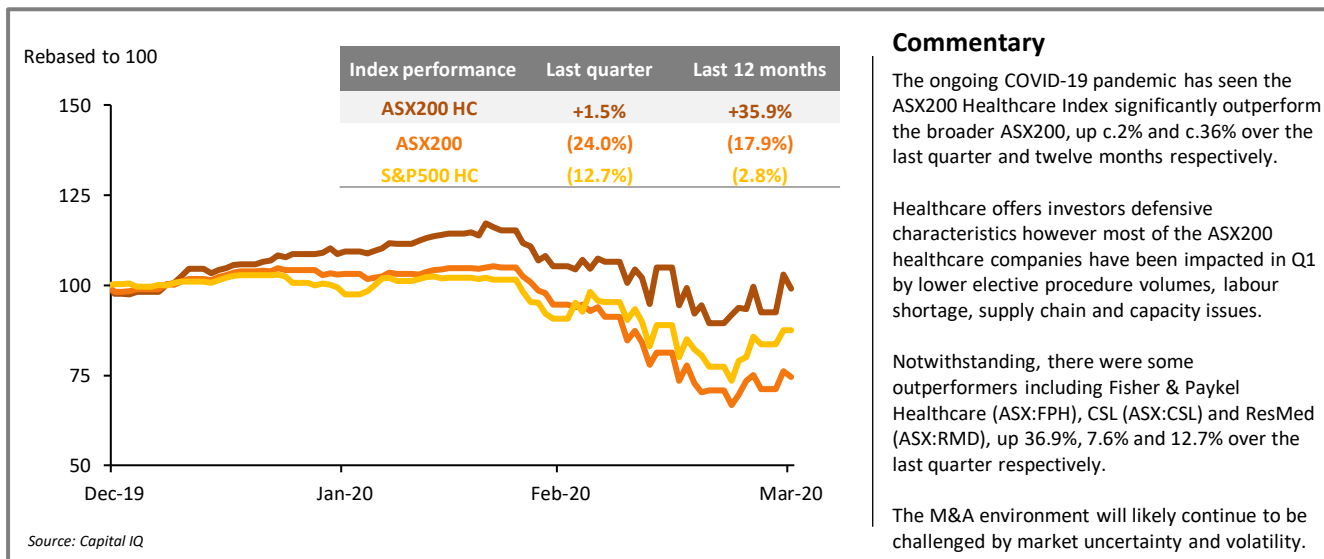


Quarterly performance



Commentary

The ongoing COVID-19 pandemic has seen the ASX200 Healthcare Index significantly outperform the broader ASX200, up c.2% and c.36% over the last quarter and twelve months respectively.

Healthcare offers investors defensive characteristics however most of the ASX200 healthcare companies have been impacted in Q1 by lower elective procedure volumes, labour shortage, supply chain and capacity issues.

Notwithstanding, there were some outperformers including Fisher & Paykel Healthcare (ASX:FPH), CSL (ASX:CSL) and ResMed (ASX:RMD), up 36.9%, 7.6% and 12.7% over the last quarter respectively.

The M&A environment will likely continue to be challenged by market uncertainty and volatility.

Quarterly M&A & other news

| Date | Description |
|-----------|---|
| 30-Mar-20 | BGH Capital and Ontario Teachers' Pension Plan Board terminate A\$150m deal to buy NZ's Abano Healthcare (NZE:ABA) due to material adverse change caused by COVID-19 |
| 30-Mar-20 | Quadrant Private Equity believed to have called off the sale of its radiology business, Qscan |
| 30-Mar-20 | IPO allocations sent for Atomo Diagnostics (ASX:AT1). The company raised A\$30m, implying a A\$112m market capitalisation upon listing |
| 26-Mar-20 | Healius (ASX:HLS) named as a possible candidate for an equity raise. Healius recently rejected a A\$2.1bn takeover offer from Partners Group |
| 26-Mar-20 | Cochlear (ASX:COH) increased the size of its placement to A\$880m from A\$800m |
| 24-Mar-20 | Healius (ASX:HLS) proceeding with its medical centres sale. Bids believed to be due 27-Mar-20 |
| 19-Mar-20 | Atomo Diagnostics (ASX:AT1), an Australia-based biotechnology business, moving ahead with plans to list on the ASX despite market volatility |
| 18-Mar-20 | Speculation that Partners Group remains interested in Healius (ASX:HLS) despite its takeover offer being rejected |
| 17-Mar-20 | Independent Living Specialists , an Australia-based mobility and homecare products business, set to receive an investment from The Riverside Company |
| 16-Mar-20 | Ramsay Healthcare (ASX:RHC) speculated to be interested in Quadrant Private Equity's radiology business Qscan |
| 28-Feb-20 | Healthia (ASX:HLA), an Australia-based podiatry services business, is continuing to target further allied health business acquisitions |
| 27-Feb-20 | Regis Healthcare (ASX:REG) continues to review acquisition opportunities while conservatively managing its balance sheet |
| 25-Feb-20 | National Veterinary Care (ASX:NVL) is looking to make acquisitions that complements it geographically and culturally. It entered binding agreements to acquire three veterinary clinics in Australia in Feb-20 |
| 24-Feb-20 | Advent Partners reported to likely exit SILK Laser Clinics , an Australia-based beauty chain, within the next year or two |

Sources: Capital IQ, Mergermarket, press reports

Note: Quarterly M&A and other news does not include news in relation to business operations impacted by COVID-19

Largest 40 ASX-listed healthcare companies by market capitalisation (31 March 2020)

| Company | Market capitalisation (A\$m) | Share price (A\$) | Share price performance (%) | | | Premium / (discount) to 52 week (%) | | Premium / (discount) to VWAP (%) | | | Multiples (Jun-21) | | |
|-------------------------|------------------------------|-------------------|-----------------------------|--------------|----------------|-------------------------------------|------------|----------------------------------|--------------|--------------|--------------------|-----------|-------|
| | | | Last quarter | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 CSL | 134,707 | 296.68 | 8% | 8% | 52% | (13%) | 57% | 2% | (1%) | 3% | 8.6x | 24.1x | 34.1x |
| 2 ResMed | 33,796 | 24.69 | 13% | 13% | 71% | (7%) | 82% | 6% | 3% | 9% | 7.0x | 21.9x | 30.8x |
| 3 Fisher & Paykel | 16,796 | 28.84 | 37% | 37% | 93% | (8%) | 106% | 11% | 15% | 25% | 12.1x | 34.3x | 51.9x |
| 4 Cochlear | 12,019 | 187.45 | (17%) | (17%) | 8% | (26%) | 21% | 3% | (7%) | (10%) | 8.7x | 42.4x | 62.5x |
| 5 Sonic | 11,558 | 24.33 | (15%) | (15%) | (1%) | (24%) | 21% | (7%) | (13%) | (14%) | 2.1x | 10.0x | 21.0x |
| 6 Ramsay | 11,503 | 57.28 | (21%) | (21%) | (11%) | (29%) | 24% | (1%) | (13%) | (16%) | 1.6x | 10.5x | 18.8x |
| 7 Ansell | 3,495 | 27.19 | (6%) | (6%) | 7% | (19%) | 35% | 4% | (5%) | (4%) | 1.5x | 8.9x | 14.3x |
| 8 EBOS | 3,452 | 21.60 | (6%) | (6%) | 3% | (12%) | 15% | 1% | (4%) | 4% | 0.4x | 12.2x | 19.1x |
| 9 Pro Medicus | 2,020 | 19.43 | (13%) | (13%) | 31% | (49%) | 34% | 12% | (7%) | (16%) | 27.4x | 40.1x | 63.9x |
| 10 Nanosonics | 1,683 | 5.60 | (12%) | (12%) | 28% | (28%) | 40% | 2% | (8%) | (12%) | 12.0x | 46.3x | 70.5x |
| 11 Healus | 1,289 | 2.07 | (25%) | (25%) | (21%) | (38%) | 6% | (18%) | (25%) | (27%) | 1.7x | 13.1x | 12.6x |
| 12 Summerset | 1,182 | 5.20 | (40%) | (40%) | (17%) | (42%) | 34% | (11%) | (30%) | (26%) | 10.0x | 12.6x | 10.8x |
| 13 PolyNovo | 1,061 | 1.61 | (19%) | (19%) | 114% | (51%) | 115% | (10%) | (28%) | (26%) | 22.6x | n.m. | n.m. |
| 14 Sigma | 630 | 0.64 | 10% | 10% | 22% | (15%) | 42% | 3% | 6% | 4% | 0.2x | 10.0x | 21.7x |
| 15 Australian Pharm. | 616 | 1.25 | (7%) | (7%) | (17%) | (20%) | 24% | 7% | 3% | (2%) | 0.2x | 6.9x | 12.4x |
| 16 Ecofibre | 536 | 1.80 | (32%) | (32%) | 6% | (54%) | 45% | 7% | (20%) | (36%) | 4.7x | 11.2x | 17.4x |
| 17 Mayne Pharma | 521 | 0.31 | (29%) | (29%) | (55%) | (58%) | 59% | 14% | (6%) | (27%) | 1.5x | 5.9x | 22.6x |
| 18 Integral Diagnostics | 481 | 2.47 | (35%) | (35%) | (1%) | (44%) | 39% | (12%) | (26%) | (27%) | 2.2x | 9.4x | 14.1x |
| 19 Regis | 456 | 1.52 | (38%) | (38%) | (56%) | (57%) | 106% | 28% | 5% | (19%) | 1.0x | 6.5x | 15.7x |
| 20 Oceania | 408 | 0.63 | (49%) | (49%) | (36%) | (51%) | 11% | (11%) | (43%) | (45%) | 3.3x | 9.9x | 8.2x |
| 21 Estia | 350 | 1.34 | (45%) | (45%) | (50%) | (55%) | 48% | (2%) | (20%) | (33%) | 0.8x | 4.0x | 13.2x |
| 22 Medical Dev. | 349 | 5.32 | (39%) | (39%) | 7% | (55%) | 41% | (12%) | (33%) | (28%) | 9.9x | n.m. | n.m. |
| 23 AFT | 340 | 3.99 | 29% | 29% | 102% | - | 110% | 11% | 14% | 24% | 3.0x | 14.7x | 19.4x |
| 24 Starpharma | 287 | 0.77 | (36%) | (36%) | (19%) | (47%) | 25% | (8%) | (20%) | (31%) | 14.4x | n.m. | n.m. |
| 25 National Vet. | 249 | 3.67 | 1% | 1% | 93% | (1%) | 98% | 1% | 0% | 2% | 2.3x | 14.0x | 20.0x |
| 26 Volpara | 234 | 1.07 | (42%) | (42%) | (24%) | (51%) | 35% | (3%) | (25%) | (34%) | 6.9x | n.m. | n.m. |
| 27 NextScience | 232 | 1.29 | (32%) | (32%) | n.a. | (73%) | 29% | (19%) | (31%) | (38%) | 8.7x | n.m. | n.m. |
| 28 Pacific Smiles | 151 | 1.00 | (44%) | (44%) | (15%) | (51%) | 41% | 7% | (18%) | (28%) | 1.5x | 7.8x | 13.2x |
| 29 Probiotec | 151 | 2.02 | 2% | 2% | 29% | (19%) | 35% | 4% | (2%) | (0%) | 1.5x | 9.7x | 15.8x |
| 30 Virtus | 149 | 1.87 | (60%) | (60%) | (53%) | (65%) | 24% | (29%) | (44%) | (50%) | 1.4x | 5.5x | 5.6x |
| 31 ResApp | 142 | 0.20 | (20%) | (20%) | 127% | (53%) | 255% | 53% | 27% | (9%) | 18.4x | n.m. | n.m. |
| 32 Capitol | 135 | 0.18 | (22%) | (22%) | (20%) | (43%) | 13% | (28%) | (33%) | (32%) | 1.3x | 7.0x | 9.7x |
| 33 Japara | 134 | 0.50 | (49%) | (49%) | (64%) | (68%) | 33% | (15%) | (29%) | (37%) | 0.8x | 8.0x | 28.1x |
| 34 Alcidion | 129 | 0.13 | (30%) | (30%) | 100% | (57%) | 155% | 5% | (20%) | (30%) | n.m. | n.m. | n.m. |
| 35 1300SMILES | 121 | 5.10 | (17%) | (17%) | (17%) | (23%) | 9% | (7%) | (12%) | (14%) | 2.8x | 7.5x | 12.1x |
| 36 MedAdvisor | 109 | 0.45 | 24% | 24% | 38% | (26%) | 59% | 15% | 2% | 8% | n.m. | n.m. | n.m. |
| 37 Monash IVF | 107 | 0.46 | (56%) | (56%) | (57%) | (70%) | 20% | (29%) | (43%) | (50%) | 1.4x | 5.6x | 6.4x |
| 38 TALI Digital | 99 | 0.99 | (60%) | (60%) | (15%) | (67%) | 3% | (31%) | (54%) | (56%) | n.m. | n.m. | n.m. |
| 39 Cann Group | 98 | 0.69 | 10% | 10% | (70%) | (73%) | 84% | (8%) | (38%) | (25%) | 3.1x | n.m. | n.m. |
| 40 SDI | 95 | 0.80 | (4%) | (4%) | 5% | (24%) | 23% | 2% | (7%) | (7%) | n.m. | n.m. | n.m. |
| Average | 6,047 | | (20%) | (20%) | 8% | (39%) | 51% | (2%) | (15%) | (18%) | | | |

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-21) | | |
|-------------------|------------------------------|-------------------|-----------------------------|--------------|----------------|-------------------------------------|------------|----------------------------------|-------------|-----------|--------------------|-----------|-------|
| | | | Last quarter | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 Fisher & Paykel | 16,796 | 28.84 | 37% | 37% | 93% | (8%) | 106% | 11% | 15% | 25% | 12.1x | 34.3x | 51.9x |
| 2 AFT | 340 | 3.99 | 29% | 29% | 102% | - | 110% | 11% | 14% | 24% | 3.0x | 14.7x | 19.4x |
| 3 MedAdvisor | 109 | 0.45 | 24% | 24% | 38% | (26%) | 59% | 15% | 2% | 8% | n.m. | n.m. | n.m. |
| 4 ResMed | 33,796 | 24.69 | 13% | 13% | 71% | (7%) | 82% | 6% | 3% | 9% | 7.0x | 21.9x | 30.8x |
| 5 Sigma | 630 | 0.64 | 10% | 10% | 22% | (15%) | 42% | 3% | 6% | 4% | 0.2x | 10.0x | 21.7x |
| 6 Cann Group | 98 | 0.69 | 10% | 10% | (70%) | (73%) | 84% | (8%) | (38%) | (25%) | 3.1x | n.m. | n.m. |
| 7 CSL | 134,707 | 296.68 | 8% | 8% | 52% | (13%) | 57% | 2% | (1%) | 3% | 8.6x | 24.1x | 34.1x |
| 8 Probiotec | 151 | 2.02 | 2% | 2% | 29% | (19%) | 35% | 4% | (2%) | (0%) | 1.5x | 9.7x | 15.8x |
| 9 National Vet. | 249 | 3.67 | 1% | 1% | 93% | (1%) | 98% | 1% | 0% | 2% | 2.3x | 14.0x | 20.0x |
| 10 SDI | 95 | 0.80 | (4%) | (4%) | 5% | (24%) | 23% | 2% | (7%) | (7%) | n.m. | n.m. | n.m. |
| Average | 18,697 | | 13% | 13% | 44% | (19%) | 70% | 5% | (1%) | 4% | | | |

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-21) | | |
|-------------------|------------------------------|-------------------|-----------------------------|--------------|----------------|-------------------------------------|------------|----------------------------------|--------------|--------------|--------------------|-----------|-------|
| | | | Last quarter | Year-to-date | Last 12 months | High | Low | 1 month | 3 months | 6 months | EV/Revenue | EV/EBITDA | P/E |
| 1 SonoMed | 84 | 1.12 | (62%) | (62%) | (35%) | (67%) | 12% | (35%) | (59%) | (59%) | 1.3x | 28.5x | n.m. |
| 2 Neuren | 99 | 0.99 | (60%) | (60%) | (15%) | (67%) | 3% | (31%) | (54%) | (56%) | 106.7x | n.m. | n.m. |
| 3 Virtus | 149 | 1.87 | (60%) | (60%) | (53%) | (65%) | 24% | (29%) | (44%) | (50%) | 1.4x | 5.5x | 5.6x |
| 4 Compumedics | 58 | 0.33 | (59%) | (59%) | (29%) | (66%) | 32% | (19%) | (49%) | (51%) | 1.2x | 5.7x | 8.2x |
| 5 PainChek | 85 | 0.08 | (57%) | (57%) | 122% | (78%) | 193% | (5%) | (31%) | (57%) | 12.2x | n.m. | n.m. |
| 6 Monash IVF | 107 | 0.46 | (56%) | (56%) | (57%) | (70%) | 20% | (29%) | (43%) | (50%) | 1.4x | 5.6x | 6.4x |
| 7 Japara | 134 | 0.50 | (49%) | (49%) | (64%) | (68%) | 33% | (15%) | (29%) | (37%) | 0.8x | 8.0x | 28.1x |
| 8 Oceania | 397 | 0.63 | (49%) | (49%) | (36%) | (51%) | 11% | (11%) | (43%) | (45%) | 3.4x | 10.0x | 8.2x |
| 10 Pacific Smiles | 151 | 1.00 | (44%) | (44%) | (15%) | (51%) | 41% | 7% | (18%) | (28%) | 1.5x | 7.8x | 13.2x |
| 11 Volpara | 234 | 1.07 | (42%) | (42%) | (24%) | (51%) | 35% | (3%) | (25%) | (34%) | 6.9x | n.m. | n.m. |
| Average | 150 | | (54%) | (54%) | (21%) | (63%) | 40% | (17%) | (39%) | (47%) | | | |

Source: CapitalIQ as at 31 March 2020

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