

ABC considers selling entire UK business [AU] ^[1]

Business, The Sydney Morning Herald

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See text below.

EXCERPTS

Childcare provider ABC Learning Ltd is considering selling its entire UK business, saying it has already received some conditional offers.

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ABC Learning responded to a stock exchange query which noted a rise in its share price from a seven-year-low close of 66 cents on Monday, June 23, to a high of \$1.27, together with an increase in trading volumes.

ABC Learning shares ended up 12 cents, or 11.65 per cent, to \$1.15.

The nation's largest childcare provider has previously flagged selling its property assets in the UK, as well as its vouchers business, which involves the administration of child care rebates offered by corporations to parents.

The company is now considering selling its 30 nurseries in UK, along with the vouchers business and the UK property assets in a single transaction.

"A number of highly conditional indicative proposals for the entire UK business have been received," it said.

"A sales process has commenced and discussions are continuing with interested parties."

ABC Learning has been selling off assets to reduce debt and strengthen its capital structure.

"The sale process for the vouchers business remains open," ABC Learning said.

However, any transaction was likely to be complete in the first half of fiscal 2009 and the profit recognised as a one-off item.

ABC Learning hopes to generate a capital profit in excess of \$100 million from the sale of its UK vouchers business.

"If the company concludes a sale for the entire UK business, the profit would be lower as the sale would crystallise into cash the previously recognised \$51.1 million discount on the acquisition of the Leapfrog Nurseries business," it said.

ABC Learning is facing hurdles on many fronts, having come under fire earlier this week for raising its daily fees at its Australian centres by 11 per cent to \$62 a day from \$56.

Last week, the Australian Competition and Consumer Commission (ACCC) began proceedings in the Federal Court in Melbourne alleging that ABC Learning failed to comply with undertakings to divest two childcare centres following its acquisition of Peppercorn group.

It is also trying to pay off all its senior debt worth \$1.2 billion.

In April, ABC Learning sealed a deal to sell 60 per cent of its US operations to Morgan Stanley Private Equity after debt concerns caused a run on its shares.

With cash from the sale of the stake in its 1,000-strong portfolio of US childcare centres, along with the sale of some property assets, a recent successful capital raising via a share placement, as well as the proposed sale of its entire UK business, ABC now hopes to pay off all its senior debt.

- reprinted from The Sydney Morning Herald

Region: Europe ^[2]

United States ^[3]

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