



Life Sciences & Health Care Quarterly Update

Q4 2017

Digital Health: Trends and Transformations

Digital Health, which constitutes a wide spectrum of technological innovations related to creating, capturing, analyzing, and sharing health care data is attracting greater interest. Digital Health technologies are driving innovation across the health care continuum, with significant and wide-ranging effects including:

More Effective Patient Outcomes



Predictive analytics solutions, vast patient datasets, and mobile health care devices allow patients to benefit from more effective preventative care and targeted treatment options for specific disease states across defined patient populations.⁽¹⁾

Cost Efficiency for Health Care Provider



Providers are utilizing new health care diagnoses and delivery methods, such as telemedicine, to provide more cost-effective services and reduce overall health care costs.⁽²⁾

Opportunities for Continued Innovation



Health care innovators can leverage insights provided by Digital Health solutions to continuously enhance the efficacy of new analytics platforms and medical technology devices, driving advancements that further improve health care delivery.⁽³⁾

Key Digital Health M&A Value Drivers

Implementing and leveraging advances in new Digital Health solutions is expected to play a continued role in driving M&A activity across the LSHC sector, with key M&A drivers including:

- **Focus on Value-Centric Health Care Delivery:** Value-based market forces are driving point-of-care to more cost-effective treatment sites such as Home Health or Telehealth solutions, which are typically more inclined to utilize Digital Health. A recent poll of health care executives substantiates this M&A driver, with 57% reporting a need in finding new approaches to reduce costs through analytics-driven health care delivery methods.⁽⁴⁾
- **Consumer Adoption of Digital Health:** Digital Health solutions, such as patient engagement smartphone apps and wearable devices, can increase patient and provider connectivity and lead to more effective preventative care alternatives. A recent survey indicated that 46% of consumers are considered active Digital Health adopters, up from 19% in 2015.⁽⁵⁾
- **Accessible Health Care Information:** Health care providers are utilizing advanced Digital Health platforms, such as electronic health records systems, that enable more efficient care methods and patient tracking, a trend exemplified by 96% of hospitals now using certified EHR systems.⁽⁶⁾

Digital Health a Factor in M&A Activity

Cigna Corporation acquires Brighter, Inc.

In December 2017, health insurance provider Cigna Corporation announced its acquisition of Brighter, Inc. a Digital Health plan platform provider. The acquisition allows Cigna to enhance consumer connectivity across its mobile and desktop platforms, drive profitability through better targeted customer-engagement advertising techniques, and leverage more effective population health analytics.⁽⁷⁾

Express Scripts Holding Co. acquires eviCore healthcare, LLC

In December 2017, pharmacy benefits manager Express Scripts Holding Co. announced its acquisition of eviCore healthcare, LLC, a cloud-centric medical benefits solution provider, for \$3.6 billion. The acquisition enhances Express Scripts' health care service offerings through the addition of value-added health care cost-management solutions that target overutilization and drive higher quality patient outcomes.⁽⁸⁾

In This Update

- The impact of Digital Health and its implications on M&A in the LSHC sector

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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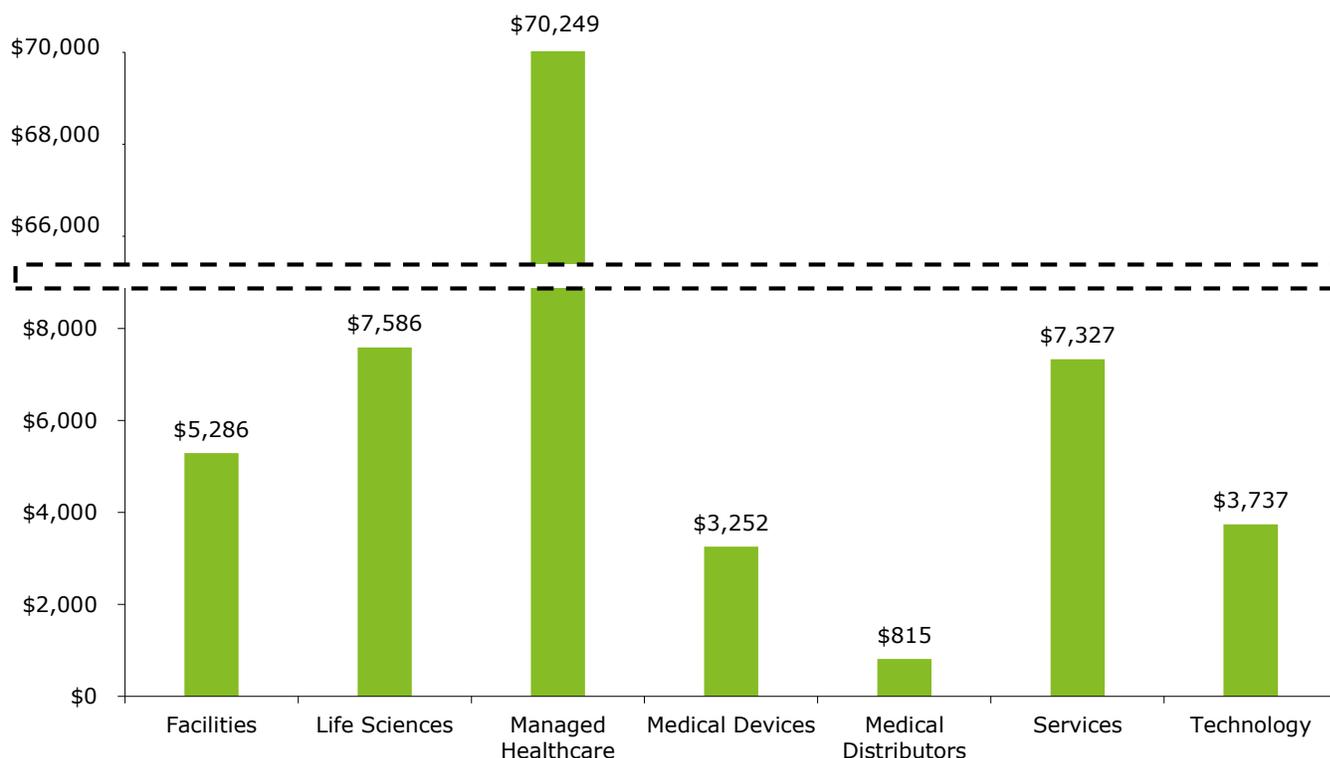
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4Q 2017 U.S. LSHC M&A Aggregate Transaction Value and EBITDA Multiples ⁽¹⁾⁽ⁱ⁾⁽ⁱⁱ⁾

Aggregate Transaction Value (\$ in Millions)



Median LTM EBITDA Multiple⁽ⁱⁱ⁾

| | | | | | | |
|------|-------|-------|-------|----|----|----|
| 5.6x | 10.7x | 11.5x | 20.5x | NA | NA | NA |
|------|-------|-------|-------|----|----|----|

4Q 2017 U.S. LSHC M&A Activity Deal List ⁽²⁾⁽ⁱ⁾

| Date Announced | Status | Sub-Sector | Target | Buyer | Size (\$MM) Transaction |
|----------------|-----------|--------------------|---|--|-------------------------|
| 26-Dec-17 | Announced | Life Sciences | Sucampo Pharmaceuticals, Inc. | Mallinckrodt Public Limited Company (NYSE:MNK) | \$1,221.0 |
| 22-Dec-17 | Announced | Life Sciences | Ignyta, Inc. (NasdaqCM:RXDX) | Roche Holdings, Inc. | 1,968.6 |
| 19-Dec-17 | Announced | Facilities | Kindred Healthcare, Inc. (NYSE:KND) | Humana Inc. (NYSE:HUM); TPG Capital, L.P.; Welsh, Carson, Anderson & Stowe | 4,399.6 |
| 7-Dec-17 | Announced | Medical Devices | Entellus Medical, Inc. (NasdaqGM:ENTL) | Stryker Corporation (NYSE:SYK) | 709.4 |
| 6-Dec-17 | Closed | Medical Devices | Harpoon Medical, Inc. | Edwards Lifesciences Corporation (NYSE:EW) | 250.0 |
| 6-Dec-17 | Announced | Services | DaVita Medical Group | Optum, Inc. | 4,900.0 |
| 5-Dec-17 | Announced | Medical Devices | ImThera Medical, Inc. | LivaNova PLC (NasdaqGS:LIVN) | 225.0 |
| 5-Dec-17 | Announced | Life Sciences | Cell Design Labs, Inc. | Kite Pharma, Inc. | 497.0 |
| 4-Dec-17 | Closed | Facilities | Country Club of Woodland Hills (Senior Living Facility) | National Health Investors, Inc. (NYSE:NHI) | 34.6 |
| 3-Dec-17 | Announced | Managed Healthcare | Aetna, Inc. | CVS Health Corporation (NYSE:CVS) | 69,459.0 |
| 1-Dec-17 | Closed | Medical Devices | Paragon Vision Sciences, Inc. | CooperVision, Inc. | 80.0 |

Note:

i) Only U.S. 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.

4Q 2017 U.S. LSHC M&A Activity Deal List ⁽¹⁾ (i)

| Date Announced | Status | Sub-Sector | Target | Buyer | Size (\$MM) Transaction |
|----------------|-----------|----------------------|---|---|-------------------------|
| 30-Nov-17 | Announced | Life Sciences | Mitobridge, Inc. | Astellas Pharma, Inc. (TSE:4503) | 331.0 |
| 29-Nov-17 | Announced | Life Sciences | The Medicines Company, Infectious Disease | Melinta Therapeutics, Inc. (NasdaqGS:MLNT) | 305.0 |
| 27-Nov-17 | Closed | Medical Devices | MGC Diagnostics Corporation | Altus Capital Partners | 50.3 |
| 20-Nov-17 | Announced | Medical Distributors | H. D. Smith, LLC | AmerisourceBergen Corporation (NYSE:ABC) | 815.0 |
| 16-Nov-17 | Closed | Facilities | Three Ambulatory Surgery Centers | Northstar Healthcare Surgery Center - Houston, LLC | 60.1 |
| 16-Nov-17 | Announced | Life Sciences | Soft Tissue Core Needle Biopsy Line | Merit Medical Systems, Inc. (NasdaqGS:MMSI) | 100.0 |
| 16-Nov-17 | Announced | Services | Almost Family, Inc. (NasdaqGS:AFAM) | LHC Group, Inc. (NasdaqGS:LHCG) | 1,036.0 |
| 15-Nov-17 | Announced | Facilities | Retirement Residences in Sherwood | Chartwell Retirement Residences (TSX:CSH.UN) | 94.0 |
| 15-Nov-17 | Announced | Life Sciences | Newstrike Resources Ltd. (TSXV:HIP) | CanniMed Therapeutics, Inc. (TSX:CMED) | 155.7 |
| 15-Nov-17 | Closed | Services | Leehar Distributors, Inc. | Diplomat Pharmacy, Inc. (NYSE:DPLO) | 595.6 |
| 14-Nov-17 | Announced | Life Sciences | CanniMed Therapeutics Inc. (TSX:CMED) | Aurora Cannabis, Inc. (TSX:ACB) | 479.1 |
| 13-Nov-17 | Announced | Life Sciences | Upsher-Smith Laboratories, LLC | Sumitomo Corporation of Americas | 211.0 |
| 9-Nov-17 | Announced | Life Sciences | Principia Biopharma, Inc. | Sanofi (ENXTPA:SAN) | 805.0 |
| 7-Nov-17 | Closed | Facilities | Three Senior Housing Properties | Welltower, Inc. (NYSE:HCN); Sagora Senior Living, Inc. | 166.0 |
| 6-Nov-17 | Announced | Technology | Pharmaceutical Technologies, Inc. | Diplomat Pharmacy, Inc. (NYSE:DPLO) | 47.0 |
| 6-Nov-17 | Announced | Services | RxCrossroads | McKesson Specialty Health | 735.0 |
| 2-Nov-17 | Closed | Life Sciences | Ocera Therapeutics, Inc. | MAK, LLC | 121.4 |
| 2-Nov-17 | Announced | Facilities | Senior Living Facilities | Columbia Pacific Advisors, LLC | 332.0 |
| 2-Nov-17 | Closed | Life Sciences | Dimension Therapeutics | Ultragenyx Pharmaceutical Inc. (NasdaqGS:RARE) | 151.0 |
| 1-Nov-17 | Announced | Medical Devices | Halyard Health, Inc. | Owens & Minor, Inc. (NYSE:OMI) | 710.0 |
| 31-Oct-17 | Closed | Facilities | Three Skilled Nursing Facilities | CareTrust REIT, Inc. (NasdaqGS:CTRE) | 69.0 |
| 30-Oct-17 | Announced | Life Sciences | Aviragen Therapeutics, Inc. | Vaxart, Inc. | 60.0 |
| 23-Oct-17 | Closed | Medical Devices | Rotation Medical, Inc. | Smith & Nephew plc (LSE:SN.) | 210.0 |
| 23-Oct-17 | Announced | Medical Devices | Exactech, Inc. (NasdaqGS:EXAC) | TPG Capital, L.P. | 637.5 |
| 23-Oct-17 | Announced | Managed Healthcare | U.S. Healthworks, Inc. | Concentra, Inc. | 753.0 |
| 20-Oct-17 | Closed | Managed Healthcare | Cirrus Medical Staffing, Inc. | Webster Capital | 36.9 |
| 18-Oct-17 | Closed | Life Sciences | Cleveland HeartLab, Inc. | Quest Diagnostics, Inc. (NYSE:DGX) | 94.0 |
| 16-Oct-17 | Announced | Facilities | Waterford Retirement Residence | Sienna Senior Living, Inc. (TSX:SIA) | 130.9 |
| 11-Oct-17 | Closed | Life Sciences | Symbiomix Therapeutics, LLC | Lupin, Inc. | 150.0 |
| 10-Oct-17 | Closed | Technology | eviCore healthcare, LLC | Express Scripts Holding Company (NYSE:ESRX) | 3,600.0 |
| 9-Oct-17 | Announced | Life Sciences | Dendreon Pharmaceuticals, Inc. | Nanjing Xinjiekou Department Store Co., Ltd. (SHSE:600682) | 901.1 |
| 5-Oct-17 | Closed | Medical Devices | Roxwood Medical, Inc. | BTG plc (LSE:BTG) | 80.0 |
| 5-Oct-17 | Closed | Technology | Tea Leaves Health, LLC | Welltok, Inc. | 90.0 |
| 4-Oct-17 | Closed | Life Sciences | Crystal Bioscience, Inc. | Ligand Pharmaceuticals, Inc. (NasdaqGM:LGND) | 35.5 |
| 3-Oct-17 | Closed | Services | ReShape Medical Inc. | EnteroMedics Inc., nka ReShape Lifesciences, Inc. (NasdaqCM:RSL5) | 60.8 |
| 2-Oct-17 | Closed | Medical Devices | Apama Medical, Inc. | Boston Scientific, Inc. (NYSE:BSX) | 300.0 |

Note:

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

LSHC Sector Breakdown: Financial Detail⁽¹⁾

| | Enterprise Value (\$MM) | 3-Year Revenue CAGR | LTM | | | EV / LTM | |
|--|-------------------------|---------------------|----------------|---------------|---------------|--------------|---------------|
| | | | Revenue (\$MM) | EBITDA (\$MM) | EBITDA Margin | Revenue | EBITDA |
| Assisted Living / Long-Term Care (6) | | | | | | | |
| Brookdale Senior Living Inc. (NYSE:BKD) | \$6,740.7 | 10.6 % | \$3,960.7 | \$702.3 | 17.7 % | 1.7 x | 9.6 x |
| Kindred Healthcare, Inc. (NYSE:KND) | 3,939.4 | 12.5 | 6,995.5 | 453.6 | 6.5 | 0.6 | 8.7 |
| The Ensign Group, Inc. (NasdaqGS:ENSG) | 1,470.5 | 22.0 | 1,794.7 | 130.3 | 7.3 | 0.8 | 11.3 |
| Capital Senior Living Corporation (NYSE:CSU) | 1,374.1 | 8.1 | 464.1 | 79.6 | 17.1 | 3.0 | 17.3 |
| National HealthCare Corporation (AMEX:NHC) | 908.1 | 4.0 | 958.7 | 101.9 | 10.6 | 0.9 | 8.9 |
| Five Star Senior Living Inc. (NasdaqCM:FVE) | 105.0 | 0.8 | 1,130.1 | 12.8 | 1.1 | 0.1 | 8.2 |
| Median | | 9.3 % | | | 8.9 % | 0.9 x | 9.3 x |
| Hospitals (5) | | | | | | | |
| HCA Healthcare, Inc. (NYSE:HCA) | \$63,624.9 | 5.7 % | \$42,693.0 | \$8,031.0 | 18.8 % | 1.5 x | 7.9 x |
| Tenet Healthcare Corporation (NYSE:THC) | 16,092.2 | 6.0 | 19,061.0 | 1,995.0 | 10.5 | 0.8 | 8.1 |
| Universal Health Services, Inc. (NYSE:UHS) | 15,046.2 | 9.4 | 10,242.8 | 1,697.2 | 16.6 | 1.5 | 8.9 |
| Community Health Systems, Inc. (NYSE:CYH) | 13,960.8 | (0.3) | 16,764.0 | 1,655.0 | 9.9 | 0.8 | 8.4 |
| LifePoint Health, Inc. (NasdaqGS:LPNT) | 4,693.4 | 15.4 | 6,406.2 | 749.1 | 11.7 | 0.7 | 6.3 |
| Median | | 6.0 % | | | 11.7 % | 0.8 x | 8.1 x |
| Psychiatric and Behavioral Health (3) | | | | | | | |
| Acadia Healthcare Company, Inc. (NasdaqGS:ACHC) | \$6,235.7 | 46.3 % | \$2,814.7 | \$574.0 | 20.4 % | 2.2 x | 10.9 x |
| Civitas Solutions, Inc. (NYSE:CIVI) | 1,275.8 | 5.5 | 1,474.5 | 147.8 | 10.0 | 0.9 | 8.6 |
| AAC Holdings, Inc. (NYSE:AAC) | 433.3 | 34.3 | 271.8 | \$35.7 | 13.1 | 1.6 | 12.1 |
| Median | | 34.3 % | | | 13.1 % | 1.6 x | 10.9 x |
| Rehabilitation Facilities (3) | | | | | | | |
| Encompass Health Corporation (NYSE:EHC) | \$7,613.9 | 18.1 % | \$3,844.4 | \$820.6 | 21.3 % | 2.0 x | 9.3 x |
| Select Medical Holdings Corporation (NYSE:SEM) | 5,110.8 | 12.8 | 4,298.8 | 492.3 | 11.5 | 1.2 | 10.4 |
| U.S. Physical Therapy, Inc. (NYSE:USPH) | 988.2 | 10.5 | 391.9 | 61.7 | 15.7 | 2.5 | 16.0 |
| Median | | 12.8 % | | | 15.7 % | 2.0 x | 10.4 x |
| Surgery Centers (1) | | | | | | | |
| Surgery Partners, Inc. (NasdaqGS:SGRY) | \$2,734.9 | NA % | \$1,158.6 | \$205.0 | 17.7 % | 2.4 x | 13.3 x |
| Median | | NA | | | 17.7 % | 2.4 x | 13.3 x |
| Clinical Laboratories (3) | | | | | | | |
| Laboratory Corporation of America Holdings (NYSE:LH) | \$24,282.1 | 18.6 % | \$9,891.7 | \$1,898.9 | 19.2 % | 2.5 x | 12.8 x |
| Quest Diagnostics Incorporated (NYSE:DGX) | 17,342.1 | 1.5 | 7,634.0 | 1,432.0 | 18.8 | 2.3 | 12.1 |
| Chemed Corporation (NYSE:CHE) | 4,249.3 | 4.8 | 1,641.8 | 238.5 | 14.5 | 2.6 | 17.8 |
| Median | | 3.1 % | | | 16.6 % | 2.4 x | 15.0 x |
| Diagnostic Imaging (1) | | | | | | | |
| RadNet, Inc. (NasdaqGM:RDNT) | \$1,100.0 | 8.7 % | \$911.6 | \$116.0 | 12.7 % | 1.2 x | 9.5 x |
| Median | | 8.7 % | | | 12.7 % | 1.2 x | 9.5 x |
| Dialysis Services (3) | | | | | | | |
| Fresenius SE & Co. KGaA (DB:FRE) | \$54,373.4 | 14.0 % | \$32,623.0 | \$6,015.0 | 18.4 % | 1.7 x | 9.0 x |
| DaVita Inc. (NYSE:DVA) | 22,622.9 | 6.7 | 15,212.9 | 2,436.3 | 16.0 | 1.5 | 9.3 |
| American Renal Associates Holdings, Inc. (NYSE:ARA) | 1,077.5 | NA | 749.8 | 152.6 | 20.3 | 1.4 | 7.1 |
| Median | | 10.4 % | | | 18.4 % | 1.5 x | 9.0 x |
| Disease Management (1) | | | | | | | |
| Tivity Health, Inc. (NasdaqGS:TVTY) | \$1,621.8 | (8.7) % | \$542.5 | \$124.9 | 23.0 % | 3.0 x | 13.0 x |
| Median | | (8.7) % | | | 23.0 % | 3.0 x | 13.0 x |
| Home Care / Hospice (5) | | | | | | | |
| Amedisys, Inc. (NasdaqGS:AMED) | \$1,882.2 | 7.3 % | \$1,471.8 | \$115.6 | 7.9 % | 1.3 x | 16.3 x |
| LHC Group, Inc. (NasdaqGS:LHCG) | 1,258.4 | 13.3 | 1,003.8 | 93.7 | 9.3 | 1.3 | 13.4 |
| Almost Family, Inc. (NasdaqGS:AFAM) | 922.7 | 17.0 | 749.8 | 42.6 | 5.7 | 1.2 | 21.7 |
| BioScrip, Inc. (NasdaqGS:BIOS) | 828.1 | (1.3) | 874.7 | 35.4 | 4.0 | 0.9 | 23.4 |
| Addus HomeCare Corporation (NasdaqGS:ADUS) | 422.5 | 11.5 | 416.3 | 34.1 | 8.2 | 1.0 | 12.4 |
| Median | | 11.5 % | | | 7.9 % | 1.2 x | 16.3 x |

LSHC Sector Breakdown: Financial Detail (cont.)⁽¹⁾

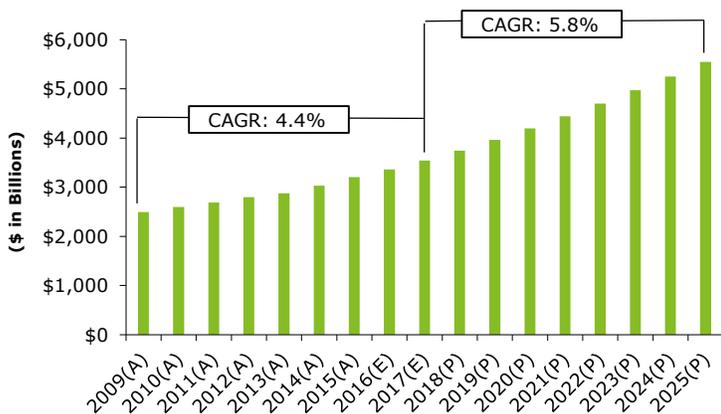
| | Enterprise Value (\$MM) | 3-Year Revenue CAGR | LTM | | | EV / LTM | |
|---|-------------------------|---------------------|----------------|---------------|---------------|--------------|---------------|
| | | | Revenue (\$MM) | EBITDA (\$MM) | EBITDA Margin | Revenue | EBITDA |
| Data/Analytics (3) | | | | | | | |
| Inovalon Holdings, Inc. (NasdaqGS:INOV) | \$1,789.7 | 8.6 % | \$430.8 | NA | NA | 4.2 x | NA |
| National Research Corporation (NasdaqGS:NRCI.B) | 1,335.6 | 6.3 | 116.0 | 38.8 | 33.5 % | 11.5 | 34.4 x |
| Castlight Health, Inc. (NYSE:CSLT) | 493.4 | 50.8 | 124.3 | NA | NA | 4.0 | NA |
| Median | | 8.6 % | | | 33.5 % | 4.2 x | 34.4 x |
| Tech-Enabled Services (10) | | | | | | | |
| Cerner Corporation (NasdaqGS:CERN) | \$23,916.0 | 16.2 % | \$4,987.9 | \$1,387.4 | 27.8 % | 4.8 x | 17.2 x |
| Veeva Systems Inc. (NYSE:VEEV) | 7,492.1 | 31.1 | 650.8 | 162.5 | 25.0 | 11.5 | 46.1 |
| athenahealth, Inc. (NasdaqGS:ATHN) | 5,334.8 | 18.4 | 1,179.3 | 130.1 | 11.0 | 4.5 | 41.0 |
| Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX) | 4,208.5 | 7.3 | 1,714.4 | 173.8 | 10.1 | 2.5 | 24.2 |
| HealthEquity, Inc. (NasdaqGS:HQY) | 2,743.0 | 39.1 | 215.9 | 67.0 | 31.0 | 12.7 | 41.0 |
| Omnicell, Inc. (NasdaqGS:OMCL) | 2,109.9 | 17.5 | 690.2 | 41.0 | 5.9 | 3.1 | 51.5 |
| Premier, Inc. (NasdaqGS:PINC) | 1,867.8 | 19.4 | 1,532.0 | 447.2 | 29.2 | 1.2 | 4.2 |
| HMS Holdings Corp. (NasdaqGS:HMSY) | 1,659.7 | 3.3 | 498.3 | 95.2 | 19.1 | 3.3 | 17.4 |
| Quality Systems, Inc. (NasdaqGS:QSII) | 909.0 | 4.2 | 523.8 | 59.2 | 11.3 | 1.7 | 15.4 |
| Computer Programs and Systems, Inc. (NasdaqGS:CPSI) | 550.3 | 7.9 | 263.4 | 27.5 | 10.5 | 2.1 | 20.0 |
| Median | | 16.9 % | | | 15.2 % | 3.2 x | 22.1 x |
| Biotechnology (7) | | | | | | | |
| AbbVie Inc. (NYSE:ABBV) | \$188,721.8 | 11.6 % | \$27,273.0 | \$11,908.0 | 43.7 % | 6.9 x | 15.8 x |
| Amgen Inc. (NasdaqGS:AMGN) | 128,747.5 | 5.2 | 23,012.0 | 12,112.0 | 52.6 | 5.6 | 10.6 |
| Gilead Sciences, Inc. (NasdaqGS:GILD) | 103,413.4 | 9.9 | 27,478.0 | 17,260.0 | 62.8 | 3.8 | 6.0 |
| Celgene Corporation (NasdaqGS:CELG) | 85,949.6 | 19.4 | 12,500.2 | 5,504.1 | 44.0 | 6.9 | 15.6 |
| Biogen Inc. (NasdaqGS:BIIB) | 74,048.9 | 9.5 | 11,838.9 | 6,690.5 | 56.5 | 6.3 | 11.1 |
| Regeneron Pharmaceuticals, Inc. (NasdaqGS:REGN) | 38,440.5 | 28.0 | 5,516.6 | 2,027.6 | 36.8 | 7.0 | 19.0 |
| Alexion Pharmaceuticals, Inc. (NasdaqGS:ALXN) | 29,146.6 | 18.7 | 3,472.0 | 1,378.0 | 39.7 | 8.4 | 21.2 |
| Median | | 11.6 % | | | 44.0 % | 6.9 x | 15.6 x |
| Contract Research and Manufacturing (8) | | | | | | | |
| IQVIA Holdings Inc. (NYSE:IQV) | \$29,426.1 | 24.1 % | \$7,851.0 | \$1,736.0 | 22.1 % | 3.7 x | 17.0 x |
| INC Research Holdings, Inc. (NasdaqGS:INCR) | 7,328.0 | 21.0 | 1,365.4 | 266.6 | 19.5 | 5.4 | 27.5 |
| West Pharmaceutical Services, Inc. (NYSE:WST) | 7,218.0 | 3.5 | 1,565.8 | 330.1 | 21.1 | 4.6 | 21.9 |
| PRA Health Sciences, Inc. (NasdaqGS:PRAH) | 6,863.3 | 13.0 | 1,793.2 | 263.2 | 14.7 | 3.8 | 26.1 |
| ICON Public Limited Company (NasdaqGS:ICLR) | 6,190.1 | 6.0 | 1,738.4 | 399.1 | 23.0 | 3.6 | 15.5 |
| Charles River Laboratories International, Inc. (NYSE:CRL) | 6,018.2 | 13.7 | 1,845.9 | 447.1 | 24.2 | 3.3 | 13.5 |
| Cambrex Corporation (NYSE:CBM) | 1,574.6 | 15.0 | 529.5 | 175.7 | 33.2 | 3.0 | 9.0 |
| Medpace Holdings, Inc. (NasdaqGS:MEDP) | 1,502.0 | NA | 382.4 | 111.8 | 29.2 | 3.9 | 13.4 |
| Median | | 13.7 % | | | 22.5 % | 3.8 x | 16.2 x |
| Pharmaceuticals (4) | | | | | | | |
| Pfizer Inc. (NYSE:PFE) | \$244,887.2 | 1.6 % | \$52,471.0 | \$20,680.0 | 39.4 % | 4.7 x | 11.8 x |
| Merck & Co., Inc. (NYSE:MRK) | 175,641.5 | (2.6) | 39,804.0 | 12,860.0 | 32.3 | 4.4 | 13.7 |
| Bristol-Myers Squibb Company (NYSE:BMJ) | 104,122.1 | 8.6 | 20,570.0 | 5,984.0 | 29.1 | 5.1 | 17.4 |
| Eli Lilly and Company (NYSE:LLY) | 97,670.1 | 3.4 | 22,471.1 | 6,202.8 | 27.6 | 4.3 | 15.7 |
| Median | | 2.5 % | | | 30.7 % | 4.5 x | 14.7 x |
| Tools and Services (8) | | | | | | | |
| Abbott Laboratories (NYSE:ABT) | \$115,295.9 | 8.1 % | \$25,134.0 | \$5,559.0 | 22.1 % | 4.6 x | 20.7 x |
| Thermo Fisher Scientific Inc. (NYSE:TMO) | 105,626.4 | 7.7 | 19,824.4 | 4,975.3 | 25.1 | 5.3 | 21.2 |
| Becton, Dickinson and Company (NYSE:BDX) | 65,328.4 | 12.7 | 12,093.0 | 3,333.0 | 27.6 | 5.4 | 19.6 |
| Illumina, Inc. (NasdaqGS:ILMN) | 34,870.1 | 14.3 | 2,594.4 | 691.8 | 26.7 | 13.4 | 50.4 |
| Agilent Technologies, Inc. (NYSE:A) | 22,503.1 | 3.4 | 4,472.0 | 1,095.0 | 24.5 | 5.0 | 20.6 |
| Waters Corporation (NYSE:WAT) | 15,384.9 | 4.5 | 2,250.6 | 775.9 | 34.5 | 6.8 | 19.8 |
| PerkinElmer, Inc. (NYSE:PKI) | 9,096.7 | (0.6) | 2,182.1 | 426.3 | 19.5 | 4.2 | 21.3 |
| Bio-Rad Laboratories, Inc. (NYSE:BIO) | 7,110.9 | (1.1) | 2,111.2 | 244.5 | 11.6 | 3.4 | 29.1 |
| Median | | 6.1 % | | | 24.8 % | 5.2 x | 21.0 x |
| Commercial Plans (6) | | | | | | | |
| UnitedHealth Group Incorporated (NYSE:UNH) | \$234,560.6 | 15.3 % | \$196,633.0 | \$16,138.0 | 8.2 % | 1.2 x | 14.5 x |
| Anthem, Inc. (NYSE:ANTM) | 72,616.2 | 7.0 | 89,055.5 | 5,716.4 | 6.4 | 0.8 | 12.7 |
| Aetna Inc. (NYSE:AET) | 64,311.9 | 2.9 | 61,410.0 | 5,985.0 | 9.7 | 1.0 | 10.7 |
| Cigna Corporation (NYSE:CI) | 54,303.2 | 6.4 | 41,029.0 | 4,602.0 | 11.2 | 1.3 | 11.8 |
| Humana Inc. (NYSE:HUM) | 32,645.1 | 4.9 | 53,456.0 | 2,677.0 | 5.0 | 0.6 | 12.2 |
| Magellan Health, Inc. (NasdaqGS:MGLN) | 2,644.3 | 12.6 | 5,407.6 | 247.2 | 4.6 | 0.5 | 10.7 |
| Median | | 6.7 % | | | 7.3 % | 0.9 x | 12.0 x |
| Government Plans (3) | | | | | | | |
| Centene Corporation (NYSE:CNC) | \$19,385.6 | 47.0 % | \$44,870.0 | \$2,221.0 | 4.9 % | 0.4 x | 8.7 x |
| WellCare Health Plans, Inc. (NYSE:WCG) | 5,717.7 | 10.5 | 16,180.3 | 700.3 | 4.3 | 0.4 | 8.2 |
| Molina Healthcare, Inc. (NYSE:MOH) | 3,262.8 | 31.7 | 19,014.0 | 151.0 | 0.8 | 0.2 | 21.6 |
| Median | | 31.7 % | | | 4.3 % | 0.4 x | 8.7 x |
| Payor Services (1) | | | | | | | |
| CorVel Corporation (NasdaqGS:CRVL) | \$937.9 | 3.1 % | \$536.1 | \$71.5 | 13.3 % | 1.7 x | 13.1 x |
| Median | | 3.1 % | | | 13.3 % | 1.7 x | 13.1 x |

LSHC Sector Breakdown: Financial Detail (cont.)⁽¹⁾

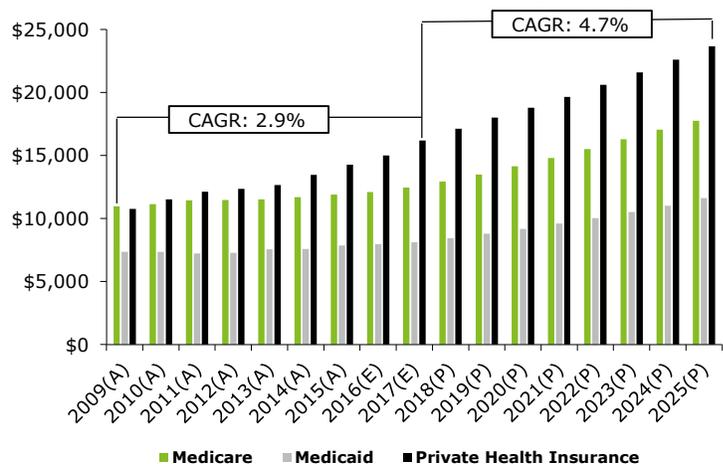
| | Enterprise Value (\$MM) | 3-Year Revenue CAGR | LTM | | | EV / LTM | | |
|-----------------------------------|---|---------------------|----------------|---------------|---------------|---------------|--------------|---------------|
| | | | Revenue (\$MM) | EBITDA (\$MM) | EBITDA Margin | Revenue | EBITDA | |
| Pharmacy | Retail Pharmacy (3) | | | | | | | |
| | CVS Health Corporation (NYSE:CVS) | \$103,040.1 | 10.5 % | \$182,351.0 | \$12,331.0 | 6.8 % | 0.6 x | 8.4 x |
| | Walgreens Boots Alliance, Inc. (NasdaqGS:WBA) | 87,512.4 | 15.8 | 120,453.0 | 7,750.0 | 6.4 | 0.7 | 11.3 |
| | Rite Aid Corporation (NYSE:RAD) | 5,372.3 | 6.7 | 31,955.6 | 937.2 | 2.9 | 0.2 | 5.7 |
| | Median | | 10.5 % | | | 6.4 % | 0.6 x | 8.4 x |
| Pharmacy | Specialty Pharmacy (2) | | | | | | | |
| | Express Scripts Holding Company (NasdaqGS:ESRX) | \$57,314.5 | (0.3) % | \$99,549.1 | \$7,133.2 | 7.2 % | 0.6 x | 8.0 x |
| | Diplomat Pharmacy, Inc. (NYSE:DPLD) | 2,013.5 | 30.5 | 4,475.0 | 72.6 | 1.6 | 0.4 | 27.7 |
| | Median | | 15.1 % | | | 4.4 % | 0.5 x | 17.9 x |
| Physicians / Staffing | Healthcare Staffing (3) | | | | | | | |
| | On Assignment, Inc. (NYSE:ASGN) | \$4,045.7 | 14.6 % | \$2,567.8 | \$268.6 | 10.5 % | 1.6 x | 15.1 x |
| | AMN Healthcare Services, Inc. (NYSE:AMN) | 2,679.1 | 25.1 | 1,967.2 | 240.5 | 12.2 | 1.4 | 11.1 |
| | Cross Country Healthcare, Inc. (NasdaqGS:CCRN) | 555.9 | 17.2 | 867.9 | 39.3 | 4.5 | 0.6 | 14.2 |
| | Median | | 17.2 % | | | 10.5 % | 1.4 x | 14.2 x |
| Physicians / Staffing | Physician Practice Management (2) | | | | | | | |
| | Envision Healthcare Corporation (NYSE:EVHC) | \$10,310.6 | 76.2 % | \$7,206.9 | \$1,050.9 | 14.6 % | 1.4 x | 9.8 x |
| | MEDNAX, Inc. (NYSE:MD) | 6,793.5 | 12.8 | 3,378.3 | 598.9 | 17.7 | 2.0 | 11.3 |
| | Median | | 44.5 % | | | 16.2 % | 1.7 x | 10.6 x |
| Medical Devices and Products | Medical Devices and Products (18) | | | | | | | |
| | Johnson & Johnson (NYSE:JNJ) | \$410,680.2 | 0.1 % | \$74,361.0 | \$25,672.0 | 34.5 % | 5.5 x | 16.0 x |
| | Medtronic plc (NYSE:MDT) | 131,210.4 | 19.8 | 29,639.0 | 9,166.0 | 30.9 | 4.4 | 14.3 |
| | Danaher Corporation (NYSE:DHR) | 79,396.6 | (2.4) | 17,828.3 | NA | NA | 4.5 | NA |
| | Stryker Corporation (NYSE:SYK) | 63,711.6 | 8.4 | 12,130.0 | 3,319.0 | 27.4 | 5.3 | 19.2 |
| | Boston Scientific Corporation (NYSE:BSX) | 43,179.9 | 6.8 | 8,831.0 | 2,346.0 | 26.6 | 4.9 | 18.4 |
| | Baxter International Inc. (NYSE:BAX) | 37,214.8 | (5.2) | 10,432.0 | 2,254.0 | 21.6 | 3.6 | 16.5 |
| | Zimmer Biomet Holdings, Inc. (NYSE:ZBH) | 34,665.9 | 18.3 | 7,762.9 | 2,783.1 | 35.9 | 4.5 | 12.5 |
| | Edwards Lifesciences Corporation (NYSE:EW) | 25,201.2 | 13.9 | 3,314.5 | 1,073.3 | 32.4 | 7.6 | 23.5 |
| | DENTSPLY SIRONA Inc. (NasdaqGS:XRAY) | 16,363.4 | 9.7 | 3,898.9 | 821.7 | 21.1 | 4.2 | 19.9 |
| | Hologic, Inc. (NasdaqGS:HOLX) | 14,887.2 | 6.5 | 3,058.8 | 1,011.3 | 33.1 | 4.9 | 14.7 |
| | Teleflex Incorporated (NYSE:TFX) | 13,088.5 | 4.7 | 2,065.1 | NA | NA | 6.3 | NA |
| | ResMed Inc. (NYSE:RMD) | 12,664.1 | 10.4 | 2,124.9 | 589.1 | 27.7 | 6.0 | 21.5 |
| | Varian Medical Systems, Inc. (NYSE:VAR) | 9,573.3 | (4.4) | 2,668.2 | 482.7 | 18.1 | 3.6 | 19.8 |
| | Steris Plc (NYSE:STE) | 8,946.4 | 13.9 | 2,570.1 | 546.6 | 21.3 | 3.5 | 16.4 |
| | Hill-Rom Holdings, Inc. (NYSE:HRC) | 7,790.1 | 17.6 | 2,743.7 | 532.3 | 19.4 | 2.8 | 14.6 |
| | Integer Holdings Corporation (NYSE:ITGR) | 3,123.9 | 27.2 | 1,431.0 | 274.7 | 19.2 | 2.2 | 11.4 |
| | K2M Group Holdings, Inc. (NasdaqGS:KTWO) | 917.2 | 12.3 | 252.0 | (3.9) | NA | 3.6 | NA |
| ConforMIS, Inc. (NasdaqGS:CFMS) | 93.4 | NA | 79.0 | (53.8) | NA | 1.2 | NA | |
| | Median | | 9.7 % | | | 27.0 % | 4.4 x | 16.4 x |
| Medical Supplies Distribution | Medical Supplies Distribution (8) | | | | | | | |
| | McKesson Corporation (NYSE:MCK) | \$40,548.9 | 8.1 % | \$201,955.0 | \$3,885.0 | 1.9 % | 0.2 x | 10.4 x |
| | Cardinal Health, Inc. (NYSE:CAH) | 31,313.0 | 12.9 | 130,578.0 | 3,041.0 | 2.3 | 0.2 | 10.3 |
| | AmerisourceBergen Corporation (NYSE:ABC) | 22,948.7 | 8.6 | 153,143.8 | 2,444.4 | 1.6 | 0.1 | 9.4 |
| | Henry Schein, Inc. (NasdaqGS:HSIC) | 13,223.3 | 6.4 | 12,264.4 | 1,033.5 | 8.4 | 1.1 | 12.8 |
| | Patterson Companies, Inc. (NasdaqGS:PDCO) | 4,472.1 | 10.5 | 5,532.3 | 391.3 | 7.1 | 0.8 | 11.4 |
| | Owens & Minor, Inc. (NYSE:OMI) | 2,084.4 | 0.1 | 9,296.8 | 214.6 | 2.3 | 0.2 | 9.7 |
| | Invacare Corporation (NYSE:IVC) | 644.7 | (9.1) | 962.9 | NA | NA | 0.7 | NA |
| Aceto Corporation (NasdaqGS:ACET) | 598.0 | 10.8 | 695.6 | 74.0 | 10.6 | 0.9 | 8.1 | |
| | Median | | 8.4 % | | | 2.3 % | 0.5 x | 10.3 x |

LSHC Sector Data

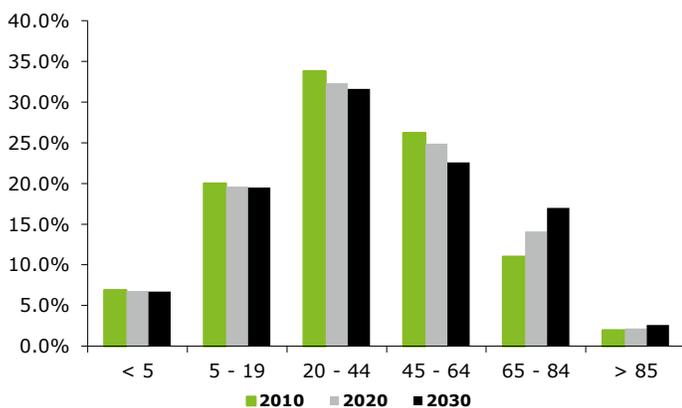
U.S. Health Care Spend⁽¹⁾



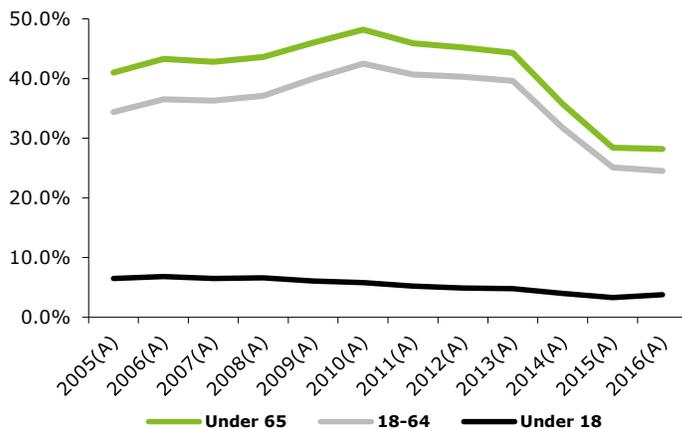
U.S. Health Care Spend by Payor per Capita^{(2) (i)}



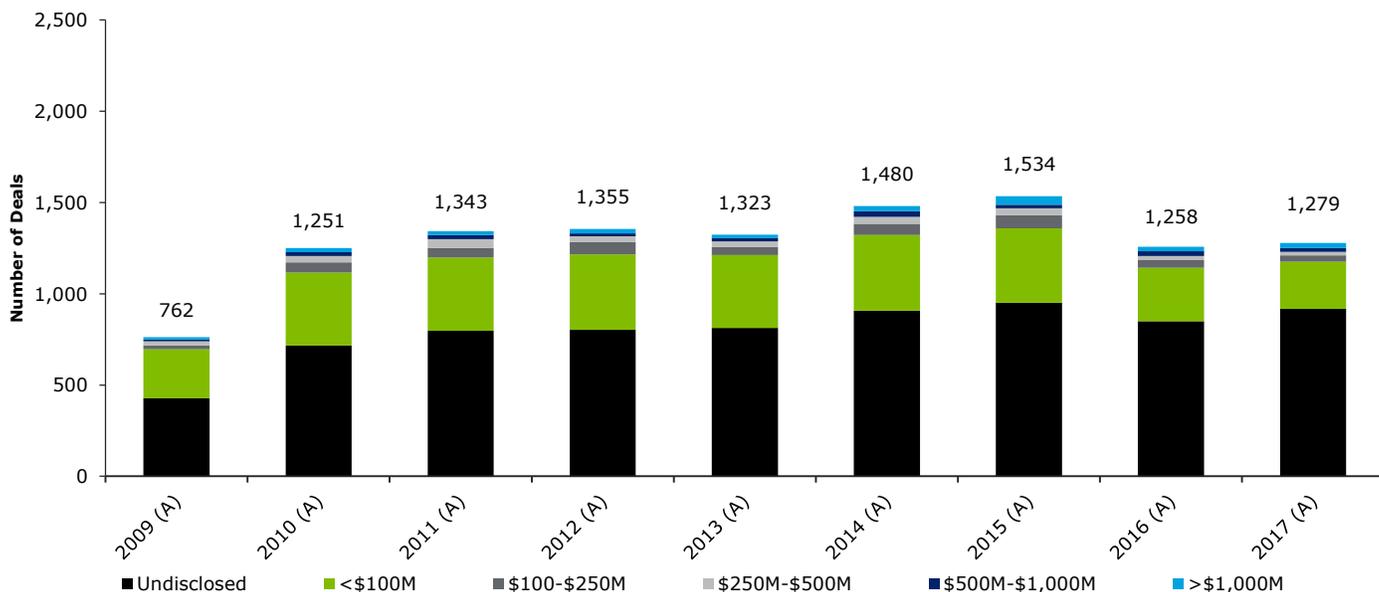
U.S. Population by Age Group⁽³⁾



Percentage of U.S. Uninsured by Age Group⁽⁴⁾



Annual LSHC M&A Transactions by Transaction Size⁽⁵⁾



Note:

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

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