

# CURRO HOLDINGS LTD

## Full year results 2013



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

# HIGHLIGHTS

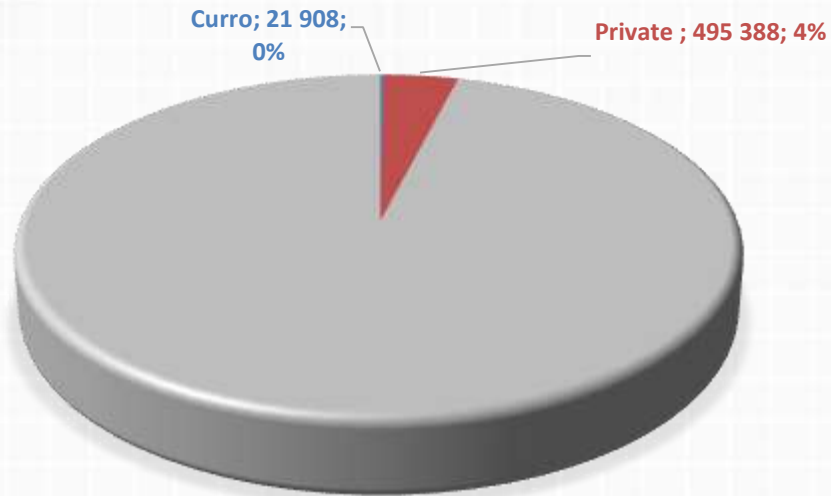
- Largest for profit private school group in South Africa
- 31 campuses; 27 263 learners
- Invested more than R1billion in 2013 (R2bn since 2011)
- Record profits
  - EBITDA +114%;
  - HEPS +87 (exceeded PLS guidance)
- 3 Acquisitions
- Investment grade bond rating (BBB-);  
Secured credit rating (A-)



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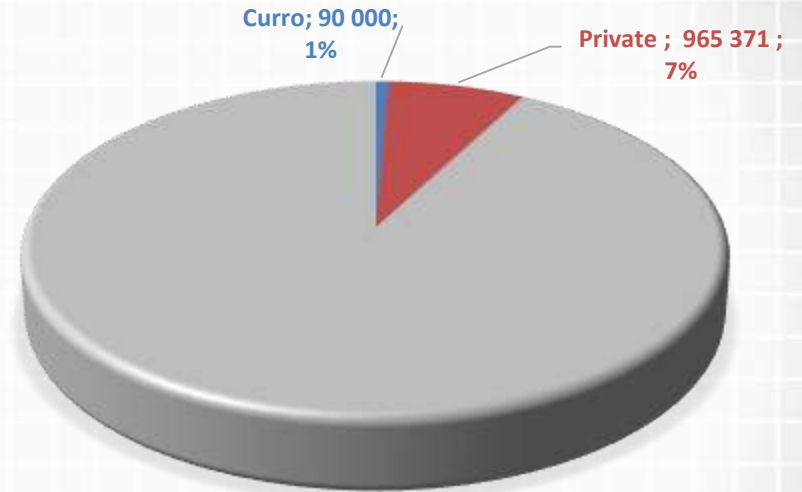
# SOUTH AFRICAN SCHOOL STATISTICS

2013 STATS



Total (Private and Public); 12 428 000; 96%

2020 STATS



Total (Private and Public); 12 428 000 ; 92%

## Assumptions

10% growth rate in private (was 6% over the past 6 years)



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# ACTION IN THE INDUSTRY

- Advtech R1,1bn development program for at least 10 new schools in the next four years.
- Oppenheimers bought into Reddam through Educas.
- RMB Corvest Private Equity acquired a 49% stake in Maragon School.



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# OUR BRANDS

	<p>Average R2600 pm (Primary) R3700 pm (High schools)</p>	<p>Max 25 learners Academic, sport , culture Sufficient variety of subjects</p>
 	<p>R5000 – R6500 pm</p>	<p>Established campus Convenience Location Wide variety of subjects</p>
 	<p>R1000 – R1600 pm</p>	<p>35 – 70 per class Academic focus Support by class assistants Some extra mural</p>
 	<p>R2000 – R2500 pm</p>	<p>Full day care Convenience and safety Cognitive development programs</p>

# 2013 ACADEMIC RESULTS

	IEB	NSC
No of learners	310	631
Pass rate	100%	92%
University exemption	79%	52%
Average A aggregates per learner	1,14	0,6
Average	65%	55%
Average > 60%	67%	49%
Maths (taken and average)	56% / 62%	49% / 41%



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# QUALITY ASSURANCE AND INNOVATION

- Curro Curriculum development
- Teachers College
- International benchmark testing
- Extensive personnel training
- Aggressive introduction of technology as educational aid: laptops, projectors, interactive boards and tablets



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# CURRO DURBANVILLE



First school provided the model



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# CURRO DURBANVILLE



1 300 learners



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# CURRO LANGEBAAN



Confirmed demand and scalability



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# CURRO HAZELDEAN (PRETORIA)



Reached capacity within 4 years



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# CURRO ROODEPLAAT (PRETORIA)



Private schools have a catchment area of more than 20km



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# CURRO SERENGETI (KEMPTON PARK)



1 000 learners in three years



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# CURRO SERENGETI NURSERY SCHOOL



Estate school convenience



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# CURRO COLLEGE HAZELDEAN (PRETORIA)



Separate high school: the result of fast developing primary school



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# CURRO BANKENVELD (WITBANK)



**14 ha will accommodate 2 000 learners**



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# CURRO AURORA (RANDBURG)



**Magnificent turnaround in profitability  
since acquisition**



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# CURRO HELDERWYK (BRAKPAN)



School campus > 1 000 learners:  
High barriers to entry



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# CURRO HERMANUS



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



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# CURRO HEUWELKRUIN (POLOKWANE)



Before Curro: 200 learners in 10 years  
Now: 550 learners 2 years later



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# CURRO NELSPRUIT



**Significant growth despite nearby private schools**



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# CURRO HILLCREST (DURBAN)



From church school to private school  
with Christian ethos



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# WOODHILL COLLEGE (PRETORIA)



Select schools keep their identity



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# ROSEN CASTLE (TYGERVERVALLEY)



Our nursery schools run a programme which enhances cognitive development



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# NORTHERN ACADEMY (POLOKWANE)



4 000 learners, 2 500 boarders



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# NORTHERN ACADEMY (POLOKWANE)



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



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# CURRO MOSSEL BAY



340 learners despite economy and good government schools



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# CURRO BLOEMFONTEIN



All the major cities in SA covered



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# CURRO CENTURY CITY (CAPE TOWN)



City school – 565 learners year 2



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# CURRO THATCHFIELD (CENTURION)



Fastest growing market in South Africa -1371 learners (year 2)



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# CURRO KRUGERSDORP



From 350 learners to 550  
learners in a year



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# EMBURY COLLEGE (DURBAN)



Acquisition in 2012 – need to expand



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# MERIDIAN PINEHURST



1<sup>st</sup> own built Meridian – 1062  
learners in year 2



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# NEW SCHOOLS OPENED IN 2014

- Curro
  - Mount Richmore (Ballito)
  - Westbrook (Port Elizabeth)
- Meridian
  - Karino (Nelspruit)
  - Northern Academy Secondary (Polokwane)
- Curro Castle
  - George



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# DEVELOPMENTS 2014

- R500m expansion to existing campuses
- 25 sites (R270m) in land banking
- Acquisitions: always in the offing
- Total investments of R1,4bn



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# NEW SCHOOLS CONSTRUCTED IN 2014

- Curro
  - Brackenfell (Cape Town)
  - Kathu
  - Monaghan (Lanseria)
  - Secunda
- Meridian
  - Cosmo City
  - Newcastle
  - Mahikeng
  - Soshanguve (Pretoria)
- Curro Castle
  - Somerset West
  - Waterfall
- Select
  - Grantleigh



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# CURRO SCHOOL MODEL (example)

- Capital
  - 1000 learners R60m
  - 2000 learners R100m
- Open with 250-300 learners
- Break even EBITDA between 350 and 450 learners (2-3 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



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# FOCUS ...

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



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# FINANCIAL RESULTS

Reviewed Results

for the year ended 31 December 2013

Revenue  
↑ 80%

EBITDA  
↑ 114%

Net Asset  
Value  
↑ 47%



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# FINANCIAL RESULTS

## Statement of comprehensive income

	Audited 31 Dec 2012 R'm	Reviewed 31 Dec 2013 R'm	% Change
Revenue	366	<b>659</b>	80%
EBITDA	53	<b>114</b>	114%
Attributable PAT	15	<b>37</b>	145%
EBITDA Margin	15%	<b>18%</b>	20%
HEPS (cents)	7.0	<b>13.1</b>	87%



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# HOCKEY STICK

2012				
% of eventual capacity	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
0-25	5	1 316	(6 234)	(20%)
25-50	6	3 107	9 510	12%
50-75	5	3 590	32 465	27%
75-100	6	4 460	43 129	35%
	22	12 473	78 870	22%

Brands	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
Curro	19	11 072	72 899	20%
Meridian	3	1 401	5 970	35%
	22	12 473	78 870	22%

2013				
% of eventual capacity	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
0-25	7	2 668	(2 653)	(4%)
25-50	6	4 017	24 094	21%
50-75	8	6 119	43 553	21%
75-100	5	8 223	89 994	38%
	26	21 027	154 987	25%

Brands	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
Curro	22	14 638	120 732	22%
Meridian	4	6 389	34 255	32%
-	26	21 027	154 987	25%



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# HOCKEY STICK

2012				
First year	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
2013				
2012	2	582	(699)	(5%)
2011	6	2 164	(2 788)	(5%)
2010	2	1 290	5 366	15%
2009 and	12	8 437	76 404	31%
	22	12 473	78 282	22%

Origin	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
Acquired	10	5 125	54 744	34%
Developed	12	7 348	24 125	12%
	22	12 473	78 870	22%

2013				
First year	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
2013	4	2 016	10 944	19%
2012	2	1 002	2 034	7%
2011	6	2 962	6 848	8%
2010	2	1 636	8 152	17%
2009 and	12	13 411	127 010	32%
	26	21 027	154 987	25%

Origin	Number of schools	Learner numbers	EBITDA R'000	EBITDA margin
Acquired	10	10 300	103 044	35%
Developed	16	10 727	51 944	16%
	26	21 027	154 987	25%

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# ASSETS

	31 Dec 2012	31 Dec 2013
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1 426</b>	<b>2 516</b>
<b>Current assets</b>	<b>58</b>	<b>118</b>
Other	1	8
Trade and other receivables	28	30
Cash and cash equivalents	29	79
<b>Total assets</b>	<b>1 484</b>	<b>2 634</b>



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# EQUITY AND LIABILITIES

	31 Dec 2012	31 Dec 2013
<b>EQUITY</b>		
Equity attributable to equity holders of parent	861	<b>1 560</b>
Non-controlling interest	1	<b>3</b>
<b>Total equity</b>	<b>862</b>	<b>1 563</b>
<b>LIABILITIES</b>		
Non-current liabilities	321	<b>874</b>
Loans and other financial liabilities	236	755
Deferred tax	84	119
<b>Current liabilities</b>	<b>301</b>	<b>196</b>
Loans and other financial liabilities	125	70
Trade and other payables	21	48
Prepaid school fees and deposits	36	61
Other	44	16
Bank overdraft	75	
<b>Total liabilities</b>	<b>622</b>	<b>1 070</b>
<b>Total equity and liabilities</b>	<b>1 484</b>	<b>2 634</b>

# ACTUALS VS PRE-LISTING STATEMENT

	2013 (PLS)	2013	% Change
Schools	17	26	53%
Learners	9 594	21 027	119%
Capacity	19 000	35 000	84%
Revenue (R million)	299	659	120%
EBITDA (R million)	59	114	93%
Attributable PAT (R million)	16	37	131%
EPS (cents)	10	13,1	31%
Assets	722	2 633	265%
Equity	410	1 561	281%
Debt	312	1 070	243%
<i>Gearing</i>	76%	68%	



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# YESTERDAY, TODAY, TOMORROW

	2009	2013	2014	2020
Schools	3	26	31	80
Learners	2 059	21 908	26 463	+ - 90 000
Staff	251	2 472	2 829	+ - 8 000
Learner/Educator ratio	10	16	20	+ - 25
Revenue (R million)	48	659		
EBITDA	9	114		
PAT (R million)	2	37		
EPS (cents)	2.5	13.1		***



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# 80 @ 20



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## Schools and Learners

