

2020 HALF-YEAR RESULTS INVESTOR PRESENTATION

19 August 2020

Nido, Victoria



Nido, Western Australia

CONTENTS

- 1 Half-year review
- 2 Financial performance
- 3 Think Childcare – Operations
- 4 COVID-19
- 5 Think Childcare Development (TND)
- 6 Strategy
- 7 Outlook
- 8 Appendix

COVID-19 RESPONSE

Moved before the announcement of government support packages



What we did

- › Marketed free child care
- › Rostered to wages to \$1,500 per fortnight where possible to align with JobKeeper subsidy
- › Reduced annual leave balances
- › Operations team allocated to Services and in-ratio
- › Stood down staff on probation and casuals
- › Agreed rent abatement of \$0.5m with landlords
- › Rostered to attendance



What we didn't do

- › Reduce salaries
- › Increase fees
- › Turn away families
- › Abandon our strategy
- › Compromise the health, well-being and safety of Educators, families and children
- › Experience any major COVID-19 incident



Where we are now

- › Employed additional staff at Services to support attendance growth
- › Pipeline secured and tracking in line with expectations
- › Enhanced operational practices
- › Solid rebound in attendance as COVID-19 restrictions eased
- › Rostering to attendance

1 HALF-YEAR REVIEW

*Nido Early School
is the only national
premium child care
provider*



Nido,
Western
Australia

1H20 AT A GLANCE — THINK CHILDCARE GROUP



EBITDA (underlying)¹

\$5.4m

↑ 24% pcp²



NPAT (underlying)¹

\$1.3m

↑ 62% pcp²



Closing cash¹

\$11.8m

↑ 29% pcp²



Facility headroom³

\$24.6m



Pipeline⁴

25

↑ 39%



Licensed places^{1,5}

6,252

↑ 27% pcp²

1. Think Childcare Group financial metrics

2. Comparison made against prior comparative period (pcp)

3. Facility headroom for TNK \$19.1m and TND \$5.5m post funding of acquisitions on 4 Aug

4. TND only over next 18 months (excludes third party incubator pipeline)

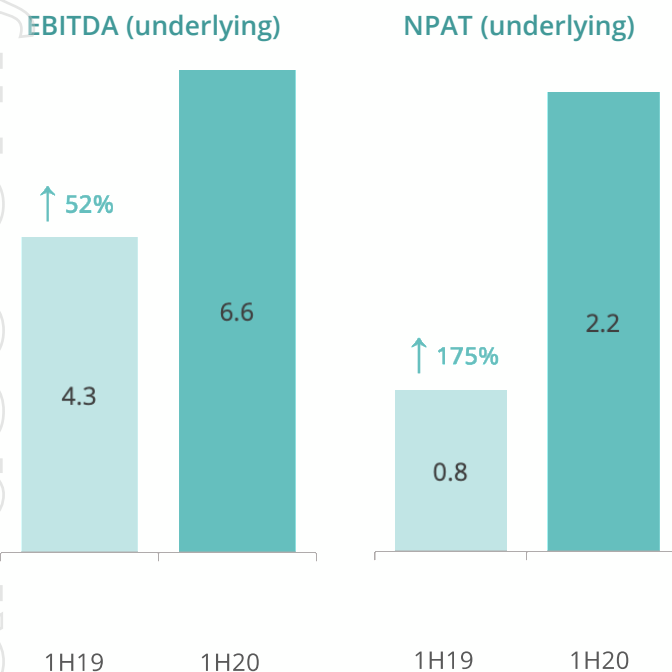
5. Licensed places includes trading Services at 30 June. It does not include pipelines Services



SUMMARY OF RESULTS

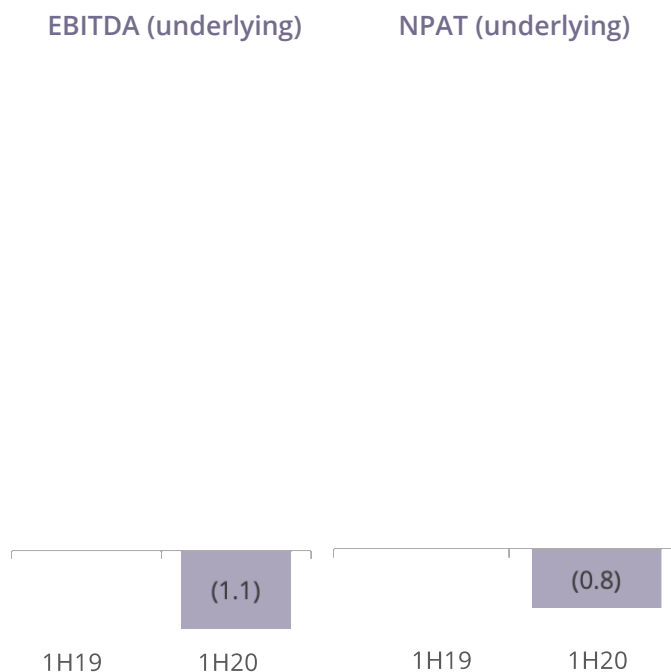
Focus on quality is starting to yield results

Think Childcare (TNK)



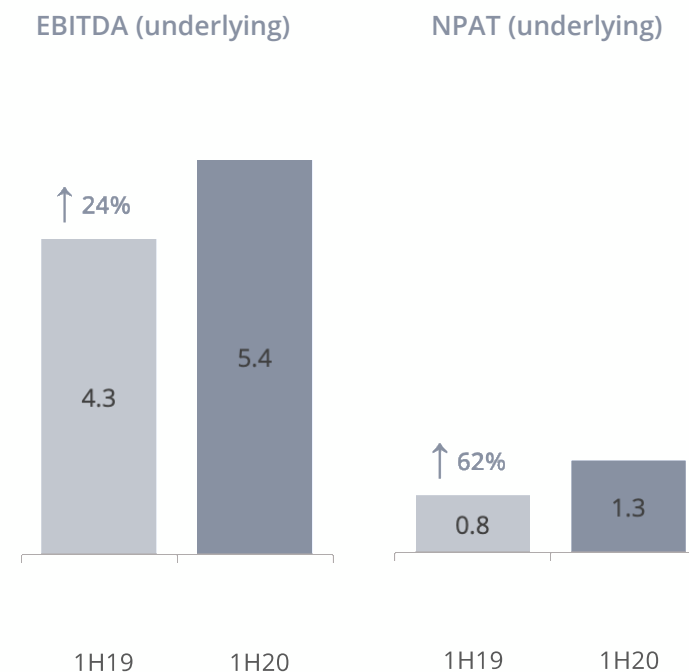
- › TNK EBITDA (underlying) of \$6.6m up 53% pcp \$4.3m
- › TNK NPAT (underlying) of \$2.2m up 175% pcp of \$0.8m

Think Childcare Development (TND)



- › TND in its first 6 months as a listed incubator has traded-up 4 purpose built Nido Services and achieved an average occupancy 59% in line with expectations
- › TND EBITDA (underlying) loss of (\$1.1m) and NPAT (underlying) loss of (\$0.8m)

Think Childcare Group (Group)



- › Group EBITDA (underlying)¹ up 24% to \$5.4m
- › Group NPAT (underlying)² up 62% of \$1.3m
- › Group includes elimination of inter-company transactions

1. EBITDA (underlying) excludes AASB 16 Leases and acquisition expenses

2. NPAT (underlying) excludes AASB 16 Leases, refer glossary

2

FINANCIAL PERFORMANCE

*Child care is an
essential service
driving workforce
participation*



Nido,
Western Australia

FINANCIAL OVERVIEW

A solid first-half result

\$m	1H20				1H19	Like-for-like variance
	TNK	TND	Elim	Group	TNK	TNK
Service revenue ³	48.5	1.1	-	49.5	47.9	0.5
Service performance	9.9	(0.5)	-	9.4	6.2	3.6
EBITDA (underlying)	6.6	(1.1)	(0.2)	5.4	4.3	2.2
NPAT (underlying)	2.2	(0.8)	(0.2)	1.3	0.8	1.4
AASB 16 Leases	(1.9)	(0.3)	-	(2.2)	(1.5)	(0.4)
Acquisition expenses	(0.2)	-	-	(0.2)	(0.2)	0.0
Tax impact	0.6	0.1	-	0.7	0.4	0.2
NPAT	0.8	(1.0)	(0.2)	(0.4)	(0.4)	1.2
Service performance margin	20.4%				13.0%	
EBITDA (underlying) margin	13.2%				8.7%	
NPAT (underlying) margin	4.5%				1.3%	

- › Group statutory NPAT (NPAT) is a loss of (\$0.4m) and is flat on pcp¹
- › NPAT² loss is largely impacted by AASB 16 Leases of (\$2.2m including tax effect of \$0.7m)
- › TNK NPAT of \$0.8m is significantly higher than pcp of loss (\$0.4m)
- › TNK Service performance margin of 20.4% is up on pcp of 13.0%. This is partially attributable to higher margins for Nido Services evidenced in 1Q20 margin of 15.2% and wages and overheads savings implemented in 2Q20 which are not sustainable. Refer to slide 32 in Appendix for details of 1Q20 and 2Q20.
- › TNK EBITDA (underlying) margin of 13.2%, up on pcp of 8.7% and is largely the result of margin improvement at Service performance flowing through

1. Prior comparative period
 2. Figures may not add due to rounding
 3. Service revenue includes Early Childhood Education and Care Relief Package (ECECRP) of \$15.5m

CAPITAL MANAGEMENT

Strong cash position, facility and covenant headroom

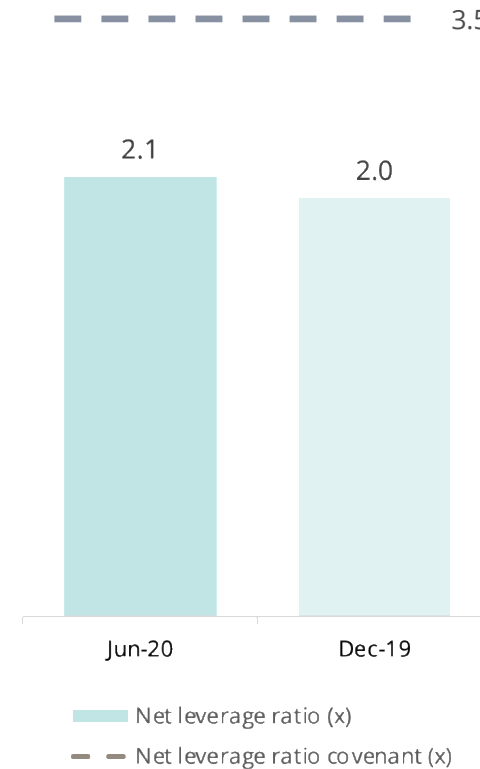
Group liquidity

	Jun-20	Dec-19
Cash ¹	11.8	11.7
Facility headroom ²	19.1	24.5
Net debt	35.8	30.8
New debt ³	11.5	-

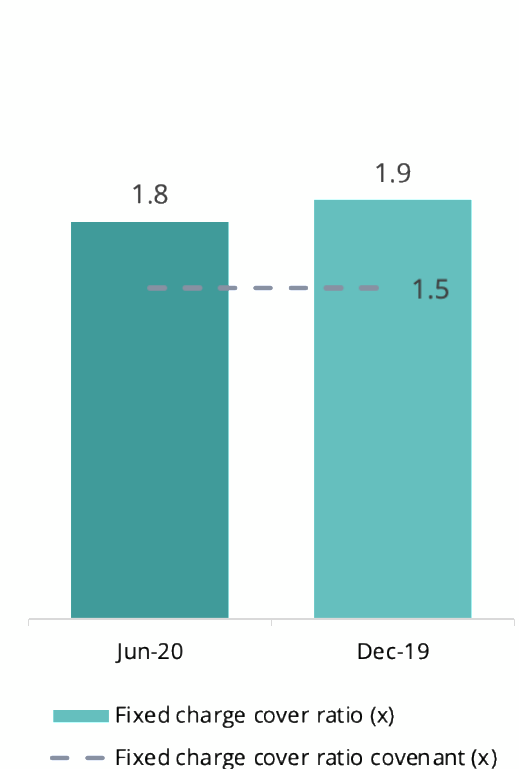
- › TNK and TND Boards have made the decision to suspend the payment of an interim dividend for 1H20

1. Cash includes balances for TNK of \$10.0m and TND of \$1.8m
2. Think Childcare Limited Syndicated Facility Agreement, covenant compliance and facility headroom (\$78m less debt drawn of \$48.9m and bank guarantees of \$10.0m)
3. Think Childcare Development Limited secured an \$11.5m debt facility on 1 Jul-20 which achieved financial close on 4 Aug-20. \$6m drawn to fund the acquisition

TNK leverage ratio



TNK fixed cover ratio



3

THINK CHILDCARE — OPERATIONS

*We moved quickly
and decisively to
manage wages and
keep families enrolled*

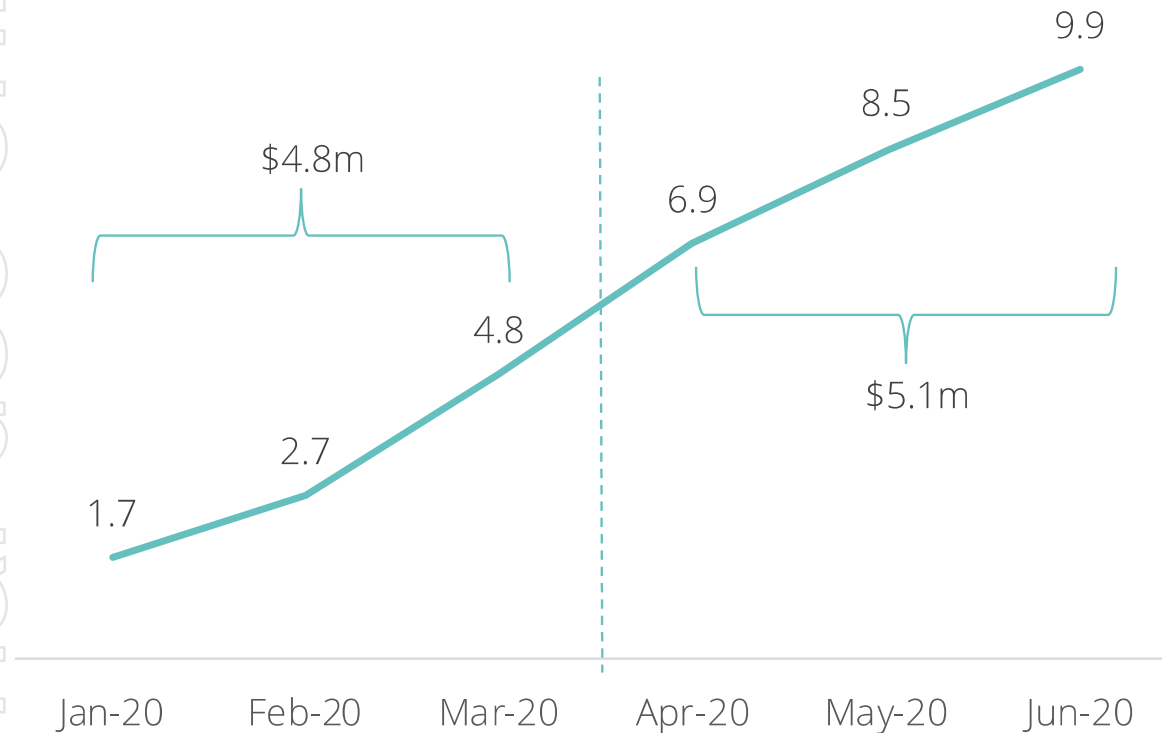


Nido, Victoria

TNK SERVICE PERFORMANCE – 1Q20 V 2Q20

We started strong and COVID-19 didn't slow us down

Cumulative Service performance by month \$m



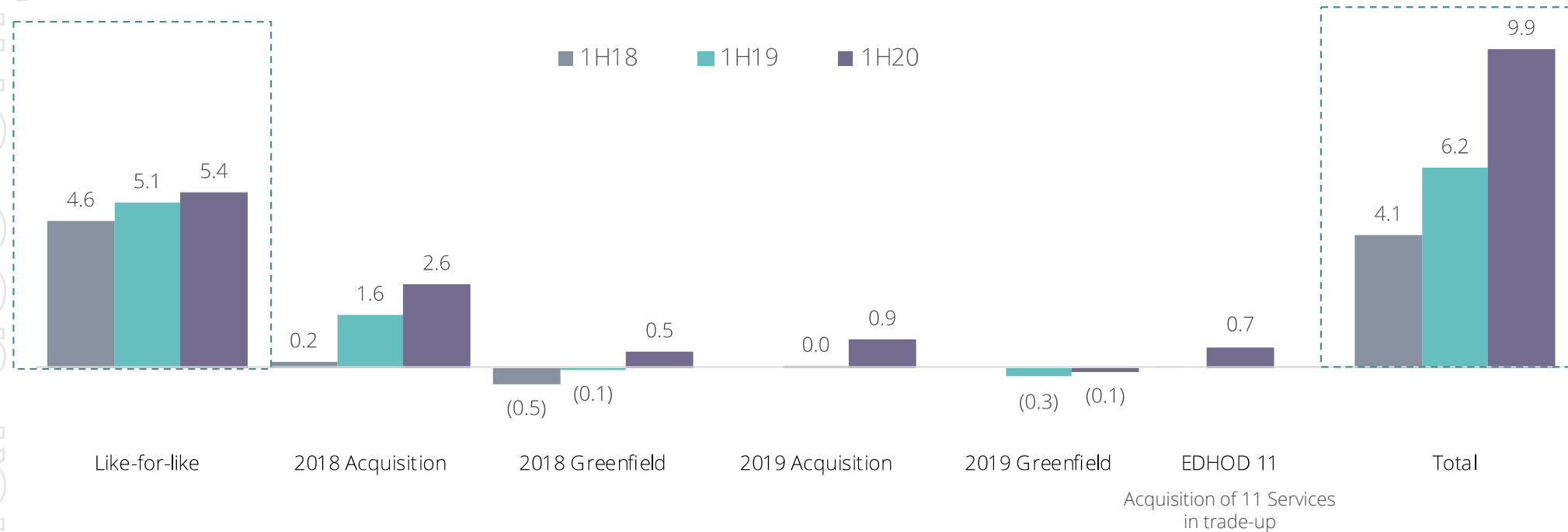
- › Government funded programmes ensured that we would remain viable to keep our doors open and were not designed for the sector to financially benefit
- › Child care providers were unable to charge fees in 2Q20
- › Child care was offered free to all families new and existing at Services, driving a greater wage cost through COVID-19
- › CCS replaced with ECECRP¹ and JobKeeper representing 83% of fees that would have otherwise been charged
- › TNK well positioned moving into COVID-19 with 1Q20 Service performance at \$4.8m up 85% on pcp

1. Early Childhood Education and Care Relief Package (ECECRP) is also known as Child Care Package (CCP) and Business Continuity Package (BCP)

TNK SERVICE PERFORMANCE — BY COHORT

All cohorts have delivered underlying growth in earnings y-o-y

Service performance by cohort¹ \$m



- › Like-for-like 41 Services owned since Jan-18 have grown to 70 Services at 30 Jun-20
- › Demonstrates strength of Think Childcare's unique business model which has consistently delivered growth in underlying earnings

1. Total includes closed Services (1H18 -0.1m, 1H19 -0.3m, 1H20 49k)

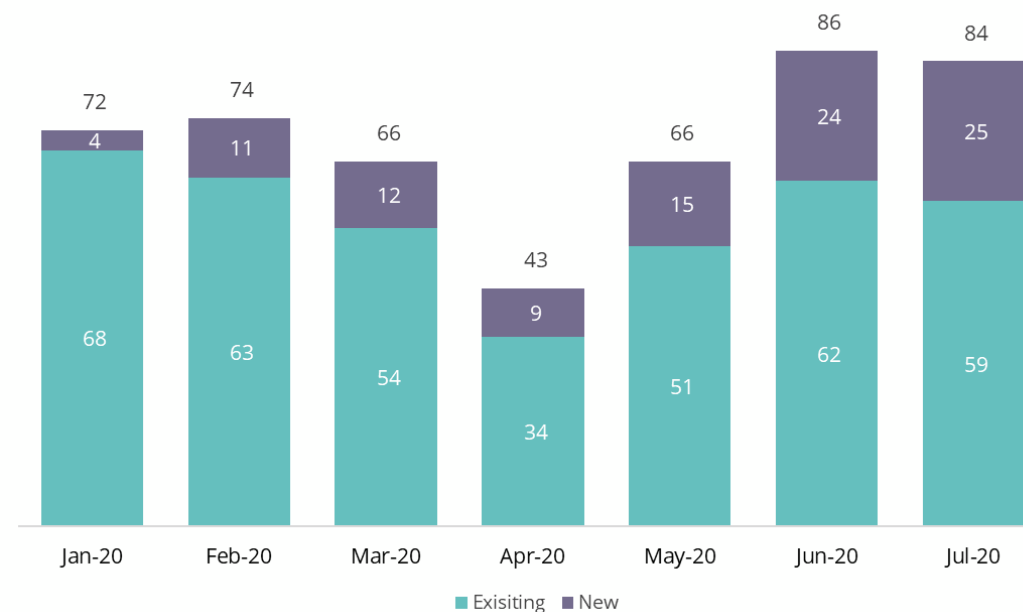
SOLID REBOUND IN OCCUPANCY

Maintained growth in enrolments post 'free child care'

Enrolled vs Attended (%)

	Feb-20		Apr-20		Jun-20	
	Enrolled	Attended	Enrolled	Attended	Enrolled	Attended
Nido	72%	66%	71%	30%	84%	74%
Nido transition	66%	61%	63%	27%	78%	68%
ELK	58%	54%	51%	23%	68%	59%

Attendance days '000 (existing and new)



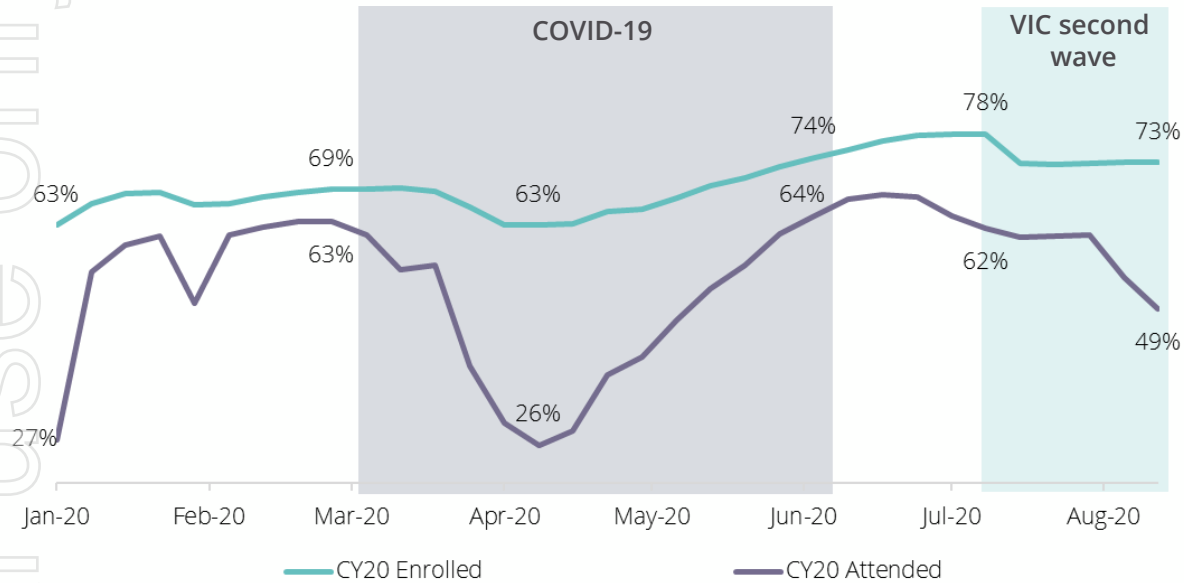
- › Nido purpose built Services have continued to perform strongly
- › Nido transitioned Services have continued to improve post the CAPEX spend on the Services
- › ELK Services performed better than previous years and still provide the ability to improve post conversion to Nido

- › Marketing strategy to increase enrolments during free child care period was successful due to significant retention post 12 Jul-20
- › Attendance rebound driven by existing and new families

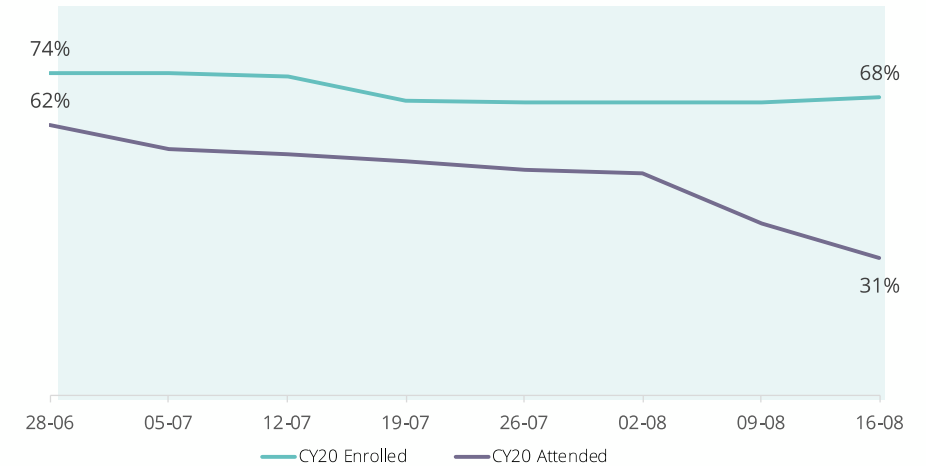
TNK TRADING UPDATE

Group paid occupancy of 80% for week ended 16 August 2020

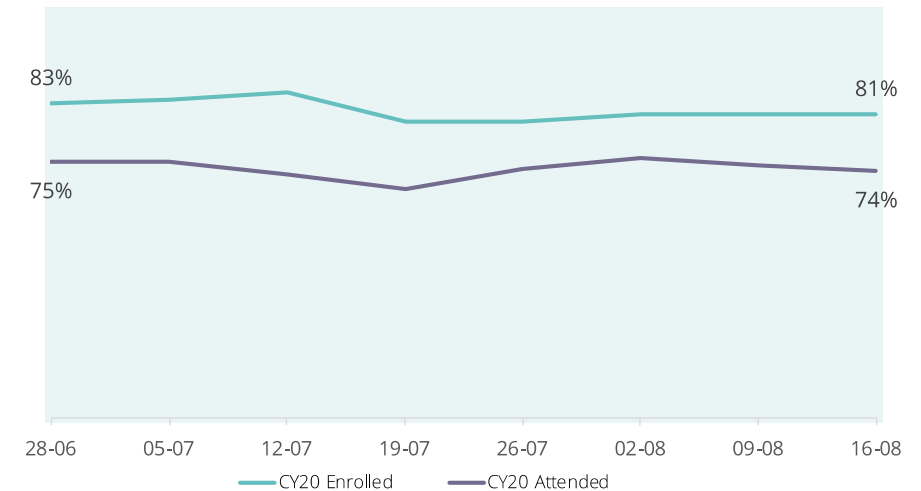
Total portfolio



Victoria



Other states

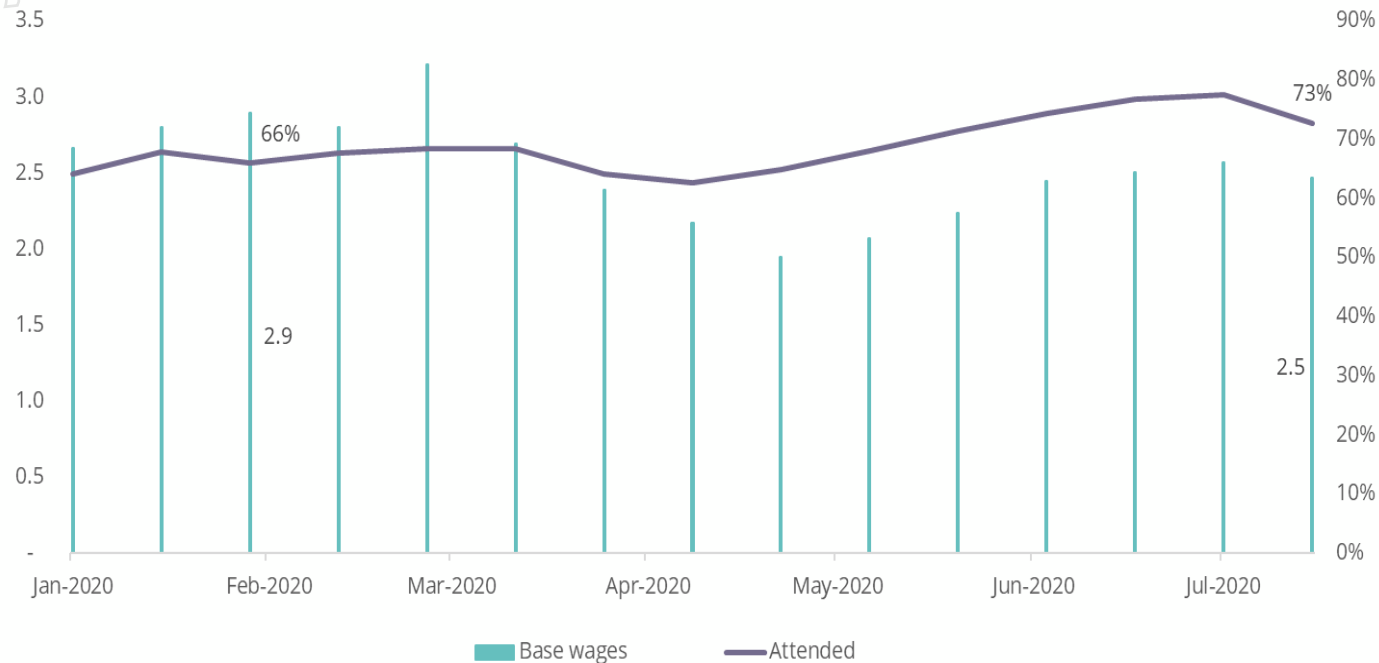


- › Transition payments post JobKeeper translated into paid occupancy of 80% at week ended 16-Aug 2020
- › Attended bottomed at 26% in Apr-20 and gradually ramped up to close 30-Jun 2020 at 74% and 64%, enrolled and attended, respectively
- › Victoria's second wave (right charts), attended and enrolled were adversely impacted. All other states continued to ramp-up to achieve enrolled of 81% and attended 74%

ROSTER TO ATTENDANCE

Our 'new normal' in wage cost management

Base wages (\$m) vs Attended (%)



- › Wages reduced¹ by 16% whilst maintaining the same attendance levels, setting a 'new norm'
- › Increased use of trainees (1 per Service)
- › Casual pool across Services allowing for flex to attendance
- › Rostered to attendance and not enrolment
- › Increased the use of annual leave
- › Correct balance of qualifications at a Service
- › Forward looking analysis of rosters

1. Base wages reduced from \$2.9m to \$2.5m per fortnight (16%)

4

COVID-19 TAMING THE MONSTER

*Our wonderful
Educators have kept
our families and
children engaged
and safe*



Nido, Western Australia

COVID-19 IMPACT ANALYSIS — TNK GROUP

Underlying operations as measured by Service performance is positive despite pandemic (and post normalising for COVID-19 subsidies¹)

Service performance
1H20 \$m



- › Underlying operations as measured by Service performance is positive despite pandemic at \$9.4m
- › Normalising for COVID-19 subsidies received in 1H20, Service performance is \$10.7m
- › Revenue normalised is calculated applying average fees multiplied by occupancy at the reference period held constant March to June. This methodology does not factor seasonal ramp-up typical of this period
- › Wage savings delivered through the introduction of rigorous roster management tools which facilitated real-time rostering to attendance (rather than enrolments) 1H20 savings \$3.6m
- › One-off cost savings of \$0.3m including rent abatement²
- › Deferral of recruitment of new roles (largely in TND). Recruitment expected to resume in 4Q20 with expected start dates in 1Q21
- › Deferral of corporate initiatives and projects freed management team to provide reinforcement to front-line Service teams, e.g. Area Managers stepping in to ensure the health and safety of our Educators, families and children

1. JobKeeper includes total subsidy of \$13.6m (\$13.2m Service staff and \$0.4m corporate staff) offset by top up payments \$2.5m made to employees below \$1,500 per fortnight. For clarity the above chart relates to Service staff JobKeeper of \$10.8m = \$13.2m - \$2.5m. Refer to Note 5 in TNK group interim financial report

2. CY20 rental abatement of \$0.5m includes \$0.3m received in 1H20 and balance 2H20 represents 3.4% of CY20 rent of \$14.5m

5 THINK CHILDCARE DEVELOPMENT (TND)

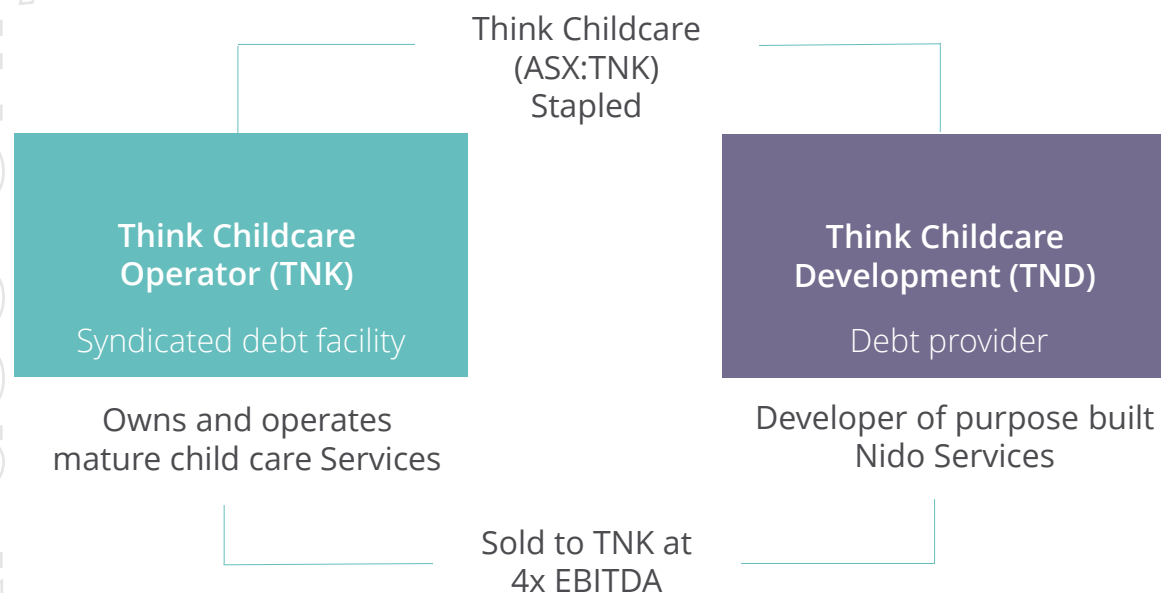
10 trading Services
and 15 to commence
trading over next 18
months



Nido, Victoria

STRUCTURED FOR GROWTH AND SECURITY HOLDER PROTECTION

Think Childcare Development Limited (TND) was listed in Dec-19 and formed, with Think Childcare Limited (TNK), a Stapled Group (ASX:TNK)

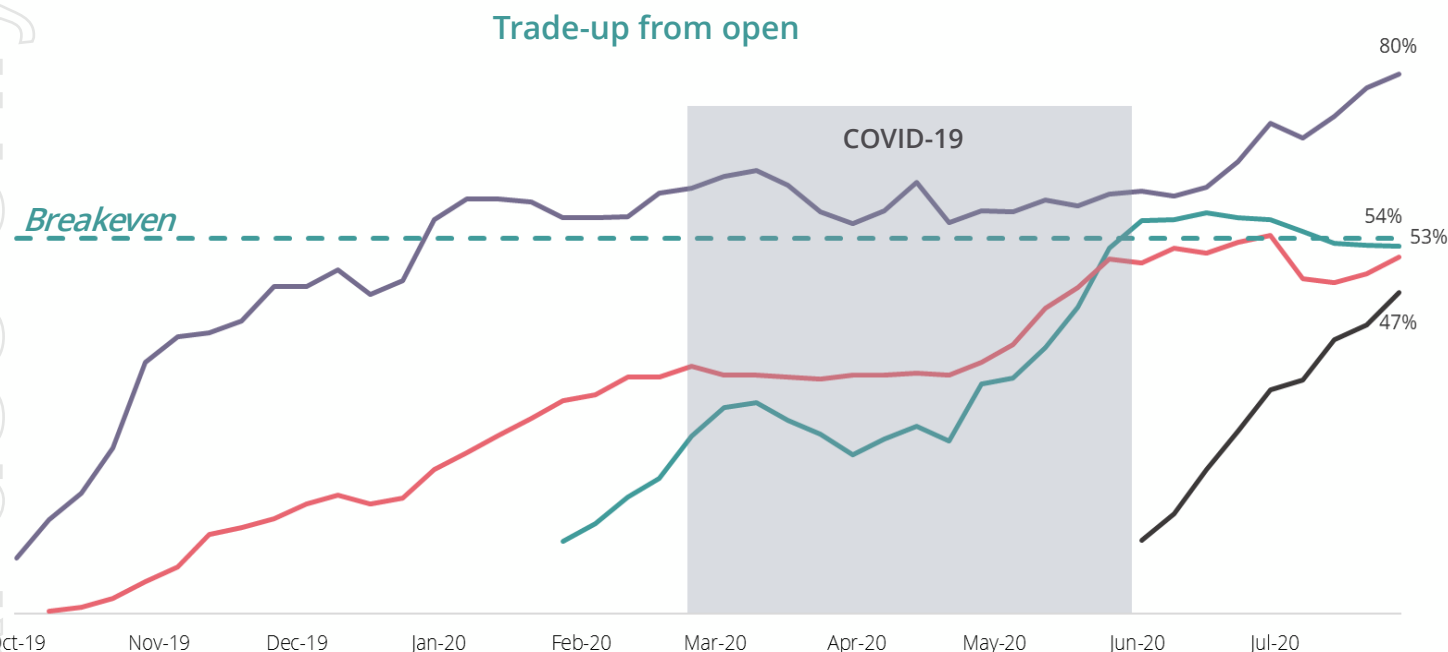


Benefits of Stapled Structure

- › Separate financing for each entity, which is right priced versus risk
- › Quarantines the trade-up risk in TND, capitalised at \$6m
- › Ensures growth is managed at our pace not by external market availability of acquisition targets
- › Acquired by TNK, divested by TND for 4x EBITDA, at 75%+ occupancy and \$250K+ EBITDA
- › The creation of goodwill internally, removes the leakage of the goodwill as occurs when acquired from third parties

4 TND SERVICES IN TRADE-UP

Developing security holder value

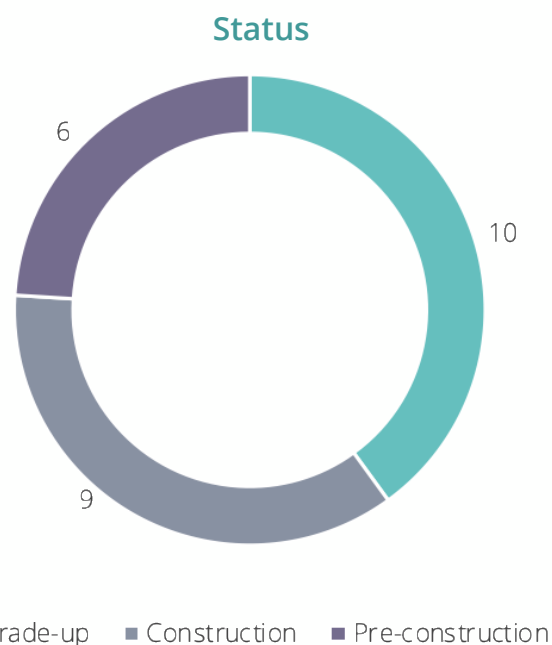


Trade-up Service metrics	
	Total
Average licensed places (LP)	82
Average fees	129
Breakeven utilisation	56%
Breakeven weeks	29
End value \$m	7.3
Cost base \$m	2.6
Profit on sale \$m	4.7

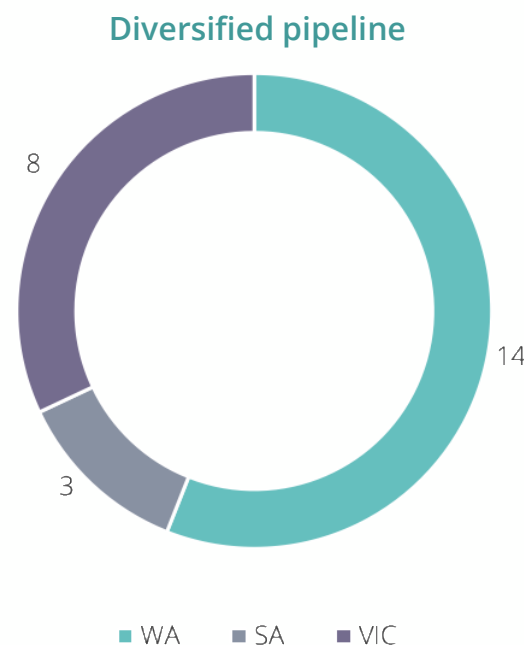
- › 4 Nido Services in trade-up during 1H20 (2 opened in 2H19)
- › Portfolio is performing in line with expectations with 59% enrolled and above pre-COVID-19 attendance levels
- › 2 Services are expected to achieve TNK acquisition metrics by Dec-20 with the remaining 2 in 2H21

THINK CHILDCARE DEVELOPMENT (TND) PIPELINE

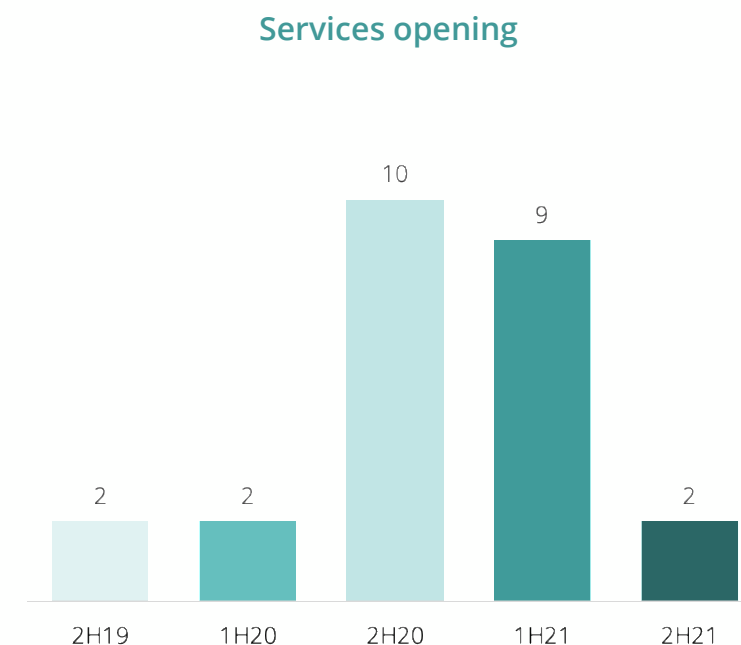
Fully funded pipeline with an end value of ~\$60m¹ delivers security holder value



- › Converted TND Initial Pipeline as foreshadowed in the Scheme Booklet
- › 6 Services in planning with balance either trading or under construction
- › 6 Nido Services and 1 leasehold development site acquired at 1 July 20



- › Geographic diversification
- › Average Service 87 Licensed Places
- › Average fees \$130 per day



- › End value of TND pipeline at 4 times EBITDA is ~\$60m
- › Creating security holder value

1. 4x EBITDA multiple

6 STRATEGY

*Think Childcare is
building a best in
sector early
education offering*



Nido,
Western
Australia

VALUE PROPOSITION

Operate premium quality Nido branded child care Services in suburban markets.
Growth through internally developed Services and acquisitions from third party incubators of purpose built Nido Services



Premium education – we focus on the quality of the education through a specialist Education Leader at each Service supported by a dedicated administrator to focus on finance, enrolments and wage management

Premium environments – the physical environments sit very comfortably in Toorak or Mosman however we build them in suburban areas like Airport West and Seven Hills. Delivering an aspirational offering to the suburbs

Not at a premium price – over 90% of our families have their fees subsidised by government via the Child Care Subsidy (CCS) with 62% of our fees paid directly to us weekly, our daily fees start from \$18 per day (at 85% CCS)

OUR TRANSITION TO A PREMIUM CHILD CARE PROVIDER

Building a best in market offering that will deliver long-term and consistent profits at scale

Our Services

Since IPO¹ we have invested over \$10m of CAPEX with \$400k-\$1.3m per Service in the physical environment. CAPEX significantly distinguishes our Service to most operators who do minor cosmetic improvements

Our quality of education

We took our existing Educators on a three month journey focused on the quality of education before transitioning our Early Learning & Kinder Services (ELK) to Nido

Our people

We employed a support team for the company that we wanted to be, not the company we were. We are now realising the scale benefits

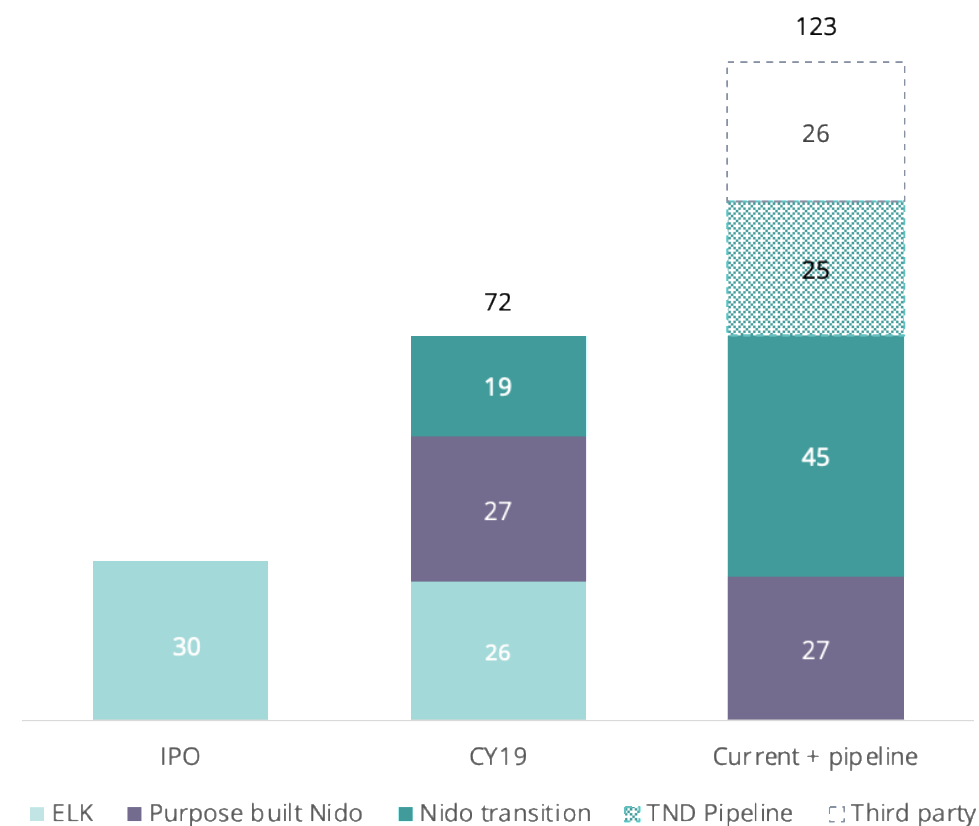
Our systems

We have developed sector leading systems, education curriculum, training, analytics and employee support structures that allow us to deliver quality at scale, we continue to innovate and evolve the platform

Recycle capital

We expect to divest Services which do not align with the Nido strategy and require significant investment. This will unlock capital of ~\$10m+ to recycle into purpose built Nido Services

Portfolio growth and Nido transition²



1. Initial public offering October 2014

2. TND pipeline of 25 Services includes 2 Services opened in 1H20

HOW WE GROW DISTINGUISHES US FROM OUR COMPETITORS

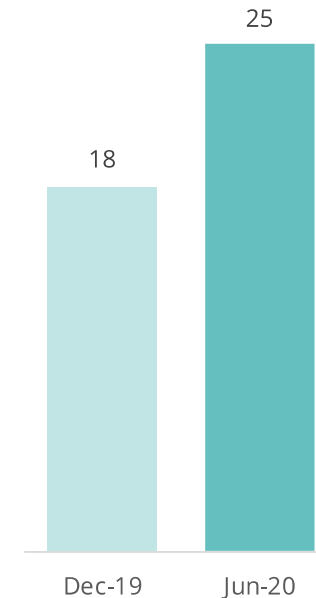
Pipeline of 50+ purpose built Nido Services

Think Childcare

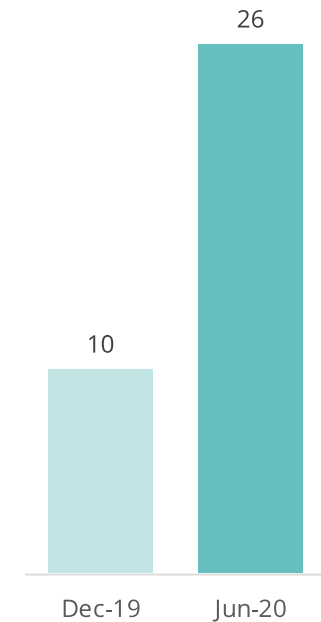
We control our growth through incubation model:

1. Internal development of new Nido Services
(**internal incubation by TND**)
 2. External development of new Nido Services
(**external incubation by third parties**)
- › TNK is uniquely positioned to have the platform to develop our own Services, and not rely on acquisitions
 - › Our platform today has an identified pipeline to deliver 50+ new Services worth over \$100m (generating \$25m EBITDA) over the next 36 months

Internal incubator (TND)
No. of Services



External incubators
No. of Services



“We have built a pipeline to deliver 50+ new Services worth over \$100m (\$25m EBITDA) over the next 36 months”

THIRD PARTY INCUBATORS - POST ACQUISITION REVIEW

Average acquisition multiple 3.2x EBITDA

Year acquired	Number of services	Purchase price (\$m)	Earn-out ²	Paid multiple	LTM EBITDA (\$m) ¹	Effective multiple ³
Jun/Jul-20	4	6.5	1.0	4	1.9	3.9
2Q18	2	3.3	-	4	0.9	3.8
3Q18	2	3.8	1.1	4	1.8	2.7
4Q18	5	7.7	0.6	4	2.9	2.8
Total	13	21.2	2.7	4	7.6	3.2

1. Last twelve months

2. Excludes clawback

3. Effective multiple = (Purchase price + earn-out)/LTM EBITDA

- › In mid-2017, Think Childcare moved away from acquiring Services on market and embarked on developing our own Services and acquiring from third party incubators of Services we managed from opening
- › We acquired 3 Services and the brand Nido, a premium brand, and began the investment to build a quality child care offering at scale
- › 13 Services acquired from third party incubators achieving a better than 4x EBITDA at a 3.2x EBITDA average multiple
- › Earnings have increased post acquisition across all the cohorts, and continue to perform through the current COVID-19 environment



“We pivoted the business in 2017 and now are seeing the results”

7 OUTLOOK

*50+ purpose built
Nido Services to be
developed over the
next 36 months*

Nido, Victoria



CY20 OUTLOOK

Think Childcare Group

The outlook for Think Childcare Group remains positive despite the impact of COVID-19. CY20 Group EBITDA (underlying) guidance range of \$15m - \$17m takes into consideration the following:

- › Victoria stage 4 restrictions implemented by the Victorian government in Aug-20 which has adversely impacted attendance at a number of our Services located in the metro Melbourne and Mitchell Shire areas
- › Other States have demonstrated strong rebound in attendance with WA performing ahead of pcip
- › ECEC transitional arrangements expected to partially absorb the Victorian stage 4 impact
- › The mid- range of our guidance for TNK would be achieved where the portfolio trades at an average paid occupancy of 73% in 4Q20
- › The TND guidance range of (\$1.1m) to \$1m reflects the sale of 1 Service and 2 Services, respectively
- › Group outlook reflects the consolidation of TNK and TND and excludes the impact of inter-company transaction largely profit on sale

CY20 guidance \$	COVID-19 adjusted	Vic Stage 4 adjusted
TNK	18.0m -21.0m	17.0m -20.0m
TND	(1.1m) - 1.0m	(1.1m) - 1.0m
Group (after elim)	16.0m -18.0m	15.0m -17.0m



8

APPENDIX

*Sector resilient to
economic conditions*

Nido, Western Australia



APPENDIX KEY METRICS

Solid financial and operational metrics⁵

Operational metrics	1H20			Like-for-like ¹			
	TNK	TND	Group	1H20	1H19	Variance	
Service performance margin	20.4%	-46.7%	19.0%	23.1%	13.5%	9.6%	▲
EBITDA (underlying) margin	13.2%	-121.8%	10.6%				
Fee/day/child (avg \$) ²	119	129	120	124	119	5	▲
Base wage/day/child (avg \$) ³	65	95	66	65	66	(1)	▲
Rent per licensed place (\$)	2,857	3,952	2,932	2,734	2,721	13	▼
Days of learning enrolled (000s)	525	12	538	392	392	(0)	▬
Days of learning attended (000s)	406	9	415	303	342	(39)	▼
No. of services (owned)	70	4	74	53	53	-	▬
Licensed places (owned)	5,925	327	6,252	4,362	4,362	-	▬
Financial metrics	Jun-20	Dec-19	Covenant				
Total leverage ratio ⁴	2.1x	2.0x	3.5x				
Fixed cover ratio ⁴	1.8x	1.9x	1.5x				
Net debt (\$m)	35.8	30.8					
TNK headroom (\$m) ⁴	19.1	24.5					
TND headroom (\$m)	5.5	-					

1. Like-for-like represents 53 Services owned for the full year in 31 Dec-19

2. Excludes free child care period

3. Excludes impact of JobKeeper subsidy and based on attended days

4. TNK Syndicated Facility Agreement metrics

5. Figures may not add due to rounding

APPENDIX KEY METRICS — DEVELOPMENT

TND off to a solid start with 25 Services at various stages of development including 10¹ Services in trade-up

Trade-up² Services

	Total
Average licensed places (LP)	82
Average fees	129
Breakeven utilisation	56%
Breakeven weeks	29
End value \$m	7.3
Cost base \$m	2.6
Profit on sale \$m	4.7

1. 10 Services include 6 acquisitions announced on 1 July 2020

2. Metrics for 4 Services opened by TND

3. Figures may not add due to rounding

Development pipeline³

	Jun-20				Dec-19			
	Total	Trade-up	Construction	Pre-construction	Total	Trade-up	Construction	Pre-construction
Average fees	130	124	133	137	133	128	133	134
Services	25	10	9	6	18	2	6	10
Licensed places (LP)	2,185	905	768	512	1,501	155	485	861
Average size	87	91	85	85	83	78	81	86
Rent per LP	3,888	3,525	4,191	4,076	3,851	3,484	3,866	3,909
End value (4x EBITDA) \$m	61.7	21.3	23.5	16.8	39.5	3.4	12.5	23.6

APPENDIX 1Q20 VS 2Q20

Group operating and development contribution to earnings¹ explained

\$m	TNK			TND			Group (incl elim)			TNK	TNK
	1Q	2Q	1H20	1Q	2Q	1H20	1Q	2Q	1H20	1H19	Like-for-like variance
Service revenue	31.3	17.2	48.5	0.7	0.4	1.1	32.0	17.5	49.5	47.9	0.5
Labour	(19.2)	(15.5)	(34.7)	(0.6)	(0.6)	(1.2)	(19.7)	(16.1)	(35.8)	(30.1)	(4.6)
JobKeeper ²	0.4	10.0	10.4	0.0	0.3	0.3	0.4	10.3	10.8	-	10.4
Occupancy	(5.7)	(5.0)	(10.7)	(0.2)	(0.3)	(0.5)	(5.9)	(5.4)	(11.3)	(8.1)	(2.7)
Service overheads	(2.1)	(1.5)	(3.6)	(0.1)	(0.1)	(0.2)	(2.2)	(1.6)	(3.8)	(3.5)	(0.1)
Service performance	4.8	5.1	9.9	(0.2)	(0.3)	(0.5)	4.6	4.8	9.4	6.2	3.6 ▲
Management fees	0.4	0.7	1.1	(0.0)	(0.2)	(0.2)	0.3	0.4	0.7	2.0	(0.9)
Corporate and employee	(2.3)	(2.0)	(4.4)	(0.1)	(0.2)	(0.3)	(2.5)	(2.3)	(4.7)	(4.0)	(0.4)
EBITDA (underlying)	2.8	3.8	6.6	(0.3)	(0.7)	(1.1)	2.5	2.9	5.4	4.3	2.3 ▲
Service performance margin	15.2%	29.7%	20.4%				14.4%	27.2%	19.0%	13.0%	7.3% ▲
EBITDA (underlying) margin	8.9%	21.0%	13.2%				7.6%	16.1%	10.6%	8.6%	4.7% ▲

- Figures may not add due to rounding
- JobKeeper includes total subsidy of \$13.6m (\$13.3m Service staff and \$0.3m corporate staff) offset by top up payments \$2.5m made to employees below \$1,500 per fortnight. For clarity the table relates to Service staff JobKeeper of \$10.8m = \$13.3m - \$2.5m. Refer to Note 5 in TNK group interim financial report

- 1Q20 TNK and Group delivered strong EBITDA (underlying) of \$2.8m and \$2.5m, respectively
- Performance in 2Q reflects impact of COVID-19 ECECRP and JobKeeper subsidies offset by Management initiatives
- Group 1H20 Service performance and EBITDA (underlying) of \$9.4m and \$5.4m respectively, include the impact of TND trade-up losses associated with 4 Services
- Service performance and EBITDA (underlying) margins show improvement y-o-y and on a like-for-like basis

APPENDIX FINANCIAL PERFORMANCE

Bridging underlying earnings to AASB 16²

1H20 (\$m)	TNK	TND	Elim	Group	Reconciliations to Interim Financial Report				
Service revenue	48.5	1.1		49.5	Revenue	TNK	TND	Elim	Group
Labour	(24.3)	(0.9)		(25.1)	Service revenue	48.5	1.1	-	49.5
Occupancy	(10.7)	(0.5)		(11.3)	Management fees	1.1	(0.2)	(0.2)	0.7
Service overheads	(3.6)	(0.2)		(3.8)	Rent abatement	0.3	-	-	0.3
Service performance	9.9	(0.5)		9.4	Rent abatement - AASB 16	0.3	-	-	0.3
Management fees	1.1	(0.2)	(0.2)	0.7	Revenue (including Other income) ¹	50.1	0.9	(0.2)	50.8
Employee expenses	(3.1)	(0.0)		(3.1)	EBITDA				
Corporate overheads	(1.3)	(0.3)		(1.6)	EBITDA (underlying)	6.6	(1.1)	(0.2)	5.4
Corporate costs/revenue	(3.3)	(0.6)	(0.2)	(4.0)	AASB 16	8.8	0.4	-	9.3
EBITDA (underlying)	6.6	(1.1)	(0.2)	5.4	Acquisition expenses	(0.2)	-	-	(0.2)
Finance costs	(1.7)	-		(1.7)	EBITDA	15.2	(0.6)	(0.2)	14.5
Depreciation	(1.7)	(0.1)		(1.8)	NPAT				
Tax	(1.0)	0.3		(0.6)	NPAT (underlying)	2.2	(0.8)	(0.2)	1.3
NPAT (underlying)	2.2	(0.8)	(0.2)	1.3	AASB 16	(1.9)	(0.3)	-	(2.2)
Key metrics					Acquisition expenses	(0.2)	-	-	(0.2)
Service margin	20.4%			19.0%	Tax impact	0.6	0.1	-	0.7
EBITDA (underlying) margin	13.2%			10.6%	NPAT	0.8	(1.0)	(0.2)	(0.4)
NPAT (underlying) margin	4.5%			2.5%					

- › Management fees of \$0.2m represent fees charged by TNK to TND for the provision of services (Eliminations)
- › Group EBITDA of \$14.5m reflects impact of AASB 16 of \$9.3m
- › Group NPAT of (\$0.4m) reflects the impact of AASB 16 of (\$2.2m and tax effect of \$0.7m)

1. Revenue including Other income as presented in the Interim Financial Report
2. Figures may not add due to rounding

APPENDIX BALANCE SHEET

Bridging balance sheet for impact of AASB 16 and intragroup transactions

\$m	Jun-20					Dec-19
	TNK	TND	AASB 16	Elim	Group	Group
Cash	10.0	1.8	-	-	11.8	11.7
Receivables and other assets	12.5	1.7	-	-	14.2	11.4
Property, plant and equipment	17.6	2.8	-	(0.2)	20.3	18.7
Intangible assets	77.8	-	-	-	77.8	78.1
Right-of-use asset	-	-	175.7	-	175.7	174.5
Total assets	117.9	6.3	175.7	(0.2)	299.8	294.4
Borrowings	47.6	-	-	-	47.6	42.5
Other liabilities	16.4	2.2	-	-	18.6	18.7
Lease liability	-	-	181.6	-	181.6	178.1
Total liabilities	64.0	2.2	181.6	-	247.7	239.3
Equity	53.9	4.2	(5.8)	(0.2)	52.1	55.2
Total leverage ratio					2.1x	2.0x
Fixed cover ratio					1.8x	1.9x
Net debt					35.8	30.8
Headroom	19.1	5.5			24.6	24.5

- › Strong balance sheet¹ notwithstanding impact of AASB 16 Leases
- › AASB 16 Leases adjustments result in a reduction in equity as Lease liability of \$182m exceeds Right-of-use asset of \$176m
- › Net balance sheet impact of AASB 16 Leases is a reduction in equity of \$5.8m
- › TNK banking covenants are calculated excluding the impact of AASB 16 Leases and are based upon underlying earnings calculation
- › Borrowings of \$47.6m includes debt drawn of \$48.9m, accrued interest of \$0.5m offset by pre-paid finance costs \$1.8m

1. Figures may not add due to rounding

APPENDIX CASHFLOW

Bridging cashflow¹ to AASB16

\$m	1H20					1H19
	TNK	TND	AASB 16	Elim	Group	Group
Child care receipts & other revenue	47.4	0.8	-	-	48.2	47.3
Operating expenses	(44.6)	(0.5)	9.3	-	(35.8)	(38.4)
Interest & finance costs	(1.1)	-	(5.5)	-	(6.6)	(4.1)
Income tax paid	(1.2)	-	-	-	(1.2)	(1.0)
Net operating cashflow	0.5	0.3	3.8	-	4.7	3.9
Acquisitions and earnouts	-	-	-	-	-	(7.5)
Nido transition/Capital expenditure	(1.0)	(1.9)	-	-	(2.9)	(3.7)
Net investing cashflow	(1.0)	(1.9)	-	-	(2.9)	(11.1)
Borrowings	4.9	-	-	-	4.9	-
Repayment of lease liability	-	-	(3.8)	-	(3.8)	(2.5)
Shares issued	0.2	0.0	-	-	0.2	17.6
Dividends paid	(3.0)	-	-	-	(3.0)	(2.2)
Net financing cashflow	2.1	0.0	(3.8)	-	(1.7)	12.9
Closing cash	10.0	1.8	-	-	11.8	9.1

- › Group cashflow is determined based upon AASB16 Leases adjustments
- › Group operating cashflow of \$4.7m includes the addback of lease rental payments of \$9.3m and a deduction notional interest expense of \$5.5m
- › Group operating cashflow before AASB 16 Leases adjustment is \$0.8m comprising TNK of \$0.5m and TND of \$0.3m
- › Nido transition and capital expenditure of \$2.9m represents projects underway prior to COVID-19
- › TNK drew \$4.9m cash 1 Apr-20 to maintain liquidity should it be required
- › Think Childcare paid a CY19 final dividend in Mar-20. This was settled by \$3.0m distribution and \$0.2m by way of DRP

1. Figures may not add due to rounding

APPENDIX COVID-19 GOVERNMENT SUBSIDIES

COVID-19 subsidies supported the provision of free child care to essential workers and enabled operators to remain open during the pandemic

	Ref Period	Start	End	Frequency	Description	Jun-20 \$m	Dec-20 \$m
Early Childhood Education and Care Relief Package (ECECRP)¹	17 Feb 20 – 28 Feb 20	6 Apr 20	12 Jul 20	Weekly (in advance)	<ul style="list-style-type: none"> Subsidy equates to 50% of daily fees in ref. period Recognised as assessable income but not as turnover for GST reporting purposes 	\$15.5	\$2.7
JobKeeper Subsidy	1 Mar 20	30 Mar 20	20 Jul 20	Monthly (in arrears)	<ul style="list-style-type: none"> \$1,500 per fortnight, before tax, per eligible employee Eligible to claim due to turnover decline Eligible employees include FT, PT and casuals with 12 months of service and that submit declaration forms 	\$13.6	\$2.4
Rent Abatement	n/a	From 1 May 20	Up to 31 Mar 21	Monthly (in advance)	<ul style="list-style-type: none"> Directly approached landlords on a tenant by tenant basis (where <\$50m revenue per tenant) Abatement periods aimed to achieve 7.5% annualised reduction of rent 	\$0.3	\$0.2
Transition Payments	17 Feb 20 – 28 Feb 20	13 Jul 20	27 Sep 20	Weekly (in advance)	<ul style="list-style-type: none"> Subsidy equates to 25% of daily fees in ref. period Additional 5% for Victorian Services impacted by stage 4 lockdown (6 Aug – 16 Sep) New services will be eligible if in operation for more than 2 weeks before the payment period end 	n/a	\$6.4

1. Early Childhood Education and Care Relief Package (ECECRP) is also known as Child Care Package (CCP) and Business Continuity Package (BCP)

APPENDIX GLOSSARY

Term	Definition
Attended	Number of days attended at our child care Services
Cash conversion	Efficiency at which the business converts sales into cash. It is calculated by dividing net operating cashflow by underlying NPAT less depreciation (excluding impact of AASB 16)
Days of learning	Number of days attended or enrolled at our child care Services
EBITDA	Earnings before interest, taxation, depreciation and amortisation as it pertains to the Australian Accounting Standards Board
EBITDA (underlying)	Earnings before interest, taxation, depreciation and amortisation less any one-off costs such as relating to acquisition, scheme implementation and adjustments due to AASB 16 Leases
ELK Child Care Service or ELK	A child care Service owned and operated under TNK's original 'ELK' model and branding
Enrolled	Number of days enrolled at our child care Services
Fixed charge cover ratio	Ratio of EBITDAR + rent expense : net Interest expense + rent expense (as defined in the Syndicated Facility Agreement) EBITDAR is a financial term referring to earnings before interest, taxation, depreciation, amortisation and rent
Group	A stapled entity comprising Think Childcare Limited (ABN 81 600 793 388) and Think Childcare Development Limited (ABN 55 635 128 166)
Interest rate hedge cover	Percentage of debt that has been hedged against an adverse interest rate movement
Licensed places	Maximum number of children that can attend a Service on one day
Nido Services / Nido	Premium brand for our child care Services

APPENDIX GLOSSARY (CONTINUED)

Term	Definition
NPAT	Net profit after tax as it pertains to the Australian Accounting Standards Board (AASB)
NPAT (underlying)	Net profit after tax less any adjustments due to AASB 16 Leases and any one-off costs
Service performance	Operating profit for the business including revenue, net of service level labour, occupancy and service overhead costs
Third party incubator	A third party that has entered into a Centre Management Deed with TNK. Also referred to as managed Services in the context of TNK Group. Third party incubators open greenfield Services with the sole intent to trade-up the Services to bankable metrics for TNK and for TNK to acquire them
Trade-up	A Service reaching 75% utilisation for a minimum 3 month period
TND	Think Childcare Development Limited (ACN 635 178 166)
TNK	Think Childcare Limited (ACN 600 793 388)
Utilisation	Number of children attending per period specified as a percentage of the Service's licensed places

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