



26 October 2020

Infratil announces offer to acquire stake in Australian diagnostic imaging business, Qscan

Infratil Limited (“**Infratil**”) announces that it has executed a conditional offer to acquire up to 60% of Qscan Group Holdings Pty Ltd (“**Qscan**”), a comprehensive diagnostic imaging practice throughout Australia, from Quadrant Private Equity (“**QPE**”) and existing doctor and management shareholders, for total cash equity consideration of up to A\$330 million. Infratil has made the offer in conjunction with the Morrison & Co Growth Infrastructure Fund (“**MGIF**”), which has conditionally offered to acquire up to ~15% of Qscan.

If the acquisition proceeds, the existing doctor and management shareholders will retain ownership of at least ~25% of Qscan. As the majority investor, Infratil will have strong governance rights consistent with its shareholding and, together with MGIF and the doctor and management shareholders, will be able to drive the continued development and growth of the business.

The acquisition Enterprise Value of A\$735 million implies an EV/EBITDA multiple of 12.7-14.1x¹ and is subject to usual completion adjustments for net debt, net working capital and capital expenditure.

The acquisition process involves two steps:

- Infratil and MGIF have executed a Binding Offer Deed, under which they have made a conditional offer to acquire up to 75% of Qscan. The offer is conditional on doctor and management shareholders holding the equivalent of ~25% to 32.5% of the business post-close as a result of electing to reinvest some of their proceeds into the new holding vehicle. That election process will occur over the next ~2 weeks. If this condition is not satisfied by 10 November 2020, the acquisition will not complete and both Infratil and MGIF will be entitled to recover their transaction costs.
- If the condition is satisfied, QPE and the other existing shareholders are required to accept the offer. Completion of the acquisition is also conditional on obtaining FIRB² approval and, subject to obtaining that approval, would be expected to settle in December 2020 or early 2021.

In June 2020, Infratil raised additional equity of NZ\$300 million to pursue its growth agenda and take advantage of any other investment opportunities that may arise. The proceeds of the equity raise were initially used to reduce drawn bank facilities, which can now be applied to fund the Qscan acquisition.

“Qscan provides a high-quality entry point into a sector with structural long-term growth and potential to scale into a leading healthcare infrastructure platform,” said Marko Bogoevski, CEO of Infratil. “The Diagnostic Imaging sector benefits from long-term demographic tailwinds and technological advances that will allow it to play a growing role in the early detection of diseases such as cancer. Ultimately, increased investment in Diagnostic Imaging will reduce overall healthcare system costs while improving patient outcomes.”

¹ EV/EBITDA multiple is based on forecast EBITDA of A\$52-58 million for the year to 30 June 2021

² Foreign Investment Review Board of Australia

“Qscan is a market leader in a growth industry. It has a secure revenue base backed by strong referral networks and a track record of strong, profitable growth, with significant further growth potential,” said Paul Newfield, Head of Australia & NZ for Morrison & Co. “Qscan is also known for the quality of its Doctors and the strength of their sub-specialty expertise”.

Qscan was established in 2006 and has grown from a single clinic and hospital contract to a group operating a comprehensive portfolio of 70+ clinics across Australia, including a network of 10 clinics offering PET (Oncology).

The Qscan investment will be managed by Morrison & Co on behalf of Infratil and MGIF. Qscan is currently owned by funds associated with Quadrant Private Equity, doctors and management.

Further details of the acquisition process and terms are set out in the Investor Presentation also provided to the NZX and ASX today.

Any enquiries should be directed to:

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