

HEALTHCARE MONTHLY

JUNE 2019

Our healthcare team architects market-defining outcomes for some of the most innovative medical device, life science and diagnostics, healthcare services and pharmaceutical companies in the world.

BioTech / Pharma

Healthcare Services










Life Sciences/Diagnostics

Medical Devices

We recently attended the Medical Design & Manufacturing (MD&M) East conference in New York and note the following observations:

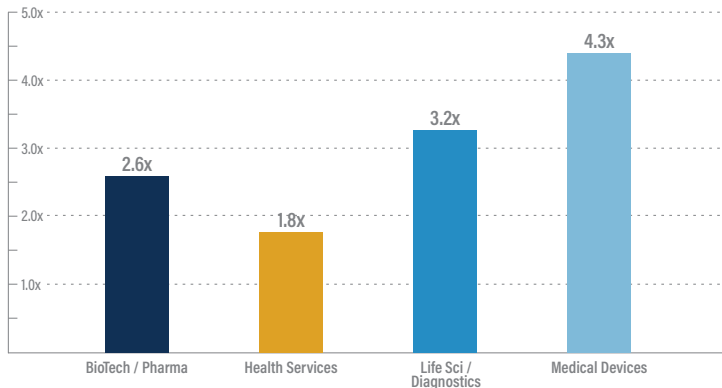
- Large contract medical device manufacturing platforms are actively seeking tuck-in acquisitions with a focus on increasing their exposure to key growing end markets, adding specialized production capabilities, acquiring proprietary technology, and optimizing their production footprint
- Sector consolidation continues to accelerate, presenting opportunities for family and founder-owned companies to capitalize on historically high valuations and an expansive buyer universe
- Sponsor-owned companies are aggressively targeting acquisitions with proprietary IP and specialized production capabilities; as competition for quality opportunities becomes increasingly frenetic, sponsors are more willing to “dip down” to complete smaller transactions

HEADLINE TRANSACTIONS

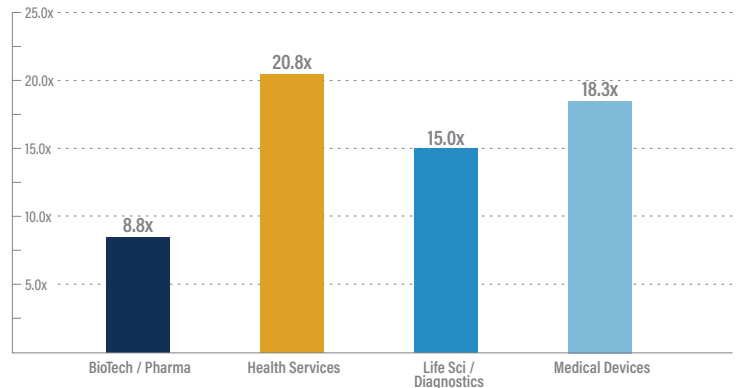
Bio/Pharma	 A Subsidiary of 		<ul style="list-style-type: none"> • Novartis AG (SWX:NOVN) entered into an agreement to acquire Xiidra from Takeda Pharmaceutical Co. for \$3.4 billion and up to \$1.9 billion in milestones • Xiidra is a well known, FDA approved treatment, administered through eye-drops, for dry eye disease • Takeda Pharmaceutical Co. develops healthcare products worldwide • Novartis AG is an international pharmaceutical company
			<ul style="list-style-type: none"> • Merck & Co., Inc. (NYSE:MRK) signed a definitive agreement to acquire Peloton Therapeutics, Inc. for \$1.05 billion and up to \$1.15 billion in milestones • Peloton Therapeutics, Inc., develops medicines for patients with cancer and other debilitating or life-threatening conditions • Merck & Co., Inc. provides healthcare solutions worldwide
			<ul style="list-style-type: none"> • Curaleaf Holdings, Inc. (CNSX:CURA) signed a definitive agreement to acquire Cura Partners, Inc. for \$1.1 billion • Cura Partners, Inc., through its subsidiaries, processes, manufactures, and distributes cannabis and hemp-based products • Curaleaf Holdings, Inc. operates as an integrated medical and wellness cannabis operator in the United States
Medical Devices			<ul style="list-style-type: none"> • 3M Company (NYSE:MMM) entered into a definitive agreement to acquire Acelity Inc. for approximately \$6.7 billion • Acelity, Inc. develops and commercializes advanced wound care and regenerative medicine solutions • 3M Company develops and markets healthcare and consumer products worldwide • Implied Enterprise Value Multiples: 4.5x Revenue, 15.2x EBITDA

HEALTHCARE GROWTH & VALUATION TRENDS

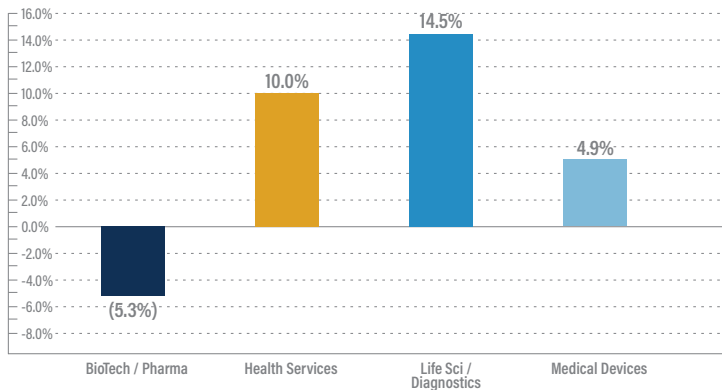
Enterprise Value / LTM Revenue



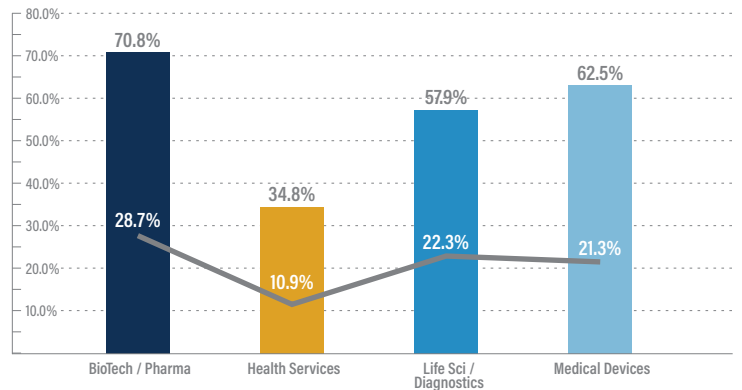
Enterprise Value / LTM EBITDA



LTM Revenue Growth

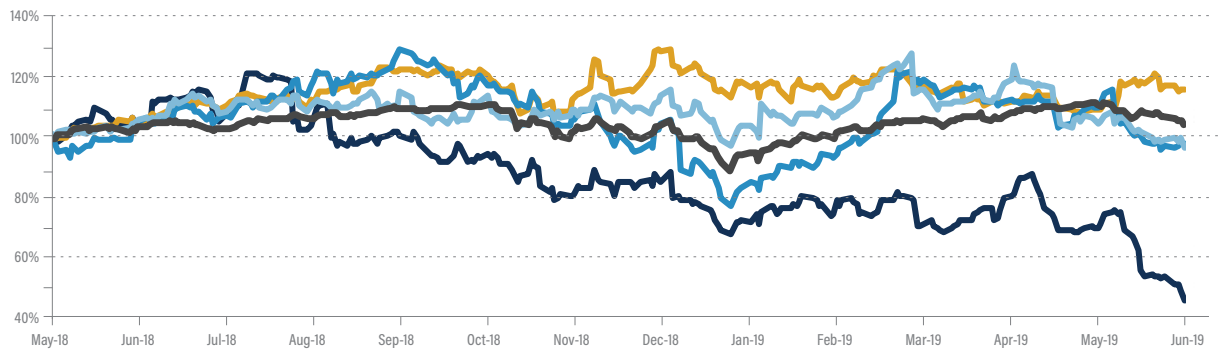


LTM Gross Margin*



*EBITDA Margins shown as the gray line.

LTM Stock Price Index



46% BioTech / Pharma 115% Health Services 98% Life Sci / Diagnostics 97% Medical Devices 104% S&P 500 Index

SELECTED HEALTHCARE TRANSACTIONS

Target	Acquiror	BioTech / Pharma Transaction
Therachon AG	Pfizer Inc.	Therachon AG develops treatments for achondroplasia and short bowel syndrome Transaction value: \$340 million and up to \$470 million in milestones
Abide Therapeutics Inc.	H. Lundbeck A/S	Abide Therapeutics Inc. develops a platform to discover potent and selective serine hydrolase inhibitors Transaction Value: \$250 million and up to \$150 million in milestones
Nuevolution AB	Amgen Inc.	Nuevolution AB focuses on developing drug treatments for oncology and chronic inflammatory diseases Transaction Value: \$169 million

Target	Acquiror	Life Sci / Diagnostics Transaction
Metabiologics, Inc.	Object Pharma, Inc.	Metabiologics, Inc. researches botulinum neurotoxins for the development of pharmaceutical products
Medwork GmbH	Fujifilm Corporation	Medwork GmbH develops and manufactures instruments for therapeutic and diagnostic endoscopy
KIBI Sverige AB	CSAM Health AS	KIBI Sverige AB develops medical documentation and diagnostic solutions for hospitals and healthcare centers

Target	Acquiror	Health Services Transaction
Ensemble RCM LLC	Golden Gate Capital	Ensemble RCM LLC provides revenue cycle management services for hospitals and physician practice operators
Electron Beam Sdn Bhd	Synergy Sterilisation (M) Sdn Bhd	Electron Beam Sdn Bhd engages in supply of contract electron beam processing services primarily for the irradiation of medical devices
KAI Innovations Inc.	WELL Health Technologies Corp.	KAI Innovations Inc., an OSCAR Server Provider, operates as a licensed reseller of medical records

Target	Acquiror	Medical Devices Transaction
VertiFlex Inc.	Boston Scientific Corporation	VertiFlex Inc. develops minimally invasive solutions for the treatment of lumbar spinal stenosis (LSS) Transaction Value: \$465 million
Micro Molding Inc.	EPTAM Precision Solutions	Micro Molding Inc. is a leading provider of precision plastic injection components primarily to the medical device market
CyberHeart, Inc	Varian Medical Systems, Inc.	CyberHeart, Inc. engages in the development of non-invasive robotic ablation treatment for cardiac arrhythmias

Selected TM Capital Healthcare Experience

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