EVOLVE EDUCATION GROUP
ANNUAL MEETING 25th AUGUST 2016
Chair and Chief Executive Speeches

[Slide 1] – Welcome

Good morning, ladies and gentleman. Welcome to Evolve's second Annual Meeting. It is pleasing to see so many of you here today so we thank you for your attendance. My name is Norah Barlow. I am an independent director and chair of the board of the company, as well as of today's meeting.

Before we start just a couple of housekeeping matters. Please turn your mobile phones off or put them on silent.

Toilets are located on the right hand side down the corridor.

In case of an emergency the fire exits are next to reception on the right hand side.

[Slide 2] – Evolve Education Group – Our Board of Directors

I would like to take this opportunity to introduce you to my colleagues on the board: Alan Wham who is also our Chief Executive Officer, Alistair Ryan and Greg Kern, Mark Finlay.

I would also like to welcome our auditors, PricewaterhouseCoopers, solicitors Chapman Tripp, bankers, ASB and our share registrar Link Market Services, whom you would have met at the registration desk. Link will help conduct the voting during the formal business later in the meeting.

[Slide 3] – Agenda

The agenda for today's meeting is on the screen. Alan and I will present first giving you an update on the company's performance and strategy.

We will then move to formal business of the meeting which includes election of Directors and some minor changes to the company's Constitution.

After the meeting is concluded, we would be delighted if you can join us for some light refreshments.

[Slide 4] – Chair Speech

Before handing over to Alan to give you a more detailed review of Evolve's operations, I wanted to take the opportunity to take stock of the highlights from the 15/16 financial year and to look forward to 2017.

Evolve has had a strong first full year of operations as a listed company. We achieved a very credible statutory profit of $15.6m, close to the forecast. We successfully acquired 21 new centres, complementing the portfolio acquired at listing. And, we've returned a good dividend to our shareholders whilst continuing to invest in the company. This is a strong platform for us to continue to grow.

Underpinning our company and our growth is the high standard of corporate governance Evolve's board of directors, and indeed our management, sets itself. That is achieved not only by ensuring the right checks and balances are in place but always acting ethically and in line with the values of our business.

For the 2017 year, we plan to continue our acquisition programme, and we will now supplement this with a small leasehold development programme. When we listed, it would be fair to say that we incorporated into our portfolio a large number of available acquisitions. We continue to see a large addressable market, but we have noted that the timing of these being available in 2016 has been slower than we would have liked. We have also noted that the price expectations have increased. We believe that this will normalise and we expect to see acquisitions of scale available to us, at acceptable pricing. However, we believe that we are best to supplement our acquisitions by a process of leasehold developments we will undertake in 2017. To be clear, this is not a development where we continue to own land and buildings, this is a process where we engage the developer, work with the planning and design, and acquire the centre under a lease, at commencement.   We see 2017 as a test for this process, as there is no doubt that while development provides good quality purpose-built sites in chosen locations, it also has a short-term, and small, drag on profitability while it builds up, and has a slightly higher risk profile. We believe both these downsides are fully acceptable, given the upside potential.

The timing is right to put this plan in action, now that we have a solid performing portfolio. We will be measured in our approach, our planned numbers are small, around 5, and the developments will be staggered over the period.

We are fortunate to have Mark Finlay's continued support of Evolve. Mark's significant ECE sector experience has proved valuable in helping to shape and develop the company's operations. With his expertise in new centre development, Mark has an important role in the company's first leasehold development projects, firstly in a governance capacity to assure shareholders that arrangements being entered into are appropriate, as well as bringing to us the potential for additional value with his company able to offer Evolve a couple of developments as new leasehold centres. We see this as an important part of our armoury, contributing to our development plans and ensuring we deliver on the numbers. We are always conscious of related party issues and are managing these with good board policies, independent assessments of the costs and any lease which may result, ensuring non-exclusive arrangements with Mark, and keeping the number of developments undertaken low.

As an aside, it is to be noted that Mark's share ownership is under escrow until December. Mark remains a supportive shareholder and has advised he will not be selling once escrow comes off.

So, in looking at the market, there is plentiful opportunity for Evolve's ongoing growth with the continued acquisition of quality centres, the addition of licenced place in our existing centres, and our new leasehold sites.

Alan will talk through our plans more shortly.

As well as working to ensure good quality acquisitions and leasehold developments, we are dedicated to ensuring that the company's centres and home-based operations continually raise the bar in terms of both safety and quality of education delivered to the children in our care. Through Ministry of Education licensing and Education Review Office audits, the ECE sector is already well regulated and the board has worked closely with management to ensure that appropriate policies, processes and reporting are being put in place to meet the health & safety and vulnerable children legislative regimes that came into force earlier this year. Our size and operational platform, enables us to work well in this regulatory environment.

The economies of scale for an organisation the size of Evolve also comes into play in the current ECE funding environment. Whilst the Government has set a strong target to boost the proportion of children receiving early childhood education, it has not increased the general funding rate for the past two years. At the same time our costs continue to rise, putting additional pressure on what we need to charge parents. We see the future for ECE being better served when you have a larger group like Evolve, committed to quality delivery of education and childcare. With this larger group, you have a larger profit overall to apply to quality systems, you have educators who are committed to an agreed curriculum, you have the ability to learn from a wide group of likeminded teachers, and you have not only the very human desire to make sure all is well with the children we have in our care, but the threat of public exposure on a large scale should anything go wrong.

Our size means that we are able to continually deliver consistently high standards of education and care to our families and whanau across New Zealand and to develop our staff to enable this.

Overall, it must be noted that the government commitment to having 98% of children receiving ECE, the parental desire to see this ECE as quality, the fact that we see our future in NZ as a knowledge economy, the desire, and need, for women to continue to work in the numbers they do, are all factors which underpin our sector, for a long and successful future.

So, to two small, more technical, matters. Like many other New Zealand companies listed on both the NZX and ASX, Evolve has taken advantage of the foreign exempt issuer status created by the ASX which will simplify Evolve's compliance regime. Evolve remains listed on both exchanges but for most key company activities such as financial reporting, Evolve will have to comply only with NZX listing rules.

As part of our ongoing governance, and with the growth of the company, we undertook a review of the Board skills and quantum to consider whether another director is required. At present we have a small, but agile, and effective board made up now of a majority of independent directors with broad skillsets and experience, and as such we feel that a sixth director is unnecessary at this point. We have also decided to retain the Board fees at their present level for this financial year. These are matters that will be kept under review for 2018.

Finally, I would like to thank our 2,300 strong Evolve team around the country for their dedication and contribution in developing our organisation over the last 12 months. Thanks to them and thanks to you our shareholders for your continued support, we have a strong platform and are well-placed for future growth and success.

I will now hand over to Alan to talk to you further about the company's operations and performance.

[Slide's 5 – 24] – Chief Executive update

ANNUAL MEETING 25th AUGUST 2016

Chief Executive's Presentation
Alan Wham

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I am pleased to present this afternoon on three key elements of our growth plan.

- Firstly I will look at our performance in our first full year and how we are tracking Quarter 1.
- Secondly I will take you through the status of acquisitions and our development strategy – which are both key to our long-term growth.
- Finally I will introduce key executives within our leadership team.

2016 Financial Highlights

	Actual FY16 $m	PFI forecast FY16 $m
Total Income	138.9	136.5
EBITDA* (underlying)	25.2	25.7
Statutory Net Profit After Tax	15.6	16.6

** These results excludes acquisition costs of $1.2m and integration costs of $0.9m, for centres acquired during the year, which were expensed for accounting purposes. These represent one-off, up-front costs incurred to secure future income streams for the business.*

As part of IPO negotiations the vendor of a home-based business had an opportunity to achieve an earn-out. Lower than anticipated results for that business meant this earn-out was not achieved. Reversal of the earn-out accrual liability of $1.3m is included in FY16 results, but is excluded in underlying EBITDA.

We exceeded our revenue forecast in our first full year with new acquisitions contributing to this revenue.

Our underlying EBITDA (which removes acquisition and integration costs, as well as removing the reversal of an acquisition earn out), was just down slightly on forecast.

One of the learnings we took from this period of integration was the need to establish new leadership in many ECE centres, where owner operators exited the business. That change of management impacted the performance of some ECE centres.

Developing and supporting our centre leaders will be a continual focus to ensure we maintain performance through any transition period be it integration or following a change of key staff.

So we have established a solid platform and we can build on this with confidence.

Dividend

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- Gross dividend of 6.61 cents per share for the year
- 4.76 cents per share (fully imputed)

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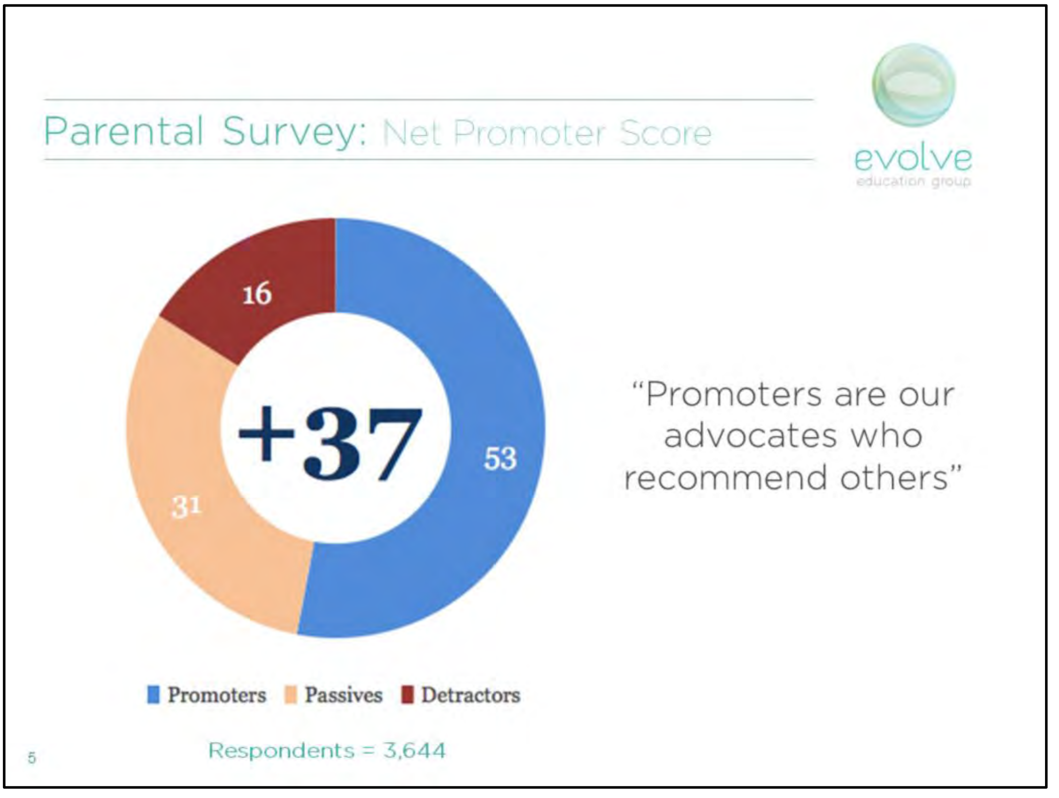
Our earnings and cash flow supported a full year gross dividend of 6.61 cents a share – 4.76 cents fully imputed.

And importantly we have demonstrated we can deliver this return on a consistent basis while still investing for growth.

As a lead into our Quarter 1 results I wish to show you how our families feel about how well we deliver care and education.

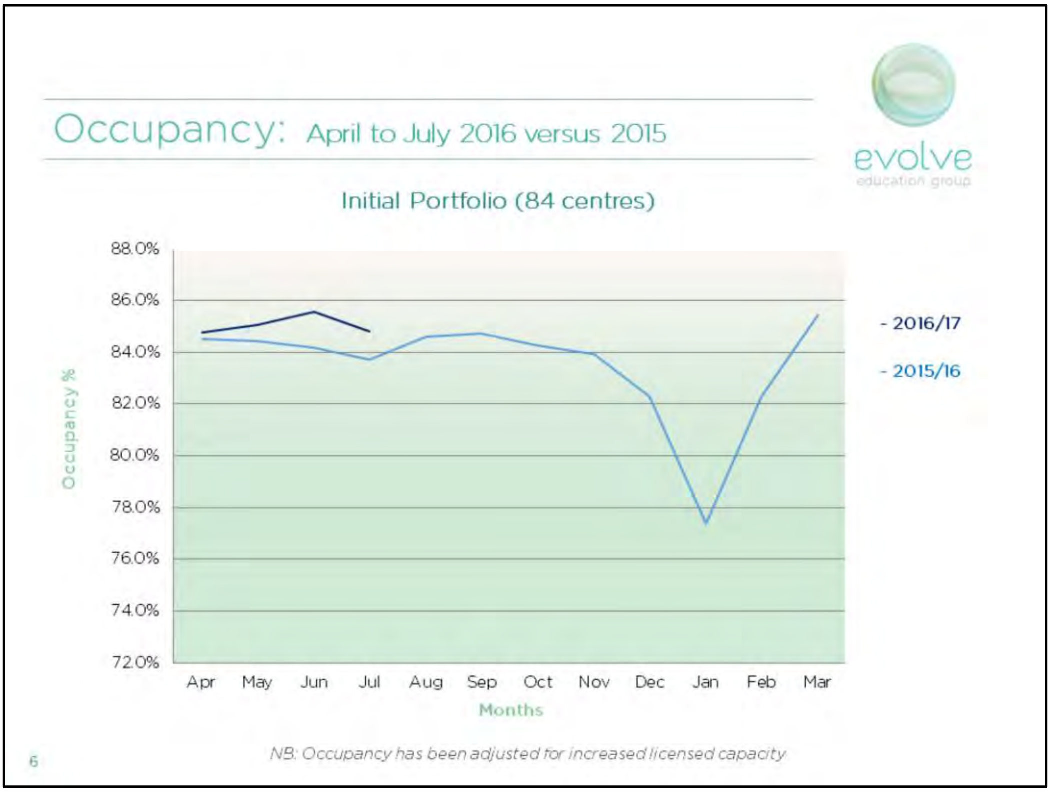


For those of you who may not be familiar with a Net Promoter Score (NPS), this is a very strong result.

The Net promoter score is an industry standard metric that gauges the satisfaction and loyalty of customers. It is widely adopted by more than two thirds of the fortune 1000 companies. A net promoter score that is positive is generally regarded as good.

Promoters are determined by a score of 9 or 10. These are our advocates who recommend our centres to friends and colleagues.

In the words of our research partner “Our families rave about our centres”.



With strong family feedback we see as a result, the first 4 months occupancy of the initial portfolio has grown. The dark blue line shows improvement over last year's occupancy trend.

Understanding this seasonal variation in occupancy helps us manage a range or levers.

We see a significant seasonal impact on occupancy from late December through January albeit exaggerated by the scale of the graphic.

We respond to the seasonal shift by matching staffing to attending children.

Our centres remain open with limited staff to allow continued attendance and we can claim up to 3 weeks funding for holidays for each child each year. Our parental funding is also spread over the full year.

The earnings difference between our first half of the year and the second half shows only a small difference in earnings. Based on last year we would expect the first half to represent 52 to 53% of group annual EBITDA.

QUARTER 1: 2016/17 RESULTS

1. Group EBITDA (underlying)*

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Q1 2015/16 $000	Q1 2016/17 $000	Increase $000	Increase %
5,889	6,997	+ 1,108	+19

* Underlying EBITDA is defined as earnings before interest taxation depreciation and amortisation ("EBITDA") and excludes acquisition and integration costs. Both EBITDA and Underlying EBITDA are non-GAAP financial measure and are not prepared in accordance with NZ IFRS.

Our strong customer base and our acquisition activity has delivered a great first quarter.

In Quarter 1 2016/17 we are $1.1 million of EBITDA up on Quarter 1 2015 / 2016.

This is primarily from growth of acquisitions, some organic growth in the initial portfolio of centres, combined with cost management.

Our centre wage to revenue was 51.4% in the quarter - 1% better than Quarter 1 last year.

QUARTER 1: 2016/17 RESULTS

2. Centre EBITDA ($000)

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	Q1 2015/16	Q1 2016/17
Initial portfolio (84 centres)	6,431	6,674
2015/16 acquisitions	471	870
2016/17 acquisitions	N/A	355
TOTAL	6,902*	7,899*
		+ 14.4%

*Centre EBITDA only: excludes home-based and corporate costs.

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If we look at our centre EBITDA in the first quarter, which is exclusive of corporate costs, these are 3 tranches. The initial portfolio, 2015/16 acquisitions and 2016/17 acquisitions.

You can see the growth of the initial portfolio ~ $240k in the quarter.

The acquisitions we made in 15/16 added $400k.

And acquisitions we made in 16/17 added $350k in Quarter 1. This includes the LEDC Centres we acquired on 31 March 2016.

$1 million EBITDA growth has been achieved in the ECE centres in Quarter 1.

A good result.

QUARTER 1: 2016/17 RESULTS

3. Central office costs per licensed place

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	Q1 2015/16	Q1 2016/17
Number of licensed places	6,386	7,296
Central office costs per licensed place	$291	$215

One of the key elements of this model is the benefit of scale.

We have added ^ 900 licensed child places in our centres from Quarter 1 last year to Quarter 1 this year. The head office allocation is therefore lower for each centre. You can see the reduction per licensed place in this slide.

This demonstrates the genuine benefits of scale both in extending licensed capacity in existing centres as well as through acquisition.

The spread of our central office over more centres will help improve our overall EBITDA margin.

Now let me turn our focus to our home-based businesses Au Pair Link and Porse.

Child numbers within Porse, whilst down on 2015, have stabilised and are showing signs of growth.

The vendor exited the business in December 2015 and management's focus has been ensuring our visiting teachers and field staff build strong relationships with their educators and focus on converting enquiries to new enrolments. This strategy looks like it is working.

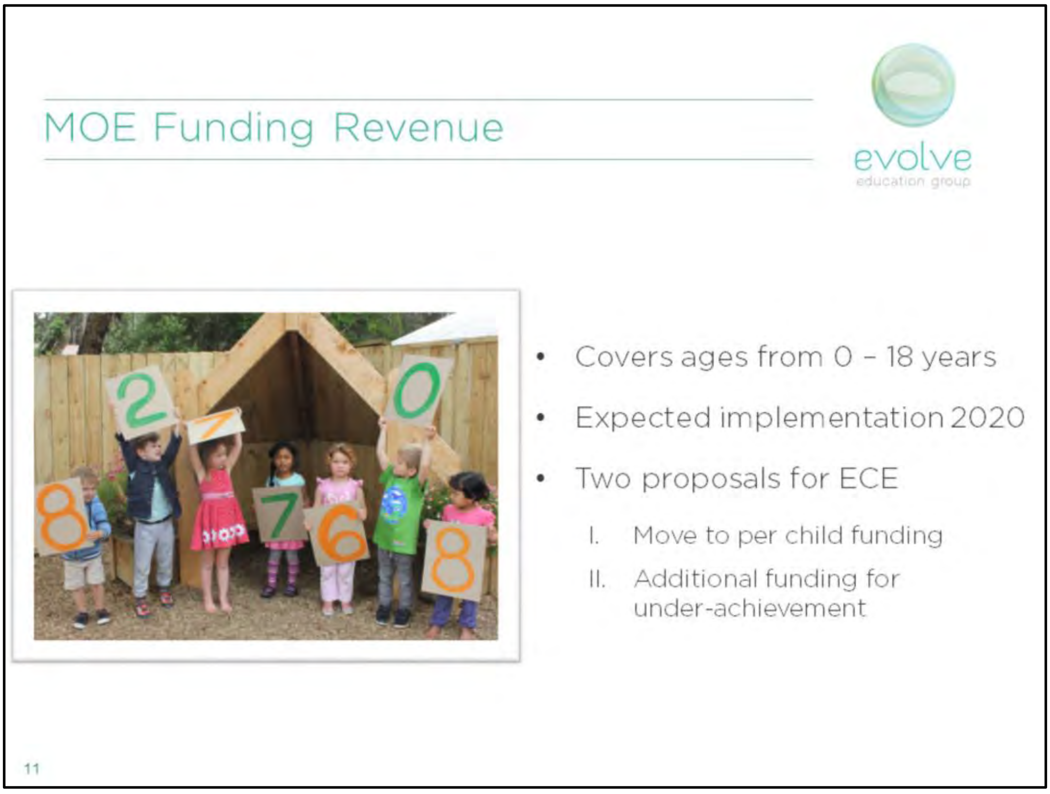
Synergies can be achieved between the two home-based providers and the centres.

- For example Au Pair Link can extend the placement of Au Pairs in an expanded market where Porse has licences.
- 800 children in PORSE have a dual enrolment which is giving us the opportunity to help families place their children within our centres.

The sector is working with Ministry of Education and Ministry of Social Development to look at what has been a long-term sector treatment of GST.

For example GST on WINZ funding (Work and Income).

The sector is seeking a consistent approach that supports ECE participation for all children.



It is early days in this consultation such that it is unclear what impacts this may or may not have on the sector.

We will continue to actively engage with the wider sector on these changes and ensure our views are heard.

Regardless we see continual support for ECE across the political spectrum.

Acquisition and Development

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The next area of focus I wish to discuss is the trends in acquiring new centres and continued capacity we have for funding acquisitions.

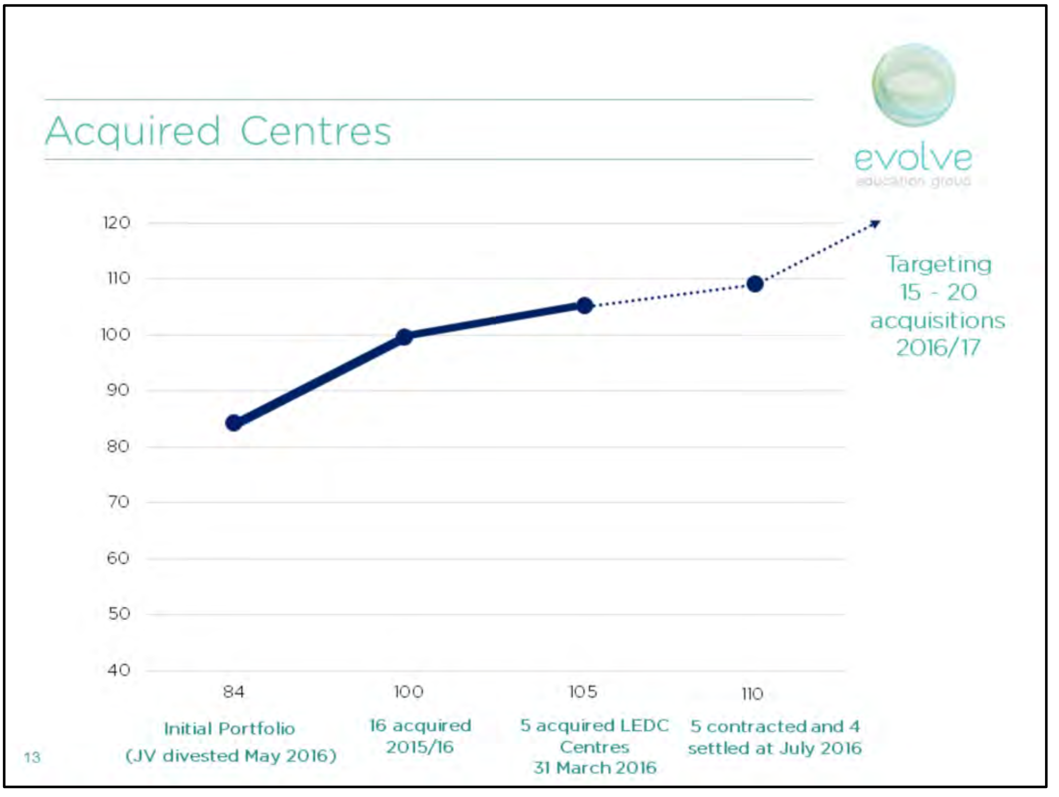
I will then talk some more about our leasehold development plans.

As the earlier slides have indicated, acquisitions will be important to grow our revenue and earnings.

We also wish to optimise our centre portfolio.

We have a few small centres that were acquired as part of group purchases in the initial portfolio. We will look to divest and recycle capital into centres with a better return.

We have also divested the one joint venture from the initial portfolio that will operate under a brand licence.



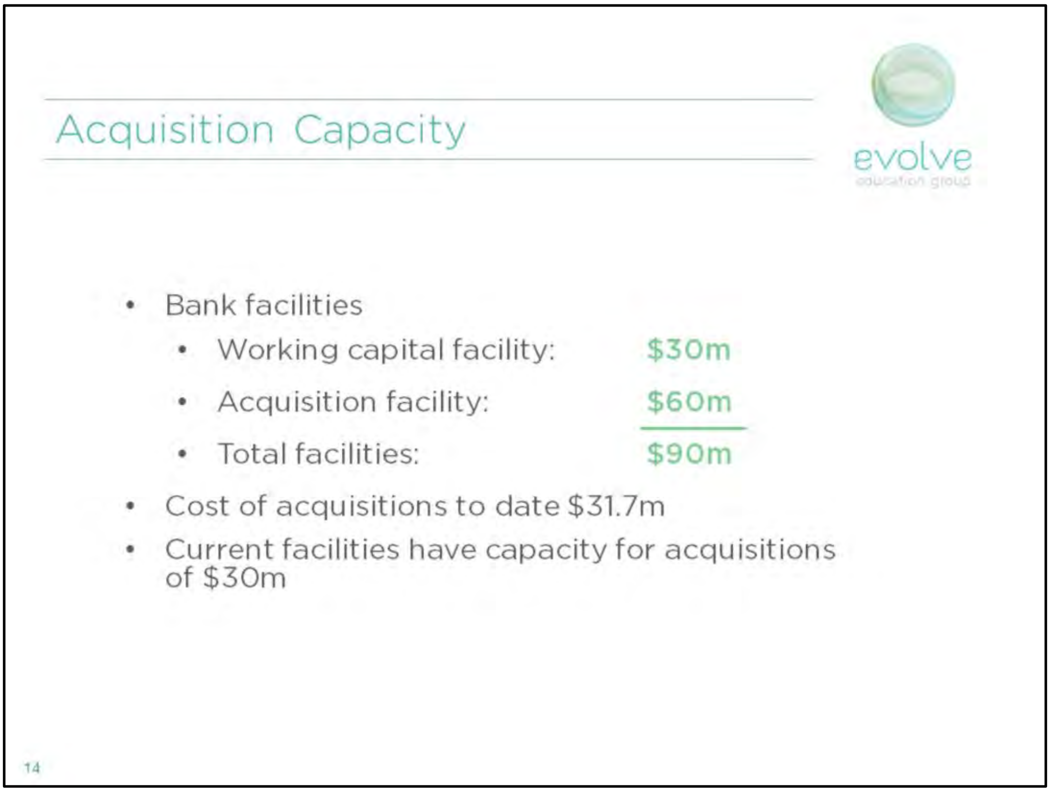
Our initial portfolio is now 84 centres.

Our acquisitions in 2015/16 were 16, and 5 additional centres developed by LEDC settled on 31 March 2016 (many of which were under development by LEDC at the time of the IPO).

So far this year we have settled 4 new centres, and one is unconditional.

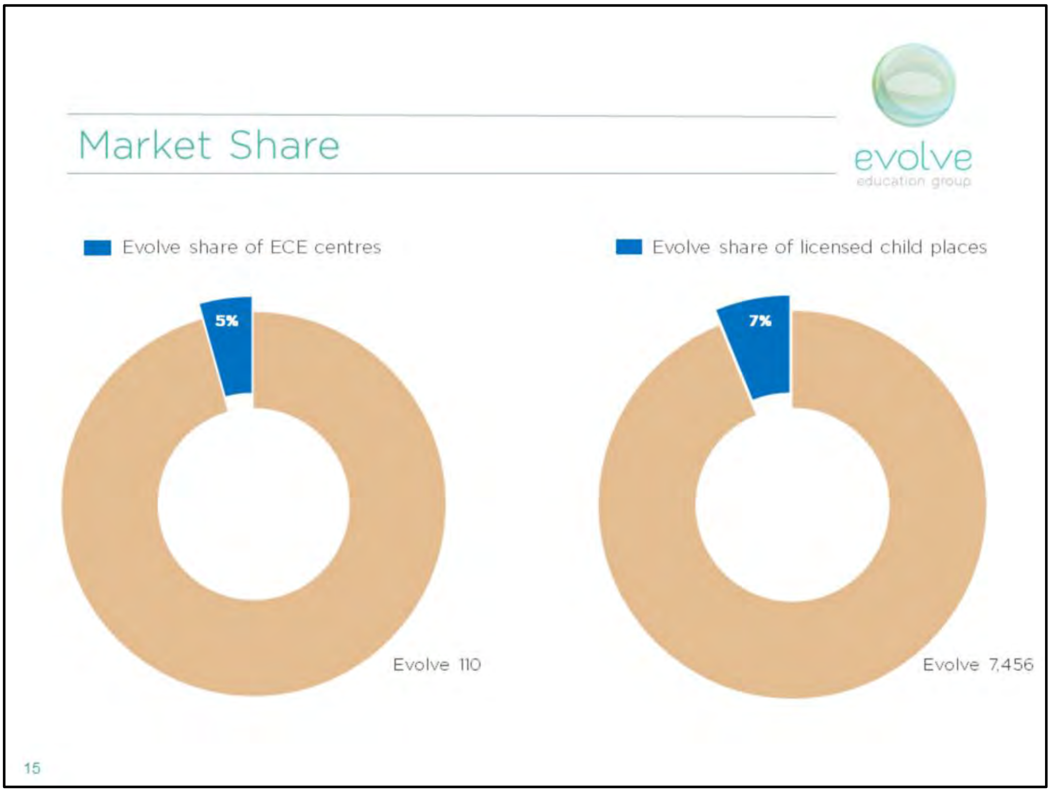
This will give us a total of 110 centres. (26 acquired on top of the 84 initial portfolio).

The current run rate suggests we should be able to acquire around 15 centres but would like this to be closer to 20.



We continue to have very good support from our bank, ASB.

The bank has confirmed its support to fund developments from these facilities and would extend the facilities should we wish.



The chart on our left indicates we only have 5% of the ECE centres in New Zealand.

The chart on the right shows our share of licensed child places is higher at 7%, due to the fact our centres are generally bigger than the average.

You can see there is a lot of market share we can get at through both acquisition and development.

In some areas we only see smaller, house conversions. This means in some areas acquisitions within our mandate are not available and therefore leasehold developments are a good way to access the area.

Leasehold Development Growth Strategy

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Why?

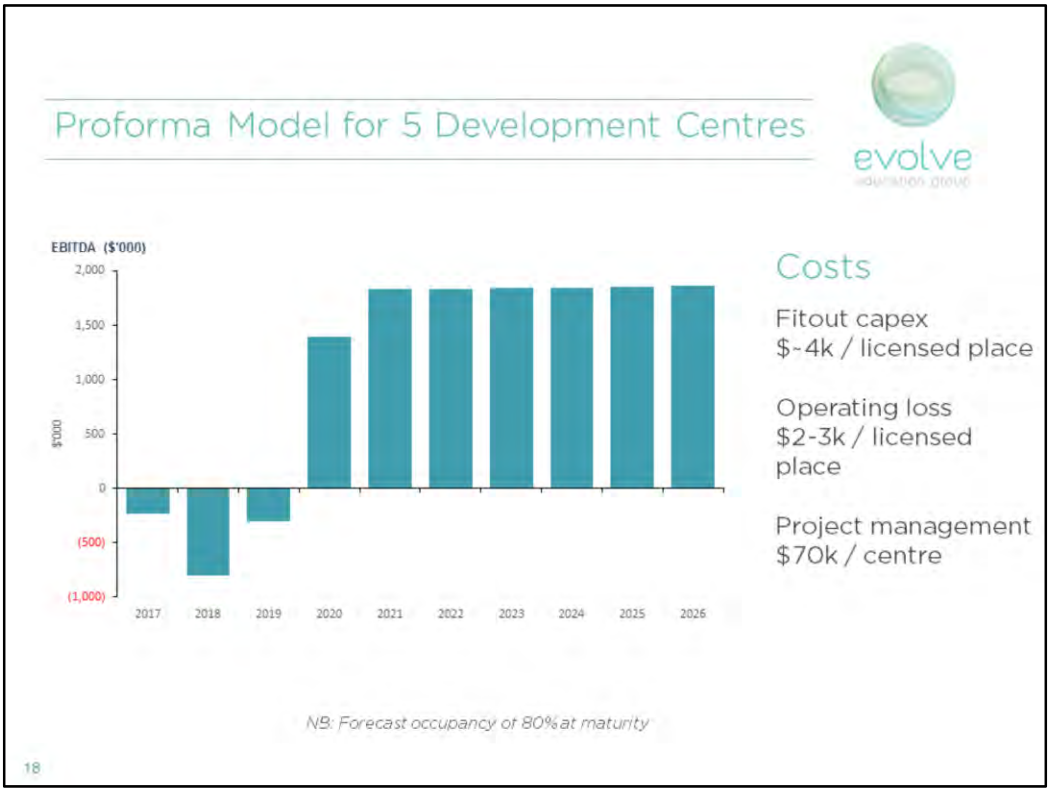
- Ability to select locations from demand analysis
- Control of design and environment
- NPV value of development better than acquisitions
- Augments growth from acquisition
- Resilient to competition

First of all this is leasehold development.

- We are not buying land.
- We are acquiring at zero occupancy with a ready-to-go centre.

Leasehold Developments

- Initial target of 5 developments
- First two developments with third party developers
- Debt funded within existing facilities



Our assumptions in our model are based on previous new centres and current experience in this field. The indicative cost of development is indicated on this slide.

In addition we assume:

1. 18 month consent and build.
2. 2 year occupancy ramp up to 80%.

The model adopts a conservative occupancy of 80% during maturity.

This model reflects 5 centres opening from late 2016 to early 2018.

From this initial experience I would expect we would accelerate our developments assuming this initial period is successful.

I am pleased to introduce some new talent within our leadership team.

1. Stephen Davies will join us as CFO in October, his background has been initially with KPMG in Audit, 6 years with Rank Group and CFO with Metroglass and most recently with Plexure.

2. Fay Amaral joins us as COO from a listed Education Company in South Africa, where her latest role was CEO of the tertiary division with ~ 30,000+ students over 20+ campuses. Fay has a good understanding of early childhood. She has a masters in Commerce, with her thesis being cultural integration in mergers and acquisitions.

3. Casey Muraahi is the General Manager for Au Pair Link, Casey has been with Au Pair Link for 8 years and has a strong background in ECE.

4. Kerry Henderson was appointed General Manager Porse in January following the vendor’s departure. Kerry has been with Porse for several years with previous experience in government.

5. Allan McGilvray has a challenging role with over 2,300 staff and has focused on establishing technology to enable managers to follow good HR practices. He has established a product that supports managers through recruitment, performance and development. This system also covers all

our Health & Safety management.

6. Paul Matthews returned to Auckland from Porse and this enabled group leadership of IT with the obvious synergies. Paul is already targeting efficiencies and cost saving but more importantly establishing our IT roadmap for enhanced information management and operational efficiencies.

7. Rachel has been with us nearly 18 months, leading our acquisition and development activity. She has extensive property, legal and commercial experience appropriate for a large portfolio of leases.

I am very much looking forward to working with this team and I am confident we can take Evolve from strength to strength.

Thank you for attending this afternoon and I will now hand back to Norah.

Thank you.

Thank you

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