



# CURRO

## ANNUAL GENERAL MEETING BUSINESS REVIEW

Andries Greyling

21 June 2022





# AGENDA

- ▶ **A brief review of 2021**
- ▶ **Ruta Sechaba**
- ▶ **Community outreach**
- ▶ **2022 – the year ahead**
- ▶ **Strategic focus**
- ▶ **Questions**

# CURRO

## A brief review of 2021

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# REVIEW OF 2021 (1)



The 2021 matriculants were the first group to face two consecutive years of learning through the COVID-19 pandemic; these severe challenges were translated into opportunities to accomplish the extraordinary.

## Grade 12 class of 2021

### IEB



1 774 learners



31 Curro campuses

### NSC



1 196 learners



13 Curro  
Academies, Meridian  
and Assisted Learning

## REVIEW OF 2021 (2)

- ▶ Curro's **educational offering continued**, despite the impact of COVID-19
- ▶ Curro's average number of **learners increased by 9.3%** to 66 447
- ▶ Revenue **increased by 14.5%** to R3 543 million (2020: R3 094 million)
- ▶ Management maintained **tight operational discipline**
- ▶ Cash generated from operating activities **increased by 49%** to R767million (2020: R514 million)
- ▶ Declared gross **dividend of 8.2 cents** per share

# HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2021

## AVERAGE LEARNER NUMBERS

From 60 777 to 66 447

 **9%**

## REVENUE

From R3 094m to R3 543m

 **15%**

## CASH GENERATED FROM OPERATING ACTIVITIES

From R514m to R767m

 **49%**

## EBITDA

From R686m to R789m

 **15%**

## RECURRING HEADLINE EARNINGS

From R179m to R245m

 **37%**

## RECURRING HEPS

From 38.0 cents to 40.9 cents

 **8%**

## DIVIDEND

Payable on 22 March 2022

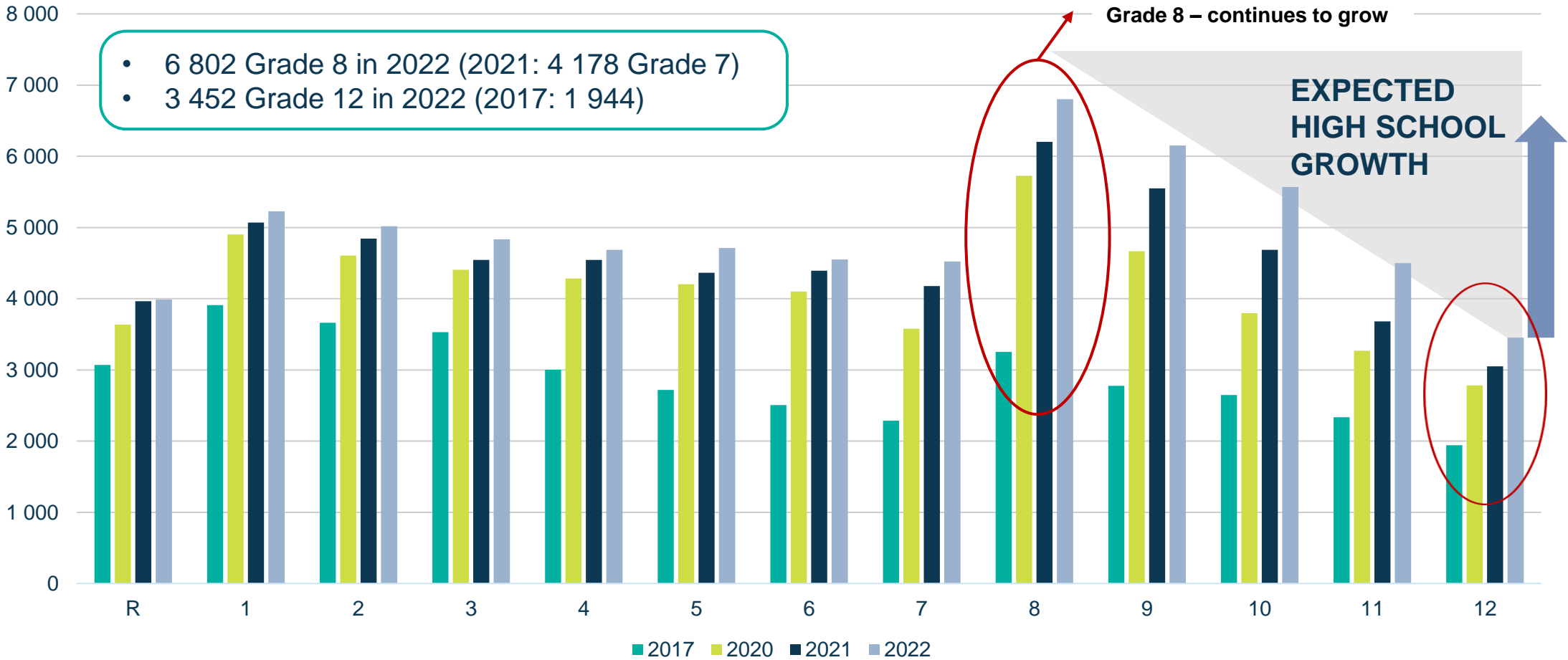
**8.2c**

# FINANCIAL ACHIEVEMENT 2011 TO 2021

|                                       |            | 2011         | 2014          | 2018          | 2019          | 2020          | 2021          |
|---------------------------------------|------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Campuses                              | #          | 12           | 32            | 58            | 70            | 76            | 76            |
| Schools                               | #          | 24           | 80            | 138           | 166           | 177           | 178           |
| <b>Learners</b>                       | <b>#</b>   | <b>4 200</b> | <b>28 737</b> | <b>51 305</b> | <b>57 597</b> | <b>60 777</b> | <b>66 447</b> |
| <b>Revenue</b>                        | <b>R'm</b> | <b>166</b>   | <b>1 001</b>  | <b>2 496</b>  | <b>2 944</b>  | <b>3 094</b>  | <b>3 543</b>  |
| <b>EBITDA</b>                         | <b>R'm</b> | <b>10</b>    | <b>192</b>    | <b>627</b>    | <b>693</b>    | <b>686</b>    | <b>789</b>    |
| <i>EBITDA Margin</i>                  | <i>%</i>   | <i>6%</i>    | <i>19%</i>    | <i>25%</i>    | <i>24%</i>    | <i>22%</i>    | <i>22%</i>    |
| Cumulative capital invested           | R'm        | 574          | 3 813         | 8 979         | 10 265        | 10 915        | 11 844        |
| <b>Cash generated from operations</b> | <b>R'm</b> | <b>7</b>     | <b>247</b>    | <b>388</b>    | <b>474</b>    | <b>514</b>    | <b>767</b>    |

# LEARNERS PER GRADE

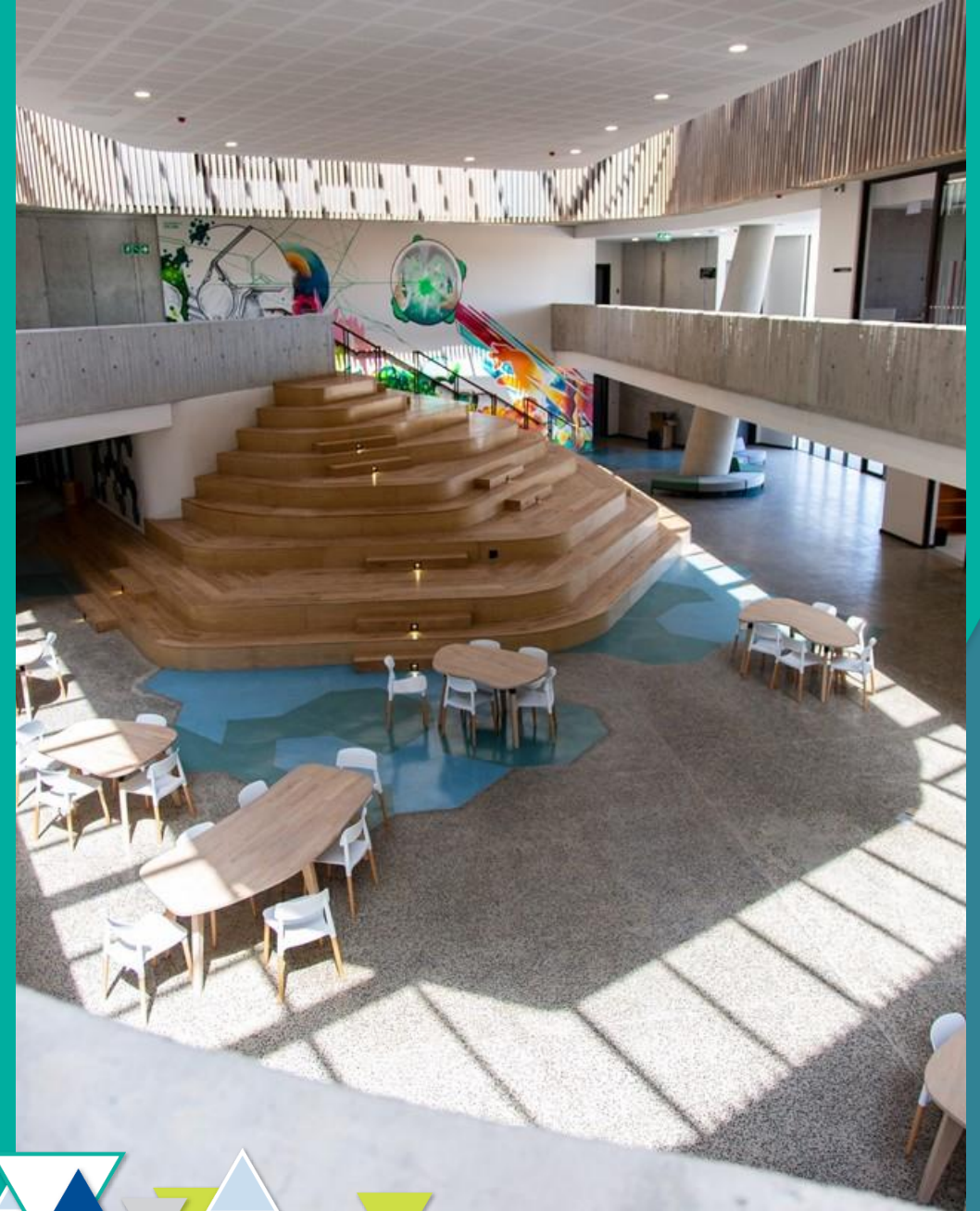
## Expansion in high school, based on rollover from Grade 8 to Grade 12





# CAPEX

- ▶ Invested R929 million in the business in 2021 (2020: R650m)
  - Construction of new Curro Durbanville high school campus at Phesantekraal
  - Expand capacity and replace moveable assets
- ▶ Primary objective remains increased capacity utilisation of existing facilities
- ▶ Plans to invest R1.1 billion in 2022, including acquisition cost of HeronBridge College (deferred from 2021).



Curro Durbanville High School

# CURRO DURBANVILLE HIGH SCHOOL



**CURRO**  
Durbanville  
High School



# HERONBRIDGE COLLEGE



**HeronBridge**  
COLLEGE

*Educating young South Africans with Heart*





# CURRO





# RUTA SECHABA

**Ruta Sechaba** is a non-profit organisation established in 2016 that provides high school scholarships, bursaries, and awards to qualifying black learners at Curro or Curro-managed schools.

The main objective ...

# EXPAND EDUCATION FOR ALL

# SOME FACTS

## Started with funding for 119 learners in 2017

Where we are ...



# 515

Learners in 2022



# >100

Learners have completed Grade 12 since 2017



# 90%

Of matric learners received university exemption



## Learner Leadership positions in 2022

- Head girls
- Head boys
- Deputy Heads
- Head of culture
- Head of sports

# LEARNER STORIES 2021



**Chukudwera Campbell**  
Curro Academy Wilgeheuwel

- 7 distinctions in the NSC exams
- Awarded a bursary from the Gauteng City Region Academy Bursary to study Bachelor of Medicine and Surgery (MBChB) at the University of Pretoria



**Nonjabulo Mkhize**  
Meridian Cosmo City

- 6 distinctions in the NSC exams
- One of the school's top achievers
- Offered a bursary by the Gauteng City Region Academy Bursary to study Bachelor of Medicine and Surgery (MBChB) at the University of the Witwatersrand



**Rohan Cloete**  
Curro Somerset West

- 7 distinctions in the IEB exams
- Has long aspired to work for NASA
- Currently studying astrophysics at UCT



**Tiso Lenkopane**  
Curro Academy Mahikeng

- 6 distinctions in the NSC exams
- An aspiring CA(SA)
- Has been awarded a bursary by Ernst and Young to study Bachelor of Accounting at the University of Johannesburg

# CURRO



## COMMUNITY OUTREACH





# COMMUNITY OUTREACH



Curro schools throughout the group make a point each year to extend a helping hand to those in need. Even with the continued restrictions of COVID-19, our parents, learners and staff were able to make contributions of their time, energy and resources to assist within their communities during 2021.





**CURRO**

**2022  
THE YEAR  
AHEAD**

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## 2022 – THE YEAR AHEAD

- ▶ Gradual recovery of ancillary revenue expected
- ▶ Continued focus on margin growth
  - Fee increases
  - Operating cost control
- ▶ Focus on utilisation of cash and capital
- ▶ Optimisation of digital content delivery
  - Wider subject choice offering



**CURRO**

**STRATEGIC  
FOCUS**

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# STRATEGIC FOCUS



## CONSOLIDATE

- Realign where necessary
  - Limit exposure in preschools (babies to 3 years old)
  - Exit non-profitable schools
- Focus on operating leverage
  - Annual cost and capital focus to grow margin and return on capital
  - Fill capacity
- Financial prudence and reorganisation where required



## EXPANSION

- Fill capacity at existing schools as grades phase in
- Investment in digital offering to reduce fixed cost base at schools
- Capital allocated to growing and performing schools



## OPPORTUNITIES

- Expansion of digital models
  - Curro Choice
  - DigiEd
- Consider attractive opportunities
  - Quality assets at attractive prices
  - Infrastructure at substantial discounts to replacement value with growth and cost-saving potential

**DRIVE ANNUAL GROWTH IN OPERATING MARGIN AND RETURN ON ASSETS**



CURRO

THANK YOU



**CURRO**

**LIBRARY**



# CURRO PRODUCT ROADMAP

1998 to  
2012

## Curro, Select, Curro Castle

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

START

2013 to  
2015

## Meridian and Academy

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



2019

## 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

## CURRO DigiEd

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



2019/  
2022

## Curro Online

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

## Extended subject choices

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

## New concept high school

Major redesign of physical spaces to complement digital learning.





# SUMMARY OF KEY INDICATORS

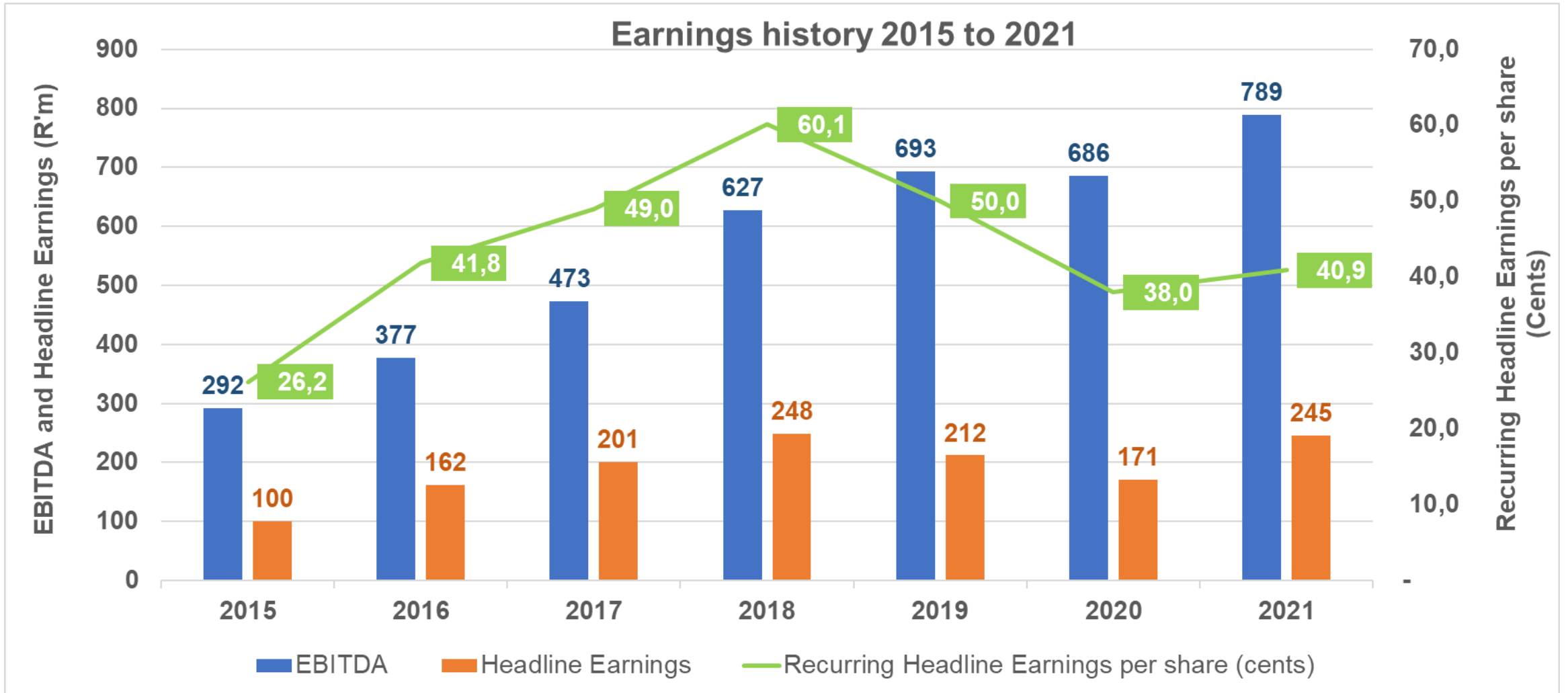
|                             |                | Dec 2015 | Dec 2016 | Dec 2017 | Dec 2018 | Dec 2019 | Dec 2020 | Dec 2021 | % Difference | 5-year CAGR |
|-----------------------------|----------------|----------|----------|----------|----------|----------|----------|----------|--------------|-------------|
| Campuses                    | #              | 41       | 48       | 51       | 58       | 70       | 76       | 76       | 0%           | 10%         |
| Schools                     | #              | 100      | 114      | 127      | 138      | 166      | 177      | 178      | 1%           | 9%          |
| Average learners            | #              | 35 148   | 42 343   | 45 870   | 51 305   | 57 597   | 60 777   | 66 447   | 9%           | 7%          |
| % of built capacity         | %              |          | 69%      | 70%      | 69%      | 70%      | 69%      | 70%      |              |             |
| Revenue                     | Rm             | 1 345    | 1 714    | 2 099    | 2 496    | 2 944    | 3 094    | 3 543    | 15%          | 13%         |
| Schools EBITDA              | Rm             | 375      | 487      | 594      | 772      | 873      | 886      | 1 013    | 14%          | 13%         |
| EBITDA                      | Rm             | 292      | 377      | 473      | 627      | 693      | 686      | 789      | 15%          | 13%         |
| EBITDA Margin               | %              | 21%      | 22%      | 23%      | 25%      | 24%      | 22%      | 22%      |              |             |
| Net interest expense        | Rm             | 91       | 70       | 78       | 138      | 243      | 223      | 170      | (24%)        | 26%         |
| HEPS (Recurring)            | Cents          | 26.2     | 41.8     | 49       | 60.1     | 51       | 38       | 40.9     | 8%           | (2%)        |
| Learner/teacher ratio       | #              | 15       | 17       | 17       | 17       | 18       | 18       | 19       | 6%           | 1%          |
| Capital invested            | Rm             | 1 010    | 1 486    | 1 136    | 1 493    | 1 246    | 650      | 929      | 43%          | (15%)       |
| Cumulative capital invested | Rm             | 4 864    | 6 350    | 7 486    | 8 979    | 10 265   | 10 915   | 11 844   | 9%           | 11%         |
| Total building size         | m <sup>2</sup> | 449 067  | 558 683  | 598 194  | 656 081  | 700 946  | 713 084  | 772 251  | 8%           | 5%          |

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

# J-CURVE – 31 December 2021

|                                       | Campuses  |            | Schools       |               |               | Learner numbers |            |            | Growth     |              | School's EBITDA (R'million) |            |            | Growth     |            | EBITDA margin |            |            | Build capacity utilised |            |            | Eventual capacity utilised |  |  |
|---------------------------------------|-----------|------------|---------------|---------------|---------------|-----------------|------------|------------|------------|--------------|-----------------------------|------------|------------|------------|------------|---------------|------------|------------|-------------------------|------------|------------|----------------------------|--|--|
|                                       | 2021      | 2021       | 2019          | 2020          | 2021          | 19/20           | 20/21      | 2019       | 2020       | 2021         | 19/20                       | 20/21      | 2019       | 2020       | 2021       | 2019          | 2020       | 2021       | 2019                    | 2020       | 2021       |                            |  |  |
| <b>Developed schools</b>              | <b>51</b> | <b>120</b> | <b>35 902</b> | <b>38 333</b> | <b>42 965</b> | <b>7%</b>       | <b>12%</b> | <b>527</b> | <b>533</b> | <b>622</b>   | <b>1%</b>                   | <b>17%</b> | <b>30%</b> | <b>28%</b> | <b>29%</b> | <b>65%</b>    | <b>64%</b> | <b>67%</b> | <b>46%</b>              | <b>45%</b> | <b>57%</b> |                            |  |  |
| 2009 & before                         | 4         | 9          | 4 143         | 4 116         | 4 230         | (1%)            | 3%         | 73         | 84         | 85           | 15%                         | 2%         | 31%        | 35%        | 32%        | 85%           | 85%        | 85%        | 74%                     | 73%        | 71%        |                            |  |  |
| 2010                                  | 2         | 6          | 2 213         | 2 229         | 2 199         | 1%              | (1%)       | 43         | 43         | 48           | –                           | 10%        | 36%        | 34%        | 35%        | 75%           | 75%        | 61%        | 55%                     | 56%        | 61%        |                            |  |  |
| 2011                                  | 5         | 15         | 4 440         | 4 218         | 4 247         | (5%)            | 1%         | 71         | 79         | 72           | 10%                         | (9%)       | 31%        | 33%        | 29%        | 63%           | 60%        | 61%        | 53%                     | 50%        | 57%        |                            |  |  |
| 2012                                  | 2         | 6          | 1 889         | 1 940         | 2 089         | 3%              | 8%         | 27         | 23         | 30           | (14%)                       | 31%        | 26%        | 22%        | 26%        | 72%           | 73%        | 78%        | 56%                     | 58%        | 72%        |                            |  |  |
| 2013                                  | 4         | 12         | 6 341         | 6 262         | 6 295         | (1%)            | 1%         | 126        | 130        | 137          | 4%                          | 5%         | 39%        | 40%        | 40%        | 73%           | 72%        | 68%        | 63%                     | 63%        | 66%        |                            |  |  |
| 2014                                  | 4         | 9          | 2 371         | 2 338         | 2 553         | (1%)            | 9%         | 19         | 16         | 16           | (18%)                       | 2%         | 20%        | 16%        | 14%        | 57%           | 54%        | 71%        | 48%                     | 47%        | 66%        |                            |  |  |
| 2015                                  | 7         | 17         | 6 517         | 6 645         | 6 992         | 2%              | 5%         | 65         | 50         | 64           | (23%)                       | 29%        | 26%        | 19%        | 22%        | 65%           | 67%        | 66%        | 49%                     | 50%        | 60%        |                            |  |  |
| 2016                                  | 4         | 8          | 1 952         | 1 631         | 1 831         | (16%)           | 12%        | 46         | 25         | 28           | (46%)                       | 11%        | 37%        | 22%        | 23%        | 50%           | 42%        | 47%        | 37%                     | 31%        | 42%        |                            |  |  |
| 2017                                  | 3         | 8          | 3 143         | 3 600         | 3 917         | 15%             | 9%         | 54         | 65         | 68           | 20%                         | 5%         | 38%        | 40%        | 36%        | 91%           | 79%        | 75%        | 51%                     | 58%        | 64%        |                            |  |  |
| 2018                                  | 4         | 8          | 1 137         | 1 331         | 1 663         | 17%             | 25%        | 9          | 1          | 4            | (89%)                       | 352%       | 19%        | 2%         | 7%         | 34%           | 40%        | 48%        | 18%                     | 21%        | 44%        |                            |  |  |
| 2019                                  | 7         | 13         | 1 756         | 3 347         | 4 629         | 91%             | 38%        | (6)        | 33         | 61           | –                           | 87%        | (11%)      | 25%        | 32%        | 44%           | 74%        | 80%        | 17%                     | 32%        | 43%        |                            |  |  |
| 2020                                  | 5         | 9          | –             | 676           | 2 320         | –               | 243%       | –          | (16)       | 8            | –                           | –          | –          | (71%)      | 10%        | –             | 16%        | 49%        | –                       | 10%        | 27%        |                            |  |  |
| 2021                                  | –         | –          | –             | –             | –             | –               | –          | –          | –          | –            | –                           | –          | –          | –          | –          | –             | –          | –          | –                       | –          | –          |                            |  |  |
| <b>Acquired schools</b>               | <b>25</b> | <b>58</b>  | <b>21 695</b> | <b>22 444</b> | <b>23 482</b> | <b>3%</b>       | <b>5%</b>  | <b>354</b> | <b>370</b> | <b>400</b>   | <b>5%</b>                   | <b>8%</b>  | <b>30%</b> | <b>31%</b> | <b>30%</b> | <b>81%</b>    | <b>77%</b> | <b>78%</b> | <b>67%</b>              | <b>67%</b> | <b>70%</b> |                            |  |  |
| 2012 & before                         | 7         | 17         | 7 261         | 7 491         | 8 017         | 3%              | 7%         | 151        | 137        | 171          | (9%)                        | 25%        | 36%        | 33%        | 37%        | 79%           | 77%        | 82%        | 64%                     | 66%        | 77%        |                            |  |  |
| 2013                                  | 2         | 2          | 3 670         | 3 709         | 3 673         | 1%              | (1%)       | 30         | 32         | 35           | 6%                          | 8%         | 23%        | 27%        | 23%        | 74%           | 75%        | 79%        | 74%                     | 75%        | 79%        |                            |  |  |
| 2014                                  | 2         | 6          | 2 756         | 2 597         | 2 404         | (6%)            | (7%)       | 71         | 66         | 53           | (6%)                        | (20%)      | 35%        | 35%        | 28%        | 85%           | 80%        | 69%        | 80%                     | 75%        | 69%        |                            |  |  |
| 2015 & 2016                           | 5         | 14         | 4 940         | 5 128         | 5 091         | 4%              | (1%)       | 56         | 77         | 76           | 36%                         | (1%)       | 21%        | 27%        | 25%        | 87%           | 80%        | 77%        | 65%                     | 67%        | 71%        |                            |  |  |
| 2018                                  | 3         | 6          | 1 899         | 1 960         | 2 029         | 3%              | 4%         | 39         | 47         | 54           | 21%                         | 16%        | 36%        | 40%        | 42%        | 83%           | 82%        | 84%        | 63%                     | 65%        | 59%        |                            |  |  |
| 2019                                  | 4         | 8          | 1 169         | 1 181         | 1 356         | 1%              | 15%        | 7          | 13         | 16           | 86%                         | 29%        | 16%        | 21%        | 22%        | 79%           | 69%        | 70%        | 68%                     | 60%        | 52%        |                            |  |  |
| 2020                                  | 1         | 3          | –             | 378           | 615           | –               | 63%        | –          | (2)        | (1)          | –                           | –          | –          | (9%)       | (6%)       | –             | 55%        | 85%        | –                       | 39%        | 52%        |                            |  |  |
| 2021                                  | 1         | 2          | –             | –             | 297           | –               | –          | –          | –          | (4)          | –                           | –          | –          | –          | (21%)      | –             | –          | 65%        | –                       | –          | 65%        |                            |  |  |
| Non-recurring costs                   |           |            |               |               |               |                 |            | –          | (10)       | –            |                             |            |            |            |            |               |            |            |                         |            |            |                            |  |  |
| Property rental, royalties and other  |           |            |               |               |               |                 |            | (8)        | (7)        | (9)          |                             |            |            |            |            |               |            |            |                         |            |            |                            |  |  |
| <b>Total Developed &amp; Acquired</b> | <b>76</b> | <b>178</b> | <b>57 597</b> | <b>60 777</b> | <b>66 447</b> | <b>6%</b>       | <b>9%</b>  | <b>873</b> | <b>886</b> | <b>1 013</b> | <b>1%</b>                   | <b>14%</b> | <b>30%</b> | <b>29%</b> | <b>29%</b> | <b>70%</b>    | <b>69%</b> | <b>70%</b> | <b>52%</b>              | <b>51%</b> | <b>60%</b> |                            |  |  |

# EARNINGS HISTORY





**CURRO**

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