G8 Education – Annual General Meeting

G8 Education Limited (ASX:GEM)
21 May 2015
### Capital Structure

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Paid Ordinary Shares (current)</td>
<td>361.9 million</td>
</tr>
<tr>
<td>Options</td>
<td>Nil</td>
</tr>
<tr>
<td>Share Price (as at 15 May 2015)</td>
<td>$4.12</td>
</tr>
<tr>
<td>Market Capitalisation (as at 15 May 2015)</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>Cash (as at 31 Dec 14)</td>
<td>$120.8 million</td>
</tr>
<tr>
<td>Senior Secured Debt (as at 31 Dec 14)</td>
<td>Nil</td>
</tr>
<tr>
<td>SGD Senior Unsecured Notes</td>
<td>SGD $260.0 million</td>
</tr>
<tr>
<td>AUD Senior Unsecured Notes</td>
<td>AUD $120.0 million</td>
</tr>
</tbody>
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### Board of Directors & Key Management Personnel

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jenny Hutson</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Chris Scott</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Brian Ballison</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Susan Forrester</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Matthew Reynolds</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Jason Roberts</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Chris Sacre</td>
<td>Chief Operating &amp; Financial Officer</td>
</tr>
</tbody>
</table>
2014 Year in Review

Our Centres
- 455 owned childcare centres (↑ 81%)
- Acquired 203 centres during CY13 (↑ from 86 centres acquired in 2013 and 33 centres in 2012)
- 32,782 licenced places per day
- 9705 employees

Financial Performance
- Revenue $491.3m (↑ 79%)
- Earning Before Interest and Tax $107.2m (↑ 117%)
- Net Profit After Tax $52.7m (↑ 70%)

Dividends
- Dividends increased to a rate of 24 cents per share, per annum, paid quarterly (fully franked) as at December 2014.
Brands
Our Vision & Mission

G8 Education’s mission is to be Australasia's leading provider of high quality, developmental and educational child care services. Our aim is to achieve this through:

- A portfolio of outstanding early childhood education brands
- A focus on the importance of early childhood education
- By making good centres great through focusing on outstanding early childhood education management

G8 Education’s Corporate Strategy is based around our four pillars for growth and sustainability:

- **Quality Education & Care**
  To nurture and develop children’s minds, social skills and confidence in a safe and stimulating environment.

- **Employees**
  To commit to employee development and a rewarding culture which will ensure an engaged and driven workforce.

- **Community**
  To be responsive to local families and deliver upon community expectations.

- **Profitability**
  To grow and derive value for shareholders through innovative services, systems and management.
2014 Group Revenue and EBIT

- Underlying Group Revenue and EBIT growth from 1H10 to 2H14 has continued to be strong.
- Underlying EBIT has increased by 101% from CY13 to CY14 due to the contributions from acquisitions and organic growth.
- CAGR of 93% for underlying NPAT from CY10 to CY14.

**Underlying Revenue/EBIT is defined as reported Revenue/EBIT excluding non-recurring transactions as displayed in page 10 of the Annual Report.**
The Group has continued to make earnings per share accretive acquisitions throughout 2014.

- The Group added 203 new centres and 13,697 licensed places in 2014.
- Disciplined consolidation in high demand areas continues to be our focus.
- As at 31 Dec 2014 the Group owned 437 centres in Australia and 18 centres in Singapore with a total of 32,782 licensed places.

Centre acquisitions were spread across the year with a bias to the first half.
Capital Strategy

- Consistently Increasing Dividends
- Efficiently Fund Acquisition Opportunities
- Optimal Debt Profile
Capital Strategy

Consistently Increasing Dividends

FY10: 2 cents
FY11: 4 cents
FY12: 7 cents
FY13: 12 cents
FY14: 19 cents
## Capital Strategy – Funding Plan

<table>
<thead>
<tr>
<th>Objective</th>
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<tbody>
<tr>
<td>Efficiently fund acquisition opportunities</td>
</tr>
<tr>
<td>Maintain diversity funding sources</td>
</tr>
<tr>
<td>Extend tenor in low interest rate environment</td>
</tr>
<tr>
<td>Maintain adequate liquidity</td>
</tr>
<tr>
<td>Ensure future maturities managed to minimise refinancing risk</td>
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## Debt Profile

### 31 December 2014 Debt Profile

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>$353 million</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$233 million</td>
</tr>
<tr>
<td>Average tenor to expiry</td>
<td>3 years</td>
</tr>
<tr>
<td>Average interest rate *</td>
<td>5.51%</td>
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* Weighted on a proportional drawn debt basis
Market Potential

**Highly Fragmented industry**
- Approximately 6500 long day care centres across Australia
- G8 Education Limited represents approximately 9% of the sector long day care revenue
- Goodstart represents approximately 12% of the sector long day care revenue
- Estimated approximately 4000 centres in the addressable market

**Strong long-term demand for early childhood education services**
- Changing attitude from child minding to education / crucial foundation step to better educational outcomes
- Increased numbers of women in the workforce expected to continue
- Undersupply in key demographic areas

**Strong pipeline of acquisition opportunities**
- Good relationships with brokers and vendors
- Strong reputation in the sector
- Disciplined due diligence

**Implement best practice operating efficiencies to improve organic performance**
- Proven results from previous acquisitions

![Pie chart showing percentage of sector long day care revenue]
Australian Market Potential

Australian Statistics

- Australia ranks 30th against OECD countries for enrolment rates
- 31% increase in number of children enrolled in Govt. approved childcare since 2006 baby boom
- 17% increase in number of Long Day Care (LDC) Places since 2006 baby boom

Potential to increase enrolments:

- Current Government support Funding through Child Care Rebate CCR (not means tested, capped at $7,500) and Child Care Benefit CCB (means tested)
- Government changes proposed for 2017 are positive. Average OECD countries pre-primary expenditure equates to 0.5% of GDP. Australia currently invests 0.01% of GDP. An increase of funding would significantly increase enrolments inline with fellow OECD countries
- Since 2006 the 0-5 year population increased by 183,000 (6 times the 20 year average)
- National Quality Framework introduced in 2012 increases the propensity of parents/guardians to view childcare as an educational imperative
- Since the year 2000, the proportional attendance rate of childcare services has grown from 21% to 38% in the year to June 2011.
- Sector licencing based on m² requirement inside (3.25m²) and outdoors (7m²) compared to other countries like the UK (2.5m²).

Source: Educational Indicators in Focus OECD.
Significant Events Post 31 December 2014

- On 16 February 2015 the Group announced contracts to acquire 12 childcare centres from a number of different vendors. The Group has contractual arrangements with each of the vendors conditional on customary licensing and landlord approvals. The acquisitions will be funded from cash reserves. The total purchase price for the 12 centres is $36.0 million with $29.9m payable at settlement and a further payment of $6.1 million conditional upon the centre based EBIT target being achieved in the 12 month post settlement. The purchase price is 4 times anticipated EBIT for the 12 months post settlement.
For personal use only

Investing in the future of childcare.

BUSINESS
Resolution 1 – Remuneration Report

The company seeks members’ consideration, and if thought fit, passage of the following resolution as an advisory ordinary resolution in accordance with section 250R(2) of the Corporations Act:

‘That the section of the report of the Directors contained in the 2014 Annual Report dealing with the remuneration of the Company’s Directors and Senior Executives (Remuneration Report) be adopted.’
Resolution 2 – Re-election of a director  
Brian Hilton Bailison

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That Mr Brian Hilton Bailison, who retires in accordance with Listing Rule 14.4 and Article 47(b) of the Company’s Constitution, and being eligible for re-election, be elected as a Director of the Company’ 
Resolution 3 – Re-election of a director
Jennifer Joan Hutson

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That Ms Jennifer Joan Hutson, who retires in accordance with Listing Rule 14.4 and Article 47(b) of the Company’s Constitution, and being eligible for re-election, be elected as a Director of the Company.’
Resolution 4 – Re-election of a director
Matthew Reynolds

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That Mr Matthew Reynolds, having been appointed on 12 March 2015 in accordance with Article 46(b) of the Company’s Constitution, and retiring in accordance with Article 47(d) of the Company’s Constitution, and being eligible for re-election, be elected as a Director of the Company.’
Resolution 5 – Ratification of Share Issue

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That for the purposes of Listing Rule 7.4 and for all other purposes, members ratify and approve the previous issue of 20,366,599 shares issued through a placement on 29 October 2014 to raise $100,000,001.10.’
Resolution 6 – Issue of Shares to party nominated by Christopher Scott

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That subject to the approval of Resolutions 7, 8 and 9, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of Shares and the provision of a Loan by the Company to the nominee of Mr Christopher Scott, Managing Director of the Company, on the terms and conditions set out in the Explanatory Statement.’
Resolution 7 – Issue of Shares to party nominated by Jason Roberts

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That subject to the approval of Resolutions 6, 8 and 9, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of Shares to the nominee of Mr Jason Roberts, Chief Executive Officer of the Company, on the terms and conditions set out in the Explanatory Statement.’
Resolution 8 – Issue of Shares to party nominated by Christopher Sacre

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That subject to the approval of Resolutions 6, 7 and 9, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of Shares to the nominee of Mr Christopher Sacre, Chief Financial Officer of the Company, on the terms and conditions set out in the Explanatory Statement.’
Resolution 9 – Issue of Shares to party nominated by Ann Perriam

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That subject to the approval of Resolutions 6, 7 and 8, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of Shares to the nominee of Ms Ann Perriam, Junior Executive of the Company, on the terms and conditions set out in the Explanatory Statement.’
Resolution 10 – Remuneration of Non-executive Directors

The company seeks members’ consideration and if thought fit, passage of the following resolution as an ordinary resolution:

‘That for the purpose of ASX Listing Rule 10.17, the Company’s Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as remuneration for the services of the Company’s Non-executive Directors be increased by $350,000 per annum, from $500,000 per annum to a maximum of $850,000 per annum.’