ANNUAL RESULTS

19 and 20 February 2018
Celebrating 20 years of excellence in education
STRATEGIC FRAMEWORK

Curro in context
Enhanced curriculum
Learner-centric
Innovation
People management
Growth
The rest of Africa
Finance
CURRO IN CONTEXT
ABOUT CURRO

Curro is an educational company that focusses on school education

Curro believes that the purpose of education is …

to empower all learners and staff
to achieve their potential as individuals and members of society.
WHAT DOES CURRO DO?

Provides independent school education to learners from 3 months to Grade 12.

Educational model based on:

- Christian values (ethics and morals)
- Child-friendliness
- Creative thinking
- Positive discipline
WHY DO WE DO THIS?

Curro’s vision is to make independent school education accessible to more learners throughout Southern Africa.
### SNAPSHOT

100% private pay

Fee increases of 10% per annum

Largest for-profit school group in South Africa

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campuses</td>
<td>41</td>
<td>48</td>
<td>51</td>
<td>59</td>
</tr>
<tr>
<td>Schools</td>
<td>100</td>
<td>114</td>
<td>124</td>
<td>138</td>
</tr>
<tr>
<td>Learners</td>
<td>35 130</td>
<td>42 343</td>
<td>45 870</td>
<td>52 233</td>
</tr>
<tr>
<td>Educators</td>
<td>2 290</td>
<td>2 546</td>
<td>2 778</td>
<td>2 855</td>
</tr>
</tbody>
</table>

Numbers above exclude Stadio/Embury figures.
MODELS

**CURRO Castle**
- **6** campuses
- **1 160** learners
- **R3 700** avg. monthly fees
- **Balanced** curriculum
- **25** maximum class size
- **0 – 5** ages (yrs)

**CURRO School**
- **36** campuses
- **34 401** learners
- **R4 250** avg. monthly fees
- **Balanced** curriculum
- **25** maximum class size
- **3 – 18** ages (yrs)

**CURRO Select School**
- **17** campuses
- **16 672** learners
- **R1 700 – R2 700** avg. monthly fees
- **Academic** curriculum
- **35** maximum class size
- **5 – 18** ages (yrs)

**CURRO Academy School**

**MERIDIAN School**

**CURRO IN CONTEXT**
COMPETITIVE ADVANTAGES

• Quality executive team
  • Knowledge base
• Significant quality investment opportunities remain
• Development team
  • Finding new opportunities
  • Rezoning (where required)
  • Site development plans and design
• Cost reduction due to scale efficiencies
• Closely aligned with contractors – reducing building time and cost
• Demand for product
• Value-for-money offering

• Brand/reputation
• More schools performing on or ahead of target
• Significant spend on curriculum development
• Capital base (strong balance sheet)
• Highly cash generative
• Has a significant supportive shareholder in PSG
THE GLOBAL MARKET

Percentage of enrolment in independent institutions

**PRIMARY education**

- Developing countries: 10.5% (2000) vs. 13.6% (2013)
- Developed countries: 10.1% (2000) vs. 9.5% (2013)
- South Africa: 1.7% (2000) vs. 3.8% (2013)

**SECONDARY education**

- Developing countries: 23.0% (2000) vs. 25.0% (2013)
- Developed countries: 12.9% (2000) vs. 17.7% (2013)
- South Africa: 2.0% (2000) vs. 5.0% (2013)
The global trend indicates that independent schools are moving towards making up 20% of the total number of schools. If South Africa follows this trend there is huge potential for many more independent schools to be developed.

There are three large operators in the independent school sector of which CURRO is one.

Analysis of the South African school sector

4.4%

566 194 learners accommodated by independent schools

+- 25 691 schools in SA

12 814 473 learners
ENHANCED CURRICULUM
MATRIC RESULTS 2017 – IEB HIGHLIGHTS

22 Curro schools

1144 Candidates

974 Achieved a BD pass

112 achieved an A aggregate

PERCENTAGE OF LEARNERS WITH C AVERAGE AND BETTER 70.37%

85.14% QUALIFIED FOR BACHELOR DEGREE STUDIES

64.15% AVERAGE FOR MATHEMATICS

512 NUMBER OF LEARNERS WITH PHYSICAL SCIENCES AS A SUBJECT

659 MATHEMATICS OFFERING
MATRIC RESULTS 2017 – NSC HIGHLIGHTS

Curro schools: 9
Candidates: 824
Achieved a BD pass: 346

9 learners achieved a Grade A aggregate.

Percentage of learners with a C average or better: 29.9%

42% qualified for bachelor degree studies.

46.3% average for mathematics.

304 learners offered a physics offering.

419 learners offered a mathematics offering.
CURRICULUM HIGHLIGHTS

Educators focus on:

- Global competency (21st century relevant education)
  - 3 R’s reading, writing and arithmetic
  - 6 C’s communication, critical thinking, creativity, collaboration, citizenship, character
  - 2 M’s motivation, metacognition
- BLP – 4 R’s resilience, reciprocity, resourcefulness, reflection
- Learners make use of their own device
- Flipped classroom
- Environment conducive to learning
- Learner-centric classroom
Continuous improvement through:

Project based learning

Project Based Learning is a teaching method in which learners gain knowledge and skills by working for an extended period of time to investigate and respond to an authentic, engaging and complex question, problem, or challenge.
LEARNER-CENTRIC
RUTA SECHABA

• A total of 133 learners, on academic and sports scholarships excluding Titans, wrote and passed the final December examinations.

• All beneficiaries wrote the 2017 matric examinations and passed.

• 5 out of 8 top performing learners at Northern Academy achieved at least three distinctions in the Grade 12 examinations were beneficiaries of the foundation and achieved 24 distinctions among them.

2018

Ruta Sechaba and Titans

2018 = Total funding R7m
2019 = Commit R12m – R15m
Personalised learning is when the learning experience is tailored to the individual student based on their specific learning needs, strengths and weaknesses.

Deep learning

- Mastering core academic content
- Thinking critically
- Solving complex problems
- Working collaboratively
- Communicate effectively
- Learning how to learn and developing academic mindsets
Secret scarves for Nelson Mandela Day

Interact care boxes

Donating food to an animal shelter

Going gold for childhood cancer

Help a sister in need
INNOVATION
SCHOOL INNOVATION

1. CURRO DigiEd Schools
2. LSEN
3. TVET
STAFF DEVELOPMENT

Regular training workshops for various functions on:
• Front-of-house
• Customer service
• Brand management
• Communication skills

Management training:
• Executive heads
• Middle management development
STAFF DEVELOPMENT

New fresh ideas to their classrooms

- New Curro educators
- One full day training per term (primary school)
- Communities of practice for primary schools
- PLCs for high school (professional learning communities)
- IT training camps
- Subject camps
- Training when needed
- Keeping educators up to date with new technology
- Collaborating with other educators
Focus on public facing areas, offices and staff rooms
GROWTH AND REST OF AFRICA
NEW SCHOOLS OPENED IN 2018

CURRO CASTLE UITZICHT

CURRO CASTLE OAKDENE

CURRO ACADEMY SANDOWN AND CURRO CASTLE SANDOWN
NEW SCHOOLS OPENED IN 2018

CURRO ACADEMY MAMELODI

CURRO ACADEMY RIVERSIDE
BUILDING PROJECTS – NEW SCHOOLS

GAUTENG

CURRO SCHOOLS

3. Vanderbijlpark
4. Edenvale Highway Gardens

WESTERN CAPE

CURRO CASTLE
1. Burgundy Estate

CURRO ACADEMY SCHOOLS

5. Protea Glen (Soweto)
6. Savanna City
7. Parkdene

NEW HIGH SCHOOL MODEL
2. Irispark (DigiEd)
ACQUISITIONS

BOTSWANA

8 Baobab Primary

FREE STATE

An independent school group with more than 2 000 learners – Academy market
ROBUST AND ACTIVE PIPELINE

Excludes tertiary campuses unbundled in Stadio
CONTINUOUS GROWTH

Curro  Academy  Castles  Meridian

Select  DigiEd  TVET  LSEN  Grade 13 YR

Mauritius  Botswana
Ghana  Kenya
Uganda  Zambia
Swaziland  Namibia
FINANCE
SUPERIOR financial elements in the business model

• High growth
• Strong visibility
• High margins and operating leverage
• Significant free cash flow
• Relative resilience
• Outstanding returns on investment
## KEY INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>YOY Growth</th>
<th>2017</th>
<th>5-year CAGR</th>
</tr>
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<tbody>
<tr>
<td>Campuses</td>
<td>#</td>
<td>22</td>
<td>26</td>
<td>32</td>
<td>41</td>
<td>48</td>
<td>6%</td>
<td>51</td>
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<tr>
<td>Schools</td>
<td>#</td>
<td>61</td>
<td>72</td>
<td>80</td>
<td>100</td>
<td>114</td>
<td>9%</td>
<td>124</td>
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<tr>
<td>Learners</td>
<td>#</td>
<td>12,473</td>
<td>21,027</td>
<td>28,737</td>
<td>35,130</td>
<td>42,343</td>
<td>8%</td>
<td>45,870</td>
</tr>
<tr>
<td>% of eventual capacity</td>
<td>%</td>
<td>31%</td>
<td>44%</td>
<td>51%</td>
<td>50%</td>
<td>52%</td>
<td>2%</td>
<td>53%</td>
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<tr>
<td>Revenue</td>
<td>Rm</td>
<td>366</td>
<td>659</td>
<td>1,001</td>
<td>1,384</td>
<td>1,715</td>
<td>22%</td>
<td>2,099</td>
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<tr>
<td>Schools EBITDA</td>
<td>Rm</td>
<td>79</td>
<td>155</td>
<td>262</td>
<td>382</td>
<td>487</td>
<td>22%</td>
<td>594</td>
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<tr>
<td>EBITDA</td>
<td>Rm</td>
<td>53</td>
<td>114</td>
<td>191</td>
<td>292</td>
<td>377</td>
<td>25%</td>
<td>473</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>%</td>
<td>14.50%</td>
<td>17.30%</td>
<td>19.10%</td>
<td>21.10%</td>
<td>21.98%</td>
<td>3%</td>
<td>22.53%</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>Rm</td>
<td>15</td>
<td>22</td>
<td>55</td>
<td>91</td>
<td>70</td>
<td>11%</td>
<td>78</td>
</tr>
<tr>
<td>Headline earnings - continuing ops</td>
<td>Rm</td>
<td>15</td>
<td>37</td>
<td>56</td>
<td>100</td>
<td>169</td>
<td>19%</td>
<td>201</td>
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<tr>
<td>HEPS - continuing ops</td>
<td>Cents</td>
<td>7.0</td>
<td>12.8</td>
<td>17.2</td>
<td>28.3</td>
<td>41.8</td>
<td>17%</td>
<td>49</td>
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<tr>
<td>Learner/educator ratio</td>
<td>#</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>-</td>
<td>17</td>
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<tr>
<td>Capital investment</td>
<td>Rm</td>
<td>782</td>
<td>1,076</td>
<td>1,305</td>
<td>1,030</td>
<td>1,486</td>
<td>(24%)</td>
<td>1,136</td>
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<tr>
<td>Total building size</td>
<td>m²</td>
<td>169,024</td>
<td>261,004</td>
<td>392,314</td>
<td>449,067</td>
<td>558,683</td>
<td>7%</td>
<td>598,194</td>
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### J-CURVE – SCHOOL EVOLUTION

<table>
<thead>
<tr>
<th>Number at 31 Dec 2017</th>
<th>Learner numbers (Dec)</th>
<th>Growth</th>
<th>Schools EBITDA (R million)</th>
<th>Growth</th>
<th>EBITDA margin</th>
<th>Eventual capacity</th>
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<tr>
<td><strong>Developed schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2009 and before*</td>
<td>3 8 2332 3470 3443</td>
<td>4% (1%) 55</td>
<td>20% 25% 26% 84% 88% 87%</td>
<td>23% 27% 27%</td>
<td>40% 42% 45%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>6 2 2120 2232 2254</td>
<td>5% 1% 37</td>
<td>29% 19% 29% 66% 69% 70%</td>
<td>23% 26% 28%</td>
<td>45% 47% 47%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>6 16 4337 4567 4552</td>
<td>5% 0% 60</td>
<td>30% 2% 32% 48% 53% 57%</td>
<td>23% 26% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2 6 1618 1788 1904</td>
<td>11% 6% 15</td>
<td>27% 32% 23% 25% 28%</td>
<td>23% 25% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4 12 4922 5757 6149</td>
<td>17% 7% 67</td>
<td>37% 12% 38% 41% 39% 50% 59% 63%</td>
<td>23% 25% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4 8 1271 1531 1833</td>
<td>20% 20%</td>
<td>200% 100% 2% 2% 9% 19% 22% 27%</td>
<td>23% 25% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>8 19 3094 4767 5748</td>
<td>54% 21% 10</td>
<td>38% 12% 13% 31%</td>
<td>20% 22% 20% 25% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4 7 – 587 1179</td>
<td>0% 10%</td>
<td>– (1) 15 – Na (13% 13% 21%</td>
<td>20% 22% 20% 25% 28%</td>
<td>48% 53% 57%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3 7 – – 1253</td>
<td>0% 0%</td>
<td>– – 9</td>
<td>– – 18%</td>
<td>– – 23%</td>
<td></td>
</tr>
<tr>
<td><strong>Acquired schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012 and before</td>
<td>15 35 14436 17644 17555</td>
<td>22% (1%)</td>
<td>203 233 268</td>
<td>33% 30% 30% 75% 73% 73%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>8 17 6851 6884 6199</td>
<td>– 1%</td>
<td>121 130 142</td>
<td>28% 36% 37% 72% 72% 72%</td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
<td>1 2 4939 4701 4233   (5% (11%)</td>
<td>44 42 35</td>
<td>23% 25% 25% 82% 78% 70%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015 and 2016</td>
<td>2 5 2046 2441 2618</td>
<td>19% 7% 32 43 56</td>
<td>26% 30% 28% 29% 33% 84% 85% 92%</td>
<td>19% 20% 20% 81% 69% 72%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property rental and royalties</strong></td>
<td>(3) (4) (16)</td>
<td>(3) (4) (16)</td>
<td>(3) (4) (16)</td>
<td>(3) (4) (16)</td>
<td>(3) (4) (16)</td>
<td>(3) (4) (16)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>51 124 35130 42343 45870</td>
<td>21% 8% 374 487 594</td>
<td>30% 22% 28% 28% 28% 50% 52% 53%</td>
<td>21% 8% 374 487 594</td>
<td>30% 22% 28% 28% 28% 50% 52% 53%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dec-15</td>
<td>Dec-16</td>
<td>Nov-17</td>
<td>Dec-17</td>
<td>Jan-18</td>
<td>Dec YOY increase %</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>Total debtors</strong></td>
<td>20.3</td>
<td>29.7</td>
<td>75.0</td>
<td>56.1</td>
<td>25.2</td>
<td>89%</td>
</tr>
<tr>
<td><strong>60+ days</strong></td>
<td>2.5</td>
<td>8.4</td>
<td>28.1</td>
<td>14.3</td>
<td>7.6</td>
<td>70%</td>
</tr>
<tr>
<td><strong>60+ as % of debtors</strong></td>
<td>12.5%</td>
<td>28.2%</td>
<td>37.4%</td>
<td>25.4%</td>
<td>30.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Total write off for the 12 months (IS)</strong></td>
<td>16.1</td>
<td>23.6</td>
<td>23.3</td>
<td>54.2</td>
<td></td>
<td>130%</td>
</tr>
<tr>
<td><strong>Provision to November</strong></td>
<td>0.0</td>
<td>0.0</td>
<td>28.1</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bad debts recovered</strong></td>
<td>(2.6)</td>
<td>(5.5)</td>
<td>(15.3)</td>
<td>(23.0)</td>
<td></td>
<td>315%</td>
</tr>
<tr>
<td><strong>Nett write off</strong></td>
<td>13.6</td>
<td>18.0</td>
<td>36.1</td>
<td>31.2</td>
<td></td>
<td>73%</td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td>1 354.4</td>
<td>1 761.0</td>
<td>1 918.9</td>
<td>2 072.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross bad debts as % of turnover</strong></td>
<td>1.2%</td>
<td>1.3%</td>
<td>2.7%</td>
<td>2.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Nett bad debts as % of turnover</strong></td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.88%</td>
<td><strong>1.51%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debtors as % of turnover</strong></td>
<td>1.5%</td>
<td>1.7%</td>
<td>3.9%</td>
<td>2.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Increase in debtors and bad debts
- Significant recoveries throughout the year
- Key focus: Improve system and approach this year
- Possible increase in bad debts
DEBT AND GEARING

**Debt (R’m)**

- Meridian Net Debt
- Curro Net Debt

**Debt maturity profile (R’m)**

- Meridian: 2018 - 64, 2019 - 64, 2020 - 64, 2021 - 64, 2022 - 64, 2023 - 64

**Gearing (Debt/Equity)**

- Debt/Equity
- Debt/Equity (excl. Meridian)

- Distinguish Curro from Meridian
- Curro has low gearing
- Refinanced more expensive funding (borrowing costs 80 bps lower)
- Funding capacity of R2bn+
- ISCR at >4x (covenant is 1.75x)
IN CLOSING

We will continue to improve efficiencies throughout the group whilst remaining ahead of the curve in terms of teaching methodologies and continue our aggressive expansion focused on the Southern African educational environment.
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Thank you