

STI ACADEMIC CENTER  
MALABO CITY



**STI** EDUCATION SYSTEMS  
**HOLDINGS**

**STI Education Systems Holdings, Inc.**

Full Year Results ending March 31, 2018 and  
Second Quarter Results ending September 30, 2018

# STI Holdings Network of Schools



## Who We Are

- ✧ STI Holdings owns, maintains, and operates the Philippines' largest, private, for-profit network of educational institutions with more than 85,000 students enrolled in 65 STI-branded colleges and 10 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**  
**37 FRANCHISED SCHOOLS**



**STI West Negros  
University**

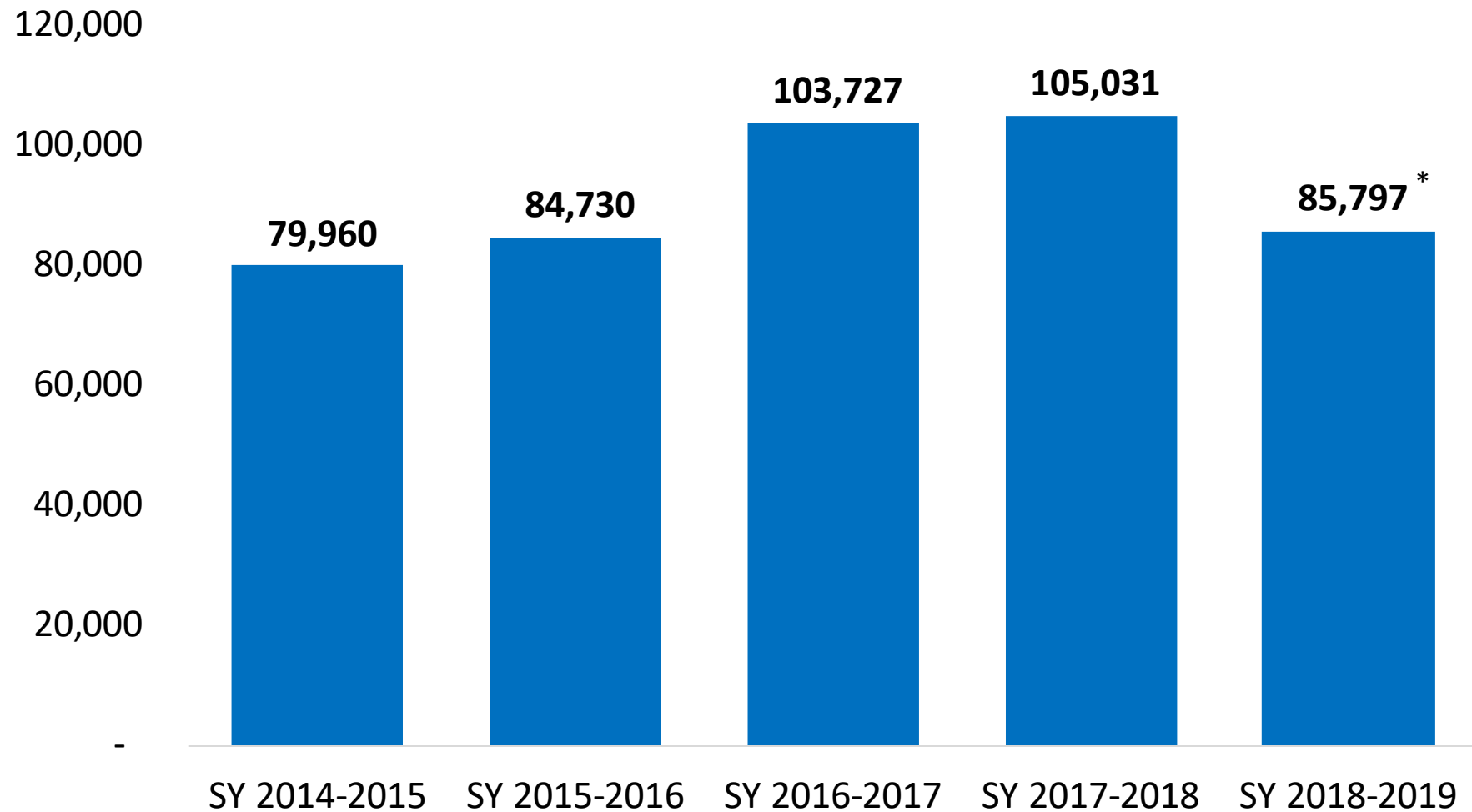
**1 UNIVERSITY**



**1 NON-STI BRANDED COLLEGE**

**85,797 total students**

# STI Holdings Combined Student Enrollment



*\* Updated student enrollment inclusive of June and August batches of STI ESG tertiary and late enrollment for all schools*

# Nationwide presence with wide range of program offerings



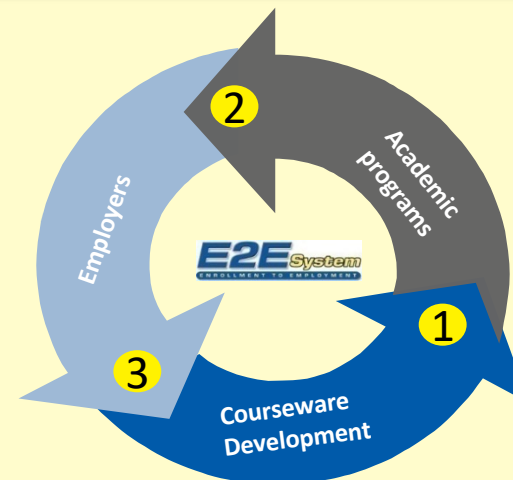
- Reaches a larger student base and students not otherwise serviced by other institutions
- Encompasses a mixed mode of both wholly-owned and franchised schools based on geographic demand



STI Branded	University	Colleges	ECs	Total
Owned	1	36	2	39
Franchised		32	5	37
Total	1	68	7	76

Non-STI Branded				
Owned		1		1
Total	1	69	7	77

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



ICT



Education



Healthcare



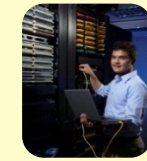
Business



Hospitality



Liberal Arts

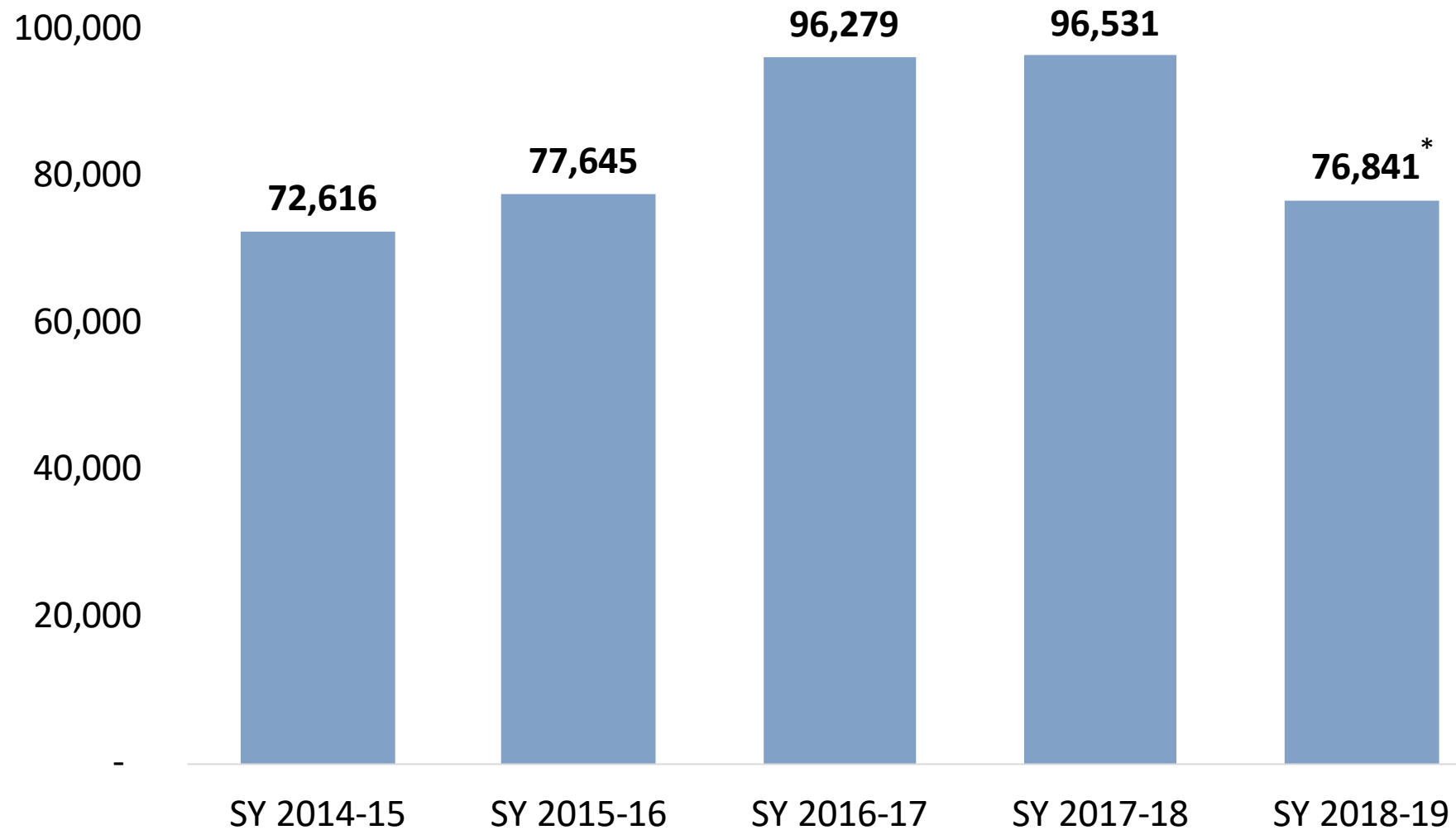


Engineering



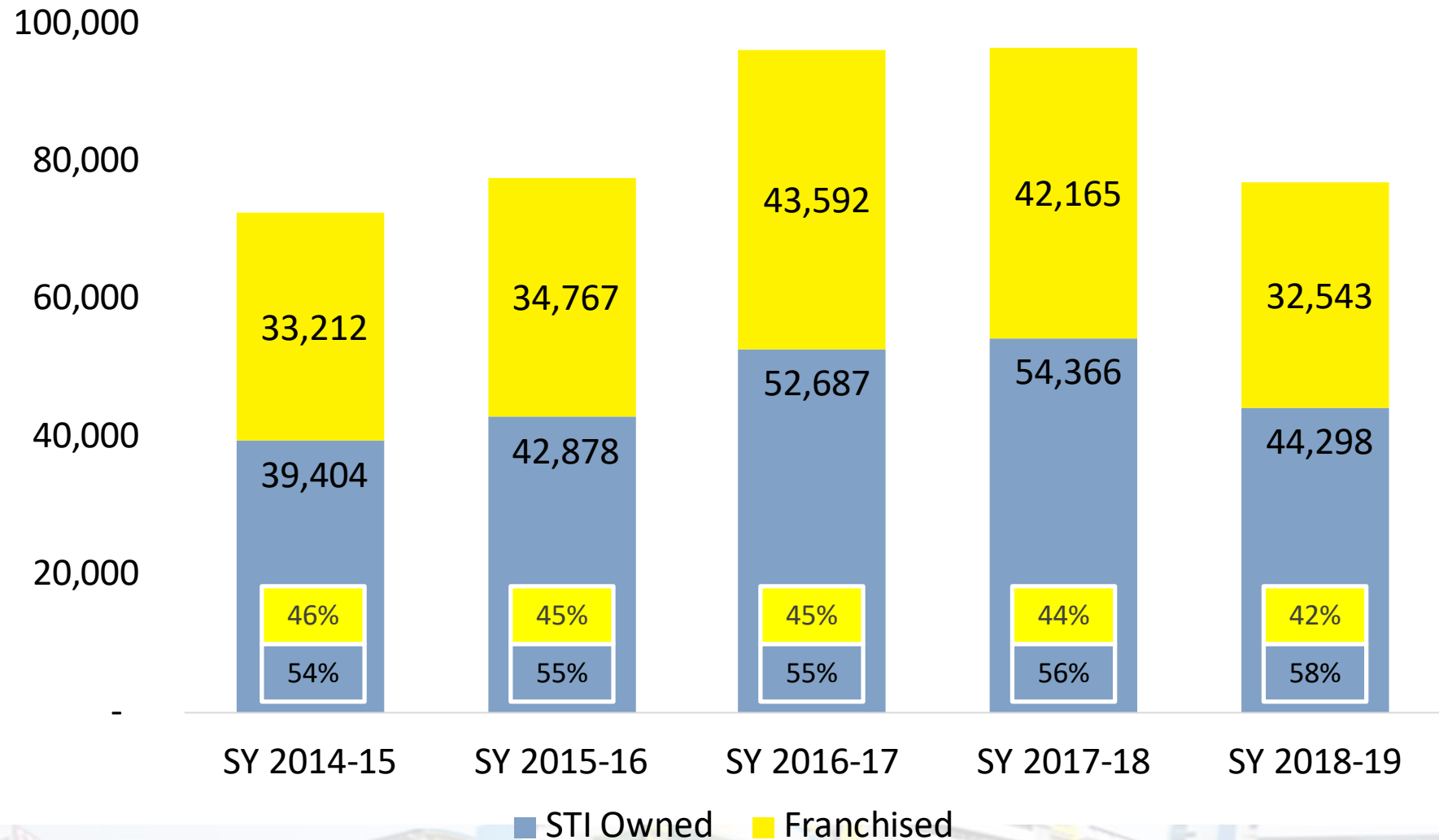
## STI Education Services Group

# STI ESG Student Enrollment



*\* Updated student enrollment inclusive of June and August batches of STI ESG tertiary and late enrollment*

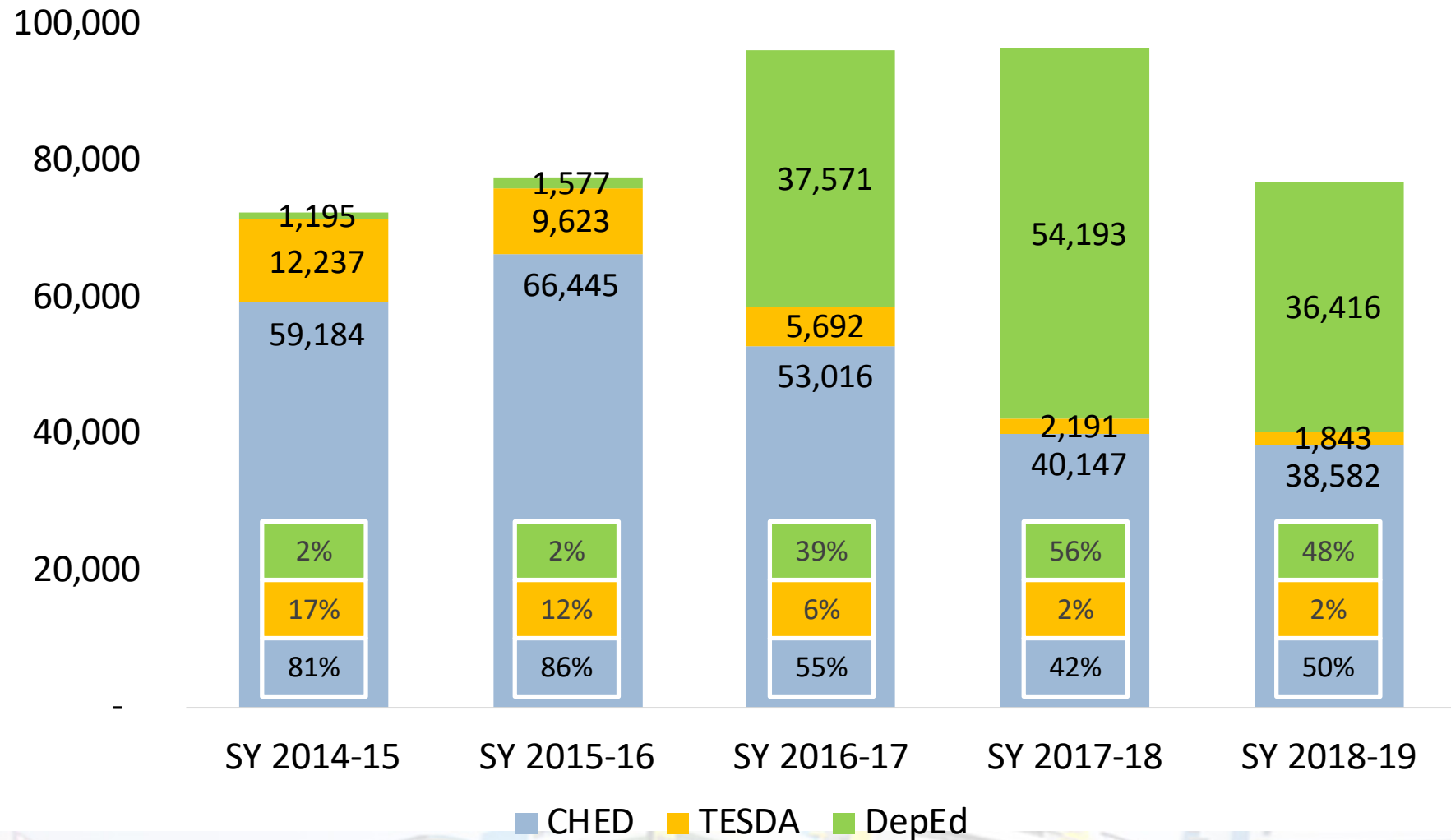
# STI ESG Student Enrollment (Owned vs. Franchised)



■ STI Owned ■ Franchised



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

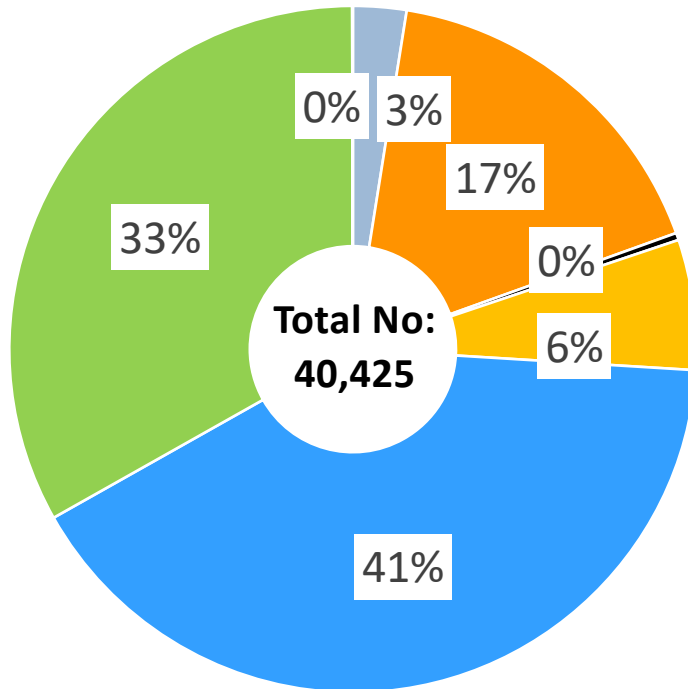




# STI ESG Student Enrollment (By Program, SY 2018-2019)

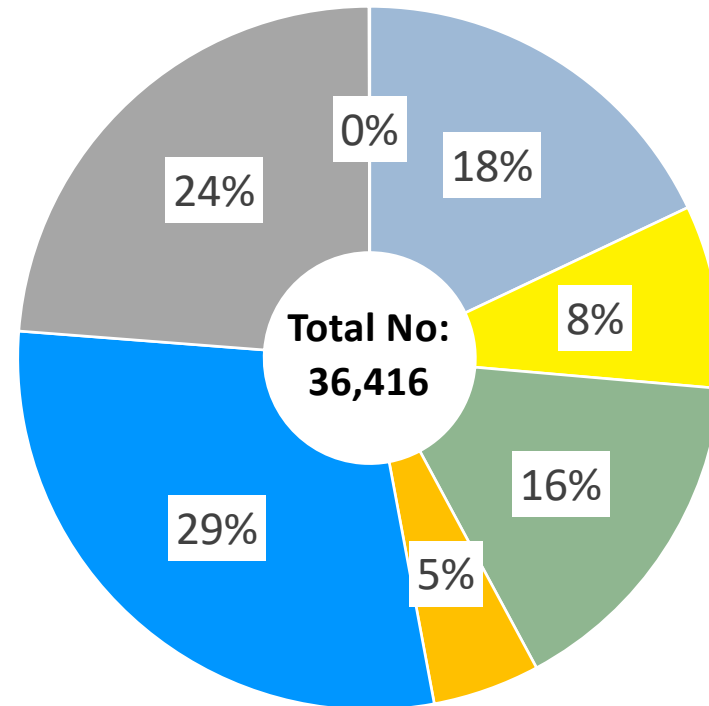


- Arts and Sciences
- Business and Management
- Healthcare and Education
- Engineering
- Information and Communications Technology
- Tourism and Hospitality Management
- Graduate Studies



**TERTIARY**

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



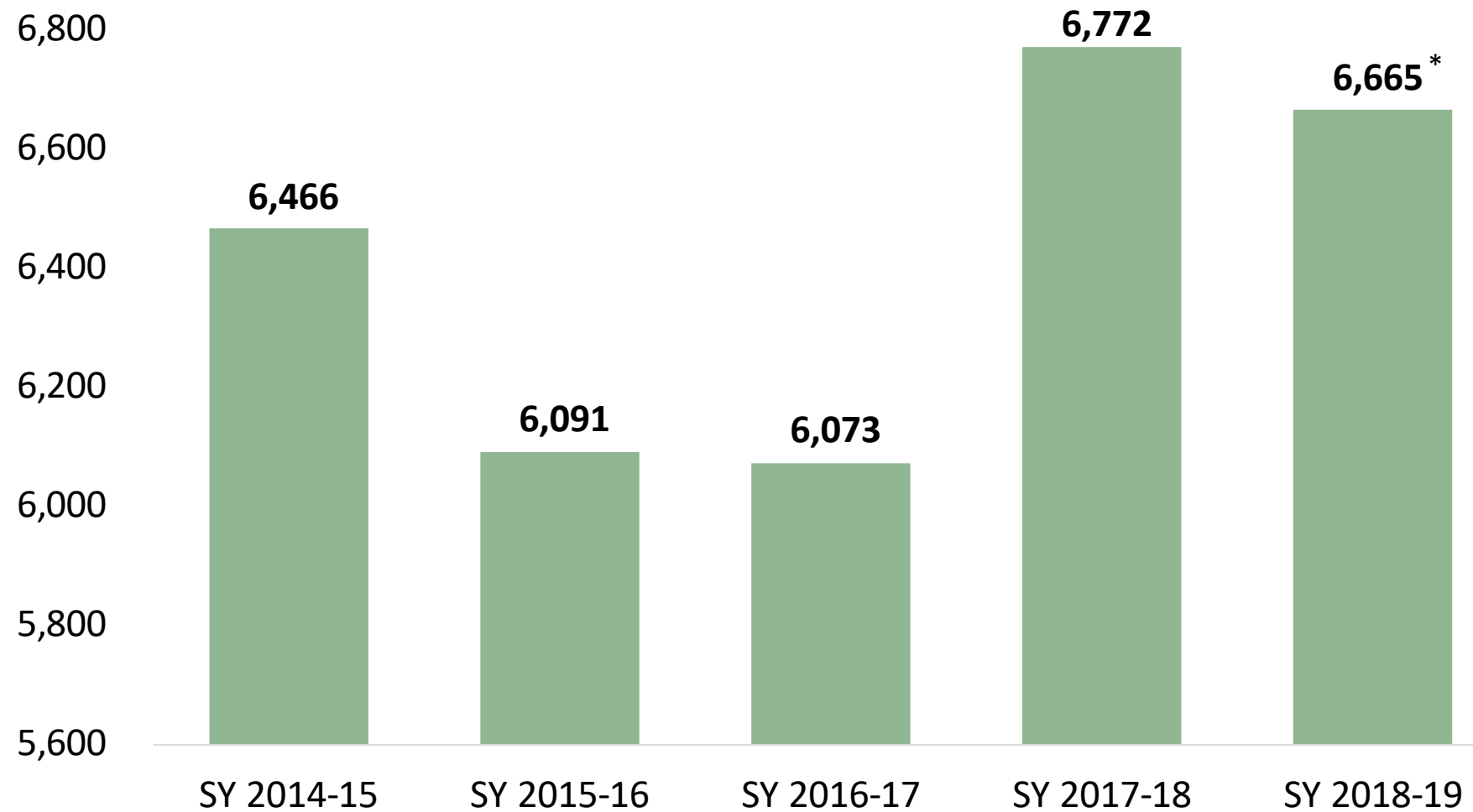
**SENIOR HIGH SCHOOL**





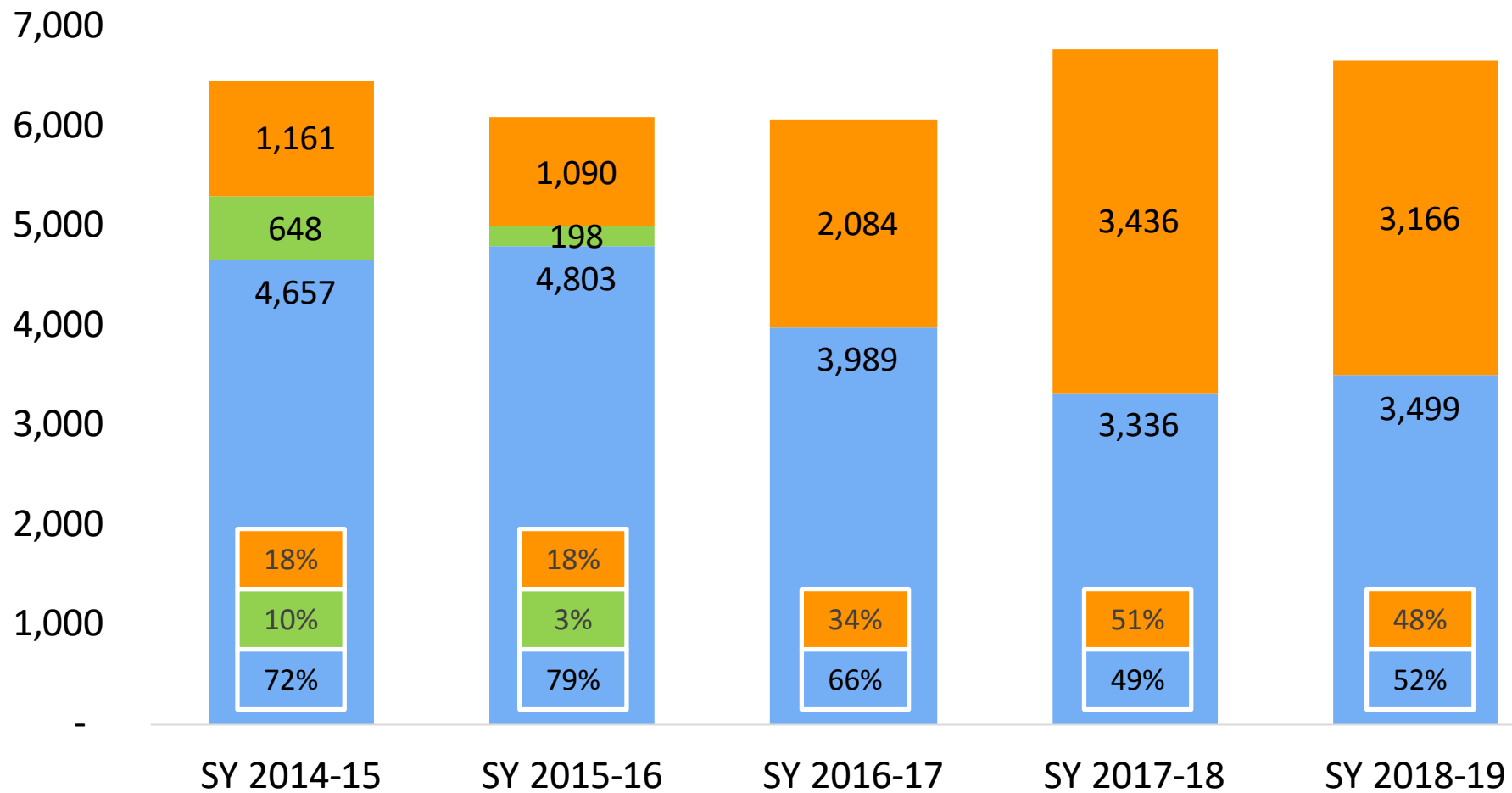
**STI West Negros  
University**

# STI WNU Student Enrollment



*\* Updated student enrollment inclusive of late enrollment*

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

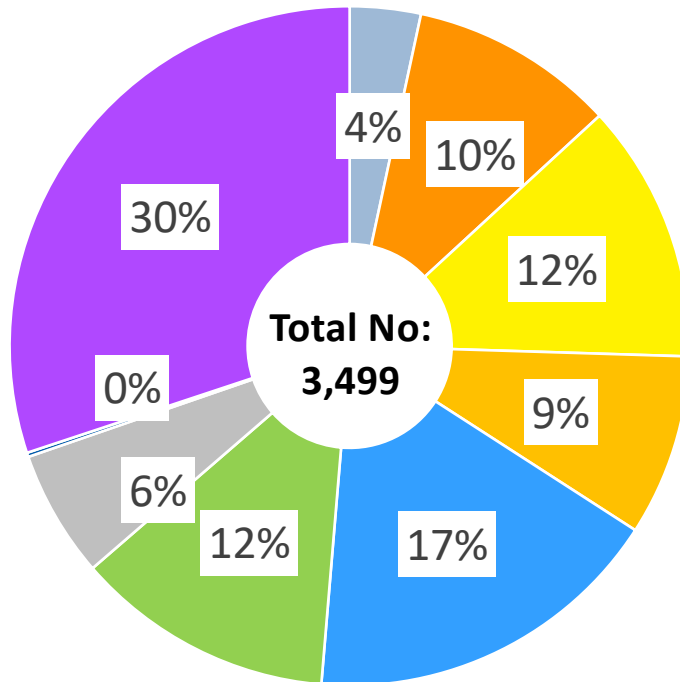


■ CHED ■ TESDA ■ DepEd

# STI WNU Student Enrollment (By Program, SY 2018-2019)

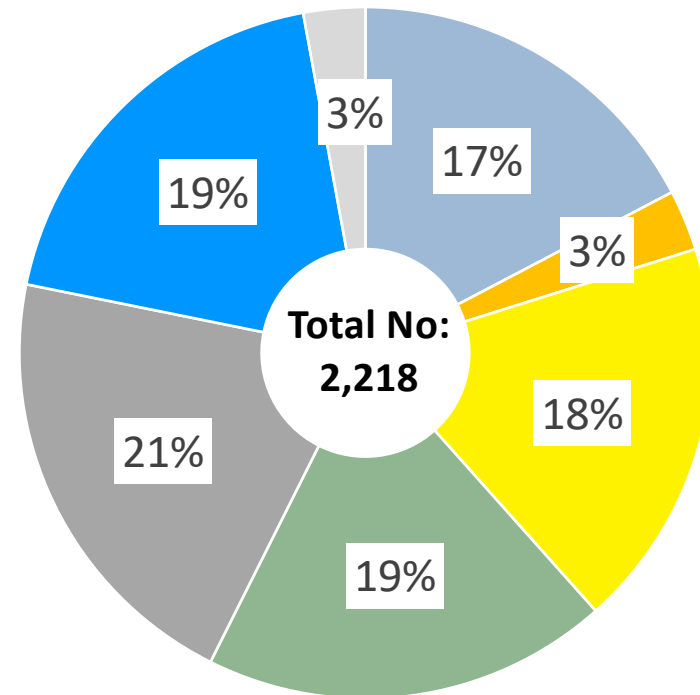


- Arts and Sciences
- Business and Management
- Education
- Engineering
- Information and Communications Technology
- Tourism and Hospitality Management
- Criminology
- Maritime
- Graduate Studies



**TERTIARY**

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



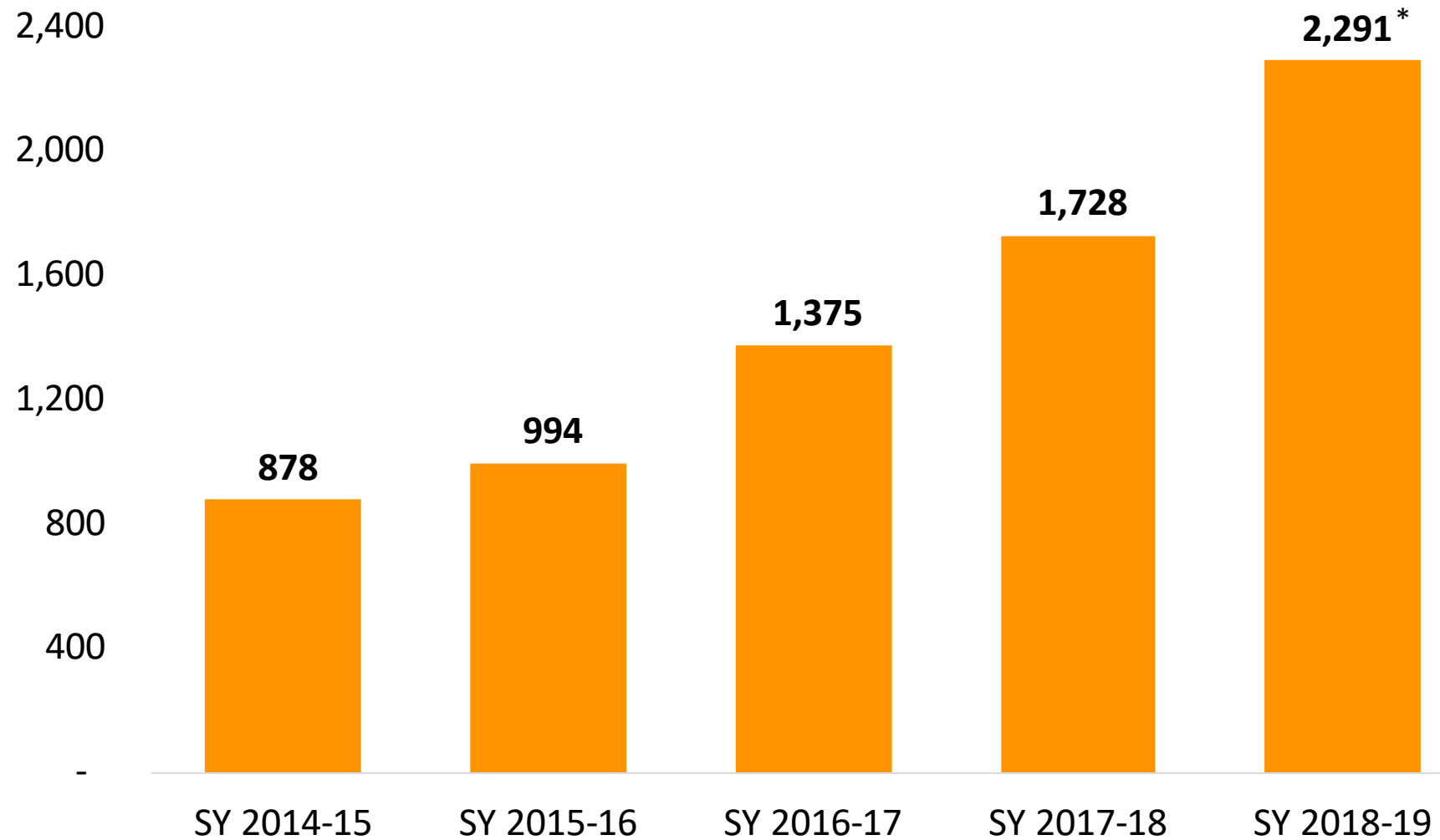
**SENIOR HIGH SCHOOL**



# iACADEMY

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

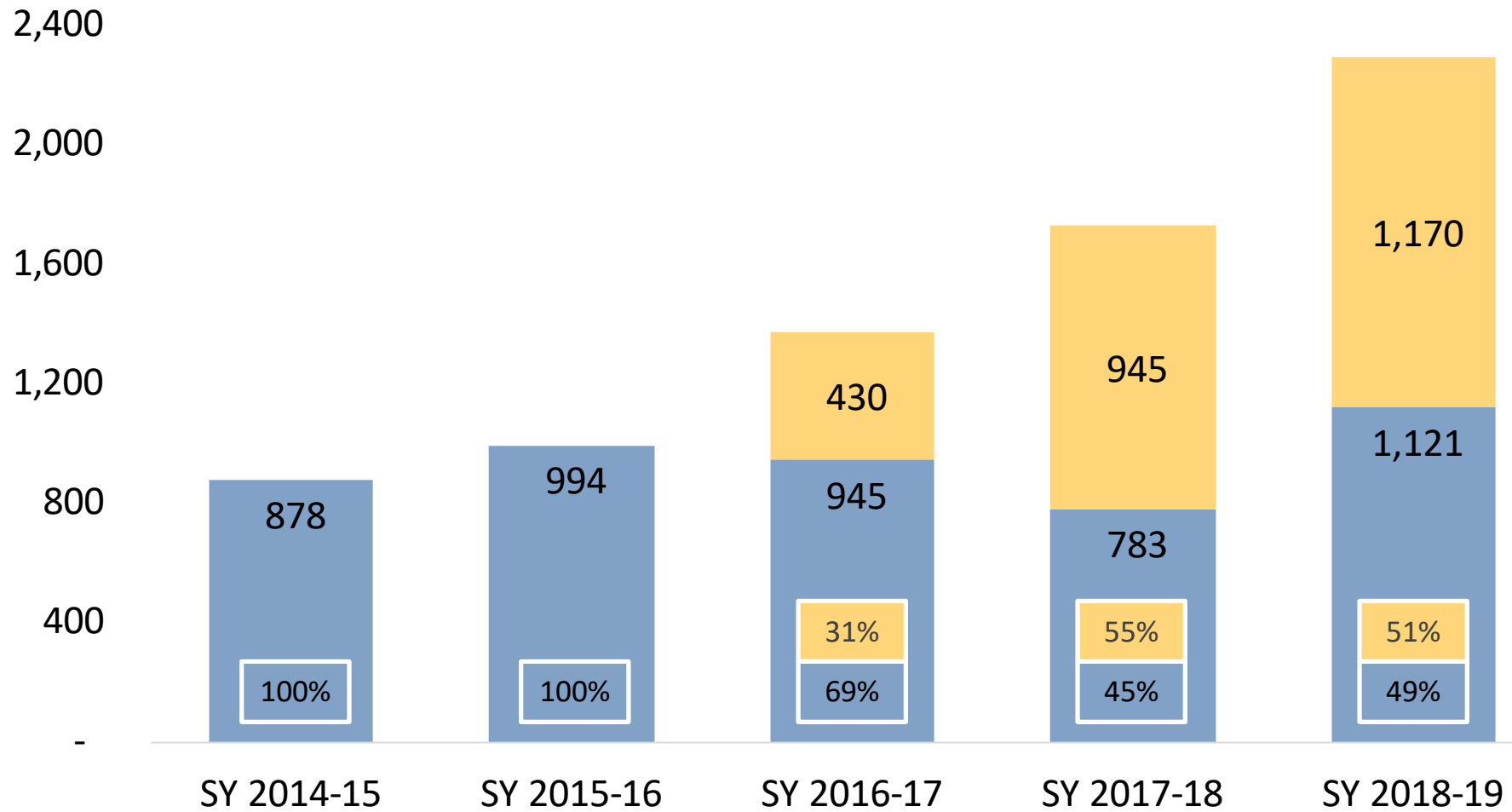
# iACADEMY Student Enrollment



*\* Updated student enrollment inclusive of late enrollment*



# iACADEMY Student Enrollment (CHED/DepEd Mix)

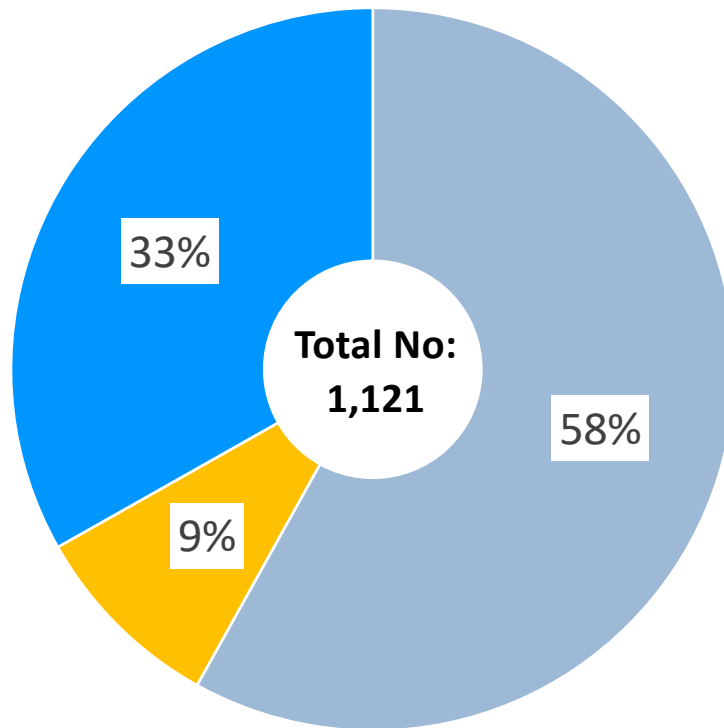


■ CHED ■ DepEd

# iACADEMY Student Enrollment (By Program, SY 2018-2019)

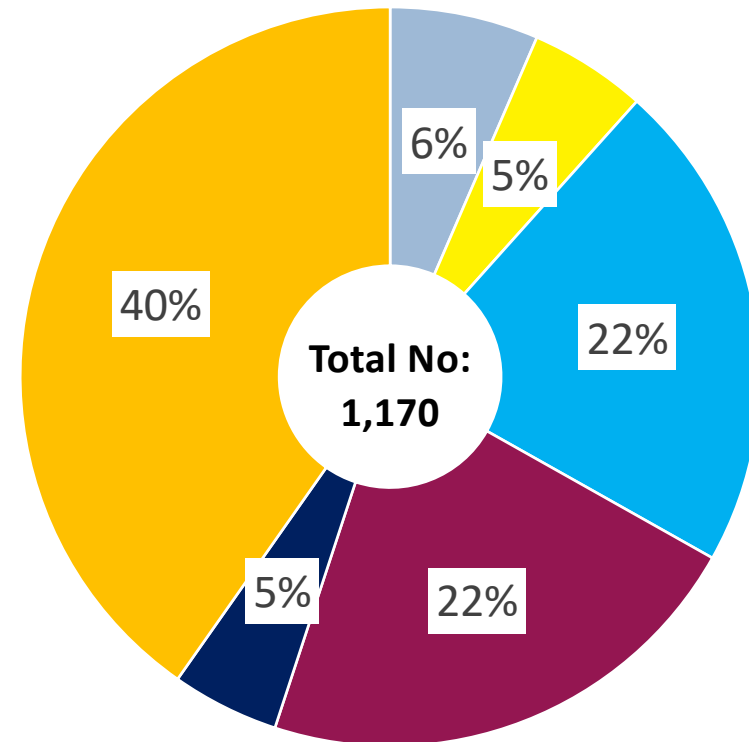


- Arts and Sciences
- Business and Management
- Information and Communications Technology



**TERTIARY**

- Accountancy, Business and Management
- Humanities and Social Sciences
- Computer Programming
- Animation
- Fashion Design
- Media and Visual Arts



**SENIOR HIGH SCHOOL**





## Full Year 2017 - 2018 Financial & Operating Results



# STI Holdings Balance Sheet Overview



## Key Balance Sheet Items

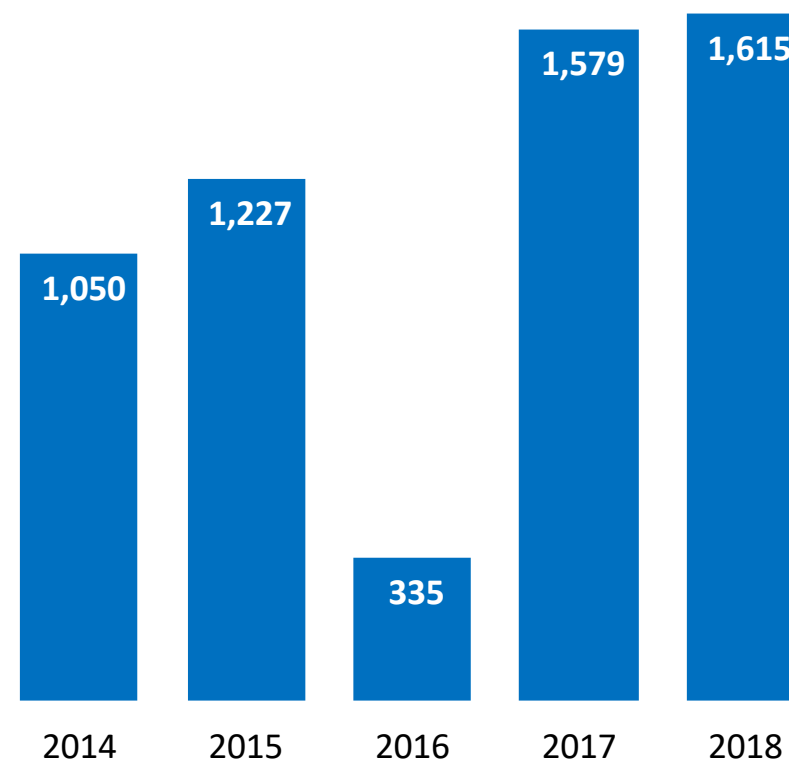
(PHP millions)

	March 31,				
	2014	2015	2016	2017*	2018
Cash	583	803	665	3,199	1,858
PP&E	4,421	5,581	5,610	6,876	8,427
Investments in and Advances to Associates	1,532	1,622	1,425	857	42
<b>TOTAL ASSETS</b>	<b>8,299</b>	<b>10,036</b>	<b>10,500</b>	<b>14,052</b>	<b>14,416</b>
Total Loans / Bonds Payable	288	1,387	1,151	4,676	4,190
<b>TOTAL LIABILITIES</b>	<b>1,171</b>	<b>2,380</b>	<b>2,270</b>	<b>5,740</b>	<b>5,613</b>
<b>EQUITY</b>	<b>7,128</b>	<b>7,656</b>	<b>8,230</b>	<b>8,312</b>	<b>8,803</b>

\* Restated

## Capital Expenditures - March 31

(PHP millions)



## Key Profit & Loss Data



<b>Fiscal Years Ending March 31</b> <i>(PHP millions)</i>	2014	2015*	2016*	2017*	2018
Revenues	₱1,918	₱2,224	₱2,577	₱2,933	₱3,083
Direct Costs	607	717	805	945	1,014
Gross Profit	1,311	1,507	1,772	1,988	2,069
Operating Expenses	838	990	1,069	1,066	1,194
Operating Profit	473	517	703	922	875
Other Income (Expenses) – Net	236	283	407	(264)	(294)
Income Before Income Tax	709	800	1,110	658	581
Net Income	655	731	883	558	503
EBITDA	690	848	1,127	1,413	1,392

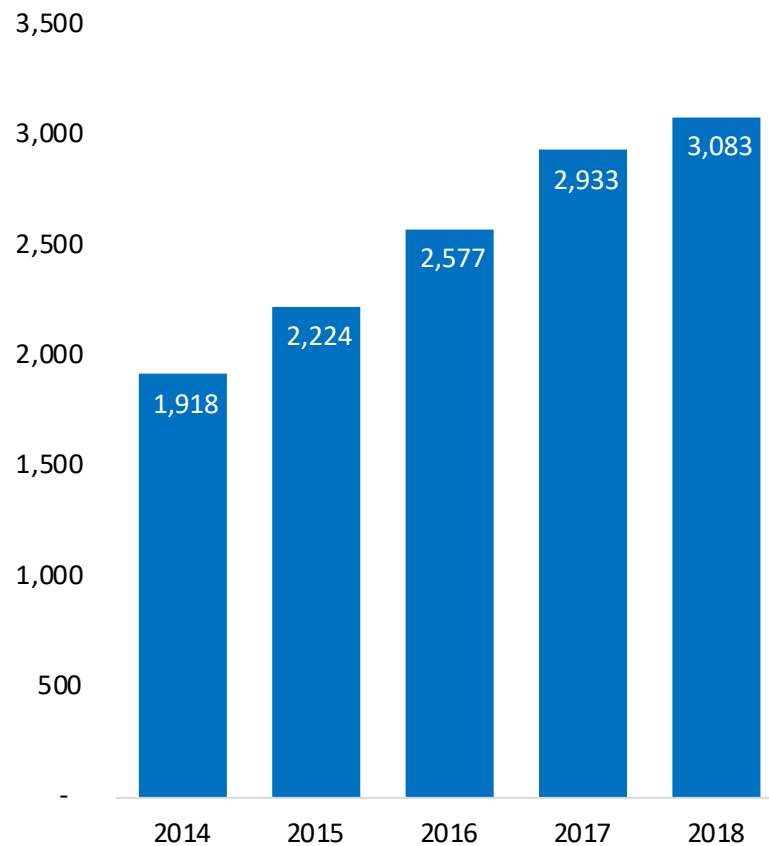
\* Restated

# Strong Growth in Revenues



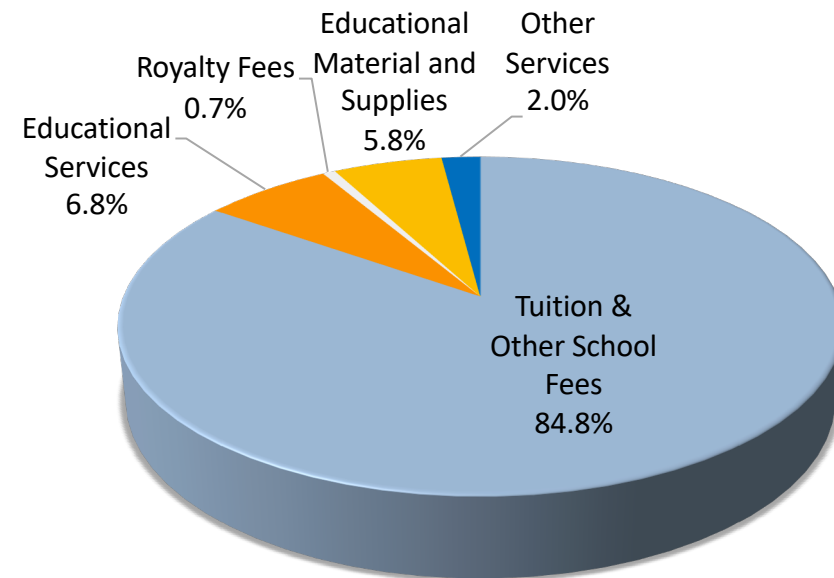
## Revenues

(PHP millions)



## Breakdown of Revenues for FY 2017 - 2018

(as a percentage of total)



STI continues to achieve strong revenue growth, with a CAGR of **12.6%** from 2014-2018, mainly attributable to the steady increase in the number of enrollees in STI ESG owned and franchised schools.

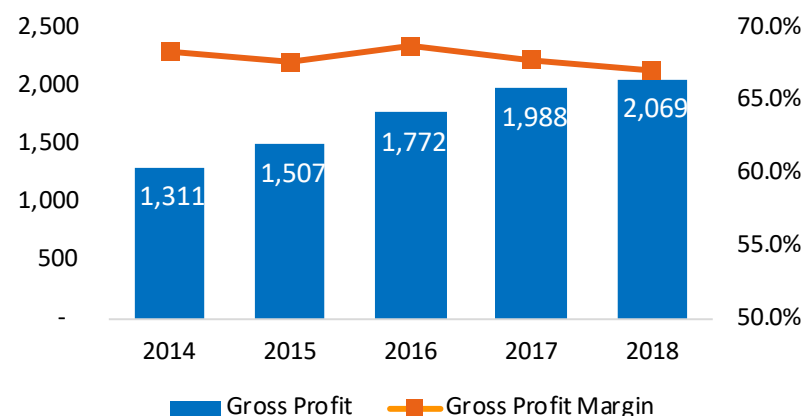


# Operating Profit and Margin Profile



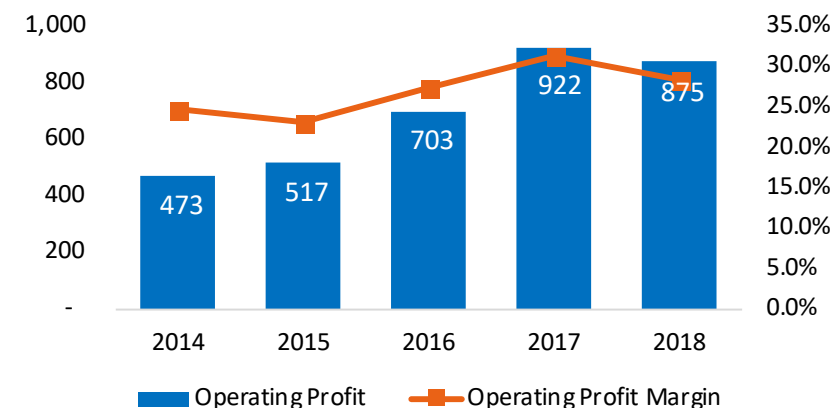
## Gross profit

(PHP millions)



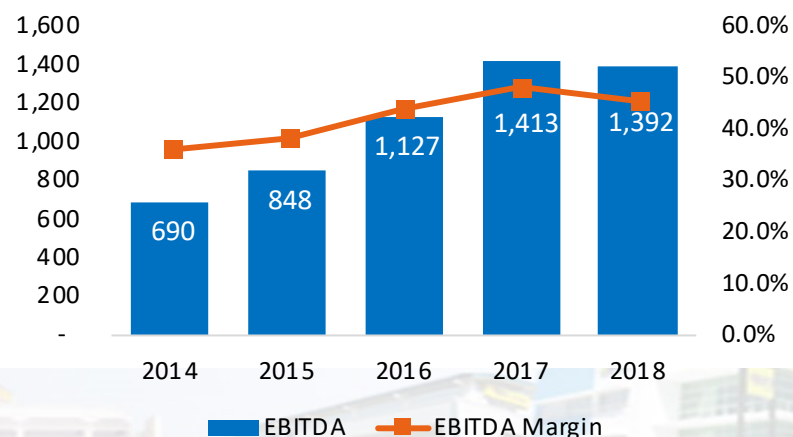
## Operating profit

(PHP millions)



## EBITDA

(PHP millions)



✧ STI increased its gross profit from PHP1,311 million in FY 2013-2014 to PHP2,069 million in FY 2017-2018 or a CAGR of 12%

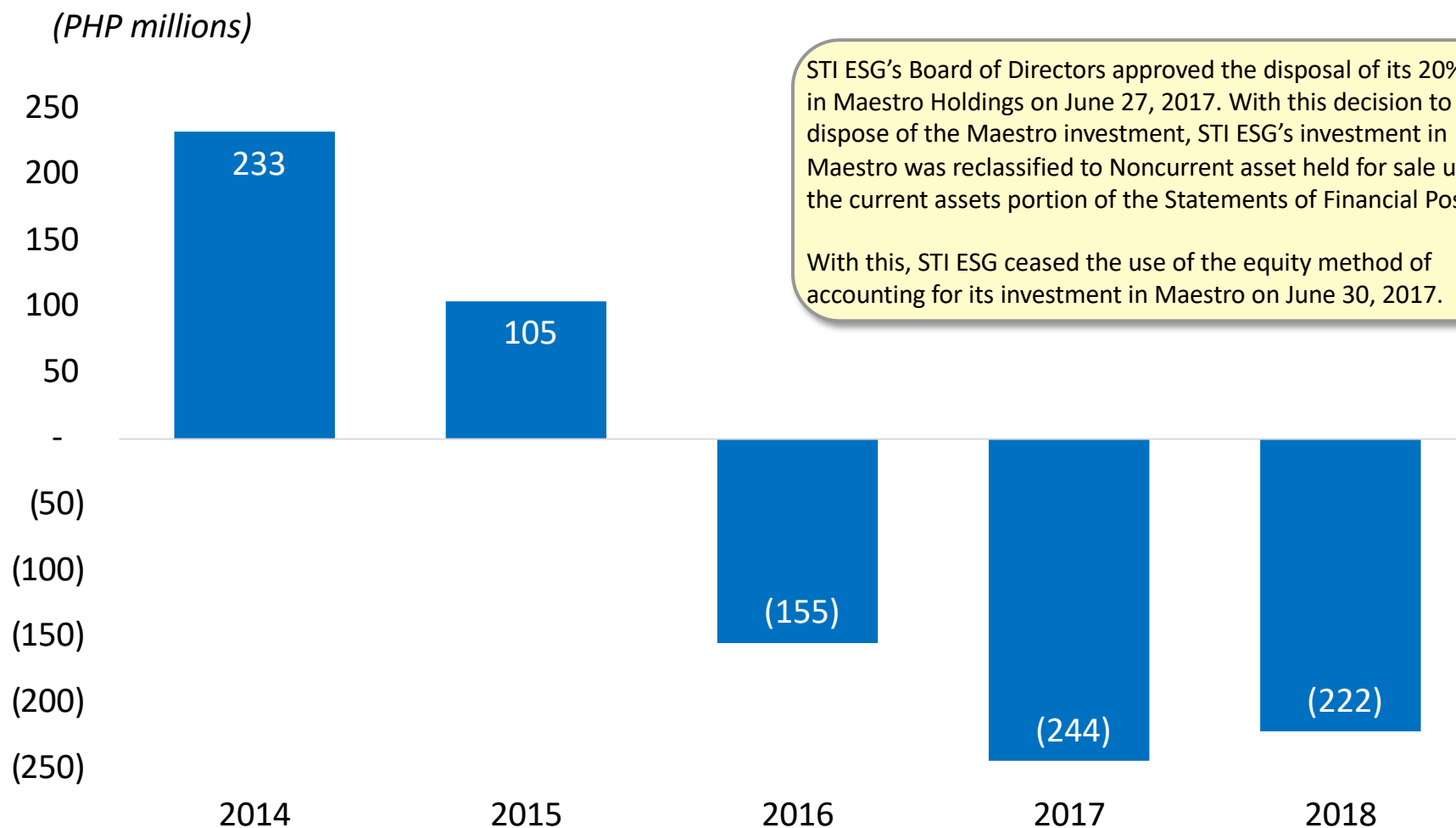
✧ Operating profit has increased from PHP473 million in FY 2013-2014 to PHP875 million in FY 2017-2018 or a CAGR of 17%

✧ EBITDA has increased from PHP690 million in FY 2013-2014 to PHP1,392 million in FY 2017-2018 or a CAGR of 19%

✧ The increases in gross profit, operating profit and EBITDA margins are primarily attributable to the economies of scale that STI enjoys as revenues increase. However, the decline in margins from FY 2016-2017 to FY 2017-18 is largely due to the changes in the mix of students that the Company has.



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



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.

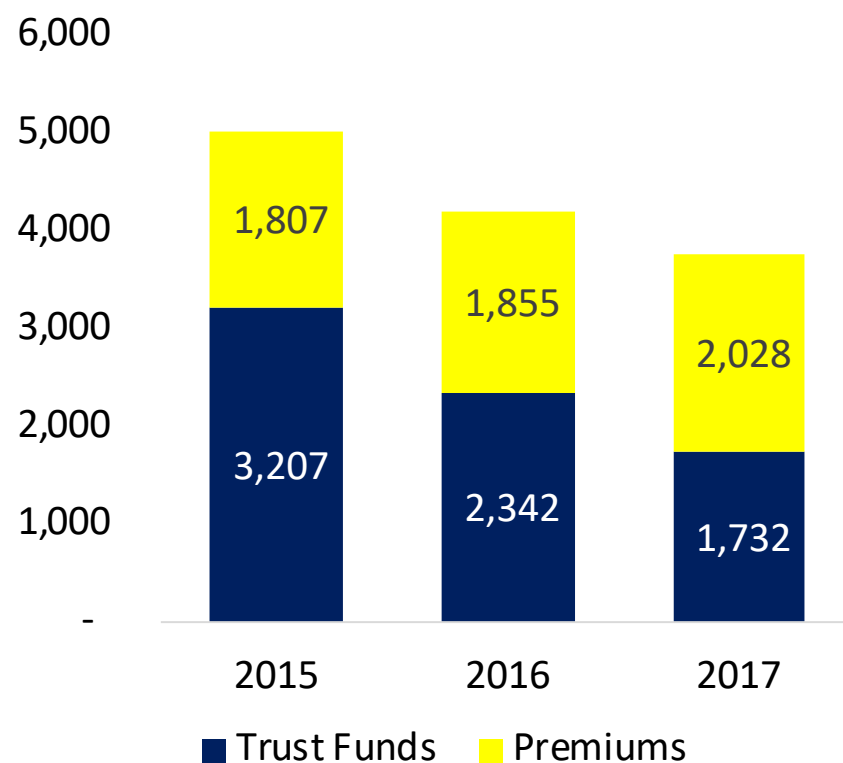
*\*For the years ended March 31.  
Figures for 2016 and 2017 have been restated.*

# Maestro Holdings – Financial Highlights



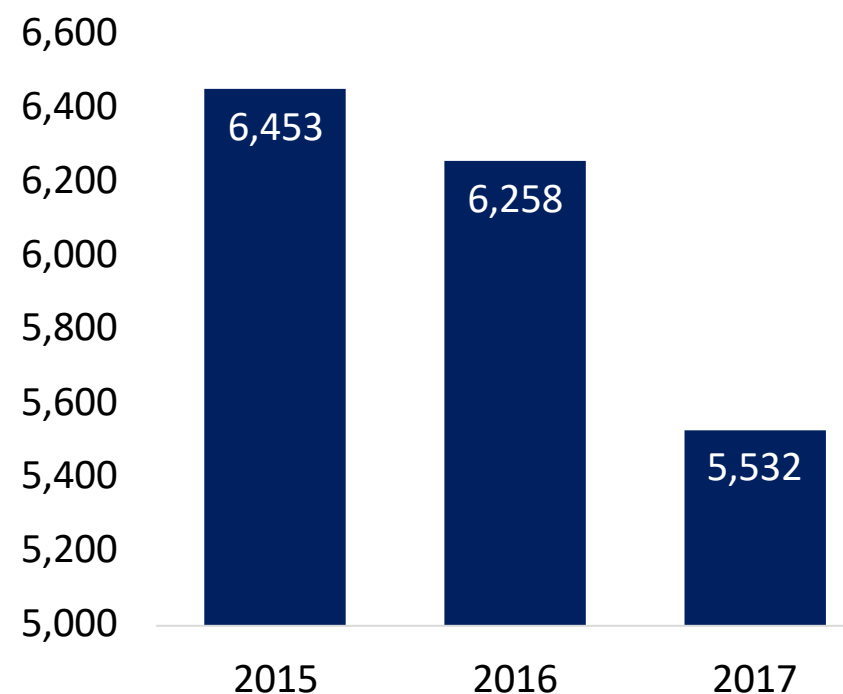
## Maestro Holdings Revenue\*

(PHP millions)



## Maestro Holdings Book Value\*

(PHP millions)



*\*For the years ended December 31.*

*Revenues for 2016 and Book Value for 2015 and 2016 have been restated.*



## 2nd Quarter ending September 30, 2018 Financial & Operating Results



# Financial Highlights



PHP millions (Except gross profit, operating and EBITDA margins)		Six months ended September 30		Y-o-Y Change (%)**	
		2017* (SY 2017-2018)	2018 (SY 2018-2019)		
		Unaudited			
Revenues					
	Tuition & Other School Fees	₱ 1,136	₱ 1,001	(12)	↓
	Educational Services	80	76	(5)	↓
	Royalty Fees	8	7	(5)	↓
	Others	25	27	6	↑
	Sale of educational materials & supplies	123	115	(6)	↓
Total Revenues		1,372	1,226	(11)	↓
Gross Profit		891	738	(17)	↓
	Gross Profit Margin	65%	60%		
Operating Profit (Loss)		341	84	(75)	↓
	Operating Margin	25%	7%		
EBITDA		595	370	(38)	↓
	EBITDA Margin	43%	30%		
Net Income		53	52	(2)	↓
Core Income (Loss)		276	51	(82)	↓

\* Restated

\*\*Percentage changes were derived using figures in the financial statements and Financial Highlights and Key Performance Indicators section of the report for the quarterly period ended 30 September 2018.

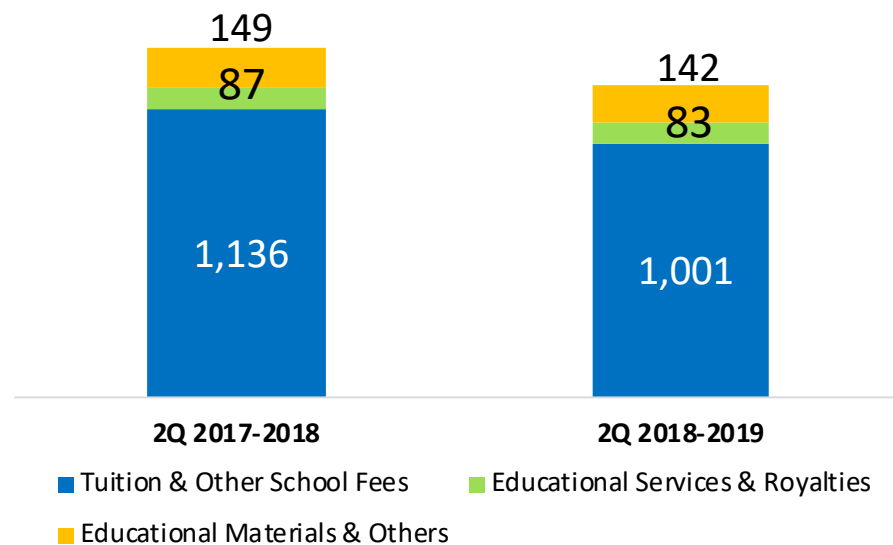
Education for Real Life

# Revenues, Gross Profit & EBITDA



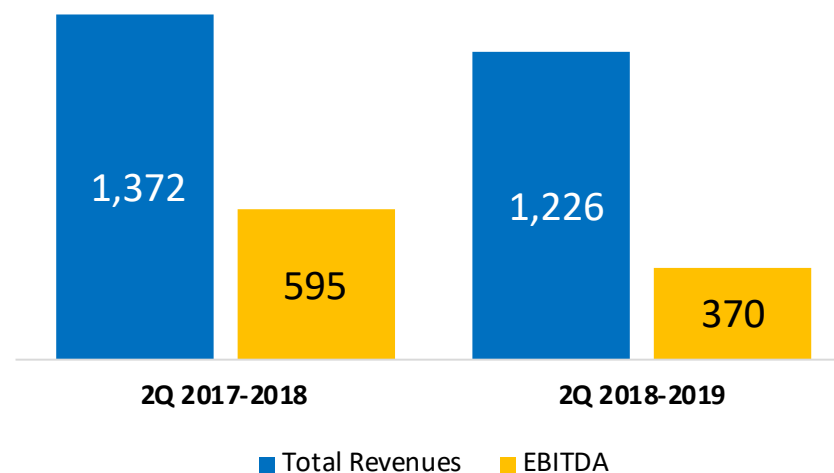
## SIX MONTHS' REVENUES

PHP millions



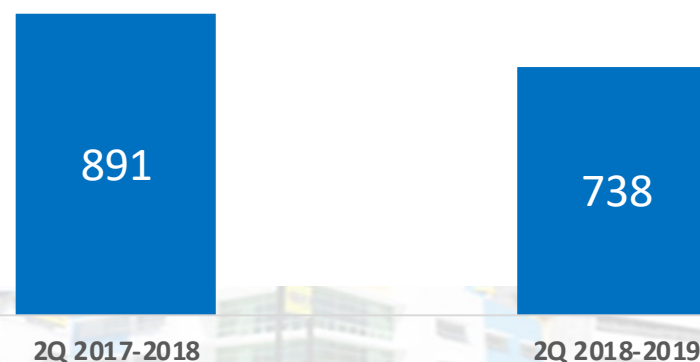
## SIX MONTHS' REVENUES & EBITDA

PHP millions



## SIX MONTHS' GROSS PROFIT

PHP millions



# Operating Profit and Margin Profile

