



## PRELIMINARY RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2018

### SUMMARISED CONSOLIDATED SEGMENTAL REPORT

for the year ended 31 December 2018

| R'm  | Percentage increase/ (decrease) | 31 December 2018 | Restated# 31 December 2017 |
|--|---------------------------------|------------------|----------------------------|
| Revenue  | 11%                             | 4 389.0          | 3 937.7                    |
| Schools  | 15%                             | 2 008.8          | 1 742.1                    |
| – South Africa   | 11%                             | 1 877.4          | 1 685.1                    |
| – Rest of Africa   | 131%                            | 131.4            | 57.0                       |
| Tertiary   | 10%                             | 1 718.5          | 1 555.7                    |
| Resourcing   | 4%                              | 669.5            | 643.8                      |
| Intra group revenue  |                                 | (7.8)            | (3.9)                      |
| Operating profit before interest and non-trading items           | 14%                             | 762.7            | 668.0                      |
| Schools  | 1%                              | 331.1            | 326.8                      |
| – South Africa   | 5%                              | 329.8            | 315.2                      |
| – Rest of Africa   | (89%)                           | 1.3              | 11.6                       |
| Tertiary   | 23%                             | 394.5            | 321.4                      |
| Resourcing   | 22%                             | 39.1             | 32.1                       |
| Corporate action costs   |                                 | (2.0)            | (12.3)                     |
| Property, plant and equipment and proprietary technology systems | 12%                             | 4 016.4          | 3 575.9                    |
| Schools  | 14%                             | 3 097.8          | 2 727.3                    |
| – South Africa   | 7%                              | 2 779.8          | 2 608.5                    |
| – Rest of Africa   | 168%                            | 318.0            | 118.8                      |
| Tertiary   | 8%                              | 911.0            | 841.0                      |
| Resourcing   | 0%                              | 7.6              | 7.6                        |
| Earnings per share (cents)                                       | 8%                              | 74.2             | 68.7                       |
| Headline earnings per share (cents)                              | 7%                              | 73.6             | 68.8                       |
| Normalised earnings per share (cents)                            | 8%                              | 81.1             | 75.3                       |
| Net asset value per share including treasury shares (cents)      | 10%                             | 580.3            | 526.5                      |
| Net asset value per share net of treasury shares (cents)         | 10%                             | 588.6            | 535.1                      |

# The restatement relates to the adoption of IFRS 15.

The schools division has been split into two categories of disclosure in line with the categories utilised by the chief operating decision maker.

### Commentary

- **Schools division: revenue up 15% – strong growth in demand for mid-fee options**
- **University and tertiary: operating profit up by 23%**
- **Resourcing: alternative markets pay off**

### Overview: positive momentum continues

The directors are pleased to announce ongoing good operational results for the year ending 31 December 2018, with the group continuing its positive trajectory. The tertiary and resourcing divisions once again performed exceptionally well and the schools division increased its scale significantly, mainly through acquisitions, despite external pressures.

The resilience of the group is evidenced by the 11% increase in revenue to R4.4 billion (2017: R3.9 billion) and operating profit by 14% to R763 million (2017: R668 million). Operating margins improved from 17.0% to 17.4%. While our investments in Kenya increased our revenue in the rest of Africa to 12% (2017: 11%) of total revenue, they negatively impacted our margins in the current year.

The schools divisional revenue increased by 15% to R2 009 million (2017: R1 742 million), representing 46% of group revenue. Operating profit for South African schools increased by 5% to R330 million (2017: R315 million) while the operating profit from schools in the rest of Africa declined due to the costs incurred ahead of the opening of Crawford International School in Nairobi, Kenya, and as it moves through the j-curve.

The tertiary division continued to show excellent growth with revenue increasing by 10% to R1 719 million (2017: R1 556 million), contributing 39% of group revenue. The operating margin increased from 21% to 23% on the back of operational leverage from strong volume growth, resulting in operating profit increasing by 23% to R395 million (2017: R321 million).

The resourcing division's outstanding performance is mainly due to the success of the strategy to enter alternative markets outside of South Africa, where we have experienced significant growth. Notwithstanding the tough market conditions in South Africa, we have increased our market share and successfully placed 4 608 candidates (2017: 3 755). The increase in revenue of 4% to R670 million (2017: R644 million) was impacted by the mix of a greater number of lower value but higher margin placements which resulted in operating profit increasing by 22% to R39 million (2017: R32 million). The division continues to be highly cash-generative.

The table below illustrates the enrolment growth in the last three years and highlights the continued growth in 2019.

#### Group enrolments end February:

|                               | Feb 2016      | Feb 2017      | Feb 2018      | % Increase | Feb 2019      | % Increase |
|-------------------------------|---------------|---------------|---------------|------------|---------------|------------|
| <b>Enrolments:</b>            |               |               |               |            |               |            |
| Schools                       | 24 199        | 26 713        | 27 408        | 3%         | 30 827        | 12%        |
| Tertiary: Full qualifications | 29 138        | 33 463        | 36 136        | 8%         | 39 629        | 10%        |
| <b>Total</b>                  | <b>53 337</b> | <b>60 176</b> | <b>63 544</b> | <b>6%</b>  | <b>70 456</b> | <b>11%</b> |

ADvTECH operates 132 education sites comprising 103 schools and 29 tertiary campuses.

### Declaration of final dividend no 19

The significant investment opportunities available to the group and the associated capital expenditure requires that the company considers additional cash preserving measures. This has previously been signalled by the board with a steady increase in dividend cover in recent reporting periods. Capital commitments amount to R1.9 billion, inclusive of the purchase consideration for the acquisition of Monash South Africa, and will largely be funded by way of additional debt. Taking these commitments into account, together with the continuing challenging economic environment, the board has decided it would be prudent and responsible to further preserve cash and have therefore reduced the dividend pay-out during this high capital investment period.

The board is pleased to announce the declaration of a final gross dividend of 15.0 cents (2017: 19.0 cents) per ordinary share in respect of the year ended 31 December 2018. This brings the full year dividend to 30.0 cents (2017: 34.0 cents) per share.

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend taxation (DT) rate is 20%. The net amount per share payable to shareholders who are not exempt from DT is 12.0 cents per share, while it is 15.0 cents per share to those shareholders who are exempt from DT.

There are 546 612 919 million ordinary shares in issue; the total dividend amount payable is R82 million. The salient dates applicable to the dividend referred to above are as follows:

|   | 2019                |
|---|---------------------|
| Declaration of dividend                                   | Thursday, 14 March  |
| Last day to trade in order to participate in the dividend | Tuesday, 9 April    |
| Trading commences ex-dividend                             | Wednesday, 10 April |
| Record date   | Friday, 12 April    |
| Payment date  | Monday, 15 April    |
| AGM   | Thursday, 30 May    |

Share certificates may not be dematerialised and rematerialised between Wednesday, 10 April 2019, and Friday, 12 April 2019, both days inclusive.

### Prospects

We continue to see numerous opportunities, both in South Africa and the rest of the continent, and the group remains in a uniquely strong position to pursue its growth strategy.

Our tertiary and resourcing divisions are well positioned and continue to perform strongly. Having significantly increased the scale of our schools division over the past four years, we have now entered the integration, consolidation and rationalisation phase, which we are confident will drive operational efficiencies and sharpen market focus.

On behalf of the board

**Chris Boule**  
Chairman

**Roy Douglas**  
Chief executive officer

**Didier Oesch**  
Group financial director

18 March 2019

This shortform announcement, which is the responsibility of ADvTECH's directors, is only a summary of information in the full announcement and does not contain full or complete details. Any investment decisions by shareholders and/or investors should be based on consideration of the full announcement published on SENS on Monday, 18 March 2019, and also published on the group's website at [www.advtech.co.za](http://www.advtech.co.za) as a whole. Copies of the full announcement may be requested from ADvTECH's group investor relations at [investorrelations@advtech.co.za](mailto:investorrelations@advtech.co.za).

Please view the full results and commentary on our website [www.advtech.co.za](http://www.advtech.co.za)

