



CURRO

2019 INTERIM RESULTS

30 June 2019

#Learners2Leaders



AGENDA

- ▶ **2019 Financial results**
 - ▶ Number of campuses offering Grade 12
 - ▶ Cost of growth
 - ▶ Bad debts
 - ▶ Other indicators
- ▶ **2020 Greenfields**
- ▶ **Conclusion**





CURRO

2019

Interim financial results

#Learners2Leaders

HIGHLIGHTS – JUNE 2019

LEARNER NUMBERS



From 50 691
to 57 173

REVENUE



From R1 240m
to R1 480m

EBITDA



From R342m
to R415m

RECURRING HEPS



From 34.8 cents
to 37.1 cents

HEPS



From 34.8 cents
to 50.0 cents

KEY INDICATORS

		Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	4-year CAGR	June 2018	June 2019	% Difference
Campuses	#	31	41	48	51	58	17%	57	68	19%
Schools	#	79	100	114	127	138	15%	139	164	18%
Learners	#	27 916	35 148	42 343	45 870	51 305	16%	50 691	57 173	13%
% of built capacity	%			69%	70%	69%		69%	70%	
% of eventual capacity	%	51%	50%	52%	53%	53%		54%	52%	
Revenue	Rm	966	1 345	1 714	2 099	2 496	27%	1 240	1 480	19%
Schools EBITDA	Rm	256	375	487	594	772	32%	409	491	20%
EBITDA	Rm	191	292	377	473	627	35%	342	415	21%
EBITDA Margin	%	19%	21%	22%	23%	25%		27%	28%	
Net interest expense	Rm	55	91	70	78	138	26%	73	109	49%
HEPS (Recurring)	Cents	16.0	26.2	41.8	49.0	60.1	39%	34.8	37.1	7%
Learner/teacher ratio	#	15	15	17	17	17	3%	17	18	6%
Capital invested	Rm	1 305	1 030	1 486	1 136	1 746	8%	681	559	(18%)
Cumulative capital invested	Rm	3 834	4 864	6 350	7 486	9 232	25%	8 167	9 791	20%
Total building size	m ²	392 314	449 067	558 683	598 194	656 081	14%	631 287	656 777	4%

EARNINGS

- ▶ Campus growth from December 2017 from 51 to current 68 campuses – 33% growth in 18 months (J-curve: EBITDA compounded by interest cost).
- ▶ 40% of campuses still to grow into Grade 12. Learner numbers are still low in the more expensive high school phase.
- ▶ Average revenue per learner increased by 5.8% largely due to lower number growth in high-fee schools – relative to higher growth in low-fee schools.
- ▶ IFRS 9 adjustment on bad debtors for the prior six months contributed to the increase in HEPS from 33.6c to 34.8c (second half of 2018 will be lower – 25.3c HEPS).
- ▶ Additional expenses:
 - Investment in learnerships
 - Sport investment at schools

ILLUSTRATIVE OPERATIONAL GEARING EFFECT



Turnover growth for the 6 months = **19%**
EBITDA growth = **21%**



*** ILLUSTRATIVE POTENTIAL:**

20% HEPS growth from 2018 i.e. growing from 34.8c to 41.8c (achieved 37.1c)



HEPS effect = 3.2c equates to roughly **R19.2m** in EBITDA



Six month turnover = R1 480m, therefore 1.3% of turnover (+- 700 learners)

* These numbers are for illustrative purposes and are not reported on.

2019

Number of campuses offering
Grade 12

CAMPUSES – TO GRADE 12

	Total # campuses	Writing Grade 12 exam	Opened to				
			Grade 7	Grade 8	Grade 9	Grade 10	Grade 11
IEB campuses	39	26	3	1	6		3
NSC campuses	18	9	1	4		3	1
Cambridge campus	2	1		1			
Special needs campus	1	1					
DigiEd	1			1			
NCV College	1					1	
Total number of campuses	62	37	4	7	6	4	4
% in each grade		59.7%	6.5%	11.3%	9.7%	6.5%	6.5%

Stand alone preschools 6

Total number campuses 68



Subject choices



Learner/teacher ratio low

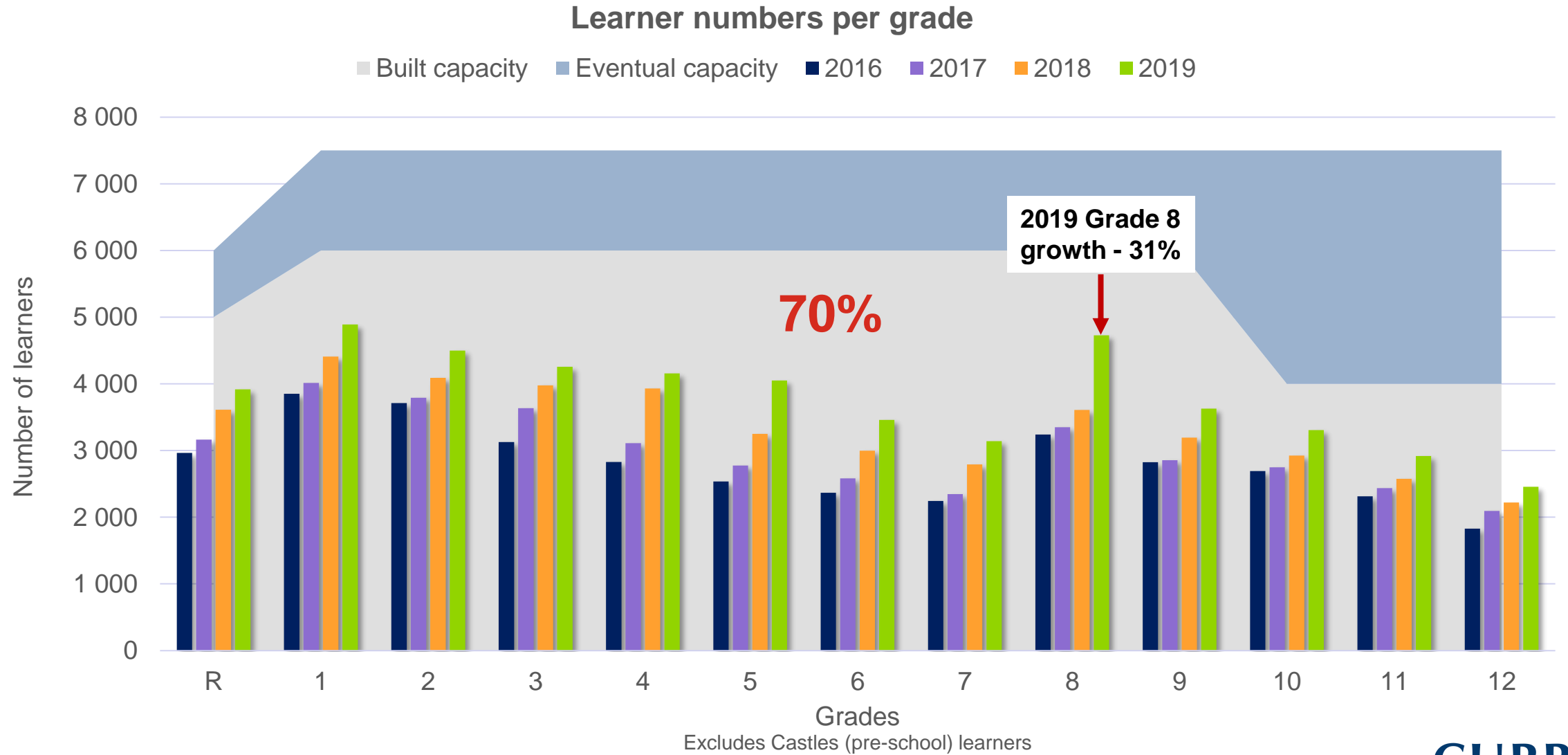


Total **Grade 8** learners = **4 720**



Total **Grade 12** learners = **2 478**

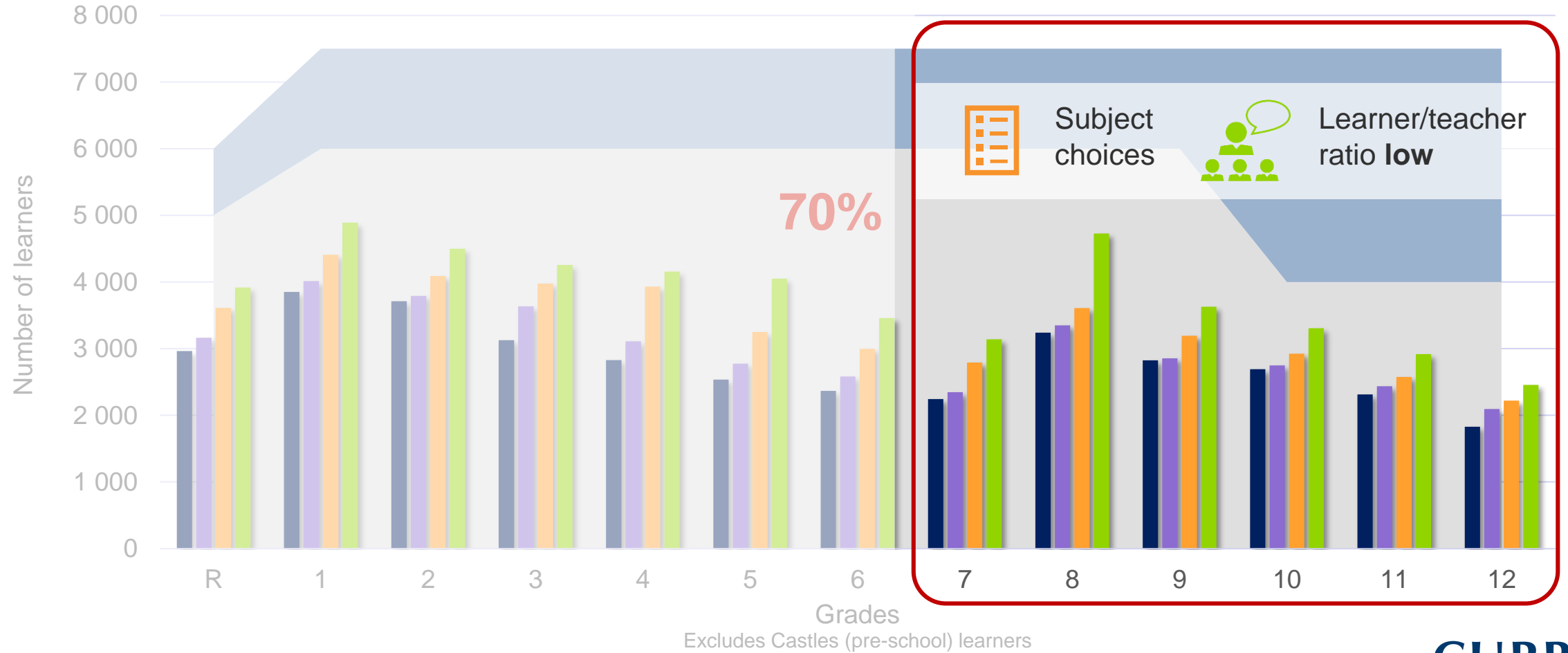
LEARNERS PER GRADE – CAPACITY



LEARNERS PER GRADE – CAPACITY

Learner numbers per grade

■ Built capacity ■ Eventual capacity ■ 2016 ■ 2017 ■ 2018 ■ 2019





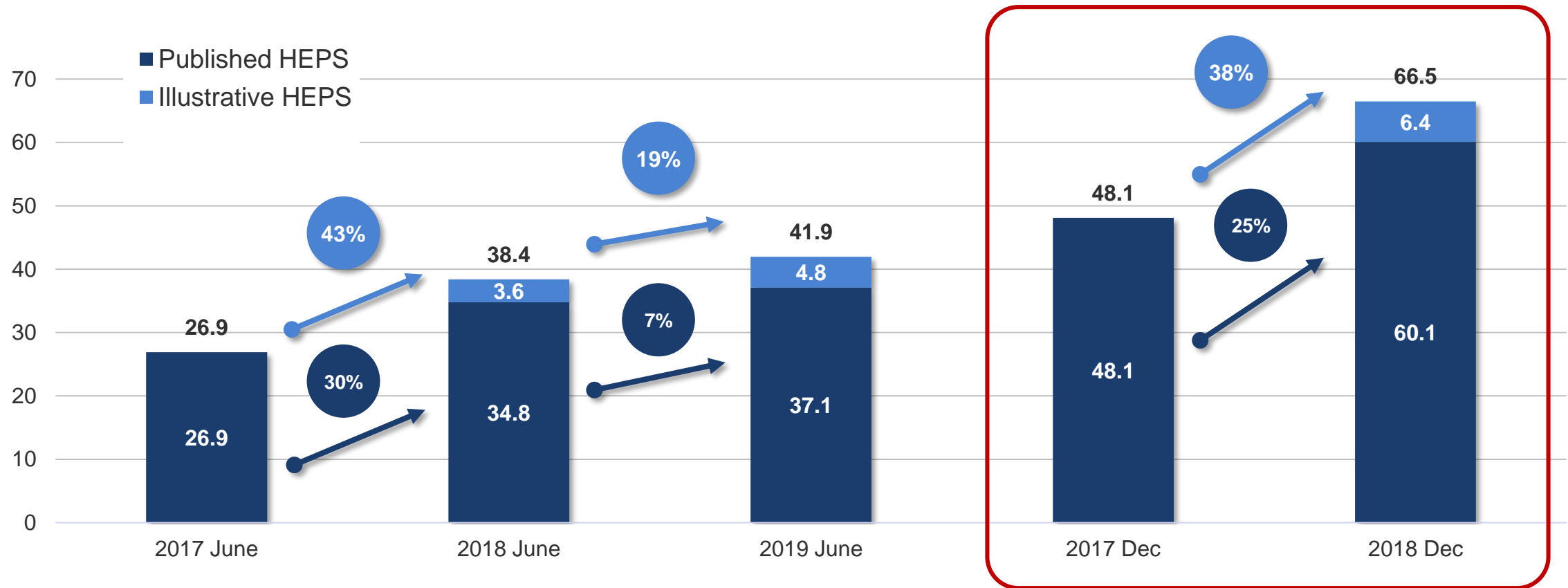
2019

Cost of growth:
Number of campuses

ILLUSTRATIVE COST OF GROWTH



Illustrative short-term impact: had R1.2bn not been invested in new campuses and acquisitions in 2017 and 2018.



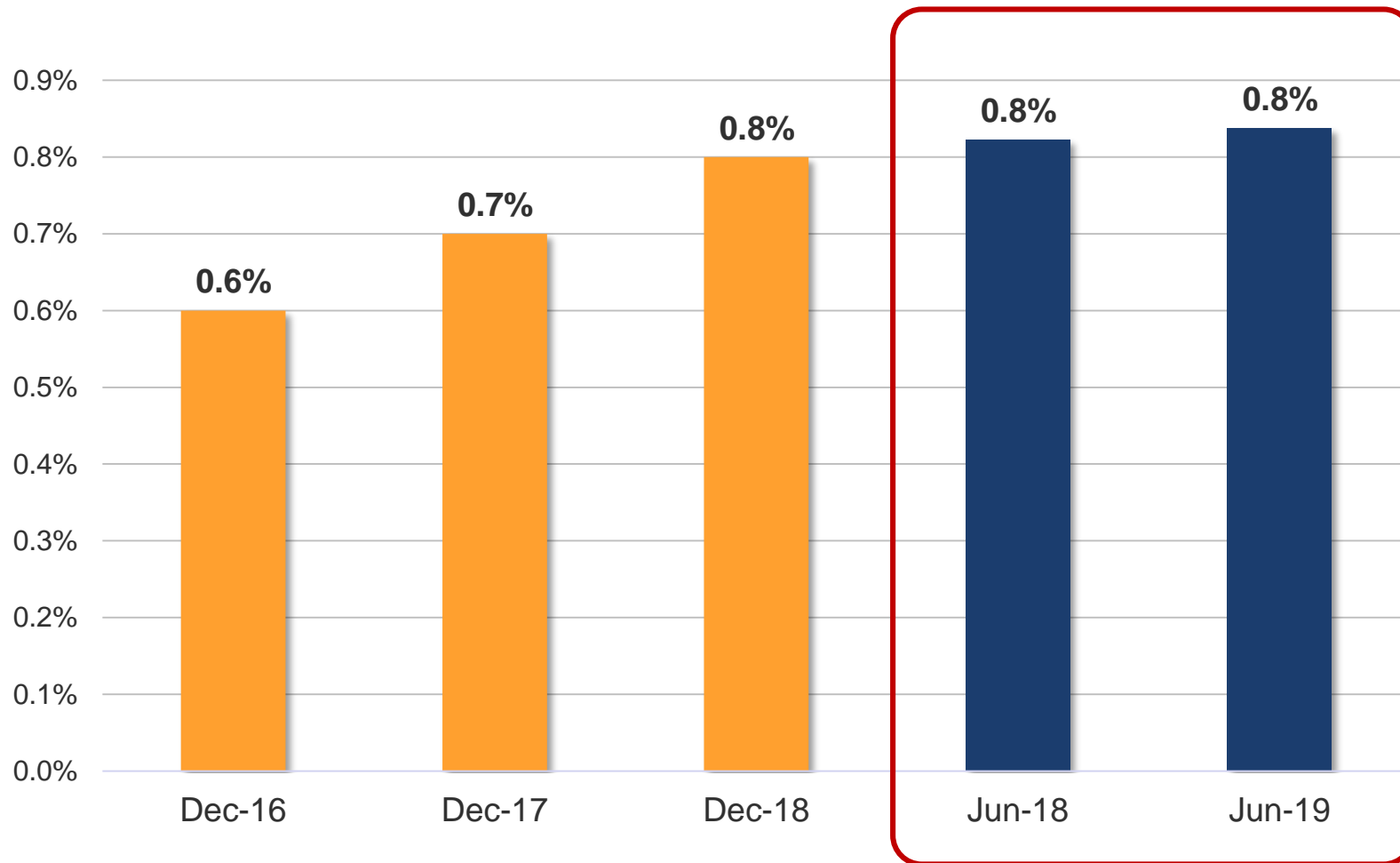
* These numbers are for illustrative purposes and are not reported on.

A photograph of two children, a girl and a boy, in school uniforms, sitting at a table and painting. The girl is on the left, and the boy is on the right, pointing towards the camera. They are both smiling. The table in front of them has several pieces of paper with colorful paintings on them. The background shows a classroom setting with a bulletin board displaying various drawings.

2019

Bad debts

BAD DEBTS AS % OF REVENUE



IFRS 9 inception 2018 year @ year end

Curro has significant recoveries on bad debt written off and debtors outstanding at year end

▶ The last three years debtors balance 80%+ collected within 5 months of year end

▶ Bad debts written off recoveries at 60%+



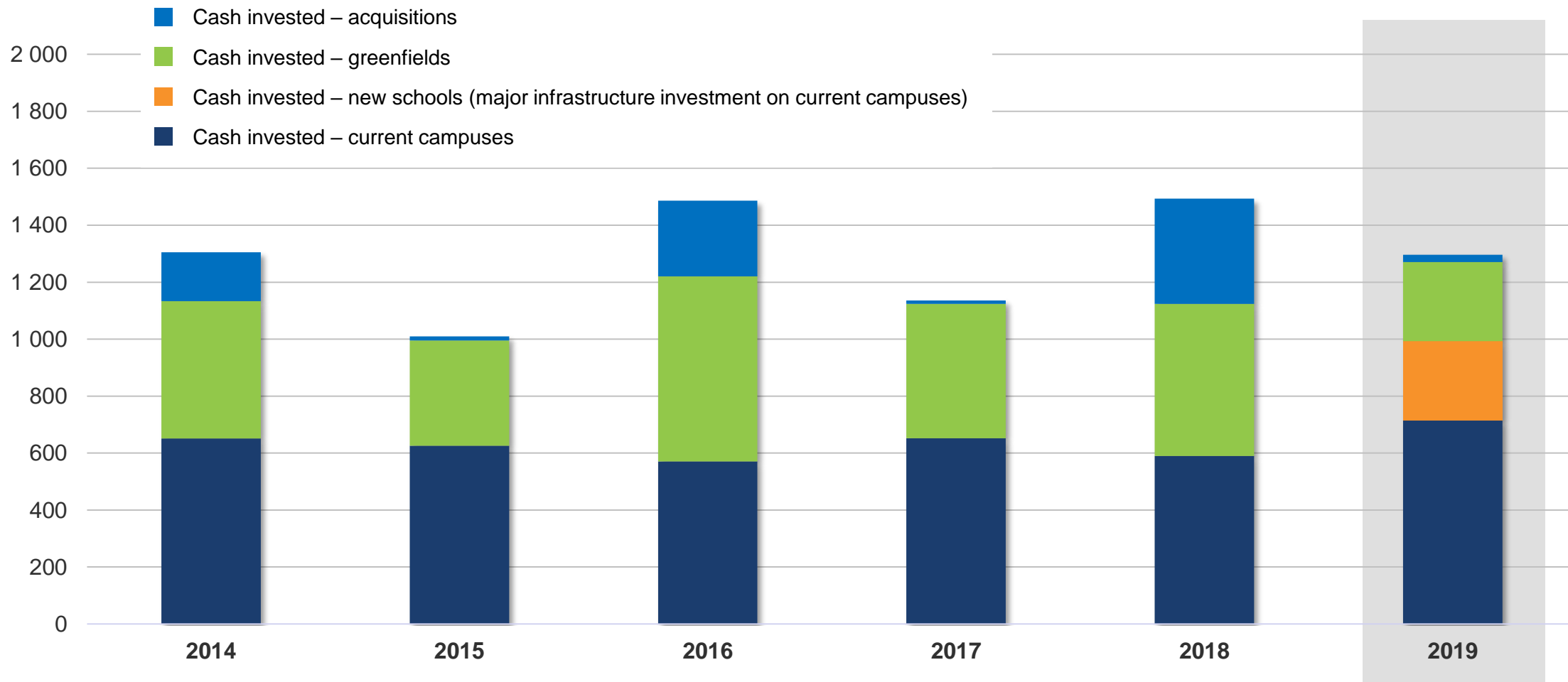
2019

Other indicators

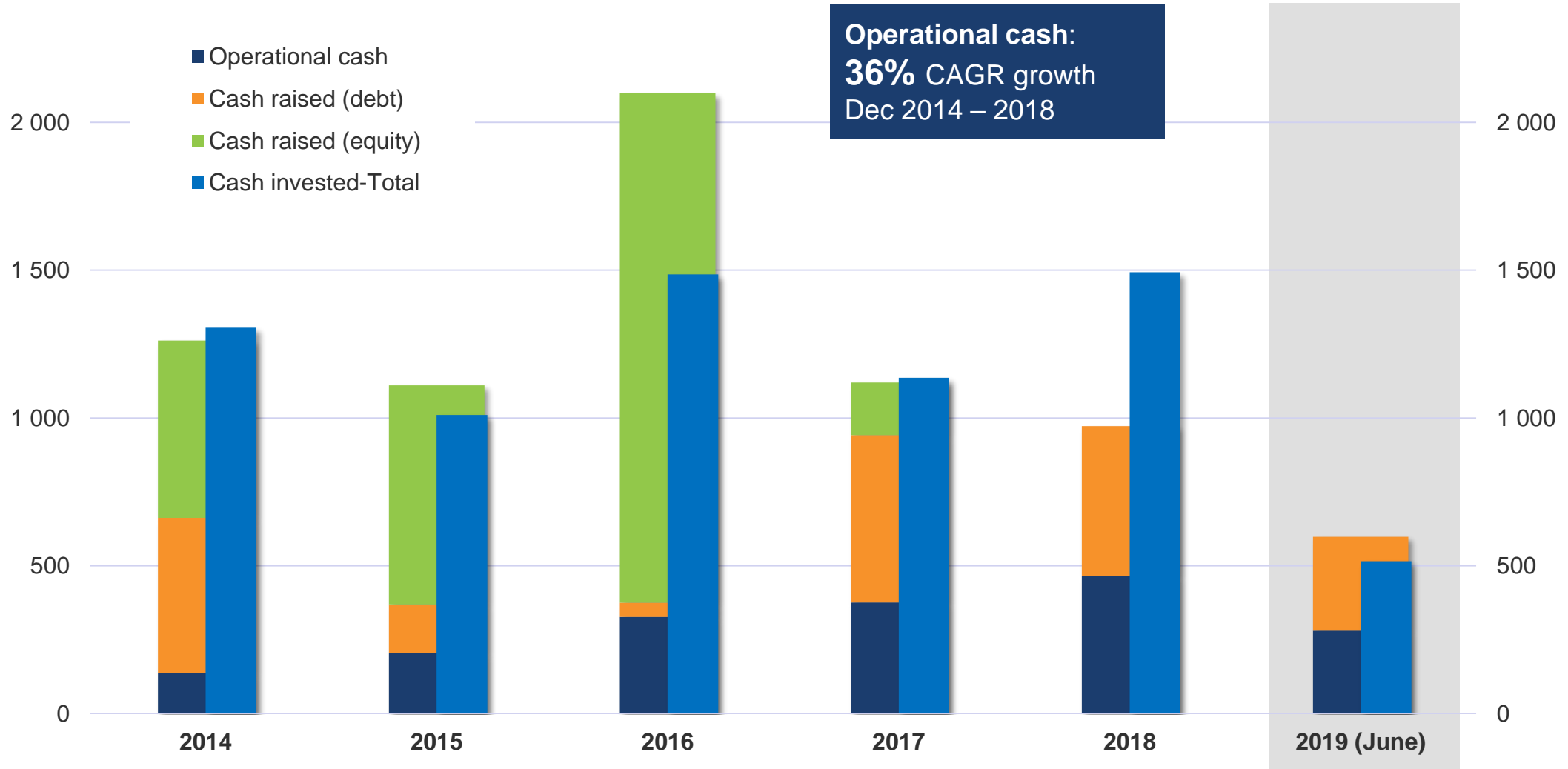
LEARNER NUMBERS

	Dec 2016	Dec 2017	Dec 2018	June 2018	June 2019
Net organic joiners (existing schools)	10.8%	7.5%	5.8%	5.8%	5.0%
Joiners new schools	1.1%	2.6%	1.1%	1.1%	3.0%
Total organic growth	11.9%	10.1%	6.9%	6.9%	8.0%
Acquisitive growth	8.2%		3.9%	2.3%	2.6%
Intra-year movement	0.4%	(1.7%)	1.1%	1.2%	1.8%
Growth in learner numbers	20.5%	8.3%	11.8%	10.4%	12.4%
Leavers (excluding Grade 12)	19.5%	21.4%	18.0%	3.6%	3.7%

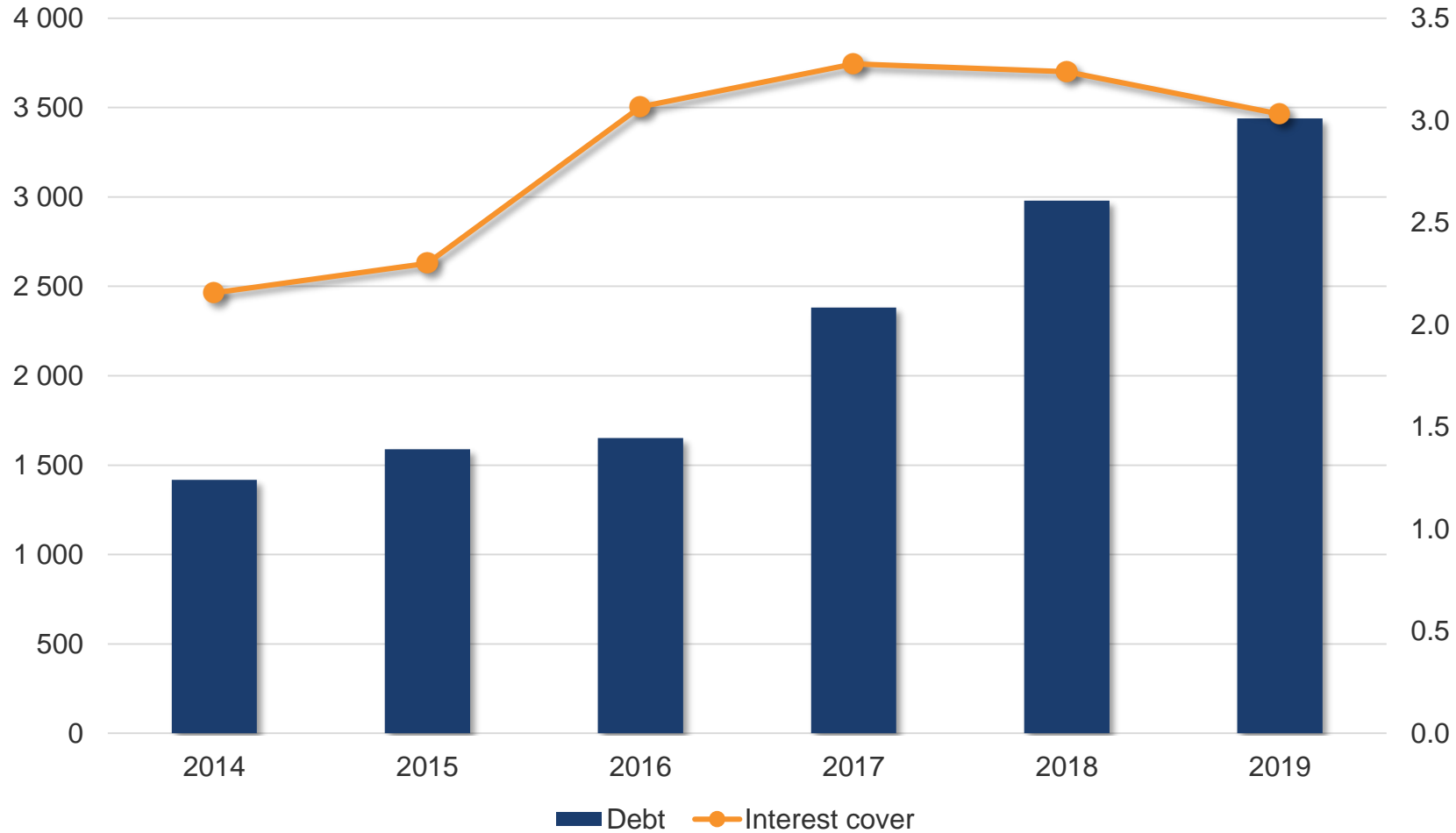
CAPITAL INVESTMENT



CAPITAL INVESTMENT



DEBT AND INTEREST COVER



- Interest cover = EBITDA/Interest
- EBITDA = cashflow as no cash tax expense (5% wear and tear allowance)

- Capital investment will slow down
- Peak debt within 12-24 months then interest expense trend will reverse



J-CURVE

	Campuses	Schools	Learner numbers			Growth		EBITDAR			Growth			EBITDA margin			Built capacity utilised			Eventual capacity utilised		
	2019	2019	2017	2018	2019	17/18	18/19	2017	2018	2019	17/18	18/19	2017	2018	2019	2017	2018	2019	2017	2018	2019	
Developed	47	113	28 315	31 872	35 747	13%	12%	179	248	296	39%	19%	30%	33%	34%	64%	63%	65%	47%	47%	46%	
2009 and before	4	9	3 897	3 872	4 131	(1%)	7%	29	37	42	28%	15%	33%	34%	35%	83%	82%	85%	71%	71%	73%	
2010	2	6	2 254	2 205	2 215	(2%)	0%	20	20	25	0%	23%	38%	35%	41%	79%	75%	75%	56%	55%	55%	
2011	5	15	4 098	4 177	4 429	2%	6%	29	34	37	18%	9%	30%	32%	32%	62%	59%	63%	49%	50%	53%	
2012	2	6	1 904	1 978	1 891	4%	(4%)	14	17	15	26%	(11%)	30%	33%	29%	72%	75%	72%	57%	59%	56%	
2013	4	12	6 149	6 445	6 357	5%	(1%)	55	70	70	28%	(1%)	40%	45%	42%	71%	74%	73%	62%	64%	64%	
2014	4	9	1 833	2 169	2 342	18%	8%	3	9	11	224%	30%	8%	20%	23%	49%	56%	56%	37%	44%	47%	
2015	8	19	5 748	6 216	6 494	8%	4%	19	26	39	38%	50%	21%	24%	31%	66%	63%	65%	44%	47%	49%	
2016	4	8	1 179	1 681	1 905	43%	13%	7	20	26	186%	30%	24%	39%	41%	35%	45%	49%	22%	32%	36%	
2017	3	8	1 253	2 499	3 143	99%	26%	3	21	29	564%	40%	14%	41%	41%	41%	72%	91%	20%	40%	51%	
2018	4	8	-	630	1 107	-	76%	-	(5)	4	-	n/a	-	(40%)	17%	-	19%	33%	-	10%	17%	
2019	7	13	-	-	1 733	-	-	-	(1)	(1)	-	-	-	-	(4%)	-	-	43%	-	-	17%	
Acquired	21	51	17 575	18 819	21 426	7%	14%	144	167	196	16%	17%	33%	34%	33%	84%	83%	80%	68%	69%	66%	
2012 and before	7	17	6 919	7 007	7 261	1%	4%	76	80	82	6%	1%	37%	38%	38%	78%	76%	79%	61%	61%	64%	
2013	2	2	4 253	3 855	3 684	(9%)	(4%)	18	17	17	(8%)	(1%)	26%	25%	26%	86%	78%	74%	86%	78%	74%	
2014	2	6	2 618	2 742	2 763	5%	1%	31	40	41	30%	1%	36%	41%	39%	92%	96%	85%	76%	80%	80%	
2015 and 2016	4	11	3 785	4 147	4 468	10%	8%	19	25	32	36%	27%	22%	24%	27%	92%	100%	99%	63%	74%	71%	
2018	3	6	-	1 068	1 881	-	76%	-	5	20	-	304%	-	29%	38%	-	70%	82%	-	52%	56%	
2019	3	9	-	-	1 369	-	-	-	-	4	-	-	-	-	11%	-	-	52%	-	-	44%	
Other								(7)	(6)	(1)												
Total developed and acquired	68	164	45 890	50 691	57 173	10%	13%	316	409	491	29%	20%	30%	33%	33%	70%	69%	70%	53%	54%	52%	

J-CURVE

	Campuses	Schools	Learner numbers			Growth		EBITDAR			Growth		EBITDA margin			Built capacity utilised			Eventual capacity utilised		
	2019	2019	2017	2018	2019	17/18	18/19	2017	2018	2019	17/18	18/19	2017	2018	2019	2017	2018	2019	2017	2018	2019
Developed	47	113	28 315	31 872	35 747	13%	12%	179	248	296	39%	19%	30%	33%	34%	64%	63%	65%	47%	47%	46%
2009 and before	4	9	3 897	3 872	4 131	(1%)	7%	29	37	42	28%	15%	33%	34%	35%	83%	82%	85%	71%	71%	73%
2010	2	6	2 254	2 205	2 215	(2%)	0%	20	20	25	0%	23%	38%	35%	41%	79%	75%	75%	56%	55%	55%
2011	5	15	4 098	4 177	4 177	0%	0%	20	20	25	0%	9%	30%	32%	32%	62%	59%	63%	49%	50%	53%
2012	2	6	1 904	1 904	1 904	0%	0%	20	20	25	0%	(11%)	30%	33%	29%	72%	75%	72%	57%	59%	56%
2013	4	12	6 149	6 149	6 149	0%	0%	20	20	25	0%	(1%)	40%	45%	42%	71%	74%	73%	62%	64%	64%
2014	4	9	1 833	2 205	2 215	21%	0%	20	20	25	0%	30%	8%	20%	23%	49%	56%	56%	37%	44%	47%
2015	8	19	5 748	6 149	6 149	10%	0%	20	20	25	0%	50%	21%	24%	31%	66%	63%	65%	44%	47%	49%
2016	4	8	1 179	1 179	1 179	0%	0%	20	20	25	0%	30%	24%	39%	41%	35%	45%	49%	22%	32%	36%
2017	3	8	1 253	2 205	2 215	17%	0%	20	20	25	0%	30%	14%	41%	41%	41%	72%	91%	20%	40%	51%
2018	4	8	-	-	-	-	-	-	-	-	-	-	-	(40%)	17%	-	19%	33%	-	10%	17%
2019	7	13	-	-	-	-	-	-	-	-	-	-	-	-	(4%)	-	-	43%	-	-	17%
Acquired	21	51	17 575	18 819	21 426	7%	14%	144	167	196	16%	17%	33%	34%	33%	84%	83%	80%	68%	69%	66%
2012 and before	7	17	6 919	7 007	7 261	1%	4%	76	80	82	6%	1%	37%	38%	38%	78%	76%	79%	61%	61%	64%
2013	2	2	4 253	3 855	3 684	(9%)	(4%)	18	17	17	(8%)	(1%)	26%	25%	26%	86%	78%	74%	86%	78%	74%
2014	2	6	2 618	2 742	2 763	5%	1%	31	40	41	30%	1%	36%	41%	39%	92%	96%	85%	76%	80%	80%
2015 and 2016	4	11	3 785	4 147	4 468	10%	8%	19	25	32	36%	27%	22%	24%	27%	92%	100%	99%	63%	74%	71%
2018	3	6	-	1 068	1 881	-	76%	-	5	20	-	304%	-	29%	38%	-	70%	82%	-	52%	56%
2019	3	9	-	-	1 369	-	-	-	-	4	-	-	-	-	11%	-	-	52%	-	-	44%
Other								(7)	(6)	(1)											
Total developed and acquired	68	164	45 890	50 691	57 173	10%	13%	316	409	491	29%	20%	30%	33%	33%	70%	69%	70%	53%	54%	52%

High-fee schools = lower average fee increase, lower learner number growth

PER BRAND

	Number of learners			2018			2019			%Growth		
	2018	2019	Difference	Turnover (millions)	EBITDA (millions)	Margin	Turnover (millions)	EBITDA (millions)	Margin	Learners	Turnover	EBITDA
Traditional and Select	34 361	38 229	3 868	980	348	35.5%	1 148	404	35.2%	11.2%	17.2%	15.8%
<i>Like for like</i>	<i>33 392</i>	<i>34 608</i>	<i>1 216</i>	<i>958</i>	<i>344</i>	<i>35.9%</i>	<i>1 040</i>	<i>376</i>	<i>36.2%</i>	<i>3.6%</i>	<i>8.5%</i>	<i>9.5%</i>
Castles	1 062	1 291	229	22	5	21.0%	28	8	26.4%	21.6%	30.4%	64.0%
Academy	5 834	8 255	2 421	96	25	26.2%	149	45	30.3%	41.5%	55.3%	79.3%
<i>Like for like</i>	<i>5 834</i>	<i>7 204</i>	<i>1 370</i>	<i>96</i>	<i>26</i>	<i>26.6%</i>	<i>134</i>	<i>46</i>	<i>34.6%</i>	<i>23.5%</i>	<i>39.4%</i>	<i>81.5%</i>
Meridian	9 335	9 189	(146)	140	32	22.5%	148	38	25.8%	(1.6%)	6.0%	21.5%
Other models	99	209	110	2	(1)	(31.3%)	7	(4)	(51.0%)			
EBITDAR - School operations	50 691	57 173	6 482	1 240	409	32.9%	1 480	491	33.2%	12.8%	19.4%	20.2%

PER BRAND

	Number of learners			2018			2019			%Growth			Built capacity		Eventual capacity	
	2018	2019	Difference	Turnover (R'm)	EBITDA (R'm)	Margin	Turnover (R'm)	EBITDA (R'm)	Margin	Learners	Turnover	EBITDA	2018	2019	2018	2019
Traditional and Select	34 361	38 229	3 868	980	348	35.5%	1 148	404	35.2%	11.2%	17.2%	15.8%	71%	70%	56%	55%
<i>Like for like</i>	<i>33 392</i>	<i>34 608</i>	<i>1 216</i>	<i>958</i>	<i>344</i>	<i>35.9%</i>	<i>1 040</i>	<i>376</i>	<i>36.2%</i>	<i>3.6%</i>	<i>8.5%</i>	<i>9.5%</i>	<i>71%</i>	<i>71%</i>	<i>56%</i>	<i>56%</i>
Castles	1 062	1 291	229	22	5	21.0%	28	8	26.4%	21.6%	30.4%	64.0%	66%	76%	66%	65%
Academy	5 834	8 255	2 421	96	25	26.2%	149	45	30.3%	41.5%	55.3%	79.3%	60%	68%	33%	35%
<i>Like for like</i>	<i>5 834</i>	<i>7 204</i>	<i>1 370</i>	<i>96</i>	<i>26</i>	<i>26.6%</i>	<i>134</i>	<i>46</i>	<i>34.6%</i>	<i>23.5%</i>	<i>39.4%</i>	<i>81.5%</i>	<i>60%</i>	<i>75%</i>	<i>33%</i>	<i>41%</i>
Meridian	9 335	9 189	(146)	140	32	22.5%	148	38	25.8%	(1.6%)	6.0%	21.5%	71%	70%	70%	69%
Other models	99	209	110	2	(1)	(31.3%)	7	(4)	(51.0%)				40%	39%	40%	17%
EBITDAR – School operations	50 691	57 173	6 482	1 240	409	32.9%	1 480	491	33.2%	12.8%	19.4%	20.2%	69%	70%	54%	52%

CURRO

2020

Greenfields

#Learners2Leaders

GREENFIELDS – 2020

WESTERN CAPE

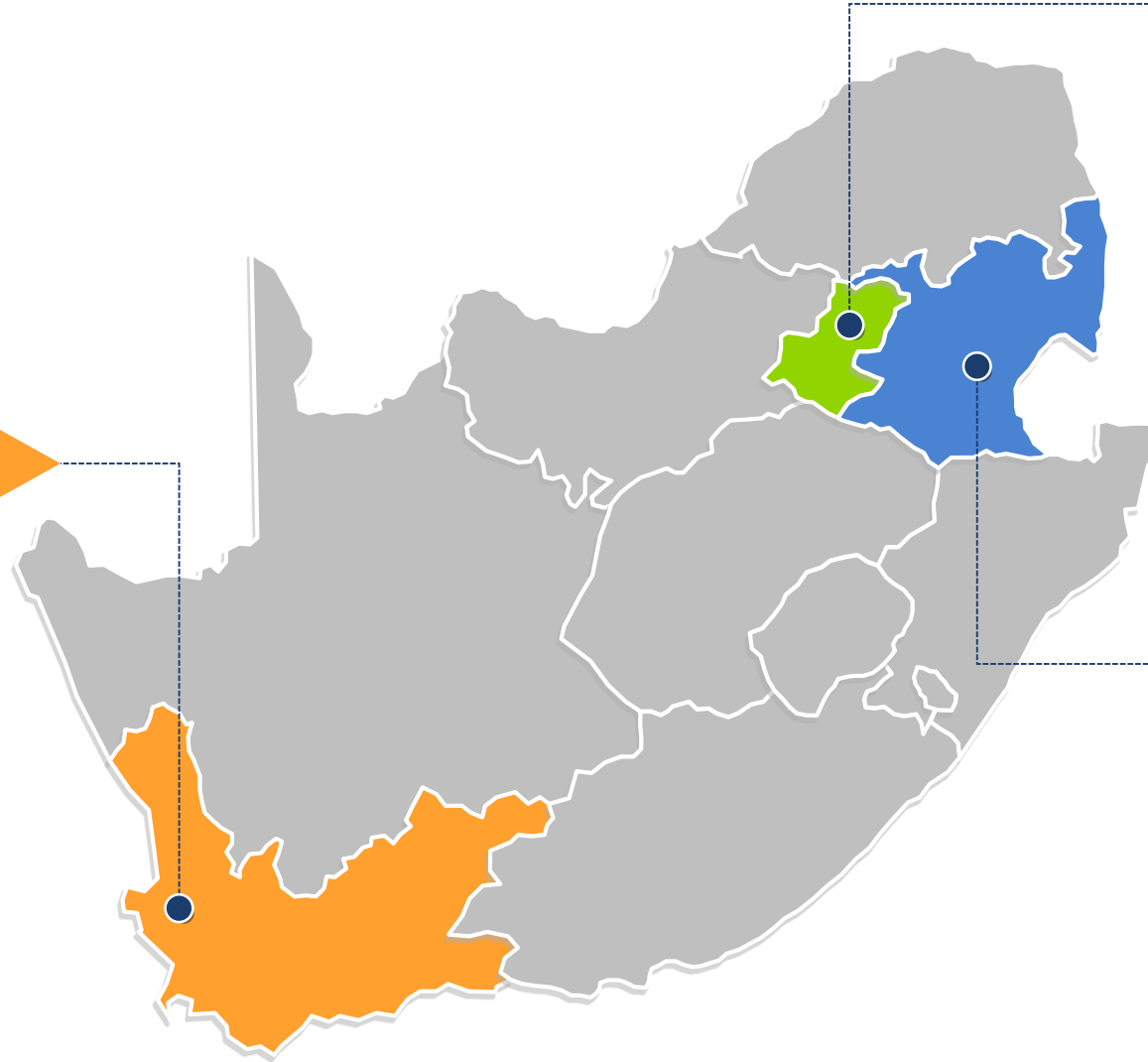
- Delft (DigiEd)

GAUTENG

- Curro Academy The Blyde (Pretoria)
- Midrand (NCV)
- New Road (DigiEd)

MPUMALANGA

- Curro Academy Mbombela



CURRO



In conclusion

#Learners2Leaders



Our vision: To make independent school education **accessible** to more learners **throughout southern Africa.**



#Learners2Leaders

EXPANDING OUR MODELS



Model	Curro Castles	LSEN	Curro Schools	Curro Select Schools	Curro Academy Schools	Meridian Schools	DigiEd schools	NCV Colleges
Campuses	7 campuses		42 campuses		18 campuses		1 campus	
Learners	1 453 learners		38 207 learners		17 444 learners		46 learners	23 learners
Average monthly fees	R3 900		R4 600		R1 900 – R2 900		R1 900	R3 000 – R4 500
Learners per class	25 maximum class size		25 maximum class size		35 maximum class size			
Ages	3 months – 5 years		3 months – 18 years		5 – 18 years		14 – 18 years	16 – 18 years

Our vision continues ... to make independent school education **accessible** to more learners throughout southern Africa.

IN CONCLUSION

- ▶ Turnover growth = 19%, EBITDA growth = 21%, EBITDA % = 28%
 - Proven growth despite economic challenges (Learner and HEPS growth)
- ▶ New business strain – 17 campuses in the last 18 months.
- ▶ 40% of campuses are growing into high school.
- ▶ Focus on increasing existing capacity – new greenfields reduced.
- ▶ Improve operational efficiencies – learner retention, capacity utilisation.
- ▶ Balance sheet well-gearred to fund 2019 capital expenditure (and beyond).



Curro is a
long-term
player – a place
of positivity in a
negative
environment.

CURRO



THANK YOU

#Learners2Leaders

CURRO