



# CURRO

## REVIEWED PROVISIONAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Learners  
▲ 37%  
to 28 737

Revenue  
▲ 52%  
to R1 bn

EBITDA  
▲ 68%  
to R192m

Cash generated  
▲ 133%  
to R247m

HEPS  
▲ 38%  
to 17.7 cents

### Condensed consolidated statement of comprehensive income

	Percentage increase	Reviewed 31 Dec 2014 R million	Audited 31 Dec 2013 R million
Revenue	52%	1 001	659
Operating expenses	48%	(809)	(545)
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	68%	192	114
– Schools	69%	262	155
– Head office	71%	(70)	(41)
Depreciation and amortisation	57%	(58)	(37)
<b>Earnings before interest and taxation (EBIT)</b>	74%	134	77
Investment income	200%	12	4
Impairment		(1)	–
Share of profits of associates		1	1
Finance costs	158%	(67)	(26)
<b>Profit before taxation</b>	41%	79	56
Taxation	75%	(28)	(16)
<b>Profit for the year (PAT)</b>	28%	51	40
<b>Other comprehensive income</b>			
Net fair value loss on cash flow hedge		(3)	(1)
<b>Total comprehensive income</b>	23%	48	39
<b>Profit attributable to:</b>			
Owners of the parent	48%	55	37
Non-controlling interest	27%	(4)	3
		51	40
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	41%	52	37
Non-controlling interest	20%	(4)	3
		48	40
<b>Reconciliation of headline earnings</b>			
Earnings attributable to owners of the parent	48%	55	37
Adjusted for:			
Loss on impairment (after taxation)		1	–
<b>Headline earnings</b>	51%	56	37
<b>EBITDA margin</b>		19%	17%
<b>EBITDA margin for schools</b>		26%	25%
<b>Earnings per share (cents)</b>			
– Basic	36%	17,5	12,9*
– Diluted	35%	17,2	12,8*
<b>Headline earnings per share (cents) (HEPS)</b>			
– Basic	38%	17,7	12,8*
– Diluted	37%	17,4	12,7*
<b>Number of shares in issue (millions)</b>			
– Basic		325,6	294,8*
– Diluted		330,1	300,6*
<b>Weighted average number of shares in issue (millions)</b>			
– Basic		314,4	287,8*
– Diluted		319,0	290,2*

#### Notes:

\* Earnings per share and headline earnings per share for the comparative period have been adjusted downwards by 0,3 cents compared to the audited annual financial statements for the year ended 31 December 2013. This is due to the retrospective adjustment of the 2014 rights offer undertaken. The adjustment to basic and diluted weighted average number of shares in issue is an increase of 6,6 million shares due to the bonus element contained within the rights offer.

### Condensed consolidated statement of cash flows

	Percentage increase	Reviewed 31 Dec 2014 R million	Audited 31 Dec 2013 R million
Net cash generated from operating activities	133%	247	106
Net cash utilised in investing activities	16%	(1 257)	(1 087)
Net cash from financing activities	2%	1 126	1 106
<b>Cash and cash equivalents movement for the year</b>		116	125
<b>Cash and cash equivalents at the beginning of the year</b>		79	(46)
<b>Cash and cash equivalents at the end of the year</b>		195	79

### Condensed consolidated statement of financial position

	Reviewed 31 Dec 2014 R million	Audited 31 Dec 2013 R million
<b>ASSETS</b>		
<b>Non-current assets</b>	3 813	2 515
Property, plant and equipment	3 338	2 131
Goodwill	338	272
Intangible assets	121	97
Investment in associate	9	13
Other loans	7	2
<b>Current assets</b>	259	118
Inventories	17	7
Current tax receivable	3	2
Loans to associates	6	–
Trade and other receivables	38	30
Cash and cash equivalents	195	79
<b>Total assets</b>	4 072	2 633
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to equity holders of parent</b>	2 212	1 560
Share capital	2 092	1 501
Reserves	9	7
Retained income	111	52
Non-controlling interest	(1)	3
<b>Total equity</b>	2 211	1 563
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>	1 561	874
Loans and other financial liabilities	1 395	755
Deferred tax	166	119
<b>Current liabilities</b>	300	196
Loans and other financial liabilities	23	70
Current tax payable	2	1
Trade and other payables	122	49
Prepaid school fees and deposits	114	61
Acquisition payables	39	15
<b>Total liabilities</b>	1 861	1 070
<b>Total equity and liabilities</b>	4 072	2 633
Net asset value per share (cents)	679,1	530,2

### Condensed consolidated statement of changes in equity

	Reviewed 31 Dec 2014 R million	Audited 31 Dec 2013 R million
<b>Balance at the beginning of the year</b>	1 563	862
Total comprehensive income	48	39
Issue of shares	600	666
Share issue costs	(8)	(9)
Recognition of share-based payments	8	5
<b>Balance at the end of the year</b>	2 211	1 563

### Condensed consolidated segmental report (Restated)

	Percentage increase	Reviewed 31 Dec 2014 R million	Audited 31 Dec 2013 R million
Revenue	52%	1 001	659
– Curro	49%	817	550
– Meridian	68%	184	109
School EBITDA	69%	262	155
– Curro	82%	219	120
– Meridian	24%	43	35
Property, plant and equipment	57%	3 338	2 132
– Curro	59%	2 864	1 798
– Meridian	42%	474	334
Loans and other financial liabilities	72%	1 419	825
– Curro	80%	897	499
– Meridian	60%	522	326

### Notes to the financial statements

#### 1. Statement of compliance

The condensed consolidated financial information for the year ended 31 December 2014 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 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 2013. The reviewed condensed consolidated results have been prepared by DN Hartshorne, CA(SA) and supervised by the Chief Financial Officer, B van der Linde, CA(SA) CFA.

#### 2. Review conclusion

The condensed consolidated financial information for the year ended 31 December 2014 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 cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work 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 report and that the financial information was accurately extracted from the underlying annual financial statements.

#### 3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 December 2013. For a full list of standards and interpretations which have been adopted, we refer you to our 31 December 2013 annual financial statements.

#### 4. Shared capital

Effective 23 June 2014, 29.5 million shares were issued by way of an underwritten renounceable rights offer at a subscription of R20.00 per rights offer share, in the ratio of 1 rights offer share for every 10 Curro ordinary shares. On 9 October 2014, 1.3 million shares were issued to employees through the Curro share incentive scheme.

#### 5. Events after the reporting period

Effective 1 January 2015 the Company acquired the business operations and properties of St Dominics Academy (Newcastle), for a consideration of R10 million. No other events have been identified.

### Other key ratios

	Unreviewed 31 Dec 2012	Unreviewed 31 Dec 2013	Unreviewed 31 Dec 2014	Unreviewed 31 Jan 2015
Number of schools	22	26	32	42
Number of learners	12 473	21 027	28 737	36 021
Median number of learners per school	567	759	898	858
Staff	1 630	2 387	3 128	3 678
Teachers	1 151	1 593	1 905	2 214
Learner/Teacher ratio	11	14	15	16
Building size (m <sup>2</sup> )	169 024	261 004	392 314	392 314
Land size (ha)	153	188	298	298
Capital investment (Rm)	782	1 076	1 305	
– Current campuses	223	602	651	
– New campuses	237	242	482	
– Acquisitions	322	232	172	

The tables below illustrate the J-Curve effect from newly established schools to more mature schools:

#### For the year ended 31 December 2013 (Unreviewed)

% of eventual capacity	Number of schools	Number of learners	EBITDA*	EBITDA margin
0 – 25	7	2 668	(3)	(4%)
25 – 50	6	4 017	24	21%
50 – 75	8	6 119	43	21%
75 – 100	5	8 223	90	38%
	26	21 027	155	25%

#### For the year ended 31 December 2014 (Unreviewed)

% of eventual capacity	Number of schools	Number of learners	EBITDA*	EBITDA margin
0 – 25	7	1 780	(5)	(9%)
25 – 50	6	4 444	20	18%
50 – 75	10	9 096	93	27%
75 – 100	9	13 417	154	32%
	32	28 737	262	26%

The tables below illustrate the profitability of acquired and developed schools:

#### For the year ended 31 December 2013 (Unreviewed)

	Number of schools	Number of learners	EBITDA*	EBITDA margin
Acquired	10	10 300	103	35%
Developed	16	10 727	52	16%
	26	21 027	155	25%

#### For the year ended 31 December 2014 (Unreviewed)

	Number of schools	Number of learners	EBITDA*	EBITDA margin
Acquired	12	14 422	152	30%
Developed	20	14 315	110	23%
	32	28 737	262	26%

#### Notes:

\* EBITDA at school level (excluding net head office costs).

### Commentary

Curro Holdings Ltd ("Curro" or "the Company" or "the Group") opened in January 2015 with 42 campuses and the board is pleased to announce that Curro has achieved its pre-listing objective of at least 40 campuses, five years ahead of its original target of 2020. Curro has grown by an additional 8 758 learners to 36 021 learners since January 2014.

The Group, through its business models (details found on our website: www.curro.co.za), caters for learners from three months old to Grade 12. Curro also has a training institute focused on educator training at a tertiary level.

#### Academic results

	IEB		NSC	
	2014	2013	2014	2013
Number of learners	637	380	488	632
Pass rate	99%	100%	90%	92%
University exemption	82%	79%	43%	56%
Average number of A's per learner	1.12	1.1	0.7	0.6
Average	65%	65%	56%	56%
Average > 60%	66%	68%	29%	49%
Maths (learners taken and average achieved)	50%/65%	56%/62%	52%/45%	49%/48%

#### Financial results

Revenue increased by 52% from R659 million to R1 billion. As a result of operational gearing, EBITDA increased by 68% from R114 million to R192 million. The EBITDA margin increased from 17% to 19%. The cash generating ability of the business was proven by the increase in net cash generated from operating activities which increased by 133% from R106 million to R247 million.

Net interest expense has increased by 150% from R22 million to R55 million. The interest consolidated from Meridian business represents R37 million (2013: R14 million) thereof.

Headline earnings increased by 51% from R37 million to R56 million. Headline earnings per share increased by 38% from 12,8 cents to 17,7 cents.

#### Investment and expansion

During the 2014 year, the group invested approximately R1.3 billion on the following projects:

- Four new Curro schools built at Brackenfell (Western Cape), Secunda (Gauteng), Monaghan Farm (Lanseria) and Kathu (Northern Cape);
- Two new Meridian schools built at Cosmo City (Johannesburg) and Newcastle (KZN);
- Two new Curro Academy schools built at Mahikeng (North West) and Soshanguve (Pretoria North);
- Acquired Waterstone College (Johannesburg South), effective 1 June 2014, for a purchase consideration of R130 million with R58 million goodwill recognised and acquired Grantleigh (Northern KZN), effective 1 January 2014, for a purchase consideration of R30 million with no goodwill recognised. Acquisitions were done at fair value;
- Completed the land banking of seven sites to a value of approximately R100 million; and
- Invested approximately R650 million on improvement and expansion at existing campuses.

#### In 2015 Curro plans to

- Invest approximately R600 million on the expansion of existing campuses;
- Develop three new Curro schools at Waterfall estate (Johannesburg), Sitari (Somerset West) and Hillcrest (Durban);
- Develop a new site for the Meridian Pretoria school and expand the Cosmo City campus;
- Develop three new Curro Castles in the Johannesburg Area;
- Invest R250 million in land banking of various key sites; and
- Investigate potential acquisitions.

#### Balance sheet and funding

In 2014 Curro raised R500 million in long-term funding, drew down on R210 million on facilities at Meridian and raised equity of R600 million through a rights offer.

As part of the Group funding and growth plan, Curro plans to raise R740 million through a fully underwritten rights offer. In terms of the rights offer, shareholders will receive, for every 11 shares held, the right to acquire one additional share at R25 per share. This represents a 23% discount to the 30-day VWAP as at 16 February 2015. The rights offer will take place during April 2015 and information on the rights offer will be communicated in due course. Curro also plans to raise up to R700 million in the debt markets.

#### Dividend

No dividends have been declared for the period under review.

#### Prospects

Curro remains on track to achieve its target of 80 schools by 2020.

On behalf of the board

SL Botha

Chairperson

17 February 2015

Curro Holdings Ltd Incorporated in the Republic of South Africa (Registration number: 1998/025801/06)  
JSE share code: COH ISIN: ZAE000156253 ("Curro" or "the Company" or "the Group")

**Directors:** SL Botha\*\* (*Chairperson*), ZL Combi\*\*, AJF Greyling (*COO*), HG Louw (*CIO*), PJ Mouton\*, SWF Muthwa\*\*, B Petersen\*\*, B van der Linde (*CFO*), CR van der Merwe (*CEO*),

\* *Non-executive* \*\* *Independent non-executive*

**Registered office:** 38 Oxford Street, Durbanville, 7550

**Transfer secretaries:** Computershare Investor Services (Pty) Ltd

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**Corporate advisor and sponsor:** PSG Capital

**These results are available at:** www.curro.co.za

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