

Market Announcement Office

ASX Limited

Date: 29th November 2016

THINK (TNK) ACQUIRES THREE (3) TRADING CENTRES

ACQUISITIONS

TNK is pleased to announce that it has contracted the purchase of three (3) trading childcare centres from its incubator partners at a multiple of 4 x EBITDA. Two (2) of the centres have settled, with the third expected to settle in Q1 CY2017.

Data	Acquisition Metrics
Projected annual EDITDA stand alone	\$ 1,575,000
Projected annual EBITDA after payroll tax	\$ 1,487,600
Projected CY17 EBITDA after payroll tax	\$ 1,240,600
Initial Payment	\$ 3,600,000
Earn out (maximum, 4x with a cap)	\$ 1,800,000
Total Purchase Price (with earn out)	\$ 5,400,000
Capital Investment by THINK	\$ 500,000
Total investment	\$ 5,900,000
EDITDA (minimum required before earn out commences)	\$ 900,000
Multiple on a stand-alone basis	3.75
Multiple after payroll tax	3.97
Licenced Places	387
Source	Incubator Partner

ACQUISITIONS CY2016 EBITDA IMPACT

TNK previously announced on 11 August 2016 that it had contracted the purchase of three (3) greenfield childcare centres. Two of these centres have commenced trading with the third seeking licence approval in the coming week. With the addition of the three (3) trading centres, the following is the updated impact for CY2016, inclusive of initial trade up of the three (3) greenfield centres opened in the year, duties, integration expenses, legal costs and general acquisition costs as well as.

Data	Acquisition Metrics
Number of centres acquired CY2016	6
Centres trading at present	4
Projected EBITDA impact in CY2016	Loss of \$400,000



Think Childcare Limited
ABN 81-600-793-388

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

For personal use only

STATE OF ACQUISITION OPPORTUNITIES

TNK has assessed over \$300mil in acquisitions in the past 12 months, and whilst vendor expectations have begun to soften, they are still not, in the main, at the multiples of EBITDA where we believe they represent sustainable value for our shareholders versus the associated operational risk and increased borrowings.

TNK is seeking acquisitions that provide the opportunity to increase shareholder value in the 12 months' post acquisition, and is seeking to create real growth in value for our shareholders as opposed to just the arbitrage between the TNKs PE and the NPAT multiple of the centres acquired.

Management reconfirms our former guidance of 10% EBITDA growth for CY2016 on an underlying basis, being before the impact of the \$400,000 as outlined above.

Mathew Edwards

Managing Director and Chief Executive Officer

Enquiries: 02 9712 7444

End.



Think Childcare Limited

ABN 81-600-793-388

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

For personal use only