

## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### 1ST HALF 2021 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2021 KEY HIGHLIGHTS

- The largest transaction in 1st Half 2021 was Optum's announced merger with Change Healthcare Corporation for \$13.44 billion. Optum, a diversified health services company under UnitedHealth Group, is joining forces with Change Healthcare, which provides software and data analytics, technology-enabled services, and revenue cycle management offerings.
- Each of the industry's top ten largest transactions year-to-date were completed by strategic acquirers.

#### 1ST HALF 2021 KEY TRENDS

- Total transaction volume in 1st Half 2021 decreased by one percent over 2nd Half 2020, from 292 to 288. However, strategic volume improved 18 percent during this timeframe, from 175 to 206.
- Total transaction value in 1st Half 2021 declined by 16 percent over 2nd Half 2020, from \$34.71 billion to \$28.99 billion. Of note, value more than doubled from 1st Half 2020 to 2nd Half 2020.
- The median revenue multiple rose from 3.7x in 2nd Half 2020 to 4.3x in 1st Half 2021.
- The segment with the largest rise in volume in 1st Half 2021 over 2nd Half 2020 was Healthcare IT with a 19 percent gain, from 137 to 163 transactions.

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

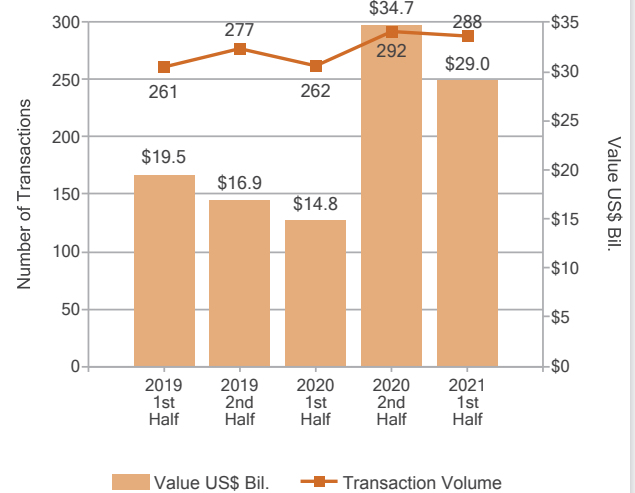


Figure 1. 2019-2021 value and volume comparison.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,380 Healthcare/Pharma Information and Technology transactions between 2019 and 1st Half 2021, of which 283 disclosed financial terms, and calculated the aggregate transaction value to be \$95.80 billion. Based on known transaction values, we project values of 1,097 undisclosed transactions to be \$18.40 billion, totaling \$114.20 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2019 to 1st Half 2021 with enterprise values in the \$10-\$40 million range had a median revenue multiple of 2.9x, whereas those above \$40 million garnered a median revenue multiple of 4.1x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 3.0x revenue and 14.0x EBITDA.

**Median Enterprise Value Multiples By Half Year**

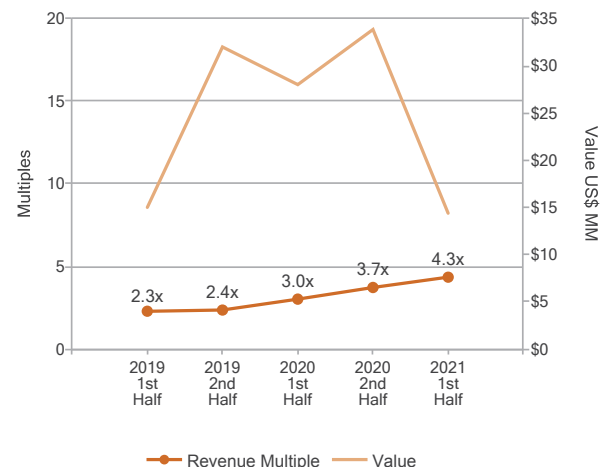
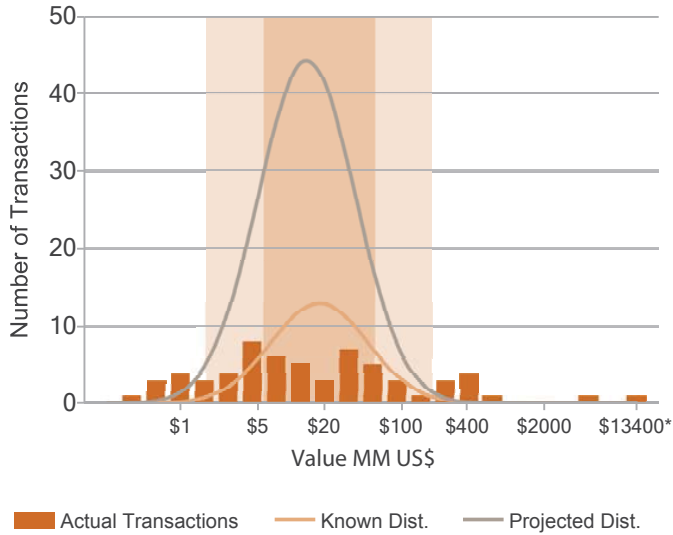


Figure 2. 2019-2021 median: value and revenue comparison.

# Transaction Analysis :: January 1, 2021 – June 30, 2021

## 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 2021 at 29.0 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2021 to June 30, 2021.

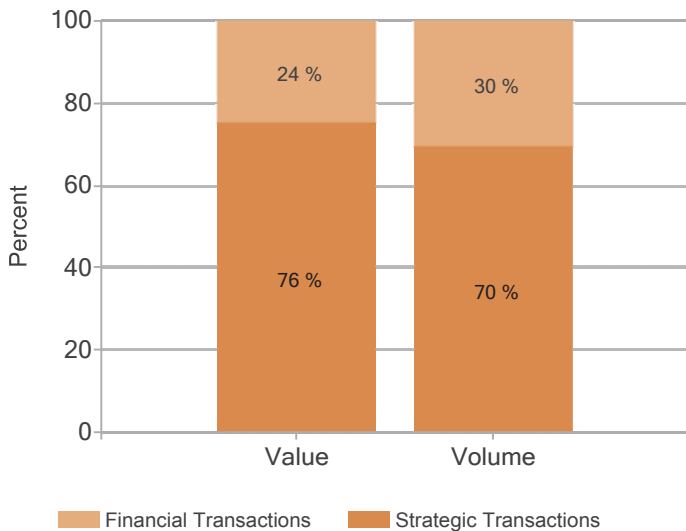
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	0	1	2 %	2 %
\$0.6	3	0	3	5 %	6 %
\$1.0	4	1	5	6 %	12 %
\$1.6	3	5	7	5 %	17 %
\$2.7	4	12	15	6 %	23 %
\$4.5	8	24	31	12 %	35 %
\$7.4	6	37	42	9 %	45 %
\$12.2	5	44	49	8 %	52 %
\$20.1	3	41	44	5 %	57 %
\$33.1	7	30	37	11 %	68 %
\$54.6	5	17	22	8 %	75 %
\$90.0	3	8	10	5 %	80 %
\$148.4	1	3	3	2 %	82 %
\$244.7	3	1	3	5 %	86 %
\$403.4	4	0	4	6 %	92 %
\$665.1	1	0	1	2 %	94 %
\$1,096.6	0	0	0	0 %	94 %
\$1,808.0	0	0	0	0 %	94 %
\$2,981.0	0	0	0	0 %	94 %
\$4,914.8	1	0	1	2 %	95 %
\$8,103.1	0	0	0	0 %	95 %
\$13,359.7	1	0	1	2 %	97 %
Total #	65	223	288		
Total \$ Value	\$25,907	\$3,082	\$28,989		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

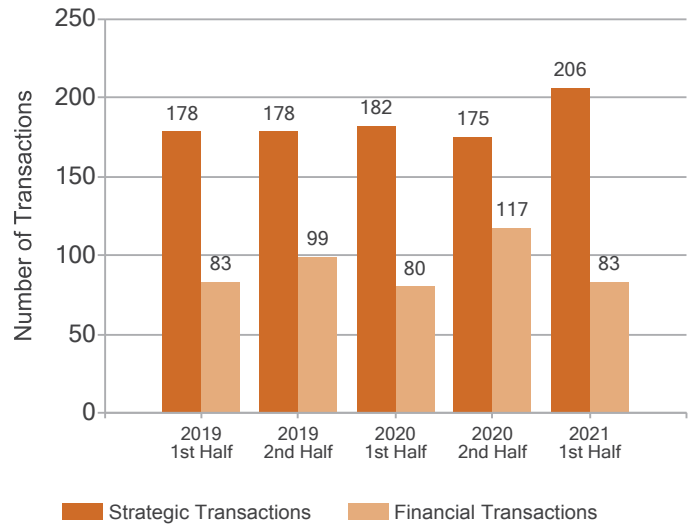
### M&A Dynamics By Transaction Type - 1st Half



**Figure 5.** 2019-2021 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



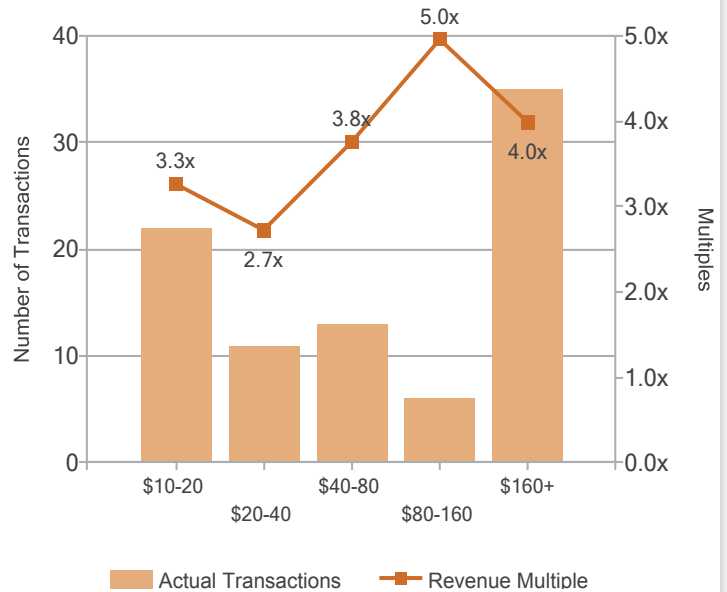
**Figure 6.** 2019-2021 acquirer type comparison by half year.

# Purchaser Analysis

## Top Ten Notable Transactions - 1st Half 2021

Deal Date	Target Name	Buyer	Value MM US\$
01/07/21	Change Healthcare Corporation	Optum	\$13,440
06/09/21	CIOX Health	Datavant, Inc.	\$7,000
04/07/21	Aakash Educational Services	Byju's	\$950
01/20/21	Capsule Technologies, Inc.	Philips Electronics NV	\$635
05/12/21	BillingTree	REPAY - Realtime Electronic Payments	\$503
01/15/21	2ndMD	Accolade, Inc.	\$460
05/13/21	OODA Health	Cedar	\$425
06/07/21	Sentry Data Systems, Inc.	Craneware, Inc.	\$400
04/23/21	PlushCare	Accolade, Inc.	\$380
05/04/21	VisitPay	R1 RCM	\$298
2021 Aggregate Transaction Value			\$28,989
Top 10 Aggregate Transaction Value			\$24,491
Top 10 Aggregate Value as a Percentage of All Transactions			84 %

## Median EV/Revenue Multiples By Size



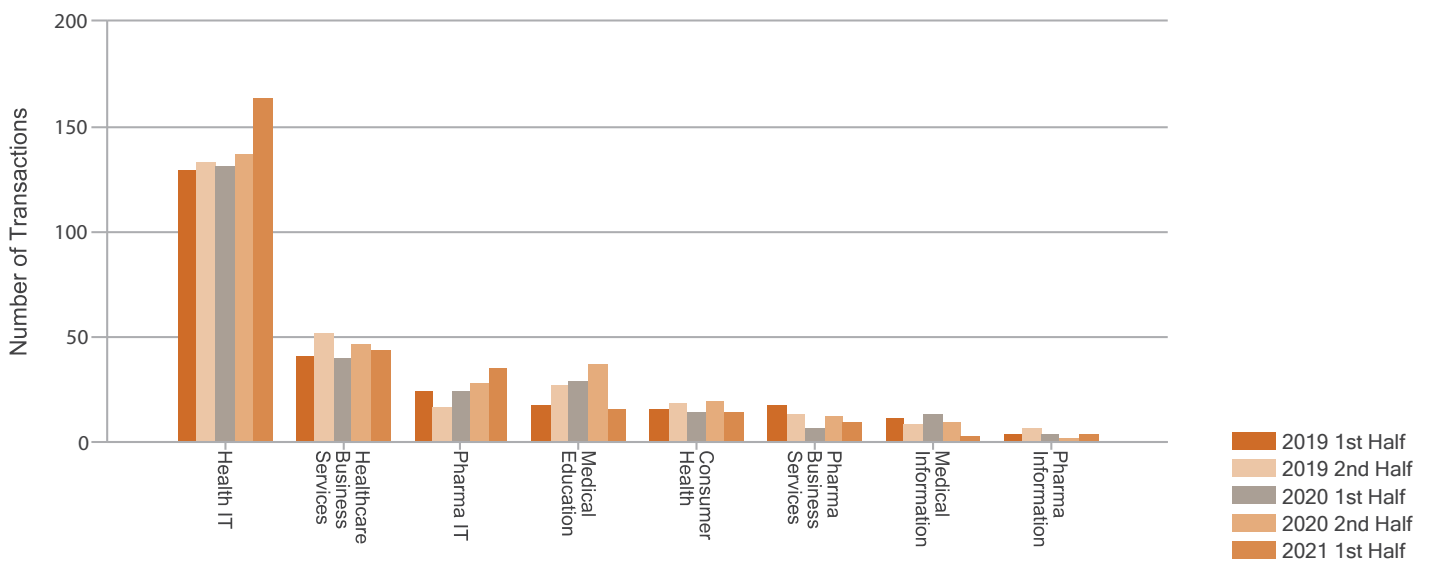
**Figure 7.** Lists the top ten transactions for 1st Half 2021 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2019 to June 30, 2021 based on publicly available sales price and revenue data.

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

# Transaction Volume by Segment :: January 1, 2019 – June 30, 2021

## 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, 2019 through June 30, 2021.

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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



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HAS BEEN ACQUIRED BY

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SHERIDAN  
CAPITAL PARTNERS



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