



HEALTHCARE MONTHLY

JANUARY 2021

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

BioTech / Pharma

Healthcare Services

Life Sciences / Diagnostics

Medical Devices

2021 "VIRTUAL JPM" HEALTHCARE MEETING OBSERVATIONS









While we missed enjoying the usual downpours of San Francisco, the TM Capital healthcare team organized "Virtual JPM" Zoom meetings to catch up with almost 50 of our friends this month including client companies, key healthcare sponsors, and major strategic acquirers in this sector.

Major themes included:

- **Diagnostics** – the pandemic has accelerated growth in diagnostics and has highlighted this sector's increasing importance for public health and personalized healthcare. Focus areas include COVID-related testing, remote sampling and automation.
- **Animal Health** – already powerful trends towards humanization of pet care have accelerated during this period, driving increased demand for both services and products. Sponsors and strategic acquirers are aggressively seeking to capitalize on animal health opportunities.
- **COVID Impacts** – acquirers have had to assess pro forma COVID adjustments, such as the negative impact on elective procedures and provider services, and the positive impact on PPE and disposable products. However, many transactions are being completed at attractive valuations as motivated buyers overcome these challenges.

Based on our recent healthcare closings and strong backlog, we remain optimistic about the healthcare M&A landscape for 2021.

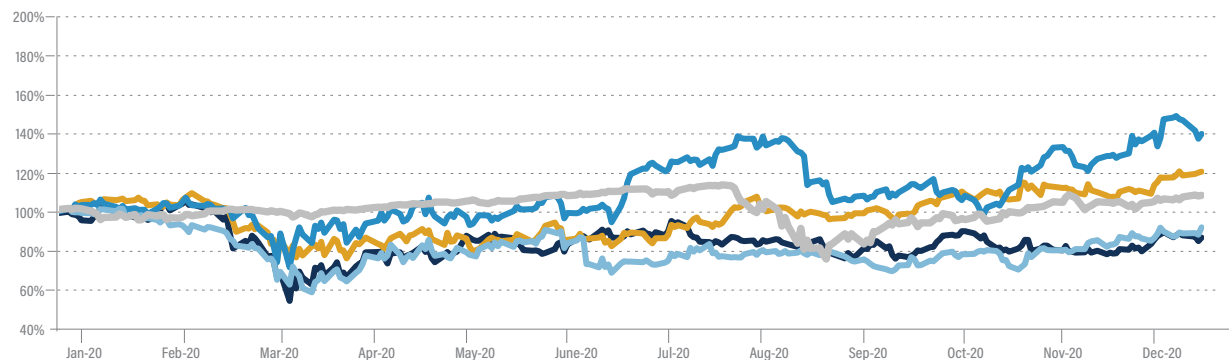
HEADLINE TRANSACTIONS

TARGET	ACQUIROR	ACQUISITION SYNOPSIS
		<ul style="list-style-type: none"> Gainwell entered into a definitive agreement to acquire HMS Holdings (NasdaqGS:HMSY) HMS provides cost containment solutions to the healthcare marketplace Gainwell develops technology-enabled solutions for the administration and operation of health programs Total consideration: \$3.3 billion in cash (52% premium) Implied Enterprise Value / LTM Total Revenue Multiple: 5.3x
		<ul style="list-style-type: none"> Philips Holding USA entered into a definitive merger agreement to acquire BioTelemetry (NasdaqGS:BEAT) BioTelemetry provides remote monitoring, centralized core laboratory services for clinical trials and original equipment manufacturing services Philips manufactures and markets cardiac care, acute care and home healthcare products in addition to its non-healthcare offerings Total consideration: \$2.6 billion in cash (17% premium) Implied Enterprise Value / LTM Total Revenue Multiple: 6.7x
		<ul style="list-style-type: none"> AstraZeneca (LSE:AZN) entered into a definitive agreement to acquire Alexion Pharmaceuticals Alexion develops and commercializes various therapeutic products AstraZeneca, based in the UK, discovers, develops and commercializes prescription medicines in the areas of oncology, cardiovascular, autoimmunity, neuroscience and gastroenterology Total consideration: \$40 billion in cash and equity (45% premium) Implied Enterprise Value / LTM Total Revenue Multiple: 70x
		<ul style="list-style-type: none"> EQT Partners made an offer to acquire Recipharm Recipharm, based in Sweden, provides contract development and manufacturing solutions to the pharmaceutical industry EQT is a private equity firm based in Sweden Total consideration: \$2 billion in cash (23% premium) Implied Enterprise Value / LTM Total Revenue Multiple: 3.2x

Note: All premium data calculated based on the closing market value one day prior to announcement

HEALTHCARE GROWTH & VALUATION TRENDS

LTM Stock Price Index



86% BioTech / Pharma

120% Health Services

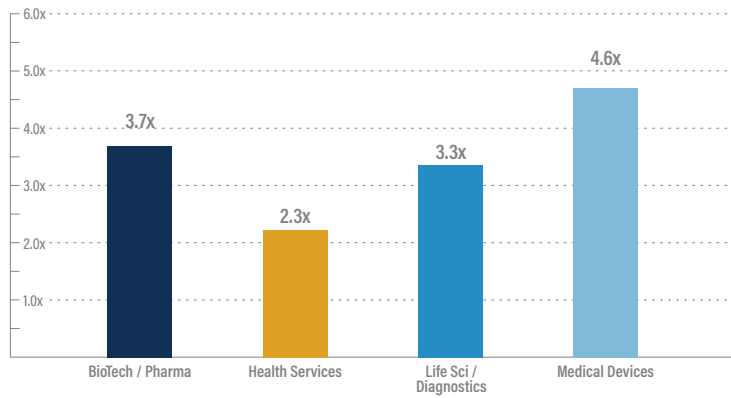
140% Life Sci / Diagnostics

91% Medical Devices

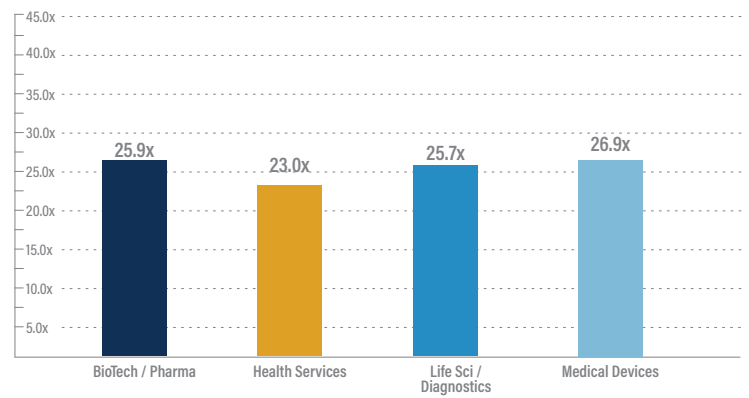
108% S&P 500 Index

HEALTHCARE GROWTH & VALUATION TRENDS (CONTINUED...)

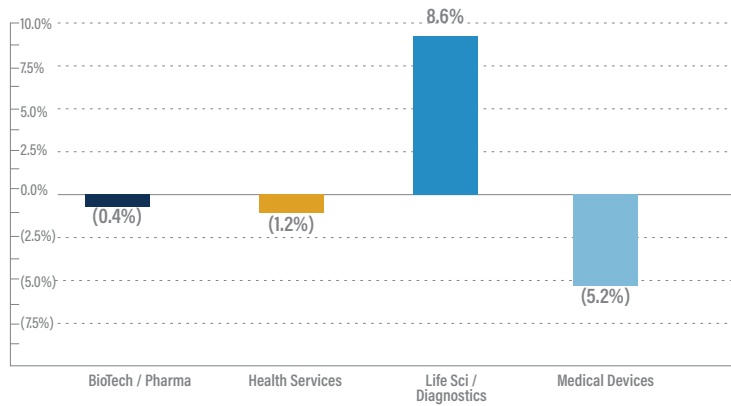
Enterprise Value / LTM Revenue



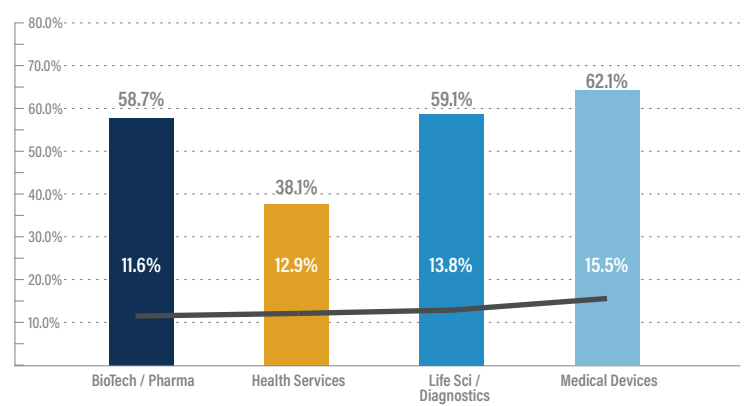
Enterprise Value / LTM EBITDA



LTM Revenue Growth



LTM Gross and EBITDA Margins*



*EBITDA Margins shown as the gray line.



SELECTED HEALTHCARE TRANSACTIONS

Target	Acquiror	BioTech / Pharma Transactions
MYR	Gilead Sciences	MYR, based in Germany, engages in the development and commercialization of therapeutics for the treatment of chronic hepatitis B (HBV) and D (HDV) infections Total consideration: \$1.4 billion in cash
NBE-Therapeutics	C. H. Boehringer Sohn & Co.	NBE-Therapeutics, based in Switzerland, engages in the development of antibody drug conjugates for the therapy of cancer Total consideration: \$1.4 billion in cash
Prevail Therapeutics (NasdaqGM:PRVL)	Eli Lilly and Company (NYSE:LLY)	Prevail Therapeutics focuses on developing and commercializing disease-modifying gene therapies for patients with neurodegenerative diseases Total consideration: \$783 million in cash (117% premium)

Target	Acquiror	Life Sci / Diagnostics Transactions
PathLab Medical Laboratories	Union Medical Healthcare	PathLab Medical Laboratories, based in Hong Kong, owns and operates clinical diagnostic laboratories Total consideration: \$76 million in cash and equity
ZeptoMetrix Corporation	Cole-Parmer Instrument Company	ZeptoMetrix manufactures and provides research products and services for diagnostic and pharmaceutical research products industries
ONsite Mammography	Olympus Partners	ONsite Mammography provides 3D mammography services to obstetricians, gynecologists and other primary care professionals

Note: All premium data calculated based on the closing market value one day prior to announcement

Selected TM Capital Healthcare Experience

 <p>HAS RECEIVED A GROWTH EQUITY INVESTMENT FROM</p> 	 <p>HAS SOLD ITS MEDICAL BUSINESS TO</p>  <p>A PORTFOLIO COMPANY OF</p> 	 <p>A PORTFOLIO COMPANY OF</p>  <p>HAS BEEN ACQUIRED BY AN INVESTMENT VEHICLE SUB-MANAGED BY</p> 
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Target	Acquiror	Health Services Transactions
AeroCare Holdings	AdaptHealth	AeroCare distributes home medical equipment including respiratory products and oxygen concentrators instructions for patients Total consideration: \$2 billion in cash and equity
Kantar Health	Cerner Corporation	Kantar Health provides consulting and research services for products and services that fall under healthcare regulation and legislation Total consideration: \$375 million in cash
Verata Health	Olive AI	Verata Health designs and develops artificial intelligence-based prior authorization process software solutions for healthcare providers and payers Total consideration: \$120 million in cash

Target	Acquiror	Medical Device Transactions
ACell	Integra LifeSciences Holdings	ACell focuses on the development, manufacture, and sale of regenerative medicine, including medical devices for wound management and surgical soft tissue repair Total consideration: \$400 million in cash
Veran Medical Technologies	Olympus Corporation of the Americas	Veran Medical Technologies develops minimally invasive therapeutic devices for interventional oncology procedures Total consideration: \$340 million in cash
LiteCure	DJO Global	LiteCure offers companion laser therapies for pet owners and medical laser therapies for patients, such as deep tissue therapy lasers for pain management

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