



**STI** EDUCATION SYSTEMS  
HOLDINGS

**STI Education Systems Holdings, Inc.**

Full Year Results ending March 31, 2019 and  
First Quarter Results ending June 30, 2019

## Who We Are

- ✧ STI Holdings owns, maintains, and operates the Philippines' largest, private, for-profit network of educational institutions with more than 83,000 students enrolled in 69 STI-branded colleges and 7 education centers, one university (STI West Negros University) and one non-STI branded college (iACADEMY).
- ✧ STI ESG offers associate and baccalaureate programs in Information and Communications Technology, Tourism and Hospitality, Education, Business Administration, and Communications. STI WNU, for its part, offers basic education and tertiary courses in Engineering, Education, Criminology, Business Administration, Hospitality and Tourism Management, Computer Science and Information Technology, and Maritime Training Courses which are required by the Maritime Industry Authority for officers and crew on board Philippine- and/or foreign- registered ships operating in Philippine and/or international waters. It also offers post-graduate courses such as Master's degrees in Business Administration, Public Administration, Nursing, and Education, and Doctorate degrees in Public Administration and Educational Management. iACADEMY offers degree programs in animation, multimedia arts and design, fashion design and technology, software engineering, game development, web development, marketing management, financial management and real estate management. STI ESG, STI WNU and iACADEMY also offer Senior High School programs.
- ✧ STI ESG also has a 20% interest in Maestro Holdings which provides educational saving plans, among others.



**38 OWNED SCHOOLS**  
**38 FRANCHISED SCHOOLS**



**STI West Negros  
University**

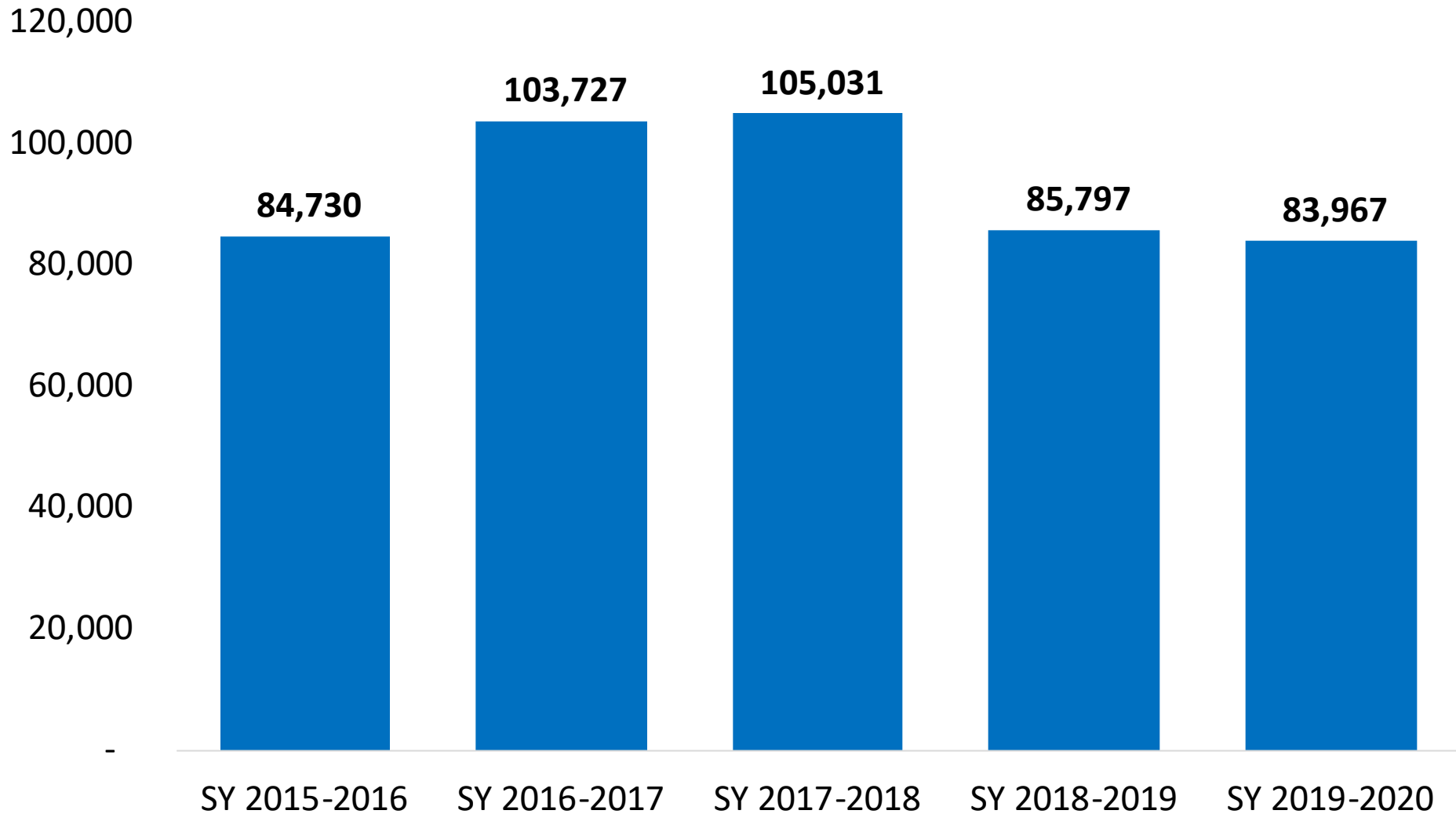
**1 UNIVERSITY**



**1 NON-STI BRANDED COLLEGE**

**83,967 total students**

# STI Holdings Combined Student Enrollment



# Nationwide presence with wide range of program offerings

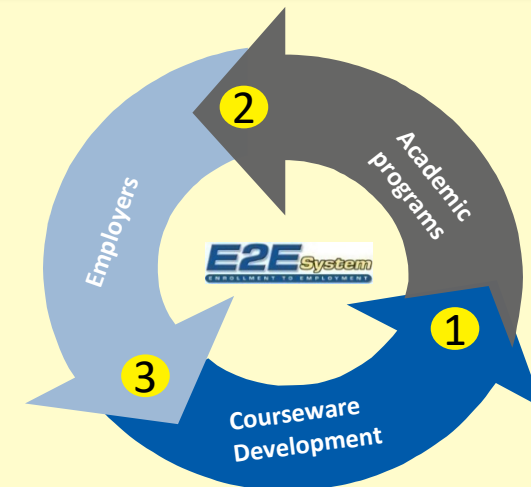
- Reaches a larger student base and students not otherwise serviced by other institutions
- Encompasses a mixed mode of both wholly-owned and franchised schools based on geographic demand



| STI Branded | University | Colleges | ECs | Total |
|-------------|------------|----------|-----|-------|
| Owned       | 1          | 37       | 1   | 39    |
| Franchised  |            | 32       | 6   | 38    |
| Total       | 1          | 69       | 7   | 77    |

| Non-STI Branded |   |    |   |    |
|-----------------|---|----|---|----|
| Owned           |   | 1  |   | 1  |
| Total           | 1 | 70 | 7 | 78 |

Wide breadth of programs with tailored course offerings to suit market demand



ICT



Education



Healthcare



Business



Hospitality



Liberal Arts

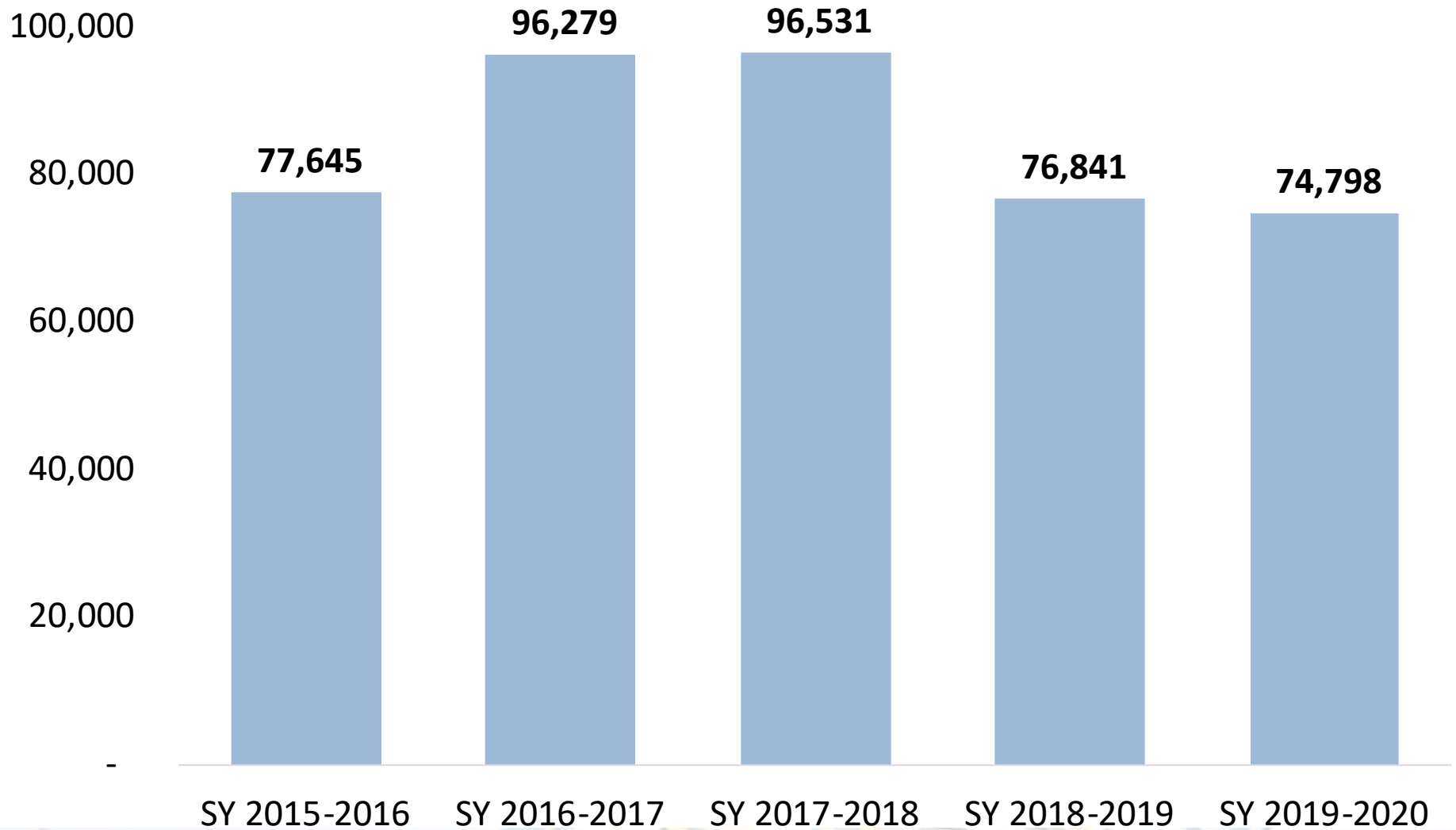


Engineering



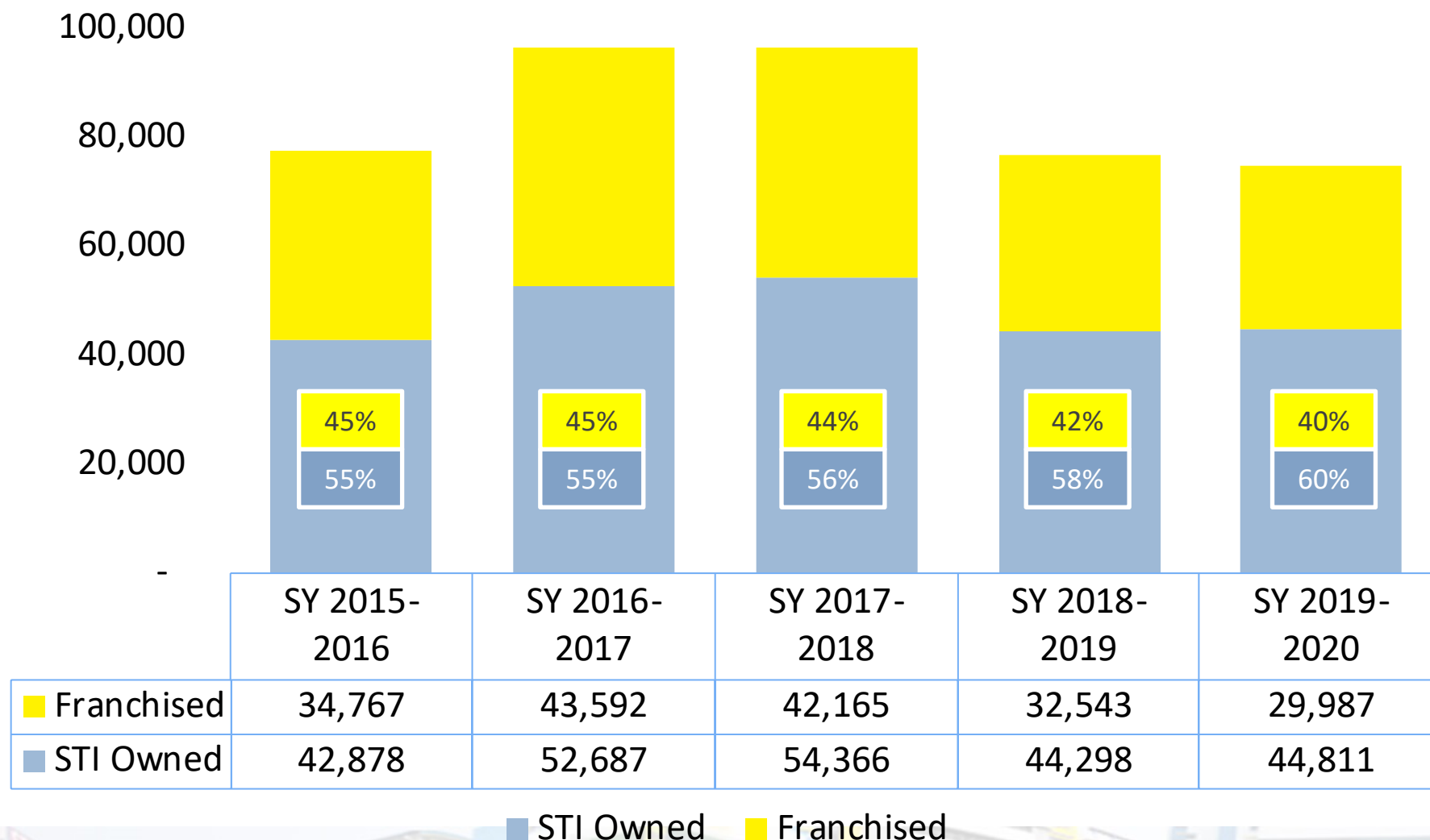
**STI Education Services Group**

# STI ESG Student Enrollment

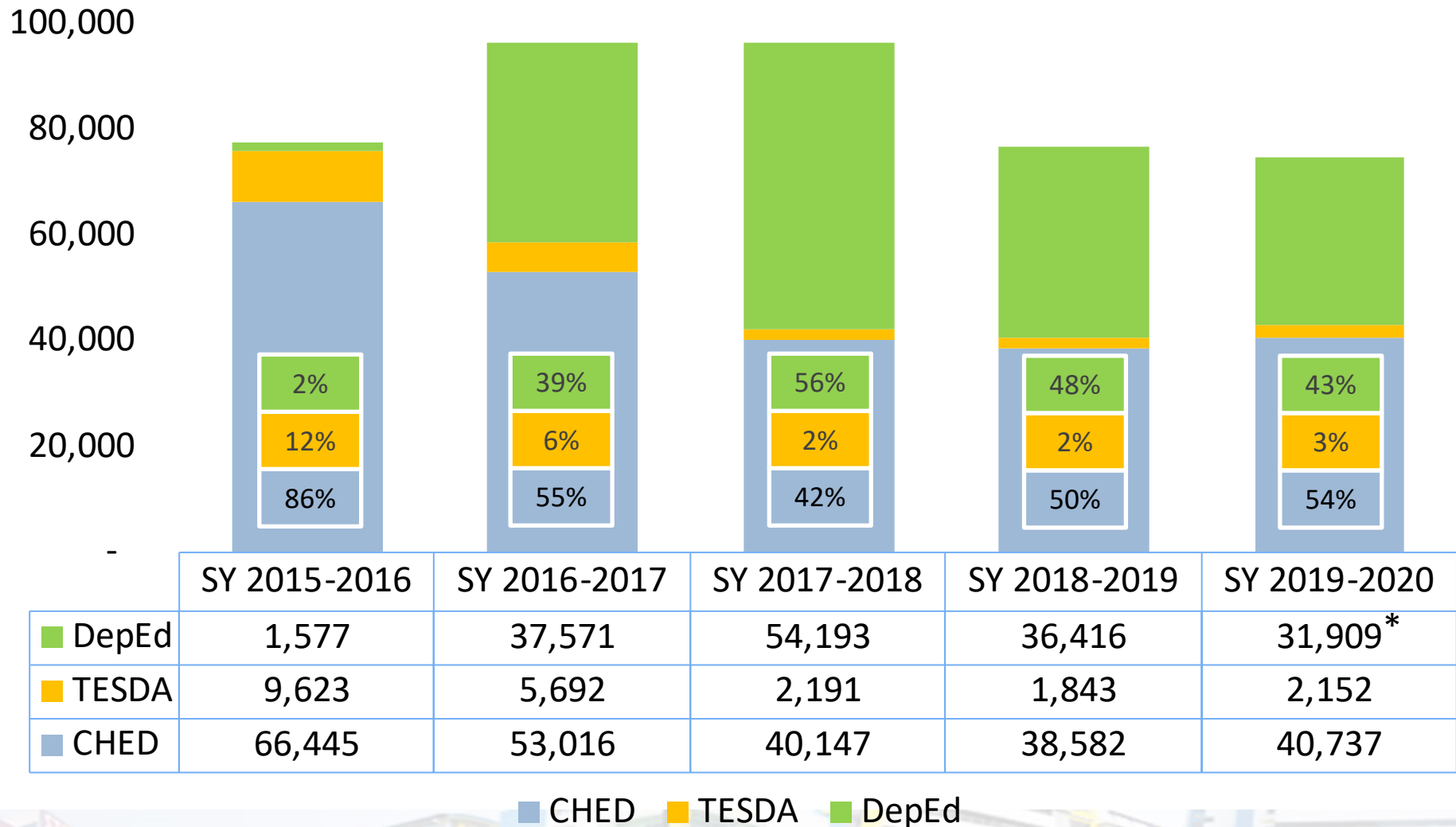




# STI ESG Student Enrollment (Owned vs. Franchised)



# STI ESG Student Enrollment (CHED/TESDA/DepEd Mix)

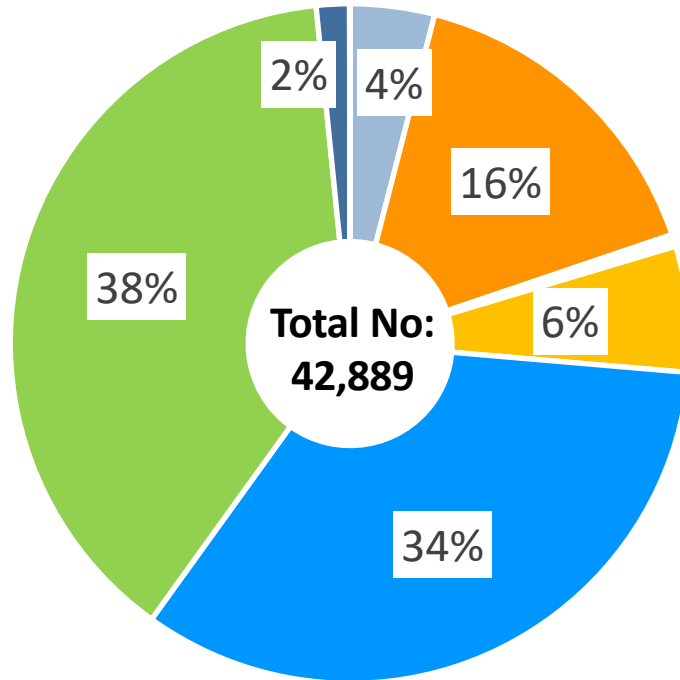


\*Includes 454 students enrolled in Basic Education



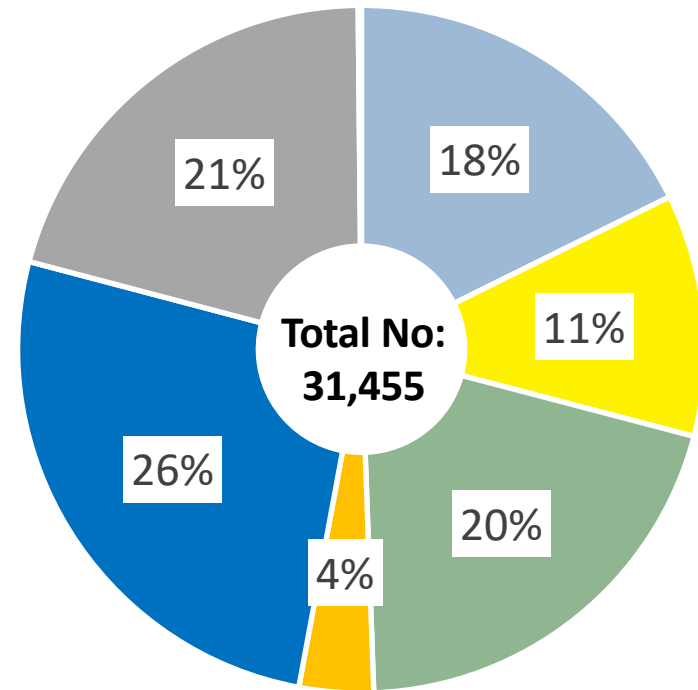
# STI ESG Student Enrollment (By Program, SY 2019-2020)

- Arts and Sciences
- Business and Management Education
- Engineering
- Information and Communications Technology
- Tourism and Hospitality Management
- Maritime
- Graduate Studies



**TERTIARY**

- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology, Engineering and Mathematics
- General Academic
- Information and Communications Technology
- Home Economics
- Maritime

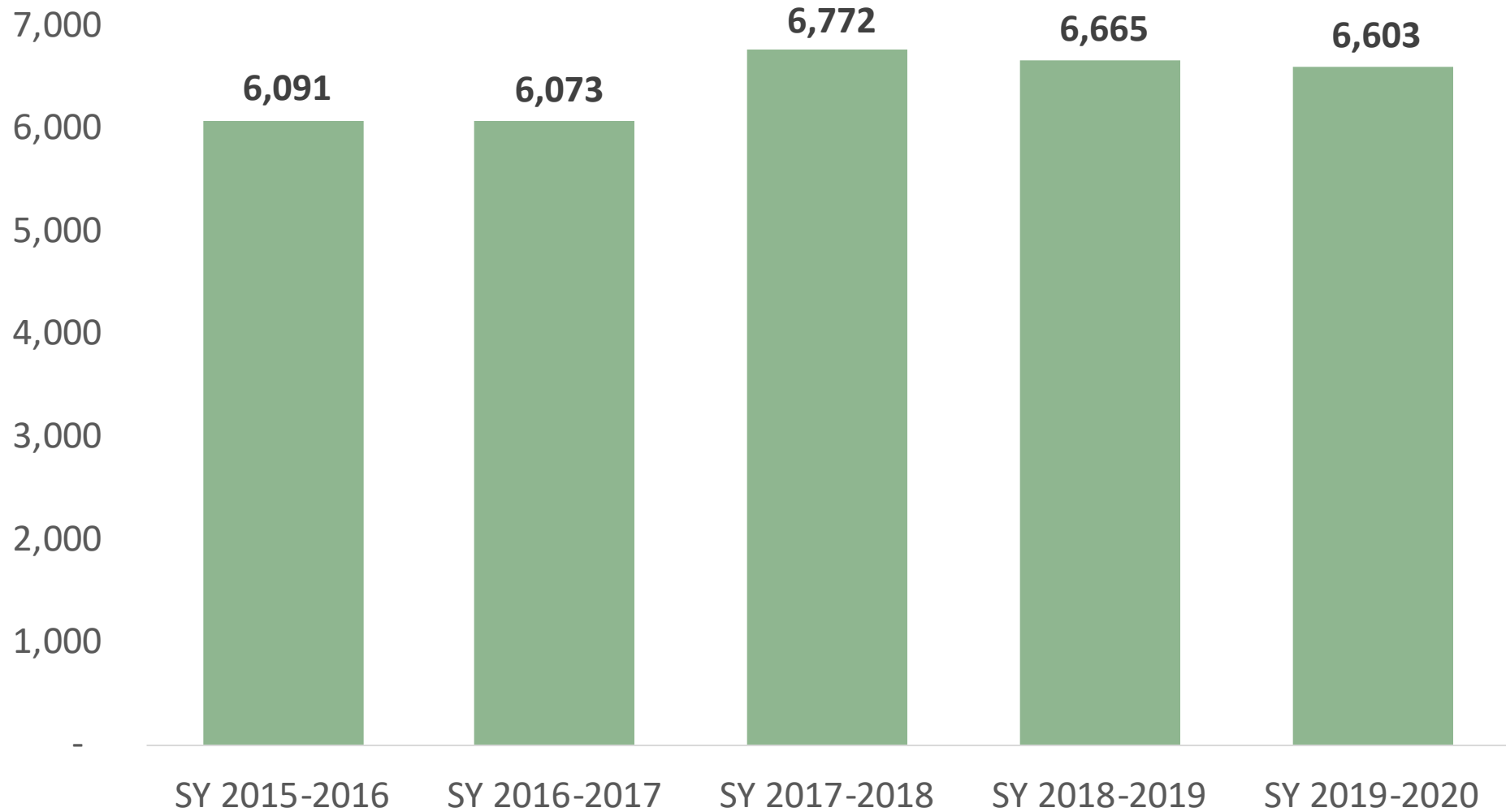


**SENIOR HIGH SCHOOL**

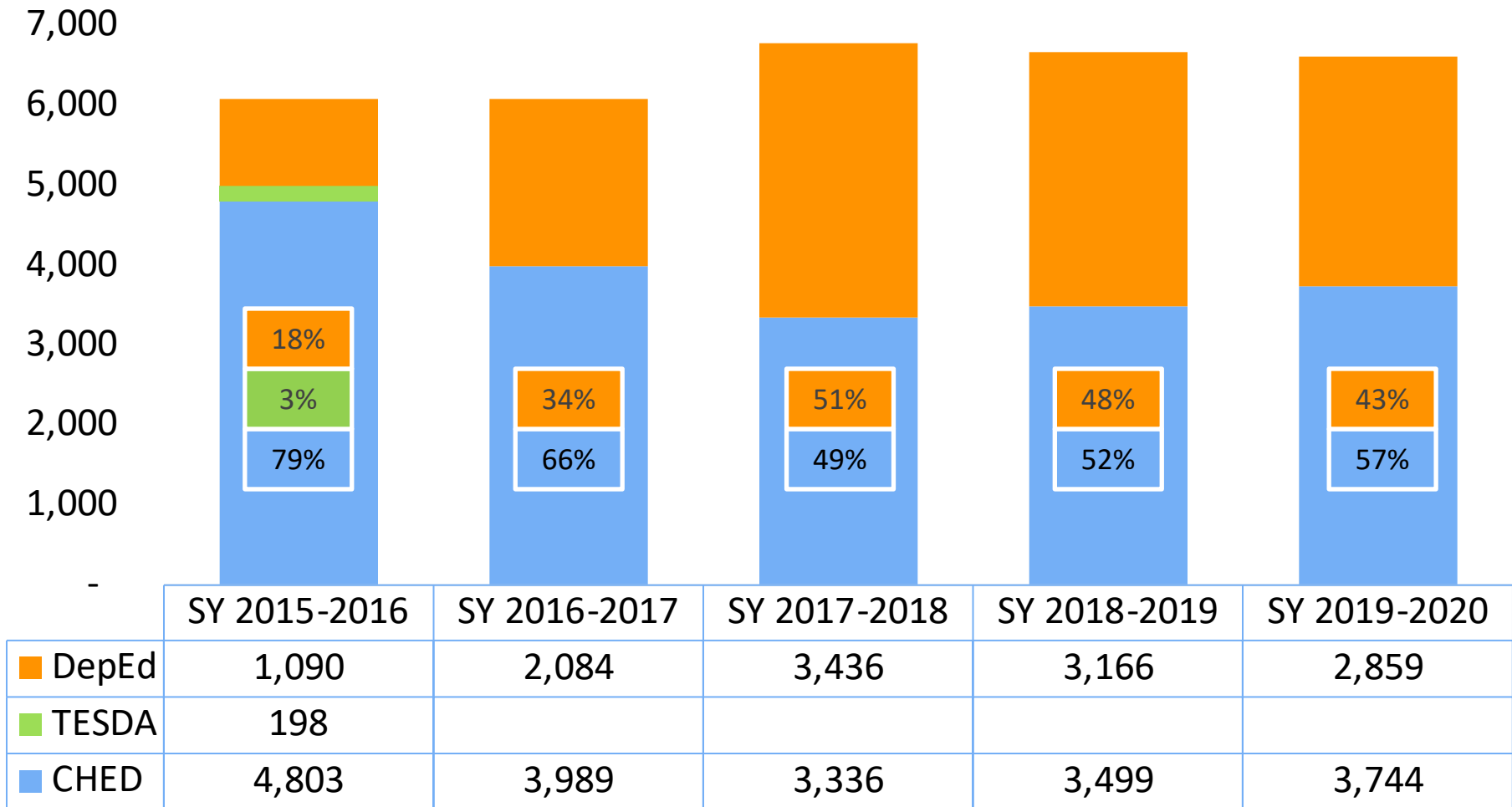


**STI West Negros  
University**

# STI WNU Student Enrollment



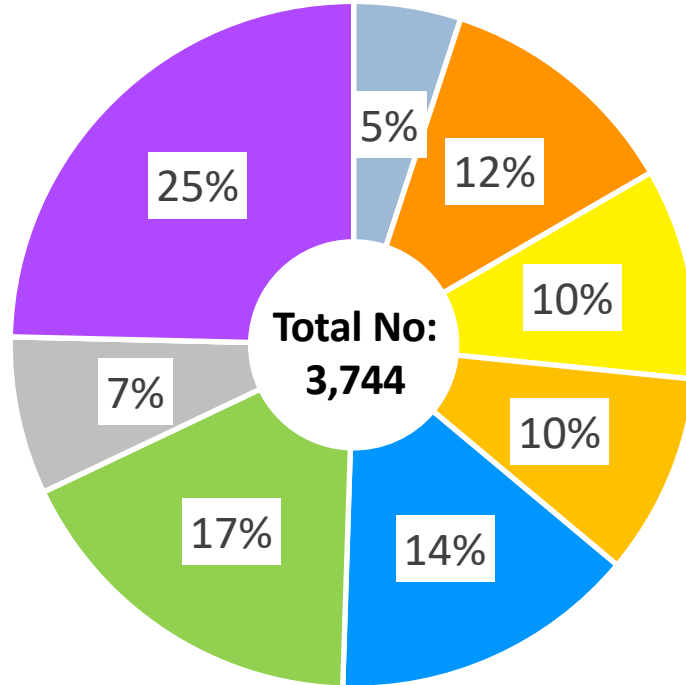
# STI WNU Student Enrollment (CHED/TESDA/DepEd Mix)



# STI WNU Student Enrollment (By Program, SY 2019-2020)

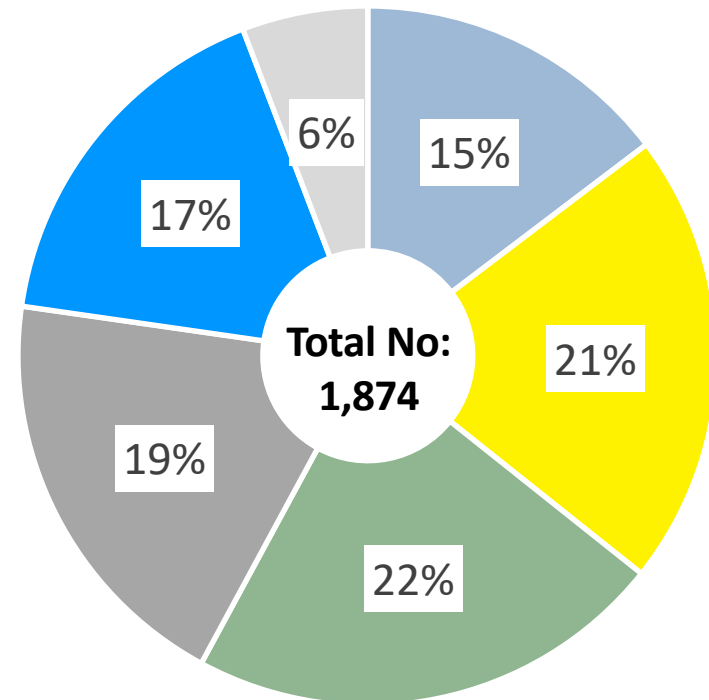


- Arts and Sciences
- Business and Management
- Education
- Engineering
- Information and Communications Technology
- Tourism and Hospitality Management
- Criminology
- Graduate Studies



**TERTIARY**

- Accountancy, Business and Management
- Humanities and Social Sciences
- Science, Technology, Engineering and Mathematics
- Home Economics
- Information and Communications Technology
- Maritime



**SENIOR HIGH SCHOOL**

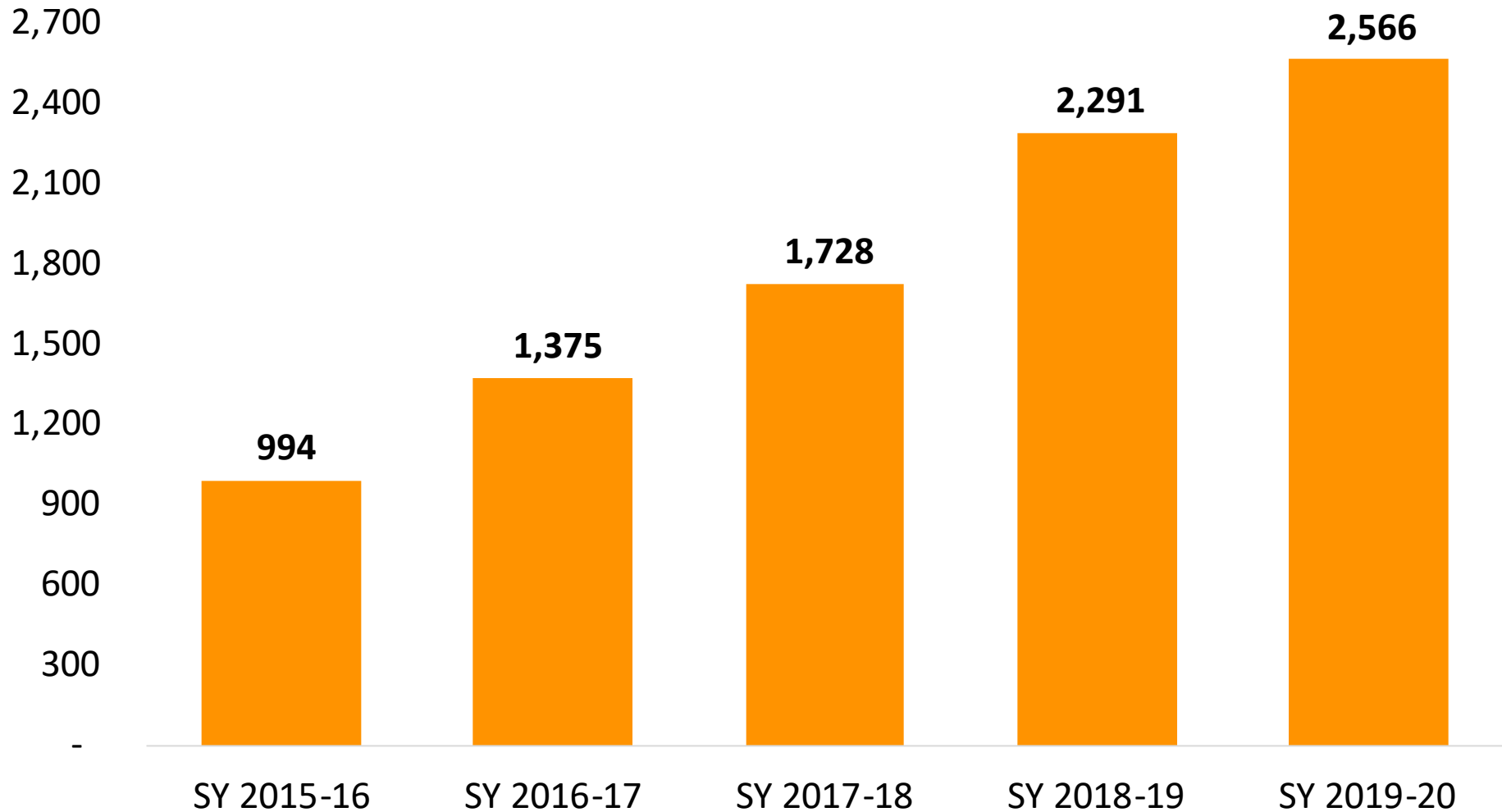
STI ACADEMIC CENTER  
MALABO CITY



# iACADEMY

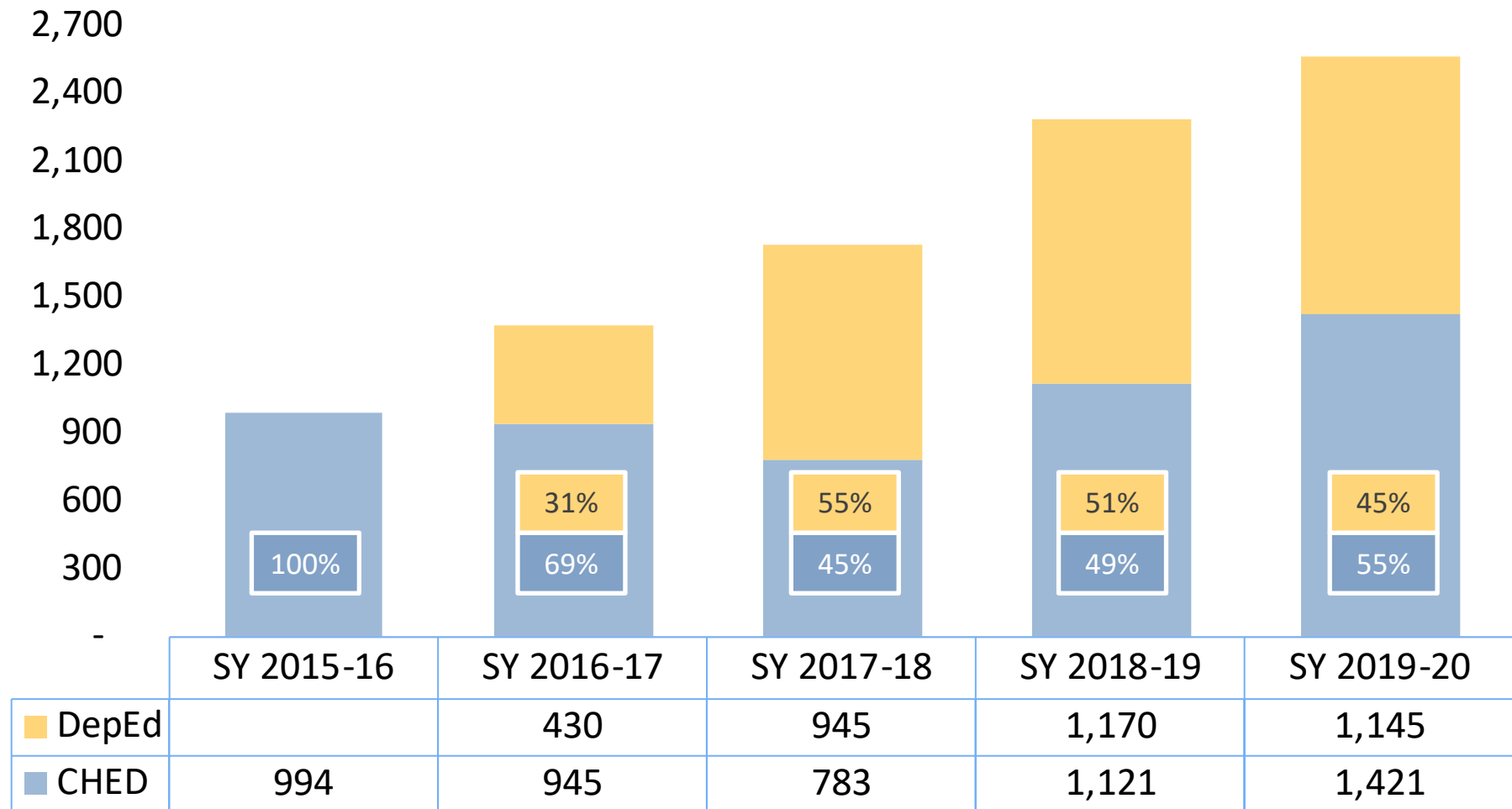
SCHOOL OF COMPUTING • SCHOOL OF BUSINESS AND LIBERAL ARTS • SCHOOL OF DESIGN

# iACADEMY Student Enrollment





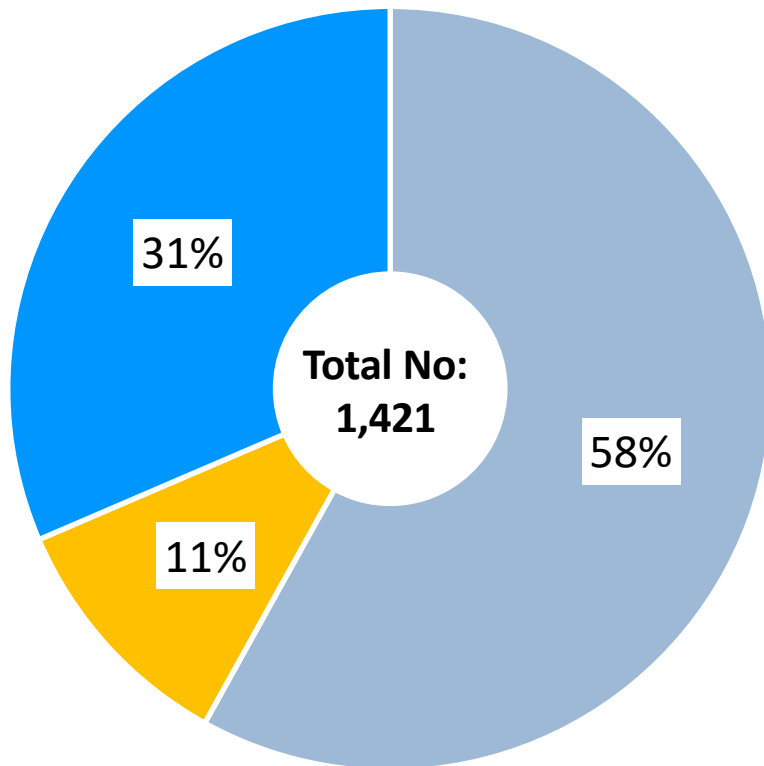
# iACADEMY Student Enrollment (CHED/DepEd Mix)



■ CHED ■ DepEd

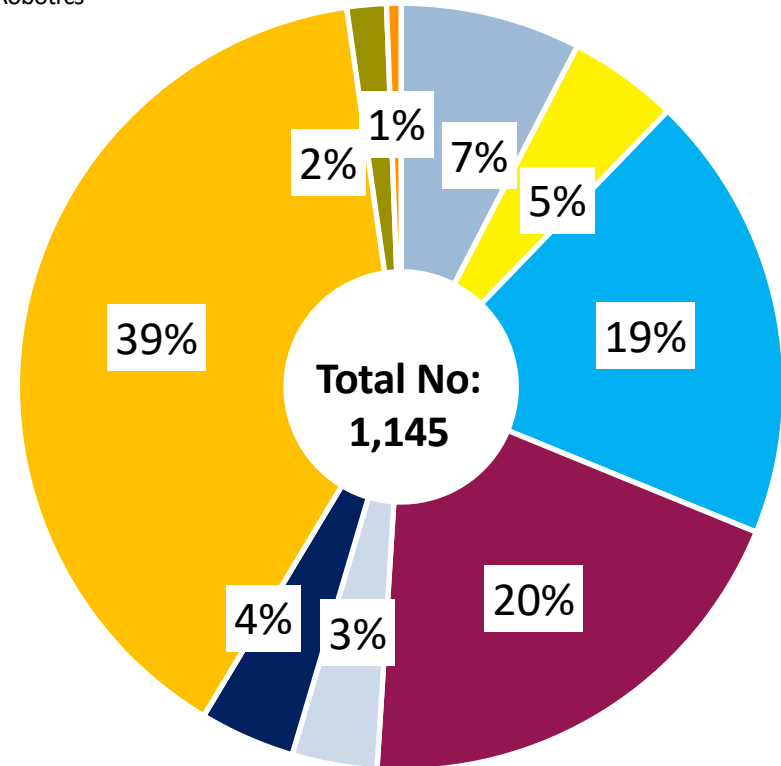
# iACADEMY Student Enrollment (By Program, SY 2019-2020)

- School of Design and Arts
- School of Business and Liberal Arts
- School of Computing



**TERTIARY**

- Accountancy, Business and Management
- Computer Programming
- Graphic Illustration
- Media and Visual Arts
- Robotics
- Humanities and Social Sciences
- Animation
- Fashion Design
- Audio Production



**SENIOR HIGH SCHOOL**



## Full Year 2018 - 2019 Financial & Operating Results

# STI Holdings Balance Sheet Overview



## Key Balance Sheet Items

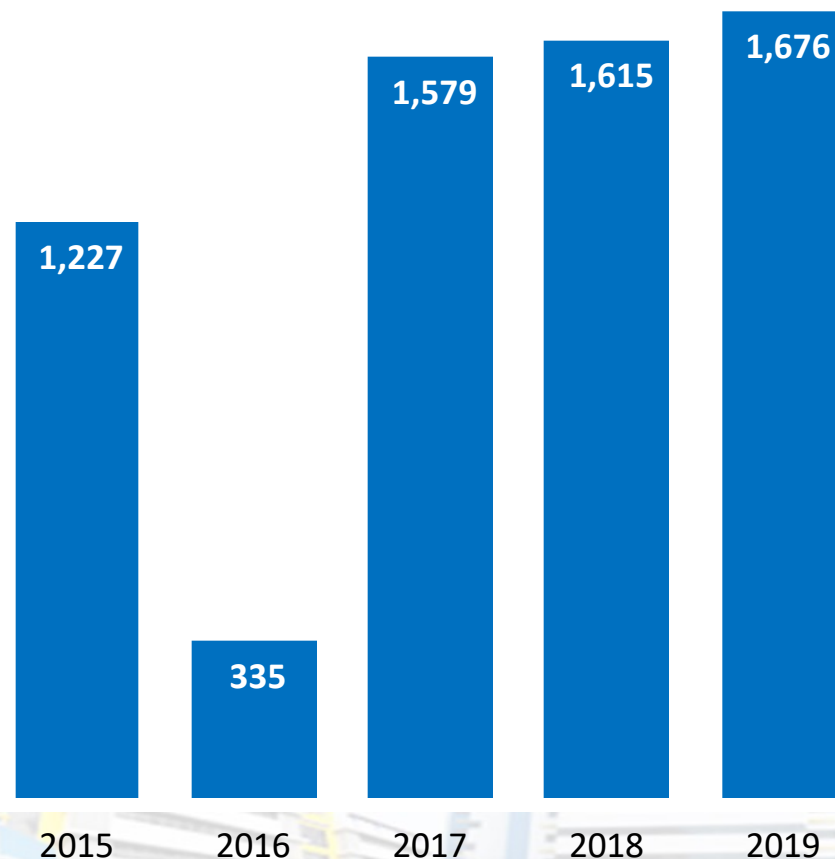
(PHP millions)

|  | March 31,     |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | 2015          | 2016          | 2017*         | 2018          | 2019          |
| Cash   | 803           | 665           | 3,199         | 1,858         | 777           |
| PP&E   | 5,581         | 5,610         | 6,876         | 8,427         | 9,964         |
| Investments in and<br>Advances to Associates | 1,622         | 1,425         | 857           | 42            | 44            |
| <b>TOTAL ASSETS</b>                          | <b>10,036</b> | <b>10,500</b> | <b>14,052</b> | <b>14,416</b> | <b>14,775</b> |
| Total Loans /<br>Bonds Payable               | 1,387         | 1,151         | 4,676         | 4,190         | 4,471         |
| <b>TOTAL LIABILITIES</b>                     | <b>2,380</b>  | <b>2,270</b>  | <b>5,740</b>  | <b>5,613</b>  | <b>6,047</b>  |
| <b>EQUITY</b>                                | <b>7,656</b>  | <b>8,230</b>  | <b>8,312</b>  | <b>8,803</b>  | <b>8,728</b>  |

\* Restated

## Capital Expenditures - March 31

(PHP millions)



# Key Profit & Loss Data

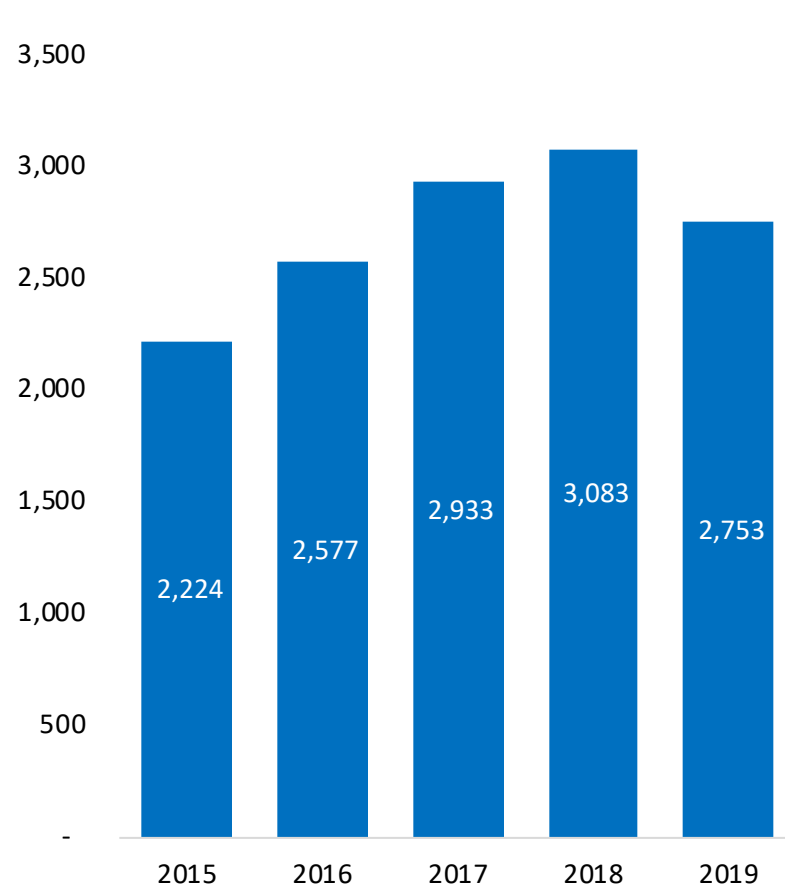
| <b>Fiscal Years<br/>Ending March 31<br/>(PHP millions)</b> | 2015*  | 2016*  | 2017*  | 2018   | 2019   |
|--|--------|--------|--------|--------|--------|
| Revenues   | ₱2,224 | ₱2,577 | ₱2,933 | ₱3,083 | ₱2,753 |
| Direct Costs   | 717    | 805    | 945    | 1,014  | 1,048  |
| Gross Profit   | 1,507  | 1,772  | 1,988  | 2,069  | 1,705  |
| Operating Expenses   | 990    | 1,069  | 1,066  | 1,194  | 1,309  |
| Operating Profit   | 517    | 703    | 922    | 875    | 396    |
| Other Income (Expenses) – Net                              | 283    | 407    | (264)  | (294)  | (69)   |
| Income Before Income Tax                                   | 800    | 1,110  | 658    | 581    | 327    |
| Net Income   | 731    | 883    | 558    | 503    | 284    |
| EBITDA   | 848    | 1,127  | 1,413  | 1,392  | 1,000  |

\* Restated

# Strong Growth in Revenues

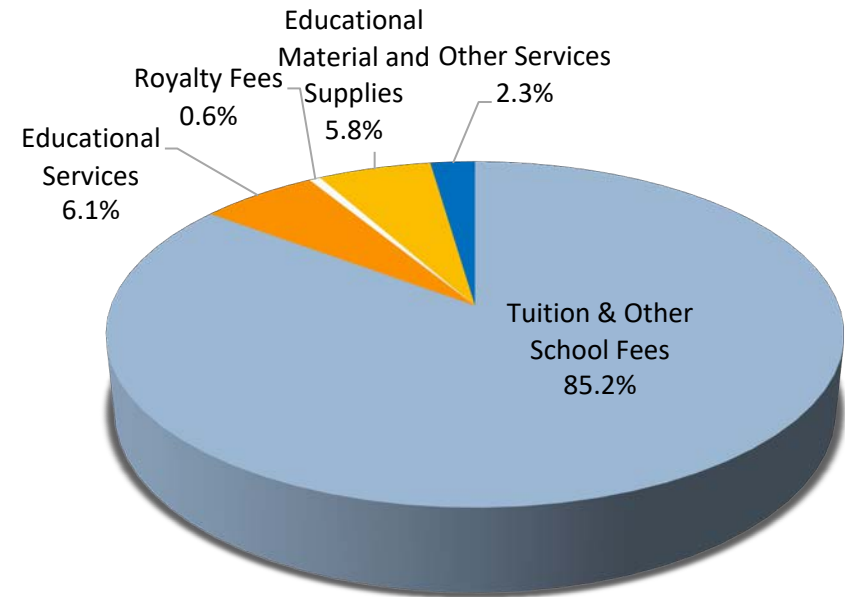
## Revenues

(PHP millions)



## Breakdown of Revenues for FY 2018 - 2019

(as a percentage of total)

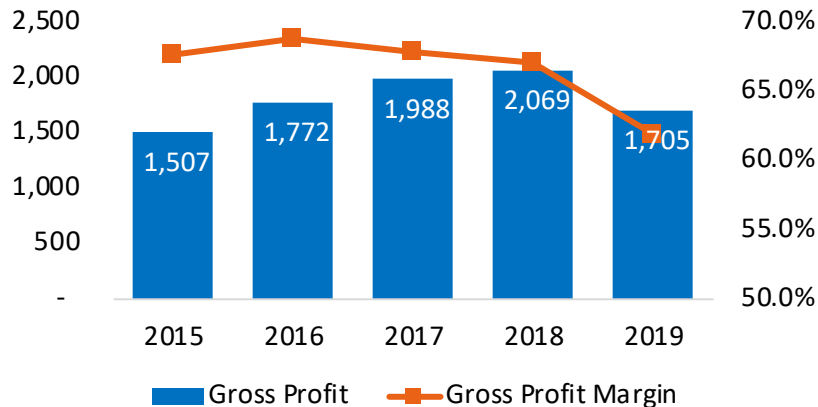


STI continues to achieve strong revenue growth, with a CAGR of **5.5%** from 2015-2019.

# Operating Profit and Margin Profile

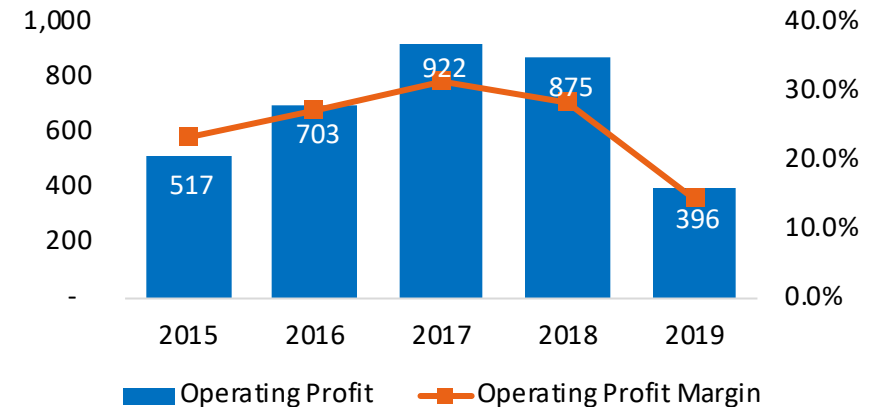
## Gross profit

(PHP millions)



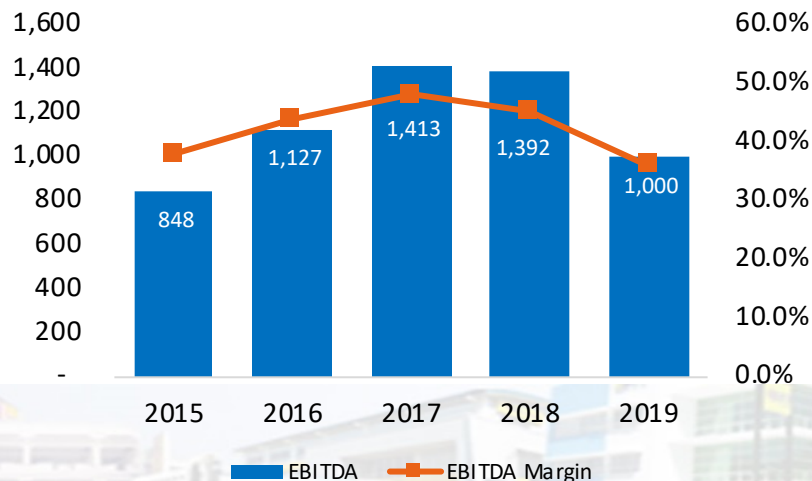
## Operating profit

(PHP millions)



## EBITDA

(PHP millions)

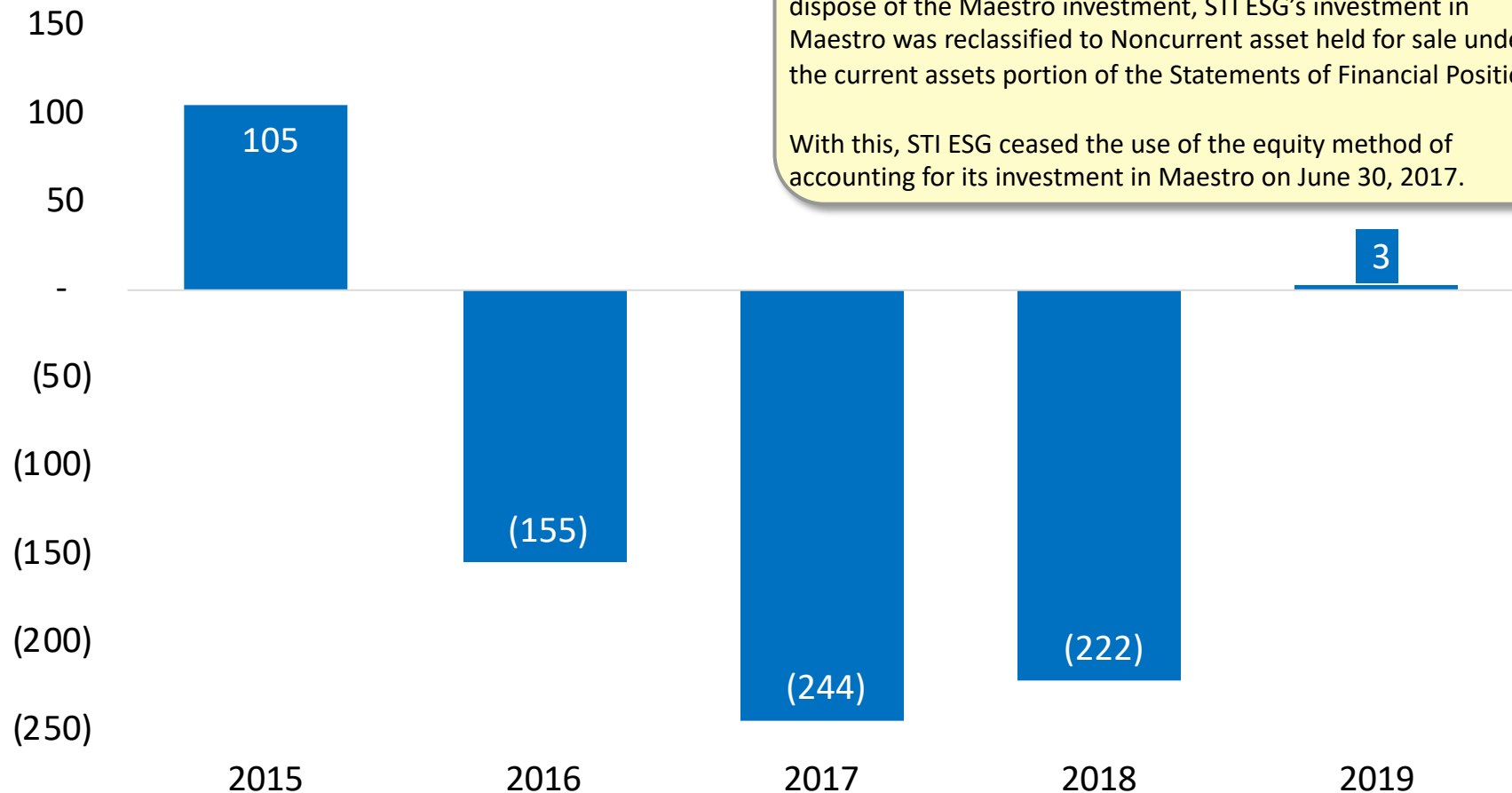


- ✧ STI increased its gross profit from PHP1,507 million in FY 2014-2015 to PHP2,069 million in FY 2017-2018. Gross profit stood at PHP 1,705 million in FY 2018-2019.
- ✧ Operating profit has increased from PHP517 million in FY 2014-2015 to PHP875 million in FY 2017-2018. Operating profit stood at PHP396 million in FY 2018-2019.
- ✧ EBITDA has increased from PHP848 million in FY 2014-2015 to PHP1,392 million in FY 2017-2018. EBITDA was PHP1,000 billion in FY 2018-2019.



# Equity in Net Earnings/(Losses) of Associates & Joint Ventures\*

(PHP millions)



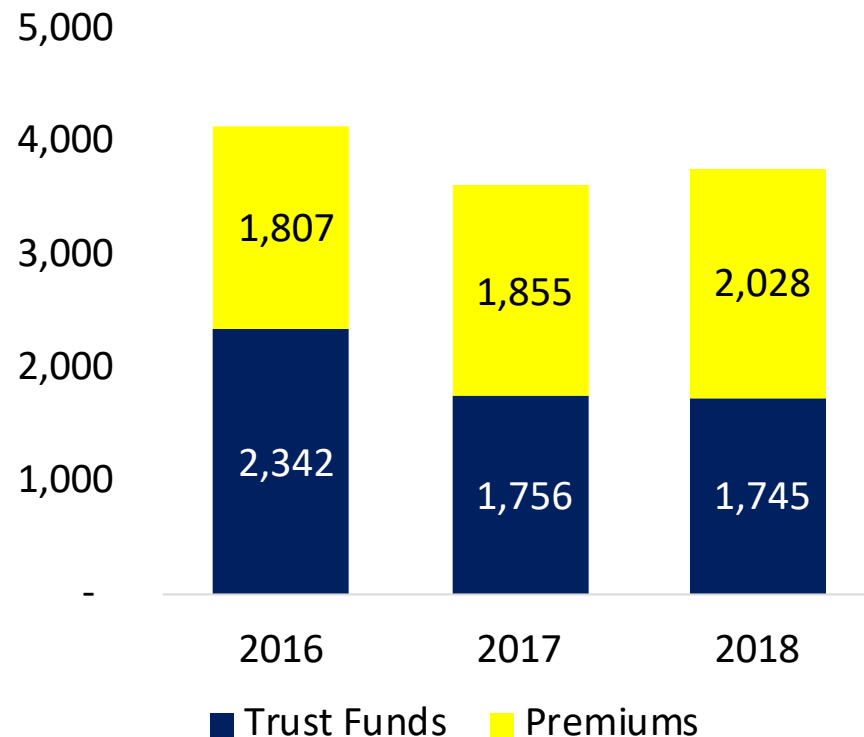
STI ESG's Board of Directors approved the disposal of its 20% stake in Maestro Holdings on June 27, 2017. With this decision to dispose of the Maestro investment, STI ESG's investment in Maestro was reclassified to Noncurrent asset held for sale under the current assets portion of the Statements of Financial Position.

With this, STI ESG ceased the use of the equity method of accounting for its investment in Maestro on June 30, 2017.

*\*For the years ended March 31.  
Figures for 2016 and 2017 have been restated.*

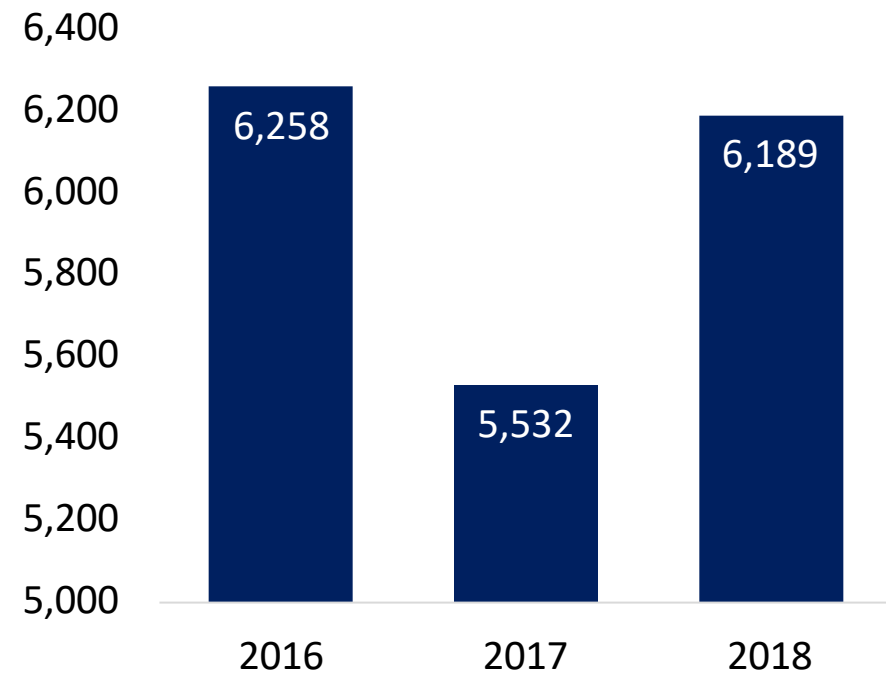
## Maestro Holdings Revenue\*

(PHP millions)



## Maestro Holdings Book Value\*

(PHP millions)



*\*For the years ended December 31.*

*Revenues for 2016 and 2017 and Book Value for 2016 have been restated.*



## 1st Quarter ending June 30, 2019 Financial & Operating Results

# Financial Highlights

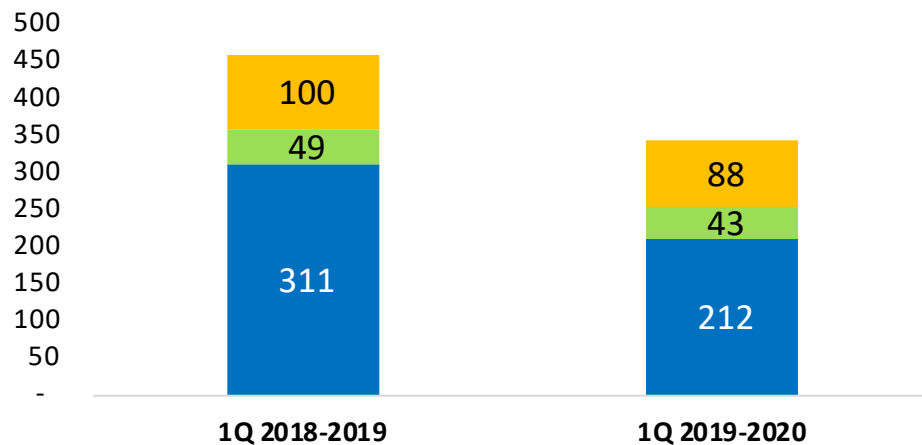
| PHP millions<br>(Except gross profit, operating and EBITDA margins) |  | Three months ended June 30 |                        | Y-o-Y Change (%)* |   |
|---|--|----------------------------|------------------------|-------------------|---|
|   |  | 2018<br>(SY 2018-2019)     | 2019<br>(SY 2019-2020) |                   |   |
|   |  | Unaudited                  |                        |                   |   |
| Revenues  |  |                            |                        |                   |   |
|   | Tuition & Other School Fees              | ₱ 311                      | ₱ 212                  | (32)              | ↓ |
|   | Educational Services                     | 45                         | 40                     | (10)              | ↓ |
|   | Royalty Fees                             | 4                          | 3                      | (8)               | ↓ |
|   | Others                                   | 18                         | 15                     | (17)              | ↓ |
|   | Sale of educational materials & supplies | 82                         | 73                     | (11)              | ↓ |
|   | Total Revenues                           | 460                        | 343                    | (25)              | ↓ |
| Gross Profit  |  | 223                        | 88                     | (61)              | ↓ |
|   | Gross Profit Margin                      | 48%                        | 26%                    |                   |   |
|   |  |                            |                        |                   |   |
|   | Operating Profit (Loss)                  | (74)                       | (232)                  | 213               | ↓ |
|   | Operating Margin                         | (16%)                      | (68%)                  |                   |   |
|   |  |                            |                        |                   |   |
|   | EBITDA                                   | 66                         | (59)                   | (190)             | ↓ |
|   | EBITDA Margin                            | 14%                        | (17%)                  |                   |   |
|   |  |                            |                        |                   |   |
|   | Net Income (Loss)                        | (80)                       | (246)                  | 208               | ↓ |
|   |  |                            |                        |                   |   |
|   | Core Income (Loss)                       | (79)                       | (246)                  | 210               | ↓ |

\* Percentage changes were derived using figures in the financial statements and Financial Highlights and Key Performance Indicators section of the report for the three months ended 30 June 2019.

# Revenues, Gross Profit & EBITDA

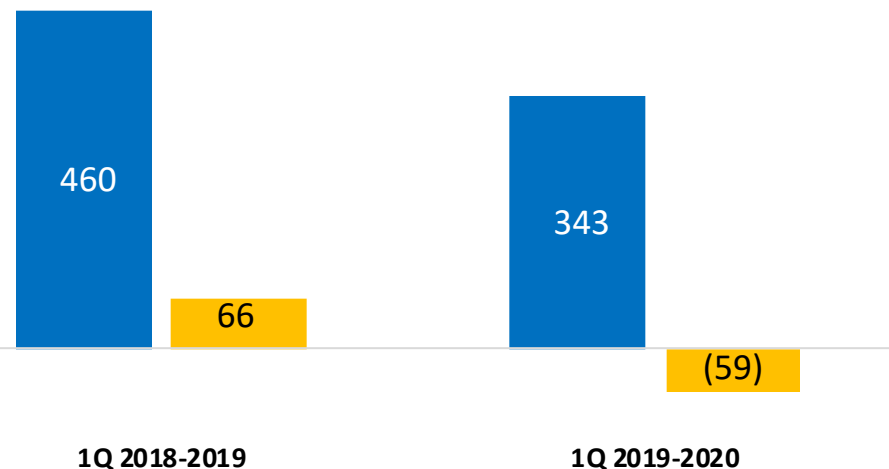
## THREE MONTHS' REVENUES

PHP millions



## THREE MONTHS' REVENUES & EBITDA

PHP millions

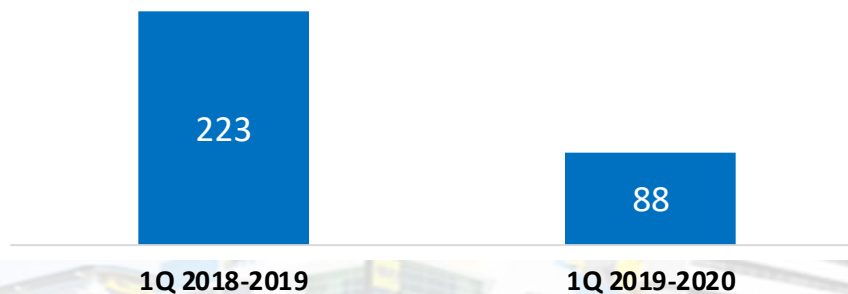


■ Tuition & Other School Fees ■ Educational Services & Royalties  
■ Educational Materials & Others

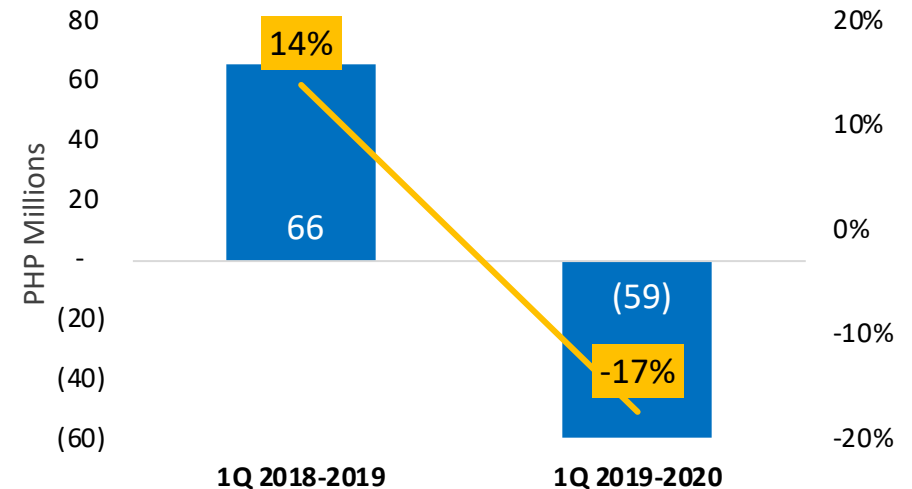
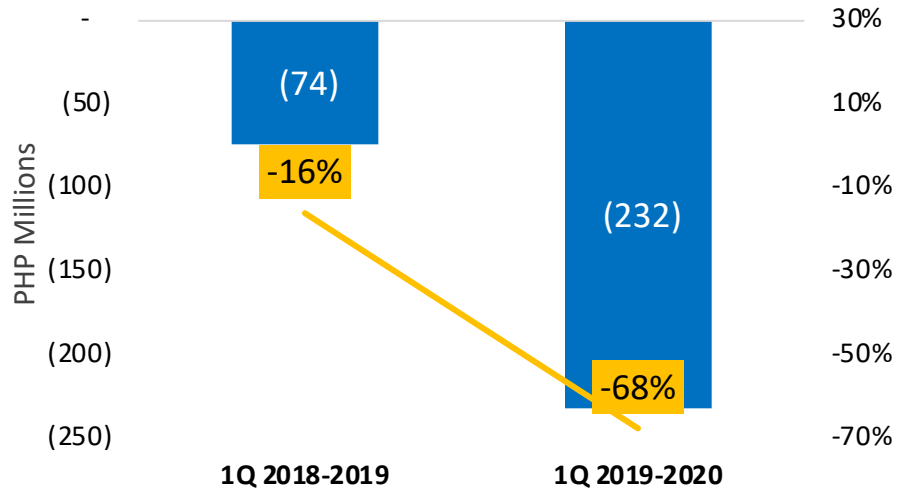
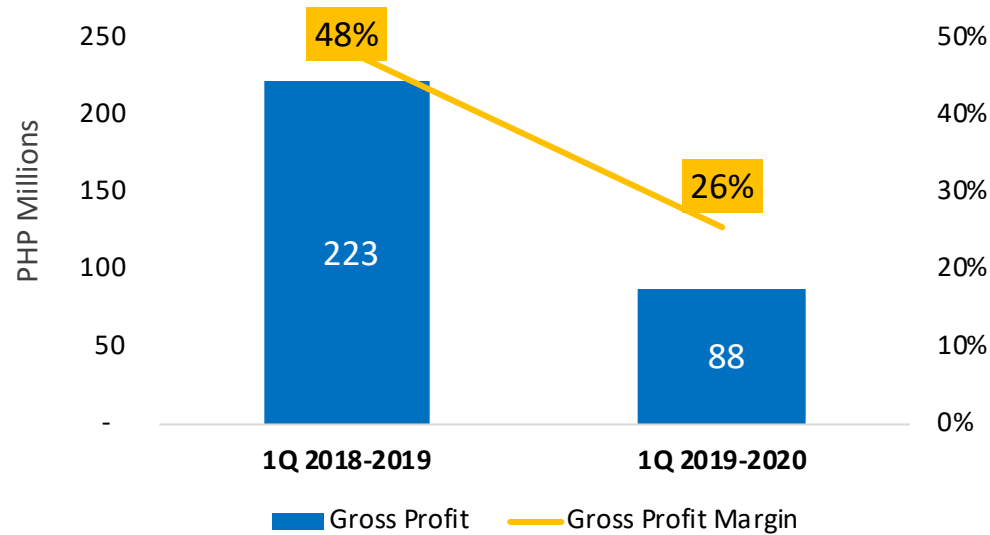
■ Total Revenues ■ EBITDA

## THREE MONTHS' GROSS PROFIT

PHP millions



# Operating Profit and Margin Profile



Operating Profit Operating Profit Margin

EBITDA EBITDA Margin