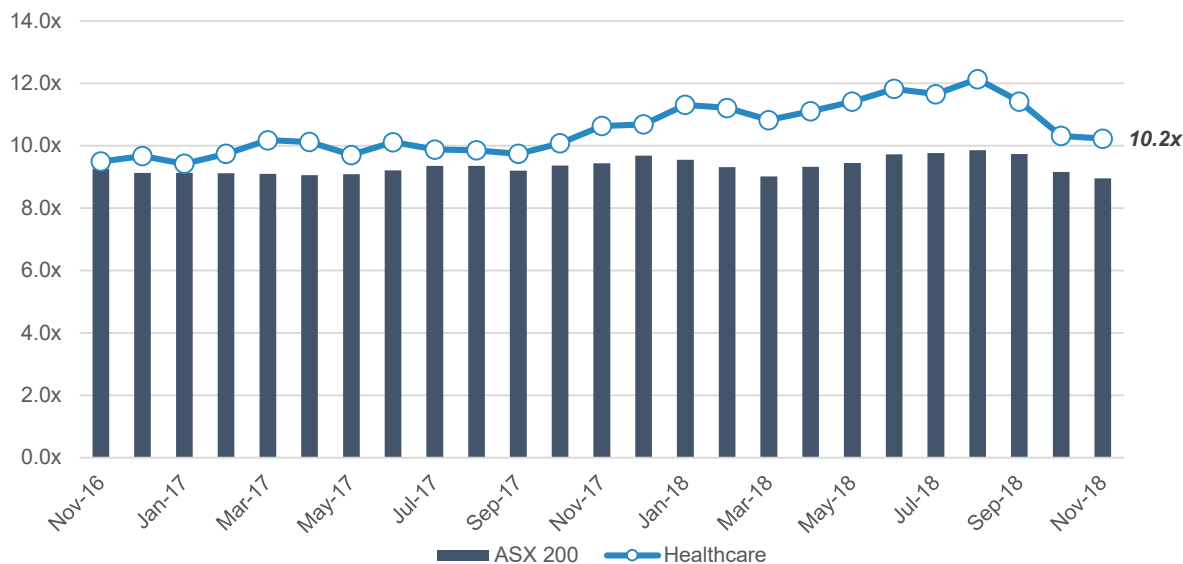


## VALUATION MULTIPLES

### Forward EV / EBITDA Multiples (monthly to 30/11/2018) Source: FactSet Research Systems Inc.

Multiples in the Healthcare sector have slightly decreased over the period. At the end of November, the sector traded on a forward EV / EBITDA multiple of 10.2x, compared to the ASX200 on 9.0x.



### Average Values and Trading Multiples (values as at 17/12/2018) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Aged Care	3,286	8.3x	11.3x	13.8x
Animal Health	1,171	8.2x	10.6x	13.7x
Biotech	84,543	20.5x	23.3x	29.4x
Hospitals & Clinics	36,204	8.9x	12.0x	15.7x
Medical Devices	9,648	23.2x	25.6x	35.4x
<b>Healthcare</b>	<b>135,905</b>	<b>9.9x</b>	<b>12.6x</b>	<b>16.5x</b>

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result.

<sup>1</sup> The InterFinancial Healthcare Index set is an unweighted index comprising Healthcare sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

### MERGER & ACQUISITION NEWS...



Value: USD 540m, EV / EBITDA: 9.2x

**Aurora Diagnostics**, the Florida-based providers of anatomical pathology services, has entered a binding agreement to be acquired by **Sonic Healthcare** for USD 540m. **Sonic** has also announced a fully underwritten Institutional Placement to raise \$600m to fund the acquisition. The transaction values **Aurora** at a multiple of ~9.2x LTM EBITDA.



Value: GBP 200m, EV / Sales: 2.4x

**Care Management Group**, a UK-based social care company, has been acquired by Australian superannuation company **AMP**. The sale price is understood to be about GBP 200m. The sale shows that investments in the social care sector can perform well for residents, employees and investors. **Care Management Group** had turnover of GBP 85m in 2017.



Value: Not disclosed.

**Tabula Rasa HealthCare**, a New Jersey-based healthcare software firm, has agreed to buy Australia-based **DoseMe**. **DoseMe** is the developer of **DoseMeRx**, a precision dosing tool to help physicians and pharmacists dose patients' high-risk parenteral medications based on individual needs. **Tabula Rasa HealthCare**, makes cloud-based software for prescribers, pharmacists and healthcare organizations.



Value: EUR 3.2m

**Telix Pharmaceuticals Limited**, a clinical-stage biopharmaceutical company, announced that it has acquired Belgium-based **Advanced Nuclear Medicine Ingredients (ANMI)**. Combining the resources, data and human capital will accelerate the process of preparing a new drug application in the US and Europe for prostate imaging. By aligning the European and US activities more closely, time and cost efficiencies are expected to result.



Value: Not disclosed.

Community support organizations, **The Nulsen Group (Nulsen)** and **Outcare** have begun a process to merge the two organisations together to create a stronger and diversified offering. Under the planned change, **Outcare** will transition into the **Nulsen Group** structure as a separate trading entity. The combined group will have nearly 800 employees.



Value: \$700m

**Device Technologies**, an Australia-based medical supplies business, has been acquired by Navis Capital Partners for over \$700m. **Navis** is seeking to complete the transaction by the end of 2018. **Device Technologies** was sold by the owner **Pemba Capital**.



Value: \$50m

**CK Life Sciences**, the Hong Kong-based biotechnology firm, announced that it has signed contracts to acquire the business of the **Nangiloc Colignan Farms** in Australia for \$50m. **Nangiloc** has agreed to sell and **CK Life Sciences** has agreed to purchase the property, which includes the land, water rights, and all improvements, but excludes the unpicked crops.

### UNDER THE MICROSCOPE...

- China's **Jangho** may be eyeing **Monash IVF**, an Australia-based fertility business. **Jangho** has built a 4.5% stake in **Monash** and is now **Monash's** largest known strategic investor. **Monash's** share price started the year at \$1.26 per share but has been trading under \$1 per share for the last two months. **Monash** hired a defence advisor a year ago, several potential buyers are thought to have approached the group since that time.
- Blackmores**, the Australian natural health company, could make acquisitions of health and wellbeing services, such as mobile health apps. The company, which recently acquired health and weight loss program **Impromy** from **Probiotec**, sees growth opportunities in digital and mobile tech and how it supports people's health and wellbeing. The company will look to acquire services that help people track their activity and nutrition and set health goals, or build such services in-house, in the next few years. **Blackmores** has a market cap of ~\$2.1bn.

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- Only a 40% stake in **Perth Radiological Clinic**, an Australia-based medical imaging business, is believed to be available to potential buyers. Many buyers are likely interested in securing a controlling stake and may be deterred by only a 40% investment. **Quadrant**, **North Coast Radiology**, and **Permira**, the owner of I-Med, are considered potential buyers. **Perth Radiological Clinics** is expected to be valued around \$400m.
  - Australian healthcare technology business **Pacific Knowledge Systems** (PKS Holdings) is proceeding with an IPO to raise \$22m. **PKS** is issuing shares at \$0.20 per share to raise \$22m. **PKS** could begin trading in January.
  - **Global Health**, an Australian digital health software company, has turned its offshore market entry growth focus to joint ventures (JVs), primarily in South-East Asia, in the absence of reasonably priced acquisitions. The Melbourne-based \$6m market cap company is talking to multiple potential partners in countries such as Indonesia, the Philippines, Malaysia, Vietnam and Myanmar.
  - **AdAlta**, a Melbourne, Australia-headquartered developer of novel biological drugs for underserved chronic diseases, is considering funding options to advance its enhanced lung fibrosis lead candidate. The \$30m market cap company, which raised \$4.73m in July, has sufficient funds to manufacture its lead i-body, with manufacturing expected to be completed by mid-2019, at which time it will require funds for preclinical and Phase I trials. **AdAlta's** preference is to secure non-dilutive funding from a partner, but it will consider all options to advance the improved drug, including a capital raise or a sale.
  - Problems around the opening of **Healthscope's** Northern Beaches Hospital (NBH) are immaterial at this stage and are not concerning **Brookfield** in its \$4.5bn takeover proposal. On 12 November **Healthscope** said it received a proposal from **Brookfield** for a \$2.455 per share off-market offer and a simultaneous \$2.585 per share scheme of arrangement.
  - **Heathley Asset Management** has shelved the IPO of healthcare property owner **Heathley Healthcare REIT** due to volatility in the market. **Heathley** had been seeking to raise \$226.4m in the IPO. **Dexus** was expected to take a 10% stake in the listed entity.
  - **Greencross'** second largest 7.7% shareholder **Lazard Asset Management** is comfortable with the \$5.55 per share agreed scheme with **TPG**. Lazard is believed to have paid in the mid \$4s for its stake and is satisfied with the value offered by **TPG** in light of current market conditions.
  - **EQT** considered buying **Allity**, an Australian aged-care business, earlier this year. **EQT** is believed to have been in advanced due diligence to buy **Allity** from **Archer Capital**. However, the announcement of a royal commission inquiry into the aged-care space deterred **EQT** from lodging a binding offer.
  - **Homart Pharmaceuticals**, an Australia-based health supplements business, is planning to list on the ASX next year. **Homart** is expected to begin preparations for the IPO in March. **Homart** is anticipated to seek cornerstone investors as part of the process.

## CONTACT DETAILS

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