

Child Care Centres Australia Ltd (CCA) to expand [AU] ^[1]

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EXCERPTS

Child Care Centres Australia Ltd (CCA) plans to expand further after shareholders approved a \$12.5 million share issue.

But CCA chief executive Christopher Stear said it was not a matter of the "boy with most toys wins", assuring investors any future acquisitions would be carefully thought through.

CCA shareholders approved the issue of \$8.5 million in shares to raise capital for the purchase of Western Australia's Mulberry Tree and Jellybeans child care groups and another \$4 million in shares to be issued to WA vendors to seal the deal.

The sale will make CCA the leading player in WA's growing child care industry.

CCA is the largest owner/operator child care company in the country and one of the largest operators.

Its rivals include the franchise group, ABC Learning Centre Ltd, and the Peppercorn Group which operates on dual management/property ownership structures.

CCA made clear its intentions to grow further by seeking and gaining shareholders' permission to issue another \$15 million in shares for any new acquisitions settled between now and August 1.

"We said in our prospectus we're in the business of acquiring centres," CCA chief executive Christopher Stear said.

"There's nothing specific in mind, the resolution is an insurance policy."

He said while the company was on the lookout for acquisitions its focus was not just about growth.

"It's not the boy with the most toys wins. It's the company with best quality product."

The child care industry is going through a period of consolidation with ABC Learning currently in merger talks with small operator FutureOne.

"There's a pretty fragmented market with no player holding huge market share so there's real ability for these guys to get out and consolidate," Sagitta Rothschild Wealth Management Ltd small company head Matt Riordan said.

"And from the demographic point of view demand is always pushing up."

The WA deal will increase the number of CCA's centres from 52 to 74, with another 14 centres in the pipeline and 10 on the drawing board.

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