

HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

Q3 2020 :: Mergers and Acquisitions Trend Report

Q3 2020 KEY HIGHLIGHTS

- The largest transaction in Q3 2020 and year-to-date was TelaDoc's announced merger with Livongo for \$16.6 billion. The combination of TelaDoc and Livongo will create a global leader in consumer-centered virtual care.
- Healthcare IT volume represented nearly half of the industry's aggregate deal activity in Q3 2020.

Q3 2020 KEY TRENDS

- Total transaction volume in Q3 2020 increased by 19 percent over Q2 2020, from 124 to 148. Financial sponsors accounted for 40 percent of volume in Q3 2020, compared to 20 percent in Q2 2020.
- Total transaction value rose from \$2.4 billion in Q2 2020 to \$22.6 billion in Q3 2020. This was its highest level over the past seven quarters. If the TelaDoc-Livongo merger is excluded, value still more than doubled during the quarter.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2019 through the 1st 3 Quarters of 2020 improved 17 percent, from 2.3x to 2.7x.
- The median EBITDA multiple from 2019 through the 1st 3 Quarters of 2020 gained 22 percent, from 12.4x to 15.1x.

Top Ten Notable Transactions - 1st 3 Quarters 2020

Deal Date	Target Name	Buyer	Value MM US\$
08/05/20	Livongo	TelaDoc, Inc.	\$16,567
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
07/13/20	Benefytt Technologies, Inc.	Madison Dearborn Partners	\$629
01/13/20	InTouch Health	TelaDoc, Inc.	\$600
07/21/20	Healthcare Provider Software Business from DXC Technology Company	Dedalus S.p.A.	\$525
01/29/20	Stratus Video Interpreting	AMN Healthcare Services, Inc.	\$475
03/04/20	exocad GmbH	Align Technology, Inc.	\$412
09/14/20	The Citadel Group Limited	Pacific Equity Partners	\$370

2020 Aggregate Transaction Value \$36,248

Top 10 Aggregate Transaction Value \$26,193

Top 10 Aggregate Value as a Percentage of All Transactions 72 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2020 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

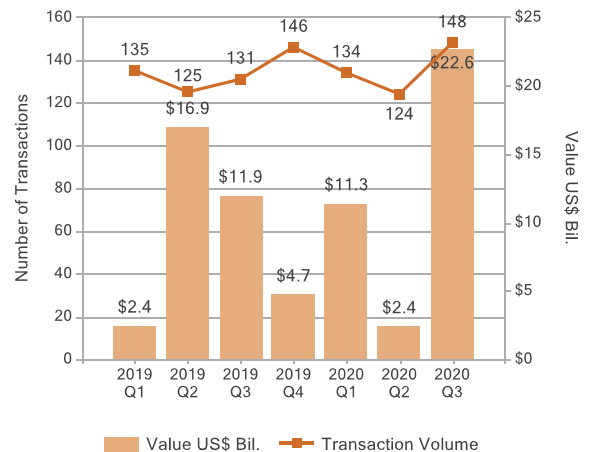


Figure 1. 2019-2020 value and volume comparison.

Median Enterprise Value Multiples

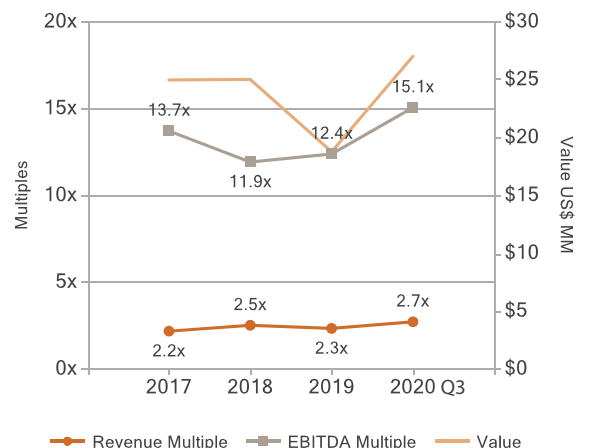


Figure 2. 2017-2020 median revenue and EBITDA comparison through Q3 2020.

TOP TEN DEALS THROUGH Q3 2020

The top ten deals by value have seen four new additions since our half year report.

Two of these four transactions were completed by financial sponsors: Madison Dearborn Partners' announced acquisition of Benefytt Technologies for \$629 million in the Healthcare Business Services segment; and Pacific Equity Partners' announced acquisition of The Citadel Group for \$370 million in the Healthcare IT segment.

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RECENT HEALTHCARE TRANSACTIONS

HAS BEEN ACQUIRED BY

A PORTFOLIO COMPANY OF

HAS ENTERED INTO A STRATEGIC PARTNERSHIP WITH

HAS ACQUIRED

A PORTFOLIO COMPANY OF

HAS BEEN ACQUIRED BY

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