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Quadrant oncology, radiation deals triple Icon Cancer Care to \$300m

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Quadrant is looking to better serve the 25 per cent of cancer patients using both radiation and chemotherapy. **Photo: Michele Mossop**

Sarah Thompson and Jessica Gardner

Quadrant Private Equity has tripled the size of its latest health investment, Icon Cancer Care, by buying a radiation therapy network and hospital pharmacy provider to create a \$300 million business that could list in late 2015.

The leading local private equity giant has been one of the most active and successful traders of assets, taking advantage of buoyant sharemarket listing conditions. So far in 2014, the fund run by Chris Hadley, Marcus Darville and Justin Ryan has floated car parts retailer Burson, billboard provider APN Outdoor and media information business iSentia. Its \$1 billion aged care outfit Estia Health is slated to float on Friday, in the slipstream of the biggest listing of the year, Medibank Private.

After buying a majority stake in the chemotherapy provider Icon in May, Quadrant has provided the funding for Icon to acquire radiation therapy group Radiation Oncology Queensland. The deal was completed on Friday; doctors and staff were notified by email this week. The firm also reached an agreement to buy EPIC, a provider of pharmacy services to hospitals, which will bolster Icon's own efforts in the space.

Quadrant will likely have a close eye on another private equity-backed corporate cancer therapy network, GenesisCare, which is majority owned by KKR. [The radiation and cardiac therapy provider with 100 clinics and 1500 staff is expected to float midway through 2015.](#) "[Icon] would be a natural to float after GenesisCare, in the same way that Monash IVF floated after Virtus Health," an industry source said.

Quadrant would be well aware of how that turned out, given the fund prised open the IPO window in June 2013 with the \$452 million float of its market-leading fertility network Virtus. The smaller fertility provider Monash followed about a year later, with a market capitalisation of \$440 million on debut.

Established from merger

Icon has six day hospitals in Queensland and South Australia and about 350 staff. It was established in 2012 from the merger of Haematology and Oncology Clinics of Australia and the oncology business of hospital provider APHS Pharmacy. Queensland Haematology and Oncology Group and Adelaide-based Tennyson Infusion Centre also joined the group in 2012.

Icon had revenue of \$91 million and net profit after tax of just under \$1 million in the year ended June 30, 2013 – the latest financial details lodged with the corporate regulator. A source close to the deal said after the two latest acquisitions the whole group would have revenue of about \$300 million. Quadrant’s total investment has reached about \$60 million, the source said.

The Queensland-based ROQ has three radiation therapy clinics with two more to open soon. EPIC provides pharmacy services in 22 locations including for hospitals run by Ramsay Health Care and St John of God.

By bringing together ROQ and Icon, Quadrant will look to better serve the 25 per cent of cancer patients who require both radiation and chemotherapy. The combined company is also expected to be an aggressive bidder in tenders for the outsourcing of public medical care to private providers.

Quadrant and Icon’s first foray in the radiation therapy space comes after the joint venture was outbid by GenesisCare in the acquisition of Sunshine State group Premion in 2013.

A source close to the deal said Quadrant will look to beef up Icon with further bolt-on acquisitions. Another hospital pharmacy provider is the most likely first target. PwC, Grant Samuel and King & Wood Mallesons have acted as advisers on this roll-up.

The Australian Financial Review



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