



evolve
education group

Annual Meeting
17 August 2017

Agenda

- Chairperson's address
- Chief Executive Officer's presentation (including brand update from Chief Operating Officer)
- Ordinary Resolutions
 - Auditor Remuneration
 - Election of Directors

Chairperson's Address

Alistair Ryan

Evolve Education Group

- Listed December 2014
- Establishment period
- Business and operational model
- Fay Amaral and Stephen Davies
- Gráinne Troute, Anthony Quirk, Lynda Reid

Evolve Education Group

- Quality Centres
- Portfolio review
- Developments and acquisitions

Financial Performance

- FY16 and FY17 - steady
- FY18
 - Disappointing start
 - Remedial action plan in place
 - Mark Finlay assisting in hands-on capacity
 - Half year well down on last half year, \$7.0m compared to \$8.8m
 - Adjusted half year \$7.6m compared to \$8.8m, down 14%
 - Full year forecast/target \$14.0-\$15.0m
- Step up in FY19
- Half year result: 17 November

Evolve Education Group

- Fay Amaral
- Brand and Digital
- Qualified teachers

Acquisitions

- Post acquisition period
- 8-12 per annum
- Little Wonders (June)
- Vendor price expectations
- Willingness to pay

Development Centres

- Purpose-built, well located
- No goodwill but an establishment period
- Once into the cycle, regular earnings and cashflows

Brand, Digital and Growth

- Enrolments
- Recruitment
- Top quality and sought after early childhood education
- Well located, high quality facilities
- Strong curriculum and learning environments
- Good return for investors
- On the right track

Portfolio Progress

- Y/E 31 March 2017, 15 acquisitions, 1 new centre
- Since 31 March 2017, 6 acquisitions, 1 divestment, 1 new centre
- In the pipeline
 - 93 place centre, Hillsborough, September 2017
 - 75 place centre, Papakura, January 2018
 - 100 place centre, Mt Wellington, September 2018
- Developments and acquisitions

Experience and Diversity

- Until May this year, 4 non-executive directors, now 5
- Gráinne Troute
- Greg Kern
- Mark Finlay
 - Related party restrictions
 - Continues outside the Boardroom
- Lynda Reid
- Anthony Quirk
- 5 non-executive directors, 1 executive director

Company Responsibilities

- Community
- Parents
- Children
- Working families
- Quality of early childhood education
- Teachers and staff
- Shareholders

Funding, Dividend

- ASB Bank
- Not restricted
- Sustainable dividends

A Confident Future

- Building blocks and structures
- Robust and expanding business model



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Chief Executive Officer

Alan Wham



Highlights FY17

- First development centre opened and tracking to plan
- Revenue up 10.1% to \$151mil
- EBITDA up 9%
- Original portfolio of 84 centres performed very well
 - 84% occupancy and wage to revenue at 51%
 - EBITDA up 5% or \$1.2mil
- 15 acquisitions in FY17

Acquisitions FY16/FY17 Learning

- Early engagement is essential
 - In-house integration
 - Regular face to face
- Leadership challenge on purchase
- Lower priced purchases with lower occupancy requires a 12 month turnaround
 - These are generally historic fundamentals that need correcting
- Acquiring high quality centres is more enduring
- Prices remain inflated

Trading Update

- 2% down in occupancy vs last year
 - Challenges staffing ratios
 - Equates to 2 FTE's per centre
- Sector feedback is slightly lower demand
- Some price sensitivity/shopping around
- Quality education, parent engagement and staff consistency are key to maintaining occupancy

Remedial Action Plan on cost and operating metrics

- Cost Management a key focus
 - Central office
 - Homebase
 - Centres
- Centre focus on occupancy lift
 - Centre targets and incentives in place
 - Target to recover 200+ FTE's
 - Tactics include
 - Increasing enrolled hours
 - Promotional opportunities to new and existing families
 - Optimise staffing

Operational Capability

- Support structure enhanced
 - Regional capability and leadership enhanced and stable
 - Buddy/Centre support layer to grow leaders and support colleagues
- Building expertise with process improvement and validating key outputs
- Quality education and curriculum leadership through teaching and learning team established

ECE Funding - Government Budget 2017

- Total ECE funding \$1.84 billion
- \$386 million of operating funding over the next four years
- Provides for 31,000 ECE places over the next four years
 - Migration
 - Higher birth rate
 - Increased participation
 - Both parents working

Participation Growth Opportunity

Age	% of age group attending
<1	16.5%
1	44.3%
2	65.8%
3	91.9%
4	96.5%

Average hours 22

Increasing Cost Pressure: Challenging For Smaller Centres

Increased compliance cost:

- Health and safety
- Food safety
- MoE regulatory requirements

Results in increasing cost pressure

New competition:

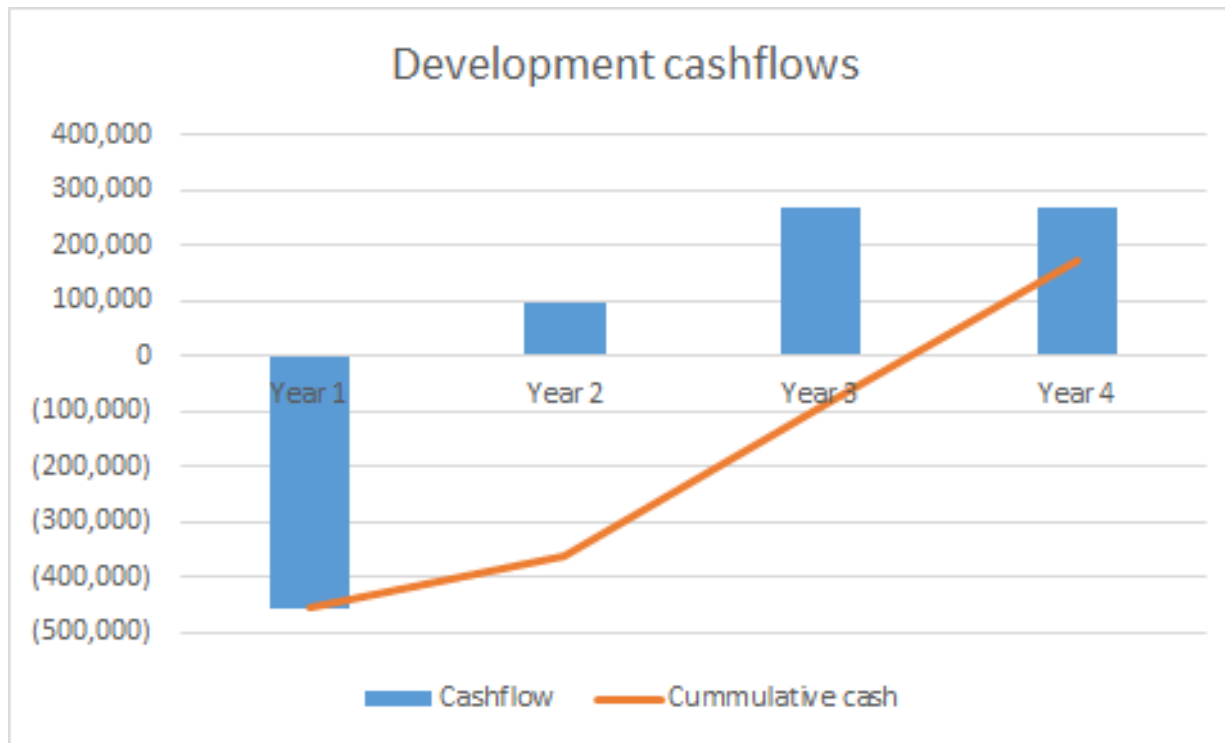
- Larger purpose built centres opening
- Build cost economics demand higher licenced capacity



Acquisitions and Developments

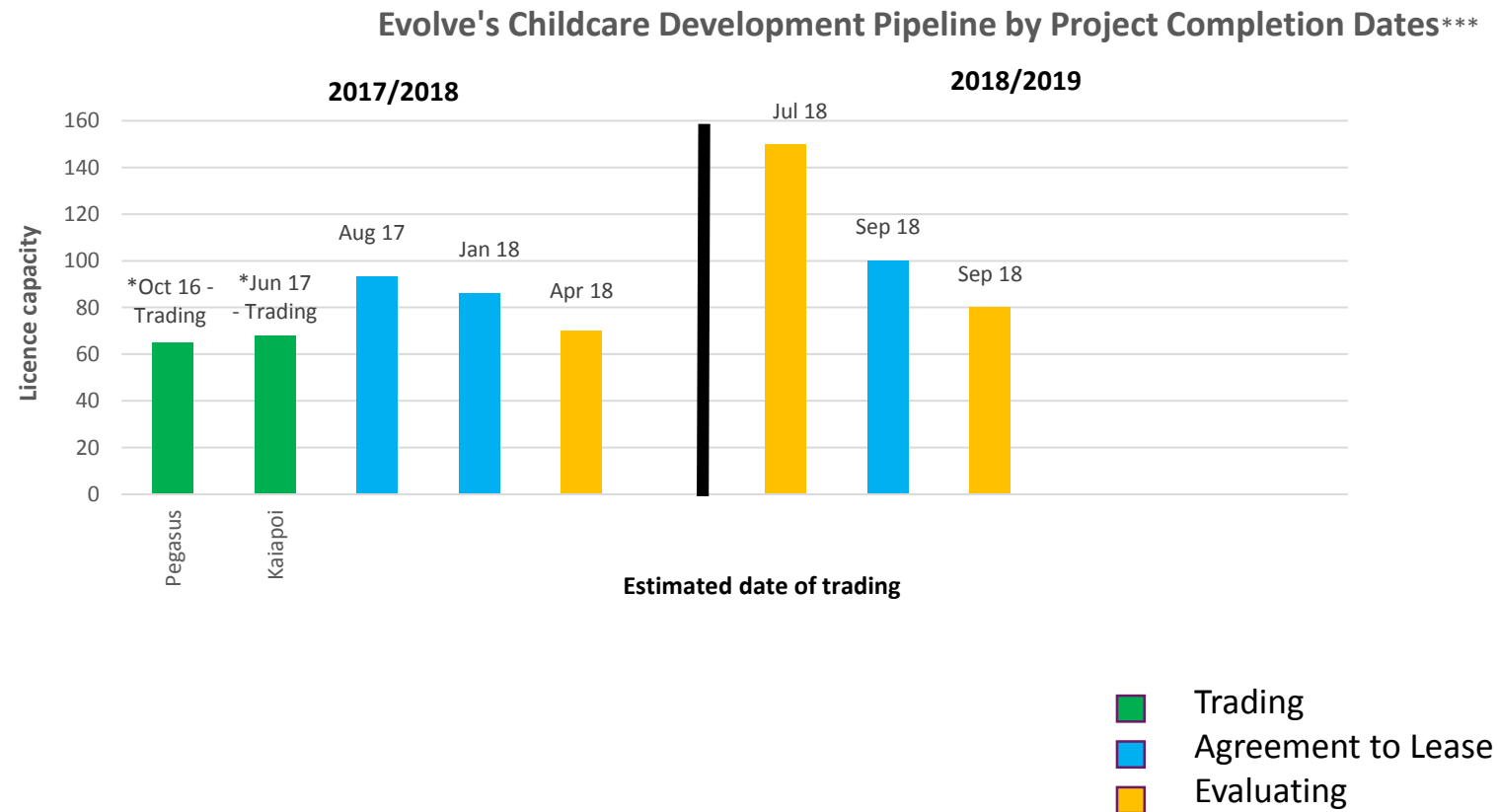
- Demand remains high and expectations remain inflated
- Selected acquisitions in 17/18
 - Settled 6 South Island centres
 - Internal integration and high frequency contact
 - Target of 8 to 12 centres
 - Funding is in place
- Priority is on organic growth of existing acquisitions

Model for 5 Development Centres



- Initial capital investment for development is 1/3rd of that for an acquisition
- Payback period is ~3 years for developments vs 5/6 years for acquisitions
- Developments provide:
 - Targeted locations
 - Quality environments

Evolve's Childcare Development Pipeline





down to earth
ELECTRICAL SERVICES
027 779 7777
Heat Pumps / Air Conditioning
Commercial Signfiture
clinton@pte.kiv



For early
childhood
learning

Opening early 2018
www.activeexplorers.co.nz

ACTIVE EXPLORERS 021 678 156
www.evolveeducation.co.nz

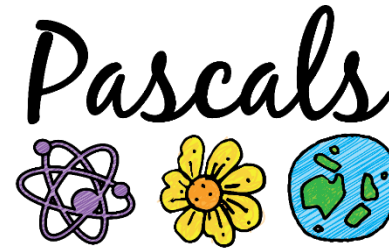
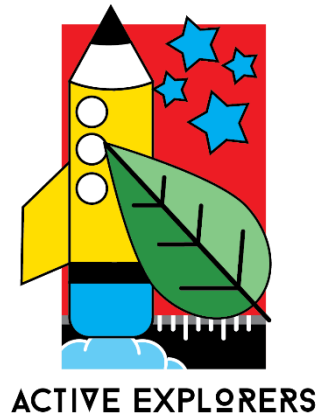
Chief Operating Officer Update

Fay Amaral

Brand Consolidation: From this



Brand Consolidation: To this



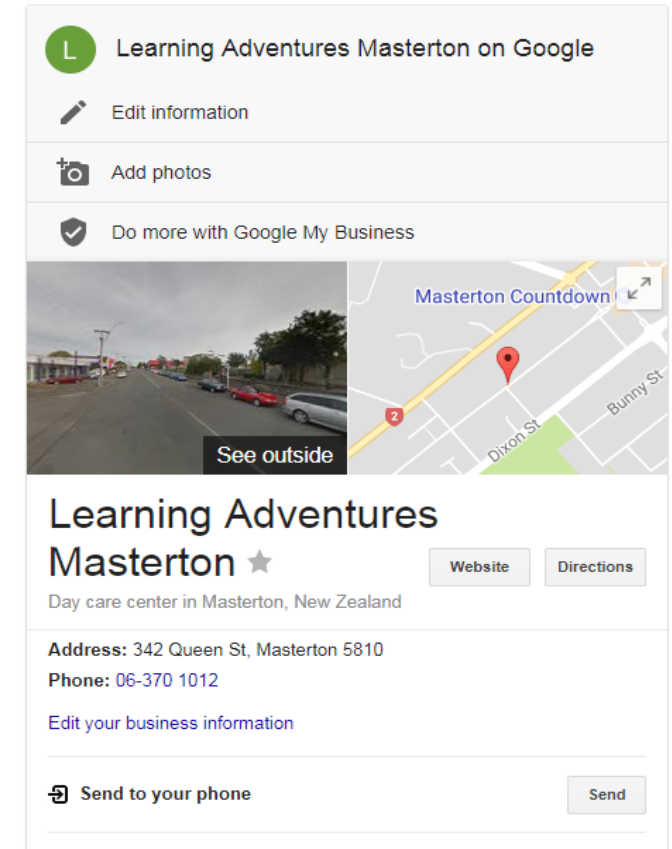
- Differentiation per brand
- Reach and appeal
- Strong brand purpose and establishment

Our Learning Focus

- Differentiation - each brand has a distinctive learning philosophy
- Vision – for each brand with key child centric drivers
- Teaching and Learning Management - structures are in place
- Engagement with our families
- What families want
 - caring and nurturing staff
 - Lifting child enjoyment every day
 - Providing a good learning environment

Shifting to Digital

- Websites responsive and effective
- Centre and brand differences highlighted
- Keywords updated for relevance in search
- Ranking on Google Search improved
- All individual centres being added to Google Maps
- All activities are measurable



Digital Strategy in a Nutshell



Attract Strangers

Facebook, Adwords, webpages, newsletter/ opinion pieces



Convert Visitors

Call-to-action, landing pages, forms, contacts



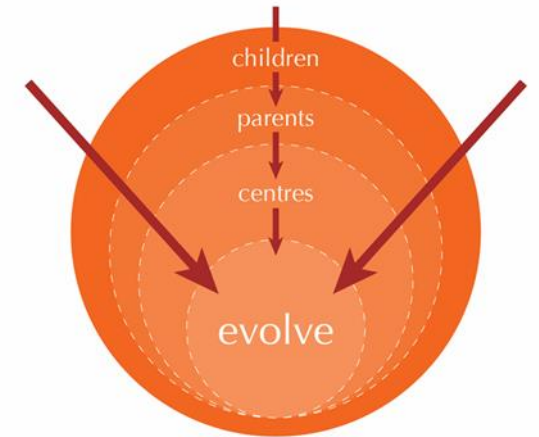
Close Leads

Email, workflows, CRM integration

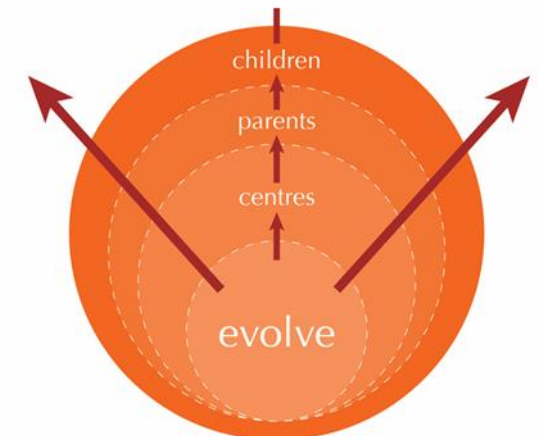


Delight Parents

Storypark, newsletters, workflows, CRM integration



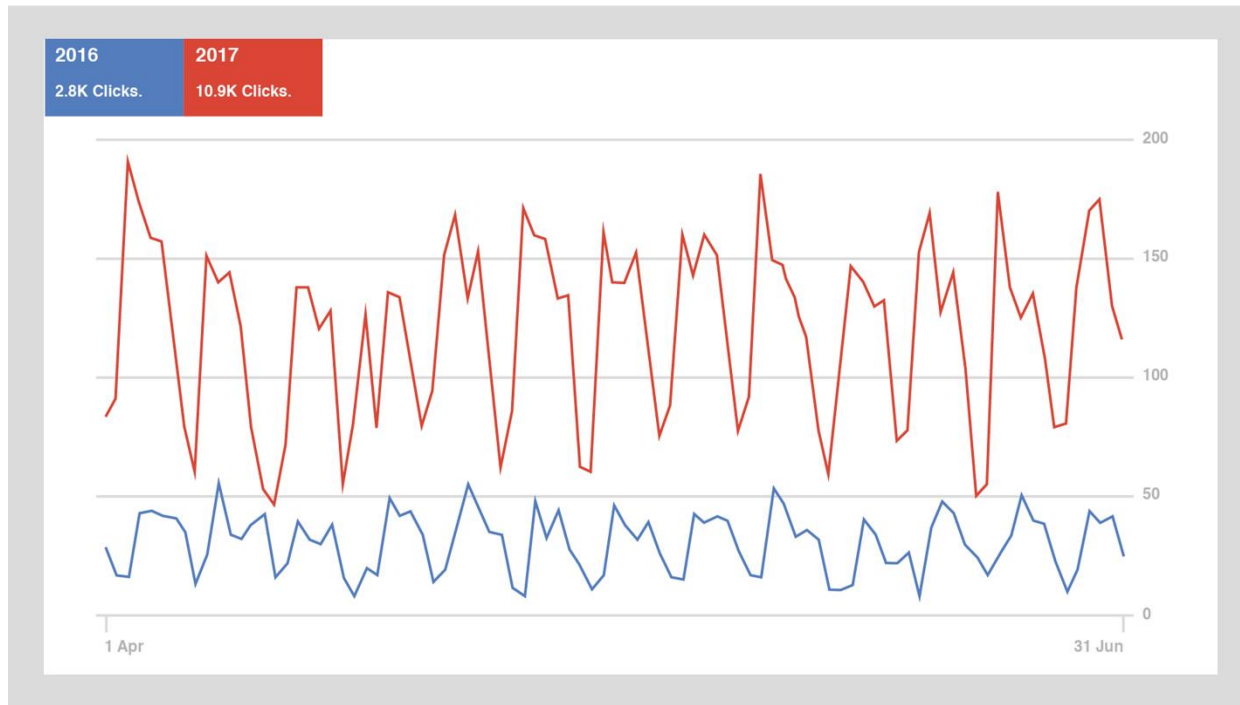
BEFORE Inner-directed,
reactive, introverted



NOW Outward directed,
confidence

Analytics

All Evolve sites: Apr-Jun



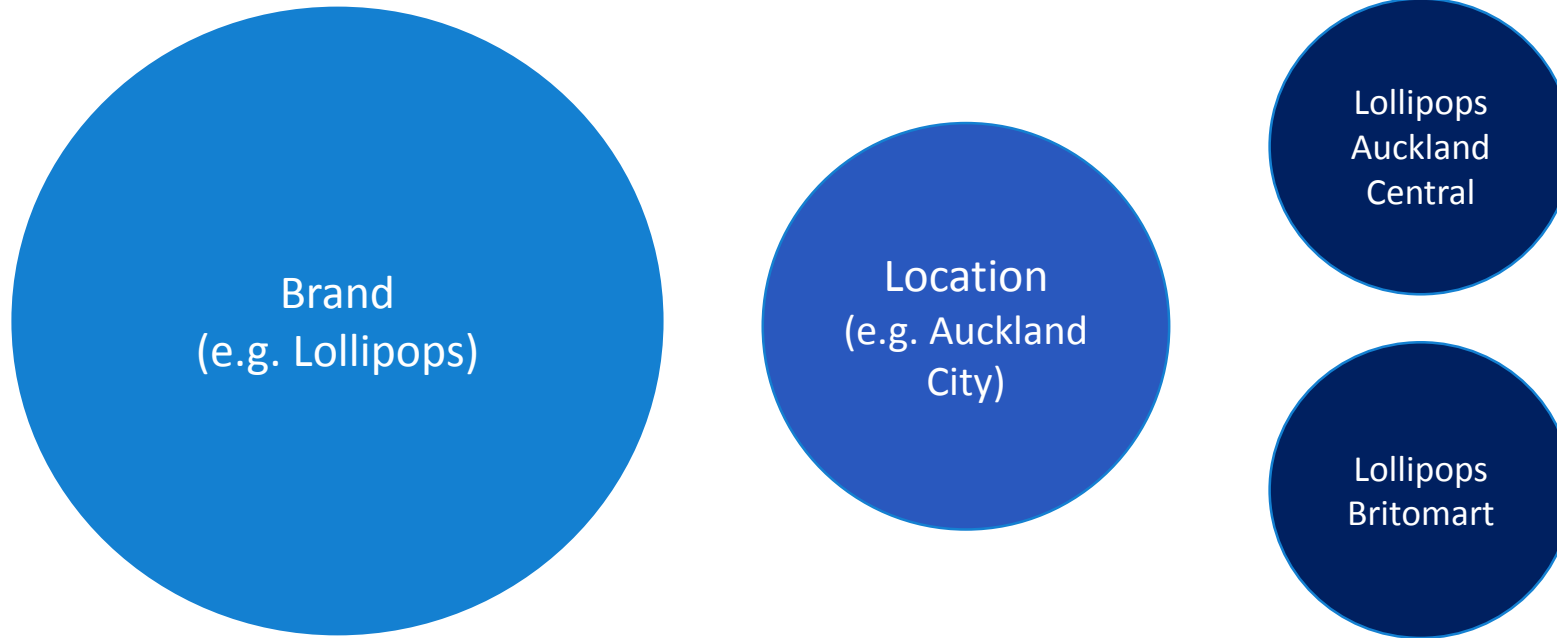
Over 141% growth in clickthroughs Jan to March 2017

289% growth in clickthroughs for April to June

That's at least 8100 more clicks than LY in 3 months

Quick Summary

Three-tiered Adwords campaigning



- Increased reach and coverage
- Brand, geographic and name search enhanced

Customer Relationship Management

- Links new websites to centres digitally
- Centre leads measurable
- Automates interaction and engagement to:
 - Communicate & book visits at centres
 - Follow up and enrolment
- 120 centres now using Childcare CRM – international system

Social Media

facebook

- Facebook pages have been created for all the brands, except Little Lights

Q2: Lollipops



+ 30% posts



+ 5.3% followers

Q2: Active Explorers



+52% followers



+51.6% likes

Average Engagement Rate:



65%

Lollipops



180%

Active Explorers



351%

Thrive
Montessori

Signage

- Physical impact on site:
 - New signage using old assets
 - Vans newly branded
 - Onsite brand launches
- Continues to ensure differentiation
- Multiple centres have been rebranded physically:
 - Thrive Montessori
 - Active Explorers
 - Lollipops
 - Learning Adventures



Evolve Rebrand



OLD LOGO



NEW LOGO

- New Logo
- New Vision
- New brand story and positioning
- New brand promise

***‘The joy of learning
lives here’.***

Evolve Rebrand

OUR VISION

Evolve will be acclaimed and respected as an authority within ECE. Proud owners of superior, well-resourced learning centres and high quality 'at home' education services. Evolve children are identifiable for their love of learning, and age appropriate life skills.

Evolve will be admired as the undisputed leaders in early childhood education, recognised practitioners and advocates for best practice within the ECE industry, and as a result, staff view Evolve as the premier ECE employer of choice.

OUR VALUES

Family values are our high ground:

Nurture

The right learning environment

Respect

Every child, each other, and our planet

Sustainability

Aligning our people, our planet, our profit, our purpose

Community

Stronger together

Passion

We have a mission

Ethics and Integrity

Trust is everything



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Formal Business

Ordinary Resolutions

1. Auditor Remuneration
2. Election of Directors – Gráinne Troute
3. Election of Directors – Anthony Quirk
4. Election of Directors – Lynda Reid

Resolution 1 - Auditor's Remuneration

That the Board be authorised to fix the fees and expenses of PricewaterhouseCoopers as auditor for the ensuing year.

Resolution 1 Auditor's Remuneration

Proxy Votes

- **For** – 79,033,888 shares, representing 99.68% of the votes cast
- **Against** – 0 shares, representing 0% of the votes cast
- **Discretionary votes** - 256,060 shares, representing 0.32% of the votes cast

Formal Business

Resolutions 2, 3 & 4 - Election of directors:

Explanatory information

Under Evolve Education's Constitution and NZX Main Board/Debt Market Listing Rules, at least one third of the Directors are required to retire from office at each Annual Meeting. Those directors are eligible for election at that meeting.

The Directors retiring at the 2017 Annual Meeting are Greg Kern and Mark Finlay, neither of whom are standing for re-election.

Gráinne Troute, Anthony Quirk and Lynda Reid were appointed as Directors of Evolve by the Board to hold office until the 2017 Annual Meeting. Under Listing Rule 3.3.6, each of Gráinne Troute, Anthony Quirk and Lynda Reid must retire from office at the 2017 Annual Meeting, but are eligible for election.

The Board unanimously supports the election of each of Gráinne Troute, Anthony Quirk and Lynda Reid.

Introducing Gráinne Troute

Gráinne Troute

Non-Executive Director (Independent)

Gráinne has extensive experience as a corporate executive and in board and charitable trust governance roles.

She is currently a director of NZX-listed companies Tourism Holdings Limited and Summerset Group Holdings Limited.

She was General Manager, Corporate Services at SKYCITY Entertainment Group Limited for 8 years and earlier held senior executive roles at McDonald's Restaurants for 14 years, for the last three of which she was Managing Director, New Zealand.

Gráinne also served for many years as a trustee and chair in the not-for-profit sector, including having been Chair of Ronald McDonald House Charities NZ for five years.



Resolution 2 - Election of Director Gráinne Troute

That Gráinne Troute be elected as a Director of
Evolve Education Group Limited

Resolution 2 - Election of Gráinne Troute

Proxy Votes

- **For** – 79,013,281 shares, representing 99.67% of the votes cast
- **Against** – 0 shares, representing 0% of the votes cast
- **Discretionary votes**- 261,667 shares, representing 0.33% of the votes cast

Introducing Anthony Quirk

Anthony Quirk

Non-Executive Director (Non-Independent)

Anthony is an experienced financial sector professional with broad knowledge and expertise in the financial markets, the listed company sector, and in governance. Anthony completed 9 years as Managing Director of Milford Asset Management in mid-2016 and has since started to build a varied portfolio of governance interests with an emphasis on roles that improve communities.

Anthony brings strong governance, strategic, executive leadership, listed company and financial credentials, together with a strong community focus, to the Evolve Board.

As a director of Milford Asset Management, though not appointed as a representative of that organisation, Anthony is a non-independent director of Evolve.



Resolution 3 - Election of Director Anthony Quirk

That Anthony Quirk be elected as a Director of
Evolve Education Group Limited

Resolution 3 - Election of Anthony Quirk Proxy Votes

- **For** – 79,013,281 shares, representing 99.67% of the votes cast
- **Against** – 0 shares, representing 0% of the votes cast
- **Discretionary votes**- 261,667 shares, representing 0.33% of the votes cast

Introducing Lynda Reid

Lynda Reid

Non-Executive Director (Independent)

Lynda is a well-qualified and highly experienced education sector professional, having recently retired after 20 years (1996-2016) as Principal/CEO of one of New Zealand's leading schools. As former CEO of St Cuthbert's College in Auckland, Lynda will make a significant contribution and add strong technical, social and business diversity to the Evolve board. Lynda's appointment adds excellent sector expertise coupled with robust executive leadership and governance experience.

Lynda is an Officer of the New Zealand Order of Merit (2017) and a recipient of the Independent Schools of New Zealand Distinguished Service Award (2016), along with many other distinguished service awards and recognitions, and regular membership of important sector forums. Lynda is an independent director of Evolve.



Resolution 4 - Election of Director Lynda Reid

That Lynda Reid be elected as a Director of
Evolve Education Group Limited

Resolution 4- Election of Lynda Reid

Proxy Votes

- **For** – 79,028,281 shares, representing 99.67% of the votes cast
- **Against** – 0 shares, representing 0% of the votes cast
- **Discretionary votes**- 261,667 shares, representing 0.33% of the votes cast



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Questions



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Thank You