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of childcare.



G8 Education<sup>ltd</sup>

## Annual General Meeting

G8 Education Limited (ASX:GEM)

29 May 2017



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## CHAIRMAN'S ADDRESS



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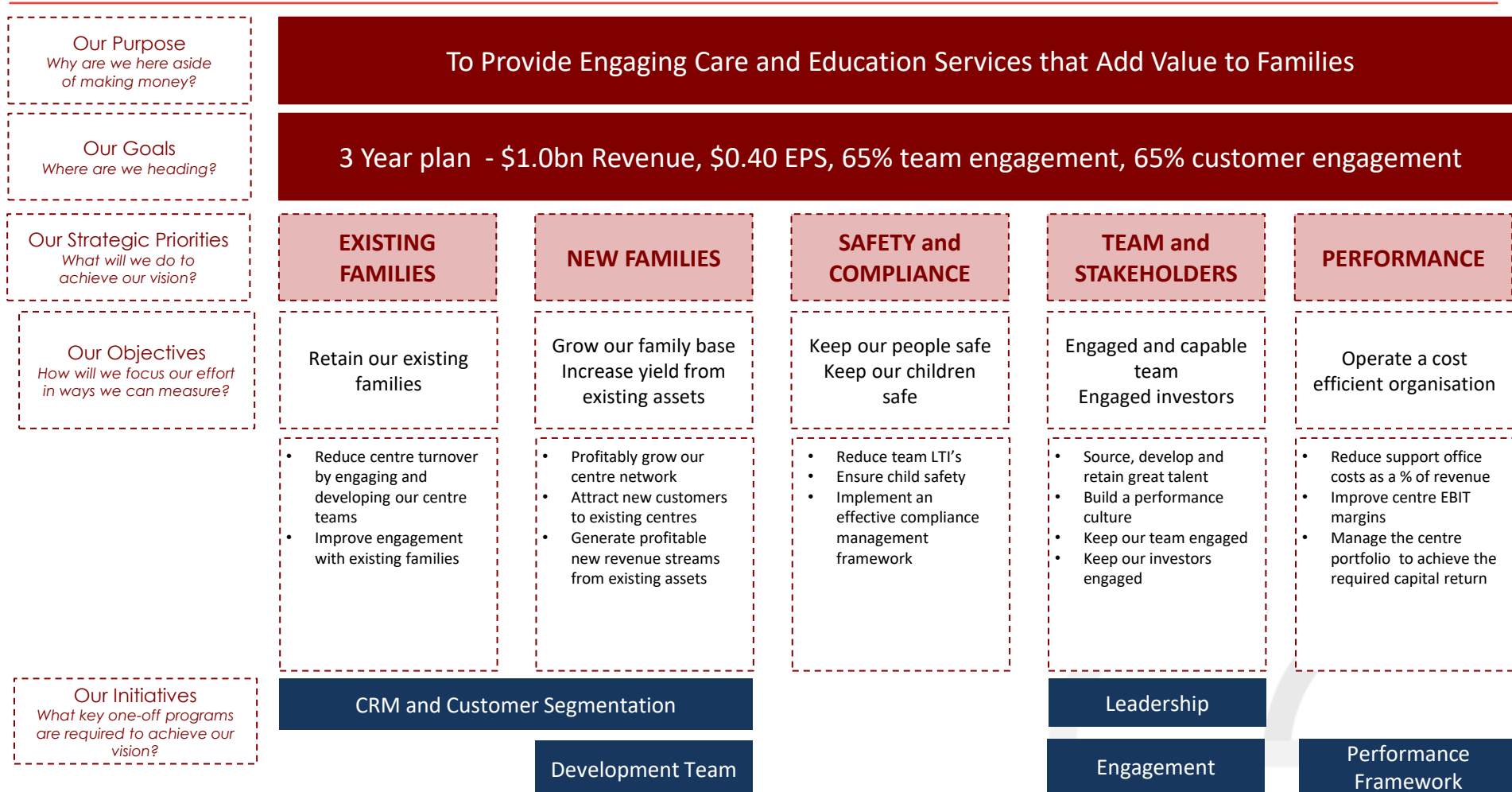
## G8 Education – Trading and Strategy Update

G8 Education Limited (ASX:GEM)  
Annual General Meeting - 29 May 2017

- As announced to the market on 23 May, the Group is forecast to generate an underlying EBIT result for the FY17 year that is in line with market consensus of mid-to-high \$170's million, despite softer occupancy levels
- The occupancy decline has been due to industry supply increases, weaker demand in select markets and select centre-specific issues
- Price increases, continued strong cost management and good performance relating to centres acquired in 2016 have more than offset softer occupancy levels and slower roll-out of new centres during the first months of 2017, such that EBIT \$ and margins are tracking ahead of the prior corresponding period as at the end of April 2017
- From a Balance Sheet perspective, completion of the recently announced capital raising will reduce gearing (Net Debt/EBITDA) from 2.2 times to 1.1 times, providing strong flexibility to enable the Group to pursue its strategy and growth plans
- The recent introduction of the “Jobs for Families” childcare package is expected to make child care more affordable, accessible and flexible. G8 welcomes increased support for our families to access subsidised child care with the changes expected to be positive for a significant portion of G8's existing family base



# G8 Strategic Framework



## Our Strategy

### 1. Build a differentiated offer, centred on (1) the relationship between the centre team and families (2) value

Outcomes/Measures	Initiatives	Status
Increased Occupancy	Engage and develop centre teams CRM Roll-out Customer Segmentation	On Track On Track On Track
Improved engagement with existing families	Net Promoter Score Action Plans	On Track
New revenue streams/increased yields from existing assets	Innovation capability	On Track

## 2. Profitably grow our network

Outcomes/Measures	Initiatives	Status
Earnings from development centres in line with targets - \$50m from 49 new centres	Set up Development Team – structure, processes, results	Off track

## 3. Be Safe

Outcomes/Measures	Initiatives	Status
Reduced lost-time injuries to team members Ensure child safety	Safety Leadership Safety Action Plans	On Track On Track

### 4. Build a great culture, centred on our values and based on teamwork and trust

Outcomes/Measures	Initiatives	Status
Reduced Turnover An Engaged Team	Engagement Survey and Action Plans	On Track
	Development Plans	On Track
Great leaders	Senior Leadership Development Programs	On Track
Performance Culture	Performance Framework	On Track





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## **G8 Education – Senior Executive Remuneration Framework**

G8 Education Limited (ASX:GEM)  
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## Agenda

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- Background – Changes to the senior executive remuneration framework for G8 Education
- Long-term Incentive Plan – key features



## Senior Executive Remuneration Framework

- The objective of the senior executive remuneration framework is to attract and retain quality executives to lead the Group, while also ensuring alignment between the Group's performance and executive remuneration outcomes
- The previous framework, consisting of base pay plus an executive share plan, did not achieve this
- The proposed framework, with Total Annual Remuneration ("TAR") consisting of Fixed Annual Remuneration ("FAR"), Short-Term Incentives ("STI") (including deferred components) and Long-Term Incentives ("LTI"), does achieve such alignment

## Senior Executive Remuneration Framework

- The mix of remuneration components for our executive Key Management Personnel (“KMP”) effective from 1 January 2017, is as follows:

Name	Position	FAR	STI	LTI	TAR
Gary Carroll	Managing Director & Chief Executive Officer	40%	Up to 30%	Up to 30%	100%
Jason Roberts	General Manager - Development	50%	Up to 25%	Up to 25%	100%
Sharyn Williams	Chief Financial Officer	50%	Up to 25%	Up to 25%	100%
TBA	General Manager of Operations	50%	Up to 25%	Up to 25%	100%

## Long-term Incentive (“LTI”) Plan – Key Features

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- Participants – Executive Key Management Personnel (“KMP”) and selected senior executives
- Service Conditions – 3 years continuous service from the grant date (first exercise date from the first grant will be March 2020)
- Performance Condition – Earnings Per Share (“EPS”) compound annual growth rate (“CAGR”) – defined as Basic EPS as reported, with vesting being calculated as follows:

EPS CAGR	% Vesting
Less than 10%	0
10 - 15%	50 – 100 on a pro-rata basis
15%	100

## Long-term Incentive (“LTI”) Plan – Key Features

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- Having EPS as the performance condition ensures alignment between executive remuneration and shareholder returns
- Performance hurdles of 10-15% growth in EPS are considered to be stretch targets
- If vesting conditions are met, the participants will receive performance rights at zero cost which entitle them to the equivalent number of G8 shares
- The number of performance rights that vest will be based on the average share price at the date of vesting
- Once granted, there will be no retesting of any awards or hedging of any unvested awards



To receive and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the period ended 31 December 2016.

There is no vote on this item of business.



## Resolution 1– Remuneration Report

The Company now seeks members' consideration, and if thought fit, to pass the following Resolution as a non-binding ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

***'That the Remuneration Report for the year ended 31 December 2016 be adopted.'***

Please note that the vote on this Resolution is advisory only, and does not bind the Directors or the Company.

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.



## Resolution 1– Remuneration Report

<b>Votes For</b>	<b>179,820,633</b>
<b>Votes Against</b>	<b>10,545,976</b>
<b>Open Proxies held by the Chairman ( to be voted at Chairman's Discretion)</b>	<b>157,553</b>
<b>Open Proxies held by other Proxy-holders ( to be voted at that Proxy-holder's discretion</b>	<b>434,998</b>
<b>Votes Abstain</b>	<b>460,985</b>

## Resolution 2 – G8 Education Executive Incentive Plan (GEIP) Approval

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The Company seeks members' consideration, and if thought fit, to pass the following Resolution as an ordinary resolution:

***‘ That, for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.2 (Exception 9) and for all other purposes, the G8 Education Executive Incentive Plan (GEIP) as described in section 2.3 of the Explanatory Statement be approved for the issue of securities under the GEIP. ’***

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.

## Resolution 2 – G8 Education Executive Incentive Plan (GEIP) Approval

<b>Votes For</b>	<b>178,248,993</b>
<b>Votes Against</b>	<b>12,219,215</b>
<b>Open Proxies held by the Chairman ( to be voted at Chairman's Discretion)</b>	<b>187,176</b>
<b>Open Proxies held by other Proxy-holders ( to be voted at that Proxy-holder's discretion)</b>	<b>438,998</b>
<b>Votes Abstain</b>	<b>325,763</b>

## Resolution 3– Issue of Performance Rights to Chief Executive Officer

The Company seeks members' consideration and if thought fit, to pass the following Resolution as an ordinary resolution:

***'That approval be given:***

- (a) for the purposes of Listing Rule 10.14 and for all other purposes, to the grant of 142,249 Performance Rights to the Company's Chief Executive Officer, Mr Gary Carroll; and***
- (b) for the purpose of section 200E of the Corporations Act, to the giving of a benefit to the Company's Chief Executive Officer, Mr Gary Carroll, in connection with any vesting of those Performance Rights on the cessation of Mr Carroll's employment with the Company or a related body corporate of the Company,***

***in each case under the GEIP and on the basis described in section 2.4 of the Explanatory Statement.'***

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.



## Resolution 3 – Issue of Performance Rights to Chief Executive Officer

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<b>Votes For</b>	<b>186,626,808</b>
<b>Votes Against</b>	<b>3,835,849</b>
<b>Open Proxies held by the Chairman ( to be voted at Chairman's Discretion)</b>	<b>196,376</b>
<b>Open Proxies held by other Proxy-holders ( to be voted at that Proxy-holder's discretion)</b>	<b>438,998</b>
<b>Votes Abstain</b>	<b>322,114</b>

## Resolution 4 – Re-election of a Director

### Brian Hilton Bailison

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G8 Education Limited seeks members' consideration and if thought fit, to pass the following Resolution as an ordinary resolution:

***'That Mr Brian Bailison who, having been re-elected on 21 May 2015 as a Director in accordance with the Company's Constitution, retires as a Director of the Company and being eligible, offers himself for re-election as a Director of the Company, be elected as a Director of the Company.'***

Mr Bailison's background, qualifications and experience appear in the explanatory note to the Notice of Annual General Meeting.

## Resolution 4 – Re-election of a Director Brian Hilton Bailison

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<b>Votes For</b>	<b>179,443,581</b>
<b>Votes Against</b>	<b>10,958,918</b>
<b>Open Proxies held by the Chairman ( to be voted at Chairman's Discretion)</b>	<b>194,853</b>
<b>Open Proxies held by other Proxy-holders ( to be voted at that Proxy-holder's discretion)</b>	<b>442,434</b>
<b>Votes Abstain</b>	<b>380,359</b>

## Resolution 5 – Increase in Non-executive Director Fee Cap

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The Company seeks members' consideration, and if thought fit, to pass the following Resolution as an ordinary resolution:

***'That, for the purpose of Listing Rule 10.17, Article 50(a) of the Company's Constitution and for all other purposes, the maximum aggregate annual amount of Directors' fees that may be paid by the Company to all of its non-executive Directors be increased by \$250,000 from \$850,000 to \$1,100,000.'***

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.

## Resolution 5 – Increase in Non-executive Director Fee Cap

<b>Votes For</b>	<b>183,206,830</b>
<b>Votes Against</b>	<b>7,246,727</b>
<b>Open Proxies held by the Chairman ( to be voted at Chairman's Discretion)</b>	<b>188,353</b>
<b>Open Proxies held by other Proxy-holders ( to be voted at that Proxy-holder's discretion)</b>	<b>434,998</b>
<b>Votes Abstain</b>	<b>343,237</b>



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