



Changing the world
one educator at a time.



Investor Presentation

19 February 2016

Full Year 2015 Results

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Operational Results

Full Year 2015 Results

Business Metrics Overview

Operations	Metrics	Post Re-measure*	Post Acquisitions
Centres	30	30	32
Licensed Places	2,244	2319	2476
Average Centre size	75	77	77
Average Fees per day			\$97
Average fee increase Feb 2015 – Feb 2016			8%

** During CY2015, and in preparation for the Staff Ratio changes, the centres were remeasured and reconfigured. In some cases the re-measure resulted in additional child care places.*

Transforming Centre Performance

Whilst we reflect on our successes, we did have some misses, nothing insurmountable, and most have already been re-aligned going into CY2016.

- Invested in excess of \$1mil into our centre improvement plan;
- CY2016 will see us invest a further \$1.3mil to enhance the yards, paint and re-configure centres;
- The full effects of works done in CY2015 will be felt over CY2016, whilst some centres responded with growth quickly, others will take a little longer as the positive reputation builds in the community.

In the following page we provide photos of the physical transformations undertaken, what is harder to represent is the transformation of our Educators. This is a journey, and a challenging one at that, turning around a previously long term underperforming centre requires firstly for the Educators to take ownership of the centre. If you fail to win their hearts and minds there is little chance you will build a long term profitable sustainable business.

We have substantially the same group of Educators we started CY2015 with, and we have found they have embraced the core values of THINK, it has allowed a common platform of performance and acts as a guide across all facets of the group.

We don't believe we are building a team, more so we are developing a community of centres, united by a common culture and a clear vision... ***“changing the world one Educator at a time”***.

The Changing Puzzle Picture



The Cubby House
Early Learning &
Kinder



Aloha Gardens Early
Learning & Kinder

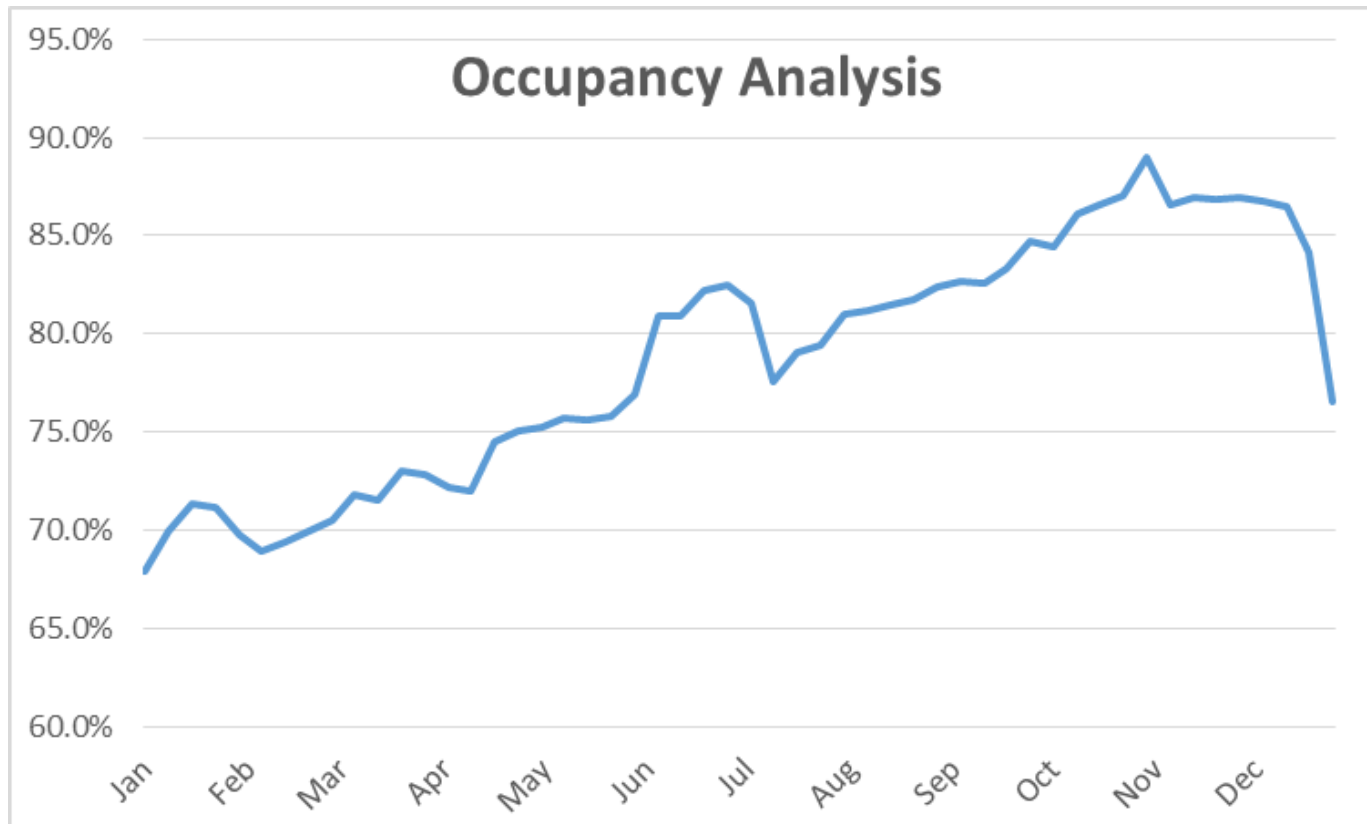


Campbell Road Early
Learning & Kinder



Ballarat Road Early
Learning & Kinder

Occupancy



- Occupancy grew during CY2015 in line with seasonal expectations, peaking at 87.2% in October;
- Acquisitions added 0.9% to occupancy from end of September and 0.3% to the yearly average;
- Average occupancy CY2015 was 78.8%.

Wages & Educator Ratio Changes

From the January 1, 2016, Educator to Child ratios changed. The most significant for THINK was the over 3 year-olds in Victoria moving to 1 : 11 from 1 : 15. THINK centres, through a re weighting in anticipation of the changes, typically operate 50% under and 50% over.

Based on this typical profile, the straight calculation (assuming 100% class occupancy) would see a wage rise of c35%.

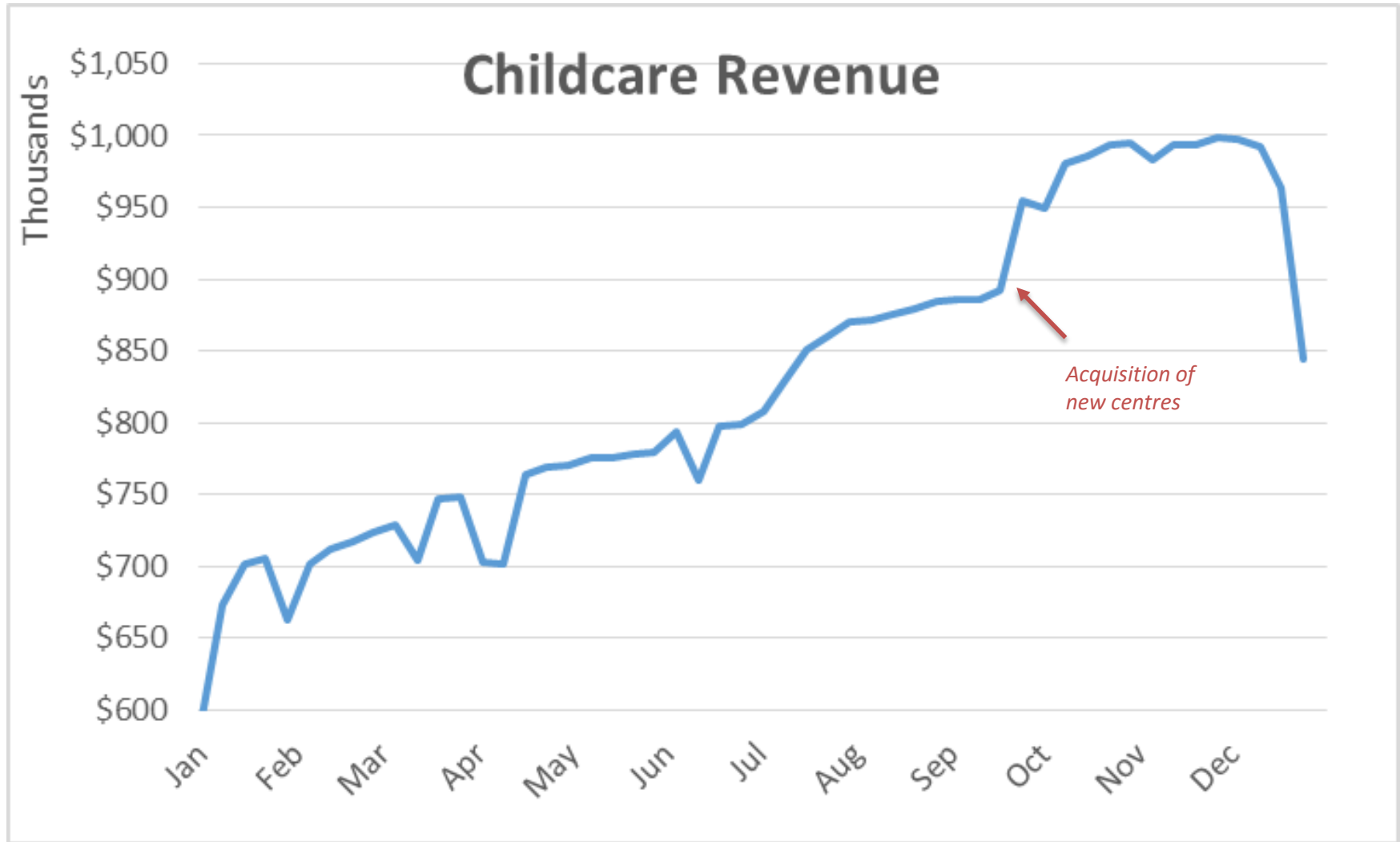
WHAT WE DID

- We undertook an architectural re-measure of all centres;
- Reviewed the numbers allocated to each age group, and re-structured the balance of numbers to more over 3 year-olds;
- Reviewed the physical room structures and moved age groups into the most size appropriate to minimise capital works;
- We calculated the increase in Educators and the associated cost per child per day (CPCPD) across the centre;
- We increased the fees on 1/1/16 by the CPCPD and then added a further 2.5%;
- Developed plans to reconfigure the centres for maximum efficiency and estimate the capital works to complete this at \$400K. The works will be completed by the end of June 2016 as a part of the centre refreshment program.

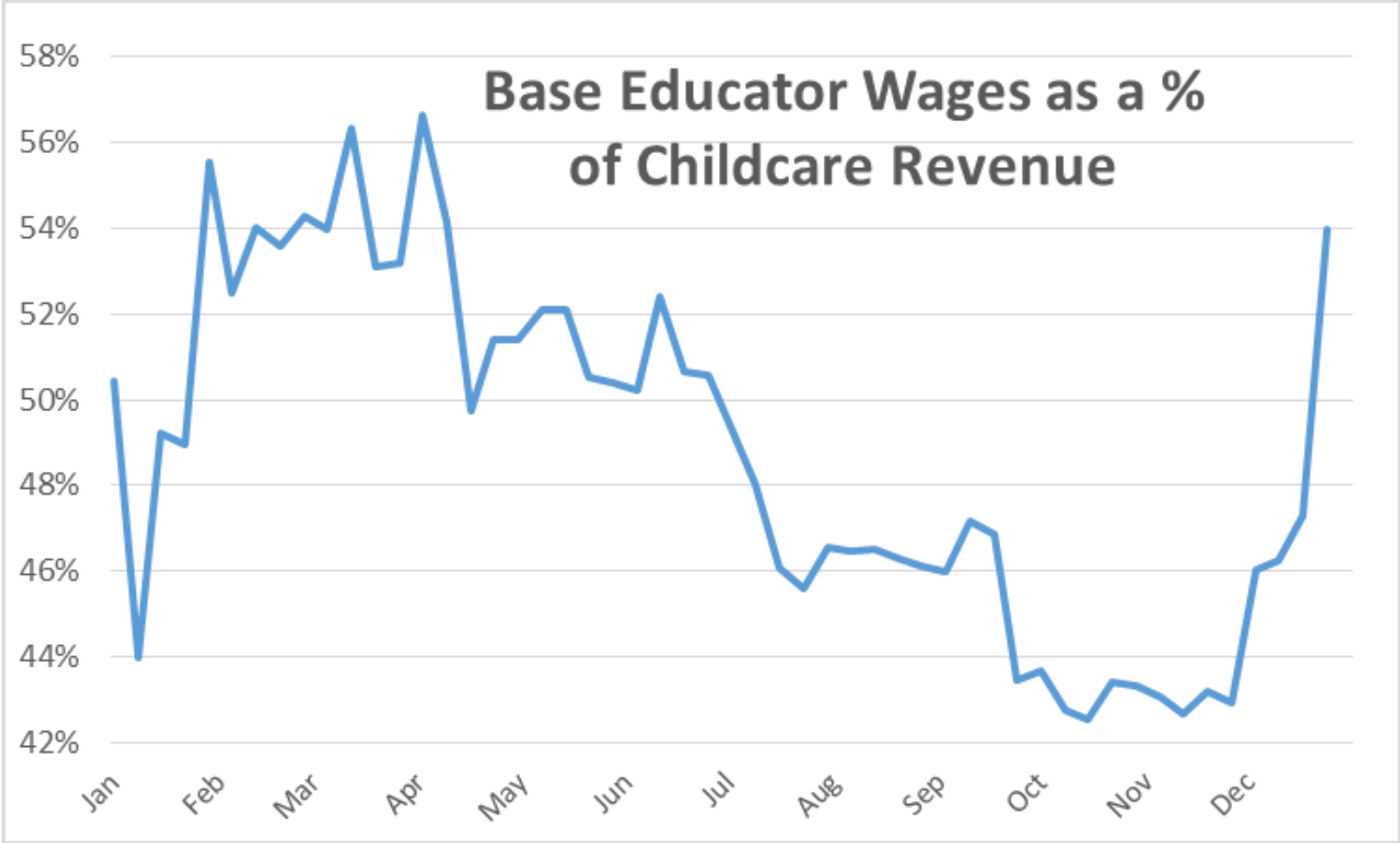
THE RESULTS

- We increased the licensed places of the foundation centres by 3.3% (75 Licenced Places) through re-measure and re configuration;
- The BASE wage per child per day (pcpd) for CY2015 was \$43.74 and for CY2016 (YTD) is \$46.23, being an increase of c5.7%. **NB:** *Wages pcpd are inversely related to Occupancy, which grows throughout the calendar year.*

Year on Year Performance Metrics



Wages



Growth Strategy

THINK has a dual growth strategy:

Organic growth

- Through growing existing occupancy levels (CY2015 average 78.8%);
- Efficient systems and cost control;
- Centre refresh programs (\$1.3mil allocated for CY2016);
- Continuing and extending our marketing initiatives;
- Increase in fees from managed centres;
- Fee increases over CPI and labour costs;
- Implementation of technology

Growth through acquisition

- From the general market;
- Beachhead operations in NSW, South Australia and Western Australia from which THINK can expand;
- Opportunity to acquire managed centres (incubator feeder strategy);
- Development partners

Acquisitions

- Consistent with our commitment, THINK settled and integrated our initial 30 centres before embarking on acquisitions;
- We acquired two centres in CY2015, both centres traded in line with expectations;
- The new centres added \$130k EBITDA CY2015 after \$211K of acquisition costs, which as per AAS 3 are written to the P&L and cannot be capitalised;
- With a fulltime Acquisition manager employed, we expect an increase in acquired centres.

Managed Centres (*Incubator Partners*)

- THINK has contracts to manage 12 externally-owned childcare centres (over 1200 licensed places).
- THINK management fee income stream:
 - \$40K initial finder's fee for each referred centre or new site;
 - \$60K pa to \$100K pa (centres over 120 places) ongoing management fee.
- Incubator Partners have 9 centres under construction, with the first to open in April 2016 and the balance to be operational by December 2016.



Financial Information

Full Year 2015 Results

Key Financial Metrics

Financial Metrics

NPAT	\$4.81mil
Earnings per Share (EPS)	12.14¢
Dividend per Share (DPS), franked to 33%	7.2¢
Net Profit margin (<i>NP/Revenue</i>)	10.3%
Enterprise Value (EV) <i>(No Shares x Share Price [18/2/16] +Net Debt)</i>	\$42.6m

Financial Metrics

Debt / Equity ⁺	17.5%
Gearing [*]	14.9%
EBIT/Interest	16.8
Debt/Assets ^{**}	10.9%

⁺ (*Net Debt/Equity*)

^{*} *Gearing is calculated as (Net Debt / (Equity + Net Debt))*

^{**}*Net Debt / (Assets –Cash)*

Profit & Loss CY2015

	Actual	Prospectus	Variance		Comments
	CY15	Forecast	\$ '000	%	
	\$'m	\$'m			
Revenue	46.50	43.42	3.09	7.1%	Increased childcare revenue from trading
Employee expenses	(28.94)	(26.73)	(2.21)	8.3%	
Building occupancy	(5.63)	(4.81)	(0.82)	17.1%	Higher outgoings
Direct expenses	(1.84)	(2.02)	0.17	(8.6%)	
Formation & Acquisition	(0.33)	(0.10)	(0.22)	216.5%	AAS 3 expenses on acquisition
Marketing expenses	(0.54)	(0.88)	0.33	(38.0%)	
Other expenses	(1.83)	(2.09)	0.25	(12.1%)	
Total expenses	(39.11)	(36.62)	(2.49)	6.8%	
EBITDA	7.39	6.80	0.59	8.7%	
Depreciation	(0.33)	(0.24)	(0.09)	39.0%	Additions and AAS3 finalisation
EBIT	7.06	6.57	0.50	7.6%	
Net finance costs	(0.41)	(0.38)	(0.03)	7.9%	
Income tax	(1.85)	(1.86)	0.01	(0.5%)	
NPAT	4.81	4.33	0.48	11.1%	

The Reconciled Financial Puzzle

	CY15	Prospectus	Variance
REVENUE			
Statutory Revenue	46,512		
Adjustment for new centres (*)	(1,007)		
Less interest income	(10)		
Underlying Revenue	45,495	43,417	Up 4.6%
EBITDA			
Statutory NPAT	4,809		
Add:			
<i>Taxation</i>	1,845		
<i>Depreciation</i>	328		
<i>Finance Costs</i>	420		
Less:			
<i>Interest income</i>	(10)		
Acquisition Adjustments:			
<i>Acquisition Expenses</i>	326		
<i>Adj for newly acquired centres (*)</i>	(324)		
Underlying EBITDA	7,394	6,801	Up 8.0%

Underlying Revenue, underlying EBITDA, and EBITDA are financial measures which are not prescribed by Australian Accounting Standards ("AAS") and represent the results under AAS *adjusted* for non-cash and other items.

The Directors consider the underlying results to reflect the core earnings of the consolidated entity consistent with THINK's IPO prospectus forecast.

* Adjustments to remove the centre level revenue and EBITDA for the 2 centres acquired in 2015 and to add back the management fees forgone on these centres post acquisition.

Balance Sheet as at CY2015

	Actual CY15	Actual CY14	Variance		Comments
	\$'m	\$'m	\$'m	%	
Current assets					
Cash at bank	2.36	4.36	(2.00)	(45.9%)	Fund acquisitions and reduce payables
Trade and other receivables	1.18	2.91	(1.74)	(59.6%)	Govt release of funds Q115
Other current assets	0.86	0.41	0.46	112.1%	Deposit on new centre
Total- current assets	4.40	7.67	(3.28)	(42.7%)	
Non- current assets					
Property plant and equipment	1.89	0.97	0.92	94.8%	Investment in centres
Deferred tax assets	1.85	1.89	(0.04)	(2.2%)	
Other non- current assets	1.78	0.87	0.90	103.8%	Replacement of Bank Guarantees
Intangible assets	20.30	17.13	3.17	18.5%	Acquisitions
Total- non-current assets	25.81	20.85	4.95	23.8%	
Total assets	30.20	28.53	1.68	5.9%	
Current liabilities					
Trade and other payables	3.28	8.73	(5.45)	(62.5%)	
Employee entitlements	1.57	1.44	0.13	9.0%	
Borrowings	0.05	-	0.05		
Current tax liabilities	1.78	-	1.78		
Other	0.18	-	0.18		
Total- current liabilities	6.86	10.17	(3.32)	(32.6%)	
Non- current liabilities					
Borrowings	5.36	5.00	0.36	7.2%	
Provisions	0.61	0.78	(0.18)	(22.5%)	
Total- non-current liabilities	5.97	5.78	0.18	3.2%	
Total liabilities	12.82	15.95	(3.13)	(19.6%)	
Net assets	0.02	12.57	(12.55)	(99.9%)	

Cash Flow

	Actual CY15	Prospectus Forecast
	\$ 'm	\$ 'm
<i>Cash flows from operating activities</i>		
Cash receipts from parents and government funding	46.15	44.67
Payments to suppliers and employees	(39.72)	(38.75)
Government grants received	0.92	-
Interest received	0.01	-
Interest and other finance costs paid	(0.42)	(0.36)
<i>Net cash from operating activities</i>	6.94	5.56
<i>Cash flows from investing activities</i>		
Payments for purchase of business, net of cash acquired	(4.59)	-
Prepayments relating to future acquisitions	(0.24)	-
Payments for property, plant and equipment	(1.07)	(0.20)
Payments for security deposits	(0.90)	-
<i>Net cash used in investing activities</i>	(6.81)	(0.20)

	Actual CY15	Prospectus Forecast
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	-
Payments of share issue costs, net of tax	(2.24)	-
Proceeds of borrowings	2.78	-
Repayment of borrowings	(2.50)	-
Payments of costs relating to bank facility	(0.16)	-
<i>Net cash from/(used in) financing activities</i>	(2.13)	-
<i>Net increase/(decrease) in cash and cash equivalents</i>	(2.00)	5.36
<i>Cash and cash equivalents at the beginning of the financial year</i>	4.36	(1.14)
<i>Cash and cash equivalents at the end of the financial year</i>	2.36	4.23



Operational

Full Year 2015 Results

What we did since listing

- We settled all 30 centres
- Settled a 2 further acquisitions
- Undertook \$1mil+ in capital works to improve centre presentation
- Invested in Educator training
- Empowered Educators to make decisions
- Increased resources for children
- Re-structured Educators rosters and said goodbye to some and welcomed many more
- Provided centres with significant children's resource budgets to maintain centres
- Invested in technology for each centre
- Developed centre websites and re-vamped some
- Rolled out marketing initiatives
- Re-measured centres, re-balanced age groups and increased the number of licensed places
- Rolled out our online educational program planning tool for Educators
- Invested in and rolled out a new scalable payroll systems
- Finalised the roll out of our time and attendance solutions
- Increased the HO financial team headcount to strengthen our Finance and Administration function
- Developed social media strategies for each centre
- Implemented our online child development tracking tool for parents

Operations Platform

We have successfully implemented the following platforms;

SYSTEM: - Labour cost control via online rostering *

BENEFIT: This allows us at a room level to roster weeks in advance and assess labour cost against budget revenue. We can see the real cost of labour versus revenue at the room level.

SYSTEM: - Finger print scanned time and attendance data capturing. *

BENEFIT: We achieve real time data capture against budget, we can then adjust in real time rosters. The data can be easily imported into our payroll system removing human error.

SYSTEM: - Digital sign in of children.

BENEFIT: We can accurately track staffing needs against patterns for each room at each centre. Further we can use casual labour more efficiently. Paper work is reduced and accuracy significantly enhanced. In real time we can track **the movement of children in and out of the centres.**

SYSTEM: - Online Educator planning and child observation tools.

BENEFIT: Busy parents, can at their leisure, review their child's progress. Educators can share programmes and seek critiquing of their programs from Educators from other centres.

** Fully implemented in Victoria with the new centres and NSW to become fully operational within Q1/16.*



Corporate Details

Market Summary

Issued Shares	39,600,000
Share Price as at 18 th February 2016	\$1.00 (issue price \$1.00)
Market Capitalisation	\$39,600,000 (18 th Feb 16)
Official listing date	24/10/2014
Issuer code	TNK

Substantial Shareholders – Top 4 as at 17th February 2016

Rank	Name	No. of Shares	% of Issued Shares
1	Mathew Edwards	13,545,100	34.20%
2	Perpetual	3,517,986	8.88%
3	Colonial First State	2,900,000	7.32%
4	Riversdale Road Shareholding Company	2,504,400	6.32%
X	Board holding outside of Mathew Edwards	2,052,529	5.18%

Board of Directors

The Board of THINK comprises two executive Directors and two non-executive Directors:

Non-Executive Chairman: **Mark Kerr**

- Chairman of Contango Microcap Ltd and Hawthorn Resources Ltd
- Director of Contango Income Generator Ltd, Alice Queen Ltd and Berkeley Consultants (public relations firm)
- Formerly Chairman of Process Wastewater Technologies
- Advisor to public and private boards

Managing Director and CEO: **Mathew Edwards**

- Managing Director of Learning and Education Australia (“LEA”) (2008-2014), which owned 12 of the THINK centres
- Formerly LEA’s business focused on developing greenfield child care sites and trading up under-performing centres
- Former Director of Australian Daycare Group

Executive Director and CFO: **Paul Gwilym**

- A Chartered Accountant with over 20 years’ experience in accounting and financial management
- Formerly CFO of LEA (2013-2014)

Non-Executive Director: **Andrew Hanson**

- A Chartered Accountant with over 27 years at PricewaterhouseCoopers including 16 years as a Partner
- Advisor to the Board of Beacon Lighting Group Ltd., Chairman of Guest Group Pty Ltd and Director (previous past Chairman) of Prestige Inhome Care Pty. Ltd.

Corporate Details



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