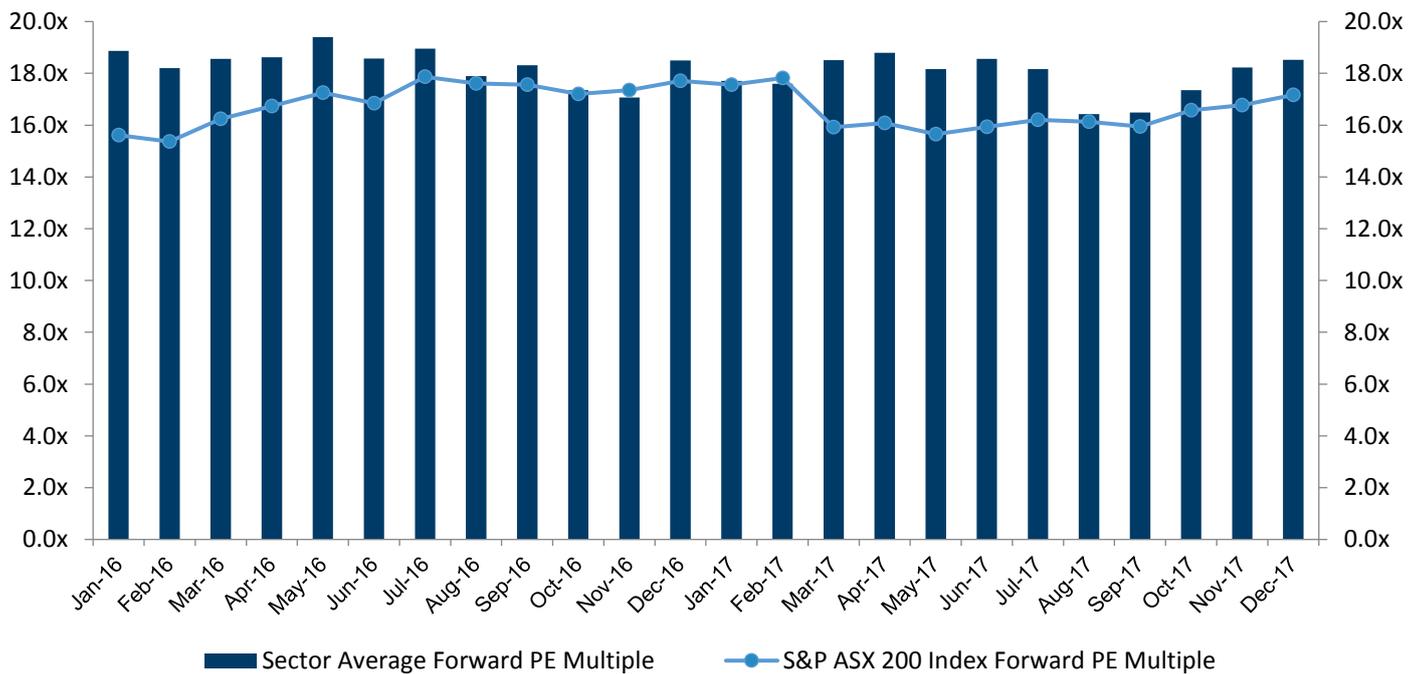


## Health & Medical

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 31.12.17)<sup>1</sup> Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have increased over the period. At the end of December, the sector traded on a forward PE of 18.5x, compared to the ASX200 on 17.2x.



#### Average Values and Trading Multiples (as at 17.01.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Healthcare Facilities	28,512	11.0x	15.0x	19.9x
Healthcare Equipment	11,238	17.2x	20.2x	19.0x
Healthcare Providers & Services	19,358	9.2x	11.4x	17.1x

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.

<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 FactSet Research Systems Inc.

## Merger & Acquisition News...

**CAPITOL HEALTH**  
LIMITED



**Radiology Tasmania**

Value: \$3m

ASX-listed **Capitol Health** has agreed to acquire **I-Rad Radiology** for an upfront consideration of \$3m with up to an additional \$0.5m payable under earnout over two years. **I-Rad**, a single clinic in Sunshine, Victoria, is expected to contribute \$0.8m EBITDA and \$3.7m revenue annually. This represents an EBITDA multiple of 3.75x on FY17 results.

Value: \$24.17m

**Capitol Health** also announced the acquisition of **Radiology Tasmania** for a consideration of \$24.17m on a cash and debt free basis. Comprising of five clinics, it is projected that **Radiology Tasmania** will add an annual contribution of \$14.4m to revenue and \$3.3m to EBITDA. This represents an EBITDA multiple of 7.3x on FY17 results.

**zenitas**



Value: \$7.5m

**Zenitas Healthcare** has entered into a binding agreement to acquire 80% of the **Peninsula Sports Medicine Group** for \$7.5m. This announcement follows the recent \$30m capital raising, planned for strategic acquisitions to grow the company. **PSMG** is a large physiotherapy and allied health services provider with six clinics located in Outer Eastern Melbourne and the Mornington Peninsula. The acquisition multiple represents around 5 times forecast FY18 EBITDA.

**PRIMARY**  
HEALTH CARE LIMITED  
MEDICAL CENTRES



Value: Unknown

**Primary Health Care Limited** announced that it has exchanged contracts for the purchase of **Brisbane Private Imaging ("BPI")**, the on-site provider of diagnostic imaging services at Brisbane Private Hospital. Primary expects the acquisition to provide a significant benefit to the performance of its wholly-owned subsidiary, **Queensland Diagnostic Imaging**, which is acquiring **BPI**, although it will not be material to the group as a whole.

**ParagonCare**



Value: \$5m

ASX-listed **Paragon Care**, the supplier of medical equipment to health and aged care markets, has acquired **Insight Surgical**, a supplier of ophthalmic products. The company delivered \$1m of EBITDA in FY17 on revenues of \$4m, and was purchased for \$5m plus an earnout for FY18. This suggests an EV / EBITDA multiple of approximately 5x for FY17.

Value: \$2.4m

**Paragon Care** has also acquired **Medtech Solutions**, a third party medical engineering company. **Medtech Solutions** was acquired for \$2.4m, and will be moderately EPS accretive for **Paragon** in FY18.

## Under the Microscope...

- **Pacific Equity Partners (PEP)** may be considering exit options for **Manuka Health**, the New Zealand-based honey and healthcare products business. **PEP** may be ready to sell the business if it performs as expected over the next six months, and would likely consider a trade sale or IPO for **Manuka**. **PEP** purchased **Manuka** two years ago and is thought to have doubled its revenue from \$50m.
- Swedish private equity firm **EQT**, the owner of **I-Med Radiology Network**, has resumed talks with **Permira** for the potential sale of the Australian radiology business. **Permira**, which previously made an \$1.2bn fully-financed offer, returned to the discussion earlier in December.
- A marketing flyer for the planned sale of **Healthcare Australia** has now been sent to potential buyers, as its owners are expected to be seeking offers of about \$300m. An information memorandum was dispatched on behalf of the owners, **Ares Management** and **Toscafund Asset Management**, of the Australia-based recruiter of healthcare professionals. The company's EBITDA for FY2018 is expected to reach \$27.1m, up from \$22m a year earlier, on revenue of \$355.8m, up from \$292.8m.

- **Crescent Capital Partners** is close to acquiring **Nucleus Network**, the Australia-based clinical research company. **Crescent Capital** was one of a number of parties to have lodged a binding offer for Nucleus, which is owned by **Baker Heart and Diabetes Institute**. **Nucleus** is expected to be valued between \$100m and \$150m.

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

## Contact Details

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Name	Position	Phone	Email
Sharon Doyle	Managing Director	(07) 3218 9122	<a href="mailto:sdoyle@interfinancial.com.au">sdoyle@interfinancial.com.au</a>
Chris Munday	Partner	(07) 3218 9100	<a href="mailto:cmunday@interfinancial.com.au">cmunday@interfinancial.com.au</a>
Mark Steinhardt	Director	(07) 3218 9105	<a href="mailto:msteinhardt@interfinancial.com.au">msteinhardt@interfinancial.com.au</a>
Cathy Montesin	Director	(07) 3218 9100	<a href="mailto:cmontesin@interfinancial.com.au">cmontesin@interfinancial.com.au</a>
David Hassum	Director	(07) 3218 9108	<a href="mailto:dhassum@interfinancial.com.au">dhassum@interfinancial.com.au</a>
Andrew Wheeler	Director	(07) 3218 9107	<a href="mailto:awheeler@interfinancial.com.au">awheeler@interfinancial.com.au</a>
John Crossland	Director	(07) 3218 9100	<a href="mailto:jcrossland@interfinancial.com.au">jcrossland@interfinancial.com.au</a>
Kalan Douglas	Director	(07) 3218 9100	<a href="mailto:kdouglas@interfinancial.com.au">kdouglas@interfinancial.com.au</a>
Simon Douglas	Director	(07) 3218 9100	<a href="mailto:sdouglas@interfinancial.com.au">sdouglas@interfinancial.com.au</a>
Eva Puente	Associate Director	(07) 3218 9113	<a href="mailto:epuente@interfinancial.com.au">epuente@interfinancial.com.au</a>
Simon Campbell	Associate Director	(07) 3218 9106	<a href="mailto:scampbell@interfinancial.com.au">scampbell@interfinancial.com.au</a>
Craig Turner	Associate Director	(07) 3218 9100	<a href="mailto:cturner@interfinancial.com.au">cturner@interfinancial.com.au</a>
Jake Moyle	Associate	(07) 3218 9113	<a href="mailto:jmoyle@interfinancial.com.au">jmoyle@interfinancial.com.au</a>

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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**InterFinancial**  
**Corporate Finance Limited**

ABN: 49 136 962 966  
AFSL: 341675

Level 2, 201 Charlotte Street  
GPO Box 975  
Brisbane Queensland 4001

(07) 3218 9100

admin@interfinancial.com.au

www.interfinancial.com.au