

ASX Announcement

G8 Education Limited
(ASX:GEM)



16 August 2016

Financial results for the half-year ended 30 June 2016

Highlights:

Total Revenue: \$361.2m, up 16%

Underlying Earnings Before Interest and Tax: \$57.4m, up 8.5%

Underlying Net Profit after Tax: \$32.0m, up 1.6%

Underlying basic Earnings Per Share: 8.53 cents, down 2.5%

Current Annual Dividend: 24.0 cents, fully franked, paid quarterly

H1 2016 saw revenue growth continue to be strong, driven by contributions from existing centres and the integration of centres acquired in the period.

The Group's profit margins were impacted by:

- increased wages due to a combination of regulated staff to children ratio changes as well as legislative related cost impacts in WA. Second quarter wage performance improved significantly, reducing the cost impact from 1.7%pts to 0.4%pts with further improvement expected in H2.
- investment in staff training and centre refurbishments which are expected to yield both top line and cost line benefits in the future and have been substantially offset by savings in other areas.

In announcing the result, G8 Education Limited Managing Director, Chris Scott commented: "The momentum established across the Group in Q2 is encouraging to note and lays a solid foundation as we enter the seasonally stronger second half period. It is also pleasing to have completed the refinancing of our SGD bonds that were maturing in May 2017, extending the term to May 2019 and fully hedging the FX exposure."

ENDS