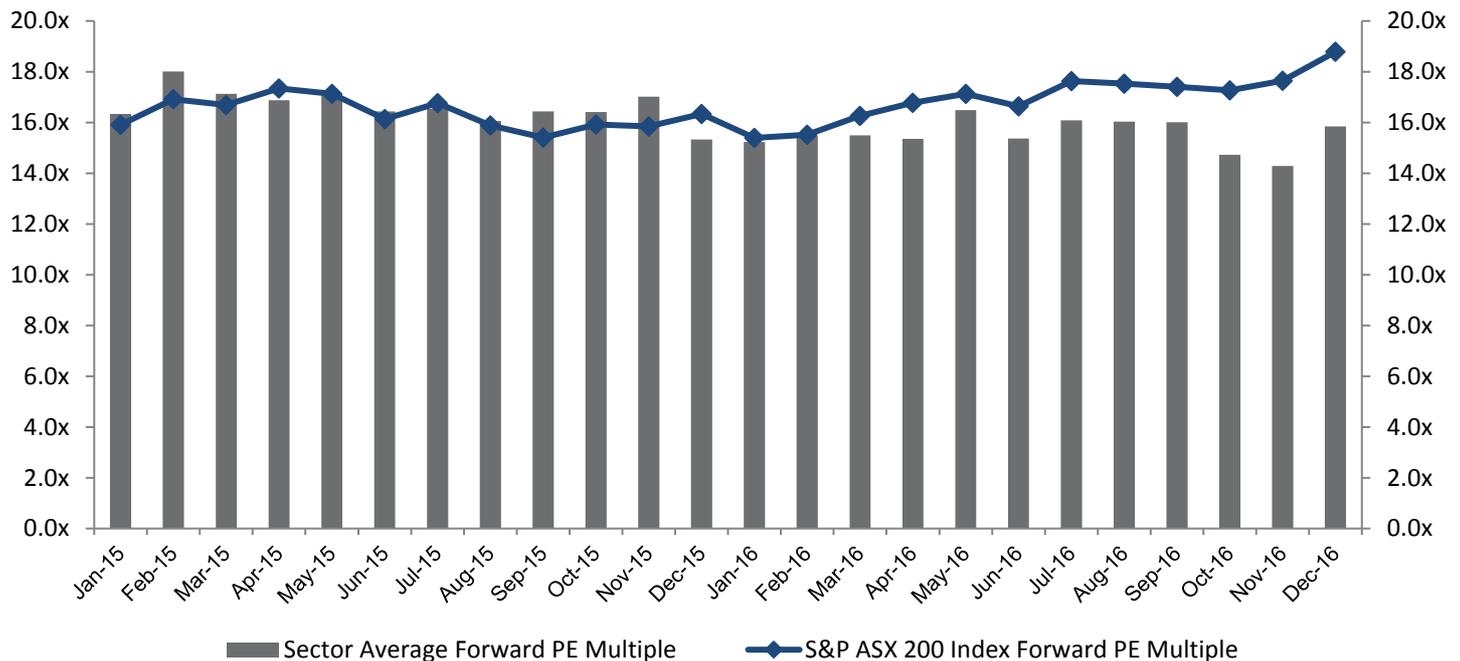


## Health & Medical

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 31.12.16)<sup>1</sup> Source: S&P Capital IQ

Multiples in the Health & Medical sector have increased over the month. At the end of December, the sector traded on a forward PE of 15.9x, compared to the ASX200 on 18.8x.



#### Average Values and Trading Multiples (as at 20.01.17) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Biotechnology	55,738	13.9x	15.7x	15.8x
Healthcare Distributors	2,538	9.8x	11.3x	16.5x
Healthcare Equipment	7,831	18.6x	23.4x	
Healthcare Facilities	26,630	11.3x	14.7x	20.0x
Healthcare Services	14,302	8.3x	12.0x	14.5x
Healthcare Supplies	4,300	11.5x	13.4x	17.2x
Pharmaceuticals	2,085	5.9x	7.9x	14.1x

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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- **Australian Unity**, the Australia-based mutual health insurance group and financial services business, has agreed to acquire **Altius**, the Australian specialist asset manager. The **Altius** deal will close this month and result in **Australian Unity** buying out **Altius**' employee owners. **Altius** manages a bond fund with net assets attributable to unitholders of over \$210m and a sustainable bond fund with \$42m
- **Lincor Solutions** has terminated the conditional Merger Agreement between **Lincor** and **Hills Health Solutions**, the **Hills Limited** subsidiary, following their market release in November 2016. The conditional Merger Agreement provided for either party to terminate after 31 December 2016 if an IPO of **Lincor Limited** had not been achieved.
- **Universal Biosensors**, an Australian medical diagnostics company, has acquired the assets of **LifeLabs' Hemostasis Reference Laboratory business**. The acquisition is a strategic move in preparation for future increased production requirements of **Siemens' Xprecia Stride™** test strips. The acquisition has been funded with existing cash reserves and is not expected to have a material impact on the consolidated results of **Universal Biosensors**.
- **Telix Pharmaceuticals**, the Australian clinical-stage biopharmaceutical company, has acquired an ACD-101 theranostic program for glioblastoma from **Therapeia** for an undisclosed consideration. **Telix** will add **Therapeia's** ACD-101 theranostic program for glioblastoma to its pipeline of advanced theranostic radiopharmaceutical products. **Telix** also has secured the option to acquire **Therapeia** under pre-agreed terms.

## Under the Microscope...

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- **KPC Pharmaceutical**, a Yunnan, China-based pharmaceutical company, is seeking to acquire In-vitro Fertilization (IVF) service. **KPC Pharma** could set aside USD 20m to USD 50m for each acquisition target to capture the gap in the market. The company is in talks to acquire advanced fertility and gynaecology centres in Australia, the US and Southeast Asian countries such as Thailand.
- **Goldman Sachs** is expected to seek final bids for **iNova Pharmaceuticals**, the Australian drug maker, by mid-to-late February. **Valeant Pharmaceuticals**, **iNova's** owner, is selling assets to reduce debt. **iNova** is anticipated to sell for around \$1bn.
- **Tianma Specialty Chemicals**, a Suzhou, China-based diversified company engaged in agrochemicals and pharmaceutical intermediates production, is seeking buys in the healthcare sector to upgrade its business. The company is seeking targets with a minimum annual revenue of USD 200m, that focus on the production and sale of health and nutrition-related products, or companies providing medical examination services in countries such as the US, Canada and Australia.
- **Dementia Care Group**, the Australia-based home care business, is planning to list on the ASX in the next 18 months to two years. **DCG** has begun meeting with potential investors for a potential pre-IPO raising and to pitch several bolt-on acquisitions.
- **Karex**, a Malaysian condom maker, is waiting for more information on **Ansell's** Sexual Wellness unit review before it determines whether it's interested in the division. A valuation of up to USD 1bn for the unit has been touted, however this is considered very steep compared to the multiples paid on other deals in the sector.
- **Seven Group Holdings** have sub-underwritten the retail component of the group's capital raising and will increase its stake in **Estia** beyond 5% as they look to diversify away from mining and media assets. The group's institutional offer set at \$2.10 per share closed after raising \$72m. Retail offers tend to fall short allowing sub-underwriters to buy the shortfall.
- **Cura Day Hospital's** owner is seeking a price amounting to around 14x annual earnings. The high price expectations and uncertainty related to government health care reform are likely to deter bidders.
- **Tianma Specialty Chemicals**, a China-based diversified company engaged in agrochemicals and pharmaceutical intermediates production, is seeking buys in the healthcare sector to upgrade its business. The company is interested in seeking targets that focus on the production and sale of health and nutrition-related products or companies providing medical examination services in countries such as the US, Canada and Australia.

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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