TRANSCRIPTION

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[START OF TRANSCRIPT]

Pejman Okhovat: Good morning and welcome to the 2023 full-year results call for G8 Education Limited. My name is Pejman Okhovat. I'm the managing director and CEO of G8 education and I'm joined today on the line by the group's Chief Financial Officer, Sharyn Williams. Sharyn and I will take you through the investor presentation that was released to the ASX earlier this morning. Following the presentation, we will open the line to provide time for some Q&As. I would like to begin by acknowledging the Gadigal people of Eora Nation who are the traditional custodians of the land on which we are conducting this presentation today.

We respect the spiritual relationship with the country and we pay respects to the elders past, present, and imagined. I extend that respect to any Aboriginal and Torres Strait Islander people joining us today. I would also like to acknowledge the commitment, expertise, and the passion for G8 of the entire G8 education team and for the ongoing partnership with families to support children's outcomes. This morning we will cover a summary of full year 2023, update you on progress made outlining the operational and financial performance for the year, and we'll conclude with a brief current trading and an update on our view on a medium-term outlook.

Turning to slide six, We are pleased with our year's achievement. I'd like to call out several key takeaways from where we have focused the group's activities over the past 12 months. Firstly, the group's financial results reflect solid earnings growth compared to the prior year, driven by higher revenues and margins. Pleasingly, both halves delivered growth year-on-year, which is also reflective of ongoing discipline in relations to cost. During the year, we narrowed our focus on addressing our team's retention, lower agency usage, and reduced vacancies.

While sector challenges around the availability of the staff remain, we as a business are pleased to have continued to alleviate the impact within our network. As a result, there are no cap centres due to team shortages within our G8 network, and our usage of agency has significantly reduced. Occupancy continues to be supported by positive trend in increased frequency, which measures the average number of days per week that a child attends a G8 centre. Progress continues to be made towards improving the experience for G8 families.

The always on customer voice survey implemented earlier in the year, continues to provide us with a regular centre-specific feedback loop that our team respond to, allowing improvements in our families' experience. The decision to shift the external call centre in-house has significantly improved our responsiveness to new inquiries. This has also been an important element to increasing frequency as they support our families to navigate the very complex CCS affordability improvements. Strong operational cashflow was a feature of the result and has been used to enhance shareholder value through a share buyback, dividend payments, and further optimization of the network.

The approach of CapEx was also more targeted. We continue to invest in centre resources, IT and property, but reduce the four year CapEx to $44 million, including software development, contribution to net debt levels reducing year-on-year. As a group, we are delivering on our purpose to create the foundations for learning for life while improving our business capability to continuously find better ways to execute. Now turning to slide seven, which outlines the stronger financial performance versus '22 calendar year.

This is the result of a combination of 9% revenue growth and solid cost management, particularly in labour-related areas such as agency usage and networks of [inaudible] office costs. From a statutory perspective, net profit after tax increased 53% including non-operating items as outlined on slide 16. This improved earnings profile coupled with buyback programme resulted in a 57% increase in earnings per share, and the payment of full year dividend of 4.5% per share representing 65% of reported NPAT. Occupancy for the year of 70.4% was flat on prior year. Pleasingly, this year has started stronger.

Our spot occupancy as of 25th of February 2024 is 66.3%, up by 1.7 points on prior comparable periods and the corresponding year to date occupancy is 66.9%, up 0.2% on PCP, reflecting a better and long land transition period. Now on to slide eight, we continue our commitment to drive a sustainable future through our [inaudible] journey. G8 achieved an 8.4% reduction in the scope one and two emissions, and the first phase of solar electricity installation in our network has commenced with over 950 kilowatts of solar energy powering 45 of our centres, with an estimated saving of $330,000 annually.

Playing a role in the early childhood sector, G8 has opportunity to make a meaningful difference in the lives of our team and families, particularly in the areas of child protection, wellbeing, and reconciliation. In these areas, G8 achieved a number of milestones. I'll reflect Reconciliation Action plan was completed and endorsed by Reconciliation Australia for publication in December. G8 education advisory committee commenced, and G8 has in place extensive ongoing training on child protection and mandatory reporting obligations. Moving to slide nine, I'll balance the scorecard.

We narrowed our focus on improving operational execution, initiatives relating to our team, and further enhancing the quality of the network and services we provide to enrich our family's experience every day. In five out of our six strategic focus areas, we have made positive progress through the year with early positive signs on occupancy in quarter 1 2024. We are pleased with our solid team retention outcomes up 4% to 74%, and a 29% reduction in vacant roles across the G8 network. On the back of these significant improvements, we were able to reduce our cap centres to zero and reduce the use of high cost agency fees down to a more normalised level of 1.8% from 4.6%.

Quality assessment ratings of meeting or exceeding have increased to 90% for G8 long daycare centres, now 1% ahead of long daycare sector average. From a family perspective, MPS has increased to 44% following the implementation of an always on MPS and family voice survey. These surveys provide us with regular feedback, centre by centre, thereby providing real time visibility and performance of our centres. Now slide 10. Our results on our team metrics have been highlight for the year from our reduction in vacancies, our strong retention improvements, and enrolment participation numbers in our development programmes.

While the early childhood sector is still experiencing challenges that have been easing of this pressure across the G8 network during 2023. G8's efforts to be an attractive employer through team recognition, flexibility, benefits, professional development, and incentive programmes, as well as incremental recruitment resources have yielded results with vacancy significantly lower than the prior year. G8's talent strategy is also used in results with enrolment numbers across all programmes increasing year-on-year.

The multifaceted approach to improve our team experience is showing in positive retention outcomes, achieving a 12% lift in early childhood teacher retention and a 3% increase in our centre manager results versus CY '22 was particularly pleasing against the sector backdrop. Turning to slide 11, the experience of our families is critical for improving our occupancy performance. The trend in MPS has been positive since the inception of our always on MPS programme in June, 2023. Weekly share with our families enables constant incentive, specific feedback to be leveraged to improve the experience.

Focusing on new families experience through the enrolment and settling in period both critical moments that matter to our family's journeys with us. Supporting occupancy this year has been an increase in frequency, particularly noticeable post implementation of higher childcare subsidy funding for the sector aim at improving affordability for families. A G8 team has worked diligently to help families understand the CCS changes and also on improving the everyday experience, all factors that have contributed to this result. The final experience measure is family retention. A key reflection of our family's relationship with G8.

Family retention is the outcome of a number of focus areas such as improved team retention, high quality and educational programmes, all enriched with our team is a stable. And relationship with our children and families can deepen. Now slide 12, delivering better outcomes for our children, families, and team is critical to our being and success. Our continued focus on quality has resulted in another year of improvement in our national quality ratings to 90% of our long daycare centres. Meeting our exceeding NQS, which is now 1% better than the long daycare sector average.

Our team dedication to safety saw 10% reduction in child safety incidents in CY '23. Professional development of our team is critical to delivering high quality execution and team retention. We continue to strengthen this support throughout our study pathway programme where over 1500 team members are studying towards their next qualification, and through our targeted support for our ECTs and educational leaders across their network. We are committed to establishing Australia's early learning framework across our network whilst delivering differentiation and inclusivity programmes and digital literacy. Slide 13.

Group occupancy gained momentum late in the year as we focus on retaining our families leading into the enrolment transition period. This saw us close the gap to CY '22 in December. This momentum was a key to the strongest start we have seen in quarter one to date. Our CY '23 occupancy finished at 70.4% plus or minus 0.2% on PCP and 2.2% down on CY '19. The increased frequency throughout the year helped our occupancy growth and we observed that our largest states finished the year in line with or above CY '22, with opportunities in the smaller states remaining.

Assisting our team's ability to execute better, we worked on a number of fronts, simplifying work routines, providing our operation leaders with more time incentives, introduction of digital tools for our CMs and AMs to assess the performance in real time and improve workforce planning, delivering better team utilisation and reduction in agency reliance. Slide 14, our financial instability. We are pleased to have finished the year with a strong operating cashflow and balance sheet. Our capital allocation framework resulted in reduction of CapEx year-on-year. We aim to maintain a lower capital envelope for CY '24 of circa 40 to 45 million.

Our disciplines in cost management, particularly in variable costs combined with our procurement strategies and initiatives to lower CODB resulting in delivering better earnings for the year. Optimising the centre network remains an important element of the group's strategy and its fundamental basis of creating a profitable portfolio for G8. We exited 11 underperforming centres and opened three new ones in CY '23. In quarter four last year, we indicated our intention to divest 31 of our centres through a sales process.

This exercise has been slower than anticipated due to complexity of multiple landlords and state-based regulators, plus a significant holiday period in the middle. We have completed eight divestment to date, and additional eight centres have an in-principle agreement with the landlords, 12 which will complete on first of March. With the remainder awaiting New South Wales government approval to transfer the approved licences. All other states have given their approvals. We will provide a further update at either the half one results or at our AGM. I will now hand over to Sharyn Williams to take us through the financial performance information.

Sharyn Williams: Thank you, Pejman. Focusing now on our financial performance, increased revenue, disciplined cost management, and lower net finance costs resulted in operating and statutory impact growth and margin expansion. We delivered growth in earnings and margins in both halves with the first half substantially stronger, cycling the impact of the

2022 omicron and flooding quarter. And the second half benefiting from lower agency and wage costs as a percentage of revenue, a consequence of improved team retention and lower team vacancies.

Support costs were well managed being lower by circa 2% than the prior year, even after inflationary impacts in compliance, cyber, and risk related costs. Reflecting reduced headcount from 2022, procurement benefits, some easing in insurance pricing, and cost disciplines. As flagged previously, the temporary government funding stream relating to apprentice wages reduced during the year by about half. The combination of stronger centre performance and lower network support costs resulted in a 25% increase in operating EBIT and further recovery of margin.

Net finance costs were circa 10 mil and a reduction on the prior comparative period as net debt levels were lower based on strong cash conversion of 108% and lower CapEx spend. In terms of our non-trading items, they predominantly are driven by software development costs, portfolio optimization related movements, AASB 16 carrying value adjustments, and provisions for restructure and historical regulatory and legal matters. Firstly, the net impairment reversal. We regularly review our carrying values on our centres and investments, including AASB 16 right of use assets on a centre by centre basis.

You will recall in 2020 we undertook an impairment on a number of assets which resulted in the right of use assets being written down. Given the portfolio optimization work being undertaken and improved performance in a number of those centres, some of these centres have been reversed and when netted off result in almost $9 million after tax in non-trading income. These movements in the right of use assets will be a continuing theme post the implementation of AASB 16.

Offsetting this are some loss on disposals and surrenders where we exited 11 underperforming assets during the year and incurred a loss on the right of use leasehold or PP&E assets in those centres after we paid a surrender fee in some cases. We also increased our provisioning for a number of restructuring and historical regulatory and legal matters resulting in a net expense of circa 7 million. Software development costs reduced in the second half as expected and reflect the development costs for cloud-based software as a service programmes which are now expensed and not capitalised following an accounting interpretation clarification.

We are pleased with the completion of our procurement system, which is providing benefits in terms of visibility of our supply chain and unit costs and are providing a better experience for our centre managers. Software development expenses were $5 million after tax, but they are expected to be minimal in 2024 as the HRAS and procurement systems exit their development phase. The result of these net non-trading expenses are slightly below the prior year. Turning to slide 17 where we focus on centre performance.

You will note similar to the first half, this is reported on a total centre basis including new centres and the prior period has been restated to allow for a like-for-like comparison. This is the format we'll adopt in future reporting periods. The centre network delivered a higher revenue and earnings than the prior year and experienced some recovery in margin. While occupancy was flat, revenue increased circa 9%, largely reflecting the January and July fee reviews, both a necessary response to considerable inflation within our cost base, particularly in our wage rates.

The impact of this inflation is most evident in our employment expense where we saw an increase on prior comparative period of circa 8%. However, this was partially mitigated by the lower agency usage costs. This 8% uplift reflects the annual award increase of 5.75 that was effective in July, 2023. Increases in pay rates as our team increased their qualifications and additional on costs such as a superannuation rate increase of half a percent and certain state-based payroll tax increases such as the Queensland wellbeing levy and the Victorian temporary payroll surcharge of 1%.

A highlight of the year as pension outlined was the reduction of agency usage to 1.8%, down from 4.6% in the prior year, a 2.8 percentage points decrease offsetting some of the internal wage rate increases. This result is an outcome of a range of factors including those touched on earlier relating to improved team retention and lower team vacancies. Other factors driving the lower agency outcome with a central roster management support and the HRAS system. Also, pooling our team resources to create efficiencies across local areas and providing our team with flexible working arrangements.

Rent is another material cost base for our business. Rent expenses increased 5% on the prior period reflecting the composition of our network where we have a combination of CPI and fixed annual increases, and our active approach we're taking to rent reviews and renewals. Depreciation increased as expected reflecting CapEx investment in the prior year where the spend was above depreciation. Other costs such as direct costs of servicing our bookings were managed well and in line with occupancy levels while lower expenditure in property, utilities, and maintenance reflective positive procurement initiatives.

With overall centre expenses increasing 7.6%, centre margins improved to 16.6%. Similar to the half result, the full year continued the benefits of reduced external labour usage, effective cost disciplines, and an active response to inflation. As a group, we will maintain cost focus and disciplines, particularly given that inflationary pressures are expected to continue not only for our cost base but also for our families who are feeling these pressures.

Turning to capital allocation on slide 18, the group declared a 3 cent final dividend resulting in a 50% increase in the full year dividend to four and a half cents. The group has a strong balance sheet with a conservative leverage level of less than one times and ample liquidity. Cashflow generation was strong with cash conversion of 108% and free cashflow of 58 million after interest, tax, CapEx, and dividends paid. These funds were used for debt reduction, share buybacks, software development, and lease surrenders to exit loss making centres.

The group maintains a strong balance sheet with net debt coming down in the second half from 103 million at June to 59 million. We have access to a further 171 million of committed bank debt facilities. Capital and cost management discipline will continue to be a focus as the group builds capability towards a more consistent and efficient operating model. Pejman will now talk through the current trading and outlook.

Pejman Okhovat: Thanks Sharyn. We are pleased with our improved occupancy at the start of this year as a result of better enrolment transition from quarter four last year to quarter one this year. Our spot occupancy of 66.3% is 1.7% higher than PCP with year to date occupancy of 66.9%, up 1.2% on PCP. The frequency continuously be positive, and further, three to 5-year-old fundings will assist with affordability of kindergarten programmes for parents. We have implemented a 4.5% fee increase to address cost inflation across the areas of control.

Whilst we await the outcome of MEB to see when the federal government will work with the sector for any support for the waste subsidy later in the year. Our disciplines in operational effectiveness and cost control continued to be maintained. Now turning our attention to medium-term outlook. Overall, the sector fundamentals for long-term remain as strong as we have indicated previously, reflecting mainly on women workforce participation, growth in net migration, and liberal policies working towards a universal access for all. We are optimistic looking ahead.

At the same time we remain cautious on the macro environment, particularly around, whilst inflation is easy enough, cost of living is a real issue for our families, challenges with the workforce and high level of regulatory interest in the ECEC sector. Demand has encouraging trends in the early part of the year, supported with a further funding in the three to 5-year-old kinder programmes such as the new free kinder programme in Queensland. The regulatory focus continues. The HOC final report had a more balanced outcome in establishing no price gouging, no excessive profiteering, and no real requirement for price regulation.

The productivity commission interim report has many positive aspects that we support and we remain very engaged in working with them whilst they're finalising their report and recommendations over the next six months. Multi employee bargaining has continued to progress, be it slowly, and the federal government is working with the involved parties and we continue to advocate for a government funded wage subsidy. In the meantime, we at G8 continue to do a good job in addressing workforce challenges that the sector faces. We have a clear strategic focus on delivering a fit call for our business. Our operational execution and rigour in cost and capital control remain firmly in our sights. Now I'm going to pause there and open the lines for Q&As.

Operator: Thank you, if you wish…

Pejman Okhovat: Moderator?

Operator: Sorry. If you wish to ask a question, please press the star key followed by the number one on your telephone keypad. And if you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. We ask that participants limit themselves to asking one question per turn. If you do wish to ask further questions, please rejoin the queue. Your first question comes from Tim Plumbe from UBS. Please go ahead.

Tim Plumbe: Hi guys, how are you going? Can you hear me?

Pejman Okhovat: Good morning, Tim. Yes we can.

Tim Plumbe: Excellent. My one is around that agency spend, so reduction to 1.8% is pretty impressive. Sorry, I was trying to multitask badly during that call. Was that the fourth quarter exit run rate as a 1.8%? And how should we think about agency as a percentage of revenue in a business as usual environment and what sort of EBIT benefit would that have given if it was down at that level for the whole of the year please?

Sharyn Williams: So Tim, that number is a full year number, that 1.8%. So if you just focus on employment costs as a percentage of revenue, we are as you say, at a more normalised level now of agency.

Pejman Okhovat: I think just to perhaps-

Tim Plumbe: So how should we think about... Sorry Pejman, I was just going to say how should we think about... That was a progressive improvement throughout the course of the year, right?

Pejman Okhovat: Yeah.

Tim Plumbe: How do we go about business as usual?

Pejman Okhovat: It's hard to predict the future whilst the sector still has challenges, Tim, it hasn't alleviated. We believe we've done better than the sector quite a bit in terms of actually reducing our team vacancies. What I would like the number to be for this year is sub 2%. Now we'll continue to do our best to manage it as best as we can, but whilst the sector has still significant workforce shortages, I think we just can be a bit balanced in our view.

Tim Plumbe: Understood. Thanks guys.

Pejman Okhovat: No problem.

Operator: Thank you. Your next question comes from Marni Lysaght from Macquarie. Please go ahead.

Marni Lysaght: Good morning Pejman and Sharyn, thanks for taking my question. I'd just be keen to focus on early calendar year '24 trends. So as you've pointed out in the slide deck, the reduce agency usage and some of the other streamlining you've achieved and also reducing cap centres. Could you maybe provide a bit more colour on what's driving the early calendar year '24 occupancy growth considering that this time last year you were cycling flood, the omicron impact, which provide you with a pretty easy base?

Pejman Okhovat: Good morning, Marni. Couple of things to perhaps maybe just establish first. The quarter one impact in omicron and flooding that you're talking about is actually two years old now.

Marni Lysaght: Yes, that's right. Yeah, but you were cycling.

Pejman Okhovat: We are not cycling against a soft quarter.

Marni Lysaght: Yes, that's what I mean. This time last year you were cycling that and then you've obviously reduced the cap centres. There's been some, you call that some improvements in process and also... And despite lowering agency usage because... Just be good to have some colour maybe on what you've been seeing in enrolments and the uptake with the subsidy, et cetera, to drive the early calendar year '24 expansion in occupancy versus the prior year.

Pejman Okhovat: Yeah, it's a combination of all of those, Marnie. If you recall as we spoke a little bit in October and then a little bit towards, we had a small update in December, we put a lot of focus in ensuring we get our team situation more stabilised. What I mean by that is recruiting and reducing our team vacancies because that's one of the key critical factors in having a stable team that families can then engage with. A number of other factors that we've talked to as part of the presentation, bringing our call centre in-house so we are able to deal with our families quicker, faster, and be owning that relationship end to end.

Putting more focus and rigour around our operational execution, providing our centre managers and area managers with better information, real time digital tools so they can see their performance on a daily basis and reducing some work routines so they can actually focus on running their businesses better. The other areas where, as part of this combination of activities or initiatives, Marnie, have been more focused on targeted marketing activity in ensuring we are delivering inquiries that are higher quality that allows us to also improve what we call our conversion.

So better quality inquiries that come through our network we're able to convert at a higher level and the other area that we have been focusing, in making sure the experience of our families, particularly the new ones... Because that first three months is really important for our families, as a child settles, their parents are happy and engaged and feel trusted and confident in what we do is really important. There's a lot of things that have gone into having that continued improvement. As we came out on November, we were really pleased with how we finished December and that was our aim to finish December quite comparable to actually slide over 22, which has now led us to have a really good start in early '24.

Marni Lysaght: That's clear. Thanks for answering my question. I'll pop back in the queue.

Pejman Okhovat: Thanks a lot, Marnie.

Operator: Thank you. You have a follow-up question from Tim Plumbe from UBS. Please go ahead

Tim Plumbe: Back to me. Sorry guys. My follow-up question, and apologies if you answered this already, but when you look at your existing customer base, your families, can you talk about any trends that you seeing in terms of average days per family this year compared to last year?

Pejman Okhovat: Yes. If you look at same time last year, like January, February, the average was 3.04. The average now is about 3.09. So we've seen, Tim, almost right the way through '23, that frequency continue to steadily increase and we're seeing the same patterns this year. Part of that, I think if you recall, we talked at half on a little bit at quarter four, was around the fact that the impact of CCS changes always takes a bit of time for families to really evaluate what does it actually mean to them, to their pockets, and those who have evaluated their own individual budgets and going, "Actually it's probably better for me to increase my charge frequency and probably work."

So we've seen some of that come through. Certainly some of the states, typically the ones who are more generous like Victoria, New South Wales, and now Queensland, putting more funding for families into three to 5-year-old programmes has started to see an increase in that space too. The nursery room, so the birth to threes continue to be really popular and continue to have that early growth. So therefore our focus is trying to really ensure that we bring in children as early as possible in those birth to threes whilst working in our specific estate to also increase that kindergarten programme. Hopefully that answers-

Tim Plumbe: That's helpful.

Pejman Okhovat: ... Your question.

Tim Plumbe: That's helpful, thank you.

Pejman Okhovat: Thank you.

Operator: Thank you. Your next question comes from Peter Drew from Carter Bar Securities. Please go ahead. Pardon me, Peter, your line is now live.

Pejman Okhovat: Good morning, Peter.

Operator: Thank you. Your next question comes from Cameron Bell from Canaccord. Please go ahead.

Cameron Bell: Thanks. Morning guys. Apologies if you've already touched on this, Sharyn, but could you just take us through the cash tax result and the cash tax outlook for this year?

Sharyn Williams: So in terms of cash net debt or just specifically related to tax?

Cameron Bell: The cash tax paid? Yeah, specifically tax.

Sharyn Williams: Okay, so our cash rate usually is a tick over 30%, so very vanilla tax approach. In terms of the tax position at the end of the year, last year it was a receivable, now it's a payable, that's just simply our PAYG instalments, et cetera. We did have some tax refunds during the year, Cam, related to wage remediation where we were able to get the tax receivable back for those payments with some adjustments to historical returns. But for the coming year, a fairly vanilla approach with quarterly instalments and the tax rate of tick over 30%.

Cameron Bell: Yep, okay, perfect. And then I'm not sure if you can do this just yet, so that start of the year, the occupancy gain versus last year, that's a really positive number. I think the number you've given is a group occupancy number. Is there a like-for-like comparison that takes into account the divested centres that were lower occupancy?

Pejman Okhovat: I think it's too early to call it really, Cam, because the number of divestment has been a small. What we have indicated it's roughly about half a percentage, but I think what we like to see a few more months through so we can complete a few more and we probably provide a better outlook in terms of the impact of those divested centres probably at AGM or maybe even at half one.

Cameron Bell: Yeah, sorry, that half a percent, that's the gain in occupancy you'll get from divesting the centres?

Sharyn Williams: That's from on slide 14, the nine that we have exited.

Cameron Bell: Okay. All right, perfect. Thanks guys.

Pejman Okhovat: No problem.

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

Peter Drew: Hi Pejman, hi Sharyn. Try again. Can you hear me?

Sharyn Williams: Hi Peter.

Pejman Okhovat: Good morning mate. Yeah, we can.

Peter Drew: There we go. Yeah, congratulations on that result. I'll keep my question on costs, just the support costs in the second half appear to have stepped down relative to the first half. I'm wondering if you could maybe provide some indication of what we should expect this year for support costs, and similarly for interest costs which also came in lower because of that cashflow result.

Sharyn Williams: Sure. So in terms of support costs moving forward, inflation just needs to be factored in there, Peter, for the coming year. But we certainly, in the second half as you called out, the disciplines around headcount and really leveraging off the support cost is evident in that second half. In terms of interest, there's no change to our margins, et cetera. So it's really

BBSY plus margins, so fairly similar to this year. You'd expect with maybe as net debt did perform quite well at the end of the year, maybe a tick under, but just for conservatism, probably repeat this year until we give a better update at the half.

Peter Drew: Yeah, great. And if I can just sneak one extra in, I just missed the update on the Genius transaction. Could you just go back over that?

Pejman Okhovat: Yeah, of course. Peter, the progress has been slower than we would've loved it to be. A couple of key reasons. Hindsight is a great thing, but 28 landlords, 28 agents, and 28 lawyers involved in all of this. We were hoping that we would be there faster, but it's just been quite slow-going and forward and backwards, and we've really lost about three to four weeks during that Christmas and January period too. So with that back [inaudible], we have completed eight so far and one surrender. So nine have been dealt with.

We have another eight in principle agreement between landlords, us, and Genius, majority of those eight are in the New South Wales territory and we are waiting for the regulator or Department of Education in New South Wales to provide their approval. So for us to be able to transfer the licence. All other state and territories have provided their approval, so we're just waiting for that one. There will always be a few that perhaps would never go through, but that's where we are currently. Well we are working very hard and as we said to the rest, we are trying to provide more update at our AGM and perhaps even at half one.

Peter Drew: Yeah, great. Thanks Pejman. Thanks Sharyn.

Pejman Okhovat: Thanks Peter.

Sharyn Williams: Thanks Peter.

Operator: Thank you. Your next question comes from Marni Lysaght from Macquarie. Please go ahead.

Marni Lysaght: Sorry, the previous question beat me to it. I just had some questions, the landlord process and with the Genius exit, sorry about that.

Pejman Okhovat: No problem.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. We'll pause for any further questions to register. Thank you. There are no further questions at this time. I'll now hand back to Mr. Okhovat for closing remarks.

Pejman Okhovat: Thank you. In closing, I would like to once again thank the G8 education team for their outstanding work that has delivered these results and outcomes. Our team's everyday work results in supporting thousands of families and their children with high quality education and care. Their passion and dedication and hard work allows us to live our purpose, creating the foundation for learning for life. Thank you for your time joining us on this call and we will now close the call.

[END OF TRANSCRIPT]