



CURRO

ANNUAL GENERAL MEETING

22 June 2021

#Learners2Leaders



AGENDA

- ▷ Snapshot of 2020
- ▷ Corporate social responsibility
- ▷ A confident start to 2021
- ▷ Strategic focus

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A snapshot of 2020

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HIGHLIGHTS – DECEMBER 2020

AVERAGE
LEARNER
NUMBERS

↑ **6%**

From 57 597
to 60 777

REVENUE

↑ **5%**

From R2 944m
to R3 094m

EBITDA

↓ **1%**

From R693m
to R686m

RECURRING
HEPS

↓ **24%**

From 50.0 cents
to 38.0 cents

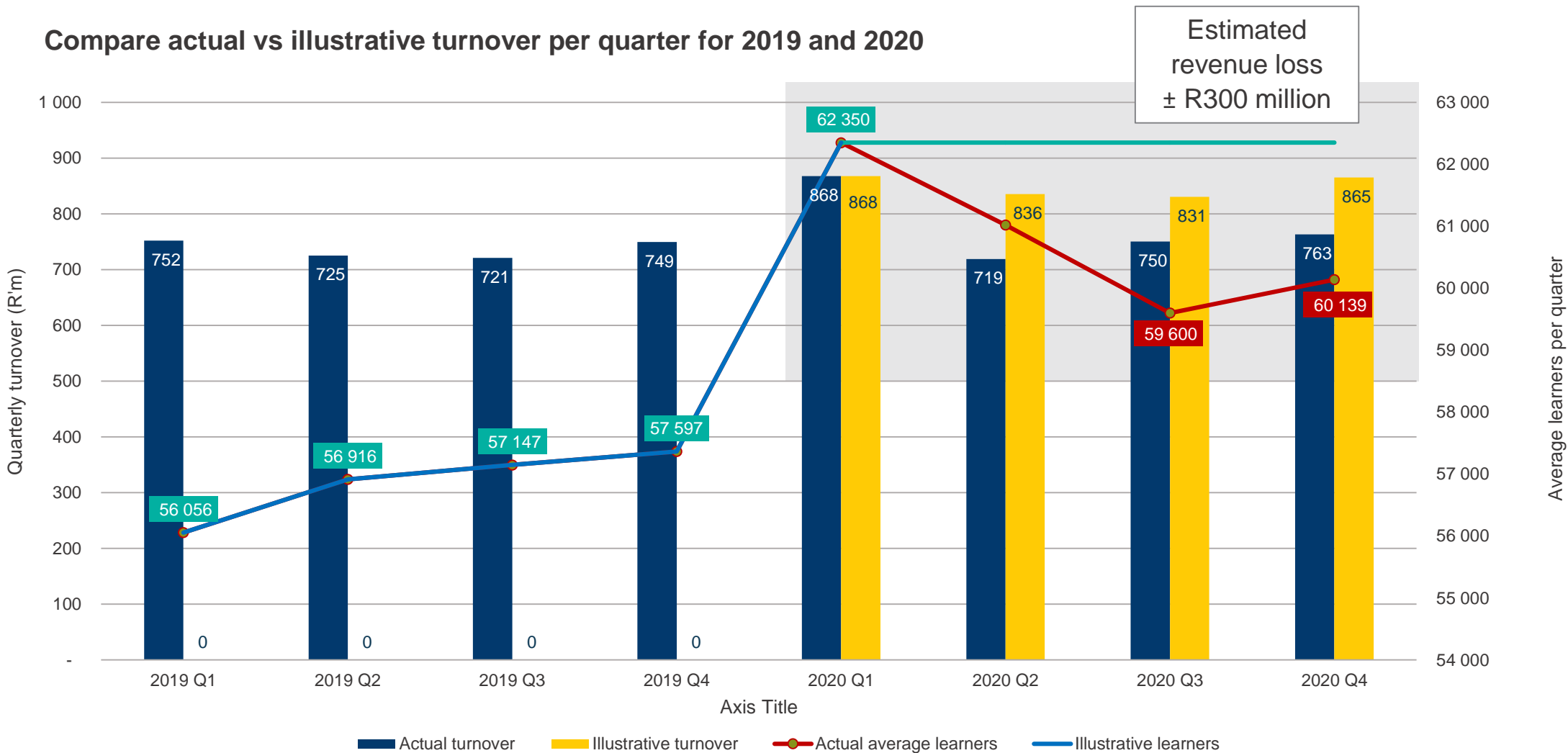
HEPS

↓ **39%**

From 59.9 cents
to 36.4 cents

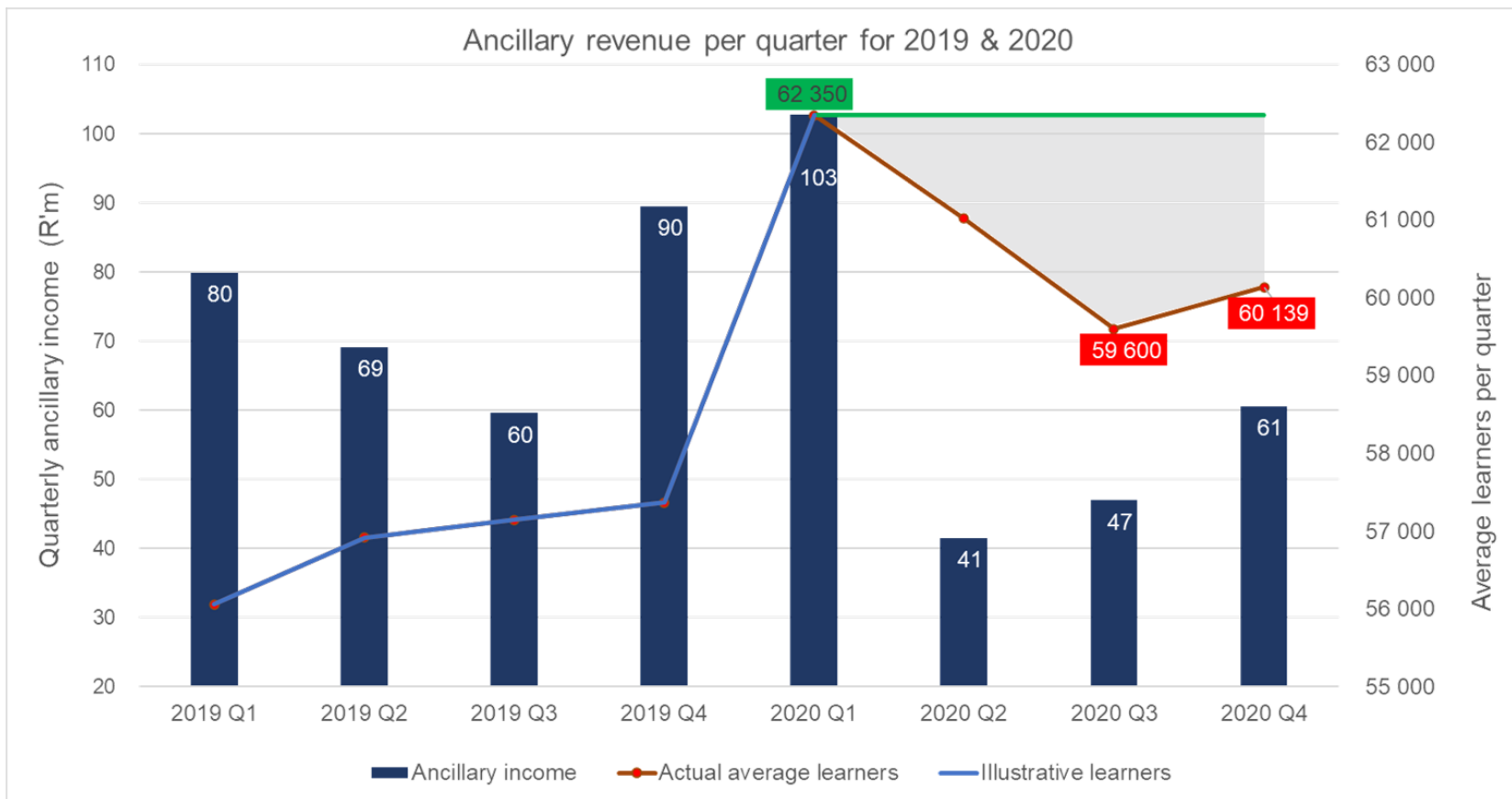
ACTUAL VERSUS ILLUSTRATIVE TURNOVER

Compare actual vs illustrative turnover per quarter for 2019 and 2020



OPERATING LEVERAGE – ANCILLARY REVENUE

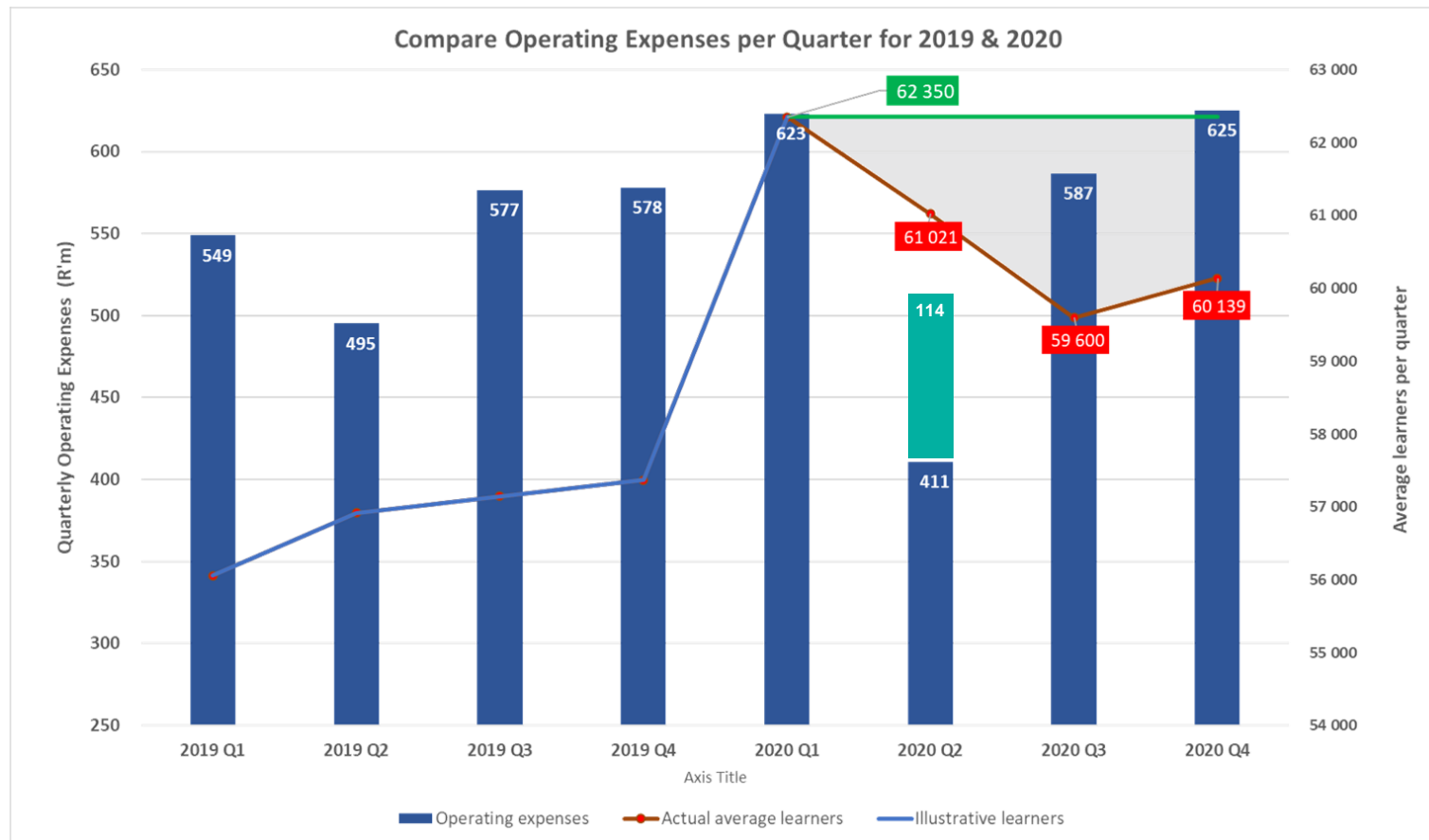
- Ancillary revenue is 32% lower in last nine months of 2020 compared to prior year



- Ancillary revenue consists of the non-tuition fee revenue lines, being other income, hostel fees, aftercare fees, rentals, bus income etc
- Average learners reduced from average 62 350 learners in Q1 to average 59 600 learners in the Q3, then recovered slightly
- Ancillary revenue improved gradually in second half of 2020 as learners returned to schools but still below normal activity

OPERATING LEVERAGE – EXPENSES

- Other operating expenses (excluding salaries and depreciation) increased by 8% compared to average learner growth of 6%



Note: Operating expenses in the adjacent graph include employee costs, but exclude depreciation

- Good learner growth in 2019 and strong start in first quarter of 2020 determined staff model
- Savings in second quarter in response to effect of national lockdown on revenue and activity, including Government support received
- Activity normalised gradually in second half of 2020 as learners returned to schools
- Facility costs (water, electricity and municipal rates) increased by 37% in 2020 to R292 million (2019: R213 million)
- Other operating expenses reduced by 7% if the effect of facility costs is excluded

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Corporate social responsibility

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CORPORATE SOCIAL RESPONSIBILITY

Curro contributed
R142 million
to corporate social investment
and bursaries for the year ended
31 December 2020.



RUTA SECHABA FOUNDATION



The Ruta Sechaba Foundation grew to over
600 learners
in the 2020 academic year

- **60** Ruta Sechaba learners wrote the Grade 12 examination in 2020
- **All** candidates passed the Grade 12 final year examination
- Achieved **100** subject distinctions.
- The BD pass rate (university entrance qualification) stands at 87%, with only five candidates passing with a diploma.

In 2020 the Ruta Sechaba Foundation partnered with KFC and their KFC Ikusasa Lethu ('our future') scholarship programme for the 2021 academic year. KFC identified 27 deserving learners and will cover 100% of the costs.

Other donors including Jones & Wagner, Capitec Bank, PSG, ABSA, Reatile and the Alexandra Education Committee have pledged their support to the foundation for 2021.



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A confident start to 2021

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A CONFIDENT START TO 2021

OPENING OF SCHOOLS

- Successfully re-opened all schools on 13 January 2021, had to close soon after and opened again 1 February 2021
- Adhering to strict COVID-19 protocols, protecting learners, staff and parents
- School activities still disrupted (winter sports suspended etc)

LEARNER NUMBERS

- Exceeded 66 000 learners at 28 February 2021 (highest organic growth since 2015)
- Record enrolments in February and March 2021
- Castle numbers peaked at \pm 8 000 learners in December 2019; currently at \pm 6 000 learners after exiting the youngest end of the market (babies to three years old)
- Terminated \pm 3 200 learners due to outstanding accounts in January 2021

IMPACT OF COVID-19

2020

- Reduction in learners weighed on income growth
- Reduction in activity reduce ancillary income (hostels, aftercare etc)
- Higher discounts and bad debts
- Government relief and costs reduced in Q2 when schools were closed
- Reduced capex
- Rights issue reduce finance cost but is dilutive (471m shares weighted)

2021

- Strong learner growth
- Ancillary revenue remain under pressure
- Consumer still under pressure and ratios of discounts and provisions for bad debt above pre-COVID levels
- Costs higher because schools are open again
- Capex of cR1.1bn
- Full year effect of rights issue on earnings per share (598m shares)

NEW DURBANVILLE HIGH SCHOOL (1)



Construction to be completed in 2021, ready for new intake January 2022.

NEW DURBANVILLE HIGH SCHOOL (2)



Construction to be completed in 2021, ready for new intake January 2022.

TWO ACQUISITIONS



ST GEORGE'S
PREPARATORY

ST GEORGE'S PREPARATORY
Gqeberha (Port Elizabeth)



HeronBridge
COLLEGE

HERONBRIDGE COLLEGE
in Fourways Gauteng
(awaiting Competition Tribunal approval)

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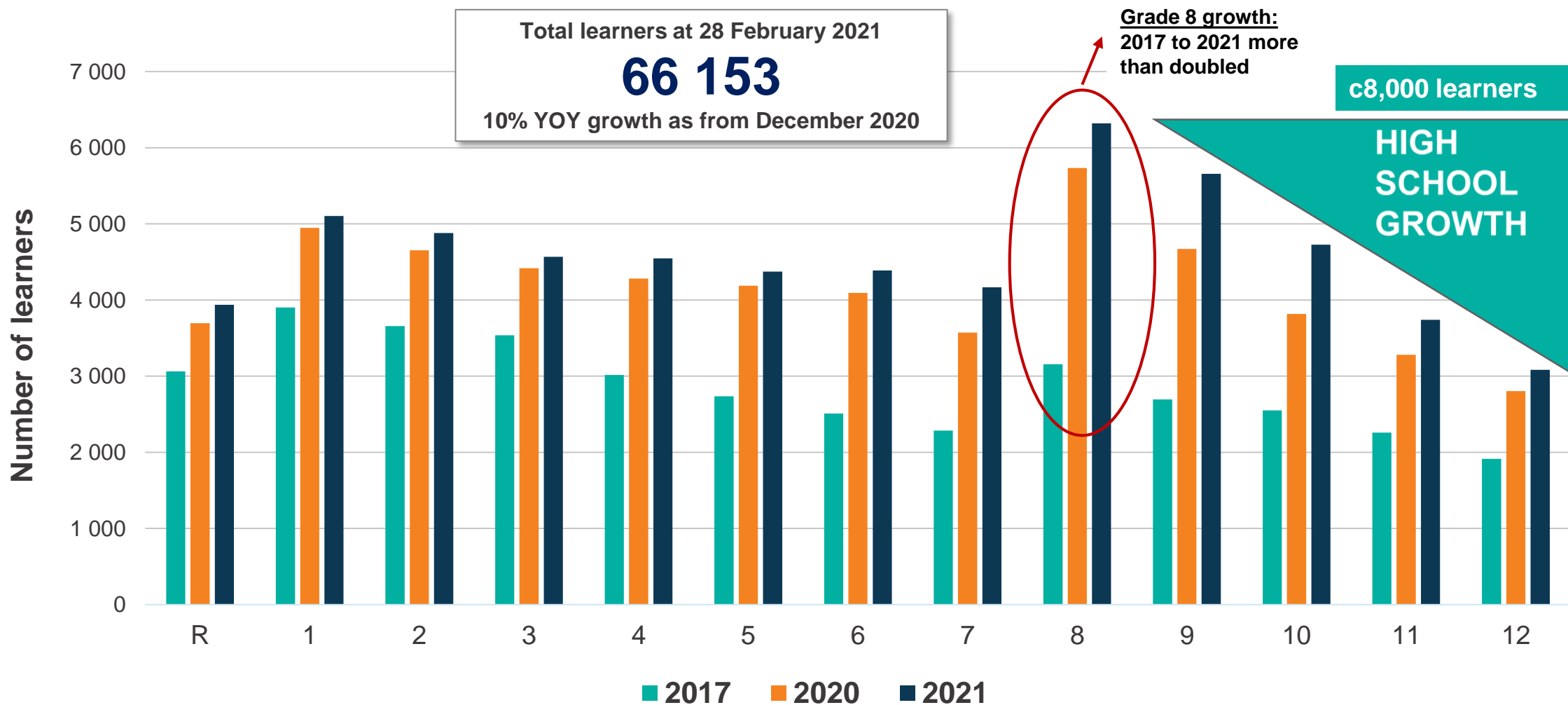


Strategic focus

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LEARNERS PER GRADE

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



STRATEGIC FOCUS



CONSOLIDATE

- Realign business where necessary
 - Limit exposure in preschools (babies to 3 years old)
 - Exit non-profitable schools (already closed one school)
- Focus on operating leverage
 - Annual cost and capital focus to grow margin and return on capital
 - Fill capacity
- Financial prudence and reorganisation where required



EXPANSION

- Capital allocation to grow schools, limit capital spend on under performing schools
 - Investment in digital offering to reduce fixed cost base at schools
- Fill capacity at existing schools as grades phase in



OPPORTUNITIES

- Consider attractive opportunities
 - Quality assets at attractive prices
 - Infrastructure at substantial discounts to replacement value with growth and cost-saving potential
- Curro Choice enhancement
- Expansion of digital models
- NCV offerings

DRIVE ANNUAL GROWTH IN OPERATING MARGIN AND RETURN ON ASSETS



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THANK YOU

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