



## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### Q3 2015 :: Mergers and Acquisitions Trend Report

#### Q3 2015 KEY HIGHLIGHTS

- The largest transaction in Q3 2015 and year-to-date was IBM Watson Health's acquisition of Merge Healthcare Incorporated, a provider of medical image handling and processing, interoperability and clinical systems, for \$1 billion.
- Strategic acquirers accounted for 84 percent of Healthcare IT volume in Q3 2015.

#### Q3 2015 KEY TRENDS

- Total transaction volume in Q3 2015 declined by six percent over Q2 2015, from 112 to 105. However, volume year-to-date increased by 13 percent compared to the corresponding timeframe in 2014. In addition Q2 2015 was the peak for volume throughout the past seven quarters.
- Total transaction value in Q3 2015 more than tripled over Q2 2015, from \$1.4 billion to \$4.3 billion, in line with its Q1 2015 level.

#### MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2014 through the 1st 3 Quarters of 2015 moved upward by 13 percent, from 2.4x to 2.7x.
- The median EBITDA multiple from 2014 through the 1st 3 Quarters of 2015 remained nearly constant at 13.4x.

#### Top Ten Notable Transactions - 1st 3 Quarters 2015

Deal Date	Target Name	Buyer	Value MM US\$
08/06/15	Merge Healthcare Incorporated	IBM Watson Health	\$1,000
07/06/15	Altegra Health	Emdeon, Inc.	\$910
05/12/15	vRad	MEDNAX, Inc.	\$500
02/04/15	MyFitnessPal	Under Armour	\$475
08/04/15	CECity.com, Inc.	Premier, Inc.	\$400
01/27/15	Studer Group	Huron Consulting Group Inc.	\$325
08/26/15	Navihealth, Inc.	Cardinal Health, Inc.	\$290
08/05/15	Runtastic	Adidas AG	\$239
04/29/15	Ewell Technology Co., Ltd	Hangzhou Century Co., Ltd.	\$175
08/14/15	Learner's Digest International	Wolters Kluwer Health	\$150

2015 Aggregate Transaction Value \$10,233

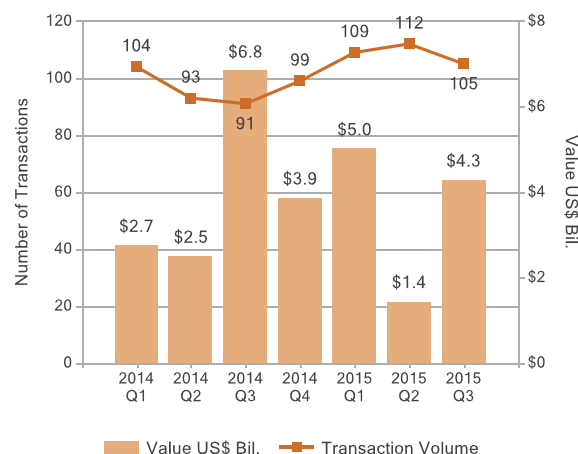
Top 10 Aggregate Transaction Value \$4,465

**Top 10 Aggregate Value as a Percentage of All Transactions 44 %**

**Figure 3.** Lists the top ten transactions for the 1st 3 Quarters of 2015 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

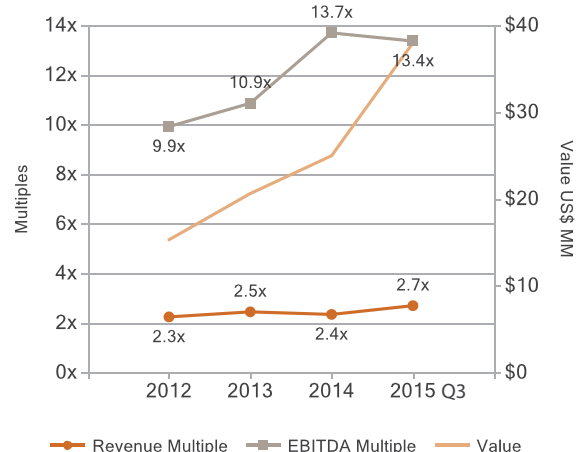
**Note:** Transaction data based on **announced date**.

#### M&A Market Dynamics By Quarter



**Figure 1.** 2014-2015 value and volume comparison.

#### Median Enterprise Value Multiples



**Figure 2.** 2012-2015 median value, revenue, EBITDA comparison through Q3 2015.

#### TOP TEN DEALS THROUGH Q3 2015

The top ten deals by value have seen six new additions since our half year report. This included three of the industry's five largest transactions year-to-date. Also of note, strategic acquirers were responsible for nine of the top ten highest value deals through the 1st 3 Quarters of 2015.

These six transactions, with an aggregate value of \$3.0 billion, represented 29 percent of transaction value in the 1st 3 Quarters of 2015 and 70 percent of Q3 2015 transaction value.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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## RECENT HEALTHCARE TRANSACTIONS

**EBIX**

HAS ACQUIRED

**Oakstone**

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