

4 SEPTEMBER 2015

Evolve provides Annual Meeting speeches of Chair and CEO

Please see attached the speeches of Evolve Education Group Limited ("Evolve") Chairperson Norah Barlow and of CEO Alan Wham together with presentation slides from Evolve's Annual Meeting, being held this morning in Auckland.

ENDS

For any further inquiries please contact:

Vivek Singh

Chief Financial Officer

Evolve Education Group Limited

Email: vivek.singh@eeg.co.nz

Mobile: +64 27 2000 982

Attachment: Speeches and slides

Chairperson's Address

Chairperson's Address



Norah Barlow



- Before I give you an overview of the business, I wanted to bring you back to the reason this company exists. It just so happens that my grandson aged 2 attends one of our centres in Wellington. It was a happy coincidence; he was at Lollipops before I joined the board here but as you can imagine it's given me even more reason to ensure Evolve succeeds in its mission. My grandson loves his time at Lollipops and I've seen his social and academic development from one week to the next. I engage through Storypark, and follow progress closely. That's what all children deserve and that's what Evolve aims to deliver, across all its services.
- Our mission is to be a leading provider of early childhood education (ECE). This means both a consistent quality in education and care in all of our operations as well as providing choice in ECE services for parents & families so that both their and their child's needs can be accommodated. Our teachers, our educators and our staff are the backbone of our organisation and we are lucky to have them. We are committed to supporting them and developing their skills which we will do through leadership, professional development and curriculum support.
- I would also like to thank and acknowledge the support of you, our shareholders. You have enabled us to establish and build a solid foundation for this company, which has had a very positive start with our first audited accounts which delivered on the March 31, 2015 forecast. We remain confident that we can achieve our projected ebitda and profit for FY16 and we confirm we intend to pay a dividend consistent with the PFI after our half year results. As outlined in the prospectus this is likely to be between 40 – 60% of NPAT. We continue to focus on improving internal operations to achieve organic growth and to drive occupancy and there remains good growth potential for acquisitions within the industry, which Evolve is well placed to take advantage of.
- The outlook for New Zealand's ECE sector remains positive. As Alan will show later, Ministry of Education statistics indicate there is room for even greater participation in ECE, particularly for certain age groups and in certain demographics. As announced in May's budget, the Government showed its continuing investment in early childhood education with increased funding. This provides a stable financial basis for the company's revenues as well as opportunities to tap into new targeted funding.
- The opportunities for Evolve's continued growth and success are numerous. To capitalise on such opportunities we need a solid base and solid operating models to

build from. This is what management has been focusing on to date. This is no mean feat. The team has made good progress and this will remain a continuing focus to get the right cost basis, the right staffing, and the right operational support.

- This financial year, we've continued to make some quality additional acquisitions, some of which Alan will touch on in his presentation. We'll continue to focus on adding to our portfolio of centres, buying existing operations as well looking to partner with developers to deliver new leasehold centres. With our existing portfolio, we will continue to harmonise and refine our businesses, implement synergies that save cost and secure revenues, such as cross referrals between centre and home-based services, and drive growth through improved operational performance.
- Our acquisition processes are rigorous with a view to acquiring centres at acceptable multiples, to ensure we add value to our long term growth and quality goals. We are mindful of both our long and short term obligations to our shareholders, and will be working to meet both.
- There is much to be done and much to be gained by Evolve in this sector. We are grateful to you for your continued support.
- I would now like to invite Alan to speak to you with a more detailed review of the company's business and operations.

Chief Executive's update

Chief Executive's update



Alan Wham



Thank you Norah.

Today I will provide an overview of Evolve Education with more detail on the makeup of our company. I will quickly introduce the management team, provide an update of the sector trends including the Government's strong commitment to ECE, discuss our business segments and provide a status update.

Coming from a background within the health sector, my first major impression of the Early Childhood Education (ECE) sector was observing the commitment and the dedication of our teachers and their strong desire to make a difference to children's lives.

For me this really centred our priorities to enable teachers to deliver quality education and care for children, to ensure they are well resourced, in good quality environments and to assist them in their professional development. If we do this well, parental support will drive our occupancy and our business success.

Let me introduce our support office leaders who are charged with this responsibility.

Evolve Education Senior Management team



The finance team is headed by Vivek Singh and supported by Bev Gordon who ran finance for Lollipops pre-acquisition.

David Smith leads our centre operations team supported by Paula Hawkings who has provided great continuity for the Lollipops centres while David has built his team to integrate and manage the additional 60 odd centres. Our focus is continuing to embed our processes and building the engagement across the group for support, succession planning and development.

On the right are our home care business managers. Jenny Yule is the founder of market leader Porse. Jenny leaves us at the end of December on completion of an earn-out period following the acquisition. We will look to achieve synergies between our two home care businesses in the New Year.

Casey Muraahi was GM of Au Pair Link prior to the acquisition. She also has significant centre experience in ECE and is a very capable leader of this unique business.

Roz Muirhead leads HR and is establishing the processes that supports over 2200 staff, with a particular focus on the health and safety of the staff and children in our care.

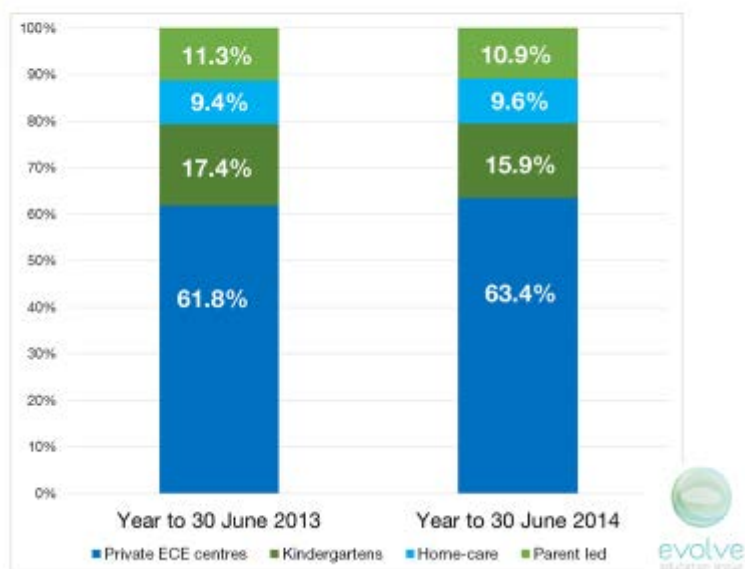
Rachel Nottingham joined us to bring in house property management, acquisition integration and manage the acquisition process. With good success to date this provides a cost effective approach to these key functions.

Next, I want to update you on the market trends within the ECE sector.

ECE Market trends



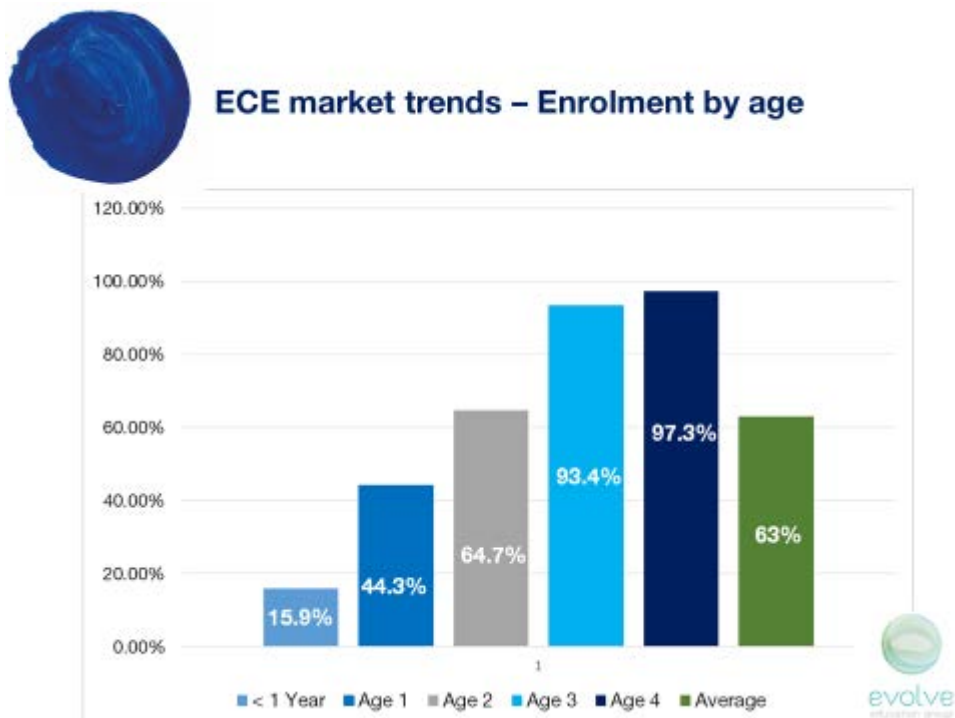
ECE market trends - Private ECE Centres increase their share of enrolments



The Ministry of Education (MOE) publishes data each year on ECE participation by service type. The data recently released shows the share of enrolments of children by the different ECE service types for 2014.

Private ECE centres and home based services continue to be the areas of growth. Private ECE centres account for a 63.4% share of all ECE enrolments.

ECE Market trends – Enrolment by age



Average child participation is 23.3 hours per week. Government funding exists for up to 30 hours per week encouraging even higher participation.

The Government's target is to achieve 98% participation in ECE before the child attends school, by 2016. While 97.3% of 4 year old children attended ECE only 96% attended for the 6 months prior to attending school. The priority and funding is to achieve higher attendance particularly with Maori and Pasifika children.

Child participation in ECE averages 63% for all age groups from <1year up to 5 years. With more working parents we are seeing growth in participation of the lower age brackets. These trends support continued growth within the sector.

Government policies support ECE growth



Government policies support ECE Growth

- Government Expenditure on ECE \$1.6b in 2014/15
- Budget 2015
 - \$75m over 4 years to fund growth; more children attending for more hours
 - \$104m over 4 years to fund lower socio participation (enabling the policy to strengthen work obligations for beneficiary parents)



Government policies continue to support ECE growth, recognising the benefit of investing in the development of our children and the economic gain of enabling increased work force participation.

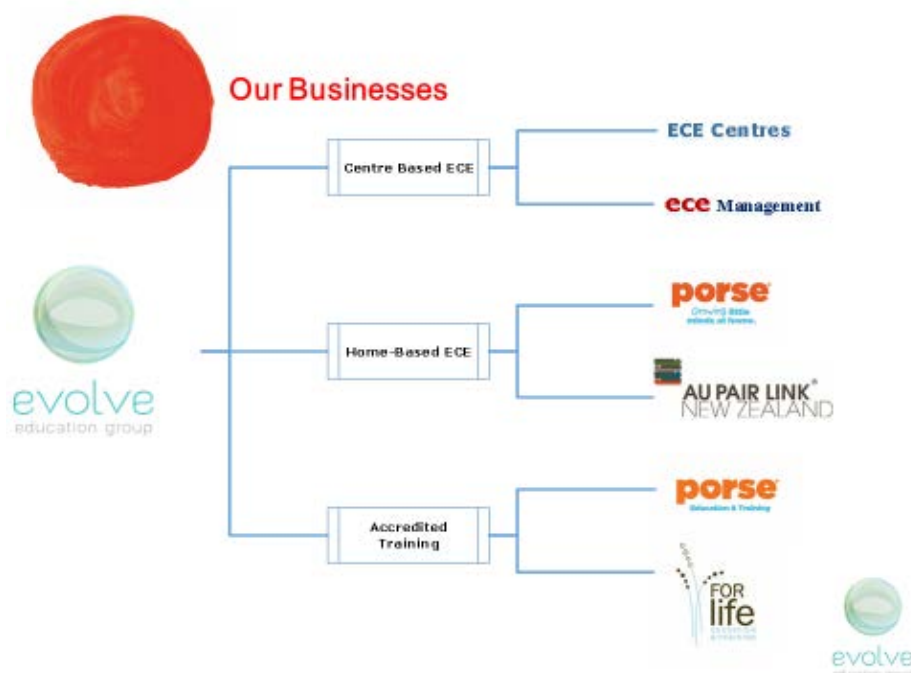
Expenditure on ECE is \$1.6b in 2014/15.

The 2015 budget announcements included two tranches of additional funding for ECE. The first is \$75m over four years to fund more children attending ECE for more hours. The second is \$104m over four years to fund lower socio participation in ECE. This funding was also driven by a new policy of strengthening work obligations for parents who are presently on a benefit.

So while the private sector did not benefit from a rate increase, the funding for greater participation is in place and parental fee increases can offset rising costs where the market allows.

I have discussed the industry trends and Government support for the sector in which we are operating. I will now move focus to our business model and the breadth of Evolve's services within ECE.

Our business



We have three business segments; centre care, home-based care and accredited training.

Firstly the centre-based businesses. Our main business is acquiring and operating ECE centres.

We also have our ECE Management arm which provides expert day-to-day management of ECE centres for private operators and investors. ECE management have a great record of turning around and driving the performance of centres under their care which should lead to new opportunities to grow this business, including the possibility to tender for some of the Ministry of Education's funding to support underperforming centres.

To support parent's preferences for child education and care, we also offer two home-based services: Porse and Au Pair Link.

Porse is the market leader in home-based care with around 5000 enrolled children and over 1800 home based educators. Porse is arguably the most well-known, home-based brand within New Zealand.

Au Pair Link facilitates the placement of over 400 au pairs each year who look after 500 to 600 enrolled children. These Au Pairs are predominantly from Europe, and are matched with families each year. They are supported by visiting teachers who ensure the MOE requirements are met in safety and quality of care, with an appropriate curriculum for the development of the children.

The third segment of Evolve's ECE business is providing accredited training courses through the Porse and For Life education and training brands.

Porse ECE Accredited training



A graphic for 'Porse ECE Accredited Training'. It features a large teal circle with the text 'Porse ECE Accredited Training' inside. To the right of the circle is a cartoon illustration of a woman in a blue dress and a child in a green dress. Below the circle, the text '3 Key areas:' is followed by a bulleted list. At the bottom left is the 'porse' logo, and at the bottom right is the 'evolve education group' logo.

Porse ECE Accredited Training

3 Key areas:

- Nanny intern in-home
 - 20 week programme
 - Young adults 17 - 25
- ECE Training programmes for secondary schools
- National certificate in ECE (level 3) (Tertiary)

porse
Education & Training

evolve
education group

We have three key areas for training:

- A work experience intern programme
- A programme for secondary schools
- A tertiary level qualification

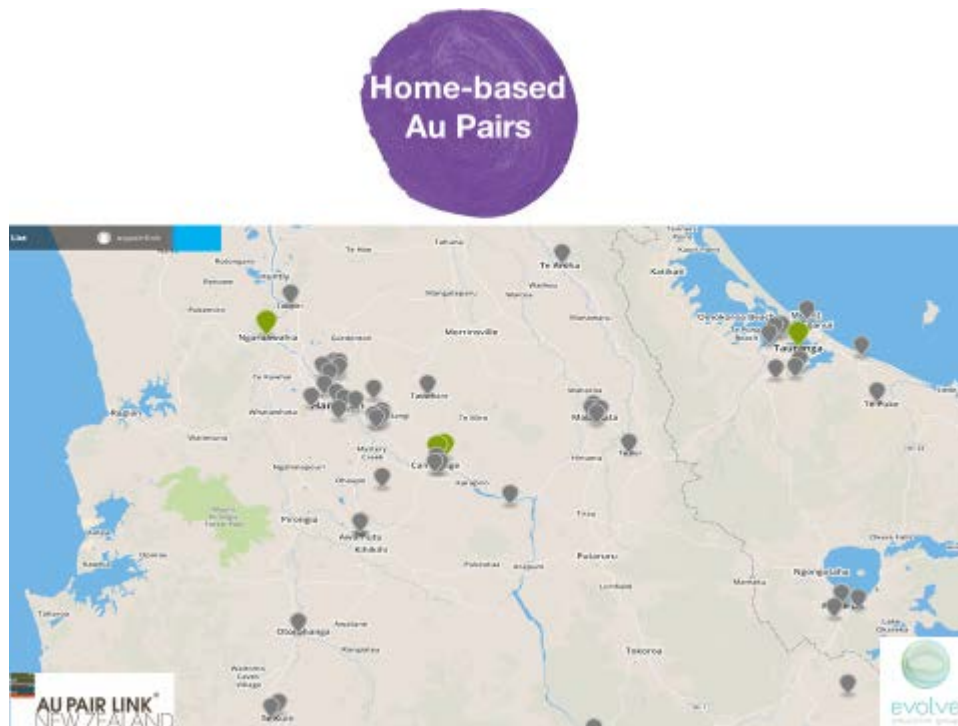
The result of this training arm is not just a profitable, standalone business but also enables Porse to operate with by far the highest proportion of trained educators in the home-based sector, which remains a benchmark for delivering quality ECE, and also attracts a higher level of funding.

Nanny & Home-based Educators



To give you an indication of our market coverage I have a few coverage maps for each service. Porse's educator locations are represented by each pin. They may be nannies in the parent's home or educators based in their own home. They can look after up to 4 children, with a maximum of 2 under 2 years. You can see the popularity of this service, demonstrated in this slide of the Auckland market.

Home based Au Pairs



Live-in Au Pairs are a popular choice in the main cities and rural NZ

This example is in the Waikato.

Our ECE Centres



Our centre business now has a solid presence as demonstrated by the Auckland market. Our centres have an average licence capacity of 68 versus a market average of 44.

To give you a picture of some of our centres, here is a selection.

Our ECE Centres



This is an example of a purpose built Lollipops centre in Highbrook in Auckland. The licensed capacity is for 150 children operating at over 90% occupancy.

Our ECE Centres



Two examples of private operator purpose built centres are Ikids in Wellington and Hummingbirds in St Johns in Auckland.

Our ECE Centres



Two more recent acquisitions are in Wanaka and Tauranga.

Our centres are spread over a wide area of the country, and are present in a broad range of socio-economic environments.

In some lower socio areas we are able to provide participation vans to ensure that children are able to access quality ECE on a regular basis.

So in summary you can see the foundations of our business are very solid. A diverse range of services to meet different needs, good critical mass, strong government support and good quality services.

Our results at the end of March 2015 for our first 4 months were positive.

Results Highlights: at 31 March 2015



Results Highlights: at 31 March 2015

Prospectus guidance exceeded

(NZ\$'000s)	Actual FY15	PFI forecast FY15	Variance (\$'000)	Variance (%)
Revenue	32,940	29,028	+3,912	+13.5%
Profit/(Loss) After Tax	(8,058)	(9,498)	+1,440	+15.2%
Underlying EBITDA	1,803	816	+987	+121.0%
Adjusted Net Debt	11,079	10,072	+1,007	+10.0%
Net Cash/(Debt)	4,610	2,822	+1,788	+63.3%



Key metrics were all ahead of the prospectus. Revenue was up, underlying earnings (Ebitda) were ahead and our cash position was better than plan.

We had settled one additional centre to make our centre total 86.

Outlook



Outlook



Today we settle the acquisition of our 99th centre. We will achieve the milestone of completing our 100th acquisition within the next few months.

The pace of acquisitions this year has been steady. You will appreciate we took a lot of volume out of the market last year. However our market share of centres is still only around 5%, indicating room for future growth. We will continue to acquire with discipline around price and focus on quality.

While we expect all acquisitions to be accretive in the medium to longer term, integration and acquisitions cost limit their contribution in the first year. As we add centres to the existing structure we will see an improved operating margin for the group.

We are continuing to build a strong platform for our operation. This platform allows us to leverage our scale; for example it allows us to share staff between centres, to use our experienced centre leaders to develop others who aspire to this role and allows us to put in place a number of supply agreements to gain better pricing.

The key to our profitability of our group lies in the combination of occupancy, revenue per child and operating costs.

The combination of these drivers on a year-to-date basis, as well as our current expectations for the balance of the year means we continue to be confident we will achieve our prospectus forecast for this financial year.

So in summary, we have a great base, a broad and unique range of quality ECE offerings. We have a favourable business environment with ongoing support from Government and growing participation and hours in ECE.

We need to continually focus on our organic performance and we need to focus on developing our centre leaders. This leadership ensures the teachers are supported, the

environments and resources are optimised and therefore the focus of the centre is on delivering high quality ECE.

Thank you and I will hand back to Norah.

<<end>>