

# Tree House Education & Accessories Ltd.

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CIN : L80101MH2006PLC163028

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Andheri (W), Mumbai - 400 053.  
Tel.: 022-64512384, Fax 022-26051259



February 14, 2016

To, <b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	To, <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot no. C/1, G Block, BKC, Bandra (E), Mumbai - 400 051	To, <b>MCX Stock Exchange Ltd.</b> Suren Road, Andheri (East), Mumbai - 400 093
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Dear Sirs,

**Sub.: Intimation to Stock Exchange – Results Presentation for 3<sup>rd</sup> Quarter ended December 31, 2015.**

**Ref.: Scrip Code: 533540 / Symbol: TREEHOUSE**

We are attaching a copy of the 'Results Presentation' in connection with the captioned subject.

We request you to kindly take it on your records.

Thanking you,

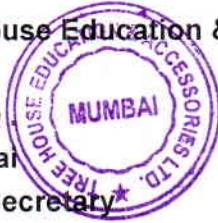
Yours truly,

For Tree House Education & Accessories Limited

H. J. Desai

Hardik Desai

Company Secretary



# Tree House Education and Accessories Ltd



**Q3 & 9M FY16 Result  
Presentation  
14 February, 2016**

# 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

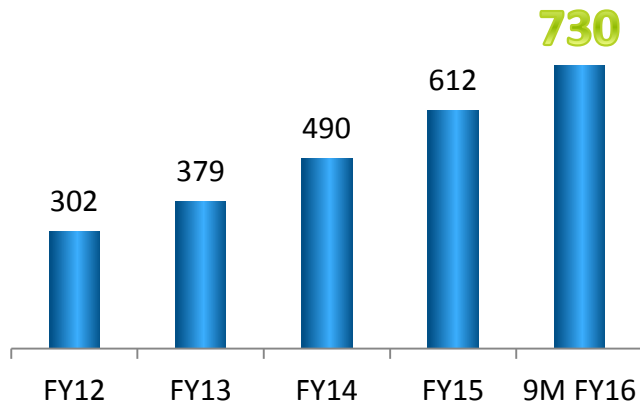


The company owns K-12 infrastructure on which it earns lease rentals. The company has recently closed the first transaction for monetizing these assets and will endeavor to conclude the entire process over the next 24 months

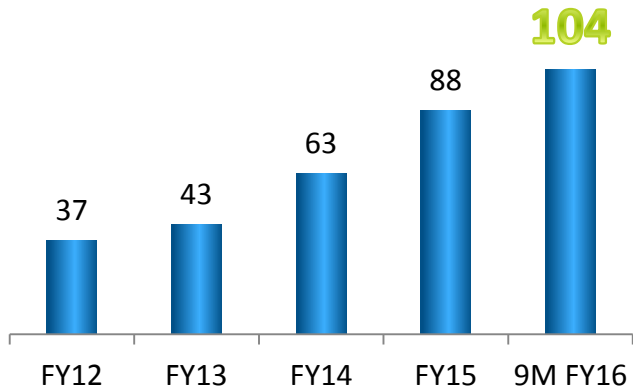
# Our Network

## 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 December , 2015

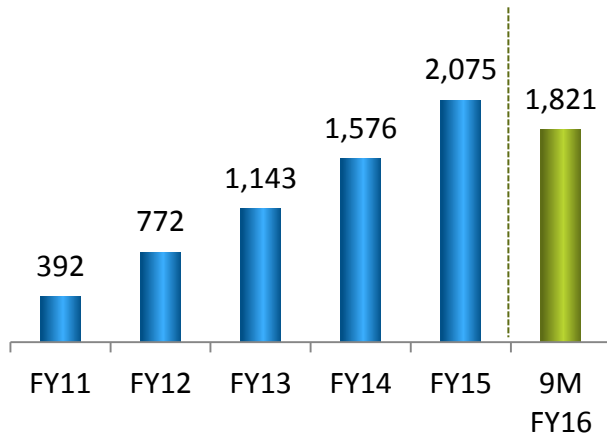


# Financial Overview

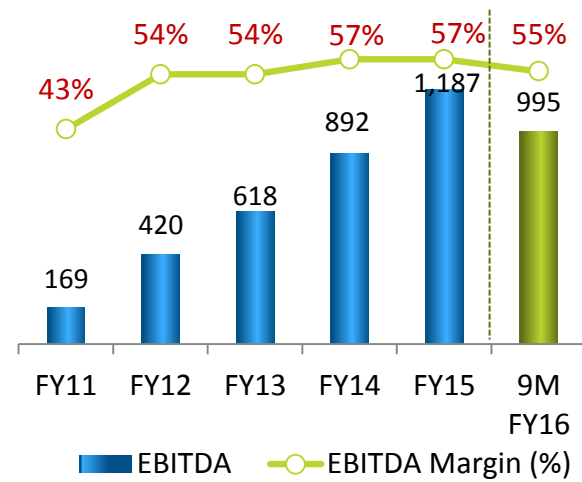


# Financial Trends

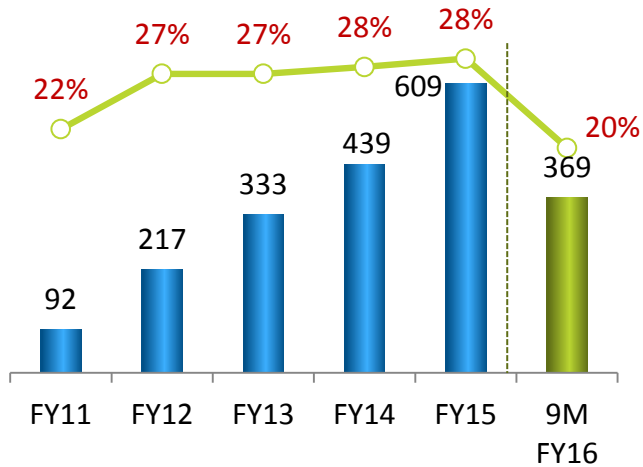
## Revenues from Operations (Rs mn)



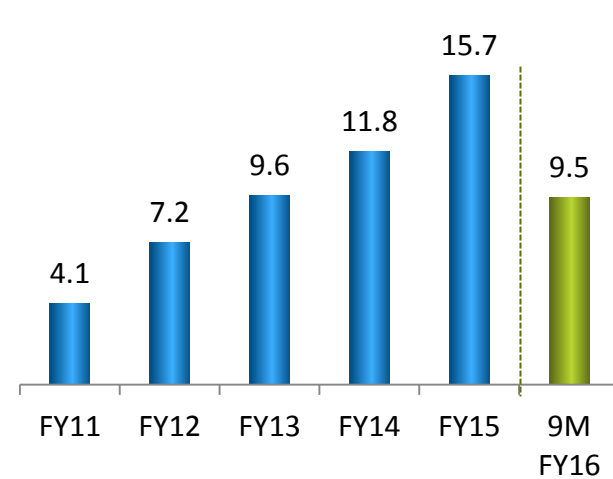
## Operational EBITDA (Rs mn) & Margins



## PAT (Rs mn) & Margins



## Diluted EPS (INR)



■ PAT    ● PAT Margin (%)

Q3 & 9M FY16  
Performance



# Operational Highlights

## Pre Schools

**10** net addition of pre-schools in Q3 FY16



**730 centers** as on December 31, 2015

- The number of self-operated preschools is 621
- Ratio of self operated preschools to total preschools is 85.1%
- The Company's initiative to provide low cost quality pre-primary education under the GLOBAL CHAMPS brand is now available at 6 centers in Mumbai.

Present in **104** cities in India

- Entered the city of Faridabad during the quarter



# 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 December 31, 2015 is 2,742
- Total teacher strength as on December 31, 2015 is 2,610

## Day Care

- The Company has expanded its daycare foot print, now in 250 centers due to encouraging response from the parents 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 highlights

The Board of Directors has approved the Scheme of Amalgamation with Zee Learn Limited, subject to requisite approvals of shareholders and creditors of the company, Hon'ble High Court of Bombay and other statutory regulatory authorities.



# Financial Highlights

Particulars (in Rs mn)	Q3 FY16	Q3 FY15	Growth	9M FY16	9M FY15	Growth
Revenue from Operations	557.8	531.1	5.0%	1,820.6	1,567.7	16.1%
EBITDA operational	251.0	321.6	(22.0)%	994.5	951.3	4.5%
<i>Margin</i>	45.0%	60.6%	(1560) bps	54.6%	60.7%	(610) bps
PBT	110.5	217.1	(49.1)%	604.3	652.7	(7.4)%
PAT	61.2	151.2	(59.5)%	368.8	437.6	(15.7)%
<i>Margin</i>	11.0%	28.5%	(1750) bps	20.3%	27.9%	(760) bps

# Management Views

*Commenting on the Q3 FY16 results, Mr. Rajesh Bhatia, Managing Director of Tree House, said: “Our Q3 performance reflects a cautious operating environment that is reflected in slower mid-session admissions. Meanwhile, the 162 new centers opened over the last four quarters, including a significant number in the Delhi and NCR region, have increased operating costs. We see these new centers contribute more meaningfully to profits and cash flows over the next two years. We are also focusing on efficiently integrating some of our centers to rationalize visible cost expansion and enhancing center profitability.*

*We opened 10 new centers this quarter and expect to instead focus on deriving positive contributions from existing infrastructure. We also maintain our continuing focus on rationalizing K-12 investments, debt reduction and cash flow expansion.*

*Our vision for the future remains intact and we believe we are well poised to take our growth beyond the immediate term challenges. We remain passionate about our goal of creating value driven educational facilities across the country while strengthening connect with parents and children alike. In this context, our initiative of re-branding over 200 centers as “Tree House i” is further sharpening our edge in the preschools sector and create meaningful value for the business.*

*Overall, our laser sharp focus on quality education, scale and pan-India presence places us in a good position to benefit from substantial opportunities in India’s emerging education sector.”*



# 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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