Overview

Following the acquisition of Cherie Hearts and completion of the Kindy Patch and Headstart transactions, G8 Education’s child care portfolio will comprise:

- **Australia**
  - 126 owned child care centres
  - 20 managed child care centres
  - FY11 Revenue: A$125M
  - FY11 EBIT: A$19.5M

- **Singapore**
  - 18 owned child care centres
  - 51 franchised child care centres
  - FY11 Revenue: A$17M
  - FY11 EBIT: A$4.3M
# Key Statistics

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current share price (at close of trade on 31 January 2011)</td>
<td>$0.95</td>
</tr>
<tr>
<td>Market capitalisation based on 162,304,537 shares on issue (at close of trade on 31 January 2011)</td>
<td>$154.19 million</td>
</tr>
</tbody>
</table>

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The vision of G8 Education

• A portfolio of outstanding child care brands:
  • Cherie Hearts
  • Early Learning Services
  • World of Learning
  • Bourne Learning
  • Community Kids
  • Holiday Club
  • Kindy Patch
  • Headstart

• Focus on the importance of child care

• Make good centres great through focusing on outstanding child care management
G8’s mission

Our mission is to be Australasia’s leading provider of high quality, developmental and educational child care services, and to achieve this through 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.
Singapore Update
Acquisition Update: Cherie Hearts

• On 28 October 2010, G8 Education announced the acquisition of Cherie Hearts, Singapore’s largest private provider of child care services.

• Chris Scott, Managing Director of G8 Education will oversee the Singapore operations, as well as existing operations in Australia. Chris is a permanent resident of Singapore and has over 30 years business experience in Singapore.

• There are 849 child care centres in Singapore, with an average size of 88 places.
Acquisition consideration

• The purchase price of Cherie Hearts is A$19.2M*(including the assumption of debt).
• The forecast EBIT for Cherie Hearts for the 2011 calendar year is A$4.3M*. This represents:
  • an EBIT purchase price multiple of 4.47 times; and,
  • a tax affected multiple of 3.75 times EBIT once the Singapore corporate tax rate of 17% is taken into consideration.
• The guidance for the 2011 calendar year for Cherie Hearts is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Calendar Year 2011 Guidance for Cherie Hearts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>A$16.7M</td>
</tr>
<tr>
<td>Expenses</td>
<td>A$12.4M</td>
</tr>
<tr>
<td>Earnings before Interest and Tax</td>
<td>A$4.3M</td>
</tr>
<tr>
<td>Interest</td>
<td>A$0.3M</td>
</tr>
<tr>
<td>Net Profit before Tax</td>
<td>A$4.0M</td>
</tr>
<tr>
<td>Net Profit after Tax</td>
<td>A$3.4M</td>
</tr>
</tbody>
</table>

The guidance assumes no synergies and no revenue from the 20 franchisee businesses signed and awaiting completion.

* Assuming an exchange rate of S$1.28 for each Australian dollar
## Singapore Centres

<table>
<thead>
<tr>
<th>Location</th>
<th>Total centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned centres</td>
<td>18</td>
</tr>
<tr>
<td>Franchised centres in operation</td>
<td>51</td>
</tr>
<tr>
<td>Franchised centres pending confirmation of licence</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total centres</strong></td>
<td><strong>89</strong></td>
</tr>
<tr>
<td>Total licence capacity</td>
<td><strong>5,208</strong></td>
</tr>
</tbody>
</table>
The anatomy of a child care centre in Australia and Singapore

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>% of revenue</th>
<th>Singapore</th>
<th>% of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed places</td>
<td>75</td>
<td></td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>80%</td>
<td></td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Fee for service</td>
<td>A$65 per day</td>
<td></td>
<td>S$720 per month</td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td>250 days</td>
<td></td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Revenue per centre</td>
<td>A$975,000</td>
<td></td>
<td>S$685,000</td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>A$585,000</td>
<td>60%</td>
<td>S$240,000</td>
<td>35%</td>
</tr>
<tr>
<td>Rent and property costs</td>
<td>A$117,000</td>
<td>12%</td>
<td>S$116,000</td>
<td>17%</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>A$78,000</td>
<td>8%</td>
<td>S$82,000</td>
<td>12%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>A$195,000</td>
<td>20%</td>
<td>S$247,000</td>
<td>36%</td>
</tr>
<tr>
<td>D &amp; A</td>
<td>A$15,000</td>
<td>2%</td>
<td>S$7,000</td>
<td>1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>A$180,000</td>
<td>18%</td>
<td>S$240,000</td>
<td>35%</td>
</tr>
</tbody>
</table>
Supportive environment

- In 2008, the Government announced the enhanced Marriage and Parenthood Package which enhanced the one off baby bonus and the Government matching contribution to bank accounts opened for children to fund education and medical needs.
- The budget for the package in 2009 is estimated at S$1.6B, compared to S$800M previously.

<table>
<thead>
<tr>
<th>Birth Order</th>
<th>Baby Bonus</th>
<th>Maximum Account Matching Contribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>S$4,000</td>
<td>S$6,000</td>
<td>S$10,000</td>
</tr>
<tr>
<td>Second</td>
<td>S$4,000</td>
<td>S$6,000</td>
<td>S$10,000</td>
</tr>
<tr>
<td>Third</td>
<td>S$6,000</td>
<td>S$12,000</td>
<td>S$18,000</td>
</tr>
<tr>
<td>Fourth</td>
<td>S$6,000</td>
<td>S$12,000</td>
<td>S$18,000</td>
</tr>
<tr>
<td>Fifth and beyond</td>
<td>-</td>
<td>S$18,000</td>
<td>S$18,000</td>
</tr>
</tbody>
</table>

- In addition, from August 2008, the subsidy for working mothers sending their Singaporean children to centre-based childcare will increase from S$150 to a maximum of S$300 per month per child and the subsidy for centre-based infant care will increase from S$400 to a maximum of S$600 per month per child.

- Source: SINGAPORE’S 2ND AND 3RD PERIODIC REPORT TO THE UNITED NATIONS COMMITTEE ON THE RIGHTS OF THE CHILD
Cherie Hearts: Awards

- Cherie Hearts Group has received more than 30 national awards over the past 5 years:
Australia Update
Australian operations

• The trading environment continues to be buoyant with the Australian centres’ occupancy for the year expected to average 76-80%.

• Long Day Care rate increased 1.96% in January against the forecast of 1.50%.

• LDC Occupancy like for like to this time last year is 3.24 percentage points higher (5.2%).

• Total centre payroll costs of 57.5%

• Centre EBIT 17.9%

• Headstart acquisition forecast to commence from March 2011.
## Capital structure

<table>
<thead>
<tr>
<th>Shares on issue</th>
<th>162,304,537</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options over unissued shares</td>
<td></td>
</tr>
<tr>
<td>(250,000 vest in 2012) held by Chris Sacre</td>
<td>250,000</td>
</tr>
</tbody>
</table>

| Debt                                                                            |
|---------------------------------------------------------------------------------|-------------|
| Current debt drawn – National Australia Bank (Facility $36,843,000)             | $15,543,000 |
| Debt to be assumed on acquisition of Kindy Patch announced 18 August 2010      | $7,900,000  |
| Debt to be drawn during 2011 to fund the deferred component of Acquisitions 1, 2 and 3 of the 18 August 2010 announcement | $6,303,000  |
| Debt to be assumed on acquisition of the Cherie Hearts business                | $5,650,000  |
| Debt to be assumed on acquisition of Headstart, announced 31 January 2011      | $8,500,000  |

| Dividend Policy                                                                 |
|---------------------------------------------------------------------------------|-------------|
| Quarterly dividends at 57% payout ratio.                                         |
| 2 have been announced & paid at 1 cent each since September 2010.                |             |
## Australian Centres

<table>
<thead>
<tr>
<th>State</th>
<th>Total Australian centres (assuming completion of all announced acquisitions as at 31 January 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland</td>
<td>69</td>
</tr>
<tr>
<td>New South Wales</td>
<td>46</td>
</tr>
<tr>
<td>Victoria</td>
<td>9</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>5</td>
</tr>
<tr>
<td>South Australia</td>
<td>15</td>
</tr>
<tr>
<td>Western Australia</td>
<td>1</td>
</tr>
<tr>
<td>Tasmania</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total centres (including managed centres)</strong></td>
<td><strong>146</strong></td>
</tr>
<tr>
<td><strong>Total licence capacity</strong></td>
<td><strong>10,438</strong></td>
</tr>
</tbody>
</table>
## 2010 Guidance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>66.43</td>
<td>57.84</td>
<td>+14.8%</td>
</tr>
<tr>
<td>Expenses</td>
<td>58.43</td>
<td>51.68</td>
<td>+13.1%</td>
</tr>
<tr>
<td>Earnings Before Interest and Tax</td>
<td>8.00</td>
<td>6.16</td>
<td>+49.3%</td>
</tr>
<tr>
<td>Interest</td>
<td>1.30</td>
<td>0.95</td>
<td>+36.8%</td>
</tr>
<tr>
<td>Net Profit Before Tax</td>
<td>6.70</td>
<td>4.27</td>
<td>+56.9%</td>
</tr>
<tr>
<td>Net Profit After Tax</td>
<td>4.70</td>
<td>2.99</td>
<td>+57.2%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>7.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>6.70</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GEM ASX Announcements: 20 September 2010, 28 September 2010, 28 October 2010 and 31 January 2011
Acquisition of Headstart

- Headstart commenced in 2007 and has grown to 8 centres based in Sydney, with the exception of the latest one that opened last year in Griffith. We will integrate these centres into our existing network without the need for any additional support staff.
- The total maximum purchase price based on 4x EBIT is $12.8 million with $4.3 million deferred for 12 months based on an earn out at 4x 2011 EBIT.
- The upfront purchase price of $8.5 million is based on a forecast EBIT of $2.125 million.
- The 2010 metrics for the Headstart group were:
  - Number of centres: 8
  - Average places per centre: 90
  - Average occupancy: 84.5%
  - Average daily rate: $82
## 2011 Guidance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>125.63</td>
<td>16.70</td>
<td>142.33</td>
</tr>
<tr>
<td>Expenses</td>
<td>106.28</td>
<td>12.40</td>
<td>118.68</td>
</tr>
<tr>
<td><strong>Earnings Before Interest and Tax</strong></td>
<td><strong>19.25</strong></td>
<td><strong>4.30</strong></td>
<td><strong>23.55</strong></td>
</tr>
<tr>
<td>Interest</td>
<td>2.75</td>
<td>0.30</td>
<td>3.05</td>
</tr>
<tr>
<td>Net Profit Before Tax</td>
<td>16.50</td>
<td>4.00</td>
<td>20.50</td>
</tr>
<tr>
<td><strong>Net Profit After Tax</strong></td>
<td><strong>11.55</strong></td>
<td><strong>3.35</strong></td>
<td><strong>14.90</strong></td>
</tr>
</tbody>
</table>

Source: GEM ASX Announcements: 20 September 2010, 28 September 2010, 28 October 2010 and 31 January 2011
Board and Management Team

Jenny Hutson, Chairperson
B.Com, LLB, FAIMM, MAICD

Chris Scott, Managing Director
B.Econ (Hons)

Craig Chapman, Chief Executive Officer
B. Com., A.S.C.P.A., C.S.A.

Brian Bailison, Non-Executive Director
B.Com., B.Acc (Cum Laude), ACA

Chris Sacre, Chief Financial Officer/
Joint Company Secretary
B.Bus, CA, SA Fin, G Dip AppFin

Jae Fraser
General Manager Operations
# Substantial shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>Percentage holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wallace Infrastructure Pty Ltd</td>
<td>28.9 million</td>
<td>17.8%</td>
</tr>
<tr>
<td>Perpetual Nominees Limited and subsidiaries</td>
<td>21.1 million</td>
<td>14.1%</td>
</tr>
<tr>
<td>Paradice Investment Management Pty Ltd</td>
<td>9.8 million</td>
<td>6.03%</td>
</tr>
<tr>
<td>Northcape Capital Pty Ltd</td>
<td>9.0 million</td>
<td>5.5%</td>
</tr>
<tr>
<td>Queen Street Nominees Pty Ltd</td>
<td>9.15 million</td>
<td>5.63%</td>
</tr>
<tr>
<td>(on behalf of the Kindy Patch vendors)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*As notified to ASX in Substantial Shareholder Notices*
Contacts

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T: 07 3009 9888
E: jhutson@wellcap.com.au

Chris Scott, Managing Director
T: 07 5581 5306
E: chris.scott@g8education.com

Craig Chapman, Chief Executive Officer
T: 07 5581 5341
E: craig.chapman@g8education.com
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