

CURRO 2017 INTERIM RESULTS

Presentation – August 2017



CURRO

Agenda

- Our world
- Our brand
- The market
- About Curro
- Current status
- Financial results
- Growth
- Future plans and key focus areas
- A word or two on Stadio
- Final thoughts



LAIN COP
n play leaves teen dead murder
ily mourns teen sexually abusing student
while driving
charged in 2 rapes
BANK SHOOTOUT
PRIME SOARS
killing
A WORLD
SO CRUEL
BOY S
REPEA



SOUTH AFRICA'S WATER CRISIS



Our brand



Curro video

The
market

CURRO

The market

During the past few years the competition within the market segment has grown substantially.

Capital seems more freely available and the education segment is seen as a favorable opportunity.

Our direct competition, Advtech and Reddam, are doing well and there is no reason to believe that this will change.



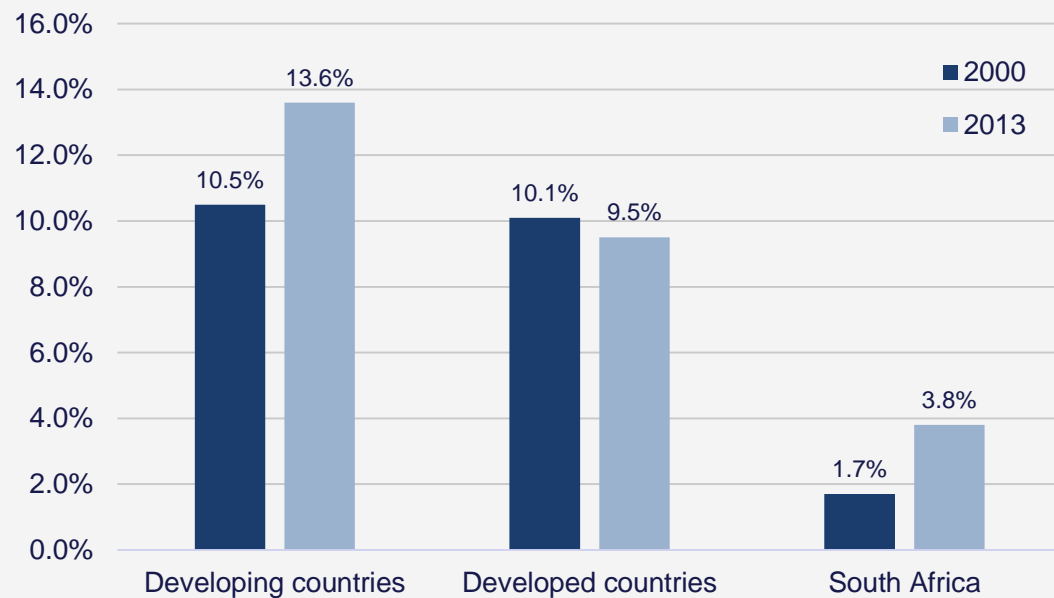
Other new school groups entering the market:

- Steyn City Preparatory and College
- Generations
- Future Nation Schools

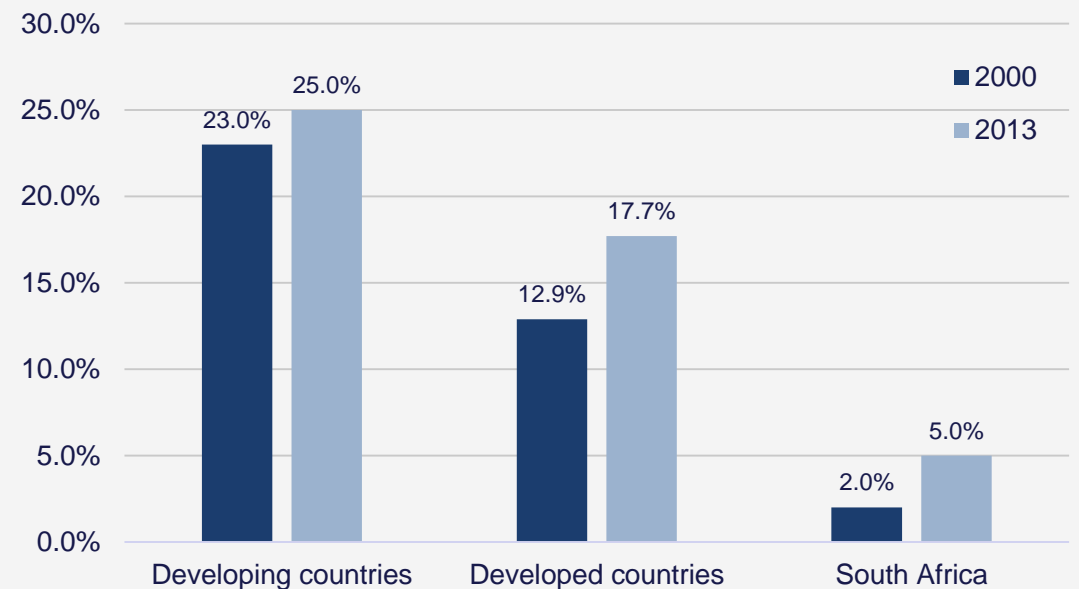
The *global* market

Percentage of enrolment in independent institutions (%)

Primary education



Secondary education



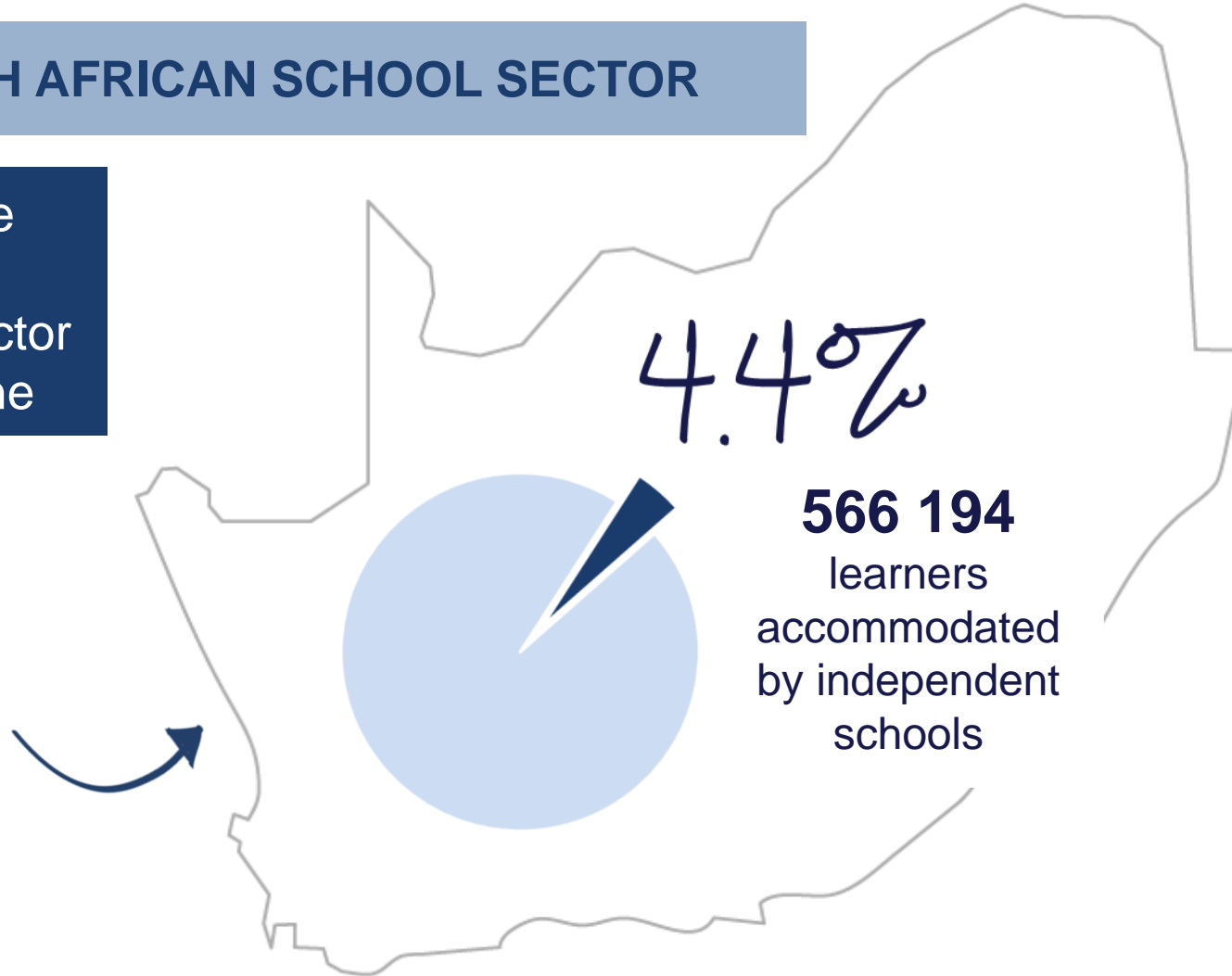
A local view

ANALYSIS OF SOUTH AFRICAN SCHOOL SECTOR

There are three large operators in the independent school sector of which CURRO is one

+ - 25 691
schools in SA

12 814 473
learners



The **global trend** for independent school numbers indicates that independent schools are moving towards making up **20%** of the total number of schools.

If South Africa follows this trend there is **huge potential** for many more independent schools to be developed.

About
Curro

CURRO

About Curro

CURRO is an educational company that focusses on *school education*

Curro believes that the purpose of education is ...

to empower
all people
to achieve their
potential as
individuals and
members of
society.





What does Curro do?

Provides *independent* school education to learners from **3 months to Grade 12.**

Educational model based on:

- Ethics and values
- Child-friendliness
- Creative thinking
- Positive discipline

Our elements



Academics



Co-curricular



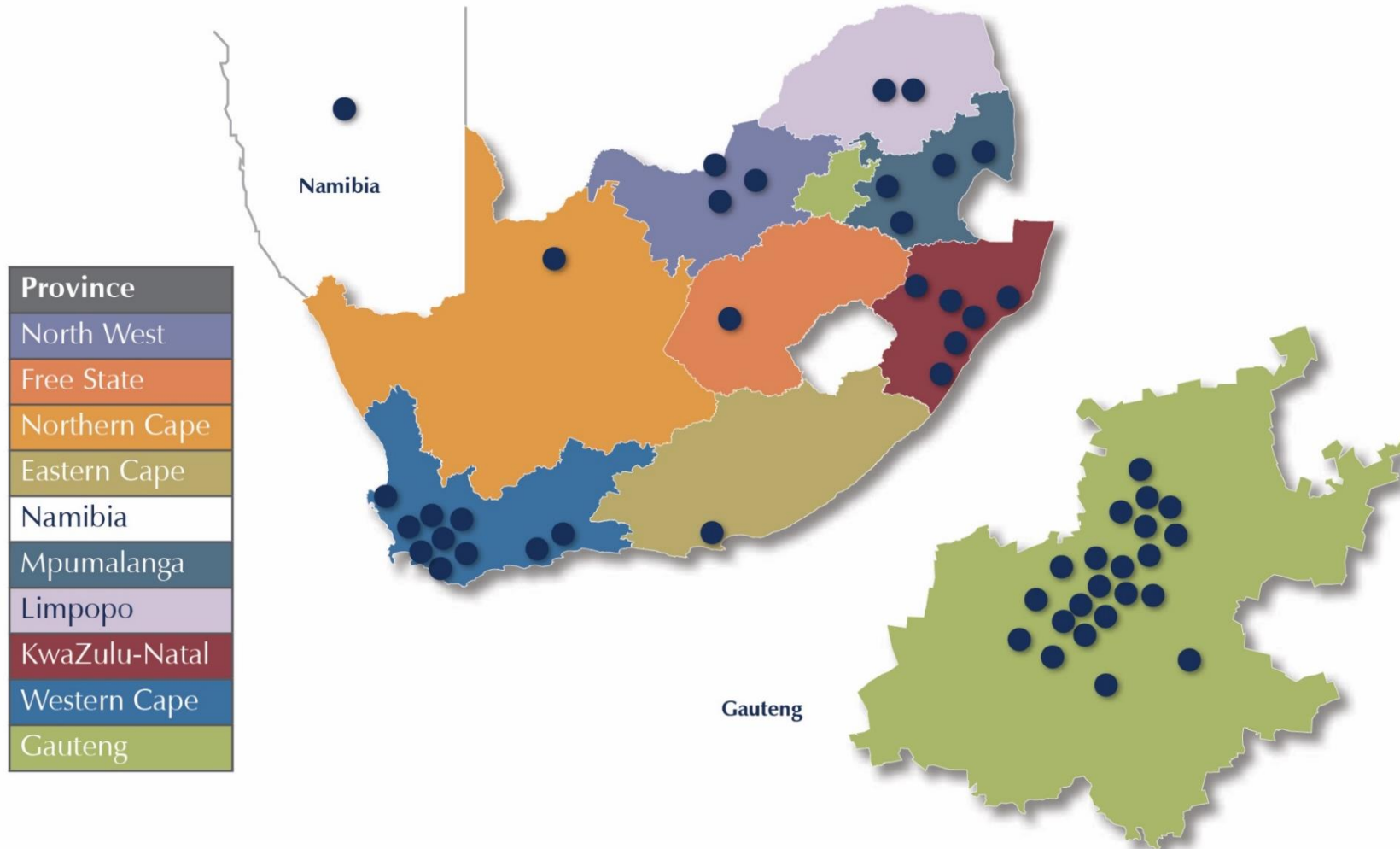
Facilities

Primary focus of
the parent

Current
status

CURRO

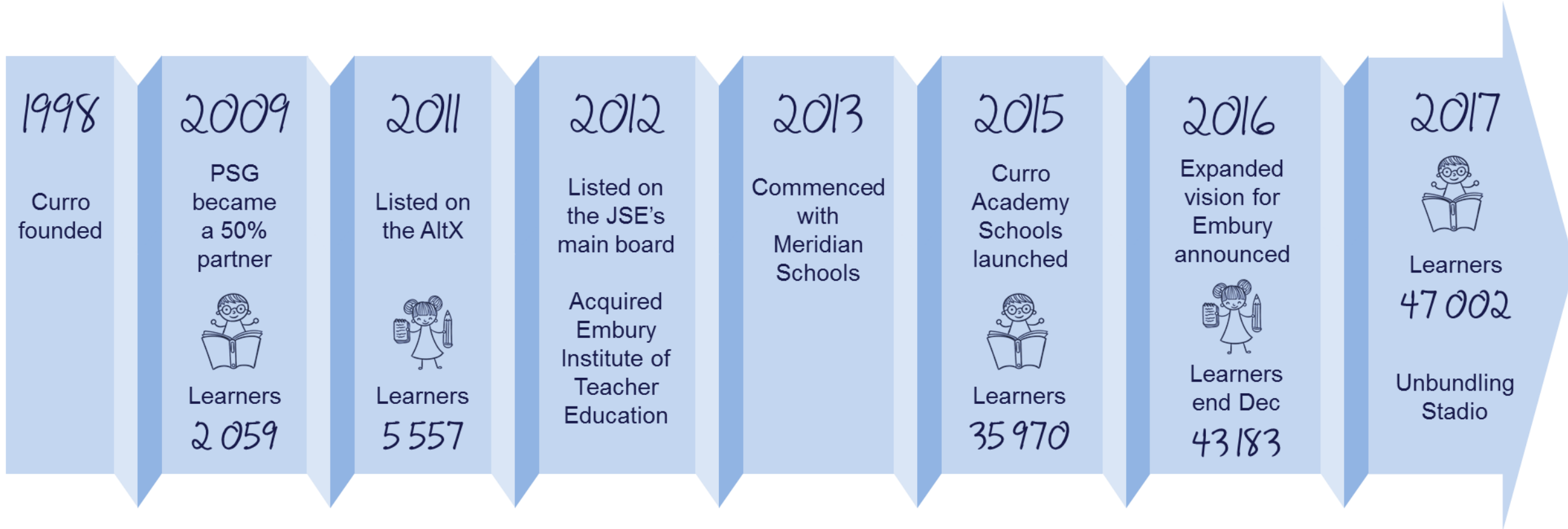
Curro footprint



Future expansion

- **Focus on urban areas**
 - Gauteng
 - Cape Town
 - Durban
- **Rest of Africa**
 - Established schools
 - Partnership

Our journey



Influences having a *negative* impact

1

The Meridian venture

2

Learner attrition for various reasons includes:

- Relocation
 - Financial and fees
 - Special needs and learning barriers
 - Logistics and distance
 - Product related (curriculum, quality of educators, communication etc.)
 - Peer conflict
-

3

Embury Institute for Higher Education

4

Social economic impact/less disposable income

We're proud of . . .



Through **The Ruta Sechaba Foundation** we assisted 120 learners in 2017. In partnership with Absa we provided an additional 34 scholars with an opportunity to join Curro in 2017. To date 483 applications were received for 2018 scholarships.



Curro Curriculum and Delivery department (CCMD) implemented national benchmark testing to ensure quality delivery throughout the group.



Expanding our talent pool with the appointment of exceptional Regional and Executive Heads and school leadership teams, in so doing strengthening our EE position.



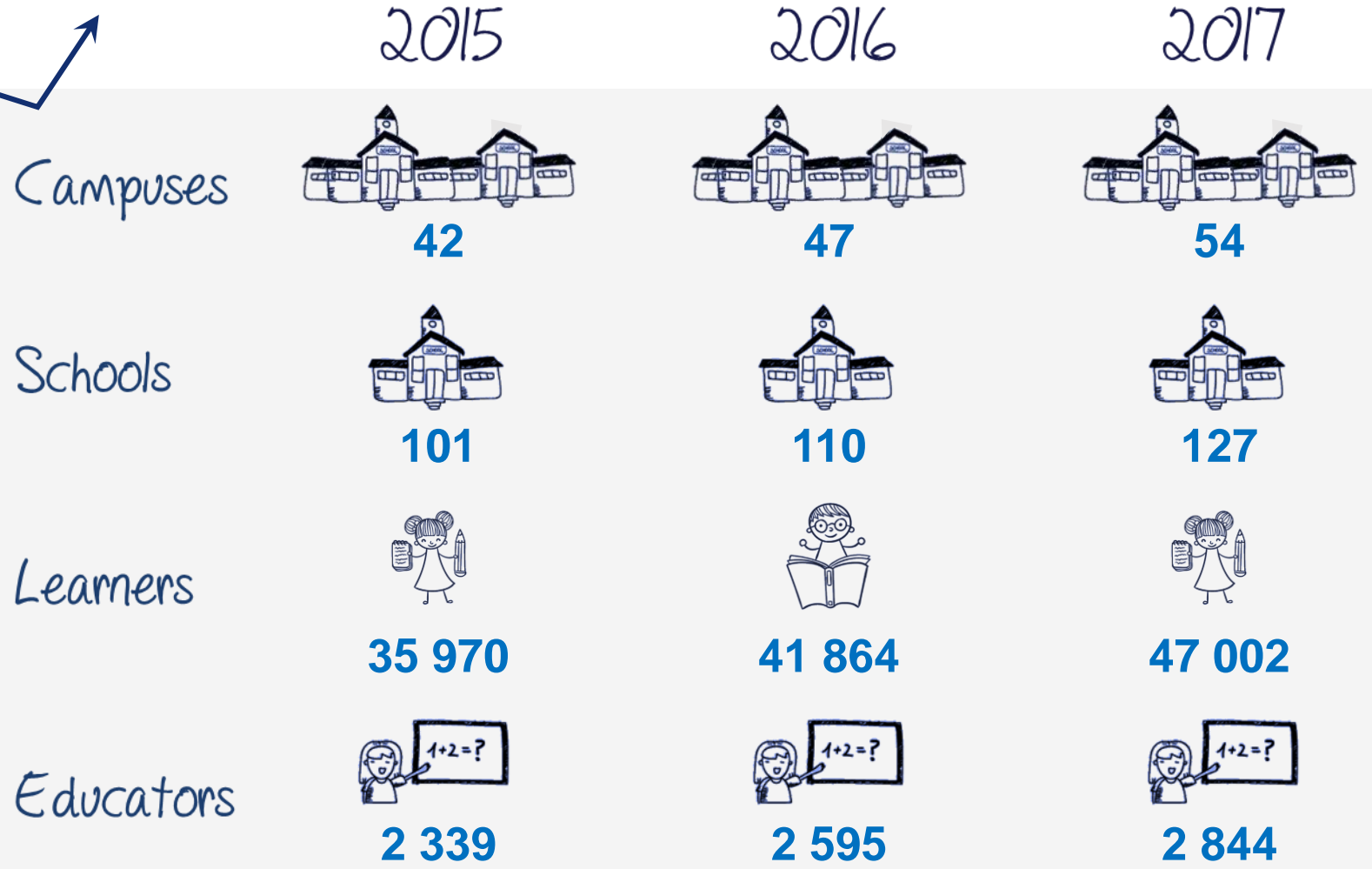
Exceptional achievements by our learners, beyond academics; national and international recognition received.

Snapshot

100% private pay

Fee increases of 10% per annum

Largest for profit school group in South Africa



Financial
results

CURRO



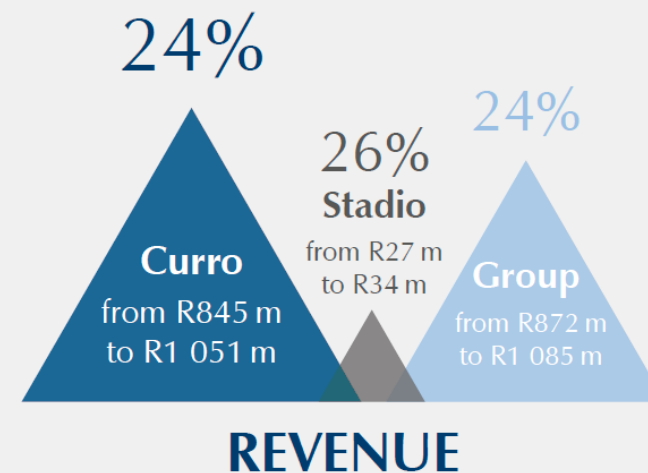
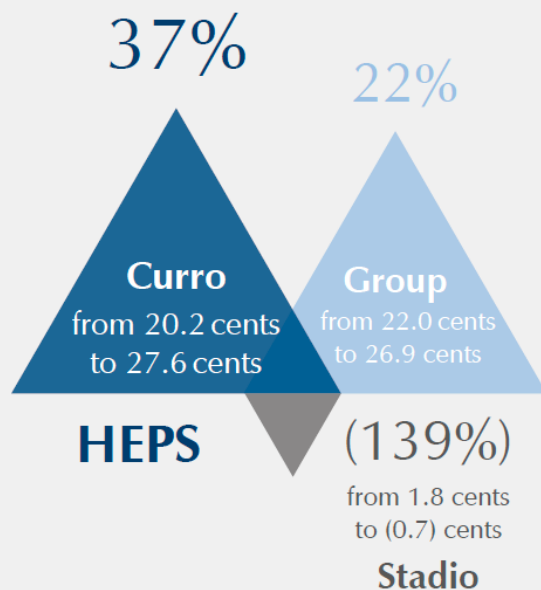
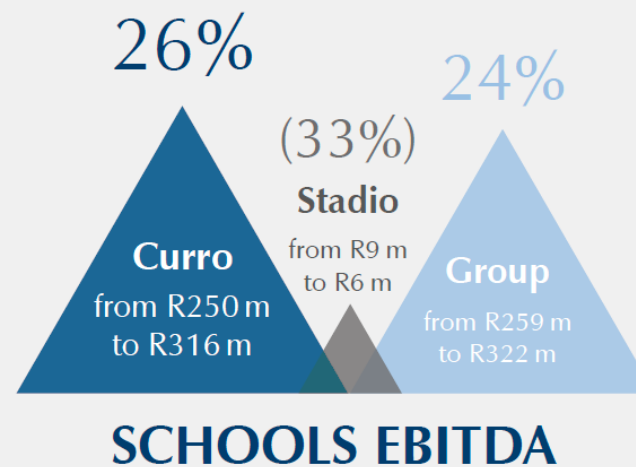
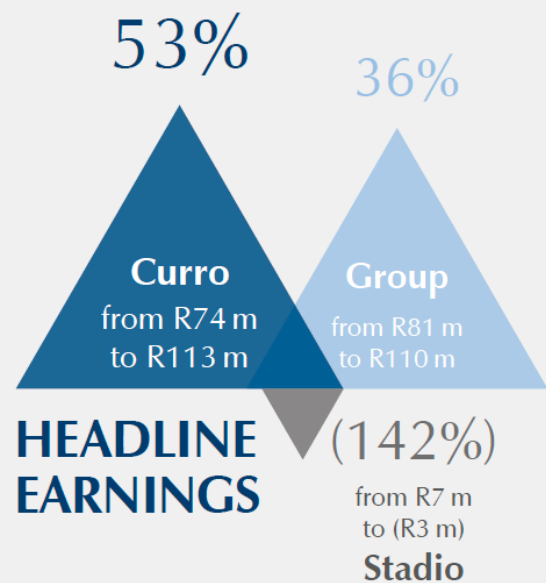
Superior financial elements in the business model

- High growth
- Strong visibility
- High margins and operating leverage
- Significant free cash flow
- Relative resilience
- Outstanding returns on investment

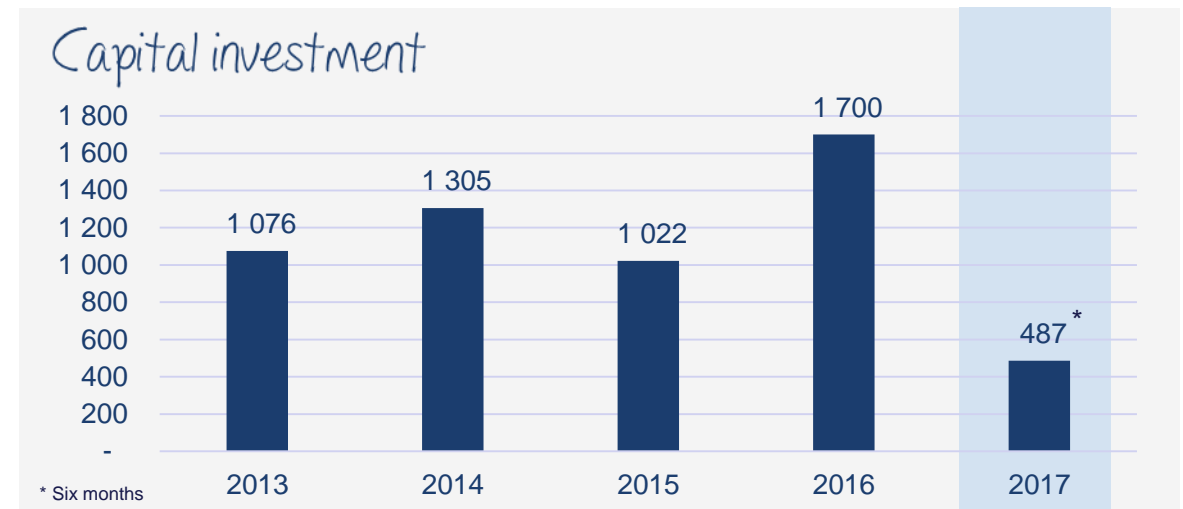
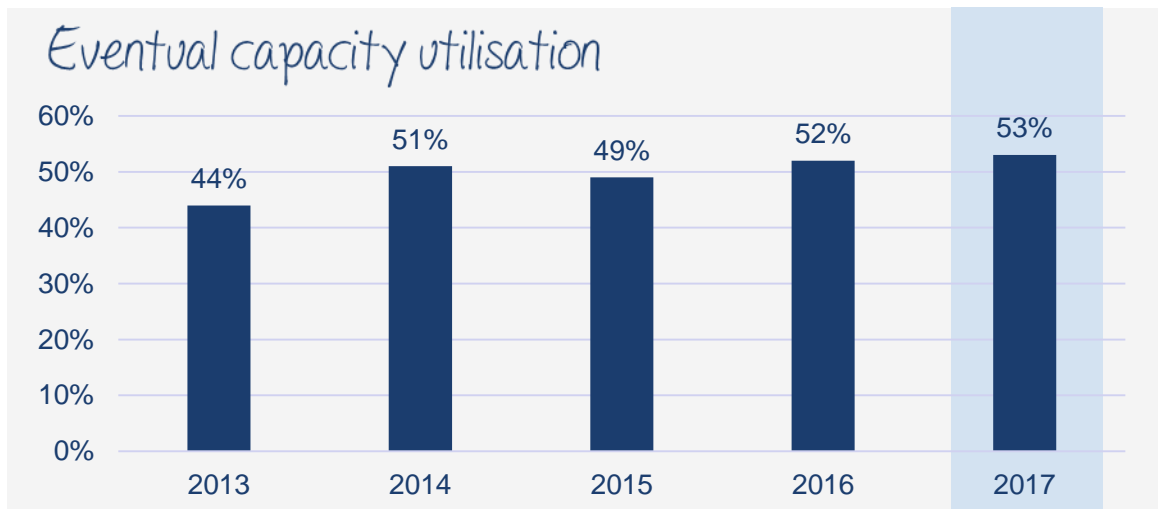
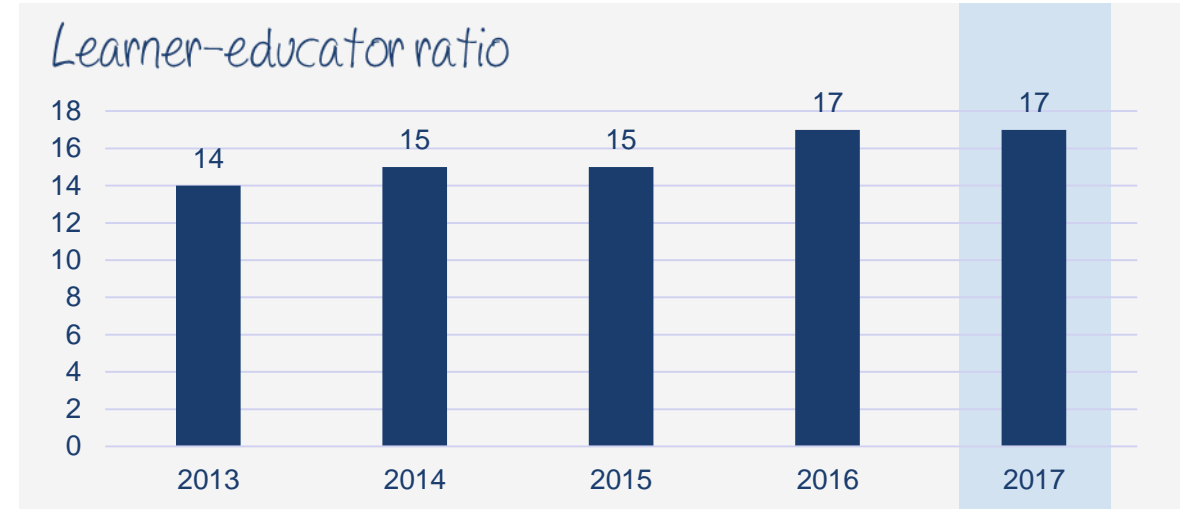
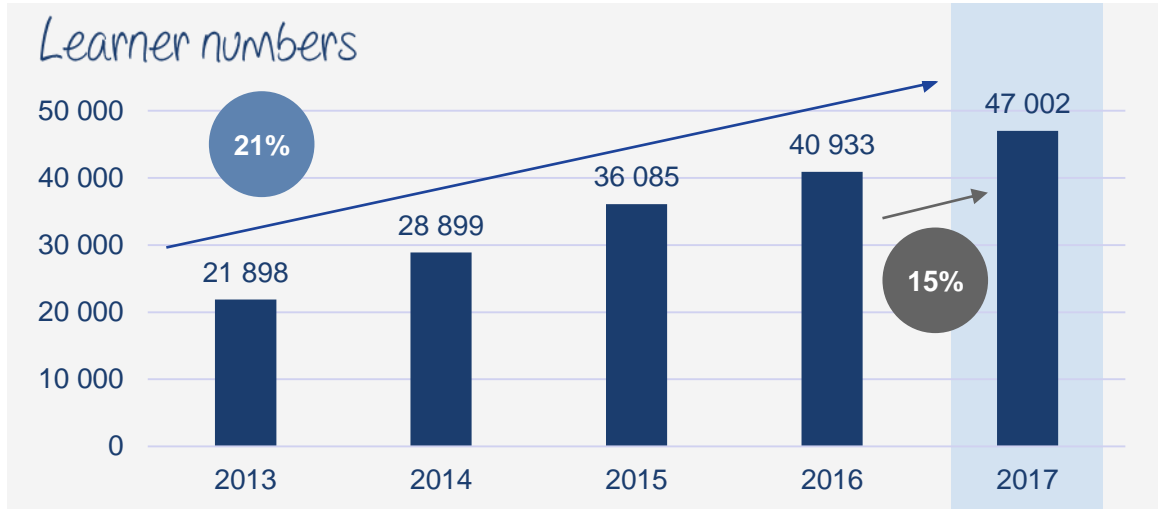
Key objectives

- 1 Profitable growth
- 2 Improve EBITDA margin – goal 40%
- 3 Attractive capital returns

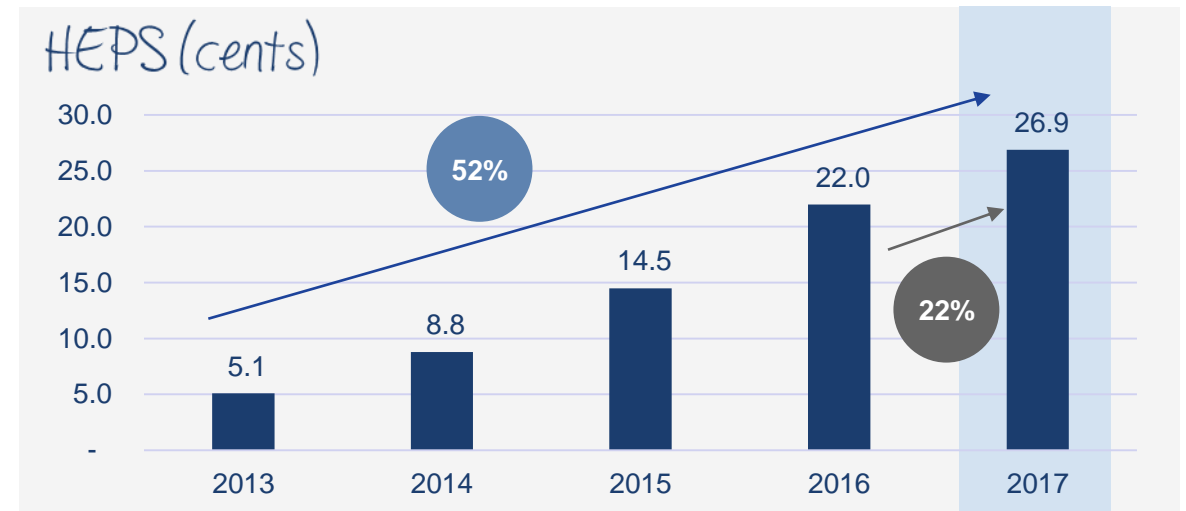
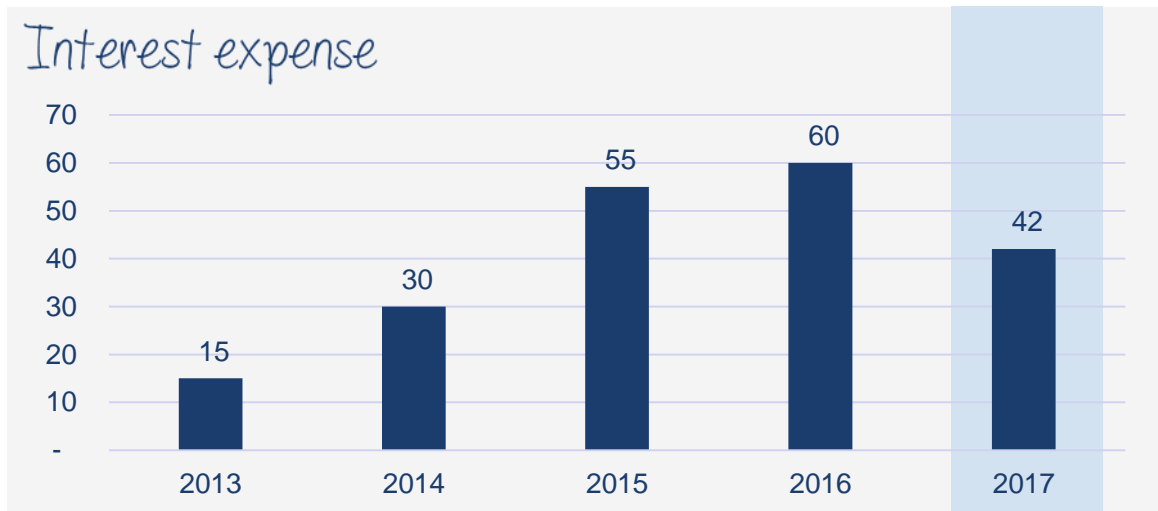
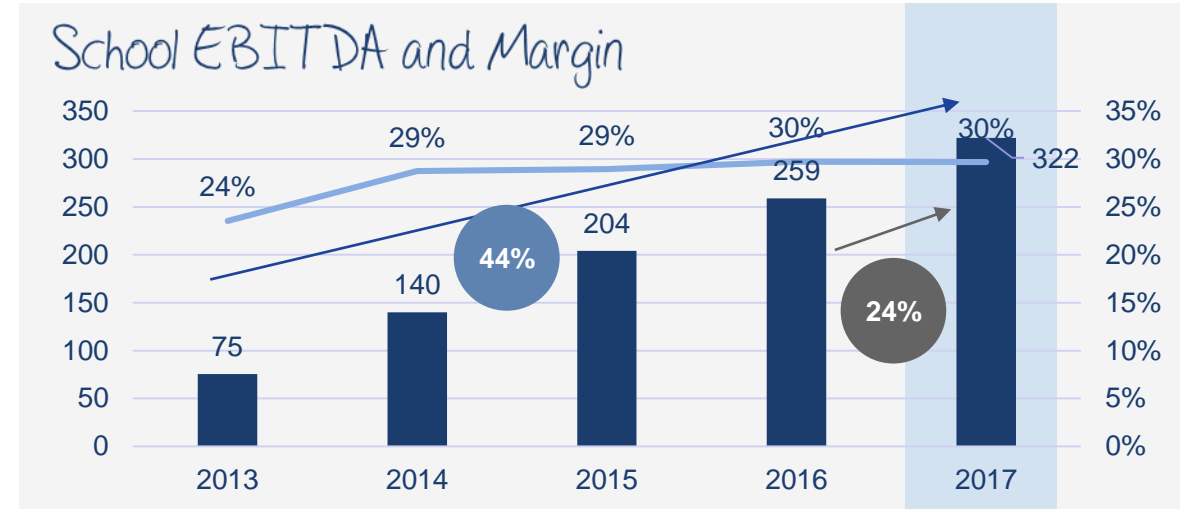
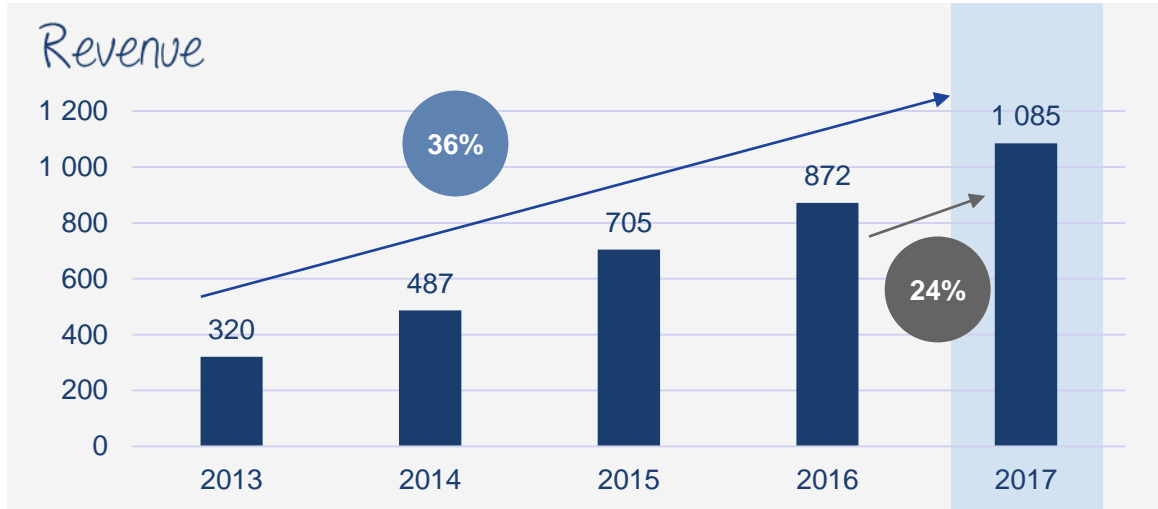
Performance overview



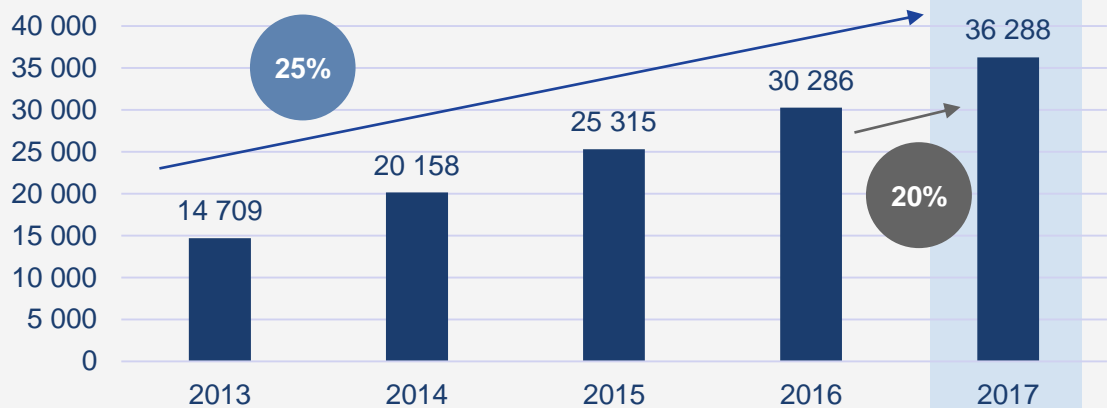
Consolidated



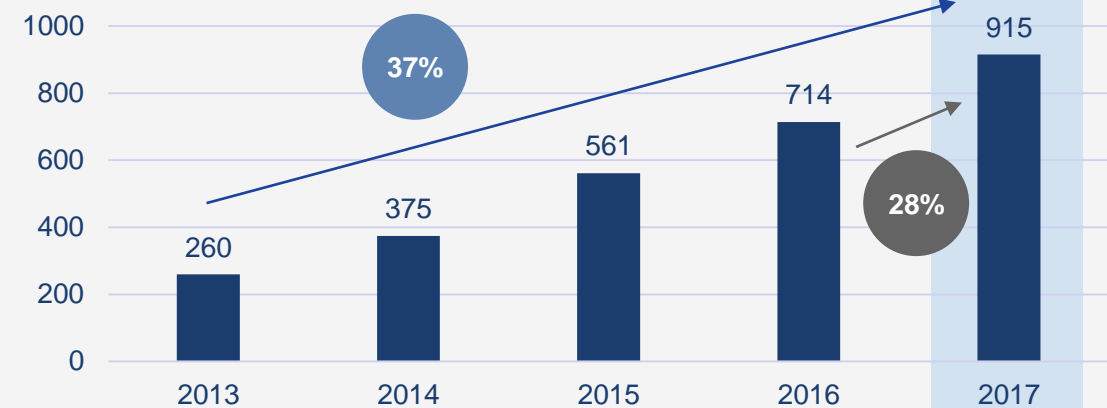
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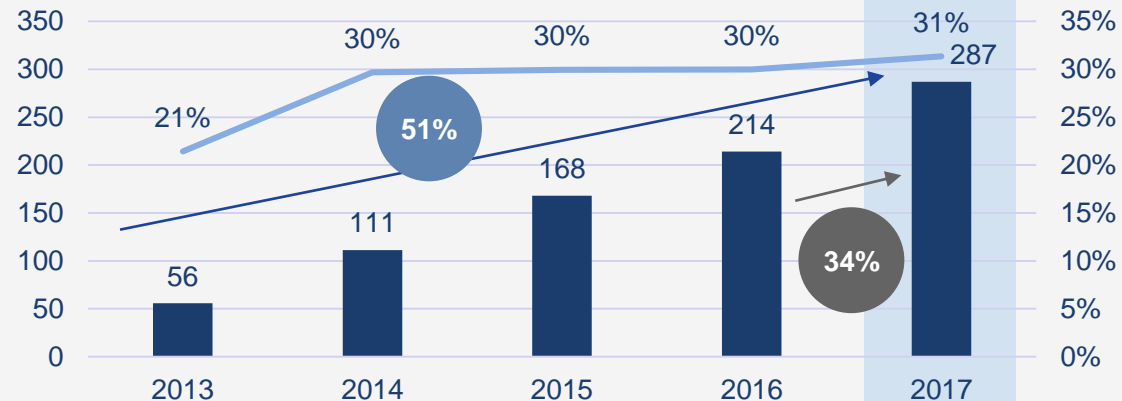
Learner numbers



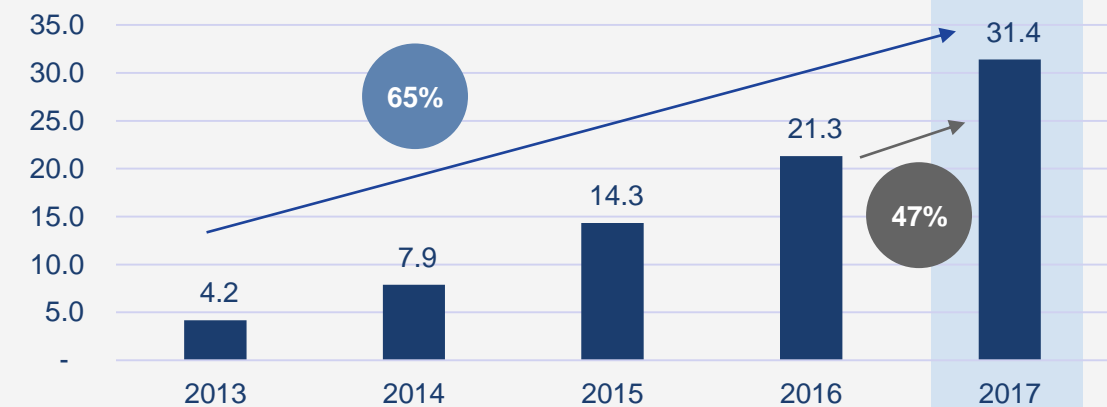
Revenue



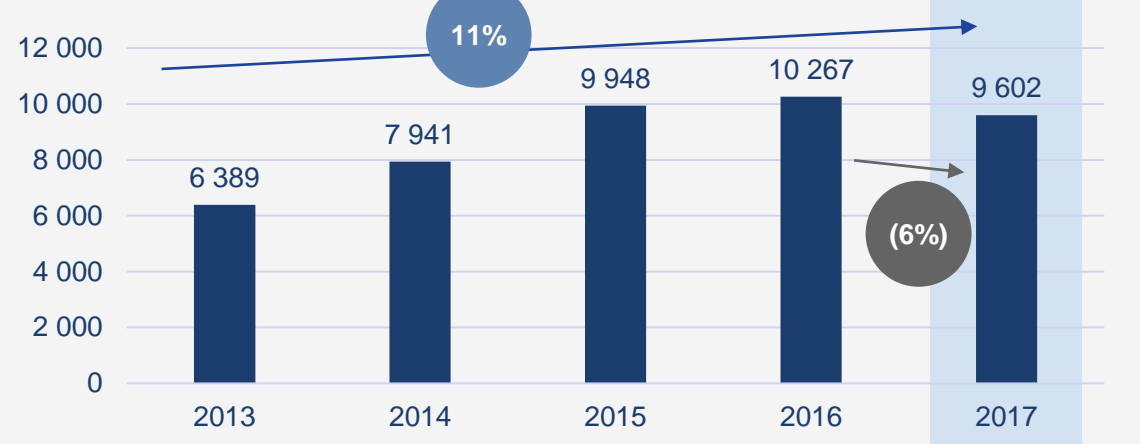
School EBITDA and Margin



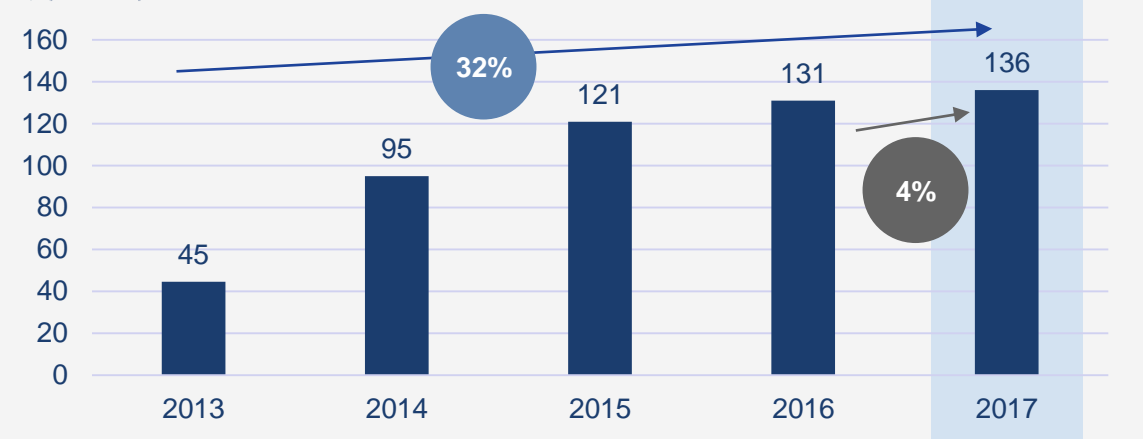
HEPS (cents)



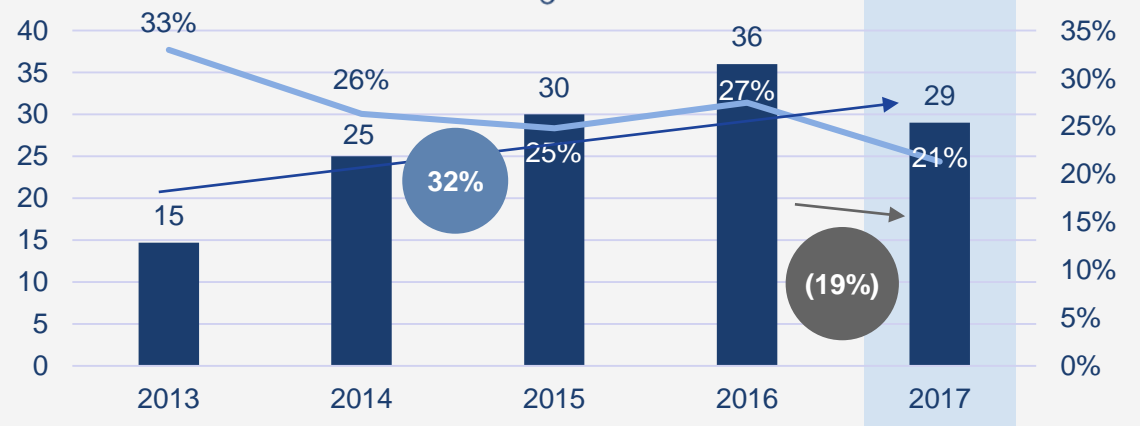
Learner numbers



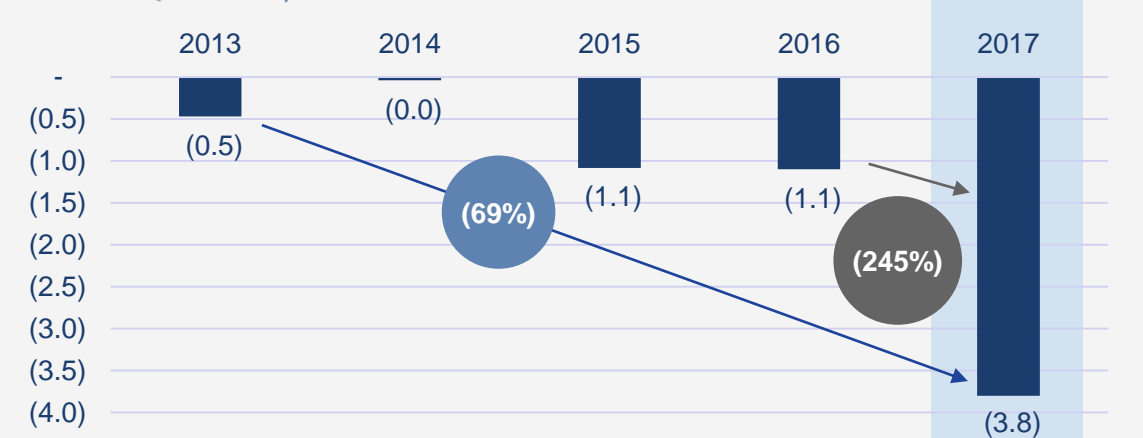
Revenue



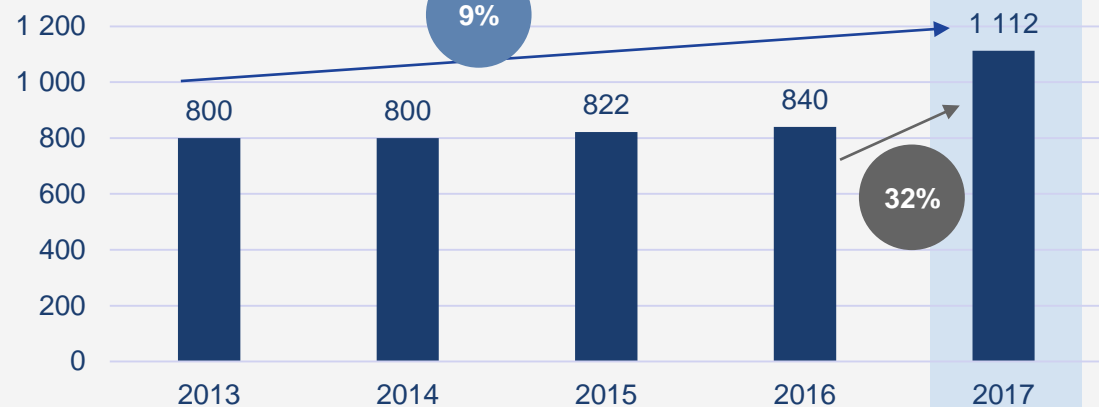
School EBITDA and Margin



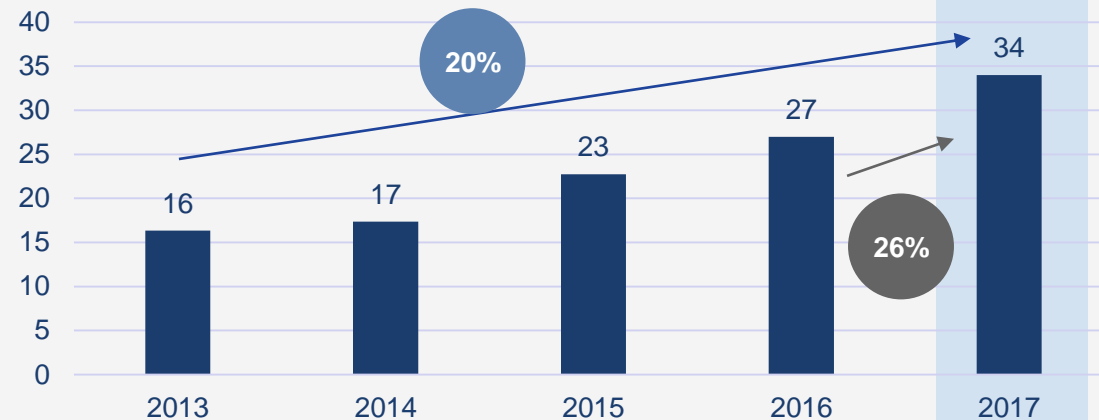
HEPS (cents)



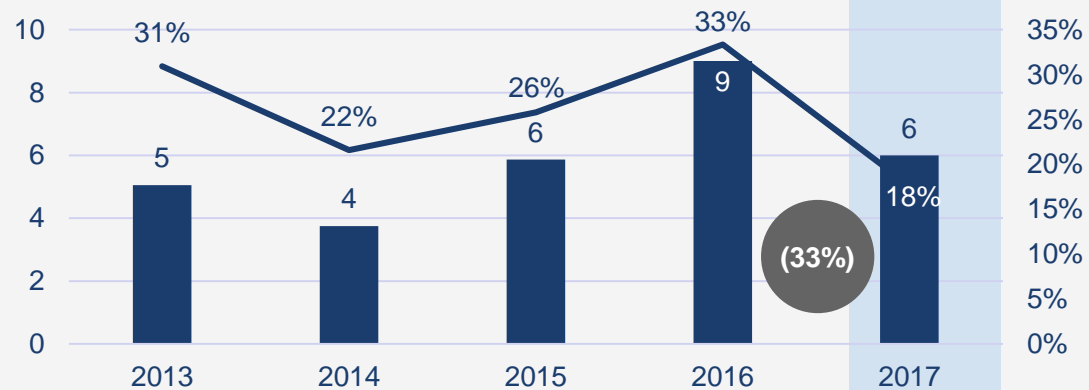
Learner numbers



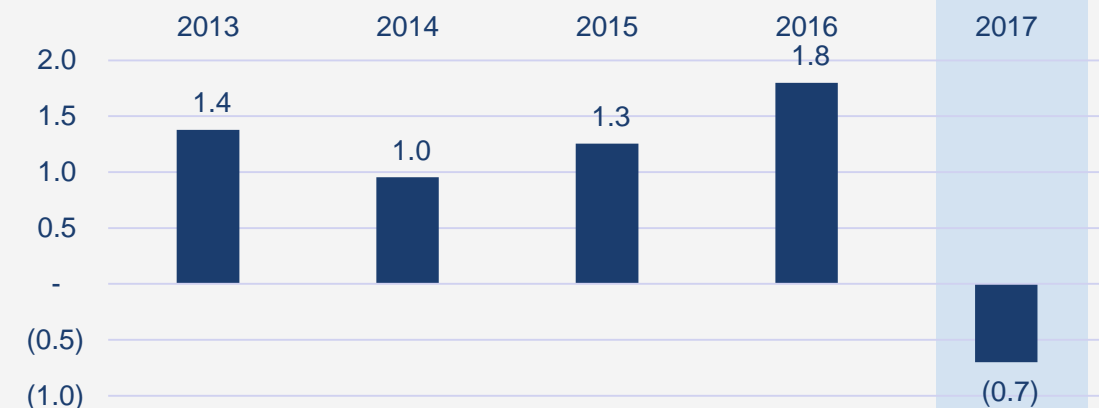
Revenue



School EBITDA and Margin

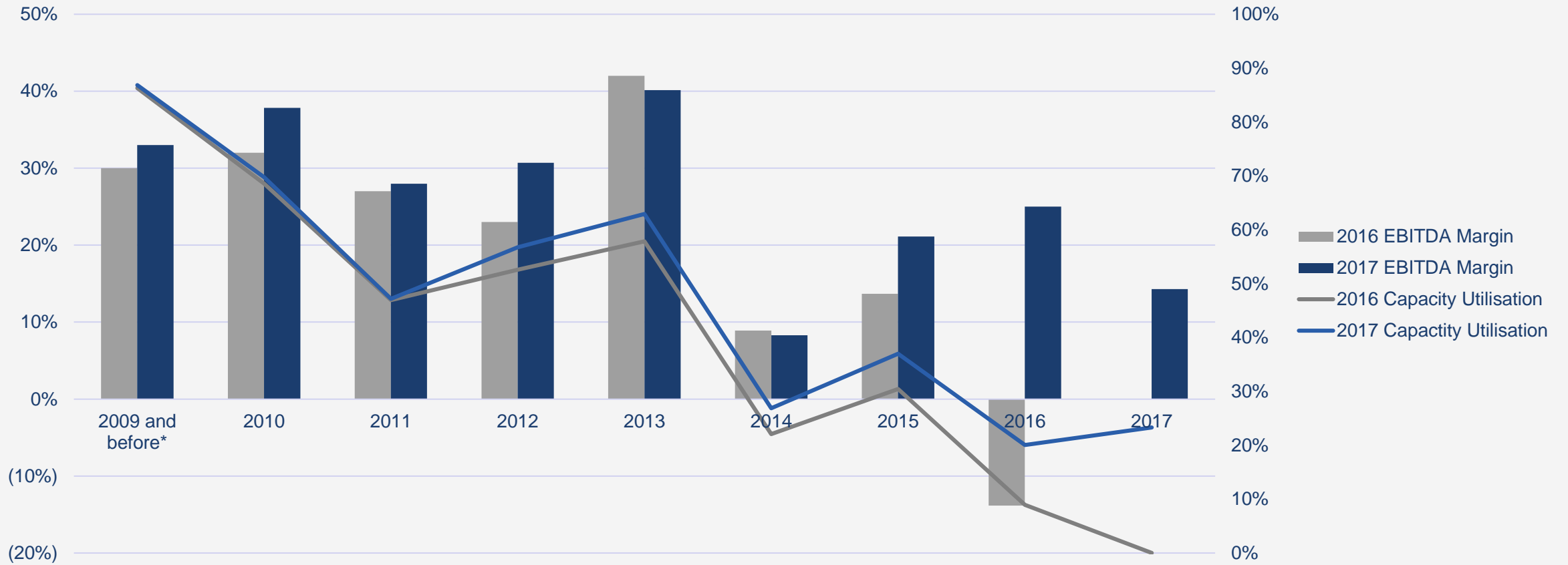


HEPS (cents)



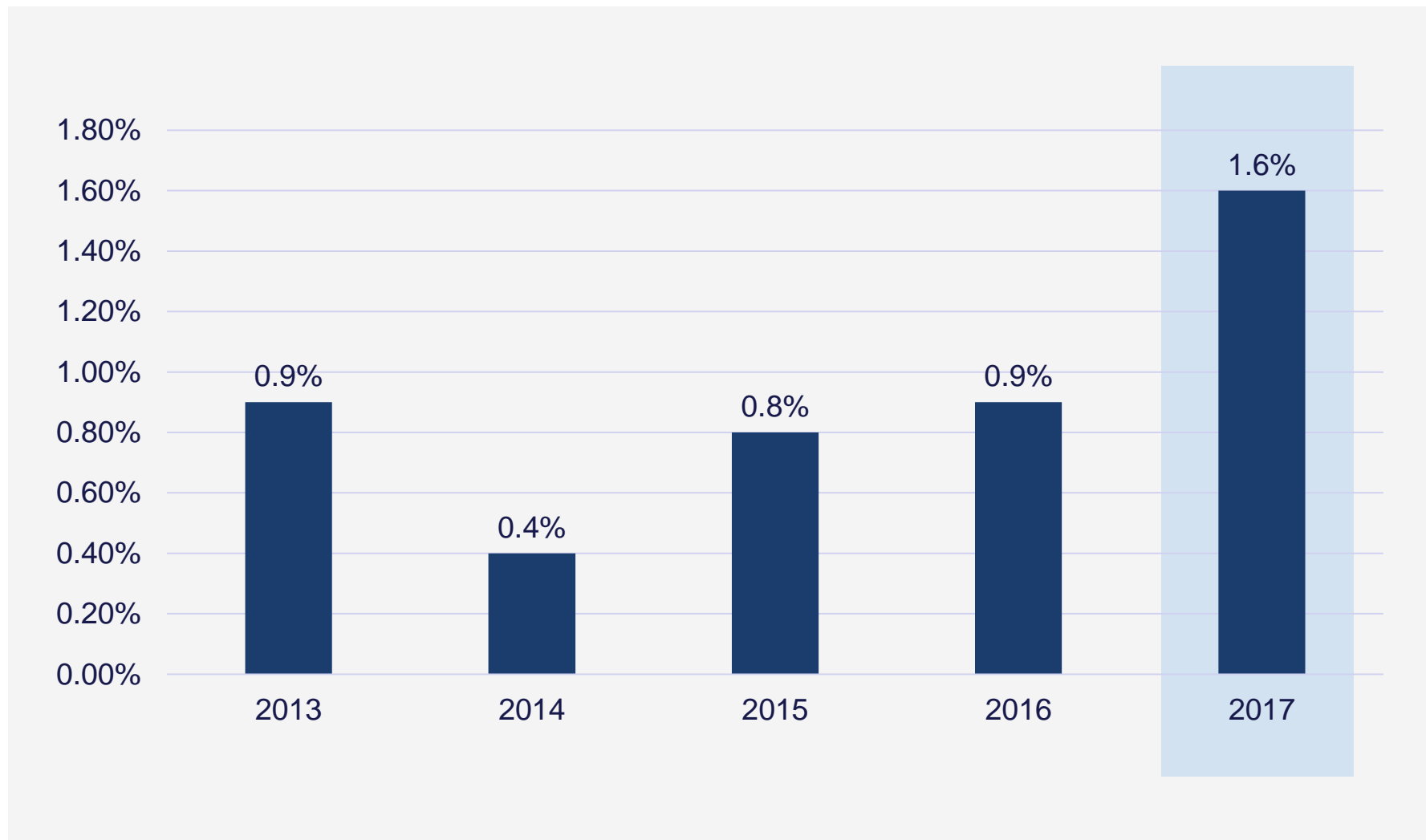
J-Curve (School evolution)

Margin vs Utilisation



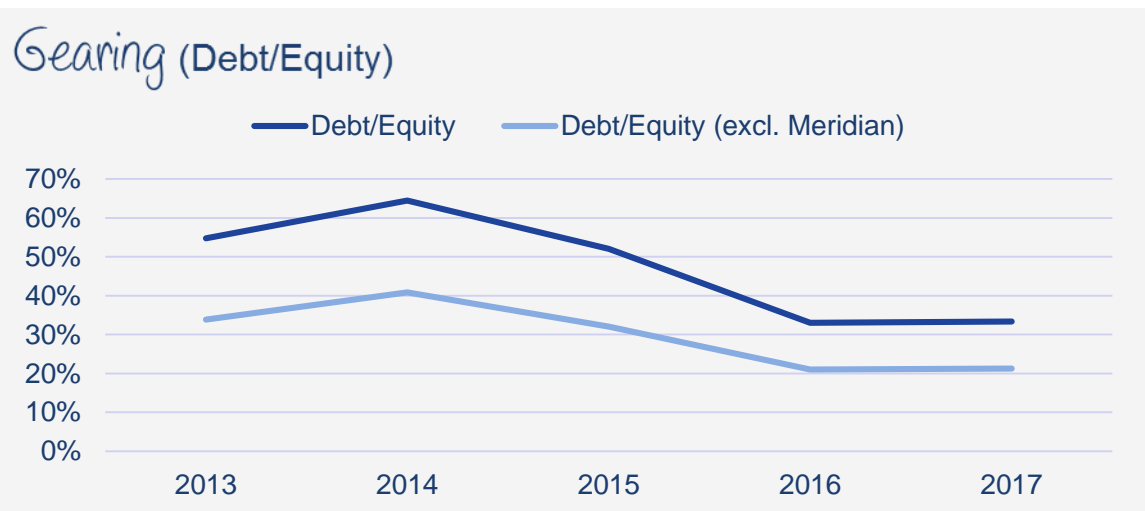
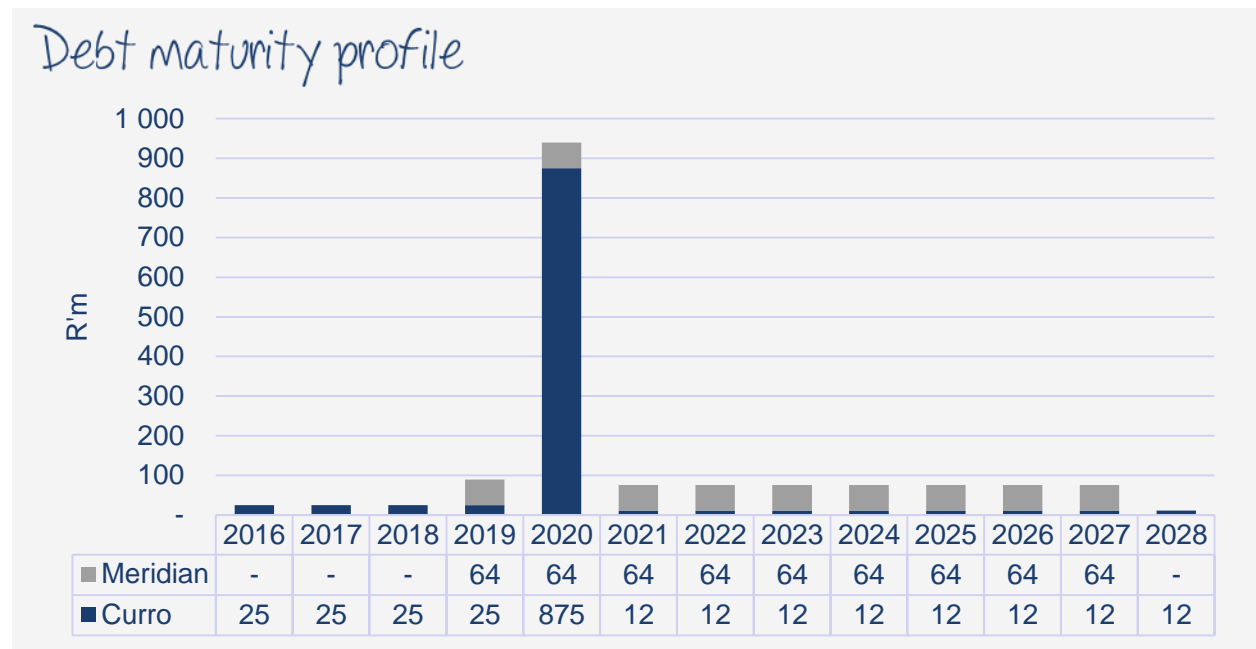
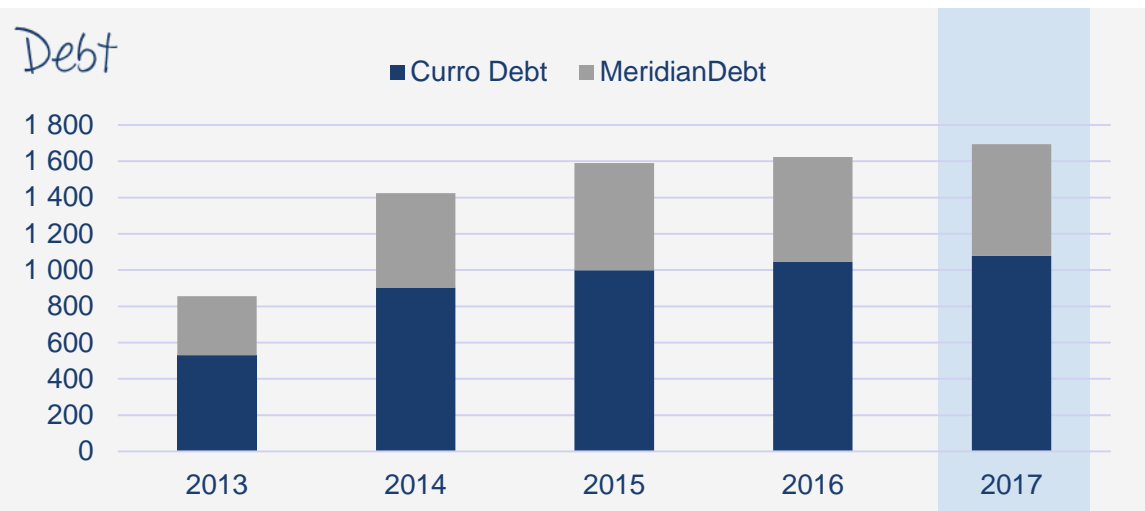
Maximum class size of 20

Bad debts



- Current economic climate
- Experimented with keeping defaulters in the school
- Certain schools accommodated doubtful payers in higher grades

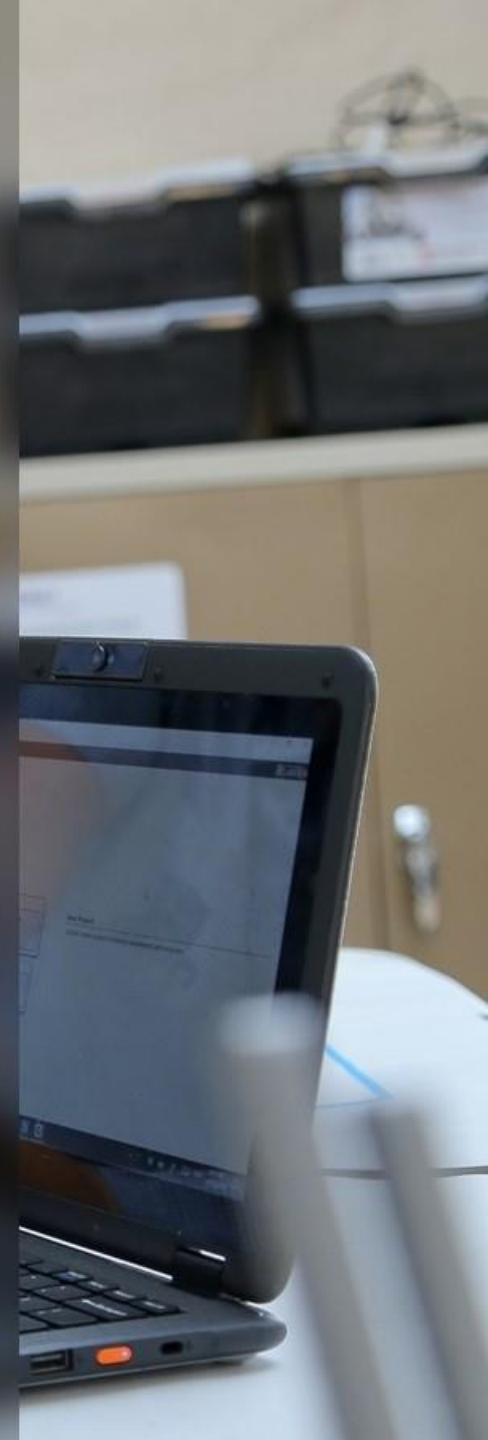
Debt and gearing



- Differentiate Curro vs Meridian
- Curro gearing is low
- Refinancing of more expensive funding. Borrowing costs 80 bps lower.
- Funding capacity and appetite of R2bn+
- ISCR at 4.8x (Covenant is 1.75x)



**Well-gearred
to make
use of
opportunities**



Growth

CURRO

New builds

All facilities owned

TARGET IRR **25%+**



9

New schools opened in 2017

Curro Waterfall Primary • Curro Century City
• Curro Krugersdorp High School • Academy
Wilgeheuwel (*Castle to High School*) • Academy
Clayville Primary • Curro Rivonia (*Castle and
Primary*)

9

New schools in 2018

Academy Mamelodi (Primary and High) • Curro
Academy Riverside (Primary) • Curro Sandown
(Castle and Primary) • Curro Roodeplaat High
School • Curro Sitari High School • Castle
Oakdene • Castle Uitzicht

Curro Academy Riverside (Gauteng)



Curro Academy Mamelodi (Gauteng)



Curro Castle Oakdene (Gauteng)



Curro Academy Sandown and Castle (Western Cape)



Curro Castle Uitzicht (Western Cape)



**Future plans
and key
focus
areas**

CURRO

Robust and active pipeline

Campuses



46 +5

51 +5

56 +7

63 +7

70 +7

2016

2017

2018

2019

2020



109 +15

124 +8

132 +14

146 +17

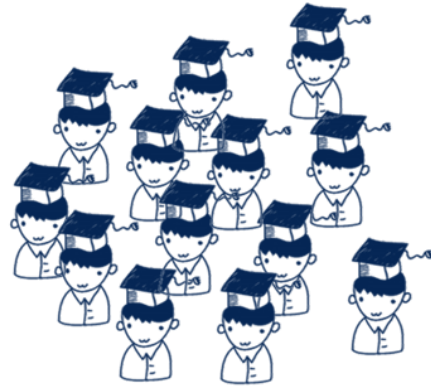
163 +17

Schools

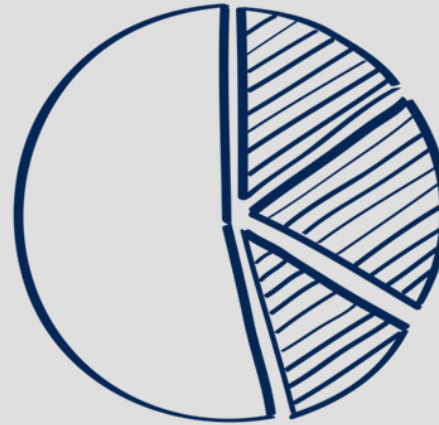
Looking ahead



28
learners



>48 000
learners

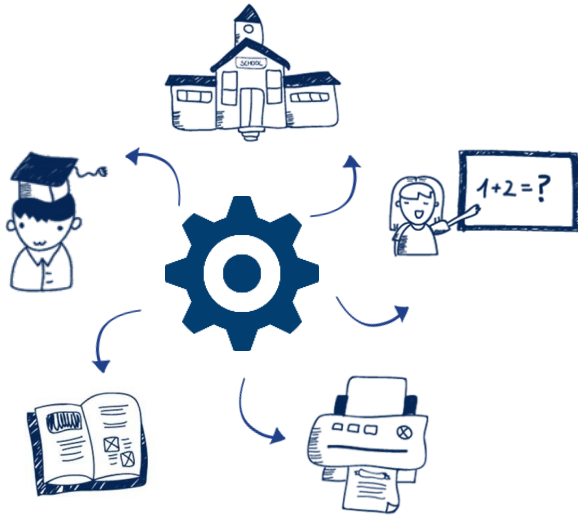


Despite our
growth, it remains
a tough market



But does
not stop us
from being
confident
about the
future

The future



Improve efficiencies
on all fronts



Ahead of the curve and
competition in terms of
teaching methodologies

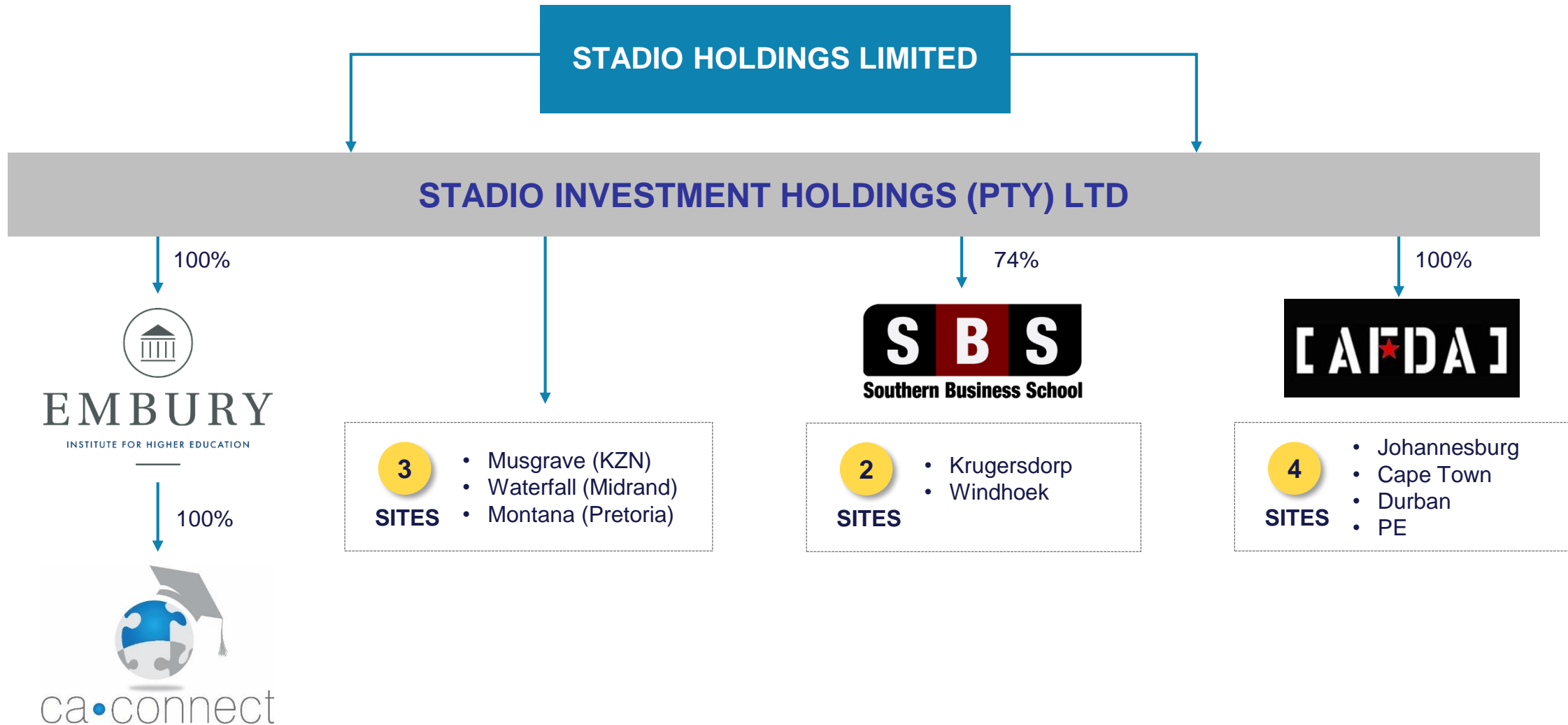


Aggressive expansion
focussed on South
Africa

**A word or
two on
Stadio**

CURRO

Current business landscape



Current status

At listing we will have:

- **13 000** students
- **3 registered higher education institutions**
- **4 brands** (Embury, CA Connect, AFDA, SBS)
- **4 faculties** (Education, Commerce and Business, Arts, IT)
- **27 accredited programmes** - ranging from higher certificates and diplomas to postgraduate degrees (Masters)
- **~20 new courses** in the process of development and accreditation (to be offered between 2018 – 2020)
- **9 registered sites** of delivery (Gauteng, Western Cape, KZN, PE, Windhoek)



**EXISTING
CAPACITY:
~30 000 STUDENTS**

Final
thoughts

CURRO

**Curro's vision is
steadfast ... to
make
independent
school
education
accessible to more
learners
throughout
*South Africa***



Thank
you

CURRO