

QUALITY  
EDUCATION

# Results for the year ended 31 December 2023

Cobus Loubser and Burtie September  
5 March 2024

A young Black woman with her hair in braids, wearing a dark blue school blazer over a blue and white checkered shirt, is smiling warmly. She is holding a test tube with purple liquid inside. The background is a blurred chemistry laboratory with a periodic table of elements visible on the wall.

**CURRO**

# AGENDA

## Business overview

- Highlights for 2023
- Growth momentum
- Strategic focus

## Financial overview

## Questions



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# BUSINESS OVERVIEW

Cobus Loubser  
*Chief Executive Officer*

CURRO



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# Highlights



**CURRO**

**RECURRING HEPS**  
From 55.4 cents to 73.2 cents

**+ 32%**

**CASH GENERATED FROM  
OPERATING ACTIVITIES**  
From R800m to R875m

**+ 9%**

**AVERAGE LEARNER  
NUMBERS**  
From 70 724 to 72 031

**+ 2%**

**REVENUE**  
From R4 156m to R4 764m

**+ 15%**

**EBITDA**  
From R926m to R1 155m

**+ 25%**

**DIVIDEND**  
From 11.08 cents to 14.64 cents

**+ 32%**

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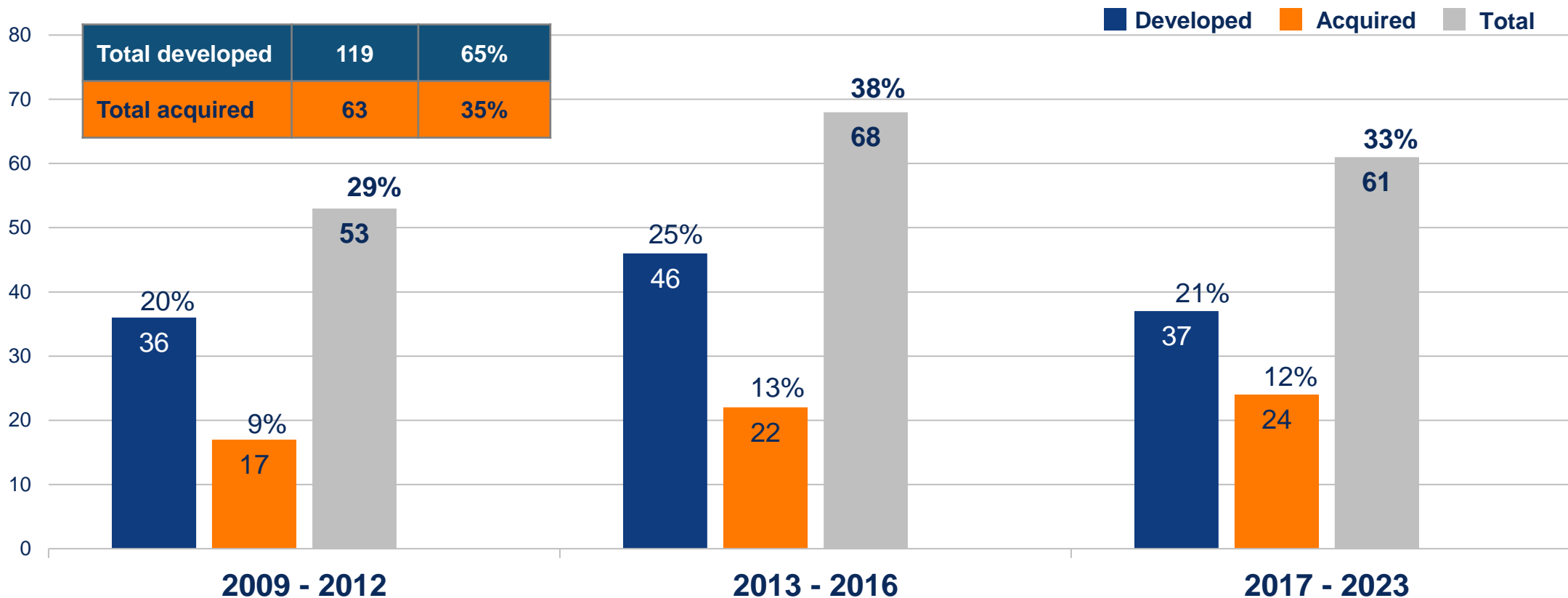
# Growth Momentum



CURRO

# GROWTH MOMENTUM (1)

Business is young, based on portfolio of schools acquired and developed over time



Curro had **72 031** weighted average learners for the year ending 31 December 2023

# GROWTH MOMENTUM (2)

**Curro's vision: Make independent school education accessible to more learners**

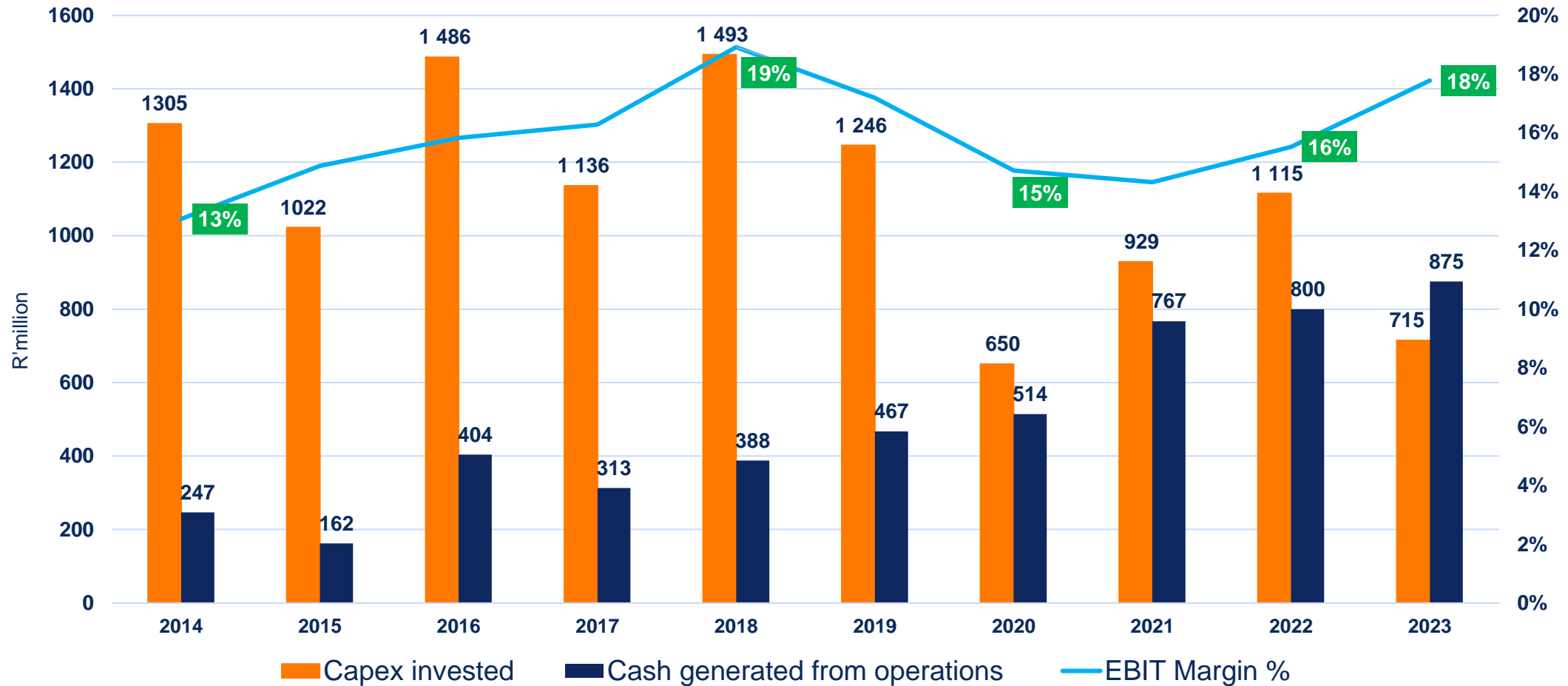
		2011	2019	2022	2023
Campuses	#	12	70	77	78
Schools	#	24	166	181	182
<b>Learners</b>	<b>#</b>	<b>4 200</b>	<b>57 597</b>	<b>70 724</b>	<b>72 031</b>
<b>Revenue</b>	<b>R'm</b>	<b>166</b>	<b>2 944</b>	<b>4 156</b>	<b>4 764</b>
<b>EBITDA</b>	<b>R'm</b>	<b>10</b>	<b>693</b>	<b>926</b>	<b>1 155</b>
<i>EBITDA Margin</i>	<i>%</i>	<i>6.0%</i>	<i>23.5%</i>	<i>22.3%</i>	<i>24.2%</i>
Cumulative capital invested	R'm	574	10 225	12 919	13 634
<b>Cash generated from operating activities</b>	<b>R'm</b>	<b>7</b>	<b>474</b>	<b>800</b>	<b>875</b>

- Two decades to create and establish the business and footprint with material capital investment
- More recently, focus has been on sophistication, filling capacity and margins
- EBITDA margin stagnated after pandemic, has now recovered ahead of pre-pandemic levels
- Digital strategy progressing

**Curro on track to enhance shareholder returns**

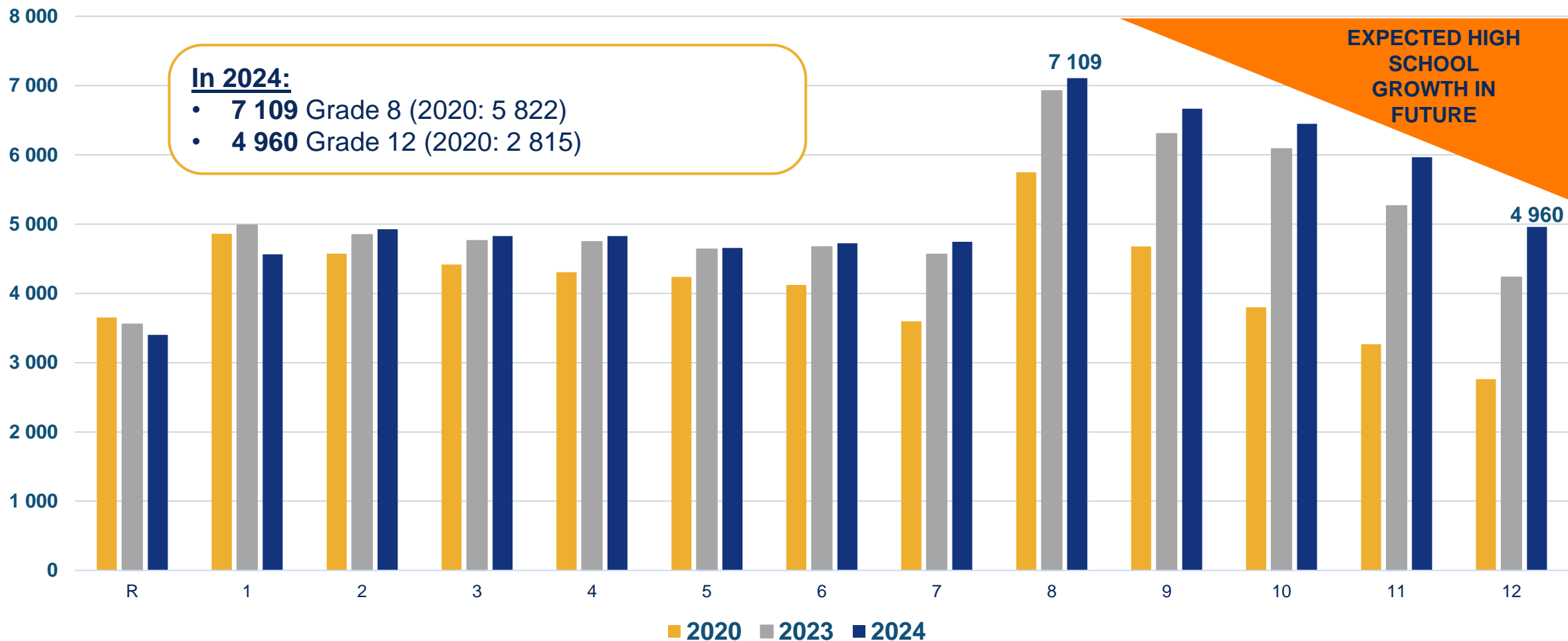


Milestone: Operating cash exceeded capex in 2023, free cash generation to increase in future



# GROWTH MOMENTUM (4)

Expansion potential in high school, based on rollover from Grade 8 to Grade 12



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# Strategic focus



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# DRIVING SHAREHOLDER RETURNS HIGHER

## 1 Revenue growth

- Higher learner enrolment for 2023 than for the previous comparable period
- Termination of long overdue accounts restrained overall learner growth in 2023
- Tuition fee increases for 2023

## 2 Increase operating margin

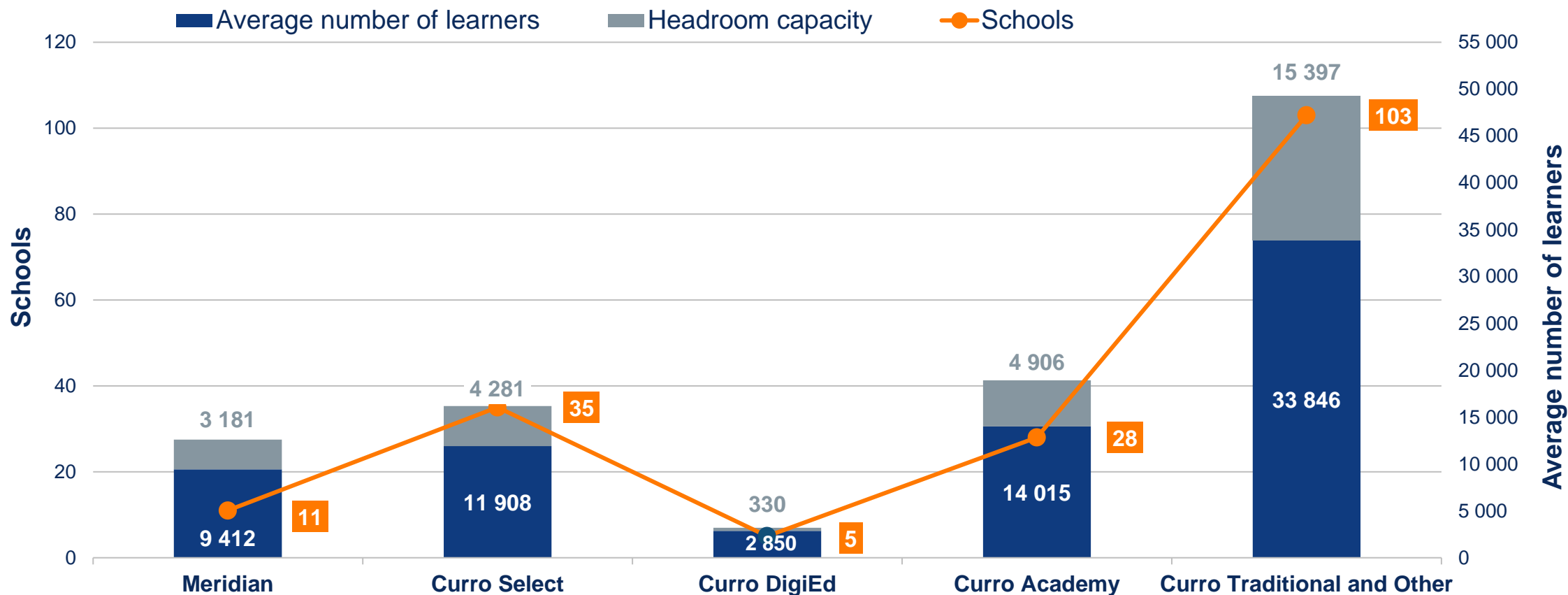
- Ancillary service profitability to recover
- Reduce discounts and bad debt costs as a % of revenue
- Gain efficiency in staff costs as business matures, supported by digital options
- Tight operational discipline to contain other costs

## 3 Contain capex spend

- Cash generated to exceed capex requirement of existing business
- Consider acquisitions with growth and cost saving potential, fund with debt
- Excess cash to shareholders

# CAPACITY TO INCREASE SHAREHOLDER RETURNS

## Number of schools and learners per school model



Note: Headroom capacity represents the available built capacity not yet filled.

# SHARE REPURCHASES

- ▶ Curro is in a healthy financial position and business operations are resilient
- ▶ Repurchased shares in terms of general buyback authority
  - Acquired 11.5 million shares for R102 million up to 31 December 2023
  - Purchased a further 4.9 million shares for R56 million in 2024
  - Repurchased shares were cancelled and the number of shares in issue decreased
- ▶ Deliver longer-term value to shareholders

# FROM LOAD SHEDDING TO ENERGY INDEPENDENCE

- ▶ **Curro is unique**
  - Not a high electricity consumer overall, but electricity consumption concentrated during a specific time of the day
- ▶ **Actions in 2022 to mitigate power outages**
  - Installed electricity metering solutions at all sites to track use and manage behaviour
  - Installed large diesel-generators to provide back-up power
  - Capex cost of cR45m; additional diesel consumed of cR6m (mainly in Q4)
- ▶ **Actions in 2023 and beyond**
  - Total generator operating costs for 2023 of cR23m, reduced monthly cost in last quarter
  - Capex during year of R80m for solar and batteries to generate and store enough electricity to be more self-sufficient
  - Capex of cR40m planned for 2024



Curro provides **quality education** across different platforms



Our models are **efficient** and **scalable** to optimise service and profitability



Curro is **resilient** and we are on track to increase **shareholder returns**



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# FINANCIAL OVERVIEW

Burtie September  
*Chief Financial Officer*



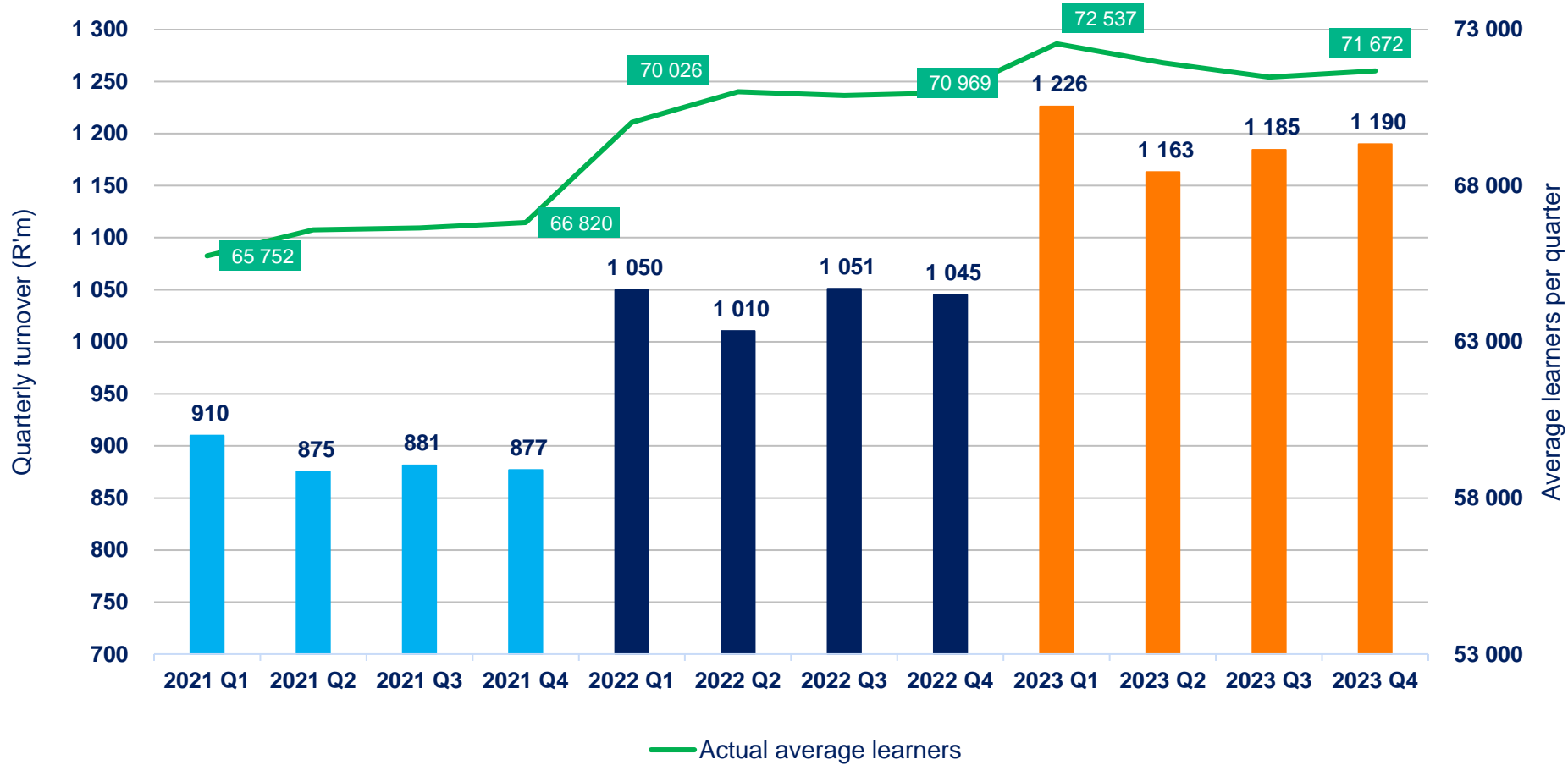
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# AGENDA

- ▶ Revenue
- ▶ Operating expenses
- ▶ Trade receivables
- ▶ Impairments
- ▶ Earnings
- ▶ Funding and capex

# TOTAL REVENUE AND LEARNER GROWTH

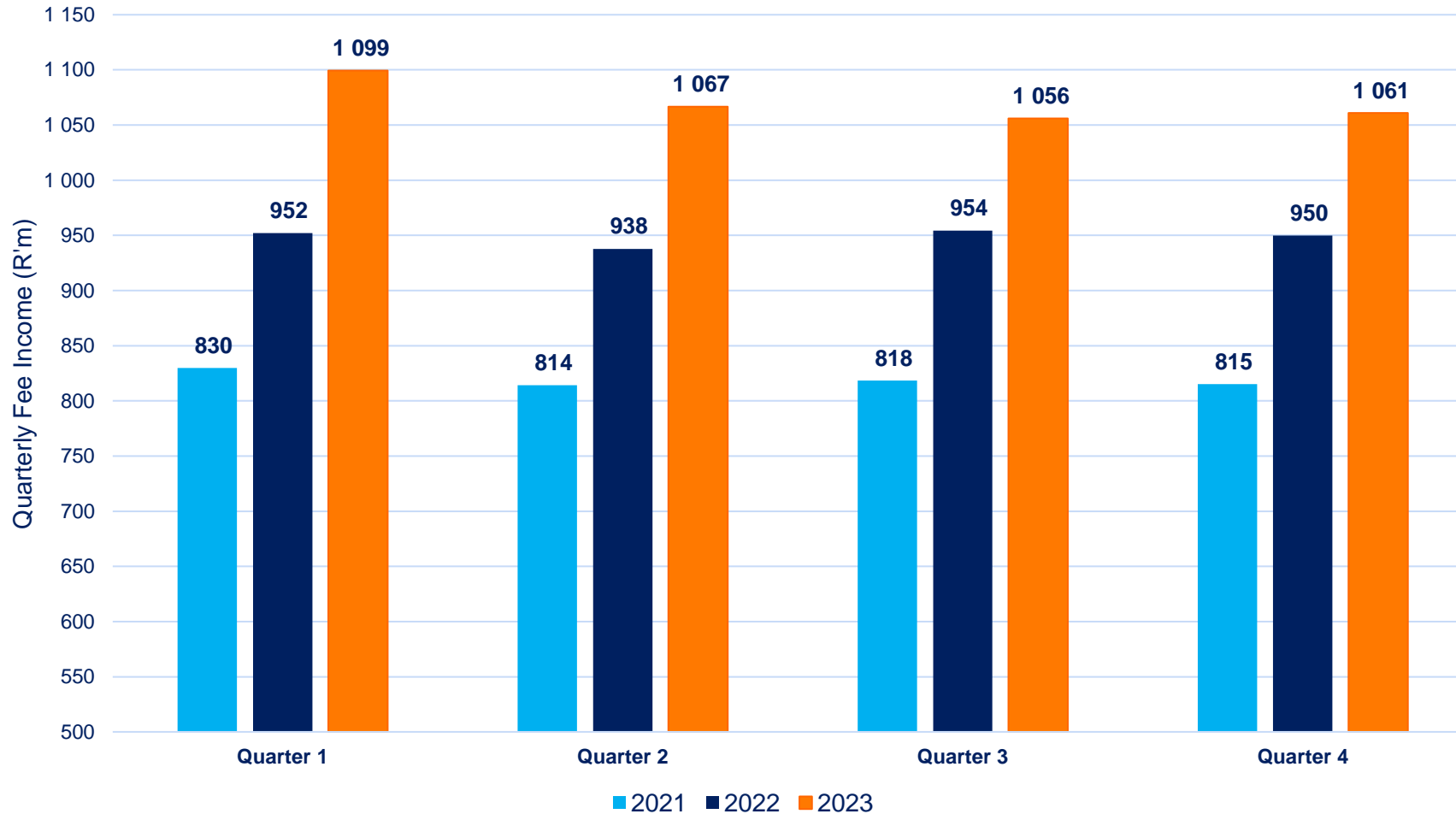
Revenue per Quarter for 2021 - 2023



- Weighted average learner numbers up by 2% in FY23
- Total revenue increased by 15% due to learner growth, higher ancillary revenue and fee increases
- Total revenue consists of tuition fees and ancillary revenue

# GROWTH IN FEE REVENUE

Fee income per quarter for 2021 to 2023

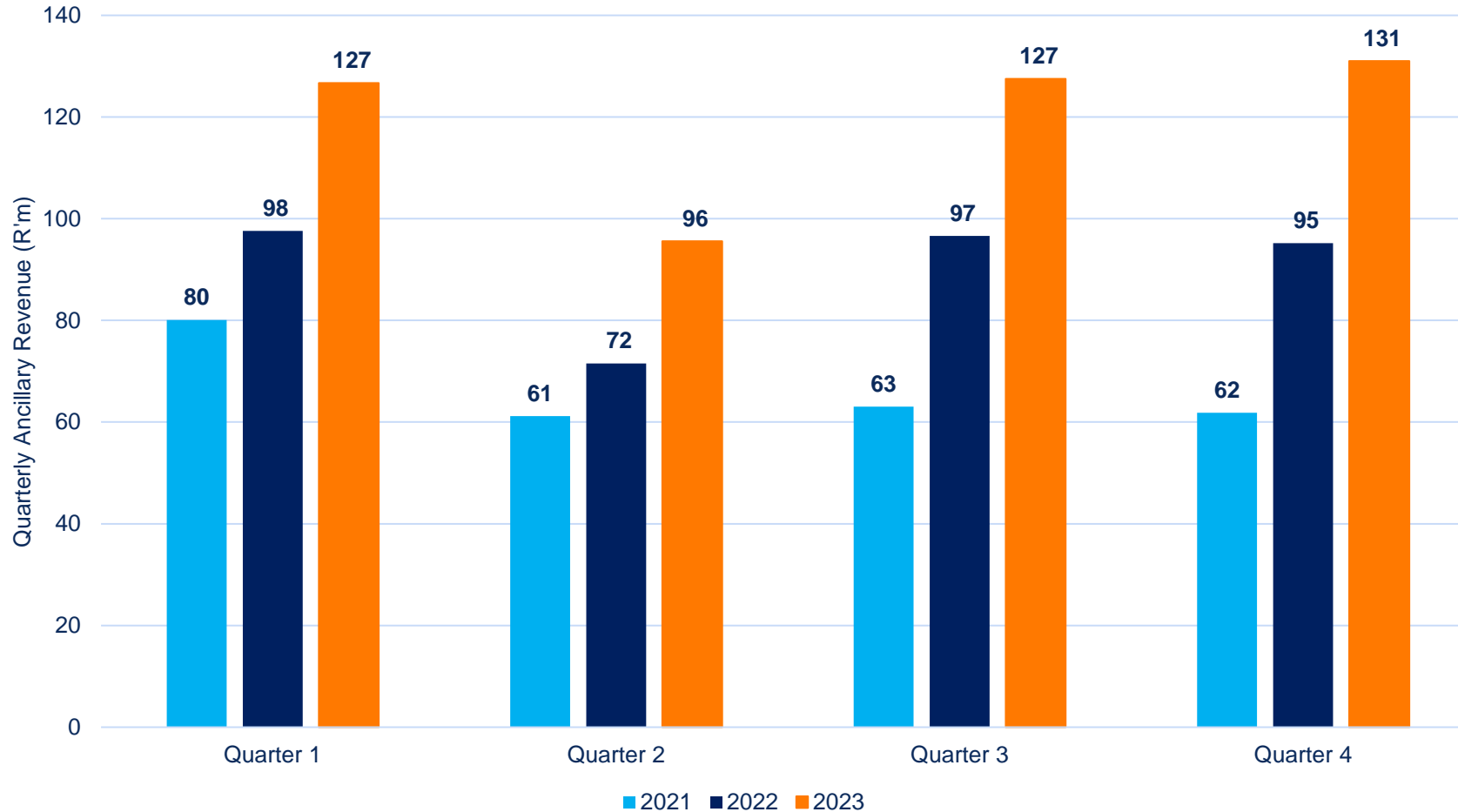


- Learner growth coupled with fee increases
- Total fee revenue increased by 12% from last year
- Discounts, as a ratio of gross tuition fees, reduced by 2.1% from FY21 to FY23

*Fee revenue consists of registration and tuition fees, net of discounts granted*

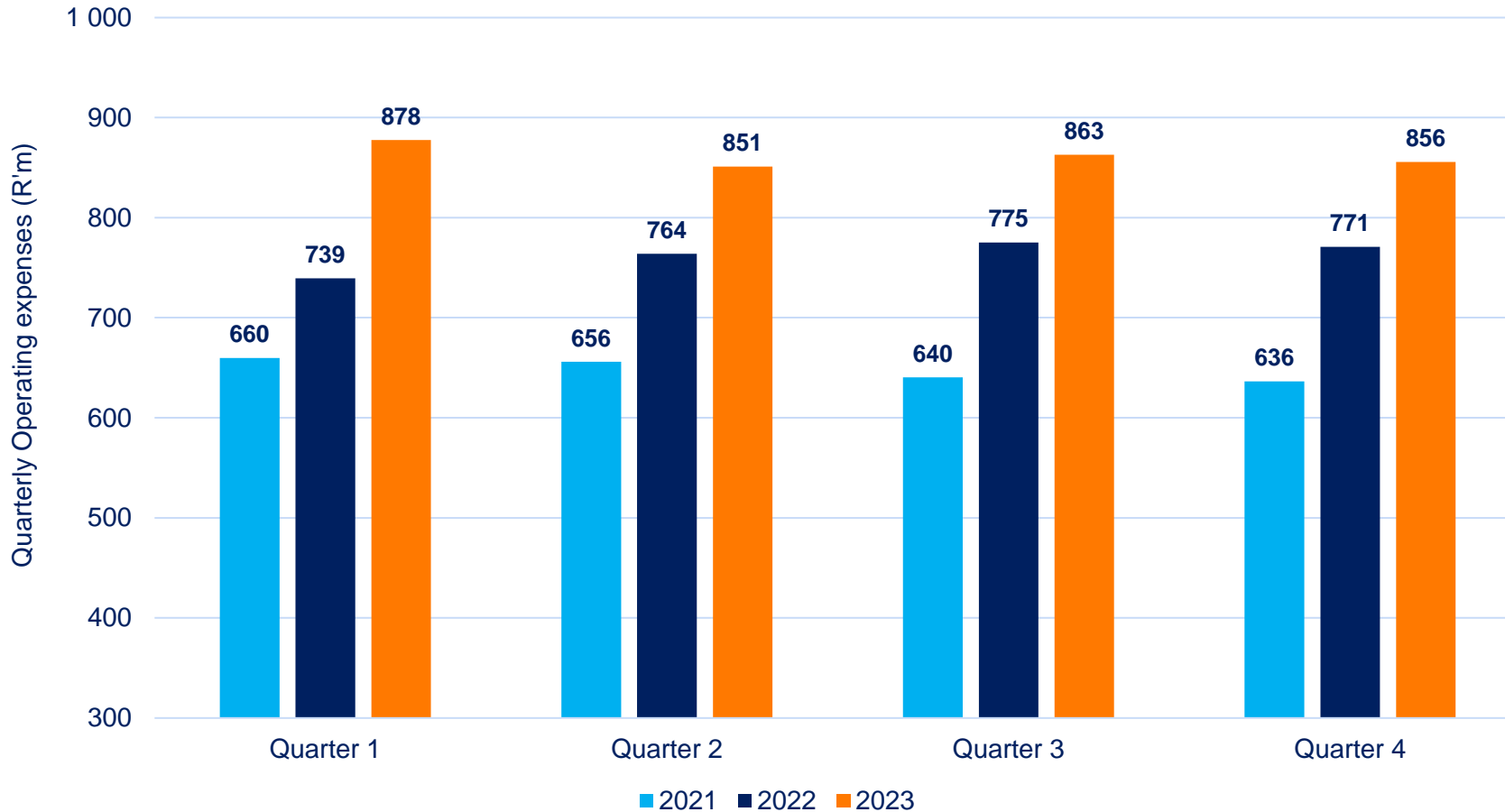
# RECOVERY IN ANCILLARY REVENUE

Ancillary revenue per quarter for 2021 to 2023



- Ancillary revenue consists of the non-tuition fee revenue streams, being rentals, boarding school fees, aftercare fees, bus and other income.
- Ancillary revenue increased by 33% from FY22.
- Increase in ancillary income normalised and in line with the growth in tuition fees:
  - 60% increase in tuition fees since FY19
  - compared to 64% increase in ancillary revenue since FY19

### Operating expenses per quarter for 2021 to 2023



- Operating expenses increase by 13% compared to the increase in total revenue of 15%
- Increase in total costs due to 2% more learners, additional extra-mural activity and higher ancillary revenue and associated costs
- Total staff costs increased by 9%
- Like-for-like staff costs (excluding acquisitions) increased by 7% due to learner growth and salary increases of c6%
- Facility costs (water, electricity and municipal rates) increased by c12% in this period.

*Note: Operating expenses in the graph include employee costs, but exclude bad debt related costs, depreciation and rentals.*

# TRADE RECEIVABLES (1)

- Gross receivables reduced by 10.8%
- Aging of accounts improving due to enhanced debt collection process, resulting in lower expected loss rate
- Wrote-off and sold R241m receivables deemed uncollectable in this period (FY22: R153m written off and sold)

(R'm)	Less than 90 days	91 - 180 days	181 - 360 days	361 - 540 days	More than 540 days	Total
<b>31 December 2023</b>						
Gross trade receivables	122	77	125	66	48	<b>438</b>
Loss provision	(5)	(9)	(42)	(40)	(43)	<b>(139)</b>
<i>Expected loss rate</i>	4.1%	11.7%	33.6%	60.6%	89.6%	<b>31.7%</b>
<b>31 December 2022</b>						
Gross trade receivables	107	61	104	62	157	<b>491</b>
Loss provision	(8)	(10)	(42)	(38)	(144)	<b>(242)</b>
<i>Expected loss rate</i>	7.5%	16.4%	40.4%	61.3%	91.7%	<b>49.3%</b>
<b>31 December 2021</b>						
Gross trade receivables	93	53	85	65	185	<b>481</b>
Loss provision	(3)	(5)	(27)	(38)	(173)	<b>(246)</b>
<i>Expected loss rate</i>	3.2%	9.4%	31.8%	58.5%	93.5%	<b>51.1%</b>

- **Total bad debt related costs<sup>1</sup> reduced to 3.3% from 4.1% of revenue**
- Frequent pro-active engagement with overdue accounts

<sup>1</sup> Bad debt related costs = provision movement + write-off + recoveries + collection cost

# TRADE RECEIVABLES (2)



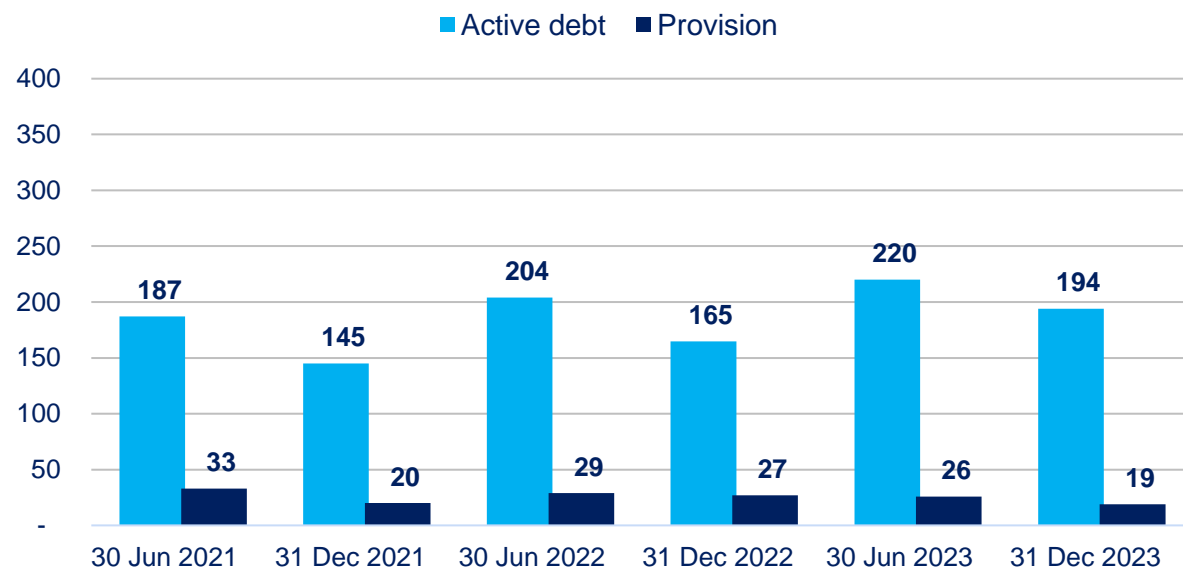
- Gross receivables decreased by R53m and expected credit loss provision reduced by R103m from FY22
- Portion of fully provided debt written off and sold
- Collections of overdue accounts improved, with better aging and quality of the active book
- Loss provision at 31.7% of gross receivables due to improved aging of accounts (FY22: 49.3%)



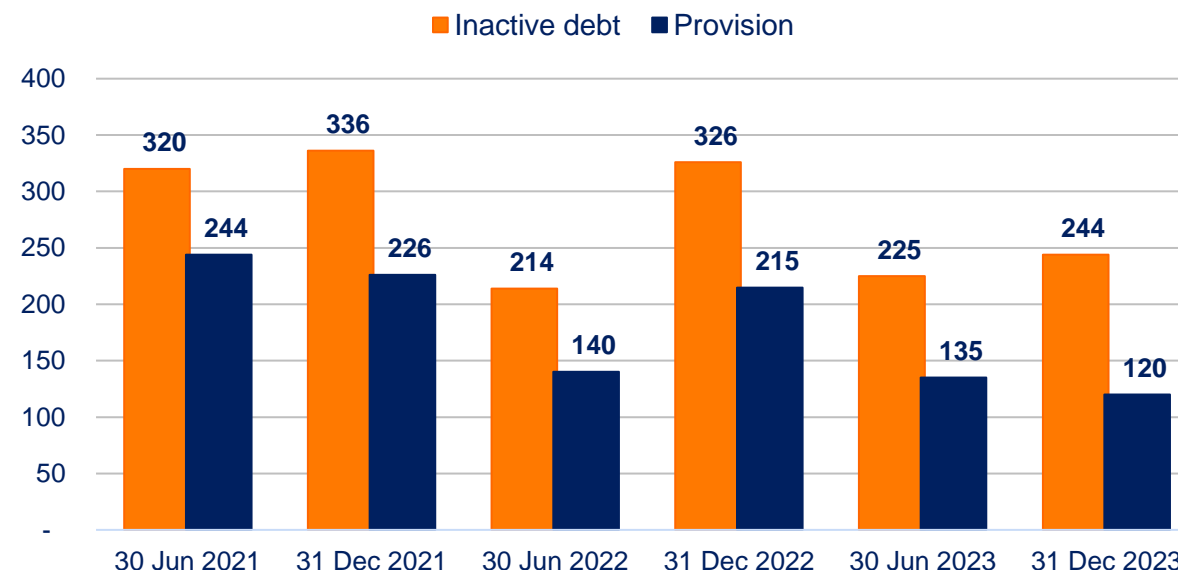
# TRADE RECEIVABLES (3)

- Receivables are split between **Active** (learners still in schools) and **Inactive** (learners who left Curro)
- The aging and quality of the **Active** book has improved further during this period
- Non-performing portion of debtors book mainly relates to **Inactive** book. A portion of this was written off during this period, with concerted efforts to recover the remaining balance

### Active Debtors' Book and Provision (R'm)



### Inactive Debtors' Book and Provision (R'm)



# IMPAIRMENTS

Year	2019	2020	2021	2022	2023
<b>Weighted Average Cost of Capital (“WACC”)</b>	13.3%	13.7%	13.6%	14.5%	<b>15.6%</b>
<i>Increase / (decrease) in WACC</i>		0.4%	(0.1%)	0.9%	<b>1.1%</b>
<b>Weighted average number of learners for the year</b>	57 597	60 777	66 447	70 724	72 031
<i>% Increase / (decrease) in learners</i>	12.3%	5.5%	9.3%	6.4%	1.8%
<b>Return on Capital Employed (“RoCE”)</b>	5.20%	4.47%	4.98%	5.93%	<b>7.54%</b>
<i>Increase / (decrease) in RoCE</i>		(0.73%)	0.51%	0.95%	<b>1.61%</b>
<b>Operating Margin (%)</b>	17.2%	14.7%	14.3%	15.5%	<b>17.8%</b>
<i>Increase / (decrease) in Margin</i>		(2.5%)	(0.4%)	1.2%	<b>2.3%</b>

- Impairment loss of R378 million rand after tax and non-controlling interest in 2023.
  - A third of the impairment due to increase in the WACC in 2023, following increase of 0.9% in 2022.
  - Balance of impairment due to lower learner growth estimations (28 schools)
- Potential to generate free cash ahead of capital investment required in the future is unaffected

# EARNINGS PER SHARE

	31 December 2022 Cents	31 December 2023 Cents	Var %
Recurring headline earnings per share (RHEPS)	55.4	73.2	32.2
Headline earnings per share (HEPS)	61.4	73.2	19.2
Earnings per share (EPS)	40.1	7.0	(82.5)

## Differences between EPS, HEPS and RHEPS:

In evaluating these results, the following should be considered:

### 2022 Earnings

- EPS and HEPS include non-recurring once-off subsidy income of R25 million (before adjusting for minority share and tax). This is excluded from RHEPS
- Impairments after tax of R127 million added back to calculate HEPS and RHEPS

### 2023 Earnings

- EPS includes a loss on sale of assets of R7 million (net of tax) and an impairment on school assets of R378 million (net of tax) that was excluded from the calculation of HEPS and RHEPS

## ▶ Debt

- Total net debt increased to R3.236 billion (31 December 2022: R3.127 billion)
- Credit rating upgraded by two levels with a stable outlook
- Net finance cost for FY23 increased to R274m (FY22: R208m) due to higher interest rates and weighted debt during the year.

## ▶ Cashflow

- Cash generated from operating activities increased by 9% to R875m (FY22: R800m)
- Repurchased 11.5m shares for R102m
- Purchased 2.9m shares for R24m for the long-term share incentive scheme
- Dividend payment of R65m

- ▶ Invested R715m in the business in FY23 (FY22: R1.1 billion)
  - R55m on new business acquisitions and development
  - R224m to expand capacity in classrooms and facilities in existing schools, and R80m on back-up power solutions
  - R356m on refurbishment, maintenance and replacement of assets



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# QUESTIONS



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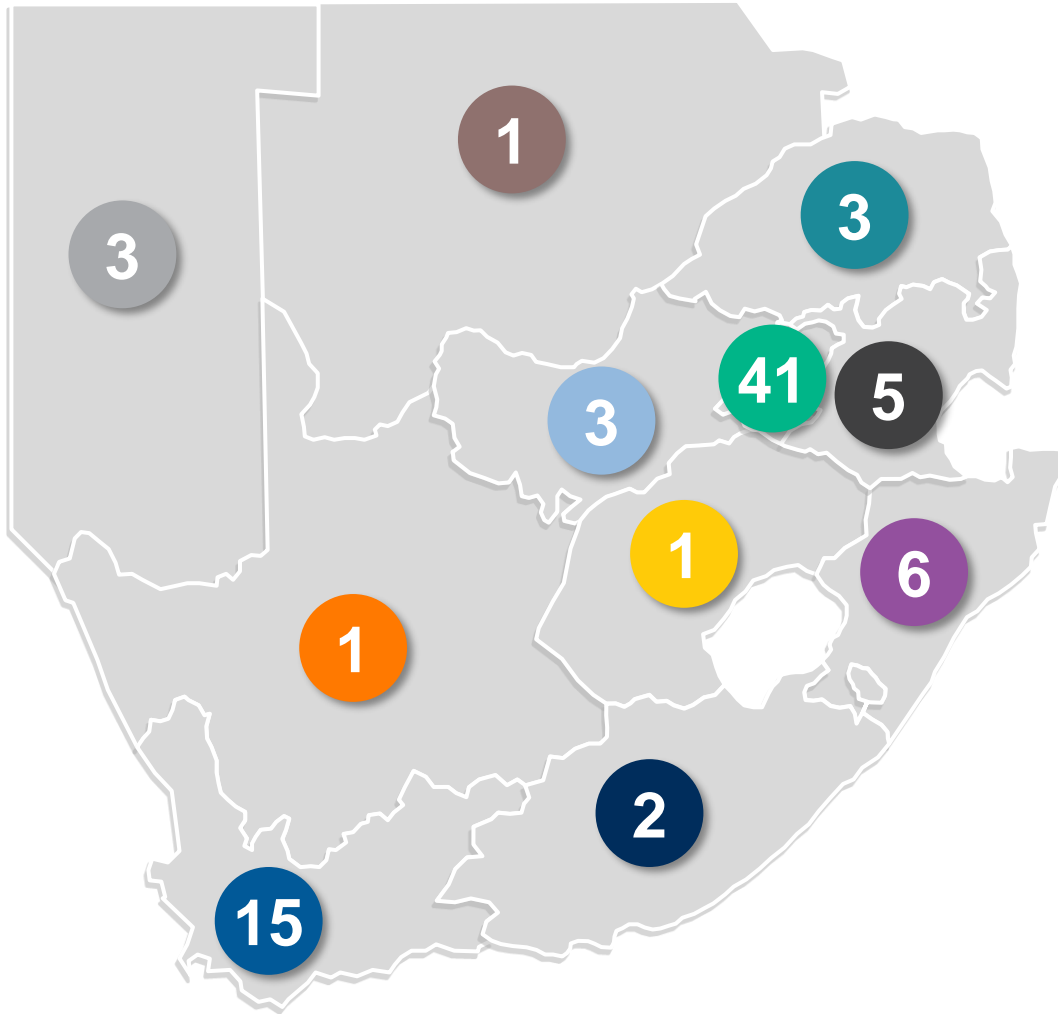
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# LIBRARY



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# CURRO FOOTPRINT (Feb 2024)



Province	Number of campuses 	Number of schools 
Botswana	1	1
Namibia	3	8
Northern Cape	1	3
Western Cape	15	35
Eastern Cape	2	5
Free State	1	3
North West	3	7
KwaZulu-Natal	6	18
Gauteng	41	89
Mpumalanga	5	13
Limpopo	3	5
Online	-	2
<b>TOTAL</b>	<b>81</b>	<b>189</b>



## Curro, Select, Curro Preschools

Enriched curriculum, wide variety of sports, cultural and extramural activities, superior facilities, IEB examination.



1998 to 2012

## Create capacity



2013 to 2015

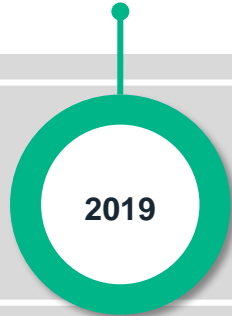
## Meridian and Academy

Enriched curriculum, focussed sports and cultural activities, cost-sensitive, NSC examination.

## Assisted learning and NCV

**Assisted learning:** high-quality academic intervention, teaching styles adapted to suit learner needs, CAPS curriculum, NSC examination.

**NCV:** Runs parallel to Grade 12, high-standard, skills-focussed allowing learners to specialise from a school-going age.



2019

## Grow into capacity

## DigiEd

Innovative, technologically-advanced, project-based learning through e-learning tools and videos, teachers/tutors provide one-on-one assistance as needed.

## Curro Online

High-quality curriculum, home-based with teacher touchpoints throughout the day.



2019 to 2024

## Optimise

## Extended subject choices

Curro offers every high school learner the opportunity to broaden subject choice with an e-learning option.

## New concept high school

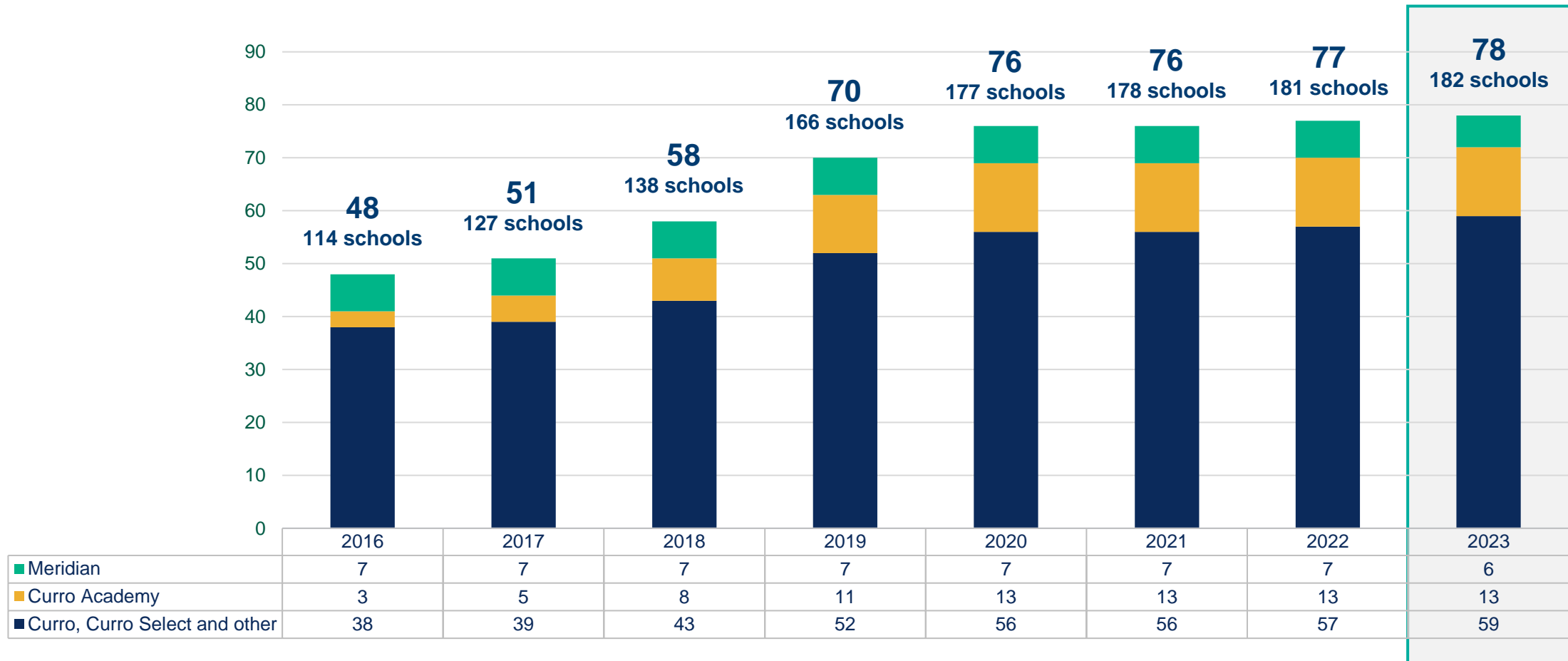
Major redesign of physical spaces to complement digital learning.

# ESTABLISH THE INFRASTRUCTURE

Total number of schools acquired and developed per year

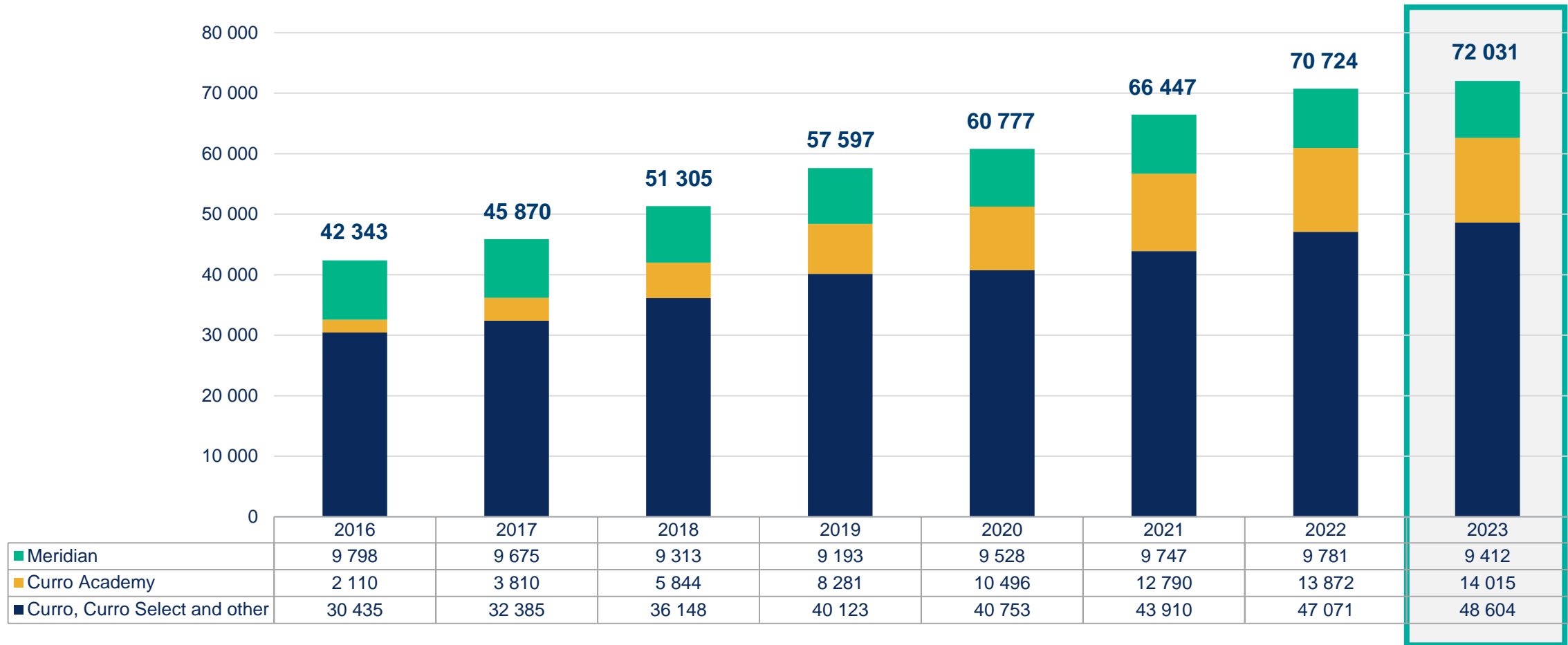


# NUMBER OF CAMPUSES



The campuses and schools presented are as at the end of each period

# LEARNER NUMBER GROWTH



Curro had **73 159** registered learners as at 5 Feb 2024

The learner numbers presented are the average weighted learners for the period.

# SUMMARY OF KEY INDICATORS

		Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	% Difference	5Yr CAGR
Campuses	#	48	51	58	70	76	76	77	78	1%	6%
Schools	#	114	127	138	166	177	178	181	182	1%	6%
Average learners	#	42 343	45 870	51 305	57 597	60 777	66 447	70 724	72 031	2%	7%
% of built capacity	%	69%	70%	69%	70%	69%	70%	72%	72%		
Revenue	Rm	1 714	2 099	2 496	2 944	3 094	3 543	4 156	4 764	15%	14%
Schools EBITDA	Rm	487	594	772	873	886	1 013	1 195	1 448	21%	13%
EBITDA	Rm	377	473	627	693	686	789	926	1 155	25%	13%
EBITDA Margin	%	22%	23%	25%	24%	22%	22%	22%	24%		
Net interest expense	Rm	70	78	138	243	223	170	208	274	32%	15%
HEPS (Recurring)	Cents	41.8	49	60.1	51	38	40.9	55.4	73.2	32%	4%
Learner/teacher ratio	#	17	17	17	18	18	19	18	18		
Capital invested	Rm	1 486	1 136	1 493	1 246	650	929	1 115	715	(36%)	
Cumulative capital invested	Rm	6 350	7 486	8 979	10 225	10 875	11 804	12 919	13 634	6%	9%
Total building size	m <sup>2</sup>	558 683	598 194	656 081	700 946	713 084	772 251	789 296	798 005	2%	4%

\* Adjusted for the bonus element contained in the rights issue concluded during September 2020.

# J-CURVE – 31 December 2023 (unaudited)

	Campuses	Schools	Average learner numbers		Learner growth		Schools' EBITDA (R million)		EBITDA growth		Schools' EBITDA margin		Built capacity utilised		Eventual capacity utilised	
	2023	2023	2022	2023	21/22	22/23	2022	2023	21/22	22/23	2022	2023	2022	2023	2022	2023
<b>Developed</b>	<b>51</b>	<b>119</b>	<b>45 826</b>	<b>46 913</b>	<b>7%</b>	<b>2%</b>	<b>739</b>	<b>932</b>	<b>19%</b>	<b>26%</b>	<b>29.1%</b>	<b>32.1%</b>	<b>68.8%</b>	<b>68.6%</b>	<b>60.3%</b>	<b>61.1%</b>
Dev 2009 & before <sup>1</sup>	4	9	4 305	4 437	2%	3%	91	117	5%	29%	29.5%	32.7%	73.0%	75.2%	72.1%	74.3%
Dev 2010	2	6	2 183	2 190	(1%)	–	51	65	7%	28%	34.3%	39.1%	60.2%	60.4%	60.2%	60.4%
Dev 2011	5	15	4 329	4 337	2%	–	82	94	14%	14%	30.0%	31.4%	61.9%	61.8%	58.4%	58.6%
Dev 2012	2	6	2 146	2 159	3%	1%	34	45	11%	32%	25.4%	29.2%	79.8%	80.3%	74.3%	74.8%
Dev 2013	4	12	6 266	6 294	–	–	141	162	3%	15%	37.5%	38.5%	67.4%	67.7%	65.2%	65.5%
Dev 2014	4	9	2 773	2 792	9%	1%	23	34	43%	44%	16.0%	20.3%	72.7%	73.2%	71.2%	71.7%
Dev 2015	6	15	7 172	6 902	3%	(4%)	78	103	22%	32%	23.7%	28.5%	67.3%	64.7%	61.1%	58.8%
Dev 2016	4	8	2 009	1 997	10%	(1%)	51	59	84%	15%	33.9%	34.1%	51.2%	50.9%	46.4%	46.2%
Dev 2017	3	8	4 089	3 890	4%	(5%)	79	91	17%	14%	37.8%	40.2%	75.7%	72.0%	67.3%	64.0%
Dev 2018	4	8	1 651	1 910	(1%)	16%	13	31	–	–	16.6%	32.1%	47.6%	55.1%	43.7%	50.5%
Dev 2019	7	13	5 660	6 023	22%	6%	85	105	39%	23%	32.1%	33.5%	78.3%	77.9%	53.2%	56.6%
Dev 2020	5	9	3 243	3 951	40%	22%	11	30	33%	171%	8.9%	17.7%	97.2%	86.0%	43.2%	54.2%
Dev 2023	1	1		31				(4)				(235.4%)		31.0%		4.1%
<b>Acquired<sup>2</sup></b>	<b>27</b>	<b>63</b>	<b>24 898</b>	<b>25 118</b>	<b>6%</b>	<b>1%</b>	<b>466</b>	<b>534</b>	<b>17%</b>	<b>15%</b>	<b>29.0%</b>	<b>29.1%</b>	<b>79.6%</b>	<b>76.8%</b>	<b>76.4%</b>	<b>73.2%</b>
Acq 2012 & before	7	17	8 165	8 071	2%	(1%)	186	195	9%	4%	35.8%	34.3%	83.2%	80.8%	78.4%	77.5%
Acq 2013	2	2	3 620	3 466	(1%)	(4%)	35	28	–	(18%)	23.3%	18.8%	77.8%	74.5%	77.8%	74.5%
Acq 2014	2	6	2 348	2 237	(2%)	(5%)	60	65	14%	7%	29.8%	29.5%	67.6%	64.4%	67.6%	64.4%
Acq 2015 & 2016	5	14	5 142	5 123	1%	–	87	112	14%	29%	25.0%	29.2%	78.1%	77.8%	72.0%	71.8%
Acq 2018	3	6	1 990	1 872	(2%)	(6%)	59	52	9%	(12%)	43.3%	35.6%	82.2%	77.3%	58.1%	54.6%
Acq 2019	4	8	1 601	1 609	18%	–	27	34	64%	26%	27.4%	29.2%	69.4%	68.1%	61.1%	60.6%
Acq 2020	1	3	880	1 026	43%	17%	6	12	–	–	14.5%	22.7%	97.9%	98.7%	75.0%	87.5%
Acq 2021	1	2	289	243	(3%)	16%	(5)	(6)	–	–	(28.4%)	(31.6%)	62.8%	52.8%	62.8%	52.8%
Acq 2022	1	3	863	1 214		41%	11	24		116%	12.0%	16.7%	82.0%	85.6%	82.0%	85.6%
Acq 2023	1	2		257				18				46.4%		87.1%		87.1%
Property rental, royalties and other							(10)	(18)								
<b>Total Developed &amp; Acquired</b>	<b>78</b>	<b>182</b>	<b>70 724</b>	<b>72 031</b>	<b>6%</b>	<b>2%</b>	<b>1 195</b>	<b>1 448</b>	<b>18%</b>	<b>21%</b>	<b>28.8%</b>	<b>30.4%</b>	<b>72.3%</b>	<b>71.8%</b>	<b>64.6%</b>	<b>64.3%</b>

1. 2009 and before schools have a maximum of 20 learners per class, which has a direct impact on the EBITDA. Other schools have a maximum of 25 learners for Curro and Select or 35 for Meridian and Academy schools. Curro Durbanville's new High School increased capacity in 2022.

2. Acquired schools indicates the year the school was incorporated into Curro.