



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

1ST HALF 2019 :: Mergers and Acquisitions Trend Report

1ST HALF 2019 KEY HIGHLIGHTS

- The largest deal in 1st Half 2019 was Dassault Systèmes' announced acquisition of Medidata, a provider of SaaS-based clinical development software, for \$5.82 billion.
- Five of the industry's top ten largest transactions year-to-date occurred in the Healthcare Business Services segment, making it the best represented sector in the top ten list.

1ST HALF 2019 KEY TRENDS

- Total transaction volume in 1st Half 2019 improved by 11 percent over 2nd Half 2018, from 231 to 257.
- Total transaction value in 1st Half 2019 increased by 32 percent over 2nd Half 2018, from \$14.26 billion to \$18.76 billion.
- The median revenue multiple, after rising from 2.4x in 1st Half 2018 to 2.7x in 2nd Half 2018, declined to 2.3x in 1st Half 2019. The median EBITDA multiple moved upwards from 12.6x in 2nd Half 2018 to 14.6x in 1st Half 2019.
- Both the Pharma IT and Healthcare IT segments saw notable increases in volume during the half year period. Pharma IT volume gained 50 percent, from 16 to 24 deals. Healthcare IT volume rose 14 percent, from 111 to 127 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,181 Healthcare/Pharma Information and Technology transactions between 2017 and 1st Half 2019, of which 235 disclosed financial terms, and calculated the aggregate transaction value to be \$73.85 billion. Based on known transaction values, we project values of 946 undisclosed transactions to be \$9.72 billion, totaling \$83.57 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2017 to 1st Half 2019 with enterprise values in the \$10-\$20 million range had a median revenue multiple of 1.7x, whereas those above \$20 million garnered a median revenue multiple of 3.2x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.3x revenue and 13.2x EBITDA.

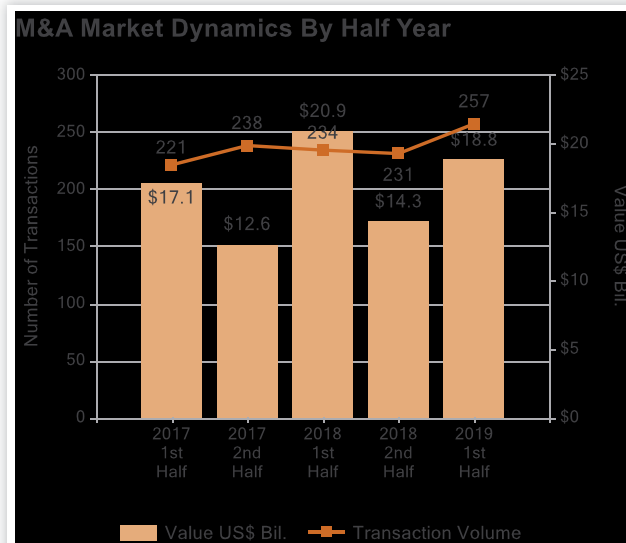


Figure 1. 2017-2019 value and volume comparison.

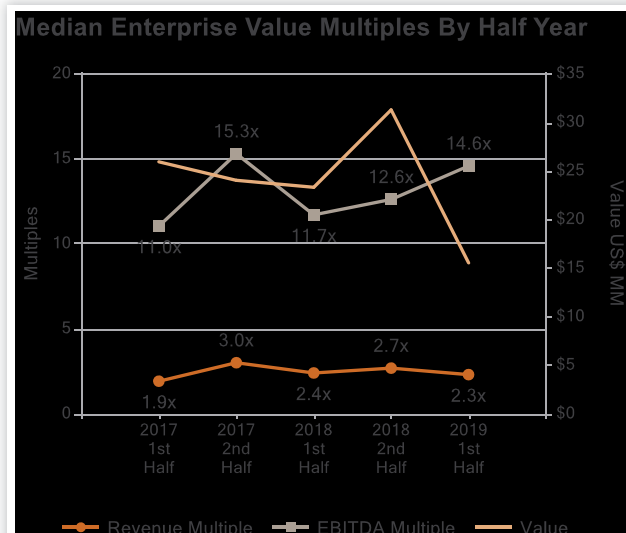


Figure 2. 2017-2019 median: value and revenue comparison.

Transaction Analysis :: January 1, 2019 – June 30, 2019

Bell Curve - Histogram - 1st Half

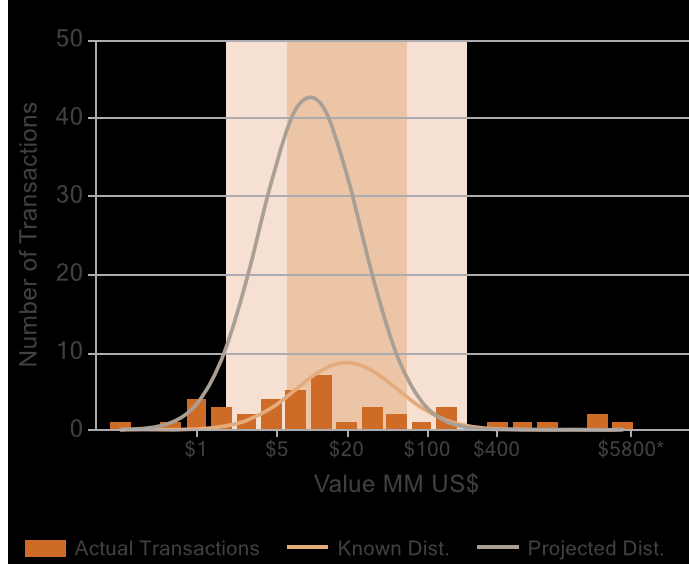


Figure 3. Shows the distribution of Healthcare/Pharma Information and Technology transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2019 at \$18.8 billion.

* Indicates largest transaction in the industry from Jan. 1, 2019 to June 30, 2019.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	2 %	2 %
\$0.4	0	0	0	0 %	2 %
\$0.6	1	1	1	2 %	5 %
\$1.0	4	3	7	9 %	14 %
\$1.6	3	9	11	7 %	21 %
\$2.7	2	19	21	5 %	26 %
\$4.5	4	32	35	9 %	35 %
\$7.4	5	41	46	12 %	47 %
\$12.2	7	42	48	16 %	63 %
\$20.1	1	33	33	2 %	65 %
\$33.1	3	20	23	7 %	72 %
\$54.6	2	10	11	5 %	77 %
\$90.0	1	4	4	2 %	79 %
\$148.4	3	1	4	7 %	86 %
\$244.7	0	0	0	0 %	86 %
\$403.4	1	0	1	2 %	88 %
\$665.1	1	0	1	2 %	91 %
\$1,096.6	1	0	1	2 %	93 %
\$1,808.0	0	0	0	0 %	93 %
\$2,981.0	2	0	2	5 %	98 %
\$4,914.8	1	0	1	2 %	100 %
Total #	43	214	257		
Total \$ Value	\$16,681	\$2,077	\$18,758		
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 - 1st Half

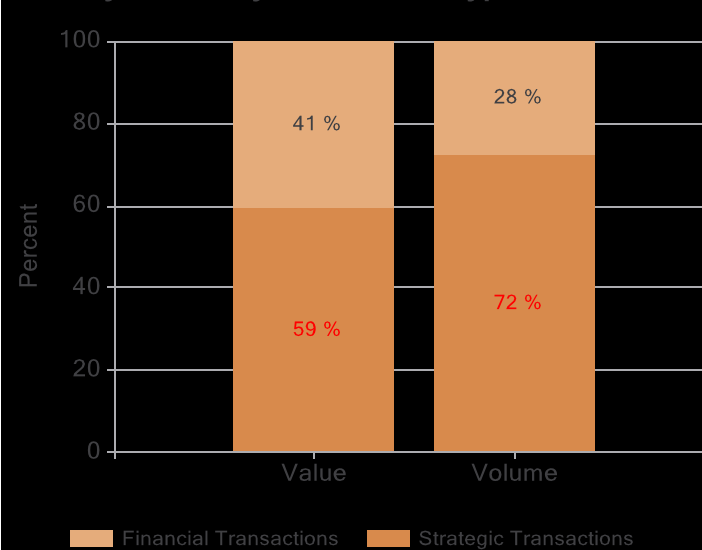


Figure 5. 2017-2019 value and volume comparison by transaction type.

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 By Half Year

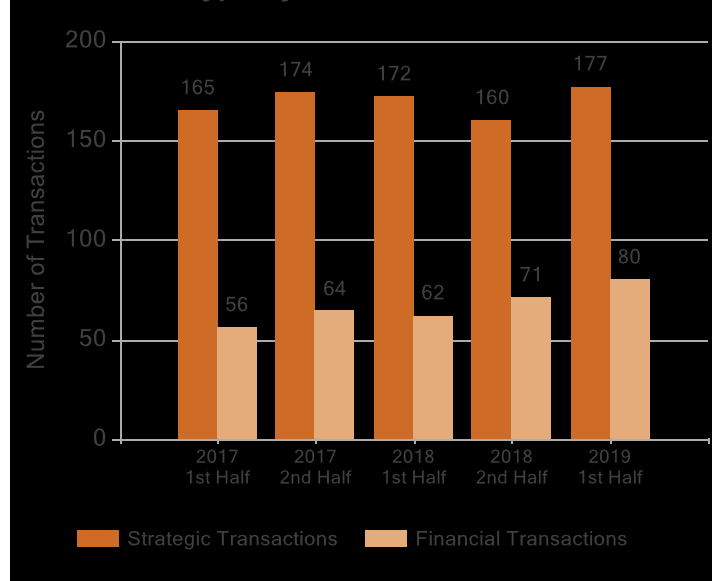


Figure 6. 2017-2019 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2019

Deal Date	Target Name	Buyer	Value MM US\$
06/12/19	Medidata	Dassault Systemes	\$5,822
06/20/19	Equian	UnitedHealth Group	\$3,200
04/30/19	WageWorks, Inc.	HealthEquity, Inc.	\$1,340
06/17/19	Aris Global LLC	Nordic Capital	\$700
05/17/19	InstaMed	J.P. Morgan Chase & Co.	\$500
05/02/19	Advanced Medical	AMN Healthcare Services, Inc.	\$200
03/11/19	Voalte, Inc.	Hill-Rom	\$180
03/06/19	Prescribe Wellness	Tabula Rasa Healthcare	\$150
01/31/19	UBM Life Sciences	MJH Associates	\$100
06/11/19	Press Ganey Associates, Inc.	Leonard Green & Partners, L.P., Ares Management, L.P.	N/A
2019 Aggregate Transaction Value			\$18,758
Top 9 Aggregate Transaction Value			\$12,192
Top 9 Aggregate Value as a Percentage of All Transactions			65 %

Figure 7. Lists the top ten transactions for 1st Half 2019 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 Size

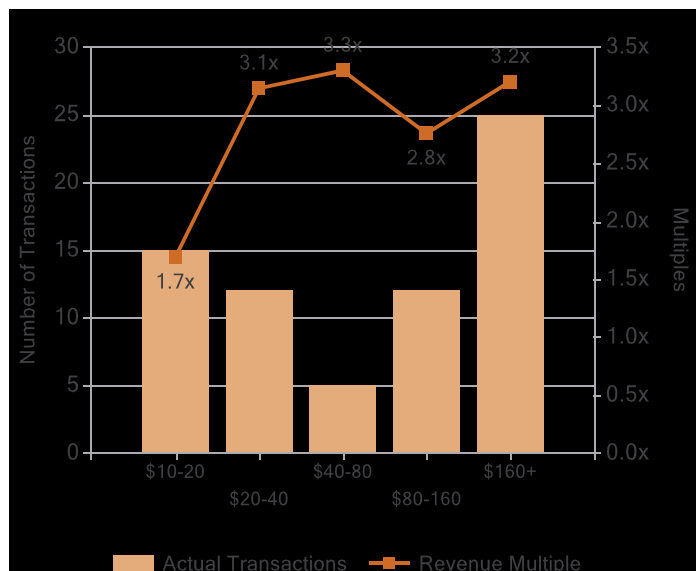


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2017 to June 30, 2019 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2017 – June 30, 2019

Transactions By Market Segment By Half Year

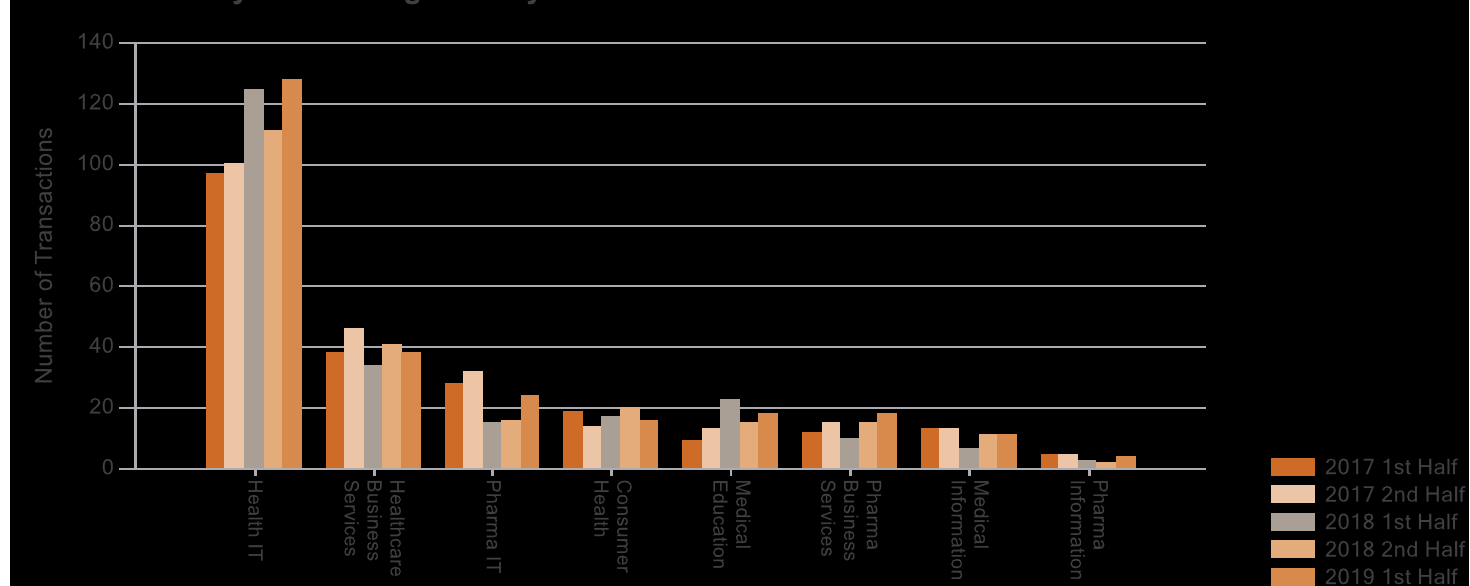


Figure 9. Presents transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from January 1, 2017 through June 30, 2019.

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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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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