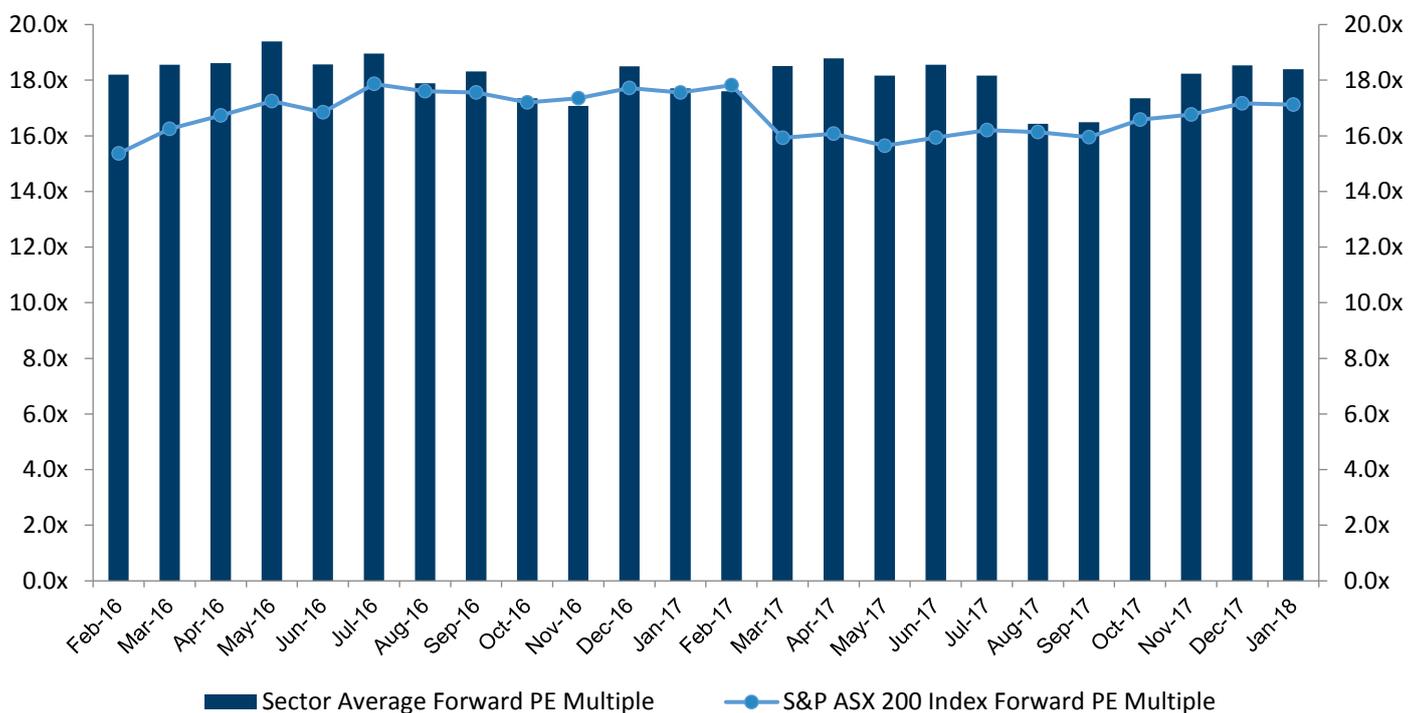


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.01.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have decreased slightly over the period. At the end of January, the sector traded on a forward PE of 18.4x, compared to the ASX200 on 17.1x.



Average Values and Trading Multiples (as at 14.02.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Healthcare Facilities	27,914	10.8x	14.6x	19.1x
Healthcare Equipment	10,533	16.1x	19.0x	18.9x
Healthcare Providers & Services	19,666	9.1x	11.4x	17.0x

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...



CrescentCapitalPartners

Value: ~\$100m (rumoured)

Nucleus Network, the Australia-based clinical research business, has been acquired by **Crescent Capital Partners**. **Nucleus** is owned by the **Baker Heart & Diabetes Institute**. The deal's value has not been disclosed, but it is rumoured to be just above \$100m. **The Institute** plans to invest the deal's proceeds to ensure its long-term stability. **The Baker Institute** has an option to retain 20% of **Nucleus**, but its board has not yet decided whether the option will be exercised.



PERMIRA

Value: \$1.26bn

Swedish private equity firm **EQT**, the owner of **I-Med Radiology Network**, has agreed terms with **Permira**, the London-based private equity firm, to sell the Australian radiology business for about \$1.26bn.

The company plans to pursue acquisitions and possible overseas expansion under its new owners. **I-Med** currently controls around 20% of Australia's diagnostic imaging market.



Value: \$1.58bn

ASX-listed **Sirtex Medical Limited** has entered into a binding Scheme Implementation Deed with NYSE-listed **Varian Medical Systems** under a proposal that **Varian** will acquire 100% of the shares in **Sirtex** for \$28.00 per share in cash. **Sirtex** Board unanimously recommended that shareholders vote in favour of the scheme. The consideration represents an attractive premium to the pre-announcement share price of \$18.83. **Varian** is a leader in developing and delivering cancer care solutions. Headquartered in Palo Alto, California, **Varian** employs approximately 6,500 people around the world and has a market capitalisation of approximately \$15bn.



Value: \$690m

By-health, a China-based nutritional and dietary supplement producer, has agreed on terms to acquire **Life-Space Group**, a privately-owned Australian healthcare company. The acquisition indicated an enterprise value for the Australian company, which exports vitamins, infant formula and other healthcare products to China, of up to \$690m.



Value: ~\$28m

Singapore Medical Group and **CHA Medical Group** have acquired a 65% stake in **City Fertility Centre (CFC)**, the Australia-based IVF clinic group. **CFC** is Australia's fourth largest IVF clinic group, with seven IVF centres and nearly 50 doctors. **CHA** is believed to have acquired 52%, with **SMG** 13%, for a combined approximate value of \$28m.

Going forward, **CFC** will look to leverage **CHA's** reputation for world-class fertility treatments and advances in reproductive medicine to propel itself up the value chain and gain market share.



Value: \$120m

Elastagen, an Australia-based clinical stage company developing medical device products based on recombinant tropoelastin, has entered into a definitive agreement under which NYSE-listed **Allergan**, a California-based biopharmaceutical company, has agreed to acquire **Elastagen** for an upfront payment of \$120m plus contingent, commercial payments. **Elastagen's** technology is based on recombinant human tropoelastin, the precursor of elastin which is a key component of youthful skin.

Under the Microscope...

- **EpiSoft**, a privately held Australian cloud-based electronic health record SaaS (software as a service) business, anticipates launching a Series B fundraise in the next 18-24 months to fund expansion abroad. The Sydney-based company will look to raise at least \$5m, and is receptive to approaches from strategic and financial investors.
- ASX-listed **PolyNovo**, a Melbourne, Australia-based developer of regenerative products for burns and surgical wounds, is actively seeking a partner to jointly develop a product for hernia applications. The company, which has a market capitalisation of about \$376m, will consider all types of partnership arrangements, including a joint venture, and could also consider issuing new equity in **PolyNovo**.
- **Healthia**, an Australia-based roll-up of podiatry clinics, is considering listing on the ASX. The Brisbane headquartered company has expanded to around 50 podiatry clinics, which trade under brands including **MyFootDr**. **Healthia** reported annual revenue of \$20.1m in its most recent accounts. The company is anticipated to sell itself as a consolidator for Australia's fragmented podiatry space.
- **Ellume**, a medical diagnostic device startup, is deciding whether to pursue a capital raise of as much as USD 40m. The Brisbane-based company is in discussions with high-net-worth individuals who previously provided funding for it to research and develop its line of diagnostic devices for doctors and patients. The company is developing a diagnosis kit for viral and bacterial respiratory tract infections.
- **Integral Diagnostics** unanimously recommends that shareholders reject **Capitol Health's** unsolicited and predominantly scrip-based takeover offer of 6.9 Capitol shares and \$0.36 cash for each share in Integral Diagnostics.
- **Pacific Equity Partners (PEP)** is believed to be considering an offer for ASX-listed **Lifehealthcare**, the Australia-based medical device business. **Lifehealthcare** has a market capitalisation of \$115m and has around 180 employees.
- **Kosmea**, the privately held Australian natural skin care company, is looking to run a process for a trade sale, which it hopes to complete by the middle of this year. The 25-year-old South Australia-based company, which has a global presence and was the first to offer certified organic rose hip oil products in the Australian market, is currently growing rapidly throughout Asia.
- ASX-listed **Healthscope** is mulling the sale of its Asian pathology operations. The company has not made a decision on the divestment, but it is something under consideration. **Healthscope's** Asian pathology business operates primarily in Singapore and Malaysia and could be worth around \$200m.
- **VRHealth Group**, an Israel-founded virtual reality medical company, is keen to secure an Australian investor in its current USD 10m to USD 15m Series A capital raising. **VRHealth Group** is currently seeking capital for marketing and sales activities for commercialisation of products, as well as for further product development.
- ASX-listed **Paragon Care**, the Australia-based medical device business, is preparing to launch a raise of around \$80m. **Paragon** plans to use the funds to pursue acquisitions. The company is looking to do bolt-on buys to help fuel growth.
- **Ansell** is actively evaluating M&A opportunities. It is believed that the company is currently exploring five or six possible transactions. The medical consumables company has a market capitalisation of \$3.4bn.

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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