



2015 Full Year Results

Investor Call
17 December 2015

Introduction



Chris Jansen – *Group Chief Executive Officer*

- Joined Cognita on 19th October 2015
- Took over from Rees Withers, effective from 1st December 2015
- Former CEO of the AA and senior executive roles at Centrica and British Airways



David Pearce – *Group Chief Financial Officer*

- Joined Cognita on 1st October 2015
- Formerly the global CFO at the advertising agency Bartle Bogle Hegarty (BBH)
- Prior to BBH, senior executive positions at EMI and Sony

FY 2015 Highlights

- Average FTE Students of 31,764, an increase of 9.3%
- Revenue of £300.6m (2014: £267.6m), up 12.3%
- Group Adjusted EBITDA of £53.5m (2014: £46.1m), up 16.1%
- Utilisation of 75.5% (2014: 76.0%), with 1,800 new seats in SAIS
- Second Brazilian school (GayLussac) acquired
- Successful Senior Secured Notes (SSN) and RCF refinancing completed
- Net Debt = £247.5m
- Net Leverage 4.8x*

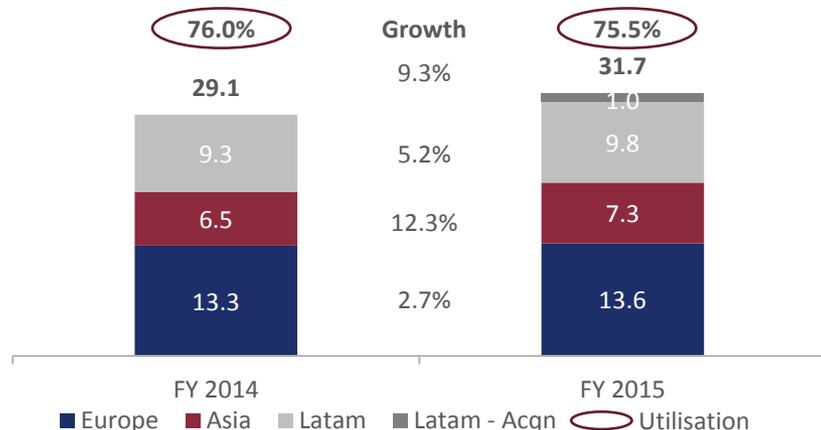
All numbers included in the presentation include joint venture (JV) (St. Nicholas), unless otherwise stated

* Based on Adjusted EBITDA (excluding 100% of JV) of £52.1m

Continued Growth in Enrolments and Revenue per FTE

Enrolment

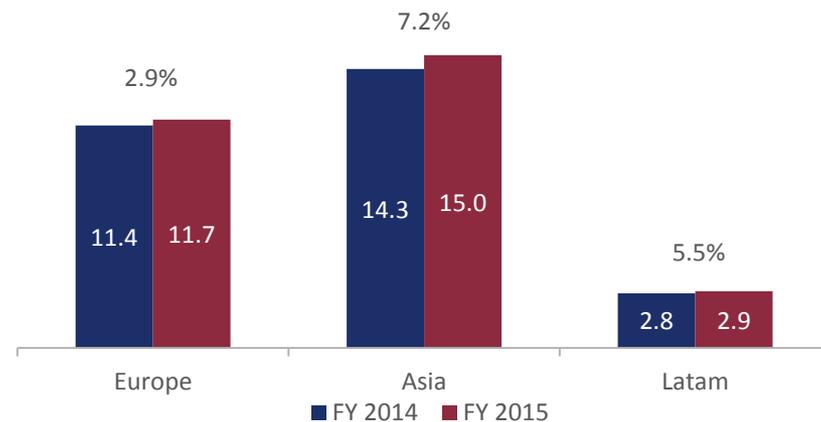
'000 Average FTEs



- Group enrolment up 9.3% (5.7% organic)
- Asia grew organically by 12.3%
- Latam enrolment up 16.7%, of which 5.2% was organic

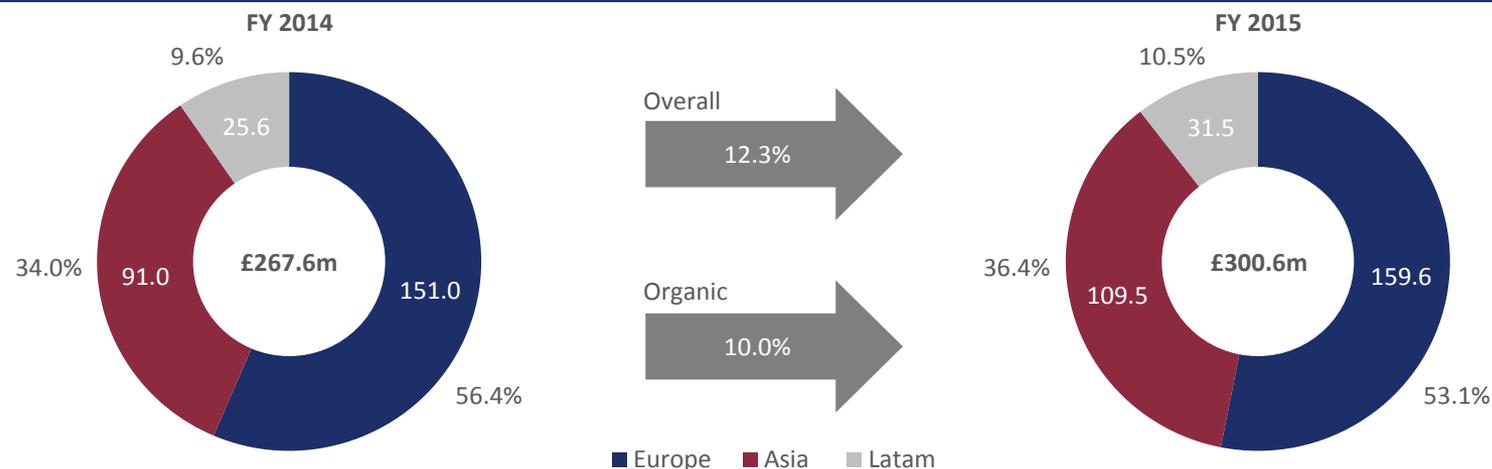
Revenue per Average FTE Student

£'000 per Average FTE



- Revenue per Average FTE grew in all segments, with Asia growing by 7.2%
- Fee rises typically range from:
 - ▶ 3% to 4% in Europe
 - ▶ 6% to 8% in Asia
 - ▶ 6% to 9% in Latam

Revenue Growth Across All Regions

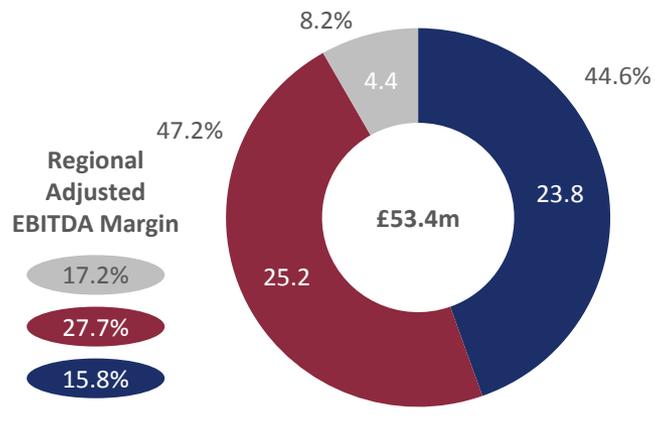


- Group revenue grew to £300.6m at a Y-o-Y rate of 12.3%, of which 10.0% was organic
- Revenue grew by 5.7% in Europe, 20.3% in Asia and 23.0% in Latam
- Revenue from acquisition of GayLussac accounted for £6.0m of the increase in Latam

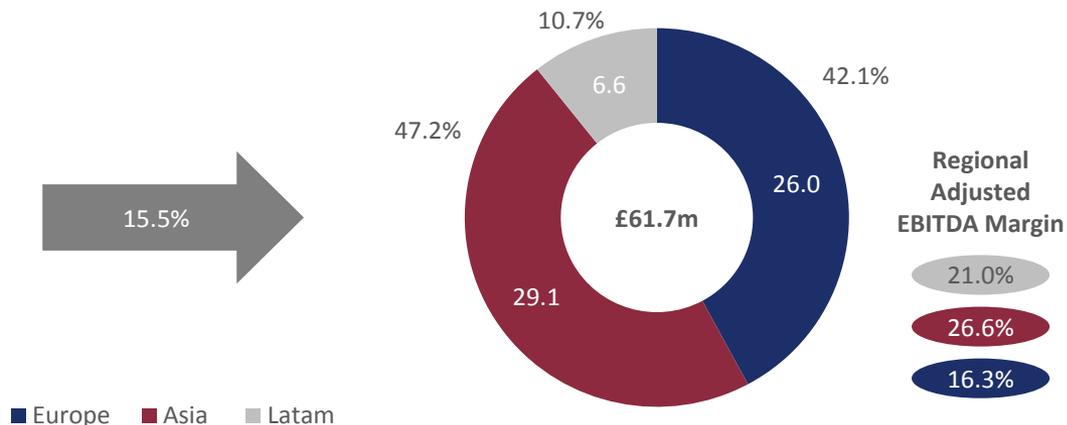
Regional Adjusted EBITDA Grew by 15.5%

Regional Adjusted EBITDA*

FY 2014



FY 2015



- Regional Adjusted EBITDA adversely impacted by £1.3m first year losses of NBH Canonbury School (Europe)
- Excluding these losses, Regional Adjusted EBITDA is £63.0m with an EBITDA margin of 21.0%, 1% margin expansion compared to 2014

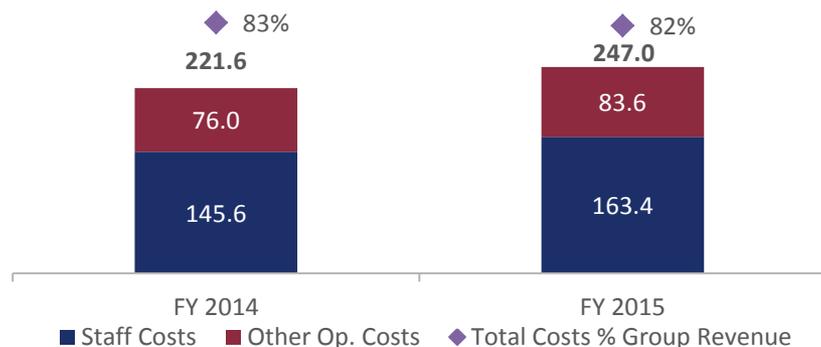
- EBITDA growth driven by acquisition, revenue growth, effective cost management and proportional growth of higher margin Asian schools
- Asia margin decline driven by investment in admissions and marketing systems plus fixed costs related to opening of SAIS Phase 2

* Regional Adjusted EBITDA is calculated as Group Adjusted EBITDA of £53.5m (2014: £46.1m) before Group Central Costs of £8.2m (2014: £7.3m)

Cost discipline and Group Adjusted EBITDA growth

Underlying Operating Costs

£'m

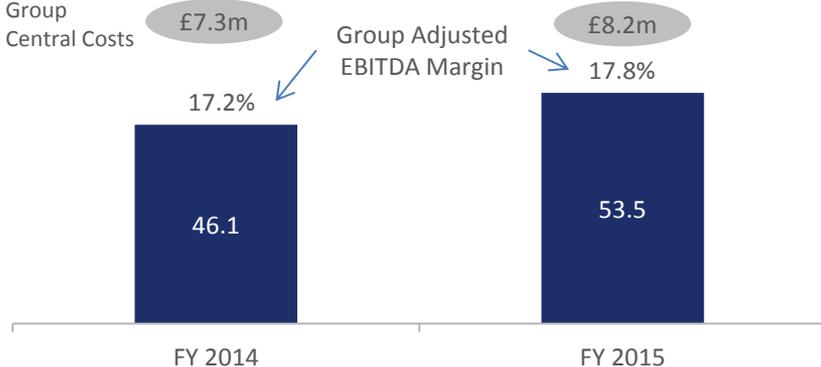


- Staff costs increased by 12.2% mainly as a result of an 11.2% rise in staff FTE's (4.2% GayLussac acquisition, 2.2% SAIS Phase 2 opening). The remainder is due to increased student numbers and staff cost inflation
- Group central costs grew £0.9m, primarily due to the development of the Group marketing, IT and compliance functions
- Group Adjusted EBITDA up by £7.4m to £53.5m and margin increased to 17.8%

Group Adjusted EBITDA

£'m

Group
Central Costs



EBITDA Reconciliation

EBITDA		
£'m		
	FY 2015	FY 2014
Group EBITDA*	51.9	44.1
Share Based Payments (non-cash)	1.6	2.0
Group Adjusted EBITDA	53.5	46.1
Less: Joint Venture	(1.4)	(0.9)
Adjusted EBITDA#	52.1	45.2

* Group EBITDA is calculated excluding the following non-underlying costs:

- Acquisition and business exploration costs of £6.6m (2014: £6.3m) are incurred on business development in new regions and countries, including legal and due diligence fees for potential/actual acquisitions
- Restructuring and one-off advisory costs of £3.9m (2014: £2.8m) related to the review of the Group's child safeguarding policies/procedures
- Loss on disposal of fixed assets of £0.2m (2014: £0.7m)

Adjusted EBITDA is the basis for calculating leverage ratios

Operating Cash Flows and Cash Conversion

Cash Flow Summary

£'m	FY 2015	FY 2014
Adjusted EBITDA	52.1	45.2
Non-underlying costs with cash impact	(10.5)	(9.1)
Other non-cash movements	(6.9)	0.0
Movement in working capital	15.3	7.3
Movement in provisions/financial liabilities	(1.1)	0.5
Net cash from operating activities	48.9	43.9
Operating capital expenditure	(14.8)	(15.1)
Operating free cash flow (OFCF)	34.1	28.8
<i>OFCF/Adjusted EBITDA %</i>	<i>65%</i>	<i>64%</i>
Acquisition of subsidiaries, net of cash acquired	(17.5)	(4.0)
Development capital expenditure	(24.1)	(43.6)
Interest received and proceeds from sale of PPE	1.4	1.1
Unlevered free cash flow	(6.1)	(17.7)
Taxation paid	(3.0)	(2.3)
Interest paid	(18.1)	(16.9)
Levered free cash flow	(27.2)	(37.0)
Net proceeds from financing activities	13.5	43.0
Increase in loan from Cognita Bondco Parent Ltd.	6.6	0.0
Net cash inflow/(outflow) for the period	(7.1)	6.0

Operating Cash Flow

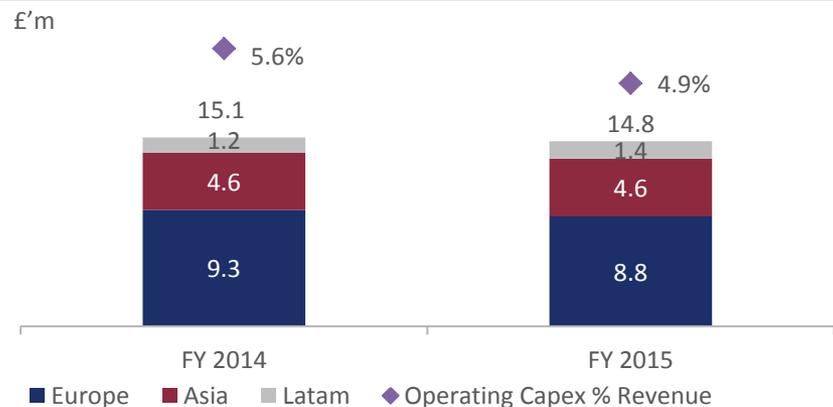
- Net cash flow from operating activities grew by £5.0m (11.4%), to £48.9m, compared to 2014
- Other non-cash movements includes exchange on refinanced foreign currency debt balances
- Group benefits from structurally negative working capital (fees generally paid in advance) which improved by £15.3m driven by growth in FTE students, especially in Asia
- Operating free cash flow at £34.1m was up £5.3m on 2014, representing 65% cash conversion

Investing and Financing Cash Flows

- Invested £17.5m in an acquisition and a minority interest purchase in Asia
- Development capex fell £19.5m, due to completion of SAIS Phase II in August 2014
- Net interest paid increased by £1.2m to £18.1m, driven by additional debt in Thailand and Brazil
- £31.3m of surplus cash used in the Group refinancing

Capital Expenditure Summary

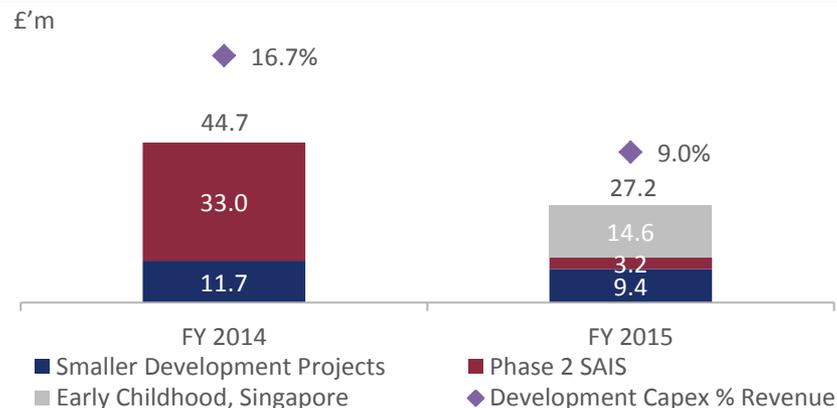
Operating Capex



Operating Capex

- Spend in 2015:
 - ▶ Europe £8.8m
 - ▶ Asia £4.6m
 - ▶ Latam £1.4m
- Decrease in spend vs. 2014 driven by phasing of 5 year capex program

Development Capex



Development Capex

- Spend in 2015:
 - ▶ Europe £4.5m
 - ▶ Asia £20.6m
 - ▶ Latam £2.1m
- In 2015 £14.6m spent on early childhood facility in Singapore

On-going Development Projects

November 2015



- Early childhood facility, Singapore
 - ▶ Capital investment SGD\$209m (c.£102m)
 - ▶ Capital expenditure to end of August 2015 SGD\$30.4m (£14.6m)
 - ▶ Capital expenditure to end of November 2015 SGD\$36.6m (£17.5m)
 - ▶ On budget and scheduled to open in August 2017
- Other developments:
 - ▶ New campus for Vietnam adding capacity of 900
 - ▶ Expansion of facilities in Thailand adding capacity of 1,000

Net Debt and Leverage – Bondco Group

FY 2015

FY 2015	
£'m	
Bank Loans	37.2
Senior Secured Notes (SSN)	280.0
SSN Accrued Interest	1.5
Finance Leases	3.3
	322.0
Overdrafts	1.5
Gross debt	323.5
Less: Cash at Bank and In Hand	(76.0)
Net Debt	247.5
Adjusted EBITDA	52.1
Leverage	4.8x

- Leverage calculated as Net Debt / Adjusted EBITDA is 4.8x

Outlook – Continued Growth In-line with Recent Trends

- September 2015 student numbers in line with management expectations
- Cash conversion expected to continue in line with historic trends
- Management focused on the successful delivery of the existing expansion projects in Asia
- Usual pipeline of acquisitions and activity

Appendices



Summary Cognita Holdings Limited Group Income Statement

	FY 2015 (£'m)	FY 2014 (£'m)
Revenue	295.8	263.4
Employee Benefits Expense	(163.1)	(145.6)
Other Operating Expenses	(82.4)	(75.3)
Acquisition & Business Exploration	(6.6)	(6.3)
Restructuring & Exceptional Advisory	(3.9)	(2.8)
Group EBITDA (Exc. JV)	39.8	33.4
Impairment	(12.2)	(1.0)
Depreciation & Amortisation	(24.1)	(19.6)
Operating Profit	3.5	12.8

- Cognita Bondco Parent Limited was incorporated in July 2015, therefore no meaningful performance information is available for presentation. Cognita Holdings Limited performance is included for comparability

Cognita Schools Around the World

- **Asia**
 - Singapore
 - ▶ Australian International School (AIS)
 - ▶ Stamford American International School (SAIS)
 - Vietnam
 - ▶ International School Ho Chi Minh City (ISHCMC)
 - ▶ International School Ho Chi Minh City, American Academy (AAVN)
 - ▶ International School Saigon Pearl
 - Thailand
 - ▶ St Andrews International School Sathorn
 - ▶ St Andrews International School Green Valley
 - ▶ St Andrews International School Sukhumvit 107
- **Latin America**
 - Brazil
 - ▶ Escola Cidade Jardim/PlayPen
 - ▶ Instituto GayLussac
- **Chile**
 - ▶ Colegio Manquecura, Ciudad de los Valles
 - ▶ Colegio Manquecura, Ciudad del Este
 - ▶ Colegio Manquecura, Valle Lo Campino
 - ▶ Colegio Pumahue, Chicureo
 - ▶ Colegio Pumahue, Curauma
 - ▶ Colegio Pumahue, Huechuraba
 - ▶ Colegio Pumahue, Peñalolén
 - ▶ Colegio Pumahue, Puerto Montt
 - ▶ Colegio Pumahue, Temuco

Europe

- **Spain**
 - ▶ British School of Barcelona
 - ▶ Hastings School, Madrid
 - ▶ El Limonar International School, Murcia
 - ▶ El Limonar International School, Villamartin
- **United Kingdom**
 - ▶ Akeley Wood Schools (2)
 - ▶ Breaside Preparatory School
 - ▶ Charterhouse Square School
 - ▶ Chilton Cantelo School
 - ▶ Clifton Lodge School
 - ▶ Colchester High School
 - ▶ Cranbrook School

- **United Kingdom (continued)**
 - ▶ Cumnor House School for Boys
 - ▶ Cumnor House School for Girls
 - ▶ Downsends Schools (4)
 - ▶ Duncombe School
 - ▶ Glenesk School
 - ▶ Hendon Preparatory School
 - ▶ Huddersfield Grammar School
 - ▶ Hydesville Tower School
 - ▶ King's School and Nursery, Plymouth
 - ▶ Kingscourt School
 - ▶ Long Close School
 - ▶ Meoncross School
 - ▶ Milbourne Lodge Preparatory School
 - ▶ North Bridge House Schools (5)
 - ▶ Oakfields Montessori School
 - ▶ Oakleigh House School
 - ▶ Oxford House School
 - ▶ Polam School
 - ▶ Quinton House School
 - ▶ Sackville School
 - ▶ Salcombe Preparatory School
 - ▶ Southbank International School (3)
 - ▶ St Clare's School
 - ▶ St Margaret's Preparatory School
 - ▶ St Mary's School
 - ▶ St Nicholas Preparatory School

Key Terms and Definitions

- AIS – Australian International School
- NBH – North Bridge House
- SAIS – Stamford American International School
- FTE – Full time equivalent students or staff
- Latam – Latin America
- SSN - Senior Secured Notes
- RCF – Revolving Credit Facility
- Group EBITDA is calculated as profit/(loss) on ordinary activities before taxation, before net interest, depreciation and amortisation and impairments of tangible and intangible fixed assets and non-underlying income/(expenses)
- Non-underlying income/(expenses) includes acquisition, business exploration expenses and restructuring and exceptional advisory costs and loss on disposal of fixed assets
- Group Adjusted EBITDA is calculated as Group EBITDA before share based payment charges
- Share based payment charges are non-cash expenses associated with the 2013 management incentive plan awards
- Adjusted EBITDA is calculated as Group Adjusted EBITDA less joint venture
- Regional Adjusted EBITDA is calculated as Group Adjusted EBITDA before Group Central Costs
- Unless otherwise indicated Group EBITDA and Group Adjusted EBITDA measures include 100% of the joint venture (JV), St. Nicholas Preparatory School

Important Information

- Any information in this presentation that is not a historical fact is a “forward-looking statement”. Such statements may include opinions and expectations regarding Cognita Bondco Parent Limited. (the ‘Company’) and its future business, Management’s confidence and strategies as well as details of Management’s expectations of global economic and regulatory trends.
- Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's and/or its Management control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. While the Company believes that its assumptions concerning future events are reasonable, there are inherent difficulties in predicting certain important factors that could impact the future performance or results of the Company’s business. Accordingly, such statements should not be regarded as representations as to whether such anticipated events will occur nor that expected objectives will be achieved. The Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.
- In this presentation, the Company makes references to Group EBITDA, Group Adjusted EBITDA, Adjusted EBITDA, Regional Adjusted EBITDA and EBITDA margin, which are not defined under International Financial Reporting Standards, as issued by the International Accounting Standards Board and as adopted by the European Union (“IFRS”). The items excluded from Group EBITDA, Group Adjusted EBITDA, Adjusted EBITDA, Regional Adjusted EBITDA and EBITDA margin are significant in assessing the Company’s operating results and liquidity. Group EBITDA, Group Adjusted EBITDA, Adjusted EBITDA, Regional Adjusted EBITDA and EBITDA margin have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, analysis of the Company’s results as reported under IFRS. Other companies in the Company’s industry and in other industries may calculate Group EBITDA, Group Adjusted EBITDA, Adjusted EBITDA, Regional Adjusted EBITDA and EBITDA margin differently from the way that the Company does, limiting their usefulness as comparative measures.
- Cognita Bondco Parent Limited is a new company and as such does not have comparative figures for the prior year. Management have included the results of Cognita Holdings Limited to assist the reader of this presentation.

Disclaimer

We have prepared this document solely for informational purposes. You should not definitively rely upon it or use it to form the definitive basis for any decision, contract, commitment or action whatsoever, with respect to any proposed transaction or otherwise. You and your directors, officers, employees, agents and affiliates must hold this document and any oral information provided in connection with this document in strict confidence and may not communicate, reproduce, distribute or disclose it to any other person, or refer to it publicly, in whole or in part at any time except with our prior written consent. If you are not the intended recipient of this document, please delete and destroy all copies immediately.

We have prepared this document and the analyses contained in it based, in part, on certain assumptions and information obtained by us from the recipient, its directors, officers, employees, agents, affiliates and/or from other sources. Our use of such assumptions and information does not imply that we have independently verified or necessarily agree with any of such assumptions or information, and we have assumed and relied upon the accuracy and completeness of such assumptions and information for purposes of this document. Neither we nor any of our affiliates, or our or their respective officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data it generates and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. We and our affiliates and our and their respective officers, employees and agents expressly disclaim any and all liability which may be based on this document and any errors therein or omissions therefrom. Neither we nor any of our affiliates, or our or their respective officers, employees or agents, make any representation or warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change. We undertake no obligation or responsibility to update any of the information contained in this document. Past performance does not guarantee or predict future performance.

This document and the information contained herein do not constitute an offer to sell or the solicitation of an offer to buy any security, commodity or instrument or related derivative, nor do they constitute an offer or commitment to lend, syndicate or arrange a financing, underwrite or purchase or act as an agent or advisor or in any other capacity with respect to any transaction, or commit capital, or to participate in any trading strategies, and do not constitute legal, regulatory, accounting or tax advice to the recipient. We recommend that the recipient seek independent third party legal, regulatory, accounting and tax advice regarding the contents of this document. This document does not constitute and should not be considered as any form of financial opinion or recommendation by us or any of our affiliates.