

## G8 Education (GEM: \$A1.15)

G8 Education increases Wednesday January 13, 2021 16:00 AEST

G8 Education Limited (ASX:GEM), Australia's 13th largest Consumer services company by market cap, has increased 1.0c (0.9%) from its previous trading session to close at \$A1.15. Compared with the All Ordinaries Index which rose 14.8 points (0.2%) in the day, the relative price increase was 0.7%.

There were 1,238,214 shares worth \$A1.4 million traded today. The volume was 0.2 times the average daily trading volume of 6.4 million shares.

### Bullish Turning Point

Price/Earnings of 8.9 close to historical low  
The P/E of 8.9 is 0.4 times the highest average P/E of 22.9 in the last five years. This is a value criterion, according to Benjamin Graham who described as a value criterion "A P/E ratio down to less than four-tenth of the highest average P/E ratio the stock attained in the most recent five years".

### Figure 1: Stock Identifiers

|               |              |
|---------------|--------------|
| <b>ISIN</b>   | AU000000GEM7 |
| <b>PermID</b> | 4295858754   |

### Fig 2: Stock Summary

|                                 |                  |
|---------------------------------|------------------|
| <b>52-Week Range</b>            | 43.65c-\$A1.78   |
| <b>Market Cap</b>               | \$A970.3 million |
| <b>Shares Outstanding</b>       | 847,390,315      |
| <b>Relative Strength (3 mo)</b> | 50               |

### Fig 3: Technical Indicators

| Name | Value | Comment |
|------|-------|---------|
| RSI  | 46.4  | Neutral |
| MFI  | 27.7  | Neutral |

### Fig 4: Moving Averages

| Name    | Value | Comment                        |
|---------|-------|--------------------------------|
| P/MAP10 | 1.03  | Price/MAP10 above 1 and rising |

### Fig 5: Financials Summary

| Year ended Dec | FY2019 | FY2018 | FY2017 |
|----------------|--------|--------|--------|
| Sales (\$ M)   | 717.6  | 667.8  | 620    |
| Pretax (\$ M)  | 66.9   | 80.6   | 91.7   |
| Net (\$ M)     | 48.7   | 55.9   | 62.7   |
| EPS (AUD)      | 0.1287 | 0.147  | 0.1737 |

## Bullish Signals

### Undervaluation [compared with sector average]

Earnings Yield:

- Earnings yield of 11.2% is 10.3 times the 10-year bond yield of 1.09%.

Dividend Yield:

- The relative yield of GEM, defined by its yield of 5.2%, divided by average yield of dividend yielding stocks in the All Ordinaries Index of 3.0% is 175.3%. This suggests G8 Education stock is undervalued in dividend yield terms.

Price to Sales:

- Price/Sales of 1.1 [2.9]. We estimate G8 Education stock is trading at a current year Price/Sales of 1 and a forward year Price/Sales of 0.9.

MCap/Total Assets:

- Tobin's Q Ratio, defined as MCap divided by Total Assets, is 0.5. Compared with the rest of the market the stock is undervalued and ranks in the top quartile of stock by value of Q Ratio.

Undervaluation Indicators and rank of G8 Education in the Australian market:

| Description      | Value | Rank In Market |
|------------------|-------|----------------|
| Price/Earnings   | 8.9   | In Top 22%     |
| Dividend Yield % | 5.2   | In Top 23%     |

Fig 6: High Price Performance Indicators and rank of G8 Education in the Australian market:

| Description              | GEM Value        | Rank In Market |
|--------------------------|------------------|----------------|
| Today's Trading Turnover | \$A1.4 million   | In Top 10%     |
| MCap                     | \$A970.3 million | In Top 17%     |
| Volatility %             | 1.8              | In Top 21%     |

Oversold/Bullish Signals:

- The stock is oversold according to the Williams % R indicator of -84.2, suggesting the price is close to its 14-day low of \$A1.13.

Short Selling:

- The current short volume is 0.1 times its own historical average of 0.2%. It plummeted 58.2% from the previous day, plummeted 39.5% from a week ago and plummeted 79.9% from a month ago, a significant bullish indicator.