

ASX Announcement

G8 Education Limited
(ASX:GEM)



21 October 2020

SALE OF SINGAPORE BUSINESS SUCCESSFULLY COMPLETES

G8 Education Limited (the “Group” or “G8”, ASX: GEM) announced in its Investor Presentation on 24 August 2020 that it had entered into a share sale agreement to divest its Singapore business, which consists of 17 owned early learning centres and 18 franchised early learning centres.

The share sale agreement was entered into with Nurture Education Group Pte. Ltd (“Nurture Group”), which is an existing provider of early childhood education through its network of over 30 childcare centres in Singapore.

G8 today announces that it has successfully completed the divestment of the Group’s Singapore business.

The Group’s Singapore business was sold for an enterprise value of approximately SGD8.7 million, a multiple of circa 5.4 x normalised 2019 EBITDA. SGD5.9 million of the purchase price was received on completion and approximately SGD2.8 million is to be paid upon, and subject to, the conversion of certain franchised centres to company owned centres, which is expected to occur in the coming months.

The net proceeds from the sale will be used to reduce net debt. The Group’s current carrying value reflects the proposed consideration and the business was recognised as ‘Held for Sale’ in the half-year financial statements. The impact on the Group’s financial statements, including relevant foreign currency reserves, will be determined once all franchised centres that are being converted to company owned centres has been completed.

The divestment will enable G8 to focus its attention on improving the quality and performance of its Australian portfolio, including ensuring the business emerges strongly through the COVID-19 recovery period.

G8 Chief Executive Officer and Managing Director, Gary Carroll, said:

“Following the divestment of 25 centres in Western Australia in November last year, the Group has continued to proactively review and take steps to maximise the performance and quality of its centre network.

“This divestment is consistent with that strategy and will enable G8 to focus on optimisation of its portfolio in Australia and delivering a high-quality experience to its families.

“We will continue to be disciplined in our ongoing portfolio analysis with a focus on driving long-term value.”

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This document has been authorised for release by the Board of Directors.

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