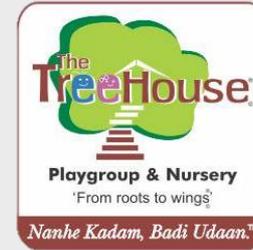


# Tree House Education and Accessories Ltd



**Q4 & FY15 Result  
Presentation May  
27 May, 2015**

# Overview of Tree House



# Overview of Treehouse

Tree House is India's leading educational service provider operating the largest number of branded self-operated pre-schools



India's largest self operated pre-school chain



Self operated pre-school chain targeting a large untapped segment: the urban aspirational

Playgroup, Nursery, Jr. KG and Sr.KG



School management services to K-12 schools in strong pre-school clusters

Pre-Schools

K-12

# Pre-schools



## Pre-school Business Model



Self-operated  
Pre-schools

Franchise  
Pre-schools

### OFFERINGS

- Playgroup
- Nursery
- Junior KG
- Senior KG
- Day Care Service
- Teacher Training Course
- Summer Camp
- Hobby/Activity Class

## Our Advantage

### *High-Quality Programs*

- Tree House's unique curriculum blends the best of Playway and Montessori methods to provide a perfect balance of education and fun
- Curriculum content delivered uniformly across the country

### *Holistic Developmental Education*

- Learning methods develop the child's social, physical, emotional & cognitive skills
- Emphasis on role play and socio-dramatic plays (promoting out of the box thinking)
- Learning outcomes measured for every child every year
- Innovative teaching methods introduce the child to formal education in the most conducive manner

### *Student-Focused*

- Programs are designed to cater to the needs of each child in a customized way to help physical and intellectual growth

### *Focused Faculty*

- Regular nationwide training for all teachers
- Teacher productivity and output constantly measured

### *Tree House's USPs*

- Monthly updates to parents through newsletters
- Parent involvement in special activities



Logical extension of pre-school business – pre-schools as feeders to K-12



The company enters into long term contracts to provide school management services



The company endeavors to leverage the Tree House brand



Provide school management services to K-12 schools in strong pre school clusters



Annuity model with predictable cash flows delivering year-on year growth

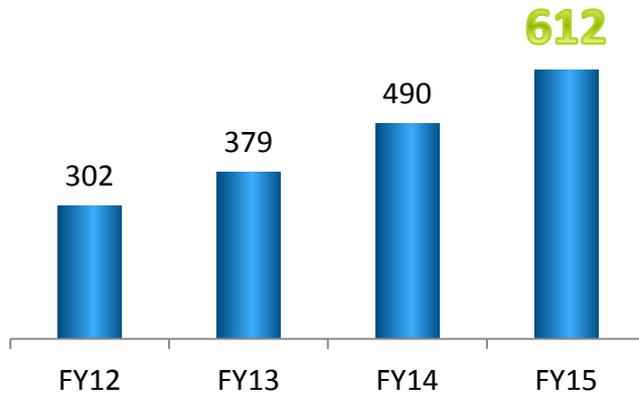


The company owns K-12 infrastructure on which it earns lease rentals. The company has recently closed the first transaction for monetizing these assets and will endeavor to conclude the entire process over the next 24 months

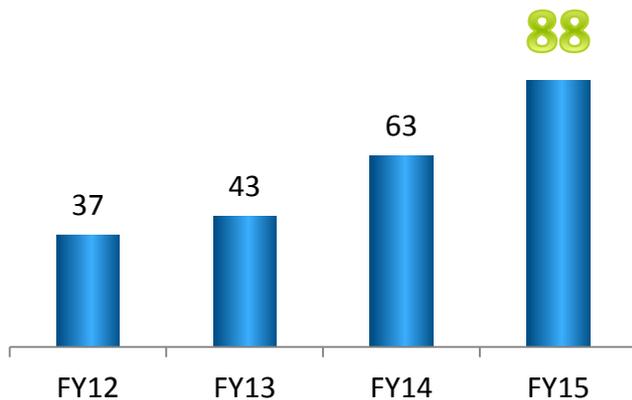
# Our Network

## Nationwide presence

### Tree House Pre-schools – No. of Centers



### Tree House Pre-schools – No. of Cities



### Tree House K-12 schools

**24**  
schools

Present in Maharashtra, Gujarat  
and Rajasthan

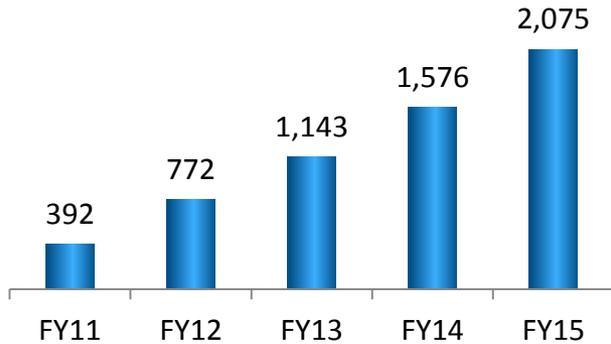
Network as of 31 March, 2015

# Financial Overview

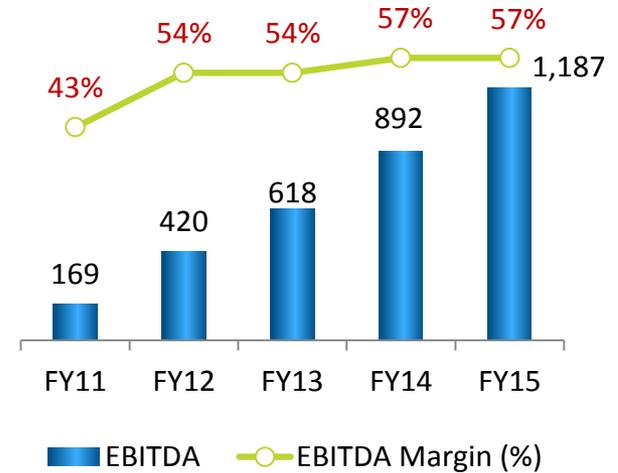


# Financial Trends

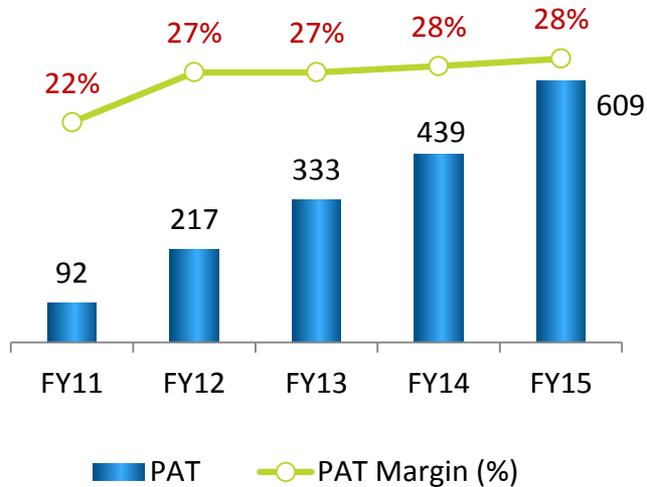
## Revenues from Operations (Rs mn)



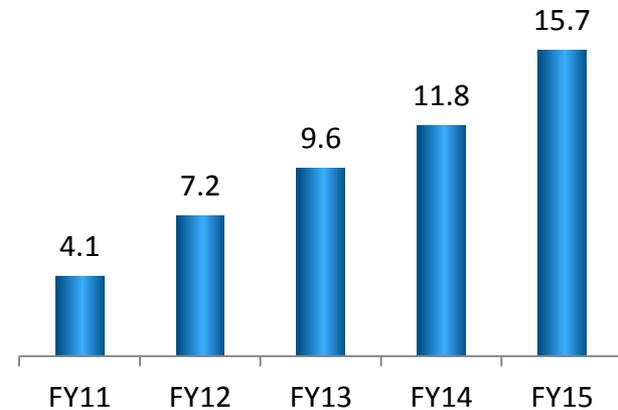
## Operational EBITDA (Rs mn) & Margins



## PAT (Rs mn) & Margins



## Diluted EPS (INR)



Q4 & FY15  
Performance



# Operational Highlights

## Pre Schools

**50** net addition of pre-schools in Q4 FY15



**612** centers as on March 31, 2015

- The number of self-operated preschools is 505
- Ratio of self operated preschools to total preschools is 82.5%
- The Company's initiative to provide low cost quality pre-primary education under the GLOBAL CHAMPS brand is now available across 6 centers in India

Present in **88** cities in India

- 8 New cities launched in the quarter are : Trivandrum, Kochi, Cuttack, Ghaziabad, Baripada in Odisha, Gopalgunj in Bihar, Burdhan in West Bengal, Pen in Maharashtra



# Operational Highlights

## K-12 School management services

- The Company is providing school management services to 24 K-12 schools in 3 states in India



## Employee Strength

- Total staff strength as on March 31, 2015 is 2219.
- Total teacher strength as on March 31, 2015 is 2117

## Day Care

- The Company has launched daycare services at several of its preschools. Initial response from parents is encouraging and the Company believes that this service will contribute meaningfully in the future. The Company has entered into tie ups with large employers in the IT, ITES, banking and consulting space to provide daycare services for their employees



# Corporate developments in FY15

- ✿ Tree House has signed an MOU for sale of its land and building in Vadodara for a consideration of Rs. 52.5 crore
  - ✿ The particular property being considered for sale is located at Revenue Survey 49 CTS No 792 Atladara, Vadodara
- ✿ Tree House concluded deal for sale of Vadodara school and building premises for Rs. 17.1 crore
  - Tree House concluded sale of its property located at 621/1 Atladara, Vadodara and executed the Deed of Conveyance for a total consideration of Rs. 17.1 crore
  - This property represents one of five K-12 school land and building premises owned by Tree House
  - The company plans to monetize its investments in K-12 school premises while continuing to provide educational services to these institutions
- ✿ Tree House successfully raised Rs. 200 crore through a QIP issue
  - Tree House concluded the issue of 45,45,454 equity shares to eligible qualified institutional buyers at the issue price of Rs. 440 per equity share, aggregating to Rs. 200 crore
  - Proceeds of the issue will be utilized for accelerating the expansion of Tree House's pre-school network across the country and for general corporate purposes

# Financial Highlights

Particulars (in Rs. mn)	Q4 FY15	Q4 FY14	Growth	FY15	FY14	Growth
Revenue from Operations	506.8	357.5	41.8%	2,074.5	1,576.4	31.6%
EBITDA	235.8	189.8	24.2%	1,187.1	892.1	33.1%
<i>Operational EBITDA Margin</i>	<i>46.5%</i>	<i>53.1%</i>	<i>(660) bps</i>	<i>57.2%</i>	<i>56.6%</i>	<i>60 bps</i>
PBT*	184.7	120.4	53.4%	837.4	660.2	26.8%
PAT	171.2	80.4	112.8%	608.8	439.1	38.7%
<i>PAT Margin</i>	<i>30.1%</i>	<i>25.5%</i>	<i>460 bps</i>	<i>28.4%</i>	<i>27.6%</i>	<i>80 bps</i>

# Management Views

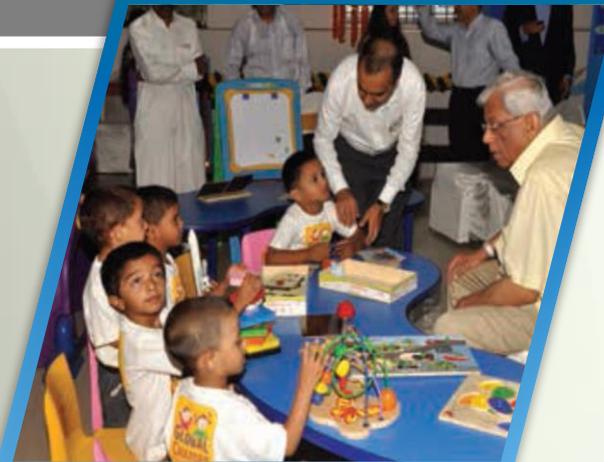
*Commenting on the Q4 & FY15 results, Mr. Rajesh Bhatia, Managing Director of Tree House, said, “I am pleased to announce a robust increase in our operational and financial performance for the quarter and full year. FY 15 took us closer to our goal and passion of providing quality education to a larger population of children by focusing on excellence and creativity. As of 31<sup>st</sup> March 2015, we had a network of preschools with our presence spanning across 88 cities. Such growth is attributable to our deep understanding of the education space, the robustness of our business model along with our innovative methods that make learning a dynamic activity for our young children. We have also witnessed further traction in our day care business.*

*While expansion of preschools was key to our growth, we maintained sharp focus on enhancing financial performance simultaneously; as a result we registered 31.6% growth in topline and 38.7% increase in Profit after Tax in FY15.*

*We also took major steps towards strengthening our balance sheet with the monetization of K-12 properties owned by Tree House. In FY15, we have received Rs 17.1 crore from divestments of K-12 land and in Q4 we signed an MOU for consideration of Rs. 52.5 crore. We will deploy these funds towards debt reduction and expansion of business operations. This will be further be aided by money raised through the recent QIP and continuing operating cash flows.*

*With each passing day, it is our effort to make a significant contribution to the education landscape. We believe that our trusted brand is bringing meaningful change to the lives of our customers, the young children just starting off in their lives. By remaining focused on this objective, we are positioned to deliver secular long-term growth over several years.”*

# Outlook



# Growth Initiatives

- ✿ Expansion
  - Continue thrust on expanding pre school center network in new and existing geographies
- ✿ Focus of Training and Development
  - Create a platform to encourage talent growth
  - Sustained investments towards Tree House's in-house training system to deliver quality education
- ✿ Leverage diversified offerings – Daycare & Teacher Training Program
  - Day care facility is a natural extension of the pre-school center and enables the Company to sweat assets and have optimal utility
  - Professionally conducted program enables women to become qualified teachers.
- ✿ Monetize Assets
  - Committed towards monetizing investments in physical assets of K-12 schools and moving towards an asset-light operating structure





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