

CURRO

**Results for the
year ended
31 December 2022**

2 March 2023





AGENDA

▶ **Business overview**

- Highlights for 2022
- Growth momentum
- Strategic focus

▶ **Financial overview**

▶ **Questions**

CURRO

Business overview

Cobus Loubser
Chief Executive Officer



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

Payable on 17 April 2023

 **11.08c**

GROWTH MOMENTUM (1)

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

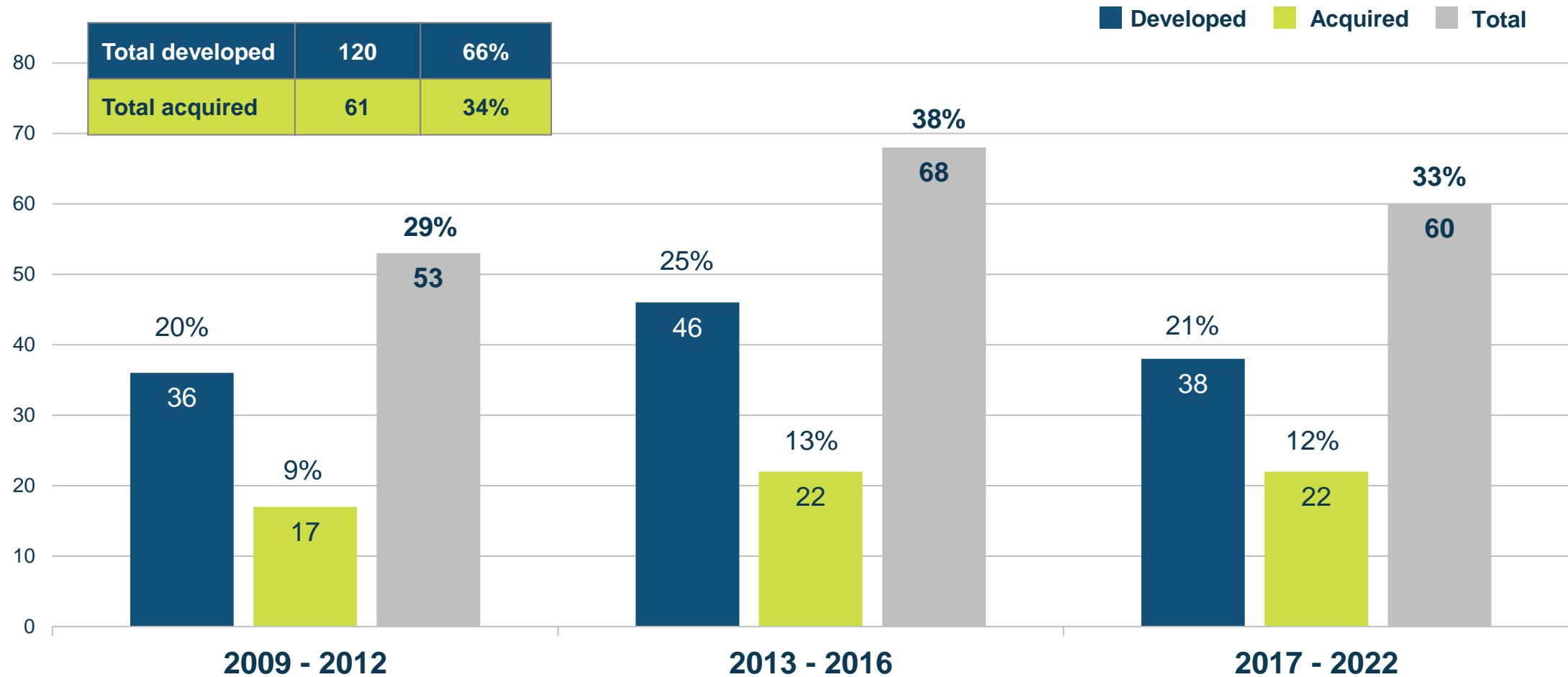
		2011	2019	2021	2022
Campuses	#	12	70	76	77
Schools	#	24	166	178	181
Learners	#	4 200	57 597	66 447	70 724
Revenue	R'm	166	2 944	3 543	4 156
EBITDA	R'm	10	693	789	926
<i>EBITDA Margin</i>	<i>%</i>	<i>6%</i>	<i>24%</i>	<i>22%</i>	<i>22%</i>
Cumulative capital invested	R'm	574	10 265	11 844	12 959
Cash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

- 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)

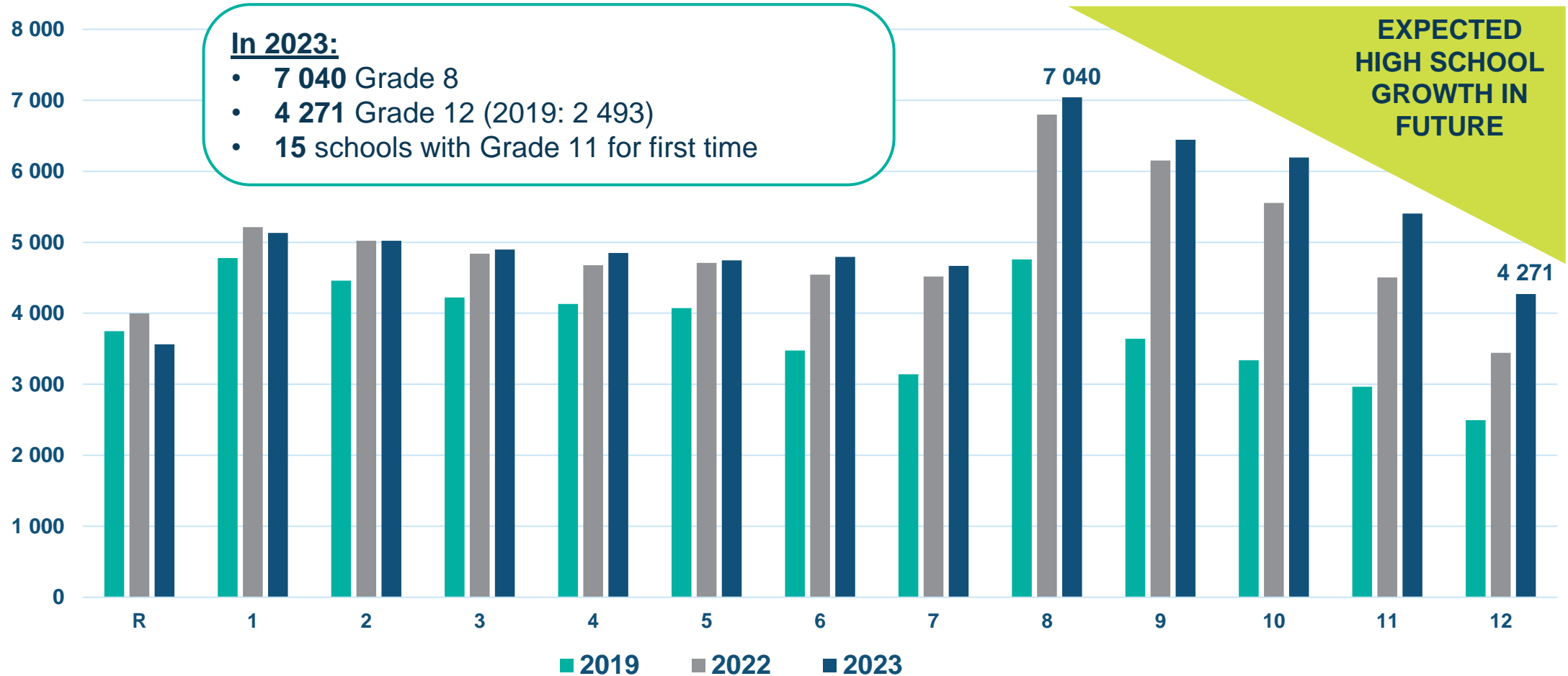
Business is young, based on portfolio of schools acquired and developed over time



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

GROWTH MOMENTUM (3)

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





CURRO

**STRATEGIC
FOCUS**

DRIVING SHAREHOLDER RETURNS HIGHER (1)

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

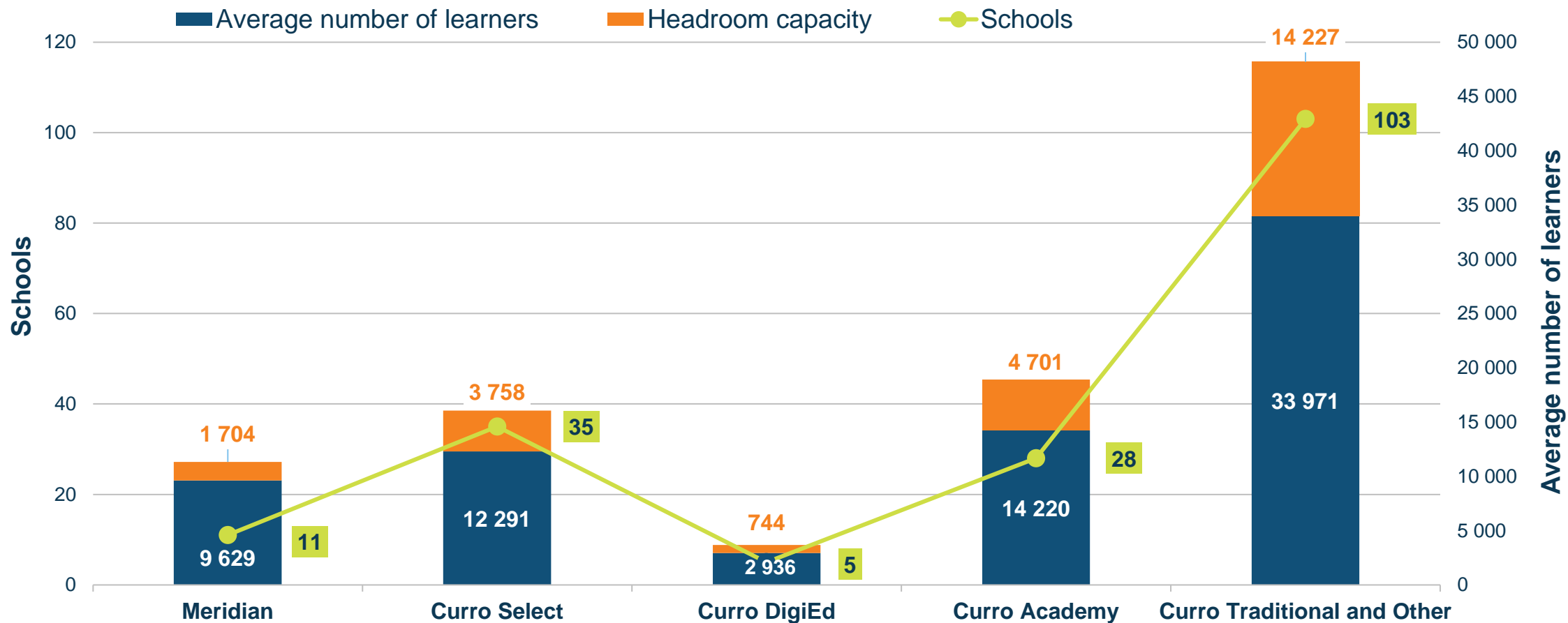
- Ancillary service profitability to recover
- Reduce discounts and bad debt costs as a % of revenue
- Gain efficiency in staff costs as business matures, supported by digital options
- Tight operational discipline to contain other costs

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

DRIVING SHAREHOLDER RETURNS HIGHER (2)

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



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

FROM LOAD SHEDDING TO ENERGY INDEPENDENCE

▶ Curro is unique

- Not a high electricity consumer overall, but electricity consumption concentrated during a specific time of the day

▶ Actions in 2022 to mitigate power outages

- Installed electricity metering solutions at all sites to track use and manage behaviour
- Installed large diesel-generators to provide back-up power
- Capex cost of cR45m; additional diesel consumed of cR6m (mainly in Q4)

▶ Actions in 2023 and beyond

- Evaluating battery and solar solutions which could enable schools to generate and store enough electricity to be self-sufficient over the medium to long-term
- Capex of cR46m planned for 2023
- FY23 diesel cost depend on extent of outages and implementation of back-up solutions

MOMENTUM AND PURPOSE



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**



CURRO

Financial overview

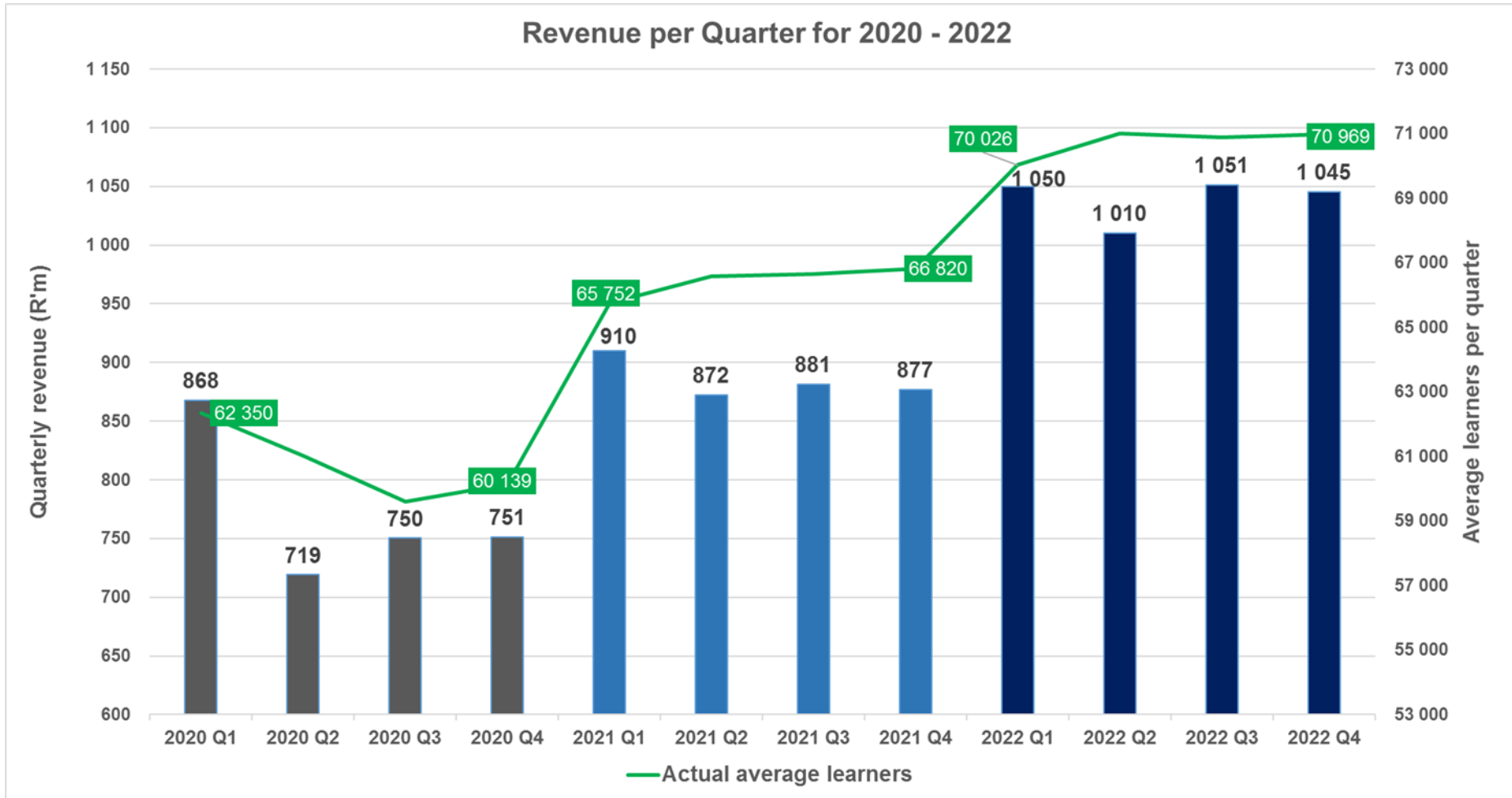
Burtie September

Chief Financial Officer

AGENDA

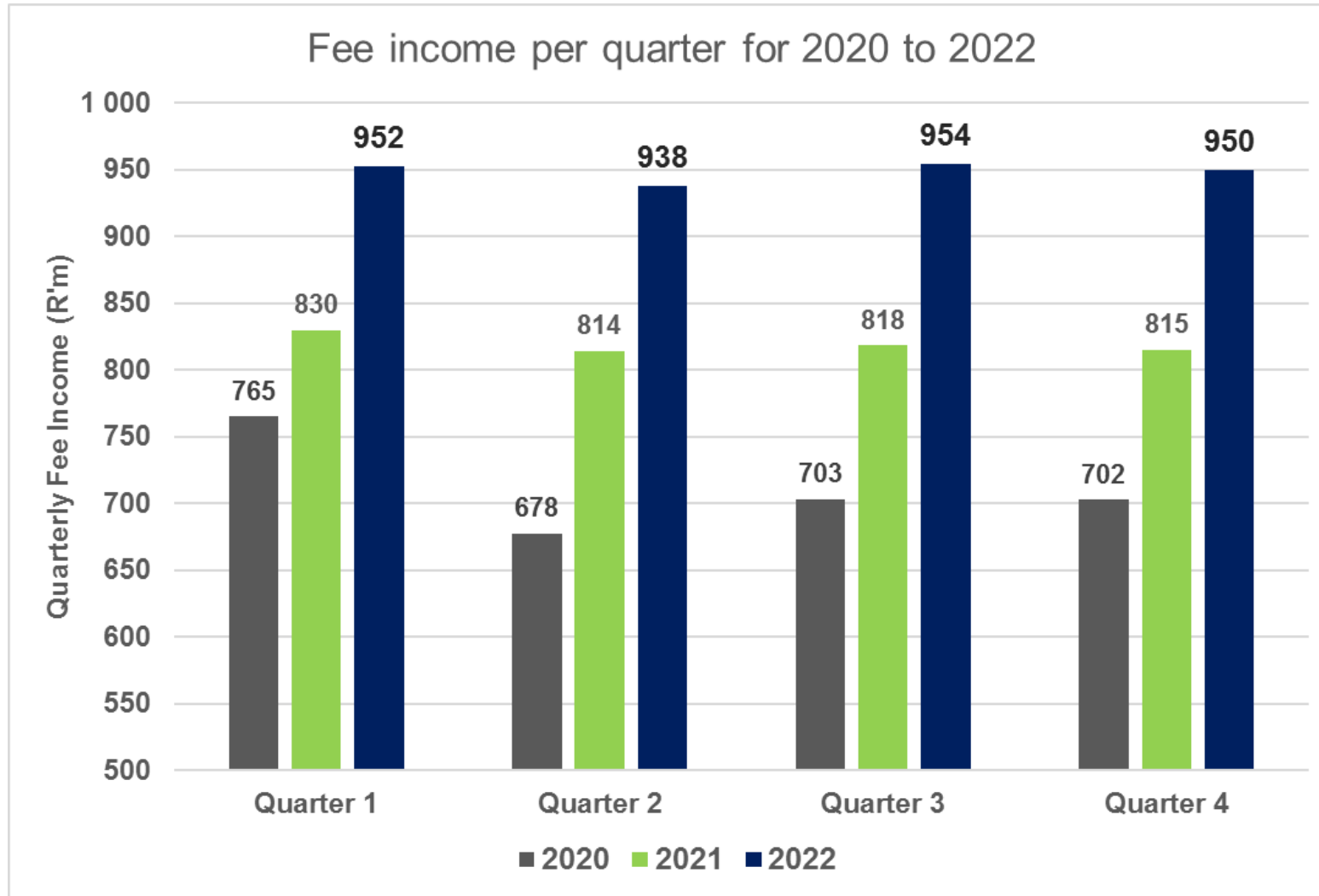
- ▶ Revenue
- ▶ Operating expenses
- ▶ Trade receivables
- ▶ Earnings
- ▶ Capital structure and capex

TOTAL REVENUE AND LEARNER GROWTH



- Strong learner growth in FY22, weighted average learner numbers up by 6.4%
- Total revenue consists of tuition fees and ancillary revenue
- Total revenue increased by 17.3% due to learner growth, fee increases and higher ancillary revenue

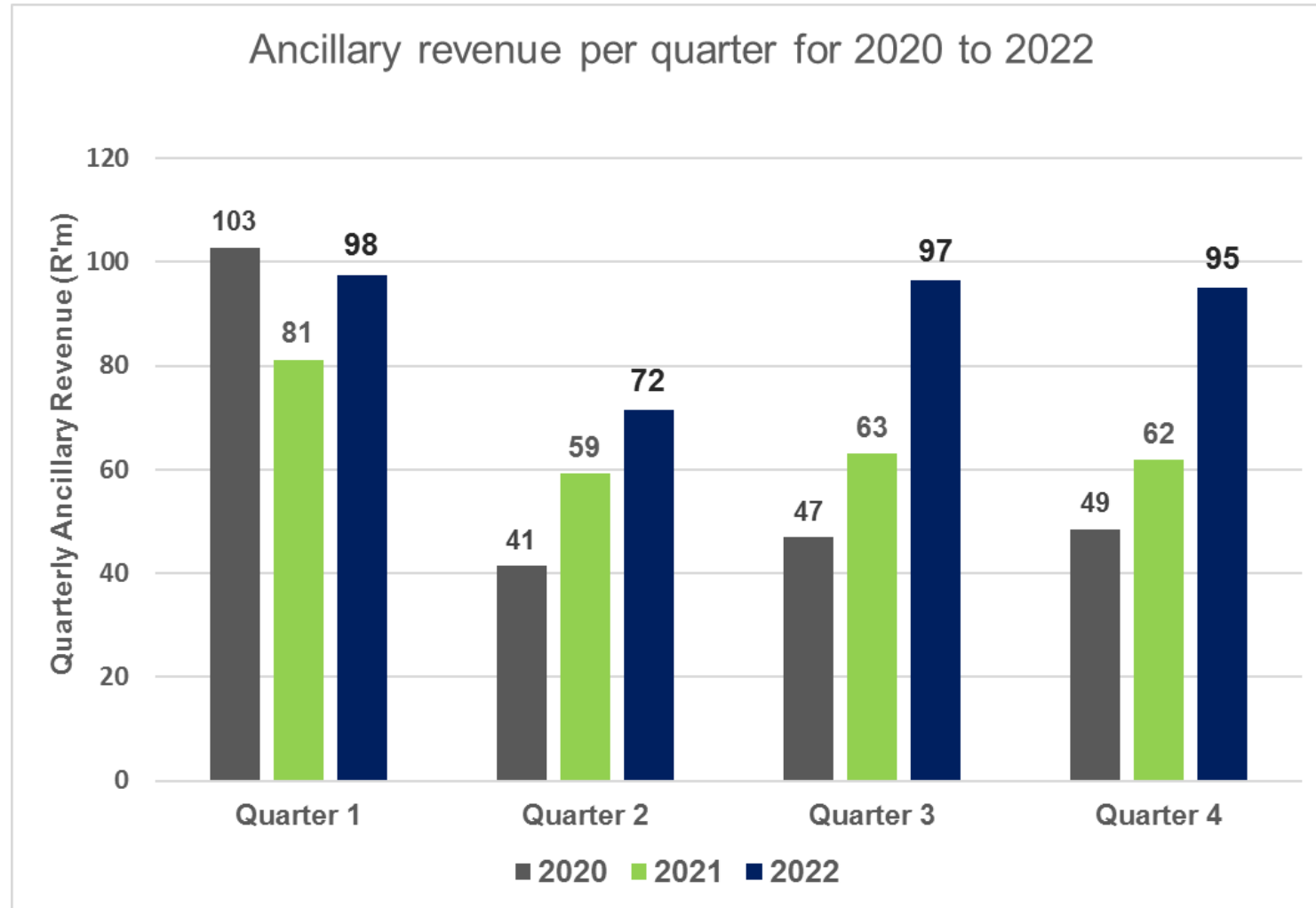
GROWTH IN FEE REVENUE



- Strong learner growth coupled with fee increases
- Total fee revenue increased by 15.8% from last year
- Discounts as ratio of gross tuition fees reduced by 1.3% from FY21 to FY22

Fee revenue consists of registration and tuition fees, net of discounts granted

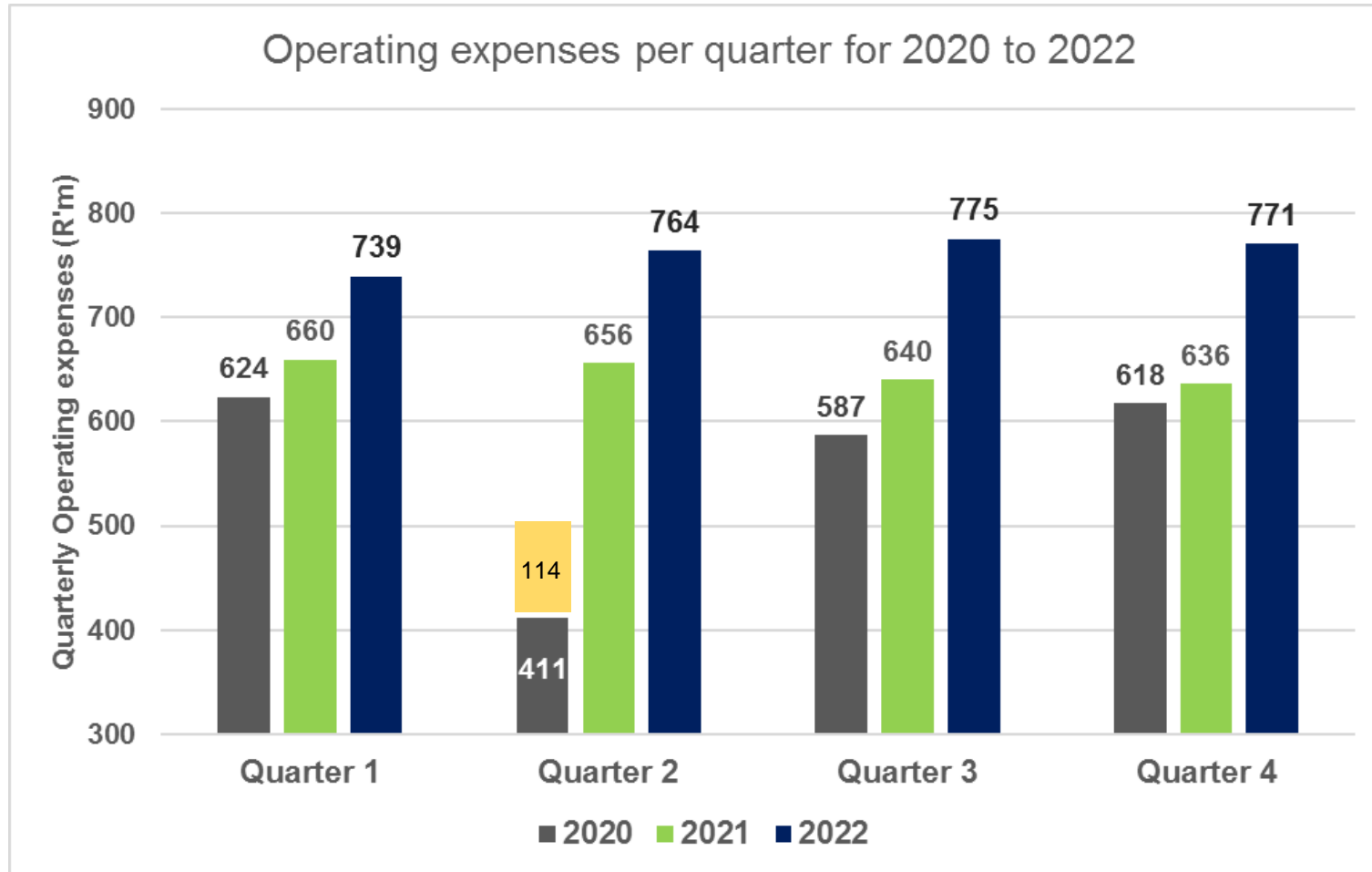
RECOVERY IN ANCILLARY REVENUE



- Ancillary revenue consists of the non-tuition fee revenue streams, being rentals, boarding school fees, aftercare fees, bus and other income
- Ancillary revenue increased by 36.1% on FY21
- Increase in ancillary income lags growth in tuition fee:
 - 43% increase in tuition fees since FY19
 - compared to 23% increase in ancillary revenue since FY19

OPERATING EXPENSES

- Increase in expenses relative to growth in learners and full activities compared to prior period



- Operating expenses increase by 17.5% compared to increase in total revenue of 17.3%
- Increase due to more learners, extra-mural activity and higher ancillary revenue and costs
- Staff costs increased by 12% due to learner growth and salary increases of c5%
- Facility costs (water, electricity and municipal rates) increased by c14% in this period
- Curro had cost savings of cR114m in Q2 of FY20 related to national lockdown, including TERS received

Note: Operating expenses in the graph include employee costs, but exclude bad debt related costs, depreciation and rentals.

TRADE RECEIVABLES (1)

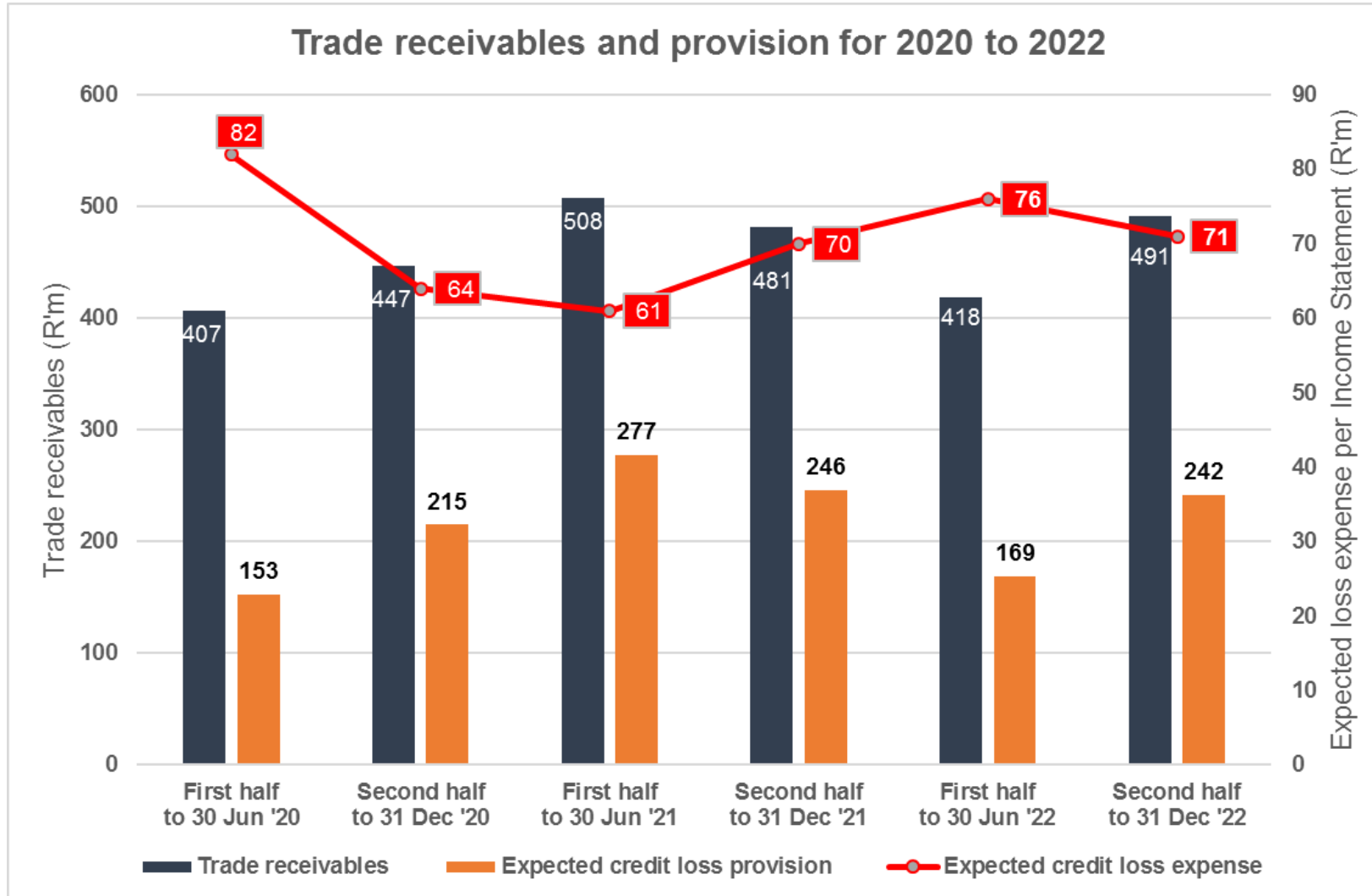
- Gross receivables increased by 2%
- Aging continues to improve due to enhanced debt collection process
- Less tolerant of overdue accounts with pro-active engagement to improve learner retention
- IFRS 9 effect: receivables retained longer, wrote off R153m in this period (FY21: R100m)

(R'm)	Less than 90 days	91 - 180 days	181 - 360 days	361 - 540 days	More than 540 days	Total
31 December 2022						
Gross trade receivables	107	61	104	62	157	491
Loss provision	(8)	(10)	(42)	(38)	(144)	(242)
Expected loss rate	7.5%	16.4%	40.4%	61.3%	91.7%	49.3%
31 December 2021						
Gross trade receivables	93	53	85	65	185	481
Loss provision	(3)	(5)	(27)	(38)	(173)	(246)
Expected loss rate	3.2%	9.4%	31.8%	58.5%	93.5%	51.1%

- Firm approach on overdue accounts resulted in higher collections and improved aging of accounts
- Prudent credit loss provision methodology, where full balance of each account is allocated under its oldest aging category
- **Total bad debt related costs¹ reduced to 4.1% from 4.4% of revenue**

1. Bad debt related costs = provision movement + write-off + recoveries + collection cost

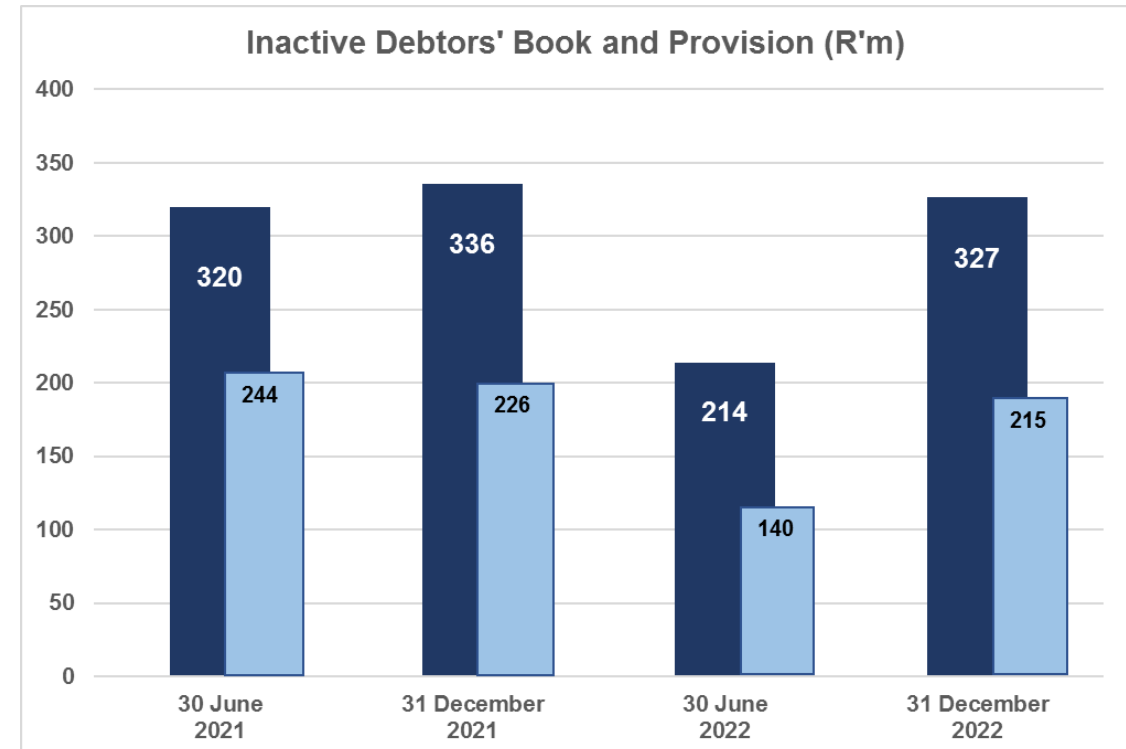
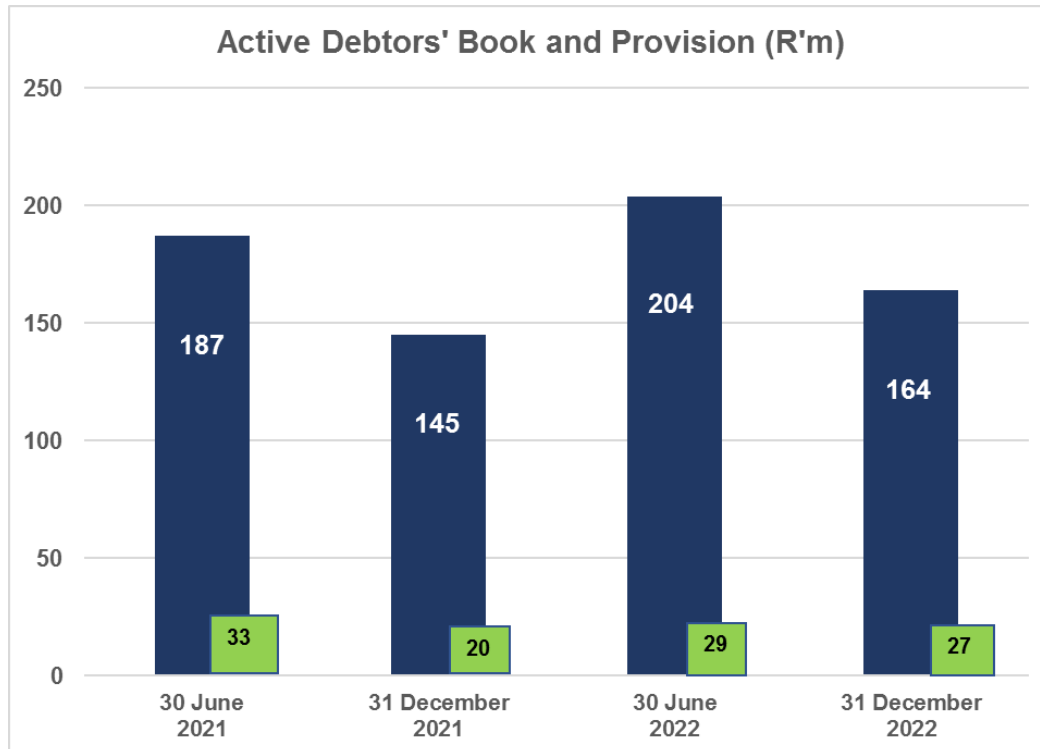
TRADE RECEIVABLES (2)



- Gross receivables increased with R10m from the prior year
- Expected credit loss provision decreased by R2m after portion of fully provided debt was written off and sold
- Collections of overdue accounts improved, with better aging and quality of the active book
- Loss provision at 49% of gross receivables due to improved aging and lower proportion of inactive accounts (FY21: 51%)

TRADE RECEIVABLES (3)

- Receivables are split between **Active** (learners still in schools) and **Inactive** (learners who left Curro)
- The aging and quality of the **Active** book has improved further during this period
- Non-performing portion of debtors book mainly relates to **Inactive** book. A portion of this was written off during this period, with concerted efforts to recover the remaining balance



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). This is excluded from RHEPS
- Impairments after tax of R127 million added back to calculate HEPS and RHEPS

CAPITAL STRUCTURE

▶ Debt

- Curro successfully refinanced debt of R3.3 billion
- Net finance cost for FY22 increased to R208m (FY21: R170m)

▶ Cashflow

- Cash generated from operating activities increased by 4% to R800m (2021: R767m)
- 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

▶ Dividend

- Gross dividend of 11.08 cents per share (8.864 cents after 20% dividend withholding tax) payable on 17 April 2023

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





CURRO

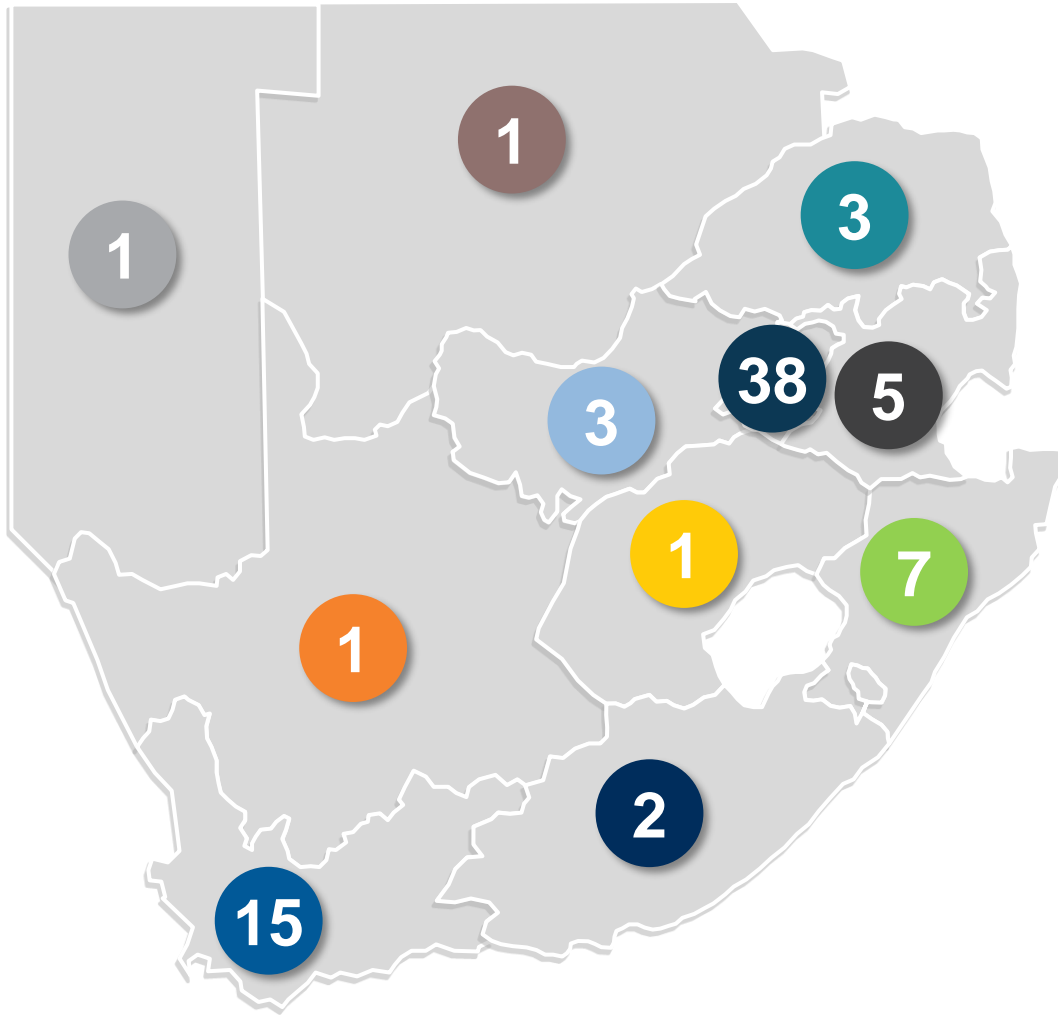
QUESTIONS?





CURRO

LIBRARY

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	
TOTAL	77		181	

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

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.

2019 to
2023

Optimise

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.

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 ²	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

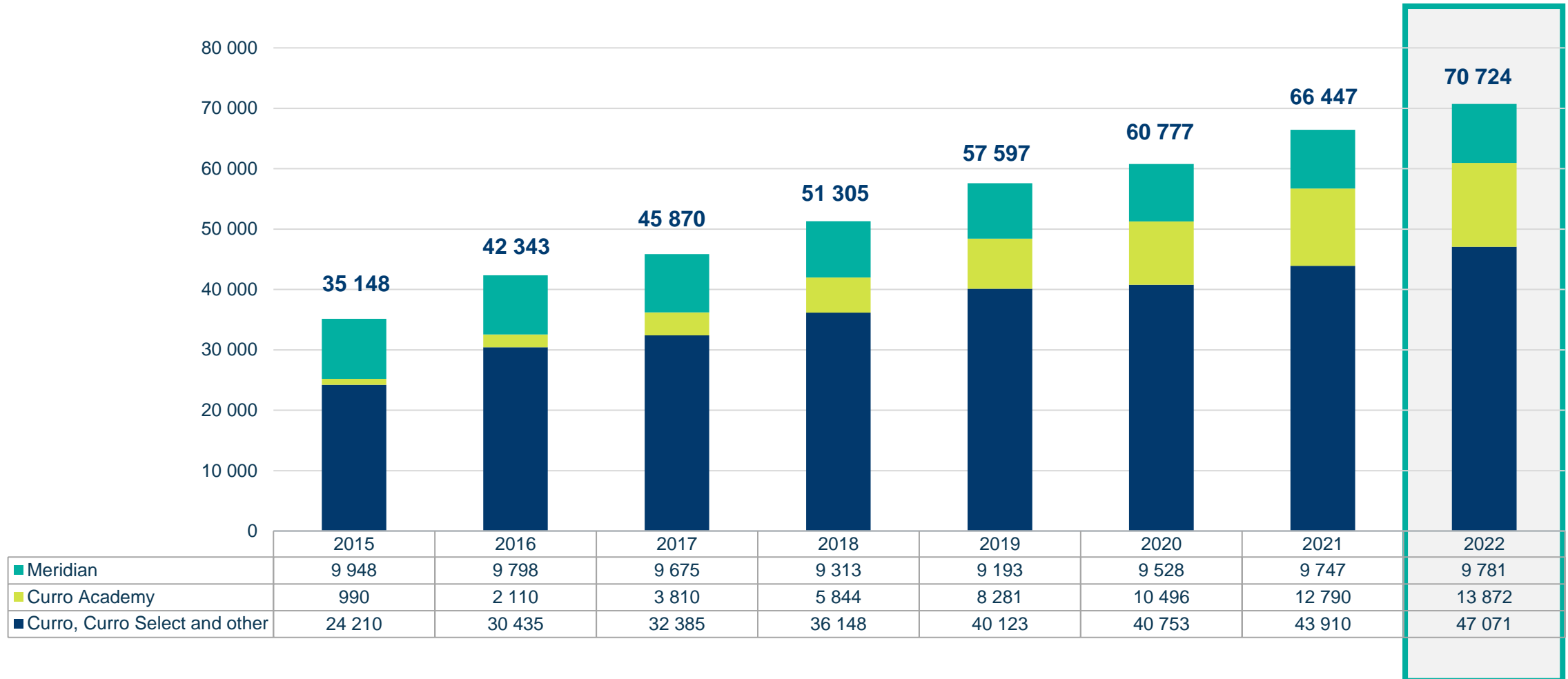
	Campuses	Schools	Average learner numbers		Growth		School's EBITDA (R million)		Growth		School's EBITDA margin		Built capacity utilised		Eventual capacity utilised	
	2022	2022	2021	2022	20/21	21/22	2021	2022	20/21	21/22	2021	2022	2021	2022	2021	2022
Developed schools	51	120	42 965	45 826	12%	7%	622	739	17%	19%	28.6%	29.1%	66.6%	68.8%	56.6%	60.3%
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%
Acquired schools	26	61	23 482	24 898	5%	6%	400	466	8%	17%	29.6%	29.0%	78.1%	79.6%	70.4%	76.4%
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)								
Total	77	181	66 447	70 724	9%	6%	1 013	1 195	14%	18%	28.6%	28.8%	70.3%	72.3%	60.1%	64.6%

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.

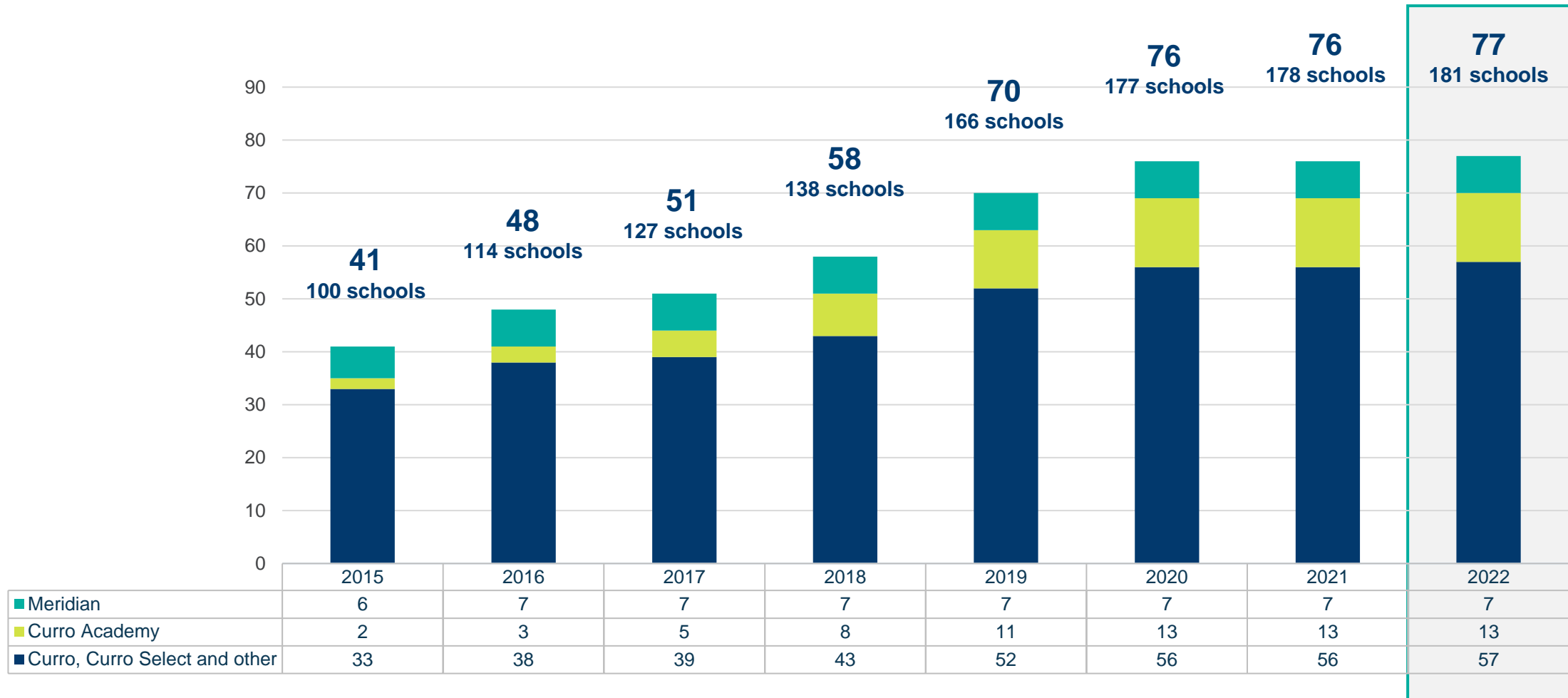
LEARNER NUMBER GROWTH



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

Total number of schools acquired and developed per year

