



G8 Education^{ltd}



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Presentation to Macquarie Conference

3 May 2018

Agenda

- G8 overview and highlights
- Update on G8's strategy
- Trading update and outlook
- Q&A



G8's purpose, vision and mission

Purpose *(Why does G8 exist?)*

We create spaces that shape generations now and next

Vision *(What does G8 want to be recognised for, build and achieve?)*

G8 will be known as the people that parents and policy-makers prefer to partner with in nurturing and inspiring the next generation

Mission *(Where does G8 play and how does it win?)*

To provide early education and care services to children under 12 years of age, with a differentiated and leading service offering, underpinned by operational excellence

Our purpose: what can G8 provide to families?

G8 will provide to families

1 Care for children to free up time to enable parents to go to work, study etc

2 Quality education and emotional development for children

3 Improved health and physical well-being of children

4 Information and support to enable parents to be better parents

5 A community to enable parents to connect with each other and other parents

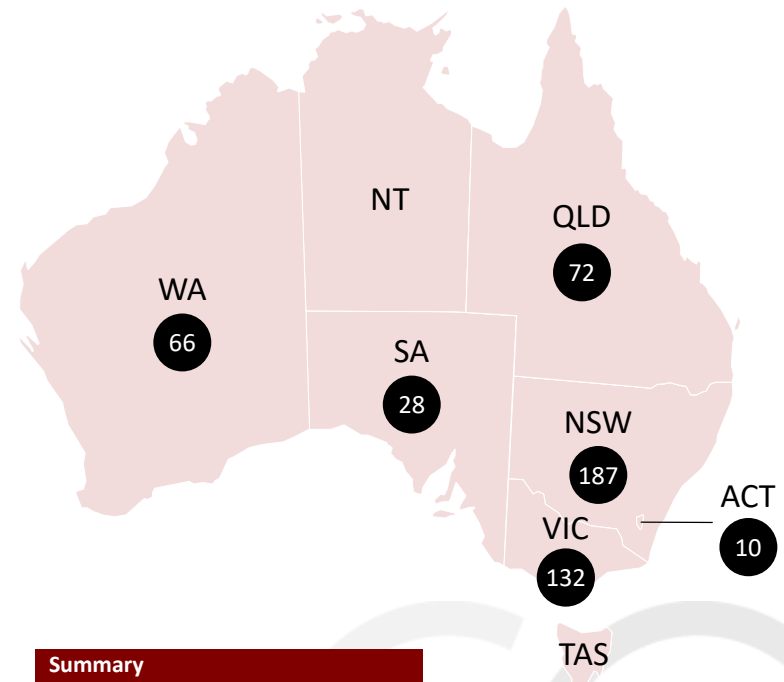
Australia's leading listed early education provider



Highlights

- ✓ Australia's largest for-profit early education provider, with a network of around 500 centres across the country
- ✓ Growing through:
 - continued investment in service quality and team member development
 - Scale-led innovation; and
 - disciplined network growth
- ✓ Increasing cash flow through operating cost and capital allocation discipline

G8's current footprint

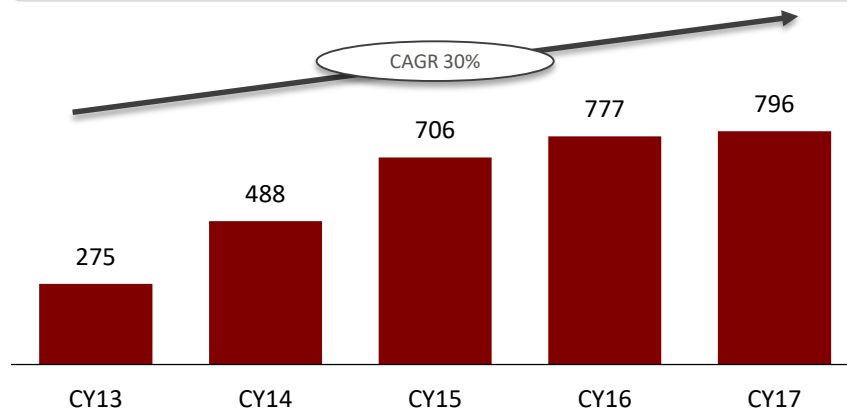


Summary	
Australia	495
Singapore	21
Pipeline	40
Total	556

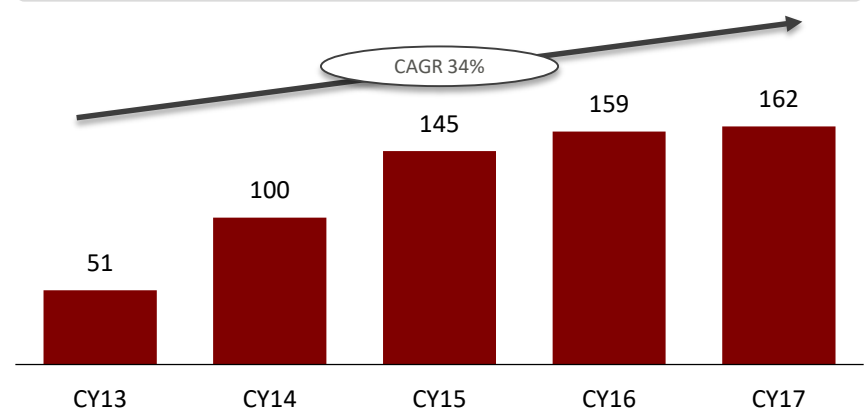
Track record of strong, disciplined growth...

...with resilient operating performance in challenging market environment

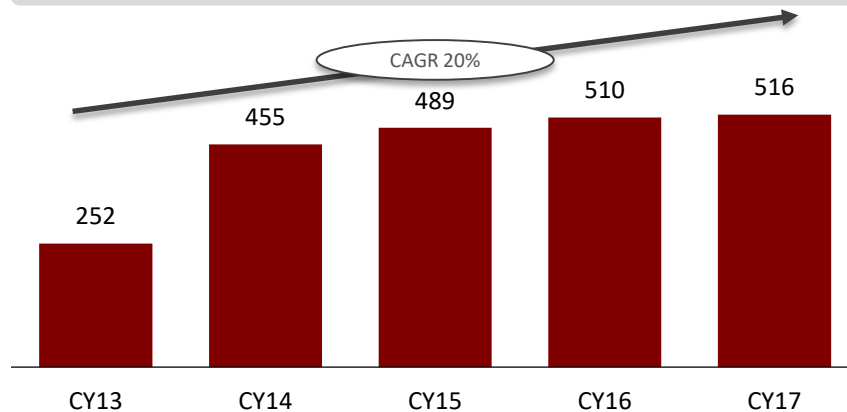
Revenue (A\$m)



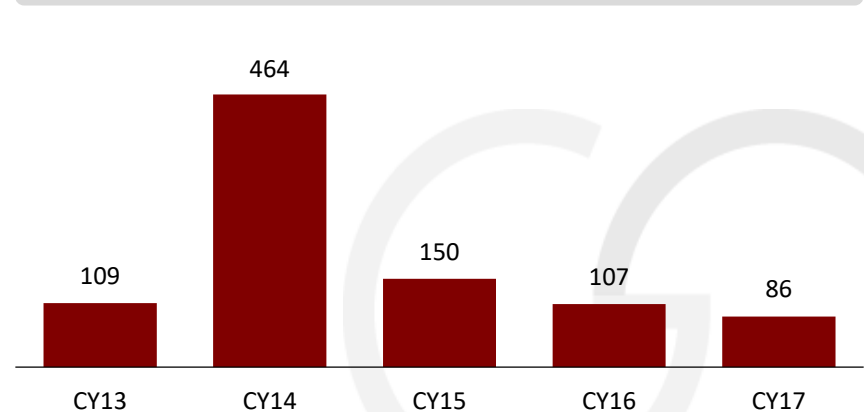
Underlying EBIT (A\$m)¹



Number of centres



Capex (A\$m)



Notes:

1 CY16 and CY17 underlying EBIT adjusted to exclude Net Long Day Care Professional Development Programme (LDCPDP) Funding to reflect the conclusion of the LDCPDP on 30 June 2017

Positive outlook with attractive pipeline and industry dynamics

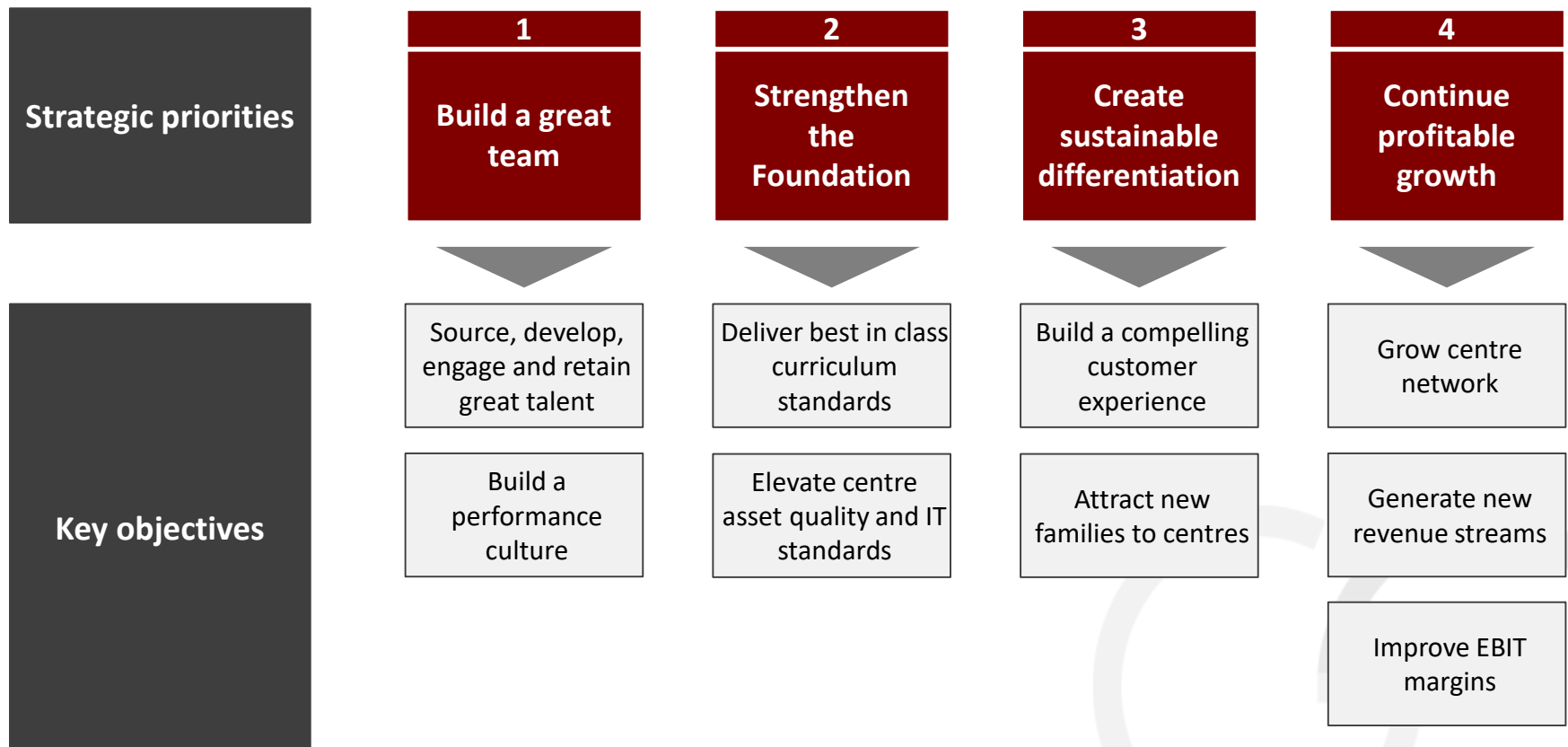
Key industry trends

- Industry remains highly fragmented, with top 5 players accounting for only 24%
 - G8 has an attractive pipeline of 40 centres in the next 2 years
- Increasing childcare participation rates continue to be driven by:
 - Female labour force participation
 - Early education benefits
 - Greater government support
- Government funding will increase under new scheme by c.16% to c.\$8bn
- Supply growth expected to continue to moderate in line with credit availability
 - opportunity for disciplined growth going forward
- Industry occupancy expected to recover as a result



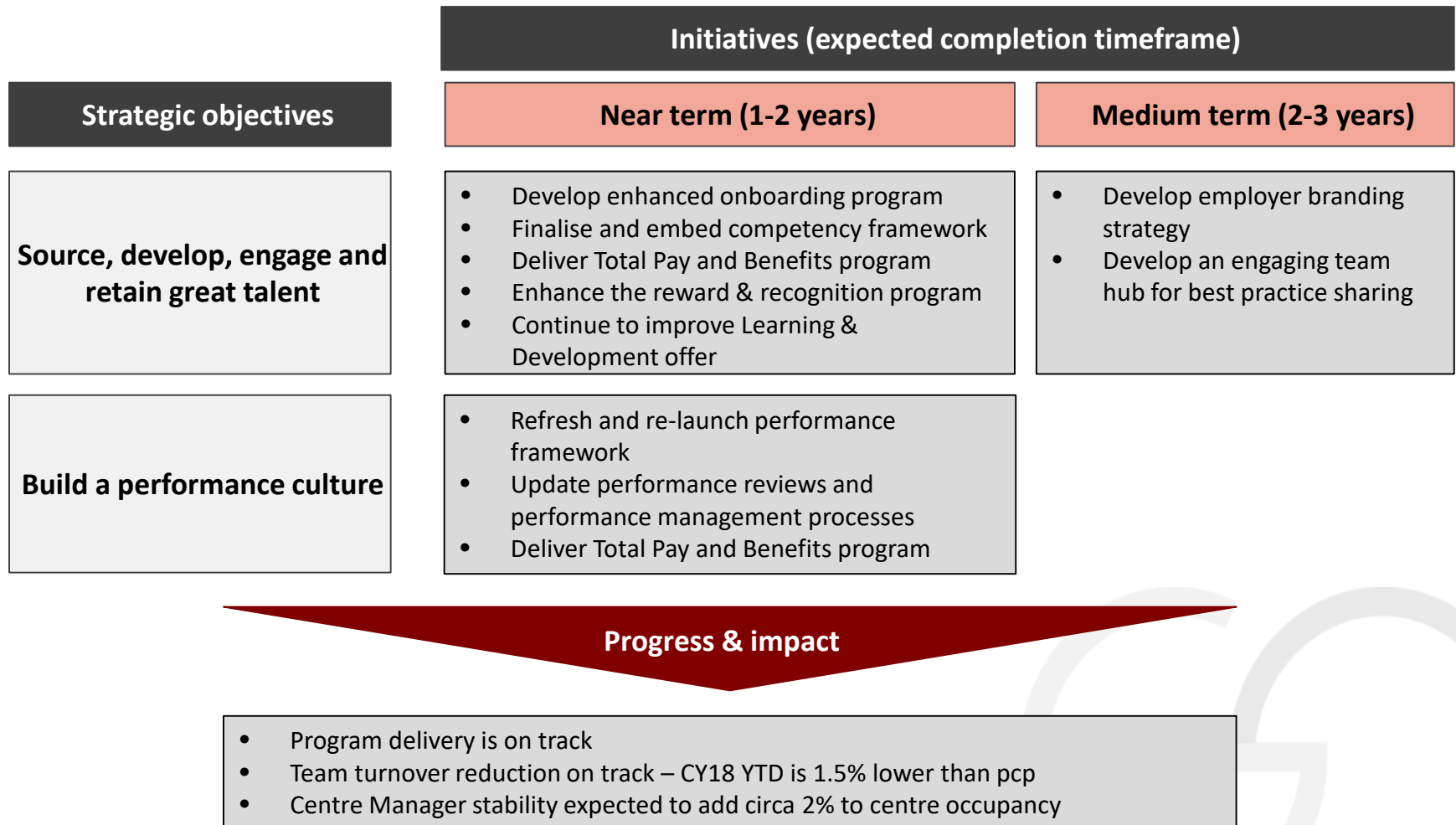
G8's strategic priorities

G8 will focus on four key strategic priorities to address recent headwinds, drive a turnaround in centre occupancy and capitalise on positive industry dynamics



Strategic objectives and initiatives

1 – Build a great team



Strategic objectives and initiatives

2 – Strengthen the Foundation

Strategic objectives	Initiatives (expected completion timeframe)	
	Near term (1-2 years)	Medium term (2-3 years)
Deliver best in class curriculum standards	<ul style="list-style-type: none"> Establish Care, Development and Education Team Develop curriculum improvement strategy Improve curriculum standards 	<ul style="list-style-type: none"> Deliver significant improvement in curriculum standards
Elevate centre asset quality and IT standards	<ul style="list-style-type: none"> Deliver centre asset upgrade program (room, yard and resources) Invest in required IT foundation standards (admin and educator tools, CCMS requirements) 	<ul style="list-style-type: none"> Deliver digital platform to match customer experience requirements

Progress & impact

- Asset upgrade program on track – 170 events across the network planned in 2018 (130 events delivered in 2017)
- Curriculum team to be built in Q3 2018
- 2018 NQS audit results are in line with expectations
- Quality impacts occupancy – circa 1.5% uplift in occupancy potential via improvement in portfolio quality

Strategic objectives and initiatives

3 – Create sustainable differentiation

Strategic objectives	Initiatives (expected completion timeframe)	
	Near term (1-2 years)	Medium term (2-3 years)
Build a compelling customer experience	<ul style="list-style-type: none"> Implement engaging customer experience standards across all centres Provide additional services that are valued by families 	<ul style="list-style-type: none"> Develop an engaging content hub for parents
Attract new families to existing Centres	<ul style="list-style-type: none"> Pilot of Contact / Enrolment centre Re-engineer enquiry process to improve conversion, including CRM 	<ul style="list-style-type: none"> Re-engineer marketing and branding strategy

Progress & impact

- Call centre pilot on track, CRM system and reporting in place
- Customer research to be completed in 1H 2018, with customer experience standards and pilot value-added services to rolled out in 2H 2018

Strategic objectives and initiatives

4 – Continue profitable growth

Strategic objectives	Initiatives (expected completion timeframe)	
	Near term (1-2 years)	Medium term (2-3 years)
Profitably grow the centre network	<ul style="list-style-type: none"> Complete network analysis and formulate network strategy, including selected divestments Greenfield development pipeline 	<ul style="list-style-type: none"> Continued investment in accretive greenfield and brownfield centres
Improve EBIT margins	<ul style="list-style-type: none"> Review and implement time & attendance and roster solutions to monitor ratio requirements and improve Centre consistency and efficiency Improve reporting and visibility of Centre performance (balanced scorecard, dashboard reporting, exception based reporting) Re-engineer Support Office processes 	

Progress & impact

- Roll-out of committed greenfield pipeline is the key focus in 2018
- Selected divestments (5-10 centres per year) to optimise portfolio on track
- Roster solution to be designed and built in H2 for roll-out in H1 2019

Trading update and outlook

- Key messages from AGM:
 - Supply environment continues to be challenging, with LFL occupancy down circa 2.5 to 3% so far in 2018
 - Prior year acquisitions continue to grow occupancy and are forecast to deliver earnings in line with expectations for the full year
 - New Child Care Funding package is a benefit to 95% of existing G8 families, with resulting positive impact on occupancy and revenues expected in H2
 - We will provide a detailed update on occupancy and full-year financial performance outlook as part of the half-year results release in August

Q&A



G8 Education^{ltd}





OUR PURPOSE

WE CREATE SPACES THAT SHAPE
GENERATIONS NOW & NEXT