

Childcare group hitting a purple patch [AU] ^[1]

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EXCERPTS

Child Care Centres Australia has taken another stride towards becoming Australia's biggest operator, yesterday picking up 46 centres in Western Australia.

The acquisition of the Mulberry Tree and Jellybeans groups in Western Australia gives CCCA 97 groups around Australia, putting it into second place behind ABC Learning Centres' 140 centres.

But the acquisition also gives a big boost to CCCA's outlook for the coming financial year - projecting earnings for the year ended June 2004 of \$5.1 million, a 45 per cent increase on its forecast.

The WA acquisition also signals a new battleground in the childcare industry, which was previously centred on south-east Queensland and Victoria.

The other two main companies in the national childcare market, ABC Learning Centres and Peppercorn Management, have been steadily acquiring centres in these areas.

CCCA is heavily backed by Victorian interests, with Michael Kroger a major adviser to the board and his father-in-law, Andrew Peacock, a board member.

Of the 46 centres being purchased by CCCA, 22 are operating, 14 are in various stages of development, while 10 will be developed.

CCCA chief executive Christopher Stear said the company would only be acquiring the business associated with the newly purchased centres, and not the property they stand on.

The centres will be acquired for a total of \$25.2 million, with the 22 centres currently operating costing \$12.5 million and the 14 in development costing \$11.7 million, while the company also spent \$1 million on the 10 centres being planned.

The CCCA announcement came after the market closed, but in trading its shares dropped from \$1.75 to \$1.72.

Region: Australia and New Zealand ^[2]

Tags: privatization ^[3]

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