



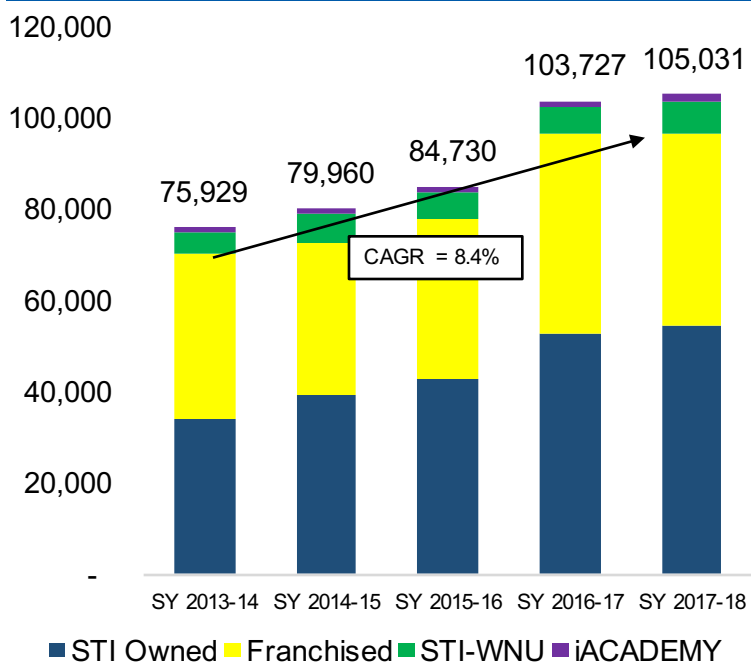
**STI** EDUCATION SYSTEMS  
HOLDINGS

**STI Education Systems Holdings, Inc.**

Full Year Results ending March 31, 2017 and  
Third Quarter Results ending December 31, 2017

# STI Holdings Network of Schools

## STI Holdings Combined Student enrollment




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



## Who we are

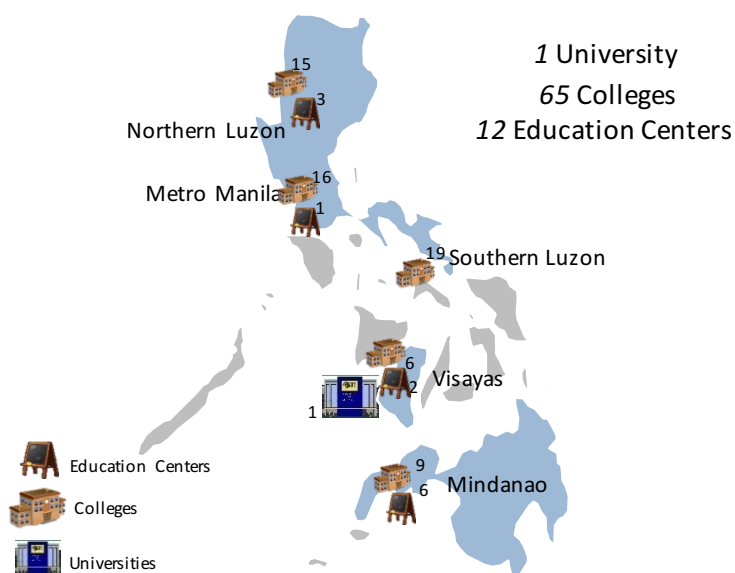
- STI Holdings owns, maintains, and operates the Philippines' largest, private, for-profit network of educational institutions with more than 105,000 students enrolled in 64 STI-branded colleges and 12 education centers, one university (STI West Negros University) and one non-STI branded college (iACADEMY).
- 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 Multimedia Arts and Design, Animation, Fashion Design and Technology, Software Engineering and Game Programming and Design.
- STI ESG also has a 20% interest in Maestro Holdings which provides educational saving plans, among others.

1 university	1 non-STI branded college
 <b>STI WEST NEGROS UNIVERSITY</b>	 <b>iACADEMY</b> <small>SCHOOL OF COMPUTING • SCHOOL OF BUSINESS • SCHOOL OF DESIGN</small>

105,031 total students

## Nationwide presence with wide range of program offerings

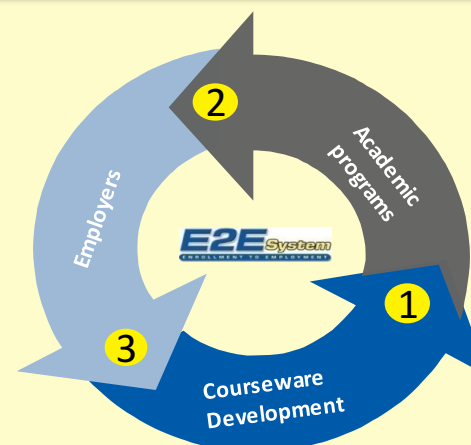
- Reaches a larger student base and students not otherwise serviced by other institutions
- Encompasses a mixed mode of both wholly-owned and franchised schools based on geographic demand



STI Branded	University	Colleges	ECs	Total
Owned	1	33	5	39
Franchised		31	7	38
<b>Total</b>	<b>1</b>	<b>64</b>	<b>12</b>	<b>77</b>

Non-STI Branded	University	Colleges	ECs	Total
Owned		1		1
<b>Total</b>	<b>1</b>	<b>65</b>	<b>12</b>	<b>78</b>

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



ICT



Education



Healthcare



Business



Hospitality



Liberal Arts



Engineering



**Full Year 2016 - 2017 Financial & Operating Results**

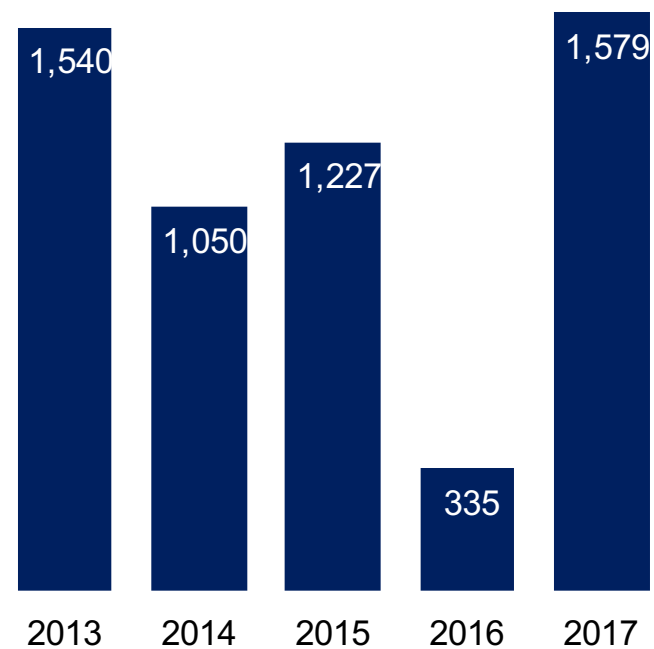
# STI Holdings Balance Sheet Overview

## Key Balance Sheet Items

	<b>March 31,</b>				
(PHP millions)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Cash	₱1,489	₱583	₱803	₱665	₱3,199
PP&E	2,635	4,421	5,581	5,610	6,876
Investments in and Advances to Associates	2,897	1,532	1,622	1,425	1,096
<b>TOTAL ASSETS</b>	<b>8,503</b>	<b>8,299</b>	<b>10,036</b>	<b>10,500</b>	<b>14,291</b>
Total Loans	-	288	1,387	1,151	4,676
<b>TOTAL LIABILITIES</b>	<b>368</b>	<b>1,171</b>	<b>2,380</b>	<b>2,270</b>	<b>5,740</b>
<b>EQUITY</b>	<b>₱8,135</b>	<b>₱7,128</b>	<b>₱7,656</b>	<b>₱8,230</b>	<b>₱8,551</b>

## Capital Expenditures - March 31

(PHP millions)



## Key Profit & Loss Data

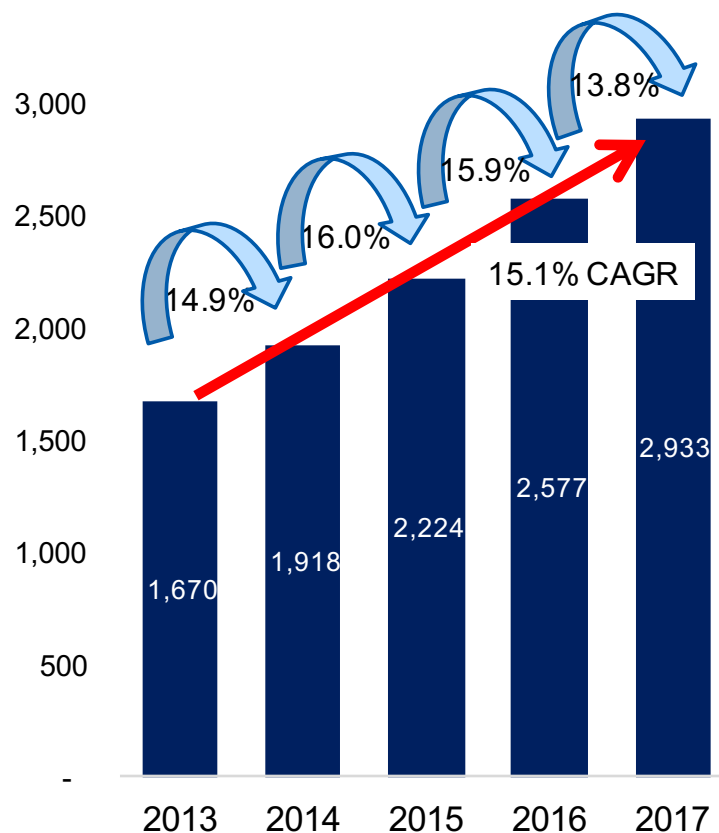
<b>Fiscal Years Ending March 31</b> <i>(PHP millions)</i>	2013*	2014	2015	2016	2017
Revenues	₱1,670	₱1,918	₱2,224	₱2,577	₱2,933
Direct Costs	535	607	717	805	945
Gross Profit	1,135	1,311	1,507	1,772	1,988
Operating Expenses	745	838	990	1,069	1,066
Operating Profit	390	473	517	703	922
Other Income (Expenses) – Net	404	182	214	370	(278)
Net Income	794	655	731	1,073	644
EBITDA	550	690	848	1,127	1,413

\* Restated to reflect the adjustments on the application of the Revised PAS 19 - Employee Benefits

## Strong Growth in Revenues

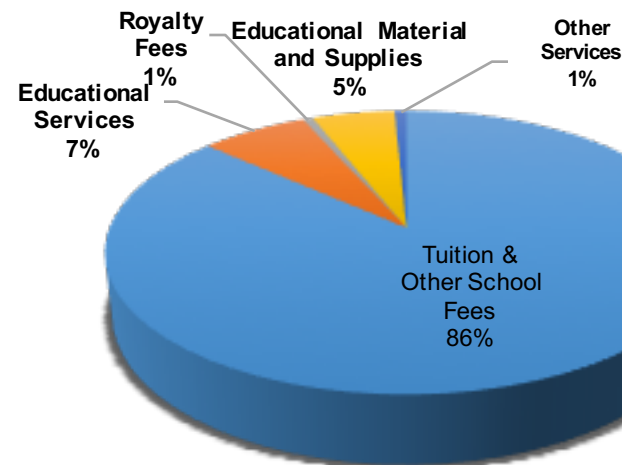
### Revenues

(PHP millions)



### Breakdown of Revenues for FY 2016 - 2017

(as a percentage of total)



### Growth Drivers

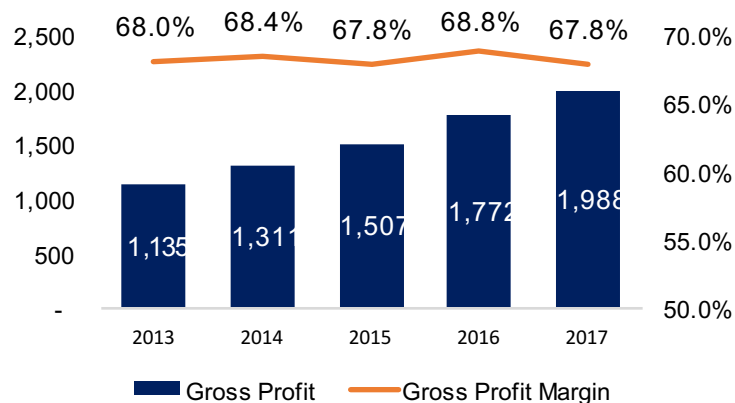
STI continues to achieve strong revenue growth, with a CAGR of 15.1% from 2013-2017, mainly attributable to the following drivers:

- ◇ Increase in the number of enrollees in the STI network-wide schools, specifically in STI-owned schools
- ◇ Increasing number of enrollees for Senior High School for FY 2016-2017 and FY 2017-2018.
- ◇ A modest increase in tuition fees.

# Operating Profit and Margin Profile

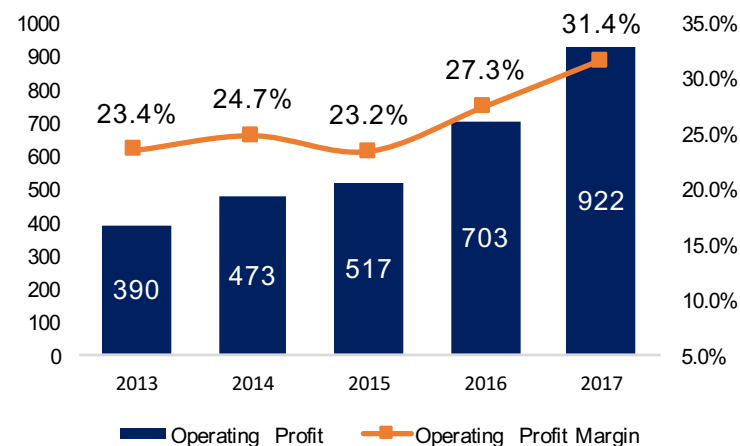
## Gross profit

(PHP millions)



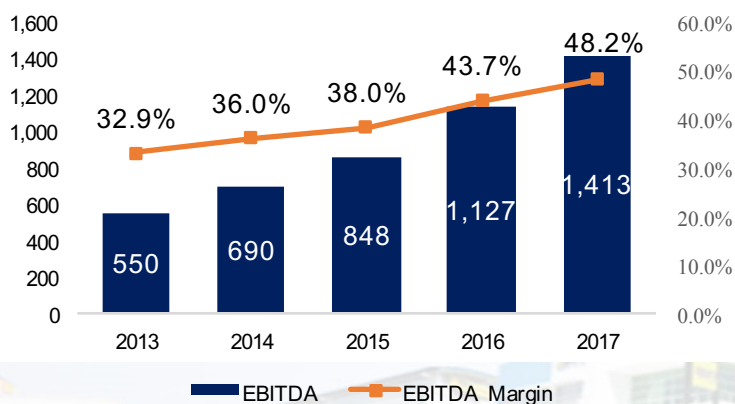
## Operating profit

(PHP millions)



## EBITDA

(PHP millions)

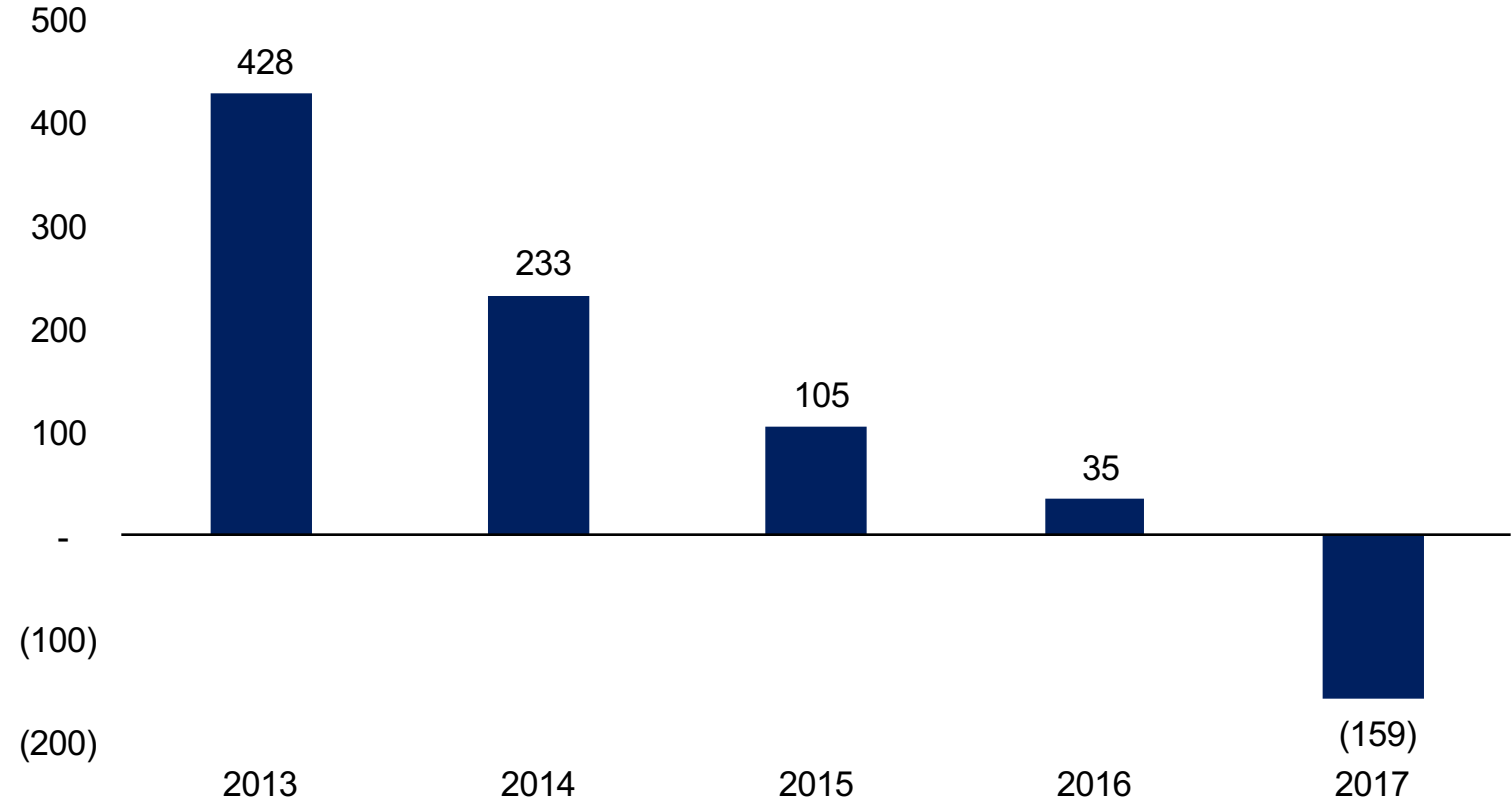


- ✦ STI increased its gross profit from PHP1,135 million in FY 2012-13 to PHP1,988 million in FY 2016-17 or a CAGR of 15%
- ✦ Operating profit has increased from PHP390 million in FY 2012-13 to PHP922 million in FY 2016-17 or a CAGR of 24%
- ✦ EBITDA has increased from PHP550 million in FY 2012-13 to PHP1,413 million in FY 2016-17 or a CAGR of 27%
- ✦ The increases in gross profit, operating profit and EBITDA margins are primarily attributable to the economies of scale that STI enjoys as revenues increase.



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

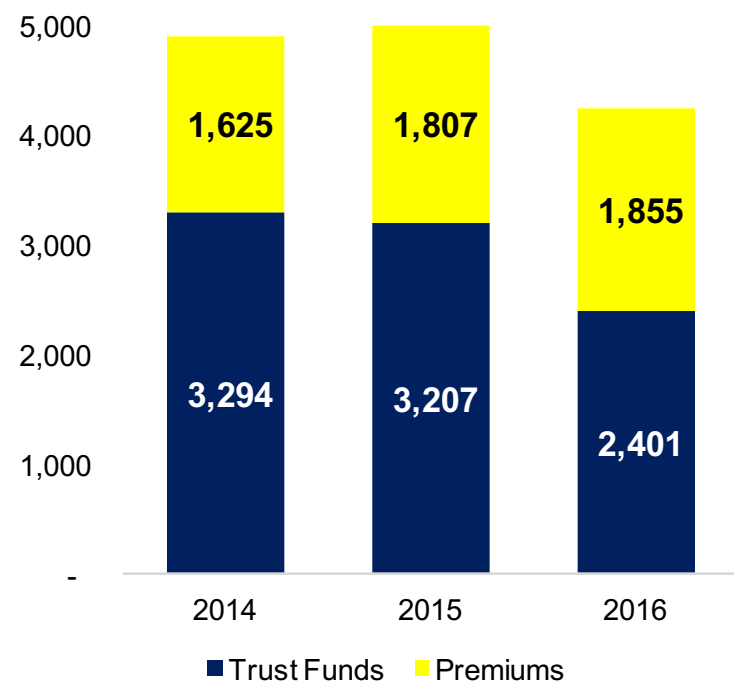
*in millions*



## Maestro Holdings – Financial Highlights

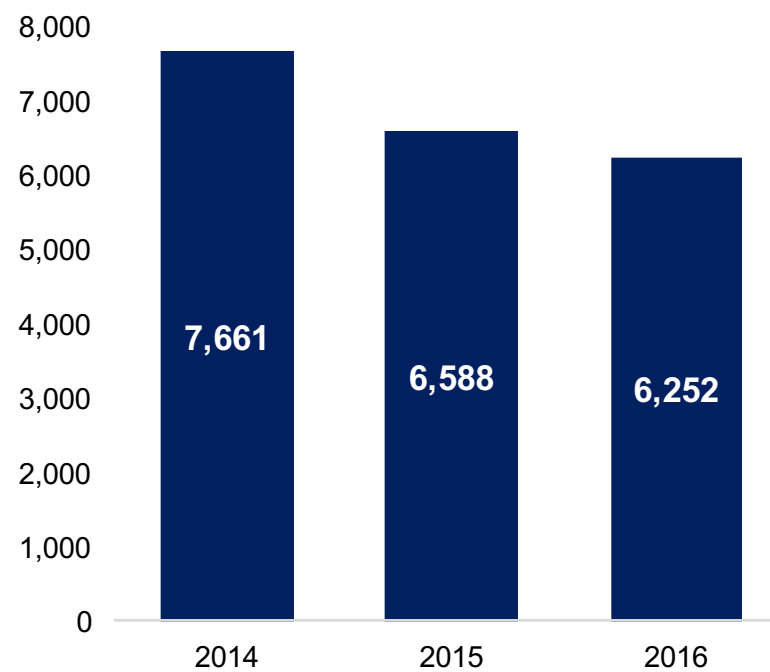
### Maestro Holdings Revenue\*

PHP millions



### Maestro Holdings Book Value\*

PHP millions



\*For the year ended December 31



**3rd Quarter ending 31 December 2017  
Financial & Operating Results**

## 3Q 2017 Financial Highlights

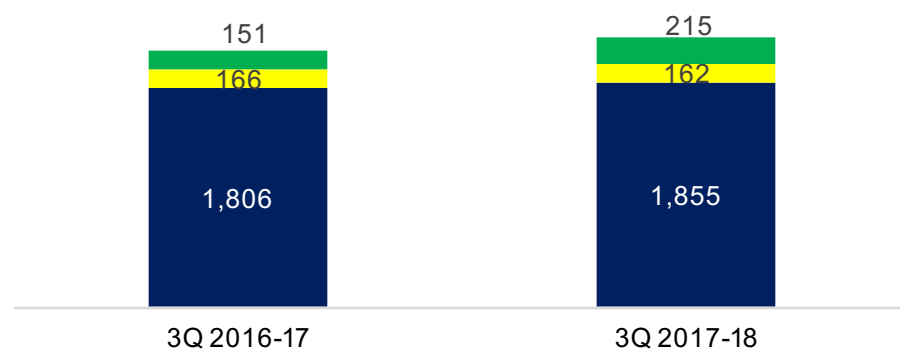
PHP millions <i>(Except gross profit, operating and EBITDA margins)</i>	3Q 2016-2017	3Q 2017-2018	Y-o-Y Change (%)*	
	Unaudited			
<b>Revenues</b>				
Tuition & Other School Fees	₱ 1,806	₱ 1,855	3	↑
Educational Services	152	149	(2)	↓
Royalty Fees	14	13	(1)	↓
Others	20	44	124	↑
Sale of educational materials & supplies	131	171	31	↑
<b>Total Revenues</b>	<b>2,123</b>	<b>2,232</b>	<b>5</b>	<b>↑</b>
<b>Gross Profit</b>	<b>1,421</b>	<b>1,484</b>	<b>4</b>	<b>↑</b>
<i>Gross Profit Margin</i>	<i>67%</i>	<i>66%</i>		
<b>Operating Profit</b>	<b>645</b>	<b>646</b>	<b>-</b>	
<i>Operating Margin</i>	<i>30%</i>	<i>29%</i>		
<b>EBITDA</b>	<b>1,012</b>	<b>1,027</b>	<b>2</b>	<b>↑</b>
<i>EBITDA Margin</i>	<i>48%</i>	<i>46%</i>		
<b>Net Income</b>	<b>624</b>	<b>89</b>	<b>(86)</b>	<b>↓</b>
<b>Core Income</b>	<b>609</b>	<b>534</b>	<b>(12)</b>	<b>↓</b>

\* Percentage changes were derived using figures in the financial statements.

# Revenues, Gross Profit & EBITDA

## NINE MONTHS' REVENUES

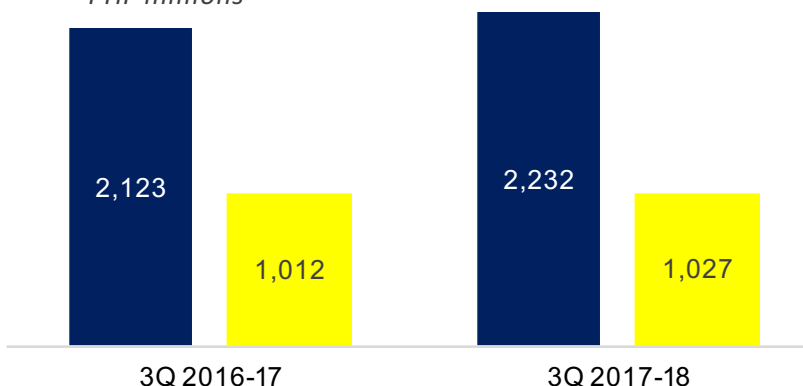
PHP millions



- Tuition and Other School Fees
- Educational Services & Royalties
- Educational Materials & Others

## NINE MONTHS' REVENUES & EBITDA

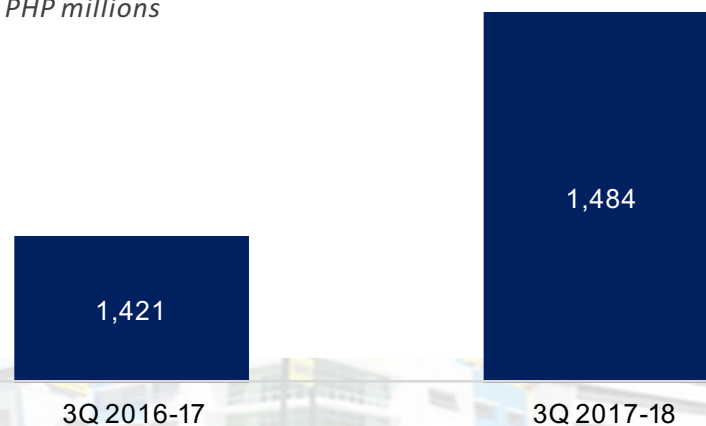
PHP millions



- Total Revenues
- EBITDA

## NINE MONTHS' GROSS PROFIT

PHP millions



# Operating Profit and Margin Profile

