



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2015 :: Mergers and Acquisitions Trend Report

2015 KEY HIGHLIGHTS

- The largest transaction in 2015 was Pamplona Capital Management LLP's announced acquisition of MedAssets Inc., a healthcare performance improvement company, for \$2.77 billion. Pamplona is planning to combine MedAssets' revenue cycle management (RCM) business with Precyse, a health information management company that it acquired earlier in the year.
- The most active acquirer during the year, either directly or through an affiliated business, was CompuGroup Medical AG with seven transactions.
- Strategic acquirers represented 78 percent of volume and 57 percent of value in 2015.

2015 KEY TRENDS

- Total transaction volume in 2015 increased by 15 percent over 2014, from 387 to 446.
- Total transaction value in 2015 saw a gain of four percent over 2014, from \$16.44 billion to \$17.08 billion.
- The median revenue multiple improved from 2.4x in 2014 to 2.7x in 2015. The median EBITDA multiple remained nearly constant at 13.8x, while the median value saw a significant increase.
- The segment with the largest rise in volume in 2015 over 2014 was Medical Education which more than doubled, from 18 to 39 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,162 Healthcare/Pharma Information and Technology transactions between 2013 and 2015, of which 229 disclosed financial terms, and calculated the aggregate value to be \$33.14 billion. Based on known transaction values, we project values of 933 undisclosed transactions to be \$13.11 billion, totaling \$46.25 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.7x revenue and 13.0x EBITDA.

M&A Market Dynamics

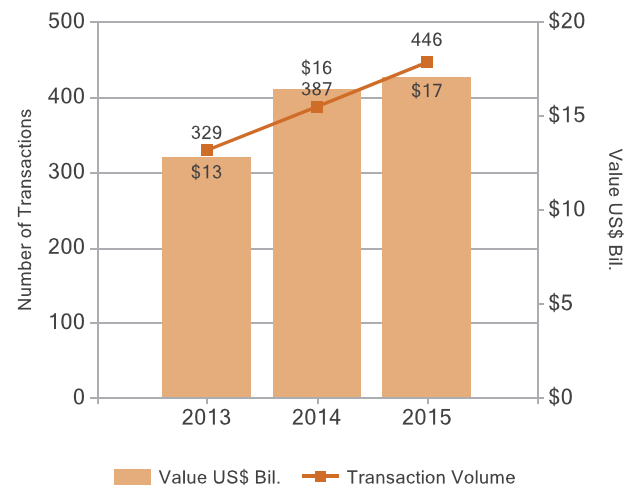


Figure 1. 2013-2015 value and volume comparison.

Median Enterprise Value Multiples

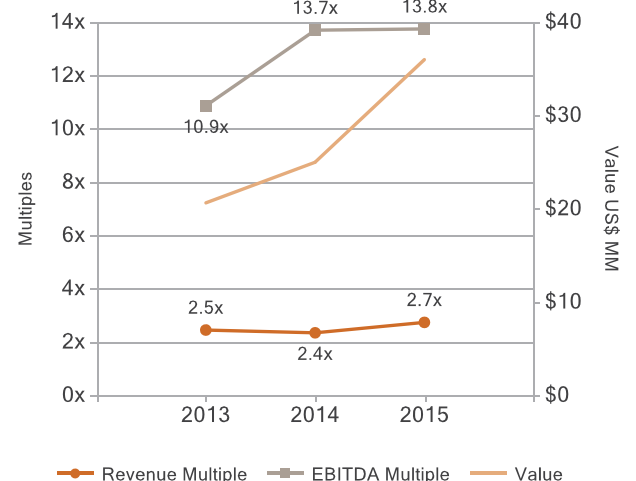


Figure 2. 2013-2015 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2015 – December 31, 2015

Bell Curve - Histogram

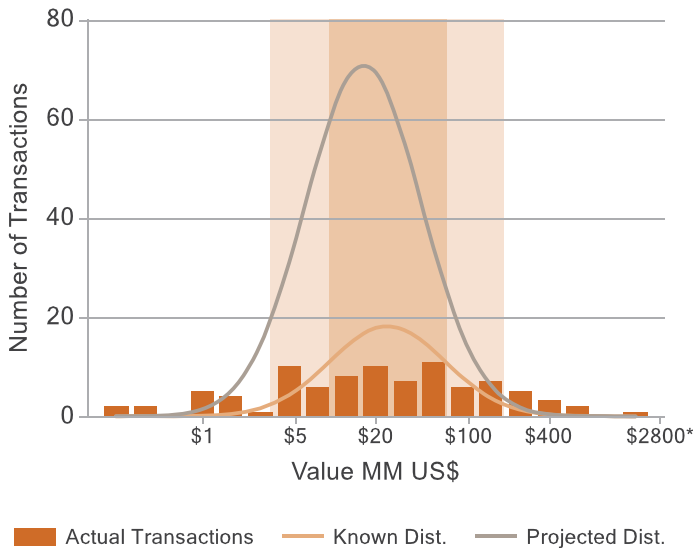


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$12.2 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2015 at \$17.1 billion.

* Indicates largest transaction in the industry from Jan. 1, 2015 to Dec. 31, 2015.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	2 %	2 %
\$0.4	2	0	2	2 %	4 %
\$0.6	0	0	0	0 %	4 %
\$1.0	5	1	6	5 %	10 %
\$1.6	4	5	9	4 %	14 %
\$2.7	1	14	15	1 %	15 %
\$4.5	10	31	40	11 %	26 %
\$7.4	6	52	57	7 %	33 %
\$12.2	8	68	75	9 %	42 %
\$20.1	10	69	79	11 %	53 %
\$33.1	7	55	61	8 %	60 %
\$54.6	11	34	44	12 %	73 %
\$90.0	6	16	22	7 %	79 %
\$148.4	7	6	13	8 %	87 %
\$244.7	5	2	6	5 %	92 %
\$403.4	3	0	3	3 %	96 %
\$665.1	2	0	2	2 %	98 %
\$1,096.6	0	0	0	0 %	98 %
\$1,808.0	1	0	1	1 %	99 %
Total #	91	355	446		
Total \$ Value	\$11,312	\$5,769	\$17,081		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Note: The projected number column is rounded and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

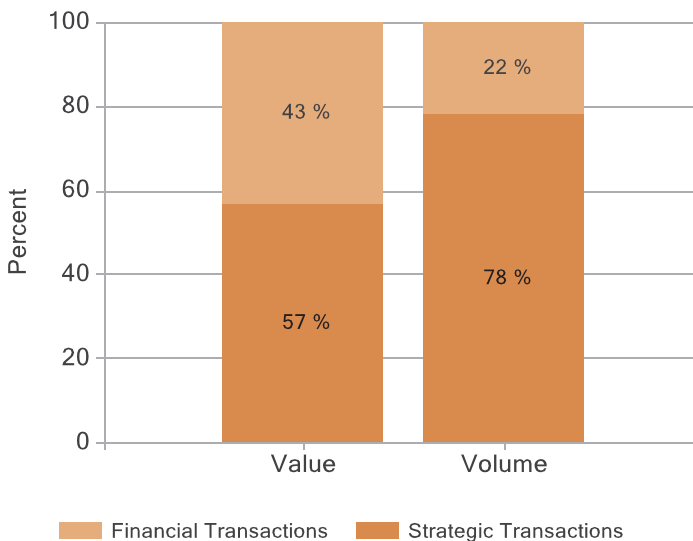


Figure 5. 2015 value and volume comparison by acquirer type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

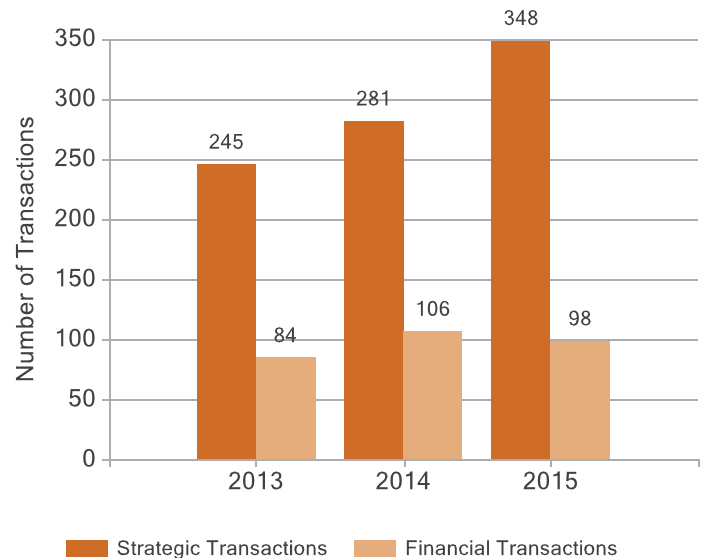


Figure 6. 2013-2015 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2015

Deal Date	Target Name	Buyer	Value MM US\$
11/02/15	MedAssets Inc.	Pamplona Capital Management LLP	\$2,766
08/06/15	Merge Healthcare Incorporated	IBM Watson Health	\$1,030
07/06/15	Altegra Health	Emdeon, Inc.	\$910
05/12/15	vRad	MEDNAX, Inc.	\$500
02/04/15	MyFitnessPal	Under Armour	\$475
01/27/15	Studer Group	Huron Consulting Group Inc.	\$421
08/04/15	CECity.com, Inc.	Premier, Inc.	\$400
08/26/15	Navihealth, Inc.	Cardinal Health, Inc.	\$290
10/29/15	Aesynt Incorporated	Omniceil, Inc.	\$275
10/26/15	CliniSys Group	Sunquest Information Systems	\$261
2015 Aggregate Transaction Value			\$17,081
Top 10 Aggregate Transaction Value			\$7,329
Top 10 Aggregate Value as a Percentage of All Transactions			43 %

Figure 7. Lists the top ten transactions for 2015 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Margin

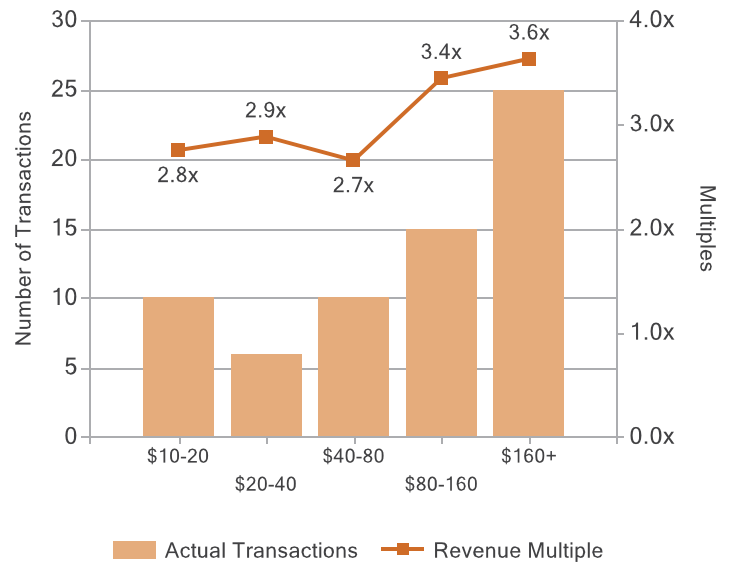


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2013 to Dec. 31, 2015 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2013 – December 31, 2015

Transactions By Market Segment

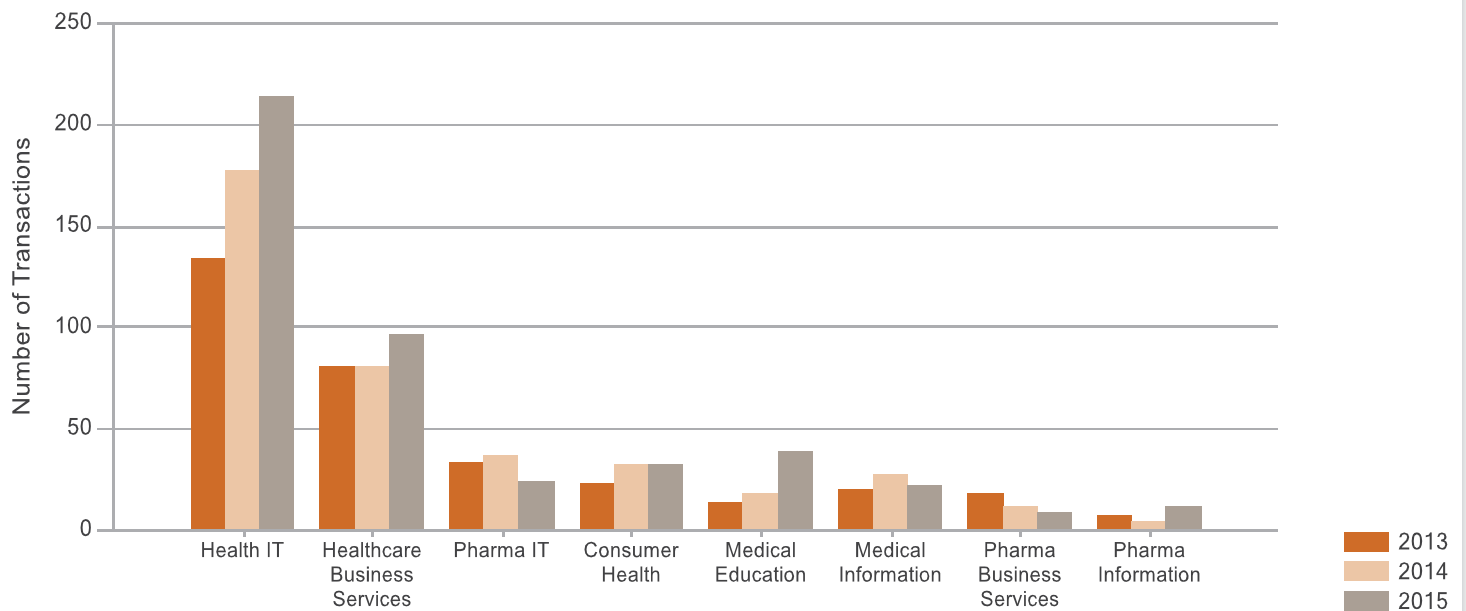


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2013 through Dec. 31, 2015.

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Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

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