# Healthcare & Life Sciences

INDUSTRY REPORT

Summer | 2022

CREATING

M&A STRATEGIES

FOR BUSINESS OWNERS

SINCE 1956

cfa WORLDWIDE | CORPORATE FINANCE ASSOCIATES

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# Market Observations

# Market Summary

## Healthcare Market

**The Healthcare & Life Sciences market continues to expand rapidly due to the development of new therapeutic areas, adoption of digital and technological advancements, standardization of clinical studies, government initiatives aimed at modernizing the regulatory framework, and improvements in approval processes and reimbursement policies. However, the ongoing Russia-Ukraine conflict, and supply chain challenges concerning raw materials such as aluminum, titanium, nickel, and gases used in medical devices such as surgical and orthopedic devices and implants are causing headwinds in the medical devices and pharmaceutical market. Additionally medical equipment market is also expected to receive less investments during the second half of 2022, due to recessionary fears, as per report published by Medtech dive. Nevertheless, compared to other service industries, healthcare is typically more resilient to general economic shocks. In June 2022, the US Consumer Price Index increased by 9.1% over 2021, while the US Health Care Price Index increased by 2.0%. It is expected that the healthcare & life sciences market would grow rapidly in the future due to increased incidences of chronic diseases such as diabetes and cancer, the growing geriatric population, and the adoption of advanced technology.**

## Public Company Valuations

**The CFA Select Healthcare & Life Sciences Index was down by 7.1% in the second quarter of 2022, and the 12 months return on the Index decreased by 2.5%. Our index for each of the subsector decreased in the second quarter of 2022. Biotechnology had the highest median revenue multiple with 6.1x and median EBITDA multiple of 20.2x. Healthcare Equipment & Supplies had median revenue and EBITDA multiples with 2.3x and 12.7x, while Healthcare Providers had median revenue and EBITDA multiples with 1.8x and 10.5x, respectively. Healthcare Services, Healthcare Diagnostics & Imaging, Pharmaceuticals, Medical Devices and Life Sciences Tools & Services had median revenue multiples of 2.3x, 2.8x, 4.1x, 5.1x, and 4.7x, respectively, and EBITDA multiples of 10.9x, 10.3x, 11.7x, 18.8x, and 19.3x respectively.**

> *"The public healthcare market showed a decline in the second quarter of 2022…*

## Mergers and Acquisitions

**The deal volume in the healthcare & life sciences sector decreased in 2022, due to limited investments from private equity (PE) firms. Factors such as rising labor costs, surging inflation coupled with higher interest rates contributed to the reduction in M&A activity in this sector. In addition to that, market volatility and antitrust scrutiny from legislators, particularly in the US, UK, and Europe, are anticipated to be a major barrier in deal activity for certain corporations contemplating significant acquisitions. However, deal activity in physician practices, and healthcare IT & analytics remained consistent. In 2022, it is expected that both healthcare businesses and PE firms would invest in businesses that provide cutting-edge technologies such as gene therapy, mRNA, and telemedicine. Furthermore, PE firms are also expected to actively participate in deal-making due to the abundance of capital and lower public company valuation while companies in the healthcare & life sciences sector are expected to grow through acquisitions of medium-sized biotech firms.**

# Industry Trends

## Personalized Medicine

**Personalized medicine is a tailored treatment that is curated to treat and prevent a patient's condition by focusing on the patients' unique physiological characteristics such as medical history, body physics, and genes. The global personalized medicine market was valued at $2.1 trillion in 2021, and is expected to reach $5.7 trillion by 2030, growing at a CAGR of 11.6%, as per report published by Precedence Research. Factors such as the development of advanced technology, growing public awareness of personalized medicine, increasing government initiatives, and expanding genetic database are expected to fuel the growth of the industry. However, high costs for custom pharmaceuticals and research & development are expected to create headwinds in the market. Nevertheless, the personalized medicine market is expected to grow rapidly due to fewer side effects, a shorter recovery time, and a higher chance of success compared to other medicines. Furthermore, rise in clinical trials for personalized medicine in neurology departments, an increase in the number of patients with chronic diseases, an ageing global population, are anticipated to fuel the growth of the personalized medicine market.**

## Natural Language Processing in Healthcare and Life Sciences

**Natural Language Processing (NLP) refers to a computer program's capacity to understand and convey information in human language such as speech and text. NLP is employed in a range of applications, including clinical documentation, predictive messaging, clinical trial matching, smart help, AI chatbots, and virtual scribes. Unstructured data is converted by NLP into structured data that can be recognized by algorithms. The healthcare industry's increased usage of cutting-edge algorithms boosted the adoption of NLP. However, NLP technology development is quite expensive and time-consuming since it involves complex neural networks and deep learning algorithms. The global market for NLP in healthcare and life sciences is expected to increase rapidly from $2.2 billion in 2022 to $5.6 billion by 2028, growing at a CAGR of 17.1%, as per report published by Proficient Market Insights.**

## Internet of Medical Things

**The Internet of Medical Things (IoMT) is a network of medical devices with sensors and integrated software that can link to healthcare IT systems via the internet or other networks. The Internet of Things (IoMT) is being used in the healthcare industry for a variety of purposes, including linked inhalers that help asthma or COPD patients keep track of their medicine, remote patient monitoring systems that are used to keep track of diabetes and other illnesses, and ingestible sensors that can collect data from inside the human body. However, data security risks are a major headwind for the IoMT market. Nevertheless, factors such as the development of technology and connectivity solutions, the ageing population and its increased susceptibility to diseases, and the increasing adoption of self-monitoring devices by health-conscious youth are expected to fuel the growth in the IoMT market. As a result, the global market for IoMT is expected to increase rapidly from $646.6 million in 2022 to $2195.2 million by 2027, growing at CAGR of 27.7%, as per report published by Report Linker.**

# Significant News

## Atos Opens Life Sciences Centre of Excellence for Drug Development and Precision Health in UK

*Inside HPC, June 30, 2022*

**"Atos, in agreement with the Wellcome Genome Campus in Cambridgeshire, UK, announced the opening of its global Life Sciences Centre of Excellence. The facility will provide scientists on campus, and global genome and bio-data institutes worldwide, early access to emerging technologies to support their research, helping to accelerate the process of bringing new drugs to market and delivering tangible societal benefits."**

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## G42 Healthcare and AstraZeneca Sign Agreement to Advance Life Sciences at BIO International Convention

*PR Newswire, June 21, 2022*

**"G42 Healthcare, an Abu Dhabi-based leading health tech company and subsidiary of G42, an artificial intelligence and cloud computing company located in Abu Dhabi has signed a letter of intent (LOI) with global biopharmaceutical company, AstraZeneca, in presence of the Department of Health – Abu Dhabi (DoH), the regulator of the healthcare sector in the emirate of Abu Dhabi aiming to expand their collaboration into the domains of diagnostics and clinical research, providing access to innovative solutions and treatments for patients in the United Arab Emirates and beyond."**

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## Snaplogic Unveils a New Way for Healthcare and Life Sciences Organizations to Transform and Deliver Critical Health Data

*iTWire, June 02, 2022*

**"SnapLogic, a leader in Enterprise Automation, has announced the launch of SnapLogic Accelerator for Amazon HealthLake. The new SnapLogic Accelerator enables healthcare and life sciences organizations to easily ingest a range of raw data into Amazon HealthLake, powered by Amazon Web Services (AWS), and transform it into healthcare-related insights and actions."**

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# M&A Metrics

## Healthcare & Life Sciences Industry

**M&A activity in the Healthcare & Life Sciences industry decreased in Q2 2022. The number of M&A transactions in the Healthcare & Life Sciences industry decreased from 565 in Q1 2022 to 483 in Q2 2022. The number of sub-$50 million transactions decreased from 499 in Q1 2022 to 418 in Q2 2022. The number of transactions above $100 million decreased from 49 in Q1 2022 to 48 in Q2 2022. The total number of M&A transactions decreased 31.0% year on year from 700 in Q2 2021 to 483 in Q2 2022.**

### M&A Deal Summary Table | Count by Deal Size over Time

| Transaction Value | Q 2019 3 | Q 2019 4 | Q 2020 1 | Q2 2020 | Q 2020 3 | Q 2020 4 | Q 2021 1 | Q 2021 2 | Q 2021 3 | Q 2021 4 | Q 2022 1 | Q 2022 2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not Disclosed | 383 | 379 | 287 | 268 | 302 | 392 | 456 | 441 | 455 | 476 | 407 | 295 |
| Under $10 MM | 67 | 72 | 60 | 59 | 94 | 82 | 65 | 83 | 89 | 88 | 52 | 71 |
| $10 - $25 MM | 35 | 36 | 28 | 28 | 35 | 36 | 20 | 35 | 34 | 29 | 21 | 28 |
| $25 - $50 MM | 22 | 15 | 20 | 21 | 20 | 31 | 28 | 28 | 25 | 23 | 19 | 24 |
| $50 - $100 MM | 15 | 16 | 13 | 14 | 21 | 25 | 20 | 29 | 15 | 29 | 17 | 17 |
| $100 - $500 MM | 23 | 31 | 22 | 31 | 38 | 41 | 31 | 54 | 30 | 50 | 31 | 34 |
| $500 MM+ | 27 | 33 | 11 | 11 | 18 | 35 | 41 | 30 | 34 | 25 | 18 | 14 |
| Total Transactions | 572 | 582 | 441 | 432 | 528 | 642 | 661 | 700 | 682 | 720 | 565 | 483 |

# Industry Metrics

## Industry Financial Data and Ratios

NAICs 325412 - Pharmaceutical Preparation Manufacturing

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 2.58 | 2.99 | 3.41 |
| Gross Profit Margin | 49.91% | 53.49% | 52.40% |
| Net Profit Margin | 1.10% | 4.26% | 11.93% |
| Accounts Receivable Days | 123.11 | 122.73 | 97.37 |
| Accounts Payable Days | 72.76 | 83.19 | 119.33 |
| Debt-to-Equity Ratio | 1.58 | 2.1 | 2.79 |
| Return on Equity | 17.11% | 23.62% | 50.11% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | 12.88% | 10.91% | 20.73% |
| Profit Growth | 8.01% | -8.84% | 41.88% |

NAICs 325414 - Biological Product (except Diagnostic) Manufacturing

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | -- | -- | 4.32 |
| Gross Profit Margin | -- | -- | 56.12% |
| Net Profit Margin | -- | -- | 11.72% |
| Accounts Receivable Days | -- | -- | 72.34 |
| Accounts Payable Days | -- | -- | 23.14 |
| Debt-to-Equity Ratio | -- | -- | 1.35 |
| Return on Equity | -- | -- | 67.02% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | -- | -- | 29.55% |
| Profit Growth | -- | -- | 22.64% |

NAICs 334510 - Electromedical & Electrotherapeutic Apparatus Manufacturing

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 2.66 | 3.05 | 5.03 |
| Gross Profit Margin | 37.40% | 43.00% | 65.21% |
| Net Profit Margin | 8.69% | 12.25% | 7.48% |
| Accounts Receivable Days | 34.22 | 36.15 | 52.3 |
| Accounts Payable Days | 26.63 | 31.02 | 28.97 |
| Debt-to-Equity Ratio | 2.26 | 1.93 | 3.03 |
| Return on Equity | 69.38% | 81.77% | 54.16% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | -- | -- | -6.38% |
| Profit Growth | -- | -- | 5.69% |

NAICs 334516 - Analytical Laboratory Instrument Manufacturing

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 2.47 | 2.88 | 3.66 |
| Gross Profit Margin | 59.33% | 52.68% | 52.83% |
| Net Profit Margin | 18.15% | 18.38% | 14.98% |
| Accounts Receivable Days | 55.67 | 58.68 | 61.01 |
| Accounts Payable Days | 29.48 | 25.15 | 34.21 |
| Debt-to-Equity Ratio | 4.53 | 2.81 | 0.97 |
| Return on Equity | 156.31% | 141.04% | 33.45% |
| Sales per Employee | -- | -- | $460,712 |
| Profit per Employee | -- | -- | $171,664 |
| Sales Growth | 38.47% | 40.46% | 6.22% |
| Profit Growth | 35.90% | 83.83% | 5.57% |

*Source: Profit Cents*

# Industry Metrics

## Industry Financial Data and Ratios

NAICs 339112 - Surgical and Medical Instrument Manufacturing

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 5.64 | 5.34 | 3.51 |
| Gross Profit Margin | 52.09% | 51.68% | 56.16% |
| Net Profit Margin | 1.89% | 1.92% | 3.96% |
| Accounts Receivable Days | 47.95 | 51.47 | 50.73 |
| Accounts Payable Days | 43.61 | 49.35 | 59.36 |
| Debt-to-Equity Ratio | 1.22 | 1.26 | 1.64 |
| Return on Equity | 50.34% | 52.81% | 26.71% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | 23.22% | 20.67% | 10.37% |
| Profit Growth | 47.92% | 59.50% | 37.84% |

NAICs 524114 - Direct Health and Medical Insurance Carriers

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 4.31 | 4.15 | 4.81 |
| Gross Profit Margin | 89.23% | 92.21% | 94.80% |
| Net Profit Margin | 14.76% | 10.63% | 10.32% |
| Accounts Receivable Days | 29.09 | 36.71 | 37.52 |
| Accounts Payable Days | 8.85 | 11.31 | 26.11 |
| Debt-to-Equity Ratio | 0.52 | 0.94 | 1.88 |
| Return on Equity | 85.27% | 43.87% | 37.58% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | 25.28% | 20.31% | 4.26% |
| Profit Growth | 15.54% | 28.99% | 38.46% |

NAICs 622110 - General Medical and Surgical Hospitals

| Financial Metric | Last 12 Mo | 2021 | 2020 |
|---|---|---|---|
| Current Ratio | 3.04 | 2.66 | 2.84 |
| Gross Profit Margin | 92.96% | 94.07% | 95.35% |
| Net Profit Margin | 9.68% | 10.45% | 6.46% |
| Accounts Receivable Days | 54.49 | 51.33 | 52.84 |
| Accounts Payable Days | 27.39 | 23.5 | 26.87 |
| Debt-to-Equity Ratio | 1.4 | 1.39 | 1.74 |
| Return on Equity | 34.33% | 28.68% | 20.46% |
| Sales per Employee | -- | -- | -- |
| Profit per Employee | -- | -- | -- |
| Sales Growth | 16.51% | 14.14% | 3.14% |
| Profit Growth | 48.94% | 59.26% | 22.42% |

*Source: Profit Cents*

Transaction Highlights

# Notable Transactions

In June 2022, a Private Group led by SAS Shipping Agencies Services Sarl and Remgro Ltd, agreed to acquire Mediclinic International Plc for revised consideration of ZAR2,058.5 million (US$134.4 million) in cash. Under the terms of transaction, Mediclinic International Plc would receive 460 pence per share. Mediclinic International Plc is located in Stellenbosch, Western Cape, South Africa and operates hospitals and other medical clinics.

In June 2022, Bristol Myers Squibb Co entered into a definitive agreement to acquire Turning Point Therapeutics Inc for US$3.8 billion in cash, via tender offer. Under the terms of the transaction, Bristol Myers Squibb Co will pay US$76 in cash for each share to be acquired in Turning Point Therapeutics Inc, representing a premium of approximately 122% to the closing share price on 2 June 2022. Bristol Myers Squibb Co expects to finance the acquisition with cash on hand. Turning Point Therapeutics Inc is located in San Diego, California, United States and operates as clinical-stage structure-based drug design company for discovery and development of precision medicines for cancer and other diseases.

In May 2022, Pfizer Inc has entered into a definitive agreement to acquire the remaining 97.4% majority stake not yet owned in Biohaven Pharmaceutical Holding Co Ltd for US$10.2 billion in cash, including an undisclosed amount of assumed liabilities. Under the terms of transaction, Pfizer Inc will pay US$148.5 in cash per every Biohaven shares sought. In addition, Pfizer will also be settling Biohaven's existing third party debt. It will be financed with Pfizer's existing cash on hand. The acquisition expands Pfizer's innovative internal medicine pipeline to drive and enhance its offering. Biohaven Pharmaceutical Holding Co Ltd is located in New Haven, Connecticut, United States and develops and research pharmaceutical drugs.

In April 2022, a private group led by Kohlberg Kravis Roberts & Co LP and other financial investors submitted conditional non-binding indicative proposal to acquire Ramsay Health Care Ltd for AUD20.1 billion (US$15 billion) in cash, via scheme of arrangement. Under the terms of the offer, bidder consortium offered to pay AUD88 (US$64.4) cash per share for every share of Ramsay Health Care Ltd. Care Ltd is located in Sydney, New South Wales (NSW), Australia and owns and operates private hospitals.

The logos shown on this page are property of the respective owners

# Select M&A Transactions

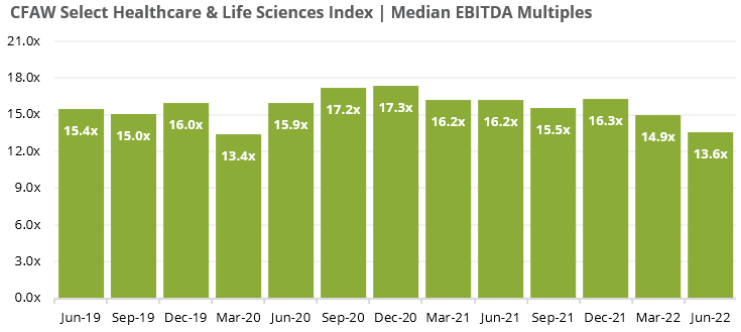
| Date | Target Name | Acquirer Name | Enterprise Value (MM) | Revenue | EBITDA |
|---|---|---|---|---|---|
| 06/27/22 | Epizyme, Inc. | Ipsen SA | 504 | 38 | (231) |
| 06/23/22 | Radius Health, Inc. | Gurnet Point Capital LLC; Patient Square Capital; Radius Health Inc/Private Group/ | 792 | 217 | (53) |
| 06/22/22 | SPT Life Sciences Group | EQT Partners AB | 798 | NA | NA |
| 06/09/22 | Mediclinic International Plc | Remgro Ltd.; SAS Shipping Agencies Services Sarl; Mediclinic International Plc /Private Group/ | 2,940 | 4,416 | 673 |
| 06/03/22 | Turning Point Therapeutics, Inc. | Bristol Myers Squibb Co. | 2,872 | 6 | (272) |
| 05/31/22 | Affinivax, Inc. | GSK Plc | 3,300 | NA | NA |
| 05/23/22 | Kala Pharmaceuticals, Inc. /Commercial Business/ | Alcon Pharmaceuticals Ltd. | 385 | NA | NA |
| 05/12/22 | Cullinan Pearl Corp. | Taiho Pharmaceutical Co., Ltd. | 405 | NA | NA |
| 05/10/22 | Biohaven Pharmaceutical Holding Co. Ltd. | Pfizer Inc. | 11,256 | 738 | (498) |
| 04/21/22 | Rite Aid Corp. | Humilis Holdings LLC | 9,486 | 24,568 | 466 |
| 04/21/22 | Phenox GmbH | Wallaby Medical, Inc. | 543 | NA | NA |
| 04/20/22 | Ramsay Health Care Ltd. | Kohlberg Kravis Roberts & Co. LP; Ramsay Health Care Ltd. /Private Group/ | 20,959 | 9,734 | 1,153 |
| 04/18/22 | Natus Medical, Inc. | ArchiMed SAS | 1,084 | 478 | 65 |
| 04/13/22 | Sierra Oncology, Inc. | GlaxoSmithKline Plc | 1,075 | 0 | (102) |
| 04/13/22 | Antares Pharma, Inc. | Halozyme Therapeutics, Inc. | 920 | 183 | 23 |
| 04/07/22 | ReViral Ltd. | Pfizer Inc. | 525 | NA | NA |

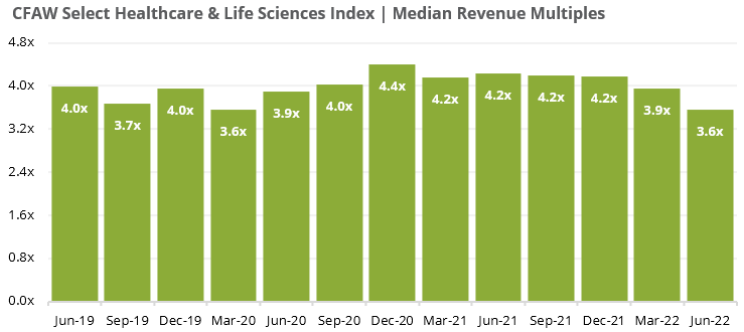
($ in millions) *Source: Factset*

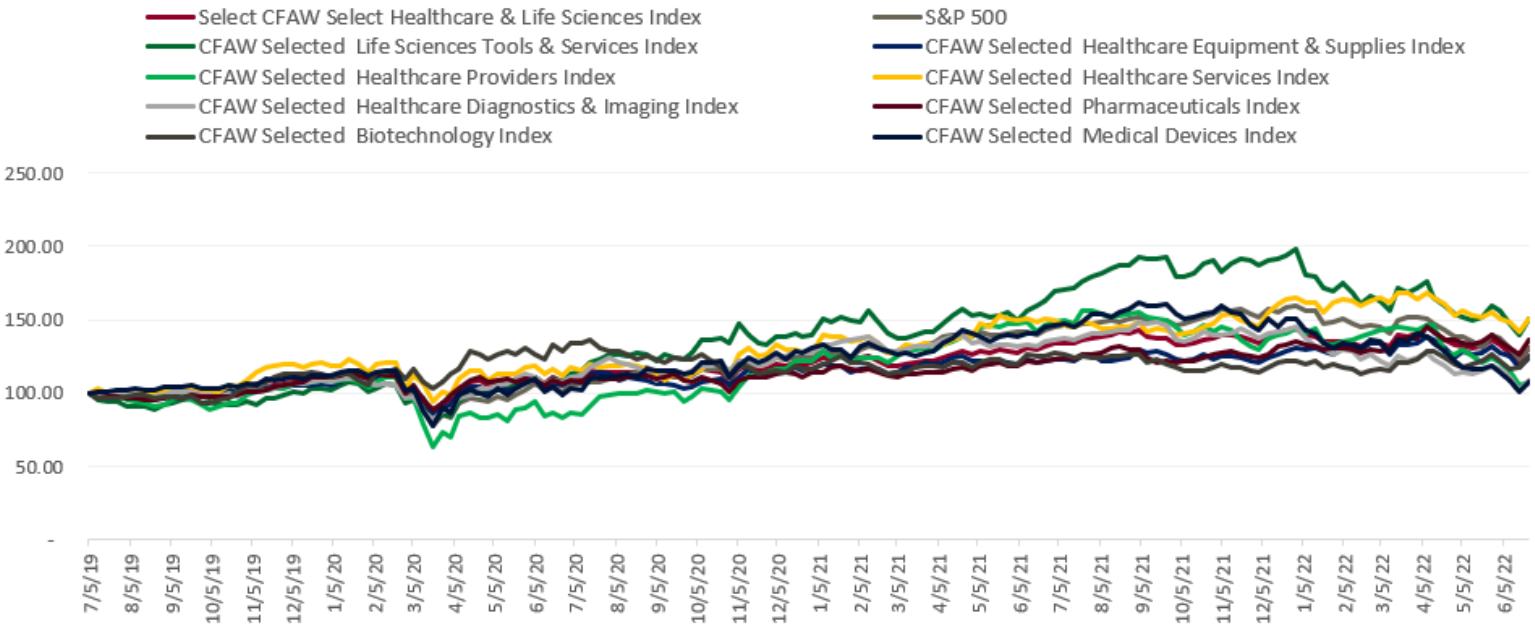
# Public Companies

# Industry Performance

## CFAW Select Healthcare & Life Sciences Index



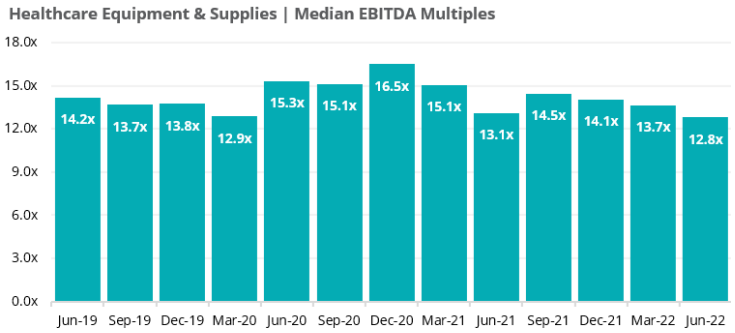



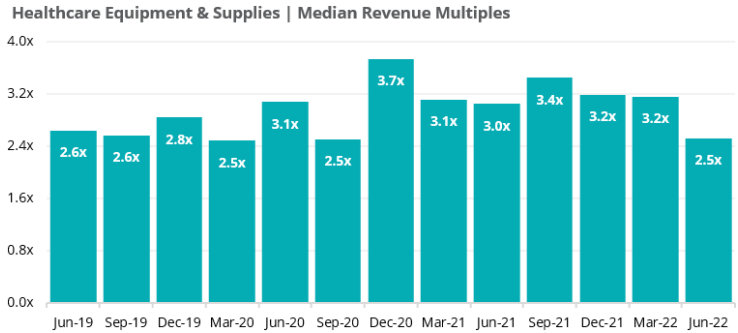




***Source: FactSet***

# Public Comparables

## Healthcare Equipment & Supplies



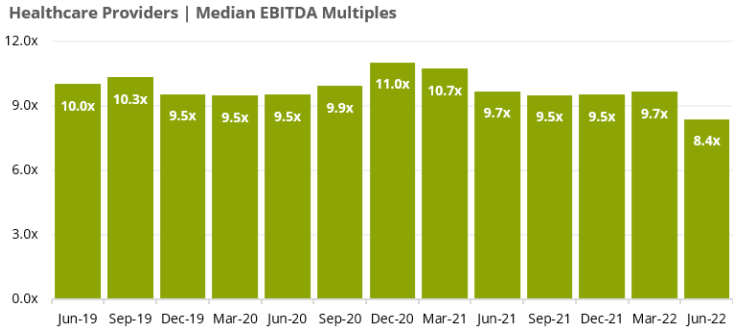



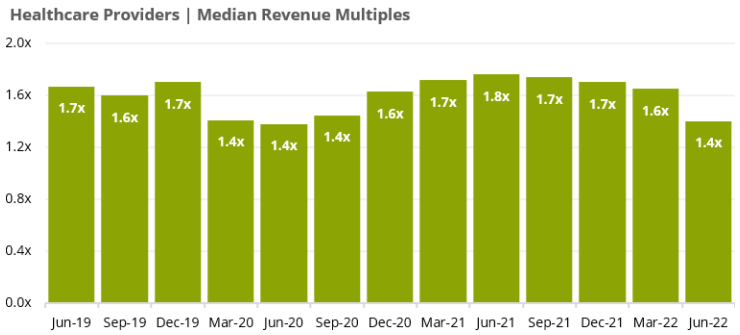

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| McKesson Corporation | $326.21 | 144 | $46,838 | $51,387 | $263,966 | $3,724 | 0.2x | 13.8x |
| AmerisourceBergen Corporation | $141.48 | 209 | $29,635 | $33,034 | $229,666 | $3,579 | 0.1x | 9.2x |
| Cardinal Health, Inc. | $52.27 | 272 | $14,240 | $17,500 | $176,859 | $2,273 | 0.1x | 7.7x |
| Becton, Dickinson and Company | $246.53 | 285 | $70,277 | $85,579 | $20,031 | $4,897 | 4.3x | 17.5x |
| Viatris, Inc. | $10.47 | 1,212 | $12,693 | $33,959 | $17,609 | $4,694 | 1.9x | 7.2x |
| Baxter International Inc. | $64.23 | 504 | $32,342 | $47,769 | $13,545 | $3,114 | 3.5x | 15.3x |
| Henry Schein, Inc. | $76.74 | 138 | $10,594 | $12,932 | $12,655 | $1,081 | 1.0x | 12.0x |
| Owens & Minor, Inc. | $31.45 | 76 | $2,394 | $5,109 | $9,866 | $432 | 0.5x | 11.8x |
| Olympus Corp. | $20.07 | 1,286 | $25,807 | $26,514 | $7,732 | $2,056 | 3.4x | 12.9x |
| DENTSPLY SIRONA, Inc. | $35.73 | 215 | $7,698 | $9,700 | $4,251 | $991 | 2.3x | 9.8x |
| STERIS Plc | $206.15 | 100 | $20,631 | $23,575 | $4,585 | $1,175 | 5.1x | 20.1x |
| ResMed Inc. | $209.63 | 146 | $30,666 | $31,296 | $3,539 | $1,181 | 8.8x | 26.5x |
| Teleflex Incorporated | $245.85 | 47 | $11,530 | $13,024 | $2,817 | $792 | 4.6x | 16.4x |
| Envista Holdings Corp. | $38.54 | 163 | $6,267 | $6,718 | $2,431 | $530 | 2.8x | 12.7x |
| Uniphar PLC | $3.03 | 273 | $826 | $1,017 | $2,297 | $102 | 0.4x | 10.0x |
| | | | | | | | | |
| Mean | | | | $26,608 | $48,429 | $1,962 | 2.6x | 13.5x |
| Median | | | | $23,575 | $8,799 | $1,178 | 2.3x | 12.7x |

*Source: FactSet*

# Public Comparables

## Healthcare Providers



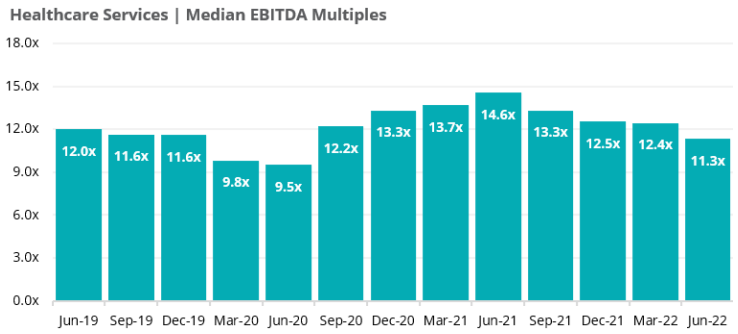



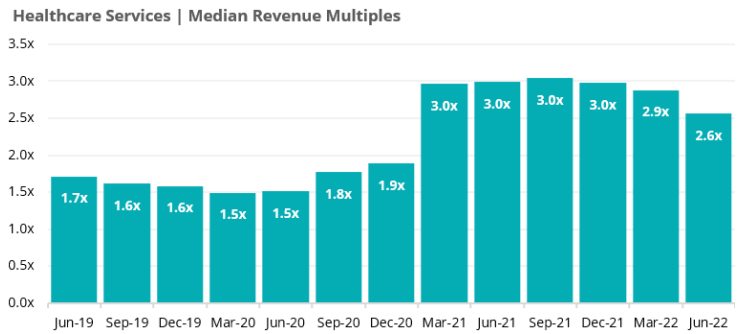

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| HCA Healthcare Inc | $168.06 | 295 | $49,659 | $89,116 | $59,720 | $12,433 | 1.5x | 7.2x |
| Fresenius SE & Co. KGaA | $30.21 | 563 | $17,017 | $56,732 | $43,732 | $7,061 | 1.3x | 8.0x |
| Tenet Healthcare Corporation | $52.56 | 108 | $5,662 | $22,466 | $19,449 | $3,205 | 1.2x | 7.0x |
| Community Health Systems, Inc. | $3.75 | 135 | $505 | $13,542 | $12,466 | $1,773 | 1.1x | 7.6x |
| Universal Health Services, Inc. Class B | $100.71 | 67 | $6,760 | $12,154 | $12,922 | $1,860 | 0.9x | 6.5x |
| DaVita Inc. | $79.96 | 95 | $7,564 | $20,584 | $11,616 | $2,355 | 1.8x | 8.7x |
| Select Medical Holdings Corporation | $23.62 | 131 | $3,085 | $8,195 | $6,258 | $710 | 1.3x | 11.5x |
| Encompass Health Corporation | $44.57 | 100 | $4,447 | $9,467 | $5,225 | $1,043 | 1.8x | 9.1x |
| Brookdale Senior Living Inc. | $4.54 | 187 | $848 | $5,559 | $2,675 | $171 | 2.1x | 32.4x |
| Ensign Group, Inc. | $73.47 | 55 | $4,076 | $5,236 | $2,637 | $247 | 2.0x | 21.2x |
| Acadia Healthcare Company, Inc. | $67.63 | 91 | $6,122 | $7,684 | $2,380 | $518 | 3.2x | 14.8x |
| Amedisys, Inc. | $105.12 | 33 | $3,424 | $3,951 | $2,222 | $266 | 1.8x | 14.9x |
| LHC Group, Inc. | $155.74 | 31 | $4,832 | $5,816 | $2,266 | $243 | 2.6x | 23.9x |
| Surgery Partners, Inc. | $28.92 | 90 | $2,600 | $6,815 | $2,309 | $444 | 3.0x | 15.4x |
| Spire Healthcare Group PLC | $2.85 | 404 | $1,152 | $2,577 | $1,521 | $245 | 1.7x | 10.5x |
| | | | | | | | | |
| Mean | | | | $17,993 | $12,493 | $2,172 | 1.8x | 13.3x |
| Median | | | | $8,195 | $5,225 | $710 | 1.8x | 10.5x |

*Source: FactSet*

# Public Comparables

## Healthcare Services



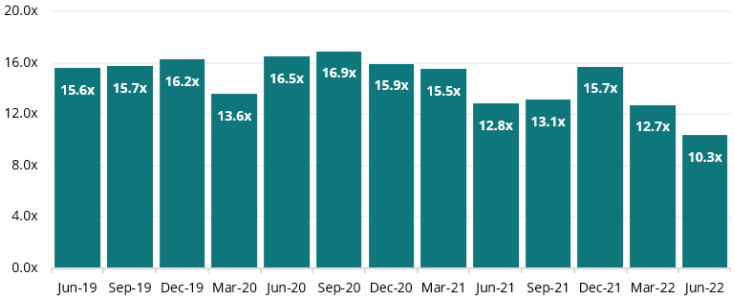

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| CVS Health Corporation | $92.66 | 1,311 | $121,506 | $183,476 | $299,664 | $19,292 | 0.6x | 9.5x |
| Centene Corporation | $84.61 | 585 | $49,487 | $61,180 | $133,184 | NA | 0.5x | NM |
| Molina Healthcare, Inc. | $279.61 | 59 | $16,413 | $14,000 | $29,019 | NA | 0.5x | NM |
| Cerner Corporation | $94.92 | 314 | $29,814 | $30,545 | $5,807 | $1,725 | 5.3x | 17.7x |
| MAXIMUS, Inc. | $62.51 | 61 | $3,839 | $5,352 | $4,678 | $506 | 1.1x | 10.6x |
| Change Healthcare, Inc. | $23.06 | 319 | $7,346 | $11,757 | $3,481 | $845 | 3.4x | 13.9x |
| Stericycle, Inc. | $43.85 | 92 | $4,038 | $6,046 | $2,643 | $410 | 2.3x | 14.8x |
| AMN Healthcare Services, Inc. | $109.71 | 45 | $4,906 | $5,625 | $4,651 | $696 | 1.2x | 8.1x |
| Allscripts Healthcare Solutions, Inc. | $14.83 | 116 | $1,721 | $2,035 | $1,277 | $233 | 1.6x | 8.7x |
| Premier Inc. Class A | $35.68 | 118 | $4,210 | $4,655 | $1,574 | $411 | 3.0x | 11.3x |
| R1 RCM Inc | $20.96 | 280 | $5,863 | $6,578 | $1,518 | $283 | 4.3x | 23.3x |
| agilon health inc | $21.83 | 407 | $8,879 | $7,890 | $1,834 | ($366) | 4.3x | NM |
| Teladoc Health, Inc. | $33.21 | 161 | $5,353 | $6,100 | $2,144 | $5 | 2.8x | 1337.4x |
| MultiPlan Corp Class A | $5.49 | 639 | $3,508 | $8,077 | $1,118 | $817 | 7.2x | 9.9x |
| Cross Country Healthcare, Inc. | $20.83 | 38 | $796 | $1,029 | $2,136 | $228 | 0.5x | 4.5x |
| | | | | | | | | |
| Mean | | | | $23,623 | $32,982 | $1,930 | 2.6x | 122.5x |
| Median | | | | $6,578 | $2,643 | $411 | 2.3x | 10.9x |

*Source: FactSet*

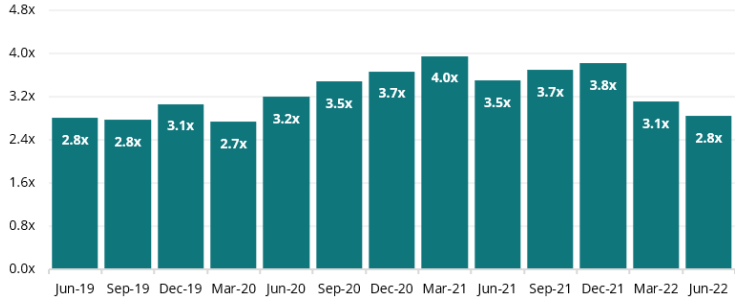
# Public Comparables

## Healthcare Diagnostics & Imaging

Healthcare Diagnostics & Imaging | Median EBITDA Multiples




Healthcare Diagnostics & Imaging | Median Revenue Multiples



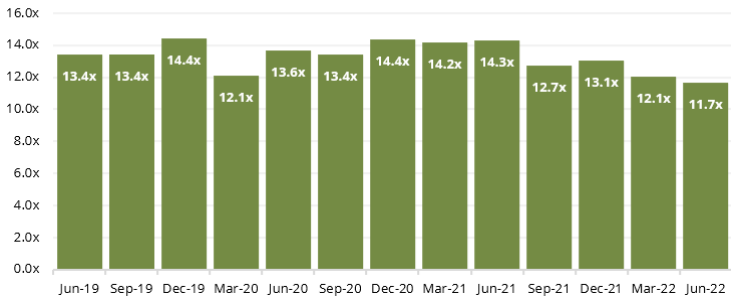

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| Koninklijke Philips N.V. | $21.49 | 889 | $19,111 | $24,058 | $20,278 | $2,188 | 1.2x | 11.0x |
| Becton, Dickinson and Company | $246.53 | 285 | $70,277 | $85,579 | $20,031 | $4,897 | 4.3x | 17.5x |
| Siemens Healthineers AG | $50.69 | 1,128 | $57,183 | $72,781 | $24,032 | $4,941 | 3.0x | 14.7x |
| Laboratory Corporation of America Holdings | $234.36 | 93 | $21,837 | $26,916 | $15,859 | $3,903 | 1.7x | 6.9x |
| Quest Diagnostics Incorporated | $132.98 | 117 | $15,607 | $19,674 | $10,679 | $2,703 | 1.8x | 7.3x |
| Eurofins Scientific Societe Europeenne | $78.49 | 192 | $15,102 | $18,804 | $7,940 | $2,149 | 2.4x | 8.8x |
| Hologic, Inc. | $69.30 | 249 | $17,282 | $18,084 | $5,392 | $2,472 | 3.4x | 7.3x |
| bioMerieux SA | $97.44 | 120 | $11,658 | $11,320 | $3,991 | $1,167 | 2.8x | 9.7x |
| Sysmex Corporation | $60.11 | 210 | $12,603 | $12,148 | $3,237 | $863 | 3.8x | 14.1x |
| RadNet, Inc. | $17.28 | 56 | $971 | $2,431 | $1,342 | $258 | 1.8x | 9.4x |
| Sotera Health Company | $19.59 | 283 | $5,540 | $7,245 | $956 | $464 | 7.6x | 15.6x |
| Myriad Genetics, Inc. | $18.17 | 80 | $1,460 | $1,281 | $682 | ($24) | 1.9x | NM |
| Thyrocare Technologies Ltd | $7.87 | 53 | $416 | $401 | $82 | $34 | 4.9x | 11.7x |
| | | | | | | | | |
| | | | | | | | | |
| Mean | | | | $23,132 | $8,808 | $2,001 | 3.1x | 11.2x |
| Median | | | | $18,084 | $5,392 | $2,149 | 2.8x | 10.3x |

*Source: FactSet*

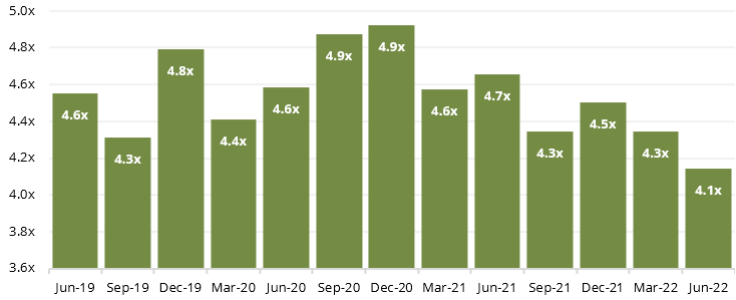
# Public Comparables

## Pharmaceuticals

Pharmaceuticals | Median EBITDA Multiples




Pharmaceuticals | Median Revenue Multiples

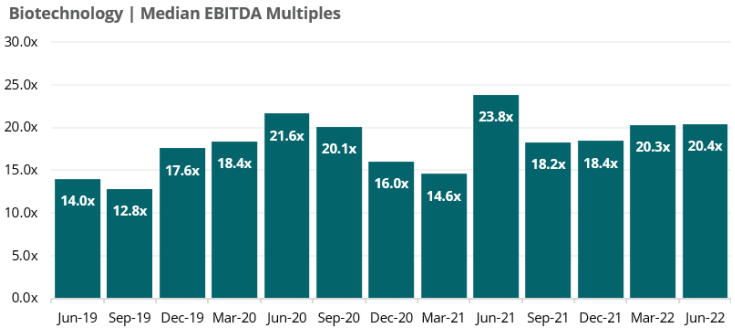


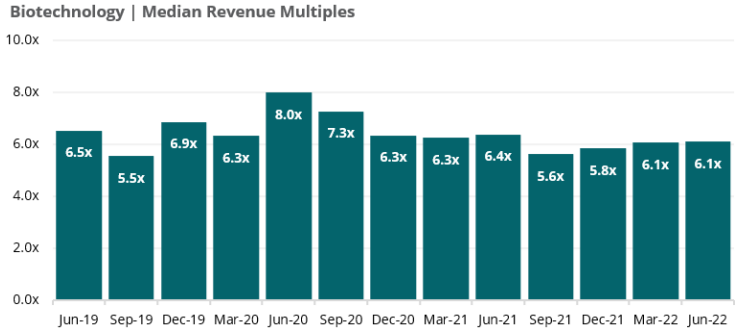

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| Johnson & Johnson | $177.51 | 2,631 | $467,100 | $469,860 | $94,897 | $31,431 | 5.0x | 14.9x |
| Roche Holding Ltd Dividend Right Cert. | $332.74 | 703 | $233,772 | $291,984 | $68,690 | $23,768 | 4.3x | 12.3x |
| Novartis AG | $84.45 | 2,404 | $202,999 | $198,843 | $51,743 | $17,264 | 3.8x | 11.5x |
| Merck & Co., Inc. | $91.17 | 2,529 | $230,551 | $253,430 | $52,905 | $19,523 | 4.8x | 13.0x |
| Bayer AG | $59.30 | 982 | $58,256 | $99,348 | $53,879 | $14,910 | 1.8x | 6.7x |
| AbbVie, Inc. | $153.16 | 1,767 | $270,651 | $336,584 | $56,725 | $28,767 | 5.9x | 11.7x |
| GSK plc | $21.44 | 5,084 | $109,017 | $141,827 | $49,821 | $14,687 | 2.8x | 9.7x |
| Bristol-Myers Squibb Company | $77.00 | 2,129 | $163,938 | $194,647 | $46,960 | $20,723 | 4.1x | 9.4x |
| Pfizer Inc. | $52.43 | 5,611 | $294,179 | $306,844 | $92,367 | $31,201 | 3.3x | 9.8x |
| Sanofi | $100.72 | 1,265 | $127,453 | $140,558 | $44,633 | $13,946 | 3.1x | 10.1x |
| Abbott Laboratories | $108.65 | 1,751 | $190,240 | $199,402 | $44,514 | $13,379 | 4.5x | 14.9x |
| Takeda Pharmaceutical Co. Ltd. | $28.10 | 1,582 | $44,467 | $76,209 | $31,760 | $10,622 | 2.4x | 7.2x |
| AstraZeneca PLC | $131.16 | 1,549 | $203,231 | $228,332 | $40,848 | $6,500 | 5.6x | 35.1x |
| Eli Lilly and Company | $324.23 | 950 | $308,070 | $322,142 | $29,323 | $10,085 | 11.0x | 31.9x |
| Merck KGaA | $168.32 | 129 | $21,754 | $83,598 | $23,523 | $7,174 | 3.6x | 11.7x |
| | | | | | | | | |
| Mean | | | | $222,907 | $52,173 | $17,599 | 4.4x | 14.0x |
| Median | | | | $199,402 | $49,821 | $14,910 | 4.1x | 11.7x |

*Source: FactSet*

# Public Comparables

## Biotechnology



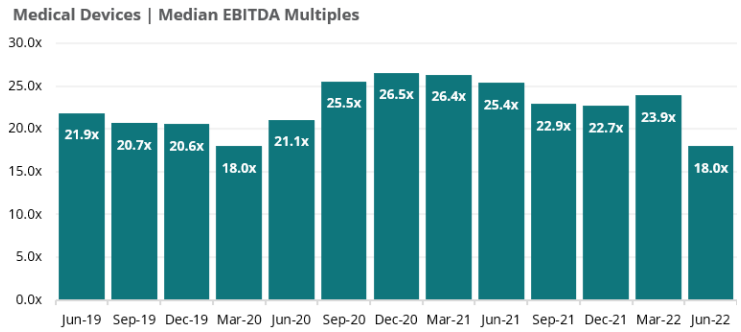



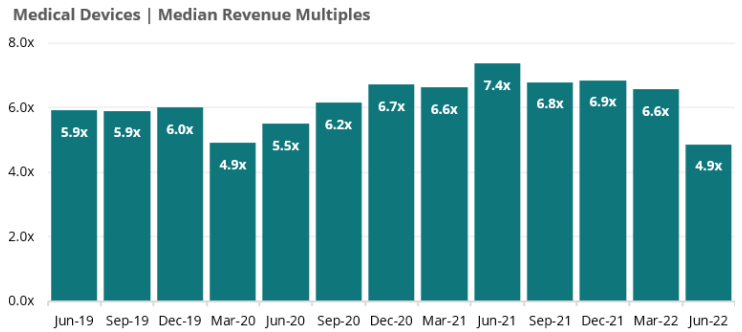

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| Amgen Inc. | $243.30 | 534 | $129,971 | $160,281 | $26,296 | $12,893 | 6.1x | 12.4x |
| Gilead Sciences, Inc. | $61.81 | 1,254 | $77,529 | $98,400 | $27,492 | $12,200 | 3.6x | 8.1x |
| Biogen Inc. | $203.94 | 146 | $29,867 | $33,682 | $10,283 | $2,907 | 3.3x | 11.6x |
| Regeneron Pharmaceuticals, Inc. | $591.13 | 108 | $63,859 | $60,583 | $16,508 | $9,414 | 3.7x | 6.4x |
| Vertex Pharmaceuticals Incorporated | $281.79 | 256 | $72,069 | $64,699 | $7,941 | $3,055 | 8.1x | 21.2x |
| Incyte Corporation | $75.97 | 222 | $16,828 | $14,328 | $3,115 | $711 | 4.6x | 20.2x |
| Seagen, Inc. | $176.94 | 184 | $32,570 | $30,687 | $1,669 | ($613) | 18.4x | NM |
| Novozymes A/S Class B | $59.89 | 227 | $13,610 | $17,506 | $2,427 | $849 | 7.2x | 20.6x |
| BioMarin Pharmaceutical Inc. | $82.87 | 185 | $15,331 | $15,354 | $1,871 | $36 | 8.2x | 426.6x |
| Neurocrine Biosciences, Inc. | $97.48 | 96 | $9,317 | $9,149 | $1,208 | $191 | 7.6x | 47.9x |
| Alkermes Plc | $29.79 | 164 | $4,890 | $4,776 | $1,201 | $39 | 4.0x | 123.2x |
| Exelixis, Inc. | $20.82 | 321 | $6,678 | $5,158 | $1,521 | $390 | 3.4x | 13.2x |
| Sarepta Therapeutics, Inc. | $74.96 | 88 | $6,559 | $5,683 | $766 | ($342) | 7.4x | NM |
| Sinovac Biotech Ltd. | $6.47 | 72 | $464 | ($8,269) | $19,375 | $17,640 | NM | NM |
| | | | | | | | | |
| Mean | | | | $36,573 | $8,530 | $4,178 | 6.6x | 64.7x |
| Median | | | | $16,430 | $3,115 | $849 | 6.1x | 20.2x |

*Source: FactSet*

# Public Comparables

## Medical Devices



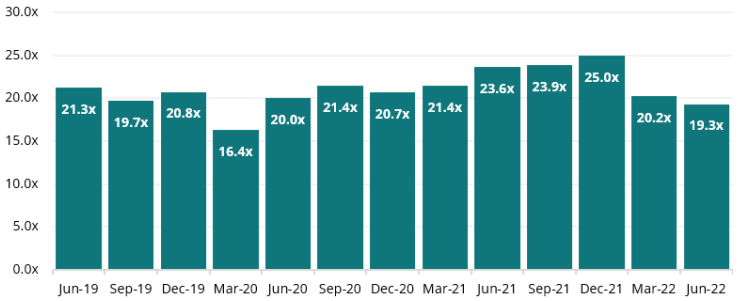

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| Medtronic Plc | $89.75 | 1,329 | $119,252 | $133,834 | $31,686 | $9,851 | 4.2x | 13.6x |
| Stryker Corporation | $198.93 | 378 | $75,226 | $88,294 | $17,430 | $4,566 | 5.1x | 19.3x |
| Boston Scientific Corporation | $37.27 | 1,430 | $53,280 | $62,492 | $12,162 | $3,118 | 5.1x | 20.0x |
| Zimmer Biomet Holdings, Inc. | $105.06 | 210 | $22,018 | $27,889 | $7,652 | $2,198 | 3.6x | 12.7x |
| Alcon AG | $69.65 | 500 | $34,804 | $37,727 | $8,550 | $2,194 | 4.4x | 17.2x |
| Terumo Corporation | $30.09 | 760 | $22,855 | $23,201 | $6,259 | $1,575 | 3.7x | 14.7x |
| HOYA CORPORATION | $85.27 | 366 | $31,192 | $27,401 | $5,886 | $2,809 | 4.7x | 9.8x |
| Smith & Nephew PLC | $13.94 | 872 | $12,159 | $14,287 | $5,212 | $1,345 | 2.7x | 10.6x |
| Edwards Lifesciences Corporation | $95.09 | 622 | $59,122 | $58,313 | $5,357 | $1,821 | 10.9x | 32.0x |
| Intuitive Surgical, Inc. | $200.71 | 359 | $72,046 | $68,115 | $5,906 | $2,141 | 11.5x | 31.8x |
| Sonova Holding AG | $317.54 | 63 | $20,060 | $20,370 | $3,662 | $1,084 | 5.6x | 18.8x |
| Align Technology, Inc. | $236.67 | 79 | $18,651 | $17,768 | $4,031 | $1,090 | 4.4x | 16.3x |
| Cooper Companies, Inc. | $313.12 | 49 | $15,448 | $18,563 | $3,139 | $876 | 5.9x | 21.2x |
| DexCom, Inc. | $74.53 | 393 | $29,253 | $28,707 | $2,572 | $379 | 11.2x | 75.7x |
| Straumann Holding AG | $119.76 | 159 | $19,096 | $18,908 | $2,212 | $700 | 8.5x | 27.0x |
| | | | | | | | | |
| Mean | | | | $43,058 | $8,114 | $2,383 | 6.1x | 22.7x |
| Median | | | | $27,889 | $5,886 | $1,821 | 5.1x | 18.8x |

*Source: FactSet*

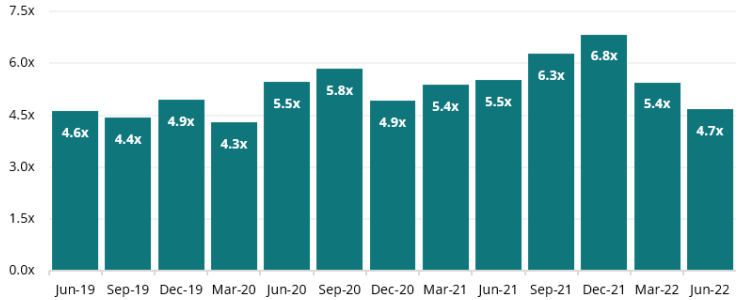
# Public Comparables

## Life Sciences Tools & Services

Life Sciences Tools & Services | Median EBITDA Multiples




Life Sciences Tools & Services | Median Revenue Multiples



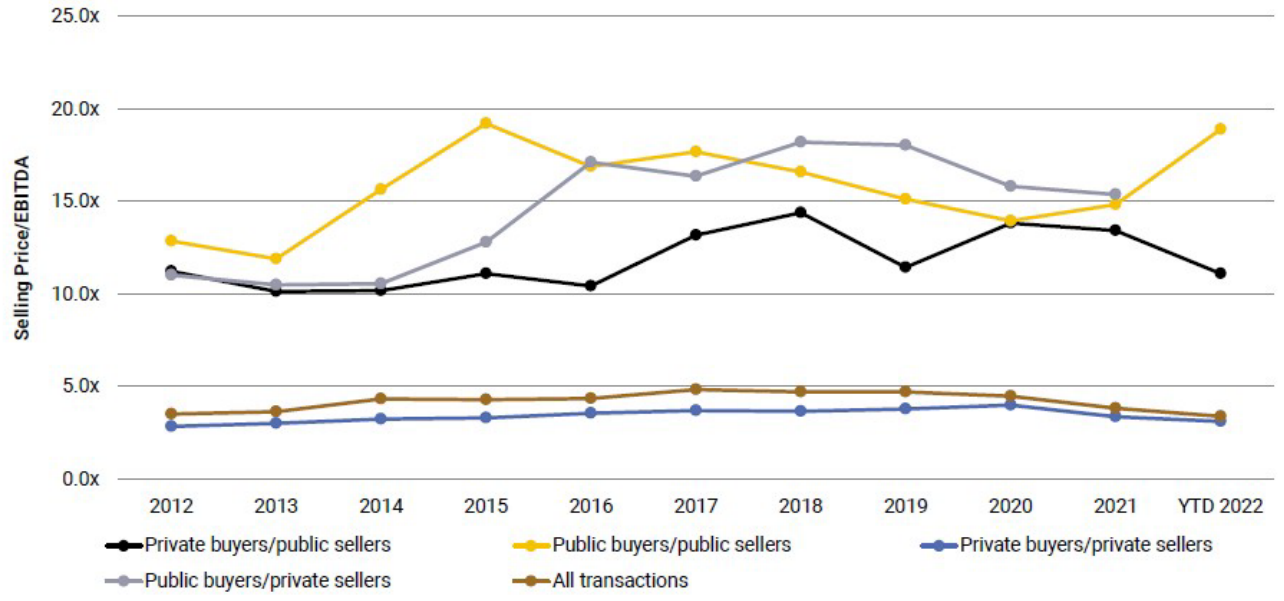

| Company $USD in Millions | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|
| Thermo Fisher Scientific Inc. | $543.28 | 391 | $212,673 | $243,325 | $41,123 | $12,915 | 5.9x | 18.8x |
| Danaher Corporation | $253.52 | 727 | $184,329 | $205,664 | $30,283 | $10,446 | 6.8x | 19.7x |
| IQVIA Holdings Inc | $216.99 | 189 | $41,072 | $52,526 | $14,041 | $2,768 | 3.7x | 19.0x |
| Agilent Technologies, Inc. | $118.77 | 299 | $35,478 | $37,340 | $6,527 | $1,813 | 5.7x | 20.6x |
| Syneos Health, Inc. Class A | $71.68 | 103 | $7,353 | $10,441 | $5,340 | $674 | 2.0x | 15.5x |
| PerkinElmer, Inc. | $142.22 | 126 | $17,941 | $22,318 | $5,019 | $1,666 | 4.4x | 13.4x |
| Illumina, Inc. | $184.36 | 157 | $28,963 | $30,162 | $4,656 | $571 | 6.5x | 52.8x |
| Mettler-Toledo International Inc. | $1,148.77 | 23 | $26,054 | $27,810 | $3,811 | $1,134 | 7.3x | 24.5x |
| Charles River Laboratories International, Inc. | $213.97 | 51 | $10,871 | $13,669 | $3,630 | $906 | 3.8x | 15.1x |
| ICON Plc | $216.70 | 81 | $17,616 | $22,352 | $5,481 | $954 | 4.1x | 23.4x |
| Bio-Rad Laboratories, Inc. Class A | $495.00 | 25 | $12,307 | $14,152 | $2,896 | $693 | 4.9x | 20.4x |
| Waters Corporation | $330.98 | 60 | $19,937 | $20,965 | $2,868 | $999 | 7.3x | 21.0x |
| Bruker Corporation | $62.76 | 149 | $9,367 | $9,689 | $2,458 | $527 | 3.9x | 18.4x |
| QuidelOrtho Corporation | $97.18 | 42 | $4,067 | $2,892 | $2,325 | $1,373 | 1.2x | 2.1x |
| | | | | | | | | |
| Mean | | | | $50,950 | $9,089 | $2,563 | 4.8x | 20.3x |
| Median | | | | $22,335 | $5,019 | $999 | 4.7x | 19.3x |

*Source: FactSet*

# Public vs. Private Comparables

**Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.**

**Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a "size" premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.**




*Note: Each data point in this chart is based on a minimum of 10 transaction multiples. If there are not enough transaction multiples for a particular year or quarter, the data are not included.*

DealStats Value Index Report Q2-2022

# CFA Overview

# About CFA

## Who We Are / What We Do

**Corporate Finance Associates (CFA) is an independent inter- national investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.**

**This Healthcare & Life Sciences Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.**

### Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative think- ing, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.

### Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.

### Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.

### Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals

### Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.

### Business Valuation

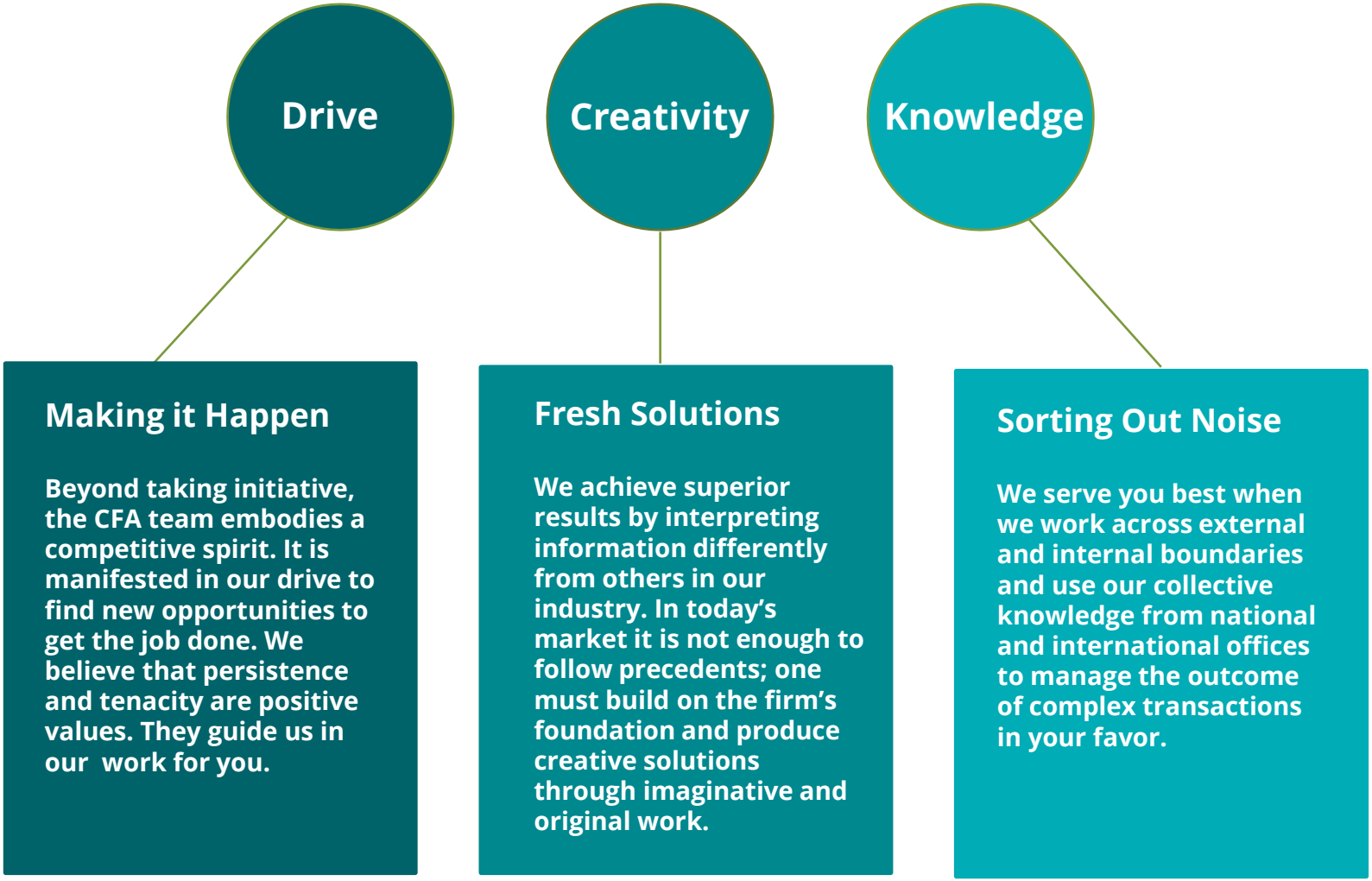
"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

# Local Service, Global Reach

## Where We Are

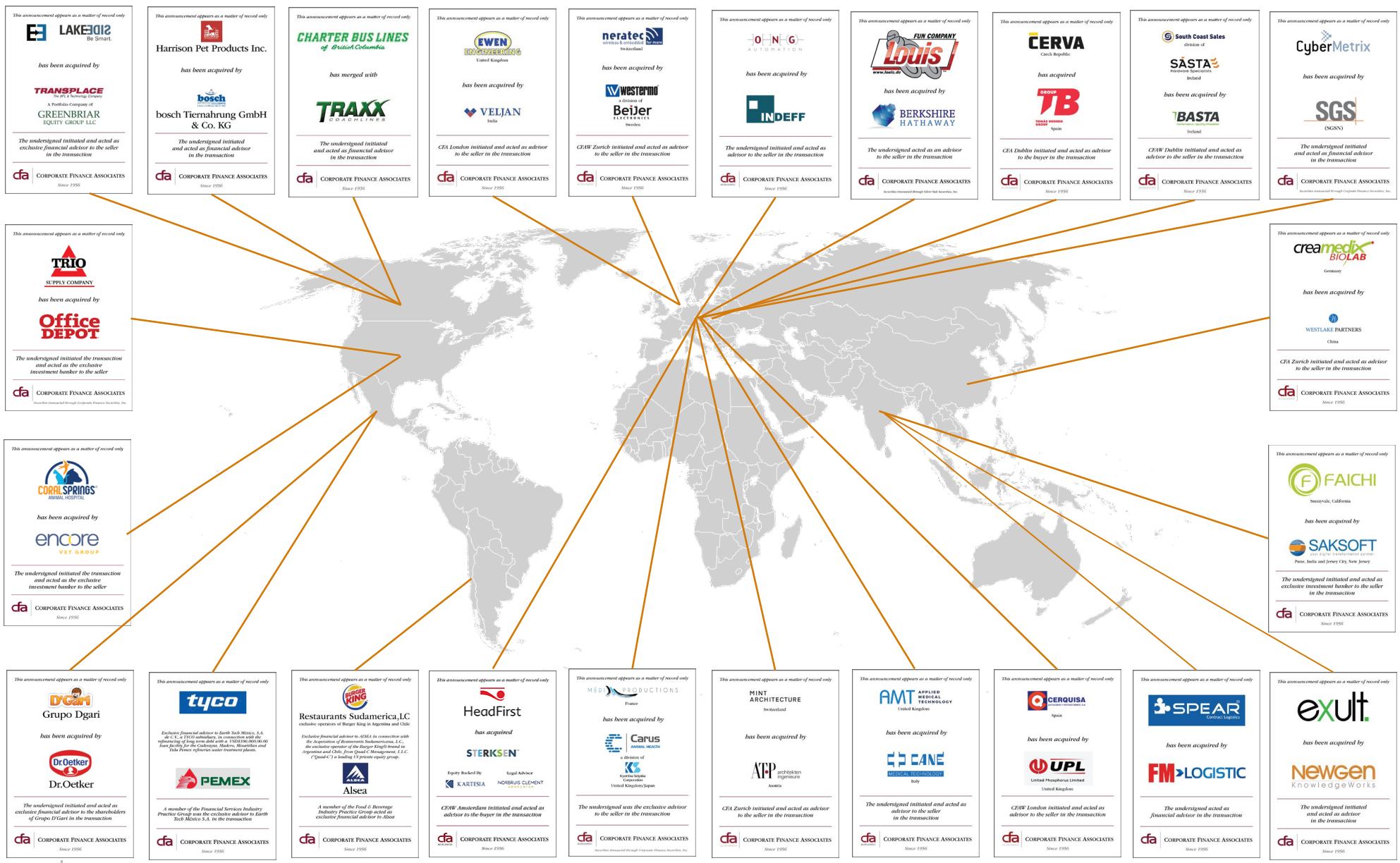
**With offices across the USA and in Austria, Belgium, France, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.**

# Delivering Results




**Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions**

# Worldwide Transactions



# Industry Practice Groups

## Healthcare & Life Sciences

**The Healthcare & Life Sciences practice group is a multi-disciplinary team of investment banking advisors within Corporate Finance Associates. Collectively, the Healthcare & Life Sciences Practice Group advises companies in all sectors of the animal health industry regarding mergers, acquisitions, recapitalizations, and financial resources. This Practice Group is comprised of advisors with extensive experience working with companies in the healthcare and life sciences industry. We specialize in advising middle market companies in the following sectors:**

- **Assisted Living & Long-term Care**
- **Behavioral Health Care & Rehab Clinics**
- **Biotechnology**
- **Hospital & Outpatient Providers**
- **Labs, MRI, Dialysis**
- **Medical Devices**
- **Medical Testing Equipment**
- **Durable Medical Equipment**
- **Pharmaceuticals**
- **Physician Medical Groups**
- **Technology Enabled Services**

**Whether you want to acquire, merge, sell, or finance, let CFA's industry knowledge, international resources and proven dealmaking skills work for you. We research, identify, qualify, advocate, negotiate and help steer you through the mine fields of due diligence to maximize your value and secure your objective.**

**Aerospace/Defense/Government**

**Agriculture**

**Animal Health**

**Business Services**

**Commercial Real Estate**

**Consumer Retail**

**Energy**

**Engineering/Construction**

**Financial Services & FinTech**

**Food/Beverage**

**Healthcare/Life Sciences**

**Industrials**

**Metal Fabrication**

**Print/Packaging**

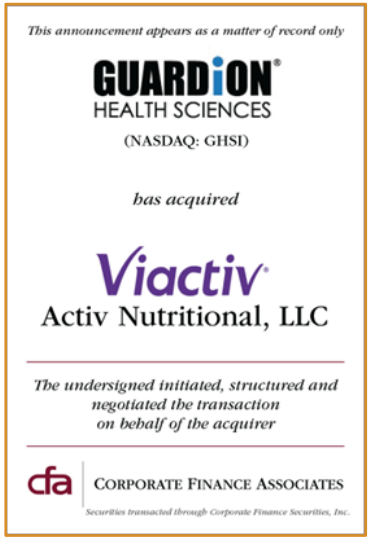
**Semiconductors**

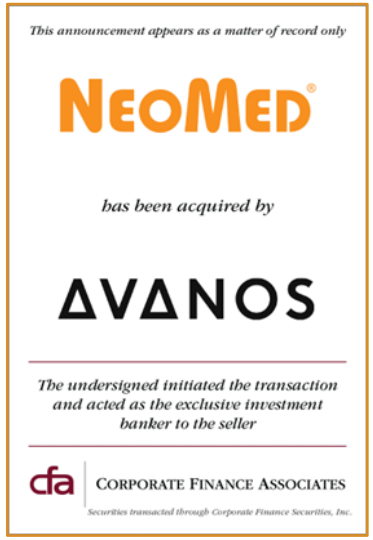
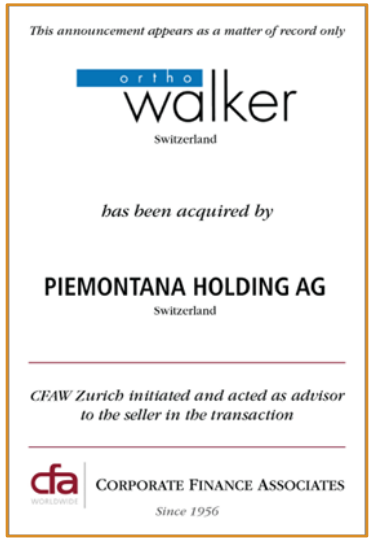
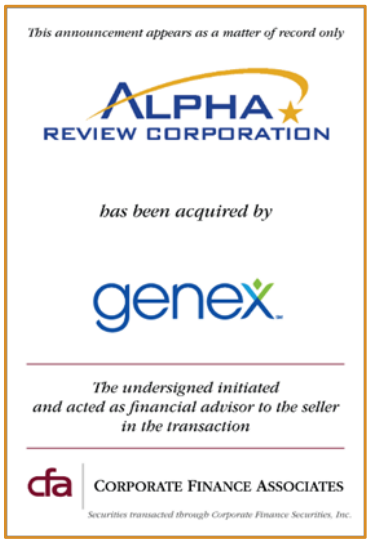
**Technology/Media/Telecom**

**Transportation/Logistics/Supply Chain**

**Wholesale Distribution**

# Recent Industry Transactions

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