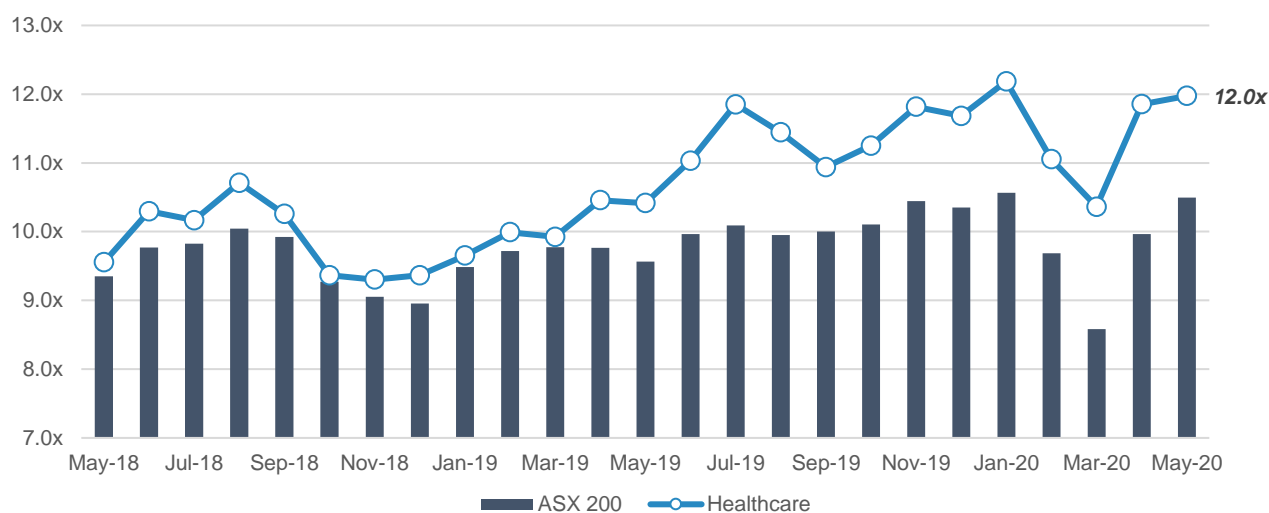


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/05/2020) Source: FactSet Research Systems Inc.

Multiples in the Healthcare sector have increased over the period. At the end of May, the sector traded on a forward EV / EBITDA multiple of 12.0x, compared to the ASX200 on 10.5x.



Average Values and Trading Multiples (values as at 1/07/2020) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Aged Care	1,579	6.9x	13.7x	18.1x
Biotech	138,897	29.8x	34.2x	42.7x
Hospitals & Clinics	48,923	12.8x	22.8x	26.2x
Medical Devices	11,345	41.8x	NA	NA
Healthcare	202,262	15.5x	24.6x	28.2x

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. Composition of companies in Sector Dashboards are updated every 6 months. Most recent update: February 2020.

MERGER & ACQUISITION NEWS...



Value: AUD 500m

Healius Limited [ASX:HLS] has entered into a binding agreement to sell the **Healius Primary Care** business to funds managed by **BGH Capital** for an enterprise value of AUD on a cash and debt free basis. The successful sale of Medical Centres was reportedly achieved at an attractive valuation for Healius shareholders, despite the challenging environment from the COVID-19 pandemic.



Value: ~AUD 65m (75% stake)

PRP Diagnostics, an Australian radiology business, has been acquired by **Crescent Capital**. Crescent's health sector specialist Daren McKennay helped convince PRP's doctor shareholders to accept the deal and reinvest in the business alongside Crescent. PRP's doctor shareholders will receive a cash payment of AUD 32.5m and a similar amount will be paid to a group of financial investors. Sources said that PRP plans to inject around debt of AUD 160m into the business.

CrescentCapitalPartners



Value: Undisclosed



Medtech Global, a New Zealand-based medical software business, has been acquired by **Advent Partners**, a private investment fund, and Australia-based **Acclivis Group**. The group will undergo a restructuring through the sale, which will result in **ManageMyHeath**, a patient health portal, being spun off into **Cereus Holdings**, an investment firm controlled by founder, Vino Ramayah. Medtech Global will keep its core practice management software.

UNDER THE MICROSCOPE...

- A listed Australian business is said to have recently considered an offer for **Regis Healthcare** [ASX:REG]. The listed group was thought to be considering a deal with the view to spinning off Regis' real estate assets. The item noted that the group mainly looked at Regis in March when its market value was around half of its current value of AUD 445m. Regis' real estate is worth around AUD 900m, which is likely why private equity players have been eyeing the company.
- **Zeep Medical**, an Australian specialist medical recruitment service for doctors, is reviewing options for its 2021/2022 growth phase including offshore expansion and diversification into other medical verticals in the domestic market. The company could consider acquisitions to achieve these plans as well as to scale in the domestic market with bolt-ons.
- **Australian Pharmaceutical Industries** [ASX:API], an Australian pharmacy owner, is considered a potential equity raising candidate. Reportedly, the pharmacy space has held up relatively well during the coronavirus pandemic, but players in the space could raise equity in the future. Pharmacies make up around 60% of their income from retail sales and those sales are thought to be down across the industry, which has not qualified for the government's JobKeeper program or rent relief.
- The sale of **Healius's** [ASX:HLS] medical centres has paved the way for suitor **Partners Group** to once again ramp up discussions around a possible confidentiality agreement for a potential takeover of what remains of the medical services provider.
- **Cornerstone Health**, an Australian medical centres owner, is thought to be seeking deals. Cornerstone was believed to be in talks with **BGH Capital** to combine Cornerstone with **Healius'** [ASX:HLS] medical centre portfolio.
- **BGH Capital** could target the Australian healthcare assets **QScan** and **Everlight Radiology**. **BGH** is thought to be forming a healthcare business that could list on the ASX in five years. **BGH** is in talks to buy the New Zealand dental care business **Abano Healthcare** [NZX:ABA] and is likely to search for other bolt-on acquisitions.
- **Recce Pharmaceuticals** [ASX:RCE], a Sydney, Australia-based developer of a new class of broad-spectrum synthetic polymer antibiotics, could be on the radar of potential suitors as it reports significant advances in its current antibiotic resistance program as well as new anti-viral findings. The company, which has seen its market cap grow four-fold to AUD 105m from just AUD 24m a year ago, has reported that its lead compound, RECCE 327, which has shown efficacy in combating antibiotic resistant superbugs, could also have anti-viral capability.
- **Priory Group**, a UK-based health business, remains a potential acquisition target for **Ramsay Health Care** [ASX:RHC]. Ramsay, which raised AUD 1.4bn in April, is known to be interested in making acquisitions. Ramsay has been said to be eyeing **Icon Care** and **Everlight Radiology**, which is still up for sale, but some think that overseas acquisitions in markets where the group already operates, such as the UK and Europe, could offer the best option for growth.
- Australian vitamins manufacturer **Blackmores** [ASX:BKL] is likely to put its natural health products business **Global Therapeutics** on the block as part of its divestment of non-core assets, according to industry experts.
- **Advent Health**, an Australian allied health business, is preparing to list on the ASX through the reverse takeover of **Millennium Limited** [ASX:MHD]. The deal will reportedly include an AUD 21m raising at AUD 1 per share and the new company will have a market capitalisation of AUD 45m.
- **Aroa Biosurgery**, a New Zealand-based tissue regeneration business, is moving forward with plans to list on the ASX.
- **Clinic to Cloud (C2C)**, an Australia-based medical practice management software business, has launched a pre-IPO funding round. C2C is looking to raise between AUD 10m and AUD 12m through the sale of convertible notes ahead of a listing on the ASX.

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	Executive Chair	(07) 3218 9122	sdoyle@interfinancial.com.au
Paul Keehan	Non-Executive Director	(07) 3218 9100	pkeehan@interfinancial.com.au
Ted Marchant	Non-Executive Director	(07) 3218 9100	tmarchant@interfinancial.com.au
Mark Steinhardt	Head of M&A	(07) 3218 9105	msteinhardt@interfinancial.com.au
Brad Shaw	Director – M&A	(07) 3218 9100	bshaw@interfinancial.com.au
Brent Wall	Director – M&A	(07) 3218 9102	bwall@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Michael Kakanis	Associate	(07) 3218 9106	mkakanis@interfinancial.com.au
Lachlan O'Rourke	Analyst	(07) 3218 9104	lorourke@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

