

ANNUAL RESULTS

19 and 20 February 2018

CURRO





Celebrating 20 years of
excellence in education

CURRO





STRATEGIC FRAMEWORK



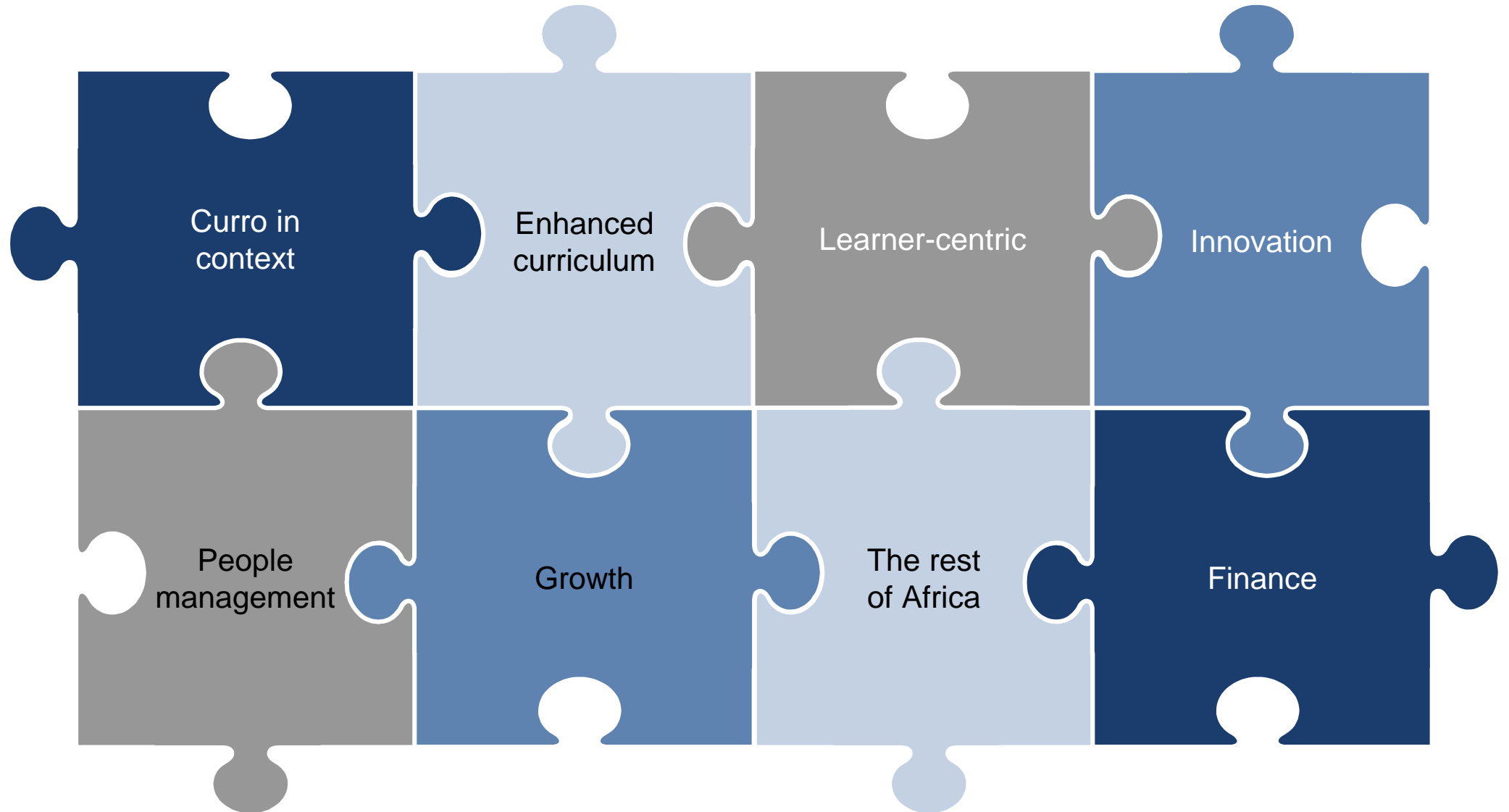


STRATEGIC FRAMEWORK





STRATEGIC FRAMEWORK





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.



CURRO



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



CURRO



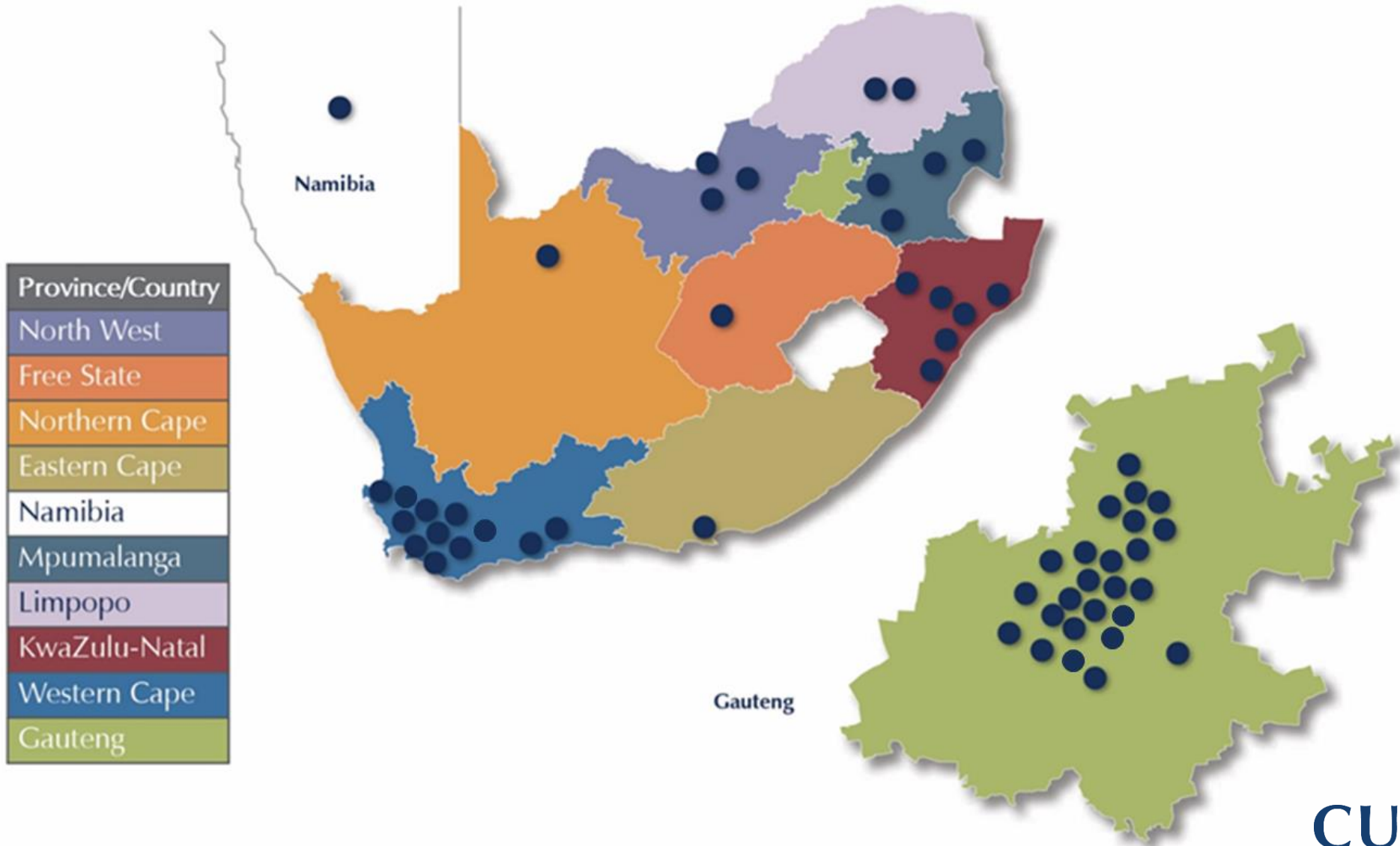
WHY DO WE DO THIS?



Curro's vision is to make independent school education **accessible** to more learners **throughout Southern Africa.**

CURRO





CURRO FOOTPRINT





SNAPSHOT

- 100% private pay
- Fee increases of 10% per annum
- Largest for-profit school group in South Africa

	2015	2016	2017	2018
 Campuses	41	48	51	59
 Schools	100	114	124	138
 Learners	35 130	42 343	45 870	52 233
 Educators	2 290	2 546	2 778	2 855

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 CURRO Select School

36 campuses

34 401 learners

R4 250
avg. monthly fees

Balanced curriculum

25 maximum
class size

3 – 18 ages (yrs)

CURRO Academy School MERIDIAN School

17 campuses

16 672 learners

R1 700 – R2 700
avg. monthly fees

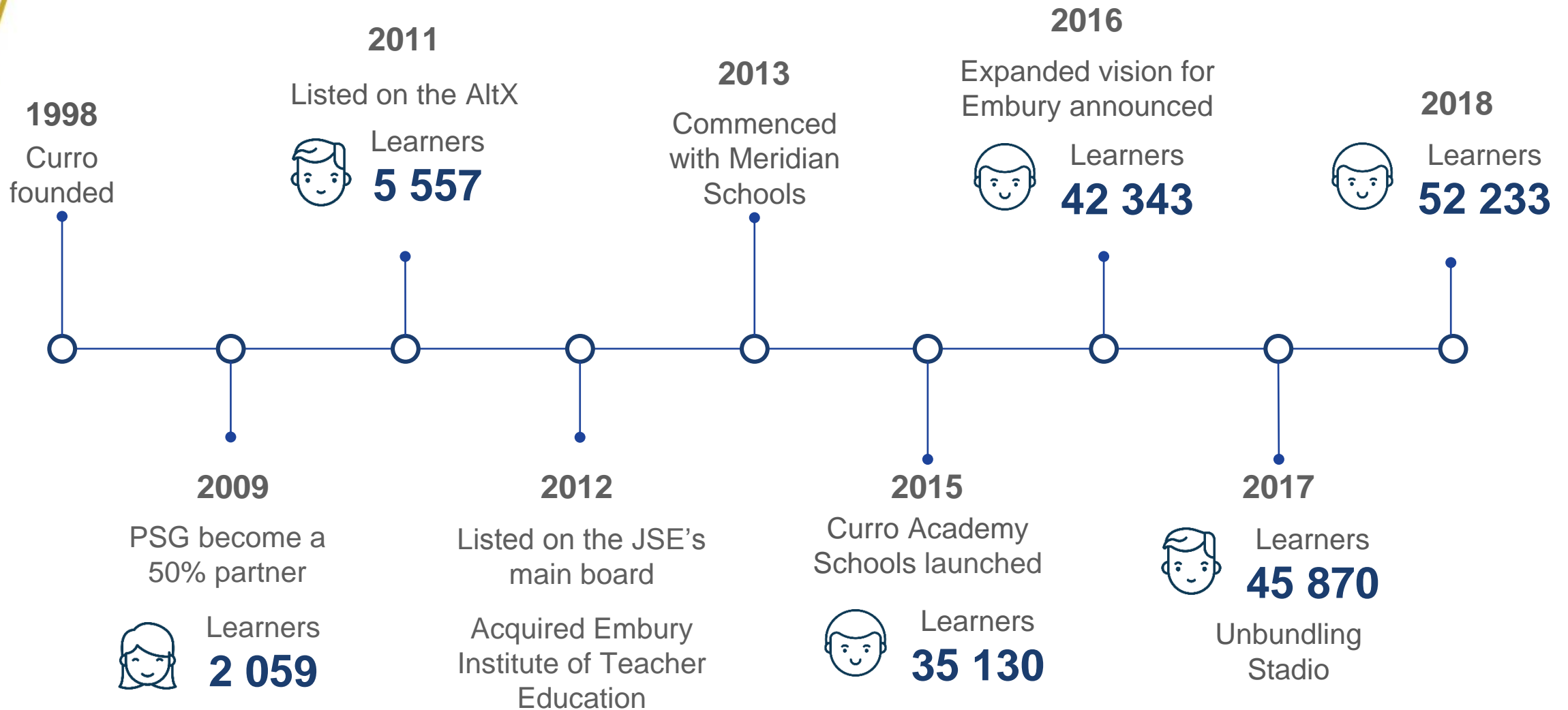
Academic curriculum

35 maximum
class size

5 – 18 ages (yrs)



OUR JOURNEY





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

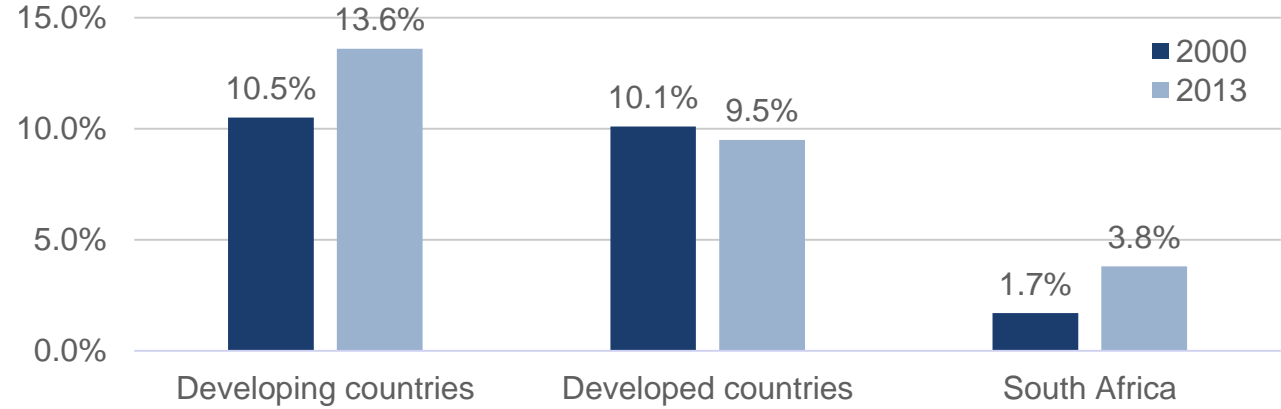
CURRO



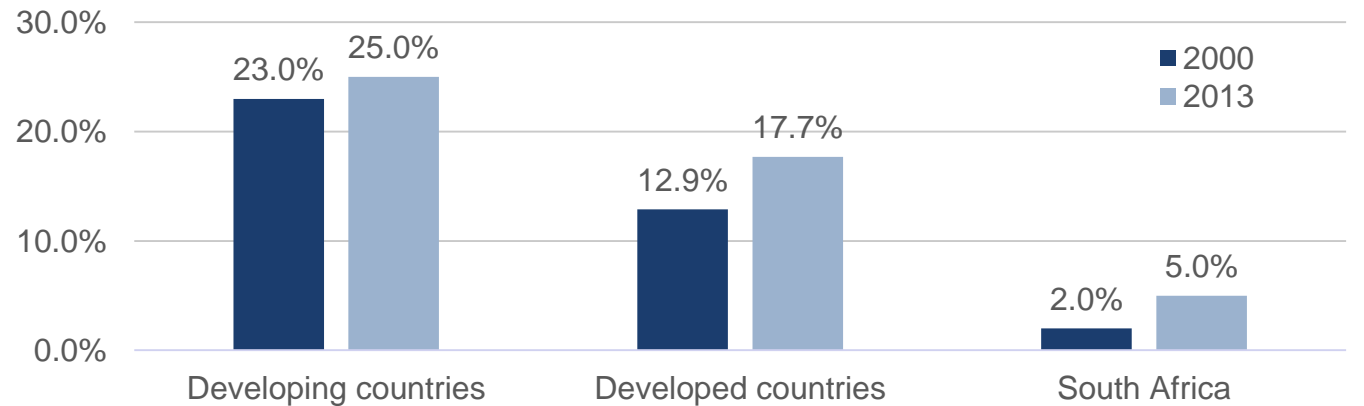
THE GLOBAL MARKET

Percentage of enrolment in independent institutions

PRIMARY education



SECONDARY education



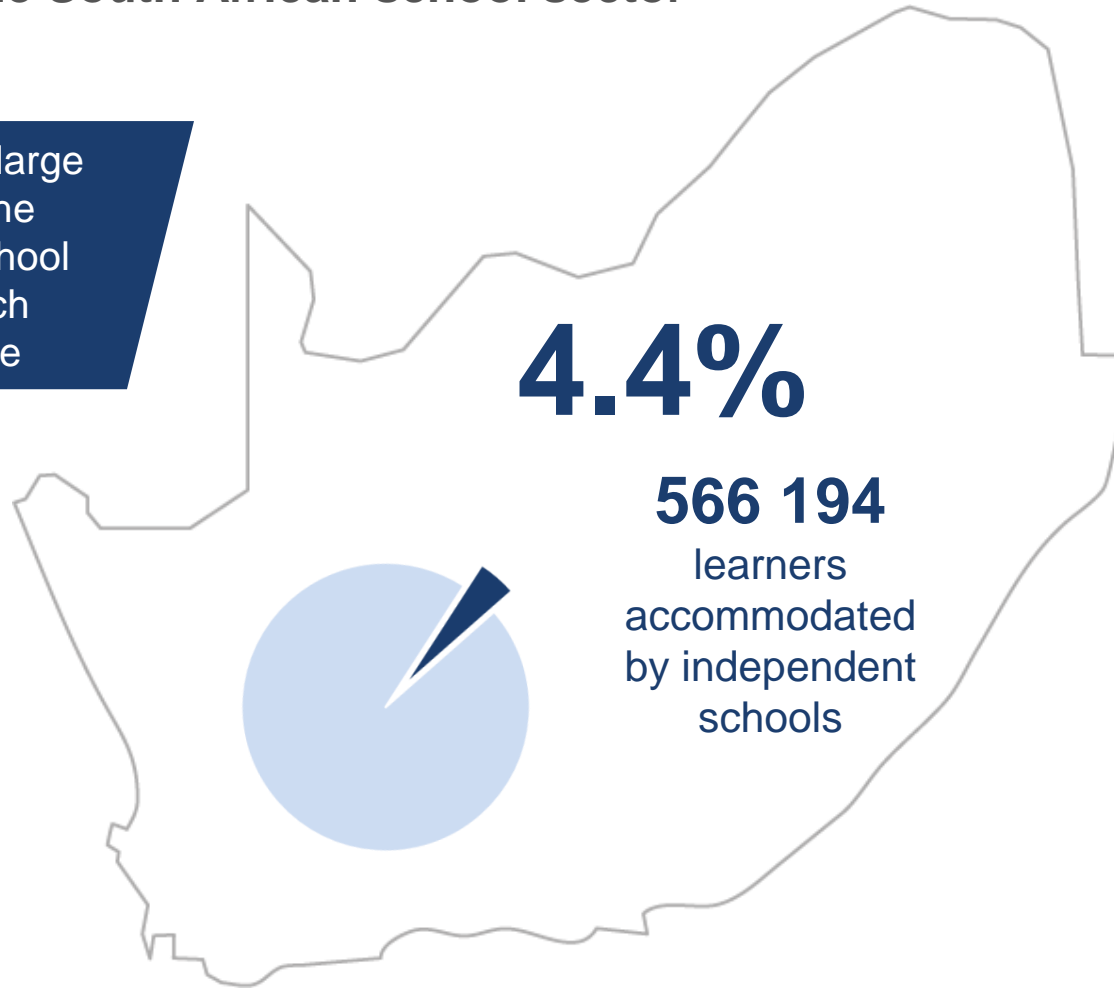
A LOCAL VIEW

Analysis of the South African school sector

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

+ - 25 691
schools in SA

12 814 473
learners



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.

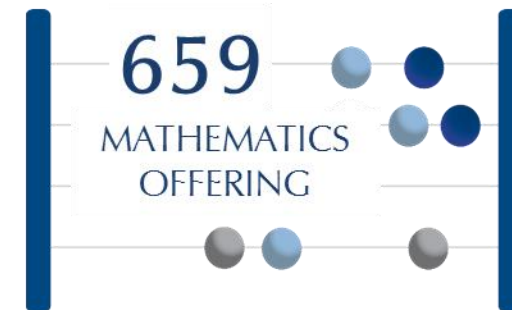
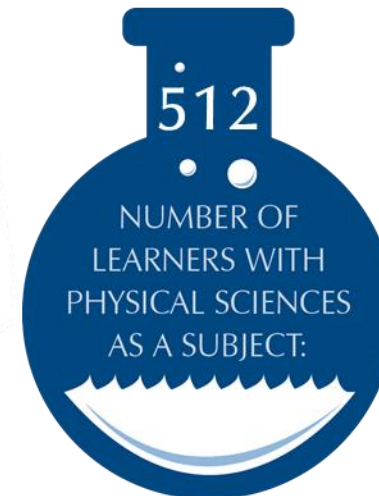
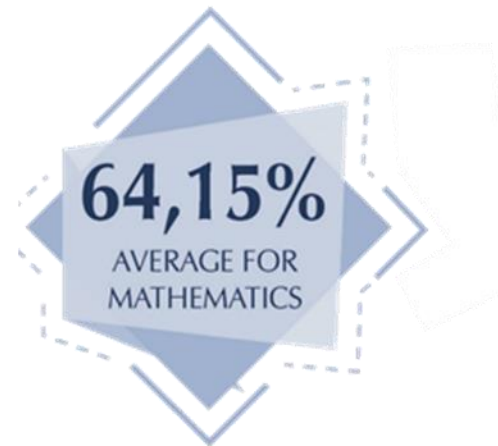
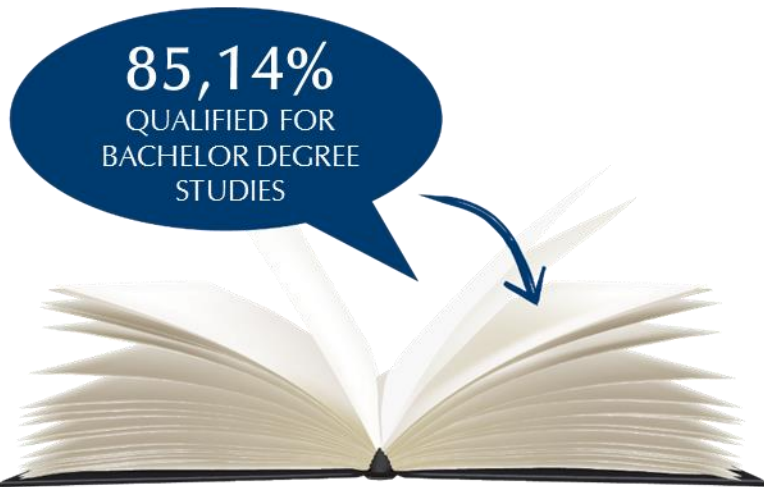
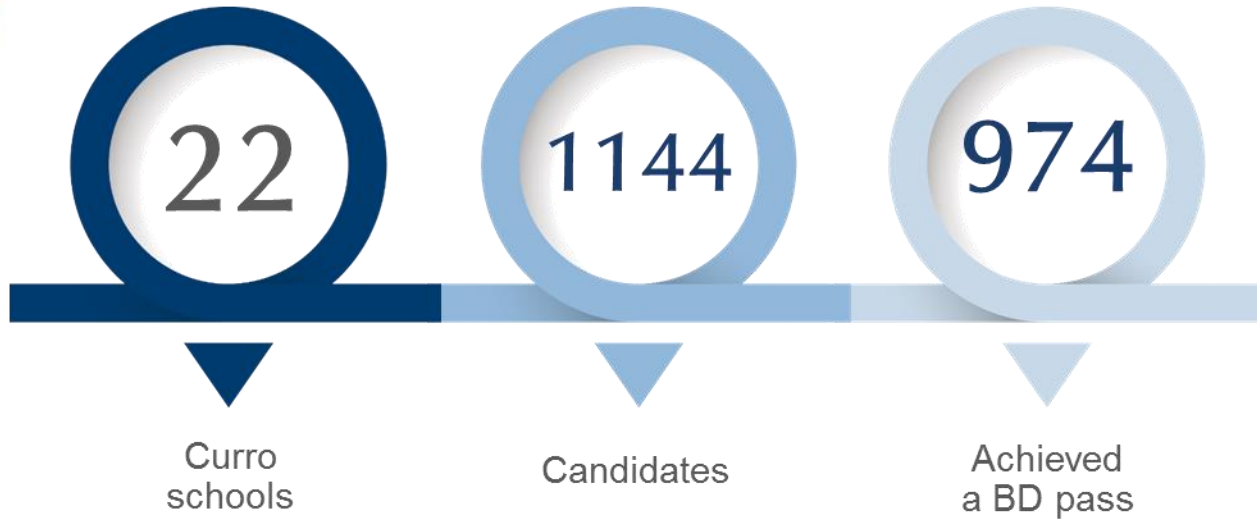


ENHANCED CURRICULUM

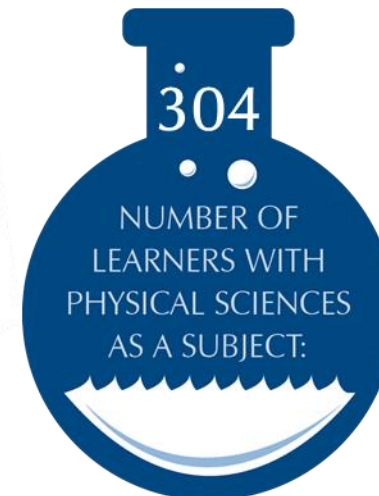
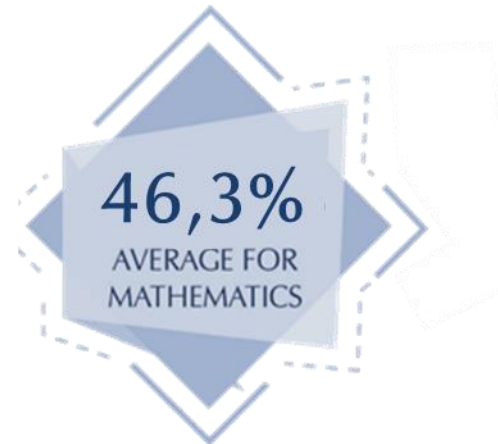
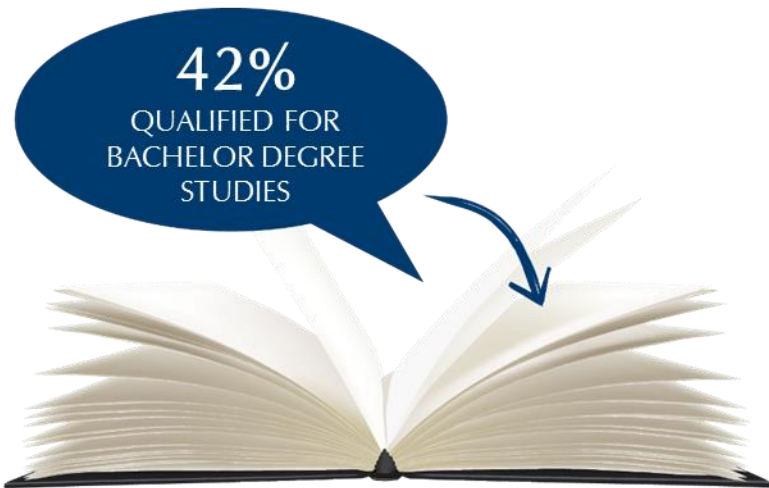
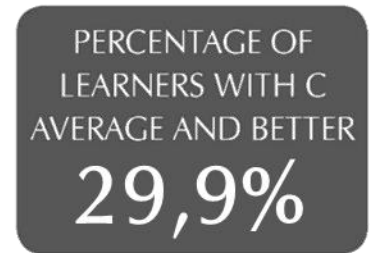
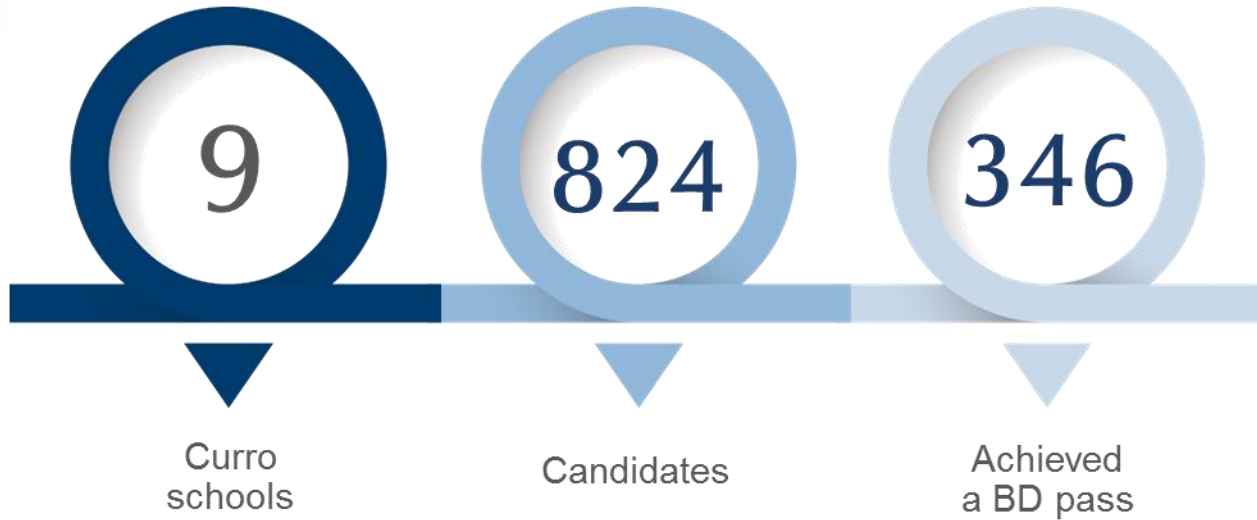
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MATRIC RESULTS 2017 – IEB HIGHLIGHTS



MATRIC RESULTS 2017 – NSC HIGHLIGHTS



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



Can you see us?

CURRICULUM

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**



STEAM(D)



STEAM

learning experience
SCIENCE • TECHNOLOGY • ENGINEERING • ARTS • MATH



LEARNER-CENTRIC

CURRO

RUTA SECHABA



137

beneficiaries including the Titans cricket programme.

- 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



276



2018 = Total funding R7m
2019 = Commit R12m – R15m

Ruta Sechaba and Titans

LEARNER FOCUSSED



Personalised learning

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

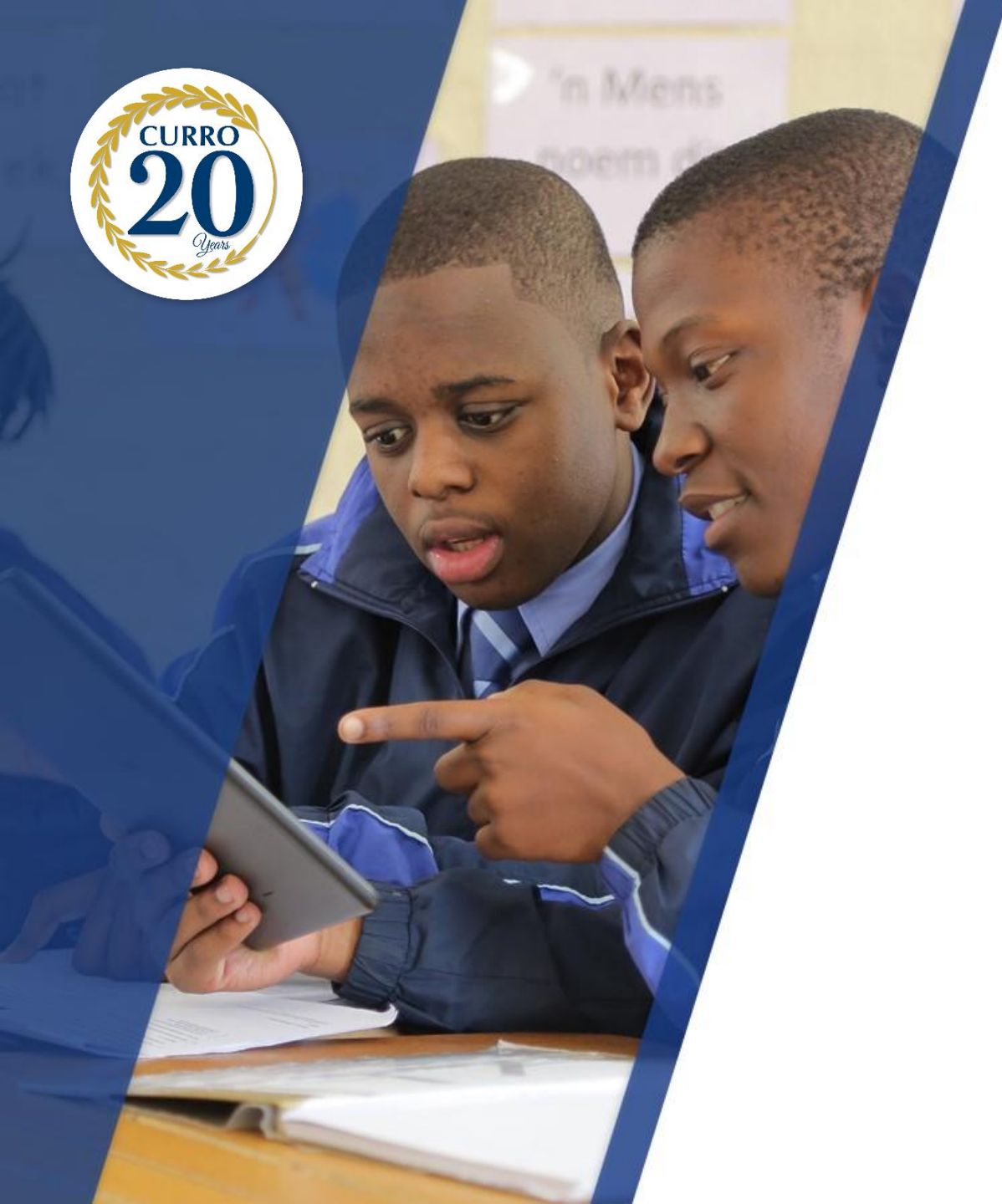


Going gold for childhood cancer



Help a sister in need





INNOVATION

SCHOOL INNOVATION

1



CURRO
DigiEd
SCHOOLS

2



LSEN

3



TVET



PEOPLE MANAGEMENT



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

WORKING CONDITIONS

Focus on public facing areas, offices and staff rooms

Existing school revamp – staff room

New school – staff room





GROWTH AND REST OF AFRICA

CURRO



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

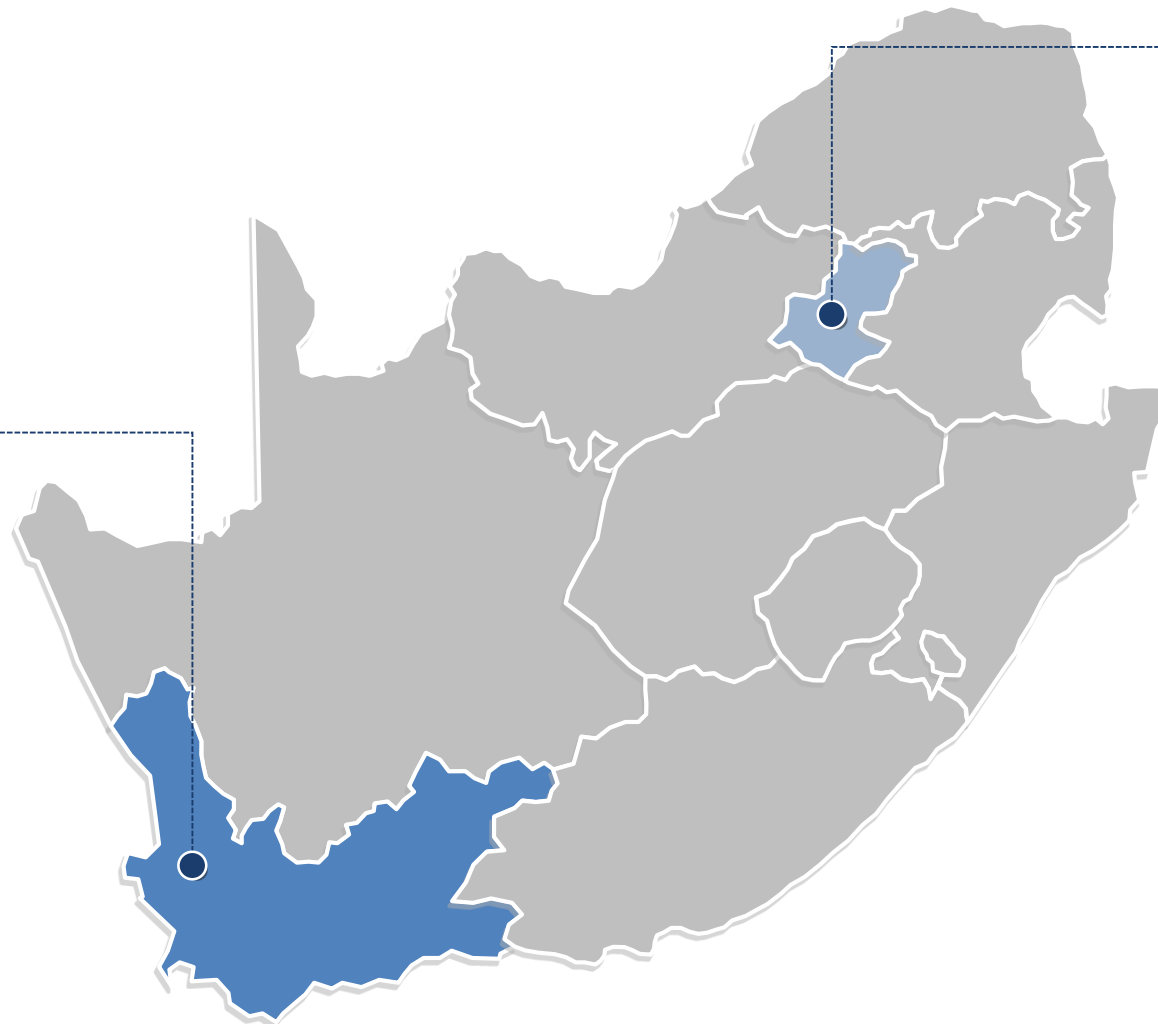
WESTERN CAPE

CURRO CASTLE

- 1 Burgundy Estate

NEW HIGH SCHOOL MODEL

- 2 Irispark (DigiEd)



GAUTENG

CURRO SCHOOLS

- 3 Vanderbijlpark
- 4 Edenvale Highway Gardens

CURRO ACADEMY SCHOOLS

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

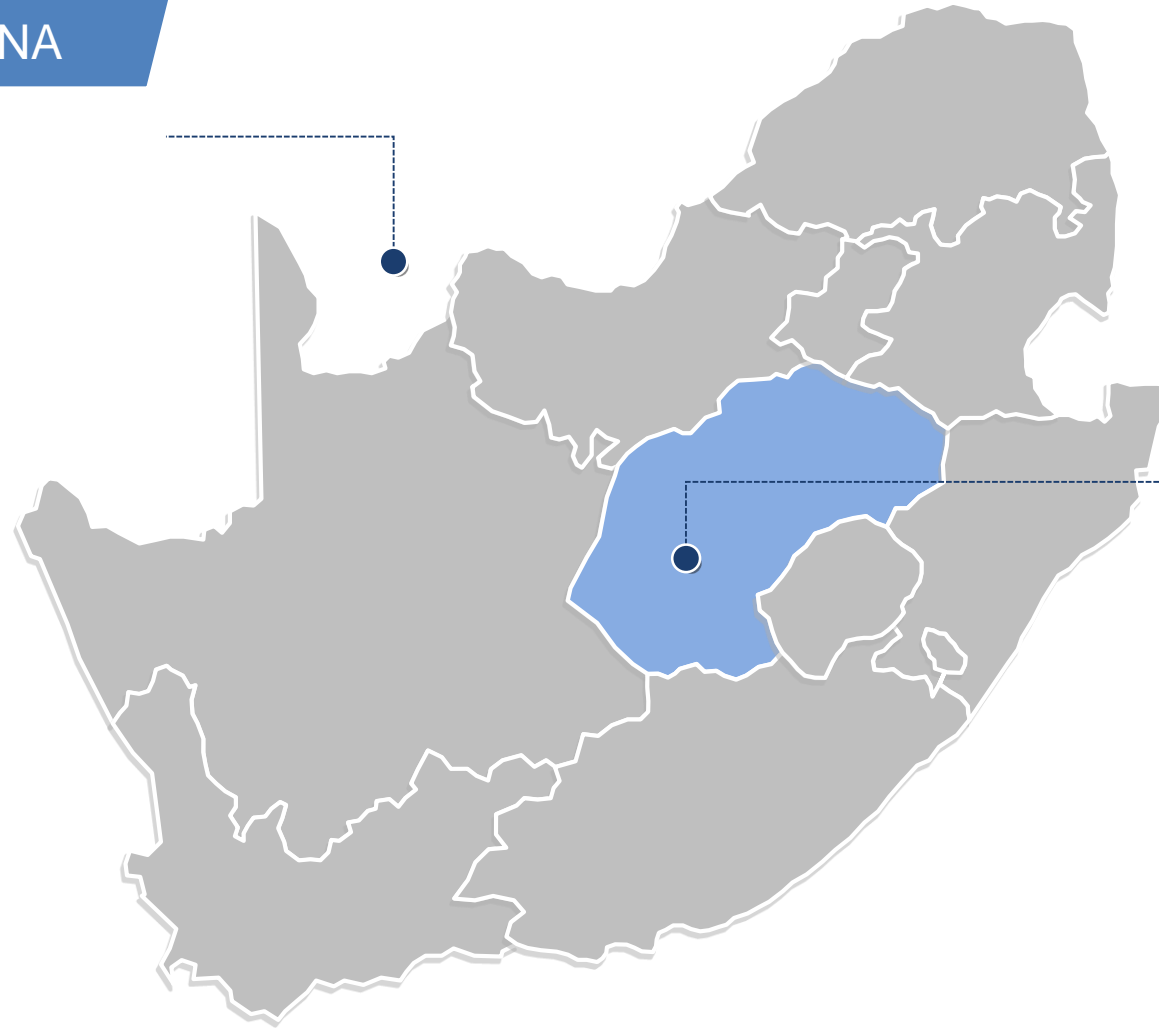


ACQUISITIONS

BOTSWANA

8

Baobab
Primary



FREE STATE

An independent
school group with
more than 2 000
learners – Academy
market



ROBUST AND ACTIVE PIPELINE



Campuses

48 + 3

51 + 8

59 + 7

66 + 7

73 + 7

2016

2017

2018

2019

2020



Schools

114 + 10

124 + 14

138 + 14

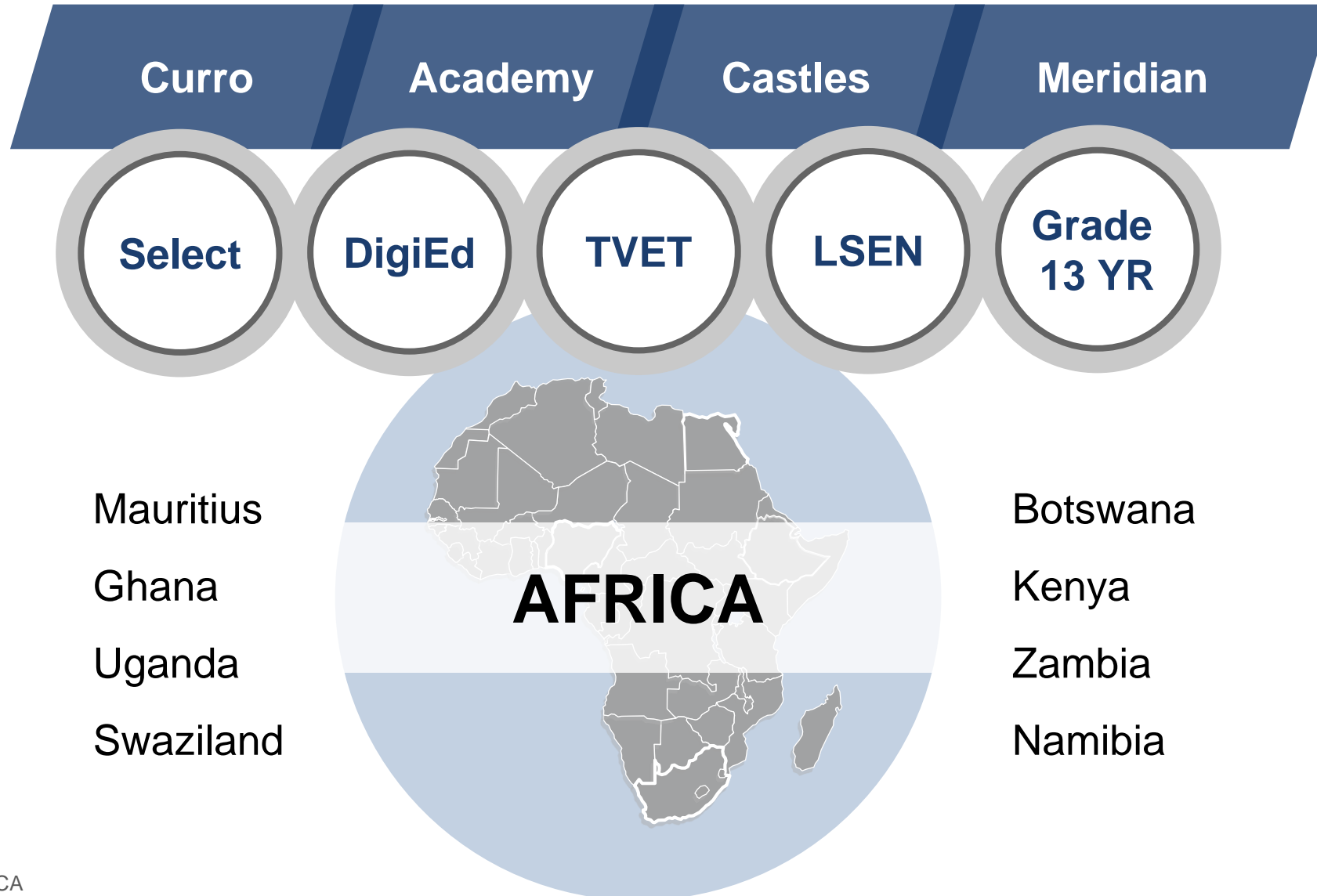
152 + 17

169 + 17

Excludes tertiary campuses unbundled in Stadio



CONTINUOUS GROWTH





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



CURRO



KEY INDICATORS

		2012	2013	2014	2015	2016	YOY Growth	2017	5-year CAGR
Campuses	#	22	26	32	41	48	6%	51	18%
Schools	#	61	72	80	100	114	9%	124	15%
Learners	#	12,473	21,027	28,737	35,130	42,343	8%	45,870	30%
% of eventual capacity	%	31%	44%	51%	50%	52%	2%	53%	11%
Revenue	Rm	366	659	1,001	1,384	1,715	22%	2,099	42%
Schools EBITDA	Rm	79	155	262	382	487	22%	594	50%
EBITDA	Rm	53	114	191	292	377	25%	473	55%
EBITDA Margin	%	14.50%	17.30%	19.10%	21.10%	21.98%	3%	22.53%	9%
Net interest expense	Rm	15	22	55	91	70	11%	78	39%
Headline earnings - continuing ops	Rm	15	37	56	100	169	19%	201	68%
HEPS - continuing ops	Cents	7.0	12.8	17.2	28.3	41.8	17%	49	48%
Learner/educator ratio	#	11	13	15	15	17	-	17	9%
Capital investment	Rm	782	1,076	1,305	1,030	1,486	(24%)	1,136	8%
Total building size	m ²	169,024	261,004	392,314	449,067	558,683	7%	598,194	29%



J-CURVE – SCHOOL EVOLUTION

	Number at 31 Dec 2017		Learner numbers (Dec)			Growth		Schools EBITDA (R million)			Growth		EBITDA margin			Eventual capacity		
	Campuses	Schools	2015	2016	2017	15/16	16/17	2015	2016	2017	15/16	16/17	2015	2016	2017	2015	2016	2017
Developed schools	36	89	20 694	24 699	28 315	19%	15%	174	258	342	48%	33%	23%	27%	27%	40%	42%	45%
2009 and before*	3	8	3 332	3 470	3 443	4%	(1%)	37	44	55	20%	25%	28%	29%	26%	84%	88%	87%
2010	2	6	2 120	2 232	2 254	5%	1%	24	31	37	29%	19%	29%	33%	35%	66%	69%	70%
2011	6	16	4 337	4 567	4 552	5%	0%	40	52	53	30%	2%	23%	26%	28%	45%	47%	47%
2012	2	6	1 618	1 788	1 904	11%	6%	15	19	25	27%	32%	23%	25%	28%	48%	53%	57%
2013	4	12	4 922	5 757	6 149	17%	7%	67	93	104	37%	12%	38%	41%	39%	50%	59%	63%
2014	4	8	1 271	1 531	1 833	20%	20%	1	3	6	200%	100%	2%	2%	9%	19%	22%	27%
2015	8	19	3 094	4 767	5 748	54%	21%	(10)	17	38	Na	124%	(13%)	13%	21%	20%	31%	37%
2016	4	7	-	587	1 179	0%	101%	-	(1)	15	-	Na	-	(2%)	22%	-	10%	20%
2017	3	7	-	-	1 253	0%	0%	-	-	9	-	-	-	-	18%	-	-	23%
Acquired schools	15	35	14 436	17 644	17 555	22%	(1%)	203	233	268	14%	16%	33%	30%	30%	75%	73%	73%
2012 and before	8	17	6 851	6 884	6 919	-	1%	121	130	142	7%	9%	38%	36%	37%	72%	72%	72%
2013	1	2	4 939	4 701	4 233	(5%)	(11%)	44	42	35	(5%)	(17%)	30%	26%	25%	82%	78%	70%
2014	2	5	2 046	2 441	2 618	19%	7%	34	43	56	26%	30%	28%	29%	33%	84%	85%	92%
2015 and 2016	4	11	600	3 618	3 785	503%	5%	4	18	35	350%	94%	17%	19%	20%	81%	69%	72%
Property rental and royalties								(3)	(4)	(16)								
Total	51	124	35 130	42 343	45 870	21%	8%	374	487	594	30%	22%	28%	28%	28%	50%	52%	53%

BAD DEBTS

	Dec-15	Dec-16	Nov-17	Dec-17	Jan-18	Dec YOY increase %
Total debtors	20.3	29.7	75.0	56.1	25.2	89%
60+ days	2.5	8.4	28.1	14.3	7.6	70%
<i>60+ as % of debtors</i>	12.5%	28.2%	37.4%	25.4%	30.2%	
Total write off for the 12 months (IS)	16.1	23.6	23.3	54.2		130%
Provision to November	0.0	0.0	28.1	0.0		
Bad debts recovered	(2.6)	(5.5)	(15.3)	(23.0)		315%
Nett write off	13.6	18.0	36.1	31.2		73%
Turnover	1 354.4	1 761.0	1 918.9	2 072.2		
<i>Gross bad debts as % of turnover</i>	1.2%	1.3%	2.7%	2.6%		
<i>Nett bad debts as % of turnover</i>	1.0%	1.0%	1.88%	1.51%		
<i>Debtors as % of turnover</i>	1.5%	1.7%	3.9%	2.7%		

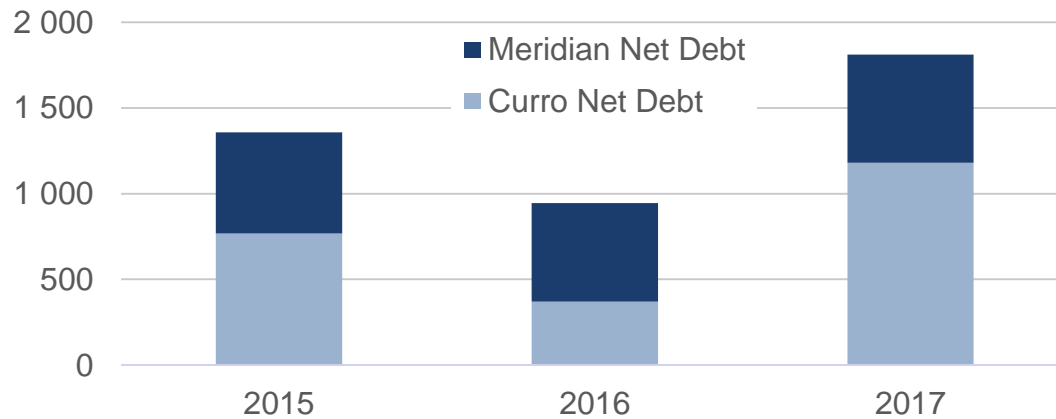


- Increase in debtors and bad debts
- Significant recoveries throughout the year
- Key focus: Improve system and approach this year
- Possible increase in bad debts

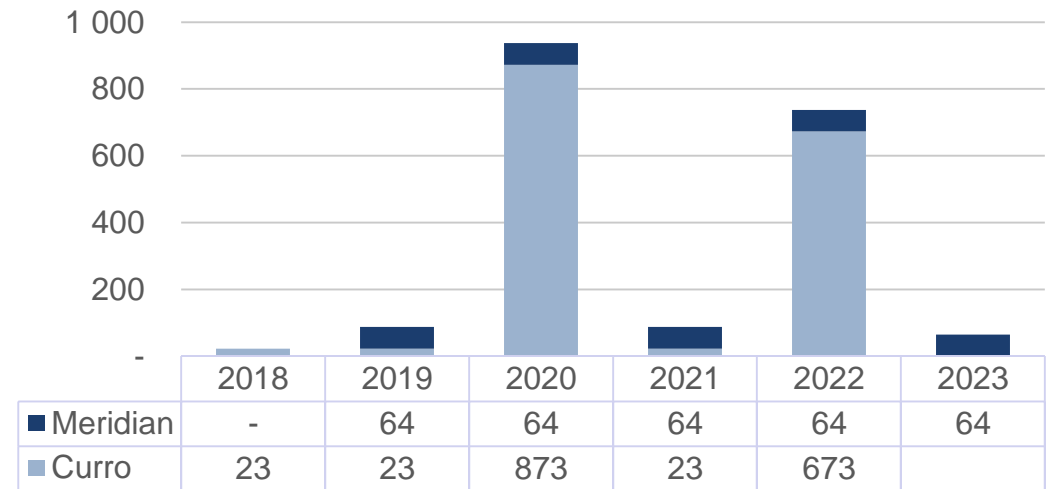


DEBT AND GEARING

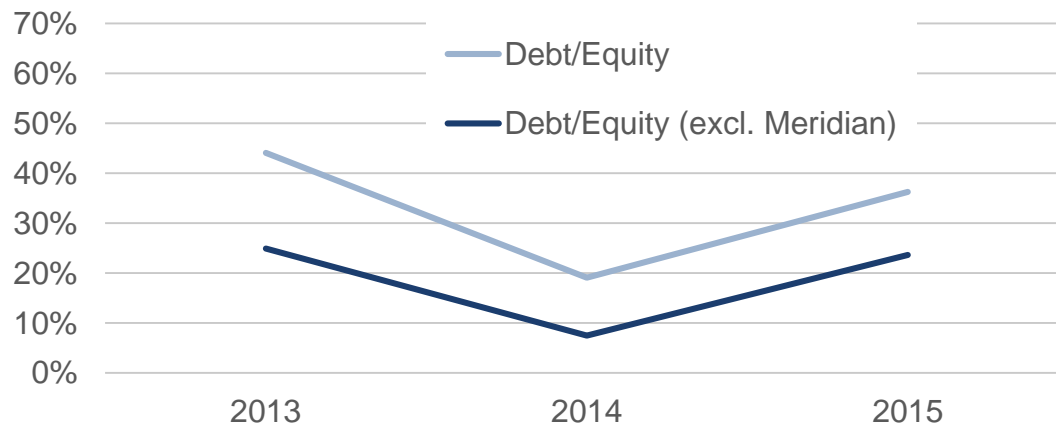
Debt (R'm)



Debt maturity profile (R'm)



Gearing (Debt/Equity)



- 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)





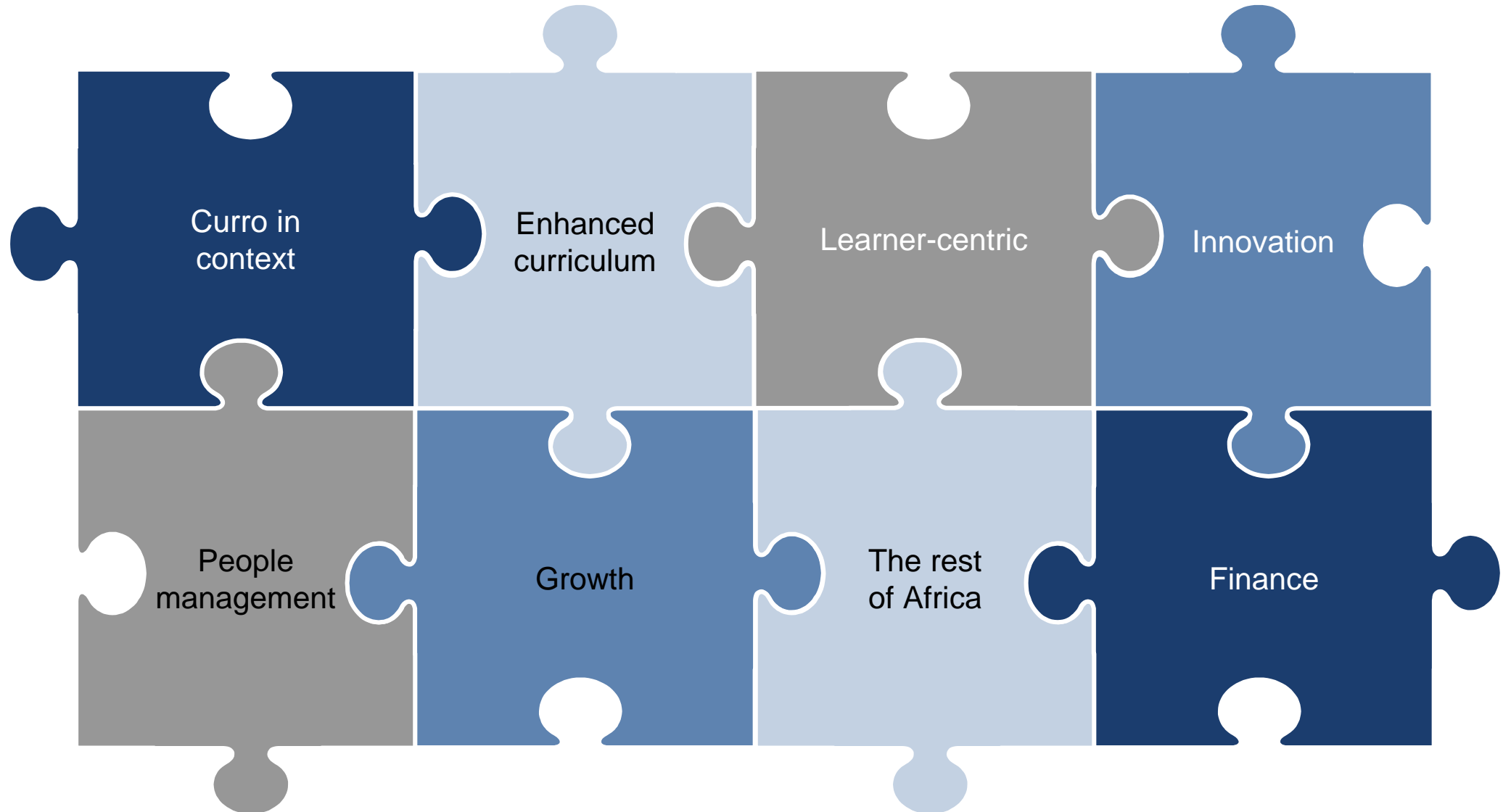
IN CLOSING

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.



CURRO

STRATEGIC FRAMEWORK





Thank you

CURRO

