

Buyouts

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INSIDE THE DEAL

Down Under, A Rising Medical Exam Company

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Why Invest In Australasia?

- Myriad great, small deals available
- Scores of talented people building potential-laden companies
- Countless opportunities to help companies grow, particularly internationally

We love beaches, boomerangs and barbies as much as the next person, but we didn't start doing deals more than 10,000 miles away just to see if kookaburras really sit in old gum trees. The smaller end of the market in Australia seemed somewhat underserved by the private equity industry in 2008. We were not sure why but decided to jump in and find out.

We opened our Melbourne office three years ago and made two beautiful investments in Australia straight away. We've found a country full of entrepreneurial spirit

and deep potential—a perfect mate for our kind of private equity investing.

Melbourne-based MLCOA is Australia's largest provider of independent medical examination services. If you got hurt and filed an insurance claim, MLCOA would dispatch a doctor from its national network of medical specialists to review your case. They'd provide an independent medical assessment of your condition for insurance or other legal, governmental

or corporate clients. We loved MLCOA's:

- #1 market position in an otherwise fragmented marketplace;
- top-notch customers;
- clear growth potential;
- proven network of doctors;
- wonderful multiple arbitrage opportunity, rare in Australian deals.

The Acquisition

MLCOA's seller was looking for a lot more than cash from a buyer. With the company's CEO retiring at the time, they needed a partner to build the business for the future and selected us because:

- We have deep healthcare experience. Riverside has completed more than 70 healthcare deals, and has built a team of specialized investors and operators in the space.
- We have workers' compensation platforms already in our portfolio, which provided the experience needed to assess the company and evaluate new products and services.
- We can shoulder the risk of acquiring a company with no CEO. This risk was great-

ly assuaged by the fact that we had already lined up a talented CEO in **Robyn Walsh**.

- We have a strong deal team that built rapport and trust with MLCOA's seller.

Building Something Special

Upon acquisition, Walsh took over as CEO, created a vision for MLCOA, and executed on that vision to drive growth. This helped MLCOA succeed from the moment we invested. Riverside developed MLCOA by:

- growing the company's network of doctors;
- strengthening the management team and board through outside hires and internal promotions;
- tightening up financial systems;
- creating a strategic plan and introducing key performance indicators;
- upgrading IT systems;
- spiffing up marketing.

An add-on to MLCOA was also a significant growth driver. Next Health deepened market share and allowed MLCOA to become the dominant national company in this space. This accretive add-on was brought to us directly as a proprietary opportunity.

We love making money for our investors and our firm, but we also love building special little companies. When everything goes as planned, we get to do both. During Riverside's two-year hold period, MLCOA's revenues grew 66 percent, and EBITDA grew 124 percent. We held MLCOA for just over two years, which is considerably shorter than our five-year average. The brevity of the hold speaks to the effectiveness of the people involved and our ability to attract a world-class strategic buyer to continue to help MLCOA thrive.

We're proudly biased in our desire to see private equity thrive in the Asia-Pacific region. We're hungry for more deals, and looking at opportunities in Australia's neighbor New Zealand as well.

The great beaches are just a bonus. ❖



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