PRESS RELEASE

Healthscope Buys Hunter Valley Private Hospital for $71.3m

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Private hospital group Healthscope has acquired the 83-bed Hunter Valley Private Hospital in New South Wales for $71.3 million.

Healthscope, the nation's second-biggest private hospital operator, said on Thursday that it would pay for the Shortland, NSW, site with a mix of cash and shares.

The company has issued almost 3 million shares at a price of $2.72 a share, worth $8.2 million, to fund the acquisition.

The $63.1 million balance will be paid in cash.

Hunter Valley Private Hospital was founded in 1965 and has expanded during the past 10 years, Healthscope said.

After the acquisition, Healthscope will operate 46 hospitals throughout Australia. It is Healthscope's first hospital acquisition since returning to the Australian Securities Exchange in an initial public offering that allowed private equity owners TPG and The Carlyle Group to partially exit. Since the July 2014 float Healthscope shares have gained 35 per cent.

The stock was closed flat at $2.85 on Thursday. It has gained 15 per cent in the past year but is trading below a 12-month high of $3.10 hit in March. Shares in Ramsay Health Care, the market leader, have gained 28 per cent in the same period.

Healthscope and Ramsay are both looking to overseas markets to expand. Ramsay has grown to become the biggest private hospital operator in France, and has signed a joint-venture agreement with China's Jinan University Hospital to build private hospitals in China's Pearl River Delta.

Healthscope is also in frequent talks with potential joint-venture parties in Asia. The company is expected to announce a deal with an Asian party in the near future.

Oaktower Partnership acted as lead financial adviser to the HVPH.

Source: http://www.smh.com.au/business/healthscope-snaps-up-hunter-valley-hospital-for-713m-20151118-gl2kd5.html