ASX Announcement

G8 Education Limited
(ASX:GEM)

G8 Education ltd

24 February 2020

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Manager,

CY19 FULL YEAR RESULTS INVESTOR PRESENTATION

G8 Education Limited (ASX: GEM) encloses its CY19 Full Year Results Investor Presentation.

Yours faithfully

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Ends.

This document has been authorised for release by G8 Education Limited's Board of Directors.

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2019 FULL YEAR RESULT

Investor Presentation
24 February 2020

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AGENDA

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G8 EDUCATION LIMITED
ASX: GEM

OVERVIEW & CEO COMMENTARY
Gary Carroll

GROUP FINANCIALS
Sharyn Williams

STRATEGY UPDATE
Gary Carroll

CURRENT TRADING & OUTLOOK
Gary Carroll

Q&A
Gary Carroll & Sharyn Williams

APPENDIX

OVERVIEW & CEO COMMENTARY

Gary Carroll

SOLID PROGRESS DESPITE HEADWINDS

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Operating Performance

- Investments in quality and capability resulted in solid LFL occupancy and EBIT growth
- Group EBIT result impacted by investment and Greenfield ramp up
- Consistent Greenfield occupancy growth trends provides confidence in future earnings profile
- Strong cashflow conversion and balance sheet capacity gives the ability to execute upon strategy

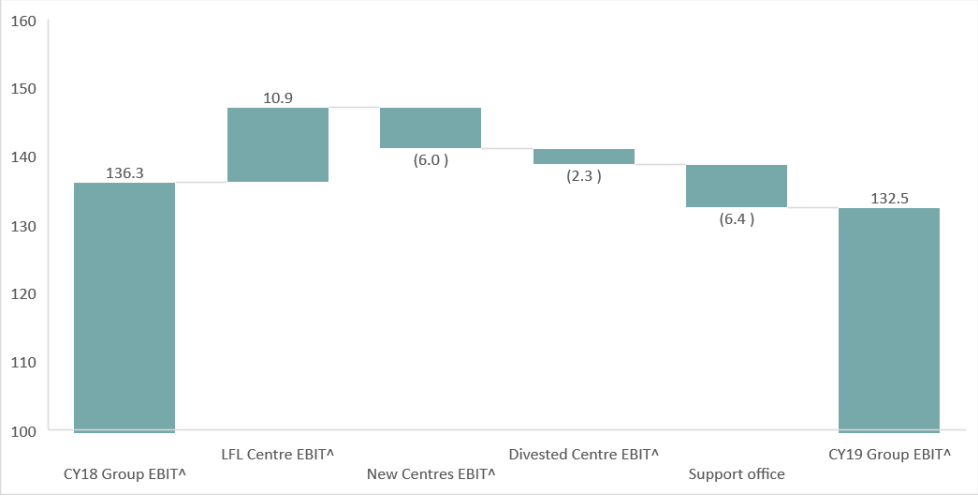
Progress on Strategy

- Completed WA sale, lifting Group quality and occupancy without materially impacting profitability
- Full time turnaround team largely in place with activities targeted for circa 50 centres in Q1
- Record results for Centre Manager retention, Centre Quality and team and child safety
- Drive cost efficiencies to respond to prevailing market conditions in CY20 and partially fund the EBIT Acceleration Program

CY19 EBIT BRIDGE

- Underlying EBIT* of $132.5 million in line with November 2019 guidance
- Underlying LFL occupancy growth of 1.1% pts flowing through to $10.9 million LFL EBIT growth, even after accounting for $4 million licence fee revenue in pcp
- LFL growth driven by both organic centres and growth in CY17 and CY18 centres
- This strong growth was offset by start-up losses in 2019 greenfield centres ($6.0 million) and investment in support office ($6.4 million). Both investments are forecast to drive growth in future periods

Underlying EBIT movement 2018 to 2019



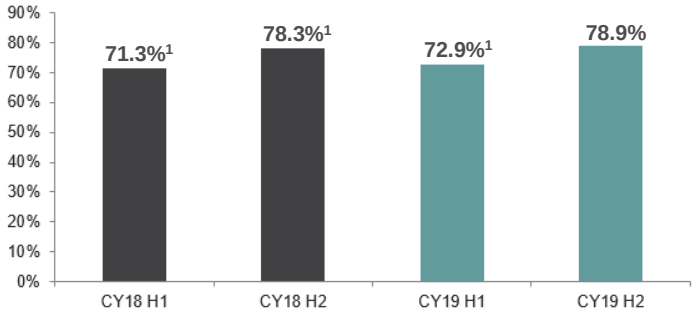
^Underlying non IFRS (i.e. pre AASB 16 lease standard, acquisition, establishment and divestment costs)

* Underlying non IFRS (i.e. pre AASB 16 lease standard, acquisition, establishment and divestment costs)
^Proforma refers to pre-AASB16

LFL OCCUPANCY*

- CY19 LFL occupancy growth of 1.1% pts
- Occupancy has improved in every state with the exception of South Australia as new supply continues to be digested
- Drivers of occupancy growth:
  - Investment in quality (education, physical assets and in-centre resources)
  - Customer Engagement Team
  - Improved team retention
  - Child Care Subsidy
- Divestment of the 25 WA centres significantly improved the occupancy level of that State (+8% pts), which now exceeds national occupancy

Half-Yearly Like-for-Like Occupancy (%)



1. Occupancy restated to allow for a like-for-like comparison

	Occupancy			Supply Growth
State	**2018**	**2019**	**% change**	**YoY**
ACT	74.1%	78.2%	4.1%	4.6%
NSW	76.5%	76.6%	0.2%	4.0%
QLD	75.8%	77.0%	1.3%	4.2%
SA	76.7%	76.0%	(0.6%)	4.9%
VIC	72.9%	74.2%	1.2%	5.7%
WA	73.2%	77.7%	4.5%	2.7%
National	**74.8%**	**75.9%**	**1.1%**	**4.2%**

* All occupancy figures are like-for-like i.e. an average occupancy that includes all brownfield centres owned for at least 12 months and greenfield centres owned for at least 15 months. Divested or closed centres are excluded from the data, i.e. excludes any benefit from divestment.

OCCUPANCY TRENDS

Performance above prior year

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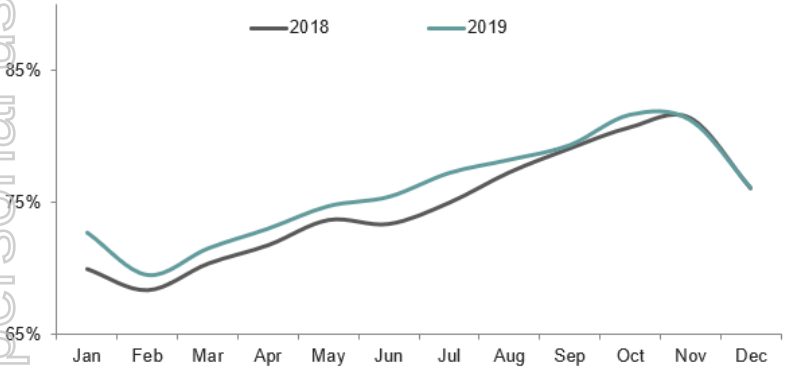
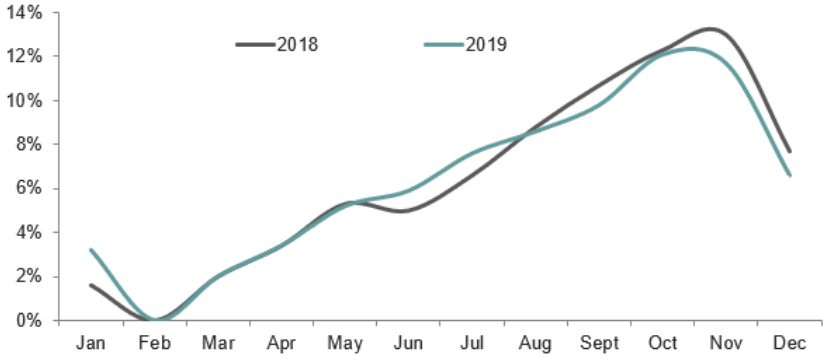
Monthly Like-for-Like Occupancy (%)



- CY19 occupancy tracked above prior year, ending in line with prior year after growth softened in Q4

Occupancy Improvement from February* base (%)



- Occupancy growth was 0.6% pts in H2, a good result after cycling a stronger growth rate from the introduction of the Child Care Subsidy in the pcp

* A February base is more reflective of occupancy improvement given it removes the 'back to school' timing difference

WAGE EFFICIENCY

Strong finish to the year

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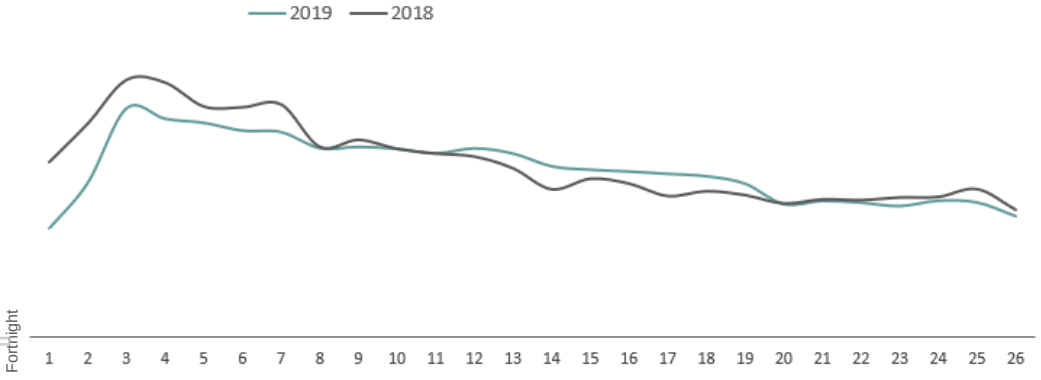
Wage hours per booking by fortnight

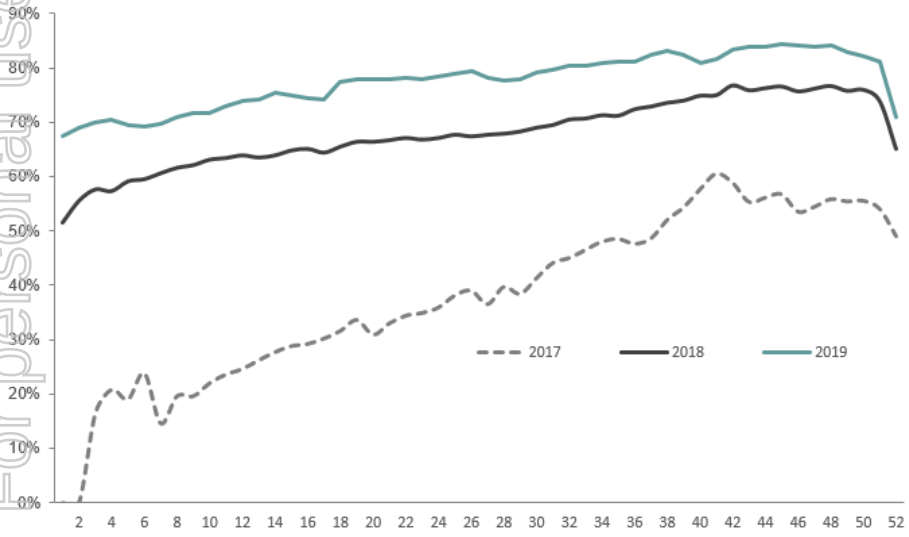


- Full year wage efficiency improved on prior year
- Following a disappointing Q3, wage performance recovered in Q4
- Wage performance is primarily driven by:
  - Occupancy levels
  - Mix of age range
  - Regulatory requirements
- New rostering system is expected to improve visibility, deliver optimal rostering and reduce compliance risk
  - Rollout between March and May
  - CY20 benefit will be absorbed by the circa $3m increase in wages flowing from the regulation change for ECT levels in most States (effective January 2020)

CY17 & CY18 GREENFIELD PERFORMANCE

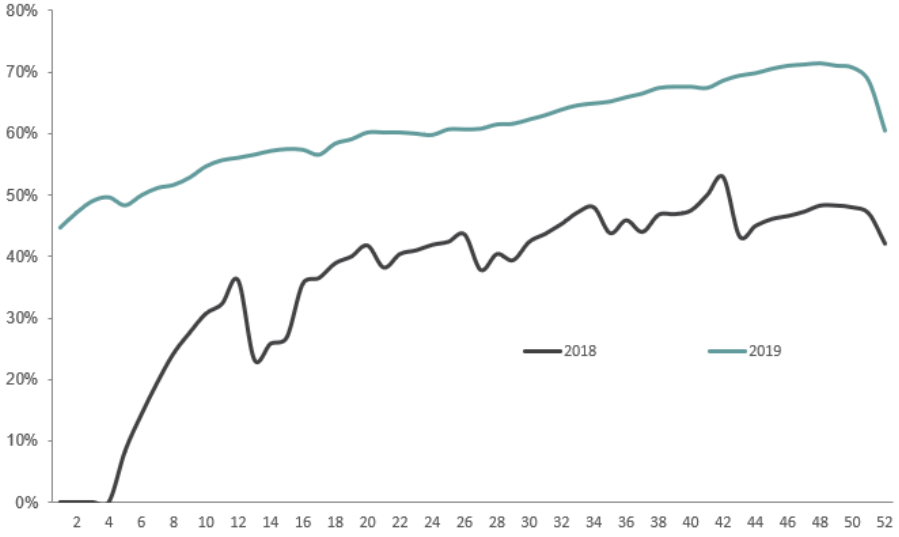
Occupancy on right pathway

CY17 Greenfields Cohort – Weekly Occupancy



- Achieving target occupancy at a portfolio level
- Continuing occupancy growth as centres mature

CY18 Greenfields Cohort – Weekly Occupancy



- Occupancy of portfolio is on track, consistent with CY17 cohort trends

GREENFIELD PORTFOLIO SNAPSHOT

Mature centres performing – half of portfolio still in early stages

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	2017 COHORT	2018 COHORT	2019 COHORT	2020 COHORT
CENTRES	12	10	12	10
CAPITAL	$33m	$29m	$62m	$31m
STATUS	• 8 above 80% occupancy, including 2 which have met 25% ROC • 2 in new residential estates • 2 in challenging locations • 14% ROI	• 4 above 80% occupancy, including 3 that have met 25% ROC • 3 centres in challenging locations • Positive ROI	• 5 reached or are on track to reach 50% occupancy after 5 mths of operation • 1 in new residential estate • 3 x large LP's • 3 in challenging locations	• 5 opened • 3 forecast to open in Q1 • 2 forecast to open in Q2
CONCLUSION	• **Target occupancy levels achieved** • **Focus on optimising EBIT**	• **Occupancy building in line with 2017 cohort** • **Focus on achieving target occupancy levels**	• **Too early to confidently assess occupancy momentum**	

SUPPORT OFFICE INVESTMENT

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- Support Office costs increased $6.4m in CY19, to 4.3% of revenue
- Four main investment areas for incremental spend were:
  - **Safety** – the safety and wellbeing of our children and team is paramount and this fundamental business function is now appropriately resourced
  - **Education** – new team now in place to drive core capability and improvement in key National Quality Framework areas
  - **Field support** – increased support in the areas of HR performance management, training & induction and compliance
  - **IT / Cyber** - future proofing the business in terms of technology platforms, systems and centre support
- Combined with previous investments, the quality and capability of the platform supports the Group's medium-term growth objectives
- With the scalable platform now in place, the focus in CY20 is on driving cost efficiencies to support EBIT Acceleration Program and respond to prevailing market conditions

GROUP FINANCIALS

Sharyn Williams

FINANCIAL DRIVERS

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P&L Drivers

- Underlying EBIT result in line with November 2019 guidance
- Organic earnings growth of 3% after investment in quality
- Acquisition EBIT in line with guidance

Cashflow & Capital

- Strong cashflow conversion
- Balance sheet strength and covenant headroom
- Debt restructure resulting in longer tenor and lower cost

CY19 STATUTORY RESULT

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- The Group adopted the new leases accounting standard, AASB 16, on 1 January 2019
- As with a number of other companies with a significant lease footprint, this standard has had a material impact on G8's statutory numbers (refer to the ASX release on 7 August 2019) driven by:
  - substantial increases in depreciation and finance costs
  - substantial decrease in occupancy costs
- Under the modified retrospective approach adopted by the Group, the prior year is not restated
- Statutory profit after tax for the full year of $62.6m, down 12.9% on prior year following implementation of AASB 16, in line with estimates provided in August 2019

$M	2019	2018	% change
Revenue	916.6	851.5	7.6%
Other income	5.6	6.6	(16.0%)
Total revenue	**922.2**	**858.2**	**7.5%**
Employment costs	(542.8)	(507.1)	7.0%
Occupancy	(11.8)	(108.9)	(89.2%)
Direct costs of providing services	(67.6)	(61.6)	9.8%
Depreciation	(100.1)	(16.5)	507.4%
Other expenses	(40.0)	(31.4)	27.1%
Finance costs	(73.9)	(29.0)	155.1%
Total expenses	**(836.2)**	**(754.5)**	**10.8%**
Profit before income tax	**86.0**	**103.6**	**(17.0%)**
Income tax expense	(23.4)	(31.8)	(26.4%)
Profit for the year	**62.6**	**71.8**	**(12.9%)**
Basic earnings per share (cents)	13.7	15.9	(13.9%)
Diluted earnings per share (cents)	13.7	15.9	(13.9%)

CY19 SNAPSHOT

Underlying results

CY19 Financial Results

- Revenue increased 7.3% driven by occupancy, fee growth and acquisitions
- Group EBITDA broadly in line with prior year
- Underlying EBIT* of $132.5 million, down 2.8%, or flat excluding the non-recurring $4m licence fee

Continued strong cash flow generation

- EBITDA to lease adjusted cash conversion of 107%

Dividend

- H2 fully franked dividend of 6 cents representing a full year payout of 70% of lease adjusted NPAT

$M	CY19 Statutory	AASB 16 Adjustment	CY19 Proforma^	CY18 Statutory	% change
Total Revenue	**921.7**	**(1.6)**	**920.1**	**858.2**	**7.2%**
Employee expenses	(542.8)	-	(542.8)	(507.1)	7.0%
Occupancy	(11.8)	(107.4)	(119.2)	(108.9)	9.5%
Direct costs	(67.6)	-	(67.6)	(61.6)	9.7%
Other costs	(40.0)	(1.6)	(41.6)	(31.4)	32.5%
Total Expenses	**(662.2)**	**(109.0)**	**(771.2)**	**(709.0)**	**8.8%**
EBITDA	**259.5**	**(110.6)**	**148.9**	**149.2**	**(0.2%)**
Depreciation and amortisation	(100.1)	78.0	(22.1)	(16.5)	33.9%
Reported EBIT	**159.4**	**(32.6)**	**126.8**	**132.7**	**(4.4%)**
Net finance costs	(73.4)	45.0	(28.4)	(29.0)	(2.1%)
Profit before income tax	**86.0**	**12.4**	**98.4**	**103.7**	**(5.1%)**
Income tax expense	(23.4)	(4.2)	(27.6)	(31.8)	(13.2%)
Profit for the year	**62.6**	**8.2**	**70.8**	**71.9**	**(1.5%)**
Add non-operating transactions			5.6	7.6	(26.6%)
Underlying NPAT			**76.4**	**79.5**	**(3.9%)**
Underlying EBIT			**132.5**	**136.3**	**(2.8%)**
Basic earnings per share (cents)	13.66	1.81	15.47	15.87	(2.5%)
Underlying EPS (cents)			16.67	17.54	(4.9%)

* Underlying non IFRS (i.e. pre AASB 16 lease standard, acquisition, establishment and divestment costs)
^Proforma refers to pre-AASB16

OPERATING PERFORMANCE

- Organic centre revenue was 4.6% higher than the prior year driven by occupancy and fee increases partly offset by removal of the license fee ($4m)
- Wages as a percentage of revenue decreased as a result of efficiencies
- Rental increase of 4.4%, driven by:
  - 3.5% growth in rental expense
  - $1m increase in outgoings and on costs
- "Other" costs increased 9.5% on pcp driven by investments in quality and capability (i.e. Customer Engagement Team, Repairs & Maintenance, In-centre resources)
- Total centre EBIT increased by 1.6% as LFL centre growth (+6.6%) was partly offset by CY19 Greenfields and divested centres
- Underlying Group EBIT impacted by investment in support office costs

$M	CY19	CY18	% YoY
Total Organic Revenue	**753.3**	**720.3**	**4.6%**
Wages	(413.8)	(398.6)	3.8%
Rent	(86.7)	(83.0)	4.4%
Depreciation	(15.6)	(12.7)	23.3%
Other	(71.5)	(65.2)	9.5%
Centre Expenses	(587.6)	(559.5)	5.0%
Organic Centre EBIT[2]	**165.7**	**160.8**	**3.0%**
Organic Centre EBIT margin	*22.0%*	*22.3%*	
2017 Acquisitions	10.6	6.2	
2018 Acquisitions	0.4	(1.2)	
LFL Centre EBIT[2]	**176.7**	**165.8**	**6.6%**
2019 Acquisitions	(6.0)	(0.0)	
Divested Centres	0.1	2.4	
Total Centre EBIT[2]	**170.8**	**168.2**	**1.6%**
Support Office Costs	(38.4)	(32.0)	20.1%
Underlying Group EBIT[2]	**132.5**	**136.3**	**(2.8%)**
EBIT margin	*14.7%*	*16.2%*	

Organic Costs as % Organic Revenue			% pt change YoY
Wages	54.9%	55.3%	(0.4%)
Rent	11.5%	11.5%	0.0%
Depreciation	2.1%	1.8%	0.3%
Other	9.5%	9.1%	0.4%
Support Office as % Total Revenue			**% pt change YoY**
Support Office	4.3%	3.8%	0.5%

1. CY18 restated for divestments
2. Underlying EBIT refers to non-IFRS and can be reconciled to statutory NPAT on page 6

CASH CONVERSION

Consistent and strong cash conversion

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EBITDA to Cash Flow Conversion – Lease Adjusted

$M	CY19	CY18
Operating cash flow	90.2	105.9
+ Net interest	24.1	22.5
+ Tax paid	29.6	29.9
Gross operating cash flow	**143.9**	**158.4**
Adjusted operating cash flow	**158.9**	**145.0**
EBITDA*	148.9	148.8
Cash flow conversion	**97%**	**106%**
Adjusted cash flow conversion	**107%**	**97%**

- Cash flow generation remained strong in CY19 with a continued focus on efficient working capital management
- Adjustment was made for the 27th pay cycle falling in CY19

*Excludes interest received $0.5m in CY19 (CY18: $0.4m)

CASH FLOW

- Lease adjusted proforma net cashflows from operating activities of $90m, a decrease of 15% on prior year, primarily driven by 27 wage periods during the year
- PP&E payments of $40m reflect investment in centre upgrades, resources and improved IT infrastructure
- Purchase of businesses of $50m reflects the acquisition of 15 centres (13 greenfield and 2 brownfield)
- Net increase in borrowings of $25m to fund acquisitions during the period
- The outflows for the remaining development pipeline of 4 centres in CY20 is expected to be circa $10m and will conclude the committed greenfield pipeline (total spend of $155m for 44 centres)

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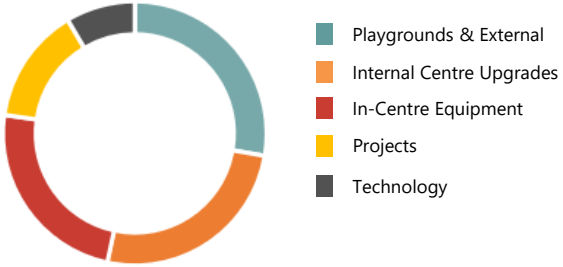
$M	CY19 Statutory	AASB 16 Adjustments	CY19 Proforma	CY18 Statutory
Cash flows from Operating Activities				
Receipts from customers (inclusive of GST)	923.1	-	923.1	853.6
Payments to suppliers and employees (inclusive of GST)	(670.6)	(108.6)	(779.2)	(695.2)
Interest received	0.5	-	0.5	0.5
Interest paid	(69.4)	44.8	(24.6)	(23.0)
Income taxes paid	(29.6)	-	(29.6)	(29.9)
Net cash inflows from operating activities	**154.0**	**(63.7)**	**90.2**	**105.9**
Cash flows from Investing Activities				
Payments for purchase of businesses (net of cash acquired)	(49.5)	-	(49.5)	(52.6)
Payments for purchase of intangible assets	-	-	-	(3.3)
Proceeds/(payments) for divestments	5.6	-	5.6	(0.1)
Payments for property, plant and equipment	(39.8)	-	(39.8)	(36.8)
Net cash outflows from investing activities	**(83.7)**	**-**	**(83.7)**	**(92.8)**
Cash flows from Financing Activities				
Dividends paid	(44.5)	-	(44.5)	(48.1)
Principal elements of lease payments	(63.7)	63.7	-	-
Repayment of corporate note	(269.9)	-	(269.9)	(50.0)
Proceeds from issue of shares	-	-	-	0.1
Inflows from borrowings	295.0	-	295.0	195.0
Outflows of borrowings	(2.1)	-	(2.1)	(104.0)
Net cash (outflows) / inflows from financing activities	**(85.2)**	**63.7**	**(21.5)**	**(7.0)**
Net (decrease)/increase in cash and cash equivalents	(15.0)	-	(15.0)	6.1
Cash and cash equivalents at the beginning of the financial year	55.5	-	55.5	49.2
Effects of exchange rate changes on cash	-	-	-	0.2
Cash and cash equivalents at the end of the financial year	**40.6**	**-**	**40.6**	**55.5**

CAPEX COMMITMENTS

Supported by robust and consistent cashflow

Total CY19 Capex = $40 million



- CY19 total capex of $40m driven by:
  - Refurb and Refresh Program (centre capex) – $21.2m
  - Educational equipment/resources – $9.5m
  - Project capex (e.g. rostering system) – $5.7m
  - Technology upgrades – $3.4m

- Total forecast capex in CY20 of $40m
  - c. $20m centre capex related to Turnaround Program
  - c. $20m in-centre equipment, IT and project capex

GEARING RATIOS

Strong balance sheet and prudent gearing

- Group continues to maintain flexibility with comfortable covenant headroom
- Net debt is forecast to peak in 2Q20 at which point the balance sheet will have circa $100m in available cash and facilities
- During the current network growth phase, debt metrics (Net Debt/EBITDA) reflect the lag between capital invested and earnings being achieved.
- As the Greenfield centres reach EBIT maturity, leverage would be reduced and fixed charge cover increases

Gearing Ratios – Lease adjusted

$M	CY19 Proforma	CY18 Statutory
Current borrowings	-	268.7
Non-current borrowings	387.8	92.2
Cash and cash equivalents	(40.6)	(55.5)
Net Debt	**347.1**	**305.4**
Underlying EBITDA	154.6	152.7
Net Debt/EBITDA (x)	**2.25**	**2.00**
Net interest	28.9	28.9
EBITDA/Net Interest (x)	**5.42**	**5.35**
Fixed charge cover (x)	**1.70**	**1.78**
Gearing ratio* (%)	**27.4%**	**25.5%**

* Gearing ratio = Net Debt/Net Debt + Equity

CAPITAL RETURNS

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- Return on capital employed (ROCE) of 10.3% driven by:
  - Current earnings profile
  - Investment in quality, capability and network growth with earnings from these investments to be realised in future periods
- ROCE is expected to trend higher as the core portfolio, Greenfield and Turnaround centres deliver earnings growth over time

Return on Capital Employed – Lease adjusted

$M	CY19 Proforma	CY18 Statutory
Underlying EBIT	132.5	136.3
Shareholders' equity (average last 12 months)	906.0	879.4
Debt liabilities (average last 12 months)	379.8	339.1
Capital Employed	**1,285.7**	**1,218.5**
Return on Capital Employed (ROCE) %	**10.3%**	**11.2%**

CAPITAL MANAGEMENT

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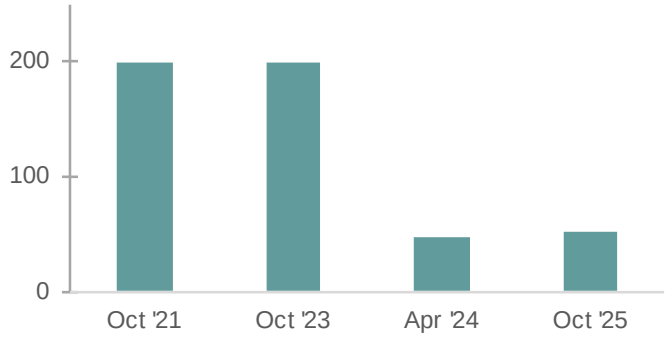
Dividend

- CY19 fully franked final dividend of 6 cents per share declared, resulting in a full year dividend of 10.75 cents per share representing a 70% payout of CY19 lease adjusted NPAT
- Dividend is at the low end of the dividend policy pay out range reflecting a disciplined approach to balance sheet management given Greenfield pipeline outflows and seasonal cashflows
- Given the moderate capital commitments post completion of the Greenfield pipeline, debt is expected to amortise through H2 CY20

Balance sheet restructure complete

- Repayment of SGD 270m bonds funded by syndicated debt facilities
- Increased loan tenor at reduced average interest cost
- CY20 borrowing costs are forecast to be circa $25 million

Debt Facility Profile ($M)



STRATEGY UPDATE

Gary Carroll

SUPPLY / DEMAND DYNAMICS

Continuing supply growth

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Macro

- National LDC net supply growth increased in Q4 bringing the full year annualised growth to 4.2% (vs 3.8% in CY18)

Micro

- G8 centres impacted by supply within 2km increased by 1% YoY, which is lower than the macro supply growth (4.2%)
- Over the last 3 years, 270 G8 centres have been impacted, however, the rate of growth in supply impacting G8 centres has reduced significantly
- Countering the impact of this supply growth is a key focus of the Turnaround Program; the evidence continues to demonstrate that high quality centres can successfully mitigate the impact of new supply

2020 PRIORITIES

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Accelerate EBIT Growth

To drive growth in Turnaround and Greenfield centres

- Pilot showed the potential for performance improvement and established the methodology for the Acceleration Program
- Full time dedicated team largely established, focusing on turnaround opportunities and driving Greenfield performance to accelerate the current trend for CY19 and CY20 centres
- Activities targeted for circa 50 centres in Q1 CY20

Optimisation

To optimise the centre network and cost base

- Ongoing review of centre network to address under-performance
- Continued evaluation of acquisition opportunities in a disciplined manner
- Driving cost efficiencies to support EBIT acceleration and respond to prevailing market conditions

ACCELERATION PROGRAM COST ALLOCATION

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- Costs will be incurred in CY20 to support the Acceleration Program and are considered to be one-off:
  - Turnaround team consists of temporarily seconded resources and consultants (circa $3m), with seconded team to return to operational roles within 12-18 months
  - Increased training costs (circa $3m) required to roll out material system changes (including rostering)
  - Balance relates to in-centre resources required to accelerate quality improvements at our centres (including R&M, learning environments)
- Cost efficiencies will partially fund the investment in the Acceleration Program
- Spend will be phased and diligently monitored to ensure all Acceleration Program costs are funded by benefits or cost efficiencies

CURRENT TRADING & OUTLOOK

Gary Carroll

CURRENT TRADING & OUTLOOK

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- There has been significant instability in the market to date in CY20 due to events such as bushfires and CORVID-19. This has flowed through to the Group's occupancy with year-to-date like-for-like occupancy slightly behind prior year.
- Given the recent and continuing market volatility it is too early to form a clear view on the Group's underlying occupancy performance
- The impact on Group profits have been and will continue to be mitigated by cost management. We will continue to monitor conditions in the market and be agile in our response
- YTD wage performance is in line with expectations
- The activities associated with the Acceleration Program are on track, with the incremental earnings from Turnaround and Greenfield centres forecast to offset the incremental spend of the Acceleration Program in CY20
- The Group looks forwards to providing a further update on trading performance and progress of our strategic program at the Annual General Meeting in May 2020

Q&A

APPENDIX

BALANCE SHEET

- The new AASB16 Lease Standard became effective on 1 January 2019 with a $711m lease liability, a $614m right of use asset and a $29m deferred tax asset brought on to the balance sheet on transition
- Goodwill increased during the year reflecting the acquisition of 13 centres
- Liabilities of circa $1.1bn comprised of:
  - Syndicated facility $388m
  - AASB 16 lease liability $709m
- The $270m SGD bond was repaid during the year and the related hedge instrument settled

$M	CY19 Statutory	AASB 16 Adjustments	CY19 Proforma	CY18 Statutory
ASSETS				
Current assets				
Cash and cash equivalents	40.6	-	40.6	55.5
Trade and other receivables	29.9	7.8	37.8	36.5
Other current assets	11.2	(0.1)	11.2	14.1
Derivative financial instruments	-	-	-	10.8
Current tax asset	1.9	-	1.9	-
Total current assets	**83.7**	**7.8**	**91.5**	**117.0**
Non-current assets				
Property plant and equipment	103.9	9.0	112.9	91.7
Right of use assets	606.2	(606.2)	-	-
Deferred tax assets	54.0	(32.9)	21.1	17.9
Intangible assets	1,193.2	-	1,193.2	1,134.5
Other non-current assets	5.9	0.1	5.9	25.5
Total non-current assets	**1,963.1**	**(630.1)**	**1,333.0**	**1,269.6**
Total assets	**2,046.8**	**(622.3)**	**1,424.5**	**1,386.5**
LIABILITIES				
Current liabilities				
Trade and other payables	54.8	1.9	56.7	67.9
Contract liabilities	7.1	-	7.1	8.5
Current Tax Liability	-	-	-	0.7
Borrowings	-	-	-	279.6
Lease Liabilities	68.5	(68.5)	-	-
Provisions	34.3	-	34.3	30.0
Total current liabilities	**164.7**	**(66.6)**	**98.1**	**386.7**
Non-current liabilities	-	-	-	-
Other payables	0.7	6.4	7.1	5.3
Borrowings	387.8	-	387.8	92.2
Lease Liabilities	640.7	(640.7)	-	-
Provisions	13.1	-	13.1	8.9
Total non-current liabilities	**1,042.2**	**(634.3)**	**407.9**	**106.4**
Total liabilities	**1,206.9**	**(700.9)**	**506.0**	**493.1**
Net assets	**839.9**	**78.6**	**918.5**	**893.5**
EQUITY				
Contributed equity	907.3	-	907.3	893.6
Reserves	63.1	5.4	68.5	56.5
Retained earnings	(130.4)	73.2	(57.3)	(56.6)
Total equity	**839.9**	**78.6**	**918.5**	**893.5**

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PATHWAY TO PORTFOLIO OPTIMISATION

Divestments and centre closures optimising portfolio quality

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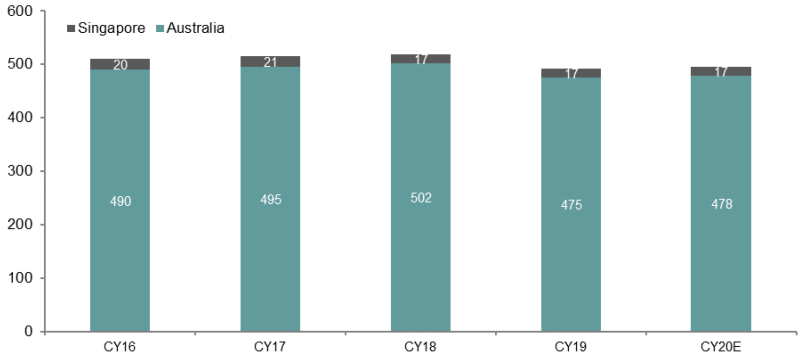
Centre Portfolio



* CY19 total includes the merger of 1 service approvals into one location, reducing the regulatory burden and associated costs

- Divestment of 25 WA centres completed
  - Improved quality and margin of WA and Group portfolio
  - WA occupancy uplift of circa 8% pts, now above network portfolio occupancy level
  - Group occupancy uplift of circa 1% pts (note: this is excluded from LFL occupancy growth)
  - Net sale proceeds of $5.5m; statutory loss on sale of circa $1m
- 16 centres closed in CY19, with total statutory losses on closure of circa $1m
- Completion of the committed Greenfield pipeline remains the primary network growth driver in the short term
  - 12 centres opened in CY19
  - 10 centres open/to be opened in CY20 H1