

## **Indian firm to buy \$1b stake in Parkway Fortis' acquisition will create largest pan-Asian health-care provider**

*By Robin Chan*

The Straits Times

**12 March 2010**

---

AN INDIAN health-care giant has agreed to buy a major stake in Singapore's Parkway Holdings for nearly \$1 billion - creating a network billed as the largest pan-Asian health-care provider.

Fortis Healthcare, a major hospital chain, is buying a 23.9 per cent stake in Parkway, which boasts 16 hospitals in six Asian nations. The sale price is about US\$685.3 million (S\$959.4 million).

Fortis, owned by one of India's richest families, is buying the stake from private equity giant TPG Capital as part of a major expansion, the firms said yesterday.

Headquartered in New Delhi, Fortis intends to replace the four seats on the board of directors that TPG Capital held.

It will also nominate its chairman, Mr Malvinder Mohan Singh, as chairman of Parkway Holdings, it said.

With the deal, Parkway's network of 16 hospitals and more than 3,400 beds in Singapore, Malaysia, Brunei, India, China and the United Arab Emirates will be combined with Fortis' 46 hospitals and 6,800 beds across India.

Fortis has a market value of US\$1.2 billion, while Parkway Holdings is worth US\$2.4 billion.

'When you look at the network, and the two entities together, we truly become the largest pan-Asian health-care delivery provider,' said Mr Singh.

Fortis recently acquired 10 hospitals in India and has eight hospitals under construction.

'The partnership between Fortis and Parkway provides substantial opportunity for growth within Asia as well as growth beyond the borders of Asia, looking at creating truly a global health-care enterprise,' Mr Singh said.

Mr Richard Seow, chairman of Parkway Holdings, said that health care in Asia, especially in the private sector, is still under-served, which means the deal gives Parkway an opportunity to expand.

'As we went through the downturn, one of the things that we looked at, and one of the things that made a lot of sense, was scale... There are huge synergies once you get to such scale size out there.'

These potential benefits include the sharing of medical technologies and the exchange of medical talent.

Parkway reported earnings of \$24.8 million in the fourth quarter ended Dec 31, after seeing a \$21 million loss in the same period a year earlier. Two-thirds of its revenue last year came from Singapore but management has been eyeing overseas expansion.

It has hospitals in Kolkata and Mumbai in India, and is looking at management and consultancy projects in the Middle East. It is also partners with nine hospitals under the Pantai group in Malaysia.

Recent studies have estimated that the health-care market in the Asia-Pacific could grow from US\$247 billion last year to US\$348 billion by 2012, with India itself a US\$30 billion market, and expected to grow at an annual compounded rate of 15 per cent to 18 per cent.

While the chairmen did not comment on any expansion plans, Mr Singh said that they will 'jointly look at expanding the markets in the countries where we are'.

They would also 'enter newer countries in the region, in South-east Asia, the Middle East, and over a period of time... go beyond Asia and look at other newer markets'.

Mr Singh, 37, is the former chairman and chief executive officer of Ranbaxy Laboratories, India's largest pharmaceutical company, which was founded by his grandfather Bhai Mohan Singh.

Ranbaxy was taken over by Japanese drugmaker Daiichi Sankyo in 2008 in a US\$4.2 billion deal.



Mr Malvinder Singh and his younger brother Shivinder Singh, 35, are among the richest Indians in the world. Forbes estimated their fortune to be worth US\$3.2 billion. Mr Shivinder Singh is the managing director of Fortis. The brothers also own Religare Enterprises, a separate financial services firm, which was the sole adviser to Fortis in the deal.

TPG Capital appears to have made a sizeable profit from its stake in Parkway.

The buyout giant bought its Parkway stake in 2005 and sold it for more than three times its original value, The Straits Times understands. Mr Shivinder Singh said the stake was sold at \$3.56 per share.

Parkway shares closed 2.6 per cent or eight cents higher at \$3.12. This was the highest the share price has been since May 15, 2008. The deal was announced after the market closed.