

ABC may have to dump \$79m US plans [AU] ^[1]

Business, The Sydney Morning Herald

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EXCERPTS

The troubled child-care group ABC Learning Centres may be forced to abandon its planned \$US75 million (\$79 million) acquisition of two more American operators as it considers offers for the rest of its thousand-strong portfolio of US centres.

ABC is due to settle the two latest purchases - for \$US54 million and \$US21 million - by the end of June, but the crisis of confidence that led to its share price plummeting after its half-year results has raised doubts about whether the acquisitions can go ahead.

The company's new advisers, from Goldman Sachs JB Were, were in the US yesterday meeting potential buyers for its centres in California, Texas, Arizona and Florida.

The list includes private equity firm Bain Capital, which bought the Bright Horizons Family Solutions chain last year, and the ABC's larger rival in the US, Knowledge Learning. The Australian company has spent more than \$US550 million over the past two years building up its American business.

ABC received a proposal to buy some of its assets from an unnamed suitor after the market closed on Tuesday night.

Sources close to the deal yesterday sought to emphasise that the potential buyer had been working on a proposal for a period of time, and had chosen to make the offer as the market caned the company's stock following its 42 per cent fall in half-year profits. The company held a board meeting the next morning to discuss the proposal and the offer was considered during a two-day trading halt.

The shares were suspended voluntarily on Thursday afternoon to allow time to meet the proposed purchaser, and are expected to trade again on Wednesday.

Sources close to the deal said the proposal was "relatively attractive", but the company was not locked into selling any of its assets.

They denied the company was in a fire sale mode, or had sought the proposal as a way of entering a trading halt so it could avoid further margin calls on directors' shareholdings.

The underlying business was healthy and they were not going to shut centres or lift fees.

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- reprinted from The Sydney Morning Herald

For more information go to CRRU's website 'search' link and type in ABC Learning under keyword(s) and under matching choose 'all of the words'.

Region: Australia and New Zealand ^[2]

United States ^[3]

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