



# CURRO

## ANNUAL GENERAL MEETING

JULY 2020

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# Financial results 2019

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# HISTORY SINCE 2011

## Curro listed on the JSE – June 2011

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**	9-year CAGR
 <b>Campuses</b>	12	22	26*	32*	41	48	51	58	<b>70</b>	<b>76</b>	23%
 <b>Schools</b>	24	61	72	80	100	114	127	138	<b>166</b>	<b>175</b>	25%
 <b>Learners</b>	4 200	12 473	21 027	28 737	35 148	42 343	45 870	51 305	<b>57 597</b>	<b>62 698</b>	35%

\*Includes Embury Institute for Teacher Education

\*\*As at January 2020

# HIGHLIGHTS – DEC 2019

## LEARNER NUMBERS



From 51 305  
to 57 597

## REVENUE



From R2 496m  
to R2 944m

## EBITDA



From R627m  
to R693m

## RECURRING HEPS



From 60.1 cents  
to 51.0 cents

## HEPS



From 60.1 cents  
to 61.1 cents

## CASH GENERATED FROM OPERATIONS



From R632m to  
R714m

# KEY INDICATORS

		Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	% Difference	5Yr CAGR
Campuses	#	31	41	48	51	58	<b>70</b>	21%	18%
Schools	#	79	100	114	127	138	<b>166</b>	20%	16%
Learners	#	27 916	35 148	42 343	45 870	51 305	<b>57 597</b>	12%	16%
% of built capacity	%			69%	70%	69%	<b>70%</b>		
Revenue	Rm	966	1 345	1 714	2 099	2 496	<b>2 944</b>	18%	25%
Schools EBITDA	Rm	256	375	487	594	772	<b>873</b>	13%	28%
EBITDA	Rm	191	292	377	473	627	<b>693</b>	10%	29%
EBITDA Margin	%	19%	21%	22%	23%	25%	<b>24%</b>		
Net interest expense	Rm	55	91	70	78	138	<b>243</b>	76%	35%
HEPS (Recurring)	Cents	16.0	26.2	41.8	49.0	60.1	<b>51.0</b>	(15%)	26%
Learner/teacher ratio	#	15	15	17	17	17	<b>18</b>	6%	4%
Capital invested	Rm	1 305	1 010	1 486	1 136	1 493	<b>1 285</b>	(14%)	0%
Cumulative capital invested	Rm	3 834	4 864	6 350	7 486	8 979	<b>10 265</b>	14%	22%
Total building size	m <sup>2</sup>	392 314	449 067	558 683	598 194	656 081	<b>700 946</b>	7%	12%



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# Corporate social responsibility

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# CORPORATE SOCIAL RESPONSIBILITY

Curro contributed **R117 million** to corporate social investment and bursaries during 2019.



# CORPORATE SOCIAL RESPONSIBILITY

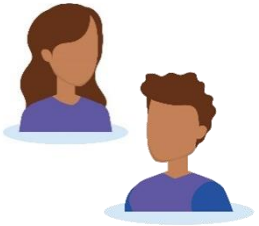
Each year Curro schools (staff, learners and parents) give of their time, energy and resources towards community outreach projects.

- Spending time with the aged and children with disabilities at various institutions.
- Supporting CANSA through a number of activities and events.
- Recycling and environmental initiatives to save the environment and to raise funds for those in need.
- Celebrating Nelson Mandela Day by giving their time and donations at various events.
- Collecting and distributing food, clothing and other essential items to various institutions and communities in need as well as for animal welfare organisations.
- Spending time painting and cleaning up local community centres and schools.

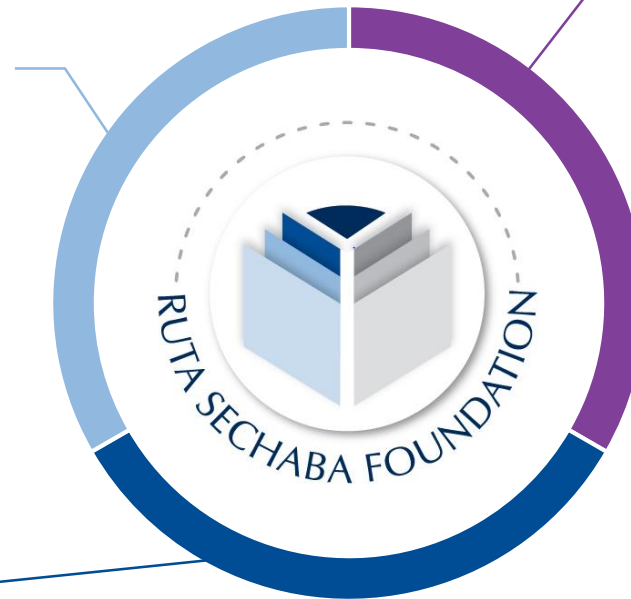




# RUTA SECHABA FOUNDATION



At the end of 2019, the Ruta Sechaba Foundation had **400** learners on academic and sports scholarships.



- **50** Ruta Sechaba learners wrote the Grade 12 examination in 2019
- **48** learners completed the examinations successfully
- **44** learners achieved a DB/university exemption
- Ruta Sechaba beneficiaries achieved approximately **80 subject distinctions**
- Six learners receiving awards for **outstanding performance** at the Curro Matric awards gala.

- Total funding for 2020 is expected to be approximately **R17 million**, with the main donor being PSG (PSG Group BEE Education Trust), contributing R14 million.
- Contributions of approximately R3 million from external donors will contribute to the education of just over **60 learners in 2020**

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# COVID-19

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# COVID-19 IMPACT – Learner numbers

Per brand – Learners 21 March 2020 vs learners April/May/June

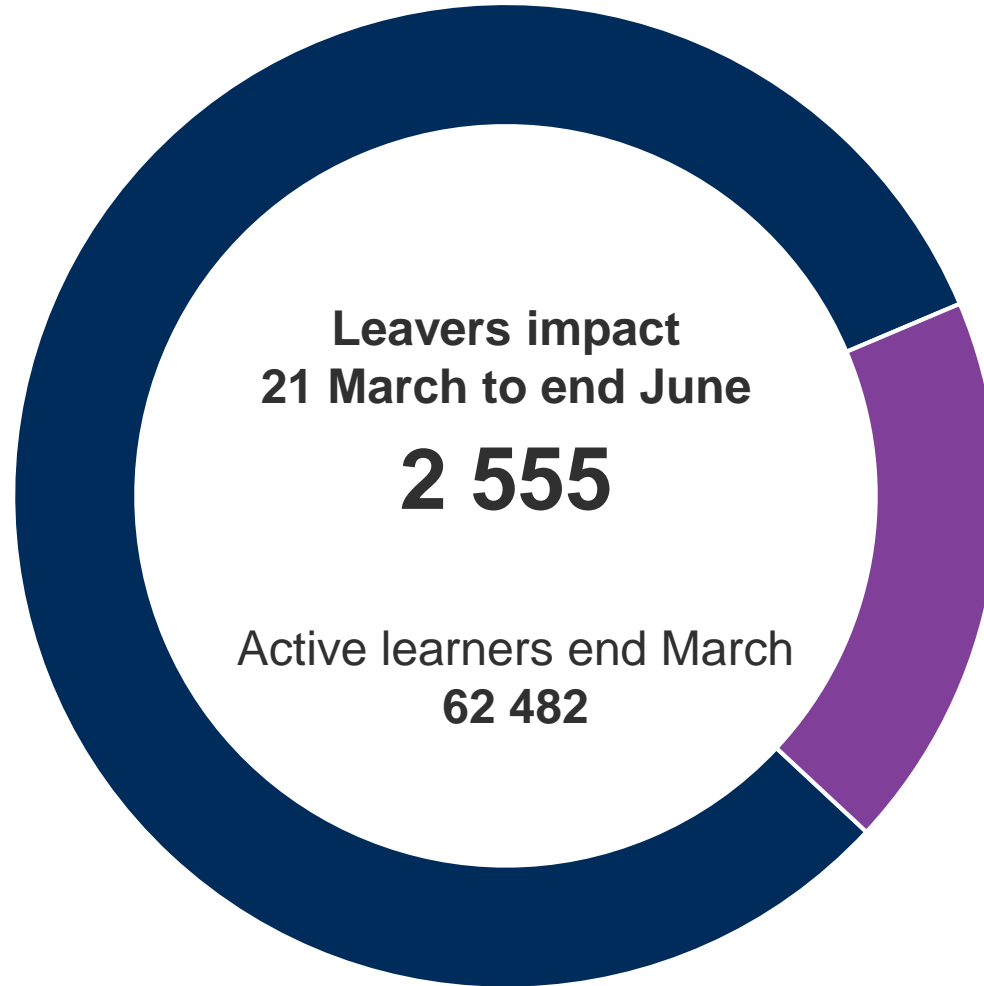
	PRE-COVID	COVID PERIOD		
	21 March 2020	20 April 2020	31 May 2020	30 June 2020
Curro, Select and other	40 667	40 197	39 405	38 899
Meridian	9 595	9 605	9 562	9 522
Academy	10 738	10 716	10 621	10 509
Castles	1 482	1 374	1 152	997
<b>Total</b>	<b>62 482</b>	<b>61 892</b>	<b>60 740</b>	<b>59 927</b>
<b>Learner net movement per month</b>		<b>(590)</b>	<b>(1 152)</b>	<b>(813)</b>
<b>Negative impact - COVID19</b>				<b>(2 555)</b>

# COVID-19 IMPACT – Learner numbers

**Preschool grades**  
(Group 1 to Grade R leavers)

**2 087: 82%**

18% of 11 498 learners  
(end March)



**Other grades**

(Grade 1 to Grade 12 leavers)

**468: 18%**

0.1% of 50 954 learners  
(end March)



# COVID-19 IMPACT – Learner numbers

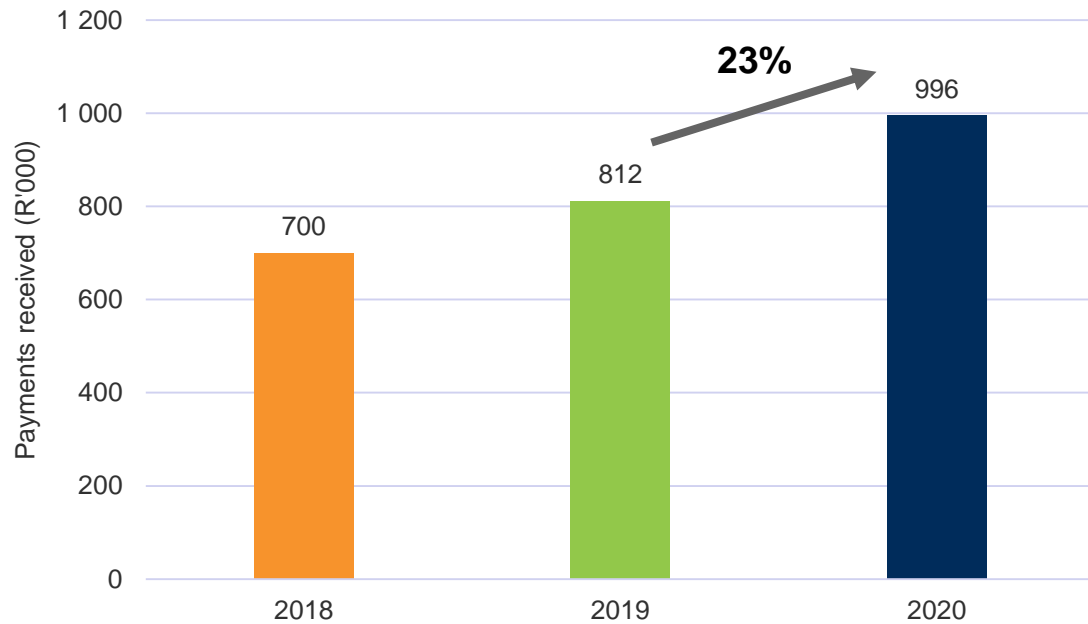
## Enrolments during COVID-19 period

	2018	2019	2020
April	567	807	295
May	322	374	186
June	172	143	<b>513</b>
<b>Total for the period</b>	<b>1 061</b>	<b>1 324</b>	<b>994</b>

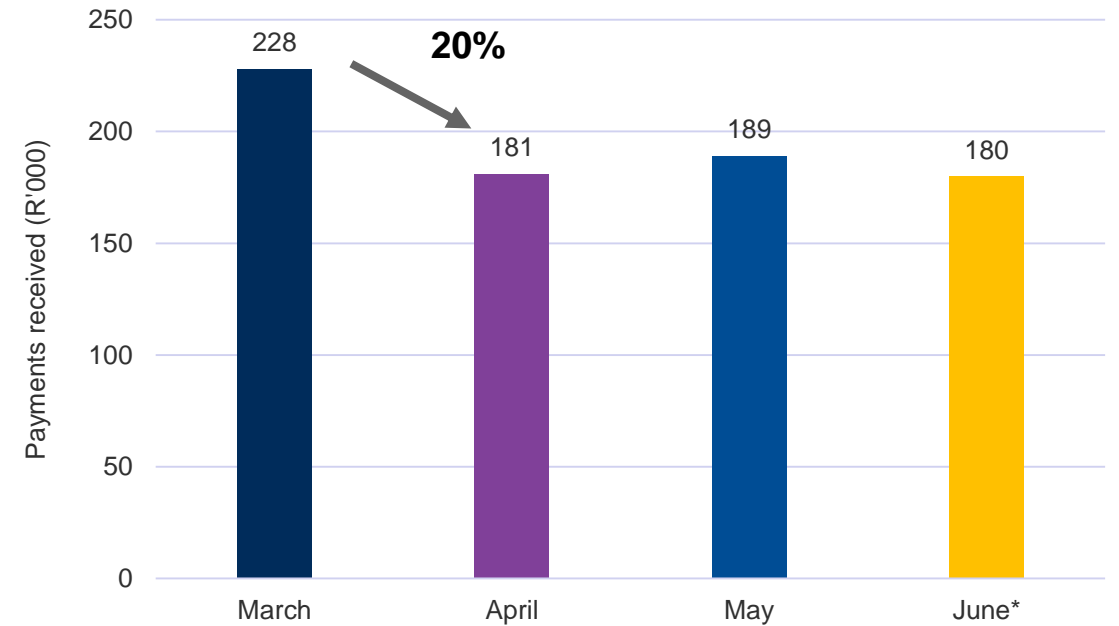
Enrolments for June increased due to opening of schools and the launch of Curro Online

# COVID-19 IMPACT – Cash inflow

Debtor payments – January to March – YoY



Debtor payments – Monthly – 2020



\* June 2020 estimated

# FOCUS ON PARENTS, LEARNERS AND STAFF (1)

## PARENTS AND LEARNERS

- ▶ Remote learning started first week in April
- ▶ Full second term curriculum was covered as for a normal academic year
- ▶ Culture and selected virtual sport offerings implemented
- ▶ COVID-19 Care Fund established – value R50 million
- ▶ COVID-19 discounts applied (pre-school, primary and high school, non-core services)
- ▶ Detailed communication plans put in place to ensure regular engagement with parent and learner communities

## COMMUNITY

- ▶ Utilised 3D printers at schools to print 5 000 face shields for field workers

# FOCUS ON PARENTS, LEARNERS AND STAFF (2)

## STAFF

- ▶ No salary increases for 2020; re-evaluate when operations return in full
- ▶ Realignment of staff structures in pre-schools
- ▶ Temporary lay-off ('furlough') of non-core staff, TERS applications made and granted
- ▶ Employee assistance programme



# KEY BUSINESS DECISIONS



## Castles



- Convert
- Consolidate
- Close
- Limit exposure



## Technology



- Data security; rethink acquisition, sharing, interpretation and securing of information
- All call centres moved off-site
- Inclusion of remote data connectivity priority



## Curriculum



- Online and remote learning strategies
- Professional development of teachers
- Focus on development of hybrid model



## Curro Online



- Launch 25 May 2020; focus on Grades 4 to 9

# REOPENING OF SCHOOLS

- ▶ Well-gearred to support both remote and face-to-face learning after lockdown
- ▶ Phased-in reopening of schools as of 1 June 2020; all grades open by 7 July 2020
- ▶ 50% capacity in June, 75% capacity in July, 100% capacity from August 2020
- ▶ Standard operating procedures implemented and managed, PPE supplied
- ▶ A number of positive cases; managed in line with relevant regulations – schools remained open



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# Looking forward

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# KEY BUSINESS DECISIONS

- ▶ **Consolidate**, realign where necessary – limit exposure in pre-schools and exit non-profit schools
- ▶ **Expansion** – capital allocation to growing schools, limit capital spend on under performing schools
- ▶ **Opportunities** – possible acquisitions and mergers



# RIGHTS OFFER



## **Partially underwritten non-renounceable rights offer**

- PSG (current shareholding 55.4%) irrevocable and underwriting 75% (R1.15 billion)
- Price R8.07 (30 day VWAP on day of approval by the board – 9 June 2020)



## **Reasons**

- Potential opportunities
- COVID-19 uncertainty (effect on 2021 learner intake numbers as well as bad debts risk for 2020) – reduce gearing levels



## **Key dates**

- Last day to trade in order to participate – 11 August 2020
- Closing date for rights offer 21 August 2020

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# Conclusion

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# IN CONCLUSION



Fundamentals in place to manage this crisis



Strong senior management team, dedicated Board in place



Current climate presents opportunities to further strengthen our educational footprint



Geared to deliver quality product for changing market needs (traditional schooling versus growing need for digital content delivery, hybrid models)



Remain committed to continue delivering quality education for the future leaders of southern Africa



**THANK YOU**

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