G8 Education Limited
(ASX:GEM)

G8 Education Limited

24 March 2014

G8 Education to acquire Sterling Early Education and 91 Childcare and Education Centres

Overview
Listed childcare and education centre operator G8 Education Limited (ASX: GEM) is pleased to announce that it has entered into a number of contracts which result in G8 Education having the right to acquire all of the issued capital in Sterling Early Education Limited and 91 premium childcare and education centres from a number of different vendors. These 91 premium childcare and education centres include 76 long day centres and 15 centres for outside school hours care. The acquisition of these centres will increase G8 Education’s Australian licensed places by 6,203 places to 27,995 places.

Settlement of the acquisitions will occur progressively between 31 March 2014 and 30 September 2014, subject to contractual conditions being satisfied.

The aggregate purchase price of $228 million is payable on a range of completion dates between 31 March 2014 and 30 September 2014. The 91 centres will contribute $39.4 million of annualised centre based EBIT for financial year 2015. The aggregate purchase price of $228 million represents 5.79 times anticipated centre based EBIT for the full 12 months of the financial year ending 31 December 2015.

Purchase Price
The aggregate purchase price of $228 million is payable as follows:

- Cash of $215 million, payable at the time of settlement of each contract with $10.5 million subject to centre based earnings targets being met. Payment will be made progressively from 31 March 2014 to 30 September 2014 as conditions are satisfied and contracts settled; and

- Issue of approximately 3 million G8 Education shares on 31 March 2014.

The amount of cash and number of G8 Education shares is subject to adjustment at settlement. However the aggregate purchase price will be $228 million.

Funding
G8 Education Limited will fund the cash component of each of the acquisitions through a combination of cash reserves and debt arrangements.
Strategic Corporate Acquisition

The acquisition of Sterling Early Education and 91 premium childcare and education centres is a significant corporate transaction for G8 Education that will increase the total number of Australian licensed places operated by it by 28.5%. The acquisition will be earnings per share accretive.

G8 Education will be operating 388 Australian childcare and education centres by 30 September 2014 as set out below:

<table>
<thead>
<tr>
<th>Number of Australian Centres</th>
<th>Current G8 Education Centres</th>
<th>Centre acquisitions announced 10 February 2014 and to settle by 30 April 2014</th>
<th>Centre acquisitions to settle by 30 September 2014</th>
<th>Total *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Australian Places</td>
<td>234</td>
<td>63</td>
<td>91</td>
<td>388</td>
</tr>
<tr>
<td></td>
<td>17,538</td>
<td>4,254</td>
<td>6,203</td>
<td>27,995</td>
</tr>
</tbody>
</table>

* Additionally the G8 Education group operates 18 corporate centres and 51 franchised centres in Singapore

G8 Education Limited Managing Director, Chris Scott, said:

“The acquisition of Sterling Early Education Limited and the subsequent addition of 91 premium centres is a significant corporate transaction for G8 Education. The 91 premium centres are located nationwide and will enhance the Group’s offering.

Together these acquisitions will deliver $39.4 million of annualised centre based EBIT in financial year 2015. The centres are expected to contribute to EBIT immediately upon settlement. The acquisitions will increase the number of places to 27,995 and maintains G8 Education’s expansion in a way that is earnings per share accretive.”

ENDS

Chris Scott
Managing Director
G8 Education Limited