THINK Childcare Limited

2018 Investor Presentation

27 February 2019

Nido Early School QV1, WA

CONTENTS

1 Financial performance

Highlights

Achieved top-end of ASX guidance with underlying EBITDA of 10.7m

- Achieved top-end of ASX guidance[1] of:
  - Underlying EBITDA 10.7m (guidance 10m-11m);
  - NPAT of 5.0m (guidance 4.75m-5.25m); and
  - EPS 10.5 cents (guidance 10-11 cents)

  This demonstrates a strong rebound in 2H18
- Achieved 3 year total return of 26.4% including franked dividends (ASX300 Accumulation Index of 11.9%)
- Determined a fully franked final dividend of 6.5 cents per share payable on 28 March 2019
- Delivered on capital management initiatives which funded strategic acquisitions and the capital investment program:
  - Secured a five-year syndicated debt facility of 58m plus 20m accordion (headroom 43m) [2]
  - Raised 10.2m equity, net of costs [3]
- Acquired 9 childcare services at total value of 14.5m [4] ; developed 3 greenfield services with capital investment of 1.9m
- Completed over 3.1m capital investment program to elevate existing services to be best in market
- Diversified portfolio of child care services from predominately Victoria (at IPO) to 31% of the portfolio located outside Victoria
- Transition to Nido Early School (Nido) well underway with an investment of $2m planned to position us as a premium child care service provider in the suburban market
- Launched Project Elevate which will enhance our capabilities across various disciplines in people, education curriculum, service delivery, and finance. The project will span multiple phases and continue beyond 2019

1. *ASX guidance issued on 22 August 2018*
2. *Debt facility secured on 10 July 2018*
3. *Equity raise on 15 March 2018*
4. *Purchase price 14.8m less 0.3m settlement adjustments*

Operating performance

Like-for-like underlying EBITDA growth of 27% on pcp

Like-for-like EBITDA of 11.9m (27% higher than prior comparable period – pcp) normalising for 1.2m items:

- Greenfield year-one losses of 0.8m (new strategy no greenfield in CY17)
- Higher long service leave CY18 of 0.4m (0.6m prior period adjustment) arising from revision of the LSL calculation
- Deferral of licence fee revenue as a result of the new standards AASB15 to reflect legislation

Underlying EBITDA of 10.7m (9.4m pcp) reflects:

- Rebound in 2H18 EBITDA of 8.1m compared with 2.6m in 1H18;
- Growth of 14% on pcp of 9.4m

Statutory EBITDA of 10.7m is 5% higher than pcp of 10.2m notwithstanding a one-off benefit of 1.4m in CY17, earnout liability reversal

NPAT of 5m is down 0.8m on pcp of 5.8m impacted by one-off financing costs associated with refinance of ANZ facility with the Macquarie Bank syndicated facility and higher depreciation

($M)	CY18	CY18 Guidance	H2	H1	CY17	Variance to CY17	Variance to guidance
Revenue	80.6	79.9	46.7	33.9	63.1	17.6	0.8
Labour [1]	(49.2)	(49.7)	(27.4)	(21.8)	(38.4)	(10.8)	0.5
Occupancy costs	(12.4)	(10.7)	(6.9)	(5.5)	(8.7)	(3.7)	(1.7)
Service overheads	(6.2)	(5.7)	(3.5)	(2.7)	(4.8)	(1.5)	(0.5)
Service performance	**12.8**	**13.8**	**8.9**	**3.9**	**11.2**	**1.6**	**(0.9)**
Management fees [2]	4.6	4.3	2.9	1.8	2.4	2.2	0.3
Other income	0.5	-	0.5	-	1.4	(0.9)	0.5
Acqusition expenses	(0.5)	(0.4)	(0.2)	(0.3)	(0.6)	0.1	(0.1)
Corporate overheads	(6.7)	(7.1)	(3.7)	(3.1)	(4.2)	(2.6)	0.4
EBITDA (statutory)	**10.7**	**10.6**	**8.4**	**2.3**	**10.2**	**0.5**	**0.2**
Add: Acquisition expenses	0.5	-	(0.5)	-	0.6	(0.1)	0.5
Less: Earn-out consideration liability reversal	(0.5)	0.4	0.2	0.3	(1.4)	0.9	(0.9)
EBITDA (underlying)	**10.7**	**11.0**	**8.1**	**2.6**	**9.4**	**1.3**	**(0.3)**
Finance costs	(2.0)	(1.3)	(1.5)	(0.5)	(0.8)	(1.3)	(0.8)
Depreciation	(1.6)	(1.5)	(1.0)	(0.7)	(1.0)	(0.6)	(0.2)
Tax	(2.1)	(2.7)	(1.7)	(0.4)	(2.6)	0.6	0.7
NPAT	**5.0**	**5.0**	**4.2**	**0.7**	**5.8**	**(0.8)**	**0.0**
Earnings per share (cents)	**10.5**	**10.0**			**14**	**(3.2)**	**0.5**
Dividend per share (cents)	**6.5**	**6.5**			**10.0**	**(3.5)**	**-**
Payout ratio	**62%**	**65%**			**73%**	**(11.2)%**	**(3.1)%**

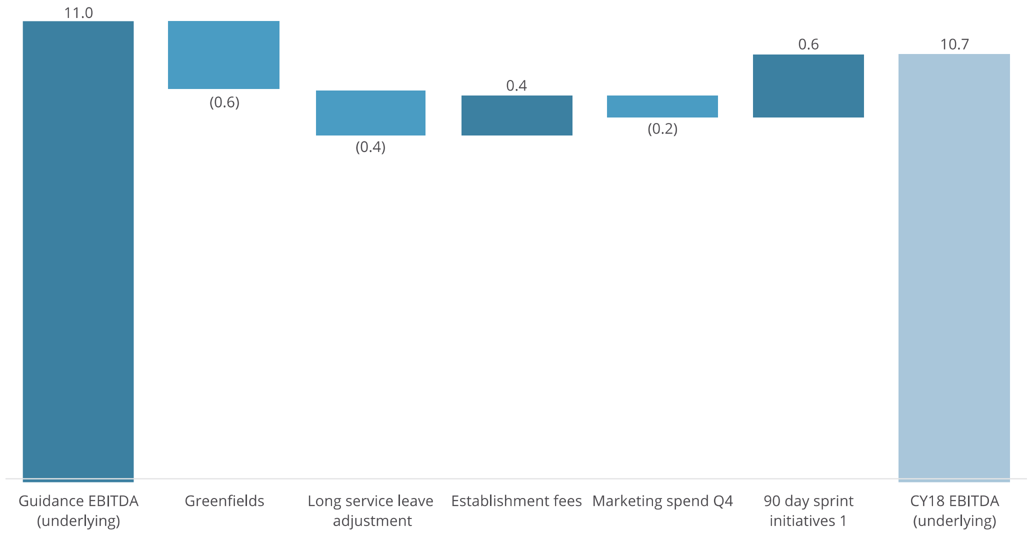
1. *Long service leave adjustment CY17 0.3m and CY16 0.3m*
2. *Management fees includes establishment and license fees*

EBITDA

Guidance achieved whilst continuing to invest in the business

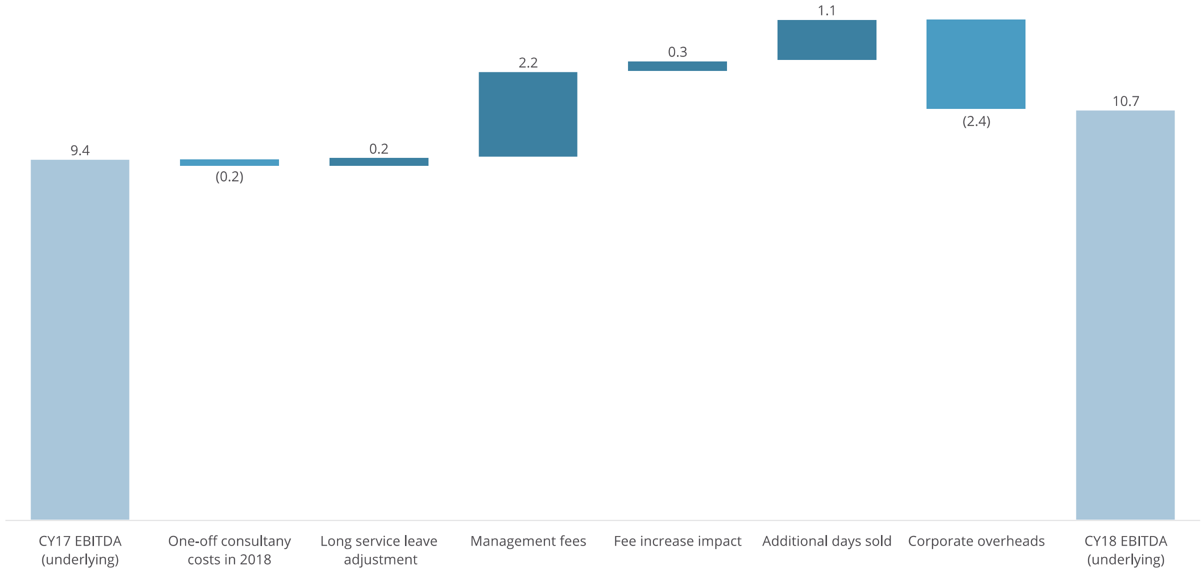
EBITDA guidance to CY18 actuals

Guidance achieved whilst continuing to invest in operation capabilities



EBITDA CY17 v CY18 Like-for-Like

Modest growth in the face of headwinds in the sector



1. 90 day sprint is a performance improvement initiative that management implemented in Q4

Project Elevate to deliver strategy and manage risk

Strategy and operational plans crystallises at inaugural 2-day workshop[1]

Strategy

Objectives

- Excellence in governance, quality and financial control
- A sustainable platform to support profitable growth
- Strong capital structure
- Insights which drive strategic decisions

Case for change

- 68% increase in services owned and managed since IPO from 44 to 74
- Pipeline of potential acquisitions could double the portfolio of services in 4 years
- Service margins between CY17 and CY18 (LFL adjusted for greenfield) decreased by 1%
- Enhance scalability of corporate office and service delivery model

Outcomes

Alignment

Alignment of the service delivery model across four pillars:

- People and performance
- Education and curriculum
- Service delivery
- Business and finance

Target benefits

- Improvement in service margin
- Reduction in management expense ratio
- Achieve economy of scale by leveraging technology
- Consolidated, optimised procurement model

Delivery

Approach

- Iterative planning and execution
- Quick wins and long term benefits

Phased over next 2 years

Phases delivered concurrently:

- Baseline – reinforces minimum standards
- Elevate – aligns service quality with premium brand
- Scale-up – systems, processes and delivery is efficient and scalable

1. 2 day strategy workshop held 31 October & 1 November 2018

Project Elevate high-level plan to 2020

	People	Education	Service Delivery	Finance and Operations	Partner
PHASE 1 BASELINE	Data integrity Workers compensation management Recruitment processes	National curriculum Enhanced on-line training Policy and procedures review	Child Care Subsidy transition Nido transition Website consolidation (53) Campaigns and collateral Customer engagement Quality improvement process implementation Assessment and rating review	Technology audit Debt refinance Lease management Fixed assets and capital programs Head office upgrade Risk and Compliance framework	Crush Creative Early Education Australia PwC KPMG Skye Capital Grant Thornton Risk Partners Macquarie Bank 0.4m[1]
PHASE 2 ELEVATE	New service model Engagement strategy Performance and remuneration review Wellbeing program	Corporate and government partnerships Educator leadership program	Local, digital and social media strategy ROI tracking Brand profiling Quality improvement process implementation Assessment and Rating implementation	Workforce planning National facilities management Enquiry management Technology and project management Investor relations strategy Satellite offices service model	PwC Advisory Microchannel KPMG 0.1m[1]
PHASE 3 SCALE UP	Strategic workforce planning Leadership development Interior architect	Nido practice guide	Brand awareness Marketing channels	Software automation Workflow management National procurement Transaction services transformation Risk and Compliance integration	KPMG 0.1m[1]

* *Costs are committed as at 31 December 2018*
Remaining costs are uncommitted subject to board approval

Strong balance sheet

Improved leverage ratio

- Improved closing cash position 3.6m (pcp 0.5m)
- Disciplined acquisition strategy of 9 quality services at 4X EBITDA resulted in increase in goodwill
- Significant reduction in leverage ratio due to tighter controls around cash management
- Increase in PPE due to capital investment program to uplift the offering of our existing services to Nido quality along with greenfield development
- Additional long service leave provision of 0.9m as a result of a revision of the LSL calculation to reflect legislation and actual workforce behaviour
- Delivered a 3 year total shareholder return of 26.4% including franked dividends (ASX300 Accumulation index 11.9%)

($000s)	CY18	CY17[4]
Cash	3,560	451
Receiveables and other assets	6,218	6,537
Plant, Property & Equipment	10,961	4,683
Intangible assets	57,276	43,500
Total Assets	78,015	55,171
Borrowings	26,333	19,534
Other Liabilities	13,052	10,582
Total Liabilities	39,385	30,116
Equity	38,630	25,055
Total leverage ratio [1]	*2.3x*	
Debt to equity (%) [2]	*68%*	*78%*
Debt to asset (%) [3]	*34%*	*35%*

1. *As defined in Macquarie Bank facility*
2. *Borrowings/Equity*
3. *Borrowings/Total Assets*
4. *CY17 figures have been restated to reflect changes in long service leave adjustment 0.6m*

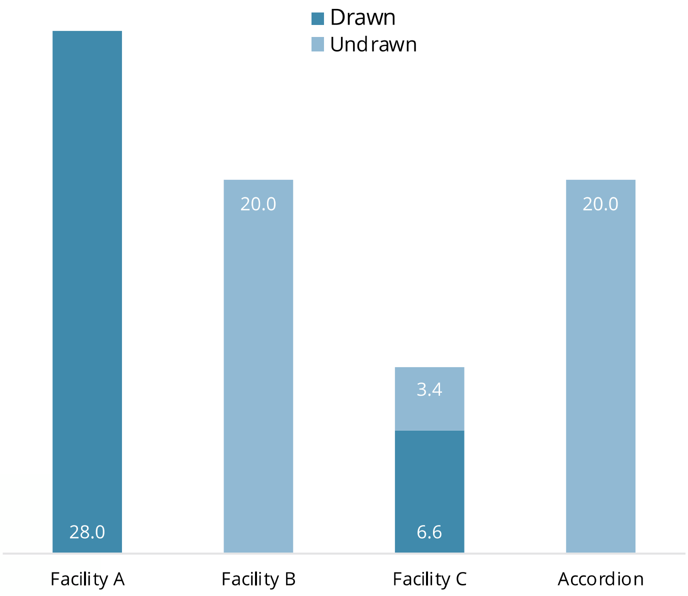
Disciplined capital management

Improved cash conversion and 43m facility headroom

- 43m facility headroom (4.5 year remaining term to June 2023)
- 2.3x total leverage ratio
- 4.7% weighted average cost of debt
- 50% interest rate hedge

Debt facility

Debt facility headroom



- Improved closing cash 3.6m (pcp 0.5m)
- Cash conversion of 135% (pcp 79%)

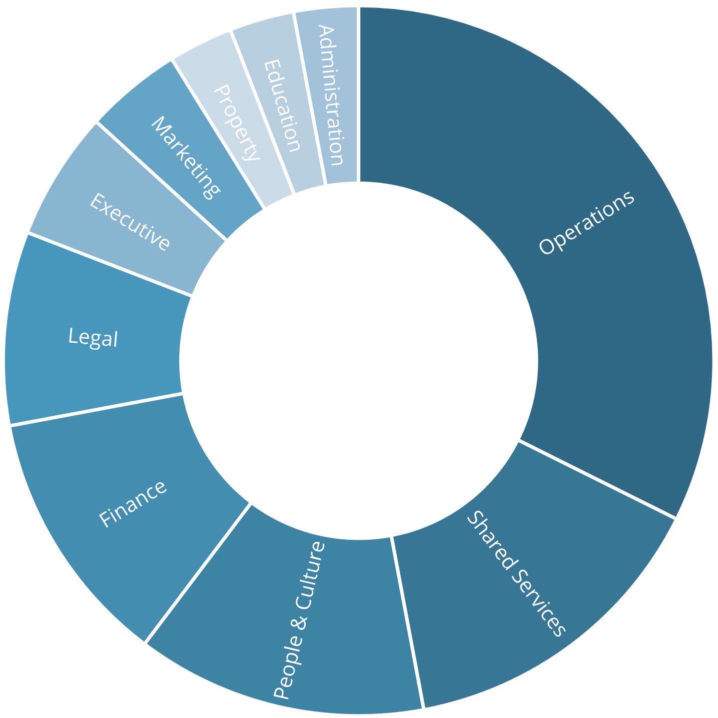
Cashflow ($000s)	CY18	CY17
Childcare receipts & other revenue	85,661	64,652
Operating Expenses	(72,492)	(55,551)
Interest & Finance Costs	(2,035)	(764)
Income Tax Paid	(2,250)	(2,954)
Net operating cashflow	**8,884**	**5,383**
Acquistions and Earnouts	(14,540)	(10,605)
Nido Transition/Capital Expenditure	(5,996)	(2,113)
Contingent Consideration	(813)	(2,239)
Net investing cashflow	**(21,349)**	**(14,957)**
Borrowings	6,912	10,027
Shares issued	11,226	1,977
Dividends paid	(2,564)	(3,774)
Net financing cashflow	**15,574**	**8,230**
Closing cash	**3,560**	**451**

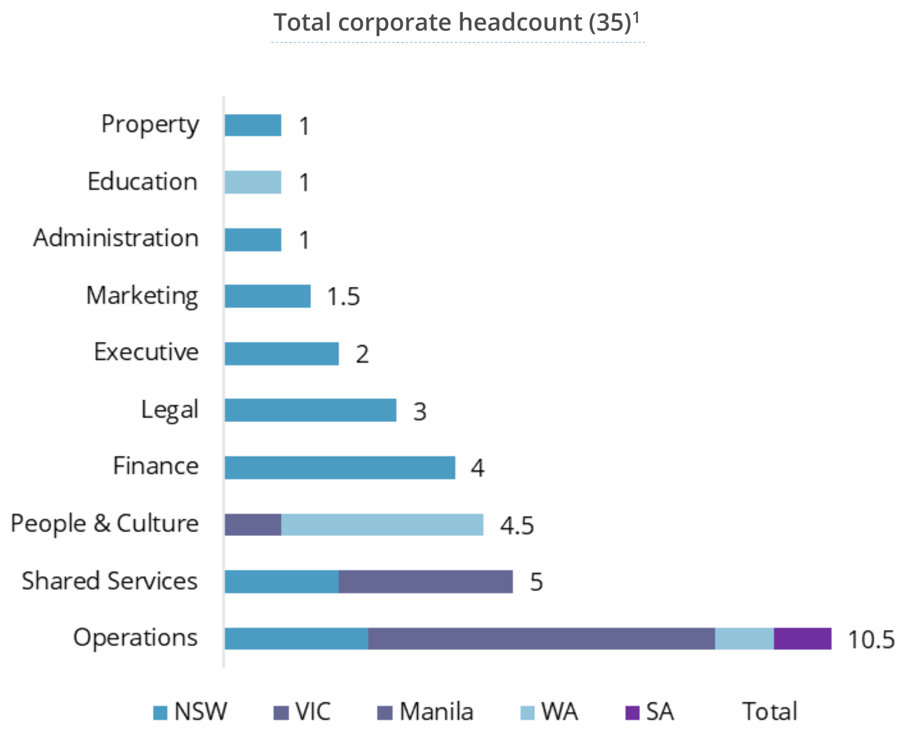
1. CCR = Net Operating Cashflow/(NPAT + Depreciation)

Investment in operating platform

Laying the foundation for best in market child care

- Growth in portfolio of child care services of 83% since IPO from (from 30 to 55 services)
- Support future growth by enhancing capabilities in our people, education curriculum, service delivery and finance





1. *Figures as of 31 December 2018. 32 full time and 3 part-time employees*

2 Operations

Disciplined execution

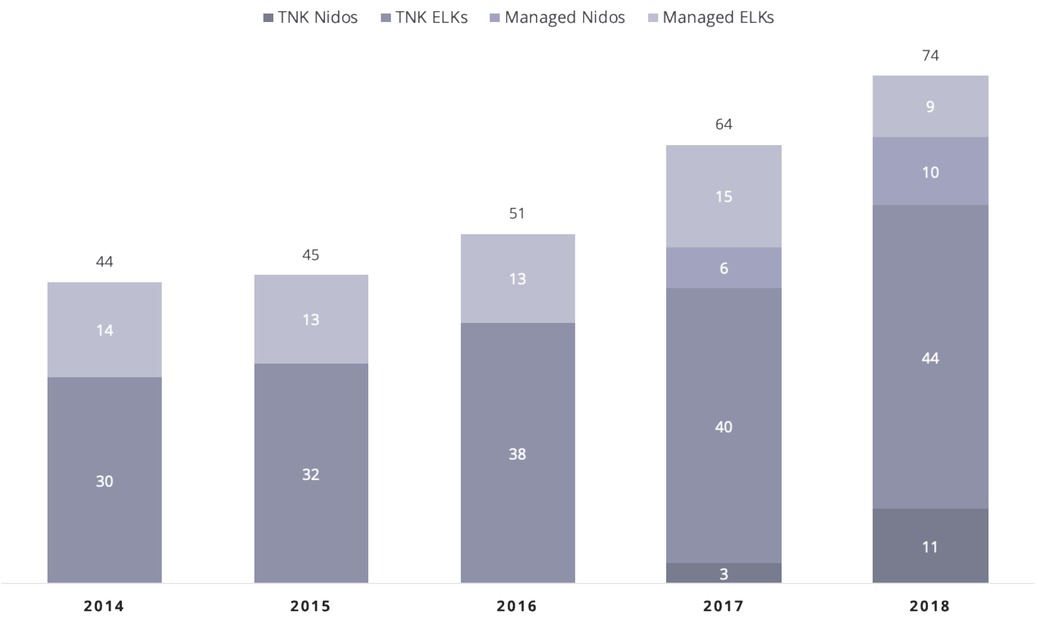
Driving performance improvement initiatives

- 83% growth in number of services owned since IPO
- Consistent year-on-year growth of revenue
- Stable margins whilst maintaining high quality of care
- Strong rebound of greenfield services in H2
- Long term leases mitigate risk of inflation and provide confidence to drive capital investment
- 86% improvement in overall rating on a like for like basis for 12 services

National footprint and portfolio growth

83% growth in number of services owned since IPO

- Acquired 9 services and opened 3 greenfield purpose built Nido services (including our first centre in the QLD market)
- Opened 4 services on behalf of our incubator partners

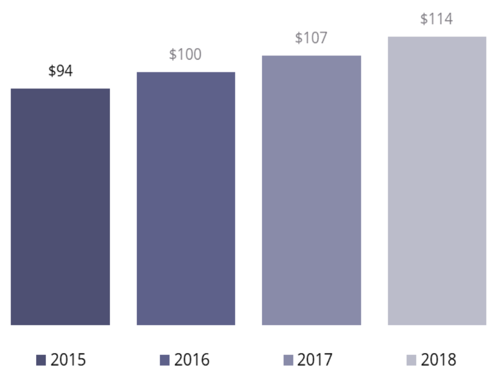


Operational metrics - revenue

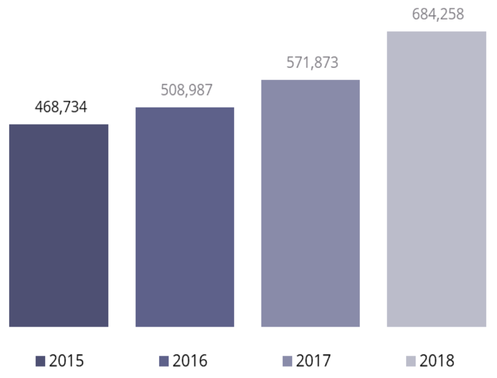
Consistent year-on-year growth of revenue

- Days sold increased year on year from acquisitions of premium services
- Average fees have grown at a compound annual growth rate (CAGR) of 6.8% each year since 2015

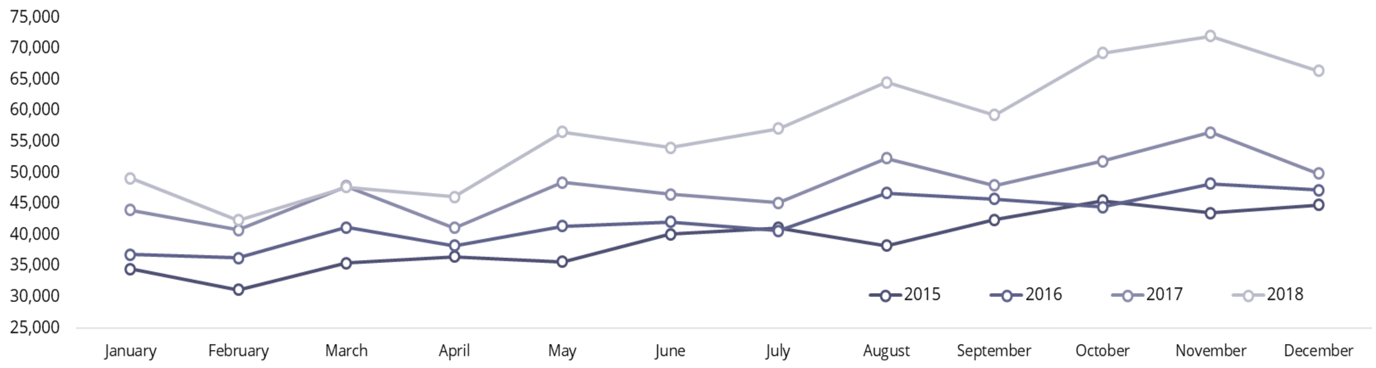
Daily average fees



Days sold



Days sold by month, year on year



TNK owned childcare services only

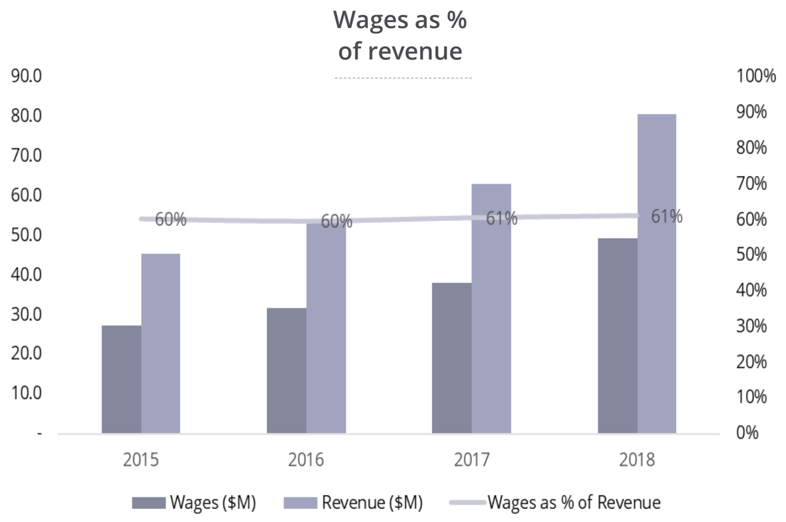
Operational metrics - expenses

Stable margins whilst maintaining high quality of care

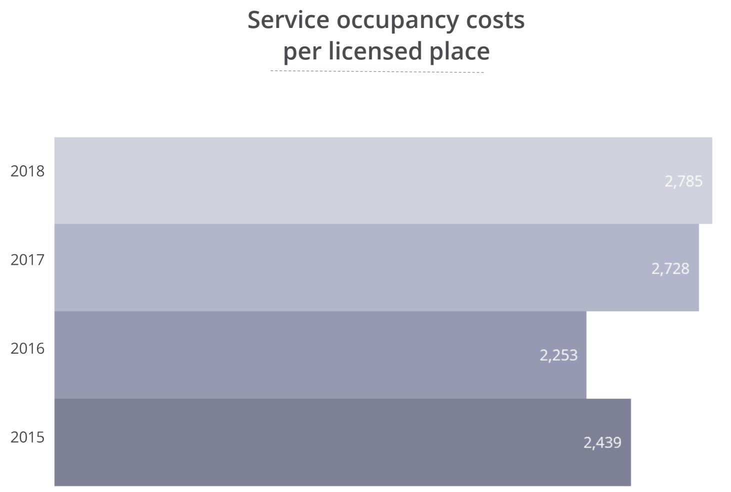
Wages[1] as percentage of revenue
has been constant between 60-61% despite of automatic award increases each year due to disciplined workforce planning

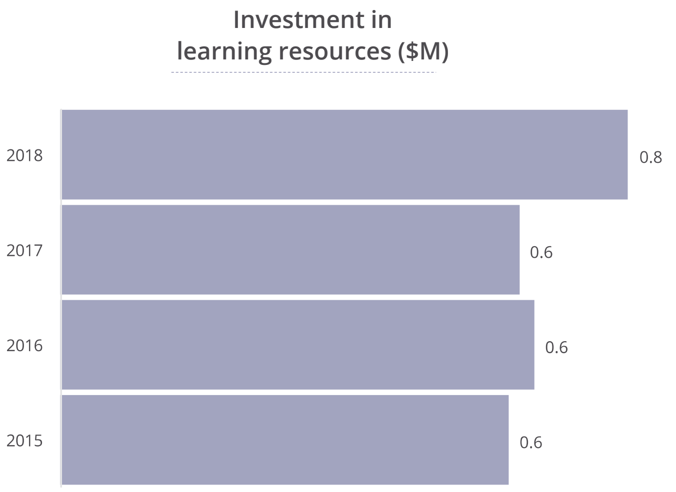
Occupancy costs
modest increase of 2%

Investment in learning resources
has tracked marginally higher and supports the quality of our offering



1. *Service wages = Base Wages + On-Costs*



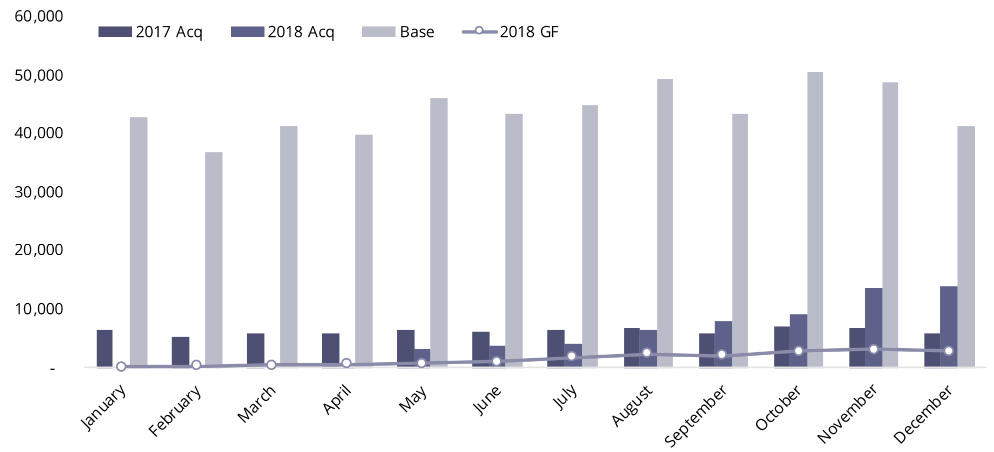


Operational metrics - by service type

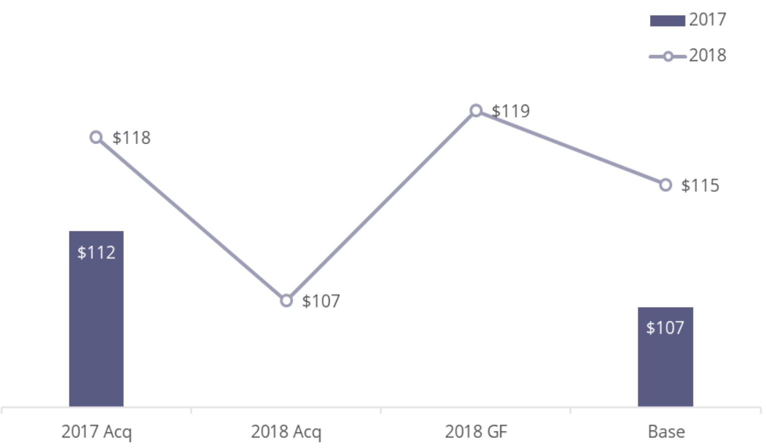
Strong rebound of greenfield services in H2

- Base service days sold for 36[1] service cohort (excluding Aloha Gardens and Ingles Street) was 2.7% below prior year
- Greenfield days sold growth was slower in H1 than expected however in H2 growth is as anticipated (average 22% increase in days sold each month in H2)

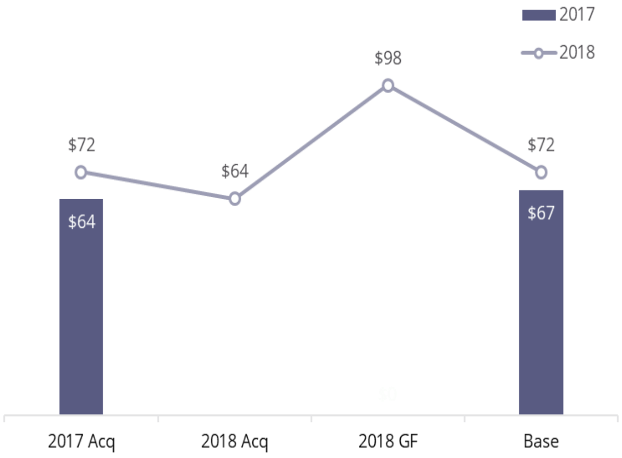
Days sold by centre type



Average daily fees by centre type
2017 vs 2018



Wages per child per day by centre type
2017 vs 2018

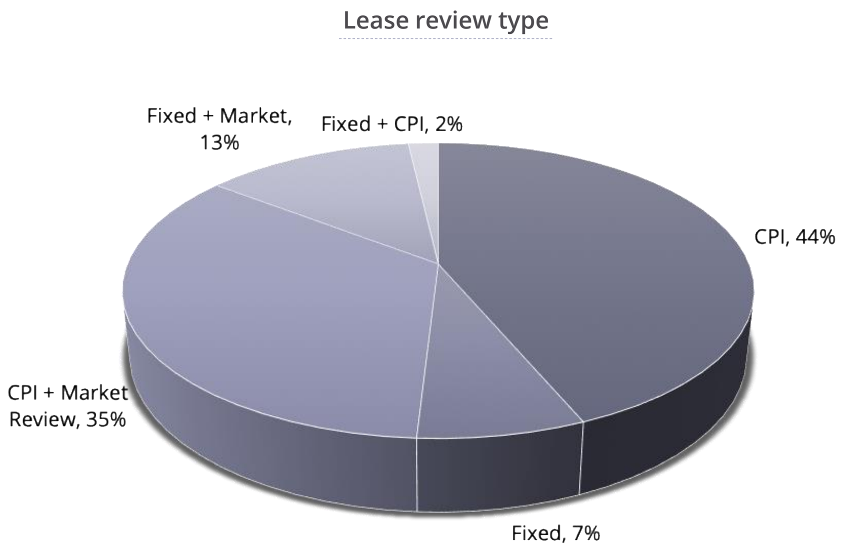


1. *Excludes services for major capital works*

Lease profile

Mitigate risk of inflation and provide confidence in capital investment

- 75% of rental increases are linked to CPI (44% are CPI only and a further 35% have CPI plus market review at option). This mitigates against risk of inflation
- 73% of leases have a term of 21-40 years. This provides confidence in capital investment at those locations
- AASB 16 leasing standard impact on **statutory** earnings with effect from 1 January 2019

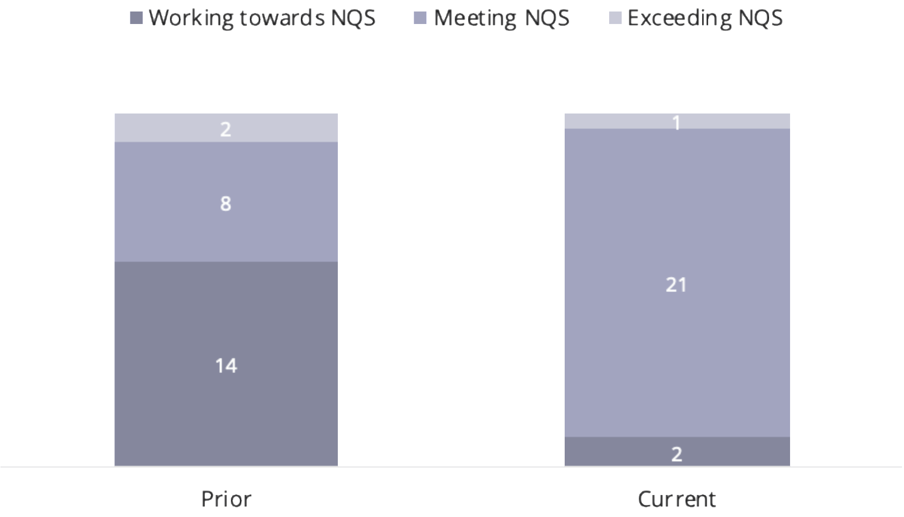


Quality

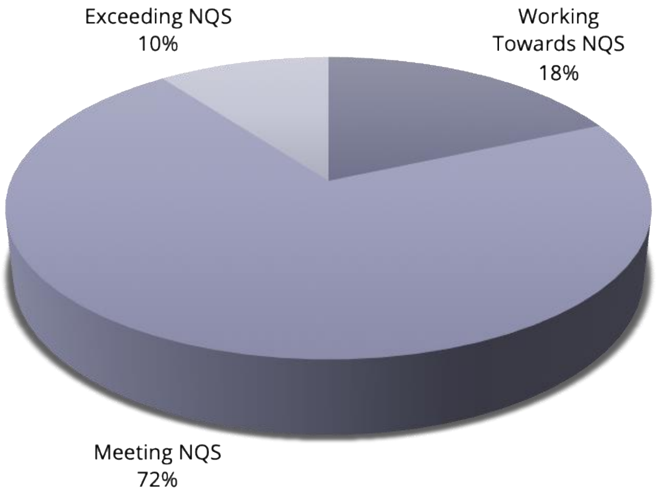
86% improvement in overall rating on a like for like basis for 12 services

- Of the 38 base services 24 have been re-rated (Australian Children's Education & Care Quality Authority rates services on an average once every 3 years)
- On a like for like basis 12 of our services improved from a prior rating of Working towards NQS to Meeting NQS (86% improvement)

Overall rating (24 services)



Current overall rating (49 services) [1]



1. 6 of our services have not been rated yet

3 Strategy

Nido Early School Byford, WA

Strategy and highlights

To be sector leader in the innovation of early childhood education

- Bringing learning to life
- Delivering premium service to surburban markets
- Fostering creative environments

KINDER GRADUATIONS
1,373

TRANSITION PLAN TO NIDO
100%

EDUCATORS
1,444

CAPITAL INVESTMENT
3.1m

Bringing learning to life

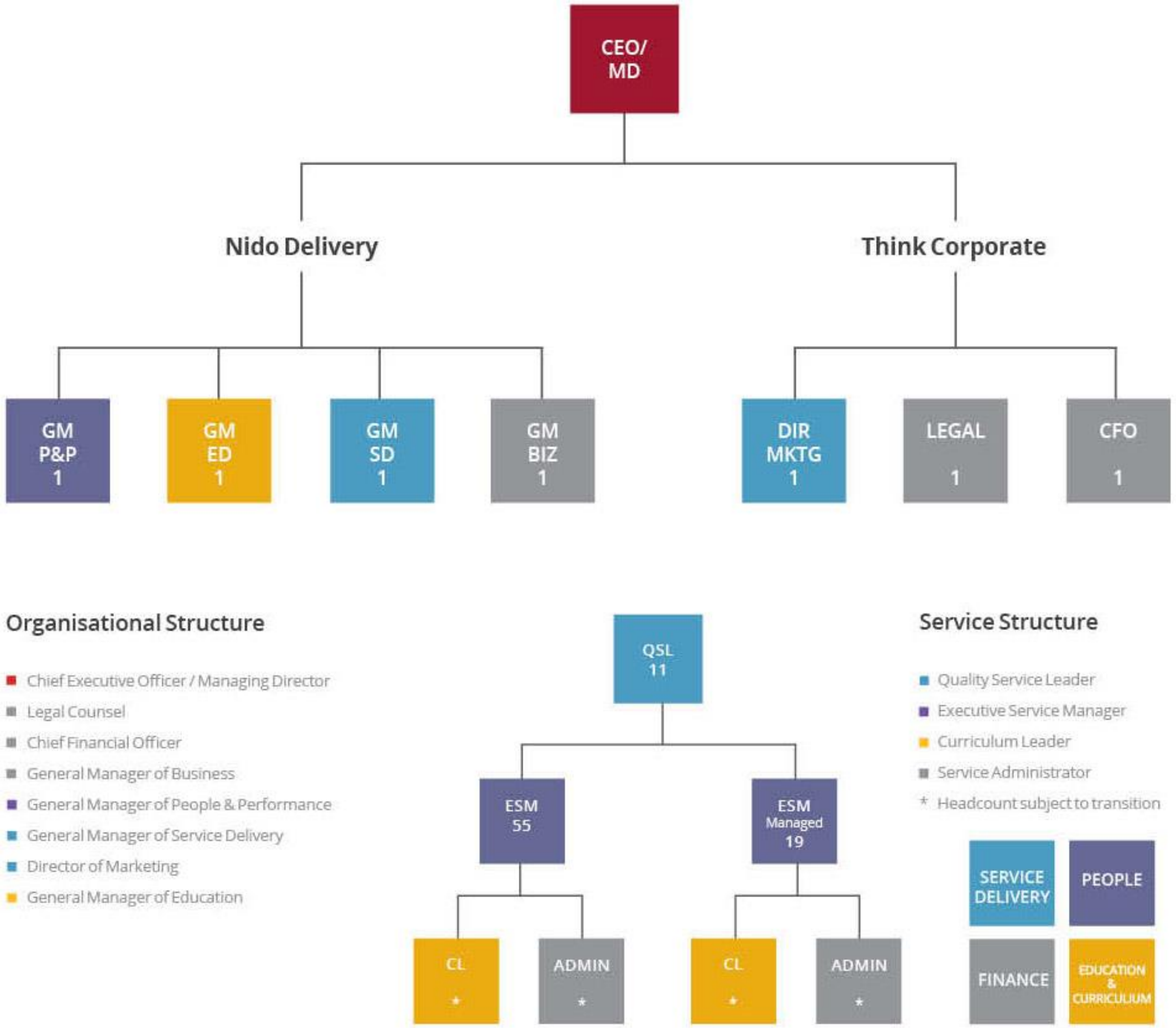
Delivering an exceeding quality approach to early education

- Think Childcare's strategy is to build a best in sector care offering through an exceeding level national curriculum, state of the art environments and a highly motivated and engaged team; leading to financial outcomes that are predictable and consistent
- In October 2017, Think Childcare acquired three Nido Early School (Nido) services along with the Nido brand as a platform to execute on its strategy
- "Nido" means nest in Italian and is underpinned by the Reggio Emilia approach to early education
- Nido is an aspirational brand, combining quality of care, innovation in service management and architecturally designed spaces which foster creativity
- Think Childcare is positioned to deliver a premium service to suburban markets

Bringing learning to life

Increase enrolments, optimise workforce planning and community engagement

- Nido's innovative management approach is unique to the sector. Roles are aligned with employees passion and skill set
- Provides the skillsets and resources required to deliver on a high quality service
- High standards and structural support attracts high calibre educators and lower staff turnover
- Designed to exceed families' expectations for a child's development and learning
- Target increase in enrolments and reduction wages per child per day through optimised workforce planning



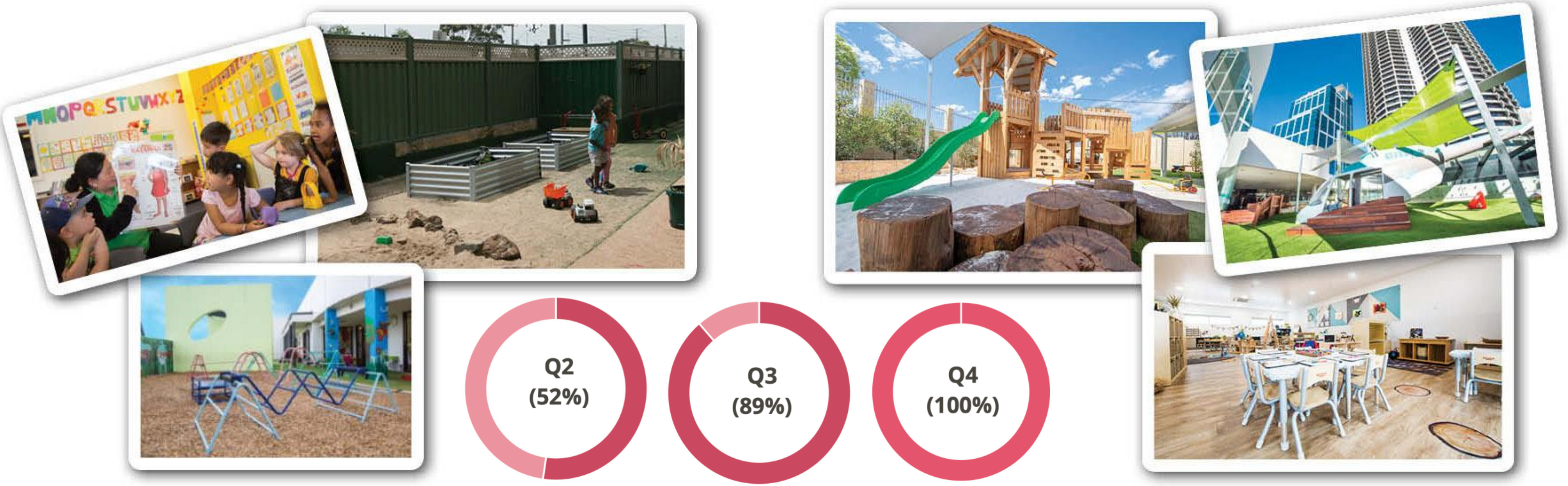
Delivering premium service to suburban markets

Aspirational offering to families

- Education is child-led supported by the educator as the facilitator; the curriculum fosters creativity, experiential learning and interactions
- Environment as the third teacher features:
  - Architecturally designed spaces, ateliers and purposeful structures
  - Interiors feature natural materials, natural light, uplifting colours, uncluttered with diverse experiential activity areas
  - A safe and secure home away from home, the “nest”
- Innovative service delivery model which draws on expertise across people, education, service delivery and business disciplines. The Executive Service Manager role is elevated to focus on quality of care, curriculum delivery and family and community engagement

Fostering creative environments

Transition from Early Learning & Kinder to Nido Early School



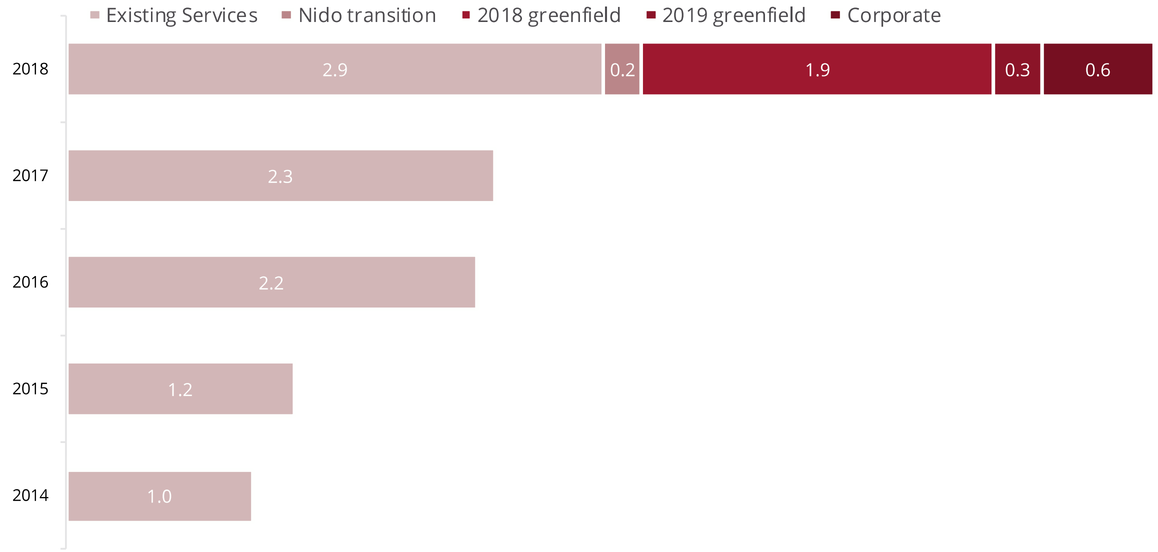
- We are moving to the 'one brand' 'one team' over the next 10 months all services will transition to the Nido Early School brand and operational structure
- We are continuing on our capital investment program leading to a best in market offering for all our services

Responsible investment

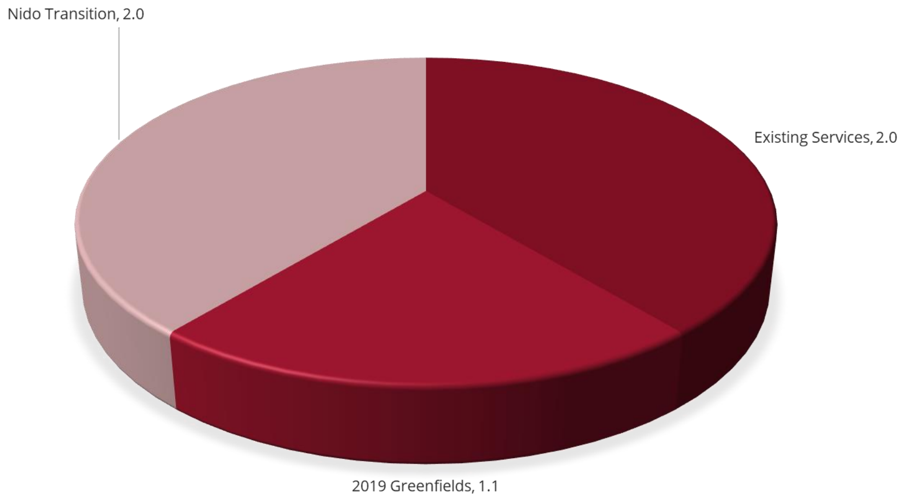
Capital upgrades geared towards single premium brand – Nido

- Think Childcare advocates responsible investment in order to promote shareholder value
- A capital investment program to transition our childcare services from Early Learning & Kinder to Nido brand along with acquisition of greenfield services is core to our investment strategy

Capital investment YOY (m)



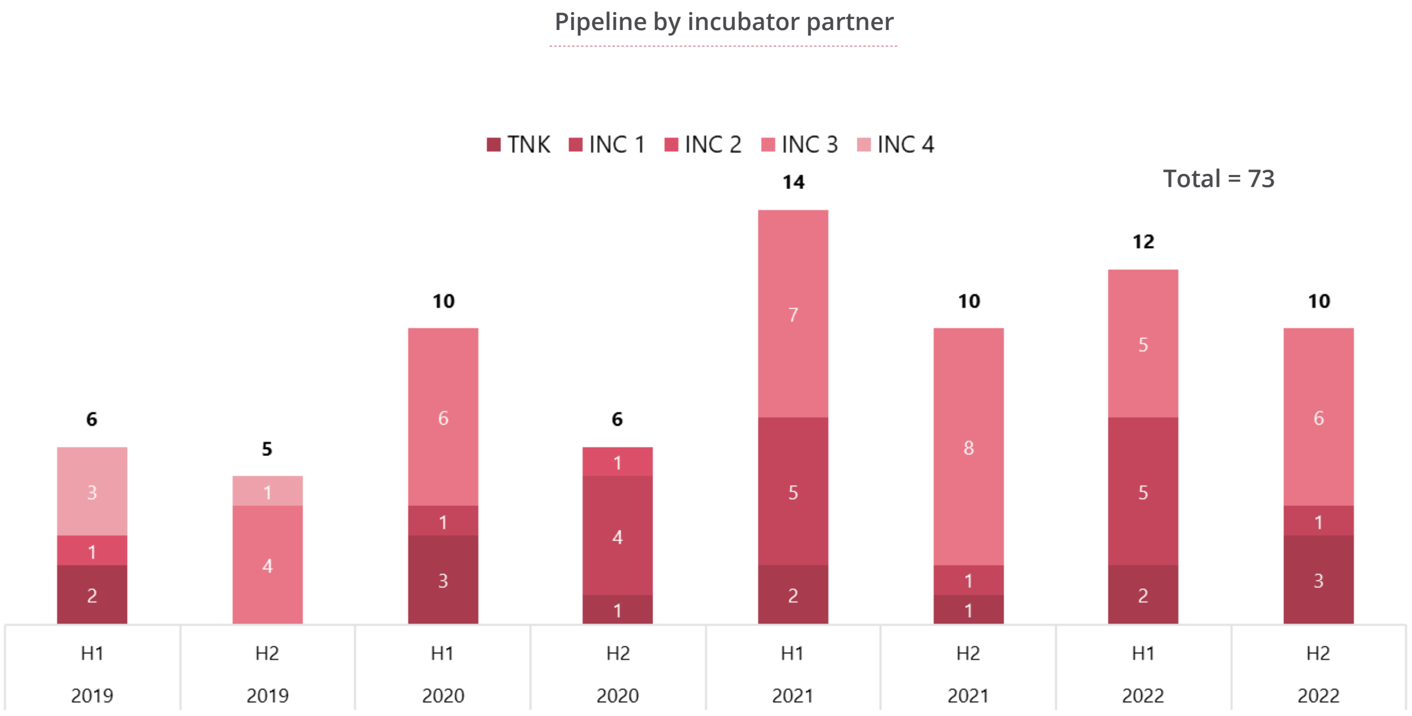
2019 Capital investment (5.1m)



Responsible investment

Growth via acquisition and greenfield development

- Acquisitions through our diversified incubator partners are subject to investment criteria
- Think Childcare has a mix of greenfield developments and acquisitions in its pipeline and will acquire child care services on-market where deemed strategically aligned
- Perform a strategic review of existing child care services which do not fit the Nido strategy



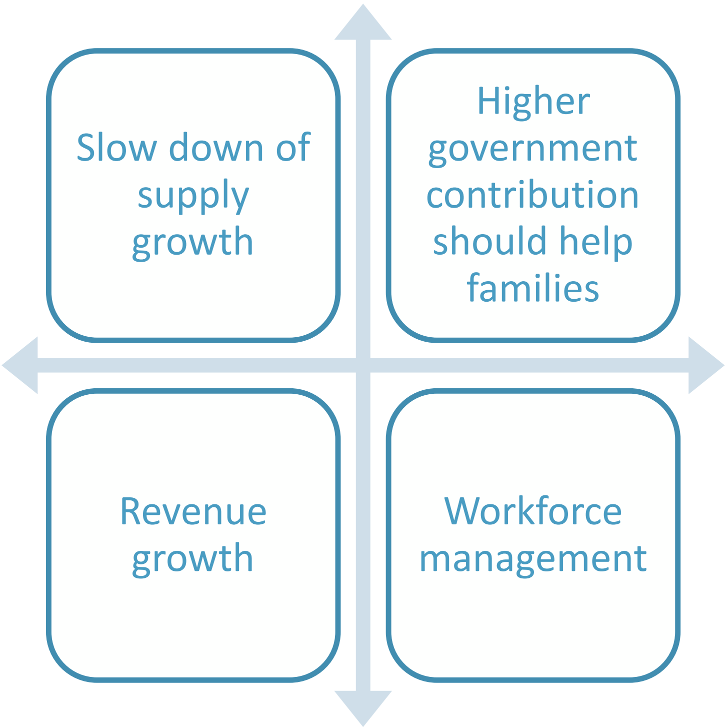
4 Outlook

Nido Early School Carlisle, WA

Positive lead indicators in 2019

Supply, affordability and trading in line with expectations

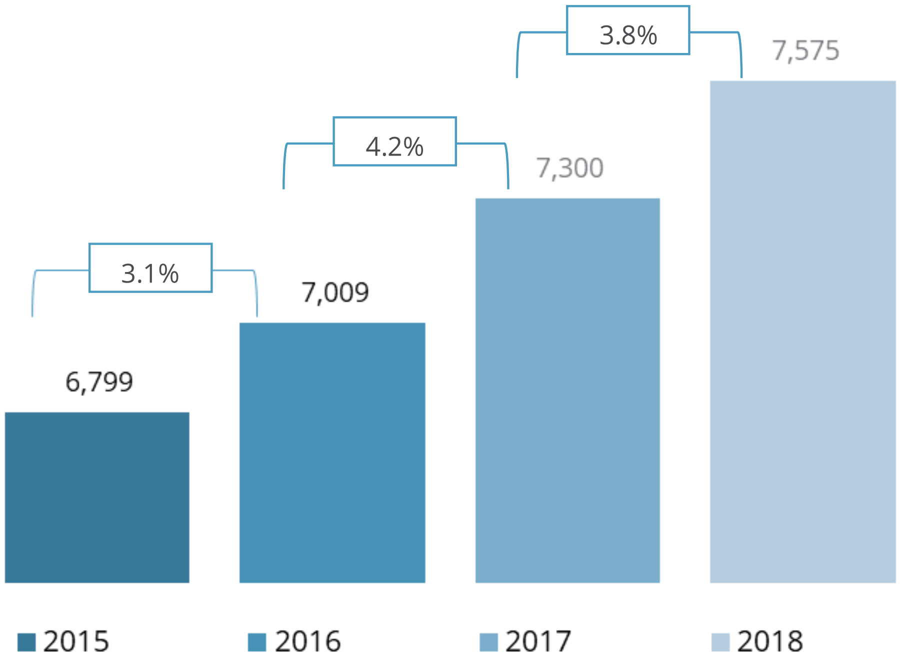
- Reducing supply of new services in our markets will assist us to stabilise performance
- Higher government contribution will help families which in turn should increase demand for quality child care services
- Revenue growth driven by maintaining volume of days sold and fee review
- Focused workforce planning due to Project Elevate is helping to improve margins



Supply-demand "our house view"

Positive signs with net supply increase slowing down due to tight lending criteria

- The net increase in child care services looks to have peaked in 2017 at 291 (4.2%) compared to YOY increase in 2016 and 2018, this trend is consistent with what we are seeing in the market with tighter lending conditions and developers vying for a smaller pool of tenants
- We would expect that the full effect of tighter lending conditions to have a greater impact on supply in 2019 and beyond as a majority of new services delivered in 2018 being funded under previous lending conditions
- Strong relationships with experienced developers and disciplined approach to site selection remain key to the pipeline of Think and its incubator partners
- Our pipeline of 73 services is not impacted by oversupplied markets

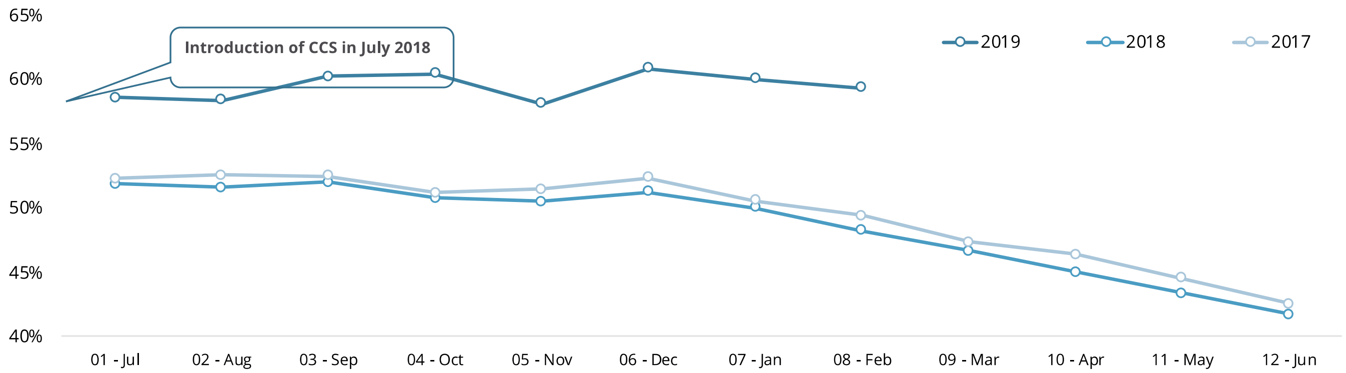


Child Care Subsidy

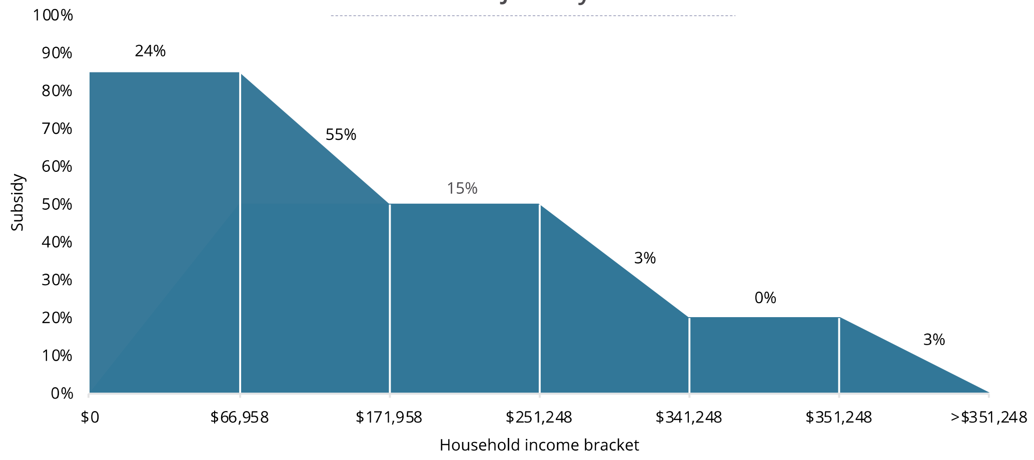
Affordability improved for families

- Since introduction of new Child Care Subsidy (CCS) in July 2018, government contribution is averaging at 60% (pcp 2 years 49%) indicating that our families are better off compared to previous schemes
- 97% of our families benefited from the new Child Care Subsidy (CCS). Our service staff ensured that the families were transitioned to the new system seamlessly resulting in strong rebound in enrolments in second half 2018
- Think's families are significant beneficiaries of the CCS and for those not working it is now more viable for them to return to the workforce or increase their participation

Percentage of government funding to net revenue



Think families by subsidy amount as at 31 January 2019



January 2019 trading

Favourable performance metrics vs prior year

- Key performance metrics in January 2019 have shown improvement on a like for like basis compared to prior year
- Labour margin improved due to focused leave management resulted in higher leave utilisation and in turn net reduction of leave liability provision

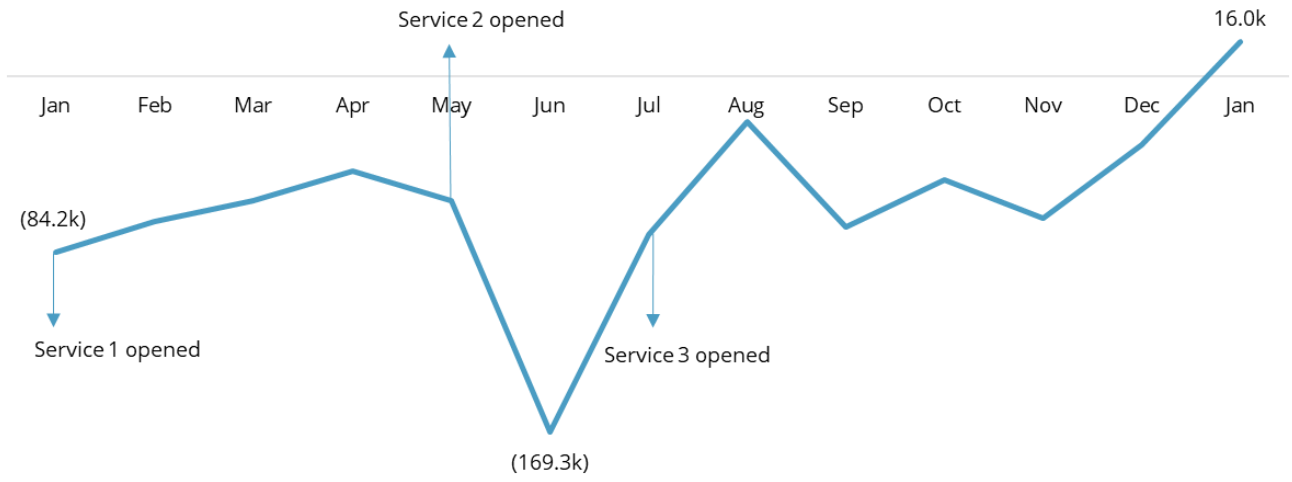
Like-for-like key metrics for 44 services (Base + 2017 Acq)

Key financial metrics	Jan CY19	Jan CY18	Variance
Revenue (m)	6.1	5.6	9.2%
Service performance margin	21.2%	15.4%	5.8%
Labour / Revenue	56.8%	61.8%	-5.0%
Occupancy / Revenue	14.7%	15.5%	-0.8%
Consumables / Revenue	2.5%	2.9%	-0.4%

January 2019 trading

Greenfield strategy

- Capital invested in 3 greenfield services in 2018 was 1.9m (Average 630k each)
- Average months to breakeven is 9
- Average occupancy in January 2019 is 52%
- Target ROI of 50% or greater at maturity
- In 2019 we will open 2 greenfield services (April, May)



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6 Appendix

New Accounting Standards

Expected Impacts

Revenue

Applicable from 1 January 2018

No significant impact as most of the revenue continues to be recognised "point in time" with the exception of "Licence Fees" which will be recognised "over time"

Licence Fees and associated costs will be recognised over the expected licence term which on average is 2 years.

Estimated impact (based on simplified transition approach and assumptions) –

- In 2018 – Revenue would be lower by $205k and profit to be lower by $33k
- Increased disclosures in the financial statements

Financial instruments

Applicable from 1 January 2018

No significant impact expected given historical write-off rates.

Impairment approach for trade receivables: a provision matrix can continue to be used to determine the lifetime expected credit loss (ECL). No other significant financial assets

Interest rate swap continue to be recognised at fair value through profit or loss (no change as no hedge accounting applied)

No change on accounting for financial liabilities.

Leases

Applicable from 1 January 2019

Due to significant number of operating leases, it will have a material impact.

Leases to be capitalised as right of use asset with a corresponding liability for the minimum lease payments over the expected lease term. Estimated impacts:

	Full retrospective approach	Simplified approach
Right of Use asset 31/12/2019	$127.0m	141.7m
Liability 31/12/2019	$(141.7)m	$(141.7)m
Opening Retained earnings at 1 Jan 2019	$11.6m reduction	$Nil reduction
2019 Net profit	$2.1m reduction	$2.8m reduction

AASB 15 Revenue - impact of changes

Revenue stream	$ Value YTD 2018* in $'000	Applicable Accounting Standard	Expected changes to current treatment
Childcare fees	78,996	AASB 15	› **No impact. Revenue will continue to be recognised 'over time'.** › Revenue will be recognised at the fixed amount for each service, no discounts granted for longer periods of service. › Payments received in advance will continue to be recognised as deferred income until the service is rendered.
Establishment fees	2,100	AASB 15	› **No Impact. Revenue will continue to be recognised 'over time'** › Revenue will continue to be recognised upon DA approval.
Licence fees	773	AASB 15	› Accounting for licence fees will change, with licence fees being now recognised over the expected term of the licence. The IP Licence agreement provides for a right of access to the NIDO brand, website and procedures for the term of the licence, which is until the licensee sells the centre or the Centre Management Deed is terminated. Average term for Licence fees is 2 years › Certain costs incurred between the DA approval and the opening of the centre will be capitalised .
Management fees	1,768	AASB 15	› No Impact. Revenue to be recognised 'over time' as the performance obligation to provide the childcare facility management services is satisfied.
Government grant income	1,652	AASB 120	› Outside the scope of AASB 15, revenue will continue to be recognised under AASB 120 without any impact.

Changes in accounting standards

Service performance will be higher, whilst NPAT will be lower

($M)	CY18	AASB 117 Operating lease expense	AASB 16 Depreciation and interest	CY18 Illustrative
Revenue	80.6	-	-	80.6
Labour	(49.2)	-	-	(49.2)
Occupancy costs	(12.4)	9.3	-	(3.1)
Service overheads	(6.2)	-	-	(6.2)
Service performance	**12.8**	**9.3**	**-**	**22.1**
Management fees	4.6	-	-	4.6
Other Income	0.5	-	-	0.5
Acqusition expenses	(0.5)	-	-	(0.5)
Corporate overheads	(6.7)	-	-	(6.7)
EBITDA (Statutory)	**10.7**	**9.3**	**-**	**20.0**
Add: Acquisition expenses	0.5	-	-	0.5
Less: Earn-out consideration liability reversal	(0.5)	-	-	(0.5)
EBITDA (Underlying)	**10.7**	**9.3**	**-**	**20.0**
Finance costs	(2.0)	-	(7.0)	(9.0)
Depreciation	(1.6)	-	(7.2)	(8.8)
Tax	(2.1)	-	-	(2.1)
NPAT	**5.0**	**9.3**	**(14.2)**	**0.1**

($000s)	CY18	AASB 16 Initial recognition	Current Rent, depreciation & interest	CY18 Illustrative
Cash	3,560			3,560
Receiveables and other assets	6,218			6,218
Plant, property & equipment	10,961			10,961
Intangible assets	57,276			57,276
Right-of-use asset		127,100	(7,200)	119,900
Total assets	78,015	127,100	(7,200)	197,915
Borrowings	26,333			26,333
Other liabilities	13,052			13,052
Lease liability		141,700	2,300	139,400
Total liabilities	39,385	141,700	2,300	178,785
Equity	38,630	14,600	4,900	19,130

- AASB16 Leases will mean that rather than rent being reflected in Occupancy costs, the accounts will have an expense for financing costs and depreciation
- A Right of Use asset is created on entering into a lease which will be depreciated; a liability will also be created representing financing of the asset; this liability will result in an interest expense
- AASB 15 Revenue has an immaterial impact on License fee revenue.
- Service performance will be higher (adjusted for rent) whilst NPAT will be lower (adjusted for finance costs and depreciation).

Key metrics

Key financial metrics	CY18	CY17	Variance
Service performance margin	15.9%	17.7%	-1.8%
EBITDA (underlying) margin	12.5%	14.1%	-1.6%
Labour / Revenue	61.0%	60.9%	0.1%
Occupancy costs per licensed place	2,785	2,728	57
Consumables / Revenue	2.8%	2.8%	-0.1%
Corporate OH / Revenue	7.9%	6.4%	1.5%
EPS (cents)	10.5	13.7	-3.2
DPS (cents)	6.5	10.0	-3.5
Dividend payout ratio	62%	73%	-11%
Total leverage ratio [1]	2.3x		
Debt to equity (%)	68%	78%	-10%
Debt to asset (%)	34%	35%	-2%

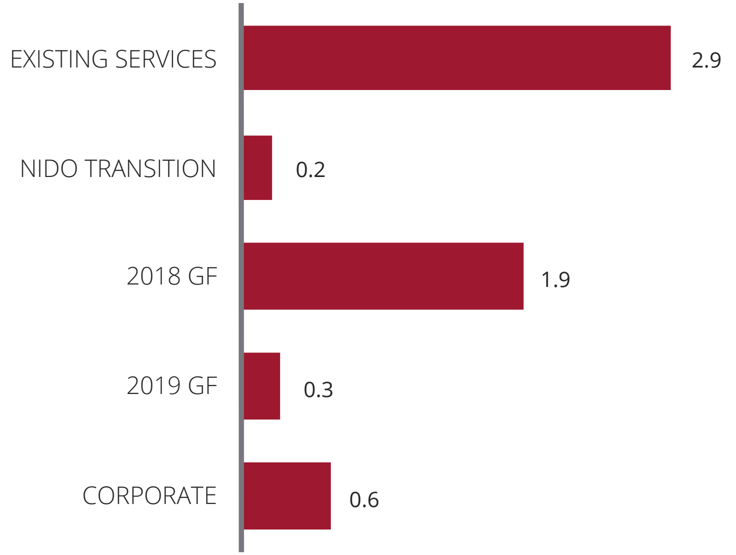
Key operational metrics	CY18	CY17	Variance
No. of services (owned)	55	43	12
No. of services (managed)	19	21	-2
No. of services (owned Nido)	11	3	8
Licensed places (owned services) [2]	4,509	3,228	1,281
Fee/day/child (avg.)	114	107	7
Days sold	684,258	571,873	112,386

1. *As defined in Macquarie Bank facility*
2. *Licensed places reported in 2017 were impacted in 2018 due to Nido transition strategy*

Break down of 2018 capital spend

2018 Capital spend split (m)	
Existing Services	2.9
Nido Transition	0.2
	3.1
2018 GF	1.9
2019 GF	0.3
Corporate	0.6
Total spend	6.0

As presented in Annual Report Note 10	
2018 Additions	4.6
Construction in progress	1.4
	6.0



Notes

1. PPE for 2018 acquisitions was 1.9m presented as additions through business in note 10 of the Annual Repor

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