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HD **Healthscope chief's unfinished business**
BY Jessica Gardner
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IPO Robert Cooke rejects claims he won't hang around long after his **firm's** \$3.6b float.

In 2003, Robert Cooke had just **lead** the buyout of private hospital operator Affinity Health and wanted to make a statement at the **company's** annual conference on the **Gold** Coast.

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Managers had spent up big on motivational speakers in the past but Cooke was low on cash and "needed to send a cultural message very early on".

So he sent his 10-year-old son on stage to deliver a presentation. The joke was in the first slide: "My Dad says if you pay more than 10 bucks for an after-dinner speaker, you've been ripped off."

Then Nick Cooke, wearing a suit for the first time and using the "My Dad says" motif, listed what makes the best hospitals: compassionate nurses; doctors who listen to their patients; clean wards; hot meals and so on.

James Thiedeman, then a young manager at Affinity, now chief executive of Monash IVF, was in the audience. "It was just a really simple way to cut through and communicate a message in a different way," he says.

Thiedeman says that occasion sums up many of Cooke's qualities: his knack of disarming a room with a joke, an ability to think outside the box and a clear vision for how to run a successful healthcare business.

Those qualities will be subject to intense scrutiny as Cooke brings private hospital, pathology and medical centre operator Healthscope to the market on Monday in a \$3.6 **billion** listing.

Healthscope is expected to hit revenue of \$2.4 **billion** and earnings before interest, tax, depreciation and amortisation of \$387.3 **million** in 2014-15. Those markers will have increased 22 per cent and 39 per cent since Cooke took the reins in financial year 2010-11.

But investors have numerous reasons to be sceptical of the float, the market's biggest since 2010 when the \$4.6 **billion** rail freight business QR National, now Aurizon, was listed.

Private **equity** giants TPG and The Carlyle Group are offloading Healthscope at a hefty multiple of 21.9 times forecast 2015 net profit. The country's second-largest private hospital operator also has to undertake a \$436 **million** capital expenditure program over the next four years to bring some of its 44 facilities up to scratch with market leader Ramsay Health Care.

One concern that has been given only minor scrutiny is what Cooke's plans are once Healthscope is listed. Some industry sources suggest he may not be committed for the long run.

The 57-year-old is private **equity's** doctor of choice when it comes to nurturing healthcare businesses. His track record with the funds began with Affinity, which was backed by foreign giant CVC,

Singaporean sovereign fund GIC and locals Ironbridge Capital. Between 2009 and 2011 Cooke was chair of British group Spire for private **equity** outfit Cinven. Ironbridge called on him again in 2008 to chair Monash IVF. His appointment to Healthscope in late 2010 is his fourth private **equity** outing.

Privately, some believe his modus operandus is to get into a business, turn it around, take the cheque and get out.

"I just can't see Rob hanging around," one healthcare source said. "That's just not him. I'm sure people are going to want to see some level of commitment and I'm sure he'll give them that in the short term. But I think the reality is he likes doing deals."

In his office overlooking St Kilda Road, Melbourne, Cooke gives an impassioned defence of why that's not the case. The reason dates back to Affinity. Cooke had primed the business for a float but at "one minute to midnight" Ramsay, **lead** by its founder and majority investor, the late Paul Ramsay, bought it for \$1.4 **billion**.

Thiedeman says Cooke was left with "unfinished business". "You'll see Robert really put some time, **energy**, effort and longevity into the Healthscope gig because he has that passion for hospitals and he didn't get the chance to carry that through with Affinity," he says.

Cooke agrees. "We were doing some really worldwide innovative stuff there so there was a great deal of regret.

"But as my mate says, every time you feel regret look at the bank book. Financially it was a life changer for me and my whole family."

Cooke and his key executives pocketed about \$50 **million**, a nice reward for delivering the owners profit of about \$600 **million** in less than 18 months. But he is keen to impress that financial comfort hasn't changed him. He lives in Ascot Vale and wears trackies when he shops. He is a big Carlton Blues fan and has three adult children; two sons and a daughter. His luxury is a holiday home on Queensland's Sunshine Coast. "The fact that I'm able to help my kids and my family gives me a lot of joy."

Cooke's maximum potential payout from the listing of Healthscope is \$14.7 **million**. He will take an ongoing salary of \$1.5 **million**. "The money's great and I'm glad I've got it, but equally when I was earning \$200,000 I thought I was a **billionaire**," he says.

Cooke's mum was a waitress and his dad was a taxi driver. After dropping out of uni at 20, he sat the public works exam and ended up as a trainee at the old repatriation hospital in Heidelberg. By 24, he was the acting manager. "It wasn't a job I ever dreamed of but I love the people aspect of it."

After Affinity, Cooke joined Symbion, his first and only public **company** role, until Healthscope. While there he hired a new chief financial officer, Mark Hooper, who these days runs Sigma Pharmaceuticals. "[Cooke] is the sort of guy that can paint a really exciting picture about what's possible with the business and trusts his people to get on with it," Hooper says.

He says Cooke loves a practical joke. With his booming voice, "g'day" greetings and sometimes crumpled shirts, he doesn't always fit the corporate mould. Thiedeman says this can upset doctors who prefer pomp and ceremony. "For someone who's very intelligent, he comes across as quite down to earth," Thiedeman says.

Asked whether his casual nature might also rankle conservative investors, Cooke points to four successful overseas roadshows prior to the float. "It's not the feedback I got, but maybe I want to believe that as well," he says.

In the same way that private **equity** has kept coming back to Cooke, he has a history of keeping former loyal colleagues tight too. But he realised this had the potential to upset Healthscope staff when he arrived. "The danger was when I came in, I brought so many people ... that the message internally would have been 'unless you are one of his mates, you're not going to get a job'."

Cooke kicked off a six-month training program for 120 employees, from operating theatre managers to finance executives, who presented projects to the executive team ranging from building works to social media strategies.

Cooke is also proud of the quality initiatives he has put in place at Healthscope. This has improved relations with insurers, which contribute about 90 per cent of private hospital revenue.

The fundamentals of an ageing population spending more than ever on their declining health underpin strong prospects for Healthscope. But Cooke is also committed to "slow-burn" growth projects. The **company** is sourcing \$3 **million** worth of consumable goods from **China** in an effort to cut costs. It took two years to find quality goods. "There's lots of things we've done that have got a long way to go," he says.

Cooke, 57, says he doesn't want to be working at 70 but said he could see a decade at Healthscope. "That would be another six years, so that probably sounds right."

CO hesco : Healthscope Ltd | mivfpl : Monash IVF Group Ltd | affhea : Affinity Health Limited | ramhop : Ramsay Health Care Ltd

IN i95107 : Hospital Care | iinv : Investing/Securities | i951 : Health Care/Life Sciences | ifinal : Financial Services | iphph : Healthcare Provision | iphdon : Donor Clinics/Services | iphss : Healthcare Support Services

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