



HEALTHCARE MONTHLY

JANUARY 2020

2020 J.P. MORGAN HEALTHCARE CONFERENCE OBSERVATIONS

The TM Capital healthcare team joined the throngs at the annual J.P. Morgan Healthcare Conference last week in San Francisco. We enjoyed the opportunity through 60 meetings to reconnect with our healthcare clients, strategic and financial acquirers, and friends of the firm. Attendees were optimistic about the 2020 healthcare outlook, reflecting the excellent year for both public and private markets in 2019 and the lack of indications of an upcoming economic slowdown. Valuations remain strong across the healthcare spectrum.

A few themes recurred across our many discussions:

- **Healthcare Products** - in light of the challenges some healthcare services roll ups are experiencing, many sponsors have expanded their view to include a range of healthcare products acquisitions in such sectors as contract manufacturing, single-use clinical products, and over-the-counter products that are less susceptible to personnel management and reimbursement issues.
- **Veterinary Products/Services** - the continuing humanization of pet care, technology advances and new service models are driving strong growth and intense strategic and financial acquiror interest in pet products and veterinary service platforms, resulting in competitive processes and expanding multiples across this sector.
- **Political Indifference** - despite the upcoming election and dramatic differences between the parties (and candidates) regarding the healthcare system, there was surprisingly little discussion or concern among participants regarding the political climate and its impact on healthcare economics. This may change as we move closer to November.

The TM Capital team will be attending the Medical Design & Manufacturing (MD&M) West conference in Anaheim, CA next month - we look forward to seeing you there.

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

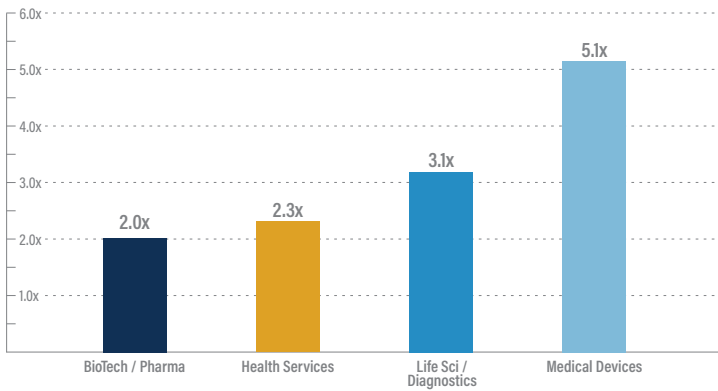
Medical Devices

HEADLINE TRANSACTIONS

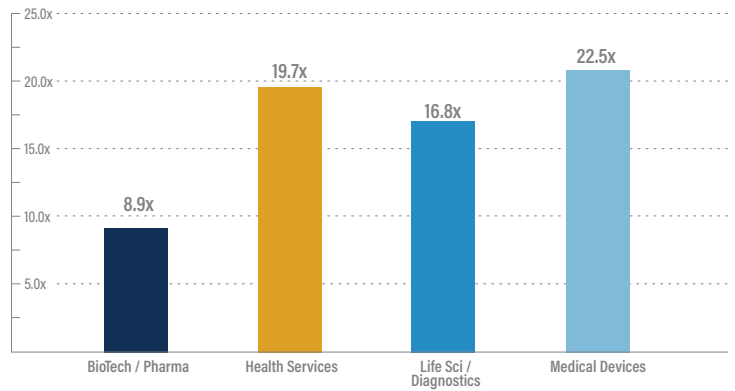
	TARGET	ACQUIROR	ACQUISITION SYNOPSISIS
BioTech / Pharma			<ul style="list-style-type: none"> • Astellas Holding, Inc. entered into a definitive agreement to acquire Audentes Therapeutics, Inc. (NasdaqGM: BOLD) for approximately \$3.0 billion • Audentes Therapeutics, Inc. focuses on developing and commercializing gene therapy products for patients living with serious diseases caused by a single gene defect • Astellas Holding, Inc. manufactures and markets pharmaceutical products worldwide
			<ul style="list-style-type: none"> • Sanofi (ENXTPA: SAN) entered into a definitive agreement to acquire Synthorx, Inc. (NasdaqGS: THOR) for approximately \$2.2 billion • Synthorx, Inc. focuses on the development of cytokine Synthorin programs for the treatment of cancer and autoimmune disorders • Sanofi provides therapeutic solutions worldwide
Healthcare Services			<ul style="list-style-type: none"> • Altaris Capital Partners entered into an agreement to acquire substantially all of the Drug Delivery Business of 3M Company (NYSE: MMM) for approximately \$650 million • The Drug Delivery Business of 3M comprises the development operations for pharmaceutical products using inhalation, microneedle and conventional therapies • Altaris Capital Partners is a private equity firm specializing in healthcare and pharmaceutical investments
Medical Devices			<ul style="list-style-type: none"> • FUJIFILM Holdings Corporation entered into an agreement to acquire the diagnostic imaging division from Hitachi, Ltd. for approximately \$1.6 billion • The division of Hitachi, Ltd. comprises the diagnostic imaging equipment manufacturing business segment • FUJIFILM Holdings Corporation develops imaging and healthcare technology solutions worldwide

HEALTHCARE GROWTH & VALUATION TRENDS

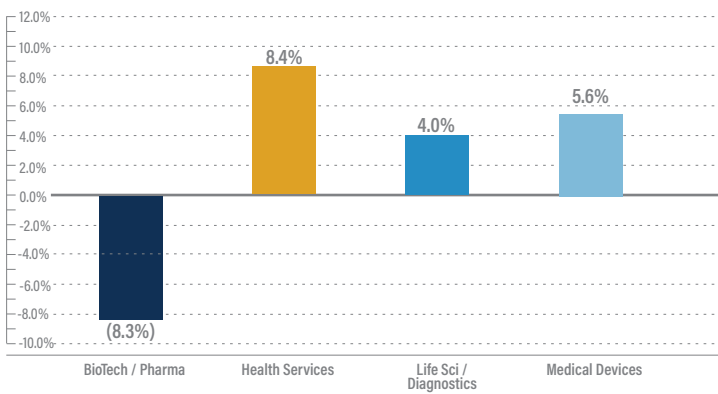
Enterprise Value / LTM Revenue



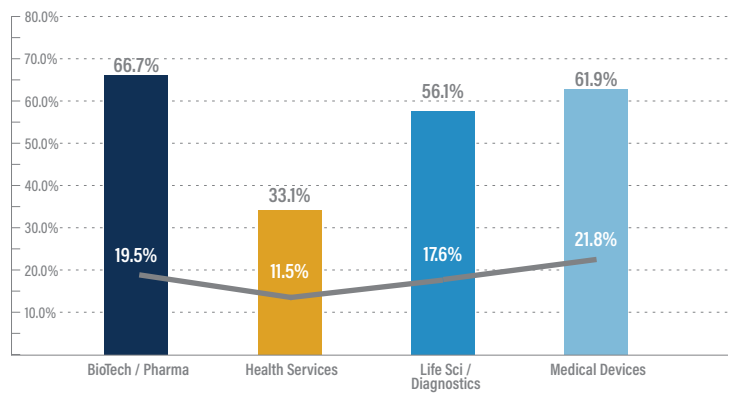
Enterprise Value / LTM EBITDA



LTM Revenue Growth

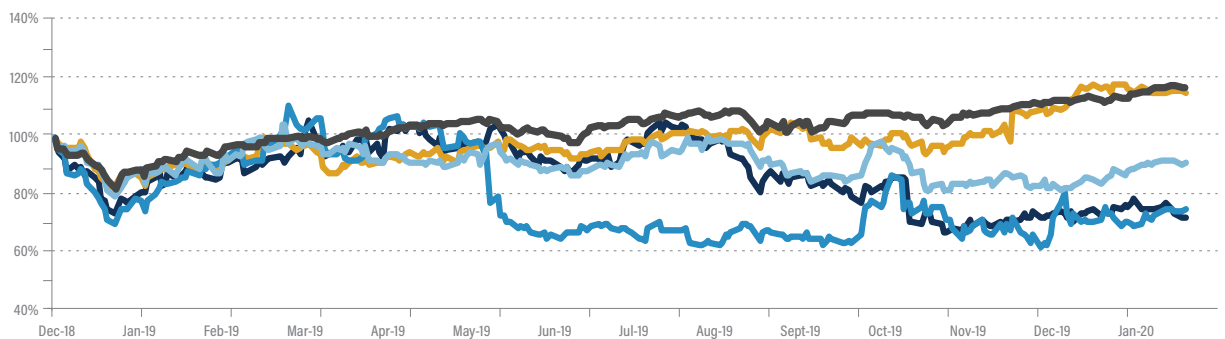


LTM Gross and EBITDA Margins*



*EBITDA Margins shown as the gray line.

LTM Stock Price Index



75% BioTech / Pharma

114% Health Services

78% Life Sci / Diagnostics

92% Medical Devices

116% S&P 500 Index

SELECTED HEALTHCARE TRANSACTIONS


Target	Acquiror	BioTech / Pharma Transaction
Boehringer Ingelheim Buscopan brand and other assets	Hypera S.A.	The Buscopan brand & related assets comprise research, development, manufacture, and marketing of therapeutic solutions services Transaction Value: \$358 million
Xyphos Biosciences, Inc.	Astellas Pharma Inc.	Xyphos Biosciences, Inc. engages in creation and development of immuno-oncology therapeutics designed for building a patient's immune system to cure cancer Transaction Value: \$120 million and up to \$545 million
Assertio's Gralise (gabapentin) assets	Alvogen, Inc.	The gralise (gabapentin) assets represent prescription therapy indicated to treat pain after shingles Transaction Value: \$75 million and up to \$52.5 million in milestones

Target	Acquiror	Life Sci / Diagnostics Transaction
HemaCare Corporation	Charles River Laboratories International, Inc.	HemaCare Corporation provides human-derived primary blood cells and tissues for biomedical research Transaction Value: \$380 million Transaction Multiples: 10.6x Revenue, 44.5x EBITDA
Molzymb GmbH & Co. KG	Gradian Diagnostics Inc.	Molzymb GmbH & Co. KG manufactures and supplies life science products for molecular diagnostics applications
Folvo Co	EffePharm (Shanghai) Co, Ltd	Folvo Co provides laboratory services that focus on biological tests, such as safety and functions of pharmaceutical ingredients


Target	Acquiror	Health Services Transaction
Corrona, LLC	Audax Management Company, LLC	Corrona, LLC develops real world data and analytics solutions, enabling biopharmaceutical companies to demonstrate the value and differentiation of their products to clinicians, patients and regulators
Practis, Inc.	Eagle Private Capital, LLC	Practis, Inc. develops and offers digital marketing SaaS software solutions to the healthcare industry
Zahneins Gruppe	PAI Partners	Zahneins Gruppe provides practice marketing and human resource management services for dental practices

Target	Acquiror	Medical Devices Transaction
Septrafil Adhesion Barrier Unit of Sanofi	Baxter International Inc.	Septrafil Adhesion Barrier Unit of Sanofi comprises the company's surgical products unit Transaction Value: \$350 million
Clinical Sensors, Inc. (nka:Diabetic Health, Inc.)	KNOW Bio, LLC	Clinical Sensors, Inc. develops sensors and point-of-care devices for critical medical conditions
Harvest Healthcare Limited	Prism UK Medical Ltd.	Harvest Healthcare Limited manufactures and supplies healthcare equipment for customers in United Kingdom and internationally


Selected TM Capital Healthcare Experience




HAS BEEN ACQUIRED BY





A PORTFOLIO COMPANY OF






HAS BEEN ACQUIRED BY






HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



TM Capital's Healthcare Industry Contacts



James McLaren,
Managing Director
jmcclaren@tmcapital.com
212.809.1414



Michael Goldman,
Managing Director
mgoldman@tmcapital.com
212.809.1419



Paul Smolevitz,
Managing Director
psmolevitz@tmcapital.com
212.809.1416



John Dean,
Vice President
jdean@tmcapital.com
404.995.6234



Steve Hunter,
Managing Director - Sponsor Coverage
mgoldman@tmcapital.com
404.995.6232