

Investor Strategy Day

26 November 2024

Geoff Whyte



Schools division



Tertiary division



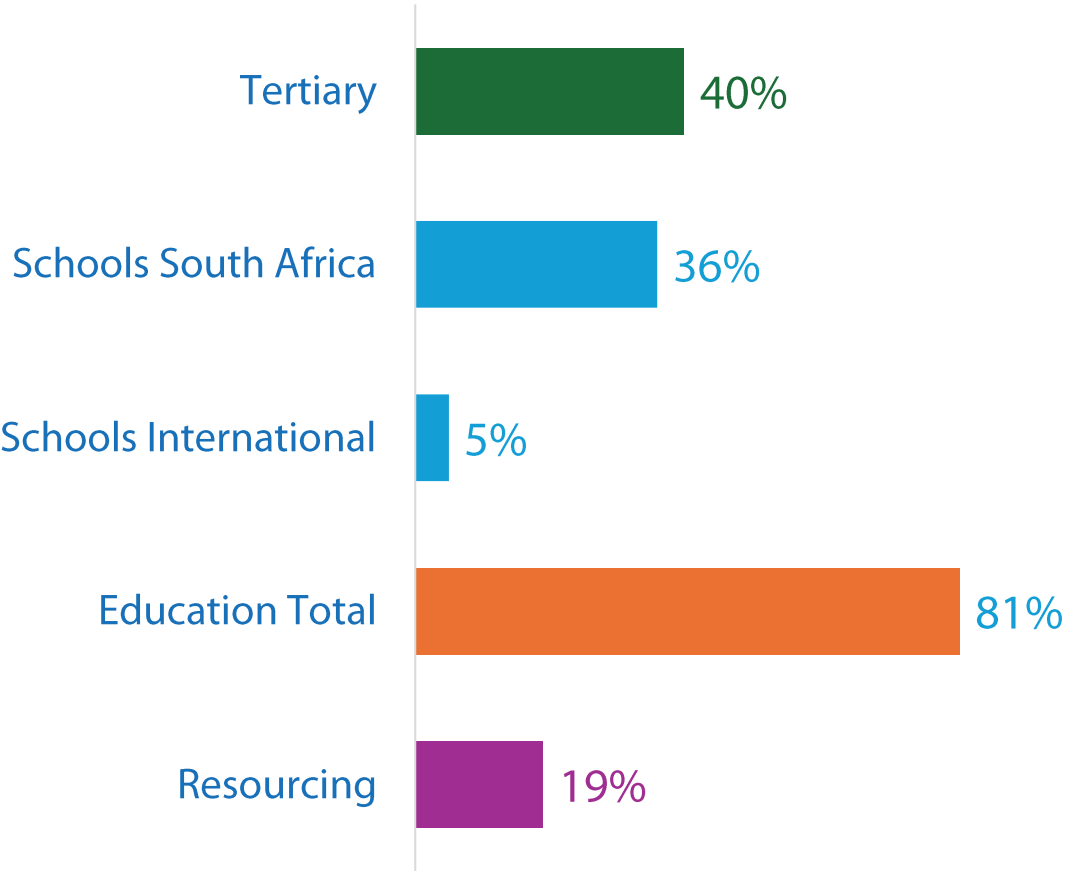
Resourcing division



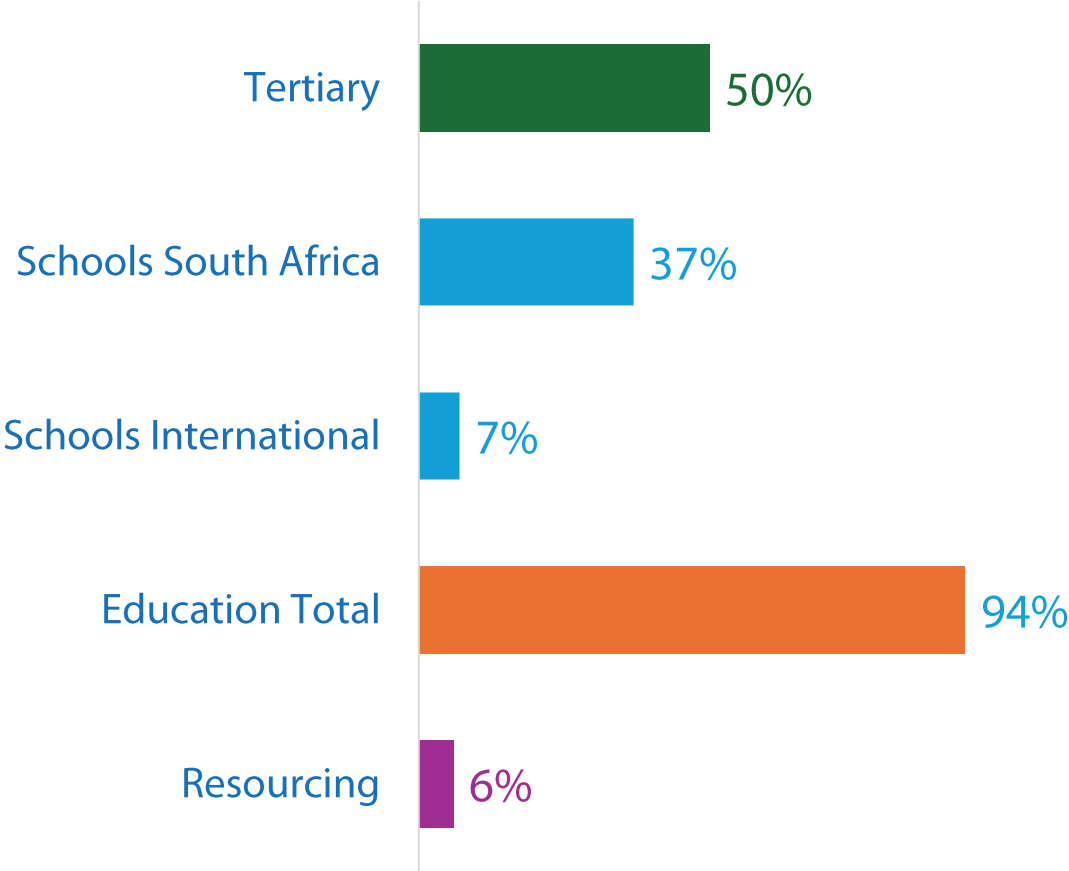
2024 Revenue and Profit Breakdown



Revenue



Operating Profit

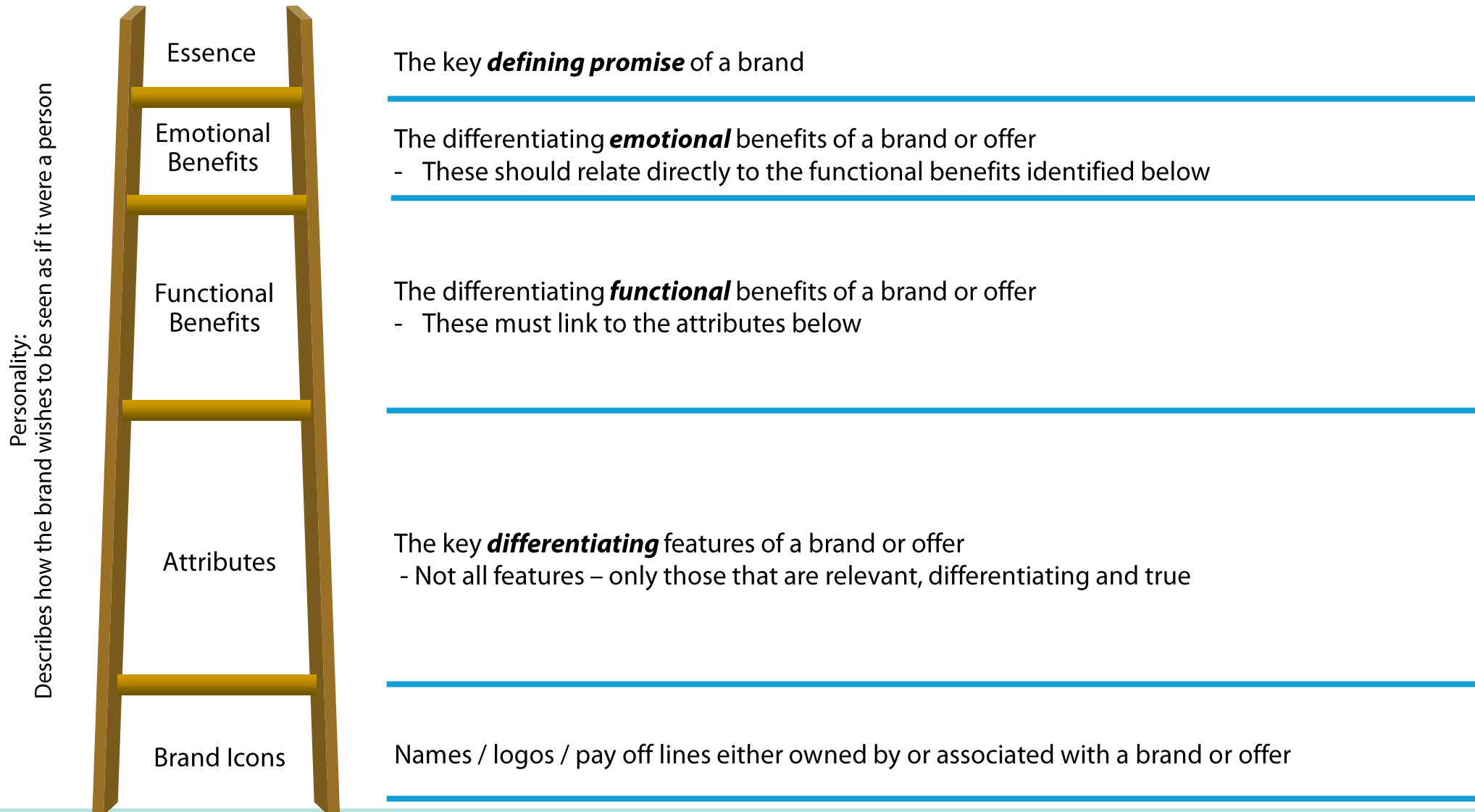


We will lead in every market segment in which we choose to operate.

We will become the employer of choice in the Education and Resourcing sectors.

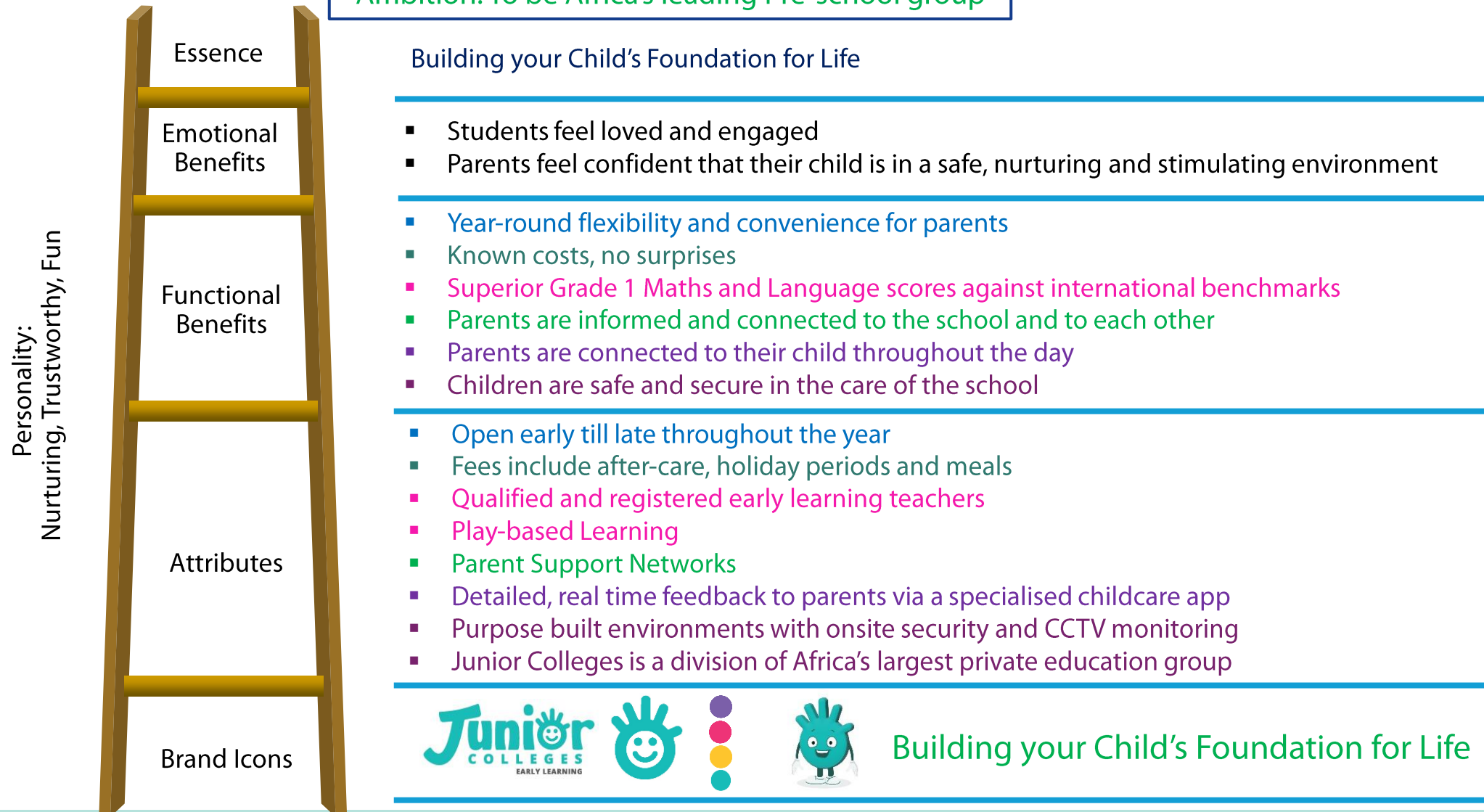
Strategy Process





Brand Ladder Model Example – Junior Colleges

Ambition: To be Africa's leading Pre-school group



- Segment Leadership Ambition
- Target market description, growth trends
- Demographic and market trends - including the balance of supply and demand in the sectors where we operate
- SWOT Analysis
- Competitor Review

↑ Brand Positioning ↓

- Strategy: How we will leverage our strengths vs the competition to achieve our ambition
- 5 and 10 Year Commercial Ambition – Real Estate expansion, Enrolments, Revenue, Margin, EBIT

Disciplined Capital Allocation Will Continue

Ideal Capital Structure

- Negative Working Capital: 15%
- Equity: 40%
- Debt: 45%

Capital Structure End 2023

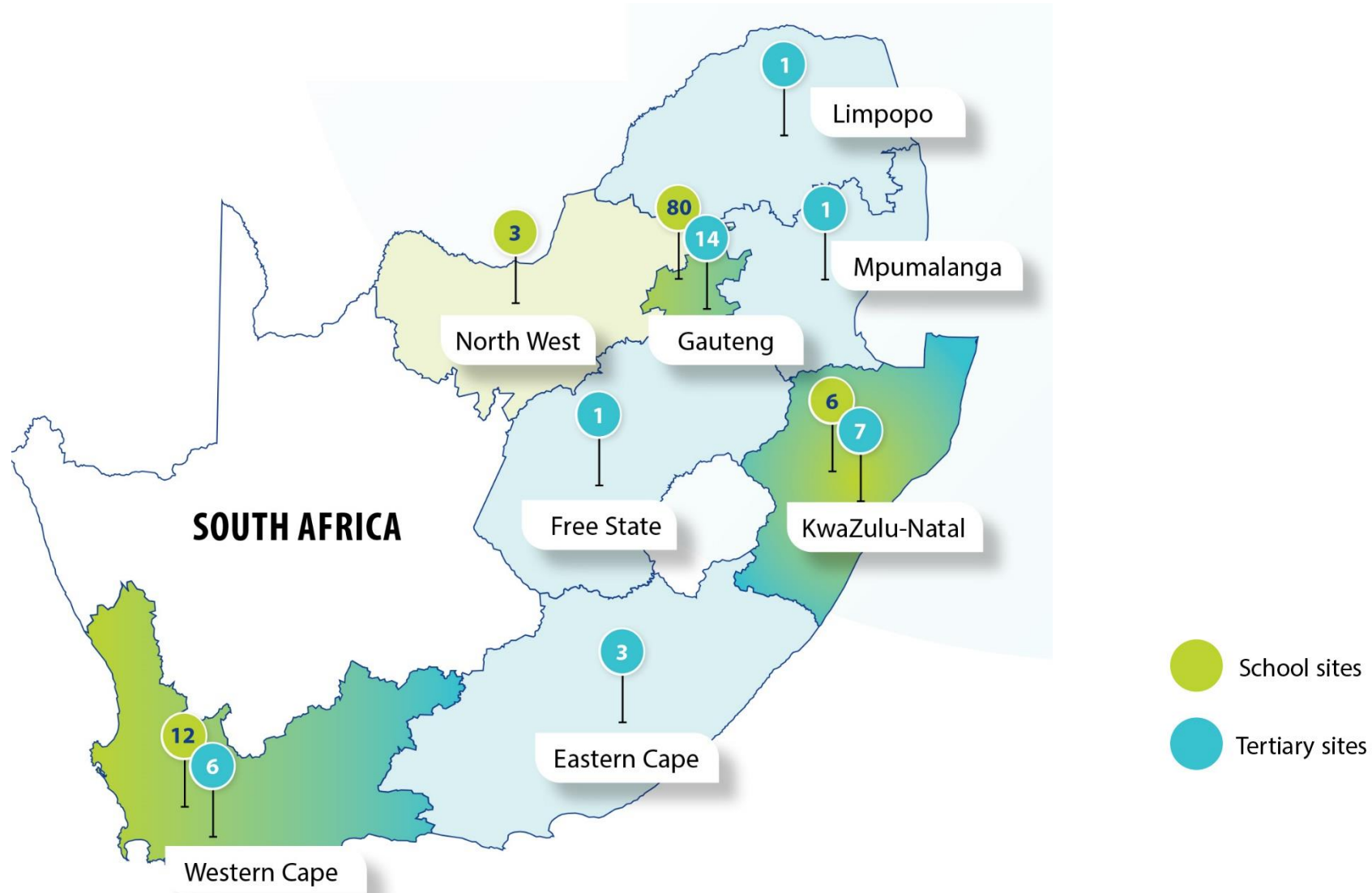
- Negative Working Capital: 14%
- Equity: 58%
- Debt: 25%

- Business is strongly cash generative
 - We are continually looking for attractive investment options that meet our rigorous criteria
 - Dividend cover has been reduced from 2.4x to 2.0x
 - Future excess cash may be distributed in the form of increased dividends, special dividends or share buy backs

Education Strategy



Our Education Footprint in South Africa



Significant synergies exist across our Schools and Tertiary Divisions:

- **Group Shared Services** – centralising procurement, transactional processing and account management
 - Delivering significant cost savings, facilitating margin improvement / further brand investment
 - Efficiencies ~50% realised to date
- **Marketing** – creating winning brand propositions/communication, leveraging scale & optimising pricing strategies
 - Steve Miller appointed as Group Executive, Brand and Strategy in June 2024
 - Former Group Marketing Director of both AVI and Tiger brands and global Innovation Director for SAB-Miller
- **HR** – leveraging our scale and investment in training and career development to attract and retain the best people
 - We are committed to becoming the employer of choice in the education and resourcing sectors
- **Central Academic Team** – delivering superior academic outcomes across our schools and tertiary institutions
 - Our 160 strong team:
 - Design and review qualifications and curricula
 - Develop and integrate technology and processes that enhance teaching and learning (including AI)
 - Run world class teacher and educational leadership development programmes
 - Share best practice through a programme of summits, local and international conferences and online seminars
 - Publish an accredited academic research journal

To maximise ADvTECH's academic advantage
in both the schools and tertiary divisions

To be internationally recognised as leaders
in academic thought and practice

Maximising Academic Advantage

1

Ensure national and international accreditation, academic governance, and a structured approach to quality assurance

2

Manage matrix compliance requirements for schools. Optimise curriculum design

3

Elevate teaching practices

4

Create and integrate systems to improve learning outcomes

5

Provide institutional research that supports decision-making, planning, policy formation, and goal setting

6

Elevate the standing of our tertiary divisions through academic research and quality enhancement initiatives

7

Create and optimise academic support systems

SA Schools Strategy



Tailwinds

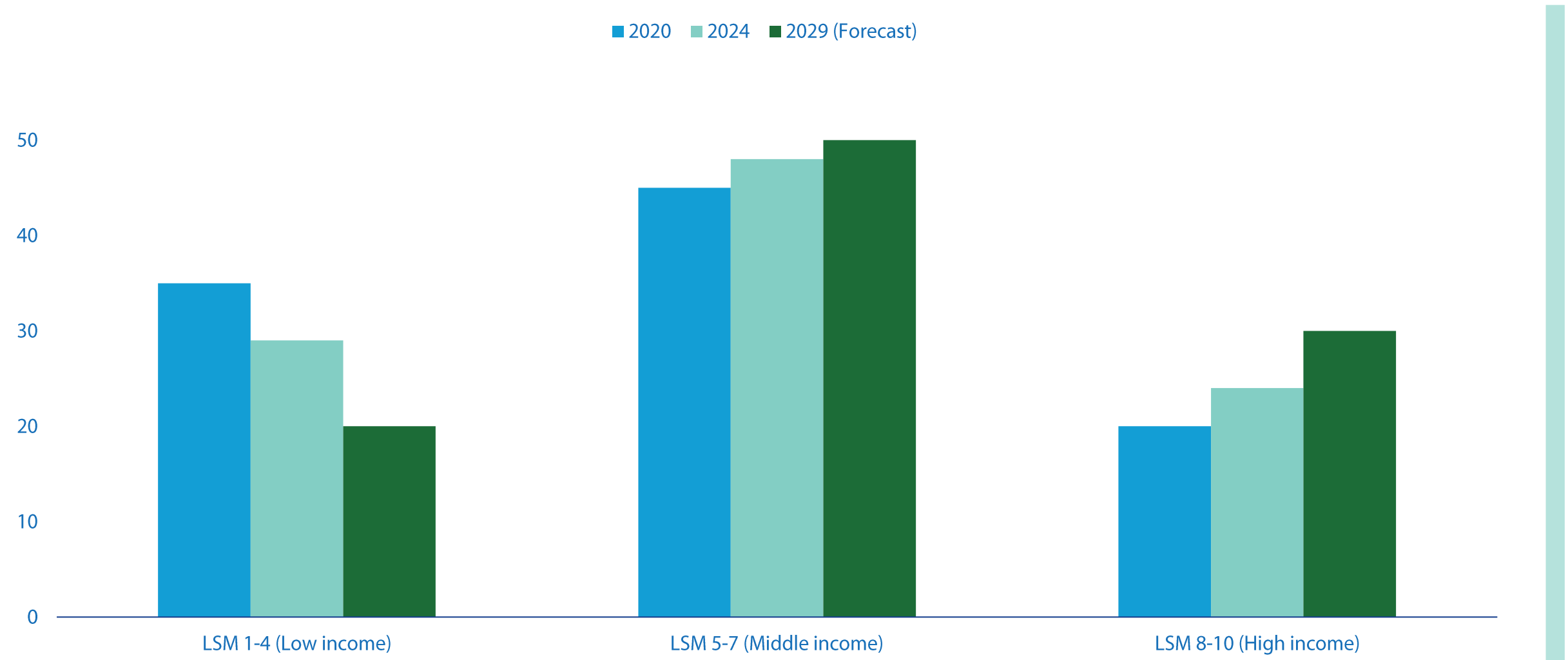
- Long term: Growth of our middle & high-income target markets
- Short term: Improvements in consumer and business sentiment, interest rates coming down

Headwinds

- Long term underperformance of South African economy, emigration
- Highly competitive market

- We are focused on creating, delivering & communicating winning propositions for all our brands
 - Superior academic outcomes
 - Life skills
 - Excellent student experiences
- Delivering consistent high quality in every brand is paramount
 - We flex our subject and extracurricular choices in line with price points
 - We will continue to drive affordability through increases in line with, or slightly below inflation
- Our well-established portfolio covers all the most valuable areas of demand
 - Focused to expansive subject and extra-curricular choices
 - Traditional to liberal
 - Early learning
 - Specialised academic support and assisted learning
 - Online

Population Growth Trends By Income Level



Source: Conversation Lab

118 schools | 44,000 students | 4,660 staff

Progressive/ Modern



Crawford
International

27
Schools

Traditional/ Holistic



TRINITYHOUSE
Pre-Primary • Preparatory • High

20
Schools

Mid-Fee



Makini Schools
Preschool | Primary | High



52
Schools

Specialised Academic
Support and Assisted
Learning



11
Schools

Early Childhood
Development



5
Schools

Online/
Homeschooling



3
Schools

SA Schools Brand Portfolio / Matric Price Points



Crawford International School:
R162,000



The Bridge Assisted Learning
School: R158,000



Trinityhouse:
R127,000



Pinnacle College:
R90,000



Abbotts College:
R86,000



Evolve
R42,000

Systems Supporting Academic Excellence



AD[✓]LEARN

- Covers Maths, Math Literacy and Science
 - Tracks student homework and usage
 - Generates personalised learning pathways
 - Provides immediate teacher feedback – at class & individual level
-
- Data-driven AI builds individually focused assessments
-
- System generates real-time dashboards providing insights into teaching and learning effectiveness





- Adaptive assessments in Mathematics and English skills
 - Provides data on student ability and sets growth goals
 - Highlights student's gaps and strengths
 - Creates personalised learning plans to close gaps
-
- Year end assessments measure each student's growth and whether goals have been achieved
-
- System tracks performance across all our schools and against international norms



2023 Schools Academic Results

Independent Examination Board (IEB) Results

Matric pass rate
ADvTECH IEB students
100%

Bachelor degree pass rate
ADvTECH IEB students
93%

SA Curriculum Students

2,669
distinctions

Average of
2 distinctions
per student

Cambridge International students

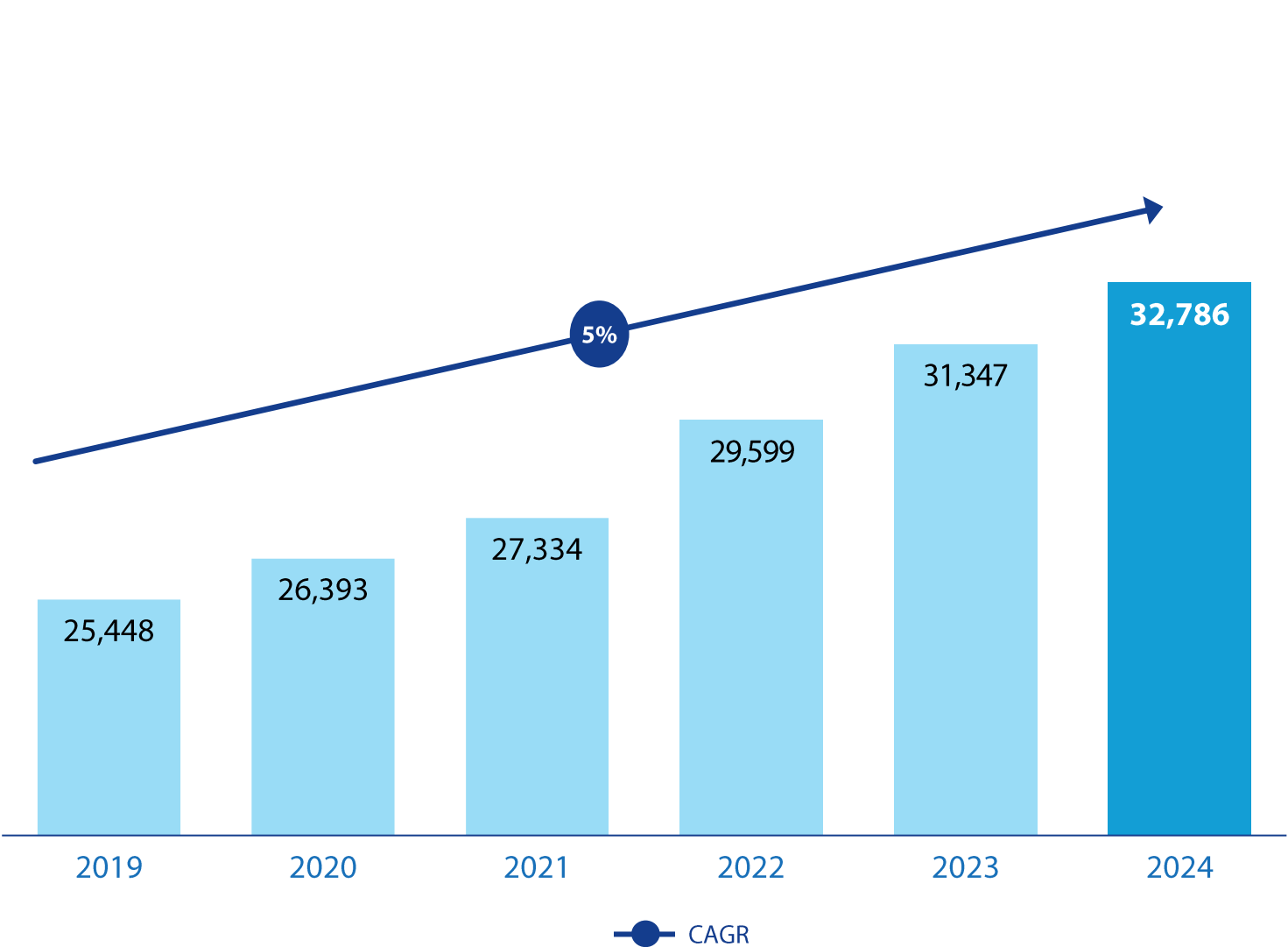
327
distinctions

100%
of Crawford International
A-Level students
were accepted into
international universities



Excluding Abbots College

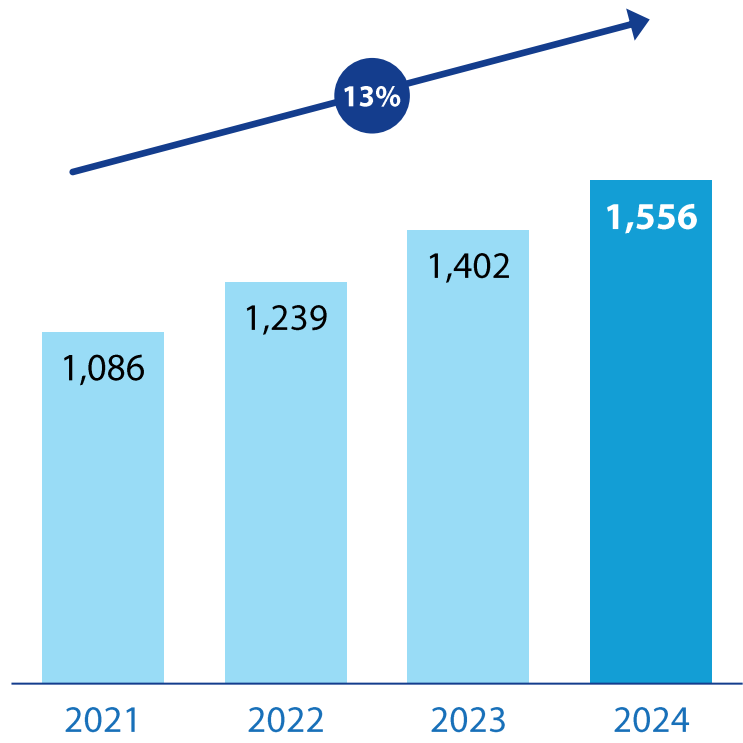
Schools Enrolments South Africa – February 2024



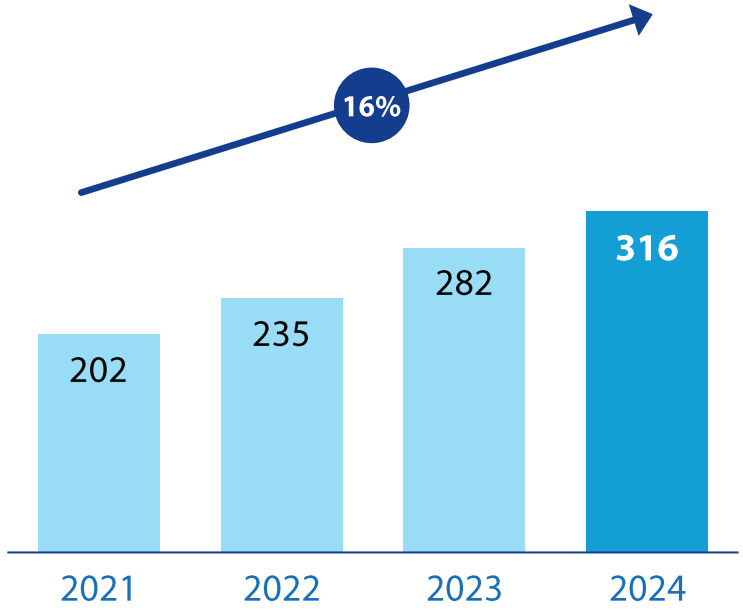
Schools – South Africa H1 FY2024



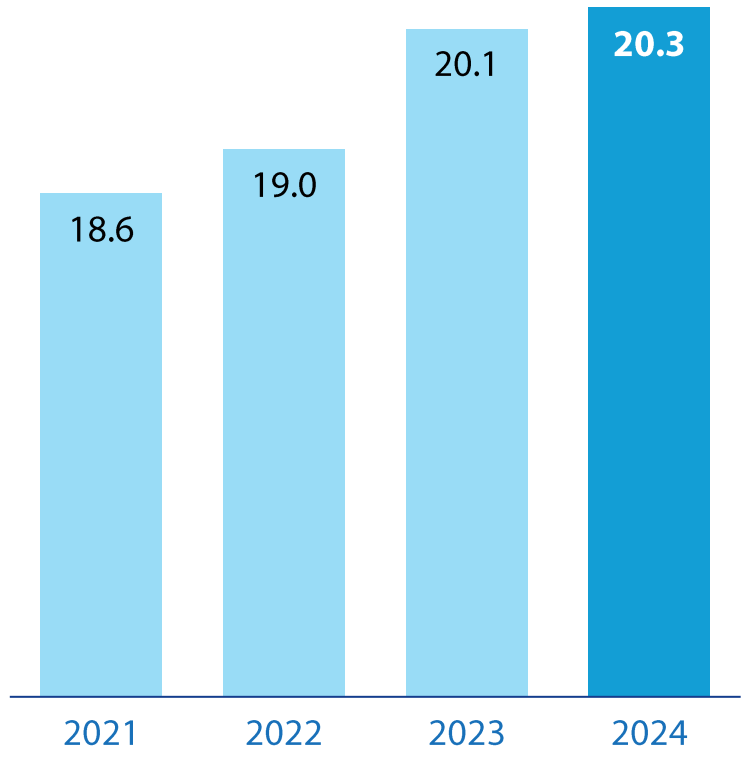
Revenue (R'm)



Operating Profit (R'm)

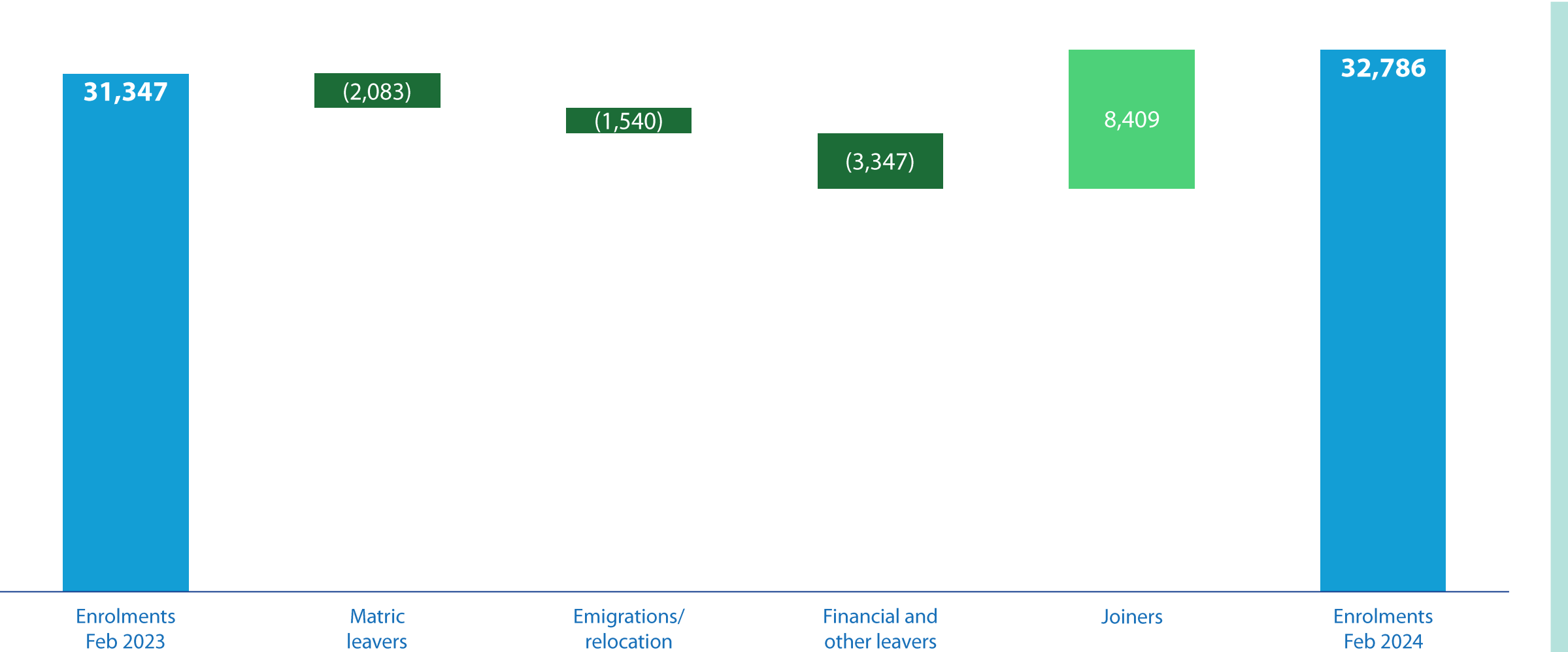


Operating Margin (%)



● CAGR

SA Schools Enrolment Movement – 2024 vs 2023





GNU
Generating measured optimism

Western Cape
Showing what is possible



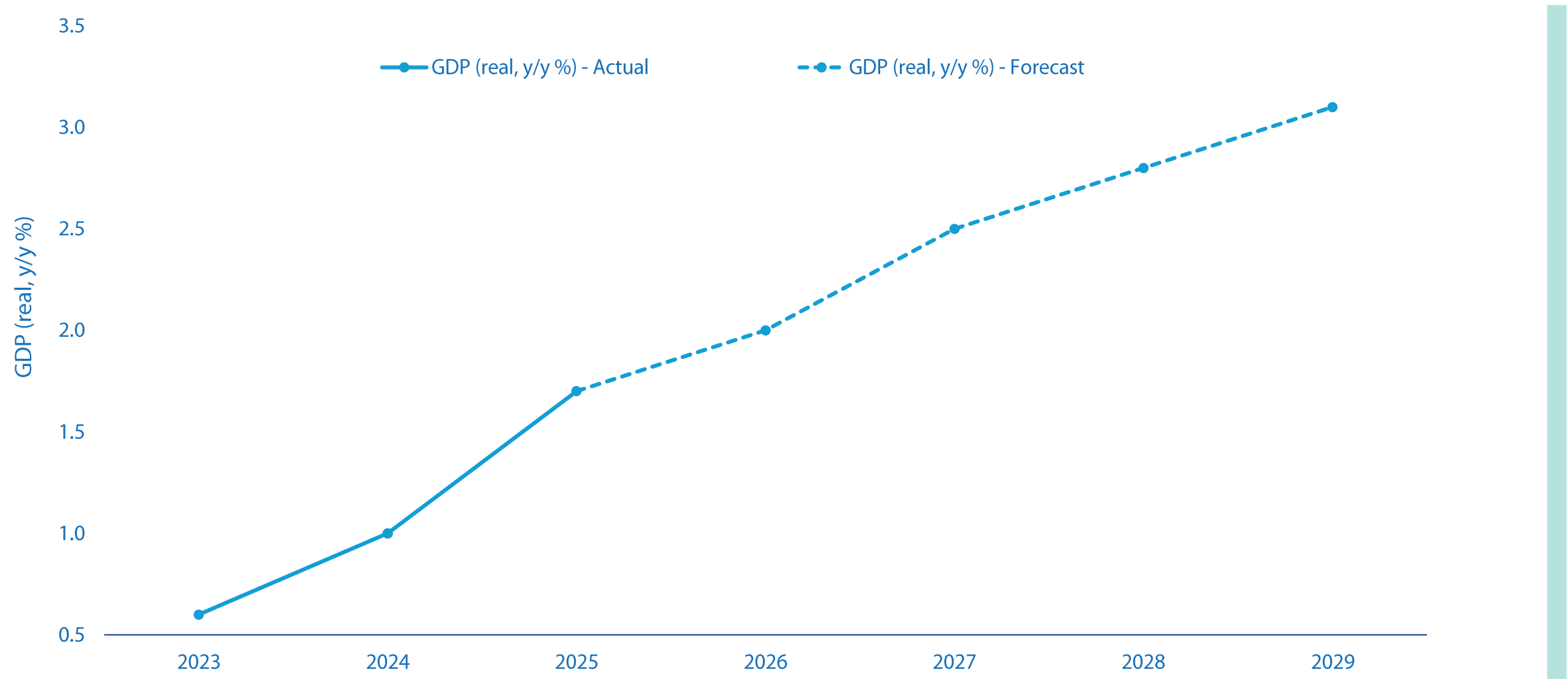
GNU attracts positive reaction as S&P revises SA's outlook

According to S&P, the decision to revise South Africa's outlook reflects the agency's view of increased political stability.



FILE: Finance Minister Enoch Godongwana. Picture: @TreasuryRSA/Twitter

GDP Over Time



Source: Investec Macro Economic Outlook

SA Schools Strategy - Focus Areas

We will:

Leverage our Central Academic Team and AI systems to further strengthen academic advantage

Realise further cost efficiencies through Group Shared Services

Deliver and communicate compelling brand propositions across our portfolio

Grow margins and operating profit through scale leverage, avoiding aggressive price increases

Become the education sector employer of choice to attract and retain the best teachers and academic leaders

Elevate the quality of our Marketing, leveraging our skills and buying power to build even stronger brands

Accelerate our new school build programme should there be a sustained improvement in the SA economy

- We believe there are footprint growth opportunities for all our brands
- We are addressing our current under-representation in the Western Cape

Tertiary Strategy



Tertiary Division – South Africa

33 campuses | 53,000 students | 4,000 staff



9 Campuses

- Higher certificates
- Diplomas
- Degrees
- Postgrad to masters

-
- Face-to-face
 - Distance - online



9 Campuses

- Higher certificates
- Diplomas
- Degrees
- Postgrad degrees

-
- Face-to-face
 - Distance – online



4 Campuses

- Higher certificates
- Diplomas
- Degrees
- Postgrad to doctoral

-
- Face-to-face
 - Distance – online



8 Campuses

- Vocational
- Higher certificates
- Diplomas
- Degrees

-
- Face-to-face
 - Distance – online



1 Campus

- Vocational
- Higher certificates
- Diplomas
- Short courses

-
- Distance – pack and post

Tailwinds

- Long term
 - Growth of our middle & high-income target markets
 - Significant and growing shortfall in the supply of state university places
- Short term
 - Improvements in consumer and business sentiment, interest rates coming down
 - University status is closer than ever

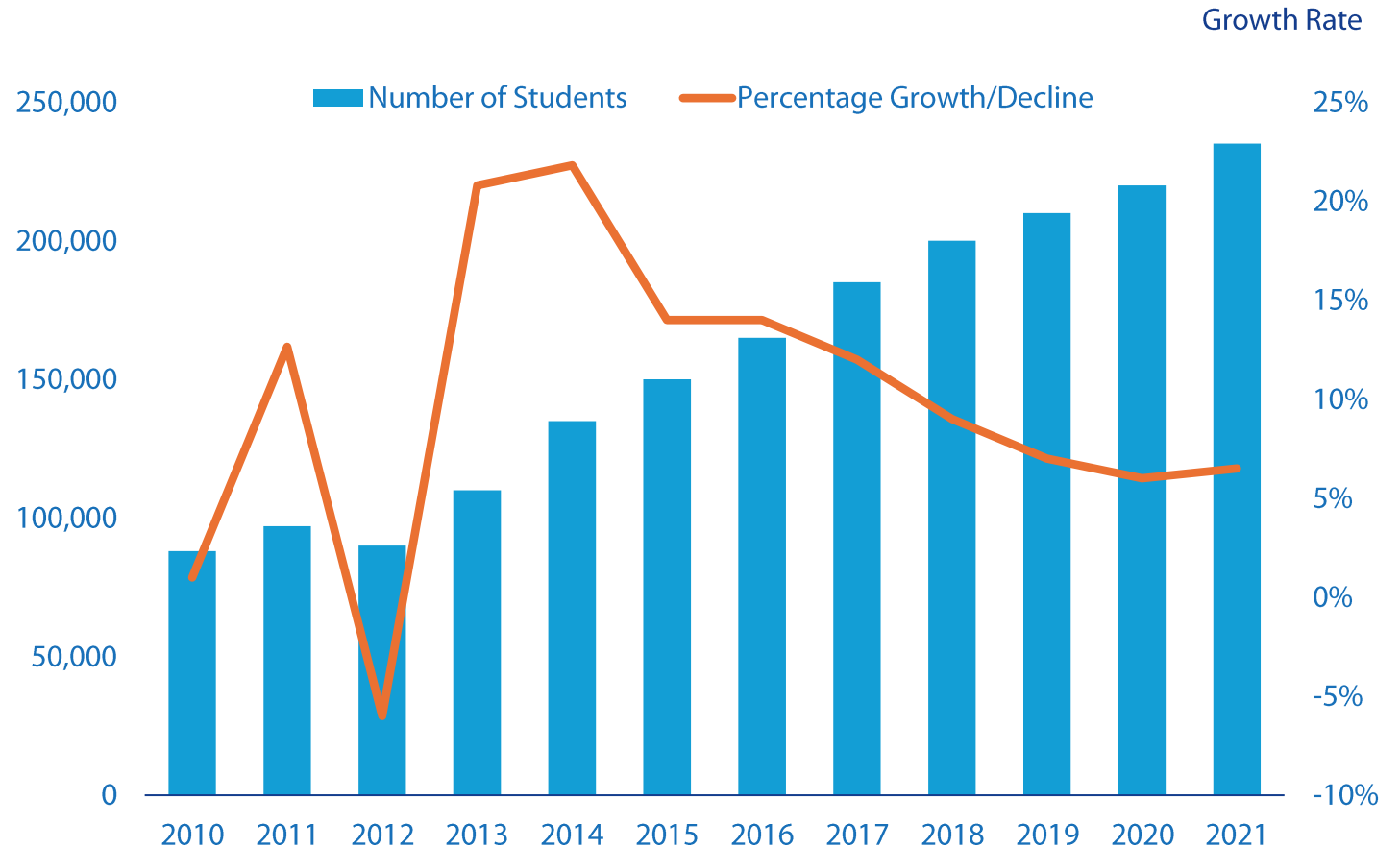
Headwinds

- Long term underperformance of the South African economy

- We are focused on creating, delivering & communicating winning propositions for all our brands
 - Superior academic and employment outcomes
 - Work readiness, career support
 - Excellent student experiences
- Our well-established portfolio covers all critical areas of demand
 - Mainstream to niche qualifications and vocational courses
 - A broad range of price points
 - Distance

Private Higher Education Sector Growth 2010 - 2021

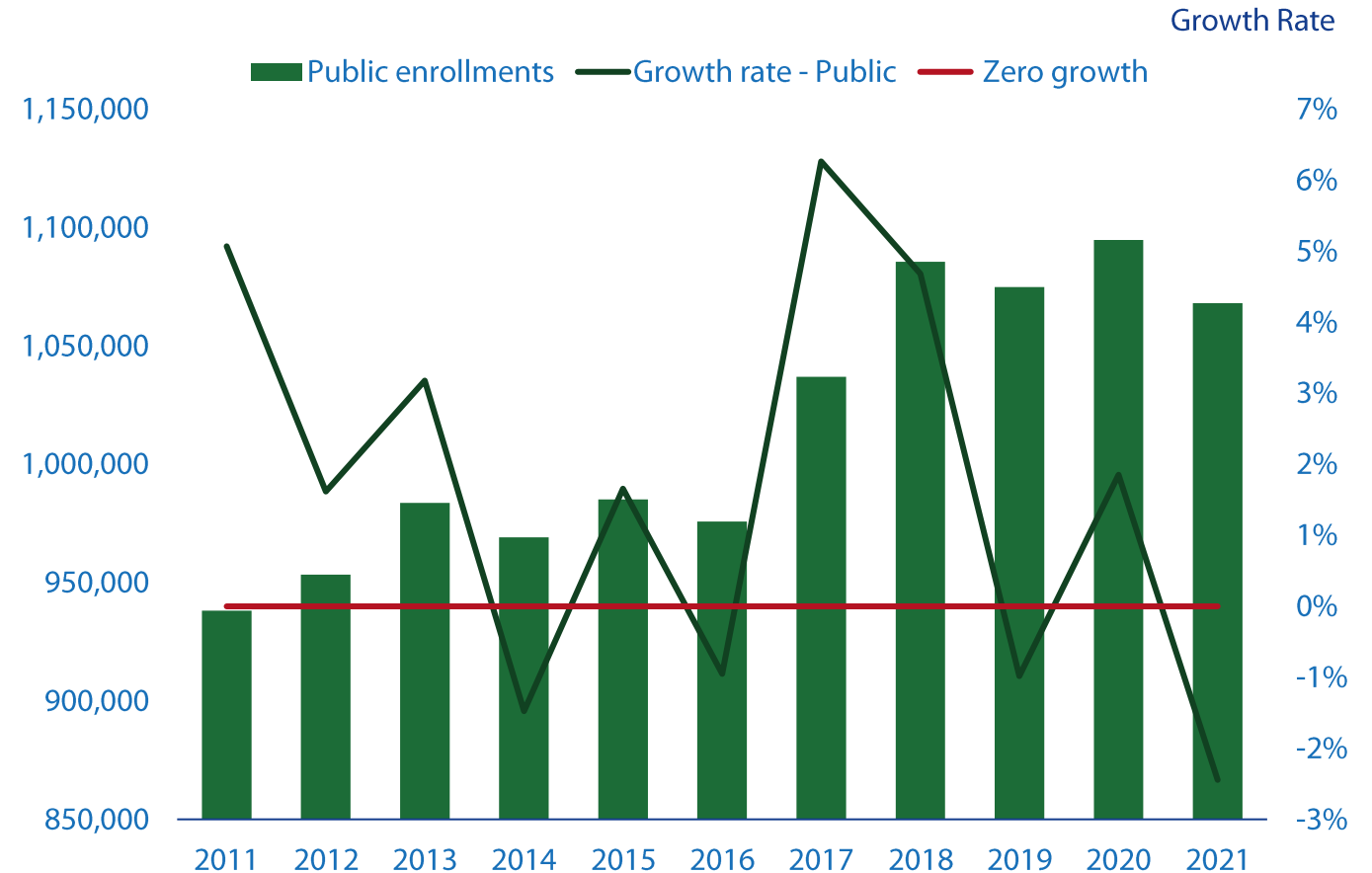
- Private student numbers continue to grow strongly – nearly tripling between 2010 and 2021 to 235,000
- More recently, they are increasing at between 6% and 7%, off an ever-higher base
- The sector is being driven by demographic growth and a constrained public university system



Public Higher Education Sector Growth 2011 - 2021

- Public university student numbers declined by 2% between 2018 and 2021
- Growth was negative in 2019 and 2021
- Public places are holding at just below 1.1 million
- To meet the NDP's 2030 Higher Education enrolment target, assuming no increase in public sector capacity, private sector places would have to increase by 300,000
- If the public sector matched their growth rate for the last 10 years (1.3% p.a.) private sector places would still have to grow by 167,000

Public tertiary enrolment



Tertiary Brand Portfolio / Price Points



Rosebank College:
R16,000 – R50,000



Varsity College:
R28,000 – R110,000



Vega:
R86,000 – R138,000



Oxbridge:
R4,100 – R37,600



Hospitality School:
R45,000 - R71,000

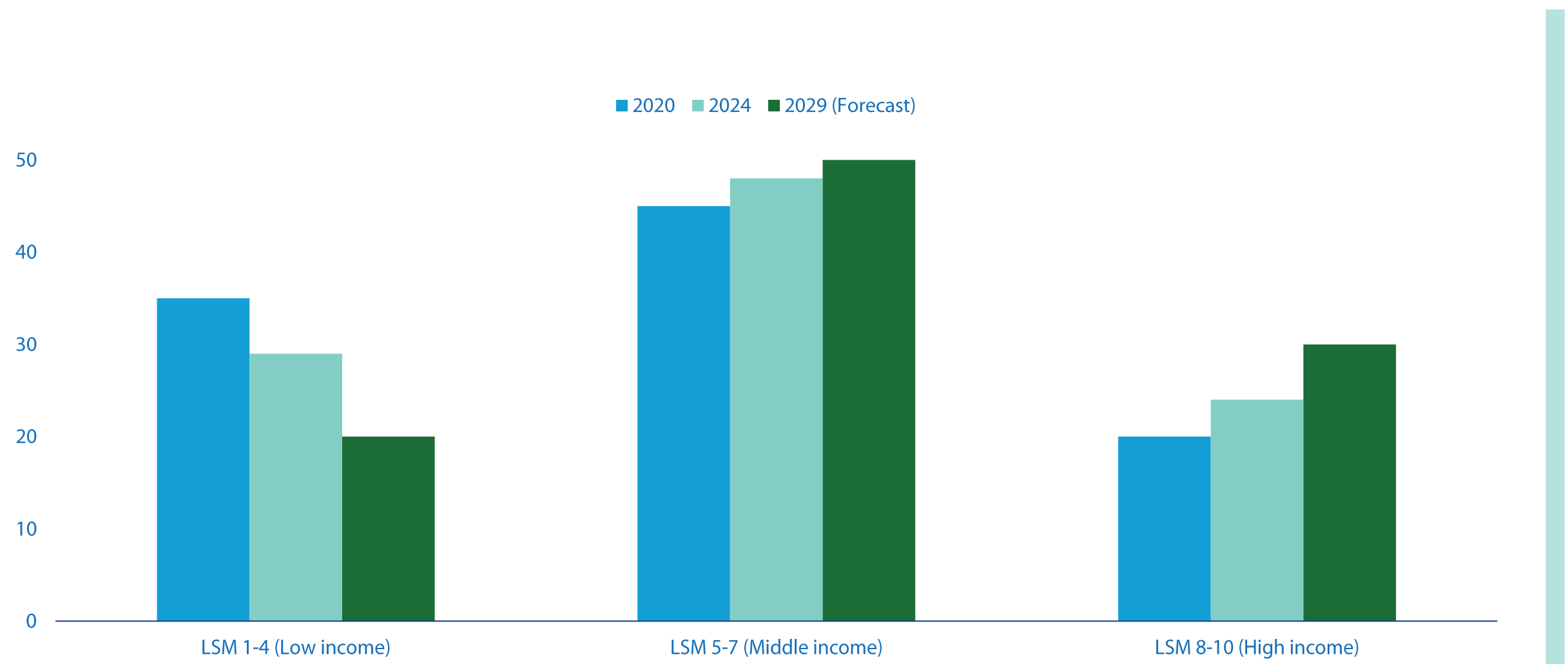


Capsicum:
R24,000 – R90,000

- Target Market: LSM 8-10
- Ambition
 - To cement Varsity College's position as South Africa's leading private university, producing the country's most employable graduates
- Positioning
 - Varsity College maximises student academic potential through superior teaching and support systems in safe, optimally equipped campuses in prime locations

- Target Market: LSM 4-7
- Ambition
 - To be the largest and most respected university in Africa
- Positioning
 - Rosebank College fast tracks students' careers through a range of affordable, employment focused qualifications, delivered by highly skilled lecturers in easily accessible campus locations

Population Growth Trends By Income Level (Reminder)



Source: Conversation Lab

Faculty Breakdown: Varsity College / Vega

Faculty of Commerce

Dean: Management Studies
Dominique Nupen

Student
numbers
7,482

Faculty of Education

Dean: Education
Susan Friederichs van Harmelen

Student
numbers
4,520

Faculty of Humanities

Dean: Humanities
Cindy Christian

Student
numbers
3,601

Faculty of Science & Technology

Dean: Computer Science
Sarina Till

Student
numbers
4,471

Faculty of Law

Dean: Law
Fiona Kaplan

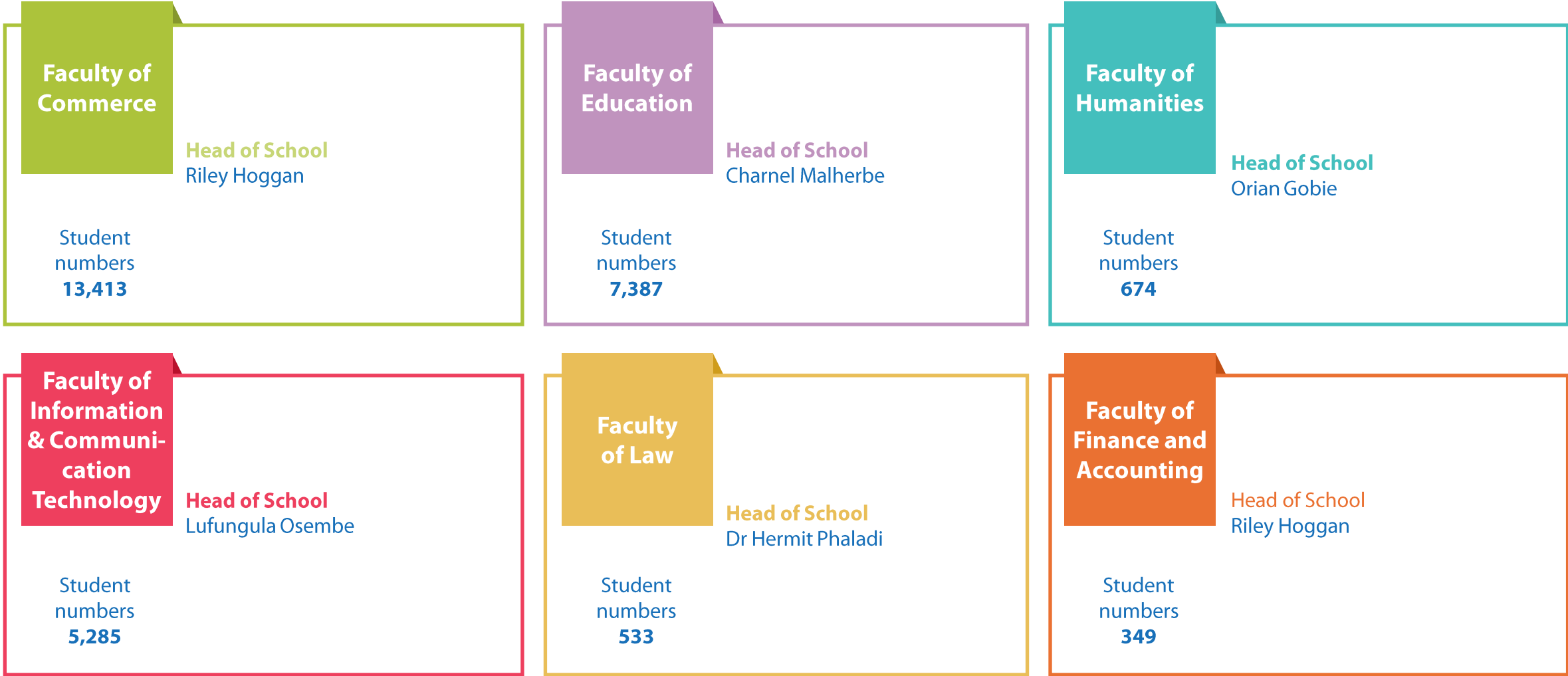
Student
numbers
4,566

Vega School

Dean: Vega School
Dr Ria van Zyl

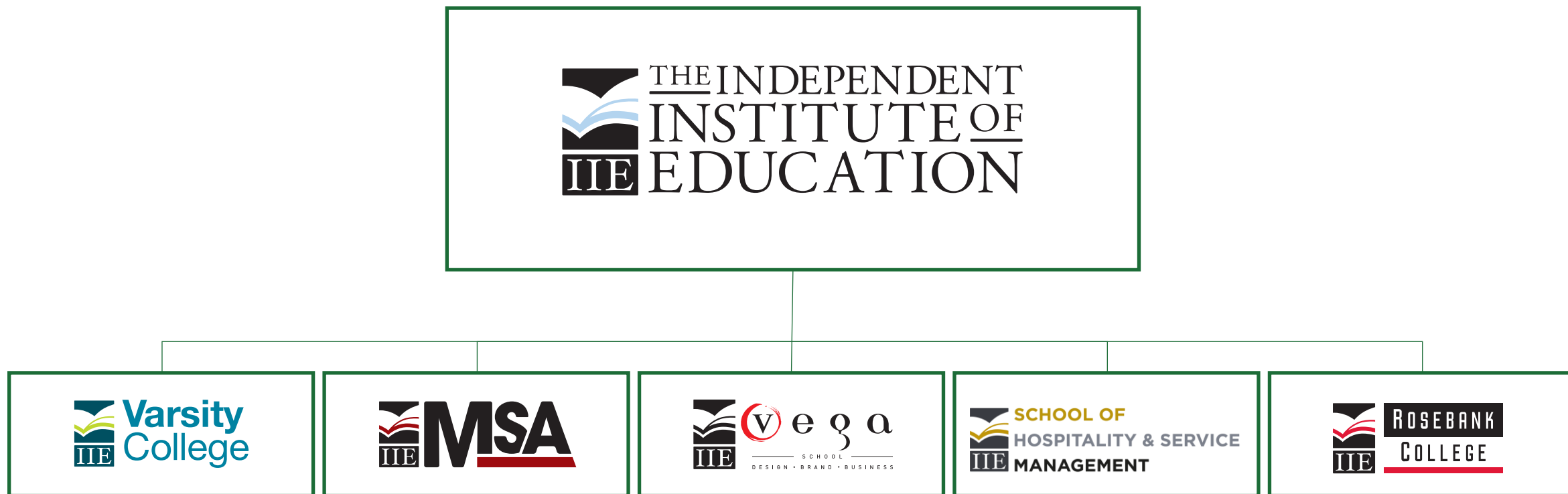
Student
numbers
3,026

Faculty Breakdown - Rosebank College

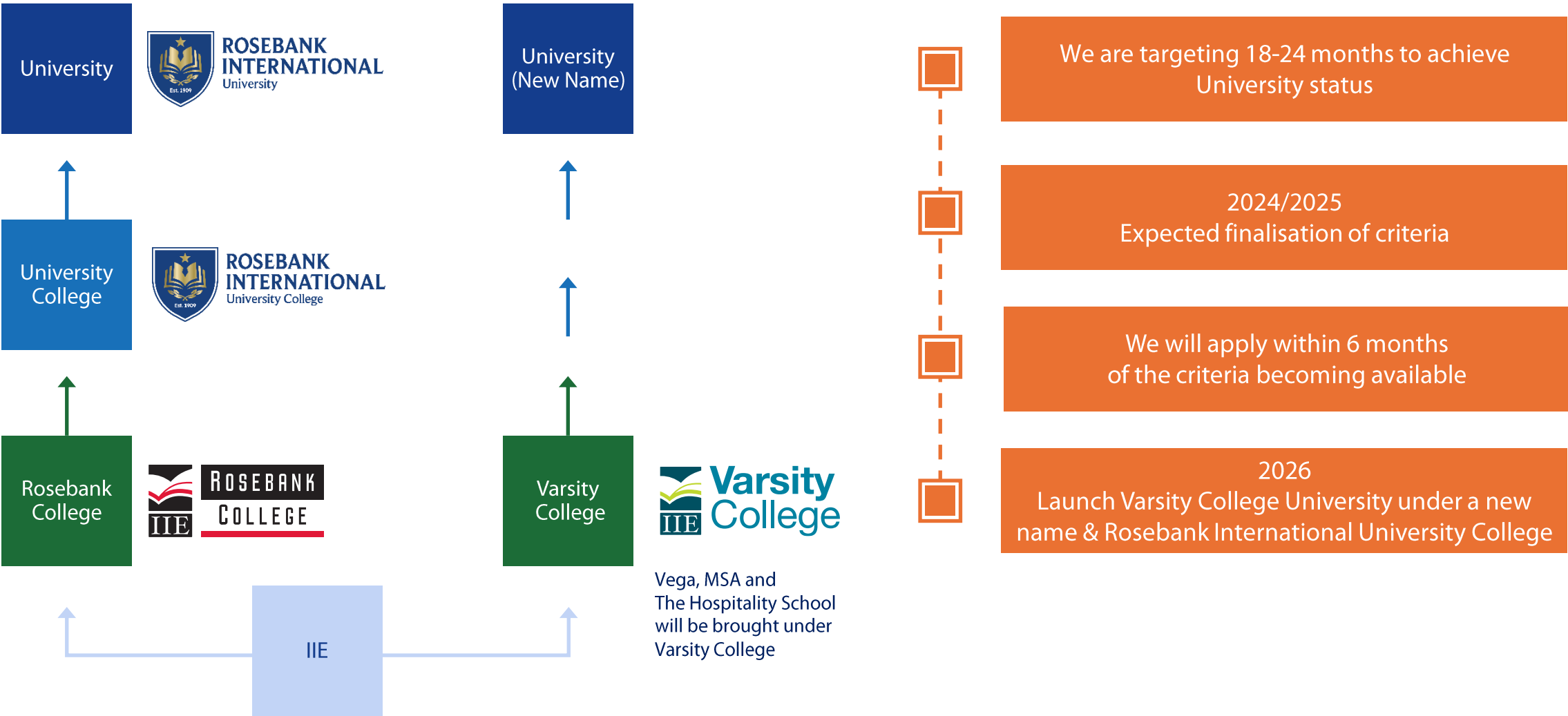


Current Brand Structure

All higher education students register, are assessed and are certified by The IIE – regardless of brand/campus name

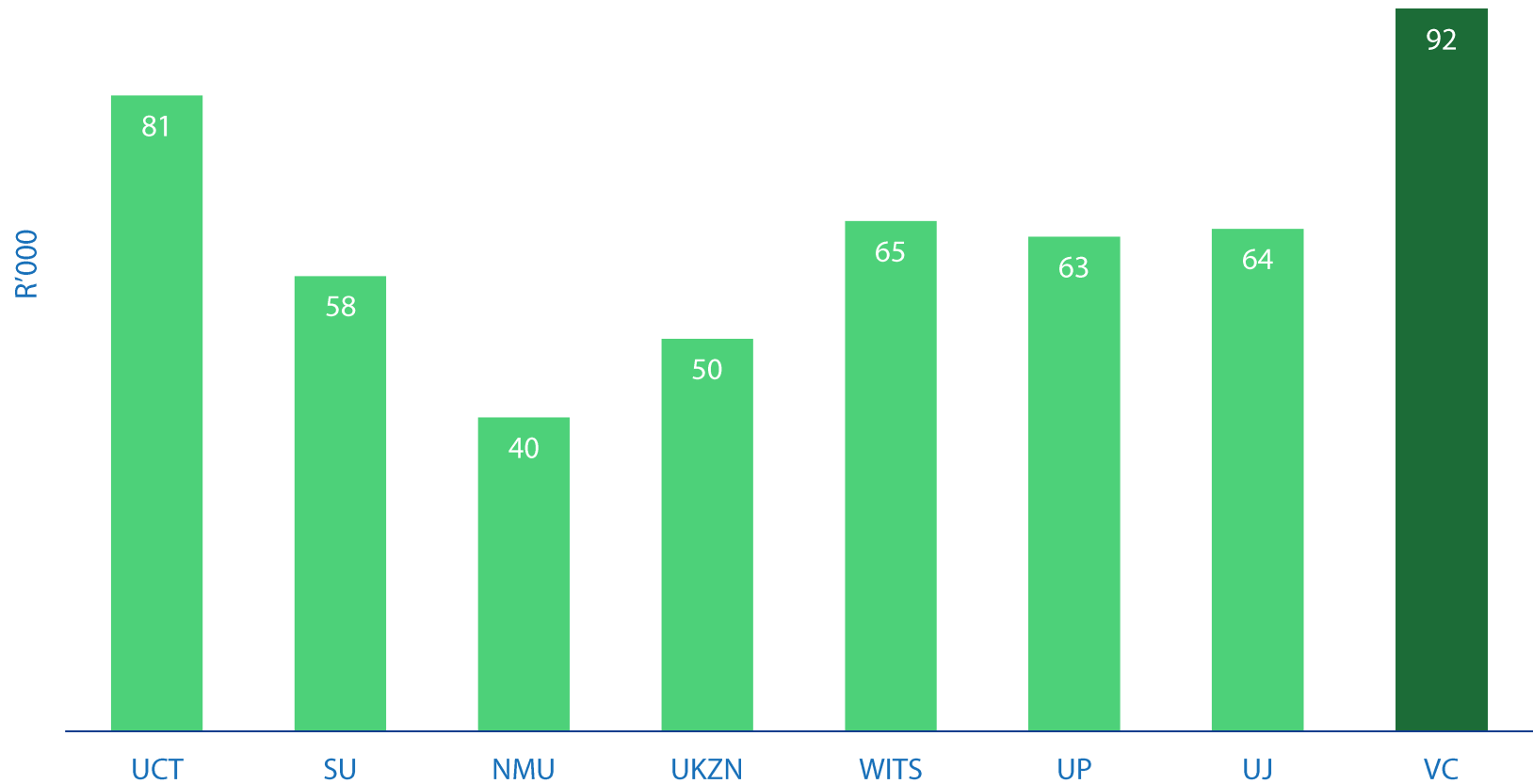


Path to University Status



Contact Price Comparison – Varsity College vs Public Universities

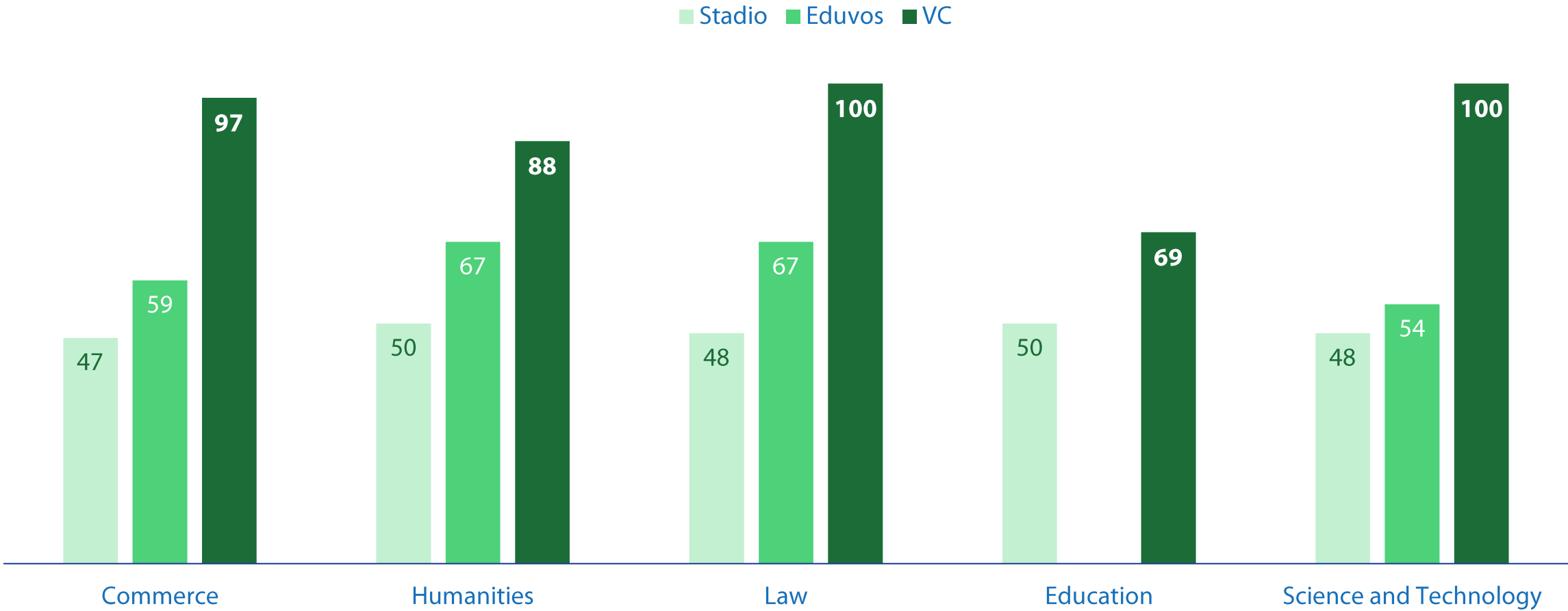
Average Price per Institute for Degree Courses



Despite R30k government subsidies per student, the price gap is narrowing between Varsity College and the public Universities

Contact Price Comparison – Varsity College vs Private Tertiary

Average Price per Institute by Faculty



Vs Public Universities

Where we are winning

- ✓ Teaching and learning
- ✓ Security
- ✓ Student support and development
- ✓ Career services

Where we are losing

- ✗ Range of qualifications
- ✗ Level of academic staff, research
- ✗ University status
- ✗ Extra-curricular facilities
- ✗ Price

Vs Private Tertiary

Where we are winning

- ✓ Student experience
- ✓ Range of qualifications
- ✓ Quality of teaching and learning
- ✓ Reputation
- ✓ Career services

Where we are losing

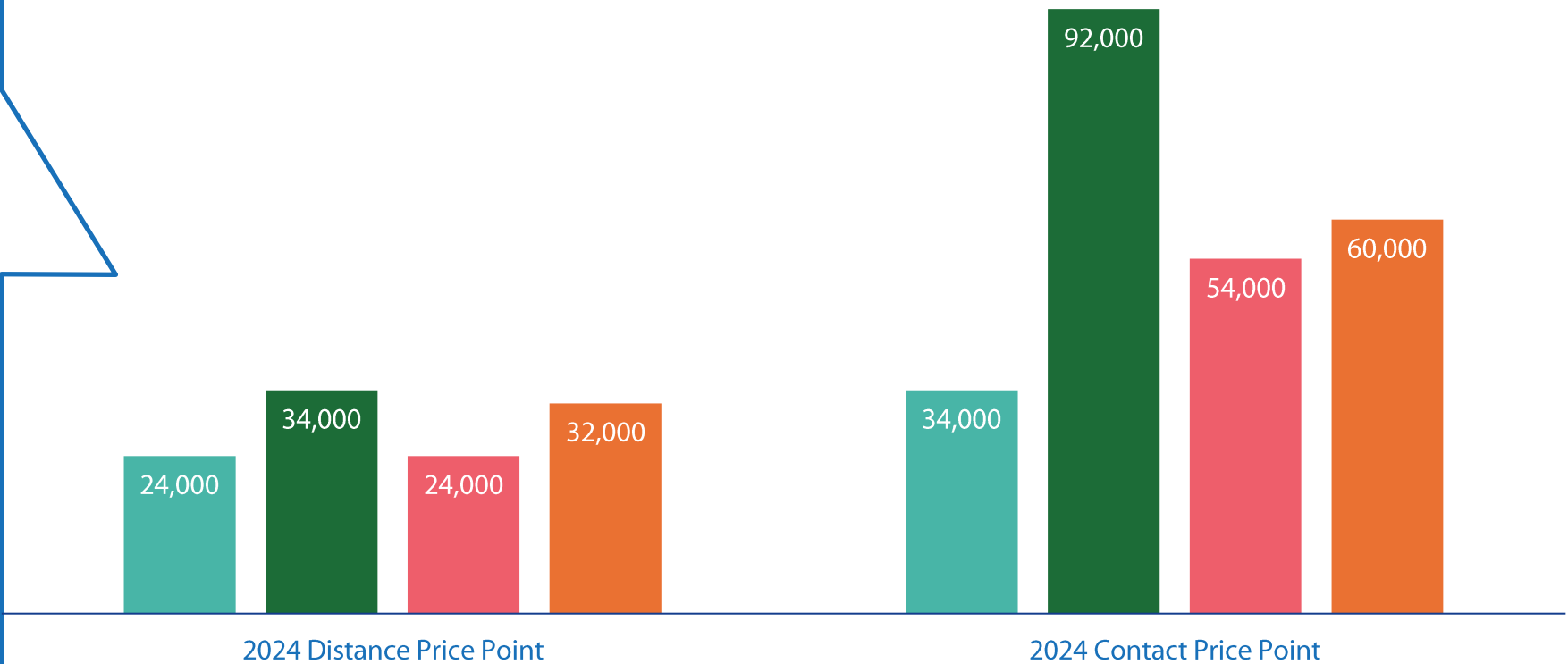
- ✗ Price
- ✗ Access (entry criteria)

- We are highly advantaged vs private competitors
- We have some significant advantages over the public universities



2024 Price Point Analysis

Rosebank College Varsity College/ Vega Other Privates Publics



- Distance price differentials:
 - R 10k vs Varsity College/Vega
 - In line with key private competitors
 - R 8k vs public universities
- Contact price differentials:
 - R 58k vs Varsity College/Vega
 - R 20k vs key private competitors
 - R 26k vs public universities

Publics: Average contact undergrad and distance fees for UJ, Wits, UP, UKZN, and Stellenbosch
Other Privates: Average contact undergrad and Distance fees for Stadio and Eduvos

Vs Public Universities

Where we are winning

- ✓ Minimum completion times
- ✓ Affordability
- ✓ Student support and development
- ✓ Smaller class sizes
- ✓ Campus Safety

Where we are losing

- ✗ University status
- ✗ Campus facilities
- ✗ Range of academic offerings - limited postgraduate options
- ✗ Research output and lecturer qualification levels

Vs Private Higher Education Institutions

Where we are winning

- ✓ Minimum completion times
- ✓ Affordability (contact)
- ✓ Academic reputation
- ✓ Campus safety & facilities
- ✓ Career services

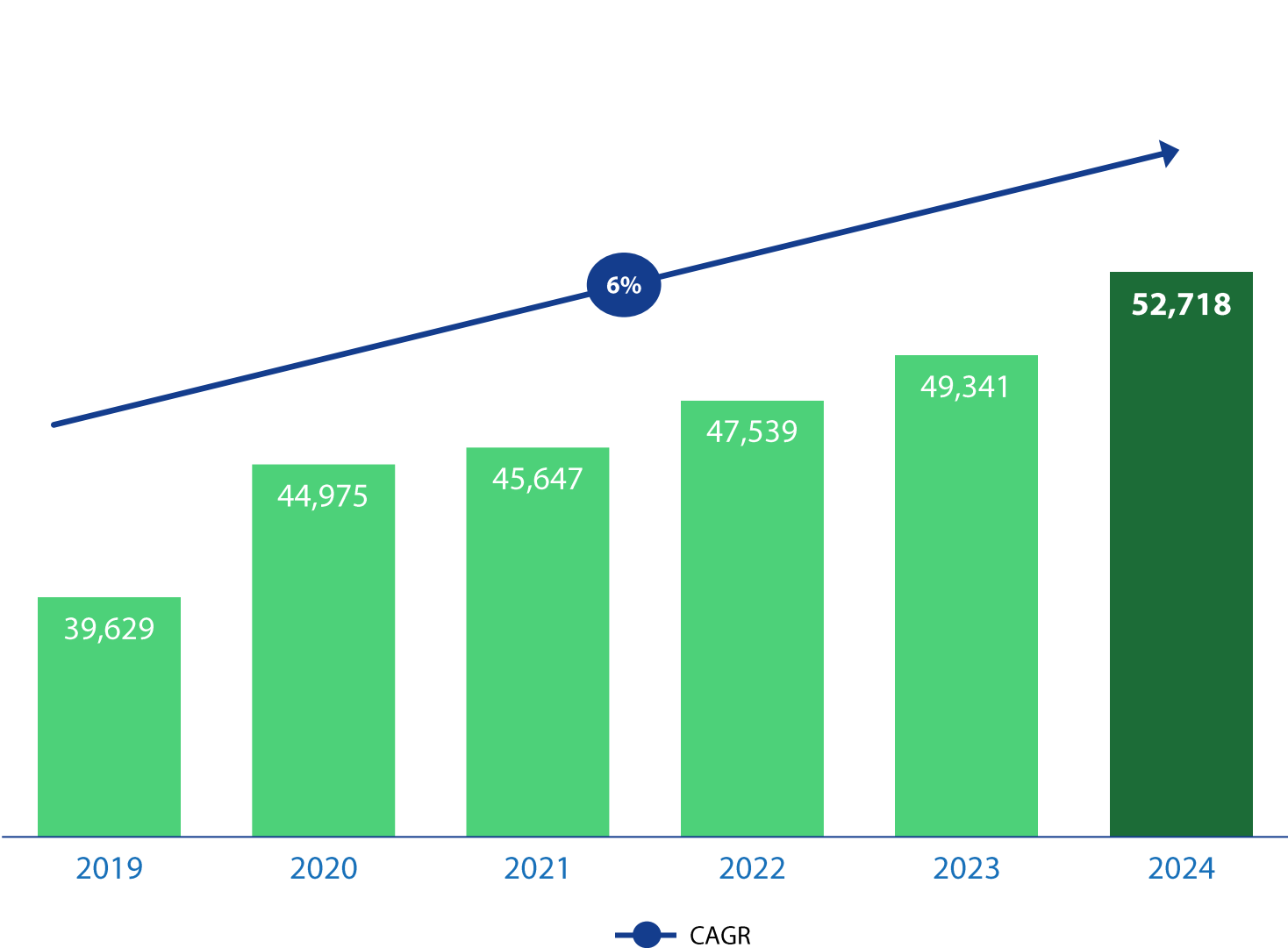
Where we are losing

- ✗ Support centres for Distance

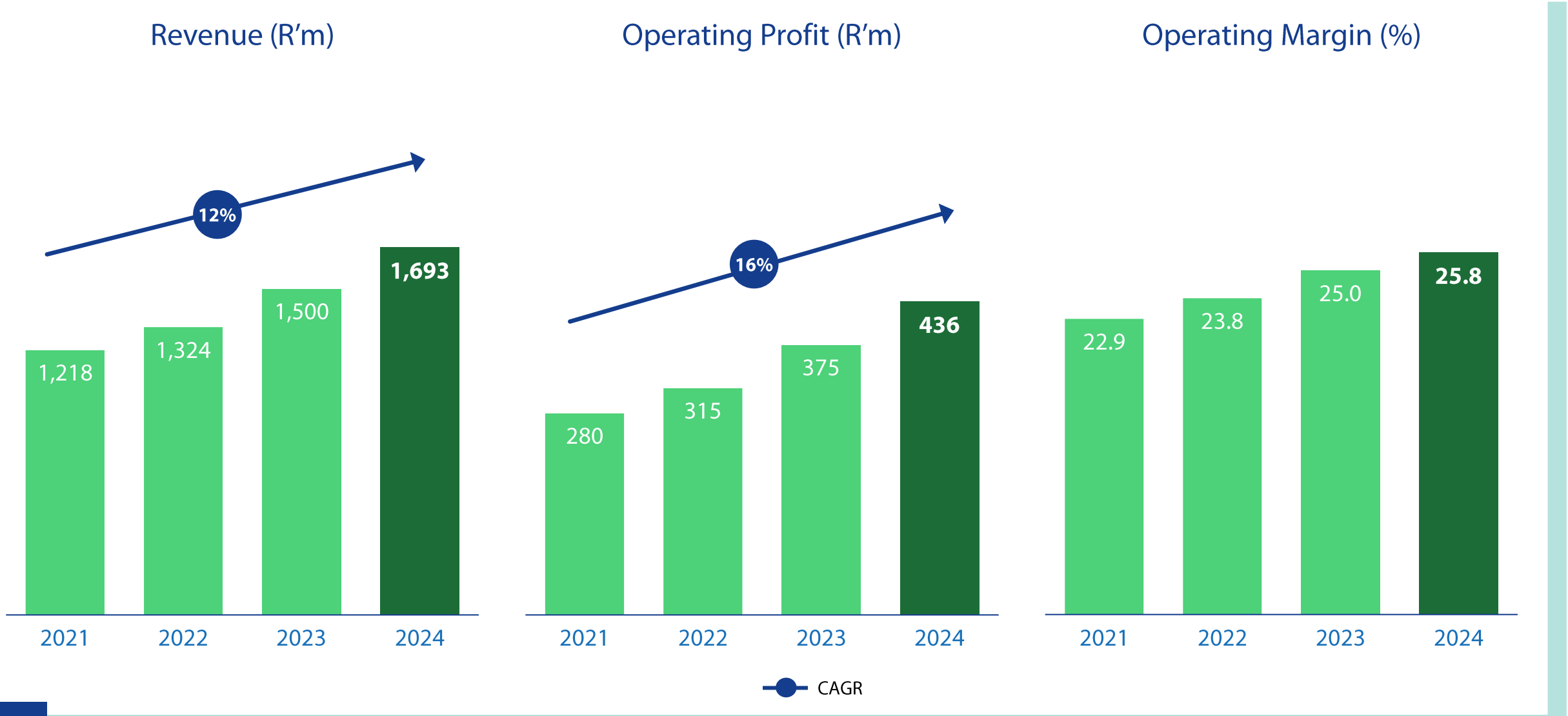
- We have a significant price advantage in contact over our public and private competitors
- Distance is a big opportunity



Tertiary Enrolments – February 2024



Tertiary Division Performance H1 FY2024

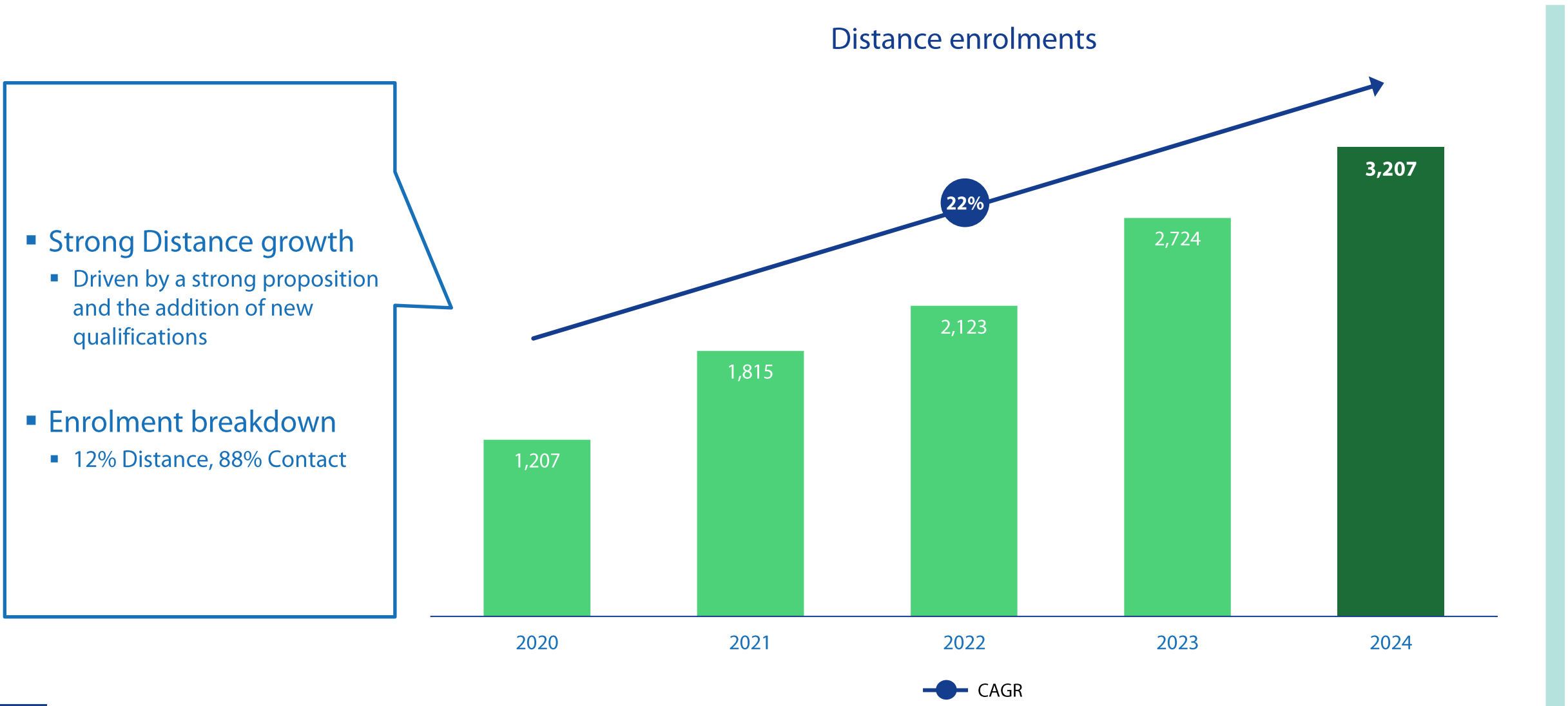


Distance

Strong growth off a relatively low base

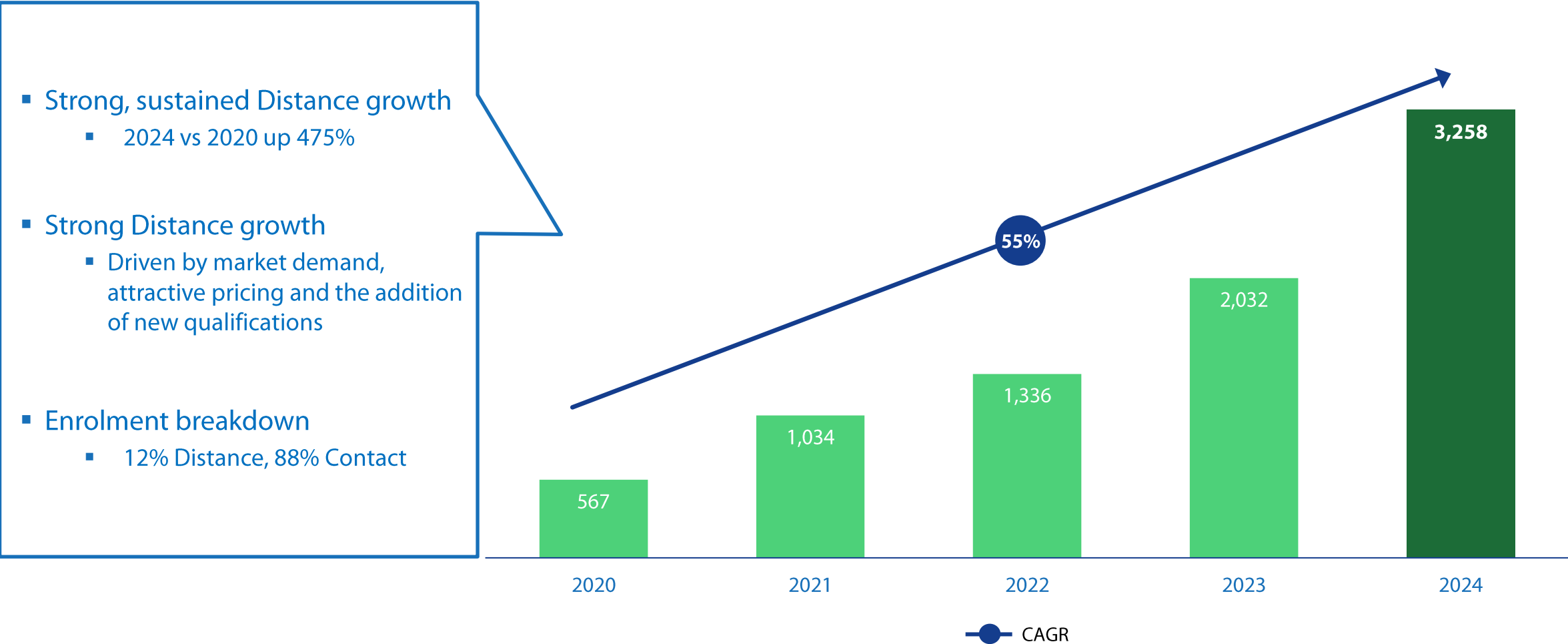


Varsity College/Vega Distance Enrolment Growth



Rosebank College Distance Enrolment Growth

Distance enrolments



Add high demand Distance qualifications to drive growth

- LLB, IT Application Development, MBA

Accelerated introduction of higher degrees to support University status

- 9 Masters and 3 PhDs by 2028

Leverage synergies between Vega and Varsity College

- Co-locate campuses

Add Bachelor of Physiotherapy degree

Expansion into high-demand fields

- Cybersecurity, Supply Chain, Law Enforcement, Security Management

Increase distance learning programs

- Education, law and commerce

New qualifications will launch from 2025 to 2028

- Commerce, Finance, Law and Security Studies, ICT, Education, Social Science

Postgraduate portfolio will be expanded

- First Masters: 2026
- First PhD: 2028

We will aggressively grow market share in LSM 4-7 in both Contact and Distance, whilst further increasing our margins through operational leverage and realising cost efficiencies.

This will be achieved through an expansion of the qualifications we offer, the introduction of student contact centres to support Distance students and improved marketing.

Our communication will focus on our key points of advantage versus both public and private tertiary competitors – safety, on time degree completion and graduate employment rates.

We will expand the brand into Africa, starting with Ghana in 2025, opening as Rosebank International University College.

We will invest to improve the qualification level of our lecturers.

We will develop a dynamic, data-driven pricing strategy.

We will add 'international' to the brand name in South Africa, post the Ghana opening, with a new logo.



Varsity College/Vega Strategy

We will grow market share in LSM 8-10, maintaining our current premium prices and margins, by investing to increase our competitive advantage vs private sector rivals and by holistically narrowing the gap vs public universities.

We will focus communication on our growing points of advantage versus public and private competitors, positioning ourselves as a "first choice" option.

We will build a clear Vega sub-brand for Varsity College, creating a niche leadership position, focusing on brand, strategy and design. We will migrate generic Vega degrees to Varsity College whilst expanding our specialist qualifications, especially in the post graduate space at Vega.

We will also build a clear School of Hospitality and Service Management brand under Varsity College.

We will discontinue the MSA brand name when its license expires in December 2025.

We will achieve our commercial ambition by leveraging:

- Our best-in-country minimum-time degree completion and graduate employment rates
- Our superior private University experience – safe, class-leading facilities in prime locations
- An enhanced reputation, driven by securing University status and a name change
- Our academic staff to drive the quantity and quality of our research output, and class leading teaching and learning outcomes
- The addition of new qualifications that can scale
- The potential to grow online market share, especially in the post-graduate segment
- The effective communication of compelling points of difference and advantage to a well-defined target market
- New systems to improve lead generation and 'lead to enrolment' conversion
- The development of pricing initiatives to grow market share
- Realising synergies with other ADvTECH brands and divisions
- Increasing our effective catchment areas by supporting third party owned and run student residences

New University Campus, Grayston Drive, Sandton



- The Varsity College Sandton and Vega Bordeaux campuses will relocate to the new site in 2026
- R419m investment over 2 years
- 47,000 m² land area
- Will double current capacity in build phase one to 9,000 students
- Ultimate built capacity will be over 11,000







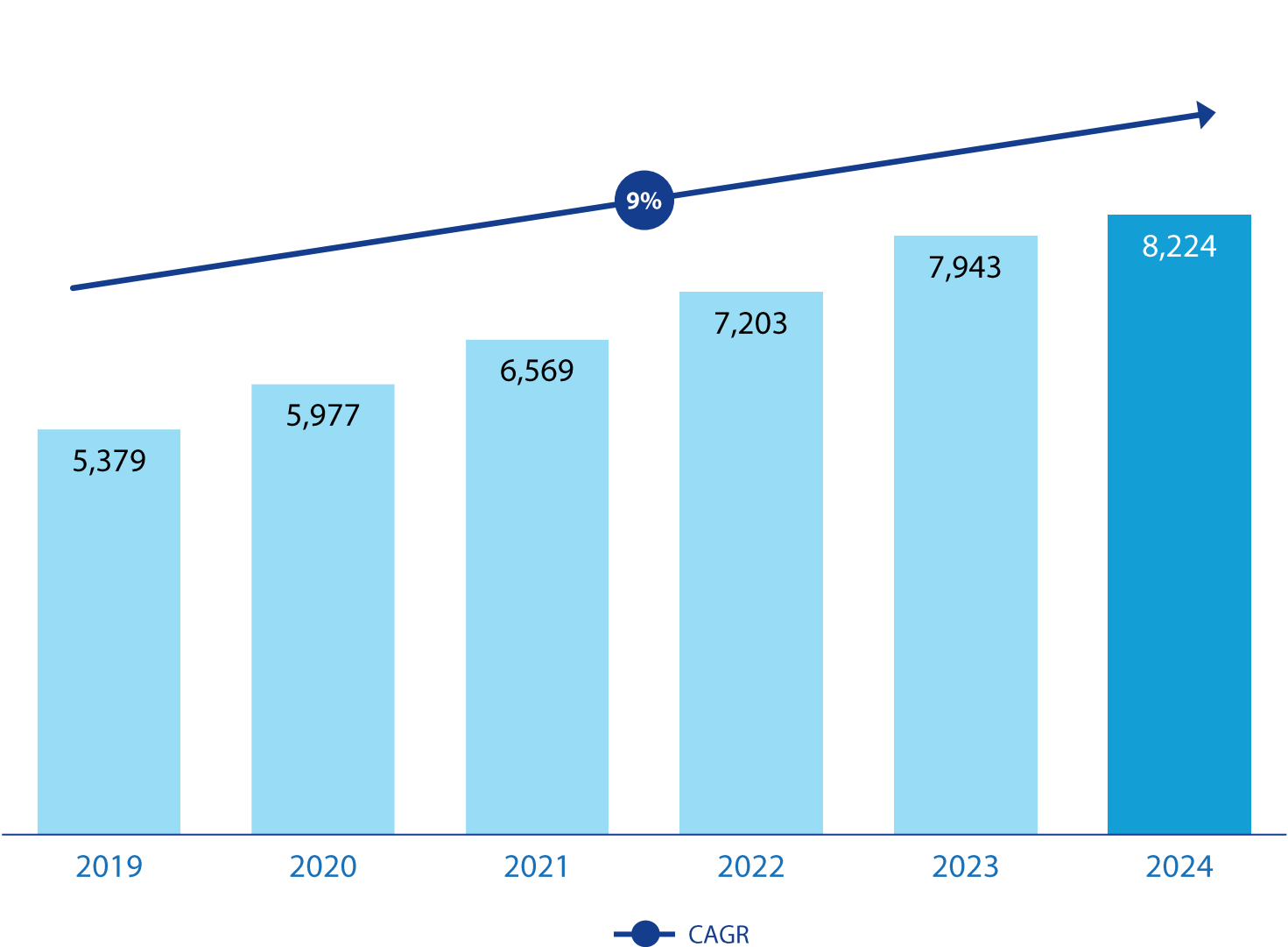
Ambition

To be the leading private education group on the African continent with the most students, best academic results and best student experience.

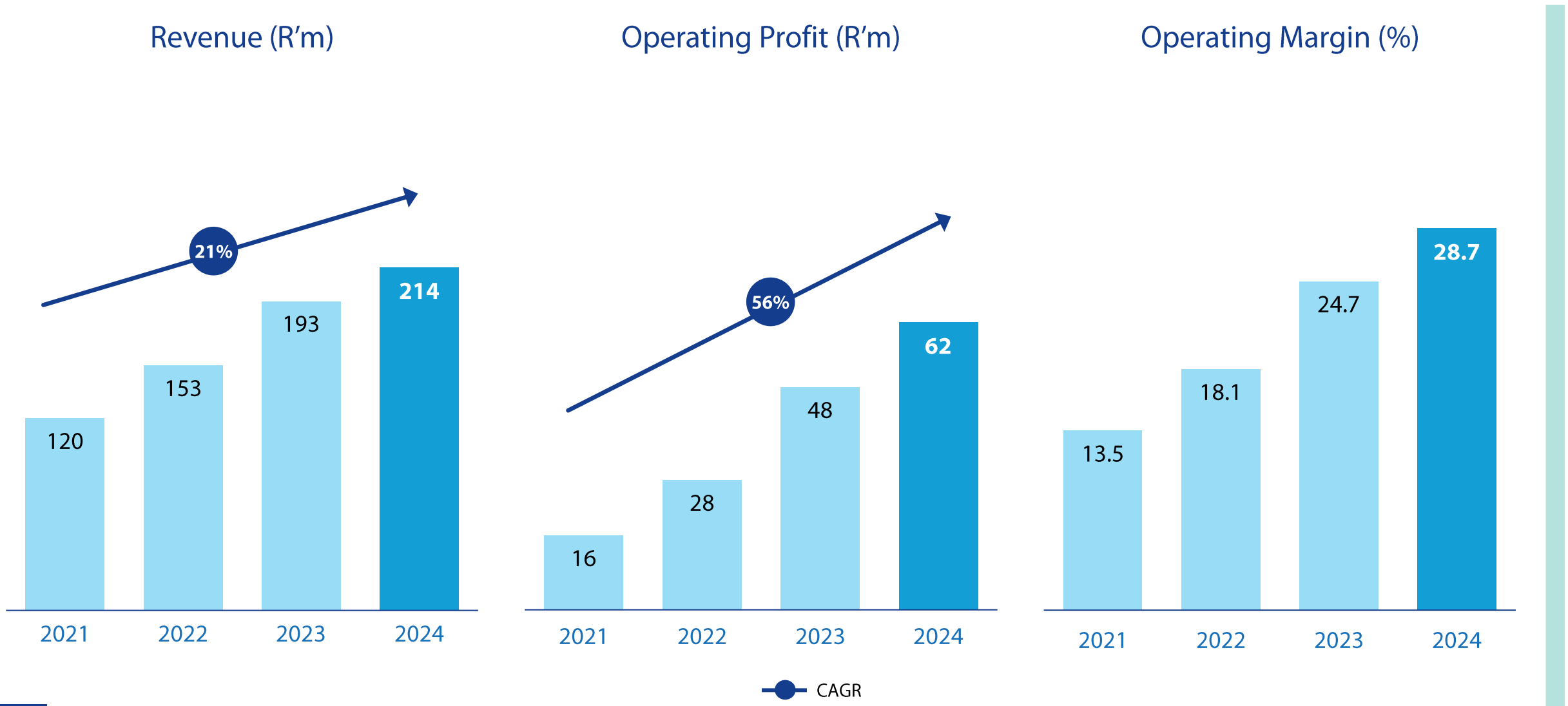
Why Expand Into Selected African Countries?

- Demand for high quality private education is strong and growing fast across the continent
 - Total and middle-class population growth
 - Urbanisation
 - Fast expanding GDP
- ADvTECH's international business model mitigates many of the risks of African expansion
 - 'Mega School' structure allows us to deliver strong returns at affordable fee points (3000+ students)
 - Lower cost teachers
 - Local supply chains
 - High margins
 - Negligible hard currency Capex costs
- Limited private sector competition – significant opportunity to differentiate in terms of superior academic results and facilities
- Central Academic Team support
 - AI teaching and learning systems
 - Curriculum development & optimisation
- Leverage of our SA functional support teams – Property, HR, Finance
- Ability to self-fund expansion in local currency from existing operations

Schools Enrolments – ADvTECH International - February 2024



Schools Financial Performance – ADvTECH International H1 FY2024





Country Selection – Existing Operations



Kenya

- 7th largest economy in Africa
- GDP \$104B
- GDP per capita: \$2,019
- Population: 51.5M
- Median age of population: 19.9
- % of population under 25: 60%
- Official language: English
- GDP forecast: Next 5 years: >5%



Ethiopia

- Proximity to Kenya
- 5th largest economy in Africa
- GDP \$205B
- GDP per capita: \$1,908
- Population: 107.4M
- Median age of population: 19.5
- % of population under 25: 70%
- Most widely spoken foreign language: English; taught in many schools
- First mover advantage for ADH as economy liberalises
- One of the fastest growing economies in Africa
- Relative security and political stability in Addis Ababa (African Union HQ)
- GDP forecast: Next 5 years: >6.5%



Ghana

- 11th largest economy in Africa
- GDP \$76B
- GDP per capita: \$2,367
- Population: 32.1M
- Median age of population: 20.2
- % of population under 25: 57%
- Official language: English
- Relative security & political stability
- Stable economy
- GDP forecast: Next 5 years: >5%



Botswana

- 25th largest economy in Africa
- GDP \$22B
- GDP per capita: \$8,150
- Population: 2.7M
- Median age of population: 23.8
- % of population under 25: 53%
- Official language: English
- GDP forecast: Next 5 years: >4%

- Our African expansion to date has been largely focused on new country entry
- Going forward we intend to scale three brands in our existing countries of operation
 - Rosebank International University
 - Mid fee 'Mega Schools' under a new single brand name
 - Crawford International Schools
- These developments will be funded largely from cash generated from existing in-country operations & local borrowing
- Further country entries will only be considered if they meet strict criteria

Rosebank International University

Fees - US\$ 2,500 to \$4,000

Under the management of the Rosebank team based in South Africa

Mid-Fee Mega Schools

Fees - US\$ 1,500 to \$4,000

Makini, GIS, Flipper under the management of the existing ADvTECH International management team based in Nairobi

Crawford International Schools

Fees - US\$ 8,000+

Under the management of the Crawford team based in South Africa

Key Criteria for New Country Entry

- Opportunity for ADH to build significant scale across our 3 priority brands
- Large stable economy – preferably non-cyclical
- Forecast GDP growth stronger than South Africa
- Large populations with high rates of urbanisation
- High percentage of population under 25 years
- English is the predominant language of instruction in private schools/universities
- Comparatively safe countries with good transport links to major cities

Acquisition/New Country Entry: Flipper International School, Ethiopia



- Adds Ethiopia to our international operation alongside Kenya, Botswana and Ghana
- Good fit with our existing mid-fee African model
- Acquisition price: R135m, internally funded
- 5 well-established schools in Addis Ababa
 - Founded in 1998
- 3,000 students, 450 staff
- Strong academic reputation
- Surging market demand for quality education



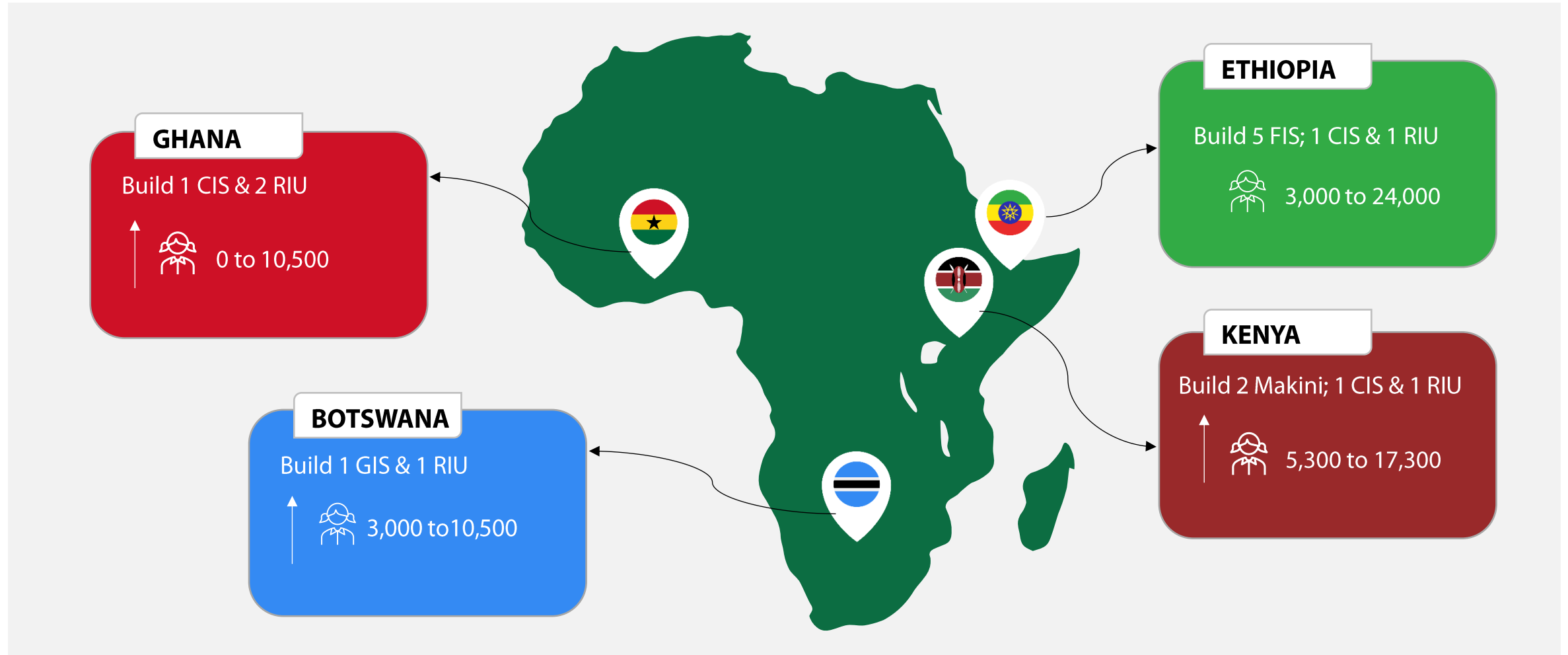
New Country Entry: Ghana, Rosebank International University College



- Adds Ghana to our international operation and extends Rosebank College outside of SA
- \$3,000 per annum fee point
- Existing international universities @ \$8-\$10,000
- Strong demand for tertiary education
- Significant shortfall in public places
- Strongly supported by the Ghanaian government
- Capacity in phase one: 1,500 students
- Will open in September 2025



10 Year Ambition: Growing International Enrolments from 11,300 to 62,300



Questions?

