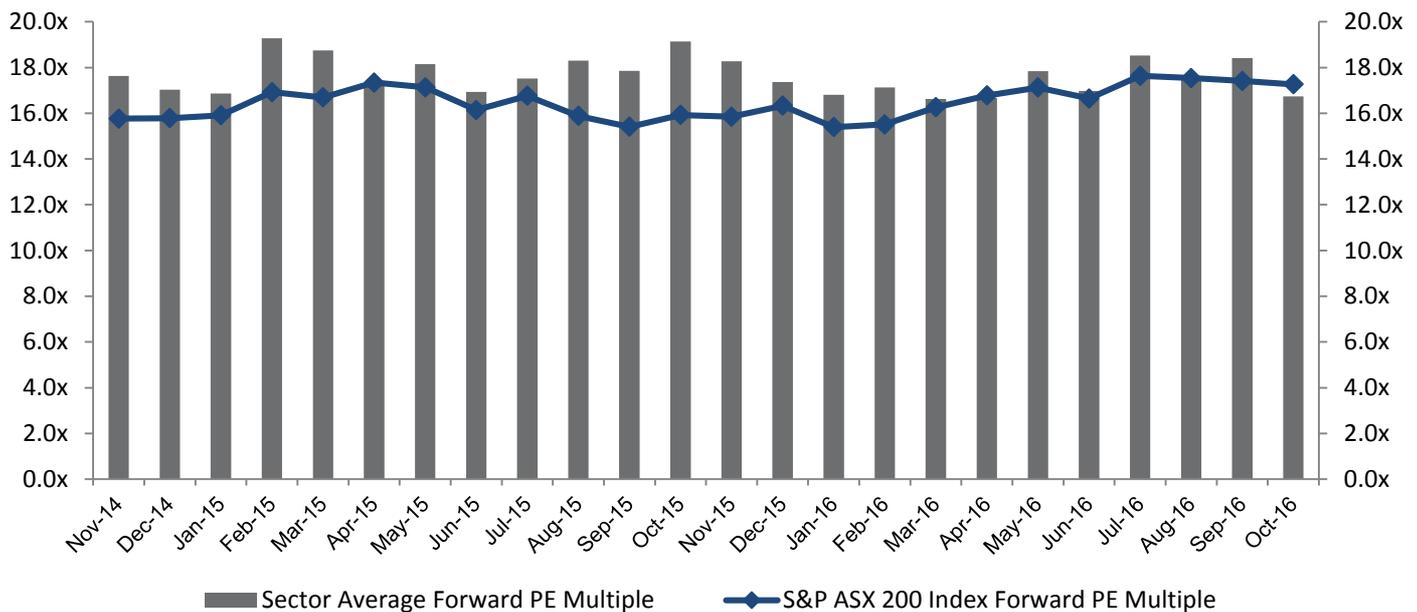


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.16)¹ Source: S&P Capital IQ

Multiples in the Health & Medical sector have decreased over the month. At the end of October, the sector traded on a forward PE of 16.7x, compared to the ASX200 on 17.3x.



Average Values and Trading Multiples (as at 22.11.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2016	EV/EBIT FY2016	Price / Earnings FY2016
Biotechnology	51,360	17.1x	18.9x	21.8x
Healthcare Distributors	2,521	12.4x	14.0x	19.9x
Healthcare Equipment	7,334	23.4x	26.3x	
Healthcare Facilities	26,389	13.7x	14.7x	17.8x
Healthcare Services	14,692	8.4x	12.1x	14.2x
Healthcare Supplies	4,049	19.4x	13.2x	16.7x
Pharmaceuticals	2,527	14.5x	1.3x	4.0x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2017.

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 S&P Capital IQ.

Merger & Acquisition News...

- **MedAdvisor** (ASX:MDR), a digital medication management company, has completed the acquisition of **Healthnotes (Health Enterprises 2)** for \$5.5m, paid as 60% cash and 40% scrip. Healthnotes provides healthcare technology for medication adherence. **Healthnotes'** founders, Ashley Falting and Saurabh Mishra, will join **MedAdvisor's** management team. The acquisition has increased MedAdvisor's reach to 2,400 Australian community pharmacies (representing ~45% of the Australian pharmacy market), over 500,000 connected patients and 4,000 GPs.
- **Sonic Healthcare (ASX:SHL)** has signed binding agreements to acquire the **Staber Laboratory** group, based in Munich, Germany. The purchase price of EUR 120m will be funded from **Sonic's** cash and debt facilities. The Staber group has annual revenue of EUR 80m and operates 3 hub laboratories and 14 regional specialty and hospital laboratories across Germany.
- **Sonic** has also signed binding agreements to increase its current shareholding in in **GLP Systems GmbH** to an 80% ownership level. The remaining 20% is held by GLP Systems' CEO, who will continue to lead the company. GLP Systems has developed laboratory automation technology which has now reached the stage of international commercialisation. GLP Systems currently has annual revenue of EUR 13m.
- **I'rom Group**, the Tokyo-based Site Management Organisation services and Clinical Research Organisation Company, will acquire the clinical trial business **CMAX** of **IDT Australia**. **I'rom Group** will spend \$10m to acquire the 61% stake in **CMAX**.
- **BGD Corporation** (ASX:BGD) has entered into binding agreements to acquire community-based healthcare businesses for an estimated total upfront consideration of \$20.1m. These businesses include: **Health Networks Australia Investments** as trustee of the Lifecare Unit Trust, a group of companies under the **Ontrac** brand, **Caring Choice**, **Public Health Management** as the **St. Kilda Road Medical Centre**, and **Dandedong Medical Centre** as trustee for the Dandenong Medical Centre Trust. The estimated total upfront consideration is \$20.1m with deferred consideration calculated by reference to the performance of **Health Networks Australia's** and **Caring Choice's** businesses.
- **MMJ PhytoTech** (ASXL:MMJ), an Australian cannabis medical company, has executed a binding Term Sheet with Canadian-based **Harvest One Capital Corp** for the sale of **United Greeneries Holdings** and **Satipharm AG**. **Harvest One's** proposal includes total consideration of USD 31.3m which is superior to the offer made by **Top Strike**.

Under the Microscope...

- **Qscan**, the largest independent player in the radiology market in Queensland, has hired an adviser in an attempt to seek potential buyers of a part, or all, of the company.
- **Healthscope**, a private healthcare provider in Australia, has been approaching some Chinese strategic and Chinese private equity funds for investment. The company hopes to bring in enough funds to continue several unfinished projects and expand its network in Australia.
- **Icon Cancer Care's** owner **Quadrant Private Equity**, which owns a 55% stake in the company, is entertaining buyer interests from Asia.
- **Adherium** (ASX:ADR), a New Zealand-based developer of digital health technologies, could attract more equity deals in its hunt for distribution partners in Australia, the US and Europe. The \$45m market cap company's proprietary platform optimises medication monitoring and adherence for patients with chronic diseases.
- **Blisscare Health**, the Melbourne-based family owned company that focuses on health and wellbeing services in aged care, is eyeing Singapore as its first potential overseas market entry in the next 18 months. The company, which had around \$6.3m in revenues in FY16 and has 60 people working full time across Australia, will assess different business models to enter Singapore. It could consider selling a minority stake to venture capital investors to raise funds, joint venture or business partnerships, or acquire as part of its strategy.
- **Craigcare**, the Australian aged care business, has received interest from private equity suitors. **Craigcare** has been reported to be valued between \$100m to \$300m.
- **National Dental Care**, the Queensland-based company owned by **Crescent Capital Partners**, is seeking to make acquisitions in Sydney and Melbourne in the next 12 months. The company is also considering to launch an IPO on the ASX in the next two years.
- **iNova Pharmaceuticals** is currently undergoing a sale process. **Pacific Equity Partners**, **Apollo**, and **Blackstone** are expected to target the business valued at around \$850m.
- **Prana Biotechnology**, a developer of therapies to treat neurodegenerative disease, has received a \$4.8m cash refund under the Government's R&D Tax Incentive Scheme.
- **Hengkang Medical Group**, a Sichuan-based Chinese hospital operator, is scouting for medical service targets in Europe, US and Australia. Preferred targets should have established sales network in local market and sustainable profitability in general hospital operation, specific medical service institutions and third-party laboratories.
- **Guizhou Yibai Pharmaceutical**, a Chinese generics and TCM drugs manufacturer, is scouting for medical service targets in Europe, US and Australia to bring advanced oncology treatments to China.
- **ARANZ Medical**, a Christchurch, New Zealand-based privately held medical devices company, is looking to raise between NZD 5m and NZD 15m to accelerate its growth.
- **mPort**, a private Australia-based 3D body scanning technology business, is seeking joint ventures to expand into Asian and European markets. The company currently has a presence in the US where it is partnering with the local fitness franchise **LA Fitness**. The partnership is expected to be worth \$80m across seven years. In Australia, the devices are available at 20 locations through **Westfield** shopping centres.
- **Estia**, the Australian aged care business, could be planning to raise capital or sell real estate assets. US-based **HCP** has been rumoured as a potential buyer for **Estia**.
- **Dimerix Bioscience** (ASX:DXB), an Australian drug discovery company, is assessing funding options for a Phase III trial for its DMX-200 lead candidate for chronic kidney disease. The company could look to raise capital in the next 12 months if it opts to go it alone for the trial.

- **Imugene** (ASX:IMU), an Australian clinical stage immune-oncology focused biopharmaceutical company, is poised to attract partners or buyers for its HER-Vaxx Phase II/I study for its gastric cancer vaccine now that it has started the Phase Ib portion of the study. The company has a current market cap of \$20m.
- **Ondek**, a privately held Australia-based immunotherapeutic products developer, aims to raise \$3.5m to fund both preclinical efficacy and toxicology studies over the next 15 months to develop bacterial product ImmBALANCE for childhood eczema, food allergy and allergic asthma treatment.
- **AEROMETREX**, a privately held digital aerial mapping provider in Australia, is actively seeking a private equity investor for capital injection in exchange for a minority stake.
- **Mango**, a privately held, New Zealand-based, compliance software developer, has recently received approaches from US investors but is focused on organic growth in existing markets while exploring the potential for a Middle East entry.

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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