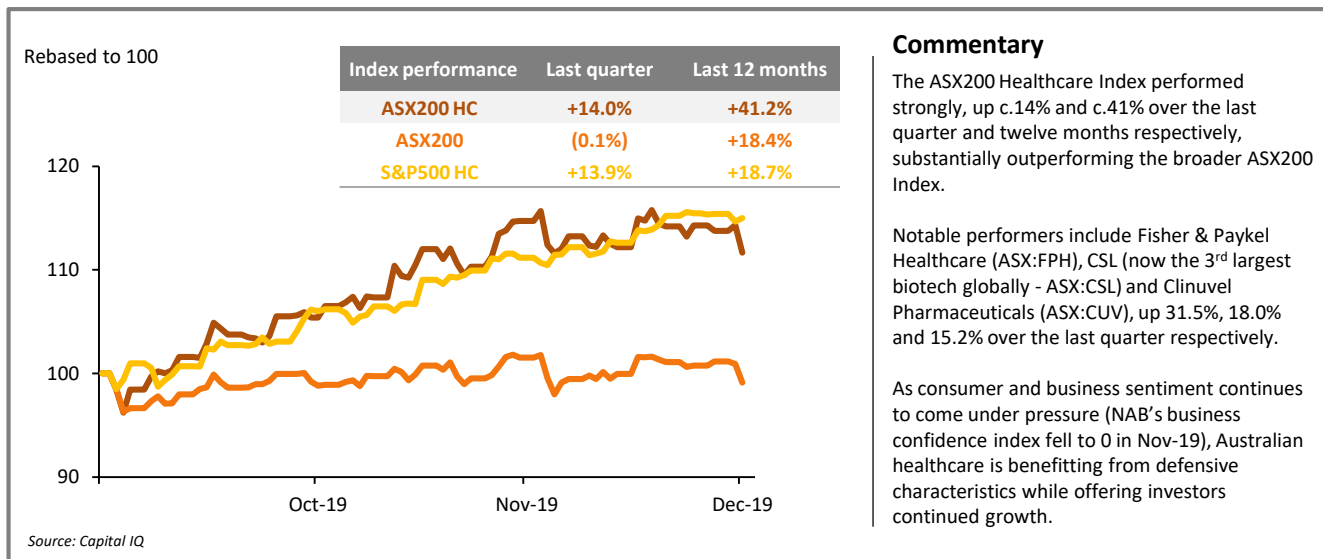


Quarterly performance



Commentary

The ASX200 Healthcare Index performed strongly, up c.14% and c.41% over the last quarter and twelve months respectively, substantially outperforming the broader ASX200 Index.

Notable performers include Fisher & Paykel Healthcare (ASX:FPH), CSL (now the 3rd largest biotech globally - ASX:CSL) and Clinuvel Pharmaceuticals (ASX:CUV), up 31.5%, 18.0% and 15.2% over the last quarter respectively.

As consumer and business sentiment continues to come under pressure (NAB's business confidence index fell to 0 in Nov-19), Australian healthcare is benefitting from defensive characteristics while offering investors continued growth.

Quarterly M&A & other news

Date	Description
24-Dec-19	Ellex Medical Lasers (ASX: ELX) announced the sale of the Ellex Lasers & Ultrasound business to Lumibird Group SA (EPA: LBIRD) for A\$100m
23-Dec-19	Quadrant Private Equity expected to launch a sale process for medical imaging and radiology business Qscan Group in Feb-20. Qscan expected to generate annual EBITDA of A\$65m for FY20
20-Dec-19	The sale of Everlight Radiology attracted strong interest from financial sponsors. Second round bids for the Intermediate Capital Group backed business are due in early 2020. Everlight generates c.A\$32m annual EBITDA
20-Dec-19	Australian Pharmaceutical Industries (ASX:API) sold its entire c.13% stake in Sigma Healthcare Ltd (ASX:SIG). Sigma had previously rejected API's A\$730m takeover proposal
16-Dec-19	VetPartners entered into a binding Scheme Implementation Deed to acquire National Veterinary Care (ASX:NVL) for A\$250m
13-Dec-19	GenesisCare , a global leading provider of cancer and cardiac care, acquired 21st Century Oncology for A\$1.5bn, a leading US provider of radiation therapy and integrated cancer treatment. Record Point acted as lead financial advisor to GenesisCare
5-Dec-19	Healius (ASX:HLS) considers strategic options for its medical centres, including potentially a formal auction in early 2020. Healius' medical centres division generated c.A\$38m of EBIT in FY19
5-Dec-19	Affinity Equity Partners launched a formal sale process for its portfolio company, Medical Director , an Australian healthcare software business which generates annual EBITDA of A\$30m
2-Dec-19	SILK Laser Clinics , an Australian laser treatments business backed by Advent Partners, stated intentions to pursue an IPO or trade sale in the next 18 months
25-Nov-19	Paragon Care (ASX:PGC), an Australian supplier of healthcare equipment and devices, rumoured to be attracting takeover interest. Paragon had a market capitalisation of A\$149m
13-Nov-19	Esencia Healthcare , an Australia-based allied health business, said to be seeking private equity buyers. Esencia generates c.A\$10m EBITDA
13-Nov-19	BGH Capital and Ontario Teachers Pension Plan' bid NZ\$300m for Abano Healthcare (NZX:ABA), a Trans Tasman dental business
8-Nov-19	China's Hengkang Medical Group (SHE:002219) sold its 70% stake in PRP back to a group of Australian doctors for c.A\$260m. PRP is an Australian-based radiology business operating 27 medical imaging centres
14-Oct-19	Moelis Australia is understood to have received inbound interest for its c.13% stake in Japara Healthcare (ASX:JHC), an Australian aged care provider

Sources: Capital IQ, Mergermarket, press reports

Largest 40 ASX-listed healthcare companies by market capitalisation (31 December 2019)

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)		Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (Jun-20)		
			Last quarter	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 CSL	125,160	275.76	18%	49%	(4%)	50%	(1%)	4%	12%	9.9x	27.7x	40.2x
2 ResMed	31,717	21.90	10%	38%	(4%)	73%	(1%)	5%	11%	8.1x	25.6x	37.4x
3 Ramsay	14,566	72.53	12%	26%	(3%)	29%	(0%)	3%	8%	1.6x	10.3x	24.8x
4 Sonic	13,657	28.75	2%	30%	(6%)	34%	(2%)	(1%)	1%	2.4x	11.1x	23.6x
5 Cochlear	12,996	224.73	8%	29%	(6%)	37%	(3%)	2%	4%	8.1x	29.2x	43.8x
6 Fisher & Paykel	12,237	21.10	31%	71%	(4%)	82%	(3%)	2%	15%	10.4x	30.5x	46.6x
7 Ansell	3,779	29.03	6%	32%	(3%)	38%	(1%)	3%	5%	1.8x	10.4x	16.9x
8 EPOS	3,744	23.00	0%	17%	(6%)	19%	3%	2%	2%	0.5x	14.4x	23.4x
9 Pro Medicus	2,323	22.35	(20%)	105%	(42%)	105%	(3%)	(14%)	(20%)	38.4x	n.m.	95.3x
10 Summerset	1,912	8.69	44%	46%	(0%)	70%	13%	35%	46%	15.3x	17.7x	18.2x
11 Nanosonics	1,908	6.35	1%	124%	(16%)	132%	(3%)	(6%)	2%	17.6x	n.m.	n.m.
12 Healius	1,719	2.76	(14%)	24%	(17%)	23%	(5%)	(9%)	(10%)	1.3x	5.2x	18.0x
13 PolyNovo	1,302	1.97	(8%)	231%	(26%)	240%	5%	(5%)	(1%)	54.2x	n.m.	n.m.
14 Ecofibre	792	2.66	(13%)	n.a.	(32%)	83%	(5%)	(19%)	(15%)	11.7x	32.4x	51.8x
15 Oceania	773	1.24	35%	19%	(4%)	35%	(0%)	1%	10%	5.3x	14.9x	14.3x
16 Integral Diagnostics	743	3.82	17%	38%	(3%)	61%	6%	11%	16%	3.0x	11.6x	23.2x
17 Regis	740	2.46	(15%)	(7%)	(30%)	0%	(9%)	(19%)	(15%)	1.5x	11.4x	26.5x
18 Mayne Pharma	730	0.44	(16%)	(44%)	(51%)	2%	(2%)	(18%)	(16%)	2.0x	10.3x	n.m.
19 Australian Pharm.	660	1.34	(1%)	(3%)	(15%)	7%	3%	(1%)	(1%)	0.2x	7.5x	13.1x
20 Estia	637	2.44	(5%)	7%	(18%)	16%	(3%)	(8%)	(8%)	1.2x	5.7x	19.3x
21 Medical Dev.	574	8.75	73%	99%	(2%)	151%	17%	43%	50%	22.4x	n.m.	n.m.
22 Sigma	564	0.58	(3%)	2%	(23%)	17%	(2%)	(7%)	(7%)	0.3x	13.5x	29.9x
23 Starpharma	451	1.21	5%	2%	(16%)	29%	(6%)	(4%)	(2%)	30.7x	n.m.	n.m.
24 Volpara	400	1.83	12%	66%	(16%)	97%	2%	1%	8%	18.8x	n.m.	n.m.
25 Virtus	376	4.68	5%	6%	(11%)	23%	3%	8%	6%	1.9x	8.6x	14.8x
26 Next Science	340	1.88	(36%)	n.a.	(60%)	52%	0%	(16%)	(33%)	26.5x	n.m.	n.m.
27 AFT	327	3.10	11%	57%	-	63%	(0%)	7%	5%	3.6x	27.7x	49.4x
28 Pacific Smiles	270	1.78	13%	39%	(6%)	68%	6%	3%	25%	2.0x	10.9x	27.8x
29 Japara	263	0.99	(17%)	(12%)	(36%)	3%	(3%)	(9%)	(9%)	1.1x	9.8x	24.2x
30 Neuren	248	2.48	23%	77%	(8%)	153%	5%	3%	22%	420.3x	n.m.	n.m.
31 Monash IVF	244	1.04	(3%)	4%	(33%)	15%	(0%)	1%	(7%)	2.1x	8.7x	13.0x
32 National Vet.	243	3.62	48%	86%	(0%)	129%	1%	3%	6%	2.0x	12.9x	22.7x
33 PainChek	197	0.19	(36%)	387%	(49%)	604%	(5%)	(23%)	(22%)	120.1x	n.m.	n.m.
34 SomnoMed	184	2.93	23%	60%	(3%)	109%	2%	6%	26%	2.7x	28.4x	54.6x
35 Alcidion	183	0.19	(34%)	311%	(39%)	387%	(3%)	(16%)	(9%)	n.m.	n.m.	n.m.
36 Capitol	173	0.23	(4%)	(17%)	(18%)	55%	1%	(4%)	(2%)	1.3x	7.6x	15.1x
37 ResApp	171	0.25	-	133%	(41%)	255%	(4%)	(21%)	(11%)	73.7x	n.m.	n.m.
38 Paragon Care	149	0.44	10%	(31%)	(32%)	19%	0%	2%	1%	0.9x	8.2x	9.2x
39 Probiotec	148	1.98	7%	31%	(4%)	35%	3%	1%	10%	1.6x	10.3x	18.6x
40 1300SMILES	145	6.11	(3%)	(6%)	(7%)	4%	(2%)	(2%)	(1%)	3.2x	9.4x	16.1x
Average	5,944		5%	56%	(17%)	85%	0%	(1%)	3%			

Top 10 best performers in the last quarter⁽¹⁾

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)		Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (Jun-20)		
			Last quarter	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 Resonance Health	96	0.23	80%	275%	(10%)	281%	2%	25%	51%	n.m.	n.m.	n.m.
2 Medical Dev.	574	8.75	73%	99%	(2%)	151%	17%	43%	50%	22.4x	n.m.	n.m.
3 Admedus	59	0.10	67%	61%	(9%)	245%	8%	32%	32%	n.m.	n.m.	n.m.
4 Cogstate	66	0.39	63%	(61%)	(37%)	152%	12%	13%	34%	n.m.	n.m.	n.m.
5 Total Brain	80	0.84	62%	155%	(30%)	342%	13%	(1%)	18%	15.0x	n.m.	n.m.
6 National Vet.	243	3.62	48%	86%	(0%)	129%	1%	3%	6%	2.0x	12.9x	22.7x
7 Summerset	1,912	8.69	44%	46%	(0%)	70%	13%	35%	46%	15.3x	17.7x	18.2x
8 Ellex	111	0.78	41%	12%	(14%)	55%	(2%)	4%	19%	1.2x	38.3x	n.m.
9 Oceania	773	1.24	35%	19%	(4%)	35%	(0%)	1%	10%	5.3x	14.9x	14.3x
10 Fisher & Paykel	12,237	21.10	31%	71%	(4%)	82%	(3%)	2%	15%	10.4x	30.5x	46.6x
Average	1,615		54%	79%	(11%)	154%	6%	16%	28%			

Top 10 worst performers in the last quarter⁽¹⁾

Company	Market capitalisation (A\$m)	Share price (A\$)	Share price performance (%)		Premium / (discount) to 52 week (%)		Premium / (discount) to VWAP (%)			Multiples (Jun-20)		
			Last quarter	Last 12 months	High	Low	1 month	3 months	6 months	EV/Revenue	EV/EBITDA	P/E
1 Botanix	80	0.08	(67%)	17%	(72%)	19%	(10%)	(37%)	(54%)	15.0x	n.m.	n.m.
2 Cann Group	90	0.63	(60%)	(69%)	(75%)	68%	29%	(7%)	(33%)	6.2x	n.m.	n.m.
3 Althea	87	0.38	(49%)	53%	(74%)	56%	3%	(15%)	(42%)	10.4x	n.m.	n.m.
4 Next Science	340	1.88	(36%)	n.a.	(60%)	52%	0%	(16%)	(33%)	26.5x	n.m.	n.m.
5 PainChek	197	0.19	(36%)	387%	(49%)	604%	(5%)	(23%)	(22%)	120.1x	n.m.	n.m.
6 Alcidion	183	0.19	(34%)	311%	(39%)	387%	(3%)	(16%)	(9%)	n.m.	n.m.	n.m.
7 Oventus Medical	64	0.49	(31%)	81%	(46%)	145%	(11%)	(19%)	(15%)	n.m.	n.m.	n.m.
8 Osteopore	74	0.73	(24%)	n.a.	(40%)	22%	(6%)	(25%)	(24%)	n.m.	n.m.	n.m.
10 Pro Medicus	2,323	22.35	(20%)	105%	(42%)	105%	(3%)	(14%)	(20%)	38.4x	n.m.	95.3x
11 Japara	263	0.99	(17%)	(12%)	(36%)	3%	(3%)	(9%)	(9%)	1.1x	9.8x	24.2x
Average	370		(37%)	109%	(53%)	146%	(1%)	(18%)	(26%)			

Source: Capital IQ as at 31 December 2019

Note: (1) Top 10 best and worst performers are based on companies with a minimum market capitalisation of \$50 million and have traded for the full quarter