



STRONG PERFORMANCE

ADvTECH Financial Results
for the year ended 31 December 2022

**Sound
balance
sheet**

**Good
enrolment
growth**

**Strong
financial
performance**

ADvTECH CONTINUES TO DELIVER STRONG RESULTS

Group results

▲	18%	Revenue
▲	20%	Operating profit
▲	20%	Headline earnings per share
▲	20%	Normalised earnings per share
▲	60.0 cents	Dividend per share

Divisional performance

Schools South Africa

Revenue	14%
Operating profit	17%

Schools rest of Africa

Revenue	25%
Operating profit	69%

Tertiary

Revenue	12%
Operating profit	12%

Resourcing South Africa

Revenue	11%
Operating profit	7%

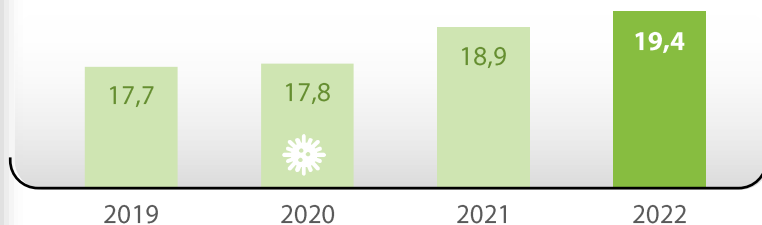
Resourcing rest of Africa

Revenue	46%
Operating profit	151%

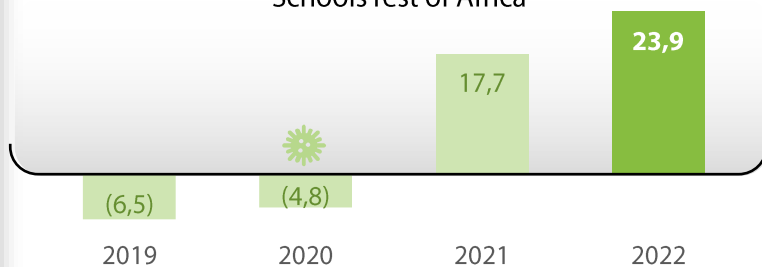
GOOD PROGRESS ON KEY METRICS

Operating margin

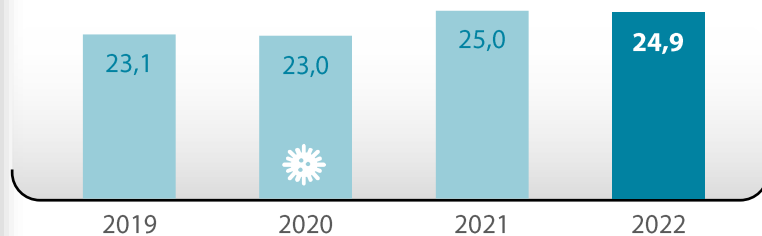
Schools South Africa



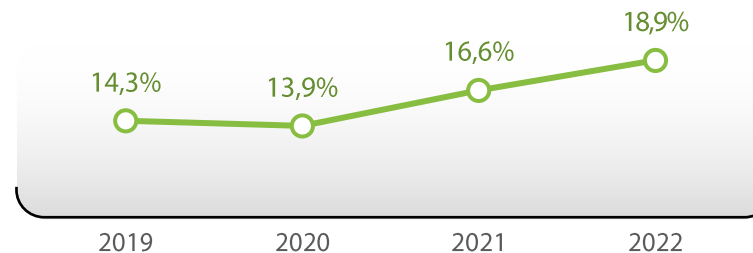
Schools rest of Africa



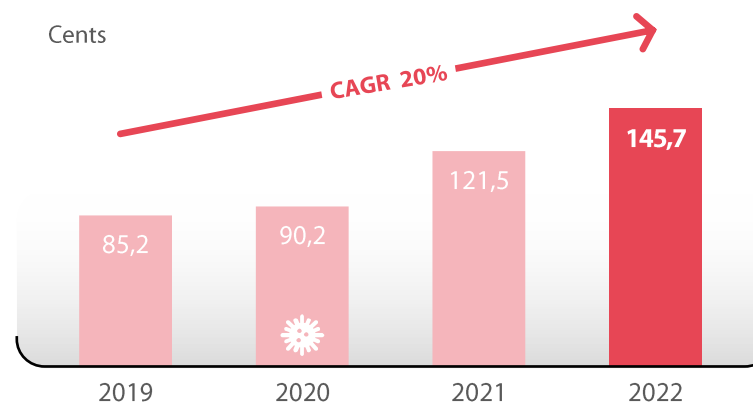
Tertiary division



Return on funds employed



Normalised earnings per share



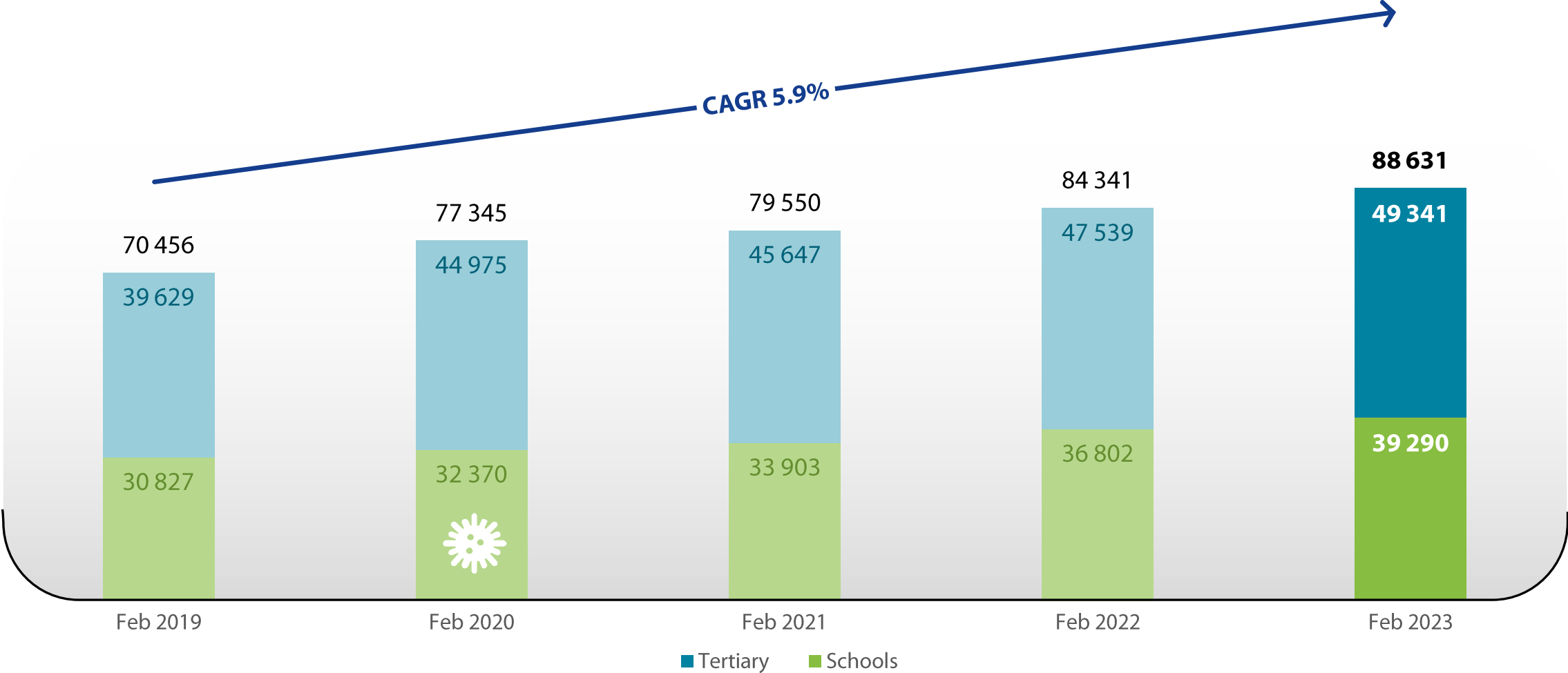
Features contributing to our success

Strong market position through portfolio of brands in both the schools and tertiary divisions

Clear focus on delivering value to our customers

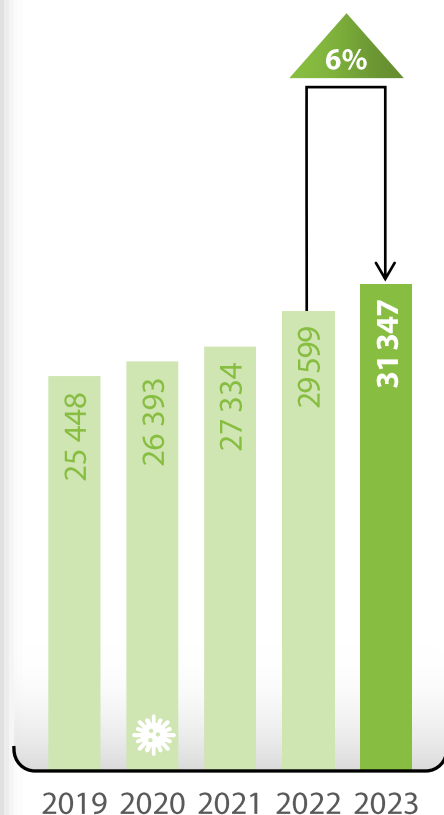
Unrelenting commitment to academic excellence central to our strategy

GROUP ENROLMENTS END FEBRUARY

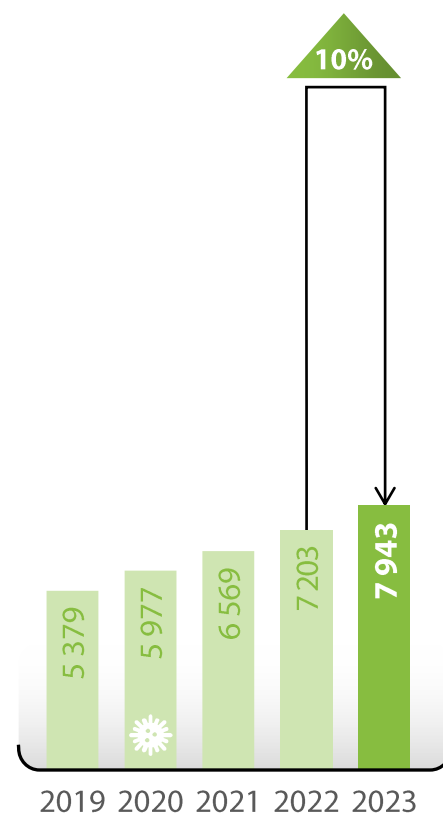


CONTINUED ENROLMENT GROWTH

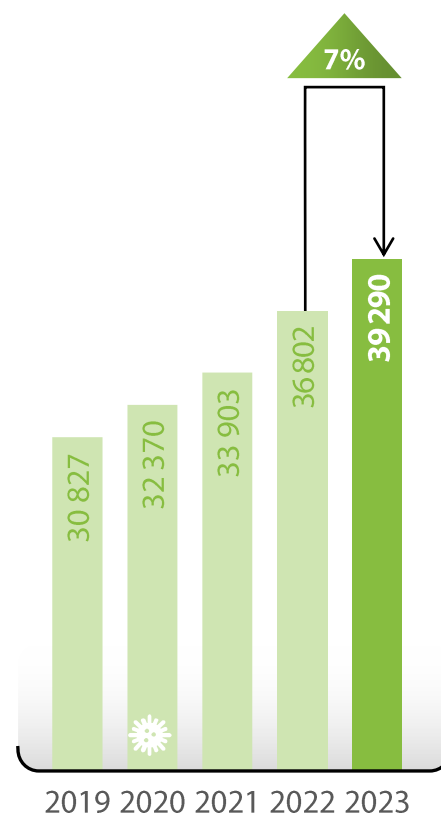
Schools
South Africa



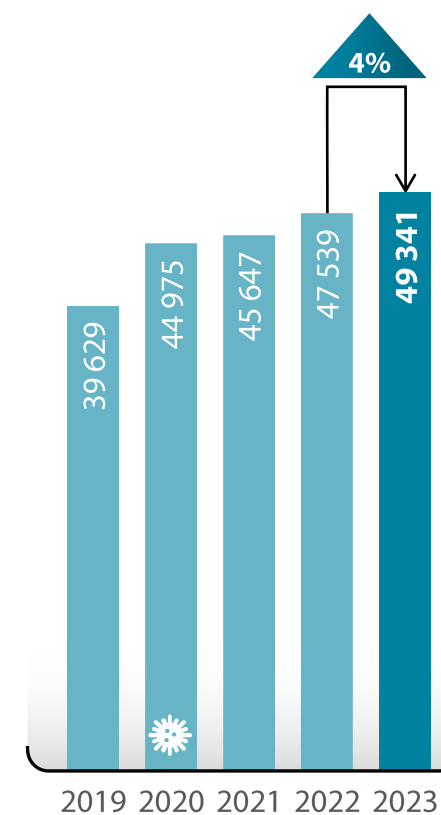
Schools
rest of Africa



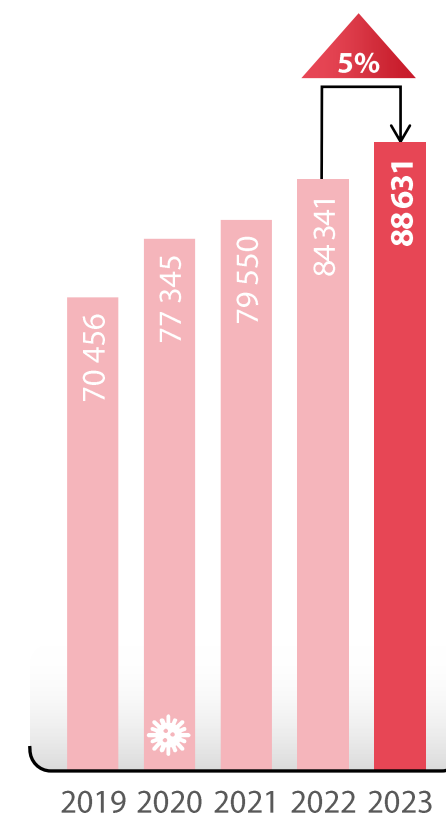
Schools
division



Tertiary
division



Total Group
enrolment





OPERATING ENVIRONMENT

SUBDUED ECONOMIC ENVIRONMENT

IMF

- Oct 2022: downgrade from **1.4% to 1.1%**
- Mar 2023: decelerated **0.1%**

SARB

- Nov 2022: **1.1%**
- Jan 2023: **0.3%**

SA Government

- Feb 2023: revised from **1.4% to 1.1%**

Unemployment rate

32.7%

Including discouraged workers

42.6%

2023 current inflation rate

Consumer price index (CPI)

7%



"Africa set to outperform the rest of the world in economic growth over the next two years"

Africa

Real GDP in 2023 and 2024 averaging around (global averages 2.7% and 3.2%)

4%

2050:

Population doubling to

2.5bn

Needing education

1.2bn

2021

scholars in private education

66m

Urbanisation

2010:

35%

By 2030:

50%

Currently 40% of population is

0-14 years

Sources: IMF/[SARB website](#)/National budget speech 2023/Stats SA/ CEIC/ World Bank/[www.statista.com](#) /African Development Bank Group said in Africa's Macroeconomic Performance and Outlook report for the region

FACTORS AFFECTING DEMAND FOR QUALITY EDUCATION

1

Public vs private institutions

Public institutions continue to experience shortages of critical resources

Schools

From 2000 – 2022 the number of:

- Public schools: ▼ **16%**
- Public schools student enrolments: ▲ **9%**
- Independent schools student enrolments: ▲ **187%**

Higher education institutions (HEIs)¹

From 2012 – 2020, number of:

- Public HEIs student enrolments: ▲ **15%**
- Independent HEIs student enrolments ▲ **106%**

2

Quality of teaching

Teacher to student ratio:

- Public schools: **1:31**
- Private schools: **1:16**

South Africa ranked **3rd last** out of 64 countries for maths and science

Basic education – Grade 5s

37% - basic understanding of maths
28% - basic understanding of science

Higher education– undergraduate completion rates:

12% - computer science and information systems
13% - maths and statistics
17% - physical science
21% - engineering

3

Matric pass rate

By 2022, out of 100 students from the grade 12 class of 2011:

- **66** reached matric
- **49** passed matric
- **24** obtained bachelor passes

Matric pass rates

ADvTECH IEB: **99.5%**
IEB: **98.4%**

ADvTECH DBE: **95.6%**
DBE: **80.1%**

Bachelor degree pass rates

ADvTECH IEB: **90.8%**
IEB: **89.3%**

ADvTECH DBE: **71.5%**
DBE: **26.7%**

4

University subsidies

Education budget as % of national budget decreasing

- 2022/23: **20.1%**
- 2023/24: **19.8%**
- 2024/25: **19.7%**
- 2025/26: **19.6%**



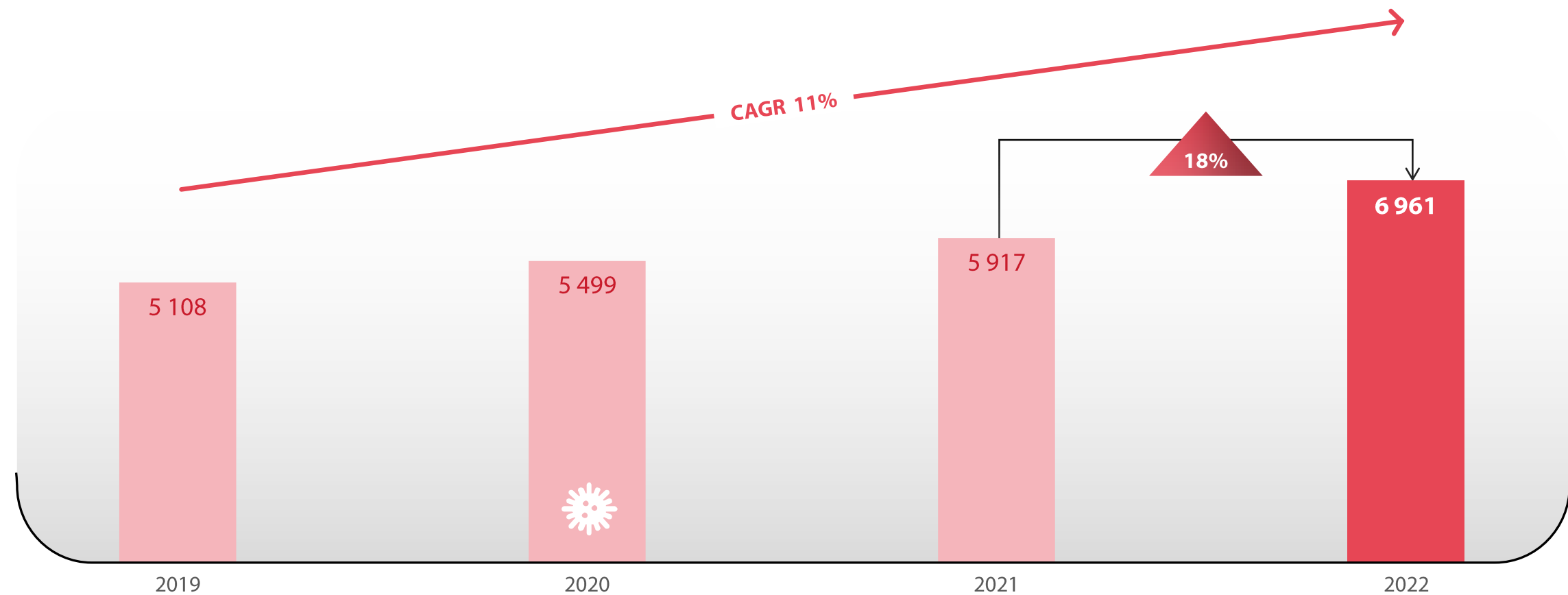
FINANCIAL PERFORMANCE

The group's strong financial performance, solid cash generation and robust balance sheet are evidence of our sound business model, clear market focus and continued emphasis on effectiveness and efficiencies.

GROUP REVENUE (R'M)

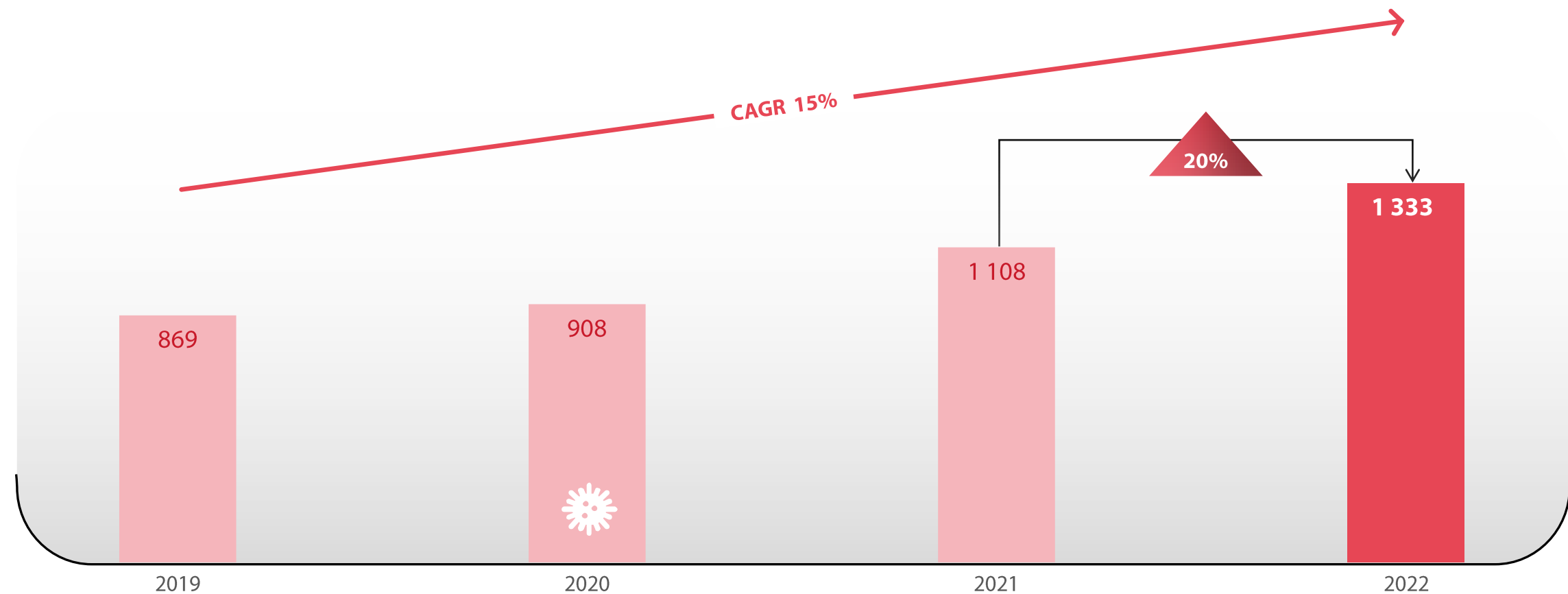


Consistent growth



GROUP OPERATING PROFIT (R'M)

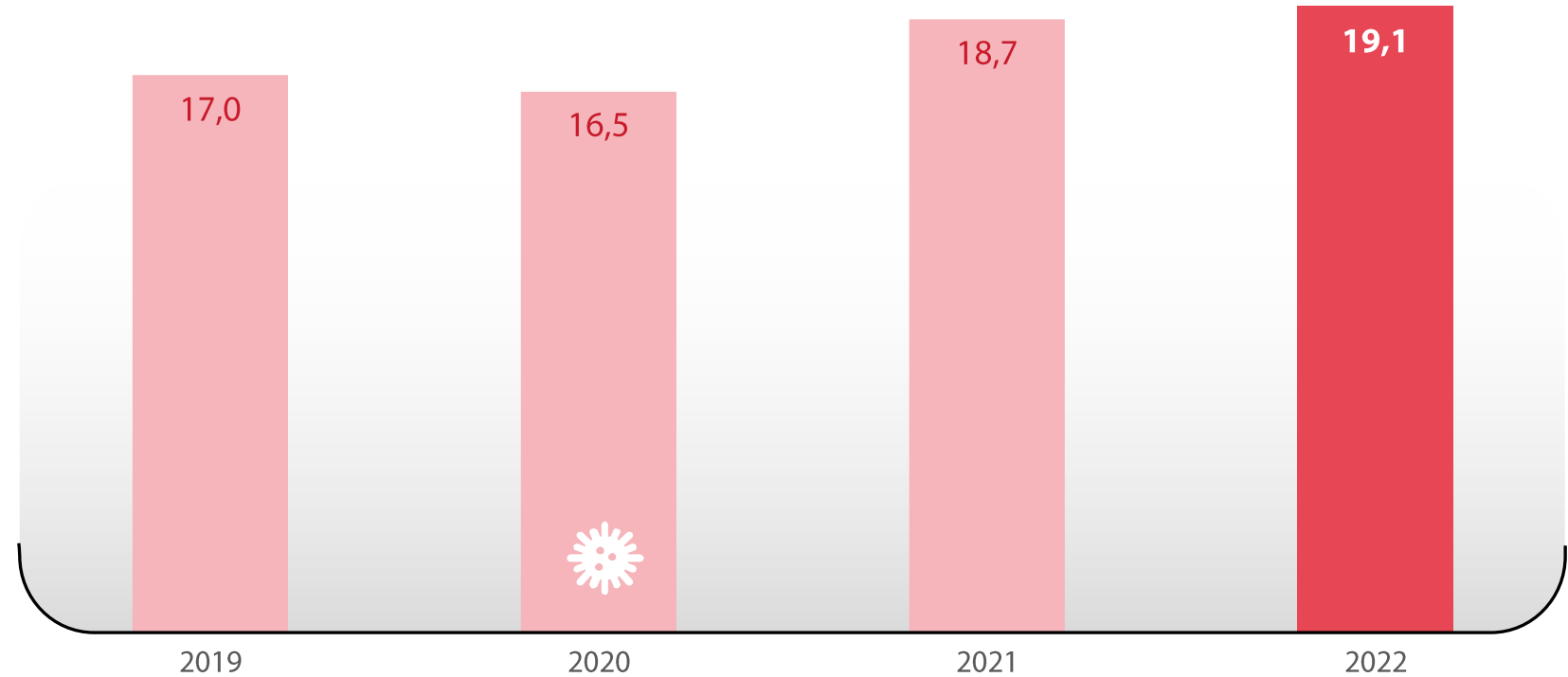
Continued strong growth



GROUP OPERATING MARGIN (%)

Improved due to:

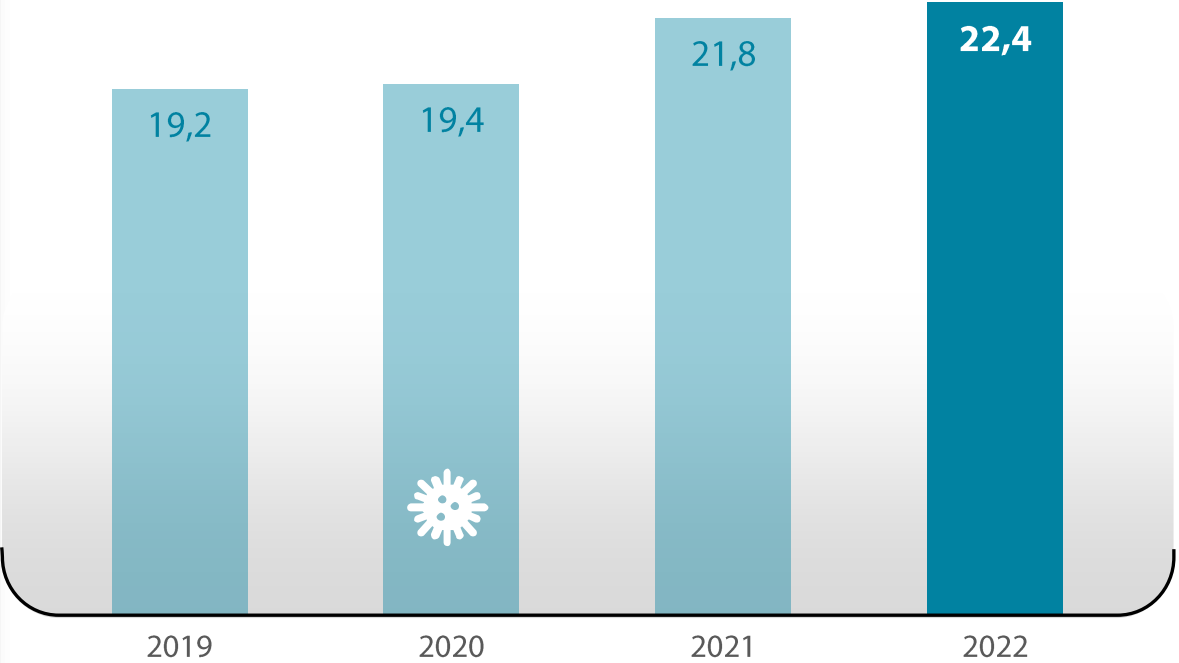
- Operating leverage resulting from enrolment growth
- Continued focus on efficiency improvements



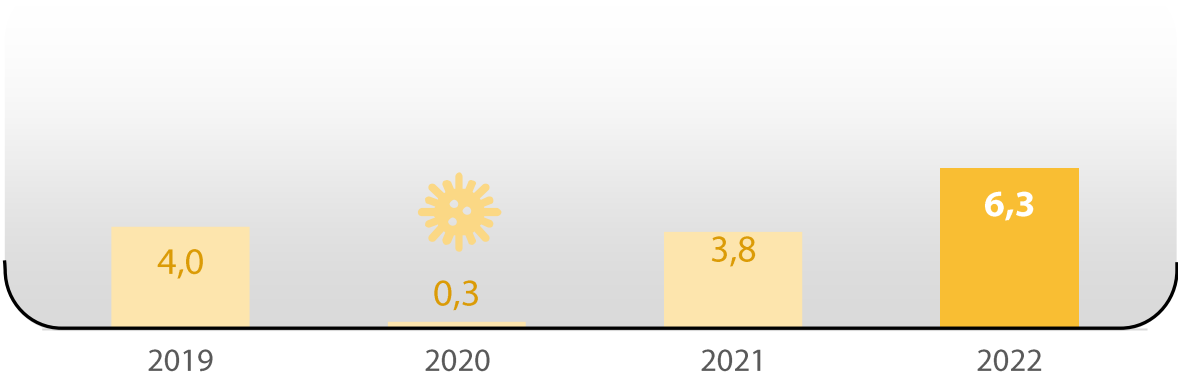
GROUP OPERATING MARGIN

Operating leverage and efficiency driven

Educational business

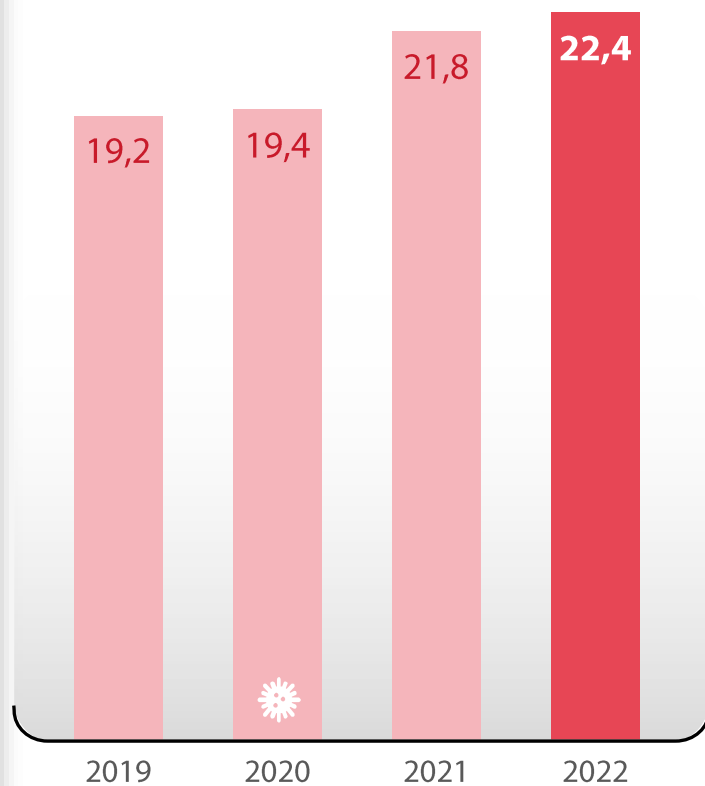


Resourcing division

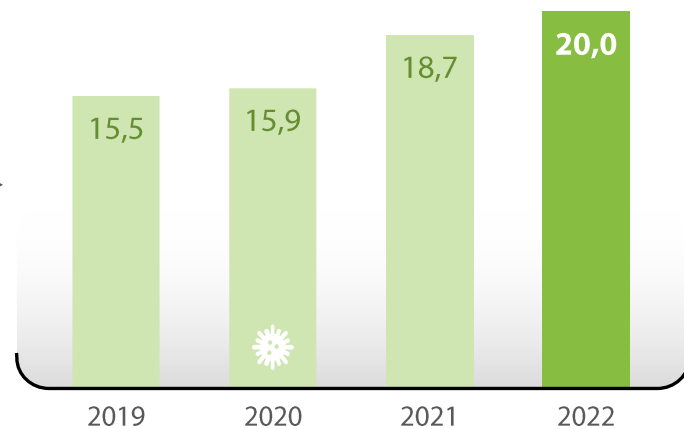


IMPROVED OPERATING MARGINS (%)

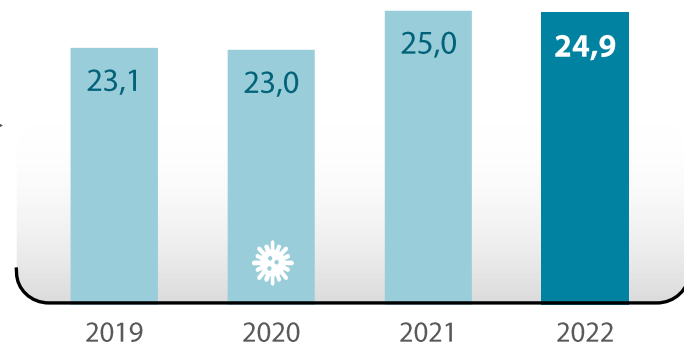
Educational business



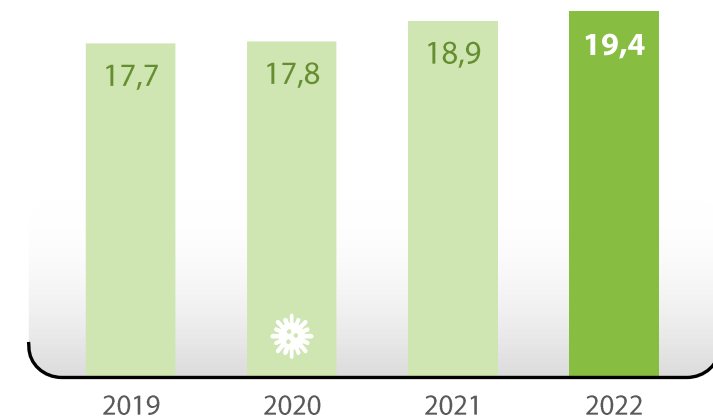
Schools division



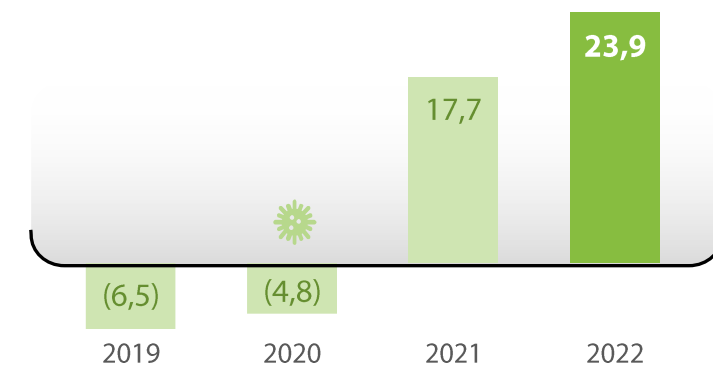
Tertiary division



Schools South Africa



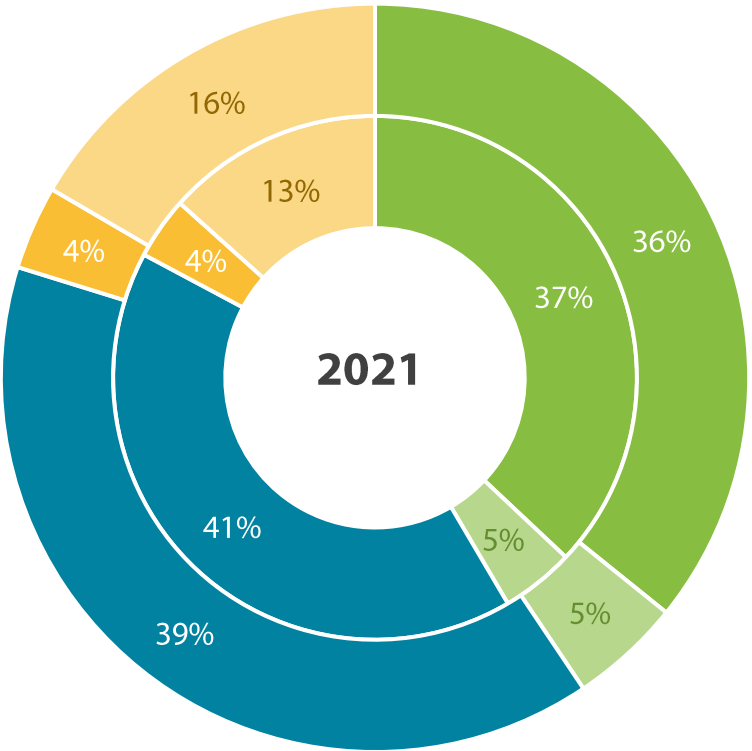
Schools rest of Africa



SEGMENTAL OVERVIEW

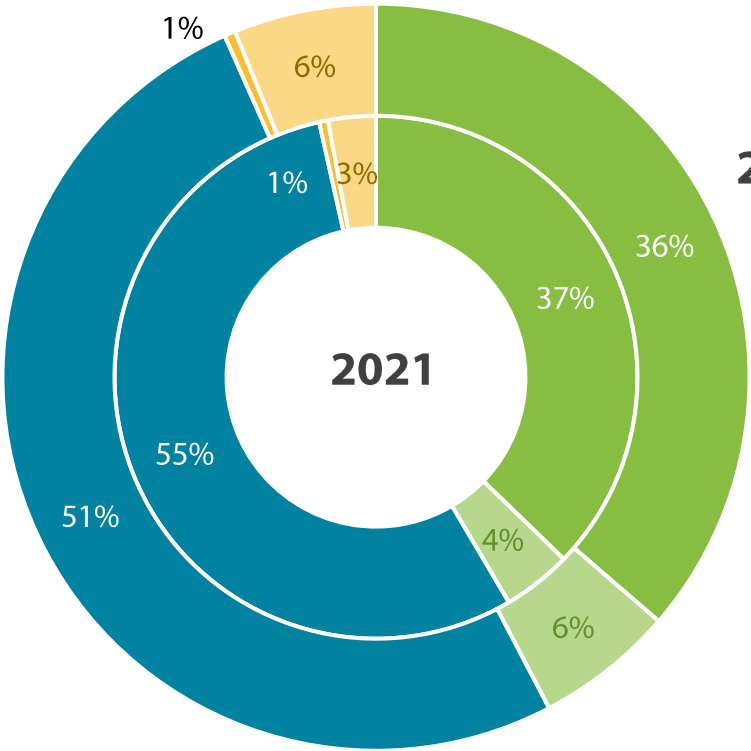
Revenue contribution

2022



Operating profit contribution

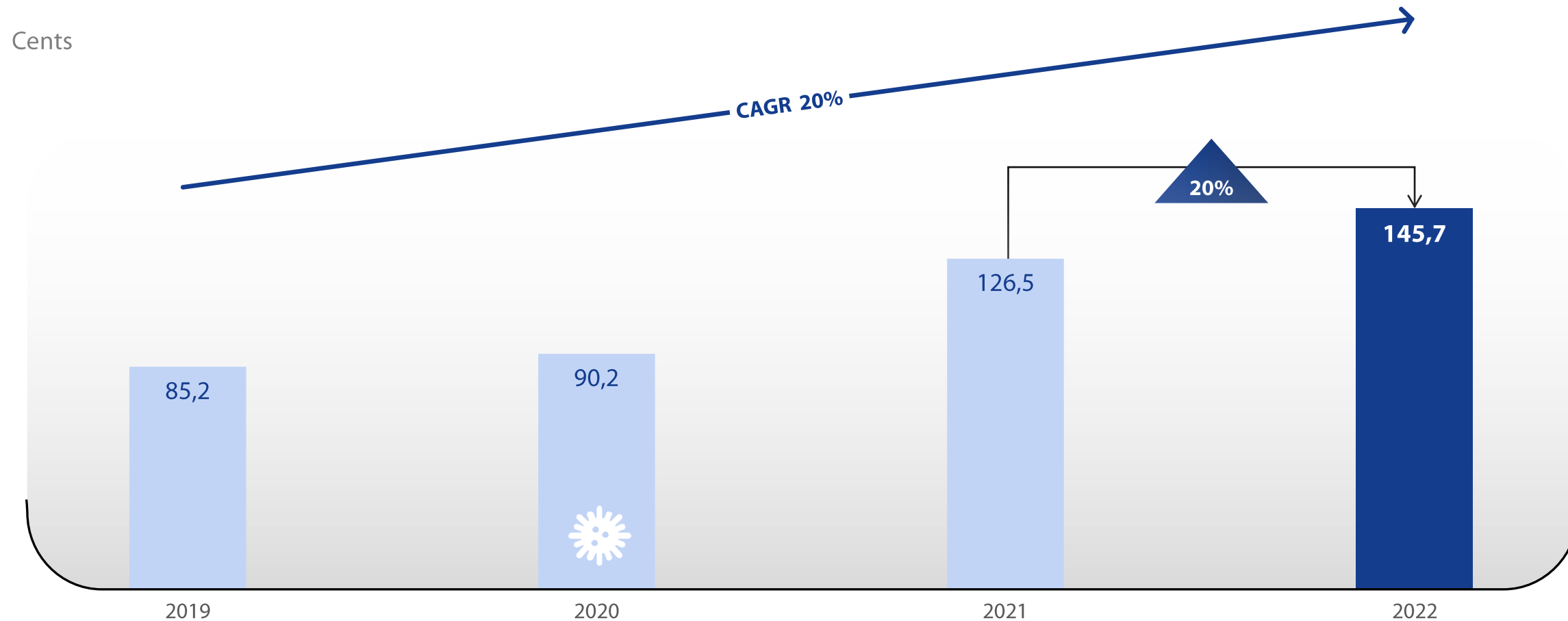
2022



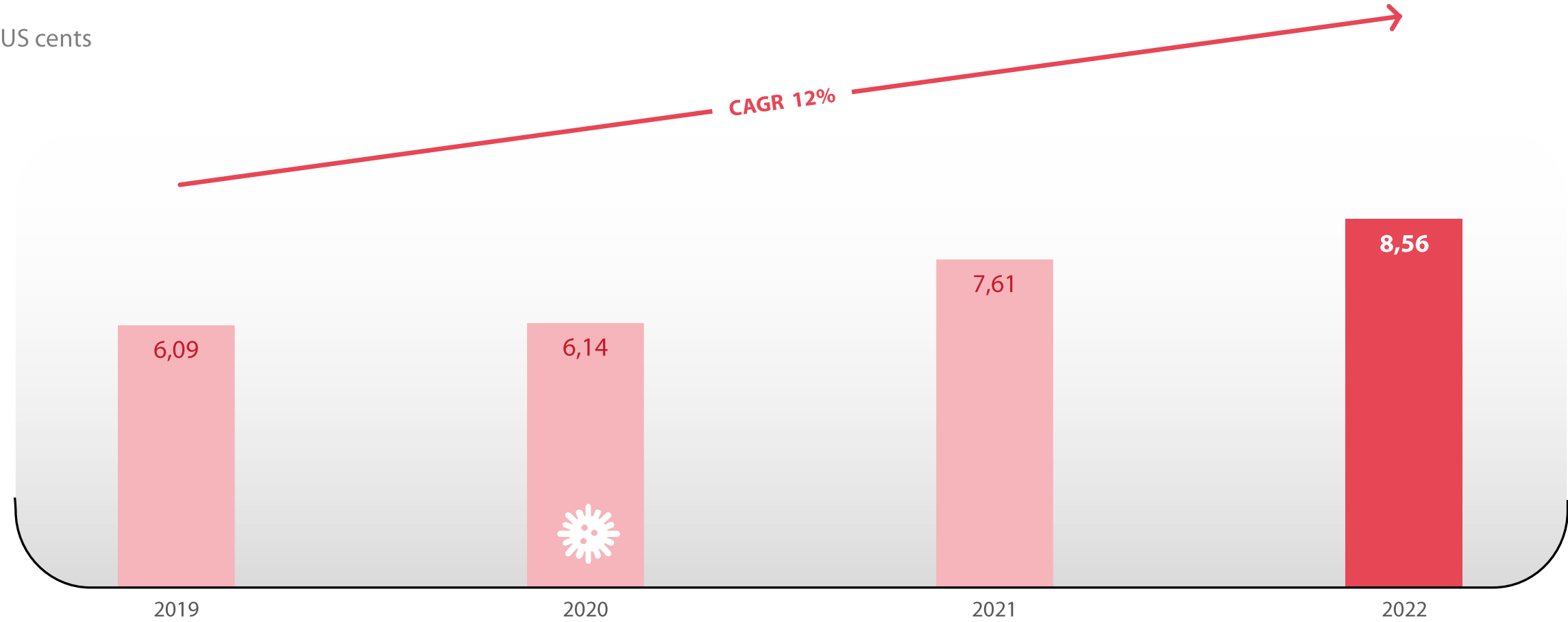
- Schools SA
- Schools Africa
- Tertiary
- Resourcing SA
- Resourcing Africa

NORMALISED EARNINGS PER SHARE

Compounded growth rate of 20%



NORMALISED EARNINGS PER SHARE – US\$



LOADSHEDDING

ADvTECH is serious about sustainability

- Successfully implemented measures to ensure that our ability to deliver high-quality education remains unaffected
- Embedded technology, with centralised monitoring, to reduce electricity and water consumption
- Result: despite increase in cost of water and electricity, rent and occupancy cost only increased from R301 million to R303 million in 2022
- Piloting solar solutions at two sites to understand the viability of rolling out group wide

Electricity and
water consumption



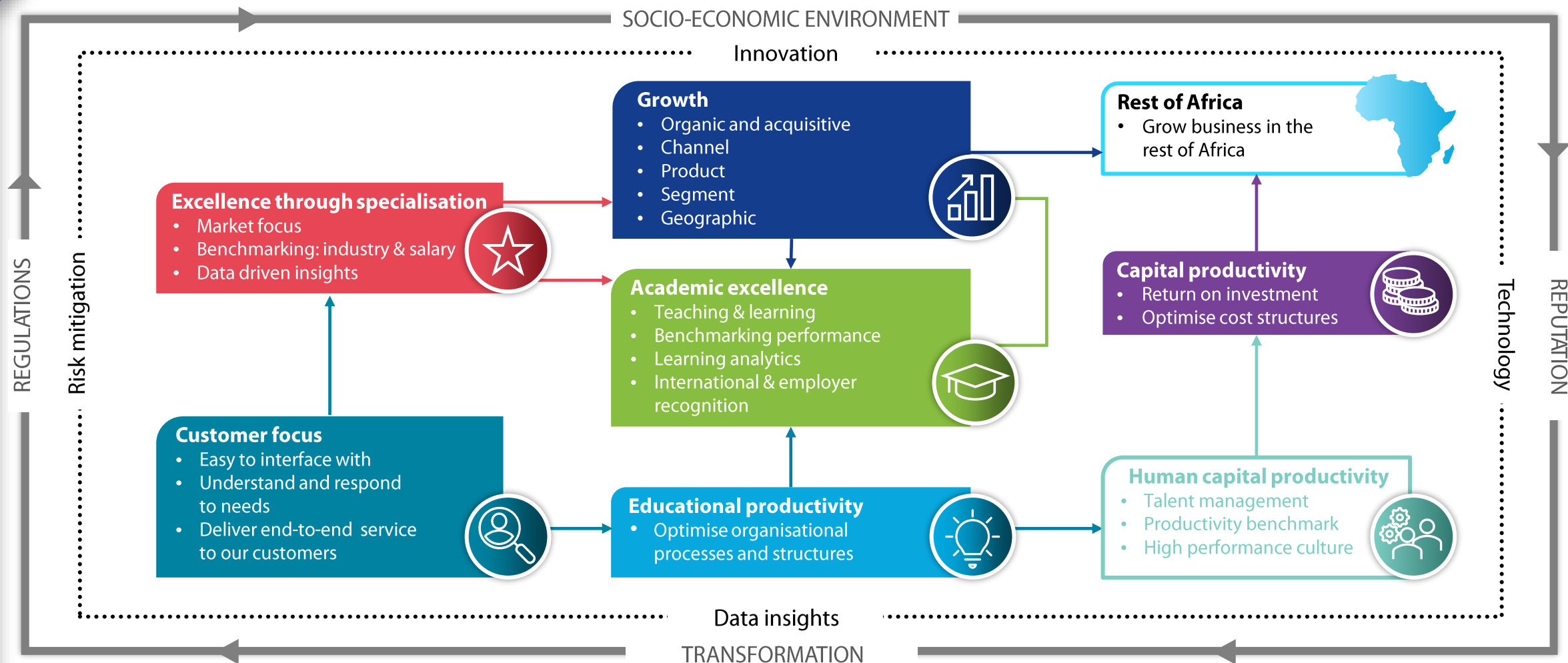
Metered
tracking



Seek new opportunities
to reduce consumption



STRATEGIC OBJECTIVES



DEVELOPMENT OF THE GROUP'S COMPETITIVE ADVANTAGE

Ability to leverage scale



Continued growth in SA:

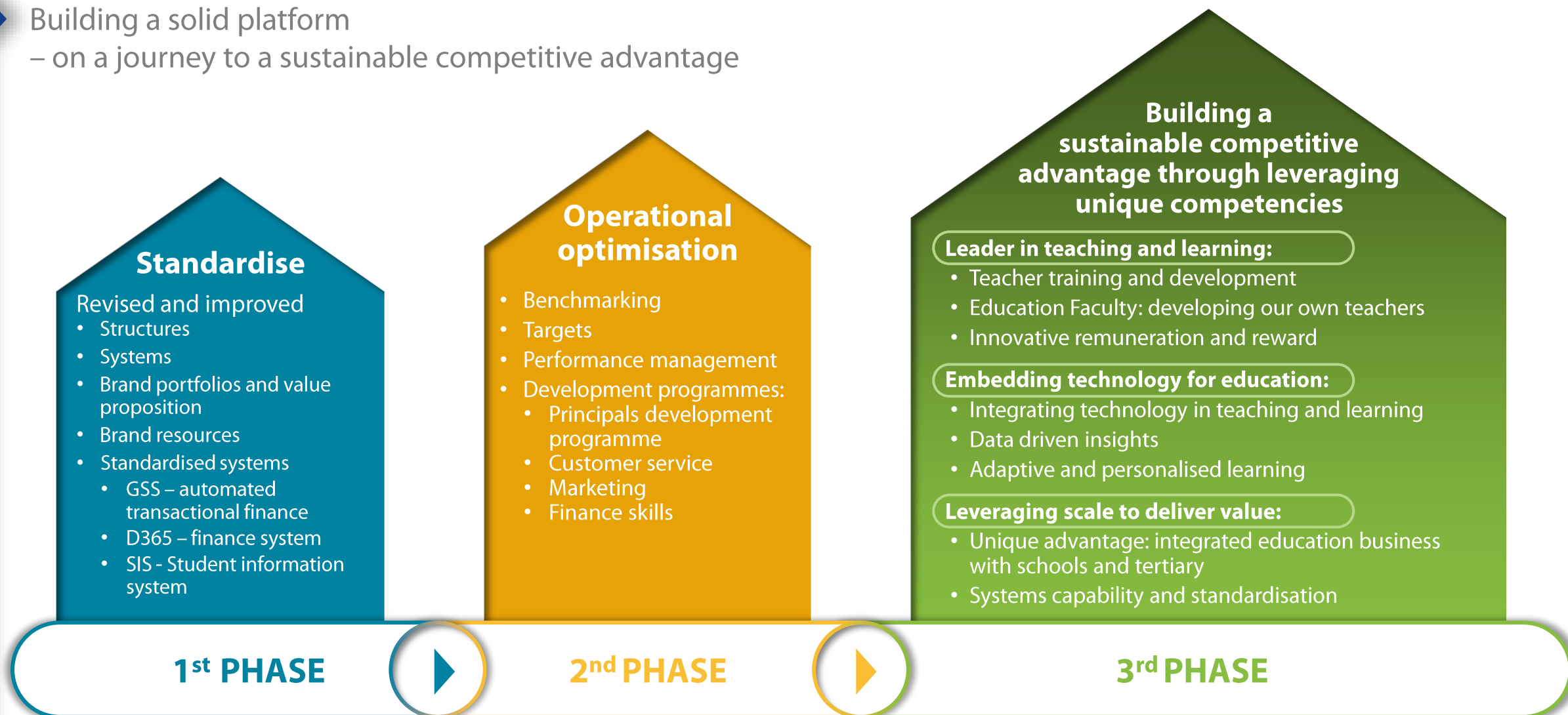
- Comprehensive well established footprint
- Established premium brands
- Growing mid-fee brands

- Good growth opportunities in the rest of Africa
- Growing demand for quality education
- Have the experience, capability and scale to deliver
- Building track record

Progress to become the dominant Pan-African education business

PHASES OF DEVELOPMENT

Building a solid platform
– on a journey to a sustainable competitive advantage



SCHOOLS DIVISION



15%

Revenue

23%

Operating profit

Schools division

14%

Revenue

17%

Operating profit

Schools South Africa

- All brands, including premium brands have shown growth
- Continued to win market share in a tough operating environment

25%

Revenue

69%

Operating profit

Schools in the rest of Africa:

- Strong enrolment growth with commitment to quality education and efficiency gains
- Confidence for future expansion

COMPREHENSIVE BRAND PORTFOLIO

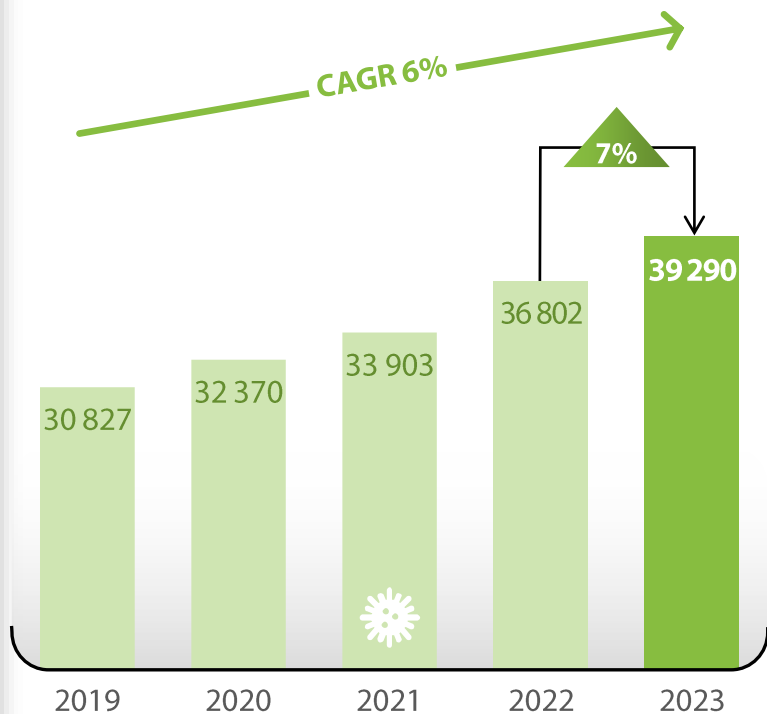
Schools division



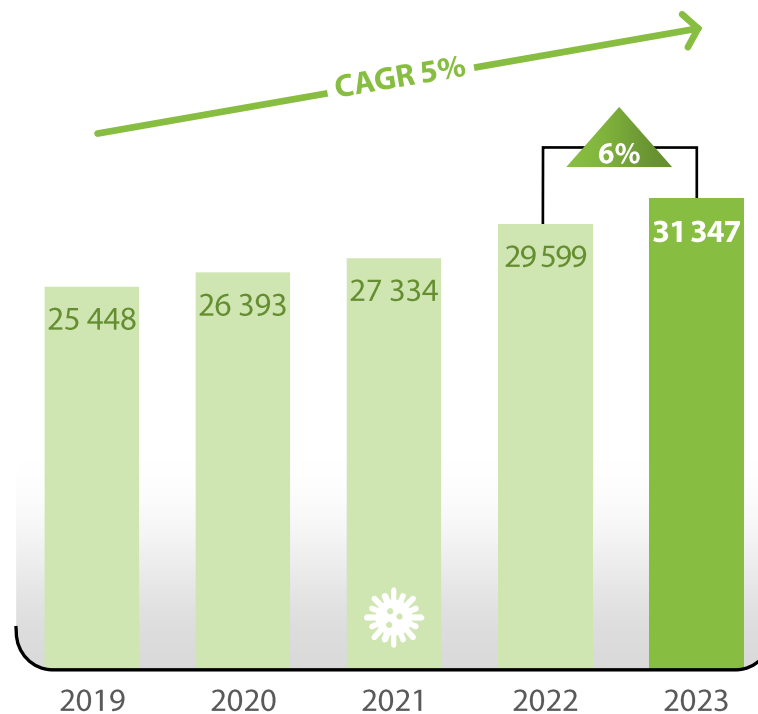
SCHOOLS: STUDENT ENROLMENTS

Continued growth in enrolment numbers

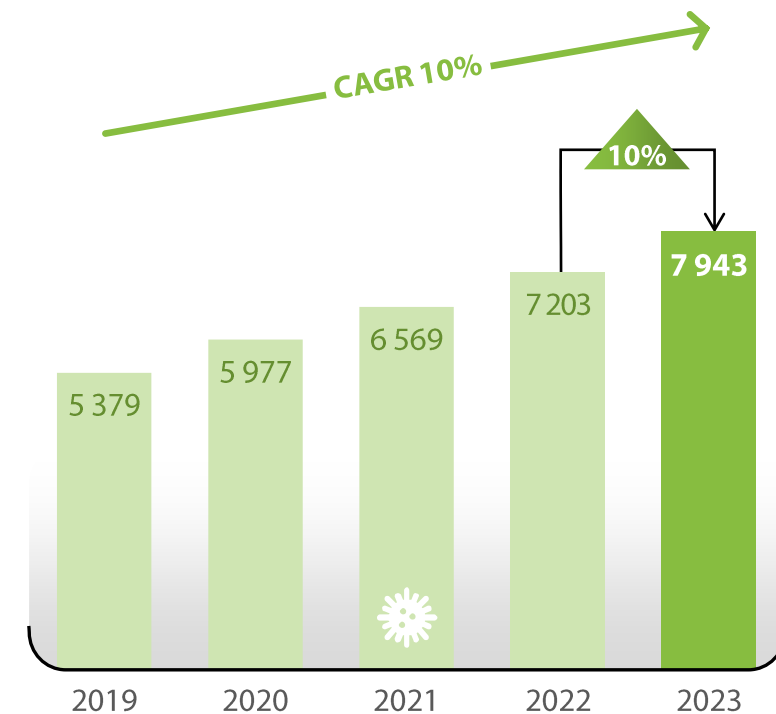
Schools division



Schools South Africa



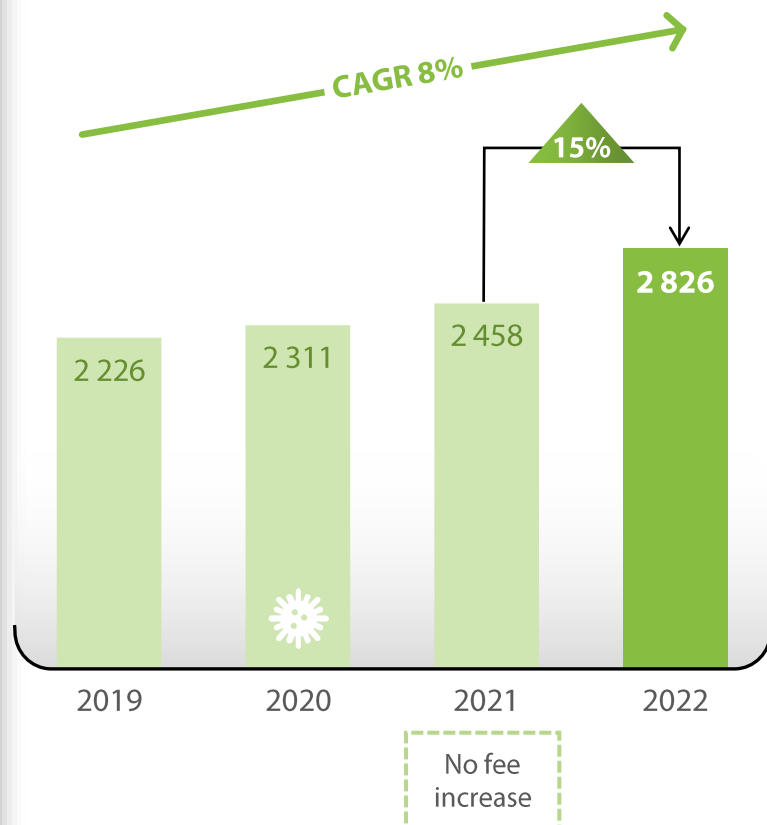
Schools rest of Africa



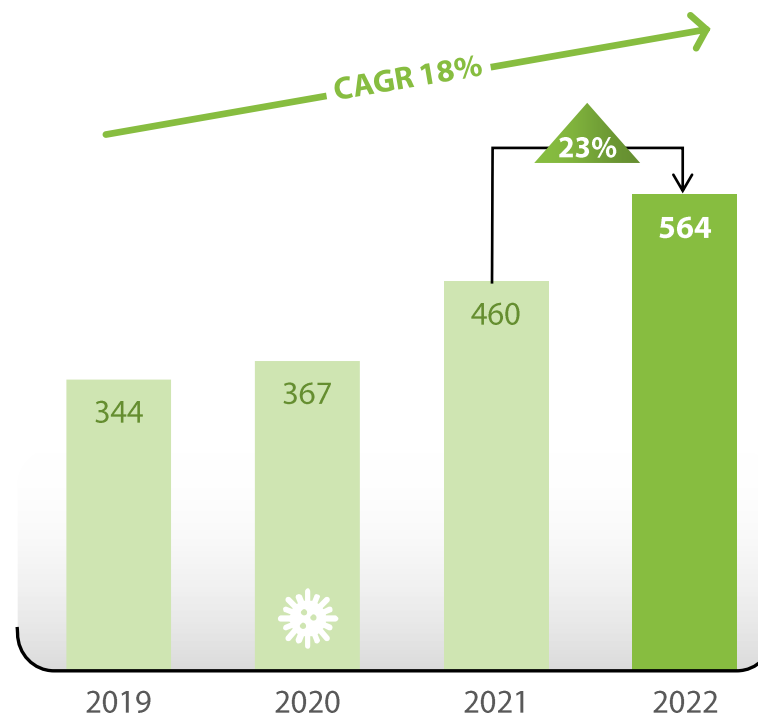
SCHOOLS DIVISION

Continued growth in enrolment numbers

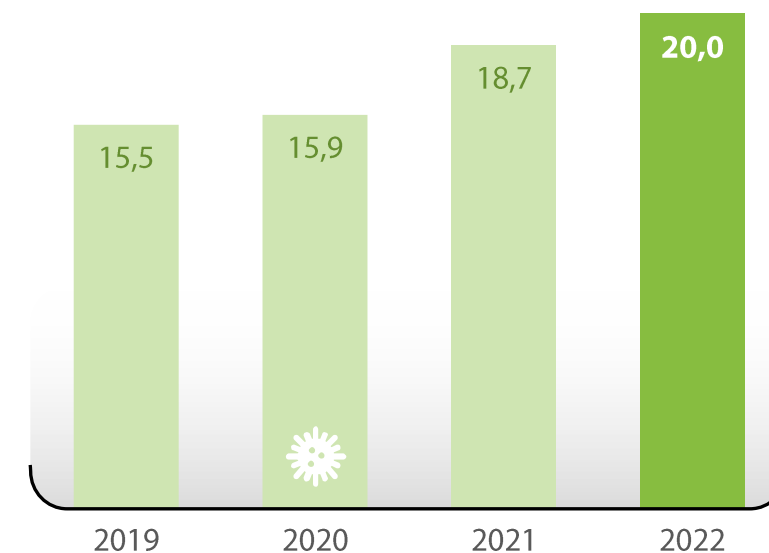
Revenue (R'm)



Operating profit (R'm)



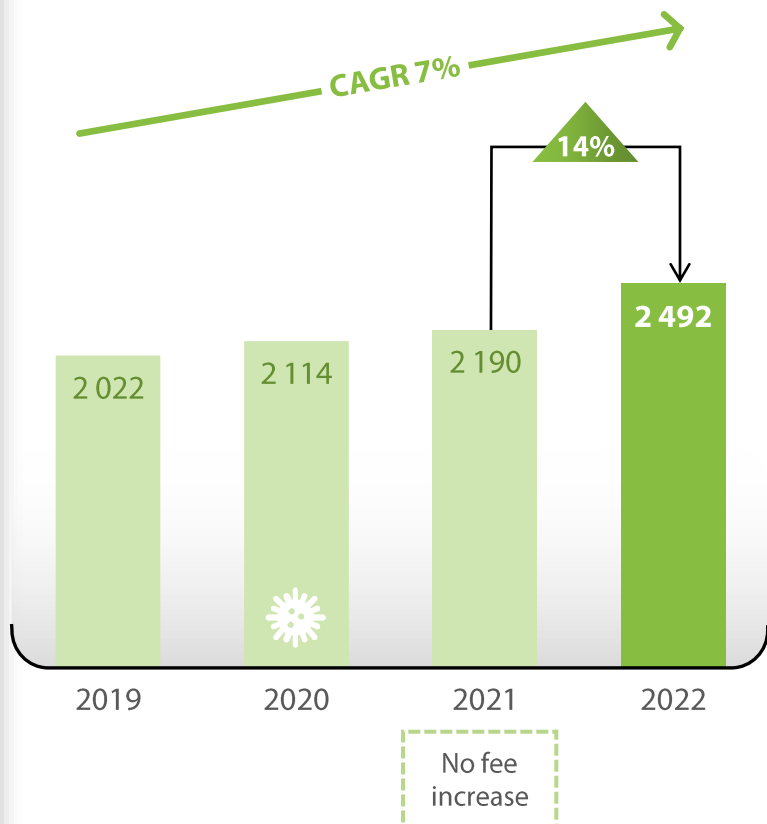
Operating margin (%)



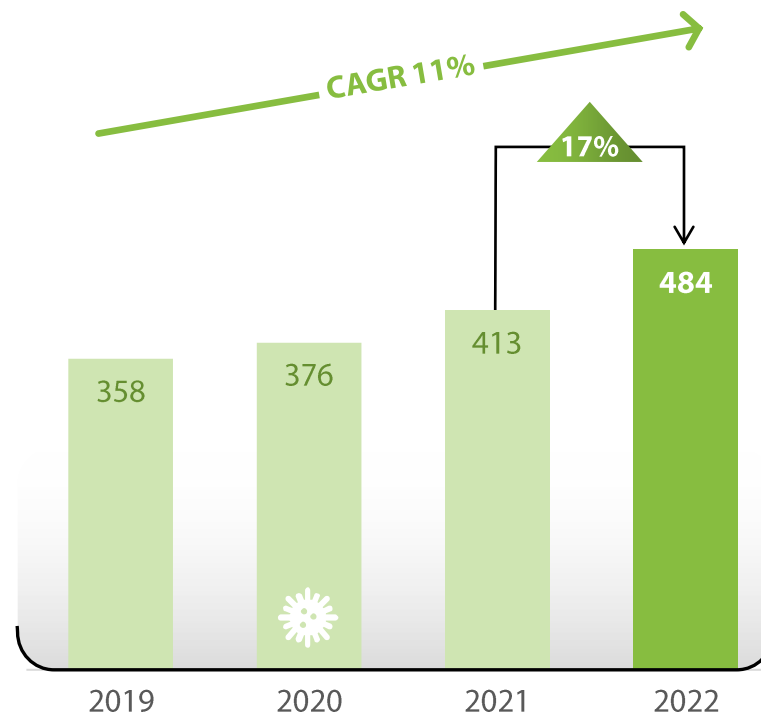
SCHOOLS – SOUTH AFRICA

Good enrolment growth and solid financial performance

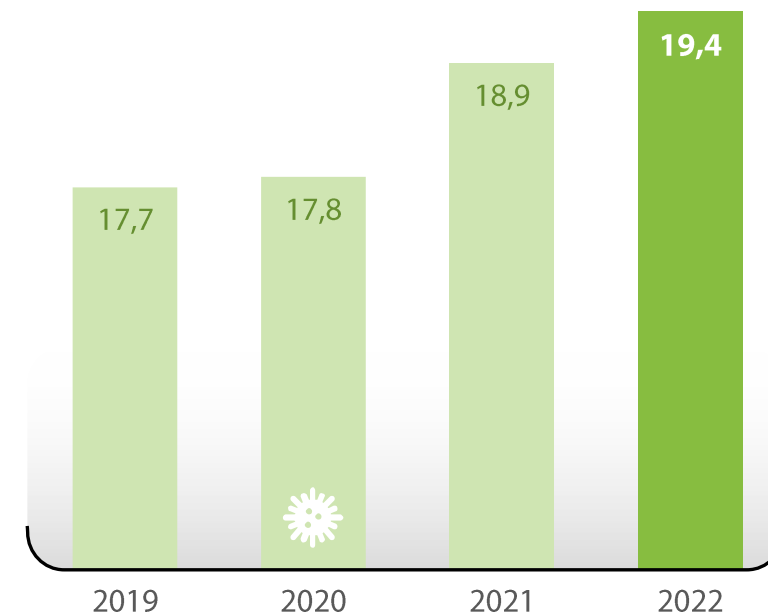
Revenue (R'm)



Operating profit (R'm)



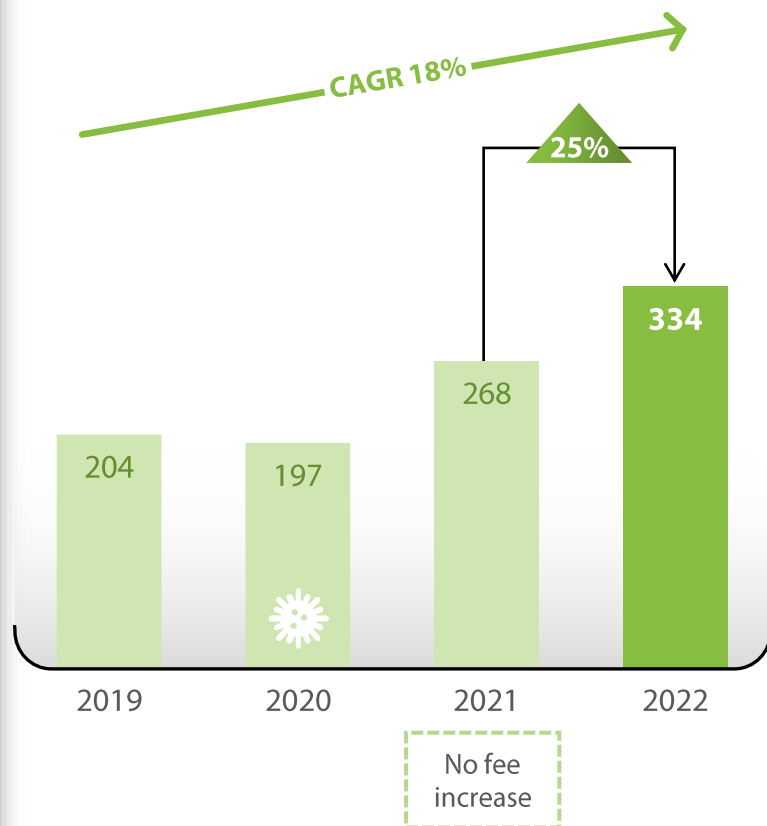
Operating margin (%)



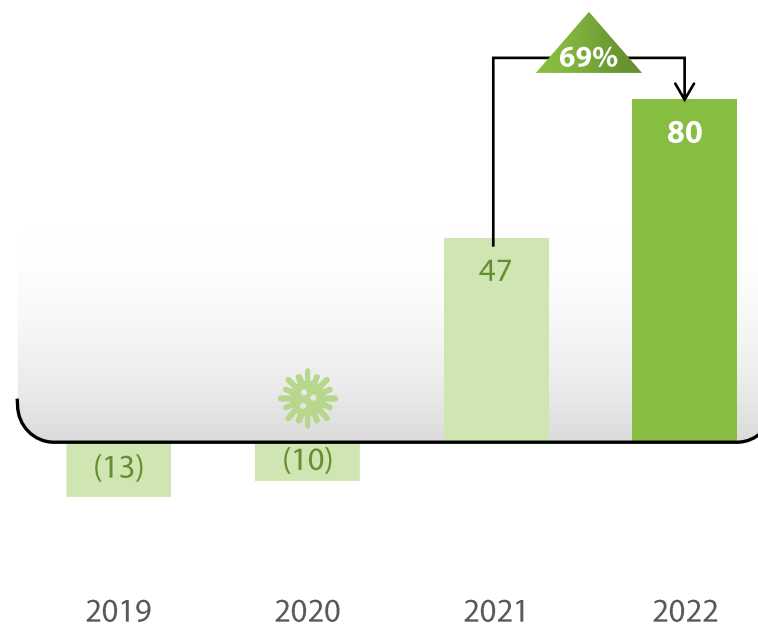
SCHOOLS – REST OF AFRICA

Strong growth, commitment to quality education and efficiency gains

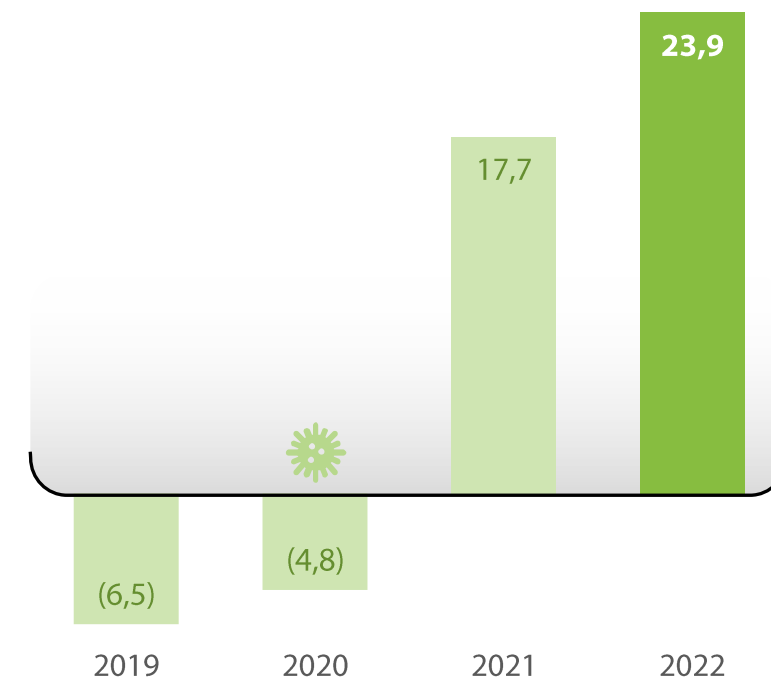
Revenue (R'm)



Operating profit (R'm)



Operating margin (%)



ACADEMIC RESULTS ACHIEVED IN SOUTH AFRICA

Outstanding results in line with promise of academic excellence

Independent Examination Board (IEB) results

Matric pass rate

ADvTECH IEB students
99.5%
IEB students
98.4%

Bachelor degree pass rate

ADvTECH IEB students
90.8%
IEB students
89.3%

Department of Basic Education (DBE) results

Matric pass rate

ADvTECH DBE students
95.6%
DBE students
80.1%

Bachelor degree pass rate

ADvTECH DBE students
71.5%
DBE students
26.7%

ADvTECH students

2
distinctions
per candidate

10%
students
with 6+ distinctions



ACADEMIC RESULTS ACHIEVED – REST OF AFRICA

Outstanding academic delivery establishing ADvTECH's credentials



Gaborone International School

3
distinctions
per candidate *

16%
of the class achieved
'full house' A's



Cambridge International students
(A/AS Levels)

Crawford
International

2 distinctions
per candidate **



Crawford
International

95%

of the final year students
completing their A-Level
qualification at

Crawford International Kenya

accepted at

international universities

in the US, UK, Spain and Hong Kong

Pass rate
100%



* GIS results aligned to South African Grade 11

** Crawford International School Cambridge International results aligned to South African "Grade 13"

GABORONE INTERNATIONAL SCHOOL

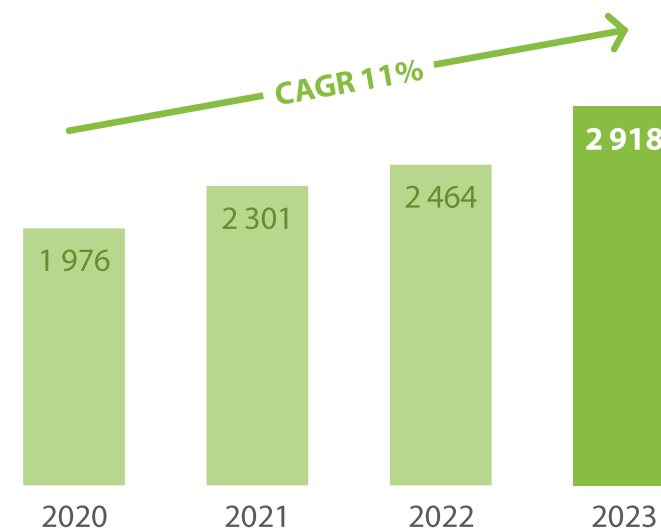


GABORONE INTERNATIONAL SCHOOL IS TRANSFORMED INTO A MEGA CAMPUS



- State of the art Science and Technology centre for high school completed.(projectors in every classroom, laser cutter, and 3D printers).
- Sports facilities were upgrade
- Development of the next phase brought forward to meet enrolment growth

Enrolments



PINNACLE RASLOUW IN CENTURION

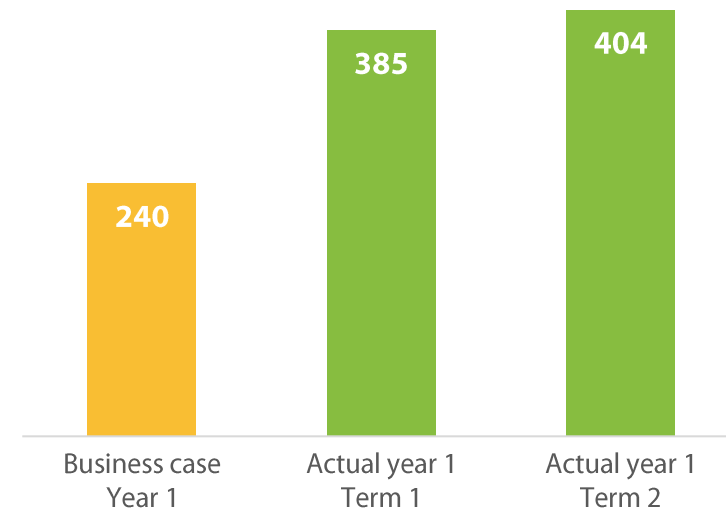


PINNACLE RASLOUW IN CENTURION OPENED IN JANUARY 2023

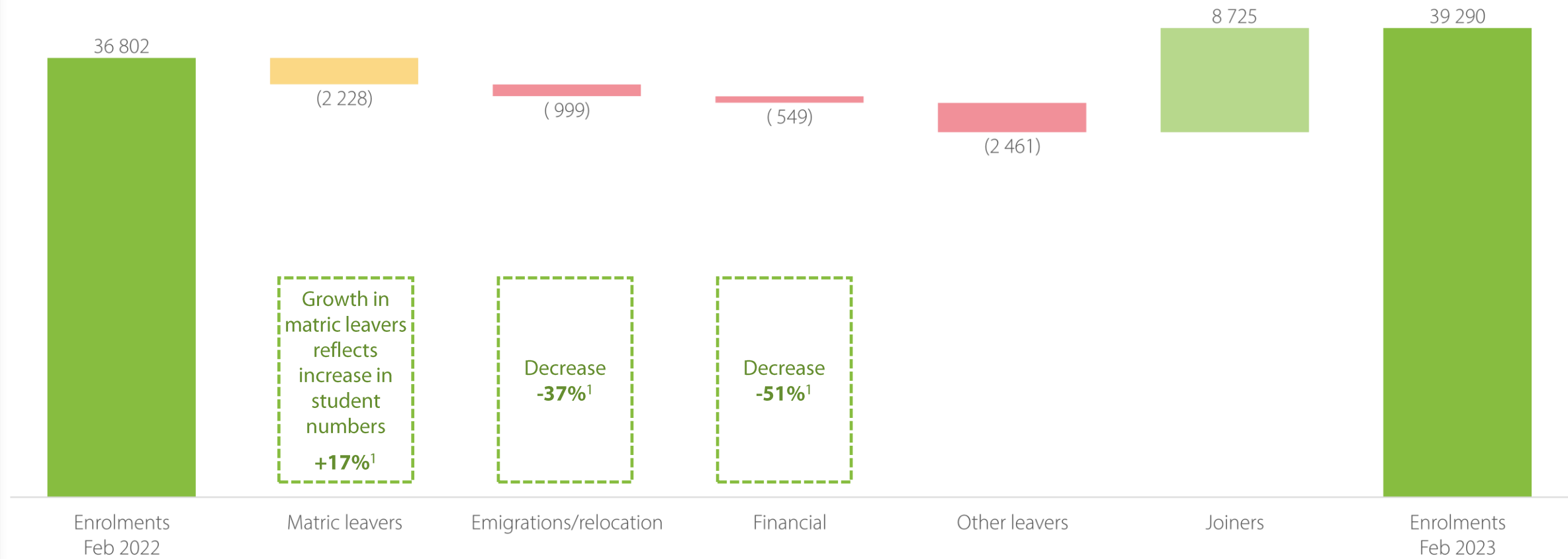


- Enrolments exceeded expectations necessitating the need to bring forward phase two of the project to 2023

Enrolments



SCHOOLS ENROLMENT MOVEMENT



1. Percent change from 2022 to 2023

SCHOOLS BUILDING CAPACITY

Competitive advantage

Feb 2019

Feb 2020

Feb 2021

Feb 2022

Feb 2023

Students enrolled ('000)	30.8	32.4	33.9	36.8	39.3
Existing building capacity ('000)	38.2	41.2	41.5	44.5	46.7
% Existing building capacity utilised	81%	79%	82%	83%	84%
Ultimate capacity	54.8	56.8	56.8	56.8	59.8
% of ultimate capacity utilised	56%	57%	60%	65%	66%

TERTIARY DIVISION

32

Campuses (2021: 32)

Revenue contribution

39%

(2021: 41%)

R2.7 billion

(2021: R2.4 billion)

12%

Revenue

12%

Operating profit

Tertiary division

- Continuing the trend of good performance
- Quality academic offering with multi-channel modes of delivery



WELL ESTABLISHED BRAND PORTFOLIO

Tertiary division



- Higher certificates
- Diplomas
- Degrees
- Postgrad to masters
- Face-to-face
- Online
- Blended
- Part-time
- 9 campuses



- Higher certificates
- Diplomas
- Degrees
- Face-to-face
- Online
- Blended
- Part-time
- 9 campuses



- Higher certificates
- Diplomas
- Degrees
- Postgrad to doctoral
- Face-to-face
- Online
- Blended
- Part-time
- SLP
- 4 campuses



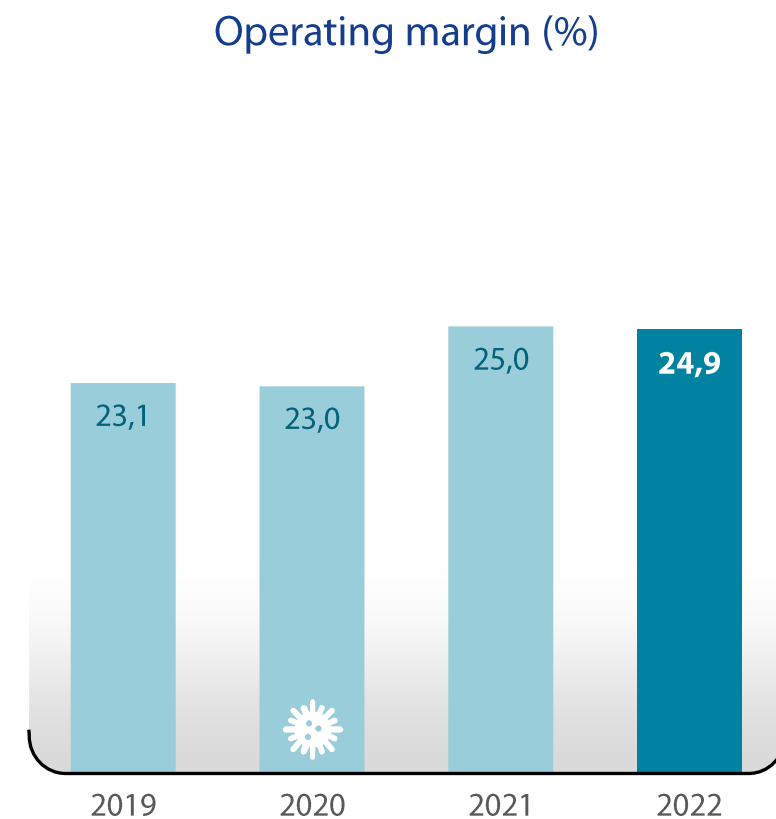
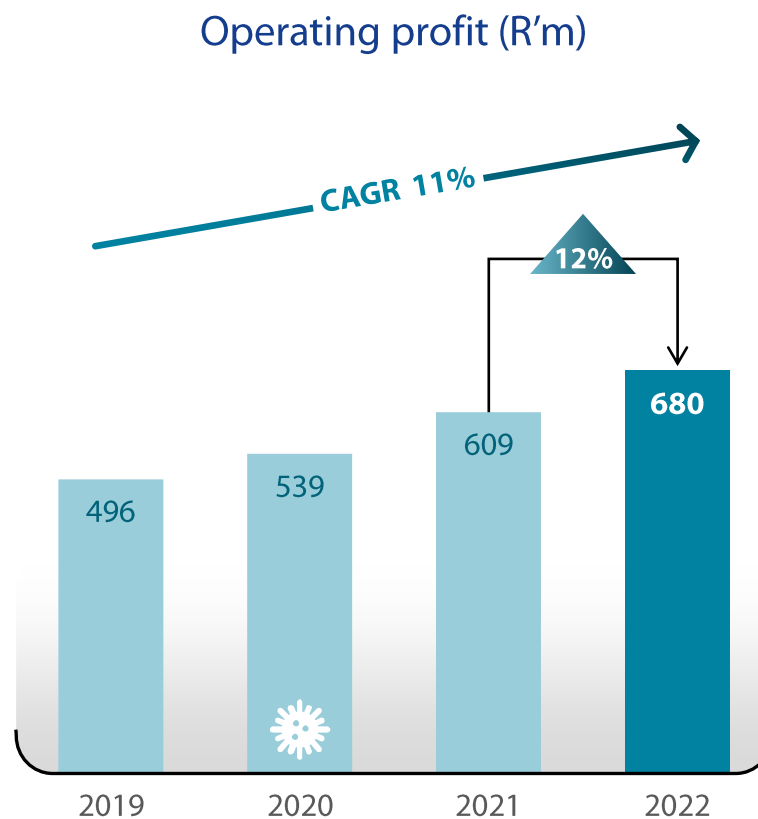
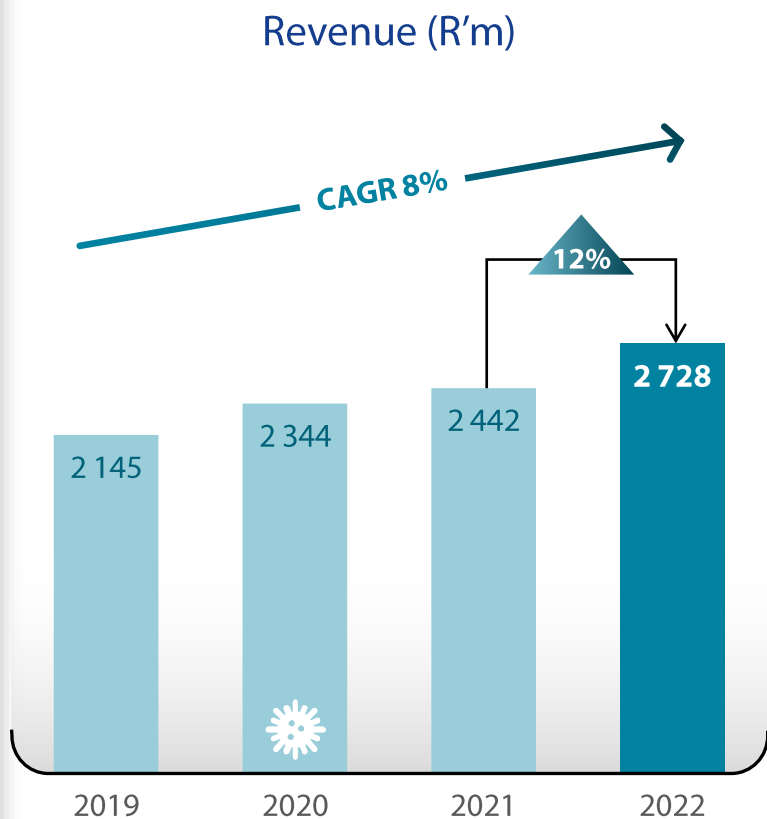
- Vocational
- Higher certificates
- Diplomas
- Advanced diploma
- Degrees
- 8 campuses



- Vocational
- Higher certificates
- Diplomas
- SLP
- Distance

TERTIARY DIVISION

Various Capex expansions – margins maintained



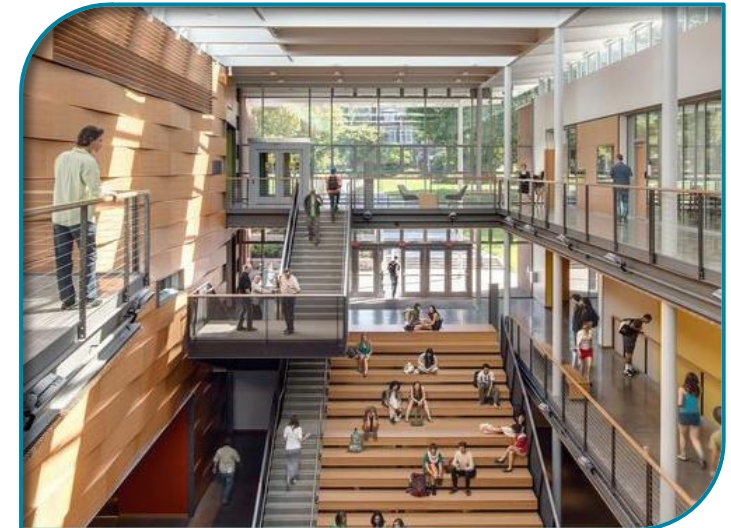
ROSEBANK COLLEGE – JOHANNESBURG



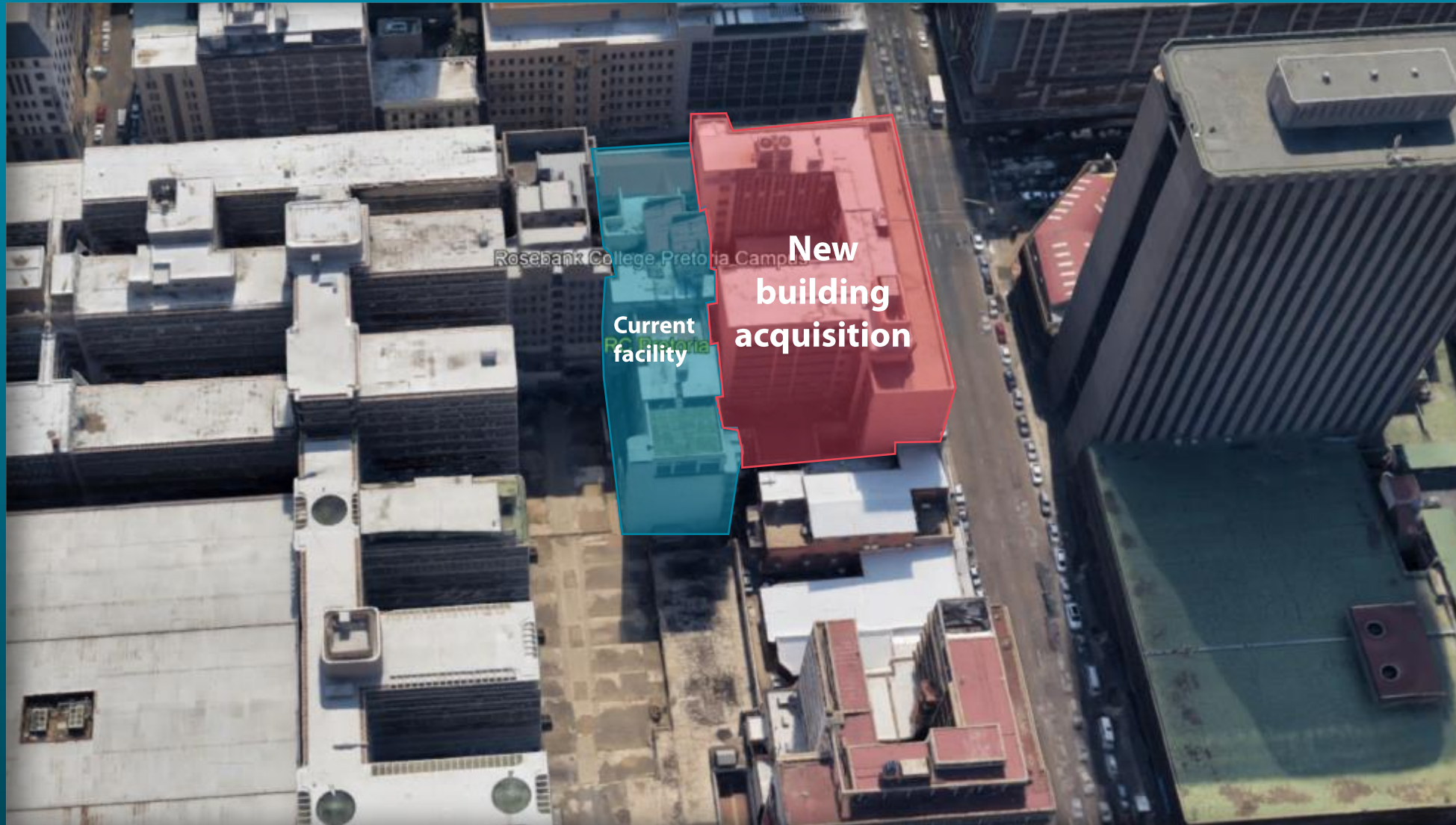
ROSEBANK COLLEGE – JOHANNESBURG MEGA CAMPUS

Largest number of enrolled students
(+8 900) on a private HEI campus in SA

- Purchase of adjacent building to create a student precinct
- Planned upgrades to create a social environment where students can collaborate, learn and experience student life



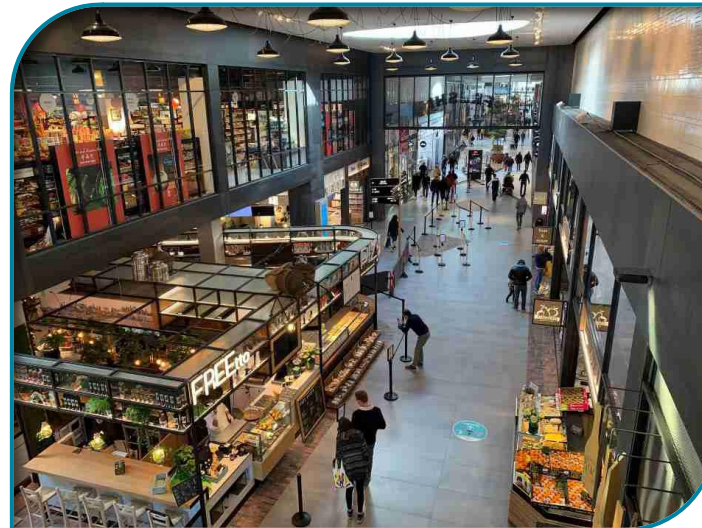
ROSEBANK COLLEGE – PRETORIA



ROSEBANK COLLEGE – PRETORIA MEGA CAMPUS

Created through merger of
Sunnyside and CBD campuses

- Purchase of adjacent building to create a student precinct, with study, entertainment and collaboration spaces to enhance student life

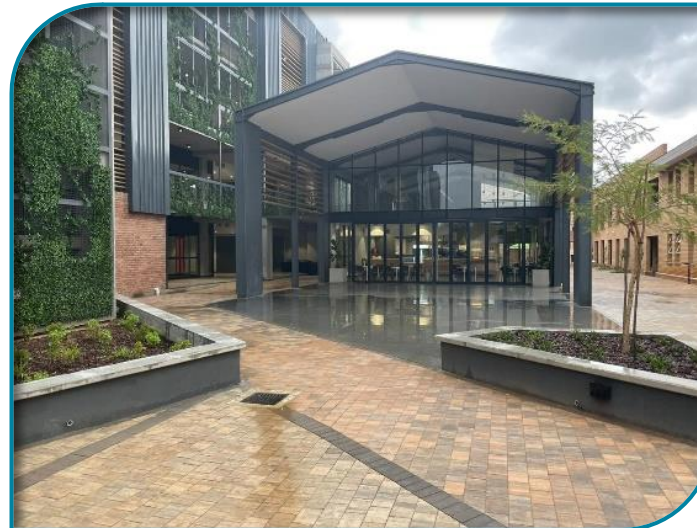


VARSITY COLLEGE



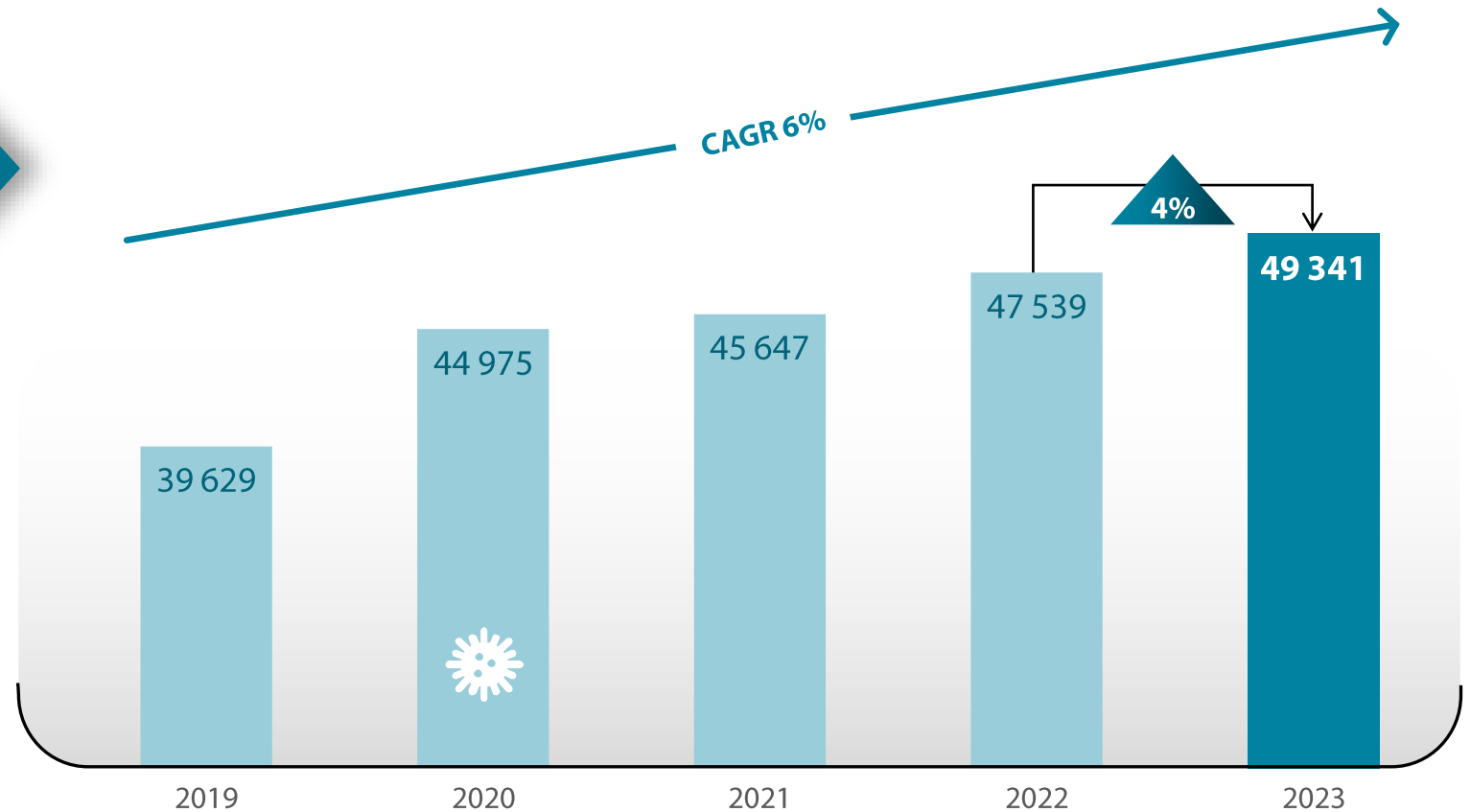
VARSITY COLLEGE EXPANSION

- Expansion of both Pretoria and Waterfall campuses to expand space and provide enhanced student experience
- Maintained margin



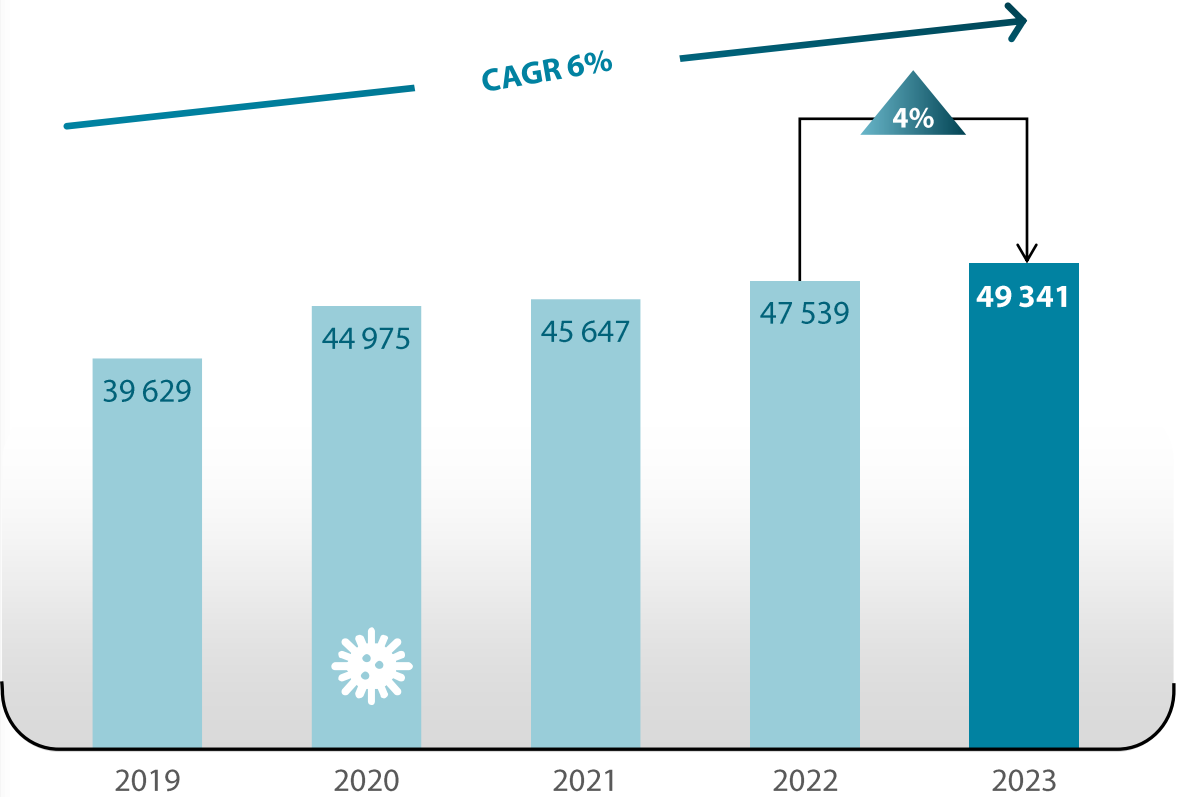
TERTIARY: FULL QUALIFICATION STUDENT ENROLMENTS

Expanded our academic offering and multi-mode of delivery

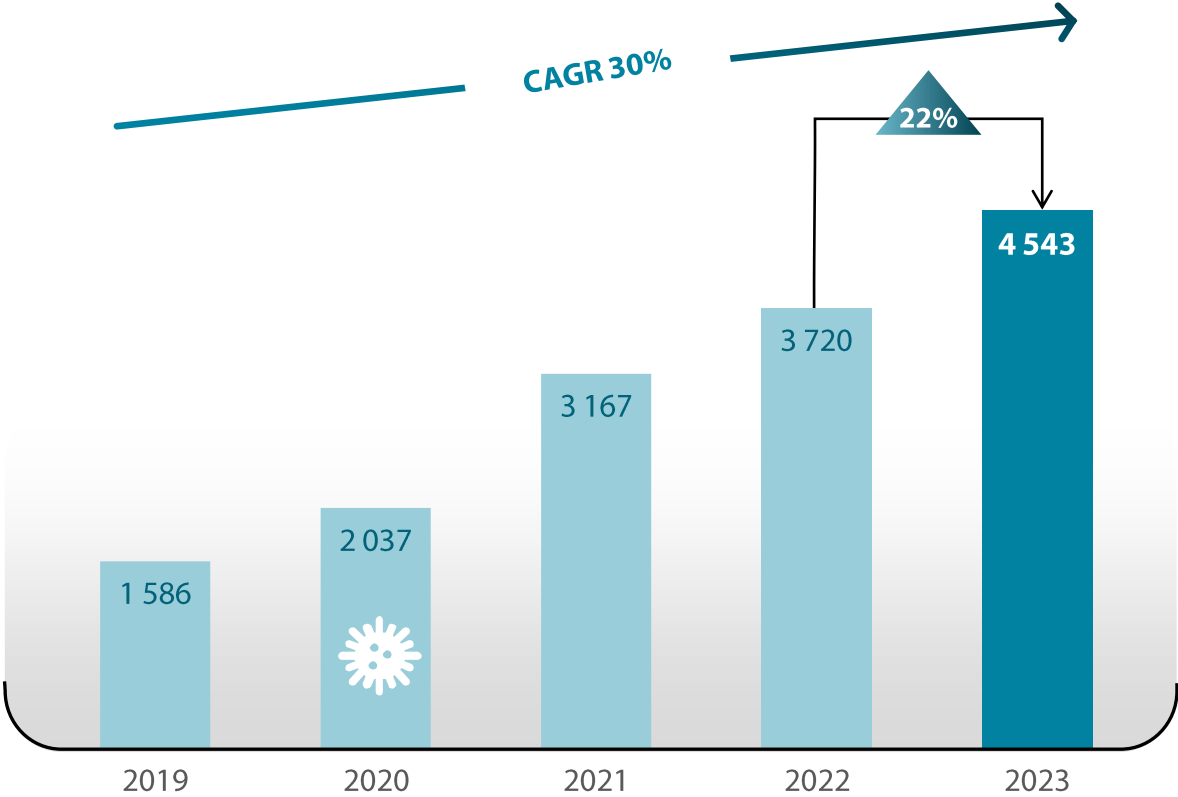


TERTIARY ENROLMENTS

Full qualification student enrolments

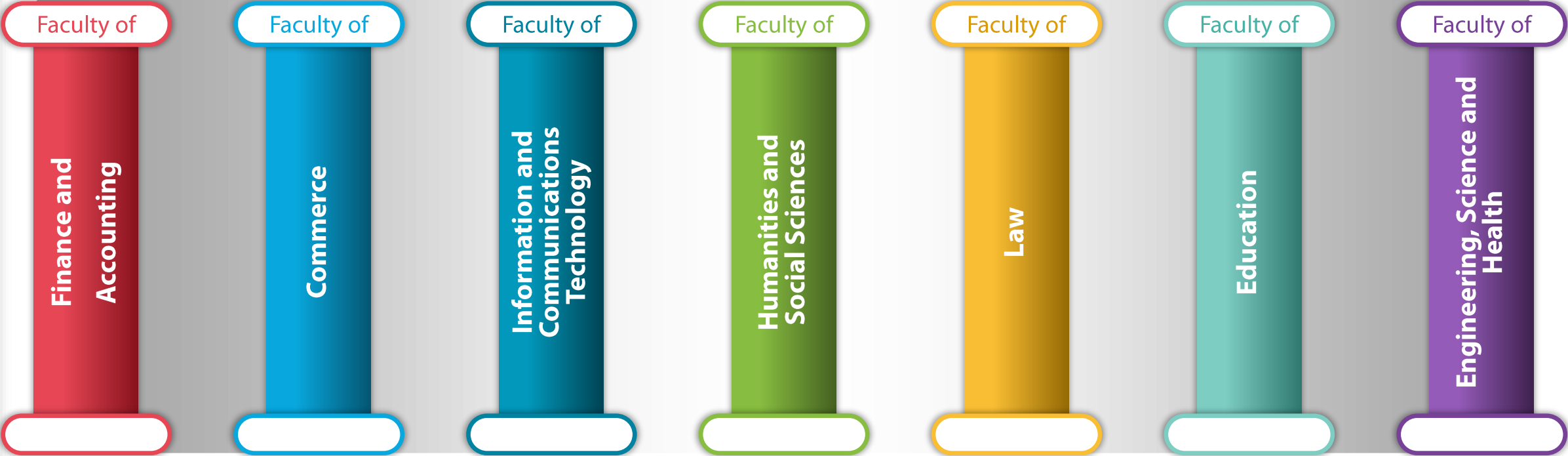


IIE online distance students

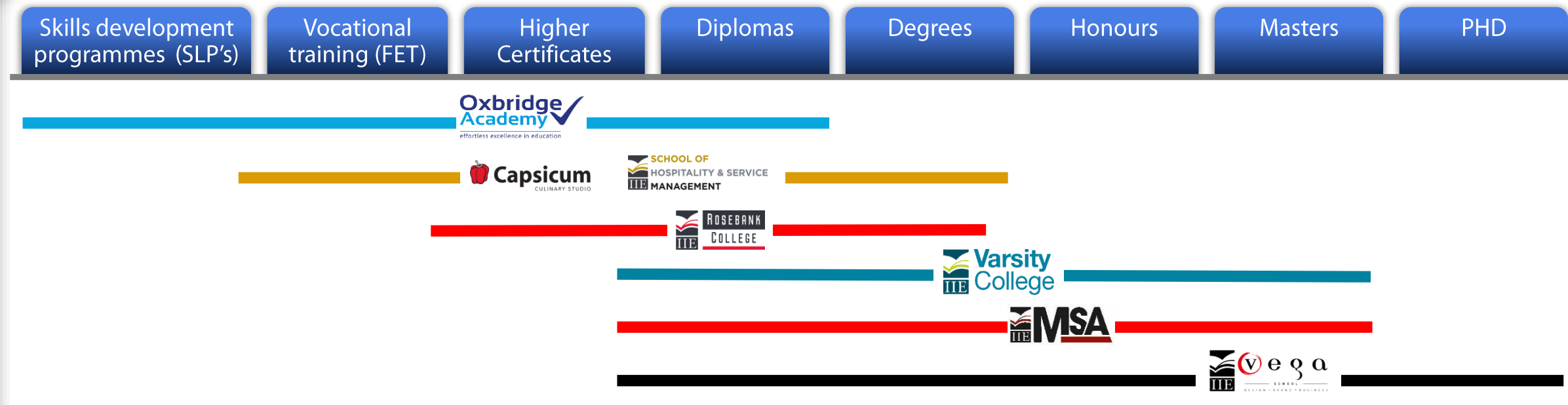


TERTIARY DIVISION / 'PRIVATE UNIVERSITY'

Faculties



COMPREHENSIVE RANGE OF QUALITY QUALIFICATIONS



Multi-channel modes of delivery available any time & at any place



Pack & Post

- Oxbridge



Online

- Oxbridge
- Rosebank College
- Varsity College
- Vega
- IIE HSM



Part-time

- All brands



Blended

- Rosebank College
- Varsity College
- Vega



Full-time

- Capsicum
- Rosebank College
- Varsity College
- Vega
- IIE MSA

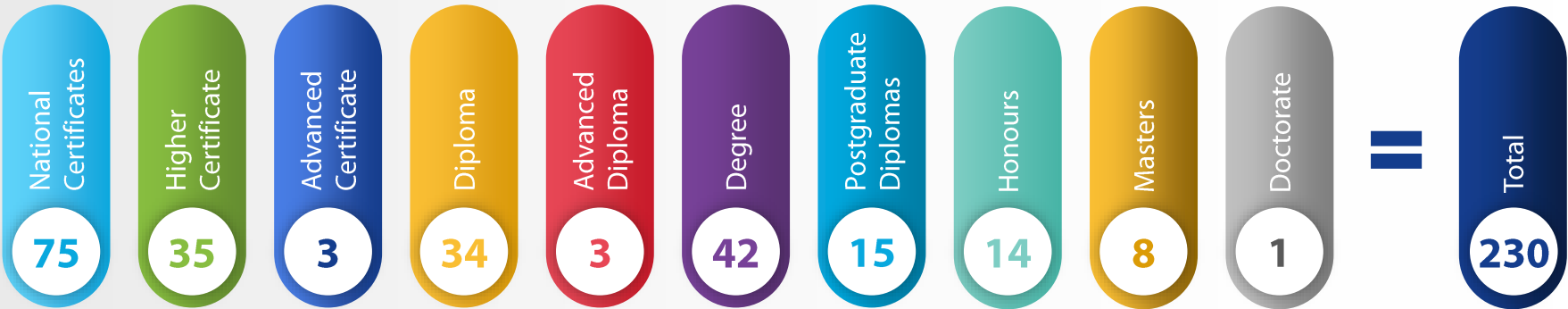
QUALIFICATION PIPELINE

230 registered and accredited qualifications

7 Faculties



230 Accredited Programmes



Pipeline



MODES OF DELIVERY – QUALITY OF SUPPORT

Advantage of a central academic team

Multi-channel
modes of delivery:

● Face-to-Face/
on campus

● Blended


● Online/
Distance

● Full-time

● Part-time

- Invested in Learning Management System (LMS) and other enabling technologies
- Integrated Student Information System
- Ability to track, measure individual student progress
- Sophisticated reporting from assessment to qualification level

- Centralised Academic Team:
- Experts in teaching and learning practices
- Centralised quality assurance
- Research and scholarship
- Centralised programme and assessment development



THE MINISTER OF HIGHER EDUCATION AND TRAINING PUBLISHED THE CRITERIA AMENDMENT ACT 2016

1

Draft criteria published

- Provides broad brand descriptors, lacks detailed criteria
- Challenging but positive stepping stone

2

Public comment

3

Gazette

RESOURCING DIVISION

11%

Revenue

7%

Operating profit

Resourcing division South Africa

- Increase market share in SA in a tough environment

46%

Revenue

151%

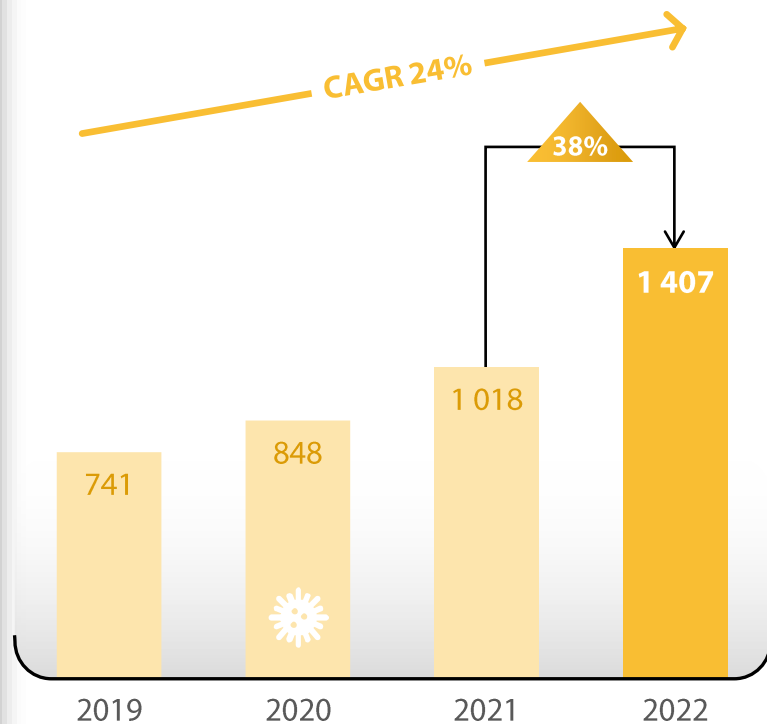
Operating profit

Resourcing division rest of Africa

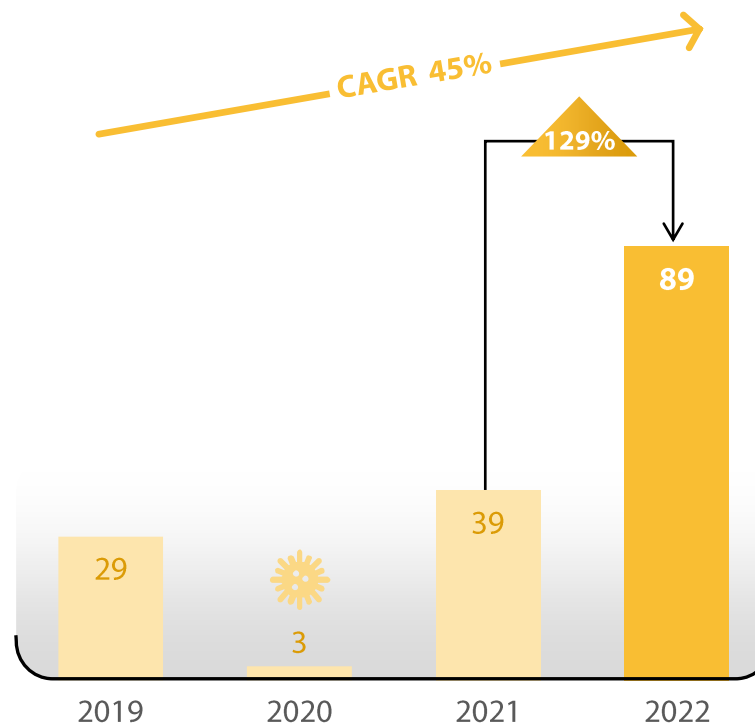
- **Strong overall performance lead by outstanding performance in the rest of Africa**
- Strategy to expand into the rest of Africa delivers good results
- Growing additional business segment
- Increase market share in SA in a tough environment



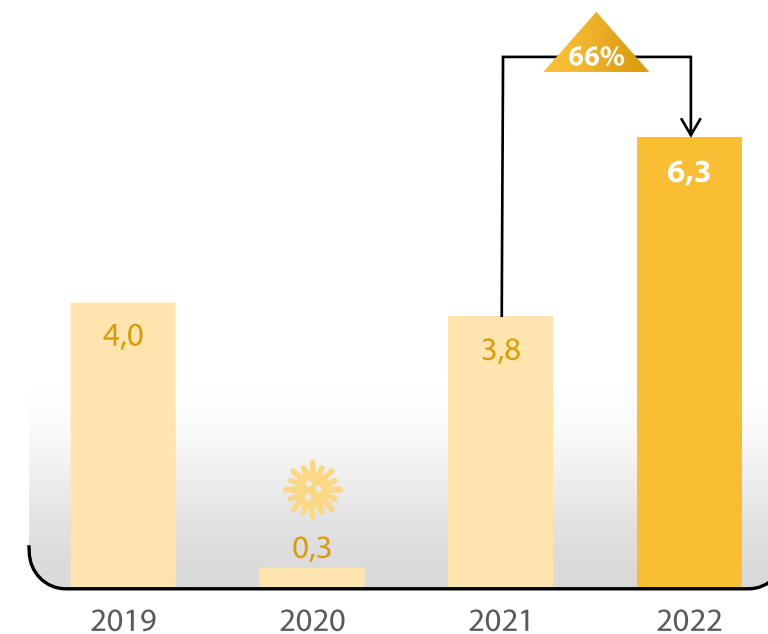
Revenue (Rm)



Operating profit (R'm)

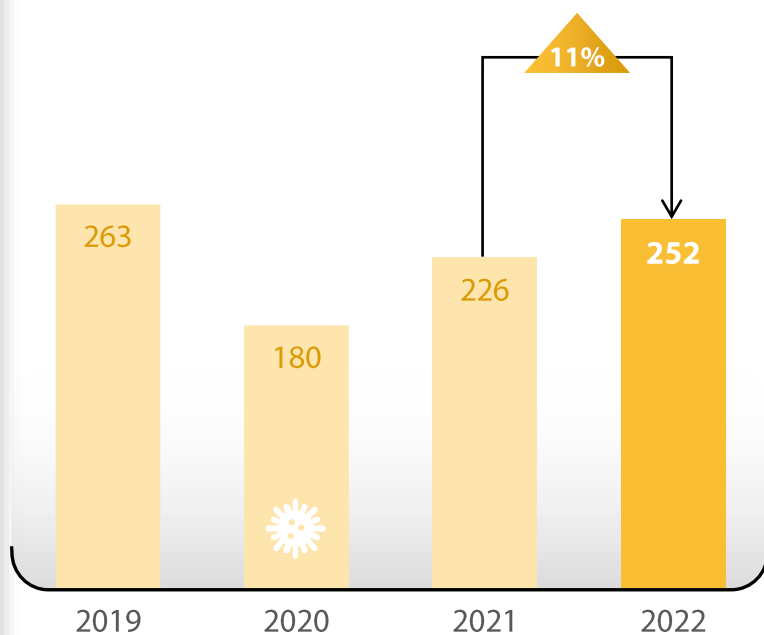


Operating margin (%)

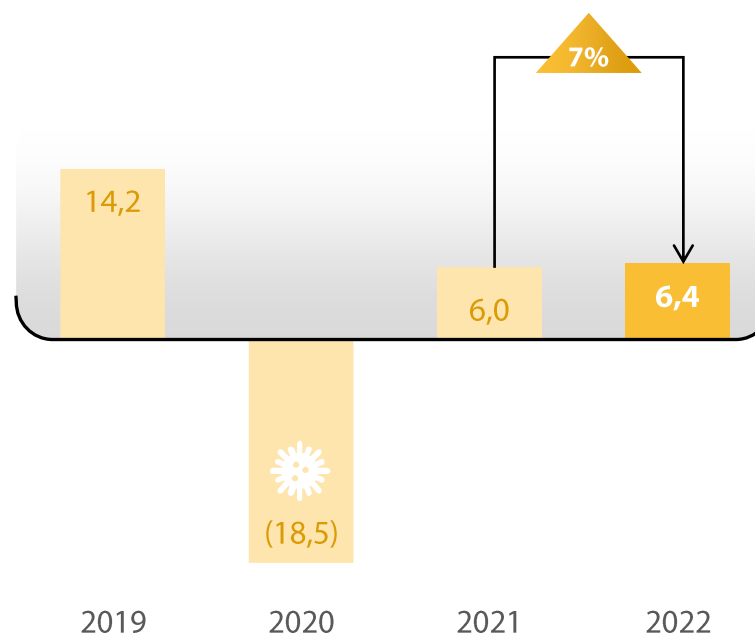


RESOURCING SOUTH AFRICA

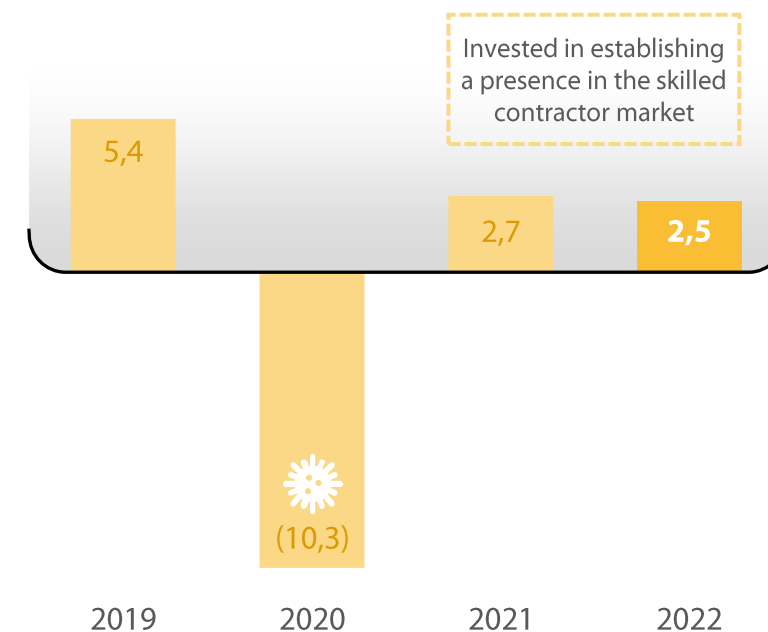
Revenue (Rm)



Operating profit (R'm)

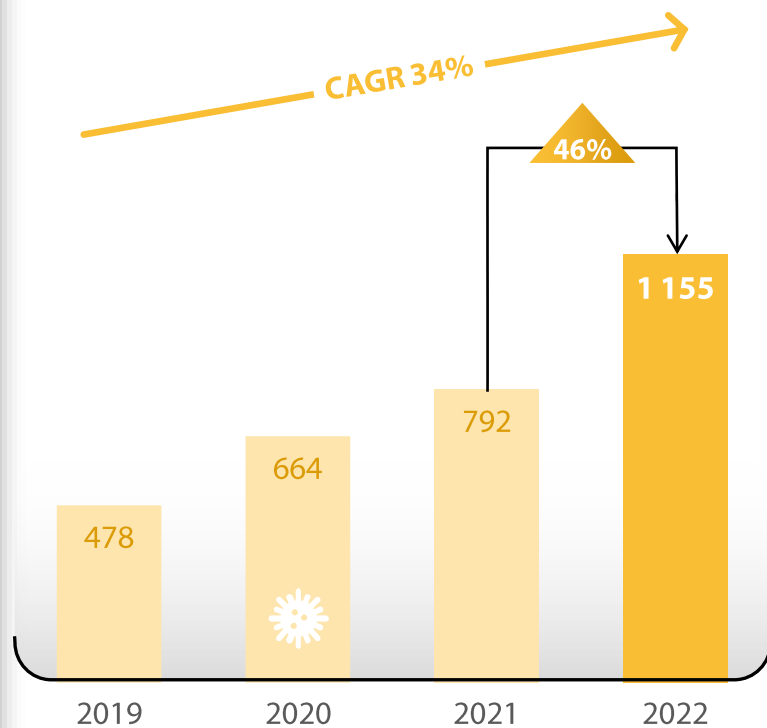


Operating margin (%)

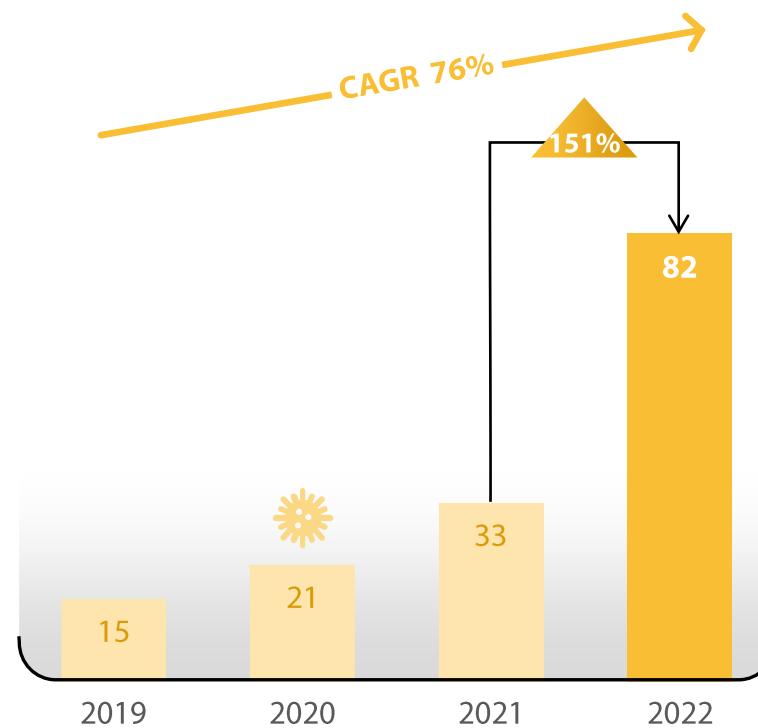


RESOURCING REST OF AFRICA

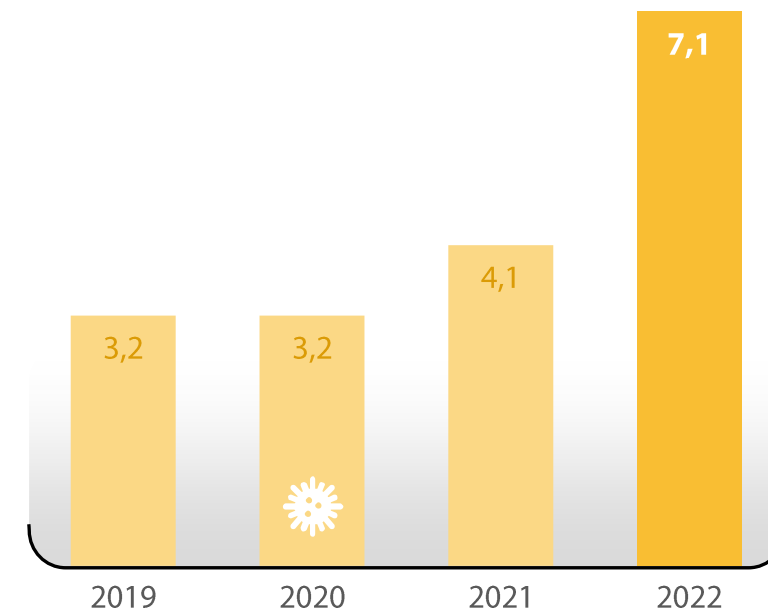
Revenue (Rm)



Operating profit (R'm)



Operating margin (%)





SOUND BALANCE SHEET

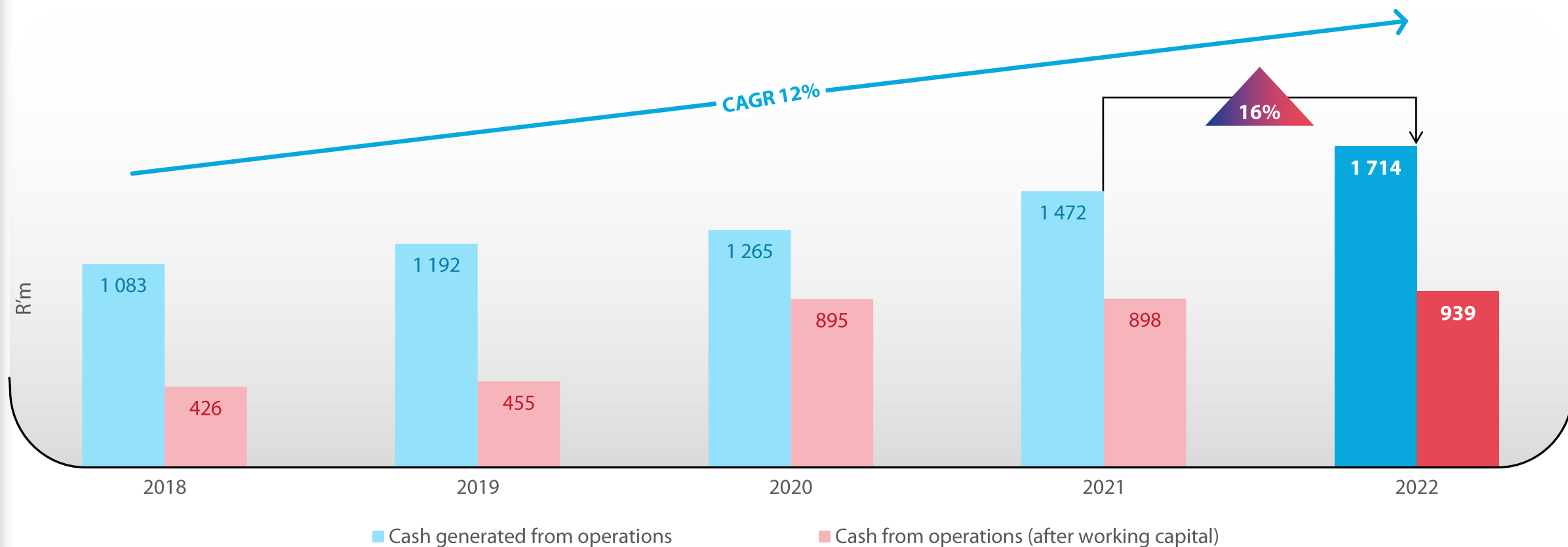
DEBTORS BREAKDOWN

R'm	2022				2021			
	Group total	Schools	Tertiary	Resourcing	Group total	Schools	Tertiary	Resourcing
Trade receivables	802.0	90.5	669.5	42.0	564.8	81.8	446.9	36.1
Loss allowance	(437.5)	(54.4)	(380.2)	(2.9)	(321.0)	(46.6)	(272.6)	(1.8)
	364.5	36.1	289.3	39.1	243.8	35.2	174.3	34.3
Coverage of debtors' balance	55%	60%	57%	7%	57%	57%	61%	5%
Credit losses	257.1	24.9	230.5	1.7	117.3	1.9	114.1	1.3
Credit losses as % of revenue	4%	1%	8%	0%	2%	0%	5%	0%

Post year-end tertiary collections = R205 million

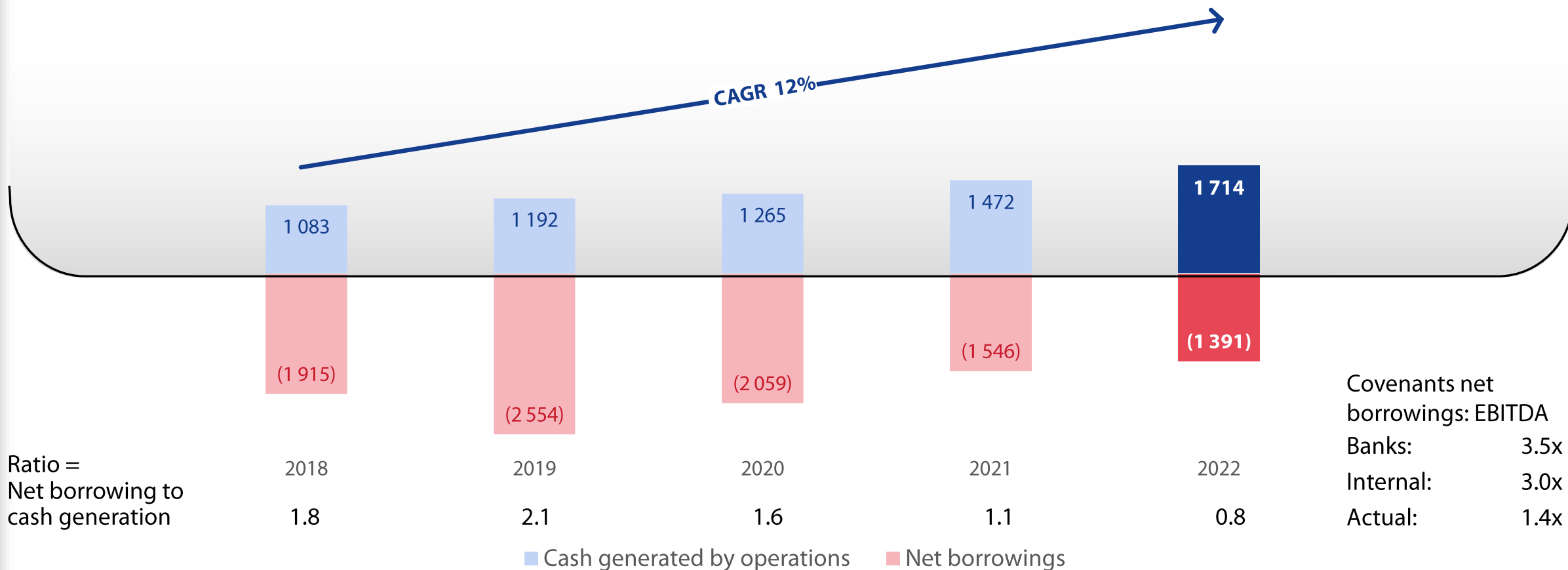
CASH FLOW GENERATION FROM OPERATIONS

Emphasises the inherent cash generating ability of our business



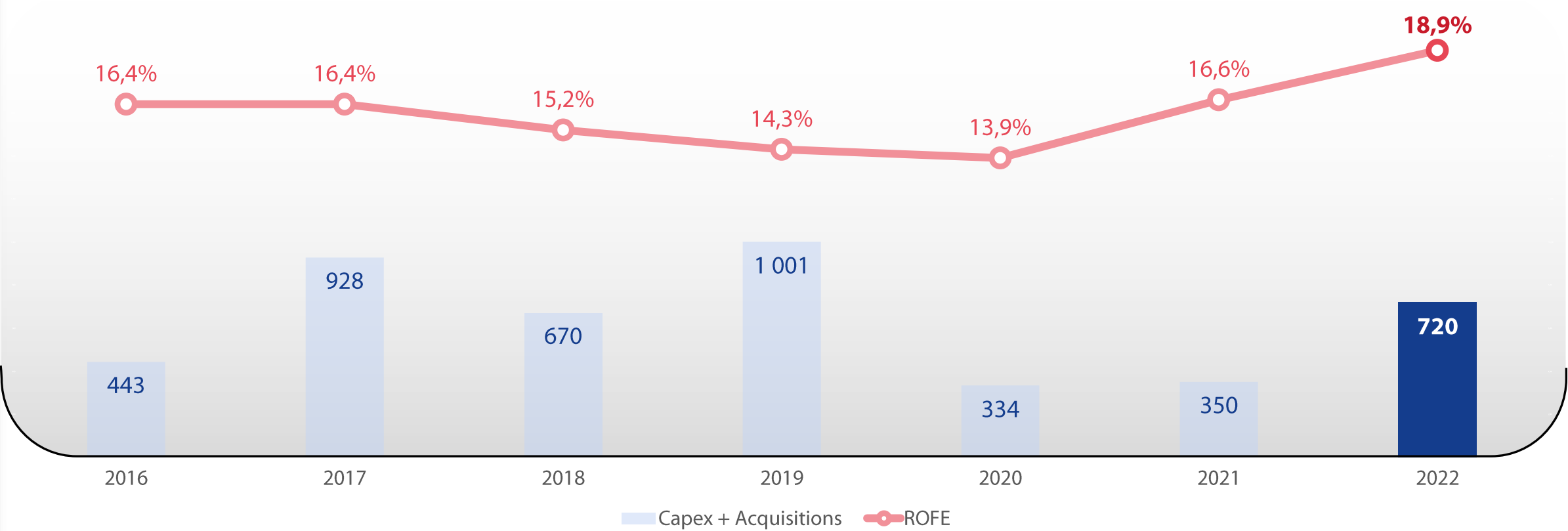
CASH VS NET BORROWINGS

Strong cash generation and sound balance sheet

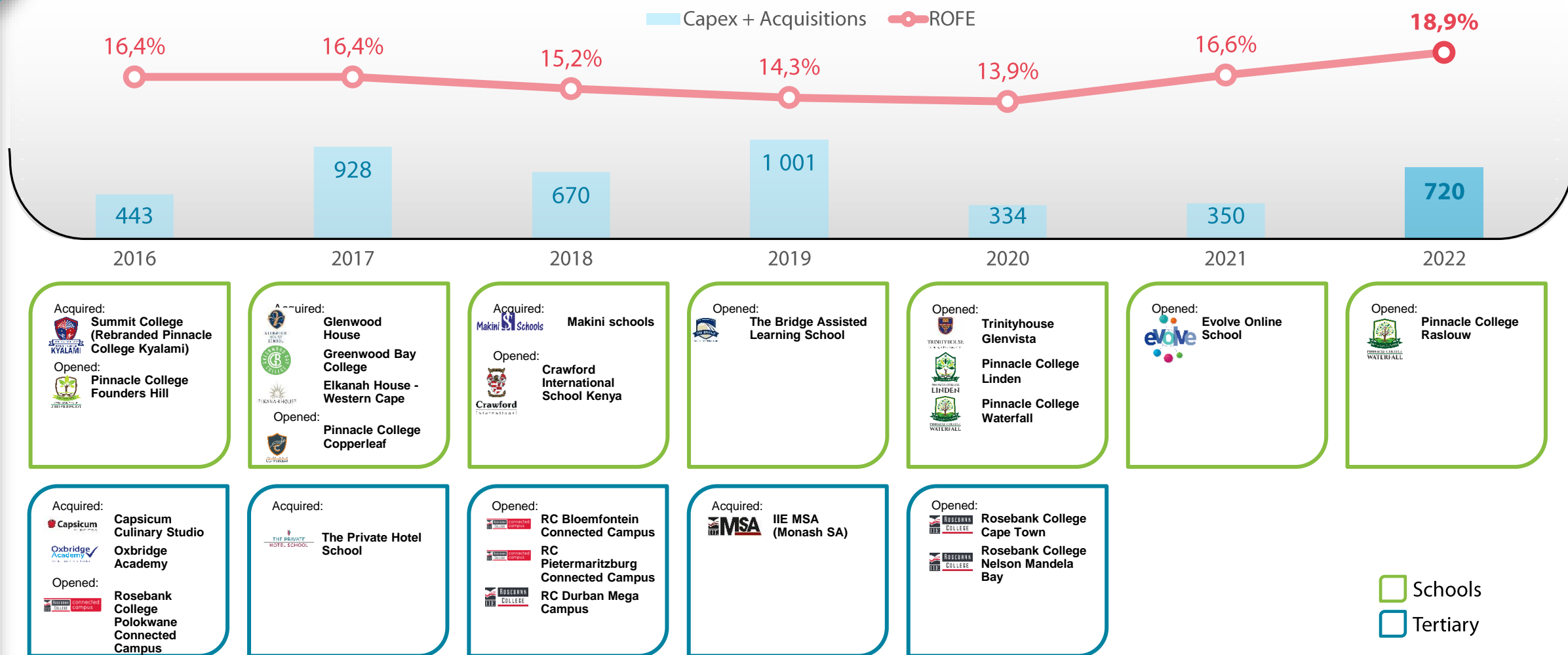


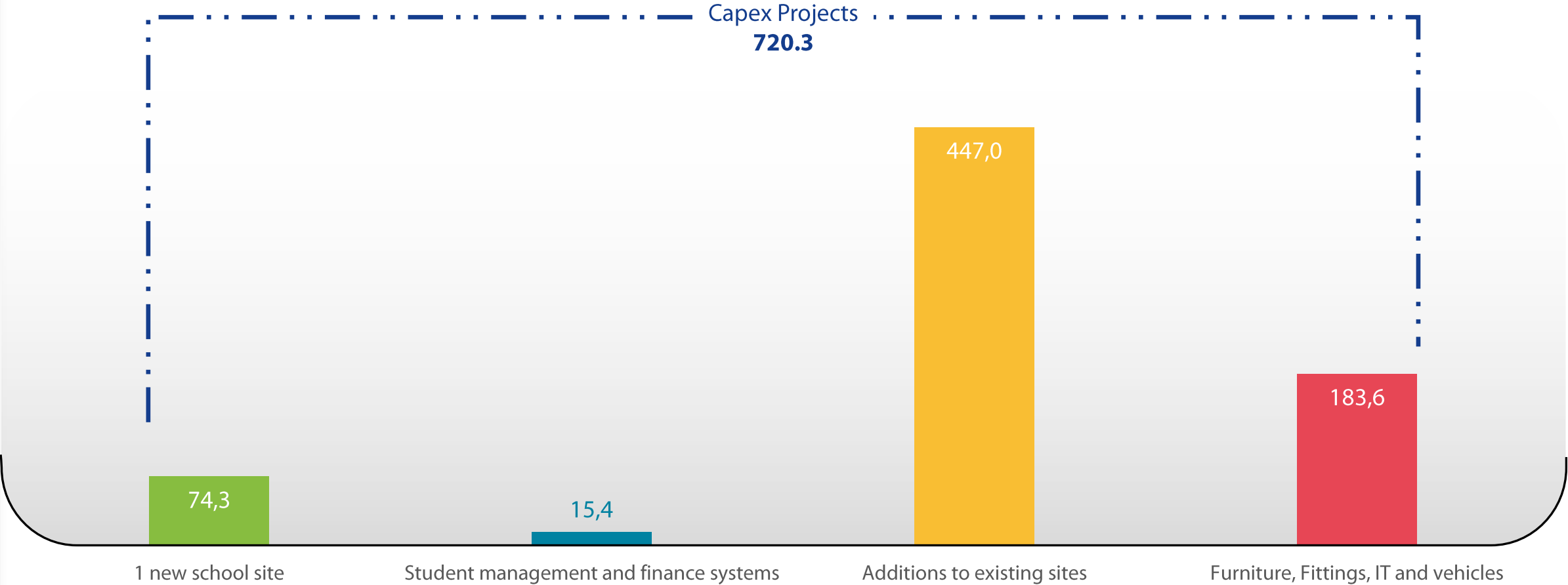
Covenants net borrowings: EBITDA
 Banks: 3.5x
 Internal: 3.0x
 Actual: 1.4x

INVESTMENT VS ROFE



IMPROVING RETURNS ON FUND EMPLOYED







Inherent underlying demand for quality education

- SA driven by poor public offerings
- Africa: attractive growth prospects



Robust, flexible business model

- Ability to leverage scale
- Agile and responsive
- Multi modes of delivery
- Significant resource capability
 - People
 - Systems and technology
 - Intellectual property



Quality asset base

- Well established brand portfolio
- Significant free cash generation
- Sound balance sheet
- Good financial controls



ADvTECH subscribes to relevant ESG principles



INVESTMENT CASE



DECLARATION OF DIVIDEND

Strong cash generation and sound balance sheet

60.0
cents per share

- Confidence in the robustness and sustainability of our business
- Current performance makes the dividend prudent and affordable
 - Dividend ▲ 20% comparative period

**THANK
YOU**

