



## Life Sciences & Health Care quarterly update

Q1 2018

## Integration trends driving M&A by payors

M&A for insurance organizations continued during Q1 2018, driven by key trends such as direct patient care. As the LSHC sector continues to converge, insurance organizations are adapting to the changing health care landscape through M&A transactions focused on managing health care delivery costs, driving positive patient outcomes, and increasing company scale.<sup>(1)</sup>

### Competitive pressures driving payor integration

#### Limited horizontal growth options

After the influx of newly insured customers generated by the Affordable Care Act, many insurers have had difficulty driving growth organically. Anti-trust concerns have pushed insurers to seek vertical acquisition opportunities in other sub-sectors of health care rather than within their vertical.<sup>(2)</sup>

#### Reimbursement Challenges

Medicare Access and CHIP Reauthorization Act (MACRA) mandated reimbursement incentives have caused insurers to explore new service markets in order to control delivery. As a result, many insurers are looking toward health care providers to gain a cost advantage in the marketplace.<sup>(3)</sup>

#### Rising administrative and commercial costs

Economic pressures such as lower reimbursements, rising IT and regulatory compliance costs, and higher drug costs, have caused many insurers to vertically integrate to increase cost efficiency.<sup>(4)</sup>

### Benefits of payor integration

#### Greater cross-selling opportunities

As insurers integrate across the LSHC delivery system, they can drive value creation through direct offerings including clinic and physician networks, ambulatory surgery centers, and pharmacy services, resulting in higher patient touch points and revenue generating opportunities.<sup>(5)</sup>

#### Manage health care delivery costs and patient outcomes

In response to the changing reimbursement environment and trends favoring value-based care, insurers can drive value through M&A that expands their range of more cost-effective, value-based healthcare delivery models.<sup>(6)</sup>

#### Increase scale

The increased scale insurers gain through M&A often carries greater negotiating power with large hospitals and drug companies. The added scale can force drug makers and hospitals to comply with lower rates to ensure that they are covered by the insurer.<sup>(7)</sup>

## Recent payor pursuits of vertical integration

### Humana Inc. acquires Family Physicians Group, Inc.

On April 10, 2018, health insurer Humana Inc. (Humana) announced that it had acquired Family Physicians Group, Inc. (FPG), one of the largest at-risk providers serving Medicare Advantage and Managed Medicaid HMO patients in Central Florida. The acquisition of FPG advances Humana's strategy of extending physician care, from episodic treatment strategies to holistic, high-touch care.<sup>(8)</sup>

### Centene Corporation to acquire Community Medical Holdings Corp.

On March 5, 2018, Medicaid managed-care insurer Centene Corporation (Centene) announced that it is buying Community Medical Holdings Corp. d/b/a Community Medical Group (CMG), a leading, at-risk primary care provider in Florida. The acquisition will bolster Centene's scale and care-delivery capabilities, allowing the health plan access to CMG's more than 70,000 patients.<sup>(9)</sup>

### Cigna Corporation to purchase Express Scripts Holding Co.

On March 8, 2018, health insurer Cigna Corporation (Cigna) announced its plan to acquire pharmacy benefits manager Express Scripts Holding Co. (Express Scripts). The transaction is valued at \$71 billion and at a 31% premium to Express Scripts' trading price prior to deal announcement. It's expected the acquisition will allow Cigna to more effectively control prescription drug costs and expand its reach of health services.<sup>(10)</sup>

## In This update

- Vertical integration trends within payor services.

Also:

- Selected recent Life Sciences & Health Care (LSHC) M&A transactions
- LSHC sector breakdown and analysis
- Selected macroeconomic and sector data

## Who we are

Deloitte Corporate Finance LLC (DCF) is a leading global middle market M&A advisor. DCF's professionals have extensive knowledge of and experience in the Life Sciences & Health Care space.

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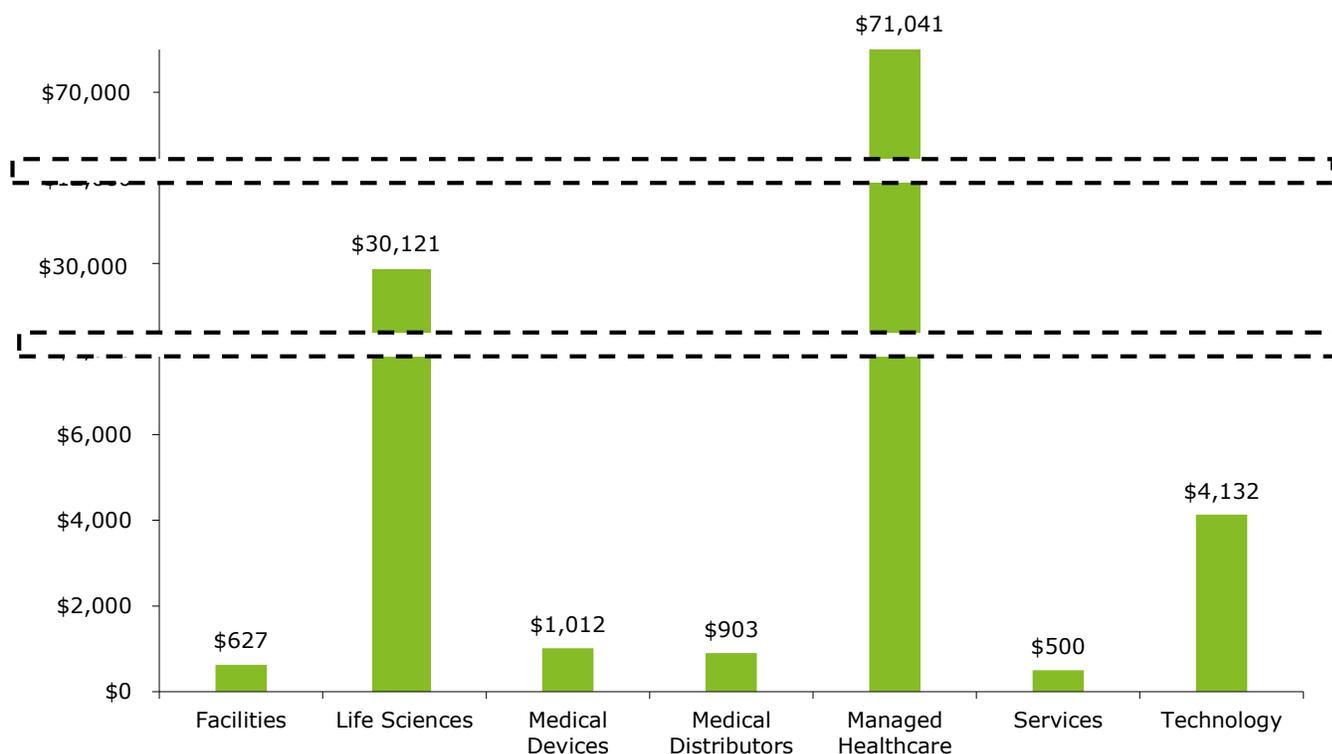
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**Q1 2018 US LSHC M&A aggregate transaction value and EBITDA multiples <sup>(1)(i)(ii)</sup>**

Aggregate transaction value (\$ in millions)



Median LTM EBITDA multiple <sup>(ii)</sup>	Facilities	Life Sciences	Medical Devices	Medical Distributors	Managed Healthcare	Services	Technology
NA	23.1x	8.1x	13.6x	9.6x	NA	13.1x	

**Q1 2018 US LSHC M&A activity deal list <sup>(2)(i)</sup>**

Date announced	Status	Sub-sector	Target	Buyer	Size (\$MM) transaction
28-Mar-18	Closed	Life Sciences	Icon Bioscience Inc.	pSivida Corp. (nka:EyePoint Pharmaceuticals)	\$125.0
27-Mar-18	Announced	Life Sciences	Accelovance, Inc.	Linical USA, Inc.	32.0
27-Mar-18	Announced	Facilities	3 Tennessee Hospitals	West Tennessee Healthcare, Inc.	67.0
26-Mar-18	Closed	Life Sciences	BioMed Laboratories LLC	Scapa Group plc	32.0
21-Mar-18	Announced	Medical Devices	NxThera, Inc.	Boston Scientific Corporation	325.0
15-Mar-18	Announced	Medical Devices	Spinal Kinetics, Inc.	Orthofix International N.V.	105.0
15-Mar-18	Announced	Services	Camellia Healthcare	Encompass Health Corporation	135.0

**Notes:**

- i) Only US deals with reported transaction size greater than \$30MM listed.
- ii) Represents the median LTM EBITDA multiple by sector for listed deals and for available multiples.

## Q1 2018 US LSHC M&A activity deal list <sup>(1)</sup> (i)

Date announced	Status	Sub-sector	Target	Buyer	Size (\$MM) transaction
12-Mar-18	Closed	Medical Distributors	Samova, Inc.	Patricia Industries	903.0
11-Mar-18	Announced	Medical Devices	Cogentix Medical, Inc.	LM US Parent, Inc.	238.1
8-Mar-18	Announced	Managed Healthcare	Express Scripts Holding Company	Cigna Corporation	70,885.7
7-Mar-18	Announced	Life Sciences	Advanced Analytical Technologies, Inc.	Agilent Technologies, Inc.	250.0
6-Mar-18	Closed	Medical Devices	SafeOp Surgical, Inc.	Alphatec Holdings, Inc.	33.6
6-Mar-18	Closed	Technology	ABILITY Network Inc.	Inovalon Holdings, Inc.	1,200.0
27-Feb-18	Announced	Services	Ambercare Corporation, Inc.	Addus HealthCare Inc.	50.6
23-Feb-18	Announced	Technology	Intermedix Corporation	R1 RCM Inc.	460.0
15-Feb-18	Closed	Technology	Flatiron Health, Inc.	Roche Holding AG	1,900.0
14-Feb-18	Closed	Medical Devices	CardiacAssist, Inc.	LivaNova PLC	250.0
13-Feb-18	Closed	Life Sciences	Universal Cells Inc.	Astellas Pharma Inc.	102.5
12-Feb-18	Closed	Life Sciences	MPI Research Inc.	Charles River Laboratories International, Inc.	800.0
12-Feb-18	Closed	Technology	Patient Experience Business of HealthStream, Inc.	Press Ganey Associates, Inc.	72.1
2-Feb-18	Closed	Services	Agility Health, LLC	Alliance Physical Therapy Management, LLC	45.0
31-Jan-18	Closed	Facilities	Two Skilled Nursing/Transitional Care Facilities	Sabra Health Care REIT, Inc.	42.8
30-Jan-18	Closed	Life Sciences	Cascadian Therapeutics, Inc.	Seattle Genetics, Inc.	623.1
30-Jan-18	Closed	Medical Devices	Dielectrics, Inc.	UFP Technologies, Inc.	60.0
22-Jan-18	Closed	Facilities	Ten Seniors Housing Assets In Ontario	Sienna Senior Living Inc.	470.2
22-Jan-18	Closed	Managed Healthcare	Maestro Health, Inc.	AXA SA	155.0
22-Jan-18	Closed	Life Sciences	Data Sciences International, Inc.	Harvard Bioscience, Inc.	70.0
22-Jan-18	Announced	Services	Advance Medical, Inc.	Summit Partners, LLP	49.0
21-Jan-18	Closed	Life Sciences	Bioverativ Inc.	Sanofi	11,474.3
21-Jan-18	Closed	Life Sciences	Juno Therapeutics, Inc.	Celgene Corporation	9,305.3
21-Jan-18	Announced	Life Sciences	Idera Pharmaceuticals, Inc.	BioCryst Pharmaceuticals, Inc.	306.4
16-Jan-18	Closed	Technology	HealthFair USA, Inc.	Community Care Health Network, Inc.	160.0
12-Jan-18	Closed	Facilities	Seven Ambulatory Surgical Centers of Meridian Surgical Partners, LLC	MFC Nueterra Holding Company, LLC	46.5
11-Jan-18	Closed	Technology	ProVation Medical, Inc.	Clearlake Capital Group, L.P.	180.0
8-Jan-18	Closed	Technology	SpendMend LLC	Sheridan Capital Partners	60.0
7-Jan-18	Announced	Life Sciences	Impact Biomedicines, Inc.	Celgene Corporation	7,000.0
5-Jan-18	Announced	Technology	Practice Fusion, Inc.	Allscripts Healthcare, LLC	100.0
5-Jan-18	Closed	Services	Community Veterinary Clinics, LLC	Petiq, LLC	220.0

**Note:**

i) Only US deals with reported transaction size greater than \$30MM listed.

## LSHC sector breakdown: Financial detail<sup>(1)</sup>

	Enterprise value (\$MM)	3-year revenue CAGR	LTM			EV / LTM	
			Revenue (\$MM)	EBITDA (\$MM)	EBITDA margin	Revenue	EBITDA
<b>Assisted Living / Long-Term Care (6)</b>							
Brookdale Senior Living Inc. (NYSE:BKD)	\$5,879.8	4.9 %	\$3,856.0	\$662.1	17.2 %	1.5 x	8.9 x
Kindred Healthcare, Inc. (NYSE:KND)	3,930.9	6.3	6,034.1	420.7	7.0	0.7	9.3
The Ensign Group, Inc. (NasdaqGS:ENSG)	1,648.1	21.6	1,849.3	139.1	7.5	0.9	11.9
Capital Senior Living Corporation (NYSE:CSU)	1,313.7	7.0	465.2	84.2	18.1	2.8	15.6
National HealthCare Corporation (AMEX:NHC)	856.3	3.5	967.0	101.7	10.5	0.9	8.4
Five Star Senior Living Inc. (NasdaqCM:FVE)	32.4	0.8	1,136.3	9.2	0.8	0.0	3.5
<b>Median</b>		<b>5.6 %</b>			<b>9.0 %</b>	<b>0.9 x</b>	<b>9.1 x</b>
<b>Hospitals (5)</b>							
HCA Healthcare, Inc. (NYSE:HCA)	\$66,250.4	5.7 %	\$43,614.0	\$8,186.0	18.8 %	1.5 x	8.1 x
Tenet Healthcare Corporation (NYSE:THC)	16,730.3	4.9	19,179.0	2,259.0	11.8	0.9	7.4
Universal Health Services, Inc. (NYSE:UHS)	15,219.6	8.3	10,409.9	1,728.1	16.6	1.5	8.8
Community Health Systems, Inc. (NYSE:CYH)	13,831.1	(6.3)	15,353.0	901.0	5.9	0.9	15.4
LifePoint Health, Inc. (NasdaqGS:LPNT)	4,641.1	12.0	6,291.4	669.5	10.6	0.7	6.9
<b>Median</b>		<b>5.7 %</b>			<b>11.8 %</b>	<b>0.9 x</b>	<b>8.1 x</b>
<b>Psychiatric and Behavioral Health (3)</b>							
Acadia Healthcare Company, Inc. (NasdaqGS:ACHC)	\$6,647.0	41.3 %	\$2,836.3	\$580.9	20.5 %	2.3 x	11.4 x
Civitas Solutions, Inc. (NYSE:CIVI)	1,268.5	5.5	1,510.5	148.8	9.9	0.8	8.5
AAC Holdings, Inc. (NYSE:AAC)	490.9	32.2	280.7	\$38.5	13.7	1.7	12.7
<b>Median</b>		<b>32.2 %</b>			<b>13.7 %</b>	<b>1.7 x</b>	<b>11.4 x</b>
<b>Rehabilitation Facilities (3)</b>							
Encompass Health Corporation (NYSE:EHC)	\$8,189.9	18.2 %	\$3,919.0	\$833.2	21.3 %	2.1 x	9.8 x
Select Medical Holdings Corporation (NYSE:SEM)	5,013.7	13.1	4,364.1	518.7	11.9	1.1	9.7
U.S. Physical Therapy, Inc. (NYSE:USPH)	1,128.6	10.9	410.4	65.0	15.8	2.8	17.4
<b>Median</b>		<b>13.1 %</b>			<b>15.8 %</b>	<b>2.1 x</b>	<b>9.8 x</b>
<b>Surgery Centers (1)</b>							
Surgery Partners, Inc. (NasdaqGS:SGRY)	\$2,874.8	NA	\$1,312.5	\$229.6	17.5 %	2.2 x	12.5 x
<b>Median</b>		<b>NA</b>			<b>17.5 %</b>	<b>2.2 x</b>	<b>12.5 x</b>
<b>Clinical Laboratories (3)</b>							
Laboratory Corporation of America Holdings (NYSE:LH)	\$23,064.3	19.3 %	\$10,205.9	\$1,983.3	19.4 %	2.3 x	11.6 x
Quest Diagnostics Incorporated (NYSE:DGX)	17,140.3	1.2	7,709.0	1,554.0	20.2	2.2	11.0
Chemed Corporation (NYSE:CHE)	4,537.2	4.6	1,666.7	240.3	14.4	2.7	18.9
<b>Median</b>		<b>2.9 %</b>			<b>17.3 %</b>	<b>2.5 x</b>	<b>15.0 x</b>
<b>Diagnostic Imaging (1)</b>							
RadNet, Inc. (NasdaqGM:RDNT)	\$1,249.9	8.7 %	\$922.2	\$118.5	12.9 %	1.4 x	10.5 x
<b>Median</b>		<b>8.7 %</b>			<b>12.9 %</b>	<b>1.4 x</b>	<b>10.5 x</b>
<b>Dialysis Services (3)</b>							
Fresenius SE & Co. KGaA (DB:FRE)	\$64,657.6	13.4 %	\$40,689.2	\$7,072.5	17.4 %	1.6 x	9.1 x
DaVita Inc. (NYSE:DVA)	20,183.5	(5.2)	10,883.7	2,409.0	22.1	1.9	8.4
American Renal Associates Holdings, Inc. (NYSE:ARA)	1,033.7	9.9	745.1	161.0	21.6	1.4	6.4
<b>Median</b>		<b>9.9 %</b>			<b>21.6 %</b>	<b>1.6 x</b>	<b>8.4 x</b>
<b>Disease Management (1)</b>							
Tivity Health, Inc. (NasdaqGS:TVTY)	\$1,681.1	11.2 %	\$556.9	\$127.0	22.8 %	3.0 x	13.2 x
<b>Median</b>		<b>11.2 %</b>			<b>22.8 %</b>	<b>3.0 x</b>	<b>13.2 x</b>
<b>Home Care / Hospice (4)</b>							
LHC Group, Inc. (NasdaqGS:LHCG)	\$2,311.2	14.0 %	\$1,062.6	\$89.7	8.4 %	2.2 x	25.8 x
Amedisys, Inc. (NasdaqGS:AMED)	2,172.4	8.3	1,508.6	128.3	8.5	1.4	16.9
BioScrip, Inc. (NasdaqGS:BIOS)	766.1	(4.0)	817.2	42.6	5.2	0.9	18.0
Addus HomeCare Corporation (NasdaqGS:ADUS)	590.1	10.1	417.5	32.9	7.9	1.4	17.9
<b>Median</b>		<b>9.2 %</b>			<b>8.2 %</b>	<b>1.4 x</b>	<b>17.9 x</b>

## LSHC sector breakdown: Financial detail (cont.)<sup>(1)</sup>

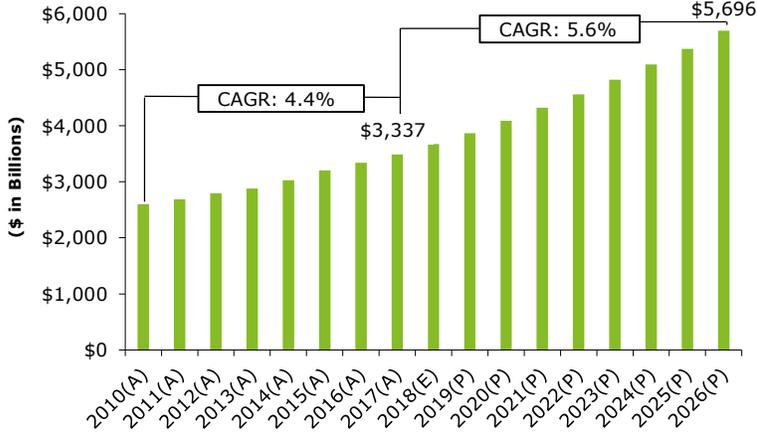
	Enterprise value (\$MM)	3-year revenue CAGR	LTM			EV / LTM	
			Revenue (\$MM)	EBITDA (\$MM)	EBITDA margin	Revenue	EBITDA
<b>Data / Analytics (3)</b>							
Inovalon Holdings, Inc. (NasdaqGS:INOV)	\$1,263.4	7.5 %	\$449.4	\$75.9	16.9 %	2.8 x	16.6 x
National Research Corporation (NasdaqGS:NRCI.B)	1,183.4	6.0	117.6	38.8	33.0	10.1	30.5
Castlight Health, Inc. (NYSE:CSLT)	378.9	42.3	131.4	(54.9)	NA	2.9	NA
<b>Median</b>		<b>7.5 %</b>			<b>25.0 %</b>	<b>2.9 x</b>	<b>23.6 x</b>
<b>Tech-Enabled Services (10)</b>							
Cerner Corporation (NasdaqGS:CERN)	\$18,597.5	15.0 %	\$5,040.8	\$1,367.9	27.1 %	3.7 x	13.6 x
Veeva Systems Inc. (NYSE:VEEV)	9,232.4	29.8	685.6	165.1	24.1	13.5	55.9
athenahealth, Inc. (NasdaqGS:ATHN)	5,643.6	17.5	1,220.3	165.3	13.5	4.6	34.1
Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX)	3,625.2	9.4	1,806.3	151.1	8.4	2.0	24.0
HealthEquity, Inc. (NasdaqGS:HQY)	3,613.1	37.7	229.5	70.4	30.7	15.7	51.3
Omnicell, Inc. (NasdaqGS:OMCL)	1,885.1	17.6	716.2	47.6	6.6	2.6	39.6
Premier, Inc. (NasdaqGS:PINC)	1,736.4	19.0	1,584.9	641.0	40.4	1.1	2.7
HMS Holdings Corp. (NasdaqGS:HMSY)	1,549.3	5.6	521.2	97.2	18.6	3.0	15.9
Quality Systems, Inc. (NasdaqGS:QSII)	884.1	3.4	527.6	51.0	9.7	1.7	17.3
Computer Programs and Systems, Inc. (NasdaqGS:CPSI)	550.2	10.6	276.9	33.0	11.9	2.0	16.6
<b>Median</b>		<b>16.2 %</b>			<b>16.1 %</b>	<b>2.8 x</b>	<b>20.7 x</b>
<b>Biotechnology (7)</b>							
AbbVie Inc. (NYSE:ABBV)	\$171,824.7	12.2 %	\$28,216.0	\$12,144.0	43.0 %	6.1 x	14.1 x
Amgen Inc. (NasdaqGS:AMGN)	116,246.0	4.4	22,849.0	12,373.0	54.2	5.1	9.4
Gilead Sciences, Inc. (NasdaqGS:GILD)	103,816.7	1.6	26,107.0	15,696.0	60.1	4.0	6.6
Celgene Corporation (NasdaqGS:CELG)	69,360.1	19.2	13,003.0	5,951.0	45.8	5.3	11.7
Biogen Inc. (NasdaqGS:BIIB)	56,821.8	8.1	12,273.9	6,739.6	54.9	4.6	8.4
Regeneron Pharmaceuticals, Inc. (NasdaqGS:REGN)	33,824.4	27.7	5,872.2	2,225.1	37.9	5.8	15.2
Alexion Pharmaceuticals, Inc. (NasdaqGS:ALXN)	26,396.0	16.7	3,551.1	1,470.8	41.4	7.4	17.9
<b>Median</b>		<b>12.2 %</b>			<b>45.8 %</b>	<b>5.3 x</b>	<b>11.7 x</b>
<b>Contract Research and Manufacturing (8)</b>							
IQVIA Holdings Inc. (NYSE:IQV)	\$29,161.9	24.6 %	\$8,060.0	\$1,699.0	21.1 %	3.6 x	17.2 x
INC Research Holdings, Inc. (NasdaqGS:INCR)	7,328.0	21.0	1,365.4	266.6	19.5	5.4	27.5
PRA Health Sciences, Inc. (NasdaqGS:PRAH)	6,410.8	15.4	1,948.4	339.1	17.4	3.3	18.9
West Pharmaceutical Services, Inc. (NYSE:WST)	6,229.2	4.0	1,599.1	335.9	21.0	3.9	18.5
ICON Public Limited Company (NasdaqGS:ICLR)	6,118.0	5.4	1,758.4	404.9	23.0	3.5	15.1
Charles River Laboratories International, Inc. (NYSE:CRL)	5,878.3	12.7	1,857.6	446.7	24.0	3.2	13.2
Cambrex Corporation (NYSE:CBM)	1,586.6	12.6	535.0	175.1	32.7	3.0	9.1
Medpace Holdings, Inc. (NasdaqGS:MEDP)	1,485.9	10.0	386.5	111.3	28.8	3.8	13.3
<b>Median</b>		<b>12.7 %</b>			<b>22.1 %</b>	<b>3.5 x</b>	<b>16.1 x</b>
<b>Pharmaceuticals (4)</b>							
Pfizer Inc. (NYSE:PFE)	\$235,193.9	1.9 %	\$52,546.0	\$21,272.0	40.5 %	4.5 x	11.1 x
Merck & Co., Inc. (NYSE:MRK)	167,789.5	(1.7)	40,122.0	12,725.0	31.7	4.2	13.2
Bristol-Myers Squibb Company (NYSE:BMJ)	100,314.2	9.4	20,776.0	5,689.0	27.4	4.8	17.6
Eli Lilly and Company (NYSE:LLY)	86,440.1	5.3	22,871.3	6,498.5	28.4	3.8	13.3
<b>Median</b>		<b>3.6 %</b>			<b>30.1 %</b>	<b>4.3 x</b>	<b>13.2 x</b>
<b>Tools and Services (8)</b>							
Abbott Laboratories (NYSE:ABT)	\$120,334.8	10.6 %	\$27,390.0	\$5,959.0	21.8 %	4.4 x	20.2 x
Thermo Fisher Scientific Inc. (NYSE:TMO)	104,211.8	7.4	20,918.0	5,258.0	25.1	5.0	19.8
Becton, Dickinson and Company (NYSE:BDX)	79,646.8	13.1	12,251.0	3,385.0	27.6	6.5	23.5
Illumina, Inc. (NasdaqGS:ILMN)	32,958.4	13.9	2,752.0	784.0	28.5	12.0	42.0
Agilent Technologies, Inc. (NYSE:A)	20,352.8	4.3	4,616.0	1,124.0	24.4	4.4	18.1
Waters Corporation (NYSE:WAT)	14,314.5	5.1	2,309.1	797.0	34.5	6.2	18.0
PerkinElmer, Inc. (NYSE:PKI)	10,025.5	2.9	2,257.0	444.3	19.7	4.4	22.6
Bio-Rad Laboratories, Inc. (NYSE:BIO)	6,991.9	(0.2)	2,160.2	321.1	14.9	3.2	21.8
<b>Median</b>		<b>6.2 %</b>			<b>24.7 %</b>	<b>4.7 x</b>	<b>21.0 x</b>
<b>Commercial Plans (6)</b>							
UnitedHealth Group Incorporated (NYSE:UNH)	\$235,703.0	15.5 %	\$201,159.0	\$16,904.0	8.4 %	1.2 x	13.9 x
Anthem, Inc. (NYSE:ANTM)	73,816.1	6.8	90,048.6	5,450.2	6.1	0.8	13.5
Aetna Inc. (NYSE:AET)	61,281.2	1.4	60,535.0	5,685.0	9.4	1.0	10.8
Cigna Corporation (NYSE:CI)	43,416.0	6.0	41,616.0	4,675.0	11.2	1.0	9.3
Humana Inc. (NYSE:HUM)	40,322.8	3.5	53,767.0	3,672.0	6.8	0.7	11.0
Magellan Health, Inc. (NasdaqGS:MGLN)	3,205.0	15.8	5,838.6	242.4	4.2	0.5	13.2
<b>Median</b>		<b>6.4 %</b>			<b>7.6 %</b>	<b>0.9 x</b>	<b>12.1 x</b>
<b>Government Plans (3)</b>							
Centene Corporation (NYSE:CNC)	\$19,391.8	42.9 %	\$45,807.0	\$1,830.0	4.0 %	0.4 x	10.6 x
WellCare Health Plans, Inc. (NYSE:WCG)	5,567.2	9.5	17,007.2	636.6	3.7	0.3	8.7
Molina Healthcare, Inc. (NYSE:MOH)	3,824.6	27.5	19,445.0	222.0	1.1	0.2	17.2
<b>Median</b>		<b>27.5 %</b>			<b>3.7 %</b>	<b>0.3 x</b>	<b>10.6 x</b>
<b>Payor Services (1)</b>							
CorVel Corporation (NasdaqGS:CRVL)	\$908.3	3.8 %	\$548.4	\$70.4	12.8 %	1.7 x	12.9 x
<b>Median</b>		<b>3.8 %</b>			<b>12.8 %</b>	<b>1.7 x</b>	<b>12.9 x</b>

## LSHC sector breakdown: Financial detail (cont.)<sup>(1)</sup>

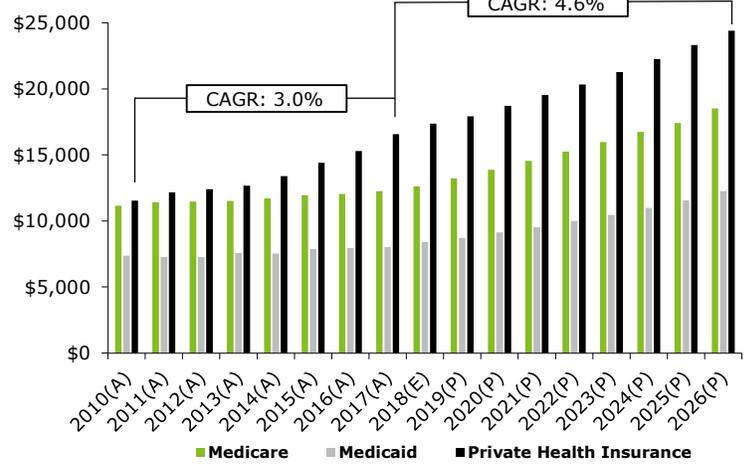
	Enterprise value (\$MM)	3-year revenue CAGR	LTM			EV / LTM		
			Revenue (\$MM)	EBITDA (\$MM)	EBITDA margin	Revenue	EBITDA	
Pharmacy	<b>Retail Pharmacy (3)</b>							
	CVS Health Corporation (NYSE:CVS)	\$89,674.4	9.9 %	\$184,765.0	\$12,526.0	6.8 %	0.5 x	7.2 x
	Walgreens Boots Alliance, Inc. (NasdaqGS:WBA)	76,469.3	13.6	124,028.0	7,861.0	6.3	0.6	9.7
	Rite Aid Corporation (NYSE:RAD)	4,593.4	6.7	31,955.6	937.2	2.9	0.1	4.9
	<b>Median</b>		<b>9.9 %</b>			<b>6.3 %</b>	<b>0.5 x</b>	<b>7.2 x</b>
Pharmacy	<b>Specialty Pharmacy (2)</b>							
	Express Scripts Holding Company (NasdaqGS:ESRX)	\$51,998.0	(0.3) %	\$100,064.6	\$7,132.5	7.1 %	0.5 x	7.3 x
	Diplomat Pharmacy, Inc. (NYSE:DPLD)	2,061.7	26.5	4,485.2	72.0	1.6	0.5	28.6
	<b>Median</b>		<b>13.1 %</b>			<b>4.4 %</b>	<b>0.5 x</b>	<b>18.0 x</b>
Physicians / Staffing	<b>Healthcare Staffing (3)</b>							
	ASGN Incorporated (NYSE:ASGN)	\$4,819.4	15.0 %	\$2,625.9	\$283.8	10.8 %	1.8 x	17.0 x
	AMN Healthcare Services, Inc. (NYSE:AMN)	3,142.7	24.3	1,988.5	244.7	12.3	1.6	12.8
	Cross Country Healthcare, Inc. (NasdaqGS:CCRN)	476.5	11.9	865.0	39.3	4.5	0.6	12.1
	<b>Median</b>		<b>15.0 %</b>			<b>10.8 %</b>	<b>1.6 x</b>	<b>12.8 x</b>
Physicians / Staffing	<b>Physician Practice Management (2)</b>							
	Envision Healthcare Corporation (NYSE:EVHC)	\$10,639.9	68.9 %	\$7,819.3	\$1,047.4	13.4 %	1.4 x	10.2 x
	MEDNAX, Inc. (NYSE:MD)	6,848.9	12.3	3,458.3	583.0	16.9	2.0	11.7
	<b>Median</b>		<b>40.6 %</b>			<b>15.1 %</b>	<b>1.7 x</b>	<b>11.0 x</b>
Medical Devices and Products	<b>Medical Devices and Products (18)</b>							
	Johnson & Johnson (NYSE:JNJ)	\$364,634.8	0.9 %	\$76,450.0	\$25,352.0	33.2 %	4.8 x	14.4 x
	Medtronic plc (NYSE:MDT)	120,990.3	19.5	29,725.0	9,505.0	32.0	4.1	12.7
	Danaher Corporation (NYSE:DHR)	78,178.5	12.5	18,329.7	4,418.6	24.1	4.3	17.7
	Stryker Corporation (NYSE:SYK)	63,165.2	8.8	12,444.0	3,404.0	27.4	5.1	18.6
	Boston Scientific Corporation (NYSE:BSX)	43,481.4	7.4	9,048.0	2,436.0	26.9	4.8	17.8
	Baxter International Inc. (NYSE:BAX)	35,043.2	(0.5)	10,561.0	2,254.0	21.3	3.3	15.5
	Zimmer Biomet Holdings, Inc. (NYSE:ZBH)	31,253.2	18.7	7,824.1	2,841.5	36.3	4.0	11.0
	Edwards Lifesciences Corporation (NYSE:EW)	28,633.9	13.9	3,435.3	1,105.6	32.2	8.3	25.9
	ResMed Inc. (NYSE:RMD)	13,722.6	10.8	2,195.8	616.9	28.1	6.2	22.2
	Teleflex Incorporated (NYSE:TFX)	13,107.6	5.5	2,146.3	589.4	27.5	6.1	22.2
	Hologic, Inc. (NasdaqGS:HOLX)	12,807.7	6.9	3,115.5	1,005.9	32.3	4.1	12.7
	DENTSPLY SIRONA Inc. (NasdaqGS:XRAY)	12,468.7	11.0	3,993.4	830.2	20.8	3.1	15.0
	Varian Medical Systems, Inc. (NYSE:VAR)	10,313.3	(3.7)	2,745.2	542.7	19.8	3.8	19.0
	STERIS plc (NYSE:STE)	9,053.8	12.7	2,585.2	579.9	22.4	3.5	15.6
	Hill-Rom Holdings, Inc. (NYSE:HRC)	7,689.3	16.5	2,776.0	532.6	19.2	2.8	14.4
	Integer Holdings Corporation (NYSE:ITGR)	3,343.5	28.6	1,461.9	283.8	19.4	2.3	11.8
	K2M Group Holdings, Inc. (NasdaqGS:KTWO)	865.6	11.4	258.0	(6.7)	NA	3.4	NA
	<b>Median</b>		<b>11.0 %</b>			<b>27.1 %</b>	<b>4.1 x</b>	<b>15.6 x</b>
Medical Supplies Distribution	<b>Medical Supplies Distribution (8)</b>							
	McKesson Corporation (NYSE:MCK)	\$35,270.9	6.1 %	\$205,442.0	\$3,766.0	1.8 %	0.2 x	9.4 x
	Cardinal Health, Inc. (NYSE:CAH)	28,226.4	12.2	132,614.0	3,159.0	2.4	0.2	8.9
	AmerisourceBergen Corporation (NYSE:ABC)	20,713.0	7.8	155,440.9	2,460.1	1.6	0.1	8.4
	Henry Schein, Inc. (NasdaqGS:HSIC)	11,790.5	6.3	12,461.5	1,057.8	8.5	0.9	11.1
	Patterson Companies, Inc. (NasdaqGS:PDCO)	3,157.4	11.5	5,510.1	358.3	6.5	0.6	8.8
	Owens & Minor, Inc. (NYSE:OMI)	1,772.1	(0.4)	9,318.3	198.7	2.1	0.2	8.9
	Invacare Corporation (NYSE:IVC)	645.6	(8.7)	966.5	NA	NA	0.7	NA
	Aceto Corporation (NasdaqGS:ACET)	472.6	12.6	741.2	73.7	9.9	0.6	6.4
	<b>Median</b>		<b>7.1 %</b>			<b>2.4 %</b>	<b>0.4 x</b>	<b>8.9 x</b>

## LSHC sector data

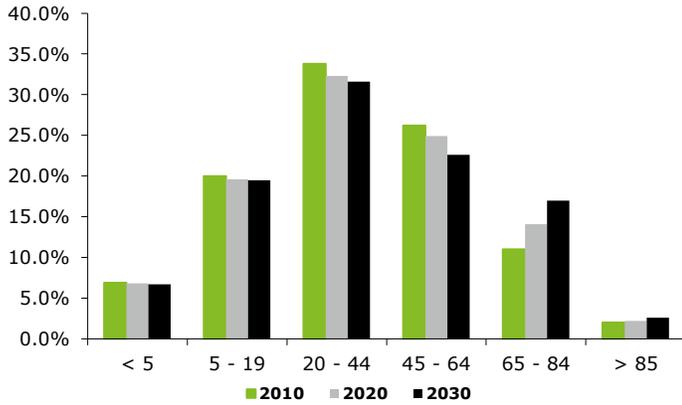
**US health care spend<sup>(1)</sup>**



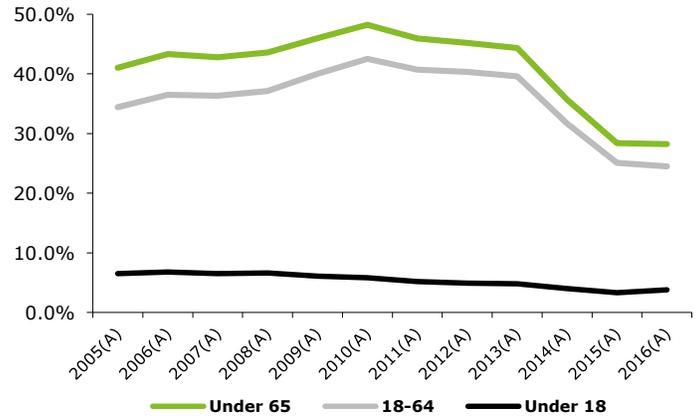
**US health care spend by payor per capita<sup>(2)</sup> (i)**



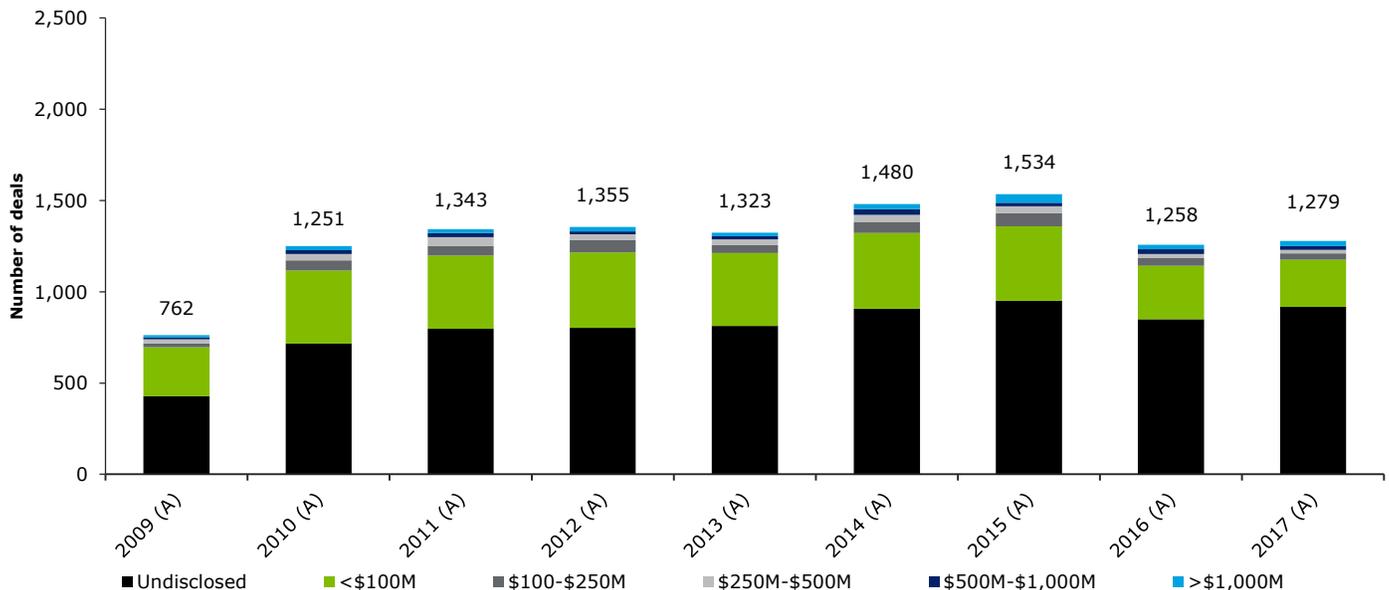
**US population by age group<sup>(3)</sup>**



**Percentage of US uninsured by age group<sup>(4)</sup>**



**Annual LSHC M&A transactions by transaction size<sup>(5)</sup>**



Note:

i) CAGR listed represents total Medicare, Medicaid and Private Health Insurance.

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