



Centres of choice

Company/ASX Code	G8 Education / GEM
AGM date	Wednesday 17 June 2020
Time and location	Virtual Meeting at 11 00am
Registry	Link Market Services
Webcast	Instructions to join in Notice of Meeting
Poll or show of hands	Poll on all items
Monitor	Geoff ORROCK
Pre AGM Meeting?	Yes, telecall with Chair Mark Johnson

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

The company remained focussed on its strategy to become the centres of choice, improving centre quality in the sense of the physical environment, learning programs, team capability and experiences, interactions with children and families and the safety of children and team members.

Statutory NPAT was \$62.6M. Adjusted for changes in AASB 16 it was \$70.8M (CY 2018 \$71.8M).

The increase in construction of new centres in the second half of the year negatively impacted the competitive environment. Seventy centres were refurbished.

The full year dividend was 12.75 cps and TSR was (27.9%). At year's end the share price had fallen \$0.93 to \$1.90. By the end of May 2020 it had fallen further to \$1.05.

The effect of the COVID 19 pandemic has been significant despite government initiatives, cost savings and limits to capital expenditure.

Summary

(As at Calendar YE)	2019	2018	2017	2016	2015
NPAT (\$m)	62.6 ¹	71.8	80.6	80.3	88.6
UPAT (\$m)	76.4	79.4	92.9	93.3	87.1
Share price (\$)	1.90	2.83	3.45	3.59	3.57
Dividend (cents)	12.75	14	18	24	24
TSR (%)	(27.9)	(13.9)	(0.6)	7.3	(8.6)
EPS (cents)	13.7	15.9	18.9	21.2	24.2
CEO total remuneration, actual (\$m)	0.878	0.905	0.793	0.896	0.745

For calendar 2019 the CEO's total actual remuneration was **10 times** the Australian Full time Adult Average Weekly Total Earnings (based on Nov 2019 data from the Australian Bureau of Statistics).

¹ Includes \$8.2M additional charges in CY 2019 due to changes in AASB 16 Std.

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

Following shareholder approval G8 Education implemented a new Remuneration Plan (GEIP) in 2017. The GEIP was reviewed during 2019 and changes are proposed in Item 5.

Fixed remuneration (FR) is pitched at a level between the median and the 65th percentile of the market. The MD's FR in 2019 was \$840,000, a relatively modest base.

Remuneration at risk is provided through both Short Term (STI) and Long Term (LTI) Incentive. For the MD the opportunity for both STI and LTI is 75% of FR each, giving a mix in the ratios 40:30:30. KMP have lower incentive values.

A Table of 5 year Performance and Executive Remuneration Comparison is provided as is a Table of Actual Remuneration, although it should be noted that incentive payments shown in the latter relate to the prior year, ie 2018.

Short Term Incentive is paid to incentivise achievement of the Financial Plan (65% of FR) and other specific KMP annual objectives (10% of FR). If the financial plan is not achieved, then grant of STI is limited to 10% of FR. The required achievements are detailed in the Annual Report.

STI is granted 50 % in cash and 50% in equity, for amounts above \$150,000. The equity component is locked for 1 year depending only on service.

In CY 2019 the Financial Plan and individual goals were not achieved and no STI was paid.

Long Term Incentive opportunity for the MD is 75% of FR. LTI is paid as Performance Rights (PR) which are issued at no cost. The number of PRs granted is calculated using a market value.

The vesting period is 3 years and there is a single vesting hurdle of CAGR of underlying EPS. Below 10% pa no LTI vests and at 15% pa all LTI vests with straight line performance between 10% and 15%. This is a very challenging target.

No LTI vested in CY 2019.

There are also hedging and lending prohibitions and a clawback clause.

Board NED base fees are \$140,000 and the Chairman's fee is \$285,000. Committee chairs receive \$25,000 but there is no additional fee for committee members

In all, the remuneration levels are modest and aligned with shareholder return and ASA intends to support this resolution.

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.84	40	0.84	40
STI - Cash	0.315	15	0.315	15
STI - Equity	0.315	15	0.315	15
LTI	0.63	30	0.63	30
Total	2.10	100.0%	2.10	100%

Item 3	Re-election of Professor Julie Cogin as a Director
ASA Vote	For

Summary of ASA Position

Professor Cogin joined the Board in September 2017. She has worked in senior education leadership provisions for more than 20 years and is currently Dep. Vice Chancellor and Vice President at RMIT.

Professor Cogin has also held positions as Dean and Head of UQ Business School, Director of Australian Graduate School of Management, and Dep. Dean of UNSW Business School.

In 2016 Professor Cogin was named as one of Australia's Women of Influence by the AFR and Westpac.

Item 4	Election of Mr Peter Trimble as a Director
ASA Vote	For

Summary of ASA Position

Mr Trimble was appointed to the Board on 13 May 2020. He has worked in senior management and financial roles in a diverse range of industries including CSR and ABC Learning. He is currently a Director of a number of private companies.

Mr Trimble has an extensive background in governance, risk management, strategy and planning, and business restructuring and improvement. He was part of the team that managed, restructured and prepared the ABC Learning business for sale.

Since his appointment he has filled the role of Chair of the Audit and Risk Management Committee.

Item 5	G8 Education Executive Incentive Plan (GEIP) Approval
ASA Vote	For

Shareholders are asked to approve a resolution so that securities issued in accordance with the GEIP will be excluded from the calculation of the maximum number of new securities that can be issued by the company in any 12 month period.

Item 6	Approval of LTI grant to CEO/Managing Director Gary Carroll
ASA Vote	For

Summary of ASA Position

The company seeks Shareholder approval for the granting of 520,000 Performance Rights to the Company's MD and CEO, Mr Gary Carroll, under the G8 Executive Incentive Plan (GEIP), and also approval for the vesting of the Performance Rights granted to Mr Carroll in the event that Mr Carroll ceases employment with the Company in certain circumstances.

The Board exercised its discretion to reduce the LTI grant value by 24% for the 2020 grant year. The number of Performance Rights has been calculated by dividing the \$ value of Mr Carroll's strategic LTI opportunity as reduced above by the value of each Performance Right which was determined using the 5 day volume weighted average price of the Shares up to and including 21 April 2020, being \$0.9245 per Share.

Item 7	Ratification of Shares Issued
ASA Vote	For

Summary of ASA Position

The Listing Rules prevent, in any 12 month period, a company from issuing more than 15% (increased temporarily to 25% during COVID pandemic) of the number of fully paid ordinary shares on issue at the beginning of the 12 month period, without shareholder approval.

Shareholders are asked to ratify the prior issue of 100,402,240 shares which were issued by way of an institutional placement as part of the company's capital raising

The individual (or his associates) involved in the preparation of this voting intention has no shareholding in this company.

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