

ASX Announcement

G8 Education Limited
(ASX:GEM)



25 May 2016

2016 AGM - Chairman's Address

Ladies and Gentleman

It is a privilege to Chair my first meeting as Chairman of G8 Education.

As many of you know our business is the largest for profit early education provider in Australia. We have 475 centre spread across Australia's most populous states, each of which provides different combinations of our key early education services; long day care, before and after school care and vacation care.

The business has grown substantially in the last six years largely due to our acquisition led strategy combined with a steadfast commitment to our four "Pillars for Growth" namely; Quality Education and Care, Our Employees the Communities where we operate and our Financial Stakeholders. That being said, 2015 has been a year where our priorities have been more evenly balanced between growth, integration and service provision.

In 2015 we acquired forty four centres. As is consistent with previous years these centres were predominantly located in metropolitan areas where supply demand dynamics are favourable and where service provision is of a high quality.

Our ability to integrate acquired centres into our Support Office structure has long been a core competency of the Group. 2015 saw an increased focus on extracting efficiency and productivity gains via the application of technology and process related reengineering. With scale comes opportunity and the importance of crystallising opportunity via these initiatives cannot be underestimated as we continue to build and refine our industry leading model.

With respect to service provision we have long believed that if the quality of care is good, families will not hesitate to trust their children with us. This internal emphasis on quality care has not wavered in our 6 years of business. We invest heavily in our curriculums, our people and our centres. There is no other way to ensure that family's expectations are being met without continual reinvestment and renewal.

On that note and as detailed in our 2015 Annual Report we have increased direct capital investment to our centres by 40% in 2015, our operations support team have seen a step change in its calibre and expertise with a number of key new hires including a new General Manager of Operations and our investment in professional development platforms promises to revolutionise our ability to deliver training to our over 10,000 employees.

All of these initiatives are designed with one focus in mind, and that is to ensure that our children are cared for and educated in a manner that is consistent with the high expectations of the families and communities that they are part of.

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From a financial perspective 2015 was another year of growth. We increased revenues by 44%, earnings before interest and tax by 51% and net profit after tax by 68%. The Group generated \$95.1m of operating cash and paid out \$87.9m in dividends.

This performance builds on 2013 and 2014. Our EPS growth over the last three years has been 115% and our total shareholder return, capital and dividends has been just over 150%.

This is a solid short and medium term performance by any measure.

On all accounts 2015 was a strong year for the Group and one that could not have been achieved without the immense dedication of our centre and support office based staff. Their endless passion, unrelenting commitment and enduring hard work is what makes our business the business that it is and for that they deserve huge credit and our heartfelt thanks.

I would also like to thank Chris Scott, Jason Roberts and the rest of the Executive team for their tireless and faithful efforts over the course of 2015 and year to date.

My gratitude also extends to Chris Sacre our recently departed long standing Chief Financial Officer for his ten years of service. I hope you will join me in wishing him well for the next chapter of his career.

And finally I would like to formally welcome Gary Carroll, David Foster and Maria Forgione to the Group.

Gary joins us as Chief Financial Officer from Super Retail Group where he spent ten years as part of their senior leadership team and six years as their CFO. His appointment will undoubtedly complement our already strong Executive.

David joins us as a Non-Executive Director after a long and impressive career in the banking industry which culminated in a five year stint as Chief Executive Officer of Suncorp Bank, Australia's fifth largest banking institution.

And Maria joins us as company secretary. Maria is a senior lawyer with a wealth of experience in legal, compliance and governance and will immediately add value in this important area.

We look forward very much to working with Gary, David and Maria going forward.

As we look ahead to 2016 and beyond we feel strongly that we are positioned well to take advantage of any opportunities that may arise. The future continues to be bright for G8 Education and I look forward very much to being part of that future with you.

Thank you for listening to my address. We will now return to the normal course of our meeting.

ENDS