



# ANNUAL GENERAL MEETING

4 JUNE 2018





# RESOLUTIONS

ANNUAL GENERAL MEETING

4 JUNE 2018



# GENERAL MATTERS

To accept the presentation of the audited financial statements for the year ended **31 December 2017**



# ORDINARY RESOLUTIONS

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Resolution  
number



Confirm the appointment of Mr Douglas Maitakhole Ramaphosa as director

Resolution  
number



Re-elect Mr Petrus Johannes Mouton as a director

Resolution  
number



Re-elect Mr Zitulele Luke Combi as a director

# ORDINARY RESOLUTIONS

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Resolution  
number



Reappoint Mr Barend Petersen as a member and chairperson of the audit and risk committee of the company

Resolution  
number



Reappoint Prof. Sibongile Winnie Frieda Muthwa as a member of the audit and risk committee of the company

Resolution  
number



Reappoint Mr Zitulele Luke Combi as a member of the audit and risk committee of the company

# ORDINARY RESOLUTIONS

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Resolution  
number



Reappoint PricewaterhouseCoopers Inc. as the auditors of the company for the ensuing year

Resolution  
number



General authority to issue shares for cash

Resolution  
number



Amendments to the Curro Holdings Limited Share Incentive Trust

# ORDINARY RESOLUTIONS

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Resolution  
number



Non-binding advisory vote on Curro's  
remuneration policy

Resolution  
number



Non-binding advisory vote on Curro's implementation  
report of the remuneration policy

# SPECIAL RESOLUTIONS

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Resolution  
number



Remuneration of non executive directors

Resolution  
number



Intercompany financial assistance

Resolution  
number



Financial assistance for the subscription and/or  
acquisition of shares in the company or a related  
company

Resolution  
number



Share repurchase





# CEO PRESENTATION

ANNUAL GENERAL MEETING

4 JUNE 2018



# AGENDA

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- Introduction
- Business update (year-to-date)
- Future development
- Capacity challenge
- Giving back: our passion
- Closing





Welcome to Curro's  
20th year.

Our vision: To make  
independent school  
education **accessible**  
to more learners  
**throughout**  
**Southern Africa.**

**CURRO**



## BUSINESS UPDATE

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CURRO



# KEY INDICATORS

		2012	2013	2014	2015	2016	YOY Growth	2017	5-year CAGR
Campuses	#	22	26	32	41	48	6%	51	18%
Schools	#	61	72	80	100	114	9%	124	15%
Learners	#	12 473	21 027	28 737	35 130	42 343	8%	45 870	30%
% of eventual capacity	%	31%	44%	51%	50%	52%	2%	<b>53%</b>	11%
Revenue	Rm	366	659	1 001	1 384	1 715	22%	2 099	42%
Schools EBITDA	Rm	79	155	262	382	487	22%	594	50%
EBITDA	Rm	53	114	191	292	377	25%	473	55%
EBITDA Margin	%	14.50%	17.30%	19.10%	21.10%	21.98%	3%	<b>22.53%</b>	9%
Net interest expense	Rm	15	22	55	91	70	11%	78	39%
Headline earnings - continuing ops	Rm	15	37	56	100	169	19%	201	68%
HEPS - continuing ops	Cents	7.0	12.8	17.2	28.3	41.8	17%	<b>49</b>	48%
Learner/educator ratio	#	11	13	15	15	17	-	17	9%
Capital invested	Rm	782	1,076	1,305	1,030	1,486	(24%)	1 136	8%
Cumulative capital invested	Rm	1 453	2 529	3 834	4 864	6 350	18%	7 486	38%
Total building size	m <sup>2</sup>	169 024	261 004	392 314	449 067	558 683	7%	<b>598 194*</b>	29%

\* Four times the size of Canal Walk Shopping Centre



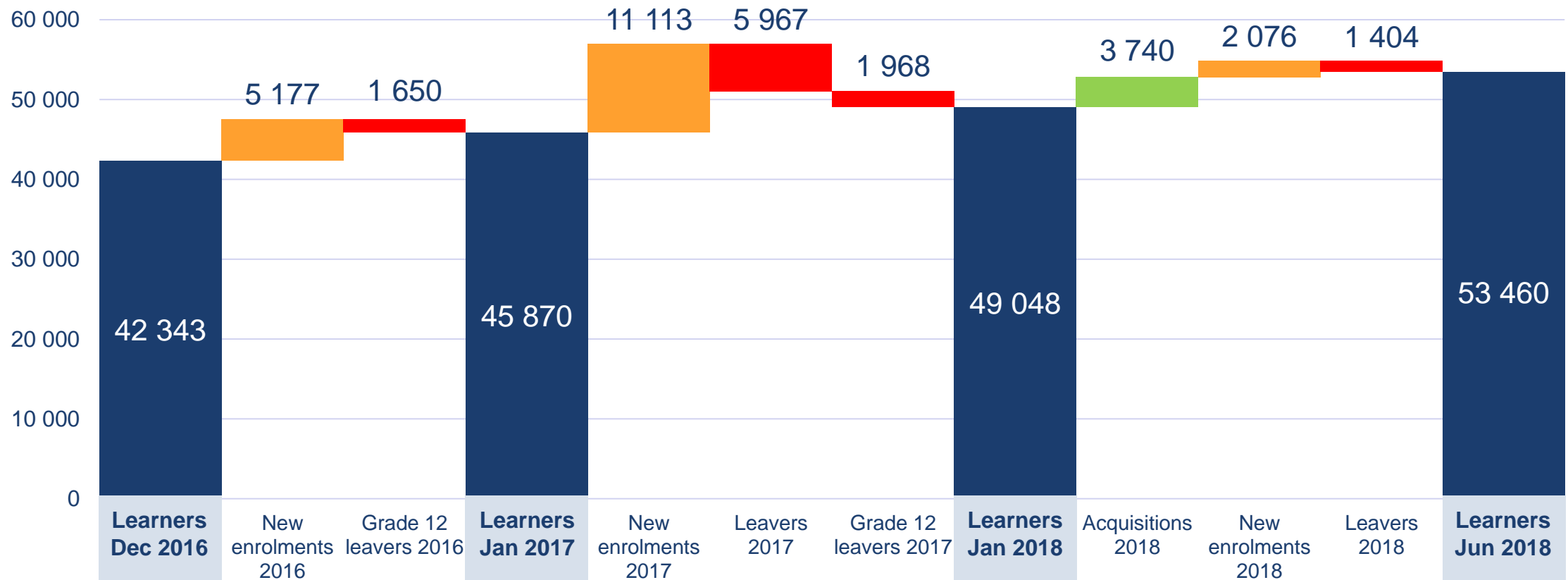
# LEARNER MOVEMENTS



Number of campuses  
**60**



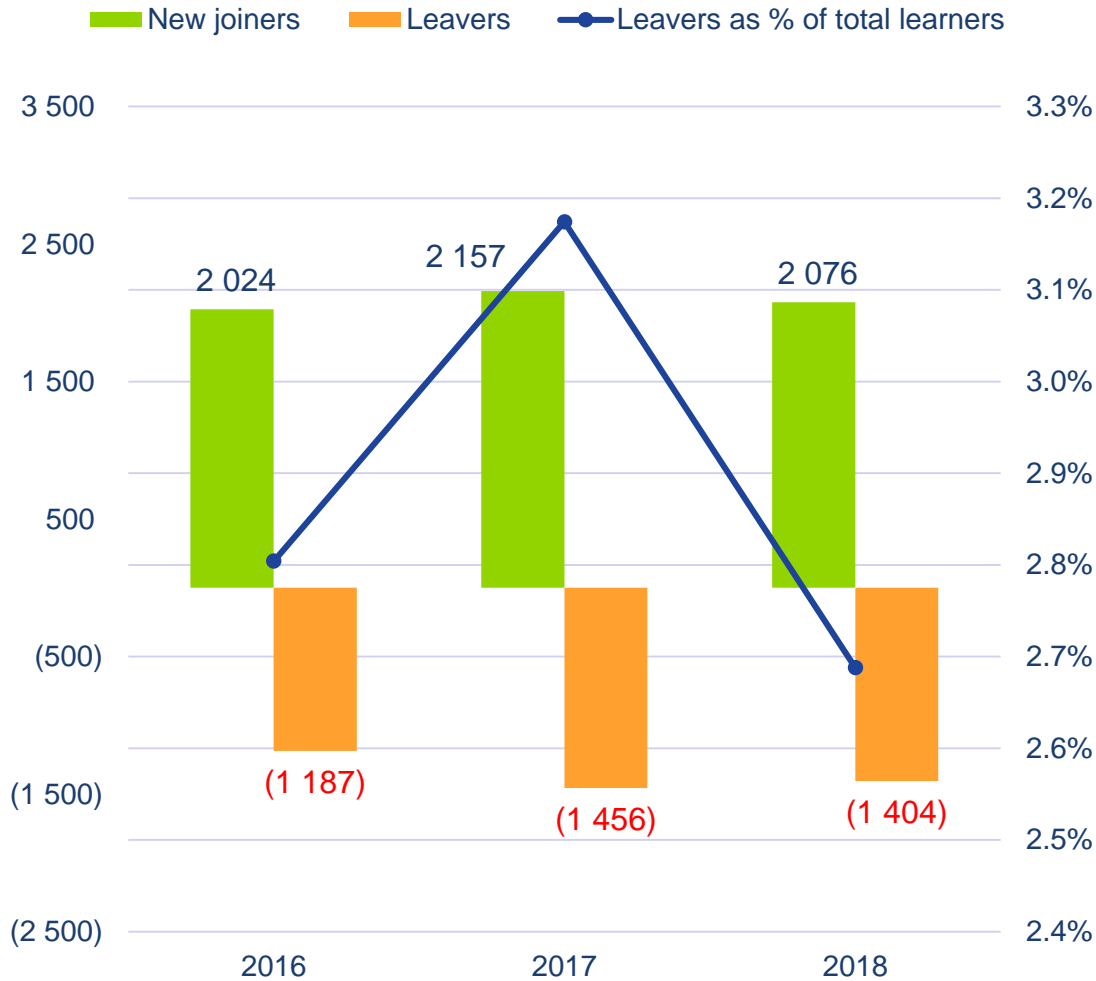
Number of schools  
**148**



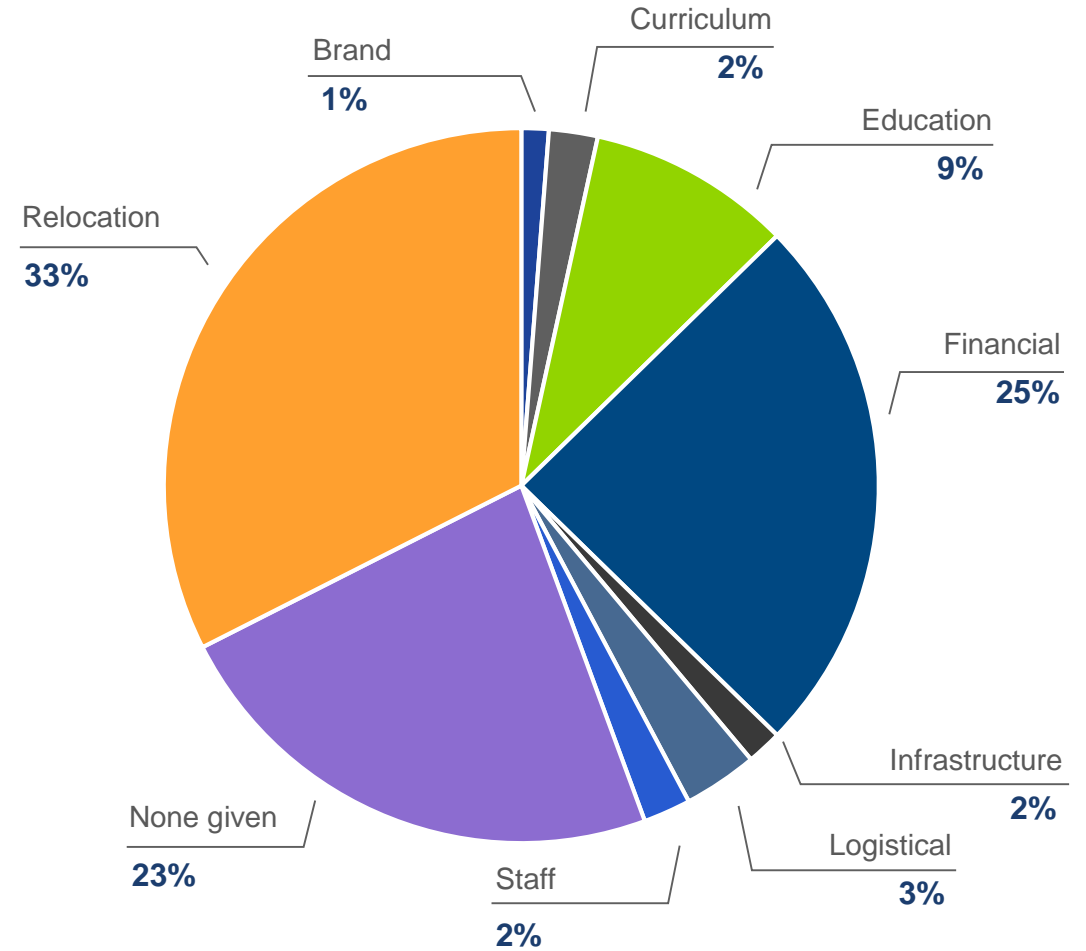


# LEAVERS

## Inter-year learner movements (Jan-May)



## Leavers per Leave Reason Grouping





# DEBT MANAGEMENT

	Dec 15	Dec 16	Nov 17	Dec 17	Jan 18
Total debtors	20.3	29.7	75.0	56.1	25.2
60+ days	2.5	8.4	28.1	14.3	7.6
<i>60+ as % of debtors</i>	12.5%	28.2%	37.4%	25.4%	30.2%
Total write off for the 12 months (IS)	16.1	23.6	23.3	54.2	
Provision to November	0.0	0.0	28.1	0.0	
Bad debts recovered	(2.6)	(5.5)	(15.3)	(23.0)	
<b>Nett write off</b>	<b>13.6</b>	<b>18.0</b>	<b>36.1</b>	<b>31.2</b>	
Turnover	1 354.4	1 761.0	1 918.9	2 072.2	
<i>Gross bad debts as % of turnover</i>	1.2%	1.3%	2.7%	2.6%	
<i>Nett bad debts as % of turnover</i>	1.0%	1.0%	1.88%	<b>1.51%</b>	
<i>Debtors as % of turnover</i>	1.5%	1.7%	3.9%	2.7%	

## 2017

- Increase in debtors and bad debts in 2017
- Significant recoveries throughout the year

## 2018

- Key focus: Improve system and approach this year
- Bad debts – YTD stable

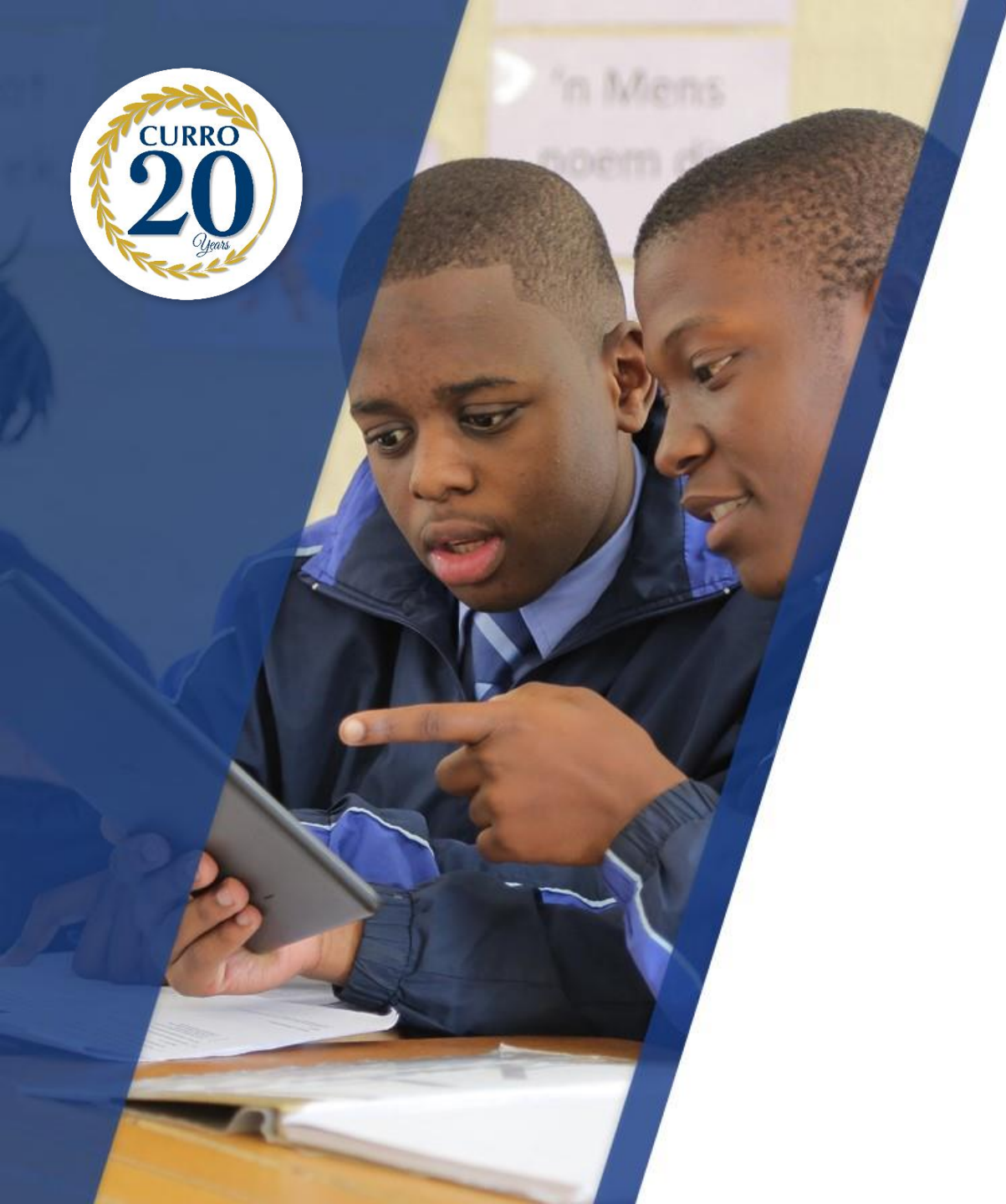




# PROFITABILITY – MANAGING DEBT

- **Key focus: Learner retention**
- Adjusted approach to debt collection with more learner management and rehabilitation
- Centralised approach at head office as opposed to the decentralised/outsourced system (as of April 2018)





## MERIDIAN

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# MERIDIAN

(R million)	2015	2016	2017	2017 <i>Illustrative</i>
Learners	9 948	9 798	9 665	
Capacity	53%	52%	51%	85%
Revenue	258	275	271	450
EBITDA*	56	62	54	180
EBITDA margin	21%	23%	20%	40%
Interest	(54)	(61)	(67)	
<b>HEADLINE EARNINGS</b>	<b>(16)</b>	<b>(12)</b>	<b>(31)</b>	
Senior and Mezz Debt	553	564	620	
Non-Current Assets	590	629	641	641
EBITDA/Non Current Assets	9.9%	9.9%	8.4%	28%

- Transaction was done when Curro was significantly smaller
- The business is small in terms of financial impact on Curro



### Recapitalisation:

In the process to be restructured; will improve the financial position of the business



**Operational focus:** Learner number growth since January 2018, operational teams in place and quality improve at all schools



## FUTURE DEVELOPMENT

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- Greenfields and acquisitions
- The rest of Africa



# CAPITAL DEPLOYMENT – 2018

	Curro	Meridian	Consolidated
Expansion and replacement to existing campuses	736	14	750
Building of new campuses	470		470
<b>Subtotal</b>	<b>1 206</b>	<b>14</b>	<b>1 220</b>
Landbanking	400		400
<b>Subtotal</b>	<b>1 606</b>	<b>14</b>	<b>1 620</b>
Acquisitions	597		597
<b>Total</b>	<b>2 203</b>	<b>14</b>	<b>2 217</b>

Debt Measures	2016	2017	2017 Illustrative
<b>Net Debt/Equity</b>			
Excluding Meridian	7%	24%	57%
Including Meridian	19%	36%	70%
<b>ISCR</b>			
Excluding Meridian	5.7	5.6	2.6
Including Meridian	4.2	4.9	2.1
<b>Ave Net Debt/EBITDA</b>			
Excluding Meridian	1.3	1.4	4.2
Including Meridian	2.4	2.3	4.8

- Capital investment can vary depending on land banking and acquisitions
  - 2017 Projected was R1.8 bn
  - 2017 Actual was R1.2 bn
- Investments in 2018 will vary accordingly
- Acquisitions are done at reasonable prices and can be serviced through debt

- To date Curro has been low-g geared
- Debt utilisation will pick up but remains within reasonable levels for the amount of cash generation (excluding Meridian)
  - ISCR >2.5 times (covenant 1.75)
  - Debt/EBITDA <4.5 times
- Barring significant acquisitions, Curro does not foresee the need to raise additional equity capital

\* 2017 EBITDA on 2018 projected debt service levels

# DEVELOPMENT – 2018 AND BEYOND

## Greenfields



- Opening a new school has a 2 to 5 cents negative effect on EPS. Result of operational costs, depreciation and interest allocation
- Breakeven usually occurs between year 2 and 3 of operation. Dependent on number of learners
- Opening at correct locations – focus on Academy model in urban areas
- **Potential for low risk alternative capital model, with third parties (developers)**




## Acquisitions



- Curro has an excellent track record in purchasing schools and increasing profitability in a short space of time. i.e. Aurora, Hillcrest, Waterstone, St Dominic's Newcastle, Klerksdorp and Windhoek etc.
- Dedicated team that focus on engaging with potential targets



# OUR SITES – GOALS

	End 2017	Jan 2018	June 2018	2019	2020
 Learners	45 870	52 233	53 460		
 Campuses	54	59	60 + 12	72 + 4	76 + 4
 Schools	127	145	148 + 17	165 + 12	177 + 12
			<ul style="list-style-type: none"><li>• To open 7 new greenfield schools</li><li>• 5 possible acquisitions until end 2018</li></ul>	Development and expansion strategy dependent on quality of opportunities; can therefore be more.	

# GREENFIELDS – SOUTH AFRICA

## GAUTENG

### CURRO SCHOOLS

- Curro Vanderbijlpark
- Curro Edenvale

### CURRO ACADEMY SCHOOLS

- Curro Academy Protea Glen (Soweto)
- Curro Academy Savanna City
- Curro Academy Parkdene

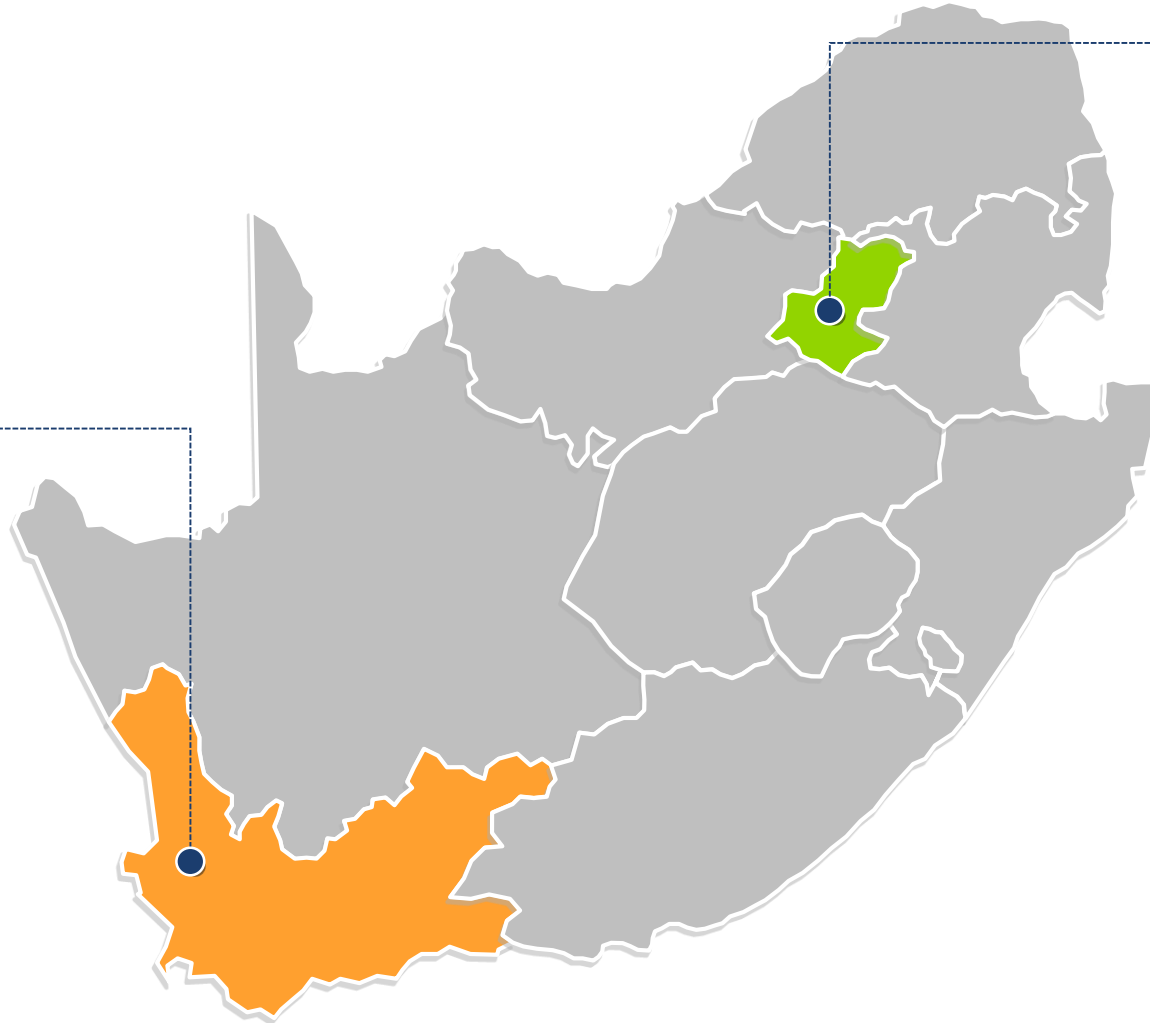
## WESTERN CAPE

### CURRO CASTLE

- Curro Castle Burgundy

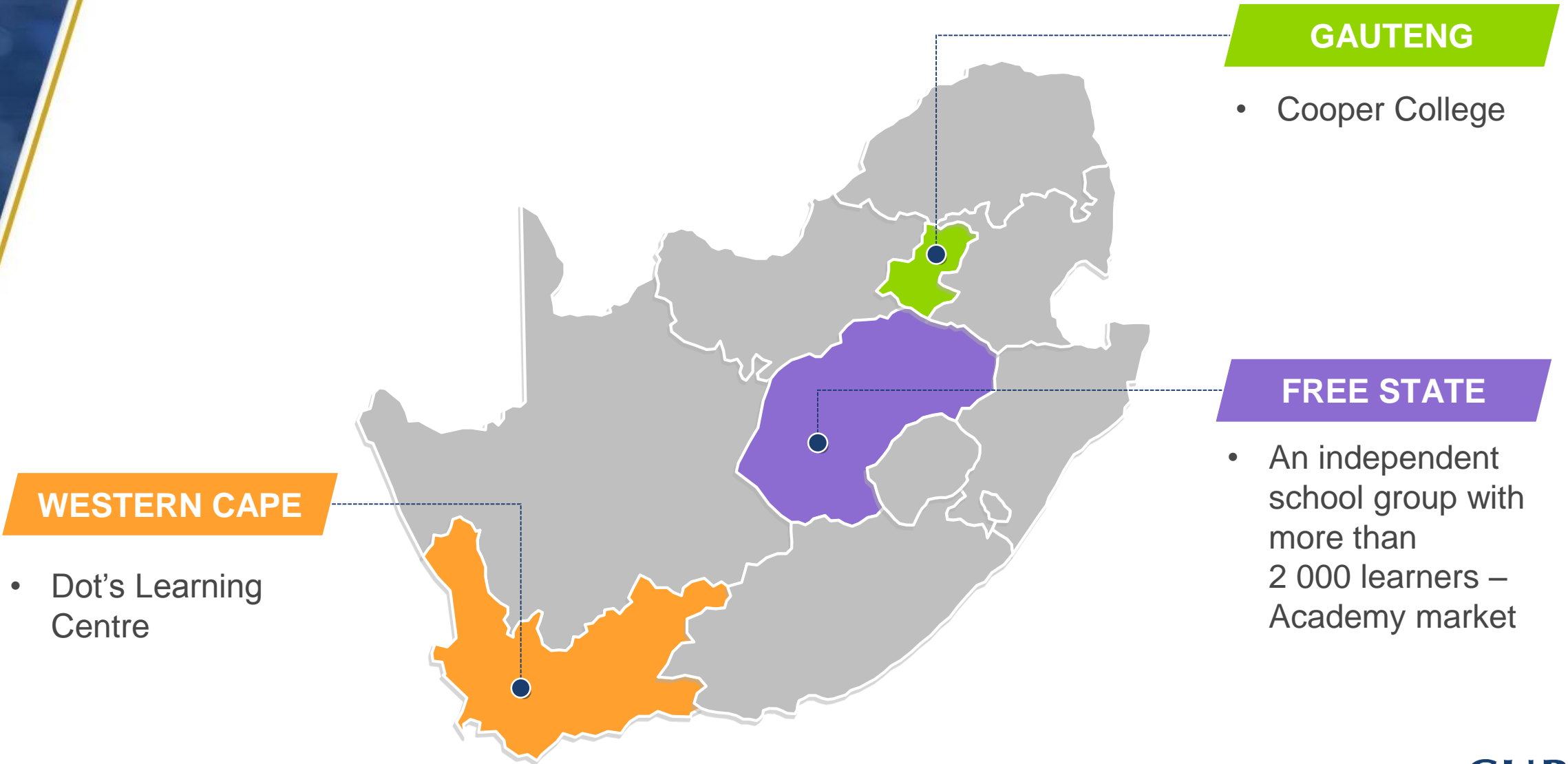
### NEW HIGH SCHOOL MODEL

- DigiEd





# ACQUISITIONS – SOUTH AFRICA





## THE REST OF AFRICA

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CURRO

# THE REST OF AFRICA

## NAMIBIA

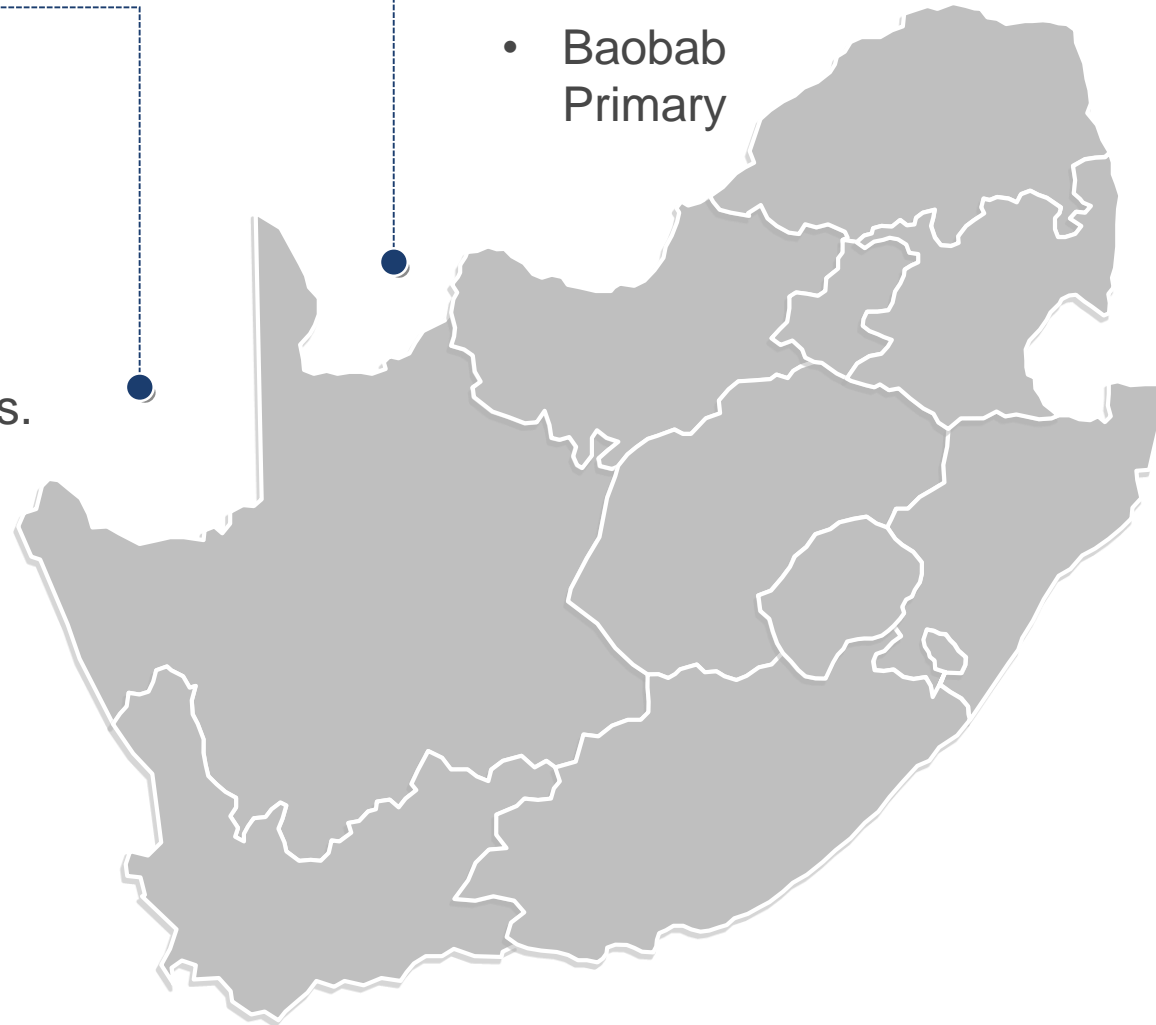
- Windhoek Gymnasium

Acquired in 2016 with 1 450 learners.  
Currently **2 000** learners.

## BOTSWANA

- Baobab Primary

Currently two schools



# THE REST OF AFRICA – OUR APPROACH

- We best understand fundamentals of South Africa from business, political, economic and cultural perspective.
- When approached, opportunities will be evaluated.
- If sensible and entities that will add value to the business we will explore.



**Approach  
will be:**

- Attractive multiples
- Invest capital into business for expansion
- Current/Local management retain a significant stake (25%+)
- Operationally easy to manage

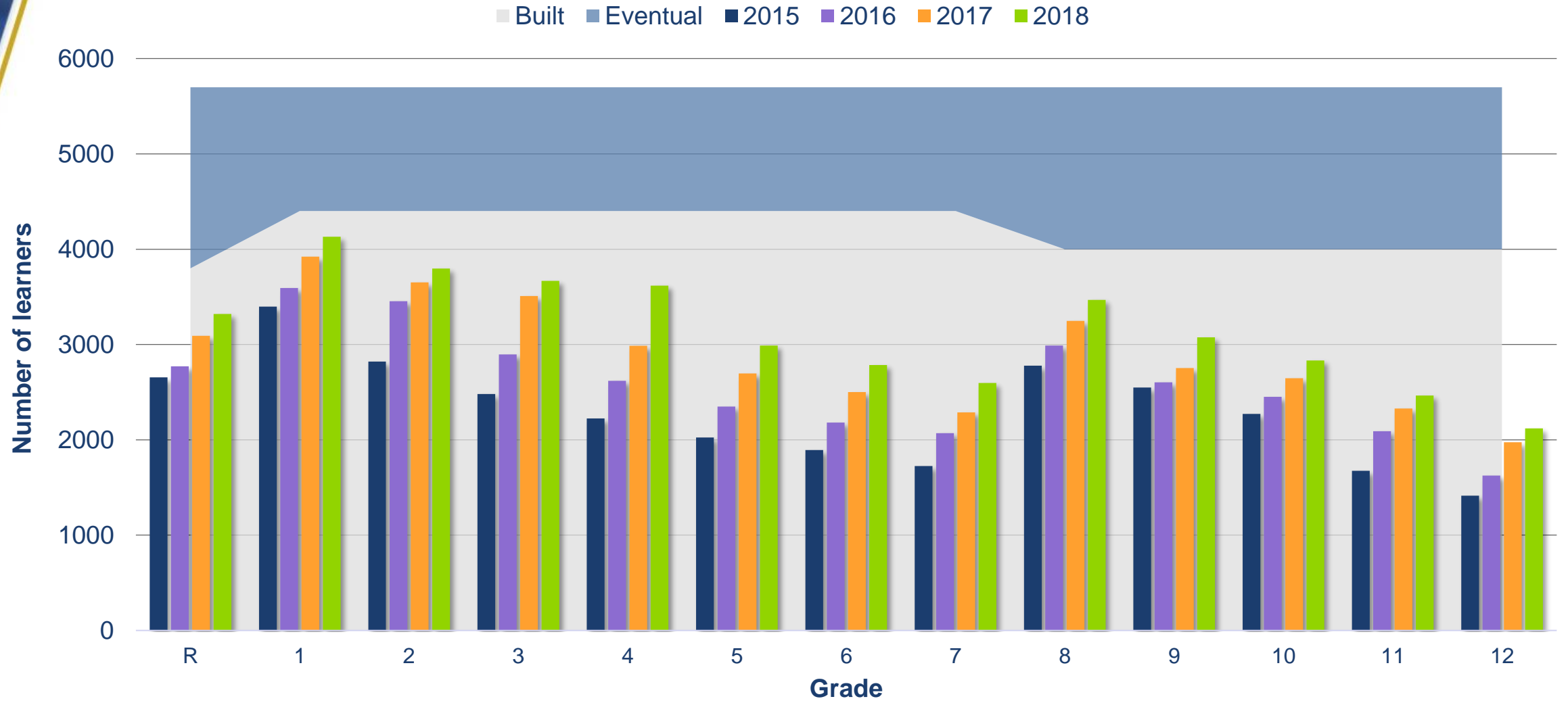


# CAPACITY

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# LEARNERS PER GRADE – CAPACITY



Excluding Castle (pre-school) learners



# CAPACITY UTILISATION TARGET OF 90%

Illustrative	2017 Actual	2017 Illustrative	Difference
Learners	45 870	<b>78 239</b>	32 369
Capacity utilisation	53%	90%	
Revenue	2 099	<b>3 580</b>	1 481
EBITDAR	489	<b>1 446</b>	957
EBITDAR Margin	23%	40%	
HEPS	49	<b>201</b>	152
Yield	7%	<b>20%</b>	

## Assumptions

- Another R1bn in capital spend to complete capacity of existing campuses to eventual capacity
- Yield is calculated as EBIT/Adjusted Asset Value. Adjusted Asset Value is book value of assets adjusted by inflation



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**GIVING BACK**  
**OUR PASSION**

**CURRO**



# RUTA SECHABA



**137**

beneficiaries including the Titans cricket programme.

- A total of 133 learners, on academic and sports scholarships excluding Titans, wrote and passed the final December examinations.
- All beneficiaries wrote the Grade 12 examinations and passed with 5 out of 8 top performing learners at Northern Academy achieving at least three distinctions and 24 distinctions among them.

## 2018 Ruta Sechaba and Titans



**276**



2018 = Total funding **R7m**

2019 = Commit **R12m – R15m**

# BURSARIES AND SCHOLARSHIPS

In 2017, Curro offered school-level academic and sports bursaries to the value of **R51 million.**





# IN CLOSING

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- More acquisitions in the offing until end 2018
- Bad debt stable compared to previous year (2017) – enhance collection processes
- Focus on learner retention, manage decline in learners leaving in first quarter of 2018
- Balance sheet well-gearred to fund 2018 capital expenditure

**Remain positive about South Africa and our future**

The CURRO logo, consisting of the word 'CURRO' in a bold, white, sans-serif font, underlined, set against a dark blue background.

**CURRO**



Thank you



CURRO