

**M&A in the Healthcare Industry – Key Trends**

Year	Total no. of transactions	Total value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
2013	840	77,600	2.3x	10.6x
2014	990	161,800	2.4x	13.1x
2015	1,030	378,600	2.5x	14.6x
2016	930	210,000	2.7x	15.0x

Source: Capital IQ

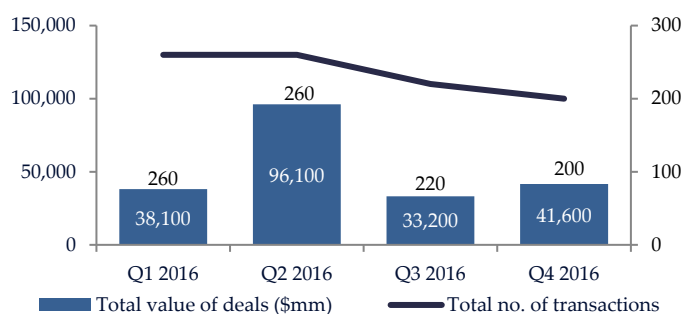
**M&A in the Healthcare Industry – 2016 Overview**

- In 2016, M&A activity in the Healthcare industry shifted towards lower number of transactions and deal value. High 2015 deal value is attributed to three transactions which accounted for \$110 billion in value, including Allergan plc acquisition of Allergan Inc. and AbbVie acquisition of Pharmacyclics.
- In 2016, the total deal value in the US and Canada accounted for 60% of the global deal value.
- The total number of global M&A transactions in the Healthcare industry were 3,300 in 2014, 3,600 in 2015, and 3,100 in 2016, indicating a decrease of 15% from 2015 to 2016. Deals in the US and Canada accounted for 30% of the global transactions from 2014 to 2016.
- In 2016, valuation multiples for the US and Canada (median TEV/Revenue of 2.7x versus global median of 2.1x and median TEV/EBITDA of 15.0x versus 12.5x) were higher than global multiples, reflecting better confidence amongst buyers for targets in this region.
- 36% disclosed deals in terms of transaction value.
- M&A in the Healthcare industry could hit the pause button in 2017 because of uncertainty around the fate of the Affordable Care Act under the Trump presidency. (Source: Forbes)

**Activity Summary, Last 5 Quarters**

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Total no. of transactions	280	260	260	220	200
Total value of deals (\$mm)	50,400	38,100	96,100	33,200	41,600
Average deal size (\$mm)	550	390	1,200	460	610
Median deal size (\$mm)	64	39	42	60	34
Median Revenue Multiple	2.5x	2.3x	3.2x	3.1x	2.6x
Median EBITDA Multiple	19.5x	13.2x	17.9x	16.x	12.5x
Mid-market deals, % of total	80%	81%	80%	83%	84%

Source: Capital IQ

**Activity Summary Chart, Last 4 Quarters**

**Deal Breakdown by Type of Buyer in 2016**

Type of Buyer	No. of deals	Disclosed deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
Strategic Buyer	777	267	179,200	670	2.7x	16.4x
Financial Buyer	111	30	24,300	810	3.6x	12.7x
Both	7	5	5,200	1,000	1.0x	11.3x
Not available	33	19	321	20	n/a	n/a

Source: Capital IQ

**Middle Market Deals in 2016**

Deal breakdown by size (\$mm)	No. of deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
\$0 - \$50	167	2,300	14	2.0x	10.8x
\$50 - \$250	75	9,500	127	2.6x	14.1x
\$250 - \$500	30	10,600	354	2.6x	10.5x

Source: Capital IQ

**10 Notable Healthcare Transactions in 2016**

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
June 03	Baxalta Incorporated	Shire plc (LSE:SHP)	36,200	5.7x	16.7x
April 15	Jarden Corp.	Newell Brands Inc. (NYSE:NWL)	19,000	2.1x	20.0x

September 27	Medivation, Inc.	Pfizer Inc. (NYSE:PFE)	14,300	13.6x	30.7x
October 03	IMS Health Holdings, Inc.	Quintiles IMS Holdings, Inc. (NYSE:Q)	13,600	4.3x	17.7x
June 01	Stemcentrx, Inc.	AbbVie Inc. (NYSE:ABBV)	9,300	n/a	n/a
December 01	Envision Healthcare Holdings, Inc.	Envision Healthcare Corporation (NYSE:EVHC)	8,100	1.4x	12.6x
June 07	MultiPlan, Inc.	Hellman & Friedman LLC; Leonard Green & Partners, L.P.; GIC Pte. Ltd.	7,500	n/a	n/a
March 24	Health Net, Inc.	Centene Corporation (NYSE:CNC)	6,900	0.4x	16.1x
January 22	Dyax Corp.	Shire Pharmaceuticals International	5,900	57.2x	n/a
February 29	Sirona Dental Systems Inc.	DENTSPLY SIRONA Inc. (NasdaqGS:XRAY)	5,500	4.5x	16.6x

Source: Capital IQ