

# Aspen up for sale – but who will buy it?

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5/9/2017

UK hospital chain Aspen, which is owned by American operator Tenet Healthcare, is reportedly for sale for the (low) price of £150m. But who is likely to buy it? We look at prospective buyers.

The estimated £150m sale, which was originally reported by the *Financial Times*, is likely to be related to Tenet's problems in the USA – where it is facing a US\$513m penalty after a lawsuit.

Leonid Shapiro, managing partner at consultancy Candestic, says: “£150m seems low but it doesn't reflect badly on Aspen. If it ends up being a forced sale because Tenet needs cash, it's not a bad price, but there isn't a large number of obvious buyers so it may even go for a lower amount,” says Shapiro.

Tenet bought Aspen in 2015 for US\$215m (£144m). Aspen Healthcare runs nine facilities in the UK, including four in London, and reported 2016 revenues of £133m.

Some potential candidates have been named by the FT as Australian chain Ramsay, which is already present in the UK market, and German operator Helios, which is looking to further expand outside of Germany.

Shapiro says that Aspen could be too small for a group like Helios.

“Helios is very active in the hospital space at the moment. But it spent a lot of money in the Quironsalud deal and hasn't managed to do a sale-and-leaseback on it yet. They may not have a lot of spare cash. Besides, Aspen is a very small chain and may not move the needle for Helios on its own,” says Shapiro.

“If they want to expand in the UK now, they may as well go for Spire! In fact, I'd say that Spire, which [owns a larger hospital network](#), is one of the better candidates to buy Aspen,” he adds.

So could Spire buy Aspen (and Helios buy Spire)? This is complete speculation but it's not impossible. As a public company, Spire could decide to use a rights issue to raise the cash necessary. But Shapiro reckons that South African operator Mediclinic, which owns 30% of Spire, may not want to sell: “Mediclinic has had Spire in its sights for a long time; if they can sort out their financial issues, they would probably like to take over Spire in its entirety.”

Ramsay is also in the picture.

“Ramsay is NHS-focused and Aspen has a large proportion of its revenue coming from public patients, much more than the 5-10% quoted by the FT – more like 30%. We're likely to see more work done by the private sector because the NHS is incapable of meeting the demand,” says Shapiro.

Shapiro's views on the London hospital market strongly contrasts with [Victor Chua's perspective in the FT](#).

Chua argues that new arrivals in the London hospital market, which include HCA, Cleveland, Schoen [and potentially Mayo](#), are leading to an oversupply of capacity and that any potential new entrant should be cautious. But Shapiro says they offer different products.

“The question is, does it make sense to own a hospital in central London right now. HCA and Cleveland are high-end hospitals appealing to top doctors, international self-payers and those on gold-plated PMI policies. Groups like Aspen and Spire tend to treat people on more affordable PMI policies and price-sensitive self-payers. They are not really part of the same market,” says Shapiro.