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# SCOTT-MACON

INVESTMENT BANKING

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## HEALTHCARE INDUSTRY

Quarterly Update | Q1 2019



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M&A ADVISORY | VALUATION SERVICES | ADVISORY SERVICES | DEBT/EQUITY FINANCINGS

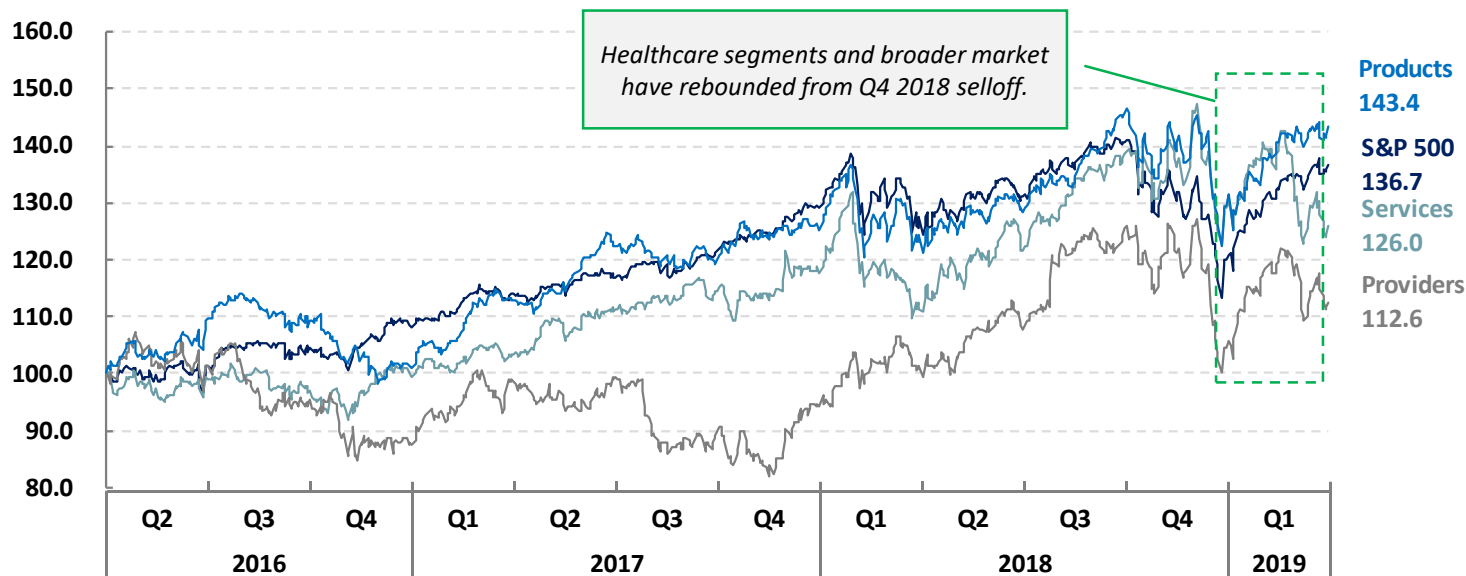
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## Introduction

### Scott-Macon's Q1 2019 Healthcare Industry Update – At a Glance

- **Q1 2019 U.S. Healthcare M&A activity continues recent strength despite a general equity market pullback in late 2018, continued trade tensions and regulatory uncertainty.**
  - Preliminary data suggest 282 deals were announced in Q1 2019, a 6.4% increase from Q1 2018
- **Nontraditional partnerships are creating large, diversified players hoping to reduce costs and capture more of the revenue stream.**
  - Three major transactions announced include CVS/Aetna (closed Nov-2018); UnitedHealth Group/DaVita Medical Group; and Humana/Kindred (closed Jul-2018)
- **The shift from volume- to value-based care, shrinking hospital margins and the increasing influence of consumerism are pushing healthcare providers to consider new partnerships in order to remain competitive.**
  - Megamerger between CHI and Dignity closed in February creating the largest nonprofit health system
- **Private equity firms continue to partner with companies in highly fragmented verticals to accelerate growth and capture market share.**
  - Examples include: revenue cycle management, ophthalmology/dermatology practices and behavioral health
- **Venture capital firms continue to invest in innovative healthcare startups, particularly HCIT companies, promising innovative solutions to common pain points**
  - Digital health venture capital funding topped \$6.9 billion in 2018, an increase of 225% from five years ago
- **Please contact Nate Cortright at [ncortright@scott-macon.com](mailto:ncortright@scott-macon.com), or schedule a call [here](#), should you wish to discuss how Scott-Macon can assist you in achieving your business objectives.**

## HISTORICAL STOCK PERFORMANCE

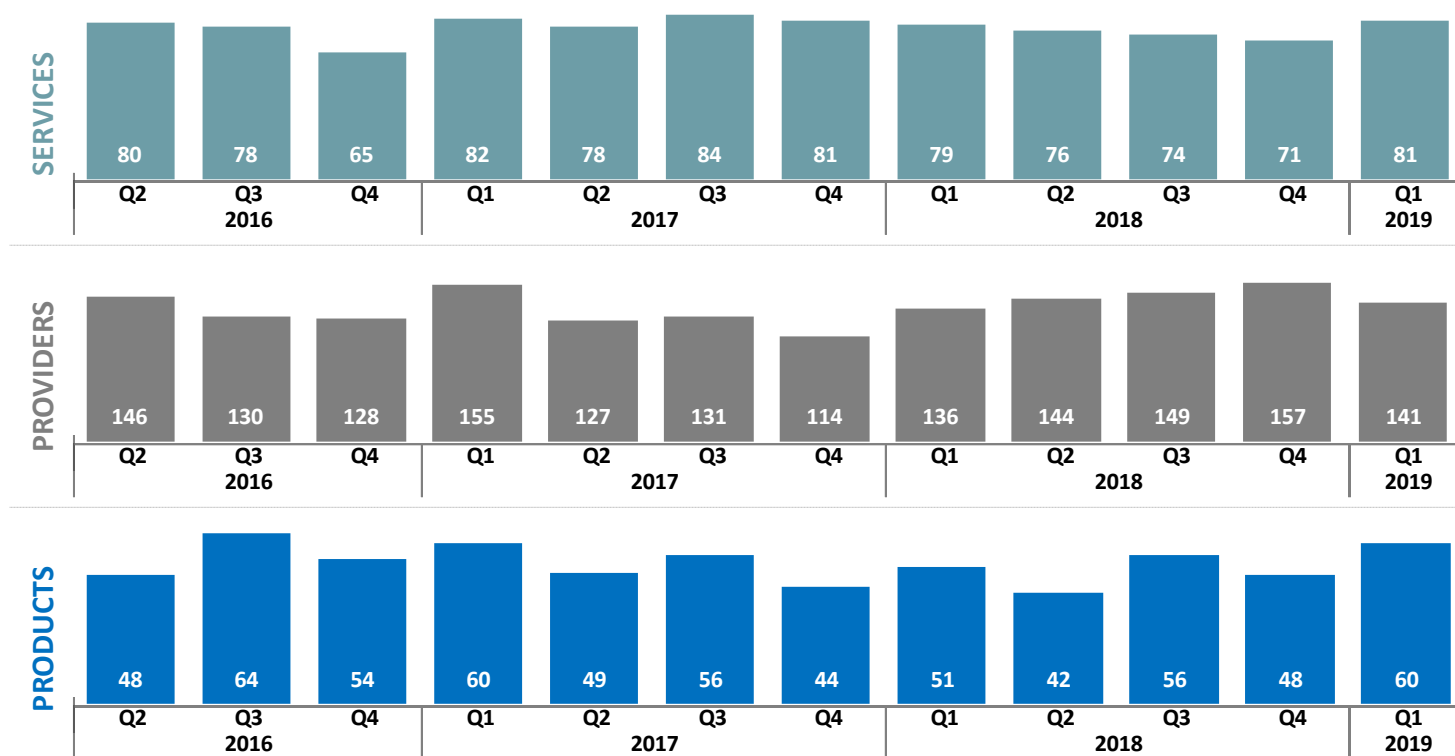


## Key Metrics

### SEGMENT SNAPSHOT

	M&A Stats Q1-19		Trailing 18mo M&A Median		Public Comps	
	# Deals	TEV (\$mm)	TEV / Revenue	TEV / EBITDA	TEV / Revenue	TEV / EBITDA
Healthcare IT and Tech-enabled Services	59	\$ 351.7	2.67x	12.0x	3.68x	24.1x
Consumer Driven Healthcare	1	150.0	5.17x	NA	6.22x	25.3x
Facilities Management	1	-	1.67x	NA	1.71x	16.5x
Workforce Solutions	7	-	1.61x	NA	1.23x	11.8x
Insurance - Commercial	3	41.5	0.45x	11.0x	1.07x	13.9x
Insurance - Government	3	17,300.0	0.85x	18.8x	0.41x	11.0x
Distribution	1	-	0.62x	9.1x	0.38x	9.6x
Labs	6	-	2.80x	NA	1.98x	10.7x
<b>Services Segment</b>	<b>81</b>	<b>17,843.2</b>	<b>1.85x</b>	<b>10.8x</b>	<b>1.71x</b>	<b>13.9x</b>
Acute	10	1,220.7	1.06x	5.2x	1.23x	9.1x
Senior Living / Long-term Care	28	114.6	1.12x	13.0x	1.47x	13.8x
Behavioral	6	-	NA	NA	1.54x	10.9x
Home Health	19	18.0	0.70x	6.5x	2.20x	21.1x
Specialty	78	64.0	1.81x	12.9x	1.31x	9.0x
<b>Providers Segment</b>	<b>141</b>	<b>1,417.3</b>	<b>1.30x</b>	<b>9.5x</b>	<b>1.50x</b>	<b>13.9x</b>
Supplies & Distribution	29	1,469.3	1.40x	13.1x	0.34x	8.4x
Durable Medical Equipment	1	-	NA	NA	1.77x	15.5x
Medical Devices & Products	5	43.5	3.61x	16.5x	5.15x	19.7x
Specialty Devices & Products	25	6,086.8	3.15x	20.4x	5.72x	21.7x
Consumer	-	-	2.13x	15.2x	1.23x	6.6x
<b>Products Segment</b>	<b>60</b>	<b>\$ 7,599.6</b>	<b>2.68x</b>	<b>15.2x</b>	<b>4.33x</b>	<b>13.9x</b>

### M&A Volume by Segment



Note: Number of deals represents all deals announced during the period.

## Notable Deals

### DEAL SPOTLIGHT

March 27, 2019 (announced)

**CENTENE**  
Corporation

**WellCare**  
Health Plans

**0.85x**  
TTM  
REVENUE

**18.8x**  
TTM  
EBITDA

**3.9M**  
MEDICAID  
MEMBERS

**1.6M**  
MEDICARE  
MEMBERS

- WellCare provides government-sponsored managed care services to families, children, seniors and individuals with complex medical needs primarily through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans
- The deal brings Centene a high-quality Medicare platform, which more than doubles its current Medicare membership, and further extends its robust Medicaid offerings
  - The combined entity will be the leader in government-sponsored managed care – #1 Medicaid, #1 Health Insurance Marketplace & #4 Medicare (member count)
- The transaction is subject to regulatory approval and is expected to close in the first half of 2020
  - Deal is expected to face significant scrutiny from the DOJ as similar mergers were blocked (Aetna / Humana and Anthem / Cigna)

### LARGEST DEALS

\$ in billions

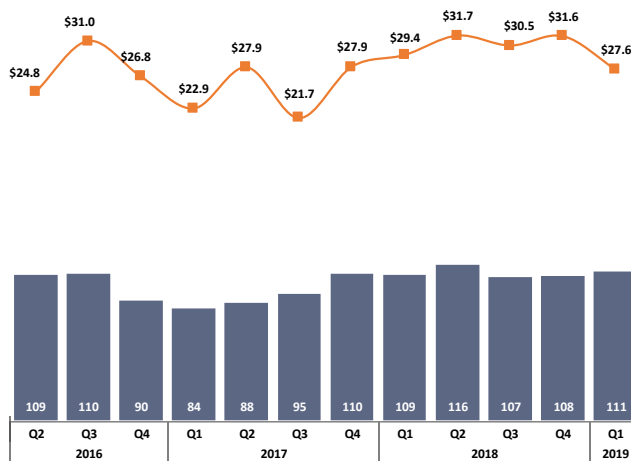
Acquirer	Target	Fast Facts	Acquirer	Target	Fast Facts
1 <b>CENTENE</b> Corporation	<b>WellCare</b> Health Plans	TEV: \$17.3 Revenue: \$20.4 Founded: 1985	6 <b>PACIRA</b> PHARMACEUTICALS, INC.	<b>myoscience</b>	TEV: \$0.2 Revenue: NA Founded: 2005
2 <b>Johnson &amp; Johnson</b>	<b>AURIS</b>	TEV: \$5.8 Revenue: NA Founded: 2007	7 <b>Hill-Rom</b>	<b>voalte</b>	TEV: \$0.2 Revenue: <\$0.1 Founded: 2008
3 <b>The kpc</b> Group	<b>Verity Health</b> 4 Hospitals	TEV: \$1.2 Revenue: NA Founded: NA	8 <b>TABULARASA</b> HEALTHCARE®	<b>PrescribeWellness</b>	TEV: \$0.2 Revenue: <\$0.1 Founded: 2010
4 <b>PHC</b>	<b>ThermoFisher</b> SCIENTIFIC Anatomical Pathology Division	TEV: \$1.1 Revenue: \$0.4 Founded: NA	9 <b>Edwards</b>	<b>FORE-SIGHT</b> The confidence of knowing™	TEV: \$0.1 Revenue: <\$0.1 Founded: 1984
5 <b>Alcon</b>	<b>POWERVISION</b>	TEV: \$0.3 Revenue: NA Founded: 2002	10 <b>BioTelemetry</b> INC.	<b>GENEVA</b> HEALTH SOLUTIONS	TEV: \$0.1 Revenue: <\$0.1 Founded: 2010

## Private Equity Group ("PEG") vs Corporate Acquirers

- For the 17<sup>th</sup> straight quarter in a row, healthcare M&A volume exceeded 200 deals
- This quarter's total announced deal count (282) was higher than Q1 2018 by 17, however total value was down when compared year-over-year primarily driven by fewer \$1.0B+ deals
- Add-on activity by private equity backed companies continues to accelerate

### PEG DEAL TRENDS (TTM) <sup>(1)</sup>

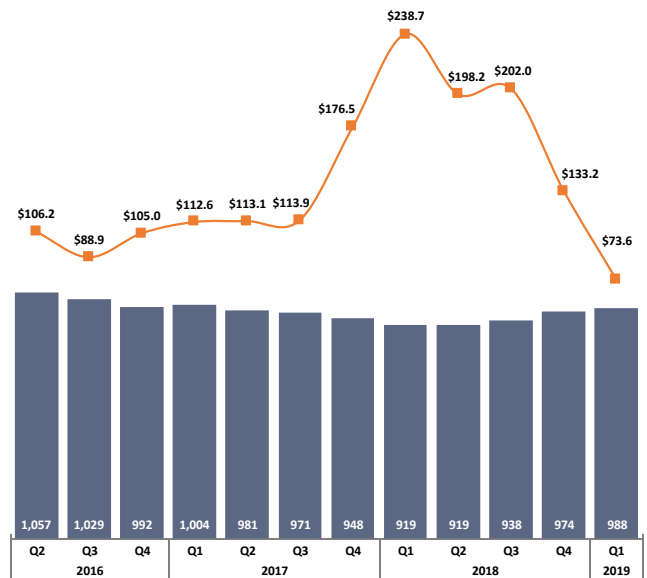
\$ in billions



Deals	24	26	13	21	28	33	28	20	35	24	29	23
Value (\$)	10,992	8,839	369	2,696	15,962	2,697	6,590	4,107	18,302	1,492	7,719	46
Large Deals	MultiPlan				PAREXEL							

### CORPORATE DEAL TRENDS (TTM)

\$ in billions



Deals	250	246	234	274	227	236	211	245	227	255	247	259
Value (\$)	56,602	8,924	22,827	24,268	57,125	9,718	85,385	86,457	16,654	13,513	16,597	26,815
Large Deals	ST JUDE MEDICAL		BAIRD		aetna							

### "SERIAL" PEG ACQUIRERS <sup>(1)</sup>

# of Deals  
TTM Mar. 2019

MDP	2
BELHEALTH Investment Partners	2
BainCapital PRIVATE EQUITY	2
VERITAS CAPITAL	2
LINDEN	2

### "SERIAL" CORPORATE ACQUIRERS

# of Deals  
TTM Mar. 2019

PINNACLE DERMATOLOGY	9
Boston Scientific	6
Quest Diagnostics	6
CRH Medical CORPORATION	5
Western Dental	5

(1) Excludes add-on investments made by private equity portfolio companies.  
TTM: Trailing 12 months.



## Deal Volume and Value by Industry Segment

- Sub \$500M middle-market M&A activity remains robust across all segments within the U.S. Healthcare industry
- Consistent with prior quarters, a majority of middle-market deals do not disclose transaction values and metrics

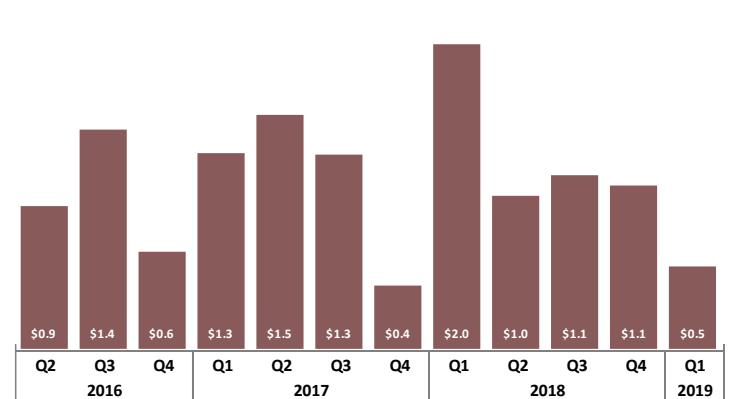
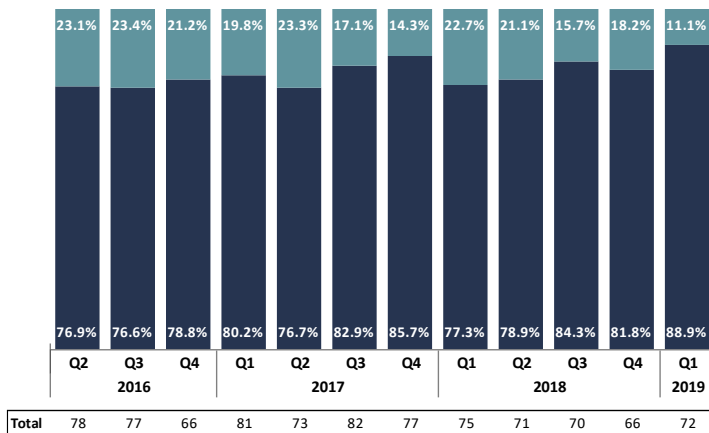
### DEAL VOLUME (SUB \$500M)

Value Not Disclosed Value Disclosed

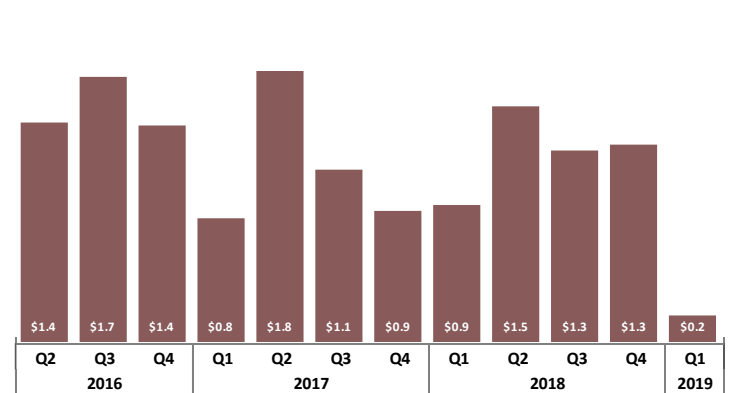
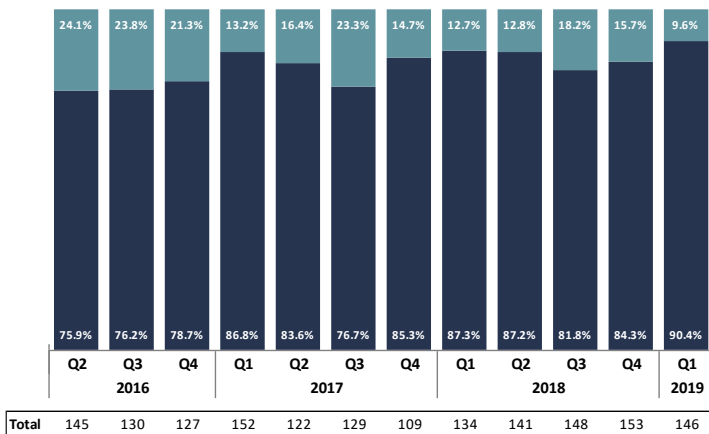
### DISCLOSED DEAL VALUE (SUB \$500M)

\$ in billions

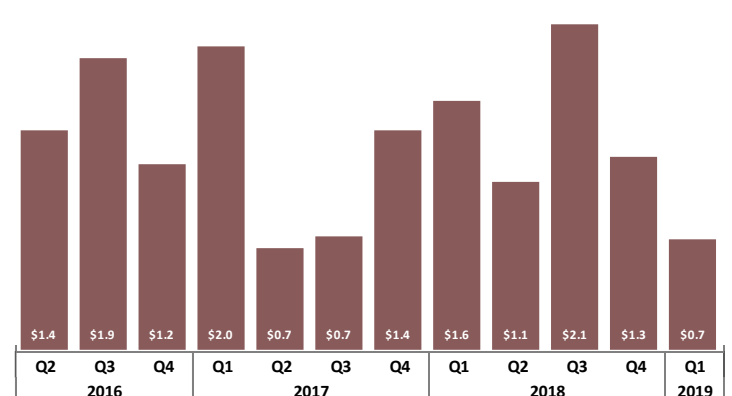
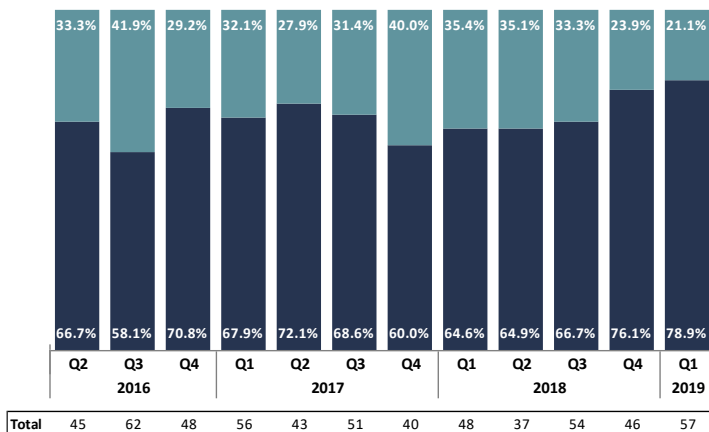
#### SERVICES



#### PROVIDERS



#### PRODUCTS



## Introduction

Scott-Macon is one of the oldest independent investment banks in the United States focused exclusively on middle-market transactions. Founded in 1973 by Alfred L. Scott, the firm's senior professionals have extensive experience in mergers and acquisitions advisory, debt and equity financing, corporate valuations, fairness opinions and general corporate financial consulting.

In business for over 40 years, Scott-Macon has been retained to undertake a diverse range of domestic and international corporate finance engagements for both public and privately-held corporations. The firm's professionals have significant operating and advisory experience across key industry sectors.

### HEALTHCARE INDUSTRY EXPERIENCE

Services Segment	Providers Segment	Products Segment
Revenue Cycle Management	Non-acute Care	Disposables
Facility Management	Home Health & Hospice	Commercial
Tech-enabled	Laboratories	Consumer
Data Analytics	Acute Care	Clinical Devices
Insurance	Long-Term Care	Distribution
Medical Review	Behavioral Health	Non-Clinical Devices
Consulting	Specialty Care	Diagnostic
Regulatory Compliance	Alternative / Integrative Health	Durable Medical Equipment

### INDUSTRY GROUPS



Healthcare



Chemicals



Financial Institutions



Media / Information



Aerospace / Defense



Transportation / Logistics



Industrial & Automotive



Consumer Products

### SOURCES

1. U.S. Bureau of Labor Statistics
2. U.S. Bureau of Economic Analysis
3. National Health Expenditure Data
4. Pitchbook
5. S&P CapitalIQ
6. Scott-Macon proprietary transaction information

#### Disclaimer:

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### CONTACTS

**Nathan D. Cortright**  
Managing Director  
Group Head, Healthcare  
[ncortright@scott-macon.com](mailto:ncortright@scott-macon.com)  
(203) 246-6527

**Alfred L. Scott**  
President & Founder  
[als@scott-macon.com](mailto:als@scott-macon.com)  
(212) 755-8200

**Robert B. Dimmitt**  
Senior Managing Director  
[rdimmitt@scott-macon.com](mailto:rdimmitt@scott-macon.com)  
(212) 755-8200

**Alexander L. Scott**  
Managing Director  
[ascott@scott-macon.com](mailto:ascott@scott-macon.com)  
(212) 755-8200

**Jeffrey M. Tepper**  
Managing Director  
[jtepper@scott-macon.com](mailto:jtepper@scott-macon.com)  
(212) 755-8200

**Leslie S. Lau**  
Senior Vice President  
[llau@scott-macon.com](mailto:llau@scott-macon.com)  
(646) 572-2411

**Joshua H. Keatts**  
Vice President  
[jkeatts@scott-macon.com](mailto:jkeatts@scott-macon.com)  
(646) 572-2440

**Spencer R. Berg**  
Vice President  
[sberg@scott-macon.com](mailto:sberg@scott-macon.com)  
(646) 572-2420

**George B. James**  
Senior Associate  
[gjames@scott-macon.com](mailto:gjames@scott-macon.com)  
(646) 572-2461

 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has been acquired by</p> 
 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	<p>Grant Hospital</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has acquired</p> <p>Friendly Hills Health System</p>
 <p>has been acquired by</p> 	 <p>has sold its patient monitoring division to</p> 	<p>Pioneer Health Care</p> <p>has been acquired by a joint venture between</p>  	 <p>National Preferred Provider Network</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>FFI Health Services</p> <p>has been acquired by</p> 	 <p>has entered into a debt facility with</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has sold its securement division to</p> 	 <p>has acquired</p> 	 <p>has acquired</p> <p>National Capital Health</p>	 <p>has been acquired by</p> 	 <p>has sold its managed care business to</p> <p>The Keystone Peer Review Organization</p>	 <p>has acquired</p> <p>Cobe Laboratories</p>

Note: These include companies where Principals of Scott-Macon were active advisors while employed at Scott-Macon and previous firms.

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# APPENDIX I

## Trailing 18 Month M&A Transactions

### SERVICES

Announced Date	Target	Buyer	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA
03/27/2019	WellCare Health Plans, Inc.	Centene Corporation	\$ 17,300.0	0.85x	18.8x
03/14/2019	DCP Holding Company	DentaQuest, LLC	41.5	0.37x	10.4x
03/11/2019	Voalte, Inc.	Hill-Rom, Inc.	195.0	4.88x	NA
03/05/2019	Prescribe Wellness, LLC	Tabula Rasa HealthCare, Inc.	150.0	5.17x	NM
12/19/2018	Technology Business of MModal IP, LLC	3M Company	1,000.0	5.00x	10.0x
11/12/2018	athenahealth, Inc.	Veritas Capital Fund Management, LLC	5,638.5	4.30x	21.3x
11/05/2018	MatrixCare, Inc.	ResMed Operations, Inc.	750.0	6.15x	25.0x
08/16/2018	NuGEN Technologies, Inc.	Tecan Group, Ltd.	54.5	3.78x	NA
08/15/2018	GreatCall, Inc.	Best Buy Co., Inc.	800.0	2.67x	NA
08/13/2018	UHS Holdco, Inc.	Thomas H. Lee Partners, L.P.	1,440.0	2.67x	9.9x
06/19/2018	Cotiviti Holdings, Inc.	Verscend Technologies, Inc.	4,929.3	6.68x	17.1x
06/12/2018	Health Prime International, LLC	GPB Capital Holdings, LLC	60.0	3.87x	NA
05/28/2018	Counsyl, Inc.	Myriad Genetics, Inc.	375.0	2.80x	NA
04/09/2018	Phillips, DiPisa & Associates Inc. and Leaders For Today, LLC	AMN Healthcare Services, Inc.	37.0	1.61x	NA
04/06/2018	MedFORCE Technologies, Inc.	IdeaGen, PLC	8.7	1.85x	NA
03/28/2018	CMH Services Subsidiary, LLC	HGS Population Health, LLC	14.0	0.23x	NA
03/27/2018	Accelovance, Inc.	Linical USA, Inc.	32.9	1.23x	NA
03/08/2018	Express Scripts Holding Company	Cigna Corporation	68,671.4	0.69x	9.6x
03/07/2018	ABILITY Network, Inc.	Inovalon Holdings, Inc.	1,200.0	8.57x	16.6x
02/26/2018	Intermedix Corporation	R1 RCM, Inc.	460.0	2.38x	9.6x
02/20/2018	Dohmen Life Science Services	JLL Partners	537.4	NA	11.1x
02/09/2018	Genex Services, LLC	Stone Point Capital, LLC	99.0	0.53x	NA
01/22/2018	Data Sciences International, Inc.	Harvard Bioscience, Inc.	70.0	1.59x	NA
01/09/2018	Arbour Group, LLC	Keystone Capital, Inc.	ND	ND	ND
01/04/2018	Connecture, Inc.	Francisco Partners Management, LLC	108.3	1.41x	NM
12/03/2017	Aetna, Inc.	CVS Health Corporation	69,511.2	1.13x	11.6x
11/22/2017	Jubilant Discovery Services, Inc.	Drug Discovery And Development Solutions, Ltd.	2.9	1.09x	13.7x
11/06/2017	Pharmaceutical Technologies, Inc.	Diplomat Pharmacy, Inc.	47.0	1.47x	9.4x
11/06/2017	Focus Rx, Inc.	Diplomat Pharmacy, Inc.	25.8	0.55x	8.6x
10/16/2017	AmeriPride Services Inc.	Aramark	1,000.0	1.67x	NA
<b>Median</b>			<b>\$ 172.5</b>	<b>1.85x</b>	<b>10.8x</b>

Note: \$ in millions. The above only represents transactions with partial or full announced deal terms.  
 ND: SM proprietary deal stat has been included in the median.  
 NA: Not available.  
 NM: Not meaningful.

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## Trailing 18 Month M&A Transactions

PROVIDERS						
Announced Date	Target	Buyer	Enterprise Value	Enterprise Value / Revenue		EBITDA
02/07/2019	Concord Imaging	Touchstone Imaging	\$ ND	ND		ND
12/18/2018	Civitas Solutions, Inc.	Centerbridge Partners, L.P.	1,372.7	0.86x		8.4x
12/10/2018	BrightSpring Health Services	PharMerica Corporation	1,320.0	0.66x		NA
10/10/2018	Compassionate Care Hospice Group, Inc.	Amedisys Hospice, LLC	340.0	1.81x		12.6x
10/03/2018	Birner Dental Management Services, Inc.	Mid-Atlantic Dental Service Holdings, LLC	38.5	0.63x		NM
10/01/2018	Medical Arts Radiology	RadNet, Inc.	61.6	1.54x		NA
09/11/2018	Valley Healthcare Group, LLC/Northwest Medical, Inc.	Great Elm Capital Group, Inc.	66.0	1.40x		NA
08/20/2018	Business Assets of Comprehensive Home Care, Inc.	Nova Leap Health Corp.	1.6	0.50x		NA
08/13/2018	Living at Home SeniorCare, LLC	AME, LLC	0.4	0.46x		NA
07/23/2018	LifePoint Health, Inc.	RCCH HealthCare Partners	5,598.1	0.90x		8.5x
07/17/2018	Giant Creative/Strategy, LLC	Huntsworth, PLC	80.0	2.50x		11.4x
06/11/2018	Envision Healthcare Corporation	KKR & Co. L.P.	10,418.6	1.30x		9.7x
06/04/2018	Integrated Medical Delivery, LLC	N. Harris Computer Corporation	6.1	1.22x		NA
05/30/2018	Ernest Health, Inc.	OEP Capital Advisors, L.P.	175.0	2.48x		NA
04/21/2018	Sound Inpatient Physicians, Inc.	Summit Partners, LLP	2,150.0	1.40x		21.2x
03/19/2018	Business Assets of Home Health Solutions, Inc.	Nova Leap Health Corp.	1.2	0.63x		3.8x
03/15/2018	Camellia Healthcare	Encompass Health Corporation	135.0	1.73x		NA
03/02/2018	HCR ManorCare, Inc.	ProMedica Health System, Inc.	6,142.2	1.64x		16.8x
02/28/2018	Ambercare Corporation, Inc.	Addus HealthCare, Inc.	40.0	0.70x		NA
01/16/2018	HealthFair USA, Inc.	Community Care Health Network, Inc.	160.0	3.56x		NA
01/09/2018	Business Assets of Family Tree Home Care, Inc.	Nova Leap Health Corp.	2.1	0.65x		4.7x
12/19/2017	Kindred Healthcare, LLC	TPG Capital, L.P.	4,171.8	0.60x		9.2x
12/18/2017	MedRisk, Inc.	The Carlyle Group, L.P.	1,280.0	2.43x		14.4x
12/06/2017	DaVita Medical Holdings, LLC	Collaborative Care Holdings, LLC	4,340.0	1.06x		NA
11/16/2017	Almost Family, Inc.	LHC Group, Inc.	1,016.8	1.36x		NM
11/16/2017	3 Surgery Centers and 1 Surgical Hospital from Elite Ambulatory Surgery Centers, LLC	Northstar Healthcare Surgery Center - Houston, LLC	60.1	1.23x		2.0x
10/25/2017	Mentis Neuro Rehabilitation, L.P.	Civitas Solutions, Inc.	74.9	2.08x		NA
Median			\$ 107.5	1.30x		9.5x

Note: \$ in millions. The above only represents transactions with partial or full announced deal terms.

ND: SM proprietary deal stat has been included in the median.

NA: Not available.

NM: Not meaningful.

# APPENDIX I

## Trailing 18 Month M&A Transactions

PRODUCTS						
Announced Date	Target	Buyer	Enterprise Value	Enterprise Value / Revenue		EBITDA
02/12/2019	CAS Medical Systems, Inc.	Edwards Lifesciences Corporation	\$ 104.9	4.79x		NM
01/28/2019	Anatomical Pathology Business of Thermo Fisher Scientific, Inc.	PHC Holdings Corporation	1,140.0	3.26x		NA
01/16/2019	Fuse Medical, Inc.	Generex Biotechnology Corporation	34.0	1.29x		NM
01/11/2019	Vista Research Group, LLC	Cantel Medical Corporation	10.5	5.25x		NA
12/10/2018	Nutrisystem, Inc.	Tivity Health, Inc.	1,340.7	1.94x		15.2x
11/19/2018	DJO Global, Inc.	Colfax Corporation	3,150.0	2.66x		NA
11/01/2018	Paradigm Spine, LLC	RTI Surgical, Inc.	299.1	7.48x		NA
09/26/2018	Vascular Clot Management Business of Applied Medical Resources Corporation	LeMaitre Vascular, Inc.	14.2	4.18x		NA
09/26/2018	Focal Therapeutics, Inc.	Hologic, Inc.	125.0	7.81x		NA
09/20/2018	AquaGuard Business of Cenorin, LLC	Covalon Technologies, Ltd.	12.5	1.45x		NA
09/11/2018	Invuity, Inc.	Stryker Corporation	200.3	4.91x		NM
08/30/2018	K2M Group Holdings, Inc.	Stryker Corporation	1,340.0	4.93x		NM
07/31/2018	Faxitron Bioptics, LLC	Hologic, Inc.	85.0	3.15x		NA
06/06/2018	Advanced Sterilization Products Services, Inc.	Fortive Corporation	2,700.0	3.48x		NA
06/05/2018	CoolSystems, Inc.	Halyard Health, Inc. (nka:Avanos Medical, Inc.)	65.0	1.86x		NA
06/04/2018	elliquence, LLC	Shanghai Xianfeng Investment Management Co., Ltd	77.2	4.83x		NA
05/16/2018	Abaxis, Inc.	Zoetis, Inc.	1,827.8	7.47x		NM
05/03/2018	CID Resources, Inc.	Superior Group of Companies, Inc.	88.2	1.35x		13.1x
05/03/2018	Advanced Surgical and Orthopedic product lines from Accellent, LLC	Viant	600.0	1.50x		NA
04/10/2018	Analogic Corporation	Altaris Capital Partners, LLC	920.9	1.96x		20.4x
04/05/2018	General Surgery Product Assets of LeMaitre Vascular, Inc.	Symmetry Surgical, Inc.	7.4	2.24x		NA
04/03/2018	Paragon Medical, Inc.	Precision Engineered Products, LLC	375.0	2.66x		NA
04/03/2018	Assets of LifeGlobal Group, LLC	CooperSurgical, Inc.	125.0	5.21x		NA
03/26/2018	BioMed Laboratories, LLC	Scapa Group, PLC	32.0	3.14x		22.9x
03/26/2018	OraMetrix, Inc.	DENTSPLY SIRONA, Inc.	150.0	7.50x		NA
03/16/2018	LifeScan, Inc.	Platinum Equity, LLC	2,100.0	1.40x		4.0x
03/12/2018	Cogentix Medical, Inc.	LM US Parent, Inc.	210.9	3.75x		NM
03/12/2018	Sarnova, Inc.	Patricia Industries	903.0	1.63x		NA
03/09/2018	Integrated DNA Technologies, Inc.	Danaher Corporation	2,000.0	7.69x		NA
03/05/2018	ABACA, LLC and Ambary, LLC and Tarmac Manufacturing, LLC and Tower Management Holdings, LLC	CGX Life Sciences, Inc.	21.3	1.42x		6.1x
02/02/2018	Dielectrics, Inc.	UFP Technologies, Inc.	57.2	1.33x		NA
01/22/2018	Denville Scientific, Inc.	Thomas Scientific, Inc.	20.0	0.82x		NA
01/17/2018	Pisgah Labs, Inc.	Onyx Scientific, Ltd.	9.7	NA		8.5x
01/05/2018	All Assets of Alliqua BioMedical, Inc.	Celularity, Inc.	26.9	1.31x		NM
12/01/2017	Paragon Vision Sciences, Inc.	CooperVision, Inc.	80.0	5.33x		NA
11/27/2017	MGC Diagnostics Corporation	Altus Capital Partners	43.8	1.08x		24.4x
11/06/2017	NutraGenesis, LLC	Innophos Holdings, Inc.	28.0	2.33x		NA
10/23/2017	Exactech, Inc.	TPG Capital, L.P.	709.6	2.68x		16.5x
Median			\$ 115.0	2.68x		15.2x

Note: \$ in millions. The above only represents transactions with partial or full announced deal terms.

ND: SM proprietary deal stat has been included in the median.

NA: Not available.

NM: Not meaningful.

# APPENDIX II

## Public Company Performance

SERVICES									
	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM		
\$ in millions, except per share data	of 3/31/19	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA	
<b>Healthcare IT and Tech-enabled Services</b>									
Allscripts Healthcare Solutions, Inc.	\$ 9.54	(22.8%)	\$ 1,635	\$ 2,130	\$ 1,750	4.0%	1.22x	30.5x	
Cerner Corporation	57.21	(1.4%)	18,557	18,626	5,366	22.5%	3.47x	15.4x	
Computer Programs and Systems, Inc.	29.69	1.7%	412	537	280	12.2%	1.91x	15.7x	
Evolent Health, Inc.	12.58	(11.7%)	999	991	627	(2.1%)	1.58x	NM	
HMS Holdings Corp.	29.61	75.8%	2,525	2,586	598	22.1%	4.32x	19.6x	
Inovalon Holdings, Inc.	12.43	17.3%	1,897	2,758	528	22.3%	5.23x	23.5x	
Model N, Inc.	17.54	(2.8%)	553	555	151	(8.0%)	3.68x	NM	
NextGen Healthcare, Inc.	16.83	23.3%	1,089	1,087	530	7.3%	2.05x	27.9x	
National Research Corporation	38.60	32.0%	956	981	120	34.1%	8.20x	24.1x	
Omniceil, Inc.	80.84	86.3%	3,298	3,366	787	10.6%	4.28x	40.4x	
R1 RCM Inc.	9.67	35.4%	1,055	1,380	869	4.0%	1.59x	39.7x	
Tabula Rasa HealthCare, Inc.	56.42	45.4%	1,227	1,253	204	8.0%	6.13x	NM	
Vocera Communications, Inc.	31.63	35.1%	974	1,052	180	0.8%	5.85x	NM	
<b>Mean</b>		<b>24.1%</b>	<b>\$ 2,706</b>	<b>\$ 2,869</b>	<b>\$ 922</b>	<b>10.6%</b>	<b>3.81x</b>	<b>26.3x</b>	
<b>Median</b>		<b>23.3%</b>	<b>\$ 1,089</b>	<b>\$ 1,253</b>	<b>\$ 530</b>	<b>8.0%</b>	<b>3.68x</b>	<b>24.1x</b>	
<b>Consumer Driven Healthcare</b>									
Castlight Health, Inc.	\$ 3.75	2.7%	\$ 538	\$ 477	\$ 156	(21.1%)	3.05x	NM	
HealthEquity, Inc.	73.98	22.2%	4,622	4,260	287	33.4%	14.83x	44.4x	
Teladoc Health, Inc.	55.60	38.0%	3,935	3,925	418	(6.7%)	9.39x	NM	
Tivity Health, Inc.	17.56	(55.7%)	832	861	606	23.4%	1.42x	6.1x	
<b>Mean</b>		<b>1.8%</b>	<b>\$ 2,482</b>	<b>\$ 2,381</b>	<b>\$ 367</b>	<b>7.2%</b>	<b>7.17x</b>	<b>25.3x</b>	
<b>Median</b>		<b>12.5%</b>	<b>\$ 2,383</b>	<b>\$ 2,393</b>	<b>\$ 353</b>	<b>8.3%</b>	<b>6.22x</b>	<b>25.3x</b>	
<b>Facilities Management</b>									
Healthcare Services Group, Inc.	\$ 32.99	(24.1%)	\$ 2,442	\$ 2,446	\$ 2,009	5.5%	1.22x	22.3x	
Stericycle, Inc.	54.42	(7.0%)	4,936	7,685	3,486	20.5%	2.20x	10.7x	
<b>Mean</b>		<b>(15.6%)</b>	<b>\$ 3,689</b>	<b>\$ 5,066</b>	<b>\$ 2,747</b>	<b>13.0%</b>	<b>1.71x</b>	<b>16.5x</b>	
<b>Median</b>		<b>(15.6%)</b>	<b>\$ 3,689</b>	<b>\$ 5,066</b>	<b>\$ 2,747</b>	<b>13.0%</b>	<b>1.71x</b>	<b>16.5x</b>	
<b>Workforce Solutions</b>									
AMN Healthcare Services, Inc.	\$ 47.09	(17.0%)	\$ 2,207	\$ 2,634	\$ 2,136	11.9%	1.23x	10.4x	
Cross Country Healthcare, Inc.	7.03	(36.7%)	254	321	816	3.3%	0.39x	11.8x	
HealthStream, Inc.	28.06	13.0%	907	773	232	13.0%	3.34x	25.7x	
<b>Mean</b>		<b>(13.6%)</b>	<b>\$ 1,123</b>	<b>\$ 1,243</b>	<b>\$ 1,061</b>	<b>9.4%</b>	<b>1.65x</b>	<b>16.0x</b>	
<b>Median</b>		<b>(17.0%)</b>	<b>\$ 907</b>	<b>\$ 773</b>	<b>\$ 816</b>	<b>11.9%</b>	<b>1.23x</b>	<b>11.8x</b>	
<b>Insurance - Commercial</b>									
Anthem, Inc.	\$ 286.98	30.6%	\$ 73,827	\$ 89,708	\$ 92,091	6.9%	0.97x	14.1x	
Cigna Corporation	160.82	(4.1%)	61,121	99,744	48,569	10.7%	2.05x	19.2x	
Humana Inc.	266.00	(1.1%)	36,080	39,977	56,912	5.9%	0.70x	12.0x	
UnitedHealth Group Incorporated	247.26	15.5%	237,255	262,943	226,247	8.5%	1.16x	13.7x	
<b>Mean</b>		<b>10.2%</b>	<b>\$ 102,071</b>	<b>\$ 123,093</b>	<b>\$ 105,955</b>	<b>8.0%</b>	<b>1.22x</b>	<b>14.7x</b>	
<b>Median</b>		<b>7.2%</b>	<b>\$ 67,474</b>	<b>\$ 94,726</b>	<b>\$ 74,502</b>	<b>7.7%</b>	<b>1.07x</b>	<b>13.9x</b>	
<b>Insurance - Government</b>									
Centene Corporation	\$ 53.10	(0.6%)	\$ 21,940	\$ 23,379	\$ 56,688	4.6%	0.41x	8.9x	
Molina Healthcare, Inc.	141.96	74.9%	8,891	7,523	18,144	6.9%	0.41x	6.0x	
WellCare Health Plans, Inc. <sup>(1)</sup>	269.75	39.3%	13,569	12,042	20,414	4.5%	0.59x	13.1x	
Magellan Health, Inc.	65.92	(38.5%)	1,577	2,219	7,314	2.0%	0.30x	14.9x	
<b>Mean</b>		<b>18.8%</b>	<b>\$ 11,494</b>	<b>\$ 11,291</b>	<b>\$ 25,640</b>	<b>4.5%</b>	<b>0.43x</b>	<b>10.7x</b>	
<b>Median</b>		<b>19.3%</b>	<b>\$ 11,230</b>	<b>\$ 9,782</b>	<b>\$ 19,279</b>	<b>4.6%</b>	<b>0.41x</b>	<b>11.0x</b>	
<b>Distribution</b>									
CVS Health Corporation	\$ 53.93	(13.3%)	\$ 69,952	\$ 139,322	\$ 193,919	6.4%	0.72x	11.2x	
Diplomat Pharmacy, Inc.	5.81	(71.2%)	433	1,054	5,493	2.2%	0.19x	8.9x	
Rite Aid Corporation	0.64	(62.2%)	678	4,028	21,640	2.0%	0.19x	9.1x	
Walgreens Boots Alliance, Inc.	63.27	(3.4%)	59,692	76,931	136,097	5.6%	0.57x	10.0x	
<b>Mean</b>		<b>(37.5%)</b>	<b>\$ 32,688</b>	<b>\$ 55,334</b>	<b>\$ 89,287</b>	<b>4.1%</b>	<b>0.42x</b>	<b>9.8x</b>	
<b>Median</b>		<b>(37.8%)</b>	<b>\$ 30,185</b>	<b>\$ 40,480</b>	<b>\$ 78,868</b>	<b>3.9%</b>	<b>0.38x</b>	<b>9.6x</b>	
<b>Labs</b>									
Laboratory Corporation of America Holdings	\$ 152.98	(5.4%)	\$ 15,084	\$ 20,720	\$ 11,333	16.8%	1.83x	10.9x	
Quest Diagnostics Incorporated	89.92	(10.3%)	12,073	16,022	7,531	20.4%	2.13x	10.4x	
<b>Mean</b>		<b>(7.9%)</b>	<b>\$ 13,578</b>	<b>\$ 18,371</b>	<b>\$ 9,432</b>	<b>18.6%</b>	<b>1.98x</b>	<b>10.7x</b>	
<b>Median</b>		<b>(7.9%)</b>	<b>\$ 13,578</b>	<b>\$ 18,371</b>	<b>\$ 9,432</b>	<b>18.6%</b>	<b>1.98x</b>	<b>10.7x</b>	
<b>Services Segment</b>									
<b>Mean</b>		<b>5.5%</b>	<b>\$ 18,556</b>	<b>\$ 23,786</b>	<b>\$ 25,681</b>	<b>9.0%</b>	<b>2.75x</b>	<b>17.7x</b>	
<b>Median</b>		<b>(0.8%)</b>	<b>\$ 2,325</b>	<b>\$ 2,696</b>	<b>\$ 1,879</b>	<b>6.9%</b>	<b>1.71x</b>	<b>13.9x</b>	

NM: Not meaningful.

(1) Represents company that has announced potential acquisition that is subject to shareholder approval, regulatory approval and/or other customary closing conditions.

# APPENDIX II

## Public Company Performance

### PROVIDERS

\$ in millions, except per share data	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM	
	of 3/31/19	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA
Acute								
Community Health Systems, Inc.	\$ 3.73	(5.8%)	\$ 421	\$ 13,823	\$ 14,155	10.3%	0.98x	9.5x
HCA Healthcare, Inc.	130.38	34.4%	44,787	77,106	46,677	19.1%	1.65x	8.6x
Tenet Healthcare Corporation	28.84	18.9%	2,969	17,384	18,313	15.2%	0.95x	6.2x
Universal Health Services, Inc.	133.77	13.0%	12,142	16,035	10,772	15.6%	1.49x	9.5x
Mean		15.1%	\$ 15,080	\$ 31,087	\$ 22,479	15.1%	1.27x	8.5x
Median		15.9%	\$ 7,555	\$ 16,709	\$ 16,234	15.4%	1.23x	9.1x
Senior Living / Long-term Care								
Brookdale Senior Living Inc.	\$ 6.58	(1.9%)	\$ 1,228	\$ 5,344	\$ 3,521	15.2%	1.52x	10.0x
Capital Senior Living Corporation	3.99	(62.9%)	125	1,116	457	13.4%	2.44x	18.2x
Ensign Group, Inc.	51.19	94.6%	2,698	2,910	2,041	9.0%	1.43x	15.9x
National HealthCare Corporation	75.88	27.3%	1,158	1,192	979	10.3%	1.22x	11.8x
Mean		14.3%	\$ 1,302	\$ 2,641	\$ 1,749	12.0%	1.65x	14.0x
Median		12.7%	\$ 1,193	\$ 2,051	\$ 1,510	11.9%	1.47x	13.8x
Behavioral								
AAC Holdings, Inc.	\$ 1.84	(84.0%)	\$ 45	\$ 370	\$ 317	9.8%	1.17x	11.8x
Acadia Healthcare Company, Inc.	29.31	(25.2%)	2,592	5,735	3,012	19.0%	1.90x	10.0x
Mean		(54.6%)	\$ 1,319	\$ 3,053	\$ 1,665	14.4%	1.54x	10.9x
Median		(54.6%)	\$ 1,319	\$ 3,053	\$ 1,665	14.4%	1.54x	10.9x
Home Health								
Addus HomeCare Corporation	\$ 63.59	30.7%	\$ 828	\$ 775	\$ 518	7.6%	1.50x	19.8x
Amedisys, Inc.	123.26	104.3%	3,946	3,933	1,663	10.1%	2.37x	23.4x
Chemed Corporation	320.07	17.3%	5,111	5,195	1,783	15.6%	2.91x	18.7x
LHC Group, Inc.	110.86	80.1%	3,482	3,676	1,810	9.1%	2.03x	22.3x
Mean		58.1%	\$ 3,342	\$ 3,395	\$ 1,443	10.6%	2.20x	21.0x
Median		55.4%	\$ 3,714	\$ 3,804	\$ 1,723	9.6%	2.20x	21.1x
Specialty								
American Renal Associates Holdings, Inc.	\$ 6.14	(67.4%)	\$ 200	\$ 692	\$ 817	21.3%	0.85x	4.0x
DaVita Inc.	54.29	(17.7%)	9,033	18,812	11,412	18.2%	1.65x	9.0x
MEDNAX, Inc.	27.17	(51.2%)	2,333	4,271	3,647	15.3%	1.17x	7.7x
Providence Service Corporation	66.62	(3.6%)	855	850	1,385	4.6%	0.61x	13.4x
RadNet, Inc.	12.39	(14.0%)	620	1,282	975	10.9%	1.31x	12.1x
Select Medical Holdings Corporation	14.09	(18.3%)	1,906	5,049	5,081	12.2%	0.99x	8.1x
Surgery Partners, Inc.	11.28	(34.2%)	550	2,849	1,771	18.2%	1.61x	8.9x
U.S. Physical Therapy, Inc.	105.03	29.2%	1,340	1,357	449	15.6%	3.02x	19.4x
Mean		(19.5%)	\$ 2,512	\$ 4,819	\$ 3,313	15.2%	1.46x	10.2x
Median		(17.7%)	\$ 1,340	\$ 2,849	\$ 1,771	15.6%	1.31x	9.0x
Provider Segment	Mean	2.9%	\$ 4,528	\$ 8,607	\$ 5,906	13.7%	1.60x	12.5x
	Median	(1.9%)	\$ 1,906	\$ 3,933	\$ 1,810	15.2%	1.50x	10.0x

NM: Not meaningful.

(1) Represents company that has announced potential acquisition that is subject to shareholder approval, regulatory approval and/or other customary closing conditions.



# APPENDIX II

## Public Company Performance

PRODUCTS									
\$ in millions, except per share data	Stock Price as of 3/31/19	52-Week % Change	Market Cap	Enterprise Value (EV)	LTM Revenue	EBITDA Margins	EV/LTM		
							Revenue	EBITDA	
<b>Supplies &amp; Distribution</b>									
AmerisourceBergen Corporation	\$ 79.52	(7.8%)	\$ 16,786	\$ 18,919	\$ 172,866	1.2%	0.11x	8.8x	
Cardinal Health, Inc.	48.15	(23.2%)	14,350	21,217	141,935	2.0%	0.15x	7.4x	
Henry Schein, Inc.	60.11	(10.6%)	9,101	10,985	13,202	8.3%	0.83x	10.0x	
McKesson Corporation	117.06	(16.9%)	22,455	30,455	213,518	1.9%	0.14x	7.4x	
Owens & Minor, Inc.	4.10	(73.6%)	258	1,812	9,839	2.3%	0.18x	8.0x	
Patterson Companies, Inc.	21.85	(1.7%)	2,042	2,710	5,538	3.9%	0.49x	12.6x	
Premier, Inc.	34.49	10.2%	2,200	2,197	1,683	33.3%	1.31x	3.9x	
West Pharmaceutical Services, Inc.	110.20	24.8%	8,126	7,985	1,717	20.7%	4.65x	22.5x	
<b>Mean</b>		<b>(12.3%)</b>	<b>\$ 9,415</b>	<b>\$ 12,035</b>	<b>\$ 70,037</b>	<b>9.2%</b>	<b>0.98x</b>	<b>10.1x</b>	
<b>Median</b>		<b>(9.2%)</b>	<b>\$ 8,613</b>	<b>\$ 9,485</b>	<b>\$ 11,520</b>	<b>3.1%</b>	<b>0.34x</b>	<b>8.4x</b>	
<b>Durable Medical Equipment</b>									
Hill-Rom Holdings, Inc.	\$ 105.86	21.7%	\$ 7,057	\$ 8,878	\$ 2,862	20.0%	3.10x	15.5x	
Invacare Corporation	8.37	(51.9%)	283	422	972	0.1%	0.43x	NM	
<b>Mean</b>		<b>(15.1%)</b>	<b>\$ 3,670</b>	<b>\$ 4,650</b>	<b>\$ 1,917</b>	<b>10.0%</b>	<b>1.77x</b>	<b>15.5x</b>	
<b>Median</b>		<b>(15.1%)</b>	<b>\$ 3,670</b>	<b>\$ 4,650</b>	<b>\$ 1,917</b>	<b>10.0%</b>	<b>1.77x</b>	<b>15.5x</b>	
<b>Medical Devices &amp; Products</b>									
Abbott Laboratories	\$ 79.94	33.4%	\$ 140,412	\$ 156,134	\$ 30,578	23.5%	5.11x	21.7x	
Baxter International Inc.	81.31	25.0%	41,559	43,204	11,127	23.2%	3.88x	16.7x	
Boston Scientific Corporation	38.38	40.5%	53,367	60,321	9,823	26.7%	6.14x	23.0x	
Cantel Medical Corp.	66.89	(40.0%)	2,777	2,944	896	17.9%	3.28x	18.4x	
Hologic, Inc.	48.40	29.6%	14,098	16,937	3,258	31.4%	5.20x	16.6x	
Johnson & Johnson	139.79	9.1%	372,229	384,605	81,581	34.7%	4.71x	13.6x	
Medtronic plc	91.08	13.5%	122,152	143,490	30,555	31.7%	4.70x	14.8x	
Mettler-Toledo International Inc.	723.00	25.7%	17,958	18,815	2,936	25.2%	6.41x	25.4x	
Stryker Corporation	197.52	22.7%	73,696	79,939	13,601	28.1%	5.88x	20.9x	
Teleflex Incorporated	302.16	18.5%	13,906	15,715	2,448	27.2%	6.42x	23.6x	
<b>Mean</b>		<b>17.8%</b>	<b>\$ 85,215</b>	<b>\$ 92,210</b>	<b>\$ 18,680</b>	<b>27.0%</b>	<b>5.17x</b>	<b>19.5x</b>	
<b>Median</b>		<b>23.9%</b>	<b>\$ 47,463</b>	<b>\$ 51,763</b>	<b>\$ 10,475</b>	<b>26.9%</b>	<b>5.15x</b>	<b>19.7x</b>	
<b>Specialty Devices &amp; Products</b>									
ABIOMED, Inc.	\$ 285.59	(1.9%)	\$ 12,876	\$ 12,792	\$ 737	29.9%	NM	NM	
AngioDynamics, Inc.	22.86	32.5%	849	940	352	14.4%	2.68x	18.6x	
AtriCure, Inc.	26.79	30.6%	1,034	1,050	202	(9.5%)	5.21x	NM	
BioTelemetry, Inc.	62.62	101.7%	2,114	2,233	377	27.7%	5.92x	21.3x	
Cardiovascular Systems, Inc.	38.66	76.3%	1,346	1,249	231	2.3%	5.40x	NM	
CONMED Corporation	83.18	31.3%	2,342	2,781	860	16.3%	3.24x	19.9x	
DexCom, Inc.	119.10	60.6%	10,719	10,600	1,032	(15.2%)	10.28x	NM	
Edwards Lifesciences Corporation	191.33	37.1%	39,818	39,697	3,723	30.9%	10.66x	34.5x	
Glaukos Corporation	78.37	154.2%	2,834	2,804	181	(3.7%)	NM	NM	
Globus Medical, Inc.	49.41	(0.8%)	4,874	4,735	713	30.6%	6.64x	21.7x	
Inogen, Inc.	95.37	(22.4%)	2,091	1,895	358	13.7%	5.29x	38.5x	
Intuitive Surgical, Inc.	570.58	38.2%	65,823	64,965	3,724	36.6%	NM	NM	
LeMaitre Vascular, Inc.	31.00	(14.4%)	609	583	106	23.7%	5.52x	23.3x	
Masimo Corporation	138.28	57.2%	7,353	6,800	858	26.5%	7.92x	29.9x	
Utah Medical Products, Inc.	88.25	(10.7%)	329	277	42	51.5%	6.61x	12.8x	
<b>Mean</b>		<b>38.0%</b>	<b>\$ 10,334</b>	<b>\$ 10,227</b>	<b>\$ 900</b>	<b>18.4%</b>	<b>6.28x</b>	<b>24.5x</b>	
<b>Median</b>		<b>32.5%</b>	<b>\$ 2,342</b>	<b>\$ 2,781</b>	<b>\$ 377</b>	<b>23.7%</b>	<b>5.72x</b>	<b>21.7x</b>	
<b>Consumer</b>									
GNC Holdings, Inc.	\$ 2.73	(29.3%)	\$ 229	\$ 1,318	\$ 2,354	8.5%	0.56x	6.6x	
Prestige Consumer Healthcare Inc.	29.91	(11.3%)	1,549	3,367	991	33.9%	3.40x	10.0x	
Vitamin Shoppe, Inc.	7.04	61.8%	169	222	1,114	5.6%	0.20x	3.6x	
Weight Watchers International, Inc.	20.15	(68.4%)	1,349	2,865	1,514	28.6%	1.89x	6.6x	
<b>Mean</b>		<b>(11.8%)</b>	<b>\$ 824</b>	<b>\$ 1,943</b>	<b>\$ 1,493</b>	<b>19.1%</b>	<b>1.51x</b>	<b>6.7x</b>	
<b>Median</b>		<b>(20.3%)</b>	<b>\$ 789</b>	<b>\$ 2,091</b>	<b>\$ 1,314</b>	<b>18.5%</b>	<b>1.23x</b>	<b>6.6x</b>	
<b>Product Segment</b>									
<b>Mean</b>		<b>14.7%</b>	<b>\$ 28,029</b>	<b>\$ 30,483</b>	<b>\$ 19,754</b>	<b>18.3%</b>	<b>4.01x</b>	<b>16.8x</b>	
<b>Median</b>		<b>18.5%</b>	<b>\$ 7,057</b>	<b>\$ 6,800</b>	<b>\$ 1,717</b>	<b>23.2%</b>	<b>4.67x</b>	<b>16.6x</b>	

NM: Not meaningful.

(1) Represents company that has announced potential acquisition that is subject to shareholder approval, regulatory approval and/or other customary closing conditions.