



Market Announcement Office

ASX Limited

Date: 11 August 2016

**NPAT FOR THE HALF YEAR UP 45%**

**DECLARES 4¢ INTERIM DIVIDEND FULLY FRANKED**

**ACQUIRES THREE GREENFIELD CENTRES**

## HALF YEAR CALENDAR YEAR 2016 RESULTS (HY CY16)

Think Childcare (TNK) has delivered a satisfactory result for the HY CY16 with a 45% improvement on NPAT (\$1.6mil) against the HY CY15 (\$1.1mil). Management remains confident of achieving a 10% overall improvement in NPAT for the full year.

THINK CHILDCARE LTD	Actual HY16	Actual HY15	Variance	
	\$'000	\$'000		
<b>REVENUE</b>	24,410	20,437	Up	19%
<b>NPAT</b>	1,608	1,107	Up	45%
Add: Income tax expense	640	474		
Add: Depreciation and amortisation	264	159		
Add: Finance cost	137	199		
Less: Interest income	(2)	(8)		
<b>EBITDA</b>	2,647	1,931	Up	37%
Add: Acquisition expenses	83	74		
<b>Underlying EBITDA</b>	2,730	2,005	Up	36%
<b>Debt less Cash (Net Debt)</b>	2,696	5,868		
<b>Net Debt / Equity</b>	14.91%	41.35%		
<b>Gearing [Net Debt / (Net Debt + Equity)]</b>	12.98%	29.26%		



**Think Childcare Limited**

ABN 81-600-793-388

Suite 3, 1 Park Avenue, Drummoyne NSW 2047  
(PO Box 465, Drummoyne NSW 1470)

p +61 2 9712-7444 | e [enquiries@thinkchildcare.com.au](mailto:enquiries@thinkchildcare.com.au) | [www.thinkchildcare.com.au](http://www.thinkchildcare.com.au)

## INTERIM DIVIDEND

The Board of TNK are pleased to declare a fully franked 4¢ interim dividend.

<i>Item</i>	<b>Key Dates</b>
<i>Dividend Announced</i>	11-Aug-16
<i>DRP* pricing (5% discount to the VWAP)</i>	12 August 16 to 1 September 16
<i>Ex-Dividend</i>	2-Sep-16
<i>Record date</i>	5-Sep-16
<i>VWAP calculation DRP price set</i>	6-Sep-16
<i>Dividend payment &amp; issue under the DRP</i>	13-Sep-16
<i>Previous DRP price \$1.155</i>	23-Mar-16

*\*Dividend Reinvestment Plan*

## ACQUISITIONS

TNK is pleased to announce that it has contracted the purchase of three greenfield childcare centres, two of which have settled post 30 June.

With a focus of adding to shareholder value, TNK has contracted the purchase of the centres at a discount to their mature business value and will pay less than 4 x forecast EBITDA in CY17, including any contracted earn outs.

The centres are:

- purpose built state of the art facilities
- all natural yards
- in high profile locations
- in areas of high demand
- two of the centres are uniquely positioned with high barriers to entry
- two of the centres have been designed by TNK
- mid to large size centres
- in mid to high fee areas, ranging from \$105 to \$135 per day
- long and favourable lease terms
- all centres will be fully operational at the end of CY16

## Key Acquisition Data

<b>Key DATA</b>	<b>Metrics</b>
<i>Projected EBITDA CY17</i>	\$1,900,000
<i>Projected EBITDA CY16 (before acquisition costs)</i>	\$70,000
<b>Purchase Payments</b>	
<i>Initial Payment</i>	\$2,850,000
<i>Potential Earn-outs (4 X EBITDA CY17)</i>	\$3,850,000
<i>Debt – subject to funding (initial before earn outs)</i>	\$2,850,000
<i>Multiple (with earn-outs)</i>	3.5
<i>Licensed Places</i>	285
<i>Average Lease Length</i>	35 years
<i>Acquisition costs</i>	\$40,000
<i>Source</i>	2 incubator, 1 market

## Acquisition Rational

Whilst the centres are expected to only marginally impact the CY16 EBITDA (net \$30K), the full benefit of the acquisitions are expected to be derived in CY17 (EBITDA \$1.9mil).

TNK's management has significant experience in designing, opening and trading up greenfield sites.

In order to grow the earnings and add shareholder value, management has adopted a three pronged approach:

1. Organically grow the existing centres' performance;
2. Acquire centres on market at an accretive multiple and;
3. Open greenfield sites at a cost which is below the multiple paid for trading centres on market.

Management believes that the most prudent approach is to seek growth utilising a weighted approach. It is envisaged that as the greenfield centres trade into mature businesses, management will source further strategic greenfield opportunities to add to the portfolio.



**Mathew Edwards**

Managing Director and Chief Executive Officer

Enquiries: 02 9712 7444

*End.*