

### LEARNER NUMBERS

2020



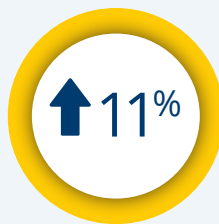
From 57 597 to 62 698

### REVENUE



From R2 496m to R2 944m

### EBITDA



From R627m to R693m

### RECURRING HEPS



From 60.1 cents to 51.0 cents

### SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Change	Audited 31 Dec 2019 12 months R million	Audited 31 Dec 2018 12 months R million
Revenue	18%	2 944	2 496
Expected credit losses on financial assets*	131%	(37)	(16)
Operating expenses	19%	(2 214)	(1 853)
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	11%	<b>693</b>	627
– Schools' EBITDA	13%	873	772
– Head office EBITDA	24%	(180)	(145)
Depreciation and amortisation	21%	(187)	(154)
<b>Earnings before interest and taxation (EBIT)</b>	7%	<b>506</b>	473
Interest income	(35%)	36	55
Impairment of property, plant and equipment	n/a	(104)	–
Profit on sale of property, plant and equipment	n/a	2	–
Share of losses of associate	n/a	–	(1)
Loss on disposal of investment in associate	n/a	–	(1)
Gain on bargain purchase	n/a	27	–
Finance costs	45%	(279)	(193)
<b>Profit before taxation (PBT)</b>	(44%)	<b>188</b>	333
Taxation	(99%)	(1)	(91)
<b>Profit for the year (PAT)</b>	(23%)	<b>187</b>	242
Other comprehensive income:			
Net fair value (loss)/profit on cash flow hedges	n/a	(13)	6
Foreign currency translation adjustments	n/a	–	(1)
<b>Total comprehensive income</b>	(30%)	<b>174</b>	247
<b>Profit attributable to:</b>			
Owners of the parent	(18%)	202	248
Non-controlling interest	150%	(15)	(6)
		<b>187</b>	242
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(25%)	189	253
Non-controlling interest	150%	(15)	(6)
	(30%)	<b>174</b>	247
<b>Reconciliation of headline earnings:</b>			
Earnings attributable to owners of the parent		202	248
Adjusted for:			
Impairment of property, plant and equipment		104	–
Gain on bargain purchase		(27)	–
Profit on sale of property, plant and equipment		(2)	–
Non-controlling interest		(6)	–
Taxation		(18)	–
<b>Headline earnings</b>	2%	<b>253</b>	248
Reversal of deferred tax liability		(53)	–
Retrenchment cost net of tax		7	–
Other		5	–
<b>Recurring headline earnings</b>	(15%)	<b>212</b>	248
EBITDA margin	24%	24%	25%
Schools' EBITDA margin	30%	30%	31%
<b>Earnings per share (cents)</b>			
– Basic	(18%)	49.0	60.0
– Diluted	(18%)	49.0	59.8
<b>Headline earnings per share (cents)</b>			
– Basic	2%	61.1	60.1
– Diluted	2%	61.1	60.0
<b>Recurring headline earnings per share (cents)</b>	(15%)	<b>51.0</b>	60.1
<b>Number of shares in issue (millions)</b>			
– Basic		412.1	412.1
– Diluted		412.1	413.0
<b>Weighted average number of shares in issue (millions)</b>			
– Basic		412.1	412.1
– Diluted		412.1	413.0

\* Restated to comply with IAS 1 disclosure requirements

### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 Dec 2019 R million	Audited 31 Dec 2018 R million
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>9 913</b>	<b>8 718</b>
Property, plant and equipment	8 870	7 937
Right-of-use assets	200	–
Goodwill	565	520
Other intangible assets	265	239
Other financial assets	5	14
Deferred tax assets	8	8
<b>Current assets</b>	<b>529</b>	<b>447</b>
Inventories	14	5
Current tax receivable	2	1
Other financial assets	34	21
Trade receivables	180	89
Other receivables	128	146
Investment in money market	57	15
Cash and cash equivalents	114	170
Non-current assets held for sale	43	–
<b>Total assets</b>	<b>10 485</b>	<b>9 165</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>	<b>5 405</b>	<b>5 238</b>
Share capital	4 733	4 733
Reserves	(4)	9
Retained income	676	496
<b>Non-controlling interest</b>	<b>11</b>	<b>34</b>
<b>Total equity</b>	<b>5 416</b>	<b>5 272</b>
<b>LIABILITIES</b>	<b>4 446</b>	<b>3 400</b>
<b>Non-current liabilities</b>	<b>3 653</b>	<b>2 844</b>
Other financial liabilities at amortised cost	27	9
Other financial liabilities at fair value (note 5)	557	533
Deferred tax liabilities	195	–
Lease liability	14	14
Contract liability	–	–
<b>Current liabilities</b>	<b>623</b>	<b>493</b>
Loans and other financial liabilities	84	49
Trade and other payables	186	143
Current tax payable	1	–
Lease liability	20	–
Contract liability (mainly prepaid school fees)	214	197
Development and acquisitions payables	19	26
Bank overdraft	99	78
<b>Total liabilities</b>	<b>5 069</b>	<b>3 893</b>
<b>Total equity and liabilities</b>	<b>10 485</b>	<b>9 165</b>
<b>Net asset value per share (cents)</b>	<b>1 312</b>	<b>1 277</b>

### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 Dec 2019 12 months R million	Audited 31 Dec 2018 12 months R million
<b>Balance at the beginning of the year</b>	<b>5 272</b>	<b>4 996</b>
Total comprehensive income	174	247
Dividends paid	(49)	–
Other movements	19	29
<b>Balance at the end of the year</b>	<b>5 416</b>	<b>5 272</b>

## SUMMARY CONSOLIDATED SEGMENTAL REPORT

	Change	Audited 31 Dec 2019 R million	Audited 31 Dec 2018 R million
<b>Learner numbers</b>	12%	57 597	51 305
– Curro	15%	48 404	41 992
– Meridian	(1%)	9 193	9 313
<b>Revenue</b>	18%	2 944	2 496
– Curro	19%	2 655	2 222
– Meridian	5%	289	274
<b>Schools' EBITDA</b>	13%	873	772
– Curro	13%	809	714
– Meridian	10%	64	58
<b>Net head office expenditure</b>	24%	(180)	(145)
– Curro	29%	(172)	(133)
– Meridian	(33%)	(8)	(12)
<b>EBITDA margin</b>		24%	25%
– Curro		24%	26%
– Meridian		19%	17%
<b>Recurring headline earnings</b>	(15%)	212	248
– Curro	(11%)	230	259
– Meridian*	64%	(18)	(11)
<b>Recurring headline earnings per share (cents)</b>	(15%)	51.0	60.1
– Curro	(12%)	55.4	62.8
– Meridian*	63%	(4.4)	(2.7)
<b>Earnings per share (cents)</b>	(18%)	49.0	60.0
– Curro	(11%)	56.0	62.7
– Meridian	159%	(7.0)	(2.7)
<b>Total assets</b>	14%	10 485	9 165
– Curro	16%	9 791	8 473
– Meridian	-	694	692
<b>Total liabilities</b>	30%	5 069	3 893
– Curro	35%	4 396	3 267
– Meridian	8%	673	626
<b>Net asset value per share (cents)</b>	3%	1 312	1 277

### Note:

The executive committee (exco) also assesses the performance of operating segments based on recurring headline earnings.

\* Included in the Meridian results is an interest charge of R43 million to shareholders in proportion to their shareholding. Had this been excluded from the Meridian results, its recurring headline earnings would have resulted in a R10 million recurring headline earnings and recurring headline earnings per share of 2.4 cents. This would have had a zero impact on the group's results.

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Change	Audited 31 Dec 2019 12 months R million	Audited 31 Dec 2018 12 months R million
Cash generated from operations	13%	714	632
Tax paid	(28%)	(13)	(18)
Net finance cost	48%	(204)	(138)
Working capital movements – operations	130%	(23)	(10)
Working capital movements – investments	(91%)	(7)	(78)
Net cash generated from operating activities	20%	467	388
Net cash utilised in investing activities	(6%)	(1 285)	(1 373)
Net cash from financing activities	46%	741	506
<b>Cash and cash equivalents movement for the year</b>	(84%)	(77)	(479)
<b>Cash and cash equivalents at the beginning of the year</b>	(84%)	92	571
<b>Cash and cash equivalents at the end of the year<sup>^</sup></b>	(84%)	15	92

<sup>^</sup> Includes cash and cash equivalents as well as the bank overdraft on the statement of financial position.

## KEY RATIOS (UNAUDITED)

	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Jan 2020
Number of campuses	51	58	70	76
Number of schools	127	139	166	175
Number of learners	45 870	51 305	57 597	62 698
Average number of learners per campus	899	885	823	825
Number of employees	5 369	5 628	6 076	6 388
Number of teachers	2 778	2 945	3 230	3 470
Learner/teacher ratio	17	17	18	18
Building size (m <sup>2</sup> )	598 194	656 081	700 946	
Land size (ha)	444	514	536	
Capital investment (R million)	1 192	1 373	1 285	
– Current campuses (R million)	652	590	949	
– New campuses (R million)	472	534	209	
– Acquisitions (R million)	12	369	127	
– Stadio (R million)	56	(120)	–	

## J-CURVE (UNAUDITED)

The table below illustrates the J-curve effect from the newly established schools to more mature schools by age. All figures and amounts are as at 31 December 2019.

	Number at 31 Dec 2019		Learner numbers		Growth		EBITDA** (R million)		Growth		EBITDA margin		Built capacity		Eventual capacity	
	Campuses	Schools	2018	2019	17/18	18/19	2018	2019	17/18	18/19	2018	2019	2018	2019	2018	2019
<b>Developed schools</b>	47	113	31 798	35 902	12%	13%	464	527	36%	14%	32%	30%	63%	65%	47%	46%
2009 and before*	4	9	3 874	4 143	13%	7%	64	73	16%	14%	30%	31%	82%	85%	71%	74%
2010	2	6	2 205	2 213	(2%)	0%	39	43	5%	10%	35%	36%	75%	75%	55%	55%
2011	5	15	4 166	4 440	(8%)	7%	65	71	23%	9%	31%	31%	59%	63%	50%	53%
2012	2	6	1 977	1 889	4%	(4%)	34	27	36%	(21%)	33%	26%	75%	72%	59%	56%
2013	4	12	6 427	6 341	5%	(1%)	127	126	22%	(1%)	42%	39%	74%	73%	64%	63%
2014	4	9	2 148	2 371	17%	10%	17	19	183%	12%	20%	20%	55%	57%	44%	48%
2015	8	19	6 193	6 517	8%	5%	52	65	37%	25%	24%	26%	63%	65%	47%	49%
2016	4	8	1 682	1 952	43%	16%	37	46	147%	24%	37%	37%	45%	50%	32%	37%
2017	3	8	2 485	3 143	98%	26%	38	54	322%	42%	37%	38%	72%	91%	40%	51%
2018	4	8	641	1 137	–	77%	(9)	9	–	–	(37%)	19%	19%	34%	10%	18%
2019	7	13	–	1 756	–	–	–	(6)	–	–	–	(11%)	–	44%	–	17%
<b>Acquired schools</b>	23	53	19 507	21 695	11%	14%	324	354	21%	9%	33%	30%	76%	80%	68%	67%
2012 and before	7	17	6 985	7 261	1%	4%	153	151	8%	(1%)	41%	36%	73%	79%	61%	64%
2013***	2	2	3 837	3 670	(9%)	(4%)	30	30	(14%)	–	23%	23%	64%	74%	78%	74%
2014	2	6	2 744	2 756	5%	0%	70	71	25%	1%	36%	35%	96%	85%	80%	80%
2015 and 2016	4	11	4 142	4 492	9%	8%	47	58	34%	23%	24%	24%	100%	99%	74%	72%
2018	3	6	1 799	1 899	–	6%	24	39	–	63%	37%	36%	79%	83%	60%	63%
2019	5	11	–	1 617	–	–	–	5	–	–	–	5%	–	57%	–	49%
Property rental, royalties and other****							(16)	(8)								
<b>Total</b>	70	166	51 305	57 597	12%	12%	772	873	30%	13%	31%	30%	69%	70%	53%	52%

### Note:

Acquired schools indicates the year the school was incorporated into Curro. All acquired schools have been established for at least seven years.

\* 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.

\*\* Schools' EBITDA.

\*\*\* Learner number losses at Northern Academy.

\*\*\*\*No rental expense subsequent to IFRS 16 adoption.

## NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### 1. STATEMENT OF COMPLIANCE

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent, except as detailed in note 3 below, with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The summary consolidated results have been prepared internally under the supervision of the Chief Financial Officer, B van der Linde, CA(SA) CFA.

### 2. AUDIT OPINION

These summary consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office and on the website, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

### 3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2018, except for the mandatory adoption of IFRS 16 Leases which became effective 1 January 2019. For a comprehensive list of standards and interpretations that have been adopted, we refer you to our 31 December 2019 annual financial statements.

### 4. BUSINESS COMBINATIONS

Effective 1 January 2019, Curro acquired Sagewood School in Gauteng and Creston College in KwaZulu-Natal. Effective 1 October 2019, Curro acquired Land of Oz School in Gauteng.

R million

#### The following assets and liabilities were recognised:

Property, plant and equipment	151
Other intangible assets	1
Inventories	1
Trade and other receivables	2
Cash and cash equivalents	4
Deferred tax liabilities	(40)
Trade and other payables	(5)
Total identifiable net assets	114
Goodwill	45
Gain on bargain purchase	(27)
	132

#### Total purchase consideration

Cash consideration paid	(127)
Outstanding purchase consideration	(5)
	(132)

#### Net cash outflow on acquisition

Cash consideration paid	(127)
Cash and cash equivalents acquired	4
	(123)

### 5. CASH-FLOW HEDGES

R million	Dec 2019	Dec 2018
Fixed-for-variable interest rate swap liabilities	27	9

The interest rate swap agreements are measured using mark-to-market rates by the issuer of the instruments, representing a Level 2 fair value measurement for financial reporting purposes.

### 6. CHANGE IN ACCOUNTING POLICY

IFRS 16 was adopted using the simplified approach with the date of initial application being 1 January 2019, using the incremental borrowing rate as opposed to the interest rate implicit to the lease, across all leases. No restatement of comparative figures with the cumulative effect of initially applying the standard recognised at the date of initial application.

R million

Impact on the statement of financial position as at 31 December 2019	
<b>Assets</b>	
Right-of-use assets	200
<b>Total assets</b>	200
<b>Liabilities</b>	
Lease liability	(215)
<b>Total liabilities</b>	(215)

#### Impact on the statement of comprehensive income for the year ending 31 December 2019

Depreciation	(8)
IAS 17 rent expense	17
<b>Profit from operating activities</b>	9
Finance cost	(24)
Taxation	4
<b>Impact on profit for the year</b>	(11)

### 7. EVENTS AFTER THE REPORTING PERIOD

Curro acquired the entire business operations and properties of The King's School in Gauteng for a total purchase consideration of R44.3 million combined. This acquisition became effective on 1 January 2020.

## Learner numbers

	Dec 2018	Dec 2019	% increase	Jan 2020	% increase
Existing schools	51 305	57 597		61 839	7%
New schools				468	
Organic growth	51 305	57 597		62 307	8%
Acquisitions				391	
<b>Total</b>	<b>51 305</b>	<b>57 597</b>	<b>12%</b>	<b>62 698</b>	<b>9%</b>
Nursery school	7 734	8 068	4%	7 634	(5%)
Primary school	29 076	32 318	11%	34 476	7%
High school	14 495	17 211	19%	20 588	20%

## Overview of results

Curro is the largest independent school group in southern Africa. It has a portfolio of 175 schools serving various market segments and is proving its resilience in a tough and challenging economy.

From 2018 to 2019, learner numbers increased by 12% from 51 305 to 57 597. This resulted in an 18% increase in revenue from R2 496 million in 2018 to R2 944 million for the year ended 31 December 2019. Despite the increase in revenue, recurring headline earnings and recurring headline earnings per share decreased by 15% from R248 million to R212 million and from 60.1 cents to 51.0 cents over the same period due to:

- The deliberate strategy to retain learners in a depressed economy which negatively impacted the net revenue per learner as well as increasing the net bad debt expense.
- An increase in interest expense as a result of the investment of R2 billion in new campuses and acquisitions since 2016. Although these investments are not yet yielding profits in excess of the cost of debt, we are encouraged by the performance of these schools in such a short time frame.
- The changing composition of learner numbers across schools and grades which had an adverse impact on teacher numbers.
- Economic pressure on selected established schools at the upper end of the market and in selected rural locations.

## Investments and expansion

During 2019, R1.3 billion was invested in the business. The capital was deployed in the following projects:

- Construction of four new campuses (five schools) to the value of R185 million. These campuses include Curro New Road (Gauteng), Curro Delft (Western Cape) and Curro Academies at the Blyde (Gauteng) and Mbombela (Mpumalanga).
- R949 million invested in the expansion of existing campuses, which included significant expansions at Curro Vanderbijlpark, Building Blocks, Curro Hillcrest and Curro Academy Pretoria.
- R24 million invested in land banking and R127 million on acquisitions.

The group plans to invest approximately R1 billion in growth and development projects in 2020.

## Dividend declaration

It is the board's policy to pay 20% of recurring headline earnings as an annual dividend. The board has accordingly resolved to pay a final dividend of 10.2 cents per share (2018: 12 cents per share) from income reserves for the year ended 31 December 2019.

The dividend amount, net of South African dividend tax of 20%, is 8.16 cents per share.

The number of ordinary shares in issue at the declaration date is 412 087 989, and the income tax number of the Company is 915/907/00/29.

The salient dates for this dividend distribution are:

Declaration date	Tuesday, 25 February 2020
Last day to trade cum dividend	Tuesday, 10 March 2020
Trading ex-dividend commences	Wednesday, 11 March 2020
Record date	Friday, 13 March 2020
Payment date	Monday, 16 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 March 2020 and Friday, 13 March 2020, both days inclusive.

## Prospects

From end 2019 to January 2020, learner numbers have grown by 9% from 57 597 to 62 698. Strong growth was achieved in the high school grades, particularly in the Curro Academy schools.

Curro has proven that it can grow its learner numbers as well as revenue in challenging economic times. Focusing on efficiencies, increasing utilisation of existing capacity and lower capital investment will result in future earnings growth and cash generation.

On behalf of the board



SL Botha  
Chairperson



AJF Greyling  
Chief Executive Officer

24 February 2020

## STATUTORY AND ADMINISTRATION

**Directors:** SL Botha\*\* (Chairperson), ZL Combi\*\*, AJF Greyling (CEO), ZN Mankai\*\*, T Molefe\*\*, PJ Mouton\*, SWF Muthwa\*\*, D Ramaphosa\*\*, B van der Linde (CFO), CR van der Merwe\*

\* Non-executive

\*\* Independent non-executive

**Registered office:** 38 Oxford Street, Durbanville, Cape Town, 7550

**Transfer secretaries:** Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

**Corporate adviser and sponsor:** PSG Capital

**Company secretary:** R Botha

**Curro Holdings Limited**

**Incorporated in the Republic of South Africa**

**Registration number:** 1998/025801/06

**JSE share code:** COH

**ISIN:** ZAE000156253

("Curro" or "the Company" or "the Group")

Announcement date: 25 February 2020



## **Independent auditor's report on the summary consolidated financial statements**

To the Shareholders of Curro Holdings Limited

### **Opinion**

The summary consolidated financial statements of Curro Holdings Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 31 December 2019, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Curro Holdings Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### **Summary Consolidated Financial Statements**

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### **The Audited Consolidated Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 February 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

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Chief Executive Officer: L S Machaba  
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



### **Director's Responsibility for the Summary Consolidated Financial Statements**

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.  
Director: D de Jager  
Registered Auditor  
Stellenbosch

24 February 2020