

STADIO

— HOLDINGS —

2020 Interim Results Presentation
26 August 2020

TOWARDS

STADIO



HIGHER EDUCATION

MEET OUR CHAIRPERSON & THE WIDER MANAGEMENT TEAM

- **16 JULY 2020:** Dr Vincent Maphai was appointed as chairperson of the Board
- **MANAGEMENT COMMITTEE:** Chris Vorster (Chief Executive Officer); Divya Singh (Chief Academic Officer); Johan Human (Chief Operating Officer); Samara Totaram (Chief Financial Officer)
- **BRAND CEOs:** Chariska Knoetze (Southern Business School); Julian van der Westhuizen (Milpark); Patrick Bean (STADIO School of Education); Sandra Mostert (Prestige Academy); Shana Rosenthal (LISOF); Teresa Passchier (AFDA)



OUR PURPOSE:

To empower
the nation by
widening access to
Higher Education

OUR VISION:

To be a leading Higher
Education Institution,
offering qualifications
aligned with the needs
of societies, students
and the world of work



WHERE ARE
WE GOING?

STADIO



840
STUDENTS

12 976
STUDENTS

33 586
STUDENTS

56 000
STUDENTS

100 000+
STUDENTS

?

JAN
2017



3 OCT
2017



AUG
2020



PAT of R500m
2026





POSITIONING

- Acquisition of quality brands
- Implement a fitting organisational structure at macro-level

CONSOLIDATION

- Registration of single higher education institution, STADIO
- Migration of underlying brands into ONE BRAND
- Launch of STADIO
- Building systems, processes, policies
- Developing the ‘STADIO Way’
- Optimisation of current campuses
- Investment into DL infrastructure
- Construction of STADIO Centurion, the Group’s first multi-faculty campus

GROWTH

- Multi-faculty campuses open
- Expansion of programme offerings through mode and streams
- Continue ‘getting fit’ for 56 000 students by 2026, 100 000 + students over time

A young woman with dark hair and round glasses is lying on her back on a yellow diamond-plate metal surface. She is wearing a red and white plaid shirt and green overalls. Her right arm is raised behind her head. The background is a close-up of the metal surface, which has a circular hole visible in the upper right. The text "HOW WILL WE ACHIEVE THIS?" is overlaid in white, bold, sans-serif font across the lower half of the image.

**HOW WILL WE
ACHIEVE THIS?**

A night scene of a highway with glowing yellow lights forming arrows pointing right. The lights are arranged in a grid-like pattern, creating a sense of motion and direction. The background is dark, and the lights are the primary source of illumination.

BUSINESS TRANSFER

BUSINESS TRANSFER

- **NOVEMBER 2019:** Embury renamed STADIO and trades as STADIO School of Education
- **7 MAY 2020:** Higher Education Quality Committee (HEQC) approved the Business Transfer process
- **DURING 2020:** LISOF, Prestige Academy, Southern Business School migrate into STADIO
- Trademark impairment is triggered
- AFDA phased in over a period of two years
- Milpark will continue to operate independently, for now

THE END GOAL - ONE STUDIO



2020 GROUP ORGANOGRAM - PRE-BUSINESS TRANSFER



STADIO
— HOLDINGS —
LIMITED



STADIO INVESTMENT HOLDINGS (PTY) LTD



14
CAMPUSES

PTA • JHB • CPT • KZN • PE • Windhoek

2020 GROUP ORGANOGRAM - POST-BUSINESS TRANSFER



STADIO INVESTMENT HOLDINGS (PTY) LTD

87.2%



100%



74%



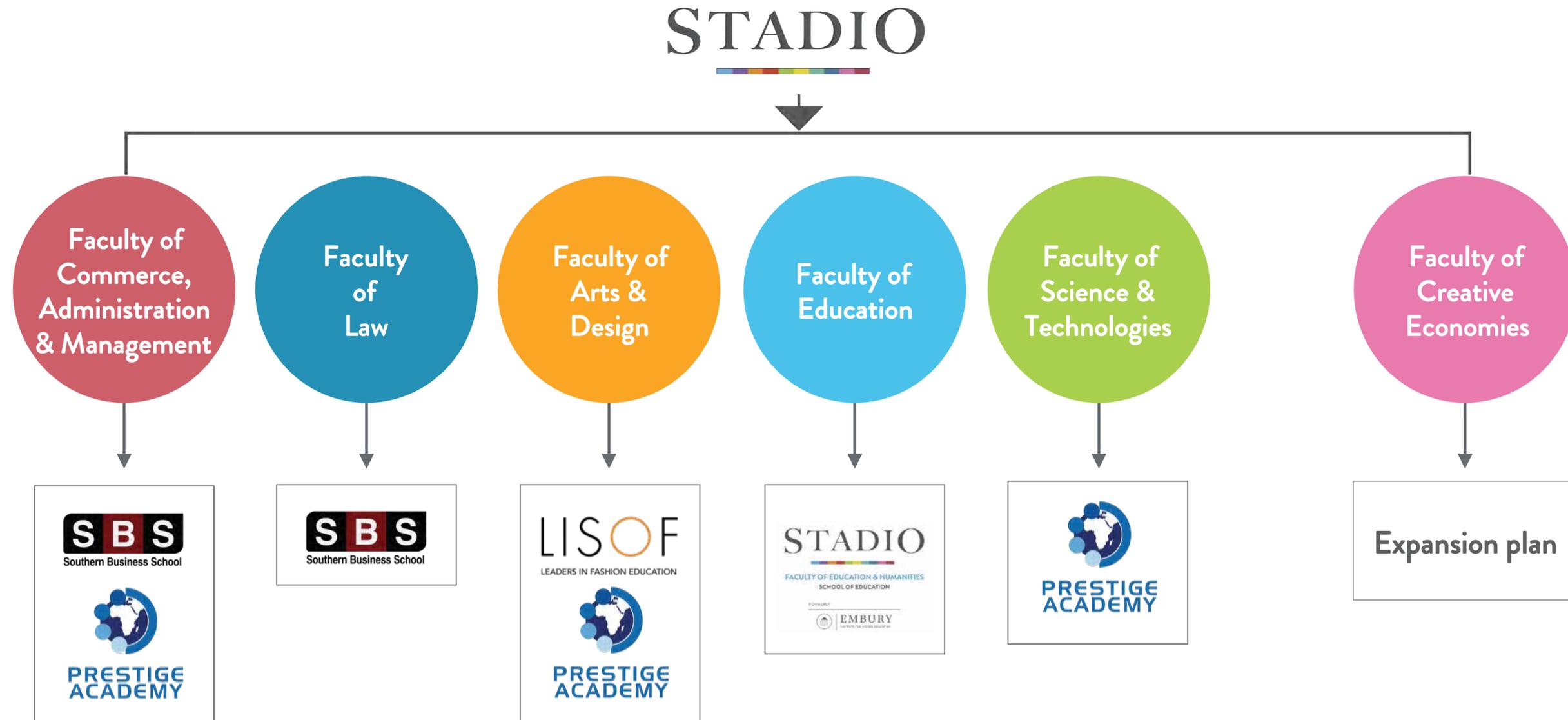
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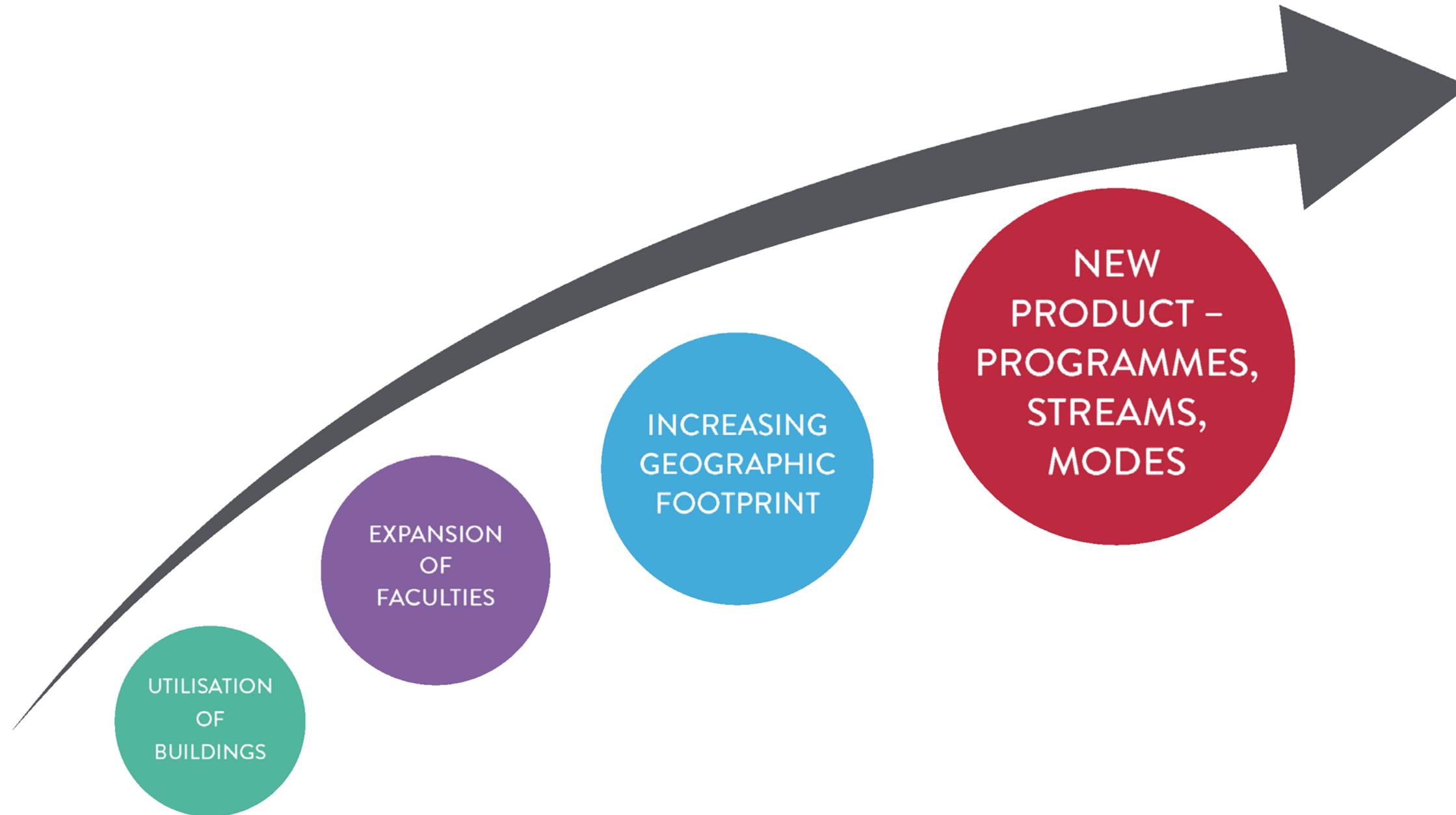
14 CAMPUSES

PTA • JHB • CPT • KZN • PE • Windhoek

STADIO'S FACULTIES



GROWTH OPPORTUNITIES



NEW PROGRAMMES FOR 2021



STADIO HEI:

- Higher Certificates across Faculty of Education and Faculty of Arts & Design (CL & DL)
- Diplomas in Faculty of Commerce, Administration & Management and Faculty of Arts & Design (CL & DL)
- Exciting new streams on our current programmes include: Agriculture, Waste Management, Data Management & Tourism, Data Privacy Management, Scenario Planning & Futures Management (DL & CL)
- Qualifications in Faculty of Law (DL)
- Post Graduate Diploma in Technical and Vocational Training (TVET) (DL)
- Doctorate in Management (DL)
- Doctorate in Policing (DL)

Wider STADIO Group:

- BA in Creative Writing (CL)
- Post Graduate Diploma in Entrepreneurship and Innovation (CL)
- Post Graduate Diplomas in Risk Management, Public Administration and Sustainability (DL)

Currently have **97** accredited qualifications, **37** pipeline programmes

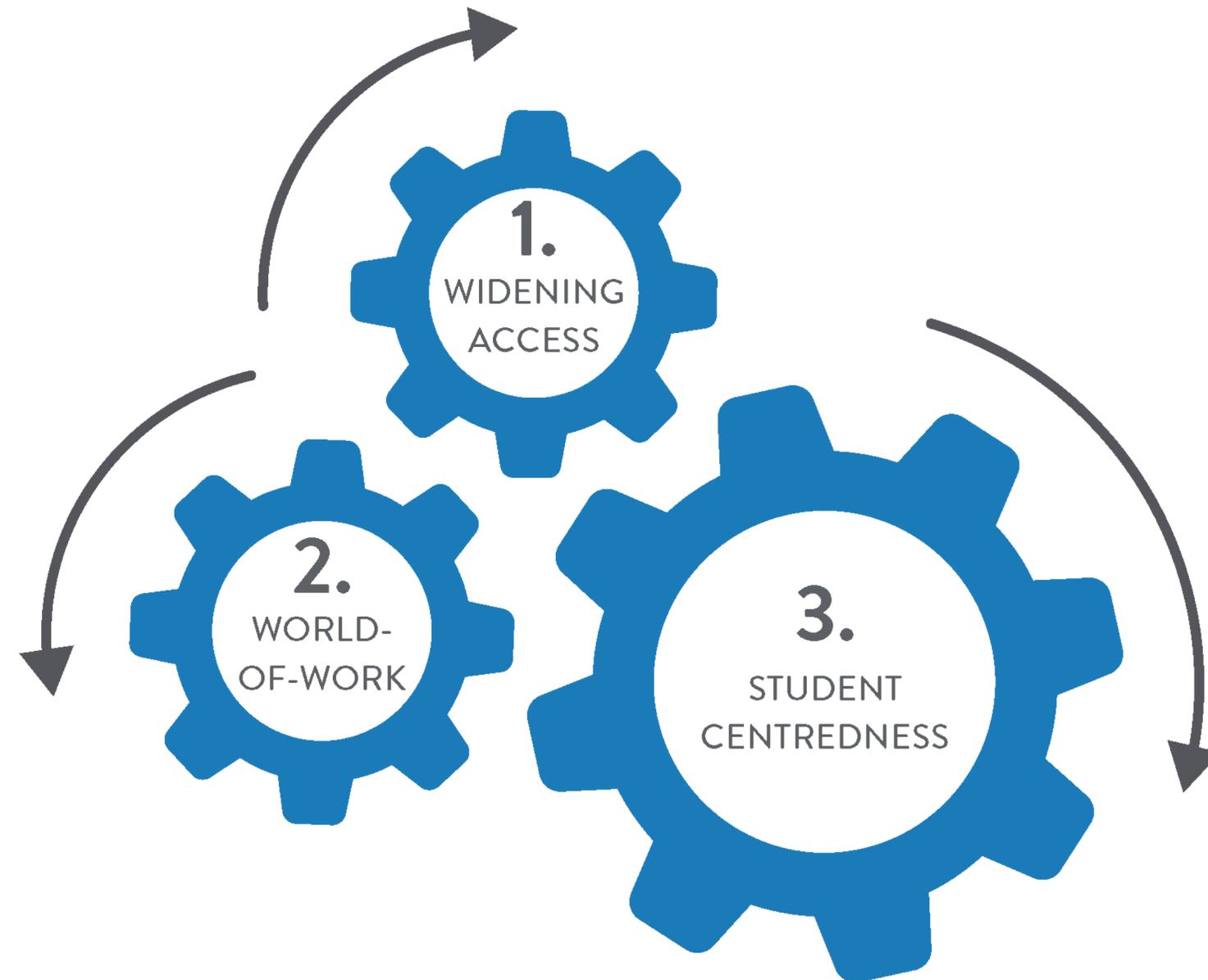
DL – DISTANCE LEARNING

CL – ON CAMPUS LEARNING

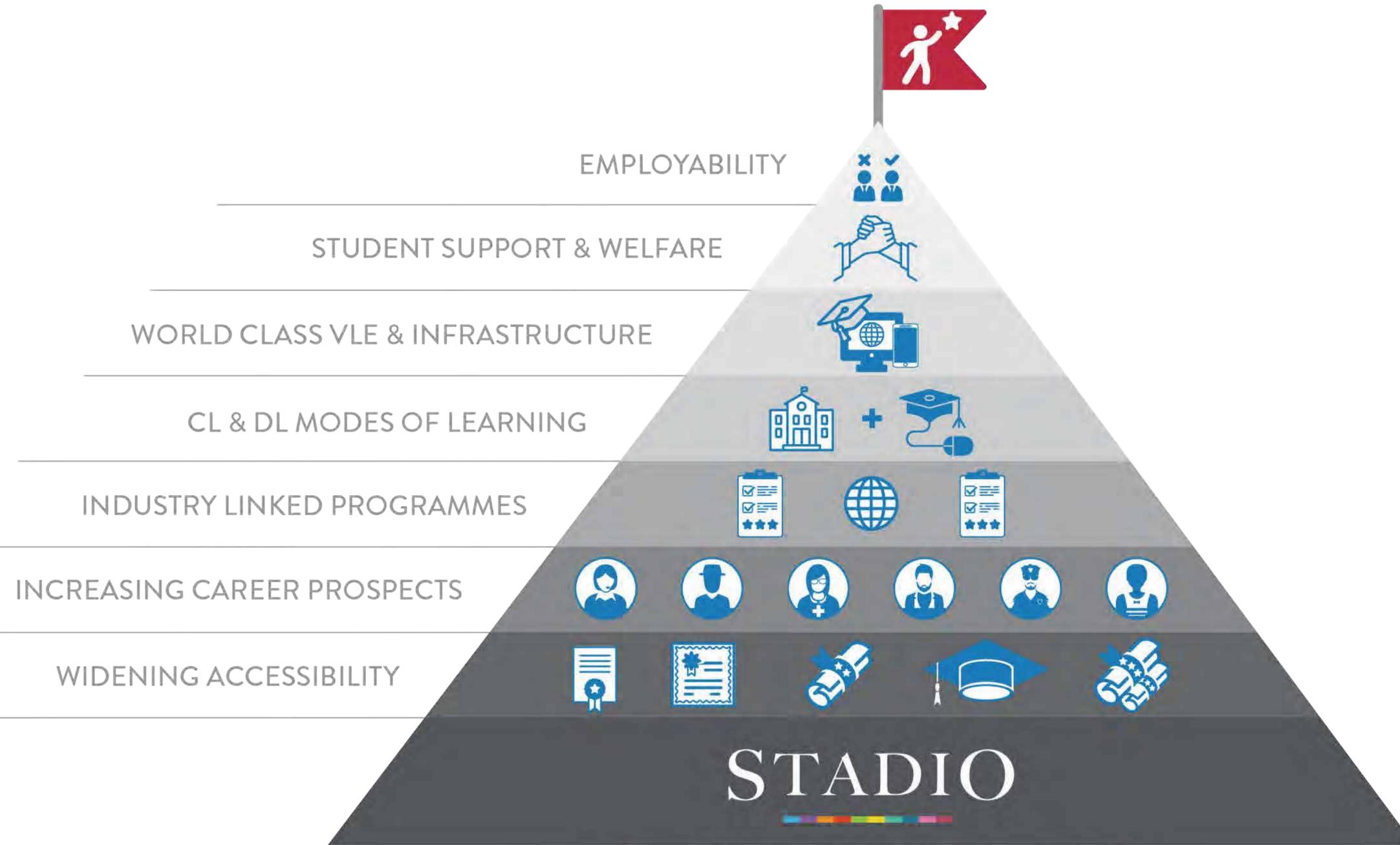
A man wearing a grey fedora, glasses, a blue blazer, and a yellow shirt stands on a brick rooftop. He is looking directly at the camera with a serious expression. The background shows a dense urban cityscape under a sunset sky. The text 'KEY FOCUS AREAS' is overlaid in the center of the image.

KEY FOCUS AREAS

KEY FOCUS AREAS – ‘WWS’



CENTRE FOR LIFELONG LEARNING



A NEW VISION IN HIGHER EDUCATION

VIRTUAL LEARNING ENVIRONMENT (VLE)

STADIO JOINS AN IMPRESSIVE LIST OF PREMIUM CANVAS CUSTOMERS, THAT INCLUDES HALF THE WORLD'S TOP 50 UNIVERSITIES



STADIO IS THE BIGGEST CANVAS CLIENT IN AFRICA AND THE FIRST ENTERPRISE CLIENT IN SOUTH AFRICA USING CANVAS.



EUROPE

- All universities in Norway and Iceland
- 30/36 universities in Sweden
- Many top UK universities, including Oxford, Manchester and London Business School



USA

- All 8 ivy league universities
- 9/10 of the top business schools
- 7/10 of the top law schools

STADIO BRAND

STADIO
— HOLDINGS —



MARKETING TO DATE:

- Student Roadshows and Expos (via Association Branding)
- Engagement with current Students & Alumni
- Regulatory limitations around marketing prior to successful business migration



FOLLOWING SUCCESSFUL BUSINESS MIGRATION:

- National Launch Campaign (Digital Media and Radio)
- New STADIO brand established
- STADIO brand is positioned as a Quality HEI which is “WWS”:
 - *Widening access to students through its affordable range of programmes*
 - *Aligned with world of work and industry*
 - *Student centredness*
- National STADIO presence



COVID-19



COVID-19 STRATEGY

- 
-  **The Health and Safety of our staff and students:**
 - We always place our staff and students at the centre of our decision making
 - Compliance with regulations set out by DHET, Higher Health and Occupational Health and Safety Guidelines
 - 29 staff infected
 -  **The continuation of the academic project:**
 - From the time the lockdown was announced, our academic teams from all our brands took initiative and implemented plans to ensure that all our students complete their 2020 academic year
 - Huge focus on student engagement
 - 2020 Drop-out rates decreased (~3.5%)
 - Participation rates and success rates increased
 - 1 June 2020, 33% of on-campus students returned to campus, with online teaching and learning continuing
 - 18 August 2020, 66% of on-campus students may return to campus under level 2

COVID-19 STRATEGY (CONT)

The protection of financial resources as well as stakeholders' interests:

- Some of the sacrifices we have had to make thus far include:
 - › To freeze all uncommitted capital expenditures
 - › To freeze all new uncommitted staff appointments
 - › To reduce variable expenditures as far as possible
 - › To conserve the cash in our business
 - › To pause the construction of our STADIO Centurion campus
- This has led to:
 - › Limited gearing
 - › Adequate cash resources
 - › 98 student withdrawals (0.3%)
 - › Requests for payment extensions increased

GREENFIELD DEVELOPMENTS UPDATE



STADIO CENTURION:

- Construction has been paused



WHY:

- COVID-19 (effect of lockdown) (financial uncertainty)
- Regulatory hurdles (OHS certificate)
- Reduced marketing time



IMPACT:

- Opening of STADIO Centurion delayed to Jan 2022
- Better utilisation of current campuses: becoming multi-faculty campuses
- Expanding DL offering

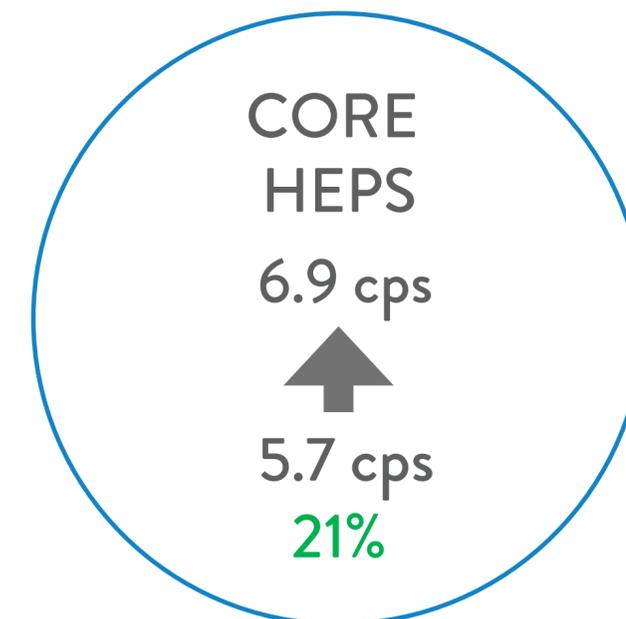
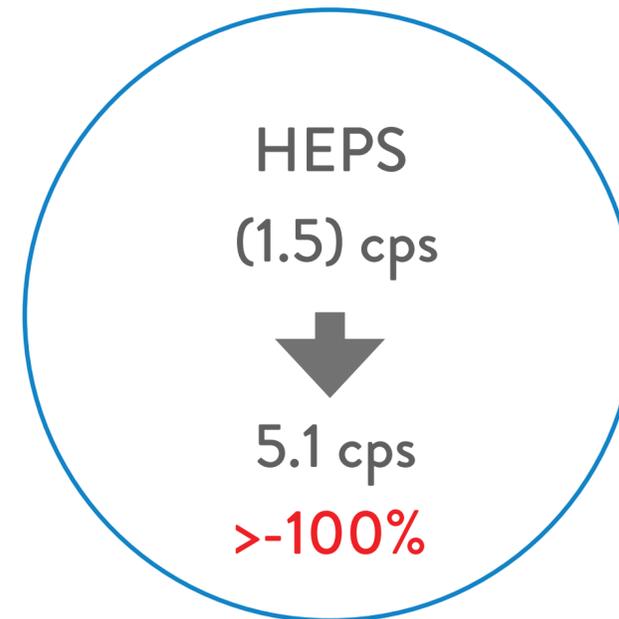
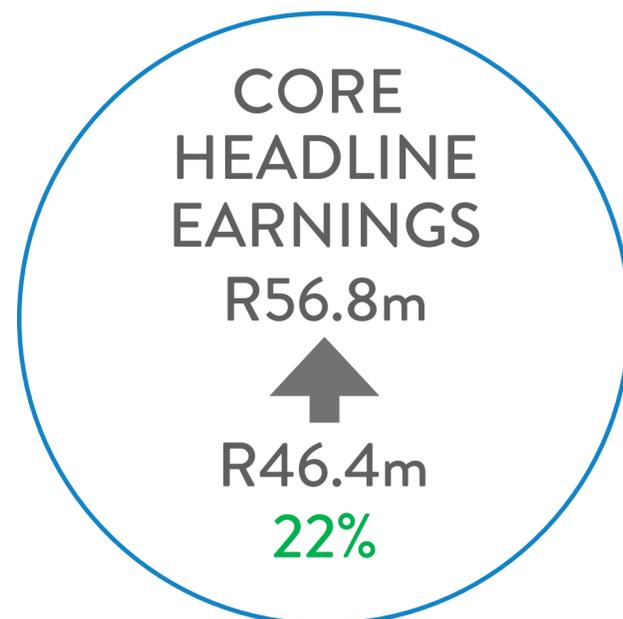
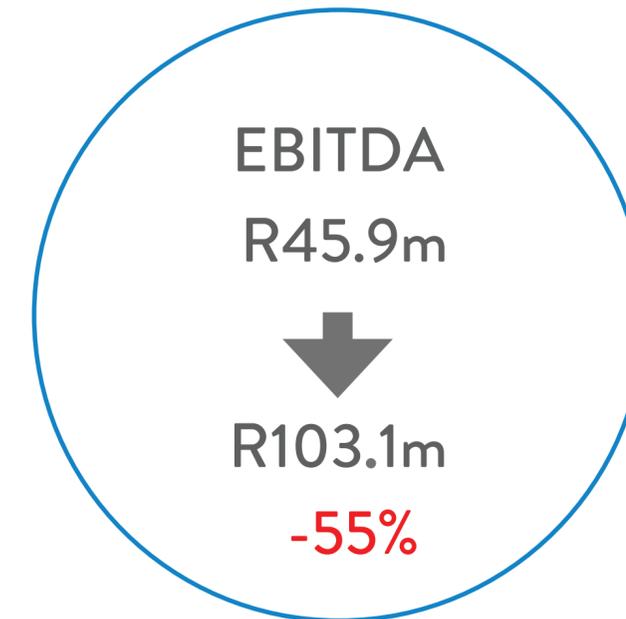
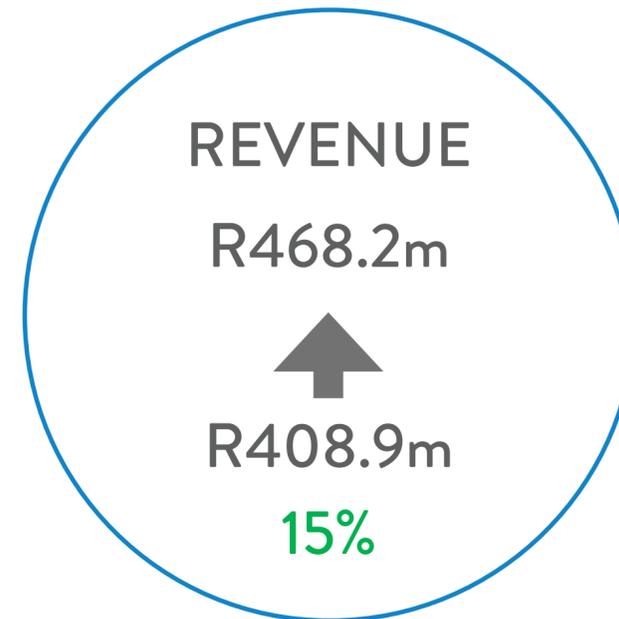
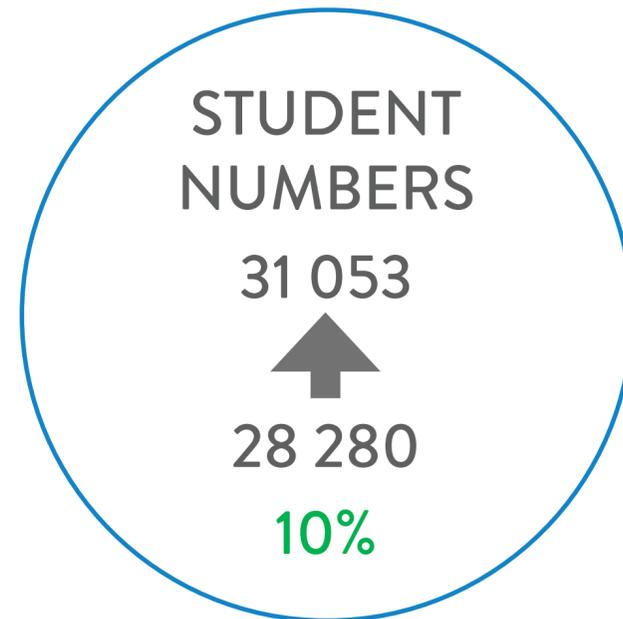


CURRENT CAMPUSES = MULTI-FACULTY CAMPUSES

STUDENT NUMBERS AS AT 30 JUNE

STUDENT NUMBERS	SEMESTER 1 ENROLMENTS				
MODES OF LEARNING DELIVERY	JUN 17	JUN 18	JUN 19	JUN 20	YOY GROWTH
On campus	4 755	5 402	6 081	6 263	3%
Distance learning	18 997	20 932	22 199	24 784	12%
TOTAL	23 752	26 334	28 280	31 053	10%
MADE UP AS FOLLOWS					
% On campus	20%	21%	22%	20%	
% Distance learning	80%	79%	78%	80%	

FINANCIAL HIGHLIGHTS FROM JUNE 2019 TO JUNE 2020



FINANCIAL INFORMATION

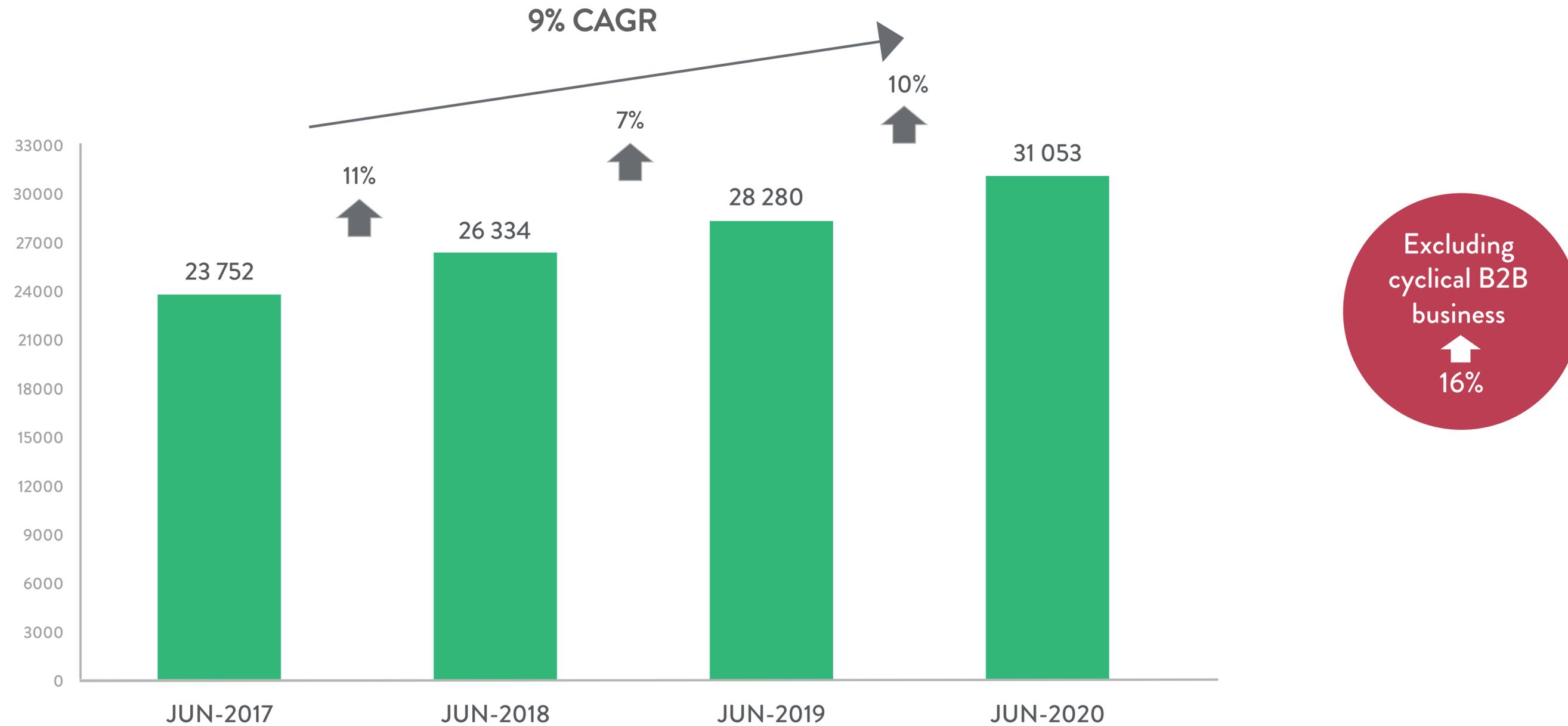


HIGHLIGHTS FOR 2020

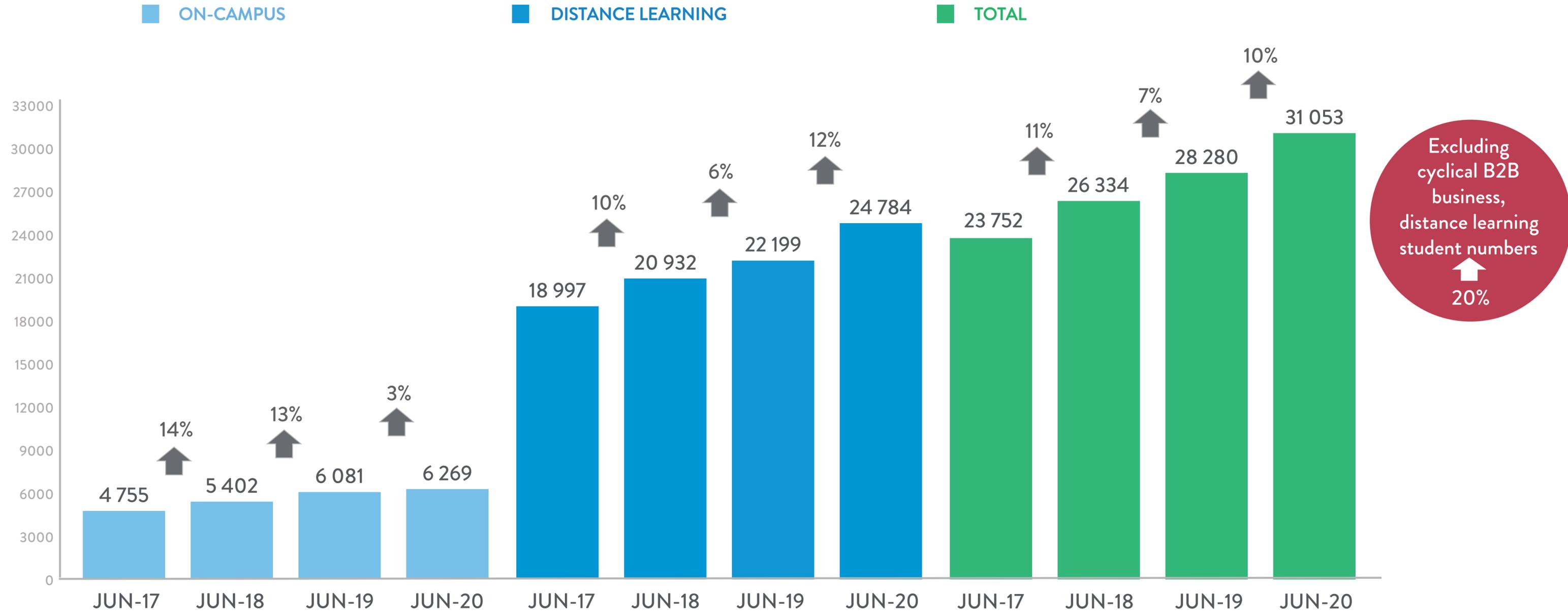


- Exceptional enrolments for the PGDA and PGDA Bridging programme in 2020
 - Fair value adjustment to increase contingent liability consideration
- HEQC approves of business transfer process
 - Impairment of trademarks
 - New STADIO brand to be launched in 2020
- COVID-19 pandemic
 - Impact on enrolments (semester 2)
 - Impact on collections and expected loss allowance (bad debts)
- Paused STADIO Centurion Project
 - Spent R155m to date on the purchase and development
 - Estimated R122m to fully complete the project
 - Building will be completed in 2 phases
 - Phase I planned to open in 2022
- Repaid loan funding of R65million
- Access to R200m revolving credit facility

STUDENT NUMBERS (LIKE-FOR-LIKE) – SEMESTER 1 ENROLMENTS



STUDENT NUMBERS (LIKE-FOR-LIKE) – SEMESTER 1 ENROLMENTS

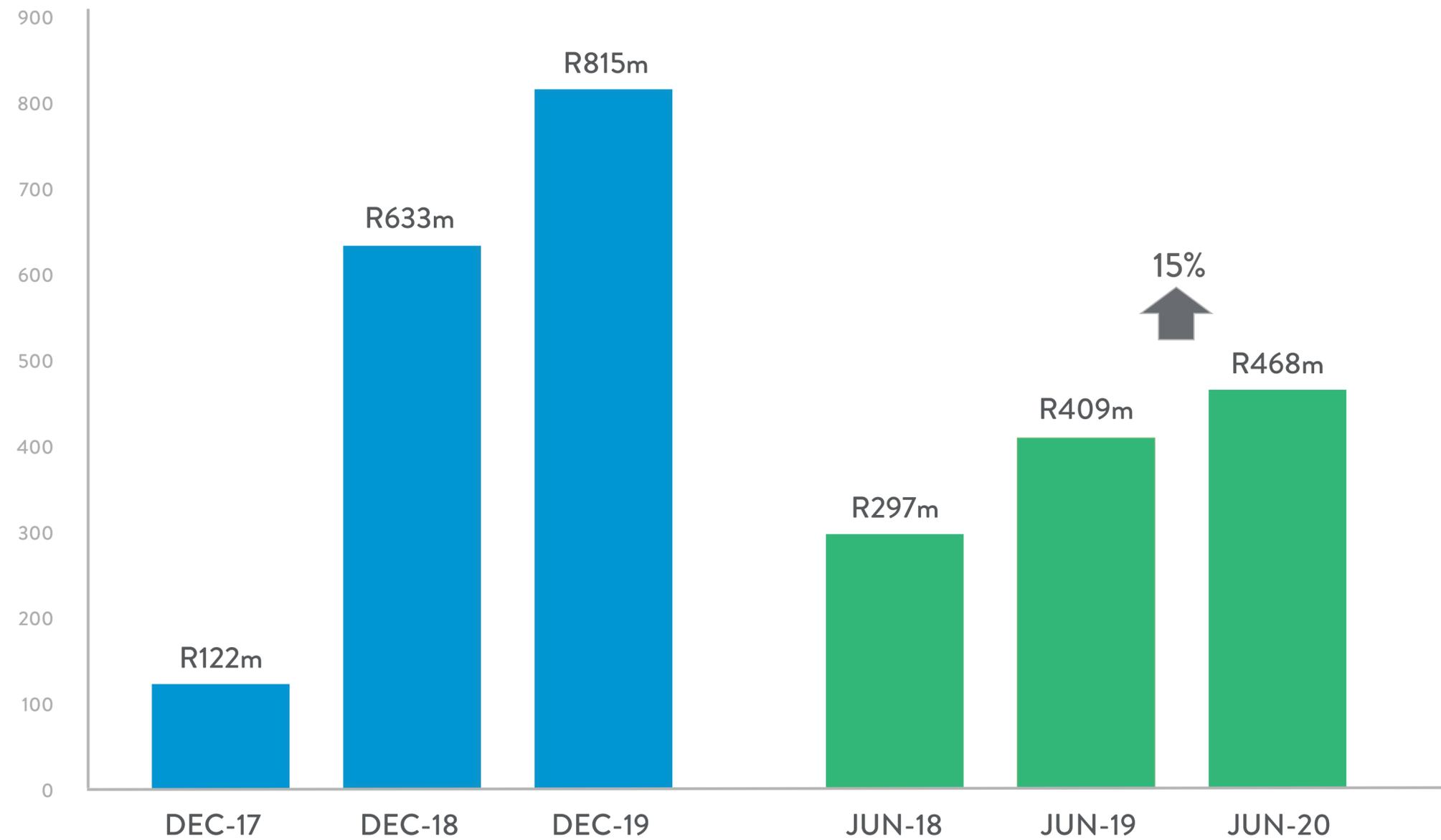


STUDENT NUMBER ANALYSIS

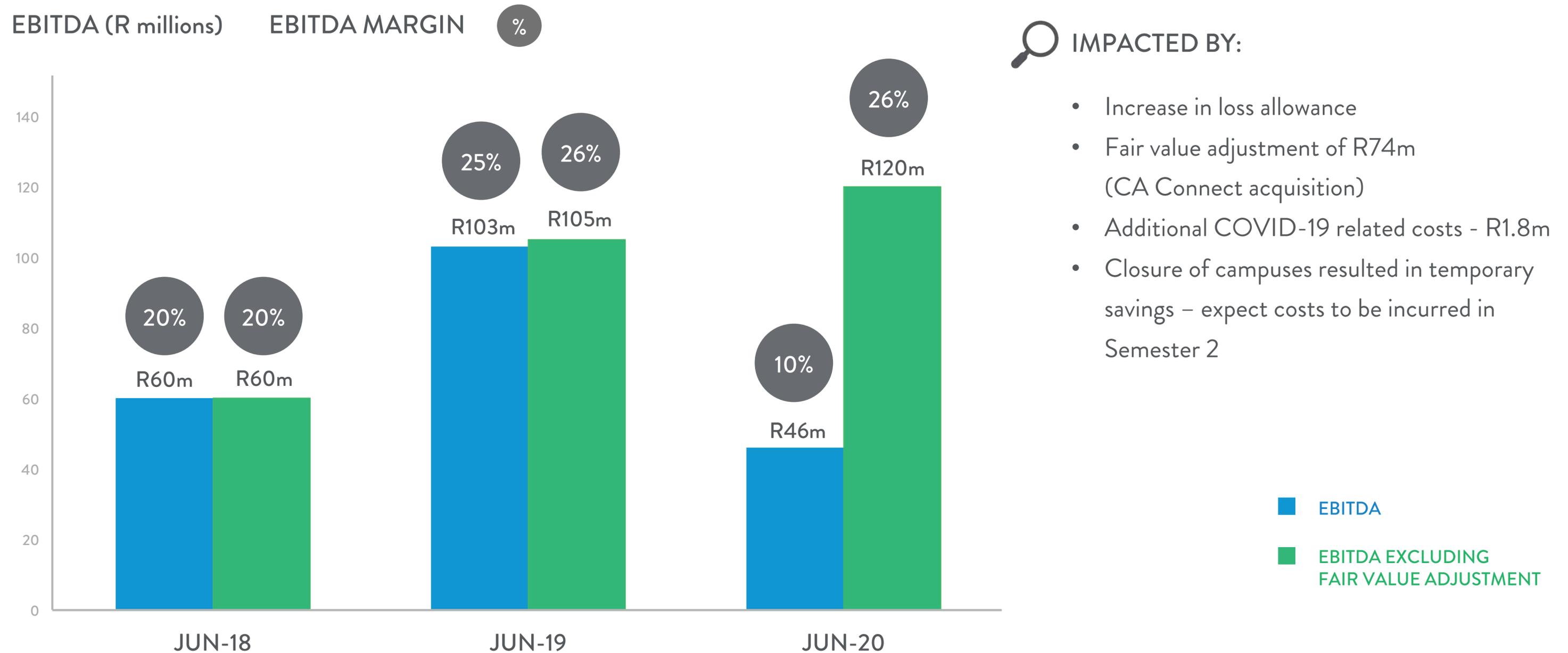
STUDENT NUMBERS	SEMESTER 1 ENROLMENTS						REVENUE (Rm)		
MODES OF LEARNING DELIVERY	JUN 17	JUN 18	JUN 19	JUN 20	YOY GROWTH	3YR CAGR	JUN 19	JUN 20	% CHANGE
On campus	4 755	5 402	6 081	6 269	3%	10%	201	221	10%
Distance learning	18 997	20 932	22 199	24 784	12%	9%	208	247	19%
TOTAL	23 752	26 334	28 280	31 053	10%	9%	409	468	15%
MADE UP AS FOLLOWS									
% On campus	20%	21%	22%	20%			49%	47%	
% Distance learning	80%	79%	78%	80%			51%	53%	

REVENUE

REVENUE (R millions)

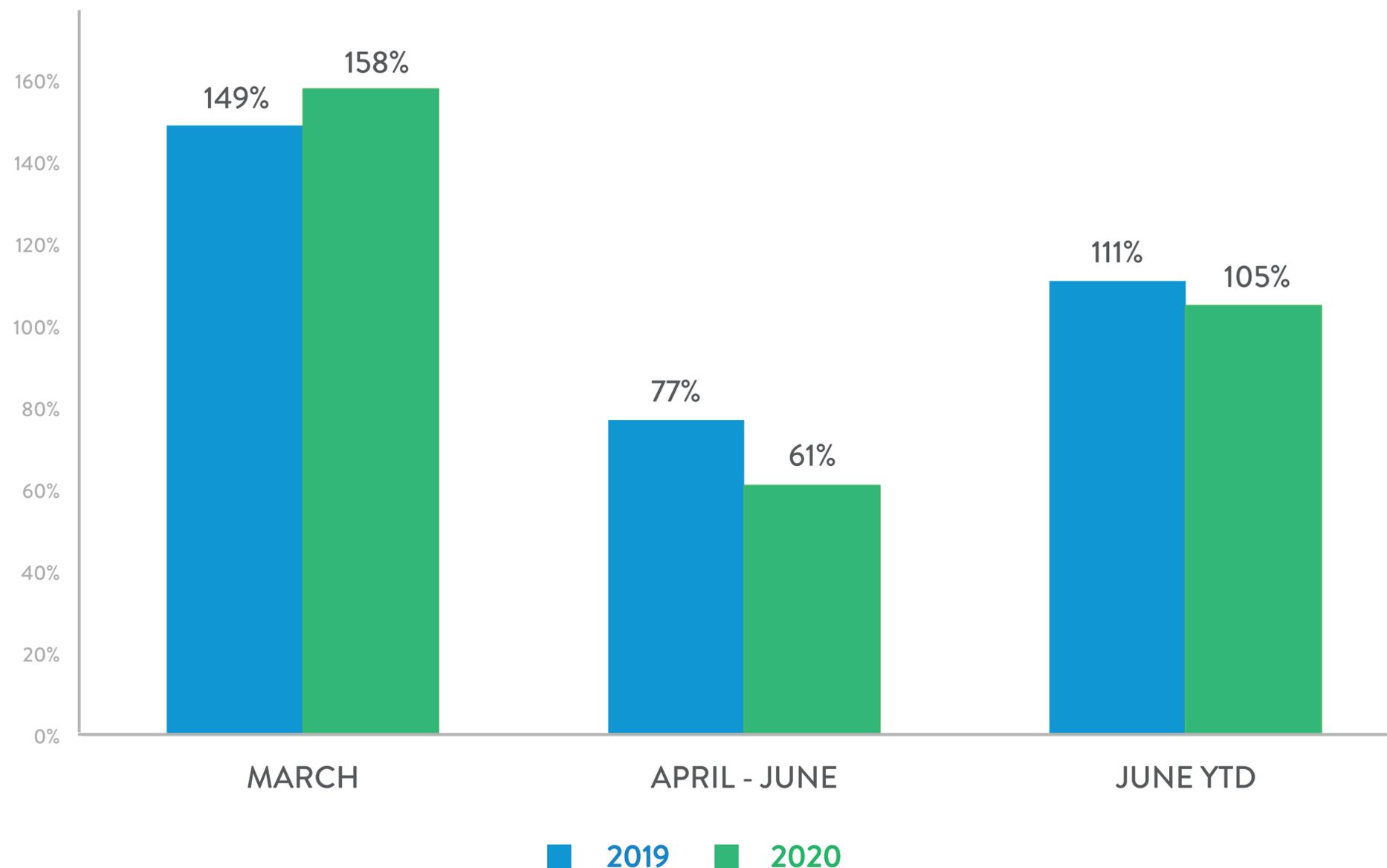


EBITDA & EBITDA MARGIN



CASH COLLECTIONS AS A % OF REVENUE AS AT 30 JUNE

CASH COLLECTIONS (% of REVENUE YTD)

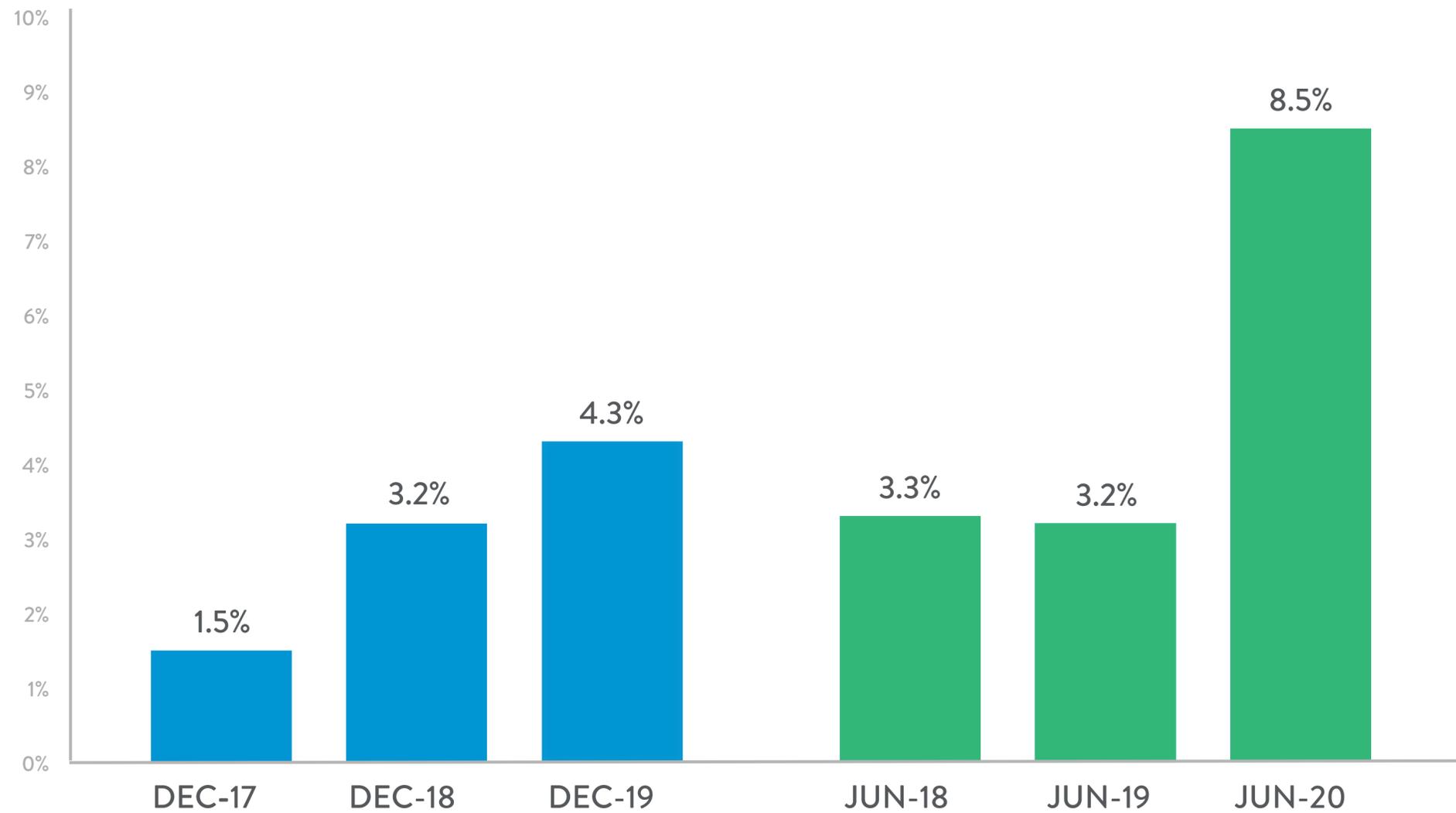


COVID-19 IMPLICATIONS

- 8% increase in collections (June 2020 vs June 2019)
- Increasing number of students on payment plans
- 58 withdrawals specifically due to COVID-19

LOSS ALLOWANCE AS A % OF REVENUE AS AT 30 JUNE

LOSS ALLOWANCE AS % OF REVENUE



COVID-19 IMPLICATIONS

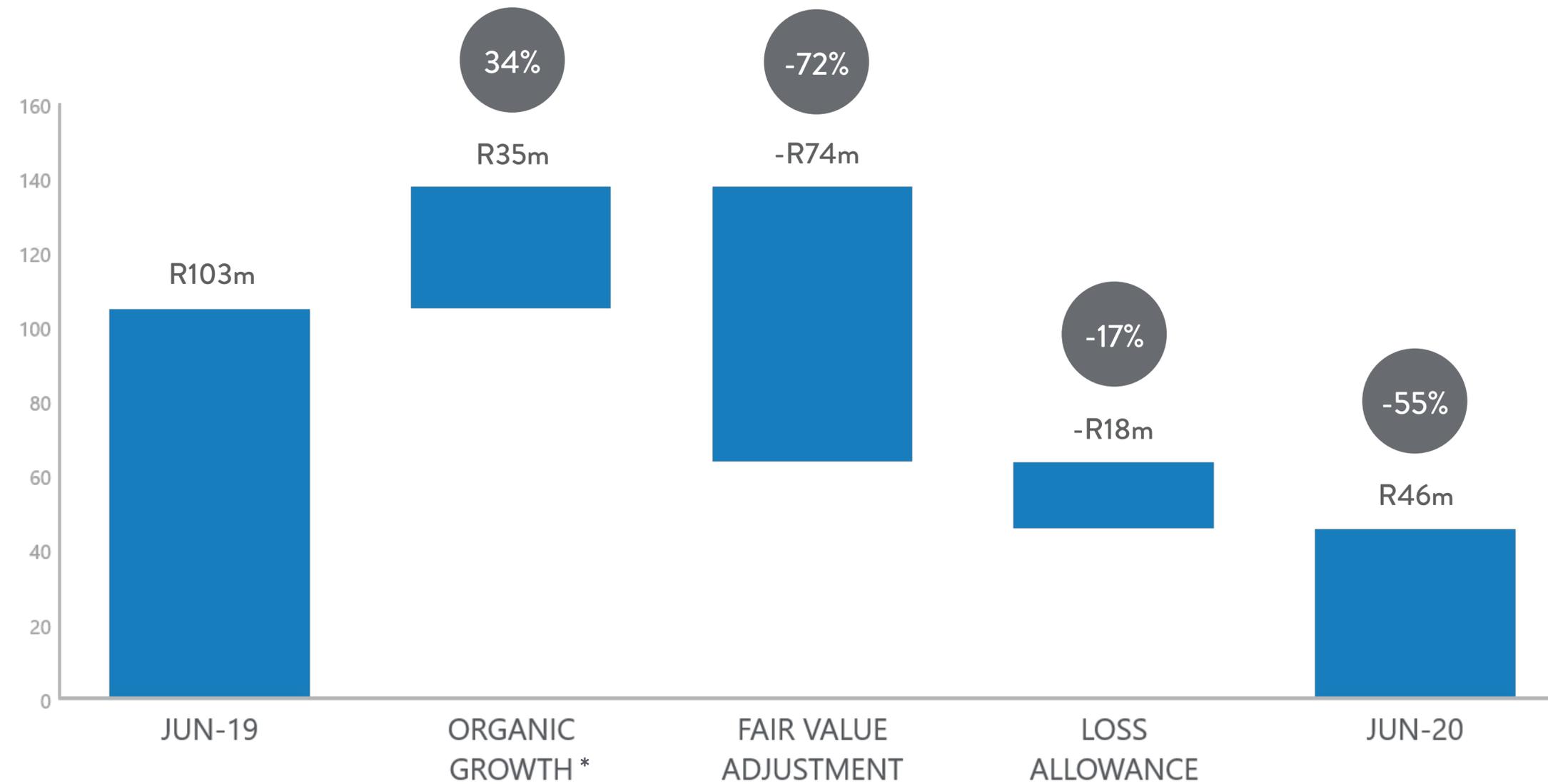
- Slow down in collections
- Increased loss allowance to account for economic impact of COVID-19

CA CONNECT ACQUISITION

- Acquired CA Connect in April 2018
- Specialists in the offering of the Postgraduate Diploma in Accounting (PGDA) (feeder qualification for students aspiring towards becoming SAICA accredited chartered accountants)
- Acquisition price was subject to an earnout
 - 4.5x EBITDA earned over a 3 year-period (July 2019 – June 2022)
- PGDA was accredited for offer in July 2019
- Only PGDA programme in South Africa to be offered fully online
- Acquisition price is to be settled in tranches based on growth in EBITDA
 - 75% settled in shares
 - 25% settled in cash
- Recognised a contingent consideration liability of R32m, at 31 December 2019, based on expectation of enrolments at that time
- Actual enrolments in 2020 far exceeded expected enrolments
- Fair value adjustment of R74m to revalue contingent consideration liability at 30 June 2020

EBITDA MOVEMENT

EBITDA MOVEMENT (R millions)

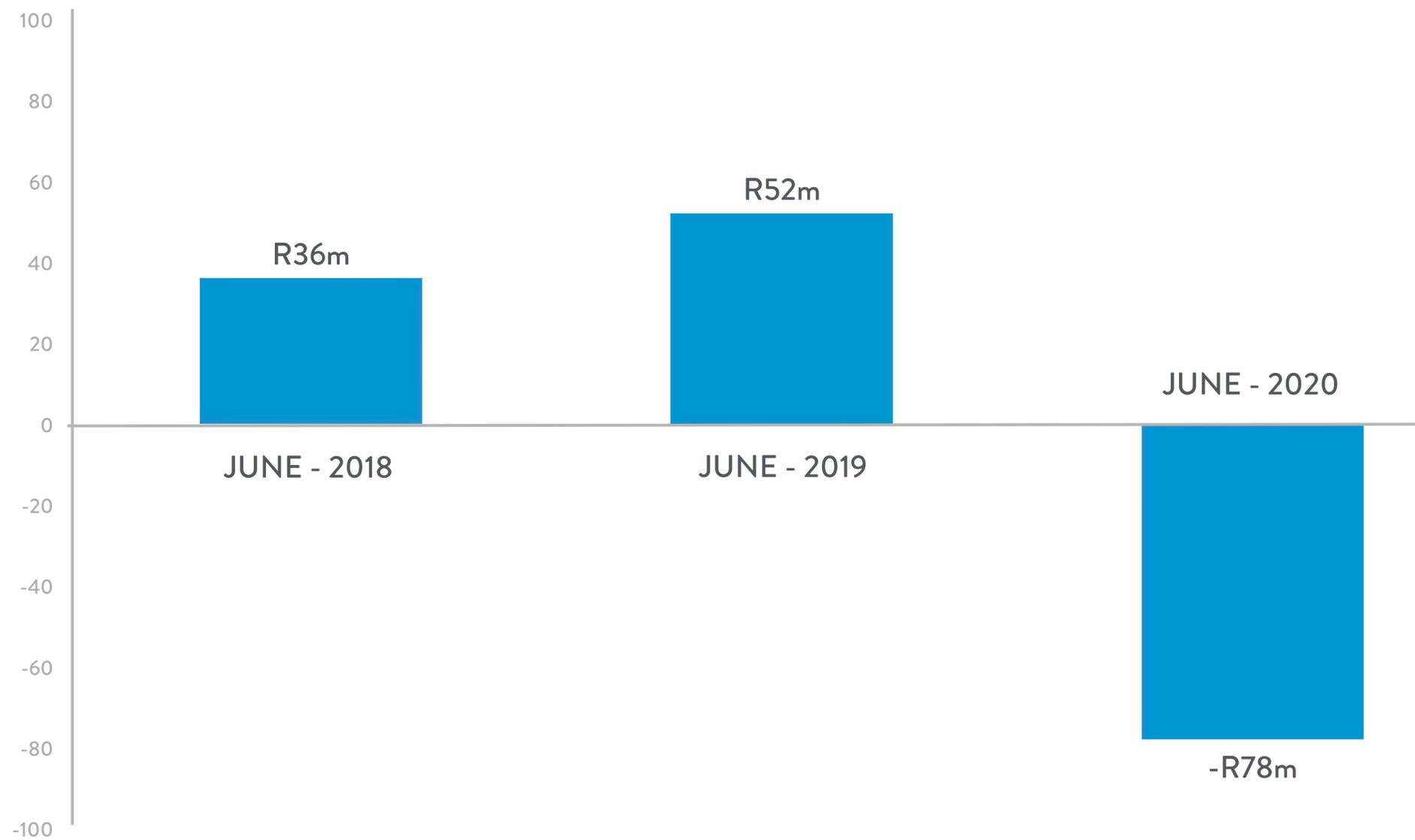


* After taking into account additional costs and savings attributable to COVID-19

PROFIT/ (LOSS) FOR PERIOD

STADIO
— HOLDINGS —

(R millions)



TRADEMARK IMPAIRMENT

- HEQC approved Business Transfer process
- Indicator of impairment for trademarks acquired
- R4m accumulated amortisation of Embury brand
- R60m impairment of remaining brands (excl Milpark)

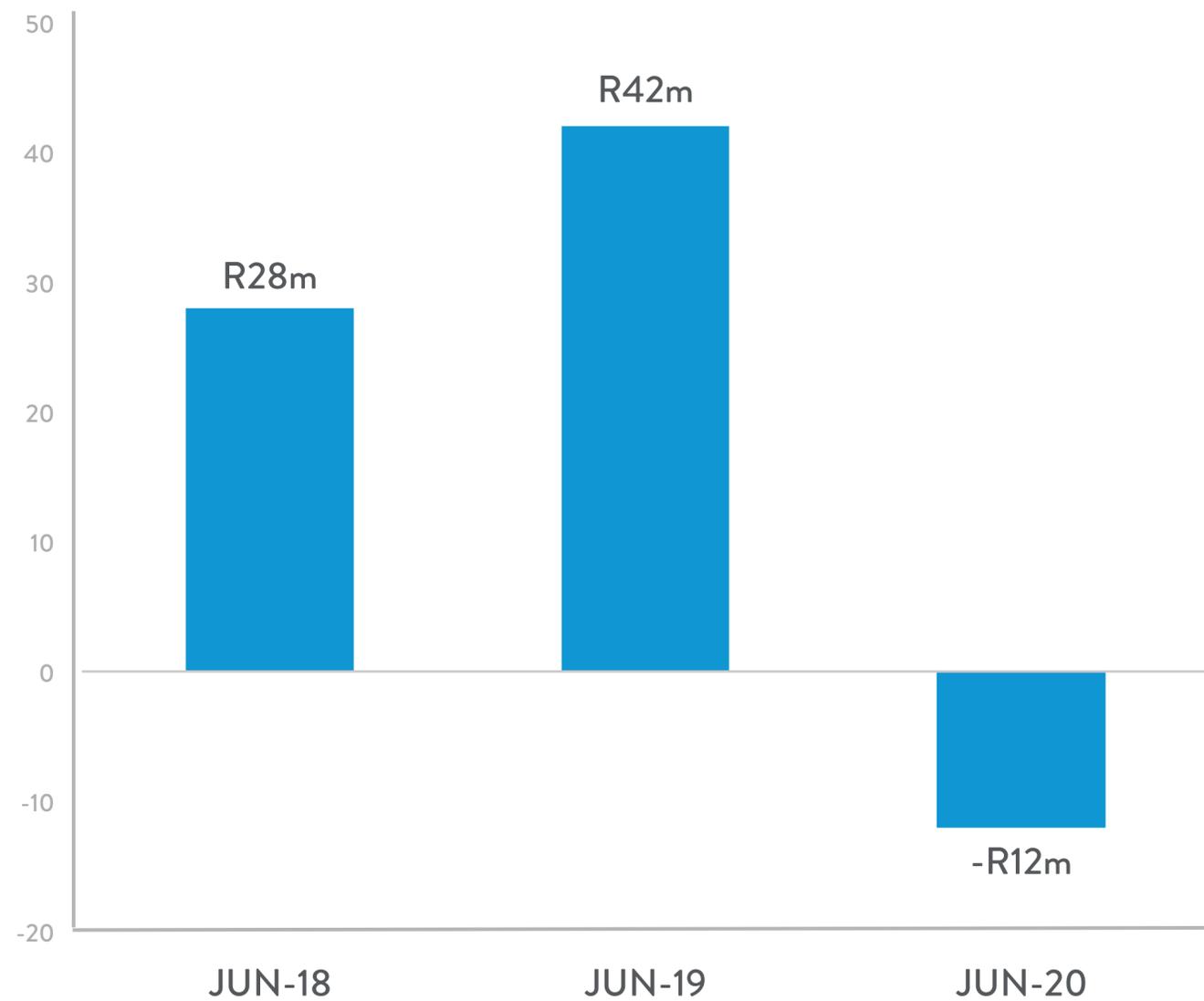
TRADEMARKS (Rm)	DEC 2019	JUN 2020
Opening carrying value	101	100
Amortisation expense	(1)	(3)
Impairment expense	-	(60)
CLOSING CARRYING VALUE	100	37

HEADLINE LOSS

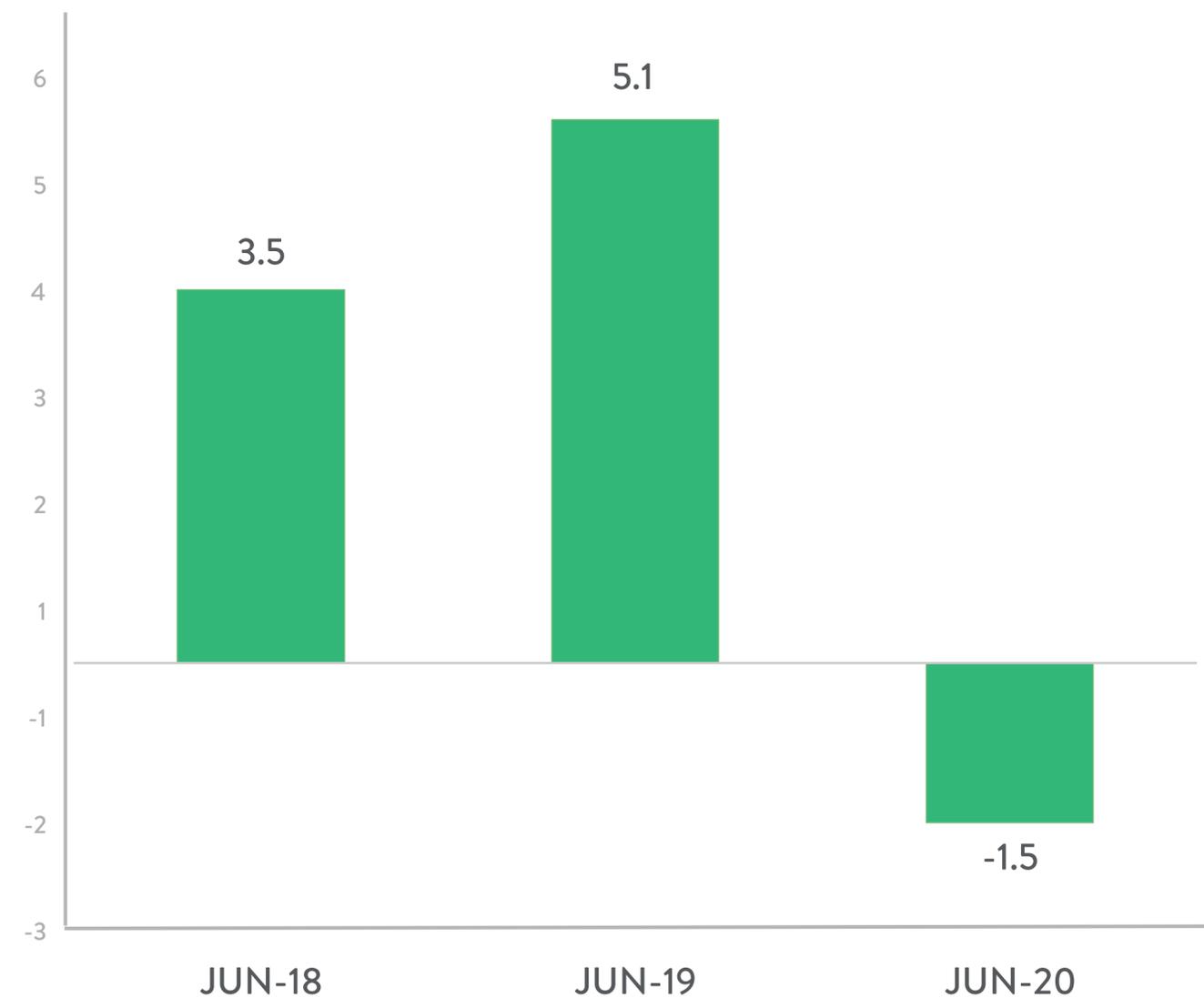
HEADLINE LOSS (Rm)	JUN 2020
Loss for period attributable to parent	-R71m
Impairment of trademarks	R59m
Other	R0m
Headline loss	-R12m

HEADLINE EARNINGS

HEADLINE EARNINGS (R millions)



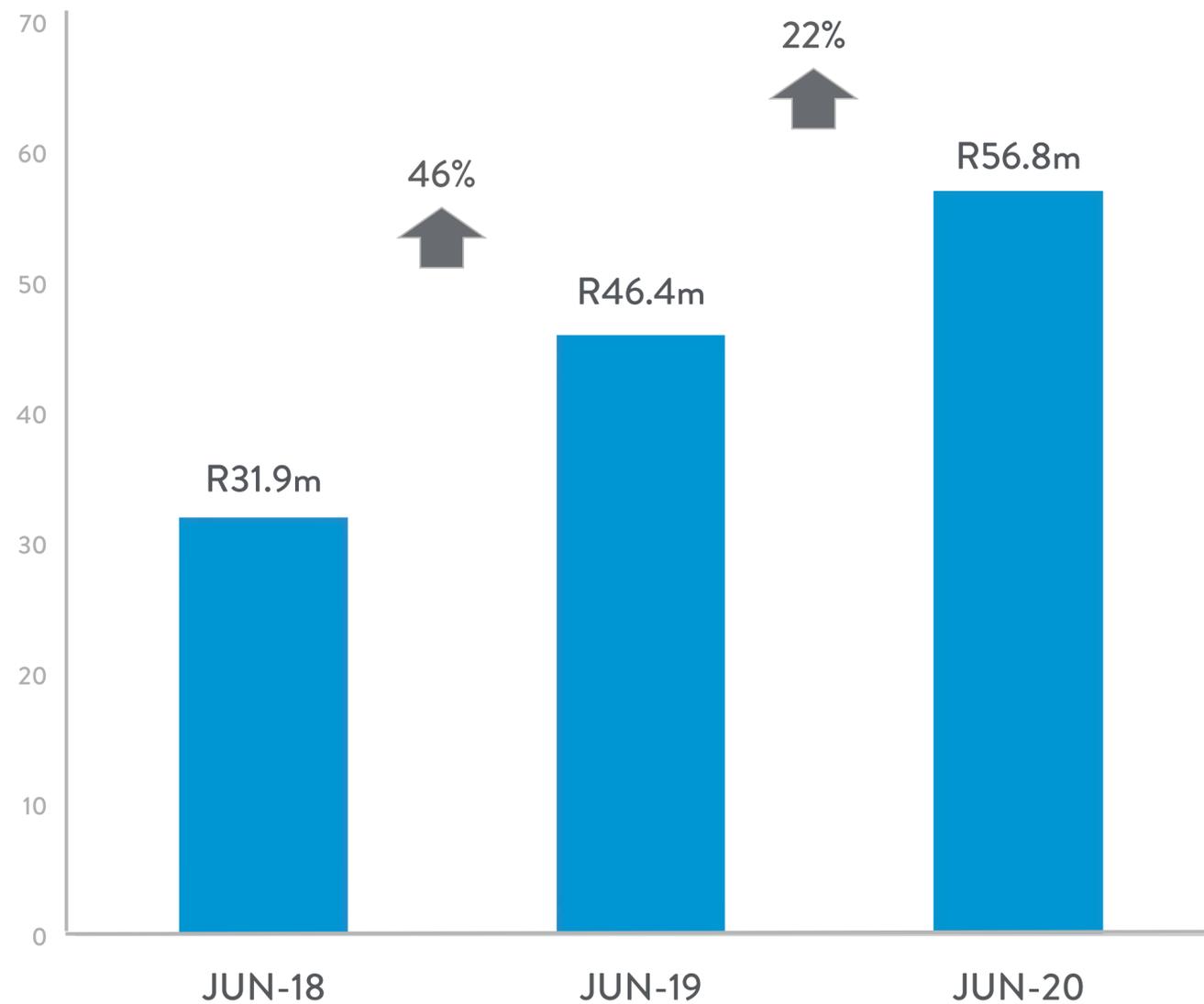
HEPS (cps)



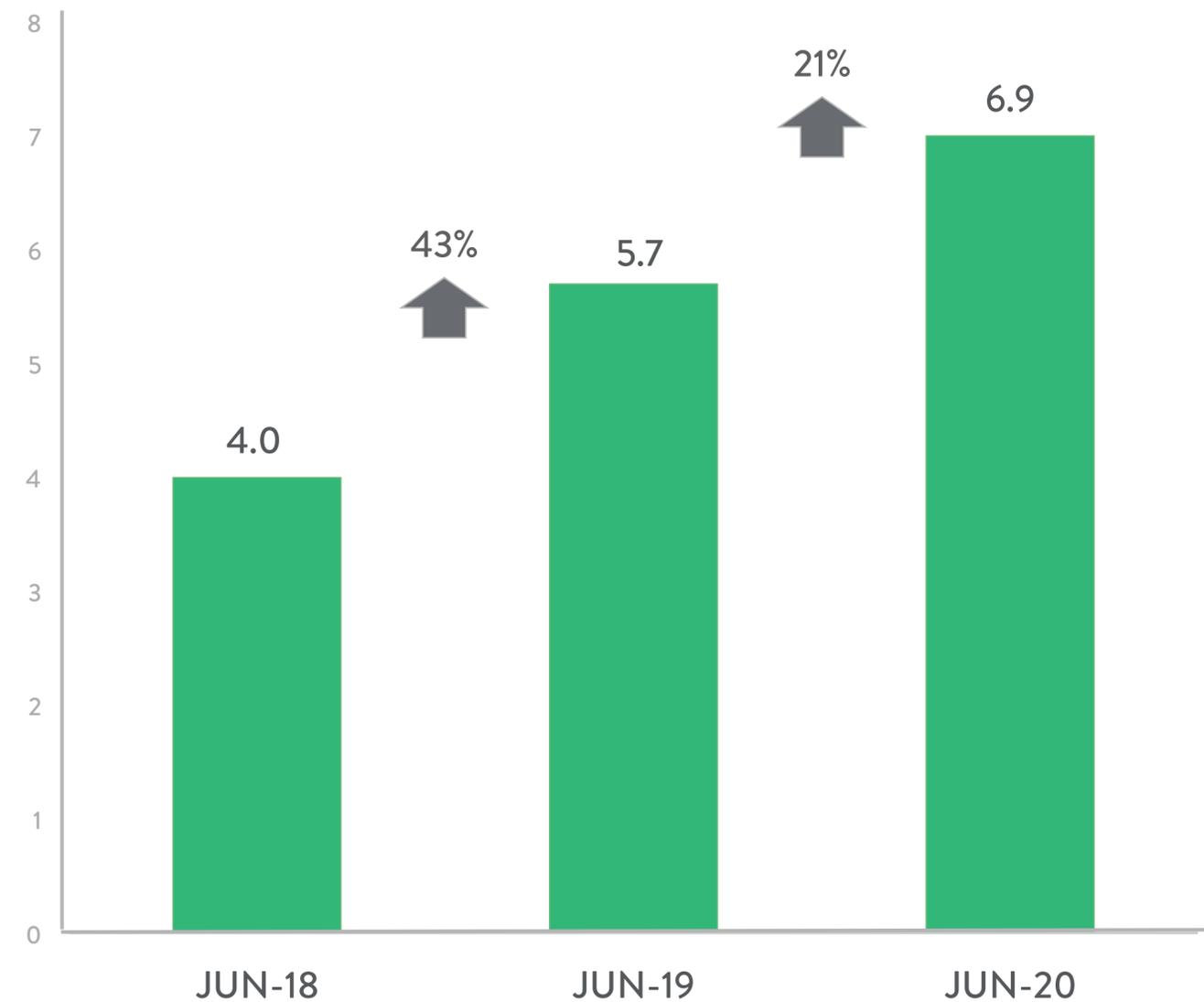
CORE HEADLINE EARNINGS

STADIO
— HOLDINGS —

CORE HEADLINE EARNINGS (R millions)

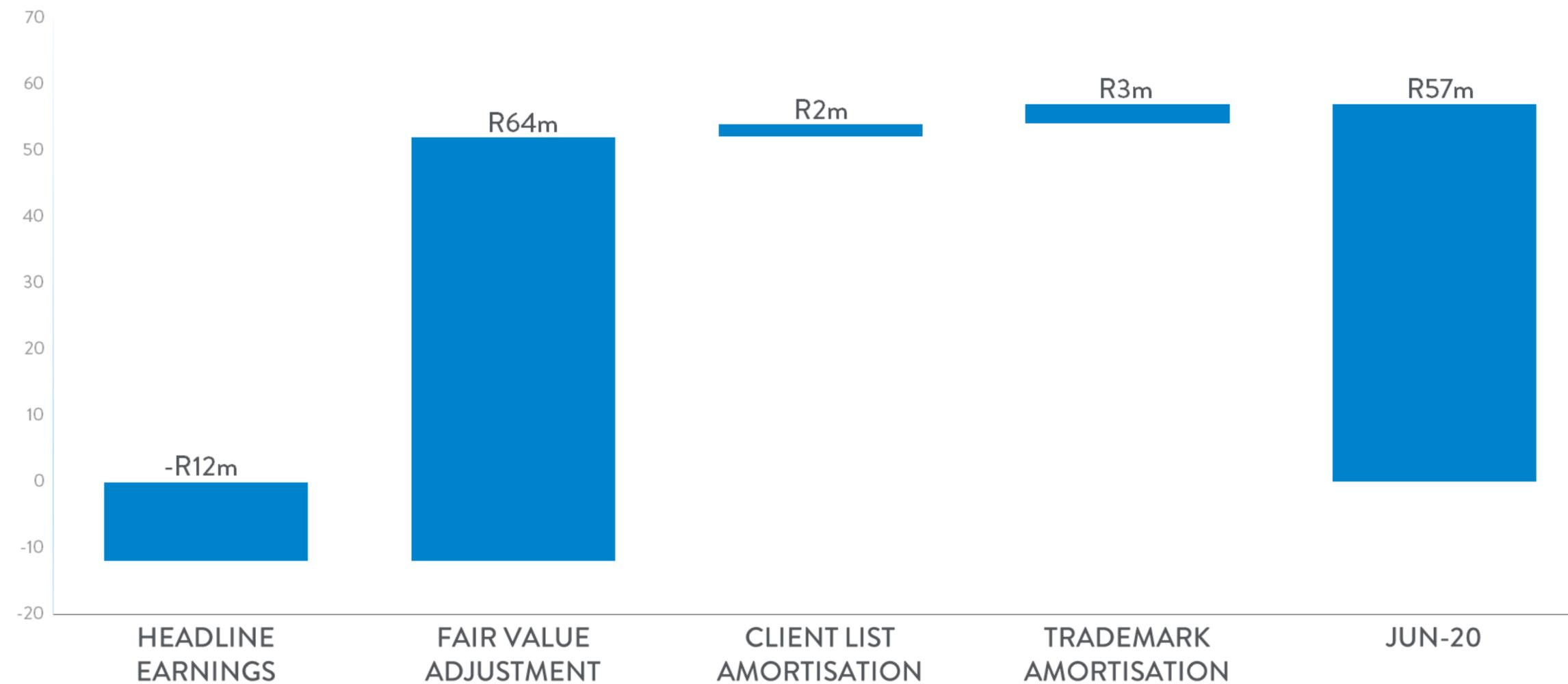


CORE HEPS (cps)



CORE HEADLINE EARNINGS RECONCILIATION

(R millions)



STATEMENT OF FINANCIAL POSITION



- Invested R57m on capital expenditure
- Impaired R60m of intangible assets
- Repaid R65m loan funding
- R123m of cash on hand
- Debt capacity up to 2.5 x EBITDA
- Gearing ratio 11% (0% excluding IFRS 16 lease liability)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION				
	DEC 2019		JUN 2019	JUN 2020
	Rm		Rm	Rm
Total assets	2 067		2 219	2 100
Right-of-use asset	92		100	88
Other assets	1 975		2 119	2 012
Total equity	1 583		1 712	1 505
Attributable to equity holders	1 571		1 664	1 506
Non-controlling interests	12		48	(1)
Total liabilities	483		507	595
Borrowings & loans from related parties	65		-	-
Lease liabilities	169		177	163
Income received in advance	90		174	173
Other liabilities	159		156	259
Number of shares in issue (millions)	818		818	819
NAV per shares (cents)	192		203	184
Gearing ratio	15%		10%	11%
Gearing ratio (excluding IFRS 16 Lease liabilities)	4%		0%	0%

CASH FLOW GENERATION

CASH FLOW FROM OPERATIONS (Rm)	JUN 2019	JUN 2020
Net cash flow from operations (before working capital changes)	108	124
Working capital changes	58	89
Net cash generated from operations	166	213
Cash generated from operations as % of EBITDA*	158%	178%*
Free cash flow less recurring capex	R127m	R165m

* EBITDA excluding fair value adjustment

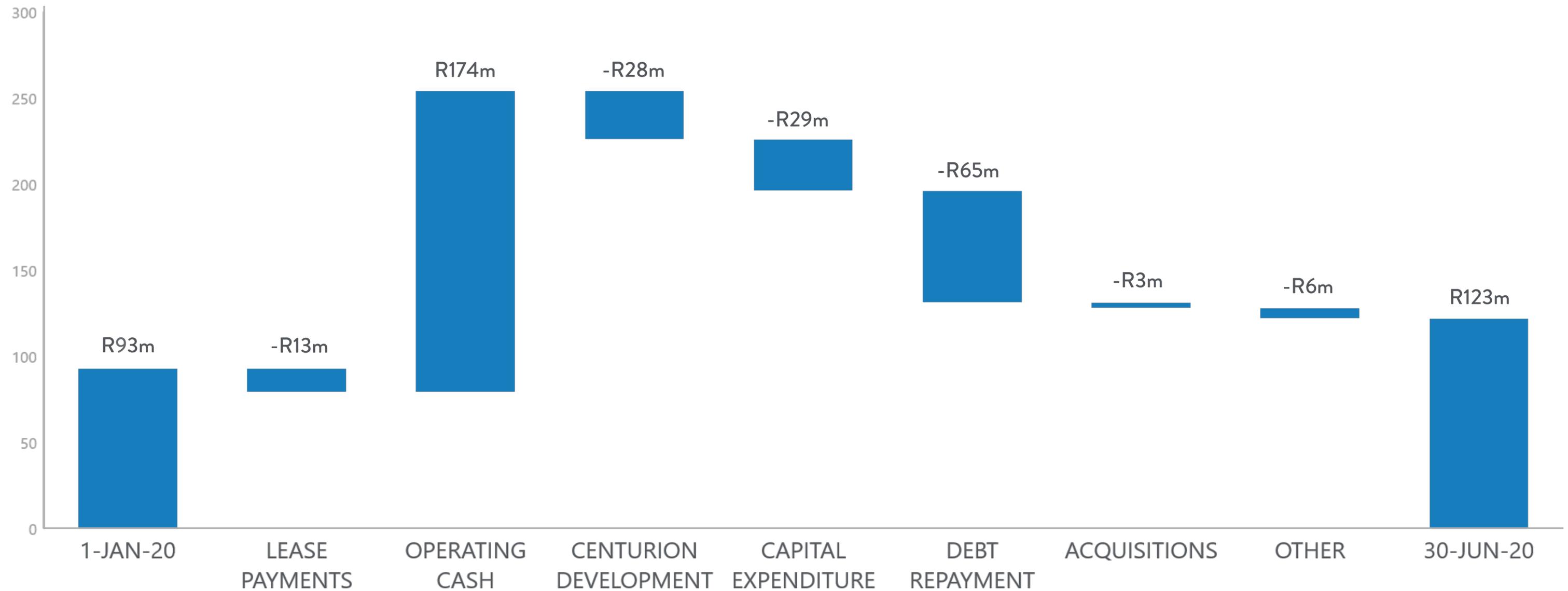
CAPITAL INVESTED

CAPITAL INVESTED (Rm)	FULL YEAR				
	DEC 2016	DEC 2017	DEC 2018	DEC 2019	JUN 2020
Acquisitions	-	594	440	156	-
Infrastructure development and capital assets	73	272	26	168	53
Programme development	12	11	15	10	4
Total	85	877	481	334	57
CUMULATIVE INVESTMENT	85	962	1 443	1 777	1 834

CASH UTILISATION

STADIO
— HOLDINGS —

CASH UTILISATION (R millions)



A group of graduates in silhouette are celebrating on a hill at sunset. They are throwing their caps into the air, and the caps are seen flying through the sky. The text 'Q&A' is centered in the upper half of the image.

Q&A

OUR PURPOSE: To empower the nation by widening access to higher education

THANK YOU
ENKOSI
RE ALEBOGA
DANKIE

STADIO



TOWARDS

STADIO



STADIO

FACULTY OF EDUCATION & HUMANITIES
SCHOOL OF EDUCATION

FORMERLY

