

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

There were 18 announced deals in Q3 2018, compared to the 11 deals announced in Q3 2017. Disclosed deal values grew significantly to \$3.7bn driven by the \$1.4bn offer for Sirtex Medical Limited and the \$1.3bn acquisition of I-MED Radiology Network. Although deal values are rarely disclosed, there has been considerable activity in the Aged care sector, showing that Australia's ageing population continues to drive deal flow.

Healthcare continues to be a strong industry with a commanding outlook in 2018. Bolstered by growth in deal value, deal volume, high valuation multiples and foreign interest (particularly from the US and UK) when compared to the respective quarter last year.

Largest acquisition

The announced offer for ASX-listed Sirtex Medical Limited (Sirtex) of \$1.4bn by Varian Medical Systems Inc. (Varian) marked the largest disclosed deal in Q3 2018. Sirtex is an Australian-based company engaged in research and development of medical products for the treatment of liver cancer.

Varian hopes to provide its customers with a wider range of cancer care solutions. The US-based cancer treatment provider's offer is in line with their long-term growth and value creation strategy.

Disclosed deal value

\$3,717m

across Australasia

633%

Value vs. Q3 2017

Deal volume

64%

Volume vs. Q3 2017

18 DEALS

announced in Q3 2018

Average deal size

\$310m

for disclosed transactions

267%

Avg. deal size vs. Q3 2017

Median EV/EBITDA multiple for listed Healthcare companies

12.3x

Q3 2018 multiple*

INCREASED

from 11.9x in Q3 2017*

TOP SECTORS BASED ON DISCLOSED DEAL VALUE

Disclosed deal value was concentrated in the Biotechnology and Healthcare providers sectors. Notable transactions with undisclosed values include two deals in the Aged care sector namely, the acquisition offer of three old age homes (Camberwell Gardens, Greenway Gardens and McGregor Gardens) by Menarock Aged Care Services, and the acquisition of Aged Care Health Services Pty Ltd by Healthcare Australia Pty Ltd.

Private Equity firm, Advent Partners acquired a majority stake in SILK Laser Clinics, marking Advent Partner's entry into the laser cosmetics space.

4 deals

Avg. deal size: \$505m



Biotechnology

\$2,018m

4 deals

Avg. deal size: \$328m



Healthcare Providers & Services

\$1,310m

2 deals

Avg. deal size: \$115m



Medical Equipment & Devices

\$229m

1 deal

Avg. deal size: \$121m



Other Medical Related Services

\$121m

1 deal

Avg. deal size: \$39m



Aged Care

\$39m

TOP 5 DEAL ANNOUNCEMENTS

\$1,442m

Varian Medical Systems, Inc. a US based cancer care solutions provider has made an offer to acquire Sirtex Medical Ltd

Sector: Biotechnology

\$453m

Merck & Co, Inc. a US-based pharmaceutical company has offered to acquire Viralytics Ltd, the Australian pharmaceutical company engaged in developing oncolytic immunotherapies.

Sector: Biotechnology

\$121m

Ireland based pharmaceutical company, Allergan plc, has offered to acquire Elastagen Pty Ltd, an Australian skin care and cosmetics developer.

Sector: Other Medical Related Services

JANUARY

FEBRUARY

MARCH

Pacific Equity Partners (PEP) has offered to acquire LifeHealthcare Group Limited, an ASX-listed provider of medical devices and healthcare solutions. PEP aims to take advantage of the fragmented medical device distribution market.

Sector: Medical Equipment & Devices

\$197m

UK Private Equity firm Permira Advisers LLP acquired I-MED Radiology Network, Australia's largest medical imaging and radiology clinic network.

Sector: Healthcare Providers & Services

\$1,250m

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)



For more information on our Healthcare expertise and insights click here.

For more information about how our Corporate Finance and Healthcare teams can assist, please contact your local BDO office.