



Company	G8 Education Ltd
Code	GEM
Meeting	AGM
Date	17 April 2019
Venue	Mantra on View, Surfers Paradise
Monitor	Geoff Orrock

Number attendees at meeting	20 shareholders
Number of holdings represented by ASA	50
Value of proxies	\$1.3m
Number of shares represented by ASA	421,007
Market capitalisation	\$1,37 billion
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Mark Johnson

Share price recovers despite continuing decline in profitability

At a poorly attended meeting the Chair and MD both spoke of substantial change in the child care sector with the new government subsidy introduced in July 2018 and the continuing challenges brought about by heightened supply across many regions. The company acquired 16 new centres and disposed of 8 underperforming centres, bring the total number of centres to 519, providing 41,000 places and serving 52,000 children.

2018 represented the second year of a strategic and cultural transformation with the broad aim of leveraging G8 Education's scale to build a differentiated experience that will make G8 centres the centres of choice. Capital investment resulted in more than 170 refurbishment and improvement activities across the Group. In addition new staff training programs were rolled out. This performance should provide for continued growth in quality and occupancy in future years.

Financial performance reflected the impact of the market environment as well as the implementation of the Group's strategy with earnings before interest and tax down 13%. However the share price recovered to \$3.06 on meeting day after falling to \$1.91 in October 2018.

In 2019 occupancy growth is expected to be between 1% and 2%, wage efficiency should continue the trend established in second half 2018 and incremental earnings from prior year acquisitions offset by new centre opening costs should be \$10m.

In contrast to 2018 where questions asked resulted in one of the most extensive “grilling” of a Chair we had seen there were no questions from the floor on the matters addressed by the Chair and MD this year.

There were also no questions asked during formal business.

ASA noted that this was the third year of the 3-year Remuneration Plan introduced in 2017. In relation to the proposed review during 2019 we commented that we thought the remuneration structure resulted in outcomes which were aligned with shareholder return and was presented in a way that was transparent to shareholders. We said that it would be disappointing if a review resulted in the loss of transparency or shareholder alignment.

ASA was the only proxyholder present other than the Chair and voted in accordance with its published voting intentions, supporting all resolutions.

All resolutions passed comfortably, although one proxy advisor voted against the re-election of David Foster resulting in an against vote of 19.90%.