

CURRO HOLDINGS LIMITED

Incorporated in the Republic of South Africa
(Registration No. 1998/025801/06)
JSE Share Code: COH
ISIN: ZAE000156253
Company Code: BICAP
("Curro" or "the Company")

CURRO

TRADING STATEMENT AND PUBLICATION DATE OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19 has had a severe impact on our lives during 2020 and Curro was presented with various challenges as such. Management has dealt with these challenges, as far as it was within their control, but it nevertheless affected the results for the year ended 31 December 2020.

Over and above management's many operational interventions to keep learners, staff and parent communities safe whilst continuing to provide high-quality education, the Company bolstered its balance sheet with a successful rights offer in September 2020.

As a result of the rights offer, the Company had 597,961,595 shares in issue at year-end compared to 412,087,989 shares at the end of the previous financial year. Accordingly, the weighted average number of shares used to calculate earnings per share for the year was 470,998,749 (2019: 420,384,587). Further details are included below.

In terms of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will differ by 20% or more from the financial results for the previous corresponding period.

Shareholders are advised that as required by International Financial Reporting Standards (IFRS), the Company's results for the year ended 31 December 2019 have been adjusted to account for the rights offer as follows:

cents	Reported results for the year ended 31 December 2019	Restated results for the year ended 31 December 2019
Recurring headline earnings per share (RHEPS)	51.0	50.0
Headline earnings per share (HEPS)	61.1	60.2
Earnings per share (EPS)	49.0	48.1
Weighted average number of shares in issue	412,087,989	420,384,587

The Company hereby advises that it expects the financial results for the year ended 31 December 2020 to fall within the following ranges:

	Restated for the year ended 31 December 2019	Forecast for the year ended 31 December 2020	
	cents	cents	% change
Recurring headline earnings per share (RHEPS)	50.0	35.0 to 41.0	(30.0%) to (18.0%)
Headline earnings per share (HEPS)	60.2	34.0 to 39.0	(43.5%) to (35.2%)
Earnings per share (EPS)	48.1	(5.0) to (9.0)	(110.4%) to (118.7%)

In evaluating these results, shareholders should take the following into account:

- HEPS for the previous corresponding period included a non-recurring tax reversal (a profit) of R53m and the current reporting period includes a non-recurring acquisition cost of R8m (net of tax) which accounts for the key differences between RHEPS and HEPS.
- Following a detailed and prudent review of the business plans for each of its schools, the Company recognised impairments of R202m (net of tax) in the 2020 financial year, relating to lower-yielding school assets. These impairment charges are included in the calculation of EPS but are added back for purposes of the calculation of HEPS, and accordingly accounts for the key difference between HEPS and EPS. EPS for the previous corresponding period included a bargain purchase gain of R27m and an impairment charge of R86m (net of tax).
- The Company experienced an increase in outstanding school fees and a deterioration of the debtor aging profile. In response to this, Curro enhanced its debt collection processes and increased the impairment of its debtors' book, which resulted in a R63m (after tax) higher bad debt expense than in the prior year.
- The financial results for the second half of 2020 were lower than that of the first half. The business achieved savings in staff costs in the first half of the year, whilst schools were fully operational in the second half. In addition, fee income was negatively impacted in the second half of the year due to the Company on average having 4.1% less learners in the second half of the year relative to the first half of the year.
- Curro right-sized its schools to contain costs and successfully expanded its digital educational offering to meet the demand triggered by the pandemic.
- The Company used the proceeds of its rights offer to repay R1.1 billion of debt, which strengthened the balance sheet, achieve savings in finance costs and enables Curro to pursue various acquisition opportunities.

Prospects

Curro's schools opened on 15 January 2021 but subsequently closed for face-to-face tuition until 1 February 2021 after engagement with the Department of Basic Education.

Schools shifted seamlessly to online teaching for its learners, but the sudden lockdown-related closure disrupted learner registration processes for the new academic year. New registrations for the academic year are however satisfactory within the current circumstances.

The Company's business model has proven resilient to date, underpinned by its robust offering and its strong financial position following the rights offer in 2020. We remain committed to provide excellent education to all our learners into the future.

Results announcement

The Company is currently finalising its financial results for the year ended 31 December 2020. These results will be published on or about Wednesday, 17 March 2021 due to certain logistical challenges brought about by the latest national lockdown. A webcast of the results presentation is scheduled for 10:30 on Wednesday, 17 March 2021.

The financial information on which this trading statement is based has not been reviewed or reported on by the auditor of the Company.

Durbanville
2 February 2021

Sponsor
PSG Capital



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