

BDO's quarterly Healthcare M&A Highlights provides a snapshot of mergers and acquisitions in Australasia, with a specific focus on Australia.

## M&A TRANSACTIONS

### Deal activity

Healthcare deal activity increased significantly in Q2 2020 compared to Q2 2019, with deal volume more than doubling due to strong interest from private equity firms. 8 of the 23 deals this quarter were private equity acquirers, compared to only 3 in Q2 2019. This increased activity has been anticipated given the significant levels of 'dry powder' or cash reserves held by Australian private equity firms, estimated at US\$14.8bn in Australia and expected to be deployed in the next two to three years.

The ASX200 Healthcare Index has risen by more than 50 percent over the past twelve months, as many companies with proportionally high offshore earnings benefit from the low Australian dollar coupled with continued growth across the sector. This has resulted in higher valuations for listed healthcare companies, with the median EV/EBITDA multiple now 14.5x compared to 11.7x this time last year.

### Largest acquisition

Disclosed deal value increased significantly this quarter due to the announced acquisition of Metlifecare Limited by EQT Partners for \$1.6bn in December 2019.

Metlifecare was established in 1984 and owns and operates a portfolio of 25 retirement villages across New Zealand, housing more than 5,600 residents. The transaction represented a premium of 38% to Metlifecare's last close price as EQT Partners plans to grow the business through the expansion of existing villages and the development of new sites.

Disclosed deal value

**\$2.5bn**

across Australasia



value vs. Q2 2019

Deal volume



volume vs. Q2 2019

**23 DEALS**

announced in Q2 2020

Median EV/EBITDA multiple for ASX listed Healthcare companies



Q2 2020 multiple\*

**INCREASED**

from 11.7x in Q2 2019

## TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the Aged Care sector due to EQT Partners' \$1.6bn million acquisition of Metlifecare Limited.

4 deals

Avg. deal Size: \$422m



**\$1,689m** Aged care

9 deals

Avg. deal Size: \$48m



**\$429m** Healthcare providers and services

2 deals

Avg. deal Size: \$101m



**\$201m** Biotechnology

## TOP DEAL ANNOUNCEMENTS

**A\$ 52m**

**Sector: Healthcare Providers and Services**

Serendipity (WA) Pty Ltd, one of Australia's largest injury rehabilitation, disability employment and care services providers, announced the acquisition of Konekt Limited, an ASX listed provider of health and risk management solutions.

OCTOBER

**A\$ 267m**

**Sector: Healthcare Providers and Services**

Australian private equity firm, BGH Capital, partnered with Canadian based pension fund, Ontario Teachers' Pension Plan, to acquire Abano Healthcare Group Limited. Abano is one of the largest dental groups in Australasia with over 239 practices.

NOVEMBER

**Sector: Biotechnology**

Abcam Plc, a listed UK-based life sciences company, has agreed to acquire TGR BioSciences, the Australian based immunology and proteomics business. TGR provides solutions to cell-based research companies including lateral flow and microfluidics technologies.

**A\$ 193m**

**Sector: Medical Equipment**

The Lumibird Group has agreed to acquire the Australian Laser & Ultrasound manufacturing business from Ellex Medical Lasers Limited. Lumibird, headquartered in France, is one of the world's leading specialists in lasers and will strengthen its position in the Australasian market with this acquisition.

**A\$ 100m**

**A\$ 1.6bn**

**Sector: Aged Care**

EQT Partners announced the acquisition of listed Metlifecare Limited, representing the largest deal for the quarter. Metlifecare is a New Zealand based aged care provider holding 25 retirement villages with over 5,600 residents.

DECEMBER

Sources used: Mergermarket, S&P Capital IQ and BDO Analysis. BDO's quarterly update runs on the quarters to a June financial year end.

\* Note: Companies without comparable multiple data have been excluded (e.g. those with negative earnings in one quarter)



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