

CURRO REVIEWED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HEADLINE EARNINGS
▲ 69%
from R100m to R169m

HEPS
▲ 55%
from 28.3 cents to 43.9 cents

EBITDA
▲ 33%
from R292m to R387m

REVENUE
▲ 27%
from R1 384m to R1 761m

LEARNERS
▲ 14%
from 41 864 to 47 589

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Percentage change	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
Revenue	27%	1 761	1 384
Operating expenses	26%	(1 374)	(1 092)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	33%	387	292
Schools EBITDA	30%	497	382
Head office EBITDA	22%	(110)	(90)
Depreciation and amortisation	27%	(108)	(85)
Earnings before interest and taxation (EBIT)	35%	279	207
Investment revenue	119%	59	27
Gain from bargain purchase	275%	15	4
Share of profits of associates	0%	1	1
Impairment	83%	(11)	(6)
Finance costs	8%	(127)	(118)
Profit before taxation (PBT)	88%	216	115
Taxation	109%	(48)	(23)
Profit for the period (PAT)	83%	168	92
Other comprehensive income:			
Net fair value (loss)/profit on cash-flow hedges, after taxation	Na	(21)	25
Total comprehensive income	26%	147	117
Profit attributable to:			
Owners of the parent	76%	172	98
Non-controlling interest	(33%)	(4)	(6)
	83%	168	92
Total comprehensive income attributable to:			
Owners of the parent	23%	151	123
Non-controlling interest	(33%)	(4)	(6)
	26%	147	117

	Percentage change	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
Reconciliation of headline earnings:			
Earnings attributable to owners of the parent		172	98
Adjusted for:			
Loss on impairment		11	6
Gain from bargain purchase		(15)	(4)
Loss on disposal of property, plant and equipment		1	–*
Headline earnings	69%	169	100
EBITDA margin	22%	21%	
EBITDA margin for schools	29%	28%	
Earnings per share (cents)			
– Basic	61%	44.7	27.8**
– Diluted	63%	44.5	27.4**
Headline earnings per share (cents)			
– Basic	55%	43.9	28.3**
– Diluted	57%	43.7	27.9**
Number of shares in issue (million)			
– Basic		407.2	362.2**
– Diluted		408.8	367.8**
Weighted average number of shares in issue (million)			
– Basic		384.7	353.5**
– Diluted		386.3	359.1**

* Balances less than R500 000 is displayed as Nil in million rounding.
** Earnings per share and headline earnings per share for the comparative period have been adjusted downwards by 0.4 cents for the year ended 31 December 2015 compared to the audited annual financial statements for the year ended 31 December 2015. This is due to the retrospective adjustment for the bonus element of the 2016 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 5.2 million and 3.3 million shares for the year ended 31 December 2015 due to the bonus element contained within the rights offer.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Percentage change	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
Cash generated from operations	30%	399	306
Taxation paid	(11%)	(8)	(9)
Finance costs	(25%)	(68)	(91)
Working capital movements	Na	81	(44)
Net cash generated from operating activities	149%	404	162
Net cash utilised in investing activities	65%	(1 700)	(1 030)
Net cash inflow from financing activities	96%	1 771	904
Cash and cash equivalents movement for the period		475	36
Cash and cash equivalents at the beginning of the period		231	195
Cash and cash equivalents at the end of the period		706	231

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
Balance at the beginning of the period	3 081	2 211
Total comprehensive income	147	117
Issue of shares	1 749	756
Share issue costs	(27)	(14)
Recognition of share-based payments	14	11
Balance at the end of the period	4 964	3 081

KEY RATIOS (UNREVIEWED)

	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Jan 2017
Number of campuses	33	42	49	54
Number of schools	80	101	115	127
Number of learners	28 737	35 970	43 183	47 589
Average number of learners per campus	871	856	881	881
Number of employees	3 128	3 969	4 806	4 990
Number of educators	1 905	2 339	2 595	2 734
Learner/educator ratio	15	15	17	17
Building size (m ²)	392 314	449 067	558 683	
Land size (ha)	298	359	434	
Capital investment (R million)	1 305	1 030	1 700	
– Current campuses	651	646	571	
– New campuses	482	369	649	
– Acquisitions	172	15	266	
– Embury	–	–	214	

J-CURVE (UNREVIEWED)

The table below illustrates the J-Curve effect from newly established schools to more mature schools by age.

	Number at 31 Dec 2016		Learner numbers (Dec)			Growth		Schools EBITDA (R million)			Growth		EBITDA margin			Eventual capacity		
	Campuses	Schools	2014	2015	2016	14/15	15/16	2014	2015	2016	14/15	15/16	2014	2015	2016	2014	2015	2016
Developed schools	33	80	14 645	20 694	24 699	41%	19%	111	174	258	57%	48%	23%	23%	27%	40%	40%	42%
2009 and before*																		
2010	3	8	3 100	3 332	3 470	7%	4%	31	37	44	19%	20%	28%	28%	29%	79%	84%	88%
2011	2	6	1 994	2 120	2 232	6%	5%	17	24	31	41%	29%	25%	29%	33%	62%	66%	69%
2012	6	16	3 721	4 337	4 567	17%	5%	25	40	52	60%	30%	19%	23%	26%	39%	45%	47%
2013	2	6	1 362	1 618	1 788	19%	11%	8	15	19	88%	24%	17%	23%	25%	40%	48%	53%
2014	4	11	3 645	4 922	5 757	35%	17%	37	67	93	78%	37%	32%	38%	41%	37%	50%	59%
2015	4	8	823	1 271	1 531	54%	20%	(7)	1	3	Na	200%	(32%)	2%	2%	12%	19%	22%
2016	8	19	–	3 094	4 767	–	54%	–	(10)	17	–	Na	–	(13%)	13%	–	20%	31%
2016	4	6	–	–	587	–	–	–	–	(1)	–	–	–	–	(2%)	–	–	10%
Acquired schools	16	35	14 092	15 276	18 484	8%	21%	151	211	243	40%	15%	30%	33%	30%	72%	75%	73%
2012 and before																		
2013	8	17	6 483	6 851	6 884	6%	–	97	121	130	25%	7%	36%	38%	36%	68%	72%	72%
2014	2	3	5 690	5 779	5 541	2%	(4%)	45	52	52	16%	0%	29%	30%	28%	74%	75%	71%
2015	2	5	1 919	2 046	2 441	7%	19%	9	34	43	278%	26%	12%	28%	29%	82%	84%	85%
2015 and 2016	4	10	–	600	3 618	–	503%	–	4	18	–	350%	–	17%	19%	–	81%	69%
Property rental and royalties																		
Total	49	115	28 737	35 970	43 183	25%	20%	262	382	497	46%	30%	26%	28%	29%	51%	50%	52%

Note: Learner numbers refer to as at the end of December annually. Acquired schools indicates the year the school was incorporated in Curro. All acquired schools have at least been established for more than seven years.
* 2009 and before schools has 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 or Academy schools.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
ASSETS		
Non-current assets	6 269	4 748
Property, plant and equipment*	5 635	4 242
Goodwill	428	333
Intangible assets	167	134
Investment in associate	11	10
Other financial assets	28	29
Current assets	1 052	331
Inventories	10	8
Current tax receivable	7	6
Other financial assets	244	50
Trade receivable**	29	20
Other receivables**	56	16
Cash and cash equivalents	706	231
Total assets	7 321	5 079
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to equity holders of parent	4 976	3 088
Share capital	4 556	2 834
Reserves	23	39
Retained income	397	215
Non-controlling interest	(12)	(7)
Total equity	4 964	3 081
LIABILITIES		
Non-current liabilities	1 942	1 750
Loans and other financial liabilities	1 624	1 561
Deferred tax	318	189
Current liabilities	415	248
Loans and other financial liabilities	27	28
Trade and other payables	126	110
Prepaid school fees and deposits	171	104
Development and Acquisition payables**	91	6
Total liabilities	2 357	1 998
Total equity and liabilities	7 321	5 079
Net asset value per share (cents)	1 222	853

* In the current year, management reclassified R50 million of Property, plant and equipment to Other financial assets with respect to the comparative year 31 December 2015 in the condensed consolidated statement of financial position. The reclassification had no effect on the condensed consolidated statement of financial position in the previous year other than to more appropriately reflect the nature of the underlying transaction.

** Trade and other receivables has been separated between Trade receivables and Other receivables and Development payables was grouped with the Acquisition payables with respect to the comparative year, 31 December 2015. The reclassification had no effect on the condensed consolidated statement of financial position other than to enhance the comparability of the balances.

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	Percentage change	Reviewed 31 Dec 2016 R million	Audited 31 Dec 2015 R million
Revenue	27%	1 761	1 384
– Curro	32%	1 461	1 110
– Meridian	7%	252	235
– Embury Institute for Higher Education	23%	48	39
Schools EBITDA	30%	497	382
– Curro	33%	424	318
– Meridian	11%	62	56
– Embury Institute for Higher Education	38%	11	8
Net head office expenditure	22%	(110)	(90)
– Curro	25%	(99)	(79)
– Meridian	0%	(11)	(11)
– Embury Institute for Higher Education	–	–	–
EBITDA margins			
– Curro	22%	22%	22%
– Meridian	20%	19%	19%
– Embury Institute for Higher Education	23%	23%	20%
Headline earnings	69%	169	100
– Curro	68%	178	106
– Meridian	55%	(17)	(11)
– Embury Institute for Higher Education	60%	8	5
Headline earnings per share (cents)	55%	43.9	28.3
– Curro	55%	46.2	29.9
– Meridian	42%	(4.4)	(3.1)
– Embury Institute for Higher Education	40%	2.1	1.5
Earnings per share (cents)	61%	44.7	27.8
– Curro	60%	47.0	29.4
– Meridian	42%	(4.4)	(3.1)
– Embury Institute for Higher Education	40%	2.1	1.5
Total assets	44%	7 321	5 079
– Curro	46%	6 390	4 368
– Meridian	(1%)	679	681
– Embury Institute for Higher Education	740%	252	30
Total liabilities	18%	2 357	1 998
– Curro	6%	1 414	1 339
– Meridian	11%	718	648
– Embury Institute for Higher Education	1 945%	225	11
Net asset value per share (cents)	43%	1 222	853

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The provisional condensed consolidated financial statements for the year ended 31 December 2016 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting, the Listings Requirements of the JSE and the requirements of the Companies Act of South Africa, as amended. The provisional report has been prepared using accounting policies that comply with IFRS which are consistent in all material respects with those applied in the financial statements for the year ended 31 December 2015. The provisional condensed consolidated financial statements have been prepared internally under the supervision of the Chief Financial Officer, B van der Linde, CA(SA) CFA.

2. REVIEW CONCLUSION

The provisional condensed consolidated financial statements for the year ended 31 December 2016 has been independently reviewed by the Group's auditor, Deloitte & Touche. The review was conducted in accordance with ISRE 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A copy of their unmodified review conclusion is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement/provisional report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. The directors take full responsibility for the preparation of the provisional report.

3. ACCOUNTING POLICIES