

Teachers to buy British daycare operator for \$320-million ^[1]

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EXCERPTS:

Ontario Teachers' Pension Plan is set to buy a British daycare company for around \$320-million, expanding its reach into a sector that has become attractive to pension funds and other investors.

The pension fund's investment arm, Teachers' Private Capital, has been named the preferred bidder for Busy Bees, Britain's largest daycare provider with 212 centres offering care for 19,000 children, according to sources familiar with the transaction. The privately-held company had revenues of £110-million in 2012, or \$180-million, and an operating profit of £19-million, or \$31-million.

Busy Bees was founded in 1983 by teacher John Woodward and a group of friends. Mr. Woodward remains the chief executive and the company is majority owned by Portland, Ore.,-based Knowledge Universe Education LLC. The American company put its stake up for sale last spring with Teachers and another private equity firm, Lion Capital, the main bidders. Lion has since backed out, according to sources.

Daycares have become big business in Britain thanks to extensive government subsidies and a growing number of working parents. The industry was estimated to be worth £5.57-billion in 2011, or \$9.13-billion, but that is expected to climb to £7.2-billion by 2015, or \$11.8-billion, according to U.K. research firm Key Note Ltd.

This is Teachers' second deal in the U.K. education field. In 2010, the pension fund spent £150-million, or \$245-million, buying Acorn Care and Education Ltd., which provides foster care services and schools for children with learning disabilities.

And Teachers isn't alone in seeing attractive investments in Britain's educational sector. Earlier this year U.S daycare specialist Bright Horizons Family Solutions bought kidsunlimited for £45-million, \$73-million. Kidsunlimited operates 64 centres in the U.K. and provides daycare services to companies and institutions such as Oxford University. Bright Horizons acquired another British daycare company, Casterbridge Nurseries, in 2012 bringing the total number of centres it operates in Britain to 203 which serve more than 15,000 children.

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Region: Ontario ^[2]

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