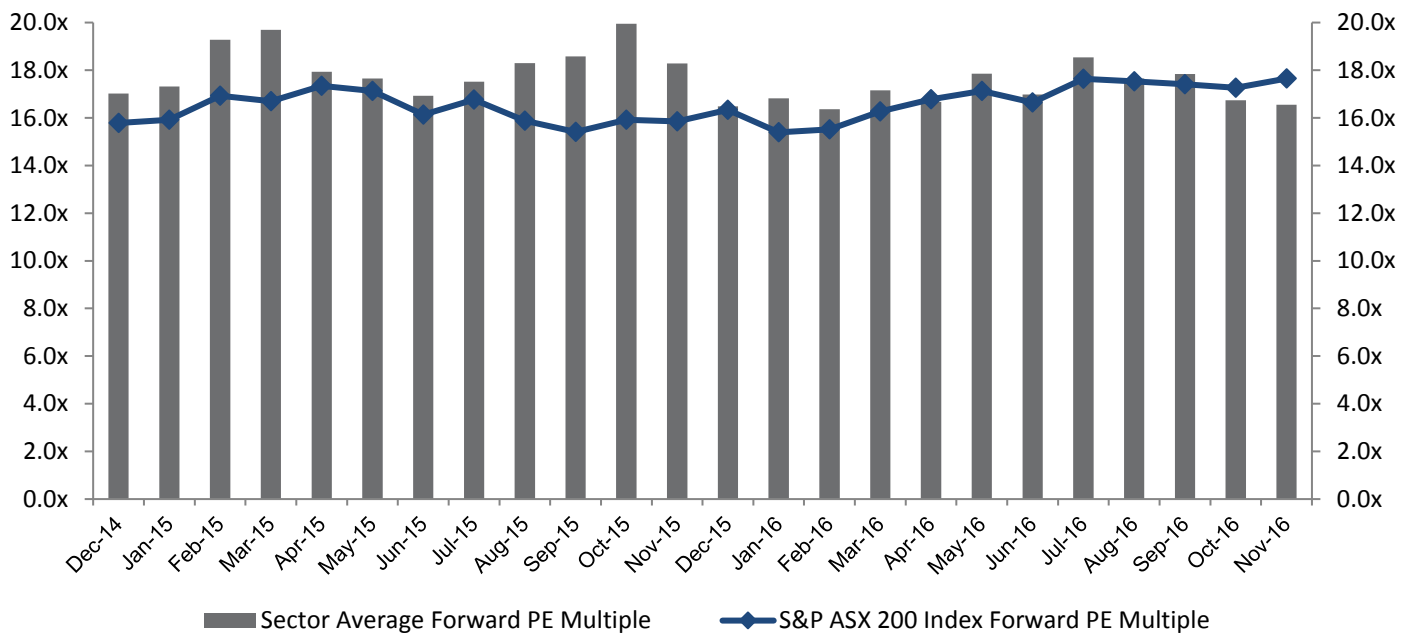


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.16)¹ Source: S&P Capital IQ

Multiples in the Health & Medical sector have slightly decreased over the month. At the end of November, the sector traded on a forward PE of 16.5x, compared to the ASX200 on 17.6x.



Average Values and Trading Multiples (as at 19.12.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2016	EV/EBIT FY2016	Price / Earnings FY2016
Biotechnology	49,281	13.7x	15.2x	20.0x
Healthcare Distributors	2,559	12.2x	13.8x	19.9x
Healthcare Equipment	7,140	22.0x	25.6x	
Healthcare Facilities	25,839	11.8x	15.1x	20.2x
Healthcare Services	14,605	8.5x	12.1x	14.4x
Healthcare Supplies	4,396	19.4x	14.7x	18.8x
Pharmaceuticals	1,996	11.5x	15.0x	13.6x

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

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 S&P Capital IQ.

Merger & Acquisition News...

- **Virtus Health** has acquired **Aagaard Fertility Clinic**, based in Aarhus, Denmark, for a maximum consideration of up to USD 12.1m on a cash free/debt free basis. **Virtus** is Australia's largest Assisted Reproductive Services provider. The company acquired **Aagaard** on a 7x multiple of normalised EBITDA for LTM ending 30 September 2016.
- **Pulse Health Care** has entered into a binding scheme implementation deed with **Health Care Australia** in relation to an all cash proposal by **Health Care** to acquire 100% of the outstanding shares in **Pulse Health** for a cash consideration of \$0.47 per share.
- **Biostime International** announced that it has signed an agreement to acquire the remaining 17% equity interest in **Biostime Healthy Australia Holdings** for \$311.3m. **The BAH Group** comprises of **Biostime Australia Holdings**, **Biostime Australia Investment** and the **Swisse Group**.
- **InterGrain** has received an acquisition proposal from **Australian Grain Technologies** and have begun formal talks. The proposal under discussion would see **AGT** acquire **InterGrain**, bringing together two strong, vibrant, local plant breeding companies focused on the development and adoption of improved varieties to meet the unique needs of Australian grain growers.

Under the Microscope...

- **Dimple**, a privately held Australia-based podiatry care business, is considering a potential sale within the next 12 to 18 months. In 2015, the company was generating about \$8m in revenue and has increased revenue by 40% since then. The rationale of a sale is to realise the value related to the internal investments made in the last year.
- **Arrow Pharmaceuticals**, one of the top three suppliers of generic drugs in Australia, has teamed up with PE giant **KKR & CO** for the \$1bn-plus auction for **iNova Pharmaceuticals**. **Macquarie Group** may be partnering with **Pacific Equity Partners** on its bid for **iNova**.
- **Ramsay Sime Darby**, a JV company between **Sime Darby**, a Malaysian conglomerate, and **Ramsay Health Care**, an Australian company, plans to establish partnerships with Chinese hospitals by 1Q17.
- **4Dx**, an unlisted public Australian lung imaging company, is currently mulling options for a capital raise in early 2017, which could take the form of a Series B raise or a pre-initial public offering raise. The company is currently valued at \$36m.
- **Estia Health** could launch a capital raising for an expected \$137m through a fully-underwritten 1-for-3 entitlement. The raising's proceeds will be used to reduce debt.
- **Clinuvel Pharmaceuticals**, an Australian developer of drugs for skin disorders, could list in the US in 2017 on the back of internal progress but remains cautious about external factors. The company's market cap has tripled from \$95m this time in 2015 to some \$400m now.
- **Viatar CTC Solutions**, a Massachusetts-based cancer dialysis company, has withdrawn its listing application on the Australian bourse. The company was looking to raise \$17.81m in an IPO by selling up to 26m CHESS Depository Interests at \$0.685 apiece.
- **Recce**, an Australian antibiotic and anti-cancer drug developer, will seek to raise capital in 1Q17 for its pre-Investigational New Drug application to the US Food and Drug Administration for its lead antibiotic Recce 327. The \$12m market cap company, which is seeking to raise \$2m via a placement to institutions and high net worth individuals, has already had investor interest and could attract global investors from any markets it has patents in, including the US, Europe, Japan and China.
- **Cardiac Dimensions**, an Australia and Seattle-based medical company, plans to raise capital to fund a pivotal US trial for its cardiovascular device. The company, which closed a USD 43.5m round last year, has yet to set the amount of how much it intends to raise, but pivotal cardiovascular device clinical trials can cost from USD 10m to USD 25m.
- **Benitec**, an Australian company focused on DNA-directed RNAi therapies, is mulling capital raising options for 2017. The \$18m market cap company is keen to raise capital early in the New Year to advance its product pipeline.
- **Somnomed**, an Australian developer of oral devices for sleep disorders, may raise capital in 2017 to accelerate its organic growth strategy in the US, said CEO Derek Smith.
- **Jiahao Pharmaceutical**, the Australian holding firm of a Chinese ginkgo health care products business, is planning an IPO in Australia. The company's prospectus indicates that they are seeking between \$100m to \$137.5m for further expansion into the international market for accelerated customer acquisition and advancement of product offerings.
- **Universal Biosensors**, an Australian medical diagnostics company, has acquired the assets of **LifeLabs' Hemostatis Reference Laboratory** business. The **HRL** business has provided high-quality coagulation testing and calibration services to international customers for more than 20 years, including 5 years of services for **UBI**.
- The **Bateman family** are believed to be courting private equity players to form a consortium to bid for **Primary Health Care**. **Primary**, which was established by the late Ed Bateman, is worth around \$2bn. **Jangho**, which owns a 16.9% stake in **Primary**, could pose a challenge to other potential suitors.

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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