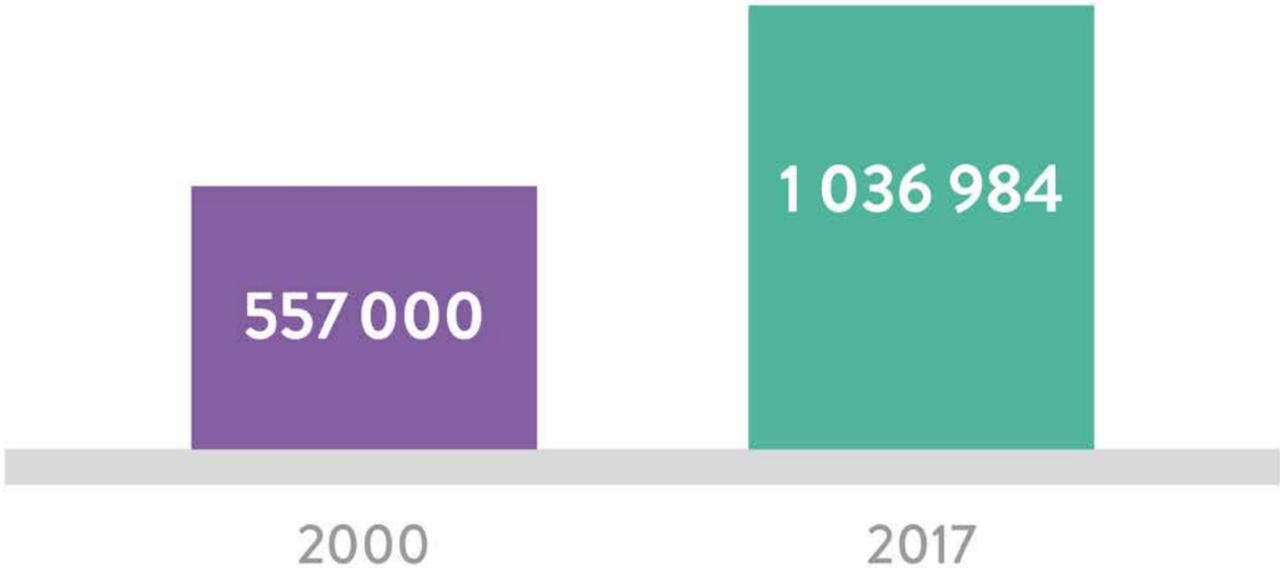


56%
shortfall is
compounded
annually

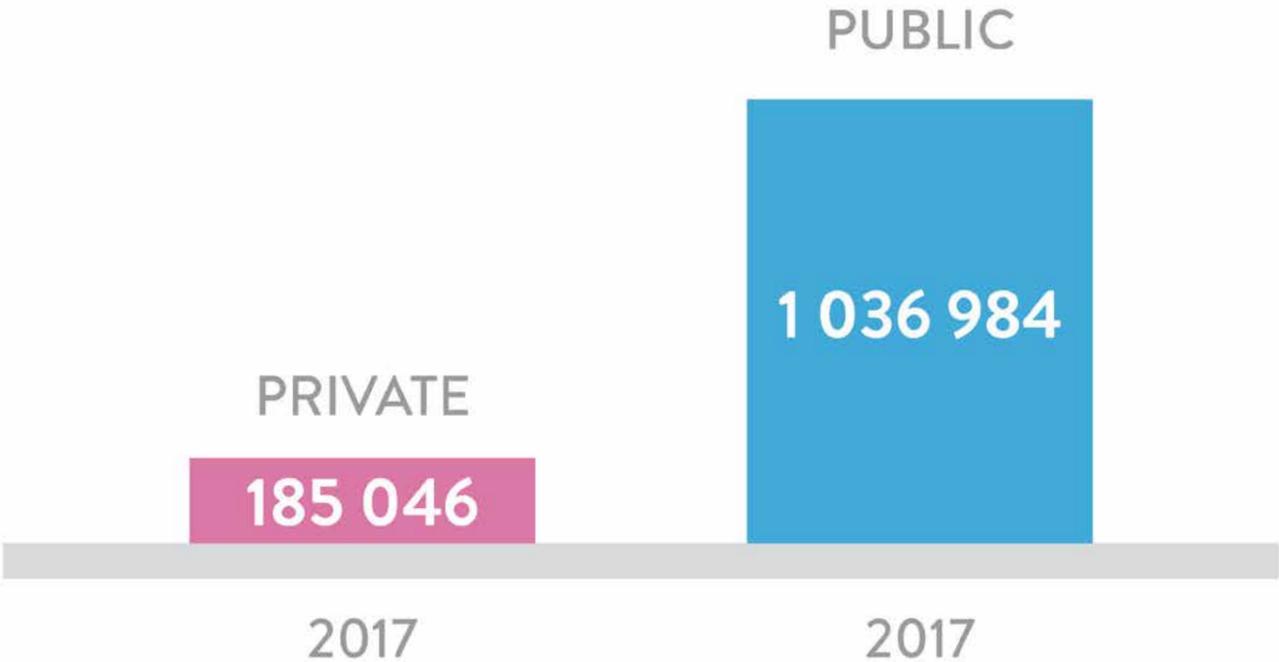
- QUALIFYING SCHOOL LEAVERS
- FIRST YEAR ENROLMENTS (PUBLIC)

2. HOW BIG IS THE MARKET?

NUMBER OF STUDENTS ENROLLED AT PUBLIC UNIVERSITIES HAS DOUBLED



STUDENT NUMBERS: PUBLIC VS PRIVATE (2017)



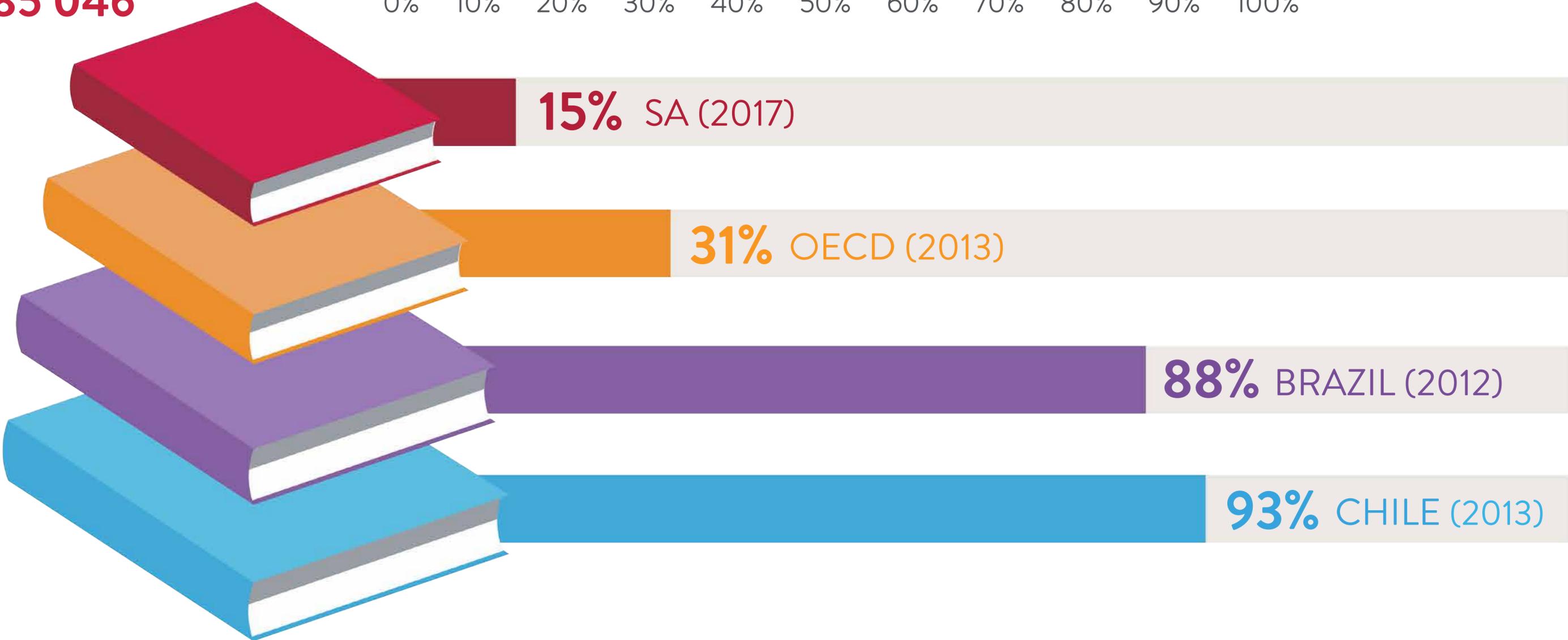
- ➔ Private enrolments as percentage of total in SA: **15%** ➔ The global average is closer to 35%
- ➔ Our public universities are full ➔ Lack of infrastructure ➔ Limited subsidies

SA & GLOBAL: PRIVATE PARTICIPATION

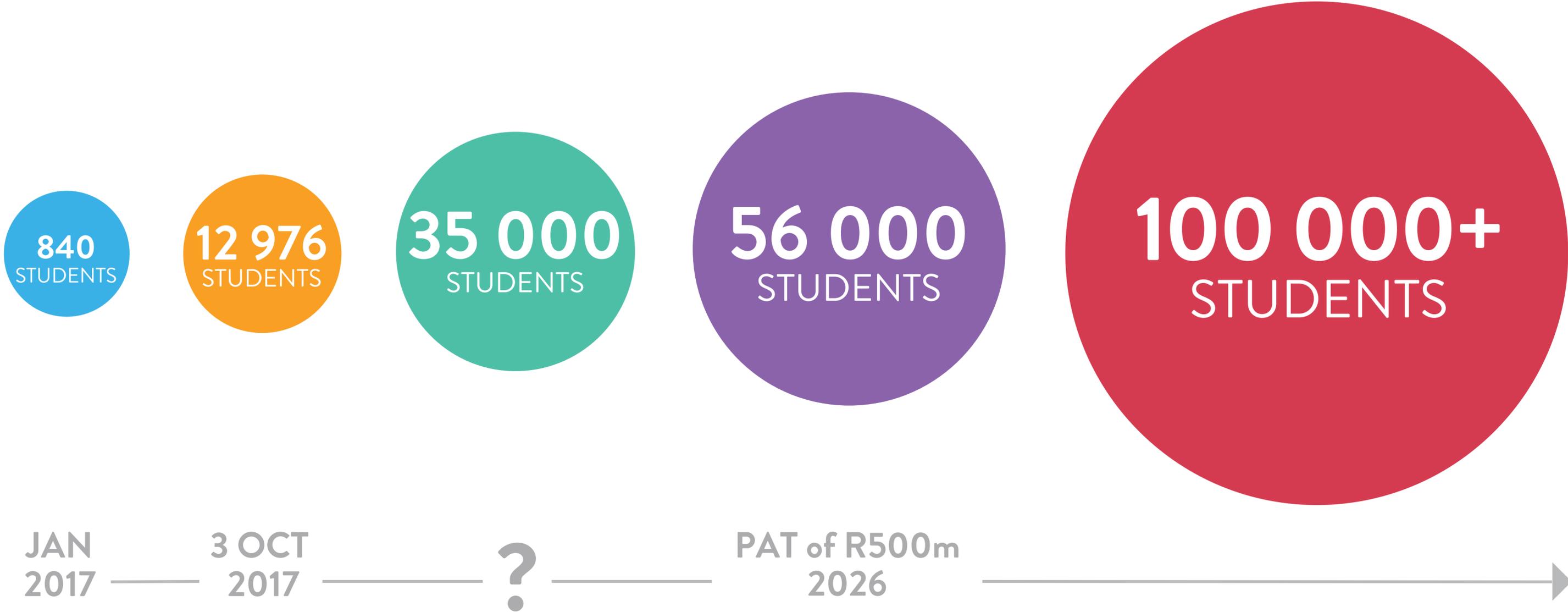
SA students
185 046

% of students at private higher education institutions

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

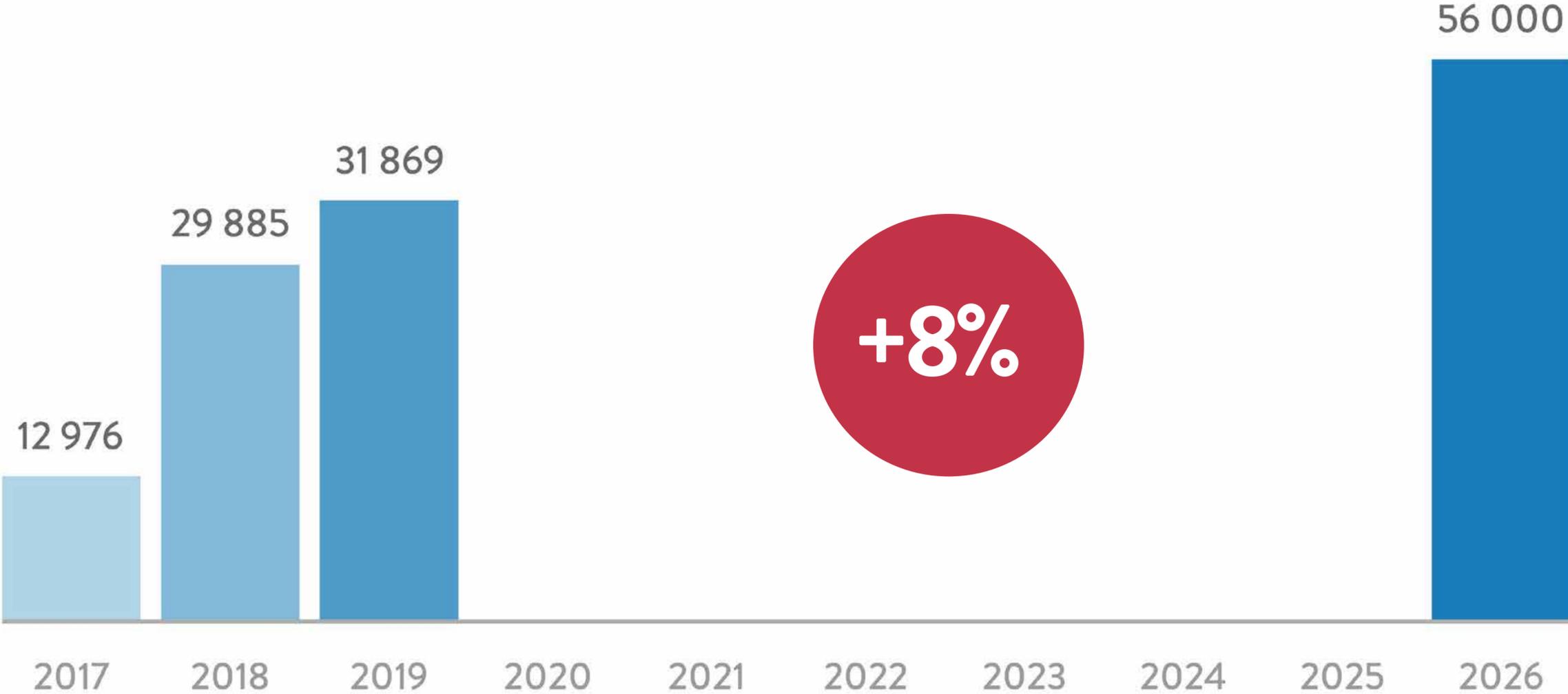


3. WILL THIS COMPANY STILL DO BUSINESS IN 10 YEARS TIME?



56 000 STUDENTS BY 2026

IF WE WANT TO STRIKE 56 000 STUDENTS BY 2026, THEN WE NEED TO GROW BY 8% PER ANNUM



- ➔ With the creation of faculties and with a chance of becoming a fully-fledged university over time, it makes sense to stay with a pure brand

STADIO



A low-angle photograph of a modern glass skyscraper against a clear blue sky. The building's facade is composed of a grid of glass panels and metal frames, reflecting the sky. The perspective is from below, looking up at the building's corner as it extends towards the top left of the frame. The sky is a uniform, deep blue, providing a clean background for the white text.

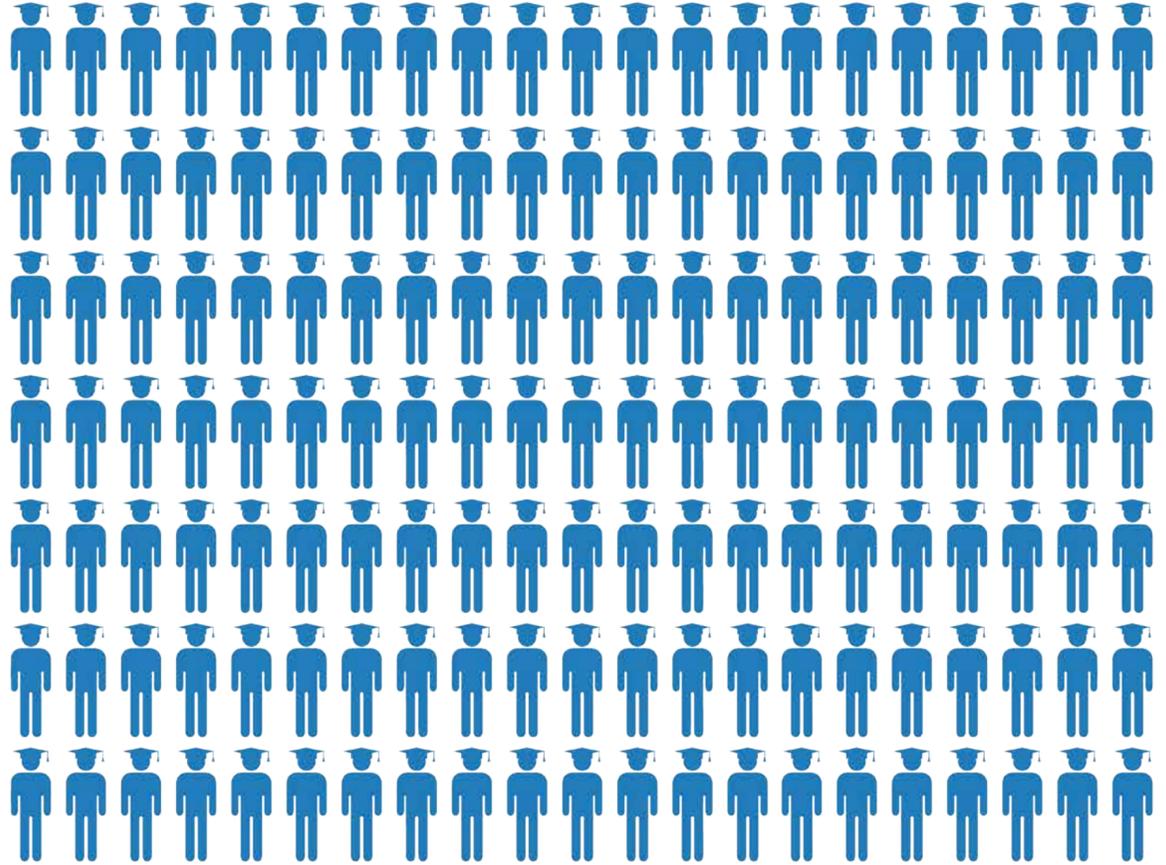
GREENFIELD DEVELOPMENTS

GREENFIELD DEVELOPMENTS

 CENTURION  DURBANVILLE



Opportunity in
Johannesburg



15 000 STUDENTS

GREENFIELD DEVELOPMENTS

STADIO
— HOLDINGS —

DURBANVILLE



GREENFIELD DEVELOPMENTS

STADIO
— HOLDINGS —

CENTURION



2019 ACADEMIC PROJECT

- ACADEMIC PERFORMANCE: 7 294 graduates; 81% average module success rate
- INTERNATIONALISATION: 34 active international partnerships and collaboration agreements
- STAFF QUALIFICATIONS: 280 staff with Masters/Doctorate qualifications; 73 in progress
- STAFF RESEARCH: 113 research outputs, including accredited journal articles and conference papers
- ACADEMIC CONFERENCE: Teaching and Support for Student Success: Education 4.0

A large, empty auditorium with rows of wooden seats. The seats are arranged in a grid pattern, receding into the distance. The lighting is warm and soft, creating a sense of depth and perspective. The text "WHAT WE DELIVERED" is overlaid in the center of the image in a bold, white, sans-serif font.

**WHAT WE
DELIVERED**

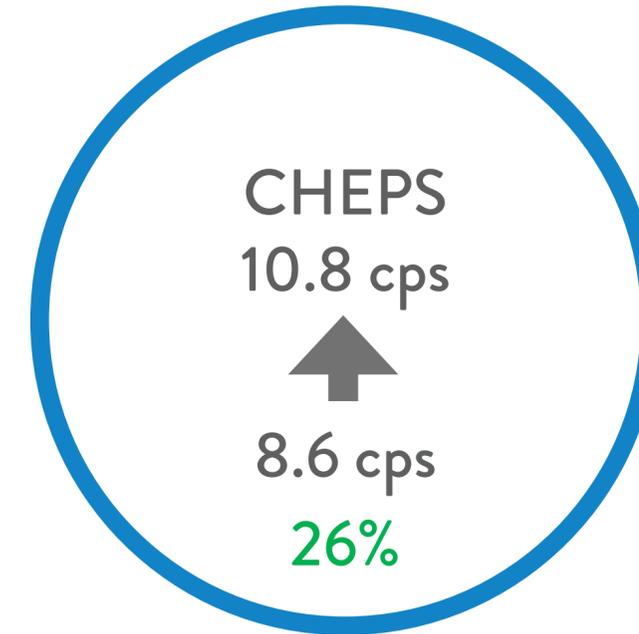
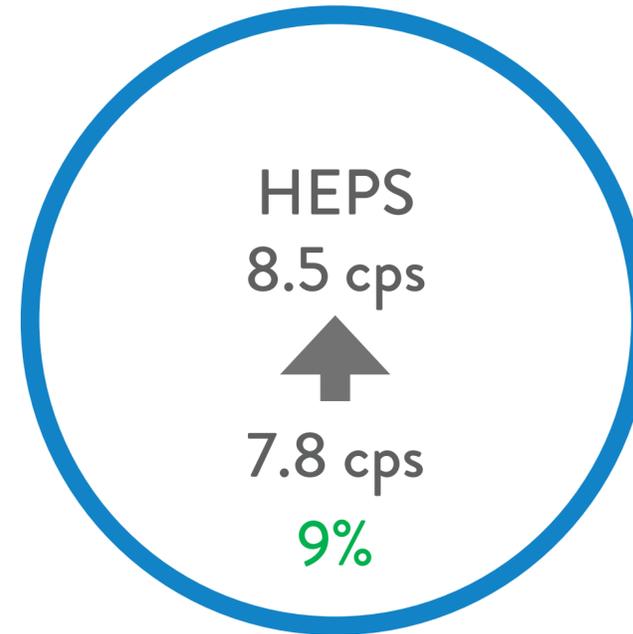
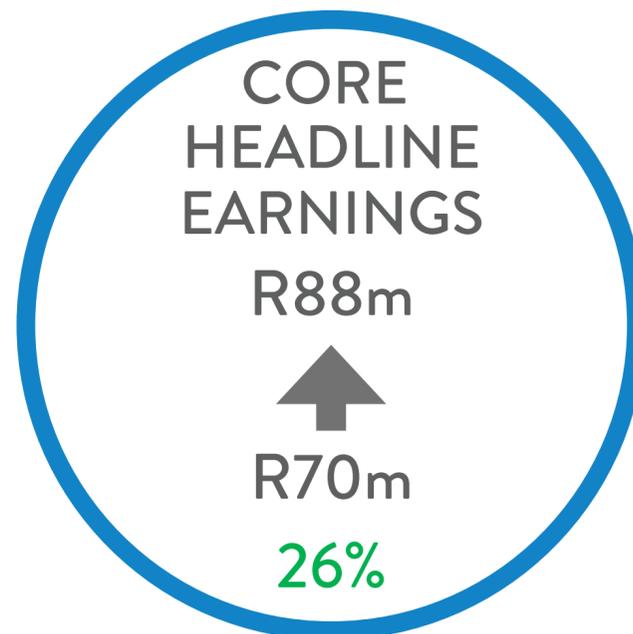
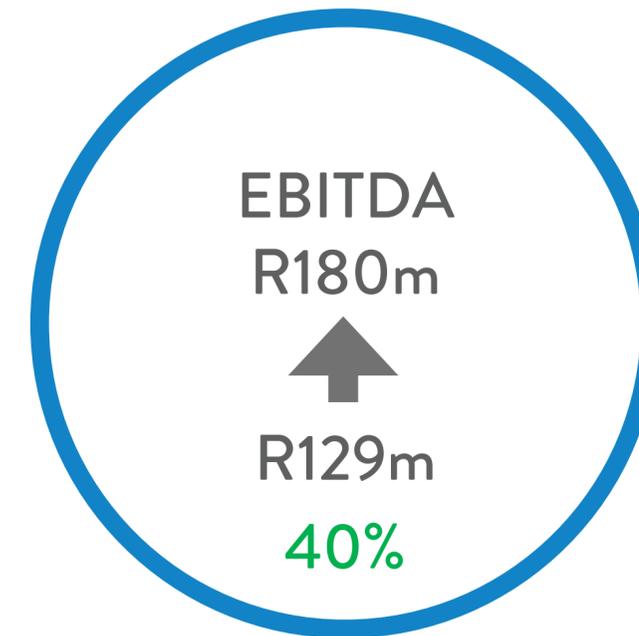
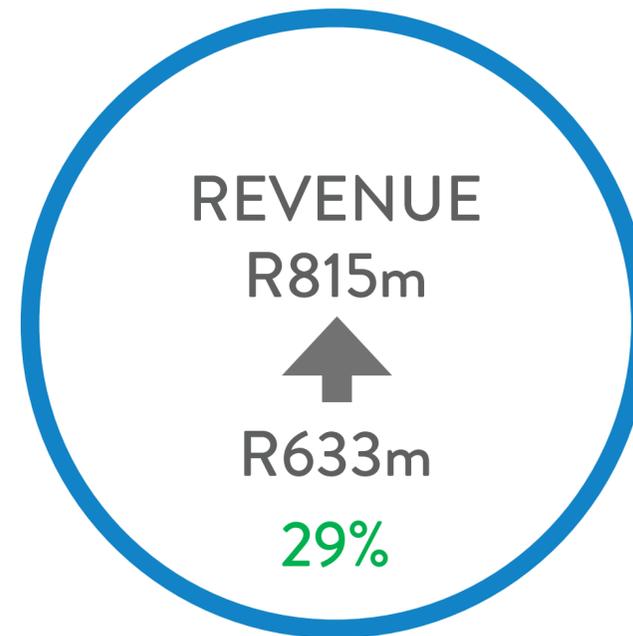
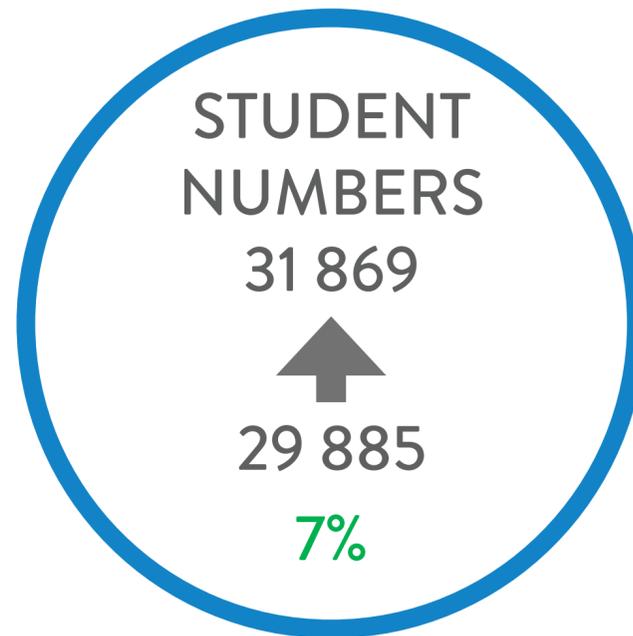
WHAT WE DELIVERED

PROMISES OF THE PRE-LISTING STATEMENT HEADLINE EARNINGS (Rm)



* Excludes a fair value adjustment in respect of contingent consideration. Including this fair value adjustment, the amount would be **R70m**.

FINANCIAL HIGHLIGHTS FROM 2018 TO 2019



A pair of dark-rimmed glasses with clear lenses is positioned diagonally on a textured, grey fabric surface. The glasses are slightly out of focus, with the text overlaid on them. The text is in a bold, white, sans-serif font. The background is a close-up of a textured fabric, possibly a book cover or a piece of cloth, with a subtle pattern of small, raised dots or a fine weave. The lighting is soft, creating gentle shadows and highlights on the fabric and the frames of the glasses.

FINANCIAL INFORMATION

HIGHLIGHTS FOR 2019

- First year in which all the subsidiaries are included in the results for the full year
- IFRS 16 applicable from 1 January 2019
- Acquired land and semi-complete structure in Centurion (R110m) in September 2019 – Construction has commenced (to open in 2021)
- Acquired remaining 26% interest in SBS by way of a share repurchase
- Positioning for the move to one STADIO
- Progressing with Unit 4 – Business World implementation
- Secured R200m revolving credit facility with Standard Bank
- 93 accredited qualifications, 45 pipeline programmes

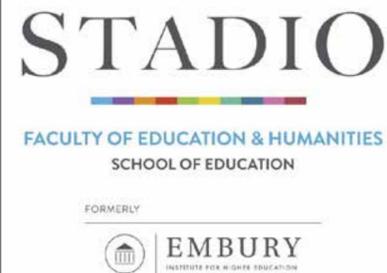
2019 GROUP ORGANOGRAM

STADIO
— HOLDINGS —
LIMITED



STADIO INVESTMENT HOLDINGS (PTY) LTD

100%



87.2%



100%



100%



74%



100%



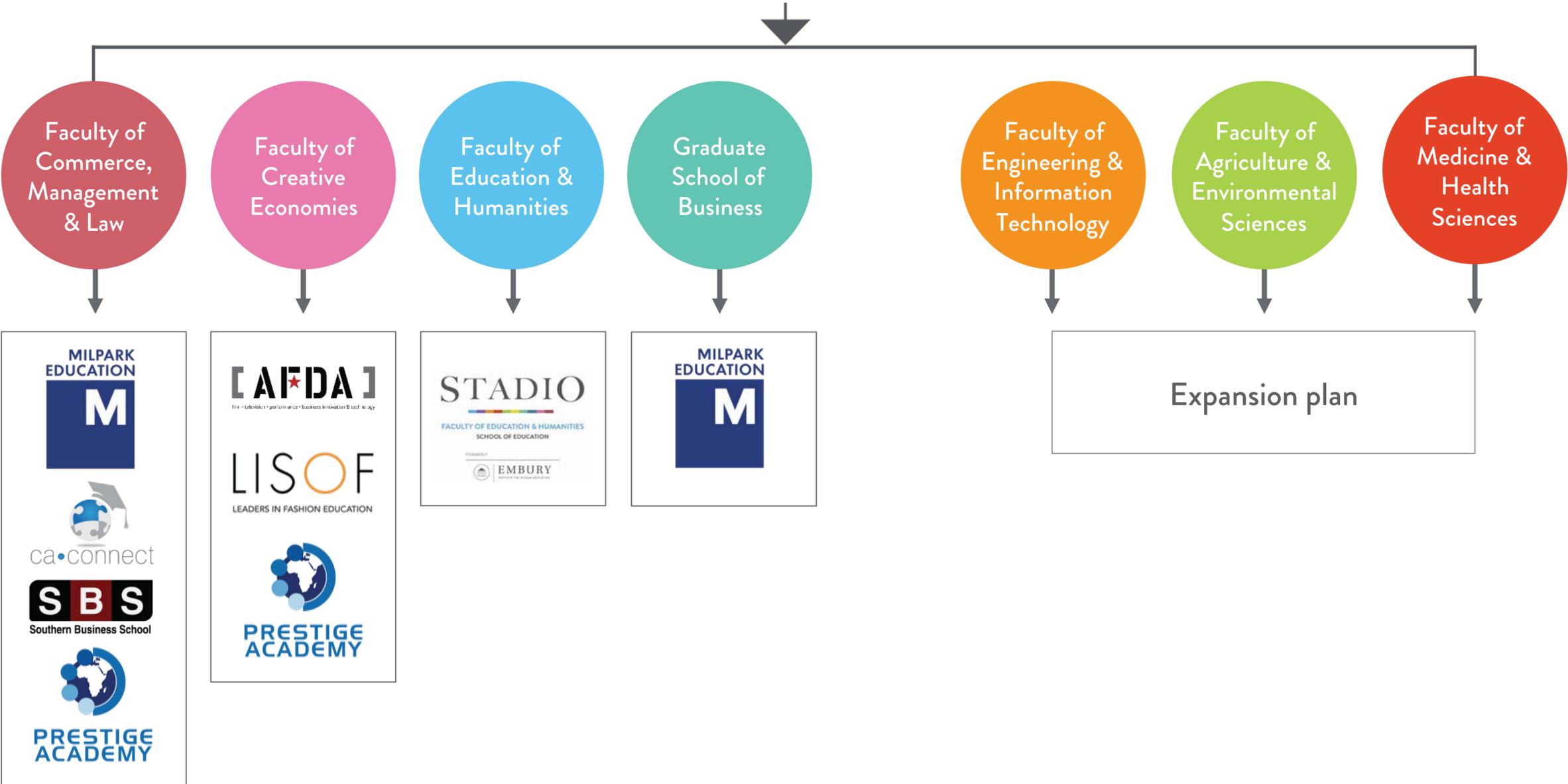
100%



14
CAMPUSES

PTA • JHB • CPT • KZN • PE • Windhoek

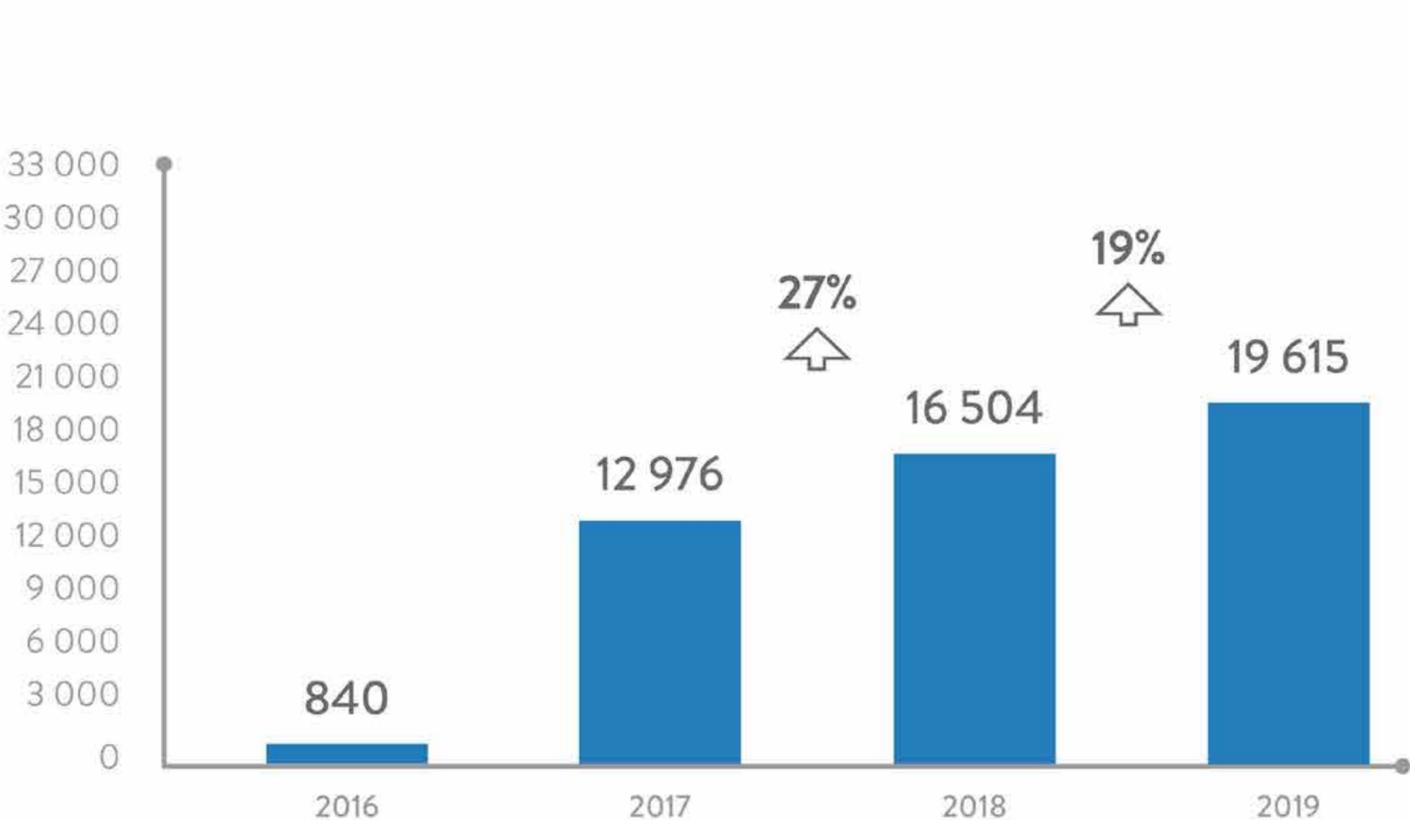
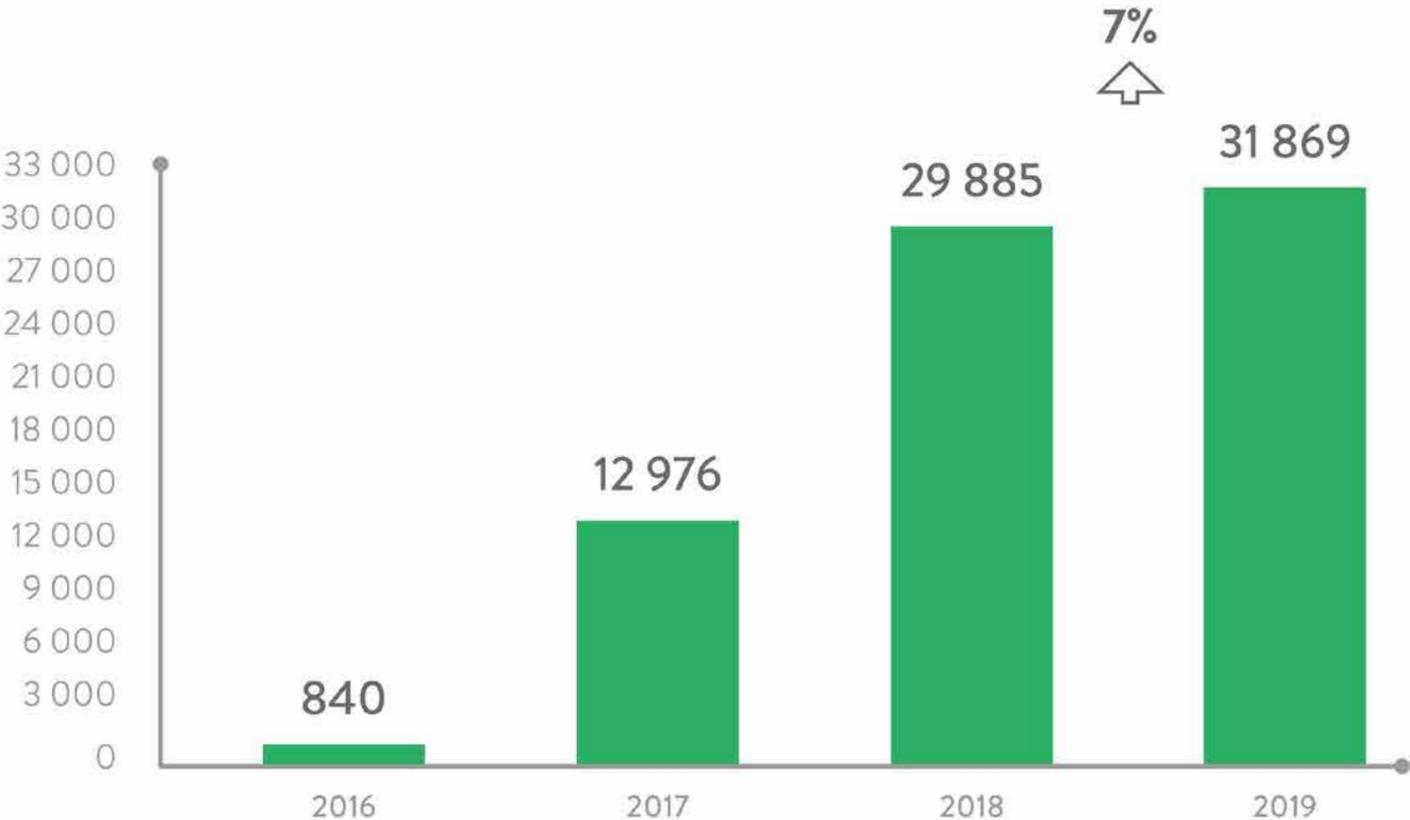
STADIO



STUDENT NUMBERS (ACTUAL)

31 DECEMBER 2019

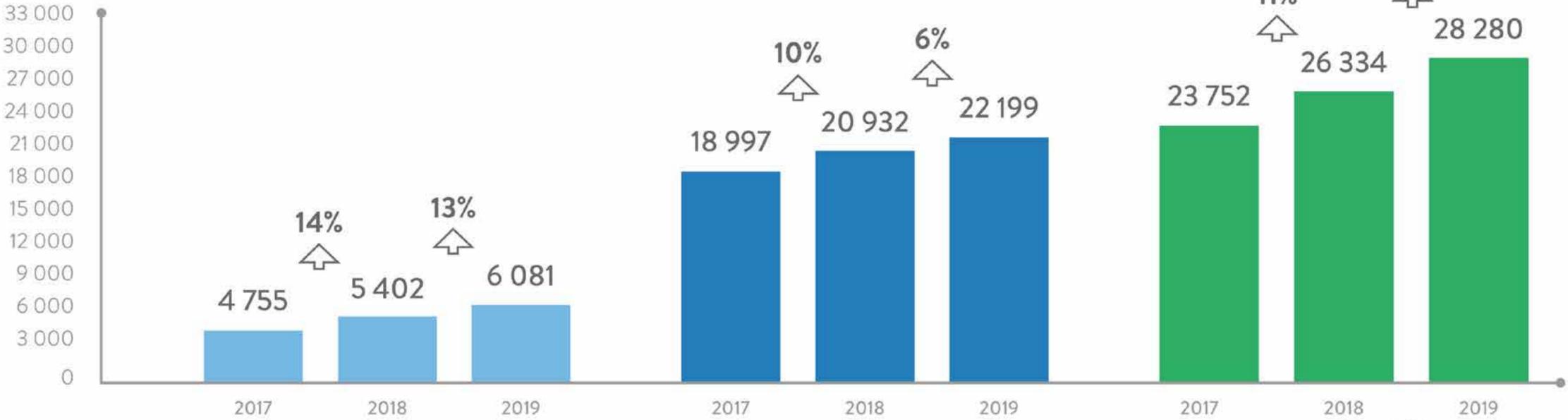
31 DECEMBER 2019 (EXCLUDING MILPARK)



STUDENT NUMBERS (LIKE-FOR-LIKE)

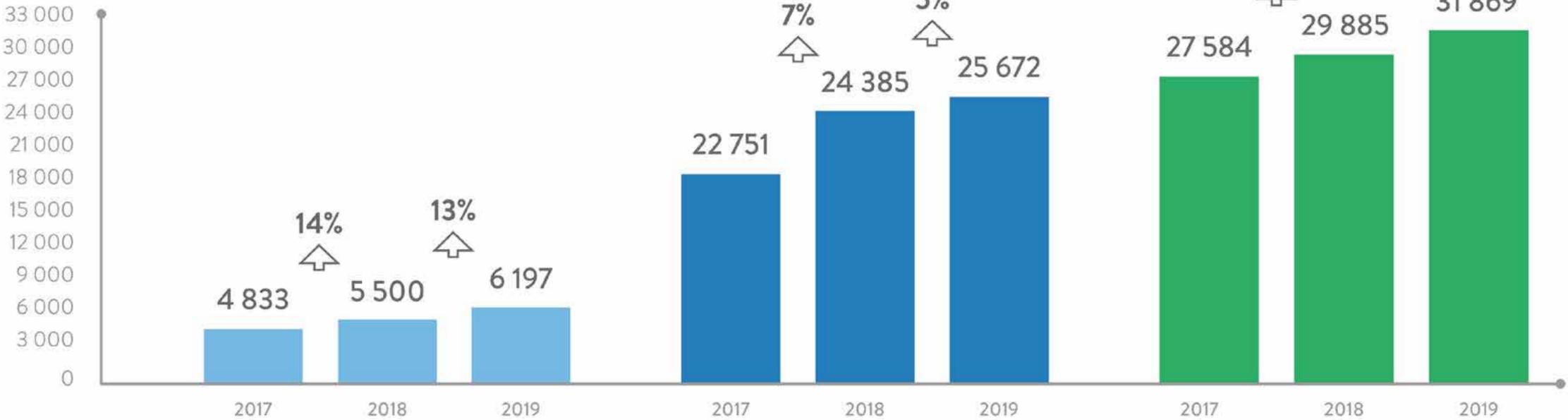
SEMESTER 1: 30 JUNE 2019

■ ON CAMPUS ■ OFF CAMPUS ■ TOTAL



Excluding cyclical B2B business
↑ 16%
 (2019 vs 2018)

SEMESTER 2: 31 DECEMBER 2019

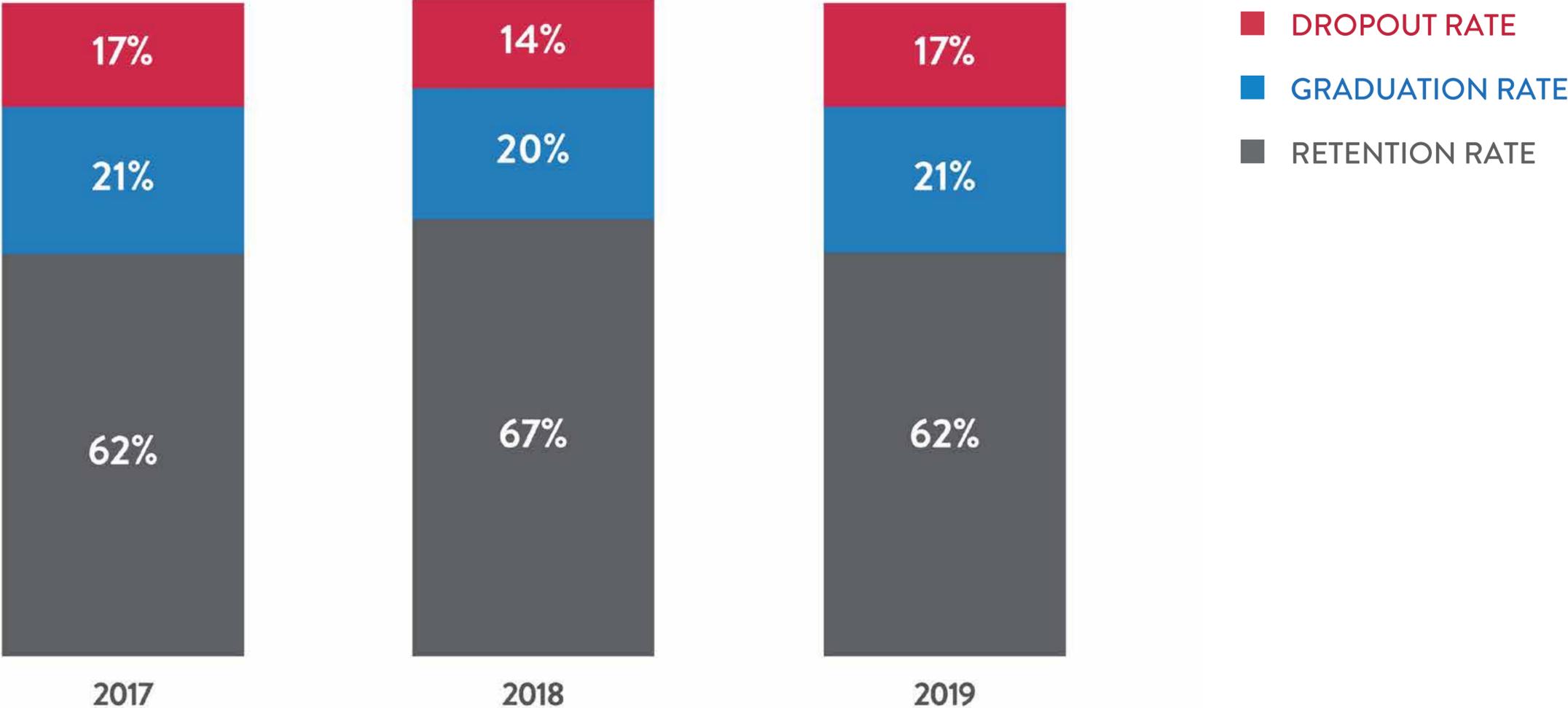


Excluding cyclical B2B business
↑ 19%
 (2019 vs 2018)

STUDENT NUMBER ANALYSIS

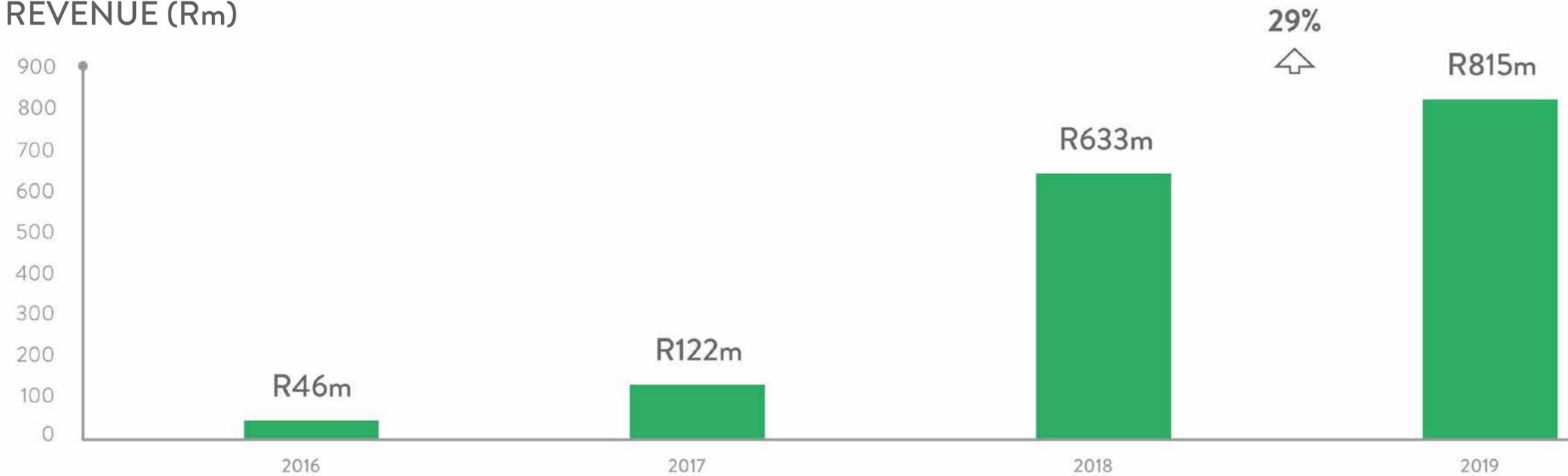
STUDENT NUMBERS	SEMESTER 1 ENROLMENTS				SEMESTER 2 ENROLMENTS			
ILLUSTRATIVE FACULTY	30 JUN 17	30 JUN 18	30 JUN 19	YOY GROWTH	31 DEC 17	31 DEC 18	31 DEC 19	YOY GROWTH
Commerce, Law & Management	19 834	21 648	22 360	3%	23 761	25 105	25 433	1%
Creative Economies	2 749	2 889	3 092	7%	2 727	2 878	3 065	6%
Education & Humanities	1 112	1 735	2 758	59%	1 039	1 839	3 301	79%
Engeneering & Information Technology	57	62	70	13%	57	63	70	11%
TOTAL	23 752	26 334	28 280	7%	27 584	29 885	31 869	7%
MODULE OF LEARNING DELIVERY								
On campus	4 755	5 402	6 081	13%	4 833	5 500	6 197	13%
Off campus	18 997	20 932	22 199	6%	22 751	24 385	25 672	5%
TOTAL	23 752	26 334	28 280	7%	27 584	29 885	31 869	7%
MADE UP AS FOLLOWS								
% On campus	20%	21%	22%		18%	18%	19%	
% Off campus	80%	79%	78%		82%	82%	81%	

STUDENT RETENTION AND GRADUATION RATE

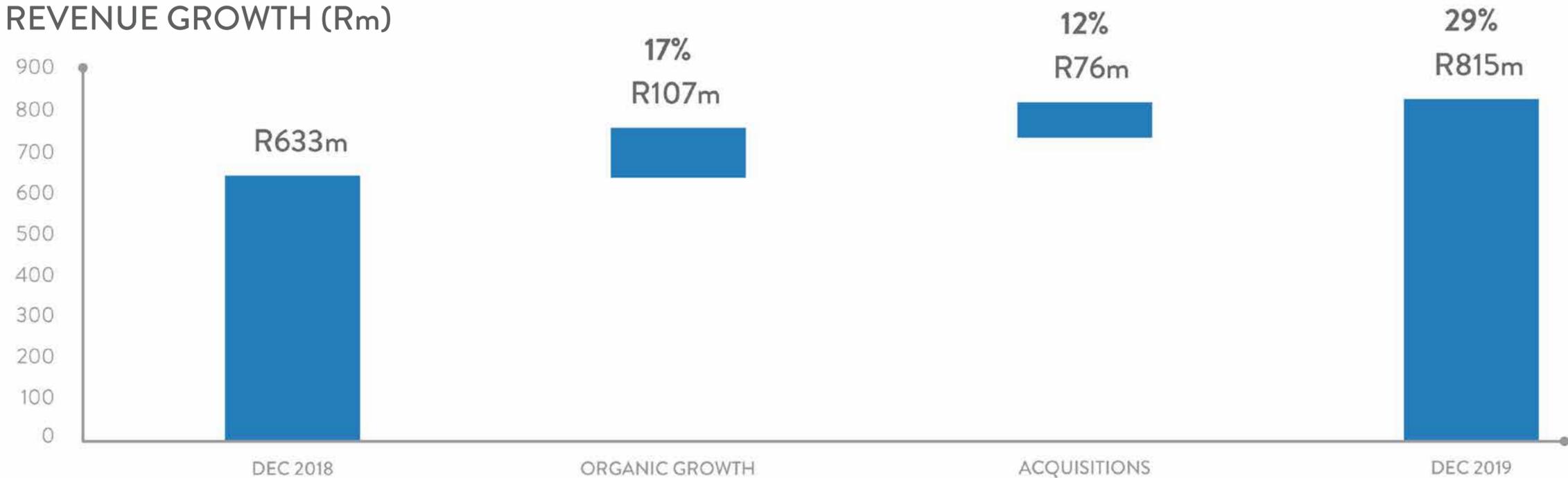


REVENUE

REVENUE (Rm)



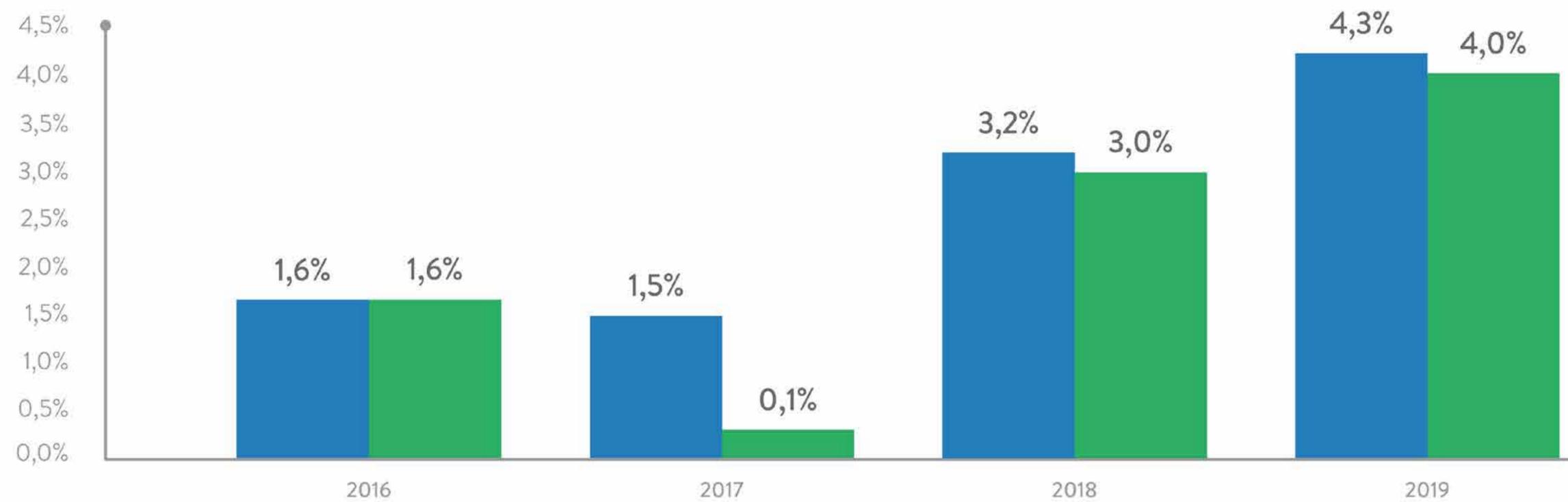
REVENUE GROWTH (Rm)



LOSS ALLOWANCE

LOSS ALLOWANCE AS A % OF REVENUE

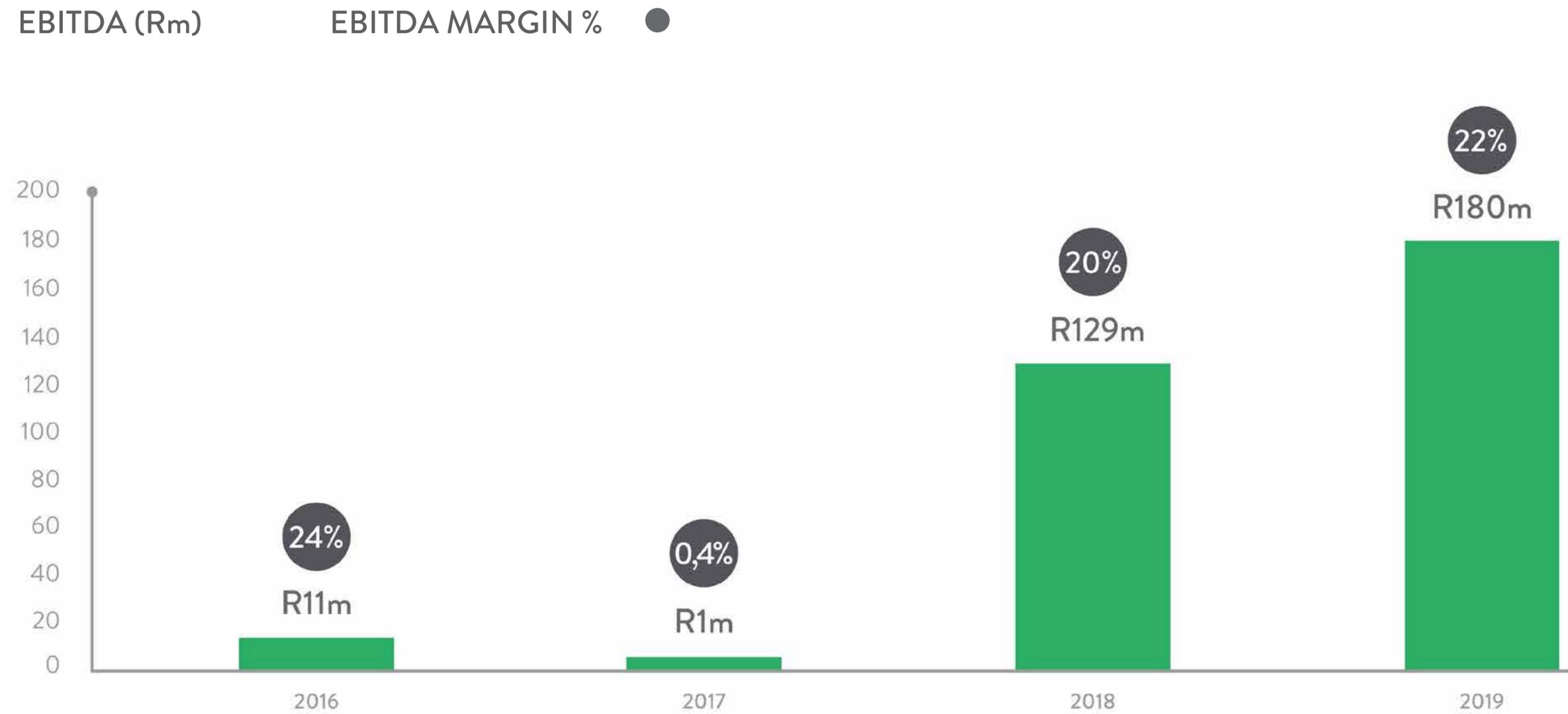
■ PRE RECOVERIES
■ POST RECOVERIES



IMPACT OF IFRS 16

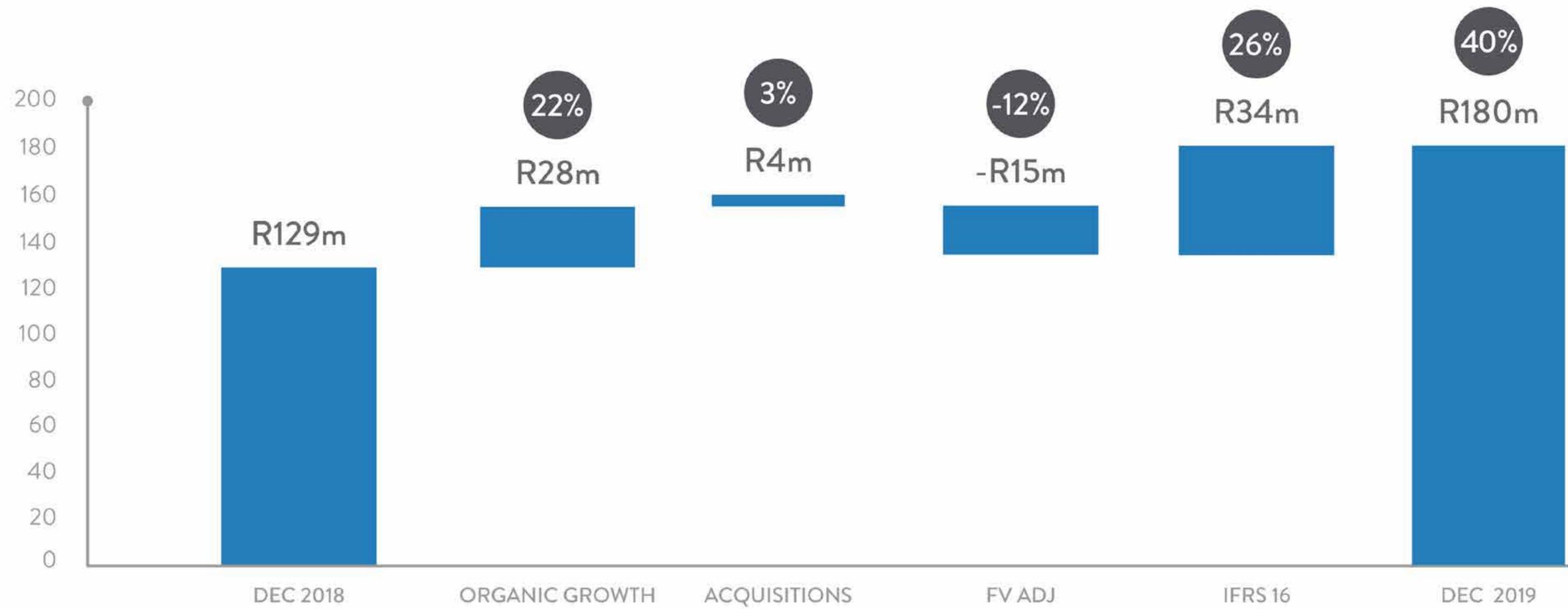
IFRS 16 IMPACT CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Before IFRS 16	After IFRS 16	
Rm	DEC 2019	DEC 2019	Impact of change
Rental expense	(46)	(11)	34
Depreciation & amortisation	(41)	(61)	(20)
Investment income	26	28	2
Finance cost	(1)	(20)	(19)
EBITDA	146	180	34
Profit attributable to parent	72	70	(2)
CHEPS	11,1	10,8	(0,3)

EBITDA



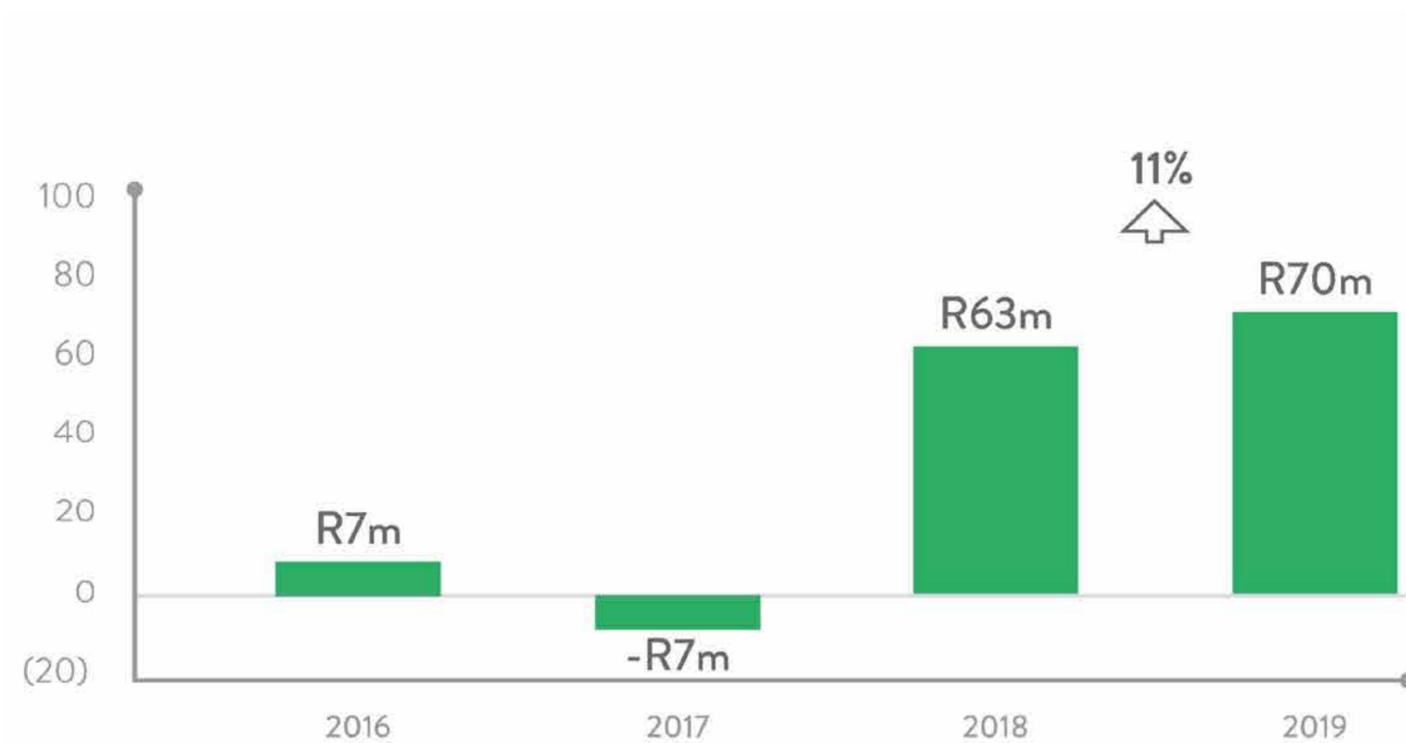
EBITDA GROWTH

EBITDA GROWTH (Rm)

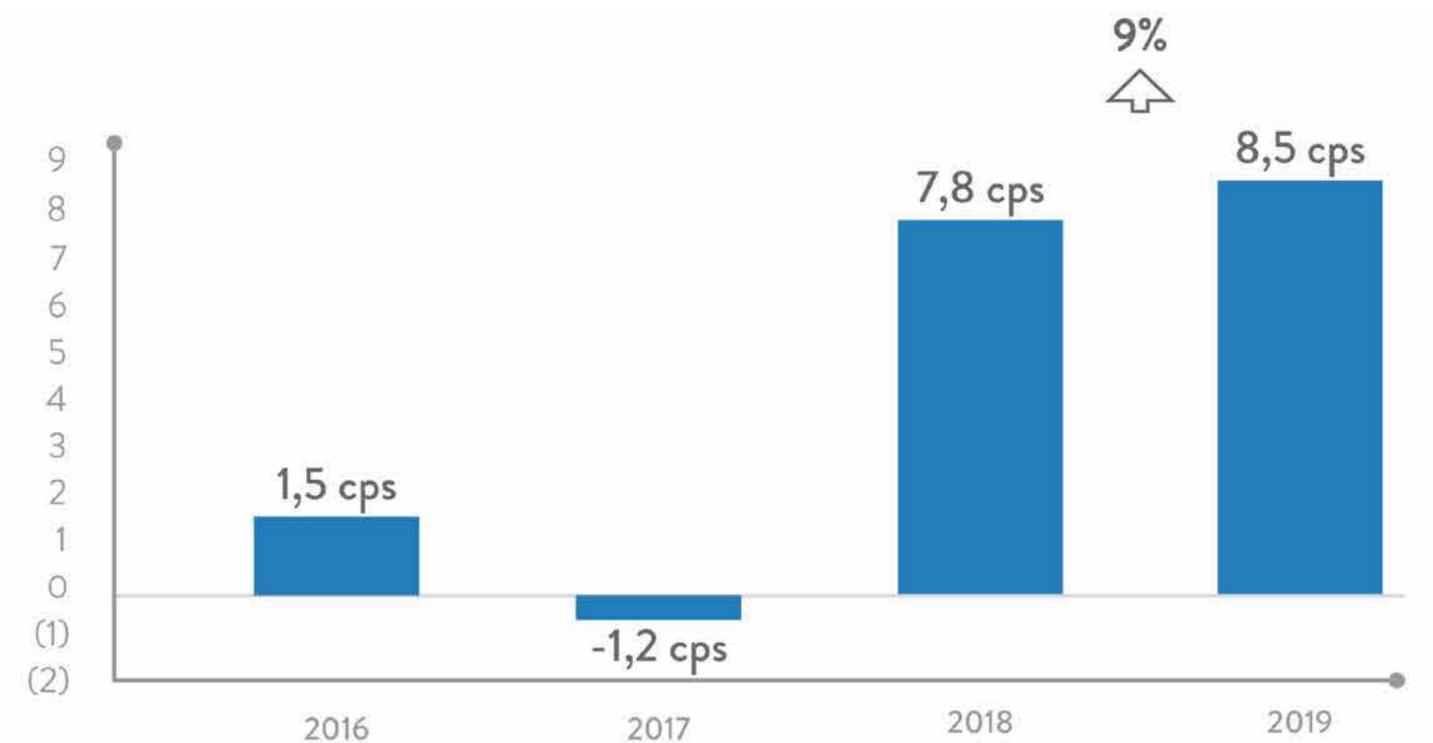


HEADLINE EARNINGS

HEADLINE EARNINGS (Rm)

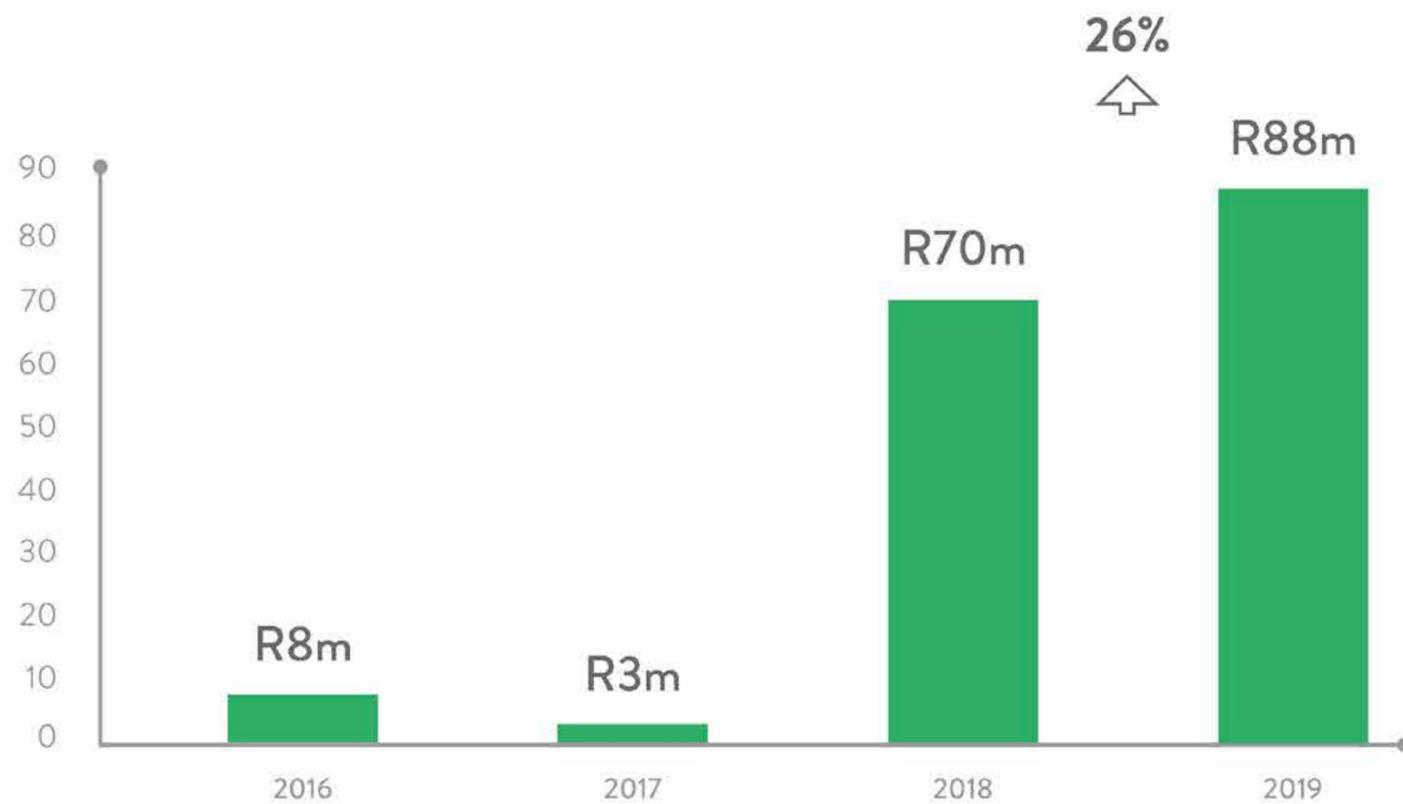


HEPS (cps)

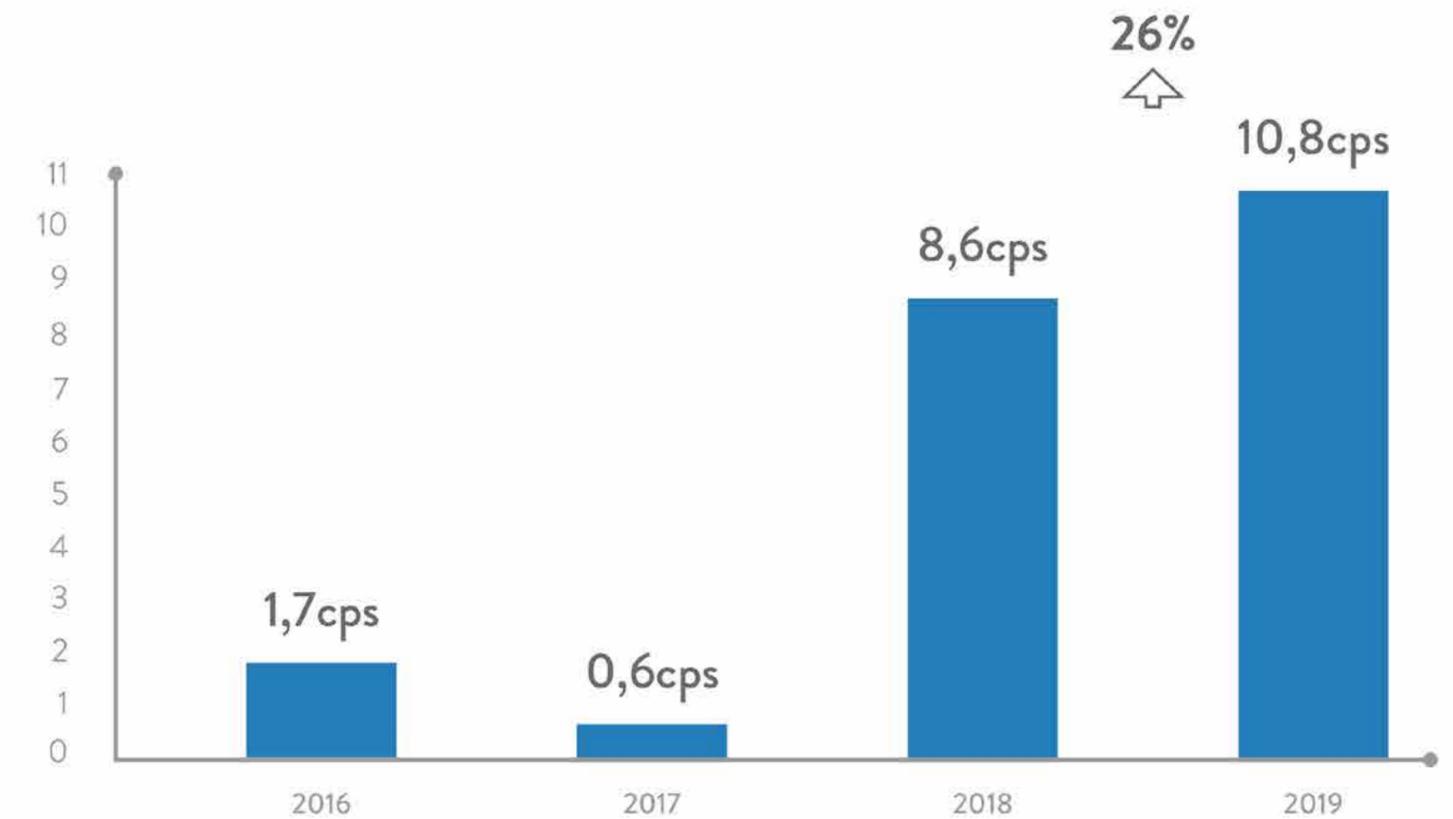


CORE HEADLINE EARNINGS

CORE HEADLINE EARNINGS (Rm)

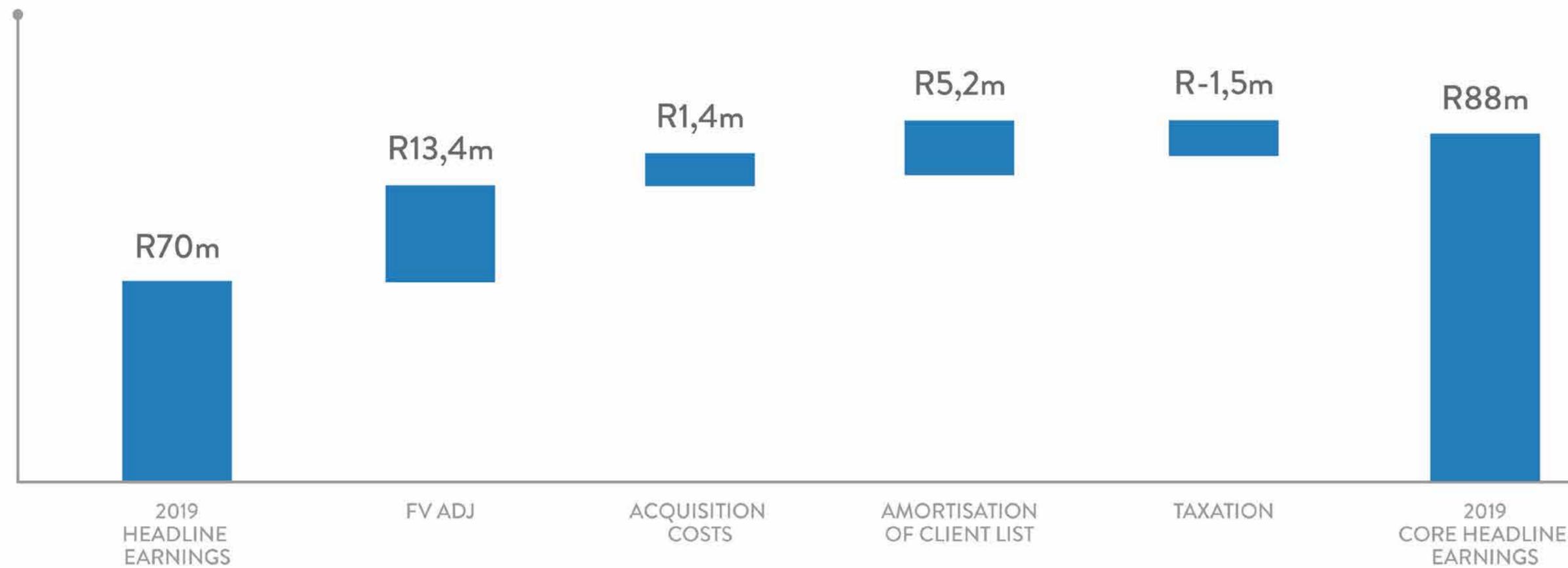


CHEPS (cps)



CORE HEADLINE EARNINGS MOVEMENT

CORE HEADLINE EARNINGS (Rm)



STATEMENT OF FINANCIAL POSITION

STATEMENT OF CONSOLIDATED FINANCIAL POSITION		
	DEC 2018	DEC 2019
	Rm	Rm
Total assets	1 904	2 067
Right of use asset	-	92
Other assets	1 904	1 975
Total equity	1 697	1 583
Attributable to equity holders	1 650	1 571
Non-controlling interests	47	12
Total liabilities	207	483
Borrowings & loans from related parties	5	65
Lease liabilities	-	169
Income received in advance	86	90
Other liabilities	115	159
Number of shares in issue (m)	818	818
NAV per share (cents)	202	192
Gearing ratio	0%	15%
Gearing ratio (excluding IFRS 16:Lease liability)	0%	4%

- Impacted by IFRS 16
- Raised R200m RCF
- Drawn down R65m
- Debt capacity up to 2.5 x EBITDA
- Gearing ratio 15% (4% excluding IFRS 16 lease liability)

CAPITAL INVESTED

CAPITAL INVESTED (Rm)	FULL YEAR			
	2016	2017	2018	2019
Acquisitions	-	594	440	156
Infrastructure development and capital assets	73	272	26	157
Programme development	12	11	15	21
Total	85	877	481	334
Cumulative investment	85	962	1 443	1 777

CASH UTILISATION

CASH UTILISATION FOR THE YEAR (Rm)	2019
Cash balance at 1 January 2019	260
Acquisition of subsidiaries	(158)
Acquisition of Centurion land and improvements	(126)
Capital expenditure and programme development	(53)
Net proceeds on borrowings	61
Repayment of lease liabilities	(20)
Net cash flow from operating activities	141
Other	(12)
Cash balance at 31 December 2019	93

R121m
Operating
cash

CASH FLOW GENERATION

CASH GENERATED FROM OPERATIONS (Rm)	DEC 2018	DEC 2019
Net cash generated from operations (before working capital changes)	134	202
Working capital changes	(34)	(12)
Net cash generated from operations	100	190
Cash generated from operations as % of EBITDA	78%	105%
Free cash flow less recurring capex	R40m	R115m

WHERE IS CHRIS
VAN DER MERWE
GOING?



CAREER PATH FROM AGE 36 – 58



- 1998: Founded CURRO with 28 learners
- 2011: Listed CURRO on Alt-X
- 2012: CURRO moved to the JSE's main board
- 2017: Stepped down as CEO of CURRO
- 2017: July, Accepted the challenge to execute the pre-listing statement's promises of STADIO HOLDINGS
- 2017: Oct 3, Listed STADIO HOLDINGS on main board of the JSE
- 2020: Steps down as CEO of STADIO HOLDINGS on 31 March 2020
- 2020: During April, my wife will teach me how to cook dinner
- 2020: From 1 July, I will resume my career as a non-executive director at STADIO HOLDINGS assisting with property development and marketing with specific focus on a medical school



**CHRIS VORSTER:
HOW I SEE THE
NEXT 3 YEARS**

INTRODUCING CHRIS VORSTER



- 53 years of age
- Been in higher education since 1992
 - RAU, Technikon SA and then founded Southern Business School (SBS) in 1996
 - STADIO HOLDINGS' acquisition of SBS in 2018
- Appointed Chief Operating Officer in August 2019
- Honoured to be appointed as STADIO HOLDINGS' incoming CEO from April 2020

HUGE POTENTIAL FOR STADIO



- Great opportunity for STADIO to fill the gap in private higher education with the establishment of a multi-faculty private higher education institution (HEI)
 - Working towards approximately six faculties
 - STADIO offers both on campus and off campus modes of learning (i.e. contact learning and distance learning)
 - Most private HEIs are single faculty institutions with one mode of delivery (contact learning)

REALISING THE POTENTIAL



- Building systems, processes, procedures and policies
- Developing *'The STADIO Way'*
- Getting fit for our target of **100 000** students





- Building **2 multi-faculty** campuses



North - CENTURION
South - DURBANVILLE



14 other buildings already,
servicing **32 000** students!



- Developing robust systems for off campus learning to service our target of **80 000** students
- Developing relevant *“in-demand”* programmes

LOW CAPEX = HIGH REWARDS = ENSURING ACADEMIC QUALITY

A group of graduates in black gowns and mortarboards are silhouetted against a vibrant sunset sky. They are standing on a dark, rounded hill, and many have their arms raised in celebration, with several mortarboards tossed into the air. The sky transitions from a deep purple at the top to a bright orange and yellow near the horizon. The overall mood is one of triumph and joy.

**STADIO WILL BECOME A REAL
ALTERNATIVE TO UNISA –
AND THE PUBLIC UNIVERSITIES.**

A group of graduates in black gowns and caps are silhouetted against a vibrant sunset sky. They are standing on a hill, with many raising their hands and throwing their caps into the air. The caps are seen as dark shapes floating in the orange and purple sky. The overall mood is one of joy and accomplishment.

**AND ULTIMATELY A FIRST CHOICE
FOR ALL SCHOOL LEAVERS AND
WORKING ADULTS!**



QUESTIONS

A close-up photograph of two hands, one slightly larger than the other, cupped together in a gesture of offering or care. The hands are positioned to hold a small, light-colored, rectangular object. The background is dark and out of focus. Overlaid on the center of the image is the text 'THANK YOU ENKOSI RE A LEBOGA DANKIE' in a bold, white, sans-serif font, arranged in four lines.

**THANK YOU
ENKOSI
RE A LEBOGA
DANKIE**

TOWARDS

STADIO

