

QUALITY  
EDUCATION

# ANNUAL GENERAL MEETING

Cobus Loubser

14 June 2023

CURRO

# AGENDA

- **The Ruta Sechaba Foundation**
- **Reflect on 2022**
- **Strategic focus**



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# RUTA SECHABA

FOUNDATION



CURRO

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2022

REVIEW



CURRO

# CLASS OF 2022



**1 893** learners

**98.6%** pass rate

**10.0%** learners  
with an A average



**1 431** learners

**94.1%** pass rate

**2.4%** learners  
with an A average



# HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2022

## REVENUE

From R3 543m to R4 156m

 **17%**

## EBITDA

From R789m to R926m

 **17%**

## RECURRING HEPS

From 40.9 cents to 55.4 cents

 **35%**

## AVERAGE LEARNER NUMBERS

From 66 447 to 70 724

 **6%**

## CASH GENERATED FROM OPERATING ACTIVITIES

From R767m to R800m

 **4%**

## DIVIDEND

Paid on 17 April 2023

 **11.08c**

# EARNINGS PER SHARE

	FY21 Cents	FY22 Cents	Var %
Recurring headline earnings per share (RHEPS)	40.9	55.4	35.5%
Headline earnings per share (HEPS)	40.9	61.4	50.1%
Earnings per share (EPS)	43.3	40.1	(7.4%)

## Differences between EPS, HEPS and RHEPS:

In evaluating these results, the following should be considered:

### 2021 Earnings

- EPS include a gain on bargain purchase of R14 million
- This is excluded from HEPS and RHEPS

### 2022 Earnings

- EPS and HEPS include non-recurring once-off subsidy income of R25 million (before adjusting for minority share and tax) and change in tax rate effect of R23 million. This is excluded from RHEPS
- Impairments after tax of R127 million added back to calculate HEPS and RHEPS

# GROWTH MOMENTUM (1)

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

		2011	2019	2021	2022
Campuses	#	12	70	76	77
Schools	#	24	166	178	181
<b>Learners</b>	<b>#</b>	<b>4 200</b>	<b>57 597</b>	<b>66 447</b>	<b>70 724</b>
<b>Revenue</b>	<b>R'm</b>	<b>166</b>	<b>2 944</b>	<b>3 543</b>	<b>4 156</b>
<b>EBITDA</b>	<b>R'm</b>	<b>10</b>	<b>693</b>	<b>789</b>	<b>926</b>
<i>EBITDA Margin</i>	<i>%</i>	<i>6%</i>	<i>24%</i>	<i>22%</i>	<i>22%</i>
Cumulative capital invested	R'm	574	10 265	11 844	12 959
<b>Cash generated from operating activities</b>	<b>R'm</b>	<b>7</b>	<b>474</b>	<b>767</b>	<b>800</b>

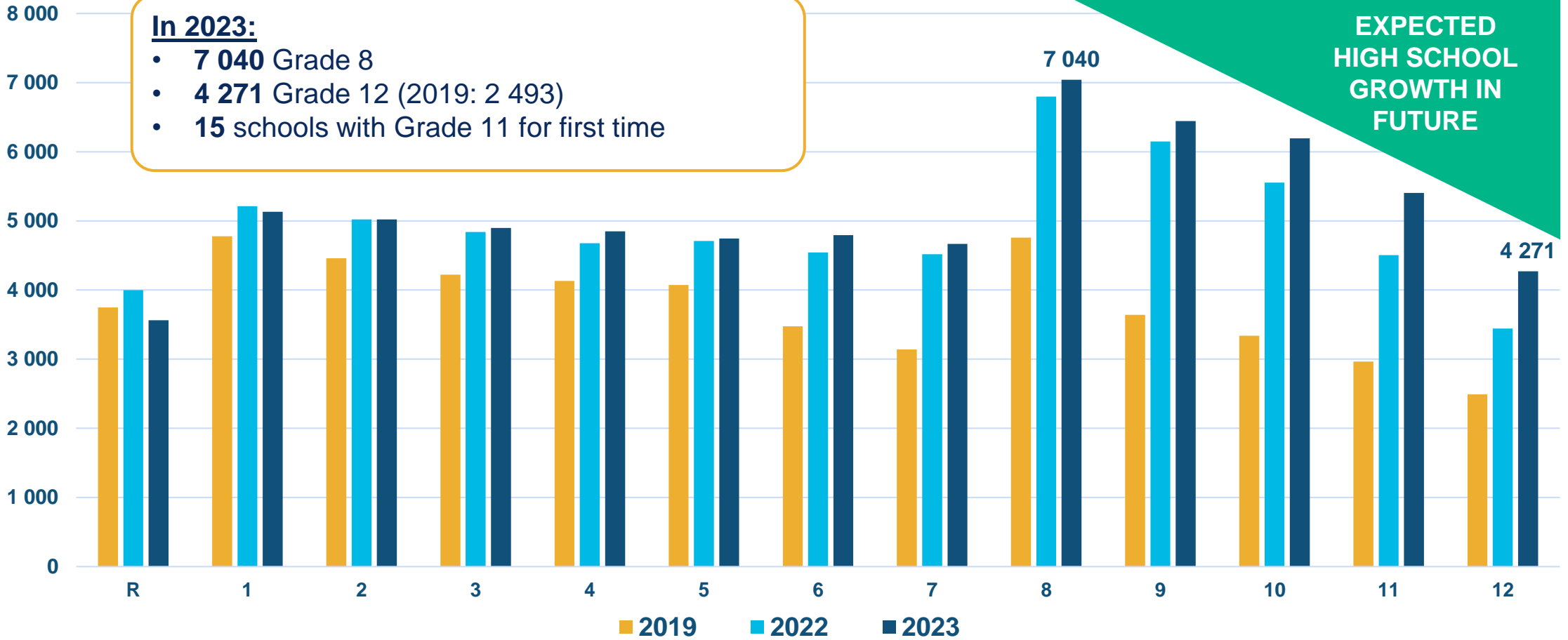
- Two decades to create and establish the business and footprint with material capital investment
- More recently, focus has been on sophistication, filling capacity and margins
- EBITDA margin stagnated after pandemic, recovering
- Digital strategy progressing

**Curro on track to enhance shareholder returns**



# GROWTH MOMENTUM (2)

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



# CAPEX

- ▶ Invested R1.1 billion in FY22 (FY21: R929m)
  - R284m on acquisitions of new land, buildings and schools acquired
  - R45m on back-up power and metering solutions
  - R542m to expand capacity in classrooms and facilities in existing schools
  - R244m on refurbishment, maintenance and replacement of assets
- ▶ Plans to invest as much as R800m in FY23, including acquisition of Courtney College and further investment in energy independence



# CAPITAL STRUCTURE

## Debt

- Curro successfully refinanced debt of R3.3 billion
- Net finance cost for FY22 increased to R208m (FY21: R170m)
- Short-term and long-term credit ratings were upgraded recently

## Cashflow

- Cash generated from operating activities increased by 4% to R800m (2021: R767m), which comfortably exceeds the maintenance and replacement capex for the year
- Curro utilised remaining assessed loss in FY22, will pay normal income tax in the future
- Purchased 9.5m Curro shares on the market for cR97m, held in trust to settle the vesting obligations of the long-term incentive scheme

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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**



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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THANK YOU

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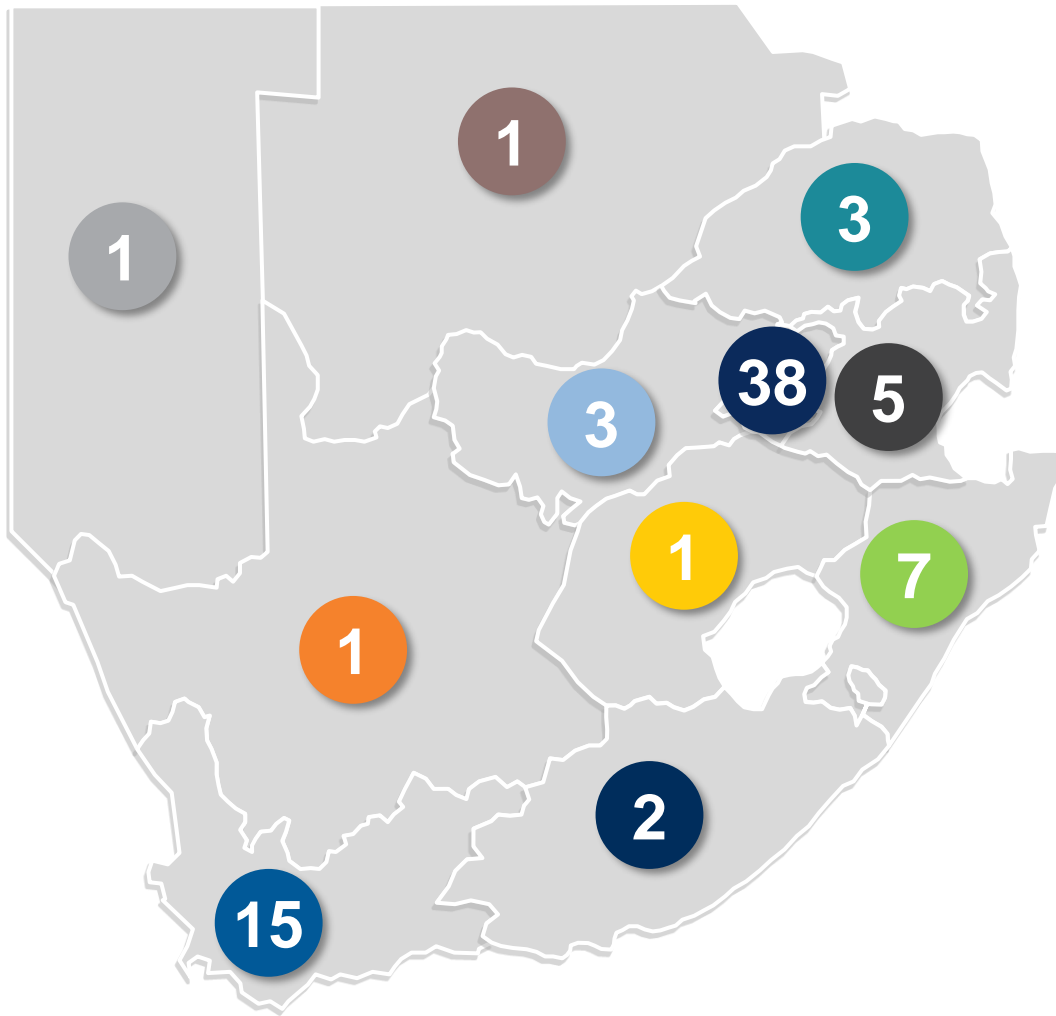
# LIBRARY





**CURRO**



# CURRO FOOTPRINT (Dec 2022)



Province	Number of campuses 	Number of schools 
Botswana	1	1
Namibia	1	3
Northern Cape	1	3
Western Cape	15	34
Eastern Cape	2	5
Free State	1	3
North West	3	7
KwaZulu-Natal	7	20
Gauteng	38	85
Mpumalanga	5	13
Limpopo	3	5
Online	-	2
<b>TOTAL</b>	<b>77</b>	<b>181</b>

# ROADMAP

## 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

2019 to  
2023

### 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.

## 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.

## Optimise

# SUMMARY OF KEY INDICATORS

		Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	% Difference	5-year CAGR
Campuses	#	48	51	58	70	76	76	77	1%	9%
Schools	#	114	127	138	166	177	178	181	1%	7%
Average learners	#	42 343	45 870	51 305	57 597	60 777	66 447	70 724	6%	9%
% of built capacity	%	69%	70%	69%	70%	69%	70%	72%		
Revenue	Rm	1 714	2 099	2 496	2 944	3 094	3 543	4 156	17%	15%
Schools EBITDA	Rm	487	594	772	873	886	1 013	1 195	18%	15%
EBITDA	Rm	377	473	627	693	686	789	926	17%	14%
EBITDA Margin	%	22%	23%	25%	24%	22%	22%	22%		
Net interest expense	Rm	70	78	138	243	223	170	208	22%	22%
HEPS (Recurring)	Cents	41.8	49.0	60.1	50.0*	38.0	40.9	55.4	36%	2%
Learner/teacher ratio	#	17	17	17	18	18	19	18		
Capital invested	Rm	1 486	1 136	1 493	1 246	650	929	1 115	20%	
Cumulative capital invested	Rm	6 350	7 486	8 979	10 265	10 915	11 844	12 959	9%	12%
Total building size	m <sup>2</sup>	558 683	598 194	656 081	700 946	713 084	772 251	789 296	2%	6%

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

# J-CURVE – 31 December 2022

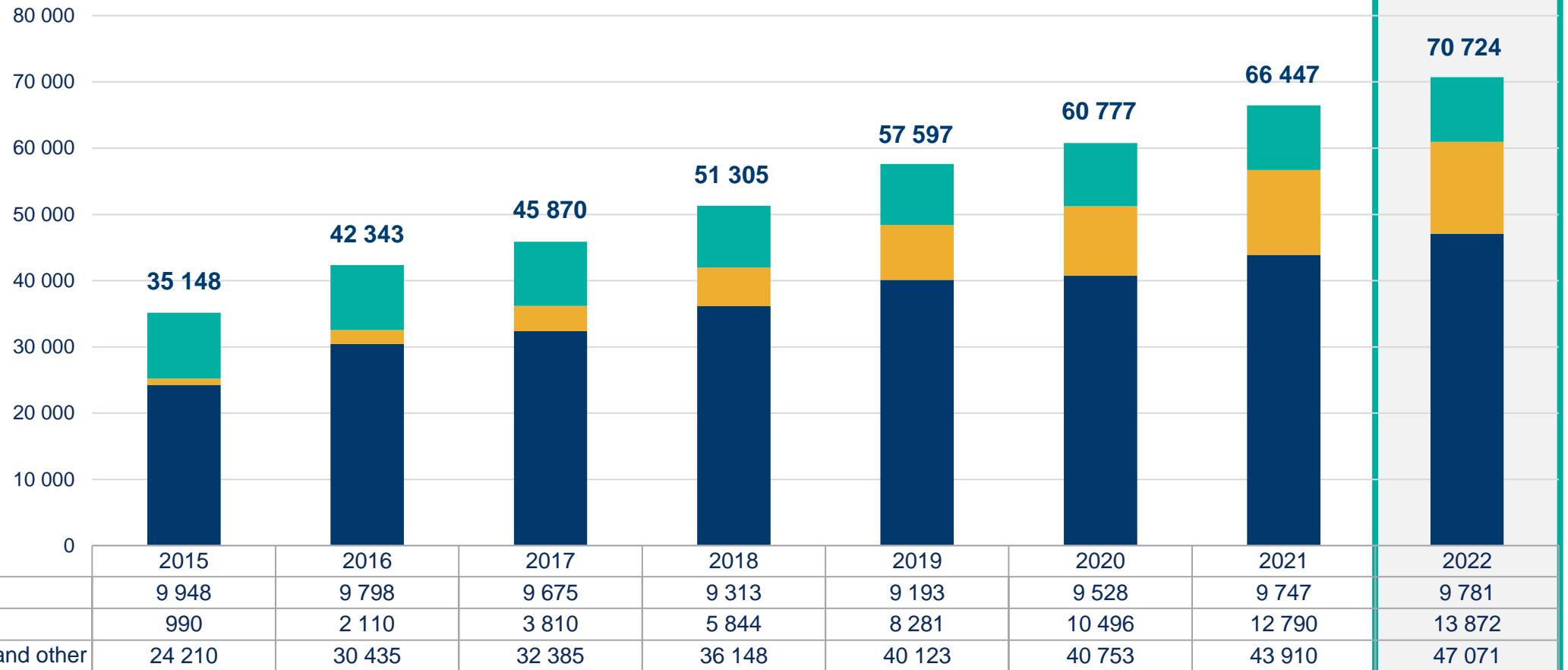
	Campuses	Schools	Average learner numbers		Growth		School's EBITDA (R million)		Growth		School's EBITDA margin		Built capacity utilised		Eventual capacity utilised	
	2022	2022	2021	2022	20/21	21/22	2021	2022	20/21	21/22	2021	2022	2021	2022	2021	2022
<b>Developed schools</b>	<b>51</b>	<b>120</b>	<b>42 965</b>	<b>45 826</b>	<b>12%</b>	<b>7%</b>	<b>622</b>	<b>739</b>	<b>17%</b>	<b>19%</b>	<b>28.6%</b>	<b>29.1%</b>	<b>66.6%</b>	<b>68.8%</b>	<b>56.6%</b>	<b>60.3%</b>
2009 & before*	4	9	4 230	4 305	3%	2%	86	91	2%	5%	32.2%	29.5%	85.5%	73.0%	70.8%	72.1%
2010	2	6	2 199	2 183	(1%)	(1%)	48	51	10%	7%	35.3%	34.3%	60.6%	60.2%	60.6%	60.2%
2011	5	15	4 247	4 329	1%	2%	72	82	(9%)	14%	29.0%	30.0%	61.5%	61.9%	57.3%	58.4%
2012	2	6	2 089	2 146	8%	3%	30	34	31%	11%	25.7%	25.4%	77.7%	79.8%	72.3%	74.3%
2013	4	12	6 295	6 266	1%	0%	137	141	5%	3%	39.7%	37.5%	67.7%	67.4%	65.5%	65.2%
2014	4	9	2 553	2 773	9%	9%	16	23	2%	43%	13.7%	16.0%	71.0%	72.7%	65.6%	71.2%
2015	7	17	6 992	7 172	5%	3%	64	78	29%	22%	22.2%	23.7%	65.6%	67.3%	59.6%	61.1%
2016	4	8	1 831	2 009	12%	10%	28	51	11%	84%	22.7%	33.9%	46.6%	51.2%	42.3%	46.4%
2017	3	8	3 917	4 089	9%	4%	68	79	5%	17%	35.9%	37.8%	74.8%	75.7%	64.5%	67.3%
2018	4	8	1 663	1 651	25%	(1%)	4	13	-	-	6.7%	16.6%	48.0%	47.6%	44.0%	43.7%
2019	7	13	4 629	5 660	38%	22%	61	85	87%	39%	31.7%	32.1%	79.8%	78.3%	43.5%	53.2%
2020	5	9	2 320	3 243	243%	40%	8	11	(154%)	33%	10.3%	8.9%	48.7%	97.2%	27.1%	43.2%
<b>Acquired schools</b>	<b>26</b>	<b>61</b>	<b>23 482</b>	<b>24 898</b>	<b>5%</b>	<b>6%</b>	<b>400</b>	<b>466</b>	<b>8%</b>	<b>17%</b>	<b>29.6%</b>	<b>29.0%</b>	<b>78.1%</b>	<b>79.6%</b>	<b>70.4%</b>	<b>76.4%</b>
2012 & before	7	17	8 017	8 165	7%	2%	171	186	25%	9%	36.6%	35.8%	81.7%	83.2%	77.0%	78.4%
2013	2	2	3 673	3 620	(1%)	(1%)	35	35	8%	0%	23.4%	23.3%	79.0%	77.8%	79.0%	77.8%
2014	2	6	2 404	2 348	(7%)	(2%)	53	60	(20%)	14%	28.2%	29.8%	69.2%	67.6%	69.2%	67.6%
2015 & 2016	5	14	5 091	5 142	(1%)	1%	76	87	(1%)	14%	25.1%	25.0%	77.3%	78.1%	71.3%	72.0%
2018	3	6	2 029	1 990	4%	(2%)	54	59	16%	9%	42.6%	43.3%	83.8%	82.2%	59.2%	58.1%
2019	4	8	1 356	1 601	15%	18%	16	27	29%	64%	21.7%	27.4%	70.2%	69.4%	51.8%	61.1%
2020	1	3	615	880	63%	43%	(1)	6	-	-	(5.7%)	14.5%	85.1%	97.9%	52.4%	75.0%
2021	1	2	297	289		(3%)	(4)	(5)	-	-	(21.6%)	(28.4%)	64.6%	62.8%	64.6%	62.8%
2022**	1	3		863			-	11				12.0%	-	102.2%	-	102.2%
Property rental, royalties and other							(9)	(10)								
<b>Total</b>	<b>77</b>	<b>181</b>	<b>66 447</b>	<b>70 724</b>	<b>9%</b>	<b>6%</b>	<b>1 013</b>	<b>1 195</b>	<b>14%</b>	<b>18%</b>	<b>28.6%</b>	<b>28.8%</b>	<b>70.3%</b>	<b>72.3%</b>	<b>60.1%</b>	<b>64.6%</b>

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. Curro Durbanville's new High School increased capacity in 2022.

\*\* HeronBridge College was acquired effective 1 April 2022 and had 1 164 actual learners on 31 December 2022.

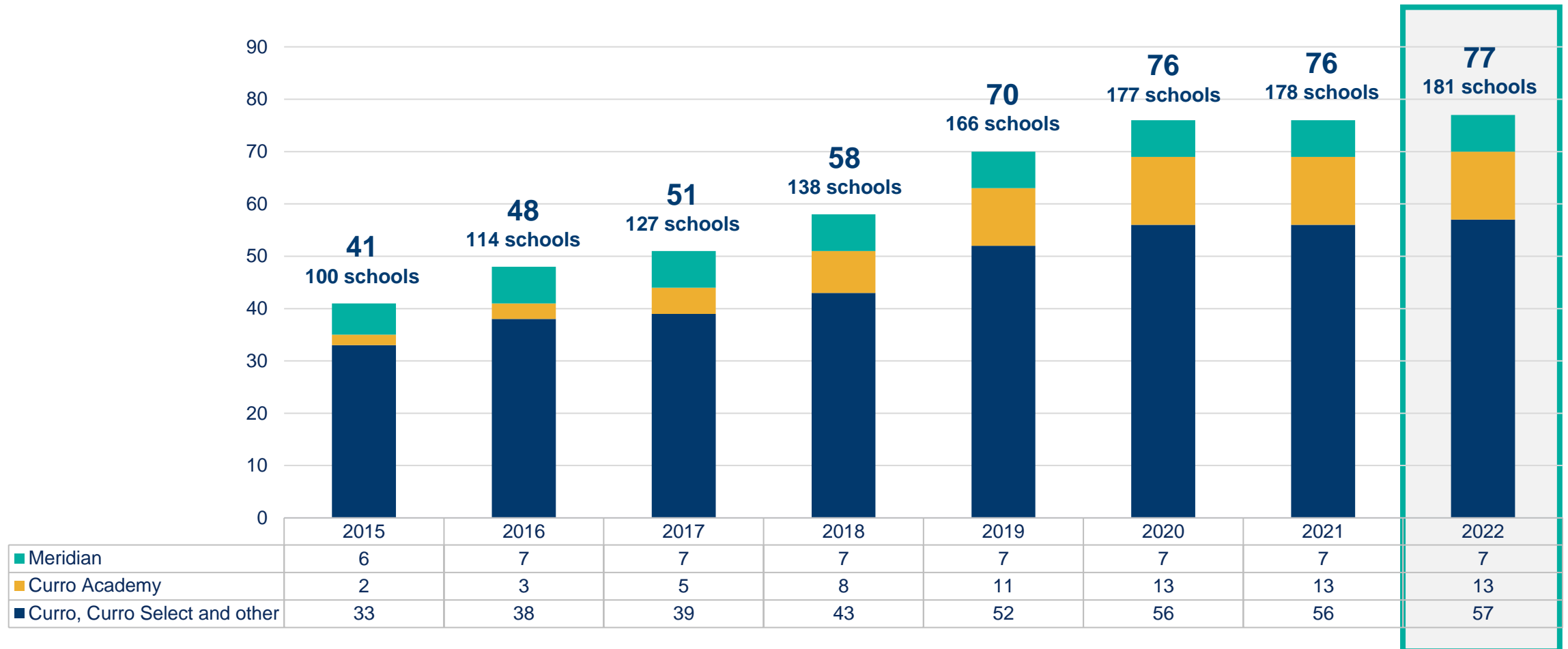
# LEARNER NUMBER GROWTH



Curro had **73 047** learners enrolled on 20 February 2023

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

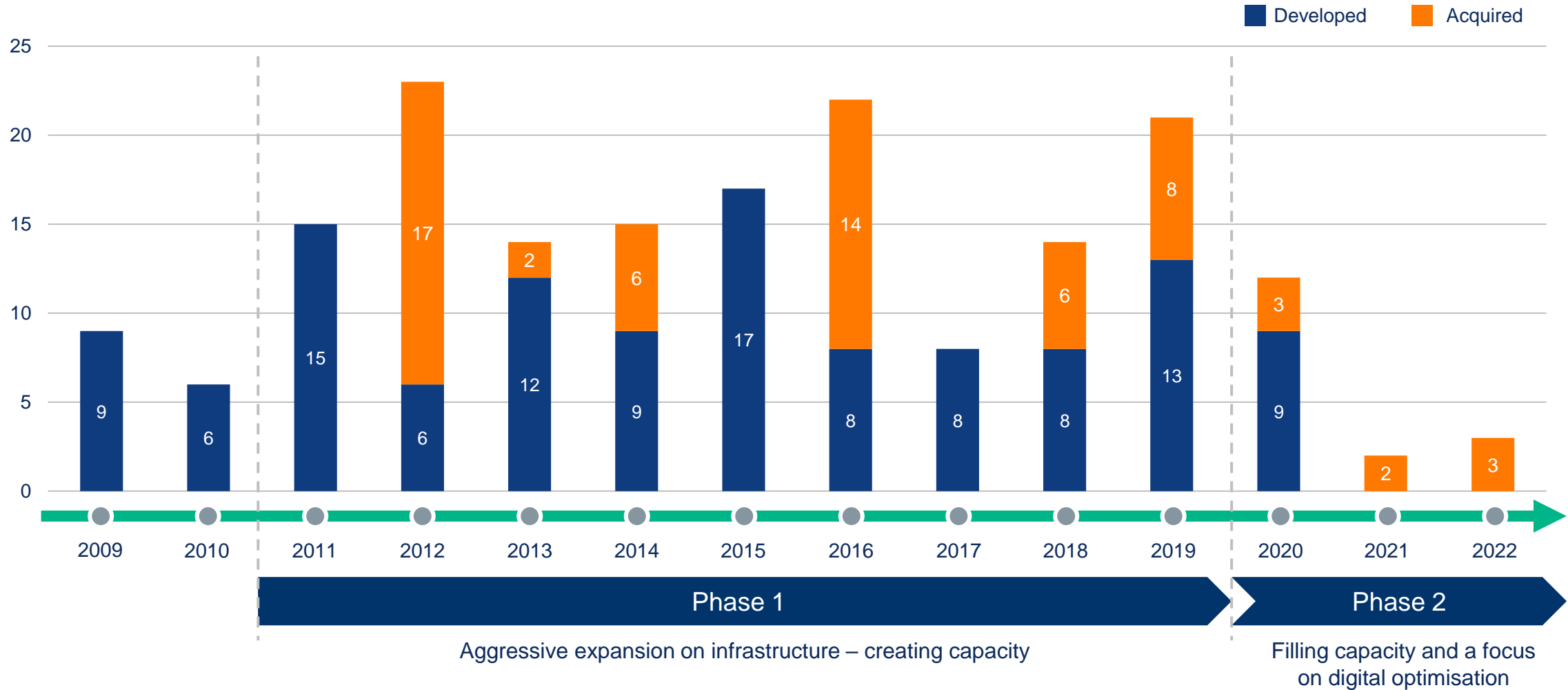
# NUMBER OF CAMPUSES



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

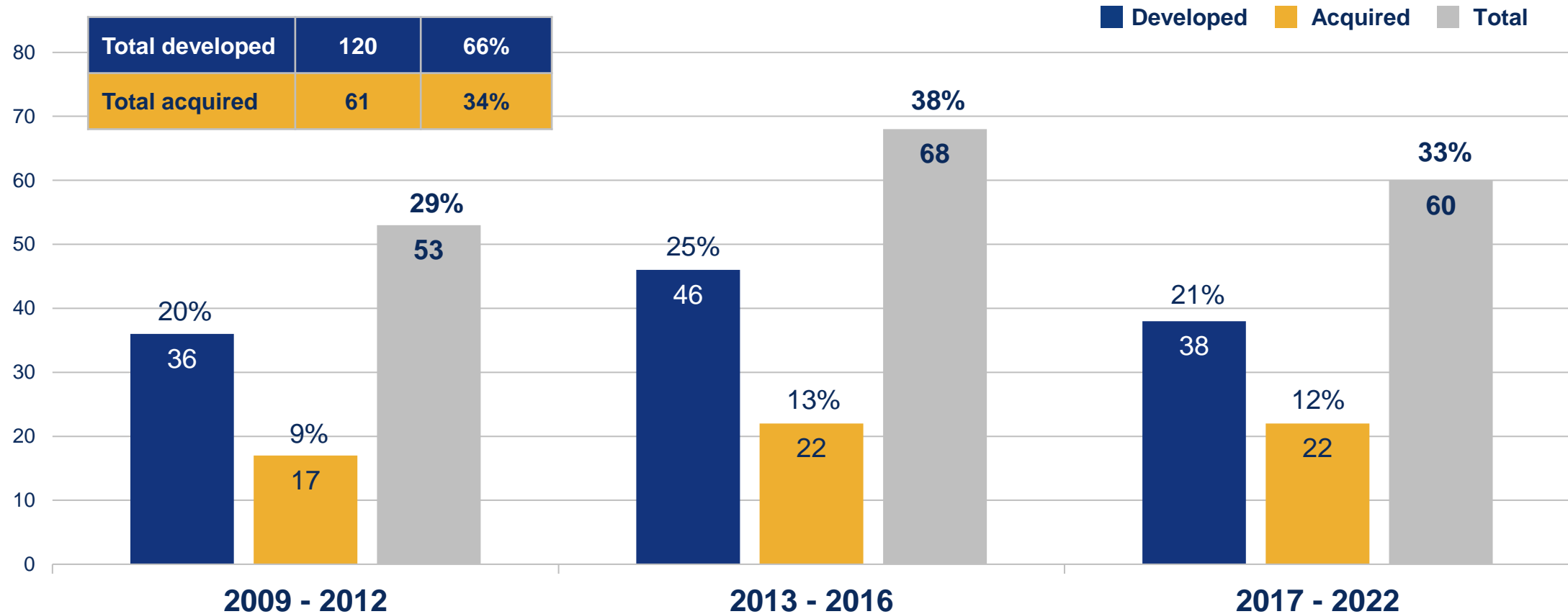
# ESTABLISH THE INFRASTRUCTURE (1)

## Total number of schools acquired and developed per year



# ESTABLISH THE INFRASTRUCTURE (2)

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

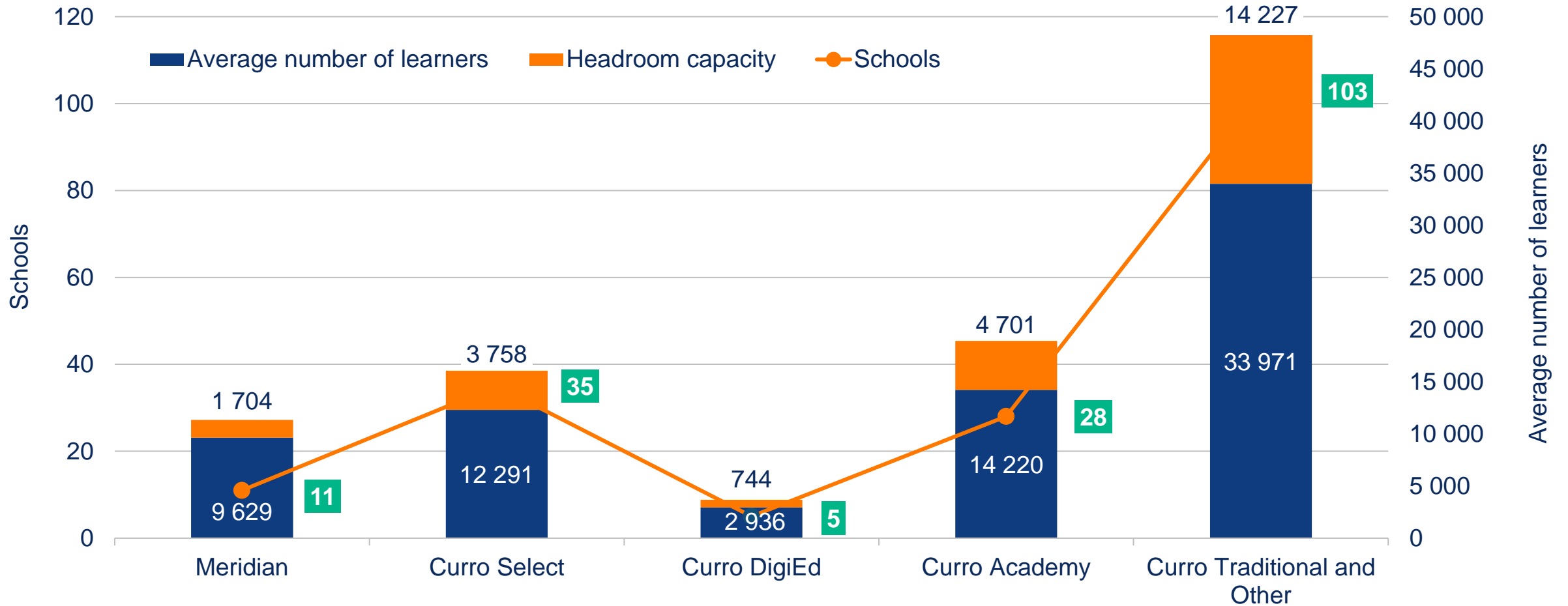


Curro had **73 047** learners enrolled on 20 February 2023



# DRIVING SHAREHOLDER RETURNS HIGHER

## Number of schools and learners per school model at start of 2023



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