



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

Q3 2014 :: Mergers and Acquisitions Trend Report

Q3 2014 KEY HIGHLIGHTS

- The highest value transaction in Q3 2014 and year-to-date was Cognizant's acquisition of TriZetto for \$2.7 billion in the Healthcare IT segment.
- The industry's most active acquirer year-to-date was Premier, Inc., which provides data, analytics, supply chain solutions and other services, with four transactions: The largest of these deals was the acquisition of TheraDoc, Inc., a provider of electronic clinical surveillance software, for \$117 million in Q3 2014.

Q3 2014 KEY TRENDS

- Total transaction volume in Q3 2014 declined by eight percent over Q2 2014, from 95 to 87. However, volume year-to-date increased 16 percent compared to the corresponding timeframe in 2013.
- Total transaction value in Q3 2014 more than doubled over Q2 2014, from \$3.2 billion to \$7.0 billion.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2013 through the 1st 3 Quarters of 2014 fell by 28 percent, from 2.5x to 1.8x.
- The median EBITDA multiple from 2013 through the 1st 3 Quarters of 2014 decreased by 12 percent, from 10.9x to 9.6x.

Top Ten Notable Transactions - 1st 3 Quarters 2014

Deal Date	Target Name	Buyer	Value MM US\$
09/15/14	TriZetto	Cognizant Technology Solutions	\$2,700
08/05/14	Siemens Health Services	Cerner Corporation	\$1,300
08/08/14	St. George's University	Baring Private Equity Asia, Altas Partners LP	\$750
01/30/14	Accelrys, Inc.	Dassault Systemes SA	\$652
04/07/14	Ability Network, Inc.	Summit Partners	\$550
06/16/14	Evolution1	WEX Inc.	\$533
06/24/14	CRM and Strategic Data Division from Cegedim	IMS Health Incorporated	\$523
02/27/14	Coastal Contacts Inc.	Essilor International SA	\$361
07/02/14	Vitacost.com	Kroger	\$247
09/23/14	SPI Healthcare	Conifer Health Solutions, Inc.	\$235
2014 Aggregate Transaction Value			\$12,868
Top 10 Aggregate Transaction Value			\$7,851
Top 10 Aggregate Value as a Percentage of All Transactions			61 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value. Note: Transaction data based on announced date.

M&A Market Dynamics By Quarter

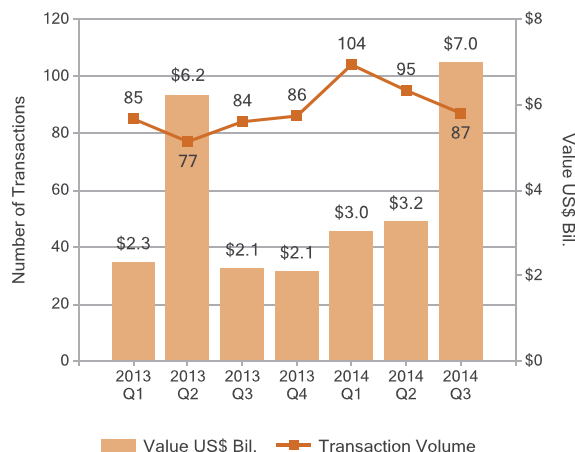


Figure 1. 2013-2014 value and volume comparison.

Median Enterprise Value Multiples

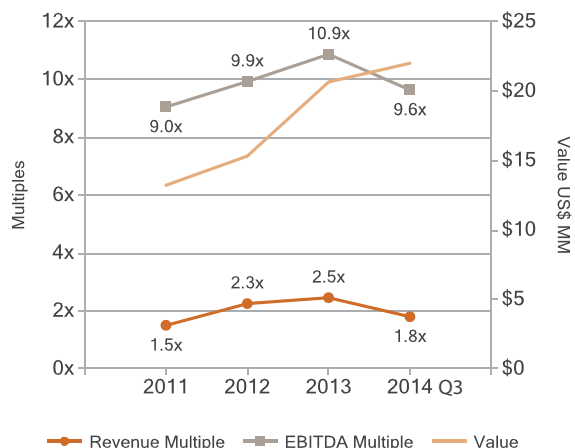


Figure 2. 2011-2014 median value, revenue, EBITDA comparison through Q3 2014.

TOP TEN DEALS THROUGH Q3 2014

The top ten deals by value have seen five new additions since our half year report. This included the industry's three largest transactions year-to-date. Also of note, strategic acquirers were responsible for eight of the top ten highest value deals through the 1st 3 Quarters of 2014.

These five transactions, with an aggregate value of \$5.2 billion, represented 41 percent of transaction value in the 1st 3 Quarters of 2014 and 74 percent of Q3 2014 transaction value.

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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

AFTERMATH
CLAIM SCIENCE
HAS BEEN ACQUIRED BY
EQUIAN
A PORTFOLIO COMPANY OF
Great Point Partners, LLC

ELSEVIER
HAS ACQUIRED

AMIRSYS

BLR Simplify Compliance
Drive Success
HAS ACQUIRED
HC Pro
A PORTFOLIO COMPANY OF
HALYARD
CAPITAL

HealthcareSource
A PORTFOLIO COMPANY OF
INSIGHT VENTURE PARTNERS
HAS ACQUIRED

NetLearning
A BUSINESS OF

CENGAGE
Learning

ELSEVIER
HAS ACQUIRED

EXIT Care
Patient Education Solutions

F|P
FRANCISCO
PARTNERS
HAS ACQUIRED
Therapeutic Research Center
Therapeutic Research Faculty

Healthx
A PORTFOLIO COMPANY OF
LIBERTY PARTNERS
HAS BEEN ACQUIRED
IN A MAJORITY
RECAPITALIZATION BY
FrontierCapital

V S S Veronis Suhler Stevenson
HAS ACQUIRED
**Strata Decision
Technology**

IMAGE SOLUTIONS, INC.

HAS BEEN ACQUIRED BY
CSC

RELSYS

HAS BEEN ACQUIRED BY
ORACLE