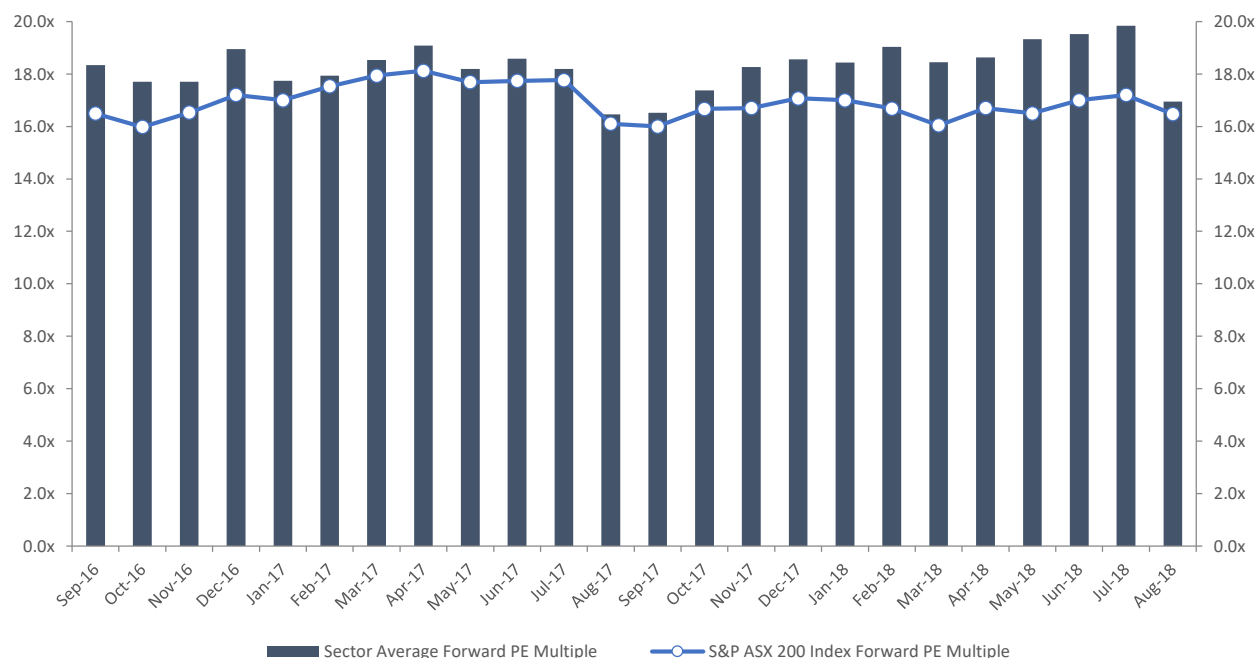


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 31.08.18) Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have decreased over the period. At the end of August, the sector traded on a forward PE 17.0x, compared to the ASX200 on 16.5x.



Average Values and Trading Multiples (as at 19.09.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Healthcare Equipment	12,001	10.8x	12.4x	14.3x
Healthcare Facilities	25,595	11.0x	15.8x	17.6x
Healthcare Providers & Services	21,927	8.6x	11.2x	15.8x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. The constituents have been refreshed this month to ensure the sector groups and companies included are current.

¹ The InterFinancial Health & Medical Index set is an unweighted index comprising Health & Medical sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

Company Name	LTM Revenue (\$m)	LTM -1Y Revenue (\$m)	% Change	LTM EBITDA (\$m)	LTM-1Y EBITDA (\$m)	% Change
Healthcare Equipment						
Compumedics Limited	37.0	34.4	7.5%	4.2	2.7	n.m.
Ellex Medical Lasers Limited	79.1	71.6	10.4%	(1.4)	1.5	n.m.
Fisher & Paykel Healthcare Corporation Limited	890.4	891.1	(0.1%)	287.2	245.0	17.2%
Paragon Care Limited	136.7	117.1	16.7%	18.2	17.2	6.3%
SDI Limited	74.5	74.1	0.6%	14.0	14.8	(5.6%)
Ansell Limited	1,923.1	1,822.6	5.5%	299.7	262.7	14.1%
Average			6.8%			8.0%
Healthcare Facilities						
Estia Health Ltd.	546.9	524.6	4.3%	90.0	87.1	3.3%
Healthscope Ltd.	2,333.0	2,249.6	3.7%	375.9	393.2	(4.4%)
Japara Healthcare Ltd	361.5	354.0	2.1%	39.0	52.0	(25.0%)
Ramsay Health Care Limited	9,176.2	8,705.4	5.4%	1,131.4	1,245.4	(9.2%)
Regis Healthcare Ltd.	585.1	554.8	5.5%	111.4	113.9	(2.2%)
Summerset Group Holdings Limited	115.5	102.3	12.9%	21.5	17.9	20.4%
Virtus Health Ltd.	260.2	254.6	2.2%	62.2	71.5	(13.1%)
Average			5.2%			(4.3%)
Healthcare Providers & Services						
1300 Smiles Limited	38.5	35.5	8.5%	12.2	12.0	2.1%
Pacific Smiles Group Ltd	104.5	91.5	14.3%	18.9	19.4	(2.2%)
Australian Pharmaceutical Industries Ltd	4,055.1	4,067.0	(0.3%)	101.9	114.1	(10.6%)
EBOS Group Limited	7,013.5	7,204.6	(2.7%)	246.9	422.2	n.m.
Capitol Health Limited	118.3	107.4	10.2%	20.8	7.9	n.m.
Integral Diagnostics Ltd.	189.4	179.7	5.4%	37.3	45.7	(18.3%)
National Veterinary Care Ltd.	82.0	66.7	22.9%	12.2	11.7	4.6%
Greencross Limited	878.7	817.5	7.5%	92.0	104.2	(11.7%)
Primary Health Care Limited	1,740.3	1,658.6	4.9%	236.2	253.9	(7.0%)
Sonic Healthcare Limited	5,419.7	5,053.7	7.2%	906.3	870.6	4.1%
Apiam Animal Health Ltd.	106.6	98.0	8.8%	8.6	8.1	6.5%
Zenitas Healthcare Limited	75.8	22.1	n.m.	16.2	3.8	n.m.
Average			7.9%			8.0%

LTM – Last 12 months, LTM - 1Y – Last 12 months, preceding year

Note: Some historical figures have been restated due to changes in accounting standards.

MERGER & ACQUISITION NEWS...

zenitas
HEALTHCARE LIMITED



Value: \$14.7m (49% stake), 6.0x EBITDA

Zenitas Healthcare, an Australia-based listed company engaged in allied health and medical services business, has agreed to acquire 49% stake in **Nextt**, an Australia-based company engaged in personalized care and support services, for a total consideration of \$14.7m. The addition of **NexttCare** to **Zenitas**' home care platform permits **Zenitas** to realise significant integration synergies and provides it with strong operational and governance capabilities.

BLACKMORES



Value: \$9m

Blackmores Limited, a listed Australia-based company that is engaged in providing natural health solutions, has agreed to acquire **Impromy**, an Australia-based company having a consultation-based health and weight loss program, from **Probiotec Limited**, for a cash consideration of \$9m. The transaction is subject to closing conditions and is expected to complete in November 2018.



Value: \$22.7m, 5.5x EBITDA

National Veterinary Care (NVL) announces the acquisition of the **Pet Doctors Group** in New Zealand (NZ). The acquisition extends **NVL**'s NZ footprint by an additional 23 clinics and 2 training centers. The transaction is expected to close at an acquisition multiple of 5.5x clinic 2018 EBITDA.

PRIMARY
HEALTH CARE LIMITED



Valuation: \$138.5m

Primary Health Care Ltd. will acquire **Montserrat Day Hospitals**, an operator of seven specialist day hospitals and haematology/oncology clinics. The total acquisition consideration payable for **Montserrat** is capped at \$138.5m, including an upfront consideration payment of \$75m on a cash and debt free basis, and a further deferred payment of up to \$20m to be payable by no earlier than 1 July 2019.

UNDER THE MICROSCOPE...

- **Greencross Vets**, an Australian vet clinic and pet shop company, is still susceptible to corporate activity with likely scenarios including the emergence of Chinese buyers or a carve-out of the vet clinic component of the business. **Greencross** could be attracting another look from private equity buyers as its share price falls. This follows the company's rejection of the 2015 and 2016 takeover proposals from **TPG** and a consortium comprising **TPG** and the **Carlyle Group**.
- **Bain Capital**, **KKR & Co**, and **Pacific Equity Partners (PEP)** are competing to buy **Device Technologies**, the Australian health services business, from **Pemba Capital**. Second round offers are due on 27 September, with binding bids likely due in October. **Device Technologies** is expected to bring in revenues of \$475.9m and EBITDA of \$63.3m in FY19.
- **Cynata Therapeutics**, a Victoria-based Australian stem cell and regenerative medicine company, is mulling options for a Phase II trial for its Critical Limb Ischemia (CLI) artery disease therapeutic by means of a partnership, an asset sale, or completing the trial on its own.
- **ImpediMed**, a Brisbane, Australia-based medical technology company, is seeking (international) strategic partners to increase sales and consider acquisitions. The company is primarily looking at the US, Europe and Australia.
- **Invion**, an Australian clinical-stage pharmaceutical drug developer, will demerge its respiratory assets into a stand-alone company, **Chronic Airway Therapeutics Limited**. The company will spin off its two assets aimed at treating chronic airway disease into a new public unlisted company, which will develop the products in China, with plans to advance into Phase 3 clinical trials in 2019.
- The proposed USD 1.87bn equity value takeover of **Sirtex** by a China-based consortium led by **CDH Investments** is on track to complete this month and there are no signs that the US Committee on Foreign Investment (CFIUS) will disrupt that timetable.

UNDER THE MICROSCOPE...

- Australian hospital operator **Ramsay Health Care** is increasing its focus on investigating acquisition opportunities and new areas of growth. **Ramsay's** balance sheet and cash flow generation continue to provide the company with the flexibility to fund future growth by means of acquisitions.
- PEs are looking at **Regis Healthcare**, the Australia-based aged care business. This follows the trend that Australia's aged care providers have received interest from private equity groups as they are keen to enter the space. The private equity parties are also likely to look at **Allity**, a residential aged care provider, as **Archer Capital** might be looking to exit the business.
- **Aveo**, a leading and innovative provider of retirement living communities in Australia, considers a potential sale of the company as it currently undertakes a strategic review of the business. Aveo is likely to end up under the ownership of **Mulpha International**, the Malaysian real estate and infrastructure group, which already owns 22.7% of **Aveo**.
- **Mayne Pharma**, an Australian pharmaceuticals company, is continuing to assess bolt-on acquisitions which are complementary to its existing portfolio and operations and can deliver shareholder value.
- **Integral Diagnostics**, an Australia-based healthcare services company, is eyeing strategic acquisitions in FY19. The company wants to further execute on value accretive strategic acquisitions that are a good cultural and clinical fit and are strategically aligned.
- **Icon Cancer Care**, Australia's largest private provider of cancer care, is looking at multiple partnership opportunities in China to set up cancer care centres with private hospitals, targeting the country's expected increasing demand for cancer treatment.
- **National Dental Care**, the Australia-based dental business, may not list until next year. **National Dental Care's** owner, **Crescent Capital** has not yet committed to the float. **National Dental Care** has around 60 dental practices around Australia, the company is estimated to be valued at around \$200m.

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