

QUALITY
EDUCATION

Results for the six months ended 30 June 2023

Cobus Loubser and Burtie September
21 August 2023

CURRO

AGENDA

Business overview

- Highlights for first half of 2023
- Strategic focus

Financial overview

Questions



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BUSINESS OVERVIEW

Cobus Loubser
Chief Executive Officer



CURRO

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Highlights



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HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 2023

RECURRING HEPS
From 25.5 cents to 34.6 cents

+ 36%

HEPS
From 27.5 cents to 34.6 cents

+ 26%

**AVERAGE LEARNER
NUMBERS**
From 70 519 to 72 385

+ 3%

REVENUE
From R2 060m to R2 389m

+ 16%

EBITDA
From R467m to R566m

+ 21%

**CASH GENERATED FROM
OPERATING ACTIVITIES**
From R598m to R607m

+ 2%

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Strategic focus



CURRO

DRIVING SHAREHOLDER RETURNS HIGHER

1 Revenue growth

- Higher learner enrolment for 2023 than for the previous comparable period
- Termination of long overdue accounts restrained overall learner growth in 2023
- Tuition fee increases for 2023

2 Increase operating margin

- Ancillary service profitability to recover
- Reduce discounts and bad debt costs as a % of revenue
- Gain efficiency in staff costs as business matures, supported by digital options
- Tight operational discipline to contain other costs

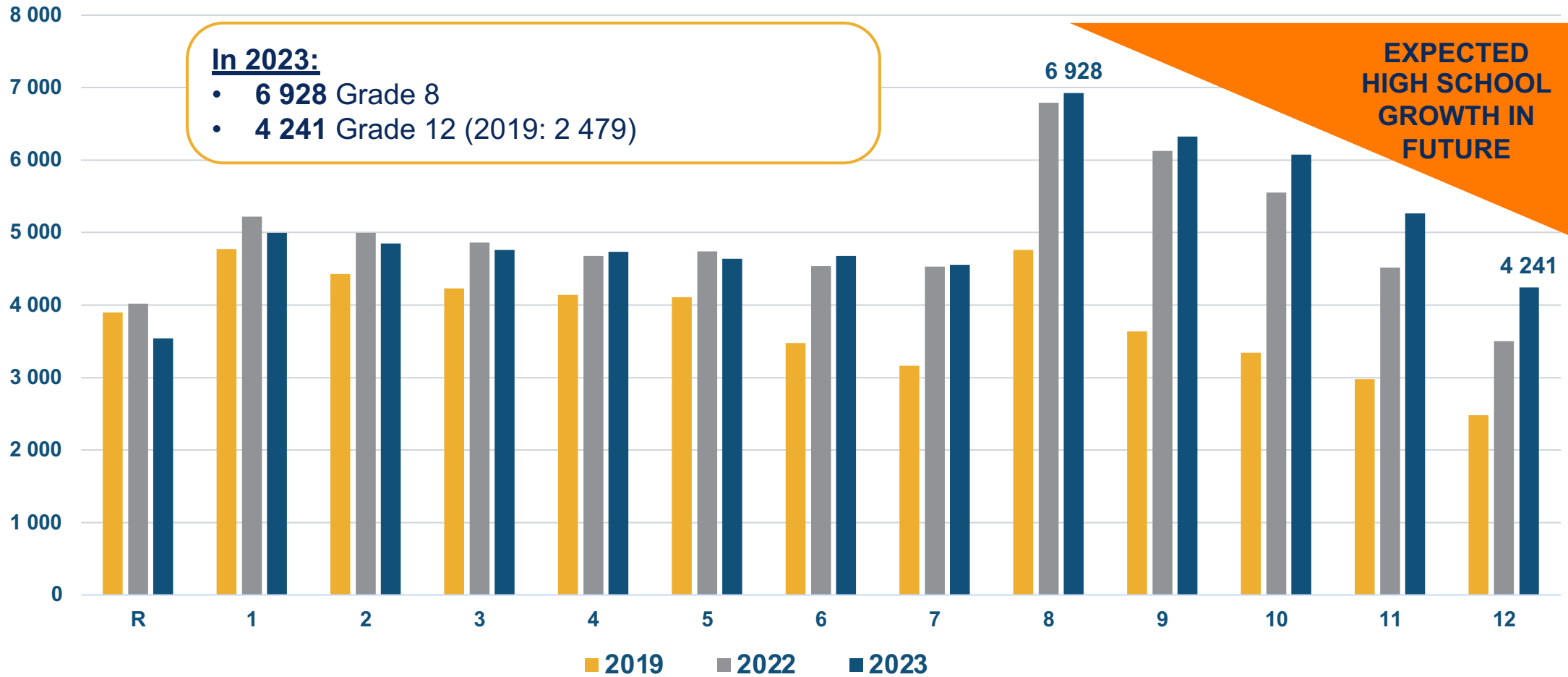
3 Contain capex spend

- Cash generated to exceed capex requirement of existing business
- Consider acquisitions with growth and cost saving potential, fund with debt
- Excess cash to shareholders

- ▶ Curro is in a healthy financial position and business operations are resilient
- ▶ Commenced with program to repurchase shares in terms of general authority
 - Acquired 2.4 million shares for R19.3 million up to 30 June 2023
 - Purchased a total of 10.3 million shares for R88.3 million so far
 - Repurchased shares were cancelled and the number of shares in issue decreased
- ▶ Deliver longer-term value to shareholders

GROWTH MOMENTUM

Expansion potential in high school, based on rollover from Grade 8 to Grade 12





Curro provides **quality education** across different platforms



Our models are **efficient** and **scalable** to optimise service and profitability



Curro is **resilient** and we are on track to increase **shareholder returns**

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FINANCIAL OVERVIEW

Burtie September
Chief Financial Officer

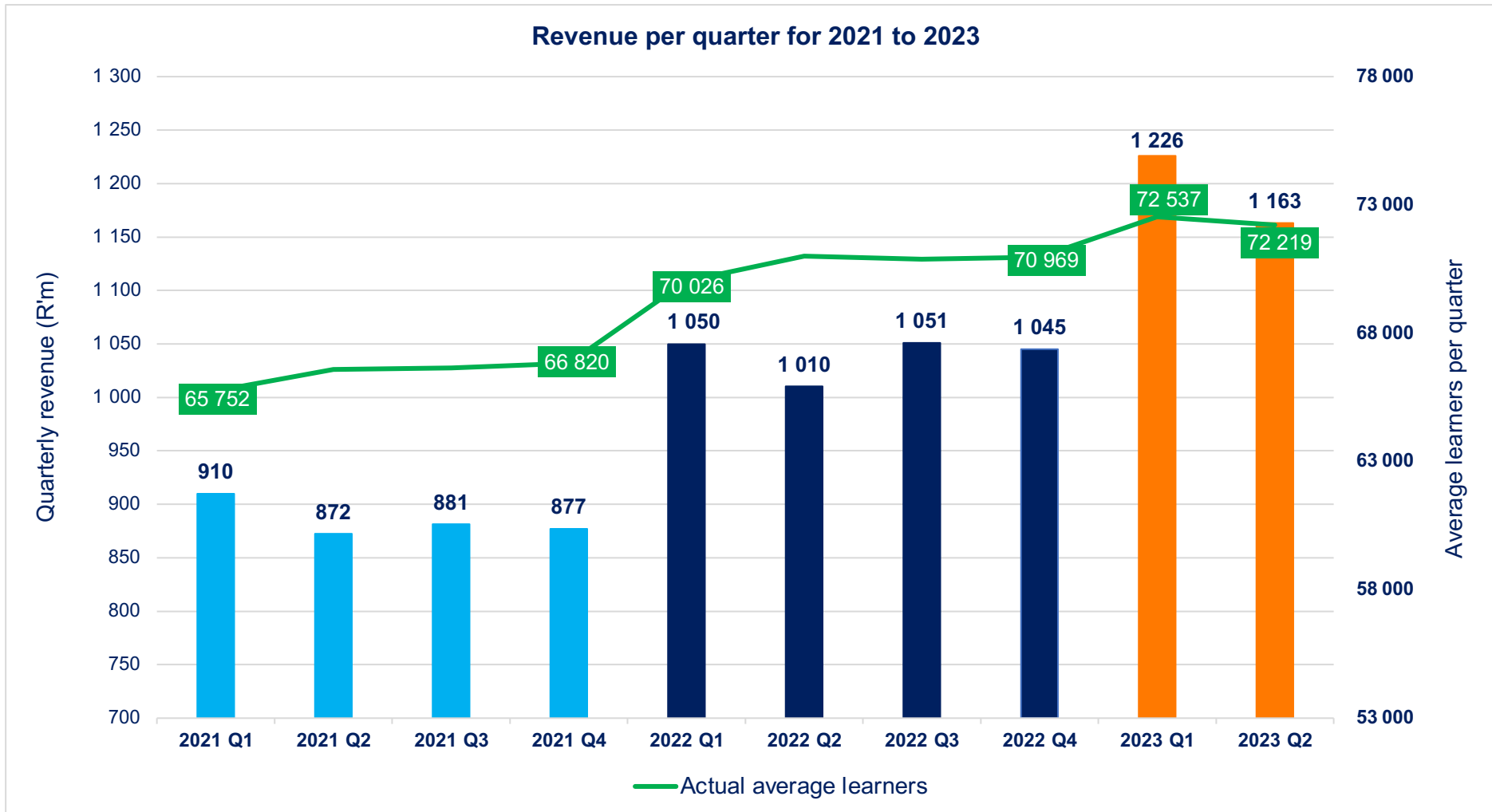


CURRO

AGENDA

- ▶ Revenue
- ▶ Operating expenses
- ▶ Trade receivables
- ▶ Earnings
- ▶ Funding and capex

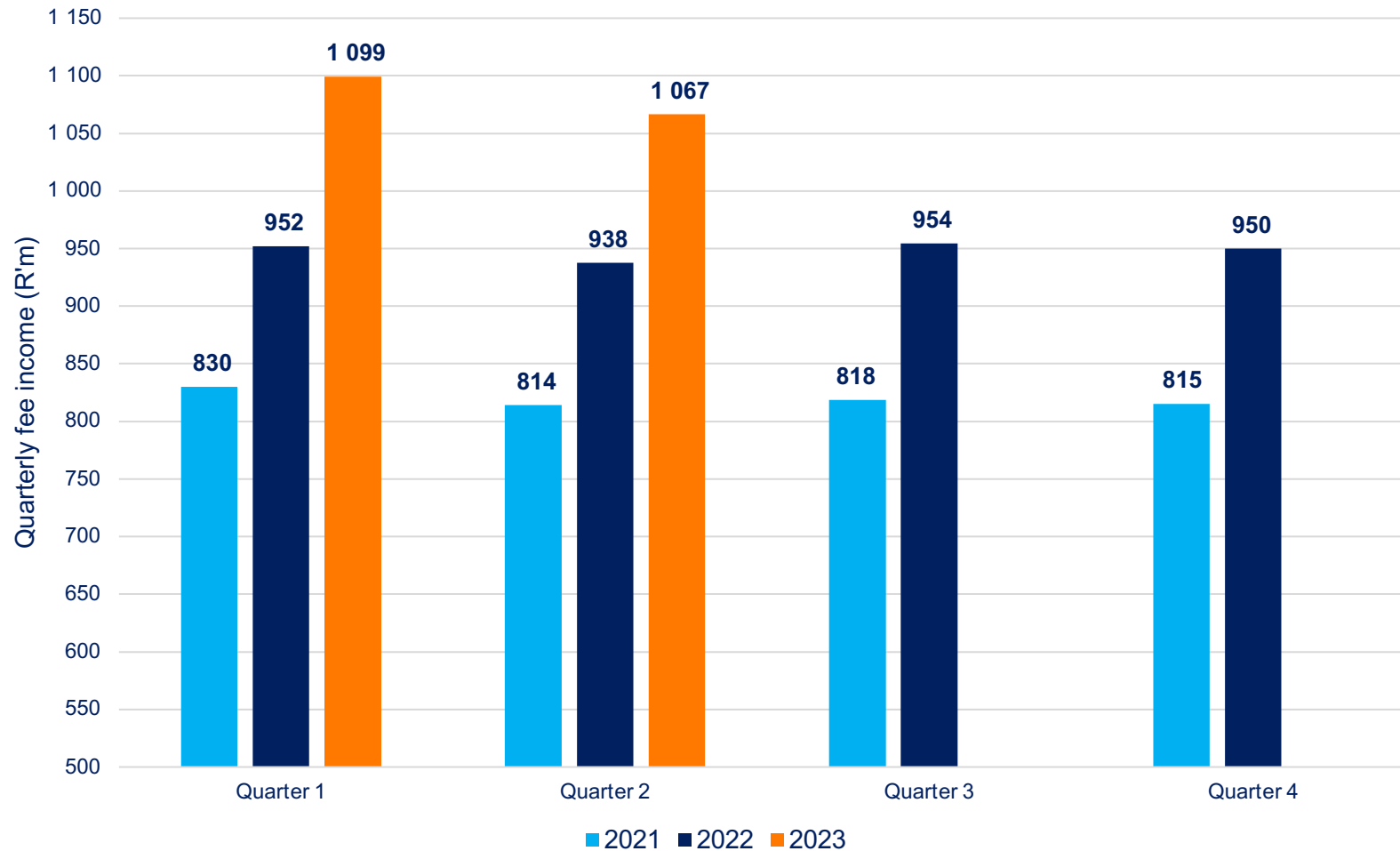
TOTAL REVENUE AND LEARNER GROWTH



- Strong learner growth in FY23, weighted average learner numbers up by 3%
- Total revenue consists of tuition fees and ancillary revenue
- Total revenue increased by 16% due to learner growth, higher ancillary revenue and fee increases

GROWTH IN FEE REVENUE

Fee income per quarter for 2021 to 2023

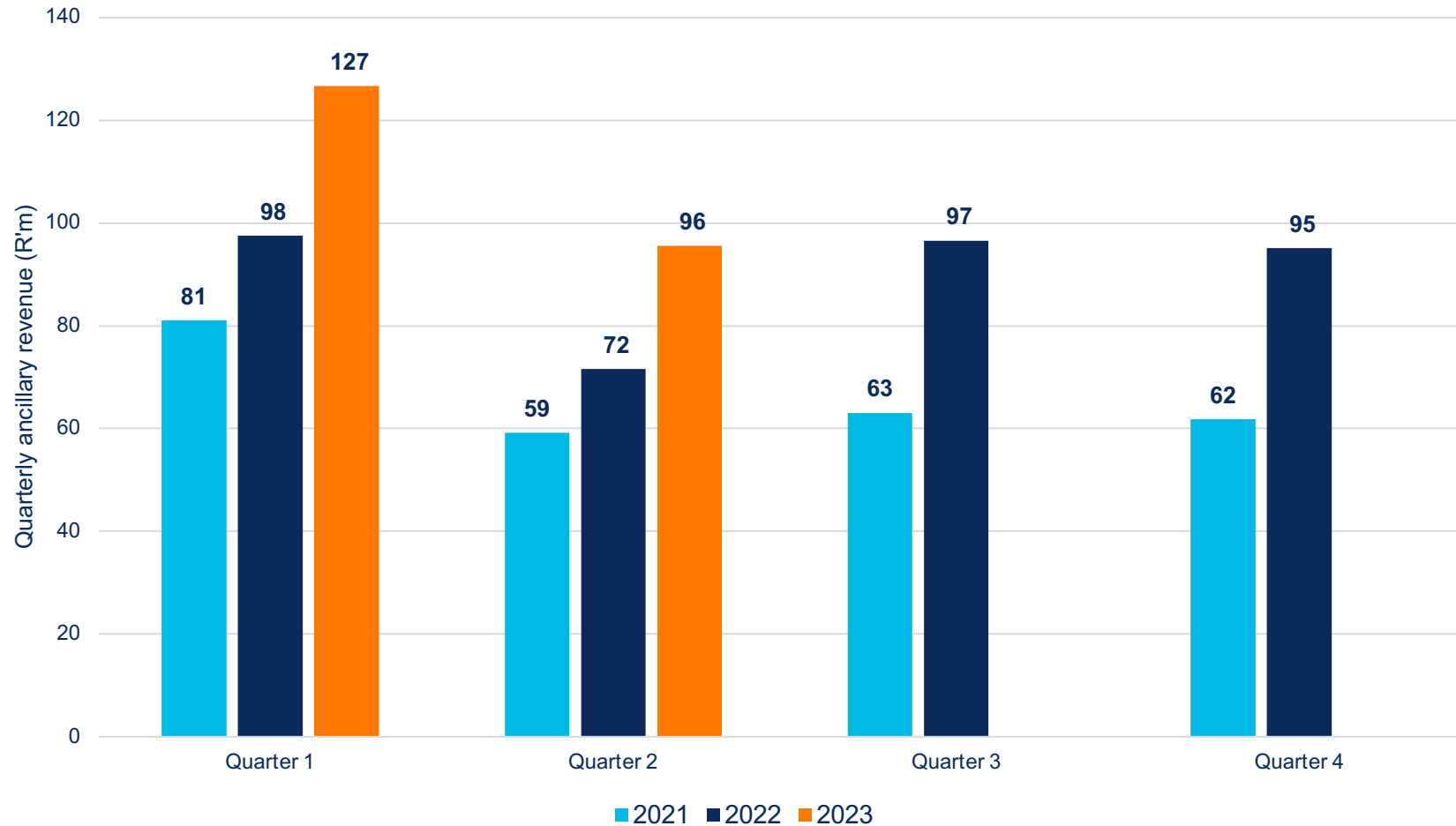


- Strong learner growth coupled with fee increases
- Total fee revenue increased by 14% on comparable period
- Discounts as ratio of gross tuition fees reduced by 2% from FY21 to FY23

Fee revenue consists of registration and tuition fees, net of discounts granted

RECOVERY IN ANCILLARY REVENUE

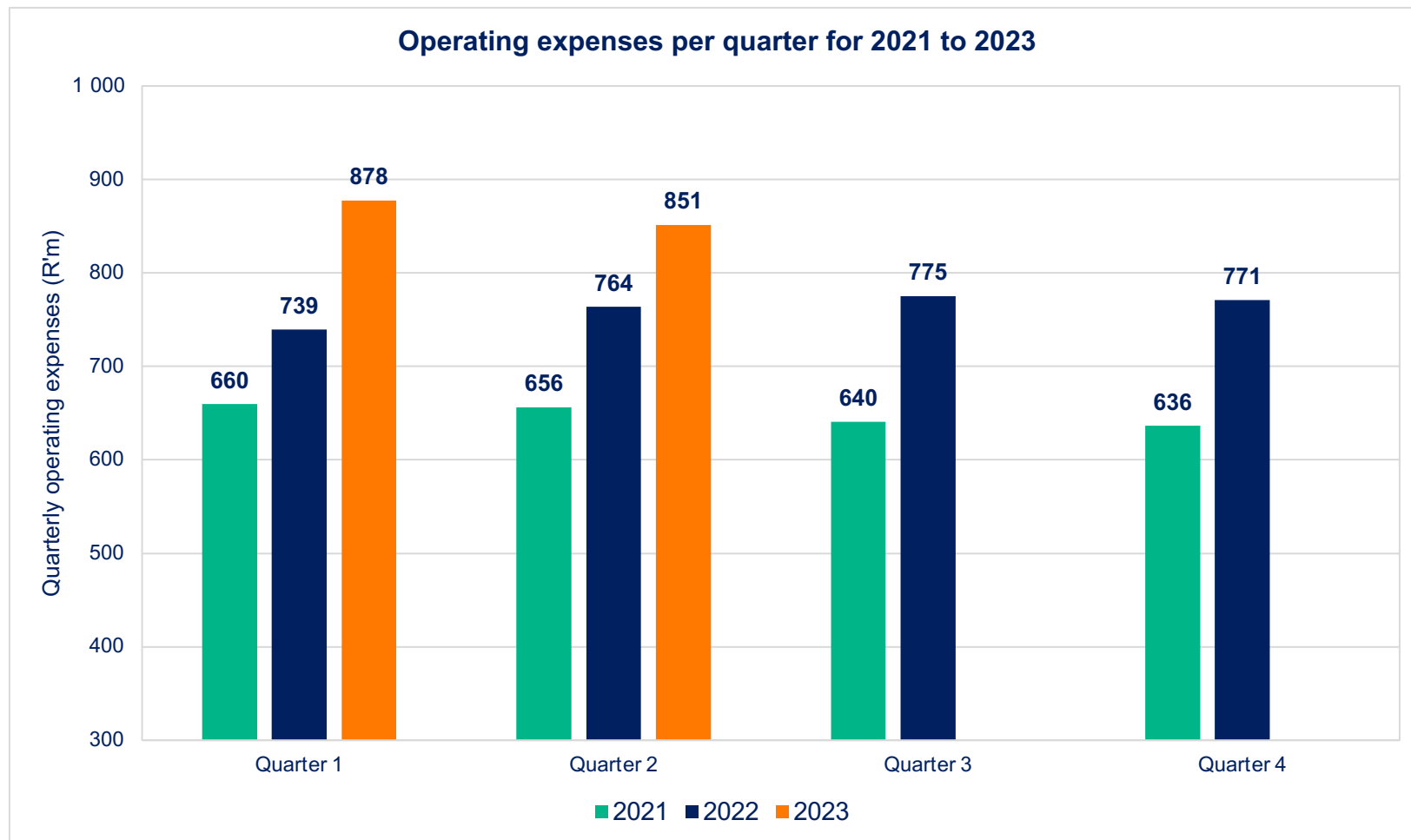
Ancillary revenue per quarter for 2021 to 2023



- Ancillary revenue consists of the non-tuition fee revenue streams, being rentals, boarding school fees, aftercare fees, bus and other income
- Ancillary revenue increased by 31% in this period on the first half of last year
- Increase in ancillary income lags growth in tuition fee:
 - 62% increase in tuition fees since FY19
 - compared to 47% increase in ancillary revenue since FY19

OPERATING EXPENSES

- Increase in expenses relative to growth in learners and full activities compared to prior period



- Operating expenses increase by 15% compared to the increase in total revenue of 16%
- Increase in total costs due to 3% more learners, additional extra-mural activity and higher ancillary revenue and associated costs
- Total staff costs increased by 11%
- Like-for-like staff costs (excluding acquisitions) increased by 8% due to learner growth and salary increases of c6%
- Facility costs (water, electricity and municipal rates) increased by c15% in this period and c7% excluding additional diesel cost

Note: Operating expenses in the graph include employee costs, but exclude bad debt related costs, depreciation and rentals.

TRADE RECEIVABLES (1)

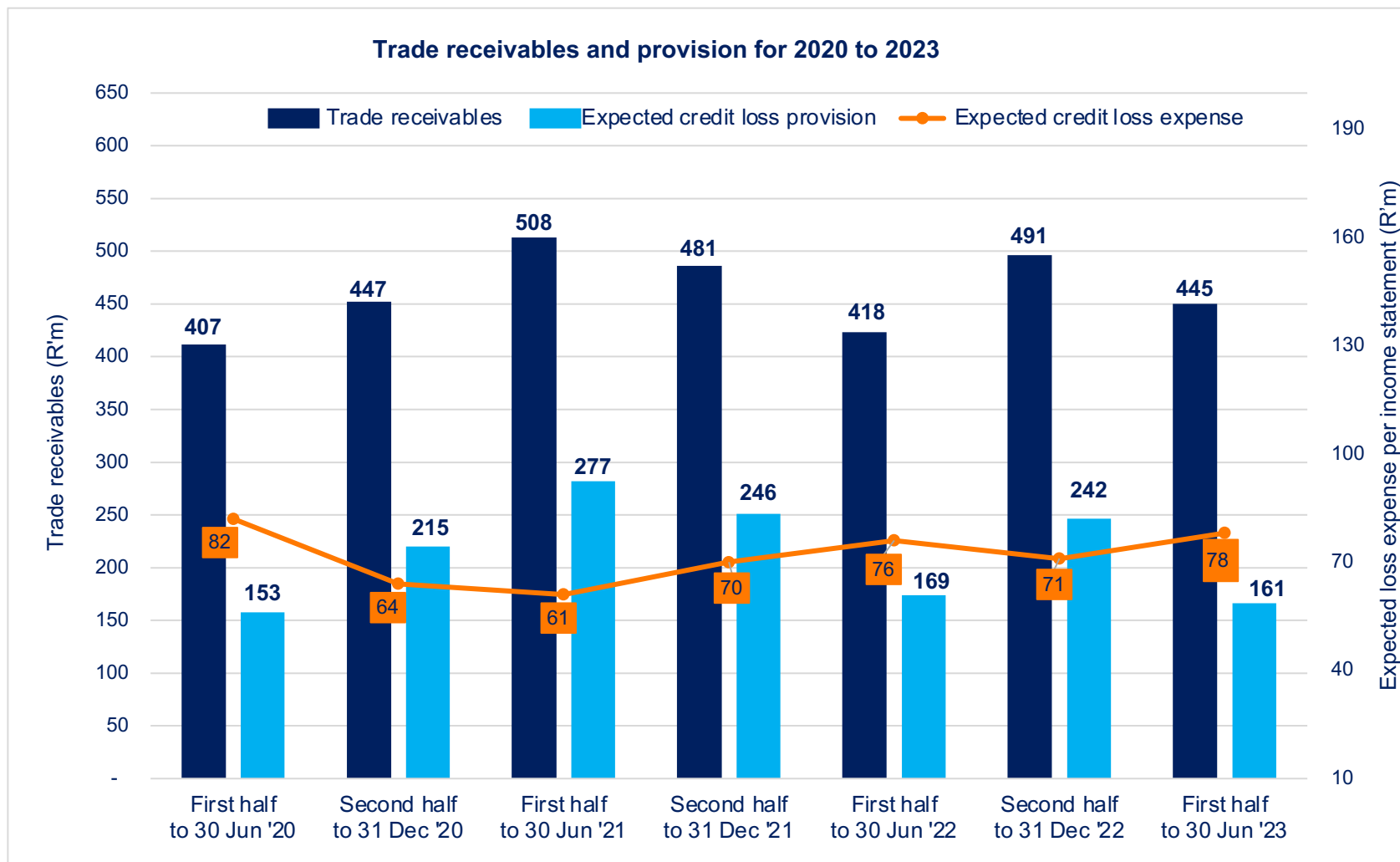
- Gross receivables increased by 6%
- Aging of accounts improving due to enhanced debt collection process, resulting in lower expected loss rate
- Frequent pro-active engagement with overdue accounts
- Wrote off R169m in this period (FY22 H1: R153m)

(R'm)	Less than 90 days	91 - 180 days	181 - 360 days	361 - 540 days	More than 540 days	Total
30 June 2023						
Gross trade receivables	150	86	79	52	78	445
Loss provision	(8)	(12)	(29)	(34)	(78)	(161)
<i>Expected loss rate</i>	5.2%	14.0%	36.7%	65.4%	100%	36.2%
30 June 2022						
Gross trade receivables	125	67	74	57	95	418
Loss provision	(7)	(9)	(27)	(33)	(93)	(169)
<i>Expected loss rate</i>	5.6%	13.4%	36.5%	57.9%	97.9%	40.4%
30 June 2021						
Gross trade receivables	101	53	65	96	193	508
Loss provision	(4)	(7)	(23)	(59)	(184)	(277)
<i>Expected loss rate</i>	4.0%	13.2%	35.4%	61.3%	95.2%	54.5%

- Firm approach on overdue accounts resulted in higher collections and improved aging of accounts
- Prudent credit loss provision methodology, full balance of each account is allocated under its oldest aging category
- **Total bad debt related costs¹ reduced to 3.8% from 4.0% of revenue**

1. Bad debt related costs = provision movement + write-off + recoveries + collection cost

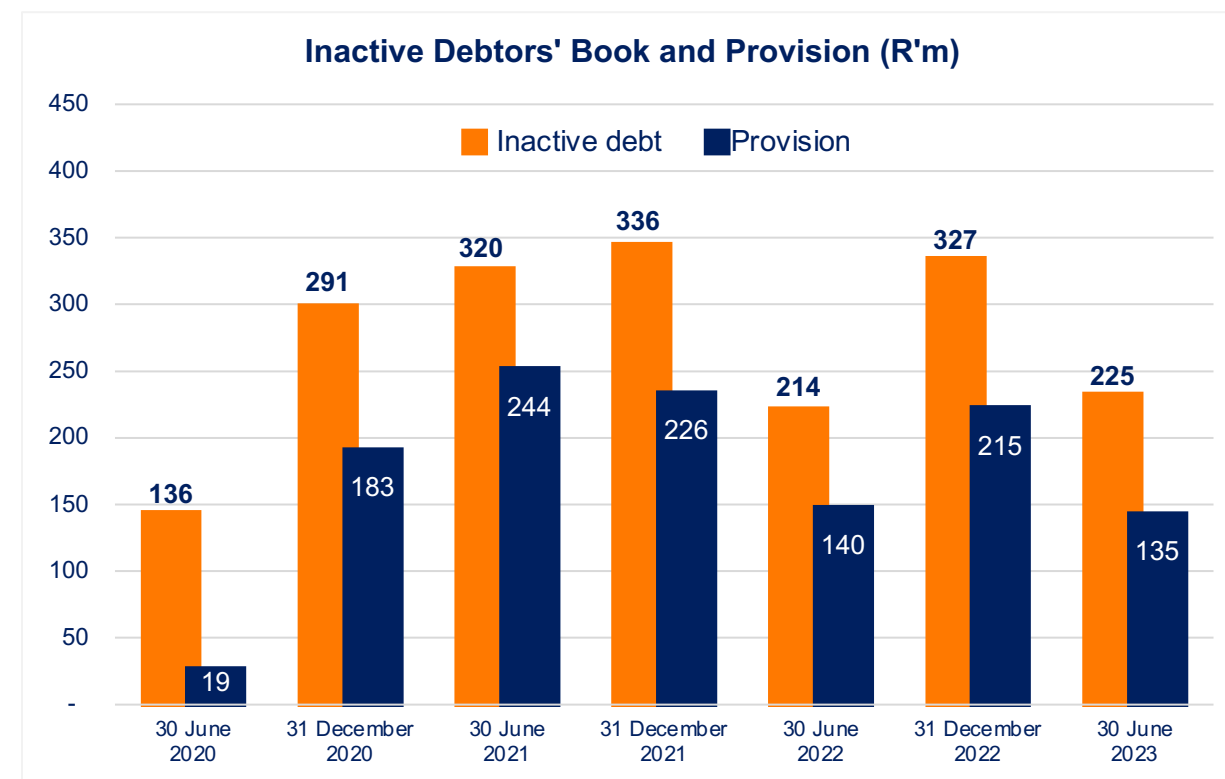
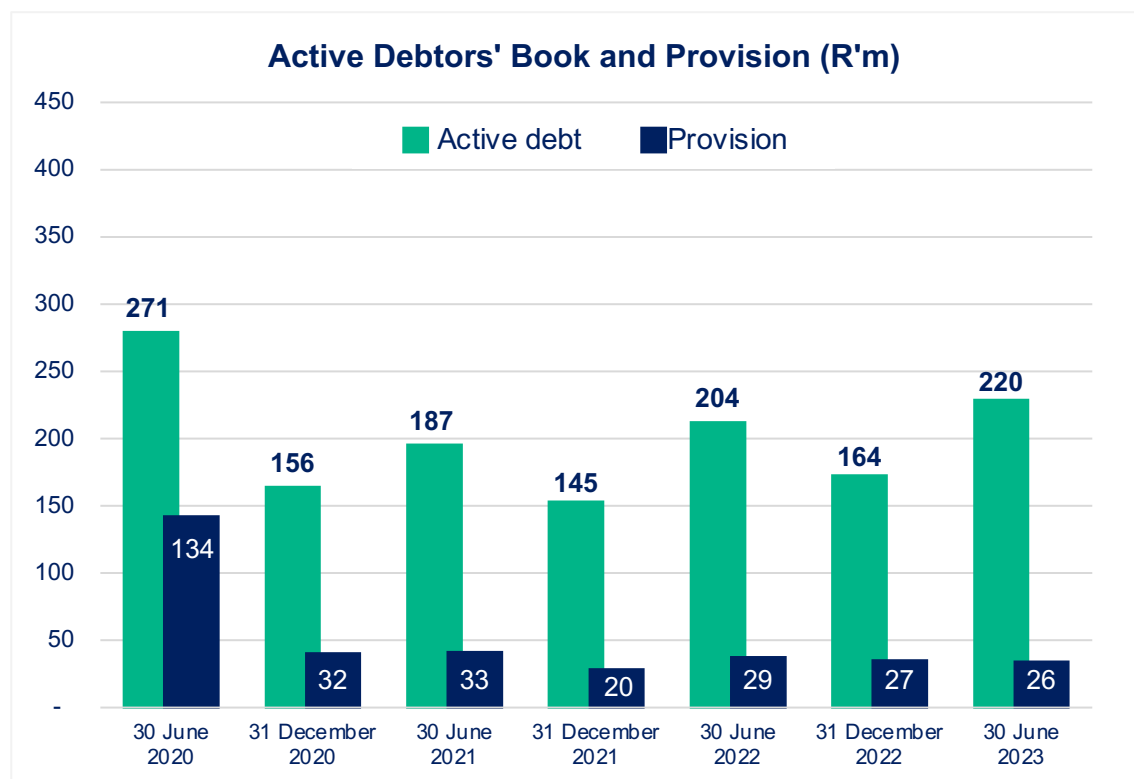
TRADE RECEIVABLES (2)



- Gross receivables increased by R27m from the prior period with expected credit loss provision decreasing by R8m
- Portion of fully provided debt written off and sold
- Collections of overdue accounts improved, with better aging and quality of the active book
- Loss provision at 36.2% of gross receivables due to improved aging of accounts (FY22 H1: 40.4%)

TRADE RECEIVABLES (3)

- Receivables are split between **Active** (learners still in schools) and **Inactive** (learners who left Curro)
- The aging and quality of the **Active** book has improved further during this period
- Non-performing portion of debtors book mainly relates to **Inactive** book. A portion of this was written off during this period, with concerted efforts to recover the remaining balance



EARNINGS PER SHARE

	30 June 2022 Cents	30 June 2023 Cents	Var %
Recurring headline earnings per share (RHEPS)	25.5	34.6	36
Headline earnings per share (HEPS)	27.5	34.6	26
Earnings per share (EPS)	27.6	33.4	21

Differences between EPS, HEPS and RHEPS:

In evaluating these results, the following should be considered:

2022 Earnings

- EPS and HEPS include non-recurring once-off subsidy income of R25 million (before adjusting for minority share and tax). This is excluded from RHEPS

2023 Earnings

- EPS includes a loss on sale of assets of R7 million (net of tax) that was excluded from the calculation of HEPS and RHEPS

▶ Debt

- Total net debt reduced to R2.991 billion (31 December 2022: R3.127 billion)
- Credit rating upgraded by two levels
- Net finance cost for the first half of FY23 increased to R131m (FY22 H1: R103m)

▶ Cashflow

- Cash generated from operating activities increased by 2% to R607m (FY22 H1: R598m)
- Repurchased 2.4m shares for R19m up to 30 June 2023
- Purchased 2.9m shares for R24m for the long-term share incentive scheme
- Dividend payment of R65m

- ▶ Invested R312m in the business in the first half of this year (FY22 H1: R549m)
 - R17m on acquisition of a school, net of disposals of land.
 - R108m to expand capacity in classrooms and facilities in existing schools, and on back-up power solutions
 - R187m on refurbishment, maintenance and replacement of assets
- ▶ Will invest as much as R800m in capex during FY23



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QUESTIONS?



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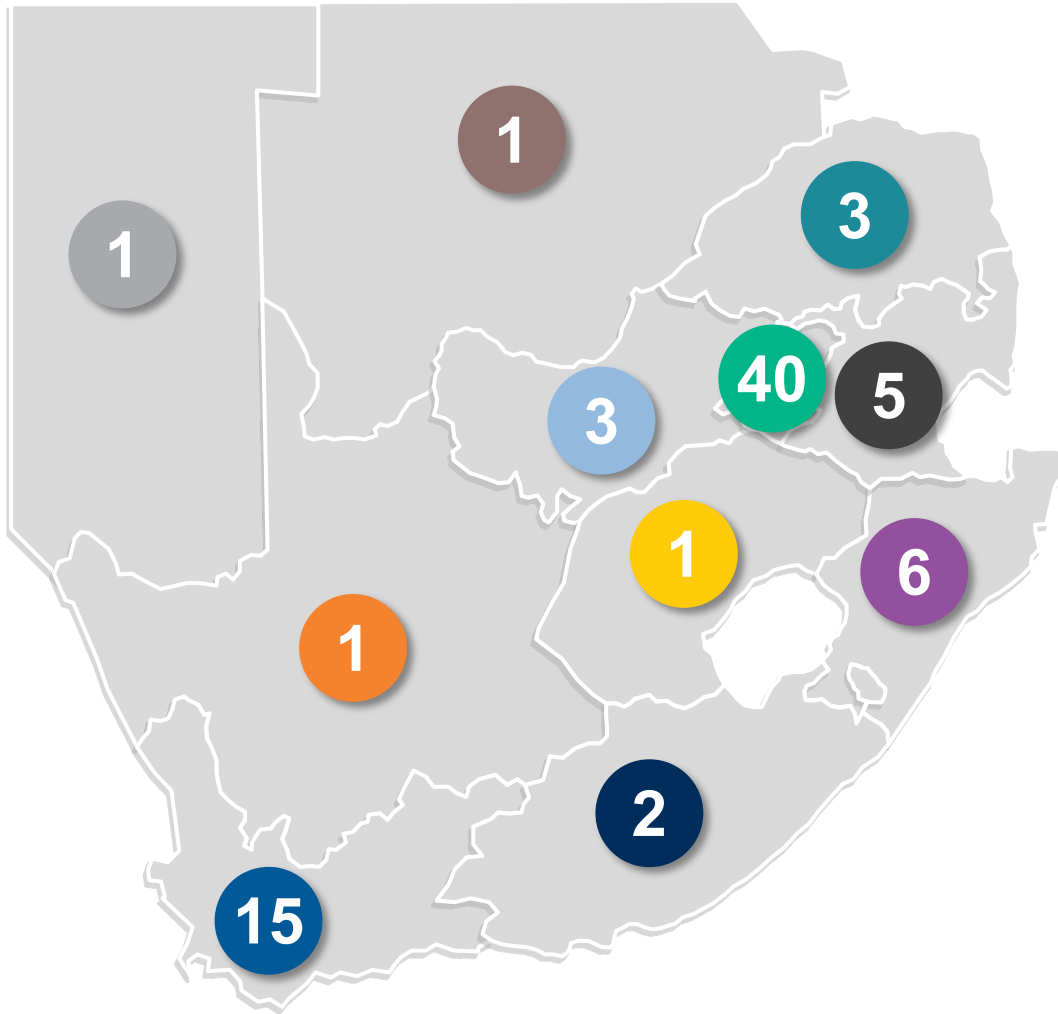
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CURRO FOOTPRINT (June 2023)



Province	Number of campuses 	Number of schools 
Botswana	1	1
Namibia	1	3
Northern Cape	1	3
Western Cape	15	34
Eastern Cape	2	5
Free State	1	3
North West	3	7
KwaZulu-Natal	6	18
Gauteng	40	88
Mpumalanga	5	13
Limpopo	3	5
Online	-	2
TOTAL	78	182

Curro, Select, Curro Preschools

Enriched curriculum, wide variety of sports, cultural and extramural activities, superior facilities, IEB examination.



Create capacity



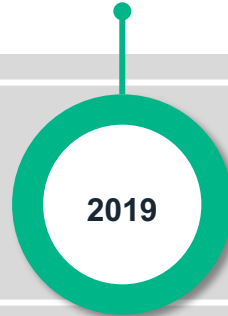
Meridian and Academy

Enriched curriculum, focussed sports and cultural activities, cost-sensitive, NSC examination.

Assisted learning and NCV

Assisted learning: high-quality academic intervention, teaching styles adapted to suit learner needs, CAPS curriculum, NSC examination.

NCV: Runs parallel to Grade 12, high-standard, skills-focussed allowing learners to specialise from a school-going age.



Grow into capacity

DigiEd

Innovative, technologically-advanced, project-based learning through e-learning tools and videos, teachers/tutors provide one-on-one assistance as needed.

Curro Online

High-quality curriculum, home-based with teacher touchpoints throughout the day.



Optimise

Extended subject choices

Curro offers every high school learner the opportunity to broaden subject choice with an e-learning option.

New concept high school

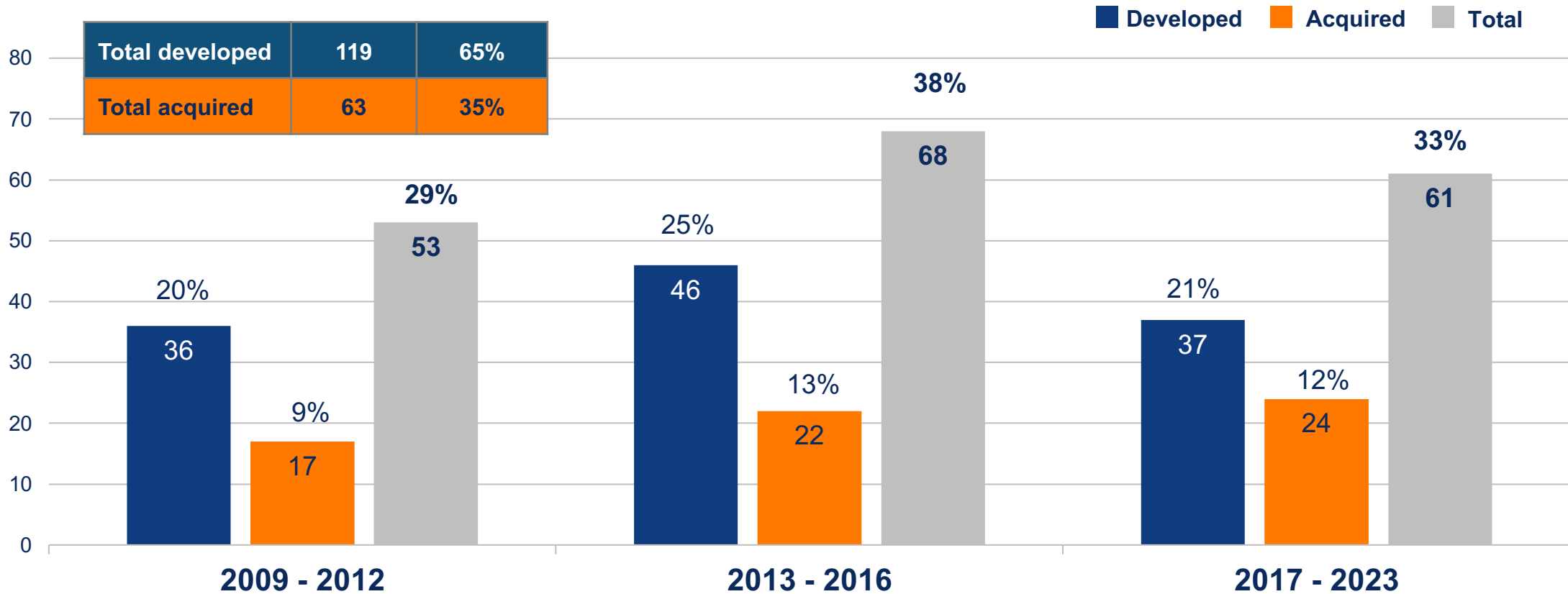
Major redesign of physical spaces to complement digital learning.

ESTABLISH THE INFRASTRUCTURE

Total number of schools acquired and developed per year



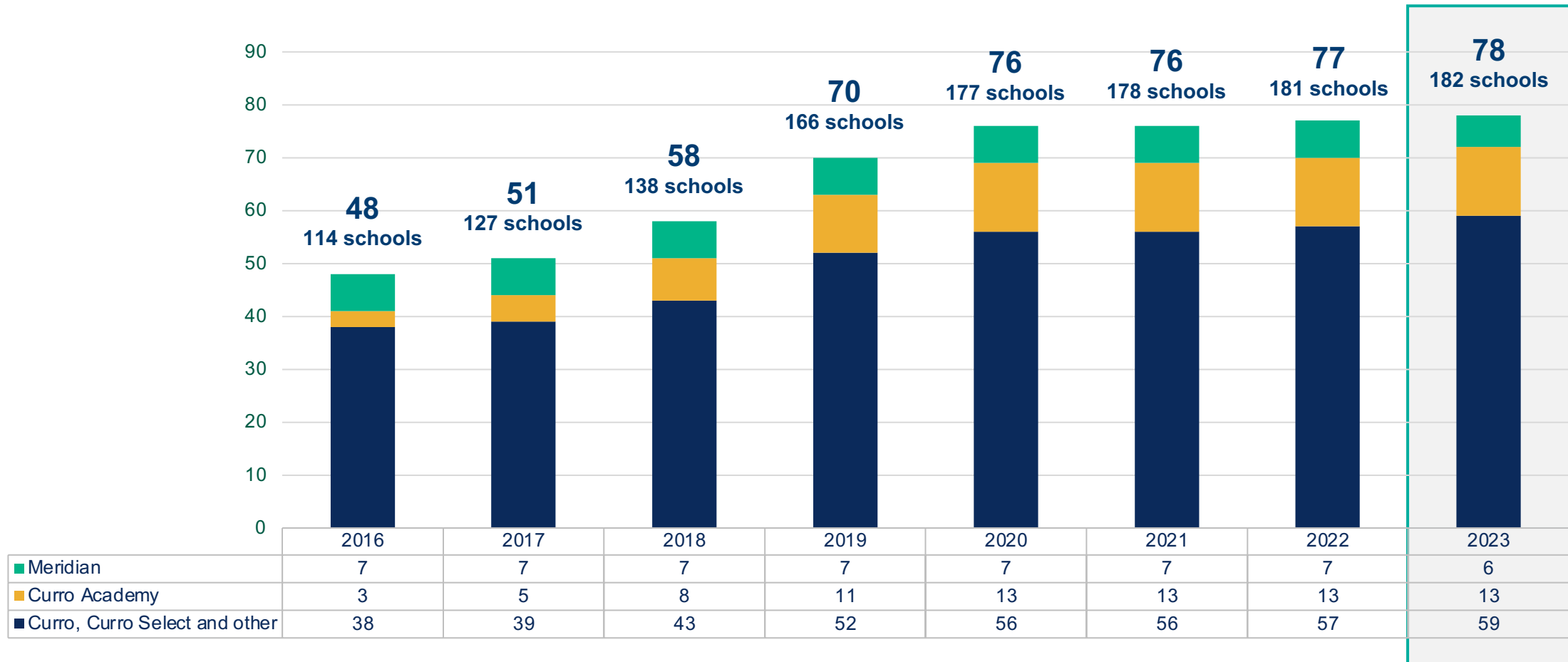
Business is young, based on portfolio of schools acquired and developed over time



Total developed	119	65%
Total acquired	63	35%

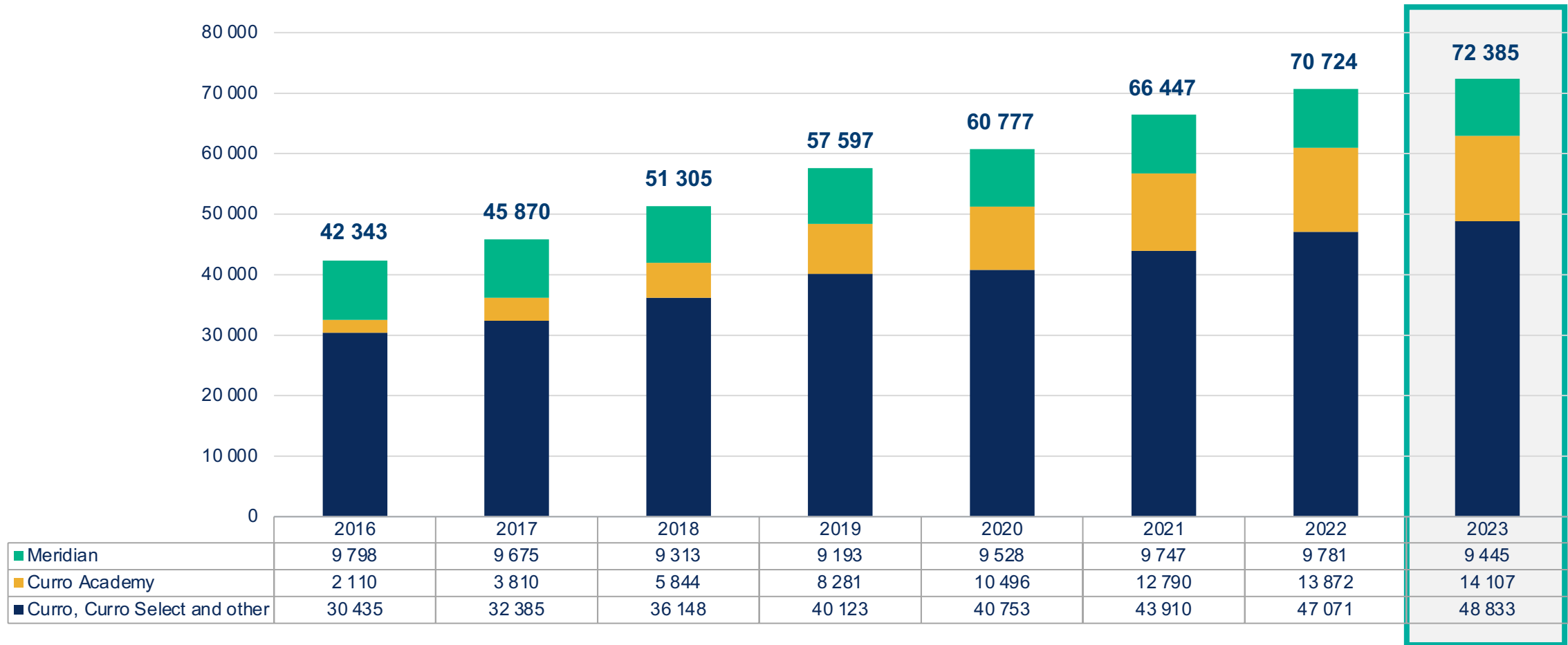
Curro had **72 385** weighted average learners for the first half ending 30 June 2023

NUMBER OF CAMPUSES



The campuses and schools presented are as at the end of each period

LEARNER NUMBER GROWTH



Curro had **72 385** weighted average learners for the first half ending 30 June 2023

The learner numbers presented are the average weighted learners for the period.

GROWTH FROM LISTING IN 2011 UNTIL 2023

Curro's vision: Make independent school education accessible to more learners

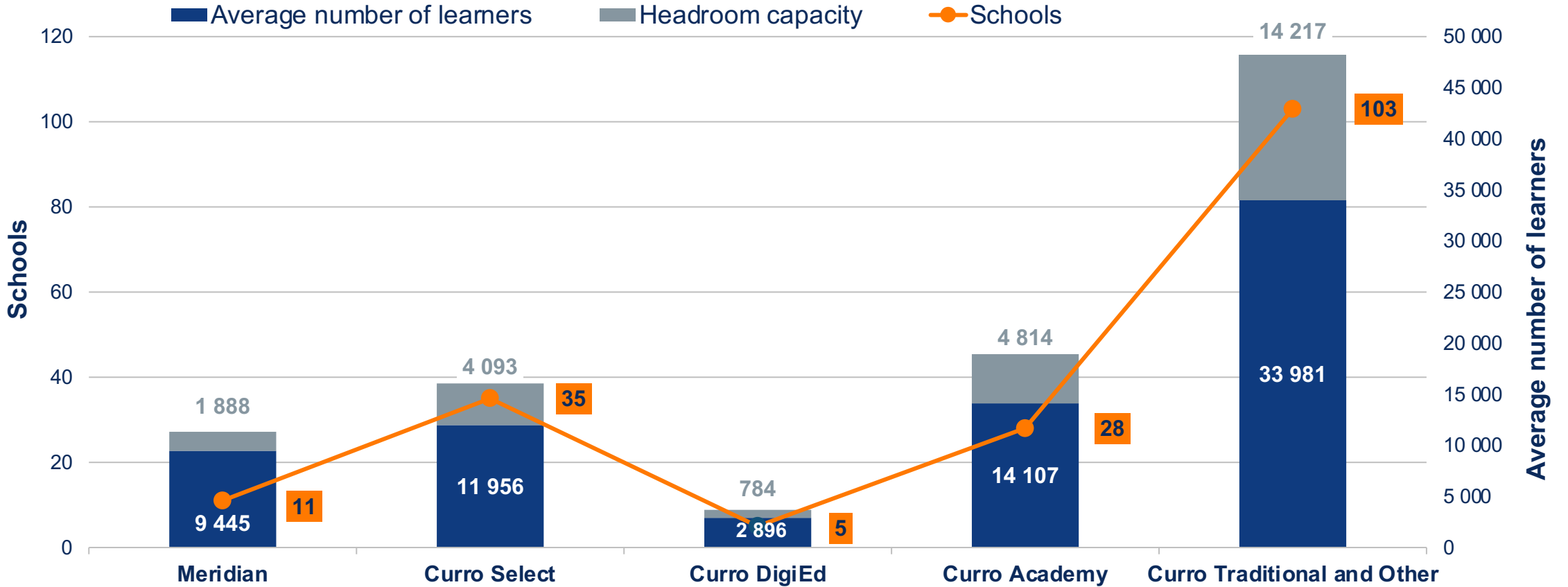
		2011	2019	June 2022	June 2023
Campuses	#	12	70	77	78
Schools	#	24	166	181	182
Learners	#	4 200	57 597	70 519	72 385
Revenue	R'm	166	2 944	2 060	2 389
EBITDA	R'm	10	693	467	566
<i>EBITDA Margin</i>	%	6.0%	23.5%	22.7%	23.7%
Cumulative capital invested	R'm	574	10 265	12 393	12 705
Cash generated from operating activities	R'm	7	474	598	607

- Two decades to create and establish the business and footprint with material capital investment
- More recently, focus has been on sophistication, filling capacity and margins
- EBITDA margin stagnated after pandemic, recovered to pre-pandemic levels
- Digital strategy progressing

Curro on track to enhance shareholder returns

CAPACITY TO INCREASE SHAREHOLDER RETURNS

Number of schools and learners per school model



Note: Headroom capacity represents the available built capacity not yet filled.

SUMMARY OF KEY INDICATORS

		Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	5Yr CAGR	June 2022	June 2023	% Difference
Campuses	#	48	51	58	70	76	76	77	9%	77	78	1%
Schools	#	114	127	138	166	177	178	181	7%	181	182	1%
Average learners	#	42 343	45 870	51 305	57 597	60 777	66 447	70 724	9%	70 519	72 385	3%
% of built capacity	%	69%	70%	69%	70%	69%	70%	72%		72%	72%	
Revenue	Rm	1 714	2 099	2 496	2 944	3 094	3 543	4 156	15%	2 060	2 389	16%
Schools EBITDA	Rm	487	594	772	873	886	1 013	1 195	15%	599	716	20%
EBITDA	Rm	377	473	627	693	686	789	926	14%	467	566	21%
EBITDA Margin	%	22%	23%	25%	24%	22%	22%	22%		22.7%	23.7%	
Net interest expense	Rm	70	78	138	243	223	170	208	22%	103	131	27%
HEPS (Recurring)	Cents	41.8	49	60.1	51	38	40.9	55.4	2%	25.5	34.6	36%
Learner/teacher ratio	#	17	17	17	18	18	19	18		18	18	-%
Capital invested	Rm	1 486	1 136	1 493	1 246	650	929	1 115		549	312	(43%)
Cumulative capital invested	Rm	6 350	7 486	8 979	10 265	10 915	11 844	12 959	12%	12 393	12 705	2%
Total building size	m ²	558 683	598 194	656 081	700 946	713 084	772 251	789 296	6%	780 367	792 146	2%

* Adjusted for the bonus element contained in the rights issue concluded during September 2020.

J-CURVE – 30 June 2023

	Campuses	Schools	Average learner numbers		Learner growth		School's EBITDA (R million)		EBITDA growth		School's EBITDA margin		Built capacity utilised		Eventual capacity utilised	
	2023	2023	2022	2023	21/22	22/23	2022	2023	21/22	22/23	2022	2023	2022	2023	2022	2023
Developed	51	119	45 829	47 164	7%	3%	373	453	23%	22%	29.4%	31.0%	68.8%	68.9%	60.3%	61.5%
Dev 2009 & before ¹	4	9	4 299	4 469	2%	4%	45	58	–	30%	29.8%	33.2%	72.9%	75.7%	71.9%	74.8%
Dev 2010	2	6	2 179	2 203	(1%)	1%	27	32	9%	19%	36.0%	38.0%	60.1%	60.7%	60.1%	60.7%
Dev 2011	5	15	4 323	4 332	3%	–	38	45	11%	17%	28.0%	30.2%	61.8%	61.7%	58.4%	58.5%
Dev 2012	2	6	2 150	2 169	3%	1%	17	22	8%	34%	24.9%	29.2%	80.0%	80.7%	74.4%	75.1%
Dev 2013	4	12	6 261	6 307	–	1%	73	80	6%	9%	38.6%	37.9%	67.3%	67.8%	65.2%	65.6%
Dev 2014	4	9	2 771	2 828	9%	2%	12	19	52%	47%	16.8%	21.4%	72.7%	74.1%	71.2%	72.6%
Dev 2015	6	15	7 195	6 939	3%	(4%)	42	48	31%	15%	25.5%	26.8%	67.5%	65.1%	61.3%	59.2%
Dev 2016	4	8	1 988	1 996	10%	–	24	29	120%	20%	32.4%	33.6%	50.6%	50.8%	46.0%	46.1%
Dev 2017	3	8	4 108	3 914	5%	(5%)	40	46	14%	15%	37.9%	40.5%	76.0%	72.4%	67.6%	64.4%
Dev 2018	4	8	1 647	1 914	1%	16%	7	11	–	–	18.6%	22.6%	47.5%	55.2%	43.5%	50.6%
Dev 2019	7	13	5 676	6 071	23%	7%	42	51	35%	23%	31.1%	31.9%	78.6%	78.6%	53.3%	57.0%
Dev 2020	5	9	3 232	3 992	44%	24%	6	14	141.9%	120.2%	10.2%	15.9%	97.5%	87.5%	43.4%	55.1%
Dev 2023	1	1		30				(2)						30.0%		4.0%
Acquired²	27	63	24 690	25 221	5%	2%	235	269	11%	14%	29.9%	29.1%	78.9%	77.1%	75.8%	73.5%
Acq 2012 & before	7	17	8 169	8 101	2%	(1%)	94	101	7%	7%	36.2%	35.5%	83.2%	81.1%	78.5%	77.8%
Acq 2013	2	2	3 636	3 482	(1%)	(4%)	22	17	3%	(20%)	28.7%	22.8%	78.2%	74.9%	78.2%	74.9%
Acq 2014	2	6	2 368	2 258	(2%)	(5%)	31	32	17%	4%	30.4%	29.3%	68.1%	65.0%	68.1%	65.0%
Acq 2015 & 2016	5	14	5 167	5 141	1%	(1%)	47	58	16%	24%	26.9%	29.8%	78.4%	78.0%	72.4%	72.0%
Acq 2018	3	6	1 999	1 893	(1%)	(5%)	25	25	(10%)	1%	37.5%	34.5%	82.5%	78.2%	58.3%	55.2%
Acq 2019	4	8	1 609	1 605	20%	–	13	13	57%	4%	26.1%	24.1%	69.8%	67.9%	61.4%	60.5%
Acq 2020	1	3	876	1 033	44%	18%	2	6	–	–	12.4%	20.7%	97.4%	99.4%	74.7%	88.1%
Acq 2021	1	2	289	246	(2%)	(15%)	–	(3)	–	–	(4.5%)	(34.8%)	62.8%	53.5%	62.8%	53.5%
Acq 2022	1	3	577	1 201		108%	1	11			4.6%	14.4%	82.0%	84.6%	82.0%	84.6%
Acq 2023	1	2		261				9						88.5%		88.5%
Property rental, royalties and other							(9)	(6)								
Total Developed & Acquired	78	182	70 519	72 385	7%	3%	599	716	17%	20%	29.1%	30.0%	72.1%	72.2%	64.5%	64.7%

1. 2009 and before schools have 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 and Academy schools. Curro Durbanville's new High School increased capacity in 2022.

2. Acquired schools indicates the year the school was incorporated into Curro.