

OUR STRATEGIC OBJECTIVES, PERFORMANCE, RISKS AND OPPORTUNITIES

STRATEGIC OBJECTIVES	PERFORMANCE AGAINST OBJECTIVES		KEY CHALLENGES	OPPORTUNITIES	RISKS	MITIGATION ACTIONS	
	ACTIVITIES	PERFORMANCE OUTCOMES					
<p>ACADEMIC EXCELLENCE</p> <p>To ensure academic excellence, we remain up to date with developments in pedagogy and supporting tools, including technology and implementing those that will drive improved academic performance. Performance is measured and benchmarked internally and externally. Learning analytics enable responsiveness and goal setting. We seek international and employer recognition for our institutions, programmes and graduates.</p>	<p>Schools</p> <ul style="list-style-type: none"> > Developed and enhanced the teaching and learning environment > Developed a new curriculum for assisted learning > Digital GoLab project piloted in CrawfordSchools™ > Benchmarking our performance, locally and internationally > Learning analytics invested in a student information system > Became members of Independent Schools Association of South Africa (ISASA) <p>Tertiary</p> <ul style="list-style-type: none"> > Academic development of relevant qualifications > Acquisitions added 44 qualifications to our portfolio > Benchmarking our performance, locally and internationally > Graduate Empowerment Programme (GEP) focusing on graduate work ready programmes and internships <p>For more detailed information on the academic excellence feature, refer to pages 26 to 31.</p>	<p>Schools</p> <ul style="list-style-type: none"> > Excellent matric results > Alumni successes <p>Refer to the schools division report on pages 32 to 35 for more information.</p> <ul style="list-style-type: none"> > Support and workshops for principals and teachers > Master classes for students to promote creative thinking and problem-solving skills > Information sessions for parents > Successfully piloted the GoLab project, which is now being rolled out nationally across the school brands > International recognition of academic excellence: <ul style="list-style-type: none"> • Tournament of the Minds (TOM), a first in South Africa • US Ivy League universities visited and recruited students from Crawford Colleges™ • Integrated the United Nations Sustainable Development Goals of 2030 into our curriculum <p>Tertiary</p> <ul style="list-style-type: none"> > Five new IIE DHET registered and CHE accredited qualifications were added to the portfolio > 82% average module pass rate > 18% module distinction rate > Total of 165 accredited tertiary courses > Brands and students received local and international accolades > Varsity College students obtained an 83% pass rate for the SAICA ITC board exams, which is above the national average of 78%, indicating that our students perform better than those at most public universities > Vega students made their presence felt in industry competitions by winning 12 national accolades <p>Read more in the tertiary division report on pages 36 to 39.</p> <ul style="list-style-type: none"> > School of Education opened at Varsity College and Rosebank College (Rosebank College first intake in 2018) > Pan-African PhD programme launched at University of Africa > The IIE was re-accredited with the British Accreditation Council (BAC) 		<ul style="list-style-type: none"> > Recruiting and retaining the best teachers, lecturers and other academic staff > Maintaining suitable standards of performance to protect differentiated position > Entrenching new educational methods and strategies in the schools and tertiary institutions 	<ul style="list-style-type: none"> > Increase participation in our programme to develop and grow suitable teachers, lecturers and other academic staff > Opportunity to educate the media and greater public on academic issues such as "private universities" <p>Read more in our stakeholder engagement section on page 42, and on pages 26 to 31 of the Academic Excellence feature.</p>	<ul style="list-style-type: none"> > Not being able to recruit and retain suitable teachers, lecturers and other academic staff > Non-compliance with academic standards that result in poor student performance and/or student and parent/fee payer dissatisfaction > Insufficient acceptance/recognition of our qualifications or graduates by employers or other educational institutions > Results negatively impacted by a substantial curriculum shift or other changes leading to reputational damage > Non-compliance with education regulations 	<ul style="list-style-type: none"> > Maintaining and improving our excellent academic reputation enjoys consistent attention. We offer market-related remuneration combined with good working conditions in order to attract and retain the best academic staff > Our development programmes are based on local and international best practice. We regularly conduct performance reviews against measurable outcomes to ensure that our programmes remain relevant and effective <p>Refer to the academic excellence feature for information.</p> <ul style="list-style-type: none"> > Collaboration with e-learning specialists to enhance digital literacy across ADvTECH schools > We ensure that we comply fully with all regulations. > Two IIE teaching qualifications were developed and presented at Varsity College and Rosebank College campuses > An IIE qualification focused on higher education, lecturing skills, postgraduate diploma in higher education (PHEG) is available through distance educational platforms > Increased public relations efforts focusing on academic matters and educating the media, public and employees <p>Read more in our stakeholder engagement on pages 42 to 43.</p>
<p>EXCELLENCE THROUGH SPECIALISATION</p> <p>Realising excellence by targeting high demand niche markets with specialist skills and with a continuously refreshed candidate database to ensure that we are best positioned to meet our client needs.</p>	<p>Resourcing</p> <ul style="list-style-type: none"> > Continued to focus on the key niche areas of: <ul style="list-style-type: none"> • Finance • IT • Engineering • Supply chain and • Logistics > Expanded and sought opportunities outside of South Africa > Improved efficiencies and cost savings 	<ul style="list-style-type: none"> > Strong growth achieved in the rest of Africa > Increased our market share in South Africa > Improved operating structures and client experience by merging Brent Personnel and Inkokheli into Cassel&Co and the Working Earth <p>Read more in the resourcing divisional report on page 41.</p>		<ul style="list-style-type: none"> > Evidence of industry convergence with non-traditional organisations providing recruitment services, increasing the competition in a market with a shrinking candidate base 	<ul style="list-style-type: none"> > Geographic expansion by seeking additional opportunities outside South Africa > Ensure excellence to continue increasing our market share > Seek new high growth niches to service 	<ul style="list-style-type: none"> > Increasingly volatile economic environment has potential to reduce recruitment activity > New models may change the way in which recruitment is undertaken 	<ul style="list-style-type: none"> > By following a niche strategy, we build specialist knowledge which allows us to provide the best candidates to our customers > Ongoing commitment to our unique market position allows us to persist through dynamic economic conditions and gives us confidence that we will be the preferred partner to clients and candidates in our niches > Relentless focus on performance indicators allows us to deliver a high quality service > Continue to explore new technologies and channels to market in order to ensure that we remain relevant

For more context, please refer to our business model on pages 8 and 9.

OUR STRATEGIC OBJECTIVES, PERFORMANCE, RISKS AND OPPORTUNITIES continued

STRATEGIC OBJECTIVES	PERFORMANCE AGAINST OBJECTIVES	KEY CHALLENGES	OPPORTUNITIES	RISKS	MITIGATION ACTIONS	
<p>GROWTH</p> <p>Growth is attainable by expanding our existing brands organically and through strategic acquisitions. This is combined with identifying new market segments to enter, exploring new channels to market and developing new products. By geographically identifying new locations, including in the rest of Africa, we extend our growth trajectory.</p>	<p>ACTIVITIES</p> <p>Greenfield developments opening in mid-fee sector</p> <ul style="list-style-type: none"> > Founders Hill High > Copperleaf Pre-Primary & Primary > Maragon Mooikloof High schools opened in 2018 <p>Acquired</p> <ul style="list-style-type: none"> > Elkanah House School > Greenwood Bay College > Glenwood House School > The Private Hotel School > Summit College <p>New developments to increase geographic footprint</p> <p>Various capex projects undertaken to increase capacity</p> <p><i>More information is available in the CEO's and divisional reports.</i></p>	<p>PERFORMANCE OUTCOMES</p> <ul style="list-style-type: none"> > Strong organic growth in schools mid-fee brands and tertiary division > Increased our footprint in Western Cape to 13 schools > Schools capacity added to existing sites: 33 000m² resulting in a 6% capacity increase > Established presence in the hotel, hospitality and culinary industry > Five new schools and two tertiary campuses opened in 2018 > Rosebank College digitally enabled campuses in Pietermaritzburg and Bloemfontein in 2018 > A growing pipeline of 28 developments <p><i>Please refer to the FD's report on pages 22 to 24 for more information.</i></p>	<ul style="list-style-type: none"> > Identifying the best available acquisitions and sites > Slow growth economy > Identifying new product segments with high employability demand > Regulatory changes and delays outside of our control > Integrating acquisitions into our business systems and processes 	<ul style="list-style-type: none"> > Growth in the private school mid-fee sector > Grow the tourism, hotel, hospitality and culinary offerings > Continued demand for affordable, quality tertiary education <p><i>Refer to the tertiary divisional report on pages 36 to 39 for more information.</i></p>	<ul style="list-style-type: none"> > Acquiring institutions that do not perform in line with expectations > Planned growth could be hindered if suitable sites and acquisition targets are not found > Growth could be limited due to a slow economic growth environment > Lack of support from students for new products brought to market > Compliance with regulatory requirements that are time consuming and costly, which may result in project delays > Competition for sites and acquisitions driving prices up > High investment costs of projects that may underperform 	<ul style="list-style-type: none"> > Detailed market research is undertaken > Thorough due diligence is conducted > We constantly re-evaluate our products and pricing to ensure relevance and value for money > New geographies are continuously investigated > Expansion plans have been extended to include the mid-fee education market in addition to the premium market > Research has shown that the hospitality and culinary sectors have seen a growth spurt and continue to do so > We are developing products in areas of high demand for employment and expanding the offering geographically > The blended learning model has proven to be successful, assuring quality and affordable qualifications. Plans are in place to continue to roll out the digital campuses nationally > We ensure that we have good knowledge of regulations so that we comply fully with them in the shortest possible time <p><i>Read more in our academic excellence feature on pages 26 to 31.</i></p>
<p>GROWTH INTO THE REST OF AFRICA</p> <p>We acknowledge the enormous growth potential the rest of Africa holds for ADvTECH. We believe our products can make a positive impact while fulfilling the need for quality education. We aim to generate 30% of our revenue from outside South Africa by 2020.</p>	<p>Expanded the scale of Africa HR Solutions during the year, resulting in a significant increase in our customer base across the continent</p> <p>Acquired</p> <ul style="list-style-type: none"> > University of Africa > Commenced the construction of Crawford International School in Nairobi <p>New developments</p> <ul style="list-style-type: none"> > Actively assessing opportunities in the rest of Africa, with in-depth work done to identify and research markets and potential acquisitions <p><i>Read more in the CEO's report on pages 18 to 21.</i></p>	<ul style="list-style-type: none"> > Establishing and expanding our footprint in East Africa > Diversifying revenue streams – 11% of revenue generated outside of South Africa > Crawford International School opening in September 2018 	<ul style="list-style-type: none"> > Finding acquisition opportunities in the rest of Africa > Different regulations compared to South Africa > Currency fluctuations may impact our return on investment 	<ul style="list-style-type: none"> > Identify further growth opportunities in Africa 	<ul style="list-style-type: none"> > The negative perception of South Africa makes it difficult to conclude potential acquisitions > Inexperience in dealing with local regulations could hamper operations and timelines > Currency fluctuations may have an impact on the financial success of acquisitions > Heightened political risk in certain African countries 	<ul style="list-style-type: none"> > ADvTECH's reputation and track record in delivering high quality education spans several decades > The International Finance Corporation (IFC) collaboration opens doors to existing markets as well as potential acquisitions through their expansive network and in-country knowledge > Our preferred entry into new markets is through partnerships with established institutions with good management, local knowledge and operational experience > Where possible, actions to mitigate against currency fluctuation will be put in place > Investments will only be considered in politically and socially stable countries
<p>INNOVATION</p> <p>CUSTOMER CENTRICITY</p> <p>Proactively seek to understand customer learning experience requirements and strive to simplify their interactions with all parts of the business.</p>	<ul style="list-style-type: none"> > Completed the pilot project for online registration functionality for IIE students > Invested in a student information system for the schools and tertiary divisions to improve efficiencies in key processes, which will have a direct impact on customer experience > Integrated system used by schools and tertiary division > Online service desk implemented across tertiary division to answer questions and facilitate the registration process 	<ul style="list-style-type: none"> > Easy online registration process for the IIE brands > Education brands provided with high-quality analytical reporting platform, a system that generates actionable insights and management tools to drive best practice and individualised focus > One system from kindergarten to postgraduate > Improved service to customers > Enables data-driven decisions > 49 228 student queries have been resolved by the service desk 	<ul style="list-style-type: none"> > Owing to a highly competitive market segment, it is increasingly difficult to understand customer needs, given the diverse choices available <p><i>Refer to pages 42 to 43 to read more about our key stakeholder relationships.</i></p>	<ul style="list-style-type: none"> > Tailor the student information system to our specific needs based on best practice > Update processes and streamline efficiencies 	<ul style="list-style-type: none"> > Investing in technology that rapidly becomes obsolete as newer technologies are launched > Investments into high-tech innovations that are not used to its full capacity will not deliver the desired benefits > Issues with online registration system could impact the effective enrolment of students with a negative impact on revenue 	<ul style="list-style-type: none"> > Applying a robust methodology to assess the most appropriate application/system based on detailed business requirements prevents unsustainable investments > Using a 'proof of concept' driven implementation philosophy allows us to test the suitability costs, benefits and usability of all technology before it is rolled out > By leveraging a comprehensive testing approach, we are able to ensure usability and suitability whilst also having an effective roll-back plan to revert to the current registration process in case the proposed system fails <p><i>Refer to our academic excellence feature on page 26 for more information.</i></p>
<p>PRODUCT INNOVATION</p> <p>Frequent product and market trend monitoring and interpretation that drives relevant and sustainable product development.</p>	<p>New products developed:</p> <ul style="list-style-type: none"> > Five new IIE degrees accredited > The Bridge Assisted Learning School, a new niche product offering, was developed > Abbots College introduced grades 8 and 9 at selected campuses > A pilot project at Sandton Junior Colleges now includes Grade 1 from 2018 	<ul style="list-style-type: none"> > The Bridge Assisted Learning school's first campus opened in 2018 > The success of a pilot project at Abbots College has led to a national roll-out <p><i>Please refer to the schools divisional report for more information on pages 32 to 35.</i></p>	<ul style="list-style-type: none"> > Fast pace of change in the new employment market as new jobs are created and other jobs fall away 	<ul style="list-style-type: none"> > Explore new delivery channels to enhance the offering > Develop new and relevant qualifications to cater for an ever changing job market <p><i>Refer to our academic excellence feature for more information on how we develop relevant qualifications on page 26.</i></p>	<ul style="list-style-type: none"> > An ever evolving regulatory environment has the potential to increase the cost and slow down the development and the introduction of new educational material to the market 	<ul style="list-style-type: none"> > Through integrated planning and contingency management, we are able to respond accordingly > Proactive stakeholder management enables us to nurture working relationships with regulatory authorities > Staying abreast of the skills demand/trends in the employment market allows us to develop relevant education programmes > Continue to explore gaps in the market

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<p>SHARED SERVICES</p> <p>Building a trusted partnership that provides value adding services to enable our education and resourcing communities to focus on their core functions delivering the group strategic imperatives.</p>	<ul style="list-style-type: none"> > Restructured schools head office structures to improve business delivery > Restructuring and alignment of support functions such as transactional finance, technology, HR, facilities management and divisional head offices has commenced > Launched the schools and tertiary student information system, a shared education management system, to improve operations, reporting and data tracking > Reduced physical IT infrastructure by deploying Office 365 <p> Read more in the CEO's report on page 18, and the schools division report on page 32.</p>	<ul style="list-style-type: none"> > Implementation of a shared services and operational transformation is in progress, with investment in technology and systems > Improved efficiencies by lowering the cost base of operations whilst also improving internal controls > Greater operational efficiencies to drive improved administration and support service delivery > Support functions successfully transitioned to shared service: <ul style="list-style-type: none"> • HR administration and payroll management • Travel management 		<ul style="list-style-type: none"> > Business readiness to adopt a "new way of working" 	<ul style="list-style-type: none"> > Opportunity to strengthen processes and policies. > Improve systems further, in order to drive efficiencies while supported by technology 	<ul style="list-style-type: none"> > Limited adoption of standard business processes and policies <p> Please refer to pages 42 and 43 to learn more about our key stakeholder relationships.</p>	<ul style="list-style-type: none"> > Improve and strengthen processes, authorisations and protocols > Regular and concise communication to affected employees will increase the levels of adoption and compliance > Business process training to affected employees will drive understanding and improve adoption > Benchmark processes against best practices and design the shared services accordingly > Simplify and standardise processes to reduce complexity
<p> HUMAN CAPITAL PRODUCTIVITY</p> <p>SKILLS DEVELOPMENT</p> <p>Empowering employees with skills relevant to their current roles and future career aspirations.</p>	<ul style="list-style-type: none"> > Upskill and develop potential and new managers <p> Please refer to the CEO's report, for more detail.</p>	<ul style="list-style-type: none"> > R16 million skills development expenditure > 494 employees participated in, and were upskilled in, development programmes: <ul style="list-style-type: none"> • 432 Management toolkit development participants • 44 Management Development Programme (MDP) attendees • 18 Leaders attended the Leadership Development Programme (LDP) > Teacher training bursaries: <ul style="list-style-type: none"> • 43 active bursary recipients • 11 bursary graduates placed within ADvTECH schools 		<ul style="list-style-type: none"> > Staff retention remains an ongoing challenge to ensure that we benefit fully from our employees' development programmes 	<ul style="list-style-type: none"> > Improve succession planning > Improve employees, develop programmes > Improved retention prospects of best staff 	<ul style="list-style-type: none"> > Increasing operational pressure may limit employees' opportunities to participate in skills development programmes and apply skills 	<ul style="list-style-type: none"> > Annual planning and prioritisation underpins the successful development of key skills in our employees so that we are able to deploy the right people with the right skills, to do the right work > Employment value proposition to increase employment retention rates > A detailed employment equity plan has been submitted with defined targets aligned to the amended Codes of Good Practice for Broad-Based Black Economic Empowerment (BBBEE) > The group has been making consistent progress in improving its BBBEE scores
<p>EMPLOYEE VALUE PROPOSITION</p> <p>To create the conditions to attract critical skills and retain high performance.</p>	<ul style="list-style-type: none"> > Participation in Top Employers certification > Formed of the employment equity committee to develop a plan and define targets > Employees participated in an internal cultural survey <p> Please refer to the Remuneration Committee report on pages 52 to 55 for more information on incentive schemes.</p>	<ul style="list-style-type: none"> > Improved score from 74% to 78% in the Top Employer certification > Active communication with staff to contribute, raise issues and suggest further improvements to our employment equity efforts > Scored in the upper quartile compared to other companies that participated in the cultural survey 		<ul style="list-style-type: none"> > An evident shortage of critical skills is driving the "war for talent" 	<ul style="list-style-type: none"> > Attract the best staff by being an employer of choice 	<ul style="list-style-type: none"> > A risk exists of not attracting or losing key skills in a competitive marketplace if our employee value proposition is not sufficiently compelling 	<ul style="list-style-type: none"> > Participation in the Top Employers certification and conducting an internal cultural survey ensures a close focus allowing us to consistently improve employee practices and benefits > An employment equity committee has been established to give effect to the provisions of the employment Equity Act to monitor and assist in the implementation of relevant programmes and policies
<p>GRADUATE PLACEMENT</p> <p>Actively ensuring that our academic offerings have "real world" application and that students are immediately employable.</p>	<ul style="list-style-type: none"> > Graduate empowerment programme (GEP) and employability toolkit facilitates graduates to find employment > Capsicum and The Private Hotel School facilitation of internships for work experience modules often leads to employment <p> Please read more in the tertiary division report on page 36.</p>	<ul style="list-style-type: none"> > Since 2016, 4 030 Rosebank College graduates were placed in first jobs through the GEP > 100% of The Private Hotel School and Capsicum graduates were employed after graduation 		<ul style="list-style-type: none"> > Low levels of economic growth continue to impact levels of employment and may reduce our ability to successfully place graduates 	<ul style="list-style-type: none"> > Grow and expand business partnerships in order to place more graduates 	<ul style="list-style-type: none"> > Shrinking market may limit our ability to assist graduates in finding employment 	<ul style="list-style-type: none"> > By working proactively through business partnerships, we are able to understand business needs and channel key skills > Through the GEP and internships, we have created long-standing relationships with employers, providing employment opportunities for our graduates <p> Read more in the tertiary division report on page 36.</p>
<p> CAPITAL PRODUCTIVITY</p> <p>RETURN ON INVESTMENT</p> <p>Identifying the most appropriate investment opportunities and leveraging the associated benefits while protecting and enhancing the respective assets for the best returns.</p>	<ul style="list-style-type: none"> > Investigated a benefits tracking mechanism for deployment to all investments > Compiled a standardised and improved due diligence methodology > Drafted a targeted asset and facilities maintenance strategy in order to reduce total cost of ownership > Revamped aging facilities to improve the look and feel of our offerings in order to create a more compelling customer proposition > Ongoing assessment of suitable opportunities in South Africa as well as other African countries <p> Please refer to our operating environment on page 16 and key stakeholder engagements on pages 42 to 43.</p>	<ul style="list-style-type: none"> > To facilitate growth, new campuses were acquired and increased capacity on existing campuses was developed > The measured roll-out of our expansion plan continues to be implemented > Capex increased to R718 million <p> For more information refer to the FD's report on pages 22 to 24.</p>		<ul style="list-style-type: none"> > An inability to effectively track the benefits and realise the business case. > Unproductive use of capital where investments are made and are not performing in line with expectations. 	<ul style="list-style-type: none"> > Explore opportunities to lower the total cost of ownership of our facilities. 	<ul style="list-style-type: none"> > Unable to accurately assess the opportunity costs associated with an investment. > Not achieving the desirable internal rate of return. 	<ul style="list-style-type: none"> > Applying key financial measures, such as return on funds employed and internal rate of return, assist us to assess the feasibility of potential investments. > Return on funds employed is measured and assessed on a regular basis. > To ensure the projects are on track, post capex reviews are preferred and where results show they are not meeting target, corrective actions are put into place. These also provide us with lessons learnt for future projects to reduce the risk and enhance returns. > By using the appropriate levels of borrowings, we leverage improved returns for our shareholders.