

# Life Sciences & Health Care

## Quarterly Update

Q4 2021



# DCF'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 space and use their experience to help clients enhance value.



## Life Sciences & Health Care Leadership



**Douglas Bolt**  
Managing Director  
Charlotte, NC  
dbolt@deloitte.com



**Simon Gisby**  
Managing Director  
New York, NY  
sgisby@deloitte.com



**Newman Delany**  
Vice President  
New York, NY  
ndelany@deloitte.com



**Eric Steinberg**  
Vice President  
Charlotte, NC  
esteinberg@deloitte.com



## Firm Overview

#1

2020 Global M&A  
Advisor by deals  
completed.<sup>(1)</sup>

487

Completed deals  
in the last 12  
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **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 2020 according to Mergermarket.<sup>(1)</sup>



## Sector Focus

- Health Care Services
- Health Care Technology
- Life Sciences & Pharma Services
- Medical Devices & Supplies
- Payors & Payor Services

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# Case studies

<div><div>Hudson Medical Innovations</div><div><div><p>HUDSON MEDICAL INNOVATIONS a division of <small>PRIMO</small></p></div><div>has been acquired by an undisclosed party</div><div>The undersigned acted as exclusive financial advisor to Hudson Medical Innovations</div><div>Deloitte.</div></div></div> <div><div>Client Overview</div><div><ul style="list-style-type: none"><li>Hudson Medical Innovations is an industry-leading, vertically integrated, high-tech contract manufacturing services provider of medical consumables serving point-of-care diagnostics, microfluidics, advanced wound care, and wearable biosensor end-markets.</li></ul></div><div><p><i>"Deloitte Corporate Finance exemplified exceptional guidance and expertise which allowed us to accomplish our financial and operational goals in a seamless process. They successfully presented HMI's value with great clarity while marketing the deal to a broad universe of investors generating significant competition. Their diligent approach to each stage of the process allowed us to secure a fantastic outcome by identifying the best suited partner for the Company's future growth."</i></p><p>-Tim Burns, CEO</p></div></div>	<div><div>Rural Health Alliance</div><div><div><p>Rural Health Alliance</p></div><div>has been acquired by <b>FAST PACE HEALTH</b> <b>URGENT CARE</b> a portfolio company of</div><div><p>REVELSTOKE CAPITAL PARTNERS</p></div><div>The undersigned acted as exclusive financial advisor to Rural Health Alliance, LLC</div><div>Deloitte.</div></div></div> <div><div>Client Overview</div><div><ul style="list-style-type: none"><li>Rural Health Alliance, LLC is an operator of 15 rural walk-in clinics providing primary care and integrated ancillary services, such as behavioral health and pediatric care, in Western and Middle Tennessee.</li></ul></div><div><p><i>"Deloitte Corporate Finance delivered high touch advisory services at every stage of the sale process. Their experience working with health care services businesses, particularly in the primary care space; deep private equity relationships; and premier execution capabilities enabled Rural Health Alliance to secure a fantastic valuation and overcome the unique challenges presented during the global COVID-19 pandemic."</i></p><p>- Ruste Via, President and CEO</p></div></div>	<div><div>Workplace Options</div><div><div><p>WORKPLACE OPTIONS</p></div><div>has received an investment from</div><div><p>WINDROSE HEALTH INVESTORS</p></div><div>The undersigned acted as exclusive financial advisor to Workplace Options, LLC</div><div>Deloitte.</div></div></div> <div><div>Client Overview</div><div><ul style="list-style-type: none"><li>Workplace Options, LLC is a corporate wellness solutions and supplemental health benefits provider offering behavioral health, as well as practical and physical wellbeing support, to employees and their families across the globe.</li></ul></div><div><p><i>"Deloitte Corporate Finance's guidance and industry experience allowed Workplace Options to accomplish its financial and operational objectives. The detailed process included in-depth due diligence and extensive pre-market analysis on several strategic alternatives. These options were presented with great clarity by the Deloitte team. Additionally, by running a highly disciplined and structured marketing process, DCF effectively maintained stiff competition, which enabled us to negotiate transaction terms that exceeded our expectations."</i></p><p>- Alan King, President and CEO, CEO</p></div></div>	<div><div>NetCE</div><div><div><p>NetCE Continuing Education</p></div><div>has been acquired by <b>trc healthcare</b> a portfolio company of</div><div><p>LEVINE LEICHTMAN CAPITAL PARTNERS</p></div><div>The undersigned acted as exclusive financial advisor to CE Resource, Inc. d.b.a NetCE</div><div>Deloitte.</div></div></div> <div><div>Client Overview</div><div><ul style="list-style-type: none"><li>CE Resource, Inc. is a leading provider of continuing education to health care practitioners in the United States.</li></ul></div><div><p><i>"Deloitte Corporate Finance's knowledge of the education and training space was evident from day one. Their team drove an efficient and competitive process offering invaluable strategic guidance every step of the way, ultimately providing our team with numerous actionable offers at attractive valuations."</i></p><p>- Lisa Patterson, CEO</p></div></div>
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# Deloitte thought leadership

## 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 drive results and provide differentiated insights for our clients.



## Recent insights



# Notable recent M&A transactions

<b>Health Care Services</b> 	<b>Oak Street Health's acquisition of RubiconMD<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Oak Street is a network of value-based primary care centers focused on the Medicare population.</li> <li>• RubiconMD is a leading technology platform providing access to specialist networks such as cardiology and nephrology.</li> <li>• The deal integrates virtual specialty care into Oak Street's primary care-focused model, enhancing patient experience.</li> </ul>	<b>Close Date:</b> October 2021 <b>EV:</b> N/A <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A
<b>Health Care Technology</b> 	<b>Hellman &amp; Friedman and Bain Capital's acquisition of Athenahealth<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Hellman &amp; Friedman and Bain Capital are private equity firms with expertise in health care and technology.</li> <li>• Athenahealth is a leading provider of cloud-based enterprise software solutions for health systems.</li> <li>• Under new ownership, Athenahealth is seeking to rapidly scale and continue to innovate and grow alongside the most disruptive and innovative ambulatory care clients.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$17,000.0 <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A
<b>Life Sciences &amp; Pharma Services</b> 	<b>Pfizer Inc.'s acquisition of Trillium Therapeutics Inc.<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Pfizer discovers, develops, manufactures, markets, distributes, and sells biopharmaceutical products worldwide.</li> <li>• Trillium is a clinical stage immuno-oncology company developing innovative therapies for the treatment of cancer.</li> <li>• The acquisition combines Pfizer's research and global development capabilities with Trillium's innovative discoveries, accelerating life-changing breakthroughs in the oncology industry.</li> </ul>	<b>Close Date:</b> November 2021 <b>EV:</b> \$2,010.0 <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A
<b>Medical Devices &amp; Supplies</b> 	<b>Carlyle and GTCR's acquisition of Resonetics<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Carlyle is a global investment firm with health care expertise that deploys private capital.</li> <li>• Resonetics is a pioneer in advanced engineering and manufacturing solutions for the medical device industry.</li> <li>• The deal presents Resonetics with opportunities of geographical expansion and digitization.</li> </ul>	<b>Close Date:</b> December 2021 <b>EV:</b> \$1,130.0 <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A
<b>Payors &amp; Payor Services</b> 	<b>Anthem Inc.'s acquisition of Integra Managed Care<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Anthem is a leading health benefits company dedicated to making health care simpler.</li> <li>• Integra is a New York State Managed Long Term Care Plan designed for adults living with long-term disabilities.</li> <li>• The acquisition should grow Anthem's Medicaid business while serving members with comprehensive care.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> N/A <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A

## Health care services

## Sector trends

### Select recent M&A activity<sup>(1)</sup>

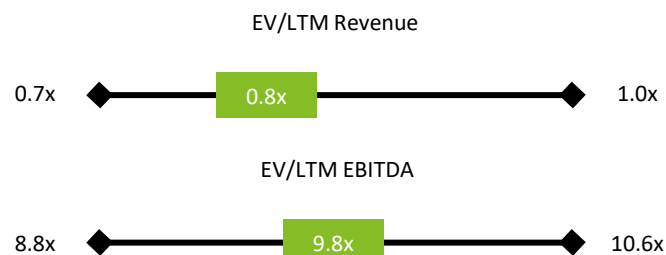
Close Date	Target	Acquiror	Implied EV (MM)
Pending	Carestream Dental	Envista Holdings Corporation	\$600.0
December 2021	SurgCenter Development	Tenet Healthcare Corporation	\$1,100.0
October 2021	RubiconMD	Oak Street Health	N/A
October 2021	Kindred Healthcare	LifePoint Health	N/A
October 2021	Ginger	Headspace Health	\$3,000.0



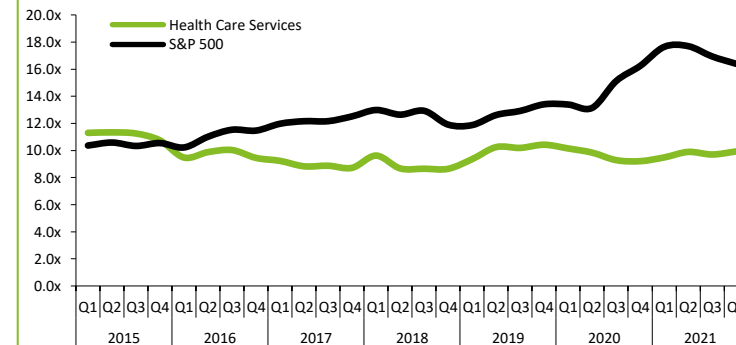
## Select public comparables<sup>(2)</sup>

Company Name	Enterprise Value (MM)
DaVita Inc.	\$23,970.3
Option Care Health, Inc.	\$4,996.4
Oak Street Health, Inc.	\$4,907.2
Amedisys, Inc.	\$4,896.4
MEDNAX, Inc.	\$2,817.7
1Life Healthcare, Inc.	\$2,158.7

### Sector trading metrics<sup>(3)</sup>



### Historical EV/EBITDA multiples<sup>(3)</sup>



# Health care technology

## Sector trends

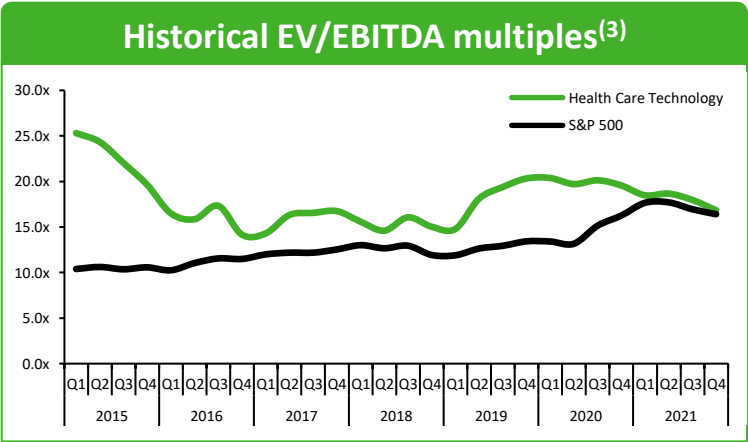
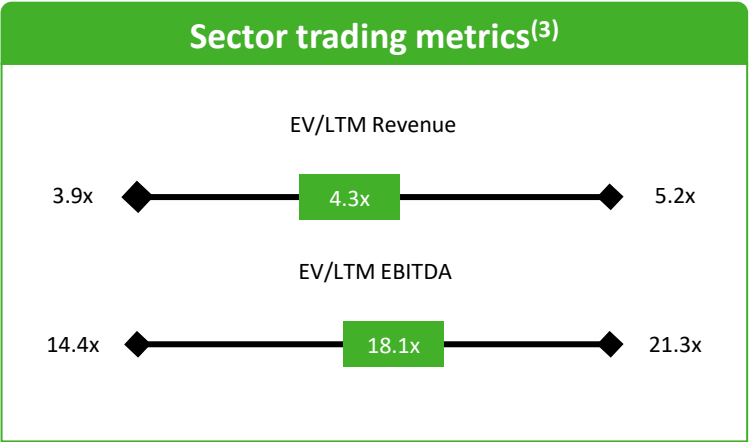
Incumbent health tech companies, such as EHR vendors, are expanding their portfolios through M&A to provide solutions to meet greater demand for interoperability, virtual health, cloud-based platforms, and artificial intelligence. Additionally, large health care organizations are bowing to pressure and are increasingly focused on acquiring or partnering with technology platforms and service providers that help consumers address more health issues from their homes. These trends are expected to drive further consolidation and open the door to lucrative investment opportunities.

## Select recent M&A activity<sup>(1)</sup>

Close Date	Target	Acquiror	Implied EV (MM)
Pending	Athenahealth	Hellman & Friedman and Bain Capital	\$17,000.0
December 2021	Cerner	Oracle	\$27,520.0
December 2021	Higi SH Holdings Inc.	Babylon Health	\$14.4
November 2021	DrChrono	EverCommerce	N/A
October 2021	TransUnion	nThrive	\$1,740.0



Select public comparables <sup>(2)</sup>	
Company Name	Enterprise Value (MM)
Veeva Systems, Inc.	\$31,266.7
Cerner Corporation	\$27,971.2
Teladoc Health, Inc.	\$12,581.4
Change Healthcare, Inc.	\$10,998.8
Omnicell, Inc.	\$6,855.7
American Well Corporation	\$359.5





## Life sciences & pharma services

## Sector trends

Industry analysts note that market conditions are ripe for a very active year for M&A in the life sciences space. M&A catalysts include failed or negative results in drug trials, the need to replenish pipelines, and the downstream effects from past mega-mergers and divestitures. Further, many of Deloitte's larger life sciences clients are focusing on their scientific core and are placing less emphasis on diversification. 2021 saw a flurry of spin-offs and carve-outs, which will likely continue in 2022 and are likely to trigger even more novel and innovative partnerships and acquisitions. M&A activity has been and is expected to continue to be primarily focused in therapeutic areas such as rare diseases and oncology.

### Select recent M&A activity<sup>(1)</sup>

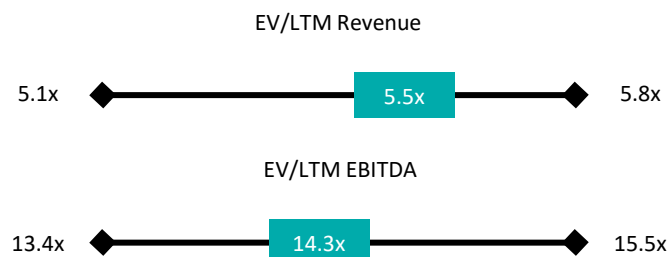
Close Date	Target	Acquiror	Implied EV (MM)
December 2021	PPD	Thermo Fisher Scientific Inc.	\$19,730.0
November 2021	Trillium Therapeutics Inc.	Pfizer Inc.	\$2,010.0
November 2021	Acceleron Pharma Inc.	Merck & Co., Inc.	\$17,580.0
November 2021	Novitium Pharma	ANI Pharmaceuticals	\$210.0
October 2021	TeneoBio	Amgen Inc.	\$900.0



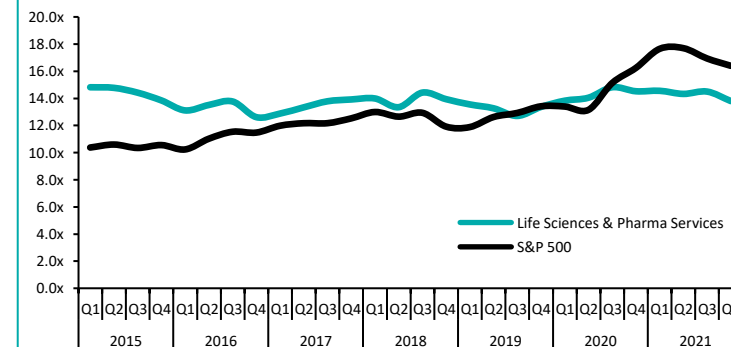
## Select public comparables<sup>(2)</sup>

Company Name	Enterprise Value (MM)
Pfizer Inc.	\$314,164.2
AbbVie Inc.	\$310,325.7
Thermo Fisher Scientific Inc.	\$243,500.3
Merck & Co., Inc.	\$222,433.5
Amgen Inc.	\$156,366.5
IQVIA Holdings Inc.	\$57,251.7

## Sector trading metrics<sup>(3)</sup>



### Historical EV/EBITDA multiples<sup>(3)</sup>



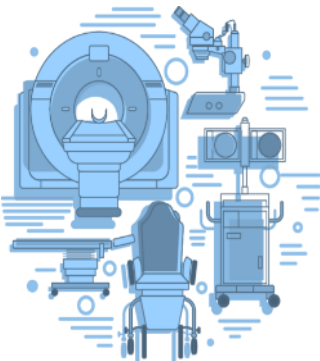
# Medical devices & supplies

## Sector trends

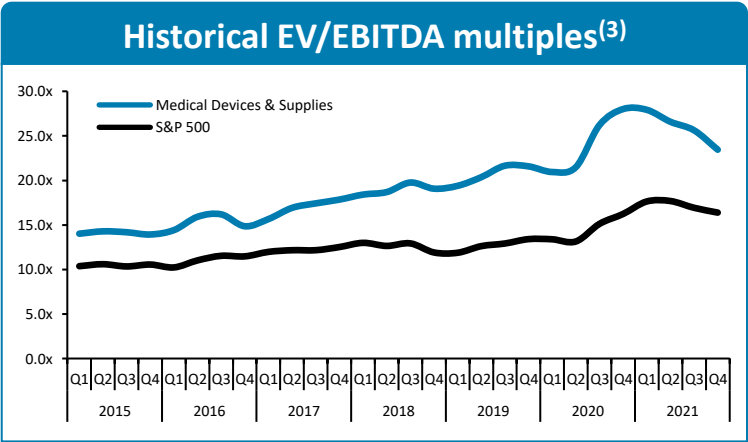
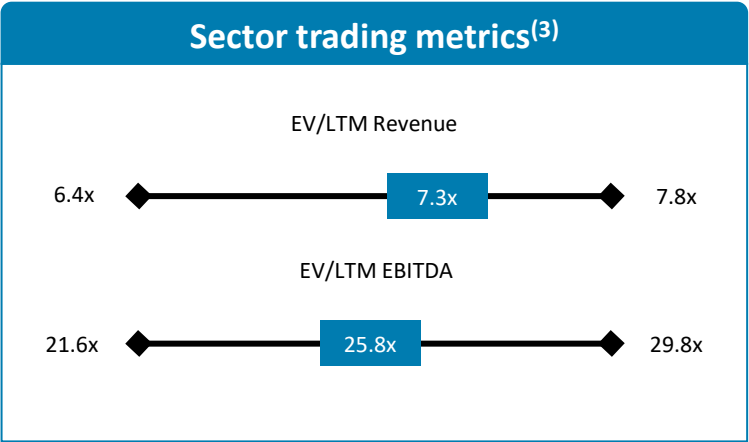
Large strategies with abundant cash stockpiles being used to cement both mega-deals and smaller tuck-ins are driving M&A headlines in the medical devices and supplies space. Both strategic and financial acquirors continue to seek exposure to the fastest-growing sub-segments, including remote monitoring devices and point-of-care diagnostics. Additionally, manufacturers facing supply chain challenges are increasingly focused on the acquisition of downstream players with strong supplier relationships. And further, as elective medical procedure rates are expected to return to normal once the pandemic subsides, attractive targets are also increasingly sought among industry participants that provide products and supplies supporting such procedures.

## Select recent M&A activity<sup>(1)</sup>

Close Date	Target	Acquiror	Implied EV (MM)
Pending	Baylis Medical	Boston Scientific	\$1,750.0
Pending	Intersect ENT, Inc.	Medtronic plc	\$1,040.0
December 2021	Resonetics	Carlyle and GTCR	\$1,130.0
December 2021	BK Medical	GE Healthcare	\$1,450.0
December 2021	Scanwell Health	Becton, Dickinson and Company	N/A



Select public comparables <sup>(2)</sup>	
Company Name	Enterprise Value (MM)
Johnson & Johnson	\$438,891.0
Abbott Laboratoires	\$225,092.7
Medtronic plc	\$159,926.5
Stryker Corporation	\$107,859.1
Becton, Dickinson and Company	\$91,001.4
Baxter International Inc.	\$46,086.4



## Payors & payor services

## Sector trends

### Select recent M&A activity<sup>(1)</sup>

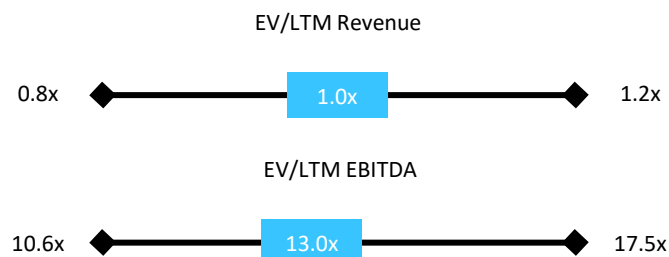
Close Date	Target	Acquiror	Implied EV (MM)
Pending	Cigna Corporation	Chubb Ltd.	\$5,750.0
Pending	Integra Managed Care	Anthem, Inc.	N/A
December 2021	Health Fidelity	Edifecs	\$180.0
November 2021	Lasso Healthcare	Zing Health	N/A
October 2021	AgeWell New York	Molina Healthcare	\$110.0



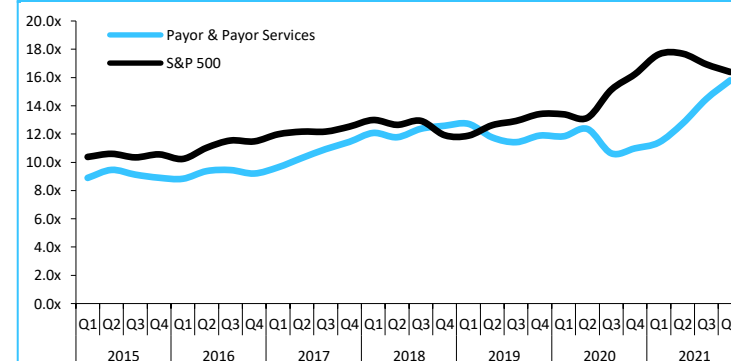
## Select public comparables<sup>(2)</sup>

Company Name	Enterprise Value (MM)
UnitedHealth Group Incorporated	\$461,687.0
Anthem, Inc.	\$127,119.6
Cigna Corporation	\$110,647.0
Humana Inc.	\$56,784.4
Centene Corporation	\$54,769.7
Molina Healthcare, Inc.	\$14,370.7

## Sector trading metrics<sup>(3)</sup>



### Historical EV/EBITDA multiples<sup>(3)</sup>



# Appendix

## Citations

### Page 1:

1. [Mergermarket](#). Accessed January 20, 2022. Data as of January 19, 2021.

### Page 5:

1. Relevant transactions in Q4, 2021.
  - a. [S&P Capital IQ](#). Accessed January 20, 2022. Data as of January 20, 2022.

### Page 6:

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3. Expanded public comparables set in Q4, 2021.
  - a. [S&P Capital IQ](#). Accessed January 20, 2022. Data as of January 20, 2022.



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