

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 and Outlook

Deal activity declined during Q3 2020 and will likely remain subdued in the coming months as the COVID-19 pandemic continues to impact the global economy and financial markets.

Whilst nine out of the ten acquisitions during the quarter were from trade buyers, it is anticipated that private equity firms will play a larger role in the future as they look to opportunistically invest in companies unable to obtain financing in the current COVID-19 environment. Private equity firms may also utilise the tightening lending conditions to provide companies with alternative funding, likely in the form of quasi-equity instruments such as convertible notes.

Healthcare will likely remain a key sector for private equity players as a defensive industry, while providing access to high returns in the biotechnology space.

Largest acquisition

The largest transaction announced during the period was Madison Dearborn Partners' proposed acquisition of 55% of Quadrant Private Equity backed Advanced Personnel Management for \$825 million. Advanced Personnel Management is a leading provider of injury management/vocational rehabilitation, assessment, allied health intervention and community care services within Australia and throughout the world.

This transaction represents Madison Dearborn Partners' first acquisition within the Australian market and will enable them to grow and complement their existing businesses in Australia and offshore.

Disclosed deal value

\$918m

across Australasia

79%

value vs. Q3 2019

Deal volume

100%

volume vs. Q3 2019

10 DEALS

announced in Q3 2020

Median EV/EBITDA multiple for ASX listed Healthcare companies

10.8x

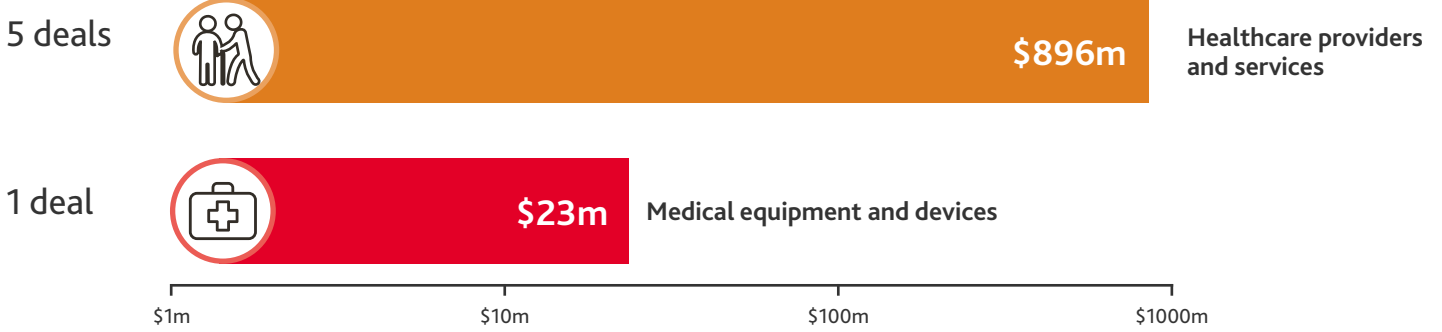
Q3 2020 multiple*

DECREASED

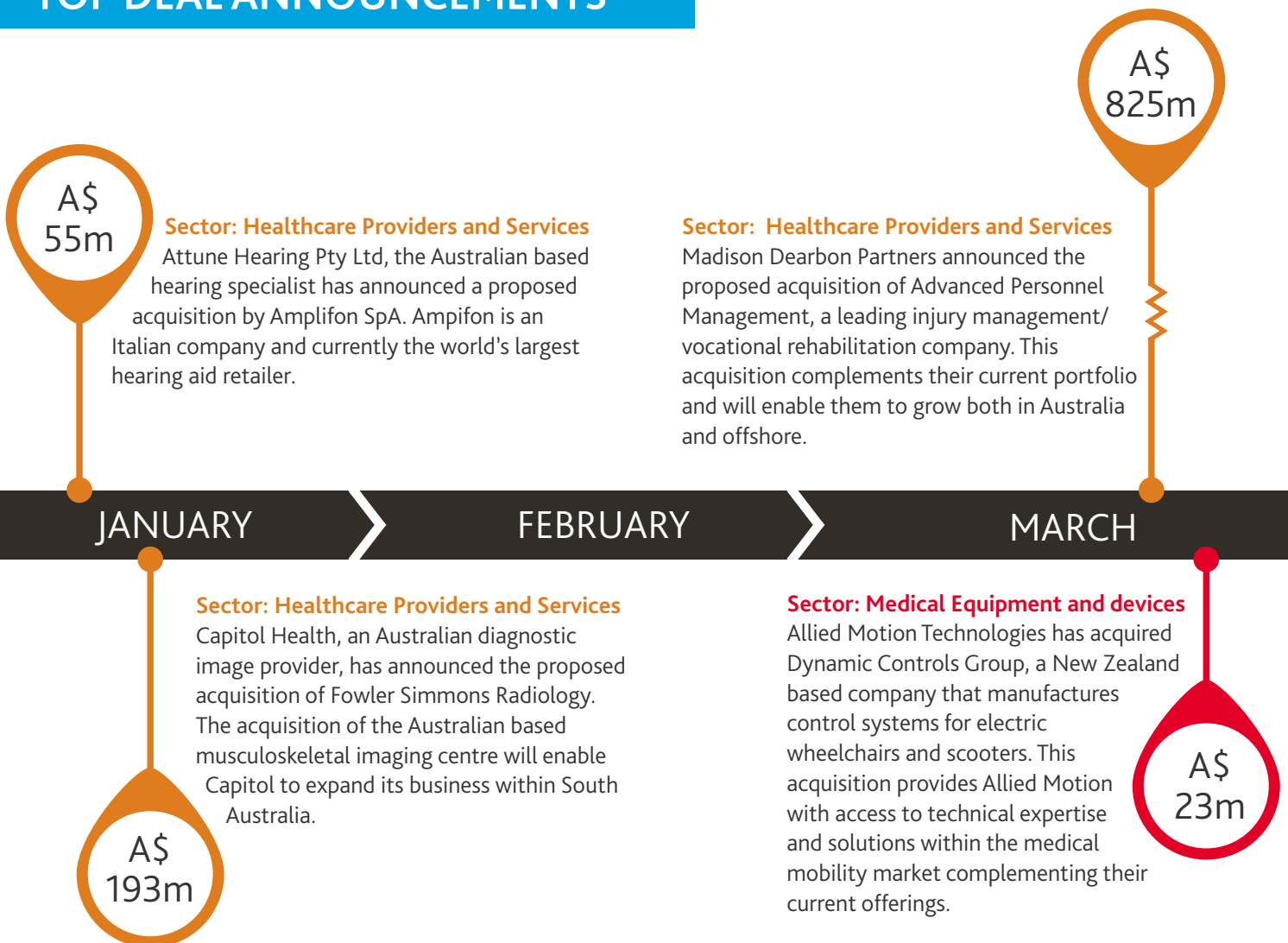
from 11.8x in Q3 2019

TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in healthcare providers and services due to the \$825m acquisition of Advanced Personnel Management International. Deals also occurred in the biotechnology, pharmaceuticals and medical software sectors, however as deal value was not disclosed, it has been excluded from the below graph.



TOP DEAL ANNOUNCEMENTS



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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