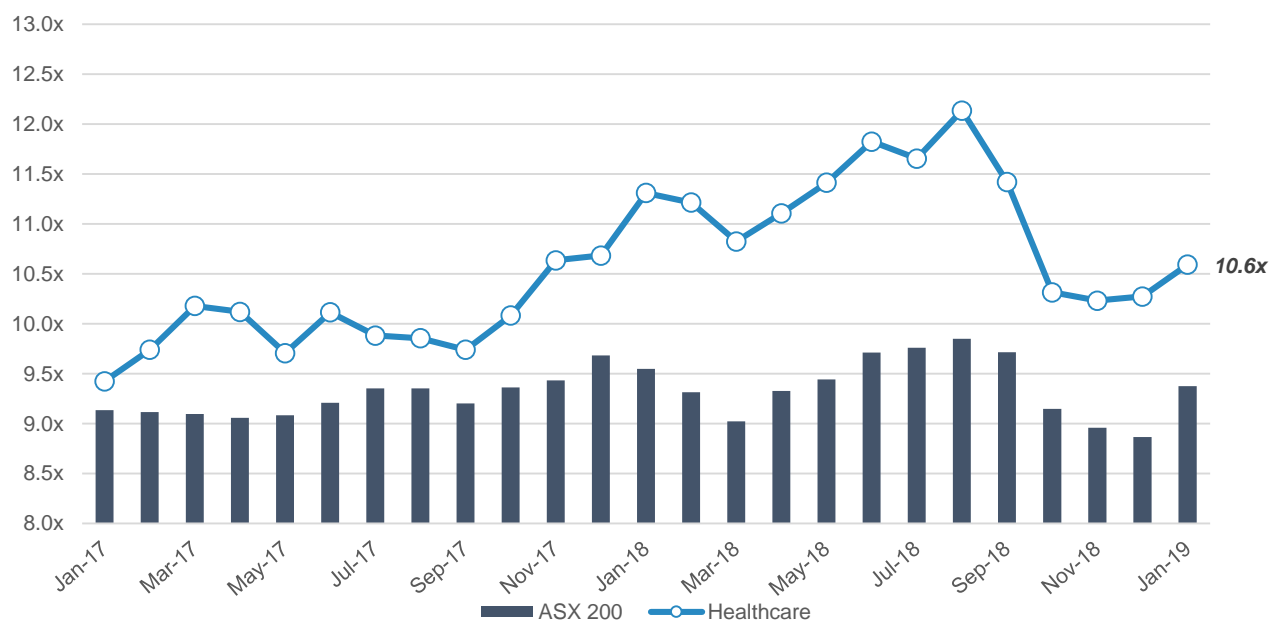


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/01/2019) Source: FactSet Research Systems Inc.

Multiples in the Healthcare sector have increased over the period. At the end of January, the sector traded on a forward EV / EBITDA multiple of 10.6x, compared to the ASX200 on 9.4x.



Average Values and Trading Multiples (values as at 21/02/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Aged Care	2,634	9.5x	13.0x	16.4x
Animal Health	1,173	8.1x	10.5x	13.5x
Biotech	92,644	22.2x	25.2x	32.0x
Hospitals & Clinics	39,406	9.7x	13.4x	17.4x
Medical Devices	11,495	27.7x	30.6x	41.8x
Healthcare	148,290	10.7x	13.8x	18.0x

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...



Value: \$51m

ALS has acquired **BioScreen Testing Services** in the US and **MARSS International** in Chile, with the spending on the two acquisitions and a key investment in innovation totaling \$51m. Based in Los Angeles and Phoenix, **BioScreen Testing Services** employs over 110 staff and provides pharmaceutical and personal care testing in the USA. **MARRS International**, on the other hand, has an established network of operations in key port and mining locations of strategic importance to **ALS** Commodity Inspection.

Brookfield



Value: \$4.375bn

Healthscope has entered into an Implementation Deed with **Brookfield** to be fully acquired by way of a scheme of arrangement for an implied equity value of \$4.375bn. Under the scheme **Brookfield** is offering to acquire 100% of **Healthscope** at \$2.50 per share. **Brookfield** will also launch a simultaneous off-market takeover offer for \$2.40 per share. The 14.7x EBITDA multiple that **Brookfield** is paying is said to be the highest ever in the sector.

UNDER THE MICROSCOPE...

- **Aveo Group** is currently assessing bids and aims to shortlist preferred bidders to take into the second stage of the sale process, which will commence in late February 2019.
- **Next Science**, a privately held Australian anti-bacterial biofilm product developer, is expected to raise \$30m in its upcoming ASX listing. The float is expected to value the company at \$170m. The company completed an \$10m pre-IPO round late last year.
- **Australian Pharmaceutical Industries** is increasingly anticipated to be asked to raise its offer for **Sigma Health**. **API's** share price has fallen from \$1.62 per share to \$1.32 per share since it first put forward its offer. **API** is offering 0.31 **API** shares and \$0.23 for each **Sigma** share, which was worth \$0.72 per share, or \$728m, when the offer was announced in December. The bid is now valued at around \$0.636 per share, or \$639m
- Canada's **Brookfield** may be interested in **Healius**, an Australia-based healthcare business. **Brookfield**, which recently reached a deal to buy Australian hospital operator **Healthscope**, is thought to be very interested in the Australian healthcare space and could also pursue **Healius**. **Brookfield** is speculated to be looking at partnering with China's **Jangho**, which has lodged a rejected \$2bn takeover offer for **Healius**. **Healius** is thought to have attracted other private equity firms such as **PAG**, **TPG Capital** and **KKR**.
- **Healius** could divest from its in-vitro fertilisation businesses, with potential buyers of the business being **Virtus Health** or **Monash IVF Group**.
- **Global Alpha Capital Management**, which plans to vote against **TPG Capital's** USD 675m takeover offer for **Greencross**, has lifted its stake in the target to 11.09%. **TPG** is offering \$5.55 per share for **Greencross**.

CONTACT DETAILS

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