

AUGUST 2020 – HEALTHCARE

Executive Summary

The **Integrated Healthcare Services** closed up 4.0%, **Healthcare Supplies** gained 3.0%, and **Pharmacy** rose 5.4%. Meanwhile, the **Ancillary Services** sector gained 1.0%

Across all sectors, the largest decrease was from **Compumedics Limited**, closing down 10.3%. The largest gain was from **Mesoblast Limited**, closing up 40.5%

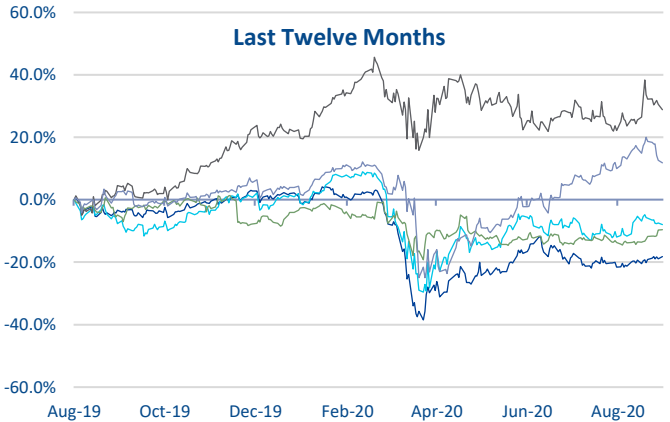
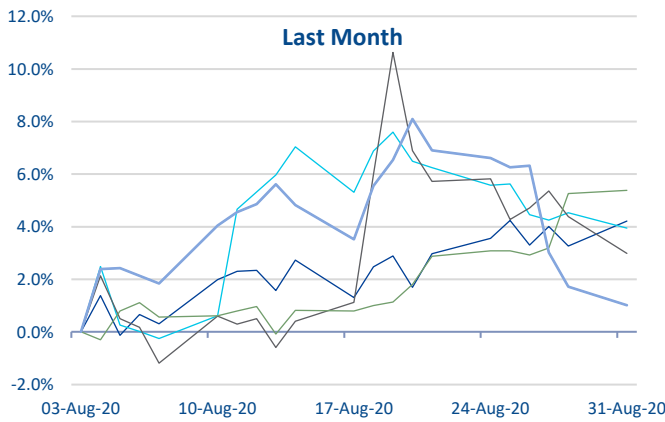
The average **LTM EV/EBITDA** multiples were 13.1x, 34.3x, 7.4x and 11.1x for **Integrated Healthcare Services**, **Healthcare Supplies**, **Pharmacy** and **Ancillary Services** respectively

The average **NTM EV/EBITDA** multiples for the four sectors are projected to be 11.7x, 40.6x, 9.5x and 10.6x respectively

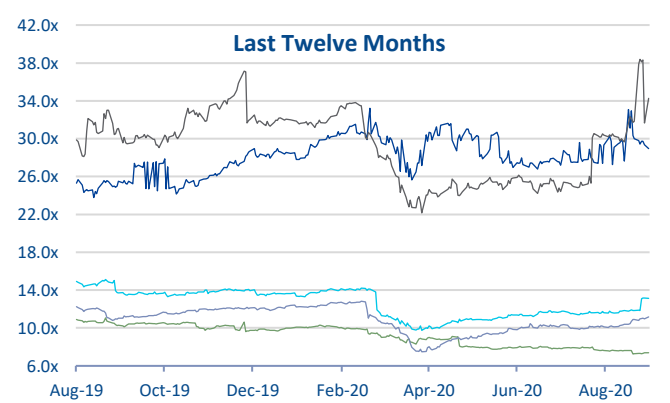
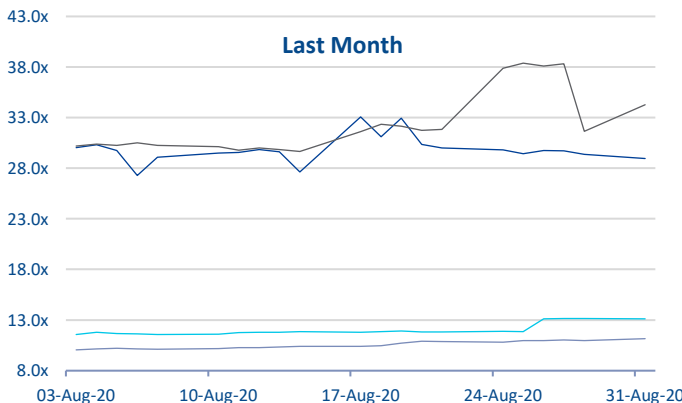
Key Developments

- **Integral Diagnostics Limited** will look for acquisitions
- **Mesoblast Limited** has completed a Follow-on Equity Offering in the amount of AUD 0.33959 million
- Ontario Teachers' Pension Plan Board and New Zealand Superannuation Fund entered into an agreement to acquire Asia Pacific Healthcare Group Pty Ltd from Healthscope Limited for approximately NZD 550 million

INDEXED SHARE PRICE PERFORMANCE



VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Integrated Healthcare, Pharmacy and Ancillary services coverage groups: The charts shown are the indexed share price performance for the constituent companies of the EAC coverage group and the ASX200 Health Index.

ASX 200 Health Index
 Integrated healthcare services
 Healthcare supplies/medical equipment
 Pharmacy
 Ancillary services

CONSTITUENTS

Integrated healthcare services	Ticker	Closing Price	Monthly Movement	Market Cap (AUD)	EV (AUD)	EV / EBITDA (LTM)	EV / EBITDA (NTM)	P / E (Trailing)	P / E (Forward)	ND / EBITDA (Trailing)	Div Yield (Trailing)
Healius Limited	HLS	3.33	2.1% ▲	2,074.6	3,708.7	11.2x	11.2x	28.8x	23.5x	4.9x	NM
Ramsay Health Care Limited	RHC	65.06	5.0% ▲	14,814.2	22,527.9	15.1x	12.2x	49.9x	32.4x	5.2x	NM
Average			4.0%			13.1x	11.7x	39.3x	28.0x	5.1x	NA
Healthcare supplies/medical equipment											
Compumedics Limited	CMP	0.39	(10.3%) ▼	69.1	67.5	31.1x	10.4x	NM	16.6x	NM	NM
Cochlear Limited	COH	192.15	1.0% ▲	12,630.6	12,405.1	43.3x	33.3x	NM	58.3x	NM	NM
CSL Limited	CSL	286.01	5.9% ▲	129,960.4	136,905.6	27.2x	29.7x	42.8x	43.0x	1.4x	0.9%
Cyclopharm Limited	CYC	1.38	(7.1%) ▼	110.8	107.6	NM	97.8x	NM	NM	NM	NM
Nova Eye Medical Limited	EYE	0.31	(6.1%) ▼	44.5	NM	13.4x	NM	NM	NM	NM	NM
ImpediMed Limited	IPD	0.07	(8.0%) ▼	71.4	52.6	NM	NM	NM	NM	NM	NM
Mesoblast Limited	MSB	5.31	40.5% ▲	3,087.2	3,043.7	NM	NM	NM	NM	NM	NM
Nanosonics Limited	NAN	6.06	(2.1%) ▼	1,821.9	1,732.7	NM	88.3x	182.0x	139.8x	NM	NM
Paragon Care Limited	PGC	0.21	17.1% ▲	69.3	170.3	9.0x	5.3x	NM	5.4x	NM	NM
Resonance Health Limited	RHT	0.14	(9.7%) ▼	62.1	55.3	NM	NM	NM	NM	NM	NM
SomnoMed Limited	SOM	1.59	19.5% ▲	131.6	116.9	67.4x	24.2x	NM	105.9x	NM	NM
Fisher & Paykel Healthcare Corp Ltd	FPH	33.68	2.4% ▲	19,353.5	19,347.8	48.6x	36.0x	74.3x	54.2x	NM	NM
Average			3.0%			34.3x	40.6x	99.7x	60.5x	1.4x	0.9%
Pharmacy											
Australian Pharmaceutical Industries Ltd	API	1.09	(1.8%) ▼	534.5	818.9	5.2x	7.3x	10.2x	14.3x	2.0x	NM
EBOS Group Limited	EBO	21.13	6.1% ▲	3,415.8	3,975.2	12.1x	11.8x	21.5x	19.1x	1.7x	3.5%
Green Cross Health Limited	NZSE:GXH	0.94	(1.9%) ▼	134.8	250.3	4.8x	NM	10.9x	NM	2.1x	NM
Average			5.4%			7.4x	9.5x	14.2x	16.7x	1.9x	3.5%
Ancillary services											
Capitol Health Limited	CAJ	0.26	18.2% ▲	266.3	332.1	9.1x	10.7x	260.3x	23.9x	1.8x	4.0%
Integral Diagnostics Limited	IDX	4.47	20.8% ▲	870.2	1,090.1	16.8x	12.8x	36.3x	24.7x	3.4x	2.2%
Monash IVF Group Limited	MVF	0.64	21.0% ▲	247.4	292.2	9.3x	7.6x	14.1x	15.0x	1.4x	NM
1300SMILES Limited	ONT	6.26	5.2% ▲	148.2	165.2	10.9x	9.9x	20.7x	17.7x	1.1x	4.1%
Pacific Smiles Group Limited	PSQ	1.85	27.6% ▲	284.0	353.9	10.8x	13.1x	44.1x	28.9x	2.1x	NM
Sonic Healthcare Limited	SHL	32.05	(0.2%) ▼	15,267.7	18,744.1	13.2x	11.9x	29.0x	24.1x	2.4x	2.6%
Virtus Health Limited	VRT	3.50	19.9% ▲	279.7	515.2	7.9x	7.8x	NM	12.2x	3.6x	NM
Average			1.0%			11.1x	10.6x	67.4x	20.9x	2.3x	3.2%
Coverage Group Average						17.1x	19.8x	61.5x	32.2x	2.4x	3.0%

KEY DEVELOPMENTS

Activity

- **Integral Diagnostics Limited (ASX:IDX)** will look for acquisitions. The CEO noted that a whole range of acquisition sizes is being considered
- **Mesoblast Limited (ASX:MSB)** has completed a Follow-on Equity Offering in the amount of AUD 0.33959 million
- Ontario Teachers' Pension Plan Board and New Zealand Superannuation Fund entered into an agreement to acquire Asia Pacific Healthcare Group Pty Ltd from Healthscope Limited for approximately NZD 550 million on August 4, 2020

EAC PARTNERS

EAC Partners is an independent corporate advisory firm providing a full suite of mid-market merger, acquisition, divestment, capital structure and corporate finance services to private and public companies, located within Australia and abroad

Transaction Experience



Sibelco: Advised on the divestment of their sand mining operations to Holcim Australia



mpower: Advised on the sale of the Australian and New Zealand products distribution businesses



Zentree: Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto



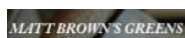
Safe Direction: Completed a strategic and capital structure review



Batchfire: Advised in relation to a AUD25M equity rights issue



Running Bare: Completed a strategic review



Matt Brown's Greens: Advised on its sale to MorCo Fresh



Yello: Advised in relation to its series A capital raising



ATL: Advised on its USD500M investment grade bond offer
Advised on their finance plan, which included rating advice



Smollen Group: Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited



Enviropacific Services: Advised on the divestment of 44% of the shares to Adexum Capital



Holcim: Strategic review of two non-core assets



Moko: Advised in relation to an acquisition and capital raise



Freemantle Media: Advised on the takeover of a listed media business



APSEZ: Advised on acquisition of Abbot Point Bulkcoal from Glencore
Advised on its inaugural USD650M investment grade bond offer



Sibelco: Advised on the acquisition of an industrial minerals producer



Adani: Advised on the AUD1.25B refinance of Adani Abbot Point Terminal

Awards



EAC Partners received the 2018 award for "Best M&A Advisory Firm – Australia"



EAC Partners received the 2018 award for "Most Client-Focused Corporate Advisory Firm – NSW"

Contact Details

Greg Quinn – Managing Director
+61 2 7910 8051
greg.quinn@eacpartners.com.au

Alex Hunter – Director
+61 2 7910 8052
alex.hunter@eacpartners.com.au

Harsha Pappu – Analyst
+61 2 7910 8053
harsha.pappu@eacpartners.com.au

Surya Alapati – Analyst
+61 2 7910 8054
surya.alapati@eacpartners.com.au

EAC Partners Pty Limited

Level 8, 56 Pitt St
Sydney NSW 2000
Australia
www.eacpartners.com.au



www.mergers-alliance.com