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Pacific Equity Partners reaps \$1.17bn from LifeHealthcare sale to Ebos

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The Australian buyout fund Pacific Equity Partners is set to collect more than \$3.6bn in proceeds by Christmas as it announced on Thursday a deal to sell its LifeHealthcare business for \$1.17bn to Ebos.

It comes as DataRoom also revealed on Thursday that PEP is also on the cusp of selling its New Zealand hospital operator Evolution Healthcare to the Queensland Investment Corporation for between \$700m and \$800m.

Other deals set to be finalised in the next two weeks include a transaction to sell its Four N' Twenty Pies owner Patties Foods in a deal that could be worth about \$700m and a half share of its smart metering business Intellihub for about \$1bn, excluding debt.

Last week, it announced a sale of AutoPacific Group to GUD Holdings, also advised by Macquarie Capital for \$744.6m, almost double the purchase price.

Now the private equity firm is said to be back in fund raising mode as it ramps up for fresh acquisitions in the new year.

The \$4bn Australia and New Zealand Ebos announced on Thursday that it would raise \$765m through Macquarie Capital, with shares sold at \$NZ34.50 each, a 5.5 per cent discount to their last closing price.

PEP, advised by Jefferies Australia, purchased LifeHealthcare in 2018 for \$211m including debt when it was listed.

Since 2018, it has made two large acquisitions that took LifeHealthcare's value to close to \$1bn and now the implied value of the business is \$1.275bn given it is only buying about half of its Asian subsidiary Transmedic.

The price equates to 11.5 times its 2022 earnings before interest, tax, depreciation and amortisation of between \$110m to \$114m and Ebos is trading at about 16 times.

LifeHealthcare distributes medical devices and allograft in Australia, New Zealand and Asia and major shareholder, the Zuegg Group family office, owns about 18 per cent of Ebos and is participating in the placement.

Some believe that the transaction was a brave move for the Ebos management, given that the government is yet to finalise products to be included on The Prostheses List, which defines what is covered under private health insurance.

But others say company's management team is highly regarded and flies under the radar.

Meanwhile, QIC is understood to have fended off competition from Macquarie Infrastructure and Real Assets to buy the New Zealand-based hospital operator Evolution.

Also in the mix earlier was understood to be Morrison & Co in the Stanton Road Partners-advised contest.

QIC, a Queensland government-owned investment company, in 2019 took a 75 per cent stake in Nexus Hospitals, Australia's second-biggest day hospital platform and it is expected that the acquisition will be to bulk up the Nexus business.

Nexus controls a portfolio of day and short-stay hospitals across six states and territories.

Evolution Healthcare has about five private hospitals in New Zealand and a number of day surgeries.

It was bought by PEP in 2019 for about \$300m after being founded in 2011 by Ben Thynne, who also founded the Australian private hospital operator Health Care.

Now the focus for PEP is the sale of Patties and Intellihub.

No doubt, it would have been paying close attention to AustralianSuper's sale of its 16.8 per cent interest in NSW electricity distributor Ausgrid for just over \$2.2bn to Dutch pension fund APG.

This is given that included in the stake purchased included Ausgrid's ES smart metering business and the result is likely to be seen as good news for PEP.