

HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2019 ■ Mergers and Acquisitions Trend Report

2019 KEY HIGHLIGHTS

- The largest deal in 2019 was Dassault Systèmes' acquisition of Medidata, a provider of SaaS-based clinical development software, for \$5.82 billion.
- There were 178 financially sponsored transactions with an aggregate value of \$14.89 billion, representing 33 percent of the total volume and 44 percent of the total value, respectively.

2019 KEY TRENDS

- Total transaction volume in 2019 increased by 14 percent over 2018, from 469 to 534.
- Total transaction value in 2019 declined by six percent over 2018, from \$36.09 billion to \$33.90 billion.
- The median revenue multiple shifted from 2.5x in 2018 to 2.3x in 2019. The median EBITDA multiple moved upward during this timeframe from 11.9x to 12.6x.
- The segment with the largest rise in volume in 2019 over 2018 was Pharma IT with a 32 percent gain, from 31 to 41 transactions.
- The Healthcare IT segment, which saw volume increase 11 percent on a yearly basis, accounted for nearly one-half of the industry's aggregate volume in 2019.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,462 Healthcare/Pharma Information and Technology transactions between 2017 and 2019, of which 286 disclosed financial terms, and calculated the aggregate value to be \$85.71 billion. Based on known transaction values, we project values of 1,176 undisclosed transactions to be \$14.86 billion, totaling \$100.56 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 2.3x revenue and 12.6x EBITDA.

M&A Market Dynamics

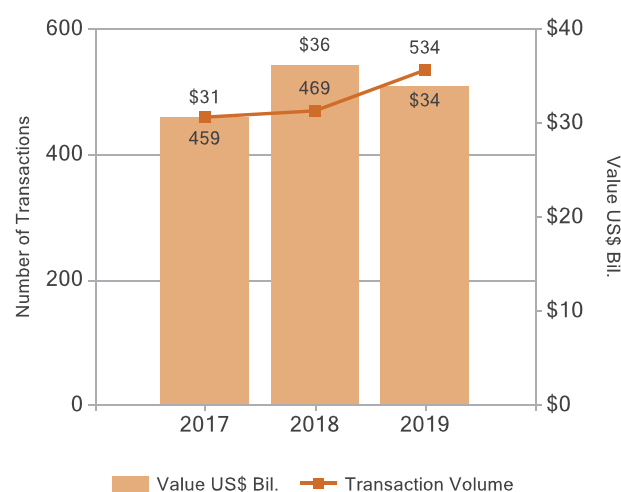


Figure 1. 2017-2019 value and volume comparison.

Median Enterprise Value Multiples

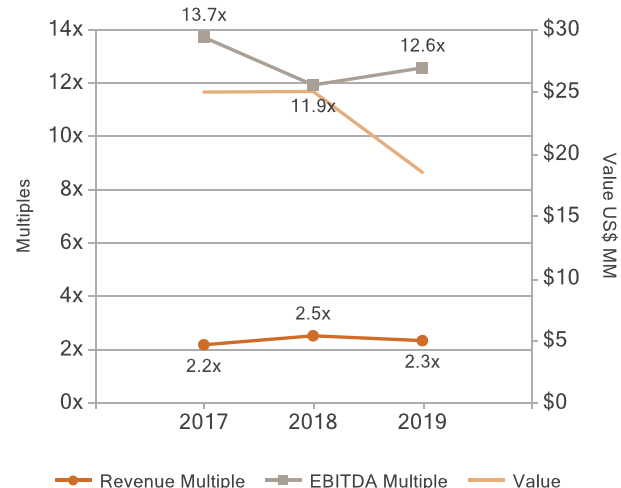


Figure 2. 2017-2019 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2019 – December 31, 2019

Bell Curve - Histogram

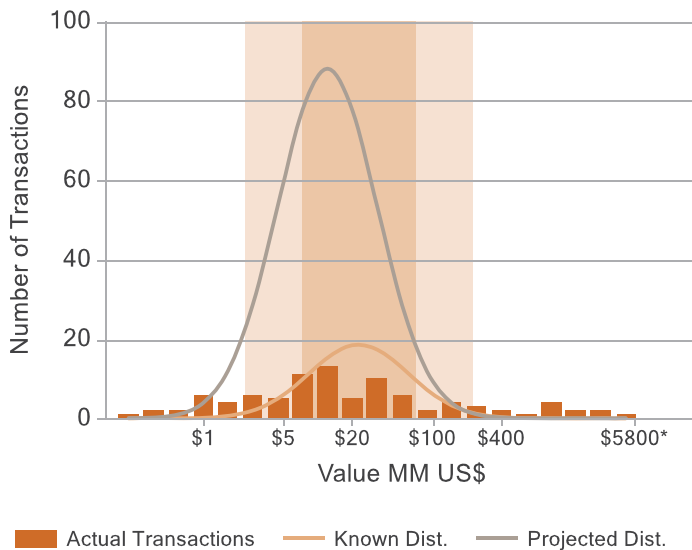


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2019 at \$33.9 billion.

* Indicates largest transaction in the industry from Jan. 1, 2019 to Dec. 31, 2019.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	2	0	2	2 %	3 %
\$0.6	2	1	2	2 %	5 %
\$1.0	6	4	9	6 %	12 %
\$1.6	4	12	15	4 %	16 %
\$2.7	6	29	34	6 %	23 %
\$4.5	5	54	58	5 %	28 %
\$7.4	11	78	88	12 %	40 %
\$12.2	13	88	101	14 %	54 %
\$20.1	5	78	82	5 %	59 %
\$33.1	10	53	63	11 %	70 %
\$54.6	6	28	34	6 %	76 %
\$90.0	2	12	13	2 %	78 %
\$148.4	4	4	7	4 %	83 %
\$244.7	3	1	3	3 %	86 %
\$403.4	2	0	2	2 %	88 %
\$665.1	1	0	1	1 %	89 %
\$1,096.6	4	0	4	4 %	94 %
\$1,808.0	2	0	2	2 %	96 %
\$2,981.0	2	0	2	2 %	98 %
\$4,914.8	1	0	1	1 %	99 %
Total #	93	441	534		
Total \$ Value	\$28,540	\$5,363	\$33,903		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

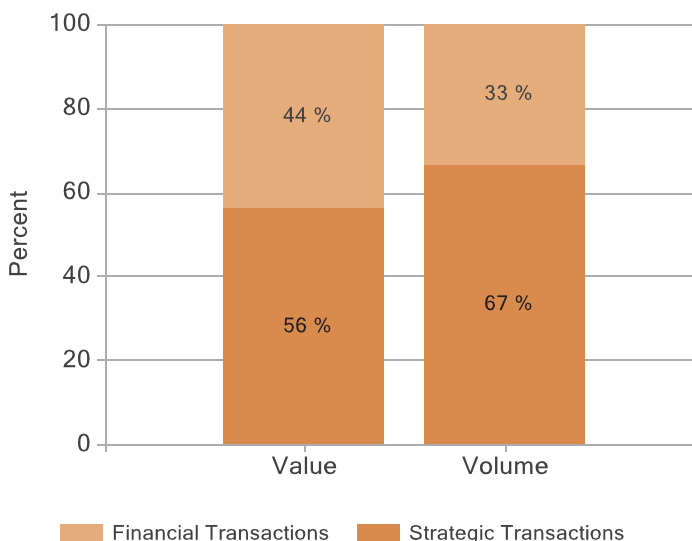


Figure 5. 2019 value and volume comparison by acquirer type.

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

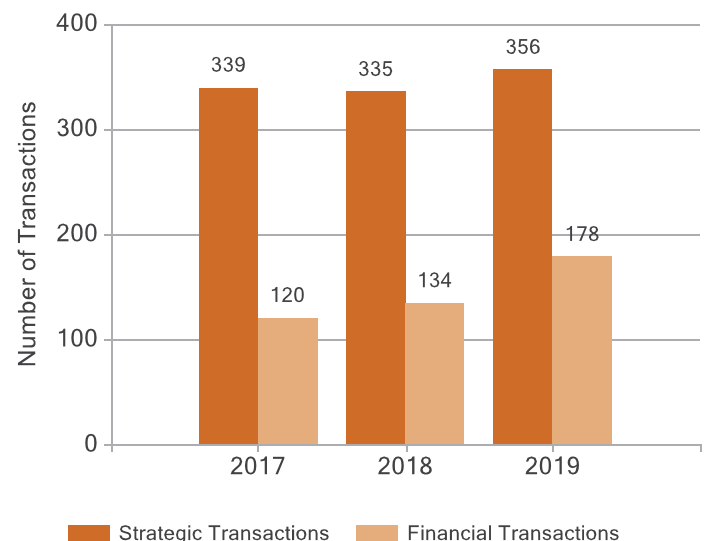


Figure 6. 2017-2019 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2019

Deal Date	Target Name	Buyer	Value MM US\$
06/12/19	Medidata	Dassault Systemes	\$5,822
06/20/19	Equian	UnitedHealth Group	\$3,200
07/29/19	Waystar	EQT AB, CPP Investment Board	\$2,700
09/05/19	Assurance IQ	Prudential Financial, Inc.	\$2,350
11/01/19	Fitbit Inc.	Google	\$1,696
08/21/19	GoHealth	Centerbridge Capital Partners	\$1,500
04/30/19	WageWorks, Inc.	HealthEquity, Inc.	\$1,340
08/07/19	Navigant Consulting	Guidehouse	\$1,134
06/17/19	Aris Global LLC	Nordic Capital	\$700
06/11/19	Press Ganey Associates, Inc.	Leonard Green & Partners, L.P., Ares Management, L.P.	N/A
2019 Aggregate Transaction Value			\$33,903
Top 9 Aggregate Transaction Value			\$20,442
Top 9 Aggregate Value as a Percentage of All Transactions			60 %

Figure 7. Lists the top ten transactions for 2019 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer. Transactions with values listed as N/A have non-disclosed values that would otherwise qualify for inclusion in the top ten.

Median EV/Revenue Multiples by Size

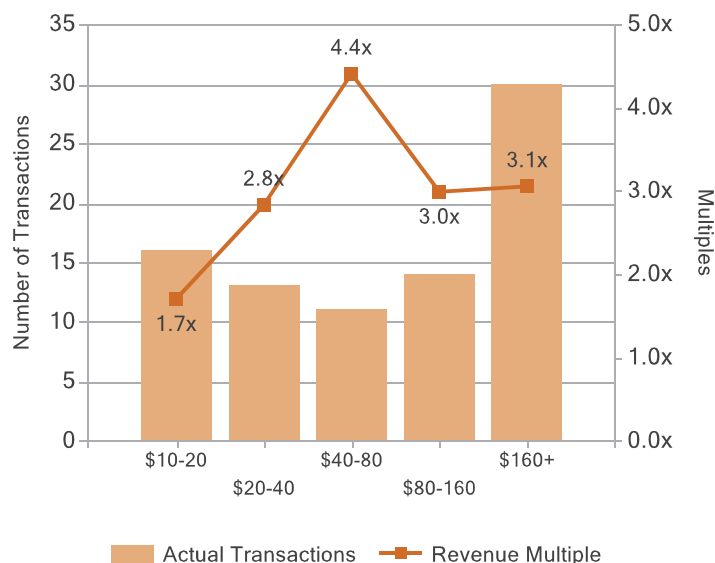


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2017 to Dec. 31, 2019 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2017 – December 31, 2019

Transactions By Market Segment

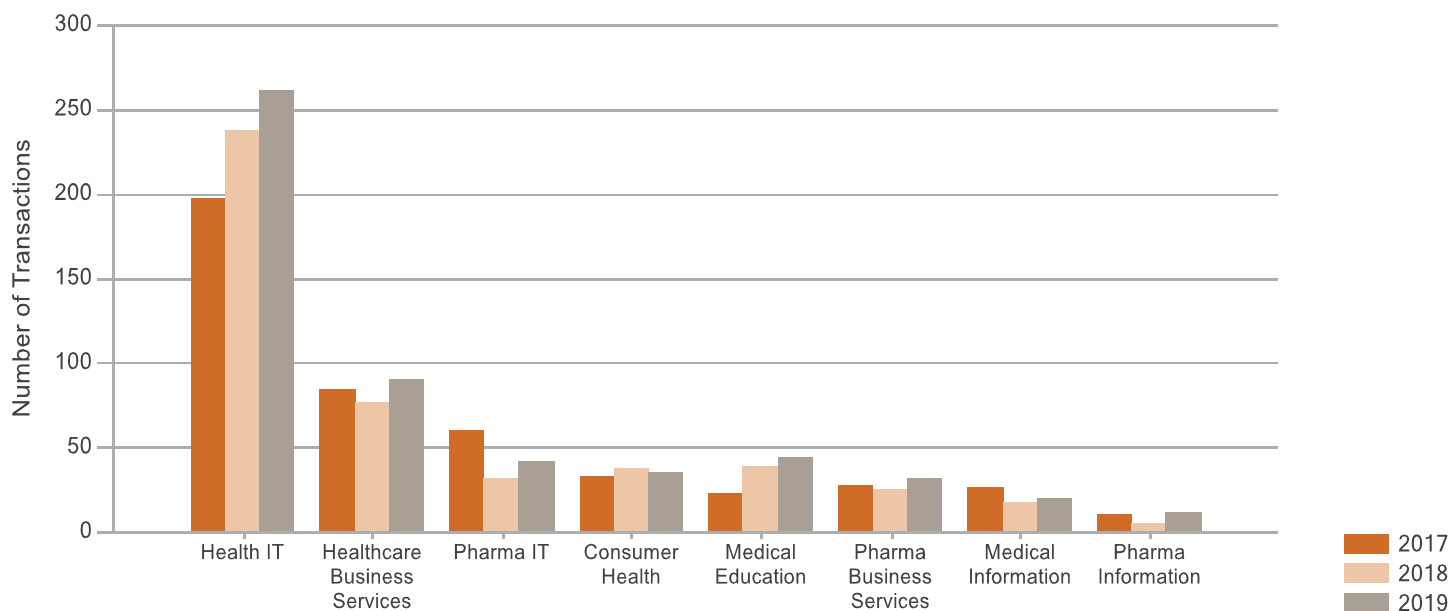


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2017 through Dec. 31, 2019.

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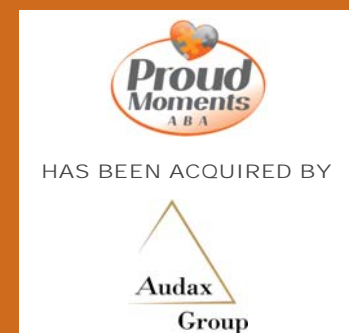


All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual,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

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