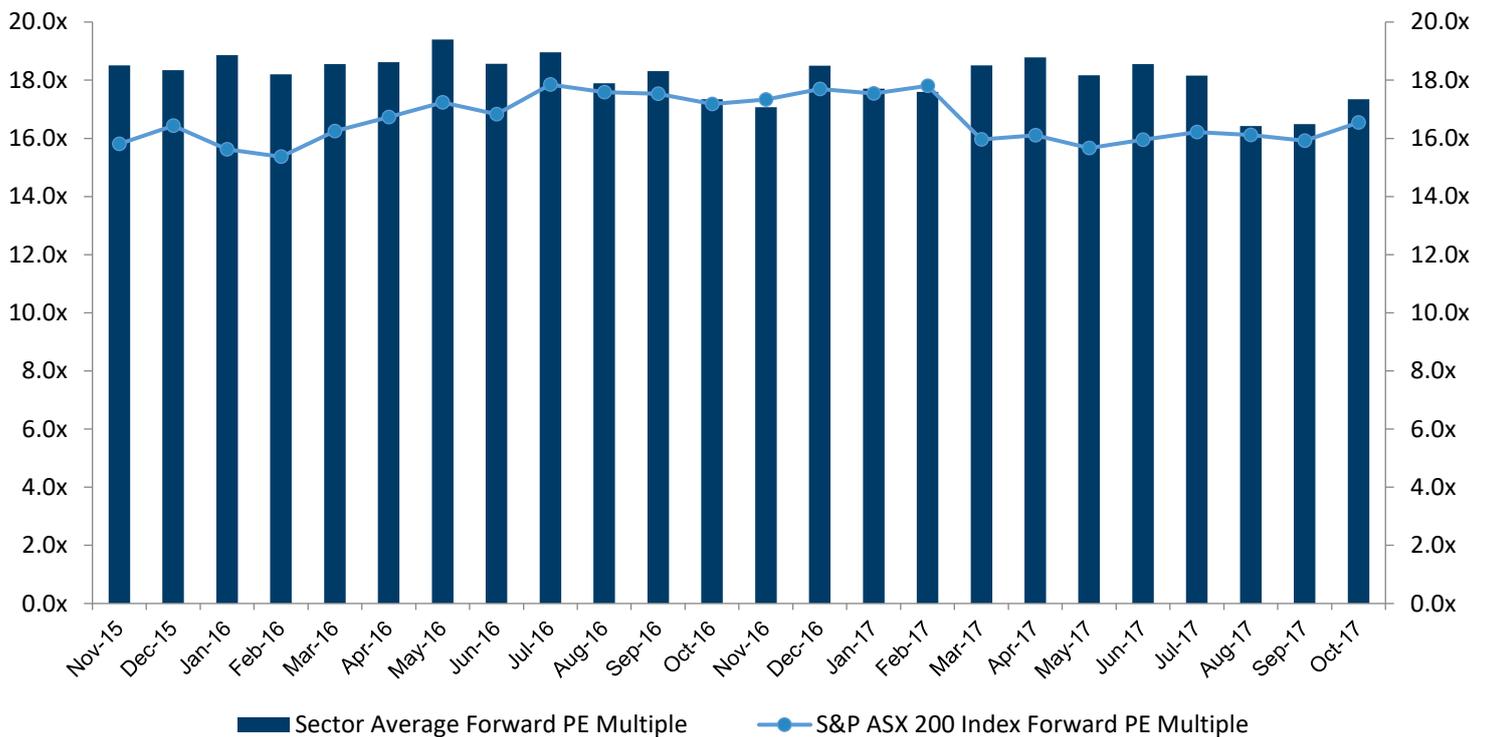


Health & Medical

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.10.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Health & Medical sector have increased over the period. At the end of October, the sector traded on a forward PE of 17.3x, compared to the ASX200 on 16.5x.



Average Values and Trading Multiples (as at 23.11.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Healthcare Facilities	27,718	10.8x	14.7x	19.7x
Healthcare Equipment	11,002	14.5x	17.4x	17.6x
Healthcare Providers & Services	18,585	10.4x	12.7x	16.4x

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: ~\$104m

BWX has entered into a binding agreement to acquire **Andalou Naturals** for initial consideration approximately \$104m, plus potential additional amounts subject to **Andalou Naturals** achieving financial milestones. **Andalou Naturals** is a leading skin, hair and body care brand in the US, and is expected to generate revenue for FY2018 of USD 41m and pro forma EBITDA of USD 8.5m. This implies an EV / FY2018 pro forma forecast EBITDA of 9.4x.



Value: ~\$7.3m

Virtus Health has acquired a further 15% stake in the **Sims IVF Group** for EUR 4.8m through its fully owned subsidiary **Virtus Health Ireland**, by exercising its first option in accordance with an option deed dated 30 May 2014 to acquire a further 15% stake in the **Sims IVF Group**. The **Sims IVF Group** includes three clinics: **Sims IVF Dublin**, **Sims IVF Cork** and **Rotunda IVF** clinic in Dublin. The acquisition was funded through existing cash resources and brings **Virtus'** ownership of the **Sims IVF Group** to 85%. The **Sims IVF Group** full year NPAT for FY2017 was EUR 3.1m.



Value: \$10.5m

EBOS Group, the New Zealand-based healthcare and animal care products company, has acquired a 14.1% stake in ASX-listed **MedAdvisor**, the digital medication management company. **MedAdvisor's** software system has wide customer acceptance with over 900,000 users and is connected to over 2,600 Australian pharmacies. **EBOS'** investment is part of a wider partnership with **MedAdvisor** that will seek to advance the commercial interests of both organisations by increasing the availability of digital health applications across **EBOS'** community pharmacy and institutional healthcare businesses.

Under the Microscope...

- ASX-listed **Total Face Group** is seeking a capital partner to inject up to \$50m into the business. The company, which owns 15 cosmetic clinics is expected to seek an investor willing to secure a majority stake in the business. However, potential investors could consider buying the company as a whole. The company reported sales of \$19m in FY17.
- Telix Pharmaceuticals**, an unlisted public Australian biotech firm, is understood to have secured an investment from London-based **Fidelity** ahead of its planned listing. **Fidelity** is believed to hold about a 10% stake in **Telix** when the Australian biotech company lists on the ASX. The company lodged a prospectus in October, seeking to raise \$50m.
- Ontario Teachers' Pension Plan** is thought to be planning a bid for **I-Med**, the Australia-based radiology business. Other potential **I-Med** suitors include **Golden Meditech**, **Tonghua Golden-Horse Pharmaceutical Industry**, and the private equity group **Permira**. **I-Med's** seller, **EQT**, is hoping to secure over \$1bn for the business.
- Bionomics**, an Australian biopharmaceutical company, has initiated a formal sale process for its oncology assets, BNC101 and BNC105. The South Australia-headquartered \$221m market capitalization company is believed to have had interest from "the full spectrum" of global and regional pharma companies as well as oncology-focused companies in the US, Europe, China and Japan.
- Chinese healthcare company **Golden Meditech Holdings** is likely to make a bid for **I-Med Radiology Network**, that could give the radiology network a value of more than \$1bn. **The Ontario Teachers' Pension Plan** is also expected to make a bid for the network.
- Monash IVF** has been involved in early-stage talks to buy **Genea**, the Sydney based IVF business. It remains to be seen whether **Monash** will submit a first-round offer. Interest has also been received from Chinese bidders.
- ASX-listed **Regeneus**, an Australian regenerative medicine company, is a likely takeover target for Japanese players. Japan values regenerative medicine much higher than Australia, and Japan has a favourable regulatory environment for regenerative medicine.
- Artoss**, a Minnesota-based biotechnology company, may look to pursue an early exit in the next 12 months to a strategic player. **Artoss** manufactures a bone-grating material called **NanoBone**, which is used by orthopaedic and neurosurgeons. The company is looking to fetch a \$60m valuation and projects USD 1m in revenue for 2017 and USD 4m in revenue for 2018.

- **Nyrada**, a drug delivery company, is seeking to raise up to \$13m for set-up costs and to get three drugs clinic-ready. New York-based **Nyrada** is a subsidiary of Melbourne-headquartered oncology company **Noxopharm**, and has been set up as a totally standalone company to develop drugs for brain injury. **Nyrada** is primarily seeking investors in Australia and the US.
- Australian medical supplies reseller **Territory Surgical Supplies (TSS)** is investigating sale of the company. **TSS** has a presence in the Northern Territory, and is a preferred supplier to the **Northern Territory Government**. The company also provides to remote clinics, doctors and day surgeries, as well as the oil and gas and mining industries.
- **Next Science**, an Australian anti-bacterial biofilm product developer is actively seeking \$20m from potential joint venture (JV) partners to launch a wound care spin-out company. The company is seeking a 25/75 partnership split. JV investors could include venture capital or private equity firms, or sophisticated investors, who must be able to contribute both capital and an understanding of wound care. **Next Science's BlastX** microbial wound care gel is ready for commercialisation and has US FDA regulatory approval, with Australian and European regulatory approval expected in 3Q2018.
- **Upstream Medical Technologies**, a privately held North Dunedin, New Zealand-based cardiac care diagnostics company, is actively seeking to raise USD 5m within the next eight months, in exchange for a minority stake, to accelerate clinical trials offshore. The company is pitching to investors globally, including Europe, the US, Australia, and in Asian countries such as China, Singapore and Malaysia.
- **City Fertility**, the Australia-based fertility business, is seeking a buyer for a controlling stake in the business. The company was set up in 2003 and is the fourth largest player in Australia's fertility segment with nine clinics in Queensland, Victoria, NSW, and South Australia. The business is owned by doctors and its management team.
- ASX-listed **Novita Healthcare**, an Australian medical technology company, is actively seeking complementary medical technology acquisitions in Australia and globally, including the US, UK, Germany, Singapore and Hong Kong. The \$15m market capitalization Victoria-based company owns two companies; **TALI** and **Newly**. **TALI** has developed a game-based training program for young children with neurodevelopmental disorders including autism, and **Newly** connects aged-care service providers and potential users.
- **Nature's Care**, the Australia-based vitamins business is seeking potential suitors. The company reported \$60m in earnings for the year to 30 June and \$178m in net sales. **Nature's Care** previously sought potential suitors in early 2016, however, potential buyers at the time did not meet the group's price expectations.

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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