



AFFINITY EDUCATION
G R O U P
ABN 37 163 864 195

ASX ANNOUNCEMENT
AFFINITY EDUCATION GROUP LIMITED
ASX:AFJ

17 December 2014

Update on Operations and Acquisitions

Affinity Education Group Limited ("AFJ") is pleased to provide the following update on operations and acquisitions.

Operations update

Occupancy across the group has continued to improve in the second half of 2014 and average fees have increased 5% across the year.

A number of actions have been implemented in relation to 2015 enrolments, which is expected to result in improved results relative to the start of 2014.

Consistent with the Group's performance to date, costs remain under control and acquisitions are integrating well, particularly in relation to operations, human resources, and information systems.

Settlement update on 20 acquisitions announced on 11 September 2014

Of the 20 centres announced on 11 September 2014, 12 have now completed and integrated into the business. The 8 remaining centres under contract are expected to settle in the first quarter of 2015.

New acquisition of a further 16 centres for \$45m

Further strengthening its position in the Australian early education sector, Affinity Education is pleased to announce it has agreed to acquire a further 16 childcare centres, including a large group of premium centres in metropolitan areas. The acquisitions will be earnings accretive upon settlement.

The combined purchase price of these new acquisitions is \$45m, and will bring Affinity Education's total number of owned centres to 144 and equivalent licensed places to 10,800, in addition to managed centres. These acquisitions will be funded through surplus operating cashflows and the existing \$100m acquisition debt facility. All the acquisitions are expected to complete in the first quarter of 2015 subject to normal regulatory and landlord consents.

Justin Laboo, Chief Executive Officer of Affinity Education said, "We are very pleased to acquire the group of premium centres. The new centres have strong occupancy, higher margins and

earnings contribution, together with a reputation for delivering high quality services to children and families”.

“These acquisitions top off a great year for the Company, having achieved significant growth, operational improvement and successful integration of the centres in a relatively short period, whilst creating the platform for a strong start to 2015 and continued growth”.

ENDS

For further information please contact either:

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Managing Director

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Company Secretary

About Affinity Education Group Limited

Affinity Education Group Limited has been established to be a leading provider in the Australian market of high quality education and care to children aged six weeks to 12 years. Provision of these services includes long day care, before and after school care and occasional care.

