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HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

Q3 2019 :: Mergers and Acquisitions Trend Report

Q3 2019 KEY HIGHLIGHTS

- The largest transaction in Q3 2019 was private equity firm EQT and Canada Pension Plan Investment Board's ("CPPIB") acquisition of a majority stake in Waystar, a revenue cycle management (RCM) provider, for $2.7 billion.
- Strategic acquirers accounted for two-thirds of the industry's total volume during the quarter.
- Healthcare IT volume represented 44 percent of aggregate deal activity in Q3 2019.

Q3 2019 KEY TRENDS

- Total transaction volume in the 1st 3 Quarters of 2019 increased by eight percent over the 1st 3 Quarters of 2018, from 358 to 386.
- Total transaction value in the 1st 3 Quarters of 2019 gained 19 percent over the 1st 3 Quarters of 2018, from $24.9 billion to $29.7 billion.

MULTIPLES & VALUE TRENDS

- The median revenue and EBITDA multiples both remained nearly constant. Through the 1st 3 Quarters of 2019, the median revenue multiple was 2.3x while the median EBITDA multiple was 12.6x.

M&A Market Dynamics

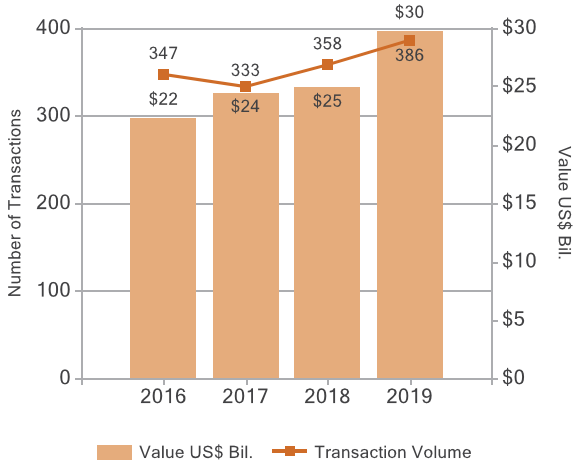

Figure 1. 1st 3 Quarters value and volume comparison from 2016 to 2019.

Median Enterprise Value Multiples

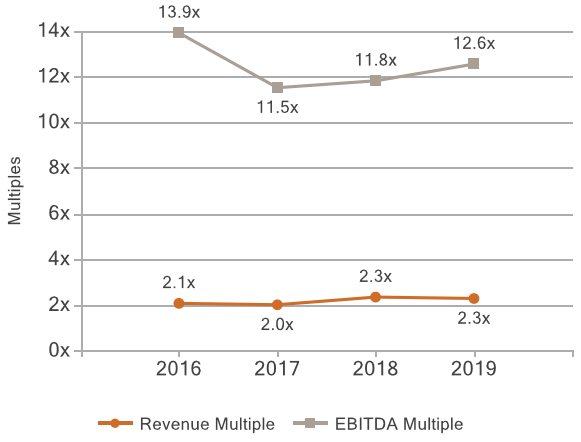

Figure 2. 1st 3 Quarters median revenue and EBITDA comparison from 2016 to 2019.

Top Ten Notable Transactions - 1st 3 Quarters 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
07/29/19	Waystar	EQT AB, CPP Investment Board	$2,700
09/05/19	Assurance IQ	Prudential Financial, Inc.	$2,350
08/21/19	GoHealth	Centerbridge Capital Partners	$1,500
04/30/19	WageWorks, Inc.	HealthEquity, Inc.	$1,340
08/07/19	Navigant Consulting	Guidehouse	$1,134
06/17/19	Aris Global LLC	Nordic Capital	$700
05/17/19	InstaMed	J.P. Morgan Chase & Co.	$500
06/11/19	Press Ganey Associates, Inc.	Leonard Green & Partners, L.P., Ares Management, L.P.	N/A
		2019 Aggregate Transaction Value	$29,705
		Top 9 Aggregate Transaction Value	$19,246
		Top 9 Aggregate Value as a Percentage of All Transactions	**65 %**

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2019 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transaction data based on **announced date.**

TOP TEN DEALS THROUGH Q3 2019

The top ten deals by value have seen four new additions since our half year report. Two of the deals involved the consumer health insurance marketplace: Prudential Financial's announced acquisition of Assurance IQ for $2.4 billion; and Centerbridge Capital Partners' acquisition of GoHealth for $1.5 billion.

These four transactions, with an aggregate value of $7.7 billion, represented 26 percent of transaction value in the 1st 3 Quarters of 2019 and 67 percent of Q3 2019 transaction value.

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RECENT HEALTHCARE TRANSACTIONS

Golden Gate Capital HAS ACQUIRED INVO Family of Companies A PORTFOLIO COMPANY OF The Jordan Company, Wicks, Post Capital

MEDIMIX International HAS BEEN ACQUIRED BY Evidera, PPD A PORTFOLIO COMPANY OF The Carlyle Group, Hellman & Friedman

Gryphon Investors HAS ACQUIRED LEARN Behavioral

Proud Moments ABA HAS BEEN ACQUIRED BY Audax Group

TGaS® Advisors HAS BEEN ACQUIRED BY TRINITY PARTNERS A PORTFOLIO COMPANY OF Parthenon Capital Partners

policymedical HAS BEEN ACQUIRED BY iContracts A PORTFOLIO COMPANY OF SGE Susquehanna Growth Equity, LLC

CARD™ Center for Autism & Related Disorders HAS BEEN ACQUIRED BY Blackstone

CollectRx™ HAS BEEN ACQUIRED BY New Capital Partners

Renovus Capital HAS ACQUIRED PCE Practicing Clinicians™ Exchange

Autism Learning Partners — Making Progress Possible HAS BEEN ACQUIRED BY FFL Partners

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