

Life Sciences & Health Care Quarterly Update

Q3 2023



Deloitte Corporate Finance’s Life Sciences & Health Care Practice

Deloitte Corporate Finance LLC (DCF) is a leading, global middle-market M&A adviser. Our professionals have extensive knowledge in the life sciences and health care spaces and use their experience to help clients enhance value.



Life Sciences & Health Care Leadership



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Firm Overview

#1 2022 Global M&A
Advisor by deals
completed.⁽¹⁾

704 Completed deals
in 2022.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has access to **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2022 according to Mergermarket.⁽¹⁾



Sector Focus

- Health care services
- Health care technology
- Life sciences and pharma services
- Medical devices and supplies
- Payors and payor services

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Deloitte thought leadership

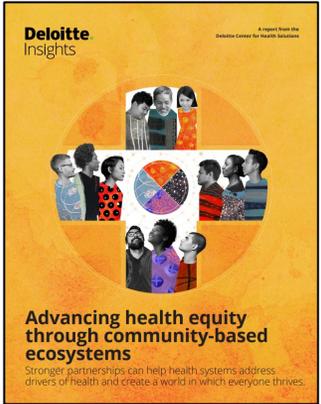
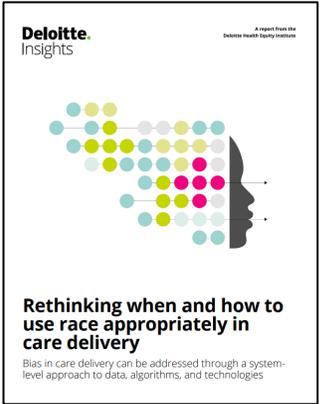
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends enables Deloitte to demonstrate eminence in the life sciences and health care market by redefining the lens through which industry leaders operate.

Extensive knowledge network

- DCF leverages its expansive, cross-business knowledge network, extensive consulting reports, and in-depth industry research to help drive results and provide differentiated insights for our clients.



Recent insights



Health Care Services

Sector Trends ⁽¹⁾

US Hospital M&A is rebounding this year, with 18 Q3 transactions in 2023, compared to seven in 2021 and ten in 2022. This resurgence is driven by hospitals pursuing partnerships to bolster financial sustainability, as nearly 40% of Q3 deals aimed to address financial distress. Excluding mega mergers, Q3 showed notably higher average revenue than Q2, underscoring the increased involvement of sizable independent hospitals in pursuing partnerships with larger entities. Elevated healthcare staffing shortages are escalating globally, with over 60% expected to leave the workforce within the next five years. This shortage has generated a ripple effect, elevating job-related stress for physicians, as over 56% identify inadequate staffing ratios and support staff assistance as their primary stressors.

Select Recent M&A Activity ⁽²⁾

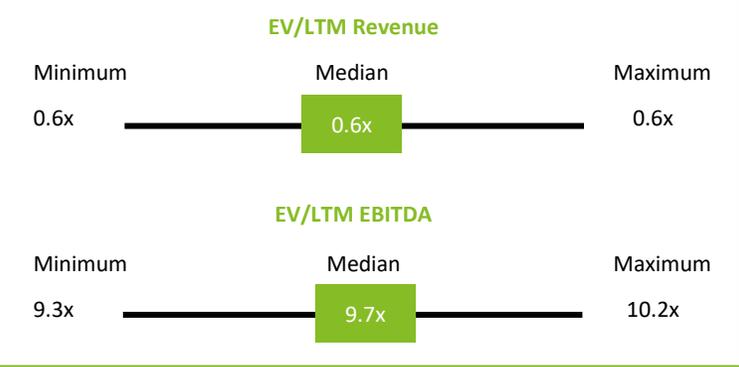
Close Date	Target	Acquiror	Implied EV (\$M)
September 2023	Physimed Health Group Inc.	ELNA Medical Group	N/A
September 2023	The Southport Private Hospital	DEXUS	\$32.5
August 2023	Advent Home Health	Intermountain Healthcare, Inc.	N/A
August 2023	NavCare, LLC	MD Revolution Inc.	N/A
July 2023	Medac Health Services	Emergency Care Partners, LLC	N/A



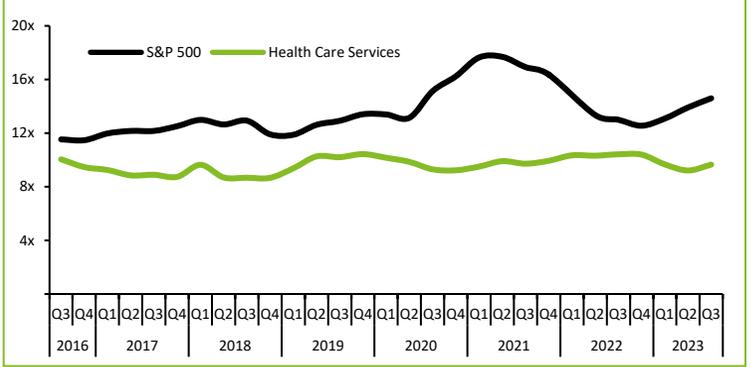
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
DaVita Inc.	\$19,937.1
Quest Diagnostics Inc.	\$18,729.3
Oak Street Health, Inc.	\$10,546.7
Option Care Health, Inc.	\$6,518.0
Amedisys, Inc.	\$3,471.8
Cano Health.	\$1,343.4

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



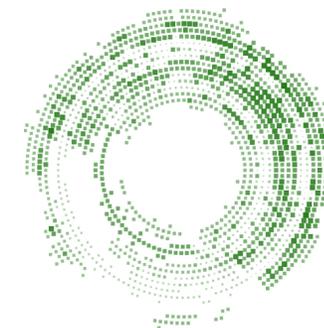
Health Care Technology

Sector Trends ⁽¹⁾

The digital health sector is stabilizing, despite substantial declines in funding and deal volume. Investors are supporting startups focused on innovative treatment methods and nonclinical workflow solutions. Virtual reality (VR) is gaining traction in healthcare, with innovative applications becoming mainstream. VR has proven effective in chronic pain management, outperforming traditional pharmaceutical methods with fewer side effects, and reducing hospitalization. Augmented reality (AR) is increasingly used by surgeons for real-time digital information during procedures, eliminating the need for separate screens. It also has great potential in wound care management.

Select Recent M&A Activity⁽²⁾

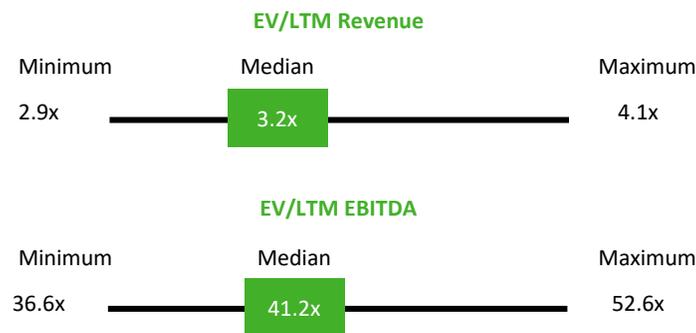
Close Date	Target	Acquiror	Implied EV (\$M)
September 2023	VersaTrial, Inc.	Florence Healthcare, Inc.	N/A
September 2023	NexTech Systems, LLC	TPG Capital	\$1,410.0
August 2023	Experience Care LLC	WellSky Corporation	N/A
August 2023	CorEvitas LLC	Thermo Fisher Scientific	\$912.5
August 2023	ImageVision.net, Inc.	Waystar, Inc.	\$30.0



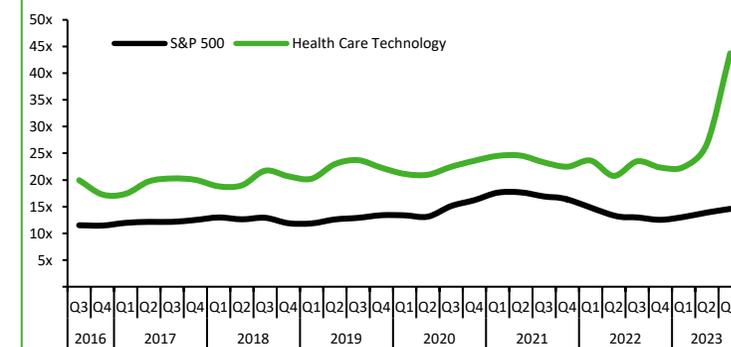
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Veeva Systems, Inc.	\$29,316.9
MultiPlan Corporation	\$5,656.2
Teladoc Health, Inc.	\$3,665.4
Omniceil, Inc.	\$2,076.0
Health Catalyst, Inc.	\$386.5
American Well Corporation	(\$137.3)

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Life Sciences and Pharma Services

Sector Trends ⁽¹⁾

Oncology and immunology remain the predominant therapy areas in M&A activity globally, accounting for 55% of Biopharma deal value and 46% of deal volume from 2019 to H1/2023. Cardiometabolic-focused acquisitions have surged in H1/2023, due to innovation and excitement about advancements in obesity and NASH treatments. To mitigate supply chain vulnerabilities, firms are actively looking for biomanufacturing on-and near-shoring opportunities in the areas of biologics, API, and industrial components.

Select Recent M&A Activity ⁽²⁾

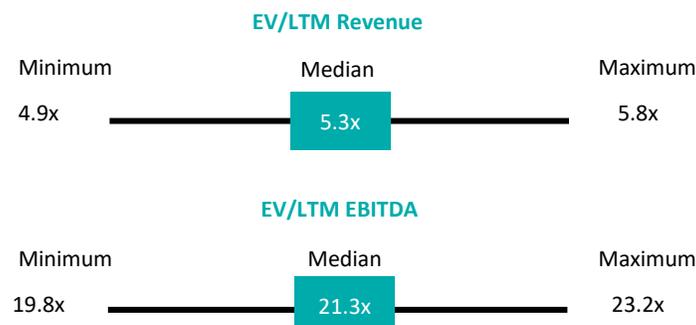
Close Date	Target	Acquiror	Implied EV (\$M)
September 2023	Syneos Health, Inc.	Veritas Capital Fund Management, LLC	\$7,493.4
September 2023	Reata Pharmaceuticals, Inc.	Biogen, Inc.	\$7,698.5
September 2023	Paratek Pharmaceuticals, Inc.	Novo Holdings	\$444.3
August 2023	Nucro-Technics, Inc.	Frontage Canada, Inc.	\$51.8
August 2023	DICE Therapeutics, Inc.	Eli Lilly and Company	\$2,444.7



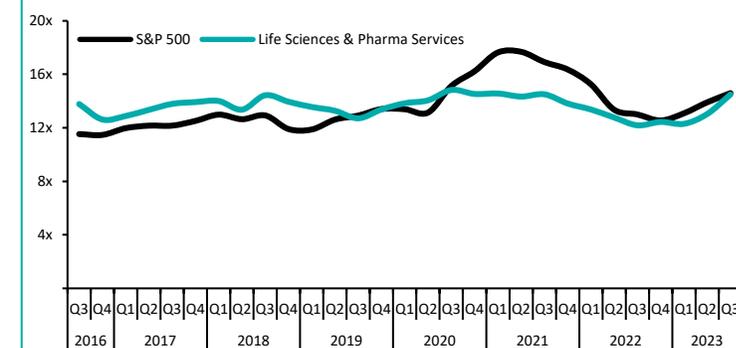
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
AbbVie Inc.	\$316,145.2
Merck & Co., Inc.	\$289,383.8
Thermo Fisher Scientific Inc.	\$213,841.3
Pfizer Inc.	\$198,502.6
Amgen Inc.	\$178,983.3
IQVIA Holdings Inc.	\$47,128.0

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



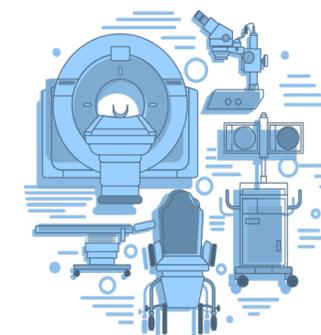
Medical Devices and Supplies

Sector Trends ⁽¹⁾

Assistive technologies like medical apps and health trackers are gaining traction in the U.S. Accelerated interest in "aging in place" products is enabling safe, independent, and comfortable living at home. Moreover, the U.S. smart wearables market is expected to grow at 25.5% in 2023, driven by demand for wearables among increasing consumers willing to share health data with providers and insurers.

Select Recent M&A Activity⁽²⁾

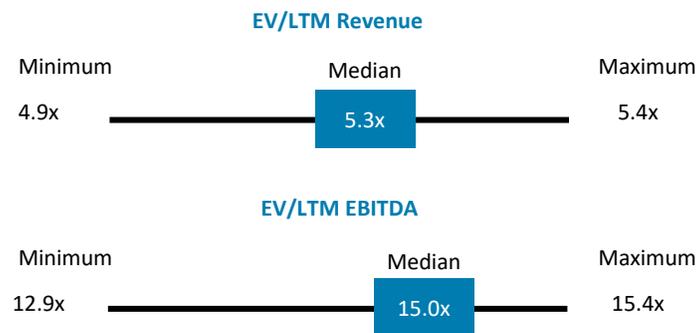
Close Date	Target	Acquiror	Implied EV (\$M)
September 2023	NuVasive, Inc.	Globus Medical, Inc.	\$3,840.8
September 2023	Hydrogel Vision Corporation	Black Pearl Global Investments	N/A
August 2023	Apton Biosystems, Inc.	Pacific Biosciences of California, Inc.	\$109.0
August 2023	Surgical Instrumentation platform of Becton Dickinson	STERIS Corporation	\$540.0
July 2023	Spectrum Plastics Group, Inc	DuPont de Nemours, Inc.	1,750.0



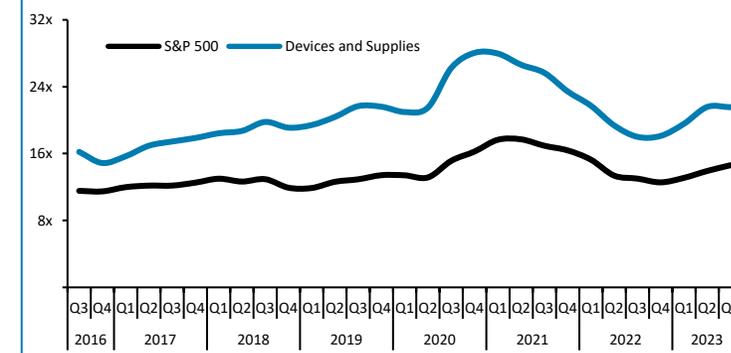
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Johnson & Johnson	\$441,648.6
Abbott Laboratoires	\$193,696.4
Medtronic plc	\$132,734.1
Stryker Corporation	\$124,410.0
Becton, Dickinson and Company	\$89,037.7
Baxter International Inc.	\$39,078.2

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Appendix

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