

# STADIO

— HOLDINGS —

Annual Results Presentation

12 & 13 March 2018

# CREATING A MULTIVERSITY

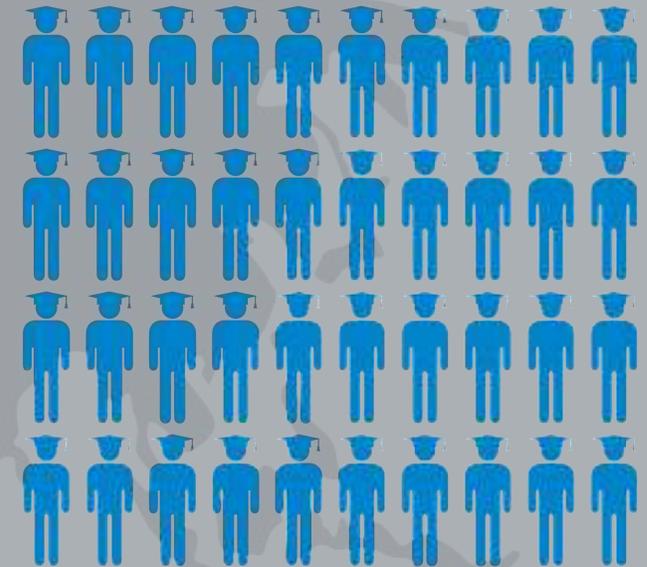
# GLOBAL INDUSTRY TRENDS

## GLOBALLY

The number of students enrolled at higher education institutions more than doubled between 2000 and 2015

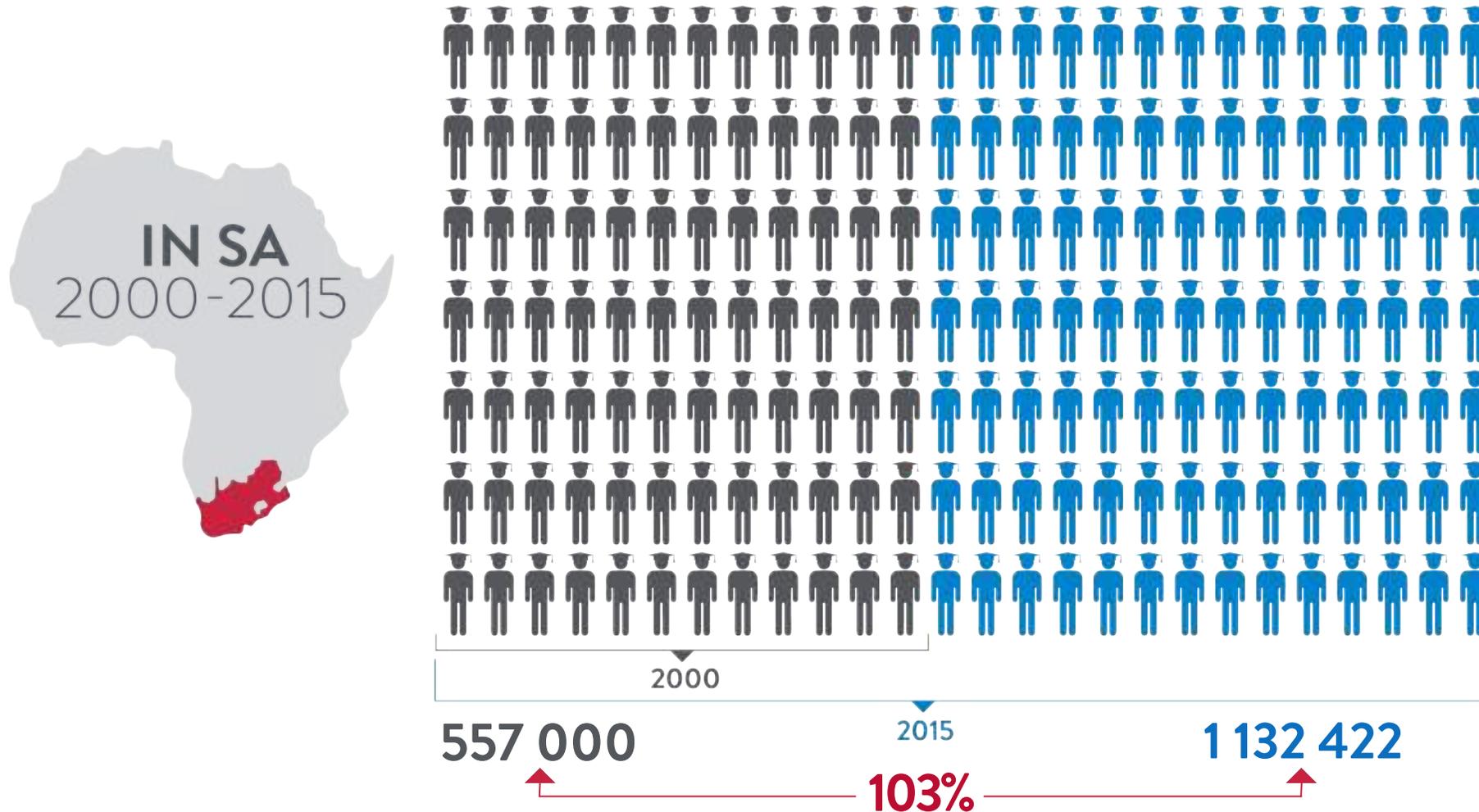


99,7 MILLION



213,7 MILLION

# SA: GROWTH IN STUDENT ENROLMENTS



Increased demand for higher education with the number of students enrolled in higher education from 2000 to 2015 **more than doubling**

# REASONS FOR GROWTH

## WHY?

Increasing number of school leavers qualifying to participate in post-school education

Growing population

Increase in GTER\* of students (typically aged 18-24 years) attending higher education institutions  
Global average ~ 34% (2014)

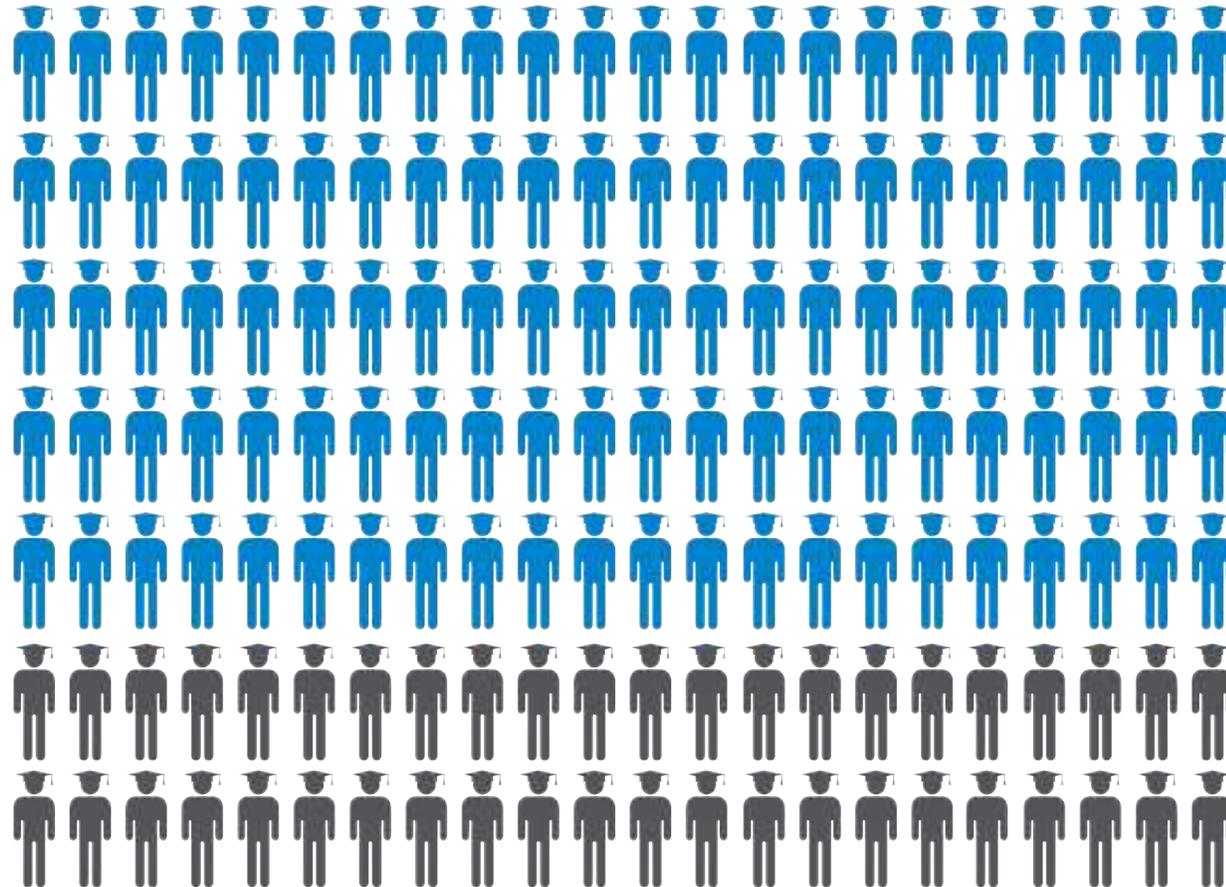


\* GTER – Gross Tertiary Enrolment Rate (defined as total student enrolments divided by the school leaver age cohort)

# SA: TOTAL HIGHER EDUCATION MARKET



**1 132 422**  
STUDENTS  
ENROLLED



**985 212**  
STUDENTS  
AT 26  
PUBLIC  
higher education  
institutions



**147 210**  
STUDENTS  
AT 124  
PRIVATE  
higher education  
institutions

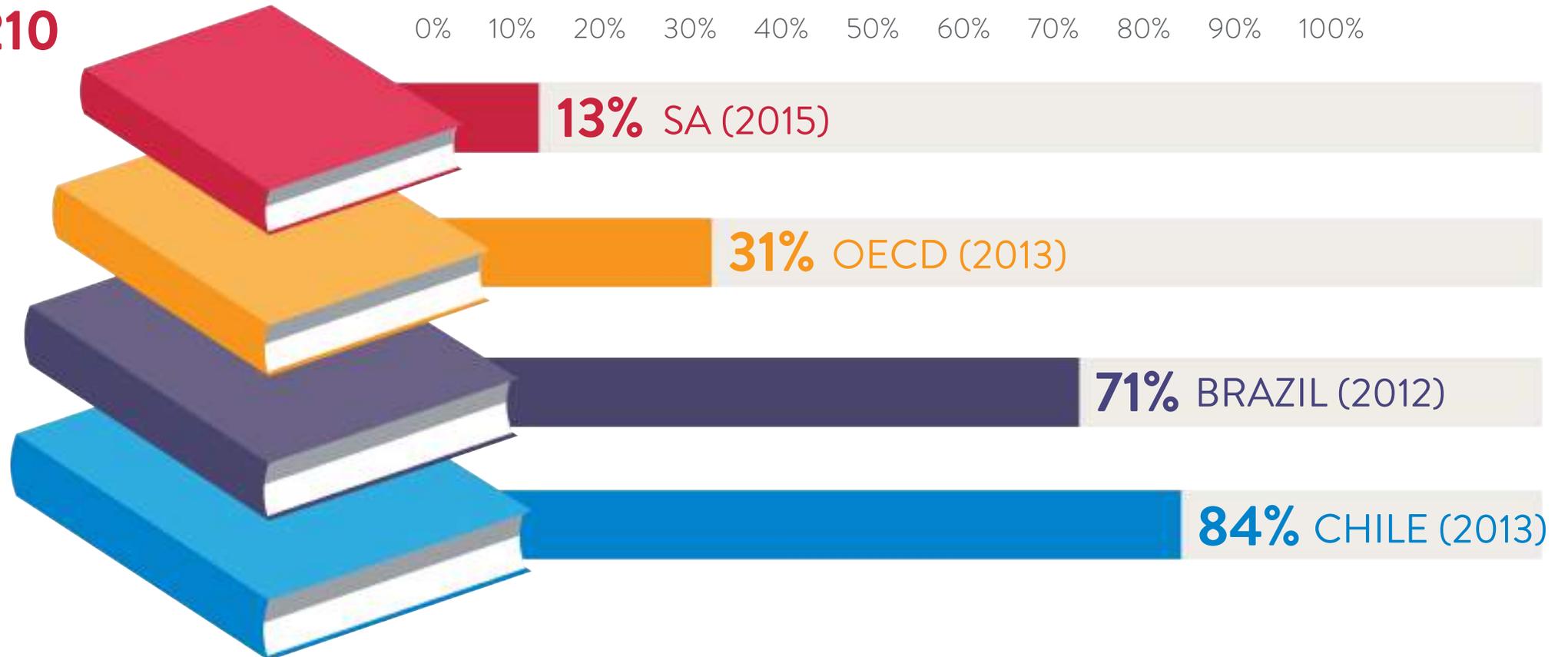


# SA & GLOBAL: PRIVATE PARTICIPATION

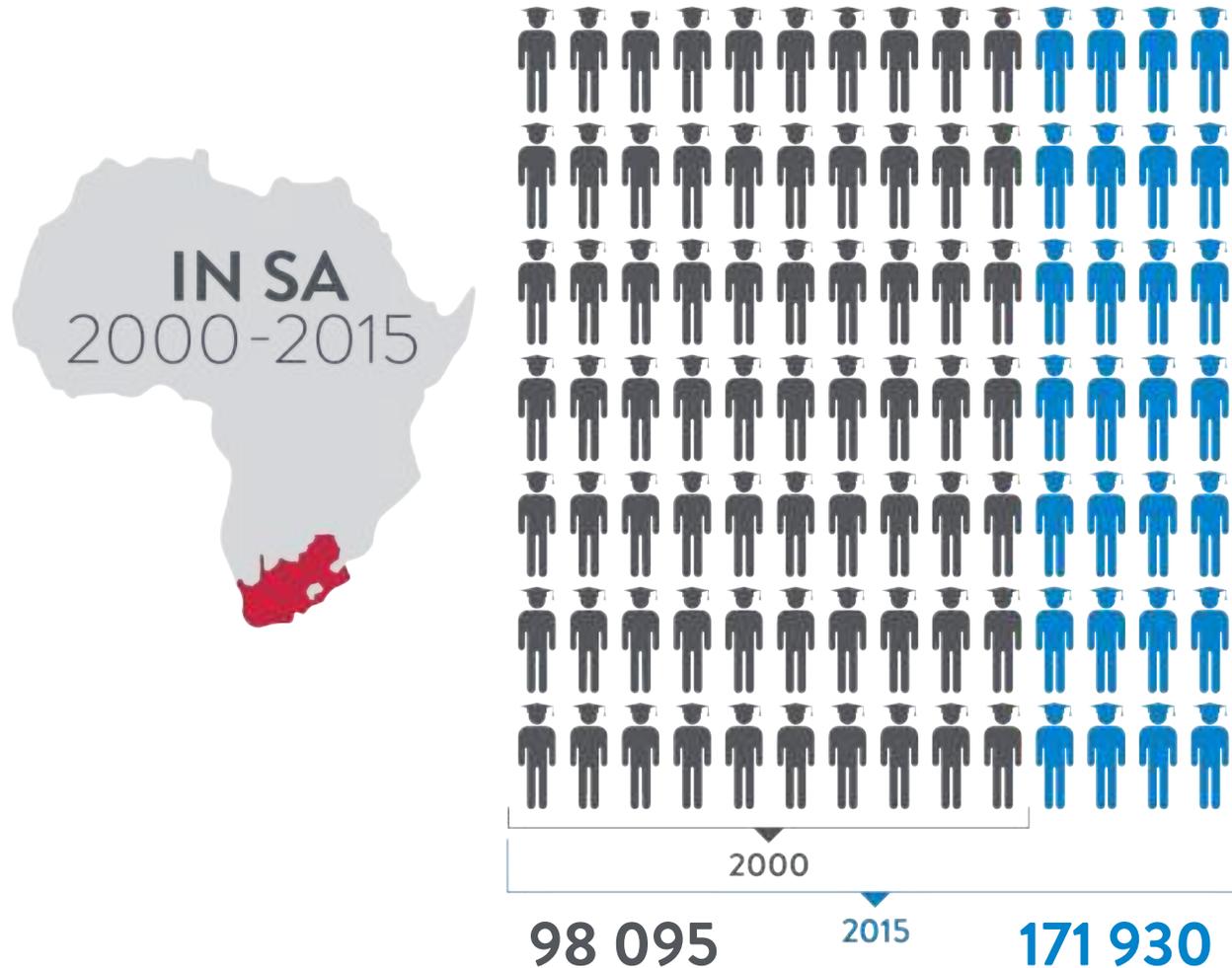
**SA students**  
**147 210**

% of students at private higher education institutions

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



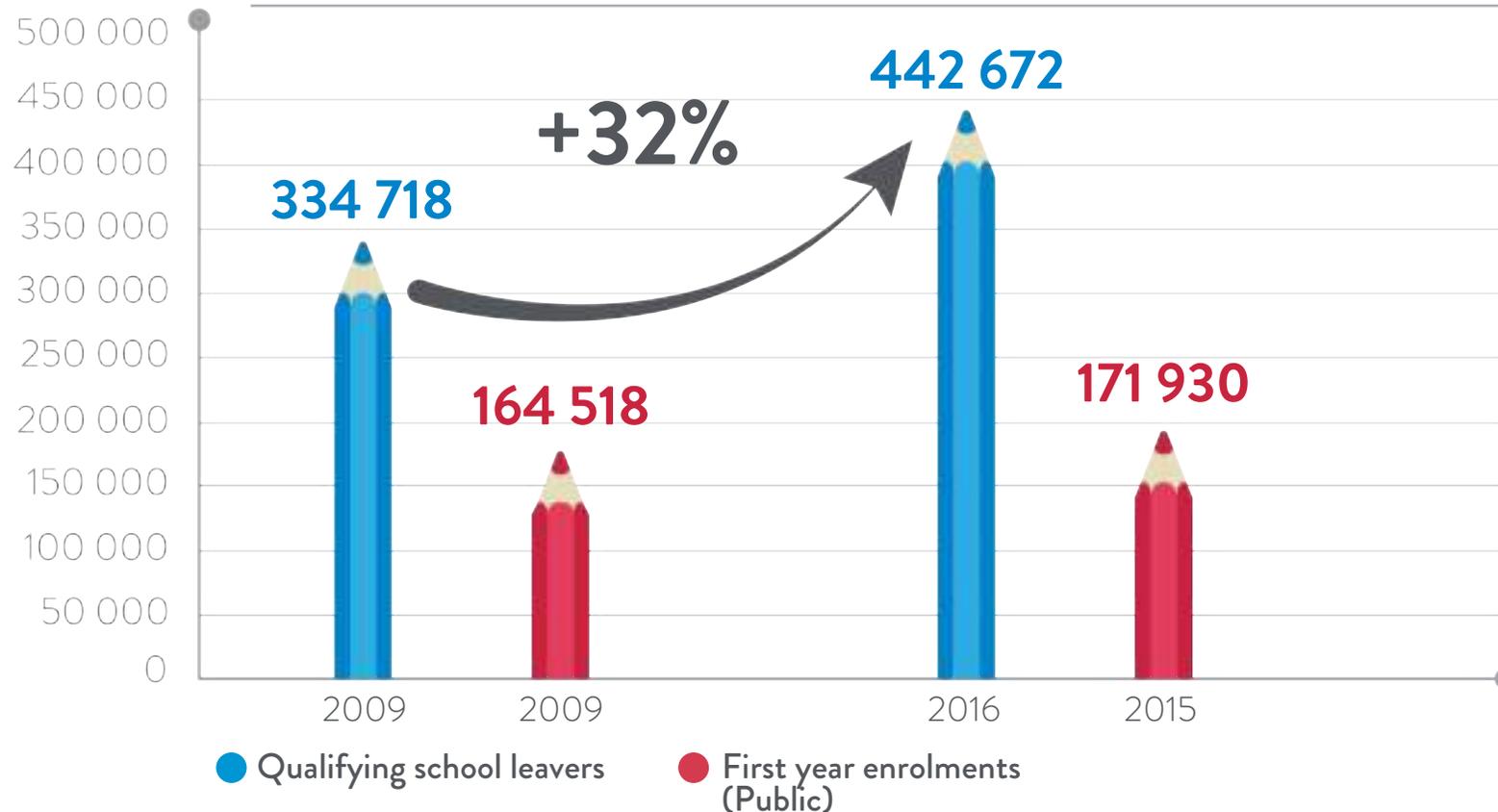
# SA: GROWTH IN STUDENT ENROLMENTS



First-time student enrolments increased by **75%** at **PUBLIC** higher institutions (the bulk of the growth arising from UNISA)

# GROWTH: INCREASE IN SCHOOL LEAVERS

Number of school leavers in SA qualifying for post-school education vs first year enrolments in public institutions

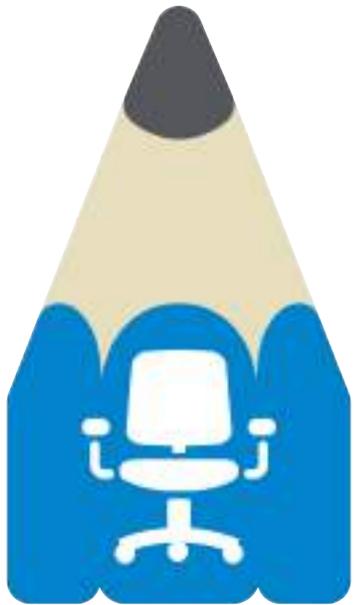


**60%**  
cannot be  
accommodated  
at public higher  
education  
institutions

This shortfall is  
**compounded annually**

# MAIN CHALLENGES IN SA HIGHER EDUCATION

Future growth of student enrolments in South African public universities is constrained by:



Limited Infrastructure



Funding



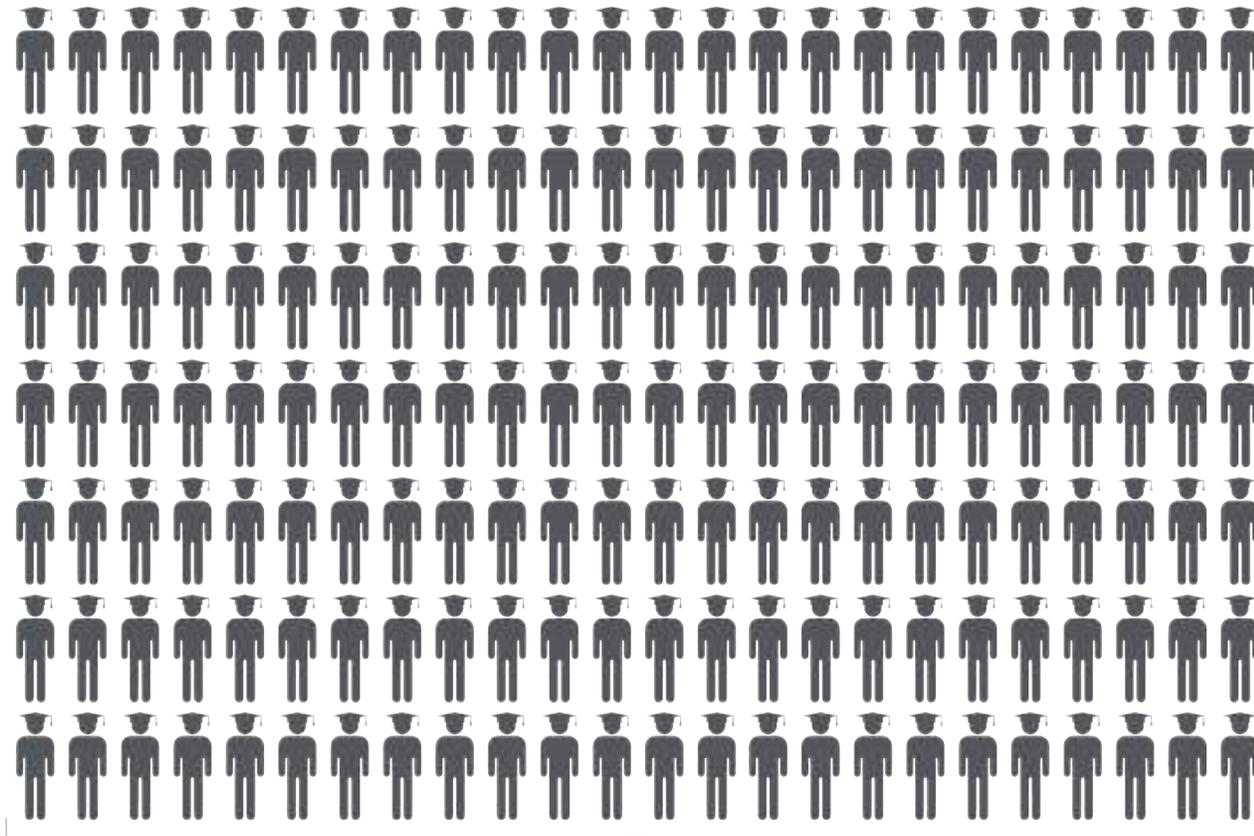
The enrolment cap that is applied to public higher education institutions by the **DHET**



This cap **dictates the maximum number** of students that may be admitted annually that will be subsidised by the state

# OPPORTUNITY IN SA

STADIO  
— HOLDINGS —

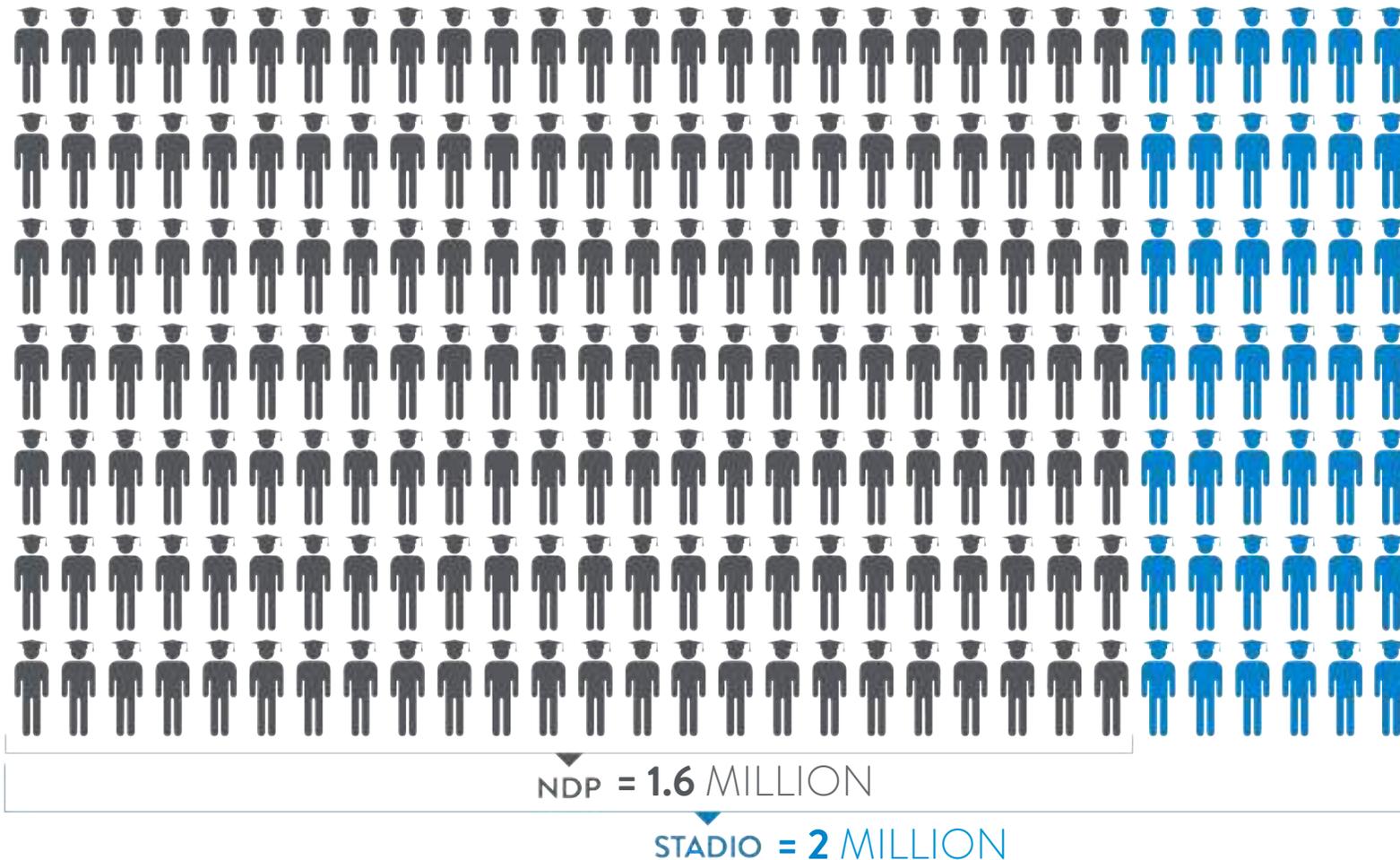


NDP = 1.6 MILLION

## IN 2030

The National Development Plan (NDP) has set a target to increase higher education participation to: **1.6 million**

# OPPORTUNITY IN SA



## IN 2030

The National Development Plan (NDP) has set a target to increase higher education participation to: **1.6 million**

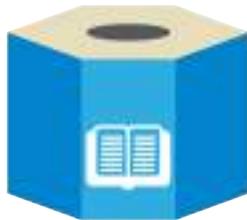
However, with the **global Gross Tertiary Enrolment Rate (GTER) at 34%** in 2014, we estimate the number of participants should increase to **2 million** students to keep up with global trends

# BUSINESS RATIONALE OF STADIO

STADIO  
— HOLDINGS —



The current **unemployment rate** in South Africa remains critically high at **27.7%**



**Education and training** remains vitally important to reduce unemployment and promote economic growth



Research further indicates that in South Africa, **the graduate unemployment rate is at about 5%\*** implying that a degree or post-school qualification dramatically increases the probability of securing a job and therefore economic security and stability

AS SUCH, WE BELIEVE THAT STADIO, THROUGH ITS SUBSIDIARIES,  
CAN PLAY A MEANINGFUL ROLE

# CREATING A MULTIVERSITY

---



multiversity

**multiversity**

/mʌltɪ'və:sɪti/

---

*noun: multiversity; plural noun: multiversities*

a large and diverse institution of higher learning created to educate for life and for a profession and to grant degrees

# CREATING A MULTIVERSITY

---

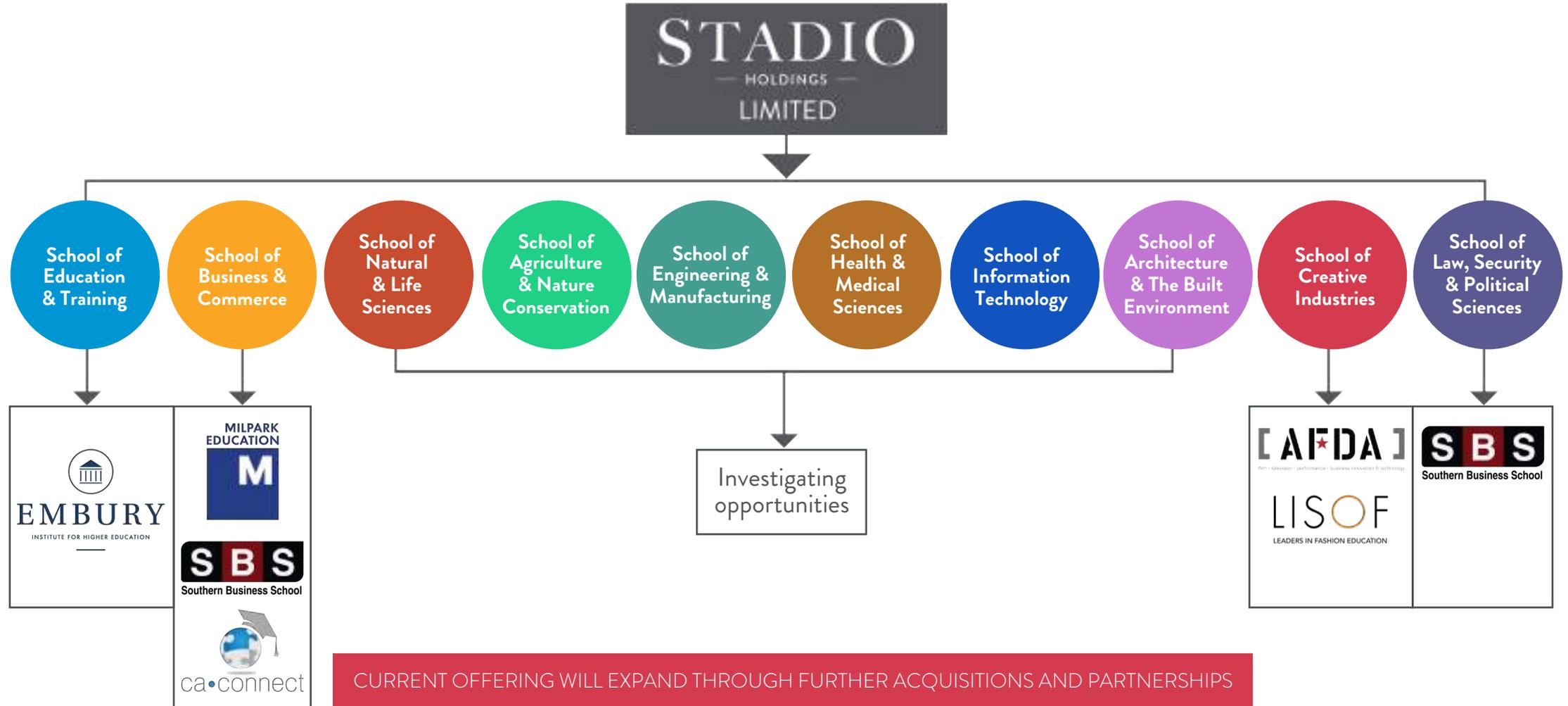
As a “**MULTIVERSITY**”, **STADIO** will own various higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO structure

## OUR PURPOSE

---

“Empowering the nation by **widening access** to higher education for all qualifying school leavers and other adults”

# CREATING A MULTIVERSITY



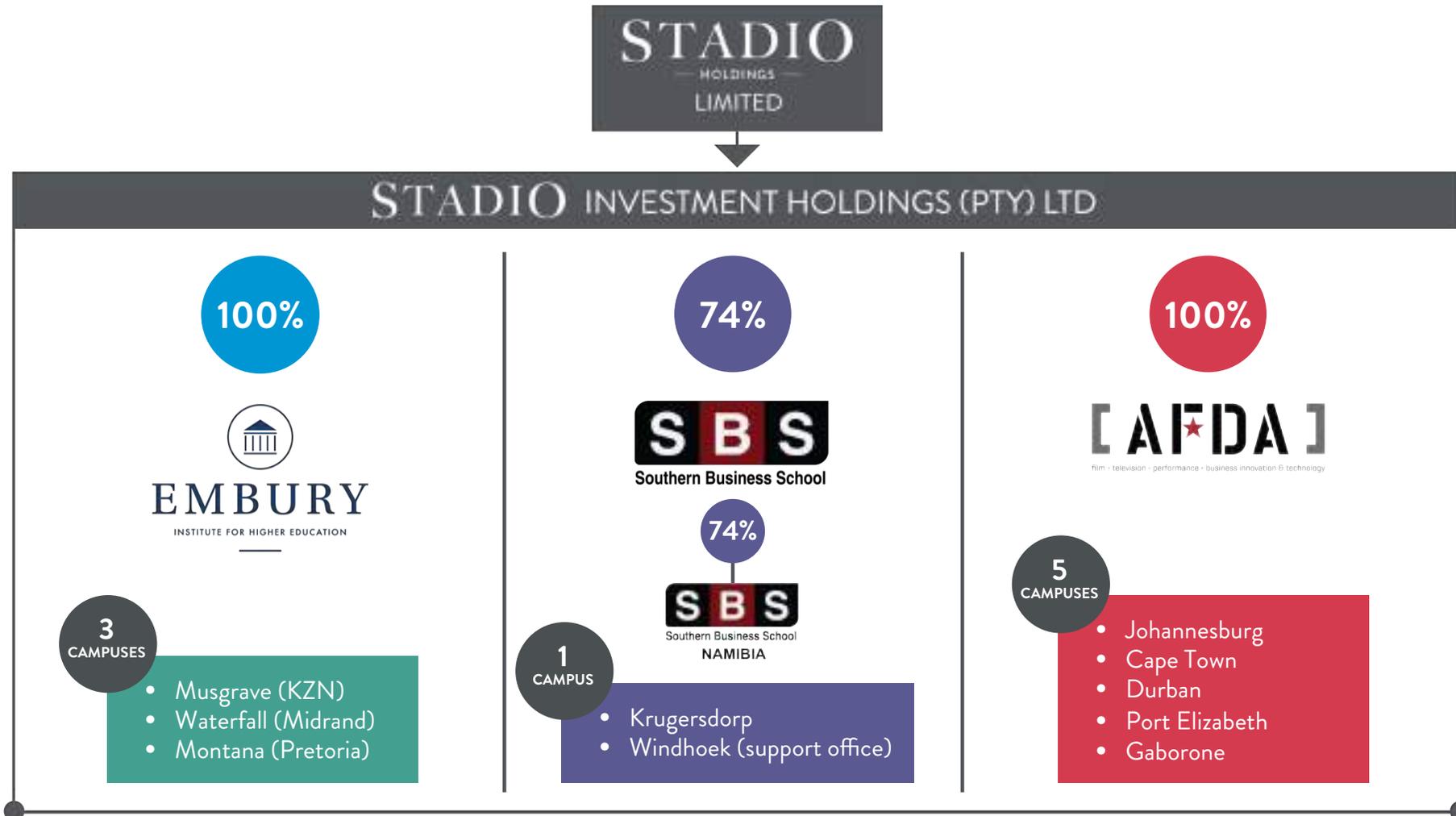
CURRENT OFFERING WILL EXPAND THROUGH FURTHER ACQUISITIONS AND PARTNERSHIPS

# OUR QUALIFICATIONS

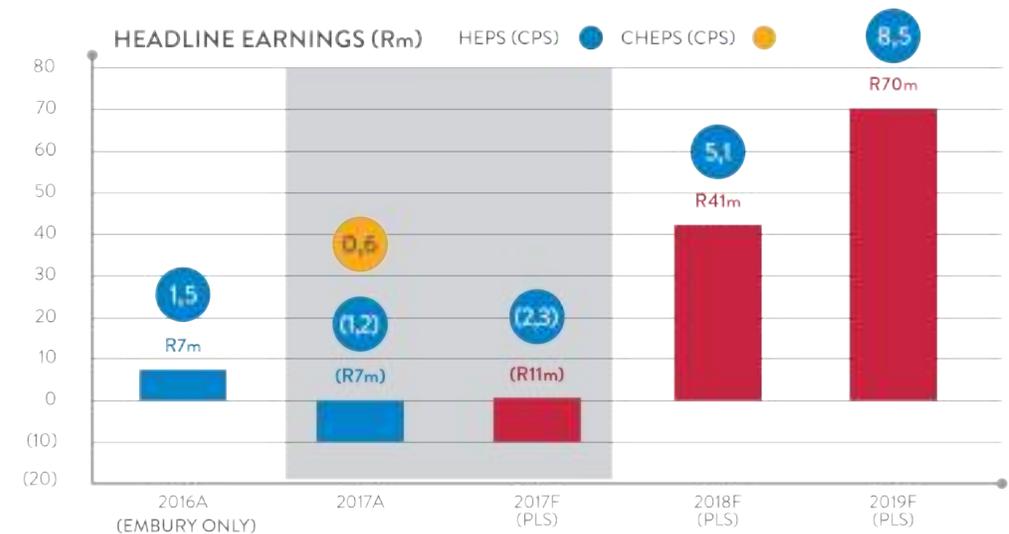
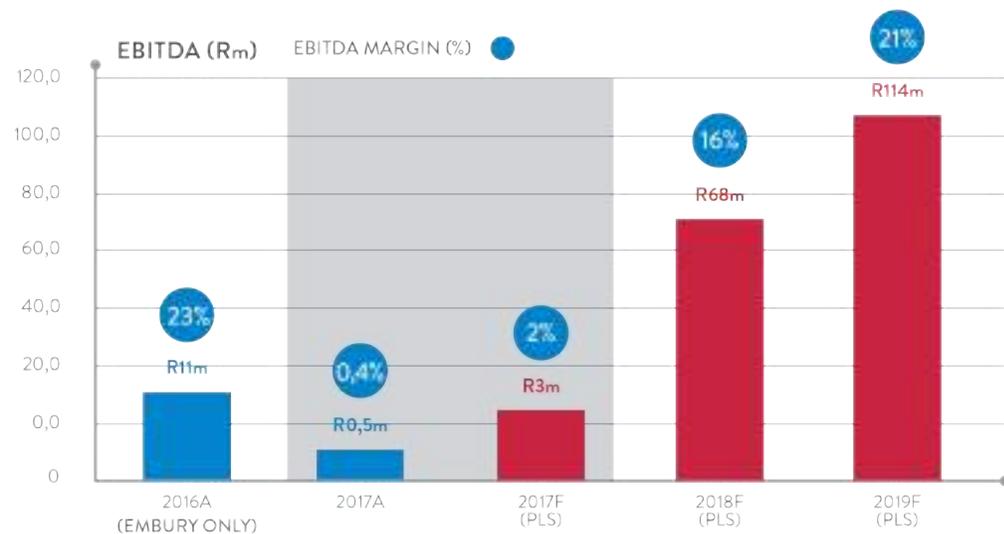
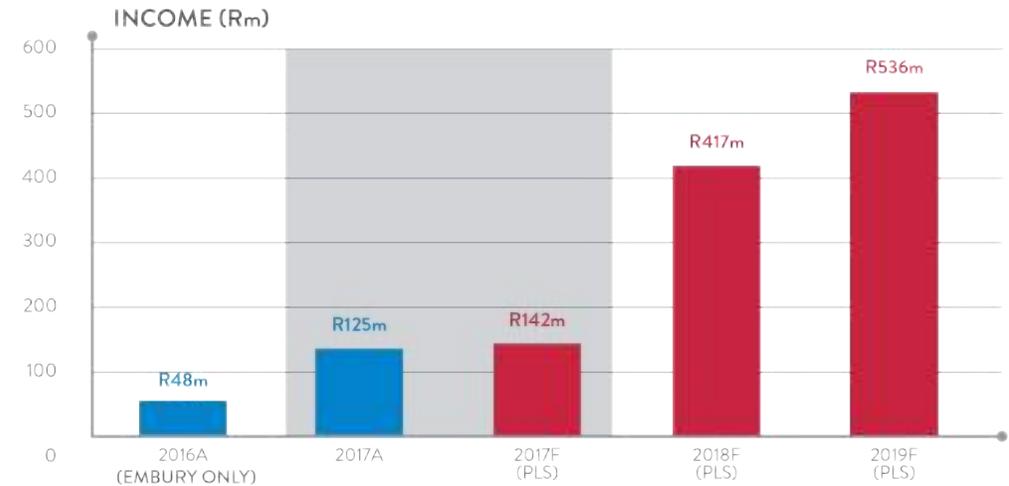
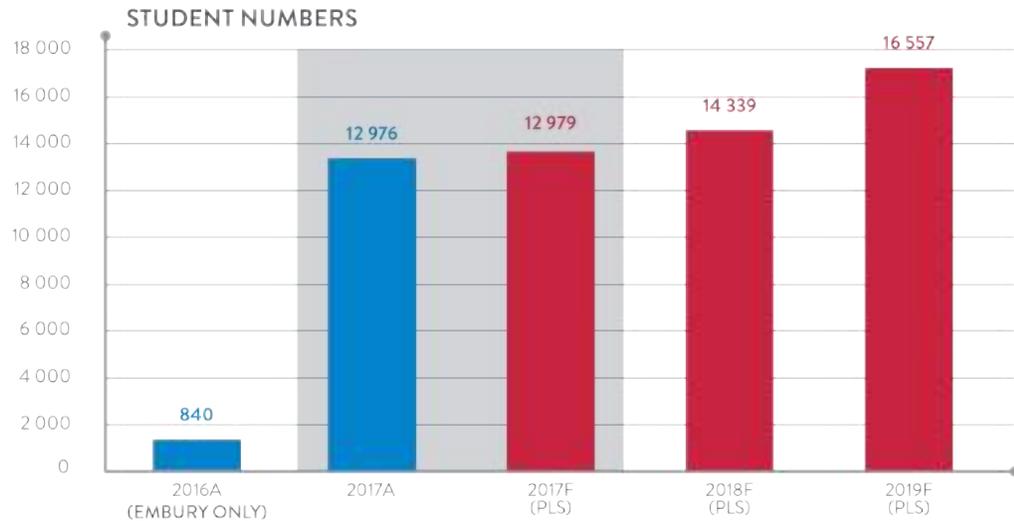
HIGHER CERTIFICATE	DIPLOMA	UNDERGRADUATE DEGREE	HONOURS	MASTERS
HC in Paralegal Studies (DE)	Diploma in Pre-School & Foundation	B.Policing Practice	B.Policing Practice	Master of Policing
HC in Pre-School Education (CE)	Phase Teacher Assistant	B.Ed Foundation Phase Teaching	B.Business Administration	Master of Management
HC in Pre-School Education (DE)	Diploma in Grade R Teaching (CE)	B.Ed Intermediate Phase Teaching	BA Motion Picture Medium	Master of Business Administration (NQF 8)
HC in Investment Administration	Diploma in Grade R Teaching (DE)	B.Business Administration (DE)	BA in Fashion	Master of Business Administration (NQF 9)
HC in Financial Planning	Diploma in Management	B.Business Administration (CE)	BA Live Performance	Master of Business Administration (NQF 9)
HC in Financial Products	Diploma in Fashion	BA Motion Picture Medium	Postgraduate Diploma Investment Management	Master of Fine Arts in Motion Picture Medium
HC in Banking Service	Diploma in Banking	BA Live performance	Postgraduate Diploma in Banking	
HC in Management (DE)	Adv Diploma Physical Education & School Sports	B.Computer Technology	Postgraduate Diploma Business Administration	
HC in Management (CE)	Adv Diploma in Management	B.Commerce		
HC in Short Term Insurance		B. Commerce in Law		
HC in Film, Television and Entertainment Production		B.Commerce in Fashion Retail		
HC in Radio and Podcasting		BA in Fashion		
HC in Fashion				
HC in Fashion Retail				
Adv. Certificate in Financial Planning				
Adv. Certificate in Banking Services				
Adv. Certificate in Management				
Adv. Certificate in Short Term Insurance				

**THE SAME REGULATOR  
ACCREDITS QUALIFICATIONS  
OF BOTH PUBLIC AND  
PRIVATE INSTITUTIONS**

# GROUP ORGANOGRAM AT 31 DECEMBER 2017



# AUDITED 2017 RESULTS VS PLS



# AUDITED 2017 RESULTS VS PLS FORECAST - KEY ASSUMPTIONS

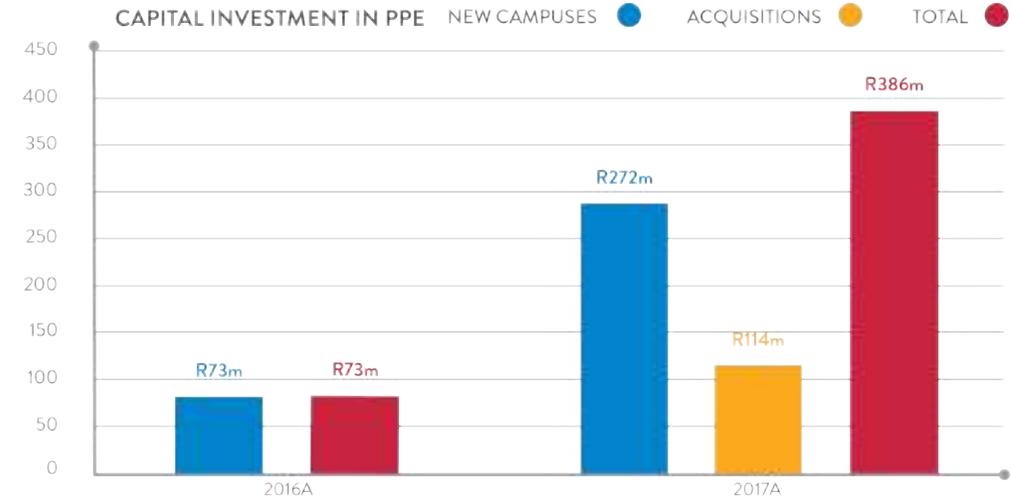
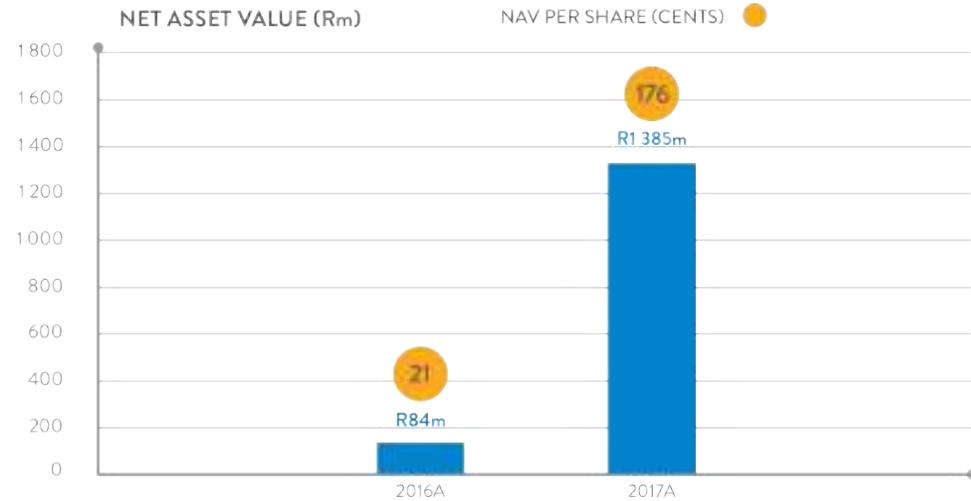
## KEY ASSUMPTIONS AS PER PLS (2017F)

- **SBS effective 1 October 2017**  
(still subject to Namibian Competition Commission approval)
- EBITDA losses on 2 new Embury Montana and Embury Waterfall campuses of R9.3m
- Estimated once-off acquisition and listing costs of R 9.1m
- Potential new acquisitions are not included in the forecast

## ACTUALS (2017A)

- **SBS effective 8 November 2017**  
(due to delay in regulatory and other approvals)
- EBITDA losses on 2 new Embury Montana and Embury Waterfall campuses of R8.3m
- Actual once-off acquisition and listing costs of R8.9m
- Potential new acquisitions are not included in the forecast (Milpark and LISOF negotiated in 2017, and concluded in 2018)

# KEY BALANCE SHEET METRICS - 2017



NEW SHARE CAPITAL AND NEW SHARES ISSUED		
	2017A (Rm)	SHARES ISSUED (m)
Recapitalisation - Curro/Embury restructure	R322m	411
New acquisitions	R220m	52
Capital raising:		
- Rights offer	R640m	256
- BEE Private Placement	R200m	67
Share issue costs	R(15)m	
	<b>R1,367m</b>	<b>786</b>

CASH UTILISATION - 2017	
	2017A
Capital Raised (net costs)	R825m
Net Acquisitions	(R164m)
Net cash utilised in operating activities	(R48m)
Investment in PPE and intangibles	(R114m)
<b>Movement for the year</b>	<b>R499m</b>
Opening cash	R147m
<b>CLOSING CASH</b>	<b>R646m</b>

## CASH TO BE UTILISED IN 2018

CASH UTILISATION - 2018	Rm
Cash on hand at 31 December 2017	646
Acquisitions	(338)
Repayment of Curro loan	(119)
Land banking, infrastructure development, capital spend, intangibles	(120)
	<b>69</b>

Available for further acquisitions and/or organic expansion opportunities

# 2018 ORGANOGRAM: POST CONCLUSION OF ACQUISITIONS



13  
CAMPUSES

- JHB
- CPT
- KZN
- PE
- Windhoek
- Gaborone

## 2018 – NEW ACQUISITIONS

### MILPARK

- ~ 15 000 Students
- Entered into agreement to acquire 70% of MBS (Milpark holding company) (30% to be acquired by Brimstone Investment Corporation)
- Transaction subject to Excon approval
- Primarily a distance learning provider with key commerce, business and financial services related courses
- 18 accredited programmes, including an MBA (rated best private MBA, 2nd overall)
- Strong training partner in executive education in the banking and insurance sectors
- 2 campuses (Johannesburg and Cape Town), 1 support office in Kwa-Zulu Natal
- CA Connect to transfer to Milpark (better positioned amongst the commerce / business related programmes as compared to Embury)



### LISOF

- ~ 690 Students
- Acquired 100% of LISOF (including 2 properties in JHB and PTA) effective 1 January 2018
- Niche private higher education provider in fashion and retail-related programmes
- 5 accredited programmes (ranging from higher certificates to honours)
- Complements the AFDA acquisition and promotes the creation of a more comprehensive school of the Creative Industries



# STADIO – CURRENT BUSINESS (INCL NEW ACQUISITIONS)

STADIO  
— HOLDINGS —

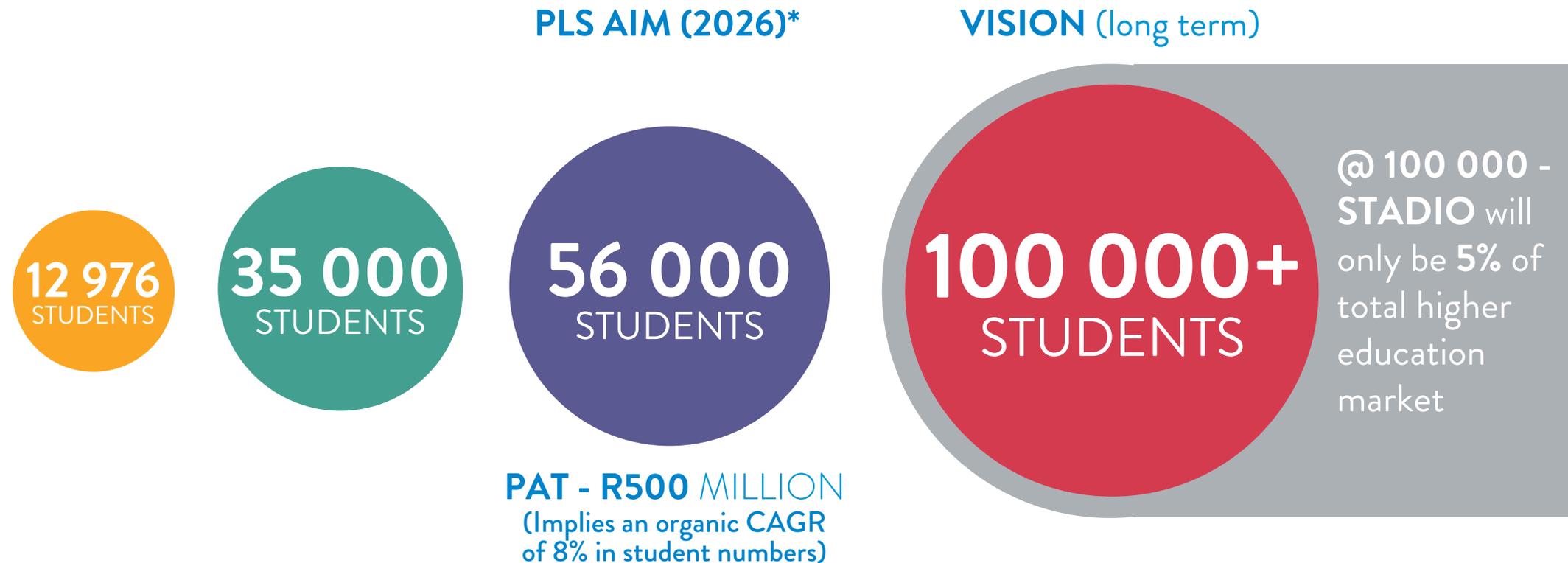
	# OF STUDENTS 2017	CAPACITY	MODE OF DELIVERY	AVE FEES (R'000) 2017	ACCREDITED PROGRAMMES	PIPELINE PROGRAMMES	CAMPUSES	SUPPORT OFFICES	# OF GRADUATES 2017
EMBURY	1 039	6 100	Contact & Distance	39	8	15	3	-	304
AFDA	1 952	4 000	Contact	79	9	3	5	-	628
SOUTHERN BUSINESS SCHOOL	9 985	**	Distance	12	11	2	1	1	2 099
STADIO (pre new acquisitions)	<b>12 976</b>				<b>28</b>	<b>20</b>	<b>9</b>	<b>1</b>	<b>3 031</b>
MILPARK	14 735	**	Contact & Distance	14	5	5	2	1	3 247
LISOF	686	1 000	Contact	78	18	3	2	-	117
STADIO (post new acquisitions)	<b>28 397</b>				<b>51</b>	<b>28</b>	<b>13</b>	<b>2</b>	<b>6 395</b>

\*\* Not constrained by physical infrastructure – distance learning opportunities are scalable businesses with limited investment in infrastructure

# PROSPECTS

STADIO  
— HOLDINGS —

Growing student numbers over contact & distance learning modes of delivery:



\* Please note that foregoing AIM that STADIO wishes to achieve has not been reviewed or reported on by STADIO's auditors or by an independent reporting accountant nor is same guaranteed.

# GROWTH STRATEGY

---



Further acquisitions - to **expand product offerings**

# GROWTH STRATEGY

---

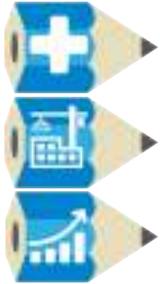


Further acquisitions - to **expand product offerings**



To **optimise utilisation** at STADIO's newly constructed facilities (*Musgrave, Montana and Waterfall*)

# GROWTH STRATEGY



Further acquisitions - to **expand product offerings**

To **optimise utilisation** at STADIO's newly constructed facilities (*Musgrave, Montana and Waterfall*)

**Promoting the growth** of existing brands, i.e. Embury, AFDA, SBS, Milpark and LISOF by:

- **Expanding distance learning** offerings across brands (*i.e. new programmes and the roll out of a simple yet effective distance learning system*)
- **Geographic expansion** through rolling out the brands to new locations
- **Accrediting** further **undergraduate and post-graduate degrees**, diplomas and higher certificate qualifications across various brands
- **Investing in focussed marketing** across the various brands and products of the STADIO Group

# GROWTH STRATEGY



Further acquisitions - to **expand product offerings**



To **optimise utilisation** at STADIO's newly constructed facilities (*Musgrave, Montana and Waterfall*)



**Promoting the growth** of existing brands, i.e. Embury, AFDA, SBS, Milpark and LISOF by:

- **Expanding distance learning** offerings across brands (*i.e. new programmes and the roll out of a simple yet effective distance learning system*)
- **Geographic expansion** through rolling out the brands to new locations
- **Accrediting** further **undergraduate and post-graduate degrees**, diplomas and higher certificate qualifications across various brands
- **Investing in focussed marketing** across the various brands and products of the STADIO Group



**Expanding** into greenfield opportunities (*greenfield MULTIVERSITY campus – Phesantekraal Durbanville*)

# GROWTH STRATEGY



Further acquisitions - to **expand product offerings**



To **optimise utilisation** at STADIO's newly constructed facilities (*Musgrave, Montana and Waterfall*)



**Promoting the growth** of existing brands, i.e. Embury, AFDA, SBS, Milpark and LISOF by:

- **Expanding distance learning** offerings across brands (*i.e. new programmes and the roll out of a simple yet effective distance learning system*)
- **Geographic expansion** through rolling out the brands to new locations
- **Accrediting** further **undergraduate and post-graduate degrees**, diplomas and higher certificate qualifications across various brands
- **Investing in focussed marketing** across the various brands and products of the STADIO Group



**Expanding** into greenfield opportunities (*greenfield MULTIVERSITY campus – Phesantekraal Durbanville*)



**Exploring opportunities** to expand programme offerings to include Engineering, Medical and Nursing

# CREATING A MULTIVERSITY

