

## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### 1ST HALF 2020 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2020 KEY HIGHLIGHTS

- The largest strategic deal in 1st Half 2020 was Clarivate Analytics' acquisition of Decision Resources Group, a provider of data, analytics and insights products and services used by pharma, biotech and medical technology companies, for \$950 million.
- Six of the industry's top ten highest value transactions year-to-date occurred in the Healthcare IT segment, making it the best represented sector in the top ten list.

#### 1ST HALF 2020 KEY TRENDS

- Total transaction volume in 1st Half 2020 decreased by eight percent over 2nd Half 2019, from 276 to 254. However, strategic volume remained nearly constant during this timeframe.
- Total transaction value in 1st Half 2020 declined by 20 percent over 2nd Half 2019, from \$16.11 billion to \$12.82 billion.
- The median revenue multiple rose from 2.4x in 2nd Half 2019 to 3.0x in 1st Half 2020. The median EBITDA multiple stayed about the same at 14.0x.
- Both the Pharma IT and Medical Information segments saw increases in volume during the half year period. Pharma IT volume gained 41 percent, from 17 to 24 deals. Medical Information volume rose 44 percent, from 9 to 13 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,260 Healthcare/Pharma Information and Technology transactions between 2018 and 1st Half 2020, of which 246 disclosed financial terms, and calculated the aggregate transaction value to be \$70.58 billion. Based on known transaction values, we project values of 1,014 undisclosed transactions to be \$13.33 billion, totaling \$83.91 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2018 to 1st Half 2020 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 3.4x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.5x revenue and 12.2x EBITDA.

#### M&A Market Dynamics By Half Year

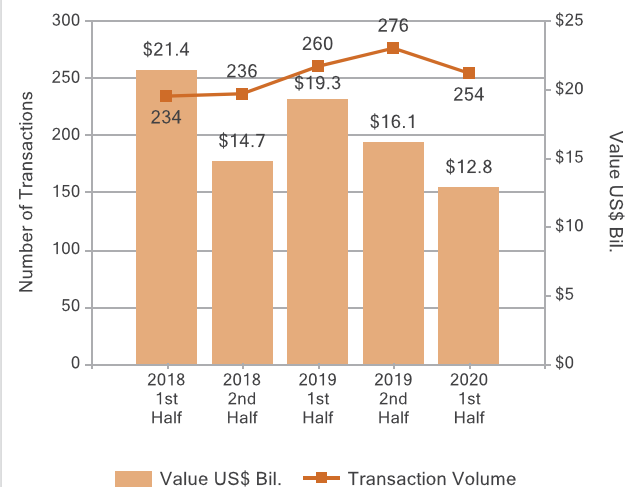


Figure 1. 2018-2020 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

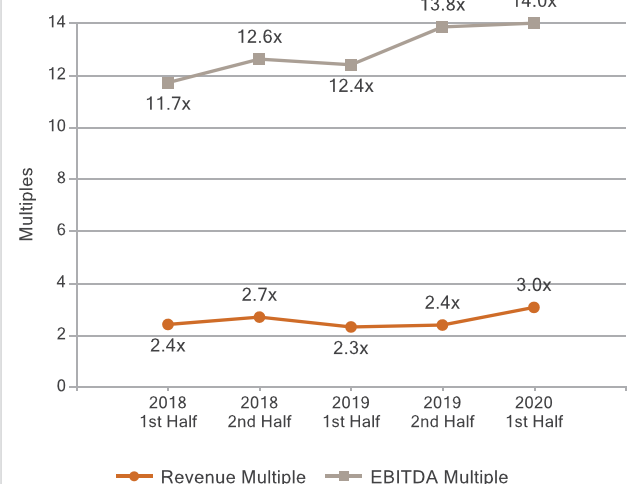
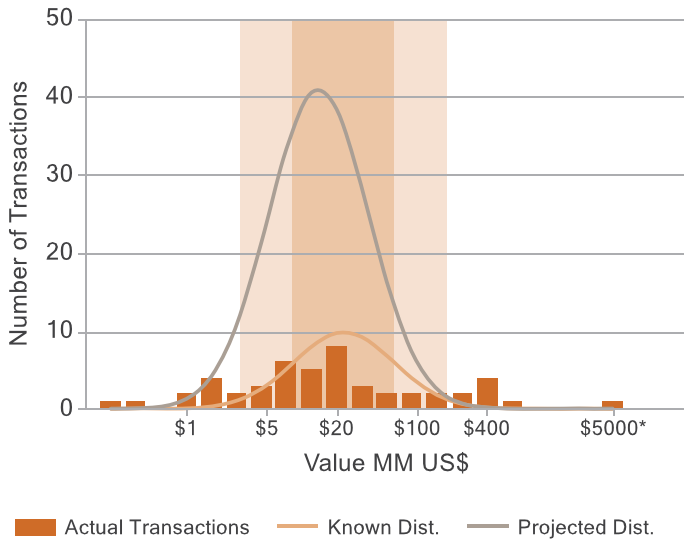


Figure 2. 2018-2020 median: revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2020 – June 30, 2020

## 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 \$7.4 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2020 at 12.8 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2020 to June 30, 2020.

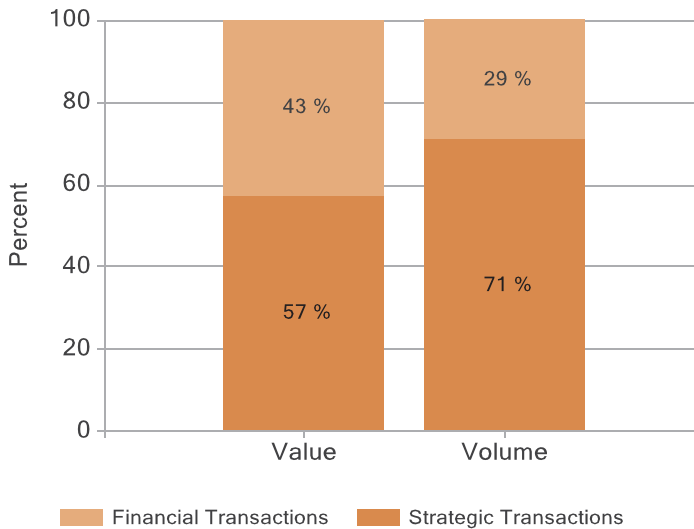
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	2 %	2 %
\$0.4	1	0	1	2 %	4 %
\$0.6	0	0	0	0 %	4 %
\$1.0	2	1	3	4 %	8 %
\$1.6	4	4	8	8 %	16 %
\$2.7	2	11	12	4 %	20 %
\$4.5	3	21	24	6 %	27 %
\$7.4	6	33	39	12 %	39 %
\$12.2	5	41	45	10 %	49 %
\$20.1	8	38	46	16 %	65 %
\$33.1	3	28	31	6 %	71 %
\$54.6	2	16	18	4 %	76 %
\$90.0	2	7	9	4 %	80 %
\$148.4	2	3	4	4 %	84 %
\$244.7	2	1	2	4 %	88 %
\$403.4	4	0	4	8 %	96 %
\$665.1	1	0	1	2 %	98 %
\$1,096.6	0	0	0	0 %	98 %
\$1,808.0	0	0	0	0 %	98 %
\$2,981.0	0	0	0	0 %	98 %
\$4,914.8	1	0	1	2 %	100 %
Total #	49	205	254		
Total \$ Value	\$9,944	\$2,878	\$12,822		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

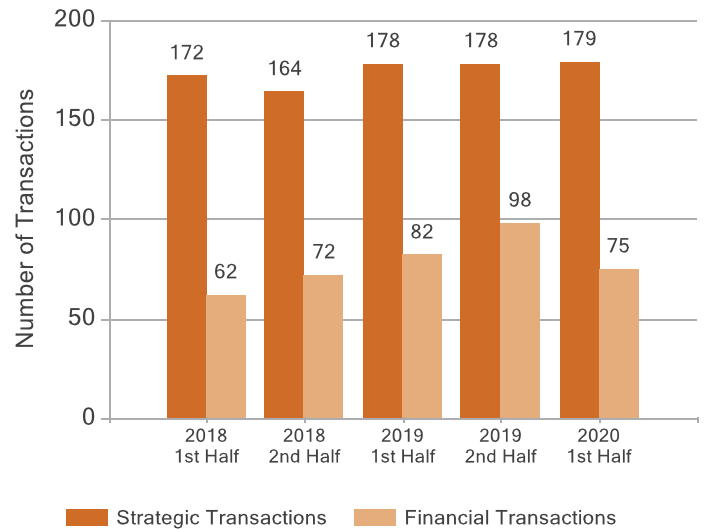
### M&A Dynamics By Transaction Type - 1st Half



**Figure 5.** 2018-2020 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.** 2018-2020 acquirer type comparison by half year.

# Purchaser Analysis

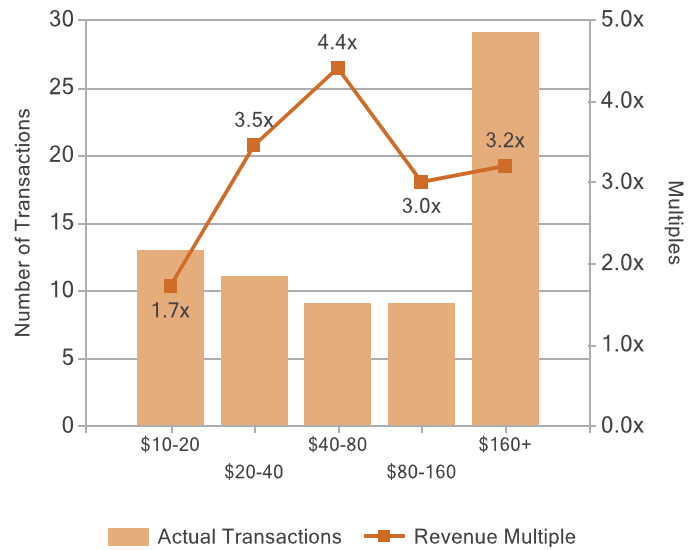
## Top Ten Notable Transactions - 1st Half 2020

Deal Date	Target Name	Buyer	Value MM US\$
03/11/20	State & Local HHS from DXC Technology Company	Veritas Capital	\$5,000
01/22/20	Decision Resources Group	Clarivate Analytics	\$950
03/04/20	Huntsworth PLC	Clayton, Dubilier & Rice, Inc.	\$665
01/13/20	InTouch Health	TelaDoc, Inc.	\$600
01/29/20	Stratus Video Interpreting	AMN Healthcare Services, Inc.	\$475
03/04/20	exocad GmbH	Align Technology, Inc.	\$412
06/01/20	Vision Healthcare NV	Avista Capital Partners	\$339
02/05/20	IT Healthcare portfolio in Germany and Spain from Cerner Corporation	CompuGroup Medical AG	\$250
05/06/20	eRx Network, LLC	Change Healthcare Corporation	\$213
01/13/20	SCI Solutions, Inc.	R1 RCM	\$190
2020 Aggregate Transaction Value			\$12,822
Top 10 Aggregate Transaction Value			\$9,093
Top 10 Aggregate Value as a Percentage of All Transactions			71 %

**Figure 7.** Lists the top ten transactions for 1st Half 2020 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**.

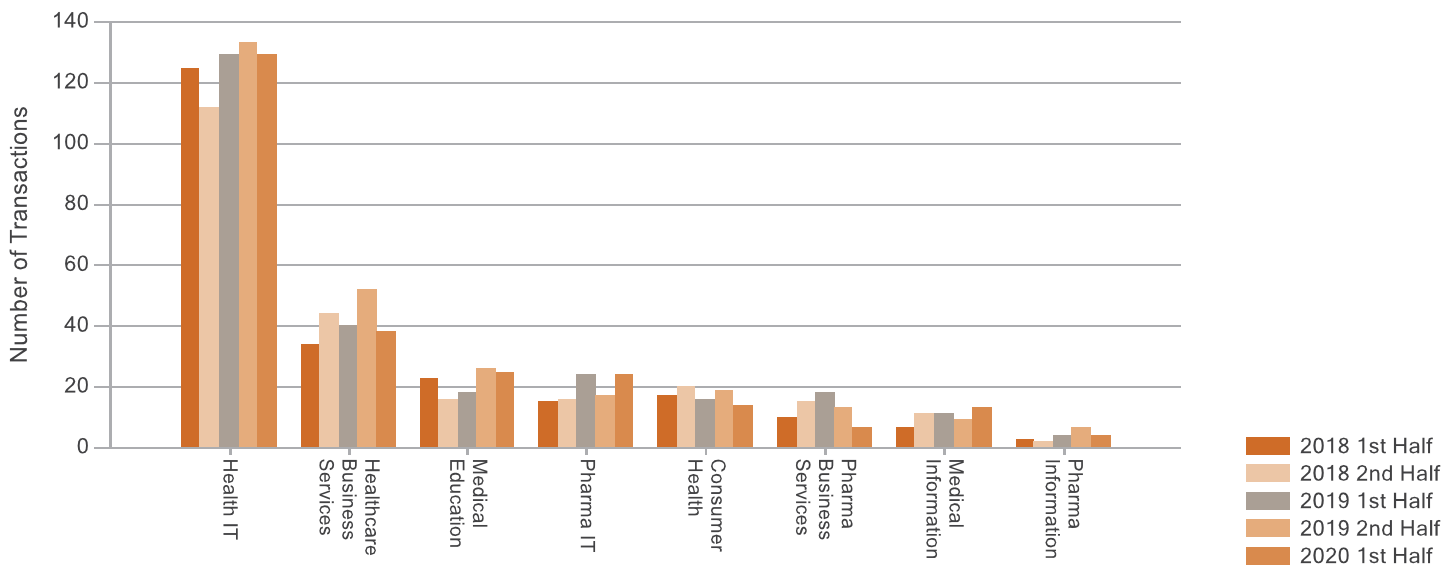
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2018 to June 30, 2020 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2018 – June 30, 2020

## 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, 2018 through June 30, 2020.

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Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

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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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## RECENT HEALTHCARE TRANSACTIONS



HAS ENTERED INTO A STRATEGIC PARTNERSHIP WITH



GOLDEN GATE CAPITAL

HAS ACQUIRED



A PORTFOLIO COMPANY OF

THE JORDAN COMPANY WICKS POST CAPITAL



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