



G8 Education^{ltd}

G8 Education Limited (ASX:GEM)

Investor Presentation
November 2014

Agenda

1	Overview	3
2	Brands	16
3	Competitive Strengths	19
4	Business Strategies	21
5	Financial Information	23
6	Appendix: Government Regulation, Funding & Policy	30





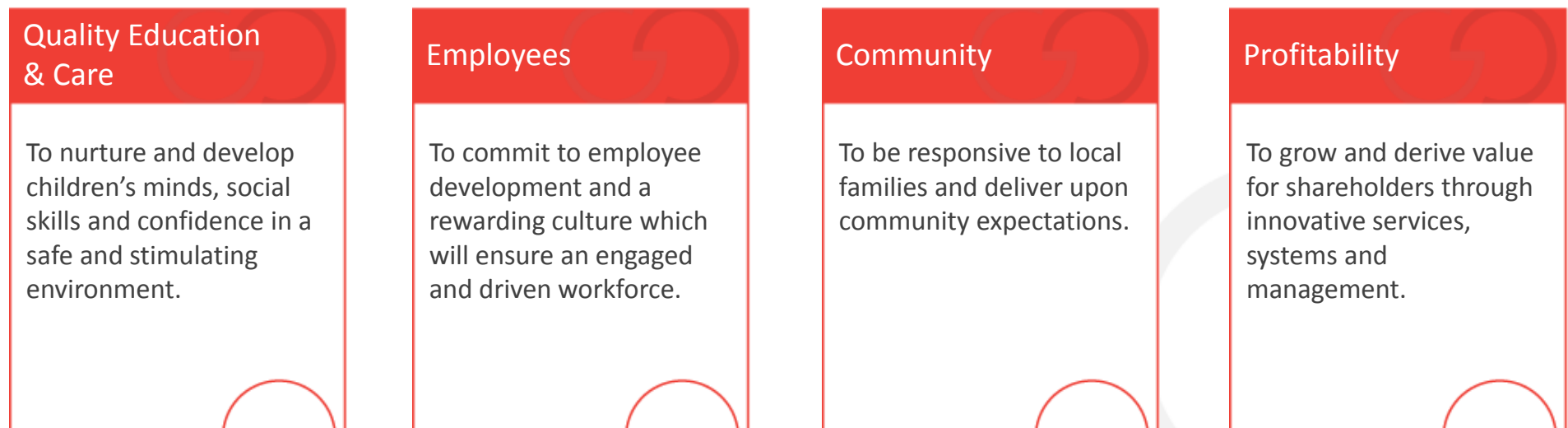
Investing in the future
of childcare.

G8 Education's Vision & Mission

G8 Education's mission is to be Australasia's leading provider of high quality, developmental and educational child care services. G8 Education aims to achieve this through:

- A portfolio of outstanding early childhood education brands
- A focus on the importance of early childhood education
- By making good centres great centres through focusing on outstanding early childhood education management

G8 Education's strategy is based around four pillars for growth and sustainability:



Overview



G8 Education^{ltd}

G8 Education Limited (**'G8 Education'**) is an Australasian childcare services provider that is listed on the Australian Stock Exchange (**'ASX'**) under the ticker code 'GEM', with a market capitalisation of \$1.6 billion.

We have a total portfolio of 440 owned childcare and education centres in Australia and Singapore, and an additional 37 under contract in Australia.

Our acquisition strategy has been to buy profitable centres which are in operation and to integrate and manage a number of key operational metrics and performance indicators to improve individual centre performance in line with the overall group performance.

Australia

G8 Education has a portfolio of 422 childcare and education centres, and an additional 37 contracted and not yet settled in Australia.

G8 Education is the largest for-profit operator in Australia.

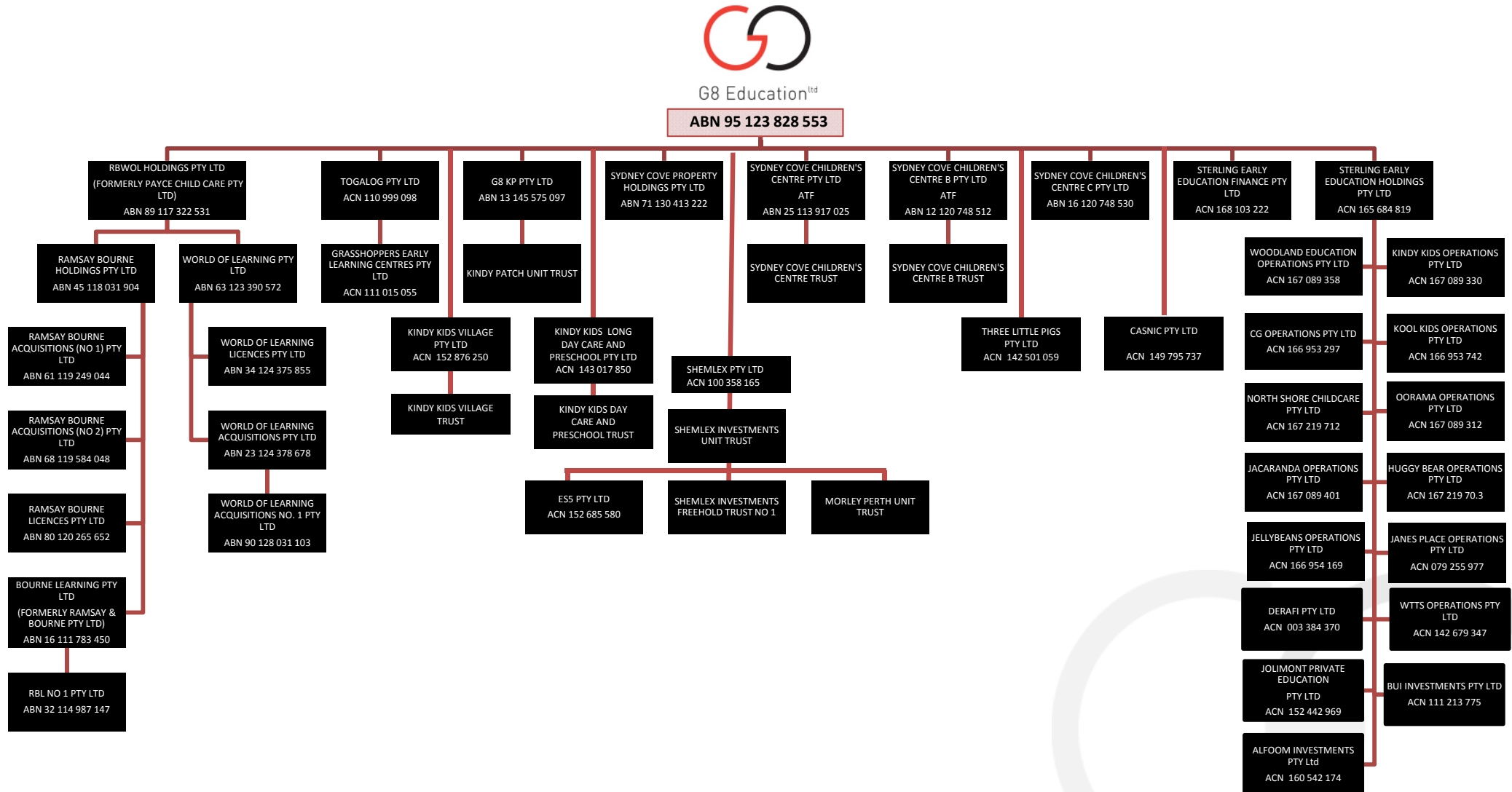
G8 Education estimates that there are 6,500 long day care centres across Australia, resulting in G8 Education currently having approximately 6.5% market share. 4,000 of these centres are within the addressable market.

The Australian childcare services industry comprises 11,420 centres (including family day care, occasional care, long day care and outside school care) run by 7,850 operators, employing 122,000 people and generates A\$7.8 billion revenue p.a.

Singapore

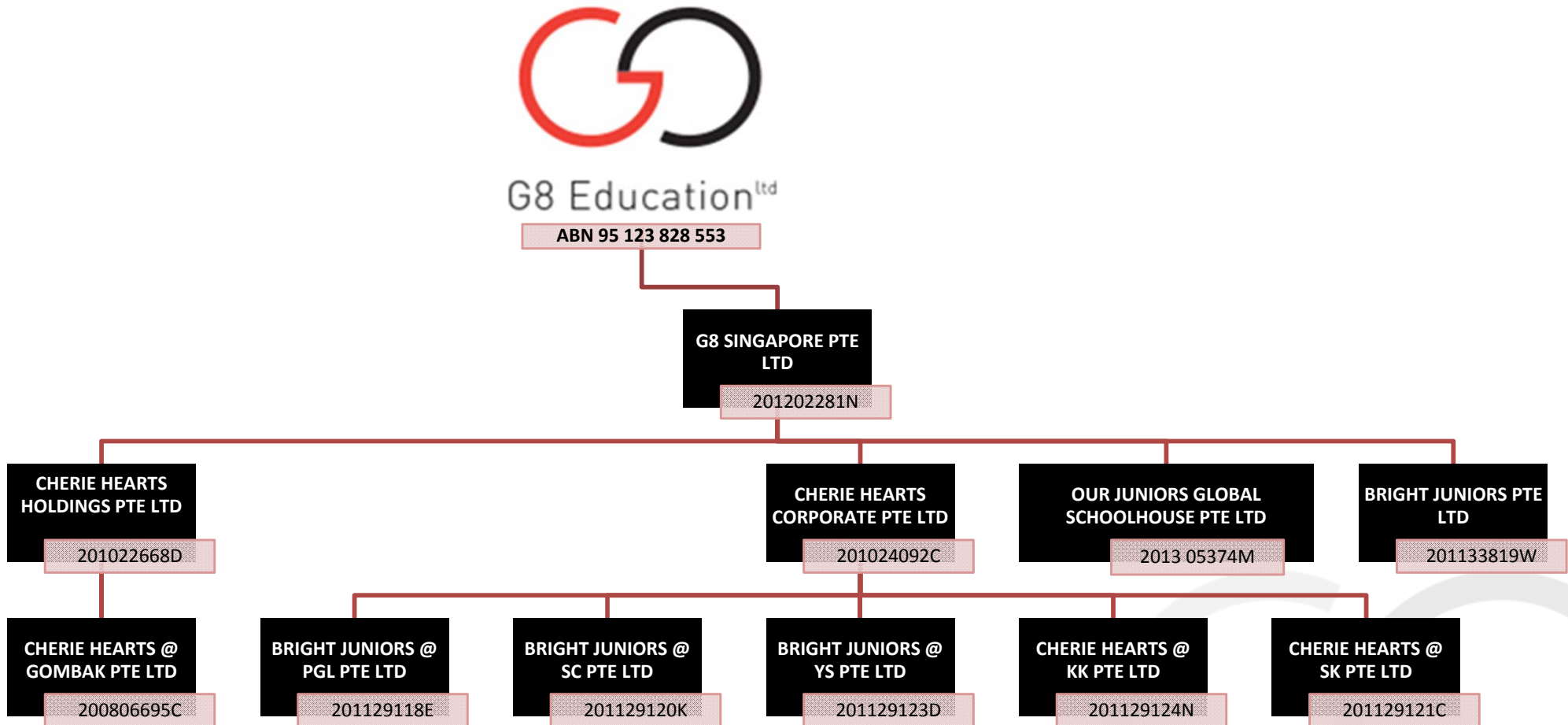
G8 Education currently owns 18 childcare and education centres and operates 37 franchised childcare and education centres in Singapore.

Australian Corporate Group Structure



Note: All subsidiaries are 100 per cent owned and have G8 Education Limited as the ultimate holding company.

Singapore Corporate Group Structure



Note: All subsidiaries are 100 per cent owned and have G8 Education Limited as the ultimate holding company.

Significant Events & Milestones

(Mar '10)

Early Learning Services Limited merges with Payce Child Care Pty Ltd. The merged group is renamed G8 Education Limited.

(Dec '10)

The Group finalises the Kindy Patch acquisition.

(Sep '12)

G8 Education successfully completed a placement to institutions of 30.790m shares at A\$1.15 per share to raise A\$35.4m.

(Nov '12)

- Settlement of Pacific Group child care acquisition.
- Capital raising A\$10.5m at A\$1.15 per share.

+31 centres

+10 centres

+10 centres

+1 centre

+8 centres

+30 centres

+8 centres

+2 centres

+1 centre

+6 centres

+1 centre

+2 centres

+5 centres

+7 centres

+16 centres

+1 centre

2010

March

April

May

June

July

August

September

October

November

December

2011

January

February

March

April

May

June

July

August

September

October

November

December

2012

January

February

March

April

May

June

July

August

September

October

November

December

(Oct '10)

Proposed acquisition of Cherie Hearts Singapore is announced. Cherie Hearts comprises 18 owned and 51 franchised Child Care Centres.

(Dec '11)

Ended year with 135 owned centres (Australia), 7 owned centres (Singapore) and 64 franchised centres (Singapore).

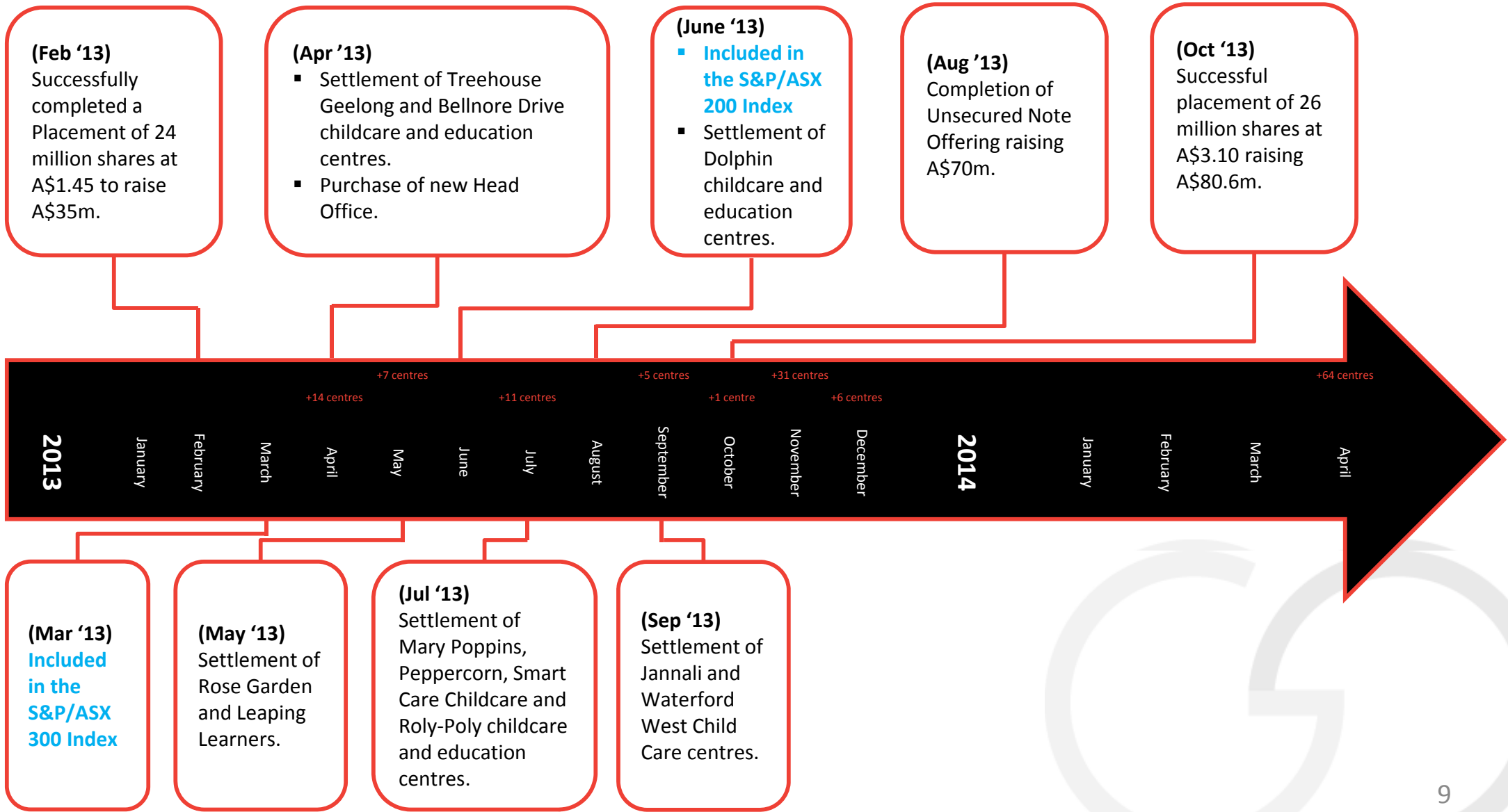
(Oct '12)

Settlement of Koala child care, Kinder Haven child care, Little Einstein's child care acquisitions.

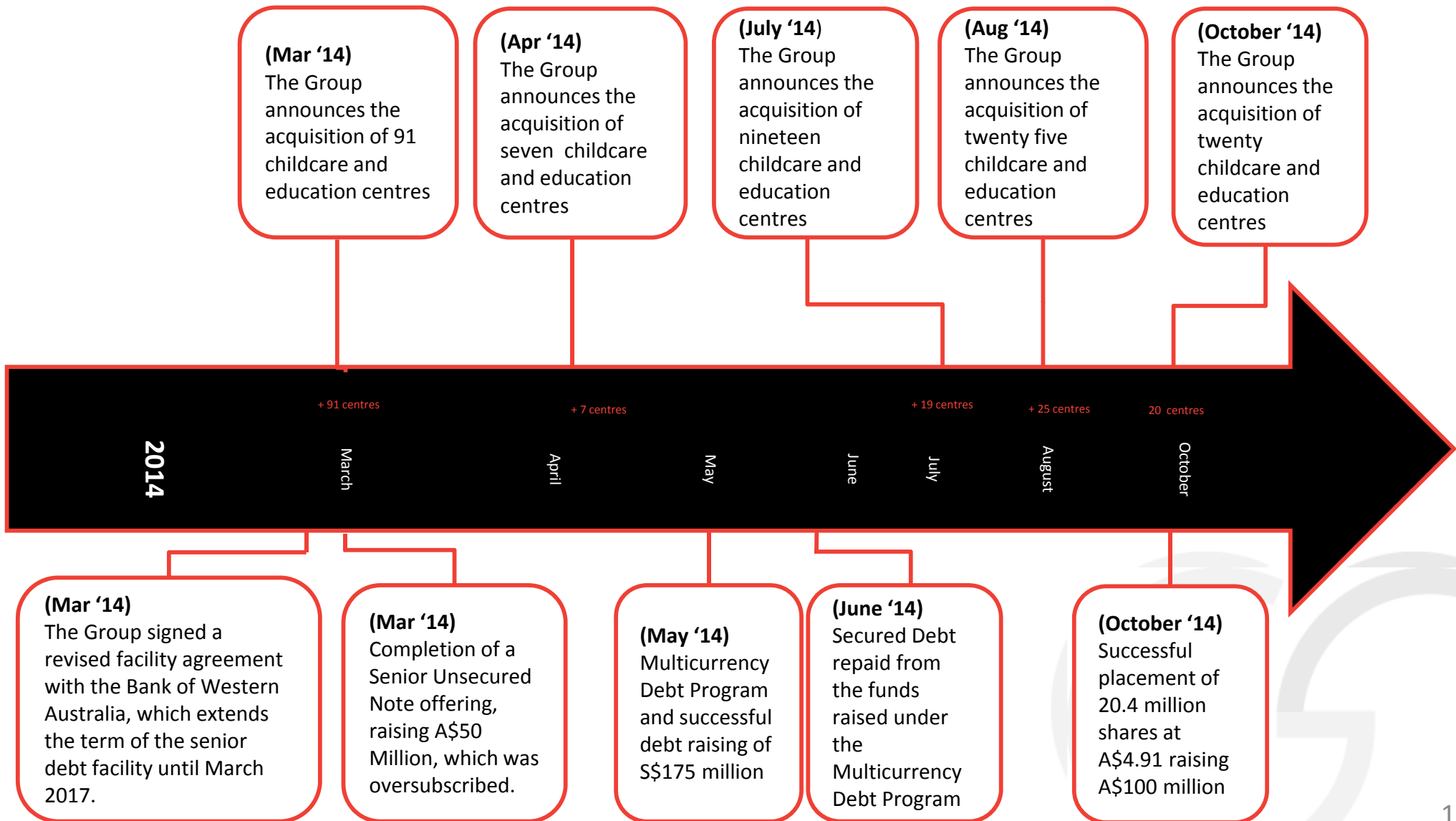
(Dec '12)

Ended the year with 167 owned centres in Australia and 8 owned, 10 managed and 51 franchised centres in Singapore.

Significant Events & Milestones



Significant Events & Milestones



Board of Directors



G8 Education^{ltd}



Jennifer Hutson

B.Com, LLB, FAIM

Chairperson

Jenny is an investment banker and fund manager. She is an experienced corporate adviser and company director. She has over 20 years experience in advising listed companies on capital raisings, mergers and acquisitions, finance and governance issues. She was previously Chairperson of S8, Harvey World Travel and Travelscene American Express and a director of the Royal Childrens Hospital Foundation and the centenary committee for Surf Life Saving Australia.



Chris Scott

B.Econ. (Hons)

Managing Director

Chris has over 25 years experience in senior management positions. He has spent over 30 years in business in Singapore where he was involved in a number of successful businesses. Chris was also the founder and managing director of ASX listed S8 which was an integrated travel company that made 36 acquisitions over 5 years and was capitalised at A\$700 million. His operational, analytical and strategic skills are critical in the selection of potential acquisitions.



Brian Bailison

B.Com., B.Acc (Cum Laude), ACA

Non Executive Director

Brian has over 17 years experience in finance, corporate finance and operations from senior roles in listed and unlisted businesses in South Africa and Australia, including senior positions at Rand Merchant Bank Limited (South Africa's largest bank-assurance business), the Ivany Investment Group (diversified investment Group) and Payce Consolidated Limited which operated 59 child care centres prior to them becoming part of the Group.



Andrew Kemp

B.Com., CA

Non Executive Director

Andrew is the managing director of Huntington Group, a Queensland based advisory firm. Andrew has structured and implemented the ASX listing of over 10 companies in addition to other corporate advisory and investment activities. Andrew joined AIFC, the merchant banking affiliate of the ANZ Banking Group in Sydney and then opened AIFC's Queensland office in 1979. He established Huntington Group in 1987.



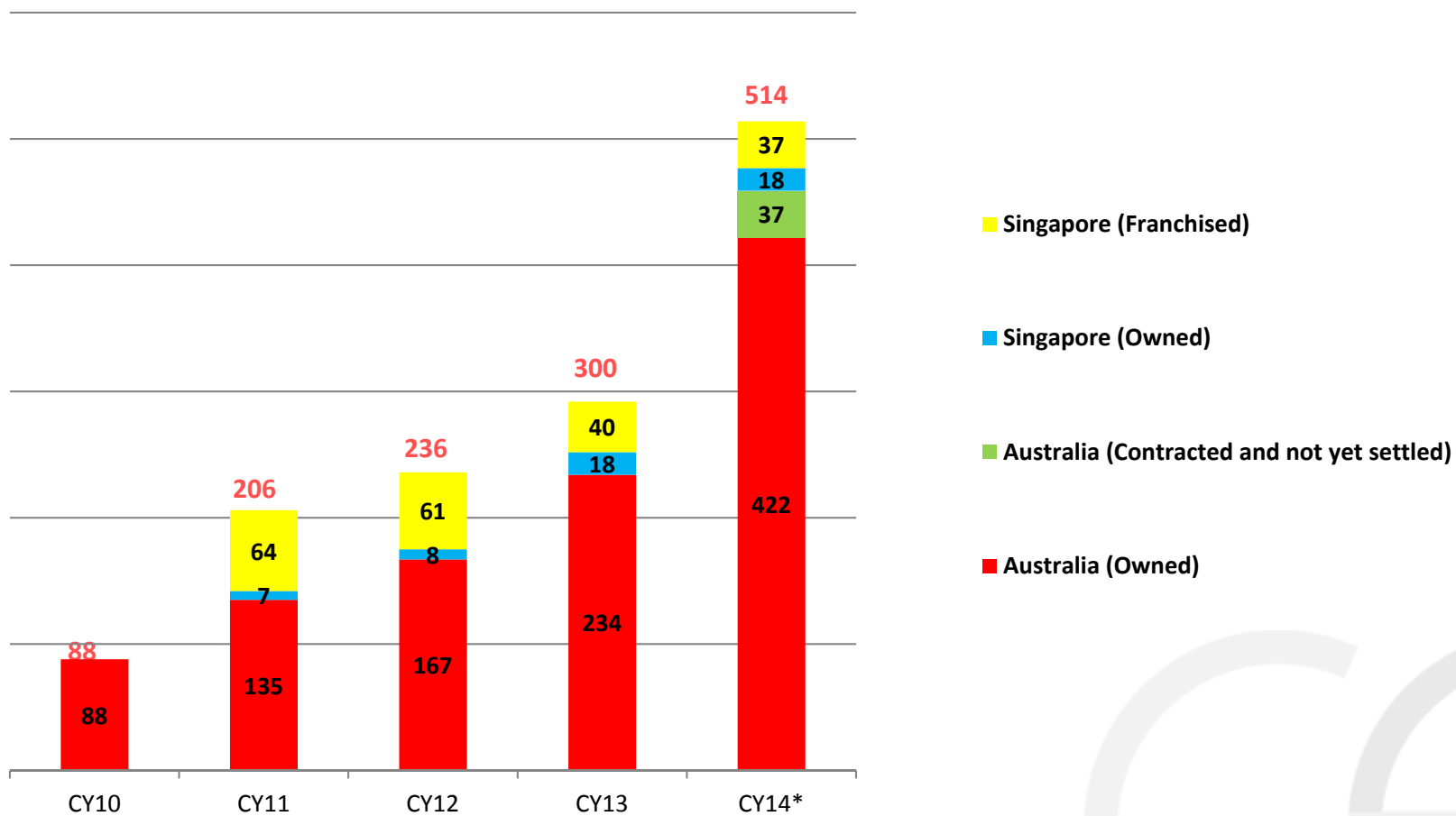
Susan Forrester

BA, LLB(Hons) EMBA, FAICD

Non Executive Director

Susan Forrester is an experienced company director with a diverse portfolio career. She has a significant blend of commercial, financial and legal management experience gained across public, private organisations. She is currently a director of Healthdirect Australia Limited and is the Chairperson of Oncore Group Holdings and Propell National Valuers. She also leads the Strategy Practice of Board Matters Pty Ltd, where she provides expert advice to listed and unlisted Boards on Board governance, executive and strategy issues.

G8 Education Childcare and Education Centre Portfolio

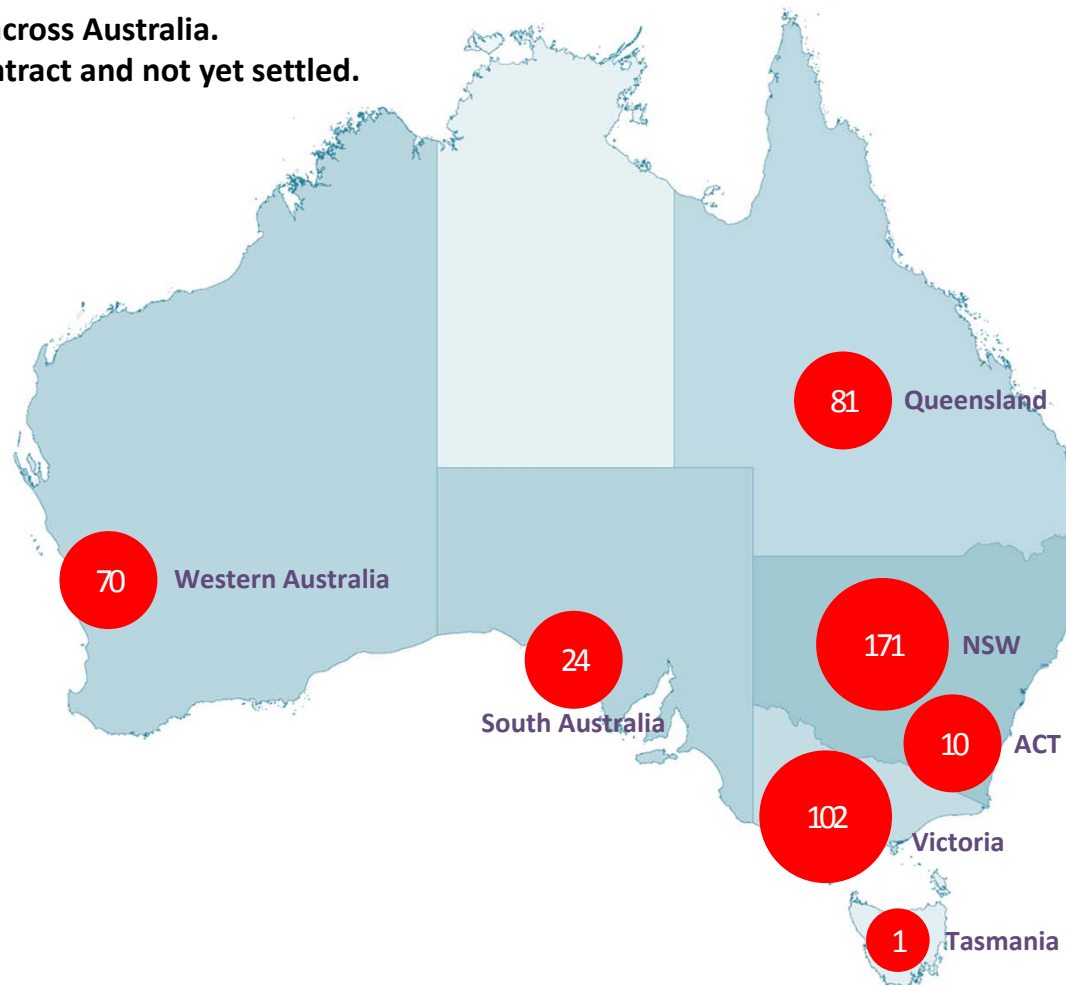


Note: As at 30 November 2014

Locations – Australia

459

422 centres owned across Australia.
37 centres under contract and not yet settled.



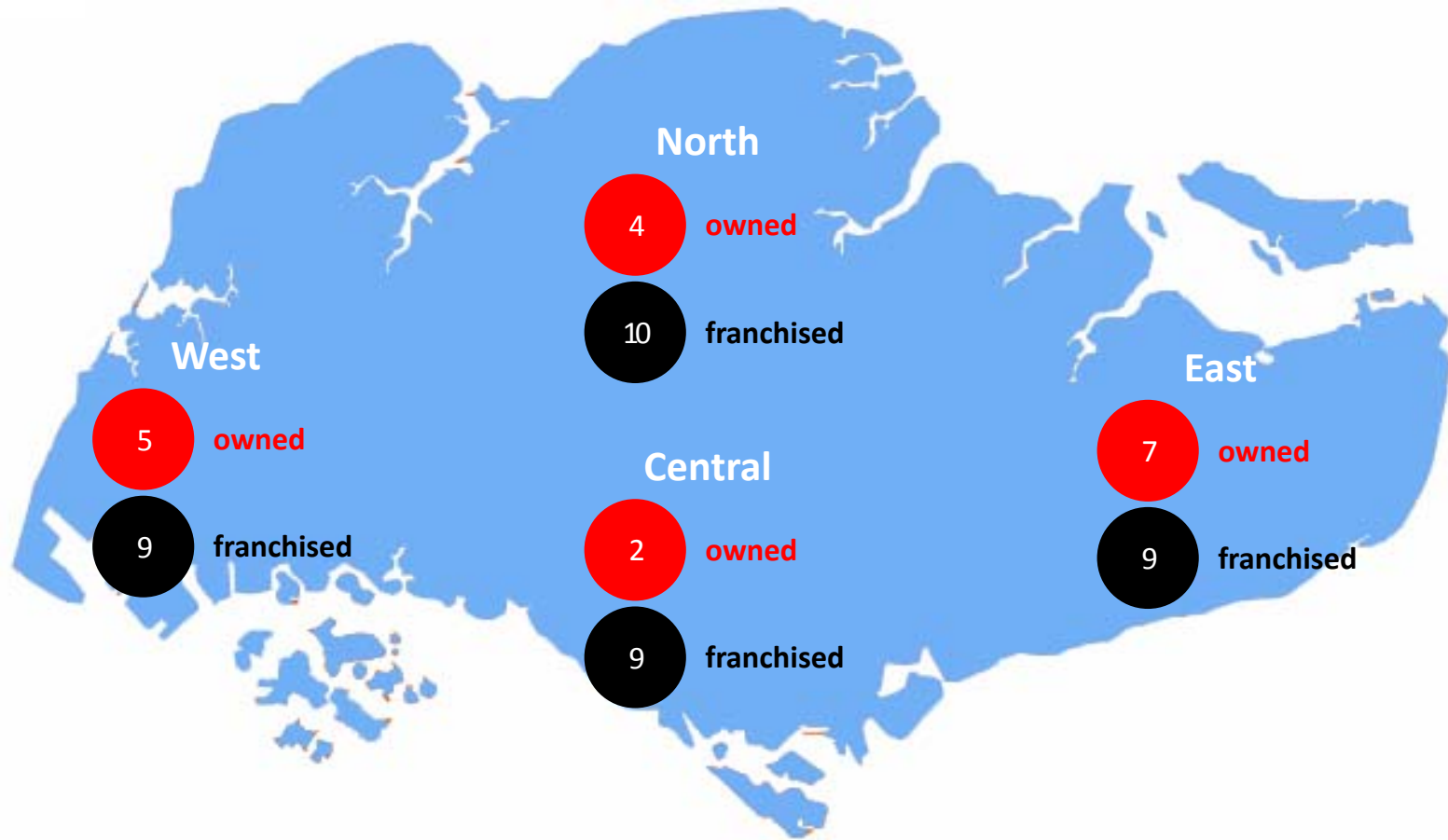
Locations – Singapore

18

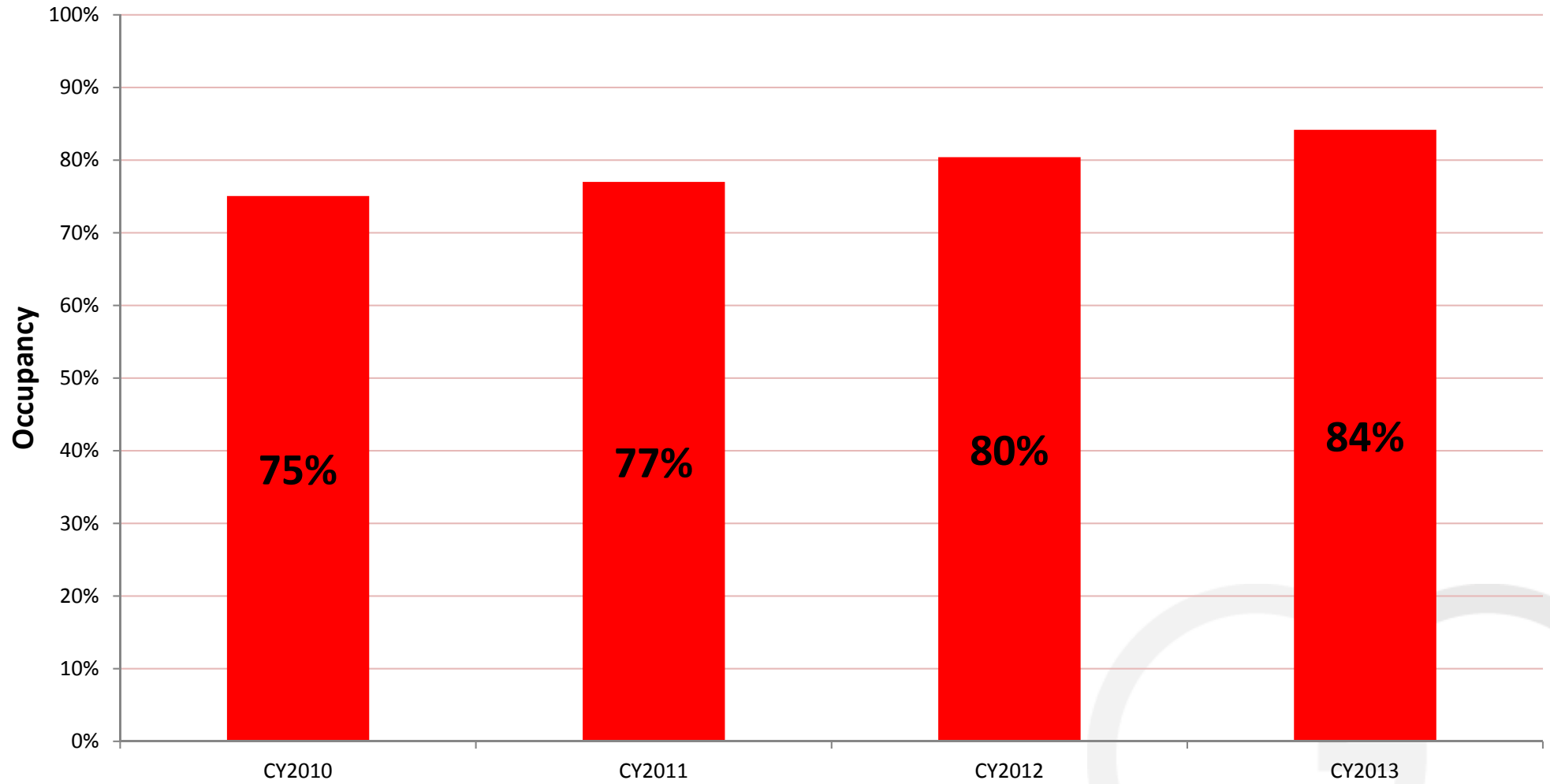
centres owned
across Singapore

37

centres franchised
and operated across
Singapore



Childcare and Education Centre Occupancy







Owned

G8 Education acquired 7 centres in 2011, with a further centre being acquired in 2012. G8 Education took ownership of a further 10 centres in 2013.

Currently 18 centres are owned by G8 Education across Singapore.

Franchised Centres

The model under which the Singapore 'franchise' centres operate is a fee for service.

Currently, 37 centres are franchised and managed by G8 Education across Singapore under the Our Juniors and Cherie Hearts brands.



BRAND	# OF CENTRES (OWNED)	# OF CENTRES (FRANCHISED)
Cherie Hearts	13	32
Bright Juniors	4	-
Our Juniors	1	5
TOTAL	18	37

Brands - Australia

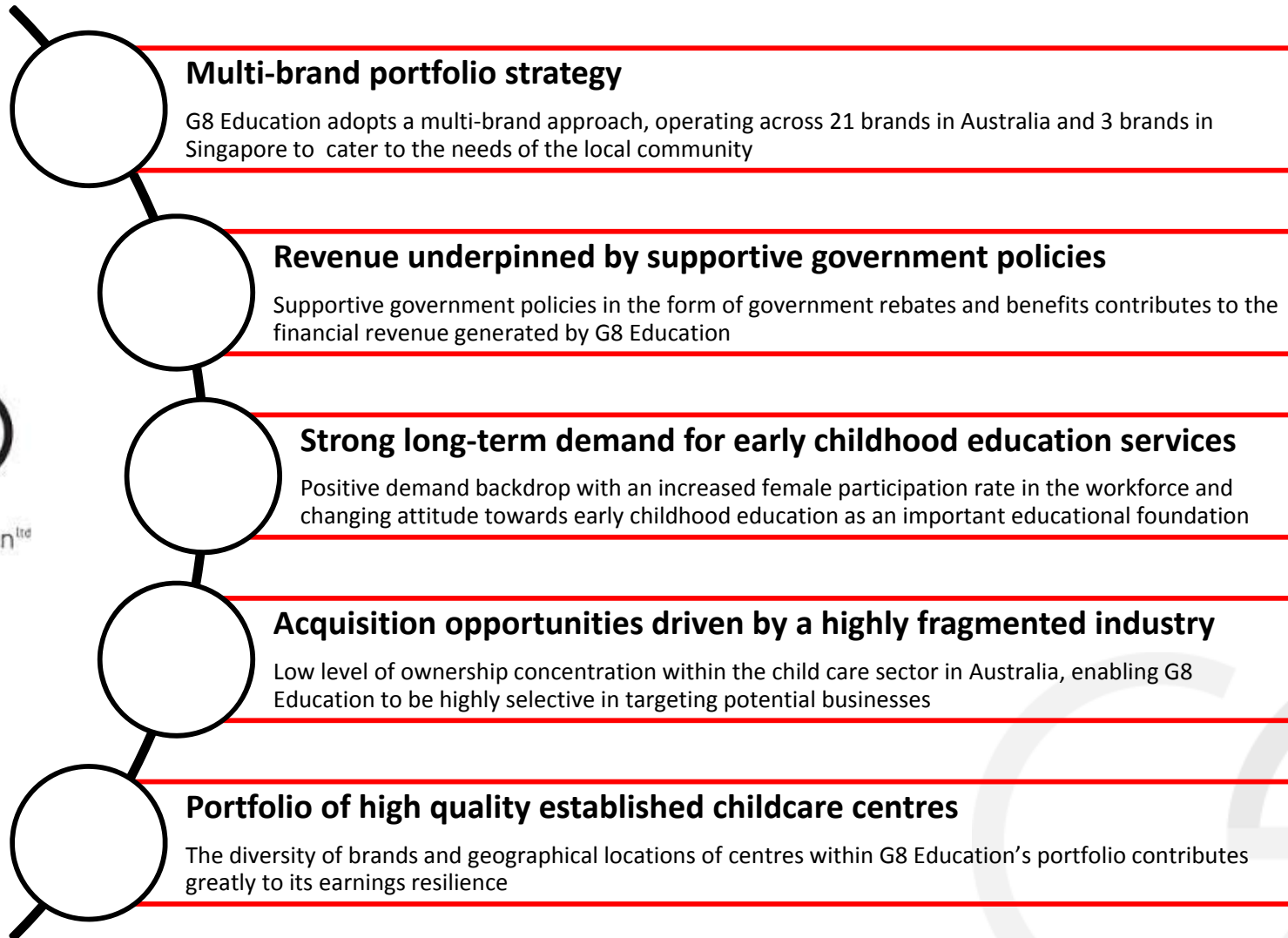


BRAND	# CENTRES
Bambinos	9
Buggles	14
Casa Bambini	3
Creative Garden	5
Community Kids	79
Eclipse	6
Early Learning Services	46
First Grammar	26
Great Beginnings	27
Headstart	19
Jellybeans	22
Kinder Haven	16
Kool Kids	9
Kindy Patch	35
Little Einsteins	4
Learning Sanctuary	2
NurtureOne	21
Pelican	9
Penguin	7
Sandcastles	7
World of Learning	56
TOTAL	422



COMPETITIVE STRENGTHS

Competitive Strengths





Acquisition Strategy

G8 Education has a comprehensive methodology in identifying profitable centres to acquire. Centres are managed through a number of key operational metrics and performance indicators designed to ensure optimal centre performance in line with the overall group.

Quality Care and Education

G8 Education believes in continually investing in its facilities to provide the tools for its educators to continue to deliver exceptional care and education for the children. In 2013, G8 Education spent A\$9.4 million on improving childcare facilities within its centres.

Employees

G8 Education is committed to maintaining a positive workplace culture and is focused on providing the highest level of employee workplace satisfaction and engagement. Staff turnover continues to decline and remain below the industry average.

Community

G8 Education provided care and education to over 29,600 children in Australia in 2013. Its centres are a collaboration of children, parents and educators and form an integral part of their local community offering support to the families, charities and community events.



G8 Education^{ltd}



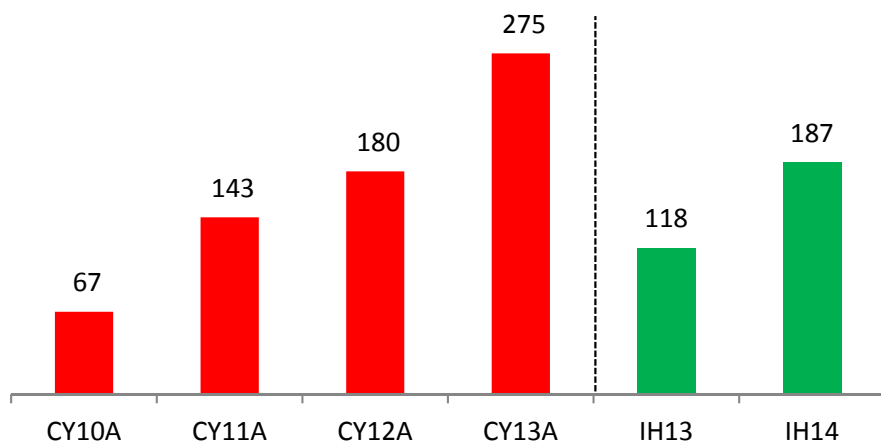
FINANCIAL INFORMATION

Track Record of Financial Performance

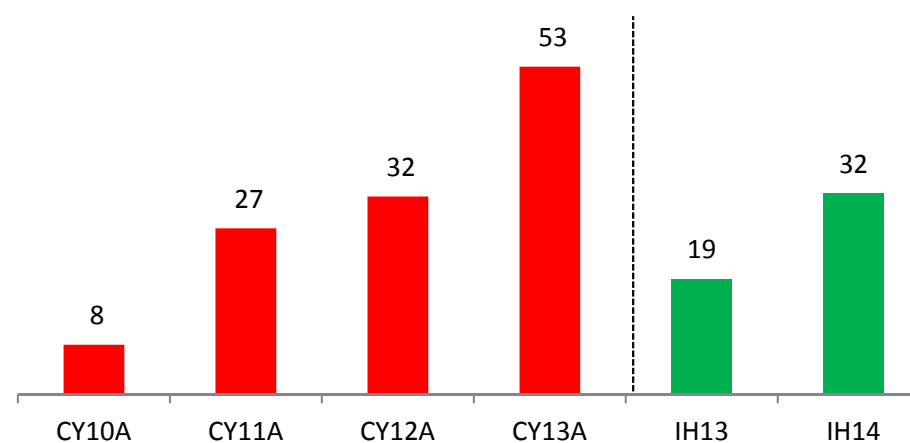


G8 Education^{ltd}

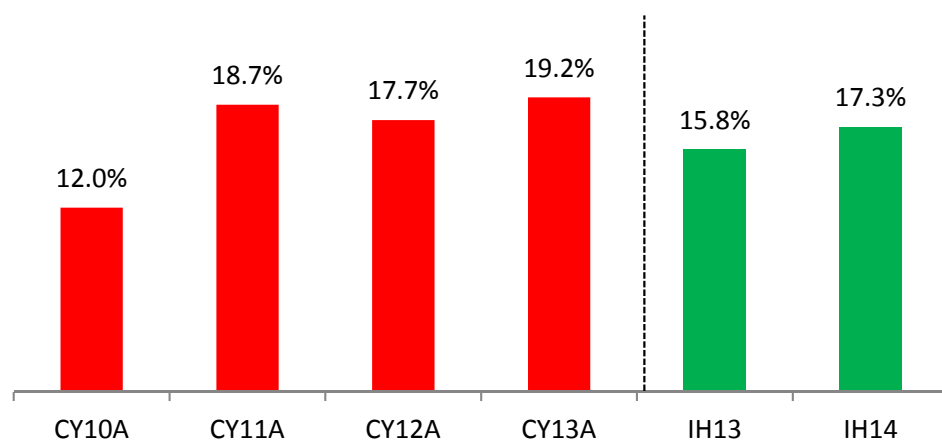
Total Revenue (AUD\$'m)



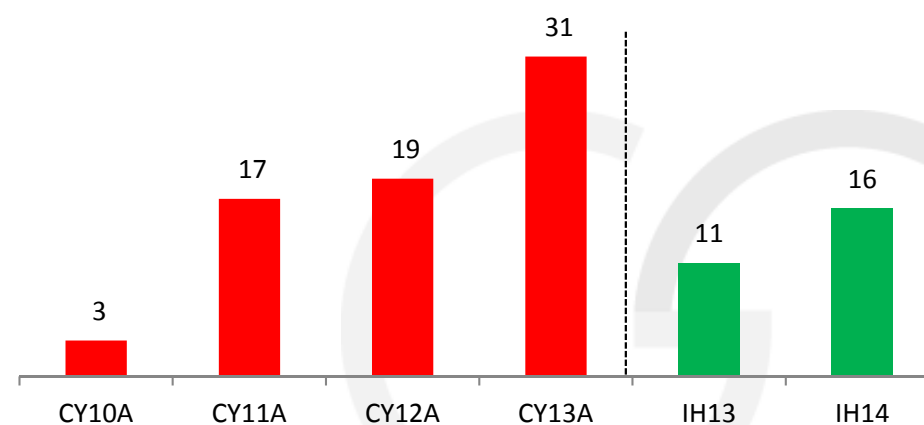
EBITDA (AUD\$'m)



EBITDA Margins (%)



Net Profit After Tax (AUD\$'m)

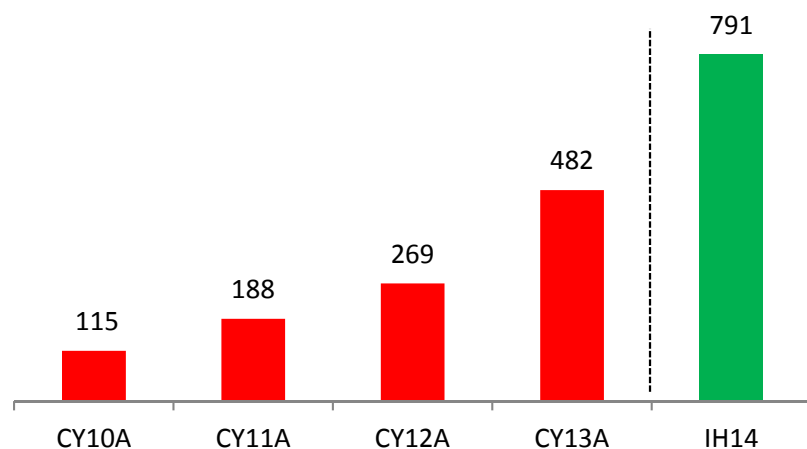


Key Balance Sheet Statistics

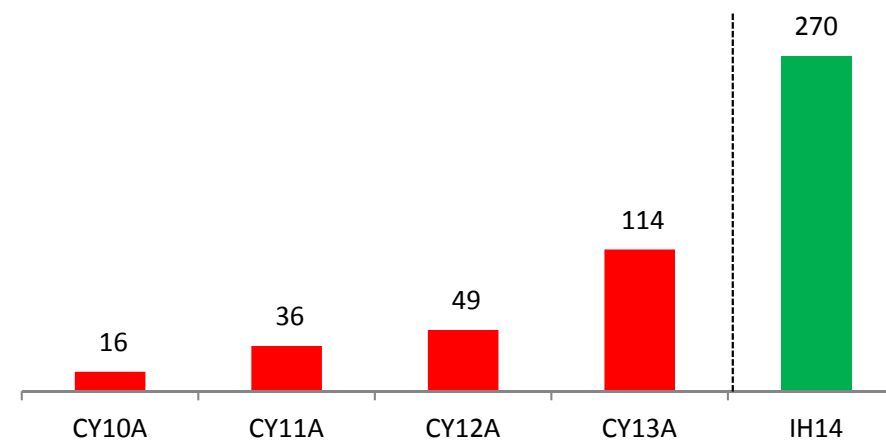


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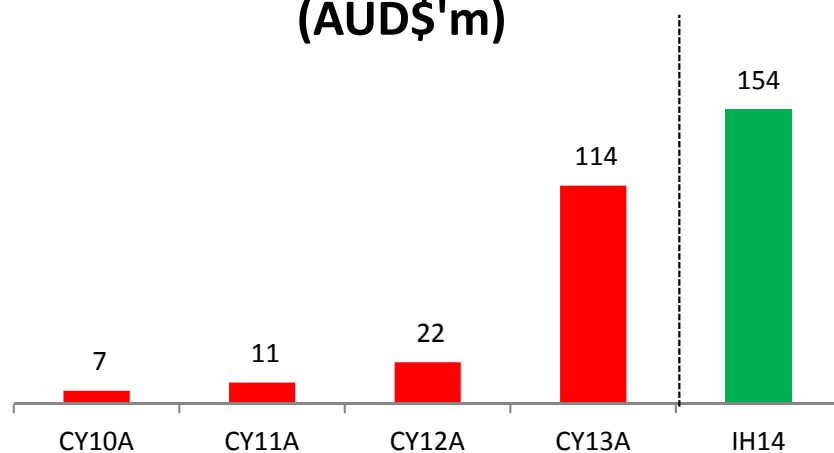
Total Assets (AUD\$'m)



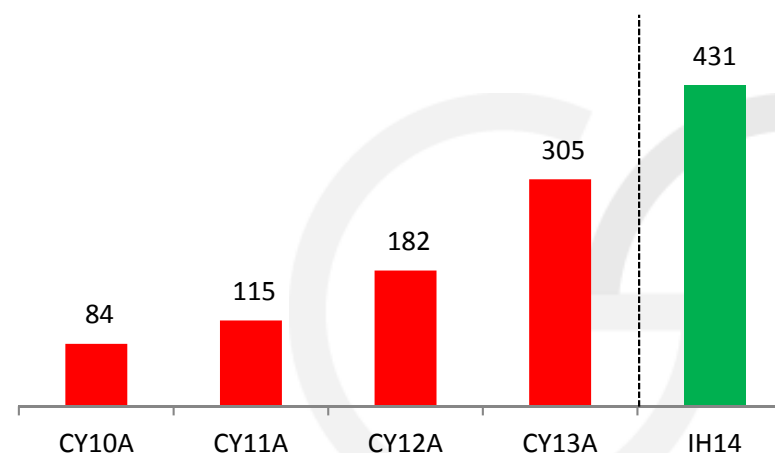
Total Debt (AUD\$'m)



Cash and Cash Equivalents (AUD\$'m)

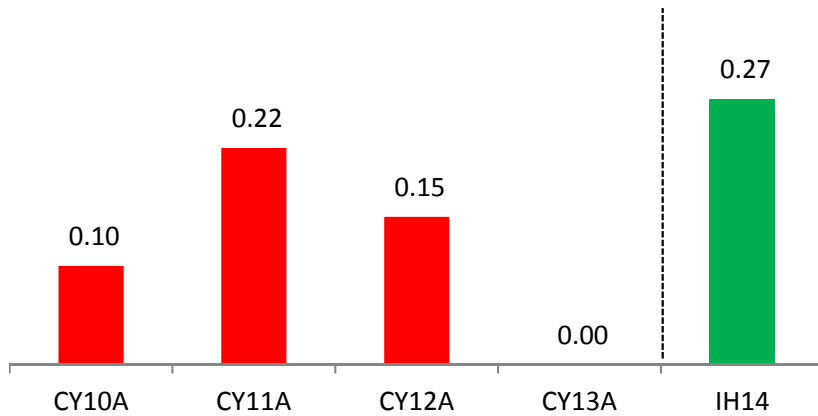


Total Equity (AUD\$'m)

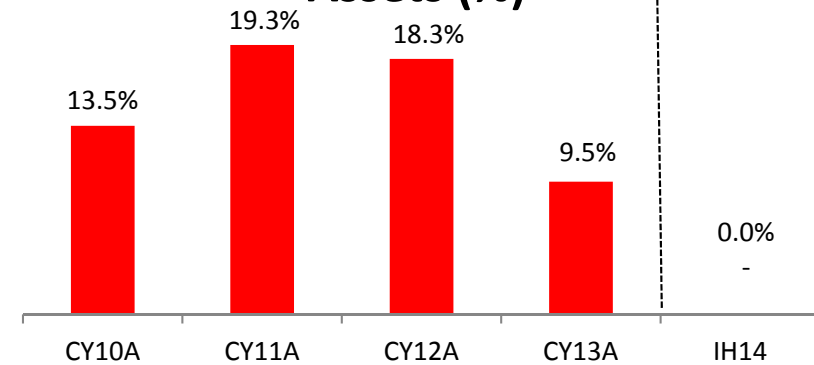


Prudent Capital Management

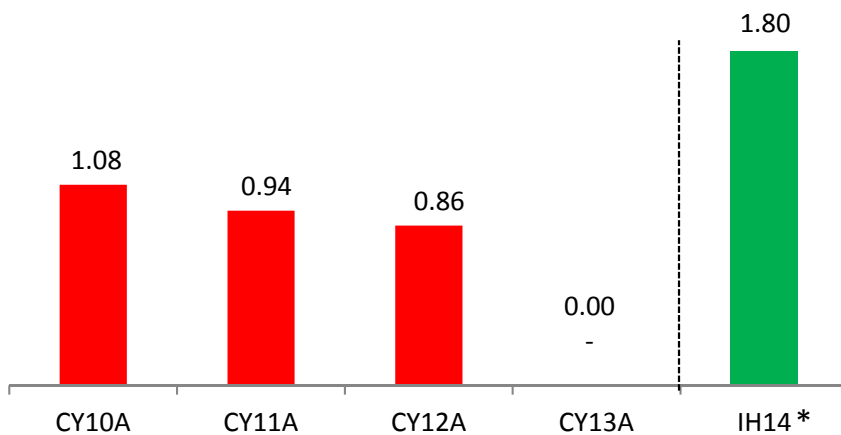
Net Debt/Total Equity (x)



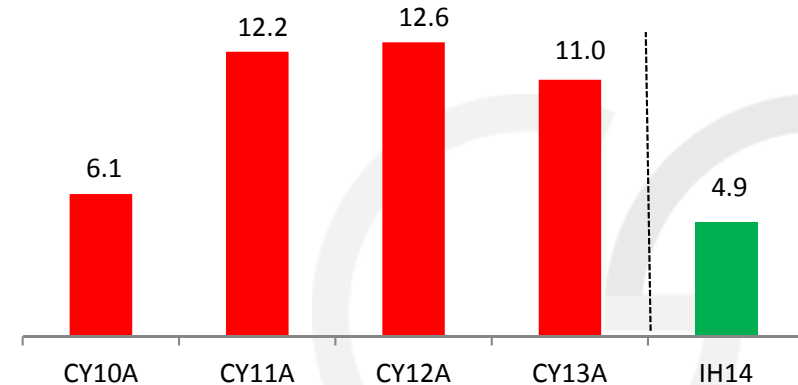
Total Secured Debt/Total Assets (%)



Net Debt/EBITDA (x)



EBITDA/Interest Expenses (x)



* The IH14 Net Debt/EBITDA is presented on an annualised basis

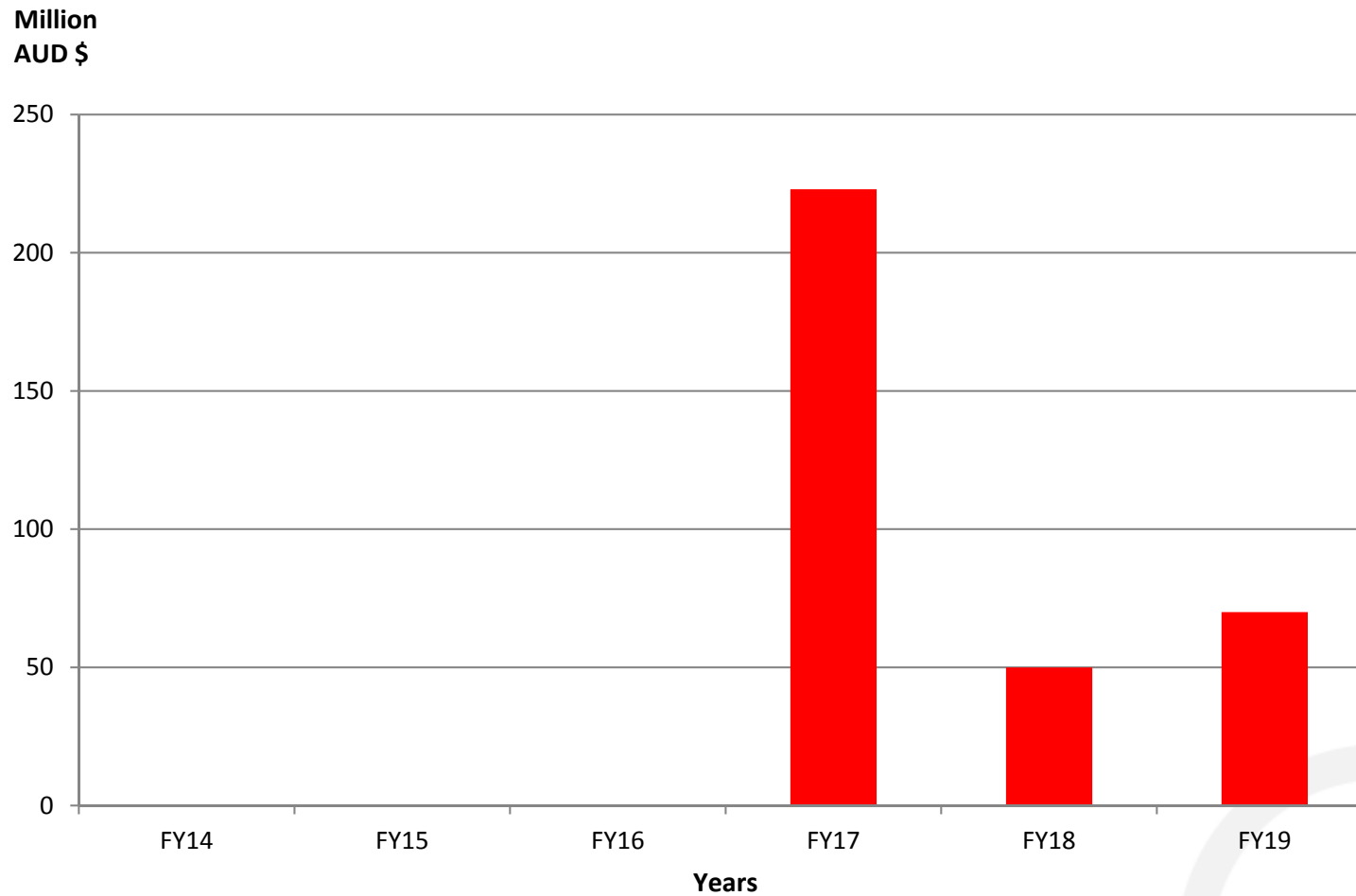
Debt Profile

G8 Education has raised \$340 million in debt through the issue of bonds. The key commercial terms are summarised as follows:

Debt	Maturity Date	Coupon
\$70 million	7 August 2019	7.65% pa (fixed)
\$50 million	17 February 2018	BBSW + 3.90 % pa (variable)
SGD \$175 million (A\$150 million equivalent)	19 May 2017	4.75% pa (fixed)
SGD \$85 million (A\$70 million equivalent)	19 May 2017	4.75% pa (fixed)

G8 Education has issued bonds in both Australia and in Singapore. The G8 Education's board is of the view that at the relevant maturity dates the bonds will be refinanced in the same currency as they have been issued, meaning the Australian issued bonds will be refinanced in Australia and the Singapore issued bonds will be refinanced in Singapore. The board has consequentially determined not to hedge G8 Education's currency position as any translation adjustment for accounting purposes is a non cash item, which does not impact G8 Education's operating performance in any material way.

Debt Maturity Profile





G8 Education^{ltd}



THANK YOU

Questions?



APPENDIX: GOVERNMENT REGULATION, FUNDING & POLICY

Early Childhood and Development Agency

The Early Childhood and Development Agency serves as the regulatory and developmental authority for the early childhood sector in Singapore, overseeing all aspects of children's development below the age of 6, across both kindergartens and childcare centres.

Early Childhood and Development Agency is an autonomous agency jointly overseen by the Ministry of Education and the Ministry of Social and Family Development, and hosted under the Ministry of Social and Family Development.

Early Childhood and Development Agency was officially launched on 1 April 2013 and integrates the regulation, planning, professional development and public education functions of Ministry of Education 's Pre-School Education Branch and Ministry of Social and Family Development's Child Care Division.

Early Childhood and Development Agency's key responsibilities are to:

- Oversee measures to raise quality standards of early childhood programmes, including regulation, quality assurance, and the provision of early childhood development resources;
- Facilitate the training and continuing professional development of early childhood professionals;
- Master-plan for infrastructure and manpower resources to support the early childhood sector;
- Provide subsidies and grants to keep quality pre-school programmes affordable, especially for low and middle income families; and
- Conduct public education and outreach to raise parents' awareness and support for their children's development.

Childcare subsidies

To enhance the affordability of childcare services in Singapore, the Singaporean Government provides child care subsidies to working and non-working mothers whose children are enrolled in a licensed centre.

From 1 April 2013, the ComCare Child Care Subsidies (also known as the Centre Based Financial Assistance for Child Care or CFAC) was combined with the universal working mother subsidy, into one subsidy framework. This simplifies the application process for parents and childcare operators.

All parents will continue to receive a Basic Subsidy. Families with a gross monthly income of up to SG\$7,500 will receive an Additional Subsidy depending on the monthly income.

Childcare centres can apply on behalf of parents for these Subsidies to the Early Childhood and Development Agency .

Basic Subsidy	Working mothers qualify for a Basic Subsidy of up to SG\$600 for infant care and SG\$300 for child care. Non working mothers receive SG\$150 for both child care and infant care.
Additional Subsidy	Families with a gross household income of SG\$7,500 and below, or larger families with a per capita income of SG\$1,875 and below, will benefit from an additional subsidy of at least SG\$200 for infant care and SG\$100 for childcare.

National Quality Framework

The recent introduction of the National Quality Framework has seen a large change to the regulatory environment of the childcare industry in Australia. Introduced in January 2012, the framework replaces existing State-based standards, licensing and regulations. As an agreement between the Commonwealth, State and Territory Governments of Australia, it establishes a standardised national quality assessment and regulation framework for early childhood education and care. The National Quality Framework initially covers most long day care services, outside school hours care services, preschools (or kindergartens) and family day care services; however, some services are excluded such as occasional care and education and in-home care and education.

National Quality Standard

The National Quality Standard is a key aspect of the National Quality Framework and sets a national benchmark against which early childhood education and care services, and outside school hours care services, are rated.

Services are assessed and given a rating against seven 'Quality Areas' as well as an overall rating. The ratings process aims to drive continuous quality improvement and provide families with better information for making choices about their children's education and care.

National Quality Standard

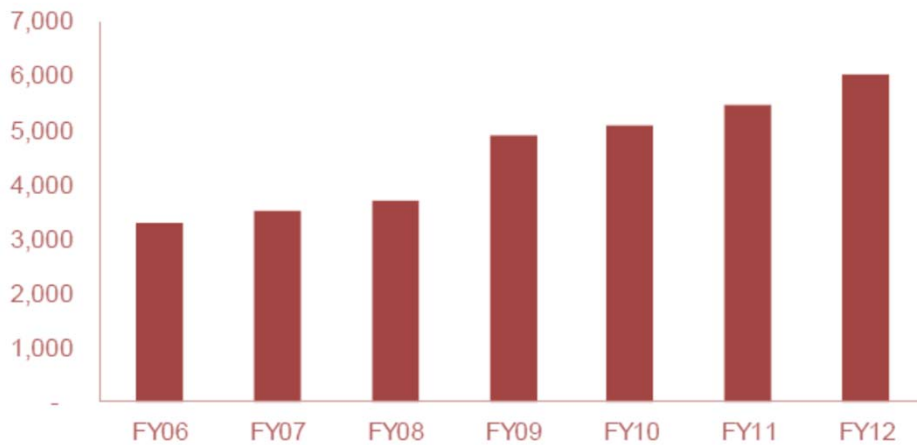
	Significant Improvement Required	Working Towards National Quality Standard	Meeting National Quality Standard	Exceeding National Quality Standard	Excellent
1 Educational program and practice	Service does not meet one of the seven quality areas or a section of the legislation and there is an unacceptable risk to the safety, health and wellbeing of children. Immediate action will be taken to address issues.	Service may be meeting the National Quality Standard in a range of areas, but there are one or more areas identified for improvement.	Service meets the National Quality Standard. Service provides quality education and care in all seven quality areas.	Service goes beyond the requirements of the National Quality Standard in at least four of the seven quality areas.	Service promotes exceptional education and care, demonstrates sector leadership, and is committed to continually improving. This rating can only be awarded by ACECQA. Services rated Exceeding National Quality Standard may choose to apply for this rating.
2 Children's health and safety					
3 Physical environment					
4 Staffing arrangements					
5 Relationships with children					
6 Partnerships with families and communities					
7 Leadership and service management					

Government Funding - Australia

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Commonwealth Government</p>	<p>The Commonwealth Government provides fee assistance to families to increase the accessibility of childcare. Government investment in childcare has increased significantly over the last decade (Figure 2) and Commonwealth Government funding is expected to continue with this trend (Figure 3).</p> <p>The Commonwealth Government provides families with two main forms of financial assistance – Child Care Benefit and the Child Care Rebate. These two assistance programs are central in supporting families to increase their participation in the workforce and the early education and development of their children.</p> <p>Child Care Benefit The Child Care Benefit, which was introduced on 1 July 2000 to replace previous Commonwealth Government funding programs, is an income tested payment based on family income which reduces the cost of childcare. Payments are typically paid directly to providers approved to receive the Child Care Benefit to reduce the out of pocket fees payable, although parents and guardians can elect to have the payment received as a lump sum. The Child Care Benefit is indexed to changes in the CPI.</p> <p>Child Care Rebate The Child Care Rebate was introduced in 2004 to supplement the Child Care Benefit and is a non-income tested payment to help recover the out of pocket costs to parents and guardians, of childcare. The rebate covers up to 50% of out of pocket costs up to a maximum of A\$7,500 per child per year, where it will remain, subject to the passage of legislation, until 30 June 2017.</p> <p>Other Commonwealth Government funding In addition to the Child Care Benefit and Child Care Rebate, the Commonwealth Government also has in place other support initiatives to assist with the cost of childcare. These include the Jobs, Education and Training Child Care fee assistance program, the Grandparent Child Care Benefit and the Special Child Care Benefit.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">State Government</p>	<p>The vast majority of direct government funding to the childcare industry, and users of the childcare industry is by the Commonwealth Government. State and Territory Government funding focuses predominantly on the provision of preschool services which accounted for 81.8% or A\$1.1 billion of the A\$1.4 billion State and Territory Government expenditure on childcare and preschool services in 2012-13.</p> <p>Direct childcare services funding programs vary between the States and Territories.</p>

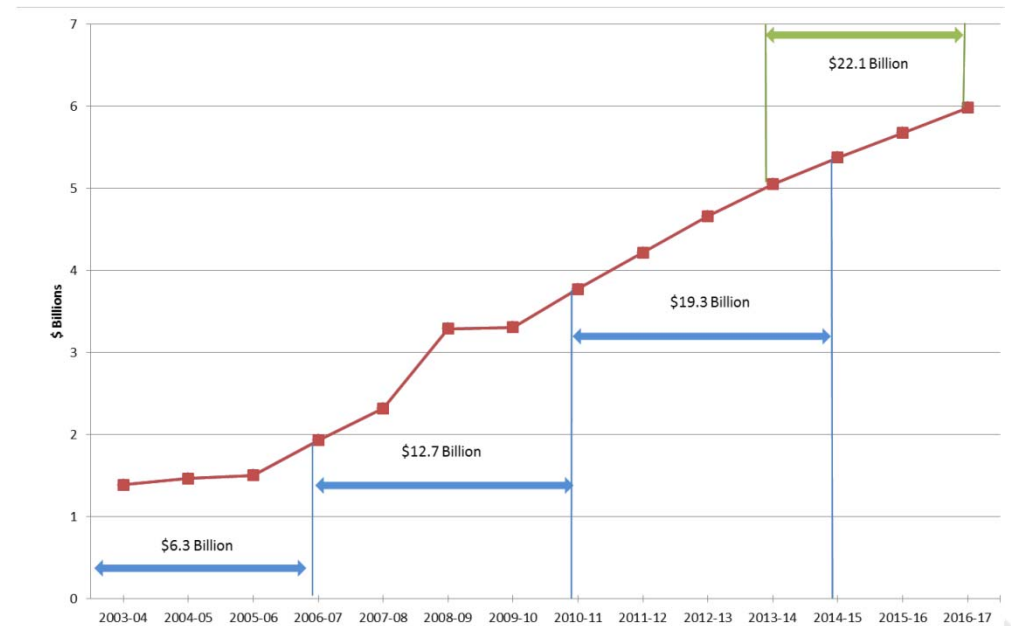
Government Funding - Australia

Figure 2: Total Government expenditure including State and Territory Government funding, 2005-06 to 2011-12 (\$'M)



Source: Australian Government Productivity Commission - Report on Government Services 2013: Total government expenditure on early childhood education and care 2012 dollars.

Figure 3: Actual and estimated Commonwealth Government Child Care Benefit and Child Care Rebate funding, 2003-04 to 2016-17



Source: DEEWR administrative and forward estimates data. DEEWR Child Care in Australia Report, August 2013.