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MedEuropa acquisition heralds start of PE radiotherapy consolidation spree

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The fragmented German radiotherapy market is starting to pique the interest of private equity, as many doctors reach retirement age. Pan-EU platform MedEuropa has acquired a three-centre group in the northwest, and CEO Ralph Hefti tells HBI that its model of co-investing alongside doctors is likely to win out consolidation efforts.

"It's probably the beginning of the cycle of consolidation for private equity in the market," says Hefti. "If you look at the average age of radiotherapists in Germany, it calls for succession planning. That has attracted new investors. Private equity was not in radiotherapy until a few years ago and we do expect it will continue in the coming years."

MedEuropa has acquired Zentrum für Strahlentherapie Rheine-Osnabrück (ZSRO), which treats over 3,000 patients with five LINACs across three centres. It operates in North Rhine-Westphalia and Lower Saxony.

MedEuropa also invests alongside doctors, offering a significant minority stake. "We create a model of partnership with the doctor. That's probably what sets us apart from many other – especially PE-owned – platforms. The doctors continue to remain shareholders so have the same interest as we do."

Hefti says it is an exception to see a group of radiotherapy sites as the fragmented market is dominated by single clinics that mix both radiotherapy and imaging. There are national players like Radioonkologie Network (Ron) and Meine Radiologie ([currently for sale](#)) but they are consolidating the mixed business segments whereas MedEuropa wants to focus solely on radiotherapy.

"We do not intend to invest in radiology at this stage," says Hefti. "We want the radiotherapists to belong to a specialist group. It could be a limit to the acquisition pipeline at some point but we believe that this is a significant selling proposition."

Volumes in Germany remained stable throughout the pandemic, Hefti claims.

France remains MedEuropa's key other market, where radiology and radiotherapy are much more separated than in Germany. It acquired a clinic on the site of an Elsan hospital last year and the group continues to look for more acquisitions in those two markets while surveying opportunities in others.

"The idea is that we will build regional clusters with a central point so that there are some synergies and organisation between the centres. We intend to grow the ZSRO platform. It's very difficult to do greenfield so further growth will come from the integration of other doctors as shareholders."

The group has also just closed the acquisition of hospital Margarethenklinik Kappeln to make sure it is compliant with the TSVG law passed in May 2019 (explained here). Hefti says it is just a mandatory acquisition and there are no plans to start running oncology services from the platform.

As to the ownership of MedEuropa itself, family office Telemos invested in 2018 but Hefti says it has a much more flexible approach to timing than private equity. "We have a common ambition to build something of a certain size in the European landscape before we exit. It's difficult to say how long that will take but we're seeing an acceleration of deals so it could be in a couple of years, it could be longer."

We would welcome your thoughts on this story. Email your views to Rachel Lewis or call 0207 183 3779.

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