

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

With heightened uncertainty from global economic pressures, investment and M&A activity in Australasia remains subdued. Deal activity in the Healthcare sector declined in Q1 2020 to 7 deals, from 13 deals in Q1 2019. Disclosed deal value also declined by 33%.

The China-US trade disputes have affected international trade flows and investment, with businesses scaling back spending plans due to increased uncertainty. Key economic indicators out of China and the US continue to spur uncertainty into surrounding markets such as Australasia.

Private equity activity is also down, with the only deal this quarter being Allegro Funds' acquisition of Perth's largest private diagnostic imaging provider, Perth Radiological Clinic, in July for an undisclosed amount.

Disclosed deal value

\$528m

across Australasia

33%

value vs. Q1 2019

Deal volume

46%

volume vs. Q1 2019

7 DEALS

announced in Q1 2020

Median EV/EBITDA multiple for ASX listed Healthcare companies

14.7x

Q1 2020 multiple*

INCREASED

from 14.0x in Q1 2019

Largest acquisition completed

In July 2019, Apotex completed the merger with Arrow Pharmaceuticals in a \$394 million deal. Both companies provide low cost generic pharmaceutical supplies in Australia and New Zealand.

As announced in 2018, both Apotex and Arrow will look to expand and diversify current product portfolios through investment in key therapeutic growth areas including biosimilars, monoclonal antibodies, respiratory and autoimmune therapies.

TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the *Pharmaceuticals* sector due to Apotex's \$394 million merger with Arrow Pharmaceuticals.

1 deal

Avg. deal Size: \$394m



\$394m

Pharmaceuticals

3 deals

Avg. deal Size: \$37m



\$112m

Healthcare providers and services

1 deal

Avg. deal Size: \$12m



\$12m

Medical equipment and devices

TOP DEAL ANNOUNCEMENTS

A\$ 394m

Sector: Pharmaceuticals

Apotex merges with Arrow Pharmaceuticals in a \$394 million deal. Both companies provide low cost generic pharmaceutical supplies in Australia and New Zealand.

JULY

A\$ 112.2m

Sector: Medical

ASX listed Integral Diagnostics Limited (ASX:IDX) acquired Imaging Queensland. Imaging Queensland was established in 2007 and has 18 radiology clinics across the state. BDO Corporate Finance advised Imaging Queensland on the sale, which you can read about [here](#).

AUGUST

Sector: Medical

Global life sciences company, Diploma Plc (LSE:DPLM) acquired Australian based Sphere Surgical. Sphere Surgical is a specialised distributor of bariatric surgical consumables supplied to both public and private hospitals.

SEPTEMBER

A\$ 12.1m

Sector: Technology

Specialized Bicycle Components, a US-based manufacturer of bicycle components, has acquired Today's Plan, an Australia-based company engaged in developing and providing healthcare apps for coaches to manage the training of athletes.

undisclosed

A\$ 10m

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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