



STI Education Systems Holdings, Inc.

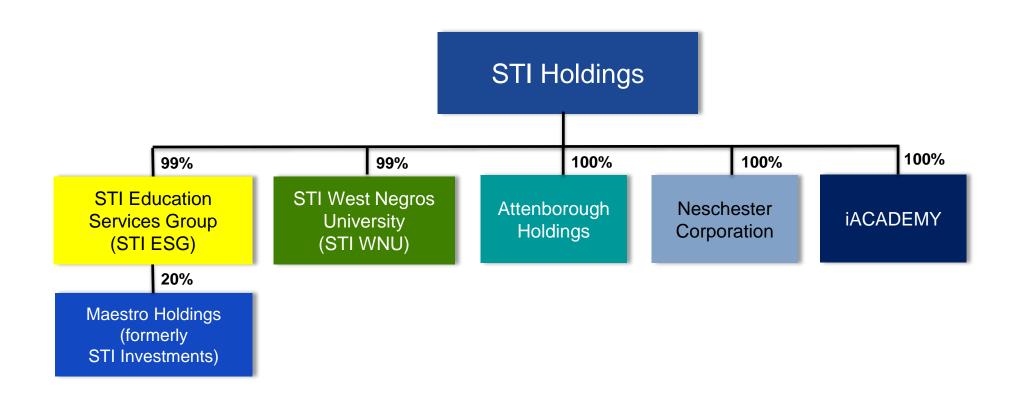
Full Year Results ending March 31, 2016 and First Quarter Results ending June 30, 2016



Summary of STI Corporate Structure

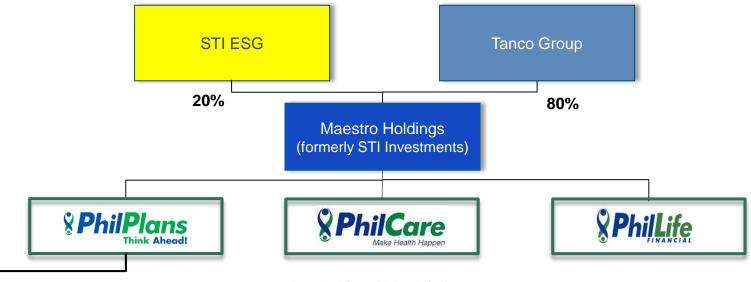






STI HOLDINGS

Maestro Holdings Corporate Structure



- Acquired from Philippine American Life (PhilamLife), a subsidiary of AIG in October 2009.
- Offers pre-need savings products focusing on areas of education, retirement pensions and memorial services.

Rosehills Memorial Management, Inc.

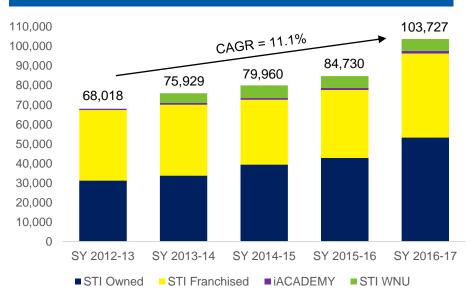
- A subsidiary that is 65% owned by PhilPlans
- Operates and manages a memorial park, provides memorial and interment services, and sells memorial products

- Acquired from PhilamLife in October 2009.
- A Health Maintenance Organization (HMO) that provides effective and quality health services that operates with nationwide accredited clinics and hospitals.
- Provides financial services, such as individual, family, and group life insurance; investment plans; and loan privilege programs.

STI Holdings Network of Schools

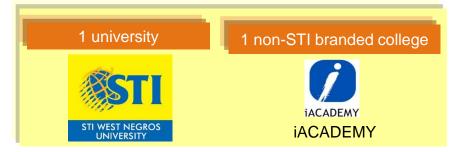


STI Holdings Combined Student enrollment



Who we are

- ♦ STI Holdings owns, maintains, and operates the Philippines' largest, private, for profit network of education institutions with more than 103,000 students enrolled in 64 STI branded colleges and 12 education centers, one non-STI branded college (iACADEMY) and 1 university (STI West Negros University).
- STI ESG offers associate and baccalaureate programs in information and communications technology, tourism & hospitality, liberal arts, healthcare, engineering, education, and business management. STI WNU also offers post graduate courses such as Master's degrees in Public Administration, Nursing, Education and Doctorate degrees in Public Administration and Educational Management.
- STI ESG also has a 20% interest in Maestro Holdings which provides educational saving plans, among others.







103,727 students in total









Highly attractive industry dynamics

K to 12 ready institution



Strong brand

Scalable business model

Nationwide presence

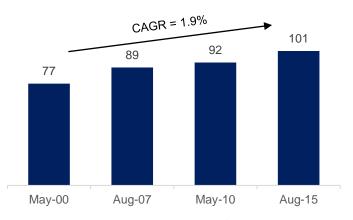
Experienced management



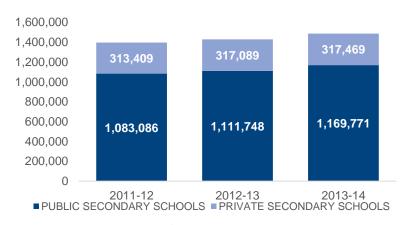
Exposed to highly attractive industry dynamics

The Philippines has the second largest population in South East Asia, with a large portion of young population

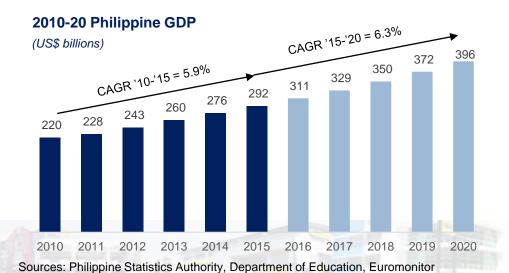
2000-15 Philippine population



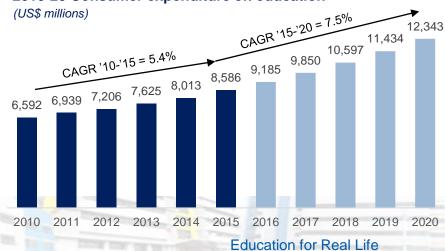
2012-14 High School Graduate Population



Due to the booming economy, demand for education is expected to increase over the next few years



2010-20 Consumer expenditure on education



Philippine leading tertiary education provider addressing substantial market demand



largest, private for-profit tertiary education provider ...



PLUS



103,727 students in total

... amid supporting macroeconomic factors

- 1 Increasing importance of service industry
- Driven by industries such as BPO, hospitality, tourism and healthcare, all of which depend upon a highly educated workforce
- 2 Expanding and young population
- 53% of population are under age of 24
- 3 Rising middle-income demographic
- Underserved by tertiary education with only 10% of the household population having received college degrees

Sources: The World Factbook, CIA; Philippine Statistics Authority



Institution that is K to 12 Ready

Approval granted to offer Senior High School

Seventy-six (76) STI ESG schools

iACADEMY

STI WNU

Newly constructed or renovated facilities in 13 STI ESG campuses and 11 franchised schools; nationwide facilities that can accommodate 113,601 students



Extensive Senior High School offering

STI ESG

Academic Track

- ✓ Accountancy and Business Management
- ✓ Humanities and Social Science strand
- ✓ Science, Technology, Engineering and Mathematics strand
- ✓ General Academic strand

Technical-Vocational-Livelihood Track

- ✓ Information and Communications Technology strand
- ✓ Home Economics strand
- ✓ Industrial Arts strand

IACADEMY

Academic Track
Technical-Vocational Track
Arts and Design Track

STI WNU

Academic Track
Technical-Vocational Track
Arts and Design Track
Sports Track

Education for Real Life



Strong brand offering sustainable competitive advantage

More than 30 years of a strong household Brand









Students

- Strong brand preference due to high quality of services
- Value proposition encourages top choice



Employees



- Reputable & stable organization
- Management approach that promotes career growth

Employers



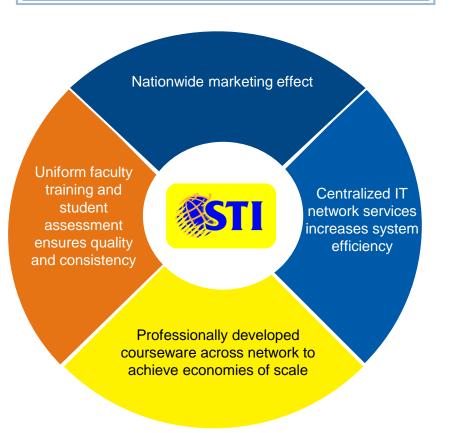
- Standardized education assures employers of consistent quality of manpower
- STI's nationwide presence

Nationwide brand equity through effective marketing campaigns and word-of-mouth offers sustainable competitive advantage

Scalable business model with centralized operations and standardized learning methodology



Centralized operation



Highly scalable and allows for rapid growth

Benefits from economies of scale

Maintains high quality and consistency of programs throughout the STI Network

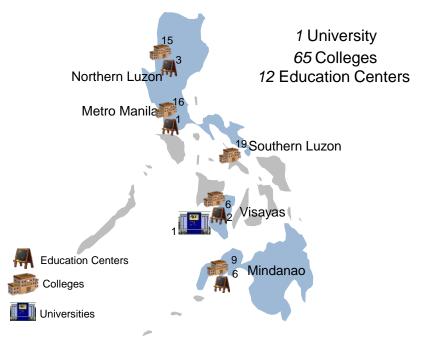
Nationwide recognition from employers as the school of choice

Fully captures the strong growth expected in the industry



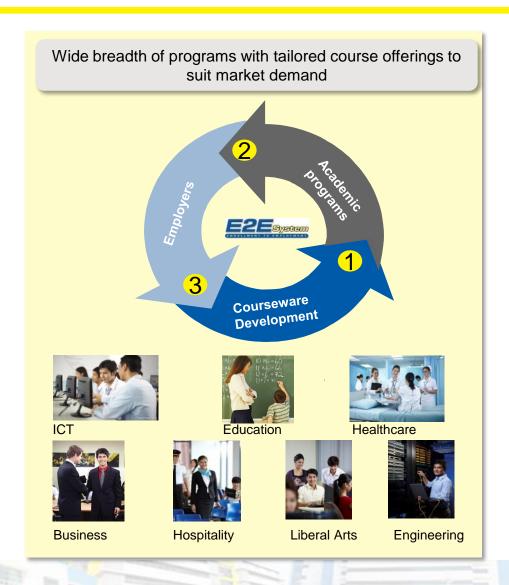
Nationwide presence with wide range of program offerings

- 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	32	5	38
Franchised		32	7	39
Total	1	64	12	77

Non-STI Branded				
Owned		1		1
Total	1	65	12	78



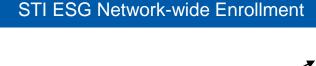


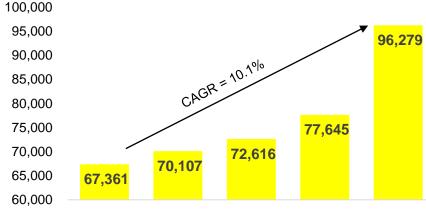




STI ESG Enrollment Data

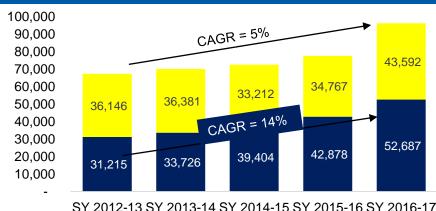






SY 2012-13 SY 2013-14 SY 2014-15 SY 2015-16 SY 2016-17

STI ESG Owned vs. Franchised Enrollees



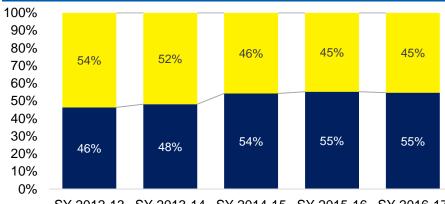
SY 2013-14 SY 2014-15 SY 2015-16 SY 2016-17

STI Owned Franchised

STI ESG Enrollment

- Network-wide, STI ESG has seen a steady growth in the number of ongoing students enrolled from 67,361 in SY 2012-2013 to 96,279 in SY 2016-17.
- The growth is driven primarily by the expansion of the STI-owned schools as the number of its enrollees grew from 31,215 in SY 2012-2013 to 52,687 in SY 2016-17, increasing its share in the total enrollees network-wide from 46% to 55%.
- In SY 2014-15, STI ESG acquired seven schools from its franchisees with five being absorbed by STI ESG and two integrated into STI WNU.

STI ESG Owned vs. Franchised Enrollees (as a % of Total)



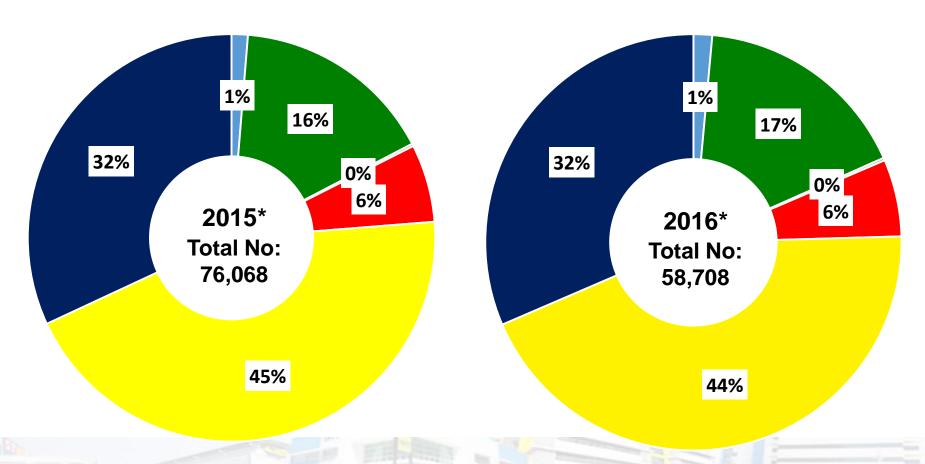
SY 2012-13 SY 2013-14 SY 2014-15 SY 2015-16 SY 2016-17

■ STI Owned ■ Franchised

STI ESG Tertiary Enrollment by Program

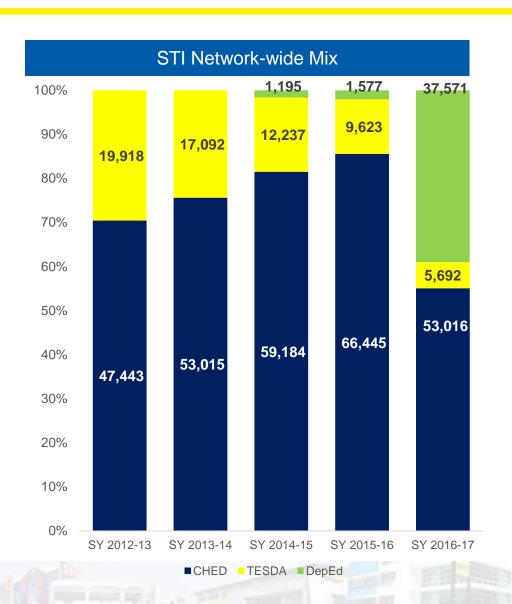


- Arts and Sciences
- Healthcare and Education
- Information and Communications Technology
- Business and Management
- Engineering
- Tourism and Hospitality Management









- ♦ STI has focused on encouraging new students to enroll in the 4-year CHED/baccalaureate programs as this provides a better avenue for learning for its students.
- ♦ In SY 2012-2013, 70.4% of the network-wide students of STI were enrolled in CHED programs. In SY2015-16, this increased to 85.6% networkwide. In SY 2016-17, this decreased to 55.1% while Senior High School comprised 39% of enrollment.
- CHED/baccalaureate programs generate higher revenues per student and because a good proportion of the students usually stays for 4 years, STI achieves a lower cost of acquisition per student.
- → In SY 2016-17, the start of the full implementation of the K to 12 program, STI ESG recorded 37,571 students enrolled in Senior High School.

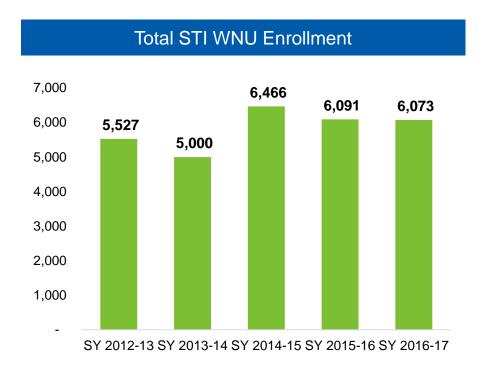


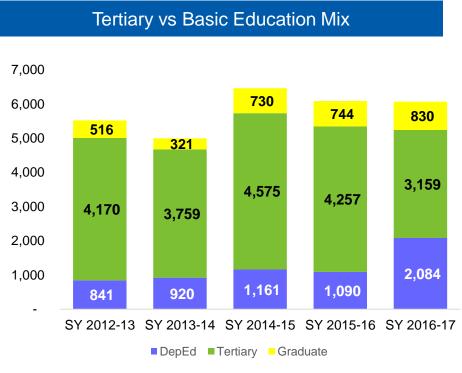




STI WNU Enrollment





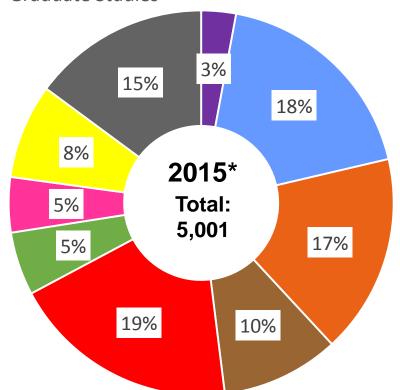


- STI West Negros University (STI WNU) is a private university located in Bacolod, Negros Occidental.
- ♦ STI WNU was founded in 1948 and offers basic and tertiary education, including post graduate studies.
- ♦ In October of 2013, STI Holdings acquired 99.5% of WNU and re-branded the university as STI West Negros University in 2014. In March, 2015 STI Holdings increased its investment to 99.86%.
- ♦ In May 2014, STI WNU acquired 2 STI ESG franchised schools in Bacolod with a total of about 1,500 students and merged its operations with the University.

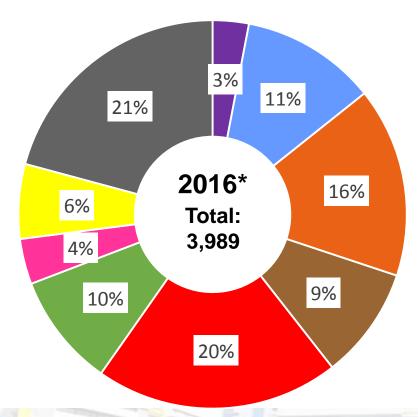
STI WNU Tertiary Enrollment by Program



- Arts and Sciences
- Healthcare and Education
- Information and Communications Technology
- Maritime
- Graduate Studies



- Business and Management
- Engineering
- Tourism and Hospitality Management
- Criminology



*As of June 30



Full Year 2015 - 2016 Financial & Operating Results



STI Holdings Balance Sheet Overview

3,465

8,135 7,128

EQUITY

Key Balance Sheet Items Capital Expenditures - March 31 (PHP millions) 1,600 March 31, 1,540 2012* 2013* 2014 1,400 (PHP millions) 2015 2016 1,200 1,227 Cash 1,489 556 583 803 665 1,000 1,050 PP&E 1.544 2,635 4,421 5.581 5.610 800 600 Investments in and Advances to Associates 1,590 2,897 1,532 1,622 1,425 400 TOTAL ASSETS 4,589 8,503 8,299 10,036 10,500 335 200 255 **Total Loans** 747 288 1,387 1,151 **TOTAL LIABILITIES** 1,124 368 1,171 2,380 2,270

8,230

2012

2013

2014

7,656

2015

2016

^{*} The March 31, 2012 and 2013 comparative information were restated to reflect the adjustments on the application of the Revised PAS 19 - Employee Benefits





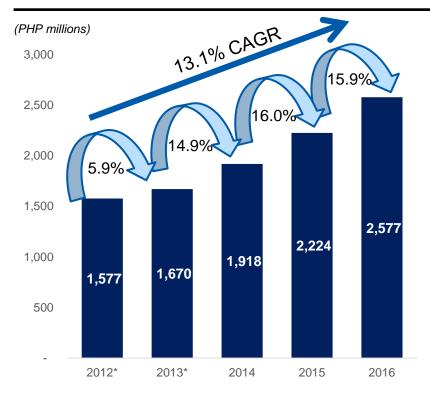
Fiscal Years Ending March 31 (PHP millions)	2012*	2013*	2014	2015	2016
Revenues	1,577	1,670	1,918	2,224	2,577
Direct Costs	522	535	607	715	798
Gross Profit	1,055	1,135	1,311	1,509	1,779
Operating Expenses	688	745	838	992	1,076
Operating Profit	367	390	473	517	703
Net Other Income (Expenses)	(76)	404	182	214	370
Net Income	291	794	655	731	1,073
EBITDA	523	550	690	848	1,127

^{*} The March 31, 2012 and 2013 comparative information were restated to reflect the adjustments on the application of the Revised PAS 19 - Employee Benefits

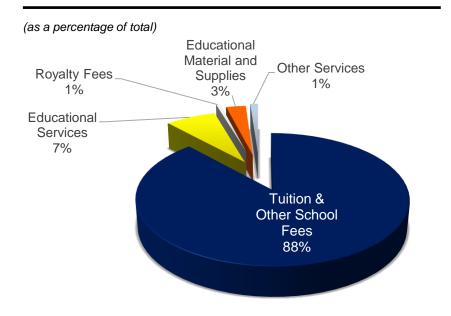
Strong Growth in Revenues



Revenues



Breakdown of Core Revenues for SY 2015 - 2016



Growth Drivers

STI continues to achieve strong revenue growth, with a CAGR of 13.1% from 2012-2016, mainly attributable to the following drivers:

- Increases in the number of enrollees in the STI network-wide schools, specifically from STI owned schools
- ♦ A shift in students' preference from the 2-year vocational programs to the 4-year baccalaureate courses where the average tuition fee per semester is higher
- ♦ A modest increase in tuition fees

Strong Core Profit and Margin Profile



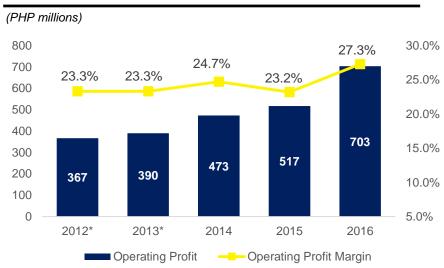
Gross profit



EBITDA



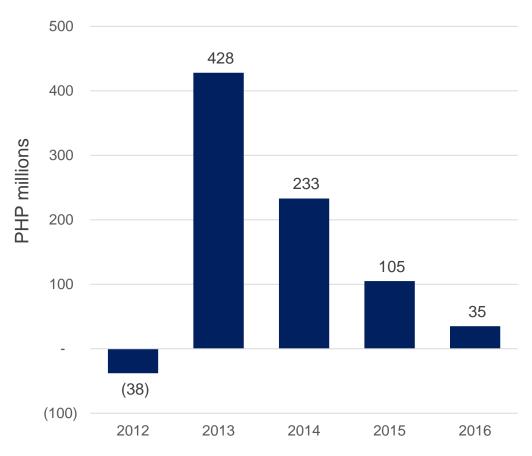
Operating profit



- ♦ STI has increased its gross profit from PHP1,055 million in FY 2011-12 to PHP1,779 million in FY 2015-16 or a CAGR of 14%
- Operating profit has increased from PHP367 million in FY 2011-12 to PHP703 million in FY 2015-16 or a CAGR of 17.6%
- ♦ EBITDA has increased from PHP523 million in FY 2011-12 to PHP1,127 million in FY 2015-16 or a CAGR of 21.1%
- 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

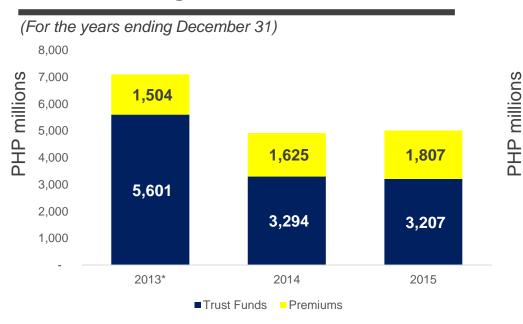


- When STI Investments acquired PhilPlans in 2009, they recognized an accounting gain for the excess of the fair value of PhilPlans' net assets over the acquisition cost
- ♦ As PhilPlans began to dispose of those assets in 2010 and 2011, STI Investments began to reverse a portion of the realized gain on sale of AFS investments of PhilPlans as the cost basis for these AFS investments at STI Investments' consolidated level was higher when these were acquired by STI Investments
- The reversal was higher in 2010 than in 2011 as most of the assets were disposed in 2010; as of March 31, 2012 these AFS investments with different carrying values have been completely sold by PhilPlans
- → The appreciation in the market value of the investment portfolio of Maestro Holdings was realized in 2013 when it became apparent that a downtrend in the market values of bonds were imminent.
- The sale of bonds continued in 2014 thus the further realization of the market values.
- In 2015, the prices of bonds became stable.

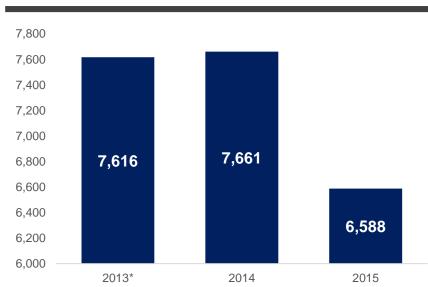
Maestro Holdings – Financial Highlights



Maestro Holdings Revenue



Maestro Holdings Book Value



* As restated in the Audited Consolidated Financial Statements (December 31, 2014 and 2013)

- ♦ The increase in the prices of bonds and equities comprising the investment portfolio was realized in 2013 as evidenced by the increase in revenues from the Trust Funds.
- With the realization of the income through the sale of these bonds and equities, and the subsequent drop in the prices of bonds, the book value of Maestro Holdings remained flat for the years ending 2013 and 2014.
- ♦ The revenues from premiums continued to climb with the increase in the amounts of plans sold by the subsidiaries of Maestro Holdings.



1st Quarter 2016-2017 Financial & Operating Results

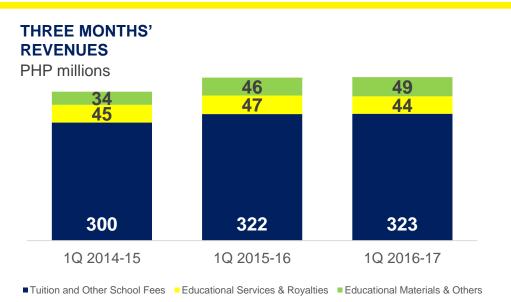


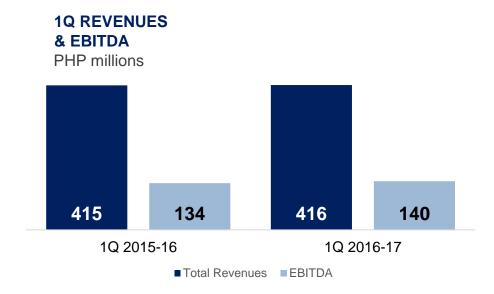
1Q 2016 Financial Highlights

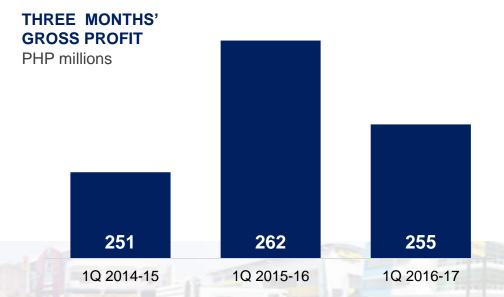
PHP millions (Except gross profit, operating	1Q 2015-2016	1Q 2016-2017	Y-O-Y Change (%)	
and EBITDA margins)	Unaudited			
Revenues				
Tuition & Other School Fees	322.0	322.6	-	-
Educational Services	43.5	41.0	(6)	
Royalty Fees	3.7	3.4	(8)	↓
Others	9.3	7.3	(21)	•
Sale of educational materials & supplies	36.4	41.6	14	
Total Revenues	414.9	415.9	-	-
Gross Profit	262.20	255.2	(3)	↓
Gross Profit Margin	63%	61%		
Operating Profit	37.7	28.4	(25)	1
Operating Margin	9%	7%		
EBITDA	134.2	139.8	4	1
EBITDA Margin	32%	34%		
Net Income	35.4	10.6	(70)	•

Revenues, Gross Profit & EBITDA









STI achieves strong revenue, gross profit and EBITDA growth.

- Combined revenues remained flat year-on-year for the first three months of FY2016-17 as compared to the same period last year.
- EBITDA increased by 4% year-on-year growth from PHP 134 million in the first three months of FY2015-16 to PHP 140 million in the same period in FY2016-17.
- Gross profit declined by 3% from PHP262 million in the first three months of FY2015-16 to PHP255 million in the first three months of FY2016-17.
- ♦ Net income decreased from PHP 35.4 million in the first three months of FY2015-16 to PHP 10.6 million in the first three months of FY2016-17 or 70% year-on-year. This is mainly due to the decline in the earnings of an associate for this period. In addition, iACADEMY changed its school calendar starting this school year moving the start of its classes from the usual May to July for Tertiary and August for SHS. This means that revenues of iACADEMY will be recognized starting July of this year.

Strong Core Profit and Margin Profile



160.0

140.0

120.0

100.0

80.0

60.0

40.0

20.0

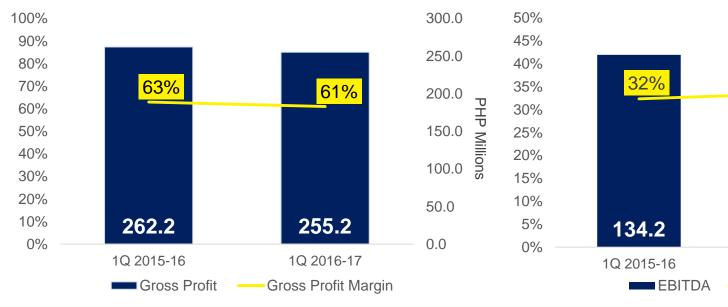
0.0

PHP Millions

34%

139.8

1Q 2016-17

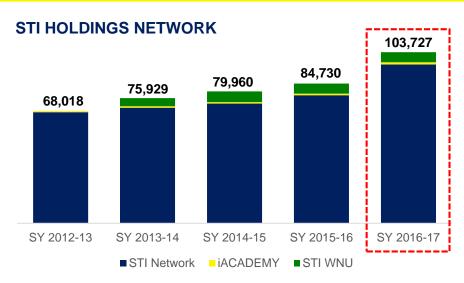




- → Gross Margin decreased slightly from 63% during the first three months of FY2015-16 to 61% during the same period in FY 2016-17 as direct costs increased at a slightly higher rate than revenues.
- Operating Margin decreased from 9% during the first three months of FY2015-16 to 7% during the same period in FY2016-17.
- ❖ EBITDA Margin, on the other hand, increased from 32% during the first three months of FY2015-16 to 34% during the same period in FY2016-17. EBITDA margin improved in FY 2016-17 as compared to the same period in FY 2015-16 due to the recognition of depreciation and amortization expenses on completed capital expansion projects and the increase in revenues from tuition and other school fees and sales of educational materials.

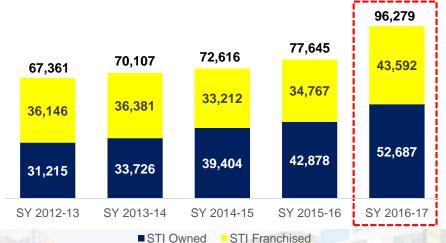
Student Enrollment





Enrollment	School Year				
	SY2012-13	SY2013-14	SY2014-15	SY2015-16	SY2016-17
STI Branded					
STI Owned	31,215	33,726	39,404	42,878	52,687
STI Franchised	36,146	36,381	33,212	34,767	43,592
STI Network	67,361	70,107	72,616	77,645	96,279
STI WNU	-	5,000	6,466	6,091	6,073
Total STI Branded	67,361	75,107	79,082	83,736	102,352
Non-STI Branded					
iACADEMY	657	822	878	994	1,375
Non-STI Branded	657	822	878	994	1,375
STI Holdings Network	68,018	75,929	79,960	84,730	103,727
Growth		11.6%	5.3%	6.0%	22.4%

STI ESG NETWORK

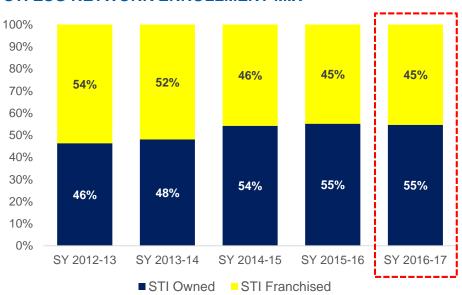


- → Total enrollment at the STI Holdings network of schools as of the first quarter of SY 2016-17 was at 103,727, a combined growth rate of 22% year-on-year.
- ❖ Enrollees at STI owned schools increased by 23% year-on-year from 42,878 students in the first quarter of SY 2015-16 to 52,687 in the first quarter of SY 2016-17 driven by the enrollment of Grade 11 students in the first year of the full implementation of the K to 12 program this year.
- ♦ STI WNU integrated in May 2014 the two schools it acquired from an STI ESG franchisee.

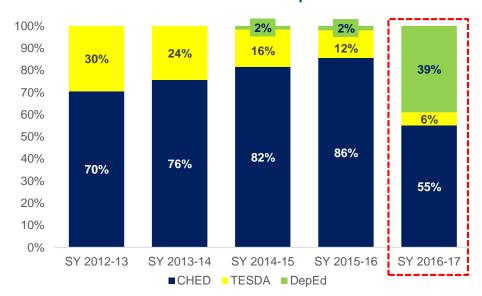
STI ESG Network Enrollment Profile



STI ESG NETWORK ENROLLMENT MIX



STI ESG NETWORK CHED/TESDA/DepEd ENROLLMENT MIX



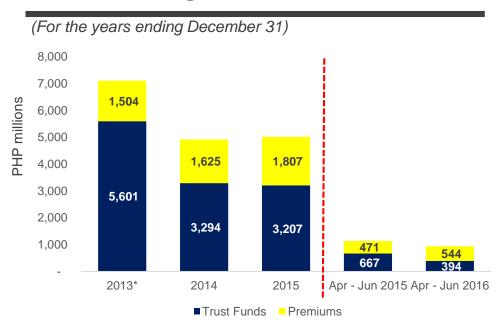
STI ESG NETWORK AVE. NO. OF STUDENTS PER CAMPUS



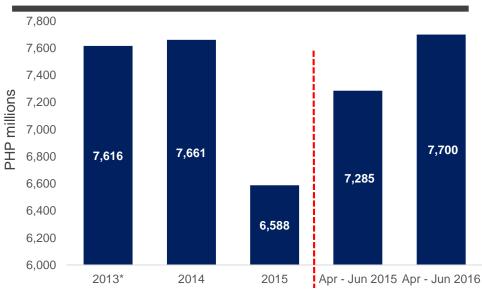
Maestro Holdings – Financial Highlights



Maestro Holdings Revenue



Maestro Holdings Book Value



- * As restated in the Audited Consolidated Financial Statements (December 31, 2014 and 2013)
- The increase in the prices of bonds and equities comprising the investment portfolio was realized in 2013 as evidenced by the increase in revenues from the Trust Funds.
- With the realization of the income through the sale of these bonds and equities, and the subsequent drop in the prices of bonds, the book value of Maestro Holdings remained flat for the years ending 2013 and 2014. The prices of bonds were stable during the first half of 2015, however, market prices of equity securities declined significantly in 2015.
- The revenues from premiums continued to climb with the increase in the amounts of plans sold by the subsidiaries of Maestro Holdings.