

FINANCIAL REVIEW

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Quadrant eyes 20pc growth with Junior Adventures after-school care buyout



by [Simon Evans](#)

The No.2 player in the after-school care market in Australia is eyeing another year of 20 per cent-plus revenue growth from its operations at 400 school sites, with private equity firm Quadrant having taken majority control of the business through a \$100 million-plus buyout.

Sinead Ryan, chief executive of Junior Adventures Group, which runs two businesses under the OSHClub and Helping Hands banners, said demand is set to rise faster after [July 2 when federal government changes to childcare payments](#) come into effect, bolstering a business which has already been winning new contracts to run out of school hours programs. Junior Adventures is producing annual revenues of \$120 million.

"It's a combination of like-for-like growth, and new schools," she said of the group's growth rate.

She said that between 75 to 80 per cent of the families using the before-school and after-school care services provided by the group would be financially better off under the government changes.

This was in an industry which was rapidly becoming more professional as schools opted for proven high-quality operators offering programs involving movement skills, arts and craft, dance, and building resilience, rather than a single operator who may have worked at a school for years.

Biggest driver

Ms Ryan, who became chief executive of Junior Adventures in late 2016, said 10-12 per cent of families used before-school or after-school care and there is substantial upside in future

demand from increasing penetration rates among busy working families and from strong population growth.

Word of mouth was the biggest driver of new customers, she said. "There's nothing like a good referral."

About 75 per cent of Junior Adventures sites are public schools, while it also operates at dozens of private schools and Catholic schools. The looming Quadrant buyout of a majority stake and a sell-down by Advent Partners to a minority position was first revealed by [The Australian Financial Review's Street Talk column on June 8](#).

Quadrant managing partner Marcus Darville said the private equity firm had been attracted by the high growth rates in the industry and the upside from Junior Adventures' good strike rate at winning new tenders. The business was producing growth rates much faster than the broader category, which was itself growing at higher than GDP.

"It's a phenomenal growth rate," Mr Darville said, adding there were few businesses in any industry able to deliver 20 per cent-plus growth in revenues. "It's only going in one direction."

Junior Adventures had been able to retain 95 per cent of its contracts to run out-of-school hours programs when they came up for re-tendering, and win 40 per cent of the new contracts for which it was vying.

Ms Ryan said the business tailored specific programs to each school depending on interests. The highest usage of out-of-school hours care was in the inner suburbs of Sydney, where up to 25 per cent of parents used the services. "We believe there is an awful lot of runway from the organic growth available to us," she said. But acquisitions will also be looked at. "If the right ones are there, and it is aligned and makes sense we'll do it."

Acceleration of growth

Junior Adventures is about half the [size of market leader Camp Australia](#), owned by Bain Capital, which pulled out of a proposed merger with Junior Adventures in September 2017 after the Australian Competition and Consumer Commission was worried about a lessening of competition in Victoria, NSW, Queensland and Western Australia.

The Quadrant investment will allow an acceleration of growth and a step up in information-technology systems for busy parents who want to know that their offspring are happy,

intellectually stimulated and building life skills once the formal school day is finished.

"What we can do from a technology perspective and how we can communicate has a lot more robustness around it," she said.

Advent partner Brad Lynch said the industry was "professionalising" and this had led to Advent buying a large stake in OSHClub in late 2015 and then facilitating a merger with Helping Hands.

Advent is retaining an exposure to the Junior Adventures business after the arrival of Quadrant, but he declined to divulge the size of the remaining holding.



Advent Partner's Brad Lynch, JAG CFO Chris Twible, Quadrant Private Equity managing partner Marcus Darville and JAG CEO Sinead Ryan. Elke Meitzel