11 June 2013

G8 Education Limited to acquire 17 premium childcare and education centres

Listed Queensland-based childcare and education centre operator G8 Education Limited (ASX: GEM) is pleased to announce that it has contracts in place that give it the right to acquire 17 premium childcare and education centres from a number of different vendors. The childcare centres are located in Queensland, New South Wales and Victoria.

G8 Education Limited has contractual arrangements with each of the vendors, conditional upon customary licensing approvals. The acquisitions will be funded from existing cash and bank facilities. Subject to these conditions being satisfied the acquisitions are expected to settle before the end of August 2013.

The total purchase price for the 17 centres is $24 million with $22.95 million payable at settlement and a further payment of $1.05 million is conditional upon the centre based EBIT target being achieved in the 12 months post settlement. The purchase price is based on 4 times anticipated EBIT for the 12 months post settlement.

G8 Education Limited Managing Director, Chris Scott, said: “The acquisition of these premium centres is significant to G8 Education’s expansion, increasing the footprint of G8 Education down the eastern seaboard.

Together these centres will contribute $6 million of annualised, centre based EBIT. The centres are expected to contribute to EBIT immediately upon settlement.

This transaction will increase the number of places by 1,082 and continues G8’s expansion in a way that is earnings per share accretive.”

ENDS

Chris Scott
Managing Director