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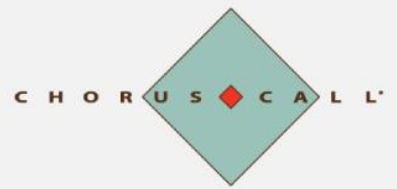
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[START OF TRANSCRIPT]

Operator: Thank you for standing by and welcome to the GA Education Limited Trading Update and Analyst Call. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question via the phones, you will need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Gary Carroll, ceo. Please go ahead.

Gary Carroll: Thanks Ashleigh. So good morning everyone, and thank you for joining the trading update call for GA education. As Ashleigh said, my name's Gary Carroll and I'm the CEO and Managing Director of GA Education Limited. I'm joined on the call today by the Group CFO, Sharyn Williams. I'd like to begin by acknowledging the traditional owners of the land from where we are conducting today's presentation, the Yuggera and the Turbull people as the traditional custodians of Brisbane. We pay our respects to Yuggera and the Turbull elders past, present, and emerging, and I'd like to extend those respects to any Aboriginal or Torres Strait Islander people joining us on this call today. So Sharyn and I will now walk through the investor presentation that was posted on the ASX earlier this morning and then provide time for any questions. We start on slide five. The group recorded unordered, statutory EBIT after lease interest of 71 million and NPAT of 41 million at the end of November, with the result being driven by good occupancy recovery after the covid impacted Q1 period and cost being well controlled.

Our current core occupancy, as at the 4th of December was 77.3%, one percentage point higher than 2021 and 1.3 percentage points behind 2019 levels. Effective wage management mitigated impact of elevated agency usage that persisted during the second half of the year due to sector workforce shortages and recent covid related impacts. While our overall cost base has been managed well with the cost out programme being on track to ensure inflationary impacts have not adversely impacted operating margins, our net debt of \$87 million means that the group maintains a conservative net debt EBITDA ratio of 0.9 times. Turning to the slide six, which shows the group's 2022 occupancy performance in detail, occupancy of 77.3% continued to narrow the gap on CY19 driven by our strategic change programmes and the reestablishment of the seasonal uplift trend, as well as increases in days in care due to changes in government subsidy in relation to siblings in care and the removal of the annual subsidy cap sector.



Workforce shortages continue to impact occupancy with a portion of the network constrained by team member availability. From a state by state perspective, the same trends that were evident in our August market update have continued with Queensland, Western Australia and New South Wales being the best performing states with occupancy in line with or ahead of pre covid levels. Victoria growing albeit at a slower rate than South Australia and a CT being relatively more impacted by workforce turnover and availability. Noting of course the very small number of centres in the ACT. Inquiry levels are above the PCP. However, due to constraints on occupancy as a result of workforce shortages, the conversion rate has remained flat. The group's wage performance is set out on slide seven. Implementation of our HRIS and roster system was completed during the year and when combined with enhanced processes and training, this has resulted in solid wage efficiency performance as measured by wage hours per booking wage.

GRA wage rate growth excluding agency was 4.7% on a year-to-date basis for 30 November, while the rate increase was 8% after including the impact of agency usage. Slide eight provides details in relation to the group's operational priorities during 2022 being the workforce and our quality improvement programme. Starting with workforce through a series of activities, we have held team retention reasonably steady outperforming the sector with sector vacancies up by more than 30% between February and November, 2022. During the year we've implemented increased day-to-day support for our centre managers and provided dedicated teacher registration resources for early childhood teachers while ensuring we are market competitive in both of these key roles. In terms of remuneration from an educator perspective, our focus has been on leveraging our systems to provide enhanced flexibility while also providing increased development opportunities. Given our scale, we have the opportunity to mitigate workforce shortages by growing our own talent.

In this respect, it's pleasing to see circa 1000 team members enrolled in certificate three and diploma courses and 450 enrolments in bachelors study programmes. Turning to our improvement programme, I'm pleased to say this program's been completed with the centralised driven programme rolled out across the network and refreshed educational resources in each centre. Our focus is now turned towards sustaining and continuously improving centre quality as part of our business as usual supported by the efforts of our centre field support teams. On a year to date basis, 89% of our network are currently rated as either meeting or exceeding national quality standards. Slide nine provides an update in relation to the group's capital management activities. Starting with our shared buyback, circa 31 million shares totaling 32 million have been repurchased by a non-market share buyback as at 9th of December. G8 has determined it will spend up to 40 million on the buyback, which is expected to be concluded during Q1 CY23.

This quantum supports a conservative leverage level and enhances shareholder returns while preserving an appropriate level of funding reserves from a debt and leverage perspective. The group's current net deposition of 87 million means that we have a leverage position of 0.9 times net debt to EBITDA net debt increased during the first half of 2022, funding the full year CY21 dividend buyback and CapEx during the seasonally lower earnings period. Operating cash flows between July to November funded CapEx dividends and buyback requirements with debt levels remaining flat since half one. Our debt refinance process is on track to extend the existing October, 2023 expiring and to increase tenor with the staggered debt with our debt facilities, including sustainability linked performance targets.

Turning to the macro outlook for 2023, which is set out on slides 10 and 11, and starting with slide 10, the Cheaper childcare bill passed both houses of parliament in November and the changes to the childcare subsidy scheduled to come into effect on one July, 2023. The slide contains a visual representation of the increased subsidy at various income levels with improved affordability expected to drive increased demand, as was the case for the prior CCS increase that occurred in 2018. It is worth noting that other demand drivers such as workforce participation, birth rate, and international migration are also expected to be positive in the coming years on the supply side of the equation, slide 11 highlights that supply growth remains subdued compared to prior years driven by increased construction and funding costs and longer construction times due to labour shortages with these drivers. Behind the subdued supply growth expected to persist for the majority of 2023.

There are two material events to occur in the next 12 months from a regulatory perspective. First, the passage of the new industrial relations legislation through Parliament has paved the way for multi-employer bargaining processes to commence across a number of sectors including childcare. GA has been working collaboratively with unions, peak bodies and employers to commence the planning process in relation to multi-employer bargaining with the sector and unions being aligned, that a pre-condition of entering such a process is that the government will fund any relevant wage increase as this ensures that wage cost increases do not flow through to higher fees for families. Secondly, the a ACCC inquiry into the sector will commence an early 2023 focusing on the drivers of cost and fees in the sector. The terms of reference to the ACCC inquiry were consistent with GH discussions with sector participants and government, and we've been working in conjunction with peak bodies to commence the data gathering process to demonstrate the significant variability in cost drivers that are present in the sector. And this presence of significant variability in cost drivers mitigates the potential risk of pricing regulation in the sector. This variability was acknowledged in the previous productivity commission into the sector with no action being taken in relation to pricing regulation at that time. The ACCC is expected to provide an interim report by 30 June, 2023 with the final report due by 31 December, 2023.

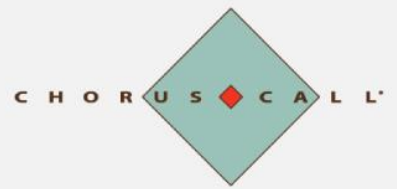
That concludes the formal part of the presentation. Ashleigh, I'll now open the floor to any questions.

Operator: Thank you. If you wish to ask a question via the phone, you'll need to press the star key followed by the number one on your telephone keypad. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the headset to ask your question. Your first question comes from Tim Plumbe with UBS. Please go ahead.

Tim Plumbe: Hi guys. Just two questions from me if that's all right. Gary, the first one just around the pipeline I know that you mentioned labour shortages having a bit of an impact. Could you talk about that pipeline relative to calendar year 19 levels and whether you've seen any kind of softening off in that pipeline that, that's not seasonally related up late, please.

Gary Carroll: Are you talking the inquiry pipeline, Tim, or

Tim Plumbe: Yeah, that's right.



Gary Carroll: Yeah. I mean, our inquiry pipeline compares, well, current one compares well to 2019 levels or leading into 2019 levels. So we're pretty happy that we're getting the levels of inquiry we need to have a decent enrolment and transition result into the early part of the year. The key data point that we're all tracking in the sector is availability of team to meet that demand. You are somewhat assisted by occupancy levels in February being at their seasonal low. So we should be able to accommodate that demand at that time of year and clearly we need to then ensure that we are consistently getting recruiting to fill that gap as the year goes on. But we, remain pretty comfortable with inquiries and how they're flowing through into bookings for the early part of the year.

Tim Plumbe: Got it, got it. And, just the second one around that labour shortage you know, what are your thoughts in terms of potential pricing increases that might need to go through the industry? I know that you said that government, you know, bargaining would, would be reliant on government helping to offset some of that incremental cost, but what's the industry, thinking in terms of pricing increases for the next, oh, sorry, labour increase, potential labour increases for the next 12 months?

Gary Carroll: Yeah, so there's a bit in that question, Tim. I mean, first point for us is we've actually been really happy with our retention of our team relative to the sector in the during the year. So that's helped mitigate the challenge somewhat, although it is, very much a tough market out there to attract educators to the sector. We did bank on agency usage coming down in over the last couple of months, but like many workforces, we've had a little bit of covid go through our network and that's kept agency a little bit more elevated than what we were planning. Although we, that is very much a temporary outcome in terms of attracting people to the sector. Generally the pipeline of certificate three and diploma educators is okay actually the numbers in those courses and completing those courses would indicate that as a sector we will be improving our labour profile during the course of 2023.

The key role that's a challenge for all of us is the early childhood teacher role where there's a big gap between supply and demand. And that's something that won't be fixed overnight. As you and I have talked about before, we're very much pursuing a grow your own talent strategy to mitigate that. And if we get a decent proportion of the 450 diploma educators in the G8 network that are studying towards their bachelor's scholarship, we will be very well placed in relation to filling that teacher shortage over the next couple of years.

Tim Plumbe: Got it. Thanks guys.

Operator: Your next question comes from Marni Lysaght with Macquarie Capital. Please go ahead.

Marni Lysaght: Good morning Gary and Sharon. I have a quick question for you just around drivers of race and occupancy. I know that there's obviously recovery post you know, quasi lockdown earlier this calendar year. Also cognisant of the fact that you've given us some operating cash flow data, but is some of it potentially driven by movement away or kind of getting out decreasing your exposure to some of those impaired centres? Or is it largely just the, the recovery and the, or the macro?

Gary Carroll: Yeah, I think it's, I think it's two things. It's not about our impaired centres cause we actually haven't really sold many, if any in over the last number of months. So I think there's combination of the

market improving and certainly the market benchmark data we see feels like occupancy across the sectors recovered reasonably well and the regulatory changes have certainly added to that. We do think we've also contributed a piece of that with our improvement programme cause we noticed the uplift when we do roll that out in our centres. So I think it's both, but it is very much about the core business, not about portfolio management driving the occupancy performance.

Marni Lysaght: All right. And, and just to follow up on that, can you maybe give us some colour or what have you been your observations with respect to the ongoing process of exiting those centres? Has appetite changed given that the change in the macro climate or are you finding appetite fairly stable?

Gary Carroll: Yeah, it's a good question Marni, so we've got about 26 or seven centres left. They're really in two cohorts. One we've turned around the performance of about half of them so that we're, they're actually, you know, not a cash drain as a result

Marni Lysaght: They EBIT or something last result. Yeah,

Gary Carroll: Yeah, they have. Yeah. So that's, that's certainly meant that we're a lot more selective in our activities in marketing those centres. A number of them are still on the market, but our price expectations are probably elevated. We do still see demand out there. It's just everything is still a bit slower. And I think sector conditions are not overly easy and the excluding scale players that are looking to grow their networks aggressively, the ones and twos type acquisitions aren't happening in big volumes. The other half of our impaired centres are, they're bigger, longer leases. They are draining cash, but they're very hard to sell because they're in challenge locations with long-term leases and so they're gonna be harder to get rid of.

Marni Lysaght: Okay. That's all. Understood. And my other question just around I guess the transition with, with new management, kind of, how has your experience been with that handover and what are kind of, what's your focus now, Gary, as you look to wrap up?

Gary Carroll: Yeah Pejman Okhovat starts on the 3rd of January. He, he's officially still at Big W until the 31st of December. They kept into his notice period, so we have been Sharon, myself, kind of most of the members of the management team have been catching Pejman to do transition fitting around his current role. And he's done a really good job of that. He'll certainly I think hit the ground running with a good level of knowledge of the market and the sector and the group as much as you can when you're not, you know, able to do it full-time for a, a big period of time. But I think the response and reception from both himself and the team I've been really pleased with, so that's good. As a result, my focus is hitting the numbers for the end of the year, so something that occupies Sharon and my time a fair bit, as you can imagine. And I'm pretty keen to make sure that we deliver the results that we want to come 31 December and it's not 31 December yet.

Marni Lysaght: Thanks for that. I'll jump back in the queue.

Operator: Your next question comes from Aaron Muller with Cannacord Genuity. Please go ahead.

Aaron Muller: Okay, Gary. Hi Sharon. Just a few questions for me. Firstly just on the cost out programme, I think I record you sort of you're hoping to take out 13 to 15 million this calendar year. You guys on track for that. And then, and secondly, could you give us a feel for how many centres in the portfolio have a wait list currently? I think at the half year you said there was about 15% and then thirdly just comment on re-enrolment how they're tracking versus PCP. Thanks.

Gary Carroll: Yep. So cost out programme. Yeah, on track 13 to 15, that was a gross number Aaron, and it is realised in 22 it's not a kind of annualised run rate. So that's going okay. Re-Enrolment is on track, you know, the progress updates we get, we're in line with where we'd like to be. So that's, that's going. Okay. and your third question,

Aaron Muller: It's just about how many centres in the portfolio currently have weight? Yeah, so I think it was about 15% of half year.

Gary Carroll: Yeah, it's still around. It's somewhere between oh 12 - 15, so the overall number's stuck at that kind of level.

Aaron Muller: Okay, great. Thanks. Thanks Gary.

Operator: The next question comes from Wei-Weng Chen with RBC Capital Markets. Please go ahead.

Wei-Weng Chen: Hi Gary. Just a quick question on December trading. So just I guess how to think about earning service this December. Last you guys did about 5 million of EBIT and 3 million of MPA in December. Appreciated for sort of a seasonally quieter period. Is there anything we should think about, you know, when comparing this December to last December, are there reasons why we can't, you know, say that trading should be around, that plus 5 million in plus 3 million end part for this year?

Gary Carroll: Well, without giving a forecast away when I'll talk to the drivers that, so what's different year on year is our occupancy's higher. Our fees are higher when our wage costs are higher. So we're certainly hopeful that the pluses will slightly outnumber the minuses.

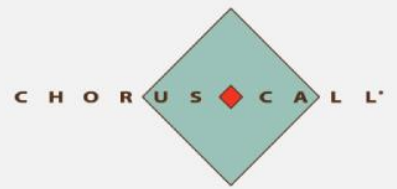
Wei-Weng Chen: Yeah, okay. So like all things being equal, I guess you're saying this year you should be slightly better than last year?

Gary Carroll: Yeah. Cool. Now they're, it is a interesting time of year for all of us in the sector cause predicting holiday behaviour during December has been a very taxing exercise over the last couple of years. Two years ago when Covid was there, no one took holidays, it was a great time for occupancy. So we're watching daily and weekly to see how that goes. Looks like the trend is very similar to 2019, which will be good.

Wei-Weng Chen: Yeah, yeah. If there's crazy expensive at the moment, so yeah.

Gary Carroll: Yeah.

Wei-Weng Chen: Thanks. That's all, that's all I have.



Gary Carroll: Thanks.

Operator: Once again, if you wish to ask a question, please press star one on your telephone. Your next question comes from Tim Plumbe with UBS Please go ahead.

Tim Plumbe: Hi guys, just a follow up one from me. Gary, just in terms of those assessed centres I think at the half year you guys were at 85% of the portfolio assessed and still at 85. So is that an ongoing thing or is that, or is that kind of stalled in the, in the second half and is largely complete?

Gary Carroll: Well it really depends on the number of centres that get assessed and the results, Tim, you know, so if we get a meeting centre, go back to working towards that kind of knocks around that the number we focus on more particularly is the growth in the network number, which has increased from 86 to 89 across the entire network over the years. So we're pretty happy with that result that's in line with where we wanna be over the next to get to 95% in the next couple of years.

Tim Plumbe: Got it. Got it. And just second question in terms of the staffing that you've got at the moment, would you have capacity to be able to get back towards calendar in 19 occupancy levels in calendar year 23 or, or there just isn't the and or there just isn't enough ECT labour supply in the market?

Gary Carroll: I think if, you know, if we continue our progress from a retention perspective and we get a good flow through of graduates internal programmes, we have actually improved our recruitment. You know, we've done record level of recruitment in the year, continue that certainly our operational planning is to get back to 2019 levels during 2023. And all of the people activities are focused on ensuring we have the resourcing to do that, Tim. Yeah.

Tim Plumbe: And, and potential to import from offshore. How are discussions with the government going?

Gary Carroll: Still incredibly frustrating. I think we called out in the presentation that, there's still a lot of huffing and puffing, not seeing too many numbers come through.

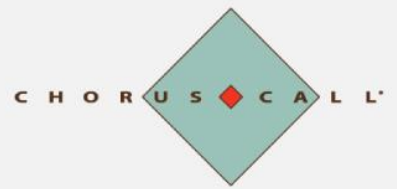
Tim Plumbe: Got it. Thanks guys.

Operator: Your next question comes from Marni Lysaght with Macquarie Capital. Please go ahead.

Marni Lysaght: Hi guys. Apologies if it's been asked, I just got dragged away, but just kind of remind us you know, you've got one month remaining in the rest of the financial year in a kind of a normal year. Kind of the profitability of, a or contribution of that December month. I know that occupancy obviously does tail off closer to Christmas.

Gary Carroll: Yes, so I think if we take you back to December last year mate, we did our trading update last year and December earnings last year with four to five EBIT. We're hopeful if given occupancy and fees are higher, they will be a touch better than the wage increases that are higher than last year. So net, hoping for at least that number.

Marni Lysaght: Okay, excellent. Thanks.



Operator: Your next question comes from Peter Drew with Carter Bar Securities. Please go ahead.

Peter Drew: Yeah, hi Gary. Firstly I'd like to say thanks for your help and your guidance over the last five years and wish you all the best for the future. And my question is where do you think CapEx will land for the full year and, sort of what will it look like next year, and what's left with the centre announcement programme please.

Gary Carroll: Cool. Thank you Peter. That gives me the opportunity to hand over to Sharon. Thank you. That's very much appreciated.

Sharyn Williams: Yeah, thank you Pete. So CapEx year to dates around 54 mil and that includes 6 million for software as a service. So for this year we're still expecting to land in that low 60 to 65. Now that will depend obviously on availability of tradies, et cetera, which does tend to tend to cut back a bit heading towards Christmas. And in terms of next year we had flags that will still do an elevated level of CapEx spend next year which we can update on in February in terms of what that looks like in the components

Peter Drew: Great. Thanks very much guys.

Gary Carroll: Thanks Peter.

Operator: There are no further questions at this time. I'll now hand back to Mr. Carol for any closing remarks.

Gary Carroll: Cool. Thanks Ashleigh and thanks everyone for attending. Very much appreciated. We will no doubt catch up with a number of you one-on-one over the next couple of days, but if we don't, we'd like to take the opportunity to wish everyone a safe and happy festive season and thanks for joining us today. Thank you. Thanks everyone.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

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