

STADIO

— HOLDINGS —

2022 Interim Results Presentation
30 August 2022

STADIO

— HOLDINGS —



... THREE DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS



OUR PURPOSE:

To empower
the nation by
widening access to
higher education

OUR VISION:

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

PRESENTATION OVERVIEW



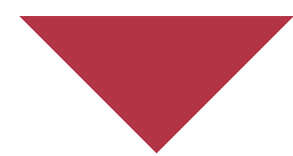
PLEASE JOIN US FOR A CAMPUS TOUR & SNACKS FOLLOWING THE PRESENTATION

3 DISTINCT INSTITUTIONS – DIFFERENT STRATEGIES



Product leadership –

“offering customers leading-edge products and services that consistently enhance the customer’s use or application of the product, thereby making rivals’ goods obsolete.”



number-one film school in South Africa

- high-price point with focused niche offering
- move to blended learning



HIGHER EDUCATION

Operational Excellence –

“providing customers with reliable products or services at competitive prices and delivered with minimal difficulty or inconvenience”

- provides the ability to scale and service large numbers



a comprehensive institution

- multiple-schools
- multiple-modes of learning delivery
- multiple-campuses



Product leadership –

“offering customers leading-edge products and services that consistently enhance the customer’s use or application of the product, thereby making rivals’ goods obsolete.”

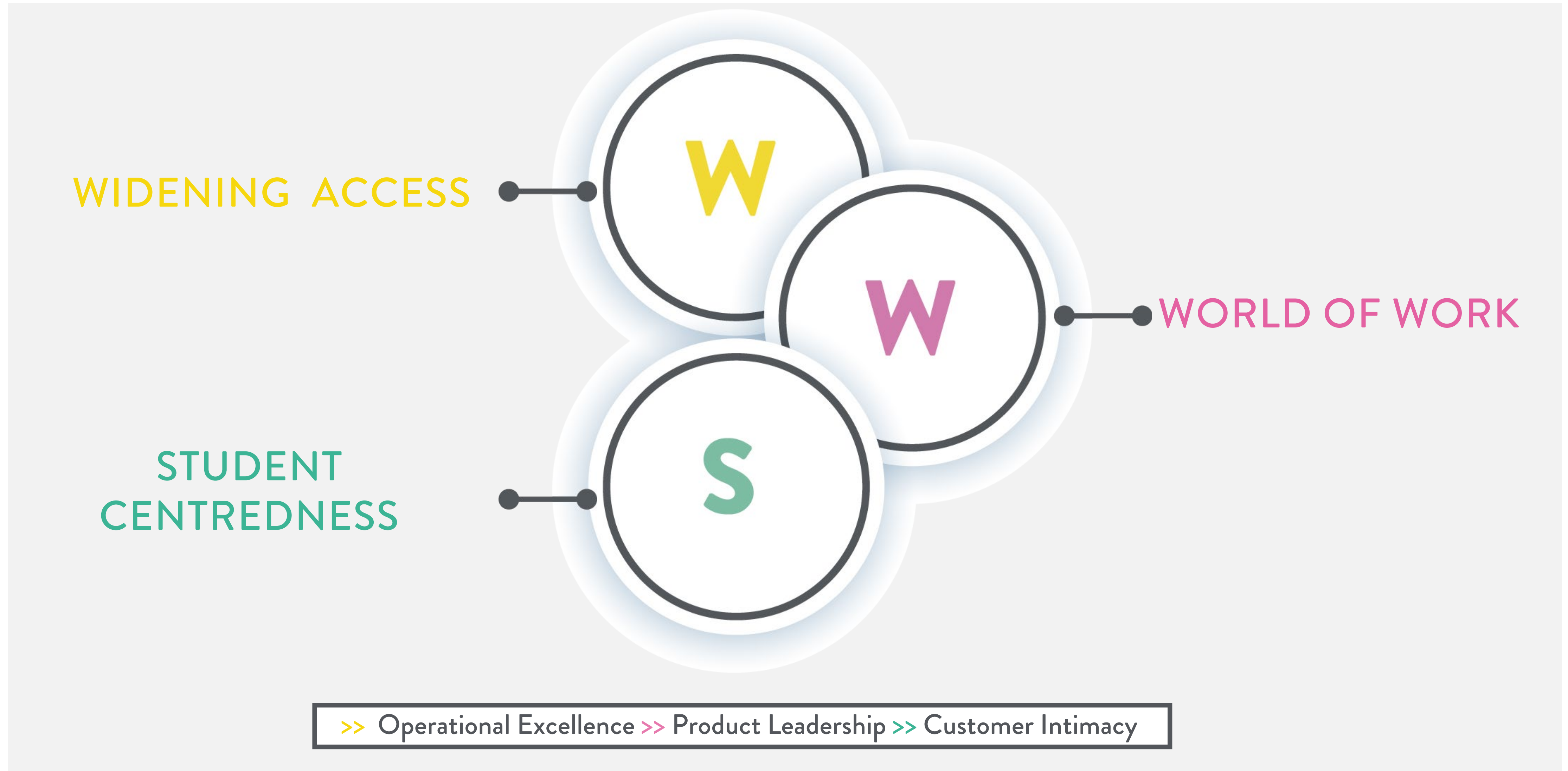


becoming the South African leader in online distance learning

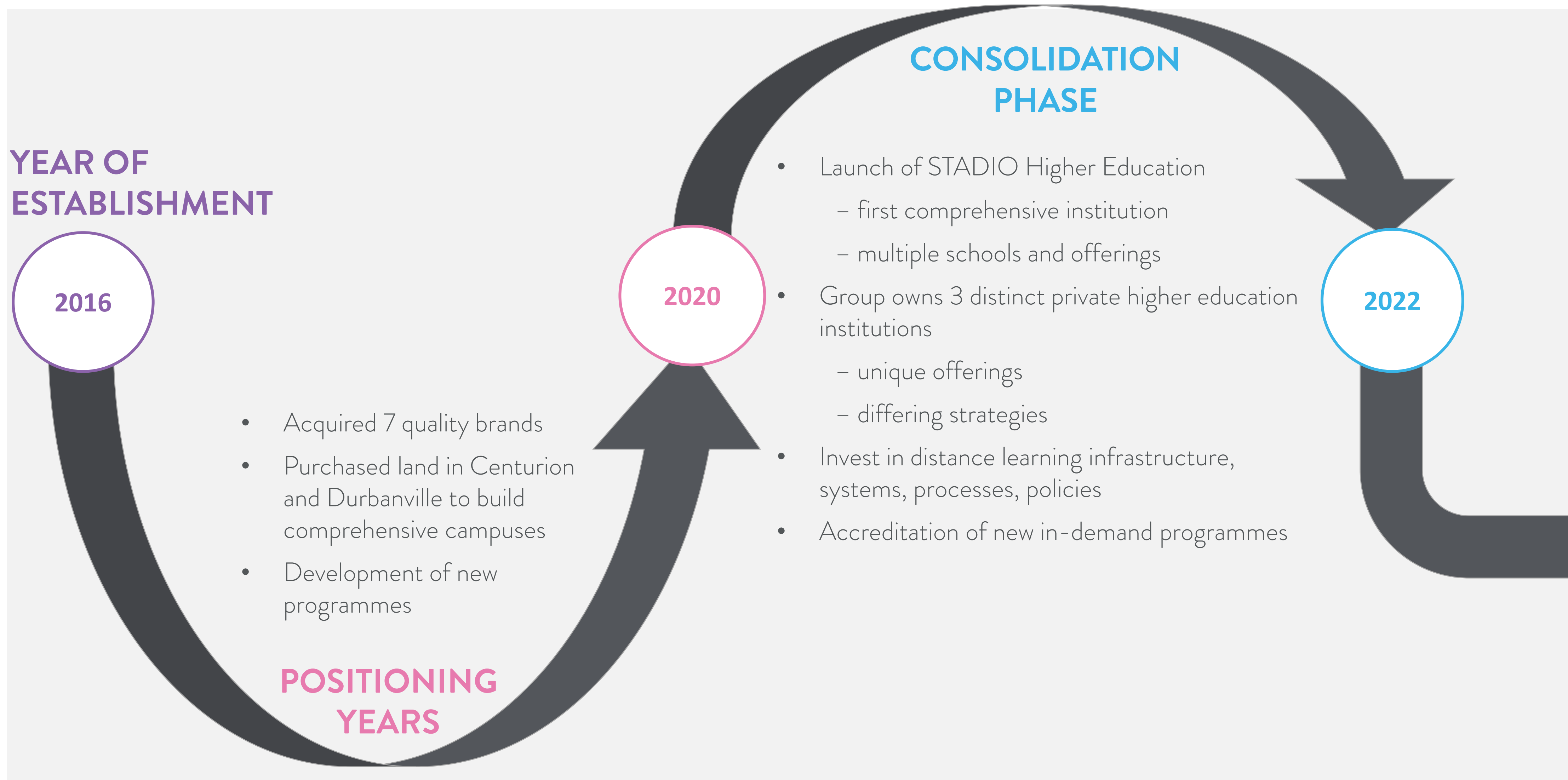
- product leaders in financial services, banking, accounting (niche focus)
- Business School



OUR STRATEGY IS UNDERPINNED BY OUR WWS



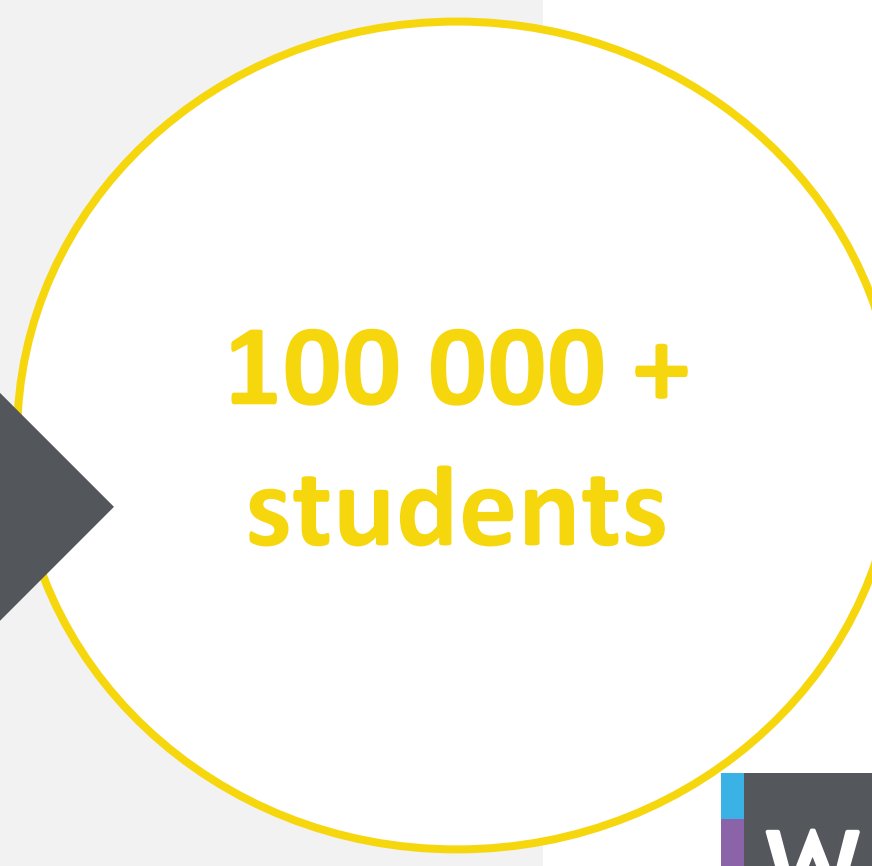
SUCCESSFULLY EXECUTED OUR STRATEGY TO DATE



WE’VE ENTERED THE GROWTH PHASE

- STADIO Centurion campus opens
 - first comprehensive campus
 - multiple-schools
 - equivalent to university campuses
- Successful accreditation of new programmes, including accreditation of existing programmes to new sites of delivery
 - evidenced through good new student numbers in 2022
- Shared services, systems and processes in place - enable operational efficiencies
- Optimisation of existing campuses – new programmes and better utilisation of resources
- Roll-out of new Milpark strategy – online distance learning specialist

- Consistent sustainable growth going forward with minimum capital requirements
- Exploration of new markets
- Refinement of processes (technology)



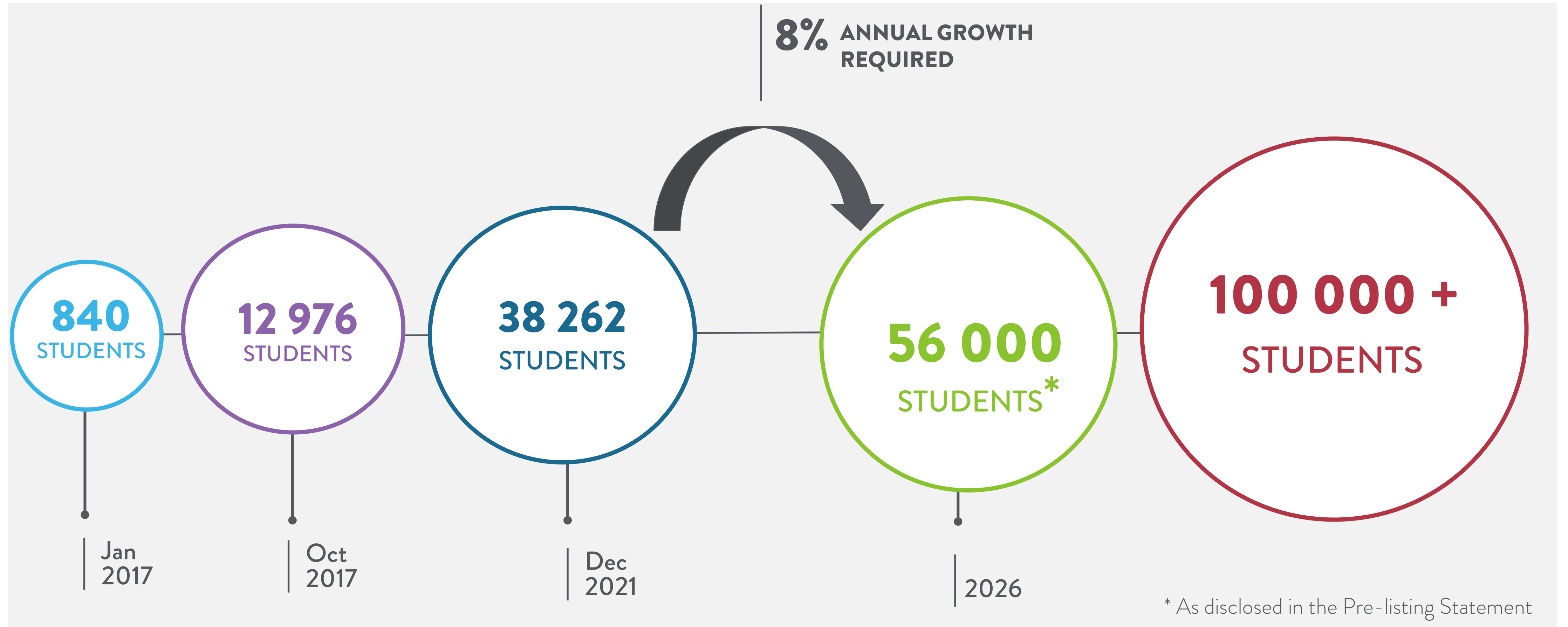
WELL POSITIONED TO IMPLEMENT GROWTH STRATEGY

SUSTAINABLE GROWTH

minimum 80% distance learning > maximum 20% contact learning

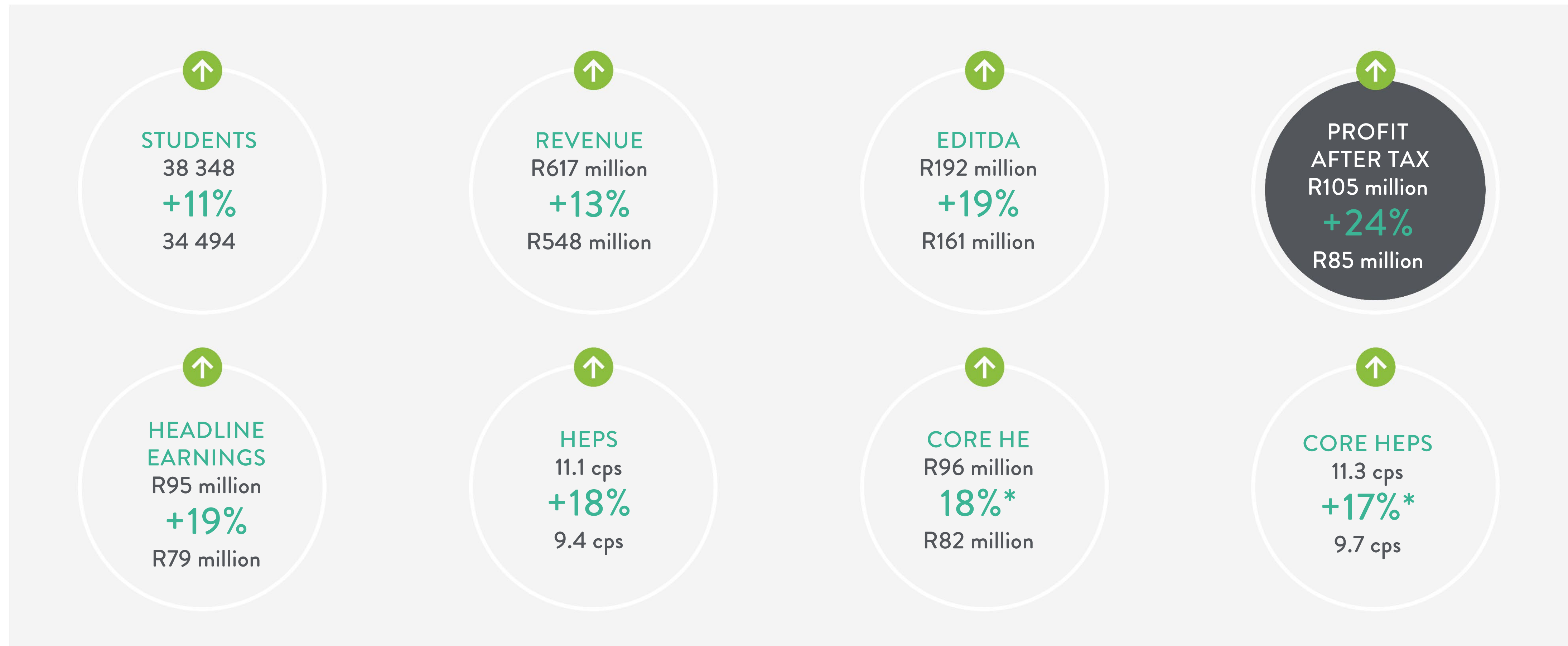


WHERE ARE WE GOING?



TARGET: 80% DISTANCE LEARNING
20% CONTACT LEARNING

2022 INTERIM FINANCIAL RESULTS OVERVIEW



* Core Headline Earnings growth negatively impacted by change in non-controlling shareholding as a result of CA Connect early settlement which was effective June 2021.



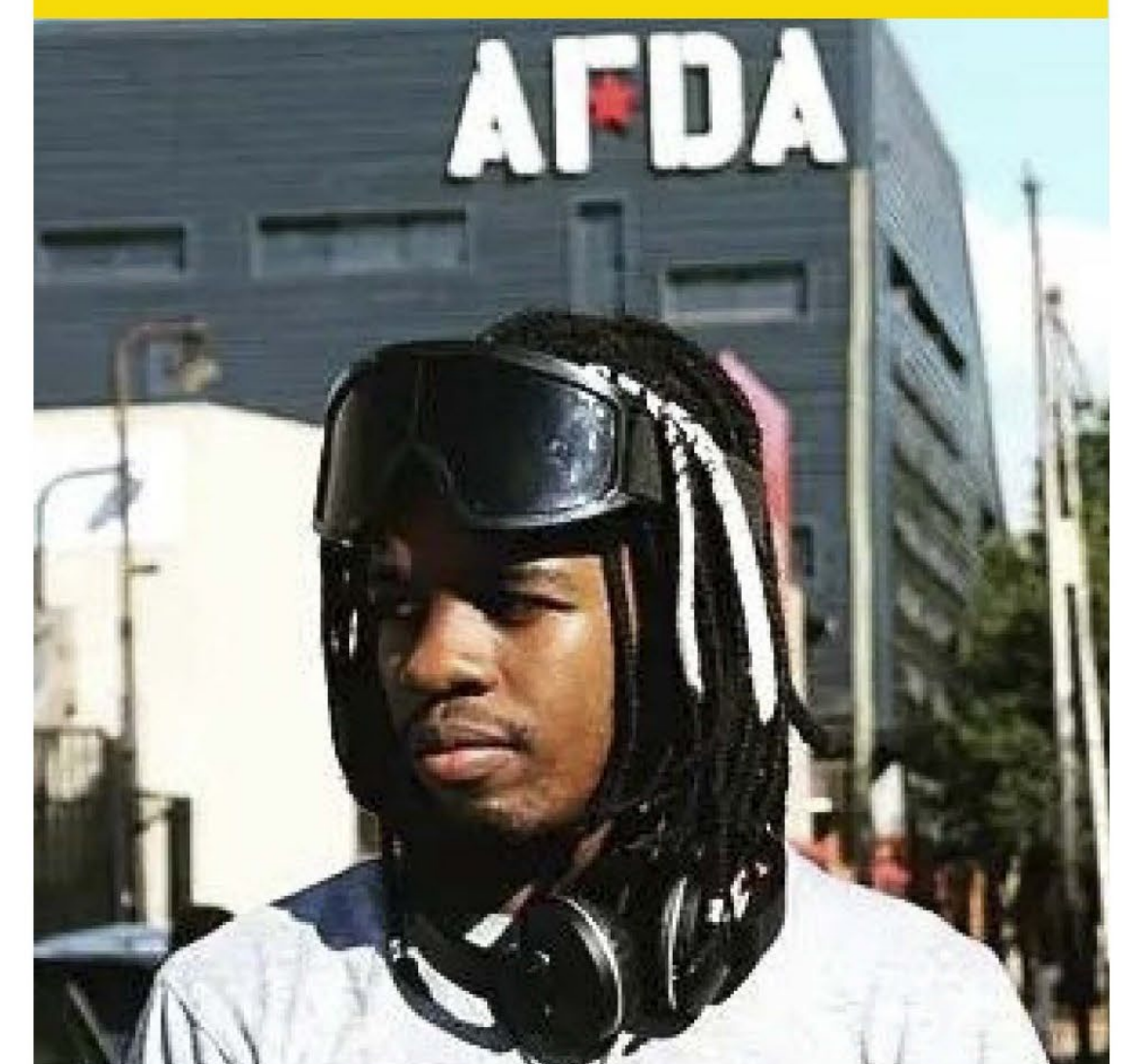
2022 INTERIM FINANCIAL RESULTS



Ms Samara Totaram
Chief Finance Officer

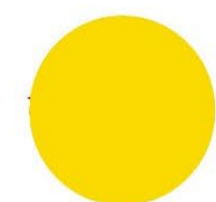
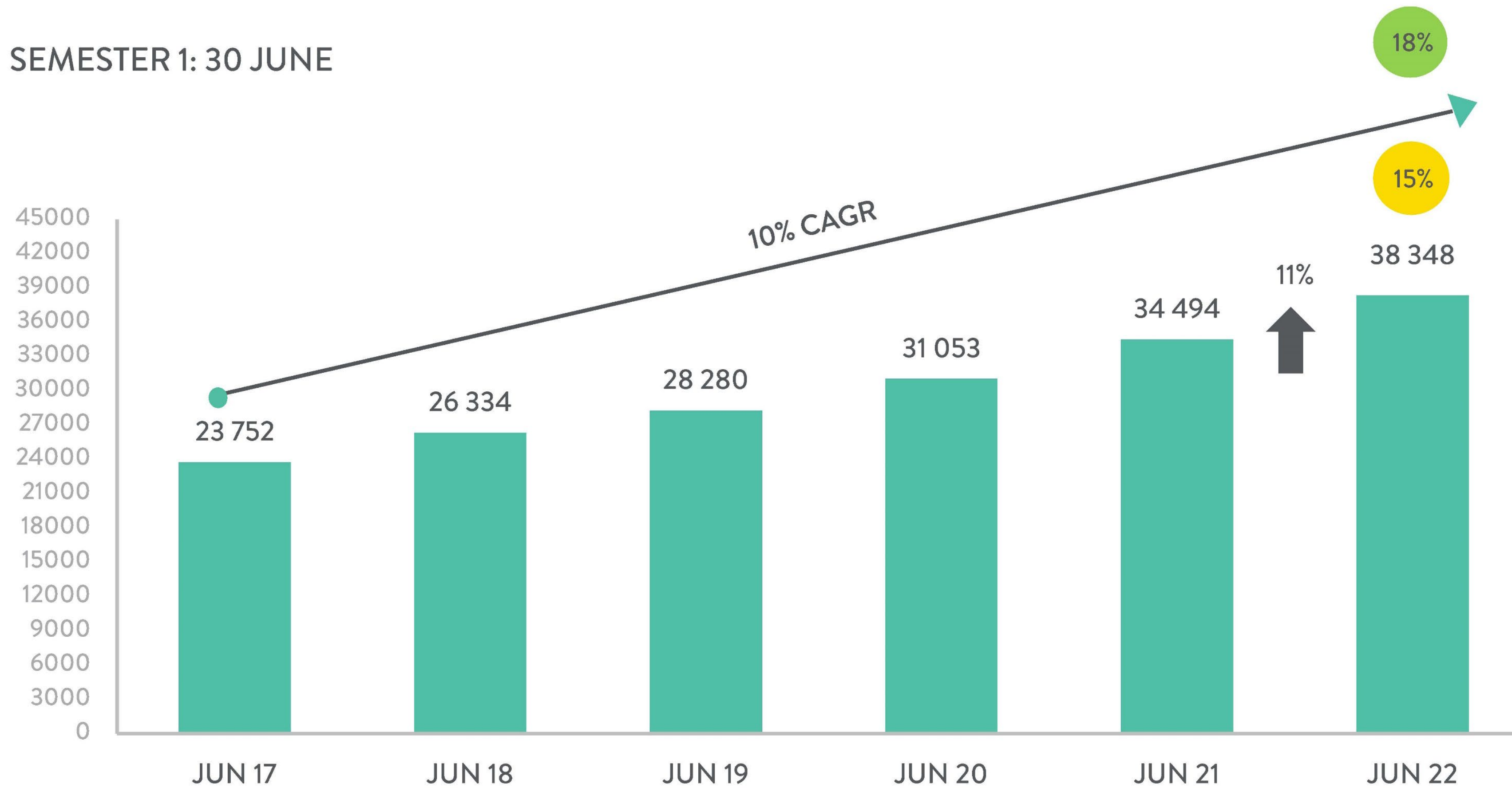
2022 SUMMARY NOTES

- Business is moving out of consolidation phase into growth phase
- STADIO Centurion Phase II completed– R 23m
- Commenced with expansion of STADIO Distance Learning operational center in Krugersdorp
 - R5m spent to date
 - Total project value R42m – to be completed in February 2023
- Disposed of STADIO Montana
 - R52 million in cash
 - Campus staff and students transferred to STADIO Centurion campus
- CA Connect early settlement agreement settled in full
 - Final cash settled value of R 33.12m in April 2022
 - STADIO Holdings diluted shareholding in Milpark from 87.2% to 68.5%
 - Dilution impacts growth in EPS, HEPS and CHEPS to June 2022
- Post COVID 19 – return to normal operations
 - Impacting operating costs for the period
- Change in tax rate from 28% to 27%
 - Negative impact on earnings due to net deferred tax asset position
- Dividends to be declared and paid annually – no interim dividend declared

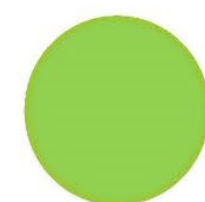


TOTAL STUDENT NUMBERS (LIKE-FOR-LIKE)

SEMESTER 1: 30 JUNE



EXCLUDING CYCLICAL B2B



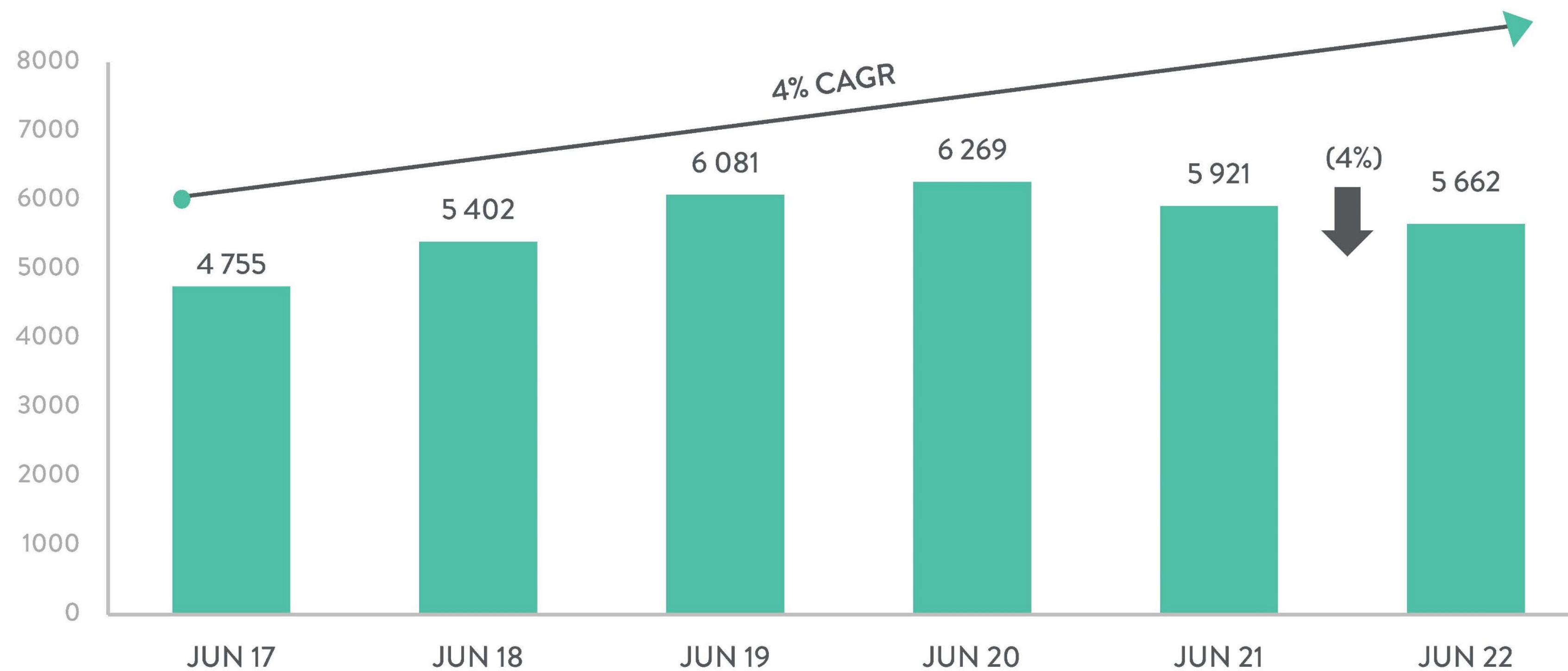
NEW STUDENT NUMBER GROWTH

- One of the top 10 largest highest education providers in SA
- 11% organic growth in student numbers for S1
- Excluding cyclical B2B – 15% overall growth
- 18% growth in new students for S1 2022

STUDENT NUMBERS – CONTACT LEARNING

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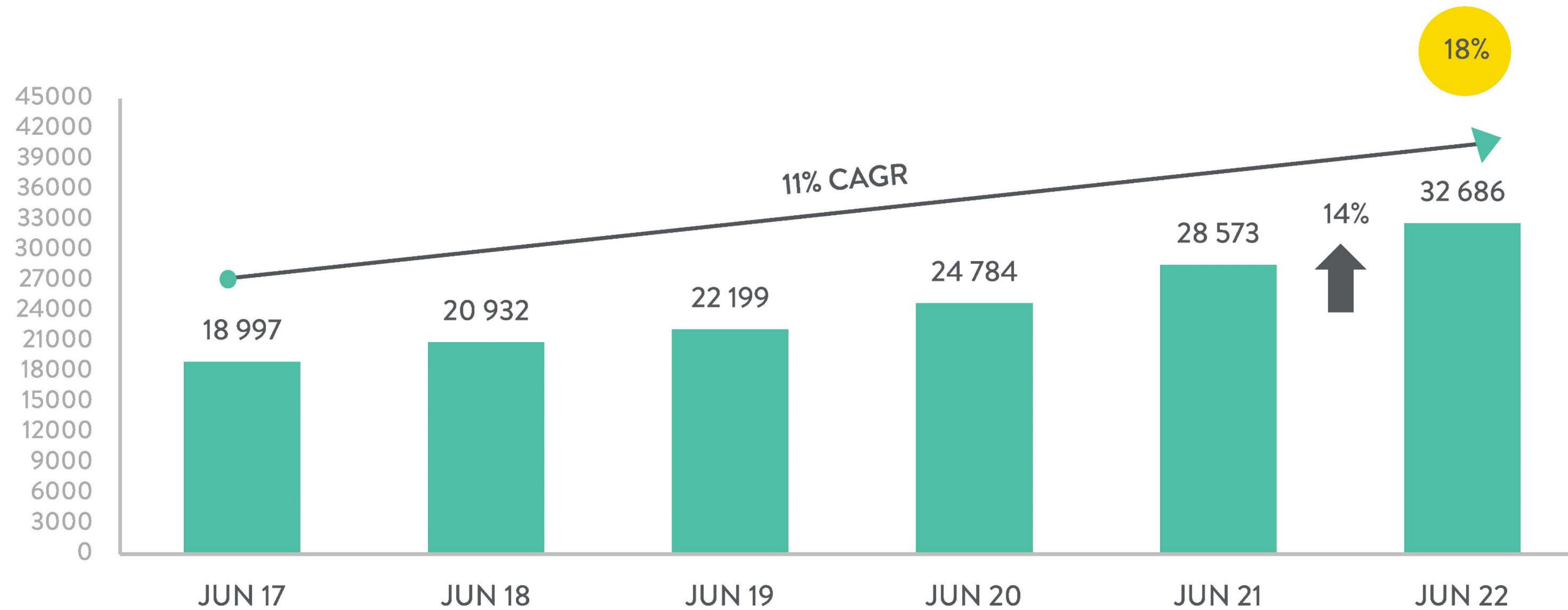
SEMESTER 1: 30 JUNE



- 4% decline attributable to:
 - Milpark transition from CL to digitally enhanced DL
 - Covid 19 overhang - poor enrolments in prior years and rollovers
- Paves the way for future registrations
- Strong growth by AFDA CL campuses for 2022

STUDENT NUMBERS – DISTANCE LEARNING

SEMESTER 1: 30 JUNE

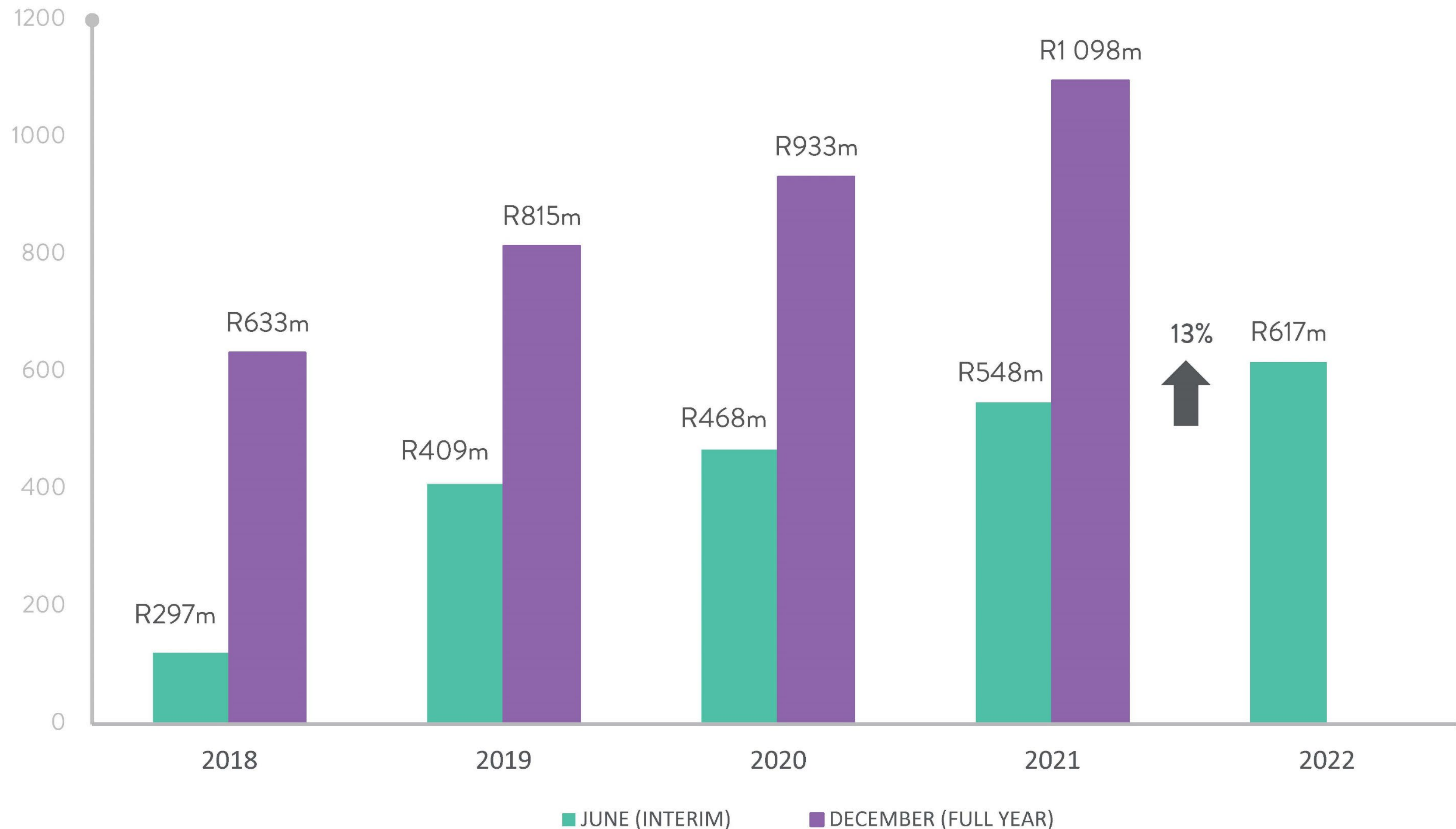


 EXCLUDING CYCLICAL B2B

- Good growth in professional programmes
- Biggest DL provider outside of UNISA
- B2B still under pressure
- Excluding B2B - 18% growth

REVENUE

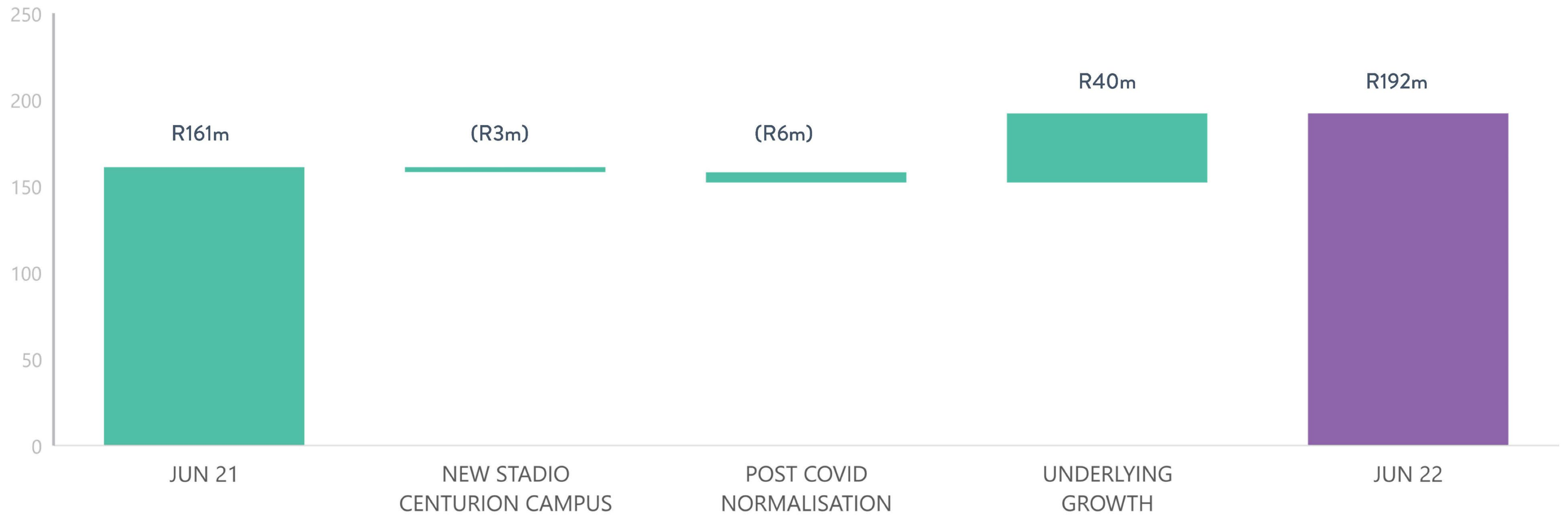
REVENUE (R millions)



- 13% growth in revenue
- Mix change
 - Bigger growth in DL students at lower price point
 - Contraction in CL revenue due to lower student numbers
- 30% growth in short course income
- Hostel income decline – sale of STADIO Montana
- Increase in Other Income driven by:
 - increase in academic income e.g. supps, remarks, levies etc.

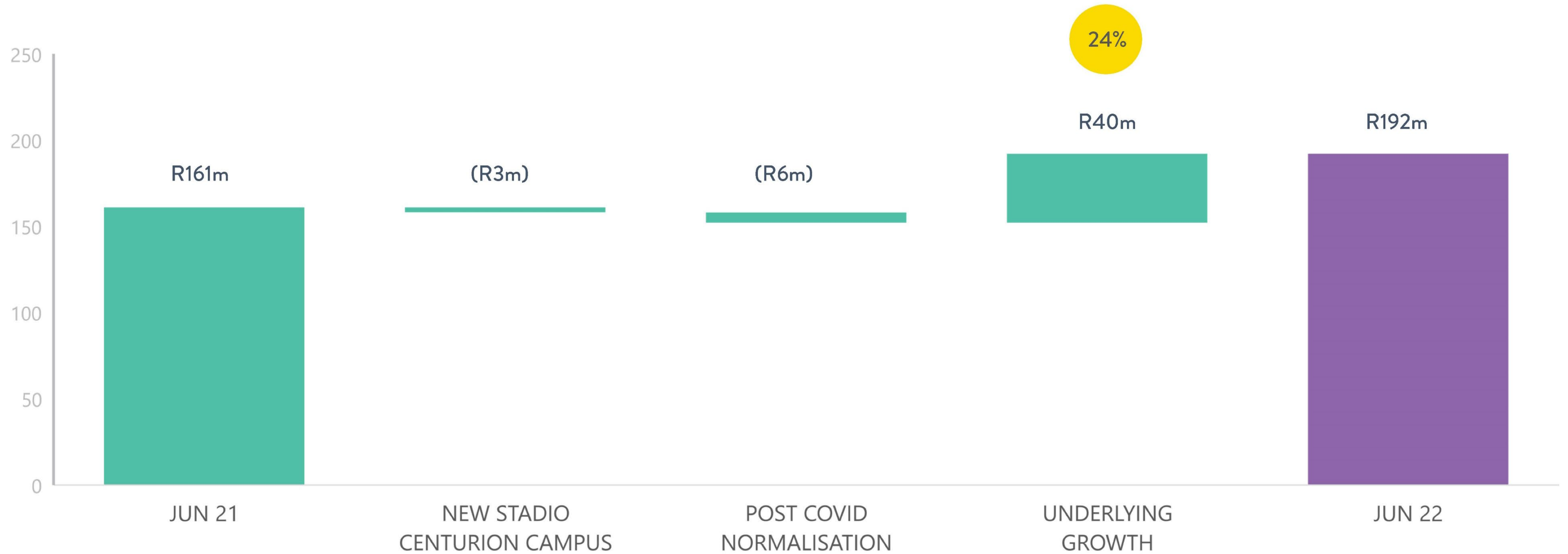
EBITDA MOVEMENT

EBITDA MOVEMENT (R millions)

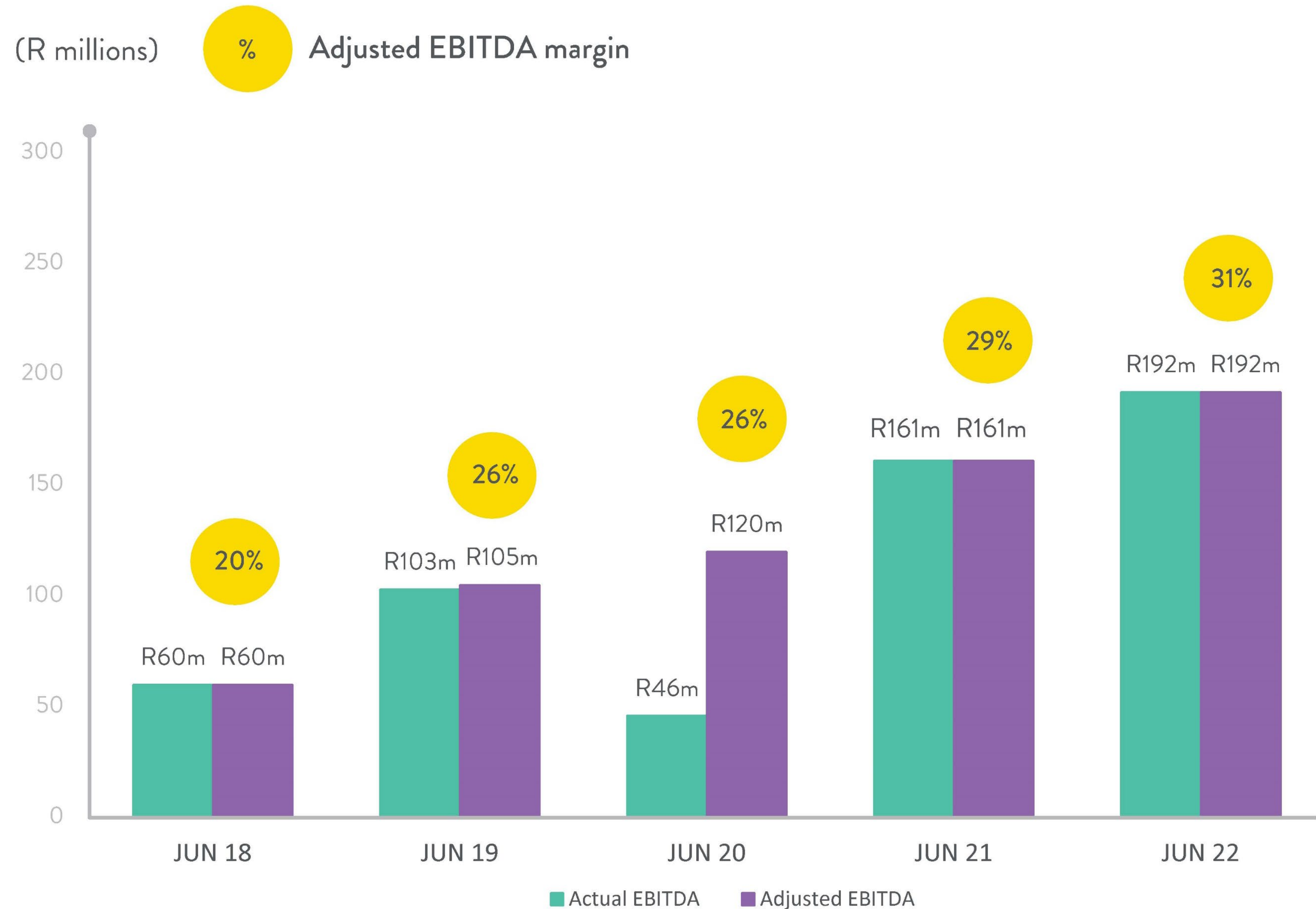


EBITDA MOVEMENT

EBITDA MOVEMENT (R millions)



EBITDA AND ADJUSTED EBITDA



- Adj EBITDA in prior years excludes fair value loss adjustment
- 19% growth in EBITDA and increase in EBITDA margins to 31%
- Impacted by:
 - opening of new STADIO Centurion campus (additional costs)
 - Post covid normalization of operations (some old costs coming back e.g. graduations, travel, venue based exams)
 - Still investing in new systems and processes across the business

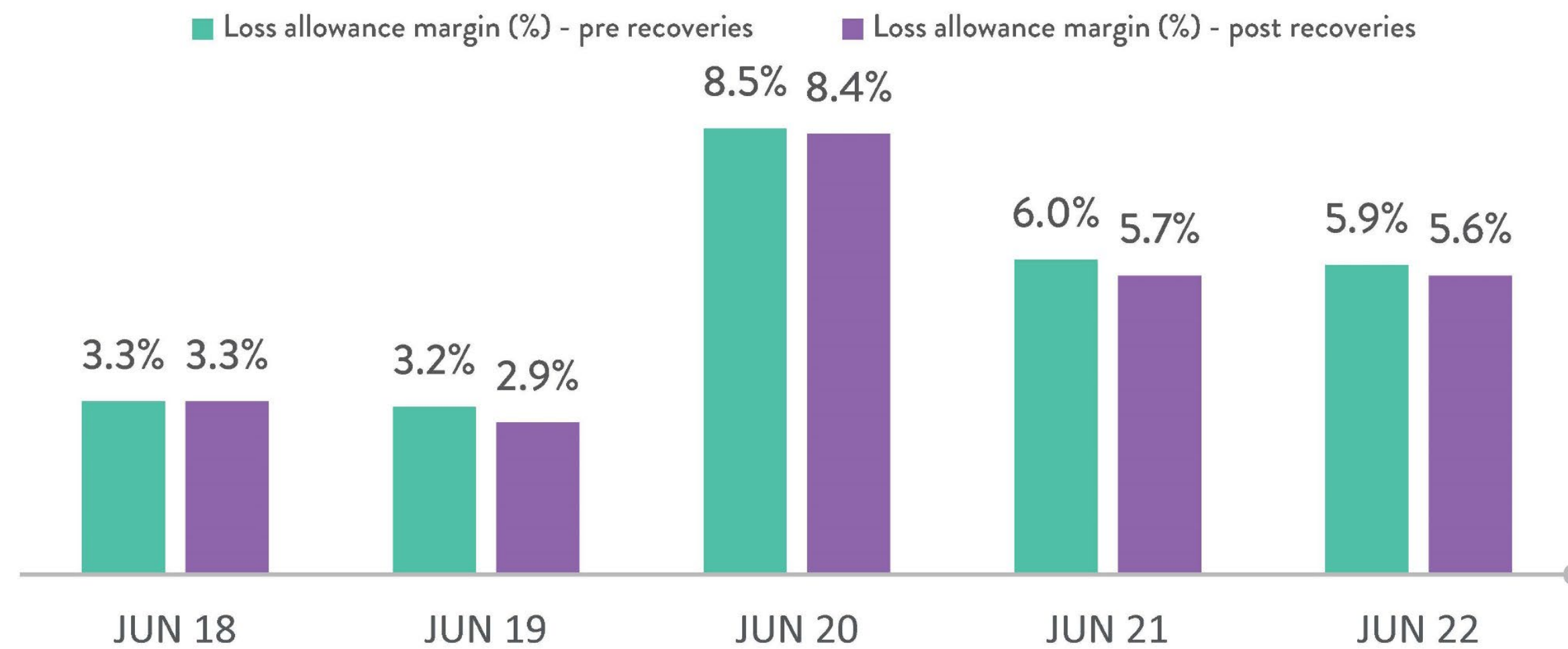
IMPACT OF COVID-19 SAVINGS/(COSTS)

EXPENSE ANALYSIS (R millions)	DEC 22	JUN 21	JUN 22	% CHANGE
Revenue	1 098	548	617	13%
Employee costs (gross)	478	237	257	8%
Employee cost as % of revenue	44%	43%	42%	
Other operating expenses	237	122	139	14%
Other operating expenses % of revenue	22%	22%	23%	

- Employee costs margins improved – close monitoring of new staff appointments
- Post covid normalization of operations
- Some old costs coming back e.g. graduations, travel, venue based exams
- Growth in costs for 2022
- Still investing in systems and processes

TRADE RECEIVABLES AND LOSS ALLOWANCE

LOSS ALLOWANCE AS % OF REVENUE

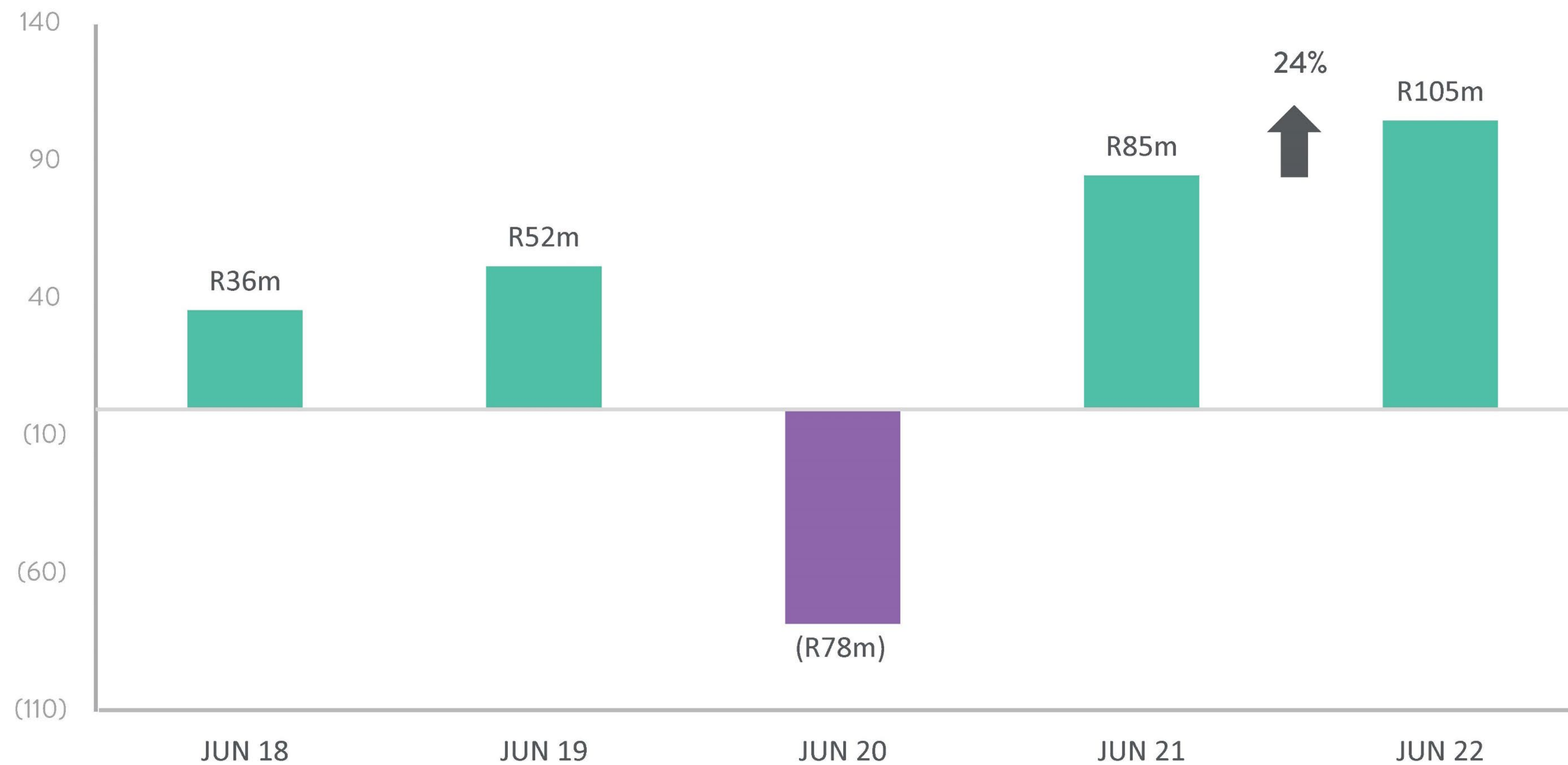


R millions	DEC 21	JUN 21	JUN 22
Trade receivables	210	228	306
Loss allowance	(122)	(87)	(135)
Net trade receivables	88	141	170
Loss allowance coverage	58%	38%	44%

- Debtors book generally peaks in June
- Good collections post June – (S1 results and S2 registrations)
- Change in approach to collecting debtors
 - More students allowed to enrol with arrear balances (still monitored within limits and strict criteria)
 - Makes studying more accessible for students
 - Students still required to pay prior to release of academic results and transcripts
- Increase in debtors book and increase in loss allowance coverage as a result

PROFIT/ (LOSS) FOR PERIOD

PROFIT/LOSS FOR PERIOD (R millions)

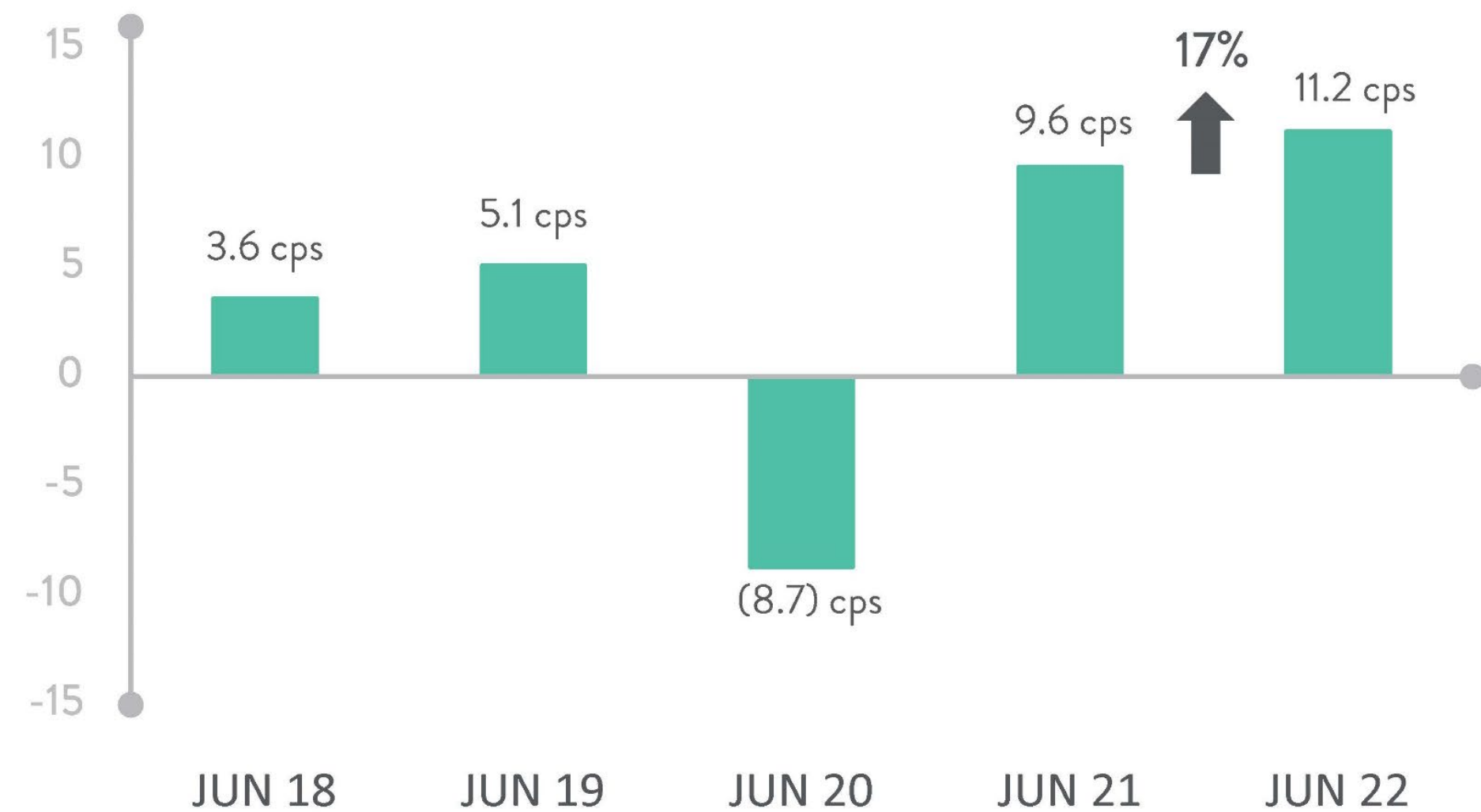


- Strong 24% growth in PAT
- Positively impacted by:
 - Organic growth in EBITDA for period
 - Good capital expense management over last 3 years
- Negatively impacted by:
 - Deferred tax rate change from 28% to 27% due to large deferred tax asset balance - R3.4m
 - Post COVID normalization of operations
 - New STADIO Centurion campus

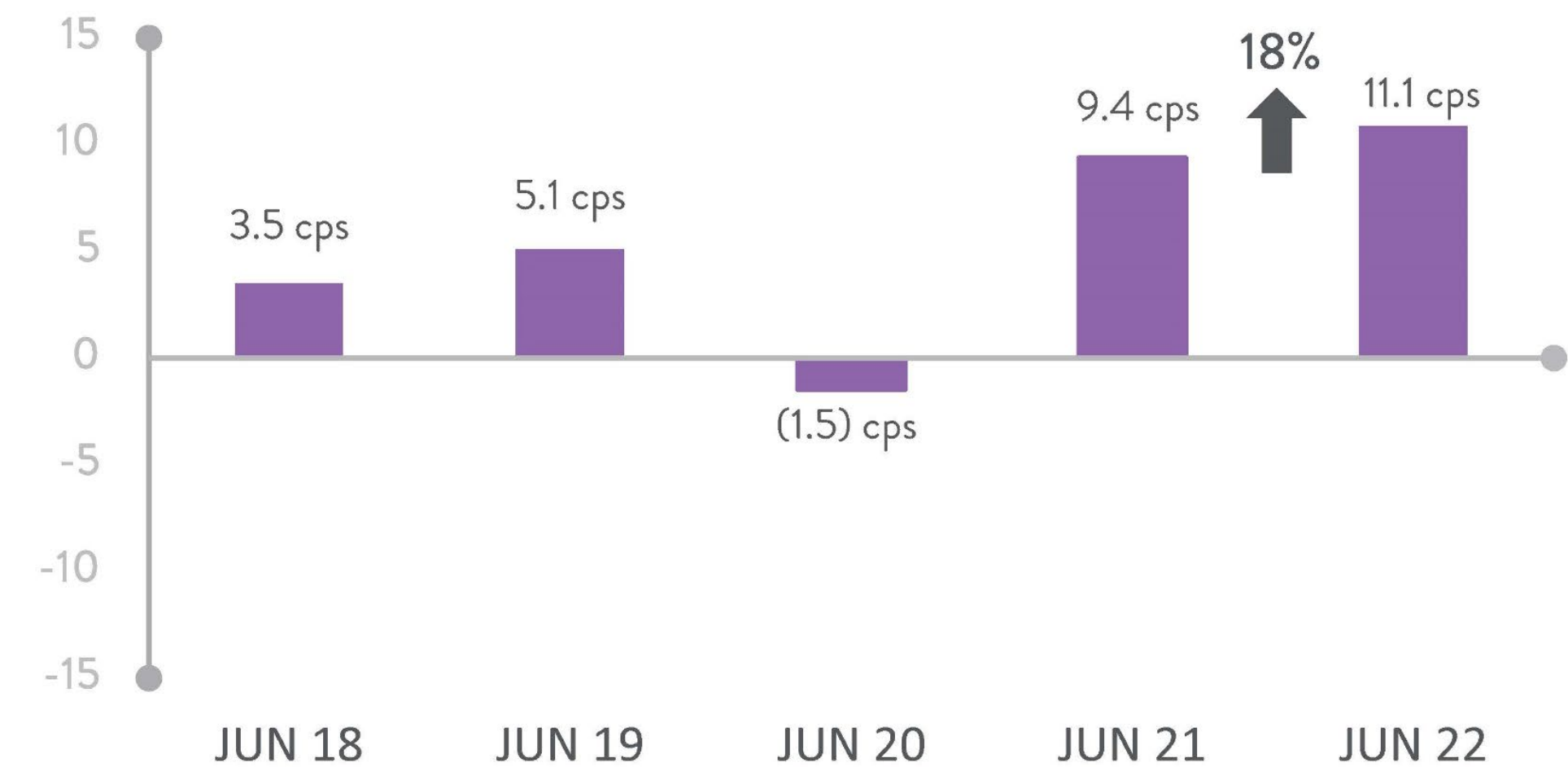
EPS AND HEPS

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EPS (cps)



HEPS (cps)



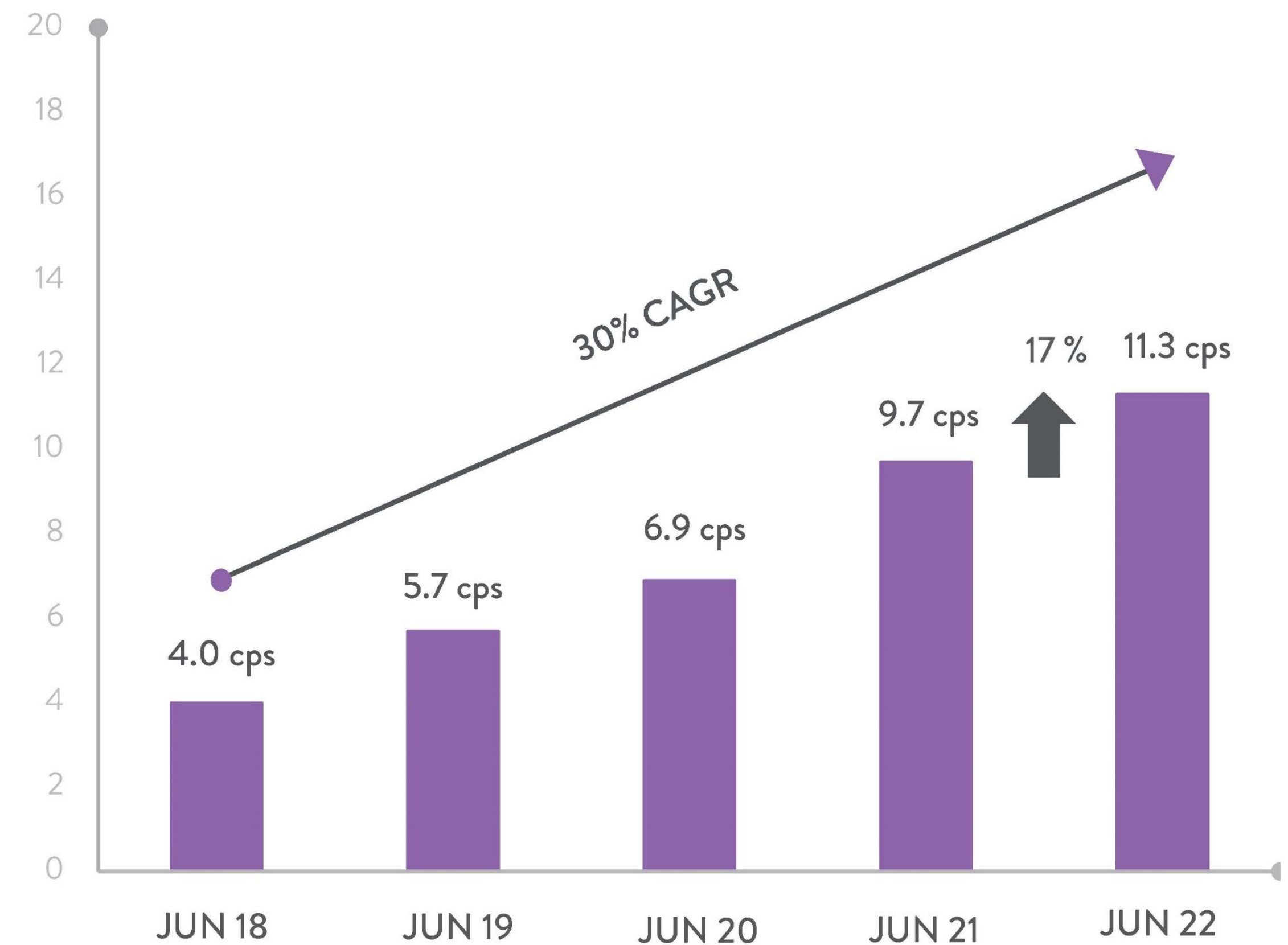
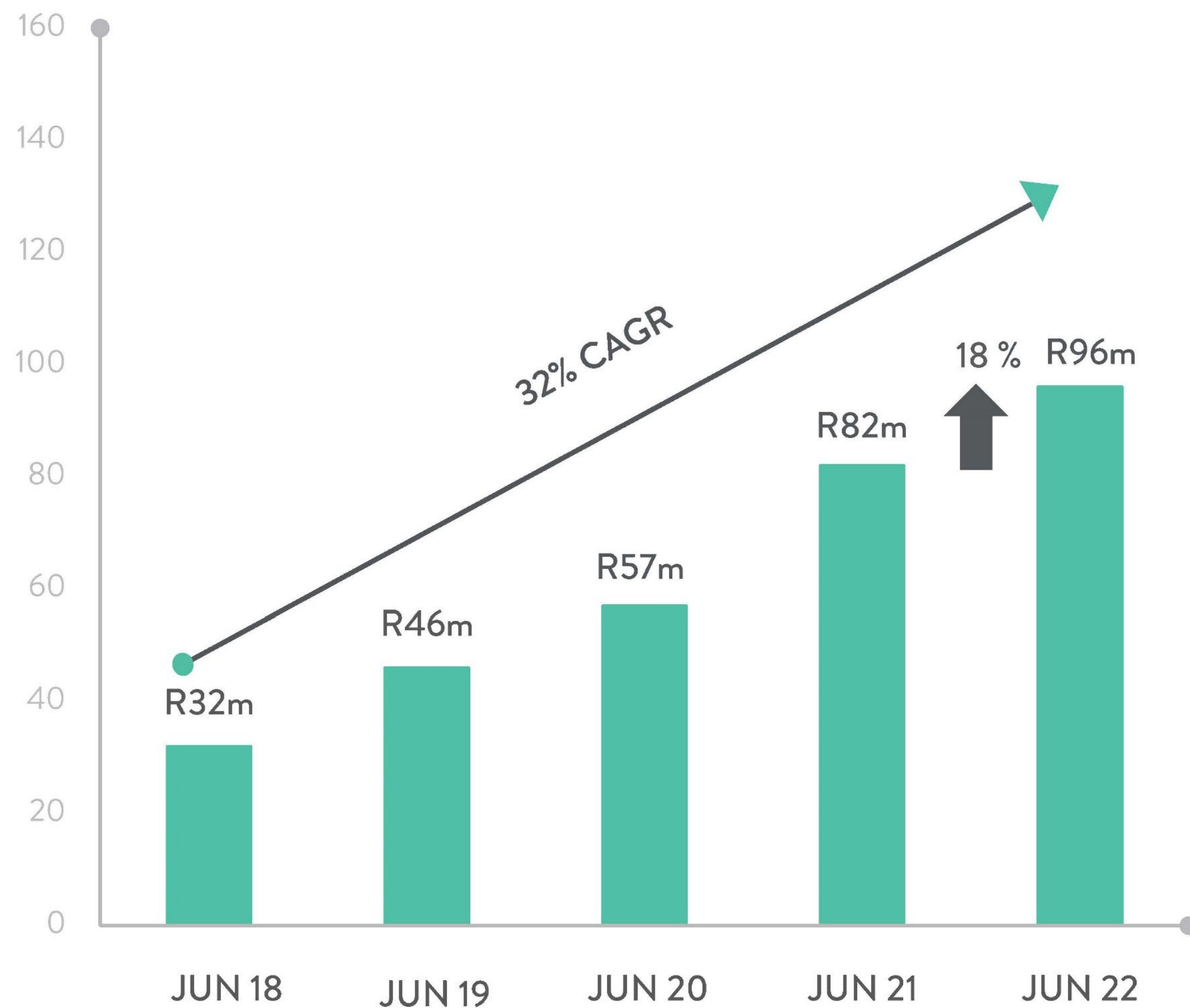
- Strong organic growth in EPS and HEPS
- Impacted negatively by:
 - Dilution of shareholding in Milpark (from 87.2% to 68.5%)
 - New STADIO Centurion campus – additional costs
 - Increase in shares in issue – 2.3m (employee share options)
 - Change in tax rate (deferred tax impact for the period)

CORE HEADLINE EARNINGS

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CORE HEADLINE EARNINGS (R millions)

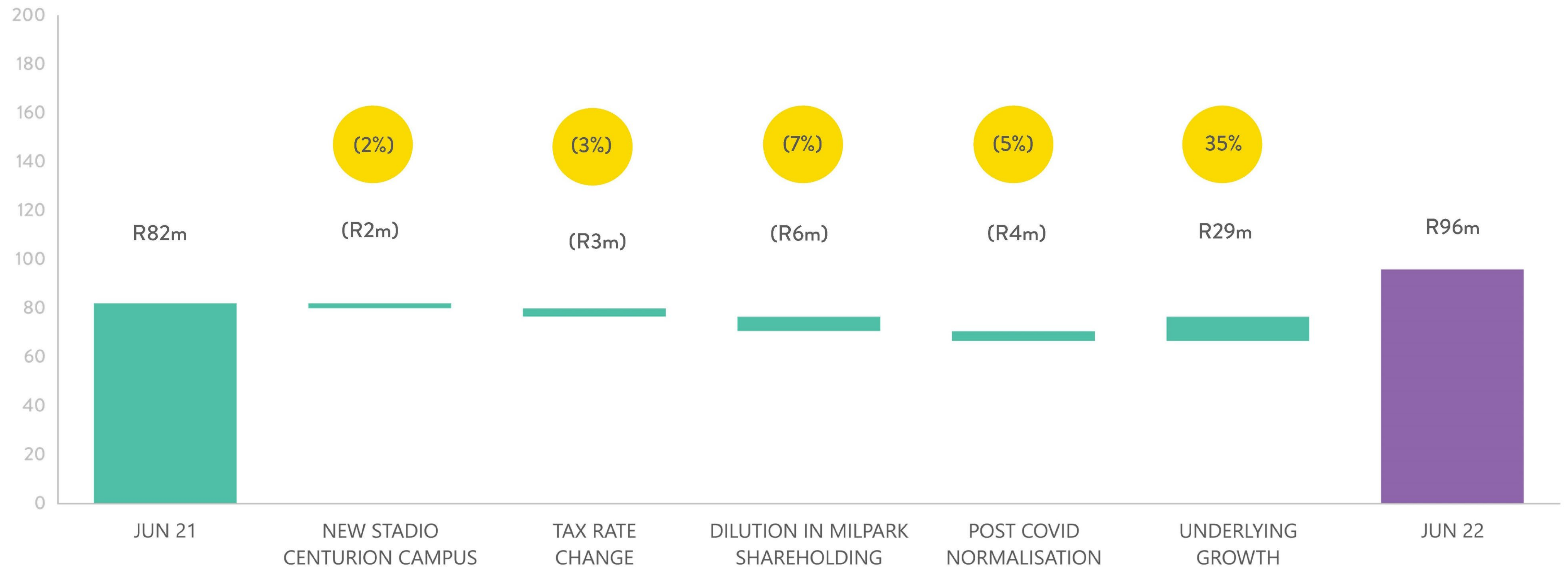
CORE HEPS (cps)



CORE HEADLINE EARNINGS MOVEMENT

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CORE HEADLINE EARNINGS MOVEMENT (R millions)



STATEMENT OF FINANCIAL POSITION

SUMMARISED STATEMENT OF FINANCIAL POSITION	RESTATED		
	DEC 2021 R millions	JUN 2021 R millions	JUN 2022 R millions
Total assets	2 169	2 270	2 345
Property, plant & equipment	810	841	840
Right-of-use assets	97	109	98
Intangibles (incl Goodwill)	903	911	896
Other assets	108	104	130
Trade & other receivables	133	194	214
Non current assets held for sale	52	-	-
Cash & cash equivalents	66	111	167
Total equity	1 751	1 692	1 807
Attributable to equity holders	1 652	1 601	1 708
Non-controlling interests	99	91	99
Total liabilities	418	578	538
Borrowings	15	55	-
Lease liabilities	184	180	184
Other liabilities	219	343	354
Number of shares in issue (m)	848	848	851
NAV per share (cents)	195	189	201
Gearing ratio	11%	14%	10%
Gearing ratio (excluding IFRS 16:Lease liability)	1%	3%	0%

- Invested R42m on capital expenditure
- Disposed of STADIO Montana property for R52m cash
- Repaid all debt – R15m
- R167m of cash on hand
- Gearing ratio 10% (0% excluding IFRS 16 lease liability)

CASH FLOW GENERATION

CASH FLOW FROM OPERATIONS R millions	RESTATED			ADJUSTED**		
	DEC 21	JUN 21	JUN 22	DEC 21	JUN 21	JUN 2022
Net cash flow from operations (before working capital)	323	168	198	323	168	198
Working capital changes	(57)	4	18	(9)	51	52
Net cash generated from operations	266	171	216	314	219	250
Cash generated from operations (as % of normalised EBITDA)*	86%	106%	113%	101%	136%	130%
Free cash flow less recurring capex	170	109	165	218	157	198

*EBITDA adjusted for fair value adjustment

** Adjusted for CAC Connect R48m settlement in cash

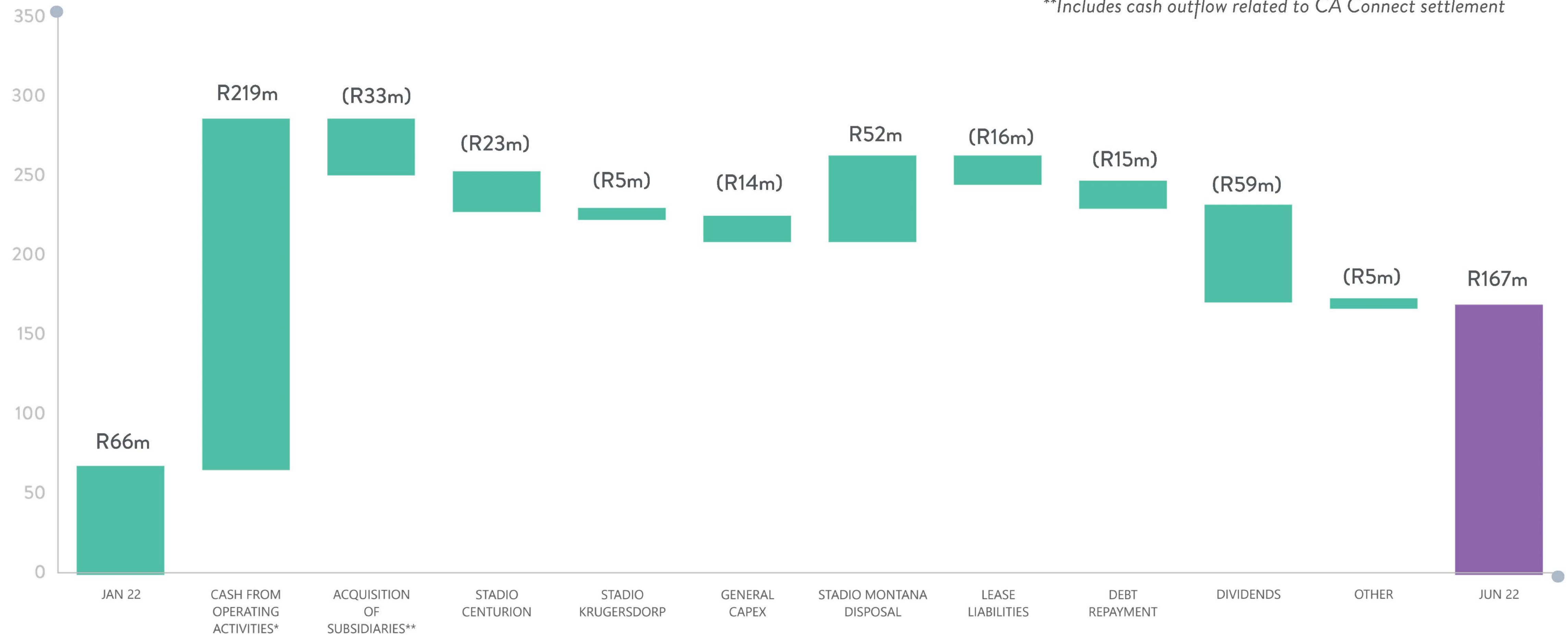
CAPITAL INVESTED

CAPITAL INVESTED (R millions)	DEC 2016	DEC 2017	DEC 2018	DEC 2019	DEC 2020	DEC 2021	JUN 2022
Acquisitions	-	594	440	156	-	10	-
Infrastructure development & capital assets	73	272	26	168	98	181	42
Programme development	12	11	15	10	7	-	-
TOTAL	85	877	481	334	105	191	42
Cumulative investment	85	962	1 443	1 777	1 882	2 073	2 115

CASH UTILISATION

CASH UTILISATION (R millions)

*Excludes cash outflow related to CA Connect settlement
 **Includes cash outflow related to CA Connect settlement



2022 CAPITAL EXPENDITURE: GROWTH PROJECTS

2022 CAPITAL EXPENDITURE (R millions)	2022
STADIO Centurion (Phase II)	25
DL Logistics Centre (Krugersdorp) - Transfer & Development	42
GROWTH PROJECTS	67

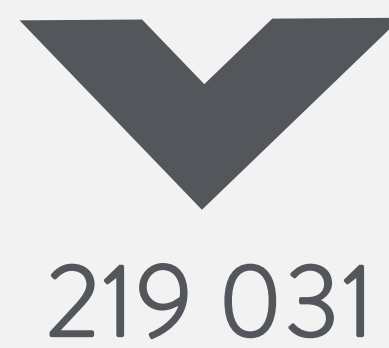
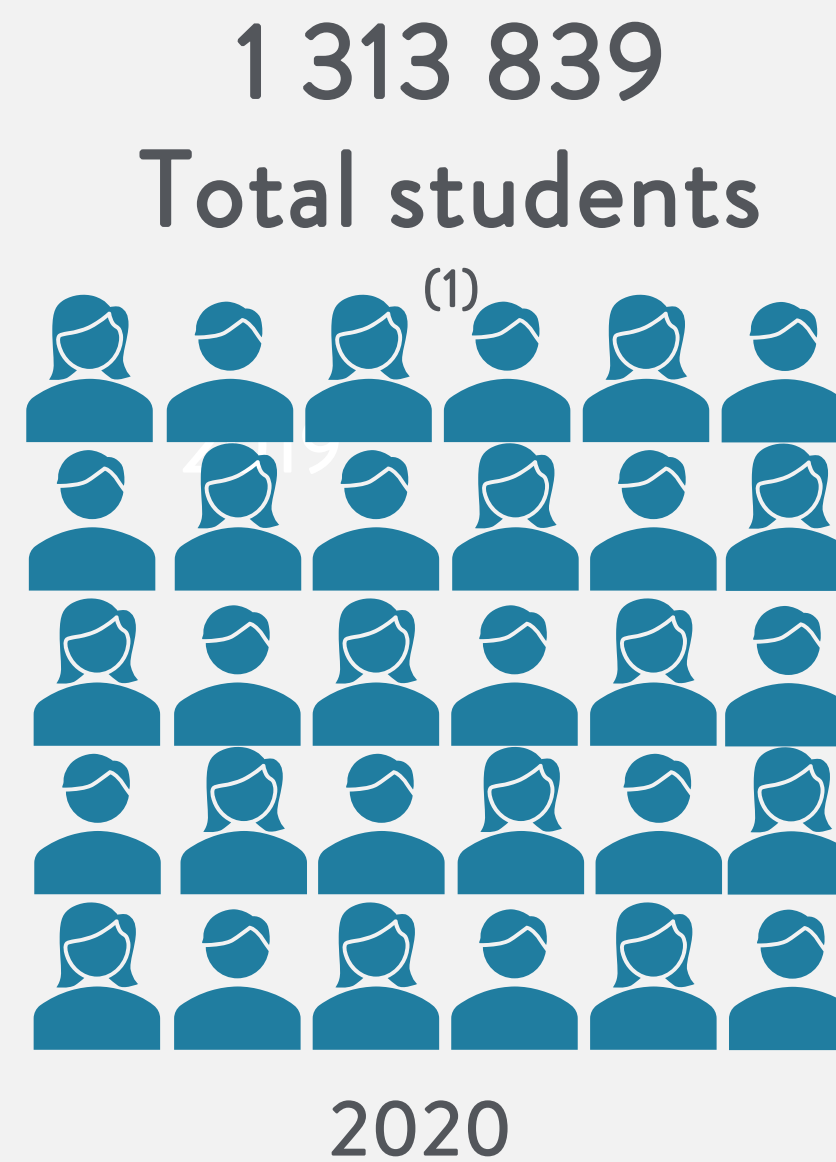
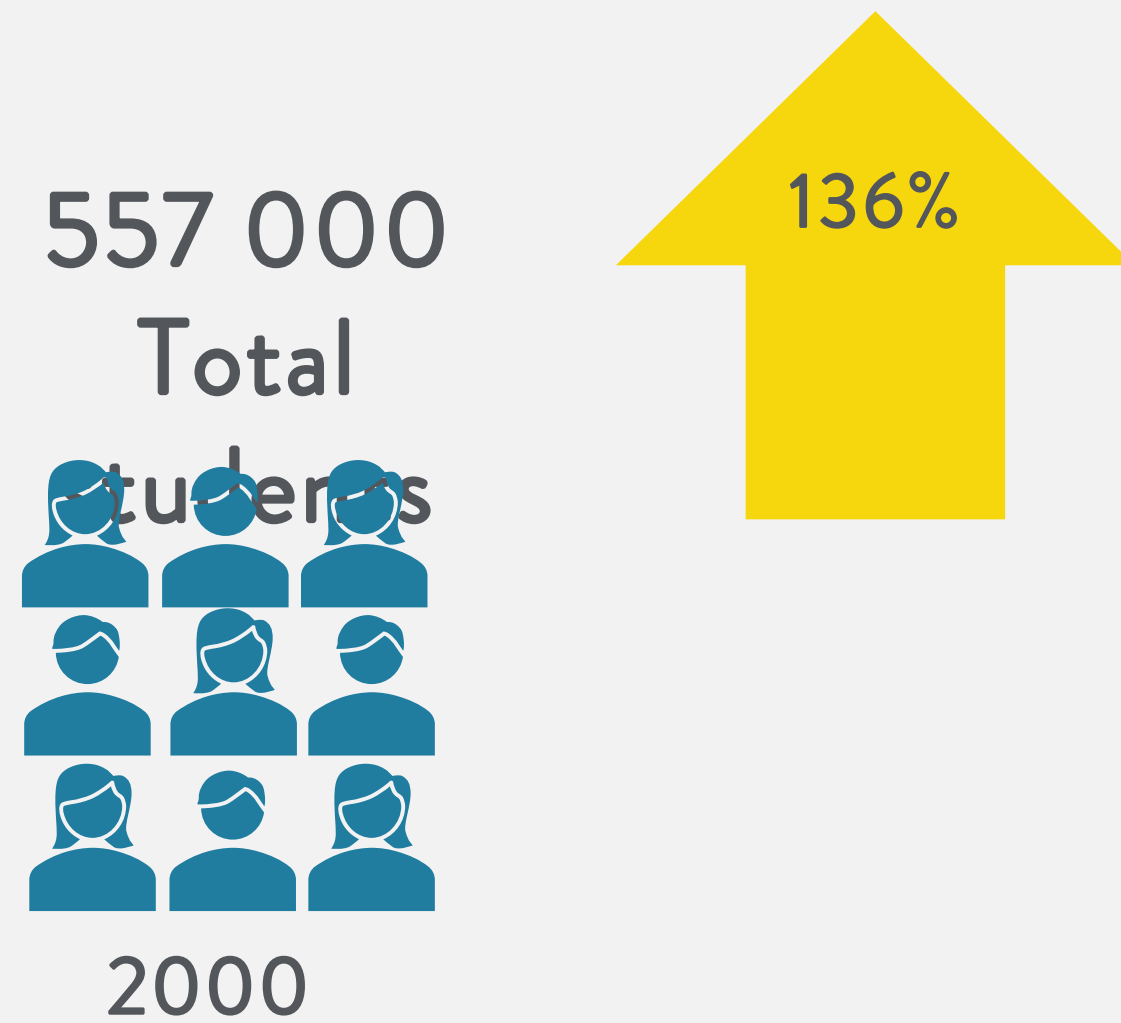


OUR INVESTMENT CASE



Mr Chris Vorster,
Chief Executive Officer

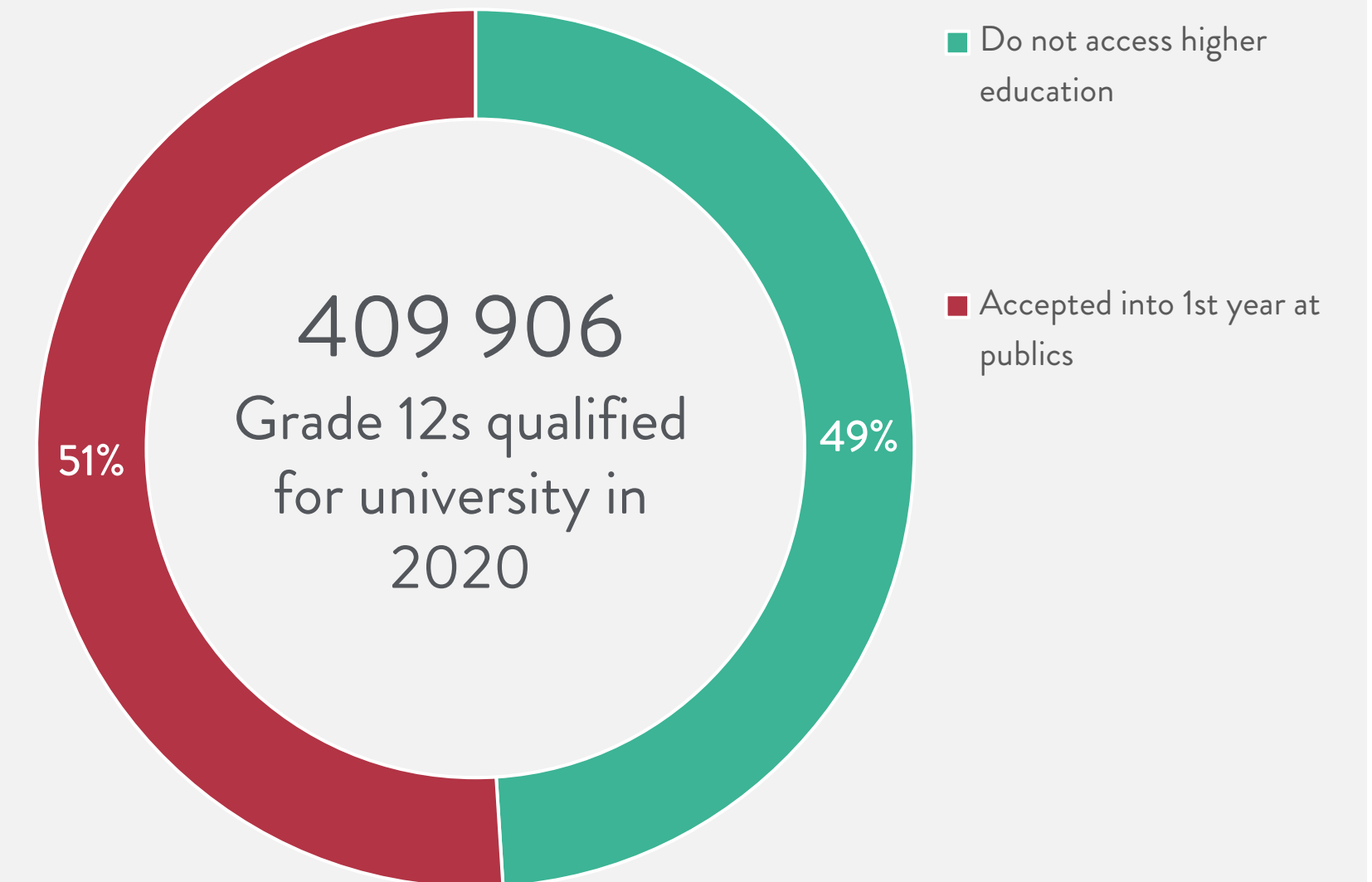
THE MARKET IS BIG AND NEEDS PRIVATE HIGHER EDUCATION



students in private higher education (17%)*

* STADIO Group accounted for 16% of total private higher education students in 2020 (15% in 2019)

OUR UNIVERSITIES HAVE CAPACITY CONSTRAINTS



200 384 eligible matrics could NOT access higher education (2)

Source: (1) Infographics For Statistics On Post School Education And Training, 2020

Source: (2) : Statistics On Post-school Education And Training in South Africa 2020



WE OFFER A COMPREHENSIVE RANGE OF PROGRAMMES IN OUR

SCHOOLS OF BUSINESS & INNOVATION, COMMERCE, AND ADMINISTRATION & MANAGEMENT

STADIO HIGHER EDUCATION
MILPARK
AFDA

SCHOOL OF EDUCATION

STADIO HIGHER EDUCATION

SCHOOLS OF FILM, LIVE PERFORMANCE, MEDIA & DESIGN, CREATIVE WRITING, ARCHITECTURE, AND FASHION

STADIO HIGHER EDUCATION
AFDA

SCHOOL OF INFORMATION TECHNOLOGY

STADIO HIGHER EDUCATION

SCHOOLS OF LAW AND POLICING

STADIO HIGHER EDUCATION

BUSINESS SCHOOL

MILPARK

SCHOOL OF ENGINEERING and SCHOOL OF HUMANITIES (Coming soon)

ACCESS QUALIFICATIONS (HIGHER CERTIFICATES) TO DOCTORATES



WE HAVE A FAR-REACHING FOOTPRINT

- AFDA
- Milpark Education
- STADIO Higher Education



85% OF OUR STUDENTS STUDY VIA DISTANCE LEARNING – our campuses double up as support and assessment centres

The STADIO Group is one of the **TOP 10** largest higher education providers in **South Africa** with over **38 000** students in South Africa & throughout **Africa**

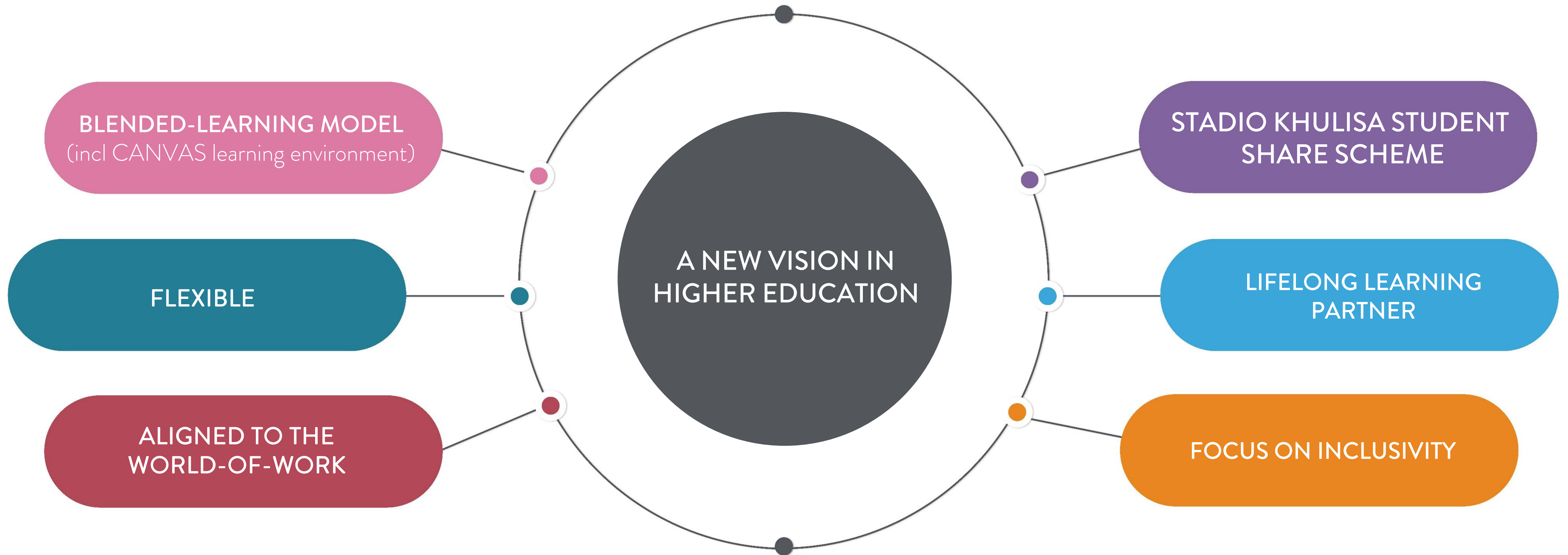


STADIO, Milpark Education and AFDA are registered with the Department of Higher Education and Training as separate private higher education institutions under the Higher Education Act.



**THE FUTURE
LOOKS
BRIGHT**

WE'RE A
NEW VISION IN
HIGHER EDUCATION



WE'VE LAID THE FOUNDATION

1. Invested heavily in Infrastructure, processes and systems over past few years
2. Capital-light investments going forward (apart from Durbanville campus)
3. Driving operational excellence and business innovation
4. Comprehensive programme mix, with strong pipeline
5. Created brand awareness
6. First comprehensive campus opened in Centurion in 2022 - applications for STADIO Centurion Campus in 2023 are positive
7. Good partnerships with sporting bodies, and focusing on incorporating sport into our offerings for students (and staff)



NEW STUDENT GROWTH IS EXCITING



- Growth with very few new programmes due to Regulatory Delays
- During 2022, 5 key programmes were accredited
- Contact learning is showing positive signs – students are returning to campus
- AFDA (high-fee product) increased by 6% despite economic times
- Good growth in professional qualifications
- Distance learning continues to grow

PROGRAMME GROWTH STRATEGY

Same regulations as universities



Regulatory process is a barrier to entry

- New programmes developed in both modes (contact learning and distance learning)
- New programmes offered on new sites including programmes in:
 - ❖ School of Law
 - ❖ School of IT
 - ❖ School of Education
 - ❖ Schools of Accounting, Commerce and Management
 - ❖ School of Architecture and Spatial Design
 - ❖ School of Engineering
 - ❖ School of Humanities
- International (universities) and local (industries) collaborations and partnerships

Popular in-demand programmes



Big student growth
and
good return on investment

31 PIPELINE PROGRAMMES

87 ACCREDITED PROGRAMMES

DISTANCE LEARNING CONTINUES TO GROW

1. Good overall growth (14%)
2. Distance learning is well established in the STADIO Group
3. Biggest distance learner provider outside of UNISA
4. Comprehensive offering across multiple schools with focused development and accreditation of new programmes
5. Krugersdorp Logistics Centre is being expanded to aid scalability and efficiencies
6. Leader in distance learning offering using CANVAS as our virtual learning and teaching environment
7. Semester 2 registrations underway and look positive - only DL
8. Starting to see increase in school leavers
9. Our distance learning offering never compromises on quality



WHAT MAKES US SO EXCITED?



CURRENT ORGANIC GROWTH

- 31 pipeline programmes
- New programmes to new sites = positive growth

HIGH IN-DEMAND PROGRAMMES COMING

- Good management and execution of strategy
- Growth with no new programmes
- Site extensions and new programmes delayed in 2021

NEW PRODUCT ON EXISTING SITES

- Optimisation of current sites

- Wide range of programmes
- World class virtual learning environment (CANVAS)
- Krugersdorp logistics centre will enable DL to scale
- Capital light investments required for DL going forward

COMPREHENSIVE DISTANCE LEARNING OFFERING

WELL PRICED

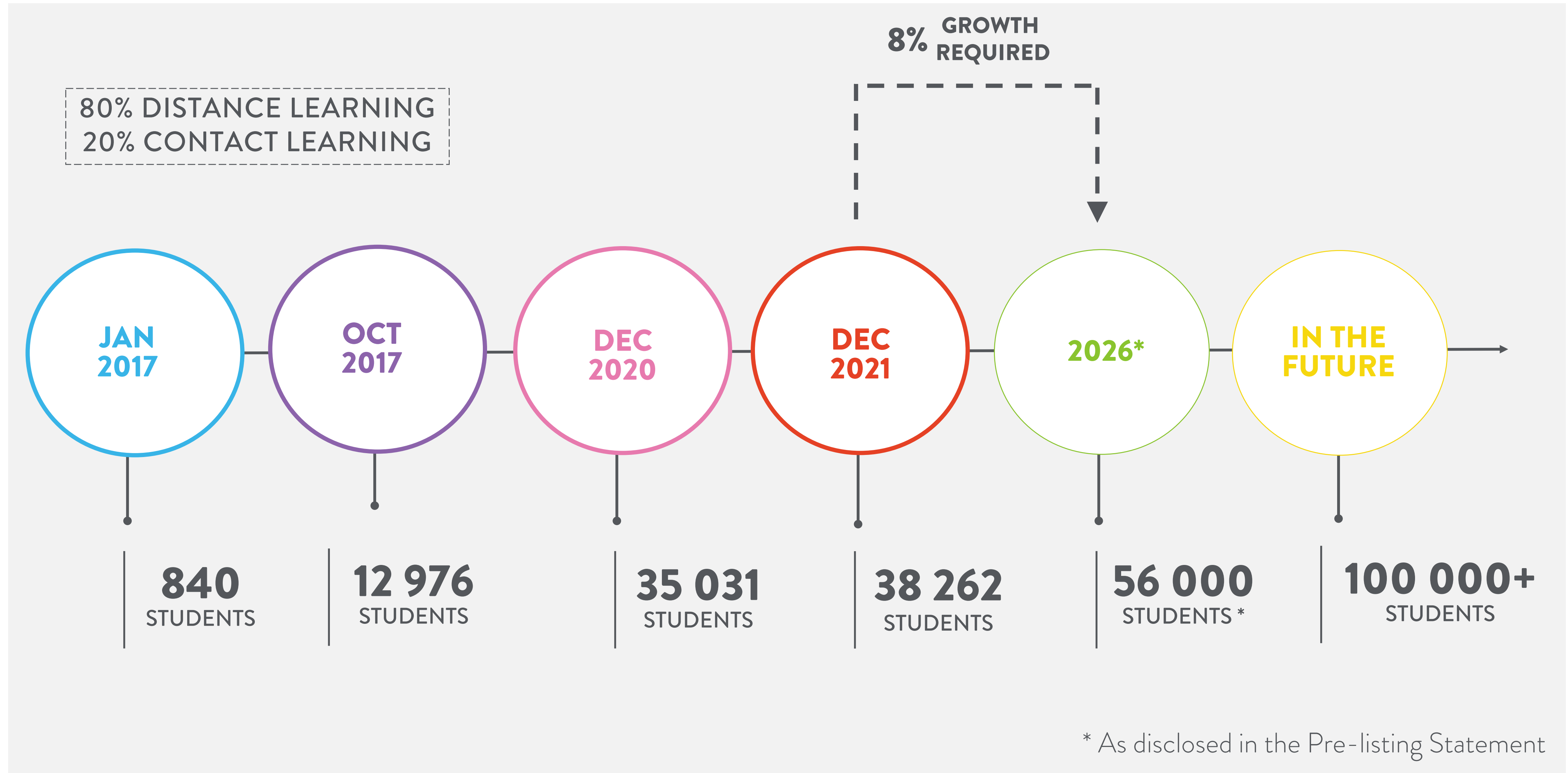
- Range of affordable products

- Students return for postgrad studies
- Short courses
- Centre for Lifelong Learning
- STADIO Khulisa Student share scheme

LIFELONG LEARNING PARTNER

DESPITE THE CHALLENGING ECONOMIC ENVIRONMENT, THE GROUP HAS SEEN GOOD GROWTH IN NEW STUDENT NUMBERS - WE HAVE LAID A STRONG FOUNDATION FROM WHICH TO GROW GOING FORWARD . . .

8% ANNUAL GROWTH REQUIRED TO REACH 2026 TARGET



THE FUTURE IS BRIGHT

**WE WANT
TO BE
THE
ALTERNATIVE
TO UNISA**



**HOW BIG CAN
WE GET?**

SOLID FOUNDATION ESTABLISHED FOR GROWTH



QUESTIONS & ANSWERS