

G8 Education to buy 19 childcare centres for \$25.7 mil ^[1]

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EXCERPTS

G8 Education (GEM) has maintained its aggressive expansion strategy with the purchase of another 19 childcare and education centres for approximately \$25.7m.

The Queensland based childcare operator will purchase the new centres from a number of different vendors and will fund the deals, which are subject to various approvals, using existing cash reserves.

The \$25.7m purchase price includes \$24.3m payable at settlement and a further \$1.4m payment conditional upon the centre based earnings before interest and tax (EBIT) target being achieved in the 12 months post settlement.

The centres are expected to contribute to G8's earnings immediately upon settlement.

"The acquisition of these premium centres at 3.9 times EBIT for the 12 months post settlement is another key milestone in the group's acquisition strategy," said G8 Education managing director, Chris Scott.

The 19 new centres will increase the number of licensed childcare places G8 Education holds in Australia by 1,213 to 29,703 per day.

G8 Education has pursued a rapid expansion strategy over the past year with a number of acquisitions, the largest being a \$228m purchase of 91 childcare and education centres back in March.

It aims to pay no more than four times EBIT for its centres, which essentially means that it would be expected to take no more than four years for the purchase price to be matched by earnings generated.

Region: Australia and New Zealand ^[2]

Tags: privatization ^[3]

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<https://childcarecanada.org/category/region/australia-and-new-zealand> [3] <https://childcarecanada.org/category/tags/privatization>