ASX Announcement

G8 Education Limited
(ASX:GEM)

24 August 2020

The Manager
Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

I enclose the Investor Presentation for the half year ended 30 June 2020 for G8 Education Limited.

Yours sincerely

Tracey Wood
General Counsel & Company Secretary
G8 Education Limited

Authorised for release by G8 Education Limited's Board of Directors.

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G8 Education Ltd

2020 HALF YEAR RESULTS

Investor Presentation

24 August 2020

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AGENDA

G8 EDUCATION LIMITED
ASX: GEM

COVID-19 IMPACTS & PERFORMANCE
Gary Carroll

HALF YEAR RESULTS
Sharyn Williams

STRATEGY & OUTLOOK
Gary Carroll

Q&A
Gary Carroll & Sharyn Williams

APPENDIX

EXECUTIVE SUMMARY

G8 Education[ltd]

COVID-19 Impacts & Performance

Government support and agile response to COVID-19

- The pandemic initially led families to withdraw children from care due to health and safety concerns, changes in working arrangements and unemployment
- Childcare centres remained open as an essential part of the Government's response plan
- Government support and relationships have ensured sector viability
- G8 maintained its operations and employment levels throughout the period and responded quickly and decisively to the changing environment
- Occupancy and attendance levels recovered from the April low as COVID-19 infections risk was initially contained and the Government introduced a period of free childcare
- Occupancy impact post free childcare was better than expected with occupancy growing steadily in all States except Victoria
- Occupancy continues to be subject to COVID-19 infection levels and lockdown responses
- G8 remains agile in its response, with costs and wages closely managed

EXECUTIVE SUMMARY

G8 Education[Ltd]

Half Year Results

Achieved cash preservation targets, with robust balance sheet

- Statutory loss of $239m, driven by a non-cash impairment expense of $237m as announced on 11 June 2020
- Underlying EBIT of $29m reflects the net effect of COVID-19 and Government support
- Raised $301 million in equity with net proceeds used for net debt reduction
- Achieved aggregate cash preservation and cost saving target set at the April equity raising
- Strong cashflow conversion and balance sheet with net debt of $57 million, reflecting cost control and disciplined cash management
- G8's committed greenfield pipeline has been completed following the establishment of 10 centres in CY20 H1

EXECUTIVE SUMMARY

G8 Education[ltd]

Strategy & Outlook

Dedicated centre improvement team in place and portfolio review complete

- Current occupancy is 69% with attended occupancy 50%
- G8's national footprint provides a degree of portfolio diversification protection, with COVID-19 impacts varying by region/State
- The Acceleration Program has continued despite COVID-19, focusing on consistent high-quality education programs and family experience
- Strategic portfolio review positions G8 well to address the underperforming centres
- Government funding mechanisms in place until the end of September, with track record of swiftly responding to COVID-19 driven lockdowns
- As a result of the changes implemented over the past few months, G8 has the financial flexibility, disciplines, processes and people in place to ensure that it can emerge from the COVID-19 environment as a stronger business
- Given the ongoing uncertainty and market volatility, G8 is not in a position to provide guidance on expected underlying occupancy or financial performance

G8 Education

COVID-19 IMPACTS & PERFORMANCE

Gary Carroll

COVID-19 OPERATIONAL RESPONSE & ACTIONS

G8 provides an essential service to the Australian community and economy

G8 Education Ltd

Child and Team Safety	**The safety and wellbeing of its children and team members has been G8's priority** • Implemented increased infection control measures and hygiene practices and provided mental wellness support for our team members • Amended centre routines to allow for the practise of social distancing (where possible), and reducing children's contact between cohorts • Provided education and tools for team members and families on how to talk to children about COVID-19 • Centre closures - G8 follows the advice and directions of the Government, however, also takes pro-active steps to address or minimise risk
COVID Support Structure	**Supporting our teams and families** • Dedicated COVID Support and Case Management team, including a hotline, support email, website content and updates • Established a communications framework to update our teams and families re Government subsidies & amended policies and procedures • G8’s highly qualified Centre based teams have been substantially maintained and continue to provide quality care and education
Family Engagement	**Remaining engaged with our families** • Launched G8’s education “At Home” series to support our families while caring and educating their children at home or while isolated • Created G8’s “Community Cubby” - a key Content Hub for families on all G8 centre branded sites • COVID-19 Family Survey showed 91% of families say G8 was meeting their overall expectations

COVID-19 FINANCIAL IMPACTS

Subsidies and financial management

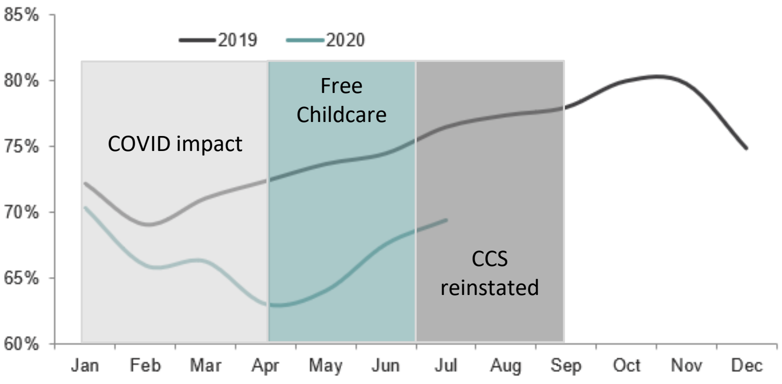
Revenue	• **Phase 1** - Early Childhood Education & Care Relief Package revenue - $89.3m in H1 • **Phase 2 and 3** - Transition Payment revenue - $51m expected in H2
Wages	• Optimised rostering to take account of changing attendance levels and JobKeeper • JobKeeper program contributed net $70.8m in H1, and $14.1m is expected in H2 • Employment guarantee in place until 30 September 2020 (condition of receipt of the Transition Payment)
Rental Concessions	• Arrangements for rental waivers or deferrals in place with 301 landlords totaling $8.2m • Waivers of $4.8m and deferrals of $3.4m for predominantly 3 to 6 month rent concessions • $2.5m of deferrals will be repaid by December 2021 with the remainder in future years • Negotiations resulted in extensions or exercise of existing options on 65 centres
Cash Preservation	• Deferral of non-essential capex and reductions in various overhead costs • Director fees and ELT salaries reduced by 20% for 6 months • Rent waivers of $1.7m are recognised in NPAT and $3.7m of cash savings in CY20 H2
Capital Structure	• Equity Raising of net $290.1m reduced leverage from 2.3x in Dec 19 to 0.4x in June 20[1] • Strategic portfolio review undertaken with non-cash impairment of $237m after tax • Temporary suspension of dividend policy, with the exception being the deferred CY19 final dividend which will be paid in October ($19m) • Strong support from lending banks, with extension of covenant relief for debt facilities until December 2021

1. Underlying rolling 12 month EBITDA

OCCUPANCY TRENDS

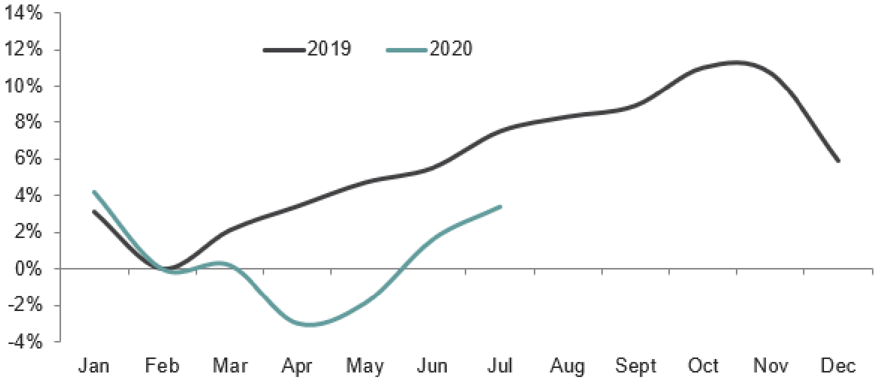
COVID-19 impacts occupancy

Monthly Like-for-Like Occupancy (%)



- Q1 - occupancy reduced as parents withdrew children from care or reduced booking due to COVID-19 until the government support package removed parent fees
- Q2 – occupancy has increased as COVID-19 infection rates reduced
- Occupancy has continued to grow even after parent co-payments returned

Occupancy Improvement from February* base (%)



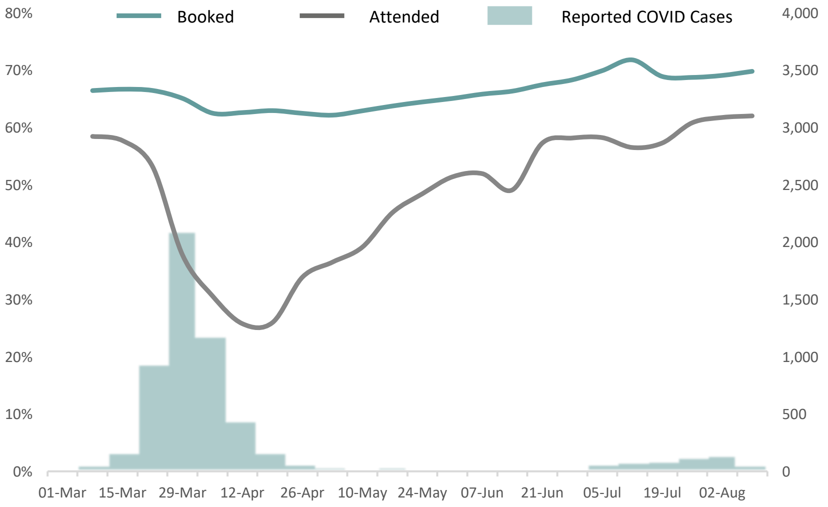
- Occupancy fell below the usual season low in February but has since recovered to be above February levels
- COVID disrupted the usual seasonal uplift that occurs during February to July - The seasonal occupancy build that usually occurs in H1 has not occurred in 2020 due to COVID-19

ATTENDANCE TRENDS

Closely correlated to COVID case numbers

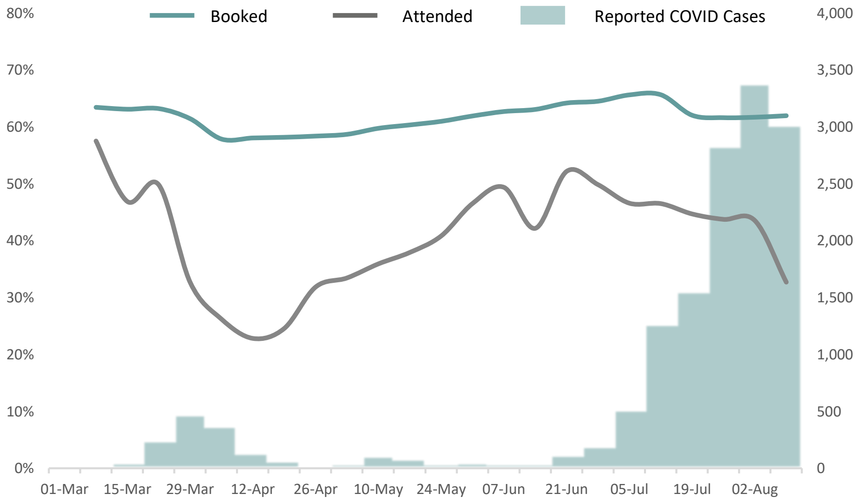
G8 Education[ltd]

Booked weekly occupancy, attendance (%) and reported new COVID cases – National excluding Victoria



- Attendances, excluding Victoria, have recovered steadily from the April trough
- The impact of the removal of free child care on July 13 was muted (a reduction of ~3% pts), with growth resuming thereafter

Booked weekly occupancy, attendance (%) and reported new COVID cases – Victoria Only

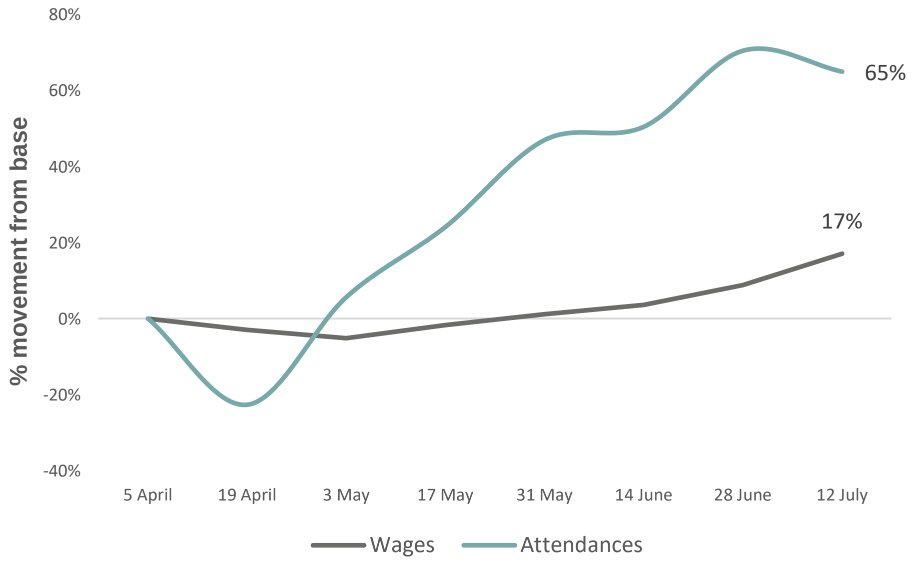


- The impact of stage 3 and 4 restrictions is reflected in attendance levels

WAGE MANAGEMENT

Effective rostering to manage "free" child care period

Change in attendance and wages[1] from Base Fortnight[2] (%)



- Wage cost growth was lower relative to the rapid increase in attendance levels during the "free" child care period of 5 April to 12 July
- Effective wage management minimised the impact during this capped revenue period
- Efficiencies were achieved through rostering for the fluctuations in attendances, JobKeeper eligibility and annual leave utilisation
- JobKeeper subsidies were $86.4m gross and $70.8m net of top-up amounts
- JobKeeper net subsidy equated to 71% of gross wages during the subsidy period

1. Wages refer to net wages post JobKeeper subsidies
2. Base fortnight is the first fortnight commencing 5 April – being the first fortnight of free child care

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HALF YEAR RESULTS

Sharyn Williams

CY20 H1 SNAPSHOT

Statutory and Pre-AASB16 results

1H20 Financial Results

- Statutory loss after tax of $239m, was materially impacted by a non-cash impairment expense of $237m (post tax)
- The ECEC relief package was welcomed to support sector viability
- The H1 revenue and underlying EBIT[1] reflected the net effect of COVID-19 and Government support in Q2
    - Revenue decreased 28%
    - Underlying EBIT[1] of $29m

Continued strong cash flow generation

- EBITDA to lease adjusted cash conversion of 98%

Dividend

- The dividend policy remains temporarily suspended
- The deferred CY19 final dividend will be paid on October 30, 2020
- A dividend may, subject to financial performance, be paid in respect of CY21

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$M	CY20 H1 Statutory	CY20 H1 Proforma^	CY19 H1 Statutory	CY19 H1 Proforma^	Proforma % change
Total Revenue	**308.6**	**308.3**	**430.6**	**430.6**	**(28.4%)**
Employee expenses[2]	(168.6)	(168.6)	(260.0)	(260.0)	(35.2%)
Occupancy	(3.6)	(58.1)	(5.6)	(58.3)	(0.3%)
Direct costs	(29.4)	(29.4)	(33.7)	(33.7)	(12.8%)
Other costs	(25.8)	(26.5)	(19.0)	(19.9)	33.2%
Total Expenses	**(227.4)**	**(282.6)**	**(318.3)**	**(371.9)**	**(24.0%)**
EBITDA	**81.2**	**25.7**	**112.3**	**58.7**	**(56.2%)**
Depreciation and amortisation	(47.4)	(11.1)	(48.5)	(10.4)	6.7%
Impairment Loss	(274.8)	(175.0)	-	-	-
Reported EBIT	**(241.0)**	**(160.4)**	**64.1**	**48.6**	**-**
Net finance costs	(33.2)	(11.3)	(36.2)	(14.5)	(22.1%)
(Loss)/profit before income tax	**(274.2)**	**(171.7)**	**27.9**	**34.1**	**-**
Income tax benefit/(expense)	35.0	4.3	(8.9)	(10.8)	-
(Loss)/profit for the year	**(239.2)**	**(167.4)**	**19.0**	**23.3**	**-**
Add non-operating transactions		179.0		2.9	-
Underlying NPAT[1]		**11.6**		**26.2**	**(55.9%)**
Underlying EBIT[1]		**28.7**		**51.6**	**(44.4%)**
Underlying EBITDA[1]		**39.8**		**62.0**	**(35.8%)**
Basic earnings per share (cents)[3]	(37.2)	(26.0)	3.7	5.1	-
Underlying EPS (cents)		1.8		5.1	(64.7%)

^Proforma refers to pre-AASB16
1. Underlying non IFRS (i.e. pre AASB 16 lease standard, acquisition, establishment and divestment costs)
2. JobKeeper subsidies were $86.4m gross and $70.8m net of top-up amounts
3. CY19 H1 restated to reflect bonus element included in share issuance

OPERATING PERFORMANCE

- Revenue and costs were underpinned by government support with CY20 H1 subsidies totalling $176m
- A focus on wage optimisation[1] and cost controls, coupled with lower attendances, supported organic centre margins
- The March 2020 fee increase was not implemented due to Government subsidy
- Underlying Group EBIT of $29m, down 44% on PCP, driven by the capped revenue model in Q2

1. To take account of changing attendance levels and JobKeeper

$M	CY20 H1	CY19 H1	% change
Total Organic Revenue	**255.5**	**354.5**	**(27.9%)**
Wages	(183.9)	(198.4)	(7.3%)
Wage subsidies	57.4	0.0	-
Rent	(42.8)	(42.7)	0.3%
Depreciation	(8.3)	(7.4)	12.8%
Other	(30.5)	(35.7)	(14.5%)
Centre Expenses	(208.1)	(284.1)	(26.7%)
Organic Centre EBIT[2]	**47.4**	**70.4**	**(32.7%)**
Organic Centre EBIT margin	*18.5%*	*19.9%*	
2017 Acquisitions	3.9	3.8	
2018 Acquisitions	0.5	(0.2)	
LFL Centre EBIT[2]	**51.8**	**74.0**	**(30.0%)**
2019 Acquisitions	(1.8)	(3.0)	
2020 Acquisitions	(2.3)	(0.0)	
Divested Centres	(0.3)	(0.7)	
Total Centre EBIT[2]	**47.4**	**70.3**	**(32.5%)**
Support Office Costs	(18.7)	(18.8)	(0.7%)
Underlying Group EBIT[2]	**28.7**	**51.5**	**(44.2%)**
EBIT margin	*9.3%*	*11.9%*	
Organic Costs as % Organic Revenue			**% pt change YoY**
Wages (including subsidy)	49.5%	56.0%	(6.4%)
Rent	16.7%	12.0%	4.7%
Depreciation	3.3%	2.1%	1.2%
Other	11.9%	10.1%	1.9%
Support Office as % Total Revenue			**% pt change YoY**
Support Office	6.0%	4.4%	1.7%

1. CY19 restated for divestments
2. Underlying EBIT refers to non-IFRS and can be reconciled to statutory NPAT on page 14

CASH CONVERSION

Consistent and strong cash conversion

- Cash flow generation remained strong in CY20 as G8 adapted to the COVID-19 funding model
- Cash conversion ratio of 98% achieved despite the timing differences of JobKeeper net subsidy paid in arrears (+$18m) and ECECR package in advance (-$11m)

EBITDA to Cash Flow Conversion – Pre-AASB 16

$M	1H20	1H19
Operating cash flow	28.8	31.8
+ Net interest	10.9	14.6
+ Tax paid	(0.5)	16.8
Gross operating cash flow	**39.2**	**63.2**
EBITDA	27.7	58.7
Underlying EBITDA	39.8	62.0
Cash flow conversion	**141%**	**108%**
Cash flow conversion underlying	**98%**	**102%**

CAPITAL MANAGEMENT

Equity Raise

- Completed underwritten $301m equity raising via an institutional placement and retail and institutional entitlement offers, significantly reducing the leverage of the Group

Capex

- 1H20 total capex of $15m (refer to appendix for breakdown)
- Forecast CY20 capex of $25m - $30m

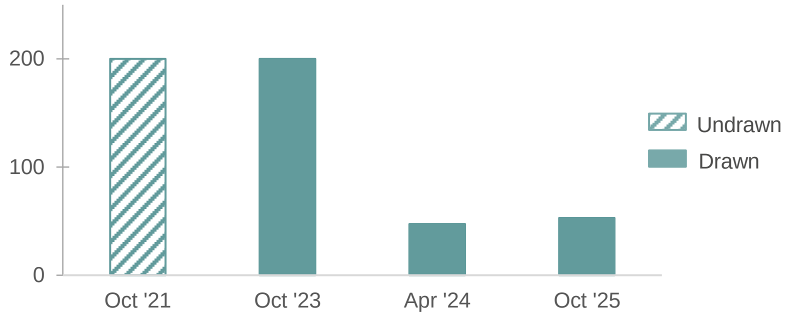
Dividend

- Dividend policy temporarily suspended to preserve cash
- CY19 fully franked final dividend of 6 cents per share payable on 30 October 2020, c. $19m

Debt Facilities

- Waiver relaxations of banking covenants have been extended further until December 2021
- Debt profile remains staggered with next expiry date October 2021, this facility has a nil balance and was repaid during the half using equity raise funds
- CY20 borrowing costs are forecast to be circa $20 million

Debt Facility Profile ($M)



GEARING RATIOS

Strong balance sheet and prudent gearing

- Net debt reduced to $57m with net proceeds from the equity raised used to reduce net debt
- Strong lender support with amendments of bank covenants in place until December 2021
- Cash preservation targets were achieved

Gearing Ratios – Pre-AASB 16

$M	Proforma CY20 H1	Proforma CY19
Non-current borrowings	293.9	387.8
Cash and cash equivalents	(237.5)	(40.6)
Net Debt	**56.5**	**347.1**
Underlying EBITDA (last 12 months)	132.4	154.6
Net Debt/EBITDA (x)	**0.43**	**2.25**
Net interest (last 12 months)	22.7	28.4
EBITDA/Net Interest (x)	**5.84**	**5.44**
Fixed charge cover (x)	**1.61**	**1.70**
Gearing ratio (%)*	**5.3%**	**27.4%**

* Gearing ratio = Net Debt/Net Debt + Equity

RETURN ON CAPITAL

- Return on capital employed (ROCE) of 8.5% driven by:
  - Reduced earnings driven by COVID impact
  - Increased equity following recent capital raise

Return on Capital Employed – Pre-AASB 16

$M	Proforma CY20 H1	Proforma CY19
Underlying EBIT (last 12 months)	109.6	132.5
Shareholders' equity (average last 12 months)	949.4	906.0
Debt liabilities (average last 12 months)	345.3	379.8
Capital Employed	**1,294.7**	**1,285.7**
Return on Capital Employed (ROCE) %	**8.5%**	**10.3%**

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STRATEGY & OUTLOOK

Gary Carroll

2020 PRIORITIES

Quality, safety and family experience

Deliver consistent high-quality education programs and family experience

- Dedicated team focused on turnaround opportunities and driving performance, with learning environments and people capability build activities undertaken for 108 centres in H1
- Second half focus is on embedding centre improvements, practices and family experience
- Roll out of enhanced website platform and experience for a number of brands in H2
- Launch of child protection program in partnership with Bravehearts

Optimisation

Optimise the centre network and cost base

- Ongoing action on centre network to address under-performing centres
- Continue disciplined approach to cost base
- New rostering system to improve visibility, optimise rostering and automate award compliance, with a review of award and legislative requirements being undertaken as part of project implementation
- The greenfield pipeline is complete, with a new approach to secure attractive future locations involving high quality partners and lower capital investments now being adopted

PORTFOLIO REVIEW

- Strategic portfolio review has been completed and contributed $82m post tax towards the non-cash impairment, relating to right of use assets and PP&E for 52 centres
- The portfolio, excluding these centres, is higher quality in terms of occupancy, NQS ratings and financial performance
- Divestment of the Singapore business is expected to occur in H2, subject to satisfaction of certain conditions precedent

G8 portfolio: Historical vs. proforma (i.e. excluding underperforming centres)

HISTORICAL		PROFORMA
74.4% / 64.5% [1]	OCCUPANCY	77.9% / 68% [1]
83% [2]	QUALITY	83.4% [2]
$132.5m [3]	EBIT	$144.6m [3]

1. CY19 Occupancy / H120 Occupancy
2. % of centres "meeting" or "exceeding" the NQS as at 30 June 2020
3. CY19 Underlying Group EBIT (pre-AASB16)

GREENFIELD MODEL

Creating a portfolio of first choice centres

- G8's committed greenfield pipeline has been completed following the establishment of 10 centres in CY20 H1[1]
- A portfolio network strategy has been developed to assess and secure potential greenfield centre sites

Assessment Framework

Market Quality
- Socio-economic indicators
- Supply/Demand factors
- G8 network cannibalisation

Location Quality
- Proximity, Accessibility, Prominence
- Optimised capacity and design
- Physical appeal

Commercial Quality
- Competitive commercial terms
- Balanced lease conditions
- Capital 'lite' investment model

- The Group will continue to evaluate brownfield acquisition opportunities to extend the portfolio in a disciplined manner

1. One centre opening postponed due to COVID-19 trading conditions

SUPPLY / DEMAND DYNAMICS

Slowing supply growth

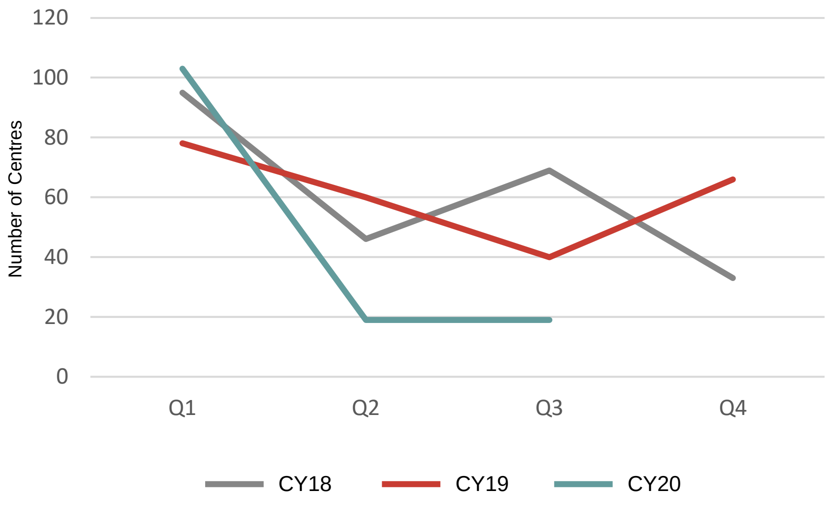
Macro

- LDC net supply growth decreased by 68% YoY in Q2 bringing the full year annualised growth to 3.8% (vs 3.9% in CY19)
- Overall in H1 59 centres closed vs 66 in pcp (a 10.6% reduction). 27 centres closed in Q2 vs 24 in pcp, (a 12.5% increase)
- Unemployment levels have risen from 5.2% to 7.5% from March 2020 to July 2020

Micro

- G8 centres impacted by supply within 2km in H1 CY20 decreased by 33% YoY
- Since January 2017, 289 G8 centres have been impacted by supply within 2km, however, the rate of growth has reduced significantly
- Countering the impact of this supply growth is a key focus of the Acceleration Program; the evidence continues to demonstrate that high quality centres can successfully mitigate the impact of new supply

Supply – Net New Centre Openings *



* Net new centre openings is the net result of the new centres opened and closed during the period

CURRENT TRADING & OUTLOOK

G8 Education Ltd

- COVID-19 impacted trading conditions are expected to continue and given this backdrop the Group will continue its disciplined approach to cost and cash management
- The Acceleration Program has continued despite COVID-19, focusing on consistent high-quality education programs and family experience
- Government funding mechanisms are in place until the end of September, with a track record of swiftly responding to COVID-19 driven lockdowns
- The national footprint of G8's centres provides a degree of portfolio diversification protection, with COVID-19 impacts varying by region/State
- The removal of JobKeeper and Government stimulus is expected to impact unemployment levels. The level of restrictions will also impact bookings moving forward as will Government support for the sector (e.g. waiving parent fees)
- The deferred CY19 final dividend will be paid on October 30, 2020
- A combination of the Group's net debt position, lender support and covenant relaxations until December 2021, provides the Group with substantial financial flexibility to withstand a prolonged downturn
- While current occupancy levels of 69% are solid, given the ongoing uncertainty and market volatility, G8 is not in a position to provide guidance on expected occupancy or financial operating performance
- With the changes implemented over the past few months, G8 now has the people, balance sheet and processes in place to emerge from the COVID-19 environment as a stronger business

G8 Education

Q&A

APPENDIX

COVID-19 Centre Closure Statistics

G8 Education[ltd]

	H1	H2[1]
Number of centre closures	3	7
Total days closed across all services	15	26
Average days closed per centre	5	4
Number of G8 educators with positive COVID[2]	5	4
Number of G8 children with positive COVID[2]	2	5
Number of G8 family members with positive COVID	2	14

1. Up to 19 August 2020.
2. Includes G8 educators and children who did not attend a centre while symptomatic (e.g. returned travelers who tested positive in quarantine before returning to centre)

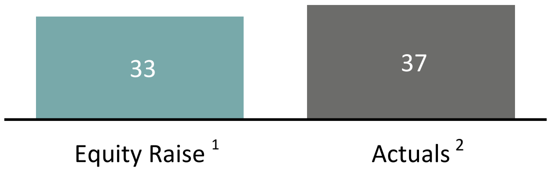
Equity raising cashflow targets achieved

Ahead of expectations

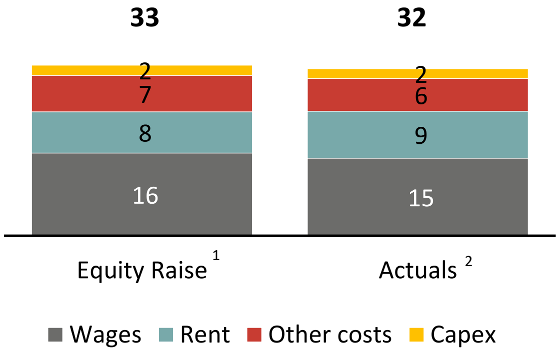
G8 Education[ltd]

Summary of pro-forma monthly revenue and key cash costs ($m)

Average monthly cash inflows



Average monthly key cash costs (excl. tax and interest)



Performance vs. equity raising assumptions

- **Cash inflows**
  - Government subsidy higher due to $11.5m paid in advance
- **Wage costs**
  - Slightly better than the 'illustrative" 10% average monthly reduction in cash wage costs
  - Net monthly JobKeeper contribution in line with expectations
- **Rent**
  - Negotiated total cash rent savings of $8m
  - Equivalent to 4 months of the original saving target of $2m/month
  - Period of rent concessions achieved is shorter in line with shorter lock down periods than expected
- **Capex and other costs**
  - Achieved the targeted average reduction of c.$1 million per month of non-essential capex
  - A reduction in other costs of c.30% (on average per month)
  - Net debt target of $100m outperformed with H1 net debt of $57m

1. “Equity Raise" represents the illustrative impact of COVID-19 as outlined on slide 16 of the 9 April 2020 Equity Raising Investor Presentation.
2. “Actuals” represent monthly revenue and operating costs (before tax and interest) and capex incurred by G8 in 1H CY20. Note this does not reconcile to P&L costs given differences between accounting expenses and cash expenses.

Government support

Strong support keeps sector viable and retains employees

Phase 1	Phase 2	Phase 3
(6 Apr to 12 July)	(13 Jul – 27 Sep)	(Stage 3 or 4 lockdowns 13 July – TBC)

Early Childhood Education & Care Relief Package (ECECRP)

- Revenue capped at 50% of Reference Period revenue[1] paid weekly in lieu of Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS)
- Families not charged gap fees
- Package equated to $89.3m for G8
- Ceased 12 July 2020

JobKeeper Package

- G8 eligible for the JobKeeper payment for average 8,577 team members
- Subsidy received $86.4m, net of top-up payments $71m
- Ceased 20 July 2020

Transition Payment

- 25% of Reference Period revenue[1] paid weekly in addition to CCS and ACCS
- Families gap fees recommence along with normal CCS arrangements
- Fees set in line with Reference Period, i.e. no CY20 fee increase implemented
- Activity test requirements eased until 4 Oct
- Commitment to maintain employment levels
- Package likely to equate to $51m for G8
- Employment guarantee (centres to maintain employment levels)

Transition Payment Plus

Stage 3 restricted areas – From 13 July to 31 Dec

- Where a child does not attend or centre is closed on public health advice, families not charged gap fees
- Additional 30 days allowable absences

Stage 4 restricted areas – from 5 August

- Only children of permitted workers and vulnerable children can attend
- Additional 30 days allowable absences
- Transition payment increased to 30% for affected centres, plus top up payments for centres with low CCS payments

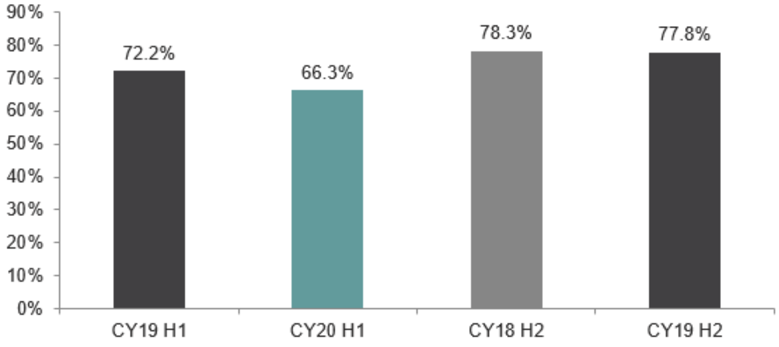
1. The Government's ECECRP payment of 50% of average centre revenues for the fortnight leading into 2 March 2020 is further subject to the existing hourly rate cap and relates to a point in time before parents started withdrawing their children in large numbers

LFL OCCUPANCY[1]

- Occupancy, down 5.9%pts on PCP, was impacted by COVID-19, with some parents withdrawing their children from care due to unemployment, working from home or safety concerns
- From 6 April, childcare was free for families, resulting in a period of capped revenue for providers. During this period, priority was given to essential workers and existing families
- Retaining families was a focus through regular communications and thought leadership
- As this "free childcare" period ceased, proactive occupancy building measures were reinstated
- The benefit of G8's national footprint has mitigated the impact of localised pandemic impacts

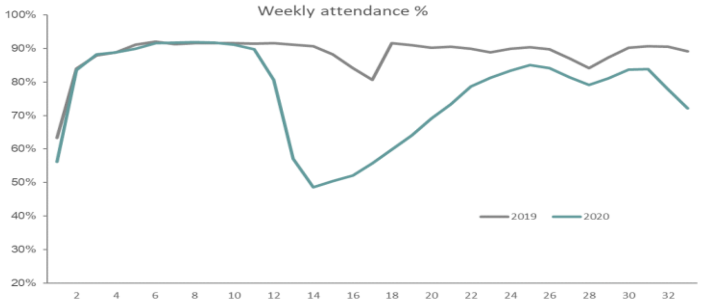
1. All occupancy figures are like-for-like (i.e. an average occupancy for Australian centres that includes all brownfield centres owned for at least 12 months, and greenfield centres owned for at least 15 months). Divested or closed centres are excluded from the data (i.e. excludes any benefit from divestment).

Half-Yearly Like-for-Like Occupancy (%)



1. Occupancy restated to allow for a like-for-like comparison

Attendance (% of occupancy)



* All occupancy figures are like-for-like i.e. an average occupancy that includes all brownfield centres owned for at least 12 months and greenfield centres owned for at least 15 months. Divested or closed centres are excluded from the data, i.e. excludes any benefit from divestment.

BALANCE SHEET

- Cash and cash equivalents of $237m reflects net of $301m capital raised during the period and $95m borrowings repaid
- Increase in trade and other receivables of $4m reflects the decrease in debtors during the period, offset by JobKeeper payments in arrears
- Goodwill decreased during the year reflecting a non-cash impairment of $145m
- Trade and other payables include $28m dividend payable deferred from April and a fortnightly wages accrual paid 1st July
- Liabilities of circa $1.1bn comprised of:
  - Syndicated facility $300m
  - AASB 16 lease liability $688m

$M	Statutory Jun 20	AASB 16 Adjust.	Proforma Jun 20	Proforma Dec 19
ASSETS				
Current assets				
Cash and cash equivalents	237.5	-	237.5	40.6
Trade and other receivables	37.6	3.9	41.5	37.8
Other current assets	8.9	-	8.9	11.2
Current tax asset	2.3	-	2.3	1.9
Assets classified as held for sale	14.5	-	10.5	-
Total current assets	**300.9**	**(0.1)**	**300.8**	**91.5**
Non-current assets				
Property plant and equipment	91.4	7.2	98.6	112.9
Right of use assets	479.6	(479.6)	-	-
Deferred tax assets	92.4	(64.4)	27.9	21.1
Intangible assets	1,044.6	-	1,044.6	1,193.2
Other non-current assets	1.7	-	1.7	5.9
Total non-current assets	**1,709.7**	**(536.9)**	**1,172.8**	**1,333.0**
Total assets	**2,010.6**	**(537.0)**	**1,473.6**	**1,424.5**
LIABILITIES				
Current liabilities				
Trade and other payables	86.5	2.7	89.2	56.7
Contract liabilities	15.7	-	15.7	7.1
Lease Liabilities	69.9	(69.9)	-	-
Provisions	38.3	-	38.3	34.3
Liabilities classified as held for sale	6.2		1.9	-
Total current liabilities	**216.6**	**(71.5)**	**145.1**	**98.1**
Non-current liabilities				
Other payables	0.7	8.1	8.7	7.1
Borrowings	293.9	-	293.9	387.8
Lease Liabilities	618.0	(618.0)	-	-
Provisions	15.2	-	15.2	13.1
Total non-current liabilities	**927.8**	**(610.0)**	**317.9**	**407.9**
Total liabilities	**1,144.5**	**(681.5)**	**462.9**	**506.0**
Net assets	**866.1**	**144.5**	**1,010.7**	**918.5**

G8 Education[ltd]

CASH FLOW

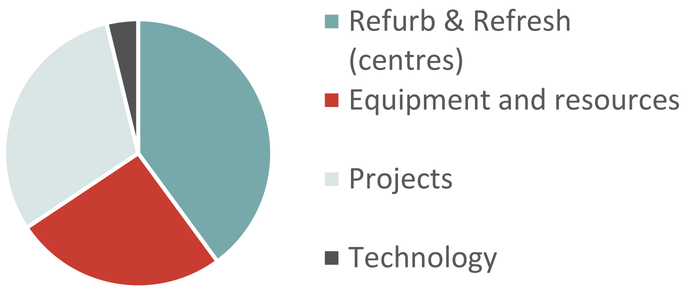
- Lease adjusted proforma operating cashflows of $29m, a decrease of 9% on prior year, included:
  - ECEC revenue package in lieu of parent co-payments and child care subsidies
  - JobKeeper subsidy totalling $52m, as a partial offset to employee payments
  - Lower interest payments due to transition from corporate bonds to bank debt
  - $3m tax refund in relation to acquired historical tax losses
- PP&E payments of $15m reflected investment in critical centre maintenance, resources and strategic projects
- Purchase of businesses of $11m reflects the acquisition of 4 greenfield centres. The greenfield pipeline has now been completed
- Proceeds from the issue of shares of $301m is from the capital raising undertaken in April
- Net decrease in borrowings of $95m, repaying the $200m revolving facility in full

G8 Education[ltd]

$M	CY20 H1 Statutory	CY20 H1 Proforma	CY19 H1 Statutory	CY19 H1 Proforma
Cash flows from Operating Activities				
Receipts from customers (inclusive of GST)	337.9	337.9	433.3	433.3
Payments to suppliers and employees (inclusive of GST)	(246.9)	(298.7)	(317.0)	(370.0)
Interest received	0.4	0.4	0.3	0.3
Interest paid	(32.9)	(11.3)	(36.7)	(14.9)
Income taxes paid	0.5	0.5	(16.8)	(16.8)
Net cash inflows from operating activities	**58.9**	**28.8**	**63.1**	**31.8**
Cash flows from Investing Activities				
Payments for purchase of businesses (net of cash acquired)	(11.1)	(11.1)	(31.6)	(31.6)
Payments for divestments	(0.5)	(0.5)	(0.7)	(0.7)
Payments for property plant and equipment	(15.2)	(15.2)	(15.9)	(15.9)
Net cash outflows from investing activities	**(26.8)**	**(26.8)**	**(48.2)**	**(48.2)**
Cash flows from Financing Activities				
Share issue costs	(11.1)	(11.1)	(0.0)	-
Dividends paid	-	-	(27.1)	(27.1)
Principal elements of lease payments	(30.2)	-	(31.2)	-
Repayment of corporate note	-	-	(269.9)	(269.9)
Proceeds from issue of shares	301.2	301.2	-	-
Inflows from Borrowings	65.0	65.0	305.0	305.0
Repayment of Borrowings	(160.0)	(160.0)	(2.0)	(2.0)
Net cash (outflows) / inflows from financing activities	**164.9**	**164.9**	**(25.2)**	**6.0**
Net increase in Cash and Cash Equivalents	197.0	197.0	(10.3)	(10.3)
Cash and cash equivalents at the beginning of the financial year	40.6	40.6	55.5	55.5
Effects of exchange rate changes on cash	(0.1)	(0.1)	-	-
Cash and cash equivalents at the end of the financial year	**237.5**	**237.5**	**45.2**	**45.2**

CAPEX COMMITMENTS
Cash Preservation a Priority

Total CY20 H1 Capex = $15 million

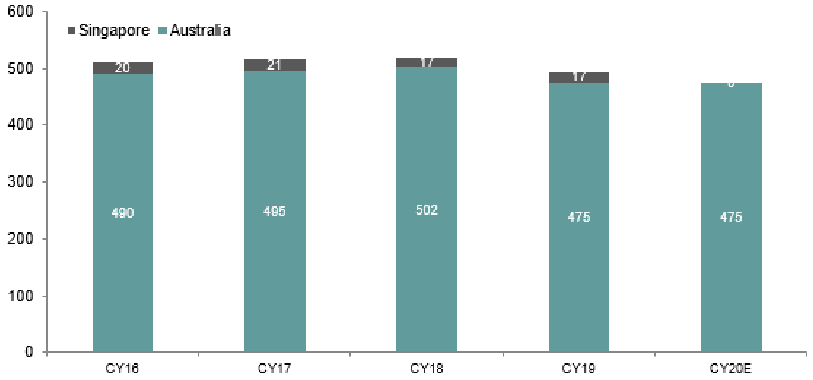


- **1H20 total capex of $15m driven by:**
  - Refurb and Refresh Program (centre capex) – circa $6m
  - Educational equipment/resources – circa $4m
  - Project capex (e.g. rostering system and turnarounds) - $4m
  - Technology upgrades – $1m
- **Total forecast capex in CY20 of $25m - $30m**

PATHWAY TO PORTFOLIO OPTIMISATION

Divestments and centre closures optimising portfolio quality

Centre Portfolio



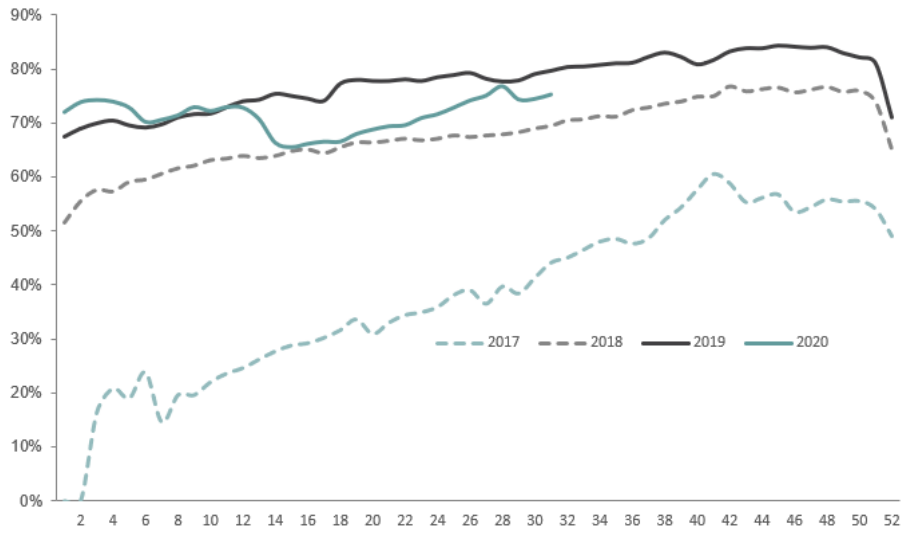
* CY20E includes the forecast divestment of Singapore centres in 2H20, subject to certain conditions being met and 1 centre closure in July

- A share sale agreement to divest Singapore operations has been entered into
- Completion is expected to occur in 2H20 subject to satisfaction of conditions precedent, including regulatory approval and the conversion of certain franchised businesses to company owned
- The assets of this business have been classified as held for sale in the financial statements
- 3 centres closed in 1H20, with total statutory losses on closure of circa $0.5m
- The committed greenfield pipeline is now complete with the remaining 4 centres completed in 1H20
    - 7 centres opened in 1H20
    - Licenced places 804

CY17 & CY18 GREENFIELD PERFORMANCE

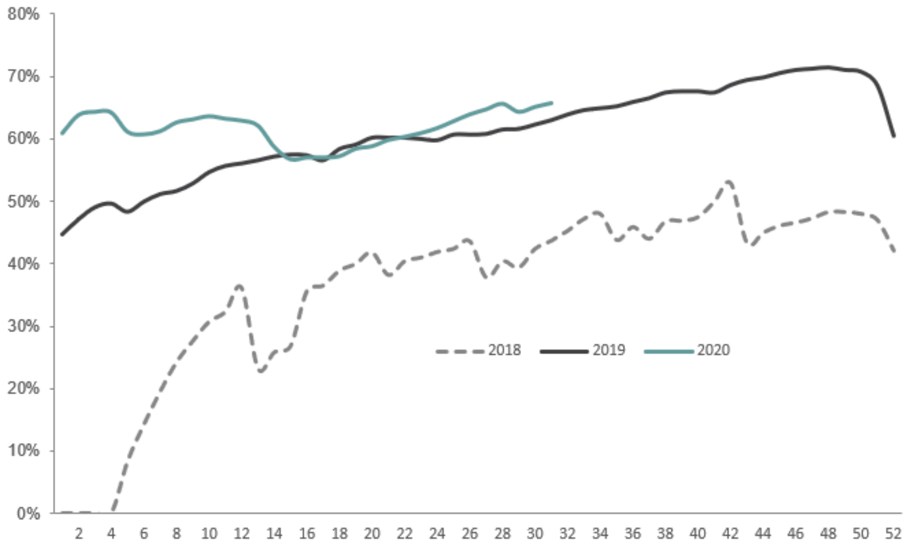
G8 Education Ltd

CY17 Greenfields Cohort – Weekly Occupancy



- Achieving target occupancy at a portfolio level
- Continuing occupancy growth as centres mature

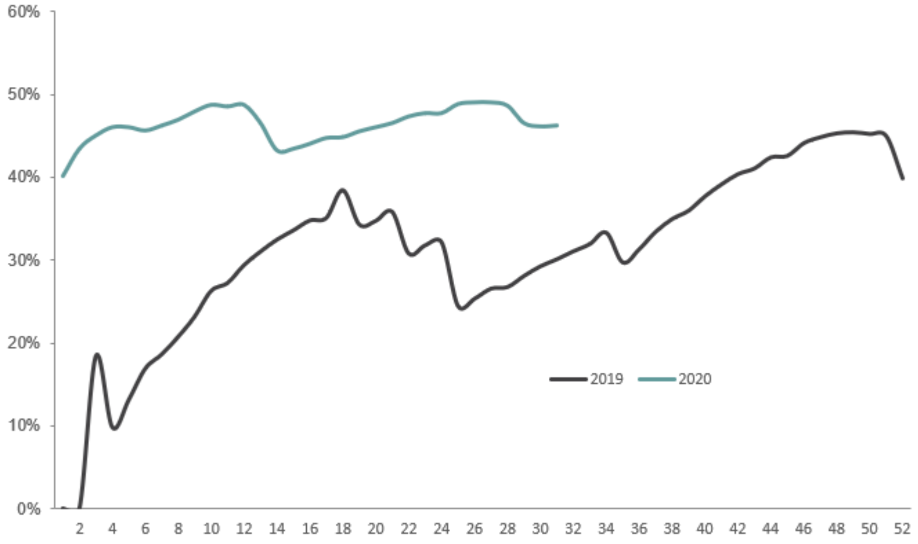
CY18 Greenfields Cohort – Weekly Occupancy



- Occupancy of portfolio is on track, consistent with CY17 cohort trends

CY19 GREENFIELD PERFORMANCE

CY19 Greenfields Cohort – Weekly Occupancy



- Achieving target occupancy at a portfolio level
- Continuing occupancy growth as centres mature

OCCUPANCY BY STATE

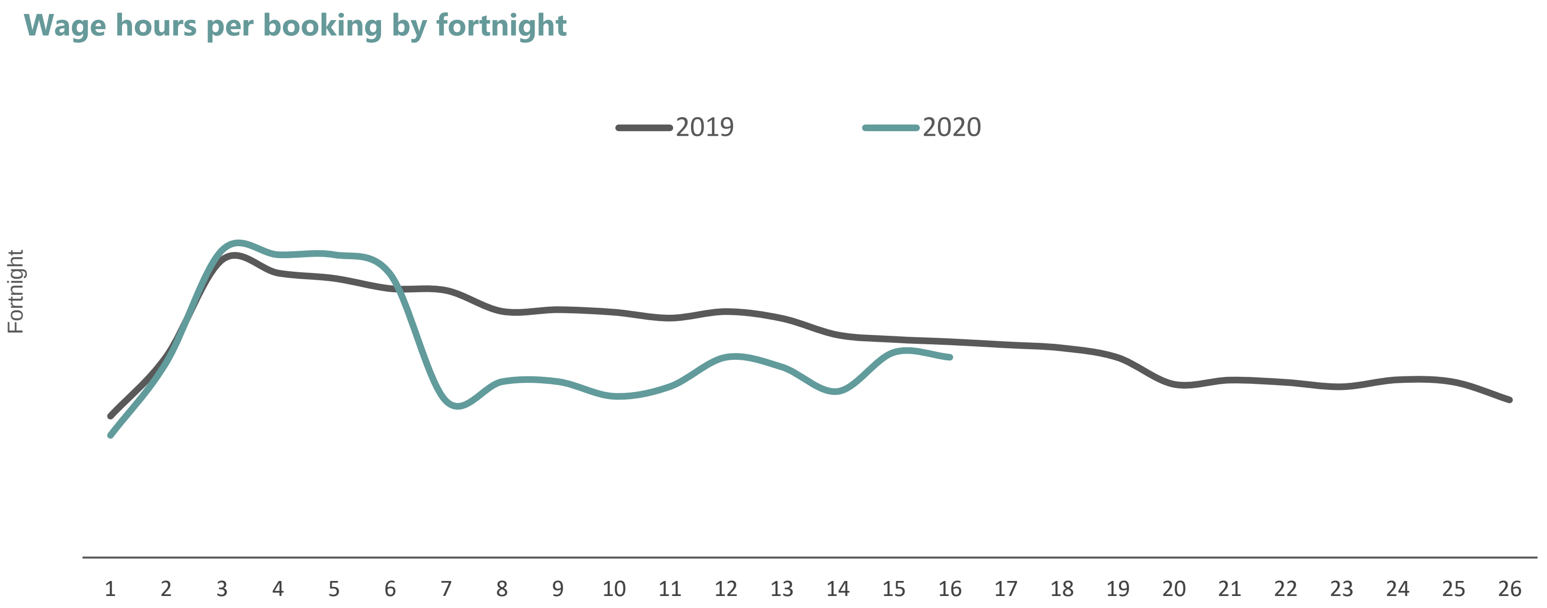
G8 Education Ltd

Half-Yearly Like-for-Like Occupancy (%)

	Occupancy			Supply Growth
State	**CY19 H1**	**CY20 H1**	**% change**	**YoY**
ACT	76.0%	60.9%	(15.1%)	4.5%
NSW	73.1%	67.3%	(5.8%)	3.4%
QLD	72.8%	68.6%	(4.2%)	2.6%
SA	72.3%	67.6%	(4.7%)	5.8%
VIC	70.8%	64.4%	(6.4%)	4.8%
WA	72.4%	66.2%	(6.2%)	4.9%
National	**72.2%**	**66.3%**	**(6.0%)**	**3.7%**

WAGE EFFICIENCY

Detailed roster management in response to fluctuating occupancy and attendance levels



AASB 16 Leases Impact on Consolidated Income Statement
(Unaudited, Non IFRS)

G8 Education Ltd

Consolidated Half Year	30 June 2020 Statutory $'000	30 June 2020 AASB16 Adjustment $'000	30 June 2020 pre-AASB16 $'000	30 June 2019 Statutory $'000	30 June 2019 AASB16 Adjustment $'000	30 June 2019 pre-AASB16 $'000
Revenue	**309,032**	**(377)**	**308,655**	**430,881**	**-**	**430,881**
Expenses						
Employment costs	(168,563)	-	(168,563)	(259,983)	-	(259,983)
Occupancy	(3,603)	(54,457)	(58,060)	(5,624)	(52,632)	(58,256)
Direct costs of providing services	(29,439)	-	(29,439)	(33,676)	-	(33,676)
Depreciation	(47,429)	36,312	(11,117)	(48,478)	38,032	(10,446)
Impairment loss	(274,757)	99,791	(174,966)	-	-	-
Other expenses	(25,790)	(727)	(26,517)	(19,028)	(867)	(19,895)
Finance costs	(33,564)	21,833	(11,731)	(36,242)	21,754	(14,488)
Total expenses	**(583,145)**	**102,752**	**(480,393)**	**(403,031)**	**6,287**	**(396,744)**
Profit / (loss) before income tax	**(274,113)**	**102,375**	**(171,738)**	**27,850**	**6,287**	**34,137**
Income tax benefit (expense)	35,044	(30,723)	4,321	(8,861)	(1,955)	(10,816)
Profit / (loss) for the half year attributable to members of the parent entity	**(239,069)**	**71,652**	**(167,417)**	**18,989**	**4,332**	**23,321**

AASB 16 Leases Impact on Consolidated Balance Sheet (Unaudited, Non IFRS)

G8 Education

Consolidated half-year	30 June 2020 Statutory $'000	30 June 2020 AASB16 Adjustment $'000	30 June 2020 pre-AASB16 $'000	31 December 2019 Statutory $'000	31 December 2019 AASB16 Adjustment $'000	31 December 2019 pre-AASB16 $'000
ASSETS						
Current assets						
Cash and cash equivalents	237,486	-	237,486	40,603	-	40,603
Trade and other receivables	37,625	3,919	41,544	29,936	7,833	37,769
Other current assets	8,924	-	8,924	11,232	(53)	11,179
Current tax asset	2,343	-	2,343	1,938	-	1,938
Assets classified as held for sale	14,538	(4,000)	10,538	-	-	-
Total current assets	**300,916**	**(81)**	**300,835**	**83,709**	**7,780**	**91,489**
Non-current assets						
Property plant and equipment	91,441	7,162	98,603	103,864	8,994	112,858
Right of use assets	479,612	(479,612)	-	606,219	(606,219)	-
Deferred tax assets	92,371	(64,439)	27,932	53,966	(32,899)	21,067
Intangible assets	1,044,593	-	1,044,593	1,193,160	-	1,193,160
Other non-current assets	1,653	-	1,653	5,894	53	5,947
Total non-current assets	**1,709,670**	**(536,889)**	**1,172,781**	**1,963,103**	**(630,071)**	**1,333,032**
Total assets	**2,010,586**	**(536,970)**	**1,473,616**	**2,046,812**	**(622,291)**	**1,424,521**
LIABILITIES						
Current liabilities					-	
Trade and other payables	86,485	2,710	89,195	54,840	1,854	56,694
Contract liabilities	15,719	-	15,719	7,148	-	7,148
Lease liabilities	69,938	(69,938)	-	68,482	(68,482)	-
Provisions	38,313	-	38,313	34,264	-	34,264
Liabilities classified as held for sale	6,180	(4,312)	1,868	-	-	-
Total current liabilities	**216,635**	**(71,540)**	**145,095**	**164,734**	**(66,628)**	**98,106**
Non-current liabilities						
Other payables	696	8,053	8,749	696	6,394	7,090
Borrowings	293,939	-	293,939	387,750	-	387,750
Lease liabilities	618,014	(618,014)	-	640,655	(640,655)	-
Provisions	15,166	-	15,166	13,087	-	13,087
Total non-current liabilities	**927,815**	**(609,961)**	**317,854**	**1,042,188**	**(634,261)**	**407,927**
Total liabilities	**1,144,450**	**(681,501)**	**462,949**	**1,206,922**	**(700,889)**	**506,033**
Net assets	**866,136**	**144,531**	**1,010,667**	**839,890**	**78,598**	**918,488**

AASB 16 Leases Impact on Consolidated Cash Flows
(Unaudited, Non IFRS)

G8 Education Ltd

Consolidated half-year	30 June 2020 Statutory $'000	30 June 2020 AASB16 Adjustment $'000	30 June 2020 pre-AASB16 $'000	30 June 2019 Statutory $'000	30 June 2019 AASB16 Adjustment $'000	30 June 2019 pre-AASB16 $'000
Cash flows from operating activities						
Receipts from customers (inclusive of GST)	337,855	-	337,855	433,264	-	433,264
Payments to suppliers and employees (inclusive of GST)	(246,919)	(51,828)	(298,747)	(317,019)	(53,003)	(370,022)
Interest received	371	-	371	321	-	321
Interest paid	(32,884)	21,650	(11,234)	(36,682)	21,755	(14,927)
Income taxes paid	502	-	502	(16,798)	-	(16,798)
Net cash inflows from operating activities	**58,925**	**(30,178)**	**28,747**	**63,086**	**(31,248)**	**31,838**
					-	
Cash flows from investing activities					-	
Payments for acquisition of businesses (net of cash acquired)	(11,122)	-	(11,122)	(31,612)	-	(31,612)
Payments for divestments	(509)	-	(509)	(712)	-	(712)
Payments for property, plant and equipment	(15,175)	-	(15,175)	(15,871)	-	(15,871)
Net cash outflows from investing activities	**(26,806)**	**-**	**(26,806)**	**(48,195)**	**-**	**(48,195)**
					-	
Cash flows from financing activities					-	
Share issue costs	(11,119)	-	(11,119)	(12)	-	(12)
Dividends paid	-	-	-	(27,072)	-	(27,072)
Principal portion of lease payments	(30,178)	30,178	-	(31,248)	31,248	-
Repayment of corporate note	-	-	-	(269,892)	-	(269,892)
Proceeds from issue of shares	301,215	-	301,215		-	-
Inflows from borrowings	65,000	-	65,000	305,000	-	305,000
Outflows of borrowings	(160,006)	-	(160,006)	(2,007)	-	(2,007)
Net cash outflows from financing activities	**164,912**	**30,178**	**195,090**	**(25,231)**	**31,248**	**6,017**
					-	
Net decrease in cash and cash equivalents	197,031	-	197,031	(10,340)	-	(10,340)
Cash and cash equivalents at the beginning of half year	40,603	-	40,603	55,521	-	55,521
Effects of exchange rate changes on cash	(148)	-	(148)	23	-	23
Cash and cash equivalents at the end of half year	**237,486**	**-**	**237,486**	**45,204**	**-**	**45,204**