



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2016 ■ Mergers and Acquisitions Trend Report

2016 KEY HIGHLIGHTS

- Three of the industry's top five and six of the top ten highest value acquisitions in 2016 were completed by financial sponsors. The largest private equity backed deal during the year was Blackstone Group's announced acquisition of TeamHealth, a provider of outsourced physician staffing solutions for hospitals in the U.S., for \$6.02 billion.
- Strategic acquirers represented 80 percent of aggregate volume and 58 percent of value in 2016.
- The Healthcare IT segment was responsible for five of the overall industry's top ten highest value deals in 2016.

2016 KEY TRENDS

- Total transaction volume in 2016 remained constant over 2015, at 452. This represented a 16 percent rise relative to 2014.
- Strategic volume in 2016 increased three percent over 2015, from 351 to 363. Private equity backed volume fell 12 percent during this timeframe, from 101 to 89.
- Total transaction value in 2016 saw a gain of 75 percent over 2015, from \$17.47 billion to \$30.51 billion. Excluding IMS Health's merger with Quintiles Transnational Holdings, value increased 25 percent.
- The median revenue multiple decreased from 3.0x in 2015 to 2.6x in 2016. The median EBITDA multiple moved slightly from 13.2x to 13.9x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,292 Healthcare/Pharma Information and Technology transactions between 2014 and 2016, of which 277 disclosed financial terms, and calculated the aggregate value to be \$51.99 billion. Based on known transaction values, we project values of 1,015 undisclosed transactions to be \$11.36 billion, totaling \$63.34 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.7x revenue and 13.2x EBITDA.

M&A Market Dynamics

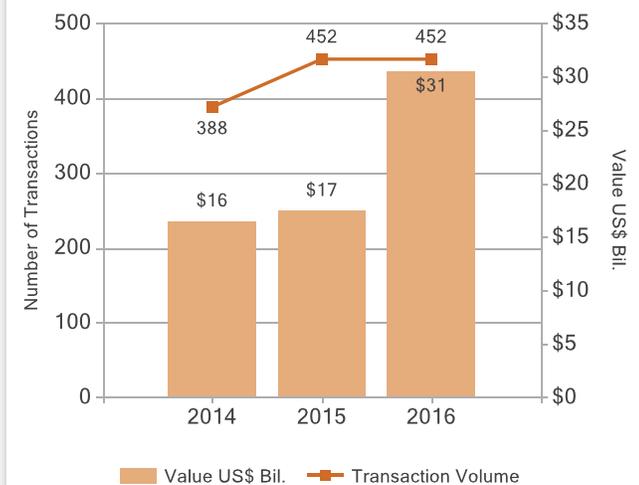


Figure 1. 2014-2016 value and volume comparison.

Median Enterprise Value Multiples

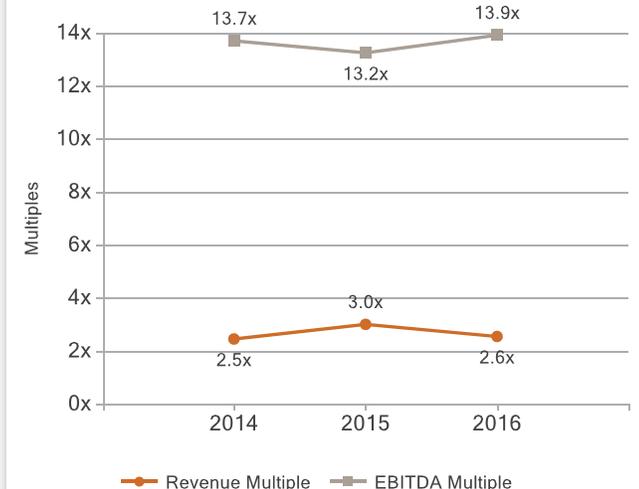


Figure 2. 2014-2016 median revenue and EBITDA comparison.

Transaction Analysis :: January 1, 2016 – December 31, 2016

Bell Curve - Histogram

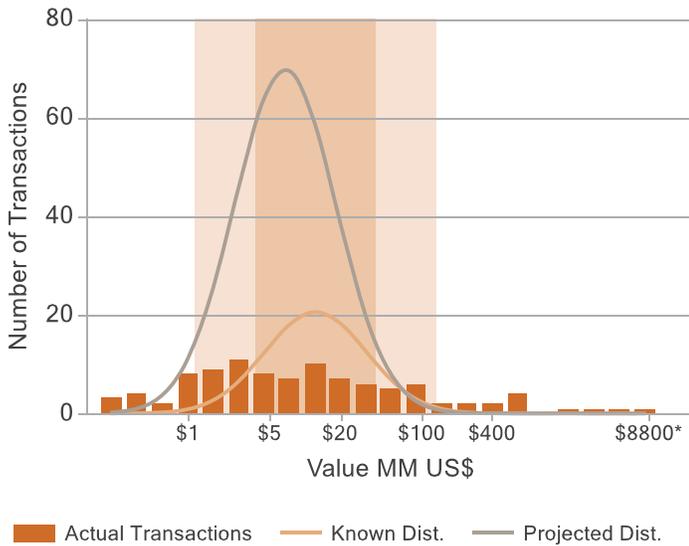


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$2.7 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2016 at \$30.5 billion.

* Indicates largest transaction in the industry from Jan. 1, 2016 to Dec. 31, 2016.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	3 %	3 %
\$0.4	4	1	4	4 %	7 %
\$0.6	2	4	5	2 %	9 %
\$1.0	8	11	19	8 %	17 %
\$1.6	9	25	34	9 %	25 %
\$2.7	11	46	56	11 %	36 %
\$4.5	8	64	71	8 %	44 %
\$7.4	7	69	76	7 %	50 %
\$12.2	10	59	68	10 %	60 %
\$20.1	7	39	45	7 %	67 %
\$33.1	6	20	25	6 %	73 %
\$54.6	5	8	12	5 %	78 %
\$90.0	6	2	8	6 %	83 %
\$148.4	2	1	2	2 %	85 %
\$244.7	2	0	2	2 %	87 %
\$403.4	2	0	2	2 %	89 %
\$665.1	4	0	4	4 %	93 %
\$1,096.6	0	0	0	0 %	93 %
\$1,808.0	1	0	1	1 %	94 %
\$2,981.0	1	0	1	1 %	95 %
\$4,914.8	1	0	1	1 %	96 %
\$8,103.1	1	0	1	1 %	97 %
Total #	103	349	452		
Total \$ Value	\$28,129	\$2,378	\$30,507		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

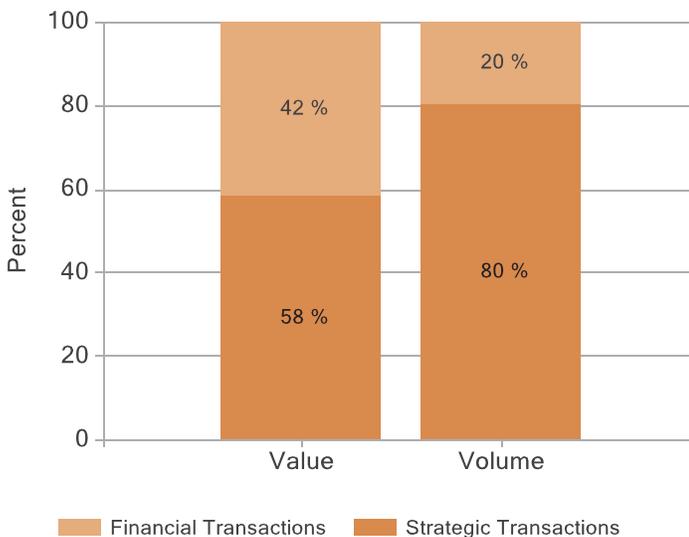


Figure 5. 2016 value and volume comparison by acquirer type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

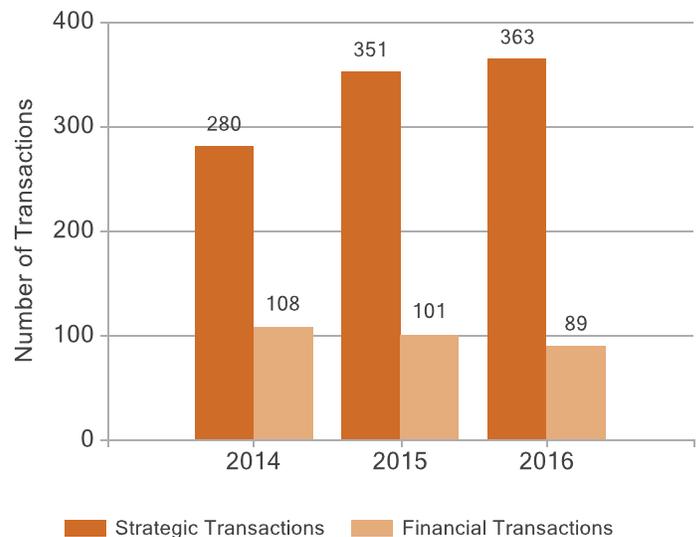


Figure 6. 2014-2016 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2016

Deal Date	Target Name	Buyer	Value MM US\$
05/03/16	Quintiles Transnational Corp.	IMS Health Incorporated *	\$8,750
10/31/16	TeamHealth	Blackstone Group LP	\$6,020
02/18/16	Truven Health Analytics	IBM Watson Health	\$3,579
08/09/16	Press Ganey Associates, Inc.	EQT	\$2,370
03/23/16	Netsmart Technologies, Inc.	Allscripts, GI Partners	\$950
12/19/16	Epic Health Services	Bain Capital	\$950
04/25/16	Verisk Health, Inc.	Veritas Capital Partners	\$820
02/22/16	Brightree LLC	ResMed	\$800
07/13/16	Imprivata, Inc.	Thoma Bravo, LLC	\$544
02/11/16	HealthPlan Services	Wipro, Ltd.	\$460
2016 Aggregate Transaction Value			\$30,507
Top 10 Aggregate Transaction Value			\$25,243
Top 10 Aggregate Value as a Percentage of All Transactions			83 %

Figure 7. Lists the top ten transactions for 2016 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4. Transaction data based on **announced date**.

Note: * IMS Health shareholders will hold about 51.4% of the shares of the combined company. Quintiles shareholders will hold the remaining 48.6%.

Median EV/Revenue Multiples By Margin

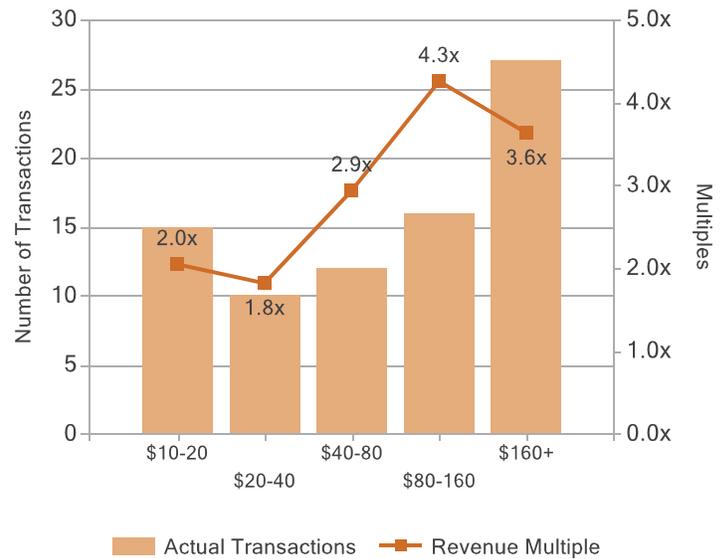


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2014 – December 31, 2016

Transactions By Market Segment

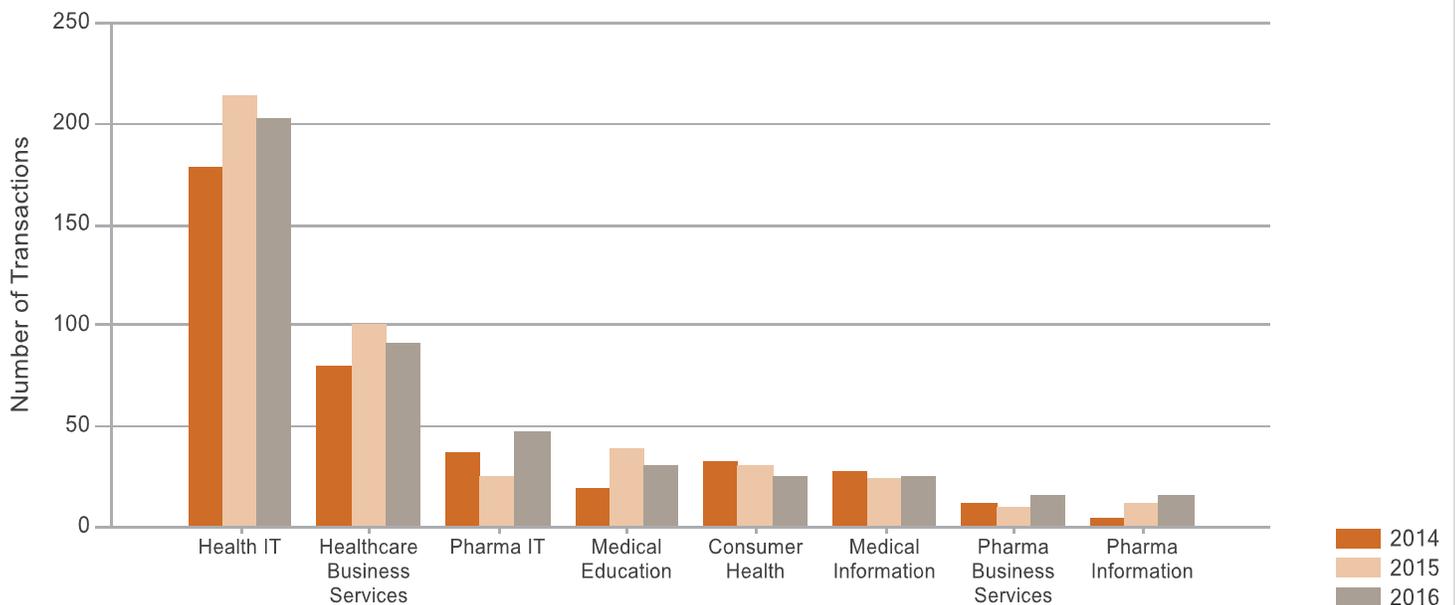


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2014 through Dec. 31, 2016.

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