



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2018 ■ Mergers and Acquisitions Trend Report

2018 KEY HIGHLIGHTS

- The largest private equity backed deal in 2018 was Veritas Capital and Evergreen Coast Capital's announced acquisition of athenahealth, a provider of network-enabled services for hospital and ambulatory customers, for \$5.6 billion.
- The Healthcare IT segment accounted for about one-half of the industry's aggregate volume in 2018. Strategic acquirers accounted for 75 percent of Healthcare IT volume.
- There were 132 financially sponsored transactions with an aggregate value of \$17.18 billion, representing 28 percent of the total volume and 49 percent of the total value, respectively.

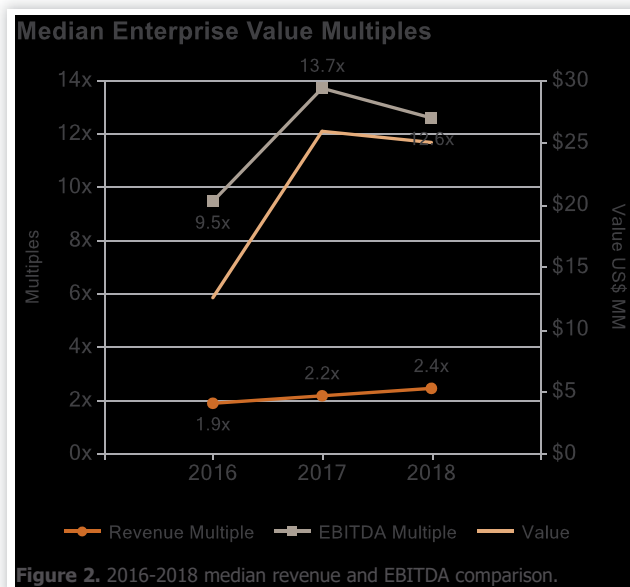
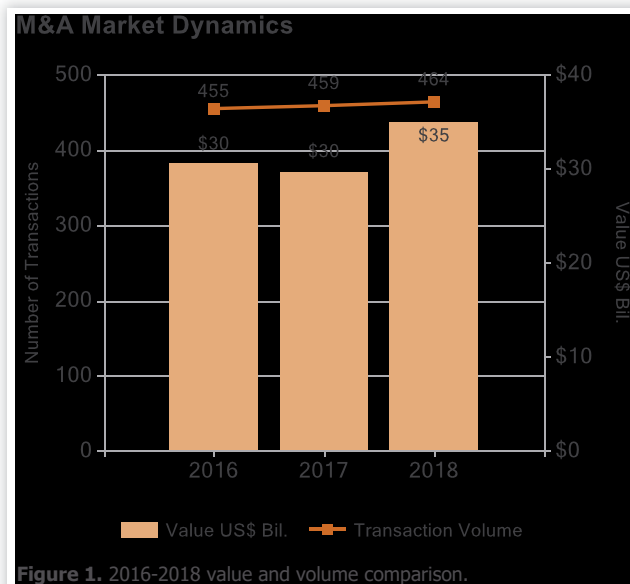
2018 KEY TRENDS

- Total transaction volume in 2018 remained nearly constant over 2017, from 459 to 464. Deal activity also stayed about the same from 2016 to 2017.
- Total transaction value in 2018 increased by 18 percent over 2017, from \$29.68 billion to \$35.07 billion.
- The median revenue multiple improved from 2.2x in 2017 to 2.4x in 2018. The median EBITDA multiple declined from 13.7x to 12.6x.
- The segment with the largest rise in volume in 2018 over 2017 was Medical Education with an 68 percent gain, from 22 to 37 transactions. As for other notable increases, the Healthcare IT segment experienced a 19 percent gain, from 199 to 237 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,378 Healthcare/Pharma Information and Technology transactions between 2016 and 2018, of which 297 disclosed financial terms, and calculated the aggregate value to be \$85.31 billion. Based on known transaction values, we project values of 1,081 undisclosed transactions to be \$9.56 billion, totaling \$94.87 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 2.1x revenue and 11.9x EBITDA.



Transaction Analysis :: January 1, 2018 – December 31, 2018

Bell Curve - Histogram

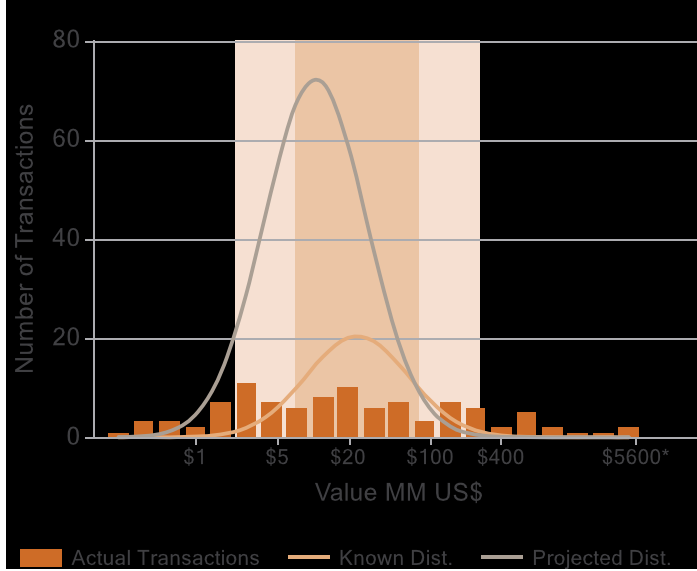


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2018 at \$35.1 billion.

* Indicates largest transaction in the industry from Jan. 1, 2018 to Dec. 31, 2018.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	3	0	3	3 %	4 %
\$0.6	3	1	4	3 %	7 %
\$1.0	2	4	6	2 %	9 %
\$1.6	7	13	19	7 %	16 %
\$2.7	11	29	39	11 %	26 %
\$4.5	7	50	56	7 %	33 %
\$7.4	6	68	73	6 %	39 %
\$12.2	8	71	79	8 %	47 %
\$20.1	10	59	68	10 %	57 %
\$33.1	6	38	43	6 %	63 %
\$54.6	7	19	25	7 %	70 %
\$90.0	3	7	10	3 %	73 %
\$148.4	7	2	9	7 %	79 %
\$244.7	6	1	6	6 %	85 %
\$403.4	2	0	2	2 %	87 %
\$665.1	5	0	5	5 %	92 %
\$1,096.6	2	0	2	2 %	94 %
\$1,808.0	1	0	1	1 %	95 %
\$2,981.0	1	0	1	1 %	96 %
\$4,914.8	2	0	2	2 %	98 %
Total #		102	362	464	
Total \$ Value		\$31,241	\$3,828	\$35,068	
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

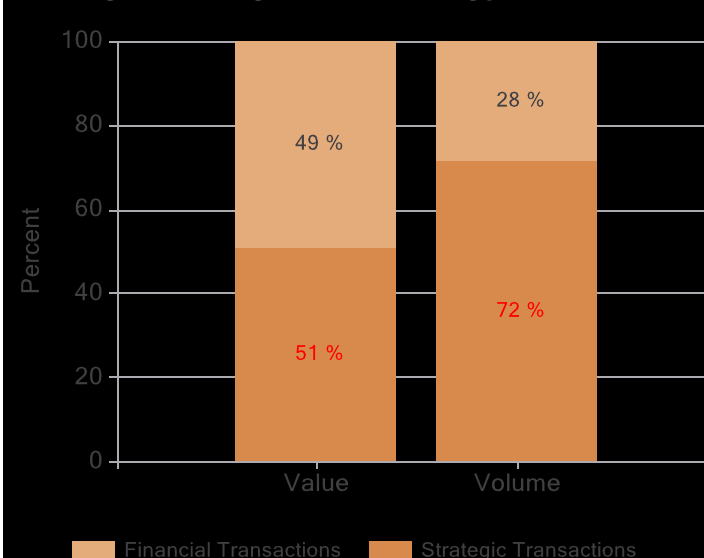


Figure 5. 2018 value and volume comparison by acquirer type.

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

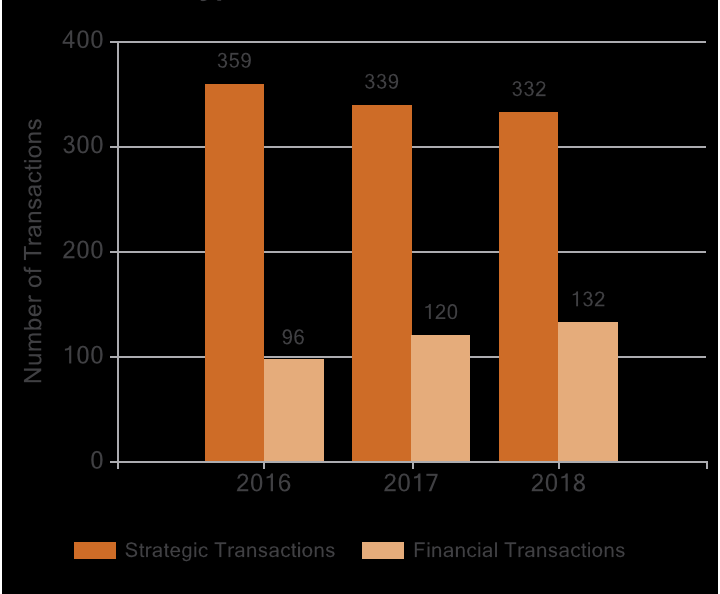


Figure 6. 2016-2018 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2018

Deal Date	Target Name	Buyer	Value MM US\$
01/11/18	DST Systems, Inc.	SS&C Technologies, Inc.	\$5,637
11/14/18	athenahealth, Inc.	Veritas Capital, Evergreen Coast Capital	\$5,600
06/19/18	Cotiviti Corporation	Verscend Technologies	\$4,817
02/15/18	Flatiron Health	Roche Ltd	\$1,900
12/24/18	MINDBODY Inc.	Vista Equity Partners	\$1,764
03/07/18	Ability Network, Inc.	Inovalon, Inc.	\$1,200
04/02/18	Value-Based Care Division from GE Healthcare	Veritas Capital Partners	\$1,050
12/19/18	Technology Business from M*Modal	3M	\$1,000
06/28/18	PillPack	Amazon.com, Inc.	\$753
11/05/18	MatrixCare	ResMed	\$750
2018 Aggregate Transaction Value			\$35,068
Top 10 Aggregate Transaction Value			\$24,471
Top 10 Aggregate Value as a Percentage of All Transactions			70 %

Figure 7. Lists the top ten transactions for 2018 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**.

Median EV/Revenue Multiples by Size

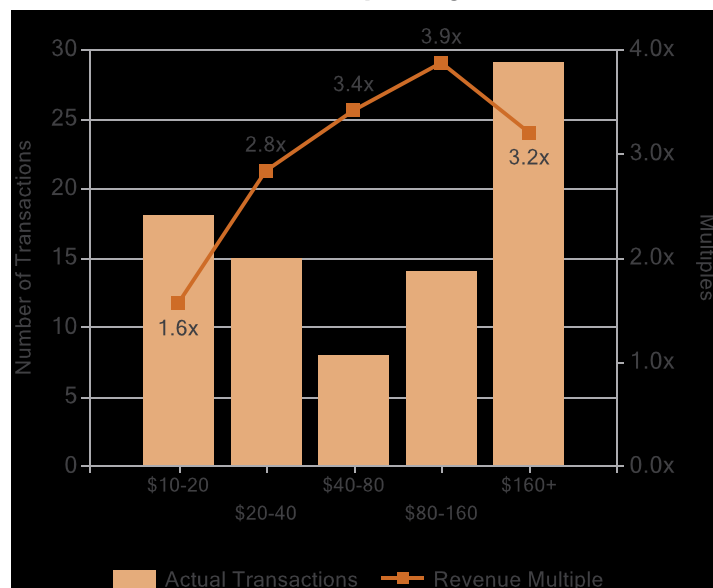


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2016 to Dec. 31, 2018 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2016 – December 31, 2018

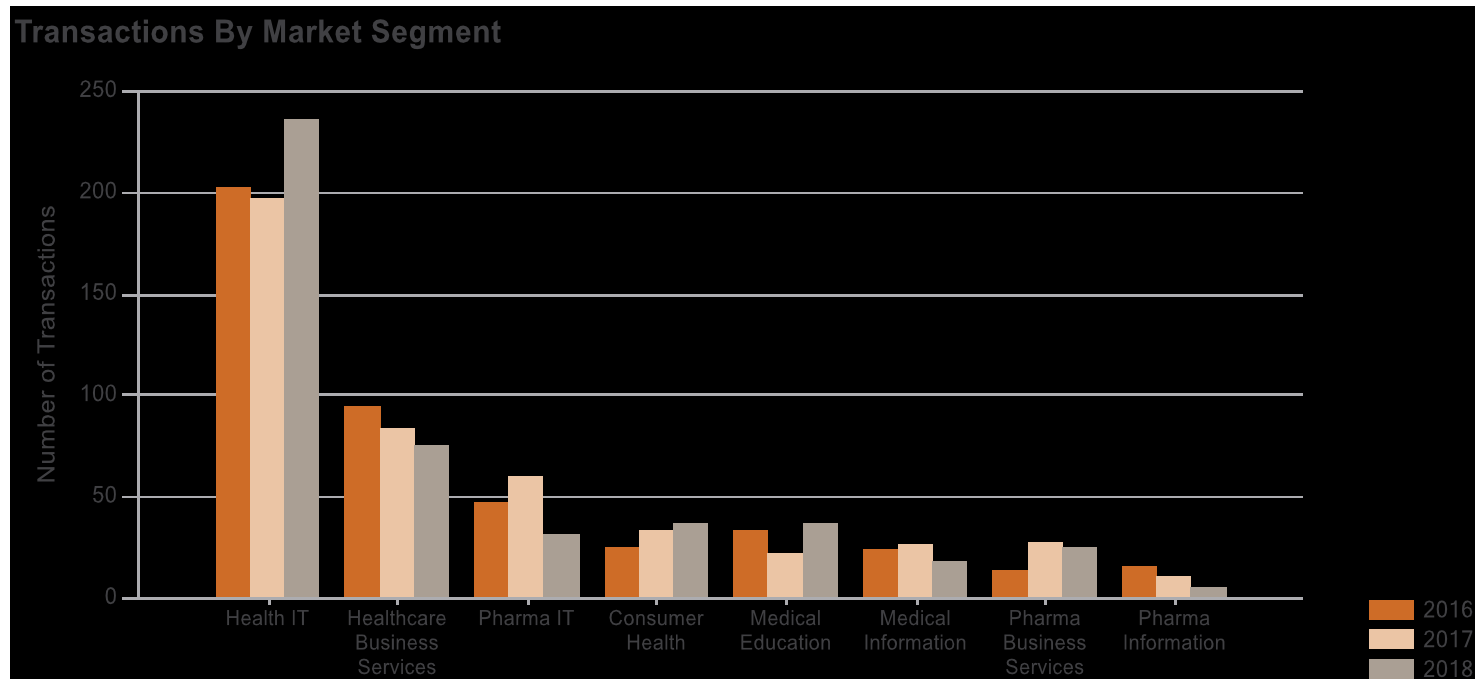


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2016 through Dec. 31, 2018.

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