

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

Deal activity declined significantly in Q2 2019 from 50 deals in Q4 2018 to just 5 deals in Q4 2019. Disclosed deal value followed suit decreasing to a three year low of \$148m for the quarter.

The subdued activity for the quarter appears largely due to uncertainty surrounding the federal elections. This uncertainty caused trade and financial buyers to put investment decisions on hold until the effects of the election had been realised. Now that stability has been reinstated, we expect deal appetite within the Healthcare industry to improve.

Activity by Private Equity players has reduced to a standstill this quarter, with none of the disclosed deals having any direct private equity involvement.

Largest acquisition/announcement

PharmaCielo Ltd, a Canadian listed Cannabis producer has entered into a definitive agreement to acquire Creso Pharma Limited (ASX:CPH) for \$0.63 per share, representing a premium of 50% to the closing share price prior to the announcement.

PharmaCielo will look to vertically integrate Creso Pharma's human and animal-cannabis based products, into their existing supply chain allowing for global distribution.

Daniel Coote of the BDO Corporate Finance was engaged as the investigating accountant for this transaction.

Disclosed deal value

\$148m

across Australasia

94%

value vs. Q4 2018

Deal volume

90%

volume vs. Q4 2018

5 DEALS

announced in Q4 2019

Median EV/EBITDA multiple for ASX listed Healthcare companies

12.1x

Q4 2019 multiple*

DECREASED

from Q4 2018

TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the Pharmaceuticals sector due to PharmaCielol's proposed acquisition of Creso Pharma representing \$122 million.

1 deal

Size: \$122m



\$122m

Pharmaceuticals

1 deal

Size: \$17m



\$17m

Other Medical Related Services

1 deal

Size: \$9m



\$9m

Other Medical Products

TOP DEAL ANNOUNCEMENTS

A\$ 9m

Sector: Other medical products

Sigma Healthcare Limited (ASX:SIG) has proposed to acquire CURA Health Group, New Zealand based Rehabilitation centre.

APRIL

Undisclosed

Sector: Other medical related services

Habit Group has acquired New Zealand based Rehabilitation centre, Southern Rehab Limited for an undisclosed consideration. This acquisition will expand Habit's reach across New Zealand's North and South Islands.

Undisclosed

Sector: Other medical related services

MedHealth Pty Ltd has acquired Unified Healthcare Group Ptd Ltd for an undisclosed fee. MedHealth is looking to provide a complimentary service with this acquisition to their clients through healthcare advice and employment solutions across Australia.

MAY

A\$ 122m

Sector: Pharmaceuticals

Canada-listed cannabis pharmaceuticals company, PharmaCielo Ltd has launched a definitive agreement to acquire ASX-listed Creso Pharma Limited (ASX:CPH) for \$122m. Creso Pharma currently develops cannabis and hemp products for human and animal health which PharmaCielo will look to integrate into their business model.

JUNE

Sector: Other medical related services

Specialist Healthcare, IT and infrastructure workforce management company, People Infrastructure Limited has proposed to acquire Carestaff Nursing Services Pty Ltd for \$16.8 million. This acquisition will expand and diversify People Infrastructure's Healthcare and community offering.

A\$ 17m

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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