



CURRO

REVIEWED PROVISIONAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Headline earnings

▲79% from R56m to R100m

HEPS

▲67% from 17.2 cents to 28.7 cents

Schools EBITDA

▲46% from R262m to R382m

Revenue

▲38% from R1bn to R1.38bn

Number of learners ('16)

▲16% from 35 970 to 41 864

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Reviewed 31 Dec 2015 | Audited 31 Dec 2014 |
|---|----------------------|---------------------|
| Revenue | 1 384 | 1 001 |
| Operating expenses | (1 092) | (809) |
| Earnings before interest, taxation, depreciation and amortisation (EBITDA) | 292 | 192 |
| Schools EBITDA | 382 | 262 |
| Head office EBITDA | (90) | (70) |
| Depreciation and amortisation | (85) | (58) |
| Earnings before interest and taxation (EBIT) | 207 | 134 |
| Investment revenue | 27 | 12 |
| Gain from bargain purchase | 4 | - |
| Share of profits of associates | 1 | 1 |
| Impairment | (6) | (1) |
| Finance costs | (118) | (67) |
| Profit before taxation (PBT) | 115 | 79 |
| Taxation | (23) | (28) |
| Profit for the year (PAT) | 92 | 51 |
| Other comprehensive income: | | |
| Net fair value profit/(loss) on cash flow hedges*** | 25 | (3) |
| Total comprehensive income | 117 | 48 |
| Profit attributable to: | | |
| Owners of the parent | 98 | 55 |
| Non-controlling interest | (6) | (4) |
| | 92 | 51 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 123 | 52 |
| Non-controlling interest | (6) | (4) |
| | 117 | 48 |
| Reconciliation of headline earnings: | | |
| Earnings attributable to owners of the parent | 98 | 55 |
| Adjusted for: | | |
| Impairment | 6 | 1 |
| Gain from bargain purchase | (4) | - |
| Profit on disposal of property, plant and equipment | - | - |
| Headline earnings | 100 | 56 |
| EBITDA margin | 21% | 19% |
| EBITDA margin for schools | 28% | 26% |
| Earnings per share (cents) (EPS) | | |
| - Basic | 28.2 | 17.0** |
| - Diluted | 27.8 | 16.8** |
| Headline earnings per share (cents) (HEPS) | | |
| - Basic | 28.7 | 17.2** |
| - Diluted | 28.3 | 17.0** |
| Number of shares in issue (millions) | | |
| - Basic | 356.9 | 325.6** |
| - Diluted | 362.4 | 330.1** |
| Weighted average number of shares in issue (millions) | | |
| - Basic | 348.3 | 322.5** |
| - Diluted | 353.8 | 327.1** |

Notes:
 * Balances less than R500 000 are displayed as RNil in million rounding.
 ** Earnings per share and headline earnings per share for the year ended 31 December 2014 have been adjusted downwards by 0.5 cents. This is due to the retrospective adjustment of the 2015 rights offer undertaken. The adjustment to the basic and diluted weighted average number of shares in issue for the year ended 31 December 2014 is an increase of 8.1 million shares due to the bonus element contained within the rights offer.
 *** This has been reclassified to equity.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Reviewed 31 Dec 2015 | Audited 31 Dec 2014 |
|---|----------------------|---------------------|
| Cash generated from operations | 306 | 199 |
| Taxation paid | (9) | (8) |
| Net finance costs | (91) | (55) |
| Working capital movements | (44) | 111 |
| Net cash generated from operating activities | 162 | 247 |
| Net cash utilised in investing activities | (1 030) | (1 257) |
| Net cash from financing activities | 904 | 1 126 |
| Cash and cash equivalents movement for the year | 36 | 116 |
| Cash and cash equivalents at the beginning of the year | 195 | 79 |
| Cash and cash equivalents at the end of the year | 231 | 195 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Reviewed 31 Dec 2015 | Audited 31 Dec 2014 |
|---|----------------------|---------------------|
| Balance at the beginning of the year | 2 211 | 1 563 |
| Total comprehensive income | 117 | 48 |
| Issue of shares | 756 | 600 |
| Share issue costs | (14) | (8) |
| Recognition of share-based payments | 11 | 8 |
| Balance at the end of the year | 3 081 | 2 211 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Reviewed 31 Dec 2015 | Audited 31 Dec 2014 |
|--|----------------------|---------------------|
| ASSETS | | |
| Non-current assets | 4 796 | 3 813 |
| Property, plant and equipment | 4 290 | 3 338 |
| Goodwill | 333 | 338 |
| Intangible assets | 134 | 121 |
| Investment in associate | 10 | 9 |
| Other financial assets | 29 | 7 |
| Current assets | 283 | 259 |
| Inventories | 8 | 17 |
| Current tax receivable | 6 | 3 |
| Other financial assets | 2 | - |
| Loan to associate | - | 6 |
| Trade and other receivables | 36 | 38 |
| Cash and cash equivalents | 231 | 195 |
| Total assets | 5 079 | 4 072 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity attributable to equity holders of parent | 3 088 | 2 212 |
| Share capital | 2 834 | 2 092 |
| Reserves | 39 | 9 |
| Retained income | 215 | 111 |
| Current tax payable | (7) | (1) |
| Total equity | 3 081 | 2 211 |
| LIABILITIES | | |
| Non-current liabilities | 1 750 | 1 561 |
| Loans and other financial liabilities | 1 561 | 1 395 |
| Deferred tax | 189 | 166 |
| Current liabilities | 248 | 300 |
| Loans and other financial liabilities | 28 | 23 |
| Current tax payable | - | 2 |
| Trade and other payables | 110 | 122 |
| Prepaid school fees and deposits | 104 | 114 |
| Acquisition payables | 6 | 39 |
| Total liabilities | 1 998 | 1 861 |
| Total equity and liabilities | 5 079 | 4 072 |
| Net asset value per share (cents) | 865.3 | 679.1 |

CONDENSED CONSOLIDATED SEGMENTAL REPORT

| | Reviewed 31 Dec 2015 | Audited 31 Dec 2014 |
|-------------------------------------|----------------------|---------------------|
| Revenue | 1 384 | 1 001 |
| - Curro | 1 149 | 817 |
| - Meridian | 235 | 184 |
| Schools EBITDA | 382 | 262 |
| - Curro | 326 | 219 |
| - Meridian | 56 | 43 |
| Net head office expenditure | (90) | (70) |
| Headline earnings | 100 | 56 |
| - Curro | 111 | 62 |
| - Meridian | (11) | (6) |
| Headline earnings per share (cents) | 28.7 | 17.2 |
| - Curro | 31.8 | 19.0 |
| - Meridian | (3.1) | (1.8) |
| Earnings per share (cents) | 28.2 | 17.0 |
| - Curro | 31.3 | 18.9 |
| - Meridian | (3.1) | (1.9) |
| Total assets | 5 079 | 4 072 |
| - Curro | 4 398 | 3 437 |
| - Meridian | 681 | 635 |
| Total liabilities | 1 998 | 1 861 |
| - Curro | 1 350 | 1 283 |
| - Meridian | 648 | 578 |

KEY RATIOS

| | 31 Dec 2012* | 31 Dec 2013* | 31 Dec 2014* | 31 Dec 2015* | 31 Jan 2016* |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Number of campuses | 22 | 26 | 32 | 42 | 47 |
| Number of schools | 61 | 72 | 80 | 101 | 110 |
| Number of learners | 12 473 | 21 027 | 28 737 | 35 970 | 41 864 |
| Average number of learners per campus | 567 | 809 | 898 | 856 | 891 |
| Number of employees | 1 630 | 2 387 | 3 128 | 3 969 | 4 350 |
| Number of teachers | 1 151 | 1 593 | 1 905 | 2 339 | 2 637 |
| Learner/teacher ratio | 11 | 14 | 15 | 15 | 16 |
| Building size (m ²) | 169 024 | 261 004 | 392 314 | 449 067 | 461 312 |
| Land size (ha) | 153 | 188 | 298 | 359 | 364 |
| Capital investment (Rm) | 782 | 1 076 | 1 305 | 1 030 | |
| - Current campuses | 223 | 602 | 651 | 646 | |
| - New campuses | 237 | 242 | 482 | 369 | |
| - Acquisitions | 322 | 232 | 172 | 15 | |

Note: * Unreviewed

J-CURVE

The table below illustrates the J-Curve effect from newly established schools to more mature schools by age

| | Unreviewed | | Unreviewed | | | Unreviewed | | Unreviewed | | | Unreviewed | | | | |
|--------------------------|-----------------------|-----------|---------------|---------------|---------------|------------|------------|------------|----------------------------|------------|-------------|------------|------------|------------|-----------------------|
| | Number at 31 Dec 2015 | Schools | Campuses | 2013 | 2014 | 2015 | 13/14 | 14/15 | Schools EBITDA (R million) | 2013 | 2014 | 2015 | 13/14 | 14/15 | Schools EBITDA margin |
| Developed schools | 74 | 29 | 10 577 | 14 645 | 20 694 | 38% | 41% | 52 | 111 | 171 | 113% | 54% | 16% | 23% | 23% |
| 2009 and before | 8 | 3 | 2 961 | 3 100 | 3 332 | 5% | 7% | 24 | 31 | 35 | 29% | 13% | 26% | 28% | 27% |
| 2010 | 6 | 2 | 1 636 | 1 994 | 2 120 | 22% | 22% | 8 | 17 | 24 | 113% | 41% | 17% | 25% | 29% |
| 2011 | 16 | 6 | 2 962 | 3 721 | 4 337 | 26% | 17% | 7 | 25 | 40 | 257% | 60% | 8% | 19% | 23% |
| 2012 | 6 | 2 | 1 002 | 1 362 | 1 618 | 36% | 19% | 2 | 8 | 15 | 300% | 87% | 7% | 17% | 23% |
| 2013 | 11 | 4 | 2 016 | 3 645 | 4 922 | 81% | 35% | 11 | 37 | 66 | 236% | 78% | 19% | 32% | 37% |
| 2014 | 8 | 4 | | 823 | 1 271 | | 54% | (7) | | | | (114%) | | (32%) | 2% |
| 2015 | 19 | 8 | | | 3 094 | | | (10) | | | | | | (13%) | |
| Acquired schools | 27 | 13 | 10 450 | 14 092 | 15 276 | 35% | 8% | 103 | 151 | 211 | 47% | 40% | 35% | 30% | 33% |
| 2012 and before | 17 | 8 | 6 050 | 6 483 | 6 851 | 7% | 6% | 76 | 97 | 121 | 28% | 25% | 34% | 36% | 38% |
| 2013 | 3 | 2 | 4 400 | 5 690 | 5 779 | 29% | 2% | 27 | 45 | 52 | 67% | 16% | 38% | 29% | 30% |
| 2014 | 5 | 2 | 1 919 | 2 046 | 2 046 | | 7% | 9 | 34 | 34 | | 278% | 12% | 28% | |
| 2015 | 2 | 1 | | | 600 | | | | | 4 | | | | 17% | |
| | 101 | 42 | 21 027 | 28 737 | 35 970 | 37% | 25% | 155 | 262 | 382 | 69% | 46% | 25% | 26% | 28% |

Note: Acquired schools included from the year the school was incorporated in Curro. All acquired schools have at least been established for more than seven years.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The condensed consolidated financial information for the year ended 31 December 2015 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34: Interim Financial Reporting, the Listings Requirements of the JSE and the requirements of the Companies Act of South Africa, as amended. The report has been prepared using accounting policies that comply with IFRS which are consistent in all material respects with those applied in the financial statements for the year ended 31 December 2014. The reviewed condensed consolidated results have been prepared internally under the supervision of the Chief Financial Officer, B van der Linde, CA(SA) CFA.

2. REVIEW CONCLUSION

The condensed consolidated financial information for the year ended 31 December 2015 has been independently reviewed by the Group's auditor, Deloitte & Touche. The review was conducted in accordance with ISRE 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A copy of their unmodified review conclusion is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

The auditor's report does not necessarily cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. The directors take full responsibility for the preparation of the report and that the financial information was accurately extracted from the underlying annual financial statements.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 December 2014. For a full list of standards and interpretations which have been adopted, we refer you to our 31 December 2014 annual financial statements.

4. SHARE CAPITAL

Effective 8 May 2015, 29.6 million shares were issued by way of an underwritten renounceable rights offer at a subscription of R25.00 per rights offer share, in the ratio of 1 rights offer share for every 11 Curro ordinary shares. On 15 October 2015, 1.7 million shares were issued to employees through the Curro share incentive scheme.

5. BUSINESS COMBINATIONS

Effective 1 January 2015, Curro acquired the business operations and properties of an independent school for a purchase consideration equal to its business liabilities as at 1 January 2015. A bargain purchase gain of R4 million was recognised at acquisition due to the fair value of assets acquired of R16 million exceeding the fair value of liabilities assumed of R12 million. No contingent consideration has been recognised at acquisition.

6. EVENTS AFTER THE REPORTING PERIOD

Effective 1 February 2016, Curro acquired the business operations and properties of Windhoek Gymnasium, for a consideration of R185 million. No other events have been identified. The accounting for this transaction is still in progress.

RESULTS COMMENTARY

FINANCIAL RESULTS

Revenue increased by 38% from R1 billion in 2014 to R1.38 billion in 2015. Schools EBITDA increased by 46% from R262 million to R382 million over the same period with EBITDA increasing by 52% from R192 million to R292 million. The increase is attributable to the increase in learner numbers offset by once-off head office expenses that occurred in the prior year. Due to tougher economic circumstances, bad debts as a percentage of turnover has increased from 0.6% in 2014 to 1% in 2015, which is in line with Curro's long-term average.

The EBITDA margin increased from 19% to 21%. Net interest expense has increased by 65% from R55 million to R91 million as a result of a higher interest expense in the Meridian business. Headline earnings increased by 79% from R56 million to R100 million. However, headline earnings per share increased by 67% from 17.2 cents to 28.7 cents due to the increase in the weighted average number of shares in issue following the rights offer in May 2015.

LEARNERS

Curro currently has 41 864 (2015: 35 970) learners in 110 (2015: 101) schools on 47 (2015: 42) campuses.

Approximately 50% of our learners attend our schools where the average school fees range between R2 000 and R4 000 per month, with 30% in schools with average school fees of less than R2 000 per month. The balance of learners attend schools where the average school fee is in excess of R4 000 per month.

ACADEMIC RESULTS

Curro's "Class of 2015" Matrics produced another year of pleasing results. Of particular significance was the increase in the overall pass rate and bachelor degree pass rate for learners who wrote the National Senior Certificate exams.

| | Unreviewed IEB 2014 | Unreviewed IEB 2015 | Unreviewed NSC* 2014 | Unreviewed NSC* 2015 |
|-----------------------------------|---------------------|---------------------|----------------------|----------------------|
| Number of learners | 637 | 724 | 488 | 707 |
| Pass rate | 99% | 99% | 90% | 98% |
| University exemption | 82% | 82% | 43% | 57% |
| Average number of A's per learner | 1.1 | 1.1 | 0.7 | 0.6 |
| Average > 60% | 66% | 69% | 29% | 43% |

*Meridian and Curro Academy Schools

INSTITUTE FOR HIGHER EDUCATION

In 2016, our Embury Institute for Teacher Education ("Embury"), based in KwaZulu-Natal, will educate more than 800 full-time and 100 distance learning students. It will also provide continuous professional development education courses to approximately 4 000 teachers.

This year will also mark the expansion of Embury's geographic footprint and academic offerings. Embury will commence with the conversion of a new larger site in Durban to accommodate 2 600 students, construct a new campus at Waterfall Estate (Midrand) with a capacity of 1 400 students, as well as acquire a 800-student