



CURRO

2018 ANNUAL RESULTS

FEBRUARY 2019

#Learners2Leaders



AGENDA



2018

Introduction

- Financial results
- Financial analysis
- Greenfields and acquisitions



2019

The year ahead

- Growth
- Learner numbers
- Greenfields and acquisitions
- Capital forecast
- Pipeline
- Dividend

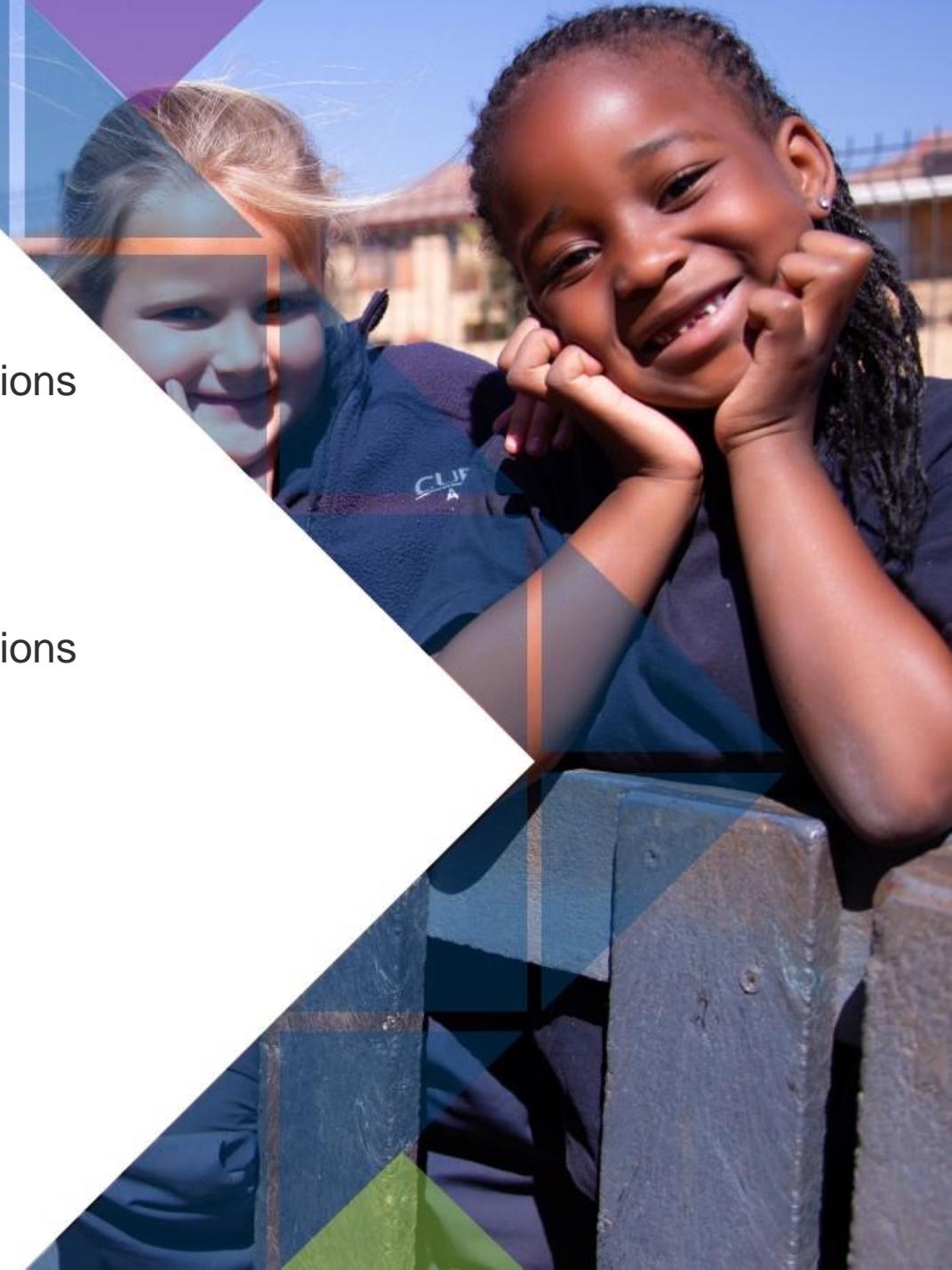


Reflection

- Academic results
- Models
- Rest of Africa



Conclusion



CURRO

2018

Introduction

#Learners2Leaders

PROMISE TO MARKET



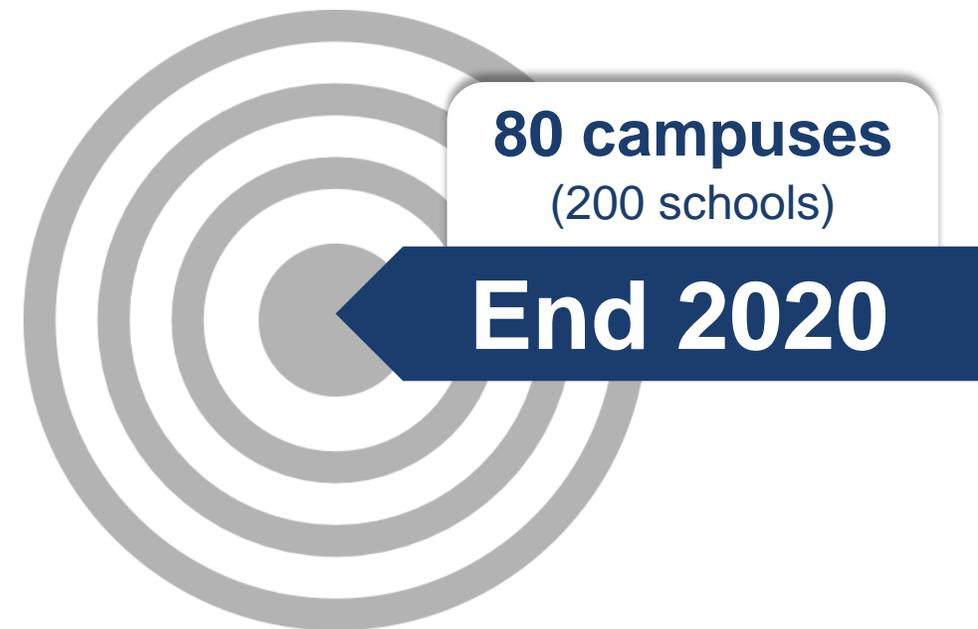
Profitable growth



Improve EBITDA margin – schools' goal 40%



Shareholder value/returns



CURRO

2018

Financial results

#Learners2Leaders

HIGHLIGHTS – DECEMBER 2018

HEADLINE EARNINGS



From R201m
to R248m

REVENUE



From R2 099m
to R2 496m

OPERATING CASHFLOW



From 313m
to R388m

EBITDA



From R473m
to R627m

Continuing operations

HIGHLIGHTS – DECEMBER 2018

Continuing operations HEPS



From 49.0 cents
to 60.1 cents

Group HEPS



From 48.1 cents
to 60.1 cents

HISTORY SINCE 2011

Curro listed on the JSE – June 2011

	2011	2012	2013	2014	2015	2016	2017	2018	7-year CAGR
 Campuses	12	22	26*	32*	41	48	51	58	25%
 Schools	24	61	72	80	100	114	127	138	28%
 Learners	4 200	12 473	21 027	28 737	35 148	42 343	45 870	51 305	43%

*Includes Embury Institute for Teacher Education



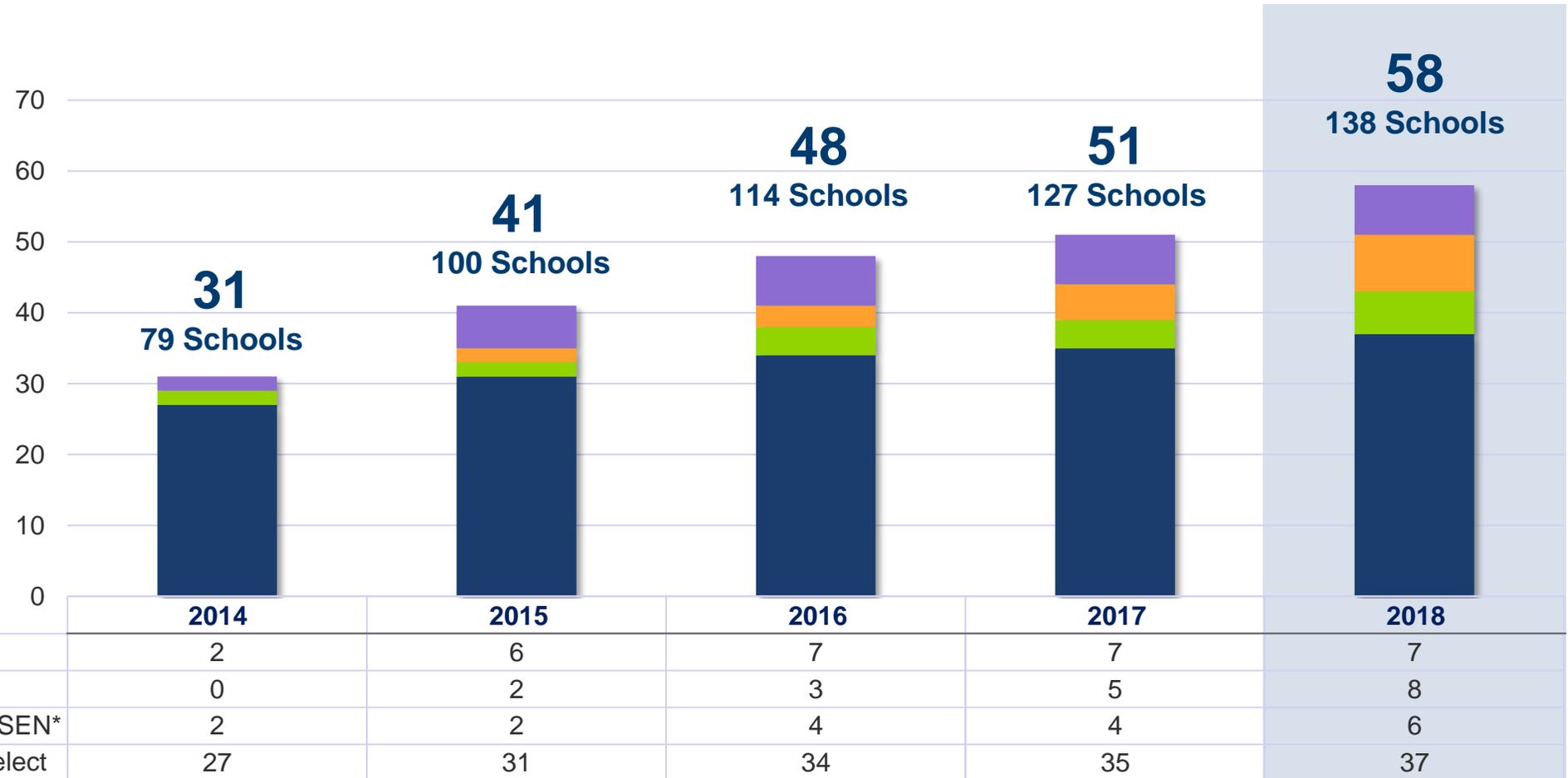
CURRO

2018

Financial analysis

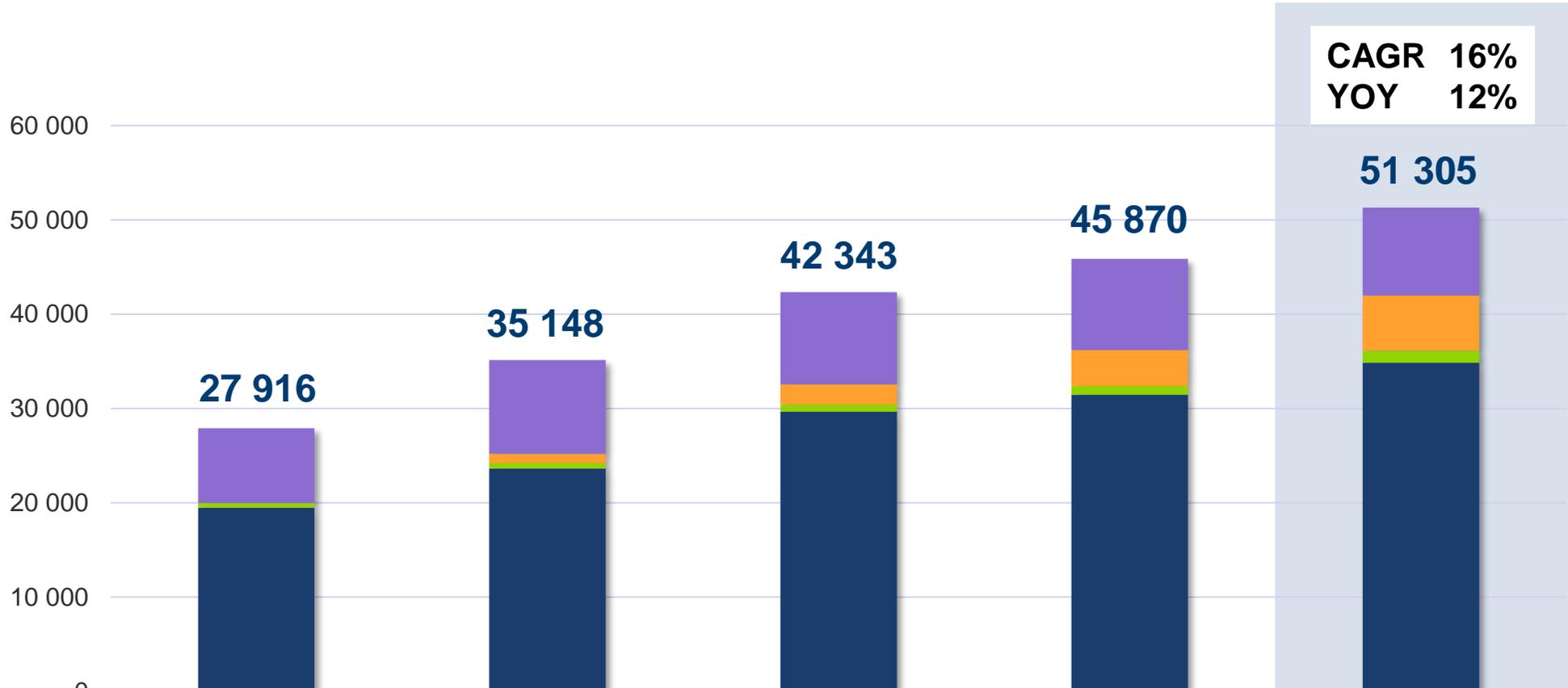
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NUMBER OF CAMPUSES



*2018 includes 1 LSEN campus

NUMBER OF LEARNERS

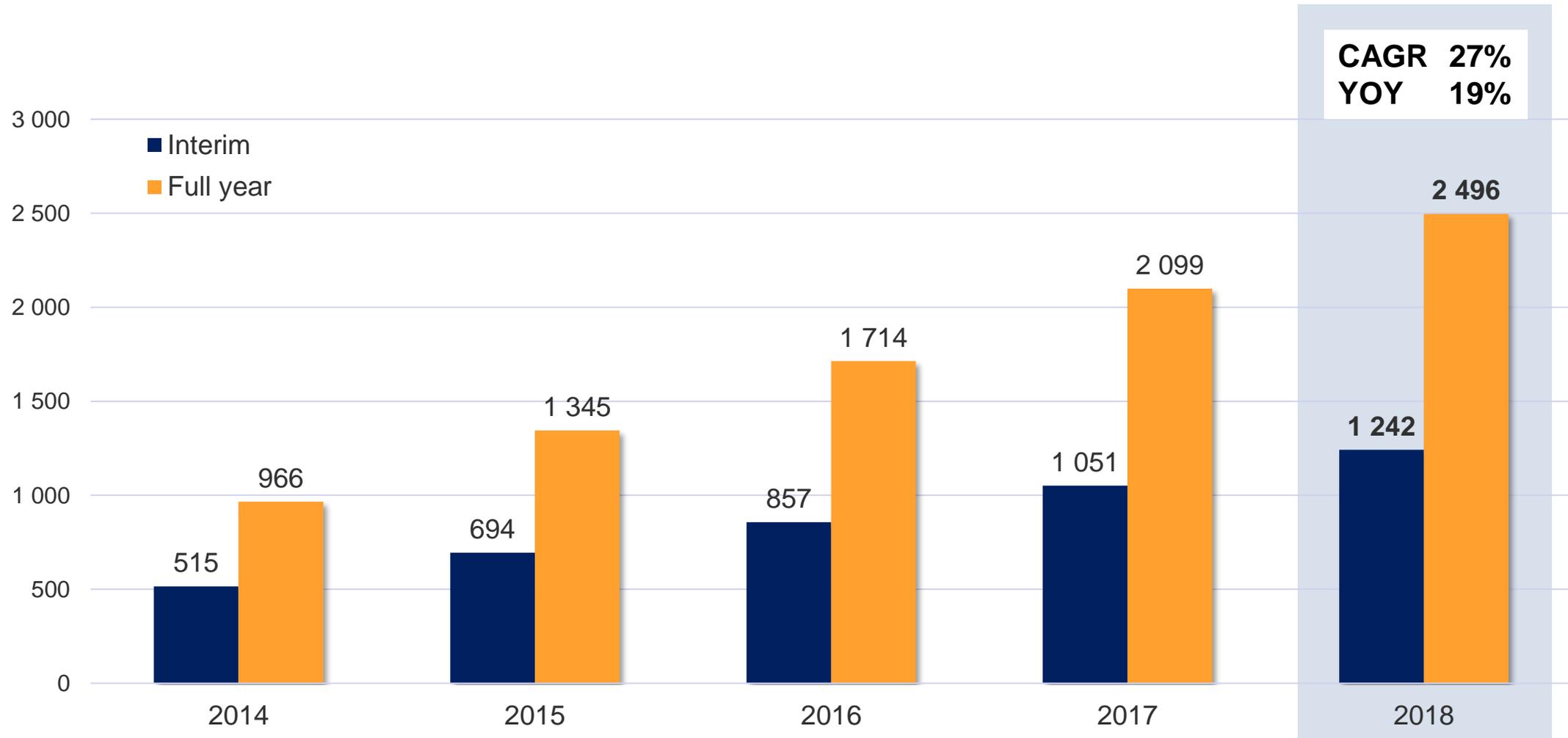


	2014	2015	2016	2017	2018
Meridian	7 941	9 948	9 798	9 675	9 313
Curro Academy	0	990	2 110	3 810	5 844
Curro Castle and LSEN*	474	572	760	914	1 278
Curro and Curro Select	19 501	23 638	29 675	31 471	34 870

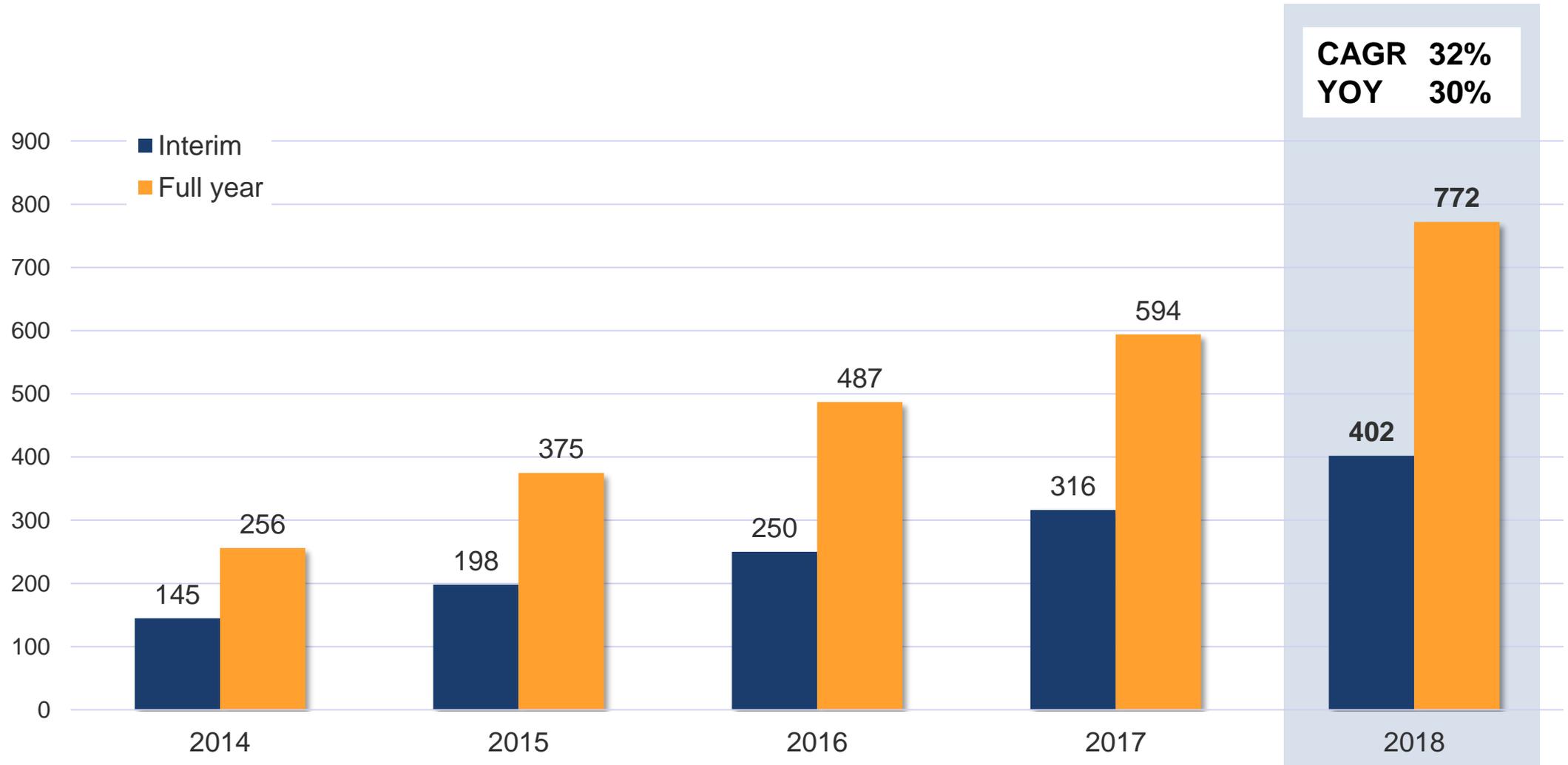
*2018 includes 99 LSEN learners



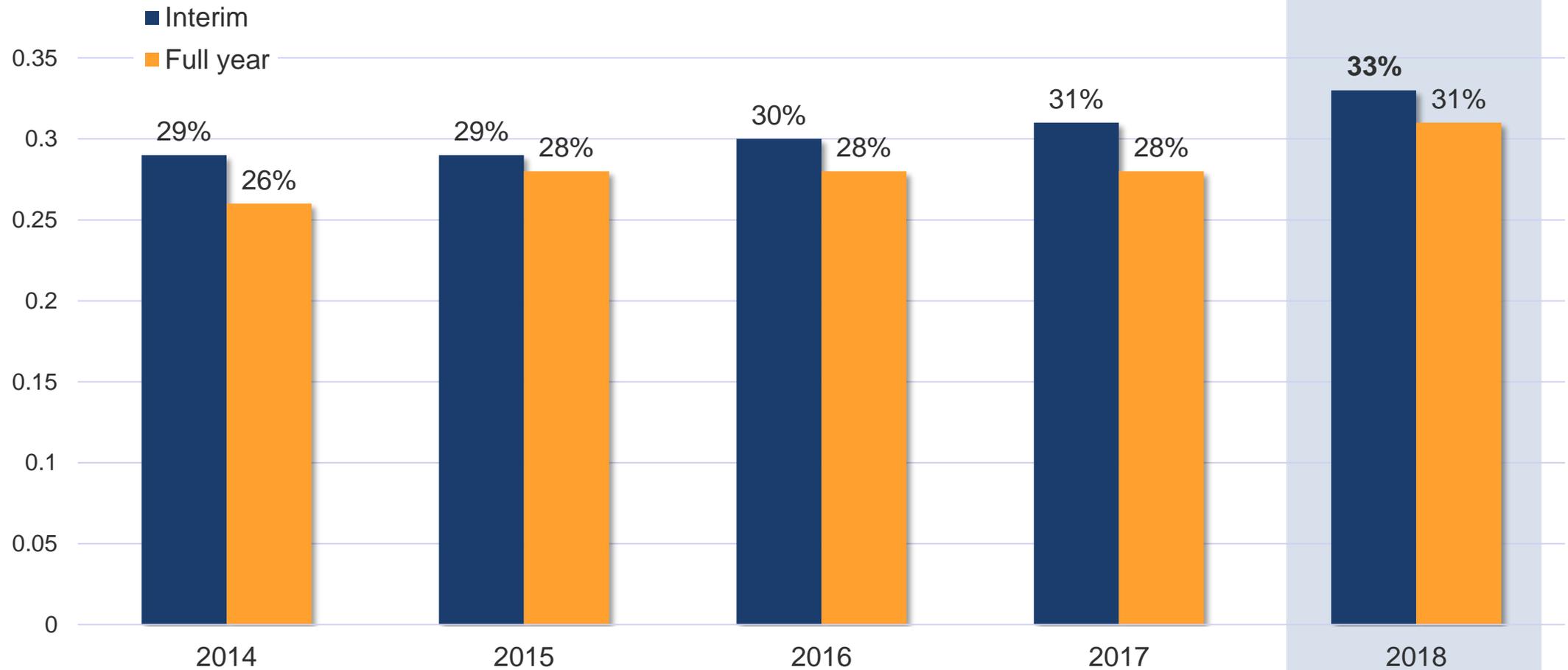
REVENUE



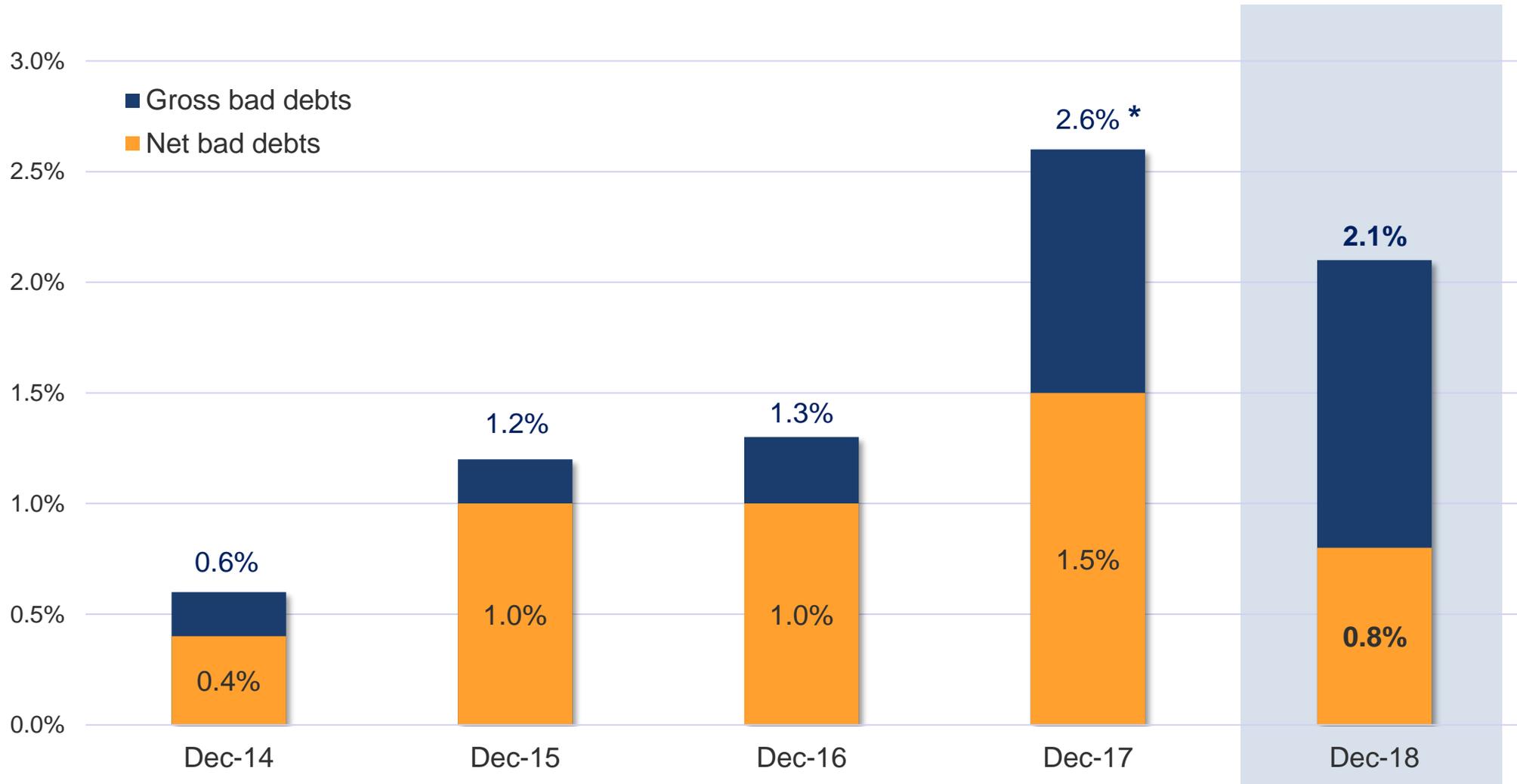
SCHOOLS' EBITDA



SCHOOLS' EBITDA %

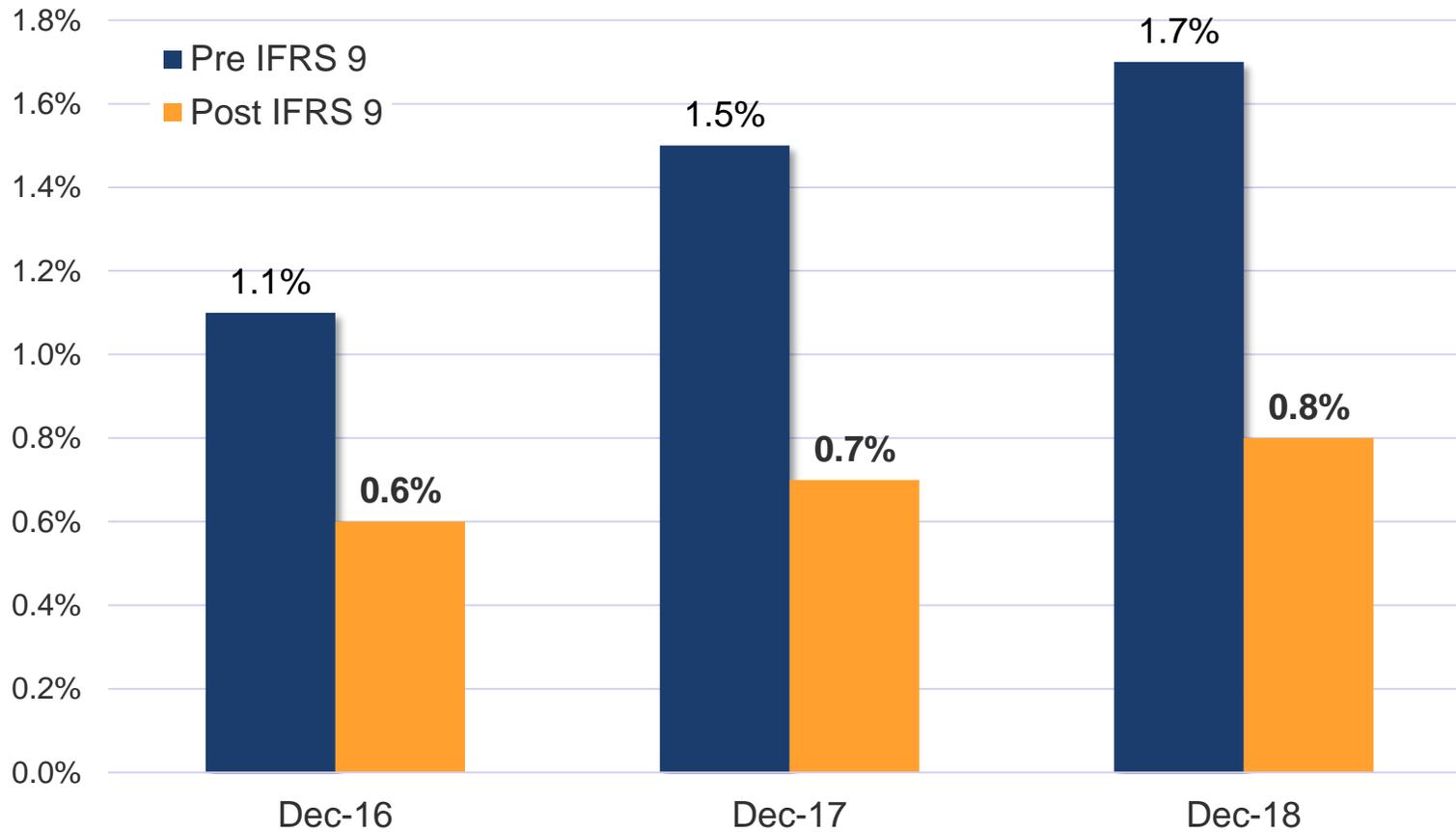


BAD DEBTS



*Change in collections approach

BAD DEBTS AS % OF REVENUE

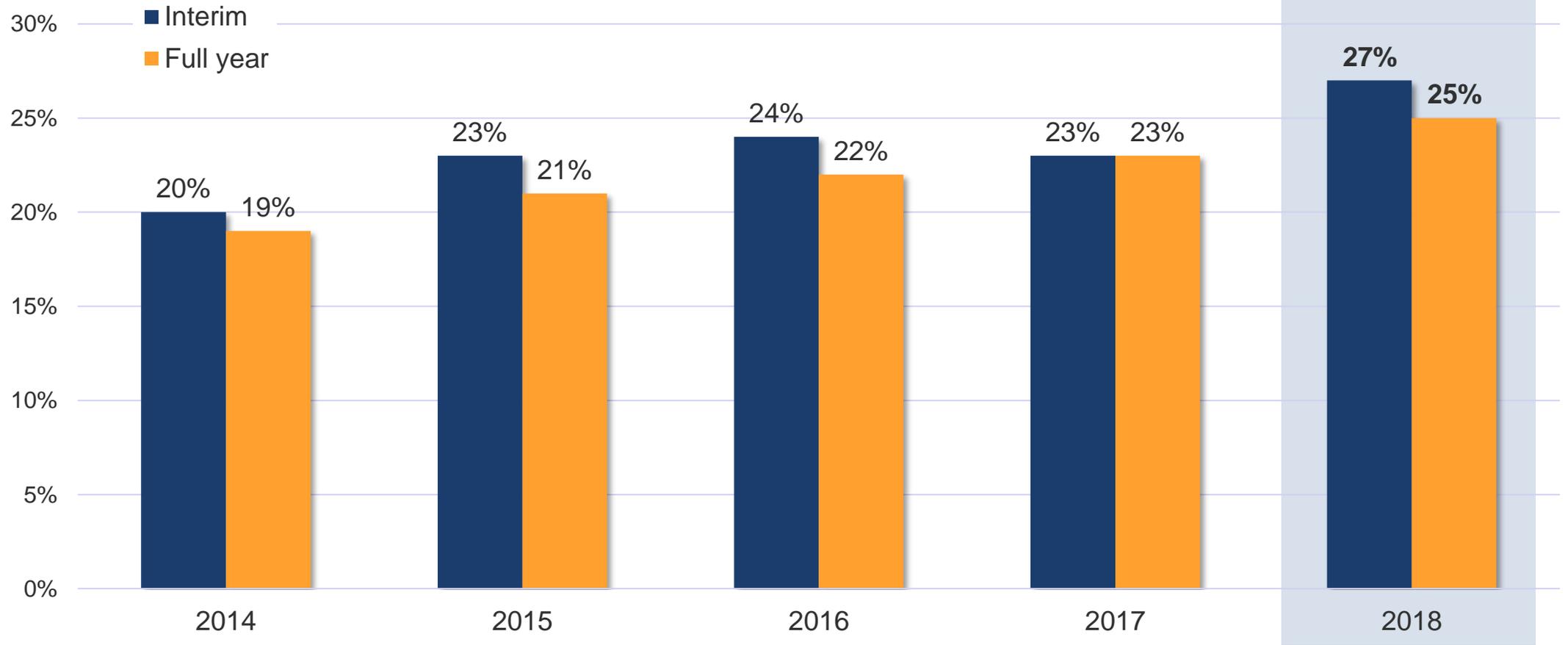


IFRS 9 inception 2018 year

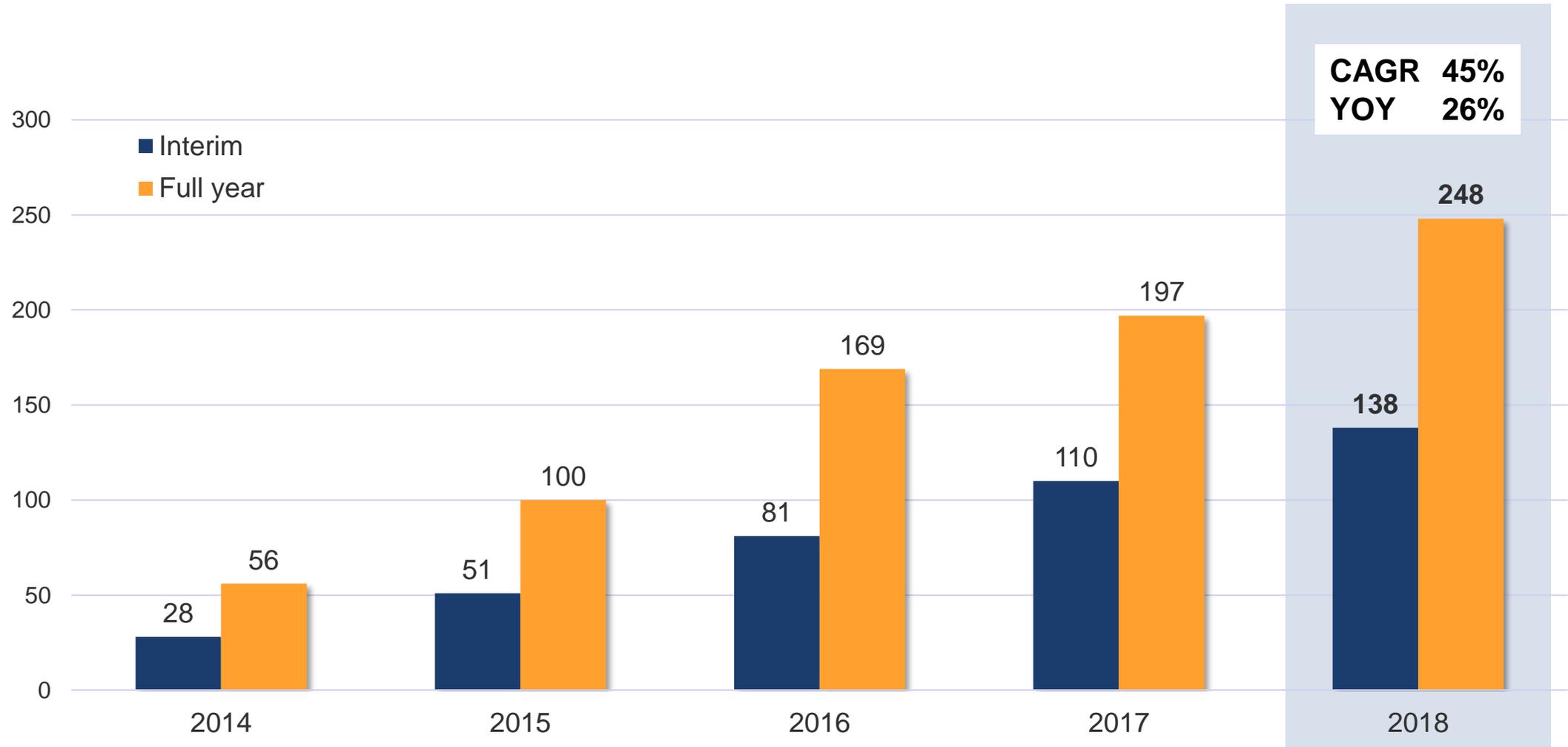
Curro has significant recoveries on bad debt written off and debtors outstanding at year-end

- ▶ Of 2016 and 2017 debtors balance 80%+ collected within 5 months of year-end
- ▶ Bad debts written off recoveries at 60%+

GROUP EBITDA %

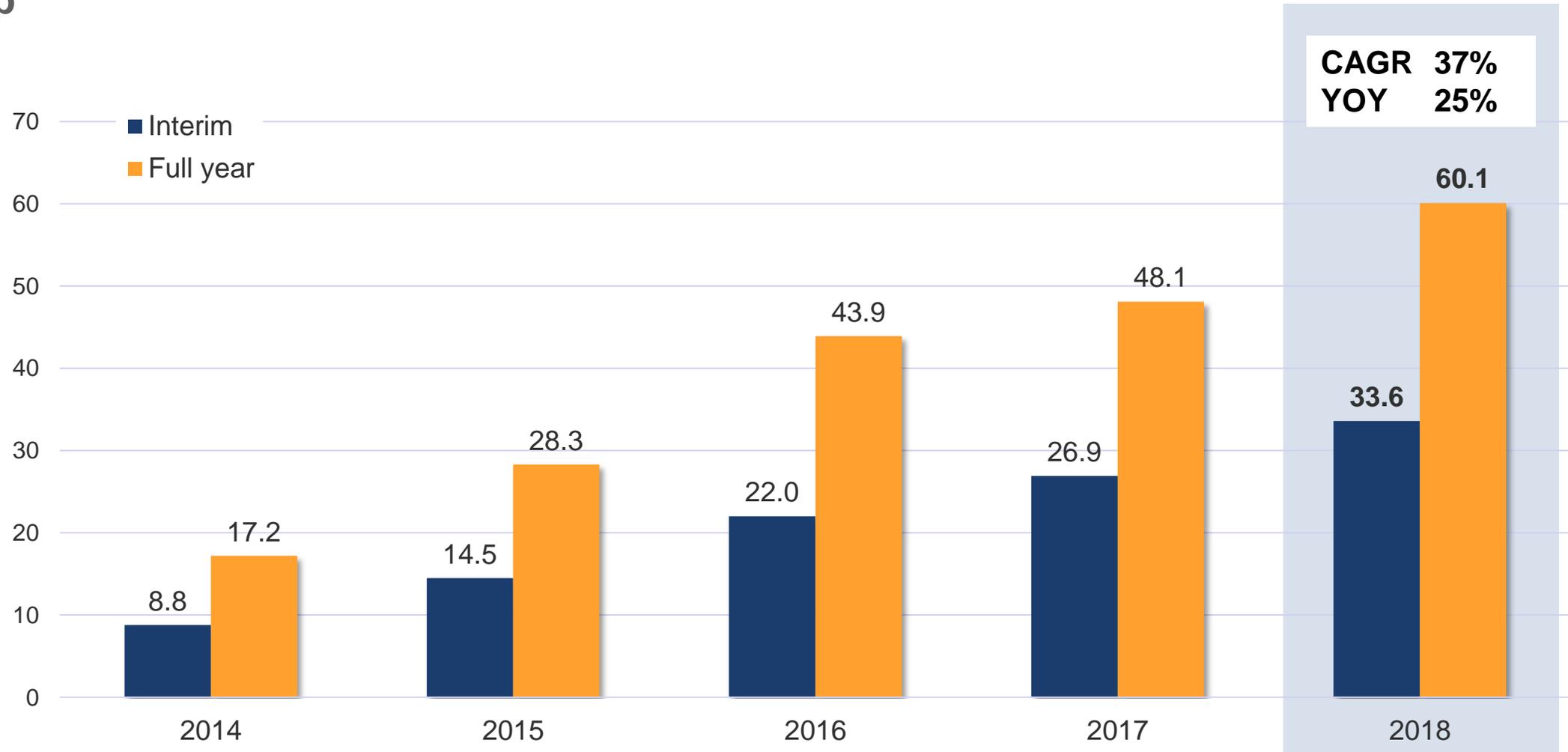


HEADLINE EARNINGS (GROUP)



HEADLINE EARNINGS PER SHARE

Group



KEY INDICATORS

		Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	YOY Growth	4-year CAGR
Campuses	#	31	41	48	51	58	14%	17%
Schools	#	79	100	114	127	138	9%	15%
Learners	#	27 916	35 148	42 343	45 870	51 305	12%	16%
% of built capacity	%			69%	70%	69%		
% of eventual capacity	%	51%	50%	52%	53%	53%		
Revenue	Rm	966	1 345	1 714	2 099	2 496	19%	27%
Schools EBITDA	Rm	256	375	487	594	772	30%	32%
EBITDA	Rm	191	292	377	473	627	33%	35%
EBITDA Margin	%	19%	21%	22%	23%	25%		
Net interest expense	Rm	55	91	70	78	138	77%	26%
HEPS - continuing ops	Cents	16.0	26.2	41.8	49.0	60.1	23%	39%
Learner/teacher ratio	#	15	15	17	17	17		
Capital invested	Rm	1 305	1 030	1 486	1 136	1 746	54%	
Cumulative capital invested	Rm	3 834	4 864	6 350	7 486	9 232	24%	25%
Total building size	m ²	392 314	449 067	558 683	598 194	656 081*	10%	14%

*Approximately 66 rugby fields

	Number at 31 Dec 2018		Learner numbers		Growth		EBITDA** (R million)		Growth		EBITDA margin		Built capacity		Eventual capacity	
	Campuses	Schools	2017	2018	16/17	17/18	2017	2018	16/17	17/18	2017	2018	2017	2018	2017	2018
Developed schools	41	98	28 315	31 798	15%	12%	342	464	33%	36%	27%	32%	64%	63%	45%	47%
2009 and before*	4	9	3 443	3 874	(1%)	13%	55	64	25%	16%	26%	30%	83%	82%	87%	71%
2010	2	6	2 254	2 205	1%	(2%)	37	39	19%	5%	35%	35%	79%	75%	70%	55%
2011	5	15	4 552	4 166	0%	(8%)	53	65	2%	23%	28%	31%	62%	59%	47%	50%
2012	2	6	1 904	1 977	6%	4%	25	34	32%	36%	28%	33%	72%	75%	57%	59%
2013	4	12	6 149	6 427	7%	5%	104	127	12%	22%	39%	42%	71%	74%	63%	64%
2014	4	8	1 833	2 148	20%	17%	6	17	100%	183%	9%	20%	47%	55%	27%	44%
2015	8	19	5 748	6 193	21%	8%	38	52	124%	37%	21%	24%	66%	63%	37%	47%
2016	4	8	1 179	1 682	101%	43%	15	37	N/a	147%	22%	37%	35%	45%	20%	32%
2017	3	8	1 253	2 485	0%	98%	9	38	–	322%	18%	37%	41%	72%	23%	40%
2018	5	7	–	641	–	0%	–	(9)	–	0%	–	(37%)	–	19%	–	10%
Acquired schools	17	40	17 555	19 507	(1%)	11%	268	324	15%	21%	30%	33%	84%	76%	73%	68%
2012 and before	7	17	6 919	6 985	1%	1%	142	153	9%	8%	37%	41%	77%	73%	72%	61%
2013***	2	2	4 233	3 837	(10%)	(9%)	35	30	(17%)	(14%)	25%	23%	85%	64%	70%	78%
2014	2	6	2 618	2 744	7%	5%	56	70	30%	25%	33%	36%	91%	96%	92%	80%
2015 and 2016	4	11	3 785	4 142	5%	9%	35	47	94%	34%	20%	24%	92%	100%	72%	74%
2018	2	4	–	1 799	–	0%	–	24	–	0%	–	37%	–	79%	–	86%
Property rental and royalties							(16)	(16)								
Total	58	138	45 870	51 305	8%	12%	594	772	22%	30%	28%	31%	70%	69%	53%	53%

Excluding greenfields 2018: Eventual capacity: **57%**
Built capacity: **72%**

SCHOOLS PER EBITDA CONTRIBUTION

	Learner numbers			EBITDAR			EBITDAR Margin			Eventual capacity utilised		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Top 20%	16 239	18 679	21 228	288 246	363 523	461 259	39%	39%	41%	72%	73%	71%
60% - 80%	10 348	11 566	13 498	116 371	150 854	202 809	28%	28%	30%	60%	59%	51%
40% - 60%	5 857	7 157	7 446	63 760	69 066	81 366	26%	25%	27%	51%	40%	44%
20% - 40%	5 800	5 116	5 875	29 580	36 646	49 567	17%	19%	21%	29%	37%	51%
0% - 20%	4 099	3 352	3 258	(6 931)	(10 846)	(6 851)	(6%)	(10%)	(6%)	21%	26%	26%
Total	42 343	45 870	51 305	491 026	609 243	788 149	28%	28%	32%	51%	51%	53%
Rent				(4 000)	(15 485)	(16 623)						
EBITDA				487 026	593 758	771 526						
Top 20% EBITDA % of Total				59%	61%	60%						

16% of schools >40% EBITDA margin
39% of schools >30% EBITDA margin



CASHFLOW

	2016	2017	2018
EBITDA	377	473	627
Non-cash items	22	16	5
Finance costs	(68)	(77)	(138)
Taxation	(8)	(8)	(18)
Working capital movements - operating	(4)	(27)	(10)
Working capital movements - capital	85	(64)	(78)
Cash from operating activities	404	313	388
Replacement of moveables	(35)	(40)	(30)
Other moveables	(149)	(168)	(126)
Expansion at existing campuses	(387)	(444)	(434)
Total investment existing campuses	(571)	(652)	(590)
New School Investments	(524)	(324)	(416)
Landbanking	(125)	(148)	(118)
Acquisitions	(266)	(12)	(369)
Investments activities related to Stadio	(214)	(56)	120
Cash to investing activities	(1 700)	(1 192)	(1 373)
Cash generated from financing activities	1 771	744	506
Net movement	475	(135)	(479)
Opening balance	231	706	571
Closing balance	706	571	92

CAPITAL DEPLOYMENT – 2018

	2018 Planned R million	2018 Updated R million	Dec Actual R million
Expansion and replacement to existing campuses	750	700	590
Building of new campuses	470	392	416
Subtotal	1 220	1 092	1 006
Land banking	400	290	118
Subtotal	1 620	1 382	1 124
Acquisitions	597	1 000	369
Meridian			253
Total	2 217	2 382	1 746

Replacement capital

±30



Capital investment can vary depending on land banking and acquisitions – R168m of expansion capital rolled to 2019

Acquisitions are done at reasonable prices and can be serviced through debt; ensure additional EBITDA



DEBT – 2018



Debt Measures	Dec 2016	Dec 2017	Dec 2018
Net Debt/Equity			
Excluding Meridian	7%	24%	50%
Including Meridian	19%	36%	54%
ISCR			
Excluding Meridian	5.7	5.6	4.1
Including Meridian	4.2	4.9	3.2
Ave Net Debt/EBITDA			
Excluding Meridian	1.3	1.4	3.1
Including Meridian	2.4	2.3	3.5

To date Curro has been low-gearred

Debt utilisation will pick up but remains within reasonable levels for the amount of cash generation (excluding Meridian)

- ▶ ISCR >2.5 times (covenant 1.75)
- ▶ Debt/EBITDA <4.5 times

Barring significant acquisitions, Curro does not foresee the need to raise additional equity capital

CURRO

2018

Greenfields and acquisitions

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GREENFIELDS – OPENED JANUARY 2019

WESTERN CAPE

CURRO CASTLE

- Curro Castle Burgundy

NEW HIGH SCHOOL MODEL (Digi-Ed)

- Curro Foreshore

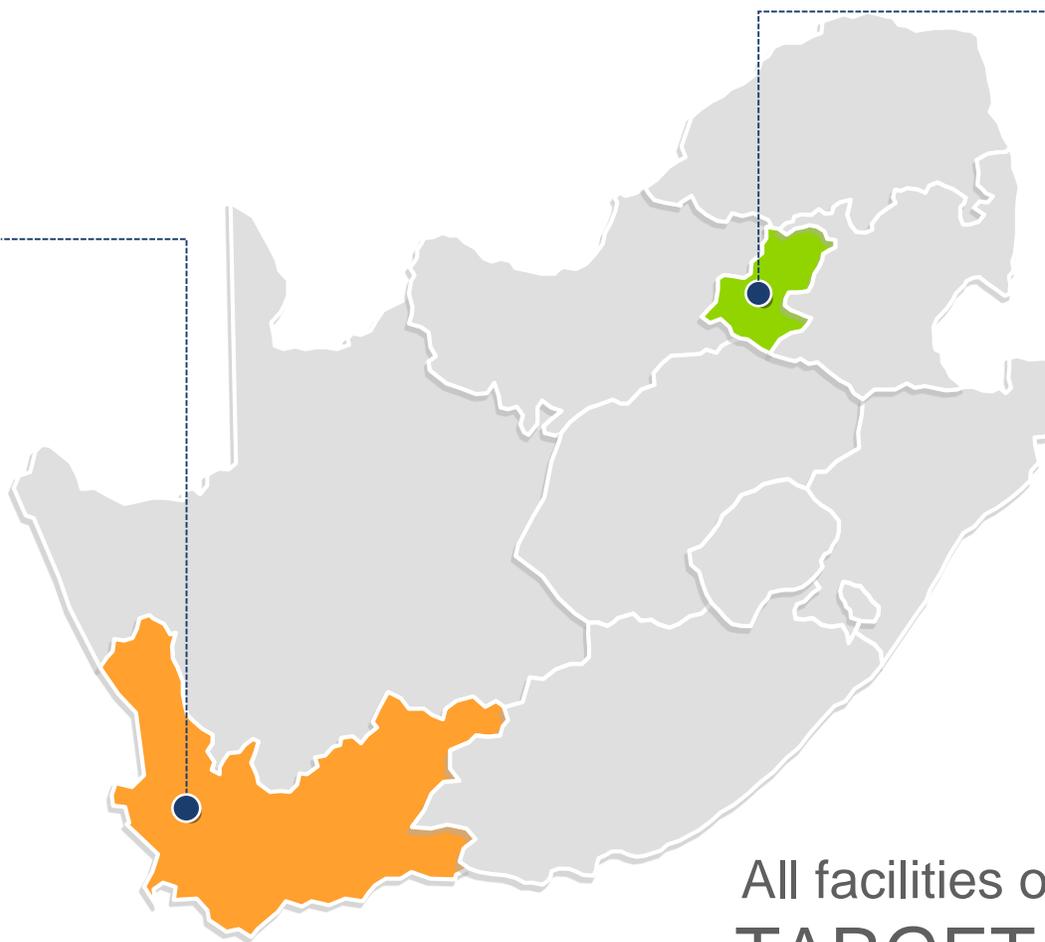
GAUTENG

CURRO SCHOOLS

- Curro Vanderbijlpark
- Curro Edenvale

CURRO ACADEMY SCHOOLS

- Curro Academy Protea Glen (Soweto)
- Curro Academy Savanna City
- Curro Academy Parkdene



All facilities owned
TARGET IRR 25%+

GREENFIELDS – 2018



▶ **Curro Edenvale (Gauteng)**

Opened in January 2019

199



▶ **Curro Vanderbijlpark (Gauteng)**

Opened in January 2019

270

GREENFIELDS – 2018



**Curro Academy
Protea Glen (Gauteng)**

Opened in January 2019

464



**Curro Academy
Savanna City (Gauteng)**

Opened in January 2019

144

GREENFIELDS – 2018



**Curro Academy
Parkdene (Gauteng)**

Opened in January 2019

300

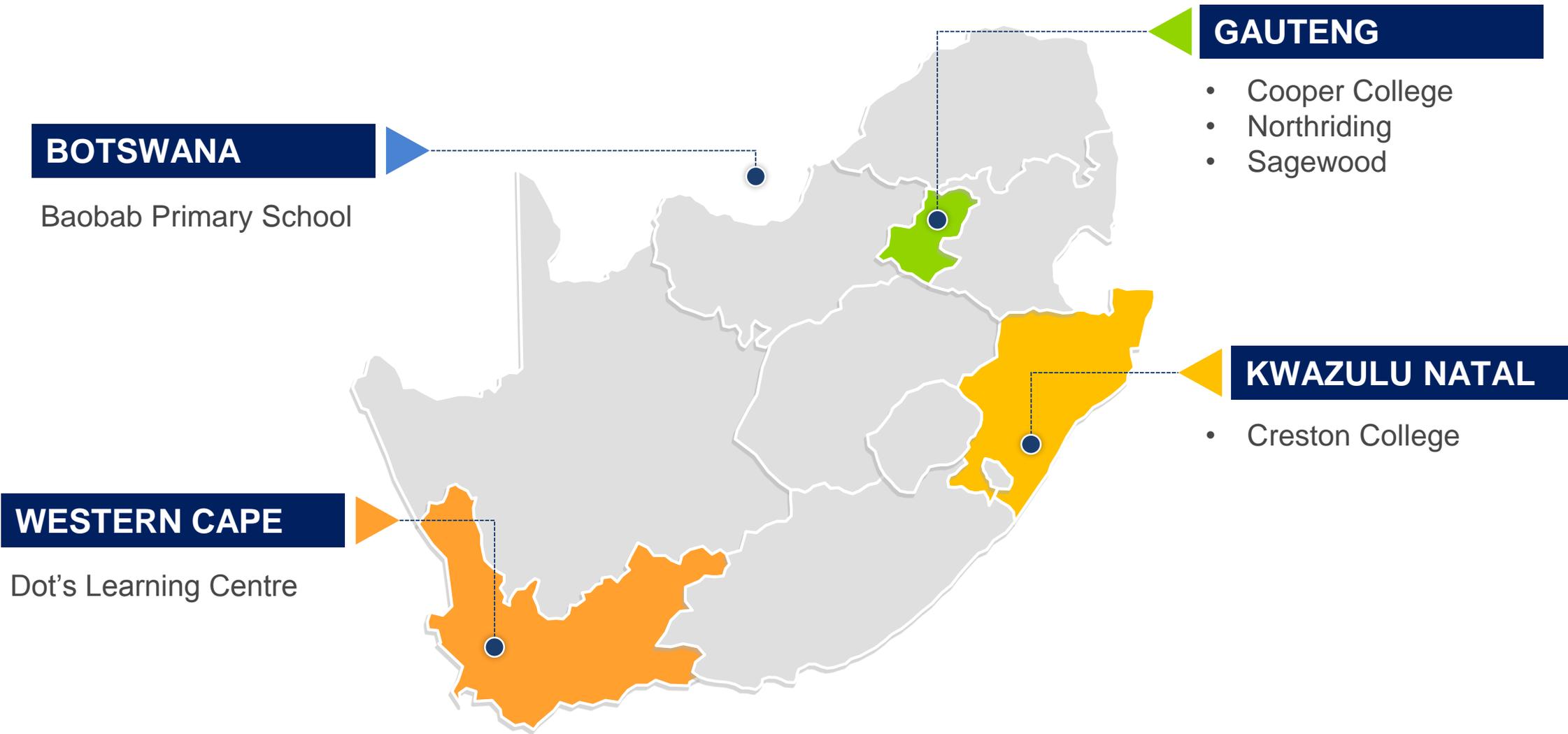


**Curro Castle
Burgundy (Western Cape)**

Opened in January 2019

67

ACQUISITIONS - 2018





ACQUISITION APPROACH

Acquisition information	Totals
Number of campuses	6
Learner number	3 068
Cost of acquisition (R million)	472
Capacity	4 914
EBITDAs (R million)	46
EV/EBITDA	8*

*Excludes EV/EBITDA of acquired breakeven schools

ACQUISITIONS - 2018

▶ **Creston College
(KwaZulu-Natal)**



Number of learners

500



▶ **Northriding College
(Gauteng)**



Number of learners

412



ACQUISITIONS - 2018



Cooper College (Gauteng)

Number of learners

969



Sagewood (Curro Midrand campus)

Number of learners

437



ACQUISITIONS - 2018

▶ Dot's Learning Centre (Western Cape)



Number of learners

110



▶ Baobab (Botswana)



Number of learners

750



MODEL EXPANSION – National Certificate Vocational (NCV)

**Curro Private College
Rivonia**



Opened in January 2019

24



Information Technology and Computer Sciences



Finance, Economics and Accounting

The NCV is an alternative learning pathway from the National Senior Certificate, allowing learners to:

- Specialise in a field of study from a school-going age.
- Develop knowledge and skills that will make them highly employable even if they do not continue to tertiary education.
- Receive practical and workplace experience at the college.

Extension of product offering at an existing Curro school
(limited capital requirements)

MODEL EXPANSION – Digi-Ed

▶ **Curro Foreshore**



Opened in January 2019

30



CURRO

2019

The year ahead

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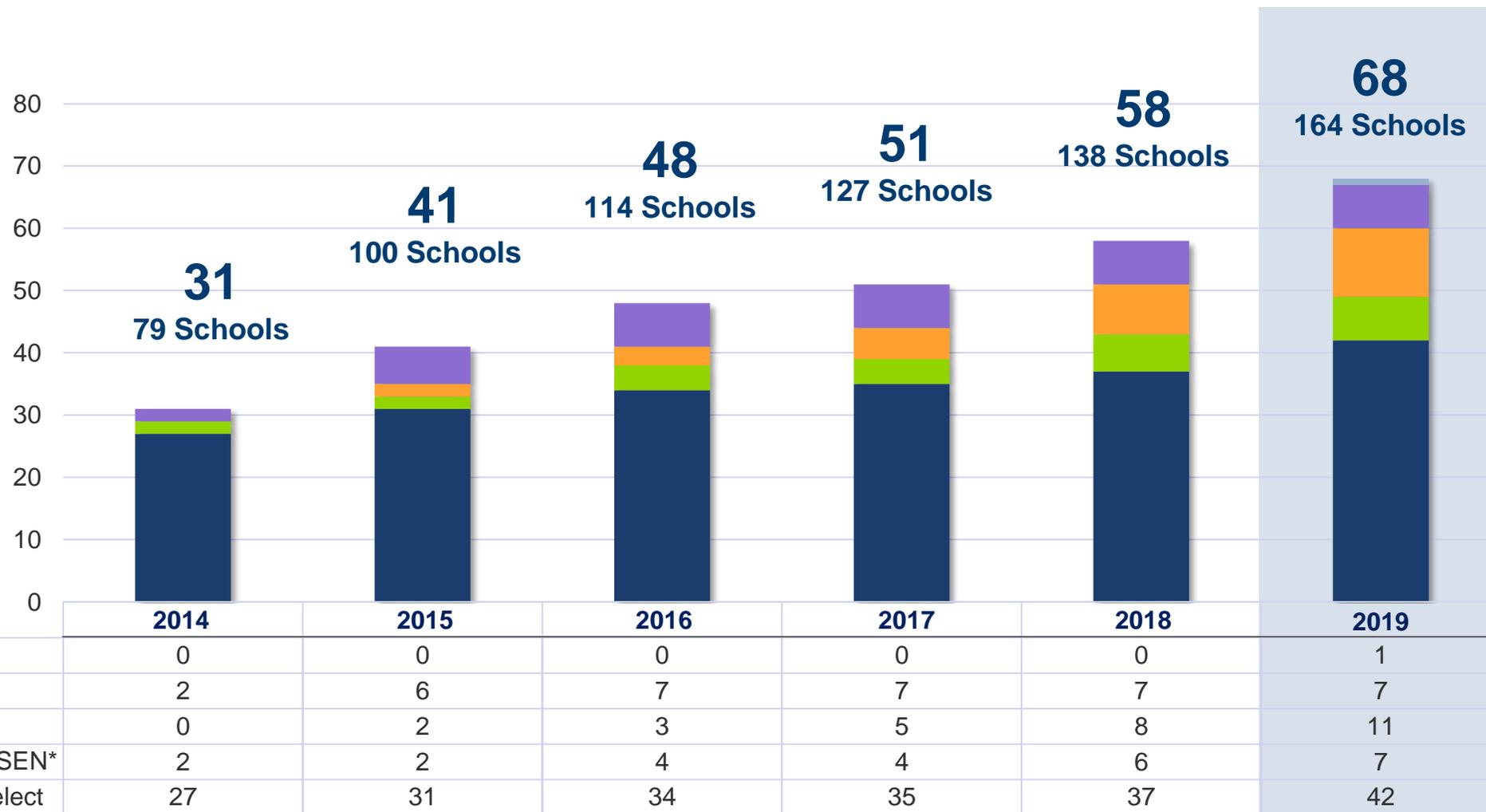
JANUARY 2019 – GROWTH

	2011	2012	2013	2014	2015	2016	2017	2018	2019**	8-year CAGR
 Campuses	12	22	26*	32*	41	48	51	58	68	24%
 Schools	24	61	72	80	100	114	127	138	164	27%
 Learners	4 200	12 473	21 027	28 737	35 148	42 343	45 870	51 305	57 276	39%

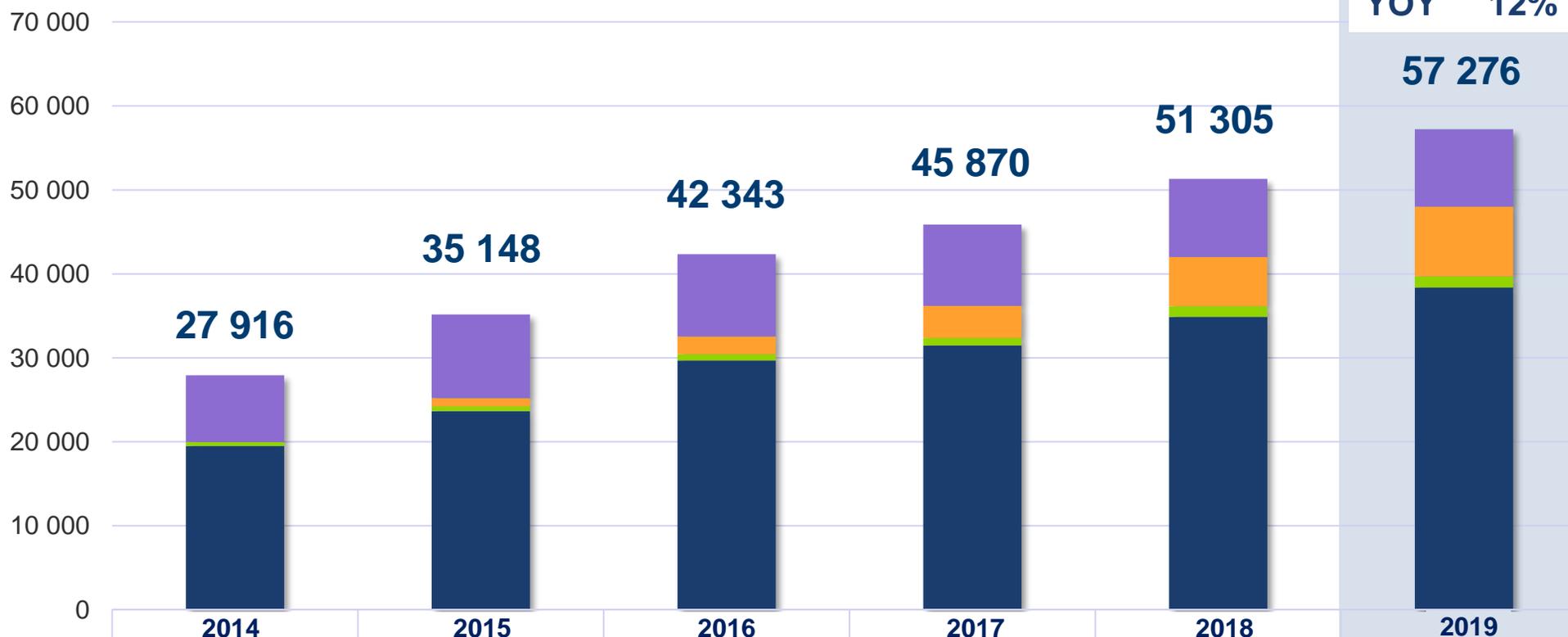
*Includes Embury Institute for Teacher Education

** Figures might differ at end of year

NUMBER OF CAMPUSES



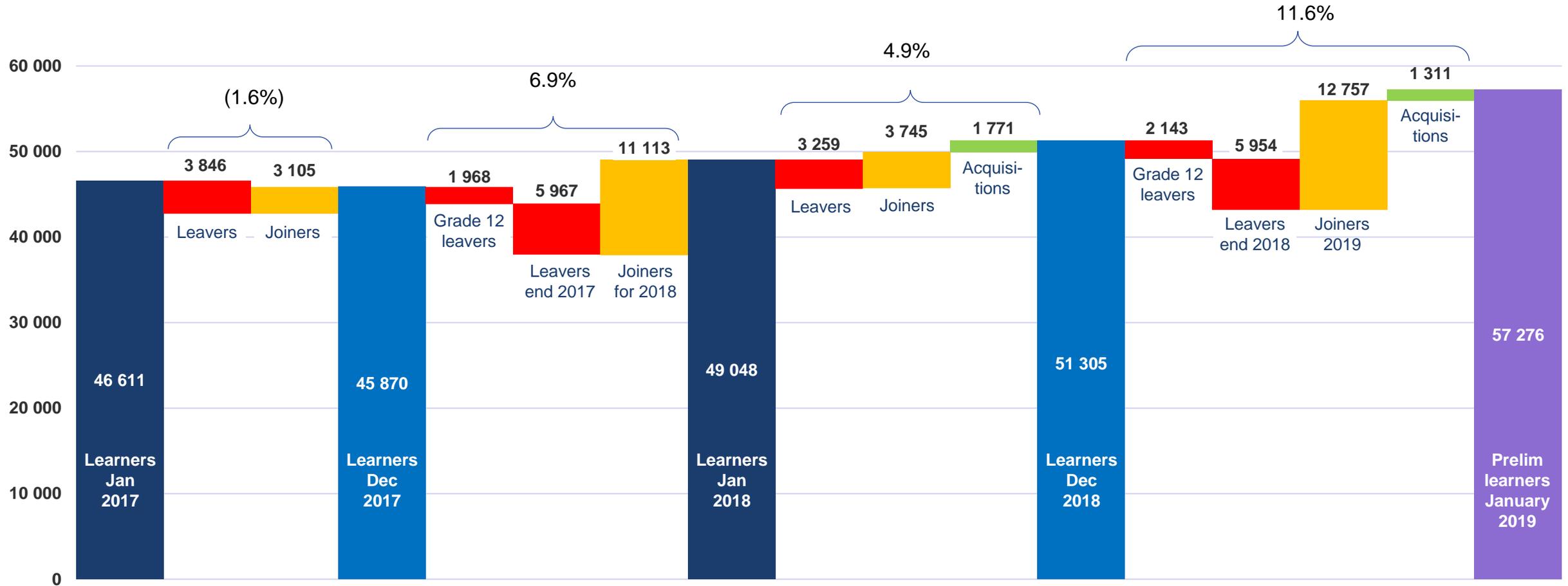
NUMBER OF LEARNERS



	2014	2015	2016	2017	2018	2019
Digi-Ed						43
Meridian	7,941	9,948	9,798	9,675	9,313	9,232
Curro Academy	0	990	2,110	3,810	5,844	8,280
Curro Castle and LSEN	474	572	760	914	1,278	1,353
Curro and Curro Select	19,501	23,638	29,675	31,471	34,870	38,368

LEARNER MOVEMENTS

- ▶ Number of campuses: 68
- ▶ Number of schools: 164

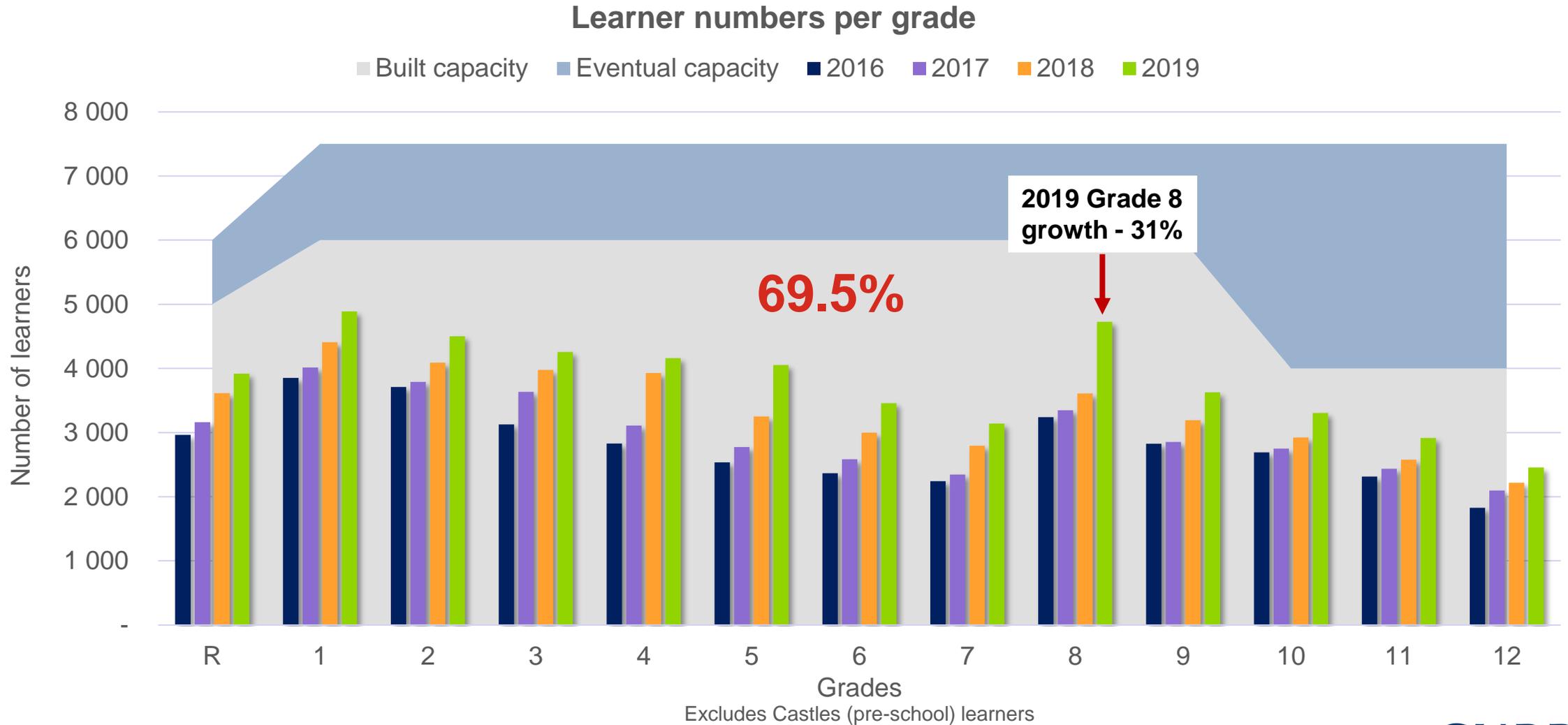




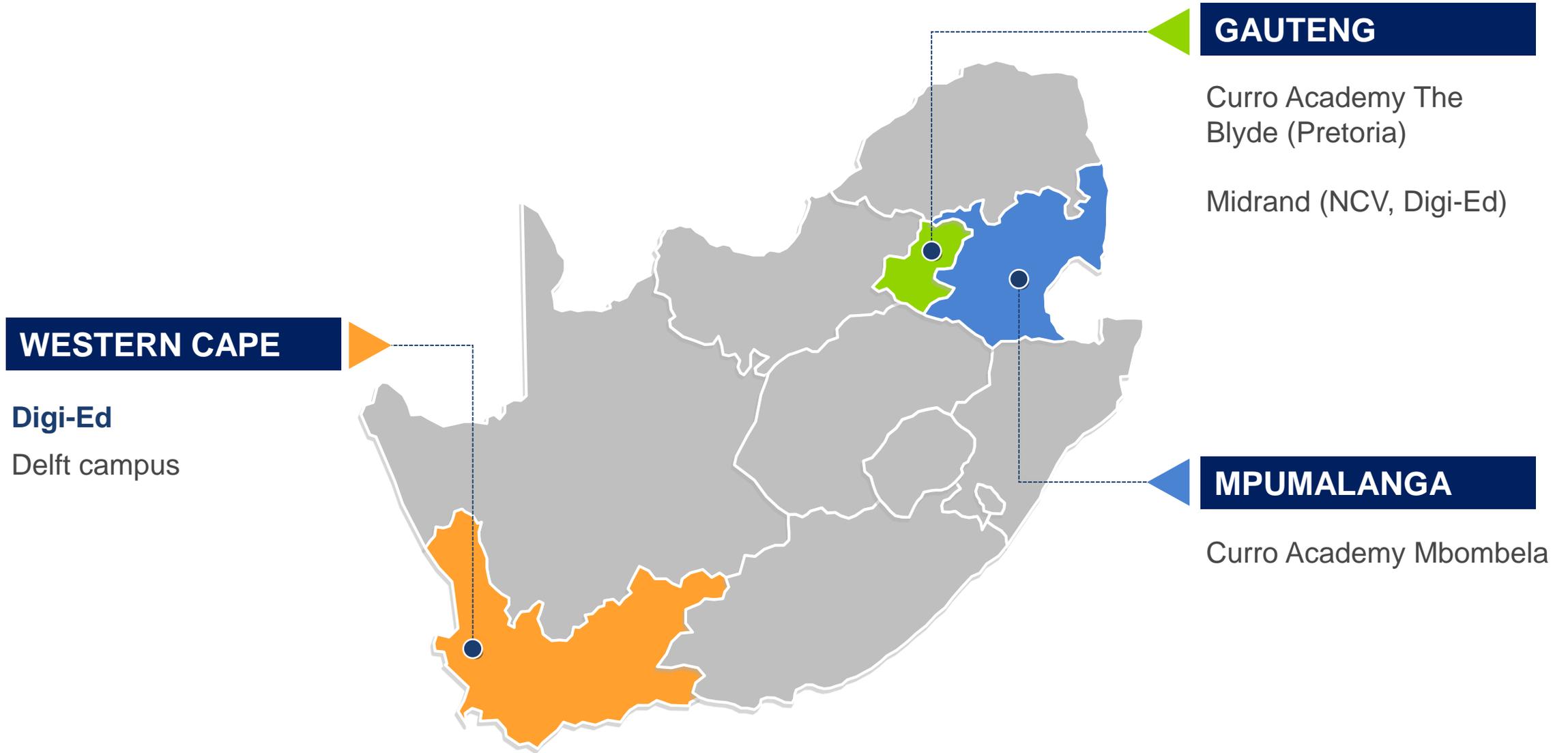
LEARNER NUMBERS

	2016	2017	2018	2019
Net organic joiners (existing schools)	10.8%	7.5%	5.8%	6.7%
Joiners new schools	1.1%	2.6%	1.1%	2.4%
Total organic growth	11.9%	10.1%	6.9%	9.1%
Acquisitive growth	8.2%		3.9%	2.6%
Intra-year movement	0.4%	(1.7%)	1.1%	
Growth in learner numbers	20.5%	8.3%	11.8%	11.7%
Leavers (excluding Grade 12)	19.5%	21.4%	18.0%	

LEARNERS PER GRADE – CAPACITY



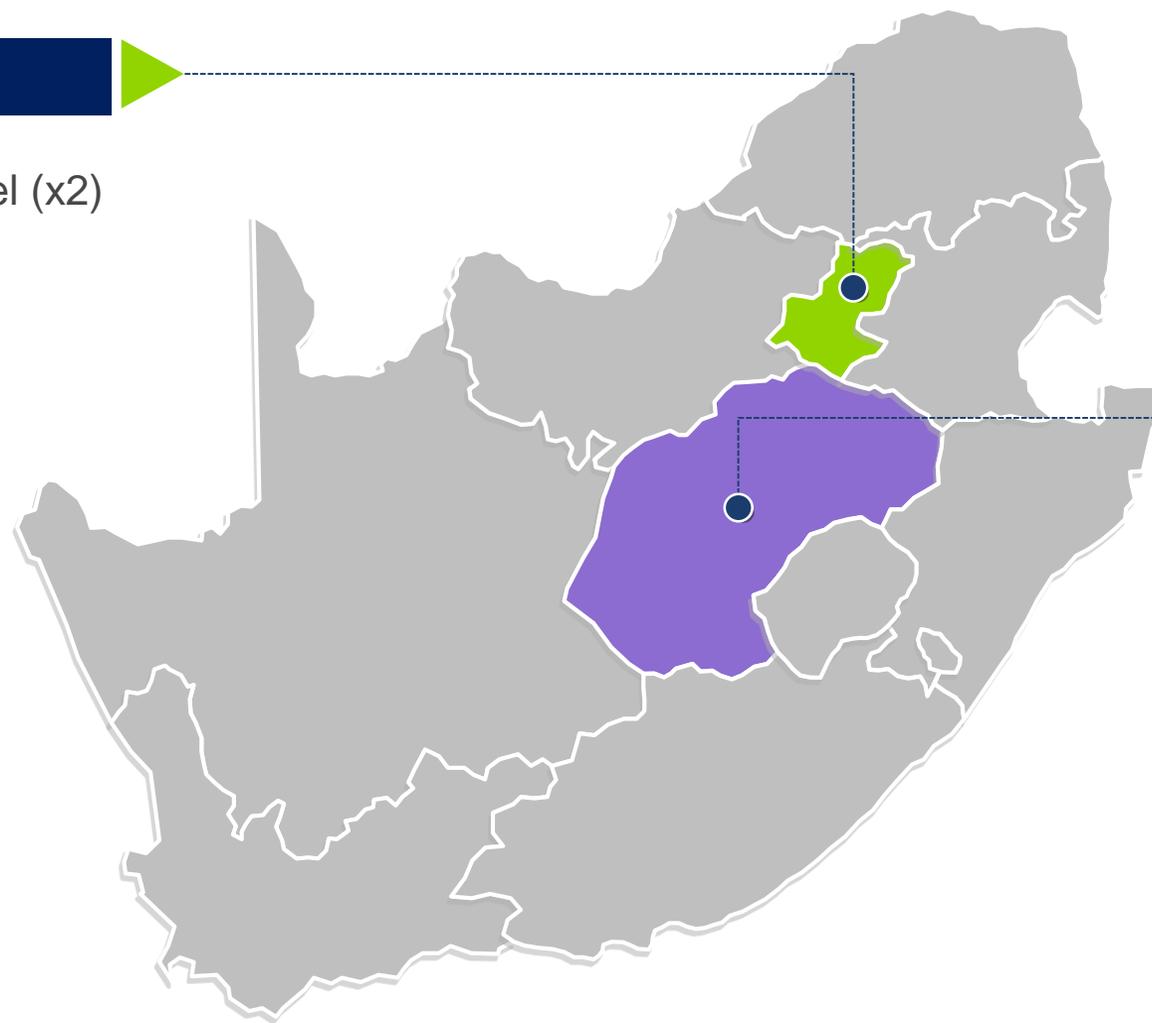
GREENFIELDS – 2019



ACQUISITION PROSPECTS

GAUTENG

Select school model (x2)
±600 learners



FREE STATE

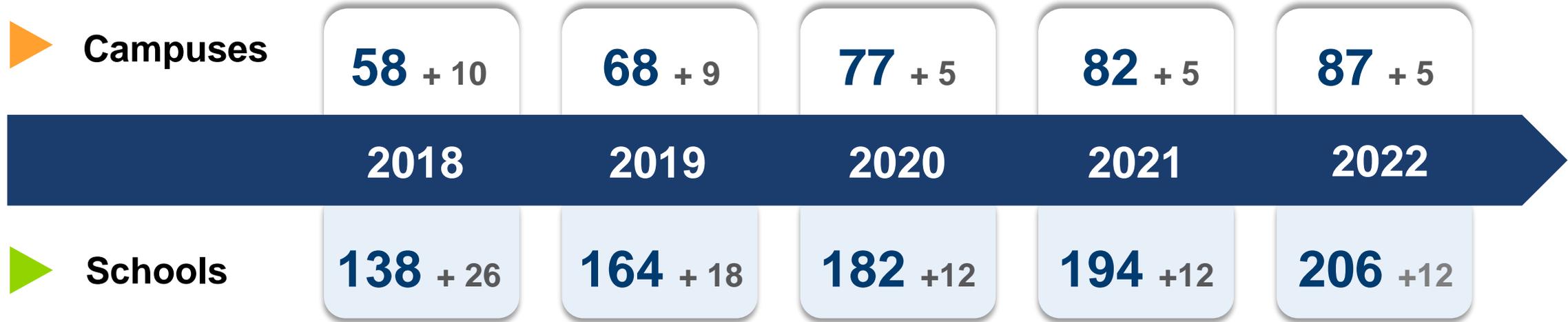
Academy model
2 x campuses
±2 000 learners

CAPITAL FORECAST 2019

	2019 Planned (R million)
Existing campuses	
• Replacement of moveables	30
• Expansions immovable	690
• Expansion moveables	160
• Land banking	160
Building of new campuses	350
Subtotal	1 390
Land banking	130
Subtotal	1 520
Acquisitions*	300
Total	1 820
Replacement capital	± 30



PIPELINE





DIVIDEND

- ▶ Dividend of 12cps (R49m)
- ▶ Significant cash generation
- ▶ Gearing levels very comfortable
- ▶ Indication to market since 2015

Management proposes a maiden dividend of 20% of HEPS.

This will:

- Retain the majority of cash generated for future investment into the business.
- Have very little impact on gearing levels.

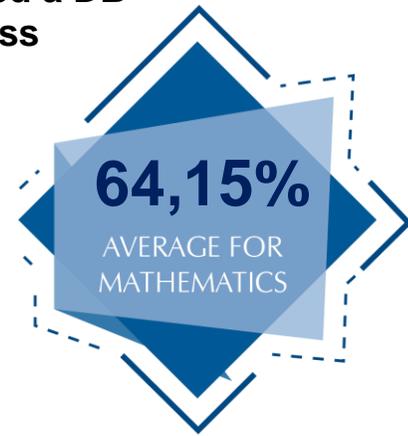
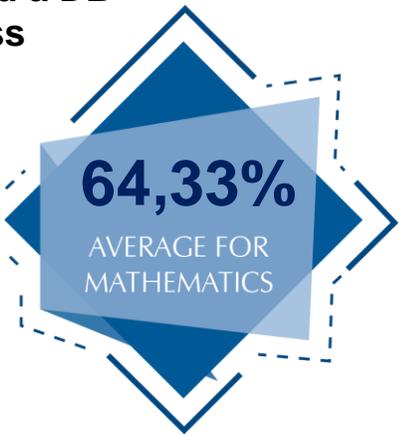
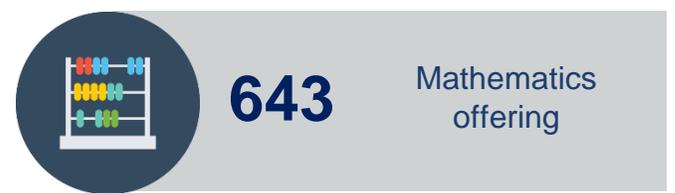
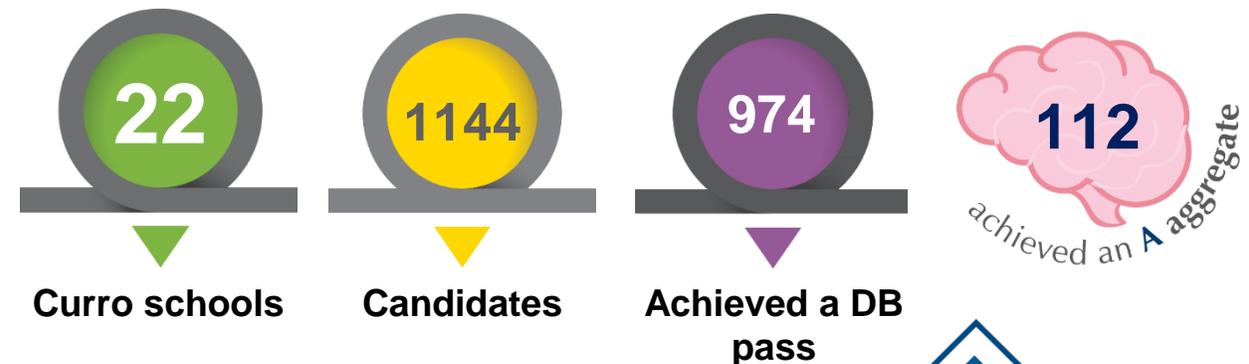
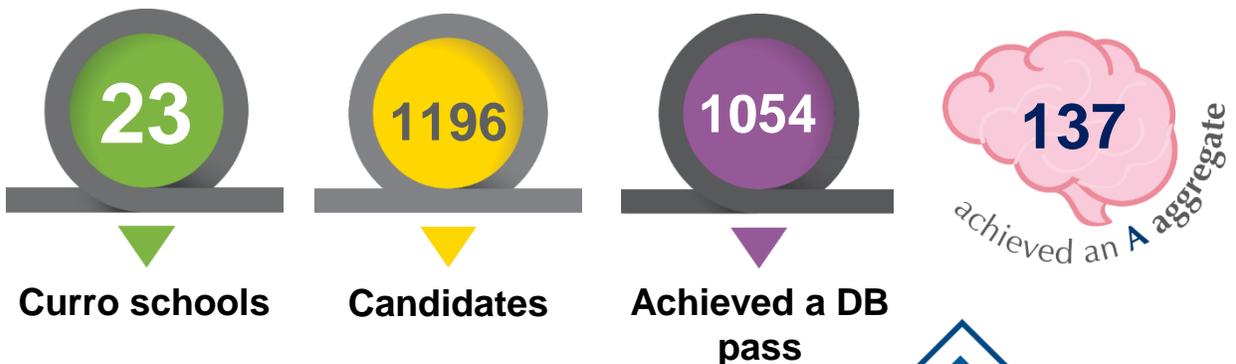
A formal policy to be finalised as we reach maturity.

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Reflection

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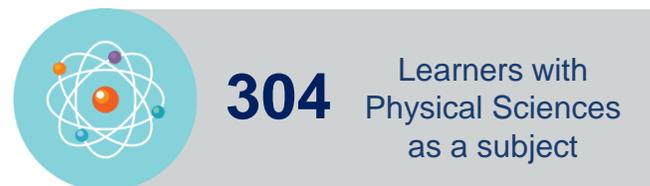
IEB RESULTS – 2018 vs 2017



NSC RESULTS – 2018 vs 2017



2018



2017

EXPANDING OUR MODELS



Model	Curro Castles	LSEN	Curro Schools	Curro Select Schools	Curro Academy Schools	Meridian Schools	Digi-Ed schools	NCV Colleges
Campuses	7 campuses		42 campuses		18 campuses		1 campus	- campus
Learners	1 353 learners		38 344 learners		17 512 learners		43 learners	24 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.

THE REST OF AFRICA – OUR APPROACH

- We best understand fundamentals of South Africa from business, political, economic and cultural perspective.
- When approached, opportunities will be evaluated.
- If sensible and entities that will add value to the business we will explore.

Approach will be:

- Attractive multiples
- Invest capital into business for expansion
- Current/Local management retain a significant stake (25%+)
- Operationally easy to manage





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Conclusion

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IN CONCLUSION

- Meridian business turned profitable during the second half of 2018 (EBITDA margin increased from 16% to 17%)
- Operational cashflow increased by 24%
- Bad debt tracking previous years
- Leavers decreased from 21% in 2018 to 18% in 2019
- Organic learner growth for 2019 is 9% vs 7% in 2018
- Currently in the process of finalising four new acquisitions which will add five more campuses to Curro
- Balance sheet is well-g geared to fund 2019 capital requirement of R1.8m
- Replacement capital R30m

FOCUS 2019

- Incorporate 2018 acquisitions and greenfields into Curro
- Increase gross profit margin
- Continuous focus on learner retention



THANK YOU

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