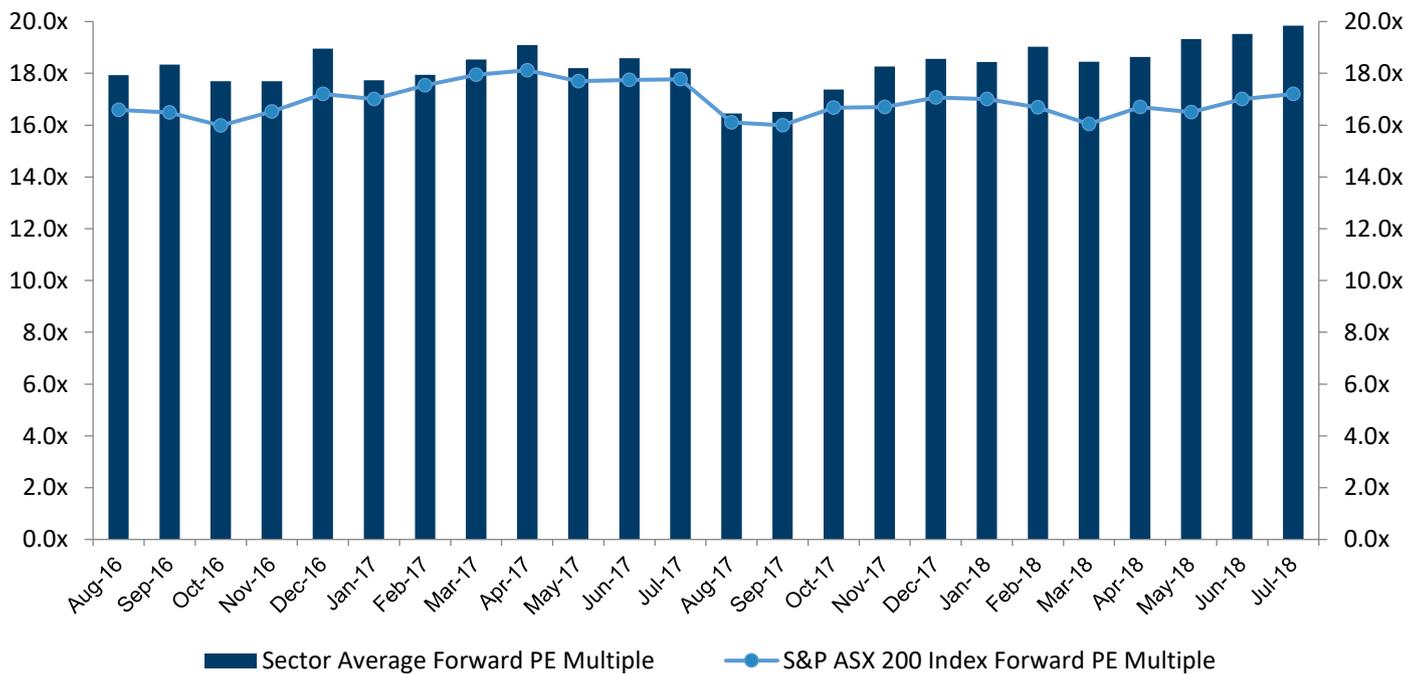


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 20.07.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have increased over the period. At the end of July, the sector traded on a forward PE of 19.8x, compared to the ASX200 on 17.2x.



Average Values and Trading Multiples (as at 20.08.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Healthcare Facilities	26,822	10.4x	14.4x	17.9x
Healthcare Equipment	12,049	12.6x	14.5x	11.7x
Healthcare Providers & Services	20,997	8.3x	10.3x	15.0x

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.

Merger & Acquisition News...

PEOPLE INFRASTRUCTURE



Australian Healthcare
ACADEMY

Value: \$8m

People Infrastructure, an Australia-based technology enabled workforce management company, has entered into an agreement to acquire **Network Nursing Agency** and **Australian Healthcare Academy** for \$8m. **Network Nursing Agency** was established in 1997, and is a leading Sydney-based nursing agency specialising in supplying general, critical care, mental health, midwifery, aged care nurses, and facilitation to private and public healthcare clients across Australia. **Australian Healthcare Academy** is a provider of premium healthcare training and education to healthcare professionals in Australia.

People Infrastructure expects **Network Nursing Agency** to contribute \$2.2 m in EBITDA for the next 12 months (Sep-18 through to Sep-19). The current senior management team of Juliet Aryana and Nathan Hodges will continue in their current roles post acquisition.



Value: Not disclosed

Star Combo Pharma, the Australia-based health and beauty products business, has signed a heads of agreement to acquire **Ausway**, an Australian supplier of vitamins and dietary supplements. **Ausway** specialise in the supply and distribution of vitamins and dietary supplements both in Australia and overseas with a particular emphasis on its e-commerce platform which sells directly into China. **Ausway** currently generates revenues in excess of \$18m with positive earnings. The acquisition will be subject to both a formal due diligence process and approval by the **Star Combo** Board of Directors.



LabFor



TRUESDAIL
LABORATORIES, INC.



Felsilab Srl

Value: \$18m

ALS Ltd. announced the completion of three separate strategic acquisitions totalling \$18m in its Life Sciences business stream in Brazil, the US and Italy.

LABFOR Analises Laboratorias based in Sao Paulo, Brazil is a life sciences testing laboratory business offering veterinary, agrochemical and pharmaceutical testing services. The business employs over 35 staff and is expanding its presence in the burgeoning Brazilian human pharmaceutical market.

Based in Irvine, California in the United States, **ALS** also acquired **Truesdail Laboratories** which will increase the pharmaceutical, nutraceutical, environment and food testing capabilities of the USA Life Sciences business stream. **Truesdail** has operated in the sector for over 85 years and maintains a staff of 45 professionals with extensive knowledge in Drug, Environment and Nutrition Testing and Consumer Plumbing Product Certification.

ALS also acquired the Italian based environmental and consultancy firm, **FELSILAB**. An important component of the hub and spoke model in Northern Italy, **FELSILAB** provides a range of testing services to local food growers, processors, distributors and retailers, as well as environmental analytical services and technical training.



Value: \$279m

Healthscope Ltd. has entered into an agreement to sell its Asian Pathology operations in Singapore, Malaysia and Vietnam for \$279m to entities controlled by private equity group **TPG**. **Healthscope's** Asian Pathology operations consist of 39 pathology laboratories across Singapore, Malaysia and Vietnam, operating under the **Gribbles Pathology** and **Quest Laboratories** brands. The Asian Pathology operations contributed EBITDA of \$18.2m in FY17 and \$9.6m in 1H18. The sale price represents a FY17 EV/EBITDA multiple of 15.3x. **Healthscope** previously announced it was undertaking a strategic review of its Asian Pathology business. The sale represents the successful conclusion of the strategic review.

Analysts believe that **Healthscope** is still a potential takeover target, despite the sale of its Asian pathology business, and is still likely attractive to private equity.



Value: \$41m

Mayne Pharma, an Australian pharmaceuticals company, has acquired chemotherapy drug **Efudex** from **Spear Pharmaceuticals** for up to \$41m. **Efudex** is used in the treatment of basal cell skin cancer. This acquisition will strengthen **Mayne Pharma** position in the US dermatology market. As **Efudex** has a strong strategic fit with **Mayne's** current catalogue of dermatology products.

Under the Microscope..

- **Macquarie Group** is thought to be interested in **Results Laser Clinic**, the Australia-based laser hair removal chain. **Results Laser**, which is owned by its founder Paulina Saliba, operates 37 clinics on Australia east coast. **Results Laser** is being pitched as a business with over \$28m in revenue for FY18 and EBITDA of \$9m.
- **Primary Health Care** has launched a \$250m equity raising, The offer price of \$2.50 represents a 17.8 per cent discount to the dividend-adjusted theoretical ex-rights price and a 20.5 per cent discount to the last close. Equity raising proceeds will be used to fund the medical centre and pathology investment programs, the upfront consideration for a potential acquisition, for general corporate purposes and the payment of transaction costs.
- ASX-listed **Gateway Lifestyle Group** has recommended that security holders accept **Hometown Australia's** off-market takeover offer to acquire all the securities in **Gateway Lifestyle Group** for \$2.25 per security. An independent experts report has been released, concluding that the **Hometown** offer is fair and reasonable.
- **Monash IVF**, the Australia-based healthcare business, could be a potential takeover target later this year. Lynn Burmeister, a former lead doctor at **Monash**, left the business last year and has been subject to a non-compete agreement. However, that agreement lapses in two months and is anticipated to result in competition to **Monash**. The situation is likely to result in a decline in **Monash's** share price, which could present an opportunity for a potential buyer.
- The CEO of **Oceania Healthcare**, the New Zealand-based retirement village owner, is expecting **Macquarie Group**, the group's 57% stakeholder, to sell down its shareholding soon.
- Australia's disability services sector is poised for M&A as the government commences full national roll-out this year of its \$22bn **National Disability Insurance Scheme (NDIS)**, which is being dubbed the "greatest health reform since **Medicare**".
- **First Pharma**, the Australia-based over the counter (OTC) pharmaceutical products company, is looking to grow via acquisitions and will seek capital to fund that. The Sydney-based company is currently looking at two or three targets in the OTC space with revenues between \$8m and 12m. The company's plan is to generate revenues of \$100m with an EBIT margin of over 18% in five years.
- **Race Oncology**, an Australian specialty oncology pharmaceutical company, could come onto the radar of global pharmas in the wake of its chemo drug being granted fast-track designation recently by the US Food and Drug Administration.
- **The Laser Lounge**, the Sydney, Australia-based cosmetics business, is set to be acquired by **Advent Partners**-owned **SILK Laser Clinics**. Although unconfirmed, the combination of the businesses will create one of Australia's largest non-surgical beauty operations with 50 clinics around the country. **Advent**, which invested in **SILK** earlier this year, has been helping the business expand.

If you are interested in specific information regarding mergers and acquisitions in the Health & Medical sector, please contact Sharon Doyle or David Hassum.

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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 FactSet Research Systems Inc.

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