

# Lifting profit simple as ABC [AU] <sup>[1]</sup>

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## AVAILABILITY

See text below.

## EXCERPTS

ABC Learning Centres has bumped up its 2006 profit forecast by \$10 million on the expectation of further expansion from its merger with two rival child care companies.

Shares in ABC skyrocketed more than 10 per cent yesterday after forecasting 2006 profit at \$88 million, up from \$77.6 million it predicted earlier.

At the same time, the company said it had exceeded its expected 2005 results, booking a \$52.3 million net profit.

Discounting a one-off \$14.5 million benefit from the sale of shares ABC held in itself after the Child Care Centres Australia acquisition, the company's profit was still almost 77 per cent more than last year's result of \$21.4 million.

ABC chief executive Eddy Groves said the result and outlook stemmed from "completing the task" of integrating CCA and merger partner Peppercorn Management Group into the ABC fold.

"We're very pleased with this result. It's about as good as it can get," he said.

During the year, ABC acquired 398 new centres and divested 65 centres to take control of about 25 per cent of the Australian child care sector.

Its strong results come after pressure on the childcare sector earlier this year with concerns over excess competition and ABC's capacity to integrate its new centres.

With the company holding about 25 per cent of the sector in Australia, Mr Groves said there were no new acquisitions planned with organic growth set to underpin ABC.

He said ABC had about 680 childcare centres, of which 20 were in New Zealand, and expected a total of 850 by the end of the 2006 fiscal year.

Mr Groves said ABC would build about 50 to 60 childcare centres a year but believed there would be a "critical mass" of about 1200 centres in three years.

He said there might be opportunities in New Zealand, Canada, the US and Britain.

- reprinted from the Brisbane Courier-Mail

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