



Mergers & Acquisitions | Capital Raise | Strategic Advisory

# Healthcare Market Monitor

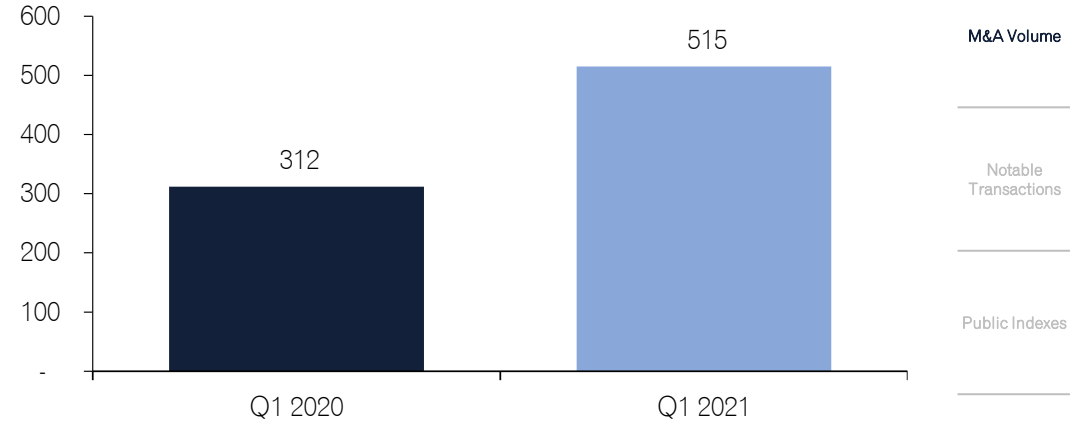
Q1 2021



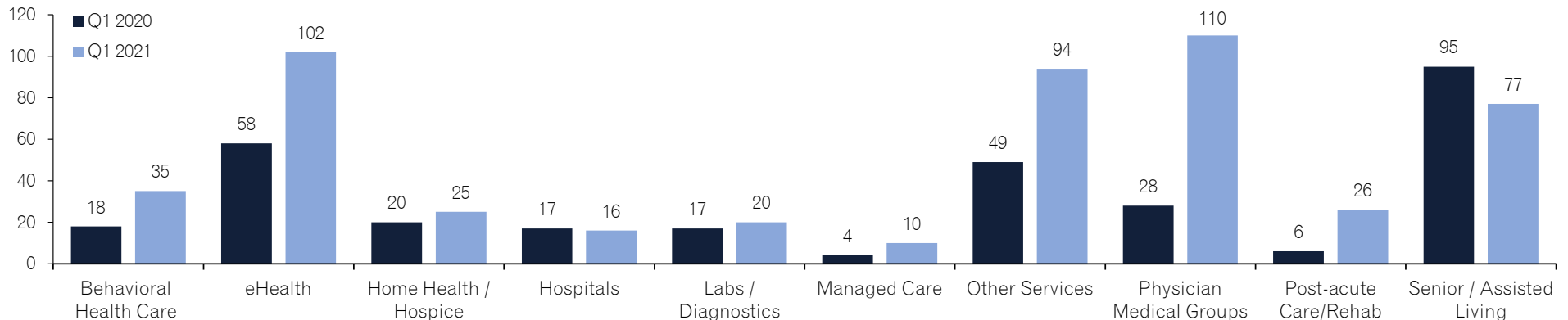
### Highlights

- In Q1 2021, total Healthcare M&A volume was up 65.1% compared to Q1 2020.
- The eHealth segment continues to be an attractive space with total deal volume increasing by 44 transactions in Q1 2021 over Q1 2020. Physician Medical Groups also experienced a large increase in volume largely due to private equity buyers or their sponsored companies targeting small physician groups.
- Much of the increase in total Q1 2021 volume could be attributed to the roll-out of COVID-19 vaccines and the uncertainty around presidential election subsiding.
- Additionally, aggregate deal value among the segments was up 340.5% over Q1 2020, reaching \$56.8B in Q1 2021.

### Total M&A Volume: Q1 2020 vs. Q1 2021



### M&A Volume by Segment: Q1 2020 vs. Q1 2021



# SELECT, NOTABLE M&A ACTIVITY

<i>\$ in millions</i> Announce Date	Category	Target	Acquirer/Investor	Short Description	Transaction Value
Mar-21	Senior / Assisted Living	All Assets of Henry Ford Village, Inc.	MED Healthcare Partners LLC	Operates as a senior living community located in Michigan	\$69.0
Mar-21	ehealth	Access Physicians Management Services Organization, LLC	SOC Telemed, Inc.	Operates as a multi-specialty physician group providing inpatient telemedicine	\$221.1
Mar-21	ehealth	Trapelo Health	NeoGenomics, Inc.	Develops and provides a decision-support platform to streamline workflows	\$60.0
Mar-21	Labs & Diagnostics	GenMark Diagnostics, Inc.	Roche Holding AG	Engages in developing and commercializing molecular panels	\$1,963.9
Mar-21	Senior / Assisted Living	Portfolio of Four California Continuing Care Retirement Communities	CareTrust REIT, Inc.	Operates four containing care retirement communities located in California	\$126.1
Mar-21	Home Health Care	Abode Healthcare, Inc.	Res-Care, Inc.	Offers home health and hospice treatment services to patients and families	\$775.0
Feb-21	Labs & Diagnostics	Decipher Biosciences, Inc.	Veracyte, Inc.	Develops and sells genomic testing products	\$669.2
Feb-21	Other Services	Cognate BioServices, Inc.	Charles River Laboratories International, Inc.	Provides cell and cell-mediated gene therapy products development and manufacturing	\$875.0
Feb-21	Home Health Care	Nurse On Call/Arc Richmond Place/ARC Therapy Services	H3OT Corp., LLC	Offers home healthcare services	\$400.0
Feb-21	ehealth	rfxcel Corporation	Antares Vision, Inc.	Provides SaaS-based track and trace solutions to the pharmaceutical supply chain	\$150.0
Feb-21	Labs & Diagnostics	Ashion Analytics, LLC	Exact Sciences Corporation	Operates as a clinical genomics testing laboratory	\$141.4
Feb-21	ehealth	Reference Genomics, Inc.	Invitae Corporation	Operates a search engine platform for genomics data enabling applications	\$75.9
Jan-21	Senior / Assisted Living	16 Senior Living Communities across Texas, North Carolina and New Mexico	Discovery Senior Living; White Oak Healthcare REIT	Operates 16 senior living communities across Texas, New Mexico and North Carolina	\$230.0
Jan-21	Physician Medical Group	CRH Medical Corporation	WELL Health Technologies Corp.	Provides anesthesia services for patients undergoing endoscopic procedures	\$426.2
Jan-21	ehealth	Preventice Solutions, Inc.	Boston Scientific Corporation	Provides solutions to the healthcare industry through its cloud-based platform	\$950.0
Jan-21	ehealth	Capsule Technologies, Inc.	Koninklijke Philips N.V.	Provides device connectivity and data management solutions for medical devices manufacturers	\$635.0
Jan-21	Labs & Diagnostics	Mesa Biotech, Inc.	Thermo Fisher Scientific Inc.	Designs, develops and manufactures molecular diagnostic tests	\$550.0
Jan-21	Other Services	Majority of Alliance Healthcare Businesses of Walgreens Boots Alliance, Inc.	AmerisourceBergen Corporation	Operates as a pharmaceutical wholesale business	\$6,470.5
Jan-21	ehealth	Innovation Specialists, LLC	Accolade, Inc.	Provides medical expert video consultation services to its members	\$433.7
Jan-21	ehealth	Change Healthcare Inc.	Optum, Inc.	Provides data and analytics-driven solutions to enhance clinical and patient engagement outcomes	\$13,685.3
Jan-21	Labs & Diagnostics	BioTheragnostics, Inc.	Hologic, Inc.	Develops and commercializes proprietary molecular-based diagnostic, prognostic and predictive tests	\$230.0
Jan-21	Managed Care	Magellan Health, Inc.	Centene Corporation	Provides healthcare management services in the U.S.	\$3,269.5

M&A Volume

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Source: CapitalIQ, Healthcare M&A News

Transaction Overview

Transaction Considerations

Data Points

Other Details

- *Announced January 2021*
- **Centene Corporation (NYSE: CNC)** and **Magellan Health, Inc. (NASDAQ: MGLN)** announced that they have entered into a definitive merger agreement under which Centene will acquire Magellan Health.
- **Centene Corporation** is a multi-national Healthcare enterprise that provides fully integrated, high-quality, and cost-effective services to government-sponsored and commercial Healthcare programs, focusing on under-insured and uninsured individuals.
- **Magellan Health, Inc.** is a leader in managing the fastest growing, most complex areas of health, including special populations, complete pharmacy benefits and other specialty areas of Healthcare.
- The acquisition expands Centene's whole health capabilities at a critical time; increasing Centene's scale and capability in behavioral care at a time when more than 2 in 5 Americans are struggling with mental or behavioral health issues associated with the COVID-19 pandemic.
- The transaction also advances Centene's specialty care and Healthcare enterprises platforms bringing additional scale to the Company's growing specialty care division and complementing Centene's evolving Healthcare enterprises portfolio.
- Centene will acquire Magellan Health for \$95 per share in cash for a total enterprise value of \$2.2 billion.
- This corresponds to a 0.5x Implied Enterprise Value / TTM Revenue multiple and a 21.9x Implied Enterprise Value / TTM EBITDA multiple.
- "This acquisition accelerates our diversification strategy and enhances our ability to build next generation capabilities in our specialty care business by leveraging our scale and investments in technology. Furthermore, we are very familiar with the range of Magellan Health's healthcare solutions as we have been one of their customers over many years, and our shared commitment to taking care of the most vulnerable populations makes this transaction a natural step," said Michael F. Neidorff, Chairman, President and Chief Executive Officer of Centene.



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# DEAL SPOTLIGHT: OPTUM TO COMBINE WITH CHANGE HEALTHCARE

## Transaction Overview

- *Announced January 2021*
- **Optum**, a diversified health services company and part of UnitedHealth Group (NYSE: UNH), and **Change Healthcare (NASDAQ: CHNG)**, a Healthcare technology leader, have agreed to combine.
- Optum is a leading information and technology-enabled health services business with more than 190,000 people worldwide, Optum delivers intelligent, integrated solutions that help to modernize the health system and improve overall population health.
- Change Healthcare is a leading independent Healthcare technology company, which provides data and analytics-driven solutions to improve clinical, financial, administrative, and patient engagement outcomes in the U.S. Healthcare system.

## Transaction Considerations

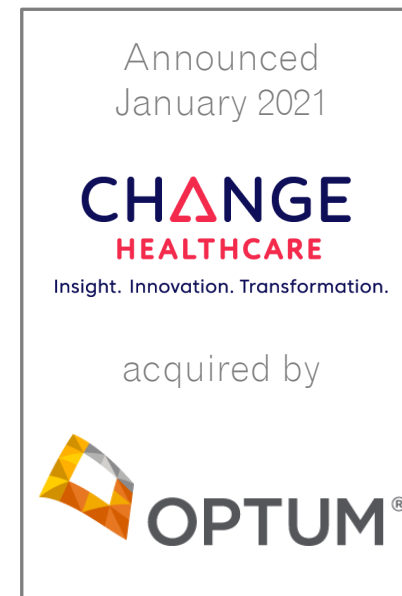
- Complexities across the health system result in significant levels of administrative waste. The combined company will be well positioned to make Healthcare simpler, more efficient and more effective.
- Change Healthcare's payment capacities combined with Optum's highly automated payment network will simplify financial interactions among care providers, payers and consumers and accelerate the movement to a more modern, real-time and transparent payment system.

## Data Points

- The agreement calls for the acquisition of Change Healthcare's common stock for \$25.75 per share in cash and is expected to close in the second half of 2021.
- The Implied Enterprise Value is \$13.6B corresponding to a 5.6x Implied Enterprise Value / TTM Revenue multiple.

## Other Details

- "Change Healthcare has made significant progress executing its strategic objectives, including advancing innovation, accelerating growth and improving the effectiveness of the U.S. health system," said Howard Lance, Chairman of the Board of Directors of Change Healthcare.
- The acquisition is expected to be accretive to UnitedHealth Group's net and adjusted earnings per share by approximately \$0.20 and \$0.50 respectively in 2022



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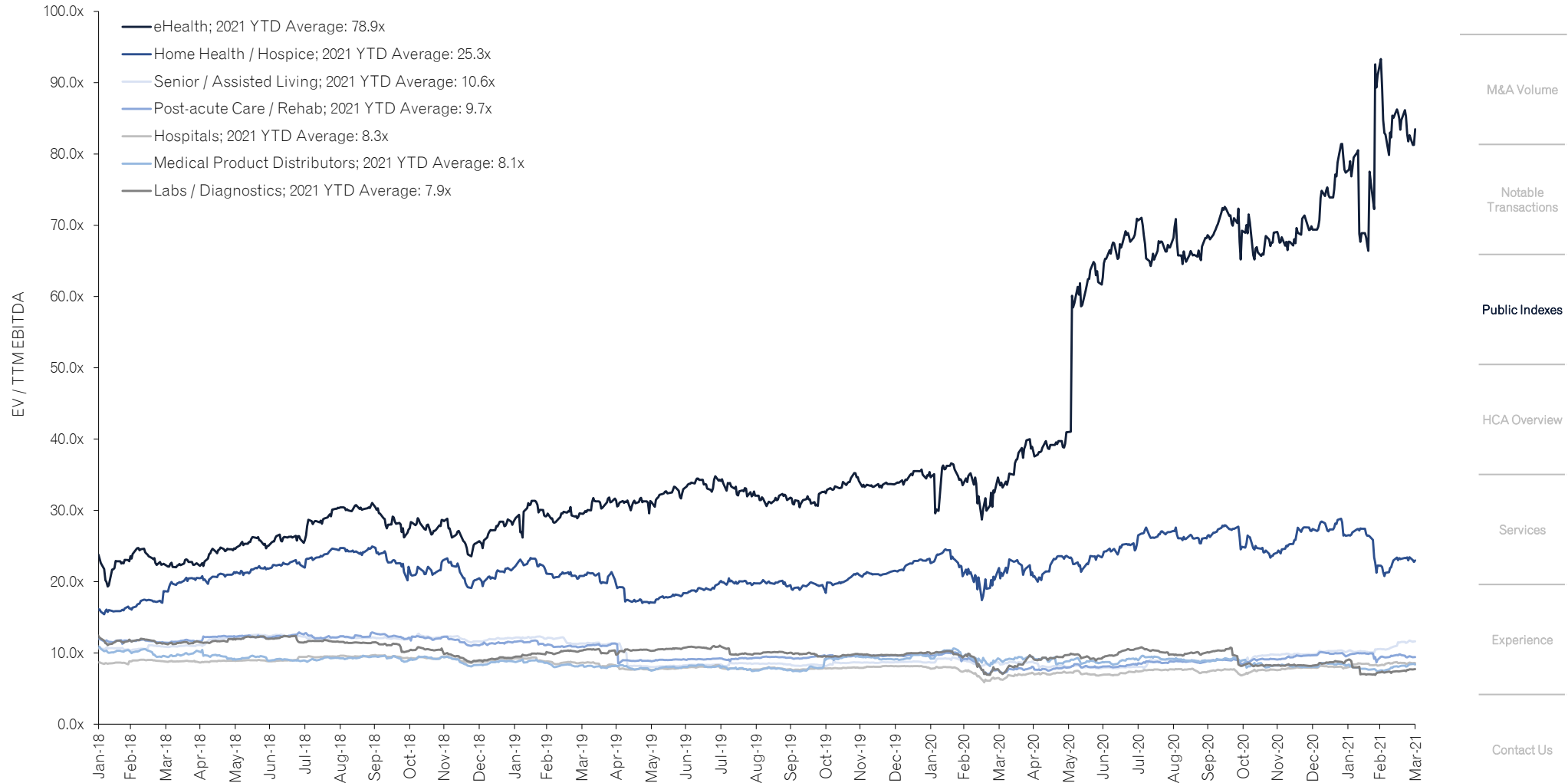
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# PUBLIC COMPANY VALUATION TIMELINE



Source: CapitalIQ, company filings.

# PUBLIC COMPANY VALUATIONS

		3/31/21			TTM Data					EV Multiple			
Category	Company Name	Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
eHealth	Veeva Systems Inc.	\$261.24	\$39,767	\$38,166	\$1,465	\$1,056	72.1%	\$407	27.8%	NM	NM	NM	NM
	Teladoc Health, Inc.	181.75	27,753	28,467	1,094	703	64.3%	(347)	NA	NM	NA	NM	NM
	Cerner Corporation	71.88	22,016	22,451	5,506	4,573	83.1%	1,281	23.3%	4.08x	17.5x	3.86x	11.9x
	Change Healthcare Inc.	22.10	6,736	11,560	2,432	1,225	50.4%	0	NA	4.75x	NA	3.40x	11.1x
	Omniceil, Inc.	129.87	5,590	5,632	892	416	46.6%	90	10.1%	6.31x	NM	5.12x	24.3x
	Inovalon Holdings, Inc.	28.78	4,470	5,381	668	500	74.9%	190	28.4%	8.06x	28.4x	7.11x	19.9x
	Allscripts Healthcare Solutions, Inc.	15.02	2,103	1,855	1,503	684	45.5%	2	0.1%	1.23x	NM	1.24x	7.4x
	Health Catalyst, Inc.	46.77	2,060	1,984	189	91	48.1%	(60)	NA	NM	NA	8.72x	NA
	Evolent Health, Inc.	20.20	1,739	1,754	1,022	233	22.8%	(4)	NA	1.72x	NA	2.04x	38.3x
	NextGen Healthcare, Inc.	18.10	1,213	1,194	549	313	57.1%	32	5.7%	2.17x	37.9x	2.09x	11.1x
CareCloud, Inc.	8.31	120	110	105	40	38.3%	2	1.8%	1.05x	NM	0.82x	4.8x	
	<b>Median Average</b>		<b>\$4,470</b> <b>\$10,324</b>	<b>\$5,381</b> <b>\$10,778</b>	<b>\$1,022</b> <b>\$1,402</b>	<b>\$500</b> <b>\$894</b>	<b>50.4%</b> <b>54.8%</b>	<b>\$2</b> <b>\$145</b>	<b>10.1%</b> <b>13.9%</b>	<b>3.13x</b> <b>3.67x</b>	<b>28.4x</b> <b>27.9x</b>	<b>3.40x</b> <b>3.82x</b>	<b>11.5x</b> <b>16.1x</b>
Home Health / Hospice	Amedisys, Inc.	\$264.79	\$8,698	\$8,925	\$2,072	\$911	44.0%	\$243	11.7%	4.31x	36.7x	3.88x	27.7x
	Chemed Corporation	459.82	7,372	7,345	2,080	701	33.7%	366	17.6%	3.53x	20.1x	3.56x	17.4x
	LHC Group, Inc.	191.21	6,041	5,981	2,063	813	39.4%	201	9.7%	2.90x	29.7x	2.68x	21.6x
	Addus HomeCare Corporation	104.59	1,639	1,734	765	228	29.8%	63	8.3%	2.27x	27.5x	1.98x	19.1x
	<b>Median Average</b>		<b>\$6,707</b> <b>\$5,938</b>	<b>\$6,663</b> <b>\$5,996</b>	<b>\$2,067</b> <b>\$1,745</b>	<b>\$757</b> <b>\$663</b>	<b>36.6%</b> <b>36.7%</b>	<b>\$222</b> <b>\$218</b>	<b>10.7%</b> <b>11.8%</b>	<b>3.22x</b> <b>3.25x</b>	<b>28.6x</b> <b>28.5x</b>	<b>3.12x</b> <b>3.03x</b>	<b>20.3x</b> <b>21.5x</b>
Hospitals	HCA Healthcare, Inc.	\$188.34	\$63,459	\$96,972	\$51,533	\$19,230	37.3%	\$9,923	19.3%	1.88x	9.8x	1.78x	9.1x
	Universal Health Services, Inc.	133.39	11,350	14,409	11,559	4,658	40.3%	1,870	16.2%	1.25x	7.7x	1.18x	8.0x
	Tenet Healthcare Corporation	52.00	5,537	22,855	17,640	6,232	35.3%	2,427	13.8%	1.30x	9.4x	1.18x	7.6x
	Community Health Systems, Inc.	13.52	1,691	13,468	11,789	4,415	37.5%	1,011	8.6%	1.14x	13.3x	1.11x	8.1x
	<b>Median Average</b>		<b>\$8,443</b> <b>\$20,509</b>	<b>\$18,632</b> <b>\$36,926</b>	<b>\$14,715</b> <b>\$23,130</b>	<b>\$5,445</b> <b>\$8,634</b>	<b>37.4%</b> <b>37.6%</b>	<b>\$2,148</b> <b>\$3,808</b>	<b>15.0%</b> <b>14.4%</b>	<b>1.27x</b> <b>1.39x</b>	<b>9.6x</b> <b>10.1x</b>	<b>1.18x</b> <b>1.31x</b>	<b>8.1x</b> <b>8.2x</b>

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Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0, for percentages and multiples, or if estimates are not available. NTM figures are based on the median estimate of Wall St. analysts.

Source: CapitalIQ, company filings.

# PUBLIC COMPANY VALUATIONS

		3/31/21			TTM Data					EV Multiple													
		Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA										
<b>Labs / Diagnostics</b>	Laboratory Corporation of America Holdings	\$255.03	\$24,891	\$30,347	\$13,979	\$5,009	35.8%	\$3,592	25.7%	2.17x	8.4x	2.13x	9.1x										
	Quest Diagnostics Incorporated	128.34	17,128	20,910	9,437	3,717	39.4%	2,468	26.2%	2.22x	8.5x	2.20x	8.8x										
	Tivity Health, Inc.	22.32	1,097	1,520	438	187	42.8%	142	32.5%	3.47x	10.7x	3.23x	9.9x										
	<b>Median Average</b>	<b>\$17,128</b>	<b>\$14,372</b>	<b>\$20,910</b>	<b>\$9,437</b>	<b>\$3,717</b>	<b>39.4%</b>	<b>\$2,468</b>	<b>26.2%</b>	<b>2.22x</b>	<b>8.5x</b>	<b>2.20x</b>	<b>9.1x</b>										
<b>Medical Product Distributors</b>	McKesson Corporation	\$195.04	\$31,044	\$38,673	\$237,621	\$12,187	5.1%	\$4,056	1.7%	0.16x	9.5x	0.16x	8.1x										
	AmerisourceBergen Corporation	118.07	24,170	24,053	194,546	5,418	2.8%	2,650	1.4%	0.12x	9.1x	0.12x	8.7x										
	Cardinal Health, Inc.	60.75	17,840	20,840	156,452	6,966	4.5%	2,747	1.8%	0.13x	7.6x	0.13x	7.2x										
	Henry Schein, Inc.	69.24	9,851	11,396	10,119	2,814	27.8%	732	7.2%	1.13x	15.6x	0.98x	12.3x										
	Owens & Minor, Inc.	37.59	2,763	3,877	8,480	1,281	15.1%	324	3.8%	0.46x	12.0x	0.41x	8.6x										
<b>Median Average</b>	<b>\$17,840</b>	<b>\$17,134</b>	<b>\$20,840</b>	<b>\$156,452</b>	<b>\$5,418</b>	<b>5.1%</b>	<b>\$2,650</b>	<b>1.8%</b>	<b>0.16x</b>	<b>9.5x</b>	<b>0.16x</b>	<b>8.6x</b>											
<b>Post-acute Care / Rehab</b>	Select Medical Holdings Corporation	\$34.10	\$4,598	\$9,112	\$5,532	\$1,157	20.9%	\$683	12.4%	1.65x	13.3x	1.58x	10.6x										
	Healius Limited	3.11	1,911	2,981	1,338	487	36.4%	167	12.5%	2.23x	17.8x	2.13x	8.5x										
	U.S. Physical Therapy, Inc.	104.10	1,343	1,569	418	98	23.5%	67	16.0%	3.75x	23.5x	3.35x	24.6x										
	<b>Median Average</b>	<b>\$1,911</b>	<b>\$2,617</b>	<b>\$2,981</b>	<b>\$1,338</b>	<b>\$487</b>	<b>23.5%</b>	<b>\$167</b>	<b>12.5%</b>	<b>2.23x</b>	<b>17.8x</b>	<b>2.13x</b>	<b>10.6x</b>										
<b>Senior / Assisted Living</b>	The Ensign Group, Inc.	\$93.84	\$5,077	\$5,941	\$2,403	\$420	17.5%	\$277	11.5%	2.47x	21.5x	2.24x	18.1x										
	Genuit Group plc	7.65	1,885	1,923	544	213	39.2%	80	14.7%	3.53x	24.1x	2.74x	12.8x										
	Brookdale Senior Living Inc.	6.05	1,110	6,004	3,023	826	27.3%	390	12.9%	1.99x	15.4x	1.94x	26.2x										
	Capital Senior Living Corporation	38.50	79	971	359	114	31.8%	48	13.2%	2.70x	20.4x	NA	NA										
	<b>Median Average</b>	<b>\$1,497</b>	<b>\$2,038</b>	<b>\$3,932</b>	<b>\$1,473</b>	<b>\$317</b>	<b>29.6%</b>	<b>\$178</b>	<b>13.1%</b>	<b>2.59x</b>	<b>21.0x</b>	<b>2.24x</b>	<b>18.1x</b>										
<b>Overall Healthcare Services</b>	<b>Median Average</b>	<b>\$5,307</b>	<b>\$10,710</b>	<b>\$6,674</b>	<b>\$13,834</b>	<b>\$2,076</b>	<b>\$22,342</b>	<b>\$819</b>	<b>\$2,586</b>	<b>37.4%</b>	<b>37.4%</b>	<b>\$260</b>	<b>\$1,062</b>	<b>12.4%</b>	<b>13.2%</b>	<b>2.17x</b>	<b>2.46x</b>	<b>15.5x</b>	<b>17.5x</b>	<b>2.09x</b>	<b>2.42x</b>	<b>10.8x</b>	<b>14.0x</b>

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Source: CapitalIQ, company filings.



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Capital is a commodity ... the investor behind the capital is targeted based on our clients' objectives

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- Equity and Debt Capital Placement
- Strategic Alternatives Assessment
- Exclusive Sales and Divestitures
- Strategic Planning
- Management Buy-outs
- Recapitalizations



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# PROVEN TRACK RECORD OF SUCCESSFUL HEALTHCARE TRANSACTIONS

 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>provided investment banking services</p>	 <p>provided investment banking services</p>	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	 <p>provided strategic advisory and investment banking services</p>	M&A Volume
 <p>provided investment banking services</p>	 <p>provided investment banking services</p>	 <p>has been acquired by</p> 	 <p>provided investment banking services</p>	 <p>completed debt recapitalization with*</p> 	 <p>has been acquired by*</p> 	 <p>has been acquired by*</p> 	 <p>has been acquired by*</p> 	Public Indexes
 <p>has been acquired by*</p> 	 <p>has been acquired by*</p>  	<p>Anesthesia Services Inc.</p> <p>has been acquired by*</p> 	 <p>received growth capital from*</p> 	 <p>has been acquired by*</p> 	 <p>has been acquired by*</p> 	<p>TBG Anesthesia Holdings Inc.</p> <p>has been acquired by*</p> 	<p>UTC (U.S.) Inc.</p> <p>has been acquired by*</p> 	Services
								Experience
								Contact Us

\*Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm



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