

SE Business
HD **Retail giant still vying for hospitals**
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EXCLUSIVE WESFARMERS has raised its efforts to break into Australia's booming healthcare industry with the Perth-based conglomerate entering the second round of bidding for the \$5 **billion** private hospital owner Healthscope.

The move could see the Coles owner become a hospital operator by the middle of the year in a strongly fought global contest for private-**equity**-controlled Healthscope.

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Wesfarmers is cashed up after \$4bn in asset sales in the past two years, including the exit from its insurance **operations**.

The conglomerate, facing pressure to boost earnings, is seeking growth opportunities via a takeover, with its lesser performing Target chain, **coal** and chemicals **operations** offsetting the success of Coles. Healthscope's appeal is its exposure to an ageing population, according to a **company** source. However, chief executive Richard Goyder has maintained the **company** will only embark on an **acquisition** if it makes sense and that it will not over pay.

Wesfarmers could not be reached for comment yesterday.

Melbourne-based Healthscope is one of Australia's largest private hospital operators, with 40 hospitals, and secures more than 80 per cent of its earnings from hospitals, medical centres and pathology services. It also operates in New Zealand, Malaysia, Singapore and Vietnam.

TPG Capital and the Carlyle **Group** delisted the **company** following a \$2.7bn takeover in 2010 and are believed to be weighing up their options.

The second stage of the two-pronged sales process will see Wesfarmers compete with the world's largest hospital operator, Hospital Corporation of America, to **buy** the business, with vendors to determine whether it would be **sold** via a \$4bn initial public offering or trade **sale** next month.

A third option is to spin out 28 Australian properties with a suggested market price of \$1.25bn, while selling down the operating business via an IPO or to a trade buyer.

Wesfarmers embarked on **site** visits and attended Healthscope's presentations earlier this year as it weighed up the merits of a bid for the **company**.

After submitting an initial non-binding indicative offer, selection into the second round will enable Wesfarmers to secure more information before submitting a final offer.

Three to four bidders are competing for the **property** Continued on Page 18 Continued from Page 17 portfolio, with at least three parties understood to be global groups, excluding locally listed companies such as the GPT **Group**, Lend Lease and Charter Hall which originally circled the portfolio.

US-based Ventas REIT is competing for the properties, but Malaysia's Parkway is no longer in the running, a source said yesterday.

Whether Wesfarmers will pursue the **property** assets is unclear. It is also understood that Malaysia's IHH had distanced itself from the sales process for the operating business while the extent of interest by **Chinese group** Fosun remained uncertain, a source said.

Market sources said vendors were being overly ambitious with the \$5 **billion** enterprise valuation, which was comparable to its strongly performing listed rival, Ramsay Healthcare.

The preferred option by Healthscope's management is for the properties and operating business to be **sold** together, they added. Healthscope could be one of the biggest floats since the \$4bn IPO for rail **group** QR National, now called Aurizon.

CO hesco : Healthscope Ltd | wsfrm : Wesfarmers Ltd

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