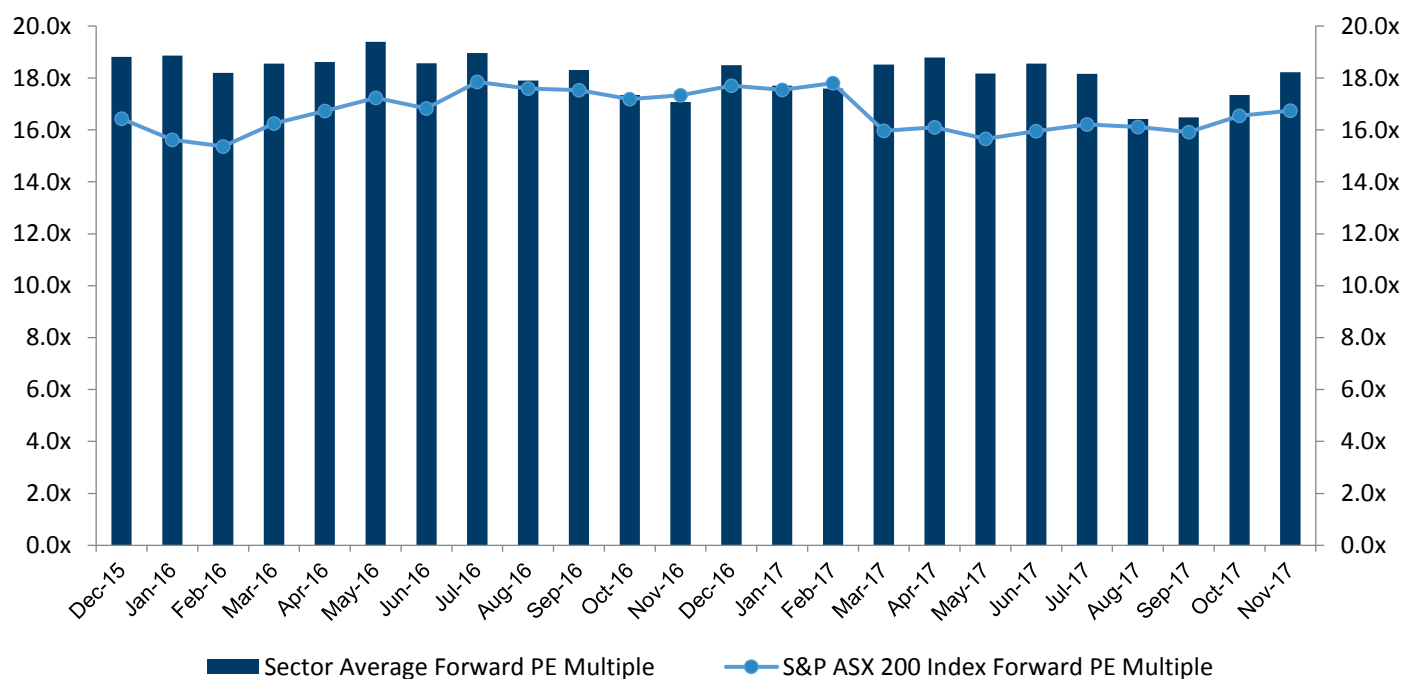


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have increased over the period. At the end of November, the sector traded on a forward PE of 18.2x, compared to the ASX200 on 16.7x.



Average Values and Trading Multiples (as at 18.12.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Healthcare Facilities	28,682	11.0x	15.0x	20.2x
Healthcare Equipment	11,792	17.8x	20.9x	18.8x
Healthcare Providers & Services	19,464	10.6x	13.1x	16.8x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2018. 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...

ParagonCare



Value: \$8.5m

Paragon Care has agreed to acquire the immuno-haematology business unit from **Seqirus**, a subsidiary of fellow ASX-listed bioscience company **CSL**. Total consideration for the deal is \$8.5m. The acquisition will be modestly FY18 EPS accretive. FY17 revenues were reported at approximately \$10m and EBITDA of \$1.5m, making the deal valued at approximately 5.7x FY17 EBITDA.

Vital

Healthcare
Property Trust

Eden
Rehabilitation Hospital

Value: \$23.8m

Eden Rehabilitation Hospital, a Queensland-based hospital, has been acquired by NZ stock exchange-listed **Vital Healthcare Property Trust** for \$23.8m. **Eden** is a 48 bed private inpatient rehabilitation hospital and medical centre leased to **Health Care Australia (Health Care)**. **Vital** has agreed to a new 20-year lease with **Health Care**, Australia's third largest corporate private hospital operator and pan-Asian healthcare services group.

Under the Microscope...

- The sale process for **I-Med Radiology Network** has been terminated by its owner **EQT**. The PE firm, which acquired **I-Med** in 2014 for \$500m, was expecting to fetch more than \$1.2bn, tabled in the final bids. It was reported the two remaining China-based buyers in the auction, **China Merchants** and **Jin Merchants Alliance**, were not able to pay for the entire operation, and the sale process fell apart.
- **Healthcare Australia (HCA)**, the Australia-based recruiter of healthcare professionals, is expected to send a sale flyer to potential buyers before the end of December. The sale flyer is expected to reveal that **HCA** has over \$20m in yearly earnings and turnover of up to \$300m.
- ASX-listed **Zenitas Healthcare** has raised a total of \$29.7m via the combination of entitlement offer and new share placement to fund a pipeline of future acquisitions.
- **Silver Chain**, an Australian not-for-profit in-home healthcare services provider, is actively seeking to acquire in-home aged and healthcare services providers. The Western Australia-headquartered company will consider opportunities nationwide. This is in line with the \$270m-revenue company's vision to become a leading national provider of integrated aged and healthcare home services.
- **Chemist Warehouse**, the Australia-based pharmacy owner, could interest **Walgreens**, the Illinois-based pharmacy business. **Chemist Warehouse** is thought to be considering a potential IPO next year, but a trade sale may also be a possibility. The company has a major share of the Australian pharmacy space and could be valued at \$4bn to \$5bn.
- **Rong Yu Pharmaceuticals**, the traditional Chinese medicine company, is planning to list on the ASX. The company is hoping to raise \$20m and would list with a market value of between \$75m and \$80m.
- **Capitol Health** has announced its intention to launch an off-market takeover offer for fellow ASX-listed medical imaging company **Integral Diagnostics**.
- ASX-listed **Estia Health**, an Australian residential aged care facilities provider, will consider small acquisitions in its existing geographies. The \$1bn market capitalisation company will consider acquiring single-site or small-portfolio aged care facilities, ideally with around 100 beds, in areas near its existing facilities in Queensland, New South Wales, Victoria and South Australia.
- ASX-listed **Sienna Cancer Diagnostics**, an Australian diagnostic technology company, is actively seeking acquisitions to expand its product offering and drive revenue growth. The \$20m market capitalisation company, which is currently commercialising its bladder cancer detection test, is looking to add to its pipeline, by acquiring or in-licensing other cancer-related technologies that can provide short-term revenue growth.
- **Evolution Health**, a family owned Australian nutritional health supplement manufacturer and supplier, is evaluating incoming enquiries including potential takeover interests. The Melbourne-based company has received ongoing inbound interest over the past year.
- **CSL** and **Vitaeris** have entered into a strategic collaboration and purchase option agreement to expedite the development of clazakizumab as a therapeutic option for solid organ transplant rejection. According to the terms of the agreement, **Vitaeris** will retain control of projects through end of Phase III. The organisation will receive an upfront cash payment of USD 15m from **CSL**, followed by R&D milestone payments. The agreement grants **CSL** an exclusive option to acquire **Vitaeris**.
- ASX-listed **Genetic Technologies**, an Australian-based molecular diagnostics company offering cancer predictive testing, is in active discussions with multiple parties regarding a potential transaction.

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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