

# FINANCIAL REVIEW

**SE** Market Wrap - Street Talk  
**HD** **Healthscope owners favour \$4b-plus IPO exit route**  
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**LP**

The \$4 **billion**-plus auction of Australia's second largest hospital operator, Healthscope, is gaining serious momentum.

Healthscope's private **equity** owners, TPG and The Carlyle Group, have invited potential shareholders to visit hospitals in Melbourne and Sydney over the next fortnight before a share **sale**, as revealed by Channel Nine's Financial Review Sunday program.

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It is believed the owners are considering selling a cornerstone **stake** to one or more big global fund managers and sovereign wealth funds and before the official initial public offering.

Investors are expected to attend the visits led by Healthscope chief executive officer Rob Cooke.

The hospital tours come as a potential trade **sale** of the **company** has paused, in part because suitors such as Malaysia's IHH Healthcare, US-based HCA and **China**'s Fosun want to buy control of Healthscope, but not the **company** in its entirety.

The Healthscope IPO process is being closely watched. It would be the biggest share **sale** since the \$4.6 **billion** float of rail group QR National – now known as Aurizon Holdings – in 2010 and an indicator of what the Abbott government can expect when it kicks off the **sale** of Medibank next year.

Healthscope dominates the private hospital industry in Australia behind Ramsay Health Care, with 4500 beds across 44 private hospitals such as Geelong Private, Newcastle Private and Hobart Private.

TPG and Carlyle bought the business for \$2.6 **billion** in 2010. A float has been pencilled in for the end of July with global advisers Macquarie Capital and UBS assuming joint-**lead** manager roles alongside Bank of America Merrill Lynch, Credit Suisse and Goldman Sachs.

A key talking point is whether Healthscope can attain multiples similar to those of Ramsay, its listed arch-rival which has a market capitalisation of \$9.4 **billion** and trades on a lofty price-earnings ratio of 28 times.

Healthscope's mooted return to the ASX boards comes amid a busy period for the US-headquartered TPG, which announced on Friday a final close at \$3.3 **billion** for its sixth Asia-focused fund.

It is worth noting that about 45 per cent of all capital invested by TPG in Asia has been in Australia over the past five years, with deals including Inghams, Alinta, Healthscope and most recently Pet Barn helping notch up internal rates of return close to 100 per cent.

Street Talk can also reveal negotiations resumed between TPG and UGL Limited about the **sale** of its DTZ property services arm late last week.

TPG was the sole contender to submit a comprehensive offer for the business last Monday, prompting the Richard Leupen-led UGL to consider putting the **sale** on ice.

**CO** crlylg : The Carlyle Group | hesco : Healthscope Ltd | ihhbhd : Integrated Healthcare Holdings Sdn Bhd | khzin : Khazanah Nasional Berhad

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