



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

Q3 2016 :: Mergers and Acquisitions Trend Report

Q3 2016 KEY HIGHLIGHTS

- The industry's highest value transaction in Q3 2016 was private equity firm EQT's announced acquisition of Press Ganey Associates, a healthcare performance improvement company that offers patient experience measurement, performance analytics and strategic advisory solutions, for \$2.4 billion.
- The largest Healthcare IT deal in Q3 2016 was Thoma Bravo's acquisition of Imprivata, a provider of authentication and security solutions used by hospitals, for \$544 million.

Q3 2016 KEY TRENDS

- Total transaction volume in the 1st 3 Quarters of 2016 saw a slight uptick over the 1st 3 Quarters of 2015, from 338 to 341.
- Total transaction value in the 1st 3 Quarters of 2016 more than doubled over the 1st 3 Quarters of 2015, from \$10.7 billion to \$22.1 billion. There were three multibillion dollar deals year-to-date, as opposed to none during the corresponding timeframe in 2015.

MULTIPLES & VALUE TRENDS

- The median revenue multiple remained nearly constant on a year-over-year basis at 2.6x. The median EBITDA multiple increased on a year-over-year basis from 10.4x to 13.9x.

Top Ten Notable Transactions - 1st 3 Quarters 2016

Deal Date	Target Name	Buyer	Value MM US\$
05/03/16	Quintiles Transnational Corp.	IMS Health Incorporated *	\$8,750
02/18/16	Truven Health Analytics	IBM Watson Health	\$3,579
08/09/16	Press Ganey Associates, Inc.	EQT	\$2,370
03/23/16	Netsmart Technologies, Inc.	Allscripts, GI Partners	\$950
04/25/16	Verisk Health, Inc.	Veritas Capital Partners	\$820
02/22/16	Brightree LLC	ResMed	\$800
07/13/16	Imprivata, Inc.	Thoma Bravo, LLC	\$544
02/11/16	HealthPlan Services	Wipro, Ltd.	\$460
06/13/16	Cardon Outreach	MedData, Inc.	\$400
09/12/16	Anthelio Healthcare Solutions Inc.	Atos SE	\$275

2016 Aggregate Transaction Value \$22,082

Top 10 Aggregate Transaction Value \$18,948

Top 10 Aggregate Value as a Percentage of All Transactions 86 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2016 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

* IMS Health shareholders will hold about 51.4% of the shares of the combined company. Quintiles shareholders will hold the remaining 48.6%.

M&A Market Dynamics

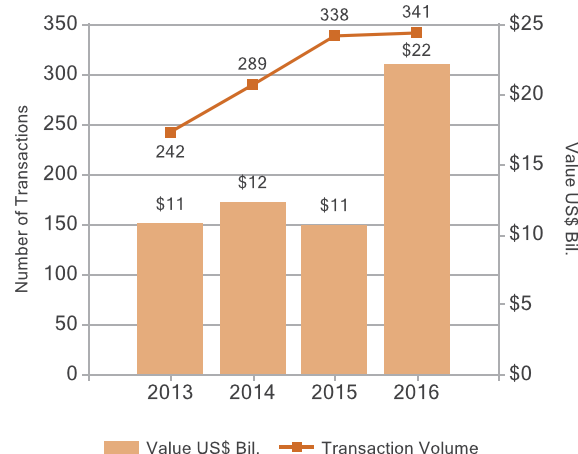


Figure 1. 1st 3 Quarters value and volume comparison from 2013 to 2016.

Median Enterprise Value Multiples

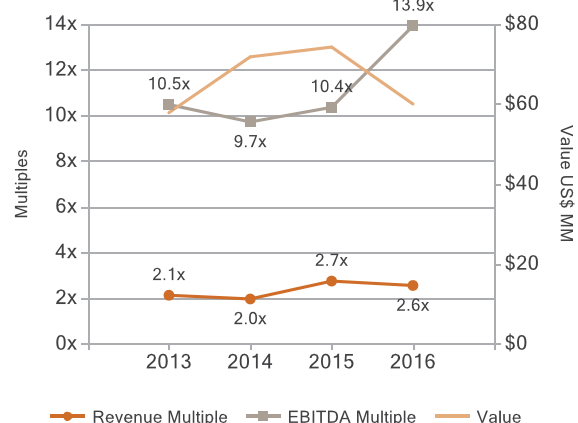


Figure 2. 1st 3 Quarters median value, revenue, EBITDA comparison from 2013 to 2016.

TOP TEN DEALS THROUGH Q3 2016

The top ten deals by value have seen three new additions since our half year report. Of note, two of the three deals were backed by financial sponsors. Strategic acquirers nonetheless represented 86 percent of the industry's aggregate volume in Q3 2016.

These three transactions, with an aggregate value of \$3.2 billion, represented 14 percent of transaction value in the 1st 3 Quarters of 2016 and 74 percent of Q3 2016 transaction value.

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