

A.B.C. Learning Centres Limited

Year End Report - 30 June 2002

Presented by

Eddy Groves, Managing Director

August 2002



Highlights - last 12 months

- ✓ Net profit \$6.9m compared to \$3.3m for FY01
- ✓ EPS increased from 29.9¢ to 49.2¢
- ✓ Revaluation profit of \$1.7m
- ✓ Number of centres increased from 43 to 94
- ✓ Expansion throughout QLD, NSW, VIC, SA, WA
- ✓ Share price increase from \$4.60 to \$12.00



The result

- High margins maintained despite rapid expansion
- \$1.7m revaluation profit
- 18 cps final dividend

Year to June (\$m)	2001	2002	% Change
Revenue	12.9	23.8	84%
EBIT	5.8	10.7	84%
<i>EBIT margin</i>	45%	45%	0%
Net Interest	1.2	0.9	-25%
Pre- tax profit	4.6	9.8	113%
Tax	1.3	2.9	123%
NPAT	3.3	6.9	111%
EPS (cents) ¹	29.9	49.2	65%
DPS (cents)	14.0	28.0	100%

(1) Operating Profit after tax



ABC background

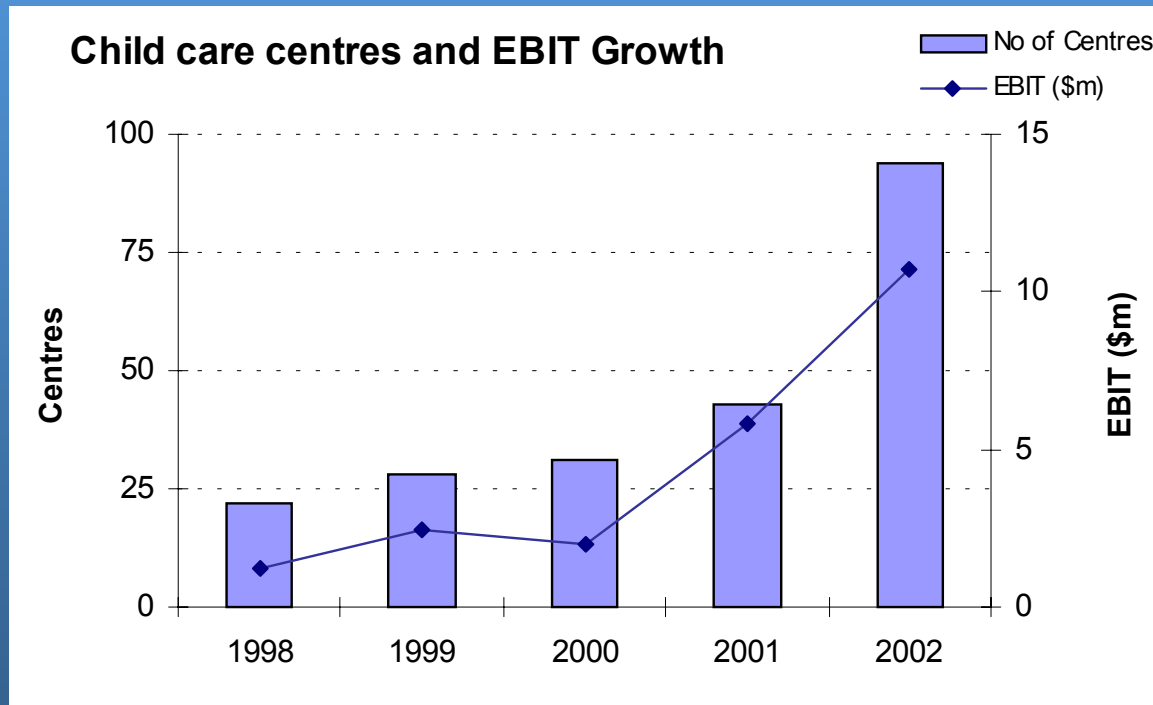
Overview

- Owner and operator of private childcare facilities
- 94 centres throughout Australia
- Listed March 2001 raising \$8.7m
- Listing market cap of \$25m now \$185m
- Share price from \$2.00 to \$12.00



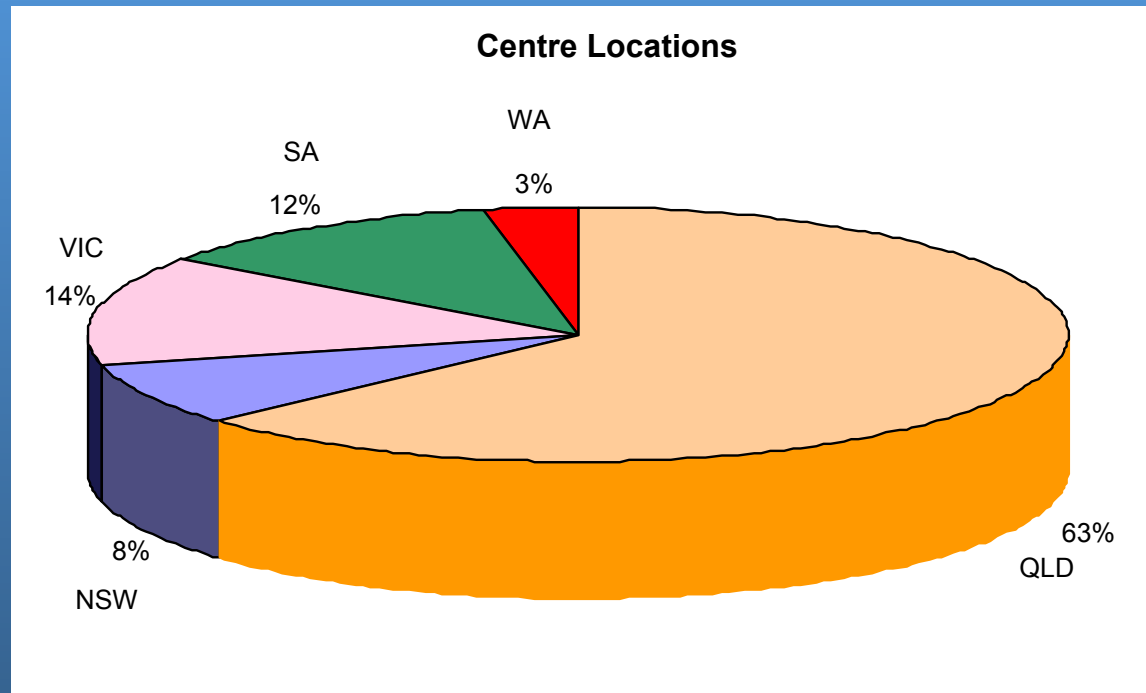
ABC background

Financial performance

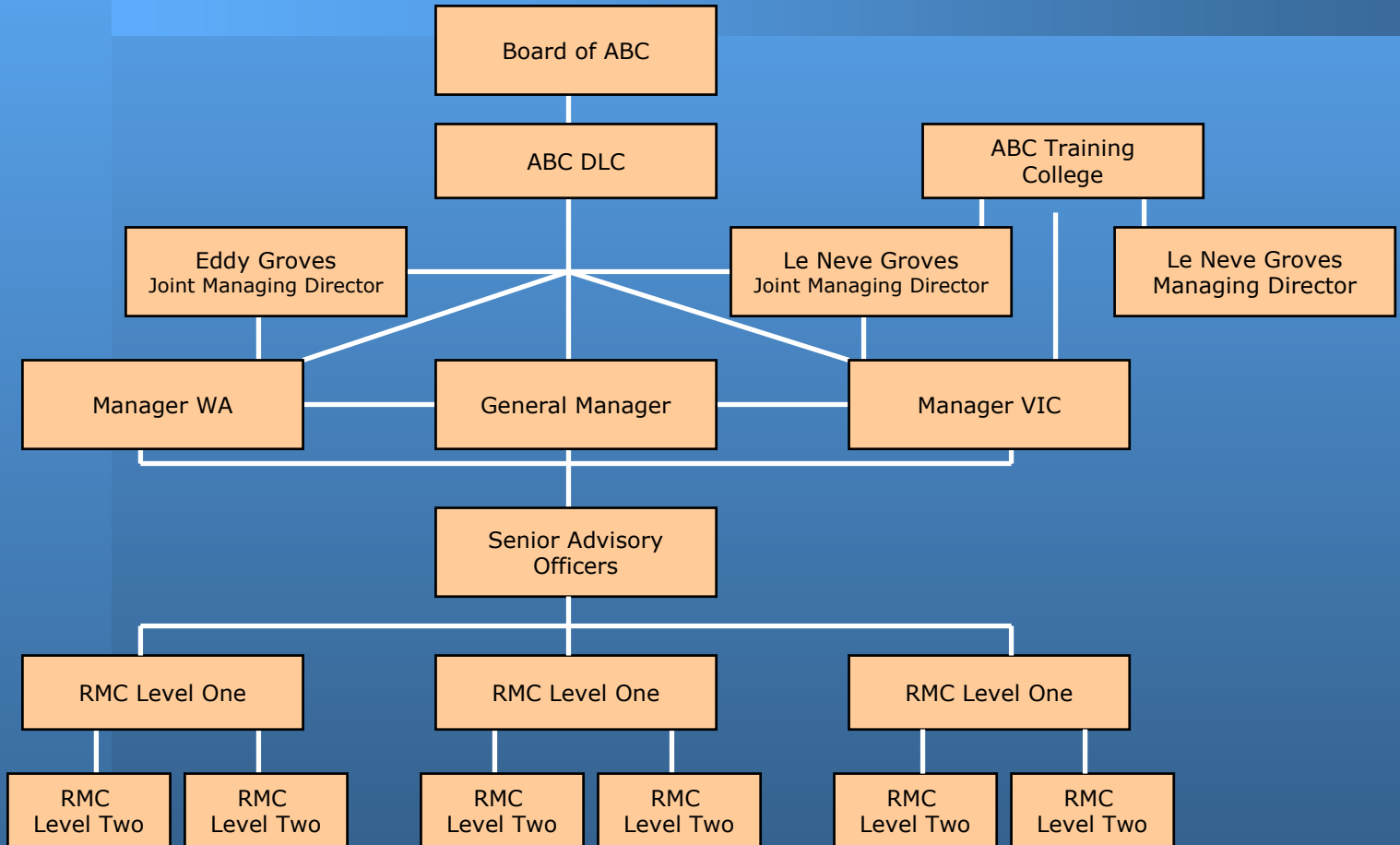


ABC background

Diversified national operations



ABC background - Management structure



ABC background

Australian Social Infrastructure Fund

- Australian Social Infrastructure Fund established to acquire and lease back ABC's property assets
- Benefits of this structure include
 - ✓ Reduces capital requirements of ABC
 - ✓ Allows focus on core business
 - ✓ Reduces requirement for debt finance
 - ✓ Creates natural buyer of new child care centres developed by ABC



Board of Directors

Chairman

Sallyanne Atkinson AO

Joint Managing Director

Eddy Groves

Joint Managing Director

Le Neve Groves

Executive Director

Martin Kemp

Non Executive Director

William Bessemer



Industry overview

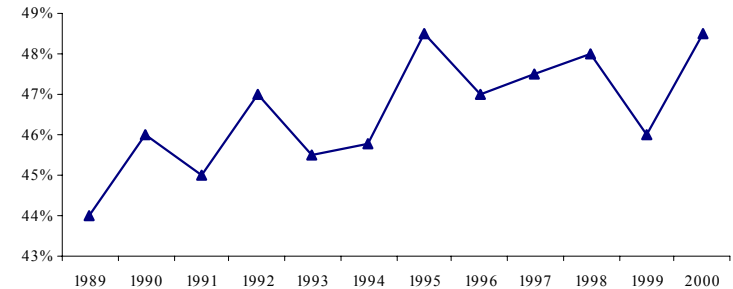
- Historically a cottage industry in Australia
- Industry is highly fragmented with significant number of single operators
- Total of 4,500 centres nationwide
- Large degree of government regulation



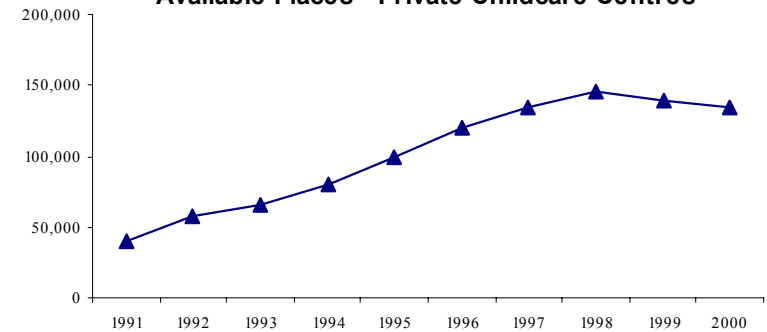
Industry overview

- Rapid growth driven by
 - social factors: 700,000 Australian children now in childcare, increasing female labour participation rate
 - Strong government support: \$4.7b expenditure over last four years and \$6.9 budget for next four years

Female labour force participation with young children (0-4 yrs)



Available Places - Private Childcare Centres



Funding / Balance Sheet

- Low gearing and high interest cover
- Australian Social Infrastructure Fund provides flexible funding options

Year end June (\$m)	2001	2002	% Change
Cash	2.7	0.4	-85%
Total Assets	28.5	55.9	96%
Debt	10.3	20.6	100%
Total Liabilities	15.4	28.4	84%
Net Assets	13.2	27.5	108%
Net Debt / Equity	58%	73%	28%
Interest Cover	4.8	11.9	146%

Source: Company reports



Capital raising and reconstruction

- ABC to raise \$30m in equity to fund future growth
- 2:11 renounceable rights issue at \$10.80 to existing shareholders planned for October
- Five for one share split post capital raising will enhance stock liquidity



Indicative Timetable

Announce Capital Raising	26 August
Shares Quoted Ex-Div	29 August
Prospectus Lodged	20 September
Record Date for Entitlements	1 October
Issue Closes	25 October
Share Split - Record Date	29 November



Outlook

- Continued expansion through acquisition
 - ✓ 36 approved
 - ✓ 60 in negotiation
- Increase in development activities
- Opportunities in corporate childcare
- Managing centres
- Entry into Northern Territory market

