

PRESS RELEASE

Wolseley's Guardian Childcare Sold to Navis Capital

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Wolseley Private Equity has sold its Guardian Childcare Alliance, the third largest childcare operator in Australia with 69 childcare centres, to fellow private equity firm Navis Capital Partners.

The sale price is about \$120 million, which represents a multiple of 7.5 to 8.5 times earnings before interest, tax, depreciation and amortisation.

Fort Street Advisors advised Guardian, while Oaktower Partnership tended to Navis.

The deal comes at a good time for Wolseley, which is expected to start raising a new \$300 million fund later this month.

Wolseley has invested about three-quarters of the capital from its fund two, raised in 2008, which was a \$235 million fund. Its most recent investment was Caxton Print Group, where it invested alongside Geoff Selig and Paul Selig to acquire the Australian operations of printing business Blue Star Group.

The private equity firm, which is headed by James Todd, Mark Richardson and Andrew Petering, owned 92 per cent of Guardian while management controlled the remainder.

Guardian Childcare Alliance, which caters to the employees of major corporates like Goldman Sachs and Deutsche Bank, is expanding at a rapid rate and intends to acquire up to ten new centres a year. It will also build or develop around three outlets a year.

While breakneck growth caused the industry to falter in the credit crisis, Navis, which is run in Australia by Phil Latham, will look to achieve scale as soon as possible and will likely target the higher valuations achieved by listed operators like G8 Education, which trades at a multiple of 11 times EBITDA.

The international heavyweight Bright Horizons, which manages 775 centres in the US, Britain, the Netherlands, Ireland, Canada and India, and was recently listed by Bain Capital, trades at a 15 to 16 times multiple to EBITDA.

Despite the pitfalls associated with a swift expansion, Navis' exit depends upon scale since any international purchaser will look to acquire a portfolio that offers a heavy market imprint.

Guardian, so far, has 32 community centres, 10 corporate outlets and 27 outlets that it operates on behalf of third party clients. It's thought the business makes EBITDA of about \$15 million.

Guardian acquired Jigsaw Corporate Childcare in September 2012 for an undisclosed sum.

Navis's last investment was the field marketing and retail agencies of Photon, or Enero Group as it is now called, for \$146.5 million cash in November 2011.

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