



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2013 :: Mergers and Acquisitions Trend Report

2013 KEY HIGHLIGHTS

- The largest deal in the Healthcare IT segment was Experian plc's acquisition of Passport Health Communications, Inc. for \$850 million in the revenue cycle management subsector.
- There were 82 financially sponsored transactions in 2013, representing 25 percent of the total volume.

2013 KEY TRENDS

- Total transaction volume in 2013 decreased by 16 percent over 2012, from 387 to 324. However, when compared to 2011, volume in 2013 saw a three percent uptick.
- Total transaction value in 2013 rose by two percent over 2012, from \$11.63 billion to \$11.81 billion. BC Partners' acquisition of Springer Science & Business Media for \$4.42 billion accounted for more than one-third of the industry's aggregate value in 2013.
- The median revenue multiple moved slightly from 2.3x in 2012 to 2.5x in 2013. The median EBITDA multiple improved from 9.9x in 2012 to 10.7x in 2013.
- The segment with the largest rise in volume in 2013 over 2012 was Pharma IT with a 45 percent increase, from 22 to 32 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,027 Healthcare/Pharma Information and Technology transactions between 2011 and 2013, of which 248 disclosed financial terms, and calculated the aggregate value to be \$27.85 billion. Based on known transaction values, we project values of 779 undisclosed transactions to be \$6.04 billion, totaling \$33.88 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 2.0x revenue and 10.0x EBITDA.

The most active acquirer by volume, either directly or through an affiliated business between 2011 and 2013, was TPG Capital with 15 transactions. Eight of these deals occurred in 2013.

M&A Market Dynamics

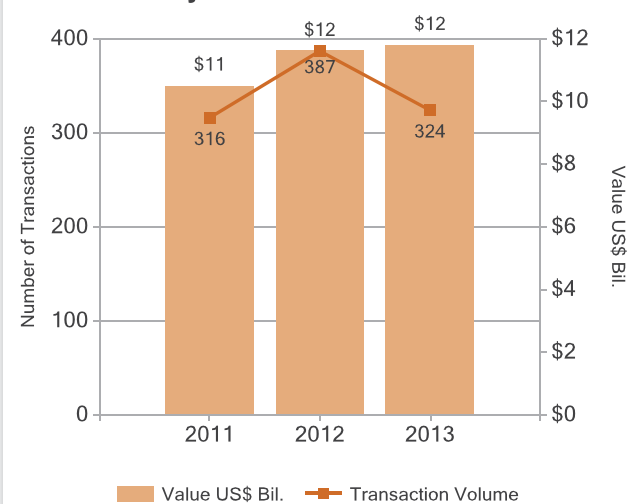


Figure 1. 2011-2013 value and volume comparison.

Median Enterprise Value Multiples

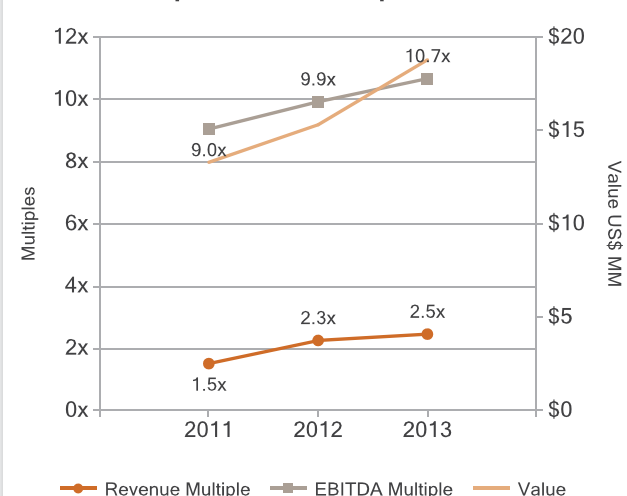


Figure 2. 2011-2013 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2013 – December 31, 2013

Bell Curve - Histogram

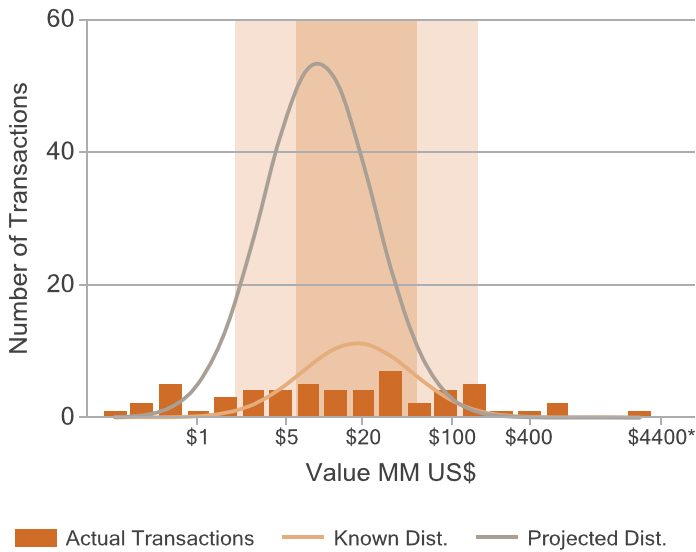


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2013 at \$11.8 billion.

* Indicates largest transaction in the industry from Jan. 1, 2013 to Dec. 31, 2013.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	2 %	2 %
\$0.4	2	0	2	4 %	5 %
\$0.6	5	1	6	9 %	14 %
\$1.0	1	5	5	2 %	16 %
\$1.6	3	13	16	5 %	21 %
\$2.7	4	27	30	7 %	29 %
\$4.5	4	43	46	7 %	36 %
\$7.4	5	53	57	9 %	45 %
\$12.2	4	51	54	7 %	52 %
\$20.1	4	38	42	7 %	59 %
\$33.1	7	22	29	13 %	71 %
\$54.6	2	10	12	4 %	75 %
\$90.0	4	4	7	7 %	82 %
\$148.4	5	1	5	9 %	91 %
\$244.7	1	0	1	2 %	93 %
\$403.4	1	0	1	2 %	95 %
\$665.1	2	0	2	4 %	98 %
\$1,096.6	0	0	0	0 %	98 %
\$1,808.0	0	0	0	0 %	98 %
\$2,981.0	1	0	1	2 %	100 %
Total #	56	268	324		
Total \$ Value	\$9,447	\$2,367	\$11,815		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

Note: The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison :: January 1, 2011 – December 31, 2013

M&A Dynamics By Transaction Type

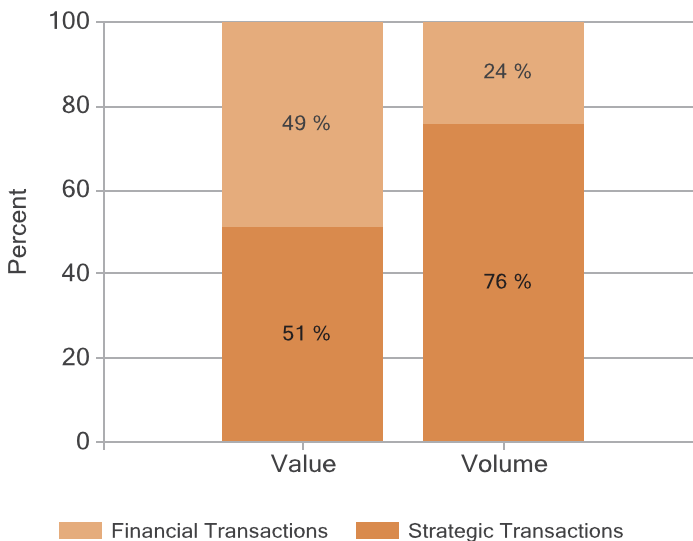


Figure 5. 2011-2013 value and volume comparison by acquirer type.

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

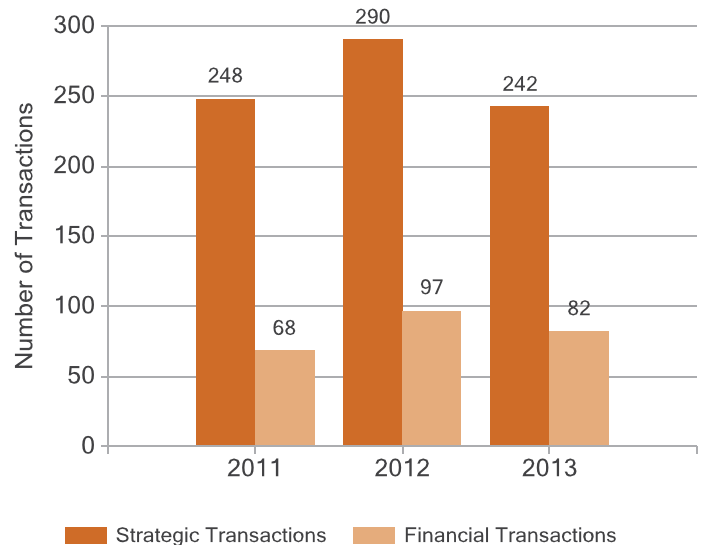


Figure 6. 2011-2013 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2013

Deal Date	Target Name	Buyer	Value MM US\$
06/19/13	Springer Science & Business Media	BC Partners	\$4,423
04/17/13	Managed Health Care Associates, Inc.	Roper Industries, Inc.	\$1,000
11/06/13	Passport Health Communications, Inc.	Experian plc	\$850
09/23/13	Greenway Medical Technologies, Inc.	Vitera Healthcare Solutions	\$632
04/30/13	SPI Global Solutions	CVC Capital Partners	\$316
03/19/13	Contego Healthcare Limited	Filtrona plc	\$242
01/07/13	Epocrates, Inc.	athenahealth, Inc.	\$219
07/29/13	Medical Management Professionals	Zotec Partners	\$202
08/14/13	CardioCom	Medtronic, Inc.	\$200
03/05/13	dbMotion, Inc.	Allscripts	\$188
2013 Aggregate Transaction Value			\$11,815
Top 10 Aggregate Transaction Value			\$8,272
Top 10 Aggregate Value as a Percentage of All Transactions			70 %

Figure 7. Lists the top ten transactions for 2013 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Margin

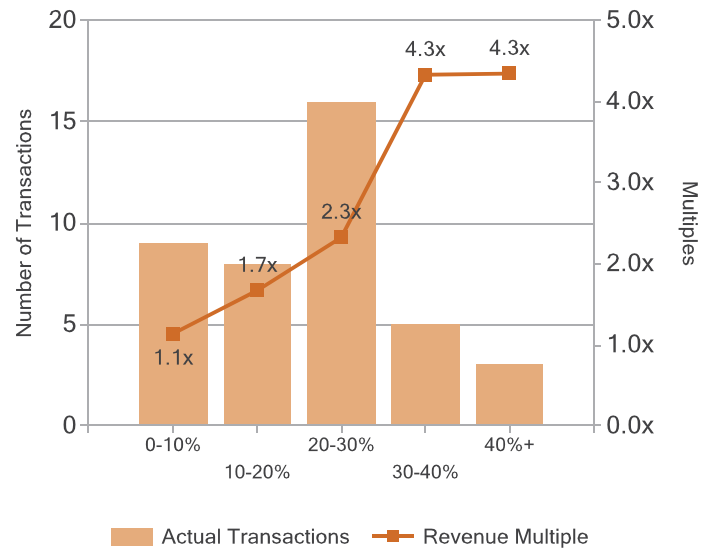


Figure 8. Presents the median enterprise value/revenue multiples separated by EBITDA margin for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2011 to Dec. 31, 2013 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2011 – December 31, 2013

Transactions By Market Segment

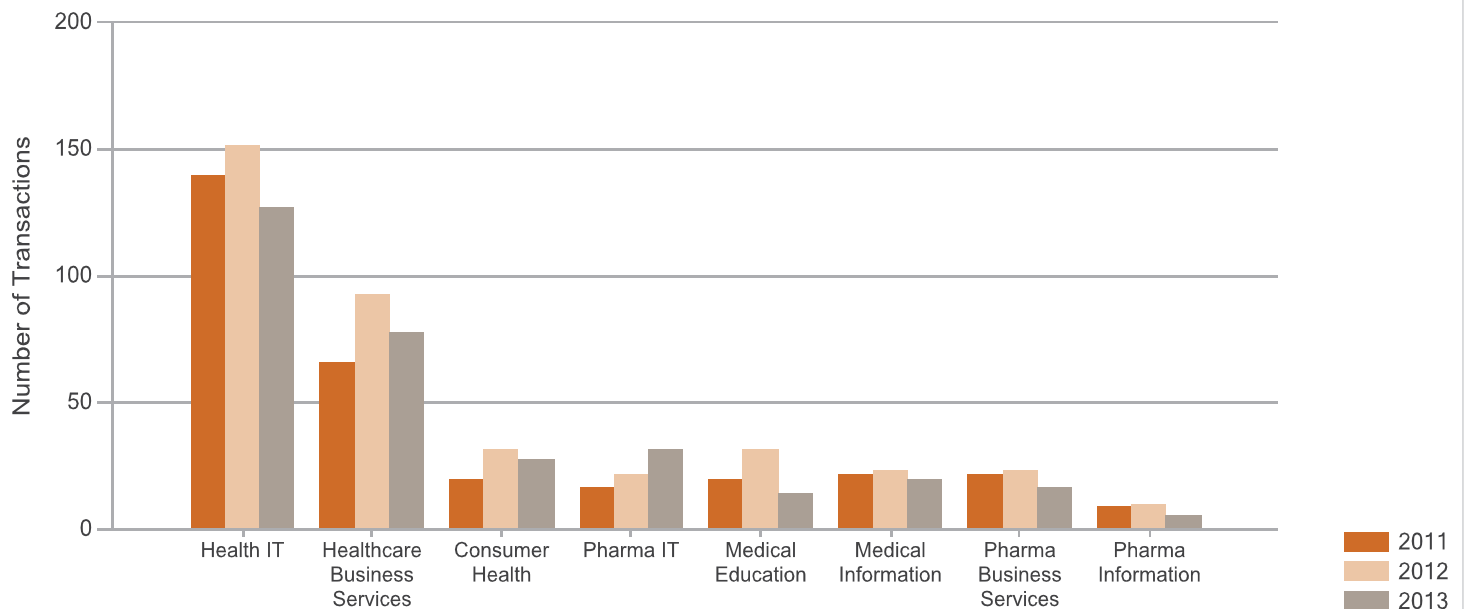


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2011 through Dec. 31, 2013.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

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RECENT HEALTHCARE TRANSACTIONS



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