PRESS RELEASE

Private equity firm creates IVF giant with triple merger

JAMES MCCULLOUGH THE COURIER-MAIL JANUARY 18, 2010 11:00PM

THE voracious private equity market, which has funded everything from media takeovers to mining deals in recent years, has moved into the baby-making business.

In an unusual move, private equity cash has resulted in the merger of the country's three major IVF groups to create what is claimed to be the second-largest fertility care business in the world.

Quadrant Private Equity, which has \$765 million of funds under management, has acquired the Queensland Fertility Group, Melbourne IVF and the New South Wales equivalent, Australia IVF.

The three groups have merged under the umbrella of Quadrant's IVF Holdings with doctors in all three states owning major stakes in the parent company.

Terms of the deals have not been disclosed.

Seeds for the merger were sown late last year when Quadrant acquired Melbourne IVF, a leading Victoria-based fertility care business, doubling the size of the group.

According to Quadrant, headed by MD Chris Hadley, Melbourne IVF presented a "synergistic acquisition opportunity with a group of likeminded doctors that provided the group with geographic diversification, critical mass and strong organic growth potential".

The doctors and management reinvested in the combined IVF Holdings group, which at that stage had about 30 per cent market share and was the largest IVF group in Australia.

Quadrant indicated it was on the hunt for more like-minded businesses, saying IVF Holdings continued to realise integration benefits from the acquisition and expand organically as well as through "selective opportunities".

Queensland Fertility, which recently celebrated the birth of its 10,000th baby, was also wrapped into the group and, according to managing director John Moller, it was a perfect fit.

'This is a very specific business and a critically important part of the model was that the practitioners still owned a stake in it," Mr Moller said.

"That really drove us to get involved in this transaction."

Queensland Fertility has 25 doctors. They will retain significant stakes in the new company.

Mr Moller said the cost to couples of using the IVF program would not change. But benefits would flow through to patients from the merger as a result of a consolidation of services and back-office operations, resulting in greater benefits in terms of research and laboratory facilities.

For example, Queensland Fertility has a laboratory studying chromosomes. The other two interstate groups had each been considering building similar facilities but all three groups would now use the Queensland lab with the operation headquartered in Brisbane.

"We are now one of the biggest IVF groups in the world, second I think only to Japan, and there will be group benefits from this," Mr Moller said.

Queensland Fertility Group was advised by Josh May of Oaktower Partnership.

The Quadrant team has invested in 46 businesses across a broad spectrum of industries but this is its first move into the IVF sector.

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