

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

Q2 2018 saw 12 announced deals, representing a 33% increase on Q2 2017. Disclosed deal values rose by 113% to \$953m driven by two large ticket deals. These deals also increased the average disclosed deal size from \$75m to \$119m. Deal activity for the quarter continues to be focused within the *Healthcare Providers and Services* and *Aged Care* subsectors, showing that Australia's ageing population continues to drive demand in these industries.

Growth in deal value, deal volume and rising valuation multiples highlight improved market sentiment within the healthcare industry. We expect this robust M&A activity to continue as deals are supported by low interest rates and the appeal of healthcare as a defensive industry.

Largest acquisition

The \$470m acquisition of Lendlease Primelife Limited by Holland's APG Group N.V. was the largest deal in Q2 2018. Lendlease Primelife Limited is the retirement village arm of Lendlease Group. They currently operate 71 retirement villages across Australia. This purchase of a 25% stake enables APG Group to enter Australia's retirement village market and commence a strategic partnership with Lendlease.

Disclosed deal value

\$953m

across Australasia

113%

Value vs. Q2 2017

Deal volume

33%

Value vs. Q2 2017

12 DEALS

announced in Q2 2018

Average deal size

\$119m

for disclosed transactions

60%

Avg. deal size vs. Q2 2017

Median EV/EBITDA multiple for listed Healthcare companies

11.7x

Q2 2018 multiple*

INCREASED

from 11.6x in Q2 2017*

TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the *Aged Care* and *Healthcare Providers and Services* sectors. Deal values for a number of notable transactions announced during the quarter were not disclosed. These included Bunzl Plc's acquisition of Interpath Services Pty Ltd, OPED AG's acquisition of Orthopaedic Appliances Pty Ltd and Goubuli Group's acquisition of an 80% stake in BJP Laboratories Pty Ltd.

1 deal

Avg. deal size: \$470m



Aged Care

\$470m

5 deals

Avg. deal size: \$92m



Healthcare Providers & Services

\$461m

1 deal

Avg. deal size: \$14m



Medical Equipment & Devices

\$14m

1 deal

Avg. deal size: \$8m



Other Medical Related Services

\$8m

TOP 5 DEAL ANNOUNCEMENTS

\$470m

Holland based **APG Group N.V** acquires a 25% stake in Lendlease Primelife Limited, an Australian retirement living business.

Sector: Aged Care

Abano Healthcare Group Limited's 71% stake in Ascot Radiology Limited was acquired by **Ascot Radiologies** shareholders. This transaction will enable rapid growth within the dental sector.

Sector: Healthcare Providers & Services

\$16m

OCTOBER

NOVEMBER

DECEMBER

US-based medical devices manufacturer **Merit Medical Systems, Inc.** acquires ITL Healthcare Pty Ltd, an Australian manufacturer of medical, surgical, ophthalmic and veterinary instruments and apparatuses.

\$14m

Sector: Medical Equipment & Devices

\$406m

Capitol Health Ltd has made an offer to acquire diagnostic imaging services operator, Integral Diagnostics Limited. An acquisition looking to realise synergies within the diagnostic imaging space and become Australia's largest provider.

Sector: Healthcare Providers & Services

Capitol Health Ltd has made an offer to acquire Radiology Tasmania Pty Ltd; the second major acquisition by Capitol Health within the quarter, expanding their footprint in Australia.

Sector: Healthcare Providers & Services

\$25m

Sources: Mergermarket, S&P Capital IQ and BDO Analysis

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



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