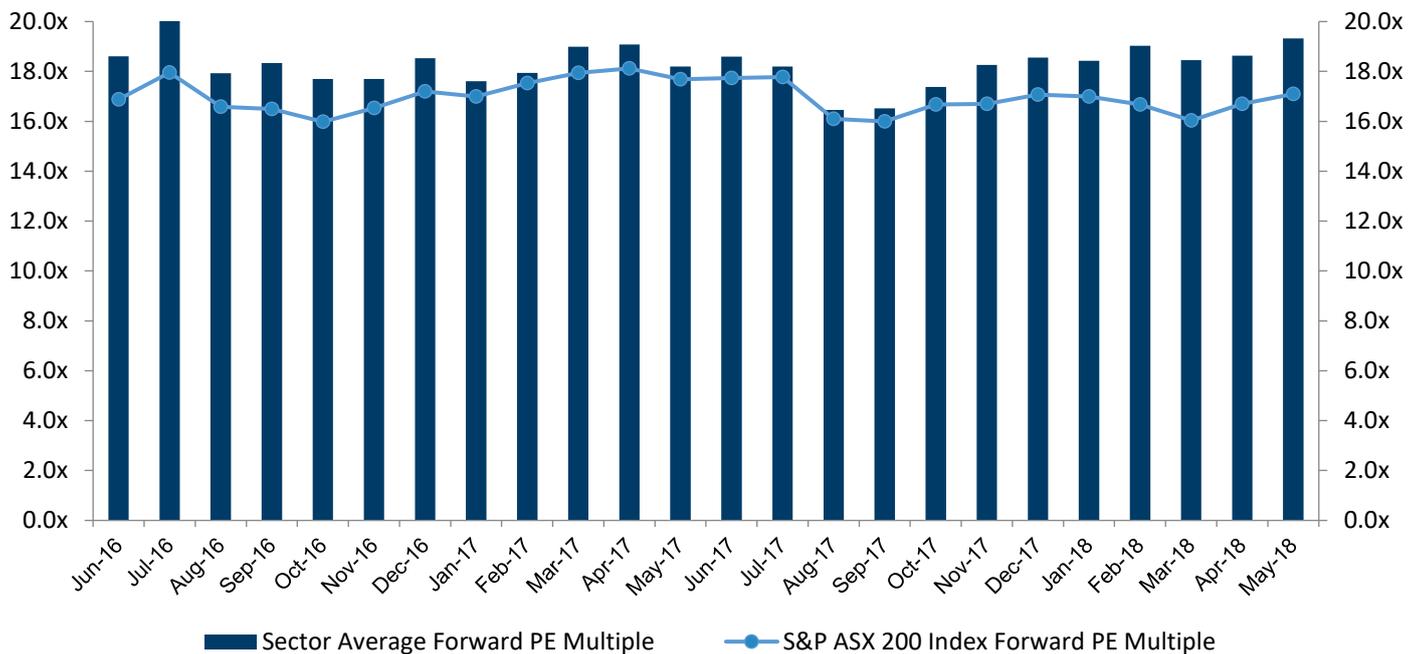


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.05.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have increased over the period. At the end of May, the sector traded on a forward PE of 19.3x, compared to the ASX200 on 17.1x.



Average Values and Trading Multiples (as at 26.06.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Healthcare Facilities	26,960	12.1x	14.7x	20.6x
Healthcare Equipment	12,161	19.3x	22.2x	23.1x
Healthcare Providers & Services	20,138	9.7x	12.2x	17.9x

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...



Value: \$127.4m

ASX-listed **Australian Pharmaceutical Industries (API)** has entered binding agreements to acquire the assets of **Clearskincare Clinics** for \$127.4m. **API** will initially acquire a 50.1% controlling interest in the clinic business and will take 100% ownership of the skincare products business. It will move to 100% ownership of the clinic business by September 2021. Under the terms of the agreements, an additional capped cash consideration payment of up to \$20m may be payable subject to certain performance hurdles. The \$127.4m purchase price equates to an EBITDA multiple of approximately 7.6x over the course of the three years while the initial payment represents an EBITDA multiple of 8.9x on the FY19 forecast.



Value: ~\$140.0m (20% stake)

Humanwell Healthcare (Ren Fu Yi Yao), a Chinese medical device maker, signed an agreement to sell its 20% stake in **Wuhan Zhongyuan Ruide Biological Products** to **CSL Behring (Asia Pacific)** for approximately \$140m. **Wuhan Zhongyuan Ruide Biological Products**, a Chinese plasma-derived therapies producer, booked revenue of \$43m and net profit of \$9m in 2017. Upon completion of the deal, **Wuhan Zhongyuan Ruide Biological Products** will be fully owned by **CSL Behring (Asia Pacific)**. Hong Kong-based **CSL Behring (Asia Pacific)** is fully owned by ASX-listed **CSL Limited**.



Value: \$1.9bn

ASX-listed **Sirtex Medical** has entered into a binding scheme implementation deed with **CDH Investments** and its strategic partner, **China Grand Pharmaceutical & Healthcare Holdings**, to be fully acquired for \$33.60 in cash per **Sirtex** share. The offer implies a fully diluted market capitalization for **Sirtex** of about \$1.9bn. The **Sirtex** board unanimously recommends that **Sirtex** shareholders vote in favour of the scheme. In January, US giant **Varian Medical Systems** offered \$1.6bn for the liver cancer treatment developer.



Value: Not disclosed

Factory CRO, a Netherlands-based global contract research organization (CRO) backed by **Kester Capital**, has acquired Australian-based **Five Corners**. **Five Corners** is the premier device CRO in Australia, supporting the developers of medical technologies throughout Australia and New Zealand. The value of the deal was not disclosed.



Value: \$50.5m

ASX-listed **Paragon Care** has reached an agreement to acquire **REM SYSTEMS Limited**, a New Zealand-based specialised medical distribution company, for a net enterprise value of \$50.5m. **REM** is a specialised medical distribution company supplying acute care hospitals, day surgeries, allied health clinics, medical practices and veterinary clinics throughout New Zealand and Australia. **REM** has a forecast FY18 revenue base of approximately \$63m and an FY18 EBITDA of \$6.7m.



Value: Not disclosed

Clinical Innovations, the US-based medical device company focused on labor and delivery and neonatal intensive care has acquired Australian distributor **JB Medical Supplies**. The deal strengthens Clinical Innovations' position in the sizeable Australian market and supports the company's broader global growth strategy. **JB Medical Supplies**, Australia's leading obstetrics distributor, will operate as a wholly owned subsidiary of **Clinical Innovations**. The value of the deal was not disclosed.



Value: ~\$98.0m

Integral Diagnostics Limited has announced the acquisition of **Specialist Radiology Group, Trinity MRI** and **Cavendish Radiology** in New Zealand, for a purchase consideration of approximately \$98m. The combined businesses have a projected EBITDA contribution of \$12m to \$14m for FY19, suggesting an average EV/FY19F EBITDA of approximately 7.5x. This strategic acquisition includes four clinics, employing 14 radiologists who work in both the public and private sector.



Value: Not disclosed

B. Braun, a German medical technology company, has acquired five **Diaverum** renal care centres in Australia and New Zealand. The five renal care centres offering haemodialysis treatment are based in Australia at North Melbourne, Greensborough, Toowoomba and Lindfield; and Auckland in New Zealand. The value of the deal was not disclosed.

Under the Microscope...

- The owners of **Evolution Healthcare**, the Australia-based hospital owner, are looking to sell the business. **Evolution**, which owns seven hospitals in New Zealand and the Waratah Private Hospital in Sydney, is likely to interest pension funds and sovereign wealth funds. The company could be valued at up to \$300m.
- ASX-listed **Medibio**, an Australia- and US-based mental health technology company, is being circled by interested buyers as the company enters commercialisation. **Medibio**, which has a market capitalisation of \$30.4m, is building tools to objectively measure mental health and wellness. The company could benefit from a strategic investor or acquirer as it is looking for global distribution partners.
- ASX-listed **Bod Australia**, a Sydney-based Australian natural medicine and beauty products developer and distributor, is on the look-out for acquisitions that can add to its brand portfolio. The \$34m market capitalization company, which currently has seven brands with more than 30 products, is looking to increase its brands to 11 or 12 by the end of the year by developing, white-labelling or acquiring.
- EBOS Group, the Australia-based medical products distribution and pharmaceutical business, is expected to bid for **Device Technologies**, the Australia-based medical device business. **Pacific Equity Partners (PEP)** is also believed to be interested in **Device Technologies**, with further interest likely to come from **Bain Capital**, **Sigma Healthcare**, **Hills Holdings** and **Navis Capital**. The company could be valued at \$700m.
- ASX-listed **Invitrocue**, a Singapore-headquartered personalized cancer screening test company, will consider acquisitions that can add to its testing technologies. The \$47m market capitalization company has identified potential targets and is happy to hear suggestions of other targets.
- **Orion Health Group**, a New Zealand-based health-specific software company, is in discussions with possible buyers. It is not certain whether a sale will involve part of the company or the entire business.

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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