

# APPENDIX 4E

## PRELIMINARY FINAL REPORT

### 1. COMPANY DETAILS

Name of entity	Think Childcare Group, a stapled entity comprising Think Childcare Limited and Think Childcare Development Limited
ABN	81 600 793 388
Reporting period	For the year ended 31 December 2019
Previous period	For the year ended 31 December 2018

### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Key information

	Up / down	Movement %	2019 \$'000	2018 \$'000
Revenues from ordinary activities	up	35.8%	113,547	83,637
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	up	136.2%	25,226	10,678
Underlying EBITDA	up	33.1%	14,191	10,662
Profit from ordinary activities after tax for the year	down	59.5%	2,005	4,950
Net profit for the year attributable to Think Childcare Group stapled security holders	down	59.5%	2,005	4,950

Reconciliation of underlying EBITDA	2019 \$'000	2018 \$'000
EBITDA	25,226	10,678
AASB 16	(13,062)	-
<b>Non-operating items</b>		
Add: Acquisition and integration expenses	758	503
Add: Scheme implementation costs	1,269	-
Less: Earn-out consideration liability reversal	-	(519)
<b>Underlying EBITDA</b>	<b>14,191</b>	<b>10,662</b>

Reconciliation of underlying NPAT	2019	2018
NPAT	2,005	4,950
Add: AASB 16 notional interest expense	7,738	-
Add: AASB 16 right of use asset depreciation	8,900	-
Less: tax impact on AASB 16 adjustment	(1,073)	
<b>Underlying NPAT</b>	<b>4,508</b>	<b>4,950</b>

# APPENDIX 4E CONTINUED

## PRELIMINARY FINAL REPORT

### Commentary on results

Net profit for the year attributable to Think Childcare Group stapled security holders of \$2.0 million (December 2018: profit of \$5.0 million) includes revenue from operations of \$113.5 million (December 2018: \$83.6 million) and operating expenses of \$112.3 million (December 2018: \$78.8 million). This represents Think Childcare Group's statutory profit. The statutory profit of the Group for the year has been materially impacted by the first time adoption of AASB 16 Leases.

EBITDA of \$25.2 million is higher by \$13.1 million as lease operating costs are now recognised within depreciation and interest, in line with AASB 16 Leases. The Board and Management consider underlying EBITDA of \$14.2 million to be a correct reflection of the ongoing business which includes operating lease costs and excludes AASB 16 Leases, one-off items, discontinued business and scheme implementation and acquisition costs. Underlying EBITDA of \$14.2 million is a 33% increase on the previous period of \$10.7 million (determined on the same basis).

The Board and Management consider underlying NPAT of \$4.5 million to be a correct reflection of the performance of the Group as it excludes the impact of AASB16 notional interest expense of \$7.7 million, right of use assets depreciation of \$8.9 million, the respective tax impact on the net movement of the AASB 16 adjustment (\$3.6 million) and replaces these with operating lease costs of \$13.1 million. Underlying NPAT of \$4.5 million is a 9% decrease on the previous period of \$5.0 million (determined on the same basis). Underlying NPAT for the reporting period of \$4.5 million has been impacted by \$1.3 million of one-off costs associated with scheme implementation.

Dividend information	Cents per security	Franked amount per security	Tax rate for franking credit
Final dividend for the year ended 31 December 2018	6.5	6.5	30%
Special dividend for the year ended 31 December 2019	9.9	9.9	30%
Interim dividend for the year ended 31 December 2019	2.0	2.0	30%

On 23 December 2019, in accordance with scheme of arrangement approved by the Federal Court of Australia on 12 December 2019 (Stapling Proposal), a fully franked special dividend of \$0.09858225 cents per share (aggregate of \$6 million) (Special Dividend) was paid to Think Childcare Development Limited on behalf Think Childcare Limited shareholders. In lieu of receiving the Special Dividend in cash, Think Childcare Limited shareholders who held TNK shares received one TND share for each TNK share they held on 20 December 2019.

### Record date for determining entitlements to the final dividend

Amount per stapled security (cents)	5.0
Record date	17 March 2020
Payment date	27 March 2020
Franked amount per stapled security (cents)	5.0

# APPENDIX 4E CONTINUED

## PRELIMINARY FINAL REPORT

### 3. NET TANGIBLE ASSETS PER SECURITY

	2019 Cents	2018 Cents
Net tangible assets per stapled security	(37.67)	(39.10)

Under the listing rules, net tangible asset backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e, all liabilities, preference shares, outside equity interests etc). The net tangible asset backing does not reflect the fair value of the Group's portfolio of assets.

### 4. CONTROL GAINED OVER ENTITIES

Refer to note 30 and 31 to the financial statements in the annual report for details of entities over which control has been gained during the reporting period.

### 5. DIVIDEND REINVESTMENT PLANS

The following dividend or distribution plans are in operation:

The Group has a Dividend Reinvestment Plan ("DRP"), pursuant to which securityholder participation is optional. Under the DRP, the Board has determined that new stapled securities may be issued at a discount of 5% of the volume weighted average market price for the 10 business days from (and including) 27 February 2020 to 11 March 2020.

### 6. FINANCIAL INFORMATION

This report is based on the audited Group's Financial Report for the year ended 31 December 2019 which can be found on our website [www.thinkchildcare.com.au](http://www.thinkchildcare.com.au).

### 7. OTHER FINANCIAL INFORMATION REQUIRED BY LISTING RULE 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the Group's Financial Report which can be found on our website [www.thinkchildcare.com.au](http://www.thinkchildcare.com.au).