

Quadrant buys Cook Care, eyes \$1b IPO

Healthcare

Sarah Thompson and
Anthony Macdonald

Quadrant Private Equity-controlled aged care operator Estia Health will buy Cook Care Group for about \$200 million, as revealed by afr.com on Friday.

Quadrant bought Estia Health for \$175 million last October and followed this up with the purchase of the 1000-bed Padman Health Care in South Australia in May.

The acquisition of Cook Care takes Estia Health's bed count to more than 3000 across Australia, with earnings pegged at about \$70 million.

It is believed the Quadrant team, which has floated three companies in the past 12 months, is preparing to list

Estia Health in the second half of 2014/early 2015. If the IPO is priced at a small discount to its listed comparable Japara, then the company could be worth as much as \$1 billion on the ASX boards, sources said.

Investment bank UBS is understood to be advising on the initial public offering, although no formal appointments have been made.

The aged-care sector has captured investor attention in recent months, particularly after the successful listing of **Japara Healthcare** in April, which trades at about 30 times current year profit.

Earlier this week, another aged-care operator, Regis, presented to fund managers in Sydney and Melbourne before a mooted \$800 million float.

The Quadrant team, led by **Chris**

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As revealed Friday on afr.com

Hadley, is aiming to cash in on an expected spike in demand from the baby boomer generation for quality

aged care. "We are attracted to aged care because of the growth dynamics, and believe that the legislative changes will drive further attractive consolidation opportunities," said Marcus Darville, chairman of Estia and a Quadrant director.

Demographic projections by the Institute of Health and Welfare suggest the aged-care sector requires an additional 75,000 places over the next 10 years.

Quadrant has a war chest for new acquisitions, after raising \$850 million for its seventh fund in February.

The firm has been more focused on selling than buying assets in recent months, with the sale or sell-down of Burson Auto Parts, media monitoring group iSentia and pet care retailer City Farmers.

Cook Care, founded in 1987 by Francis Cook, has more than 800 beds in NSW and Queensland and is viewed as one of the higher-quality operators.

"We are proud of what we have achieved over 30 years in the industry and believe the coming together of Estia and the Cook Care Group will ensure our residents continue to receive exceptional care as part of a national group," Christine and Francis Cook said.

Mid-market PE firm Mercury Capital originated the Padman acquisition and is investing in Estia alongside Quadrant. Clark Perkins, who leads Mercury, will join the board of Estia.

Quadrant/Estia were advised by Barclays Capital, Ernst & Young and King & Wood Mallesons. Cook Care was advised by the Gary Berger-run boutique Novo Capital.