



# **CURRO**

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## **CURRO HOLDINGS LTD**

Presentation at the AGM

21 June 2013

# ACHIEVEMENTS

- Declared highest profit since inception in 2012 year (R15m)
- Target learner numbers exceeded
- All new schools and expansions successfully delivered
- 3rd Rights issue R606m (R476m in 2012 and R320m in 2011)
- Acquired R900m debt funding in past 2 years
- Old Mutual/PIC partnership
- Acquired a profitable private teacher training college
- Investment grade bond rating (BBB-)



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**CURRO PRESENTS ...**

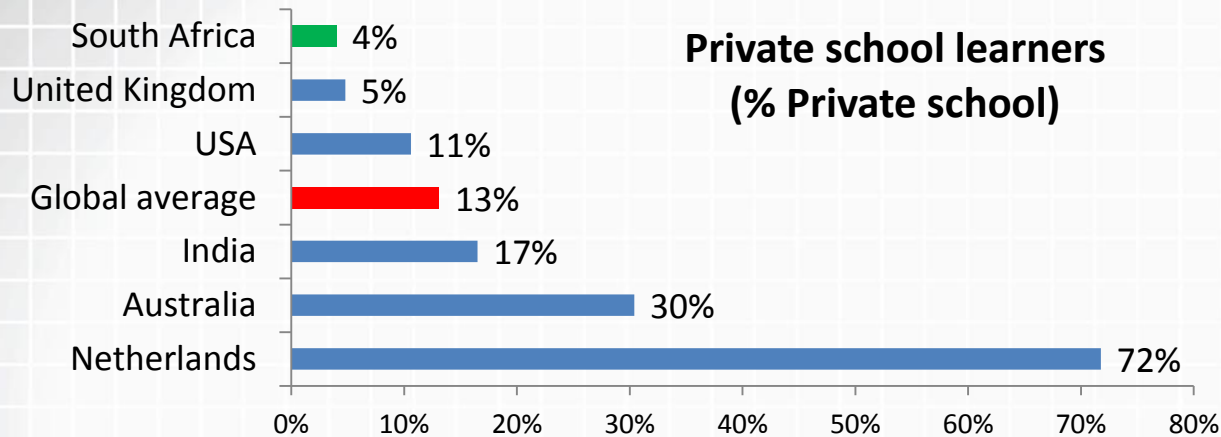
**80 @ 20**



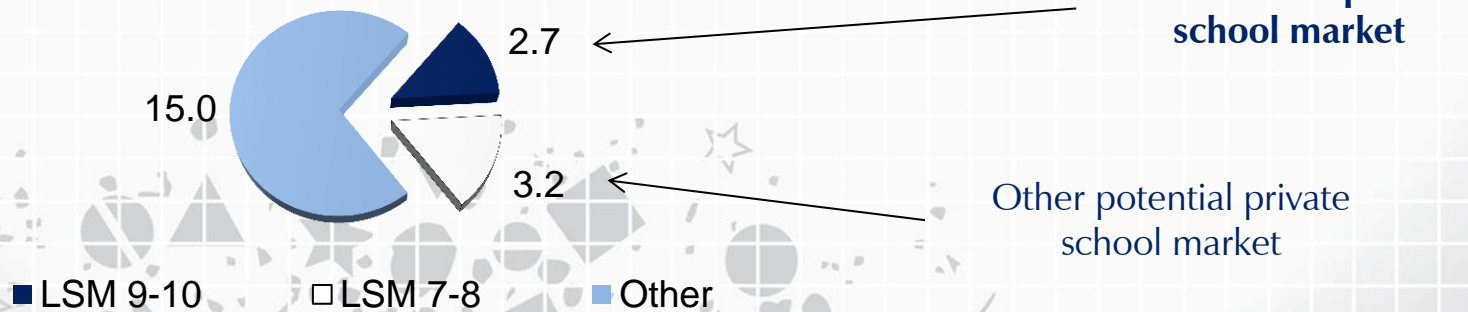
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[www.curro.co.za](http://www.curro.co.za)

# MARKET POTENTIAL



### SA: Population of Age 0-19 (m)



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# MARKET POTENTIAL

*“World’s biggest private school operator GEMS seeks \$1bn”*

Bloomberg 27 March 2013

- 130 000 students attend GEMS network of 100 schools in 11 countries; Huge demand across Africa; Next challenge: a \$250-\$300 a year quality school

*“Private equity bankers compare Africa’s potential with emerging markets such as Brazil, India and China, which have attracted significant investment into their education sectors.”*

Reuters 8 April 2013



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# MARKET POTENTIAL

- Many examples and opportunities globally
  - UAE, Mexico
- Other significant international players
  - Cognito (+-50 000 learners)
  - Beaconhouse (+-190 000 learners)
  - North Anglia, Meritas, SABIS



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# SOUTH AFRICAN SCHOOL STATISTICS

|                           | 2006              | 2012/13           | CAGR | 2020        | CAGR |
|---------------------------|-------------------|-------------------|------|-------------|------|
| <b>NUMBER OF LEARNERS</b> |                   |                   |      |             |      |
| Curro                     | 910               | 20 840            | 68%  | 80 000      | 17%  |
| <i>% of total</i>         | <i>0.01%</i>      | <i>0.17%</i>      |      | <i>0.8%</i> |      |
| Private                   | 352 000           | 504 000           | 6%   |             |      |
| <i>% of total</i>         | <i>2.9%</i>       | <i>4.1%</i>       |      |             |      |
| Total (Private and Pubic) | <b>12 294 000</b> | <b>12 428 000</b> |      |             |      |

- Significant increase in private school learners confirms the market potential.
- Only 60 of 1400 registered private schools with more than 1 000 learners



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provides private school education

From 3 months to grade 12



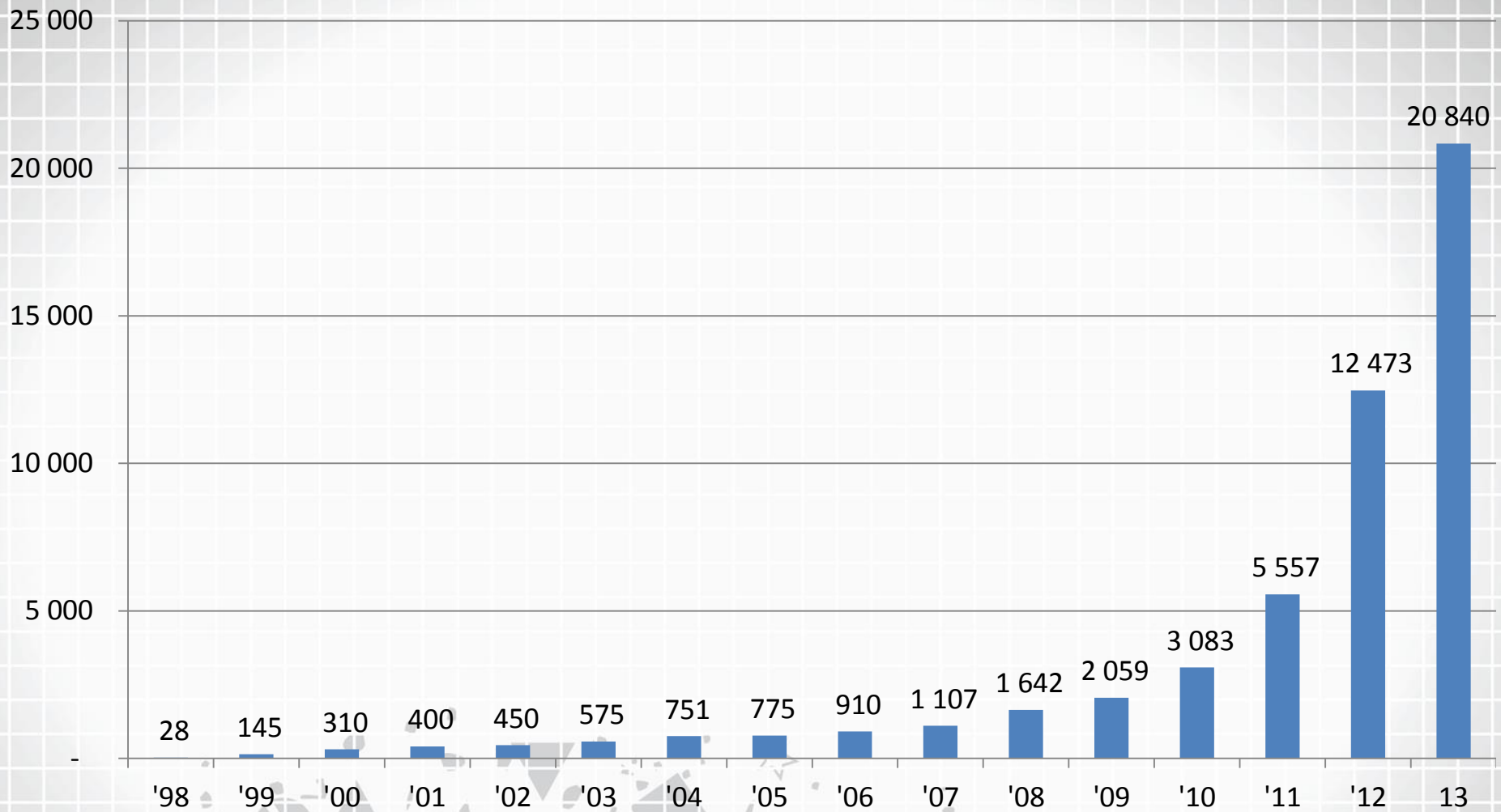
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# SUPPORT SERVICES

- Aftercare
- Bus Services
- Clothing and Attire
- Teacher Training

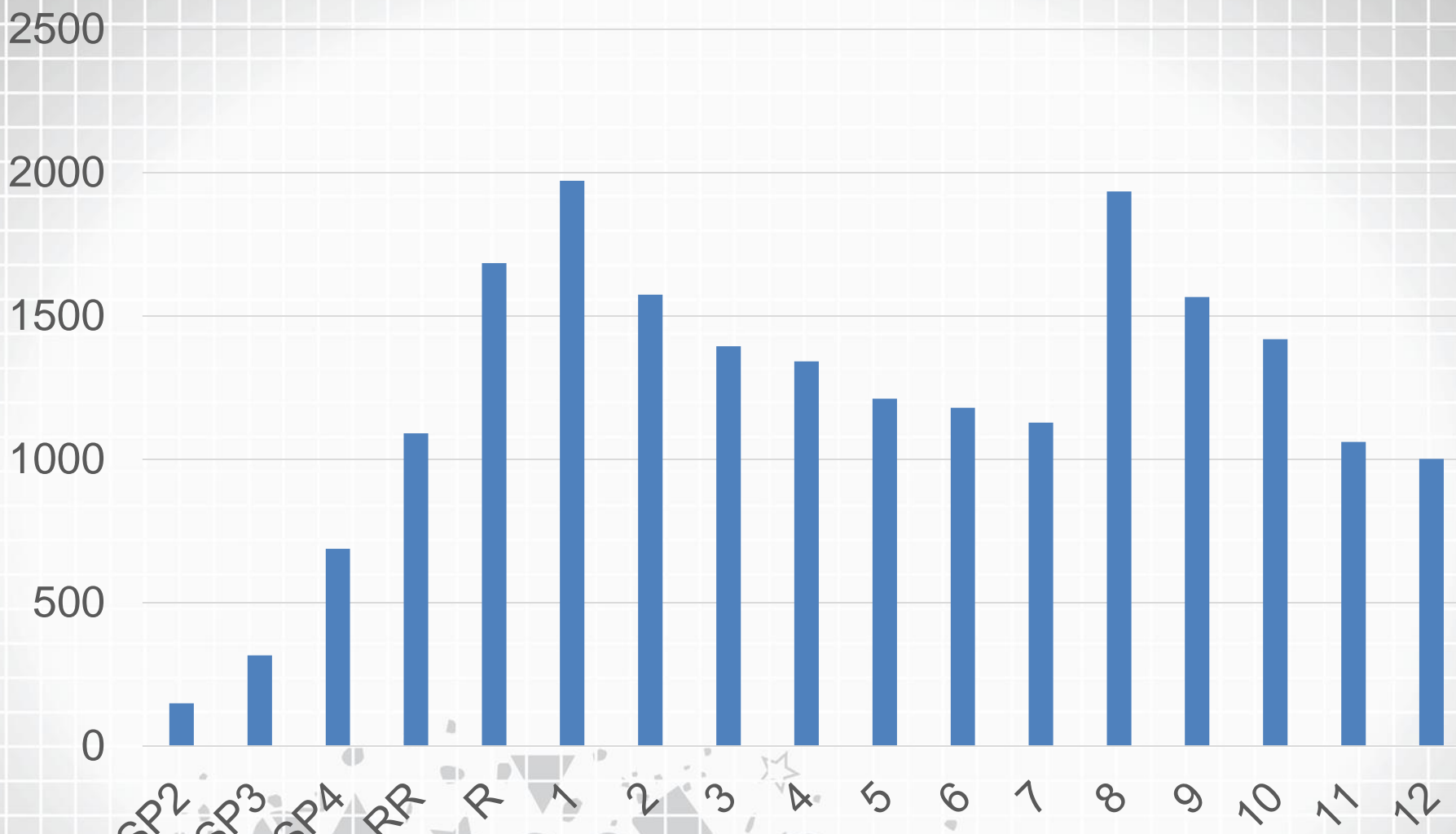




## NUMBER OF LEARNERS



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# LEARNERS PER GRADE



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# OUR BRANDS



## CURRO

private schools • skole

R2500 –  
R4000 pm

Max 25 learners  
Academic, sport , culture  
Sufficient variety

## SELECT SCHOOLS



R4500 –  
R6000 pm

Established campus  
Convenience  
Location  
Wide variety

 **MERIDIAN**  
private schools



R900 –  
R1500 pm

35 – 70 per class  
Academic focus  
Support by class assistants  
Some extra mural

## CURRO CASTLE



R2000 –  
R2500 pm

Full day care  
Convenience and safety  
Cognitive development programs

# 2012 ACADEMIC RESULTS AND QA

- Select and Curro brands
  - 358 candidates
  - 99.4% pass rate
  - 81% university exemption
- Northern Academy
  - 346 candidates
  - 99.4% pass rate
  - 73% university exemption
- Meridian
  - 180 candidates
  - 77% pass rate
  - 14% university exemption
- Government
  - 72% pass rate
  - 26% university exemption



# SOCIAL IMPACT

- Relieving pressure on the Government
  - In 2012 we invested **R460m** to expand the capacity of existing and new campuses
    - Local labour and suppliers
  - **R271m** in operational expenditure of which **R191m** comprises salaries
  - PAYE of **R31m**
  - Income tax of **R5m**



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# SOCIAL IMPACT

- Creating Jobs
  - Current staff complement of **2 257** people
- Developing human potential
  - **R18,4m** in bursaries
  - Delivering **880** matrics
  - Module library of **1 000** modules provided to needy schools



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# SOCIAL IMPACT – COMMUNITY SERVICE



## RECORD ATTEMPT FOR BIGGEST KNITTED BLANKET

Distributed the pieces of the huge blanket to the needy community in winter.



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# SOCIAL IMPACT – COMMUNITY SERVICE



## BAREFOOT DAY

Collection of old shoes – more than 12 000 shoes donated to the needy



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# DURBANVILLE (WESTERN CAPE)



**First school provided the model**

# DURBANVILLE



1 200 learners

# LANGEBAAN (WESTERN CAPE)



Confirmed demand and scalability

# HAZELDEAN (PTA, GAUTENG)



Reached capacity within 4 years

# ROODEPLAAT (PTA, GAUTENG)



Private schools have a catchment area of more than 20km

# SERENGETI (JHB, GAUTENG)



1 000 learners in three years

# SERENGETI NURSERY SCHOOL



Estate school convenience



# COLLEGE HAZELDEAN (PTA, GAUTENG)

Separate high school: the result of fast developing primary school



# BANKENVELD (MPUMALANGA)

14 ha will accommodate 2 000 learners



# AURORA (JHB, GAUTENG)



**Magnificent turnaround in profitability since acquisition**

# HELDERWYK (BRAKPAN, GAUTENG)

School campus > 1 000 learners:  
High barriers to entry



# HERMANUS (WESTERN CAPE)

**Demand in remote areas: 440 learners  
in 2 years.**



# HEUWELKRUIN (LIMPOPO)



**Before Curro: 200 learners in 10 years**  
**Now: 450 learners 2 years later**

# NELSPRUIT (MPUMALANGA)



Significant growth despite nearby private schools

# HILLCREST (DURBAN)



**From church school to private school with  
Christian ethos**



# WOODHILL COLLEGE (PRETORIA)

Select schools keep their identity



# ROSEN CASTLE (DURBANVILLE)



**Our nursery schools run a programme which enhances cognitive development**

# NORTHERN ACADEMY (POLOKWANE)



**4 000 learners, 2 500 boarders**

# NORTHERN ACADEMY



**50 – 70 learners supported by class  
assistants = 100% pass rate**

# NEW SCHOOLS 2013

- Curro
  - Existing schools capacity (R300m)
  - Ballito
  - Port Elizabeth
- Meridian/Northern Academy
  - Karino (Nelspruit)
  - Northern Academy 2
- Curro Castle
  - George
- Acquisitions: always in the offing



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# CURRO SCHOOL MODEL (example)

- Capital
  - 1000 learners R60m
  - 2000 learners R100m
- Open with 250-300 learners
  - Thatchfield surprise of 800 learners
- Breakeven EBITDA between 350 and 450 learners (2 years)
- IRR of 20%+



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# MANAGEMENT PHILOSOPHY

- Flat, decentralised and shared leadership
- Executive head is wholly responsible for his school (academics, co-curricular, HR and finance)
  - Well remunerated and incentivised
- Head office gives support
  - Regional Heads / Inspectors of education
  - Curriculum development and quality assurance
  - IT
  - Back office processing



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# FOCUS...

- Successful delivery of new schools
- Efficiencies
  - Personnel
- Management information systems
- Debt funding





# BALANCE SHEET

|                                     | 31 Dec 2012  | Pro forma<br>rights issue<br>31 Dec 2012  |
|-------------------------------------|--------------|---|
| <b>ASSETS</b>                       |              |   |
| School Properties                   | 1 426        | 1 426   |
| Current assets                      | 28           | 28  |
| Cash                                | 30           |  249 |
| <b>Total assets</b>                 | <b>1 484</b> | <b>1 703</b>  |
| <b>EQUITY AND LIABILITIES</b>       |              |   |
| Equity                              | 861          | 1461  |
| Interest Bearing Debt & Overdraft   | 441          |  60  |
| Deferred tax                        | 85           | 85  |
| Other ST liabilities                | 97           | 97  |
| <b>Total equity and liabilities</b> | <b>1 459</b> | <b>1 703</b>  |

RE-GEARING OF BALANCE SHEET WITH BONDS AND CONSOLIDATED BANK DEBT

# HOCKEY STICK

| % of Eventual Capacity | 2011      |                 |             |               |
|------------------------|-----------|-----------------|-------------|---------------|
|                        | Schools   | Learner numbers | EBITDA Rm   | EBITDA Margin |
| 75%-100%               | 1         | 1 175           | 9.2         | 26%           |
| 50%-75%                | 3         | 2 461           | 17.8        | 23%           |
| 25%-50%                | 4         | 1 269           | 4.3         | 11%           |
| 0%-25%                 | 4         | 652             | (4.8)       | (29%)         |
|                        | <b>12</b> | <b>5 557</b>    | <b>26.5</b> | <b>16%</b>    |
| 2012                   |           |                 |             |               |
| 75%-100%               | 5         | 4 160           | 41.6        | 36%           |
| 50%-75%                | 6         | 3 890           | 33.9        | 27%           |
| 25%-50%                | 5         | 2 728           | 9.9         | 15%           |
| 0%-25%                 | 6         | 1 695           | (6.7)       | (18%)         |
|                        | <b>22</b> | <b>12 473</b>   | <b>78.8</b> | <b>23%</b>    |



# 2012 Actuals vs Pre-listing Statement

|               | 2012   | % change | 2012 (PLS) |
|---------------|--------|----------|------------|
| Schools       | 22     | 57%      | 14         |
| Learners      | 12 473 | 67%      | 7 457      |
| Capacity      | 25 000 | 108%     | 12 000     |
| Turnover (Rm) | 355    | 60%      | 222        |
| EBITDA        | 54     | 46%      | 37         |
| PAT (Rm)      | 15     | 7%       | 14         |
| EPS (cents)   | 7      | (20%)    | 8,7        |
| School assets | 1 426  | 146%     | 580        |
| Equity        | 861    | 119%     | 394        |
| Debt          | 370    | 85%      | 200        |



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# YESTERDAY, TODAY, TOMORROW

|                        | 2009  | 2012   | 2013   | 2020       |
|------------------------|-------|--------|--------|------------|
| Schools                | 3     | 22     | 26     | 80         |
| Learners               | 2 059 | 12 473 | 20 840 | + - 90 000 |
| Staff                  | 251   | 1 630  | 2 257  | + - 8 000  |
| Learner/Educator ratio | 10    | 11     | 14     | + - 19     |
| Turnover (Rm)          | 48    | 355    |        |            |
| EBITDA                 | 9     | 54     |        |            |
| PAT (Rm)               | 2     | 15     |        |            |
| EPS (cents)            | 2.5   | 7.0    |        | * * * * *  |



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# SHARE PRICE & MARKET CAP



**CAGR** growth rate of **83,1%** since listing at R5,50 on 2 June 2011



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Thank you  
for your attendance  
and support ...



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