

STADIO

— HOLDINGS —

2021 Interim Results
for the six months ended 30 June 2021

31 August 2021

CEO'S OVERVIEW

Mr Chris Vorster



PRESENTATION OVERVIEW

STADIO
— HOLDINGS —

- 
- 1 CEO's overview
 - 2 Financial results
 - 3 Where to now?
 - 4 Questions and answers

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... THREE DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS

A SNAPSHOT OF THE STADIO GROUP



- Unbundled from Curro
- Acquired 6 quality brands
- Purchased land in Centurion and Durbanville to build multi-faculty campuses

- Launch of STADIO (4 brands into 1)
- Invest in distance learning infrastructure, systems, processes, policies
- Accreditation of new programmes

- First mega-campus opens
- Optimisation of current campuses and staff
- 56 000 students by 2026 with PAT of R500m*

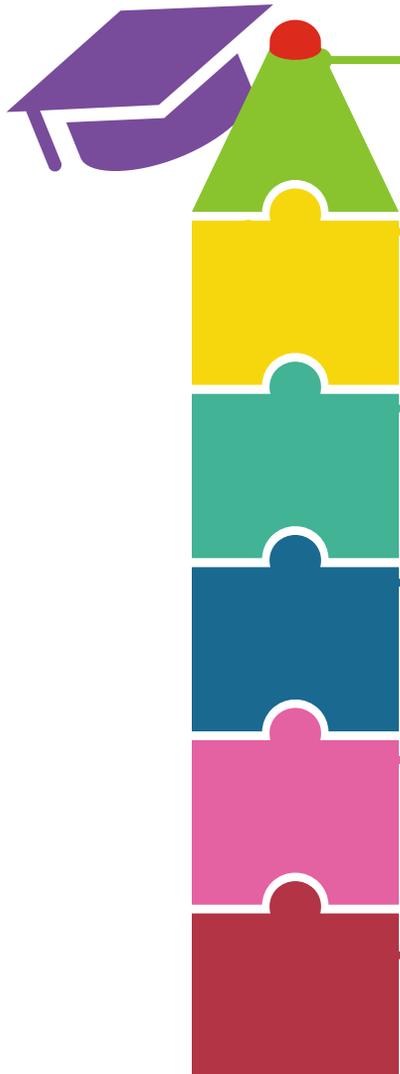
** In accordance with Pre-Listing Statement*





**WHY ARE WE SO
MOTIVATED?**

1. HIGHER EDUCATION IS AN ATTRACTIVE MARKET



Higher education student numbers up 130% since 2000

- 1.3 million from 0.6 million

Demand set to grow

- National Development Plan aims to have 1.6 million students enrolled by 2030

Public universities are full

- Hampered by limitations on subsidies and infrastructure

Huge potential for increased demand

- Market extends beyond school leavers

Private enrolments low in global terms

- Only 15% of SA enrolments
- Global average is closer to 35%

At 34.4%* SA's unemployment rate is critically high

- Graduate unemployment is around 11% *

* According to Quarterly Labour Force Survey – Q2:2021

2. STADIO MEETS SOUTH AFRICAN STUDENTS' NEEDS

STADIO offers:

- A comprehensive higher education institution
- Multi-faculties, -schools, -campuses and -modes (including distance, contact and blended learning)
- Among South Africa's ten biggest higher education institutions (ahead of Wits, Free State, Stellenbosch and UCT)
- More access degrees for those without degree passes – a pathway into degrees, postgrad and beyond
- Major focus on qualifications that are relevant and aligned to the world-of-work
- Stability
- Flexibility in a changing world

MEET THE TEAM DRIVING THE GREAT RESULTS

Dr Divya
Singh
Chief
Academic
Officer



Mr Johan
Human
Chief
Operating
Officer



Ms Samara
Totaram
Chief
Financial
Officer



Mr Julian
van der
Westhuizen
Milpark
CEO



Mr Leonardo
Snyman
Executive
Head:
Contact
Learning



Mrs Chariska
Knoetze
Executive
Head:
Distance
Learning



Prof Patrick
Bean
Executive
Head:
Contact
Learning

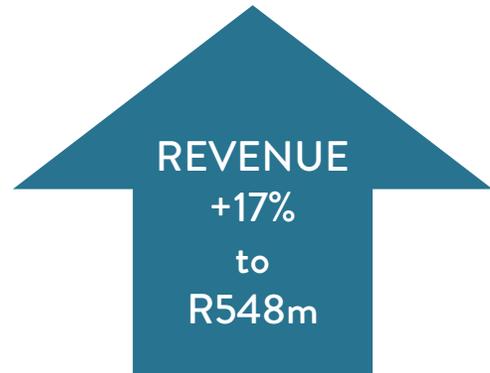
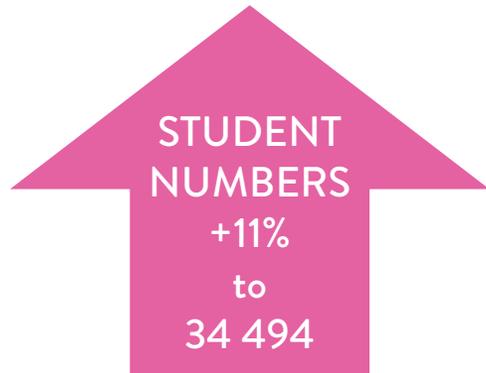


Ms Teresa
Passchier
AFDA
CEO

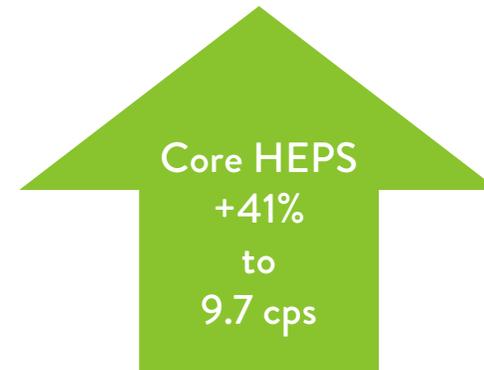
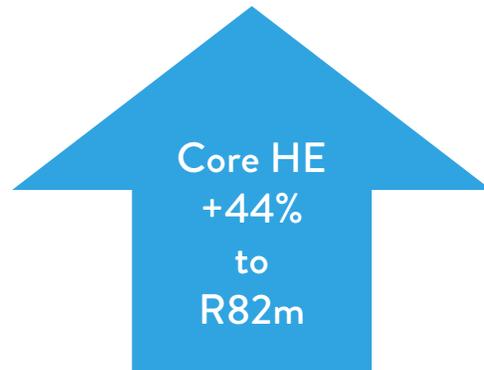
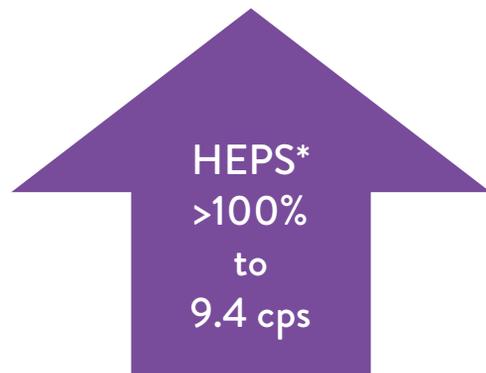


2021 FINANCIAL HIGHLIGHTS - JUNE 2020 TO JUNE 2021

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* Notes
2020 included the following
once-off adjustments:
1. CA Connect fair value
adjustment
2. Trademark impairment
related to the Business
Transfer



FINANCIAL RESULTS



Ms Samara Totaram - CFO



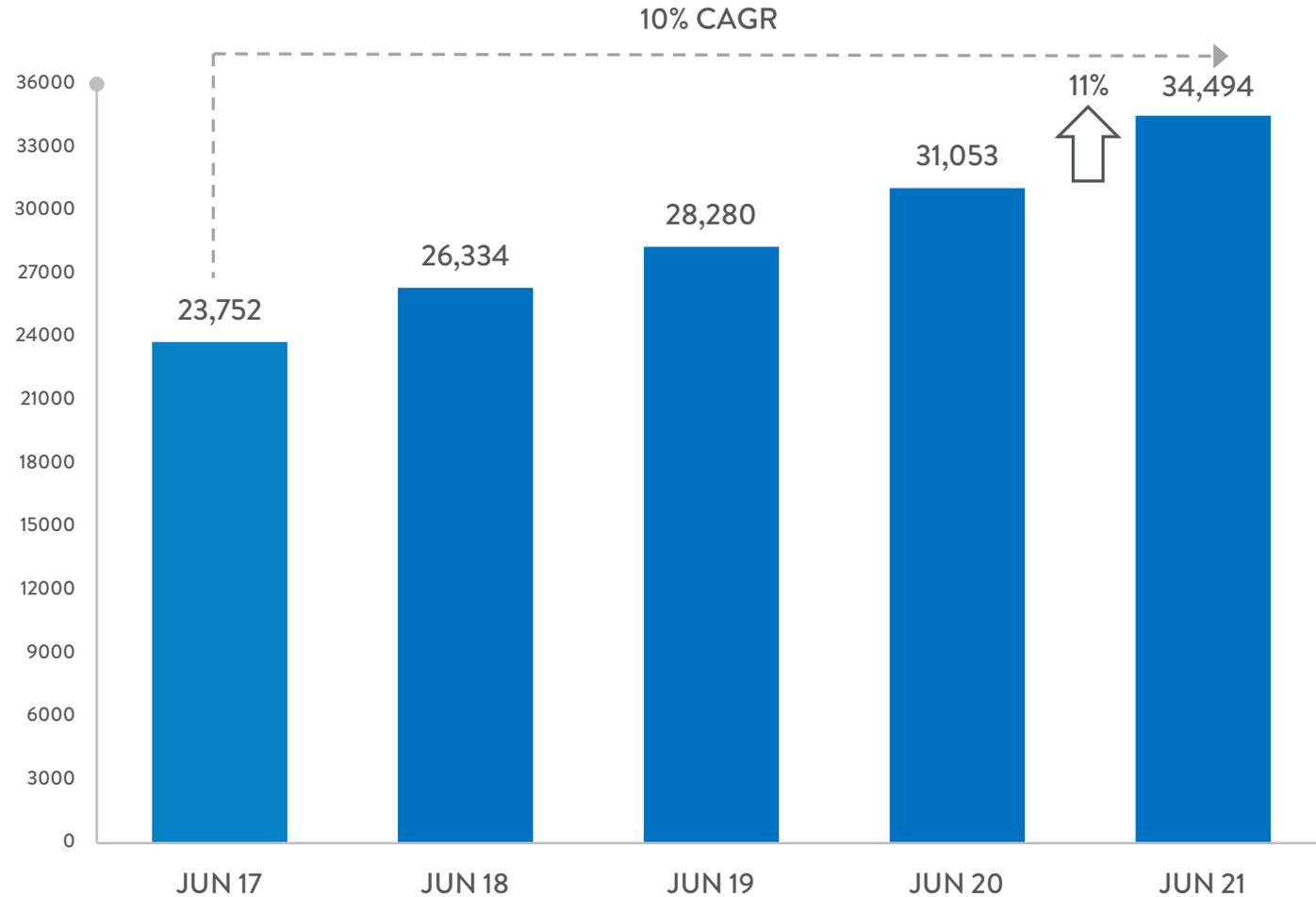
2021 INTERIM RESULTS NOTES

- Concluded early settlement agreement with CA Connect shareholders
 - Final settlement value of R 201m
- Completed construction of STADIO Centurion Phase I
 - R41m invested to June 2021
 - Total acquisition and build of Phase I to June 2021 – R223m
- Took transfer of STADIO Durbanville land – total cost R71m
 - R52m for transfer of land
 - R19m for development contributions
- Acquired remaining 26% of STADIO Namibia for R8m
- COVID-19 continues to influence operations
 - Later start to the academic year impacting collections (lag of about +/-6 weeks)
 - Lower contact learning student registrations
 - Further savings due to extended COVID-19 lockdown restrictions
- Solid growth in distance learning – driven by professional programmes

TOTAL STUDENT NUMBERS (LIKE-FOR-LIKE)

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SEMESTER 1: 30 JUNE

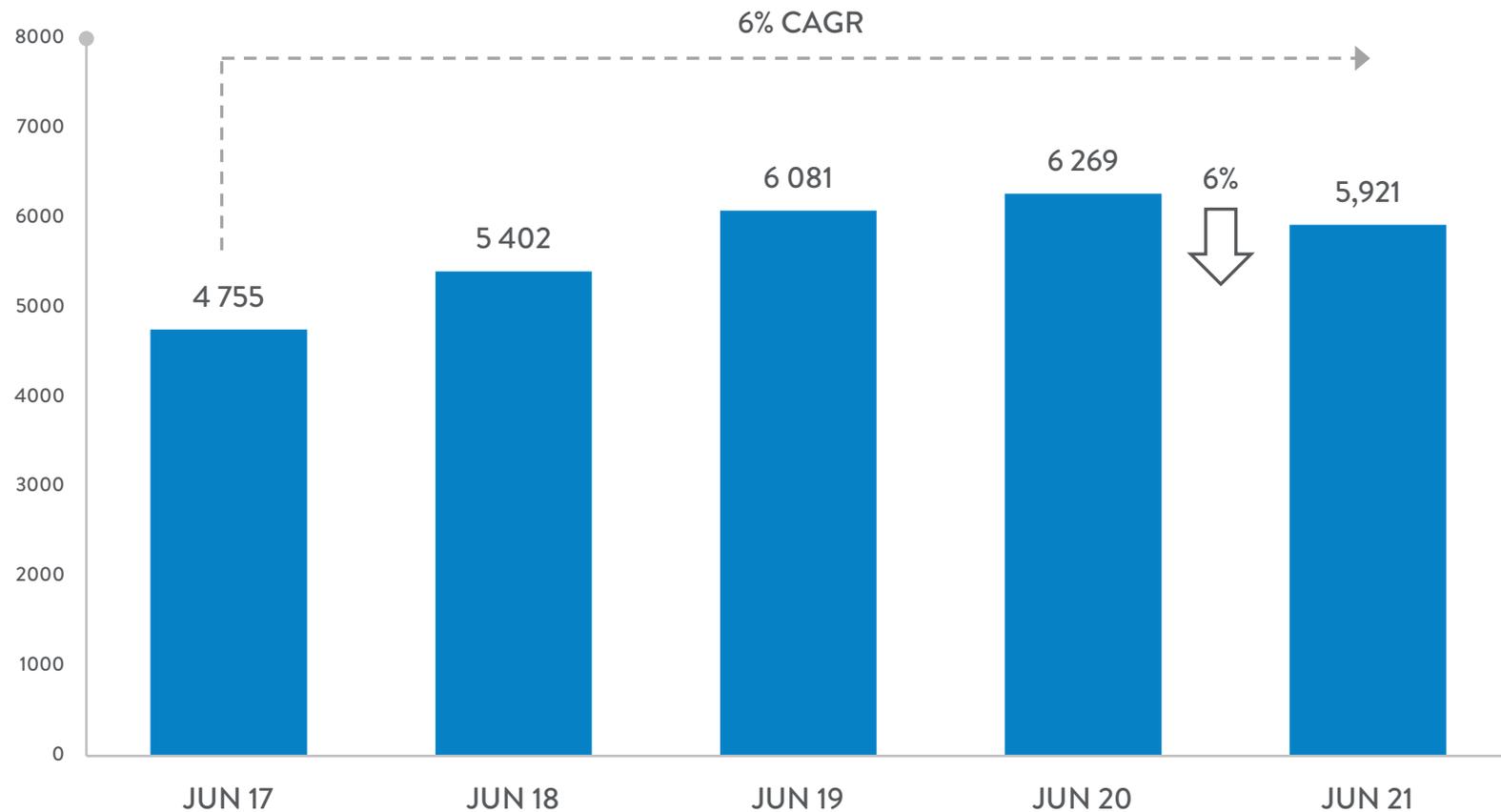


- Driven by strong performance in distance learning offerings
- Contact learning enrolments lagging
- Cyclical B2B still impacting overall growth
- Excluding cyclical B2B, student numbers would have grown by 18%

STUDENT NUMBERS - CONTACT LEARNING

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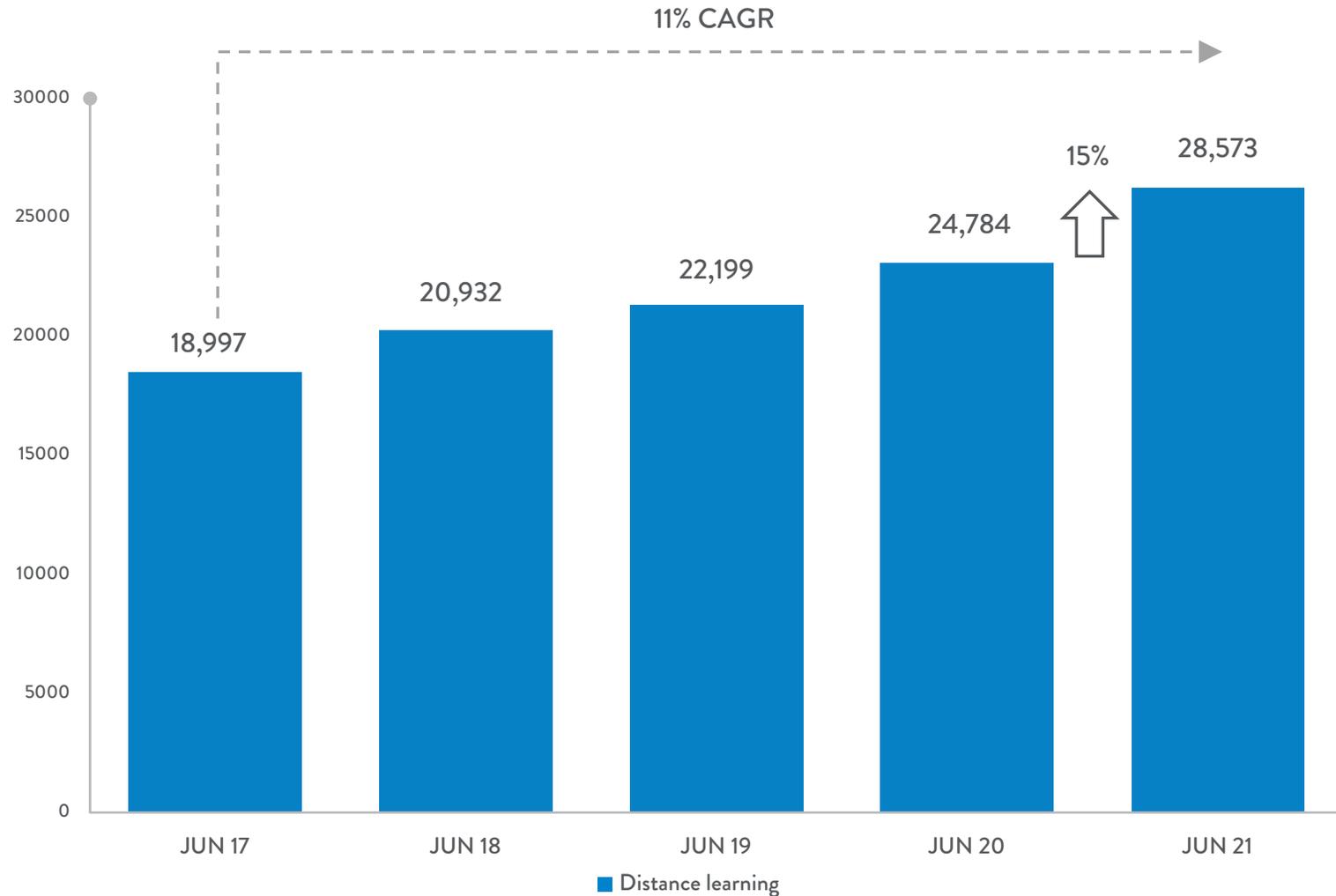
SEMESTER 1: 30 JUNE



- Contact student enrolments lagging
- COVID-19 implications
 - Lack of school visits
 - Uncertainty – students deferring studies
- Regulatory delays in accreditations and site extensions
- Students converting to distance learning where similar products are offered

STUDENT NUMBERS – DISTANCE LEARNING

SEMESTER 1: 30 JUNE

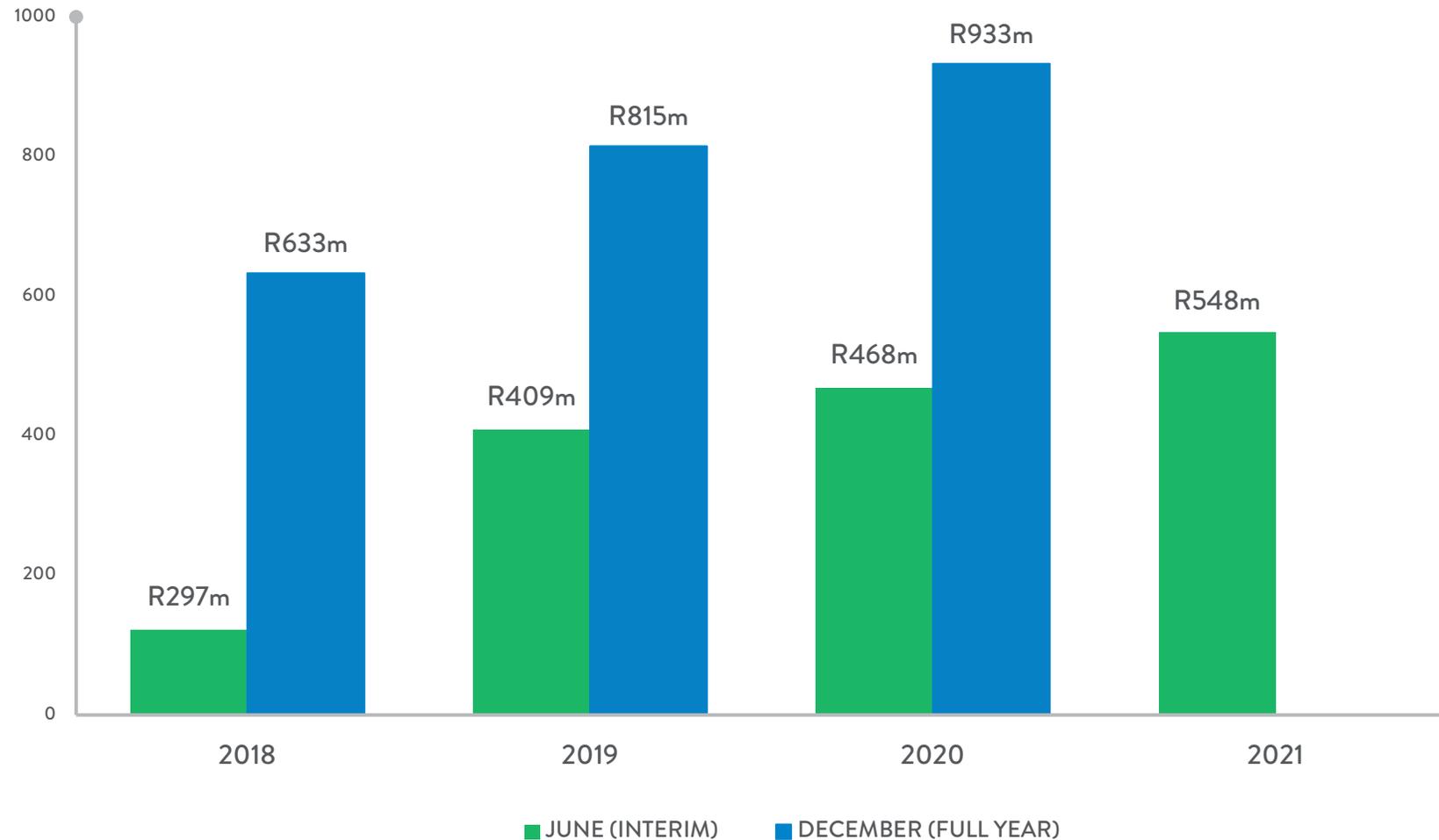


- Strong growth driven by professional programmes
- Good growth in distance learning online (DLO*) offerings
- Still impacted by cyclical B2B business
- Excluding cyclical B2B business - student numbers increased by 25% (CAGR – 20%)
- Namibian economy under pressure- impacting student number growth

*DLO – Distance Learning Online offerings – fully online immersive learning offerings (primarily offered at Milpark)

REVENUE

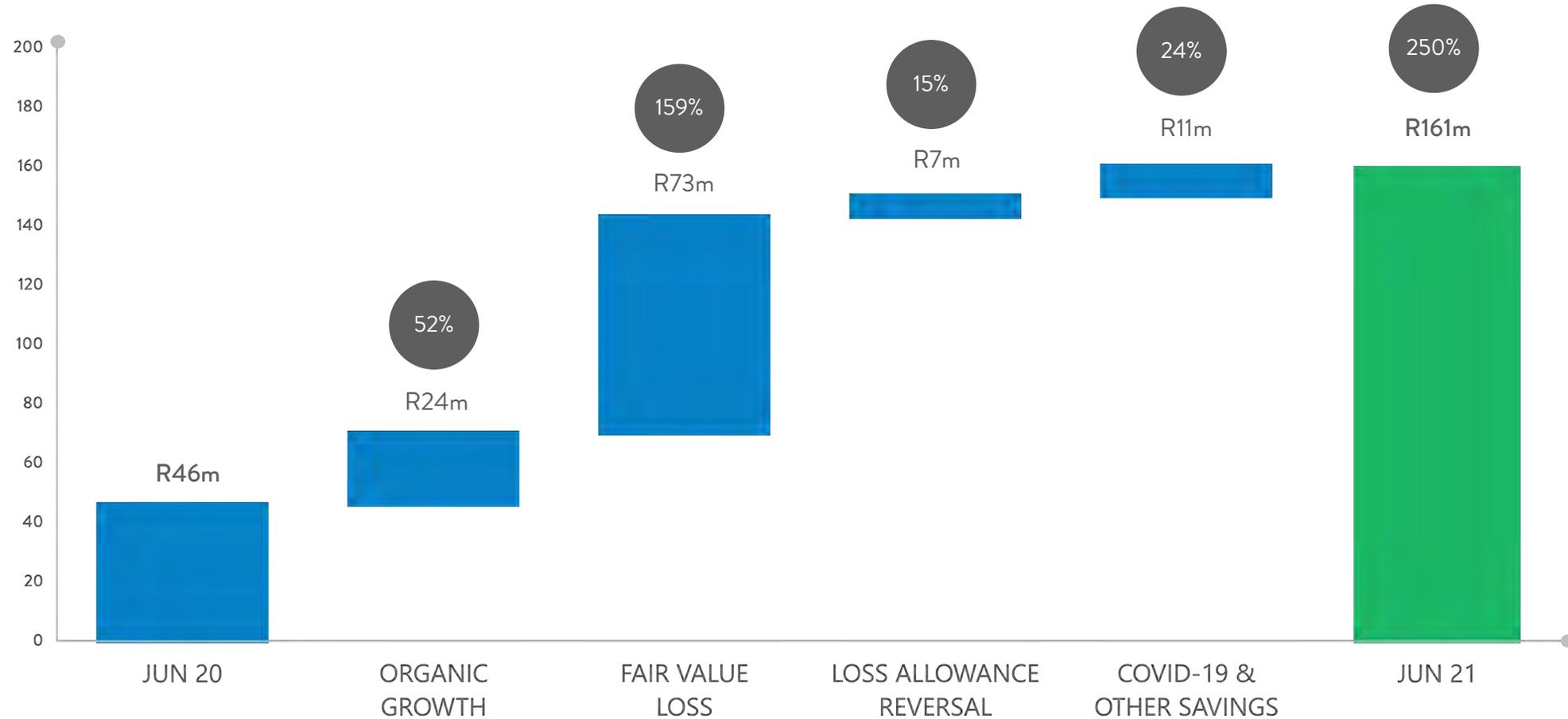
REVENUE (R millions)



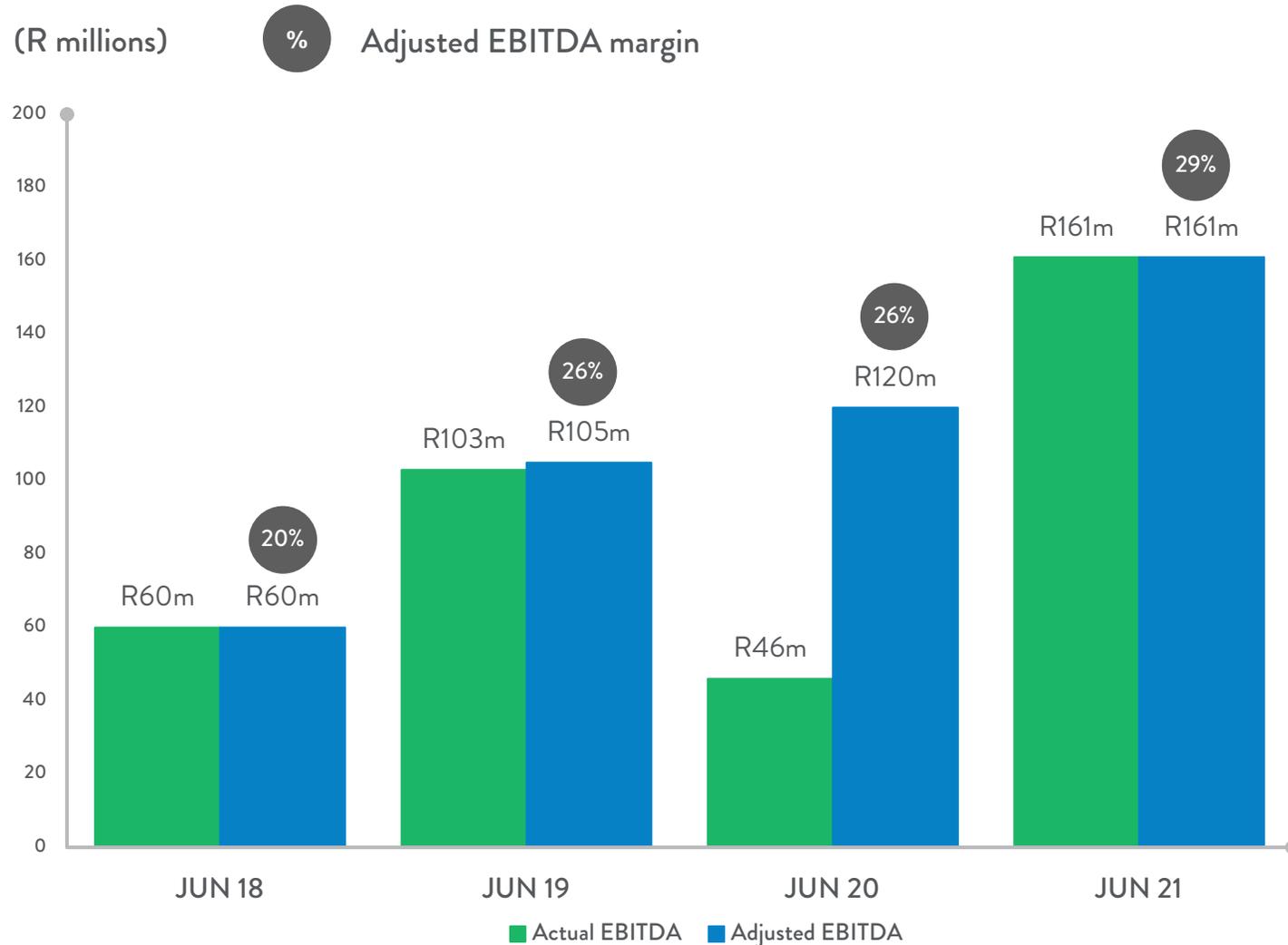
- 17% growth to June 2021
- 4% improvement in short course business
- Sundry income still under pressure

EBITDA MOVEMENT

EBITDA MOVEMENT (R millions)



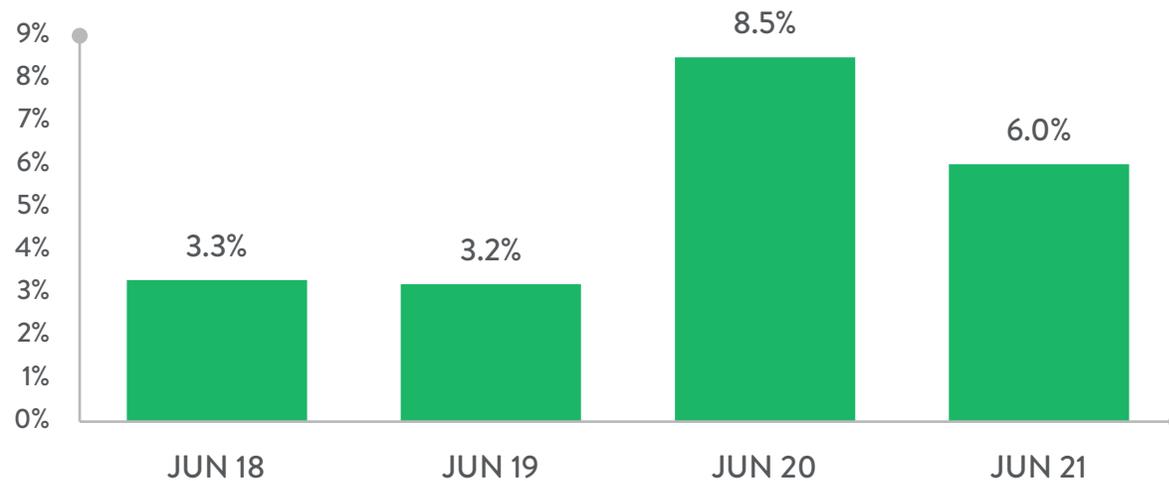
EBITDA AND ADJUSTED EBITDA



- Adjusted EBITDA excludes fair value loss adjustment
- 34% growth in adjusted EBITDA
- Impacted by further COVID-19 savings as a result of protracted lockdowns
- Do not expect all savings to recur in second semester
- Additional academic and other costs expected second semester

TRADE RECEIVABLES AND LOSS ALLOWANCE

LOSS ALLOWANCE AS % OF REVENUE

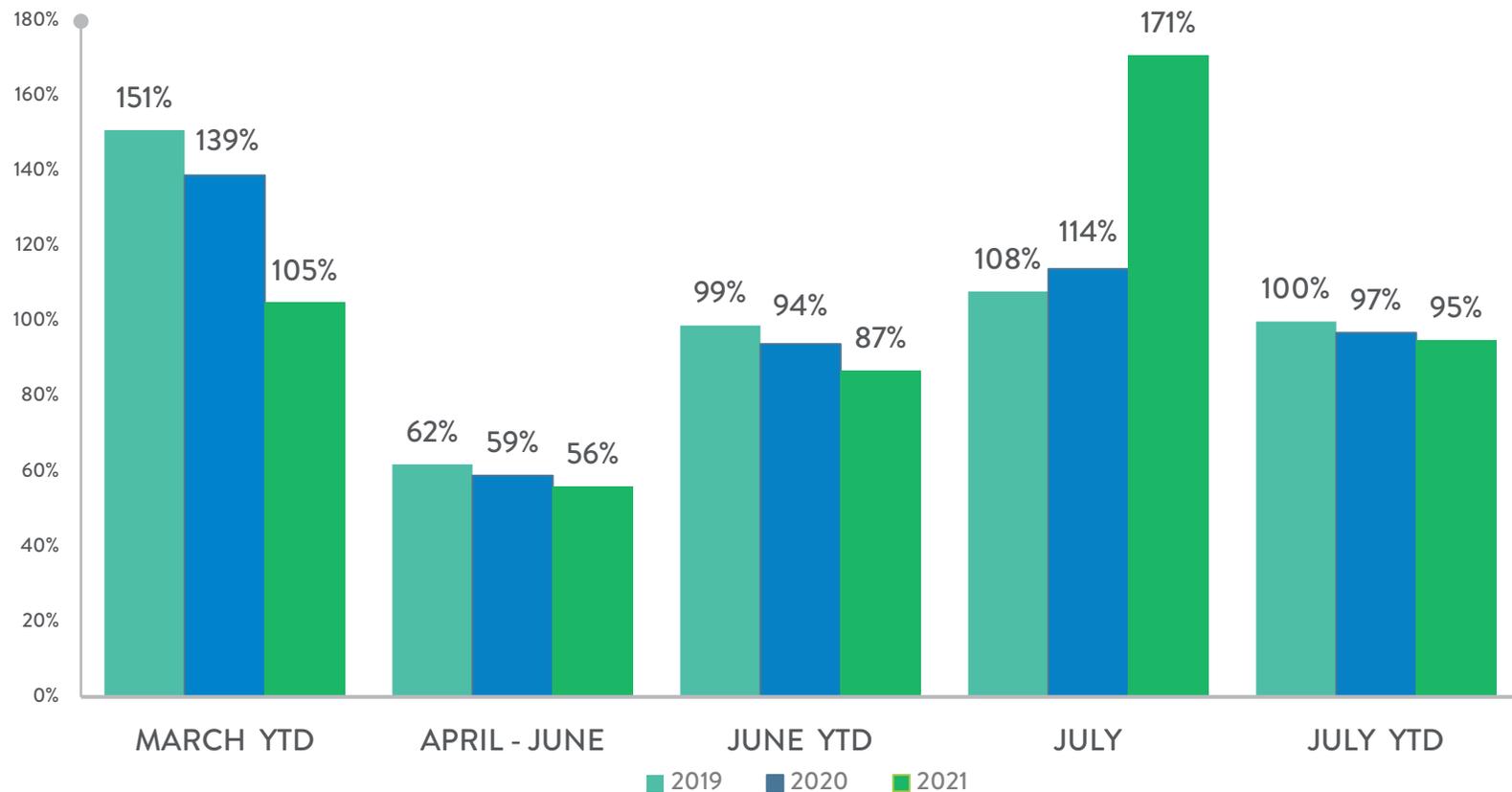


- Increase in debtors book impacted by late start to the academic year
- +/-6 week lag in collections
- Good cash collections post June 2021
- Better than expected collections on prior year debtors' book
- Resulting in some reversal of loss allowance provision to June 2021

R millions	DEC 20	JUN 20	JUN 21
Trade Receivables	146	143	228
Loss Allowance	(78)	(59)	(87)
Net trade receivables	68	84	141
LOSS ALLOWANCE COVERAGE	53%	41%	38%

CASH COLLECTIONS AS A % OF REVENUE

CASH COLLECTIONS AS A % OF REVENUE



- Significantly increased collections in July 2021
- Further improved collections in August 2021
- Still lagging prior year collections to July 2021 but catching up

CA CONNECT EARLY SETTLEMENT

- Concluded early settlement agreement in June 2021
- Final settlement amount of R201m settled in two tranches
- Immediately settled R68m
 - R48m in cash
 - R20m in STADIO Holdings shares – 6.7m shares issued
- Final settlement due in April 2022. Settled as follows:
 - R33m in cash
 - R100m through the issue of Milpark shares
 - Post the transaction the CA Connect shareholders will own 18.7% of Milpark

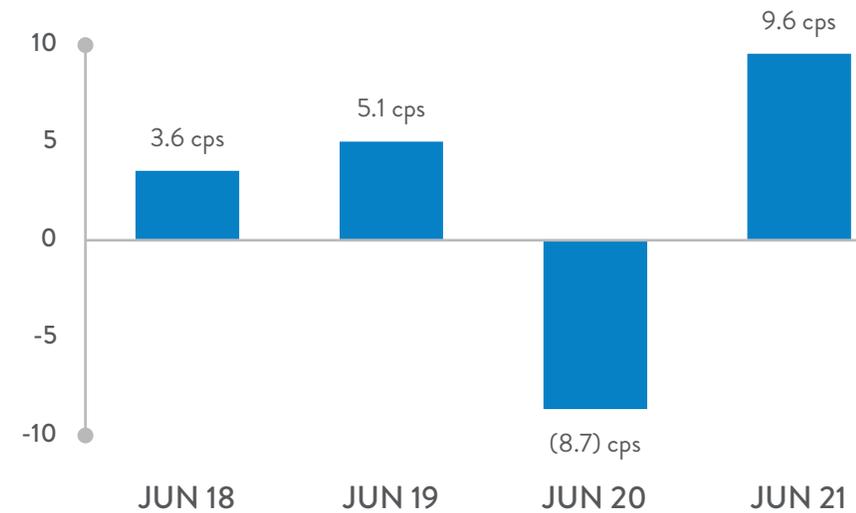
- In total transaction value amounted to R258m settled as follows:

R millions	CASH	SHARES	TOTAL
Settled in 2018	8	8	16
Settled in 2020	10	31	41
Settled in 2021	48	20	68
To be settled in 2022	33	100	133
TOTAL	99	159	258
% Split	38%	62%	

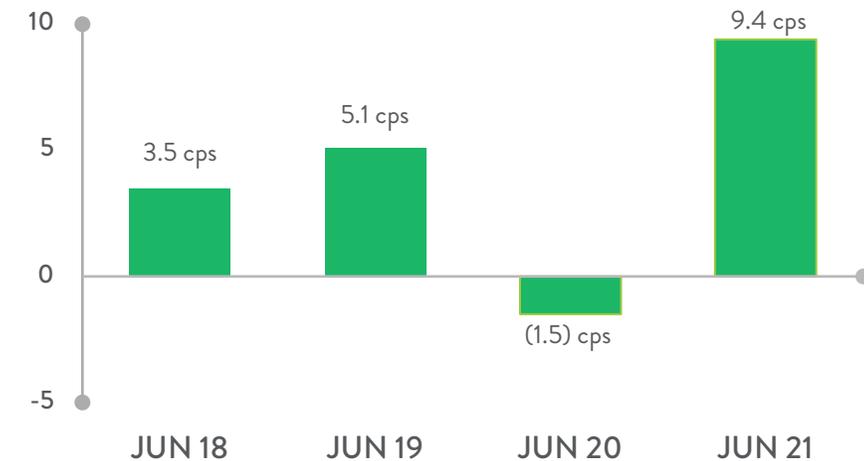
EPS AND HEPS

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EPS (cps)



HEPS (cps)

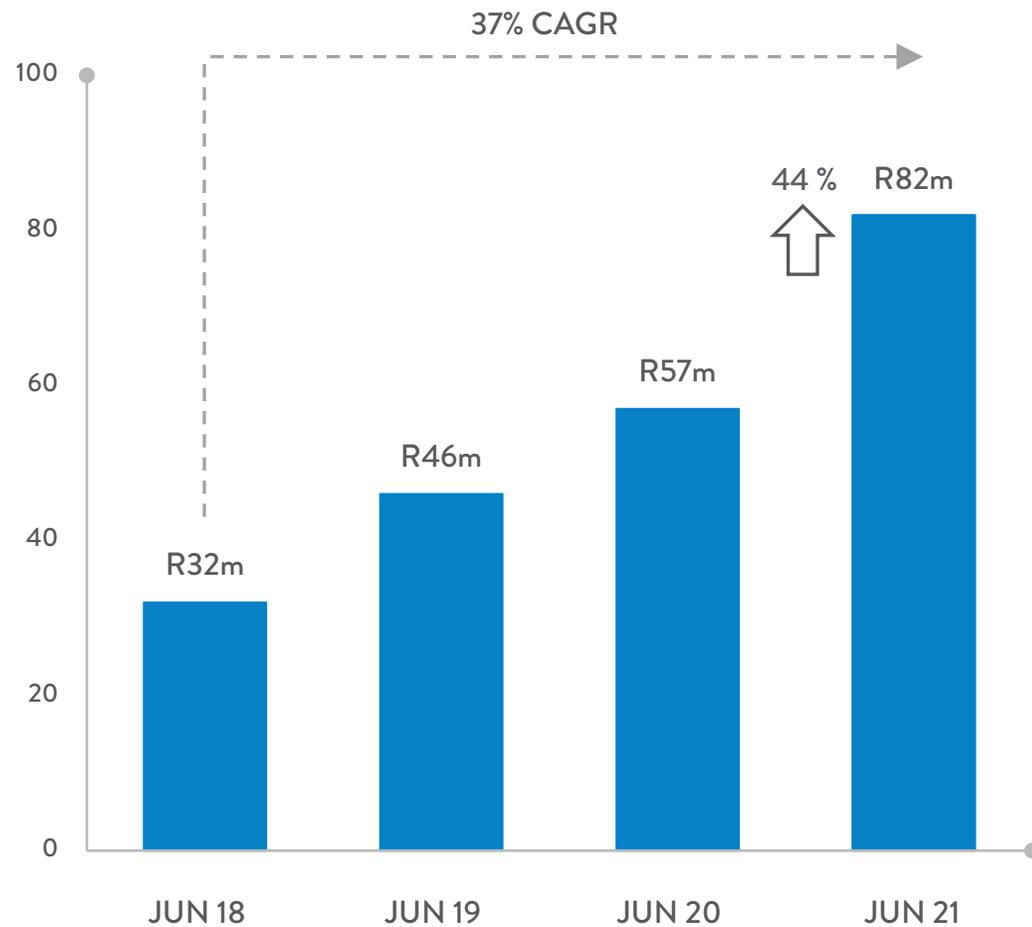


- Large increase in EPS and HEPS driven by:
 - Organic growth
 - Fair value adjustment in prior year – R74m (impacted 2020 LPS and HLPS)
 - Impairment of trademarks – R60m (impacted 2020 LPS)
- Current EPS and HEPS impacted by increase in shares in issue (CA Connect transaction)

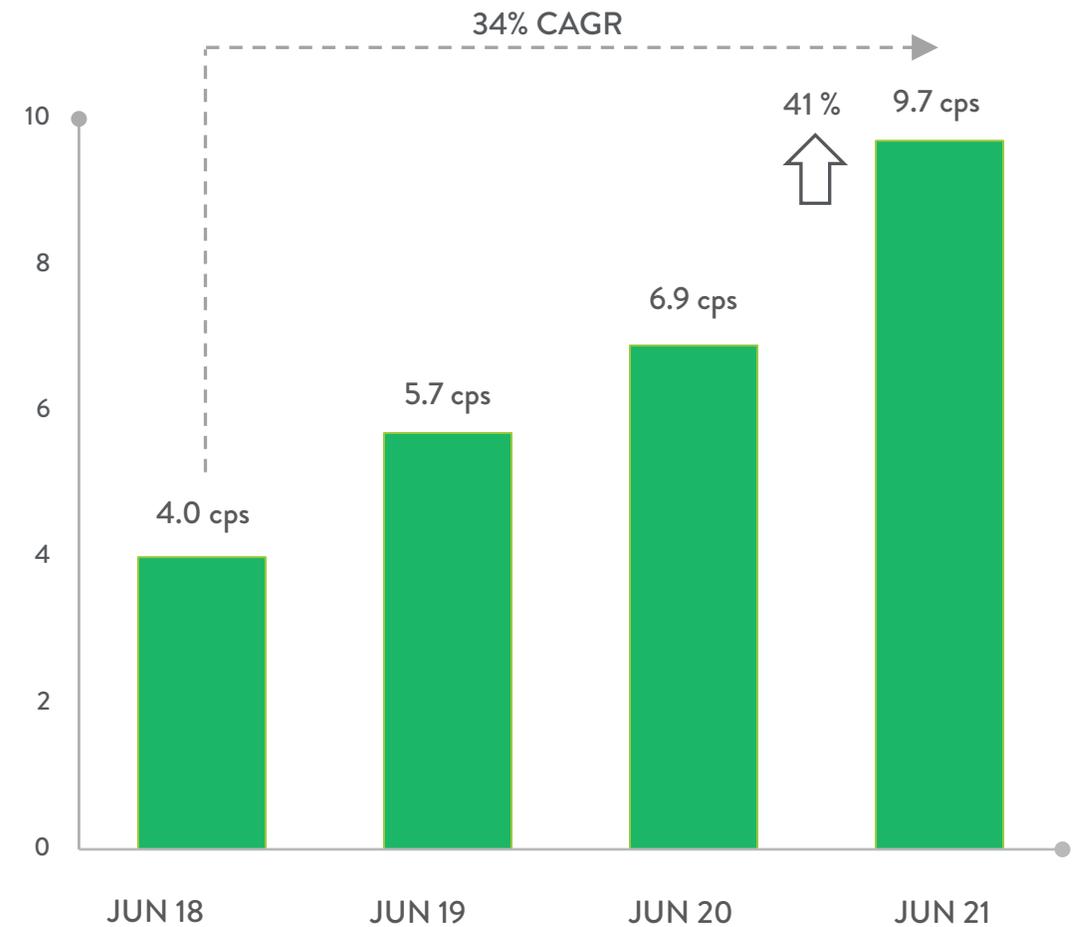
CORE HEADLINE EARNINGS

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CORE HEADLINE EARNINGS (R millions)



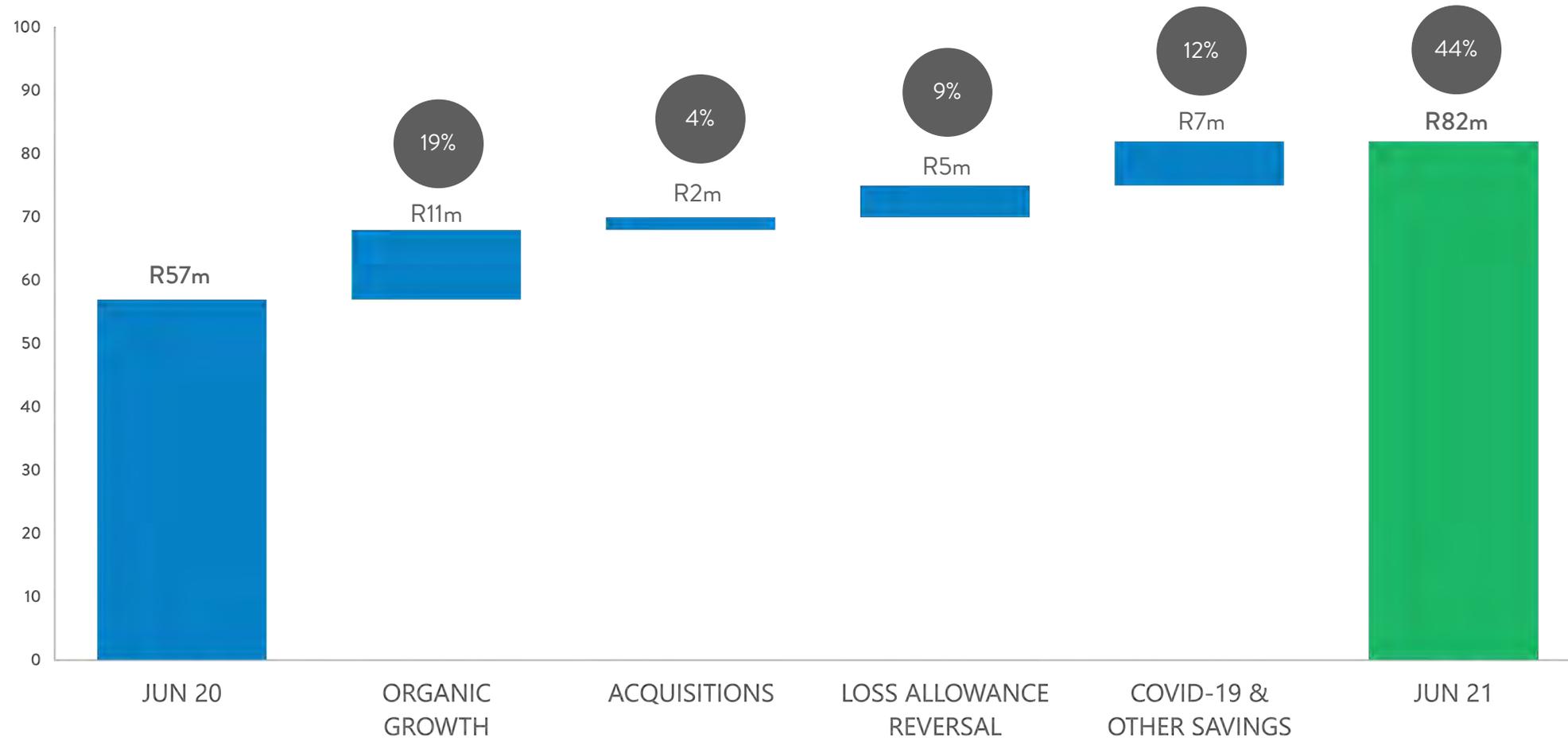
CORE HEPS (cps)



CORE HEADLINE EARNINGS MOVEMENT

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CORE HEADLINE EARNINGS MOVEMENT (R millions)



STATEMENT OF FINANCIAL POSITION

STATEMENT OF CONSOLIDATED FINANCIAL POSITION	DEC 20	JUN 20	JUN 21
R millions			
Total assets	2 122	2 100	2 311
Right-of-use assets	96	88	109
Other assets	2 026	2 012	2 202
Total equity	1 486	1 505	1 592
Attributable to equity holders	1 493	1 506	1 601
Non-controlling interests	(7)	(1)	(8)
Total liabilities	636	595	719
Borrowings & loans from related parties	45	0	55
Lease liabilities	168	163	180
Income received in advance	89	173	196
Other liabilities	334	259	288
Number of shares in issue (millions)	841	819	848
NAV per share (cents)	178	184	189
Gearing ratio	14%	11%	15%
Gearing ratio (excluding IFRS 16: Lease liability)	3%	0%	3%
Cash on hand	117	123	111



- Invested R135m on capital expenditure
- Settled R68m of contingent consideration liability
- R55m debt drawn down
- R111m of cash on hand
- Gearing ratio 15% (3% excluding IFRS 16 lease liability)

CASH FLOW GENERATION

CASH FLOW FROM OPERATIONS (R millions)	JUN 19	JUN 20	JUN 21	JUN 21 ADJUSTED**
Net cash flow from operations (before working capital)	108	124	168	168
Working capital changes	58	89	19	52
Net cash generated from operations	166	213	187	219
Cash generated from operations (as % of adjusted EBITDA)*	158%	178%	116%	136%
Free cash flow less recurring capex	127	165	124	157

*EBITDA adjusted for fair value adjustment

** Adjusted to exclude the cashflow relating to CA Connect earn-out

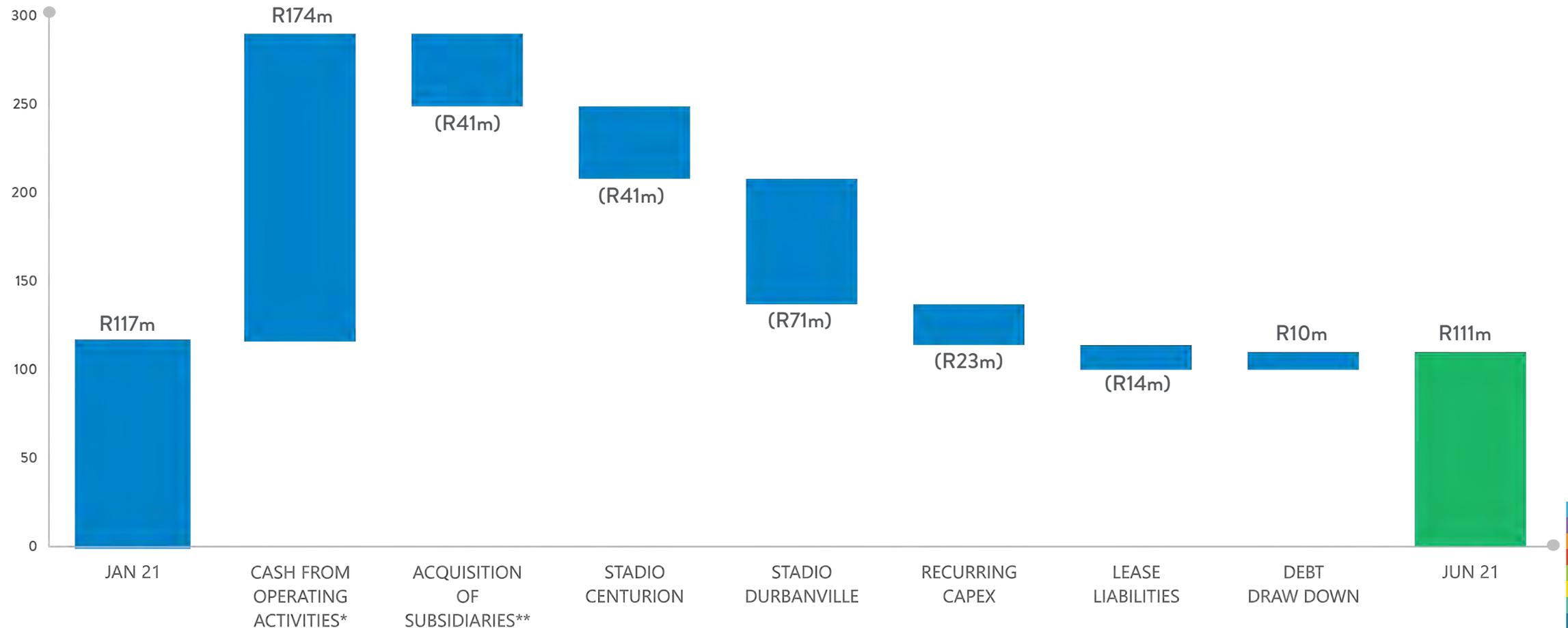
CAPITAL INVESTED

CAPITAL INVESTED (R millions)	DEC 16	DEC 17	DEC 18	DEC 19	DEC 20	JUN 21
Acquisitions	-	594	440	156	-	-
Infrastructure development & capital assests	73	272	26	169	98	135
Programme Development	12	11	15	10	7	-
TOTAL	85	877	481	334	105	135
CUMULATIVE INVESTMENT	85	962	1 443	1 777	1 882	2 017

CASH UTILISATION

CASH UTILISATION (R millions)

*Excludes cash outflow related to CA Connect earn out
 **Includes cash outflow related to CA Connect earn out



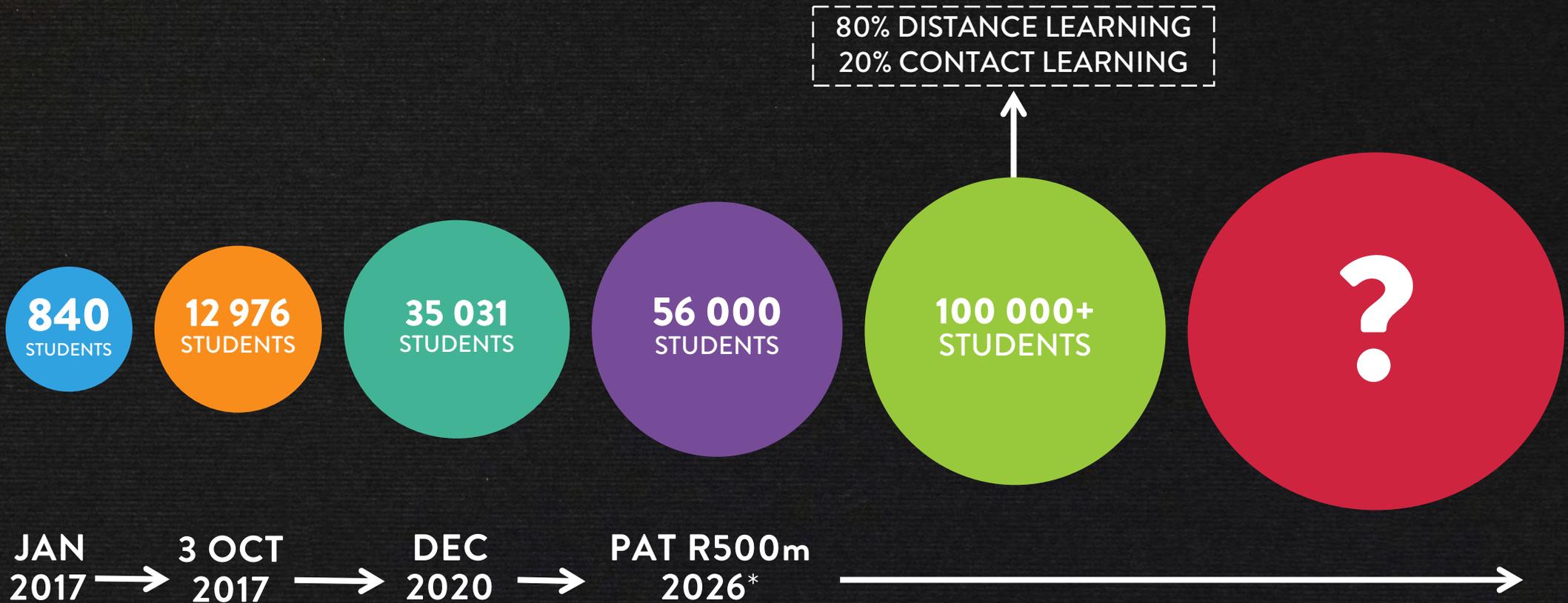
2021 CAPITAL EXPENDITURE: GROWTH PROJECTS

2021 CAPITAL EXPENDITURE (R millions)	2021
STADIO Centurion (Phase 1 & Phase 2)	90
Durbanville transfer (incl development contributions)	71
GROWTH PROJECTS	161

WHERE
TO NOW?



STADIO

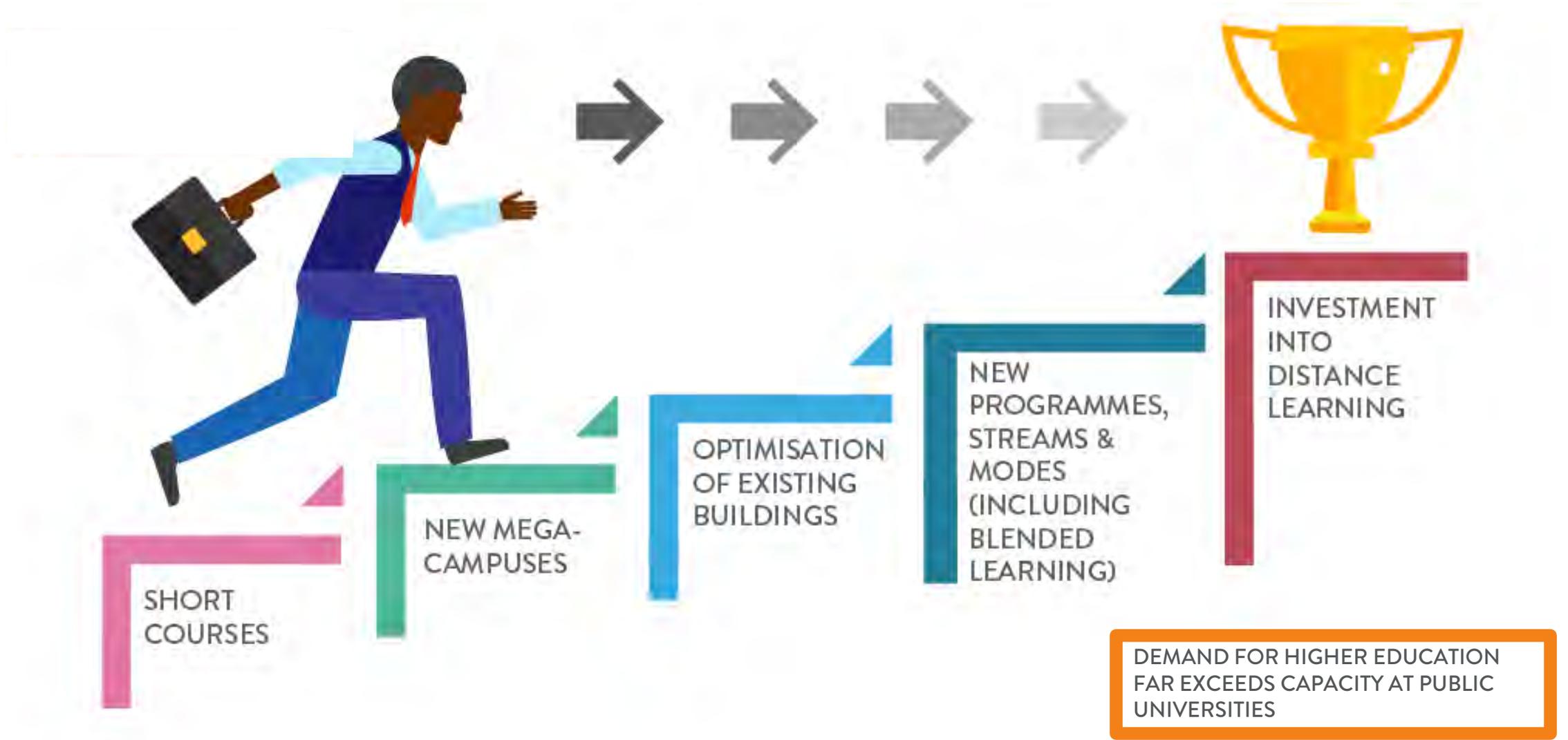


* As disclosed in the Pre-listing Statement

OUR GROWTH STRATEGY



GROWTH OPPORTUNITIES



STADIO'S BLENDED LEARNING STRATEGY

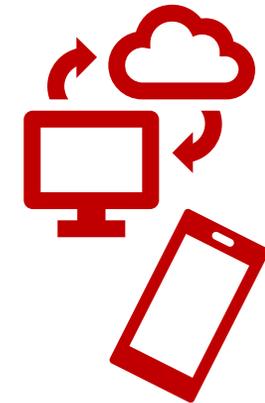
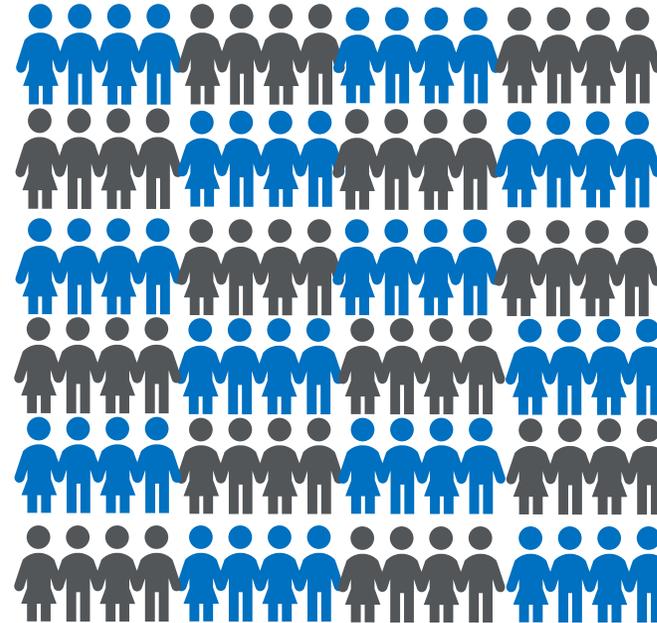
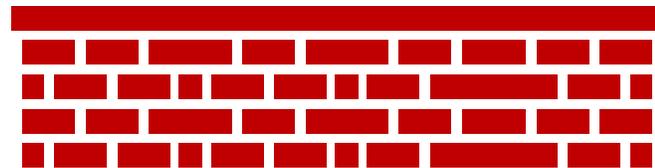
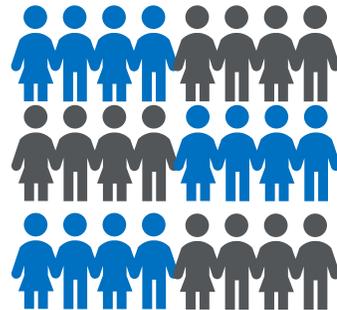
CONTACT LEARNING

DISTANCE LEARNING

We will not build a mega-campus in every major city

Move towards consolidation and optimisation of existing campuses

Introducing blended learning channels





STADIO CENTURION

30 MAY 2021

STADIO CENTURION

30 MAY 2021





STADIO CENTURION

30 MAY 2021



DISTANCE LEARNING PROVIDES HIGHER MARGINS

Distance learning at STADIO Group is well established

ADVANTAGES:

- Requires initial investment - minor upgrade costs and maintenance going forward
- Offered at more affordable prices
- Scalable
- Higher margins
- Flexible and accessible

COVID-19 FOCUS



COVID-19 CRITICAL FOCUS AREAS



- ❖ The Health and Safety of our staff and students
- ❖ The continuation of the academic project
 - All teaching and learning moved online
- ❖ The protection of financial resources as well as stakeholders' interests

STADIO WELL PLACED FOR COVID-19 IMPACT

- 
- ❖ 80% of STADIO students study remotely
 - ❖ Bad debt loss allowance doubled in 2020 from 4.3% to 8.6%
 - Managed through operational efficiencies and savings
 - ❖ Continue seeking student funding opportunities – partnership with CAPITEC
 - ❖ Student number impact
 - More distance learning – price, fear of contracting COVID-19, lock-down uncertainty
 - Less marketing - no school visits
 - Later academic start - some students deferred studies until 2022

IN SUMMARY – LAYING FOUNDATION FOR GROWTH



OUR FOCUS (WWS)

- Site extensions
- New programme development across modes and streams
- Centre for Lifelong Learning
- Quality assurance
- International collaborations
- Industry relationships and graduate employability
- Continuous improvement of student support and wellness programmes

FOUNDATION PHASE

- Change management continues – looking to embed new structure
- Consolidation of all businesses (culture and processes)
- Systems and infrastructure development (CANVAS, CRM, ERP, SIMS)
- Embed the distance learning and contact learning student journeys
- Successful opening of STADIO Centurion
- Commence construction of Krugersdorp logistics centre
- New organisational structure

Q & A

STADIO

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

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 floating in the sky. The background is a warm, orange and yellow sunset sky with some clouds. The overall mood is joyful and celebratory.

**THANK YOU
ENKOSI
RE A LEBOGA
DANKIE**

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