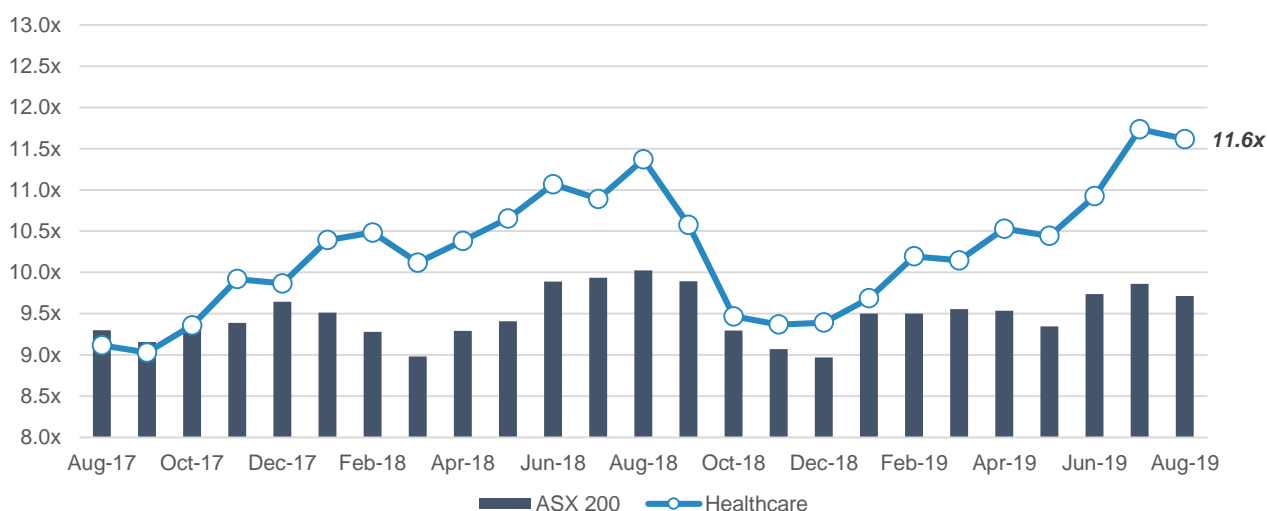


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/08/2019) Source: FactSet Research Systems Inc.

Multiples in the Healthcare sector have decreased over the period. At the end of August, the sector traded on a forward EV / EBITDA multiple of 11.6, compared to the ASX200 on 9.7x.



Average Values and Trading Multiples (values as at 25/09/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Aged Care	3,302	11.7x	16.7x	22.7x
Animal Health	284	7.7x	9.1x	12.0x
Biotech	110,447	24.0x	27.7x	34.7x
Hospitals & Clinics	44,722	10.1x	14.5x	20.5x
Medical Devices	14,094	27.1x	30.4x	41.1x
Healthcare	173,997	11.5x	15.4x	20.8x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2020. 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: \$16m

Apiam Animal Health Limited has entered into a binding agreement to acquire 100% of the shares in **Animal Consulting Enterprises**. The acquisition will provide **Apiam** with highly specialised product & service extension to be sold across its large animal footprint. **Apiam** expects to announce more acquisitions shortly.



Value: \$300m

Caisse de depot et placement du Quebec (CDPQ) has closed an agreement with **Brookfield Business Partner** and its institutional partners to co-invest in the acquisition of **Healthscope Limited**. **CDPQ** will invest over AUD 300m and will hold a significant minority stake in **Healthscope**.



Value: \$104m

Integral Diagnostics has entered into binding agreements to acquire **Imaging Queensland** for an upfront consideration of AUD 104m. The upfront consideration will be funded by a 1 for 5.91 pro rata accelerated non-renounceable entitlement offer to raise AUD 72m, the issuance of AUD 26.2m new shares to the vendors, and AUD 12.1m of debt.



Value: ~\$50m

Greencross, an Australian pet and veterinary business, has acquired **Animal Referral Hospital**, an Australian emergency pet care and veterinary specialist. **Animal Referral Hospital** has eight hospitals across Australia and over 460 employees.



Value: Undisclosed

Australian cancer care group **Icon Group** is acquiring Hong Kong-based oncology clinic **SunTech Medical Group** as part of its Asia Pacific growth strategy. The deal size was not disclosed.



Value: \$1.5bn

China Mengniu Dairy Company has entered into a scheme of arrangement to acquire **Bellamy's Australia**. Bellamy's shareholders would receive a total of AUD 13.25 cash per share comprising AUD 12.65 cash per share from **Mengniu** and AUD 0.60 per share fully franked special dividend paid by **Bellamy's** prior to implementation of the scheme.

UNDER THE MICROSCOPE...

- **Australian Pharmaceutical Industries (API)** is said to have recently rejected an offer for its 10.77% stake in **Sigma Healthcare**. API offered AUD 727m in a cash and scrip bid for **Sigma** in October last year.
- Potential suitors are believed to be walking away from efforts to buy **Helius**, an Australian healthcare business.
- Australian hospitals operator, **Ramsay Health Care**, has the financial flexibility to fund future acquisitions.
- **Capitol Health**, an Australian provider of diagnostic imaging services, announced it will continue to build an acquisition pipeline.
- **Sonic Healthcare** is working on acquisition opportunities to augment its growth.
- **Paradigm Pharmaceuticals**, an Australian-based drug developer, is attracting the interest of global suitors. A string of positive news on **Paradigm's** osteoarthritis drug has attracted the interest of larger players.
- Australian healthcare products manufacturer **Sphere Healthcare** has gone into administration and is seeking expressions of interest for the purchase of the business and assets or for a recapitalisation/restructure of the Group.
- **LeafCann Group**, an Australian emerging medicinal cannabis producer, is about to kick off an equity raise, while mulling an IPO on a US exchange in two years' time. The capital raise will be used to build a research, cultivation and manufacturing facility.
- **Circa Group**, an unlisted public Australian biotechnology company that converts waste biomass into advanced biochemical materials, will undertake a capital raise in 2020. The capital raise will scale manufacturing at the company's Tasmania plant and support further market development including opening offshore offices.
- **MediKane**, an unlisted public Australian natural medical products developer, is seeking AUD 3m on a pre-money valuation of AUD 10m to increase sales in Australia and the US, and to support its market entry into Japan.

CONTACT DETAILS

If you are interested in specific information regarding mergers and acquisitions in the Healthcare sector, please contact David Hassum or Michael Kakanis.

Name	Position	Phone	Email
Sharon Doyle	Managing Director	(07) 3218 9122	sdoyle@interfinancial.com.au
Paul Keehan	Chairman	(07) 3218 9100	pkeehan@interfinancial.com.au
Mark Steinhardt	Head of M&A	(07) 3218 9105	msteinhardt@interfinancial.com.au
Brad Shaw	Chief Operating Officer	(07) 3218 9100	bshaw@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Anna Green	Director	(07) 3218 9100	agreen@interfinancial.com.au
Ted Marchant	Director	(07) 3218 9100	tmarchant@interfinancial.com.au
Sally McMillan	Associate Director	(07) 3218 9100	smcmillan@interfinancial.com.au
Brent Wall	Associate Director	(07) 3218 9102	bwall@interfinancial.com.au
Michael Kakanis	Associate	(07) 3218 9106	mkakanis@interfinancial.com.au

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InterFinancial
Corporate Finance Limited
ABN: 49 136 962 966
AFSL: 341675
Level 2, 201 Charlotte Street
GPO Box 975
Brisbane Queensland 4001
(07) 3218 9100
admin@interfinancial.com.au
www.interfinancial.com.au

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