



21 November 2019

ASX Limited

Market Announcement

Think Childcare Limited (ASX Code: TNK)

CY 2019 Trading Update

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Think Childcare Limited ABN 81 600 793 388 (ASX:TNK) announces the release of its trading update for CY 2019.

A copy of the trading update accompanies this announcement.

**Mathew Edwards**

Managing Director and Chief Executive Officer

*End release*



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**THINK**  
Childcare Limited

**CY19 TRADING UPDATE**  
**21 NOVEMBER 2019**



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# HIGHLIGHTS

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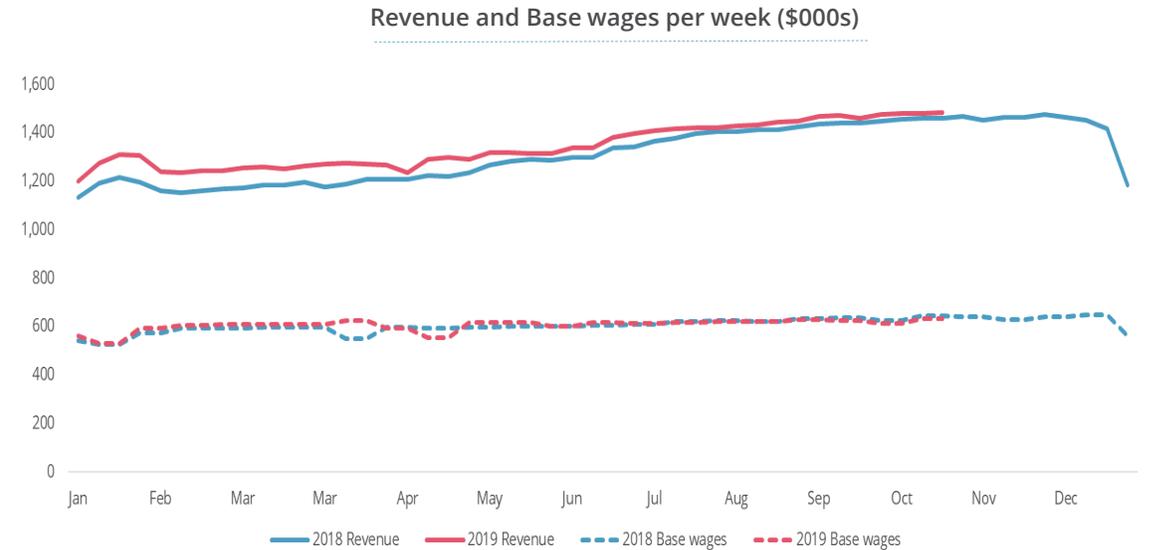
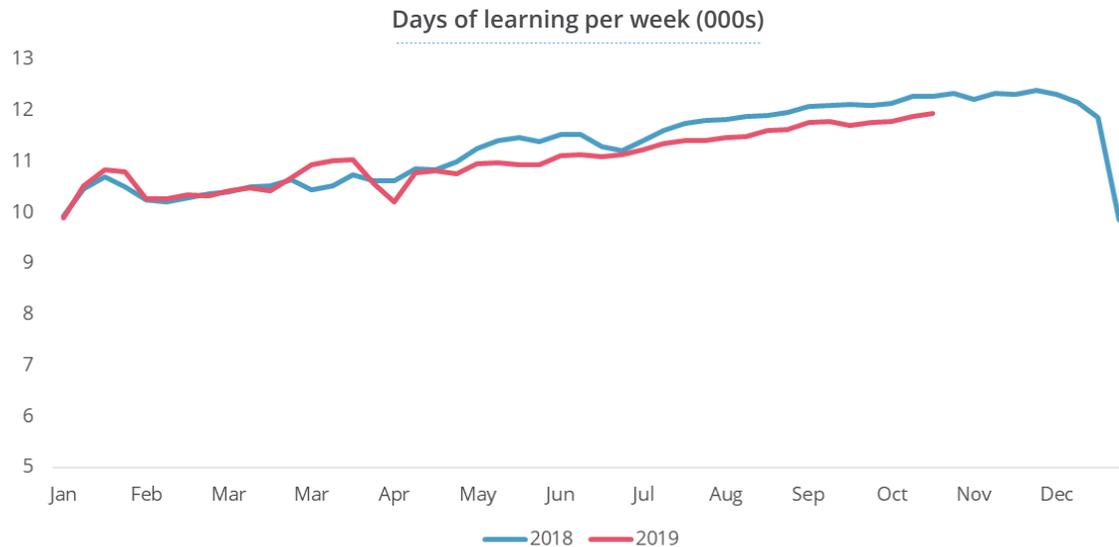
## Reaffirm CY19 EBITDA (underlying) guidance of \$13.8 to \$14.8m

- › Like for like<sup>1</sup> revenue 4% higher than pcp despite days sold being lower by 1.3% vs pcp
- › 2.9 percent improvement in service margin mainly driven by focused wage management
- › Wages as percentage of revenue 60.1% vs 60.6% pcp. Positive early signs from application of collaborative technologies<sup>2</sup>
- › Contracted to acquire 11 Services from EDHOD Receivers, with expected settlement by end of November 2019
- › Opened 2 purpose-built New Child Care Services
- › Completed \$3.2m capital improvement<sup>3</sup> resulting in 17 Services transitioned to Nido
- › Closed 2 Services on 29 March 2019 which were not aligned to our Nido strategy

1. Like for like refers to 41 Services cohort 2 Services closed in March 2019
2. Refer to 2019 Half-year results presentation issued on 14 August 2019, page 18
3. Excludes 2 greenfield Services and corporate projects

# SERVICE TRADING UPDATE

Weekly revenue up by 4% YOY on a like for like<sup>1</sup> basis



- › Revenue 4% higher than pcp despite days sold lower by 1.3% vs pcp
- › 17 Services transitioned to Nido YTD where earnings upside expected to be realised in CY20
- › 2.9 percent improvement in Service margin mainly driven by focused wage management (wages as percentage of revenue 60.1% vs 60.6% pcp)

1. Like for like refers to 41 Services cohort 2 Services closed in March 2019

# NEW CHILD CARE SERVICE PERFORMANCE

New Child Care Services opened in 2018 have a positive earnings contribution in 2H19

Service performance (\$000s)

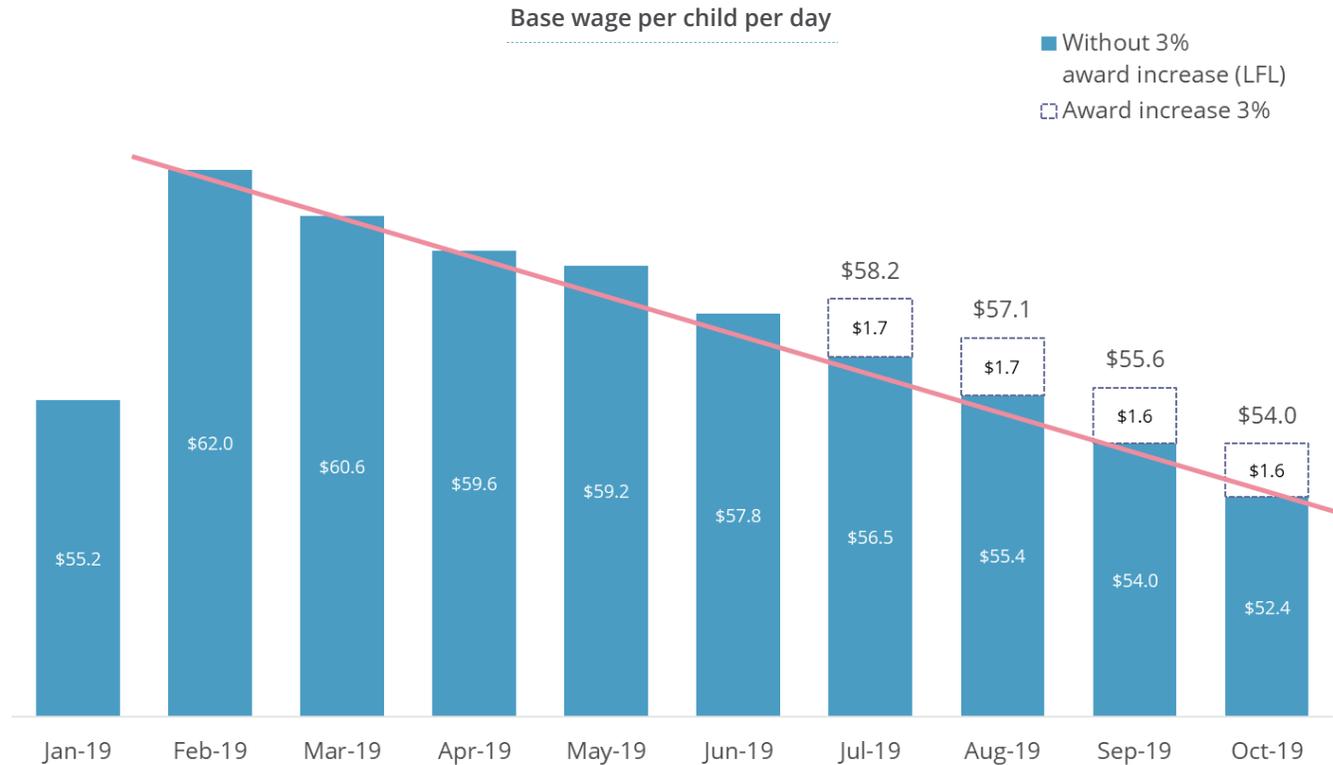


› New Child Care Services (3) opened in 2018 contributed \$0.3m to Service performance YTD vs (\$0.7m) pcp



# WAGE MANAGEMENT

Focused wage management achieved 1.7% reduction every month from February peak

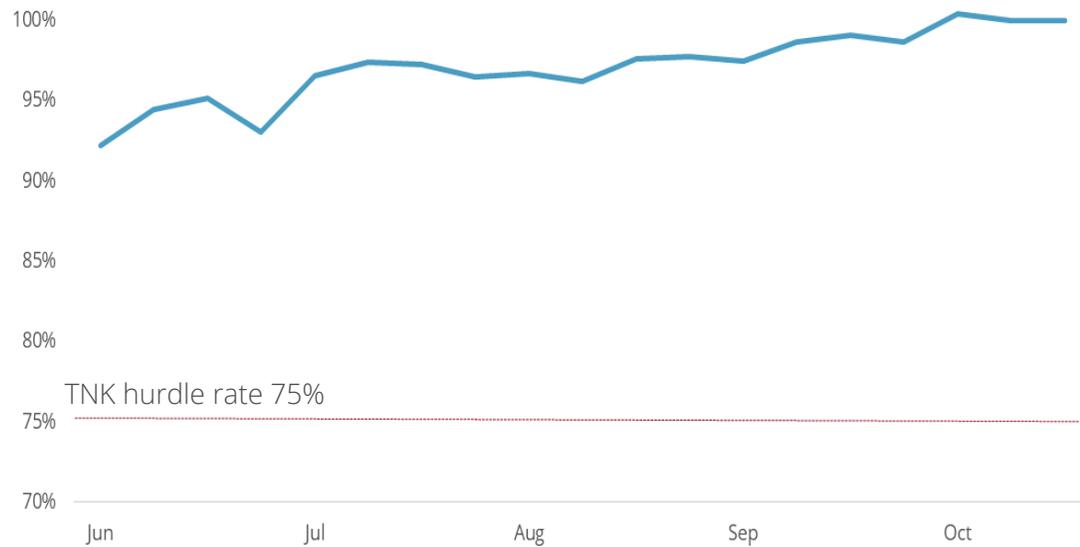


- › The management team held workshops across the group to train Service staff on optimising roster and effective workforce planning
- › This was achieved despite wage increase of ~3% due to award rates

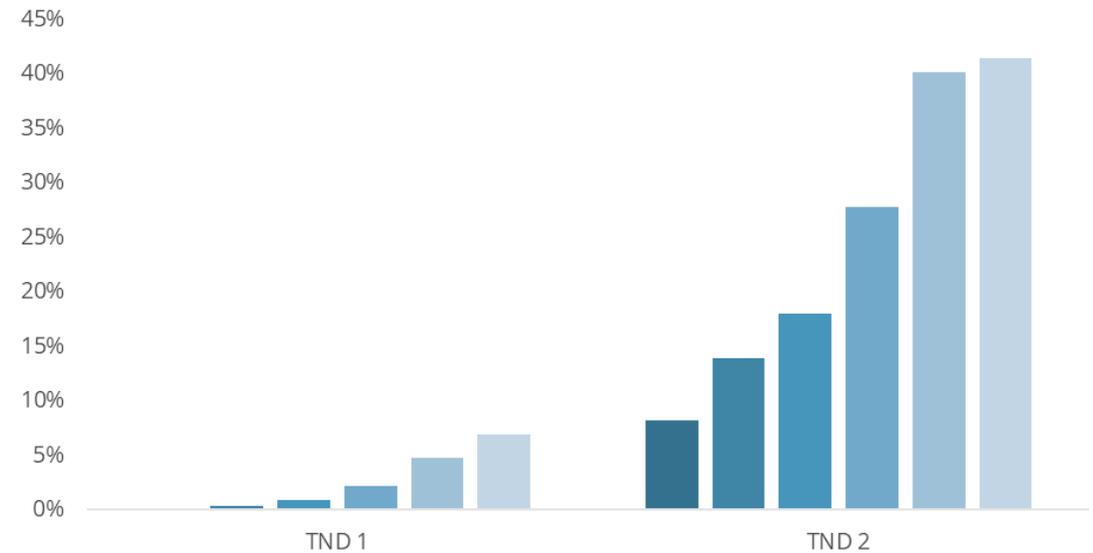
# ACQUISITION PERFORMANCE

Services acquired in 2019 are trading at 100% utilisation

Utilisation for TNK 2019 acquisitions



Utilisation for TND greenfield



- › 4 Services acquired from incubator partners (outside EDHOD group) are trading at 100% occupancy
- › TND 1 Service currently open under TND has achieved 40% utilisation within 6 weeks of opening. TND 2 is performing in line with expectations

# KEY METRICS

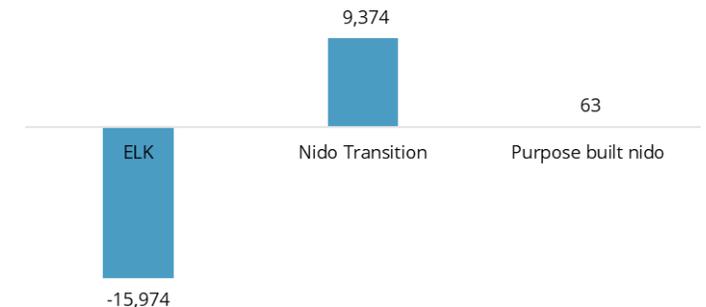
## Margin improvement due to focused wage management

	Like for Like		
	CY19	CY18	Variance
	October YTD	October YTD	
Services (Owned)	41	41	-
Licensed places (Owned)	3,067	3,067	-
Service margin	18.0%	17.5%	0.5%
Days of learning	481,757	488,294	-6,537
Daily average fees	\$121.2	\$114.5	\$6.8
Wages as percentage of revenue	60.1%	60.6%	0.5%
Base wage per child per day	\$57.5	\$56.1	-\$1.3
Rent per licensed place	2,043	1,963	-80

	Total portfolio <sup>1</sup>		
	CY19	CY18	Variance
	October YTD	October YTD	
Services (Owned)	59	48	11
Licensed places (Owned)	4,872	3,795	1,077
Service margin	16.5%	16.2%	0.2%
Days of learning	722,159	534,452	187,707
Daily average fees	\$119.5	\$113.9	\$5.6
Wages as percentage of revenue	60.6%	61.2%	0.5%
Base wage per child per day	\$57.4	\$56.2	-\$1.2

- › Shortfall in days of learning for like for like Services (41) driven by Early Learning & Kinder (ELK) Services (26) offset by Nido transition Services (12) and purpose built Nido Services (3)
- › All Services to be transitioned to Nido by 1H 2020

Days of learning shortfall like for like Services



1. Excludes 2 Services currently open under TND

# CORPORATE DETAILS

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## Contacts

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### **Nido Early School Website**

[nidoearlyschool.com.au](http://nidoearlyschool.com.au)

### **Early Learning and Kinder Website**

[earlylearningandkinder.com.au](http://earlylearningandkinder.com.au)



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Nido Early School QV1