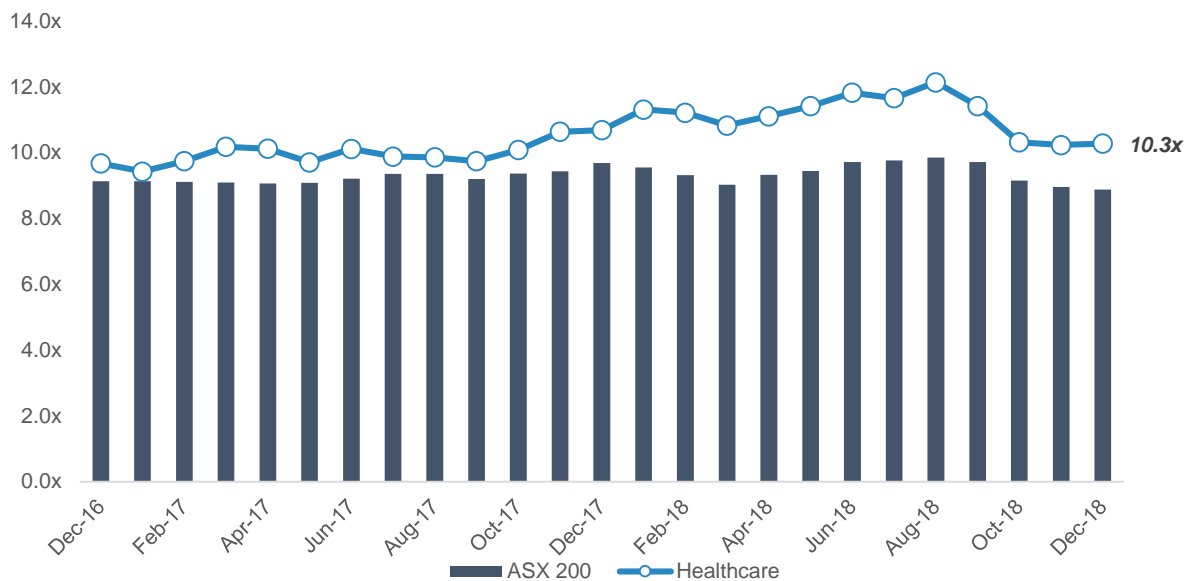


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/12/2018) Source: FactSet Research Systems Inc.

Multiples in the Healthcare sector have slightly increased over the period. At the end of December, the sector traded on a forward EV / EBITDA multiple of 10.3x, compared to the ASX200 on 8.9x.



Average Values and Trading Multiples (values as at 18/01/2019) Source: FactSet Research Systems Inc.

| Subsector | Enterprise Value (\$ m) | EV/EBITDA FY2019 | EV/EBIT FY2019 | Price / Earnings FY2019 |
|---------------------|-------------------------|------------------|----------------|-------------------------|
| Aged Care | 2,437 | 8.6x | 11.7x | 14.5x |
| Animal Health | 1,182 | 8.2x | 10.5x | 13.5x |
| Biotech | 92,905 | 22.5x | 25.5x | 32.3x |
| Hospitals & Clinics | 38,237 | 9.5x | 13.1x | 16.6x |
| Medical Devices | 10,659 | 25.6x | 28.1x | 38.7x |
| Healthcare | 146,409 | 10.5x | 13.5x | 17.3x |

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.

¹ 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...

CAPITOLHEALTH
LIMITED



Value: \$8.1m

Capitol Health announced the acquisition of four clinics in metropolitan Melbourne from **Uniradiology**. The aggregate acquisition consideration is \$8.1m upfront on a cash and debt free basis (plus the assumption of transferring employee entitlements).

UNDER THE MICROSCOPE...

- **Healius'** second largest institutional shareholder **Harris Associates** says that China's **JanghoGroup** will need to significantly increase its \$2bn takeover offer. **Jangho's** offer of \$3.25 per share was too low to justify providing access to due diligence and **Healius'** board made the right decision when it rejected the conditional proposal. Sources said that both sides decided that it would be in their best interest to continue discussions.
 - **Tap into Safety**, a private Australian physical and mental health software developer, would consider a trade sale in 12-18 months after the 2019 global roll-out of its new Software-as-a-Service (SaaS) platform. Now valued at around \$8m, compared with 2017's \$5m, the company is closer to a potential exit, and is happy to start engaging with interested parties or advisors.
 - **Westpac** and **National Australia Bank** are financing **Australian Pharmaceutical Industries'** \$727m takeover offer for **Sigma Healthcare**. The deal will be funded entirely using debt.
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DISCLAIMER

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