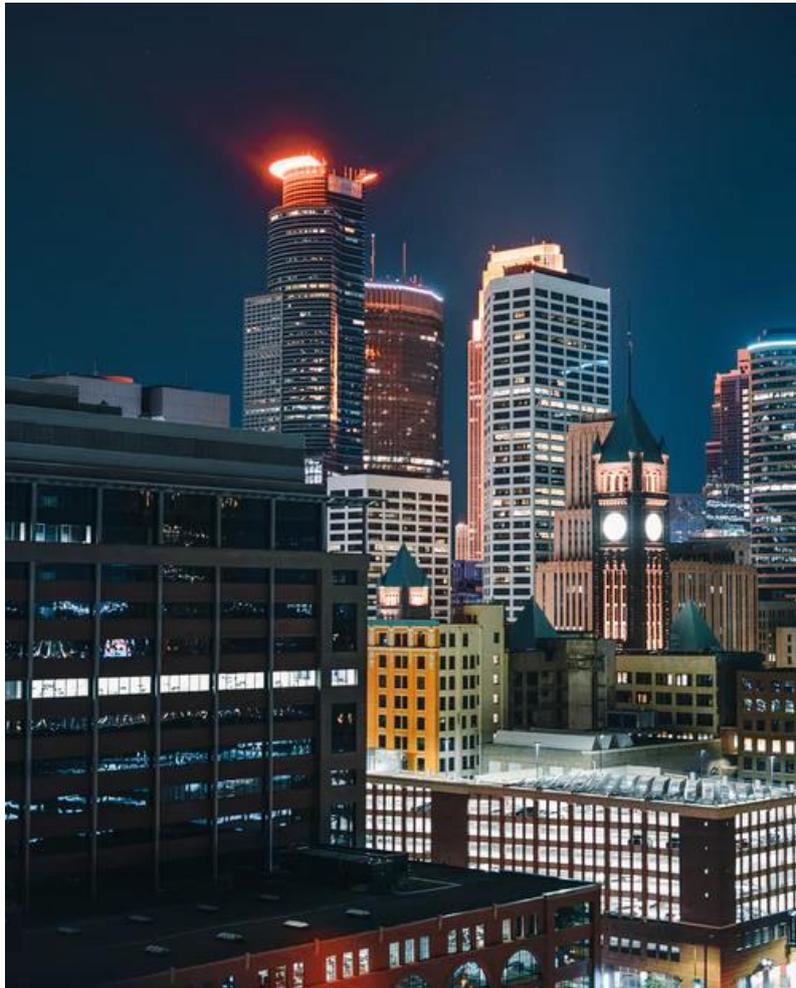


Private Equity & Corporate M&A Global Healthcare Report

Q2 2021

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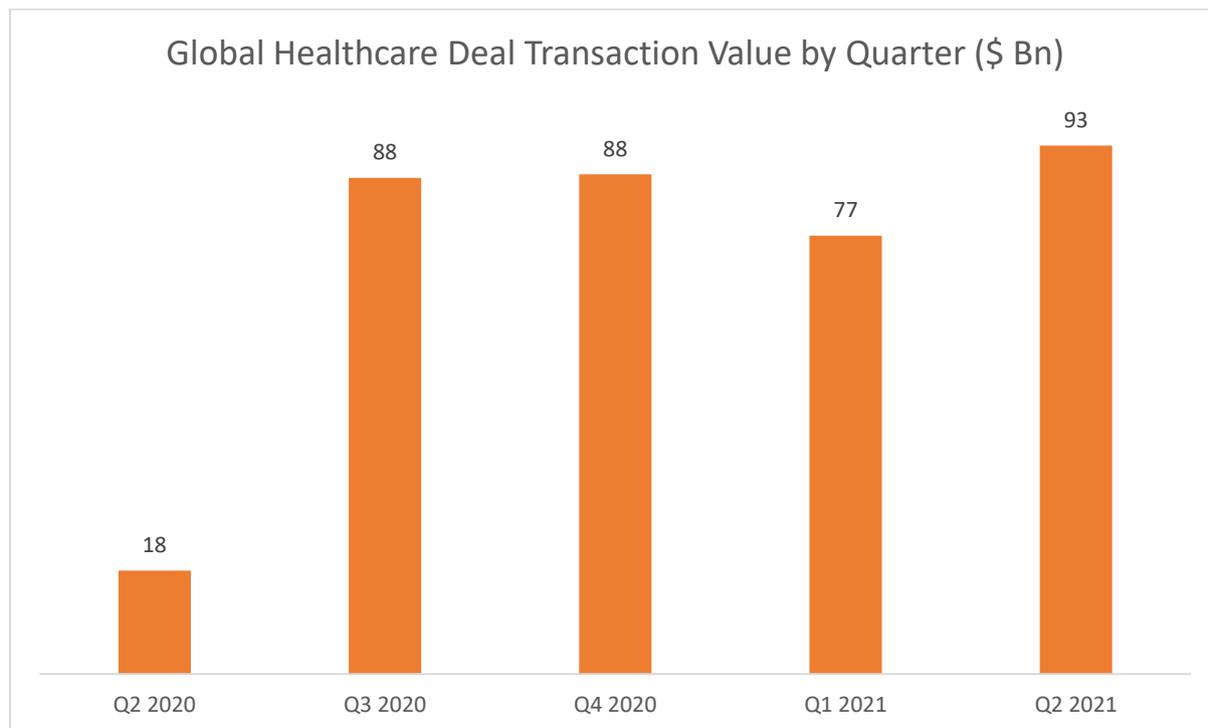


Q2 2021 Healthcare M&A and Private Equity Report

The pandemic is over

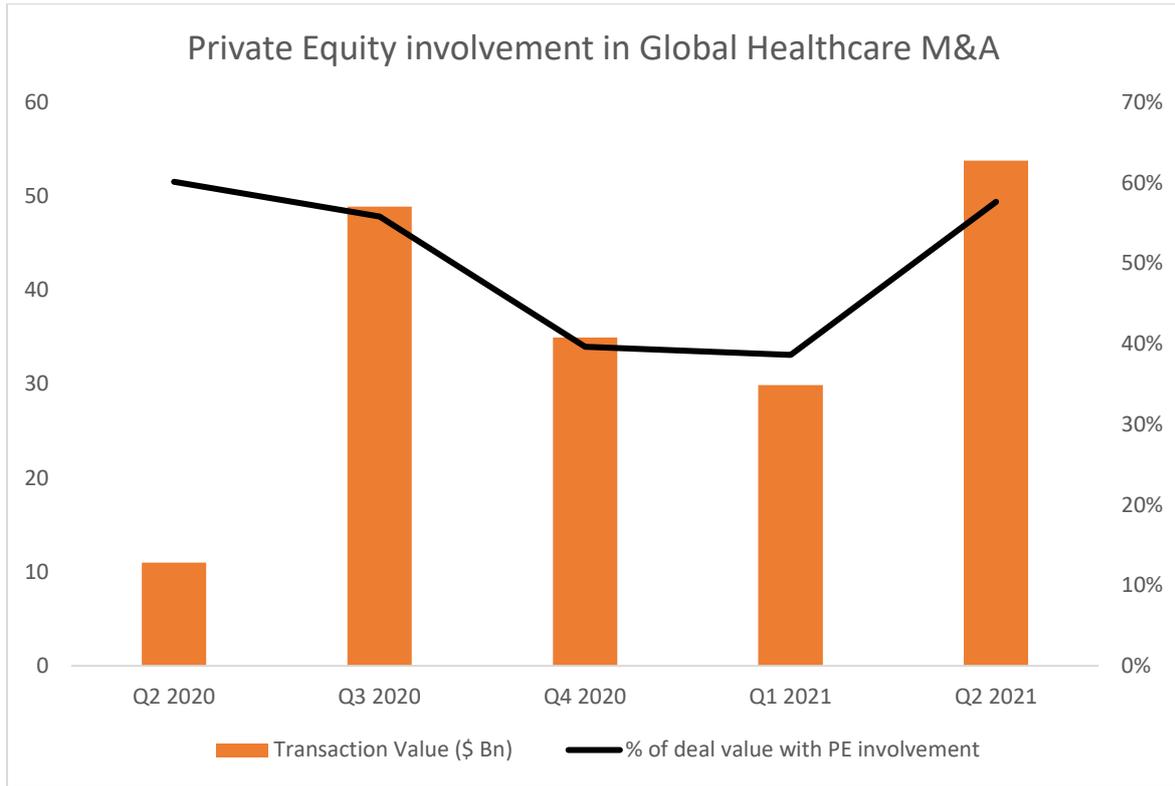
From a healthcare deal activity perspective, Q2 2021 saw over 1145 M&A transactions with total announced transaction value of \$ 93 billion. This would put Q2 as one of the highest value Quarters in the last 24 months.

Compared to the low seen in Q2 2020, at the peak of the pandemic, this represents a 400%+ increase in M&A activity.



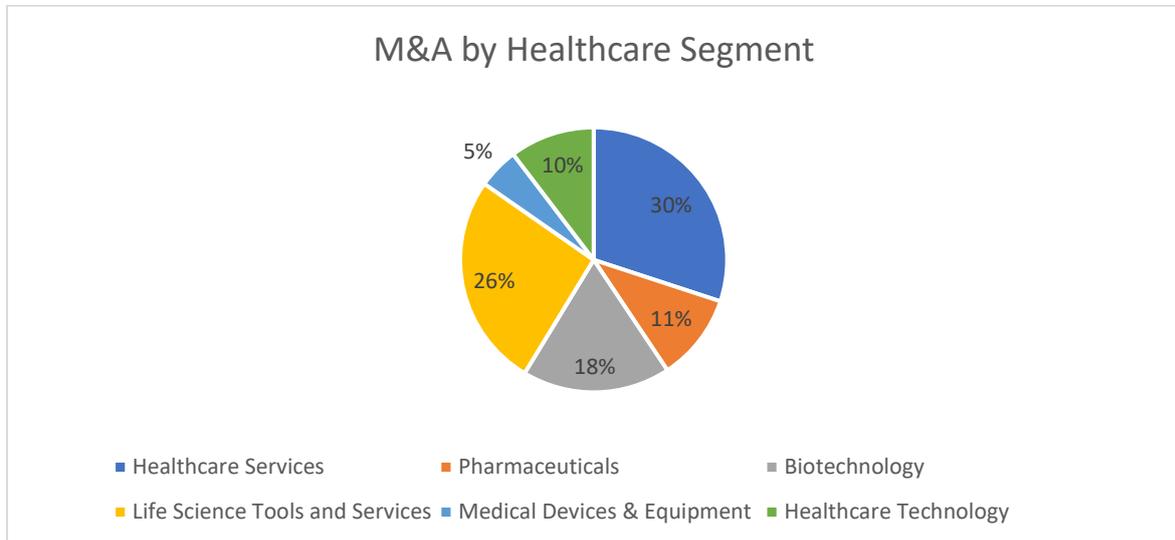
Private Equity bounces back, clocking up attractive exits as well as major investments

After a lull in previous two Quarters, Private Equity returned as a major driver of M&A in healthcare, accounting for over 58% of the transaction value. This was highly influenced by the PPD Inc. (clinical trials and drug development services for biopharma) transaction with Thermo Fisher Scientific (as a strategic buyer), which grossed over \$21 bn for Carlyle Partners and Hellman Friedman in April 2021. Other notable exits included, Hytest (Summa Equity), Rayner Surgical Group (Phoenix Equity Partners), PeriGen Inc. (Galen Partners), Inivata (Farallon), Nexcelcom Biosciences (Ampersand Capital) amongst others.



Private Equity funds made some notable investments in Healthcare Services & HealthTech in Q2 2021. We look at these sectors in more detail below.

Healthcare Services bounced back; Healthcare Technology saw significant interest



Healthcare Services M&A bounced back to represent over \$ 28 bn of M&A in Q2 2021- almost double of the activity seen in Q1 2021. This was a clear indication that investors were more comfortable about projections/pro-formas as routine healthcare visits started to pick up. As per our data, outpatient visits in the U.S are back to pre-pandemic levels and represent a big turnaround compared to the lows observed a year ago. Healthcare Services saw activity across US/Europe in Ophthalmology Clinics, Dermatology, Private Hospitals, Dental Clinics and Labs, Physical Therapy Clinics & Nursing/Care facilities.

One of the upsides of the pandemic has been the accelerated adoption of digital healthcare across consultations, behavioral health, remote patient monitoring and wider adoption of healthcare analytics, practice management, EMR/EHR software by care providers including hospitals and physician practices. Some notable deals in the HealthTech sector include Verisys (provider credentialing software), KenSci (AI/ML platform for healthcare clients), GHX (e-supply chain solutions for healthcare), SPH Analytics (healthcare analytics), Aris Global (pharmacovigilance, drug monitoring, trials software) and Meona/I-Solutions (hospital specialized software).

Notable transactions in Q1 2021

Announced date	Target Company	Buyer	Transaction value (\$ bn)	Remarks
Apr 2021	PPD Inc.	Thermo Fisher Scientific	21.0	PPD, Inc., together with its subsidiaries, provides drug development services to the biopharmaceutical industry worldwide. The company operates through two segments, Clinical Development Services and Laboratory Services.
Apr 2021	Gentiva Health Services	Humana Inc.	5.7	Gentiva Health Services, Inc. offers home healthcare, hospice, and community care services. The company provides skilled nursing, cardiac and pulmonary care, neurorehabilitation, wound care, disease and pain management, medication management and education, and balance problem treatment services.
May 2021	UDG Healthcare	Clayton Dubilier & Rice	4.0	UDG Healthcare plc, provides advisory, communication, commercial, clinical, and packaging services to the pharmaceutical & healthcare industry.
May 2021	Spire Healthcare Group	Ramsay Healthcare (UK)	2.9	Spire Healthcare is a leading independent hospital group in the United Kingdom, delivering care to insured, self-pay and NHS patients across 39 hospitals and eight clinics.
May 2021	Vectura Group	Philip Morris (outbid Carlyle)	1.3	Vectura Group plc engages in the design, development, and supply of generics and pharmaceutical products for the treatment of airways-related diseases worldwide.
Jun 2021	Icario, ChipRewards	CVC Capital Partners	n.a.	Icario, Inc. operates a health action platform uses data science, behavioral research, multi-channel tools, and smart rewards and incentives to connect people with health.
Jun 2021	Aldevron	Danaher Corporation	9.6	EQT/TA Associates-backed Aldevron is a contract science organization, specializes in the production of antibodies, proteins, nucleic acids, plasmids, and genomic DNA products. It produces and purifies plasmid DNA for research, preclinical, clinical, and diagnostic applications.
Jun 2021	CIOX Health	Datavant Inc.	7.0	CIOX Health, LLC develops, owns, and operates a platform that provides healthcare information and clinical data. It also provides information release, denials prevention, coding and education, imaging, medical record retrieval, second level review coding, and risk adjustment solutions.

Outlook and Key Themes for Remainder of 2021

High EBITDA multiples, uncertain revenue forecasts and pro-forma adjustments have been some challenges that investors have been grappling with, especially in the healthcare sector. While the multiples don't seem to be easing anytime soon, a number of Private Equity funds and buyers are more comfortable now with the revenue forecasts than they were a year back. SPACs will also drive the M&A trend for remainder of 2021 at the minimum. In certain markets like the UK, public market pricing has provided opportunities for take-private transactions (CD&D take-out of UDG Healthcare).

For H2 2021, we see heightened deal activity in Healthcare Services (Hospitals, ASCs, Dental/Dermatology/Ophthalmology/Aesthetic Clinics, Behavioral Health, Home/Hospice care, Physical Therapy) as normal patient numbers return to historical levels in most developed markets, though there are geographic/specialty nuances that need to be analyzed carefully.

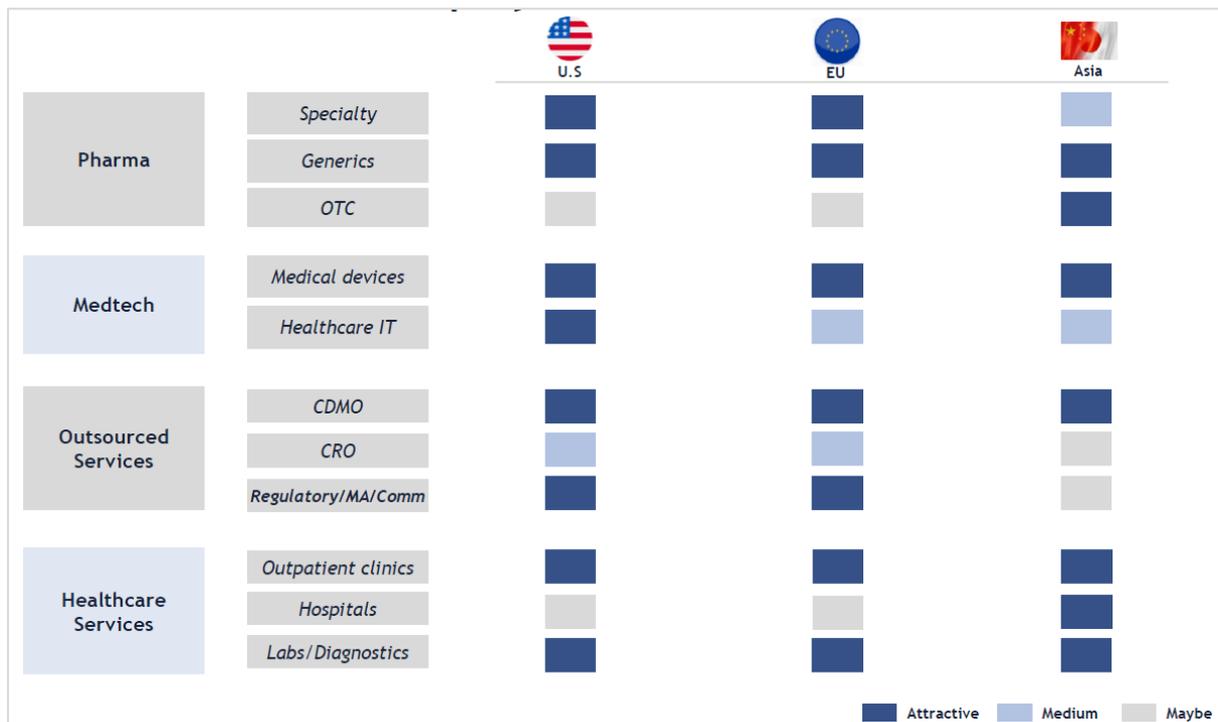
Outsourced Services continue to offer opportunities to build platforms, drive consolidation in the market and build product/service adjacencies to tap into growing biopharma budgets & pipelines. **CDMO/CROs and derivative plays on biopharma R&D budgets** will continue to be a key theme as evidenced by a number of key

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transactions in Q2 (Ology Biosciences by National Resilience, Vigene Biosciences by Charles River, MaSTherCell by Catalent)- of these cell & gene therapy/biologics CDMOs are especially of interest to Private Equity funds.

Last but not the least, we believe **HealthTech has emerged as a significant area** where there will be more Private Equity deals in the future. H1 2021 transaction values already represent a 5x growth vs. FY 2020. **Key areas within HealthTech are Practice Management/Hospital Software, Healthcare analytics, Medicare Advantage derivative players (US only), Tech-enabled Home Care/Remote Monitoring & Streamlining of Clinical Trials.**

Below, we share our holistic perspective on the attractiveness of various sub-sectors for Private Equity sponsors in 2021:



In summary, we expect 2021 to be a robust year for Private Equity and Healthcare M&A. The current liquidity & economic conditions have attracted a number of new Private Equity funds to enter the healthcare segment. In the long run, this is a positive for the healthcare sector, as long as all investors take the time to understand the intricacies & complexities of healthcare.

Medi-Tech Insights

About us

Medi-Tech Insights is a healthcare-focused business research & insights firm. We are a partner to the world's leading Private Equity & Venture Capital firms along with Fortune 500 Corporates. We help our clients by deeply researching their sector, performing due diligence on companies & generating new ideas. We leverage our proprietary knowledge of the healthcare sector & our global industry expert network in bringing unique, actionable insights for our clients.

Some of our services include:

- Early Due Diligence
- Comprehensive Sector Reviews
- Proprietary Deal Generation
- Portfolio Value Creation
- Competitive Intelligence
- Commercial Excellence

Interested to discuss how we could support you?

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