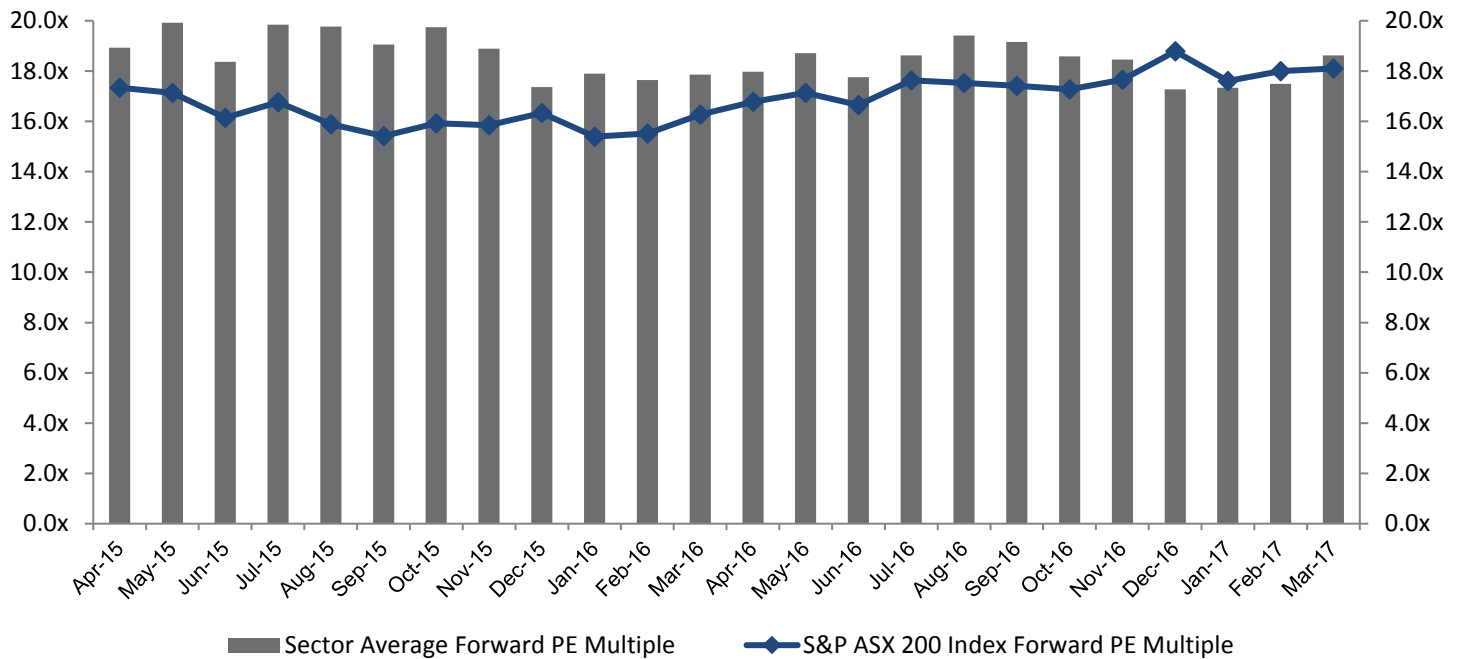


## Health & Medical

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 31.03.17)<sup>1</sup> Source: S&P Capital IQ

Multiples in the Health & Medical sector have increased over the month. At the end of March, the sector traded on a forward PE of 18.6x, compared to the ASX200 on 18.1x.



#### Average Values and Trading Multiples (as at 26.04.17) Source: S&P Capital IQ

| Subsector               | Enterprise Value | EV/EBITDA FY2017 | EV/EBIT FY2017 | Price / Earnings FY2017 |
|-------------------------|------------------|------------------|----------------|-------------------------|
| Biotechnology           | 63,560           | 15.1x            | 16.9x          | 16.8x                   |
| Healthcare Distributors | 2,431            | 9.4x             | 10.8x          | 16.2x                   |
| Healthcare Equipment    | 8,416            | 19.7x            | 27.0x          |                         |
| Healthcare Facilities   | 26,650           | 11.4x            | 15.0x          | 20.5x                   |
| Healthcare Services     | 14,583           | 9.8x             | 14.7x          | 17.9x                   |
| Healthcare Supplies     | 4,145            | 11.4x            | 13.7x          | 17.6x                   |
| Pharmaceuticals         | 2,333            | 5.6x             | 7.9x           | 13.2x                   |

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2017.

<sup>1</sup> 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 S&P Capital IQ.

## Merger & Acquisition News...

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- **Vital Healthcare Property Trust** has acquired both the **Grafton Aged Care facility** and **Epworth Eastern Hospital**.
- **Diploma**, the international group of businesses supplying specialised technical products and services, has acquired **Abacus ALS** for \$22.5m. **Abacus** is a long-established supplier of clinical diagnostics instrumentation and consumables to the Pathology and Life Sciences sectors. This acquisition fits within **Diploma's** strategy of building a larger, broader based Healthcare business with core strengths in Clinical Diagnostics and Surgical Products.
- **Dechra Pharmaceuticals**, the UK-based veterinary pharmaceuticals company, has acquired a 33% stake in **Medical Ethics**, the parent company of **Animal Ethics**, an Australian business focused on developing ethical pain relief products in animal health, for \$18m. **Dechra** has also entered into an agreement to sell and market **Animal Ethics'** product Tri-Solfen for all animal species in all international markets, excluding Australia and New Zealand.

## Under the Microscope...

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- **iNova Pharmaceuticals**, the Australia-based drug developer, is believed to have received a joint offer from **Pacific Equity Partners** and **The Carlyle Group**. The private equity players had been targeting **iNova** separately but decided to join forces on Wednesday. **iNova**, which is being sold by **Valeant Pharmaceuticals**, could be valued at around \$1bn.
- **Icon Group**, the Australia-based healthcare business, is likely to be sold to Chinese buyer. **Icon's** owner, **Quadrant Private Equity**, may have secured a Chinese suitor for **Icon**, which could sell for around \$1.4bn. **Yibai Pharmaceuticals** is thought to be among bidders interested in **Icon Group**. Other China-based bidders include **Citic** and its partly owned **New Journey Cancer Hospital**, **Barding Private Equity**, and **Luye Pharma**. **Yibai** is not believed to have the strength to bid on its own for **Icon**.
- Retinal implant innovator **Bionic Vision Technologies** has raised \$23m to develop and commercialise its next-generation devices aimed at restoring vision to the blind. This financing formally launches the Company as it transitions to a commercialisation-stage business.
- **OncoSil Medical**, an Australian medical device company, expects to raise capital in early 2018 for commercialization, on the back of CE Mark approval, said CEO Daniel Kenny.
- **Estia Health**, an Australia-based aged care facility group, announced that its shareholder **Sentinel Investment Management** plans to acquire a controlling stake in the company in cooperation with **RSL Care RDNS**.
- **Evolution Healthcare**, the Australia-based hospital owner, will accept second-round offers for \$180m hospital portfolio this week.
- **Reva Medical**, a San Diego, California-based medical device company listed on the ASX, will start the advisor search for its US dual listing once it closes its current private raising, expected by end-April, said Chief Executive Officer Reggie Groves.
- **Barwon Investments** has won the auction to buy a portfolio of medical centres in Australia and New Zealand from **Evolution Healthcare**.
- **Compumedics**, an Australian sleep and neuro-diagnostics company, is assessing options to scale global growth with a view to become a billion-dollar company, including a possible dual listing on the London or Frankfurt Stock Exchanges, founder and CEO David Burton said.
- **Intermediate Capital** reached a \$450m agreement to sell 70% of **Cura Day Hospitals**, the Australia-based hospital owner, to **Fresenius Medical** earlier this year that was expected to complete in March. The deal has not yet been finalised and the delay has prompted an underbidder from the auction to test the possibility of a renewed deal.
- **K Care**, an Australia-based aged care equipment business with earnings of \$30m annually, has attracted the interest of several potential buyers after reports of entering receivership.
- **National Patient Transport Group**, the Australia-based non-emergency patient transport business, is considering listing on the ASX. It was noted that the group's owners are considering potential IPO and trade sale options and could present the business to fund managers in the next few months. **National Patient Transport Group** could be valued at up to \$100m.
- **EQT** has appointed an advisor to manage a planned sale of its **I-MED Network**, the largest radiology provider in Australia that the Swedish private equity firm acquired in 2014 for \$500m. **I-MED Network** holds about 20% share in the \$3.6bn market of diagnostic imaging equipment, with 200 clinics in operation.
- **HealthEngine**, a private Australian online health directory and booking system, is actively looking for digital health buys in Australia and offshore that can bring it technology, talent or customers, said CEO Marcus Tan. The company, which raised \$26.7m earlier this month in a Series C funding are using some of the funds for acquisitions as well as to do exploratory work for offshore expansion, Tan said.

If you are interested in specific information regarding mergers and acquisitions in the Health & Medical sector, please contact Paul Keehan or Hyun-ju Johnson.

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This information has been sourced from the ASX, Mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from S&P Capital IQ.

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