

ABC moves into US child care market [AU] ^[1]

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EXCERPTS

ABC Learning Centres Ltd has become one of the world's largest listed child care service providers after its \$US159.1 million (\$A217.9 million) acquisition of the US-based Learning Care Group Inc.

The fragmented North American market offers potential benefit because it has not yet experienced the consolidation of the Australian industry, ABC said.

It plans to overlay its business model on the 460 Learning Care child centres, hoping to replicate its Australian success.

Chief executive of ABC, Eddy Groves, said the acquisition of Learning Care, the third largest child care centre operator in the US, would underpin future growth in earnings.

"Combined with a highly fragmented market ABC has yet another exciting growth platform which should see the company's recent earnings momentum continue for many more years," Mr Groves said, adding the US market was similar to the Australian market five years ago.

"The US child care industry is highly fragmented with the top eight companies making up less than five per cent of the market."

ABC said the acquisition provided a scaleable base for expansion into the US and Canada.

The acquisition will be funded by a committed debt facility and Mr Groves said he expects the transaction to be earnings per share neutral in the first six months from January 1 2006.

ABC chairman Sallyanne Atkinson said the North American region had been flagged as prospective more than three years ago.

"America has a similar child care market to Australia and is approximately 15 times larger," she said.

"The industry in the US has not had the benefit of capital injection we have achieved here, which provides ABC with a tremendous opportunity."

ABC currently owns 697 centres in Australia and New Zealand and remains on track to acquire and develop 200 centres in fiscal 2006.

- reprinted from The Age

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