

Biggest Dutch childcare group Estro on verge of bankruptcy ^[1]

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EXCERPTS

The Netherlands' biggest commercial childcare group is on the verge of bankruptcy and blames the economic crisis and government cuts for its financial woes, the Volkskrant reports on Friday.

The Estro group, which runs the Catalpa daycare chain, has written to parents saying all children are guaranteed a place until the end of July.

'The continuing economic crisis, job losses among parents and the government spending cuts have made this decision unavoidable, the company said in a letter to clients.

Estro has 2,800 workers and runs childcare services at 340 locations. Supervisory board chief Hans Rijnierse has resigned after eight months in the job and other directors have also quit, the Financieele Dagblad says.

However, the Volkskrant says, a private investor is prepared to take over some of the daycare centres, which are likely to continue operating under the name Small Steps.

Private equity

Catalpa was bought by US private equity group Providence Equity Partners in 2010 and was bailed out of its financial difficulties in 2012 when KKR and Bayside Capital stepped in with further financing.

In 2013, Estro cut its workforce by 400 because of falling demand for places.

'We have to intervene to ensure the continuation of the company,' interim manager Rob Schuyt told the FD at the time. Demand for daycare places fell 30% between 2012 and 2013 and 'we do not think the bottom is yet in sight,' the paper quoted Schuyt as saying.

Region: Europe ^[3]

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