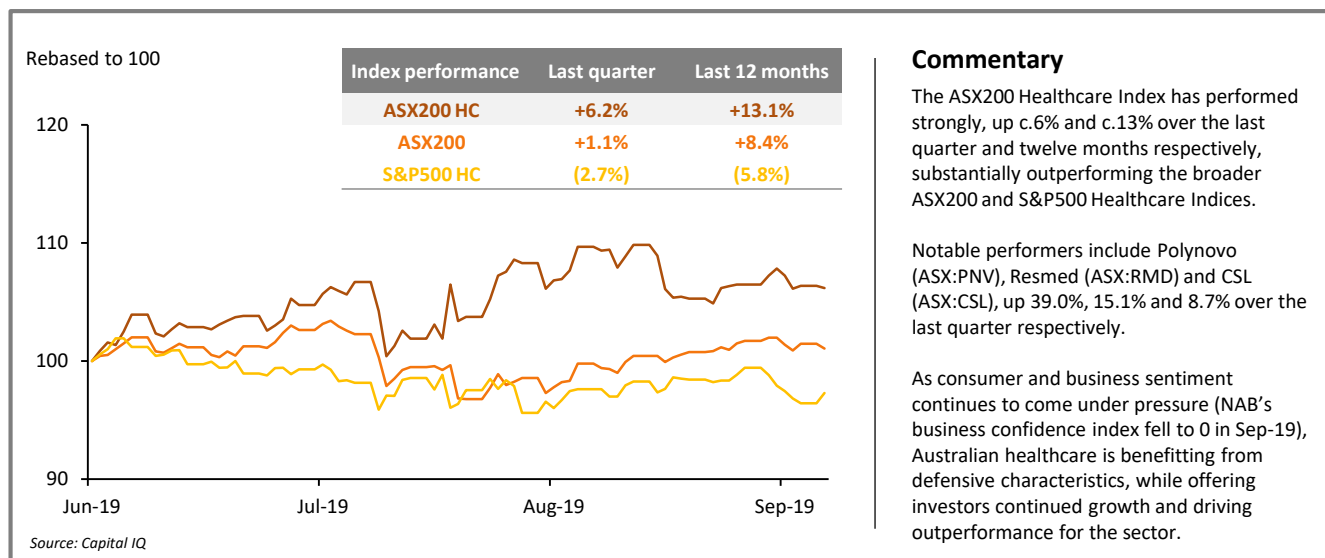


Quarterly performance



Commentary

The ASX200 Healthcare Index has performed strongly, up c.6% and c.13% over the last quarter and twelve months respectively, substantially outperforming the broader ASX200 and S&P500 Healthcare Indices.

Notable performers include Polynovo (ASX:PNV), Resmed (ASX:RMD) and CSL (ASX:CSL), up 39.0%, 15.1% and 8.7% over the last quarter respectively.

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

Quarterly M&A & other news

| Date | Description |
|-----------|--|
| 30-Sep-19 | Quadrant Private Equity rumoured to be considering exit options including a sale, partial sale or IPO of its diagnostic imaging business Qscan although a formal process is not likely to get underway until the first quarter of 2020 |
| 26-Sep-19 | Mercury Capital rumoured to be in advanced negotiations with QIC to sell its Nexus Day Hospitals business , owner of 14 day hospitals across Australia |
| 24-Sep-19 | BGH Capital and 1300 SMILES (ASX:ONT) in separate talks to acquire Abano Health Care Group (NZX:ABA) with one proposal for the Abano Health Care Group and the other proposal for Maven Dental (the Australian business) |
| 28-Aug-19 | Chemist Warehouse rumoured to have pushed back its anticipated IPO date of Feb-2020 by a further nine months |
| 20-Aug-19 | Sonic Healthcare (ASX:SHL) preparing to make more acquisitions in the 2020 financial year as it continues to build up its anatomic pathology business |
| 20-Aug-19 | Healius (ASX:HLS) rumoured to be considering options for its pathology and medical centres business units including a potential merger of its pathology business with Crescent Capital-owned Australian Clinical Labs and a potential joint venture between Healius' medical centres business and a key industry player |
| 15-Aug-19 | Imcor Medical Systems , developer of products that treat abnormal heart rhythms, is seeking to list on the ASX. The company is seeking to raise c.A\$13m at a value of c.A\$90 million on a fully diluted basis |
| 4-Aug-19 | Intermediate Capital Group backed Everlight Radiology , a specialist radiology business, is rumoured to be considering options and in the market for a buyer |
| 25-Jul-19 | Allegro Funds signed a deal to invest in Perth Radiological Clinic in partnership with the company's existing doctor shareholders |

Sources: Capital IQ, Mergermarket, press reports

Largest 40 ASX-listed healthcare companies by market capitalisation (30 September 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 | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 CSL | 106,061 | 233.69 | 9% | 26% | 16% | (3%) | 35% | 0% | 2% | 8% | 8.4x | 24.0x | 34.6x |
| 2 ResMed | 28,781 | 200.33 | 15% | 24% | 26% | (4%) | 49% | 49% | 53% | 68% | 7.1x | 23.1x | 33.9x |
| 3 Sonic | 13,318 | 28.05 | 4% | 27% | 13% | (6%) | 32% | (1%) | (0%) | 3% | 2.3x | 13.1x | 23.0x |
| 4 Ramsay | 13,028 | 64.87 | (10%) | 12% | 18% | (12%) | 25% | 3% | (1%) | (2%) | 1.4x | 9.8x | 22.2x |
| 5 Cochlear | 12,033 | 208.15 | 1% | 20% | 4% | (8%) | 34% | (1%) | (2%) | 3% | 7.5x | 26.9x | 40.5x |
| 6 Fisher & Paykel | 9,221 | 16.06 | 8% | 29% | 16% | (3%) | 46% | (5%) | (2%) | 1% | 8.2x | 25.0x | 38.6x |
| 7 EBOS | 3,724 | 23.20 | 5% | 21% | 13% | (2%) | 26% | (5%) | (4%) | 2% | 0.5x | 14.6x | 24.0x |
| 8 Ansell | 3,604 | 27.41 | 2% | 24% | 9% | (4%) | 30% | (1%) | 1% | 3% | 1.7x | 9.8x | 15.9x |
| 9 Pro Medicus | 2,893 | 27.82 | 10% | 156% | 123% | (28%) | 219% | (13%) | (8%) | 1% | 47.5x | n.m. | n.m. |
| 10 Healius | 2,005 | 3.22 | 7% | 44% | 6% | (3%) | 47% | 0% | 5% | 5% | 1.4x | 10.6x | 19.9x |
| 11 Nanosonics | 1,895 | 6.31 | 12% | 122% | 76% | (11%) | 138% | (4%) | 8% | 16% | 17.4x | n.m. | n.m. |
| 12 PolyNovo | 1,415 | 2.14 | 39% | 260% | 257% | (11%) | 320% | (4%) | 11% | n.a. | 57.2x | n.m. | n.m. |
| 13 Summerset | 1,376 | 6.14 | 15% | 1% | (14%) | (15%) | 24% | (3%) | 4% | 7% | 12.2x | 14.1x | 13.5x |
| 14 Regis | 875 | 2.91 | 11% | 10% | 1% | (17%) | 26% | 7% | 7% | 5% | 1.7x | 11.3x | 22.9x |
| 15 Mayne Pharma | 828 | 0.52 | 2% | (33%) | (60%) | (61%) | 21% | 5% | 5% | (6%) | 2.0x | 7.8x | 26.7x |
| 16 Estia | 667 | 2.56 | (3%) | 12% | 8% | (14%) | 26% | (1%) | (3%) | (5%) | 1.3x | 8.9x | 18.9x |
| 17 Australian Pharm. | 665 | 1.35 | 2% | (2%) | (22%) | (23%) | 8% | 1% | (1%) | (1%) | 0.2x | 7.5x | 12.1x |
| 18 Integral Diagnostics | 604 | 3.27 | 3% | 18% | 19% | (7%) | 38% | 3% | 3% | 6% | 2.6x | 11.7x | 18.7x |
| 19 Sigma | 583 | 0.60 | 8% | 5% | (5%) | (13%) | 48% | (6%) | (4%) | 1% | 0.3x | 13.5x | 26.9x |
| 20 Oceania | 578 | 0.95 | (5%) | (7%) | (15%) | (16%) | 3% | (8%) | (8%) | (9%) | 4.4x | 12.3x | 11.1x |
| 21 Next Science | 532 | 2.96 | (28%) | n.a. | n.a. | (37%) | 139% | (1%) | (7%) | 5% | n.m. | n.m. | n.m. |
| 22 Starpharma | 427 | 1.15 | (15%) | (3%) | (27%) | (31%) | 32% | 2% | (6%) | (8%) | 29.0x | n.m. | n.m. |
| 23 Volpara | 358 | 1.64 | (3%) | 49% | 82% | (16%) | 83% | 3% | 4% | (0%) | 17.3x | n.m. | n.m. |
| 24 Virtus | 357 | 4.45 | (1%) | 1% | (21%) | (21%) | 17% | 6% | (1%) | 2% | 1.9x | 8.7x | 15.1x |
| 25 Medical Dev. | 331 | 5.05 | (5%) | 15% | 21% | (22%) | 45% | 7% | (8%) | (7%) | 12.9x | n.m. | n.m. |
| 26 Japara | 317 | 1.19 | 5% | 6% | (14%) | (24%) | 22% | 1% | 10% | 2% | 1.2x | 10.9x | 26.8x |
| 27 Ecofibre | 304 | 3.04 | 45% | n.a. | n.a. | (18%) | 110% | (2%) | 1% | 22% | n.m. | n.m. | n.m. |
| 28 PainChek | 277 | 0.30 | 48% | 656% | 436% | (20%) | 993% | 1% | 23% | 75% | n.m. | n.m. | n.m. |
| 29 AFT | 275 | 2.83 | 0% | 38% | 39% | (4%) | 79% | (7%) | (8%) | 3% | 3.2x | 24.2x | 36.8x |
| 30 Monash IVF | 251 | 1.07 | (24%) | 7% | (3%) | (31%) | 21% | 4% | (10%) | (12%) | 2.2x | 8.8x | 12.9x |
| 31 Pacific Smiles | 239 | 1.57 | 34% | 23% | (2%) | (13%) | 49% | (1%) | 19% | 26% | 1.8x | 9.8x | 25.1x |
| 32 Alcidion | 228 | 0.28 | 124% | 522% | 496% | (8%) | 637% | 18% | 47% | 102% | n.m. | n.m. | n.m. |
| 33 Cann Group | 223 | 1.58 | (20%) | (23%) | (42%) | (45%) | 3% | (8%) | (19%) | (24%) | 25.3x | n.m. | n.m. |
| 34 Neuren | 202 | 2.02 | 76% | 44% | 64% | (13%) | 106% | (2%) | 17% | 40% | n.m. | n.m. | n.m. |
| 35 Capitol | 181 | 0.24 | 2% | (13%) | (19%) | (19%) | 62% | 6% | 3% | 3% | 1.4x | 7.8x | 15.5x |
| 36 Althea | 171 | 0.74 | (27%) | 200% | 24% | (49%) | 320% | (7%) | (23%) | (15%) | 18.0x | n.m. | n.m. |
| 37 ResApp | 171 | 0.25 | 26% | 133% | 17% | (8%) | 255% | 11% | 27% | 40% | 73.7x | n.m. | n.m. |
| 38 National Vet. | 163 | 2.44 | 12% | 25% | 9% | (5%) | 54% | (0%) | 3% | 14% | 1.5x | 9.3x | 15.3x |
| 39 SomnoMed | 149 | 2.38 | 64% | 30% | 26% | - | 70% | 11% | 18% | 26% | 2.2x | 22.9x | 44.5x |
| 40 1300SMILES | 149 | 6.28 | (1%) | (3%) | (2%) | (5%) | 7% | 4% | 3% | 1% | 3.3x | 9.7x | 16.6x |
| Average | 5,236 | | 11% | 65% | 41% | (16%) | 107% | 2% | 4% | 10% | | | |

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 | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 Oventus Medical | 93 | 0.72 | 211% | 165% | 138% | (21%) | 258% | 11% | 28% | 41% | n.m. | n.m. | n.m. |
| 2 Alcidion | 228 | 0.28 | 124% | 522% | 496% | (8%) | 637% | 18% | 47% | 102% | n.m. | n.m. | n.m. |
| 3 Impression | 54 | 0.09 | 113% | 431% | 467% | (23%) | 554% | (0%) | 12% | 35% | n.m. | n.m. | n.m. |
| 4 Zeldia | 64 | 0.08 | 110% | 62% | 18% | (8%) | 155% | 15% | 15% | 27% | n.m. | n.m. | n.m. |
| 5 Neuren | 202 | 2.02 | 76% | 44% | 64% | (13%) | 106% | (2%) | 17% | 40% | n.m. | n.m. | n.m. |
| 6 SomnoMed | 149 | 2.38 | 64% | 30% | 26% | - | 70% | 11% | 18% | 26% | 2.2x | 22.9x | 44.5x |
| 7 ImpediMed | 91 | 0.18 | 57% | (5%) | (60%) | (64%) | 71% | 13% | 25% | 7% | 9.6x | n.m. | n.m. |
| 8 GI Dynamics | 69 | 0.04 | 52% | 175% | 91% | (2%) | 300% | 13% | 29% | 82% | n.m. | n.m. | n.m. |
| 9 BARD1 | 59 | 0.04 | 48% | 95% | 291% | (43%) | 330% | 18% | 30% | 54% | n.m. | n.m. | n.m. |
| 10 PainChek | 277 | 0.30 | 48% | 656% | 436% | (20%) | 993% | 1% | 23% | 75% | n.m. | n.m. | n.m. |
| Average | 129 | | 90% | 218% | 197% | (20%) | 347% | 10% | 24% | 49% | | | |

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 | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 Next Science | 532 | 2.96 | (28%) | n.a. | n.a. | (37%) | 139% | (1%) | (7%) | 5% | n.m. | n.m. | n.m. |
| 2 Althea | 171 | 0.74 | (27%) | 200% | 24% | (49%) | 320% | (7%) | (23%) | (15%) | 18.0x | n.m. | n.m. |
| 3 Creso | 58 | 0.38 | (27%) | (22%) | (32%) | (41%) | 28% | 2% | (10%) | (19%) | n.m. | n.m. | n.m. |
| 4 Pharmaxis | 75 | 0.19 | (25%) | (28%) | (39%) | (39%) | 6% | (1%) | (10%) | (23%) | 1.6x | 9.1x | 18.7x |
| 5 MGC Pharma | 53 | 0.04 | (25%) | (3%) | (19%) | (52%) | 22% | (2%) | (17%) | (23%) | 11.9x | n.m. | n.m. |
| 6 Monash IVF | 251 | 1.07 | (24%) | 7% | (3%) | (31%) | 21% | 4% | (10%) | (12%) | 2.2x | 8.8x | 12.9x |
| 7 Cyclopharm | 79 | 1.15 | (22%) | 4% | 8% | (24%) | 19% | (12%) | (15%) | (16%) | 5.3x | n.m. | n.m. |
| 8 Cann Group | 223 | 1.58 | (20%) | (23%) | (42%) | (45%) | 3% | (8%) | (19%) | (24%) | 25.3x | n.m. | n.m. |
| 9 Starpharma | 427 | 1.15 | (15%) | (3%) | (27%) | (31%) | 32% | 2% | (6%) | (8%) | 29.0x | n.m. | n.m. |
| 10 Ramsay | 13,028 | 64.87 | (10%) | 12% | 18% | (12%) | 25% | 3% | (1%) | (2%) | 1.4x | 9.8x | 22.2x |
| Average | 197 | | (22%) | 16% | (12%) | (36%) | 61% | (2%) | (12%) | (14%) | | | |

Source: Capital IQ as at 30 September 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